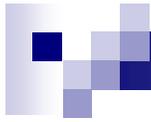




# Branding and Positioning your Enterprise: Marketing for Success

Dawn Thilmany

Dept of Ag and Resource Economics  
And Cooperative Extension  
Colorado State University



# Overview

- Overview of Strategic Issues
- Setting the Stage for your Market
- The Elements of a Sound Marketing Plan



# 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
- Actions are effective and realistic steps to achieve your strategy.



# When to Decide?

- What does the Market Suggest?
  - Is market Signaling potential Growth?
  - Will you Lead new Trends? Follow others' Success?
    - This will affect your Strategy
- What are you Poised for?
  - Is Change Needed?
  - Do New or Slack Resource Allow Growth
  - Is This Alternative to Exit?



# ***CSU MARKET ANALYSIS: A RESOURCE FOR PLANNING***





# Marketing Overview: *New Acronyms*

- Analyze strengths, weaknesses, opportunities and threats (SWOT)
  - Uses Internal and External Information
- Research customers, costs and competition (3 C's)
  - Challenge for Agritourism relative to Commodity Agriculture
- Develop the marketing mix using product, price, place and promotion (4 P's)

# The Three Cs Of Marketing

Important Elements of your Market Environment

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





# 1. The Customer

- What unique value does your product bring?
- Who are your customers/clients? Describe them.
  - Demographics: age, gender, income, etc.
  - Psychographics: motivations, interests, causes
  - Purchasing/consumption behavior: buying patterns
- Where do you find your customers?

# The Customers.....





# Target Segments

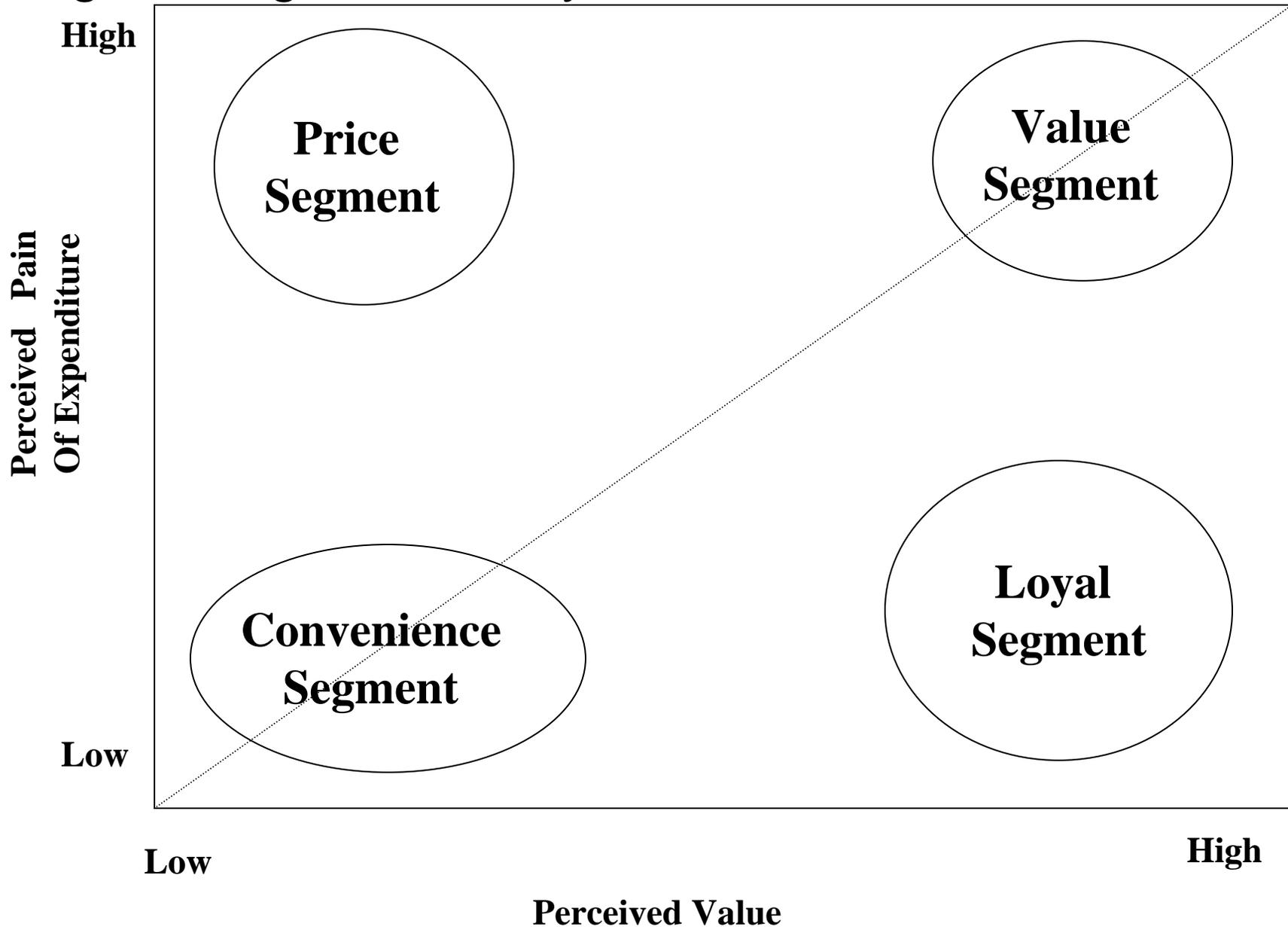
- Loyal are return customers and visitors...less worried about costs
- Value segment are hardest to keep happy, but do recognize and value quality
- Convenience segment are those you can get to make impulse buys/visits...less price sensitive
- Price segment is not too attractive unless you compete entirely on price
  - Let's explore Colorado's agritourists....



# Targeting Traveler Segments

- “Cluster” visitors by like characteristics
  - Planning
  - Mode of travel
  - Activities chosen
  - Expenditures, etc.
- Easier to develop cohesive marketing strategies than for “average” traveler
- We can define them...
  - .....target those with greatest potential
  - .....and create recommendations

# Segmenting Markets by Influencers





# ***Out-of-State Activity Seekers***

- 970,000 per year, 97% out-of-state travelers
  - Mid- to upper-middle class (parents, friends, couples)
  - Fly in, rent a car, stay mainly in hotels or with friends and family
  - Spend most per visit, mostly on lodging, for longer trips
- Rely heavily on Web resources to plan
  - Past experiences & in-state resources (Welcome Centers, CTO)
- Primary travel focus not agritourism, BUT 2/3 report unplanned activities
- Customer service greatly influences their trip;
  - Poor directional signage & lack of perceived value are trip detractors
- Important to make good use of in-state advertising and food-oriented events to attract



# ***In-State Explorers***

- 3.5 million+ visitors per year, 2/3 from in-state
  - Drive cars for long weekends, shorter trips, more often
  - 4 days on average, mostly winter, most without children
  - Stay in hotels, resorts, or w/friends & family
- Plan using past experiences & recommendations
  - 12% make agritourism trip focus; 25%+ unplanned
  - Culinary or educational/nature-based on-farm experiences
- Harder to target but:
  - Travel frequently and Open to spur of the moment
  - Most not tempted to spend more on agritourism, but on other amusement
- Attract through Savvy marketing and promotional investments
  - Tie into broader events (sporting events, heritage activities)



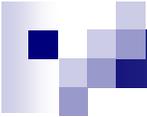
# ***Loyal Colorado Enthusiasts***

- 3.6 million+ travelers per year, 75% for leisure
- 2/3 in-state; 1/3 out-of-state; parents or couples
  - Return often (98% plan to visit again)
  - Camp or stay w/friends & family
  - Overall lower spenders, but 10% goes to local products
  - Plan based on past experiences, print materials, in-state resources
  - All participate in agritourism: 58% planned trips for agritourism
- Highest participation during the summer
  - Most activities per trip (3+) and More visits than two years earlier
- New agritourism activities interest them
- Use wide information gathering to tailor their trips
  - Need information from operators and communities to plan their travels → how to build their trip (will participate more with more info.)



