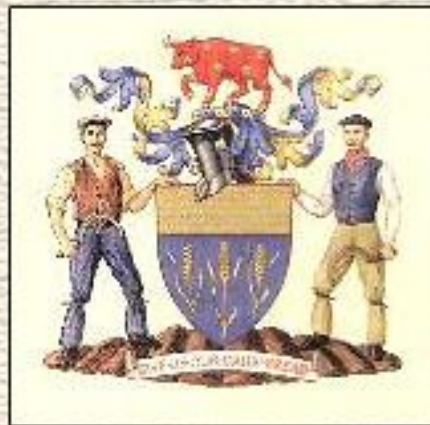




**A Nuffield Farming Scholarships Trust**  
**Report**

*Award sponsored by*  
**The Worshipful Company of Farmers**



**How to turn a Local Niche Product  
into a National Niche Product**

**Alec Mercer**

July 2012

**NUFFIELD UK**

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## Disclaimer

The views expressed in this report are entirely my own and do not represent the views of the Nuffield Farming Scholarships Trust, The Worshipful Company of Farmers, my family nor of any of the many generous people with whom I was able to meet.

Neither endorsements of branded products nor any offence are intended and all facts and figures are correct to the best of my knowledge at the time of writing.



## Acknowledgments

I would like to start by making some very sincere thank yous:

### The Nuffield Farming Scholarships Trust

Firstly I would like to thank the Nuffield Farming Scholarships Trust for giving me this tremendous opportunity. To have the chance to travel the world pursuing a topic about which I am passionate is a true privilege. I have had the most incredible time and met some inspirational people.

The Scholarship is a fantastic programme which allows the recipients to get out of their comfort zone and open their eyes to what is happening around the world. It allows the recipient to ask 'why are we not doing this at home' and 'why don't we try this at home?'

I believe that so much can be learnt from others and the Nuffield family provides a very frank and open forum for this to happen.

### The Worshipful Company of Farmers

An equally big thank you must go to my sponsors, The Worshipful Company of Farmers. This is the first time they have sponsored a Nuffield Scholar and I am extremely grateful to them for giving me the opportunity. I hope they consider the results of my Scholarship a success and of considerable interest.

### My hosts

To everyone who took the time and effort to meet me in New Zealand, Australia, the UK, Canada and the United States. You were all honest and open and gave me memories I will cherish forever.

Without this fantastic openness at meetings the experience would have been nothing like as fascinating. I think that really sums up the industry we are in. People *want* to see it grow and flourish and are happy to share their experiences and knowledge to enable this to happen.

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# 1. Executive Summary

On my Nuffield Farming Scholarship I wanted to look at how businesses develop and grow from small (local) to large (national) status via a strong brand identity. I wanted to understand how these businesses firstly created their strong brand identity and how they went on to market themselves.

I wanted to look at business of all sizes, across various sectors and not just within agriculture. I believe that the routes taken to get a product to market successfully can be adopted by all sectors. With this in mind I purposefully visited a wide range of businesses, from a small sausage maker, selling product to farmers' markets, to an international airline turning over \$4.6billion.

I wanted to determine if there was a formula, and if not could one be created, which would help producers from all sectors get the most out of their market place. I wanted to understand if size determined how you would approach marketing initiatives.

I travelled to Australia, New Zealand, Canada and America thinking that we could learn successful marketing techniques from these countries. Not only do they have brands of all sizes dominating supermarket shelves, but their consumers have a similar shopping value and relationship to food as do the consumers in the UK. These consumers are becoming more educated and knowledgeable on food production and at the very least they want to know where their food is from and how it is produced.

Companies who do not acknowledge their customers in this digital age do so at their peril.

I believe this gives our industry huge opportunity to supply niche markets and be

different to other large scale producers who find it difficult to cater for niche markets, and offer that instant flexibility.

Whilst travelling it soon became apparent that the marketing initiatives used by businesses were the same, no matter how big a company they were. But it was the size of their budget that dictated how they would get their message across.

All companies producing any product need to evaluate the 4 Ps of marketing (Product, Place, Price and Promotion) to determine if they have a product which people are willing to buy. This process might lead them to producing a straight, faceless commodity, but it might also lead them to trying to market under their own initiative, brand or name.

If this is the case then the 4 Ps play an even more important role. Extensive consumer research needs to determine your primary target audience, their demographic and spending power, and how best to get your product to them.

You must scrutinise the cost of logistics, getting sales, and the cost of getting paid. These factors amongst others will play a large part in the success of your business. You must evaluate how best to promote your product and the costs associated.

Finally, a strong loyalty needs to be created to your product or brand. This will make it as price inelastic as possible, thus ensuring longevity for your business.

I hope that my report helps to explain these issues and gives some great examples of people operating, profitably and sustainably in their marketplace.





## 2. Background

### 2a. Mercer Farming background

Mercer Farming is a fourth generation family business. The business was set up by my great grandfather Percy. My grandfather Alec then developed the farms into a diverse business consisting of pretty much everything: from dairy to pigs, sheep, turkeys, grass seed, combinable and root crops.

My father Roger took over the business in 1976 and tried to simplify the farm by splitting it into two parts: livestock and crops. Once this was split he then split it again into risk profiles: half dairy (relatively stable) and half pigs (high risk and higher reward). He did the same with the cropping: half roots and half combinable.

In the mid 1990s we sold our dairy herd and dairy farm and focussed on arable and pig production. All our pigs were reared indoors and sold to large abattoirs. By early 2000 we were selling 3,000 pigs a week, and farming 4,000 acres. But, operating in the UK, our costs were inevitably higher than the average for the world market. So my father made the decision that if we were going to produce livestock we should do so in a manner which would control the price, rather than being a straight commodity player.

My brother Rob came back from Newcastle University in 2003 and set up Packington Pork, now producing 1500 pigs per week to Freedom Food standards for supermarkets, and 300 a week reared and finished outside to sell direct to independent butchers.

During this time he was also keen to market some of his pigs direct to the consumer, but found too much time was taken from his main business, pig farming. So the wholesale meat business, Medium Rare, was born and now concentrates on selling free range pork and poultry produced by ourselves under the Packington Free Range banner. This will be referred to in greater detail later.

