

Chapter 10: Marketing Principles

Chapter Highlights

- Markets for many agroforestry products are still developing and not well understood. These specialty crop markets require creative planning and marketing solutions.
- Well-developed marketing strategies are key to a successful agroforestry business. How products will get to customers and for what price, and how the product benefits will be communicated to customers are all key components of a marketing strategy.
- A marketing strategy is complex relationship between customers, product development, costs, physical market space, current market climate, and the business owner's own interests and passions.

Marketing Agroforestry Products

Unlike other types of conservation practices where land is taken out of production, agroforestry is “productive conservation.” Agroforestry practices enable farmers to generate income from the production of a wide range of conventional and specialty products while simultaneously protecting and conserving soil, water and other natural resources. Products produced through agroforestry practices, including specialty or non-timber forest products, are produced from trees, within forests, or in a myriad of combinations of trees or shrubs, crops and/or animals. Many of these products have proven economic value but have been ignored by, or are unknown to, agricultural and forest land stewards. In North America such products include: edibles (e.g., mushrooms, chestnuts, pecans, hickories, hazelnuts, persimmon, pawpaw, Asian pears, cornelian cherry, Kiwi fruit, aronia, elderberry, mayhaw, goji berry, other berries); herbal medicinals (e.g., ginseng, goldenseal, witch hazel, elderberry); specialty wood products (e.g., diamond willow canes red cedar closet liners, walnut gunstock blanks); floral and greenery products (e.g., curly and pussy willow), ferns, salal; fiber and mulch (e.g., cedar pet bedding, pine straw); and recreation (e.g., agritourism, fee hunting).

The “black box” of agroforestry enterprises and the need for market research

Agroforestry enterprises often produce niche products for little known markets. All that may be known about a product's market is that it is produced and eventually

purchased and consumed. What happens to the product along the value chain between producer and consumer and why the consumer is buying the product is unknown. This is commonly referred to as the “black box” of agroforestry. From a producer's perspective, the list of unanswered questions is long. How do I get into the market? What are my costs and potential returns? Where can I buy what I need for my business and for what price? Is the supply readily available? Who are my customers? How many times does the product change hands before it reaches the final consumer? Who are my competitors, what are they doing? How is this market changing? What strategy should I use in order to be successful in this market? These and many other questions complicate the decision to produce and market niche products. Unlike commodity markets with readily available market information, the challenge for farms and small businesses that engage in agroforestry enterprises is to overcome the lack of information about niche specialty product markets. In order to successfully partake in niche product markets, agroforestry entrepreneurs must perform some market research to open the “black box” and overcome information asymmetry inherent in these niche markets.

Data Collection

The first step in any market research process is data collection. It starts with investigating publicly available data (secondary information sources) and continues with information gathered specifically for the market(s) of interest (primary information sources).



Secondary information sources:

- *Published reports and studies.*
- *Online information sources, such as web-sites, newsgroups, and electronic bulletin boards.*
- *Trade magazines and journals, newspapers, books and literature from competitors.*
- *Business directories.*

Primary information sources:

- *Personal interviews with consumers, producers, and other persons involved in the value chain.*
- *Observations (visiting farmer's markets, retail outlets, production facilities, as well as attending farmer field days, trade shows, and marketing conferences).*
- *Online, mail or phone surveys.*
- *Focus groups*

This list is not complete but should give you an idea of some potential sources for market information that will help with analyzing the business environment and the industry for whatever product you may be interested in selling.

Analyze Your Current Situation: SWOT Analysis

Strengths, weaknesses, opportunities, threats (SWOT) analysis includes an examination of both internal factors (strengths and weaknesses) and external factors (opportunities and threats) that can have an influence on the success of your enterprise.

First, look inside the farm business and identify its strengths and weaknesses. What strengths does the farm/business have that helps you accomplish your goals and makes you competitive? (e.g., the ability to provide quality products, consistent year-round supply, excellent customer service, competitive price, production or marketing skills, good location, reliable workforce, previous experience in the industry, strong financial position). Weaknesses are areas where the farm/business can be vulnerable to competitors. What can create problems in your business? What do your competitors do better than you? (e.g., lack of experience in the industry, insufficient finances, limited access to distribution channels, seasonal product, insufficient workforce). Identified weaknesses (e.g., lack of consistent supply because of the seasonality of the product) can be

