

Circle S Farms Onsite Market Expansion Marketing Proposal
Wholesale to Retail



Tennessee FFA Association
Bear Pride Marketing Firm
Chapter # TN0160
Mount Juliet, Tennessee 37122
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Marketing Plan for Circle S Farms Onsite Market Expansion

Business Description:

Circle S Farms: Circle S Farms is an eighth generation ‘Graves-Wright Century Farm’ that was established in the LaGuardo community just on the outskirts of Mount Juliet in 1839. Circle S Farms is looking for to expand its onsite produce revenue. Currently Circle S sells multiple berries and vegetable varieties raised on the farm. Circle S currently produces the following produce: strawberries, blueberries, raspberries, sweet corn, tomatoes, green beans, peas, watermelons, and cantaloupe. At the current onsite market, Circle S Farms Catering also sells preserves made from its produce in the market as well. In addition, Circle S Farms raises grass fed beef cattle and naturally raised market hogs. Circle S Farms is looking to expand its onsite produce stand and generate more avenues of revenue on site. Circle S and the seasonal farmers market in Mount Juliet are the only two current sources for fresh produce to the rapidly rising population of Wilson County.

Bear Pride Marketing Firm is proposing that Circle S Farms add pork cuts to their existing produce market. Items such as the following: sausage, bacon, ribs, and pork chops to their onsite market. This will add value to their livestock production sector and open them up to further revenue opportunities. In addition, it will increase the foot traffic to their other business endeavors already established on site, such as Christmas trees, you-pick berries, and wedding venue.

Marketing Analysis

Circle S Farms Current Market Status:

Circle S Farms begin in 1839 as a hog production operation. Over the last century, they have expanded into other markets including berry production, beef production, other vegetable crops. More recently, Circle S Farms has included tourism into their farm productions. They have built toys and other attractions to allow for kids of all ages to come on site and enjoy some fun and learning about farm life. Most recently, however, Circle S Farms added an onsite market to sell their produce as well as a USDA inspected meat processing facility. Circle S Farms has built their business around the local and “u-pick” style of sales. “U-Pick” is where the customer comes to the farm and picks their own product. The “you pick” applies to most berries and Christmas trees raised on the premise. Circle S Farms also added a wedding barn this past year that has welcomed clientele beyond Lebanon. Most of the clientele are citizens of the Mount Juliet and Lebanon communities. Currently Circle S sells out of berries in the spring and over 250 Christmas trees in the winter months. Circle S has ousted most local grocer and farmers market competitors by priding themselves on high quality produce tied to the family friendly atmosphere. Circle S Farms’ onsite produce market sales are rooted in the idea of fresh and local produce. Their current marketing is limited to directional signs on the local highway and small newspaper advertisement. Circle S currently raises and can processes 75 hogs annually. Instead of shipping this produce to wholesale distributors, Circle S will be able to generate a new stream of revenue by selling these fresh pork products at their already established on site produce market.

Current Industry Trends

According to Duff & Phelps, a global financial advisor local and naturally raised food demands have increased dramatically. Niche retailers and small markets are growing in size, while retail chain supermarkets are failing to adapt to the “local” concept. Consumers are more concerned with the quality and how “healthy” their food is today more than ever. “A 2015 survey in shopping for local foods in the U.S. found that 53% of adults specifically seek out locally grown or locally produced foods.” Among the 53% of people that want local and natural raised food, 60% purchase local food due to its freshness and 44% because of taste. Within the current industry consumers would rather buy directly from farmer. Farmers’ market count is up 35% since 2010, with almost 8,000 farmers’ markets operating in the U.S., according to the U.S. Department of Agriculture. Retailers are certainly catching on to this trend. Jason Ackerman of FreshDirect (U.S.) stated, “We will compete by our commitment to farm-to-table and fresh products. That’s our position” (Duff & Phelps LLC, 2016).