### 2b. My personal background

I have always been passionate about working on the family farm. After graduating from Newcastle University in 2006, I worked for six months for the breakfast company, Moma, in London. During this time I was thinking about what I could do on the family farm; I was keen to return but wanted something of my own to complement the business.

Whilst preparing my dissertation at university (a feasibility study on the viability of a free range chicken farm) I had noted how knowledgeable the consumers were, and how they wanted to know where their poultry came from and how they were reared. With this in mind I returned to the farm in 2007 and started Packington Poultry, specialising in rearing free range table birds to the highest welfare and environmental standards. These are sold via Packington Free Range and other wholesale businesses to butchers and farm shops throughout the country. I am currently rearing 3000 chickens a week.

My time now is split between the chickens and various other aspects of the farm business. I manage our environmental schemes (1800 acres of HLS and 2000 acres of ELS), work with my father on the arable and land side of the farm (5000 acres), the rural offices (20000ft<sup>2</sup>), and the commercial industrial/storage side (warehouses and container/caravan).

The delivery and sales arm of 'Packington Free Range' consists of a cold store, five delivery vehicles, an operations manager and an accounts person. We distribute approximately 300 pigs and 2300 chickens a week. Huge distributional costs are a big issue involving specialist refrigerated vehicles, time constraints because of the perishable nature of the product, and high mileages per drop because niche outlets are necessarily further apart than conventional ones.



*Above : old Mercer family photo: taken in 1970. Great grandfather Percy with a hat, grandfather Alec with a tie and my father Roger in check shirt.*

*Below : recent Mercer family photo: from left to right – my father Roger, my wife Pippa, me, my brother Rob with his wife Sally and their two children.*





### 3. The market at present

The fresh produce and meat market is dominated by the large multiples who sell vast quantities of fresh produce under their own home label brand (in almost all cases).

The supermarkets do a fantastic job of reacting to the consumer's demands. This can be clearly shown by how they have created many home label brands to cater for each type of consumer profile; we have the value range, the standard range and the premium range. This allows the supermarkets to have a very strong grip on the market.

*See Sainsbury's three ranges of mince below*

It is interesting that throughout the recession the sales of the premium ranges in supermarkets have increased considerably – up by 10% on the previous year (*The Guardian 14<sup>th</sup> June 2011*). Highlighting the importance people now put on quality food. I would suggest this has been led by the huge media explosion in cooking programmes and magazines, often led by celebrity chefs – who had heard of a celebrity chef 15 years ago? Meal times have now been propelled into a highlight of one's day, a showpiece of one's creativity and food knowledge; food has become fashionable!

We are seeing the average consumer becoming increasingly educated and knowledgeable as to where their food comes from and how it is reared. This awareness is again pushed by celebrity chefs such as Jamie Oliver and Hugh Fearnley-Whittingstall.

This creates a golden opportunity for smaller producers to differentiate themselves from the mass market. I believe this can be done by offering complete transparency in the product you produce and the provenance behind it. This is something which is hard for supermarkets to do, as they need such a volume of product under the same home label that they will need many producers to come up with the numbers required.

I also believe that the supermarket is loathe to divulge too much information or differentiation about the product from a particular producer as, ultimately, this will give too much power to that producer rather than to the supermarket itself. As a result, whilst we operate in a tough marketplace, quality independent retailers have a strong future thanks to the growing proportion of the population who want something different to what is available at the local supermarket.

Sainsbury's		
		
Basics Beef Mince 400g £1.25 unit	British Beef Mince 500g £2.50	British Traditional Beef Mince, Taste the Difference 500g £3.58 unit

*Sainsbury's mince: The value, standard and premium ranges*





## 4. Aims

### 4a. For me personally

I aim to grow the sales of Packington Free Range using a more sustainable distribution model. I want people to buy our pork and chicken from quality retail outlets around the country, and for us to have a clear and well understood brand so that customers ask for our products specifically.

A sustainable marketing approach is vital to achieve this and, during my Nuffield trip, I intended to figure out how best to do this.

My aim is to do this whilst also staying active and further developing my other farm management roles.

### 4b. For the industry

I believe that the ability to successfully market your product – whatever it is – is the key to having substantial power in the marketplace, and therefore the ability to gain extra value for your product.

I believe this is relevant for all products no matter how commodity based they are. We are in an industry where there are many producers, producing for relatively few buyers. As a result the more attractive we can make our product, the higher chance of making a consistent sale at a higher price.

I hope this report can help to demonstrate the importance of marketing and indicate how it can be effected on a range of budgets.



*Paramount Farms Point of Sales display*



## 5. My Nuffield travels

After learning that I was fortunate enough to have been awarded a Scholarship I decided to start travelling as soon as the Contemporary Scholars' Conference (CTC) in New Zealand ended in March 2011.

I was very keen to meet a broad range of professionals and businesses, and not just from the agricultural sector. I believe that the marketing route taken by businesses to get their product to market can be applied across all sectors, and that agriculture can learn a lot from other successful industries.

I based my travels in Australia, New Zealand, Canada and the United States. This was split into two tranches with a total of twelve weeks away. Six weeks were in March/April 2011 and the remaining six in March/April 2012. I also spent a two week period visiting various businesses in the UK.

I chose these countries as I wanted to see how businesses with similar 'western' values had branded and promoted themselves. As a result, culturally all the countries were fairly similar. I was surprised that North America seemed to be further behind the UK in regards to animal welfare and the emotional connection to production. The States especially had a much stronger scientific belief rather than holding emotional values.

This was proven when reading the New York Times of 11.3.12. An article was describing the conditions under which chicken broilers were reared, and the potential welfare issues associated – just as we have heard in the UK. Its answer, rather than changing production methods to ensure higher welfare standards, was to develop artificial 'test tube' meat.

This scientific approach was evident throughout The United States but was changing, particularly within the cities.

Whilst on my travels I was fortunate enough to visit a very wide range of businesses from :

- Cosmetic manufacturers to chicken processors
- Vacuum manufacturers to root crop producers
- Airline operators to wineries
- Oyster farmers to baby food producers
- Crisp manufacturers to milkshake producer.

For a full range of businesses visited please see the Appendix.

