

PLANNING FOR ON-FARM SUCCESS

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



Module 3: Farm Marketing & Promotion



This workbook was developed by the Community Food & Agriculture Coalition in cooperation with Montana State University Extension, the National Center for Appropriate Technology, the Montana Community Development Corporation, and the Lake County Community Development Corporation, with funding from the United States Department of Agriculture. This publication was developed as part of USDA RMA grant no. 13-IE-53102-17, Crop Insurance and Risk Management Training for Beginning Specialty Crop Producer in Western Montana and USDA NIFA grant no. 2015-70017-22851, Building On-Farm Success: Resources and Training for Montana's Beginning Farmers and Ranchers.

This workbook draws heavily from the following publication, which can be viewed online at misa.umn.edu:

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.



Photo: Dorothy Patent



Photo: Cathrine Walters



Photo: Pedro Marques

Editor

Community Food & Agriculture Coalition

Contributors/Reviewers

MSU Extension

National Center for Appropriate Technology

Nourish the Flathead

USDA - Risk Management Agency

Module 3: Farm Marketing & Promotion

In this module, you will:

1. Identify those characteristics that differentiate you from your competitors.
2. Develop marketing messages to set yourself apart from your competition.
3. Identify marketing tools and develop a marketing plan.

Now that you've spent some time thinking about your target customers, how you'll get your product to them, and taken an initial look at your competition, it's time to delve deeper into thinking about how you'll set yourself apart, or differentiate yourself, in your customers' eyes.

Marketing is essential if you are going to gain product recognition among customers, meaning they start to recognize and seek out your products. 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're missing a big opportunity.

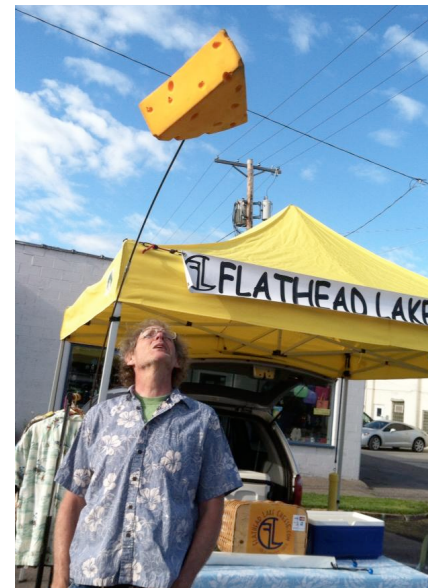
Focusing on Your Business or Your Product?

Before beginning, think about an overall strategy approach. Will you concentrate promotions on your business image, the product, or both? Marketing consultant Barbara Findlay Schenck recommends combining both image and product promotion strategies. Schenck calls this promotional strategy "total approach advertising."¹⁹ Total approach advertising offers direct farm marketers 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.

Focusing on Your Business

A focus on your business might mean that your promotional materials (message, logo, etc.) focus on the business as a whole rather than on a particular product you offer. Flathead Lake Cheese, 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. One of the owners often wears Hawaiian shirts and they carry that fun and light-hearted tone throughout their cheese logos and their social media presence, regularly showing pictures of Joe goofing off while making their delicious cheese.

Consider what makes your farm or ranch unique. Are you a multi-generational business? Are your children always present at your farmers' market booth and helping with sales? Do you have an approach you use that differentiates your business as a whole from your competitors? Any of these can be things you can focus on in your marketing.



Flathead Lake Cheese's fun and lighthearted business image.



¹⁹ Barbara Schenck, *Small Business Marketing for Dummies*. Wiley Publishing, 2005.

Focusing on Your Product

It's 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." Notice that most of that message focuses on the characteristics of the product itself.

Perhaps what makes your product unique is the production process. Are there differences in your process that make your product more wholesome and fresh? More environmentally sustainable? Refer back to your values and goals—what do you think makes your farm special? Some examples of terms that farms use to showcase the uniqueness of their production process include:

Worksheet 3A:
Competition Evaluation
and Product Uniqueness

Consider what makes your product truly unique. Why would customers prefer your product to another farmer's? Some examples of terms that farms use to showcase the uniqueness of their product or production process include:

- Farm-fresh
- Farmstead (all production and processing takes place on the farm)
- Old-fashioned
- Healthy
- Homemade
- Local
- Heritage breed livestock
- Heirloom fruits and vegetables
- Ancient grains
- Sustainably grown
- All natural
- Chemical-free
- Organic
- Certified Naturally Grown
- Predator-friendly
- Grass-fed
- Grass-finished
- Animal Welfare Approved
- Non-GMO
- Made in Montana
- Grown in Montana
- Native American Made
- Homegrown by Heroes

Labeling and Certification

Many production methods require certification for you to be able to label your products accordingly (e.g. organic). When thinking about how to differentiate your product, you'll have to make a decision about whether certification is a worthwhile investment for you. Does it fit your business and marketing goals to grow your products in line with a certain certification, e.g. organic, non-GMO, etc. If so, it might make sense to certify.

