Marketing Basics

Four Essential Elements (successful businesses)

1) Technical skills (competencies) for your industry
2) Creating a Practical Business Plan
3) Dedication & Willingness to Reach Business Goals
4) Mastering a “Basic” Knowledge of business management areas

Marketing

• Any activity or performance of an activity that involves the flow of products/services from the initial point of production/creation to the hands of consumers.
• Marketing is the flow of products and services to consumers and the transactions that facilitate or manage that flow.

Marketing is based on the importance of customers to a business and has two important principles:

• All company policies and activities should be directed toward satisfying customer needs.
• Profitable sales volume is more important than maximum sales volume.

Marketing Basics

Understanding your marketing plan and determining your marketing strategy:

• 4Ps of marketing (7P),
• Marketing Mix,
• Strategic marketing.

4Ps of Marketing

Basic Components of a marketing plan:

• Product
• Place (and Time)
• Price
• Promotion

Additional 3 marketing areas:

• People
• Processes
• Physical Evidence
Product Marketing

- **Product** What product/service(s) will I sell? Includes branding and packaging. Also the level of service (quality, dependability, guarantees, etc.).

- Product strategies may include concentrating on a narrow product line, developing a highly specialized product or service, or providing a product-service package containing unusually high-quality service.

Place Marketing

- **Place (and Time)** Method used to get the product to your target market i.e., transportation, marketing channel utilized, market location.

- Working through established distributors or manufacturers’ agents generally is easiest for small manufacturers. Small retailers should consider cost and traffic flow in site selection, especially since advertising and rent can be reciprocal: A low-cost, low-traffic location means spending more on advertising to build traffic.

Price Marketing

- **Price** The price of product involving factors such as cost of production, competitors prices, volume/quality issues, standard practices.

- The right price is crucial for maximizing total revenue. Generally, higher prices mean lower volume and vice-versa; however, small businesses can often command higher prices because of their personalized service.

Promotion Marketing

- **Promotion** Communicating to your customer about the product, place and price of your product.

- Promotion strategies include advertising and direct customer interaction. Good salesmanship is essential for small businesses because of their limited ability to spend on advertising.

Marketing Mix

Long-Term Business Goals

Directional – Move you toward the general objectives of our vision statement.
Reasonable – Are practical and obtainable; not extreme.
Inspirng – Are challenging; affect you positively.
Visible – Are easy to visualize.
Eventual – Will be fulfilled at a future time.
Long-Term Business Goals

Examples of goals might be:
- Maintain a profitable operation.
- Be considered the top producer in the county.
- Be on the cutting edge of technology.
- Be the premier supplier in the region.
- Create employment for family members.

Short-Term Objectives are:

- **Specific** – The objective achieves a particular, detailed result.
- **Measurable** – There is a means to determine the objective.
- **Attainable** – They are within economic and physical capabilities.
- **Rewarding** – They are profitable and self-satisfying.
- **Timed** – They have a specific timeline and/or deadline.

Short-term Objectives

Examples of objectives might be:
- To increase gross revenues 5 percent each year
- To achieve 12-15 percent return on equity within 4 years
- To reduce fixed expenses by 7 percent within 3 years

Importance of Goals

...the purpose of goals is to focus your attention and give you direction, not to identify a final destination.

...if a goal is good, it will provide you direction.

John C. Maxwell

What is strategy?

- Competitive strategy is about being different.
- Strategy is the creation of a unique and valuable position in your industry or marketplace.
- Activities are the basic units of competitive advantage.
- Strategy is about choosing what not to do.

Marketing Strategies

Markets

<table>
<thead>
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<th>Products &amp; Services</th>
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<tr>
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<td>New Product</td>
<td>Related</td>
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<tr>
<td>Development</td>
<td>Diversification</td>
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"Identify Your Competitive Advantage"
Market Penetration

- Why? To dominate your existing market.
- How? Increase current customer product usage or get new customers. Firms either reduce price, expand distribution, or increase promotional activities.
- When? When market is growing.

Market Development

- Why? To venture into new markets.
- How? Sell existing products in new markets; modify product; use different distribution; use different advertising/sales strategy.
- When? Present market is saturated.

New Product Development

- Why? To satisfy buyer's needs.
- How? New or improved product; through innovation or augmentation of a product.
- When? Customer has a need or a problem; or firm is looking to enter new markets.

Product Life Cycle

- Time
- Dollars
- Sales
- Profits

Diversification

- Why? Growth opportunities outside of current business.
- When? Distinctive competencies are available. Firm possesses an advantage over competitors.

Marketing Strategies?

1) Notice your own buying strategies.
2) Take an idea that works in one industry and use it in another.
3) Be Specific, quantify your claims.
4) Develop an Ability to see Your Customer’s Perspective.
5) Innovation
6) Systemization
Marketing is everything that you do to "communicate" your product/service to your target market.

