CULTIVATING HEALTHY COMMUNITIES

Session 3: Marketing

UVM Farmer Training Program

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5 P's of Marketing

- Product
- People
- Price
- Place
- Promotion

Anytime one of these "P's" changes, it should trigger a review of all the other "P's"

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Product

A bundle of attributes (features, functions, benefits, uses) capable of exchange and/or use

Products exist to satisfy an individual or an organizational objective

Know your audience and be able to communicate your “product” effectively

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Satisfying Needs

LEE FAMILY FARM

- Usage: the physical use of a product
- Service: an intangible benefit (can be measured but not easily)
  - The brand experience
- Some Examples of Each

FAIR TRADE CERTIFIED

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Product Features

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Product Features

- Color
- Size
- Raw materials
- Style
- Purpose
- Value
- Nutritional Claims
- 3rd Party Accredidation
- Reputation
- Social Value
- Life cycle
- Classification
- Origin
- Quantity
- Image

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Place

- Where your product is sold
- What type of buyers do you have the capacity to serve?
- What type of buyers demand your product

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Place- Distribution Strategy

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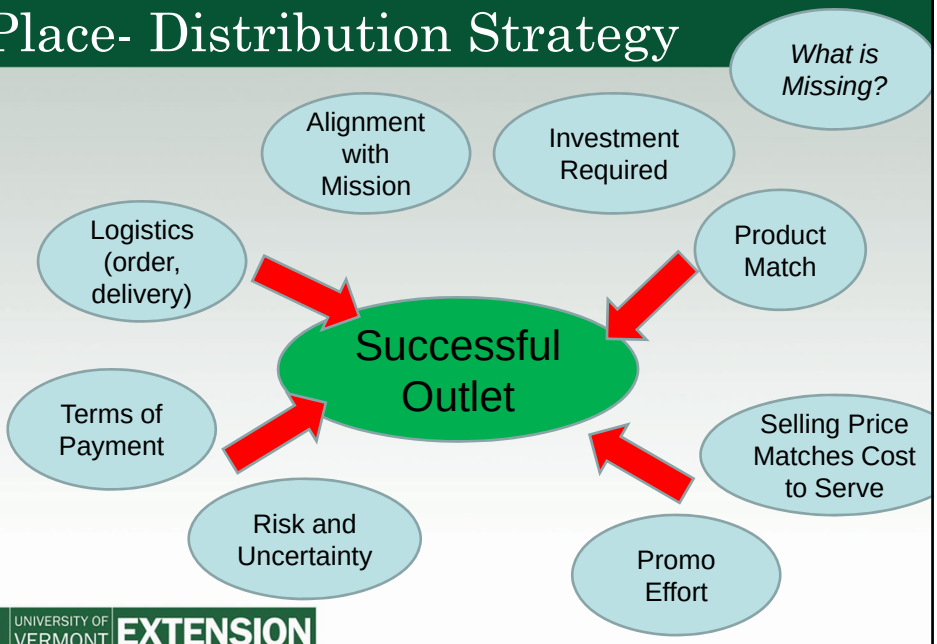
Place- Distribution Strategy



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Price

- A variety of strategies can be used to set prices, *"Are you a price maker or price taker?"*
- A balance of internal costs and customers willingness-to-pay

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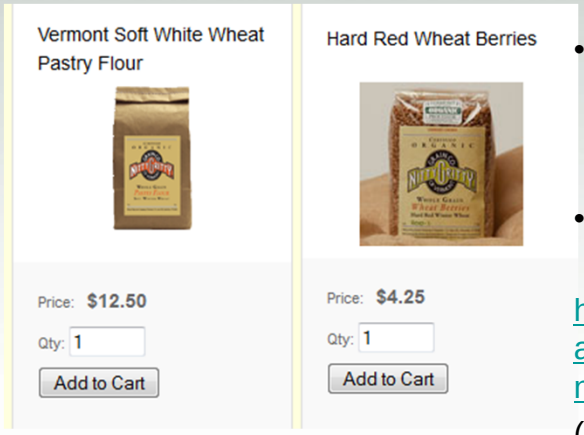

- Organic Red Wheat: $16.79 per bushel
- $0.28 per pound

http://www.ams.usda.gov/mnreports/lsbnof.pdf
(national org grain and feedstuffs)

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Pricing Strategies

1. Competitive Pricing: What are others charging?
   a. Relative Pricing/Signaling: Setting above or below similar products.
2. Cost Oriented: Know your costs
3. Penetration Pricing vs. Skimming
   a. Low prices break into a competitive market: Penetration
   b. Charge a lot when you are first in: Skimming
4. Examples Today: Catamount Farm

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Pricing Strategies

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Part 2 of market workshop: Adapted from Mary Peabody, UVM Extension

The Marketing Research

- Market region - Where
- Customer profile - Who
  - –Demographics
  - –Psychographics
  - –Geographics
- Product description - What

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The Marketing Research

- Competition analysis
- Promotion plan
- Product placement & distribution
- Pricing strategy

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Creating Your Customer Profile

- Demographics
  - Age, gender, income
- Psychographics
  - Lifestyle based, values
- Geographic
  - What is your market area
- Usage
  - How much does the customer buy? How often?
- Benefit
  - Healthy? Green? Luxury? Beauty?

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Market Research & Planning

- Secondary research
  - Census information
  - Consumption trends
- Primary research
  - Survey's
  - Product sampling
  - Observation

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Finding Secondary Research

- USDA Economic Research Service at http://www.ers.usda.gov/
- Bureau of Labor Statistics at http://www.bls.gov/
- Associations and trade organizations
- Popular media (for coming trends)

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America's eating patterns & trends…

•Meat consumption continues to increase
- Approx 200 lbs/year
- 57lbs/year more than in 1950's
- Poultry is the fastest growing segment
- Shopping for leaner cuts

•Dairy consumption is changing
- •Drinking less whole milk (92% of all beverages in 1950's to 36% in 2000)
- •Cheese consumption is increasing (7.7lbs/person 1950's to 30 lbs/person 2000 to 33.2 lbs/person 2008)

•Bonus: 2 significant dates for dairy demand?

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Primary Research…

- Survey's of potential customers
- Focus groups
- Tastings & Sampling

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