Guest Farmer Presenters

Laura Frerichs
Loon Organics

Becca Carlson
Seeds Farm

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Who Are Your Customers?
Market Type and Customer Demographic

Handout

Customer Demographics and Psychographics

Demographics	Psychographics	
	Customer's Primary Needs	Customer's Primary Values

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Profit Modifications

1. **Raise Prices**
   - **Value / Services**
2. **Sell More Units**
3. **Lower Cost of Production**

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Raise or Lower Your Prices – Net Income

___% price cut means you must sell	___% more volume
3%	13.6%
5%	25%
15%	150%
20%	400%

___% increase = same profit on	___% of the same volume
3%	90%
5%	83.5%
10%	71.5%
20%	55.5%

Walter Carpenter, Extension agent, Rensselaer County, NY

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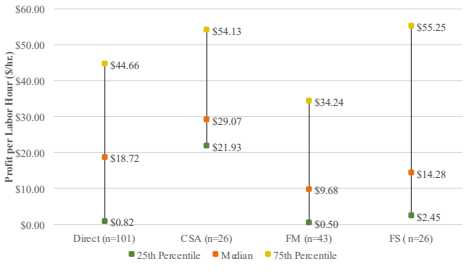
Profit per Labor Hour Percentiles, Direct Markets



*Profit doesn't include production costs, starts at harvest

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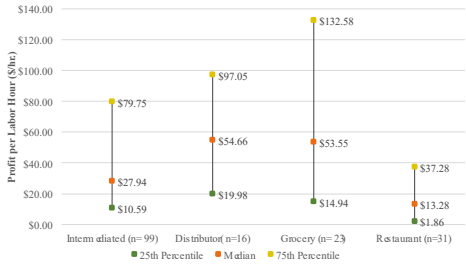
Profit* per Labor Hour Percentiles
Intermediated Markets



*Profit doesn't include production costs, starts at harvest

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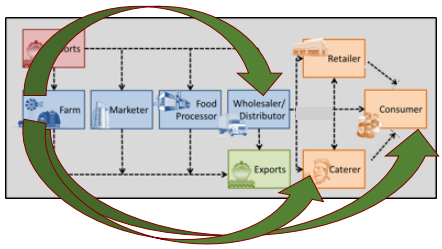
Direct & Wholesale Marketing



What roles-tasks must be covered by your business?

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1. **Consistently** producing the
2. **Correct volume** and **quality**
3. **In efficient systems** and
4. Marketing a non-fungible product to
5. Committed, consistent markets.

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BENCHMARKING WITH OTHER FARMS

Farm Scale	Average Labor Hours Per Acre	Average Gross Sales Per Acre	Average Net Cash Income Per Acre	Average Owner Hourly Wage
< 3 acres	1,957	$15,623	$5,664	$4.96
3-12 acres	850	$11,121	$4,679	$7.45
>12 acres	554	$10,810	$3,757	$11.36

Farms all grow multiple vegetables/sell in multiple markets
Grower to Grower Study, 19 Farms
John Hendrickson, University of WI-Madison

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Gross Income Per Product Unit

Understand the Potential and Needs / Values of Your Market

Direct to *Value-Committed* Groceries
Roadside Stand
CSA
Premium Restaurant
Farmers Market
Direct to Mainstream Retailers
Wholesale - Institutions
Wholesale – Distributers

Gross Income Per Acre

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Gross Income Per Product Unit

Understand the Potential and Needs / Values of Your Market

Direct to *Value-Committed* Groceries
Roadside Stand

WHERE DOES PROFIT PER LABOR HOUR COME IN!!

Premium Restaurant
Farmers Market
Direct to Mainstream Retailers
Wholesale - Institutions
Wholesale – Distributers

Gross Income Per Acre

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FUNGIBLE

freely exchangeable or replaceable for another of like nature or kind.

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Can You Market Your Way Out Of The National Pricing Game?

Profits can fluctuate widely from price changes.

If your product can't be distinguished from another, it is "fungible" and replaceable.