Business philosopher Jim Rohn said,
- First, have something good to say;
- Second, say it well;
- Third, say it often.

Know your customer! Research and identify your marketing options and incorporate marketing plans into your business plan.

Utilize available resources available through government agencies, university, trade publications, and other sources.

Develop a well defined "marketing strategy" with a focus on creating value through differentiated product & service development.

Any Questions?

Presentation References
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Who Benefits from Farmers Markets?

- Small farm operators:
  - Those with less than $250,000 in annual receipts who work and manage their own operations (94% of all farms)
- Farmers and consumers:
  - Farmers have direct access to markets to supplement farm income. Consumers have access to locally grown, farm-fresh produce and the opportunity to personally interact with the farmer who grows the produce

Who Benefits from Farmers Markets?

- The community:
  - Urban communities where fresh, nutritious foods are scarce gain easy access to food. These markets also help promote nutrition education, wholesome eating habits, and better food preparation, as well as boosting the community’s economy

Why use a Farmers Market?

- Study found that:
  - Farmers market is important source of revenue
  - 19,000 farmers sold produce only at farmers markets.
  - 82 percent of markets are self-sustaining
  - Market income is sufficient to pay for all costs associated with operation of the market

Why use a Farmers Market?

- Study found that:
  - 58 percent of markets participate in WIC coupon, food stamps, local and/or State nutrition programs
  - 25 percent of markets participate in gleaning program aiding food recovery organizations in the distribution of food and food products to needy families

Identifying the Site for Your Market

- Preliminary identification and assessment of a market site are essential in determining the feasibility of the project
  - Location: Identify a site with optimum visibility from streets and walkways
Identifying the Site for Your Market cont’
- Space: Assess the number of vendors the site will accommodate
- Availability: Determine days and hours the site is available
- Restrictions: Determine if restrictions prevent non-Federal consumers from attending

Market Cooperators/Sponsors
- Groups to contact to identify farmers, determine product availability, and help coordinate market activities in the following:
  - State departments of agriculture
  - Cooperative extension offices
  - Farm Bureau
  - Farmers’ organizations
  - 4-H Clubs
  - Local community organizations

Identifying Farmers/Vendors
- Local farmers and vendors should be identified in collaboration with market cooperators/sponsors. Considerations include:
  - Establishing direct communication with farmers/vendors
  - Developing a good product variety/mix
  - Ensuring top-quality products; and
  - Ensuring farmer/vendor diversity

Schedule
- Develop an appropriate operating schedule to maximize the potential of the local harvesting season as well as consumer participation. Issues to consider:
  - Season: Determine the number of months to operate the market
  - Calendar: Determine which day(s) of the week the market will operate, including market dates and times

Rules and Regulations for Farmers/Vendors
- It is important to adopt and enforce concise rules and regulation
  - Requirements for participation (producer-only farmers, donation of surplus food, etc.)
  - Types of products for sale
  - Commitment to schedule/season

Rules and Regulations for Farmers/Vendors
- Timeliness (arrival, setup, disassembly, etc.)
- Cancellation (specify a period of notification)
- Display of products
- Signage (name, type of farm/product, location of farm, etc.)
- Vehicle size (limit truck size for easy site access)
**Market Management**
- Determine management and operating procedures
- Enforce rules and regulations
- Ensure appropriate access to utilities (water, electricity, etc.)

**Security**
- All non-contract Federal buildings and properties need clearance by the General Services Administration. In other cases, State and/or local permits may be required. In conjunction with appropriate security personnel, the following security-related issues should be addressed:
  - Site accessibility: If special passes or permits are required, can they be waived for consumers?
  - Building access (restrooms, cafeteria, phones, etc.)

**Market Activity**
- Entertaining an informative activities that complement the market environment should be planned for consumers. Consider:
  - Special events (on-site chef/nutritionist, flower day, customer food drive, seasonal product promotion day, etc.)
  - Promotional plans (departmental newsletter, posters/flyers, public service announcements, etc.)

**Legal Issues**
- The Emerson Good Samaritan Food Donation Act, Public Law 104-210, promotes food recovery by limiting the liability of donors to instances of gross negligence or intentional misconduct

**Presentation References**
- University of Arkansas Department of Agricultural Economics and Agribusiness; Fayetteville, AR
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- AMS@USDA: AMS Farmer’s Markets

**Sources for More Information**
- AMS@USDA: AMS Farmer’s Markets

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  - Marketing Challenge in Oklahoma’s Produce Industry: Buyer Perspective
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Sources for More Information

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**Fruit & Vegetable Marketing**

Risk Management Project - This project was made possible in part by grants from USDA/CSREES under Award Number 2004-00200-09120 USDA/RMA under Award Number 073E0310275 - C

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**Food Marketing Costs**

- From 1989 to 1999, total consumer expenditures for farm foods rose $199 billion.
- Approximately $182 billion (92%) of this increase was from increases in the marketing bill.