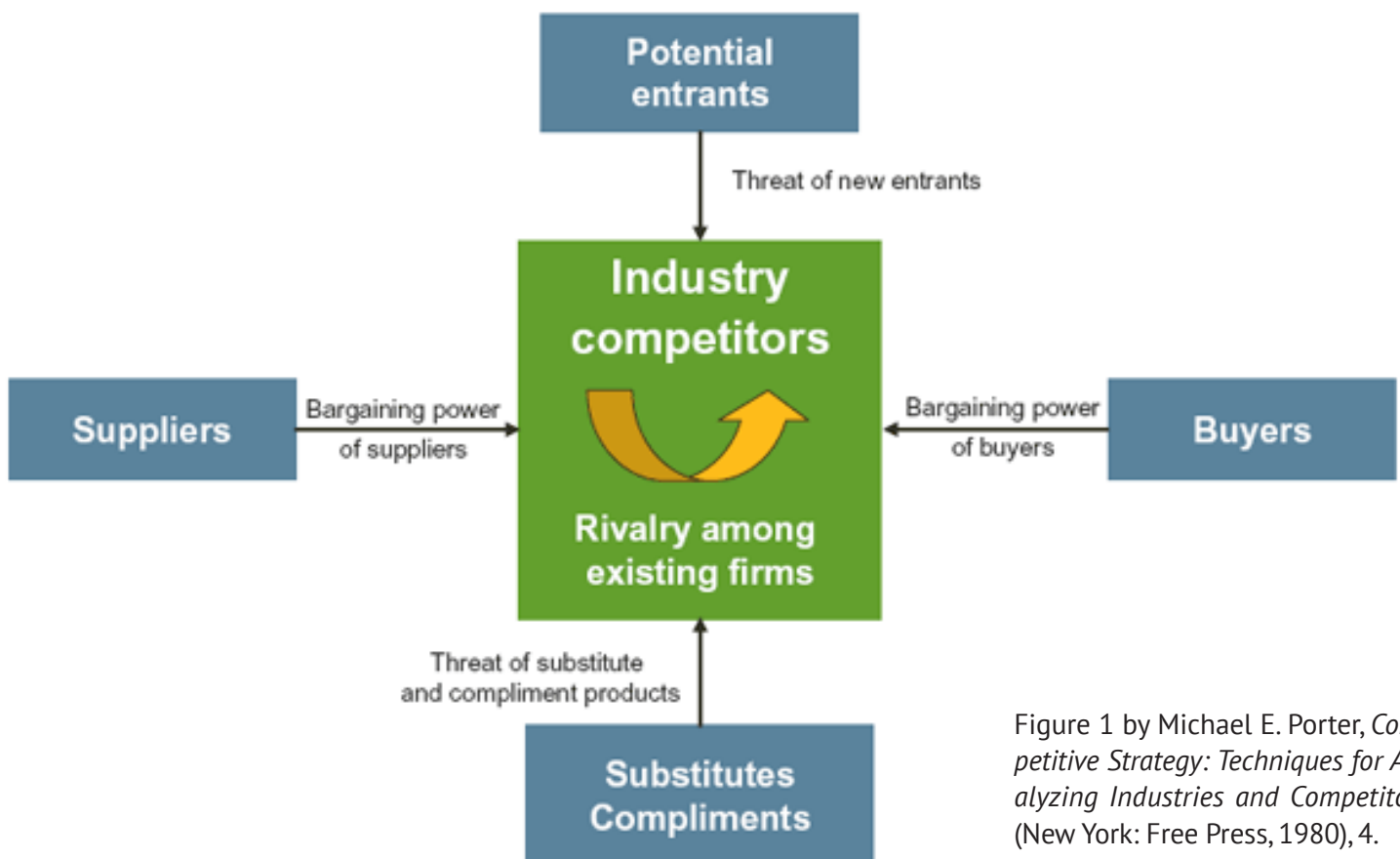


Figure 1 by Michael E. Porter, *Competitive Strategy: Techniques for Analyzing Industries and Competitors* (New York: Free Press, 1980), 4.

transformed into strengths (e.g., building indoor facilities to extend production time). In general, a farm must find ways to minimize the impact of its weaknesses on its business operations.

The second part of the SWOT analysis requires you to look outside your business at issues that you cannot control but can manage and identify opportunities or threats and find ways to influence their impact on your business. Is there anything in the marketing environment related to suppliers, intermediaries, customers, competitors, and public-at-large that can help (opportunity) or affect (threat) your business's ability to produce and sell products? Are there any trends favorable (opportunities) or disadvantageous (threats) for your business?

Examples of opportunities include a farmers market just developing in your area; a grower coop just taking shape close to you; buying property near a large population area that would allow you to direct market your product; increasing interest in locally produced products; increased interest in new, more sustainable agricultural practices; development of new varieties or cultivars.

Examples of threats include changes in federal and state regulations, increased competition from imports, inflation, shortage in raw materials, extreme climate events, fluctuations of markets, seasonal purchasing trends, and high levels of competition.

The process of identifying any strengths, weaknesses, opportunities or threats should help you identify areas where your strengths and opportunities align with a high probability of success as well as combinations of weaknesses and threats that need to be avoided or at least provide for methods to minimize their effects on the farm business. The SWOT analysis helps provide direction and serves as a basis for developing a business plan. It should be repeated at least once a year to review achievements, measure production efficiencies, and evaluate alternatives.

Industry Assessment: Porter's Five Forces Model

An approach proven successful in shedding light on the "black box" is the model developed by Dr. Michael Porter of Harvard University (Porter, 1980) that describes the forces driving industry competition, known as Porter's Five Forces Model (PFFM) (Fig. 1). Porter's strategic forces help evaluate the ease of market entry and exit,

buyer and seller power, power of substitute products and competitive rivalry and provide a general view of the industry. With respect to agroforestry, the method is especially useful for farm businesses that plan to enter new markets.

The forces and the questions they help answer:

Potential entrants (barriers to entry)

How difficult is it to enter the market and what resources are needed?

Barriers to entry are advantages that existing firms have relative to new entrants like high start-up costs, proprietary knowledge and a learning curve, and cost advantages for existing firms.

