



7 Secrets of Effective Farmers Webinar Series: Marketing for Value-added or Niche Products

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Center for Profitable
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July 2, 2020



Marketing for Value-added or Niche Products



If I plant these seeds, will they grow?



**If we build (grow, produce, offer) it,
will they come (and buy it)?**

And will we be profitable?



Why Businesses Fail (The 3 Ms)



Money

Capital &
Cash Flow



Management

Skills &
Experience



Marketing

Knowing &
Accessing
Customer

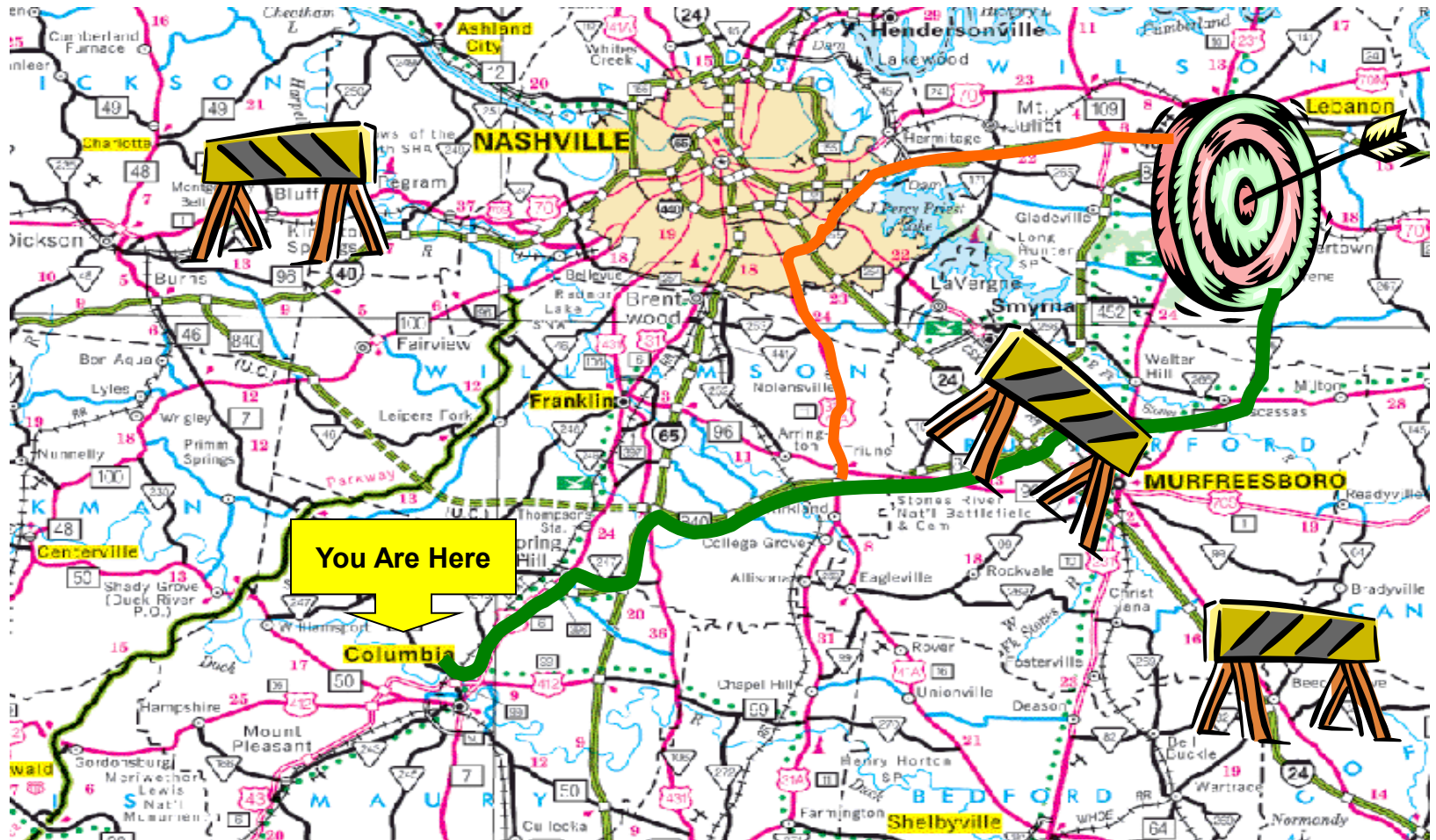
Why Businesses Fail (The 4th M)



