

New Entrants to Farming

Marketing & Negotiating



National Advice Hub
T: 0300 323 0161
E: advice@fas.scot
W: www.fas.scot



Marketing

Marketing is about going to the market to identify what it wants rather than just changing something you already make or selling something you hope the market will take. This might require a complete change of attitude and the ability to turn your focus 180 degrees. It is about building a profitable business based on real customer needs i.e. producing something the customer needs, finding the right customers and building a good relationship. Marketing, therefore, covers a very broad range of business activities and is much more than just sales and promotion.

The Benefits

A marketing focus enables you to:-

- look at what is happening outside your business and your immediate trading environment
- identify changes in the market place and take advantage of them before others do
- identify real opportunities rather than just focussing on the same things and same ways of doing things
- to improve communication and co-ordination throughout your business

Adopting this approach will increase your control of your business and reduce its vulnerability to changes in your business environment. It makes you look at yourself and your business from an objective and external point of view.

Key Steps

Proceeding pages expand on the below key steps required to implement a successful delivery model:-

1. Find out what's going on out there
2. Establish where you are / your business is
3. Do some research
4. Decide what you can do
5. Put it into practice – make marketing work for you

What's going on out there?

External factors will always affect your business and whilst these factors are out with your control, it is important to understand them and identify any opportunities they offer your business. One simple way of looking at the business environment is to list factors under simple PEST headings: Political, Economic, Social and Technological.

It is important not to be too narrow in your focus and to consider the environments of your customers and suppliers, how these might change and what would be the knock-on effects that may influence your business.

Where am I, where is my business?

To implement a marketing plan, firstly, assess and understand your starting point. Take a critical look at your business and its product(s) or service(s). Think about your Strengths, Weaknesses, Opportunities and Threats (SWOT analysis). This presents a snapshot of the current situation and should be revisited periodically.

When completing the SWOT analysis consider a number of things including resources, communication, input costs, customers and rate how good you are in relation to each of them. Being objective and honest is critical. It can also be useful to get an outsiders viewpoint.

Identifying opportunities and threats involves looking outside your business and asking yourself what opportunities or hurdles your business faces now and what might occur in the future.

What research should I do?

Gathering relevant information about your market can be formal or informal, expensive or virtually free. You can collect a lot of useful information yourself. The benefit of market research is that it helps you avoid costly errors such as putting time and effort into a business proposition that will not work. It also encourages you to keep an eye on the market at all times, and adapt to change.

Market research helps you define:

- your target market
- customer behaviour associated with your product(s)
- the customer needs which your product satisfies
- your competition

Before carrying out any market research, ask yourself what will the results be used for, in other words, what decisions you hope to take when you get the information. This will help define the right questions to ask.

What will my business be?

Before you start, decide on your target market and ensure you have found out enough about it. It can also be less risky to tackle it in stages. Start by targeting one market and slowly expand into other markets.

As you build your business, make yourself aware of what each of these new markets want and try to satisfy as many of their requirements as possible in your initial business proposition. There will usually be minor changes to be made when moving from one market to another but costs can be saved by taking a longer-term view at the outset.

Defining your product is essential if it is to meet the needs of your target customers. Look at your product through your customers' eyes. Ask yourself why customers would want to buy your product. This will affect how you market your product to ensure it appeals to the purchaser. You must be able to clearly explain and define what you are selling and have confidence in its back-story (the brand and unique selling points) when trying to sell this product to a prospective customer. Information collected through market research will help you to develop your product and its marketing.

Implementing my plans

Now that you have identified where you are and gathered information to help you decide what to do, consider the opportunities available to you in more detail. You are trying to identify something that will give you a competitive advantage, something that differentiates your product from the competition. You must set yourself realistic objectives that consider, the current status of your product range, your target market, and what assumptions you are making.

You have four major options concerning strategic direction:

		Product	
		Current	New
Market	Current	Trying to increase your product's presence in markets already supplied. PENETRATION	Developing new products for your markets already supplied. NEW PRODUCT DEVELOPMENT
	New	Approaching new outlets with your product range. EXTENSION	Diversifying by developing new products for new markets? DIVERSIFICATION

Figure taken from Ansoff's Growth / Vector Matrix

You can choose to develop a Strategic Marketing Plan - a statement of your intention to achieve a specific result and how you intend to do this.

