Solve the Mystery of Marketing

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A University of Tennessee - Farm Bureau Partnership

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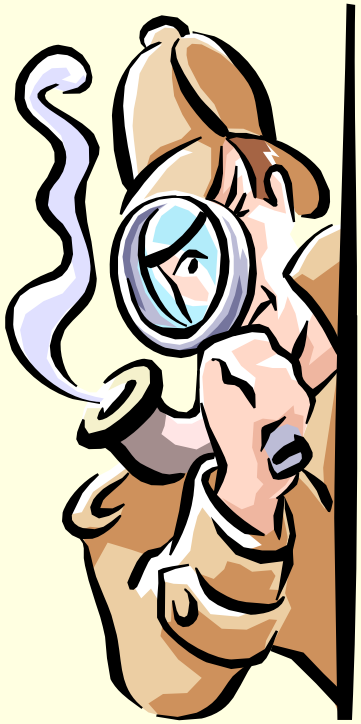
The Mystery of Marketing

- What is marketing?
- Why do it?
- How do you do it?
- What are the key concepts of marketing?
- What are common mistakes made in marketing?
- Where can I find more information?



What is marketing?

What is marketing?

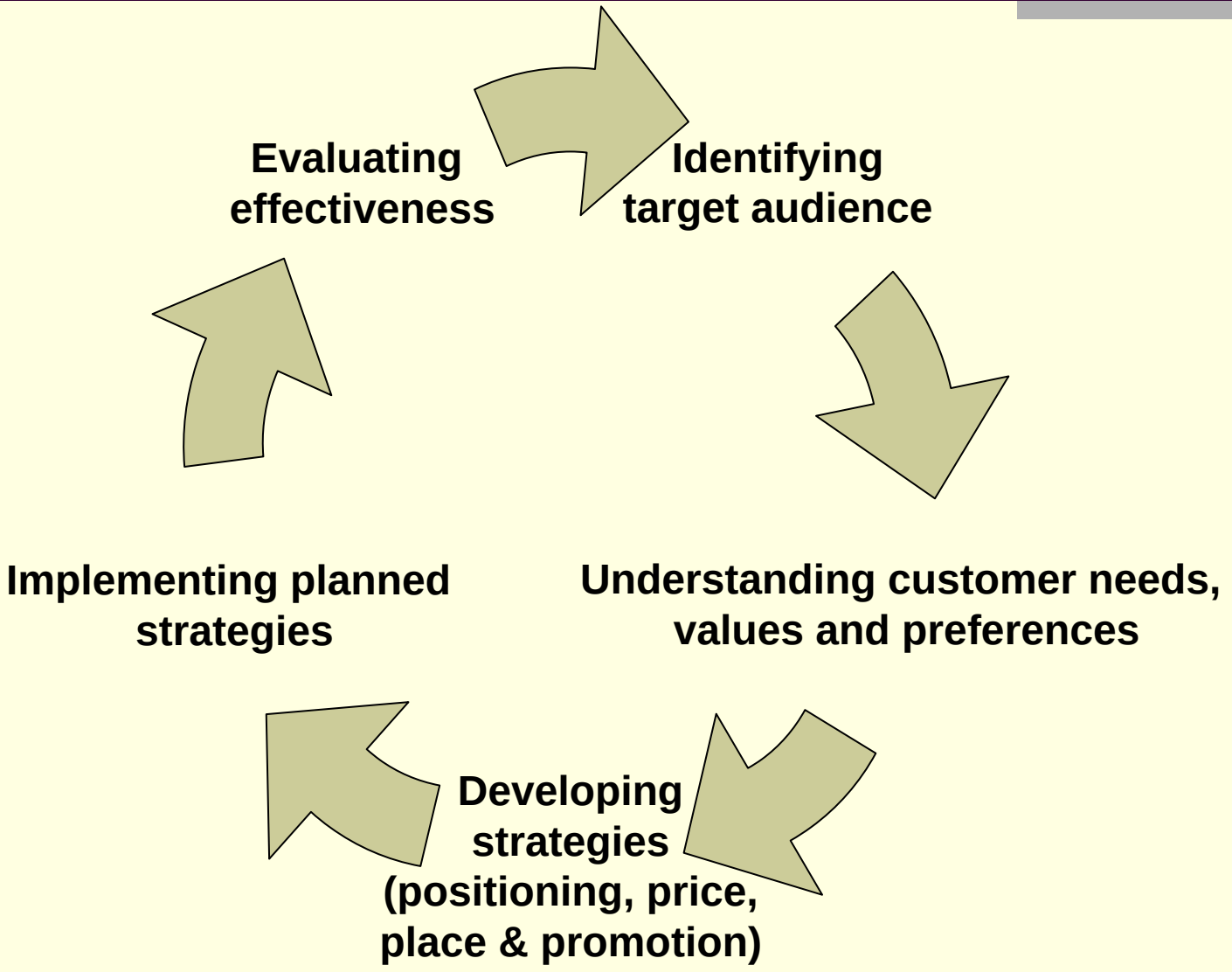
What marketing is not!

