

UC Santa Cruz

Teaching Direct Marketing and Small Farm Viability

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Unit 5 - Marketing Basics

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Marketing Basics

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Introduction: Marketing Basics

UNIT OVERVIEW

Marketing is often the most daunting task for beginning farmers, and with competition increasing in the organic sector, it has become an even more essential component of a farm's overall business plan. Implementing a successful marketing plan requires a set of analytical and human relations skills that are distinct from but that compliment those used in production agriculture.

Ongoing growth in the organic sector has increased competition in the marketplace (including more and larger companies), but also has increased awareness of, demand for, and opportunities to market organic products. Market research and analysis of farm production and sales records can help the farmer identify profitable products and market outlets. Customer relations always have been, and continue to be central to a successful marketing strategy. Finally, social media technologies, while providing new marketing opportunities, require developing additional skills and time to use them effectively. This section provides an overview of some basic marketing elements.

MODES OF INSTRUCTION

> LECTURES (1 LECTURE, 1–1.5 HOURS TOTAL)

LEARNING OBJECTIVES

CONCEPTS

- The basic elements of marketing, including the 4 P's of marketing: Product, Place, Price and Promotion
- The steps and considerations for establishing a brand and a value proposition
- Marketing communication strategies—which are essential for gaining brand recognition and maintaining customer loyalty to increase sales

Lecture 1: Marketing Basics

A. Marketing Definition

1. Marketing is the process of creating, communicating, and delivering value to customers and managing customer relationships, for the purpose of selling products or services

B. Marketing Objectives

1. Marketing activities come in all forms. To get started, you must first define your marketing objectives by addressing the “4 P’s” of marketing: product, price, place, and promotion. The 4 P’s represent the sellers’ view of the marketing tools available for influencing buyers.
 - a) **Product:** What crops and crop varieties will you offer? What are your quality standards? What is your brand name? What kind of packaging or boxes/cartons will you use? What size(s) will you offer?
 - b) **Place:** What market channel(s) will you target for your sales (e.g., retail grocery, restaurants, farmers’ markets, etc.)? What locations? Where will you hold inventory? See Unit 2.0: Overview of Produce Marketing for details on produce market channels.
 - c) **Price:** What price will you set for your produce? Keep records to help you determine your cost of production so you can know what profit you want to target. If at all possible, set the price to cover your expenses and income needs. What are your credit terms?
 - d) **Promotion:** Will you offer promotions or discounts? Will discounts be based on volume? Will you engage in paid advertising? Will you develop merchandising materials for buyers to use at the point of sale? Will you engage in community outreach to build a consumer base?

C. Produce Marketing “How To”

1. Produce marketing includes all the steps between the crops being harvested and arriving at the kitchen table. This includes postharvest handling, building relationships with buyers, paperwork and accounting, telling the story of the farm and the farmer, branding and packaging, and promotion and advertising to the end consumer.
2. One of the first tasks is to determine what customers you want to target and through what means. You may ask yourself: “How do I choose a profitable customer segment?” or “How do I know a customer’s needs?” This will take a little research on your region and the target market channel you have in mind.
3. **Step one: Determine your target population, market channel(s), and marketing regulations**
 - a) Consider what demographic you want to target, i.e., scale, urban vs. rural, education level, income level, culture, religion, the presence of competition, etc. Are you looking to establish a niche market in an upscale grocery store or do you prefer to work in a farmers’ market that reaches the working class in the urban core of a city?
 - b) Visit the market channel you plan to target and see who shops/eats there. Walk through the produce section of the retail grocery store. Walk the farmers’ market at different times of day. Eat at a restaurant that you see as a prospective customer, etc. See what people are buying, what prices they are paying, what products are present and what products may be missing.
 - c) Government policies: learn the market regulations for your market channel, identify issues around access to markets, and barriers to entering a market channel. For example, is a business license required to operate a roadside stand? Is a producer’s certification required to sell at a Farmers’ Market?
 - d) Food safety: Does the market channel you’re exploring require a certified food safety plan/GAP certification? See Unit 7, Food Safety on the Farm, for more on this topic.

