

Niche Marketing for Produce: Lessons from Innovative Western Enterprises

by
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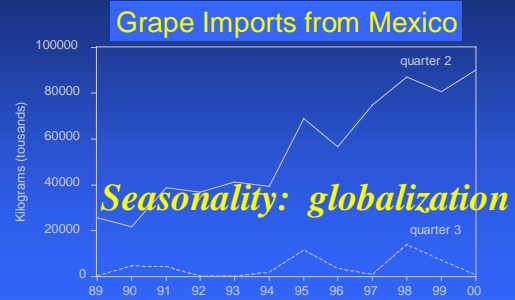
What is Niche Marketing?

- ☞ Production-marketing strategy to address specific needs of specific customers
- ☞ Often focused on relationships, smaller companies, and value added products
- ☞ Niches are always undergoing change
- ☞ Food Certification/Labeling areas -- tools to differentiate product

What may not be a Niche Market?



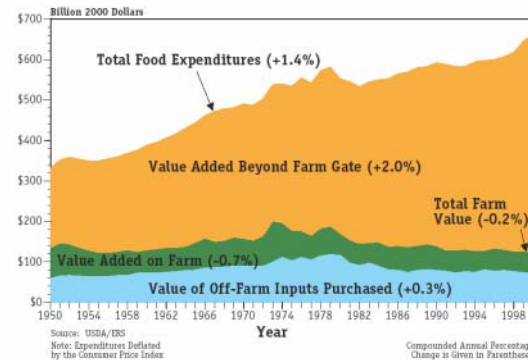
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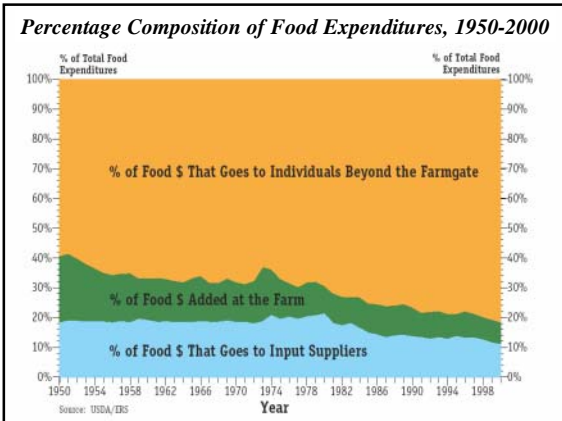


Why Niche Marketing?

- ☞ Capitalize on markets that have been overlooked by others
- ☞ Opportunity to add value with desired attributes at farm gate and beyond
- ☞ Your goals, managerial talent, and farm resources may compliment each other with niche production-marketing.
- ☞ Have fun!

Components of Food Expenditures, 1950-2000





- Basic Challenges of Niche Mktg**
- ☞ Find product/service in area where someone is not already established
 - ☞ Group small enough to be overlooked by competition
 - ☞ Group large enough to produce the volume of business needed
 - ☞ Several niches that compliment each other

- The Discipline of Market Leaders**
(Treacy and Wiersema)
- ☞ Customer Intimacy -- meeting specific needs of select customers (Nordstrom, Airborne Express)
 - ☞ Operational Efficiency -- low cost producers (Wal-Mart, McDonalds)
 - ☞ Product Leadership -- first with new products (Intel, Nike)

Western Profiles Publication

☞ 17 enterprises from West

☞ "Everything that can be counted doesn't necessarily count; everything that counts cannot necessarily be counted." Al Einstein.

☞ "Low-Cost" commodity producer to "Consumer Intimacy" strategies

Western Extension Marketing Committee
Publication #21123

- Four Key Strengths of Enterprises**
- ☞ Customer Intimacy. Ongoing communication/relationship with customers.
 - ☞ Personality type and interpersonal skills. (People Skills)
 - ☞ Superb Product & Service Quality: especially if no unique experience.
 - ☞ Business Savvy. Profit centers, product mix.

Creative Growers



- ☞ *Noli Oregon: 25 miles W. of Eugene*
- ☞ *Aaron & Kelly Silverman*

Creative Growers

- ☞ *Product Mix: Organic veggies (63%), pastured poultry (26%), flowers (11%)*
- ☞ *Veggie Sales*
 - *Restaurants 90%*
 - *CSA 10%*
- ☞ *Plow down a crop with low quality*
- ☞ *Excellent communication with Chefs*

Cattail Creek Farm



- ☞ *Junction City, Oregon*
- ☞ *Jon Neumeister*

Niche of Cattail Creek Farm

- ☞ *Never uses GMO feed, antibiotics, or rental pasture*
- ☞ *Provides superb service with restaurants*
- ☞ *Collaborates*
 - *refrigerated truck*
 - *deliveries*

Seabreeze Organic

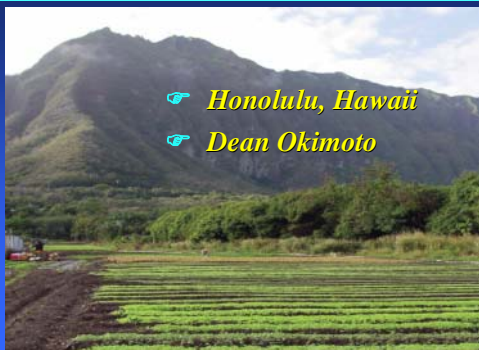


- ☞ *San Diego County*
- ☞ *Stephenie Caughlin*

Seabreeze Organic

- ☞ *Began as a political and environmental statement*
- ☞ *Organic veggies, salad greens, fruits, and citrus*
- ☞ *200 weekly deliveries within 10 miles of farm*

Nalo Farms: High End Restaurants



- ☞ *Honolulu, Hawaii*
- ☞ *Dean Okimoto*

Nalo Farms: 3 Keys to Success



- ☞ *Top Quality*
- ☞ *Consistency*
- ☞ *Customer Service*

Love Family Farms: Kona Coffee

- ☞ *Kona, Hawaii*
- ☞ *Ken Love*

Love Farms: Niches Developed

- ☞ *Processes coffee at cooperative facilities*
- ☞ *Designs own custom labels*
- ☞ *Targets Japanese consumers*
- ☞ *Tree Rental Program*
- ☞ *Exotic Fruits*



Honeyacre Produce



- ☞ *Fort Collins, CO*
- ☞ *Shoemakers*

Niches of Honeyacre Produce

- ☞ *Products: tomatoes, seedless European cucumbers, tri-colored peppers*
- ☞ *Outlets: retail, restaurants, & farmers' markets*
- ☞ *Transformed from a year-round to freshness Market Niche*
- ☞ *2 Mkt Segments*
 - *health conscious*
 - *consumers seeking taste*

Southridge Farms



☛ Santaquin, UT
☛ Phil Rowley

Niches of Southridge Farms



☛ Moose Droppings for Sale
☛ Country Store
☛ Gift Packages
☛ Sleep at night -- more price control

Harward Farms



☛ Springville, UT
☛ Judd Harward

Niches of Harward Farms

- ☛ Quality Sweetcorn \$3.50 vs \$1.00
- ☛ Personal name basis
- ☛ Sweetcorn and alfalfa sales compliment each other
- ☛ Displays identify their product (common green banner)

American Pet Diner



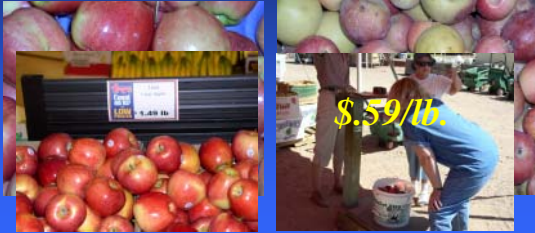
☛ Eureka, Nevada
☛ Schoemakers

Niche of American Pet Diner

- ☛ Timothy hay sold as pet food
- ☛ Internet focused company
- ☛ Provide superior product and service

Which Apples you Prefer?

Food versus Tourism



farm price ~\$.20/lb.

Product Diversity & Value Added



Quality Factor at U-pick



Niche of Experience & Product



Summary of Key Points

- ☞ *Superb produce quality/ service and/or unique experience*
- ☞ *Experience vs. Cosmetic Appearance*
- ☞ *Year-round opportunities for retaining good help.*
- ☞ *5Ps of Marketing Mix: people skills*
- ☞ *Education Opportunities*
- ☞ *Goals and Objectives of Farm/Ranch*

Resources

- ☞ *Western Profiles Publication:*
 - *22 page color publication, \$10*
 - *CALSmart, 520-318-7275*
 - *cals.arizona.edu/arec/wemc/wemc.html*
- ☞ *Southwest Mktng Network Conf.*
 - *Flagstaff, AZ; March 14-16*
 - *www.swmarketing.ncat.org*