CREATING OUR OWN MARKET

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Pure Luck Grade A Dairy
Dripping Springs, Texas

Overview of Workshops

Hour #1 - Pure Luck’s Marketing Mix

We’ll look at all the more than a dozen ways we have marketed our dairy products over the past twelve years. What has worked, and what has not worked for us? There are distinct advantages and disadvantages to each of the industry’s three markets – distributors, retailers and consumers. What is the best market for you?

Hour #2 - Farmers Markets & Farm Stands

How have sales at farmers markets and at our farm/dairy farm stand helped us satisfy our goals to create more customers, bring in more business from our current customers and make more profit? We will look at what is needed to set up and sell at a farmers market and how to set up a successful farm stand, so that the experience is a positive, rewarding and profitable one.

Hour #3 - Designing and Building a Web Site

What are the benefits to having a web site for your company? What has it done for us? What steps you will need to make to create a successful site? We will look at the monetary and time investment needed. We will look at domain names, web hosting, the software needed to design and build a site, scanners, digital cameras, and becoming an on-line visa/mastercard merchant.

½ Hour #4 - Relationship Marketing

Why it is vital to move away from old style selling and use relationship marketing to take a stranger, someone who has never bought from you and may not have even heard of you, and convert this stranger into a loyal customer? We’ll look at what we do at Pure Luck to keep our customers loyal.

Workshops

Hour #1 – Pure Luck’s Marketing Mix

A short introduction to marketing in general.

All businesses can be divided into to areas of activity:
1. Production – making or growing something.
2. Marketing – causing what you have made or grown to be sold.

There are three marketing goals for businesses no matter what is produced and marketed:

1. To find and develop more customers.
2. To make more sales from current customers.
3. To make more profit per sale.

There are three basic markets, or places to sell, for every product. Each market has advantages and disadvantages. The three markets are:

1. Wholesale Sales to Distributors.
2. Wholesale Sales to Retailers.
3. Direct Sales to the Consumer.

As a farm and dairy, Pure Luck Texas has moved away from Wholesale Sales to Distributors (5% of our sales). We have for the past several years, concentrated on Wholesale Sales to Retailers (65% of our sales). However, we are now moving our marketing efforts toward Direct Sales to the Consumer (30% of our sales).

There are Advantages and Disadvantages to each market:

**Wholesale Sales to Distributors**

**Advantages**

- One call will sell a lot of product.
- If your product is uniform and consistent, you will be competitive.
- Fewer but larger accounts, less driving time.
- Cost per sale will be less.
- You can contract for a known quantity of product.
- Can be competitive with shipped in product since you are local.

**Disadvantages**

- Price you receive will be lower since they have to sell to someone who is retailing.
- You can’t sell to the same customers the distributor sells to.

**Wholesale Sales to Retailers**

**Advantages**

- Have much more control of prices.
- Can sell on a cash basis.
- You can choose when to deliver and how much.
- Cost per sale will be more than sales to distributors.
- You can sell to everybody.
- Locally made/grown.

**Disadvantages**

- Price often set by the marketplace.
- May have to offer terms.
- Will have to deliver (or ship) so you will need trucks if delivering.
- Orders will be smaller than with distributors.
- Will have to follow a schedule of delivery.
- May meet with more competition.
- Smaller customers take as much time as bigger ones.
Direct Sales to Consumer

Advantages

Price will be the highest you can get.
Price can be set by supply and demand.
Will not have to offer terms.
Will get to deal with the end user.
Is easy to get started.
Consistency is not as important.
Easy access to feedback, can easily find out what the end user wants.
Can sell surplus products at a price you set.
Minimal requirements to be met for packaging.
On farm/dairy sales cuts down on delivery costs.

Disadvantages

May have to become a Visa card merchant.
Will have to make many smaller sales.
There will be more transactions.
Transactions will often be one-time sales, lack of repeat business.
Competition is stronger.

There are two styles of marketing:

1. Push Marketing.
2. Pull Marketing.

In Push Marketing, the direction of your efforts is out.

Push Marketing Methods

* Door to door sales, cold calls.
* Telemarketing.
* Direct Mail.
* Spam E-mail.

We’ll go over each of these methods. Pull is in the realm of selling. Sometimes to get your business started, you will have to put yourself and your company out there, and make cold calls either in person (door to door) or by telephone (telemarketing). An easier way is by direct mail or e-mail, but the average return on these is very low, well under 1%. The return goes up to 10% if you mail and then follow up by a phone call. We’ll show how this type of marketing is not very effective.

In Pull Marketing, the direction of your efforts is drawing in.

Pull Marketing Methods

* Farmers Markets.
* Farm Stands.
* Web Site.
* Delivery Route (where you are expected).
* E-mail newsletter, opt-in (permission to send).
* Networking.
* Conducting a Survey.
* Public Speaking.
* Events, like open house, party.
* Advertising.
* Writing Articles/Columns.
* Putting on a Class or Conference.
* Farm/Dairy tours.
* Booth at Trade Show.
* Press Release.

