

Marketing Plans are a Must!
Marketing Your Food Product
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Overview

- Positioning your Product

- Strategic Assessment and Planning
- The 3 C's of your environment
 - Customers, Competitors and Costs

- Marketing your Product

- The 4 P's

- Market Maker as a Planning Resource and Promotional Tool



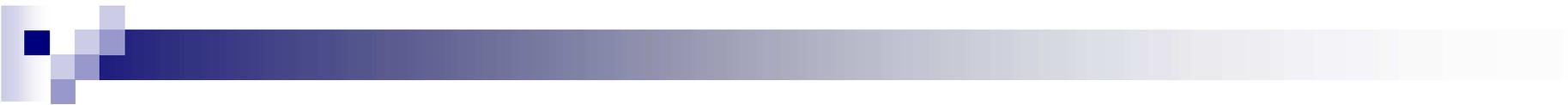
Deliberate Planning

- The Mission is why we Exist
- The Objectives are where we want to be
- The Strategy is the best “road map” to attain your objectives while staying true to mission
- The Marketing Plan
 - Actions are effective and realistic steps to achieve your strategy.



Marketing Overview: *New Acronyms*

- Analyze strengths, weaknesses, opportunities and threats (SWOT)
 - Uses Internal and External Information
- Research customers, costs and competition (3 C's)
 - How can you use Newly Emerging Internet and marketing tools?
- Develop the marketing mix using product, price, place and promotion (4 P's)



SWOT Analysis

- Internal => External

Strengths => Opportunities

Weaknesses => Threats

➔ Analyze:

- Company perspective
- Competition's perspective
- What can be emulated or learned from others?

SWOT Analysis

- Purpose to identify:

–Strengths

–Weaknesses

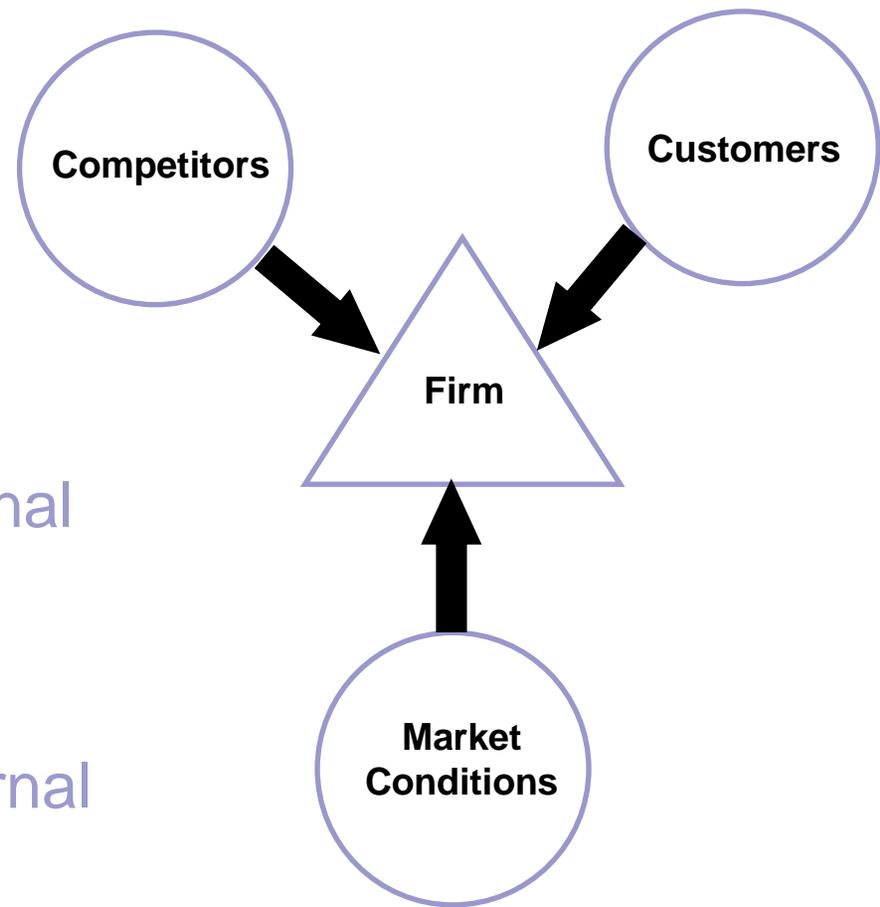
–Opportunities

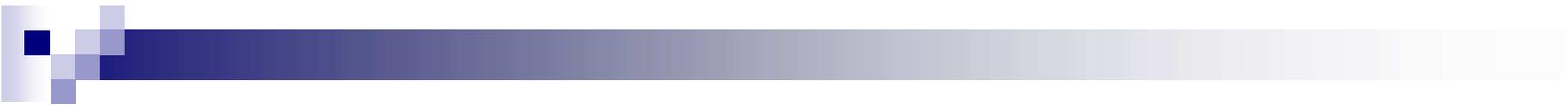
–Threats



Internal

External





Strengths and Weaknesses

Goal: objective assessment of your strengths and weaknesses to:

- identify, protect and deploy **resources**,
- understand **capabilities** and
- develop **core competencies**.

Assess strengths and weakness:

- Relative to your **competitors** and
- Important to your **customers**.

Note: This is difficult to do well.