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**Major Factors Increasing Food Marketing Costs**

- Population growth: the quantity (volume) of food that is marketed has increased to serve the population.
- Consumer desires for additional food marketing services (convenience foods).
- Increasing costs of most food marketing inputs, especially labor and energy.

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**What a Dollar Spent for Food Paid (1999)**

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<tr>
<td>Other costs</td>
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</table>

Fruit & Vegetable Marketing

- The price a farmer receives for his/her produce depends largely on the distribution channel used to sell the product.
- Producers are basically price-takers at terminal and wholesale markets.
- Producers can gain relatively more control of the price they receive by using direct marketing approaches.

Marketing

- Perishable nature of product creates a limited window of opportunity for effective marketing and sales opportunities.
- Price received is highly dependent on produce quality.
- Identify a target market prior to planting. This strategy results in planting, production, and marketing decisions being driven by the wants and needs of your customers.
- Post harvest handling and planning is critical to maintaining crop quality.

Marketing Fruit & Vegetables

- Consumers spent $76 billion to buy fruits and vegetables (2000):
  - $37 billion (49%) from retailers;
  - $38 billion (50%) from foodservice;
  - $1 billion (1%) direct from growers.
- Market margin was ~$57 billion (75%).
- Grower’s share was ~$19 billion (25%).

Reasons For Farmers’ Share

- Degree of Processing (value-added)
- Perishability
- Bulkiness
- Distance to Market (transportation costs)
- Seasonality

Marketing Specialty Products

- Know your customer! Research and identify your marketing options prior to making planting decisions.
- Consistent, high quality product is essential to a successful operation.
- Utilize resources available through govt. agencies, university, and other outlets.
- Examine “niche” marketing opportunities regardless of the channel.
- Develop a well defined “marketing strategy”.
Niche Marketing

- Defined as marketing a product or service in a small portion of a market that is not being readily served by the main stream product or service providers.
- Targets a very specific segment of the market.
- Fills a void in the market place.
  - geographic area,
  - a specialty industry,
  - demographic, gender or ethnic group
  - other special group of people.

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Direct Marketing

Marketing

Questions one should ask:
- Where will I sell my product?
- What kind of price will I receive and how much influence can I have on that?
- Can I enter into any contractual agreements as an outlet for my product?
- How can I differentiate my product?
- What is the structure of the market - number and size of competitors, geographic factors and any barriers to entry?

Market Structure

- Determine the number of competitors you will have to deal with
- Determine the size that will keep you competitive and if this is at a profitable size for you
- Determine the geographic effect on profitability
- Should there be any barriers to entry, determine how you can overcome these or if it is possible

Niche Markets

- A lot of new markets are available, but these markets may be easily flooded
- Determine whether this market is a thin market and how thin it is

Product Differentiation

- Determine how you can produce something different than competitors and if you can get into any contractual agreements
- You may be able to provide services that competitors do not
- Potential by-products

The Starting Point

- Define your goal(s) for being in this business
- Profit
- Hobby
- Use of resources
- Health
Who Are Your Customers?
- Identify
- Classify
- Target
- Focus

What Is Your Product?
- Define its physical attributes
  - Variety
  - How produced
  - Seasonal positioning
  - Overall qualities

What is Your Product?
- What are you selling?
  - A fruit or vegetable or a PACKAGE
  - What makes your product better than the competitions?
  - Are you selling your name and reputation as well?

Merchandizing
- Sales goals
- Sales force
- Pricing

Sales Goals
- Sales volume versus production
  - How much
  - When
  - Where
  - What type
- Credit Policy
- Price
  - Stated
  - Minimum

Goal Setting
- Specific
  - Pinpoint what you are trying to accomplish
- Measurable
  - Be able to measure the goal in some manner
- Attainable
  - Do not set unrealistic expectations
- Relevant
  - Set goals that apply to your enterprise
- Timely
  - Make sure your goals are on an acceptable timeline
The Sales Force

- Who is it?
- How well are they trained?
  - Knowledge of salesmanship
  - Knowledge of product

Pricing

- Cost basis- pricing to cover your cost (only)
- Follow the leader- pricing according to other competitors
- Trial and error- set price and see how consumers respond
- Coupons- discount adds made available to consumers on particular products
- Loss leader- pricing cheap to get consumers into the store

Promotion/Advertising

- Target audience
- Media availability
- Cost
  - Realized Sales/Profits (after sales are completed)
- Dates of Sales

Enthusiasm

- Questions one should ask:
  - Why should I get into this enterprise?
  - What are my goals for this endeavor?
  - Why would I get out of this project?
  - Am I letting enthusiasm play a larger role than it should in my decision-making?
  - Will this be something that will provide a good experience for a family?

