

Module 2: Marketing

Contents	
2.1 An introduction to marketing	2
2.2 Marketing planning	3
2.3 Market research	4
2.4 Deciding on your product	5
2.5 Quality assurance	7
2.6 Deciding on the price	12
2.7 The importance of selling	13
2.8 Agri-marketing channels	17
2.8.1 Contract farming	18
2.8.2 Direct farm sales	19
2.8.3 Field agents	19
2.8.4 Collection points and assembly markets	19
2.8.5 Wholesale and auction markets	20
2.8.6 Retailers and retail markets	21
2.8.7 The food service industry	22
2.8.8 Exporting	22
2.9 Promotion	25
2.9.1 Image	25
2.9.2 Advertising	26
2.9.3 Publicity	26
2.9.4 Events and demonstrations	27
2.9.5 Media relations	27
2.10 E-commerce	29
2.11 Links and further information	32

Main objectives of the module:

By the end of the session, participants will be better able to:

- Understand the importance of effective marketing to a farm business
 - Prepare a marketing plan
 - Undertake simple but effective market research
 - Decide on which product and pricing strategy to follow
 - Understand the relative importance of product quality
 - Prepare a sales plan
 - Determine appropriate channels for distributing products to customers
 - Understand the special nature of product export
 - Consider alternative options for promoting their products and farm business
 - Understand the possible uses of e-commerce technologies in their business
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2.1 An introduction to marketing

Over 80% of persons involved in agribusiness are involved in marketing and not in production. Agricultural marketing is a large and important discipline in the agribusiness output sector. Agribusiness marketing activities generate almost 15% of western European gross domestic product. Yet of the billions spent by consumers in Western Europe for food products, less than one quarter is returned to farmers, while three quarters is used for marketing costs. Most farmers know this, but they often under estimate the marketing effort and the value added by the downstream marketing sector and the missed business opportunity that this represents.

Most farm output is in fact useless to the consumer without some kind of processing and intermediary service. It is highly perishable, it is not standardised by size or quality, it is variable in quantity and quality over the year and produced far from centres of consumption. In fact the needs of farmers and consumers might be described as almost being directly opposed as shown in the following table:

TABLE: Ideal situations for farmers and consumers

FARMERS	CONSUMERS
For produce to be purchased at the highest possible price	For produced to be purchased at the lowest possible price
For all produce to be purchased regardless of quality	To purchase only the highest quality possible
For sales to be made as close to the farm as possible	For purchases to be made as close to home as possible
For produce to be sold immediately after harvest	For produce to be available throughout the year
For products to be sold without any packaging	For produce to be available in packs if required

Intermediaries add utility and value to the raw material by transforming it into consistently available consumer products. If the farmer share of consumer food expenditure is to increase it will depend on:

- Providing services currently supplied by the downstream sector, for example by processing farm output or selling direct to the public
- Achieving a marketing premium by contributing to improved marketing channel efficiency, for example by reducing buyers costs, or by meeting a specification that buyers could not otherwise reliably obtain

Running a farm is not simply producing and hoping that customers will come to buy. Customers will pay for what they want and not necessarily what we might want to sell them. While every farm wants to be profitable, these profits are generated from sales to satisfied customers. Marketing is an essential farming discipline and it is becoming increasingly essential to success. Good ideas alone will not guarantee success. The best product or service in the world is of little value unless there are people that want

to buy it. Success in agri-marketing involves understanding the buyer and offering them a product that will be chosen over all others.

2.2 Marketing planning

Marketing is a fundamental component of the business plan (see module 1). 4 key elements will need to be assessed and a clear plan for each prepared. These are, the product (what you are going to produce), the price (how you will set the price and at what level), the place (how you are going to get your products to the customer) and promotion (how you are going to tell people about your business and your products).

The Marketing Mix

Element	Factors to Consider
<p>Product or Service Products are bought by customers to meet a need or a want (2.4 Deciding on your product)</p>	<ul style="list-style-type: none"> <input type="checkbox"/> It is important to find out what your target customers want (2.3 Market research) <input type="checkbox"/> It is important to consider the correct varieties/breeds, levels of quantity and quality required (2.5 Quality assurance)
<p>Price A crucial part of the mix. The price must be right if customers are to buy in sufficient quantities to ensure a profit (2.6 Deciding on the price)</p>	<ul style="list-style-type: none"> <input type="checkbox"/> The right price for quality goods is a fair one. Price and quality must be balanced successfully <input type="checkbox"/> Fair does not necessarily mean cheap. If you set the price of a product too low customers may assume that its quality is inferior
<p>Place (Distribution) The “bridge” connecting you to your customers such as a wholesaler, processor, retailer or even the final consumer</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Remember that not all potential customers will come to you. You will have to go to them (2.7 The importance of selling) <input type="checkbox"/> Numerous marketing channels exist. You do not necessarily have to restrict your self to one. Find the best for you (2.8 Agri-marketing channels) <input type="checkbox"/> Technology offers you new and innovative sales options (2.10 E-commerce)
<p>Promotion Promotional activity such as advertising informs customers of what is offer and can persuade them to buy</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Promotion can help sell a product but only if the product is as good as you say it is <input type="checkbox"/> Advertising is only one form of promotion. There are many more. Make sure you consider as many as possible and so you don't waste money (2.9 Promotion)

The following discuss each part of the marketing mix in more detail. Prepare your own marketing plan based on this information.

2.3 Market research

Developing a marketing plan starts with analysing the market to see what is needed before beginning production. You need to understand your market, your competition and consumer trends to be able to forecast potential sales volumes and prices. You can conduct market research yourself or contract research agency. But avoid gathering facts for the sake of it – look only for what you can use. In particular it is vital to build up a clear picture of who your customers are.

Exercise:

- Who are the current and potential buyers in your identified market?
- Where are your customers located?
- Who makes the buying decision?
- Can you get an adequate share of the market by offering a better product or service than competitors? What are your unique or different sales advantages?
- What do your customers need in terms of product features and quality?
- How best to grow, price, promote or distribute your product to your preferred market?

Think about the types of channel through which you want to sell, such as, agents, wholesale markets, processors etc. (**2.8 Agri-marketing channels**) and find out from them what, where, when, why, from who and how they buy. You should also consider the final consumer. People of different ages, genders, family status, income levels, occupations, marital status, location, ethnic group, education etc. may all have different needs. Find the market opportunity that best suits you.

Case Study 7 La Hogue Farm Shop and **Case Study 11 Kourtellaris Imports and Exports Pack-house** both show the importance of carrying out proper research before starting new and potentially expensive business ventures.

In-depth market research is not necessary in most situations a market study should be a short exercise so as to keep the costs low, but time and effort spent on reliable research of the market will be rewarded. Know your customers well - watch them, talk to them, ask them questions and find out all you can. You can also get information about existing and potential customers from a variety of desk based sources, such as:

- Your own farm such as invoices, dispatch notes, mailing lists or sales statistics
- Competitors catalogues
- Specialist libraries
- Government trade desks and Chambers of Commerce
- Embassies
- United Nations and World Bank statistics and reports
- Indexing services and abstracting from business newspapers and magazines

- Government statistics
- Trade associations
- Trade and technical journals
- Market research reports
- The Internet
- Banks and accounting firms

Create as many channels as possible for customers to give you their views, such as comment cards or feedback from your website. Ask your customers what they think about your products or services.

You should also try to know what your competitors are doing. Know their strengths and weaknesses so that you can be confident that you are better. Send for their publicity materials, sales information and price lists. Read their advertisements and websites. Try their products or services. Enquire about their delivery, credit terms or special offers. You may find that some of their ideas are worth copying or adapting.

Finally keep abreast of trends in markets over time for different markets and products. The following exercise: is a good place to start:

Exercise:

- What are the main trends for your existing products and markets? Is demand increasing or declining?
- What new growth areas are likely to develop in the next 5-10 years?
- What media (journals, websites, TV programmes etc.) should you refer to regularly in order to get a good idea of what is developing?

