Aquaculture Bootcamp, 9 August 2013, KSU





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.

> Please contact: Julie Moose, moose.14@osu.edu

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

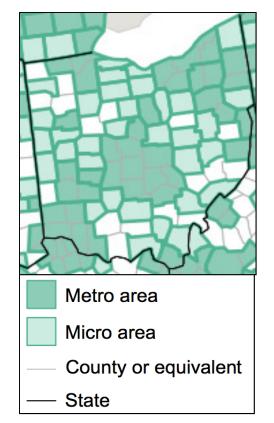


Overview for the Session

Local Food in Ohio

MarketReady[™]

- MarketReady Background and Framework
- Direct Marketing/interactive

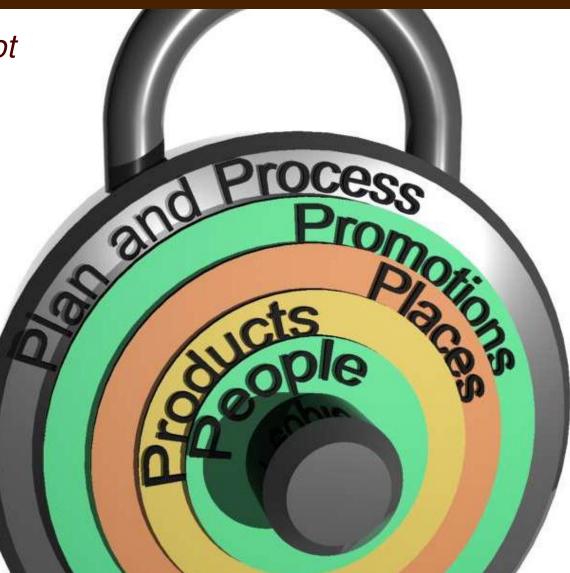


www.census.gov/population/metro



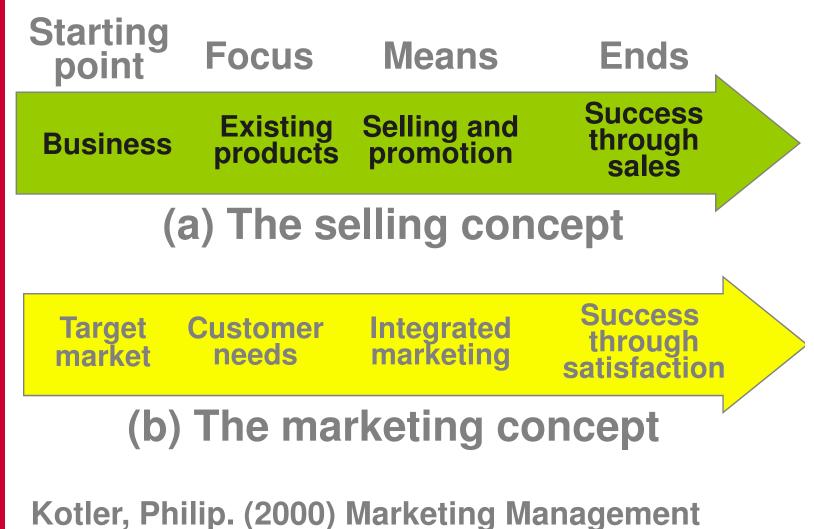
Marketing: "Combination"

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'



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.



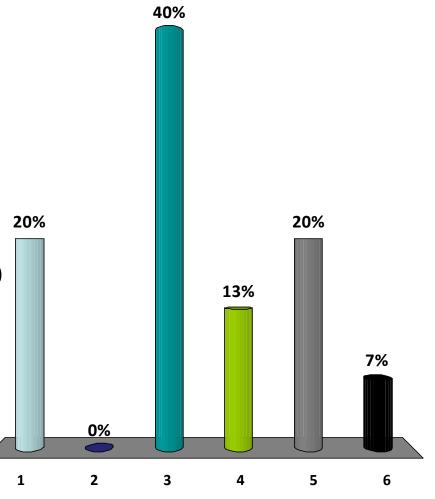


EXTENSION

OARDC

What is your <u>largest</u> marketing challenge?

