



4 P's of Marketing

1. Product → what does the buyer want?
2. Place → when and where do they want it?
3. Price → what will they pay for it/can you make money at their price?
4. Promotion → why should they buy your product as opposed to someone else's?

The University of Georgia
College of Agricultural and Environmental Sciences

Are you a Seller or a Marketer?

<ul style="list-style-type: none"> • Sellers → Focused on <u>Convenience</u> <ul style="list-style-type: none"> – Produce what is easiest to sell – Sell at the most convenient time – Sell at most convenient place – Price taker 	<ul style="list-style-type: none"> • Marketer → Focused on <u>PROFITS</u> <ul style="list-style-type: none"> – Produce what the market wants – Market at the most profitable time – Market using the most profitable method – Have some control over price
--	--

The University of Georgia
College of Agricultural and Environmental Sciences

Product – what does the buyer want?

- Forage type/quality
 - Horses → medium/high quality
 - Beef cows/goats → low-high quality hay
 - Gardeners/homeowners → low-quality
- Bale type (square/round)
- Bale weight – 40/50# square bale vs. 100#

The University of Georgia
College of Agricultural and Environmental Sciences

Product-“Quality” depends on the Customer

- USDA Grass-Hay Guidelines based on Crude Protein only
 - Premium → 13%+CP
 - Good → 9-13% CP
 - Fair → 5-9% CP
 - Utility → under 5% CP
- Generally speaking customers want:
 - Dry
 - Green
 - Free of weeds, insects and diseases




The University of Georgia
College of Agricultural and Environmental Sciences

Place – When and where do they want it?

- FOB your farm (picked-up)? Cheapest, easiest but likely limits customer base.
- Delivered? Additional cost, time and aggravation but probably expands customer base.
- Local feed store/ag supplier? Less trouble than delivering to individuals but lower price. Can you make it up on volume??

The University of Georgia
College of Agricultural and Environmental Sciences

Delivery Considerations

1. Operational costs of trucks and trailers (fuel, repairs, tires, etc.),
2. Fixed costs of trucks and trailers (depreciation, insurance, tags, other taxes, etc.) and
3. Labor costs of loading hay out of the barn, hauling, loading hay into the buyer's barn.

The University of Georgia
College of Agricultural and Environmental Sciences



Price – What do you have to have/what can they pay?

The first step in any successful marketing plan is knowing your cost.

$$\text{Breakeven Cost} = \frac{\text{Variable Cost} + \text{Fixed Cost}}{\text{Production}}$$

The University of Georgia
College of Agricultural and Environmental Sciences



Two Economic Truths

- Long-term the price of a commodity will approach the total cost of production. → • Be a low-cost producer
- Anything can be profitable if you can charge enough. → • Get more for your product by adding-value

The University of Georgia
College of Agricultural and Environmental Sciences



Ways to Reduce Costs or Add-Value

Ways to Reduce Costs (per unit)

- Soil test
- Alternative sources of fertilizer
- Lower fixed costs
 - Lease
 - Share
 - Custom-hire
 - Rent additional land
- Irrigation??

Ways to Add Value

- Sell at peak times of year (summer/winter).
- Sort and sell by quality
- Square vs. round
- Not all customers want big bales
- Square bale "bad" hay for mulch?
- Educate the consumer

The University of Georgia
College of Agricultural and Environmental Sciences



Promotion – What Makes Your Product So Special?

- Quality? What the customer wants.
- Service? Can you dependably provide them a quality product at a reasonable price?
- Quantity? Can you sell 2 bales or 2 semi-loads?

The University of Georgia
College of Agricultural and Environmental Sciences



Marketing Outlets

- GA Farm Bureau
- GA Cattleman's Magazine
- Market Bulletin
- Word of mouth
- Internet
- Printed materials
 - Feed store
 - Vet office
 - County extension office

The University of Georgia
College of Agricultural and Environmental Sciences



Summary

- Sellers are focused on convenience, marketers are focused on profits.
- “Quality” is subjective.
- Know your costs.
- Explore ways to add value by merchandising hay in different forms and packaging.
- Be willing and able to tell customers why they should buy your products.

The University of Georgia
College of Agricultural and Environmental Sciences

