

Marketing Training Manual for Farmers

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Marketing

Training Manual for Farmers

Lesotho National Farmers Union (LENAFU)

Basotho Enterprise Development Cooperatives (BEDCO)

Ministry of Small Business Development, Corporates and Marketing (MSCM)

Disclaimer

This manual does not in any way reflect the views and opinions of IFAD and EU, but those of the consultants that were engaged by Lesotho National Farmers Union (LENAFU) to support the development of this manual.

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Preface

This training manual is part of a series of four farmers' self-help training manuals developed by BEDCO in collaboration with the Ministry of Small Business development, Cooperatives and Marketing. These manuals were initiated and financed by LENAUFU under its capacity building program. The main objective of these manuals is to capacitate local farmers with entrepreneurship skills necessary to commercialise and grow their farms. The four manuals are:

- i. Business Plan Guide for Farmers,
- ii. Marketing Training Manual for Farmers,
- iii. Record Keeping Training Manual and,
- iv. Financial Planning Training Manual for Farmers.

These manuals can be used by both start-ups and existing farmers. The idea behind the design of these manuals was to come up with capacity building tools that can be used in three ways:

- i. Farmers to train other farmers in small groups of 1 to 10 participants per session
- ii. Professional business trainers to provide training to larger groups of 10 to 25 farmers
- iii. Individual farmers to be able to independently use the manuals without assistance

The guidelines and management strategies recommended in these manuals were based on experience of veteran entrepreneurship trainers from BEDCO and MSCM as well as comprehensive feedback from other trainers and independent smallholder farmers. These manuals have been successfully tested on local farmers and have proved to be effective in building entrepreneurship capacity of local farmers.

These manuals are not tailored for any group, trainers should use findings from training needs assessment to develop the training program using the manuals.

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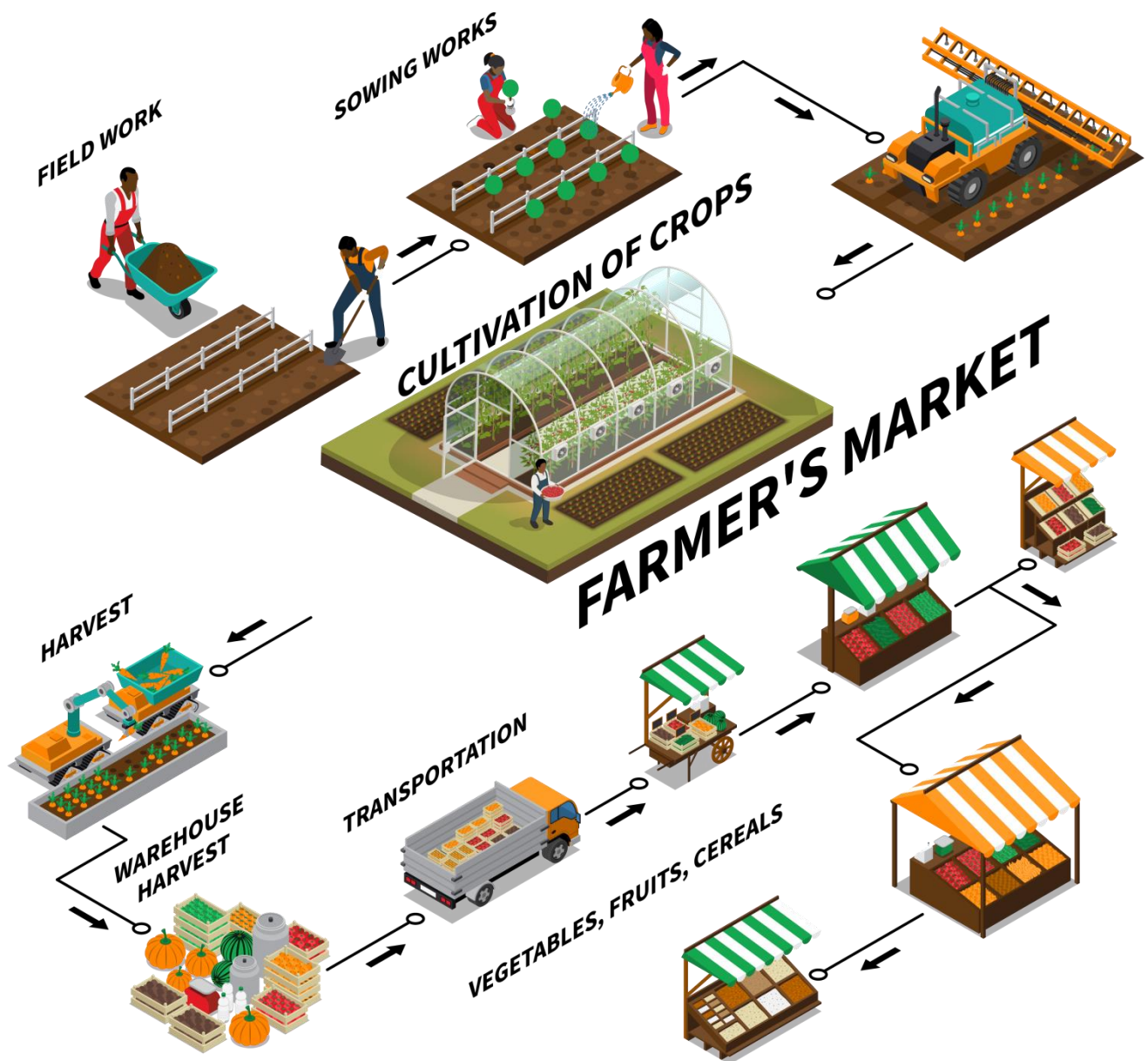
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Commonly used terms:

1. **Customer:** The one who buys from you.
2. **Consumer:** The one who uses your product.
3. **Consumption:** the act of using a product.
4. **Product:** What a business sells.
5. **Unit:** A single product. One product.
6. **Strategy:** A way in which you plan to achieve your plans.
7. **Goal:** goal is a statement that shows the targets you have set for yourself
8. **Surplus:** products that remain after the intended use.
9. **Demand:** When someone needs your product and can afford to buy it.
10. **Etc:** and many others

Marketing





What you will learn from this manual:

1. What is marketing?
2. How can marketing help you as a farmer?
3. How to get information about your mark?
4. What is marketing strategy?

Chapter 1. Introduction to Marketing

What is marketing?

Marketing is:

- i. everything you do to find out the needs of your target customers and,
- ii. everything you do to satisfying those needs with the aim of making profit.

Other two words that are important to understand as a commercial farmer are:

- i. **Market:** this is a person, a group of people or an institution that buys or can buy products from your farm. For example, this can be a street vendor, neighbour, supermarkets etc.
- ii. **Market Place:** this is an open space where buying and selling of products and services happen. This could be;
 - a physical location,
 - an online platform or,
 - any platform where buyers and sellers are free to meet and exchange products and services.



Benefits of marketing your farm:



What is marketing strategy?

A marketing strategy is an explanation of how you plan to achieve high sales, good profits and good image for your business. Just like other businesses owners, farmers need to have marketing strategies.

Think of a marketing strategy as a bridge between low sales and high sales. Suppose you are on the low sales side.

For you to build a bridge that will get you from one side to the other, you need to know about the gap between you and the other side, how big is this gap? What kind of building material will you need to build the bridge? You also need to have information about the side you plan to cross to. What will you find there? What will you need to survive there?



Unless you have all this information, you will not be able to make a good and lasting bridge to the other side.

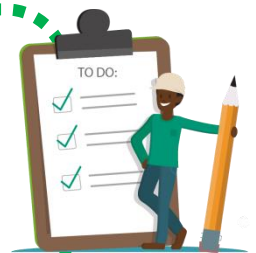
In the same way, for you to be able to write a good marketing strategy, you need to have the right information about the environment which your farm works in. A good marketing strategy is the one which is written based on good market research. In the next chapter, you will learn about market research and how to make your own market research.