Magic

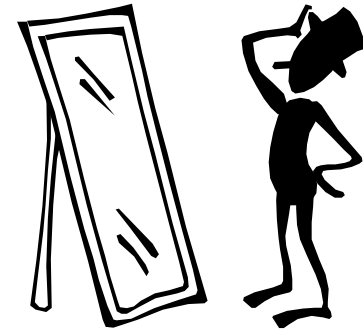
Passion, Energy, Drive

A marketing plan is like a roadmap...

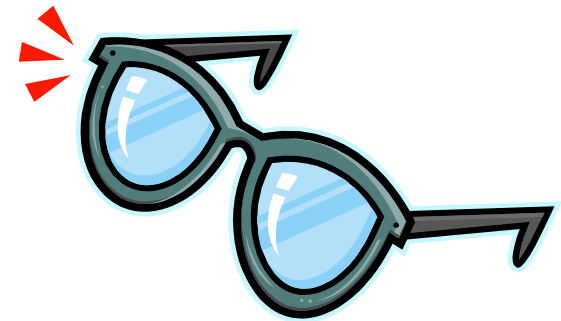


Where to Start

1. Assess your resources,
mission and goals



2. Take on a customer state of
mind



Marketing is all about understanding target customers and developing strategies to reach them.



Take a Market Driven Approach

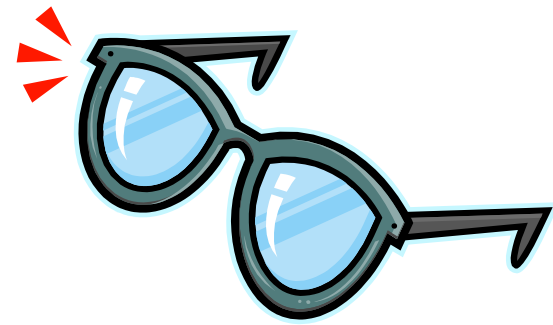


Take a Market Driven Approach

Is there a
need/want your
business can
fulfill?

- What and how much is needed or desired?
- What is valued?
- What competition exists?

How?



- Listen to your customers and potential customers
- Ask your customers or potential customers
- Research related products and services online and in person
- Read industry studies
- Network with local business/tourism organizations
- Talk to others in business

Researching your Target Market

Look for insight through

- Facts
- Figures
- Reports
- Observation

Two types

- Primary data
- Secondary data



Secondary Data

- Usually your *first source* of information
- Created/discovered by someone else; still very useful to you
- Less costly than “producing” new information
- Often includes analysis – summarized and in usable form
- Rely on credible sources

Examples of Secondary Data Sources

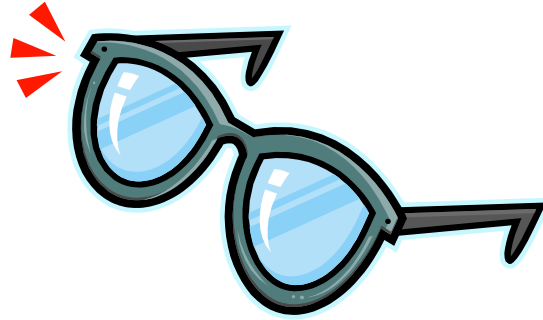
- Census of Agriculture
- U.S. Population Census
- University studies
- Food sites/trade publications
 - epicurious.com
 - newhope360.com
 - PickTNProducts.org



Primary Data Collection



- Research conducted (and analyzed) by you – customized data
- The main methods are:
 - Personal observation or interaction
 - Surveys
 - Focus groups



Examples

APPENDIX C

Sample Telephone Survey of Potential Customers

Interviewer Number _____ Phone Number _____

Introduction: Hello, I am _____ calling for _____ County Farmers Market. We are planning to open a farmers market this season, and we are trying to gauge community interest in the market. I have a few question I'd like to ask you. This survey will only take about _____ minutes, and I would appreciate your thoughts and input.

