



Alternative Markets: Tools for Applying Sound Business Principles

Dawn Thilmany

Dept of Ag and Resource Economics

And CSU Extension

Colorado State University



Overview

- Strategic Planning:
 - Targeting Customers in Niche Markets
- Shared Values and Strategic Alliances
 - Engaging Partners in Niche Strategies
- Connecting with your Market:
 - Building your Identity through Cost Effective Promotion



Niche Markets

- Niche markets are **segments** within your larger target audience
 - Well-defined customization at smaller scale
- To identify niche markets, group your potential consumers
 - Similar demographic, buying behavior and/or lifestyle characteristics
- How will you communicate how you meet their needs or interests?



Deliberate Planning

- The Mission is why we Exist
- The Objectives are where we want to be
- The Strategy is the best “road map” to attain your objectives while staying true to mission
- Actions are effective and realistic steps to achieve your strategy.



3 Rules for Niche Markets

Entrepreneur.com

- Meet their Unique Needs
 - This may take consumer/market research
- Say the Right Thing
 - Promotional materials targeted at motivations and interests of consumer segment
- Test Market
 - Start small with minimal capital investment, which may require partnering with established retailers or partners



Identifying Niche Markets

- Identifying “like-minded” groups is a way to organize your business plans
 - You may even name them to facilitate “brand” or image building
 - “Clustering” of consumers allows you to plan more targeted and effective marketing activities
- **Clustering** consumers may also help you better estimate potential visitor numbers and **set** appropriate price points



Market Segments: A Natural Meat Example

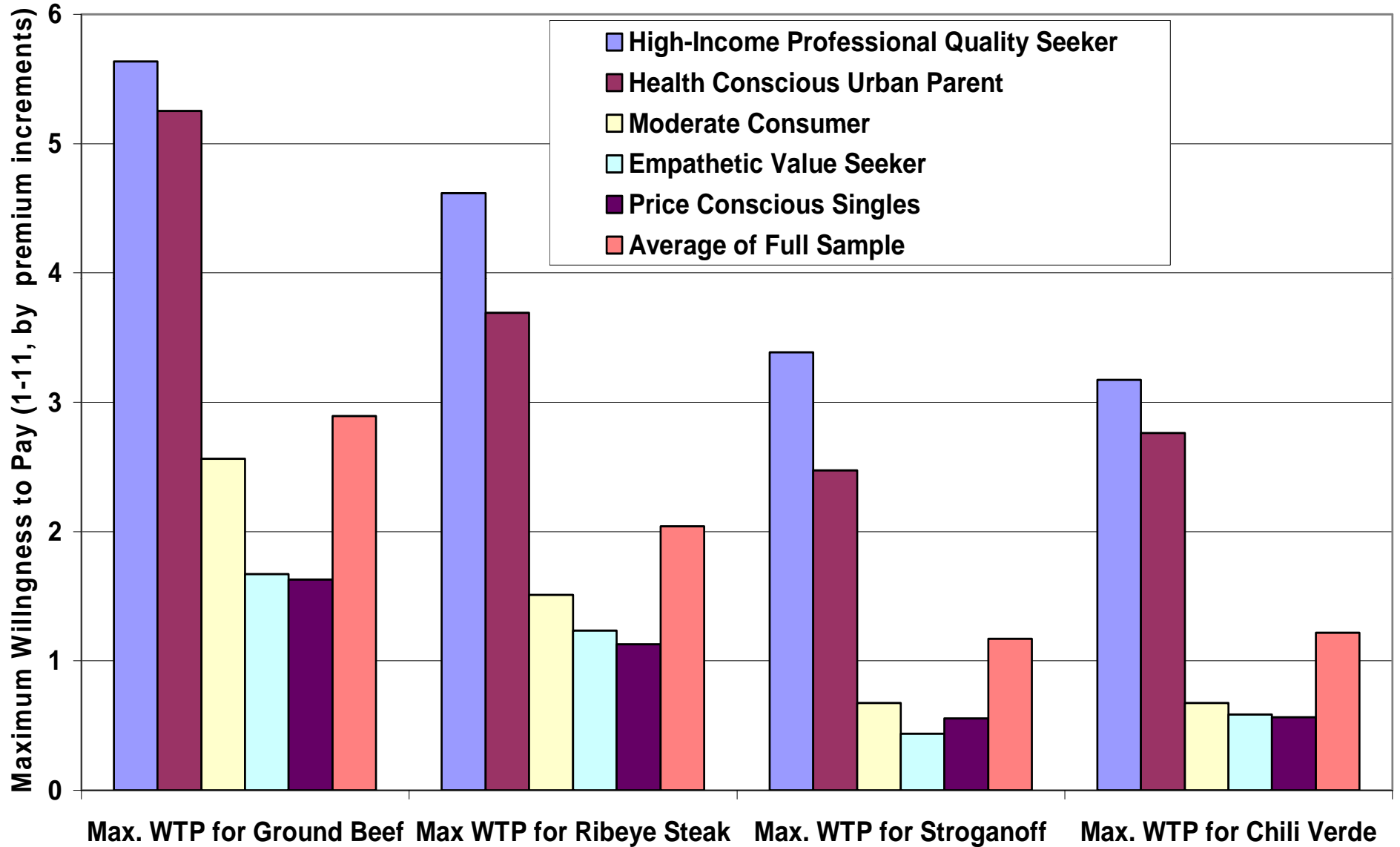
- Cluster analysis was used to create 5 consumer groups (driven by many questions on motivations/behavior)
 1. High-income professional quality seekers (13%)
 2. Health conscious urban parents (13%)
 3. Moderate consumers (30%)
 4. Empathetic Value Seekers (22%)
 5. Price conscious singles (22%)



Target Consumers

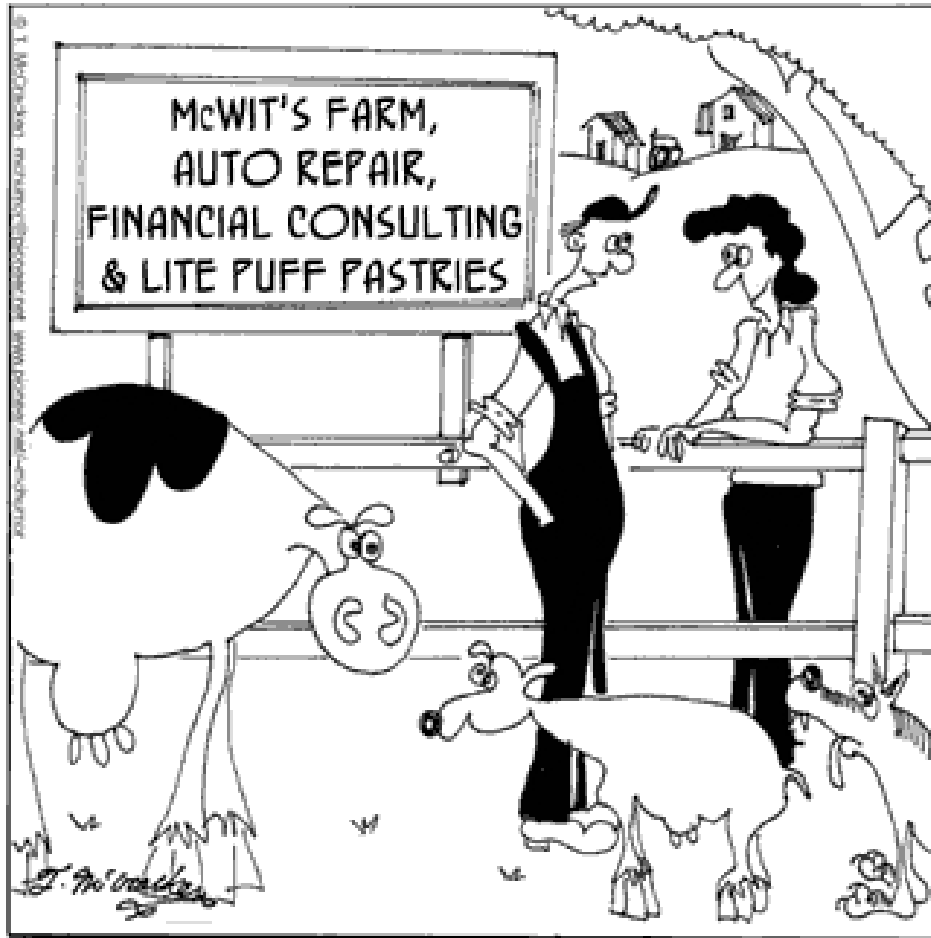
- Quality Seekers and Health and Natural Consumers (13% each) willing to pay a premium for natural, local beef.
 - Quality Seekers' expect quality
 - Health/Natural Consumers are more altruistic
 - Ranked production attributes such as “no antibiotics,” “no hormones,” and “humane treatment,” significantly higher
 - Significantly lower percentage of their premium due to personal benefits

Maximum Willingness to Pay for Natural, Local Beef Products by Cluster, Colorado N=412



McHUMOR

by T. McCracken



"The only way to survive in the current economy is to diversify."

- Will you change and diversify in a smart and deliberate way?



Values-based food supply chains

- Business relationships among “strategic partners” within value chains are framed in win-win terms,
 - Constructed on collaborative principles that feature high levels of interdependence and inter-organizational trust.
- As producers of differentiated food products, farmers/ranchers (and fishers) are treated as “strategic partners
- Commitments are made to the welfare of all strategic partners in a value chain, including appropriate profit margins, living wages, and business agreements of appropriate duration.
- Operations can be effectively located and coordinated at local, regional, national, and international scales.



Identifying and Building Core Competencies in Values Chain

- Core competencies must be distinctive.
 - Capabilities that are done better than competitors

- Identifying core competencies is key to development of sound strategy.
 - Expertise in Rare or Emerging Production Protocol
 - Organic, Human Treatment, Biodynamic, Grassfed
 - Customer Service
 - Alliances with Established Marketing Partners
 - Unique Resources (Natural, Human, Historical)



New Resource for Promotion

- MarketMaker is a free tool to:
 - Help Consumers find Producers
 - Help Producers Promote their Operations and Products
 - Assess the food and agriculture of an area: Providing an inventory and great networking resource



Aspen Grove Farmers' Market	Littleton	Colorado				
Aspen Saturday Market	Aspen	Colorado	N/A	N/A		
Aurora Farmers' Market	Aurora	Colorado				
Berthoud Farmers' Market	Berthoud	Colorado				
Boulder County Farmers' Market						
Boulder Farmers Market						
Briargate Farmers' Market						
Brighton Farmers' Market						
Cañon City Farmers' Market						

Berthoud Main Street - Home Page - Internet Explorer provided by Dell
 http://www.berthoudmainstreet.org/

Berthoud Main Street - Home Page

Preserving Our Downtown's Past and Planning For It

- Home
- Our Town
- About Us
- Committees
 - Organization
 - Design & Preservation
 - Economic Restructuring
 - Promotions
- Calendar

Scarecrows on Parade

It's that time of year again, and the spooky, scary, s taking over downtown Berthoud! Kids can particip: scarecrows to adorn our downtown storefronts. Cl the Scarecrow Parade!

In the News

- Happy Feet: Berthoud snags big grant for dow

One Fremont County Farm

- Admission: Free
- Tractor Rides: Free
- Wholesome Family Fun: Free
- Baskets/Boxes for picking: Free
- Tony's Personality: Free
- Deli Items: Reasonable !



Apples: Pick-your-own \$1.35 Lb.

Already picked Apples in the store vary by variety
usually \$1.50 to \$1.77 a Lb.

Fresh Pressed Apple Cider: 1/2 Gallon \$3.00 Gallon \$6.00



- Blackberries : \$4.50 for 12 ounces** Raspberries : \$4.50 for 12 ounces**
- **** (The Price Of Berries In The Stores In Colorado Springs are \$3.99 For 6 Ounces!)**

- Please Note: Prices are subject to change...
Except the Free ones!

Social Marketing: Networking

- Facebook currently the most widely used platform to grow a “fan base”
- “Experiment” with Facebook shows good payback from small time Investment
 - Harder to track how it translates to sales

	Native Hill Farm	Wolf Moon Farms	Grant Family Farms
Amount of Content	Very Little	Moderate	Moderate
Person Responsible	No one	Working Member	Employee
Hours Spent/Week	0	0.33	5
Posts/Week	0	4.1	14.2
Interactions/Post	0	0.35	2.21
Interactions/Fan	0	0.36	0.886
Number of Fans	3	47	588
%Website Traffic	42	9	22.3

Data from Preliminary Studies at Colorado State University, Phillips, Sullins and Thilmany

Directories: Examples from Colorado



- Colorado Farm Fresh Directory
- Colorado Food & Beverage Gift Guide
- Colorado Hay Directory
- Colorado Meat Directory
- Various brochures featuring Colorado's livestock, produce and organic industries.
- Pumpkin Patch List
- Christmas Tree List



The Opportunity

- *“Opportunity is missed by most people because it is dressed in overalls and looks like work.”* Thomas Edison
- Thoughtful consideration of desired outcomes
 - Financial?
 - Personal? Values-oriented?
 - All will be factors in a Niche enterprise



Five Stages

5 STEPS

- Planning
- Define Mission and Objectives
- Strategies and Action
- Monitoring Key Projects/Objectives
 - Crucial to 1st year in new enterprises
- Organizational Realignment
 - Revisit personal, financial and value issues
 - Are partners needed? Alliances needed?



Summary

- Niche marketing is only one of many enterprise diversification strategies
- Taps into underutilized resources
 - Creates new Revenue Streams from these underused resources

But,

- Requires significantly different Management skills and Marketing Strategies
- Careful consideration and planning is key!