

PLANNING FOR ON-FARM SUCCESS

*A Workbook for Montana's Beginning
Farmers and Ranchers*



Module 3: Market Differentiation



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This workbook draws heavily from the following publication, which can be viewed online at misa.umn.edu. In addition to a large amount of the body of the document, all worksheets, unless otherwise noted, come from the following publication:

Minnesota Institute for Sustainable Agriculture. *Building a Sustainable Business: a guide to developing a business plan for farms and rural businesses*. College Park, MD: Sustainable Agriculture Research and Education (SARE), 2003.



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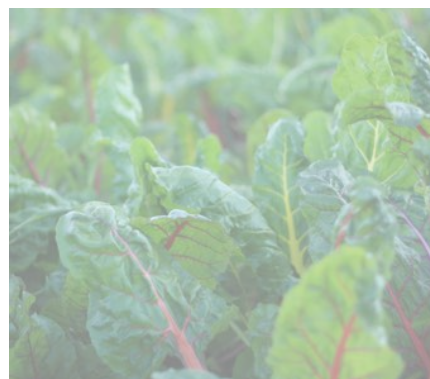


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Module 3: Market Differentiation

Promotion is a must if you are going to gain product recognition among customers. Promotional strategies often are built around a “message.” The message that you deliver about your product or business is just as important as the product itself. Equally important is how and when you deliver that message through the use of advertising tools and media. If you aren’t communicating what makes you competitive and unique, you’ve got a problem!

How is your product unique?

Although customer research is the single most important component in building a marketing strategy, it is often the product itself that inspires and excites many business owners. Here’s your chance to develop a thorough product description. Recall that “products” can include raw goods, value-added goods, or services.

As you think about the products your business will offer, try to describe them in terms of the value they will bring to your customers. What is it that customers are actually buying? Kalispell Creamery in northwest Montana describes their bottled milk products as hormone-free, antibiotic-free, non-homogenized, cream-top milk with “a full, old-fashioned milk flavor and texture.”

Consider what makes your product truly unique. Why would customers prefer your product to another farmer’s? Are there differences in the production process that make it more wholesome and fresh? Can you appeal to the environmentally conscious? Refer back to your goals and values – what do you think makes your farm special? Some examples of terms that farms use to showcase the uniqueness of their product include:

Product	Production Methods
- Farm-fresh	- Family farm
- Farmstead	- Sustainably grown
- Old-fashioned	- All natural
- Healthy	- Organic
- Homemade	- Predator-friendly

Use these terms to highlight what makes your products different from others. When you pick one or two to focus on, carry that through your marketing in your label/logo design, product names, farm stand layout, etc.

Try to look down the road a bit as you profile your product. Will there be new opportunities to add value through processing, packaging, and customer service? How might your product line or services change over time? As you think through these areas of uniqueness, think back to your competitors and consider your product based on the questions laid out in the following table:

Table 1: Product and Competition Considerations				
Is the product valuable?	Is the product rare?	Is the product costly to imitate?	Is the product nonsubstitutable?	Competitive Consequences
No	No	No	No	Competitive Disadvantage
Yes	No	No	Yes/No	Competitive Parity
Yes	Yes	No	Yes/No	Temporary Competitive Advantage
Yes	Yes	Yes	Yes	Sustainable Competitive Advantage

* Competitive parity means you aren't at a distinct advantage or disadvantage, but are likely creating the same economic value as your competitors.

To answer these questions, consider the following attributes. A product is valuable if it helps your business to take advantage of new opportunities and if it provides worth to your farm – by being a product that sells well at market or that brings in new markets. It's rare if very few or no other businesses in your market are offering it. If the product is costly to imitate, that means that you're unlikely to face very much competition and may have the field to yourself. If the product is nonsubstitutable, this means that it would be very hard for other farms to offer a similar, more inexpensive product that's valued equally to yours by your markets. For example, there are few grains that could be considered a clear substitute for wheat; however, you can substitute several varieties of lettuce for one another and most market segments will not see a large difference.

