

## Purdue Offers New Distance Education Program on Marketing Value-Added Grain

“Value-Added Grain” is an on-line distance education course on quality assured value-added/specialty/identity preservation (IP) grains and oilseeds, developed by Purdue University Ag Economics faculty. The on-line Distance Education Course is offered through the university’s Cooperative Extension Service and Agricultural and Biological Engineering, Agricultural Economics, Agronomy, Animal Science, Botany & Plant Pathology and Entomology.

“Profitability is key to every agribusiness entity,” said Dr. Frank Dooley. “And profitable marketing of value-added grains requires some re-thinking, re-application and distinctive understanding of this market segment and exactly how we engage in a marketing strategy. We think this course will offer professionals some valuable tools to help improve their ability to minimize risk and maximize income through improved understanding.”

The marketing curriculum includes 10 one-hour modules:

What is Marketing?	Developing a Strategic
Product Lifecycle	Orientation
Value Creation	Managing Risk
Supply Chains	Contracts
Logistics	Developing a
Customer Relationship Management	Marketing Strategy

Dooley said the program has broad appeal to those in the field or to anyone interested in sharpening his or her marketing skills in agriculture. “The Value-added Grain course will help producers, handlers and processors of value-added grains and oilseeds understand profitable marketing of these special commodities through review of some basics and application of those fundamentals toward this unique and growing market.”

Narrated professional-quality PowerPoint lectures will be delivered on CDs to course participants. Modules are taught in sequential order as multi-disciplinary learning materials and will tie together and build on each other. Modules also will be available on-line.

Course material delivery will use Purdue University’s internet-based WebCT virtual classroom software. Individuals register for this fee-based course through Purdue’s Lifelong Learning division and will receive continuing education credits (CEU/CCH) as well as a professional development certificate upon successful completion of all modules.

## Part 1 of a Continuing Series

# Marketing Value-Added Crops — Not Just for Analysts Anymore!

***Understanding marketing fundamentals enhances opportunities for today’s producers.***

by Kathleen Erickson, Joan Fulton, Ph.D. and Frank Dooley, Ph.D.

Remember in school when agricultural marketing classes were all about futures and options, charting and standard deviations? While marketing in that sense is critical to production agriculture, a new set of marketing principles is becoming ever more important to producers.

Today’s producers, are for one, producing a variety of crops sold to a variety of outlets.

White corn, waxy corn, high oil corn, popcorn, tofu soybeans, and guaranteed non-GMO soybeans and corn are just a few that are now familiar to many producers. And, that list continues to grow with the introduction of pharmaceutical crops in many areas.

Each of these examples provides producers an opportunity — provided the fundamentals are well understood and the foundation for successfully marketing these products is in place. The importance of specialty grains and soybeans continues to grow as evidenced by the fact that the Tokyo grain exchange now has a contract for guaranteed non-GMO soybeans and some processing firms are designating certain facilities as non-GMO.

Marketing value added crops presents a unique opportunity for those who view the big picture. The important thing is to understand more than just how to grow a product, and to think of the supply chain and the needs of the final user... understanding that growing the crop is just one part of a bigger picture.

What we understand about marketing helps us be better prepared to be suppliers to our customers... and additionally, or at least potentially, add value to our value added or specialty crops.

### What is Marketing?

Many farmers were “brought up” in an era where they were producers of raw commodities that they sold to the

local elevator. But times have changed, as many producers of value-added grains can attest.

One commonly accepted definition of marketing today is, “Creating customer satisfaction profitably by building value-laden relationships with important customers.”

John Deere and Case New Holland are two firms that effectively operate with a marketing-oriented philosophy. Just look around and you will see evidence of the time, money and effort that these two firms invest in order to develop customer satisfaction. Their goal is to build long-term relationships with their customers, using a variety of methods, including product features, service, product quality, image and pricing.

### Four “P’s” of Marketing Value Added Grain

Producers of value-added grains also have an opportunity to tap that marketing expertise by employing the 4 P’s of Marketing, known as Product, Place, Price, and Promotion.

As you define your product, keep in mind that Product involves Product, Variety, Quality, Design, Features, Brand Name, Services, Packaging, and Sizes. When considering the Product component of your marketing mix, pay particular attention to what your customer wants, as well as what the final consumer wants. If guaranteed non-GMO is the added value of your crop, you will need to not only employ very stringent handling and storage practices to ensure no contamination, but also impeccable records as your guarantee of the identity preservation and product quality.

Place involves Location, Delivery Timing, Market Channels, Coverage, Assortments, Inventory and Transportation. Which of these aspects

of place are important for your products? As a producer, your location can be extremely important, as not all elevators want to handle these specific value added crops. If your farm is located close to a river market with connections to export opportunities, tofu soybeans for export to Japan may be an appropriate product for you. Alternatively, you may have trucks available and on-farm storage so that your specialty is that you are a preferred supplier for a corn processor since you can deliver product within a few hours of a call from the buyer.

Promotion consists of Advertising, Personal Selling and Public Relations. Which of these aspects of promotion are most important for your business? How could you be using other promotional tools to increase the profitability of your business? An individual producer can understand there are ways they can promote what they are doing which is not traditional advertising. Perhaps it is through word of mouth and the relationship you have with an elevator manager, or your reputation as a provider of high quality product.

Pricing considerations prompts yet another series of questions. While it is

often (at least at first) assumed that the market determines the price and you have no control over it, the situation is more complex than that. Take a look at premiums and discounts and evaluate these carefully. How can you adapt your production, handling and storage practices to gain the most from the system of premiums and discounts? When the math is done, it may turn out differently than you first expected. Pricing considerations are critical to successfully marketing value added crops.

You'll use the four P's — Product, Place, Promotion, and Price — to develop a marketing mix that can bring value to your customer. These are fundamentals, but provide an opportunity for us to look at our business and our marketing of value added products differently.

### Parallels Exist

Producers of value added grains may be new at marketing their value added crops, but as an industry, many producers have gained valuable experience and insights in specifically marketing other commodities. Hog producers are now quite adept at producing a certain number of animals within a strict set of specifications, including weight, lean

percentages, discounts and premiums for timely delivery of consistent hogs.

Wheat producers have also experienced the "next level" of marketing their product. Distinct markets exist for hard, soft, spring or winter wheat. Millers really care about what kind of product they are getting. Corn and soybeans are now moving in that direction.

In 1991 Tom Urban, then CEO of Pioneer Hi-Bred, Inc., noted, "It is, in fact, the coming change in grains and oilseeds production patterns which is perhaps the least recognized, yet the most significant in the long run." We are now to that point and indeed it is a new marketing world. Understanding the fundamentals of marketing will best enhance opportunities for producers of value added grains."

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