

*Food Industry*

**MARKET  MAKER™**

Linking Agricultural Markets

# **MARKETING**

## AQUACULTURE PRODUCTS



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# Reality Check: Why Businesses Fail

Jay Gotz who owns five small, very successful businesses in Chicago and is the author of *The Street Smart Entrepreneur* had this contribution in the New York Times on Wednesday, 05 January 2011:

“One of the least understood aspects of entrepreneurship is why small businesses fail, and there’s a simple reason for the confusion: Most of the evidence comes from the entrepreneurs themselves.

“I have had a close-up view of numerous business failures — including a few start-ups of my own. And from my observation, the reasons for failure cited by the owners are frequently off-point, which kind of makes sense when you think about it. If the owners really knew what they were doing wrong, they might have been able to fix the problem. Often, it’s simply

a matter of denial or of not knowing what you don’t know.

“In many cases, the customers — or, I should say, ex-customers — have a better understanding than the owners of what wasn’t working. The usual suspects that the owners tend to blame are the bank, the government, or the idiot partner. Rarely does the owner’s finger point at the owner. Of course, there are cases where something out of the owner’s control has gone terribly wrong, but I have found those instances to be in the minority. What follows — based on my own experiences and observations — are my top 10 reasons small businesses fail. The list is not pretty, it is not simple, and it does not contain any of those usual suspects (although they might come in at No. 11, 12 and 13).



**“1. The math just doesn’t work.** There is not enough demand for the product or service at a price that will produce a profit for the company. This, for example, would include a start-up trying to compete against Best Buy and its economies of scale.

**“2. Owners who cannot get out of their own way.** They may be stubborn, risk adverse, conflict adverse — meaning they need to be liked by everyone (even employees and vendors who can’t do their jobs). They may be perfectionist, greedy, self-righteous, paranoid, indignant, or insecure. You get the idea. Sometimes, you can even tell these owners the problem, and they will recognize that you are right — but continue to make the same mistakes over and over.

**“3. Out-of-control growth.** This one might be the saddest of all reasons for failure — a successful business that is ruined by over-expansion. This would include moving into markets that are not as profitable, experiencing growing pains that damage the business, or borrowing too much money in an attempt to keep growth at a particular rate. Sometimes less is more.

**“4. Poor accounting.** You cannot be in control of a business if you don’t know what is going on. With bad numbers, or no numbers, a company is flying blind, and it happens all of the time. Why? For one thing, it is a common — and disastrous — misconception that an outside accounting firm hired primarily to do the taxes will keep watch over the business. In reality, that is the job of the chief financial officer, one of the many hats an entrepreneur has to wear until a real one is hired.

**“5. Lack of a cash cushion.** If we have learned anything from this recession it’s that business is cyclical and that bad things can and will happen over time — the loss of an important customer or critical employee, the arrival of a new competitor, the filing of a lawsuit. These things can all stress the finances of a company. If the company is already out of cash (and borrowing potential), it may not be able to recover.

**“6. Operational mediocrity.** I have never met a business owner who described his or her operation as mediocre. But we can’t all be above average. Repeat and referral business is critical for most businesses, as is some degree of marketing (depending on the business).

**“7. Operational inefficiencies.** Paying too much for rent, labor, and materials. Now more than ever, the lean companies are at an advantage. Not having the tenacity or stomach to negotiate terms that are reflective of today’s economy may leave a company uncompetitive.

**“8. Dysfunctional management.** This is lack of focus, vision, planning, standards and everything else that goes into good management. Throw fighting partners or unhappy relatives into the mix, and you have a disaster.

**“9. The lack of a succession plan.** We’re talking nepotism, power struggles, significant players being replaced by people who are in over their heads — all reasons many family businesses do not make it to the next generation.

**“10. A declining market.** Book stores, music stores, printing businesses and many others are dealing with changes in technology, consumer demand, and competition from huge companies with more buying power and advertising dollars.

“In life, you may have forgiving friends and relatives, but entrepreneurship is rarely forgiving. Eventually, everything shows up in the soup. If people don’t like the soup, employees stop working for you, and customers stop doing business with you. And that is why businesses fail.”

Probably some or most of the ten points you just read struck a chord with you. It is an imperfect world, full of imperfect product, clients and companies. By working toward positive business improvement, you are in the game. Ben Stein, Economist, Actor, Author, Political Commentator and Satirist once said, “You can

do what you think you can do and you cannot do what you think you cannot. The successful people of this world take life as it comes. They just go out and deal with the world as it is. You cannot win if you're not at the table. You have to be where the action is."

Let's start by considering a few practical concepts that will help to guide us as we work through developing a marketing plan and marketing strategy for your aquaculture operation. Then we will look at what marketing your product is really all about.

Business-management guru Peter F. Drucker in his book *Innovation and Entrepreneurship, Practice and Principles* (Harper & Row; 1985) targeted the innovative aspect of the concept as the cornerstone of any entrepreneurial venture. Drucker's Five Principles of Innovation encapsulate his definition of the steps that should be taken to formulate a new idea into a workable concept. This is a good starting point for developing a to-do checklist to keep you engaged and on course as your personal voyage of discovery unfolds. Although designed for writing business plans, this also can become a checklist for creating a solid and workable marketing plan:

- Begin with an analysis of the opportunity.
- Analyze the opportunity to see if people will be interested in using the innovation.
- To be effective, the innovation must be simple and clearly focused on a specific need.
- Effective innovations start small. By appealing to a small, limited market, a product or service requires little money and few people to produce and sell it. As the market grows, the company has time to fine-tune its processes and stay ahead of the emerging competition.

- Aim at market leadership. If an innovation does not aim at leadership in the beginning, it is unlikely to be innovative enough to successfully establish itself. Leadership here can mean dominating a small market niche.

If you noticed, Drucker sums it all up in the words opportunity and innovation. Every business venture finds its opportunity by identifying its market niche. The innovation comes in to play when the business fits its product to the needs of that market. The effectiveness of the effort results from clearly understanding what that market opportunity is (market research), and then using your innovation to enter and fill that market (product quality, product presentation, implementing a marketing plan, sales and sales support).

Work at understanding your business. Know all of your costs. If you understand what is going wrong, if you understand your mistakes, you can fix it. Just adopt a mindset that you will do things differently. There is an old saying, "*Tools left in the tool box never built anything.*"





# Marketing Your Product

In a later section of this tutorial we will look at how MarketMaker can be used by producers to research markets for aquaculture products, as well as how distributors and end-user clients can use MarketMaker to find producers. In this section, we will discuss some principles of market research. This is not difficult or complex. Most market research is a common-sense approach to knowing where to look for information and asking the right questions of the right people.

There also is an aspect of asking oneself the right questions and having the sense-of-self to honestly evaluate your production capabilities and product attributes. If you can't convey the strengths of your product to others, then that is something that needs to be developed. For example, if you have problems with public speaking, there are local business and community organizations that can help. If you

don't know why your product is better than that found in the freezer case of the local food mart, then you need to work with a communications professional to help articulate the strengths of your product line, and critically examine how it is presented to the public. Let's take a look at marketing. Marketing any product deals with the 7P's: product, pricing, place, promotion, packaging, positioning and people. The most important unifying concept is "market relevance." It doesn't really matter how unique your product or service is, unless its value is tied to a perceived benefit, no one will care. Your customers simply want to know, "Is it going to solve my problems or make me money?" If not, it is irrelevant. For this reason, market relevance is a fundamental dimension of your business through which you establish and demonstrate a position within a market. Ideally, this in turn, can become a powerful tool for building leadership for your product



line within the market. Your vision for market relevance creates your products' value propositions.

Your vision begins simply enough with a mission statement. Develop a vision for your business and product; then create a mission statement by encapsulating that idea in a sentence or two. For example, an internet service may say, "Create a single place on the Internet that connects all people with anything or anyone they need." A small-town dairy may say, "Create direct-to-consumer supreme quality cheese from locally pastured grass-fed cows." The later statement identifies a locally-produced product that requires exceptional preparation and quality control, produced from well-cared-for animals. Many people discount mission statements as superfluous. Most highly successful entrepreneurs and companies have them posted throughout their operations. The mission statement is the compass that keeps you on track. By making your mission statement relevant, and reflecting it in your practices, it makes your product relevant. You have articulated your business and product's value propositions; you have defined its market relevance.

At the end of the day, market relevance needs to be tied directly to return on investment (ROI). Market relevance heads off the presumption that your company's vision or product is irrelevant. The challenge is to continue telling and adapting your story. You need to show that your company is the leading force educating and growing the market – solving real problems for real customers. The secret to leveraging vision is staying just far enough ahead that it looks like your company is leading the market. If your vision is too broad you run the risk of creating a perception that the market is not ready for your product. Once you have a mission statement, you can then leverage your company's vision by using communication tools to get the relevance of your product in front of distributors and consumers. A positive mission statement and communications message also influences your suppliers and customers to believe that your company is going to be

around next week. Customers want to develop relationships with vendors whom they feel are in command of their destinies, and thus able to standing up to competition. In an uncertain world, people trust a feeling of order.

Philip Kotler is well known for being the pioneer of thought leadership marketing. He is CEO of Kotler Marketing Group, and the S.C. Johnson & Son Distinguished Professor of International Marketing, Northwestern University Kellogg Graduate School of Management. On his website ([http://www.kotlermarketing.com/phil\\_questions.shtml](http://www.kotlermarketing.com/phil_questions.shtml)) Dr. Kotler discusses "What is Marketing" and where often overlooked marketing opportunities exist. He immediately makes two important points:

- "Marketing is the science and art of exploring, creating, and delivering value to satisfy the needs of a target market at a profit. Marketing identifies unfulfilled needs and desires. It defines then measures and quantifies the size of the identified market and the profit potential. It pinpoints which segments the company is capable of serving best and it designs and promotes the appropriate products and services.
- "Marketing is often performed by a department within the organization. This is both good and bad. It's good because it unites a group of trained people who focus on the marketing task. It's bad because marketing activities should not be carried out in a single department but they should be manifest in all the activities of the organization."

In Kotler's 11th edition of *Marketing Management* (12 Edition, Prentice Hall, 2006) he describes the most important concepts of marketing in the first chapter. They are:

- Segmentation
- Targeting
- Positioning
- Needs & wants
- Demand





- Offerings
- Brands
- Value & satisfaction
- Exchange
- Transactions
- Relationships & networks
- Marketing channels
- The supply chain
- Competition
- The marketing environment
- Marketing programs

These terms make up the working vocabulary of the marketing professional. Marketing's key processes are:

- Opportunity identification
- New product development
- Customer attraction
- Customer retention & loyalty building
- Order fulfillment

Kotler says, "A company that handles all of these processes well will normally enjoy success. But when a company fails at any one of these processes, it will not survive.

"Marketing is too often confused with selling. Selling is only the tip of the marketing iceberg. What is unseen is the extensive market investigation, the research and development of appropriate products, the challenge of pricing them right, of opening up distribution, and

of letting the market know about the product. Thus, marketing is a far more comprehensive process than selling.

"Marketing and selling are almost opposites. Hard sell marketing is a contradiction. Long ago I said: 'Marketing is not the art of finding clever ways to dispose of what you make. Marketing is the art of creating genuine customer value. It is the art of helping your customers become better off.' The marketer's watchwords are quality, service, and value.

"Selling starts only when you have a product. Marketing starts before there is a product. Marketing is the homework the company does to figure out what people need and what the company should make. Marketing determines how to launch, price, distribute and promote the product/service offering in the marketplace. Marketing then monitors the results and improves the offering over time. Marketing also decides when to end the offering.

"All said marketing is not a short-term selling effort but a long-term investment effort. When marketing is done well, it occurs before the company makes any product or enters any market; and it continues long after the sale.

"I published *Lateral Marketing* (with co-author Fernando Trias De Bes, Wiley, 2003) which offers a creativity approach that differs from using vertical marketing (i.e., segmentation) to finding new ideas. Vertical marketing works within a given market; lateral marketing instead visualizes the product in a new context. Many examples can be cited. Today we can buy food at gas stations; we can do our banking in a supermarket; we can get access to a computer at cybercafés; we can take pictures with our cell phone; we can chew medical gum to ingest certain medicines in our body; we can eat cereal in the form of a candy bar. I can't believe there aren't opportunities. I can only believe that some marketers lack the ability to see



opportunities. Marketing doesn't have to fail during a recession, only marketers fail who lack an imagination. Marketing's role is to sense the unfulfilled needs of people and create new and attractive solutions."

Kotler's ideas are perhaps best summed up in something he once said during one of his public presentations, "Marketing is not the art of finding clever ways to dispose of what you make. It is the art of creating genuine customer value." By creating genuine customer value, you create your market. You have created an innovation (your unique product) that creates its own opportunity.

To get started in learning to market, your marketing and communication ideas should address what makes your product unique. Avoid the idea that yours is just better product-superiority trap. You will get nowhere with this kind of thinking or message. Instead, think of what you are offering and where the market is or is heading. You may also gain some insight into ways to improve your overall business or product presentation by considering:

**What is the fundamental business problem your company solves?** As an aquaculture producer, this means raising fish and making that fish available to the public. So, how do you do this in a way that is favorable to the public? Why is your product so favorable that the public should choose you over a competitor?

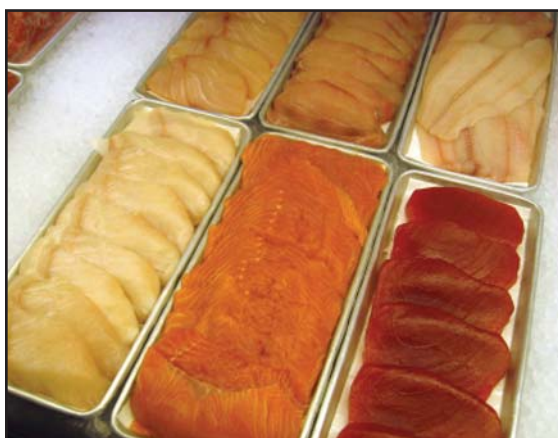
**What is your "distinctive competency" as a company?** Simply put, this is what sets you apart from the competition. For example, it could be your dedication to on-time every-time deliveries to your distributors, the ice-cold spring-fed water in which your trout are reared, or perhaps the multi-generational appeal of a family business where parents and children work together to sustainably grow the company

that has their name on the product label.

**Where do I fit with respect to where the market is headed?** Essentially, why is my product relevant with respect to what today's distributor, food service or consumer wants?