Stories from the Fields

At County Rail Farm in Dixon, Tracy Potter-Fins and Margaret DeBona credit their unique and recognizable logo with much of their success in the marketplace. Margaret created the logo, a screen-printed woodcut design. Tracy explains, "Part of it is people seeing our logo and our name and recognizing it. Our logo can be easily transferred to different mediums. It can be small or it can be large; it's not too detailed and it's not too bland; it doesn't have a ton of intricate lines, but it has enough to keep it interesting. Somehow we hit that mark and were able to recreate it pretty easily but also it's not so recreate-able that anybody can do it. Woodcut and screen-printed images lend themselves really well to that. That makes a big difference in how we can use the logo."

In addition to differentiating their product, Margaret and Tracy work to differentiate the farm itself, to project a unique identity. Their logo is part of that effort. They also work to be open to visitors and to press. "People approach us and we say yes." Tracy says. County Rail hosts two parties each year: a planting party and a fall party. They also host an annual farm dinner, which is a \$50 per plate catered affair that draws a different crowd than the parties do. According to Tracy, "We wanted to get people of different backgrounds to come out. I think that's worked pretty well." Margaret sums it up, saying, "I hate to use this word, but we wanted to appear 'hip' and draw in young people. I think generally that is one of our marketing tools is to be hip and young and cool."

Use Worksheet 3A: Product Uniqueness to describe each of the products that you plan to offer, why they are unique, and how they may change in the future.

Focusing on Your Business or Your Product?

Before beginning detailed promotions research, think about an overall strategy approach. Will you concentrate promotions on your business image, the product, or both?

Businesses use business image advertising to build awareness and interest in their products. A brand is represented by a name, term, sign, symbol, design or some combination. A brand or logo is used to identify the products of your business and to distinguish them from other competitors. Although the establishment of a brand can be expensive, particularly for small businesses, many of today's alternative farm businesses are concentrating their promotional efforts on business image advertising—promoting the concept of their business as a whole as "healthy" or "locally produced" or "eco-friendly," as was discussed in the section above.

Product advertising focuses on one key or primary product or aims to create immediate sales through some type of special product offer, such as seasonal discounts, frequent buyer clubs, and in-store samples. The goal of product promotion is to increase sales directly and immediately for an advertised product. Here are several low-cost product promotion alternatives.

- Coupons and rebates
- Tasting and cooking demonstrations
- Frequent buyer clubs
- Publicity
- Samples
- Recipes

While most small businesses opt for product advertising because it offers more immediate returns, marketing consultant Barbara Findlay Schenck recommends combining both image and product promotion strategies. Schenck calls this promotional strategy "total approach advertising."¹ Total approach advertising offers direct farm marketers

¹ Barbara Schenck, *Small Business Marketing for Dummies*. Wiley Publishing, 2005.

a chance to build a long-term image of their business and its values while encouraging timely product purchases or highlight a specific item of which they are particularly proud.

Flathead Lake Creamery, for example, promotes the image of their business as a “small batch artisanal creamery striving to make the best possible cheeses utilizing local sources and creating a low carbon footprint.” In addition, they attend a wide range of events from farmers’ markets to First Fridays to offer cheese samples and talk with customers about the specific attributes of their various cheeses.

Message

Advertising messages can be fun, serious, factual, and as unique as your product can be. They can describe business values, the product itself, production practices, prices, or the volume available for sale.

If you intend to use a product promotion strategy, your message can describe the unique characteristics of your product or a special offer. On the other hand, if your strategy is centered on business promotion, your message should paint a clear picture of what you want your farm or ranch to be known for among customers.

Consider what you’re trying to convey when you develop your messaging. Return to your values, goals, and thoughts on product uniqueness; they are good places to start formulating your promotional message. Do you want your message to focus on something special about you, like veteran status? Something unique about your product, like its taste or quality? Or something about your practices, like farming multi-generationally or sustainably?

