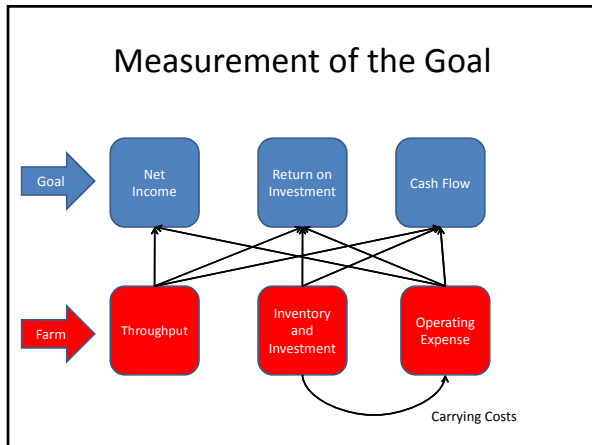


Moving Forward in Marketing

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- ## Agenda
- Go over the basics: Measurement, The Goal
 - The Basic Philosophy
 - Market Segmentation
 - Understanding our Customers and creating win-win scenarios



- ### Measurement of the Goal
- Did I leave anything out?
– Quality of life??

Assuming a good quality of life.....

Profits are good!!!

- ### A Philosophy of Marketing
- “Grant that I seek not so much to be understood, but to understand.”
– St. Francis of Assisi
 - “Seek first to understand, then be understood?”
– Stephen Covey, The Seven Habits of Highly Effective People

A Philosophy of Marketing

- Let's ask some questions...
 - Is every customer the same?
 - If every customer is not the same, what does that mean for us as sellers?
 - What is the cause of our customer's behavior?

What is market segmentation?

- Two sections of a market are segmented if price changes in one segment do not cause a corresponding price change in another segment
- For example:
 - You have two customers.
 - Price Sensitive ...
 - Service Needs ...

Why do we segment the market?

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    graph LR
      A[The market is not uniform] --> B[There are different perceptions of value in the market]
      B --> C[It is possible to charge different prices to different customers for the same product]
    