- e) See Unit 6.1, Building Resilience into your Small Farm Marketing Plan, for a comprehensive list of market analysis questions
4. **Step two: Evaluate demand for your product**
- a) Talk with potential buyers/market managers and find out if and when they have a need for the crop you are considering growing and if not, what produce they may be looking for and in what quantity, over what period of time
 - b) You should have an agreement with a buyer before you plant the crop. You don't want to learn at harvest time that the market you had in mind already had 5 vendors for that same item and has no interest in sourcing from you.
 - c) If you are introducing a new item to a market, work on developing a roll-out strategy with your buyer, offering promotions and samples to help introduce your product to customers. Start small and establish communication with buyers early.
5. **Step three: Develop your brand and value proposition**
- a) Once you have identified your target customer segment, you'll want to develop a brand and value proposition that speaks to their needs
 - b) Branding and value proposition definitions
 - i. **Brand:** A brand is a name, term, sign, symbol or design intended to identify a seller's offering with competitive distinction. A brand conveys a meaning to a particular kind of customer about a company and its products relative to the product's attributes and benefits, and the customer's values, culture and identity.
 - ii. **Value proposition:** A value proposition is a promise to deliver significant value to the market through specific products and services with meaningful differentiation from competition. Your value proposition is the reason why a prospective customer should buy your product. It contains elements of the Four P's that contribute most to differentiated competitive value. The value proposition statement—
 - Explains how your product solves customers' problems or improves their situation (relevancy)
 - Delivers specific benefits (qualified value)
 - Tells the ideal customer why they should buy from you and not from the competition (product differentiation or uniqueness)
 - Is easy to read and understand/should be in the language of the customer.
 - Consists of:
 - **Headline:** what is the end-benefit of your offering, in one short sentence. Can mention the product and/or customer. Should be an attention grabber/include impact statement.
 - **Subheading** or a 2–3 sentence paragraph. A specific explanation of what you do/offer, for whom and why is it useful/ who benefits, etc.
 - **3 bullet points.** List of key benefits, varieties, attributes.
 - **Visual.** Images communicate much faster than words. Show a picture of your farm, produce or an image reinforcing your main message.
 - iii. Sample impact statements
 - "Your purchase keeps harmful pesticides out of the environment"
(*ponoinfusions.com*)
 - Organic farming creates healthy soil without the use of synthetic fertilizers
 - Certified Organic products are GMO- free
 - Organic farming promotes wildlife and biodiversity, supporting larger populations beneficial insects like bees and other pollinators

- iv. Sample value proposition statement
 - **Traditional Medicinals** – “From the corners of the earth, to the bottom of your teacup, we’re preserving tradition and creating a sustainable future. For over 30 years we have been making herbal teas blending the ancient art of traditional formulating with the most modern methods to ensure you a consistently reliable and good tasting cup.” (<http://traditionalmedicinals.com/>)
 - **Jacobs Farm** – “Founded in 1980 as a small organic family farm, Jacobs Farm remains committed to benefiting people and the environment for generations to come. Over sixty varieties of herbs and edible flowers grace our northern California coastal farmlands.” (<http://www.jacobsfarm.com/>)
 - **Pinnacle Organically Grown Produce** – “Phil and Katherine Foster farm 250 acres of C.C.O.F.- certified organic fruit and vegetables on two ranches near San Juan Bautista and Hollister, California. We have a diverse range of crops, marketing up to 60 produce items at the peak of the season. We sell at the farm on Saturdays, at farmers markets, through local retail stores, local wholesalers, and several national wholesalers. We strive to maintain the Pinnacle label’s high quality by treating our workers, our products, our land, our community and our planet with utmost respect.” (<http://www.pinnacleorganic.com/>)
- v. Questions to ask when establishing your brand and value proposition:
 - Why should a prospective customer buy from you rather than any of your competitors?
 - What differentiates you from other farmers? Are you certified organic? Do you have other certifications like food safety, kosher, halal?
 - Who is your labor? What is their connection to your operations? Do you follow sustainable labor practices or participate in a union?
 - What is your unique farm story? Why do you farm? How long have you been farming? Where is your growing region? In what ways are you a good steward of the land?
 - What is your relationship to the community? Do you support your local food bank? Sell to schools or other institutions for their meal programs? Host field trips for school children? Offer education programs to inner city youth? Provide internships for aspiring farmers?
 - What crops do you produce? What is your harvest season? Are there unique benefits of your specific crop (health, environmental, etc.)? Is the crop particular or unique to your growing region? Are you growing any heirloom varieties or crops that have significance to certain cultural or religious groups?
- c) **Instructor’s Note:** Ask students: “What are your favorite produce brands and why?” Print pictures from the internet of popular brands to inspire discussion.
- d) Devices to identify and differentiate the brand:
 - i. Slogans: e.g.,
 - “Like a good neighbor, State Farm is there”–State Farm Insurance
 - “Nothing runs like a Deere”–John Deere Tractors
 - “Just do it”–NIKE
 - “Where there’s happy, there has to be Heinz”–Heinz
 - “Picked at the Peak of Perfection”–Green Giant
 - ii. Brand names: establish your own brand name for your produce, e.g., “Pinnacle Organically Grown Produce” is from Phil Foster Ranches. The brand name (Pinnacle) can be labeled on all boxes and on produce tags to identify your produce in the marketplace.

