

Building a marketing strategy

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**THE CENTRE FOR NATIVE FLORICULTURE
THE UNIVERSITY OF QUEENSLAND**

Building a marketing strategy
Booklet no. 2 in the Value Chain Management series.

Booklet 1: Market research for new floricultural products

Booklet 2: Building a marketing strategy

Booklet 3: A practical guide to Value Chain Management in floriculture

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Why is marketing so important?

Marketing is more than just selling and advertising. It is a process that allows a firm to profitably meet its customers needs better than its competitors.

With successful marketing often comes a successful business venture. This is because marketing is not only selling, but involves the design of the product, how it reaches the customer, how it is priced, and the image that the product holds in the minds of customers.

Marketing is more than just selling and advertising. It keeps you profitable by meeting customers needs better than your competitors.

Most farmers see their product as a 'crop', while consumers of floral products see them as decorative items or gifts. Understanding the perception that consumers have of your product is an essential part of marketing, and success is often based on how you use this knowledge in improving your business strategies. This is why you need to conduct market research.



How you perceive your product (left) may be different to how your customer sees it (right).

Knowing your customers and consumers

In booklet 1 (*Market research for new floricultural products*), the importance of market research was discussed, along with how you go about doing it. Market research assists in identifying and defining markets for your products. By analysing a specific market segment, you are able to get in-depth information regarding customers or consumers.

Understanding the wants and needs of your consumers and customers will assist you in designing a marketing strategy that will result to the successful fulfilment of their demands. With consumer and customer specifications in hand, you are now ready to develop your marketing strategy.

Get up close and personal with your customers and consumers. What do they REALLY want?



What is she thinking?

What is a marketing strategy?

A marketing strategy defines how you plan to compete in a chosen market segment.

For example, marketing flowers to Japan will require a different strategy compared to marketing to North America. This is because these two markets are in very different environments and have varying 'tastes'.

For example, red, white, yellow and green flowers are popular in Japan for New Year's Day. On the other hand, in the USA, the colours in demand are white, black, gold and silver. For you, this means that Japan may be the best market if your flowers are destined for the New Year's Day market if they are red, yellow or green.

You should be able to identify the characteristics of your various market segments as a result of your market research.

For each market segment, you can design a 'marketing mix'. A marketing mix specifies your *product, placement, promotional* and *pricing* strategies. These are the 4 P's and are explained in further detail in the following sections.

How do you plan to compete in a market segment? Identify your 4P's. They'll help you set up a marketing strategy.

a. .Product

Your product strategy should define what you want to offer your customers. The 'product' of a firm can be an actual product or a service designed to fulfil their customers' needs, as indicated by market research.

A product is designed to fulfil your customer's needs.

Different firms offer different products. For a producer of cut flowers, the product is the actual flower. For an exporter of cut flowers, the product offered to an importer is the same flower, but the product offered to its suppliers is the service of facilitating the export of their flowers to markets overseas.

Characteristics of the 'product' will differ for each firm, and 'transformations' will occur as the product is passed on from supplier to customer. This is because the requirements of customers differ as the product moves from grower to end-users.



Products change: Paper daisies at a grower's shed (left) transformed to a beautiful display at a florist (right).

In designing your product strategy, focus on your customer's requirements. This should lead you to identifying your product specifications. For example, a flower grower should consider the following in designing a product strategy.

- size
- stem length
- vase life
- box sizes
- colour
- amount of flowers
- sleeving
- branding
- how the flower ages

These are all issues that affect the quality of the product, how it will be used by customers, and how they perceive it. There may be other issues associated with your product that you should add to this list.

In order to ensure that your customers' requirements are met, you need to develop a system of checks. This involves making sure that the product's quality is maintained throughout the process of delivering it to the final consumer. By doing so, your product arrives your customer in a form that meets their specifications and expectations.

It is important to understand that a product strategy not only involves the characteristics of the object or service on offer, but also how it is packaged and branded, and how its quality measures up against expectations of customers and consumers.

Branding is more than just a sticker on a box, or a name on a piece of paper – your brand conveys the quality of the product that you supply. If you choose to brand your product, you must remember that the product you supply will convey the image that your brand brings to your customers and consumers minds.