Over-enthusiasm

- Make sure you will like what you will be doing
- More likely to manage successfully if you do
- Do not let emotion play a larger role than it should in evaluating alternative enterprises

Risk

- Questions one should ask:
  - What are my production, market, financial, legal, and human risks associated with this enterprise?
  - How can I offset some of these risks?
  - What is my degree of risk tolerance?
Risk Responses

- Financial responses among most important
  - Managing leverage and liquidity
  - Production responses most common
  - Diversification very popular
  - Insurance
- Market responses can be technical
  - Contracting, futures, insurance
- Depends on magnitude of operation and degree of risk tolerance

Limitations to Learning Risk Response Techniques

- Risk aspects not popular with farmers
  - "Hassle Factor"
- Complexity
  - Would rather spend time learning about new production techniques
- Inaccuracy of price forecast
- Often feel they can guess prices just as well as an economist
- Tradeoff understanding
  - "So what? What can I do about risk w/o reducing profit?"

Post Harvest

- Storage
- Delivery
- Secondary Markets

Presentation References

- University of Arkansas Department of Agricultural Economics and Agribusiness
  - Jennie Popp; jhpopp@uark.edu
- National Program Leader Risk Management Education USDA/CSREES
  - Janie Hipp; jhipp@csrees.usda.gov
- Clemson University
  - Jim Rathwell
- University of Kentucky
  - Steve Isaccs

Sources for More Information

- Oklahoma Cooperative Extension Service
  - The Internet as a Marketing Tool; WF-566
    http://osu.okstate.edu
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    http://osu.okstate.edu

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Value Added

What is “Value Added?”
- Adding value to a raw product by assuming more processing steps

What adds value?
- Quality
  - Does the product or service meet or exceed customer expectations?
- Functionality
  - Does the product or service provide the function needed of it?
- Form
  - Is the product in a useful form?

What adds value?
- Place
  - Is the product in the right place?
- Time
  - Is the product in the right place at the right time?
- Ease of possession
  - Is the product easy for the customer to obtain?

Examples of Value-Added Products
- Using wheat in feed, using its waste for building materials, grazing it with stocker cattle, or converting it to organic natural foods
- Using woody plants like cedar and mesquite for furniture, boards, and floor moldings
- Specialty foods and varieties sought by different ethnic groups

Examples of Value-Added Products
- Gourmet cheese
- Salad mix
- Farm fresh eggs
- New yogurt flavors
- Conveniently packaged products, like Lunchables
- Salted Peanuts
Why should you consider producing value-added products?

- To accommodate consumer tastes and preferences
- To increase sustainability and long-run success with competitive advantage and uniqueness

Why should you consider producing value-added products?

- To increase farm income
  - Farming sector income decreased from 41% to 9% from 1910 to 1990.
  - Customers are generally willing to pay more for uniquely packaged, high quality, locally-grown products.

How do you start producing value-added products?

- Look for a market, or something the market isn’t providing.
- Determine what the best value is that can be added to your product.
- Check for regulations regarding your product.
- Gradually introduce it into the market.
- Base further decisions on outcome.

Keys to Short-run Success

- Start small and grow naturally
- Make decisions based on good records
- Create a high-quality product
- Follow demand-driven production
- Get the whole family or partners involved

Keys to Short-run Success cont’

- Keep informed
- Plan for the future
- Continuous evaluation
- Perseverance
- Adequate capitalization

Keys to Long-run Success

- Focus
- Establish a loyal customer base
- Choose something you love—and something that fits your personality and goals
Has it worked?

- Several billion dollars is generated for the state of Texas each year by value-added agriculture.
- Out of 14 value-added farmers, 8 said value-added accounted for 80% or more of off-farm income, and the others reported 50% or less.

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Direct Marketing: Goats

What Is Direct Marketing?

Direct marketing is selling food and farm products directly to consumers without using an intermediary. This may include direct sales to:

- Grocery stores
- Restaurants
- Door-to-door
- Freezer sales
- Internet marketing

Legal Considerations for Direct Marketing

Marketing agricultural products directly offers producers an opportunity to capture a higher share of consumer purchases.

Producers should carefully consider the added costs and additional risk to evaluate whether direct marketing is a viable option for their business.

Most states such as Arkansas have what are called recreational access liability limitation statutes.

These statutes generally are designed to offer the private landowners some measure of limitations to their liability for allowing the public onto their land for the purpose of engaging in recreational pursuits.