*See next page for photos of Carmex cosmetics factory and Ostriches on an Australian farm*





*Workers at Carmex cosmetics factory*



*Ostriches on a farm in Australia*



## 6. My findings

Before I start this section I would like to remind you of my study tour title: “How to turn a local niche product into a national niche product” and to define the term “niche”.

A niche product is when a product is focussing on a particular subset of the market. i.e. it is aimed at filling a specific need in the marketplace. It is often a smaller proportion of the market. The market can usually be defined by specific demographics and can carry premiums, as long as the consumer’s desired product requirements are fulfilled.

As a result every market will have niche elements to it, no matter how commodity based you might think the product is. For example, wheat is a commodity if you are producing standard, undifferentiated feed wheat, but not if you are producing a specific type or variety, i.e. Solstice for Warburtons aimed at a specific market.

You could be producing a standard wheat variety, but to a very specific grade. This would give you an advantage in the marketplace, as the purchase considers your product to have more value to it.

Perhaps your storage or sampling system may be sufficiently different to others, which in turn gives the purchaser the confidence to buy your product in preference to others. For this level of comfort he may be willing to pay more, as it can save him work at his end.

The purpose of marketing is to try and create a loyalty towards your product so that consumers will consciously and subconsciously want to buy it in preference to others in the same sector.

Some people have described successful branding and marketing as “the most valuable real estate in the world, the corner of a consumer’s mind”.

Throughout my school and university career I have always been told that, when it comes to producing your own product and competing in the marketplace, you should always follow the four marketing Ps: **Product, Place, Price and Promotion**.

The concept of the 4 “P”s, known as the **Marketing Mix**, was introduced in the 1950s by **Neil Borden** in his presidential address to the American Marketing Association. They are still considered to be the basis of every marketing theory which has emerged ever since.

I kept these 4 headings in mind throughout my study tour but I have written new “sub rules” for each “pillar”. **These are based entirely on what I heard, observed and experienced on my study tour** when I was privileged to visit so many vital and successful entrepreneurs and marketers from a mix of businesses in Australia, New Zealand, The States, Canada and the UK. (For a list of these see Appendix, page 29)

The 4 “P”s are still at the core of taking any product successfully to market; however I believe the ways in which you can do this have evolved. It is vital that each of the “P” elements is properly evaluated; if one of the Ps is not properly evaluated your product’s ability to flourish may subsequently be compromised.

With this in mind I will expand on my updated version of the 4Ps and illustrate them by giving examples of initiatives I have found on my Nuffield study tour.

*See diagram of the 4 “P”s of Marketing on page 10*





## 7. The first “P” : Product

First and foremost your product needs to be defined, and key questions need to be answered.

- Does your consumer want your product? Is it fit for purpose? This will help define the size of the market.
- Is there already a similar product in the marketplace?
- Is the similar product at a similar price?
- If not, do you have significant reasons why somebody would buy your more expensive product over a cheaper option?
- Will sufficient people want it to give you enough critical mass to distribute efficiently?
- Does the product have longevity, so that it can adapt to consumers’ needs as time goes on?
- Can it be easily copied, jeopardising your work?

### 7a. Consumer research

At this stage it is vital to know your potential customer. Extensive consumer research needs to be carried out to know exactly who you are trying to sell to, and their demographics. This needs to be carried out routinely as you may find that what was once a reason for purchase is now no longer so, as the market has moved on. You will see a good example of this on the right.

### 7b. Competition

You might find yourself in a seemingly crowded market with an already well defined product, and think that you must compete in the same price bracket.

Having visited Tea Pigs, a London based tea company, it can clearly be demonstrated that there are many more differentiating factors.

The table on the next page shows the cost difference between three brands of English breakfast tea.

You may find that your target market is bigger than you originally thought, as seen at the Pistachio Growers’ Conference for Paramount Farms in California. Paramount is the world’s biggest pistachio producer and processor. They had always thought that their target market was predominately for the health conscious individual, usually women between 35-50 years old. However after considerable market research they discovered that pistachios were more regularly consumed at social gatherings in the family home. This opened up a whole new market to the company and a shift in their marketing initiatives towards social events, such as the Superbowl, July 4<sup>th</sup> and Christmas.

*See picture of Get Cracking World Tour: Paramount Farms conference on page 24*



Brand	Price per pack	No. bags in pack	Price per 100g
Sainsbury's Basics	£0.27	80	£0.11
PG Tips	£4.25	160	£0.85
Tea Pigs	£4.00	15	£8.00

Are all the English breakfast teas the same? Clearly the customers don't think so!

### 7c. Your product's unique differences

If you are charging more for your product, are you providing the niche market with its requirements? Clearly the above example demonstrates that the products cannot be considered as like for like. Therefore what makes somebody willing to pay 72 times more for one product than for an apparent competitor?

Is it the ingredients, the production process, the final taste, the look of the raw product, the packaging, the story, the company's story, the company's credentials or ethics, or a combination of all the above?

It is very important at this early stage that you are clear about what you are producing, how you are going to do it, and what your company stands for. This is when your brand is born, and identity and personality formed. It should not be compromised once set out.

These points will help in establishing your feasibility study. That itself will determine the costs you will incur, the market you are targeting, and your sale price.

Are you going to be a mass producer of a product of low quality which will not last long? This could still be a niche market and definitely have a place; however you have to make sure your cost structure recognises this as you will largely be competing on price.

Using a food product as an example, are you defining your brand by the quality of the ingredients? The provenance of the ingredients? The way in which the ingredients were raised/grown (organic, high welfare)? The nutritional benefits of what you are producing? The way in which the product is cooked?

Are there external issues which do not directly affect your finished product (today) but help define your brand? For example, environmental sustainability, community, charity, education etc.

*continued overleaf*



**Sainsbury's Basics**



**Tea Pigs packaging**



**Diagram of the 4 "P"s of Marketing**  
The wording in the centre is "Target Customers"



## 7d. Your brand name and key messaging

Once you have defined what your business and brand stands for, the message must be concisely and consistently told. It needs to be transparent for the consumer to understand and relate to.

It is vital that you stick to this messaging. It can take a long time for a brand to develop and gain trust; once this is broken and consumer confidence lost, it will be hard to regain.

