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IDEA



Fall 2003 NEWS & VIEWS

Initiative for the Development of Entrepreneurs in Agriculture

Henry's Farm

Henry and Hiroko Brockman Family
 Woodford County, IL

By Terra Brockman

Henry Brockman has been farming organically and selling his vegetables directly to consumers for 12 years now. How? An enormous amount of dedication, hard work, and savvy marketing. In the early 90's, Henry began selling organic vegetables from his new farm business "The Land." However, after listening to customers tell their friends and neighbors to buy their produce from

Henry, and having new customers come to his stand and ask if this was "Henry's Farm," he decided that the old adage was true, the customers were right. He re-named his business "Henry's Farm."



Henry's marketing knowledge began before he had any customers via an apprenticeship with John Gorzynski, a farmer who sold organic vegetables at New York City's flagship Union Square Green Market. Although Henry had grown up working in his family's large organic garden, it was in New York that he learned about growing, picking, packing, displaying, and selling to the public. The next year, He began doing it for himself and his growing family on his parents' land in Woodford County.

Because he needed to make money right away, Henry researched Chicago area markets. He learned that the Evanston, Oak Park, and Lincoln Park markets were the biggest and best. Of those, only Evanston had space available. Henry became the first (and at that point, only) organic stand at the market. Even though Henry has to leave for market at 1:00 a.m., he is happy to do it because he has a large and loyal customer base in Evanston that allows him to continue making a living from growing organic vegetables.

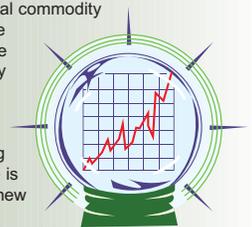
As Henry's operation grew from 3 acres under cultivation to 10, it became clear that he needed a midweek outlet as well as the weekend market venue. His mother got on the phone, and within a few weeks had a 68-member CSA in Bloomington. The following year, Henry reached his goal of 100 CSA families, and has held at that level.

Henry believes that the most important factor in his marketing is the quality and variety of his vegetables. He knows that

The Importance of Marketing

By Darlene Knipe

To entrepreneurs in agriculture the greatest difference between alternative enterprises and commodity agriculture is in the marketing. Traditional commodity farmers are price takers. The market sets the price and the farmer can improve his lot by raising the commodity that offers the best price or by cutting costs to improve profits. For farmers venturing into markets where the price is set by the seller an entirely new set of skills are required.



Seventy-five cents of every food dollar goes to packaging and marketing. That figure demonstrates the importance of marketing in the food industry. It's a fair statement that no business can succeed with out customers and yet markets are often an afterthought in the business plans of many ag entrepreneur. This issue of IDEA is dedicated to the subject of marketing as well as the stories of farmers who have found creative and innovative ways to market their products.

Questions and Answers

What are the advantages to selling to independent grocery stores as opposed to large supermarket chains?

It is important to understand that independent grocery stores are facing the same situation as farmers. They are trying to survive competing against large supermarket chains just as producers are trying to compete against large corporate farms. Independent grocery stores realize they must differentiate themselves from the supermarkets. Independent grocery stores are more likely to cater to the niche markets that are looking for an alternative to cheap commodity products. These are the same markets that many producers of value-added products are seeking. Independents are also less likely to charge slotting fees and are more capable of relaying customer feedback to the producer. All of this makes them a better threshold market for farmers wanting to direct market their food products.

COOL LINKS

Food Consumption Data System-ERS-Economic Research Service-U.S. Department of Agriculture
 This site enables you to create a table and/or graph using per capita food consumption data.
<http://www.ers.usda.gov/Data/foodconsumption/DataSystem.asp?ERSTab=3>

FoodReview: Consumer Driven Agriculture-ERS-Economic Research Service-U.S. Department of Agriculture
 This issue of FoodReview projects U.S. food consumption and spending to 2020. Articles discuss how farmers, processors, retailers, and foodservice operators are responding to this changing demand for food. Two additional articles look at food assistance expenditures and household food security.
<http://www.ers.usda.gov/publications/FoodReview/May2002/>