Legal Considerations for Direct Marketing

Many insurance policies contain exclusions from coverage if individuals come onto the property pursuant to business activities.

All producers engaged in direct marketing must ensure that their products are advertised truthfully and that the products are presented for purchase in compliance with all food safety requirements.
Health and Food Safety Codes and Regulatory Requirements

Depending on the product you desire to sell, a thorough examination of all health and food safety codes must be done.

Your operations and marketing methods, handling, packaging, storage, etc., must meet all current regulatory requirements.

If your product is labeled in a certain way, it must actually meet your own label representations.

Regulations Pertaining to Slaughter and Meat Selling

USDA rules are specified in the Federal Meat Inspection Act (FMIA). The general rules are:

- Federally inspected products can move anywhere in the U.S.
- Retail/restaurant processed products must be derived from a federally inspected source.
- Custom slaughtered animals must be purchased "on the hoof" before slaughter and returned to the owner.
- Meat from custom slaughter cannot be sold.

Regulations Pertaining to Slaughter and Meat Selling

All meat cutting and wrapping as well as slaughter should be done at a federally inspected or state inspected facility for sale to consumers unless the fabrication is done in a place of business where the consumers come in to buy the products.

Sanitation requirements for meat cutting at a place of business are subject to rules of the local health department.

Regulations Pertaining to Slaughter and Meat Selling

General requirements to sell cuts of meat are:

- Label that meat is USDA inspected
- Meat should be kept below 40 degrees
- Some states are more restrictive and may inspect the transport vehicles for meat
- Building for freezer must be approved

Truth in Advertising

Labeling requirements include two labels:

1. A generic label identifying the farm name and other information
2. A label for safe handling directions.

Truth in Advertising

Items included in these two labels are:

1. Name of firm
2. USDA inspection stamp (round mark or bug)
3. Notice to keep refrigerated
4. Name of processor
5. Description of product
6. Species of animal
7. Safe handling instructions
Truth in Advertising

Failure to properly label or mislabel product may expose the producer to liability for violation of agency regulations in addition to breach of warranty or other product liability claims from the consumer.

There is no substitute for compiling a comprehensive library of applicable regulations and updating regulations periodically, while at the same time examining all aspects of your operation to ensure standards are met.

Introduction

Meat goat production is the fastest-growing animal enterprise in the U.S.

Most producers sell the animals, either for meat or for breeding purposes.

To market goats, some type of marketing plan is needed. It can be as simple as setting up a breeding plan to meet market demands, including places and types of customers.

What Do I Charge for my Animals?

The amount a producer receives for a market animal depends on several factors including, but not limited to, the following:

- Breed
- Size
- Age
- Sex
- Body condition and/or state of health

Getting the price structure correct for your business is the most effective marketing tool you have.

The price you get for your goats will vary with the type of goats you sell and the methods used to market the goats.

Marketing of Meat Goats

A good marketing plan is a complete description of how to get your product on the ground and off to market.

Most goats, regardless of the initial use, eventually end up in the meat market cycle.

The meat market itself consists of all ages and types of animals.
Marketing

Marketing initially is split into two phases:

- on-farm
- off-farm

Both phases usually consist of selling by the head as is done with most other meat animals.

Certain markets sell only graded animals. The meat markets for goats consist of different types and ages of animals.

The price of market goats often is higher prior to major ethnic holidays.

If you plan to market goats at these times, the breeding season must be planned accordingly.

For example, if you market kids at four to five months of age, then the does must be bred nine to ten months prior to the time of marketing.

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Marketing

Easter Kids – This is a seasonal, usually ethnic, market. Goats should not be castrated. Dam-raised animals are preferred, weighing from 16 to 40 pounds.

Prices paid for these animals vary by year depending on size and condition of the animal.

Cabrito – Cabrito is the meat of a milk-raised kid, usually 25 to 40 pounds in size, generally not castrated.

As with other animals, price is usually determined by quality and demand.

Chevon – is the meat from goats of any size and age, and the definition varies. Often, chevon is defined as meat from a goat that weighs over 60 pounds and is under two years of age. However, sometimes, chevon comes from bucks and does of older ages.

The condition of the goat has a significant effect on the price.
Marketing

Goats can be marketed in many ways. The most common methods of marketing are through:

- On-farm sales
- Livestock auction markets
- Consignment sales
- Private buyers

Methods of marketing will vary in sales costs and effort for the producer. Other methods of marketing include local grocery stores, internet sales and personal contacts.

On-Farm Marketing

Goat producers typically sell to ethnic buyers that come to their farms.

Direct selling to ethnic buyers is a choice that provides a:

- Guaranteed price
- No commissions to pay
- No shrinkage losses
- No transportation costs

This is often a preferred selling method compared with auctions.

