

PRODUCT POSITION

by Russell Tronstad'

*The one who aims at nothing
generally hits nothing.*

Product position refers to what the consumer thinks of your product (e.g. lowest price, best service, freshest produce, "certified residue free," easy access, etc.) when they are making a purchase decision. A concept often related to product position but different is niche marketing. Large retailers like Wal-Mart, Best, and Target have taken a product position of low prices, but none of these are niche marketers. A niche market refers to a small segment of the total market that is being ignored by others. Two items are involved with developing a market niche; 1) identifying the wants of a small group of consumers that are being ignored by others, and 2) taking a product position that meets the wants of these consumers.

In a broad sense, direct farm marketing to consumers could be referred to as niche marketing since so little produce is sold directly to consumers. But to be a niche marketer of direct farm products you really need to be unique from other competitors. Growing ethnic vegetables could be an example of niche marketing, provided that no other local grower is selling ethnic vegetables. If someone is already selling ethnic vegetables, organic ethnic

vegetables might be a niche market. But as you can see, the market potential eventually becomes so small that an economically viable operation is not possible.

Should I look for a market niche or take a product position of low prices and large volume sales? Answers to these questions will vary depending on the goals of your firm, local competition, and resources available so that no generalized answer can be given. But the importance of some quality issues, food safety, rural appeal of consumers, and location considerations are given below as an aide for selecting a product position and possibly identifying a niche market.

Quality Issues

Figure 1 shows the importance of some quality characteristics as identified by the Packer's 1992 Fresh Trends Profile Study. Items of appearance/condition, taste/ flavor, and freshness/ripeness were indicated as extremely or very important items to at least 96% of all respondents. This result suggests that special care should be taken to ensure that you can adequately meet these top three quality items for your consumer when marketing produce. Even though you may have taken a market position for always having the "lowest price," minimum standards for appearance/condition, taste/ flavor, and freshness/ripeness should be set.

The next most important items identified were price, certified safe (pesticide residue testing), and nutritional value. About 65% to 70% of all respondents indicated that price, residue testing, and nutritional value were extremely or very important quality characteristics to them. It is interesting to note that only 22% of the respondents indicated that organically grown was extremely or very important to them but 68% indicated that "certified safe" was important. Brand name ranked

Figure 1. Quality Components.