- Only advertising
- A guarantee of success

Marketing is…

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

Marketing is…



Why do it?

Why do it?

- “If we build it, they will come.”

Why do it?

- Product failure rates
  - 23,181 products introduced in 2003 according to Mintel
  - 11,574 new food products in 2003
  - 50-90% of new food products typically fail
- Small business failure rates
  - 33% fail within two years
  - 56% fail within four years

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
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

How do you do it?

Marketing begins with…
A Plan

Components of a Marketing Plan

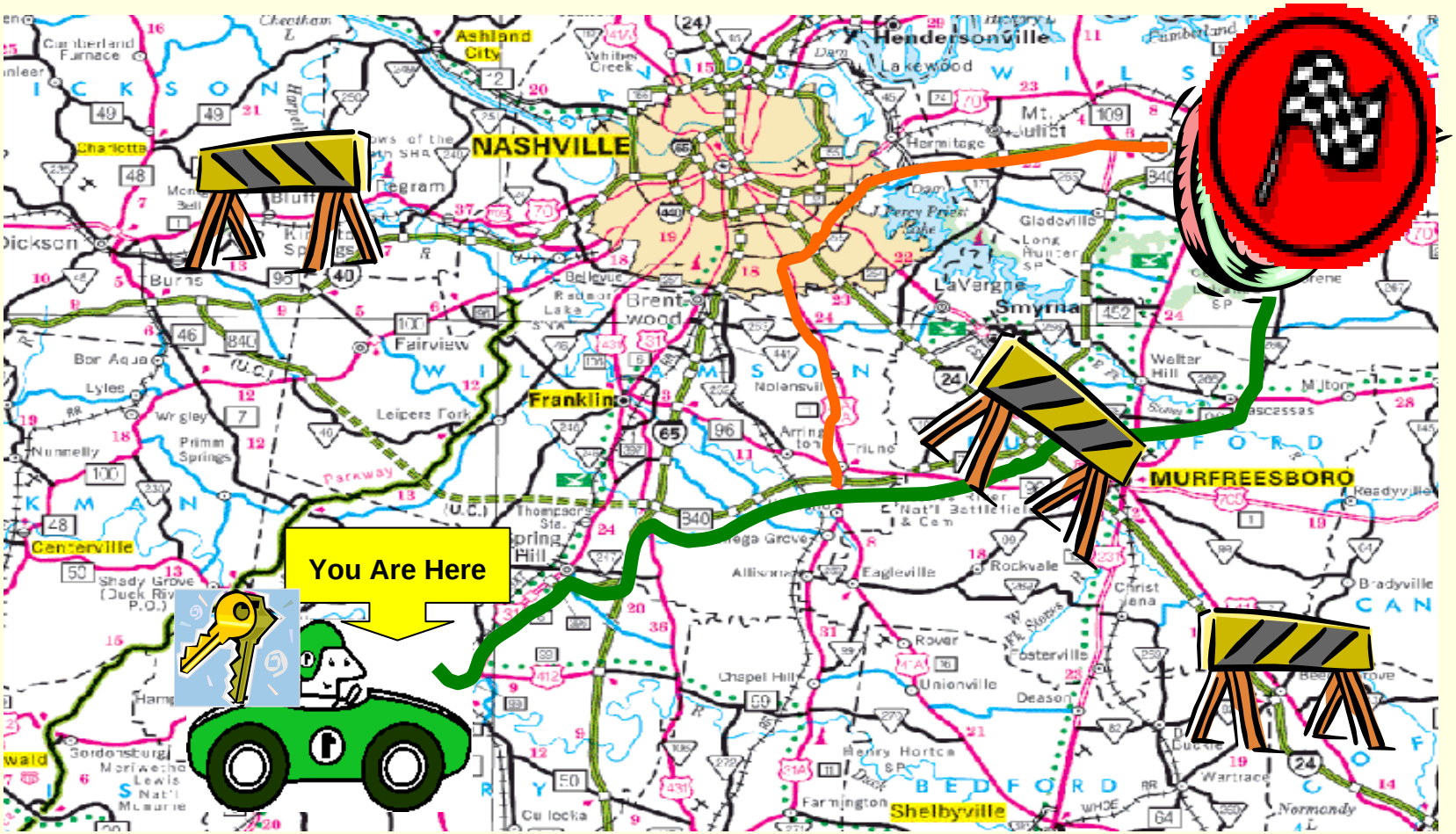
1. Introduction
2. Market Research and Analysis
   - Situational Analysis
   - Product/Service Analysis
   - Target Market Identification and Description
   - Competitor Analysis
3. Marketing and Financial Objectives and Goals