Capabilities

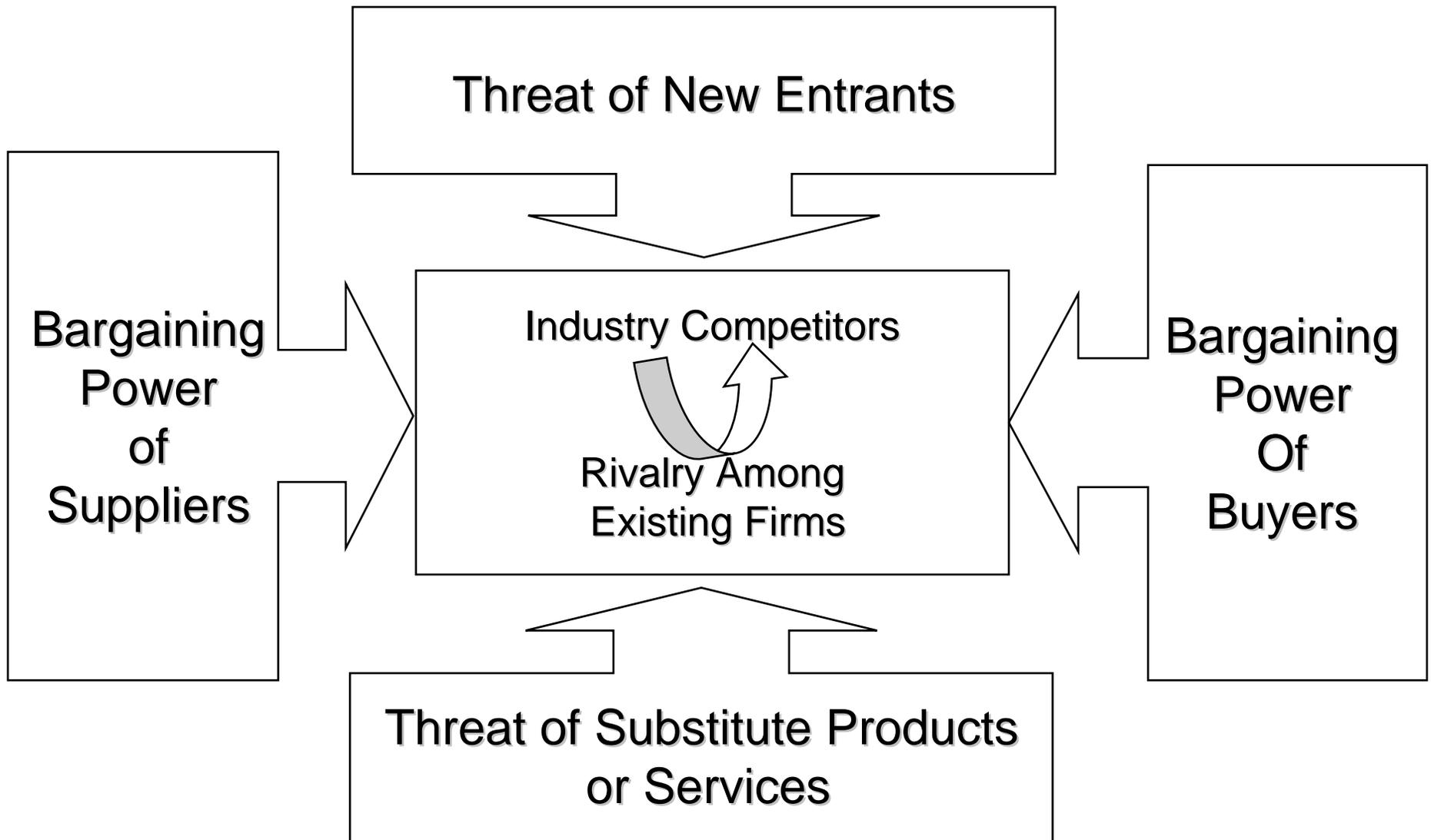
- The firm's **capacity to deploy resources** that have been purposely integrated to achieve a desired end state.
- Primary base for the firm's capabilities is the **skills and knowledge of its employees.**
- Just because the firm has a strong capacity for deploying resources **does not mean it has a competitive advantage.**

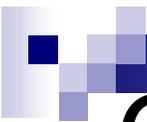


Opportunities and Threats

- Goal: to improve your ability to scan, monitor, forecast and assess factors in the surrounding environment
 - Although out of your control, may affect whether your capabilities translate into competitiveness given market values
 - Allowing you to better identify opportunities and threats to the businesses' long-term profitability.

Porter's Five Forces





Competitive Actions to the Five Forces

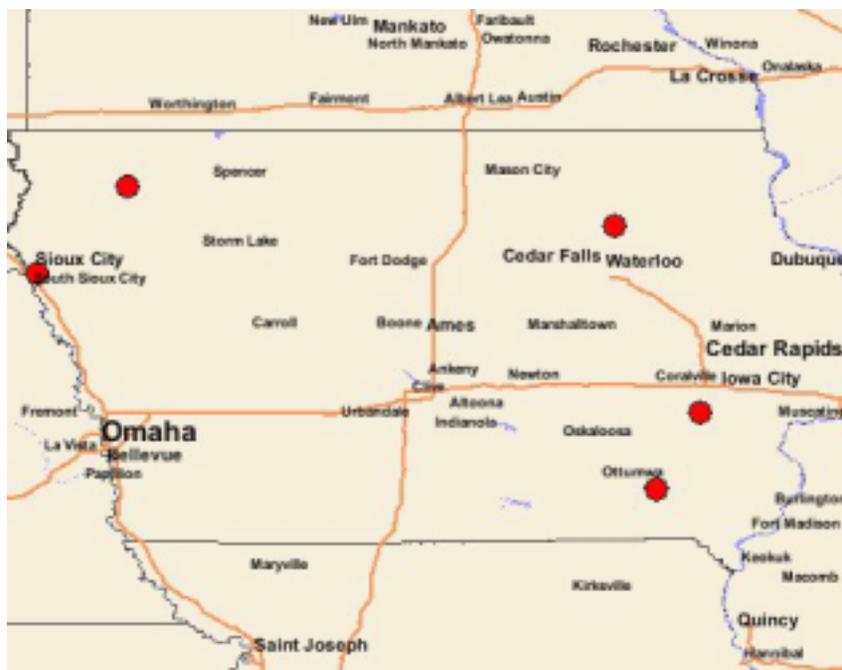
- Positioning
 - Strengths & weaknesses against industry forces determine the strategy
- Influencing
 - Changing the forces in the industry through strategy
- Anticipating & Exploiting Change
 - Examine the forces, forecast the magnitude of each underlying cause, determine likely profit picture of the industry and then craft a strategy.



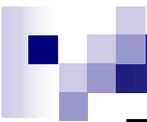
Competitor Environment

- Who are they?
- What drives our competitors?
 - What are their vision, mission, goals and objectives?
- What are our competitors currently doing?
- What is the competitor's view of itself and the future of the industry?
- What are our competitors' capabilities?

