

Business Planning for Agritourism Enterprises: Session 3 - Marketing

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Who is here today?

- POLL: Do you have marketing plan?
- Introduce yourself in chat and list the types of agritourism activities and products you are planning to market
- How did the homework go?



Kelli Hepler
Agritourism Specialist
American Indian
Alaska Native
Tourism Association
(AIANTA)

Colorado Agritourism
Association





Marketing



Center for Farm Financial Management

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Marketing

- **Your marketing plan will depend on a few things**
 - Why are you doing agritourism
 - Who do you want to reach
 - What are you offering



Marketing

- **AgPlan marketing sections:**

- Market Trends
- Customers
- Market Segments
- Target Market
- Sales Strategy
- Competition
- Pricing
- Promotion
- Strategic Partners





- **Market Trends**

- Describe what is happening with agritourism locally, regionally and statewide.
 - Threats or challenges
 - Consumer demand
 - Competition
 - How will this impact you?



Marketing

- **Customers**

- Who are your customers?
 - Will they change?
 - Are there new customers you want to gain?
- Demonstrate that you understand your current and future customers



Marketing

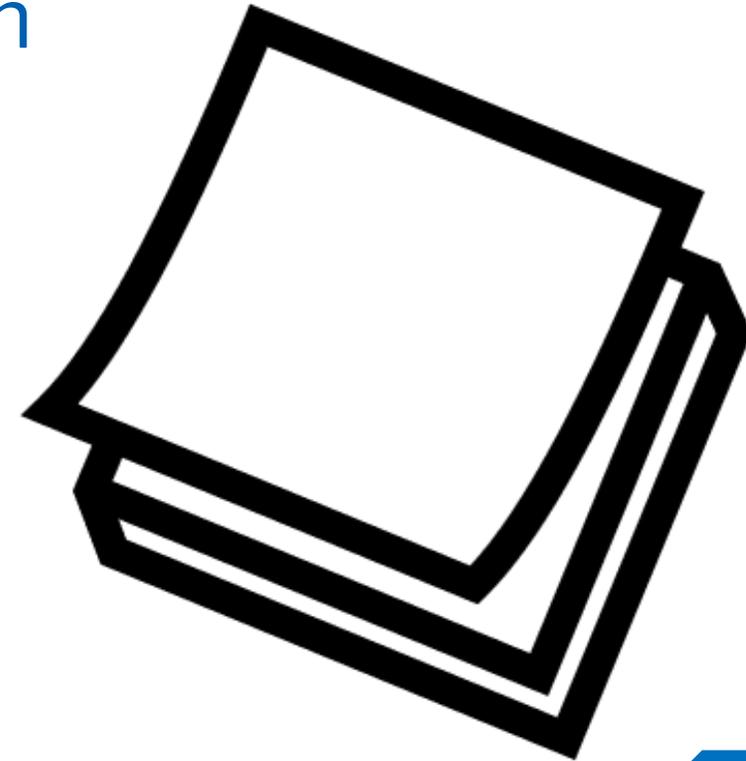
- **Market Segments**

- Market segments are similar groups of customers
 - Demographic – age, gender, occupation
 - Geographic – local, national, international, rural, urban
 - Individuals, locals, visitors, groups, life-long learners
- What are the primary market segments for your products and services
- How big are the segments?
- Do you market differently to different segments?



On A Post-It Note...

- Write down all your market segments – one on each post-it
- Answer the following questions for each segment
 - How do you market to this segment? Is your strategy different than for other market segments?
 - Which products or services does this market segment purchase?



A woman wearing a pink long-sleeved shirt and a black and white baseball cap is feeding a Highland cow. The cow is brown with long, shaggy fur and large, curved horns. It is holding a piece of green leafy vegetable in its mouth. Another Highland cow, darker in color, is visible in the background. The scene is set in a grassy field with a fence line.

Marketing

- **Target Market**
 - Which market segments do you target?
 - Why?