**Once you've figured out where you "fit" in the market, ask yourself where you see yourself within that segment.** Are you a trend-setter, solid performer, or unique stand-out? Are you the biggest or the smallest producer in the market? Are you new on the block or have you been at this long enough to have been through the school of hard knocks? No matter where you fall within these groups, you can use what you are to build a case that your operation and your product address a distinct niche in the market. You probably cannot be all things to all people, but you can be someone and something special to a distinct group of loyal clients.

**Get it down on paper.** This means working with a professional to articulate your message, develop your image and label, and strategize about your print advertising needs. Some aquaculture-ventures do this work themselves with their own staff or family talent and are adequately rewarded by the outcome. Usually this is not the case. Your visual image is critical to the immediate perception of your product. Get some help, or at least get some second opinions.



**Evangelize.** Once you know what you are and where your product stands, get the word out in those terms. You are not a round peg in a square hole; you are the perfect fit for delivery of a very-specific high-quality product. Consider shameless self-promotion, if you don't feel passionate enough about your business to strongly communicate its attributes, why should anyone else?

This is where your mission statement can come in handy. Use it to develop an elevator speech. Many entrepreneurial geniuses live by the elevator speech. The concept is simple, you need a short little conversational spiel that tells everything about your product, that can make a sale or generate interest in your enterprise, that you can deliver in the length of time it takes to ride up a couple of floors in an elevator. Start with your mission statement and then expand it to talk about who you are, what you produce, why your product is the absolute best, and then why the person to whom you are talking should try it or support it. Politicians do this when they corner potential campaign donors at cocktail parties; entrepreneurs do this when they meet a venture capitalist in an airport waiting room; car salespeople do it to sell cars; door-to-door salespeople do it when they get their foot in your front door. You fall into the entrepreneur category, so don't feel bad for having a ready, smooth synopsis that you can deliver to state your case. If it is too long, the listener will lose interest. It should be informative and cover key points, but leave the listener curiously hungry for more.

**Does your company and product provide a solution or a breakthrough?** Oftentimes, in the marketing of high-technology, this is the key question asked by a client's marketing

agency. It is key to considering the tone and direction of your communications. Consider that solutions enable incremental improvements; breakthroughs create new markets and/or change current market forces.

For an aquaculture operation, an example of a solution could be regularly supplying product to select group of first-class restaurants and working with their chefs to continually deliver the quality they require and develop new avenues to present the product to the consumer. An example of a breakthrough could be creatively introducing the product to a group of consumers who have not had any exposure to it, or have only misconceptions about it; then convincing them to try the product. This could be done through a booth at a farmer's market or other venue where fresh product could be expertly prepared and served, while fresh or frozen product was available for sale, perhaps with a complimentary recipe, breeding mix or preparation how-to instruction sheet. Another example could be taking unsold fish-fillet product and adding a value-added processing step to turn it into a smoked spreadable gourmet snack food with various applications and many new marketing opportunities. In this scenario, one could almost equally make the case that resulting product was a solution and a breakthrough.

#### **Do you market a product or an "offering"?**

It has been said that successful companies don't market products, they market offerings. This approach allows you to think beyond the tangible "product" entity and consider what the consumer is actually buying and their reasoning behind that purchase. This is an extremely valuable approach for judging where you fit against consumers' other alternatives, to better identify unmet needs in the overall marketplace, specific wants of your target markets, and to direct the development of your venture's new products and services.

An offering encompasses the benefits or satisfaction provided to your target markets,



tangible and intangible. To successfully market your product, you must understand its benefits from the buyer's perspective. The offering includes a tangible product or service, plus related services, such as delivery guarantees, warranties, and packaging. It also includes intangible benefits resulting from uniqueness of product or outstanding customer service.

Your business and marketing plans should address what type of customers you seek, what the buyers need, and how your offerings meet their needs. It should also describe how your offering is communicated and what value it holds for the consumer.

Most organizations sell more than one product. A multi-product offering-mix approach often adds value in that it leverages economies of scale and expertise, and increases revenue generation potential. Big companies offer all sorts of products and services, retail stores offer hundreds of products to meet the breadth of needs of their customers.

This offering mix should be viewed as a fluid entity when developing the company's marketing strategy. Some offerings may have surprising popularity, others less so. This will dictate decisions on which product lines to grow, maintain, harvest, or sold or discontinued. Consumer demand, the cost of production, gross margin, and total sales volume are the four basic critical factors in the decision to manage individual product lines. The key here is proper invested of resources in response to changes in the (consumer/client) market.

**When communicating the relevance of your products.** Consider the gift of knowledge approach to help reach your market. Feel free to talk about what sets your product apart from the pack in ways that reassure your clients. A leading consumer-products manufacturer was recently evangelizing hygiene, instead of just trying to sell bottles of soap. As a result, one builds the perception that you are in the market to provide a needed service and improve your



sector; not to exploit the market for the sole purpose of garnering profit.

As you work with your product and your clients, either buyers for retail stores or the consumer, remember that you are communicating why your product is good for them. If it is not suited to them it will be a hard, or impossible sale. Woody Norris, Chairman American Technology Corporation, said in *Popular Science*, June 2007, "Ask (yourself): Is it commercially plausible? If you invent a novel ballpoint pen that's going to cost \$100,000; nobody's going to care."

Now let's consider a brief primer on the general principles of business development. Business development involves evaluating your business and related businesses so that you can use the information to reach your goals and full potential. The primary activity "tool set" falls into the broad areas of marketing, information management, and customer service. In larger companies, there are usually two functional areas. One is sales-oriented (client-facing); the second is an operational function to support sales and develop public-relations outreach for the business.

These primary tool sets for business development can be broken down into a number of techniques and tactics oriented toward gaining new customers, penetrating existing markets and developing new ones. As you can see, it is necessary to develop a skill set that is a mixture of the marketing, legal, strategic planning, finance, proposal management and sales expertise.

- Self assessment of your marketing experience, communication strengths







and weaknesses.

- Assessment of target markets and less obvious opportunities.
- Intelligence gathering of potential customers and competitors.
- Lead generation for sales calls.
- Set sales policies and accounting practices.
- Write, review and revise feasibility studies, business plans, proposals, product hand-outs, and presentations.
- Design and rehearse a concise “elevator speech,” and a more involved sales presentation.
- Network for internal business-enhancement and sales leads.
- Create a marketing strategy “action plan” of first steps and longer-term goals.
- Encapsulate all of the above into a written marketing strategy that becomes part of your ongoing business plan and active business model.

Most small- to medium-size companies do not take the time to think about or establish sound business plans that include procedures for business development. They rely on existing contacts and perhaps the charisma of the entrepreneur behind the venture. This can be a fatal flaw in running the business. Successful small- to medium-size companies create business plans and stick with them. Big businesses even go a step further by developing formal pipelines within their short-term business plans where potential clients are assigned staff to

service their needs and develop sales. Progress is routinely recorded and analyzed with respect to the underlying reasons for wins and losses, progress of opportunities in relation to the sales process, note the most successful staff working with the potential client and adjust the team accordingly, and if sales are underway, look at the sales customer service situation. They may even set up and manage alliances with third-party companies to leverage one another’s contacts and expertise.

The procedures and process of the big players may seem out of the ballpark to the small aquaculture producer, but this could not be further from the truth. Successful businesses of all sizes have universal procedures for ensuring success, even in tough economic times. By researching sound business-development practices, developing a business and sales plan, and networking, any size operation will benefit. So, where does one start? To get an order for your aquaculture product, you need to do a few things. First, identify companies (restaurants, distributors, institutional food services) and other potential outlets (farmer’s markets, direct-to-consumer sales). MarketMaker will help a great deal making this an easy exercise (more on using MarketMaker in a later section). Once you have your businesses and outlets targeted, you need to identify the name of the key person in that organization to whom you hope to sell the product. This person is a decision-maker. Don’t settle for anyone else. If it is a restaurant, it may be the chef and not

the owner, both may be important in your sales call.

A major challenge for any seller today is identifying the decision-maker in another organization. In many cases, you may need to make your first pitch to a designated buyer who is only really authorized to say no. Sometimes this can be an overly self-important secretary or receptionist. The person who says yes is another level up in the organization. This is the person you are trying to locate and with whom you want to get on a first-name basis. You need to do this by not aggravating the person initially screening your product. Get this person on your team, while think about legitimate reasons why you need to introduce yourself to the decision maker. Remember, you are there to introduce them to a great product that will make them a happy customer or their customers happy. Never belly-crawl or simper; communicate from a position of honesty and equality. Always make it clear to your initial contact that you really appreciate their time and attention, and that you would really appreciate their taking time to introduced you to others in that organization.

If this fails, it is time to find a way to get the number of the person higher up. With food distributors, it may work to call and say, “Hi there... I was at a meeting a couple of weeks back and met your main buyer for your institutional food service line. I’m sorry, but I lost his card. Could you give me his name?” Then ask for his phone number and E-mail address. Then wait a day or so, call the person. Introduce yourself and in a peer-to-peer tone, politely ask for twenty minutes or so to informally introduce your product. If you are asked how you got the number, simply state that you called a while back and got it from the person with whom you talked on the phone. Continuing in a peer-to-peer tone, reiterate that you would only like a couple of minutes, know that your contact is busy, if it works out a little better, do it over lunch, you’ll be happy to pick up the bill.

Now that you have a quality contact it is extremely important that you go into the meeting knowing everything that you possibly can about your prospective customer (their business) and the person who is the contact. Hopefully, when you had them on the phone you got a few kernels of information about why they are at least slightly interested in your product. If it is a retailer or distributor, you need to visit their store or the stores to which they distribute. Are they a big distributor who handles grocery stores, local ethnic food stores and restaurants, or just a small grocery chain with three local stores? Each represents different customer demographics and that is knowledge that you need for positioning your product. If possible, study the company’s advertising and product literature. Distributor or retailer, they probably have a corporate web site. If so, what is their mission statement? If you have questions, call them again and talk to a receptionist. Most are under-challenged in their jobs, but know a lot about the company and who’s who. You may be able to get some information on when to time your sales pitch. If Mondays through Wednesday are really hectic days at the company, get in there Thursday or Friday so they have time to listen to you and your message does not get lost in the shuffle.

Visit a retail outlet (competing outlets can be valuable too) and ask questions of the counter staff, see how much they know about the products they currently sell, ask them if customers ever complain about or return them for any reason. Take a good hard look at the way the product is presented in the display case. Then get an idea of the complete product range. If you are interested in moving fresh tilapia fillets into this venue, where do they fit within the entire product line and price range? This includes the imported bulk product in the freezer case. If you need to compete with imported bulk fillets from China or Chile, then you need to have a strategy for convincing the buyer that your product is superior and will sell. In marketing terms, you are now looking at your position in relation to industry stakeholders, including



large standard drivers.

Take a good look at the clerk's work area, especially if they are dedicated seafood-counter help. Do they have a preference for a competing product, if salmon fillets, why? If they like the salmon fillets because they are great for summer grilling, then you need to have one or several great grilled-tilapia recipes that you can take in to your sales meeting. You now have a strategy where you intend to build on the store's strong product line with complementary product that can appeal to people: 1.) Who grills salmon, but may want to try something different; 2.) Who wants to grill more, but salmon is a higher priced product, so may want a cost-volume alternative; or 3.) Who is concerned about imported or ocean-farmed salmon. Consider presenting a sales strategy, like free informational recipes cards that discuss the benefits of fresh-local over frozen-imported product. If you have an informational recipe card on the counter that touts your product as a locally-produced fresh product of the highest quality, and information about a market your distributor has underserved, you are probably going to have the total package to take into your meeting with the buyer.

The goal of the effort is to enable you to individualize your sales meeting and be able to specifically address your potential client's specific needs. You are not selling a fish product; you are selling a solution to a particular product need. Restaurants don't sell fish for food; they sell complete meal experiences that are a high-value-added product that includes fish. If your fish has a story of interest to the restaurant's customer, "Locally produced by a family operation a few miles from here; came in fresh this morning," and is of sufficient quality to be a novel centerpiece of a fine presentation, then you just got the restaurant to try your product over the frozen bulk product from the distributor.

You are now using what you've learned about your prospects to think about your own prod-

ucts and services and how they fit into your prospective client's products and services. You are now defining your functional-product ecosystem. Marketing people call this the value-chain. Meeting and sharing information between links in it is beneficial to everyone from producer to the end user. Using information and proactively educating and growing an emerging market is not difficult, it just takes attention (observation) and patience. It is not as easy, but far more productive than simply jumping on an established trend. Study your competitors and look at where you fit against them.

You are a unique operation with relevance that can be leveraged to build brand identity. Go into your sales meeting armed with a wide range of approaches to build relevance (awareness) for your product line and how it fits with your potential client's product line and mission statement. Always positioning your operation as dedicated to the highest product quality and quality of service, you are newcomer, but the one to watch.

Sales guru Jeffrey Gitomer in his 2003 business bestseller *The Sales Bible: The Ultimate Sales Resource* does a great job articulating today's sales challenges and how you meet them by honestly communicating and knowing your product. We will cover many of these concepts in depth elsewhere in this tutorial, but Gitomer concisely lays them out in his 7.5 steps:

"1. Say it (sell it) in terms of what the customer wants, needs and understands. Not in terms of what you've got to offer.

"2. Gather personal information. And learn how to use it.

"3. Build friendships. People want to buy from friends, not salesmen.

"4. Build a relationship shield that no competitor can pierce. My competitors call on my clients from time to time. My clients





have actually given them my number and told the competitor to call me and get my opinion of their services. They say, “Call Jeffery Gitomer and explain it to him. If he thinks it’s OK, he’ll tell us.” Will your clients do that if your competitor calls them? What are you doing to ensure it?

“5. Establish common ground. If both like golf or have kids, issues and things in common that will draw us closer.

“6. Gain confidence. Once you motivate them to act, you’d better have built enough confidence to buy, or they’ll buy from someone else.

“7. Have fun and be funny. Have a great time. If you can make prospects laugh, you can make them buy. Laughter is tacit approval. Tacit approval leads to contractual approval.

“7.5 Never, get caught selling. It makes me mad when a salesperson sounds like a salesperson. Learn the science and convert it into an art.”

Gitomer is staunch advocate of asking questions of others as well as yourself in all phases of market research, sales planning and sales. The chapter in his book is called “*The Book of Questions*” and centers around an informed

technique of asking and answering questions. He says this is the heart of any sales presentation that establishes buyer confidence. He prefaces it by saying, “Without questions you’ll have no answers; without answers’ you’ll have no sales; without sales, you’ll have no money... Any questions?” He goes on to say, “Questions are to sales as breath is to life. If you fail to ask them, you will die. If you ask them incorrectly, your death won’t be immediate, but inevitable. If you ask them correctly, the answer is a sale.” He says the overall approach sounds simple, but it is not. You need to do an effective job asking the right questions and an equally effective job listening to the client’s answers and following up with another question that dovetails into the critical needs of the client. And of course, “Never get caught selling,” but that is not a problem if you understand how to structure your questions.