Producers/Farmers > FRUIT AND NUTS > Certified Organic



- Genuine Faux Farm
- **Address** 2345 150th Street
City, State, Zip Tripoli, Iowa,
50676 **County** Bremer **Phone**
319-610-9201 **Alternate**
Phone Contact Person Rob
Faux E-mail
gff@genuinefauxfarm.com
Web Site
www.genuinefauxfarm.com
- **Additional Info** Certified
Organic Primarily CSA shares
Will consider direct sales to
local restaurants, stores



Research with Market Maker

Exploring New Ideas

■ **GFF Farmers' Market Prepay Card Plan**

- The idea is a cross between our CSA program and table sales. If you have opinions or suggestions, tell us.
- Participants in this program could 'prepay' any amount over some minimum (\$50).
 - Prepaid amounts would provide an effective discount. For example, a \$50 prepay would have a value equal to \$55 (10 % more) of Genuine Faux Farm market table purchases.



Core Competencies

- Core Competencies are the end result of deploying resources using the firm's capabilities.
- A core competency must be unique to the firm to create a **sustainable competitive advantage.**
- Research indicates firm's focus on 3 or 4 core competencies.
 - Yet, there are a variety of successful foci in business



Identifying and Building Core Competencies

- Core competencies must be distinctive.
 - Capabilities that are done better than competitors
- Identifying core competencies is key to development of sound strategy.
 - Production claims (organic, local, carbon neutral)
 - Ag Experience with product (Farmers market, CSA)
 - Customer Service
 - Alliances with Established Restaurants/Retailers
 - Unique Brand (Story, Graphics, PR)

The Three Cs Of Marketing

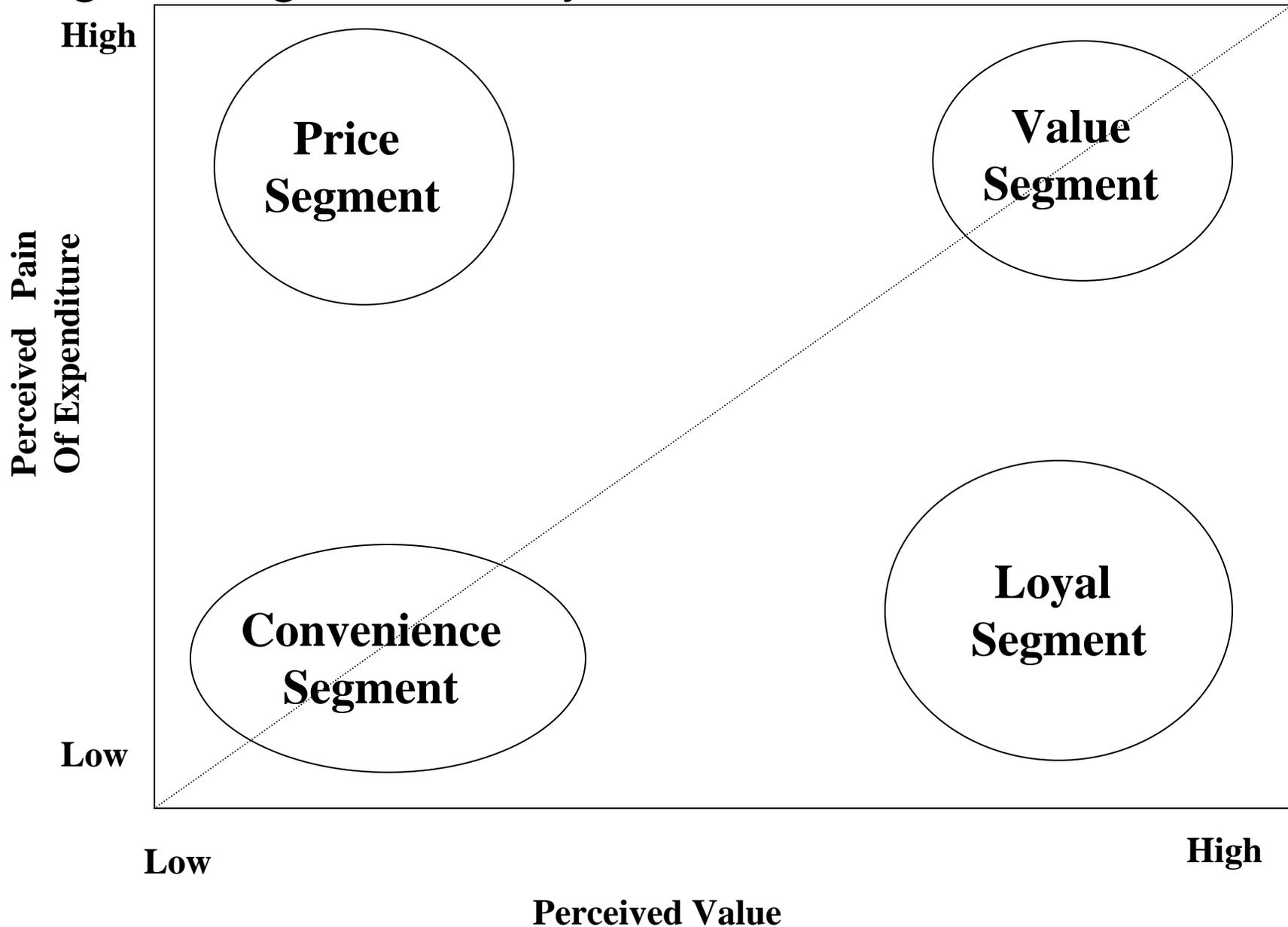
- 1. Customer
- 2. Costs
- 3. Competition



The Customers.....



