MARKET AQUACULTURE PRODUCTS
JULIE FOX, OSU EXTENSION & OARDC
DIRECTMARKETING.OSU.EDU/CONTENT/AQUA.HTM
ATTENTION:

This presentation is meant to be used as a training tool for food producers, food marketers and food buyers.

If you decide to give a MarketReady presentation and want more information, the Ohio Direct Marketing Team and UK faculty are glad to work with you.

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Materials modified for Ohio by Julie Fox, fox.264@osu.edu, and the Ohio Direct Marketing Team, with permission from Timothy A. Woods
Overview for the Session

- Local Food in Ohio
- MarketReady Background and Framework
- Direct Marketing/interactive

www.census.gov/population/metro
Marketing: “Combination”

Marketing is not only much broader than selling, it is the whole business seen from the customer’s point of view.

Peter Drucker
Selling & Marketing Concepts
Marketing ‘Culture’

(a) The selling concept
- Starting point: Business
- Focus: Existing products
- Means: Selling and promotion
- Ends: Success through sales

(b) The marketing concept
- Starting point: Target market
- Focus: Customer needs
- Means: Integrated marketing
- Ends: Success through satisfaction

Materials:
Response Cards (Clickers)

• To respond, click and hold down the button of your choice (you will see a green light)

• Please return clicker at the end of the day with your evaluation form.
What is your largest marketing challenge?

1. Understanding Buyers
2. Product ‘Selection’
3. Pricing
4. Packaging/Labeling
5. Distribution
6. Promotions & Sales
Think Like a Customer

- People (Relationship Marketing)
  - Customers: can you think like them?
  - YOU & Your business goals/capabilities

- Product
- Place
- Promotion
- Plan & Process
Think Like a Customer

- **Direct to Consumer**
  - Demographics +
    - (food, bait, sport, ornamental)
- **Direct to Wholesale Buyers**
  - Restaurants
  - Grocery Stores/Retailers
  - Bait Shops, Pay Lakes (Recreation)
  - Other Aquaculture Businesses
- **Other Influential People**
• **Market Analysis**
  
  - who they are, what’s important to them, where they get information and how they behave?
### Why Buy Locally Grown Food?

<table>
<thead>
<tr>
<th></th>
<th>Most Important</th>
<th>2nd Most Important</th>
<th>3rd Most Important</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Freshness</td>
<td>57.49</td>
<td>24.34</td>
<td>9.31</td>
<td>87.47</td>
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<tr>
<td>Taste</td>
<td>17.40</td>
<td>34.29</td>
<td>11.31</td>
<td>62.56</td>
</tr>
<tr>
<td>Nutrition</td>
<td>3.52</td>
<td>7.08</td>
<td>10.64</td>
<td>21.15</td>
</tr>
<tr>
<td>Safety</td>
<td>3.30</td>
<td>2.88</td>
<td>4.66</td>
<td>10.79</td>
</tr>
<tr>
<td>Support local businesses</td>
<td>12.78</td>
<td>22.79</td>
<td>35.25</td>
<td>70.48</td>
</tr>
<tr>
<td>Support regional economy</td>
<td>1.32</td>
<td>5.75</td>
<td>14.86</td>
<td>21.81</td>
</tr>
<tr>
<td>Connect w/ food source</td>
<td>4.19</td>
<td>2.88</td>
<td>13.97</td>
<td>20.93</td>
</tr>
</tbody>
</table>

Think Like a Customer

Restaurant

- The 3 most important things about marketing to restaurants may be “Communication, Communication, Communication”
- Producers need to understand chefs’ needs and feedback they receive from their customers
  “The plates are coming back clean”
- A Chicago chef’s observation about a change in salad greens led one farm to developing their signature mesculin product
Thinking like a buyer…

• to be able to reach producers directly for their product needs just as easily as they would reach wholesalers.
• producers to understand how a restaurant, grocery store or school dining service operates.
• producers to be acquainted with the ‘types’ of food their customers prefer.
• you to understand their customers and how you can provide them with a remarkable product & experience.
• Supermarkets today carry an average of 38,718 items, according to the Food Marketing Institute.
Think Like a Customer

