



Researching Your Markets




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Overview

- Basic Marketing Concepts
- Key Elements of Market Research
- Surveying Your Customers
- Market Research Applications
 - Developing a Customer Profile
 - Evaluating the Competition
 - Estimating Market Potential
- Questions???





What is Marketing?

“Everything you do to promote your business from the moment you think of the product idea until customers buy your products on a regular basis.”

- Jay Levinson, author of Guerrilla Marketing






What is Marketing?

The process of finding out what customers want/need and satisfying those wants/needs in a profitable way...

- ✓ Produce what you can sell
- ✓ Focus on new opportunities
- ✓ Customer determines production
- ✓ Target marketing techniques



Marketing Strategy

- ❖ **Target market**
 - Demographics
 - Lifestyle Patterns
 - Customer Expectations
- ❖ **Marketing mix**
 - Product
 - Place
 - Promotion
 - Price
 - Position




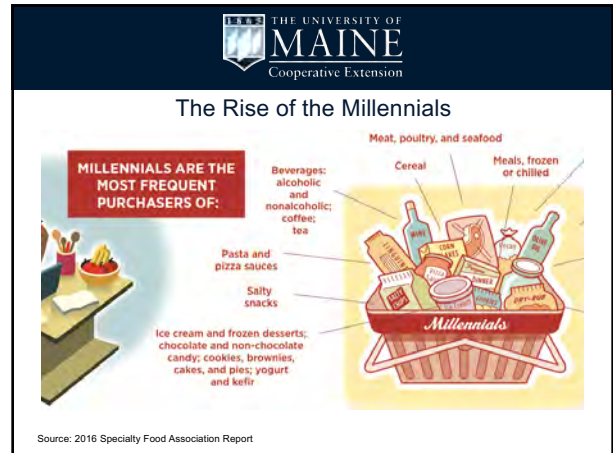
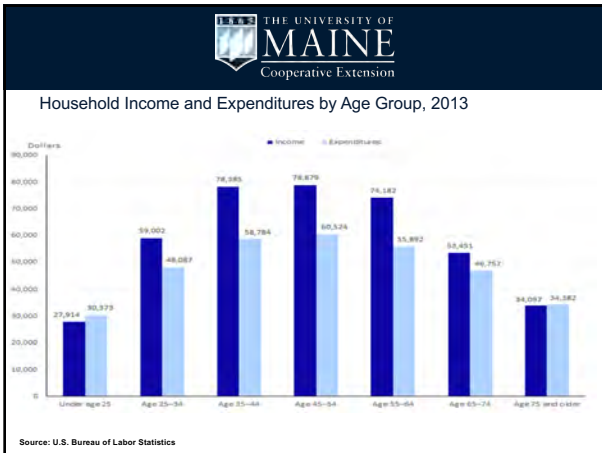
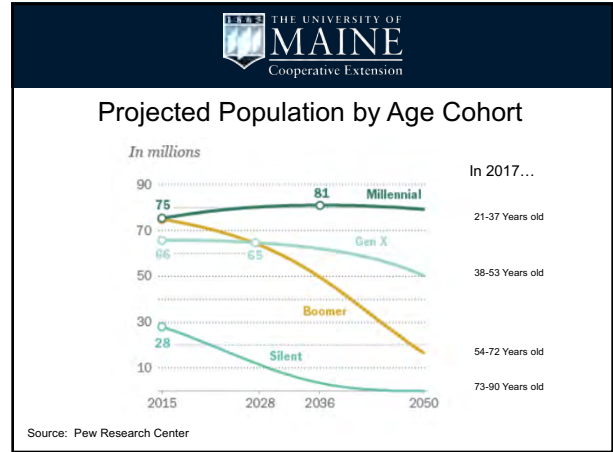
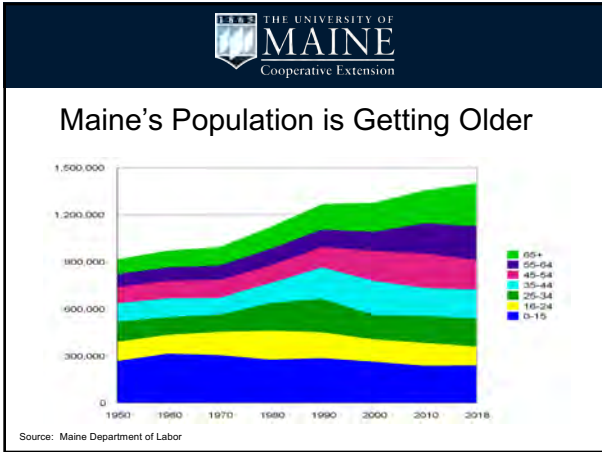


What is Market Research?