Exercise:

Prepare a simple questionnaire for consumers of a food product. Interview a minimum of 10 persons individually using your questions. What were the most important answers? Was your sample representative of a specific customer group? How could your questions have been better phrased?

Exercise:

Go to your local store/supermarket and for fresh fruit and vegetables make a list of their availability. Make an estimate as to what the same shelf will look like in 10 years time. For example - Which products will grow in demand and which will decline?

2.4 Deciding on your product

In Western Europe expenditure on food accounts for less than one fifth of average household expenditure. At the same time trade globalisation and increased numbers of suppliers has increased the numbers and ranges of food products available. Innovative food industries are forced to compete and add value to production. In Europe consumers have more than 230,000 packaged food products from which to choose. More than 15,000 new grocery products are introduced each year. However the industry estimates that the failure rate of new products is around 90%, so the risks are high.

You may find the income you are getting from your existing crop/livestock is becoming increasingly unsatisfactory. This may be because too many other farmers have been growing the crop/livestock during the season or it may reflect a longer term trend reflecting issues such as:

- Changes in the lifestyle of the consumers
- Demographic changes
- Introductions of new and improved varieties and technologies
- Increasing competition
- Changes in government policies

Food markets and lifestyles can change rapidly. As incomes grow, the demand for higher quality and more innovative production also grows. Consumers may look for healthier foods or show concern for the environment or the way food is produced. Where both spouses work outside the home there is less time for food preparation. This results in pre-cooked or microwave meals becoming more popular or more people eating away from home in restaurants or fast food outlets. Where people have more leisure time or travel to other countries for holidays this raises interest in other non-European foods and exotic meals.

Do you know the way in which your food market is developing? Use the research information you have collected in order to decide your strategy. Many farmers have responded by growing organic crops, or promoting healthier and environmentally friendly options. Other producers have diversified their business into areas such as farm restaurants, wineries, shops, children or tourist centres or “pick your own” production (*see module 4 diversification*).

In agriculture the basic product decision may be limited to some extent by the natural environment (soil/climate etc.) but this is also not unusual in other industrial sectors (for example remoteness from population centres would limit the viability of a leisure centre). It is rarely the case that new products cannot be introduced or existing products cannot be modified and re-positioned in the market to add value and so gain a competitive advantage.

When your products are better than those of your competitors or when customers recognise this superiority, you have a real advantage. But very few organisations are in such an enviable position as few products are unique. There are obvious advantages in selling a product that is new to an area but this is often not possible. A good compromise may be to modify an existing product to create something different and so appeal to a new market. For example earlier maturing apples or perhaps introducing new or more “exotic” crops. By shifting production to a different crop you may be able to increase revenue and profits.

The real challenge lies in finding a way to differentiate your product from the almost identical offerings of your competitors. Think about taking the best ideas of your competitors and improving on them and to gain a competitive advantage, identify the attributes that customers value.

Case Study 7 La Hogue provides an example of a farm business that has developed a product range targetted at higher value markets, a combination of convenience (pre-cooked food) and quality (homemade food).

Exercise: Plot your existing products/services on the following graph

	Decreasing	The market	Increasing
Increasing			
Your sales			
Declining			

Decide on the basis of this information:

- Which products you should invest into in the short term and long term
- Which products you should drop

2.5 Quality assurance

The purpose of food is for either human or animal consumption and it may be viewed simply as sustaining or improving the quality of life and as a nutritive or medicinal compound. This is of particular importance in underdeveloped economies and so too is food safety. Consumer safety is one of the most critical and priority issues for the food supply chain. However as economies develop quality assurance in the food industry has focused on the increasing awareness by consumers not only of food safety (which is expected) but also to increasingly higher demands for consistently better quality (which is perceived). Customer expectations and perceptions (taste, smell, freshness, visual appearance) have become of ever increasing importance.

Quality assurance is essential to satisfy not only the legislative requirements of the European market but also consumer demand. Very few customers will tolerate inferior goods or services. If quality varies customers will not know what to expect and as a result they will stop buying it. The actual quality of a product has to be decided and at a price customers can afford. Wider environmental implications, such as, chemical applications and pesticide residues, food hygiene, ethical trade and

production methods, packaging, presentation or nutritional value may need to be considered as part of a “quality assurance” package and including the traceability of produce through the entire market chain.

Product specifications need to be developed in order to ensure that the farm is able to maintain its quality standards and reputation within the market. This requires detailed specifications as to the quality of produce to be delivered (such as by size, colour, variety, quantity etc.) as well as procedures to be followed for picking, storage, delivery and transport. Farms without these controls are less able to add value for the client.

There are more than 20 food safety assurance schemes plus numerous industry codes of practice, retailer schemes and certification systems operating across Europe. Most are voluntary and have been developed to establish production standards for a wide range of foods. They often cover not only food safety but also other issues such as environmental protection of quality assurance. Increasingly major buyers are requesting minimum facilities, production areas, quantities and specifications as a requirement of supply and also have their own regulations.

Although food assurance schemes cover around 65% of food production in Europe it is still sometimes difficult for consumers to make informed choices about buying food as each have different standards. Some of the more widely recognised schemes are highlighted below.

The ISO (International Standards Organisation) 9000 is a quality system aimed primarily at preventing and detecting nonconformity during production and supply and implementing the means to prevent its recurrence. ISO 9000 was initially introduced into the food-processing sector but has been extended into other industrial areas, including agricultural production, packing and distribution.

The European Retailer Partnership (EUREP) is a voluntary subscriber organisation comprising of retailers and farmers and aiming to internationalise the concept of safe and assured agricultural produce and establish a global standard. The scheme aims to recognise the progress made in implementing good agricultural practice (GAP) including integrated pest management (IPM) and Integrated Crop Management (ICM).

Global Food Safety Initiative (GFSI) was established to attempt to endorse the various numbers of national food safety schemes and standards around the world into one set of criteria or key elements. This enables schemes in different countries to become verified as equivalent to standards that buyers are already aware.

European Norm Standards (EN) primarily focus on environmental standards and are becoming an increasing feature of food industry assurance schemes. Accreditation to the EN 45011 standards is already a requirement for organic and geographically designated foods and farm assured products.

Total Quality Management (TQM) is not a standard but rather a management philosophy. It is an approach to quality that extends to every activity and person.

TQM aims to create an environment that enables everyone to improve their performance by making continuous improvements (however small) in everything they do.

Codex Alimentarius - As international trade has grown, the Food and Agriculture Organisation of the United Nations have attempted to group all standards under the same legal framework in order to allow better clarity, transparency and co-ordination between different systems and control procedures and so harmonise the implementation of marketing standards and allow the free movement of produce.

Hazard Analysis Critical Control Points (HACCP) is a structured and preventative system. Essentially products are traceable from the farmer to the consumer. The whole production and marketing system is mapped and potential hazards identified at each step in the process so that preventative measures can be adopted. The European Union has issued directives for HACCP principles for meat, milk and sea products as well as a general directive for food hygiene in the white book for food safety. Increasingly agri-businesses are being required to implement a HACCP traceability system to maintain competitive on European markets. The HACCP system is based on seven components:

Component 1: Plot in detail the process from production to your buyer. Determine any potential hazards that might occur e.g. wrong chemicals, glass in a packaged product etc.

Component 2: Identify critical control points. These are the points where a potential problem might arise, e.g. selecting chemicals or packing produce. These points will need particular attention and control

Component 3: Determine hazard critical level parameters. These limits are determined so we know at which limits the hazard is under control. For example in a dairy processing unit milk pasteurisation is conducted at temperatures between 73 ± 1.5 °C for 15 seconds. When measured and the value is between these temperatures then the potential hazard is under control.

Component 4: Set up a monitoring system and carry out routine measurements or observation of critical control points. Equipment will be needed for measurements but this is not necessary for observations

Component 5: Determine corrective actions. When observation or measurements indicates that the hazard is not under control, the necessary corrective actions must be known so that it can be brought back under control.

Component 6: Set up an efficient system of recording and filing activities. Keeping records helps you and also the buyer or public health authority if details are requested

Component 7: Verifying the correctness of your system. This can be conducted either internally or externally (by a buyer, accreditation agency or state authority).

