

Have you ever considered marketing your own farm products? This issue of the Farm and Ranch Survival Kit is full of information that will educate and inspire you to take the steps to start your own value added farm enterprise.

Our first article covers the basics of marketing by introducing you to the Marketing Mix. This formula is the foundation for all your marketing efforts.

If you are located over 100 miles from a large metropolitan area, the second article is for you. It is included to give you ideas about how to overcome the distance between you and your customers.

Our last article interviews three farmers who have already taken the steps to build their direct marketing business. You can learn from their experience as they tell you what have been their challenges and rewards of direct marketing.

This is the final issue of your Farm and Ranch Survival Kit. Thank you for your participation. Watch for a survey coming by mail or e-mail asking you to share feed back about the program.

Cheryl Williams-Cosner Project Coordinator

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Marketing: What It Is and What It Isn't

What do you think of when you hear the word "marketing?" Insurance salesperson? Mail order catalog? Pop-ups on your computer? These things are all part of marketing but by themselves they are not really marketing.

Thankfully, we have a formula for helping us remember what marketing is all about. We call it The Marketing Mix or The Four P's. The Four P's represent Product, Price, Place (distribution) and Promotion. By looking closely at each of these we can see how they apply to a marketing plan for your farming business.

Product

The most obvious part of the Marketing Mix is your product---what you are selling. This does not have to be a "thing." It can be a service, as in the case of tax preparation, or an idea or social message such as having a designated driver when you go to a party. Defining a product may seem simple but it helps to look critically at what we are producing and ask ourselves some questions.

- What makes my product unique? How does it differ from the others? With commodities there is very little that differentiates your product from others farmers who produce the same product as you. On the other hand, value added farm based enterprises can be very specialized and unique.
- Who is my competition? Direct and indirect?
- Why would I want to own or use what I am selling? What are the benefits of owning what I have to offer?
- Who are my customers? Can I define them by age, gender, income level, hobbies, education level, career?
- What is the best way to reach these people?
- What are my product's weaknesses?

By answering these questions, you are much better able to position yourself in the marketplace than business that haven't bothered to scrutinize their products.

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Marketing: What It Is and What It Isn't (continued 2)

Price

As a direct marketer, you are now in the driver's seat when it comes to pricing. You set your prices rather than letting the commodity market dictate what you will receive for what you produce. Different products require different strategies. As farmers we often have a very difficult time with this because pricing can be subjective.

Your pricing strategy can follow one of two basic approaches: price skimming or price penetration. Price skimming is when you choose a high end price in order to skim the market. Think Mercedes, Tiffany and Prada. Price penetration is when you chose a low price to penetrate the market and capture a large share quickly. Think Budget Rental, Wal-mart and McDonalds.

Most of us cannot afford a price penetration strategy. It is much better for us to know our costs, add a reasonable profit mark up and stick to it. We can compete in other areas such as providing a superior service, distributing our products in a unique way or creating interesting and creative approaches to promotion. Look for ways in which you can separate your-self from the competition other than with price. By understanding your customer, you have the information that allows you to make educated pricing decisions. Remember, if you are selling a premium product, do not be afraid to price it as a premium product. You are sending a mixed message to your customers if you undervalue what you sell.

Place (Distribution)

The best place for your product is where your customers are already. Consider how you could reach your target audience in a way that your competition hasn't thought about.

You may consider doing cooperative promotions with non-competing businesses that will reach the same audience. As a livestock producer, consider developing a relationship with a winery. People interested in wine generally are interested in fine food. Promote an event where your lamb, pork or beef is served at winemakers' dinners or at wine tastings. The winery is not directly competing with you and you happen to share an audience. By promoting your products together you enhance each other's business. Or think about working with a gift business and develop a gift basket using your jams, jellies, baking mixes or pickles. Consider getting to know the realtor that sells high end homes. People moving into a new community are looking for suppliers of products they may have left behind in their past community. Put your product somewhere that your competition overlooks. The goal is to reach your audience in a unique way through your distribution.

Promotion

Promotion is probably the element of the Marketing Mix we are most of us are familiar with. It includes advertising, public relations, personal sales and promotions.