Gitomer built upon and credits a technique from Ray Leone’s *Success Secrets of the Sales Funnel*. There are three stages to the process. **First stage:** Make a factual statement than can’t be refuted. **Second stage:** Make a personal observation that reflects you experience and creates credibility. **The third stage** is to ask an open-ended question that incorporates the first two stages. With this technique, you will be awkward at first, but with a little practice, perhaps in simple conversation with your friends and family, you can easily master it.



For example, let's say I'm selling fresh trout fillets at a farmer's market; here is a very elementary example of an interaction with a customer:

**First stage:** "Fresh fish is really good for you." Respondent comments and you continue;

**Second stage:** "I always feel great, but never over stuffed after a meal of these guys. They are so delicate. I like to lightly sauté them in a pan in some olive oil and a little pure butter with some fresh herbs, or perhaps with a mushroom sauce and a little fresh asparagus on the side." Respondent again comments and you continue;

**Third stage (dropping The Question):** "I bet you have someone you would like to wow with a great meal?"

In the Second stage you can see where having a point-of-purchase (aka. point-of sale) device, counter card with recipes, would help the sale.

It seems simple, but it is not, unless you work at it and keep the stages (steps) of the progression in your mind. Now let's try a more complicated scenario. In this one let's consider meeting with a small independent grocery operator:

**First stage:** "You know, Mr. Smith, these days buy-local or regionally produced produce and other products are really getting attention; and besides, everyone knows that fresh fish is really good for you." Respondent comments and you continue;

**Second stage:** It seems that consumers are willing to pay a little extra for a that special meal now and then, and these guys are about as special as you can get; especially if we promote them by stressing that they are locally produced

with an emphasis on the highest quality; super fresh, they were not trucked in from the west coast. Also, we will provide a neat little point-of-purchase counter card that shows the ponds at the farm and recipe cards to help the sale. We really like to work closely with you to give your customers a unique high quality product. You know, I like to lightly sauté fillets in a pan in some olive oil and a little pure butter with some fresh herbs, or perhaps with a mushroom sauce and a little fresh asparagus on the side." Respondent again comments and you continue;

**Third stage (dropping The Question):** What do you think? How about we set up and staff a nice little in-store event here in the next couple of weeks?

(Why would anyone say no to that?)

The idea behind this technique is to build credibility and identify the needs of the client at the same time. It works for any business, service or interpersonal communication situation. The idea here is not to take the above examples as stand-alone templates, but to study the concept and adapt it to your particular product and the uniquely positive things you wish to convey that sells your operation. Gitomer stresses that the object to the lesson is to compel the prospect to think and respond to you. This creates a unique relationship. It also is what compels the prospect to become vested in the relationship with you as a trusted supplier that sets you aside from the competition. The key is why listening to the other person; you can see why that would be far more important to this process than having some kind of phony canned response that you are throwing in someone's face.

Gitomer suggest that if you are going to successfully use this technique, write out the three stages, compose different scenarios, and then practice to work out the rough spots. He says that after about twenty-five attempts, "you'll own the technique."



**Marketing and product development.** Marketing and product development go hand-in-hand. As you work with your clients and suppliers, if you don't have your head completely buried in the sand, you will notice things your customers like and dislike or find awkward about your product. Most producers whether they are making aspirin, growing corn or producing shrimp continually work to perfect their product offering. The best producers take this a step further by aggressively seeking the best product and practices to produce it. Here are a few thoughts on that subject.

**Best Practices.** No organization can improve all aspects of product development at once, but big companies devote a lot of time and money to do just that. You as a small producer can learn from their efforts. For this reason, the Internet and the business section of your local book store have volumes of information on best practices. For the small aquaculture producer, there are a few key things that one can learn. First and foremost, it is important to understand that the implementation of any product-development or best-practices strategy is best viewed as a journey. It is about continuing process improvement rather than an immediate destination that is right around the corner. Any exception to this is the operation that is really messed up or in need of an immediate fix or you are just starting out. Perhaps, for example, you spent most of your life in another profession, retired and just purchased a trout farm as a later-in-life second career. It is time to develop a quality-control and product-development plan. The best way to do that is have it revolve around the best operational practices for your business.

Most large manufacturers look at a number of priorities when implementing best practices for product development. For example, these may include: business and product strategy; product and pipeline management; technology management; management and leadership; early involvement; product development teams; organizational environment, process management, process improvement; understanding



the customer; requirements and specifications management; product launch; product cost management; support technology; and knowledge management.

So what can a small aquaculture producer take away from this? If you look at the previous list, it will probably become apparent that many of these points are important aspects of the marketing plan we developed. There is overall business and product strategy, an understanding of our customer's wants and needs, and then product management. This is another way of saying, "quality control and best practices related to it." This is extremely important in any food-production operation.

The organization must start by understanding what practices should be adopted. This is essentially what is possible. Next it must consider its strategic direction. This means what best practices can help us achieve the best time-to-market, lowest production costs, and make us the most innovative producer with the highest quality product. Our reliability as a producer and flexibility to respond with new product offerings for new markets, is icing on the cake. Best practices almost ensure that you will have agility to respond to new market opportunities. Any best practices strategy means that the organization has assessed its strengths and weaknesses. The weak areas constitute the most immediately recognizable "gap" between where a company is and where it needs to be. This is what is frequently called a GAP analysis, and it does not have to be involved or extensive to point toward priorities that can be determined for immediate improvement and positive change.

Best practices are easily organized into a frame-





work with five major dimensions: strategy, organization, process, design optimization and technology. Most big businesses, if following established protocols, recognize twenty-eight or more best-practice categories (for example, Process Areas in CMM Terminology). Most of the formally recognized twenty-six best practices are universal and apply to the development of any kind of product in any type and size of company. At the most elementary, there are five areas you should evaluate:

- Strategy
- Organization
- Process
- Design/product optimization
- Strategy

Remember, in this is not your marketing plan, although you could add this evaluation to your notebook. We are not looking at what we have, but what we have with respect to quality of product and delivery of service. The focus is on ensuring and improving efficiency, food safety, quality of the product, and service to customers. Your final evaluation is your description of the characteristics of your ideal organization, its product and how you will ensure a world-class approach to producing it. One way to achieve direction in your ideals is to consider strategic alignment.

**Strategic Alignment.** No organization can be all things to all people. This is as true for an accounting business with 100 employees as it is for one producer farming tilapia with a part-time helper. Successful organizations know this and focus on what they can do best and who can help them do that. Any organization needs to strive for quality and outstanding service to be competitive. There is however, another dimension to getting your product out the door and in the hands of your customers. This is what big multi-national corporations call Strategic Alignment. This is completely overlooked as an important business concept by small aquaculture producers. In reality all producers and anyone involved in agriculture or small business use it to some extent to save

money or ensure vital feedstock, transportation or labor when they are needed. The idea of Strategic Alignment is to look at your product or product-development effort in terms of your suppliers and other factors that go into producing that product, then evaluating your product planning and production effort by bringing in what you can from everyone involved in the effort. Essentially, Strategic Alignment is working with critical links of your value-chain to deliver the best product and service and deal with market-impacting change.

For example, an aircraft manufacturer will work closely with a sub-system builder on the design of that subsystem. A beer brewer will work with a hop-grower's cooperative to make sure they get adequate supply of a specific grade of pelletized or extracted material for their process. If the brewer produces only for a chain of high-end micro-brew restaurants, the brewer may conduct focus groups with select clientele to test different hopped beers to get the precise information to take to the hop-grower cooperative. The point is to vest the subcontractors, retailers and perhaps the end-users in the product development cycle. Usually, Strategic Alignment can improve any or all of the following product-related competitive dimensions:

- Add actual or perceived product value.
- Reduce production costs.
- Innovative approaches to product branding, packaging or product placement.
- Better quality, reliability, ease of use, serviceability, etc.
- Time-to market.
- Reduce development costs.
- Agility to react to market changes or new opportunities.

Strategic Alignment is a “best practices” strategy. If the practice is strongly related to one of these strategies, it is usually described as a strategic lever. For example, some strategic levers related to time-to-market include: minimizing cost and schedule inefficiencies; minimize changes to orders that would require redesign



or re-tooling; early supplier involvement to ensure compatibility with process capabilities and timely flow of needed components; and data management systems to control product, workflow and similar information.

Ideally the product development process is improved by applying a best practices outlook to those strategic levers that can be improved for the best impact. Big companies use GAP analysis to focus attention on the improvement opportunities that will yield the highest payoff. Categories with low importance ratings and relatively high performance ratings indicate low priority areas not deserving as much attention. That is probably beyond the scope of our discussion here, but there is ample material on GAP analysis in your public library or on the Internet. Your local extension agricultural business-development professional may be available to help with this too.

In a nutshell, you talk with as many people as possible involved in your supplier-production-consumer supply chain, get their ideas and incorporate that input into key considerations to keep in mind when producing or marketing your product, or a list of to do items to immediately implement some of the ideas. The overall idea is to pick a manageable number of things to improve and on which to focus your attention and use individual best practices to

improve these strategic levers. You may want to try to incorporate this concept into a Strategic Alignment section of your business or marketing plan. Big companies nail this down with what is called implementation planning. This usually takes the form of an implementation plan that spells out the direction of the activities followed by a project deployment plan that is the who-what, when-where action plan. This more formal approach may be applicable for medium- to large-scale aquaculture producers, especially if they are considering a new-product development initiative or introducing product into an entirely new market.





# Marketing Yourself

*Know thy self* is important in where and how you want to market your product and operation. Let's be practical, you will not be able to sell to every customer, not every potential customer is going to want your product, so don't get bogged down trying to market to everyone in every way. Focus on your best customer demographic; be well prepared to state your case about what uniquely sets your product apart from the competition. When it comes time to market, concentrate on the type of marketing that is good for you and your skill set. Then try to broaden your market from there or consider delegating to someone who really knows that area. For example, you may experience face-to-face customer sales at a farmer's market, or going into distribution chains, you may be better off working through an aggregator or distributor with large retail experience and long-standing personal connections.

Know your capabilities; you are what you are. Be yourself and don't try to be what you are

not. Know the rules, but you don't have to play the same game everyone else is playing to be successful. You are the brand and the value in your brand is your operation and your product. Most alternative farmers have no idea what is their true cost of production. Set a price that covers all of your cost in the product, then market accordingly. This includes all of your transportation, handling and billing costs. Knowing the true cost of your product is always extremely important to the success of your business. It is critical if you decide to establish a relationship with aggregators, brokers, distributors or grocery-store chains and price your product accordingly.

Give yourself a good reality check once in awhile. For example, most people don't want to give a distributor a 30% margin. However, you have to know what it costs you to do what the distributor will do for you. What does it cost you to do your own sales, transportation, bookkeeping, etc.? For example if it is costing



you 25% and the distributor's margin is 20%, then you are missing the boat. Conversely, new business and rapid expansions of existing business are not necessarily good business. If it costs you too much or your organization cannot smoothly transition into it, it may not be the right opportunity at this time. You need to maintain product quality and customer service. If you lose these attributes through an expansion, how are you going to positively go forward? Sometimes, saying "no" is the right course of action. Bad business costs you money. Focus on the point where your business is making money for you at a comfortable level that gives you some room for growth and time to enjoy your labors away from the operation. The key is to increased efficiency and profitability and reduce risk: diversifying your client base, keeps your work interesting and reduces risk, as well as opens up new marketing venues.

Evaluate your communication skills. Ask yourself some questions and have the sense-of-self to honestly evaluate your capabilities and attributes as a communicator. You must not only convey the strengths of your product, but also of you as a manager. You may not want to be the front person interfacing with clients, if so it may be time to hire someone at least part time, to help you get the product out into the world.

If you decide to meet the public, then consider your personal presentation: Are you articulate? Do you tend to publically swear in mixed company? If cornered, do you have an "elevator speech" (as discussed in the previous section) that sells your business?

Of course, your personal appearance goes a long way toward establishing some personal credibility. If you walked into the bank and the manager was there in old torn jeans with his stain-covered shirt unbuttoned and his belly hanging out, how secure would that make you feel out doing business with the bank? As an aquaculture professional there is a given perception that since you work with fish you are an "outdoorsy" person; that is fine. Play on it by wearing cargo pants or chinos and a nice polo or field-type outdoor shirt (like your local DNR

person). That will work for most meetings with the public or your local extension professional. For more formal meetings with seafood distributors, bankers, etc, don't hesitate about putting on an oxford shirt, tie and chinos. If you look like you are comfortable around the business world you will be a lot more comfortable doing business. If you regularly have people visiting your operation, it may not be a bad idea to consider a decent quality "uniform shirt," polo or field shirt, embroidered with your logo or at the least, the name of your operation. This can be a relatively economical option since most local embroidery and silk-screen operations have fish images in their computers, it is only a matter of adding the text you want to include and picking out the shirts. If you have a fee-fishing option in your operation, consider nice shirts to sell as souvenirs to clients; if you have great clients who purchase a lot of product from you throughout the year, consider a nice shirt as a thank you at the end of the season. Also, everywhere the shirt goes it is advertising your operation.

Some producers, especially from rural areas, are hesitant to talk about themselves. This is something, for example, that really separates some entrepreneurs from others. Successful entrepreneurs are extremely outgoing and freely exchange ideas and actively engage people on almost every aspect of their business models, successes and failures. Other entrepreneurs tend to be careful not to offend, bore, or look foolish in front of others. As an entrepreneur, it is necessary to realize that who you are as the private person sometimes has to take a backseat to the business or sales person. Ideally, your best personal traits can be used to create the perfect package.

In general, when dealing with clients or contacts there are a few good rules of thumb. First and foremost, always be polite. Freely discuss your product or service but be sure to intently listen when the other person talks. Be sure to have a business card to give to the other person, most of us have a lot of things going on in our lives and have trouble remembering names. It is even better to ask the other person for a card





and if they don't have one, ask them to write down their contact information on the back of one of your cards.