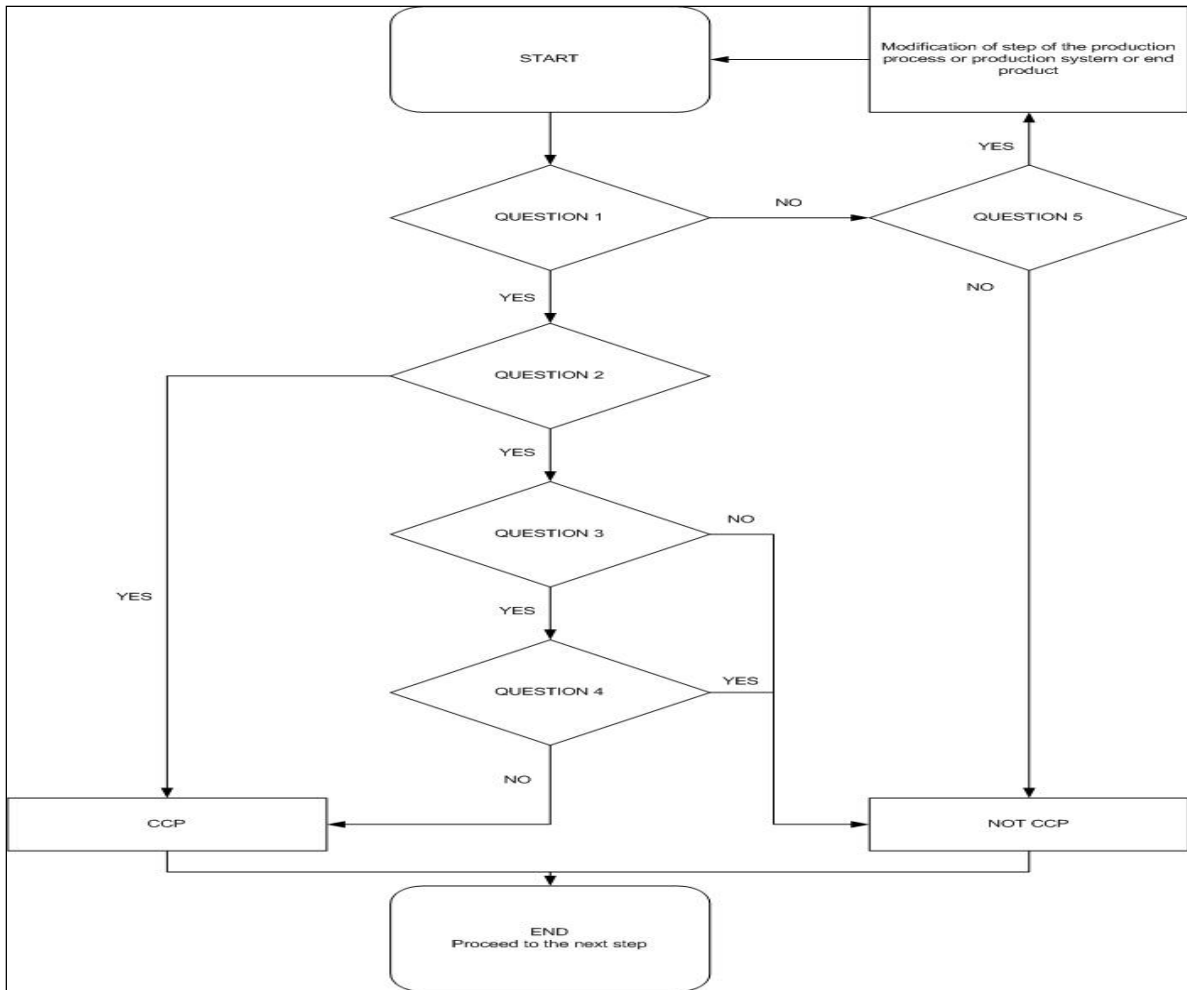
You may use the following decision tree when determining your critical control points (component 2):

Decision tree questions for critical control points	
Question 1	Could there be prevention measures for hazards at this step?
Question 2	Can hazards be destroyed at this step? Is it possible to reduce hazards to acceptable levels at this step?
Question 3	Are hazards possible to emerge at this step? Can they exceed the acceptable levels at this step?
Question 4	Is it possible that hazards are destroyed or reduced to acceptable levels at a following step?
Question 5	Is the control of this step necessary for the safety of the product?

According to your answers a conclusion can be drawn as to whether the production procedure you are using is efficient in destroying or reducing hazards or not. If the answer is no, a modification to the corresponding steps of the production process or in the whole production system will be necessary.

The decision tree for critical control points in the HACCP system

(Food and Agriculture Organisation of the United Nations)



Exercise: Think of a product. Take one component of the production (e.g. applying pesticides), post harvest (e.g. field handling) or marketing (transporting to market).

Consider in detail all the processes involved in this operation and plot them on a chart. Then identify all the potential areas whereby the product may be damaged or contaminated. Reference each risk and say how you would ensure it was minimised and how you would control it.

Case Study 3 Priors Hall Farm is an example of a farm business that focuses on quality assurance and traceability through detailed inspection, control and record keeping through cereal/feed production, pig rearing and meat processing in line with all EU and Assured British Meat standards.

Case Study 8 Spencers Farm Shop and **Case Study 12 Orto 40 S.N.C** are examples of farm businesses that have developed quality assurance and traceability systems alongside buyers of fruit and vegetables

Case Study 13 Orto Sole is a farm dedicated to developing an integrated and traceable system from production, post-harvest and packaging to customer delivery that conforms to EN and ISO 9001 standards as well as Italian and EU assured produce schemes.

Case Study 22 Cooperativa Euro-ortofrutticola Del Trigno are a large farmer owned cooperative where all members are EUREP/GAP certified and undertake an extensive traceability and quality assurance system.

Case Study 5 Marybelle and Suffolk Meadow Ice Cream presents a farmer owned milk processing factory that has implemented a HACCP food safety and quality assurance scheme in England. **Case study 6 Pingue** shows HACCP being implemented for meat supply and processing in Italy.

2.6 Deciding on the price

For the farmer perhaps the most critical time in the production/marketing chain is the point when they negotiate a price with the buyer. Successful business relationships are self-sustaining if they bring advantages to both sides. Generally however many farmers are at a disadvantage in price negotiation because of lack of knowledge. Their strength in negotiation can be increased by:

- Growing crops for which there is a strong demand
- Being aware of prevailing market prices and conditions and how these translate back into grower prices
- Knowing the break even cost of production and marketing

Pricing is a very delicate matter. It is essential to get it right. Poor pricing can mean no money for effective marketing. The selling price influences profit in a direct way. Profit is the difference between a products sales price and the how much it costs to produce. Without identifying and delivering products to markets at reasonable prices, profit will not be attained. Prices that are too high will cause customers to go elsewhere. Prices that are too low will make little or no profit and a downturn in your market can bankrupt the farm. A well-constructed pricing policy will ensure that you operate profitability.

Firstly it is important to work out the full costs of producing the product or providing a service as accurately as possible. Costs come in two categories:

- Fixed costs* - rent, lighting, heating, wages and insurance
- Variable costs* - which can increase or decrease. These depend on the level of business activity. Example of variable costs includes; raw materials, transport, postage, packing or bad debts

Watch out for hidden costs such as wasted produce or materials or depreciation (the cost of replacing equipment) and don't overlook the taxes to be paid. Once you know how much it costs to produce you will then be able to determine how much you have to sell (and at what price) in order to breakeven.

The maximum price the customer is prepared to pay is particularly important for planning the finances of the farm. But there is no fixed link between price and cost. You can raise prices even if your costs have not increased and lower them without necessarily responding to a decrease in costs. The most important factor is what your customers are prepared to pay. Find out about your customers buying habits and keep records of all prices for later reference.