- Men in the Supermarket and Kitchen
  Singles & Dads - “Man aisles” with male-oriented foods, recipes and promotions

- The Impact of Millennials (1982-2001)
  19% of population by 2020 (love food/deals)

- The Boomer Reality
  Control more than 1/2 of grocery dollars by 2015

http://supermarketnews.com/blog/top-10-food-trend-predictions-2013
Phil Lempert’s 2013 food trend predictions, Lempert Report at SupermarketGuru.com
Think Like a Customer

Think like your customers’ customers


Trailblazing Chefs and Blazing-Hot Flavors — 2013 Predictions From Food Network Kitchens

People – Product – Place – Promotion – Plan
Think Like a Marketer

New growers need to find a place in the market to match their land, facilities, abilities, and scale of production.

Richard de Wilde, Harmony Valley Farm

• What to Consider…
  – Your Personal, Family & Business Interests/Goals
  – Your Resources & Strengths
  – Your Lifestyle & Motivations

• Is Aquaculture Farming For You?
  – [Link](http://www.aces.edu/dept/fisheries/education/ras/publications/bus_mark/aq4u.pdf)

People – Product – Place – Promotion – Plan
Who are your customers?

1. Directly to consumers
2. Directly to wholesale buyers
3. Directly to both consumers and wholesale buyers
MarketReady

- People
- **Product** *(Product Development)*
  - Product selection and supply
  - Packaging & Labeling
  - Pricing & Payments
- Place
- Promotion
- Plan & Process
Product Selection & Supply

- Product selection and supply
  - What products/services do you offer?
    - Food Fish and Shrimp (value-added)
    - Aquaponic Crops
    - Sport (bait, stocking)
    - ‘Agritourism’ Experiences
  - Quality & Attributes
  - Quantity
  - Timing – available when buyer wants
Food Trends & Predictions

- 1 Locally sourced meats and seafood
- 2 Locally grown produce
- 4 Environmental sustainability
- 7 Hyper-local sourcing (restaurant gardens)
- 9 Sustainable seafood
- 11 Farm/estate-branded ingredients
Product Selection & Supply

Restaurant

% Responding

- Consistent availability of product: 52%
- Consistent quality of product: 33%
- Timing and reliability of deliveries: 24%
- Competitive pricing: 14%
- Locating local producers to source product: 10%
- Lack of: Proper Invoicing: 5%

People – Product – Place – Promotion – Plan

Wholesale
Product Selection & Supply
Grocery

- Snacking and Mini-Meals
- Evolution of Frozen Foods
- The Economy — New Proteins
- Breakfast Becomes the Most Important Meal of the Day
- The Story Behind Our Food – Reading Labels
- Sustainability — We Stop Wasting Food
- Smartphones

http://supermarketnews.com/blog/top-10-food-trend-predictions-2013

People – Product – Place – Promotion – Plan
Agritourism/Culinary Experiences:
• Guided Tours
• Festivals/Events
• Entertainment
• Adventure
• Celebration
• Education
• Shopping – Retail Therapy
• Eating locally grown or locally prepared food
• Overnight stays – B&B, cabin, cottage, …
Packaging & Labeling

- **Regulation**
  Federal & State (+ export)

- **Protection**
  against damage, spoilage & pilferage

- **Assist in marketing**

- **Cost Effective**

People – Product – Place – Promotion – Plan
How Much $? Pricing Objectives?

- Bottom Up – ALL costs are starting point, then influences such as competition & market tolerance
- Top Down – Analyze range, set retail price, then analyze - costs covered / profit enough?
- What are customers willing to pay?
  (supply & demand, seasonality, competition, unique factors, perceived value)
  - What image convey? Penetration, Rate, Skim
  - Other Strategies: Bundling, Lost Leader, Impulse
  - POP (no more than 1/3 of average sale)
  - AgT: One Entry Fee or Price/Attraction?
Pricing & Payments

• How & When Pay?
  – Consumers
    • Cash
    • Check
    • Credit Cards
    • Mobile Payments
    • SNAP, WIC, Senior, …
  – CSA: Deposit? # of Payments/Timing, Incentive…
  – AgT: One Entry Fee or Price/Attraction?
Pricing
Restaurant

• Quality of the long term relationship is about delivering value to the restaurant.