Marketing begins with… A Plan

Components of a Marketing Plan (con't)

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

A marketing plan is like a map…



What are the key concepts of marketing?

Key marketing concepts

- Know yourself
- Know the market
- Identify your target market
- Understand customer values
- Link customer values to marketing mix
  - Positioning, Place, Price & Promotion
- Budget
- Measure effectiveness

Know yourself – the good, bad and the ugly

- Perform a SWOT analysis
- Identify strengths of your business
- Identify weakness of your business

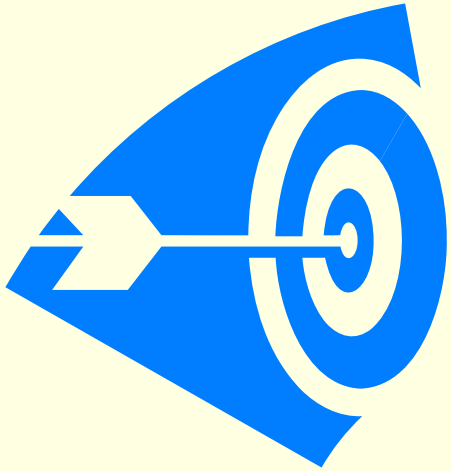
Know the market

- Learn about market situation and trends
- Identify opportunities created by the market
- Identify threats presented by the market

Analyze SWOT

- 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

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

Link customer values to marketing mix strategies

- **The buyer's four Cs** ⟷ **The seller's four Ps**
  - Customer benefit ⟷ Product positioning
  - Customer cost ⟷ Price
  - Convenience ⟷ Place
  - Communication ⟷ Promotion

Source: http://www.foodsci.purdue.edu/outreach/vap/materials/marketing.pdf

Positioning (Customer Benefit)

- You need a unique selling proposition
  - Reason why somebody should buy from you and not your competition
- Start here…which of these things can your product or service be?
  - Better than
  - Cheaper than -- probably not
  - Different than

Positioning (Customer Benefit)