```

What kinds of segments are there?

- Market Channel Segmentation: Segments based on different outlets to sell.
 - Grocery, Farmers' Markets, CSA, Buying Club, Restaurant
- Service Platform Segmentation: Segments based on the services provided to a customer.
 - Delivery, further processing, cash flow, etc...
- Cultural Traditions Segmentation
 - Halal, kosher, cabrito, organ meat
- Values Segmentation: Segments based on consumer values
 - Organic, natural, local, grass-fed, farmer owned

No market segment type is an island, many overlap.

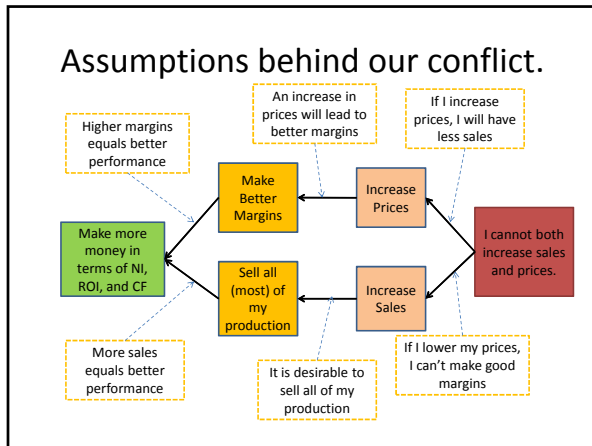
Market Segmentation

- Do you treat your customer base as the same?
 - Should you? Let's start to examine our customers...

What is our conflict?

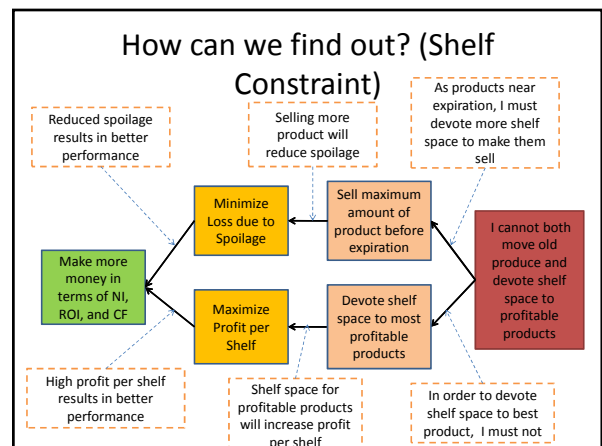
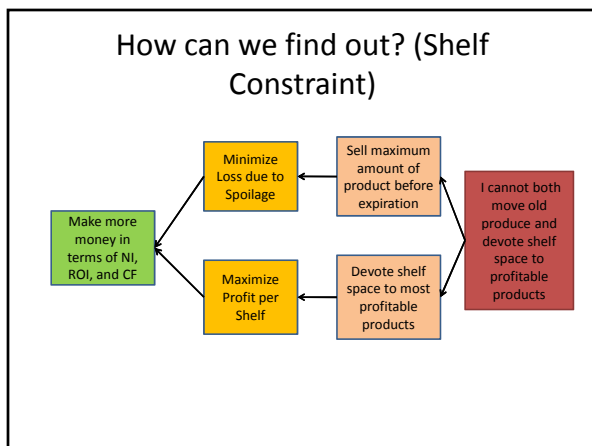
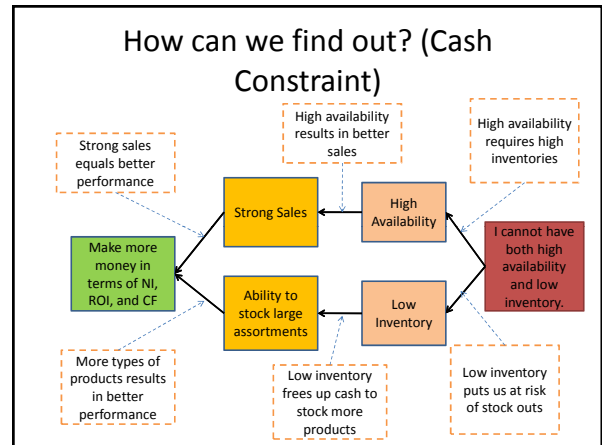
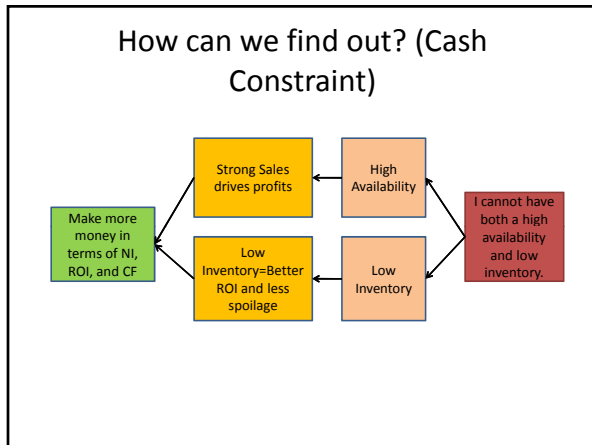
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    graph LR
      A[Make more money in terms of NI, ROI, and CF] --> B[Make Better Margins]
      A --> C[Sell all (most) of my production]
      B --> D[Increase Prices]
      C --> E[Increase Sales]
      D --> F[I cannot both increase sales and prices.]
      E --> F
    
```



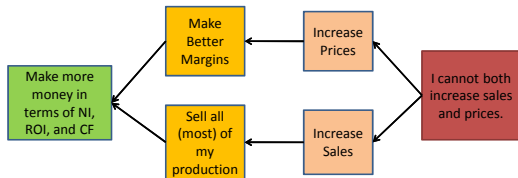
Let's take a look at a potential market channel

- Retail!
 - What are the constraints of our retail customers?
 - What limits them from more NI, ROI, CF?
 - Do you know?
 - What do you think?
 - Hint: Cash and shelf space



Is it possible to create a win-win scenario?

- Remember our own conflict?



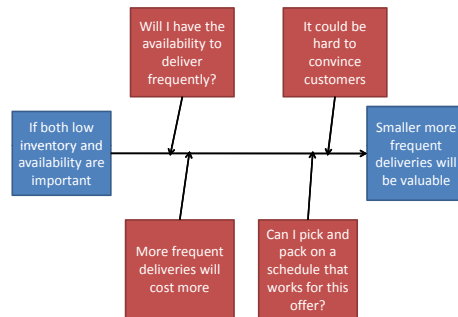
Remember our own conflict?

- Is it possible to:
 - Justify an increase in prices through:
 - Less spoilage?
 - Lower inventory?
 - Higher profit per shelf?
- This is win-win:
 - You get a price increase
 - You still maintain your sales *and*...
 - Your customer is able to increase NI, ROI, and CF too.

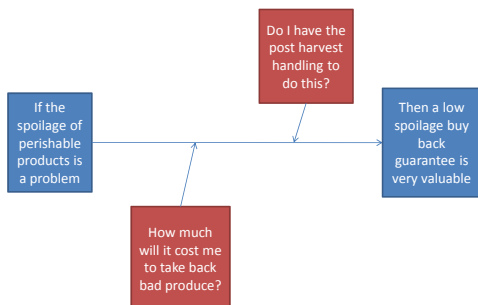
Great! Now what?

- What are some strategies to actually create a win-win scenario in the retail environment?