# ***Family Ag Adventurers***

- 4.5 million travelers per year; 75% out-of-state
  - Middle income; higher spenders per trip
  - Travel long distances in their own vehicles, mostly in summer
  - Past experiences & recommendations, Web searches to plan
- All participate in agritourism; most activities unplanned
  - But, 25% pre-planned focusing on quality and value
  - Interests most diverse
    - But prefer educational & nature-based on-farm experiences
- Trips are commonly big family vacations
  - Unsure of visiting again in next several years (major factor is cost, then distance)
  - But indicate would participate in culinary activities on next trip

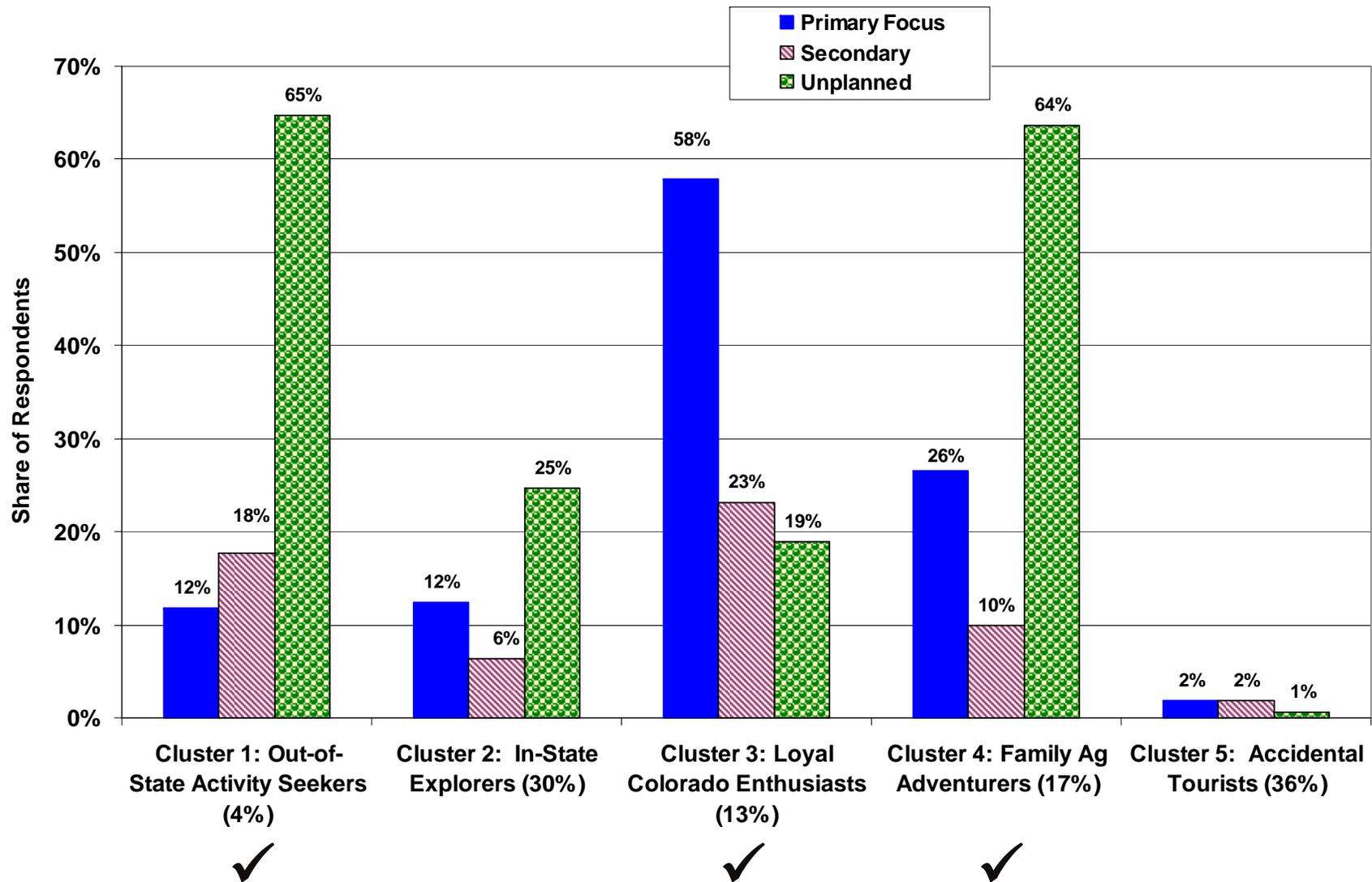


# ***Accidental Tourists***

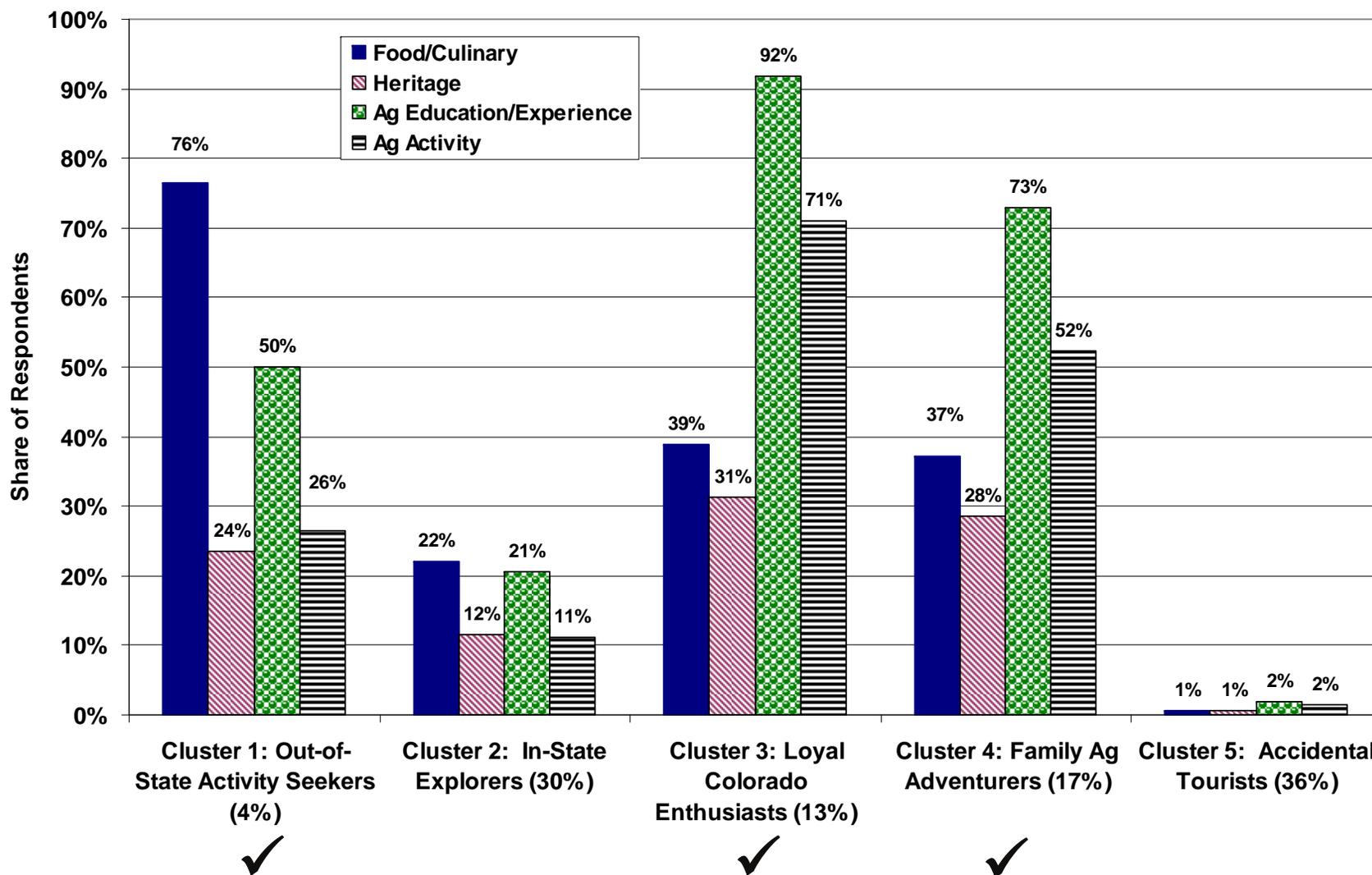
- Less than 500,000 travelers/year (small share of agritourists)
- Business/family matters bring them here
  - Visit for few days, mostly in summer and winter
  - Travel by car (own or rental) or by air, Stay mostly in hotels
  - Conduct less planning than other travelers
  - Spend very little relative to other travelers
- Small windows of leisure time (but want diversions)
  - They are not seeking agritourism activities
- Travelers learn about agritourism “just in time”
  - Activities need to be well-promoted and easily accessed due to the limited time: airports, hotel “brochure racks”
  - Future participation in agritourism would be linked to culinary or heritage activities
  - Good potential for operations near urban areas, especially if transportation is offered or activities can be packaged with hotels/shuttle services