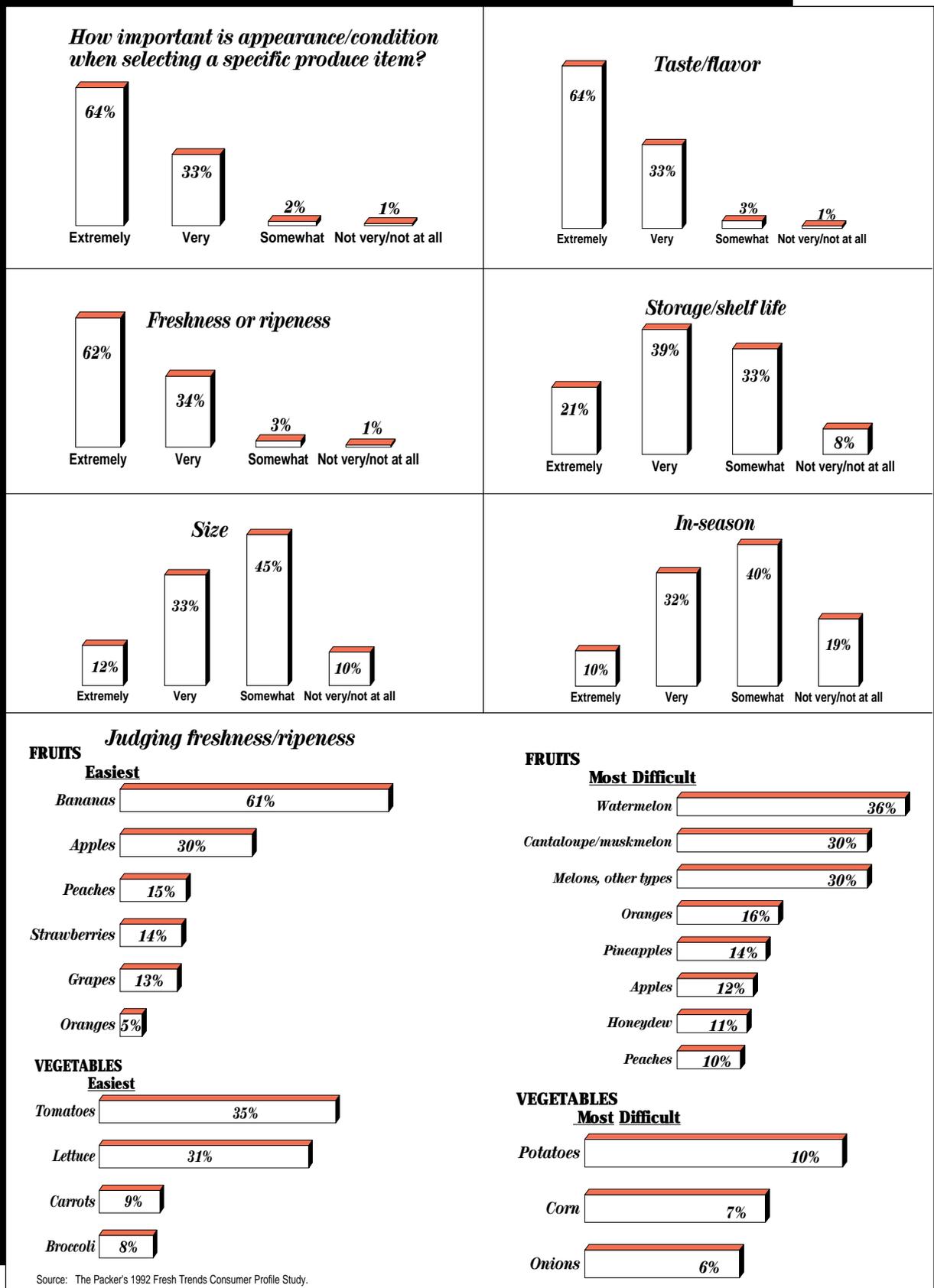
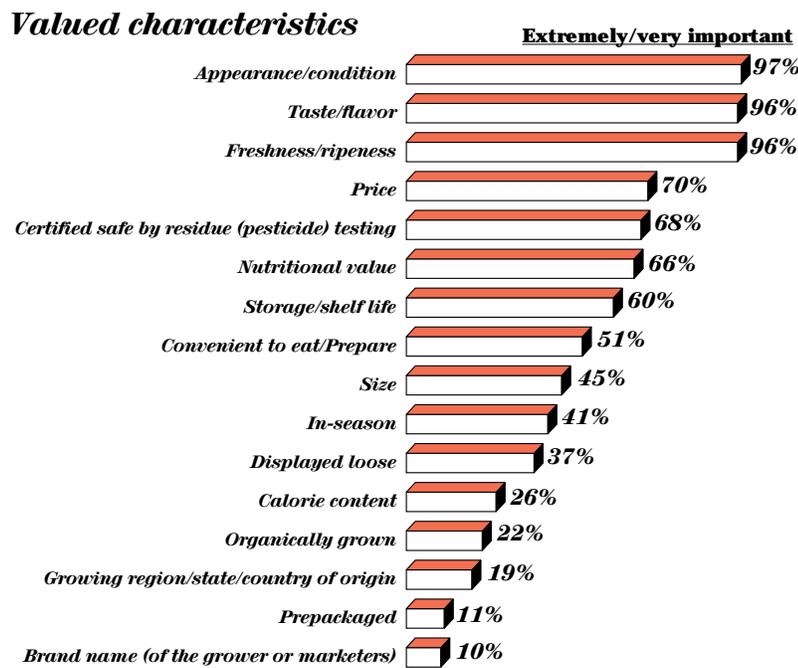


Figure 1. (cont.)



Source: The Packer's 1992 Fresh Trends Consumer Profile Study.

the lowest with only 10% of the survey participants indicating this as an extremely or very important characteristic. How consumers relate buying in one produce outlet to buying in another may not be the same as brand name acceptance though. The decision of which store to shop in is generally different than what produce items to buy. Thus, the reputation and customer satisfaction attained at your business probably has more of a residual effect than that demonstrated for brand name.