For example, if you want to produce mushrooms, large white button mushroom firms definitely have advantages of scale and cost advantages associated with equity in facilities. Even if you have the necessary information, materials and equipment available, it's tough to break into the white button mushroom industry because of the large capital required to achieve a competitive scale. When supply is limited (like in the case of the elderberry industry), larger, existing firms have better access to the limited supply, leaving new entrants with the need of paying higher prices and/or limiting production. For all agroforestry specialty crops, information about production and marketing is lacking. In a few areas, universities, experienced growers and processors lower this barrier by providing the necessary information to get started. Attention should be given to researching laws and regulations which can facilitate or hinder entry into the industry. As a new firm (entrant), you would like to have easy access to the new industry, but once there, you would like to have some barriers to protect you from new entrants. It is important to know and understand these barriers for an easy entry and for creating protection in the future.

Bargaining power of suppliers

Who can provide the needed supply? Who has more control in the supply chain? Can you choose from a variety of suppliers thus getting competitive prices for the supply you need? If prices get too high can you use another input? If not, can you produce it yourself?

Suppliers are the individuals and businesses that provide the raw materials to be transformed into goods. Lack of available supply may increase the cost of production (e.g., limited sources of ginseng seed, import of

elderberry concentrate from Europe) or delay the production start (e.g., need to propagate own elderberry plants or produce and graft own trees).

Bargaining power of buyers

Who is going to buy my product(s)? Would it be better to deliver directly to consumers or to use intermediaries? Who are the intermediaries? How much control does the buyer exert? Who are the final customers and what are their needs? Are you competing against a respected brand name that creates a higher value for its products?

Buyers are the people/organizations who create demand in an industry. When the buyers exert power in an industry, they may impose specific requirements on the quantity and quality of products they buy. These may impose additional costs to sell the products. For small niche specialty products produced in agroforestry settings, there is a challenge to provide large enough quantities to enter distribution channels. Another challenge on the buyers' side is handling perishable products. For example, due to the newness of the industry, there is little knowledge among buyers on how to handle chestnuts. Due to high moisture content, chestnuts need to be kept refrigerated to minimize water loss and decay. Communication and information provided to retailers will ensure that chestnuts will be handled and stored properly and consumers will have a positive experience with the chestnuts they purchase.

Substitutes (substitute products)

Are my products in any way unique or can they be easily substituted by other products with a similar function? If buyers decide your products are too expensive, will they buy another product?

It is very important to distinguish your products and to communicate their unique properties otherwise they will be easily substituted by lower price substitutes. For example, you need to distinguish native pecans from Georgia or Texas pecans if you want to sell them at a premium. Also, you need to communicate and educate the consumer of the various health benefits of elderberry if you want them to choose elderberry juice and not another cheaper or better known juice on the shelf.

Industry competitors (rivalry among existing firms)

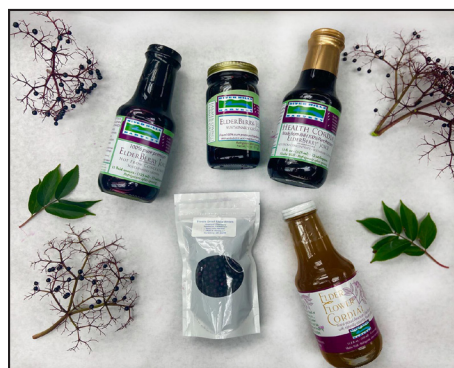
Who are the competitors and what are their competitive advantages? What can I do better than them? Are you competing against a respected brand name that creates a higher value for its products?

Rivalry can take many forms, such as price discounting, new product introductions, advertising campaigns, and service improvements. Characteristic for new and small markets like the ones for niche specialty crops, the level of competition is low and existing businesses cooperate to grow the industry. However, to protect your place in the market, you need to start to differentiate from the others and create competitive advantages like quality, customer service and convenience.

Researching and Selecting Target Market

Customers differ in their values, needs, wants, beliefs and incentives to purchase. Product oriented businesses, who find a product they can produce and try to sell it without first looking at customers' needs, risk developing a product that won't sell. Instead, most successful businesses are customer oriented— they design marketing strategies around the needs of their customers.

The process of identifying customers' preferences and dividing the larger market into groups is called segmentation. Markets can be segmented in a variety of ways. The most common ways of segmentation are by



Examples of value-added elderberry products from Missouri elderberry growers: [Elder Farms](#) (top) and [River Hills Harvest](#) (bottom).

demographic characteristics (e.g., age, sex, race, religion, education, income, household size), geographic location (e.g., counties, states, regions) and psychographic characteristics (e.g., lifestyle characteristics, behavioral patterns, beliefs, values and attitudes).

Creating a customer profile for each segment will help describe who are the customers, what they value, how much they are willing to buy and determine which segment can be the most profitable to target. By identifying and targeting only specific market segments you can develop more effective product, price, distribution and promotion strategies.

Developing Product, Price, Distribution and Promotion Strategies

A marketing strategy is a plan regarding what products to develop, how the products will get to the customers, for what price and how the product benefits will be communicated to customers.

Product strategy

What product will you offer to satisfy the needs of your target customers?

The most common marketing strategy for farmers producing agroforestry products is product differentiation to appeal to a focused group of consumers (the target market). Farmers have the opportunity to implement many creative marketing ideas to differentiate their products and services in response to the needs of their customers. Differentiation equates to adding value to the products. Adding value will allow you to obtain a better price for the same amount of raw material. For small land stewards, adding value to agricultural and non-timber crops can make an enormous difference to the bottom line.