Segmenting Markets by Influencers

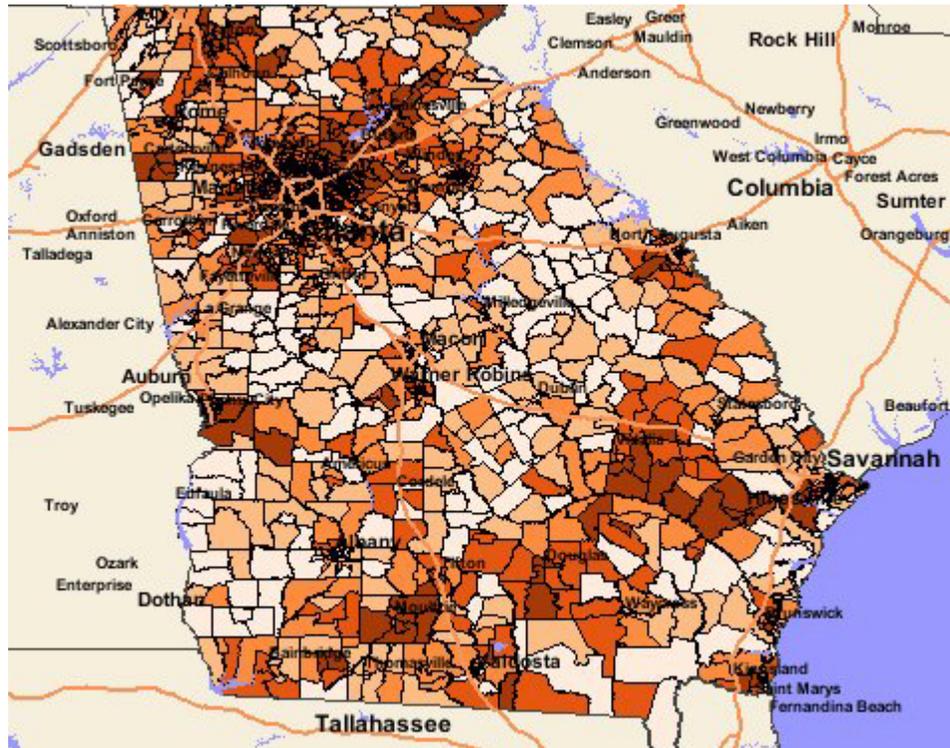




Target Segments

- Loyal are return customers ...less worried about costs, want a relationship
- Value segment are hardest to keep happy, but do recognize and value quality
- Convenience segment are those you can get to make impulse buys...less price sensitive
- Price segment is not too attractive unless you compete entirely on price

Using Market Maker to Research Potential Consumers



Race > Hispanic > Statewide

persons per census tract or
households per census tract

- 0 - 26
- 26 - 68
- 68 - 154
- 154 - 335
- 335 - 6325



2. Your Costs (and their Spending) \$\$

- Know variable costs of producing your product
- Realize there are fixed costs that must be paid, whether you produce your product or not
- Use variable and fixed costs to calculate the break-even point where costs are covered
 - See Worksheet
- Compare break-even with industry standards



Product Benefits and Costs

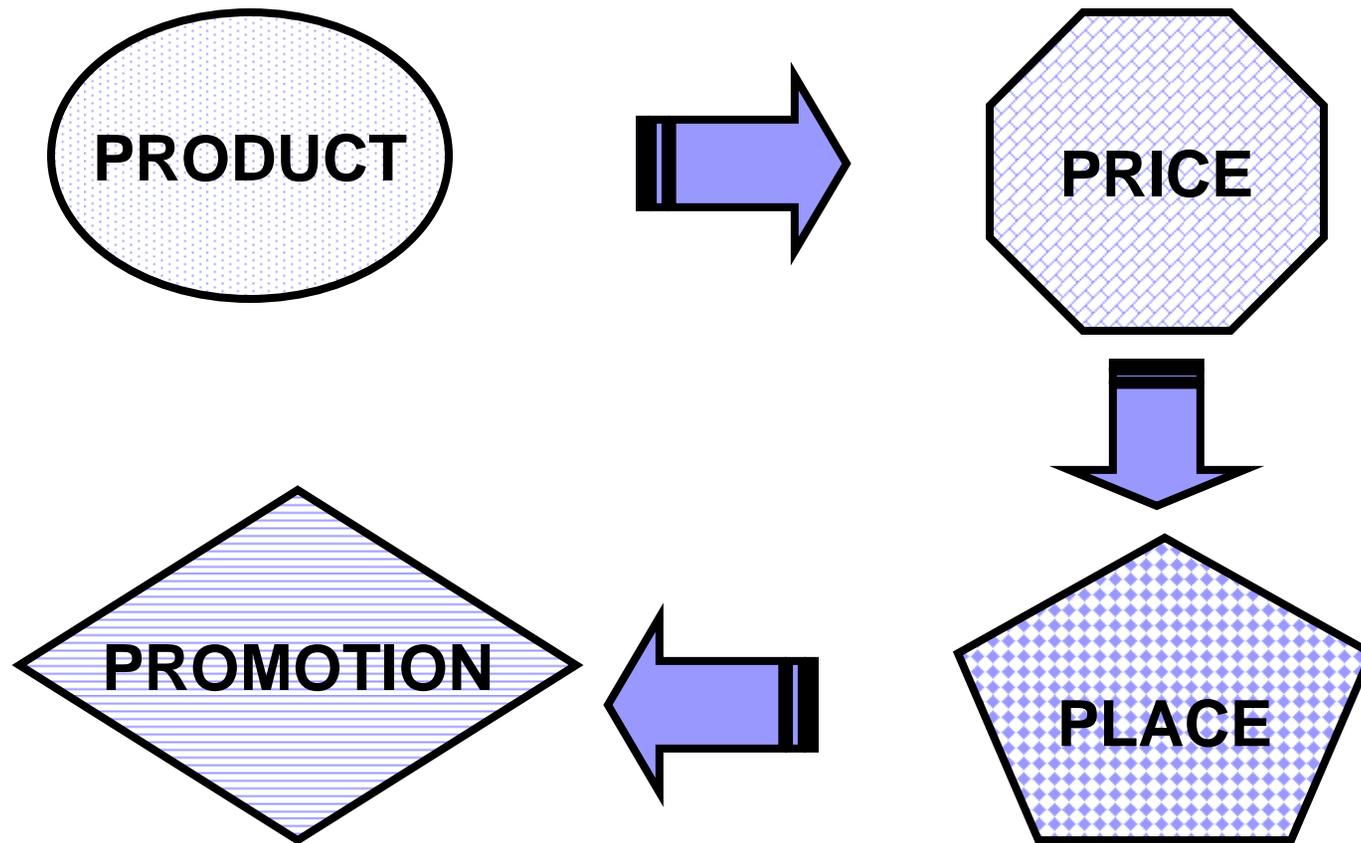
- Tangible Those product benefits (costs) that are easy to measure, “features.” Tangible attributes come through in the product design
- Intangible: attributes that are not easily measured. Sales and promotion will often be used to establish intangible attributes in lieu of product design.