Marketing

- **Sales Strategy**

- Developing a Marketing Strategy might include:

- Identifying your target market segments
 - Creating advertising campaigns to reach your target audience
 - Where to place your marketing messages and how often



Marketing

- **Competitive Advantage / Competition**

- Who are your competitors?
- How well do you compete?
- Do you have advantages?
 - Quality, price, location, facilities, music venue, history
- What are your unique strengths and weaknesses?
- What are your competitors doing that challenges you, and how are you responding to remain competitive?



On A Sheet of Paper...

- Write down your major competitors
 - How well do you compete with them?
 - Do you have any competitive advantages?
 - What are your unique strengths and weaknesses?



Marketing

- **Pricing**
 - What do you charge for your tours, events, products
 - How do you determine your prices?
 - How do your prices compare to competitors?
 - Can you capture premium prices?



Marketing

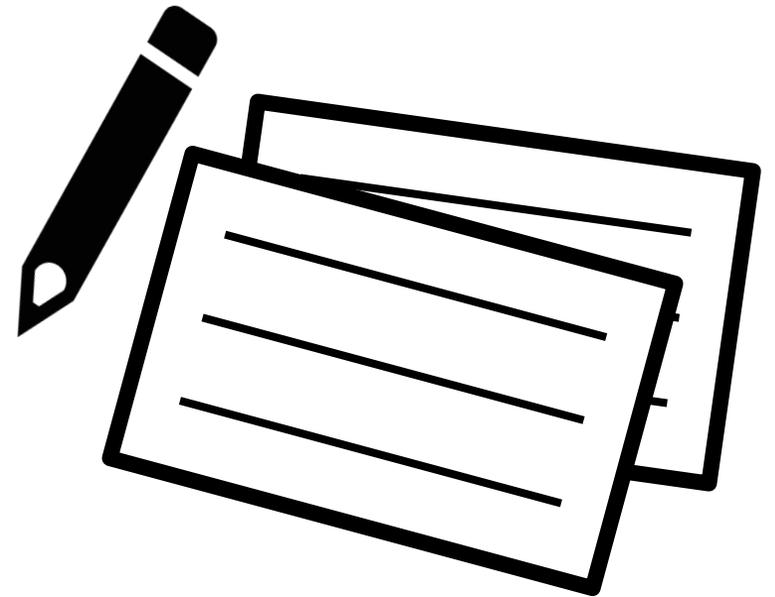
- **Promotion**

- How do potential customers become aware of your product or services?
- Promotion can take many forms and may be limited only by your creativity.



On Your Notecard...

- Write down any promotional efforts you take to make potential customers or community members aware of your business or products
 - Examples: Social media, community parades, your email contacts, etc.
- Share a few examples in the chat



Marketing

- **Strategic Partners**

- Partnerships can add to your success
- Almost all rural agritourism businesses have some form of partnerships and most urban agritourism rely on partners
 - **DMOs, chambers, art studios, dining, museums, media**
- Some have more formal partnerships – you are paying
- Who are your important partnerships and how do you benefit from them?



Shout it Out...

- Who are some of the strategic partners your business works with?
- Who are your best customers?
- Do you have something new? Baby lambs, a new varietal, live music every Thursday nite?



Marketing Trends – Lakeshore Orchard

- **Primary Visitors:**

- Local Families: Drive from as far as Rochester and Syracuse.
- Next Common: Finger Lakes tourists, mainly from NYC, NJ, PA, and OH.

- **Finger Lakes Tourism Trends:**

- Rising Tourism: Due to increased fuel prices, travelers opt for short-distance trips.
 - Wine Tours: Provide affordable escape; popular among visitors.
 - Winery Growth: Hector & east side of Seneca Lake witnessing increased winery numbers.
- New Additions:
 - Organic Brewery & Distillery opening in 2024.
 - Four-Star Hotel opened in downtown Watkins Glen in August 2023.

- **Marketing Efforts:**

- Touring NY, PA, and parts of Canada near NY border.
- Promoting hotel & Finger Lakes as year-round destination.

