



EMERGING AGRICULTURAL MARKETS TEAM

UW COOPERATIVE EXTENSION

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What do your customers look like? Where do they live? And probably most importantly and most difficult to answer: What do they want?

Developing Your Farm's Marketing Plan

One of the challenges faced by farmers who direct market their products is determining the target market. What do your customers look like? Where do they live? And probably most importantly and most difficult to answer: What do they want?

While there are examples of "If you grow it, they will come," most farmers have to do some research to determine the who, what, where, when and why of marketing. As important as it is to understand who your potential customer is, it is just as important to get to know your competition. The research doesn't have to be complicated, but it will pay off in the long run if you take the time to do basic research and develop a marketing plan.

A marketing plan is an integral part of developing a business plan. While a business plan is important to guide the direction of the business, it is also a key component in seeking out and successfully receiving loans from lending institutions.

Developing the marketing plan

The customer

Studies have shown that the typical customer who buys directly from farmers is fairly affluent, highly educated and predominantly female. So if you go after the educated woman with an above-average salary, you'll have your target customer. If it were only that easy!

You will want to spend some time asking yourself the following questions about your product(s):

Who is likely to buy my product/service?

Where does that customer live?

Is there an income level associated with the person likely to buy my product?

Is there an age pattern associated with the person likely to buy my product?

Is there an ethnic or religious affiliation with the person likely to buy my product?

Using local demographic trends should help you identify information such as age, gender, race, marital status, education, household size and income. Based on this information, you can develop potential "customer profiles" of your target group.

Example: *Jimmy and Jenny Jones have been raising lambs for 30 years. They have been aware that there some cultures and religions such as Muslim and Greek for whom lamb is an important part of religious or other ceremonies. Jimmy and Jenny have always sold their lambs for the freezer, but have never attempted to sell lamb to the Greek population that exists in a neighboring city. Using some simple demographic information, Jimmy and Jennifer could determine if there is enough of a customer base in the Greek community to specifically market lambs to that group.*

The next questions to ask are:

Is there a season when customers are more likely to buy my product/service?

Why would a customer buy my product/service?

Jimmy and Jenny might learn that Easter for the Greek Orthodox faith occurs in late spring and that Greeks typically desire a 40- to 55-pound fat, milk-fed lamb. They may also find that lamb in general is very popular with Greeks on a year-round basis.

Jimmy and Jenny may determine that there is enough of a customer base in the Greek community to start marketing their lambs to that population. However, they may also find that they need to do business differently to be successful. It may not be enough to identify the customer. Jimmy and Jennifer may need to do some additional homework to make sure that they can meet the desires of their customers. A willingness to make changes could result in a significant increase in sales and customers.

Competition

Successful direct marketers build their marketing action plan not only on an in-depth knowledge of the wants and needs of their potential customers, but also by studying the competition. Less successful direct marketers regularly misjudge the true strength of the competition and overestimate the loyalty of their customers.

Consider the following:

Who is your competition?

Why do people buy from your competitors?

How does your competition appeal to customers (convenience, price, etc.)?

How does your competition advertise and promote?

What has your competition done to stay in tune with market trends?

What are the similarities and differences between your products and the competitor's products?

Jimmy and Jenny may discover as they look at their competition and their new target customer in the Greek community that one of the reasons they weren't able to capture the community's buying power earlier is that they weren't offering the right product at the right time. Their competitors understand the Greek community and its buying patterns. Additionally, Jimmy and Jenny may discover that they have been limiting themselves by only selling freezer lambs. They might be able to open their business up even further by offering retail cuts of lamb. Since they've learned that Greeks enjoy lamb throughout the year, offering retail cuts may be another way to capture their business beyond the Easter holiday.

Jimmy and Jenny may have to connect with members of the Greek community to really understand who their competitors are. This leads into our next topic—market research.

Market research

Everything we've covered to this point is part of market research. The research that has been discussed helps you determine who you want to sell your products or services to and who your competitors might be. However, this information alone may not be enough for you to be successful.