Few customers buy solely on the basis of price and the leading company or product in any market is very rarely the cheapest. Consider selling on value to the customer and not just on price. Price based selling will mainly attract price sensitive customers and low price in the eyes of many customers is often equated with low quality. Rarely do customers buy products simply because they are cheap. Usually there will be a combination of several motivating factors to buy. Easy payment terms, friendliness, honesty, reliability, quality, service or the availability of the product might also be decisive. It is important to know what motivates your customers. This will help you to understand some of the difficulties you may have in selling to them and make you think before taking such a drastic step as cutting prices.

The reasons why customers buy products are sometimes complicated. The price is not the only reason. Try to think of 4 other reasons why a customer might buy a product or service at a slightly higher price.

2.7 The importance of selling

Sales are particularly important for any farm. If we cannot maintain or increase our sales, we will have to reduce our costs. The sales objective is therefore to increase total sales income. Selling is one part of marketing and requires a professional and systematic approach. The selling process should never stop. You should always be confident of your products or services and promote them whenever possible.

You should not wait for customers to come to you. The more prospects you contact the



more sales you will get. You will certainly achieve success with some of them. Every week you should aim to visit, or talk with, as many existing and potential customers as possible. Many farmers are often reluctant to contact customers, particularly ones they do not know, but it is important to develop a sales plan and to set achievable sales targets for your farm business.

Exercise: From the chart below make a sales visit plan. Put in the names of the people you feel you need to visit as prospective or current of your product:

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday

Exercise from the table below estimate your expected sales for a specified product by week month or year. Later you can include your actual sales in the next column

Sales week no:	Mon Target	Mon Actual	Tues Target	Tues actual	Wed Target	Wed actual	Thursday target	Thursday actual	Friday target	Friday actual	Weekend target	Weekend actual
Sales value												
Weekly total	Target						Actual					

Complete a similar table by month and for the year. This will enable you to forecast your annual sales target and determine your target costs, cash flow and profit for the year ([see module 1 farm business planning](#)).

When selling products many farmers tend to focus only on their features, such as the quantity, colour, taste, size or freshness. But customers do not look only for features they also want to know the benefits to them, for example are the products healthier?

Will deliveries be faster or more regular? Start by listing the features of your products and then add the benefits that customers will derive from them.

Do you have a unique selling point? Even an indistinguishable product might have a claim to uniqueness. Perhaps you are the only local farmer to offer such a service or maybe you were the first to make it available. You could be the newest, the nearest, the most experienced or the largest. Perhaps you have won awards or have certain important qualifications. Advantages over other products need to be emphasised.

Exercise: For your products write down their features (e.g the variety), their unique characteristics (e.g. organically produced) and the benefits a buyer/consumer is likely to expect from them (e.g. healthier or better tasting)

<i>Product features</i>	<i>Unique characteristics</i>	<i>Buyer/consumer benefits</i>

Ask yourself: Why would a customer choose us rather than one of our competitors? If you cannot come up with at least one compelling reason try using incentives. These can encourage customers to opt for you instead of a rival. Could you introduce ways to show customers actively how much you value their business? But be sure to work out costs and benefits very carefully before taking this route. If you offer an expensive incentive, you or your customer will end up paying the price. It needs to be cheap to you but attractive to the customer.

The first place to look for new sales is by selling more to existing customers. This is often far easier and cheaper than finding new ones. They already know you, trust you and should feel positive about you. Make an analysis of where your main business comes from in terms of volume and profit. You will find that 20% of your customers account for 80% of your income. By qualifying your buyers you can spend most time with the most important ones.

Case Study 20 *Cooperativa Agricola Valdarnese* is an example of a business that work hard at maintaining their well-established and regular customers. A customer contact network has developed and the cooperative bring regular customers on to their farm as often as possible for events such as wine tasting.

Divide your customers into groups. You may have low value, regular or occasional customers. High value customers might require more attention, but remember even the seemingly smallest of customers can have a considerable lifetime value and small accounts can eventually become very big ones. For each customer maintain records of sizes of purchases, date of purchases and your potential of increasing sales to them in the future. Use the table below and order them according to purchase value to date.

<i>Customer name</i>	<i>Purchase value to date</i>	<i>Opportunity to further develop sales Scale: 1 Bad to 5 Very good</i>

Computer programmes such as excel and access can help you to maintain your records and produce summary results.

Before contacting new customers try to find out as much about them as you can. This may include asking other people or scanning through directories or websites. Your understanding of a potential customer will increase your confidence and also your credibility with them. Develop a contact network that includes all the people you currently know or have met in the past. Think expansively and include people that you met at seminars, college, community and social evenings or on holiday. Effective sales people genuinely enjoy meeting people in any context. They exchange business cards, get telephone and E-mail numbers and keep records of them for later reference or contact. Many farmers and buyers also network through the use of the Internet. Trade shows are particularly useful for building a network of contacts. But you have to be active - visit stands, chat to people and attend discussion meetings.

Maintain on your client database:

Company name:

Individual name:

Address:

Telephone and fax number:

E-mail address:

Contact dates/discussion summary and agreed actions for later reference:

Personal relationships are important. Your customers should be made to feel they are of primary importance to you. You will never get a second chance to make your first impression. Three quarters of all business is lost during first contact with a potential customer. Often it is the little things that count. Pay attention to details that could make a difference. If you decide to write a letter it should never be longer than one page. If you telephone, always try to be positive and happy.

Try to make face-to-face appointments and prepare yourself carefully. Make appointments and be on time. Consider what makes you look professional. Treat everyone with the same amount of respect and be sincere in your discussions. Most importantly listen to what your customer is saying and look for opportunities and solutions to customer needs rather than problems. Positive behaviour influences the behaviour of people with whom you are dealing.

Leave from your sales visits on good terms with the customer and with a clear action plan of what you will do next and by when. Remember just because a prospect might

decide not to buy today they might do so in the future but if you do conclude a sale then both you and the customer should feel satisfied.

Trust is a major factor in selling. Deliver exactly (or exceed) what you have promised. Happy customers can help to develop your sales and is a particularly strong form of selling. Customers often believe what is said about you by somebody else even more than what you say about yourself. Endorsements from well known persons can be particularly powerful persuaders. Try to get each of your customers to give you one possible future contact. You can double the size of your customer base using this method, but it only works if your customer is happy with your products and your farm.

If you want to be a truly successful you will need to be ethical. Honesty is at the core of ethical sales behaviour. If you have any interest in building a lasting relationship with your prospects you need to build trust. Either you are honest or you are not. It is important to remember that:

- 9 out of 10 customers do not complain if they receive a poor product or service. They just never come back and go to a competitor.
- On average each customer who receives a very good product or service will tell 3 other persons. A customer who receives a bad product or service will tell 11 other persons.
- Attracting new buyers costs, on average, 4 times more than keeping the ones we already have

Common customer confidence losers, include things such as, broken promises, lateness for meetings, incorrect or late deliveries, cash collection errors, incorrect pricing or invoice errors, wrong recommendations, incorrect information and quotations, inadequate product knowledge, telephone delays or casual attitudes. No one can be perfect but one of the biggest confidence losers is the poor handling of complaints when things go wrong. Complaints should always be taken seriously.

Exercise: Write down all the positive examples of things you have seen people doing and based on your experience of being a customer. Also list all your negative experiences. Why was the service so good or bad?

2.8 Agri-marketing channels

Historically growers took the products that were not consumed by themselves to the local town and sold them for whatever price a buyer was prepared to pay and try to bargain for a higher price. This is not marketing and it is not normally feasible to deliver products to everyone who potentially could buy them. Nowadays many intermediary steps are involved in agri-marketing, such as buying, assembling, storing, packing, warehousing, communicating, advertising, financing, transporting, grading, sorting, processing, conditioning, packaging, selling, retailing, risk taking, insuring, standardising, regulating, inspecting and gathering market information.

Agri-marketing channels are the paths that an agricultural commodity follows from the farmers “gate” to the consumers “plate”. Numerous intermediaries can be found

between the grower and the consumer, but the length of this path will depend on the product and the target market. For example pick your own strawberries have a very short path, producer to consumer. However for processed products it may include: producer – assembler - food processor - food wholesaler - food retailer - consumer. In some cases the channel may be so long and complex that up to ten intermediaries are required in order to get the product from the producer to the final consumer.