Think about your customers and what their pains and gains are. What are their values? Consider ways you can focus your message to make it most effective at speaking to them. However you design your messaging, try to keep your messages short so that they can be incorporated into product packaging, brochures, stickers and other promotional tools you might use. Take a look at the following image and product-related messages advertised by several well-known retail food suppliers:

“Our organic products are not only good for the earth, but for you and your family too! Together we can change the world—one organic acre at a time” —Horizon Organic

“Bob’s Red Mill is dedicated to the manufacturing of natural foods in the natural way . . . We stone grind all common and most uncommon grains into flours and meals on our one-hundred-year-old mills . . . Our product line of natural whole grain foods [is]the most complete in the industry” —Bob’s Red Mill

“Applegate Farms is working to improve the meat Americans eat . . . All of our products are gluten-free, contain low or no carbohydrates, are lower in fat than other major brands and free of all taste or texture enhancers” —Applegate Farms

Research other business messages on-line, in advertisements, or at the grocery store.

Tools and delivery

Promotion or advertising tools typically include display ads, billboards, yellow pages, mailings, flyers, fact sheets, and catalogues. Your state likely has a program promoting locally grown products. The Montana Department of Commerce has three “Made in Montana” labels: Made in Montana, Grown in Montana, and Native American Made in Montana.

Every advertising tool has its advantages and disadvantages. Think about which tools will help you best reach your target market. Once you’ve developed a list of potential advertising tools, think about where you will deliver or distribute your promotional message.

Stories from the Fields

We decided to brand as many things as we could. Specifically for the grains, we knew we had to do very unique varieties because of our scale. And the actual marketing and branding and packaging is still an evolving process. For our poultry we chose heritage breed turkeys and provided them fresh rather than frozen, and they were certified organic. There are a lot of Hutterite colonies where we live and they grow lots of produce and usually sell it cheaper than we do so we really had to brand and make our vegetables unique. Anything bagged or boxed like tomatoes in clam shells would get our logo. Folks have started to identify our farm and will tell us at the market that they recognize our produce from the grocery stores as well, which is good feedback. - Prairie Heritage Farm, Power

Trade shows, farmers' markets, county fairs, radio, television, websites, and social media are just a few promotional delivery options. Be sure to brainstorm with your planning team. Identify creative, low-cost, effective ways to get the word out. You might consider a word-of-mouth campaign or a strategic alliance with another farmer.

Timing and frequency

Promotional strategies should include a plan for timed delivery or an advertising schedule that describes how often you will communicate with customers to follow-up on a sale, inform them of holiday specials, or let them know about new products and prices. Regular communication is a way to build and preserve your market.

How will you advertise and maintain contact with your customers? Will you advertise through regular personal contact, periodic promotional mailings, or a holiday mailer? It may be helpful to develop a calendar for promotional "events" to help time promotions with seasonal demand or peak production periods. This will also help you plan for advertising expense outlays when developing your cash flow plan as you evaluate your proposed strategy. For more ideas on how to engage with your customers, turn back to the section in Module 2 on *Ongoing Market Research*.

Regardless of the promotional strategy you pursue, you and your planning team will need to be creative to catch the attention of your customers and stretch your advertising dollars. Promotion, though it might sound slightly overwhelming, should be fun. It's all about finding what makes you most excited about your farm and sharing it!

Use Worksheet 3B: Promotion to sketch a promotional strategy and advertising plan for each of your products. Think about your values and goals as well as your target market, product and potential competition. Be sure to detail your overall promotional strategy, message, advertising tools, delivery ideas and communication plans.