A brand name should be like your family name. You would do everything in your power to make sure that this was well respected and not damaged in any way. Once damaged it is hard to get the reputation back to where it once was. Please see column on right.

## 7e. Volume

Whilst you might not be aiming to be a mass producer, you do need to consider if there is sufficient potential in the market to make distribution – by various means – possible.

## 7f. Longevity

Will your product always be required by the consumers? In which case will you be able to change your selling points as consumer demands and expectations change? This may be a case of introducing new flavours, or different ingredients with different attributes. Can you reinvent your product as time goes by? Or is your product exploiting a brief gap in the market and is more like a one hit wonder (the yoyo boom?) Each has a place in the marketplace but the way in which you will position and promote your product will be very different.

## 7g. Barriers to entry

It is important that people can't copy your product easily, especially as you have spent so much time and money developing a market. You therefore have to make sure that the characteristics of what you are producing, or how you are selling it, are unique to you and your brand.

You will never be able to stop competition, but by creating a strong brand with loyal customers you will always be at an advantage and lead your niche sector. The perfect example is Kelly Bronze Turkeys vs. Bronze Turkeys.

I think the story in the right hand column highlights the

If this key messaging **must** change, that change must be carried out with the utmost caution and sensitivity. For example would consumers' buying habits change if they knew that Innocent Smoothies was owned by Coca Cola, or the contraceptive pill 'Yasmin' was produced by the same company (Bayer) that produces Atlantis, the blackgrass control herbicide?

On the topic of competition I think this story has a place.

When the new CEO of Coca Cola started his role, he first sat down his team and asked 'who is our main competitor?' Each team member said one after another: "Pepsi", "Pepsi", "Pepsi".

"No", said the CEO, "our main competition is any product which finds itself in the customer's gut!"



importance of understanding your market, and realising how to capture it. It might be that you have a lot of competition in your immediate market, but if you are growing that entire market then your business is also growing.

The marketing efforts of one brand can benefit the sector as a whole.

You could say that this is unfair because the efforts of one company have increased the sales of another, but does it matter if the whole sector grows? See example of Magners on the right.

You can still push sales through your distributor using your own sales team. You would need to make sure that the cost of your time or sales person is also accounted for in the sale price to your distributor.

If you are going down this route, a strong trusting relationship with the distributor is a must, as they will be worried that you may take their customers elsewhere.

It is also important that regular contact is kept with the wholesaler so that you are kept up to date with any feedback which may have come from your product. This may sound obvious, but if you are a small supplier selling to a larger company then it is likely that they will only come back to you if it is something big, and usually something bad!

*See two photos of Sydney fresh fruit wholesale market on next page*

When Magners Cider re-launched the sale of its cider, the sales of other cider products in the sector, e.g. Frosty Jacks made by Aston Manor, also increased.

This demonstrated that the awareness generated by the Magners re-launch took business away from other drinks sectors and, as a result, the entire cider sector grew, benefiting all cider producers.





*Two views of Sydney fresh fruit market*





## 8. The second “P” : Place (Distribution)

Now you know your target audience and demographic, you need to decide which retail outlet they would be likely to shop in.

Again there is any number of possibilities as to how you can get your product to market.:

- Through your own shop
- Online (mail order)
- Through large retailers
- Through small independents, via your own distribution
- Through distributors who then supply independents.

There is no correct route, and no one route. You need to consider which is best for the customers you want to reach and the area you want to cover. You need to be wary that, if you go down one channel, will it jeopardise the ability to utilise another, and therefore affect growth? You may also want to consider your risk profile. Are you putting all your eggs in one basket?

You also need to be clear on the cost associated with getting the product to market. Logistics is one of the hardest things to do well, especially when in a small business. It can't be underestimated. You need to make sure there is sufficient margin available within the price for the distribution cost.

How easy is it to sell your product? Does it sell itself or does it need to be explained? Is control and service an important part of your product?

### 8a. Doing it yourself

If you think the product needs to be constantly pushed and promoted, then maybe it is better having complete control of this.

This may be in the form of your own shop, but will that limit the product developing nationwide, and would you have to sell other products to create a draw to the shop diluting your effort? Can you overcome this by selling online? Or would you want to supply other shops similar to your own, as well.

This may create issues for the other shops as they will probably have to charge more for your product to cover costs than you do.

It might be that your product can improve its brand and sales potential by not going into large supermarkets. Tyrell's crisps refused to supply large stores, resulting in a larger fan base in smaller independent outlets. This then put them in a very strong position when the supermarkets discovered how popular the product was, and how desperately the big multiples wanted to stock it.

I met another top end crisps manufacturer who refuses to supply large multiples, feeling that this gives smaller outlets confidence that the product won't be found on supermarket shelves at possibly a lower price. This can create more loyalty.



This might make the shop owner feel uncomfortable and frustrated, especially after he had invested time and energy in pushing your product, as his customers may end up going to your shop if they realised they could get the product more cheaply there.

Place can often be determined by the level of demand for the product. If the demand is very high then outlets might just want it regardless.

When distributing do not underestimate the costs associated. Think how many businesses concentrate on just logistics and how big they are now. Efficient and cost effective logistics always need full loads, back loads, and depots.

You also need to consider the administration costs, and the issues with collecting payment and getting paid!

You may feel that you need to be in control of your product at all times and that the level of service you offer is a significant part of your product. You may feel that you have the ability to respond to feedback faster and 'nip things in the bud', thus promoting sales more effectively, if you are in full control. You need to make sure you can allow for these costs in your sale price.

## 8b. Wholesalers

Using wholesalers is often the preferred choice and a good way to get your product out to a larger audience. This will allow you to make fewer but larger deliveries to their depots and then you can leave the phone calling, order taking and credit chasing to them.

However you need to make sure that you can offer them sufficient margin to do the distribution for you, otherwise they will not push your product. They are also likely to want sole distribution rights for a given region; this might make you beholden to them. A company based in London and California has a good way to control this.

If they do not have sufficient margin then they may not distribute the product, or they may hike up the prices which may affect potential sales.

Will the wholesaler be able to sell sufficient units at the set margin for them to really push your product? If not they may prefer to sell lots more units at 10% rather than a handful at 25%. Again this will divert their efforts and affect your growth.

