

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.

Cost-to-benefit ratio for advertising investment is small.

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

Introduction

Promotional marketing is crucial to the survival of the agriculture industry. Less than 2 percent of the national population is actively involved in agriculture production. The percentage drops more every day. Advertising is one of the few proven methods that can help producers maintain, enhance or diversify their operations. Countless consumer surveys have found that people tend to buy from a company or source they have heard about previously. The key to designing an effective marketing approach is to understand the elements, alternatives and target audience. The key to implementing a successful approach is to use a flexible and affordable technique that fits you, your product and your target audience.

The Elements of Promotional Marketing

Basic elements needed to establish an effective marketing approach include: setting realistic short-term and long-term goals; analyzing and specifying target audiences; developing a theoretical approach; creating a logo and/or slogan; prioritizing and setting up an advertising budget; designating responsibility for the program; and setting up a system to evaluate the effectiveness of your efforts.

Setting goals for your operation is inherent for everyone whether conscious or not. Formalizing what we want to happen, where we want to be in the future, or where we want to stay socially, economically or politically is the beginning of effective planning. Short-term plans often are tentative and hard to evaluate. Short-term plans lead to long-term goals that are often the designation of hopes, dreams and aspirations for success. These are what need to be identified to give momentum to your initiative for marketing. In addition to setting practical goals like "staying in business," set measurable targets like "to capture an additional 5 percent of the local sweet onion market within two years," "to reduce operating costs by 10 percent without a corresponding drop in production," or "to be the best known beef producer in the county by 1998."

Goals that are beneficial to 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, soil, water, air, and children's future."

An operational facet of setting goals is to decide whether you are trying to maintain your existing situation, enhance your market opportunities, diversify your product market, or develop a product that brings secondary returns or a premium price - commonly called "a value-added product." Decide where you want to go before you start the trip.

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Identifying target audience(s) is a crucial step for success. If you have no idea who you're trying to reach, you may never reach them. Most consumer groups (target audiences) are fairly identifiable via research and common sense. Promoting beefsteak to the Vegetarians Association would be a waste of time and funds. The obvious targets usually include your historic market consumers. Additional targets that are often overlooked are called *secondary* and *tertiary* markets. These may include your community, your neighbors, surrounding 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.

Once you identify the target audience, you need to develop packaging, a slogan, and a logo, all of which are called an *angle* or a *treatment*. The angle is a direct result of your determination of the best way to approach the target audience. Two elements dominate successful results for promotional campaigns: confidence and exposure. If you are confident in the approach (which is palatable to the target audience) and you get enough exposure, people will respond. It is important to note at this point that if you misjudge the target audience your response will be either minimal or negative.

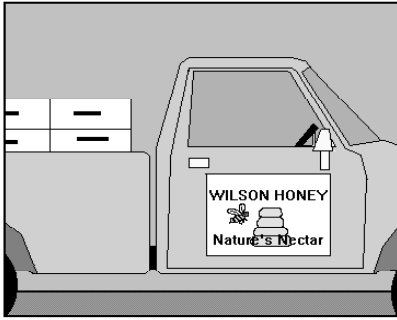
All of the approaches have to work within your means. Some people borrow to begin promotional efforts, but it often is more practical to start small and add the extra returns you realize back into the effort for the following cycle. Whichever you choose to do, plan it out and set the funds aside just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

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 one of the most difficult jobs. Other than monitoring product sales (which is not directly tied just to marketing), you are limited in methods to evaluate advertising results. Recognizing the development of new consumers is a good start, especially if you track location of sales, verbal comments, and try some survey activities in conjunction with some of the activities that support marketing.

Media Format

Promotional media comes in such diverse formats that there are several types to fit any taste, product and budget. Of the commercial formats, print and radio ads often are the most economical and successful in effectively reaching local and nearby regional markets. Usually the stations and newspapers will strike contracts for a specific number of ads or spots per year at a discount. Television is more expensive but often reaches a wider audience. However market results may not reach you directly, if at all. This situation is changing with the establishment of a greater number of local television stations. A new and developing medium is the Internet and a home page on the World Wide Web. Developing a home page for your business is economical, fashionably trendy (if this is the target audience you've selected) and controllable by you.



In addition to commercial media formats, consider the physical advertising formats. These often are economical, high profile, effective, and better targeted because they are tangible, obvious, or both. Such physical formats include:

- Have jackets/shirts made with a product or business logo; wear them.
- Have door signs made for your vehicles and show them off.
- Design colorful logos that people want to wear.
- Have cups and calendars made; hand them out to contacts.
- Place attractive signs leading to your business (check zoning regulations).
- Design other incentive items with your logo and contact information.
- Distribute flyers and promotional items before key product events.

A number of activities can be used to enhance your marketing program in addition to the use of marketing materials:

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

In all facets of your daily business, strive to emphasize several factors to everyone you contact, including:

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

How you market your farm or ranch is not as important as actually doing it. Economic trends within the United States have created an environment that is almost hostile to the future of agri-business. Effectively marketing your product(s) may make the difference in maintaining your business in the future.