This lilly pillly label conveys characteristics of the plant: it's an Australian native, and it grows fast



The boxes above contain information on flower colour, stem length, and the source of the product.

Similarly, the packaging of your product does not only provide protection or storage for your product, but also is a means of promoting your brand. The information found on your packaging could be a very valuable way of promoting your product.

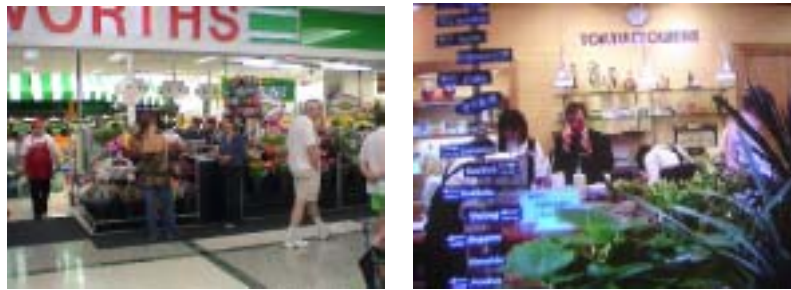
b. Placement (distribution system)

The next issue to tackle is how to get your product to your customer. Your placement strategy should address the issues of distribution – in other words, it deals with identifying the best route to get your product from your location to its end point – the retailer.

In designing your placement strategy, think of:

- what processes you need to get your product to the retailer, and
- who can help you do that.

Traditionally, the supply chain exported flowers has involved the use of exporters, importers and wholesalers. You should be able to identify who is involved in your chain, and what roles they play in modifying your product or facilitating its movement.



Woolworths or Japan? Your placement strategy will vary significantly depending on who your customer is.

The important points to consider here are:

1. Does my present distribution system allow me to access the best market for my product?
2. Do I receive adequate feedback from my partner in the distribution system that allows me to assess my product's competitive performance?

Your placement strategy should identify the ideal supply chain for your product, and this depends on the segment of the market that you are targeting. A supplier of flowers to domestic supermarkets will have a very different supply chain to one supplying florists overseas.

Booklet 3: *A practical guide to value chain management in floriculture* in this series will explore more of how your placement strategy and distribution system can be utilised to create competitive advantage for you and your supply chain partners.

Making sure that your product arrives the consumer in the best possible form is paramount, and logistics is a main contributor to this. Logistics involves all transport, handling and storage activities. As floriculture products are often perishable and very fragile, you need to maintain your cool chain at all stages to keep your products in the best form.

Because you are dealing with a fresh product, you have to ensure that it travels in the best possible way. How your flowers are packaged, the temperatures at which they are stored, and the speed at which they travel contribute to the quality that your customer and the end consumer receive.



Get it there – QUICK! Because you are dealing with fresh produce, logistics can make or break your product.

Logistics should add value to your product – not reduce it, or leave you at a loss. It should come at a reasonable rate so that the value of your product can support your logistical costs.

Two aspects are important when planning your logistics strategy:

1. That all logistical tasks are carried out efficiently so as to minimise cost
2. That these tasks are done professionally so as to preserve the product's quality.

Your placement strategy ensures that efforts you put into your product strategy are worth the while. It ensures that the value you created reaches the consumer.

An important aspect of your placement strategy is how effective your chain is. It is important that you understand your market in order to identify the most effective distribution system available. Work with people that you can communicate with, and who understand how your product should be handled and stored. The effectiveness of your chain will depend on how efficient its members are in their roles.

c. Promotion

Promotion comes in many forms, but its aim is to help you communicate with your chosen market. You can do this by:

- advertising through the media (get your product on a magazine?),
- doing publicity stunts (showcase your business at gardening and flower shows?),
- conducting sales promotions (have a sale or better yet, give stuff for free?), or
- simply talking to your customers (that's personal selling).



Point of sale advertising at nurseries inform consumers and may persuade them to purchase the product.



Displays at OTA flower auction in Japan: Give freebies and you get promotion for free

Through promotion, you can introduce new products and ideas, inform your potential customers regarding your product, remind existing customers of your product, persuade them to try it, or strengthen your image in your market.

