



Welcome to the
**Tennessee Value-Added Beef
Webinar Series**

Made Possible By:



Today's Topics & Presenters

- Marketing: It's Not Magic, It's Mandatory



Megan Bruch,
Marketing Specialist,
CPA

Session Overview

- What is marketing?
- Why do it?
- How do you do it?
- Ethics in Marketing

Session Objectives

- Increase awareness of market analysis and planning as a means of decreasing financial risk
- Increase understanding of how to conduct market analysis and develop marketing plans

What is marketing?

Marketing is...



Planning and executing a set of objectives to bring buyers and sellers together so that a sale can take place



- ### Marketing includes...
- Product Characteristics
 - Label/Packaging
 - Price
 - Where/How Available
 - Customer Service
 - Visual Appearance/Cleanliness
 - Marketing Materials (Brochures, Web sites, Ads, News Releases, Signage...)
 - And more...

Why do it?

Why do it?

“If we build it, they will come.”

Not necessarily!

- Almost 1/3 of small businesses fail within 2 years
- More than half fail within 4 years

- And just doing some marketing....

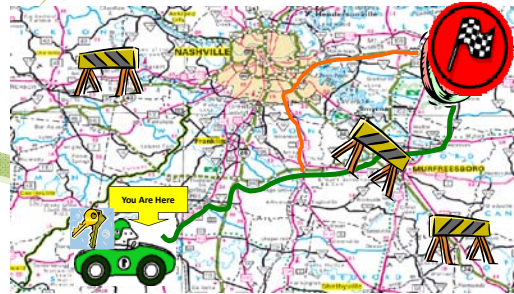
does NOT guarantee success!

- ### Why Businesses Fail (The 3 Ms)
- Money
 - Sufficient operating capital and cash flow
 - Management
 - Skills and experience
 - Marketing
 - Knowing and accessing your customer
- Clark, Scott. Reasons for business failure come in three broad groups. Puget Sound Business Journal. July 21, 1997.

Market planning helps to determine...

1. If a profitable market exists
 - Able to produce at a cost low enough and sell at a price high enough to generate a profit
 - Is there adequate market size and potential share
2. The identity of the target market
 - Who is likely to purchase the product
3. How to reach the target market
 - Price, Place, Promotion, Packaging

A marketing plan is like a map...



How do you do it?

Marketing begins with...A Plan

Components of a Marketing Plan

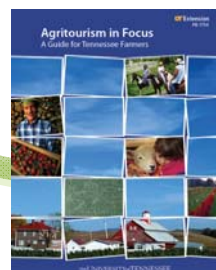
1. Introduction
2. Market Research and Analysis
 - Situational Analysis
 - Product/Service Analysis
 - Target Market Identification and Description
 - Competitor Analysis
3. Marketing and Financial Objectives and Goals

Marketing begins with...A Plan

Components of a Marketing Plan (continued)

4. Marketing Mix
 - Product & Positioning/Consumer Need
 - Price/Cost
 - Place/Convenience
 - Promotion/Communication
5. Marketing Budget
6. Marketing Plan Check List
7. Follow-up Evaluation of Marketing Plan

Develop Your Plan



Refer to Chapter 4
Available on-line

Develop Your Plan

- Available on-line or by contacting CPA



The Marketing Plan A Closer Look

- **Market Research and Analysis**
- Marketing and Financial Goals and Objectives
- Marketing Mix
 - Product
 - Price
 - Place
 - Promotion
- Marketing Budget
- Follow-up Evaluation
- Marketing Plan Checklist



Market Research and Analysis

- Know yourself
- Understand the market
- Identify your target market(s)
- Understand customer values

Know Yourself and the Market

- Analyze yourself
(Recall Assessing Your Resources)
 - The good, bad and the ugly
 - What do you do well?
 - What are areas where you need work?
- Analyze the market
 - Who are potential customers?
 - What are trends in the market?
 - Regulations?
 - Competition
 - (Characteristics, Strengths, Weaknesses)




Perform a SWOT analysis

- SWOT
 - Strengths of your business
 - Weakness of your business
 - Opportunities presented by the outside
 - Threats presented by the outside
- Able to use strengths to take advantage of opportunities?
- Able to change weaknesses and threats into opportunities?