Ideas for Adding Value

Value can be added through processing, packaging and customer service. A few of the more common methods of adding value to your agroforestry products are described below.

- *Many edibles you could produce in an agroforestry practice also have a market in a value added form. Fresh products are usually perishable and only available for short periods. Processing extends the period during which products can be made available, and allows processors to increase potential returns.*

Examples include: processed fruit products (jams, jellies, fruit leathers, sauces, chutneys, vinegars); frozen products (berries are the most obvious candidates, though mushrooms are sometimes frozen); and dried products (mushrooms, berries).

- *Value-added decorative and craft products can provide immediate returns. The amount of skill required to produce these products varies. Some products (e.g., wreaths) are fairly easy to produce, while others (e.g., baskets and furniture) may require more time to develop proper skills.*
- *Herbal products offer a number of opportunities for adding value. Medicinal herbs are a good option for marketing at a local level but you must adhere to regulations that govern the sale of these products. Getting into the business of selling 'drugs' to the mass market should not be taken lightly. Herbal teas sold under food regulations may offer a much easier approach.*

Is it worth it? The 'cons' of adding value

Adding value is not always the best option. Ask yourself some hard questions before you embark on the value-added route:

- *Are financial and human resources / expertise available to develop value-added processing?*
- *If not, what will it take to acquire them (e.g., loans, training)?*
- *Do you have the long-term supply of resources to support a value-added strategy?*
- *What are the markets for potential value-added products?*
- *Can you meet the requirements of the marketplace?*
- *How easy will it be to break into those markets?*
- *How long will it take to recoup the costs of any processing equipment involved?*
- *Can you handle the risks sometimes involved in adding value? For example, are you better off taking less for your product but letting a middleman absorb the risk?*

As with any business, you have to do the research, consider your resources and crunch the numbers to see if it's worthwhile. Usually, adding value is smart marketing.



Chinese chestnut, Sleeping Giant, harvested at the MU Horticulture and Agroforestry Research Farm in New Franklin, Mo.

Distribution strategy: Getting products to buyers

There are three aspects to getting your products to buyers:

1. **Distribution:** The sales channel(s) your product will follow.
2. **Location:** Where you sell your product.
3. **Transportation:** How your product will reach the buyer.

Distribution: Sales channels

Your product may be able to take a number of different routes—or sales channels—to the end user. Which sales channel(s) you end up using will depend on a number of factors, such as:

- *Existence of a ‘dominant’ distribution system for your product*
- *Demand for your product from various levels in the marketing chain*
- *Time you have available and your marketing abilities.*

Using these criteria, among others, you can choose one of the two basic marketing channels that most products follow: Direct marketing is the process of selling a product or service directly to the consumer. Direct marketing is the alternative most suited to agroforestry product producers. Selling direct provides the grower the opportunity to capture a larger share of the consumers’ spending and the opportunity to educate the consumer about the farm and its production methods (e.g., about the advantages to buy organic or locally grown products). Direct marketing is growing in

popularity because consumers now demand safer and high quality products. Buyers place a value on coming face to-face with the producer and their production location (farm, farmers market, on-farm retail store) and obtaining more information about the products produced.

Intermediary distribution provides other market outlets and include wholesalers, brokers, cooperatives and retailers. One of the challenges in the wholesale marketplace is the need to provide a constant, dependable supply of large quantities of quality goods. Wholesalers may only accept a few weeks’ worth of product at any one time, forcing the producer to incur storage and multiple delivery costs. Another challenge is to maintain premium product integrity along the value chain (i.e., maintain freshness or maintain organic integrity at each stage of the product’s journey to the market). In general, the closer the producer is to the consumer, the greater the return as well as the workload. Your choice of sales channels may significantly impact your bottom line. You may be tempted to eliminate one or more middlemen in the chain. Remember that if you’re being paid outright by a broker/buyer/ wholesaler, that person is also accepting the risk of selling your product to the next level in the sales chain. Before you take over that role yourself, make sure that you are willing to accept the additional risk. Also, some products and markets may allow you to invite bids from different buyers and possibly obtain a better price. Knowing how your product is being distributed could, over time, help you establish ‘alternative marketing strategies’ to improve your returns. You may find opportunities to sell your products at a higher level and to cut out some of the middlemen. You may also discover potential channels that will provide other business opportunities.

Location

When selling directly to consumers, there is a range of choices as to where you will offer your product. Possible sites for marketing agroforestry products include:

- *Your property (everything from timber to berry jam), if not too remote*
- *Roadside stands (your driveway, highway rest areas, park-and-ride locations)*
- *Farmers markets (in urban areas these can be especially lucrative)*

- *Craft markets*
- *Co-operative marketing with other firms (e.g., renting seasonal space at a plant nursery, Christmas tree lot, supermarket, bed and breakfast).*

Many businesses take orders over the phone, email, or regular mail, and deliver the product (themselves or using a delivery service) directly to customers. For some products, particularly specialty foods and crafts, the Internet can provide easier access to a wider market than traditional mail-order techniques. All 'mail-order' type direct marketing systems require a product that is easily handled and access to reliable transportation for it.