• Be careful not to price yourself out of the market.
  – “I can’t afford to serve an $8-10 ‘local’ salad. It won’t sell.”

• Keep in mind why the restaurant would continue to regard you as a “preferred supplier”.
• Standard Retail Pricing

Margin-based retail pricing (used by almost all food retailers – standard retail price) –

**Food cost % = 1 - % margin**

**Target retail price = wholesale unit cost/food cost %**

Example: A retailer wants to get a 40% margin on asparagus. A case standard is 28 pounds and costs $48.50 from the supplier. This comes to $1.73/pound cost to the retailer.

The food cost % in this case is 1 - .40 = .60

The **target retail price** to reach the margin with this method is $1.73/.60 = $2.89/lb.
You can sit under an umbrella at a farmers market and sell 100 pounds of tomatoes on a Saturday, or you can drop me 50 pounds of tomatoes and I'll pay you a certain percentage (of farmers market prices), Dean says. It's less than what you'll get at the farmers market—but it's one stop, it only takes 10 minutes to drop the product and get out the door.

--Justin Dean, CEO, Relish Restaurant Group Cincinnati, OH
How is the target margin determined by retailers?

- spoilage – higher likelihood of loss means higher margin required to cover losses.
- theft or unaccounted loss of inventory
- unsold inventory
- seasonality, demand, availability in other stores
- special promotions

Typical grocery produce margins run 33-50% and are variable across items.

Seafood:
www.progressivegrocer.com/inprint/article/id2623/tidal-wave-of-opportunity/
Invoices are required by most chefs.
Few chefs pay cash at the kitchen door.

Requirements for invoice:
- Contact Information: Name, address, phone number, email/Internet contact
- Product Description
- How much product (weight or count)
- How much product cost
- Transaction Date and Invoice #

Payments
Restaurant

People – Product – Place – Promotion – Plan
# Payments

## Restaurant - Grocery

**Product: Sample Invoice**

*(Generic MSWord Form)*

- Farm Logo displayed prominently
- Space for customer contact information
- Invoice date and number
- Payment terms and due date specified
- Quantity, Product, Cost, and Total
- Your Farm’s complete contact information

<table>
<thead>
<tr>
<th>Subperson</th>
<th>Job</th>
<th>Shipping Method</th>
<th>Shipping Terms</th>
<th>Delivery Date</th>
<th>Payment Terms</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1/15/2020</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Qty</th>
<th>Item #</th>
<th>Description</th>
<th>Unit Price</th>
<th>Discount</th>
<th>Line Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Cases</td>
<td>HEIRLOOM TOMATOES</td>
<td>20.00</td>
<td>40.00</td>
<td>40.00</td>
</tr>
</tbody>
</table>

Make all checks payable to DIRECT TO YOU FARM. Thank you for your business!

DIRECT TO YOU FARM [Street Address], [City, ST ZIP Code]. Phone [800-000-0000]. Fax [000-000-0000]. (e-mail)
• **Basic Expectations**

  • Document the transactions
  • G, W, FS more demanding, need regular communication of basic information
    – “Name, address, phone number, the product, how much it weighed and how much it cost.” (date, transaction# a good idea, too)

  • Invoice
  • Bill of lading – deals with transportation records
  • Cash/payment receipt
  • Occasional seasonal transactions with smaller independents may be more flexible.

  • Larger sales volume needs system of financial controls
    – Consider at least a Quickbooks or comparable system
Payments

Grocery – Sample Bill of Lading

Smith Farm, LLC
2471 Farmville Rd Prosperity, KY 00021
875-462-1234 office
875-222-1234 cell phone, Ralph
875-222-1233 cell phone, Sam

Bill of Lading #703

Buyer: (Name) John Brown
Shipping Date 8-1-09
Address XYZ Co., Louisville
Phone 800-222-1234

Delivery Time before 10 A.M.
Delivery Date 8-2-09

Ship to (Name): XYZ Store #4
Address 72 Home Court
Louisville, KY 40210

Phone 1-606-777-1234

P.O. # 7926

Item / ID # Unit Price per Unit Total per Item
⅓ bu. Squash 150 bu
Slicer Cucumber 50 bu
Green Bell Pepper 100 bu

Total

Trucking Co. Rapid Trucking Co.
Trailer Tag # KY 1743
Produce temperature 38°F
Temperature to be maintained at 38°F
Drivers Signature J. Miller
Timeout: 1 PM

Receiver (Company) _____________________________
Signature _____________________________
Time & Date _____________________________
When it comes to pricing...