# Importance of Agritourism to Visit

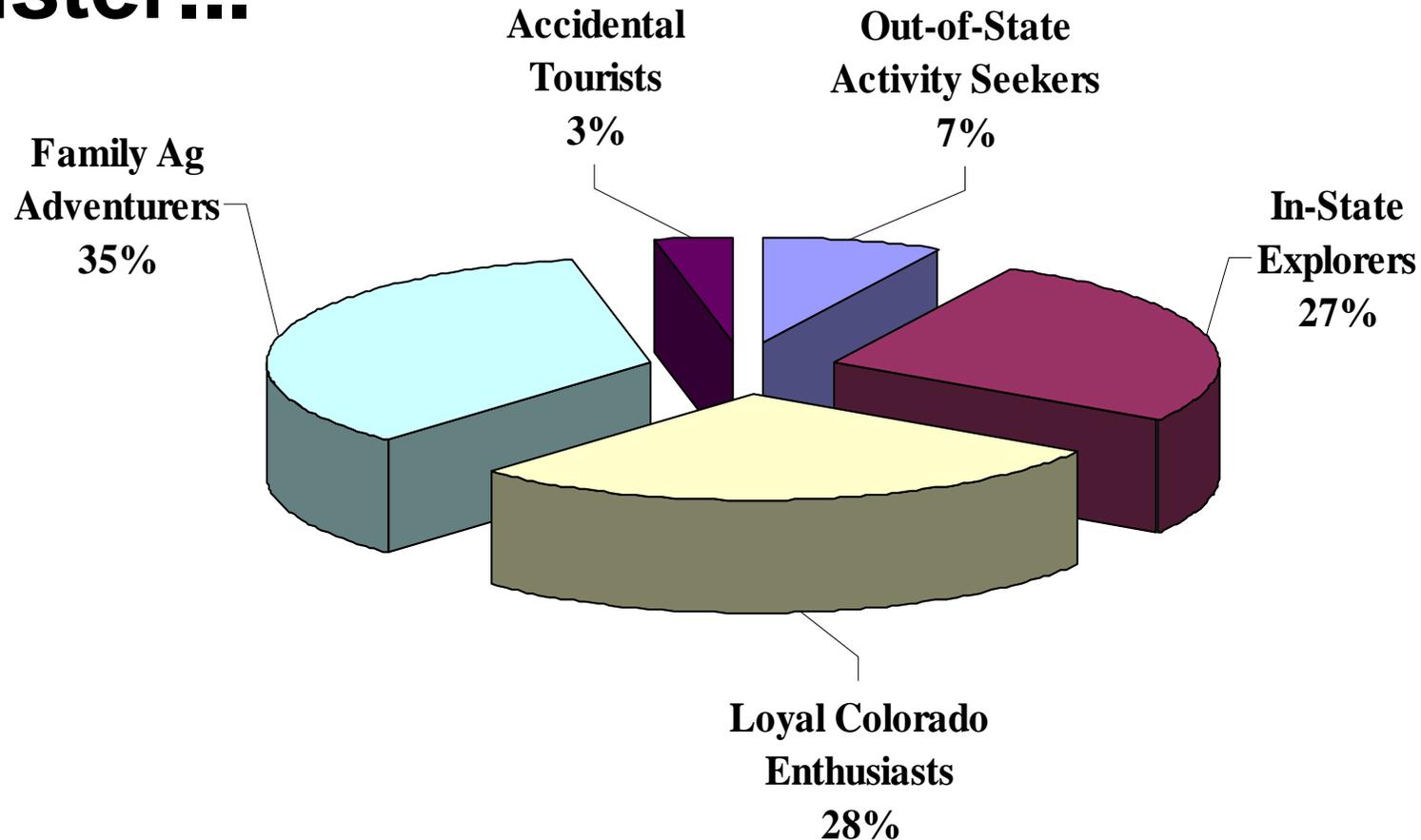
By Cluster, N=897



## Participation in Agritourism Activities by Cluster, n=897



# Percentage of agritourists in each cluster...



...But, let's look at what their travel patterns tell us

# Part of targeting explores travel behavior and Opportunities

- In-State Explorers, Enthusiasts and Adventurers do the most in Colorado
- Enthusiasts, Family Adventurers and Accidental Tourists show increasing interest

**Table 1: Travel Behavior among Segments, n=897**

	<b>Out-of-State Activity Seekers (30%)</b>	<b>In-State Explorers (4%)</b>	<b>Loyal Colorado Enthusiasts (13%)</b>	<b>Family Ag Adventurers (36%)</b>	<b>Accidental Tourists (17%)</b>
<b>Share of Agritourism Participation per Year</b>	3%	20%	47%	27%	24%
<b>Share of Agritourism Participation in Colorado</b>	7%	42%	65%	55%	24%
<b>Share who Note an Increase in Agritourism Visits as Compared to 2 Years Ago</b>	4%	11%	31%	21%	24%

## 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
- Compare break-even with industry standards
- Financial analysis:
  - Given the numbers and value perceived by the customer, can you feasibly offer enterprise?

# Cornell 2000 Study



- Various Agritourism Operators
  - Average Income=\$101,041
  - Average Gross Expenses=\$88,499
  - Average Net Profit=\$12,347
  - U-Pick most profitable on % basis
    - because of low capital and labor investment?
- Dependent on Scale, cost per visitor....
  - One way to consider break even, if you consider visits as “yield”

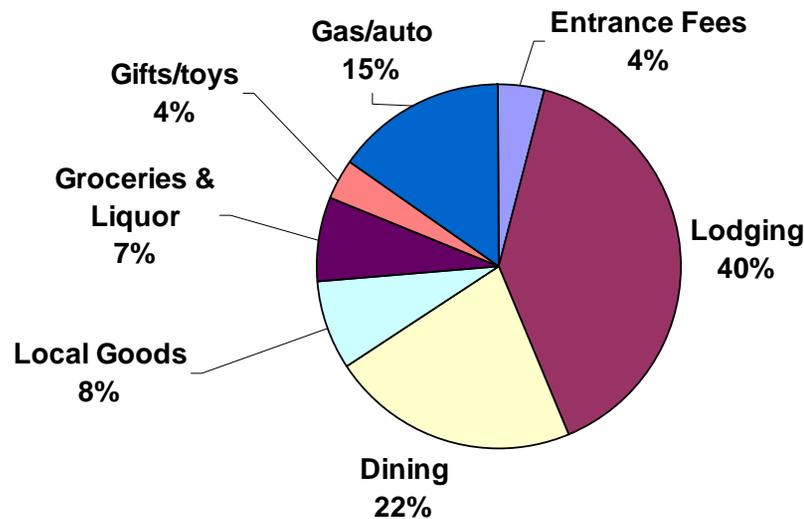


# Product Benefits and Costs

- 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.

# What are travelers spending?

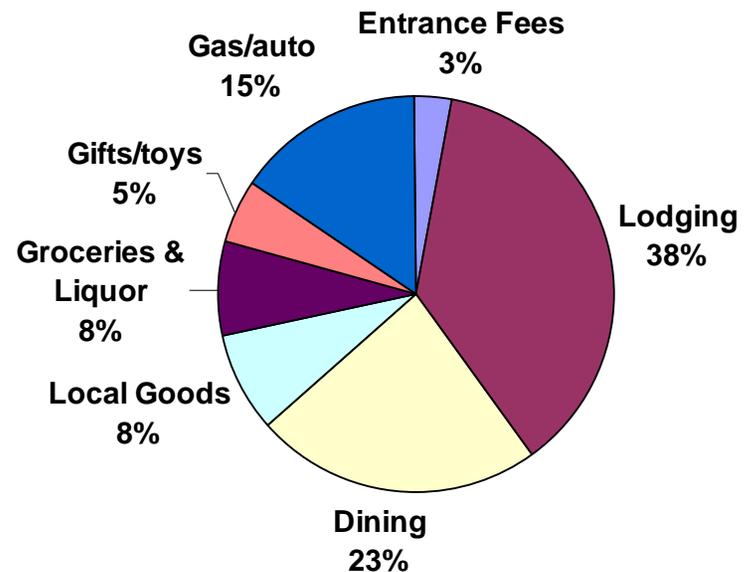
## Colorado Tourists



- Out-of-state tourists spent an average of \$887 on last trip to Colorado: important as it is a greater impact

- Colorado tourists spent an average of \$391 on last trip to Colorado that involved agritourism

## Out of State Tourists





# 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 Real Competition . . .

- Other States and Regions....

