**FIELD EXERCISES 5. MARKETING STRATEGIES AND MANAGING RISK**

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| *OBJECTIVE*  **After this exercise the participants will be able to:**   * Understand the four options available to expand the sales (marketing) of their crops, and the risks of each option:   + Existing market/existing crop   + Existing market/new crop   + New market/existing crop   + New market/new crop * Understand the 4 “Ps” of marketing * Product * Place * Price * Promotion | |
| *EQUIPMENT NEEDED*  Images that represent the following:   * Common cereal or staple crops or common livestock, at least 2 copies of each (representing the existing crop) * Cash crops or high value vegetable (horticultural) crops (representing a new crop) * Two copies of a small market (representing an existing market) * Two copies of a very large market (representing a new market) * Each of the 4 Ps of marketing: * Product (can use the ones for crops as suggested above or a different image) * Place (a market) * Price * Promotion | *EXPECTED OUTPUTS*   * Producers can describe the options for expands sales of their agricultural products. * Producers can describe the risks and rewards for each of the option to expand sales of their agricultural products. * Producers can describe the 4 Ps of marketing. * Producers explain why each of the 4 Ps is important in developing a marketing plan their agricultural products. |
| *TIME*  60 minutes | *PREPARATION*  **Note:** The trainer should use more visuals (images or objects) than words. |

***SUGGESTED PROCEDURE:***

Greet the participants and tell them that we are going to start with a review of the last session.

**Ask:** Can anyone tell us what we discussed during the last training session?

Give the participants 2-3 minutes to reflect and then call on 2-3 people to remind everyone what was discussed last time.

**Ask**: Which crop did you decide was likely to have the most demand, if you produced it?

Have 4-5 participants say what they have selected. If after 3 people everyone has selected the same crop, then you do not have to ask anyone else.

Remind them,

**Say**: Remember that you need to know this to create a plan and that the plan needs to be in place before you produce.

Now we are going to discuss different the types of marketing strategies you can use for your agricultural products, and how you might change these strategies with both existing and new products to increase their sales and income. Each strategy will have a different level of risk. Each will have a different potential for increasing could be better to ask them the existing crops and where they sell. Not all strategies will be successful for every crop.

**Say**: Let us first discuss the different strategies and then we will do a group exercise.

The first strategy is: Existing market/existing crop. Remember that this is the [say the name of the crop they selected likely to have the most demand]. This is called market penetration.

Show the image of the existing crop and the image of the small market, representing the existing market.

The objective is to find new buyers who will come to your current market to buy more of your existing crop, such as maize, millet, or rice. You might be able to sell more at lower price, or you might be able to improve product quality to sell more.

**Ask:** How risky would this strategy be for you?

Give 2 or 3 participants the time to respond to the question. Check to see if anyone has questions before going on to the next strategy.

**Say:** The second strategy is: Existing market/new crop. This is called product development.

The objective here is to identify a new crop that others want to buy, such as tomatoes or ground nuts, to sell in your current market. You can now sell the new product in the same market.

Show the image of the new crop and the image of the small market, representing the existing market.

**Ask:** Which crops are in high demand that you could produce? How risky would this strategy be for you?

Give 2 or 3 participant the time to respond to the question. Check to see if anyone has questions before going on to the next strategy.

**Say:** The third strategy is: New market/existing crop. This is called market development. The objective is to identify a new market in which you can sell more of current crop, such as maize, millet, or rice.

Show the image of the existing crop and the image of the large market, representing the new market.

**Ask:** Could you sell the same product at a new market? How risky would this strategy be for you?

Give 2 or 3 participants the time to respond to the question. Check to see if anyone has questions before going on to the next strategy.

**Say:** The fourth strategy is: New market/new crop. This is called diversification.

The objective here is to identify both a new crop to produce and a new market to sell the new crop.

Show the image of the new crop and the image of the large market, representing the new market.

**Ask:** Which new products could you sell in a new market? How risky would this strategy be for you?

Give 2 or 3 participants the time to respond to the question. Check to see if anyone has questions.

For the group exercise you need to mark out a large square on the ground and place the images at each corner as shown**.** It should look like this**:**

**Image of existing market**

**Image of existing market**

|  |  |
| --- | --- |
| **Image of existing crop** | **Image of new crop** |
| **Image of existing crop** | **Image of new crop** |

**Image of large (new) market**

**Image of large (new) market**

**Say:** Now we have mapped out the four potential strategies which are:

* Existing market/existing crop
* Existing market/new crop
* New market/existing crop
* New market/new crop

**Say:** Now, I would like everyone to come and stand around the corner that shows the existing market and existing crop, as this is the least risky strategy to increase production and sales if new buyers can be identified. It is most likely where your producer group should start to try to earn more.

**Ask:** Does everyone agree?

Have anyone who disagrees explain why.

**Say:** Now I am going to ask if any of you would be willing to take the risk of identifying a new crop to sell at your existing market. Please go to the corner that shows the “existing market and a new crop.”

After everyone who wants to move to the new corner has done so:

If no one moves to the “new crop and existing market” corner,

**Ask**: Why did no one choose to move?

If no one chose to move, in response, it may be necessary to review the risks with “new crop and existing market.”

If one or more did move then,

**Ask:** Can one or two of the participants who moved to the existing market and new crop corner explain why?

Have 1 or 2 participants who did not move explain why they would not take that risk.