Transportation options

If you are pursuing a sales channel where your customers are not coming to you, it is necessary to consider how your product will get to them. Important factors to consider include: cost to ship to distant markets via various transportation modes, inclusion (or not) of transportation costs in the selling price (i.e., whether you or the buyer pays the freight costs), the reliability and timeliness of various modes of transportation (especially for perishable goods). Negotiating favorable freight terms may be critical to the viability of your business, so do not simply accept the first quote you receive from a shipper. For air cargoes, some freight brokers may be able to offer much better rates than the airlines. Greater volumes may permit price breaks, so partnering with other businesses in assembling loads can be beneficial. Another way to reduce freight costs is to find trucking firms which are seeking 'back-haul' loads (i.e., freight for trucks from regional or provincial distribution centers that would otherwise be returning empty). It is important to compile a list of prospective transport options and their respective costs. In some cases it is simply not profitable to ship a specific product into a particular market.

Pricing strategy: For how much can we sell our products?

Product pricing can be challenging since pricing for niche products produced through agroforestry practices is not regulated as in commodity markets. Producers who sell commodities are normally price takers, sellers that have no market control and must "take" or accept the going market price. For differentiated niche products, one or more pricing strategies can be considered, depending on the target market and product strategy. The basic functions of pricing are to cover costs, make a



Top: chestnuts sold in a local natural foods grocery store. Left: Chef Shelly la Fata of hands out samples of elderberry and hazelnut slaw to promote her restaurant, Pasta La Fata.

profit, and encourage customers to buy. You can either price to the market or price to your costs.

Pricing to the market. When you're just starting out, pricing to the market is often the simplest approach. Pricing to the market involves finding out what others are charging for the same products, and then using that information to establish a similar price range. Buyers are also pricing to the market when they tell you what they're willing to pay for your products.

Pricing information on agricultural products can be obtained from a number of sources. If you plan to sell directly to the public, various retail market outlets will provide you with information on the going rate for your product. Buyers will also provide pricing information, but keep in mind that these prices are usually negotiable. The Internet may be another source of pricing information, depending on the market you are seeking to access. Pricing information for agroforestry specialty crops and products can be difficult to obtain, but your



best bet is talking to other producers and the buyers you've identified. The Internet also has limited pricing information for some products, especially for 'finished' or value-added products such as crafts, wreaths, berry jam and the like (these may also be obtained from catalogues from various companies).

Pricing to your costs. Pricing to your costs ensures that what you charge covers all your expenses – not necessarily the case when pricing to the market. Businesses sometimes start out by pricing to the market, and then shift to pricing according to costs once these become clearly identified. If you find that similar products are available for a much lower price than you could charge, you'll have to either adjust your profit margin or differentiate your product so that consumers feel it is worth the higher price. The timing of sales has a strong influence over the price which can be obtained, and the obvious objective is to sell when prices are highest (i.e., demand is high relative to supply). Non-perishable products allow greater flexibility in this choice, as do products processed to allow out-of-season sales. You may also wish to explore different management practices that will enable you to harvest early or late in the season when other supplies may be limited.

What goes into the cost equation?

Production costs, materials, fixed overhead, time/labor and profit. A simple formula for setting the price per unit is:

Price per unit = Total costs of production per unit + Desired profit per unit.

Price setter or price taker?

Sometimes you will be able to set prices for your product, other times you won't. A number of factors will influence whether you are a price-setter or a price-taker:

- *The scale of the market; prices for internationally traded commodities (e.g., lumber, wheat) tend to be set far from the place of production. This is also true for many agricultural commodities and agroforestry products (e.g., mushrooms, some floral greens, medicinal herbs) that are traded in international or other extended markets.*
- *Product differentiation; if your product is unique (the opposite of a commodity) you are more likely able to influence the price you receive. 'Niche' market and value-added products usually have superior*

opportunities for cost-driven pricing.

- *Your reputation within the industry; sometimes experienced, dependable suppliers are able to get a higher price for their products (a 'premium') because buyers know they will reliably supply a high quality product.*
- *Your negotiating skills; if you have good negotiating skills, your ability to influence the prices you receive for a product will increase greatly.*

In the end, the single most important influence on your pricing decisions will be your customer's ability and willingness to pay the price you are asking. However, keep in mind that you can also influence prices by promoting your products.

Communication (promotion) strategy: How and what will be communicated to buyers and consumers?

Promotion is essential to gain product recognition among customers. The promotion strategy should identify the message, the way of delivery, and costs.

Message: What do I want to communicate about my product? Consumers are often unfamiliar with niche agroforestry products, therefore the more information provided about the products benefits, the more likely people are to try the product. Communicating "freshness" and "local" or "small scale production methods" can be an important part of a promotion strategy.

Tools and delivery: How am I going to communicate this message? Local producers can advertise in newspapers, magazines, flyers and catalogs, radio, TV, billboards, within health food stores, and online. Publicity is more convenient than advertising because it uses non-paid media coverage of the firm and its products. Methods used to generate publicity include participation in festivals and fairs, collaboration with charities, sponsoring community events, and news releases. News releases to the media are a low cost method to get promotion. Offering free samples is a commonly used practice that helps establish local markets. Organizing workshops, giving talks, farm tours, attending farmers markets, collaborating with local Community Supported Agriculture (CSA) groups and word of mouth are ways to raise awareness, inform and educate consumers, and build trust and understanding. For products with health benefits not so known to consumers, fact sheets distributed at farmers markets

and educational on farm displays are very useful.