1. First, how long have you lived in the _____ area? Check one.
☐ 1 year or less
☐ 2 to 4 years ☐ 10 to 19 years
☐ 5 to 9 years ☐ 20 or more years
2. Last summer, did you buy fresh fruits and vegetables at any of the following locations: Check each location where they were bought.
☐ At a roadside stand? ☐ At a farmers market?
☐ At a pick-your-own operation? ☐ At markets other than supermarkets?
3. Which of the following four statements describes your feelings about shopping at the proposed _____ farmers market when it opens: Check one.
☐ I will definitely shop there ☐ I will probably shop there
☐ Not sure ☐ I probably won't shop there
☐ I will not shop there at all.

Please answer questions 4 and 5 only if respondent is **not** planning to shop at proposed market.

4. Are there any particular reasons you do not plan to shop at the market?
☐ No ☐ Yes If yes, ask question 5.

2020 Top 10 Restaurant Trends

1. Eco-friendly packaging
2. Plant-based proteins
3. Delivery-friendly menu items
4. Healthy Bowls
5. Scratchmade
6. Creativity with catering
7. Revamped classic cocktails
8. Stress relievers
9. Specialty burger blends
10. Unique beef and pork cuts



www.restaurant.org



Summary of Major Findings and Recommendations:

Feasibility of a Federally Inspected, Custom Livestock Processing Facility in Tennessee

October 2017



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PB 1844

Growth Prospects for the **Tennessee** **WINE** INDUSTRY

AN OVERVIEW, DEMAND AND COST OF PRODUCTION-BASED ANALYSIS

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Check Out the Competition



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[Fruits](#)

[Fun & Education](#)

[Meats](#)

[Pet Products](#)

Take a Market Driven Approach

Who is the
target
market?

- Demographics & Psychographics
- Customer Values (Customer Benefit, Cost, Convenience, Communication)

