



Evaluating Marketing Opportunities & Choosing Channels

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Opportunity is knocking...

Wholesale

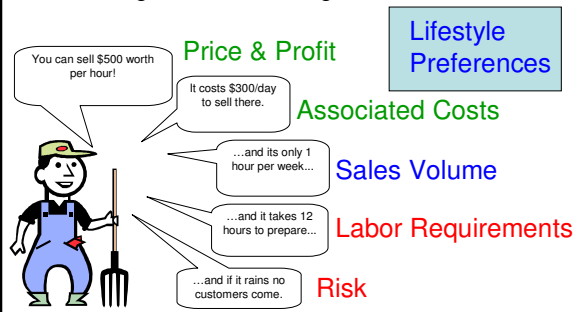
Restaurant
Grocery
Distributor
Auction

Direct

Farmers' Market
U-Pick
CSA
Farm Stand

How do you evaluate a market opportunity?

Six interacting factors impact the "performance" of a marketing channel including:



The Moving Target



Marketing Channel Assessment Tool Methodology

- Collect logs of all marketing labor (from harvest to sale) for one typical, peak season week.
- Collect gross sales & mileage for the week.
- Collect ranking on lifestyle & risk.

Why labor logs?

- Labor is the largest marketing expense.
- Consistent unit and format.
- Each employee filled out their own sheets.

Labor logs

Farm name: _____ Name: Joe Date: 8/5

Time spent (to nearest 15 min): 45 Vegetable(s): kale & chard

Activity: Check all that apply

Create Pick list Harvest Cull/grade/sort/wash Bunch/Bag/Package/Pack orders/boxes

Load/unload truck Travel to/from market/make deliveries Bookkeeping/Bills

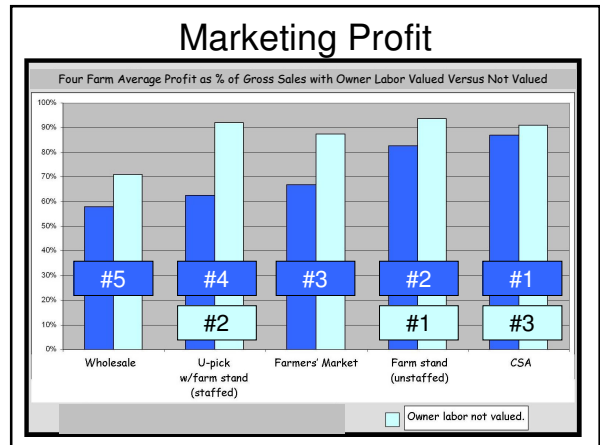
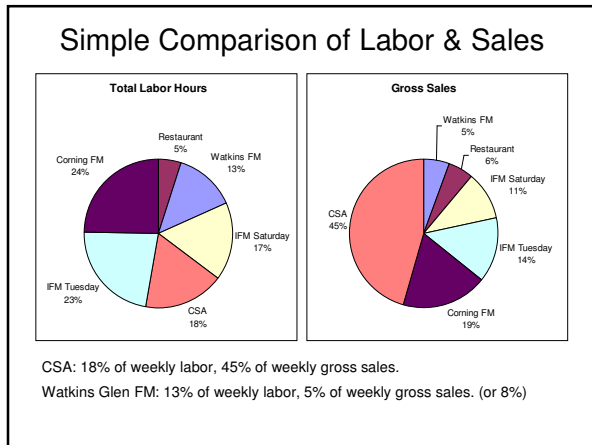
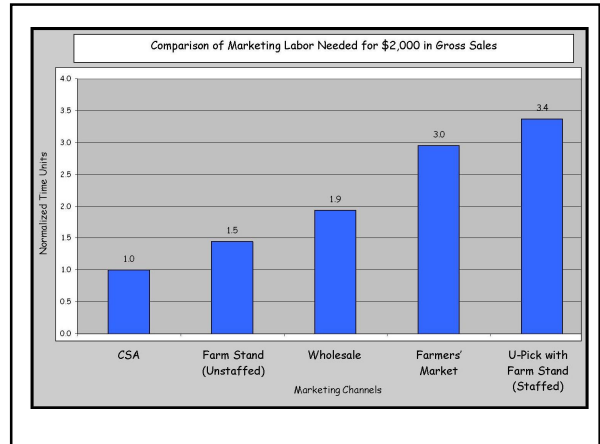
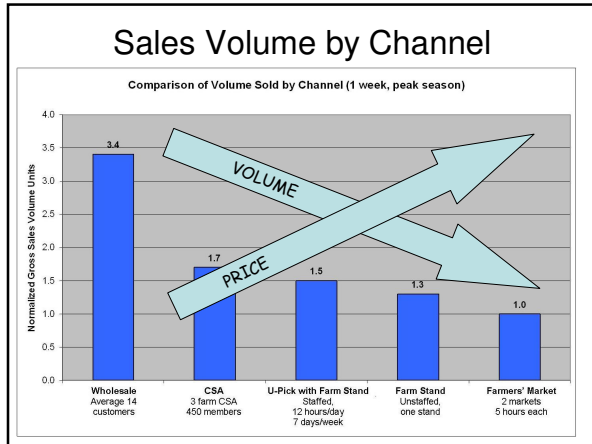
Sales calls Sales Time/Set up/Take down Other (please describe) _____

