Marketing Agroforestry Products

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Agroforestry

- Sustainable agriculture
- Environmental benefits
- Habitat for wildlife
- New market opportunities
- Diversified farm income
In this presentation

• Provide a **framework** on how to approach the marketing of agroforestry products and overcome some of the challenges associated with it.
  – Market research
  – Marketing strategies
## Agroforestry Products

### Edibles
- Mushrooms (shiitake, truffles)
- Nuts (chestnuts, pecans, black walnuts, hickories, hazelnuts)
- Fruits (persimmon, paw paw)
- Berries (elderberry, aronia)

### Herbal medicinals
- Ginseng
- Goldenseal
- Which hazel
- Elderberry

### Specialty wood products
- Diamond willow canes
- Red cedar closet liners
- Walnut gunstock guns

### Floral and greenery
- Willow
- Ferns
- Salal

### Recreation
- Fee hunting
- Agritourism
Agroforestry Products

The Center for Agroforestry
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A Global Center for Agroforestry, Entrepreneurship and the Environment
Black Box

- How do I get into the market?
- What are my costs?
- Wholesale and retail prices
- Where can I buy what I need for my business and for what price?
- Is the supply I need readily available?
- Who are my customers? What do they want?
- For how much can I sell my products?
- Who are my competitors? What are they doing?
- What can I do different?
Market research

**Secondary information sources**
- Published reports and studies
- Online information
- Journals and magazines
- Business directories

**Primary information sources**
- Personal interviews
- Observations
- Surveys
- Focus groups
SWOT ANALYSIS

**Strengths**
- Previous farming experience
- Available land
- Children returning to the farm
- Location – close to a big city

**Weaknesses**
- Moderate finances
- Seasonal and perishable product
- Lack of marketing skills

**Opportunities**
- New cultivars made available
- Elderberry co-op
- Increased interest in locally produced products

**Threats**
- Competition from imports
- Increased federal and state regulations
- Extreme climate events

Example - farmer who would like to start growing elderberry
Porter Five Forces Model

- Threat of new entrants
- Bargaining power of suppliers
- Rivalry among existing firms
- Threat of substitute and compliment products
- Bargaining power of buyers
- Substitutes Compliments
5 Forces Example
Shiitake Mushrooms Industry

THREAT OF NEW ENTRANTS
- The cost to establish a business is not high
- Production and marketing knowledge need to be acquired through experience
- Incumbent firms create reputation through quality, customer service, consistent supply

COMPETITION
- From shiitake produced on sawdust and imports

SUPPLIERS
- Limited number of spawn suppliers
- Good relationship between suppliers and producers

SUBSTITUTES
- White button mushrooms and portabella mushrooms for lower price and higher availability
- Oyster mushrooms – same price and availability
- Chanterelle, maitake, morels, porcini – higher price, lower availability

BUYERS
- Local market
- Gourmet restaurants, farmers markets, on farm
- High prices
Next steps

- Decide on what products to produce
- Identify who want our product and under what conditions will they buy it (target market)
- Formulate marketing strategies to meet the needs of the target market
Target market(s)

- Market segments
- Target market

- Demographic characteristics (age, sex, religion, education, income)
- Geographic location (counties, states, regions)
- Psychographic characteristics (lifestyle, behavior, values, attitudes)
• **Example:**

Product: Elderberry jelly

**Customer segments:**

1. **Online customers**
   - Geographic: Nationwide (USA)
   - Demographic: Younger, moderate to high household income, high level of education
   - Psychographic: Price sensitive
   - Needs/Preferences: Like the comfort of shopping from home

2. **Health food stores customers**
   - Geographic: Regional area
   - Demographic: Older, higher household income, high level of education
   - Psychographic: Health conscious, less price sensitive
   - Needs/Preferences: Prefer healthy, high quality products

**Customer profile:**
- Who are they?
- Where are they?
- What do they need?
- How do they buy?
- How large is the segment?
Marketing strategies

• Product Strategy
Marketing strategies

Adding Value

• Processing
  – Extend availability and shelf life
  – Potentially higher returns
  – Use lower quality products
  – Diversify market outlets
  – Higher investment
  – Financial resources and human resources/expertise

• Extra convenience

• Customer service

• Product image (healthy, environmental friendly, locally produced, organic)
Marketing strategies

• Distribution Strategy - getting the products to the buyer

• Direct marketing
  – Outlets: farms, farmers markets, PYO, CSA, Internet
  » Capture larger share of consumer’s spending
  » Closer relationship with the consumer
  » Higher risk
Marketing strategies

• Distribution Strategy - getting the products to the buyer

  • Intermediary distribution
    – Wholesalers, distributors, cooperatives, retailers
      » Provide constant dependable supply
      » Maintain product integrity along the value chain
      » Reduced risk
Marketing strategies

• Pricing Strategy
  – Pricing to the market
    • What others are charging for the same type of products
    • Power to set prices (differentiation, reputation, promotion)
    • Demand sensitivity to price changes
  – Pricing to your costs
    • Cover expenses
    • Make a profit
Marketing strategies

• Communication Strategy
  – Message: freshness, local, sustainably produced, healthy
  – Tools: ads, flyers, press release, tasting samples
Marketing strategies

• Communication Strategy
  – Delivery: festivals, local radio, word of mouth, social media
  – Frequency
  – Costs
Marketing plan

Structure of a Marketing Plan

• Introduction
• Market research and analysis
• Marketing and financial objectives and goals
• Marketing strategies
  – Product
  – Price
  – Distribution plans
  – Communication
• Marketing budget - estimated costs of the planned marketing strategies, the cost associated with market analysis and an explanation of the source of funds (e.g., borrowed, savings, percent of revenue).
Conclusion – The Framework

- Goals/objectives
- Site assessment
- List of potential “Best bets”
- Market research
  - Collection of information
  - SWOT Analysis
  - Porter Five Forces Model
- Refine “Best Bets”
- Marketing planning
  - Identify target market
  - Formulate marketing strategies (product, distribution, price, communication)
  - Finalize marketing plan
Thank You