Task:

Answer the following questions about your farm:

Do you market your farm?

How do you benefit from that?



Chapter 2. Market Research

What is a Market Research?

What you will learn from this chapter:

1. What is a market research?
2. Why is the market research important for you as a farmer?
3. How can you do your market research?

Market research is when you collect information about;

- i. what the market wants, and
- ii. what is happening in the market.

Market research also includes making efforts to understand information that is collected.

All business owners must do market research before and after starting the business. In fact, business owners should keep on doing market research regularly for as long as the business exists. This helps business owners to stay ahead of changes in the market.

Why should you do market research?

The following table explains benefits of market research and gives example of such benefits.

Benefit	Example
Learn about future demands; Every day things change. Some changes make people like certain products more or dislike them. When you do your research often, you can learn about life changes that are likely to affect people's behaviour or preferences. This can help you realise the future needs of your target market and plan ahead to satisfy them.	From market research a farmer may learn that Covid-19 is likely to cause another lockdown in the next few months, this information allows the farmer to start planning how products will reach customers during lockdown.

<p>Plan production that matches market demands;</p> <p>Many times, farmers face the challenge of high quantities of products that no one is willing to buy because they do not meet customer's needs. This could be in terms of prices, terms of sales, mismatch between quality and price, etc.</p> <p>Through market research, you will be able to find out how much your target customers are willing to pay for your product, what features and terms of sales they prefer.</p> <p>In this way, your business decisions will be informed by the market behaviour. Therefore, you will be able to provide products that will meet the needs of your target customers.</p>	<p>From market research you may discover that because of the cost of producing garlic, it will not be possible to sell garlic at a price lower than South African farmers. You may also realise that there will be nothing that can encourage local retail shops to buy from you. This information will help you realise that there will be no market for garlic so you can decide to not produce it.</p>
<p>Identify new business opportunities or more potential customers;</p> <p>Market research gives you the chance to learn more about your potential customers, your competitors, and the environment which your farm operates in. In the process of learning new details about this, you will likely discover more potential customers or more business ideas. This will allow you to expand or introduce new products to your line of products.</p>	<p>During market research you might realise that most of your customers buy from you because of the packaging material you use. This can give you an idea to buy the packaging material in larger bulks and sell to other producers. In this way, you will be introducing packaging material as a product targeted to other producers.</p>

How to do market research

This section will guide you on how to conduct market research focusing on the following key topics;



1. Research about product

Product is anything you are going to produce from your farm with the purpose of selling it. You must know more about your product, not only how to produce it but also how to sell it profitably.

Research guide:

What you need to find out	How you can collect information
<ul style="list-style-type: none">• Are there any businesses or organisations that need your product in large quantities?• Who are the final consumers of your product?	<ul style="list-style-type: none">• Visit your potential customers and have a short interview with them.• Print short forms and request your customers to fill them up at their own time.

- | | |
|---|---|
| <ul style="list-style-type: none"> • What need do your consumers meet with your product? • In what condition and packaging do your customers prefer your product (size, grade, colour, quality, packaging, etc.)? • At what time of the year and how often do customers need your product? • How much are your customers willing to pay for your product? | <ul style="list-style-type: none"> • Listen to the comments your customers make about your product and the products of your competitors. • You can also find information from other sources of information such as radio and tv news, government reports etc. |
|---|---|

Start thinking about your marketing strategy:

Which quality of product should you produce?

In what quantities?

How should you package?

Where should your prices range?

When should the products be ready?

Example:

Activity	Information I will collect
<p>I am going to visit:</p> <ul style="list-style-type: none"> • Nkoko Primary School • Seekane Catering and Décor Company • Makotola General Cafe 	<p>Which type of beans do they use for their students' feeding program?</p> <p>How many quantities can they buy from me in future?</p> <p>How often do they need the beans?</p> <p>In what packaging do they prefer the beans?</p> <p>For how much do they buy beans from their current suppliers?</p>

I am going to print a short form that will be given to my individual customers who come to the farm.

