Marketing Strategies

The type of marketing strategy and program you develop will depend on the type of product you produce and the type of buyer that will purchase your product. Commodities and Differentiated Products are two very different types of products in the marketplace with different marketing strategies needed to generate adequate sales. Also, some products are sold directly to consumers and others are sold to intermediaries in the supply chain who use it as an ingredient or component of a consumer product.

Below are generic marketing strategies for various types of products and product buyers.

<table>
<thead>
<tr>
<th>Type of Product</th>
<th>Type of Buyer</th>
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<tbody>
<tr>
<td>Commodities</td>
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<td>Differentiated Products</td>
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<tr>
<td>Consumer</td>
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<td>Intermediary</td>
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1) Commodity/Consumer – This involves producing a commodity and selling it directly to consumers.

- Because you cannot differentiate your product, low price and convenience are important when selling a commodity to consumers. So positioning your product for easy access by consumers at a low price is critical for success.
- It takes hard work and commitment to build a market for your product. More importantly, it takes time to build the market. You need to have sufficient financial resources to maintain the business until your market is developed and sales are sufficient to generate a profit.

2) Differentiated Product/Consumer – This involves producing a differentiated product and selling it directly to consumers.

- Find a unique niche market and develop a product for it that is hard to imitate.
- Understand your target consumer market, the size of the market and the characteristics of the consumers within the market.
- Consider creating a brand or some differentiating personalized feature that will help you stand apart from competitors in the consumer’s mind. Creating a branded product is expensive and time consuming. However, branding is much easier if the target market is small and in a localized geographic area.
- Provide high quality products with unique attributes and services instead of competing for the lowest price.
- Build relationships with consumers directly. Making the personal relationship part of the purchase decision will reduce the likelihood of the buyer switching to a competitor. For example, buyers will be less likely to shift to lower-priced products if competitors try to undercut the market.
- It takes hard work and commitment to build a market for your product. More importantly, it takes time to build the market. This is especially true if you are attempting to build relationships directly with consumers or you are trying to create a product brand. You need to have sufficient financial resources to maintain the business until your market is developed and sales are sufficient to generate a profit.
3) Commodity/Intermediary Buyer – This involves producing a commodity and selling to an intermediary (processor, manufacturer, wholesaler, etc.) in the supply chain as an ingredient or component of another product.

- Because you cannot differentiate your product, low price is your major marketing tool. To profitably sell at a low price means that you must also have low cost production.
- Increase production levels to the point where you can provide the large quantities of product desired by intermediaries in the supply chain. Intermediaries usually want to work with a limited number of suppliers, so each supplier needs to provide a significant portion of the intermediary’s needs. Increased production levels will also lower production costs by achieving economies of scale.
- Attempt to build business relationships with buyers to increase their cost of switching to a different supplier.
- Have multiple buyers or market outlets for your product. If you commit yourself to one buyer and the buyer has financial trouble, you are vulnerable to losing all of your sales. Also, if you only have one buyer, you become vulnerable to the dictates of that buyer in terms of price, quality, etc.
- It takes hard work, commitment and time to build a market for your product, even when selling to intermediaries. You need to have sufficient financial resources to maintain the business until your market is developed and sales are sufficient to generate a profit.
- Although intermediaries may initially show interest in your product, they usually will not start buying your product until it has been proven in the marketplace and you can show that you are a reliable supplier. This is especially true if your product has different characteristics and attributes than the ingredient or component the buyer is currently purchasing.

4) Differentiated Product/Intermediary Buyer – This involves producing a unique product and selling it to an intermediary in the supply chain as an ingredient or component of another product. The final product may or may not be a differentiated product in the consumer’s eyes.

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- Build a reputation for your product’s quality and consistency by carefully monitoring and improving the production and distribution process.