- 1. Understanding Buyers
- 2. Product 'Selection'
- 3. Pricing
- 4. Packaging/Lab eling
- 5. Distribution
- Promotions & Sales







People (Relationship Marketing)

- Customers: can you think like them?
- YOU & Your business goals/capabilities
- Product
- Place
- Promotion
- Plan & Process





People – Product – Place – Promotion – Plan



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**



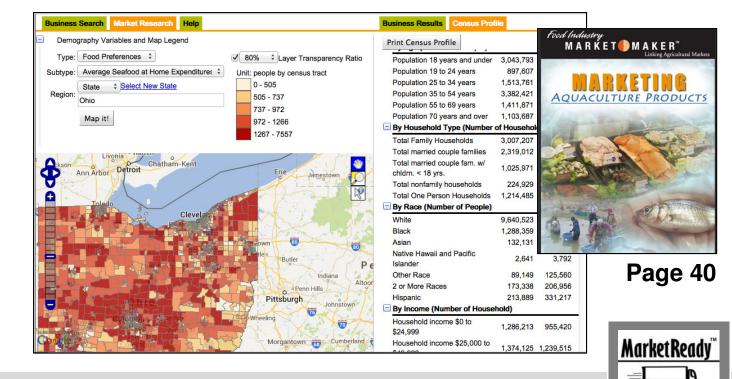




www.ohiomarketmaker.com

Market Analysis

– who they are, what's important to them, where they get information and how they behave?



People – Product – Place – Promotion – Plan

Think L	Think Like a Consumer Farm Market - Farmers' Market - CSA - AgriTourism				
Farm Marke					
• Why E	Buy Locally Gown Food?				
	Most	2nd Most	3rd Most		
	Important	Important	Important Total		
Freshness	57.49	24.34	9.31 87.47		
Taste 🛨	17.40	34.29	11.31 62.56		
Nutrition	3.52	7.08	10.64 21.15		
Safety	3.30	2.88	4.66 10.79		
Support local businesses	12.78	22.79	35.25 70.48		
Support regional economy	y 1.32	5.75	14.86 21.81		
Connect w/ food source	4.19	2.88	13.97 20.93		



http://aede.ag.ohio-state.edu/programs/VanBuren/pdf/ AEDE-RP-0057-05.pdf

MarketReady[™] =↓____© Consumer

People – Product – Place – Promotion – Plan



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





Restaurant - Grocery

Thinking like a buyer...

•to be able to <u>reach producers</u> directly for their product needs just as easily as they would reach wholesalers.

•producers to <u>understand how</u> a restaurant, grocery store or school dining service <u>operates</u>.

•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 <u>remarkable product &</u> <u>experience</u>.





Grocery

 Supermarkets today carry an average of 38,718 items, according to the Food Marketing Institute.









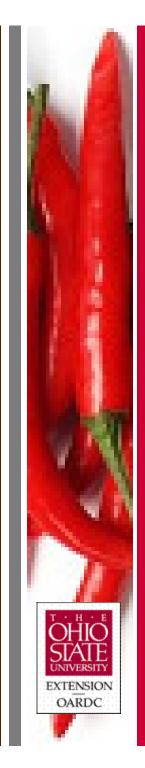


- Men in the Supermarket and Kitchen Singles & Dads "Man aisles" with male-oriented foods, recipes and promotions
- The Impact of Millennials (1982-2001) 19% of population by 2020 (love food/deals)
- The Boomer Reality
 Control more than 1

Control more than 1/2 of grocery dollars by 2015

http://supermarketnews.com/blog/top-10-food-trendpredictions-2013 Phil Lempert's 2013 food trend predictions, Lempert Report at SupermarketGuru.com





Think like your customers' customers



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



http://www.foodchannel.co m/articles/article/top-tenfood-trends-2013

http://blog.foodnetwork.co m/fn-dish/2012/12/2013food-trend-predictionsfrom-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

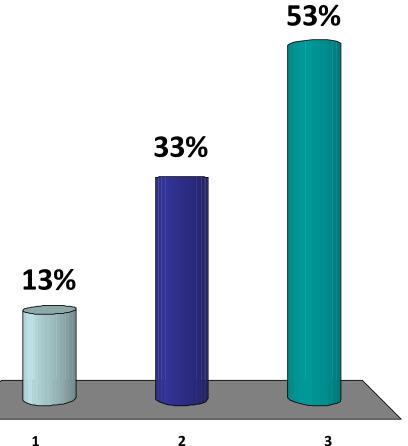
What to Consider...

- Your Personal, Family & Business Interests/Goals
- Your Resources & Strengths
- Your Lifestyle & Motivations
- Is Aquaculture Farming For You?
 - <u>http://www.aces.edu/dept/fisheries/education/ras/publication</u>
 <u>s/bus_mark/aq4u.pdf</u>
 <u>MarketReady</u>^{**}

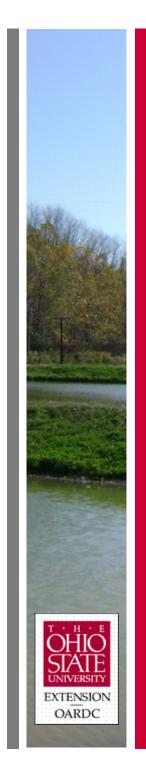


Who are your customers?

- 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 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



WHAT'S HOT 2013 Chef Survey

NATIONAL



Food Trends & Predictions

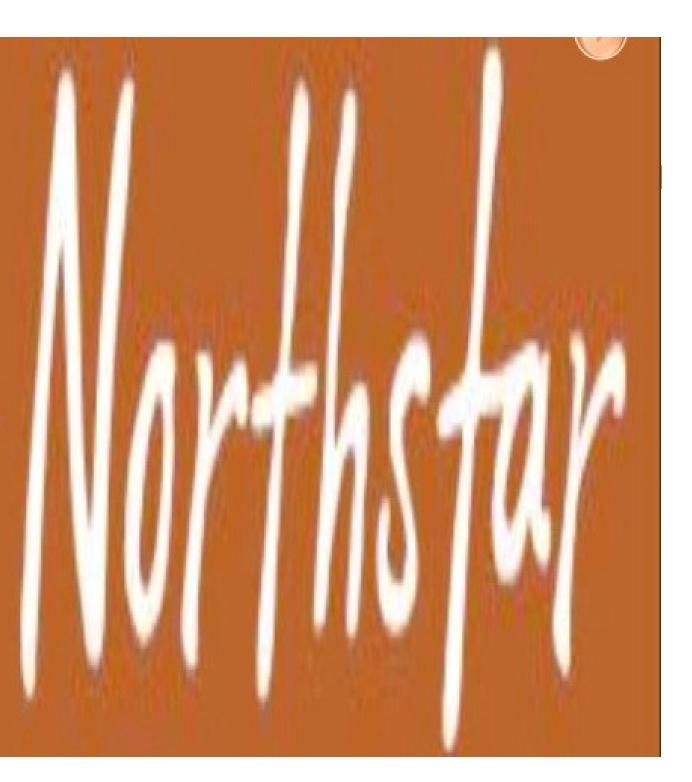
- 1 Locally sourced meats and seafood
- 2 Locally grown produce
- 4 Environmental sustainability
- 7 Hyper-local sourcing (restaurant gardens)
- 9 Sustainable seafood
- 11 Farm/estate-branded ingredients





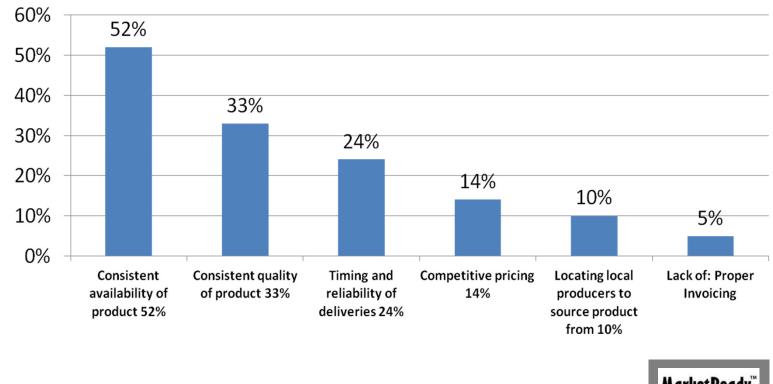


Darren Malhame





Restaurant



People – Product – Place – Promotion – Plan

% Responding

MarketReady™ ==,____D Wholesale



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







Marketable, VFR, Business, industry.discoverohio.com

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, ...

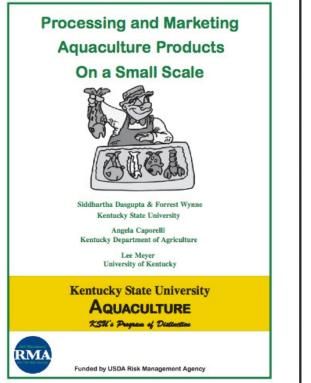






Packaging & Labeling

- Regulation Federal & State (+ export)
- Protection
 - against damage, spoilage & pilferage
- Assist in marketing
 - Function, Education, Reinforce Brand, + www.plucodes.com
- Cost Effective







Pricing & Payments

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 <u>long term relationship</u> is about delivering <u>value</u> 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 <u>why</u> the restaurant would continue to regard you as a "preferred supplier".





Pricing

Grocery

 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.



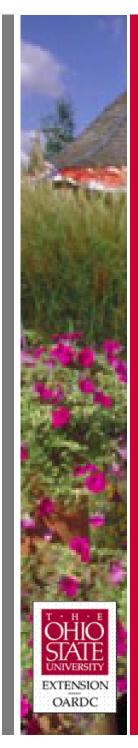


Product Pricing

Standard Retail Pricing

Tim Woods, Ph.D. Extension Marketing Professor University of Kentucky





Pricing

Grocery

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/id/2000/t MarketRead I-wave-of-opportunity/





Restaurant

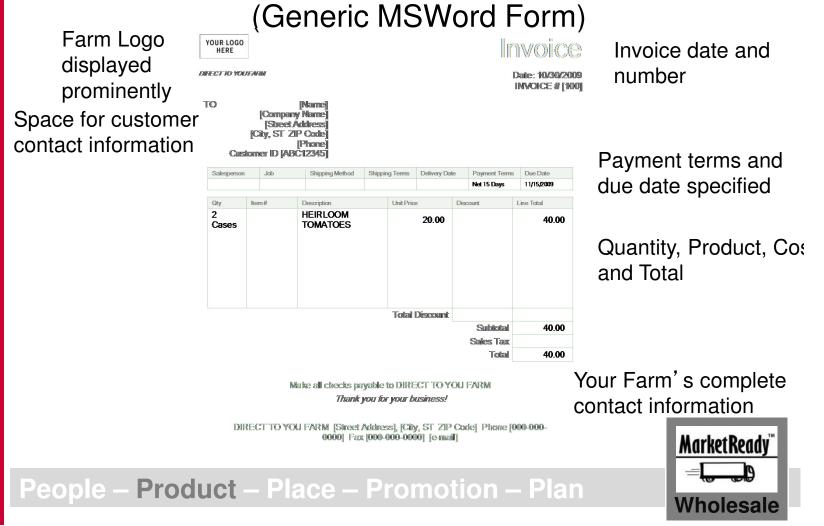
- Invoices are required by most chefs
- Few chefs pay cash at the kitchen door
- Requirements for invoice
 - Contact Information: Name, address, phone number, email/Internet contact
 - Product Description
 - How much product (weight or count)
 - How much product cost
 - Transaction Date and Invoice #





Restaurant - Grocery

Product: Sample Invoice





Grocery

- Basic Expectations
- <u>Document</u> 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







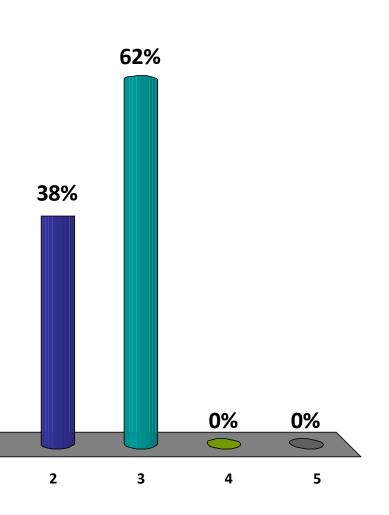
Grocery – Sample Bill of Lading

	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 <u>8-1-09</u> Ship to (Name): XYZ Store #1 Address XYZ CO. Louis ville Delivery Time before 10 AM Address 72 Hone Court Phone <u>800-222-1234</u> Delivery Date <u>8-2-09</u> Louisville, KY 40321	
	P.O. # 7926 Phone_(-606-777-1234	
	Item / ID # Unit Price per Unit Total per Item	
	1/2 bu. Squash 150 bu	
	Slicer Cucumber 50 bu	
	Green Bell Pepper 100 bu	
	Total	
	Trucking Co. Rapid Trucking Co. Trailer Tag # KY Produce temperature 38°F Temperature to be maintained at 38°F Drivers Signature J. Miller. Timeout: J. PM	
		tReady™
Ρ	eople – Product – Place – Promotion – Plan	

Wholesale

When it comes to pricing...

- 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





MarketReady

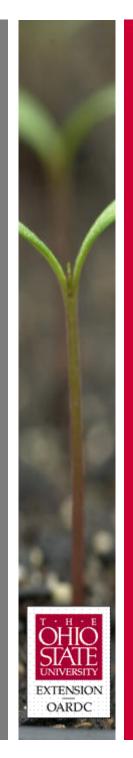
- People
- Product
- Place
 - Distribution & Storage
- Promotion
- Plan & Process











Distribution

On-Farm Examples

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



Proper Handling and Storage of Freshwater Shrimp

Figh and shellfish are nutritious. They are high in protein, vitamins, and minerals but low in total fat and saturated fat. Freshwater shrimp contain less cholesterol than saltwater shrimp and less than 0.5% fat.

Purchasing Fresh Shrimp

- Fish is firm in texture, not soft
- Odor is fresh and mild
- * Shell is free of black spots

Purchasing Frozen Shrimp

- Shrimp should be solidly frozen
- Little or no odor
- No brown spots or freezer burn

Freezing Fresh Shrimp

- Place shrimp in plastic freezer bag
- Add some water, partially close bag
- Remove most of water and air, finish closing
- Place in freezer



inflowers 50%



People – Product – Place – Promotion – Plan





Distribution

Off-Farm Examples

- Farmers' Market
- Community Event
- Catering
- Restaurant Sales
- Grocery Sales
- Retailers
- Other
- CSA





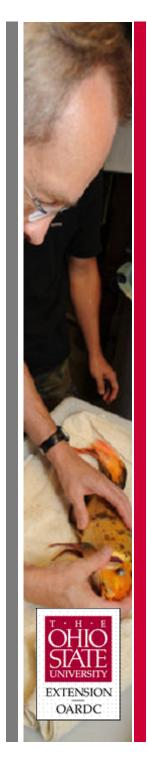




Distribution Options

- 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

Distribution & Storage

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



http://plantsforhumanhealth.ncsu.edu/20 12/08/20/pack-n-cool/

People – Product – Place – Promotion – Plan



Distribution

Restaurant

- Producers should determine <u>best times</u> for 'regular' delivery to specific restaurants
- Typical delivery times:
 - Before lunch preparation in morning (9-10 am)
 - Between lunch and dinner
 (3-4 pm)



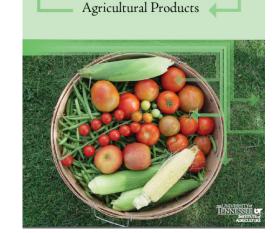




Distribution

Accessibility, Attractions, Amenities

- •Evaluating 'Place'
 - Benefits
 - Challenges
 - Required Resources
 - Tips
 - Include in Costs



Choosing Direct

Marketing Channels for

https://utextension.tennessee.edu/publications/Doc uments/PB1796.pdf

T Extension



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







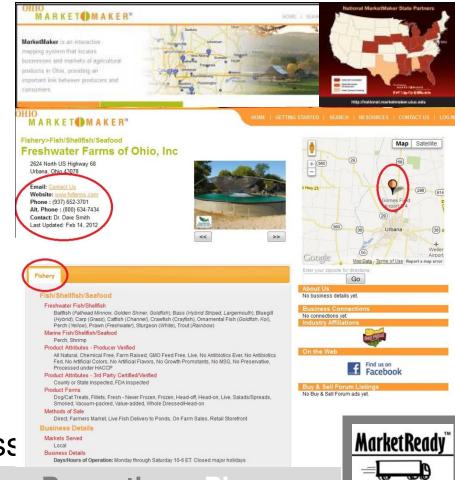
Basic Communications

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







Signage

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/industrystandar dsandpractices.aspx

www.thesignagefoundation.org/Research





T · H · E OHIO STATE UNIVERSITY EXTENSION OARDC

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/publi uments/PB1794.pdf

Visual Merchandising, A Guide for Small Retailers http://ncrcrd.msu.edu/uploads/files/133/NCRCR D-rrd155-print.pdf







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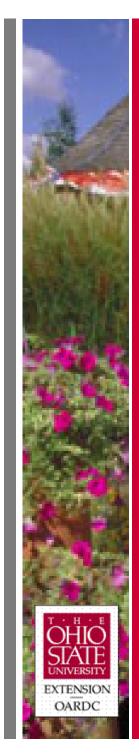
Targeted Campaigns

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?

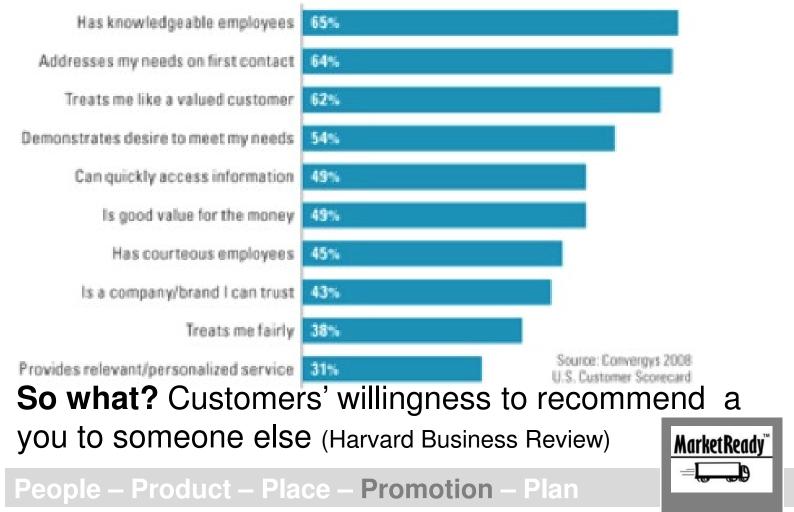
- When?
 - Right Time, Frequency (4-9x), Consistency
- Where? Right Place, Media Choices
- How Much?- Right Budget



Customer Service

Policies, Practices & Performance

• The Customer Service Experience





Customer Service

Communication examples

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

www.customerservicemanager.com,

http://www.nationalcsa.com, http://icsatoday.org



People – Product – Place – Promotion – Plan



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)







Resource & Risk Management

Working Cooperatively

- Additional ABC Sessions
- Risk<u>http://nationalaglawcenter.org/readingro</u> oms/aquaculture/
- Financial
 - Resources<u>http://www.agecon.purdue.edu/A</u> <u>QUABUSINESS/budgets.html</u>



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

OARDC

- Section 5: Measures of Success
- Section 6: Attachments
 People Product Place Promotion Plan



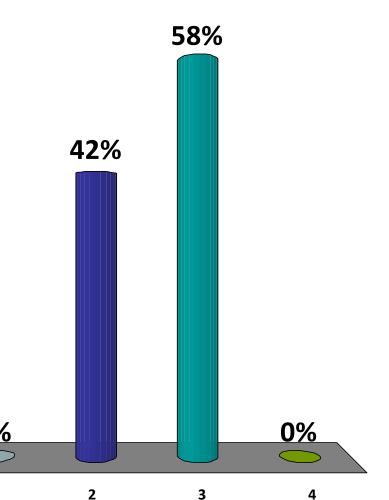
Marketing

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 lease once a year







Management

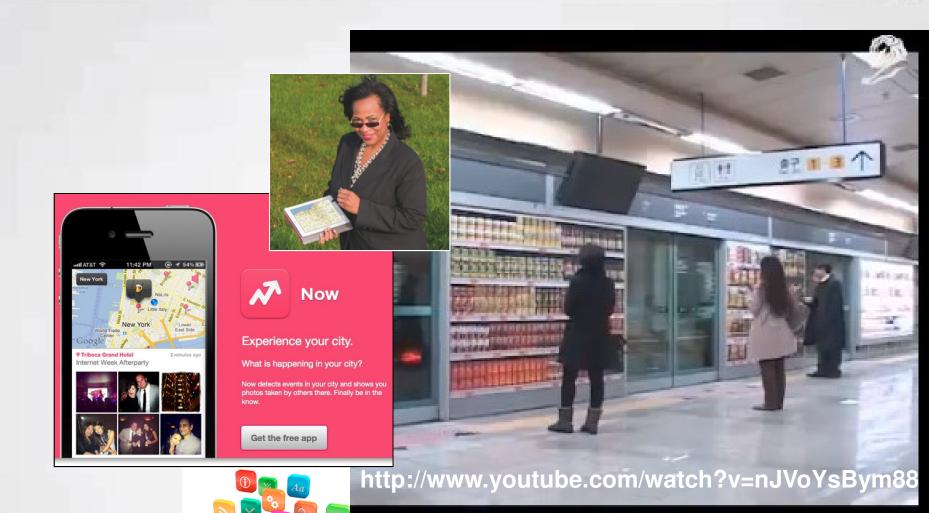
Restaurant - Grocery - School/Institution - Other