Illinois Product Logo Program-Illinois Department of Agriculture
 The Illinois Department of Agriculture's (IDOA) ILLINOIS PRODUCT logo program helps consumers identify and purchase Illinois food and agribusiness products. Participants are encouraged to help promote the idea of "Illinois Products" but are under no obligation to use the logo on their packaging or promotional items.
<http://www.agr.state.il.us/marketing/ilprodlogo/index.html>

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What's Inside

Finding the Right Market for Your Product
 Darlene Knipe and Gina Backes

Page
 2

New Website To Help Producers
 Market Their Food Products
 Darlene Knipe

2

Illinois Crown Beef Marketing
 Jeanne Harland

3

Questions and Answers

4

Cool Links

4

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Continued on page 2

Finding the Right Market for Your Product *By Darlene Knipe and Gina Backes*

Choosing the best market for a product may seem like a simple proposition, however it is a decision that requires forethought and good judgment. Few entrepreneurs have the resources to reach out to all potential markets. The large mass markets often appear at first glance to be the most desirable because of the volume of potential demand, but these markets represent the largest concentration of competitors as well. Few novice marketers can expect to compete successfully in that environment.

Niche markets are generally the point of entry into the market place for entrepreneurs with new products. Niche markets by their nature have needs and wants that differ from the average consumer such as vegetarians that prefer tofu. Larger businesses have limited ability to tailor their product and their marketing messages to appeal to all segments of the population. But these markets, when successfully won, can offer a producer a foothold in the market place upon which to build new and bigger markets.

The following are some general questions to consider when evaluating potential markets for a product:

Henry's Farm *Continued from page 1*

"tasting is believing," and that the best tasting produce is eaten as soon as possible after harvest. Once a customer tastes a perfectly ripe tomato, a truly flavorful melon, or a bright orange, farm-fresh egg, they never want to go back to regular grocery store items.

Variety is also important not just for the visual impression of beauty and plenty, but also for customers who know that Henry's Farm is the only place they can get wild arugula, Armenian cucumbers, or sorbet swirl watermelons.

The second most important marketing factor is the sense of connection with the farm and the farmer. This comes about through farm tours and potlucks, as well as through two weekly newsletters -- one for the CSA members, and one for the farmers' market customers. The "Food & Farm Notes" put readers in touch with what happened on the farm that week -- a hailstorm, a tomato worm infestation, or a beautiful moonrise. It also features one or more prime vegetables that week, and provides interesting background and time-tested recipes.

Perhaps the most important marketing factor is Henry's genuine passion and dedication to his principles and practices. Customers know they can completely trust the produce they get from Henry's Farm to be 100% chemical-free and 100% delicious. Henry believes good food is too important to produce and sell by the cheapest possible method. Still, a farmer has to make money to stay on the land, and Henry has figured out a way to both make a living and produce excellent food. He does it by getting his hands dirty raising a very large variety of high quality, organically grown produce, and selling it directly to the people who are going to eat it.

For more information visit: www.henrysfarm.com.

- Is there a critical mass of consumers? Simply identifying a niche market does not guarantee the market will support a business. The market must be large enough to support the product currently and in the future. If the product serves a niche market that is decreasing, then it will inevitably fail.
- Will they /can they pay the price to make it worthwhile? The market has to see a real value in the product and then be capable of paying a price that will be profitable for the business.
- Is this a market you can reach? This is not just a geographical issue. Loyalty and traditions also come into play. A market may have a very strong commitment and loyalty to specific types of businesses.

Once a market decision has been made that choice should influence all decisions to follow. The target market effects everything from pricing and packaging to brand identity.



New Website To Help Producers Market Their Food Products.

Producers, buyers, sellers, and distributors in Illinois will now have a new online marketing tool, MarketMaker. This new interactive website has been designed to find supply chain partners, improve your knowledge of where food consumers are located, and how they make food related purchasing decisions. MarketMaker is collaboration between the University of Illinois' Initiative for the Development of Entrepreneurship in Agriculture (IDEA), Illinois Department of Agriculture and CFAR as an aid to marketers of value added food products in Illinois.

