



# Agricultural Marketing Report

Colorado  
State  
University  
Cooperative  
Extension

Department of Agricultural and Resource Economics, Fort Collins, CO 80523-1172

August 2001-AMR 01-01

## MARKETING FOOD AND AGRICULTURAL PRODUCTS ON THE INTERNET

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✓ **Test the usability of your site! First impressions may last forever...**

✓ **Know your customers!**

✓ **Have a clear marketing objective for your Internet presence.**

*This fact sheet is a summary of a seminar sponsored by the Colorado Department of Agriculture-Markets Division for Colorado producers on May 31, 2001.*

Each of the speakers brought a unique perspective and experience about e-commerce to the discussion, but there were several themes that were emphasized and repeated throughout the day:

- Know your customers-this traditional tip for marketing is just as important today
- Have clear market objectives for your online presence: Reach new customer segment? Lower transaction costs? Add value to the product?
- Test effectiveness and usability of the site yourself and through personal and business network

To better understand the potential that the Internet may offer to your business, it is important to understand how marketing is conducted over the Internet. The first speakers of the day were from two, well respected Web development companies, Webolutions and Blue Ray Media, Inc. They suggest there are three major issues related to the development of a Web presence:

- Technical issues such as speed and security
  - ✓ Selecting the right Web development company is as important as hiring an employee....ask for references and look at sites the company has developed
- Managing customers to maximize the value of their business in the long-run
  - ✓ Keep them happy so they are a repeat customer and customize your offerings based on their order history
- Marketing in order to secure new customers and retain existing customers
  - ✓ Understand how people search for products and services, and develop your page to get the right customers to your site (for example, if you are selling fruit, you may want to offer dessert recipes or canning information)

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The speakers also emphasized the necessity of using basic marketing tenets when approaching the Internet marketplace. There are several approaches, related to marketing goals, that may guide your decision whether to establish an Internet presence, and if so, how to direct your efforts. First, determine the marketing objectives and goals that you believe will be affected by the Internet: Do you want new customers? Do you want to better manage current customers? Do you have geographic constraints, or can you ship? Is this a way to augment your brick and mortar business? How will you process orders? Who will your contact with customers from the Internet be? Each of these questions is important, and will influence what Web development and management company will best suit your firm's needs.

There are several important steps for creating a successful Website if you decide to pursue an Internet market presence:

1. Initial planning- ID goals, ID target audience, develop a marketing plan (what search phrases you want directed to your site) and develop a marketing program
2. Scope Creation-Using the decisions from (1), decide how to meet marketing goals and targets
  - a. Will you contact customers by email? Have affiliate programs with related firms? Actively pursue search engines? Set up a storefront on E\*bay, Yahoo or Lycos?
3. Website Creation- this is a very complex match of graphics, psychology and marketing concepts...the site should be visually stimulating, but also create an easy pathway to complete a transaction for those customers short on time and patience.
  - a. This is where it is important to do a lot of Web browsing and see what you like and how easy you find it to navigate sites...and direct your developer to those sites when designing your Web presence
  - b. The average customer only gives a Website 15 seconds to load and get their attention
4. Ongoing Use and Maintenance-can you actively maintain and house the site or do you need to hire a company to assist with this?
  - a. Technical aspects are very important here, so have complete trust in the company or employee you hire to manage your Website
  - b. Set up an online account that automatically transacts the order
    - i. Give customers multiple choices for order and payment: online, fax, phone and mail
    - ii. Current merchant accounts are useable if you already do some phone sales
  - c. Assure customers of credit card security through your company or by choosing a reputable company to host your site

The experiences of peer agricultural and food firms that have already established a Web presence provide some interesting discussion points as well. The 3 speakers for this seminar were Janice Elser from Rocky Mountain Popcorn Company (<http://www.rmpopcorn.com/>), Marlene Groves from Buffalo Groves, Inc. (<http://www.buffalogroves.com>), and Deanell Sandoval from the Seasons Basket Company (<http://www.seasonsbasketcompany.com/>). Each of these speakers confirmed that Internet marketing requires a lot of planning and attention to detail in the implementation stage.

Janice Elser began with her experience in developing a full service site (that gives information but also allows for ordering to occur). She researched competitors' sites, set her objectives and mapped out the pages she wanted to develop to informational and sales purposes. She did get a merchant account with a local bank to support online sales. She emphasized the importance of domain names (noting that if a firm has invested in getting a good reputation, finding a URL with a very similar name is important). She chose to piece out the development work, rather than using a full service Web developer and host. Once developed, she had numerous friends and peers review the sites to assure that navigation was simple and straightforward. This test week assured them they could take the site public after a couple of weeks. All in all, getting on the Internet took her 3 times longer than she expected initially. During 2000, they fully recovered the costs of developing the site through on-line sales, with a tighter margin in January and February (due to seasonally slow sales). She built these costs in to higher online prices given the value she thought customers would put on the convenience. Finally, she noted that they included shipping costs in prices to simplify the sales process.

Marlene Groves is currently in the process of developing a site, so she had the perspective of someone fresh to this marketing concept. She noted that the strategy her company took was to fully develop the educational and information aspects of the site since buffalo are part of Western American history. Thus, people looking for information will run across her site in searches for information, and possible lead to new sales. This complemented the earlier discussion on the importance on knowing how consumers use search engines to find information and products. Producers of agricultural and food products may have some unique approaches including the addition of recipes on their Website, or material that people may be looking for on agriculture and food for health reasons. Each of these topics are common search engine requests. Marlene also noted that they were very artistic in the development of their site, choosing to attract consumers looking for an attractive "Web storefront."

The final speaker on the panel was Deanell Sandoval from Seasons Basket Company, who talked about the challenges she faced in gaining a Web presence. She entered the Internet marketplace begrudgingly, and was overwhelmed at the costs she found during her initial research. She finally decided to just use the Internet for information and contact numbers, serving as a referral source rather than a storefront.

The final speaker of the day was Dr. Dennis Black from XOR Consulting. He focused on the rapidly changing role and importance of the Internet for business applications. Although most of the day's discussion focused on doing business with individual consumers, he overviewed the reasons that Business between firms is changing through use of the Web.

Several reasons a company may be able to improve business through the Internet are:

- 1) Lower transaction costs
- 2) Improve the information available on your product and company (education and company/brand awareness)
- 3) Increased accessibility for new and current customers

Thinking of these general comparative advantages for doing business on the Internet, you should focus on which suits the needs of your company best, and develop a marketing plan and Internet presence consistent with those gains in business efficiency.

**The repeated themes for the day were:**

- ✓ Test the usability of your site! First impressions may last forever...
- ✓ Know your customers!
  - Do your Internet customers differ in some way?
- ✓ Have a clear marketing objective for your Internet presence.
  - Don't get on the Web because you feel compelled to...have a goal!