- ...Colorado may be behind peer states and regions in their promotional campaigns

- Other travel activities

- Agritourism is relatively “hard to find” and plan compared to alternative excursions

- Other leisure activities

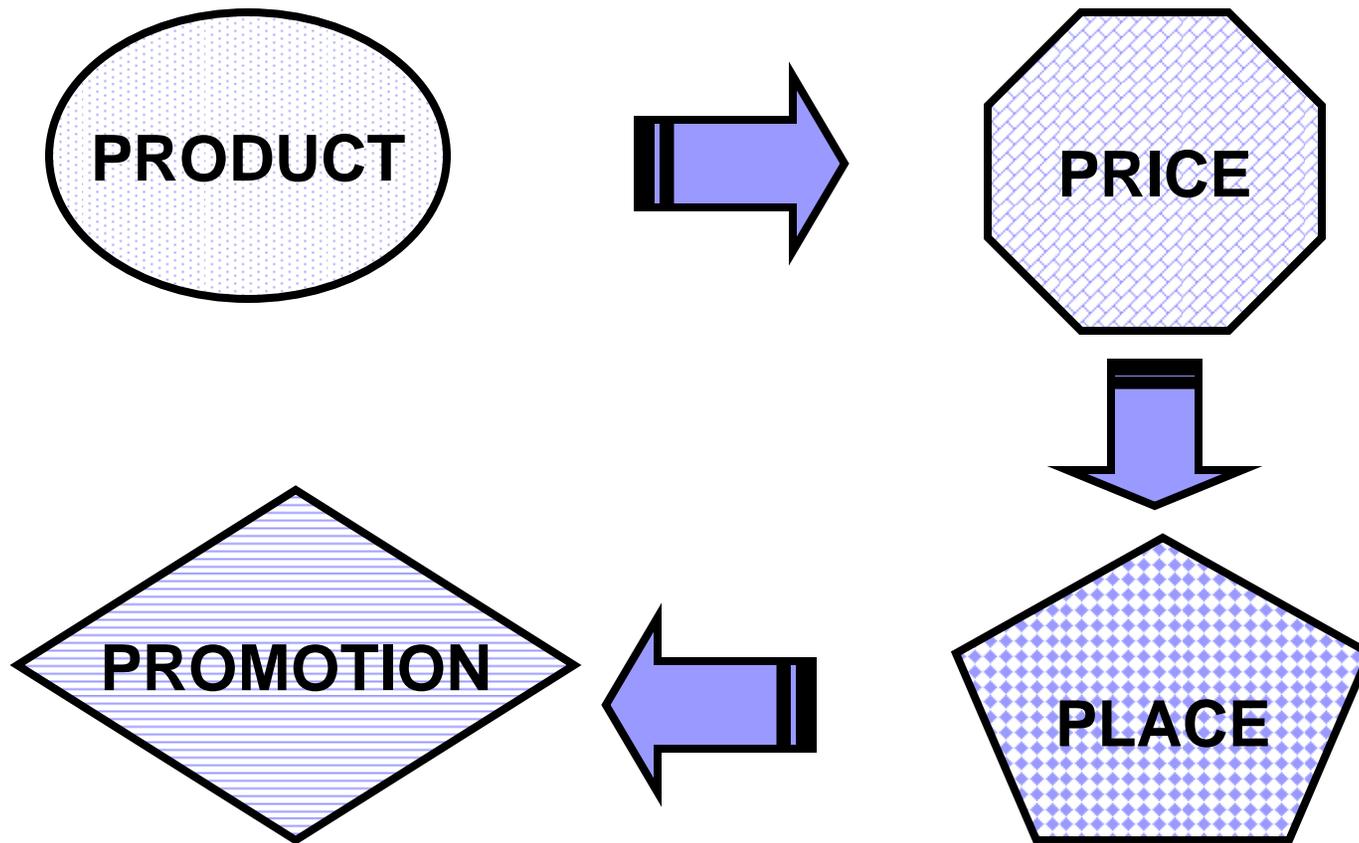
- Local and home activities may win out in times of economic downturn



# Challenges:

- Shifting visitors from unplanned to planned agritourism
  - Increases expenditures at local level
- Rounding out trips: 87% of all travelers were satisfied with their visits
  - But 13% would have liked more agritourism and other activities to round out their trip; would have paid for it
- Creating impression that Colorado is a “good value” trip for them, especially those with large expense to travel
  - Especially those for whom CO is a big, planned expense on leisure
- Improving tourism infrastructure for agritourism
  - Tying more on-farm & ranch activities to food-oriented events
  - Directional signage to make travelers more aware & directed
  - Interpretative signage for those wanting an educational experience

# The Marketing Mix: Decisions and Strategies





# 1. Product (or Service)

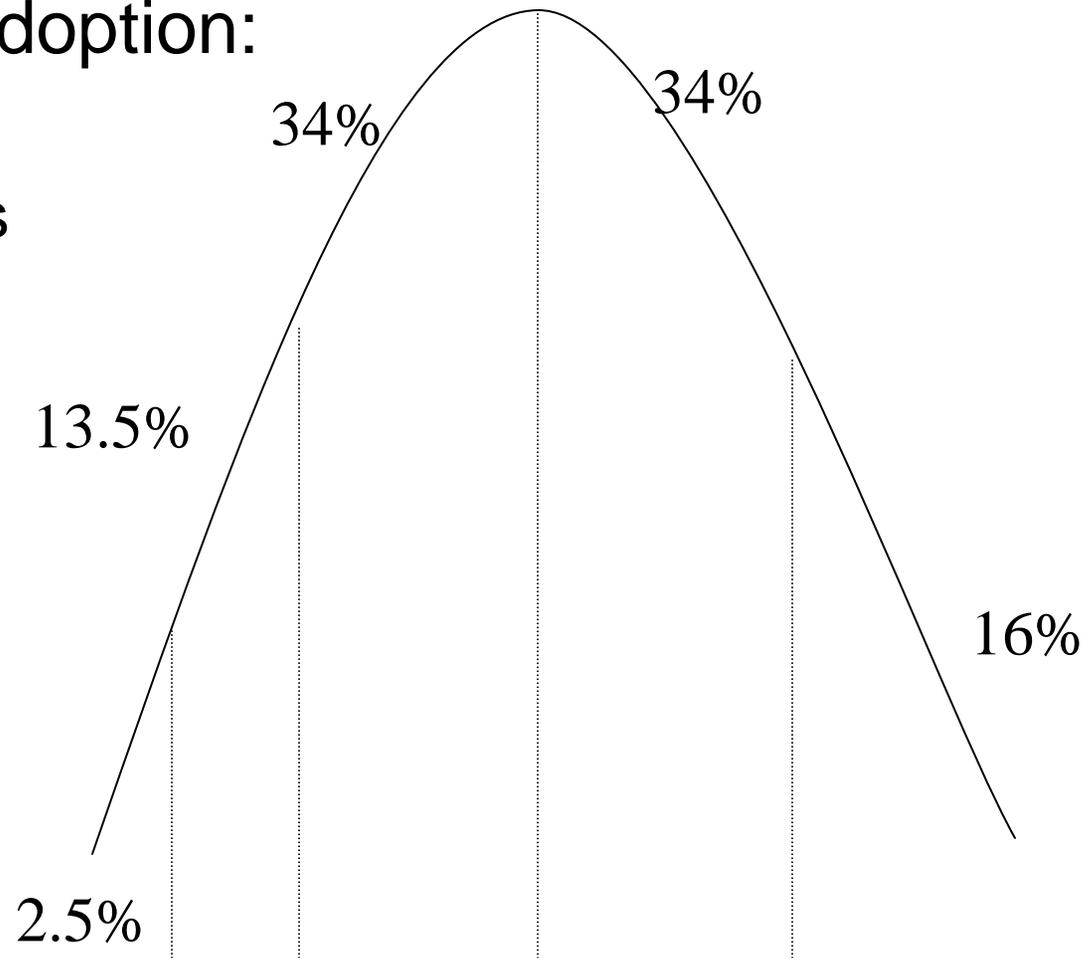
■ Goods that satisfy the needs of a target market should have the following characteristics:

- 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

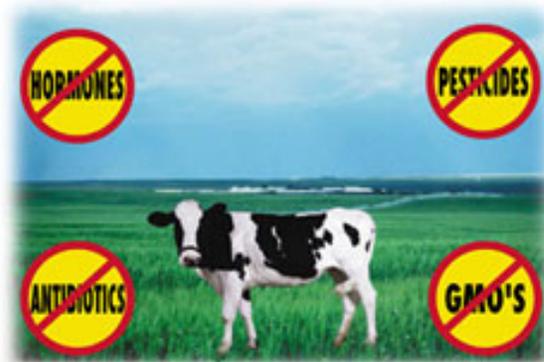
**Note that Market Research and Promotion are the Primary Focus in early Stages when you build Interest and Awareness**



# 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

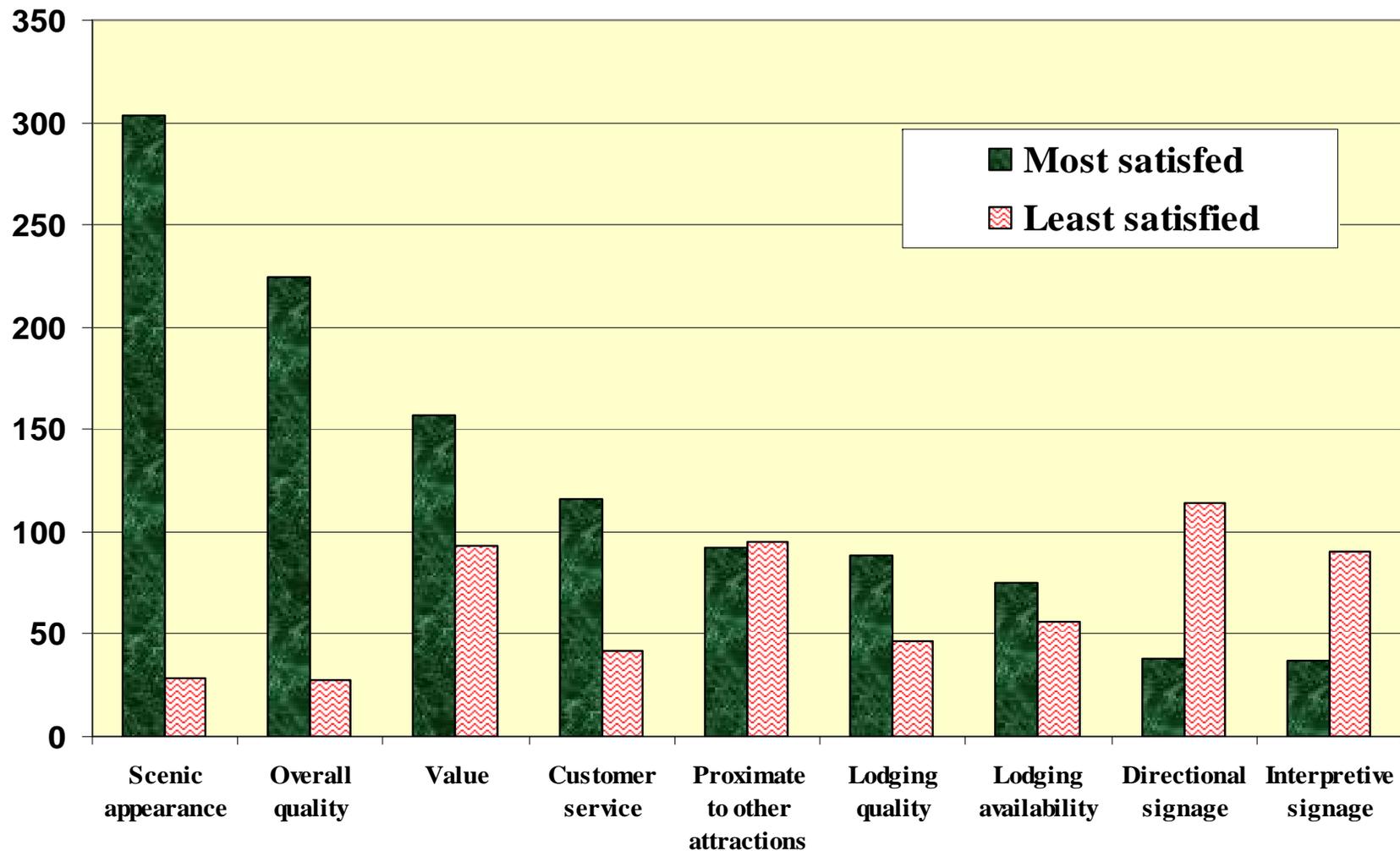


# Two Rivers Winery and Event Center

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



# Other factors influencing consumers' agritourism experience in CO





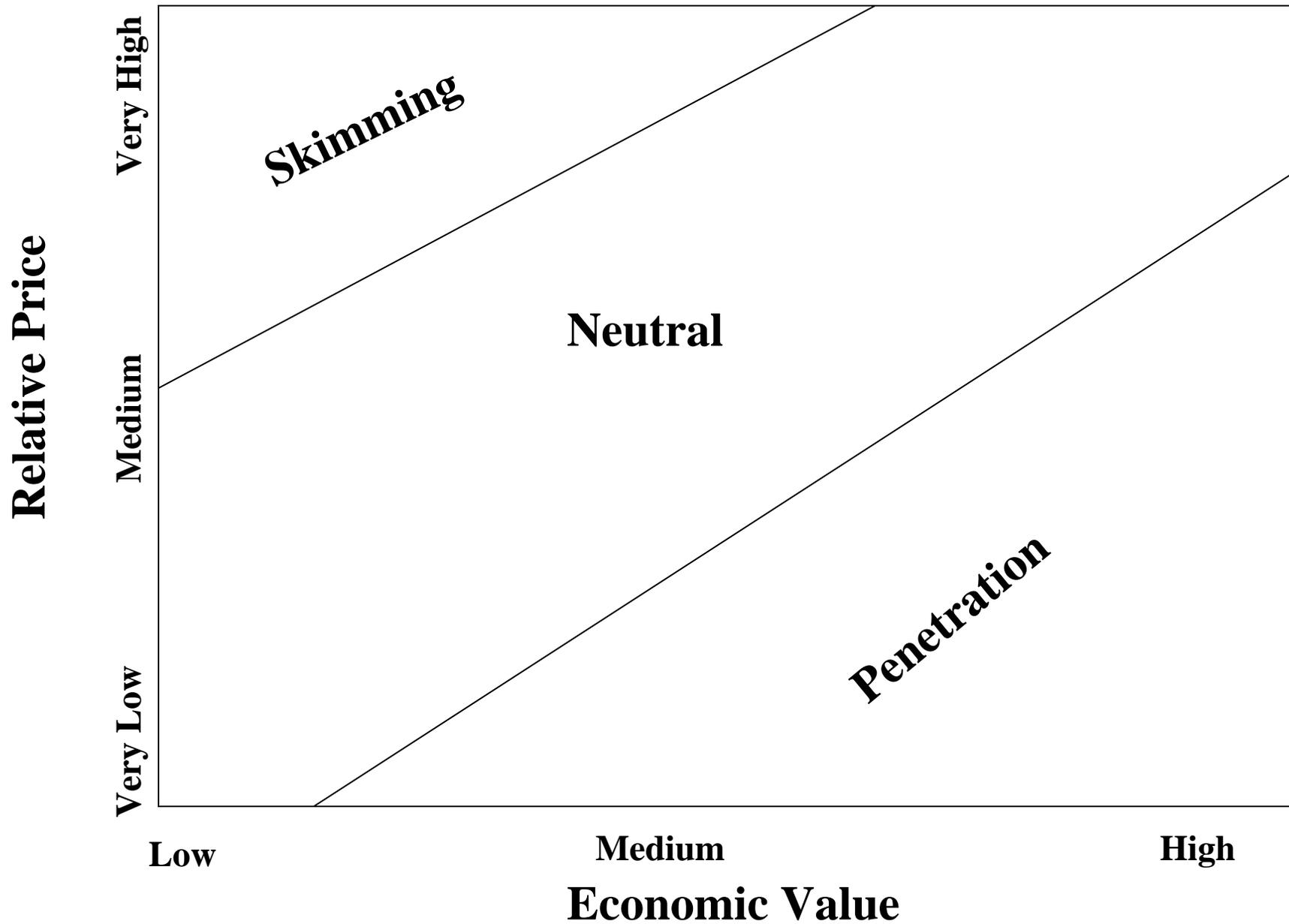
## 2. Price

- 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



# **VALUE PRICING**

# Generic Pricing Strategies





# Pricing Strategies: Segments

- Loyal and Convenience consumers can be highest revenue potential...skimming
  - Our Loyal Colorado Enthusiasts are key to profits
  - Do Accidental Tourists fit here?
- First time buyers and visitors may be attracted through penetration
  - Low or at cost pricing to Cover Fixed Costs
  - Out of State Activity Seekers
- Good pricing strategies can help increase revenues from those less price sensitive
  - Family Ag Adventurers seeking once in lifetime experience

# Anderson Farms Fall Festival

- **2007 Group Rates-Save \$2 per person**
  - **September 22nd - October 11th  
or any Monday – Thursday**
  - **\$8 for Adults, \$6 Kids (4-12) & Seniors**
  - **\$1 more closer to Halloween**
- **Add a meal deal and receive a FREE  
small pumpkin!!**
  - **Hot Dog Meal Deal  
\$12.50 Adults, \$10.50 Kids**
- **Penetration, bundling, value**