Costs: How much will all of these cost? If paid advertising media are used, partnering with other farms can reduce individual advertising costs. Brands are created to identify a businesses' product and distinguish it from the competition. While expensive, many niche producers concentrate promotional efforts on image advertising, i.e., promoting the concepts of "heart healthy", "locally grown" or "green" products.

Additional Resources

[Building a Sustainable Business. A Guide to Developing a Business Plan for Farms and Rural Businesses.](#) Minnesota Institute for Sustainable Agriculture.

[Business Development Resource Page.](#) Agricultural Marketing Resource Center.

[Break-even Pricing, Revenue and Units,](#) University of Missouri Extension.

Cai, Z., Gold, M. A., Cernusca, M. M. I., & Godsey, L. D. (2021). Agroforestry Product Markets and Marketing. *North American Agroforestry*, 437-468.

Cai, Z., Stubblefield, K., Thomas, A. L., & Aguilar, F. X. (2024). From Niche to Mainstream: US Consumer

Trends and Preferences for Elderberry Products. *HortScience*, 59(12), 1723-1729.

Cernusca, M. M., Gold, M. A., & Godsey, L. D. (2012). Using the Porter model to analyze the US elderberry industry. *Agroforestry systems*, 86, 365-377.

[Food Safety, Farmers' Market Handbook.](#) Missouri Department of Agriculture.

[Fruit and Nut Compass.](#) University of Wisconsin-Madison Center for Integrated Agricultural Systems.

[Growing Small Farms.](#) North Carolina Cooperative Extension.

[Marketing & Economics Resources.](#) University of Missouri Center for Agroforestry.

[Marketing Channels for Locally Raised Foods.](#) University of Missouri Extension.

[Marketing Specialty Forest Products.](#) University of Nebraska, Lincoln.

[Productive Conservation: Growing Specialty Forest Products in Agroforestry Plantings.](#) University of Nebraska, Lincoln.

[Selecting an Appropriate Pricing Strategy,](#) University of Missouri Extension.



Pioneering the “Napa Valley of Elderberries” in the Missouri Ozarks

At a glance: Through his creative marketing solutions and leadership in the elderberry industry, Dave Buehler and his two companies, Elder Farms, LLC and Buehler Organics, LLC, are working toward transforming southwest Missouri into the “Napa Valley of Elderberries”.

Overview: Until 2006, the century farm where Dave Buehler was born and raised rowcropped soybeans and corn and operated as a small dairy in Mt Vernon, Missouri. Aware that these practices were declining the health of the land and the sustainability of the farm business, Dave made a leap faith after attending a field day at the University of Missouri Southwest Research, Extension, and Education Center led by long-time specialty crop researcher Andy Thomas. He decided to courageously step into an industry in its infancy: organic elderberry production.

Products and marketing: Dave continues to push the boundaries of creative marketing, placing Elder Farms and Buehler Organics at the forefront of the industry. Buehler Organics grows 120 acres of elderberry as an alley crop and sells elderberry cuttings and rooted elderberry plants. Elder Farms encompasses 60 acres of organic elderberry and clover alley cropping, 105 acres of organic soybean, 105 acres of organic rye, 40 acres of hay production, 30 acres of sunflowers, and a 4-acre paw paw grove. Elder Farms sources plant material from Buehler Organics as well as from 30 other farms. They utilize the berries, flowers, and even the leaves to create an innovative and wide-ranging product line. Products include consumables like elderberry soda, immunity-boosting shots, and teas as well as herbal and beauty products like lotions, serums, cleansers, and salves. The jack-of-all-trades, Dave and his team also offer agritourism experiences. They host three campsites on HipCamp along a beautiful spring-fed river and rent a shipping-container-converted-Airbnb, complete with a hot tub overlooking the rolling hills of southwest Missouri.

Farm finances: The financial realities of operating an organic specialty crop farm are not all sunshine and elderflowers. Farming organically means incurring tremendously more costs compared to conventional methods, so investments are higher and require creative and diverse marketing strategies. Although Elder Farms has utilized a USDA Farm Service Agency program that provided incentive payments to support the transition from row crops to perennial agriculture, they note that while “the opportunities to apply for [federal] grants are abundant [and] the approval is attainable, the funds are fleeting and have yet to appear even with approval.” As a result, they have primarily financed their operation independently, driving innovation in the industry through their own efforts.

Product management and software considerations: Dave Buehler and his team oversee the entire elderberry production cycle, from planting to harvesting. They not only cultivate elderberries but aggregate and process elderflowers and elderberries to market their own unique products. Pulling from their innovative spirit and technologies from other industries, Elder Farms has adapted a software program from the cannabis industry called Figgaro to manage the elderberry lifecycle. This program allows them to track each berry from the field to storage, and through to the raw materials used or products created and delivered. It also monitors various aspects of running the farm business, such as employee productivity and chain of custody. This extensive documentation has proven to be an asset during the Organic Certification process.



“We provide education on the benefits to both humans and the earth by growing perennials and encourage other farmers to think out of the box and consult on projects that new farmers seek help with.”



(Top) Employees at Elder Farms, LLC tending to elderberry cuttings. (Bottom) Dave and Ann Buehler at Elder Farms located in Mt. Vernon, Missouri.