Some intermediaries do not change the form of the product. They simply put small lots of a commodity together to provide a larger more economical product (eg agents, wholesalers and retailers). Others add value to the product through carrying out an intermediary function to the commodity (eg drying, cleaning, packing). Other change totally the form or nature of the product (processors and manufacturers). Understanding the many different kinds of intermediaries and how their choices affect the marketing process is essential. You will need to ask yourself: Which intermediaries are between you and the final consumer in the marketing process and how do they influence what you produce and the price you receive?

Exercise: For your country or region, draw the main channels by which your products are produced and distributed to the final consumer. Prepare your estimate of average percentages delivered through each market. Then make a similar diagram as to how you expect to see the distribution system in 10 years time

2.8.1 Contract farming

Contract farming has the advantage of reducing price fluctuations and therefore risk, for both the grower and the buyer. Contracts are generally preferred by buyers that need to be assured of supplies. Problems generally arise when there is a great difference between the contract price and the price in the open market and tempting farmers or buyers to make a short-term profit rather than develop a long-term relationship. Negotiating a forward contract requires several points to be settled to the mutual satisfaction of both parties. In particular:

- How the price will be determined
- The quality required and its assessment
- The quantity required
- The terms of trade (date of delivery and payment, weights etc)
- Fairness to both parties and sustainability

Some buyers assist their contract growers to control all aspects of the production, including advising on which crop to grow, providing the seed, chemicals or fertilisers and supporting them with technical advice and training. The farmer agrees to deliver part, or all, of the crop to the buyer in advance at a fixed price or else it is calculated as a margin of the total costs or at the prevailing market price.

Contract farming is particularly popular where large quantities of a specific product is required (such as for processing), where specific standards and specifications are imposed (such as for export or for supermarkets) or where the farmer has very little previous experience of growing particular crop types or varieties.

Products destined for high value export markets often enable farmers to diversify production and develop their own skills. However farmers may be largely tied to one buyer and unable to negotiate prices with other buyers during harvest. A risk for buyers is that farmers will not keep to contract and once trained and experienced may become established market competitors.

2.8.2 Direct farm sales

Farmers sometimes prefer to sell direct to consumers. The advantage of this approach for a farmer is the increased price they are able to obtain by dealing direct with the final consumer. The farmer will establish a permanent or temporary retail outlet normally close to the farm or at a busy roadside location or else encourages people to harvest their own product directly from the field. Once picked the produce is subsequently weighed and priced.

This form of selling is best on farms that are easily accessed by the general public, normally either at the side of major roads or close to urban areas. Additional investment costs will be incurred by the grower in order to both attract customers through promotion as well as for installing suitable facilities for retailing products and dealing with clients.

Case Study 7 La Hogue Farm Shop is an example of a farm business offering direct sales to consumers. **Case Study 8 Spencers Farm Shop** is an example of both a farm shop and a pick your own business.

2.8.3 Field agents

There are a number of different types of field agents and they will either pay directly for produce during the harvest period or prepare a sales contract with the farmer some period in advance. Some will buy on contract for processors, exporters, supermarkets, or wholesale firms and others according to availability, travelling from region to region as crops mature. Some intermediaries will specialise in particular crops while others will deal with a wide range of produce.

Agents can provide farmers with feedback on market demands. Some also provide advance credit or pay immediately in cash for product. Many will collect and subsequently grade and clean product. Others will provide harvesting and transport facilities or technical advice on which varieties to grow, harvesting or obtaining higher yields. Agents will take a financial margin on the produce sold to cover their own costs.

2.8.4 Collection points and assembly markets

Buyers may collect produce directly from the field during harvest, but to make collection easier, and more efficient, farmers and buyers often agree to deliver to a collection or assembly point. Temporary facilities may be established during harvest close to the main areas of production either by the buyer or by a group of farmers. Farmers may be informed of the collection point by telephone, e-mail or advertising

in newspapers and produce is transported to this point and from where it may be simply assembled into larger loads and then transported to the buyer or wholesale market.

When farmers organise these markets themselves it enables produce to be assembled in volume. This in turn, attracts buyers and creates competition between buyers. Better prices are realised and economies can be achieved in storage and transport. The advantage for buyers is that more produce is assembled at one point. A major disadvantage is that other buyers are often at the same point. For both buyers and sellers there is a possibility for higher losses unless produce is properly handled and transported to and from the collection point.

In some cases preliminary added value activity may be carried out at the collection/assembly market, such as cleaning, grading or chilling of received product. Such markets are more permanent fixtures and may have lockable premises, equipment for handling of loads as well as amenities for site services (water supply, electrical and telephone connections) and for environmental mitigation measures (such as for waste management). When setting up a collection point or assembly market it is important to:

- Identify a suitable market location, i.e. accessible to producers and roads
- Agree with local growers synchronisation of harvesting and to deliver produce to the assembly points on a specific day of the week
- Inform buyers, agents, wholesalers and truckers of the time and location of the assembly market
- Encourage farmers not to undercut one another by agreeing on a minimum sales price

Provided the market is a success it will become self-sustaining and can at a later date be used as a springboard for transport and marketing to higher value and more distant markets.

2.8.5 Wholesale and auction markets

Wholesale markets are regional markets where farmers or traders bring product (either packed or unpacked) for either direct sale or auctioning and subsequent collection by, or delivery to, retailers or other outlets that are primarily in urban areas. Markets may deal with domestic or imported production. Supplies of produce to markets varies hourly, daily and seasonally from shortages to oversupply,

Markets may be simple operations or they can provide a number of services for farmers and traders including loading, unloading and weighing equipment, packing, short-term storage, ripening or livestock holding facilities and displays. They often provide auctioning or sales areas and office facilities for farmers and traders. Each farmer/trader normally rent their own sales area, within the market, from the market authority. Some often specialise in particular products, or from particular groups of growers, regions or countries.

Sales are normally at their busiest in wholesale markets very early in the morning (in fruit and vegetable markets when air temperatures are at their lowest) and operate daily or on defined days. Any market should be carefully located in the right place in order to ensure success. When markets are wrongly situated traders move to different locations. Consideration needs to be given to:

- The views of buyers and farmers
- Traffic movements likely into and out of the market
- Equipment requirements, particularly for handling and protection of produce
- Environmental and waste control

Auction selling is a strong feature of many wholesale markets, particularly for loads of palletted and standardised produce. Auction traders will charge a commission fee to the seller and the buyer in order to cover their costs. However if produce can be clearly specified by its description it can be argued that there is no need even for a physical venue. Auction through computer is becoming increasingly popular and has a particular advantage of overcoming the remote location of many farmers and markets.

Case Study 2 Corinth Cooperative gives an example of an electronic auction for the purchase of agricultural chemicals on behalf of farmer members.

2.8.6 Retailers and retail markets

Retailers are in direct contact with the consumer and this gives them unrivalled information about consumer requirements. Food retailers include those businesses selling groceries, prepared foods, drinks and products derived from agriculture directly to the consumer. There are a number of different types of retailers, including:

Supermarkets and chain stores – In Western Europe these outlets may offer between 10,000 – 15,000 food items plus non-food items. Larger hypermarkets are now under development in many countries. Many have revolutionised the way food is sold to consumers. Some stores operate more than 5,000 branches

Local stores – Local stores often are able to compete for convenience sales. They normally offer a narrower range of products. Consumers often tend to buy a smaller range and number of products from these stores but more regularly

Speciality food stores – These are growing in popularity in Western Europe and account for around 6% of total food sales. They normally specialise in a single food category, such as health foods, organic foods, ice cream etc. **Case Study 6 Pingue** is an example of a family farm that has expanded into retailing. The farm now owns 7 general and specialist food stores.

Generally across Western Europe supermarkets and speciality food stores have grown in importance over the past decade while the numbers of small local stores has declined. This has largely reflected the demand from consumers for “one stop” shopping convenience while at the same time demanding a wider range of novelty food options and value for money.