Advertising is purchased space in the media. Large multinationals rely heavily on this form of promotion for their products. As small businesses, we must use advertising judiciously. The key to successful advertising is to budget for several exposures rather than one big splash. Use credit card sized display ads six times rather than one full page ad. People need to see your business name several times before they will act on it an advertisement. Select your media carefully. Since food is visual, be careful using radio unless you are announcing specific event. TV is are beyond the advertising budget for most of us. Newspapers need several consecutive ads ran to be effective. Magazines can be very specific but also expensive. Internet advertising is still new enough that people are learning what is effective and what isn't. And don't forget the power of word-of-mouth advertising. Keep your customers happy and they will do this work for you.

Public relations is a third party endorsement from a newspaper, magazine, radio or television station in the form of a story or article. Public relations (PR) can be very effective at getting your message out. A story in the newspaper or a spot on TV can be a tremendous boost to your business. PR firms place a value on their story or article by measuring how much space it takes in a newspaper and equating that to paid advertising. This can amount to thousands of dollars if the article is in a large metropolitan paper. Even placed in smaller papers, an article can be valued at hundreds of dollars. Most newspapers and radio talk programs are looking for opportunities to publish articles or do interviews about local successes. Submit press releases to editors with your name and phone number. If they are interested, you will get calls.

Marketing: What It Is and What It Isn't (continued 3)

Personal selling is when you or your sales representative present your product to potential customers. You may be your own personal sales representative or you may hire someone to do it for you. An outside sales representative can either be an employee or an independent contractor on a commission. Personal sales also includes participating in trade shows. These can be a very effective way to launch a new business or product. Buyers that attend these events do so with the idea of finding new products. Who knows? You may attract Nordstrom's with your 100% organic wool hats!

Promotions are tools that increase awareness. These can be engraved pens, pads, key chains, even your business cards and letterhead. These create name recognition. A promotion can be also be a special event. Don't forget to invite the media. A simple essentially free way to promote your business is to tailor your voice mail or answering service to announce upcoming shows and advertise your website. Or have magnetic signs made for your car or pick-up.

As small business people, we can easily adjust our marketing to match new opportunities that come our way. Networking is an great way to build your business and learn new management skills. Keep trying new things to improve your marketing and continue to evaluate your success.

Cheryl Williams-Cosner has 20 years of experience as a small business owner and educator in agriculture. She specializes in marketing for ranchers, farmers and visual artists and holds an MBA in Marketing.

Your Survey is Coming!

As part of the Farm and Ranch Survival Kit team, I would like to take this time to thank you for your participation in the Farm and Ranch Survival Kit project. As coordinator, I have found researching, editing and compiling your kit interesting and rewarding.

Our project is coming to a close, so we are now asking for you feedback on the impact of this program. Your input will not only help us measure program outcomes but will serve as an important tool for us to use in planning future programs.

You will be receiving a printed survey by first class mail after March 24. This written document will be one page printed front and back. Please complete both sides of the survey. We will provide you with a self-addressed stamped envelope to return the completed document. The estimated time to complete the written survey is fifteen minutes.

Because we want to receive input from every program participant, we will follow up with a telephone survey to those from whom we do not receive a written survey by April 14. The estimated time to complete our phone survey is 20 to 30 minutes

Your responses to our survey will be kept confidential and used for research and reporting purposes only. Names will never be connected to your response.

Though your participation in our survey is optional. However you feedback will help us develop more programs that are tailored to your needs and interests.

And an added incentive all program participants who complete and return this survey by <u>April 21</u> will receive a FREE financial workbook of their choice (retail value \$19.95)!

These workbooks will be available to you at the Wasco County, Oregon or Klickitat County, Washington Extension offices. Workbook topics include succession planning, financial planning and a business success guide.

Marketing Strategies for Farmers and Ranchers: Alternative Marketing for Commodities Grown in Remote Locations

While farmers located near population centers have a variety of opportunities to connect with consumers, farmers in very rural areas have to be more creative. Those in remote locations, usually producing grains, oilseeds and livestock products, face special marketing challenges. Yet, changing tastes and an increasingly "wired" world offer new options.