1. I feel 100% confident in my pricing strategy
2. I am OK with my pricing, but I continually reassess
3. I am struggling to figure out profitable pricing
• People
• Product
• **Place**
  – Distribution & Storage
• Promotion
• Plan & Process
Distribution
On-Farm Examples

- Retail Market
- Food Service
- Agritourism
  - Tours
  - Pondside Shrimp Harvest
  - Festival

People – Product – Place – Promotion – Plan
Distribution

Off-Farm Examples

• Farmers’ Market
• Community Event
• Catering
• Restaurant Sales
• Grocery Sales
• Retailers
• Other
• CSA
Distribution Options

- Own delivery direct-to-buyer
- Shared delivery with other producers
- Pre-arranged pick up points
- 3rd Party delivery company
- Wholesaler or distributor working with restaurants

*Each system has own benefits and costs*
Distribution & Storage

- How can you keep product quality?
- Harvest to Delivery
- Cost of distribution and storage

http://plantsforhumanhealth.ncsu.edu/2012/08/20/pack-n-cool/
• Producers should determine best times for ‘regular’ delivery to specific restaurants

• Typical delivery times:
  – Before lunch preparation in morning (9-10 am)
  – Between lunch and dinner (3-4 pm)
Accessibility, Attractions, Amenities

• Evaluating ‘Place’
  – Benefits
  – Challenges
  – Required Resources
  – Tips
  – Include in Costs

MarketReady

- People
- Product
- Place
- **Promotion**
  - Print & Electronic Communications
  - Signage & Merchandising
  - Targeted Campaigns
  - Custom Service
- Plan & Process
Basic Communications

- **Print**
  - Business Card
  - Brochure
  - Price List

- **Electronic**
  - Website
  - Social Media

- **Other**
  - Elevator Pitch
  - Directory Listings
  - Uniforms
**Basic Communications**

**Market Partners**

- **Sales & Marketing to** wholesale buyers
- **Marketing with** wholesale customers
  - Recognition on menus
  - Signage in grocery
  - Link on websites
  - Cross-promo on social media

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Local aquaculture in the grocery
Connecting through MarketMaker

Free Business Profile – buyers can find you

Buy/Sell Forum post/find (private)

Free market data demographics, food consumption, industry contacts

Feature your business:

People – Product – Place – Promotion – Plan
Signage

- Signage
  - Way finding
  - On Premises
  - Point of Purchase
    - Direct, Find You
    - Inform, Educate
    - Select Product … Other Action
    - Answer common Questions or Solve problems
  - Positioning/Branding
• Elements of good signage
  – Simple, clear message
  – Tough to read ALL CAPS, **Fancy Fonts**
  – Size of Letters & **Color Combinations**
  – **Color Psychology** ... Consistency
  – Appropriate Materials (Permanent/Temp)
  – Background

www.oaaa.org/marketingresources/industrystandardsandpractices.aspx
www.thesignagefoundation.org/Research
**Visual Merchandising**

Farm Market - Farmers’ Market - CSA - AgriTourism

- **Displays**
  - Inviting / Interactive
  - Abundance (not perfection)
  - Shopping is a sensory experience
  - Height of product (signage, theater)
  - ‘Staging’
  - Decisions/Actions

[https://utextension.tennessee.edu/publications/PB1794.pdf](https://utextension.tennessee.edu/publications/PB1794.pdf)

*Visual Merchandising, A Guide for Small Retailers*


People – Product – Place – Promotion – Plan
Targeted Campaigns
Why, how & when you lead the customer to purchase (Taylor, 1965)

- **Why?** (what will you measure?)
  - Awareness, Trial, Customers, Referrals, Loyalty
- **Who?**
  - Right Audience/s … Relationships
- **What?**
  - Right Message (Benefits vs. Features)
    - Attention, Interest, Desire, Action *(Lavidge and Steiner, 1961)*
    - What do you want them to feel, do, know?
- **When?**
  - Right Time, Frequency (4-9x), Consistency
- **Where?** - Right Place, Media Choices
- **How Much?** - Right Budget