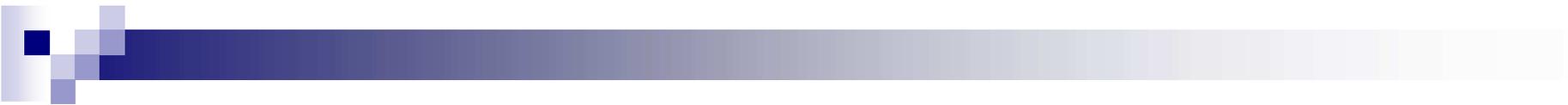


3. The Competition ...and Other Challenges

- From SWOT analysis, assess your business' strengths and weaknesses compared to your competitor's
- Competition can be other operations, regions, types of recreation or leisure
- Emulate your competition's strengths and overcome their weaknesses
- Differentiate your product from the competition's

The Marketing Mix: Implementation





1. Product (or Service)

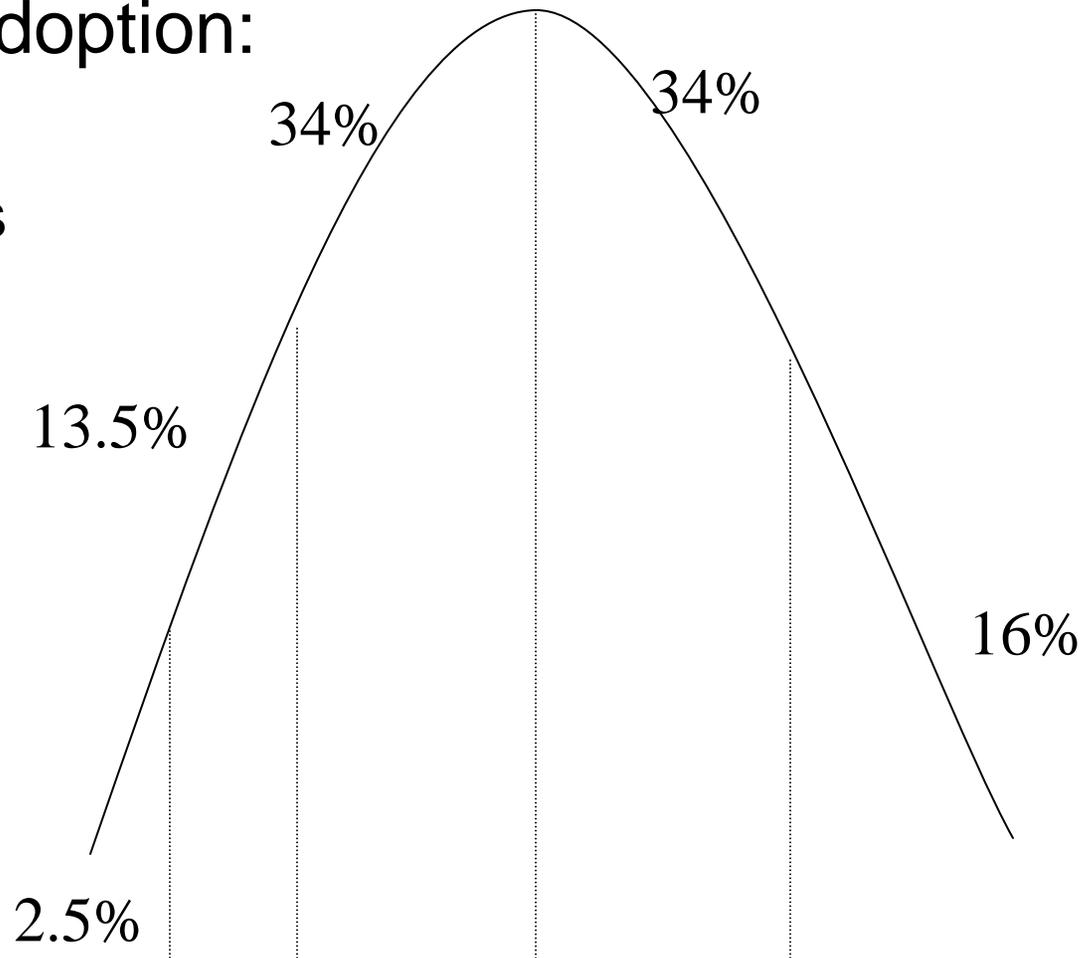
■ Goods that satisfy the needs of a target market should have the following characteristics:

- Physical features (design and packaging)
- Branding and image/personality
- Degree of customer service: products and services
- Consistent quality, supply or experience
- Pricing to cover costs & generate required margins or returns

Product Adoption and Diffusion

■ Stages of Adoption:

- Awareness
- Interest
- Evaluation
- Trial
- Adoption





Product Life Cycle

■ Stages

- Development
- Market Introduction
- Market Growth
- Market Maturity
- Sales Decline

■ Primary Activity

- Market Research
- Promotion
- Develop Customer Loyalty
- Pricing
- Shift, Adapt or Exit

Note that Market Research and Promotion are the Primary Focus in early Stages when you build Interest and Awareness



Horizon Dairy's Product Package

Organic-anti-"all the bad things"

- Happy Cows
- Fun for the kids
- Variety
- Convenience
- Advocating farms through education and policy



Two Rivers Winery and Event Center

- Wine is Culture, with European Routes
- A Chateau among Mesas
- Wine in Every Room
- Grape Vines for Production or Ambience?