Diversification. One of the keys to broadening marketing strategies is diversification. Diversifying your operation can increase your returns and spread risk. Today's consumer-driven market offers new opportunities for marketing a wide variety of products tailored to the end user's needs. Consider growing edible soybeans, high-value horticultural crops or organic beef. Or branch out: New technology is creating a growing market for non-food, non-feed uses of agricultural products and byproducts, many based on nontraditional crops.

While some alternative crops are grown almost exclusively under a contract arrangement, many do not have well-established markets. Be certain you can sell a crop before planting it. For more information, see Sustainable Agriculture Network's "Diversify Crops for Profits and Stewardship" at www.sare.org/publications/diversify.

Adding Value. While adding value through processing can be profitable for face-to-face marketing, it can be even more valuable to farmers who market at a distance. Dean and Hope Folkvord of Three Forks, Montana, found that conservation tillage and recycling not only protect natural resources, but also increase profits.

Starting with small sales of specialty grain to a few regional bakeries, the Folkvords have transformed their wheat farm into Wheat Montana, selling packaged raw grain and grain mixes, flours and bakery goods. Wheat Montana products are marketed on-farm, through stores in five states and on the Internet, bringing in \$3.5 million a year. The Folkvords tell their story on their web page, www.wheatmontana.com.

"Until the early 1980s, the Folkvords would sell their grain to distant markets as other wheat farms do, but they were getting hammered by price fluctuation as they watched most of the other farms in the area discontinue. Rather than getting slowly sucked under, they decided to make changes. 'We looked for a way to make lemonade out of lemons. We can't grow a lot of wheat but we can grow high quality milling wheat -- the best milling wheat in the country,' Dean Folkvord says.

"They diversified their operations and added value to their farm by focusing on their strengths. It now includes a bakery with their own brand-name bread and a thriving business selling their high-protein grain to 110 specialty breadmakers around the country. 'Our farm now generates 10 times the gross income it did when we shipped grain as a Plain Jane wheat farm,' Folkvord says."

A key to their success lies in their bread bag recycling program, where customers receive a free loaf of bread with every 13 bags returned. The program has helped Wheat Montana build an identity and inspired interest from a very diverse group of consumers.

Mail Order and Internet Marketing. Mail order and the Internet offer farmers new ways to form long-distance relationships with consumers. Newsletters, catalogs and web sites offer customers a personal introduction to the farmer and the farm. They tell, in words and with pictures, about your operation and the community as well as the product. Consumers can learn about the issues facing sustainable farmers today and how to support efforts to protect the environment.

The Internet is also a great way to research potential markets or connect farmers in remote areas with buyers all over the nation and even overseas. Web sites such as www.oatlink.com offer avenues for producers and buyers of specialty grains to connect.

Maggie Julseth Howe of Prairieland Herbs (www.prairielandherbs.com) relies on Internet marketing to expand sales of herb and body products beyond her small Iowa town. Not only does the web site offer an easy way for people to re-order their favorite products, but it offers her small shop a more cosmopolitan cachet.

Alternative Marketing for Commodities Grown in Remote Locations (continued)

"Many people are excited to hear we have a web page -- I think it lends us credibility," she says. "I can keep it more up to date than our print catalog -- it's a lot easier to change a web page than a print catalog! -- and use the web site to show color pictures of our products. As our catalog business grows, the web site will grow to be more of an asset."

Do not rule out agritourism even if you own a farm in a remote location, especially if some other basis for tourism, such as parks or historical sites, already exists. Harvest festivals, dude ranches, fee hunting, and bed and breakfast operations all integrate well with wider regional efforts.

Attracting consumers to remote areas may require communities to work together to develop tourism. Local farmers could band together to offer a wide variety of farm products and agri-entertainment activities, based on unique local attributes.

This excerpt from the article "Marketing Strategies for Farmers and Ranchers" available through Sustainable Agriculture Research and Education (SARE.) It can be read in its entirety by going to http://www.sare.org/publications/marketing/index.htm.

The Farmer-Chef Connection: A Golden Opportunity

My recent experience at the Portland Farmer-Chef Connection was well worth the four hour drive to Canby Fairgrounds to attend. As a direct marketer of hormone and antibiotic free, grass finished, soon-to-be certified organic lamb and beef, I was looking for opportunities to connect with buyers who wanted what I had. And this was the place.