Systematic gathering, recording, and analyzing of information related to the marketing of your products...

- ❖ What are the long-term trends?
- ❖ Who are my customers?
- ❖ Where can they be reached?
- ❖ What do they want to buy?
- ❖ Who are my competitors?
- ❖ What is the market potential?



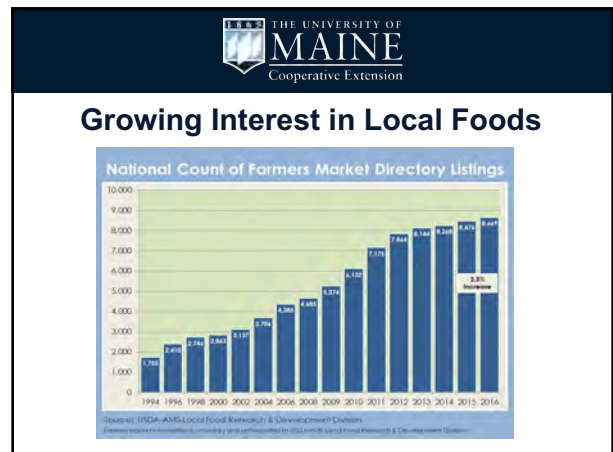


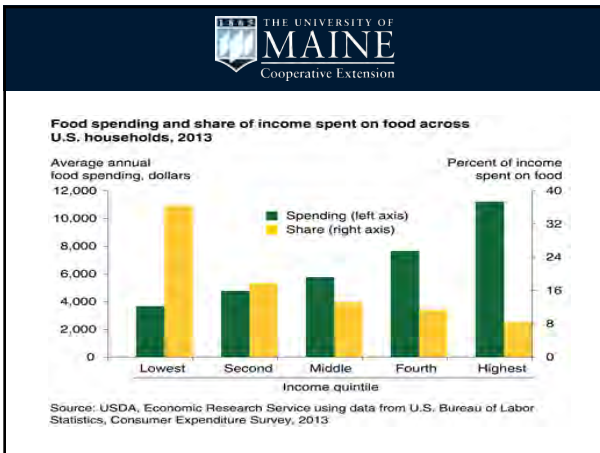
SOCIAL MEDIA AND BRAND INTERACTION

Base: Internet users aged 18+ who have purchased any specialty foods in the past six months.

	Total	Millennials (22-39)	Gen X (40-51)	Boomers (52-70)
Agree:	1,292	614	287	258
I have posted comments about a company or brand on social media	48%	60%	45%	33%
I comment on and/or write food or restaurant reviews online	43%	57%	37%	25%
I'm more likely to pay attention to an ad on my mobile phone or tablet than on my TV or in printed publications	38%	53%	33%	10%

Source: 2016 Specialty Food Association Report





Why Conduct Market Research?

- ✓ Keep abreast of changing market conditions
- ✓ Reduce business risks
- ✓ Spot problems in the current market
- ✓ Identify and profit from sales opportunities
- ✓ Assist in developing a successful marketing strategy



When Should Market Research Be Conducted?

- Starting a new business
- Expanding into a new market
- Developing a new product or service
- Developing or updating a business plan


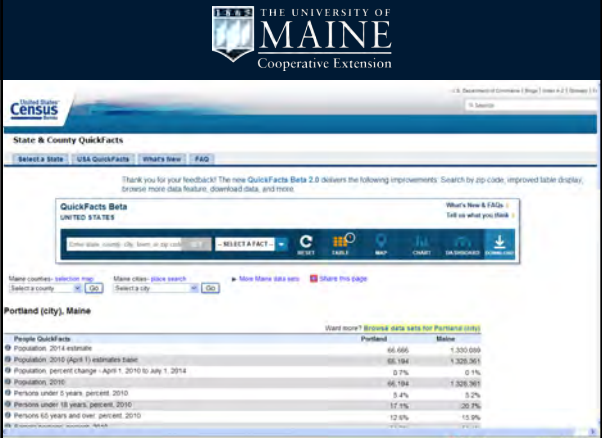
Types of Market Research

- ▶ Secondary Market Research = Use Existing Data
- ▶ Primary Market Research = Do It Yourself




