



DIRECT MARKETING

Summer 2008

MANAGE YOUR RISK

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The current agricultural economic situation required farmers to have a clear understanding of the consumers needs and wants. Marketing is not just about selling. Marketing starts before production. It requires a clear understanding of what consumers want and the ability to deliver it to them through the most appropriate channels for a profit.

The Starting Point is to define the goals for being in business: profit, hobby, use of resources, health.

What is Your Product? variety, overall qualities, seasonal positioning, how produced.

What are you selling? A fruit or a vegetable or a package. What makes your product better than the competition? Are you selling your name and reputation as well?

Who are your customers? Identify, classify, target, focus.

It is important to determine the market structure of your business

- ◆ The number of competitors you will have to deal with.
- ◆ The size that will keep you competitive and if this is at a profitable size for you
- ◆ You may be able to provide services that competitors do not
- ◆ Determine potential by —products

Try to identify niche markets; a lot of new markets are available

Marketing Questions one should ask: Where will I sell my products? What kind of price will I receive and how much influence can I have on that? How can I differentiate my product? What is the structure of the market—number and size of competitors, geographic factors and any barriers to entry?

GOAL SETTING

- ◆ Specific — Pinpoint what you are trying to accomplish
- ◆ Measurable — Be able to measure the goal in some manner
- ◆ Attainable — Do not set unreal expectations
- ◆ Relevant — Set goals that apply to your enterprise
- ◆ Timely — Make sure your goals are on an acceptable timeline

Pricing

- ◆ Cost basis — pricing to cover your cost (only)
- ◆ Follow the leader — pricing according to other competitors
- ◆ Trial and Error — set price and see how consumers respond
- ◆ Coupons — discounts adds made available to consumers on particular products
- ◆ Loss leader — pricing cheap to get consumers into the store

Product Differentiation

- ◆ Determine how you can produce something different than competitors and if you can get any contractual agreements
- ◆ You may be able to provide services that competitors do not
- ◆ Determine potential by — products





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Risk Questions one should ask:

- ◆ What are my production, market, financial, legal, and human risks associated with this enterprise?
- ◆ How can I offset some of these risks?
- ◆ What is my degree of risk tolerance?

The best way to incorporate marketing strategies in your business plan is to determine your sales goals. However, remember that marketing includes planning, pricing, promotion and distribution.

Sales volume versus production:

- ◆ How much
- ◆ When
- ◆ Where

Price

- ◆ Stated
- ◆ Minimum

Promotion

- ◆ Target audience
- ◆ Media availability
- ◆ Cost

Do not forget to include storage and delivery costs in your business plan.



RISK RESPONSES

- ◆ Financial responses among most important
 - Managing leverage and liquidity
 - ◆ Production responses most common
 - Diversification very popular
 - Insurance
 - ◆ Market responses can be technical
 - Contracting, futures, insurance
- Depends on magnitude of operation and degree of risk tolerance

Sources of more information

www.manageyourrisk.net

Marketing your products directly
FSA-31 Cooperative Extension Service—University of Arkansas

Internet as a marketing tool WF-566
Oklahoma State University

The marketing plan
http://www.agf.gov.bc.ca/busmgmt/bus_guides/directmkt/direct_mkt.pdf

Contact Us

Héctor Germán Rodríguez M.S.
Agricultural Economics Research
Specialist (hrodrig@uark.edu)

Jennie Popp Ph.D. Associate Professor
(jhpopp@uark.edu)

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