Urban markets - Many urban areas have street markets and/or partially covered markets and from where produce is sold from a stall or barrow. Market stallholders tend to sell produce at a lower price compared to retail shops although prices tend to drop through the day. Stallholders may purchase their produce on a daily basis from the nearest wholesale market or share transport for collection

Farmer markets - A new trend in recent years has been the growth in farmers markets, whereby a number of farmers establish a retail market for selling directly to consumers. The aim is to raise prices received by farmers from selling directly to the final consumer and also to exploit a growing consumer demand for production that is seen to be wholesome, healthy and fresh.

Case Study 1 Brecknock Farmers Market is an example of a high quality, traditional indoor monthly market that was established in 2001 and at which small scale local producers and growers can sell produce direct to the public.

2.8.7 The food service industry

One of the fastest growing segments of the food industry in Western Europe is catering through hotels, restaurants, fast food outlets, schools, hospitals, prisons, military installations and other away from home locations. Sales at these outlets represent almost 30% of all the money spent on food at retail level and has increased its share relative to the supermarket and other retailers. Everyday approximately 100 million western Europeans, including more than 40% of the adult population eat out at least once. Over the course of the year more than 80 billion snacks are served in the food service industry across the region

2.8.8 Exporting

Globalisation of trade offers farm businesses export opportunities as never before. New opportunities arise as trade barriers are reduced. On the surface it would appear that international trade would be no different than trading within a country. However there are numerous additional challenges and opportunities. Differences include currencies, language and culture, technologies, business practices, legislation, buyer needs and politics.

Any decision to export must be based on opportunities available rather than wanting to travel or because it seems like a good thing to do. Exporting needs to be taken seriously and not as a means of shipping out surplus production. If good reasons for exporting can be identified, then information will need to be obtained in order to avoid making costly mistakes. Research into export markets will not guarantee success but will help to reduce the risk of failure. It is better to acquire information on a relatively few number of countries and not try to break into too many markets at once. The worst possibilities should be discarded immediately and priority given to the countries you know best or with the biggest potential.

Case Study 11 Kourtellaris Imports and Exports Pack-house shows that farm businesses can develop export opportunities but only following, careful research and

planning, hard work and by selling products that are targeted at defined markets. In this particular case, packed, graded and cleaned products of a defined quality.

Many farmers feel that it is well beyond their capabilities to deal direct in overseas markets and decide to leave exporting in the hands of others as far as possible and yet there may be several opportunities that can be exploited without setting foot outside the export country and including:

- Simply selling the product to a company that is already exporting from the home country
- Dealing with export/import agents and distributors
- Establishing a joint venture

Setting up a joint venture will need more care and attention than setting up an agency agreement. There will be additional considerations, such as bankruptcy or taxation. However at some stage you will have to visit the country and if you lack the financial resources or time to visit you should ask yourself whether you should really be thinking about export. The primary reason for a visit will be to meet candidate agents or distributors. Finding and working with a good partner takes time to produce results, but the arrangement may run for years.

Case Study 14 Sjenica Wool Marketing shows that export sales need not only be by large enterprises and particularly if trust can be established with an import buyer/agent. But product deliveries will need to be organised effectively, delivered on time and according to agreed standards and specifications.

Some farmers base their export prices on domestic prices plus suitable additions for freight, duty, mark up, etc. The problem with this approach may be that the domestic price contains elements that do not apply to a sale abroad. Equally export sales may have costs not found in domestic markets. Currency fluctuations have to be considered carefully as well as possible import or export duties, loading and landing charges, distribution and storage costs, local taxes, insurance or paperwork costs, such as import certificates or consular fees.

Having arrived at a price you will need to decide on which international terms of delivery you will use. The terms of delivery will inform the buyer what is included in the price, the duties of both the seller and the buyer, when and where the delivery of goods will take place and most important, when title of them will pass to the buyer. INCOTERMS 2000 is the international standard that defines precisely the terms of delivery.

It is hard to imagine how exports would operate without modern forms of transport and organised logistics. If products are not available when and where customers wish to buy them, then fewer sales will take place. It is necessary to ensure that the transport and distribution system will enable products to reach customers on time and in the correct condition as economically as possible. This could include truck, ship, rail or air transport.

Case Study 13 Orto Sole shows the importance of ensuring that transport and logistics operations for export marketing are organised, planned and managed.

The standard documents needed for the export is likely to include a bill of lading or airway bill, a proforma and commercial invoice, a certificate of origin, phytosanitary certificates a packing list, export permits and a fumigation certificate. Many exporters may feel overwhelmed by the amount of required documentation and may allow a specialist third party (freight forwarder) to assume responsibility for this part of their business and even for all transport and distribution logistics.

Agricultural trade is subject to specific and often very detailed legislative controls even between EU member countries. Potential exporters need to be clearly aware of regulations on individual products before considering export and incurring unnecessary cost. These will include specifications on products and packaging as well as taxes, quotas, licences and phytosanitary controls.

Immediate payment on delivery and in cash has obvious benefits but most buyers will expect other forms of payment and so one of the biggest worries you may have is the possibility of not being paid at all. Your own fears can be minimised if you take sensible precautions from the beginning. If you are to trade in anything other than cash and which involves being paid at a later date ideally you should establish your buyers ability to pay, rather than to worry later. Start as you mean to go on and make sure you keep to your procedures.

You may get a status report that says that the buyer has funds, but that does not guarantee that you will get paid. The risk increases even more as you trade outside your own country or trading zone. For most importers pre-payment will not be acceptable, as they have little guarantee they will receive the goods according to the contract. An acceptable method of minimising risks for both parties is therefore required.

For major transactions, or if you deal for the first time in export markets or with a buyer you do not know always ask for and receive the name and address of your customers banker. Make sure that the bank is capable of handling international and trade transactions. Your own bank should be able to electronically check on their status and will charge you for this service. For exports you may decide you need an export letter of credit from your bank as a form of trade guarantee.

Being in any business involves some risk. Being in the export business, however, will expose you to higher risks than those encountered in the domestic market. Although there is no law that says that cargo has to be insured it is normally prudent to do so. The subject of insurance requires specialist advice from an insurance broker that is able to advice on the cover required for a particular purpose.

Case Study 9 Todoroff is an example of a business that has proven successful at exporting because they carefully target specific markets and provide exactly the product they want. In this particular case, premium quality wines for exclusive multinational hotel and restaurant chains.

Exercise: Select one country. Then select one product. Using an Internet search engine find out as much information as you can regarding, climates, ports and distances, politics, tariff barriers, customs duties or quotas, currency restrictions and

convertibility, the level of economic development and social conditions, language, literacy, religious differences, habits and styles.

Exercise: Get as much information as possible on specific EU regulations for the products you trade. Get a full list of documents you will need for export of your product from your country. Also identify freight forwarders able to carry out this work

Exercise: Identify 3 agents from an EU country that import the products you sell. Find out as much as you can about their services and operations

2.9 Promotion

2.9.1 Image

A good image of a farm is important for successful marketing. An attractive product at the right price does not necessarily guarantee a sale. Equally cheap publicity or attempts to deceive customers will eventually give you a bad name. Customers do not like to buy from people with poor reputations. Even so your product will have to live up to its promotion in the eyes of the eventual consumer. *Case study 4 Lane Country Foods* “We are only as good as our last sausage!”

Promotion can be expensive if it is not properly targeted. But some promotional activities, such as maintaining good media relations can cost very little. All members of the marketing chain, growers, intermediaries and retailers can be used to shape positive customer perceptions of your farm, products and brands.

Case Study 28 The ARSSA project shows an attempt to create a distinctive brand based on local/traditional crop varieties and that are distinctively labelled with a “Parco de la Mayella” name and logo.

Some farms develop such a strong identity that they are able to charge more for products as customers feel, sub-consciously more confident in the value of the product. It is useful to present an integrated, strong and instantly recognisable image that is regarded in a positive way by customers. This may require devising a distinctive logo and colours and typefaces that can be used on all stationary, vehicles and publicity materials to ensure that an individual farm product is easily distinguishable from others.