Stories from the Fields

Connie Surber and Laura Ginsburg of the Golden Yoke Dairy in St. Ignatius know exactly what sets their product apart. They are one of just two creameries in Montana that makes their own base for their ice cream, and they source as many of their ingredients as possible from Montana. They are even looking to purchase sugar from sugar beet farmers in Montana. A portion of their ice cream will be made from their own pasture-based dairy, making them entirely unique in the state. In addition to ice cream, they will also make ice cream sandwiches, baking the confections in-house and sourcing ingredients locally as much as possible.

Connie and Laura have also thought through how their packaging aligns with their environmentally conscious mission and makes them unique. Their pints will be recyclable translucent containers, which means that consumers will be able to ogle the ice cream that they are considering purchasing and that they will be able to dispose of the containers responsibly.

For more on marketing, specifically in terms of merchandising for direct-to-consumer markets, see Pacific Northwest Extension's guide, *Merchandising, Pricing, and Promotion*, part of their series on Farmer-to-Consumer Marketing.

Packaging

Product or service packaging can be both functional and promotional—serving to preserve your product for shipment and, in the case of final consumer goods, to advertise and differentiate your product. As a producer of bulk commodities, your packaging strategy may seem fairly straightforward since little or no packaging may be involved. However, if you are planning to produce specialty commodities, such as organic grains, be aware that strict industry "packaging" standards may exist. For more info on packaging, visit www.fda.gov. The Western Montana Growers' Cooperative also directs interested farmers to FamilyFarmed.org's resource, *Wholesale Success: A Farmer's Guide to Food Safety, Selling, Postharvest Handling, and Packing Produce*. You can find more info here: <http://www.familyfarmed.org/wholesalesuccess>.

Packaging final consumer goods for the retail market, on the other hand, can be a daunting yet exciting task. Examples of product packaging include individual product cartons, boxes and containers; bulk shipping containers; delivery vehicles; and even retail display cases for mass product packaging. Service packaging examples include business cards, invoices, landscaping, building design, signage, brochures and vehicles.

As a producer of consumer products, you may want to begin your research at the supermarket or grocery store. Make note of how similar products are packaged and labeled. There are many rules and regulations governing food packaging and labeling. In general, any product packaged for the retail market must include a description of the common product name, net weight, nutrition facts, ingredients and your business address. All products must meet federal regulations. However, you should also contact Montana's Department of Public Health and Human Services for more details, since state guidelines may be stricter than federal guidelines. Finally, as a service provider, think about what your customers will see, hear and smell when visiting your farm or communicating with you and your staff.

As you think about what type of packaging is best suited to your product, don't overlook customer needs, such as convenience, and intermediary requirements. Restaurant owners and cooperative grocery managers will likely have minimal packaging requirements that affect how you clean, bundle and grade your product. If you plan to market to retailers and other intermediaries, research their packaging requirements and think realistically about your ability to meet industry standards.

Your values and goals, as well as target market preferences, will also affect packaging choices. Kalispell Creamery, for instance, envisioned marketing to customers who value "old-fashioned taste." As a result, one of their packaging strategies was to purposefully make their labels look different from others in the market – and a little nostalgic.

Pricing: How will we price our product?

This section draws heavily from Methods to Price Your Product² and the Wisconsin Local Food Marketing Guide.³

Farmers are all too familiar with the challenges of pricing bulk commodities for profit. As price takers, low market prices are often the number one reason traditional commodity producers find themselves sitting down to develop a business plan. Today's producers, whether they are adding value or marketing direct, have a greater ability to influence price in these highly defined markets. Depending on your goals, vision, target market, and product strategy, you may want to consider one or more pricing strategies for your products.