Be honest in your communications. For example, if you have been having recent trouble with a production system, work that into the conversation, but stress the positive that you have your supply covered. This shows your client that you are sincere and open and also that you are on-top of potential problems and can handle whatever may come up. Your clients will want to work with someone who they feel can handle the regular ups and downs of the real world. If you have problems, always predicate them with what you are doing to solve the problem, preferable within a time frame. "Sometimes we have a shipping delay, due to our process having labor problems, if that happens, it is no more than a day or so and the product is on its way," goes a long way to assure a client that they will have product when they need it.

Never allow communication issues, contact correspondence, or misunderstandings to continue to go unresolved. Immediately take care of any issue. It shows that you care about your customer and your business. If you think there is the slightest misunderstanding over any detail, delay in filling an order, or a billing problem. Call or E-mail your client, discuss the issue and let them know that you are doing your absolute best to resolve it to their satisfaction and that it has your immediate attention. Never think that it's "probably OK since you

haven't heard from them." A burned or frustrated customer will talk about their unhappiness, this is human nature; it is also not good for the reputation of you, your product or your business.

No one likes to talk about salesmanship; it has bad connotations that conjure up images of twisted arms and unsavory deals. The best salesmanship is honesty. Whether you are focusing on an emerging or established market, establishing your product requires some flag waving. You need to sell a problem (their lack of your product and need for it), and your great solution (your product). Establish the perception that you are an emerging market leader by driving conversations with respect to industry standards and where your product occupies a unique position. If you believe in your product and are enthusiastic about your enterprise, the energy will transfer to your client.

If you have a problem meeting or presentation, relax and to the best of your ability, put your contact at ease. Be persistent, but never be pushy. If rejected, never take rejection personally. Buyers simply cannot buy everything. Their rejection can stem from a number of internal issues. Probe to find out the right approach to this buyer and why they perceive that your product does not fit their needs (their system). Never get angry. Now that you have a solid contact with the company it is not the end of the road, even in a worse-case scenario, you can regroup and come back with a new pitch or revised approach to the product your are marketing. Be patient, it takes time to cultivate a relationship. You may not want to push a sale on your first meeting. It may be better to introduce yourself and your product, discuss the client's needs and then ask for a follow-up meeting over lunch to discuss some possibilities.

A great deal can be done to improve your reception by simply being appreciative of the client's situation. "Sell before you arrive" by sending a note or E-mail to confirm the meet-

ing and thanking them for making time in their schedule to see you. If you have product literature, or there have been news articles or press releases about your products or operation, attach these so the client has a personal insight into your operation. For this reason, every time you have a chance to get your product profiled in a regional magazine, newspaper, or internet article, be sure to do so.

When you get into the meeting, hold your head up and remember that this is a peer-to-peer meeting. Be proud of your product and proud of the fact that this client is interested in considering it. Always keep in mind that you are in the act of selling, selling is a vital task to generate orders for your business. It is serious business. You cannot be arrogant or embarrassed to be there, you are there to do the buyer a favor by bringing a great product to their attention. By considering it, both organizations benefit.

When in a meeting and communicating about your product, stress the proprietary strength of your operation. This can be your attention to detail that carries over into quality product and reliable deliveries. Have some examples that help you to stress the market potential of your product as well as any potential window of opportunity for introducing it.

Arrive at your meeting prepared. (This is extremely important when dealing with distributors, brokers and large retailers; there is more on this in later sections of this tutorial.) Have an attractive and comprehensive offer and solid supporting information about your product line, but don't present it until you are ready to close the sale. The right time to do so will present itself. If you are there to present your product and your contact is strapped for time, leave the offer to a follow up meeting.

As you communicate with your prospective buyer, consider his position. Don't denigrate their existing product line, your competition who may currently supply them. They have ex-



isting relationships that serve their needs. They also probably have existing personal relationships with other suppliers. Your objective is to positively position yourself and explain why your product favorably compares or exceeds the existing product. Position yourself as confident, informed positive and pleasant. A good rule of thumb is to never say anything negative about the other products carried or used by your client. Just explain why you think your solution (product) can get the job done.

You are interested in your message being heard, relayed and acted upon. Don't relentlessly smile and don't bother joking; if a natural opportunity should arise for humor, fine; if you have an opportunity to bring up something interesting or amusing, fine. Remember to you want to keep this meeting professional; focus and refocus on your presentation. Before you leave the meeting, try to reach an understanding with the client about what the next step will be. Set a concrete date for the next phone call or face-to-face meeting.

Ask questions and listen to answers. Most of your time in the sales meeting should be spent actively listening and not talking. Take notes. Let the buyer tell you their problems with this type of product. They will always do this. All of us as humans want to solve our problems. We do this by gathering snippets of information by communicating with others. Your client's questions and statements also present overt facts regarding their problems and needs. Their





questions, statements, and body language also present subtle clues that can invaluablely guide you in your dealings with this client. Remember, you are not selling a product, but a solution to your client's problem.

Follow up the meeting by comprehensively writing your note set. Then prepare a simple and professional memo that can be sent after your meeting. Your goals here are to: 1) Highlight the major points of your proposal covered during your presentation. 2) Avoid any misconstrued implications (pricing, quantity, regularity of delivery). 3) Put an offer on paper and in the hands of your client who can share the document with other decision makers. 4) Generate an order.

People prefer to buy from people they like, and find reasons not to buy from those who make them uncomfortable. Personalize the relationship if possible. Learn about the buyer's family (this should be in your note set). If it is a small customer, treat them like a large one; great businesses see every customer as an important customer. Respecting their business generates respect for yours. Stay positive, even in bad economic times. Your enthusiasm, if genuine, will translate into goodwill and into orders. Your enthusiasm for your area of business, delivering quality product and your buyer's situation in the value-supply-chain will be communicated to your buyer or customer through your attention to their needs and delivery of the highest-quality product. This goes a long way toward making you a valued supplier.

Besides sales calls, it also is important to network to grow your business. Some people are put off by the idea of networking, because they think it means insincerely running about tooting your own horn. This is far from what good networking implies. Networking means going to events where you can interact with other entrepreneurs and business professionals. It can be within the world of aquaculture, the local business community, or perhaps a state or regional business-development event.



As a good networker, you should be sincere, supportive and a good listener, ask questions and don't be put off by frank responses. Most of the people you meet will be interested in helping you to succeed. This is more than just meeting people. Before you attend the event, plan to meet people and talk with people about specific areas on which you need to obtain contacts or specific information. Think about your business's image and have adequate business cards and handouts to give to good contacts.

You may want to consider which business organizations could benefit from knowing about you and your operation. Some authorities say that you should always attend the networking events where your best potential contacts or customers may go to network and include those meetings in a formal plan. This plan is a list of meetings, the intended type of contacts you would like to make and a consideration of your potential involvement with the organization (and time commitment) as a volunteer or officer. Of course, consider sponsoring the event and providing product for the luncheon. You may even want to host one of the meetings at your facility or include a tour as a field-trip for larger event. In either case, have product literature on hand, product available for sampling, direct purchase, and for orders. For example, in our area where there is a regional community college with an internationally renowned chefs program. An invaluable networking opportunity would be to talk with the head of the program, and become affiliated with them, either through supporting their program with some product, or presenting about aquaculture





and the benefits of the product to the students. A field trip to your facility would indelibly etch into the minds of every graduate placed in a local or regional business where they had a personal contact that they could go to for quality product.

To effectively network at an event, do not yield to the temptation to hang out with friends and familiar faces, this is fine, but you are there to build your business contacts and enhance the reputation of your business. Be sure to set a goal for each meeting of meeting some number of new faces. This plan can be quite straight forward. For example, a given number of new contacts, learning three key points from the speaker's topic that really can impact your operation or how you communicate, or identifying key industry trends. If you spend a lot of time in the home office or working at different tasks dictated by the daily needs of your aquaculture operation, your main purpose may be to get out and talk with people and find out what is happening. Again, focus on your goal or goals before attending the meeting and how you intend to handle your personal presentation.

Don't make a beeline for your seat; once the meeting begins, you will not be able to network, consider strategic places to mingle near coffee and snack areas, hallways and of course, in the evening at the bar. You don't have to be a barfly, it is better if you refrain from imbibing (or overly doing so) and use the social gathering to meet people, discuss issues important to your business goals then and collect their business cards.

When conversing, don't spend too much time with any one person or you defeat the purpose of attending the event. Get their contact information and shoot them a follow-up E-mail after the event and continue the conversation at that point. Be sure to have plenty of business cards and your product or business literature close at hand so that they can reach you or learn more about your operation if you become engaged in another conversation. Be sure to give others the chance to talk to you. Be attentive, receptive and helpful, but beware of getting bogged down in a long meaningless conversation. As a business person, you are part of diverse community that needs to collectively work together to help one another.

Networking is a two-way street. Be friendly and approachable and remember the old adage, "What goes around comes around." Concentrate on your expertise and use it to creatively help solve other people's problems, this goes a lot farther than repeatedly regurgitating facts and figures about your business. Remember your manners and avoid being negative or complaining about competitors, the government or suppliers. Everyone has contacts and affiliations and you never know who is going to be in the room.

Sharing information and insights that help others will eventually lead to referrals and leads. Be sure to follow up each meeting with an E-mail note to your best contacts; if you were discussing a topic and you have extra information, be sure to pass it on. If you make the effort to reach out and help others, you'll soon find people are reaching out to help you.

What constitutes a sale? So you had a good meeting and walked out with some kind of commitment from the buyer. How solid is that commitment? Here are a few things to consider. Some of the commitments you receive in a meeting are more along the lines of tentative supply queries than solid sales. Some of these should be avoided by anyone in the perishable-product aquaculture business.



**Estimate.** Perhaps a good result for an introductory meeting, but you will need something far more concrete to constitute a sale.

**Projection.** These are essentially a buyer's prediction of the amount of product they could purchase over time. It helps them and you determine whether you can hang in there for the long term as a supplier. A projection is not a sales commitment, but a planning tool from which the two of you can work and negotiate. Be sure to quiz your buyer on how they came up the projection (existing sales history, estimate from some other source) and how solid they feel it is. If you are demoing a new product with them, you may want to develop a stepped projection that is a tiered approach that considers test marketing or the initial in-store introduction of the product, and then longer-term stock movement. Any agreement based on projections should include your conditional agreement. For example, a conditional agreement may include a statement that releases you from the commitment if they don't move a given amount of product. These are difficult to get in writing, usually the best you can do is reiterate it to them in an after-meeting confirmation memo.

**HFC (Hold for Confirmation).** This can potentially be very problematic if you are new to the game. Any purchase order with "HFC" stamped on it or written into it should immediately be considered a projection and not an order. Buyers will expect you to have product to ship; but the HFC does not necessarily mean that they are ready to receive your product. Your next move is to immediately get back to them and find out what the conditions are of the hold and how to get it lifted, i.e., get a concrete purchase order you can act upon. With a good reputable buyer, the HFC is not necessarily a negative impediment; it can mean that they already have set aside funds within their budget for purchasing your product.

aquaculture products when sold in community cooperatives, farmer's markets and similar venues. This is where you, the vendor, retain ownership of the product within the store until it is sold. This may be helpful to you should the store go bankrupt, have limited staff or purchasing power, or similar issues. It may mean that you are responsible for the full service of the product inventory, but may result in better display and product-placement options.

**Guaranteed Sale,** Not necessarily applicable to marketing aquaculture products and more common to other retail arrangements, this is where the buyer holds the right to return all unsold goods and demand partial or full credit on the return. In the most extreme types of contract, the buyer will not pay for any of the product until the entire sales period has passed, returns determined and the difference calculated.

**Consignment Sale.** Applicable to marketing



# Packages, Labeling & Point-of-Purchase Communications

Most physical products require packaging. Your aquaculture product may not require packaging, but some do. Additionally, these guidelines also apply to your signage at farmer's markets, point-of-purchase materials, fliers, etc. Product packaging must be appealing in order to attract and hold the consumers' eye and attention, and serve as an efficient and functional shipping container. How you approach your packaging or point-of-purchase communications (recipe cards, information on your products and aquaculture operation) can greatly increase consumer confidence and sales.

Packaging design usually involves the box or wrapper that contains the product. The primary function is of course to hold and protect

the product, but it also is a very powerful selling tool. In a previous section we discussed visiting a grocery store to do some invaluable market research. Once again, the next time you are in a large grocery store, take a minute to look at the packaging and labeling systems, especially those that don't appeal (sell) to you and those that you deem exceptional. Take special care to notice how point-of-purchase devices (coupons, recipe cards, etc.) are used to encourage consumers to try a product. You will probably come away with some good ideas on product presentation and packaging.

Products can have multiple packages. This includes the container itself, such as a bottle, can, or case. This is often enclosed in a box for protection purposes. The product may also



have a case or larger container to ship multiple products within one box. Each of these packages, particularly those that the consumers see before their purchase, offers the opportunity to communicate information to buyers, retailers or consumers at critical points in their decision making processes.

Packaging offers the opportunity to promote the product in that the packaging can easily be designed to compliment other promotional activities. It also can be used to communicate information: your core benefits, “why to buy” testimonials, Internet addresses and toll-free telephone numbers, for product information, sales support or additional direct-to-consumer sales.

Packaging can also serve as a display to highlight the product and make it stand out from the competition. In this way, professional marketers and advertisers use packaging and point-of-purchase related materials to provide additional value and differentiation. This has been proven to provide increased purchase justification and is what encourages many consumers to try new products. For example, for some value-added (processed) perishable aquaculture products, a consumer-convenient seal-and-reseal package may constitute a strong decision maker between two product offerings. This especially holds true for products that may work well from a decorative jar or tube-type dispenser (anchovy paste for cooks, smoked-shrimp or smoked-trout spread, highly flavored or spiced condiments best dispensed in small metered portions).

Of course, for some products, the package also should contain consumer safety information and warn of any potential allergens or hazards due to improper storage or improper preparation. Well-designed packages offer a promotional and communication tool, as well as

convenience value to the user. As we discussed above, this results in product differentiation from the competition. In the developed world, most retail products are purchased on an impulsive basis that heavily depends on packaging to communicate information and encourage the decision to buy.





# Dealing with Brokers and Distributors

Brokers and distributors get your product into channels. A channel in the established food-retail system is a business segment or grouping. There are five to seven established retail market channels. There are four well-established food channels serviced by brokers: retail stores, club stores, food services, and C-stores. Direct-to consumer and Internet direct-marketing also can be considered channels. Some see these as alternative channels, but these are producer channels not covered by brokers. Brokers and distributors usually take 1% to 5% of what they get paid by their clients. This may not seem so onerous when one considers that brokers are highly professional extensions of your sales staff that have solid connections to immediately market your product.

This is a complicated marketing area. There are contractual demands for your product, and there may be convoluted pricing systems.