We’ll go over each of these methods. Push is more suited to our type of business, because when someone contacts you, they already know you. There is not so much selling involved as there is being there and ready when they are ready to buy. Farmers Markets and Farm Stands will be covered in detail in hour #2 because they are the keys to success in the Direct Sales to Consumer Market. Designing and Building a Web Site is the newest development in Direct Sales to Consumer marketing and will be covered in detail in hour #3. Relationship Selling, which works for all three markets, will be covered in ½ hour #4.

**Hour #2 - Farmers Markets & Farm Stands**

A short introduction on Direct Sales to Consumers and our marketing goals at Pure Luck.

As a company we have been moving away from Wholesale Sales to Distributors (5% of our business). We are moving away for this market because we do not like the commodity feel and the prices we get are the lowest. The bulk of our business is in the Wholesale Sales to Retailers market (65% of our business). We have had to buy and maintain a van, and have had to make scheduled deliveries. We actually offer three different products, our Goat Cheese, Cut Flowers and Cut Herbs. We have enjoyed much success in this market but realize that Direct Sales to Consumers is the most profitable and closest we can get to the actual end-user.

There are three ways we sell direct to the consumer:

1. Farmers Markets.
2. Farm Stands.
3. Sales from our Web Site.

This hour we will cover how to prepare for, set up and sell at Farmers Markets, and how to prepare for, set up and sell at your farm/dairy with a Farm Stand. We will cover Designing and Building a Web Site in Hour #3.

**Farmers Markets**

We attend a year around farmers market called the Westlake Farmers Market, which sets up at the Westlake High School in Austin, Texas. We also sell at the Georgetown Farmers Market, Spring to Fall (closed in Winter) on the Square in Georgetown, Texas. There are many companies who use farmers markets as their primary marketing strategy. They may attend as many as they have people and products.

Of the three marketing goals mentions earlier, of finding and developing more customers, making more sales from customers, and making more profit per sale, our sales at the farmers markets help us on all three.
1. To find and develop more customers. We are not particularly looking for new customers in the Wholesale Sales to Distributors or the Wholesale Sales to Retailers markets. However we are, as a goal of our company, looking for new Direct Sales to the Consumer customers. We realize that one of the disadvantages of this market is that we will often be making one-time sales, that there will be a lack of repeat business. How can we make a relationship with this one-time customer? How can we bring this customer back?
   * By producing the very best quality product. A piece of cheese that tastes so good, the consumer will have to return to get some more.
   * Sign up for our e-mail newsletter.
   * Visit our web site.
   * Visit the farm.
   * Read our educational handout.
   * Buy our products at retail stores.
   * Come to our event, class.
   * Let us deliver to them.
   * A drawing.
   * Offer coupons.

2. To make more sales or bigger sales from customers. Variety and diversification. Besides our goat cheeses, we also offer vegetables (right now washed baby lettuces and spinach), cut culinary herbs, and cut flowers. The more items you have at the farmers market, the more sales per customer you will make.

3. To make more profit per sale. There are two ways to make more profit. One is to cut costs. Be a better buyer. Be more efficient. These savings could come from anywhere. A truck that is more fuel efficient. The other way is to get a better price for your product. If you are consistently selling out at the market, maybe your prices are too low. How should you set your price? When setting the price, remember why you are in business. You are there to make money. Why make less by setting your price lower than customers are willing to pay? It is better to start with the highest price you can get. It is hard to raise (if not impossible) your price as the day goes on, but you can lower your price by degrees as the day goes on. It should not be a goal to sell out. It should be a goal to make as much money that day as you possibly can. Remember, your costs remain constant, so charge more and make more profit. We offer a $1 coupon to be found on our web site. It takes a little off our profit for that sale, but we believe brings someone new in and coming back.

What you will need to sell at a Farmers Market:
   * Products to sell.
   * Vehicle to carry your products (air conditioned, refrigerated).
   * Samples.
   * Plates.
   * Utensils.
   * Crackers.
   * Permit.
   * Money for booth fee.
   * Cash box, change.
   * Tent.
   * Pens.
   * Calculator.
   * Table.
   * Tablecloth, cloth or coated.
* Ice Chest/Refrigerator.
* Blue Ice.
* Spray bottle w/ cleaner.
* Napkins/paper towels.
* Plastic bags.
* Paper shopping bags.
* Water.
* Flyers.
* Business cards.
* Banner.
* Scale.
* Check list.
* Notebook to collect names, addresses, phone #s and e-mail addresses.

We’ll go over each of the above and discuss how we can best utilize them.