Which type of beans do they prefer most?

What do they do with the beans? Do they consume or sell?

How often will they need the beans in future?

In what sizes do they prefer to get the beans?

Task:

Using the above guide and example, write down how you plan to collect information that will inform your marketing strategy. If you plan to visit customers, also write down a list of customers you plan to visit.



2. Research about Competition

Competitors are farmers who:

- produce and sell same product as yours,
- target same customers as yours and,
- produce products that are different from yours but can serve the same purpose as yours. For example, if you produce cabbage and another farmer produces spinach, and you both target schools that will either buy cabbage or spinach, then the producers of spinach are also your competitors.

Research guide:

What you need to find out	How you can collect information
<p>Which other farmers produce the same product as yours?</p> <p>What makes some customers choose your competitor over you?</p> <p>What makes some customers choose you over your competitors?</p> <p>How are their prices compared to yours?</p> <p>How is their quality compared to yours?</p> <p>How do they make their businesses known to target market?</p> <p>How do they deliver the products to the customers?</p>	<p>Interview your customers. Those who used to buy but stopped, those who still buy and those whom you still wish they come and buy.</p> <p>Look around and take note of how your competitors work.</p> <p>Look around and take note of what influences the choice of suppliers of your target market.</p>
<p>Start thinking about your marketing strategy</p> <p>Why do some customers choose your competitors over you: is their product of better quality? Are they cheaper than you? Are they located in such a way that customers find it easier to buy from them than from you? Is their business better known than yours?</p> <p>How can you beat competition and still make profit for a long time?</p> <p>Are there some things you can learn from your competitors?</p> <p>Is there any way you can collaborate with your competitors?</p>	

Example:

Activity	Information I will collect
I will randomly interview my customers.	<p>Why they choose me over other farmers.</p> <p>What they think is the reason why others buy from other farmers.</p>
I will observe the industry.	<p>Which farmer is trusted for better quality than me?</p> <p>Which farmer is known for lesser prices than mine?</p> <p>Which farmer has made his products easy to find by customers than me?</p> <p>Which farmer is well known than me?</p> <p>In what ways am I better than my competitors?</p>

Task:

Using the above guide and example, write down how you plan to collect information that will inform your marketing strategy.



3. Research about Suppliers

Suppliers are people or companies who provide inputs such as fertilizers, seeds, machinery, etc.

Research guide:

What you need to find out	How you can collect information
<p>Who are the suppliers of your inputs?</p> <p>What quantities can your suppliers afford to supply?</p> <p>Are these suppliers reliable?</p> <p>What is the likelihood that your suppliers will change their prices in the near future?</p> <p>What other factors besides your suppliers that can affect the supply of product? Weather, boarder gate logistics, terms of sales, etc.</p>	<p>Ask questions from your current and potential suppliers.</p> <p>Ask questions from other farmers.</p> <p>Visit the relevant offices and ask some few questions.</p> <p>Search on the internet and make follow-up calls.</p> <p>Listen to the news and agriculture related TV and radio programs.</p>
<p>Start thinking about your marketing strategy</p> <p>When you look at the quantities required by your customers and how often do they need your products, which suppliers are able to supply you with inputs without failing?</p> <p>If their prices change soon, how will this affect your prices and demand for your product?</p> <p>How would you manage this effect?</p> <p>What will you do to make sure you never run short of supply of inputs?</p> <p>What will it take to keep good relations with your suppliers?</p>	

Example:

Activity	Information I will collect
Interview other farmers	Where do they get their inputs and other resources? What are the common challenges they face with their suppliers?
Interview suppliers	What is the most convenient shopping arrangement you can make with them? Should you expect increase in prices?

Task:

Using the above guide and example, write down how you plan to collect information that will inform your marketing strategy.



4. Research about distribution channels

Distribution channels are different ways through which a product passes from the farm to the final consumer. These channels include:

Distribution channels	Benefits	Challenges and requirements
Farm-gate: the farmer can sell directly to the consumers, with no middlemen involved. Example; households buying milk from dairy farm.	Prices are higher. All grades can be sold.	Demand is not stable, and during peak seasons it becomes low.