Try to look down the road as you consider certifying. Is certification necessary for you to market your product to your target customer? Would it open up new markets for you? Will there be new opportunities to add value through processing, packaging, and customer service? How might your product line/services change over time?

One thing to note is that some certification programs have very strict labeling requirements and you may not be able to use the term to describe your products unless you certify. For example, it is illegal to call your products "organic" if you haven't certified organic because it puts those that do pay to certify at a disadvantage if other farms are using the term without going through the certification process.

Developing Your Marketing Plan

After deciding whether you're going to focus on your business, your product, or both, it's time to get into developing your marketing plan. In this section, we'll discuss the five components of a marketing plan: message, tools, delivery, timing, and frequency.

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. Think also about your **competitors** and the way they are marketing themselves. What's your competitive advantage and how can you incorporate that into your messaging?

Worksheet 3B: Your Marketing Message

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

Logo Design

A logo can be a key part of designing your message. 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, it's worth it to

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."

find a way to differentiate your business in these ways. A few considerations to keep in mind when designing a logo:

- **Make it scalable.** A logo should be designed to be used in a variety of contexts, from a banner at the farmers' market to a label on a product container. Test your logo to make sure it looks good and is still recognizable when it is printed small or large.
- **Think about color.** Designers recommend using colors near each other on the color wheel and making sure your logo also looks good in black and white or grayscale. Don't use colors that are so bright that they are hard to see and remember that if you use several colors, it will be more expensive to print.
- **Do your research.** Look at other logos from companies that also market to your target customers - either your competitors or other industries. You want your logo to fit your farm's tone and message and also fit the types of things your target customer is used to seeing. However, you also want to make sure it will be easy for your customer to tell your products apart so make sure your logo's design and colors aren't too similar.
- **Keep it simple.** The simpler your logo is, the more recognizable it will be. If you find yourself starting with a relatively complicated design, work it down over and over until you have it down to just the essentials.

Tools and Delivery

Promotion or advertising tools typically include all kinds of opportunities. 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.

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.

Table 3.1 Marketing Tools and Examples

Tool	Examples
In-Person Marketing/ Physical Presence	Trade shows, farmers' markets, county fairs, tasting events, handing out samples at the grocery store, farm stand
Traditional media	billboard, banner, flyers, paid advertisements in newspapers, tv, or radio outlets
Digital media	email updates, e-newsletters, online forms, Farm Fan, Local Harvest, Abundant Montana
Social media	Facebook, Instagram, Pinterest, Twitter, Youtube, Vimeo, blog, website
Promotional items	business cards, brochures, merchandise, coupons/rebates, samples, cooking demos/tastings, recipes, frequent buyer clubs

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.

Stories from the Fields



PRAIRIE HERITAGE FARM

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

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 example, do you offer a fall CSA? You’ll need to plan for mid-summer marketing time and expenses. For more ideas on how to engage with your customers, turn back to the section in Module 2 on *Ongoing Market Research* (page 22).

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!

For more, 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 packaging can be both functional and promotional—serving to preserve and protect your product for shipment and, in the case of final consumer goods, to differentiate and advertise your product.

Packaging Bulk Commodities

If you produce bulk commodities, your packaging strategy may seem fairly straightforward since there is generally little or no packaging involved. If you are planning to produce specialty commodities, such as organic grains, be aware that strict industry packaging standards may exist. For more information 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 for the Retail Market

If you produce consumer products, you may want to begin your research at the farmers market or retail supermarket. 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.

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 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 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

This section draws heavily from Methods to Price Your Product²⁰ and the Wisconsin Local Food Marketing Guide.²¹

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

²⁰ Alberta Agriculture and Rural Development, *Methods to Price Your Product*. 1999.

²¹ Wisconsin Department of Agriculture, *Wisconsin Local Food Marketing Guide*. 2014

Price Takers or Price Makers?

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.

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.

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.