Some helpful hints:

* Have everything you need for the market ready to go so you won’t be late.
* Get to the Farmers Market early enough to set up and be ready when the market begins.
* Bring a variety of products. Try to make your booth look full to overflowing. Dress nicely. Clean clothes, shave, shower.
* Smile.
* Have enough help. Kids can package product, make change, look cute.
* Greet everybody who comes into your space.
* Greet people passing by. Some will come in if you say “Hi.”
* Call people by name. Make a real effort to remember someone’s first name. Write it down.
* Know the selling points of your product.
* Know the answers to any objection and be ready.
* Ask if they would like to try a sample of your product.
* Have a way to collect their names, addresses, phone # and e-mail address. We sign folks up for our e-mail newsletter. Before that we collected names and addresses for direct mail pieces.
* Offer a coupon. We have a Pure Luck Buck on our web site that folks can copy and bring to the Farmers Market or the Farm and get $1 off a purchase.
* Make a list of the taxable items you sell so you can pay sales tax. We include it in the price. Our cheese, veggies and herbs are non-taxable, but cut flowers are taxable. We try to keep prices in round numbers, $5 or $6. Not $4.99 plus tax.
* Bring Sales Tax Permit.
* Bring Organic Certification.
* Bring Vendor Permit.
* Keep your stuff within your assigned space, 8x8 or 10x10 or whatever.
* Post your prices. Blackboard, small tent-signs, price tags on products.
* Plan to store any food products off the ground.
* Check with Market Manager or Health Department for local laws and regulations.
* Be careful and accurate when making change.
* Get a driver’s license # when taking checks.
* We take Visa/Mastercard at our booth but only a small percentage of the vendors do this.
* Clean up your spot before driving off.
Farm Stands

* Walk-in Cooler/Refrigerator.
* Permanent sign.
* Signs pointing the way to your Farm Stand.
* Permanent building/Tent.
* Everything listed under Farmers Market.

Some helpful hints:

* Have set hours. 9 to 5, etc. We set our hours on Saturday and have someone there at the Farm Stand during those hours, try to watch to see if someone shows up on Sunday, otherwise it is self-serve. We have a cash box for change and stock a small refrigerator with cheeses.
* Post all permits.
* Offer tours of your place for customers.
* We have found that customers coming to our farm will buy something. Our sales are generally bigger at the farm than at the farmers market, however, since we are pretty far off the highway (2-1/2 miles) we don’t get the traffic.
* Consider selling other farm’s products. We sell yard eggs, jellies.
* Stress how fresh everything is.
* Keep your sales area clean, mowed, neat, have flowers growing, etc.
* We have a two room walk-in cooler. In the front room we have a cheese tasting room set up. There is a small refrigerator in the front room as well. A bulletin board with notices. Newspaper articles on the farm/dairy, are laminated and tacked to inside walls. We can regulate the temperature of the two rooms. The back room is where we keep our wholesale orders and products not for sale. We keep it locked. The back room is kept cold. The front kept cool.
* Folks who come to the farm tend to stay longer and what to make more of an experience out of buying. We have picnic tables, and have recently developed a hiking trail on the back part of our land. Also, the children can play with the kids (goat babies) and walk through the flower fields and see the goats.
* All the things listed in the Farmers Market hints also apply, except you don’t have to clean up before you drive off, but you still have to clean up before you go into the house, or just shut the gate.

Hour #3 - Designing and Building a Web Site

A short introduction on Direct Sales to Consumers and our marketing goals at Pure Luck.

Why develop a Web Site for Your Company?

* To open up an additional sales outlet. Open 7 days a week, 24 hours a day.
* To reach a particular demographic. On-line buyers are in upper half of money earners.
* To beat your competition to the line. If you are first, you have the edge.
* To generate customer feedback. Feedback forms let you know what your customer is thinking.
* To serve the local market. Web sites are replacing brochures on sales calls. “Let’s look at that on our web site.”
* To serve the global market. You now have millions of potential new customers.
* To enhance your image. A nice looking web site (as easy to create as a bad looking
one) can make you look like a bigger player.

* To make audio and video available. No need to lug a/v equipment around. Put it on your web site.
* To reach the media. Put press releases on-line. Link to printed articles about your company. Become an industry expert for quotes.
* To get the word out. Share your knowledge with brochures, white papers, articles. Be accessible, list phone, fax, e-mail, physical addresses.
* To make more money. Developing a web site has become the cheapest, most effective way to find a stranger and turn him into a friend and then into a customer and ultimately into a loyal customer.