Month	Organic	Conv.
Jan	40.60	22.90
Feb	49.05	18.25
March	39.08	15.50
April	45.57	19.92
Oct	54.70	20.07
Nov	40	20.11
Dec	28.95	18.43

Spinach 2008

Can be more challenging in today's market, and even more crucial

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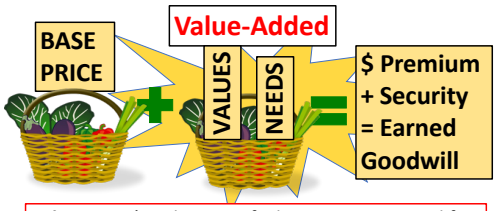
Sell More Than Just Fresh Produce



Values: One's judgment of what is important in life

Needs: Something that a person must have in order to live or succeed or be happy

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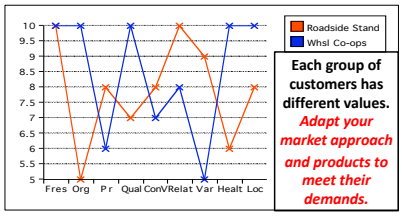
Why do they buy?

Psychographics: WHY certain demographic types buy for one reason and other types buy for another.



Each group of customers has different values. *Adapt your market approach and products to meet their demands.*

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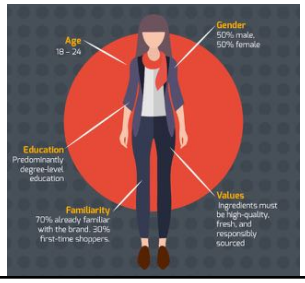
Who Are Your Customers? Market Type and Customer Demographic



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Who Are Your Customers? Market Type and Customer Demographic

Customer Demographics and Psychographics

Demographics	Psychographics	
	Customer's Primary Needs	Customer's Primary Values

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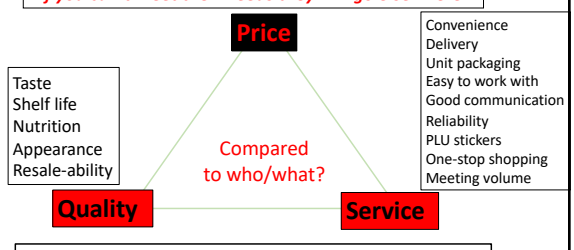
Meet Your Buyers Needs

"If you can't meet their needs they will go elsewhere."



Meeting buyer's NEEDS and VALUES defines your brand and differentiates you from the competition.

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Barriers grocery store buyers identify to purchasing locally.

- Grading Standards
- Cold Chain & Shelf Life
- Food Safety
- Product Consistency

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Sell More Than Just Fresh Produce

BASE PRICE + NEEDS = $ Premium + Security = Earned Goodwill

Industry Standards
- #1 Quality
- Food Safety
- Standard Pack
- Post Harvest Life

Customer Service
- Reliability
- Product Consistency
- Correct Volume
- Good Communication
- Advance Notice
- Convenience

NEEDS WILL GENERALLY OUTWEIGH VALUES

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Health is a primary driver for many food purchasers

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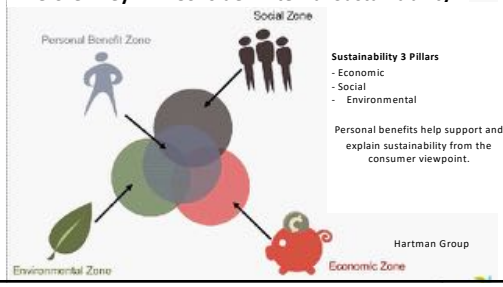
VALUES
Customers' Personal Benefits Must Be Served Before They Will Consider External Sustainability



Sustainability 3 Pillars
- Economic
- Social
- Environmental

Personal benefits help support and explain sustainability from the consumer viewpoint.

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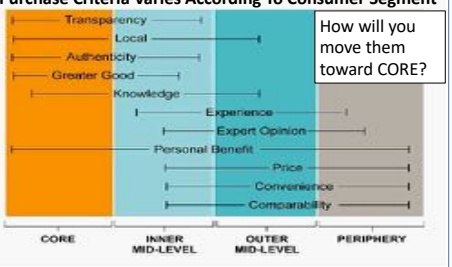
Purchase Criteria Varies According To Consumer Segment



How will you move them toward CORE?

Even with core customers, if personal needs are no longer met, external values are not enough to keep them.
How does this apply to CSA issues?

Hartman

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Why Should We Buy Your Food?

Handout

Educate about your product's external benefits to develop core customers

Be sure your product and promotion aligns with your customer's personal needs.

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WHY SHOULD WE BUY YOUR FOOD?

Introduce Your Farm Business: Using the framework of *Demographics, Values and Needs,* provide a concise understanding of your customers, marketing systems, and products.

- How do you distribute your product to your customer? (CSA, f-market, . ..)
- Who is your customer? What do they value and need?
- What are your base products and what quality and services do you provide with it?

Laura Frerichs
Loon Organics

Becca Carlson
Seeds Farm

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PROFIT and LABOR CHECK

Quality & Services
- Do you charge enough to pay for the services and quality you provide?