Product Destination: Check all that apply (when possible, please write name of biz)

CSA Restaurant _____

Ithaca Farmers' Market Other _____

Harvest → Process & Pack → Travel & Delivery → Sales time



What are the marketing risks associated with each channel?

- Competition
- Customer turn-out (weather, etc...)
- Buyer back-out
- People on the farm (injury, litter, vandalism, crop damage)
- Unpaid invoices
- Small orders
- Stress

Rank & Compare

- Profit (gross sales – (labor + mileage cost))
- Labor hours required
- Sales volume

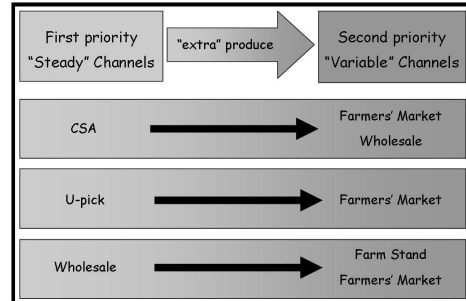
Also rank opportunities for:

- Riskiness (financial risk, lost sales, etc...)
- Lifestyle preference (enjoyment, stress avoidance)

Simple Channel Ranking: Based on 5 factors.

	Volume	Profit (With owner labor valued)	Risk	Labor hours	Total Score	Final Rank
CSA	2	1	1	1	5	1
Farm Stand (unstaffed)	4	2	3	2	11	2
U-pick w/Farm Stand (staffed)	3	4	2	5	14	3
Wholesale	1	5	5	3	14	3
Farmers' Market	5	3	4	4	16	5

Channel Combination with prioritized selling maximizes sales of unpredictable perishable crop yields.



Going Forward:

- The Marketing Channel Assessment Tool has been developed.
- Farmers complete one week of labor logs and we analyze them.

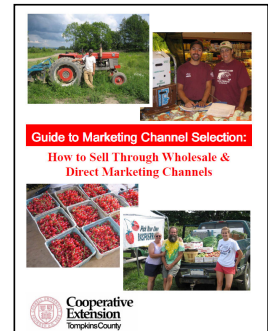
Farmer Benefits:

1. Informed decision making
2. Increase in profitability, enjoyment of work.
3. Decrease in labor needs, stress, risk.
4. Benchmarking against similar farms.



Guide to Marketing Channels

- Download free at:
<http://ccetompkins.org/agriculture/farm-marketing>



Summary

- Identify your goals and lifestyle preferences.
- Keep marketing cost & returns records, if only for "snapshot" periods.
- Value your own time to present an accurate picture of marketing costs.
- Rank and compare opportunities to maximize profits.
- Combine channels to max sales and reduce risks.

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Marketing Channel Assessment Exercise

Using the table below, write in each marketing channel that you currently use and those that you are considering. Next, rank the channels against each other. A “1” is given to the channel that is the “best” for each criteria. In other words, a “1” for Price means the highest prices you receive, a “1” for Risk means the least risky channel. Channels that you feel are equal for a certain criteria get the same score and the next number in the rank is skipped (see Labor Required for example). In the Total Score column, simply add across for each channel. For Final Rank, give the channel with the lowest score a “1”, this is the best channel. A blank table is included in Appendix 2.

Marketing Channel	Volume	Price	Risk	Labor Required	Assoc. Costs	Total Score	Final Rank
Self-serve farm stand	1	2	2	1	2	8	1
Farmers' Market	2	1	2	3	1	9	2
Restaurant	3	2	1	1	2	9	2