Sponsored by Ecotrust and the Portland Chapter of the Chefs Collaborative, the Farmer-Chef Connection is a "day long gathering designed to foster collaboration and direct market opportunities for local farmers, ranchers, chefs and retailers who are committed to expanding and strengthening local and seasonal food networks." This joint project was created in 2001 making this year the sixth annual program.

The program included keynote speaker Joel Salatin, an innovative farmer who has developed a duplicable model for direct marketing his farm raised poultry, beef, hogs, eggs and rabbit. The author of "You Can Farm," "Pastured Poultry Profits" and "Salad Bar Beef" gave a dynamic speech that galvanized participating farmers and chefs to continue the grassroots movement of local food production.

A mid-morning matching session helped connect buyers and farmers via a auction-style bidding process. Farmers were divided into production groups while buyers "bid" for what they needed to purchase. A farmer-chef panel made up a discussion on the Community Supported Agriculture (CSA) model used to supply restaurants with fresh produce.

A superb lunch was prepared by volunteer chefs using ingredients donated by producer farmers attending the event. A leisurely lunch hour allowed for more networking between growers and buyers followed by several educational workshops on cold calling, purchasing, meat preparation and the "green" timber industry.

For a farmer or rancher considering direct marketing, the Farmer-Chef Connection is a cost effective, efficient way to meet your market in one place. Participants are looking for vendors that can supply farm fresh food and many understand the seasonality that can come with working directly with the farmer.

In addition to the one day gathering, the Farmer-Chef Connection publishes the "Guide to Local and Seasonal Products" for buyers and vendors. This directory is for chefs and retailers to source local products, and for fishermen and farmers to sell products directly to restaurants and retailers. The Guide currently lists buyers and sellers located in the Pacific Northwest. If you are a local producer or buyer, the Farmer-Chef Connection encourages you to submit your listing by May 31st for the next publication.

For more information regarding the Farmer-Chef Connection events or to submit your listing for the Guide to Local and Seasonal Products, go to www.farmerchefconnection.org. You may also contact Ecotrust at www.ecotrust.org or phone 503.467.0770.

Cheryl Williams-Cosner has 20 years of experience as a small business owner and educator in agriculture. She specializes in marketing for ranchers, farmers and visual artists and holds an MBA in Marketing.

Steps to Success: An Interview with Direct Marketing Farmers

One of the fastest ways to learn a new skill is to learn from the people who are already doing it. This article will introduce you to three farmers who were willing to share how they are building their own direct marketing business. The products represented by these three farms include milk, herbs, berries, honey, fiber, grain, flour, meats and poultry.

Four Mountain Milling is owned and operated by MaryAnne Enyeart of Goldendale, Washington. MaryAnne started her milling business a little over a year ago to diversify her family's farming operations.

Conway Family Farm is owned and operated by Shaun and Lorrie Conway of Camas, Washington. Shaun and Lorrie became a licensed Grade A Raw Milk Goat Dairy in late 2005, one of the first to complete the certification process in the State of Washington.

Thundering Hooves is owned and operated by Joel and Cynthia Huesby and family of Touchet, Washington. Joel and Cynthia started their antibiotic and hormone free, pasture raised meat business in response to a demand they saw in the marketplace and a desire to find a better way to farm. They market their products across the state of Washington and from their retail store in Walla Walla.

Briefly describe your value added business. Describe what products are you producing? Where do you operate your business? How long have you been in business?

Four Mountain Milling: I make baking mixes from stone ground soft white wheat grown in Klickitat County. I make Golden Valley Pancake Mix, pan bread mix, scone mixes, raw apple cake mix and flour. These mixes are also available for sugar free diets. I operate from my home in Goldendale, Washington. I began selling products in December 2004.

Conway Family Farm: We operate as a "boutique" farm offering unique items from 5-acres of sustainable acreage near Camas, Washington. We raise dairy goats, sheep, lavender, blueberries and honeybees. We process and direct market all of our products ourselves. Our product offerings include Grade A raw goats milk, woolen blankets, wool yarn, handmade soaps (goats milk & lanolin) lotions and linen sprays, fresh blueberries, fresh and dried lavender and propagated lavender plants, and this fall we will also offer honey. We are located at a suburban interface area in Fern Prairie Washington (near Vancouver) and have lived on this property for 15 years. Our farm has evolved to what is it now over the past 5 years.

