

Direct Marketing and Value-Added Products

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Presentation Overview

- Direct marketing and value-added processing are two of the best business management strategies Maryland farmers can employ to improve their net profitability.
- Here is an overview of the 4 Ps of what is called the “marketing mix”: the product, price, promotion, and place; as they apply to direct marketing value-added products.

What is Value-Added

- Value-added is a **customer-driven process** in which the farmer retains more of the food dollar by processing, enhancing, packaging and marketing the product him/herself.
- Value added-may also include production methods such as organic, grass-fed, hormone –free, etc.

Deciding on Value-added

- **May** increase farm viability
- **May** increase farm visibility
- **May** expand the market season
- **May** open new markets

There is considerably more risks involved in value adding than selling the bulk commodity.

Your Product

- What are the characteristic features of your product ?
- What benefits does your product offer?
- Who will buy them and for how much?
- Match your product's traits with customers' needs and expectations

Pricing

- Market research should help you determine the “price ceiling” for your product. This price is sometimes determined by the perceived value of the product by the customer.
- The most basic element of pricing is to know your costs, including variable and fixed costs. Be sure to also include marketing and distribution costs
- Value-added products usually move in low volumes so using margins rather than mark-ups is a more advantageous pricing format. .

Promotion

- Promotion is often a mix of activities including some form of advertising, signs, brochures, samples, and special events.
- Word of mouth promotion is still the cheapest and most effective form of advertising.
- Test and track the effectiveness of your promotional activities to determine what works best for your particular type of product.

Place

- Value-added is all about niche markets.
- Direct Marketing via on-farm retail outlets, farmers' markets, CSAs, e-commerce websites, specialty grocery stores, gift shops, mail order catalogs, and craft shows have proven to be successful outlets for locally grown and processed value-added products.

More Resources

- For an overview of Value-added Enterprises and Production visit:
- “Adding Value to Farm Products :An Overview”
www.attra.org/new_pubs/attra-pub/valueovr.html.
- For information on direct marketing visit:
- <http://www.agmarketing.umd.edu>
- For information about Maryland value-added products and links for buyers and sellers visit:
- <http://www.marylandagriculture.info>