Welcome to the Tennessee Value-Added Beef Webinar Series
Made Possible By:

Today’s Topics & Presenters

• Marketing: It’s Not Magic, It’s Mandatory

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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?

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

- Identifying target audience
- Evaluating effectiveness
- Developing strategies (positioning, price, place & promotion)
- Implementing planned strategies
- Understanding customer needs, values and preferences

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?

“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

Why Businesses Fail (The 3 Ms)

- Money
  - Sufficient operating capital and cash flow
- Management
  - Skills and experience
- Marketing
  - Knowing and accessing your customer


• And just doing some marketing…. does NOT guarantee success!
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 (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?

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

Wholesale
- Food Service (Restaurants)
- Grocery
- Institutions

Retail
- Individual Consumers
  - Locavores
  - Meat Maniacs
  - Foodies
  - Health Conscious
  - Nostalgic
  - Deal Seekers

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Characteristics to Analyze

Demographic Analysis
- Age
- Gender
- Geographic location
- Annual income
- Marriage/family status
- Ethnicity
- Education level

Psychographic Analysis
- What do they VALUE?
  - Specific product characteristics
  - Price
  - Convenience
- How do they make decisions?
  - 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

- 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. Hearty 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, tarae 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/State 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. Fresh/vegetable指尖 (e.g. olive oil)
16. Health/nutrition as a culinary theme
17. Half-portions/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

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A Closer Look

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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

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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

The Marketing Plan: A Closer Look

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

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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

Additional Resources
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**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

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?
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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 = (Total Fixed Costs/Number of Units) + 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?

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?

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

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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

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

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Marketing Plan Checklist

Develop a checklist to put plan in action

Ethics in Marketing

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

Possible Benefits of Ethical Marketing
- Positive reputation/brand equity
- Credibility
- Satisfied customers
  - Return customers
  - Positive word of mouth
- Healthy market

Possible Consequences of Unethical Marketing
- 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/SKNMWD2

Special thanks again to our funding partners:

Join Us for the Next Webinar

• January 22, 2013
• 6:30 pm Central/ 7:30 pm Eastern

• 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

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