

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



Pussy willow wreaths
\$39.15 \$31.95



Dried
wild

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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

SWOT

Opportunities

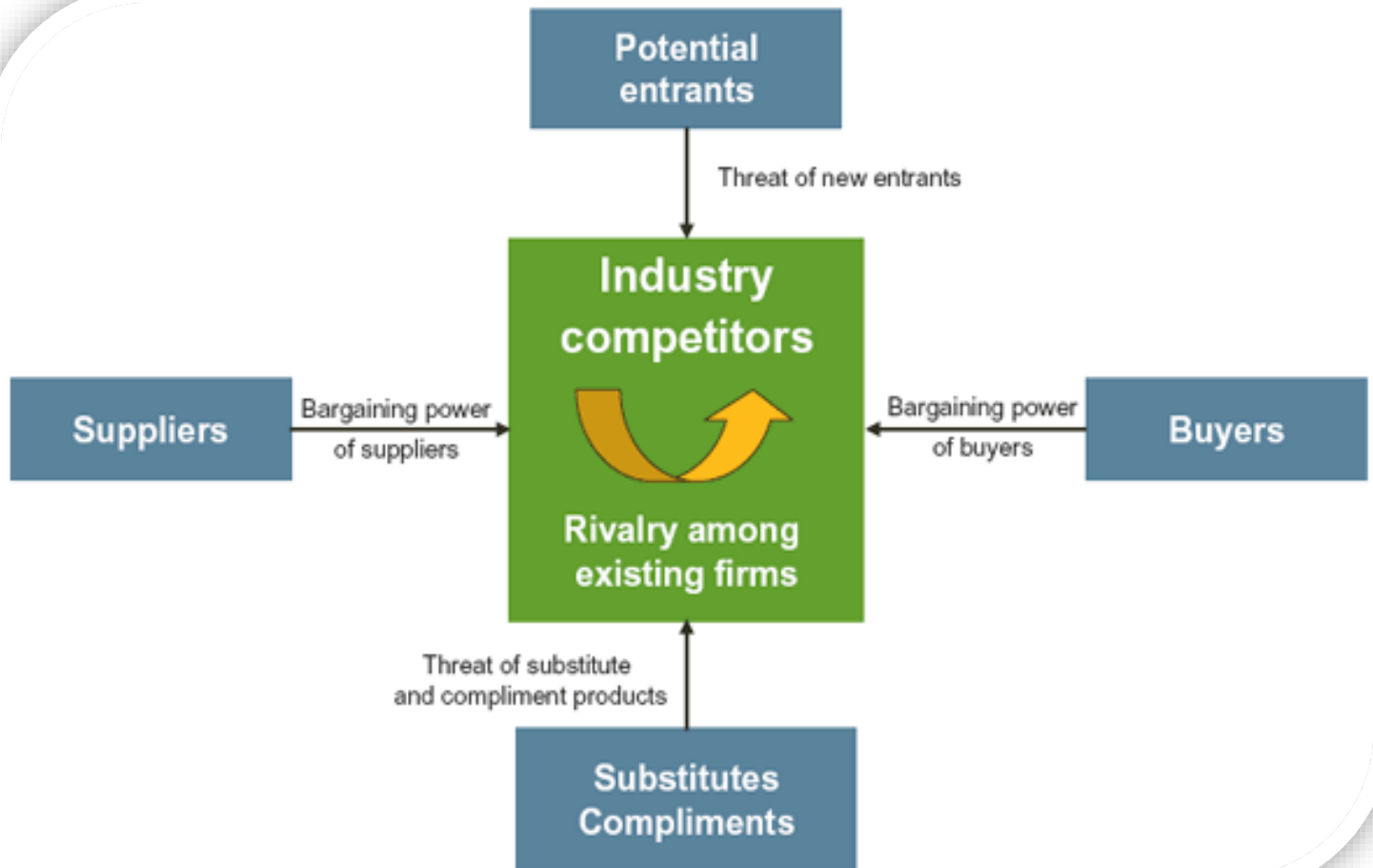
New cultivars made available
Elderberry co-op
Increased interest in locally produced products

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



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

SUPPLIERS

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

COMPETITION

- From shiitake produced on sawdust and imports

BUYERS

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

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

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)

Market segments

- **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?



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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