The MarketMaker web site is rich with demographic and business data that the user can query against. The web site allows the information to be summarized on a map so that concentrations of consumer markets and strategic business partners can be visualized.

A user can request lists of federally inspected packing plants along with a map that identifies the locations of those facilities. If you are a grocery store looking for the closest producer of organic vegetables the website allows you to query the site to find the names and contact information for organic vegetable producers in Illinois.

Illinois Crown Beef Marketing

By Jeanne Harland

More and more farmers are beginning to sell branded products and marketing takes on an entirely new meaning. In the case of Illinois Crown Beef, we suddenly found ourselves on the other side of the meat counter, so to speak. The transition was not an easy one to make and we learned many lessons the hard way. For anyone considering the move to selling a branded product, here are some of the things we have learned about marketing. Keep in mind that ICB is still in its infancy and we are learning more lessons every day.

Create the brand identity

The first thing you must do when you decide to sell a branded product is to create the brand identity. That means you need a name, a logo, and a tagline. Remember that once you have selected the brand, you cannot change it substantially without losing your identity. You also need to copyright your brand.

Because this is not a place to try to cut costs, an advertising agency was hired to assist with the creative process. In the end, they created a logo that won an award for creativity in their own industry. There are two suggestions that would have made the creation of a brand and logo less difficult: contact several ad agencies to present proposals, and begin the process immediately to avoid working on deadline and accepting less than perfect work.

Census data is also a feature of the site. For example, a producer wanting to sell goat to Hispanic consumers can request a map that shows where the greatest concentration of upper income Hispanics households are located. Not only can the user request a complete demographic profile of those locations but they can also identify grocery stores serving those neighborhoods. This is the kind of information that is required in most business plans but is also useful in determining a feasible target market. Fact sheets, customized demographic profiles and supporting research are all resources that are available on MarketMaker.

All of these on-line resources are intended to improve the users understanding of food marketing and provide better access to regional food markets. You can visit MarketMaker at <http://www.marketmaker.uiuc.edu>. Businesses can be added to the database by completing the online form provided on the site or by contacting Gina Backes at 309-796-0512 or via e-mail at backes@uiuc.edu.



Invest in materials

Once the brand name and logo were finalized, a graphics company who specialized in point-of-purchase materials was contacted. Point-of-purchase materials are expensive! Our members suffered severe sticker shock over \$100 posters. But these items sell your product for you in the store or trade show, and they are a critical investment. Because of this large investment, it is vital to understand what point-of-purchase materials are needed and know who is your target market. In our case, we are relying on the store managers to market our product with our materials. We visit these stores to see the marketing materials' impact.

Develop the brand

"What makes Illinois Crown Beef special?" is the question we are most often asked. Each of us can put our own spin on it, but the basic answer is that it is born, raised, fed and processed right here in Illinois. That is our story, and every branded product needs to have a story behind it. This goes hand-in-hand with providing exclusivity to the retailers that carry our product. They want to provide their customers with a product that cannot be bought elsewhere. Part of our agreement with retailers is that we will not sell our product to a competing market.

Building relationships

Trust and communication are the two components that don't carry a price tag. This trust and communication must start within the business and carry over to the customer. It takes a long time and diligent communication with retailers to build trust. We know our product is good, but we must convince the meat managers to sell it. One way is to give them product to try. The meat managers themselves tried it, but they also gave some to their most discriminating customers.

We have found that the more often we call and visit our customers, the happier they are. It is important for the meat managers to know we care about how the product is selling. Since we are selling directly to the stores, we need to keep close track of their needs. Selling a fresh commodity such as beef involves special logistical concerns that can easily turn into nightmares. Good communication helps minimize the problems.

Marketing a branded product directly to retailers is hard and sometimes frustrating work. It is not something any of us was trained to do. And yet it is tremendously rewarding. The first time we stood in front of the meat case in a Chicago area store and saw beef that had been raised on one of our farms was an awesome experience. Seeing our brand on our product and watching consumers select it from the case made us realize our efforts had paid off in pride, if not yet in dollars.