Are they distributing other similar products from other

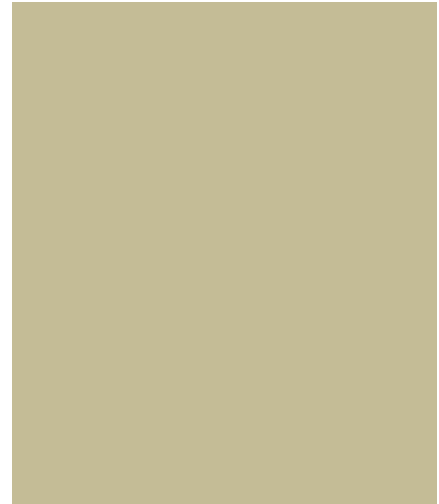
I visited raw milk producers McAfee Dairies in California where demand is so high that shops will sell it at the price they buy it in, just to attract other people into the shop.

A company based in London and LA, called Funkin Cocktails, supplies wholesalers and also has salesmen on the road. They give the distributors a good margin which keeps them happy. Yet Funkin also promote the sales of their products online. This they believe ensures that the distributor does not have all the power and stops the latter from hiking up the price.



producers in the same category? If they are, then they may choose to sell the easier product which, with an untrained sales person, normally comes down to price. To overcome this you need to invest considerable time with the wholesaler and his sales team so they completely understand everything about the product. This will then put them in a more informed position to sell the product to the correct customer.

Ideally yours would be the only product in that particular sector as this would ensure that you were their preferred supplier, and then through default it would be the brand the wholesaler would promote







## 9. The 3<sup>rd</sup> “P” : Price

Is the price you are looking to charge sufficient to cover not only all the costs of production, but also cover the costs of distribution, marketing, plus leave room for a margin?

It is important to make sure that in your figures you have allowed for marketing. If you are selling a niche product you need to be promoting it so that the consumers know about it and ask for it when they go to a stockist. Promotion is important so that other retailers ask for it, either through your own distribution channel or otherwise.

Is the price you want to charge acceptable in the marketplace? Is it too expensive or not expensive enough? If the market will allow you to charge more then there is nothing wrong in doing so. Is the price acceptable once distributors' and retailers' margins are added in?

Just because a product might seem expensive in the present marketplace, it does not mean that it does not belong in the marketplace. (Remember the tea example earlier on).

*See photos of Dyson Vacuum cleaner and Lester Marshall's \$100 oyster on next page*

How elastic (price sensitive) is your product? Will people still want to buy it if your price increases? It is likely that in time your sale price will increase due to raw materials etc, and as a result you need to be sure you can charge more for the product further down the line.

Or do you expect to get significant economies of scale as volumes increase. This may then well counter balance rising costs. Either way you should assess which camp your product fits into.

In some cases to achieve national distribution you will have to price-promote throughout the year. Is your product one of these? If so you need to understand how often you will have to price-promote and by how much. This will then allow you to include it in your figures. Some products may be on permanent price promotion. If you are going to larger retailers then you need to ensure all your costs are covered as you might struggle to increase the price at a later date.

In some instances companies will want to charge more as they believe it protects their brand and creates a certain desirability towards the product. For example Dyson vacuum cleaners are up to four times more expensive than a competitive vac, yet not four times more expensive to build. Dyson believe that the higher price point makes their product more desirable (this is clearly very closely linked to the marketing carried out and the reputation they have built up over the years).

Other producers may even use price as a potential PR story. For example a Nuffield Scholar in Australia sells \$100 oysters which are the size of his hand. He has only sold a couple yet he has received a huge amount of press about his \$100 oysters, which then gives him the opportunity to talk about his other oysters.

R M Williams is known for making some of the best men's boots in the world. This reputation is supported by their \$5,000 crocodile skin boots. Apparently they only sell a couple of pairs a year, but it gives the brand the air of exclusivity and desirability, which helps promote the other products in their range, and justifies their high prices.



*Dyson vacuum cleaner*



Close up of Lester Marshall's \$100 oyster –  
see Lester below



*Lester Marshall's \$100 oyster*



## 10. The 4<sup>th</sup> “P” : Promotion

In terms of growing and developing a product promotion is a very broad term. It can also be very expensive and hard to quantify. See quote on right hand side!

As a result it is very important to have a clear strategy and objectives, and to try and have the ability to quantify each effort in order to assess its worth.

Unfortunately the benefits of a promotion can't be assessed straight away in terms of sales. It might be that your sales are not increasing but your product awareness is and, as a result, at some point your sales will increase to reflect this.

Therefore it is important to determine what you can afford to spend for a reasonable amount of time (four years).; this is needed so that you are giving your promotional campaign a reasonable chance for success.

Developing a niche product needs to be promoted just the same as big brands do; however you are often on a much more limited budget. That is why it's so important to know what you can afford and to measure the success of your marketing pounds.

### 10a. Brand

It is very important that you know exactly what your product and your brand stands for. This is the very essence of your brand and it is what you will be promoting and hoping that customers buy into. This starts with the person at the top, and then needs to percolate down through all members of the team. See example of Dyson on right hand side.

This may be a story of how the product came to be, and what the producer believes in. This needs to be consistent, crisp and clear, so that anybody who comes into contact with you or anybody in your team always gets the same message. This will help to add further weight and clarity to your promotional campaign and give your brand personality.

From this everything else will flow. If this stage is not clear, then your campaign will be full of inconsistencies.

### 10b. Product

Your product and its advantages against competitors and its proposed position in the marketplace must both be clear.

As John Wanamaker (American pioneer in marketing) said: “Half the money I spend on advertising is wasted. The problem is I don't know which half”.

Know your brand and your product

If you ask anyone who works at Dyson what they are trying to achieve, and how they intend to achieve it, the answer comes back : ‘relentless perfection’. This literally says everything you need to know about their products, how they would like to be seen, and what they believe in. This clearly comes from the top and is instilled into every worker, and has the huge advantage of giving significant focus to all staff.



Everyone in the team needs to understand both points, so that they can tell others about the product. (Maybe you should ask some of your staff members to tell you in one minute what is special about your product? If your employee cannot tell you, how will he successfully promote your product?)