In planning your promotion strategy, it is best to consider which method would be the most effective in achieving your goals. What is it that you want your customers and/or consumers to know? What is the best way to get to them?

Promotional activities can be expensive, therefore you need to develop clear objectives for your promotional strategy and monitor its effectiveness.

d. Pricing

Your pricing strategy will determine your viability in business. How you determine your price will depend on:

- your costs,
- your position in the market (the image that you want customers and consumers to have), and
- the level of competition in the market.

For your pricing strategy to be effective, you must have a very good understanding of all three.

There are various ways to market your products overseas. In Japan for example, flowers are often marketed through the auction system. Auction markets are a good way of making sure that your entire product is sold as there are many buyers. On the other hand, there are also many sellers, and suppliers of product to auctions are often price takers – they receive what the buyer is willing to pay for on that day, whether it represents the value of their product or not.



The auction market is one way of marketing flowers in Japan. There are many buyers- but also many sellers.

Other ways of selling your product are available. While auction systems dominate the Japanese flower market, some flowers are sold directly through wholesalers where you can negotiate a fixed price. However, you can only have the power to negotiate if you are able to meet what your customer wants. Fixed price sales often involve very high quality and reliable products.

Because costs, positioning and competition vary in each market segment, your pricing strategy should also vary depending on how and where you market your product.

As with your product, placement and promotional strategies, the success of your pricing strategy depends on how well you know your market – especially what it is they value.

The price your end consumer pays for your product is the maximum amount of money that can be distributed among members of your supply chain. This price reflects the value consumers perceive your product to have, and therefore, are willing to pay for.



The price of your product reflects its value to those who purchase it.

By understanding your customers and end consumers better, and improving your product according to their needs, you are able to maximise your product's value, enabling you to command a better price, or increase your market share.

You are not the only firm in your chain who creates value for your end consumer. Select partners in your chain whose marketing strategies are complementary to yours, and who are able to help you maximise consumer value. In the end, your whole chain will benefit through increased market share and better returns. High prices do not necessarily mean better returns – it is the efficiency and effectiveness of the whole chain that dictates whether or not you and your partners will gain profit. Working together with chain partners is a more effective way of increasing consumer value, rather than working against them.

Your marketing strategy: Implementation

A marketing strategy, no matter how well planned, is no good until it is implemented. The importance of implementation cannot be stressed enough as what distinguishes good managers and businesses from those that are average is their ability to execute a strategy.

Implementing a marketing strategy involves:

- identifying specific tasks to be completed
- allocating responsibility for these tasks, and
- completing the tasks in a timely and efficient manner.

Each component of your marketing strategy – product, placement, promotion and pricing – will have specific tasks associated with them. Identifying these tasks and managing the resources to implement them requires attention to detail, cooperation and coordination. This is because most of these tasks cannot be achieved by you alone. Most of the time, you will have to work with your customers and/or suppliers in order to implement them.

As your marketing strategy is implemented, you will notice that changes will continue to occur around you. New products might come in, more competitors might enter your market, customers might slowly change their tastes. Your marketing strategy must adapt to these changes, and constantly monitoring what happens around you is essential in keeping up to date. Your marketing strategy defines how you compete in a chosen market segment. If this segment is constantly changing, so should your marketing strategy.

Remember

There are five points to remember from this booklet.

- 1. Know your customer*
- 2. Get the product right*
- 3. Select your chain partners well*
- 4. Let your potential customers know about you, and*
- 5. Be prepared to change as your customers and consumers change.*

These points reflect your marketing strategy. Market research will help you identify what your customers' needs are. The continual monitoring of your marketing strategy will inform you about how well you are meeting your customers' expectations. In addition its continued monitoring will identify ways to adapt and improve your marketing strategy. It not easy, but it can be rewarding.

Further reading

Dunne, T. (1999). Marketing agricultural products: An Australian perspective. South Melbourne, Oxford University Press.

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The Centre for Native Floriculture is located at the University of Queensland Gatton campus, which is situated approximately 80 km west of Brisbane, Queensland, Australia. It was established in May 2003 with an initial grant from the Queensland Department of State Development to assist in creating an internationally competitive native floriculture industry in Queensland.