Direct selling to ethnic buyers has some disadvantages as follows:

- Buyers often do not make appointments and may come at inconvenient times
- Buyers may be very selective in what they want to buy
- The buyers may not accept the asking prices
- Producers may be located too far away to attract these buyers to come to their farms

Auctions

Goats may be transported to auctions in the state or nearby states or to slaughter facilities, usually outside the state.

One advantage of auctions is that little effort is required in finding a buyer.

Auctions usually have to be bonded, thus guaranteeing a producer prompt and reliable payment.

The disadvantage is that there is little or no control over the price you will accept for your animals. This can result in a financially risky exchange.

There are a few steps a producer can take to either make the venture less potentially risky or use to make contact with future direct buyers.
Auctions

If you have more than one auction within reasonable driving distance, contact several to find the most recent prices and if buyers are expected to be there when your animals are sold.

This contact allows you to compare their projections on market demand, when prices will be highest and also determine who is most enthusiastic about getting your business.

It is acceptable to ask for an estimate of how many goat buyers and what price range the auctions expect.

Auctions

To minimize risk, producers can seek out larger, regional auctions that are supported by numerous buyers. However, this larger market may require additional travel.

Several large auctions have average prices publicized on the web or in various marketing publications, making it easier to track price trends compared to smaller, local markets.

If the regional auction is near any large private treaty buyers, you may want to make arrangements to take your load of animals to the buyer for a bid first, before going on to the auction later if you cannot agree on a price.

Auctions

Extremely fat goats may be penalized because fat is viewed as waste. The standard Boer buck in show condition would be considered extremely fat as would many dairy does at the end of lactation.

Does that look possibly pregnant also may be penalized by some buyers. Suckling kids usually can be fat without any penalty.

It is critical that goats for sale be in good condition or the price will be decreased, sometimes markedly, if the goats do not appear to be healthy.

Consignment Sales

There are several consignment sales that can be successfully utilized in marketing.

Consignment sales are usually auctions where people are asked or invited to sell their goats.

Consignment sales vary in the amount charged for selling animals, so it is necessary to understand the fees and policies before consigning animals.

Consignment sales tend to be more for breeding stock, but the quality at these sales can vary greatly. Usually, the selling costs are greater at a consignment sale than at an auction barn.

Auctions

Typical costs of using local auction markets for goats are:
- The travel costs to get there
- The commissions
- Other market costs
- The shrinkage loss

Hauling costs will vary with the distance and size of load.

Auctions

When selling at an auction or consignment sale, consider the shrink of the goat. Shrink is a term used to describe the loss of weight associated with the handling, transporting and marketing of livestock.

It is usually estimated based on animal weights and can be from 4 to 10 percent of the live weight of the goat.
Private Treaty Sales

Private treaty sales are usually between individuals for a single goat or many goats. These sales may be conducted anywhere, either with animals present or not.

There is no sales commission. However, you need to understand the terms of the sale, especially pertaining to guarantees, time to exchange money and animals, location of exchange, price of animals, what the price is based on (weight, dressing percentage, etc.) and effects of delayed exchanges. Buyers need to be reputable.

Cash is often required in private treaty sales if the buyer is not known.

Breeding Stock

The sale of individual animals as breeding or show stock can be the most profitable if good animals are selected initially and quality is maintained.

Generally, breeding and show animals sell for more money than animals sold at livestock markets. Usually, these sales will be by private treaty or at consignment sales and may include advertising costs.

Value-Added Marketing

Value-added marketing is selling meat and other products from goats.

The use of value-added marketing, either on-farm or off-farm, should not be overlooked in the marketing plan.

A producer can double or triple the value of an animal by on-farm processing and add to profits by producing other products, such as hides and horns.

Value-Added Marketing

It is important to deal with reputable buyers to ensure prompt and reliable payment for the products.

Off-farm sales may be at a local grocery and/or in conjunction with other producers.

Another Marketing Choice

Another marketing choice is to sell animals at a USDA government buying station such as the Oregon County Buying Station near Koshkonong, MO.

At the buying station, prices are guaranteed in advance of each sale and are posted on the internet.

With this choice, producers only need to be concerned about the transport and marketing costs to access this facility, and how their animals will grade on delivery there.

For dates and prices go to:
http://www.bubranch.com/index.cfm?show=10&mid=14

Another Marketing Choice

Producers have four important requirements to reduce risk and increase benefit from a guaranteed price graded sale such as at Koshkonong, MO:

1. They need to know how their animals will grade to be sure of the guaranteed price they will get
2. They need to pool their deliveries to this buying station to save on transport cost
Another Marketing Choice

Producers have four important requirements to reduce risk and increase benefit from a guaranteed price graded sale such as at Koshkonong, MO:

3. They should plan their breeding program to try to market higher quality animals at peak price periods in this market.
4. They should closely monitor the monthly sale prices posted on the website of this buying station and be ready to market when the prices are favorable to lock in a profit for their business.