		Money comes in small amounts and can be difficult to manage.
Wholesalers and retailers: the farmer can sell to wholesalers and retailers who in turn will sell to consumers. Example; retailers are local shops and supermarkets.	<p>Money comes in large sums.</p> <p>Demand is stable.</p> <p>Low probability of waste because purchase agreements can be made before harvest.</p>	<p>Prices are lower.</p> <p>Must have reliable suppliers.</p> <p>Must have continuous production.</p> <p>Must have good packaging and branding.</p> <p>Must have reliable delivery system.</p>
Hawkers: the farmer can also sell to hawkers who in turn sell to consumers.	<p>No packaging is required.</p> <p>All grades can sell.</p>	<p>You sell at lower prices.</p> <p>Demand is not stable, during high seasons it becomes low.</p> <p>Farm must be located near busy marketplace.</p>

Research guide:

What you need to find out	How you can collect information
<p>Which distribution channels do your customers prefer most?</p> <p>Which distribution channel will give higher profits?</p> <p>What is the difference in prices for all the possible channels?</p>	<p>Interview existing and potential customers.</p> <p>Look around and note the costs and benefits of different channels to your farm.</p>

Which channels can your farm meet their requirements?

Start thinking about your marketing strategy

Which channel is most suitable for your production pattern?

Which channel will allow your farm to grow better?

Example:

Activity	Information I will collect
Interview existing and potential customers.	Do the customers prefer to collect their products from your farm?
Look around and note the costs and benefits of different channels to your farm.	How much will each channel cost you?

Task:

Using the above guide and example, write down how you plan to collect information that will inform your marketing strategy.



5. Research about Buyers

Buyers are all people who purchase your products. These can be people who already buy from you or others who are likely going to buy from you (potential buyers). You must identify them.

Research guide:

What you need to find out	How you can collect information
<p>Who are the <u>important buyers</u> in the market?</p> <p>Which quality or features do they prefer?</p> <p>What quantities do they buy?</p> <p>How often do they buy?</p> <p>What are their processes and terms of buying?</p>	<p>Look around and think about what your target customers need.</p> <p>Ask them about how they feel about your product.</p> <p>Note how often they come to buy and ask them why they buy that way.</p>
<p>Start thinking about your market research</p> <p>Who are your buyers?</p> <p>How are you going to ensure that they are happy to buy from your farm?</p> <p>How are you going to keep them?</p>	

Example:

Activity	Information I will collect
<p>I will interview:</p> <p>Owners of the catering companies in my community,</p> <p>Owners of supermarkets and,</p> <p>More primary schools including my existing customer.</p>	<p>Will they buy if they give you shelve space and get commission when your products are bought?</p>
<p>I will interview other potential buyers at the flea market.</p>	<p>How much quantities they buy, prices they usually pay they suppliers, preferred packaging,</p>

	Preferred sizes.
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Task:

Using the above guide and example, write down how you plan to collect information that will inform your marketing strategy.



Chapter 3. Marketing Strategy

What you will learn from this chapter:

How to set marketing goals.

How to write a marketing strategy.

How to write a marketing plan.

What is marketing strategy?

A marketing strategy is an explanation of how you plan to achieve high sales, good profits and good image for your business.

How to write a marketing strategy

Your marketing strategy should have three parts:

1.

The first step is to explain the goals which you plan to achieve with your strategy. These are called marketing goals.

2.

The second step is to explain what you plan to do to ensure that you achieve your marketing goals. This is the main part of your marketing strategy.

3.

The third step is to explain your marketing plan using what is called four Ps. Four Ps is a short way of saying Product, Price, Place, and Promotion.

How to set marketing goals

A goal is a statement that shows the targets you have set for yourself. When you set marketing goals:

- i. Use information from the findings of your market research and what you know about your farm.