Secondary Market Research

- ❖ Public libraries
- ❖ Colleges or Universities
- ❖ Federal and state agencies
- ❖ Trade associations
- ❖ Competitors
- ❖ The Internet

People QuickFacts	Portland	Maine
Population, 2014 estimate	68,665	1,353,039
Population, 2010 (April 1) estimates base	68,194	1,328,361
Population, percent change - April 1, 2010 to July 1, 2014	0.7%	0.1%
Population, 2010	68,194	1,328,361
Persons under 5 years, percent, 2010	5.4%	6.2%
Persons under 18 years, percent, 2010	13.0%	16.8%
Persons 65 years and over, percent, 2010	12.6%	15.9%

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2012 U.S. Agricultural Census

Table 2. Market Value of Agricultural Products Sold Including Direct Sales: 2012 and 2007
(For meaning of abbreviations and symbols, see introductory text.)

Item	Maine	Androscoggin	Aroostook	Cumberland
Total value (see text)	6,173	468	468	718
2007	8,126	278	1,249	600
\$1,000 2012	763,962	53,201	210,117	28,204
Average per farm	817,180	89,446	148,218	19,892
2007	62,304	115,295	229,212	29,524
2012	73,859	181,071	117,349	31,963
2012 value of sales:				
Less than \$1,000 (see text)	2,282	119	329	194
\$1,000 to \$2,499	807	38	31	26
\$2,500 to \$4,999	1,879	111	87	131
\$5,000 to \$9,999	1,022	51	42	107
\$10,000 to \$19,999	3,743	259	394	369
\$20,000 to \$49,999	1,949	93	50	66
\$50,000 to \$99,999	7,324	393	394	692
\$100,000 to \$199,999	941	67	67	67
\$200,000 to \$249,999	11,871	603	1,199	909
\$250,000 to \$299,999	240	11	18	21
\$300,000 to \$399,999	8,243	292	389	462
\$400,000 to \$499,999	497	24	24	35
\$500,000 to \$999,999	14,375	809	1,655	1,149
\$1,000,000 to \$499,999	142	7	7	12
\$500,000 or more	5,854	223	724	762
\$60,000 to \$99,999	329	26	27	49
\$100,000 to \$249,999	21,234	1,729	2,791	3,263
\$250,000 to \$299,999	328	18	18	29
\$300,000 to \$399,999	33,049	2,499	6,922	4,209
\$400,000 to \$499,999	189	6	6	12
\$500,000 or more	88,097	2,232	13,700	8,862
	243	13	107	6

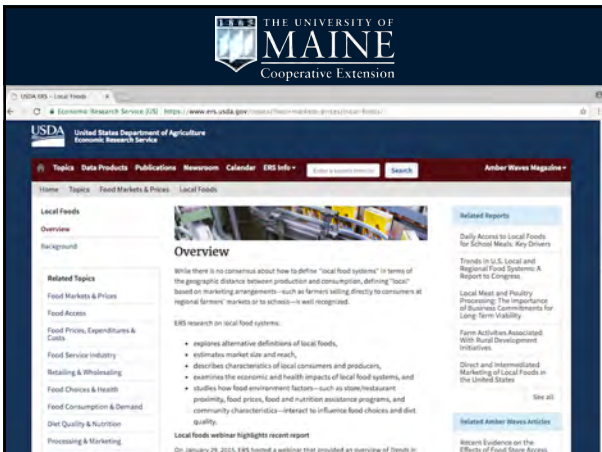


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Selected 2015 Benchmark Data from Sample Industries

Industry	Retail Farm Market	Retail Garden Center	Cash Crop	Equine	Greenhouses	Orchard Fruit	Vegetables
Current ratio	4.70	1.60	2.12	0.95	1.98	2.70	3.98
Quick ratio	1.47	0.57	0.34	0.74	0.57	1.59	1.41
% Net worth	80.8%	57.3%	73.3%	62.1%	73.3%	76.5%	81.3%
Owners' draw as % of sales	3.9%	2.6%	6.1%	8.2%	1.9%	6.6%	3.6%
Fixed expenses as % of sales	25.7%	19.0%	39.1%	45.2%	21.0%	26.9%	29.5%
Average worker equivalents	15	15	4	6	34	12	14
Gross income/Unit	\$185/SF ¹	\$89/SF ²	\$620/ Acre	\$17,176/ Stall	\$17,077/SF ³	\$7,679/ Acre	\$4,666/ Acre
Labor as % of sales	28.6%	22.5%	10.4%	18.6%	28.2%	30.8%	23.9%
Net margin as % of gross income ⁴	5.7%	5.5%	1.6%	9.4%	8.4%	12.0%	12.4%
Return on assets	2.6%	5.0%	-0.2%	3.0%	6.5%	3.3%	5.2%
Return on equity	3.2%	8.6%	-0.2%	4.7%	9.3%	4.4%	6.5%