### 10c. Influence the influencers, create influencers!

Influencers are people who can influence other people. If you are able to positively influence such people and get them to like and understand your product, they will then tell other people and this can be unbelievably powerful. Please see example on right hand side.

Influencers can be all sorts of people, from the obvious (chefs, celebrities etc.) to everyday people.

If somebody understands your product and likes it, then they can influence those around them, e.g. family and friends, to also like it. The key is to then turn those who have been influenced into influencers themselves.

Once you have an influencer or a customer you need to keep them. The same offering or promoting in the same way may not be sufficient to keep them interested.

### 10d. Methods to promote your product and to create and keep influencers.

#### 1. Traditional:

**Discount, special offers.** This still happens even in niche sectors and is important. However you need to bear in mind that too much of this can damage your brand significantly. Some brands will not do this at all as they feel that it will devalue their product too much, since it will eradicate the feeling of exclusivity.

Advertise conventionally. Again this can have a place; however it can be expensive so needs to be monitored.

#### 2. Point of sale material

This is seen by customers when they go into a store and some items can be picked up and taken away. It gives the customer more information about the product and its selling points.

#### 3. Posters, flyers etc.

These can help explain to the customer what it is they are

An example of this is a friend who is also a Nuffield Scholar. On his farms he had an adventure play barn for children. During the week he will get schools to take trips out to the farm at little or no return to him. The children will have a great time and then go home. However as they have had such a good time they will tell their friends and ask their parents to take them again at the weekend. So off they then go at the weekend. The kids have a great time, the parents find themselves in a lovely coffee shop in the middle of the countryside, enjoying a cup of coffee happy in the knowledge that their children are safe in the play barn. The parents then tell *their* friends and it becomes a weekly routine. The influenced have become the influencers!

Many traditional watches, such as Cartier and Rolex, are never found in sales.





buying or, if on display, what they *should* be buying. Unfortunately it is not enough to create just one design or set as people will stop picking up stale material. Keep producing something new.

#### 4. Counter additives

These might be a video on display, or a display counter.

#### 10e. Face to face with consumers, get immediate feedback, know your customer

Getting to know your customer directly is invaluable. It can be done via many methods: sampling, market stalls, trade or consumer shows, or questionnaires; like Aitkins Ranch on the right hand side.

It provides an opportunity to get direct feedback from your customers and potential customers. This can let you know what is good or bad about your product, how you could improve it, and what things are becoming more important to the customer.

You can use information to educate the other people you are trying to sell to. If you can go to the potential customer and give accurate information on your product from *his* perspective this can be a significant help.

#### 10f. Consumer interaction: social media

Social media allows you to interact with the customer even when you cannot do so face to face. It is even better than that, for it can allow you to introduce your product to people who have not heard of your product before.

You can engage with your 'friends or followers' by giving them updates on your business or making special offers. This in turn gives you another opportunity to talk about your product and to keep your product in the forefront of your customer's mind.

It also helps to enhance your brand's personality. People want to be able to relate to a business and the business personality can help achieve this. Air New Zealand do a fantastic job of this – please see example on right hand side.

The power of social media is huge and has been widely adopted by many businesses, both large and small.

The head of marketing for Air New Zealand told me that all their efforts were directed into social media. See example on the right.

A brilliant example of this is a New Zealand family company, Aitkins Ranch, based in California. It imports 17,000 lambs a week from dedicated farms in New Zealand into The States, Russia and Europe. Every year the owner of the business, along with farmers from New Zealand, will do tastings for the public in store. This highlights that, no matter how big you are, you still want to spend time with the person prepared to buy your product with his hard earned money.

Some businesses might ask a celebrity to mention them on Facebook or Twitter (some celebrities have 5m friends or followers!)

Air NZ saw their inflight safety videos as a marketing opportunity and have made several of them. In one safety video the staff, rather than wearing clothes, have their uniforms spray painted on. This video has gone viral on You Tube and has had 7 million views.

This not only demonstrated Air New Zealand's likeable, funny personality, but it touched at least 7 million people for a minimum three minutes. At \$400,000NZ this is an incredibly rewarding marketing spend.



Not only can one access huge numbers of people via social media but you can do it cost effectively. This can be very good for smaller producers and anyone creating more of a personal, cult feel to their brand. It also facilitates good, honest feedback direct from the end consumer.

### 10g. Consumer promotion – PR – Awards

Entering competitions and trying to gain positive PR in newspapers and other sources (TV, radio etc.) can be very rewarding. You are getting confirmation from other sources that your product is good and that you are a well-respected producer.

Obtaining PR can be very hard and using agencies can be very expensive. If, however, you are more imaginative you can get good coverage which promotes your product and also describes your brand personality. Jane Bennett – on the right – is an example.

Another good way to gain good PR is by becoming a known voice in your industry. This means you will become the “go to” person when the press need a quick comment on a current issue.

*See photos of Jane Bennett’s fibreglass cows on page 25*

### 10h. Customer interaction

Once you have outlets you need to keep them and ensure they always think of *you* when they think of your product category.

You must take time to see them face to face. This can be hard if you have a number of outlets but it lets you know exactly how things are going in their shop and how you can improve. Do not compromise on this.

You can also use the result of your consumer research to highlight to potential outlets and existing outlets the place your product has on their shelves.

### 10i. Attitude and personality

If this is clear, well defined and correct (i.e. positive, honest and friendly), then this will promote your product, and your product will be seen in a similar light. Every encounter with a product ambassador is a marketing opportunity, even if you do not talk about your product!

Jane Bennett NSch, a dairy farmer and cheese producer with a farm shop in Tasmania, gained positive publicity by buying twenty life-sized fibreglass cows. She then gave them away to schools and children’s groups, and offered a prize for the one best painted by a certain date. This gave her huge publicity not just at the final event but also in the lead up to it.

The cows were then used to decorate the farm shop’s car park and surrounding fields so people’s memories were jogged as they drove by.

If a large group went to the farm shop she gave a personal presentation on cheese production, rather than just showing a video on a loop. Following such a presentation people would spend ten times more in the farm shop, all due to the personal interaction.



