

GLOSSARY OF TERMS

Acquisition Marketing

This is marketing toward acquiring new customers. While relationship marketing has a greater return on investment, you must continually be reaching out to get new customers for your business.

Benchmarking or Benchmark Analysis

Process of comparing one's business processes and performance metrics to industry standards and what is believed to be possible given existing business resources. This is typically focused on measures of quality, time, and cost.

Benefits

A *benefit* is the description of the difference a product or business will make to the consumer's life. For example; by using an Apple product, you are part of the "Cool" culture.

Brand

Your *brand* is your business identity. It includes the features that distinguish your business and products from those of other sellers. A *brand* includes your business name, logo, tagline, typography, colors and attitude. Overall, your *brand* reflects the personality of your business.

Break Even Point

The *break-even point* is where total revenue equals total cost (variable and fixed).

Bushel

A *bushel* is a measurement of volume for dry commodities or produce.

Business Plan

The *business plan* is a roadmap that provides the detail on how you will achieve your business goals, including timelines and goals.

"Buy local Movement"

A growing trend of consumers who make food purchases based on the local/geographical food system.

CSA (Community Supported Agriculture)

Direct-to-consumer marketing where consumers purchase shares of the farm's harvest and farmers are paid in advance for the food they will produce for their CSA member customers.

Canned Spam Act

This is a piece of legislation that prevents people and businesses from inundating consumers email inbox with unsolicited and unwanted email. Among the Act's requirements is that you are prohibited from sharing your list and you must always provide a means for the receiver to opt out or unsubscribe from further emails. When you use an Email Service Provider, such as MailChimp or Constant Contact, they are set up to ensure that your emails comply with the Canned Spam Act.

Capitalize

To gain by turning something into an advantage. Provide (a company) with capital (funding).

Carcass yield

A livestock term used to define the amount of usable meat obtained from slaughtered animal.

Cohesive Branding

This is using your brand on all your marketing materials and everything you do. That includes your logo, coloring, font, and message. If you use it consistently customers will come to know you by your brand.

Cold-calling

This is a marketing process of approaching prospective customers or clients who were not expecting an interaction (telemarketing, door-to-door).

Collateral Audit

This is looking at your marketing materials, your farm stand, etc from a customer point of view. You can learn critical information about your business and marketing by getting a feel for how you are perceived by your customers. Then using that information to make adjustments to bring customer perceptions in line with what you want their image of your business to be.

Connate

Things that are of the same or similar nature.

Contribution

Contribution is the difference between the selling price and the variable cost per unit. Contribution refers to the amount that your pricing will *contribute* to profit.

Continuum

A continuous sequence in which adjacent elements are not perceptibly different from each other, although the extremes are quite distinct.

Crisis Positioning

This is the way in which an entity tries to manage the communications and consumer perception during negative publicity or rumor. It is usually the product of a prepared crisis communications plan that determines who will speak, under what conditions and to which media outlets. Keep in mind that a consumer question is just as important as a question from the media and both require a consistent response. In the event of tainted product, do not speculate as to the cause, but point out what you do to assure the best quality, refer people to government and private research or appropriate legislation for more information and keep the positioning of you and your product positive.

Cull

Produce or an animal removed specifically based on measures of inferior quality is referred to as a *cull*.

Customer Relationship Management (CRM)

This is a system that helps you maintain customer information with the purpose of helping you build relationships with your customers and continue the good experience your customers have had with your business.

Customer Service

Customer service is about building a relationship with your customers. Good *customer service* is getting a customer what they want. Great *customer service* is getting them something they didn't know they wanted.

Data Mining

When you *data mine* you are collecting information about your customers; whether its email addresses, their birth date or any other information you want to track. Keep in mind that the data you collect is private and should never be shared.

Digital Coupon

These are coupons or offers that are made through electronic means such as emails and social media. Because they are electronic, the coupons or offers are easily shared with new, potential customers, giving you a much greater reach.