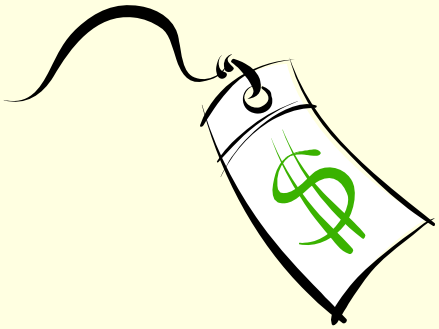
- Possibilities for better or different “unique selling proposition”
  - Unique product characteristics
  - Superior quality
  - More convenient packaging
  - Excellent customer service
  - Availability of product
  - Ease of transaction
  - Delivery
  - Customer relations
  - Experience

Positioning (Customer Benefit)

- Put it into words
  - Develop a positioning statement
- Be consistent
  - Everything you do associated with your product should be consistent with this positioning statement

Price (Customer Cost)

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



Adapted from:
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Place (Convenience)

- Place/Location/ Distribution Channel
  - On-Farm Retail
  - Pick-Your-Own
  - E-commerce
  - Grocery Stores
  - Gift Shops
  - Farmers Markets
  - Craft Shows
  - CSA

Place (Convenience)

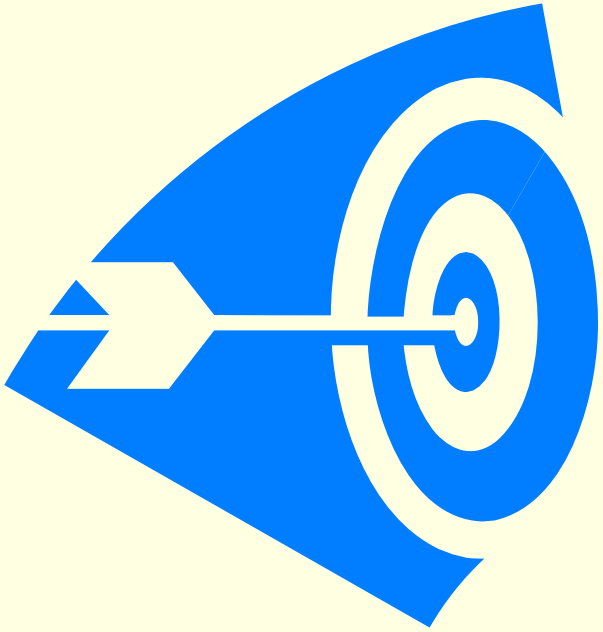
- Consistent with
  - Positioning
  - Where your target audience is or shops
  - Customer value of convenience
- Clean
- Aesthetically pleasing
- Address customer needs/comforts
- Able to create an experience?

Promotion (Communication)

- Create promotion strategies (and associated budget) based on…
  - Your goals/objectives
  - Your target audience
  - Expected sales
  - Costs of marketing activities

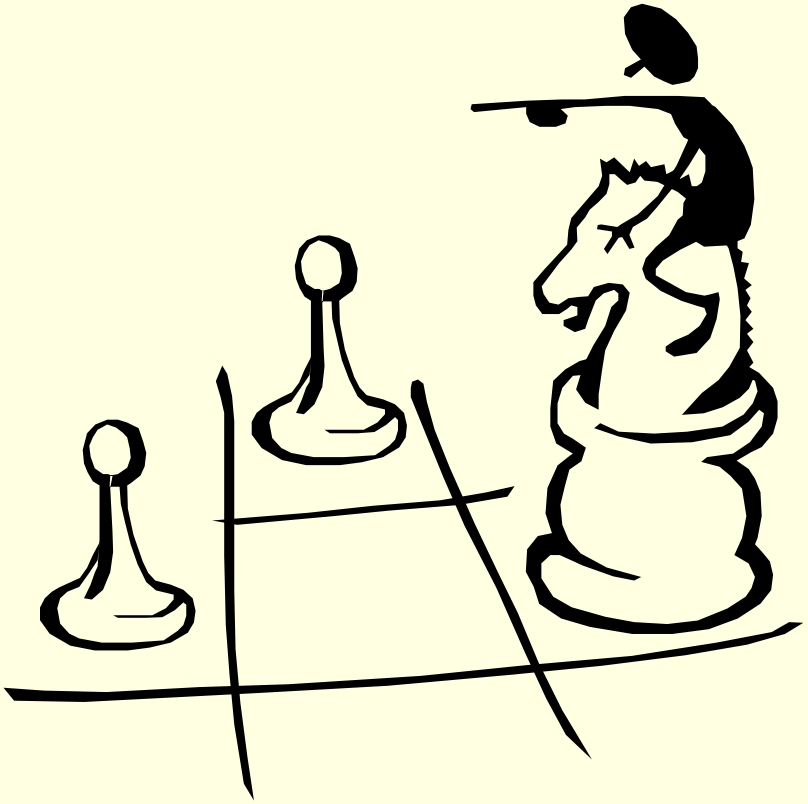
Promotion (Communication)

