Niche Marketing for Produce: Lessons from Innovative Western Enterprises

by

Russell Tronstad
What is Niche Marketing?

- Production-marketing strategy to address specific needs of specific customers
- Often focused on relationships, smaller companies, and value added products
- Niches are always undergoing change
- Food Certification/Labeling areas -- tools to differentiate product
What may not be a Niche Market?

Field Day after the Rain
What may not be a Niche Market?

Grape Imports from Mexico

Seasonality: globalization
Why Niche Marketing?

- Capitalize on markets that have been overlooked by others
- Opportunity to add value with desired attributes at farm gate and beyond
- Your goals, managerial talent, and farm resources may compliment each other with niche production-marketing.
- Have fun!
Components of Food Expenditures, 1950-2000

Total Food Expenditures (+1.4%)

Value Added Beyond Farm Gate (+2.0%)

Value Added on Farm (-0.7%)

Value of Off-Farm Inputs Purchased (+0.3%)

Source: USDA/ERS
Note: Expenditures Deflated by the Consumer Price Index

Compounded Annual Percentage Change is Given in Parentheses
Now versus Before -- Convenience
Basic Challenges of Niche Mkting

- Find product/service in area where someone is not already established
- Group small enough to be overlooked by competition
- Group large enough to produce the volume of business needed
- Several niches that compliment each other
The Discipline of Market Leaders
(Treacy and Wiersema)

- **Customer Intimacy** -- meeting specific needs of select customers (Nordstrom, Airborne Express)
- **Operational Efficiency** -- low cost producers (Wal-Mart, McDonalds)
- **Product Leadership** -- first with new products (Intel, Nike)
17 enterprises from West

“Everything that can be counted doesn’t necessarily count; everything that counts cannot necessarily be counted.” Al Einstein.

“Low-Cost” commodity producer to “Consumer Intimacy” strategy.
Four Key Strengths of Enterprises

- Customer Intimacy. Ongoing communication/relationship with customers.
- Personality type and interpersonal skills. (People Skills)
- Superb Product & Service Quality: especially if no unique experience.
- Business Savvy. Profit centers, product mix.
Creative Growers

- Noli Oregon: 25 miles W. of Eugene
- Aaron & Kelly Silverman
Creative Growers

Product Mix: Organic veggies (63%), pastured poultry (26%), flowers (11%)

Veggie Sales
-- Restaurants 90%
-- CSA 10%

Plow down a crop with low quality

Excellent communication with Chefs
Cattail Creek Farm

Junction City, Oregon

Jon Neumeister
Niche of Cattail Creek Farm

- Never uses GMO feed, antibiotics, or rental pasture
- Provides superb service with restaurants
- Collaborates
  -- refrigerated truck
  -- deliveries
Seabreeze Organic

San Diego County

Stephenie Caughlin
Seabreeze Organic

- Began as a political and environmental statement
- Organic veggies, salad greens, fruits, and citrus
- 200 weekly deliveries within 10 miles of farm
Nalo Farms: High End Restaurants

Honolulu, Hawaii

Dean Okimoto
Nalo Farms: 3 Keys to Success

- **Top Quality**
- **Consistency**
- **Customer Service**
Love Family Farms: Kona Coffee

- Kona, Hawaii
- Ken Love
Love Farms: Niches Developed

- Processes coffee at cooperative facilities
- Designs own custom labels
- Targets Japanese consumers
- Tree Rental Program
- Exotic Fruits
Honeyacre Produce

Fort Collins, CO

Shoemakers
Niches of Honeyacre Produce

Products: tomatoes, seedless European cucumbers, tri-colored peppers

Outlets: retail, restaurants, & farmers’ markets

Transformed from a year-round to freshness Market Niche

2 Mkt Segments
-- health conscious
-- consumers seeking taste
Southridge Farms

Santaquin, UT

Phil Rowley
Niches of Southridge Farms

Moose Droppings for Sale

Country Store

Gift Packages

Sleep at night -- more price control

Our jams are farm fresh and delicious!
Harward Farms
Springville, UT
Judd Harward
Niches of Harward Farms

- **Quality Sweetcorn** $3.50 vs $1.00
- **Personal name basis**
- **Sweetcorn and alfalfa sales** compliment each other
- **Displays identify their product** (common green banner)
American Pet Diner

Eureka, Nevada

Schoemakers
Niche of American Pet Diner

- Timothy hay sold as pet food
- Internet focused company
- Provide superior product and service
Which Apples you Prefer?

Food versus Tourism

1.49 lb
Guila Large Apples

farm price ~$.20/lb.

$.59/lb.
Product Diversity & Value Added
Quality Factor at U-pick
Niche of Experience & Product
Summary of Key Points

- Superb produce quality/service and/or unique experience
- Experience vs. Cosmetic Appearance
- Year-round opportunities for retaining good help.
- 5Ps of Marketing Mix: people skills
- Education Opportunities
- Goals and Objectives of Farm/Ranch
Resources

- **Western Profiles Publication:**
  - 22 page color publication, $10
  - CALSmart, 520-318-7275
cals.arizona.edu/arec/wemc/wemc.html

- **Southwest Mkting Network Conf.**
  - Flagstaff, AZ; March 14-16
  - www.swmarketing.ncat.org