Livestock Markets for Sheep and Goats

The following listing of livestock markets is for informational purposes only and is not meant as an endorsement. Call to confirm addresses and auctions time before deciding to travel to these locations.

This list is not all inclusive


Livestock Markets for Sheep and Goats

**Centerton Livestock Auction**
Tim and Kathy Schlegel, Owners
2210 Kinyon Road Centerton, AR 72719 479-795-2397 **Day and Time of Sale**: Saturday at 7 p.m.
**Order of Sale**: horses, sheep, goats, hogs, other livestock

**Beebe Livestock Auction**
P.O. Box 507 Beebe, AR 72012 501-882-5553 **Day and Time of Sale**: Saturday at 10:30 a.m.
**Order of Sale**: hogs, goats, other livestock

**Cattlemen’s Livestock Auction**
6751 Highway 65 N, #A Harrison, AR 72601 870-356-3182
**Day and Time of Sale**: Thursday at 12 noon
**Order of Sale**: goats (if any), cattle

**King Livestock Goat and Sheep Auction**
8894 Hwy. 31 North Lonoke, AR 72086 501-351-1867
**Day and Time of Sale**: second and fourth Saturday at 1 p.m.

**Salem Livestock Auction** (J. W. Guffey)
P.O. Box 118 Salem, AR 72576 Off Hwy. 9 on Fairview Road, near Hwy. 62 870-895-3231; 870-458-2738
**Day and Time of Sale**: Thursday at 6:30 p.m.
**Order of Sale**: goats sell first

**Commercial Goat Sale**
Hope, Arkansas Fairgrounds Jesse Duckett, Goat Producers of Arkansas 870-777-4751
**Time of Sale**: 7 p.m. (expect quarterly sale); call for information

Presentation References

- Ethnic Meat Market Analysis
- Improved Marketing Channels for Sheep and Goat Producers in the Ozarks Region
- Marketing Innovations for Sheep and Goat Production in the Ozarks Region
Presentation References

Parts of this presentation were taken from “Marketing Your Products Directly” and “Marketing of Meat Goats.” These documents were used with permission of the authors. The following links will provide access to the original documents.

Marketing Your Products Directly
http://www.uaex.edu/Other_Areas/publications/PDF/FSA-31.pdf

Marketing of Meat Goats
http://www.uaex.edu/Other_Areas/publications/PDF/FSA-3094.pdf

Disclaimer of Liability

This material is provided as an educational tool and is not a substitute for individualized legal advice. Anyone wishing to obtain more information about liabilities the producer faces and what can be done to prevent legal problems associated with the operation or to know more about direct marketing should consult an attorney and a local cooperative extension agent respectively. Neither the University of Arkansas nor any of their employees, makes any warranty, express or implied, or assumes any legal liability or responsibility for the accuracy, completeness, or usefulness of any information disclosed in this document.
Risk Management in Direct Marketing Venues

Teaming Up to Manage Risk
The University of Arkansas Center for Agricultural and Rural Sustainability (CARS) has teamed with the National Agricultural Law Center and the Division of Agriculture Cooperative Extension Service to provide agricultural producers with a set of tools to minimize the risks associated with the direct marketing of their products. These tools include fact sheets, interactive production budgets, risk management guide and a train the trainer curriculum.

Comprehensive Risk Management Guide
One goal of our on-going regional project is to develop a risk management guide that covers marketing, legal, production, and business and finance topics as they are related to producers in direct markets. Many topics also are available en Español. See the guide at www.manageyourrisk.net.

New Fact Sheets
Four new fact sheets are available through www.uaex.edu:
- Marketing Your Products Directly
- Marketing to Walmart
- Organic Certification Process
- Organic Markets and Marketing

Other fact sheets on business planning and legal issues are available at www.manageyourrisk.net.

Visit our websites!
- www.uark.edu/ua/cars/
- www.manageyourrisk.net

Train-the-Trainer Curriculum
Another goal of our on-going regional project is to develop a direct marketing curriculum for educators that covers marketing, legal, and business and finance topics. Lessons available at www.manageyourrisk.net.

Interactive Raspberry and Blackberry Budgets with High Tunnels
Demand for raspberries and blackberries typically exceeds supply in much of the state, and the use of high tunnels in production could greatly extend the production season and assist growers in capturing a larger market share. Producers can use these interactive budgets to estimate operating costs, fixed costs, total costs and expected total returns of berry production. Producers choose default cost values or enter their own. Producers also select interest rate, inflation rate, cultivar, high tunnel dimensions, planting density, expected prices, marketing plan and production practices; then the budget is calculated automatically.

