FOOD FOR PROFIT --
FINDING A MARKET NICHE

The Pennsylvania State University is an affirmative action, equal opportunity university.

Penn State Extension
Build a Better Mouse Trap???

• Too many choices in the marketplace
• “Great product” alone does not work
• Market-driven strategy needed:
  • **Identify** target group
  • **Learn** about them
  • **Build** new products for this group
First Step – defining the target

Your “first and best customer”

• Needs and wants related to food
  – Convenience
  – Unique flavors
• Understanding of seasonality
• Packaging/quantity desired
• Product mix – variety or collaboration
Characteristics of Customers

• Demographic (Census data)
  – Age
  – Gender
  – Education

Closely linked with:

• Geographic (Census data)
  – Regions
  – Counties
  – Zip Codes
Characteristics of Customers

Psychographic (values-based)
- Lifestyle
- Behavior patterns
- Beliefs and values
- Attitudes
Values-based Marketing

- Consumers buy when a company/product visually links with resonating causes.
- External or internal?
  - External cause – product not integrated
    - Stonyfield Yogurt & Breast Cancer
  - Internal cause – product integrated
    - Eden Foods’ EdenSoy Product
2014 Food Trends

- Emergence of the “IndieWoman”
- Better for you snacking
- **Brands reach consumers locally through cause initiatives**
- Click to cook
- Supermarkets – the New Culinary Schools
- Retailer becomes the brand
- More protein-rich breakfasts
- Packaging evolves – shares more with customer
- Millennials make the supermarket social
- International restaurant flavors at home (Indian/Middle East)

Source: Phil Lempert, SupermarketGuru.com
Food Attributes Appealing to Values

- Locally/family farm produced
  - Buy Fresh/Buy Local
  - PA Preferred
- Good environmental practices
- Sustainable communities; impacting:
  - Local economy
  - Underserved groups
    - Resource-stressed
    - Special needs
Researching your Target

Gain insight about the target, in the form of:

- Facts
- Figures
- Reports
- Supporting info

Divided by how you gather it:

- Primary data
- Secondary data
Secondary Data

• Usually your *first source* of information
• Created/discovered by someone else; still very useful to you
• Less costly than “producing” new information
• Often includes analysis – summarized and in usable form
• You must decide which sources to trust
Primary Data Collection

Research conducted (and analyzed) by you – customized data

The main methods are:

– Personal observation or interaction
– Surveys
– Focus groups
Social Media Research Strategies

Listen

- Trending topics
- Join groups

Engage

- Get involved in discussions
- Ask Questions
Should I use social media to promote?

Percent Of Internet Users In Each Category Who Are Social Media Users U.S.

- All Internet Users: 72%
- Men: 70%
- Women: 74%
- White, Non-Hispanic: 70%
- Black, Non-Hispanic: 75%
- Hispanic: 80%
- 18-29: 89%
- 30-49: 78%
- 50-64: 60%
- 65+: 43%
- No high school diploma: 67%
- High school grad: 72%
- Some college: 73%
- College: 72%
- College +: 75%
- Less than $30,000/yr: 72%
- $30,000-$49,999: 74%
- $50,000-$74,999: 71%
- $75,000+: 74%
- Urban: 71%
- Suburban: 71%
- Rural: 69%

Source: Pew Internet Research

Applying What You’ve Learned

Relying on the 4 P’s of Marketing

• Product

• Placement/Distribution

• Pricing

• Promotion
Product

- Clearly described items
- Linked with target values
- Distinct from the competition
Placement

• Accessible to target customers
• Appropriate distribution level:
  – direct marketed (a few select locations)
  – through intermediaries (“found everywhere”)
• Mental placement: a memorable “pitch”
Pricing

- Quality and price match
- Image and price match
- Competition-based mistakes avoided
  - What the “market can bear”
  - Retail (reputation) versus wholesale (volume)
  - Test-runs for new markets
Promotion

• Communicate well
• Select the right tools
  – Seen by target market
  – Cost effective
• Preferred frequency
• Often, combine tools for best reach
A pie shop in San Francisco experienced a **20% increase in sales** with the owners began tweeting: “Cherry pies were baking” or “Today is peach cobbler day.”
Marketing Best Practices

• Know your target market
• Be authentic – Tell your story
• Interact with consumers – Market stand – Email/phone – Social media
• Watch competitor interactions – attract “raving fans” and “followers”
• Research & learn
• Have a strategy/plan
• Follow the plan (or know why you’re not)
Sharpen Your Marketing Pencil
Additional Resources

• Sites quoted in this presentation:
  – Collaborative Cause Marketing Handbook for the Specialty Food Industry (ACENET, Athens OH)
  – Niche Marketing, Outside of the Box, but in the Black (Maryland Cooperative Extension Fact Sheet, 846)

• Research sites for food trends:
  – http://www.epicurious.com/
  – http://newhope360.com/