



# ECONOMICS

## Marketing Your Farm or Ranch

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### Quick Facts...

Less than 20 percent of agriculture in Colorado has an active marketing or promotion plan.

Advertising can assist producers to maintain or enhance their market.

Value-added product development requires a promotional marketing plan.

The cost-to-benefit ratio for advertising is small.

Increasing public awareness of agriculture can yield surprising results in communities.

Less than 2 percent of the national population is actively involved in agricultural production. Promotional marketing is crucial to the survival of the agricultural industry. The key to effective marketing approach is to understand the elements, alternatives and target audience.

### Elements of Promotional Marketing

Marketing starts with setting goals. Decide what you want to happen and where you want to be, socially, economically or politically. Short-term plans often are tentative and hard to evaluate, but they lead to long-term goals that reflect your hopes and dreams. These are what need to be identified to give momentum to your initiative for marketing.

In addition to setting practical goals like “stay in business,” set measurable targets like “capture an additional 5 percent of the local sweet onion market within two years,” “reduce operating costs by 10 percent without a corresponding drop in production,” or “be the best known beef producer in the county by 1998.”

Goals that benefit the community and ecosystem can be used as marketing promotions in themselves. An example would be “Our goal at Delta Farms is to strengthen our resource base on all fronts — our community, our soil, water and air, and our children’s future.”

### Identify Your Markets

Decide where you want to go before you start the trip. Are you trying to maintain your existing situation? enhance your market opportunities? diversify your product market? develop a product that brings secondary returns or a premium price (a “value-added product”)?

Identify your target audiences. If you have no idea who you’re trying to reach, you may never reach them. Most consumer groups are identifiable by research and common sense. Promoting beef steak to the Vegetarians Association would be a waste of time and funds. The obvious targets include your traditional consumers. Second and third level markets often overlooked include your community, neighbors, nearby communities, international consumers, and producers and manufacturers who sell products complementary to yours. For instance, if you run a vineyard, perhaps you should market with the bottle manufacturer and local cheese processors.

### Marketing Treatments

Once you identify the target audience, you need to develop packaging, a slogan, and a logo. These are called an *angle* or a *treatment*. The angle is what you feel is the best way to approach the target audience. Two elements dominate

## **Physical Advertising**

*Products that advertise your business are economical, high profile, effective, and better targeted because they are tangible, obvious or both:*

- *Jackets or shirts made with a product or business logo.*
- *Door signs made for your vehicles.*
- *Colorful logos that people want to wear.*
- *Cups and calendars. Hand them out to contacts.*
- *Attractive signs leading to your business (check zoning regulations).*
- *Other incentive items with your logo and contact information.*
- *Flyers and promotional items distributed before key product events.*

## **Activities and Events**

*Many activities can enhance your marketing program:*

- *Sponsor charity events or scholarships.*
- *Set up educational youth programs, such as paid summer internships.*
- *Contribute to community events.*
- *Have an annual field day to show the community how your business works.*
- *Participate with other producers in educational agriculture tours.*
- *Communicate with commissioners, legislators, and other policy-makers to represent your business.*
- *Support worthy community efforts with editorials in local newspapers.*

successful results for promotional campaigns: confidence and exposure. If you are confident in the approach and you get enough exposure, people will respond. If you have misjudged the target audience, your response will be minimal or negative.

Your treatment must work within your financial means. Some people borrow to begin promotional efforts, but it often is more practical to start small and add the extra returns you realize back into the effort for the following cycle. Plan your program and set some funds aside just for promotions and advertising. The American Association of Advertising Agency suggest 2 to 5 percent of your operational budget should be for marketing. This will vary with your operation, priorities and situation. Many radio stations estimate that advertisers receive a 10 to 18 percent return on the cost of advertising. It is, however, a calculated risk that varies from location to location, product to product, and season to season.

## **Evaluation**

Someone has to be in charge of the effort. Often managers take on this responsibility, not realizing that they lack the time to be creative and implement effective marketing. A number of agricultural operations have found that placing another person in charge with pre-set guidelines or a review process works much better. No matter how it's done, someone should be accountable who can implement, monitor and evaluate the effectiveness of marketing.

Evaluation of marketing efforts is difficult. Other than monitoring product sales (which are not directly tied just to marketing), you have few methods to evaluate advertising results. The development of new consumers is a good measure, especially if you track location of sales and verbal comments. Also try surveys in conjunction with some of your marketing activities.

## **Media Format**

Print and radio ads often are the most economical and successful to reach local and nearby markets. Stations and newspapers may give a discount for a specific number of ads per year. Television is more expensive but often reaches a wider audience.

A new medium is the Internet and the World Wide Web. A home page for your business is economical, trendy (if this is the target audience you've selected), and controlled by you.

In all facets of your advertising, emphasize the following:

- You produce a high quality product.
- You are an active and vital part of the community.
- Your activities support other facets of the community (e.g., jobs).
- Your approach to business includes stewardship of community values and resources.