More Frequent Deliveries



Offer Low Spoilage Guarantee



What are some prerequisites to creating a win-win scenario in retail?

- I have sufficient breadth of products (15-30).
- I have sufficient post harvest handling to reduce spoilage.
- My customers are sufficiently close to my farm.
- I have enough protective capacity to be a reliable supplier.
- I can sell the offer properly.

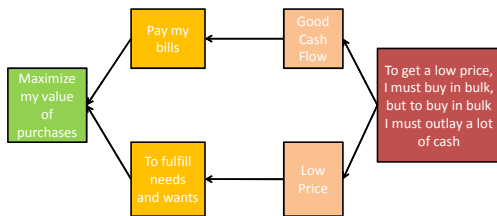
One Last Effect...

- If you are able to deliver fresh produce more frequently than competitors, what might be the likely effect?
 - Have you ever seen picked over produce...
 - Do you buy it?
 - What might fresh verdant looking produce do for the demand at a particular store??

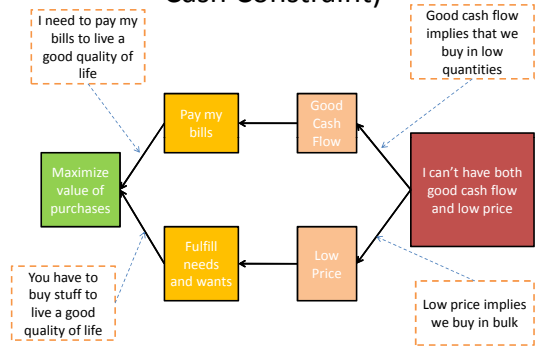
Let's look at another market channel

- CSA! What are the constraints of our CSA customers?
 - Income
 - Cash Flow
 - Time
- What is blocking our sales in the CSA market channel segment?

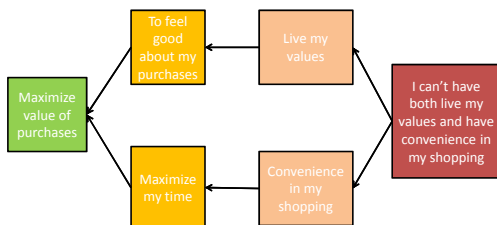
How can we find out? (Income and Cash Constraint)



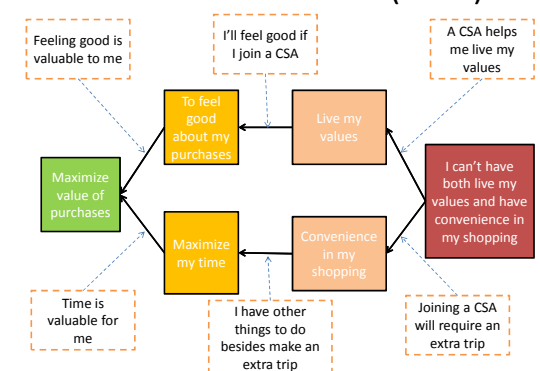
How can we find out? (Income and Cash Constraint)



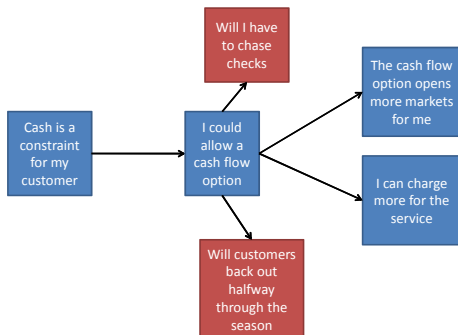
How can we find out? (Time)



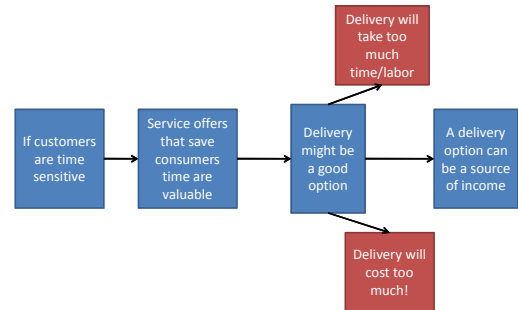
How can we find out? (Time)



Great, now what...Cash Flow Option



Time Savings Option



What does all this mean?

- There are a number of consumers...
 - **They are all different!!!**
 - Are you treating everyone the same?
- Are you working to figure out customer problems/needs/wants???
- Do you charge them accordingly?

Two more questions...

- Will cutting costs lead to long term profitability and quality of life increases for your business?
- Is it ever justified to increase costs?
- How do we calculate costs?
 - If so, when?
 - When the increase in operating expense leads to an even greater increase in profitability, return on investment, and cash flow.

Discussion...