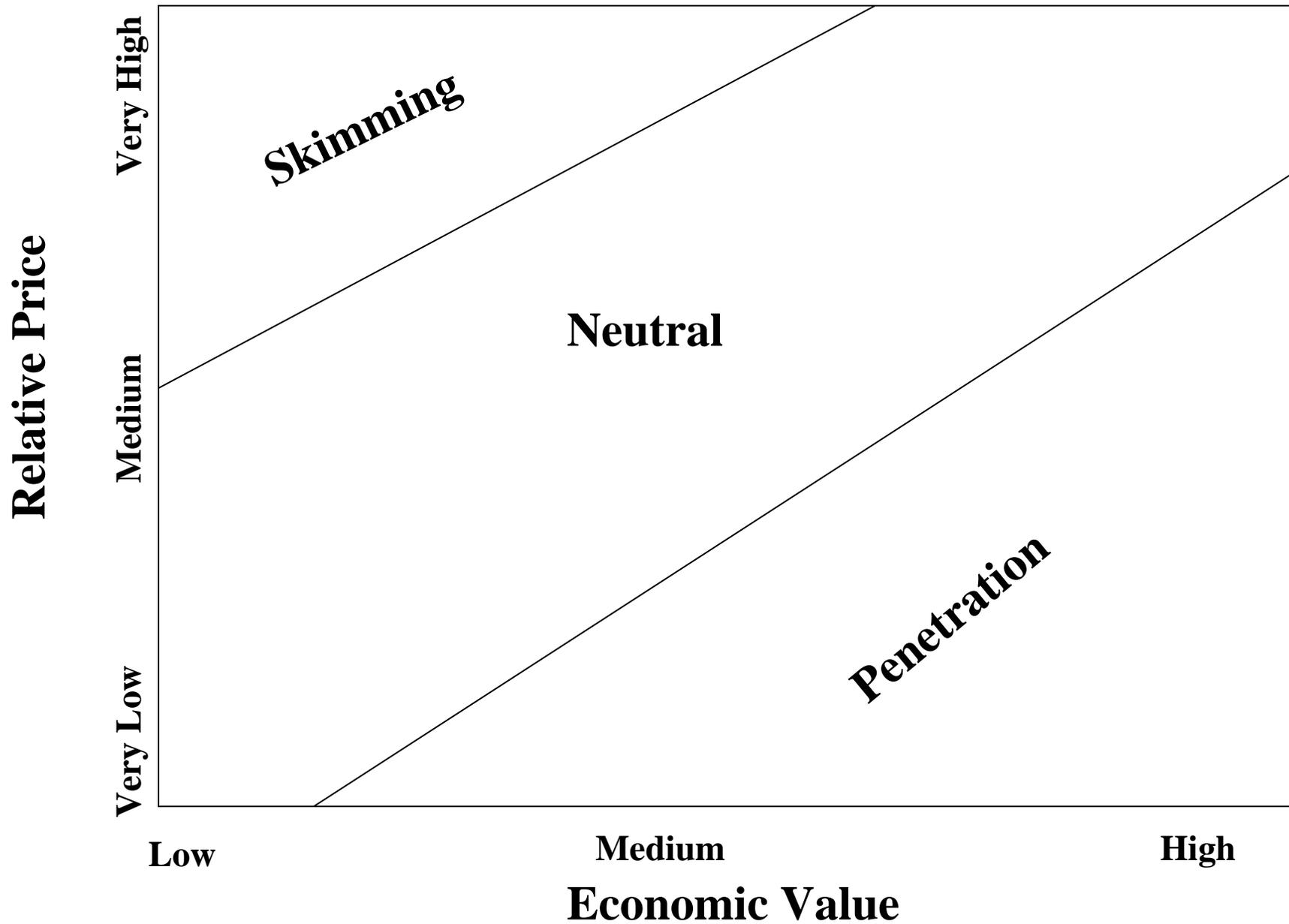




2. Price

- Set prices based on:
 - Value-based pricing (match price to perceived value by customer, brand loyalty, customer oriented price)
 - Competition-based pricing (match prices to similar products of your competition)
 - Cost-based pricing (set price dependent upon production costs)
- Use discounts or incentives to boost sales but with a specific goal in mind
- Price strategies include challenge to get most of consumer budget on your product/service

Generic Pricing Strategies





Pricing Strategies: Segments

- Loyal and Convenience consumers can be highest revenue potential...skimming
 - Artisinal, foodies or ready to eat products
- First time buyers may be attracted through penetration
 - Low or at cost pricing to Cover Fixed Costs
 - Sampling in new market with coupons
- Good pricing strategies can help increase revenues from those less price sensitive
 - Out of towners visiting and looking for souvenirs or those buying something unique for special event

What about Pricing For the Following Products and Events?



Using Market Maker for
Research

One Fremont County Farm

- Admission: Free
- Tractor Rides: Free
- Wholesome Family Fun: Free
- Baskets/Boxes for picking: Free
- Tony's Personality: Free
- Deli Items: Reasonable !



Apples: Pick-your-own \$1.35 Lb.

Already picked Apples in the store vary by variety
usually \$1.50 to \$1.77 a Lb.

Fresh Pressed Apple Cider: 1/2 Gallon \$3.00 Gallon \$6.00



- Blackberries : \$4.50 for 12 ounces** Raspberries : \$4.50 for 12 ounces**
- **** (The Price Of Berries In The Stores In Colorado Springs are \$3.99 For 6 Ounces!)**

- Please Note: Prices are subject to change...
Except the Free ones!

FROM AN Illinois Culinary Operator:

<http://www.learngreatfoods.com/index.html>

Culinary Farm Tour- \$95

*Visit two organic farms and gourmet food stops.
(Includes cooking class and dinner).*

*Offered Northwest Illinois (and Wisc. and Iowa)
and Northern Michigan, April-November.*



Organic Culinary Retreat- \$325

Relax for the weekend with two cooking classes and food tours. Includes two nights lodging, double occupancy. (Includes tours, cooking classes and all meals). Single supplement: \$50.

Offered April-June, Sept.-Nov.

Food Travel Weeks - \$1495

Food adventures down under!

Travel weeks include in-country bus and van transfers, 7 nights lodging, most meals, cooking classes, central market shopping, and amazing adventures and introductions! Single supplement: \$300.

Offered Yucatan Peninsula, March and July 2008.

Offered Mendoza Argentina, January-March 2008.



3. Place – Distribution Channel

- Strategic elements of location
- Where customers purchase product or service, how purchase is made
- Product must be at the right place, at the right time, in order to sell & provide profit to producer
- Channels include:
 - For food, direct sales, internet sales, broker or distributor are all important
 - Market Maker may be a new channel!!



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MARKET  **MAKER**

Find A Market By

OR

Find A Business

WHOLESALE

MarketMaker enables users to identify businesses engaged in producing, processing, wholesaling, and retailing food products in Illinois. The search can be conducted by both location and/or type of businesses. Data for general searches covering larger geographic areas will require a longer time to load. Profiles for individual businesses can be retrieved by clicking on "Detail". Business profiles contain type of business, contact information, and in some cases, size of business.

