

Fruit and Vegetable Production

Lesson 2: Developing a Marketing Plan

Competency/Objective

Describe approaches for the marketing of fresh fruits and vegetables.

Study Questions

1. **How does a business identify a customer base?**
2. **What are the different venues to sell products?**
3. **What are the different ways to advertise?**

References and Materials

1. *Fruit and Vegetable Production Unit for Plant Science Core Curriculum* (Student Reference). University of Missouri-Columbia: Instructional Materials Laboratory, 2006.
2. Figures/Transparency Masters
 - Fig. 2.1 Identifying a Market
 - Fig. 2.2 Characteristics of Many Successful Retail Produce Businesses
3. Activity Sheet
 - AS 2.1 Advertising a Product

Teaching Procedures

A. Review

The first lesson discussed the importance of managing financial resources and the steps in financial planning. This lesson covers key factors in developing a marketing plan: identifying customers, considering venues for selling products, and choosing methods of advertising.

B. Motivation

Ask the students if they have ever seen a commercial or ad that made them want whatever was being advertised. Have them discuss the way the ad made them feel and the way it made them react.

C. Assignment

D. Supervised Study

Lead students in collecting the information needed to answer and discuss the study questions. The instructor may choose to work on one study question at a time or have students consider all the study questions before the discussion. Another option is to have students work in a cooperative learning environment by forming groups and assigning different study questions to each group.

E. Discussion

Lead students in a discussion of the study questions. Supplement students' responses and information with additional materials when needed.

1. How does a business identify a customer base?

Refer to Figure 2.1 Identifying a Market. The first step in creating a marketing plan is identifying the market. It is essential that growers have their marketing plan in place before their produce is ready to sell.

- a. A market is all the potential customers for a particular product or service.
 - i. There are six steps in defining a business's market that move from the total population, in which no market is identified, to the penetrated market of customers who buy the product.

1. Total population: no market identified.
 2. Potential market: all customers who might have interest in the product.
 3. Available market: customers with the necessary interest, income, and access to the product.
 4. Qualified available market: customers who can buy a product based on age or other criteria.
 5. Target market: customers the company will serve.
 6. Penetrated market: customers already buying the product.
- b. The first factor in identifying a customer base is deciding whether to sell to wholesale or retail customers.
- i. Selling wholesale means selling goods to a buyer who sells the goods again. Considerations include the following:
 1. Wholesalers sell in bulk.
 2. A few customers purchase the whole crop.
 3. Producers do not deal directly with the general public.
 4. Customers aren't interested in product displays and ads.
 5. Producers provide less customer assistance.
 6. Producers make less on each item sold.
 - ii. Retailers sell relatively small amounts of products directly to the people who will use them. Considerations include the following:
 1. Producers can charge more per item.
 2. Displays and ads are important.
 3. Customers expect more service.
- c. Producers should determine what customers exist in their market.
- d. Characteristics such as age, income level, population of surrounding areas, location of residential areas, and influx of travelers to the area should all be considered to help determine the target market.
- e. The local Chamber of Commerce, census bureau, university extensions, and trade associations are among the resources that may be used to obtain these statistics.

2. What are the different venues to sell products?

Fresh produce may be sold through a variety of outlets. Each has its own characteristics that should be considered when developing a marketing plan. Refer to Figure 2.2 Characteristics of Many Successful Retail Produce Businesses as a summary or for further discussion after covering retail venues.

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- a. Roadside stands
 - i. Stands are a relatively easy way to sell directly to customers.
 - ii. The grower sets the hours, prices, and products.
 - iii. Sales provide immediate income.
 - iv. Minimal setup cost is required for a small operation.
 - v. Safe, adequate parking is needed.
 - vi. Stands must comply with all zoning, licensing, and insurance requirements.
- b. Farmers' markets
 - i. Farmers' markets are a low-cost way to sell fresh produce to a large number of customers within a short period of time.
 - ii. Producers have the opportunity to network with other growers, widen their customer base, and develop their marketing skills.
 - iii. Producers also share the costs of advertising and promotion.
 - iv. There is some loss of flexibility. Growers must adhere to rules and regulations regarding hours and days of operation, space availability, and products sold.
- c. Community-supported agriculture (CSA)
 - i. A CSA operation is a partnership between a grower and individuals who become members by purchasing shares of the season's harvest.
 - ii. Members help pay for seeds, fertilizer, water, equipment maintenance, and labor in return for fresh produce throughout the season.
 - iii. Growers benefit by receiving income as soon as work begins.
 - iv. A financial plan is essential for determining share price.
 - v. Since members are also the customers, growers should consider crops members want.
 - vi. Growers can work together to provide a greater variety of crops.
- d. Pick-your-own businesses
 - i. Pick-your-owns need less harvesting labor than traditional operations.
 - ii. However, pick-your-owns do require long work hours and additional liability insurance for the growers.
 - iii. There must be room for customer parking and traffic.
 - iv. The business must be accessible and close to a population that can support it.
 - v. Growers and operators must be willing to work weekends.
 - vi. Image is important.
 - vii. Weather is a key factor; farmers rarely sell by pick-your-own alone.
- e. Business and institutional markets
 - i. Examples include restaurants, grocery stores, wholesale cooperatives, schools, hospitals, and nursing homes.
 - ii. Sales are usually made by contract.
 - iii. Produce is normally purchase on a weekly basis.
 - iv. Buyers require prompt, regular delivery and consistent quality.