Price Takers or Price Makers?	In general, pricing strategies are based on two factors: prevailing market prices and your costs. In the long run, your price has to cover your full costs—including production, marketing and promotion—as well as a return for your time and investment.
Farmers are generally said to be "price takers." That means that in the ag economy, the farmer receives what the market (the wholesaler, grain elevator, or other buyer) decides. The farmer has the choice to take the price or leave it, but little ability to argue for a better price.	If you are in a position to set your own prices, there are a number of different ways to determine what you should charge. Most direct market farmers and ranchers use one of three pricing methods: cost based, competition based, and customer based. However, you might decide to use more than one of them, depending on your business goals and product.
Some in direct marketing are now arguing that farmers have the ability to be "price makers." While their prices are still impacted by the market (what their competitors are charging, for example), they have a much greater capacity to set their own prices, particularly if they're offering a new product or distribution strategy.	Whichever you choose, don't forget to pay for your time, either by calculating it in as a hourly cost or by paying yourself in business profits. Although it might seem hard to imagine including your time at an hourly rate, it is highly recommended. As Richard Wiswall points out in <i>The Organic Farmer's Business Handbook</i> , you can pay yourself a base wage similar to what you pay your employees and still have the benefit of keeping any profits (and suffering any losses)

that your farm produces through the year. If you've planned your wages in as an hourly expense, you're also protected if you get sick or injured, as you can hire out help for the work you would be doing without suffering a

² Alberta Agriculture and Rural Development, *Methods to Price Your Product*. 1999.

³ Wisconsin Department of Agriculture, *Wisconsin Local Food Marketing Guide*. 2014

major blow to your budget. Wiswall states, “Self-exploitation is not a sensible or sustainable business model... Treat your time as you would any employee’s – with fair compensation.”⁴

Cost Based

With cost-based pricing, you set your pricing based on your full costs of production. First, you determine your total costs, and then you decide what you want your profit to be. You add that profit amount to your totaled costs to determine your product price. Though it might seem like a straightforward method, it can be difficult for producers to calculate their full costs. Often they fail to include their own time and labor in their cost calculation. Including all of these costs with cost-based pricing will ensure that your business is financially viable this year and sustainable well into the future.

Even if you do consider all of your costs of running your farm, if you have multiple different products, you still have to determine a specific price for carrots or for a room in your B&B. This can be tough to do. Cost-based pricing can be easier to accomplish if you have a limited number of products, like a CSA or a lamb buying club, which each have one set price. However, if you have a limited number of crops or are interested in evaluating your costs on a specific product, you can use an enterprise budget, which requires you to determine all of your costs for just one business enterprise or product. Iowa State University’s Ag Decision Maker tool has an online enterprise budget for a variety of crops.

Regardless of whether or not you use your specific costs for each product’s pricing – setting the price for carrots, lettuce, tomatoes, and peppers based solely on what each costs to produce – it’s critical that you understand your costs when setting pricing so that you ensure that whatever prices you set will be enough to pay your bills. See Module 5: Financial Planning for information on how to use break-even values and break-even volumes to test whether your prices will be sufficient to cover your costs.

Disadvantages

- *Doesn’t take into account the customer’s price preferences.* Customers won’t necessarily pay your price because it seems fair or accurate. Further, some customers might value your product beyond your set price and would actually be willing to pay more.
- *Doesn’t factor in your competition.* If you don’t consider your competitors, your prices might be too low or too high. If your prices are too low, you might force your competitors to lower their prices below what they can afford. Further, if you are setting your prices too high, potential customers will likely buy from your competitors.

Competition Based

If you find cost-based pricing to be too intimidating or difficult, particularly if you are a first year producer and do not have past financial records to reference, your next best option is competition-based pricing. As it implies, this method involves setting prices based on the market. Of course in order to effectively implement this method, you must do market research. Depending on the market channel you choose, you will need to explore other producers selling in that market, their products, and how they compare to your products. Are your products unique or similar to your competitors? And, how did your competitors set their prices? Module 2 details the process of conducting market research – you’ll just be applying your market research to your competitors, rather than your customers.

If you would like to compare your prices to those across the country, the following resources are good places to start:

Agriculture Marketing Service: Find information of pricing from terminal markets on a daily or weekly basis.