- iii. URLs: If you have a website, be sure to include it on your boxes and all printed materials
 - iv. Logos: Design a unique logo that represents you unique operation
 - v. Characters: Use a unique font to display your farm name
 - vi. Criteria for selecting a brand: Memorable, meaningful, likeable, transferable, adaptable and protectable
 - e) Marketing advantages of a strong brand
 - i. Improved perceptions of your product
 - ii. Greater customer loyalty to your product
 - iii. Less vulnerable to competition
 - iv. Less vulnerable to crisis
 - v. Larger margins – Customers are willing to pay a premium for brands they trust, this can add to profit margins
 - vi. Increased customer loyalty
 - vii. Brand extension opportunities – Ability to add your brand to value added products, on restaurant menus, etc.
6. **Step four: Communicate your brand and value proposition to your target customer segment.**
- a) To establish your brand you must consistently communicate your brand and your value proposition to your buyers and target customers. Brand recognition comes about through a consistent communication strategy that integrates use of your farm logo, and farm name on all materials related to your farming operation. This includes your boxes and packaging materials, your paperwork (including availability lists, invoices, Bills of Lading, website, newsletters, etc.). It helps to choose a specific font or symbol to display your farm name and consistently use it on all printed and electronic materials so that buyers begin to recognize you even on a subconscious level. Your value proposition should be listed on all marketing communications tools including your website, newsletters, and social media sites.
 - b) Today there are multiple ways to communicate with your customer. Advertising is an art as much as it is a science. On farms, the profit margins are often slim. Meager profits are seldom best spent buying ad space. However, effective advertising and consumer awareness are key to maintaining and improving sales and building customer loyalty. Free and low-cost methods of advertising should be used as much as possible, and paid advertising should also be considered.
 - c) **Instructors Note:** Ask students “What are ways you see produce being advertised or promoted?” Then review the different ways available listed below.
 - i. **Find advertising opportunities.** Advertising can be paid or unpaid; traditional forms include billboards, magazine articles, trade journals, community bulletins, etc. Find out if your market has some kind of regular communication with customers. Many retail grocery stores provide a regular ad or newsletter. Farmers’ markets may write e-newsletters to regular patrons, etc. Find out what it takes to get your farm featured in these communications.
 - ii. **Use the media.** Harnessing the media to generate free press for the farm is an essential strategy. Learn to write a press release and send releases to TV, radio, and newspaper outlets. When the media reporters show up or call, give them time, attention.. A good news story about your farm is worth much more than the same space devoted to paid advertising.
 - iii. **Write a farm newsletter.** Providing a newsletter for customers can be a great way to communicate with them. Use newsletters to tell people about the farm and how to store, preserve, and prepare local produce. Provide recipe ideas based on crop

availability, and highlight special events on your farm. Providing recipes to your customers, particularly for less common crops, can give people ideas on how to cook vegetables and thus increase sales. You can publish newsletters on a seasonal, monthly, biweekly, or weekly schedule. This strategy is often used for a CSA but it can also be effective to put a short note in a wholesale produce box, or post a stack of newsletters at a farmers' market or farm stand.