Strengths	Weaknesses
Opportunities	Threats

Identify your Target Audience



A portion of the population with a

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


Possible Target Audience Examples

<p>Wholesale</p> <ul style="list-style-type: none"> - Food Service (Restaurants) - Grocery - Institutions 	<p>Retail</p> <ul style="list-style-type: none"> - Individual Consumers <ul style="list-style-type: none"> • Locavores • Meat Maniacs • Foodies • Health Conscious • Nostalgic • Deal Seekers
---	--

Characteristics to Analyze

<p>Demographic Analysis</p> <ul style="list-style-type: none"> - Age - Gender - Geographic location - Annual income - Marriage/family status - Ethnicity - Education level 	<p>Psychographic Analysis</p> <ul style="list-style-type: none"> - What do they VALUE? <ul style="list-style-type: none"> • Specific product characteristics • Price • Convenience - How do they make decisions? <ul style="list-style-type: none"> • Recommendations • Advertising
--	---

Understand Customer values



- Take on a customer state of mind
- What's in it for them?
- The customers' 4 Cs
 - Customer benefit
 - Customer cost
 - Convenience
 - Communication

Market Analysis for Value-Added Beef

- Think about goals
 - What do you hope to accomplish with this enterprise?
 - What values will impact this business?
- Inventory your resources
 - What land/facility/production, labor and capital resources are available for this business?
- Study and evaluate the market potential
- Identify and understand your target audience

Where to Find Market Information

- CPA Website -
 - <https://ag.tennessee.edu/cpa/Pages/VA%20Beef.aspx>
 - Webinar 1 – Begin with the End in Mind
 - An Examination of Consumers' Preferences for Differentiated Beef Products
 - Value-Added Beef Google Group
 - Future Resources
 - Consumer Survey Results
 - Producer Focus Group Results

Where to Find Market Information

- U.S. Census Bureau
 - population, age, income, education levels, race/ethnicity, etc. for various geographic areas
 - www.uscensus.gov
- USDA (ERS, NASS)
 - Per capita consumption
 - Supply
 - Prices
- Tennessee Department of Agriculture
 - Tennessee producer/farmers market listings, etc.
 - www.PickTNProducts.org

Where to Find Market Information

- Local Food Publications
 - The Local Table, Edible Memphis, Taste Buds
- Search the Internet
 - But be careful to verify sources are reliable/credible
 - Look for current information
 - Example – 2013 Restaurant Trends, Studies on Consumer Preferences and Demand for Beef

Example – 2013 Restaurant Trends

- National Restaurant Association

The top 10 menu trends for 2013 will be:

1. Locally sourced meats and seafood
2. Locally grown produce
3. Healthful kids' meals
4. Environmental sustainability as a culinary theme
5. Children's nutrition as a culinary theme
6. New cuts of meat (e.g. Denver steak, pork flat iron, teres major)
7. Hyper-local sourcing (e.g. restaurant gardens)
8. Gluten-free cuisine
9. Sustainable seafood
10. Whole grain items in kids' meals

- Rounding out the top 20 hot menu trends for 2013 are:
11. Farm/estate branded items
 12. Non-wheat noodles/pasta (e.g. quinoa, rice, buckwheat)
 13. Non-traditional fish (e.g. branzino, Arctic char, barramundi)
 14. Ethnic-inspired breakfast items (e.g. Chorizo scrambled eggs, coconut milk pancakes)
 15. Fruit/vegetable children's side items
 16. Health/nutrition as a culinary theme
 17. Half-portion/smaller portions for a smaller price
 18. House-made/artisan ice cream
 19. Black/forbidden rice
 20. Food trucks

Where to Find Market Information

Observation and Interviews

- Farmers Markets
- Grocery Stores
- Restaurants

What products are available?

How many different producers/brands?

Characteristics?

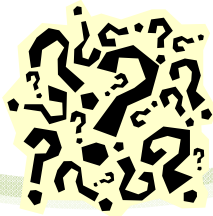
What is not available?

Prices

Packaging

Any indications of sales volume?

Questions



The Marketing Plan A Closer Look

- Market Research and Analysis
- Marketing and Financial Goals and Objectives
- Marketing Mix
 - Product
 - Price
 - Place
 - Promotion
- Marketing Budget
- Follow-up Evaluation
- Marketing Plan Checklist



Goals

- Need to set goals for marketing
- Goals may include measures for
 - Sales (total, average per customer, etc.)
 - Customer numbers
 - Customer recognition
 - Customer retention rate
 - Market share

The Marketing Plan A Closer Look

- Market Research and Analysis
- Marketing and Financial Goals and Objectives
- **Marketing Mix**
 - Product
 - Price
 - Place
 - Promotion
- Marketing Budget
- Follow-up Evaluation
- Marketing Plan Checklist



Link customer values to marketing mix strategies to meet your goals

The buyer's four Cs	↔	The seller's four Ps
– Customer benefit	↔	– Product positioning
– Customer cost	↔	– Price
– Convenience	↔	– Place
– Communication	↔	– Promotion