Locate business by City or County

CITY :

COUNTY :

LINE OF BUSINESS :

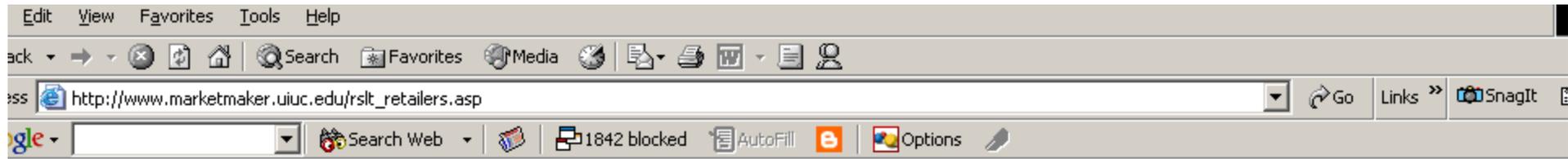
- ADVERTISING-SPECIALTIES (WHOLESALE)
- BAGELS-WHOLESALE
- BAKERS-WHOLESALE
- BANANAS-WHOLESALE
- BEER & ALE-WHOLESALE
- BEVERAGES (WHOLESALE)
- BLEACHING COMPOUNDS-WHOLESALE
- BOOK DEALERS-WHOLESALE
- BOXES-CORRUGATED & FIBER (WHOLESALE)

MARKET  **MAKER**

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Find A Market By

OR

Find A Business

SEARCH RESULT >> WHOLESALER >> COFFEE & TEA-WHOLESALE

[Map All](#)

Name	Address	City	Phone	View
B & F COFFEE SVC	3535 Commercial Ave	Northbrook	847-498-2200	Map / Detail
CAPITOL CAR WASH	2550 N Pulaski Rd	Chicago	773-489-2588	Map / Detail
CAPPUCCINO PRONTO INC	7407 N Milwaukee Ave	Niles	847-647-8811	Map / Detail
CHICAGO COFFEE ROASTERY INC	11880 Smith CT	Huntley	847-669-1156	Map / Detail
COFFEE & CIGARS AROUND-WORLD	8064 Lincoln Ave	Skokie	312-382-1812	Map / Detail
COFFEE & TEA EXCHANGE	4880 W Grand Ave	Chicago	773-745-9295	Map / Detail
COFFEE MASTERS	222 Merchandise Mart	Chicago	312-527-4980	Map / Detail
DAVE COOPER & ASSOC	1234 W Cerro Gordo St	Decatur	217-428-6664	Map / Detail
EMBASSY COFFEE	7324 W 91st St	Bridgeview	708-430-8181	Map / Detail
FARMER BROTHERS CO	31w280 Diehl Rd #103	Naperville	630-305-3110	Map / Detail



Records 1 to 10 of 27

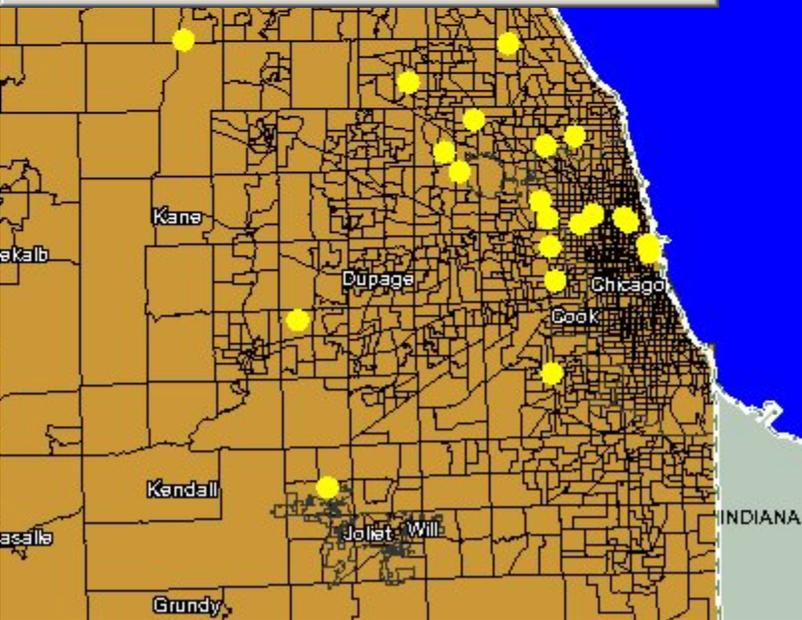
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Market Maker Detail Page - Microsoft Internet Explorer

Name	Chicago Coffee Roastery Inc
Address	11880 Smith CT Huntley, IL 60142-7390
Phone	847-669-1156
Sales Volume	\$5 To 10 Million
Number of Employees	5 To 9
Business Type	Coffee & Tea-Wholesale
Industry Classification (NAICS)	Other Grocery and Related Products Merchant Whols

[close window](#)



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Microsoft Internet Explorer

Identify Results - Microsoft Internet Explorer

MARKETMAKER

Chicago Coffee Roastery Inc
11880 Smith CT
Huntley IL 60142-7390
(847)669-1156

[Detail](#)

NAME :	Census Tract
	8711.04
Total Population :	6226
Population Density :	823.6/ sq. mi.

Major
 State
 Inter

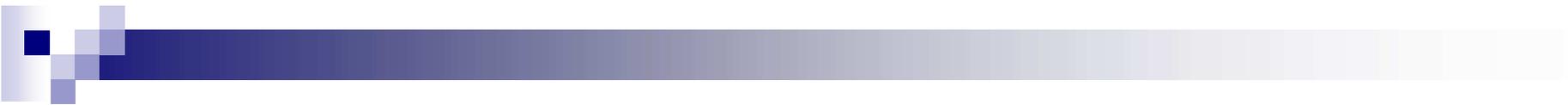
	Total	Percent
Population 18 yrs. and under :	1,970	31.6%
Population 19 to 24 yrs. :	328	5.3%
Population 25 to 34 yrs. :	1,437	23.1%
Population 35 to 54 yrs. :	1,759	28.3%
Population 55 to 69 yrs. :	422	6.8%
Population 70 yrs and over :	310	5.0%
Total Households :	2,188	
Total family households :	1,697	77.6%
Total married couple families	1,490	68.1%

[rec](#)



Key Point

- Marshall Fisher, Harvard Business Review
 - “***Functional Products*** require an efficient process; ***innovative products*** a responsive process.”
- For services, can you create revenue streams from understanding consumer needs/interests...sometimes on the spot
 - *Example: Pumpkins at corn mazes, local foods at wineries, food stands and farm tours along transportation corridors*



Commodity vs. Innovation

- Commodity Product or Well Known Service:
 - The challenge isn't to differentiate the product, but to focus on the most efficient production, good location, and low prices
 - This will tend to be higher volume and basic food with few, if any, personalized touches
 - For example, a case of apples with no source or production claim
- Innovative Product or Unique Service:
 - These are customized products that are differentiated to attract a particular target consumer segment
 - Picked this morning, Colorado Proud, featured in Sunset Magazine
 - Some lessons may be drawn from customer discussions rather than more formalized market surveys and studies.