Case Study 6 Pingue shows a farm that has attempted to develop quality brands that are closely associated with the region of Abruzzo. *Case Study 10 Cheese from Wales* and *Case Study 21 Tastes of Anglia* provide similar examples but for different products and regions.

Exercise: Draw on a piece of paper the first thing that comes into your head when you think about your organisation. Ask your colleagues and customers do the same. What pictures did they draw? Do they reflect your image?

Exercise: On a single piece of paper list all the words you feel would describe you and your farm. For example, honest, reliable etc. Once you have completed the list cut each one out and put them in order of importance. Select the top 5 and draw up a short statement on each one.

Exercise: In 3 minutes list as many logos, brands and marketing slogans that you remember. Why do you think you remember these?

2.9.2 Advertising

Advertising is a paid for and persuasive promotional activity that uses the media and other publicity channels, such as the Internet. It is used to sell products, build and maintain awareness, promote events and new products, to invite enquiries and to find new customers.

Press advertising offers a way to reach a large audience, but the farmer will have to choose the correct publications, advertisements will have to be designed carefully and the best deal negotiated. Publications might include, local newspapers and information sheets, national newspapers, consumer magazines and professional publications.

Many customers listen to the radio as the main source of their information. But products cannot be shown, only described, and listeners have to write down the details. Television advertising is much more specialist and technical and this will also require an agency to advise on where, when and how to advertise as well as to develop a creative idea and oversee production. The costs of radio and television advertising will have to be carefully assessed as there will be additional ones when compared to advertising in print, including possibly; a writer, a reader/actor and musicians plus equipment time.

2.9.3 Publicity

The aim of publicity is to influence the opinions of target customers. A number of methods can be used. Any letter or written form of correspondence is a form of promotion. All the materials sent should be looked at carefully, particularly letter and fax paper, the forms of letters, leaflets, brochures or catalogues, newsletters, envelopes, visit cards etc. Do they really the right impression?

Many other techniques may be free and including developing relationships with the media, sponsoring local activities, such as charities or school events, attending or organising exhibitions or conferences or providing excellent personal customer service. **Case Study 6 Pingue** shows a farm business that sponsors the local football cup and the cultural centre: 'Café du Theatre'. **Case Study 15 Bioagroturismo la Porta dei Parchi** are involved in local action groups and national programmes aimed at "education on the farm" for children. **Case Study 20 Cooperativa Agricola Valdarnese** are supporting community activities that help disadvantaged groups, such as, people with mental or physical disabilities, ex-prisoners or immigrants.

Promotions, such as leaflets, tickets and stickers can be useful in exposing a product at trade premises or within a retail store. Promotion can be tied to significant or high profile days or events, such as Easter. Buyers also appreciate campaigns that will help to promote products during months where sales are slack.

Case Study 21 Tastes of Anglia shows how the costs of promotion can be shared by a group of farmers of food companies and can result in a much broader, innovative and professional promotional campaign.

2.9.4 Events and demonstrations

A lot of publicity is based around events where products can be demonstrated. A wide range of possibilities exist including agricultural and food shows as well as cooking exhibitions and more obscure areas such as home or tourism events. To make them memorable it is useful to have a creative idea. Information display boards in a chosen location will promote a message well. If speakers are involved it is important to get the right ones for the right events. **Case Study 8 Spencers Farm Shop** shows a farm businesses that uses innovative approaches to promotion including childrens cooking sessions and tasting days.

2.9.5 Media relations

Farm businesses need to be proactive in media relations and not wait for the media to arrive. Journalists always need good stories and favourable press coverage significantly enhances a reputation a farmer and helps to build credibility. Following a TV presentation of the farm initiative “adopt a sheep”, **Case Study 15 Bioagroturismo la Porta dei Parchi** the farm received more than 80,000 interest calls and letters in 48 hours. Winning the BBC Wales Business award 2003 during a live television broadcast help to launch **Case Study 19 The Mid-Wales Activity Centre**.

Regular and systematic media contacts normally result in more favourable and positive media coverage and most of this publicity is free. Letters and articles may be written directly for the media or news releases can be written at any time to publicise anything positive that is likely to attract media attention. The media like photographs and wherever a farm creates news, the picture potential will need to be considered. A news conference should only be arranged if the news is likely to generate considerable media interest.

Exercise: There are many ways of promoting your company. Compare some of the following areas and assess whether they priority area for you and whether they need further improvement.

Promotional area	Priority			Current level		
	High	Mid	Low	Good	OK	Bad
Organisation name						
Organisation logo						
Organisation design, colours and typefaces						
Product names and varieties						

Letterheads, envelopes and labels						
Business cards						
Invoices						
Signs and notice boards						
Price lists						
Point of sale materials						
Magazines and newsletters						
Business gifts such as calendars and diaries						
Promotional stickers and point of sale materials						
Posters and wall charts						
Certificates and qualifications						
Packaging						
Press advertising						
Television and radio advertising						
Media contacts and information						
Attendance at conferences and seminars						
Direct mail						
Public exhibitions						
Product demonstrations						
Customer visits to premises						
Sponsorships						
Films and videos						
Pictures, drawings and photographs						
Internet and websites						
Publications, reports and research papers						
Committees and customer meetings						
Public speaking						
International and trade association representation						
Government lobbying						
Sales staff						
Owners and management						
Other staff						
Friends and family						
Your reception/customer meeting area						
The general appearance of buildings, machinery, offices and facilities						
Cars and vehicles						
Social and informal events						
Local community and charitable support events						

Note here the most important 5 in terms of highest priority and your need to improve:

Case Study 9 Todoroff shows a farm business that uses a wide range of tools for promotion including, membership of associations, sponsorship of golf tournaments, outdoor wine tasting, attendance at seminars and exhibitions, quality certificates and promotion of cultural events.

But remember whatever techniques you use they have to be targeted and cost effective. Poor promotion can waste a lot of time and money. **Case Study 4 Lane Country Foods** illustrates that word of mouth alone, of good products and services, can serve as a powerful promotional tool.

2.10 Electronic commerce

E-commerce is a tool that can support effective farm business management and need not be beyond the realm of even the smallest farm business if alternatives possibilities are understood and its use is focused on a clear and specific objectives. Most countries have agencies, colleges or companies available to provide (often free) advice on e-commerce applications and much additional information can be downloaded. More information can be obtained from: www.frelectra.com

The Internet provides an ideal starting point. More than two thirds of companies use the Internet for information gathering. Simply by inserting any topic of interest into an Internet search engine, such as Yahoo or Google, business and trade directories, customer surveys, producer, wholesale and retail market prices, trade regulations, events calendars, business reports, specialist and market analysis data may be obtained quickly and cheaply. However a number of other possibilities exist and these are outlined below:

Websites - Most serious traders now have their own website. Creating a company website enables customers to browse detailed descriptions of a company, products and prices as well as to place orders 24 hours every day from anywhere in the world. It potentially enables even traditional, specialist and even local suppliers to gain access to much larger potential markets. If it is well designed they also provide useful global promotional tools.

Corporate presentations - More than 90% of computers now have computers CD-ROM and this enables impressive presentations to be tailored to specific customer needs with photographs, sound and video stored and played back from the CD or downloaded from the company website. CD-ROM based point of information (POI) or point of sale (POS) kiosks are growing in popularity and offer new sales possibilities and can be used as in-store catalogues or guides.

Remote communications - Mobile communications enable individuals to keep in constant touch. Information may be exchanged between producers, traders or advisers through short messaging services (SMS) on mobile telephones and so obtain information on areas such as, market prices, technologies or spraying programmes.

Visual images can also be transmitted through the use of new technologies and allow remote viewing at any stage during production and distribution.

Case Study 6 Pingue shows a farm business that uses a range of e-commerce tools for marketing, including a website with an online e-shop facility and regular newsletter and an SMS promotional messaging system.