Wholesale information and custom reports that provide retail information. www.marketnews.usda.gov/portal/fv

Rodale Institute Pricing: Find national organic prices. www.rodaleinstitute.org/Organic-Price-Report

⁴ Richard Wiswall, *The Organic Farmer’s Business Handbook*. Chelsea Green Publishing, 2009.

These references mostly list wholesale prices, which you might receive if you were selling to a food co-op, distributor, or grocery store. Retail prices may be marked up by 30% to 100%, depending on the product at the market. See Module 2 for advice on interviewing retail buyers. During the market season, visit your planned markets to gain more accurate pricing estimates.

Once you have done some preliminary market research, you can decide how you will price based on your competition. If you determine that your product is similar to your competitors, then you can price your product the same. However, if your product is unique in some way, then you can set your price higher. Another option with competition-based pricing is to set your prices slightly lower to attract more customers than your competitor. Remember however that your competitors may be your neighbors, mentors, and friends, so be wary of undercutting them too much!

Disadvantages

- *Doesn't consider your costs.* If you choose this method, your prices might be set lower than your actual costs, which is not financially sustainable. If you develop a budget based on prices you saw at someone else's farm, make sure you can generate enough profit at this price point to cover your own profit needs, or else consider whether you could raise the price by distinguishing your product.
- *Requires more intensive market research.* To accurately set your prices based on your competition, you will need to spend quite a bit of time researching prices set in your market.

Customer Based

If you've figured out your costs and you've figured out your competition's prices, is that the end of the road for pricing? Not necessarily, because your customers may be willing to pay more for your product and you definitely want to capture that. This method may require a fair bit of market research, because you must understand your customer base. What do your customers value? In what socioeconomic group do they fit? What are they actually willing to pay? These questions and the process of finding your target customers are covered in Module 2.

Once you have determined your target customers, you can set your product price. If your target customer values a price and getting a good deal over all other product attributes, then ensure that your pricing reflects that value

Stories from the Fields

We're really trying to take the quality of our beef as high as we can and that would get a premium. We're already getting a premium dollar, but that will even get us more of a premium dollar. I'm sourcing from a really narrow bunch whose cows have done really well for us. And the consistency when we can provide really good beef will make a big deal. - Oxbow Cattle Company, Missoula

with a lower price. You might choose "promotional pricing" to initially attract your customer base. Another option is "volume pricing" where you discount prices for larger volume sales. This method is beneficial during the peak of the summer when your supply is high.

Alternately, if your target customer values high quality, sustainably-grown products, you may be able to charge higher prices if you can effectively market that your product fills that niche. Many farmers have found that if they can increase their quality (and effectively market that quality), they can make more money by choosing quality over quantity. This can help you make more money or make the same amount of money with less work!

The thing about this approach is that your prices don't have to be dramatically higher to make a difference. Chris Blanchard of Purple Pitchfork, a consulting firm that works with farmers across the country, shares an example of selling zucchini at \$1/pound or \$1.50/pound. Chris knows that it costs him \$0.75 to grow each pound of zucchini because he has paid close attention to his expenses and determined his costs on this crop. Chris can sell:

Stories from the Fields

Back in 2013, Margaret DeBona of County Rail Farm in Dixon realized there was an unfilled niche for a local farm to sell packaged salad greens on grocery store shelves: "I did calculations on price per pound on bulk versus boxed lettuces, and it seemed like the boxed lettuces were a higher price per pound than what we were getting through the co-op wholesale. The co-op helped us figure out the language on the sticker since we can't say we washed the lettuce because we don't have a certified kitchen."