- Consider these groups for promotions
  - Influencer – a person who's view or advice influences the buying decision
  - Buyer – a person who makes the purchase transaction
  - User – a person who uses the product/service

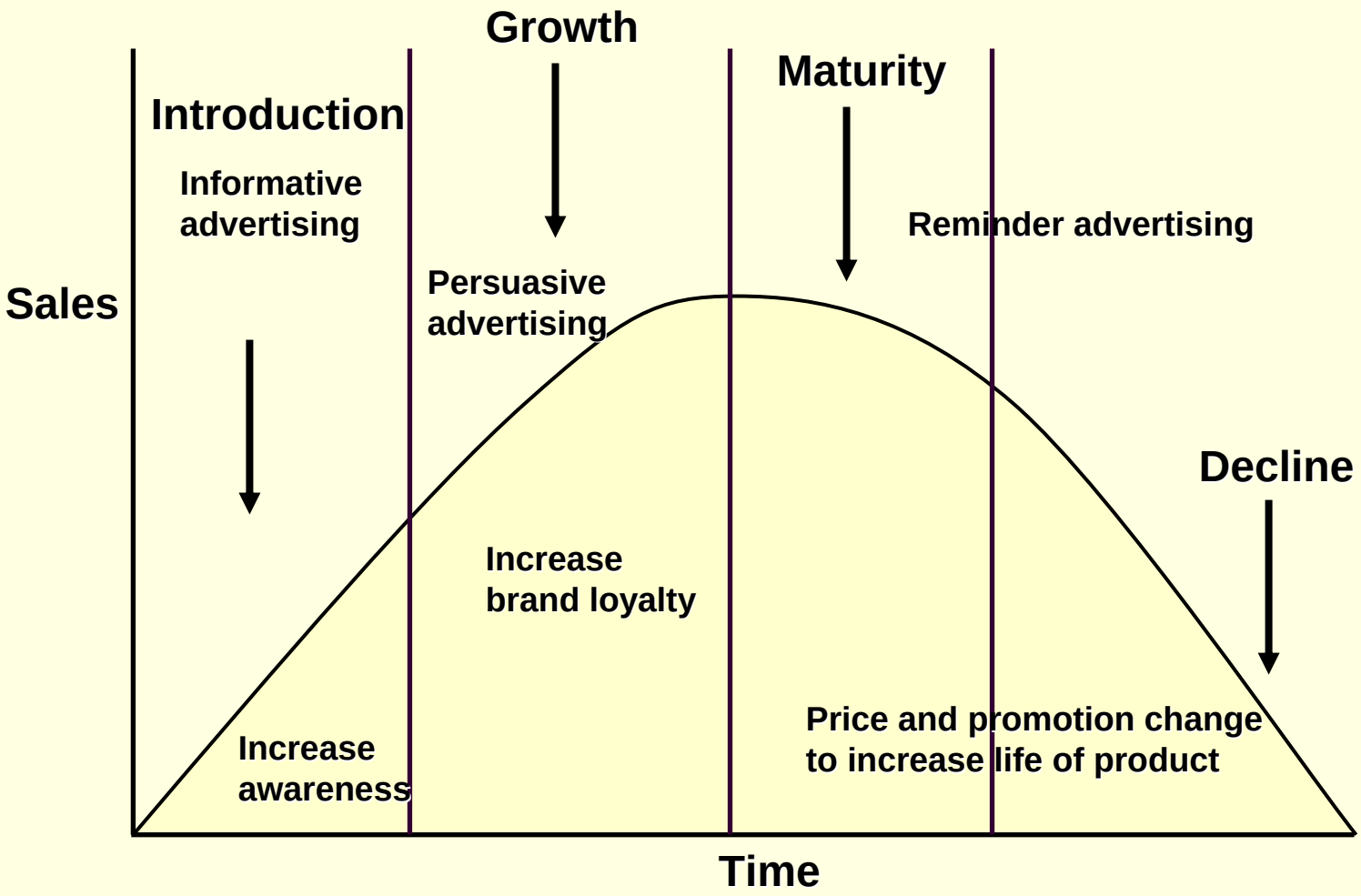


Promotion (Communication)

- Promotion Strategy Options
  - Word-of-Mouth
  - Publicity
  - Public Relations
  - Sampling
  - Discounting
  - Advertising



Promotion in the Product Life Cycle



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

Measuring marketing effectiveness

- 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
- Ask customers how they heard about the product
- Collect coupons

What are common mistakes made in marketing?

Marketing Mistakes to Avoid

1. Not developing a marketing plan and budget
2. Not targeting a specific audience/market
3. Not developing a clear and consistent marketing image
4. Believing your product will sell itself
5. Not clearly defining the product benefits