On-line chat sites can be used for the exchange of ideas and innovations between both individuals and groups operating regionally, nationally or internationally. Discussion groups and video conferencing allow information exchange and problem solving between individuals and companies useful for developing new ideas, approaches and in transferring technologies within a company and externally with customers. Digital television will soon enable producers and buyers access interactive services.

Product trading and auctioning - Today product auctioning is becoming well established as a traditional marketing tool for many wholesalers and increasingly supermarkets and other buyers are placing their procurement requirements on-line. Auctioning systems are forecast to grow and this growth is likely to be further encouraged by the use of real time transfer of quality pictures across the Internet and mobile phones supported by electronic data interchange, product tracking and traceability as well as online banking and payments.

Case Study 2 Corinth Cooperative gives an example of an electronic auction for the purchase of agricultural chemicals on behalf of farmer members.

Product tracking - This is following the movement of a specified product at any time. Use of a digital camera enables real time transfer of pictures and images without leaving the office. It enables remote inspection of produce, such as at customer delivery points, cargo loading and unloading points, monitoring of fruit orchards or to check on fruit destined for winter storage. It provides buyers with accurate and immediate market information on quality and supply.

Product traceability - Product tracing is the ability to identify the origin of a particular product throughout the supply chain and to check its records. Product traceability is becoming particularly important for food products in order to conform to European food safety legislation and to deal with the diversity of international production and supply chain practices. Such systems require links between successive intermediaries through crop monitoring, good agricultural practice (GAP), controlled production and detailed record keeping through from production to retail sale.

It is normal to physically mark goods with identifiers that can be read automatically. Bar codes are the standard method of showing product data in a machine readable format and enable companies to track transport units through the supply chain by identifying each container or pallet with a unique serial shipping container code (SSCC). An innovation under development is the reduced space barcode (RSS) containing the same information as a normal barcode but small enough to identify pieces individually. An equally new innovation is radio frequency identification (RFID) and which allows information to be read at a distance.

Networks - A network is a set of computers joined together and so enabling them to communicate with each other and so share data files, printers or any other associated equipment and software packages either through a local area network (LAN) within the same building or through a wide area network (WAN) linking computers at different sites.

Through file transfer every aspect of a process can be rapidly communicated to everyone without any of the associated travel costs or time away from the office of farm. By tapping into a market information network a salesperson, buyer or grower can find out information on products, prices or delivery times.

Case Study 7 La Hogue provides an example of a farm business that makes effective use of on-line member based networks for promotion, information, and marketing.

Electronic data interchange - Processing and dispatching customer orders and payments through electronic data interchange (EDI) and using standard computerised forms enables more efficient trade transactions and lessens the paperwork. The exchange of standardised business documents, such as orders and invoices between computers run by trading partners allows purchasers and suppliers to handle transactions more efficiently and offers opportunities for closer trading partnerships to be developed

Banking and payments - Electronic settlements between producers and traders are becoming increasingly important in replacing the physical transfer of cash. Many companies today can collect customer payment over the web by accepting payments using credit cards. Smart cards are also becoming of increasing use and are typically aimed at handling payments that are too small to be handled economically by credit cards.. Electronic banking enables transactions 24 hours per day and transactions payments that are made electronically clear immediately or at a date agreed between buyer and seller.

Data collection and storage - Graphical information systems (GIS), digital mapping and positioning technology is becoming more affordable and available. As a result precision farming techniques is becoming more widespread amongst growers through the use of positional information, remote soil analysis and crop inspection.

Electronically storing and disseminating information provides huge opportunities for the development of agricultural databases and reference materials including text such as research programmes and trial results or digitised field maps. CD-ROMs are easy to make and replicate and recorders are now cheap enough for even the smallest farms to consider creating their own discs.

Training on-line - The seasonal time demands on farmers and the remote location of many makes classroom training and further education difficult to deliver effectively. Provision of on-farm distance learning over the Internet provides new options for disseminating educational content and delivering it effectively. Interactive CD ROMs allow training to be steered to suit individual needs and are often more stimulating. Hundreds of tailor made technical and professional courses are now

available for sale and use in house or as distance learning packages that allow participants to interact with a trainer.

Exercise: Look at your competitors' websites or those of similar companies. How does it look? How easy is it to browse? What elements do you like or dislike? What lessons can you learn for your own site?

Exercise: Identify an E-commerce issue of importance to your company. By browsing the web find as much information about that issue as you can. At the same time make a note of all the websites that are relevant to your company

2.11 Links and further information

Preparing marketing and export plans

www.buinesseuropa.com

www.dti.gov.uk/bestpractice/sales/marketing.htm

www.bplans.com

www.unzco.com

www.businesslink.gov.uk Practical advice for business

www.knowthis.com/general/marketplan.htm

E-business for Small Medium Enterprises

A Leonardo Da Vinci project aiming to promote E business activities for SMEs. The website is offering online web tools for evaluating your website

<http://www.ebusiness-sme.com>

European Federation of Information Technology

The web site of EFITA provides information related to projects, activities etc. of ICT applications in agriculture. Members can subscribe and receive a newsletter

<http://www.efita.net>

Other links for E-Commerce Trading in Agriculture include:

Affinitus www.affinitus.co.uk

Agex www.agex.com

Agromarketplace www.agromarketplace.com

Agri-marketing www.agri-culturehealth.com/agri_marketing

Azur Group www.azurgroup.co.uk

Borsamerici www.borsamerici.it

Brains in motion www.brainsinmotion.co.uk

BuyIT www.buyitnet.org

Compaq www.comdaq.net

CPG market www.cpgmarket.com

E-Centre www.e-centre.org.uk

E-Envoy www.e-envoy.gov.uk

Electronic markets www.electronicmarkets.org

Foodchain centre www.foodchaincentre.com

Freshinfo www.freshinfo.com

Foodtrader www.foodtrader.com

Freshware www.freshware.co.uk

Fruit Auction www.fruit-auction.com
Fruitbusiness www.fruitbusiness.com
Fruitecom www.fruitecom.it
Fruitline www.fruitline.com
Geologistics www.geologistics.com
Hairyape www.hairyape.co.uk
Hortonet www.hortonet.com
I-Deal www.vfm.net
Interforum www.interforum.org
Naturabella www.naturabella.it
Okaa www.okaa.gr
Pear Technology www.peartechnology.co.uk
Progis (Austria) www.progis.com
UK Online www.ukonlineforbusiness.gov.uk
VFM www.vfm.net
World of Fruit www.worldoffruit.com
Worldwide retail exchange www.worldwideretailexchange.org

Country e-commerce information:

Austria www.wko.at/ebusiness
Belgium www.ccib.be
Germany www.eic.de/e-business
Denmark www.e-helvede.dk and www.hvri.dk
Finland www.euroneuvontakesus.com
France www.industrie.gouv.fr/eic/e-commerce
Greece www.eic.gr
Iceland www.icetrade.is/ebusiness
Italy www.euroinfocentre.it
Luxembourg www.euro-info-centre.lu
Netherlands www.euroinfo.nl (click on E-business)
Norway www.eic.no
Poland www.euroinfo.org.pl/e-biznes
Portugal www.e-vital.pt
Slovenia www.pcmg.si
Spain www.eic-ebusiness.org
United Kingdom www.go-digital.info www.magic.gov.uk

Market research information

Agraria www.agraria.it Integrated services for agriculture
Agrifor www.agrifor.ac.uk The UK gateway to high quality internet resources in agriculture food and forestry
Foodcontact www.foodcontact.com
Foodfront www.foodfront.com
Fruitcom www.fruitecom.it
Hortyifi www.nvo.com/hortyifi
Just Food www.just-food.com
Marketag www.marketag.com

Agencies

EUREP www.eurep.org The Global partnership for safe and sustainable agriculture

Global food safety initiative www.globalfoodsafety.com

Codex Alimentarius Commission www.codexalimentarius.net

EAN international www.ean-int.org

HACCP www.fsis.usda.gov/science/haccp_models/index.asp Guidebook for the preparation of HACCP plans and generic HACCP models

INCOTERMS www.iccwbo.org

ISO www.iso.ch

WTO www.wto.org