Tracy Potter-Fins, Margaret's partner, recalls that demand was "Okay at first, and then it's gone up every year since we started in 2013. This year one of my goals was consistency. I wanted to have 50 pounds for wholesale every sale day. I think just having that consistency allows grocery stores to count on that sale, and that way customers at the grocery stores can see it every week – it's always there – and so they buy more of it."

$$100 \text{ pounds} \times [\$1.00 \text{ (price)} - \$0.75 \text{ (costs)}] = \$25.00$$

$$200 \text{ pounds} \times [\$1.00 \text{ (price)} - \$0.75 \text{ (costs)}] = \$50.00$$

$$67 \text{ pounds} \times [\$1.50 \text{ (price)} - \$0.75 \text{ (costs)}] = \$50.00$$

By increasing his prices on zucchini by just 50 cents, Chris can sell 133 fewer pounds of zucchini and make the same amount of money! But to sell zucchini for 50 cents more than the market price, Chris has to effectively market that his zucchini is different: more beautiful, more delicious, more sustainable, more family-oriented, or that it has some other attribute that relates to his promotional messaging.

Disadvantages

- *As with competition-based pricing, doesn't consider your actual costs.* Again, it is important to have a sense of your full costs in order to be financially viable.
- *Doesn't take into account your competition.* Being aware of your competitor's prices will help you avoid setting prices that are too high or too low.

Other Pricing Considerations

Plan for Profit – Don't Drop Prices

This relates to the point above about Chris raising his prices on zucchini, but in the opposite direction. What if you have priced your corn at \$3.50/dozen according to your calculations and your neighbor is selling hers for \$3.00/dozen? Can you still make a profit by lowering your price? Sometimes it is better to sell fewer at the higher price than sell more at the lower price. For example, let's say your margin on the \$3.50 is \$0.50 (i.e. your costs are \$3). If you sell 300 dozen, that will give you \$150 in net profit. You would have to sell 600 dozen if you sold at \$3.25 to get the same profit. For a 7% decrease in price you have to sell twice as much. It can be tempting to drop prices in the second half of a market or towards the end of a season, but approach these decisions carefully.

Similarly, do not price your farm product below the market just because the farm income is less important to you. For example, you may be able to afford to sell a dozen fresh brown eggs for \$1.00, but other local farmers who rely on farm income for their families cannot - they might need the full price of \$3.00 a dozen to cover their expenses and do not have the off-farm income you do. They could lose sales unfairly due to your indiscretion. In the interest of cooperating fully with your local farm community, don't price your products too far below market rates for any farm product, even if you can afford to.

Whatever type of pricing strategy you choose, think through your rationale. Are you trying to undermine the competition by offering a lower price? Are you trying to set a high price that reflects your quality image or market demand as is presently the case with organic products? Are you simply looking to cover costs and reduce volatility? Knowing your values, vision, and mission for your farm will help you answer these questions and set prices that help you meet your goals.

Understanding Loss Leaders

Sometimes there is a product that you have to carry that doesn't make financial sense. For example, every grocery store has to carry bananas, even though most grocery stores lose money on bananas. But they carry them because they're an important part of so many people's grocery lists that if they don't carry them, people will shop elsewhere. Hopefully you won't have any products that make you lose money, but you may find that there are some products that bring people to your business, even if they don't make you much money. Sometimes it makes sense to make prices on one product offset the costs of others. If you can charge more for tomatoes than they cost to produce, maybe that can help cover the costs of another crop that you can't charge enough for. Basically, know that your prices are your own and you can be flexible with them to do what's best for your business.

Stories from the Fields

With the CSA, we want to hone what we're good at, but there's a balance in needing to provide members with a good variety as well. And then there are a few things we grow because we just enjoy them even if they are not the most profitable. There's a balance with those things as well of course because you obviously can't grow too many things that aren't very profitable. - Prairie Heritage Farm, Power

Develop a Strategic Marketing Plan

Think about how all of your individual product marketing ideas (product, distribution, pricing and promotion) can fit together into one or more general marketing strategies for the whole farm. Use Worksheet 3C: Marketing Implementation Chart to summarize your marketing research and strategies for each product and to note how these strategies and external conditions (such as competition) may change throughout your transition or start-up period. Do this together with your planning team. Then think about how individual product strategies fit together into one, whole-farm marketing plan. This is the time to refine your initial product strategies if necessary to incorporate new information. Note any Strengths, Weaknesses, Opportunities and Threats (SWOT) associated with each general marketing plan, listing supporting evidence from your research.