For example, if you learnt from your market research that there is a very high demand of pork at the nearby market centre, and you plan to increase your production of pork, do not plan to produce more pork than your farm can manage. Or else you must have other profitable ways which you can produce besides using the resources on your farm.

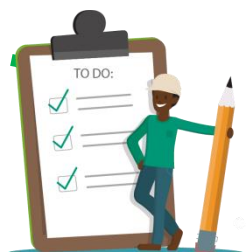
- ii. Set a time to achieve your goal. Show on your strategy the time you plan to act or to have achieved your goals.
- iii. Set goals that you will be able to **measure** how far you have achieved them.

Example: Marketing goals of Mr. Thuso for the next two years.

Goal	How I will measure my achievements
Increase sales by 100% this season and the next season.	I will check percentage of increased sales.
Increase number of people who come back to buy from my farm from 20 to 45 people.	I will count how many customers return to buy from me.
Increase profit by reducing cracked eggs from 10% to 1%.	I will check percentage of reduced cracked eggs.


Task:



Set your marketing goals.





How to write marketing strategy

Based on the marketing goals you have set for your farm, use the information from your market research, and follow the guidelines below to write your marketing strategy:

Key topics	Guide questions	Important tips
Product 	<p>What does your farm sell?</p> <p>What will your customers do with your product?</p> <p>Will they sell, process, or consume your product?</p> <p>Which quality of product should you produce?</p> <p>What is the maximum quantity that your farm can produce per season, cycle, or batch?</p> <p>What quantity will your customers need?</p> <p>When should they be ready?</p> <p>How should you package? Sizes, labels, etc</p>	<p>Should be something that people need and are willing to pay for it.</p> <p>It should look attractive to potential buyers.</p> <p>It should be sold in sizes that potential buyers prefer.</p> <p>It should be the type and quality preferred by your customers.</p>

Key topics	Guide questions	Important tips
Competition 	<p>How can you beat competition and still make profit for a long time?</p> <p>Are there some things you can learn from your competitors?</p> <p>Is there any way you can collaborate with your competitors?</p>	<p>Improve on the areas that make customers chose you over your competitors to make sure they do not end up improving and becoming better than you.</p> <p>Improve on the areas that make other customers choose your competitors so that you win some of your competitor's customers.</p> <p>Find ways to collaborate with your competitors for business purposes such as collective sales, joint advertising, joint purchasing of inputs, etc.</p>
Location and Distribution channels 	<p>Where is your business located?</p> <p>How will your customers access your products?</p> <p>Where will your consumers find your products?</p> <p>What will you do to make sure your customers easily access your products?</p> <p>Who will buy straight from the farm?</p>	<p>Products should be easily accessible by both the consumers and customers.</p> <p>Products should be fresh and in good conditions when they reach the consumer.</p> <p>The farm should be located at a place that allows easy and affordable transportation of inputs to the farm and sales to the customer.</p>

Key topics	Guide questions	Important tips
	Who will get deliveries, under what conditions?	
Price 	<p>Are your prices set by the market or yourself?</p> <p>How will you set prices?</p> <p>Where should your prices range?</p> <p>What is the price you will charge? Price per unit pricing or bundle pricing?</p> <p>Who will you give discounts?</p>	<p>Set prices that are not too high or too low. Too low prices can make customers think low of your products. Too high prices can discourage customer to buy from you.</p> <p>Give discounts to loyal customers and bulk buyers.</p>
Promotion 	<p>How will your customers know about your products?</p> <p>How will you make your customers buy more from you?</p>	<p>Branding increases the image of a business. Create a name and logo of your farm. Print t-shirts and caps with the name of your farm and walk around with them.</p> <p>Visit unions of your target market to make short presentations and leave free samples. E.g. Visit head of schools meetings and leave small packs of beans as free samples.</p> <p>Use social media to keep your farm known.</p>

Key topics	Guide questions	Important tips
		<p>Use other known advertising mediums like radio to announce availability of your products to your target customers.</p> <p>Always make sure to match your choice of advertising mediums with preferences of your target market.</p>

