



Agribusiness Marketing Report

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Effectively Assisting Direct Marketing Producers: What is the Role of Cooperative Extension and Government Outreach Professionals

Summary of Comments to an Extension Professional Development Workshop March 2006

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Cooperative Extension personnel are getting requests for more diverse marketing issues

Clientele should understand the appropriate process to use when accessing Extension personnel

The type of marketing challenge will influence what type of technical assistance might be needed.

Many who enter an outreach and continuing education position for the first time, or change the focus of their position to serve a new type of clientele, may find themselves uncertain as to how they may best serve many potential clients given limited human resources. After trial and error in my own outreach career over the past 10 years, I was asked to share a few ideas on how I try to effectively serve a fast-growing segment of agricultural producers, those who direct market. One of the primary challenges to helping direct market producers is helping them frame the marketing challenges they might face, so that is one area where specific tips might be particularly helpful to those in outreach and education who have less experience in the consumer marketing area.

Initial Producer Contact

As is the case with any new outreach client, when you receive a phone call from an interested producer, first set up a time with them to conduct a half-hour meeting at a later time. This is often a good method to determine the clientele's commitment to their new project and concept, as those who follow through with organizing a time have shown a commitment to partnering with you. When you do have 30 minutes to talk to the new client, ask them to, 'Give me a 3-5 minute discussion and describe what it is you want to do.' You may even want to coach them to include some information on the product or service, geography of the market they hope to serve and how they think they might be able to find their target customers.

At this time, you have a critical decision, and these are criteria I use:

1. Confirm you can help them immediately **IF** you feel there has been enough "footwork" in exploring the marketing concept, showing both a commitment to executing their plans and allowing you to discern the initial feasibility of what they seek to do.

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Do give the client realistic goals of what they should do before they return for more help, and generally, that is making sure that they have fully framed the market they plan to sell within by product/service, geography and target customer.

or

2. Explain that you need them to do more research and get back to you **IF** any or all of the important market decisions have not been considered or were not thought out fully.

Be careful to not sound overly dismissive, but also assertive enough for them to understand that you are seeking well formulated ideas before you can provide assistance or referrals to others on campus or technical assistance agencies.

Determining Appropriate Level of Marketing Technical Assistance

If you decide the client is at a point where they could effectively use assistance from your office or other partners you work with, you have a choice in terms of the degree of involvement you can afford to make. I generally ask myself three questions in determining my willingness to provide more or less resources.

1. After an initial development stage, could I help this client secure resources that would make their reliance on me and my office less, or allow them to provide us new resources with which to help them? Given the myriad of new and existing grant opportunities for value added agriculture, sustainable agriculture, rural business enterprises, specialty crops, alternative energy, cooperatives and state-based marketing programs, I am answering this question with a yes more and more frequently.
2. After investing my and my organization's resources with this client, will there be some broader impacts and results to the community, region or commodity/enterprise industry they work within? If this is the case, you can justify the use of public dollars for the impact it would have on a larger set of producers and enterprises, but make sure the producers realize you may want to share their experience in workshops, case studies and presentations to others. Is this something I can pull a fact sheet out of to help other producers/professionals who can learn something from this project?
3. Will this help me meet my personal professional development goals? Especially when I was younger, I realized that I needed to enhance my academic and classroom knowledge with working knowledge that can only be gained working with a business or industry. So, for younger professionals, or those looking to change the focus of their career, you may want to invest a little more than your usual work hours to develop expertise with a particular industry, marketing channel or marketing issue.

Beyond your personal choice as a professional, assessing the client's personality, working style, and practicality may help you decide how much to invest. So ask, what kind of person do you have on the phone?

1. Are they a person with existing resources who is pragmatic and detail-oriented? Is it a dreamer with a vision of what consumers want before others have thought of and delivered that product or service?
 - a. Most likely, you want a combination of these attributes or a team of managers who can balance each other. If not, help them build a team that can provide assistance in areas where they have no background or expertise, especially in the legal/regulatory and public relations/print fields.
 - b. Try to assess whether your working style will be a good complement to their styles and approach to the market, and if not, suggest another partner or professional that may be of better assistance.
 2. What does the producer or company hope to accomplish with the new marketing strategy and plan?
 - a. Although value-added enterprises have received a lot of attention, producers must be aware that the additional "share of each food dollar" that a new marketing plan helps them secure will also
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- be associated with a new cost, including purchased inputs, time and effort on marketing and unsold units (which are more common with differentiated products).
- b. The best potential generally stems from the producer's assessment that there is a 'slack resource' for them to tap. For example, there is a family member with business/ marketing education who is not fully employed, a unique aspect of their raw product that is in high demand by consumers (organic, heritage breed) or they are in a location that draws high income customers looking for local products (mountain resorts).
 - c. Be willing to challenge the producer if they have not thought through the benefits AND costs of a new marketing strategy or new enterprise.

Assessing the Marketing Challenge

If you decide to enter a more involved technical assistance relationship with a producer or business, your next step is to initiate a discussion with the producer and ask, 'What is the marketing issue?'

1. Is it a commodity or an innovative product?
 - a. Commodity: The challenge isn't to differentiate the product, but instead, to focus on the most efficient production and logistical strategies to provide low cost, reliable supplies to buyers.
 - This will tend to be higher volume and focus mostly on capital and information management improvements.
 - These marketing challenges are less likely to be localized so you may need to look to state and national expertise to help.
 - b. Innovative: These are customized products that are differentiated to attract a particular target consumer segment which has an unmet need.
 - There is a higher likelihood that the marketing challenge is unique to the local area, its consumers and the marketing channels that exist for the producer to work within, so local assistance is invaluable and the long term feasibility of the project may be enhanced if the marketing plan is executed well.
 - The thinness of the market may present a challenge, since there may be few or no examples or case studies that already exist to draw market analysis or lessons from. Some lessons may be drawn from customer discussions rather than more formalized market surveys and studies.
 2. Is it a product development or supply chain issue? The type of assistance needed, new resources that need to be invested and public support available differs.
 - a. Product development – The objectives with these marketing enterprises is to increase the value-added to a producer and/or differentiate for the consumer so that they can secure more loyal or less price sensitive consumers.
 - In this case, food and nutrition, agribusiness and marketing assistance are paramount.
 - Business planning should focus on targeting the best potential consumer segments, defining the products tangible (taste, size of container, convenience) and intangible (local, organic, brand image) attributes, and assessing costs of production for pricing.
 - b. Supply chain – Product has been developed and sells well where available, but how do I get it to a broader set of consumers
 - In this case, state department of agriculture and commodity group programs can provide some assistance (databases, export assistance, Buy Local programs) and the enterprise may want to partner with food brokers, distributors or public relations firms
 - Business planning should focus on customer (retailer, restaurant) and consumer (focus group, in-store sampling) responsiveness, quality assurance and regulatory compliance and assessing the appropriate scale of investment/production for customers.
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In short, you have three choices:

Thank them for their time. And offer them some next steps.

- 1. Adopt** the project if you perceive a good match with your skills, working style and the potential impact of the project to the broader community (or an ability to get grants if most benefits are private to the company).
 - 2. Refer** the project if you feel it is well thought out, but not in your area of expertise or with managers who do not match your working style.
 - 3. Defer** the project. If you did not get good answers to your questions, you can tell they are too early in the process – say to them: ‘I can tell you are very early in the process, do these next steps (being as specific as possible), and then get back to me.’
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