Marketing for New Agribusinesses

Renee Wiatt
Family Business Management Specialist
Department of Agricultural Economics, Purdue
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Marketing Essentials
What Is Marketing?

• The process of creating and delivering desired goods and services to customers

• Involves all of the activities associated with winning and retaining loyal customers
What Is a Market?

• A market is the set of all actual and potential buyers of a product.

• An available market is the set of consumers who have the interest, the income, and access to buy the product.

• Consumer interest is not enough to define a market.
Linking Seller and Buyer

• The Seller’s Four P’s
  – Product
  – Price
  – Place
  – Promotion

• The Buyer’s Four C’s
  – Customer benefit
  – Customer cost
  – Convenience
  – Communication
Defining Your Customer

• What are three different types of customers you’d like to reach?
  – Urban, soccer mom, health conscious
• Where will they come from?
  – 100 mile radius
• What is their income range?
  – $40,000 to $150,000
• Why will they be your customer?
  – We provide organic fruit pies not offered elsewhere
• What do they require from you to remain your customer?
  – Quality, timely delivery, credit card processing
Product Positioning

• Marketing Opportunities
  – Supply a product or service in short supply
  – Supply an existing product or service in a superior way
  – Supply a new product or service

• Differentiate the Product
  – Use the firm’s strengths to gain a competitive advantage
  – Ensure that customers know the product’s key benefits
Promotion

• It takes 7-9 contacts to make a consumer into a customer.
• It takes consistency
• It takes repetition
• It takes a clear and concise message
• It takes focus
• It takes an investment
Advertising

• Should be purpose-oriented
• Advertising program should have specific, measurable objectives
• Should be targeted to specific market segment
• Built around a unique selling proposition
  – A key customer benefit of a product or service that sets it apart from its competitors
Building Your Brand
Product strategy is critical to the success of the overall marketing strategy.

- **Value** is captured in two key areas:
  - **Product Strategy**
    - Existing and proposed products.
    - Features, supplementary services, quality and design, packaging, labeling.
  - **Branding**
    - Value enhancement through awareness and image development.
Features and Benefits

• **Features**: Specific attributes that enable a product or service to perform its function.

• **Benefits**: Need-satisfaction outcomes.
Quality

Quality: How well the product satisfies customers.

- Basic functionality is only the price of entry.
- Superior quality attracts business.
- Poor quality can lead to negative word-of-mouth.
Design: Quality comes from design, components/ingredients, and processes.

• At the forefront of many categories.

• Includes “emotional quality” – the impact of design on how it makes the customer feel.

• Sustainability is driving many design decisions these days.
Packaging

• Keeps products safe.

• Helps companies burnish their brand imagery and highlight points of differentiation.
Labeling

• Communicates product contents, uses, and warnings.

• Helps explain product features and benefits.

• Conforms to national, regional, and local laws.

• Helps attract attention, stand out from retail clutter.
Planning Branding

• Giving a distinct identity using: *words*, *designs*, and *symbols*.

• In terms of branding, a product may carry:
  – Company name and individual brand
  – Individual name
  – Private-label brand
  – Multiple brands (co-branding, ingredient branding)
Branding and Positioning

• Branding not only identifies a particular product, but it sets it apart from the competition (both direct and indirect).

• Can make the product both distinctive and competitively superior.

• Positioning: What the target group perceives about your brand relative to how they perceive the competition.
Developing A Unique Selling Proposition (USP)

• USP - A key customer benefit of a product or service that answers the critical question that every customer asks: "What's in it for me?"

• Identify your product or service's USP by describing the primary benefit it offers customers and then list other secondary benefits it provides.
Developing A Unique Selling Proposition (USP)

• Briefly list a few facts that support your product’s USP.
• Then, focus your ads to stress these top benefits and the facts supporting them!
• Put together a value proposition
  – Put this together before you craft a marketing plan or advertisement.
Sample Needs, Features, and Benefits

<table>
<thead>
<tr>
<th>Product</th>
<th>Targeted Segment</th>
<th>Need</th>
<th>Feature</th>
<th>Benefit</th>
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<tbody>
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Differentiation and Positioning

Developing a Value Proposition

• To (target segment and need) our (brand) is (concept) that (point of difference)

• Example: To busy, mobile professionals who need to always be in the loop, The Surface Pro is a wireless connectivity solution that allows you to stay connected to data, people, and resources while on the go, easily and reliably—more so than competing technologies.
Developing a Value Proposition

- For (target market)
- Who (statement of need or opportunity)
- The (business name) is a (product/service category)
- That (key benefit)
- Unlike (primary competitive alternate)
- Our business (primary differentiation)
- Is available (where)
• For __________________________________________

• Who __________________________________________

• The ____________________________ is a _____________

• That __________________________________________

• Unlike _________________________________________

• Our business _____________________________________

• Is available ______________________________________
Six Sentence Advertising Strategy*

- **Primary Purpose**
  - What is the primary purpose of our ad?
- **Primary Benefit**
  - What unique benefit can we offer customers?
- **Secondary Benefit**
  - What other key product attributes support our unique product benefit?
- **Target Audience**
  - At whom (what market segments) are we aiming this ad?
- **Audience Reaction**
  - What response do we want from our audience?
- **Company Personality**
  - What image do we want to convey in our ads?

*Adapted from *Effective Small Business Management An Entrepreneurial Approach* by Norman M. Scarborough and Thomas W. Zimmerer
Pitching Your Product
Elevator Pitch

• Approximately 2-minute presentation
  – Time it originally took an elevator to go from lobby to executive suite.

• Now vary in length depending on situation.
When is it Valuable?

• When you have a small window of time to:
  – Make a good first impression
  – Convey 2-3 key points or highlights
  – Close the conversation but leave door open
Different Pitches

• Different pitches for different audiences
  – Current Customers
  – Community leaders
  – Potential investors
  – General public

• Isolate the audience’s need
  – Will help prioritize key points
Current and Potential Customers

• Even loyal customers need to hear why you are offering them the best value
• Potential customers require a customized approach
  – Switching from your competitor
Community

• Leaders: Valuable to be able to communicate how your business brings value to the community

• Members: How your business meets regulations and brings value
General Public

• Potential customers, influencers, voters, competitors that have no knowledge of your business
• Opportunity can present itself anywhere
• Be prepared to discuss what your business does and why
Essential Functions

- Identifying the **problem** that your are solving
- Clearly communicating how your and your business bring **value** to your customers
Preparing the Elevator Pitch

• List at least 4 types of audience members
• What value do you bring to those individuals?
• Where would you meet them?
• Would you have their full attention?
• How much time would you have?
• What are the two or three key points to want to highlight for each?
• What do you want to accomplish with this pitch?
• How will you open the pitch?
• How will you close the pitch?
Farmer’s Market Tips
How Small Farmers Can Better Market Their Farms

- Brand and label clearly
- Tell people where to find you
- If you have social media, keep customers updated
Increasing Sales at Farmers Markets

• Presentation is EVERYTHING!
  – Brand yourself
  – Be clean

• Be interactive (or find someone who is)
  – SAMPLES
  – Recipe cards (with your brand, contact into)
  – Tell customers what you are “featuring” that day
Conclusion

The ultimate objective of marketing is to link
- Product to customer benefit
- Price to customer cost
- Place to customer convenience
- Promotion to customer communication