Brokers and distributors make their money on volume, so they tend to think in terms of volume of product in the most efficiently handled units; the entire distribution value-chain exists on very thin margins. They like 100% fill rates in units that are efficient for them to handle (no partial orders, or partial orders packed for immediate delivery bundled with other partial orders in efficient units). Big brokers and distributors talk in a complex terminology. For example, when entering into conversations with brokers, distributors or retail (grocery store) buyers, it is good to have some understanding of table stakes, terms, shelter or program money, procurement money, and bill-backs.

For smaller producers, there is an emerging segment of aggregators. These are specialty brokers, mostly in the ever broadening organic and buy-local sectors. In the city of



Milwaukee, for example there is a noted chef who has developed a business and an aggregator for a select group of high end, what are known in the trade as “white table-cloth” restaurants wanting to buy local. This business is termed an RSA (Restaurant-Supported Agriculture) group similar to a CSA (Community-Supported Agriculture). Aggregators do not play the same game as the big brokers and distributors; they develop very different relationships with their suppliers and clients. The aggregator/RSA usually takes 5% of the wholesale cost to cover their marketing, transportation and other overhead expenses. If you are dealing with a great aggregator and consider the old adage, “time is money,” you may see that using an aggregator is well worth the 5% additional cost since it saves you time and money well beyond the aggregator’s fee.

Of course, it is important to understand their world and the rest of the distribution system in their business terms, so let’s consider an overview of the terminology and realities of large-scale food distribution.

**Table stakes:** This is your price list and product-specification sheets (spec sheets). Also, be sure to enter into any meeting prepared with a good promotional sample kit for sales personnel. If you go into a meeting armed with a quality sample kit, you communicate that you are well prepared.

If you have your ducks in a row with respect to table stakes, you will look professional, you will be taken seriously, and you will have a lot of points from which to develop a discussion that



may end with you making a deal. Here is short list; we will then go into greater detail on some of the more esoteric, but crucial points:

- Price list
- FOB price (price delivered to their warehouse or distribution center)
- Spec sheets
- Quality guarantees or statements
- UPC Product codes (that accurately reflect the size, volume etc.)
- Point-of-purchase / Point-of-sale devices
- 100% fill rates (for pallets, containers, totes or similar shipping and storage units)
- Terms (net-30, net-7, net-10 days)
- Order confirmations (acknowledge receipt initiate production, this will generate a cut order)
- Cut notifications (perishable product (e.g., fish, livestock) is being processed)
- Accurate invoicing (how you handle bill-back and auto-deduct marketing fees; these systems allow for promotions and incentives by distributors, but are kept off of regular invoices so as to not muddle client audits where their customers are looking at mark-up margins over producer price)

**Spec sheets** accompany your price list with UPC product codes and are your product descriptions that include all of the information needed by the distributor to pick-up, deliver, store, market, bill and pay for your product. These contain the quality guarantees or statements that can be used for marketing; perishability information; FOB price; terms (net-30, net-7, net-10 days); invoicing for bill-backs and auto-deducts; order confirmations and cut notifications.

**Terms** are critical to dealing with brokers. You cannot afford to go into market without terms. The most commonly used “terms” in the

business are net-30, net-7, and net-10 days. Just because you moved product to a distributor or retailer and they sold it out of a store to a consumer (who gave them money) does not mean any income entered your bank account. You have an open invoice. That invoice will be paid by their accounting department whenever they feel like it is a priority to do so. The longer they hang on to their money the better it is for them. This is why you need to concentrate on short-terms. A net-10 day is certainly what you want to try to negotiate. Net-30 may mean you get your money 60-days or much further out. You may put some frosting on the cake by offering discounted terms. This is where you discount you invoice by 1 percent, 2 percent or more to get yourself paid. By offering this concession, you invoice goes to the top of the stack to get paid; if you let some buyers talk you into a net-30, you may get paid in 100 days and only after you made fifteen phone calls and threatened legal action.

Of course top-of-the-stack is a descriptive term. Today, everything is done by computer invoicing. The computer makes decision on who gets paid first, and who subsequently gets paid and when the checks are issued based on the terms of the contracts and some wiggle room that always seems to make it into the equation. Make sure you know what kind of payment schedule to expect and have it in the contract with no exceptions.

**Program Money** (aka Shelter Money) is money usually paid to brokers that is used to promote the product through the food-distribution chain. It is essentially a monetary commitment between a distributor and the producer for money that is budgeted for marketing and/or sales and procurement activities undertaken by the distributor. Consider this money for preparing to get the product in stores and properly presented. It also may be used to give the distributor's salespeople a financial reward incentive to move your product. If you come to a broker with a less expensive product that



clearly beats the competition, the broker may not be interested. This is because the broker may opt for the more expensive product since that producer has factored in program money that can go back to the distributor as program or procurement funds.

If you are playing the game of going through a distributor, going big or bigger with your business, hidden expenses like Program Money are important to consider. If you get the feeling program money is extortion, well, just wait until you consider procurement money.

**Procurement money** is 1 percent to 10 percent of a shipment that is set aside by Tier-1 and Tier-2 distributors (the largest distributors) for special promotional consideration. Translation: extortion money paid to knock out the competitor and get your product top billing and more importantly, gets your product a spot in the warehouse. Frequently this is referred to as a slotting fee. This also may be used to give the distributor's sales people financial incentive to move your product.

Distributors also may look for a regular 3% to be used for marketing at food shows, printing holiday-special fliers, etc. They may deduct this expense from what they owe on your invoice in the form of a bill-back or auto-deduct. If you are introducing a new product, this could be as high as 5 percent. Auto-deduct is a term used to identify a transaction in which a distributor deducts from a producer's outstanding invoice to cover procurement or marketing activities. Bill-back is a term used to identify a transaction in which a distributor invoices (bills-back)



the producer for the costs of a procurement or marketing activity. If you are considering functioning at this level of distribution, be certain you and the distributor are on the same wavelength when it comes to distributor marketing costs, what they need and how they charge for the services.

**Fill rates, packaging, shipping and inventory control** are critical considerations when dealing with volume sales and distribution of any kind. Aquaculture producers dealing in large quantities, product fill rates may be of importance. 100% fill rates are Distributor friendly and what they want to see. This refers to pallets of product. Every time a distributor deals with a partial pallet or mixed pallet, it costs them money and labor time unless you are packing them a mixed pallet that is ready for delivery to the retailer. The material on the pallets needs to be in easily broken down into sub units. There is a saying in the grocery-store distribution world, “30 pounds at \$30.” What this means, is that for ease of handling, your unit cannot be over 30 pounds or it is inconvenient to easily move by hand when the pallet is broken down. Too heavy or odd sized units contribute or create handling gridlock. This creates unnecessary expense for the distributor or retailer. The \$30 is in reference to a convenient sum attached to that volume of product.

Packaging and bulk packaging for shipping and how that bulk packaging breaks down, perhaps at the distribution center, but ideally only at the retailer are key considerations. You want to bulk package within your category, e.g., bags of frozen fish fillet packages, to be the most efficient for handling during production and also within the store. This is called category expertise. Know your category and how to most efficiently package and ship within it. Shipping across categories creates handling problems and additional costs. Know this when going into any negotiation. If you are looking at multi-store chain, determine where their distribution centers are located. Their trucks are going

there; you are probably going to have to get your product there also.

The world of inventory control and electronic billing runs on UPC product codes. If you will be using UPC Product codes, designate your codes to mean more than just the obvious product attribute. Your product codes should reflect not only what the product is, but the quantity, size, package count or item count within the unit.





# Dealing Directly with Grocery Stores

Brokers get your product into channels. One channel is the established grocery-store retail business. The average grocery store has 50,000 products. This means that you have to differentiate your product. It also means that to do so, you must present a sales pitch. You may have to visit the store a few times to get your foot-in-the-door, identify the key person to talk with, and establish yourself as viable supplier.

If you want to directly deal with grocery stores, you can do well by targeting smaller stores and independents interested in showcasing local foods to their customers. These tend to be in more upscale neighborhoods. Grocery stores in economically and socially depressed neighborhoods will always focus on lowest cost and lowest price products.

Don't get frustrated if a retailer is not interest-

ed in small operations or "buy local" products. Retailers are very different in their focus and accurate or inaccurate perception of what their client base is interested in purchasing and why. Some store managers understand that your product represents a unique marketing opportunity and others could never comprehend that in ten lifetimes. Your best tact is to target independent grocers and those grocery store chains that are actually cooperatives. Most states have a grocery store association and the association will be happy to provide you this and perhaps other very helpful information. Most states have emerging or established buy-local endorsement programs that closely work with retailers. Contact your state organization for advice on how to market your product with their assistance and contacts through their program.

Many of the points of dealing with grocery



stores are the same or similar to those of dealing with distributors and brokers: When presenting yourself and your product, tell your story. Come prepared with a good promotional sample kit for sales personnel. If you go into a meeting armed with a quality sample kit, you communicate that you are in the game.

There are some documents that are important to bring with you to a meeting with a store manager. Grocers also like to see forecast sheets. These are especially important for produce and other perishable-good buyers. They give the store manager an idea when and how you will have product: the timing of your harvest, time for you to process from order to delivery, order and processing confirmations, and similar details. Along with the forecast sheet, a background paper on your operation is important for the grocer to have on file to substantiate COOL labeling. COOL stands for Country of Origin Label and is a compliance labeling requirement.

Do not expect farmers' market retail prices when going through a grocery store. The stores have razor-thin margins and they must do everything in their power to be cost-competitive with their competition and as affordable as possible to the customers in that store's demographic. The price for your quality product

is less of an issue if you have a high-quality specialty product that you are niche marketing. Tell your story with good point-of-contact and point-of-purchase communications, and consider in-store demonstrations to work with the grocer to educate the consumer about your product.

Your Big-4 ideas on determining your price, as with distributors and brokers, include: pricing, quality, margins, and risk. The price the grocer has to take the product to the consumer is very important. It is equally important that you or the grocer cover margins for advertising and marketing, and the risk of a product introduction. One great solution for figuring out your costs and how to budget for them is to design a spreadsheet that shows all costs as your product moves through the value-chain to the end user. Be transparent and absolutely honest with yourself for yourself. This is how you learn and see how profitable you are, or need to be, to sustainably grow your business.

All grocers, but particularly the niche and independent grocers love it when you put on a product demonstration in their store. It shows to the customer (and to them) that you believe in your product and are willing to stand by it, and that you have a relationship with the grocer. Consider holding a demonstration with some other local producers on the same day and publicizing the in-store event. Work with the grocer, they will either want you there during peak shopping activity time or may suggest a time better suited for an event where you can spend more face-to-face time with customers. Work this out with the store manager. The manager can help you determine your level of preparedness with respect to staff, product, and promotional materials. Be sure to collect contact information from customers for e-mail or direct-mail notifications and similar follow-up communications. You may want to collect contact information in the form of a product or grocery raffle.



Sending a press release to the local news paper, or better yet, invite the press by getting on the phone and speaking with a local-scene reporter. Try to get the reporter interested in doing a personal-interest piece on your operation and product. A great strategy to directly promote an event (or directly market your product) reach customers and enter into new markets is offered by social networking. For example, you can promote your product and the event at the grocer's by creating a free post in the Farm & Garden section of the on-line resource Craig'slist. This is an ever-growing and well respected free resource, and is a very simple tool to use and update.



Another way to approach grocery stores is through their state grocery association. These groups have yearly or bi-annual meetings and trade shows. At the very least, get a membership to receive their trade publication and other mailings. If you have the money in your marketing budget, consider a booth or table at the meeting or convention. This is a way to get your product and operation in front of those grocers not necessarily vested in always working through buyers and distributors, and especially to identify the independents, small chains and co-ops interested in local and high-quality specialty products. Also, if you want to market to grocery stores, go out of your way to talk with the managers, get their trade news and otherwise understand their business and business trends.





# Quality Product/ Quality Service

These days providing solid customer service also is paying attention to your customers. It is easy to forget to do this when concentrating on making new sales and bigger accounts to sustain or grow your business. However, attention to your existing customers, no matter how small their purchase volume, is essential to keeping your business on track. Landing customers is only the smaller part of the equation, the most important aspect of growing a business is keeping customers. Repeat customers are the backbone of every successful business. Loyal repeat customers are the backbone of an outstanding business.

There are plenty of things that you as an entrepreneur can do to ensue excellent customer service. If you are in a one-person business it is easy to stay on top of your customer's needs. This gets a bit more complicated as you add increasing numbers of employees into the mix;

potential for poor service increases. Every time you add people to an organization, you increase the links in your customer's service value chain.

A simple solution is to establish a customer service policy. This should be in writing right there alongside your mission statement. Like the mission statement, it does not have to be lengthy, but does need to articulate your customer service policy. Every employee should be aware of it, and if possible, have some say in its formulation. They should also be aware of what the guidelines are and how to follow them.

Most management professionals will tell you that there are a few general rules of thumb to delivering superior client service, most are simply solid common sense approaches to communicating with people: Be genuinely



committed; remember that client's value attention, use this to develop an active hands-on approach to customer service. Be certain that your passion for customer service runs rampant, establish support systems so that the customer can always reach an understanding person with knowledge of your operation, share information on customer service across your organization. Finally, develop a system to measure customer service, and then reward employees who consistently practice it.

When interacting with customers, keep in mind that customers like to hear certain reassuring phrases. Make sure that you employees are familiar with three of them and use them to genuinely address the client; and absolutely make it a point that they never use the fourth!

"How can I help?" Clients want the opportunity to explain in detail what they want, need, or have a problem understanding. Too often business owners simply guess at the customer need or the client's mindset. It is far more effective to listen and ask follow-up questions. This is how you learn things that can be invaluable to giving you an edge over your competition. Also, by entering into a dialog initiated by the customer, you are listening and not selling. By listening and creating a positive dialog, one can often turn a complaint call into a future sale.

"I can solve that problem." Many clients have other options, if you remain unflustered and offer to help them through their problem you demonstrate your commitment to work with them. If you become confrontational, the end result can easily be a lost client.

"I do not know, but I'll find out." This is the secret of almost every successful communicator within any business structure. There is nothing more frustrating than going to a company and not getting a straight answer to a question. However, we all acknowledge that not everyone has every answer on any given day. When a

customer service person, sales staff or owner of a business says, "I do not know, but I'll find out," then follows up with immediate action that includes a follow-up call back to the client; it demonstrates professionalism and attention to client need. Always, be sure that you state a positive action that will be undertaken and state a time-frame for resolving the issue, "I have to see Mr. Smith about that, and he is away from the office until next Monday, but I'll call and leave him a message then immediately get back to you. It should only be a day or so, if for whatever reason you do not hear from me, please call again. One way or another, we'll get this sorted out ASAP." That is what clients want to hear!