If you want to be known as having the "freshest produce," try to find varieties that mature at slightly different times. For example, you don't want to have all your blackberries come ripe in one week (see article entitled, "Geyers' Specialty is Marketing Small Fruits"). The 1993 Produce Services Source book gives a post harvest life for blackberries at 2-3 days. Know what the post harvest life of your produce is along with proper storing temperatures and relative humidity. Produce products with a short post harvest life (e.g., sweet corn, 4-6 days; strawber-

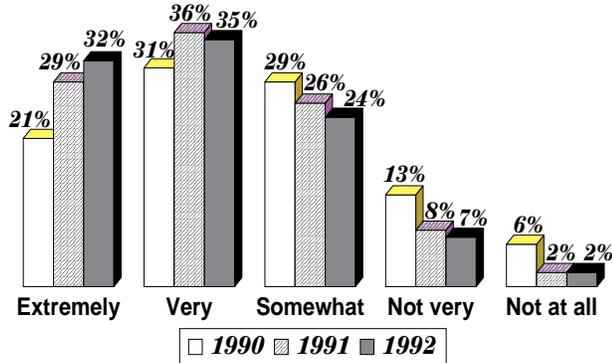
ries, 5-10 days; and raspberries 2-3 days) can be a great opportunity for local growers in meeting freshness requirements demanded by consumers. It may be tempting to put two week old sweet corn on display since it looks good, but a bad experience can do more harm to future sales than the current sale. Recognize that spoilage and waste will be greater for highly perishable products and don't advertise or display as "freshest produce" if you know it isn't.

Food Safety

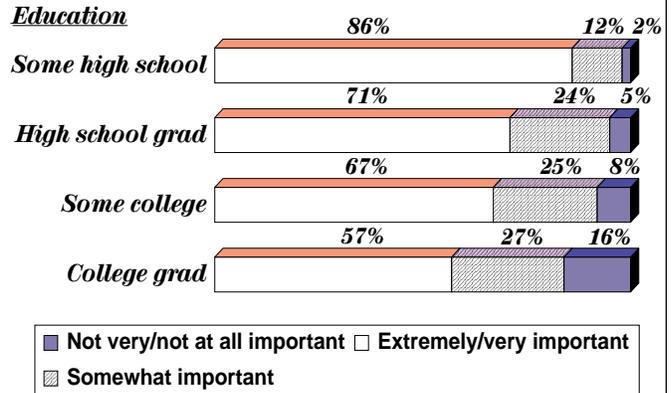
How important of a concern is food safety? The Packer's 1992 survey addressed this issue. Years of 1990 through 1992 were compared and these results are shown in Figure 2. In 1990, 21% indicated that "certified safe" residue testing was extremely important and this percentage increased to 32% by 1992. In looking at education demographics, the concern for residue testing decreased with higher education levels. An extremely important rating was given by 86% of high school

Figure 2. Food Safety.

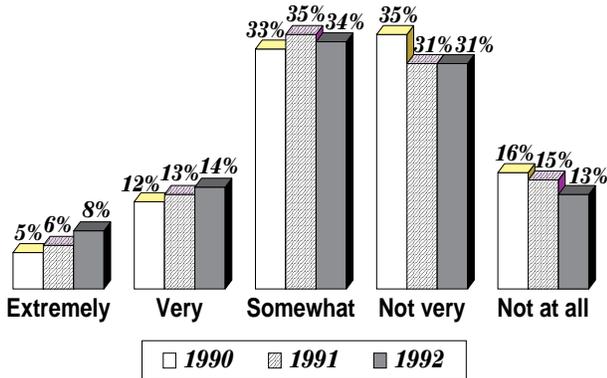
How important is certified safe by residue testing when selecting a specific produce item?



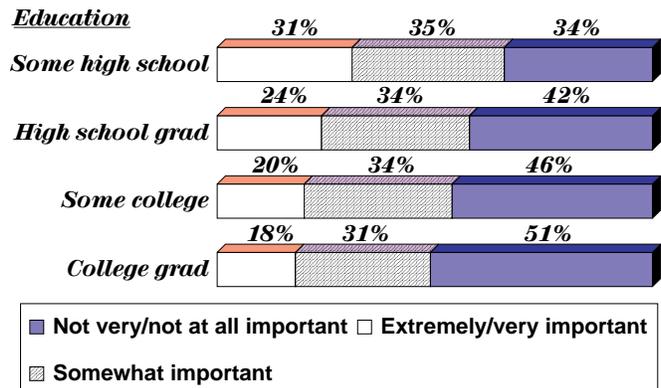
Demographic breakdown - importance of certified safe, 1992.



