**Niche Marketing for Produce: Lessons from Innovative Western Enterprises**

by Russell Tronstad

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**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

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**What may not be a Niche Market?**

- Field Day after the Rain

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**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!

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**Grape Imports from Mexico**

*Seasonality: globalization*

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**Components of Food Expenditures, 1950-2000**

- Total Food Expenditures (+1.4%)
- Value Added Beyond Farm Gate (+2.0%)
- Total Farm Value (-0.2%)
- Value of Off-Farm Inputs Purchased (+0.3%)

Source: USDA, ERS

(Images and charts are not transcribed.)
Percentage Composition of Food Expenditures, 1950-2000

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)

Western Profiles Publication
- 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” producer.

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

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

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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

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Seabreeze Organic

- San Diego County
- Stephanie Caughlin

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

Moose Droppings for Sale
Country Store
Gift Packages
Sleep at night -- more price control

Harward Farms
Springville, UT
Judd Harward

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

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

Food versus Tourism

$.59/lb.
farm price ~$.20/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