Contact Info:
Jennie Popp, jhpopp@uark.edu, 479-575-2279
Germán Rodríguez, hrodrig@uark.edu, 479-575-2259
Katherine McGraw, katmcg@uark.edu, 479-575-7748
SURVEY – DIRECT MARKETING

Completion of this survey is voluntary.

1) Direct marketing is selling food and farm products directly to consumers without using an intermediary

   ❌ TRUE [ ]   ✔️ FALSE [ ]

2) All producers share some exposure to legal liability regardless of their chosen avenue of marketing.

   ✔️ TRUE [ ]   ❌ FALSE [ ]

3) Generally, insurance policies cover individuals who come onto the property pursuant to business activities.

   ❌ TRUE [ ]   ✔️ FALSE [ ]

4) Health and food safety codes DO NOT apply to direct marketing operations.

   ❌ TRUE [ ]   ✔️ FALSE [ ]

5) General requirements to sell cuts of meat are:
   
   a) Label that meat is USDA inspected
   b) Meat should be kept below 40 degrees
   c) Building for freezer must be approved
   d) All of the above
   e) None of the above

   ❌ TRUE [ ]   ✔️ FALSE [ ]

6) Labeling requirements include two labels: 1) A generic label identifying the farm name and other information and 2) A label for safe handling directions.

   ✔️ TRUE [ ]   ❌ FALSE [ ]

7) Marketing plan is NOT needed to market goats.

   ✔️ TRUE [ ]   ❌ FALSE [ ]

8) A good marketing plan is a complete description of how to get your product on the ground and off to market.

   ✔️ TRUE [ ]   ❌ FALSE [ ]

9) The price you get for your goats will vary with the type of goats you sell and the methods used to market the goats.

   ✔️ TRUE [ ]   ❌ FALSE [ ]
10) Direct selling to ethnic buyers is a choice that provides a:

a) Guaranteed price
b) No commissions to pay
c) No shrinkage losses
d) No transportation costs
e) All of the above
f) None of the above

11) Which one of the following alternatives is NOT a disadvantage of direct marketing of goats:

a) Inviting buyers to visit may cause a liability problem
b) There will usually be surplus animals that have to be sold with another method
c) Dealing with on-farm buyers can be time consuming
d) No commissions to pay

12) One advantage of auctions is that little effort is required in finding a buyer.

TRUE [ ] FALSE [ ]

13) In an audition you have control over the price you will receive for your animals.

TRUE [ ] FALSE [ ]

14) In an audition, extremely fat goats may be penalized because fat is viewed as waste.

TRUE [ ] FALSE [ ]

15) Typical costs of using local auction markets for goats are:

a) The travel costs to get there
b) The commissions
c) The shrinkage loss
d) All of the above

16) Loss of weight associated with the handling, transporting and marketing of goats can be from 8 to 12 percent of the live weight of the goat.

TRUE [ ] FALSE [ ]

17) At the buying station, prices are guaranteed in advance of each sale and are posted on the internet.

TRUE [ ] FALSE [ ]

18) Cabrito is the meat of a milk-raised kid, over 60 pounds in size, generally castrated.

TRUE [ ] FALSE [ ]
How would you rate your interest in obtaining additional information or education on each of the following risk management topics? (circle one in each row)

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>No Interest</th>
<th>Low Interest</th>
<th>Interest</th>
<th>Strong Interest</th>
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<tbody>
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<td>Estate planning</td>
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<td>Direct marketing</td>
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</table>

Would you be interested in attending a FREE seminar on any of the following risk management areas? (circle one in each row)

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<thead>
<tr>
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</table>

Do you plan to direct marketing your products?

YES [ ]  NO [ ]

If you answer affirmatively to the previous question, do you have a marketing plan?

YES [ ]  NO [ ]

How well do you read in Spanish?

[ ] Not at all  [ ] Beginning (1-2)  [ ] Intermediate (3-4)  [ ] Advanced (5)

How well do you write in Spanish?

[ ] Not at all  [ ] Beginning (1-2)  [ ] Intermediate (3-4)  [ ] Advanced (5)

How well do you read in English?

[ ] Not at all  [ ] Beginning (1-2)  [ ] Intermediate (3-4)  [ ] Advanced (5)

How well do you write in English?

[ ] Not at all  [ ] Beginning (1-2)  [ ] Intermediate (3-4)  [ ] Advanced (5)

Would you be interested in obtaining information regarding FREE English language classes?

YES [ ]  NO [ ]

Would you know how to browse a web page on the Internet?

YES [ ]  NO [ ]