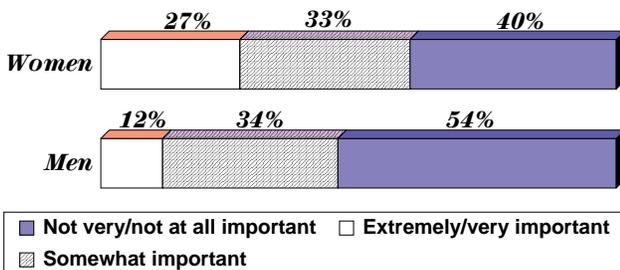
How important is organically grown when selecting a specific produce item?



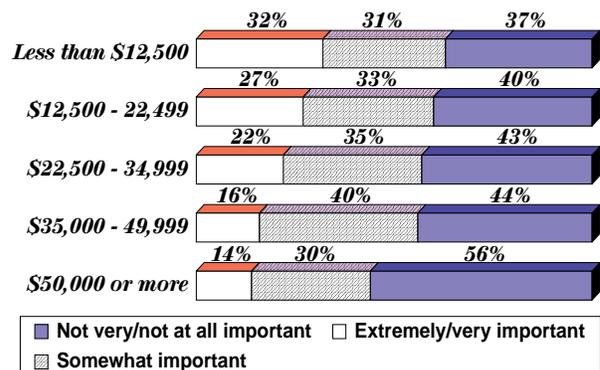
Demographic breakdown - importance of organically grown, 1992.



Sex



Income

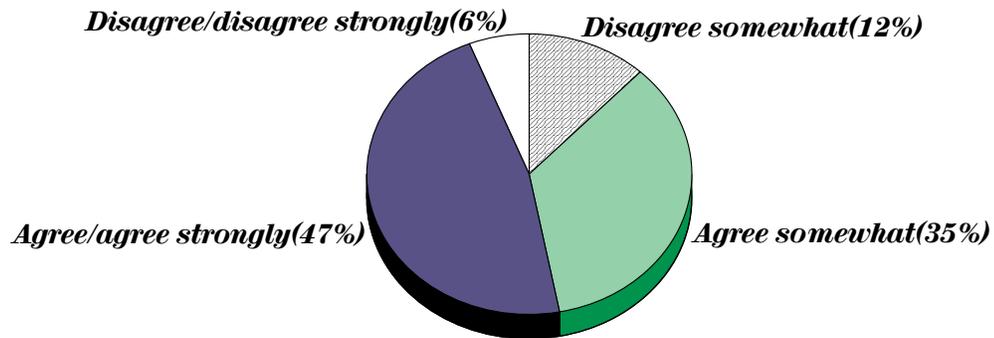


Source: The Packer's 1992 Fresh Trends Consumer Profile Study.

Figure 2. (cont.)

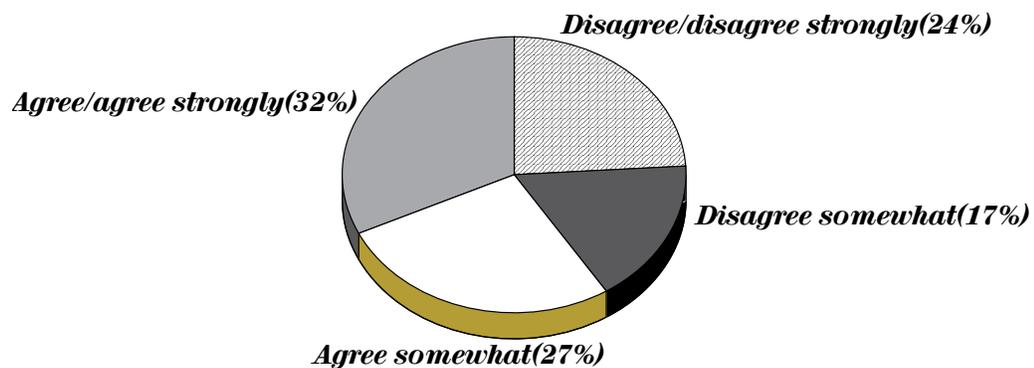
Reducing Chemical Use

"Based on what I've seen, read or heard, growers of fresh produce can greatly reduce their use of chemicals in production without diminishing quality."



Health vs. Pesticide Risk

"The potential health benefits of eating fresh fruits and vegetables outweigh the potential risks from possible pesticide residues."



Source: The Packer's 1992 Fresh Trends Consumer Profile Study.

graduates versus 57% of college graduates. Of the high school graduates, only 2% said that residue testing was not very important compared to 16% of college graduates.