Marketing Trends – Continued

Seneca Lake Residence Trends

- **Demographic Shift:**
 - Finger Lakes wine industry growth expected to alter Seneca Lake's resident demographics.
 - Anticipate influx of higher-income residents.
- **Real Estate Dynamics:**
 - Waterfront property prices rising.
 - Increased interest from NYC & NJ buyers.



Marketing Trends – Continued

Fresh Apple Market Trends

- **Market Study Insights:**
 - Research by The Hale Group, Getachew Abate, and Christopher Peterson reveals broad opportunities in fresh apple market.
- **Growing Consumption:**
 - Fruit consumption surged by double digits in recent years.
 - Decline or stagnation observed in processed fruit segments (e.g., juices, cider, canned fruit).
- **Key Market Drivers:**
 - Access to Marketing Channels crucial for fresh fruit market success.
 - Lakeshore's U-pick and fresh fruit sales stand out as unique in the Finger Lakes region.
- **Lakeshore's Strategy:**
 - Leveraging unique market position to capitalize on growing fresh fruit trends.



Customers – Lakeshore Orchard

- With the growth of the Finger Lakes wine industry, the demographics of residents living on Seneca Lake is expected to change with more high-income residents moving into the area.
- Real-estate prices for properties on the water are increasing with the increase of people from New York City and New Jersey purchasing homes.



Pricing – Lakeshore Orchard

- **Lakeshore Orchard's Produce:**
 - Food products priced 10% below competition due to higher volume and lower overhead costs.
 - Serve as draw for farm visitors, facilitating upselling.
- **Ornamental Products:**
 - Priced competitively; better selection than competitors.
 - Limited quality difference due to off-farm purchasing.
 - Greenhouse construction to enhance differentiation and allow for higher prices.
- **Retail Shop Strategy:**
 - Emphasize uniqueness over price competition.
 - Plan to increase revenue from gift shop.
 - Focus on fresh inventory, unique offerings, and dynamic displays.
 - Kelly Miller's artistic contributions crucial to gift shop success.



Promotional Strategy – Lakeshore Orchard

- **Key Objectives:**

- Drive customer visits to the farm.
- Encourage customer purchases.

- **Key Metrics:**

- Customer counts (daily, weekly, monthly).
- Average transaction size per customer.

- **Promotional Tactics:**

- Continuous advertising in key markets (road signage, newspaper ads, social media, radio spots).
- Distribution of brochures in wineries along the wine trail.

- **On-Farm Conversion:**

- Product selection, displays, and staff retail skills crucial for maximizing spending per customer.



Target Market – Lakeshore Orchard, Eats

- **Target Customers:**

- Wine Trail Visitors: Seeking convenient, quality food options during winery visits.
- Entertainment Seekers: Customers enjoying Lakeshore's entertainment offerings.

- **Offerings:**

- Wine Trail Picnic Baskets: Includes Lakeshore's apples, cheese, salami, and fresh-made bread for wine trail customers.
- Entertainment-Enhancing Food Selection: Catering to visitors enjoying Lakeshore's entertainment offerings.

- **Profitability:**

- High-margin foods contribute significantly to profitability.
- Currently no direct competition for food service items.



Competitive Advantage – Lakeshore Orchard

- **Key Factors:**
 - Price, Service, and Product Differentiation.
- **Low Overhead:**
 - Operates with minimal overhead, primarily family labor and management.
 - Located on Miller residence property, reducing costs.
- **Price Competitiveness:**
 - Charges 10% less than competitors like Perry's Pumpkin Patch.
 - Adjusts product mix to differentiate from low-priced competitors like Wally-Mart.
- **Value-added Services:**
 - Offers planting advice for perennials and family recipes for produce.
 - Builds trust with customers over 10 years for quality products and enjoyable experiences.



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Homework:

Complete AgPlan “Marketing Section”

Next Tuesday: Management and Organization



Support for AgPlan Business Planning

Contact the Center for Farm Financial Management

- Call (612) 625-1964 (US phone number)
- Email: cffm@umn.edu
- Web: cffm.umn.edu

Recordings and resources are online
<https://go.uvm.edu/agplan>



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