Source: Farm Credit East – Knowledge Exchange Partner June 2016



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Why Consumers Buy—and Don't Buy—Your Farm Direct Products

Introduction: The Maine Highlands Consumer Survey

The purpose of this survey is to determine what factors affect marketing opportunities and business growth for the Maine Highlands region. The survey is designed to provide information on the attitudes and behaviors of consumers who buy farm direct products. The survey is designed to provide information on the attitudes and behaviors of consumers who buy farm direct products. The survey is designed to provide information on the attitudes and behaviors of consumers who buy farm direct products.

Table of Contents

- The Maine Highlands Community Survey
- Why Consumers Buy—and Don't Buy—Your Farm Direct Products
- Consumer Expectations for Farm Direct Products
- Factors that Affect Consumer Attitudes and Behaviors
- Summary

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Primary Market Research

- Personal Interview
- Telephone Interview
- Mail (e-mail) Survey
- Focus Group Interview



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Why Survey Your Customers?


- Learn about customer's expectations
- Determine customer's level of satisfaction
- Identify strategies for improving sales
- Develop a solid customer profile
- Identify areas for improvement



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What You Can Learn From Your Customers

- ✗ Demographic Information
- ✗ What they buy from you
- ✗ How often they buy
- ✗ What they want to buy in the future




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What You Can Learn – Con't


- ✗ How they learned about you
- ✗ Where else they shop
- ✗ How they rate your products and services
- ✗ What they like and dislike






Important First Steps


- Define clear objectives
- Determine who you plan to survey and when
- Write-up a budget for the project
- Establish a plan to administer your survey
- Develop a method for analyzing the results
- Pre-test draft survey






Factors to Consider When Designing A Survey


- Limit questions and keep them brief and clear
- Give clear directions for answering questions
- Ask a mix of questions
- Order questions from simple to more complex
- Format survey for easy completion






Factors to Consider – Con't


- Follow “yes” and “no” questions with a “why” question
- Provide a space for “final comments”
- Make sure your questions are not offensive
- Don't answer questions for them
- Provide an incentive for completing survey





How Many Do You Survey?

- If you have fewer than 1000 customers, try and survey all of them
- If you have more than 1000 customers, selecting a “representative sample” may be your best option
 - ✓ 30% response rate (RR) is excellent for decision-making
 - ✓ 15% RR is good for planning purposes
 - ✓ 10% RR will have limited usefulness
- In general, the sample size needed increases as the customer base increases in size and diversity.



Sample Customer Survey - Garden Center

Date: _____


(Please circle day) Monday Tuesday Wednesday Thursday Friday Saturday Sunday

Please help us learn more about your wants and needs by taking a few moments to complete this questionnaire. All individual responses are confidential. Place completed forms in the collection box and ask for your 10 percent discount coupon.

CUSTOMER INFORMATION (Circle all that apply.)

- You are: Male Female Single Married
- Age: under 24 25-35 36-50 51-65 over 65
- What town do you live in? _____ Zip code: _____
- Family income: less than \$50,000 \$50,000-\$100,000 more than \$100,000
- What form of advertising influenced you to shop at Sunny Hill Gardens?
 Newspaper ad Direct mail flyer/coupon Radio Television Word of mouth
 Newsletter Roadside sign Other (please specify) _____
- What newspapers do you read? _____

Source: The Garden Center Critique and Merchandising Guide, The University of New Hampshire Cooperative Extension.



Sample Customer Survey - Garden Center

- What radio stations do you listen to? _____
- How many times do you shop at Sunny Hill during the _____ spring?
 _____ summer? _____ fall? _____ winter?
- Do you shop at other garden centers? Which ones? _____
 _____ Why? _____
- Circle the most important reasons you shop at Sunny Hill:

Convenience	New and unusual products
Customer service	Product quality
Open year-round	Knowledgeable staff
Price	Like to support family business
Wide variety of products	Special promotions, events
Country atmosphere	
Other (please specify) _____	

Source: The Garden Center Critique and Merchandising Guide, The University of New Hampshire Cooperative Extension.