### 10j. Website – a forum for people to learn a lot about you?

Websites are very important, for many reasons. They need to be able to convey very quickly to a visitor what your product is about. It should also in my opinion act as a forum for a customer to learn a lot more about your business and values if he decides he wants to read more.

This should feed the curiosity of your influencers and make them an even more knowledgeable brand/product advocate.

### 10k. Education

I believe people need to be educated about products (especially agricultural ones) to fully understand their merits from both nutritional and environmental points of view.

This can be achieved via school talks or visits, or presentations to the general public. Not only will this increase knowledge but it could at the same time create influencers and so further increase the potential for your product.

### 10l. Referrals

You should be asking for referrals from customers so that you can use them to try and get into other outlets. See example of wineries, above right.

### 10m. Generic advertising

Within many industries there are organisations set up to promote the product as a whole, and they would not push one producer over another. For example, BPEX.

Other organisations promote a region, probably to encourage tourism to the area. They might promote tourist attractions, food destinations, food producers, walks etc., so that the region is seen as attractive to visitors. e.g. Taste of Staffordshire, Visit Ireland. They may be even more specific than this when trying to push a particular element of that area, e.g. Yorkshire Deliciously Yorkshire.

This can be a significant promotional tool for regional products and can give the area a real brand and power in the national or international marketplace. *“Australia’s seafood frontier”* (see right) is a great example of this.

There are 250 wineries in the Paso Robles wine region of California, all selling their own produce from the cellar doors. They rely heavily on referrals made from other wineries to people on wine tasting trips. This works so well that many of them only sell wine via the cellar door!

The Eyre Peninsula created their ‘Australia’s Seafood Frontier’ campaign after Lester Marshall (Australian Nuffield Scholar) returned from his Nuffield study tour. Before that the producers were competing with each other with undifferentiated products. The Eyre Peninsula was a force in the seafood market and consistently produced outstanding produce. However, as it was undifferentiated from the rest of Australia’s production, none of the markets knew about the added benefits the area could offer.

Once the brand was successfully developed it meant that international markets could differentiate between Eyre Peninsula produce and that from the rest of Australia. As a result the *whole area* has been promoted and all its products are more desirable. Thus all production in the area has been increased.



It is a great example of thinking bigger. However I do not think you can rely on external organisations entirely, but they can be a great addition to a larger campaign.

I believe that if you commit to at least a combination of the above promotional activities your product will have a far better chance of growing in popularity and ultimately becoming a national product.



*Paramount Farms conference : Get Cracking World Tour*





*Two photos of Jane Bennett's fibreglass cows*





## 11. Conclusions

When trying to market a branded product it is vital that the “4Ps” are upheld. The “Ps” have evolved over the years but the structure is as important today as ever.

- 1. Product – is your product fit for purpose – do people want or need it?**
  - a. Do you have competitors with a similar product? A similar price?
  - b. Does the product have longevity?
  - c. Will you be able to generate critical mass to make the project work?
  - d. Are there barriers to entry?
- 2. Place – how will you get your product to market, what outlets will you aim to sell into and physically how do you intend to get it there?**
  - a. Outlets
    - i. large supermarkets
    - ii. independent shops
    - iii. your own shops
    - iv. wholesalers
    - v. online
  - b. Logistics
    - i. via distributors
    - ii. via logistical companies
    - iii. direct delivery (in house to store or the end consumer?)
- 3. Price – will people be willing to pay the price you need for the production and sale of your product to make sense?**
  - a. Are you covering all costs? Promotion, marketing, distribution, debt control etc.
  - b. Are you able to alter your price as raw material prices increase, or are you relying on economies of scale?
  - c. Can you charge more for your product? Will this enhance sales and market position?
- 4. Promotion – how do you intend to tell your customers about the product, and entice them to buy it?**
  - a. Price promotion
  - b. Advertisement
  - c. Point of sale material
  - d. Social media
  - e. PR

These are serious questions which need to be honestly evaluated before a product is taken to market.



## 12. Recommendations

To be able to answer the questions posed in the Conclusions, and to fully understand the 4 “P”s, several things need to be done at a very early stage. This all revolves around consumer and trade research so that you can understand your product and the area you are targeting.

1. Consumer research is the most important one as this will allow you to determine if people actually want or need your product. This will then allow you to determine the demographic you are trying to appeal to which will then shape your desired locations of selling and your promotional campaign.

*Research can take many forms: from reports to questionnaires or even seeing competition already in the stores. It is vital that research is done in the first instance and vital that it continues throughout the life of your product.*

2. Logistics need to be fully understood and considered. If you can't get your product to market at an acceptable price then people will be unable to purchase it.

*Remember that the more people are brought into the logistical chain the more people will require a margin. If they do not get a satisfactory margin then the project may not get off the ground.*

3. You must understand your price structure and how elastic it is. Is it an essential product which people will always need and therefore are willing to pay the price, or is it a trend or a fad with a short life appeal?

*This will allow you to understand the cost structure associated with the product, and the reinvestment needed further down the line.*

4. Understand your cost structure and the hidden costs of getting your product to market, both physically and also in terms of promotion.

*You must understand the market you are trying to get into. Often there will be significant extra costs which must be fully appreciated before a final price is given for your product. Once a price is given it is very hard to change it afterwards.*

All these factors need to be very carefully considered so that you can answer the fundamental question, and also so that you can realise the potential of the product you are trying to market.

During this report I have expanded on all these areas. Each area is as important as the others and all must be working well together to allow a product to flourish in the market.



## 13. After my Nuffield study tour

After my various trips I have learnt a great deal about how to promote and market a product and, as a result, I aim to do the following at home:

- Re-brand so that all our products fall under one name, so cross selling can occur.
- Construct a budget which we can commit to for a period of time.
- Re-define our USPs so that we are telling the complete story about our product, and make sure it is in line with consumer requirements.
- Re-do our website so that it is detailed and provides a lot of information for the customer who wants to learn more.
- Re-do point of sale material, make the point of sale material more dynamic and constantly moving in order to maintain the customers' interest.
- Have our brand values and personality instilled into our staff, so that these values are clear and crisp and a positive influence on those who come into contact with us.
- Make more effort to see our present customers, and make sure our relationships are strong.
- Create opportunities to interact with consumers, farmers' markets, tastings etc.
- Learn more about our customers, questionnaires etc.
- Start exhibiting at some trade/consumer shows to make people aware of our product.
- Use social media to help promote our product. (Facebook, Twitter and You Tube).
- Increase the number of farm visits either from direct school trips or other interested parties.
- Create PR-worthy stories so that we can try and gain positive PR in various formats.
- Enter other regional brands/organisations.