"No problem. Not a problem." Perhaps the most overused phrase in the American language and one of the worst possible things to say when dealing with customers. Never in any circumstance use it during business meetings. In studies of consumer focus groups by professional consultants, it came out that, "Not a problem" is a two-edged sword that most people consciously dismiss, but subconsciously triggers subtle distrust and resentment.

Why? It is simple. For example, if you ask for water in a restaurant and the server says "Not a problem," part of the subconscious processes the response as "Of course it's not a problem you lazy jerk, you work here and your job is to serve me." Not a problem, insinuates that you asking for water is a problem. Humans don't like to create problems for other people and when someone, particularly a stranger, even remotely suggests that we have inadvertently done so through an innocuous request, resentment may develop.

The server may be unaware, of the implications of the saying but oftentimes, one can sense a hint of sarcasm in the phrase. It is better if it is never uttered. Wouldn't it be much better if you asked for water in the restaurant and



the server said “Sure, I’ll be right back with it, would you like some lemon with that?” In this scenario, instead of a negative subconscious emotional cue, the server has positively affirmed that the action will be willingly undertaken, as well as entered into a dialog with the client that demonstrates an extension of service.

Today, providing adequate customer service may not be sufficient. You need to let customers know what you are doing for them. A quarterly electronic newsletter, E-mail message or occasional phone call can mean the difference between a repeat customer and someone going over to the competition. For the small-scale aquaculture producer, the competition may be a less expensive imported product from overseas. Your communications with your customer and assurance of quality local production goes a long way to overcome a price differential.

All follow-up calls are in some way a business-development call. Make time to contact customers that seem to be becoming distant. E-mail and Twitter are fine for updates on your business and product line, but is still far more impersonal than a phone call. If you have not heard from a valued customer in a while, take a minute, make a phone call and let them know you are thinking about them and their needs. This is not a sales call and should never be approached as such, but it could effortlessly result



in one. If you come across information that you feel your client could value, for example, an award winning recipe for a chef, a bulk-packaging idea or restaurant-purchase demographics for a distributor, then copy it and forward it to them. It shows that you care about the success of their business. They will care about the success of yours.

For any number of reasons a customer may decide to go to a competitor or simply quit patronizing your operation. Calling the ex-client is an extremely important business-development call. Get them on the phone and politely say that you miss them as a customer, understand that customers move on for any number of reasons; then proceed to just ask them for a minute or two of their time to discuss their needs and how you could change aspects of your product or procedures to meet them. Just because you lost this customer does not mean that they may not come back.

So what happens when you really have a bad situation with a customer? Begin by thinking about a similar situation you had at some time in your life. Consider how you felt, and what it took to correct the situation if it was corrected. Gather as much information on the problem as possible and take a minute to objectively consider what happened and why. Now prepare some phone notes for reference when you call the client to discuss the problem. Your phone notes should list the problem, what may have happened to cause the problem and several courses of action to correct the problem or compensate the customer for any hardship.

Call the customer. E-mail and text messaging are the communication media of the day; however, for a customer-relations contact of any importance, you need person-to-person immediate voice communication. If it is a non-confrontational, yet extremely serious problem, get over to see the client to discuss it face-to-face as soon as possible.

When you get the client on the phone, be sure

to be a non-confrontational and stress that you sincerely wish to resolve the situation to the client's satisfaction. Be sure to stress that you appreciate the client's business and that you will keep the client updated as needed as you remedy the situation. If you have employees, and this problem resulted from an employee's mistake, consider hand delivering the product to ensure the client that you personally resolved this issue. If the problem was clearly your company's fault, then reduce the price of the product or include additional product or a voucher for future savings.

Going above-and-beyond the call of duty, does not mean big give-ways or groveling before your customers. Be accessible; make your company accessible. Consider reinforcing that your customer is important to you by holding an annual customer appreciation event where they can view your facilities, try product and meet your staff. Think about opening direct lines of communication between specific staff and certain clients. Stress to your employee that, "These are your clients, they create your paycheck. If they have problems you work with them and bring me into the loop if necessary." This builds your organizational capabilities and increases the person-to-person relationships between your company and the client. If you have a few select clients to whom you would like to deliver a holiday gift, have your staff take time away from the facility to do so. If you are unsure of their communications skills, accompany them. Again, this builds organizational capability in that you have a chance to mentor your employees on what is essentially a public-relations sales call. When you meet with the client, be sure to direct the conversation to customer-service issues. What has been good the past year; what needs to be improvement. With the employee by your side, there is a good chance customer service will become a personal issue and subsequently improve.



As we leave this section, please consider the following encapsulation as a personal mantra:

*"Customer loyalty is hard to win and easy to lose. Repeat customers are the backbone of a successful business. Loyal customers are the backbone of an outstanding business."*





# Let's Use MarketMaker

MarketMaker can be found on the Internet at <http://www.marketmaker.uiuc.edu>. The idea behind the MarketMaker project was to make create a resource where all businesses across the food supply chain can see one another. This includes potential suppliers, end-user markets, distributors and cooperators. For example, the site can assist a bed & breakfast operator to find locally produced fish; it is equally valuable in helping an aquaculture producer find the bed & breakfast operation, restaurant or a specialty ethnic grocery store that may want to showcase the producer's products.

MarketMaker was developed as an online marketing resource to give Illinois farmers greater access to regional markets by linking them with processors, retailers,

consumers and other food-supply-chain participants. It is currently one of the most extensive collections of searchable food-industry-related data in the country and contains over 350,000 profiles of farmers and other food related enterprises in Illinois, Iowa, Georgia, Mississippi, Nebraska, Kentucky, Michigan, Indiana, Ohio, and New York. Each of these states now has its own state-specific entry portal for MarketMaker.

Taking the single state concept and expanding it into a regional and national model has the potential to significantly grow the economic impact of this marketing resource. A multi-state partnership of land grant institutions and state agricultural agencies has formed and are committing



local resources to build this national network of interconnected sites of searchable localized consumer and food industry data. Active cooperating and financial supporters of the project include the national Agricultural Marketing Resource Center (AgMRC) headquartered at Iowa State University, United States Department of Agriculture (USDA) National Institute of Food and Agriculture, the University of Arkansas Applied Sustainability Center, Illinois Council on Food and Agricultural Research (C-FAR), University of Illinois Cooperative Extension Service, and ACE the University of Illinois at Urbana-Champaign Department of Consumer and Agricultural Economics.

A policy advisory committee governs and guides the MarketMaker network. Composed of experts from partner states, these individuals bring unique expertise and insight to the direction of the site, as well as guide the evolution of the national network.

MarketMaker is rich with searchable demographic and business data. Detailed information can be summarized on maps, in lists or profiles, and in varying levels of complexity or specificity. One can do this by focusing on producers or retailers; as well as demographic markets that reflect wages, food-related expenditures or ethnicity. One of the great strengths of the MarketMaker site is that concentrations of consumer markets and strategic business partners can easily and quickly be identified; potentially saving producers transportation and other costs, as well as promoting other cost-saving increases in efficiency. Presenting this kind of information in a graphic-interface map-based format is far more effective than simple lists or statistical tables.

Census data is a critical feature of the site. For example, a producer wanting to sell tilapia to Asian consumers can request a map showing the greatest concentration of upper-income Asian households; then request a complete demographic profile of those locations, including seafood sales data from area fish markets. To use this marketing tool, there is a function called Find a Market. By simply clicking the icon, one can access the census data in the following areas: Education, Foreign Born, Household Type, Income, Income by Race, and Race.

MarketMaker is a powerful tool for increasing your visibility and finding outlets for your product. MarketMaker is a great tool, but it is not a silver bullet that will ensure your business success. There are many things that go into marketing a successful business, and the road to success, and continued success, is a constant process. Develop a marketing plan to augment your business plan. Review and revise both on a regular basis.

### **Let's Use Market Maker:**

MarketMaker is an invaluable resource for the creation of a marketing strategy and marketing plan. Additionally, AgMRC (The Agricultural Marketing Resource Center) website [www.agmrc.org](http://www.agmrc.org) is a portal to MarketMaker and has many great business-development resources including marketing strategies and thoughts on developing business and marketing plans. Both the MarketMaker and AgMRC web pages make extensive use of key-word searching. This tool allows you to find supporting tools and documents that can strengthen your business. Now, let's consider MarketMaker's capabilities and what it has to offer.





First, we need to go online and access University of Illinois MarketMaker <http://www.marketmaker.uiuc.edu/> or one of the other state-specific portals. Please note the sponsors, cooperators and funding agencies noted on the bottom of the homepage.

We will use the Illinois and Iowa pages for our examples. The next time you log-in to MarketMaker, you may wish to enter through your state's portal. This is easy enough to find by typing in <Market Maker state name> into a search engine or by selecting a state on the National Market-Maker map you see in the left-hand tool bar on the Illinois site.

Before heading to our own state, let's browse around the MarketMaker homepage. In the green and orange horizontal tool bar you will see two main headers: For Producers and For Consumers. As producers, the For Producers will be our control button for directing our market research. Also, in the lower part of that tool bar there is a tutorial and many other resources, including Resource Search which can help you find human assistance in your area, and a great section titled Factsheets.

If we select Factsheets and take a look at the pdf files listed there you will see that there is additional information on fundamental marketing, selling specific products, creating business plans, doing market research, and working with your buyers or selling directly to the public.

We can return to the home page by using the back arrow on our browser, or selecting Home from the menu at the top or bottom of the page.

The main central horizontal menu bar contains various resources and fact sheets, note that the first item is Learn MarketMaker. This is a page of concise instructions for new users getting started with the program. The next horizontal menu bar contains the Buy & Sell Forum. This feature provides vendors with a quick forum to present their products to the public and for potential clients to ask for specific products. The Buy & Sell Forum is national in scope across participating states. Services & Equipment is a forum for buying and selling new and used equipment and processing services; and Transportation lists those firms offering those services, as well as individuals interested in developing cooperative transportation arrangements.

Other items on the page contain portals to updates about the MarketMaker site and overall program, a calendar of upcoming events and a blog devoted to value-added agriculture and related news items. The Taste of Illinois feature spotlights profiles of Illinois businesses participating in the MarketMaker program. Keep this in mind for your business. The state business profile is often seen on the national MarketMaker page, as well as on the national Agricultural Marketing Resource Center (AgMRC.org) page. These profiles create a great deal of

visibility for participating producers or businesses and are “swept” monitored by local media outlets.

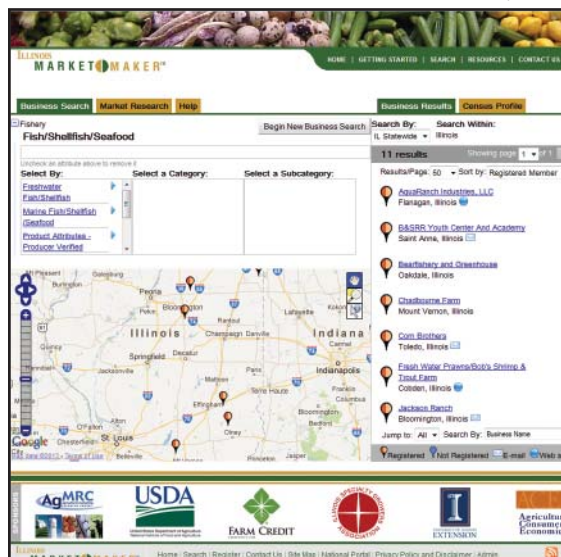
Now, let's find a producer. We begin by simply searching to view the other aquaculture businesses in our state. After all, these are our potential competitors, so why not take a look to see who is out there. We select the for **BUSINESSES** tab, then we move to the Find a box where the word Farmer is present. If we select the arrow at the side of the box we will see that within it is the choice Fishery. For now we will leave the distance and zip-code boxes blank and simply select **SEARCH** to see what comes up for the state of Illinois.

We see that a map appears, but it is grayed out. There is a superposed window that presents fishery choices. We select Fish/Shellfish/Seafood and note that the map is now active and populated with red markers. To the left of the map is a Select by menu that allows us to narrow our search by type of producer. To the right of the map is a Results window that allows us to see an alphabetical listing of all of the producers within the state registered with MarketMaker. In about the center of the state, near the word 'Illinois,' you will see a marker near Bloomington. If we select it we see that a balloon appears with the name of a business called Jackson Ranch. If we select Jackson Ranch, MarketMaker opens a new window in the browser that displays a street map for Jackson Ranch, as well as full contact information and various business details including the name of a primary contact person. All maps in MarketMaker are printable and scalable (one can increase or decrease the resolution) using either a vertical slider bar or + or - boxes on the upper-left-hand side of the map.

We can see that Jackson Ranch produces whole, dressed and de-headed certified and source-verified, yellow perch and tilapia; and we can also see how they market to the public: direct, farmers market, festivals, internet sales, on-farm sales, roadside stand, and wholesale. It is noted that they market across the Midwest.

This menu has a tab that is open to Fishery. If we select the preceding tab Farmer, we see that this business also has an organic dairy. For some businesses there will be another tab, Agritourism, for those aquaculture business that are open to the public for fee fishing or educational outings for school children and similar events.

If you as a producer decide to be represented on MarketMaker this is the type of profile that you will have. Note that your profile can be far more complete than the one we are viewing for our example. To the right of the window there is a place where you can talk about your business and places where affiliations and social networking options can be listed. Social networking links to Face Book®, Twitter®, and similar sites can be a way to further get news of your product and business developments to your





customers.