A portion of the population with a

1. Need/want that your business can fulfill
2. Willingness to purchase
3. Ability to purchase

Your first and best customer

Target
Market



Different Target Markets for Different Products



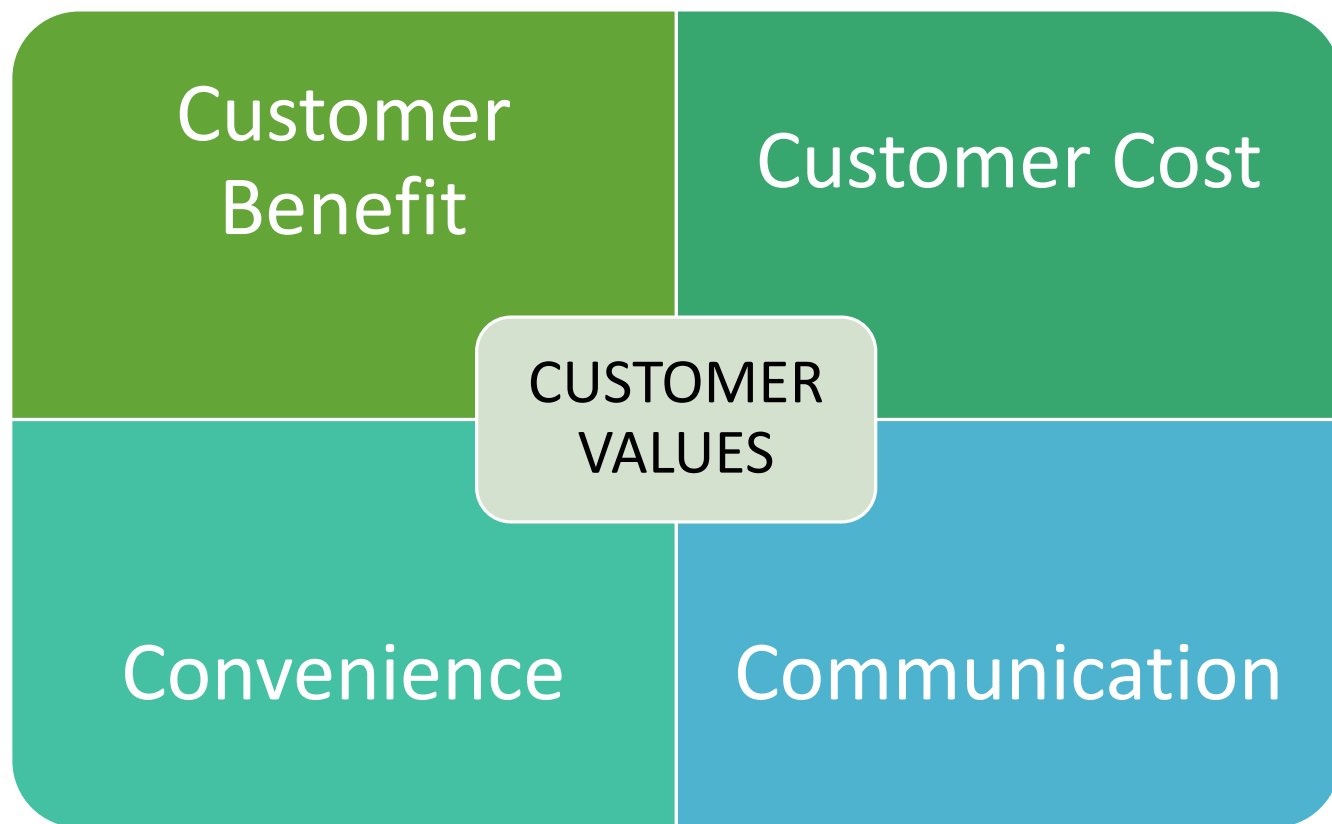
Characteristics of Customers

- Demographic Analysis
 - Age
 - Gender
 - Geographic location
 - Annual income
 - Marriage/family status
 - Ethnicity
 - Education level
- Psychographic Analysis
 - What do they VALUE?
 - Lifestyle
 - Behavior patterns
 - Beliefs and values
 - Attitudes
 - How do they make decisions? What information do they need?

Different Target Markets have Different Values

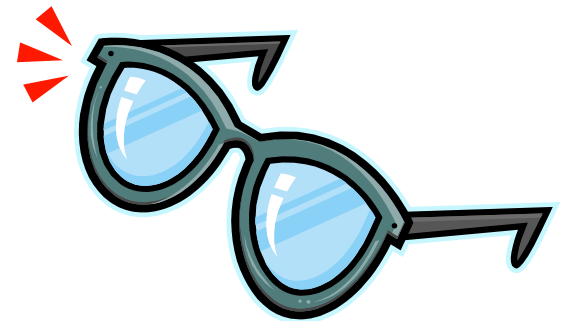


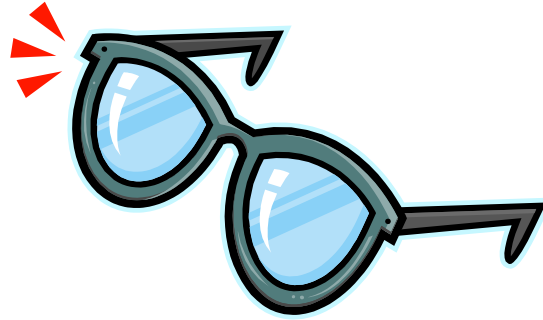
Take on a Customer State of Mind



How?

- Listen to your customers and potential customers
- Ask your customers or potential customers
- Research related products and services online and in person
- Research industry studies





Examples

Grains/Pasta/ Substitutes

Vegetable noodles/rice

Edamame noodles

Lentils

Farro

Soba

Produce

Mushrooms

New raves beyond broccoli rabe (*turnip rabe, collard rabe, arugula rabe, etc.*)

Caulilini (*baby cauliflower*)

New shoots/sprouts (*hop shoots, corn shoots, etc.*)

Kale hybrids (*kalettes, lollipop kale, etc.*)

Other trends to tap

Is 2020 the year of the **mushroom**? Respondents ranked mushrooms the hottest produce item, above caulilini (baby cauliflower) and lesser-known raves (turnip, collard, arugula, and more).

Mushrooms crept into the protein category too, with **specialty burger blends** — mushroom-beef among them — ranking just below plant-based protein.