# **COST PRICING**



# Contribution analysis

- The idea that every sale/visitor covers direct costs and Contributes to Overhead
- Per unit CTO=Price per unit-Variable costs
  - Per unit operating margin
- $CTO = \text{Per unit CTO} * \text{Units sold}$ 
  - Defines economies of scale in a way
- Breakeven quantity=
$$\frac{\text{Fixed Costs}}{\text{Price-Variable costs}}$$



# Break-Even Example

- Direct cost of a ranch visitor per day
  - \$25- includes food, labor, materials
  - You charge an average of \$125 per day
- Fixed costs are \$200,000
  - Includes facility improvements, management, marketing costs and administrative overhead
  - Breakeven= $200,000 / 125 - 25 = 2000$  visitor days
  - Any volume above this represents profits
- If under break-even goal, examine which part of the equation you have most control over
  - Price, variable costs, overhead or sales volume



# Competitor Pricing

- Straightforward comparison of your prices vs. competitors
- Trick may be assessing who you are competing against
  - Other agritourism? Other destinations? Staying home?
  - Informing customers about your value compared to competition

## **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!)**

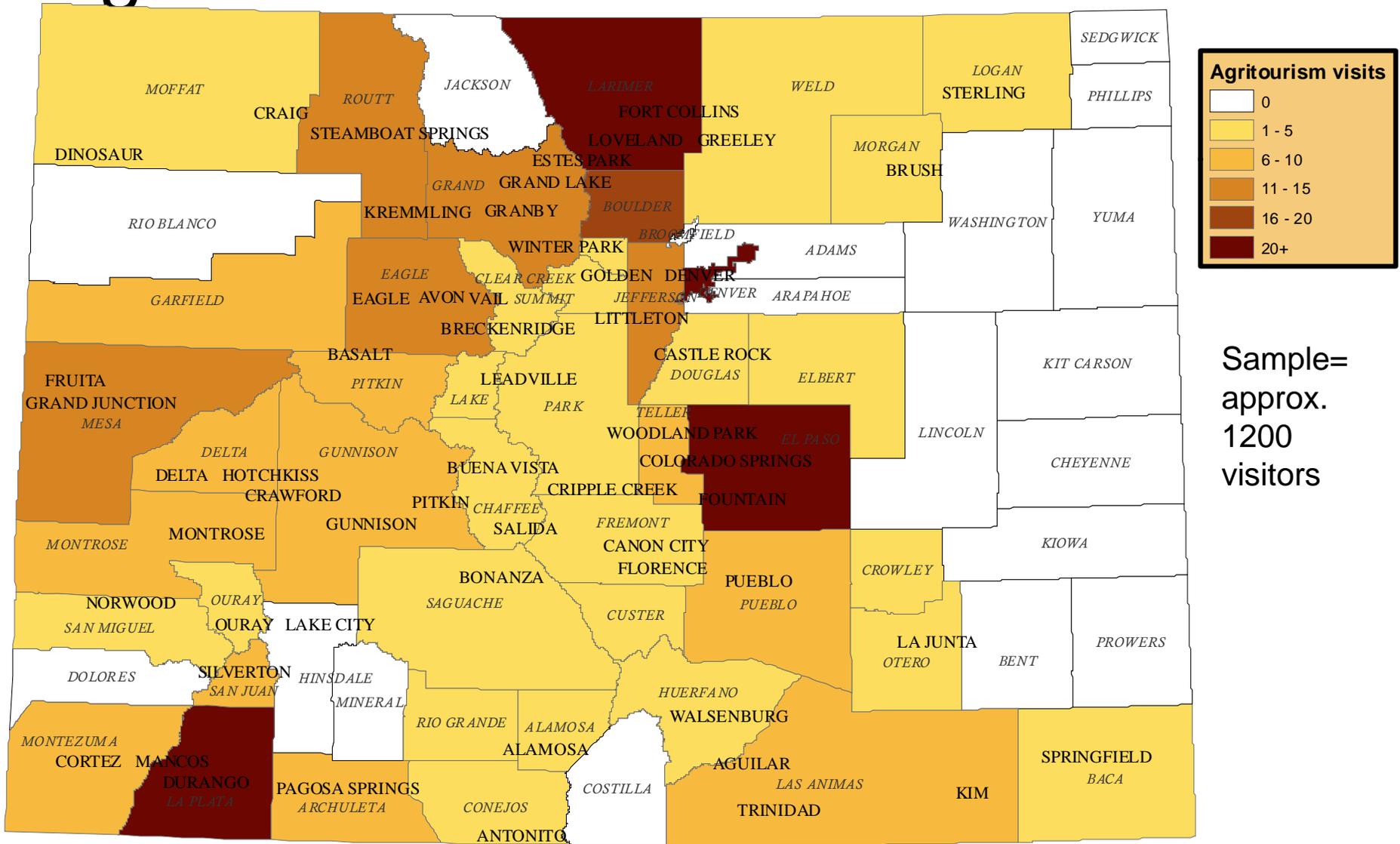
- Please Note: Prices are subject to change...  
Except the Free ones!



## 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 for food
  - For agritourism, may be where they plan trips
    - Hotels, Travel agents, Colorado Tourism Office

