Accessing Virginia Market Sectors: Establishing a Marketing Perspective

Amber Vallotton, Fresh Produce Food Safety Coordinator and Extension Specialist, Horticulture, Virginia Tech
Alexandra Battah, Undergraduate Student, Agricultural and Applied Economics, Virginia Tech
Ryan Knox, Undergraduate Student, Food Science & Technology, Virginia Tech
Adrianna Vargo, Director Grower Services, Local Food Hub
Thomas Archibald, Assistant Professor, Agricultural, Leadership, and Community Education, Virginia Tech
Renee Boyer, Associate Professor, Food Science Technology, Virginia Tech
Natalie E. Cook, Doctoral Candidate, Agricultural, Leadership, and Community Education, Virginia Tech
Tiffany Drape, Assistant Professor, Agricultural, Leadership, and Community Education, Virginia Tech

For a new business enterprise idea, thoroughly understanding the market you wish to enter before you actually invest a lot of effort, time, and money is crucial! Any new business start-up or market expansion involves a lot of considerations:

- What opportunities in this market exist?
- What are the barriers to entering that market and/or scaling up?
- What are your farming operation and proposed product strengths and weaknesses?
- Who are the competitors in the marketplace? If the market is already saturated, how do you propose to set yourself apart from other competitors?
- Do you need potential business partners to make the idea materialize?
- How will you finance the venture?
- Are there any laws, regulations, and food safety requirements to tap into the market? If so, how much will it cost to satisfy the requirements?

While these are just a few of the questions you should ask, there are many more considerations. The pyramid concept illustrated below is one way for you to further consider some of the key elements involved as you move forward. The suggestions are based on the assumption that your product idea has already been established.

Consider Target Market Sectors.
Your target market is the specific type of consumer that your product is being provided for. The variety of people groups that you are aiming to provide for can be as specific or as vast as you see fit.

Determine Market Potential and Trends. Before entering a specific marketplace (area of the economy that you are looking to penetrate) as a local grower, it is critical that you consider what the recent trends have been, what future trends are projected to be, and what competition exists in the marketplace.
Identify Purchasing Priorities and Market Barriers.

**Purchasing Priorities:** How are you delivering your good? What inputs are you required to obtain in order to provide your good/service? What volume are you operating at?

**Market Barriers:** What is potentially standing in your way as far as actually providing your good? Have you looked at pertaining FDA and/or USDA regulations? Are you familiar with new FSMA regulations?

Develop Business Plan. This is probably the most important big picture item to consider. For any potential producer’s business plan, the following need to be considered:

**Business Description:** What type of local grower are you? What are your goals? This doesn’t have to be too lengthy, just long enough to get your point across to anyone who comes across it.

**Products & Services:** Give details on everything you are bringing to the table.

**Sales and Marketing:** Just because you can pay for something, doesn’t mean you can afford it. Be very strategic and thoughtful about this portion of your business plan; consult an ag-lender or a financial advisor before moving forward with your business to make sure your operation is feasible (provide them with a financial summary). Consider how you will be marketing your product, especially at the beginning, to get the word out (flyers in local, grower-friendly grocery stores, banners at farmer’s markets, etc.).

**Operations:** Define and outline the details of your operation such as where your headquarters are, where and how you can be contacted, your employees, legal relationships/partners, suppliers, credit policies, etc..

**Contingency Plan:** This is also a profoundly important part of your business plan. Contingency plans project future circumstances that may arise. Example, in the event that you do meet your sales goals, what are the next steps? Or alternatively, in the event you do not meet your sales goals, how do you plan to recuperate, do better next time, and account for that loss? You can never be over prepared.

Market Penetration. You made it! You’re finally out there providing your good/service. How are you going to maintain your setup? After being in the marketplace, are there things you’ve discovered you don’t need, things you should have established, etc.? Now is the time to make note of what you can do better for the upcoming seasons.

Sustain Buyer Relationships. In other words, establish customer loyalty and define what is necessary for you to maintain the relationships you’ve developed. On the other hand, there will be times when you need to compromise with a buyer agreement. Be sure you are taking all factors into consideration and don’t be afraid to have to move on from a relationship that just isn’t feasible anymore.

Virginia Cooperative Extension  
Virginia Tech • Virginia State University  
www.ext.vt.edu
Resources

Food Innovations Program
The Food Innovations Program at Virginia Tech provides assistance for Virginia’s food processing industry to produce high quality, safe, and innovative food products. The FIP provides guidance and resources on matters of food safety, pertinent food regulations, and general concerns associated with starting a food business. https://ext.vt.edu/food-health/food-innovations.html

Virginia Cooperative Extension Resources for Entrepreneurship

Virginia Beginning Farmer & Rancher Coalition Program
Links to the work of the VABFRCP, with many excellent resources for beginning farmers (defined by USDA as anyone within the first 10 years of operation). https://ext.vt.edu/agriculture/beginning-farmer.html

Virginia Beginning Farmer and Rancher Program Whole Farm Planning Curriculum
As a part of the larger work of this excellent initiative, the curriculum offers guidance for holistically exploring farming ventures. Includes an introduction to whole farm planning, land tenure and acquisition, business plan development, marketing, and sustainable farming practices. See also more information on the main program website. https://vabeginningfarmer.alce.vt.edu/planning/WFP-Curriculum.html

Virginia Market Maker
The Market Maker portal is the largest and most in-depth national database for the agricultural industry. The portal provides a simple search tool to connect buyers, farmers/ranchers, fisheries, farmers markets, processors/packers, wineries, restaurants and more. http://ext.vt.edu/agriculture/market-maker.html

Acknowledgements
Special thanks to Dr. Clint Neill, Assistant Professor, Department of Agricultural & Applied Economics, Virginia Tech, for his review of this factsheet. Thanks also to members of our project Working Group for their contributions to the project design, assessment creation, and summary report. This work was made possible through USDA AMS Award #14-FSMIP-VA-0013.