Steps for Designing and Building Your Web Site:

* Gather information in the form of text and photos. These can be things you have written about your company, your products, prices, your people, your mission. Articles about your company work well.
* Organize your information into the natural categories or departments that will become your pages. For instance, on our web site, www.purelucktexas.com, we have a Home page, which is the page that shows up, and then have other pages such as History, Flowers, Herbs, Cheese, Cheese Making.
* Enter text onto web pages. We use Microsoft FrontPage which is very easy to use. Text can be put on Microsoft Word.
* Enter photos (images) onto pages. We use Microsoft Image Composer with a Hewlett Packard HP Scanjet 4400c scanner. This allows us to scan a photo, save it to MIC, resize it and fit it into the page.
* Add links within pages and to other sites.
* Publish. What you have created is stored in your computer. To put it on the internet and your web site, you essentially up-load to the site.

What is the monetary and time investment to develop a web site?

* You will need a domain name. These are names that end in a number of things, such as .com, .org, .net, and so on. .com is the most popular for a commercial web site, but being so popular, many names have been taken already. We wanted www.pureluck.com and found out it was already taken. We had to settle on www.purelucktexas.com. Domain names will cost about $35 per year.
* You will need a web host or you can be your own host, but you will need extra equipment to do this. Our web host charges about $20 per month. There are some cheaper and many more expensive.
* If you want to sell your products, as we do our cheeses, on-line, you probably want to become a Visa/Mastercard merchant. You will need a shopping cart, which is a separate company that tabulates your order, adds shipping costs, takes the credit card number. It costs us $5 per month for the shopping cart service and another $20 to $30 per month for the bank processing. There are various costs per transactions as well.
* We use Microsoft FrontPage software to build and maintain our web site. It allows you to type up the text as you would with Microsoft Word, with the freedom to use HTML language as well. This software runs around $100.
* You will need a scanner (ours costs about $100) or a digital camera. Cameras have come down in cost this past year. Still a couple of hundred or more for a good one.
* If you build your own site, you will need to put in the hours. Books, courses and time. If you hire someone to do it, costs will be from a few bucks per hour to
thousands of dollars.

Some helpful hints:

* Describe your target market or audience. Be as specific as possible.
* Make sure that each page can function as a self-contained unit.
* Pick a theme that works for your product.
* Decide the purpose of your site. Is it sales? Information?
* How do you want to get people to your site? Search engines?
* Take it one step at a time and publish when you have something acceptable to you.
* Make sure your host has the features you need. Audio? Video? E-commerce? No extra costs for links?

A Look at how we built the Pure Luck Texas web site.

½ Hour #4 – Relationship Marketing

A short introduction on sales and marketing.

There is a process to take a stranger to a loyal customer.

Here is the process. Make a stranger into a friend, a friend into a customer, and a customer into a loyal customer.

**Stranger**

Someone who does not know you. Has no reason to trust you. Does not understand you or where you are coming from. Has never tried your products. You are an outsider. Making cold calls on strangers the ratio of calls to sales is a minimum of ten to one. Ten calls to get one sale. This is why cold call selling is not right for our business.

**Friend**

Someone who knows you. Trusts you. Understands you and where you are coming from. Has tried your products. You are an insider. An ally. You have a relationship.

**Customer**

A buyer of goods. A purchaser.

**Loyal Customer**

A faithful buyer of goods.


How to we turn a stranger into a friend?

* Be trustworthy. Always, always do what you say you are going to do.
* If there is any sort of problem, make it good immediately. It may mess up the profit on an individual sale, but the goal is to have a long time, loyal customer.
* Act friendly. Do things a friend would do.
* Remember his or her name.

In our industry, we have a limited number of potential customers. In our Wholesale Sales to Retailers market, we sell our cheeses to three Central Market stores, three Whole Foods Market stores, a food co-op, one other farm that has a farm stand, and five restaurants. That is thirteen customers. In our Wholesale Sales to Distributors we have one customer. We cannot afford to go charging in making cold calls on these buyers.

There is an expression in sales that 80% of your business will come from 20% of your sales. What we have done is concentrated on the 20%. Our 13 or 14 loyal customers are now 100% of our business.

How have we been able to keep them as a loyal customer?

* We have formed a partnership. Our cheese partnered with their cheese departments and their customers (our customers now).
* Demos – We go to their stores and sample our cheeses every time we are asked. Before holidays, store events.
* We talk to the cheese department staff as we are delivering.
* When we shop at their stores, we make sure we tell them who we are and that we love their store. We tell the checkers who we are and what our cheeses look like. We tell the waiters at the restaurants who we are. Most of the time the chef (who buys for the restaurant) will come out to our table.
* At the farmers markets and at the farm stand we tell folks all the places that carry our cheeses.
* We invite cheese department staff out to the farm, include them in our events at the farm, invite them to have their meetings at our farm.
* We write thank you notes at the end of the season. Winter is when we have our goats freshening and have less milk and less cheese.
* We go to events sponsored by our loyal customers and be sure to tell them who we are.
* We mention our loyal customers in our web site.
* Never talk about one customer with another customer.
* Gaining trust is the most important element. Always do what you say you are going to do. You earn trust by being reliable.
The proper citation for this article is: