



How to Write Your Own Marketing Plan

By

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- 1981 graduate University of Tennessee College of Veterinary Medicine.
- President American Grass Fed Association.
- American Grass Fed Beef, LLC; wholesale, retail, internet sales.
- Fruitland American Meat, LLC; processing plant Jackson, Missouri.
- Rain Crow Ranch, grass farmer and beef producer.
- Mother of six.

What does a Marketing Plan Do?

- Makes you look externally to better understand the market.
- Makes you look at your specific operation to determine possibilities.
- Makes you set goals and provides direction.
- Key component in funding requests.
- The exercise itself most important.

Principles of Marketing

- Define: Marketing consists of the strategies and tactics used to identify, create and maintain a satisfying relationships with customers that is win-win.
- Marketing is creating a relationship that holds value.

Strategy and Tactics

- Strategies are the direction marketing will take over a period of time. “Here is where I want to go.”
- Tactics are the actionable steps or decisions taken to follow the strategy. “This is how I am going to get there.”
- Strategy is the limb and tactics are the branches.

Identify

- Defines the efforts to gain knowledge of customers, competitors and the market.
- Known as market research it is the foundation of marketing.

Create

- Strategies and tactics that allow you to meet your market and start a relationship with your customer.
- Efforts to attract customers.
- Be creative, involved.
- Tell “The Story”.

Maintain

- Work hard to insure your customer returns to you to purchase from them again.
- Loyalty.
- Success measured not by how many sales you make but by how long a marketer can retain good customers.
- “Grassfed beef – they may buy it the first time because its healthy but it also has to be good and have good service.”

Satisfying Relationships

- The key objective to marketing is to provide products that customers really want AND to make customers feel their input is helping in such a way that the customer is made to feel as if they are a partner (co-producer) not just a source of revenue.
- “How you spend your money is how you vote for what exists in the world.”

Customer Value

- Value is the perception of benefits received for what must be given up.
- Customers – what they feel they are getting for their money.
- Customer value may differ from one to another even if purchase same product.
- Health benefits, humane treatment, environmental, sustainable, support family farms, energy efficiency, etc.

Marketer Value

- Other side transaction must also win.
- Value measured in profit.
- Worth the efforts of the seller.
- Successful marketing is where both sides win and build an ongoing relationship, mutually sharing value.

Resources

- ***The Weblinks Collection***
- [All About Marketing](#) *This article offers short, though fairly extensive explanations of basic marketing concepts. Make sure to look down the page for the Related Library Links in order to find more extensive discussion of specific areas such as advertising and market research.
- [Consumer Psychologist](#) *Well developed site that includes materials covering basic areas such as: marketing principles, consumer behavior, international marketing and distribution.
- [Encarta - Marketing](#) *From Microsoft, this part of the Encarta reference area summarizes basic areas of marketing and includes other links to other marketing areas such as advertising and retailing.
- [Food Marketing 101](#) *Provides basic marketing coverage for creators, marketers and manufacturers of specialty food products.
- [Marketing Your Product - Business Owners Toolkit](#) *Short, to the point information for marketing products especially aimed at small business.
- [MarketingProfs](#) *This site has several nice features but the best are the articles that cover a number of basic marketing issues. To access many items is free though requires registration. But to access premium content requires a fee.
- [tutor2u Marketing](#) *Well done UK site directed at teachers and students that covers many of the basic concepts in marketing. Also includes quizzes on several topics,
- [Wikipedia - Marketing](#) *Excellent, evolving community-built site that focuses on numerous marketing areas. While information is generally very good, users should understand that the nature of a wiki allows anyone to post information, whether they know about a topic or not.

Market Research

Looking externally to learn about the market

- Tactical decisions require some knowledge of customers, competitors and markets.
- Primary research – collects original data, often very expensive. Surveys, Tracking, experiments.
- Secondary research – accessing information others have gathered, lower cost. Mkg. Research reports, magazine articles, etc.

Resources

- Google alerts
- Sustainable Food News
- The New Farm Newsletter
- www.meatingplace.com
- Organic Bytes by Organic Consumers Association
- www.factsfiguresfuture.com (FMI)

Market Study

- Focus is not on what strategy is planned.
- Focus is on what you learn about the market.
- Attention here makes the market plan easier to do.

Niche Markets

- A niche market product is a differentiated product that fills a unique sector of the market.
- Knowledge of the market lets you decide where you can fit in to a niche.

Food Marketing Institute and Prevention Magazine

- Am. connect healthy eating habits to home cooked meals and organic foods.
- 71% believe food consumed at home healthier than dining out.
- More Am. believe organic foods increase the healthfulness of their diets. Past year 24% bought organic meat & poultry. Up from 17% the year before.
- 80% feel primary factor for buying organic is healthfulness.
- Two-thirds think choosing organic will have an effect on long-term health.

Organic Farming Research Foundation

- Organic industry 9 billion in 2004.
- Natural and organic meat show \$350 million in annual sales. This is expected to increase to 1 billion.
- 79% of these farmers sell within 100 miles of their farm.

Leopold Center for Sustainable Agriculture

- The average product traveled 1500 miles from farm to table.
- Consumers are becoming increasingly concerned with buying local.
- Consumers surveyed showed that 72% will buy local if it is available.

NPD Marketing Research Group

- 10/2006 Consumers are motivated more by convenience than healthfulness.
- 50,000 consumers surveyed in Eating Patterns in America.
- Top 5 responses had to do with convenience and simplicity, the 6th had to do with nutrition.
- 11.1% eat sandwiches for dinner making it the most popular entrée.
- 62% increase in meals brought home from restaurants.
- Is there a niche you can fill here?

- Americans spend 46.4% of food dollar away from home. This should increase to 53% by 2010.
- Sales of organic meats increases 139% from 2003 to 2004.
- Consumers have shown they are willing to pay 30% more for “natural” meat and 15-200% more for organic.

Mintel International Group

- Oct. 2006 Organic will increase 71% in constant prices over the next 5 years.
- Organic meat grew 140% over last 2 years, mainly d/t increase in organic at traditional retailers.
- 24% of these sales were at Wal-Mart.
- 65% purchased at traditional channels.
- 45% shop in the natural channel.

Growth of Natural Beef

- Lee Arst, former CEO of Coleman Natural Beef
 - The natural beef market is currently worth approximately \$350 million in annual sales. The market will grow to \$1 billion in annual sales (about 2 percent of total beef sales).
 - Organic food has grown to 9 billion and increases 20% each year.
 - Consumer perceptions about food safety afford natural beef programs a large marketing opportunity – there is not currently enough product to satisfy this interest.

Natural Foods Merchandiser Market Overview

- Oct. 2006
- Organic and natural sales increase.
- 1997 sales were \$3.6 billion.
- 2006 sales were \$13.8 billion.
- Major retailers say this is the fastest growing food segment today.

– Laurie Demeritt, Hartman Group

- The hottest new food trend is the “wellness consumer.”
- Consumers’ two biggest concerns in meat are antibiotics and artificial hormones.
- Consumers want meat with stronger flavor and more variety.
- Consumers want meat to have health benefits and to be guaranteed tender.

Attributes of Grassfed Market

- Dr. Gary Smith, Colorado State University
 - “Story beef” is the wave of the future.
 - The most important consumer motivations for purchasing natural beef are:
 1. Hormone free
 2. Ranch name
 3. Antibiotic free
 4. Cattle are not fed meat byproducts
 5. Animal care
 6. Environmental stewardship

Consumer Demand for Grassfed Beef

- CSU study show that 16-22% prefer the taste of grassfed beef.
- Auburn study showed that 25-33% preferred the taste of grassfed.
- DDB found that 27-33% prefer grassfed.
- Kempker and associates showed 25-31% preferred grassfed.
- 50-55% showed no preference at all.