# Colorado Areas Visited for Agritourism





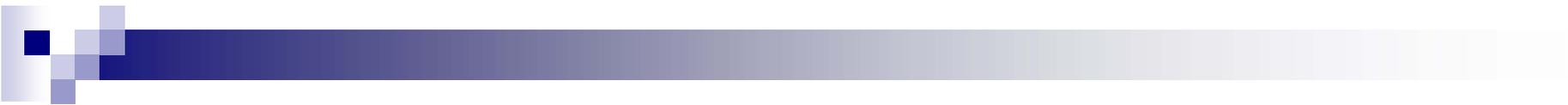
# Key Point

- 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*



## 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.

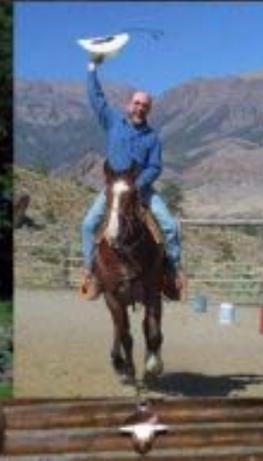


# RIMROCK DUDE RANCH

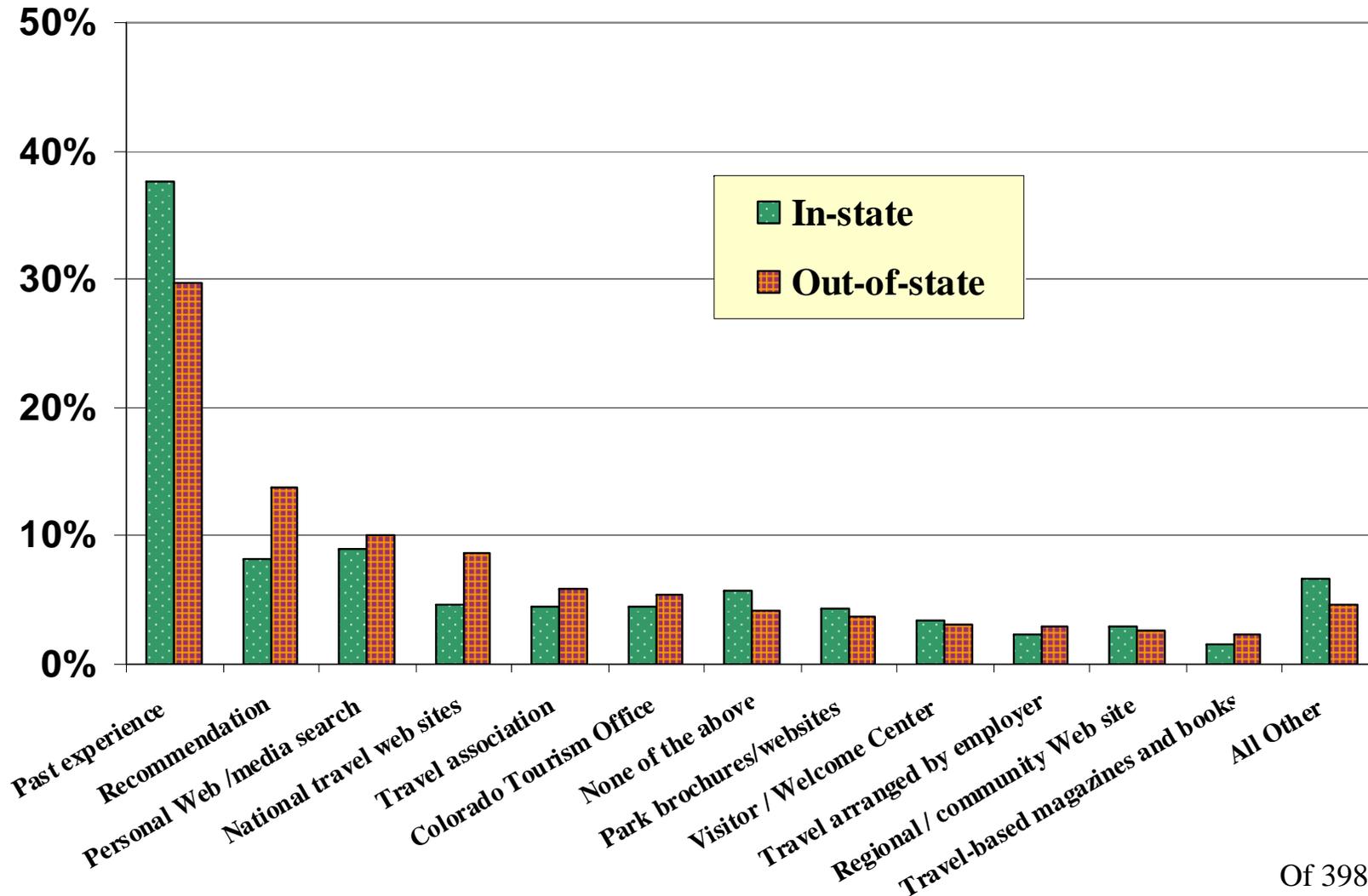
Member of The Dude Ranchers Association



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



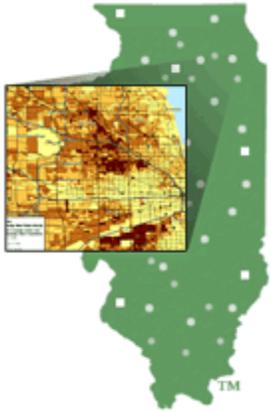
# Resources consulted prior to travel



Of 398 in-state;

500 out-of-state travelers.

54% used 1 information source; 18% used 2 sources; 11% used 3 different ones. Multiple responses given

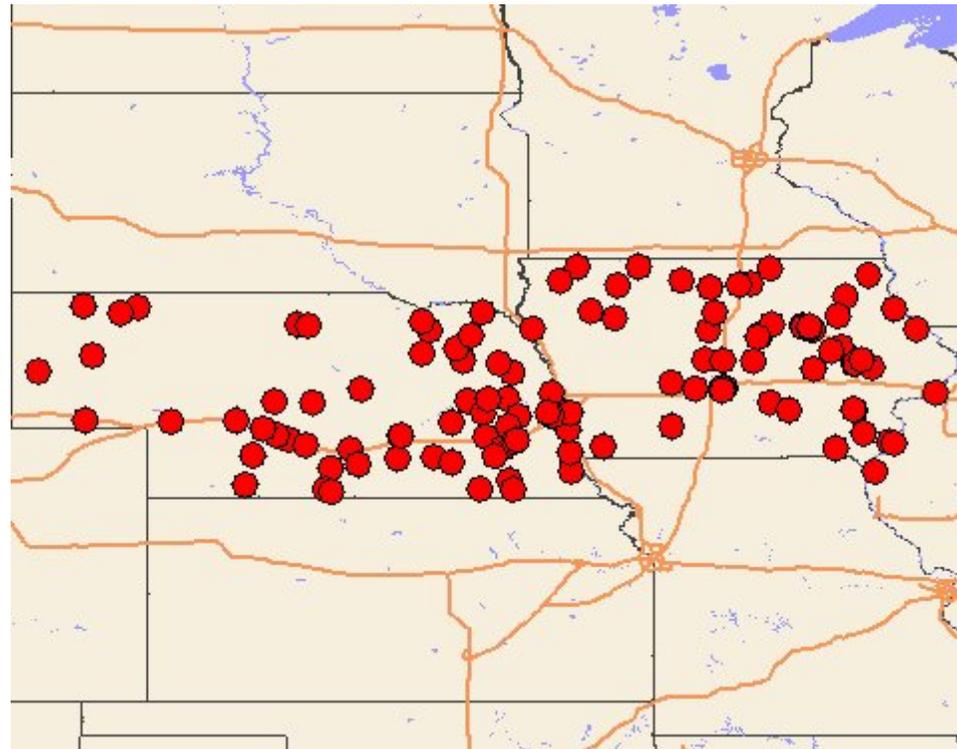


# New Resource for Promotion

- 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





Find A Market By

OR

Find A Business

### WHOLESALER

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.

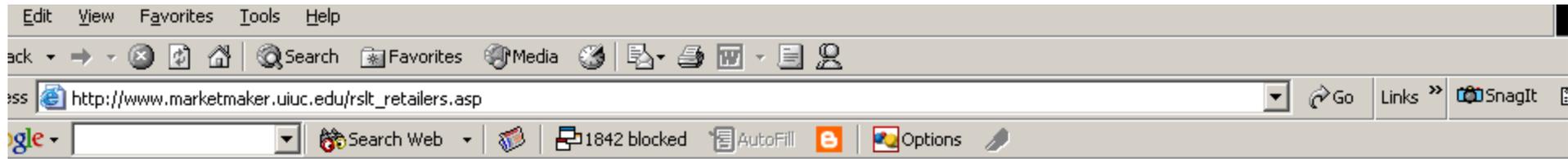
#### Locate business by City or County

CITY :

COUNTY : All

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)



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



Records 1 to 10 of 27

[Case Studies](#) [New Users](#) [Resources](#)