Direct Marketing Channel

A distribution channel in which no intermediates are used. A manufacturer sells direct to an end-user.

Direct Sales

This is selling directly to the end user (i.e. Farmer's market, Freezer trade, CSA, Buying club, Farm stand, Web). Generally lower volume buyers but providing the seller with higher profit margins.

Elevator Pitch

This is a description of your business that identifies what you do, what the benefits are that you offer and who your target audience is. The pitch needs to be complete in 60 seconds or less to accommodate the short attention span of busy people.

Emerging Demographics

Groups of consumers increasing over time within a market area, such as a growing Latino population, is an *emerging demographic*.

Enterprise

An *enterprise* is a project, undertaking, or production area within a farm business.

Facilitated Marketplace

When a third party helps make the connections between farmers and consumers, such as an online farmers market, which is known as a *Facilitated Marketplace*.

Features

Features are the components of the product. For example; miles per gallon for a car, a moon roof and a 5 speed stick shift are *features* of a car.

Fixed Costs

Costs that do not change with an increase or decrease in the amount of goods or services provided within a defined timeframe, usually a year.

Foodie/ Locavore Enthusiast Buyer

A “*foodie*” is a person devoted to refined sensuous enjoyment, people interested in the total food “experience”. They are consumers who are experience driven, adventurous, least price sensitive, seek authentic eating and shopping experience, shop local (farmer’s markets, CSA’s, specialty stores)

Four “P”s of Marketing

These are the important aspects of marketing any product: *Place, Product, Promotion and Price*. Each component needs to be in sync with your customer’s needs for a sale to take place.

Gleaned

Extract (information) from various sources.

Localwashing

Localwashing is when companies align themselves with the local food movement to help them sell their products and thereby devalues the movement.

Logo

Your *logo* is a distinct mark that identifies your business. It should stay the same and only change a few times over the life of your business.

Margin versus Markup

Markup percentage is the percentage difference between the actual cost and the selling price, while gross *margin* percentage is the percentage difference between the selling price and the profit.

Marketing

Marketing is what you do to get your brand out in front of potential customers. *Marketing* efforts will either raise or lower the consumer’s perception of your business. It identifies customer needs, creates products to satisfy those needs, and then delivers. (It is NOT meant to mislead people into buying something.)

Market Assessment

This is the assessment of conditions and opportunities in your market area, including consumer perceptions, market conditions, business vitality and opportunities for your business and/or product.

Marketing Materials

These are the materials you use to promote your business, including business cards, brochures, posters, websites, emails, signs, and conversations.

Marketing Plan

Your *marketing plan* is how you present not only the product but your company to your customers. It spells out your marketing and promotions plans for your business, including the goals you want your marketing to achieve.

Market Segmentation

Dividing the market into distinct groups of buyers with different needs, characteristics, or behaviors is *market segmentation*.

NEON content

The content of your emails, texts and facebook posts should follow the NEON content principles to make the message important for consumers to want to open and read your message. The information should be **N**ew, announce an **E**vent, provide an **O**ffer, or include **N**eed-to-know information.

Overhead costs

Overhead costs are those items that **do not** vary with production volume, such as building rent, taxes and family living expenses.

Perceptual Map

This is a crisscross map of your farm or product characteristics. It will help you understand where you fit with your customers and against your competition, allowing you to make the necessary adjustments to bring your customers perceptions of your business in line with your own perception or the image you want your customers to have of you.

Personal Health/ Social Cause Motivated Buyer

These are consumers who are cause driven, moderately price sensitive, seeking local food for safety or environmental reasons, want to know how their food was grown or raised (farm, specialty stores, farmer's market, CSA).

Price Points

Price points are a group of prices that the consumer perceives as being no different than another price.

Product Positioning

Product positioning is arranging for a product to occupy a clear, distinctive, and desirable place in the minds of target consumers relative to competing products.