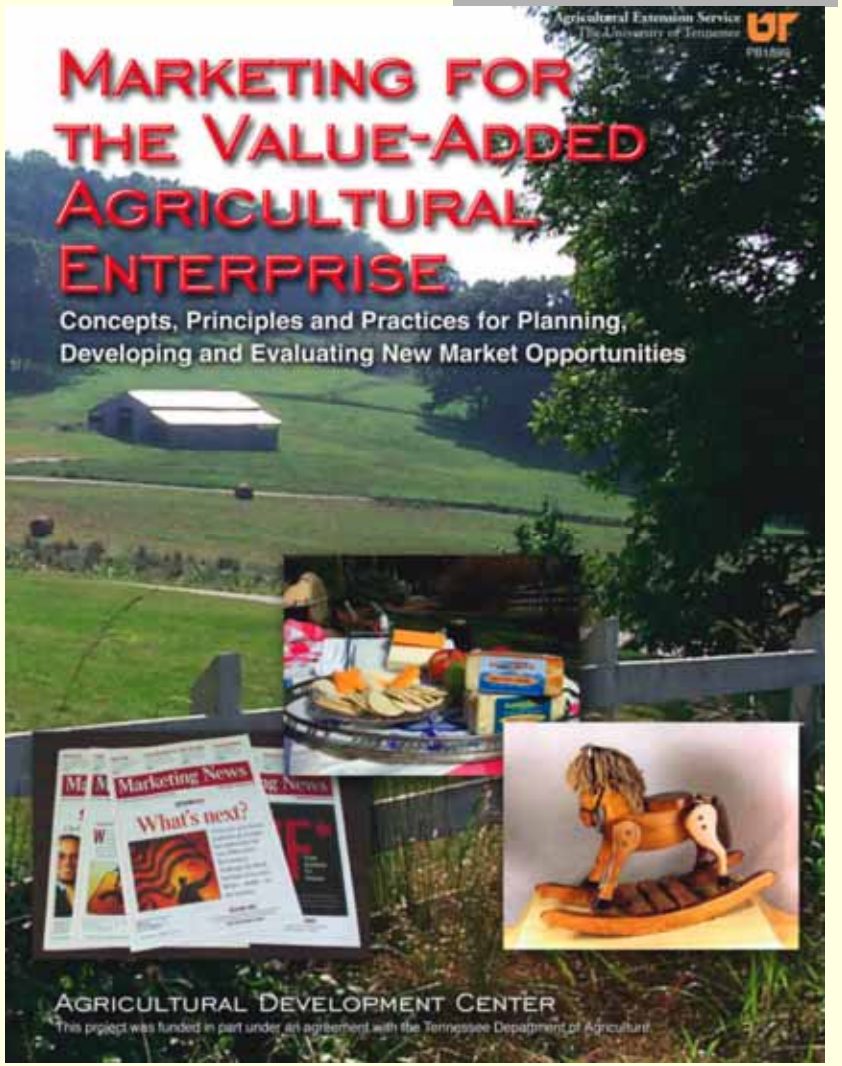
Marketing Mistakes to Avoid

6. Lack of diversification in media mix
7. Forgetting that slow and steady wins the race
