WHAT KIND OF JEANS do you wear? Do you always purchase the same brand? If so, why? A great deal of thought is given to marketing jeans and other agricultural products and services. This unit examines marketing as well as its components and objectives.

Objective:

Examine the marketing of agricultural products and services.

Key Terms:

brand  
break-even  
distribution channel  
marketing  
marketing mix  
place  
price  
product  
promotion  
value  
value-added products

Marketing

Marketing is the activity or processes that create, communicate, deliver, and exchange products and services of value for customers. The marketing industry includes research, advertising, distribution, and sales. Value is the perceived benefit customers receive. It is related to the availability and attainability of a product as well as customer need fulfillment.

THE MARKETING MIX

The success of marketing is dependent on the marketing mix, which is the combination of marketing components within the control of a marketer. The marketing mix includes product, price, place, and promotion. It is often referred to as the “4 Ps” of marketing. The mix describes a product’s strategic position in the marketplace.
The term “marketing mix” was coined in 1953 by Neil Borden, then president of the American Marketing Association. The four Ps do not stand alone. Each of them must be addressed for a company to achieve its marketing objectives.

**Product**

A **product** can be a tangible good that is mass produced, a service a business offers, or a concept. In terms of tangible products, the product includes the packaging and the customer-service policies that back it up. All products go through a life cycle that includes the introduction, a growth phase, a mature phase, and a decline. A business must have products in different phases of the product life cycle to develop a steady and profitable business. This is why it is imperative that businesses continually develop new products.

**Price**

The **price** is the amount of money exchanged for a product. It is a measure of the value customers place on the product. A pricing strategy must present customers with a price they believe is a good value for a product and still help the company achieve profits.

Many businesses make the mistake of treating price as simply a math problem. They consider all of the costs involved in the development, production, and distribution of a product plus some added profit. Instead, product pricing should start with the breakeven price and add in a level of profit equal to the value a customer places on the product.

**Breakeven** is the price that must be received to cover all of the costs involved in product development, production, and distribution. If customers value a product for less than the breakeven, the product should not be produced. Companies should develop a pricing strategy to increase sales and profits while counteracting the actions of the competition.

**Place**

In the marketing mix, **place** can include a physical location where the product is bought and sold or a virtual store. Place is often thought of as a distribution channel for the product. A **distribution channel** is the way in which a product gets from where it is produced to its final destination: the possession of a customer. The typical progression through the distribution channel is a product moving from the manufacturer to a wholesaler to a retailer to a customer. A mantra for place is “Getting the right goods in the right quantity to the right place for the lowest possible cost without sacrificing customer service.”
Promotion

Promotion includes all aspects of marketing communication, including planning an advertising campaign, training the sales force, and getting advertising and gimmicks into the marketplace.

The three classifications of promotion are advertising, sales, and sales promotions. Product promotion gives a company the chance to temporarily increase sales, create a sense of urgency to buy, or fabricate temporary excitement among consumers. The objectives of any promotion should include encouraging trial use, building product awareness, and/or rewarding customer loyalty.

A Fifth P?

Many marketers are now considering “people” as a fifth “P” in the marketing mix. People as a part of the marketing mix focuses on the service people provide to potential customers and existing consumers.

BRANDING

Companies work diligently to establish a popular brand among consumers. A brand is made up of many elements that together create an emotional feeling in customers about a company, its people, and its products. The emotional attachment that a brand secures helps a company’s offerings stand out in its consumers’ minds. Over time, a strong brand builds a wealth of value to a customer and, in turn, the company itself.

Elements of a Brand

Elements that help create a brand include the company logo, slogans, musical jingles, color schemes, graphic design elements, compelling packaging or advertising, staff demeanor (in person and on the phone), store locations, and the staff dress code. Individually, none of these elements can be considered a brand. In combination, however, they begin to build a brand.

To build an effective brand, a company must actively market itself and its products or services. Every marketing activity should support the brand a company has chosen to construct. Ultimately, effective brands offer the customer something each time the
customer experiences it. Sometimes that “something” is tangible, but other times it is intangible.

Brands cannot be built overnight. It often takes years and many encounters with a company before a brand is established in a customer’s mind.

Beyond the company being perceived as credible and offering a compelling product, a customer must feel some type of personal connection to the business. Part of building a brand involves the company understanding that a customer’s emotional attachment is essential and that a brand image is ever-evolving. In this case, emotion can equal profit for the company.

Once a brand is established for a customer, the brand promise must be kept each time the customer encounters it.

VALUE-ADDED PRODUCTS

Recent decades have brought a change—driven by consumers—in how agriculture producers must think about their marketing and branding strategies. Until this point, producers were able to produce crops or livestock and sell them as commodities. This process did not require understanding consumers or their wants and needs. It simply meant farming or ranching to produce a raw product that would go to another industry to be processed and marketed to the public. As consumer incomes have increased, greater emphasis has been placed on convenience, quality, variety, health, and social issues. Hence, value-added agriculture has become a mainstream marketing avenue.

Value-added products are items that have been changed or transformed from their original state as an agricultural commodity. The process of changing the commodity inherently adds value to it as it becomes more usable for the consumer. The customer base also typically expands, and the amount of profit grows for the producer. Examples of value-added agriculture products include wheat that has been milled into flour; straw-
berries that have been made into jam; organic cotton that can be marketed to a specific group of people that place a high value on the organic qualities; herbs that are dried, mixed, and packaged for convenient use in cooking; and field corn that is fed to livestock, which is then transformed into meat.

For agriculture producers to effectively make and market value-added products, they must be able to adapt quickly to market changes and consumer preferences. To do this, they must be open to exploring new ideas and ways of operating. A key to effectively marketing value-added products is for producers to network and develop alliances. **Networking** is connecting with other people (e.g., online, in person, or via some other means) who share similar values, visions, ideas, conflicts, or business structures.

**Summary:**

Marketing is the activities or processes that create, communicate, deliver, and exchange products and services of value for customers. Value is the perceived benefit customers receive.

The marketing mix includes product, price, place, and promotion. A product can be a tangible good that is mass produced, a service a business offers, or a concept. The price is the amount of money exchanged for a product. Place refers to a physical location where the product is bought and sold or a virtual store. Promotion includes all aspects of marketing communication.

A brand is made up of many elements that together create an emotional feeling in customers about a company, its people, and its products.

Value-added products are items that have been changed from their original state as an agricultural commodity. The process of changing the commodity inherently adds value to it as it becomes more usable for the consumer.

**Checking Your Knowledge:**

1. What is marketing?
2. What are the components of the marketing mix?
3. What is a brand?
4. How is a brand established?
5. What are value-added products?
Expanding Your Knowledge:

Conduct an informal study of brands. Design the study to identify the most recognizable brands. Involve classmates and family members in the activity. What do the brands say about the products or companies?

Web Links:

All About Marketing
http://managementhelp.org/mrktng/mrktng.htm

The Marketing Mix
http://www.netmba.com/marketing/mix/

Adding Value to Agricultural Products
http://trmep.tamu.edu/cg/factsheets/rm1-8.html

Brand
http://en.wikipedia.org/wiki/Brand

Agricultural Career Profiles
http://www.mycaert.com/career-profiles