Market Research

- Conducted survey of 29 restaurants, retailers and institutional buyers to determine key motivations for purchasing beef.
- Collected consumer surveys from approximately 200 consumers during tasting events:
 - Gold Country Fair (Auburn)
 - Taste of the Gold Country (Grass Valley)
 - Placer Land Trust Harvest Dinner (Auburn)
 - North American Farmers' Direct Marketing Association Dinner (Roseville)
- Used volunteers to conduct surveys

Key Attributes - Comparison

<i>Attribute</i>	<i>Consumers</i>	<i>Retail/Restaurant</i>
Flavor	4.7	4.7
Tenderness	4.7	4.7
Food safety	4.7	4.8
Quality assurance certified	4.7	4.1
Consistent quality	4.6	4.9
Nutritional value	4.6	3.6
Antibiotic free	4.4	3.7
Hormone free	4.4	3.7
Dry aging	4.3	3.3
Locally produced	4.0	3.2
Grassfed	4.0	2.8
Recipes and other information	3.5	2.4
Breed	3.3	3.0

University of Missouri Consumer Survey

- Tasting panel of 87 beef consumers. Half had never heard of CLA. Rated beef according to taste followed by nutrition.
- Reference price of \$6.99/# rib eye steak.
- CLA enhanced beef: 32 willing to pay \$7.16.
- Panelists “educated” concerning CLA and health benefits of grassfed beef.
- Questioned again: 70 panelists willing to pay a premium of \$7.71/# for grassfed above commodity beef.

Education is a part of Relationship

- “The story”
- The experience
- Health benefits
- Humane animal treatment
- Environmental issues
- Journey of beef

Who Are They

- Demographics – Higher educated, higher disposable income, health conscious.
- Psychographics – Supports humane animal issues, environmental issues, family farm experience.
- Behaviors – Proactive in supporting their beliefs

Description of Grassfed Market

- Health benefits
- Animal benefits
- Environmental benefits
- Farmer benefits

Your Market Plan

- Purpose and Mission
- Situational Analysis
- Strategy and Objectives
- Tactical Programs
- Budget, Performance Analysis, Implementation
- Other considerations

Purpose and Mission

- You have a story – learn how to communicate it
- Writing it makes it easier to tell
- What do you have to offer your customers
- What do you want your company to be known for
- What is your philosophy for doing business

American Grass Fed Beef

- Traditional marketing made you keep your day job.
- A dream to allow children to return to the farm.
- A vegetarian buys a cow.
- Open a website for AGFB
- Started with 4 upright freezers and butcher wrap packaging
- Today we have our 3 oldest sons in the business, own a processing plant and employ 50



American Grass Fed Beef

USDA Dry Aged Grass Fed Beef • Since 1992

Our (AGFB) Core Values

- To produce the highest quality healthy beef in a reliable year round supply
- To treat our animals with compassion and respect while providing for the fulfillment of their natural grazing behavior
- To consider the stewardship of our environment as a privileged legacy for future generations
- To support American family farms by offering a model of profitability that assures their continuance



Our (AGFB) Standards



- Our cattle are born, raised and finished on open grass pastures in the rolling hills of southern Missouri. We practice a holistic approach to farm management which sustains and nourishes the environment through restoration and soil improvement techniques.
- Our cattle are bred for the quality of their beef and receive a forage diet free of herbicides, pesticides and artificial fertilizers as they are continually rotated to fresh new pastures. Our animals are never held in confinement, are never fed antibiotics and never receive synthetic growth hormones.
- Our cattle are finished on the highest quality forage available that is in a green growing state. This practice insures the best quality beef possible that is consistent in its clean beef flavor and tenderness.
- Our cattle are harvested in our own processing facility under our direct supervision. This assures that each individual animal is treated humanely and without stress. Our beef is dry aged for 14 days to concentrate the beefy flavor and tenderize the beef. It is then broken down by skilled butchers who take pride in their art of cutting beef.
- Our family is passionate about providing our customers with the healthiest, safest and highest quality beef on earth.