Successful products and businesses are those that have created a competitive advantage, that is, a distinctive benefit that other products do not have. If your business is one that allows you to set the price for your product then think carefully. Pricing is an important part of your marketing strategy, it is a crucial determinant of profit and can radically affect sales volume.

Your research will have shown you what promotions currently go on in the market, what your target customers prefer and what your key competitors are doing. Think carefully about what you are trying to achieve and set yourself objectives.

Agree a timescale for your marketing activities and think about the control mechanisms and ways of measuring your performance. As you implement your plan, monitor progress against your objectives and budget. This will enable you to quickly identify areas where you are falling behind and the reasons why. Take steps to remedy the situation and get back on schedule.

Negotiating

Negotiating is about compromise. It is about achieving a mutually acceptable deal. To negotiate you need to be able to say 'no' and remember you can always walk away, but equally you must also be in a position to be able to say 'yes' to the right deal.

The process of negotiation requires the parties involved to move from their ideal positions to a position that is acceptable to both. The diagram below shows that two people will have different ideal outcomes and also limits beyond which they cannot go. The area of cross over is where a deal can be struck and is known as the Bargaining Arena.



It is important to prepare for any negotiation. Be clear about what you want to achieve and gather information that will be useful, such as facts about the market / product / service you are negotiating about and what is important to the person / business you are negotiating with. Think about how you will handle different responses from the person you are negotiating with. This preparation will help you to be proactive rather than reactive, thereby making you stronger and helping you get a better deal.

When you meet with the person / business, the initial discussion is important. This presents an opportunity for you to gather information and test any assumptions you have made. Think carefully about how you come across; avoid emotional behaviour, which can give information about your position. It is important to listen more than you talk. During the discussion listen to the words used as they tell you if the person is willing to move on a specific point or if they are unhappy about a specific issue. Start to offer conditional solutions using 'If' as your price tag. For example "*If you would consider then we might*". Think creatively, think about what the other person is interested in and when making any concessions think about their value to the other person.

Ask yourself:

1. What is the concession worth to them?
2. What does it cost me?
3. What do I want in exchange?

When you are bargaining with the other person never give anything away free, because no matter how little it may cost you they might see it as more valuable. Remember: "*If you then I*". If there are many different issues on the table then link them so you can trade them and use them as bargaining chips.

Once you feel you have reached the best deal you are likely to achieve then bring the negotiation to a close. Ensure the close comes across as credible and remember to summarise everything that has been agreed.

Hints and Tips:

If you're buying / selling something.....

- Think about your strategy
- List the features and benefits of what you're trying to buy / sell
- Write down the steps of your purchasing / sales plan

Cooperatives

Co-ops play an important role in agriculture and working collaboratively with your neighbours or others in your market is always worth considering. Think about what you are trying to achieve and what business advantage there could be if you worked with others in your supply chain. There are plenty of examples of how co-ops have supported businesses and how working collaboratively across the supply chain, either horizontally with other farmers, or vertically with suppliers and/or customers can bring business benefit.

Key Contacts

<p>Scottish Government: Fraser Dryburgh, Food, Drink & Rural Communities Division, T:0300 244 9290 E: fraser.dryburgh@scotland.gsi.gov.uk</p>	<p>SAC Consulting: FAS New Entrant Programme Manager, Kirsten Williams, SAC Consultancy T: +441888 563 333 E: Kirsten.williams@sac.co.uk</p>
<p>Business Gateway: Edinburgh, T: 0131 516 9601 E: bglothian@bgateway.com</p>	<p>SAC Food & Drink team: T: 01224 711 044 E: food@sac.co.uk</p>
<p>Scottish Enterprise: Glasgow, T: 0845 607 8787 E: enquiries@scotent.co.uk</p>	<p>Scotland Food and Drink: Ingliston, T: 0131 335 0942 E: info@foodanddrink.scot</p>
<p>SAOS: Ingliston, T: 0131 472 4100 E: saos@saos.coop</p>	<p>Scottish Manufacturing Advisory Service: Bellshill, T: 0845 607 8787 E: scottishmas@scotent.co.uk</p>
<p>Skills Development Scotland: Glasgow T: 0800 917 8000 E: info@skillsdevelopmentscotland.co.uk</p>	