Source: <http://www.fordsonline.com/outreach/wp-content/marketing.pdf>

The Marketing Plan A Closer Look

- Market Research and Analysis
- Marketing and Financial Goals and Objectives
- **Marketing Mix**
 - **Product**
 - Price
 - Place
 - Promotion
- Marketing Budget
- Marketing Plan Checklist
- Follow-up Evaluation



Product Characteristics (Customer Benefit)

- What do your customers need and desire from your product that impact production and marketing?
 - Characteristics
 - Packaging
 - Service

Value-Added Beef Product Decision Examples

- Live Animals for Custom Harvest vs Meat
- Fresh vs Frozen Meat
- Quality – Leanness/Marbling
- Grassfed vs Grainfed vs Combination
- Naturally-raised?
- Packaging
- Label claims

Product Positioning (Customer Benefit)

- Positioning Statement is like a mission statement for marketing
- What is the message you want to send customers to entice them to buy your product
- **Be consistent**
 - Everything you do associated with your product should be consistent with this positioning statement

What is your **unique** selling proposition

- Reason why somebody should buy from you and not your competition

What is **unique** about


- The experience
- The customer service
- Products available
- Location/Place

The Marketing Plan A Closer Look

- Market Research and Analysis
- Marketing and Financial Goals and Objectives
- **Marketing Mix**
 - Product
 - Price
 - **Place**
 - Promotion
- Marketing Budget
- Follow-up Evaluation
- Marketing Plan Checklist



Place (Convenience)

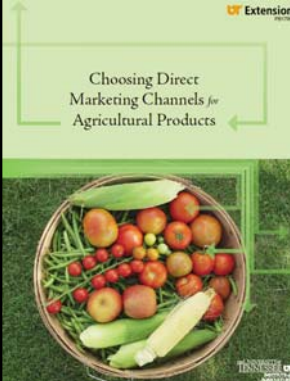


- Direct marketing channels
 - On-farm retail market
 - Roadside stand
 - Farmers market
 - Community Supported Agriculture
 - Internet/Mail Order
- Wholesale channels
 - Grocery
 - Restaurant
 - Institutions

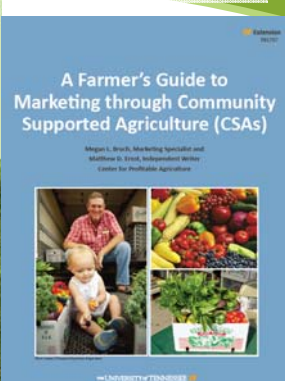
Place (Convenience)

- Consider
 - Advantages and disadvantages of each channel
 - Production experience
 - Customer characteristics, values and preferences
 - Product characteristics
 - Resources (Land, Labor, Capital)
 - Opportunities and threats
 - Financial analysis

Additional Resources



Choosing Direct Marketing Channels for Agricultural Products



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

Additional Resources



Making the Most of the Market: Merchandising Considerations for Direct Farm Marketers

The Marketing Plan A Closer Look

- Market Research and Analysis
- Marketing and Financial Goals and Objectives
- **Marketing Mix**
 - Product
 - Price
 - Place
 - **Promotion**
- Marketing Budget
- Follow-up Evaluation
- Marketing Plan Checklist



Promotion (Communication)

Promotion Strategy Options

- Word-of-Mouth
- Publicity
- Public Relations
- Sampling
- Discounting
- Advertising



Promotion (Communication)

- Marketing tools may include:
 - Website
 - Brochure
 - Business card
 - Social Media (Facebook, Twitter, Pinterest, etc.)
 - Blogs
 - Newsletters
 - E-mail
 - Radio/TV/Newspaper/Internet Ads
 - Marketing programs – Pick Tennessee Products, Tennessee Farm Fresh
 - Billboards
 - Roadside Signs
 - Postcards
 - Flyers
 - Posters

Promotion (Communication)

Create promotion strategies (and associated budget) based on...

- Your target audience
- Your goals/objectives
- Expected sales
- Costs of marketing activities



Promotions (Communication)

- Design and content are important
- Consistent with positioning statement and other components of marketing plan
- Be careful with listing prices on “permanent materials”
- Regulatory implications

Value-Added Beef Promotions

- Business Card
- Brochure
- Check into free listings in local food publications
 - Local Table, Edible Memphis, Taste Buds
- If you aren't on the Web, you aren't.
 - Pick Tennessee Products listing
 - Facebook page
- Opportunities for publicity?