- iv. **Provide samples of your produce.** Offering samples can be one of the best ways to get customers hooked on your produce. Let them try it and experience its quality for themselves. Be sure to find out and follow the rules (proper sanitary protocols) regarding sampling at your marketing outlets. Some retail grocery stores may invite you to offer samples to customers on a busy Friday afternoon. Farmers' markets generally allow you to offer samples at your booth. Also don't forget to bring samples when you meet with restaurant owners or retail produce managers as part of your sales pitch to them!
- v. **Establish a website for your farm.** The internet is an important marketing tool. Consider developing a basic web site that provides background information on your farm and crop(s).
 - **Design your website:** You don't need to become a web design expert to have a professional looking website. You can design your website using templates through a website design service such as Shopify or Big Commerce. These are relatively low-cost services that provide basic designs to help you get started with a basic website and ecommerce space.
 - www.shopify.com
 - www.bigcommerce.com
 - **Develop website content –**
 - Provide farm name, logo/slogan, list of crops that you offer, seasonal information about your production. It is also helpful to provide a link to an electronic map of the location of your farm to help customer know where you are located. If you provide your location, but do not have a farm stand and an "open door" policy, provide guidance about when and under what circumstances people should feel free to visit.
 - Provide links to your organic certifier, local farming nonprofits, and related food groups.
 - The website can also be used to allow pre-ordering of produce by customers, web-based bill paying, and sales of produce and value-added products. See Unit 4.3, Additional Marketing Options, on how to build an eCommerce site.
 - You can also use a website to manage subscription and payment for a CSA. Here are two popular sites that provide software to manage CSAs online.
 1. www.csaware.com
 2. www.farmigo.com
 - Promoting your website
 - Search Engine Optimization (SEO)
 1. You can help draw people to your website through use of key words, like "certified organic" or "sustainably grown" that are easily searchable in search engines such as Google, Yahoo, etc.
 - Resources to learn SEO
 - *Search Engine Optimization Starter Guide* by Google
 - *10 Basic SEO Tips* by Business Insider
 - *The Beginner's Checklist for Learning SEO* by SEOMOZ

vi. **Social Media**

- Online networking through social media sites can be an easy, low-cost way to connect with your consumers. You can use social media sites to post pictures, share short updates on what is happening on your farm, and provoke conversations with your customer base. Social media is dynamic and interactive; your result will only be as successful as your dedication to regularly update your site to keep content current, and respond to inquiries in order to continue to draw people back to your site. It has been said that having a site you do not tend is worse than not having one at all.
- For more information on using social media, see Unit 6.2, Building Community with Social Media and On Farm Events
- **Facebook**
 - Facebook is a popular social media forum where you can post pictures, generate a following of customers, and share short snippets about the latest happenings on your farm. You can also post events and a calendar of your harvest.
 - The initial set-up of Facebook business page should take you less than five minutes: Select a logo or image that represents your farm and your brand to place on the front page; write a sentence about your business so people understand what you do; and you're ready to roll
 - To get started post a few pictures of your latest crops or a landscape shot of your farm. Facebook is a cheap and easy way to share photos of your latest harvest or a quick insight about your farming methods with your customers.
 - Update regularly: the best way to get a following on Facebook is by updating your page frequently with content that will draw your customer-base to your page. Add a recipe or a funny story about your trip to the farmer's market.
 - See www.facebook.com/business/build for more information about putting together a Facebook business page
- **Twitter**
 - Twitter is an online social networking and micro-blogging service that enables users to send and read "tweets," which are text messages limited to 140 characters. Registered users can read and post tweets but unregistered users can only read them.
 - You can use Twitter to provoke a conversation, share your thoughts about organic farming, or express your excitement about an upcoming harvest
- **Tumblr**
 - Tumblr is a microblogging platform and social networking website founded by David Karp and owned by Yahoo! Inc. The service allows users to post multimedia and other content to a short-form blog.
 - Tumblr lets you post text, photos, quotes, links, music, and videos from your internet browser, phone, desktop, email or wherever you happen to be. You can customize everything, from colors to your theme's HTML.
- **Instagram**
 - Instagram is an online photo-sharing, video-sharing, and social networking service that enables its users to take pictures and videos, apply digital filters to them, and share them on a variety of social networking services, such as Facebook, Twitter, Tumblr, and Flickr. A distinctive feature is that it confines photos to a square shape, similar to Kodak Instamatic and Polaroid images.

vii. **Managing Social Media**

- Often people get overwhelmed with the possibilities and choices for online networking. It's a good idea to test out a few options and see which one you most enjoy doing. Also pay attention to where your customers are. A social media site will only be as useful to you as you regularly update it and engage with your customers, so make sure it's something you will make time for several times per week.
- Also know that online networking services are always evolving. What is popular today may be old news tomorrow. Be sure to monitor which sites are getting the most activity and don't be afraid to try a new emerging networking site.