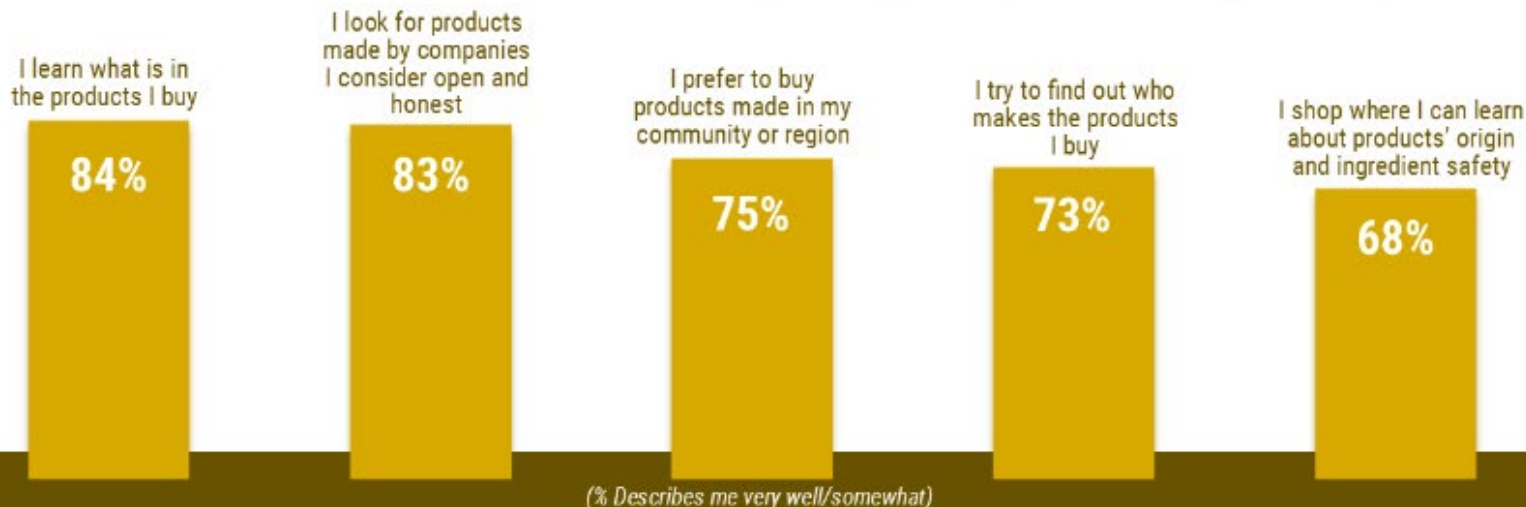
BUY LOCAL

SUSTAINABILITY IN ACTION

39%

of consumers report **BUYING MORE** local products compared to a year ago*

Key questions consumers consider when deciding which food and beverage products to buy include *what's in it, where was it made, and who made it*. Country of origin is key, and local companies are preferable.



BUYING LOCAL IS IMPORTANT BECAUSE...

Greater Good Drivers

- Reduces pollution from transporting products
- Supports local families and businesses that are a part of the community

Personal Drivers

- Foods are fresher and seasonal, thus more nutritious
- I can talk to the producer about how they were grown/made

PB 1834



MARKETING LOCALLY RAISED BEEF

Lessons Learned from
Tennessee Value-Added
Beef Producer Focus Groups



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Consumer Preferences for Tennessee Beef:

Results of a Consumer Survey



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Social Media Research Strategies

Listen

- Trending topics
- Follow discussions

Engage

- Get involved in discussions
- Ask questions
- Use polls



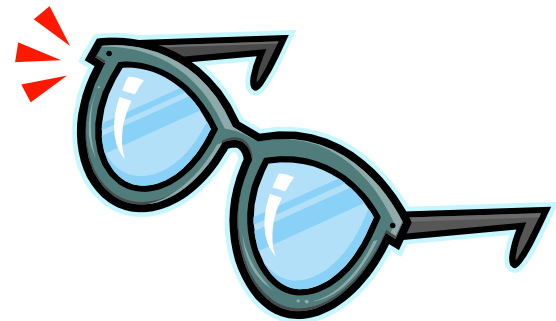
Take a Market Driven Approach

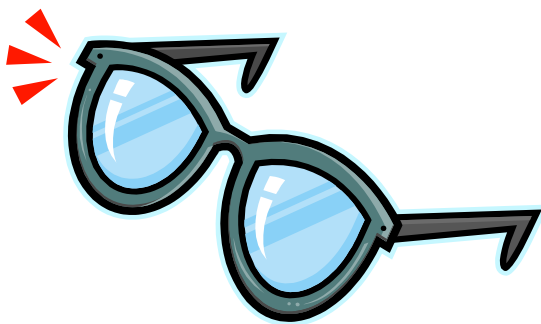
Does a
profitable
market exist?