8. Not focusing on repeat business
9. Not getting feedback
10. Changing for the sake of it

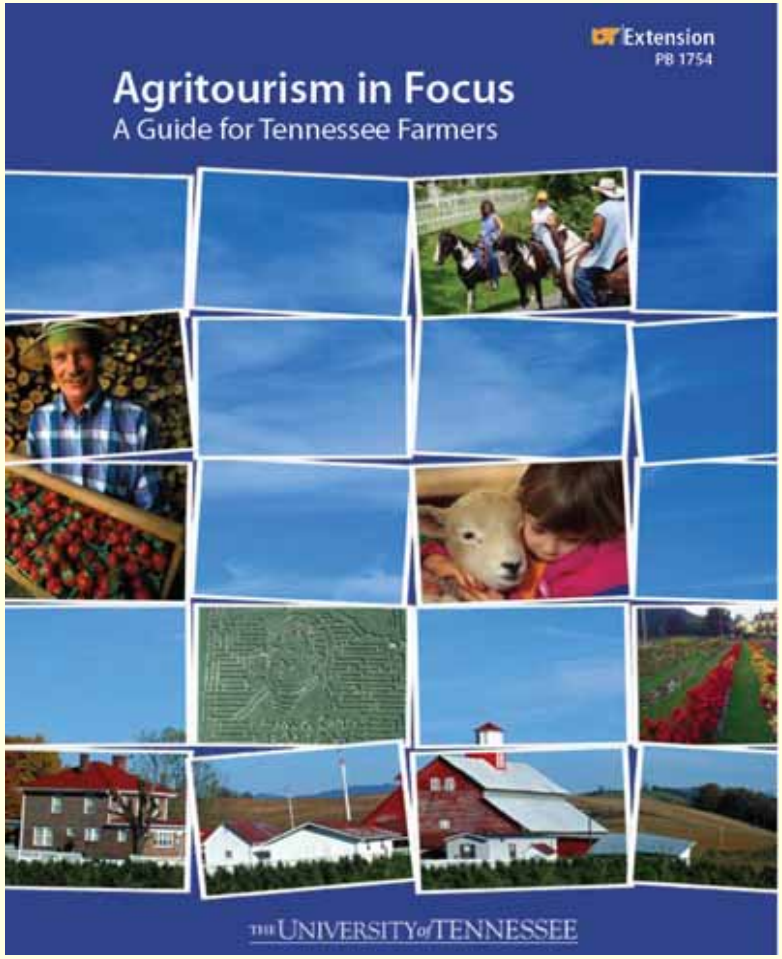
Where can I find more information?