Resources & References

PRINT RESOURCES

Agriculture and Land-Based Training Association (ALBA). 2012. *Market Planning. Farmer Education Program Resource Guide*. www.start2farm.gov/resources/farmer-education-program-resource-guides

This document, available in both Spanish and English, provides an overview of doing a marketing analysis (conducting both primary and secondary research), as well as addressing the 6-P's of marketing: Product, Price, Place, People, Promotion, Profit.

Community Involved in Sustaining Agriculture. 2012. *Marketing 101 Manual: An Introduction to Basic Marketing Practices*. South Deerfield, MA. www.buylocalfood.org/upload/resource/Marketing-Manual.2012.pdf

This 33-page document provides information, as well as worksheets, on creating a brand, developing a marketing strategy, merchandising, and creating a website, as well as how to do social media, press releases and paid advertising.

Cornelisse, Sarah A. 2010. Social media for agricultural business: Facebook. *Value-Added Marketing*. extension.psu.edu/business/farm/marketing/social-media/publications/ValueAdded-Facebook.pdf

This 3-page document identifies how Facebook works, how it can be useful, and things to avoid with it.

Dornhelm, Rachel. 2013. Sonoma county farm uses social media to cut food waste and increase profits. *The California Report*. May 10-12, 2013. www.californiareport.org/archive/R201305101630/d#sthash.cSdfol8Z.dpuf

This article illustrates how one farm used social media in creative ways.

Hubspot. 2012. *How to Use Twitter for Business: A Beginner's Guide*. offers.hubspot.com/how-to-use-twitter-for-business.

This free ebook offers instructions for using Twitter to promote your brand and much more.

Mainville, Denise, Susan Sterrett, and Karen Mundy. No date. *Using the Internet for Direct Marketing*. Virginia Cooperative Extension. Publication 448-505. pubs.ext.vt.edu/448/448-505/448-505_pdf.pdf

This publication provides information on creating a website.

Pesch, Ryan. 2012. *Online Strategies for Direct Farm Marketers*. University of Minnesota Extension. www1.extension.umn.edu/community/retail/e-marketing/docs/online-strategies-direct-farm-marketers.pdf

This short document explores topics such as how to develop a web presence, create compelling content, and launch a website.

Post, Emily. 2012. *Social Media Tools for Farm Product Marketing*. National Center for Appropriate Technology. attra.ncat.org/attra-pub/summaries/summary.php?pub=412 Purchase price \$0.99.

This 16-page document explores topics such as using blogs/websites, social media, and email based newsletters.

USDA SARE and the Sustainable Agriculture Network. 2003. *Building a Sustainable Business: A Guide to Developing a Business Plan for Farms and Rural Businesses*. (Fourth printing 2014). Available at: www.sare.org/Learning-Center/Books/Building-a-Sustainable-Business

A thorough introduction to business planning for sustainable agriculture entrepreneurs. Provides sample worksheets for setting goals, researching processing alternatives, determining potential markets, and evaluated financing options. Blank worksheets help the reader develop a detailed, lender-ready business plan or map out strategies to take advantage of new opportunities. Includes many examples of actual business plans. A very user-friendly and value-based approach to business planning.

WEB-BASED RESOURCES

Agricultural Marketing Resource Center (AgMRC)
– Market Trends

www.agmrc.org/markets__industries/food/market-trends/

This section of the AgMRC website provides information on trends in diet, food consumptions, foodservice and organic. These trends can be useful for creating a marketing plan.

New England Small Farm Institute

www.smallfarm.org/main/for_new_farmers/

This site has a section for new farmers, which includes articles on market research, market strategies and business planning.

Penn State Extension – Marketing

extension.psu.edu/business/farm/marketing

This site has several resources for farmers on market research, direct mail marketing, social media, web presence and niche marketing.

SBCD Net

www.sbcdnet.org/small-business-information-center/ecommerce-for-small-business

This website has a good outline for how to set up an ecommerce site.

USEFUL TOOLS

ECOMMERCE WEBSITES:

www.shopify.com

www.bigcommerce.com

www.goodeggs.com

CSA WEB TOOLS

www.csaware.com

<http://www.farmigo.com/>

SOCIALMEDIA SITES

www.facebook.com

www.twitter.com

www.tweetdeck.com (great twitter tool)

www.tumblr.com

www.linkedin.com