- Is there adequate market size and potential share?
- Able to produce at a cost low enough and sell at a price high enough to generate a profit?

How?

- Census data
 - Population by age, race, ethnicity
 - Household income
- Expenditure data from Bureau of Labor Statistics
- Industry studies
- Run some numbers





Examples



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Direct Sales of Edible Food Products

(Including Value-Added)

Census of Agriculture Data



Tennessee	
Number of farms	3,773
Value of products sold	\$34.8 million
Average sales per farm	\$9,235

Agritourism

Number of Farms

2012 to 2017 Census

Tennessee	U.S.
5% 616 to 644 farms	-14%



Agritourism Value of Sales 2012 to 2017 Census

Tennessee

U.S.

22%

\$11.9m to
\$14.5 m

35%

\$704m to
\$949m



Agritourism Average Sales Per Farm 2012 to 2017 Census

Tennessee

U.S.

17%

56%

\$19,342 to
\$22,545

\$21,231 to
\$33,222



Agritourism

Farms by Receipts Category

2012 and 2017 Census

		2012	2017	% Change 2012-2017
Total Farms		616	644	5%
Farms with Receipts of	\$1-999	243	162	-33%
	\$1,000-4,999	198	274	38%
	\$5,000-9,999	32	38	19%
	\$10,000-24,999	61	69	13%
	\$25,000+	82	101	23%

Annual Expenditures by Region of Residence, South, 2017 Bureau of Labor Statistics

	Mean	Share
Annual Expenditures	\$54,815	
Entertainment	\$2,832	5.2%
Fees and Admissions	\$610	1.1%

Take a Market Driven Approach

How do I reach the target market?

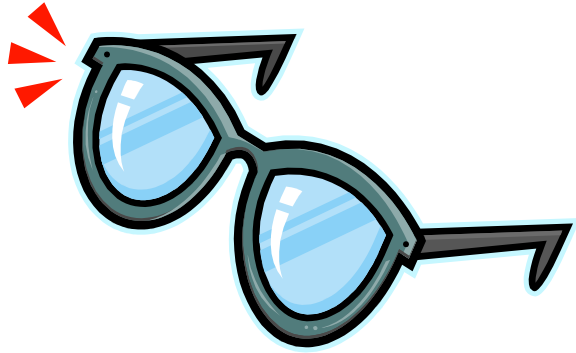
- Develop, implement and evaluate marketing strategies. (Product, Positioning, Price, Place, Promotion, People)

Marketing Strategies Differ Depending on Target Market



Marketing is
all about
understanding
target
customers
and
developing
strategies to
reach them.





- All of your marketing strategies should be consistent with
 1. Your resources, mission and goals
 2. Your target audience and their values

Develop Your Marketing Strategies



Customer Benefit
→ Product &
Positioning

Customer Cost →
Price

CUSTOMER
VALUES
→ MARKETING
STRATEGIES

Convenience →
Place or
Distribution

Communication
→ Promotion

Product (Customer Benefit)

What does the customer need or want?

How can your product be unique?

- Product characteristics and features
 - Packaging
 - Information
 - Services
 - Experiences



Product Positioning (Customer Benefit)



- Image or message to portray to customers through marketing efforts
 - Mental pitch
- Consider your unique selling proposition
- Be consistent

Place/Distribution (Convenience)

- Where are customers likely to access product?
 - Farmers market
 - On-farm retail
 - Roadside stand
 - Internet sales/shipped
 - Other retailers (wholesale sales)



Place/Distribution (Convenience)



- Days/hours
- Delivery services
- Aesthetics
- Merchandising
- Customer comforts

Price (Customer Cost)

- Pricing is part science and part art
- Consider
 - Fixed and variable costs of production and marketing
 - Supply and demand
 - Customer willingness to pay
 - Retail vs wholesale
 - Competition
 - Image/Positioning
 - Product/Service Quality
 - Place



Promotion (Customer Communication)

- How do customers learn about products or services?
 - Promotion Strategy Options
 - Word-of-Mouth
 - Publicity
 - Public Relations
 - Sampling
 - Discounting
 - Advertising