Most consumers don't feel that organically grown is that important for food safety, although most consumers are concerned about pesticide residues. The future and growth of organic foods is still uncertain. Organically grown foods account for about \$1 billion of the \$3 billion natural foods market. Organics are less than .2% of the \$600 billion spent annually on food. The Food Marketing Institute's annual consumer survey found

that 1% of US consumers said they ate more organics in 1992 than the previous year. This is down from the 2% of consumers who said they ate more organic foods than the previous year in 1989, 1990, and 1991 (McKinney). The importance of organically grown does vary by education, sex, and income. Consistent with residue testing, organics are believed to be less important for more educated individuals. Are most of your purchase customers men or women? Women rate organics more important than men. More than twice as many women rate organics as extremely/very important than men (27% versus 12%).

Although most consumers don't feel that growing organically is extremely/very important most consumers feel that "growers of fresh produce can greatly reduce their use of chemicals in production without diminishing quality." Over 80% of all consumers agree somewhat or strongly with this statement. Thus, it is important to be sensitive to the consumer and in your use of chemicals. If you use pesticides in your operation, some education on how much and when you spray might be good public relations and ease some of the concerns of your customers. Be able to describe how long and how the chemicals that you have applied break down.

The 1994 Fresh Trends survey asked individuals if they recalled hearing about the "National Academy of Sciences report on the effect of pesticide residues on produce on children and infants." Sixty-five percent of the respondents said they had heard of the report. Of these respondents 52% said they have altered their behavior. Washing produce more thoroughly before eating was the biggest change in behavior. Having a place where consumers can wash their produce to their level of satisfaction could be a low cost attraction for increasing sales. If consumers experience how sweet and fresh tasting that newly purchased apple or peach is before they leave your produce outlet, they may buy more.

Rural Appeal

The importance of having a rural experience or farm attraction appears to be very important and growing in importance all over the country. Gary Tehrune, who offers classes, farm tours, U-pick, or already picked apples and peaches from his New Jersey orchard says, "The main attraction for people coming here is the farm itself. People come here rather than to the supermarket because they enjoy the farm experience." Eric Gibson in *Sell What You Sow* describes other entrepreneurs like Al Bussell who operates a California U-pick. Al says, "rural recre-

ation offers more income potential than food farming because consumers can never get too much of it! We're in the entertainment business now." The Agricultural Tourism in Cochise County survey also revealed that what local and non-local respondents liked most about their visit to farm outlets was a rural or farm experience. This ranked ahead of "freshness" and "quality" of produce. Thus, developing a rural attraction out of the "farm encounter" consumers have at your business may be the most important product position decision you make.

Some activities like nature or farm trails, antique displays, and petting zoos can be more "self-guided" so that you can develop these activities in the off-season when labor is available. Other activities like hay rides, and guided education tours require more labor during the busy season. An advantage to having "guided tours" though is that they can be an effective public relations and promotional tool for your products. The section of "Opportunities for Adding Additional Value to Your Products" offers several ideas for making a "farm experience." Some produce outlets might specialize in "children" activities while other specialize in "adult education." The type of activities selected or not selected determine your product position in the marketplace and the goal of marketing as the "best produce" in the State may not be enough.

Location

A critical but sometimes overlooked aspect of any marketing mix is location. Place is one of the 4P's often referred to in a marketing mix. It is placed on the same level as the other 3P's of product, price, and promotion in the marketing mix. Place involves all the people and activities that move the product from the producer to the consumer. Location to the direct marketer is definitely more crucial than for the wholesale grower since as a direct marketer you have to meet all the marketing functions that are generally carried out through a series of middle-

men that move your product to the consumer.

As a direct marketer, recognize that your potential market is probably more limited. Some direct marketers have overnight express mail delivery so that they are able to ship all over North America, but these opportunities are the exception rather than the rule. Studies that have been done in the mid-West (Courter and Stutzman) suggest that 75% of all customers live within a 20 mile radius. However, almost 80% of the visitors to farm outlets in Southeastern Arizona in 1993 had traveled over 80 miles. Thus, there is no clear cut rule for how far one should use when estimating a market. Rather determine what your competition is and size up your consumer. If individuals have no close alternative, they will undoubtedly travel a much greater distance. Also, if your consumers want the rural experience more than fresh produce, they are more likely to travel for the "get-away" feeling. A woman called Nita Gizdish in Watsonville, California looking for pumpkins. Nita suggested a place near the lady's location and she said, "Oh no, I want to go out to a farm." So Nita suggested another place that was a 15 mile drive and that was fine. Other tourist attractions in your area may be a locational asset for you in attracting customers. Travelers on the freeway may be enticed to stop for a break at a produce outlet that has convenient freeway access and rest room facilities, but this market is generally limited. Most travelers are out to reach their destination in a hurry and have little time to explore or cooler space for storing produce on the road.