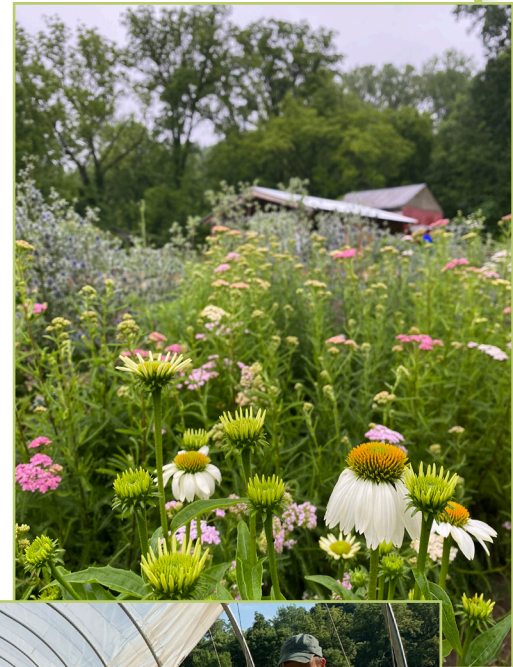
Diversity is the Spice of Life at Three Creeks Farm + Forest in Ashland, Missouri

At a glance: Three Creeks Farm + Forest consists of a two-acre market garden, a one-acre orchard alley crop, and 10 acres of mixed hardwood forest. Within this highly diversified agroforestry production system, they cultivate over forty species for culinary and floral uses in their orchard, hedgerows, forest understory, and cutting gardens. This multifunctional landscape provides harvestable fruits, herbs, flowers and foliage while also serving as habitat for beneficial insects and pollinators.

Overview: In the heart of mid-Missouri among the rolling Missouri River Hills, Emily Wright and Paul Webber operate the highly diversified Three Creeks Farm + Forest. Inspired in part by an apprenticeship with Spannocchia, a diversified farm in Tuscany with vineyards, orchards, hog silvopasture, forest farming, and more, Emily returned to Missouri following graduate school, ready and eager to start farming. She and Webber teamed up in 2015 and ran their market garden and pastured pigs on a friend's land for five years. Then in 2020, they purchased their own 15 acres and began making significant investments in long-term perennial agriculture. Diversity is truly the name of the game at Three Creeks. In addition to annual vegetables and cut flowers, they cultivate serviceberry, pawpaw, and persimmon in the orchard, along with prickly ash and spicebush in the woodland. Supported by a North Central Sustainable Agriculture Research and Education (NC-SARE) grant, Emily is currently trialing more than 50 species of native perennials as specialty crops for culinary and floral uses. They hope to expand their perennial farming operations over time, eventually phasing out some of their more intensive annual production.

Products and marketing: Almost as diverse as the plants they cultivate and the pollinators they support, Three Creeks employs several marketing strategies. They deliver produce twice weekly to approximately 20 wholesale customers, including restaurants and grocery stores, and have branched out in selling fermented goods. They aggregate specialty crops, such as ramps, from other local producers to sell to their customer base, thus supporting nearby small-scale specialty crop producers. Nearly everything grown is sold within a 30-mile radius. Additionally, the farm is a member of the Missouri Flower Exchange, a flower farmer collective that aggregates from local producers and sells to floral designers and other wholesale buyers. Emily considers one their greatest successes to be the strong relationships they have built with other local businesses that prioritize local sourcing.

Farm finances: Emily and Paul have invested over \$10K in tree, shrubs, and other perennials. The return on investment varies considerably from species to species; some can be harvested shortly after planting, while others may take five-plus years to yield returns. They meticulously track all production costs and sales for each crop. They use bookkeeping software that automatically generates invoices and organizes transactions by revenue and expenses. They've utilized the NRCS Environmental Quality Incentive Program (EQIP) to help finance the establishment of many of their woody perennials. Additionally, they have received funding from the University of Missouri Center for Regenerative Agriculture's Climate-Smart Fieldscapes Program, which provides incentive payments to producers for implementing three or more 'climate-smart' production practices. These financial assistance opportunities have allowed Three Creeks to accelerate their perennial plantings and refine their focus on species that are well-suited for culinary and floral specialty crop markets.



"Our farm is embedded in our community. Its success and growth are intertwined with the small businesses that support us by sourcing locally. These relationships are probably our greatest success."

(Top) Echinacea and other perennial flowers at the farm. (Bottom) Emily and Paul harvest basil. Photo by Josh Wright.