Additional Resource

- Available on-line at http://cpa.utk.edu
- Or contact the Center for Profitable Agriculture



Additional Resource



- Agritourism in Focus
- Refer to Chapter 4

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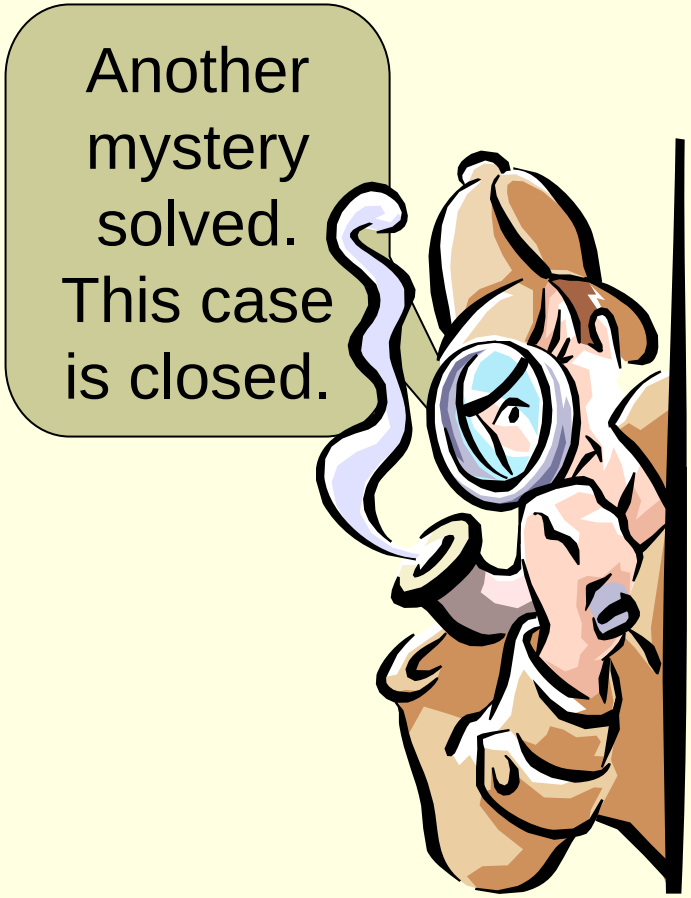
The Mystery of Marketing…Solved

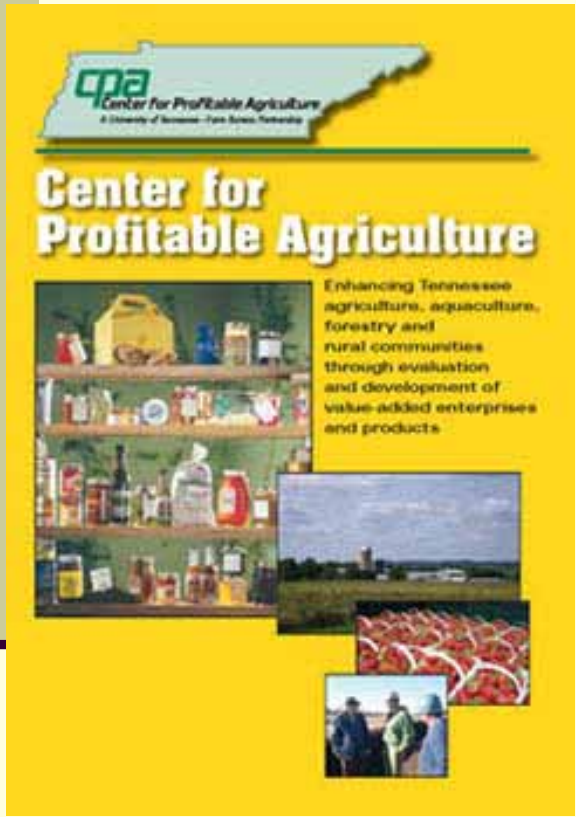
- Marketing is planning and executing a set of objectives to bring buyers and sellers together so that a sale can take place
- Do it to increase potential for success



The Mystery of Marketing…Solved

- Marketing begins with a plan
- Identify and understand your customer's 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

Contacting the Center



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