Promotion Musts

- Connect with state promotion programs
- If you aren't on the web, you aren't.
 - Website
 - Social media
 - E-mail
- Don't put all your eggs in one basket
- Develop a promotion budget



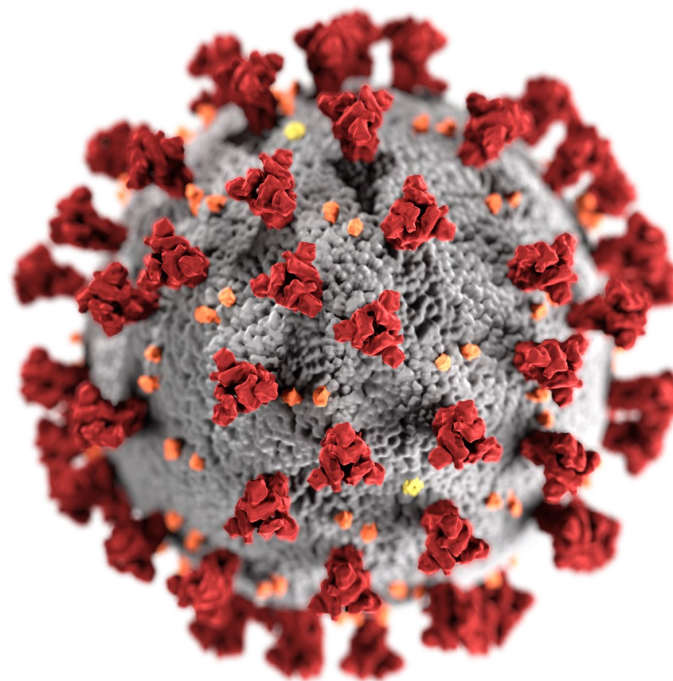
Develop a Marketing Budget



- Create budget based on expected sales and costs of marketing activities
- Marketing budgets often 5-10% of sales
 - Ads 3-5%
- May change over product life cycle

COVID-19 Impacts on Markets

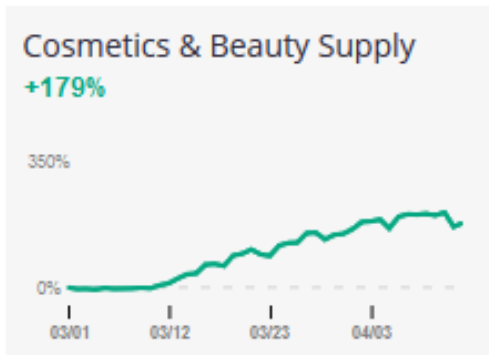
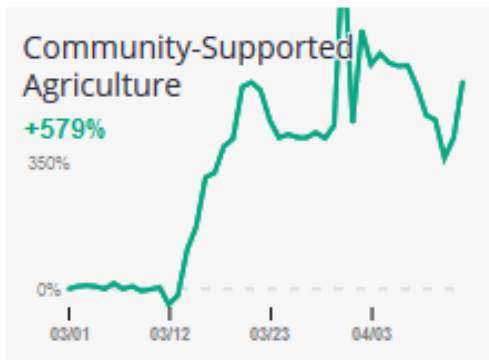
- Restaurant demand for food down
- Household consumer demand for food up
 - Grocery store supplies limited due to consumer stockpiling
 - Meat processing plant limitations
- Tours/attractions closed/restricted



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COVID-19 Impacts on Markets

Categories That Are Rising



- Local meats
- Strawberries
- Farm store expanded offerings

<https://www.yelpconomicaverage.com/yelp-coronavirus-economic-impact-report>

COVID-19 Impacts on Markets

Categories That Are Falling

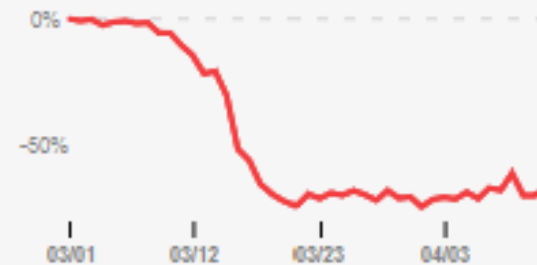
Shopping Centers

-70%



Breweries

-68%



Tours

-50%



Summer Camps

-23%



Marketing Resources

cpa.tennessee.edu

Choosing Direct
Marketing Channels for
Agricultural Products

UT Extension
PB 1768

A Farmer's Guide to a Pick-Your-Own Operation

UT Extension
PB 1802

PICK
your
OWN

A Farmer's Guide to Marketing through Community Supported Agriculture (CSAs)