When sizing up your local competition, assess your location to others. Before picking a site ask, "Will everyone exit off the freeway and drive by 10 other farm outlets before they reach my outlet? If this is the case, a better traffic location should be explored. If you are already committed to a site that is out-of-the-way, you will have to promote with good road signs and adds with detailed maps that pinpoint your location. The most com-

mon suggestion for improving farm outlets from the Agricultural Tourism study for Cochise County was related to improving road signs. Identify shining aspects of your location compared to competing outlets, like more beauty, solitude, spring water, or charm. Then you might use a combination of words like say, "Charming Farms Fresh Produce" for promoting your produce. Identify your location and product as having desirable aspects that set you apart from other competitors. Names are commonly used to identify a produce outlet and they can imply more personalized service, but they are generally more difficult for individuals to recall if a friend told them about your outlet in conversation than a more familiar descriptive name. An easily recognized name will also do more harm for your business if customers feel that your products don't fit your name. If your outlet is named "Charming Farms Fresh Produce" you should at least have clean rest room facilities, a shaded area with picnic tables and chairs, and a few flowers around.

Evaluate county and on-farm road conditions before picking a site. Better roads was right next to better road signs in the most frequent suggestions offered for improving farm outlets in Cochise County. Although group efforts are generally required for improving county roads, on-farm road improvements may also be a wise investment. Reducing the dust from nearby gravel roads through sprinkling water on heavy traffic days, applying appropriate oil treatments, or planting trees can also make a better experience for customers. If you have good paved roads up to your farm and to your parking lot, a name like "paved road farms" would convey to consumers the message that your outlet is readily accessible. This could be a draw for many elderly and disabled individuals.

Determine if any zoning regulations might prohibit you from locating where you want to. Also check into easement rights that might apply for a nearby freeway, telephone line, or power line. It would be a

shame to have to move or tear down a produce stand, or outlet store due to an old easement right.

The product consumers are looking for goes beyond the price and quality components of a bag of apples that sell for say \$.20/lb. Consumers are evaluating services offered, location, and their overall experience associated with their rural outing. Because consumers have different preferences, it is virtually impossible to develop a product position that has appeal for everyone. Develop a product position that is consistent with your goals and resources available that will identify a market niche for your business. Mike Horton in Phoenix Arizona developed a market niche of delivering fresh lettuce to resorts. His operation started with three acres of leased land in the city of Phoenix that is minutes away from several resorts. Mike developed a thriving business by identifying a target market and matching the necessary resources to give his business a good market niche. He tried several products other than just lettuce at first, but now concentrates on delivering fresh leaf lettuce that is packaged and ready to serve. Note that he first identified his market and then determined his product position before he grew any pro-

duce. Identifying a target market, securing the resources needed to exploit the market, and continually adapting to an evolving market are the steps necessary to develop and maintain a successful product position.

References

Courter, John W. "Estimating the Trade Area and Potential Sales For a Pick-Your-Own Strawberry Farm." Cooperative Extension Service, Horticulture Facts, HM-6-82.

McKinney, Luther C. "Workable Food Safety Regulation." Choices, Second Quarter 1994, pp. 10-14.

Stutzman, Curtis. Farming Consultant with the Rural Innovation Center in Amana, Iowa.

¹ Russell Tronstad, Assistant Specialist, Department of Agriculture and Resource Economics, Cooperative Extension, The University of Arizona, Tucson, Az.

FROM:

Direct Farm Marketing and Tourism Handbook.

Disclaimer

Neither the issuing individual, originating unit, Arizona Cooperative Extension, nor the Arizona Board of Regents warrant or guarantee the use or results of this publication issued by Arizona Cooperative Extension and its cooperating Departments and Offices.

Any products, services, or organizations that are mentioned, shown, or indirectly implied in this publication do not imply endorsement by The University of Arizona.

Issued in furtherance of Cooperative Extension work, acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture, James Christenson, Director, Cooperative Extension, College of Agriculture, The University of Arizona.

The University of Arizona College of Agriculture is an Equal Opportunity employer authorized to provide research, educational information and other services only to individuals and institutions that function without regard to sex, race, religion, color, national origin, age, Vietnam Era Veteran's status, or disability.