Gathering research about existing consumer trends related to your product/service would be a wise step. There is a wide variety of consumer information available through trade associations, university researchers and other institutions that can be found easily via the Internet, by calling trade associations or connecting with your local UW-Extension office.

Additionally, it may be necessary to conduct your own market research studies. In some cases, the only way to truly understand the buying patterns, needs and wants of a local community, ethnic or religious group is to ask them. This is especially true in the example of Jimmy and Jenny. There is significant information available relating to ethnic markets that will be extremely helpful to them. However, for Jimmy and Jenny to truly understand the existing situation and how their products and services will either fill a gap or provide a better, higher quality product, their best solution is to connect with the community and start asking questions.

Conducting market research studies should not be complicated. You will find you have a wide variety of study participants within the circle of your friends, family and co-workers. Choose people who you know will provide you with honest and constructive information.

You can do your research in a variety of ways. A simple way is to give out samples of your products and ask for constructive feedback about what the samplers liked and didn't like. Ask questions about:

Current buying trends related to your product or service. Do they buy the product weekly? Monthly? Yearly?

How much of the product do they purchase at a time?

Where do they currently purchase the product/service?

What products/services do they purchase now for which your product/service could substitute?

Would they be willing to substitute your product or service for what they are currently buying? Why or why not?

What would you need to do differently (price, packaging, quality, convenience, etc.) for them to consider switching to your product/service if they aren't currently willing to switch?

Are there other products or services that they would recommend you consider adding to your line?

Jimmy and Jenny decided to do market research within the Greek community as well as with people who agreed to help them from the church they attend. They discovered that only half purchase lamb products, and that they purchase lamb 2–3 times per year, with Easter being the most common time to do so. Reasons for not buying lamb included not liking the flavor and texture, and not being exposed to lamb dishes when they were younger. Some just expressed an unwillingness to try lamb. However, almost all were willing to try the samples provided by Jimmy and Jenny and all of the participants who were concerned about flavor and texture changed their minds. After trying the samples, 80 percent of the participants said they would begin buying lamb more frequently, especially if they were provided with small portion sizes and recipes. Price was not a concern for the majority of the people who participated in the survey. One person also mentioned that she knits mittens for her grandchildren and asked if wool yarn was available.

With all of the marketing research work behind you, it is now time to determine where you want to focus your marketing energy. Choose a unique niche where you can meet customer needs where there is currently little or no competition—or where the existing competition can't meet the existing demand.

Now is also the time to determine if you will be introducing new products and services to your new target customers. Additionally, spend some quality time really evaluating what your pricing structure should be. Time after time, consumers have shown that they will pay the price for a high quality, local product or service in which they have confidence. There should be no shame in asking a fair price that will allow you to make some money and continue running a successful business.

This also may be the time to re-evaluate where and how you are selling your product. Do you need to open an on-farm store or perhaps start attending local farmers markets? Thinking about your target customer as well as the competition will help you determine if you are currently marketing the right way or if you need to rethink your selling method(s). (See *Direct Marketing Options for Farmers* (A3811-11) for more information.)

Finally, now is the time to consider how you will promote and advertise your product or service. It is quite possible that your new target customer will expect business cards, brochures, extensive signage, a website and more. If you have not already developed these materials, it would be wise to begin doing so. If you are concerned about your expertise in this area, you may find local high school or college students interested in graphic design, marketing or art who might be willing to help you develop a logo as well as other promotional materials. This could be on a for-hire basis or there might be some willingness on the part of instructors to help the student get internship credits for a "real work" experience. Of course, there is always the option of working with a professional marketing firm, although generally the costs associated with this are prohibitive for most small farmers. Armed with the appropriate promotional materials, you'll be able to develop an advertising and promotion plan within your marketing scheme.

While there will be time and energy involved in creating a marketing plan, your research will help you explore new markets, find new customers and improve the bottom line of your business.



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