Thundering Hooves: Thundering Hooves is a fourth generation family farm located in the Walla Walla Valley of Washington State. For the past six years, we have raised and finished 100% grass fed livestock (beef, lamb, and goat) and pastured poultry (turkey and chicken) on certified organic pastures of alfalfa and grass. Our livestock receive no hormones or antibiotics. We then process our meats in our own meat processing facility. The result is naturally flavorful, healthy meats direct to the consumer.

What made you decide to start marketing your products?

FMM: I decided to start my business as a side business for our farm operation. My farm situation changed when my husband died and I decided to see how I could diversify our farm income.

CFF: We have the luxury of being located next to a large metropolitan area (Portland, OR.) As the health conscious and social awareness trend continues, we are provided with a wonderful opportunity to offer our products directly to the consumer. By marketing this way, we also realize an increased profit. It provides us with an opportunity to educate others about agriculture, land stewardship and animal husbandry. Since we produce items on a limited quantity basis, direct marketing our products has allowed us to control the customer base rather than trying to meet the demand of a retail outlet.

TH: The commodity market was unsustainable financially, ecologically, and socially. So, we decided to cut out virtually ALL of the middle-men and direct-market our products from "soil to sale."

Steps to Success (continued 2)

How do you currently market your product line? How many unique items are you marketing? How do you distribute your products?

FMM: I currently market my products by word of mouth, website sales, advertisements in local paper, Ruralite magazine and distribution to local and regional vendors. I now have a website and plan to do more extensive advertising. I sell 11 products including gift packages. These are distributed through delivery service or mail. All of my products can be shipped using the postal One Rate box making shipping convenient and economical.

CFF: We have established farm recognition through agri-tourism events. We also attend local gift shows, fairs and bazaars. We use free Web marketing tools (links and source lists) for the raw milk and we maintain an informational farm Website. Currently, the most unique item that we are marketing is the raw goat milk, primarily because we are one of only five licensed dairies in the state of Washington. In addition to the milk, we are marketing about 16 products that we produce from the farm. The primary distribution channel is through the farm gift cottage.

TH: Our products are currently sold at our retail store at our meat processing facility, to a few local restaurants, and via our website. We deliver products to restaurants in our van. Website orders are distributed to customers by meeting them at strategically located drop-off locations, where customers meet us at a given time to pick up their web-orders. We have historically sold our meats at several farmers markets, but we are considering moving away from that model and moving more toward a wholesale approach. We currently have 25-30 available products, mostly beef.

What licensing requirements, if any, did you have to meet to sell your products?

FMM: To sell in Washington, my products must be made in a commercial kitchen. My commercial kitchen is at the Columbia Gorge Community College so I must get a Food Inspection report from the Oregon State Department of Agriculture. I also must have liability insurance to use this kitchen. I must be registered with State of Washington Department of Revenue and have a Unified Business Identifier (UBI) number.

CFF: Because we are producing a small amount of bath and body products, we fall into an FDA exemption for licensing. We do operate in the State of Washington under a Master Business License with endorsements as a nursery, have registered our beehives, and have paid the weights and measures fee for our scale used to weigh blueberries. The largest licensing requirement was for the Grade A dairy. We worked through Washington State Department of Agriculture to secure a Milk Processors License as well as a Milk Producers License. Each license has its own criteria that must be met.

TH: Depending upon the product, it must be either WSDA or USDA certified. For poultry sales we had to have a WSDA processors license. Different counties also require different meat-handler licenses for our sales staff. Plus we needed a retailer license to sell out of our own store.

What do you see as the greatest reward in doing what you are doing?

FMM: The greatest rewards are hearing people say how they enjoy my products, seeing my products on a shelf, having folks ask about my products and knowing my product will be convenient and nutritious and good to eat.

CFF: I love my little farm. The greatest reward is sharing with other people what you can do with a small space and seeing others inspired by what we have done.

TH: We appreciate the independence associated with setting our own guidelines and operating a socially/environmentally conscious enterprise that is setting the standards, as opposed to fighting the standards. This applies to our agricultural practices, as well as setting our own prices.

Steps to Success (continued 3)

What do you feel is the greatest challenge in doing what you are doing?