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 and marketing—as well as a return for your time and investment.

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 a combination of the three primary pricing methods, based on costs, competition, and customer values.

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.

Considerations

- *Be sure to 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.
- *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 lose some friends by forcing 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

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

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!

Considerations

- *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 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.

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

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."

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 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. If you do choose to offer promotional pricing, make sure to make it very clear that those prices are for a limited time only. It's easier to drop your prices than it is to raise them!

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:

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

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

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

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, or has some other attribute that relates to his promotional messaging.

Considerations

- *Consider your actual costs.* Again, it is key to have a sense of your full costs in order to be financially viable.
- *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 Important Notes

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, you could sell 300 dozen at \$3.50/dozen or 600 dozen at \$3.25/dozen. For a 7% decrease in price you have to sell twice as much.

$$300 \text{ dozen} \times [\$3.50 \text{ (price)} - \$3.00 \text{ (costs)}] = \$150.00$$

$$600 \text{ dozen} \times [\$3.25 \text{ (price)} - \$3.00 \text{ (costs)}] = \$150.00$$

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 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 low prices. 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. Your relationships with other farm friends and neighbors may be needed down the road if you hit hard times.

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

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

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.

Cover Your Salary

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 *The Organic Farmer's Business Handbook*, 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 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."²²

Putting It All Together: Marketing Implementation

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.

Worksheet 3C:
Marketing Implementation
Chart

Below 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 2 customers/ 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.

²² Richard Wiswall, *The Organic Farmer's Business Handbook*. Chelsea Green Publishing, 2009.

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: Competition Evaluation and Product Uniqueness

Now that you’ve thought about your values (Worksheet 1A), your target customers’ values, pains, and gains (Worksheet 2A) and gathered some information about your competition (Worksheet 2C), it’s time to go a step further by really thinking about how your product is different. This worksheet will use the information you gathered on those two worksheets to distill down some ideas that will assist you in building your marketing message.

1. Look back at Worksheet 1A. What are your business values? What are some important things about the way you run your business that you would like to convey to your customers?

2. Look back at Worksheet 2A. List the things that are important to your target customer, as well as their pains and gains.

What’s Important to Your Customers?	What are Their Pains and/or Gains?

3. Look back at the information you gathered about your competitors for Worksheet 2C. On the list above, cross out any values that your competitors also provide. This will leave you with a list of values that you can provide that your competitors don’t. These should form the basis of your marketing message.

Worksheet 3B: Your Marketing Message

Now that you've evaluated your competitors and thought about how you will set yourself apart, it's time to think about your marketing message. This short exercise will help you develop your message. Find a partner to complete this exercise.

1. Take 3 minutes to tell your partner about your product. Be as descriptive as possible and focus on the information you gathered in Worksheet 3A.

2. Now, describe your business or product in 1 sentence. Record the sentence in the space below.

3. Now, describe your business or product in 3 words. Copy those words down below.

4. This sentence and these three words can form the basis of your business messaging and logo development. Write down a few ideas of ways these could be incorporated into slogans, your logo, or other marketing tools.

5. Finally, if you have time, jot down a few ideas about strengths that you can emphasize in your marketing messaging or areas where you can make yourself more competitive.

Worksheet 3C: Marketing Implementation Chart

Now that you've thought about your message, it's time to develop a plan for marketing your product—essentially for making sure your target customers hear your message. Look at the examples below and then come up with a plan for using at least three different tools to market your product and/or business.

Remember to keep your target customer, your customer's values, and the channel you're using to reach your target customer in mind when planning your marketing effort.

Specific Activity <i>What exactly will you do for this marketing effort?</i>	Person Assigned and Hours <i>Who will make sure this happens?</i>	Budget <i>\$ allocated for this effort</i>	Completion Date <i>Timeline or calendar for efforts</i>	Measures <i>What info will you gather to measure the effort?</i>	Monetary Return <i>Projected \$ generated from the marketing effort</i>	Non-Monetary Return <i>Projected number of clients, units sold, etc.</i>	Assumptions <i>Underlying reasons for monetary and non-monetary return estimates</i>
weekly email update w/ news from the farm, new veggies this week + recipe	me; 1hr/wk	N/A (other than hourly wage)	ongoing throughout the season; email sent out every Wednesday	responses; ask people to let me know how they liked the recipe;	N/A	regular contact with customers; provide additional value to customers	customers are interested in farm; they don't know what to do with all of the veggies in CSA box and are busy

Source: Montana Community Development Corporation.