Marketing examples for forestry, agroforestry, and natural resources

Enterprise	Retail or direct market	Wholesale market	Niche market
Firewood	Delivery to homeowner; roadside piles for campers	Broker, garden center, landscape contractors	Convenience store bundles; custom cut/split; select species
Fence posts and/or rails (Black Locust, Cedar or Osage Orange Hedge)	Homeowners	Landscape contractors, garden stores	Nature stores
Wood chips for cooking and smoking (hickory, apple, maple)	Homeowners and businesses	Convenience stores	Fairs and festivals
High-value sawtimber & veneer		Sawmills through traditional sale process	Sell harvested logs directly from log deck to buyers; sell to the export market
Custom sawmilling	Craft artisans, hobbyists	Other sawmills	Cut lumber at land steward's property
Drying lumber	Craft artisans, hobbyists, cabinetmakers	Local lumber store, chain stores, planning mill	Unique species or products such as crotch wood, matching panels
Value-added wood products (hardwood & grapevine baskets, bowls, kitchen utensils, etc.)	Craft fair, tourist sites, Internet and catalog sales	Broker	Custom-shaped and custom-sized baskets; gift basket
Christmas trees	Choose-and-cut or parking lot trees	Garden stores; nonprofit organizations that sell trees for fundraising	Super large trees, tabletop trees, and select species; combine with sleigh ride and other activities
Holiday greenery (wreaths/roping from pine trees & vines)	Choose-and-cut parking lot sales	Broker; nonprofit organizations that sell greenery for fundraising	Decorated greenery at holiday crafts fair
Native vegetation collection for floral & food markets on a sustainable basis (moss, ferns, colored twigs, mushrooms, etc.)	Florist shops, craft artisans, fairs	Brokers for floral markets and edibles, stores, restaurants	
Shiitake, oyster, and other mushrooms	Farmers market	Broker, specialty stores, restaurants	Dried mushrooms and other unique products
Ginseng / Goldenseal		Broker	Ginseng jams or other products at specialty stores
Walnut, pecan, hazelnut, or other nut production	Farmers market, Internet or catalog sales	Broker	Specialty stores
Recreational natural resource events (logging, heritage, wildlife, harvest festivals; forestry skill competitions)	Individuals, organizations, and groups		Combine with value-added forestry products and many other unique offerings

Marketing examples for forestry, agroforestry, and natural resources (con't)

Enterprise	Retail or direct market	Wholesale market	Niche market
Hunting lease	Hunting clubs and groups	Forester or other outlets to act as your broker	Combining hunting lease with cabin rentals
Vacation cabin	Individuals, families, hunting clubs	Broker	Combine with fee hunting, campground or other recreational access enterprises
Recreational trails (bird watching, hiking, cross-country skiing, horseback riding)	Individuals, nature and conservation groups, church and school groups	Broker	Special arrangements
Hayride or sleigh ride with bonfire combinations	Individuals, nature and conservation groups, church and school groups	Broker	Special holiday programs and promotions (e.g. Halloween, Thanksgiving, Christmas)
Nature-based bed and breakfast	Individuals, couples, small groups	Broker	Special program offering
All-terrain-vehicle (ATV) and mountain- biking access	Individuals, groups	Broker	Special races, events, and promotions
Hay	Farmers, small- farm owners, horse owners	Auction	Special hay mixes for specific livestock
Vegetables	Farmers markets, roadside stands, pick-your-own, CSAs*	Broker, auction, cooperative, restaurants	Ethnic markets, organic
Field crops (corn, soybeans, small grains, etc.)	Livestock farmers	Elevator, cooperative	Popcorn, edible soybeans, fuel for heating stove, organic
Wine and table grapes	Wine and table grapes Farmers markets, CSAs*	Stores, wineries, restaurants	Organic, special and heirloom varieties for wineries
Bramble fruit crops (raspberries, blackberries, currants, gooseberries)	Farmers markets, roadside stands, pick-your-own, CSAs*	Stores	Organic, heirloom varieties
Fruit trees (apples, pears, peaches, etc.)	Farmers markets, roadside stands, pick-your-own, CSAs*	Broker, stores, restaurants	Unique and heirloom varieties and species, special sizes and quality
Honey	Individuals, roadside stands, farmers markets	Stores, restaurants, cooperative	Stores, restaurants, organic, honeycomb
Sheep and goats (milk, meat and fiber)	Farmers, 4-H groups, other individuals and groups	Auction	Ethnic meat markets, organic markets
Exotic livestock (emu, fallow deer, ostrich, etc.)	Farmers, 4-H groups, other individuals and groups	Auction	Ethnic meat markets, restaurants
Value-added food processing	Farmers markets, roadside stands, fairs and festivals	Specialty stores, restaurants, broker	Organic, specialty products

Marketing examples for forestry, agroforestry, and natural resources (con't)

Enterprise	Retail or direct market	Wholesale market	Niche market
Herbs (Echinacea, basil, etc.)	Farmers markets, roadside stands	Broker, stores, restaurants	Organic, medicinal, special product combinations, heirloom varieties
Native plant nursery	Homeowners, local businesses	Landscape contractors doing residential and restoration work, garden centers	Specific in-demand species that are difficult to grow
Greenhouse	Homeowners, local businesses	Garden centers, brokers	Specialty plants for a specific market
Recreational agriculture (harvest festivals, corn mazes, petting zoos)	Individuals, organizations and groups		Combine with value-added, roadside stand, and many other unique offerings

*CSA: Community Supported Agriculture

MARKETING REVIEW

1. According to Michael Porter, there are five forces that influence how an industry is structured. What are they?
2. What are the main marketing strategies that you need to develop for each target market?

ANSWER KEY

1. According to Michael Porter, the five forces that influence how an industry is structured include: (1) barriers to entry, (2) bargaining power of suppliers, (3) bargaining power of buyers, (4) threat of substitute products, and (5) rivalry among existing firms.
2. The main marketing strategies to develop for each target market include:
 - Product – the right products to satisfy the needs of your target customers
 - Price – for what price can we sell our products?
 - Distribution – how are we getting the products in the hands of our customers?
 - Promotion – how are we letting people know what we have for sale?