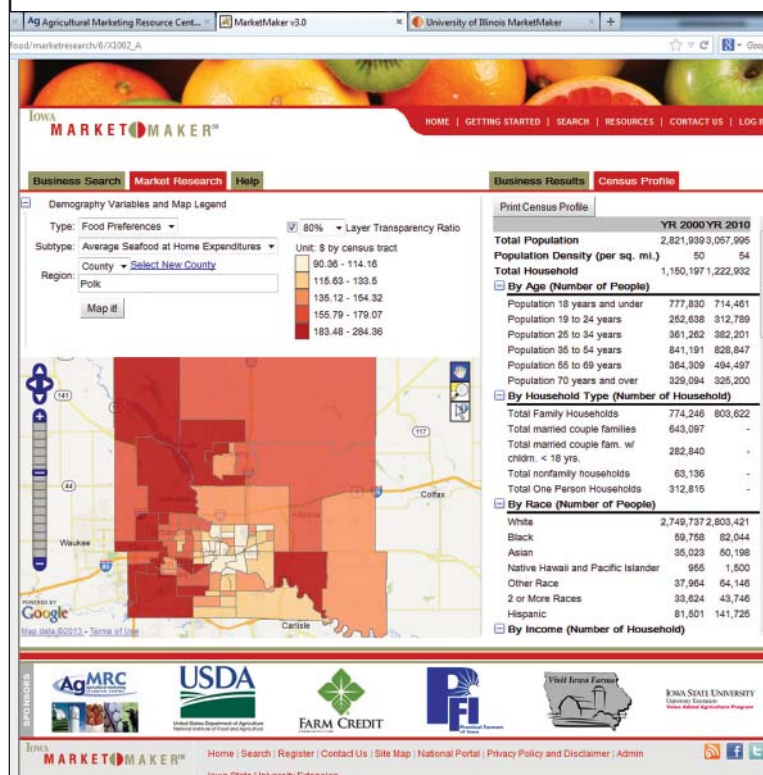
If we close the window for Jackson Ranch and return to the main map of Illinois, we can further investigate other search functions for profiling producers. In the Select by menu there are various options. Note that the two menus Select a Category and Select a Subcategory next to Select by are blank for now. This will change if we select a topic with additional information threads. For example, let's scroll down to Product Attributes -3rd Party Certified/Verified. Selecting this topic immediately populates the Select a Category menu with several grayed-out topics (which do not pertain to our search) and few selectable certified and inspected options. The ones in blue are selectable links. These may or may not produce more information in the Select a Subcategory menu, depending upon whether that information is available or applicable for that state.

If for example, we are a buyer interested only in purchasing source-verified fish, and prefer to have state environmental certification as well, we click on the boxes before those attributes in the Select a Category list. Immediately, MarketMaker generates a window for those businesses with those attributes and lists them in the left-hand business listing menu. To our surprise we see that the only business fitting these search criteria is Jackson Ranch of Bloomington, Illinois. If this was a buyer interested in purchasing source-verified environmentally-certified fish, they probably just completed their search in record time, at minimal cost, and found a key producer for follow-up discussions.

What if we want to identify a buyer for an aquaculture product in MarketMaker? If we type in "Find a Buyer" in the search window, a map appears. We then select Begin a New Business Search, this then populates the Organization, Preferences

or Product Type windows with contacts that also are shown on the map. Under each of these headings and other specific selections that go along with it. You also can search by County, State or Multistate. When your selections are complete, click on Map It. To zoom in closer, hold down the left mouse button and draw a box around the area you wish to enlarge.

Beyond just generating the names of businesses or suppliers, it cannot be emphasized enough that MarketMaker is an impor-





tant market-research tool.

One that you can use to gather valuable information from which to develop top-quality value-chain relationships.



MarketMaker website.

For example, let's say we are a fish-producer using the Iowa portal. We are looking to market a fish product in the greater Des Moines, Iowa, area. We can look at Food Preferences under Market Research and then look at the average at-home seafood expenditures. This demographic information comes up on a color-coded map. We can see which parts of the metro area and which surrounding communities have the highest incomes and expenditures on seafood products.

At a glance we can see which areas have the highest potential for high-value outlets that can move our product. The area-wide scope of this view can be highlighted from state-wide to multi-county to within-county and city views. The demographic scope of the view can then be adjusted by focusing in on age and spending demographics. As we begin to develop more and more narrow and specific "best-opportunity" leads, we get further down the path of what professionals call, "target-market research." We are targeting a particular demographic most likely to want our product.

In the course of this research, it is always productive to keep your mind open to communication strategies for reaching consumers in the target area and demographic. Some thoughts are likely to occur to you as you work through the research process. In many instances problems and questions that you had at the beginning of the process will answer themselves or strongly suggest an answer before you have logged off the

This "target-market research" now gives you the ability to walk into a retailer, for example a high-end organic food retail store you identified from the business data in MarketMaker, a business right in the heart of your target consumer demographic, and then have a very intelligent and informed talk with the store's buyer. You know who can purchase your product and the consumer's buying preferences; from this you can suggest price points, discuss point-of-sale informational communications for the targeted consumer, and of course, highlight why your product is an outstanding product about which they can communicate and sell to their customers.

Now let's say you want to approach "white-table-cloth" (high end) restaurants. As with the grocery-store example, MarketMaker's business data will help us to identify the top contact candidates. As for the listed businesses, most are profiled to their wants, needs and marketing preferences. Each business has full contact information and in some cases the name of a specific contact individual, as well as web and social-media presences.

You can see where any particular business is located and how to find it by using the Map-It function. You can use the Map-It function to see all of the places that sell seafood, and then differentiate those that are convenience outlets, those that primarily do business in alcohol, chain restaurants and those that are the high-end "white-table-cloth" eateries.

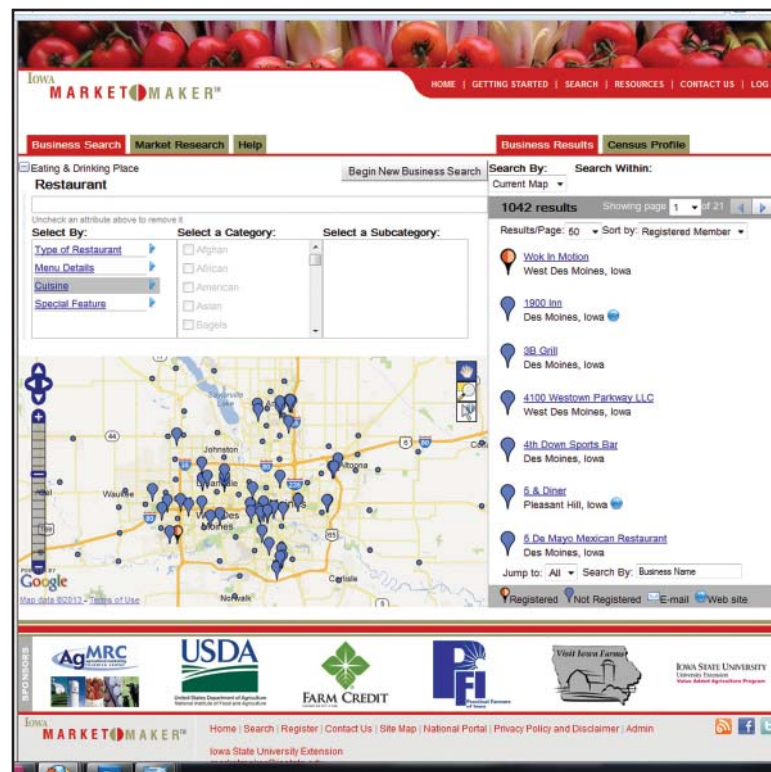


Of course, one neat advantage of the Map-It function is that you can see a particular business's closest adjacent competitors. This should give you some additional thoughts or talking points when you go in to meet with them. For example, chain restaurants will be interested in lowest-cost high-volume product that they get frozen like clockwork from a large national vendor. This material then goes into an well-established moderate-to-low price-point dish that they sell to and established predictable customer demographic.

The “white-table-cloth” (high end) restaurant down the street will most-likely strive to differentiate themselves from the chain retailer through quality and uniqueness of product and dining experience. These days, this is often done by presenting the highest-quality locally-produced identity-preserved location-of-origin-ensured product in the form of a specially-prepared

dish based on the unique attributes of your product. This is what their demographic expects and, in regard to a unique dining experience, is quite willing to purchase.

MarketMaker can help us zero in on this and other outstanding product placement opportunities. Continuing with the above example, within Des Moines, Iowa, area and within a given demographic age group (older working people), our initial search identifies 1059 restaurants that serve seafood and cater to them. By further refining the list and eliminating chain restaurants and similar establishments, we are now down to 180 or so businesses that would be interested in our product. We can now zero in on that particular part of the metro area where we would have the highest likelihood of encountering customers interested in top-quality product and service where price-point is not an issue, and we can easily identify ten or so “cream-of-the-crop” restaurants.



Once we identify them, we put together a simple contact list using the contact data and develop a plan to contact and work with them. As you consider potential retailers and the selling points for your product; you'll realize that there is a very high likelihood that this retailer will be very receptive to your product due to its attributes. This is the easiest of all sales calls. You have your talking points, you know a lot about your target restaurant, their competition, and what makes them unique. It is now relatively easy to make

the initial contact and then cultivate a relationship. These days, everyone is interested in enhanced value-chains and tools like MarketMaker. You can even break the ice by telling the restaurant's contact person that you found them by way of MarketMaker's business data!

Later, consider working with your cooperating retailers to generate some buzz about your product by developing an outreach presence via their Facebook®, Twitter®, or other social-media presence. A lot of young professionals today communicate via social-media applications, and more and more consumers outside that demographic are introducing themselves to social media. If your retailers are planning to launch or showcase your product, be sure to get the word out through social media. Have a great short background story, quality information and some photos ready for their use. Putting together a media packet is a very small time investment that can result in considerable returns. Many retailers have e-mail client lists and websites and are always looking for ways to showcase new and unique products.

An additional new feature of MarketMaker is an employment opportunities section. If you are a producer or a business looking for an employee, registered users can post on the site. Within 24-hours the site is "swept" by national search engines including U.S. Jobs Bank. Within 48-hours, U. S. Jobs Bank is linked to all state and most private job-search agencies and listings. In Iowa, for example, it is linked to Iowa Workforce Development and Iowa National Guard Veteran Employment Office.





# Creating a Marketing Plan

In the Marketing Your Product section we touched on what would go into our marketing plan. So now we have to take each of those points and get them down on paper. It does not have to be finished in the first draft, just get ideas on paper and get them organized. You can mull them over and perfect the plan as it evolves.

We introduced the Marketing Your Product section with the “7P”s of marketing: product, pricing, place, promotion, packaging, positioning and people; and stated that the most important unifying concept is market relevance. It doesn’t really matter how unique your product or service is, unless its value is tied to a perceived benefit. Your customers need to know if it will solve their problem or make them money. For this reason, market relevance is a fundamental dimension of your business and defines your vision for your

products and audience.

Your vision begins simply enough with a mission statement. Create the statement by encapsulating that idea in a sentence or two. For example, an internet service may say, “Create a single place on the Internet that connects all people with anything or anyone they need.” A small-town dairy may say, “Create direct-to-consumer supreme quality cheese from locally pastured grass-fed cows.” The later statement identifies a locally-produced product that requires exceptional preparation and quality control, produced from well-cared-for animals. Define your business and product’s value propositions and you have defined its market relevance.

At the end of the day, market relevance needs to be tied directly to return on investment (ROI). Start by developing a projection of



where you think of the market is or is heading; and what you are offering, to whom and where you can find them. This is where you plug in your MarketMaker data, or can return to MarketMaker to broaden your search. As an aquaculture producer, this is the quantity of fish, how and where that fish can enter the market to reach the public. Always keep in mind and state in your marketing plan, why the public should choose you over a competitor.

When it comes to turning your plan into action, two simple logic-building tools can help with organizing your ideas and the writing process are MAT (Milestones, Assumptions and Tasks) Analysis and SWOT (Strengths, Weaknesses, Opportunities and Threats) Analysis. MAT and SWOT are commonly used to create business plans, but they can have almost equal application to developing marketing plans. One definition of a mat is “a heavy woven net of rope or wire cable placed over a blasting site to keep debris from scattering.” Preventing scattering is exactly what you need to do as a critical step of launching your enterprise. The most important part of the plan is where you specifically say what is going to happen. The core of a business or marketing plan is the collection of detailed dates, deadlines, responsibilities, and commitments. These are the milestones. Ironically, this kind of detail is frequently left out of business or marketing plans that are full of big ideas and strategy. What you want from any plan is results, and the way to get results is to build-in specifics items that you can track and act upon.

MAT is simply the building of three comprehensive lists that will become a timeline of actionable events. You or your team brain storms and assembles three vertical lists of ideas under each of three headings: Milestones, Assumptions and Tasks.

At first, just try to get your ideas down, then prioritized them based on importance. Start with Milestones, and critical items should be underlined, starred or otherwise tagged as such. Your milestones should be weeded down to

several actionable items. Leave plenty of space between them, because you are going to be adding more information in the Assumptions and Tasks columns.

Then look at these events and assign probable completion dates to them. Next create a list of Assumptions as to what needs to happen to hit the task deadline. Finally, Tasks are assigned to your team. This is the who-will-do-what-and-when assignment. When using MAT for developing a marketing plan, this is where you are making a concrete action plan for reaching out to buyers or customers, and getting your product into the market. You can incorporate the entire MAT timeline directly into your marketing plan, or pull out the most relevant parts. Either way, at the end of this exercise, you are close to being done with your marketing plan. Some examples for one horizontal line for a single milestone might look like:

**Milestone:** Fresh-product introduction at large urban food fair. Targeted sale of 400 fresh fillets, distribution of new product literature, and development of a potential-customer contact list (E-mail mailing list) with over 500 names over 2.5 days.

**Assumptions:** Will have fresh product packaged in bulk bags and shipping coolers; transportation; approval of venue, display booth for vending product, packaging for sold product; product literature, computer slideshow.

**Tasks:** Mary will get necessary contracts and approval from the fair organizers/venue by <date>; Bob will handle fish processing and wrapping on <date>; Dan will work with the printer and have promotional material by <date>; Mary will order more bags and clear poly wrap for the customer-sales <date>; Mary, Bob and Dan transport to farmer’s market (big pickup with cargo trailer), set-up and vending <dates>; Bob, borrow Sam’s cargo trailer, lined up by <date>; Dan: construction of new display booth, signage from printer and getting new (better looking) coolers for product <dates>. Bob will bring his lap-top with slideshow of the



operation, check over and revise by <date>, and will have a clipboard with attached pen for the E-mail list with the computer.

Similar Milestone lines could include ones for calling potential buyers, developing a contact list, making sales calls, developing print advertising or on-site promotional events, or periodic reviews of MarketMaker data.

### **SWOT (Strengths, Weaknesses, Opportunities and Threats) Analysis**

SWOT is another comprehensive list-making exercise. Where the MAT is your actionable to-do list; SWOT is to help your strategic thinking and a reality-check for your assumptions and planning.