Product Value Perception

This is the manner in which a consumer determines the final worth of your product. For instance, they may see Roma tomatoes more valuable for sauce, but will buy a traditional tomato for slicing and salads. Or, they may see it as worth the extra cost to have certified organic goods, or buy from a reputable local source as opposed to big box retailers.

Profitability

Profitability is when revenue exceeds the total cost of operating the business.

Promotions

Promotions are the activities you undertake to invite the consumer to choose your business and products.

Public Relations

Public relations is about letting media sources know about your business and products. It can be as simple as sending out timely and newsworthy press releases.

Relationship Management

Relationship marketing is geared toward those customers you already have and helps to build a long term relationship with them. *Relationship marketing* does not cost as much as acquisition marketing, but results in a greater return on investment of your marketing dollars.

Repositioning

Also known as rebranding or repackaging. This is the process where a business or product is re-engineered to favor different attributes or approach to market that recognizes changes in the marketplace or new opportunities

SNAP

SNAP stands for Supplemental Nutrition Assistance Program, formerly known as the food stamp program.

SWOT

SWOT analysis is a process for identifying and analyzing the internal and external factors that can have an impact on your business. The components include:

- **Strengths** - internal attributes and resources that support a successful outcome.
- **Weaknesses** - internal attributes resources that work against a successful outcome.
- **Opportunities** - external factors the project can capitalize on or use to its advantage.
- **Threats** - external factors that could jeopardize the project.

Shopability

This is a display element that is critical to success. To be *shopable* you must have incorporated space where the seller and the customer can easily interact. Also, product must be set out in a means that allows customers to easily find the product that best fits their needs. So a booth with displays that are so high that you cannot easily reach over or see over to interact with your customer is not easily *shopable*. Also, a stack of product that is too deep that a customer must only choose from the top few bunches is also not easily *shopable*, as customers want to look through the entire display to choose the right bunch.

Shut Down Point

Shutdown point is that point at which revenues do not cover variable costs of production.

Suggestive Selling

Suggestive selling is a way to cross sell your products. You give the customers ideas on what to purchase from you. You literally suggest products for them to buy.

Sustainable

The ability to be maintained at a certain rate or level without being dependent on outside resources.

Tagline

Your *tagline* is a statement that accompanies your logo and business name that conveys what you offer and/or what you promise your customers. It should be unique and based upon a key benefit.

Target Customer

Your *target customer* is the community of people who values what you do, who you are and your farm and who you can build a long term relationship with.

Total Market Performance

Total Market Performance is based on 6 factors that impact the marketing channel – price and profit, associated costs, sales and volume, labor requirements and cost, risk, lifestyle preferences

Traditional Buyers

Traditional Buyers are consumers who are price and value driven, most price sensitive, experienced and loyal buyers, canners and freezers (u-pick, farm, roadside stand).

Typography

Typography includes the font/s you use when promoting your business. The *typography* you use can convey certain attributes of your business.

Upselling

This is encouraging someone to purchase more than they originally came to you to buy. You can accomplish this by bringing complementary products to their attention. For example, if they are buying tomatoes, you can suggest the basil would go really well with the tomatoes. You can also bundle products to make purchasing the entire bundle an easy decision. For example, you can bundle the ingredients for soups or stir fry's. So instead of purchasing a pepper, now they are buying the onions, the greens, the herbs, etc. because you are selling them a meal, not just a pepper. If you add in a recipe as well, then the purchasing decision becomes even easier.

Value Chain

A *value chain* is a chain of activities that a business performs in order to deliver a product or service to the market.

Value Added Ideas

Value added ideas are the things you add to the product to increase the sale. You are making it easier for them to use your product. For example, providing a recipe with the product will increase the sales of that product.

Variable Costs

Variable costs are those that vary proportionately with production volume. Examples are raw materials, hourly wages.

Wholesale

Wholesale is selling to a buyer who is not the end user (Packer, Restaurant, Grocery/Retail, Distributor, Auction, and Food Service). Generally larger volume buyers, but at a reduced cost to the buyer than when selling direct to consumers.