4. Promotion

- Includes advertising, public relations & sales promotions
- Influences attitudes & buying behaviors of customers in a target market
- Should encourage product purchase & market expansion
- Important for positioning a product in the market



Promotional Objectives

- Stimulate sales
- Differentiate product offerings in varying markets
- Share information
- Accentuate value of product
- Stabilize seasonal demand

Source: Lou Pelton, David Strutton, & James Lumpkin. 1997.
Marketing Channels: A Relationship Management Approach, pp 99-109.



Promotional Methods

- Advertising: newspaper, television, magazine, radio, Internet, billboard
 - Does your business have a unique story?
- Public relations: community service or events
- Sales promotions: point-of-purchase displays, trade shows, exhibitions and demonstrations (free samples)
- Word of mouth

Source: Lou Pelton, David Strutton, & James Lumpkin. 1997.
Marketing Channels: A Relationship Management Approach. pp 99-109.



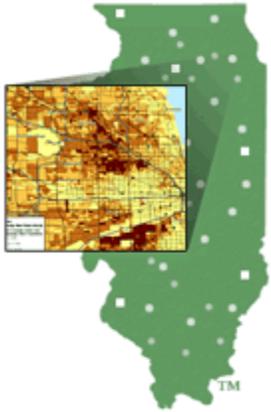
RIMROCK DUDE RANCH

Member of The Dude Ranchers Association



- Ranch Vacation
- Wilderness Pack Trips
- Snowmobile Trips
- Hunting
- Fishing
- Photo Albums
- Area Maps
- General Area Info
- Send Postcard



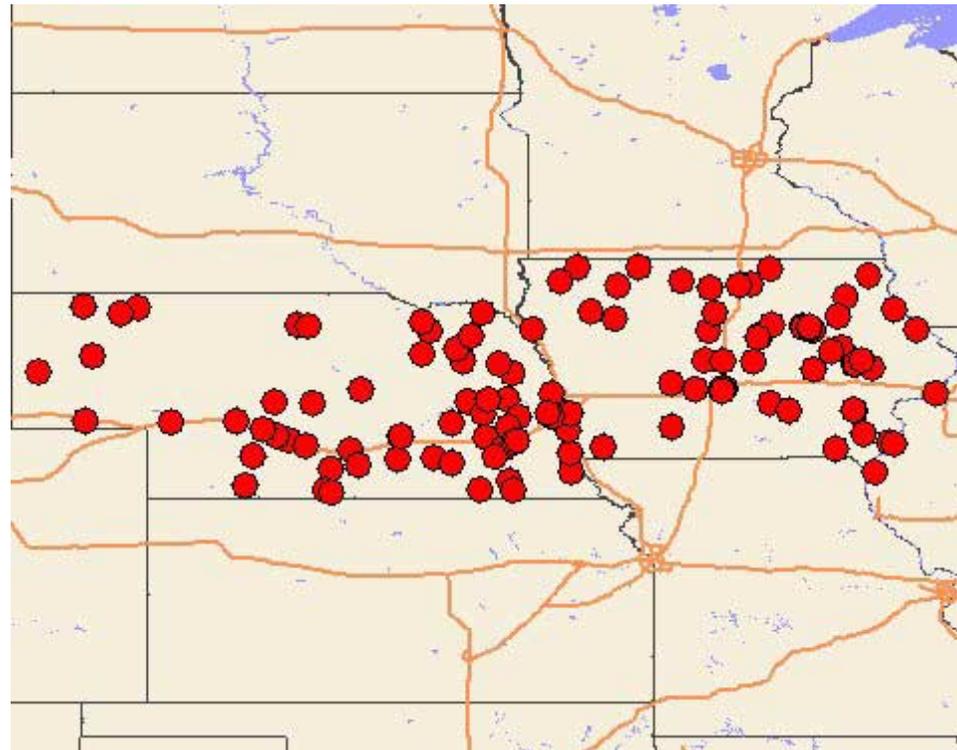


New Resource for Promotion

- MarketMaker is a free tool to:
 - Help Consumers find Producers
 - Help Producers Promote their Operations and Products
 - Assess the food and agriculture of an area: Providing an inventory and great networking resource

Example Search: Farmers Markets in Iowa/Nebraska

- Can zoom into or out of an area....
- Leverages Colorado Dept of Ag's databases and directories





Promotion Possibilities

MarketMaker is coming to Colorado!!

- Collaboration of CDA and CSU Extension
- We will add the agritourism directory
 - Important to get everyone's information
 - Develop your Web presence now
- Other Features
 - Buyers/sellers forum
 - More search capabilities



When Promoting Your Product...

- Determine desired message you want your customers to have about your product
- Set goals promotion will accomplish - either public relations for your business, increasing product sales, or nurturing loyal customers
- Design a budget for promotional expenses; determine which promotional strategies will fit your budget and goals



Your Marketing Plan

- Double Check:
 - Possible with Current Resources?
 - Addresses a Market Opportunity
 - Balanced between Loose and Tight
 - Visionary, but Pragmatic
 - Clear Objectives and Vision Behind Each Market Strategy Choice
- Which P will guide your Initial Energy?



Innovative Marketing Ideas

- If you are looking to diversify your operation by including agritourism activities on your farm/ranch, or food based business
- **Colorado Department of Agriculture**
 - <http://www.coloradoagriculture.com/>
- **Agri-Business Council of Oregon, Workbook**
- **Agricultural Marketing Resource Center**
- **Agriculture Innovation Center**
- **Colorado State University-Extension**
 - **Marketing Fact Sheets at:**
 - <http://dare.colostate.edu/pubs/extension.aspx>