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BUSINESS PLANNING FOR AGRICULTURAL OPERATIONS: MARKETING PLAN

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A marketing plan includes an analysis of the market and strategies to meet the needs of target customers. The marketing plan is the third section of the business plan, following the business description. Along with the other publications in this series, this guide can assist agricultural producers in developing a comprehensive business plan.

Market Analysis

A market analysis includes an overview of the size of the market, trends and competition for each product or service being offered. When developing marketing strategies, it is critical to have a thorough understanding of current market trends and what products or services are already being offered by competitors.

To analyze the market, utilize census data and surveys, as well as personal observations to form a well-rounded view of the market. Visit similar operations and observe the products and services offered, as well as the promotional strategies used to meet customer needs.

Describe the competition and where the business fits into the market. Define what segments of the markets are available to capture or what needs of consumers are not met with the current offerings.

A description of the competition should include:

- Products, services, and/or activities offered.
- Number of employees.
- Geographical area served or reached.
- Primary markets including wholesale and direct to consumer channels.

Target Market

Identify the target customers for the products and services offered by the operation. Demonstrate a thorough understanding of the 4 C's of the target consumer: consumer cost, consumer benefit, convenience and communication.

- Consumer cost — The cost outlines what a consumer will have to give up to obtain the product or service. For example, the cost and time of driving to an agritourism destination or on-farm store should be considered.
- Consumer benefit — The benefit for the consumer includes what the consumer will receive by purchasing the product or service.
- Convenience — How easy is it for consumers to find and purchase the product or service?
- Communication — Communication channels include in-person and online, such as websites, social

media, and direct contact through email or newsletters. Consumers can also provide valuable information and feedback, which should be used to develop products and services that align with consumer demand.

Marketing Mix

The marketing mix refers to the key elements of a marketing strategy, the four P's of marketing: product, price, place and promotion.

- Product — Product refers to the goods and services offered, as well as the characteristics that differentiate the product from competitors' offerings.
- Price — Provide the prices for all goods and services, as well as how prices compare to the competition. Given input costs, do prices provide a sustainable profit margin?
- Place — List the locations where the product is offered, including distribution channels utilized. Include online and physical locations. If manufacturing a finished product for the end consumer, where will consumers find your product to purchase it?
- Promotion — Describe promotional efforts and strategies to inform

consumers. A new operation should have a different promotional plan that includes establishing a customer base and creating a brand image, while an established business should include customer retention strategies. Promotional strategies include recognition or rewards programs, volume discounts, and bundling goods or services.

Conclusion

A marketing plan provides an overview of the goods and services offered and how the products fit within the market. The plan should include a comprehensive review of the market including the size, scope and trends. It also should include the marketing mix to meet consumer demands. The next steps in completing a business plan include developing a financial plan, followed by the executive summary. All components of a business plan should be updated as goals and circumstances change.

A worksheet is provided to assist in the business planning process.

Additional Resources

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