"You never achieve success unless you like what you are doing." — Dale Carnegie

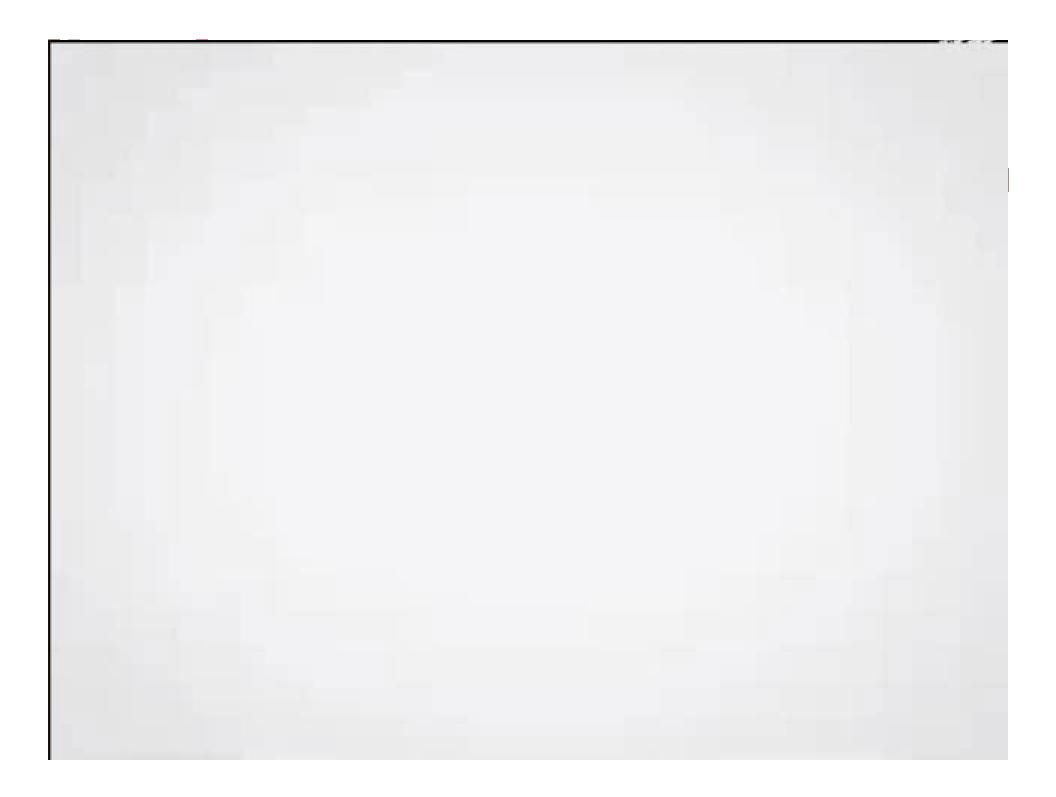
The good news is that marketing will be around forever. The bad news is that it won't be exactly the way you learned it because of the hypercompetitive and rapidly changing marketplace

(Kotler, 2003).





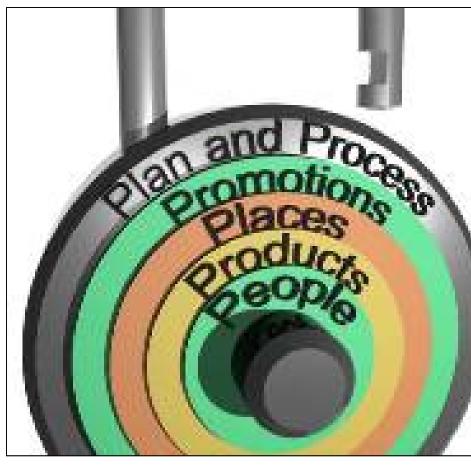






Are You MarketReady? Bring it all Together

Your Plan ...









DIRECT MARKETING

COLLEGE OF FOOD, AGRICULTURAL, AND ENVIRONMENTAL SCIENCES

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