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No Added Hormones
Raised Without Antibiotics
No Animal By'Products
Grass Fed and Grass Finished



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Situational Analysis – Where you are and where you want to go

- Product
- Market
- Distribution
- Competition
- Financial analysis
- Environmental problems/opportunity
- Summary

Product

- Quantity
- Quality
- Sides / individual cuts
- List products
- Forward processing for value-added products
- Packaging
- Processing limitations – State Insp. Or USDA inspected
- Seasonal

Market

- Local / Regional / National
- Geographic area of concentration
- Identify potential markets in your area
- Restaurants / retailers / direct

Distribution

- How do you get your product to your market?
- Storage?

Competition

- Name:
- Location:
- Products and Services:
- Marketing / Promotion Tactics:
- Pricing:
- Strengths:
- Weaknesses:
- Opportunities:
- Threats:

Budgeting

- Identify the tactical steps.
- Outline the spending requirements for each step.
- Spending timetable.
- Performance analysis: revenue vs. expenses, breakeven (consider fixed and variable costs).

Marketing Decisions Affect Margin

- 1000 lb. @ \$1.10 = \$1100 (24 mo.)
- Internet retail: \$2200
- **Direct Expenses:**
- Boxes and coolant=\$240
- Shipping=\$180
- 5% Web expense=\$110
- 2.5% Credit card=\$55
- Labor to pack= \$20
- Total expenses=\$605
- **Net**=\$1595 less overhead (fixed) expenses + assumed risks

Potential Markets

- Major chain retailers
- Small upscale retailers
- Major distributors
- e commerce sites
- Your own website
- University foodservice
- Hospitals
- School programs
- Nursing homes
- Upscale “menu” restaurants
- Sports and fitness centers
- Agri tourism – wineries
- Pet food and treats (Pet Promise)
- Ethnic food markets
- Farmers markets
- Pick up at the ranch
- Delivery clubs
- Food Coops
- Professional and college sports trainers
- Branded programs
- Sell by live weight to marketing group

Marketing Strategy – Where you want to go

- Clearly define your goals based on the current situational analysis and the potential.
Understanding that it only works if it is profitable.
- Your strategic goals will determine your tactics
- Increase profit:
 - Increase margin
 - Increase volume
 - Decrease expense

Increase Margin

- Seek a market that will support higher pricing. High end restaurants, direct (take out the middle men).
- How do you market offal and trimmings?
- Develop value added products
 - Summer sausage
 - Individually vac seal packaged cuts
 - Ready to eat products
 - Pet food

Value

- Carcass yield and retail cut-out are critical to determining carcass value!
 - How much of each cut (or product) will you have in each carcass?
 - What factors influence yield and retail cut-out?
- Product development should maximize total carcass value.
- Must add value to whole carcass.

Value of Grassfed Beef

- Rule of thumb: 20% higher for natural, 30-50% higher for organic and grassfed.
- 1000 lb. live animal at \$1.25 = \$1250
- \$2.27/HCWT (550# carcass)
- \$3.15/BonedWT (396# meat)
- Add processing @ \$275/hd = \$3.84/lb

- 1000 lb. @ \$1.10 = \$1100
- \$2.00/HCWT
- \$2.77/Boned WT
- With processing = \$3.46/lb

Increase Volume: Grow Your Market

- Sell more to same market – current customers buy more or buy more frequently.
- Find new markets
- Capture more of the market segment
- Develop new products
- Maintain market stability and protect your market share

Decrease Expenses

- Financial and operational analysis to look for deadwood.
- Ranching For Profit and others

Tactical Marketing Program

- Identify each current and potential market.
- Plan the steps needed to get there.

Implementation

- Breakdown tactical steps.
- Assign who will do each step.
- How much each step will cost.
- Set timeframe to accomplish each step.