Megan L. Bruch, Marketing Specialist and
Matthew D. Ernst, Independent Writer
Center for Profitable Agriculture



UT Extension
PB 1797

Buying Advertising: Guidance for Specialty Crop Growers Direct Marketing to Consumers

September 2014

UT Extension
PB 1824

Center for Profitable Agriculture

UT Extension
D 13

HOW TO HANDLE COMPLAINTS AND POOR REVIEWS ON SOCIAL MEDIA: DIRECT MARKETING TIPS FOR SPECIALTY CROP GROWERS

Megan Bruch Laffew, Marketing Specialist, Center for Profitable Agriculture

Social media is integral to today's marketing plans as a means for businesses—including specialty crop growers—directly marketing to customers—to connect with, build and maintain relationships with customers. Customers can interact with businesses on social media and voice their comments, which is a public place that encourages others, pictures and experiences as a part of month referrals on their products. The posts and the positive, however.

- 1 When available, set privacy settings carefully on social media tools to manage posts and comments.
- Currently, some social media tools, such as Facebook, allow you to set parameters on posts and comments. In some cases, you can determine who can post, where comments are allowed and if posts have to be approved before being made public. You can set a privacy filter to various strengths and even block posts and comments containing designated words.

An Introduction to Marketing Opportunities on the Web for Specialty Crop Growers

September 2014

THE UNIVERSITY OF TENNESSEE
INSTITUTE OF AGRICULTURE

UT Extension
PB 1823

Creating Signage that Sells:

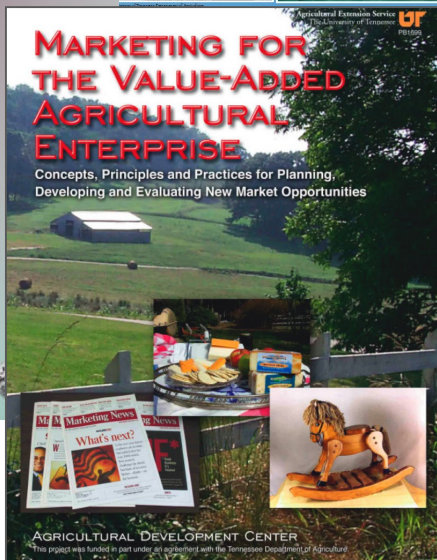
Guidance for Specialty
Crop Growers Direct
Marketing to Consumers

September 2014

UT Extension
SP 766

MARKETING FOR THE VALUE-ADDED AGRICULTURAL ENTERPRISE

Concepts, Principles and Practices for Planning,
Developing and Evaluating New Market Opportunities



AGRICULTURAL DEVELOPMENT CENTER
This project was funded in part under an agreement with the Tennessee Department of Agriculture

A GENERAL GUIDE TO PRICING FOR DIRECT FARM MARKETERS AND VALUE-ADDED AGRICULTURAL ENTREPRENEURS

Megan L. Bruch, Marketing Specialist
Matthew D. Ernst, Independent Writer
Center for Profitable Agriculture

Additional Resources

- Website:
Cpa.Tennessee.edu
- COVID-19 Resources:
<https://tiny.utk.edu/CPA-COVID19>
- Facebook:
facebook.com/ValueAddedAg
- Enews list:
cpa@tennessee.edu
- Upcoming Workshops
 1. Exploring Agritourism for Your Farm
 2. Starting a Food Manufacturing Business in Tennessee
 3. MarketReady

Summary



- Marketing is all about understanding target customers and developing strategies to reach them

Take a Market Driven Approach

Is there a need/want your business can fulfill?

- What and how much is needed or desired?
- What is valued?
- What competition exists?

Who is the target market?

- Demographics & Psychographics
- Customer Values (Customer Benefit, Cost, Convenience, Communication)

Does a profitable market exist?

- Is there adequate market size and potential share?
- Able to produce at a cost low enough and sell at a price high enough to generate a profit?

How do I reach the target market?

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7 *\$*ecrets of Effective Farmers

Webinar Series: Marketing for Value-added or Niche Products

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