

Summary



Guiding Principles for Innovative Direct Marketing of Agricultural Products

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The producers portrayed in this publication have all developed unique direct-marketing enterprises. Although each responded to different circumstances, some guiding marketing principles that may be helpful in developing your own direct-marketing strategy can be identified. The “5Ps” of *product, price, place, promotion, and people decisions* are a useful way to present the key elements of a marketing mix and they are summarized below.

Marketing Your Product(s)

- Producers who sell their product directly to the consumer must remember that the quality of their product establishes their firm’s reputation. It is therefore important to produce a consistent, high-quality, and superior product.
- Because direct marketing involves selling a product directly to the consumer, direct marketers can first assess and then produce exactly what their customers demand. You must be willing to listen to your customers and be willing to adapt your product offerings as the market (consumer) changes. However, also remember that most producers cannot meet all of their consumers’ needs; therefore, eventually you will have to determine your most successful products and focus on producing your most profitable products and services well.
- Developing and marketing your unique *product* is the key to profitable direct marketing. Successful marketers recognize that their products need not be restricted to traditional commodities such as fruits and vegetables, beef, or poultry. You may consider your whole operation, including the “on farm experience(s),” as the product that you are marketing as do our case studies of the pumpkin festival, corn maize, coffee sales, and Community Supported Agriculture (CSA).

Determining Your Price(s)

- Price is very important to profitability and sustainability. However, before determining price, your costs of production must be estimated. Remember, if you are unable to charge a price above all your costs, you will not be in business for long.
- The amount of competition and the quality of your product will determine how flexible you can be in your pricing. Most direct marketers sell a rather unique or “uncommon grocery store product” such as organic produce, Kona coffee, or pastured poultry. These products don’t compete on price alone and the perceived consumer value of these high-end niche products is often more important than the price paid.
- Potential price levels can be determined by first investigating what similar kinds of products are priced at in different regions. These prices levels may need to be adjusted according to local competition, which may be seasonal, for your products. Most importantly, set a price that will cover all your costs and that you are satisfied with. Once you introduce a product onto the market, you may be able to change your price slightly. But it is risky to make large, unexplained price adjustments after you have introduced a product since you may lose some of your most loyal consumers.

Deciding the Appropriate Place and Time to Market Your Product(s)

- Another key to direct marketing is to provide your product to your consumers at the right place and at the right time. If you cannot reach your consumers, it is unlikely that you will have a very large market. Successful direct marketers are flexible and creative when considering methods for reaching their consumers. Farmers’ markets, on-farm marketing, local restaurants, resorts and cafeterias, small retailers, and the Internet are all viable options.
- Selling a product that makes a unique gift has been an important aspect of several direct marketers.
- Marketing through several different methods may also increase your chances of success.

Promoting Your Product(s)

- Determine the best strategies and methods for promoting your product.
- If you are lucky, your product will promote itself, but this is not usually the case. You may have to be creative in advertising and promotion. Traditional mass media methods such as radio and newspaper advertisements and mass mailings may not be the most efficient and cost-effective methods of promoting your product. Other methods such as marketing through your state department of agriculture, local festivals and events such as the “Best of the West Food Fest,” harvest festivals, brew fests, wine fests, tourist events, and fairs may provide you with better opportunities to showcase and to promote your products.
- As we have seen from the previous case examples, successful direct marketers tend to build strong customer loyalty by providing a quality product that is consistent and served with excellent customer service. “Word-of-mouth” advertising through your existing customers is often one of the most effective and least expensive ways to promote your product. Building this customer base requires friendly and knowledgeable employees. Additionally, you should

be creative when considering your promotional opportunities. For example, if you market both on-farm (e.g., U-pick or festivals) and off-farm (e.g., farmers' markets or other retail outlets), you may consider promoting your other markets and products through point-of-purchase promotional material such as flyers, recipes, and coupons. Selling the experience or the story behind your product through promotional literature and websites or on-farm visits may further promote your product and help build customer loyalty.

- News coverage can be a vehicle for providing product recognition and awareness that goes beyond what most direct marketers can afford for a promotional campaign. Developing products and stories that are newsworthy along with cultivating media contacts is an important promotional consideration for direct marketers and agri-tourism enterprises.

Making the People Decisions Behind Your Product(s)

- A company's most valuable assets are often not machinery, equipment, patents, and brand labels, but the people that develop, produce, and deliver their product(s).
- Direct farm marketing enterprises often require higher seasonal labor requirements than would be customary for a traditional commodity farm or ranch since both production and marketing labor needs can peak around the same time. Obtaining seasonal labor is a challenge and can sometimes be met through local clubs and organizations. Individuals who belong to a social club or organization generally like to deal with people. Furthermore, getting a club to agree to provide so many workers for each weekend of a month can shift the problem of "no-shows" from you to the club. A donation to a club in exchange for volunteer hours can be an attractive option for reducing the transaction costs associated with tracking and distributing payroll checks, part-time employee benefits, and tax records.
- Both high school and senior adult groups (retired or semi-retired) may be attractive labor pools to draw from for part-time seasonal help.
- A business plan is generally intertwined with people skills and availability. Some agricultural producers do not have the necessary people skills for dealing with the public and should not get into a direct farm marketing business. Direct farm marketers may also have a goal of keeping their business at a size that can be managed entirely by family labor to ensure product quality and service, minimize risks associated with potential lawsuits, and avoid labor hiring issues.
- Finding a direct-marketing enterprise nearby that has different seasonal labor requirements than your desired operation can create a win-win situation for exchanging labor.
- Direct farm marketing is difficult for a single individual to accomplish since labor efforts are generally torn between full-time production and marketing duties. This is particularly true for CSA and for selling to restaurants since these marketing venues require more product preparation and delivery time than selling on the farm does.

Final Guiding Principles

Direct marketing has proven to be a successful and sustainable alternative to traditional commodity markets for many agricultural producers in the Western United States. However, it

is obvious from the cases presented in this publication that overnight direct-marketing success is unlikely.

- You must be willing to plan and to adapt in order to be successful.
- In order to stay ahead of the game and to maintain your market, you must constantly stay abreast of your changing competition, costs, and customers.
- A business plan with a well-defined mission statement, goals, and objectives will help you begin to consider the process of direct marketing. Specific objectives need to be flexible enough so that they can keep pace with ever-changing consumer tastes and preferences.