Is It Working?
- Will customers keep paying it?
- Are the services too burdensome to continue?

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how is your product/farm
different and better

Handout

Market Development Worksheet

Presenter: Atina Diffley, Organic Farming Works

Ways Your Farm Is Different and Better

1	
2	
3	
4	
5	
6	

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COMPETITIVE ADVANTAGE

Ways You Are Different & Better Than Your Peers

- **Gold Standard Quality and Consistency and Pack**
- **Soil Type and Associated Crops**
- **Mechanized / Acreage**
- **37 Min if we hit all the lights**
- **Signature Crop: Organic Sweet Corn**
- **Direct to Retailers**
- **Name Brand – Co-Marketing Program**
- **Position as organic pioneers and "go-to-experts"**

BRANDING and MARKET/FARM ANALYSIS

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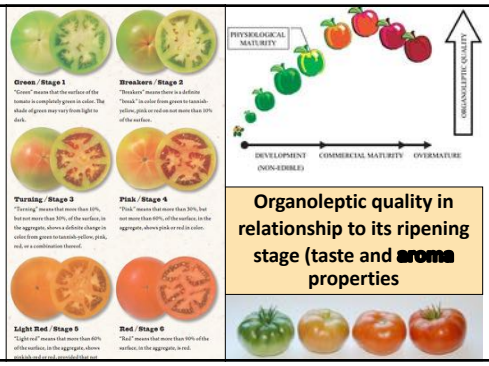

Organoleptic quality in relationship to its ripening stage (taste and aroma properties

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SOUP MIX
3# - $9.99

Ingredients: Contains five or more of the following - seasonal variations of carrots, (red, yellow or orange), turnips, (purple, or sweet scarlet), parsnips, rutabagas, celeriac, and sunchokes.

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What Is Your Customer Expecting?

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http://cuke.hort.ncsu.edu/cucurbit/wehner/vegcult/vgclintro.html

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Different & Better

How is your product different and better than your customers' alternative options?

Laura Frerichs
Loon Organics

Becca Carlson
Seeds Farm

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Market Analysis

- How do you go about a market analysis?
- When do you do it?
  - Annually?
  - When you aren't profitable?
  - Responding to a problem or opportunity?
- What did you do when you were a beginner and didn't have an established customer base.

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Evaluating: New Products / Cultivars

Characteristic Beyond Novelty?

- Eating Quality: More Tender, Sweet, Unique Taste
- Convenience
- Increased Nutrition or Disease Fighting
- Growing Cuisine or Ethnic Group?

Sell Features and Benefits

"This Lacinato kale is more tender."

~~"I have Lacinato kale for sale."~~

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FOOD TRENDS – Significantly alter the way we eat. Become part of our eating culture.

FAD – A fashion that is taken up with enthusiasm for a BRIEF period.

Trend Or Fad?

- Food Vetting	- Squirrel
- Cupcakes	- Juice
- Bacon	- Kale
- Animal Fat	- Root crops
- Pot Cuisine	- Fermentation
- Insect Cuisine	- Cauliflower

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"What's Hot"

1. Drivers
2. Trend Or Fad?
3. How it affects you?
4. Your strategy

1. Hyper-local sourcing
2. Chef-driven fast-casual Fast, reasonably priced, relatively good for you.
3. Natural ingredients/clean menus
4. Environmental sustainability
5. Locally sourced produce
6. Locally sourced meat and seafood
7. Food waste reduction
8. Meal kits (e.g. pre-measured ingredients for home prep)
9. Simplicity/back to basics
10. Nutrition

2017 National Restaurant Association

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Health Trends Are The Most Powerful Food Trends

To cross to mainstream markets
- Consistent volume supply
- Scale of economy

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"Future Trend" - MAY rise to a "REAL" trend

- Hyper-Local
- Aging Population
- Eating for Health
- Food as Medicine

Impact Future Trends
- Eco-System Services
- Energy Use
- Climate Change

Talk To Buyers
The Packer
Wall Street Journal
Car Ads

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REINVENTION

- Tell us about a market change you've made because of your analysis.
- Were you responding to a problem? Or an opportunity?
- How did you change?
- Did you make changes to respond to the pandemic? What? Were the changes temporary or long term?

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What now?

What market adjustments are you planning for 2023?

Laura Frerichs
Loon Organics

Becca Carlson
Seeds Farm

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Next WEEK: Branding

Who Are Your Customers?
Market Type and Customer Demographic

Customer Demographics and Psychographics

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