FMM: The greatest challenge is marketing my product including finding a good and reasonable package, selling at a price that I can make a profit and still be desirable to customer. I continue to struggle with advertising, what level and how to reach desired customer.

CFF: Space. Since we don't have much acreage, we are limited with how much we can do. We are always trying to figure out creative crops or uses for our acreage that are compact ways of doing things.

TH: It is challenging to start up any new business and to find your niche. There are significant financial challenges in this business and it is difficult to explain to traditional lending institution how this very nontraditional enterprise can fit into their financial models. In addition to financing, anytime you operate outside of existing models, you often find that you need to create a new infrastructure to accommodate your specific needs.

What character trait or traits do you believe are most important to the success of any agriculture producer considering marketing their own products?

FMM: I believe the character traits that are necessary to market one's own product are to know and believe in your product and desire to share your products with others. For one who is a bit timid, this takes a little more time as we all aren't born peddlers. One must have the eagerness to find new avenues and accept risks.

CFF: We have tried to have the philosophy that we want all of our customers to leave as our friends and that philosophy seems to be serving us well. We try to always be available and friendly when our customers stop by. We share "farm happenings" such as new babies and make them part of the process. We give them little farm gifts, maybe some fresh veggies or berries as appreciation for their loyalty. Certainly it is important to be friendly. We also believe that presentation, presentation, presentation is very important, so having the ability to offer your products in an appealing manner is key.

TH: Persistence is the most important trait. Followed by passion, belief, and creative thinking. Keep pursuing the dream until you find a way that works.

You can contact the growers featured in this article at these addresses:

Four Mountain Milling, 780 Highway 97, Goldendale, WA 98620. www.fourmountainmilling.com. 509-

Conway Family Farms, 32116 NE Dial Road, Camas, WA 98607 www.conwayfamilyfarm.com or 360-834-0315 http://www.countrycharmtour.com

Thundering Hooves, Retail Store Address 2021 Isaacs, Walla Walla, WA 99362 1-866-350-9400 / 509-522-9400 http://www.thunderinghooves.net

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Resources

Website and Internet Resources

Cornell Small Farms
http://www.smallfarms.cornell.edu/pages/resources/index.cfm

Western Center for Risk Management Marketing Page http://agecon.uwyo.edu/RiskMgt/MarketRisk/MARKETDEFAULT.htm

General Information

Sustainable Agriculture Research & Education (SARE) program USDA 10300 Baltimore Ave, BARC West, Bldg. 046, Beltsville, MD 20705 (301) 504-5230 san@sare.org, www.sare.org

SARE studies and spreads information about sustainable agriculture via a nationwide grants program.

Alternative Farming Systems Information Center (AFSIC)
USDA National Agricultural Library, Room 132, Beltsville, MD 20705 (301) 504-6559
afsic@nal.usda.gov
www.nal.usda.gov/afsic

Provides on-line information resources, referrals and database searching.

Appropriate Technology Transfer for Rural Areas (ATTRA) P.O. Box 3657, Fayetteville, AR 72702 (800) 346-9140

http://attra.ncat.org

Managed by the National Center for Appropriate Technology (NCAT), with a grant from the USDA, ATTRA is the national sustainable agriculture information service, providing information and technical assistance, free of charge, to farmers and other agricultural professionals on sustainable agriculture.

Columbia Gorge Community College 400 East Scenic Drive The Dalles, OR 97058 (541)506-6121

Commercial kitchen space available for processing agriculture products into food.

Books and Print Resources

In the Eyes of the Law, Legal Issues Associated With Direct Farm Marketing. Prim, R.and Foede, K.Product Catalog: Bulletin \$10. Item BU-07683-GO. Order by calling 1-800-876-8636 or go to www.extension.umn.edu/abstracts/nonweb/abstract.html?item=07683.

Salad Bar Beef, Salatin, Joel. Polyface, Inc., Swoope, Virgina. © 1995

Pastured Poultry Profits: Net \$25,000 in 6 Months on 20 Acres, Salatin, Joel. Polyface, Inc. Swoope, Virgina. ©1996

Farm Fresh: Direct Marketing Meats & Milk, Nations, Allan. Green Park Press, Ridgeland, MS. ©2002