3. What are the different ways to advertise?

Advertising is essential to building a business. As with other parts of the marketing strategy, advertising needs to be planned in advance and used effectively to reach as many customers as possible.

- a. Newspapers
 - i. Advantages
 1. Local newspapers are available in most communities.
 2. Businesses can reach many potential customers for relatively little cost.
 3. Papers do research that can help businesses appeal to readers.
 4. Businesses can create or change ads quickly.
 5. Newspaper ads can generate sales in a relatively short period of time.
 - ii. Disadvantages
 1. Circulation may be wider than the target market, meaning the business pays to reach people who aren't interested.
 2. Many ads compete for the reader's attention.
 3. The production quality and appearance of ads are frequently low.
- b. Billboards
 - i. Advantages
 1. Billboards are a relatively inexpensive way to advertise.
 2. Billboards can be seen by potential customers 24 hours a day.
 - ii. Disadvantages
 1. Customers only have a short period of time to read the ads.
 2. Billboards are regulated in some areas.
- c. Direct mailing
 - i. Advantages
 1. Ads can be sent out selectively to the target audience.
 2. There are many options for how ads can appear.
 3. Ads are not competing with other ads on the page.
 - ii. Disadvantages
 1. Mailing lists must be current. Ads can annoy people who aren't interested in the product and waste the business's ad budget.
- d. Radio
 - i. Advantages
 1. Radio ads are typically inexpensive.
 2. Stations can help businesses gear ads toward listeners.
 3. Ads can reach listeners at home, work, or on the go.
 - ii. Disadvantages
 1. It is easy for listeners to become distracted or ignore the ad.
 2. There is no visual image to appeal to customers.

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e. Internet

i. Advantages

1. Advertisers can reach millions of potential customer at relatively low cost.
2. Ads can have creative audio and visual appeal.
3. Customers have access 24 hours a day, 7 days a week.

ii. Disadvantages

1. The site must be maintained.
2. It can be difficult for customers to find the site among all of the Web sites available.

F. Other Activities

Call local radio stations and have students compare and contrast prices for radio ads.

G. Conclusion

A business must find a market for the goods it sells in order to survive. The producer narrows the field from the total population of all individuals to the target market that will be pursued. Establishing a target market allows the producer to tailor advertising and products to the customers' needs and wants. Producers may choose to sell wholesale or retail. In general, the producer makes less per item selling wholesale but spends less on customer relations. When selling to retail customers, the producer can charge more per item, but in turn is expected to provide more customer service. Advertising is the way businesses communicate with customers about their products or services and encourage customers to make a purchase. Advertising is essential to building a business. As with other parts of the marketing strategy, advertising needs to be planned in advance and used effectively to reach as many customers as possible. Businesses should focus their efforts on an advertising plan that directly addresses their target market.

H. Answers to Activity Sheet

AS 2.1 Advertising a Product

Answers will vary.

I. Answers to Assessment

1. The potential market is all of the customers who might have interest in a particular product.
2. The target market is the customer base the company will serve.
3. Students should list three of the following answers.
 - A. Age
 - B. Income level
 - C. Population of surrounding areas
 - D. Location of residential areas
 - E. Influx of travelers
4. Students should list one of the following answers.
 - A. It is a low-cost way to sell fresh produce to a large number of customers within a short period of time.
 - B. Farmers' markets provide an opportunity to network with other growers, widen the business's customer base, and develop marketing skills.
 - C. Producers share the cost of advertising and promotion.
5. Community-supported agriculture is a partnership between a grower and individuals who become members by purchasing shares of the season's harvest.
6. Students should list three of the following answers.
 - A. Pick-your-owns need less harvesting labor than traditional operations
 - B. Growers must work long hours.
 - C. Growers need additional liability insurance.
 - D. There must be room for customer parking and traffic.
 - E. The business must be accessible and close to a population that can support it.
 - F. Growers and operators must be willing to work weekends.
 - G. Image is important.
 - H. Weather is a key factor; farmers rarely sell by pick-your-own alone.
7. Students should list three of the following answers.
 - A. Local newspapers are available in most communities.
 - B. Businesses can reach many potential customers for relatively little cost.
 - C. Papers do research that can help businesses appeal to readers.
 - D. Businesses can create or change ads quickly.
 - E. Newspaper ads can generate sales in a relatively short period of time.
8. Students should list the following answers.
 - A. It is easy for listeners to become distracted or ignore the ad.
 - B. There is no visual image to appeal to customers.

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6. What are three characteristics to consider before starting a pick-your-own business?
 - A.
 - B.
 - C.

7. What are three advantages of using newspapers as a method of advertising?
 - A.
 - B.
 - C.

8. What are two disadvantages of using radio as a method of advertising?
 - A.
 - B.

Figure 2.1

Identifying a Market



Figure 2.2

Characteristics of Many Successful Retail Produce Businesses

- Phone with an answering machine that provides essential information, such as prices and hours of operation
- Weekend, summer, and holiday hours
- Accommodations for children and a family friendly environment
- Barrier-free access to all services and facilities
- Sufficient parking and clear roads and trails at pick-your-owns
- Large, readable signs with vital information for customers
- Well-mannered, knowledgeable employees
- Free drinking water (Selling cold sodas, candy, and juices is also a good idea.)
- Containers supplied for customers who forget to bring one
- Plenty of shade
- Clean restrooms
- Attractive, well-stocked displays (Pick-your-owns should also have some produce on display, ready to purchase, for customers who prefer this option.)