**Say:** Now I am going to ask if any of you would be willing to take the risk of identifying a new market for your existing crop. Please go to the corner that shows the existing crop and a new market.

After everyone who wants to move to the new corner has done so:

If no one moves to the “existing crop and new market” corner,

**Ask**: Why did no one choose to move?

If no one chose to move, in response, it may be necessary to review the risks with “existing crop and new market.”

**Ask:** Can one or two of the participants who moved to the existing crop and new market explain why?

Have 1 or 2 participants who did not move explain why they would not take that risk.

If one or more did move, then,

**Say:** Now I am going to ask if any of you would be willing to take the risk of identifying a new market and a new crop. Please go to the corner that shows the “new crop and a new market.”

After everyone who wants to move to the new corner has done so,

**Ask:** Can one or two of the participants who moved to the “new crop and new market” corner, explain why?

Have 1 or 2 participants who disagree (did not move) explain why they would not take that risk.

Please note it is highly likely that no one will move to this corner as the risk is too high. If this occurs, instead of asking why people moved, ask why no one moved to that corner. Why was the risk too high?

**Ask**: Now that we have completed this exercise, what does this tell you about your personal ability to take risk? What would you need to do before the new market and new crop would become an acceptable risk?

**Say:** Now let us go back and sit down. Which strategy would make the most sense for you to implement to improve income from your crop and livestock production?

Try to get group to come to a consensus on the best strategy for them to apply the next growing season. Thank them for thinking about the options and selecting what would be best for them to apply.

**Say:** Before I finish today’s lesson I have one more topic to cover, which is the four Ps of marketing.

**Ask**: Has anyone an idea what the 4 Ps of marketing might be?

Have 1 or 2 participants share their ideas. If they get any correct congratulate them and repeat the term but do not define. Then say:

**Say:** In addition to having a defined strategy to increase your market and sales of crops, you need to address each of the 4 Ps of marketing in your plan. So, let us look at each of the 4 Ps.

The first P is Product. This answers the question on what to produce, the product characteristics that will satisfy the buyer, the quality and quantity needed, the packaging required, and how you can make your product different and more attractive to increase sales.

Show the image that represents product.

**Ask:** Can anyone explain how they selected the crops they currently grow for sale? What could you do different to improve the product or to identify what the buyers want most?

Have 1 or 2 participants explain. Then go on to the next of the 4 Ps.

**Say:** The second P is Price. This means you must determine the price at which you can sell the product.

Show the image that represents price.

**Ask:** To do this what must you consider? Can anyone tell us how to make the decision on the price?

Have 1 or 2 participants explain their ideas. Thank them for their ideas.

**Say:** Some things you should consider in setting the price are:

* Will this allow you to make a profit?
* Does this cover the cost of family labor?
* What price does the competition charge?
* Can you charge more than your competitors?
* Can you charge less than your competitors?
* Should you negotiate a fixed price in advance or should you rely on the current market price?
* Should you ask for payment on delivery?
* Can you wait for a few weeks for payment if the amount would be more?

Ask 1 or 2 participants if they consider any of these questions when they determine their price, and which other questions they consider. Thank them for their ideas. Then go on to the next of the 4 Ps.

**Say:** The third P is Place. This answers the question of where you will sell your product or crop.

Show the image the represents place.

**Ask:** Can anyone explain where is the best place to sell your existing products or crops and why?

Have 1 or 2 participants share their ideas. Thank them for their ideas, then,

**Say:** In your marketing plan, you need to decide to whom should you sell your products or crops. Will it be a collector, a trader, a wholesaler, a supermarket, or will you sell directly to consumers? Then you can decide where you should sell them. Will it be on your farm (with the clients coming to you), at the village market, or at a larger market in the city? Then you need to determine how you will transport your products to where you will sell them. Do you hire a vehicle, purchase a cart, or use public transport?

**Ask:** Can anyone explain where they sell their existing products or crops and why?

Have 1 or 2 participants share their ideas. Thank them for their ideas. Then:

**Say:** The fourth P is Promotion. This answers the question of how do you promote your product to increase your sales, particularly if you are in a producer group or association.

Show the image that represents promotion.

**Ask:** Can anyone explain how they promote their existing products or crops and why?

Have 1 or 2 participants share their ideas. Thank them for their ideas, then,

**Say:** Yes, those are all good ideas. You could advertise, put up a sign, have labels on your packaging, do a special promotion, or highlight any special health or nutritional properties of the product or crop.

**Ask:** Now that we have competed the lesson, can anyone remind us what are the 4 Ps of marketing and why they are important?

Have 1 participant explain Product,

Have 1 participant explain Price,

Have 1 participant explain Place,

Have 1 participant explain Promotion.

Thank them for their ideas. Then, at the end of the lesson:

**Say:** Remember your marketing plan should contains information and idea around:

* Product: what to produce?
* Price: at what price to sell?
* Place: where to sell it?
* Promotion: how to promote the product?

It should also show the marketing strategy, whether it is expansion of an existing product’s sales, introduction of a new product in your existing market, sale of your existing product in a new market, or sale of a new product in a new market. It is all a matter of organization and risk management.

**Ask:** What other questions do you have?

*ASSIGNMENT:*

**Say:** When you go home, think about what might be a good strategy to increase your sales and try to see how you would use the 4 Ps of marketing to ensure a successful strategy. Remember that you need to know this to create a plan and that the plan needs to be in place before you produce.