I believe by doing the above we will have a clear story which can be easily told. We have to be very careful of costs and as such we have to measure the success of any promotional work we do. With a bit of luck, hopefully the initiatives above will see us go from selling a local niche product to a national niche product.

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## Appendix : where I went and who I visited

L= Local, R=Regional/Provincial, N=National, W=Worldwide

Destination	Name	Business	Industry	Dist
<b>AUSTRALIA</b>				
<b>Tasmania</b>	Rob Nichols	Nichols Poultry	Poultry producer and processor	R
	Jane Bennett	Ashgrove Cheese	Cheese producer	R
	Frances Bender	Huan Aquaculture	Salmon farmer and processors	W
	Frank	Landfall Farm Shop	Farm shop and cattle and ram breeder	L
<b>Victoria</b>	Richard Furfey	Organic dairy farmers	Marketing consultant	W
	John Foss	The Chia Company	Producing and marketing Chia seed	R
	Marilyn Langdon	Simply Tomatoes	Tomato grower and processor	W
		Boundary Bend	Large olive grower and olive oil processor	W
	James Aerosmith	Pacdon Park	Sausage producer and farm shop	L
	Sandy Cameron	Meridith	Goat and sheep dairy farm and cheese producer	W
	Michael Hastings		Ostrich farming for meat, eggs and leather	W
	Simon	Otway Park	Outdoor pig farmer, direct marketing to butchers	R
<b>South Australia</b>	John Rymill	Rymill Wineries	Vineyard and Winery	W
	Lisa Gulyas	Coonawarra Vignerons Association	Promoting the Coonawarra wine region	L
	Nicola Raymond	Celtic Pride	Creating a Welsh meat brand (now moved to Australia)	R
	Brendan Smart		Arable and sheep farmer	L
	John Watson	Turkey farmer	Producing and processing turkeys	L
	Jacksons	Eco shelters	Producing affordable animal housing	R
	Brett Roberts	Arable farmer and cooperative grain storage and marketing company		L
	John Angove	Angove Family Wineries	Wine producers	W
	Lester Marshall	Coffin Bay Oyster Farm	Oyster farmer	R
	Mark Cant	Eyre Peninsula regional brand		R
<b>N.S.W.</b>	Colin Hodgson	SP exports	Tomato grower and marketing company	W
<b>NEW ZEALAND</b>				
<b>South Island</b>	Derek Daniel	Waiari Rams	Ram breeder	W
	Catherine De Groot	Trilogy Cosmetics	Cosmetic producer	W
	Mark	Baylees	Estate and land agents	R
	John Atkins	Atkins Ranch	Lamb producer, processor and distributor	W
	Jason Ross	First Light	Supplier and marketer of venison	W
	Mike Todd	Air New Zealand		W
<b>UNITED KINGDOM</b>		Pipers Crisps	Crisp producer	N
		Ella's Kitchen	Baby food producer	N
		Higgerdy Pigs	Pie manufacturer	N



		Charismatic Brands	Brand consultant	
		Pie Minister	Pie producer	N
	Paul Kelly	Kelly Bronze	Turkey producer and processor	N
		Shake and Udder	Milkshake producer	N
		Moma	Breakfast foods producer	N
		Funkin cocktails	Cocktail syrup producer	W
		The Black Farmer	Pork brand	N
<b>UNITED STATES</b>				
<b>New Hampshire</b>	Bill	Badger Balm	Cosmetics	W
<b>Vermont</b>	Jessie Laflamme	Pete and Gerry's Eggs	Egg production	R
<b>CANADA</b>				R
<b>Nova Scotia</b>	Richard Melvin		Cauliflower and spinach producer	
	Jeff MacMahan		Organic livestock producer	L
	Chris Screeny		Broiler breeder and broiler farmer	R
	Pete Peil	Lyndhurst Farms	Arable producer	R
	Rene		Pig producer	R
	Andrew Rand		Broccoli grower	R
	Jim Lamb	Meadow Brook	Farm shop and catering	L
	Fred Walsh		Apple grower	R
	Mark Sawler		Carrot and onion grower	R
	Philip Keddy		Strawberry and other berry propagator	W
		Scotia Gold	Apple cooperative, packer	W
	Wayne Oulton	Oulton Meat store	Abattoir and farm shop	L
<b>P.E.I.</b>	Raymond Loo	Anne of Green Gables	Exporting products to Japan	W
<b>UNITED STATES</b>				
<b>Chicago</b>	Jamie Maddath	Dyson	Vacuum cleaner manufacturers	W
	Paul	Carmex	Cosmetics	W
<b>California</b>		Paramount Farms Conference	Pistachio growers and processors	W
		Compass Brothers	Almond growers and processors	W
	Guillerm	Clos Solene/l'Adventure	Vineyards and Winery	L
		Austin Hope	Vineyards and Winery	W
		Windward	Vineyards and Winery	L
		Terry Hedge	Vineyards and Winery	L
		Tables Creek	Vineyards and Winery	R
		Alexandria	Vineyards and Winery	R
	Ben Mayo	Eberle Winery	Vineyards and Winery	L
		Cass	Vineyards and Winery	R
		Torbin James	Vineyards and Winery	R
		Still Waters	Vineyards and Winery	L
	Att Dusi	Wells Fargo Bank	Ag Bank Manager	L
	Andy Anzaldo	Paramount Farms (company also owns Interflora, Fiji Water and Pom Wonderful)	Almond, pistachio, orange grower and processor	W
	Judy Hirigoyen	American Pistachio Growers	Industry marketing	W
		Sun Maid raisins	Raisin co-op, growing and packing	W
	Blaine McAfee	McAfee Dairies	Raw milk producer and marketer	R
	Gary Stubbs	Stubbs Vineyard		L