The Marketing Plan A Closer Look

- Market Research and Analysis
- Marketing and Financial Goals and Objectives
- **Marketing Mix**
 - Product
 - **Price**
 - Place
 - Promotion
- Marketing Budget
- Follow-up Evaluation
- Marketing Plan Checklist



Price (Customer Cost)

- Pricing is part science and part art
- Consider
 - Fixed and variable costs of production
 - Supply and demand
 - Customer willingness to pay
 - Competition
 - Product positioning
 - Place

Price (Customer Cost)

Step 1 – Calculate a Breakeven Price

- Point where total revenue equals total costs

- Breakeven Price =

$$\frac{\text{Total Fixed Costs}}{\text{Number of Units}} + \text{Variable Costs Per Unit}$$

- Gives the minimum price needed to cover costs
- If can't or don't charge more than this, then there is no potential for profit

Price (Customer Cost)

Step 2 – Consider Your Customers

- What are your customers willing to pay?
- How much do they value your product?
- Can they find a similar product from other businesses?

Price (Customer Cost)

Step 3 – Consider Competitor Prices

- What competition exists? (Think broadly.)
- How do their products/service compare to yours?
- How much product is available?
- What are their strengths/weaknesses?
- How are they perceived by customers?
- What prices do they charge?
- Then consider how your prices should compare.
 - Do you have a competitive advantage?
 - Should your prices be lower, the same or higher?

Price (Customer Cost)

Step 4 – Analyze Pricing Information and Set a Price

- Based on Customer and Competition information, can you charge a price higher than breakeven?
- Can you charge enough more to meet your financial goals?
- How do your products match with competition – can you charge the same or more?

Additional Resource

- Available Online
 - CPA Website
 - Resources
 - UT Extension Publication

Questions

The Marketing Plan A Closer Look

- Market Research and Analysis
- Marketing and Financial Goals and Objectives
- Marketing Mix
 - Product
 - Price
 - Place
 - Promotion
- **Marketing Budget**
- Marketing Plan Checklist
- Follow-up Evaluation

Budgeting

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

The Marketing Plan A Closer Look

- Market Research and Analysis
- Marketing and Financial Goals and Objectives
- Marketing Mix
 - Product
 - Price
 - Place
 - Promotion
- Marketing Budget
- **Follow-up Evaluation**
- Marketing Plan Checklist

Follow-up Evaluation

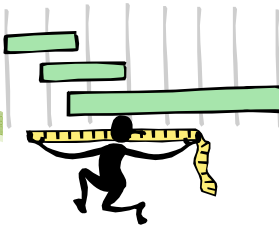
What are the results of your marketing efforts?

Are you meeting your goals and objectives?

Are your financial and budget projections accurate?

Are adjustments needed?

Measuring Marketing Effectiveness



Monitor sales and number of customers to compare before, during and after promotions

- Total
- Average sale per customer
- Quantity and type of products sold

Ask customers how they heard about the product

The Marketing Plan A Closer Look



- Market Research and Analysis
- Marketing and Financial Goals and Objectives
- Marketing Mix
 - Product
 - Price
 - Place
 - Promotion
- Marketing Budget
- Follow-up Evaluation
- **Marketing Plan Checklist**

Marketing Plan Checklist

Develop a checklist to put plan in action

Complete	Activity	Date of Planned Implementation	Expected Cost	Method of Evaluation /Monitoring	Person Responsible
✓					

Ethics in Marketing

Ethics in Marketing

- Follow regulations
- Be truthful
- Present facts clearly
- Be consistent
- Avoid sensationalism
- Avoid negative messages

Why does it matter?

Possible Benefits of Ethical Marketing <ul style="list-style-type: none"> • Positive reputation/brand equity • Credibility • Satisfied customers <ul style="list-style-type: none"> • Return customers • Positive word of mouth • Healthy market 	Possible Consequences of Unethical Marketing <ul style="list-style-type: none"> • Negative reputation/brand equity • Lack of trust • Dissatisfied customers • Interrupted or dysfunctional market • Lost sales • Negative impact on entire industries • Legal action
--	--

Take Home Messages

- Market analysis and planning is important in decreasing financial risk and increasing potential for success
- Market analysis and planning help you identify, understand and effectively reach specific markets
- Marketing is a dynamic process

Take Home Messages

- Marketing begins with a plan
- Identify target customers and understand customers' values
- Define a unique selling proposition and consistent image for the product
- Develop marketing mix strategies to match customer values
- Evaluate your marketing strategies and make adjustments if needed

Evaluate Today's Webinar

- Please take a few minutes to complete the short online survey at

<http://www.surveymonkey.com/s/5KNMWD2>

Special thanks again to our funding partners:



Join Us for the Next Webinar

- January 22, 2013
- 6:30 pm Central/ 7:30 pm East
- Making Special Claims About Your Beef On the Label and Off
- Slides and archived versions of all webinars will be made available at <https://ag.tennessee.edu/cpa>



Questions

Megan Bruch
Marketing Specialist
Center for Profitable
Agriculture

mbruch@utk.edu

(931) 486-2777