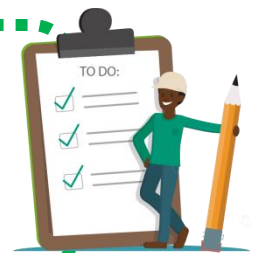
Example of a marketing strategy:

Key topic	My 3 years strategy
Product	<p>We sell small white beans.</p> <p>Our customers can it and sell canned beans to local hospitals.</p> <p>It is packed in 5 kgs bags.</p> <p>We will give 1 free bag for any bag that is found with defects, no matter how small the defect is.</p> <p>All packs will have labels showing our business details and nutrition contents of the beans, exactly the way we recommend our customer to put them on their labels.</p> <p>We sell only 8 bags a month.</p> <p>We never run out of stock: (i) Our storage is enough to store beans that supply our customers throughout the year. (ii) we always produce 20% extra in case they need more. The remainder is often sold to the surrounding community.</p>
Competition	<p>Our competitors are South African Farmers.</p> <p>Ours customers find it cheaper and more convenient to buy locally.</p> <p>We will join market expos organised by our competitors to learn from them.</p>
Location and Distribution channels	<p>The farm is far in the mountains, but our storage is less than an hour from our customers. Most business will be done online.</p> <p>Our customers collect the products from our storage to avoid delivery fees.</p>

Price	My prices are aligned to those of South African farmers. My customers buy from me because of lower delivery costs and shorter delivery period.
Promotion	We give holiday wish gifts to our loyal customers. We will design a logo and buy branding material for our farm.

Task:

Follow the above example to write your marketing strategy.



Chapter 4. Marketing Plan

What you will learn from this chapter:

What a marketing plan is.

How to write a marketing plan.

What is a marketing plan?

After writing a marketing strategy, you will need to look closer into your strategies and make a more detailed plan of how you will achieve your goals.

For example, you will need to identify areas that need quick action and start with them, you will need to make budget and set time for these activities. This is your marketing plan. A marketing plan will cover a shorter period compared to the overall strategy. You can write a marketing plan for every season or for every year.

You can write your marketing plan in two ways.

1

First you can go back to your marketing strategy and add more information such as the amount of money that will be required to implement each strategy.

2

The second option is to focus only on areas where you have to change the way you do things. When you focus only on the changes that you need to make, your marketing plan will be shorter and easier to follow.

The next section follows the second option.

How to write a marketing plan:



Remember you are making plans that will help you achieve your marketing goals.

If you are a new farmer, you will have a long list because you are not changing but starting everything.

Example of a marketing plan

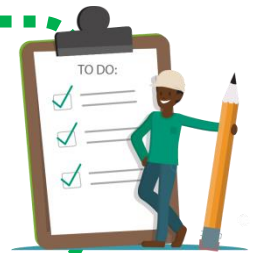
What you plan to change	How you plan to change it	Budget or Resources	Time-frame
Product: We will give 1 free bag for any bag that is found	Inform our employees and customers about the new strategy.	-	Start by 01/03/22

<p>with defects, no matter how small the defect is.</p> <p>All packs will have labels of showing our business details and nutrition contents of the beans, exactly the way we recommend our customer to put them on their labels.</p>	<p>Implement the strategy.</p> <p>Design labels.</p> <p>Buy labels.</p>	M500.00	By the 30/04/22
<p>Price:</p> <p>-</p>			
<p>Place:</p> <p>Most business will be done online.</p>	<p>Design online documents like invoice and receipt books.</p> <p>Inform my customers about the upcoming changes.</p>	-	By the 30/04/22
<p>Promotion:</p> <p>We will design a logo and buy branding material for our farm.</p>	<p>Buy 2 branded t-shirts and caps.</p>	M500.00	By 30/08/22

We will join market expos organised by our competitors to learn from them.	Register and participate at one of South African farmers' expos.	M15,000.00	By 30/11/22
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Task:

Follow the above example to write your marketing plan.



THE END