Have your team begin by brain storming on the four headings Strengths, Weaknesses, Opportunities and Threats mentioned above. Later, as in the Assumptions part of the MAT, consider all critical items with your proposed project timeline in mind; don't get bogged down with too much detail when creating the lists. When the team is rested and fresh, rank them from most important to least important, then critically analyze each of the points with the mindset of independent outside reviewers. Develop contingency plans to preserve your strengths and address your weaknesses as needed. Strengths and Weaknesses are internal to your business; Opportunities and Threats are external. All SWOTs should be 'one-handed' - something is either a Strength or a Weakness, but cannot be both. Enter items under each heading and then rank them in order of importance. After a brainstorming session, an example of the lists might look like:

**Strengths (Internal):** Family owned and operated, cold artesian water, good looking operation, quality product, great local reputation, choice of top chefs in X, Y, and Z high-end local restaurants.

**Weaknesses (Internal):** Limited production capacity, labor-intensive hand processing on

day of delivery, day of delivery transportation to meet fresh non-frozen product delivery deadlines, limited labor if anyone is sick or there is an emergency, breakdown of delivery vehicle.

**Threats (External):** Main high-value customer restaurant-X decides not to carry our product anymore, fuel cost impact on product, and cheaper product steals our market, bad public relations about our operation or our product.

**Opportunities (External):** Regional food fair can be a place to meet many new contacts over several days, new technology to connect with customers (Twitter/Facebook), and local direct-to consumer marketing at three nearby farmer's markets, large potential local customer base, and huge potential regional customer base.

As mentioned above, SWOTs should be 'one-handed' - something is either a Strength or Weakness, but not both. Family owned and operated for example, could be something that could easily have strengths and weaknesses. It is your value judgment as to which category in which it should be placed. There is a simple solution to when you encounter something you are unsure about, think about what are the strengths and weaknesses of that point. In the preceding example, we see that the weaknesses of Family owned and operated appear under the other headers in terms of limited labor and the pressure on the same folks doing the work as well as getting the product to the clients. Now if we rank our examples by their importance, we begin to see the tough things we need to address regarding the operation, things that we thought were important as not being that important, as well as where there may be some great opportunities:

#### **Strengths (Internal):**

1. Quality product
2. Choice of top chefs in X, Y, and Z high-end local restaurants
3. Great local reputation
4. Cold artesian water
5. Good looking operation

6. Family owned and operated

**Weaknesses (Internal):**

1. Breakdown of delivery vehicle
2. Day-of-delivery transportation to meet fresh non-frozen product delivery deadlines
3. Labor-intensive hand processing on day of delivery
4. Limited labor if anyone is sick or there is an emergency
5. Limited production capacity

**Threats (External):**

1. Fuel cost impact on product
2. Main high-value customer restaurant-X decides to discontinue product
3. Cheaper product steals our market
4. Bad public relations about our operation or our product

**Opportunities (External):**

1. Large potential local customer base
2. Huge potential regional customer base
3. Regional food fair to meet many new contacts over several days
4. Local direct-to consumer marketing at three nearby farmer's markets
5. New technology to connect with customers (Twitter®/Facebook®)

In Strengths we see that the product's reputation and attributes are what is driving this company and its product, not the fact that it is family owned or a good-looking operation. Although important marketing points; these considerations tied for last place in the list. Weaknesses illustrated that our friends need a new fuel-efficient way to get their product to market. This is probably something they have recognized, but chosen to ignore for some time. They should start shopping for a new or better used vehicle or consider contracting for their delivery needs (sometimes a very cost-effective solution; this also would free-up some of the labor pressures). Small-operation labor issues are always problematic, but these labor issues could be solved by looking at the processing practices and streamlining them to increase operational

efficiency, or finding some good part-time help who would work for minimum wage.

In Threats, we again see the need for a new vehicle or contracted delivery. We also see the need to have good open communications and propagate a strong supplier-buyer relationship with restaurant-X. There is not much you can do about cheaper product, but your clients are not going to go that route if they are getting quality product from you and have a personal relationship with you and your staff. Bad PR happens, but not that often. Still, you should have a risk-management plan that hinges on openness and quality-control practices that allow you to defend your product or identify what happened and where.

Opportunities are a bright spot for this business. They now see that they have a nice fat nut to crack to move more product (--and to move more product they need a little labor help and new truck, etc.). These market revelations are not immediately actionable items, but the food fair is, and should be targeted. They may want to investigate the farmer's markets (perhaps their new part-time employee would like to staff a table) and talk to their local extension professional or savvy teenager about social networking sites.

As you construct your written marketing plan, be sure to specify major goals achievable over the next year or production season, and quantify this in terms of sales, market shares, finances, operations etc. And finally, do your best to define strategic action programs: indicate who, what, where, when, how etc., and set milestones and prioritize performance targets. Example outlines and worksheets on how to organize this is presented in the next section.

Develop or improve your identity and product communications as needed. This probably means working with a professional to articulate your message, develop your image and label, and strategize about your print advertising needs. Some aquaculture-ventures do this work themselves with their own staff or family



talent and are adequately rewarded by the outcome. Usually this is not the case. Your visual image is critical to the immediate perception of your product. Get some help, or at least get second opinions.

As you work with your product and your clients, either buyers for retail stores or the consumer, remember that you are communicating why your product is good for them. If it is not suited for them it will be a hard or impossible sale.

Take time to review your MAT and SWOT analyses, and consider developing a best practices guide or ISO-9000 for agriculture plan (AGMRC.org reference) for your operation. All are proven marketing tools that help plan your business course, improve your product, and fostering the image of your operation.





# Marketing Plan Outline

A simple outline for your marketing plan should include:

- I. Mission statement
- II. Current situation analysis
- III. Target audience description
- IV. Marketing goals
- V. Marketing communication: strategies and tactics
- VI. Marketing budget
- VII. Set periodic updates for situation analysis, and revision of goals, strategies and tactics.

A checklist for things to consider for each of the above sections of your marketing plan should include:

## I. Mission statement

- o Short and to the point. This is what you are about and defines your

direction and values.

## II. Current situation analysis

- o SWOT analysis by category
- o Honest self-assessment of your current marketing experience, communication strengths and weaknesses
- o Adequate product packaging for the target market
- o Adequate product information for point-of-purchase or meetings
- o Liability insurance
- o Distribution situation

## III. Target audience (market) description

- o What is the ideal consumer demographic for your product?
- o MarketMaker Assessment of local and regional target markets
- o MarketMaker Assessment of



less-obvious opportunities

**IV. Marketing goals:**

- o Volume of product to move by target market
- o Set sales policies and accounting practices

**V. Marketing communication - strategies and tactics:**

- o Intelligence gathering on potential customers and competitors
- o Lead generation for sales calls
- o Outside the box ideas for reaching out to buyers or the consumer
- o Design and rehearse a concise elevator speech
- o Design and rehearse sales presentation

**VI. Marketing action plan: immediate (next six months):**

- o Use your MAT analysis notes
- o Set milestones to accomplish
- o Who, what (phone calls, E-mail, face-to-face), when, where, how
- o Networking plan for internal business-enhancement and sales leads
- o Labor considerations

**VII. Marketing action plan: long term (six-months to two-years):**

- o Use your MAT analysis notes
- o Set milestones to accomplish
- o Who, what (phone calls, E-mail, face-to-face), when, where, how
- o Long-term networking strategy for breaking into stubborn markets
- o Labor considerations

**VIII. Marketing budget:**

- o Telecommunications
- o Travel
- o Publications (handouts, product literature)
- o Display materials
- o Display or other shipping

- o Shipping product for demos or test marketing
- o Part-time labor for public events, etc.

**IX. Set periodic updates:**

- o Situation analysis, revision of goals, strategies and tactics (every six months)
- o Write, review, revise and update unsuccessful proposals, current product hand-outs, and presentations (as needed)
- o Efficiency review of the marketing plan, look for cost-savings that increase efficiency but do not detract from effectiveness (each year)

You can organize your material according to the above outline, or take that material and build a more easily revisable packet. The final format of your plan is your business, what works best for you is the best solution.

One way to organize it all and make the writing easier is to visit your local office supply store to purchase a three-ring binder, section dividers, and vinyl pages for filing contact business cards. If you are a team and not a single producer, obtain enough supplies to outfit your team. Then develop your Marketing Plan based on a series of worksheets that you will write and file within the different sections of the binder.

Do not approach this in a beginning-to-end linear manner. Feel free to rough it out as it comes to you or your team; then fine tune the entire package to get your final product. Everyone revises it as they go, so don't get hung up on trying for some unattainable perfect first draft. Also don't make this harder than it needs to be. The most important aspect of the exercise is to get the first draft down on paper. This is a working set of worksheets and supporting documents as needed. From this point on it will evolve and continue to develop. In the back of your binder keep interview notes

with distributors, letters from satisfied clients, etc. The level of organization is up to you. However, there should be several key sections that include the following:

#### **Mission Statement & Objectives Worksheet**

Construct a dedicated worksheet with subdivisions for each section starting with your mission statement. Also include your long-term and short-term objectives. Try to get this to fit on one sheet of paper.

#### **Unique Product & Operation Worksheet**

Construct a page or more of notes or bullet points that cover the unique aspects about your product(s) and operation. Then develop (at most) a couple of paragraphs that summarize this. Finally, on a single worksheet state what is unique about: 1) your product, 2) your operation; then 3) in a single bullet-point list, list the most important considerations. If you have not yet realized it, this summary is essentially your important elevator speech discussed earlier in the tutorial. (Note: if you have several products, you may want to subdivide the product section by each individual product, don't worry if it runs on to more than one page.)

#### **Product & Customer-Division Worksheet**

Construct a dedicated worksheet or subdivide the worksheet for each product you produce and each customer type to which you intend to market. (Examples: frozen trout fillets for farmer's markets; frozen trout fillets for local food service; fresh trout fillets for farmer's markets; and fresh trout fillets for restaurant delivery.)

#### **Estimated Product Sales Worksheet**

Construct a dedicated worksheet that is a partner document for each of the product-customer type worksheets. Use information that you have gathered from your research to create best and worst-case scenarios that are elementary seasonal sales projections that consider when you anticipate the most demand or perhaps

conversely, would have peak production of your product. This should note the consumer segment, potential number of customers, estimated volume per customer and potential sales volumes by season/event/peak demand, or similar time-sensitive element. Finish this page with an assumptions section where you state upon what thoughts you have basing your estimates.

#### **Distribution & Delivery Worksheet**

Construct a worksheet that focuses the packaging and delivery for each product-customer type segment. As you work with your end-user customers or distributors, revisit these pages and look for ways to improve efficiencies, packaging or overall product quality.

#### **Competition Worksheet**

Construct a worksheet(s) that focuses on: 1) Competing products similar to yours; 2) dissimilar competing products that may be new market opportunities; and 3) noteworthy competitors. (Examples: If you are a trout producer, similar products would be out-of-state aquaculture trout sold as fresh fillets in the local food retailer; a dissimilar product could be Canadian walleye fillets sold as specials at a local gourmet restaurant, a noteworthy competitor could be any entity providing substantial quantities of product in your markets.)





# Glossary of Terms

**Auto-deduct:** Term used to identify a transaction in which a distributor deducts from a producer's outstanding invoice to cover procurement or marketing activities. Also see: Bill-back.

**Best Practices:** The formal and informal attention to detail to constantly improve the product, how the product is handled through the value chain, and improve all aspects of product development including the organization itself.

**Bill-back:** Term used to identify a transaction in which a distributor invoices (bills-back) a producer for a procurement or marketing activity. Also see: Auto-deduct.

**Broker:** A sales person or agency that receives commission on sales from the manufacturer/producer to the distributor. A broker is an extension of the manufacturer/producer's sales force.

**Brokerage ("Brokerage Fee"):** Term used to identify financial payment from a manufacturer to a broker for sales commission.

**Buyers:** Trade term for those individuals in the department of a distributor who buy products and find new products. Also may be referred to as the "merchandising" or "procurement" department.

**C-Store:** A food channel for gas-station-type convenience stores.

**Channel:** A term used in the established food-retail system to describe a business segment or grouping. There are four well-established food channels: retail stores, club stores, food services, and C-stores. Direct-to consumer and Internet direct-marketing also can be considered channels; some see these as alternative channels for producers.

**Club Stores:** A food channel made up of large-box retail stores.



**Consumer:** The end user who consumes a manufactured/produced product.

**Deduction:** Term used for reducing an invoice's full amount due. May be authorized or unauthorized.

**Discounted Terms:** Usually refers to a reduction in the amount of money owed on the invoice if promptly paid within a given time period. For example, 1% or 2% off on a net-10 term. Net refers to net funds issued to pay the outstanding invoice at a given number of days. The most commonly used terms in the business are net-30, net-7, and net-10 days. Also see: Terms.

**Distributor:** An entity that buys from a manufacturer and sells to operators in one of the 4 food channels.

**FOB price:** Term used to identify a pricing level where no freight is built into the cost - Free On Board (aka. collect freight, freight collect, and freight forward). It is usually a term-of-sale under which the price invoiced or quoted by a seller includes all charges up to placing the goods on board a ship or truck at the port or warehouse of departure specified by the buyer. The term also is used in shipping to indicate that there is no charge to the buyer for goods placed on board a carrier at the point of shipment. Typically followed by the name of a port or city; e.g., F.O.B. Minneapolis.

**Food service:** A food channel primarily made up of K-12 schools, colleges and universities, independents (white-table cloth and family restaurants, recreation-related food services, catering companies), health-care-related food services, and regional-chain and national-chain restaurants.

**Invoice:** Document used to bill another for services or products.

**Manufacturer/producer:** Entity who wishes to sell a product and perhaps a brand to consumers, also referred to as a supplier.

**Marketing:** The communications process of promoting products or brands using various inter-personal and technological avenues.

**Operator:** Entity that sells products to consumers. Many various segment types.

**Point-of-purchase (aka. point-of sale) device:** Examples: a recipe booklet, a brochure holder with product information, in-store coupons, large colorful counter card, or small information placard. Some POP/POS devices are affixed to store shelves next to the item's price card.

**Procurement:** A distributor department designated to buy products. Also may be referred to as the merchandising department or simply known within the trade as buyers.

**Program (Program Money):** A monetary commitment between a distributor and the producer or manufacturer for which money is budgeted for marketing and/or procurement activities undertaken by the distributor.

**Retail:** A food channel primarily made up of retail grocery stores.

**Supplier:** Entity who wishes to sell a product and perhaps a brand to consumers; also referred to as a manufacturer or producer.

**Terms:** Usually refers to the number of days for paying an outstanding invoice. The most commonly used terms in the business are net-30, net-7, and net-10 days. Also see: Discounted Terms.

**White Table Cloth (White Table):** Term used within the food-distribution industry for the higher-end restaurant marketing channel.





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