Here is an example of how you might answer some of the questions in the Marketing Implementation Chart. This example is based on a new sheep farm that is trying to grow sales of their lamb at a local grocery store.

Specific Activities	Person Responsible and Hours	Advertising Budget	Completion Date	Measures	Monetary Return	Non-Monetary Return	Assumptions
<i>What exactly will you do for this marketing effort?</i>	<i>Who will make sure that it happens?</i>	<i>\$ allocated for this effort</i>	<i>Timeline or calendar for efforts</i>	<i>What info will you gather to measure the effort?</i>	<i>Projected \$ generated from the marketing effort</i>	<i>Projected number of clients, units sold, etc.</i>	<i>Underlying reasons for monetary and non-monetary return estimates</i>
In-store ground lamb samples	Mary - 3 hours working with store, 8 hours planning and executing	\$200 for brochures, recipes, and feedback cards \$300 in lamb	August 2015	Feedback on taste and marketing messaging in exchange for samples	\$100 sold day-of	Increased sales of \$100/week	Estimate that roughly 1/3 of people who sample will purchase some lamb day-of and 75% of those who sample will purchase lamb in the next month.

Using this tool to put together all of your various marketing efforts, you can begin to estimate how much you will spend on marketing each year and you will have tools to evaluate your marketing strategies at the year's end. Did you actually see a bump in lamb sales after you did the in-store samples? Did your questions on the feedback cards get you the type of info you wanted? Use this information to continue to hone and strengthen your marketing efforts.

Worksheet 3A: Product Uniqueness

Complete this worksheet for each major product you plan to produce. Describe your product and why it will appeal to each market segment. Begin by noting industry trends and general market conditions. Describe supply and demand market trends for this product. Discuss whether they are short-term fads or long-term, emerging trends. Note perceived marketing opportunities that may exist locally, regionally, nationally, or internationally. Include evidence that supports your ideas. Then, describe the unique features that distinguish this product within the marketplace. For which customer segments are these unique features important? How easily could competitors imitate these features?

Product: _____

Industry Trends/Changing Market Conditions:

Product Characteristics	Which customer segment does it appeal to?	Is the product valuable?	Is the product rare?	Is the product costly to imitate?	Is the product nonsubstitutable?

Summarize your product's unique characteristics and why it is valuable to your market:

Worksheet 3B: Promotion

Complete this worksheet for each major product you plan to produce. Choose an advertising approach (product, image, total) for each customer segment. Then use your information about customer needs and preferences (worksheet 2A from Module 2) to develop a promotional message for this product. Next, think about what advertising tools and delivery methods you can use to communicate your message. Describe how often you intend to promote your product and communicate with customers (timing and frequency). It may be helpful to use a calendar or blank sheet of paper to map out an advertising plan that corresponds with slow demand periods or peak product availability. Finally, summarize your promotion strategy for this product.

Customer Segment:	1:	2:	3:
Approach:			
Message:			
Tools:			
Delivery:			
Timing/frequency:			
Promotion Strategy:			

Worksheet 3C: Marketing Implementation Chart

Source: Montana Community Development Corporation

Specific Activities	Person Responsible and Hours	Advertising Budget	Completion Date	Measures	Monetary Return	Non-Monetary Return	Assumptions
<i>What exactly will you do for this marketing effort?</i>	<i>Who will make sure that it happens?</i>	<i>\$ allocated for this effort</i>	<i>Timeline or calendar for efforts</i>	<i>What info will you gather to measure the effort?</i>	<i>Projected \$ generated from the marketing effort</i>	<i>Projected number of clients, units sold, etc.</i>	<i>Underlying reasons for monetary and non-monetary return estimates</i>