People – Product – Place – Promotion – Plan
Customer Service

Policies, Practices & Performance

- The Customer Service Experience

<table>
<thead>
<tr>
<th>Customer Service Aspect</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Has knowledgeable employees</td>
<td>65%</td>
</tr>
<tr>
<td>Addresses my needs on first contact</td>
<td>64%</td>
</tr>
<tr>
<td>Treats me like a valued customer</td>
<td>62%</td>
</tr>
<tr>
<td>Demonstrates desire to meet my needs</td>
<td>54%</td>
</tr>
<tr>
<td>Can quickly access information</td>
<td>49%</td>
</tr>
<tr>
<td>Is good value for the money</td>
<td>49%</td>
</tr>
<tr>
<td>Has courteous employees</td>
<td>45%</td>
</tr>
<tr>
<td>Is a company/brand I can trust</td>
<td>43%</td>
</tr>
<tr>
<td>Treats me fairly</td>
<td>38%</td>
</tr>
<tr>
<td>Provides relevant/personalized service</td>
<td>31%</td>
</tr>
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</table>

Source: Convergys 2008 U.S. Customer Scorecard

So what? Customers’ willingness to recommend you to someone else (Harvard Business Review)
# Customer Service

## Communication examples

<table>
<thead>
<tr>
<th>Wrong Approach</th>
<th>Polite and Friendly Alternative</th>
</tr>
</thead>
<tbody>
<tr>
<td>“I don’t know.”</td>
<td>“I’ll find out.”</td>
</tr>
<tr>
<td>“No.”</td>
<td>“What I can do is…”</td>
</tr>
<tr>
<td>“That’s not my job.”</td>
<td>“Let me find the right person who can help you with …”</td>
</tr>
<tr>
<td>“You’re right – this is bad.”</td>
<td>“I understand your frustrations.”</td>
</tr>
<tr>
<td>“That’s not my fault.”</td>
<td>“Let’s see what we can do about this.”</td>
</tr>
<tr>
<td>“You want it by when?”</td>
<td>“I’ll try my best.”</td>
</tr>
<tr>
<td>“Calm down.”</td>
<td>“I’m sorry.”</td>
</tr>
<tr>
<td>“I’m busy right now.”</td>
<td>“I’ll be with you in just a moment.”</td>
</tr>
<tr>
<td>“Call me back.”</td>
<td>“I will call you back, what is your telephone ber.”</td>
</tr>
</tbody>
</table>

MarketReady

- People
- Product
- Place
- Promotion

**Plan & Process**
- Current Marketing Audit (customer/s point of view)
- Industry Overview & Competitive Analysis
- Resource Management ($, Human, Space, Equip)
- Risk Management (Quality, Safety, Insurance)
- Marketing & business plan (goals, milestones, budget, calendar)
• Additional ABC Sessions

• Risk [http://nationalaglawcenter.org/readingrooms/aquaculture/](http://nationalaglawcenter.org/readingrooms/aquaculture/)

Marketing & Business Plan

Business Plans (Story)
– Section 1: Summary
– Section 2: Management
– Section 3: Marketing
  • People: Target Markets/Trade Area
  • Products & Services (pricing, packaging)
  • Place (distribution)
  • Promotions (competitive advantage)
– Section 4: Money
– Section 5: Measures of Success
– Section 6: Attachments

People – Product – Place – Promotion – Plan
Our business plan is...

1. Has not been discussed
2. Discussed, but not written
3. Partially figured out and shared with others
4. Written & reviewed at least once a year
"You never achieve success unless you like what you are doing."
— Dale Carnegie

The good news is that marketing will be around forever. The bad news is that it won’t be exactly the way you learned it because of the hypercompetitive and rapidly changing marketplace (Kotler, 2003).
Experience your city.

What is happening in your city?

Now detects events in your city and shows you photos taken by others there. Finally be in the know.

Get the free app

http://www.youtube.com/watch?v=nJVoYsBym88
Are You MarketReady?
Bring it all Together

Your Plan …
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