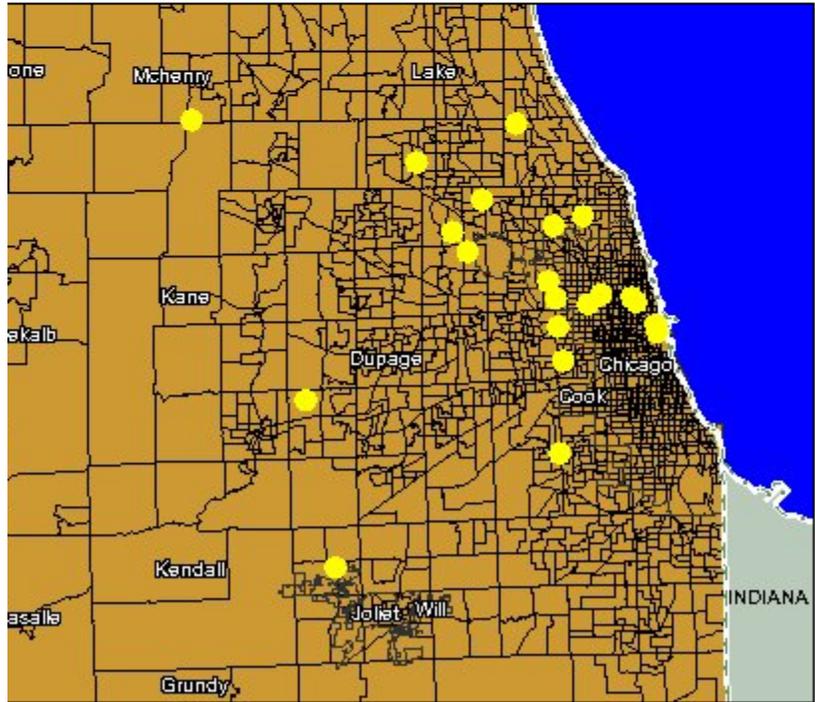


# ARKETMAKER

Linking Agricultural Markets

Wholesalers > COFFEE & TEA WHOLESALE >

- zoom in
- zoom out
- pan
- identify



- Major Roads
- State / US Highways
- Interstates

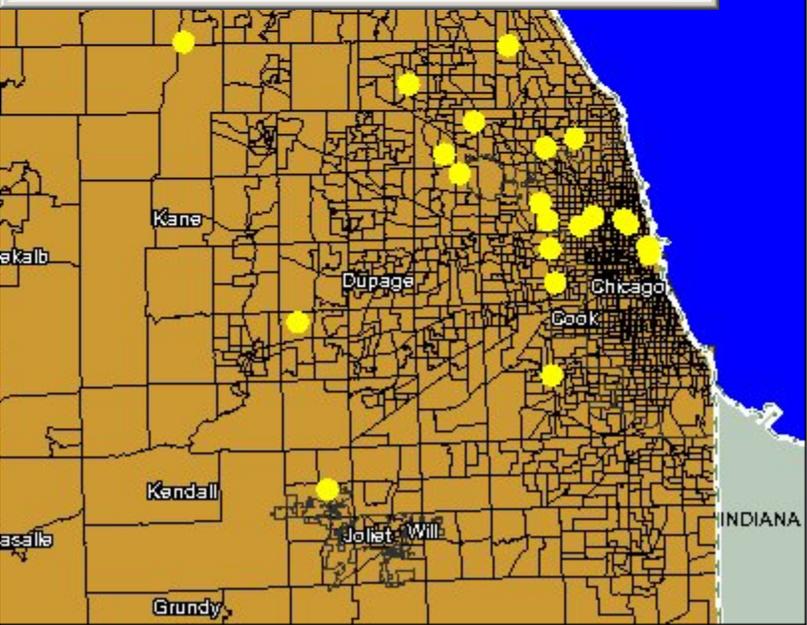
redraw map

close window

Market Maker Detail Page - Microsoft Internet Explorer

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

close window



close window

Microsoft Internet Explorer

Identify Results - Microsoft Internet Explorer

## MARKETMAKER

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

[Detail](#)

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

Major  
 State  
 Interstate

	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%



# Promotion Possibilities

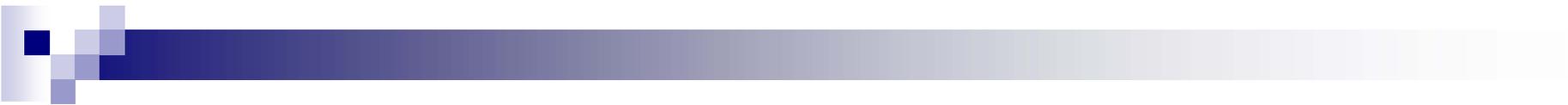
MarketMaker is coming to Colorado!!

- 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



# Your Marketing Plan

- Who Can you Target or What Pricing will you Consider based on These Ideas?
- Double Check:
  - Possible with Current Resources
  - Addresses a Market Opportunity
  - Balanced between Loose and Tight
  - Clear Objectives and Vision Behind Each Market Strategy Choice
- Which P will guide your Initial Energy?



# Monitoring Progress

- Lay out clear indicators you will measure
  - Number visitors, number of return visitors, referrals from community members, \$ spent per visitor, customer satisfaction
- Have key benchmarks in place
  - What signals will trigger changes or growth for your enterprise?
  - How often will benchmarks be considered?
    - Weekly? Monthly? Annually?



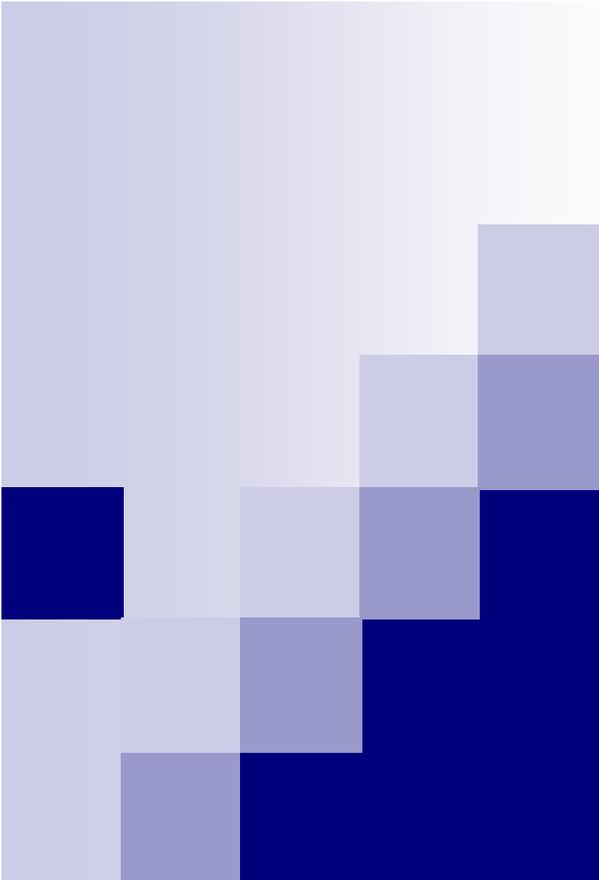
# What are the Outcomes?

- Agritourism requires new marketing strategies and resources
  - Outcomes may be multi-faceted
  - Revenues, farm image, income stability
- Clear idea of intended and desired outcomes
  - Will influence how you market, who you attract to your enterprise and the “brand” or image you have with your public



# 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/>
  - <http://www.coloradoagritourism.com/>
- **Agri-Business Council of Oregon, Workbook**
- **Agricultural Marketing Resource Center**
- **Agriculture Innovation Center**
- **USDA-Natural Resources Conservation Service**



More Information



# CSU agritourism survey :

- January 27-Feb 1, 2007
- 1003 respondents total
  - 503 respondents in Colorado
  - 500 respondents in 3 metro areas
    - Salt Lake City, UT (98)
    - Albuquerque/Santa Fe, NM (125)
    - Phoenix, AZ (277)
- Consumer demographics, choices and experiences
- Market potential for future visits
- Public and private factors that contribute to consumer satisfaction



# In Colorado, agritourism includes:

- Outdoor recreation (fishing, hunting, wildlife photography, horseback riding).
- Educational experiences (farm and cannery tours, cooking classes, wine tasting, cattle drives, farm work).
- Entertainment (harvest festivals, corn mazes).
- Hospitality services (farm and ranch stays, guided tours, outfitter services).
- On-farm direct sales (u-pick operations, roadside stands).
- Off-the-farm direct sales (farmers' markets, county and state fairs, special events).



# Why Agritourism?

- The travel and tourism industry has become increasingly important in the Intermountain West:
  - In 2000, the industry contributed more to gross output than either agriculture or oil and gas extraction
  - 90% of total employment in some counties is in the industry
  - A total of 106 Western rural counties had more than 1,000 travel and tourism jobs in 2000
- From the early 1980s to the late 1990s, the basic travel and tourism industries' share of gross state product grew about 20 percent in Colorado.