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Sample Customer Survey - Garden Center

CUSTOMER SERVICE

11. Please rate our services and facilities. We want to improve to better meet your needs.

Service/Facility	Excellent	Good	Fair	Comments
Easy to locate products	_____	_____	_____	_____
Parking	_____	_____	_____	_____
Courteous, knowledgeable sales staff	_____	_____	_____	_____
Hours of operation	_____	_____	_____	_____
Speedy, efficient checkout	_____	_____	_____	_____
Educational materials	_____	_____	_____	_____
Informational signs	_____	_____	_____	_____
Shopping carts	_____	_____	_____	_____
Rest areas	_____	_____	_____	_____
Bathrooms	_____	_____	_____	_____

12. Circle services you would like to see offered:

Water garden installation	Floral design
Resource library	Landscape design plans
Small engine repair	Children's play area
Other (please specify) _____	

13. What seminars/workshops/demonstrations would you attend? _____

Source: The Garden Center Critique and Merchandising Guide, The University of New Hampshire Cooperative Extension.

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Sample Customer Survey - Garden Center

PRODUCT INFORMATION

14. Circle products you would like to see offered:

Foliage plants	Small fruits
Aquatic plants	Handcrafts
Water garden supplies	Herbs
Lawn Furniture	Potting Shed
Other (please specify) _____	

15. Please rate our products and displays:

Product/display	Excellent	Good	Fair	Comments
Plant quality	_____	_____	_____	_____
Plant selection	_____	_____	_____	_____
Selection of hard goods	_____	_____	_____	_____
Prices compared with other garden centers	_____	_____	_____	_____
Product labeling	_____	_____	_____	_____
Attractive displays	_____	_____	_____	_____

Source: The Garden Center Critique and Merchandising Guide, The University of New Hampshire Cooperative Extension.

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Market Research Applications

- Developing a Customer Profile
- Evaluating the Competition
- Estimating Market Potential



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Identifying Your Target Market

Your target market includes the people that you are trying to attract


- ❖ Suggestions for targeting your market:
 - ✓ Focus on a particular geographic area
 - ✓ Focus on your best selling product
 - ✓ Focus on those most likely to patronize your business
- ❖ Consider the 80/20 rule:
 - ✓ 80% of your profits come from 20% of your customers
 - ✓ 80% of your sales come from 20% of your normal product line



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Developing a Customer Profile

- Demographics
 - Typical age
 - Income level
 - Educational level
- Lifestyle Patterns
 - Common interests
 - Beliefs
 - Behavior patterns
- Expectations
 - Quality
 - Service
 - Product mix
 - Price



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Target Market Examples

Demographic Profile	U.S. Population	Hot Sauce Enthusiasts	Pork Consumers	Frozen Pizza Consumers
Gender				
Male	50%	80%	43%	8.9%
Female	50%	20%	57%	90.8%
Age	35.5	29	55	47
Income	\$34,076	\$60,000	\$31,000	\$43,641
Education – College Grad.	23.6%	78%	<10%	26%
Household Size	2.65	1.45	2.65	2.47

Source: Wolfe, 2002



Customer Profile for "Best Customers" of the Non-White Bread" Market in the U.S., 2010

Demographic Category	Demographic Profile	Avg. Household Spending
Age of Householders	35-54	\$69
Household Type	Couple with School-aged Children	\$89
Household Income	\$50,000+	\$62-\$94
Education Level	Associate's Degree+	\$60-\$80

Source: Calculations by New Strategist based on Bureau of Labor Statistics' 2010 Consumer Expenditure Survey



Evaluating the Competition

- Identify key competitors
- Determine what customers they serve
- Analyze their strengths and weaknesses
- Identify key factors to evaluate
- Summarize the key competitive advantages



Estimating Market Potential

- Define the market size for the target audience
- Estimate market share
- Determine average yearly consumption
- Estimate an average selling price



Estimating Market Potential – Con't

$$MP = N \times MS \times P \times Q$$

Where:

- MP = market potential
- N = number of potential customers
- MS = market share - % of customers buying from you
- P = average selling price
- Q = average yearly consumption



Artisan Bread Business - Example

- N = town of 10,000 - 10% are potential customers
 - MS = currently 3 competitors (estimate = 15%)
 - P = average retail price per loaf of bread (\$4)
 - Q = average person buys 2 loaves per month
- MP = 1,000 x .15 x \$4.00 x 24 = \$14,400



Questions???



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