With the local trend the social conscious also comes into play. With buying local produce the environmental impact also increases. In the middle Tennessee area population is rapidly rising with higher paying jobs, giving people the opportunity to spend more of their disposable income on higher quality consumable goods. More and more Fresh Markets, Sprouts, and increase in traffic in farmer’s markets. “Anything ‘green’ or socially conscious will resonate with 70% of buyers [in our store].” Jamie Lewis, City Market. Rising cost and reduced confidence in commodity pork may make local pork desirable and accessible. The assumption is that the cost to produce commodity meat may rise at a higher rate than the cost to produce local, grass fed, or certified organic product and thus the margin in price difference could shrink, enabling more of the consumer base to consider local product as an option if they are going to buy meat (Rosalie J. Wilson Business Development Services, 2014). USDA grade shields represent a high quality and safe product. Consumers desire to have safe and high quality products. With the USDA grading system and shielding consumers are more likely to purchase meat products from a USDA certified facility. USDA Certifications cost share programs can eventually reimburse eligible operations up to seventy-five percent of their certification costs; making it beneficial for processors to justify becoming USDA certified (USDA, n.d.).

Finally, 54% of Americans believe that buying local is even more important than buying organic produce and meats. People are trending to purchase local because of recent reduced costs and social conscious has shifted from price to quality of product. With this market shift and trends to 54% of America choosing to purchase local, we believe by selling Circle S Farms naturally raised meats is an excellent opportunity to expand their business (Zacka, 2014).

Buyer Profile and Behavior

Profile: The buyer profile that will purchase local and natural raised meats from Circle S Farms onsite market will consist of all income brackets with a focus on families who attend Circle S Farms for many other activities such as “you pick” berries and Christmas trees. All Wilson County Tennessee residence purchase meats and/or vegetables. The average income in Wilson County is \$41,000. According to research, 52% purchase food from a local source at least once a month. There are 121,000 people residing in Wilson County, all considered in reasonable driving distance to Circle S Farms, which is centrally located. More so, the center of Mount Juliet, which is the closest municipality, is 8 miles from Circle S Farms. Mount Juliet’s current population is 28,200 and rising. The next closest USDA inspected meat processing facility is over sixty miles away in Chapel Hill, Tennessee. The quality standards that are associated with USDA inspected facilities will draw all customers to our facility within the thirty mile radius of Wilson County.

Behavior and Decision Making Process: The behavior and decision making of our potential customers will be affected by some variables. These variable include the following: enjoyment of cooking, frequency of cooking, diet restrictions, and organic or environmental preferences. Residents of Wilson County will decide to visit Circle S, or other local retail chains when purchasing produce and meat products, such as Kroger, Publix, or Walmart. If customers enjoy cooking or buying natural processed or organic food their chances of purchasing local increase by 17% with each variable. (Zepeda & Li, 2006) 67.2% percent of people in Wilson County will purchase local grown food once a month based on population size, recent survey, and national statistics. Based on geographical preference and our recent survey 18,950 people may choose to visit Circle S Farms and purchase locally grown meats. Within a survey conducted by our organization, containing a sample population of 142 residents, we concur that Circle S Farms will potentially draw approximately 7,694 customers that are willing to drive the 8 miles out to Circle S Farms.

How far are you willing to drive to purchase local meats?

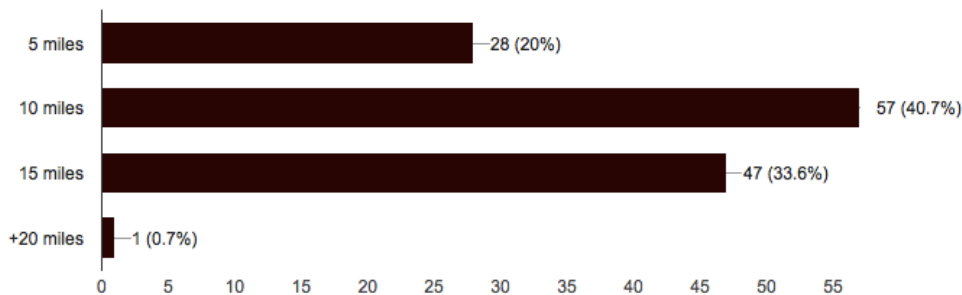


Figure 1: Question 12 of Survey Completed by Bear Pride Marketing Firm

Competition’s and Circle S Farms SWOT Analysis

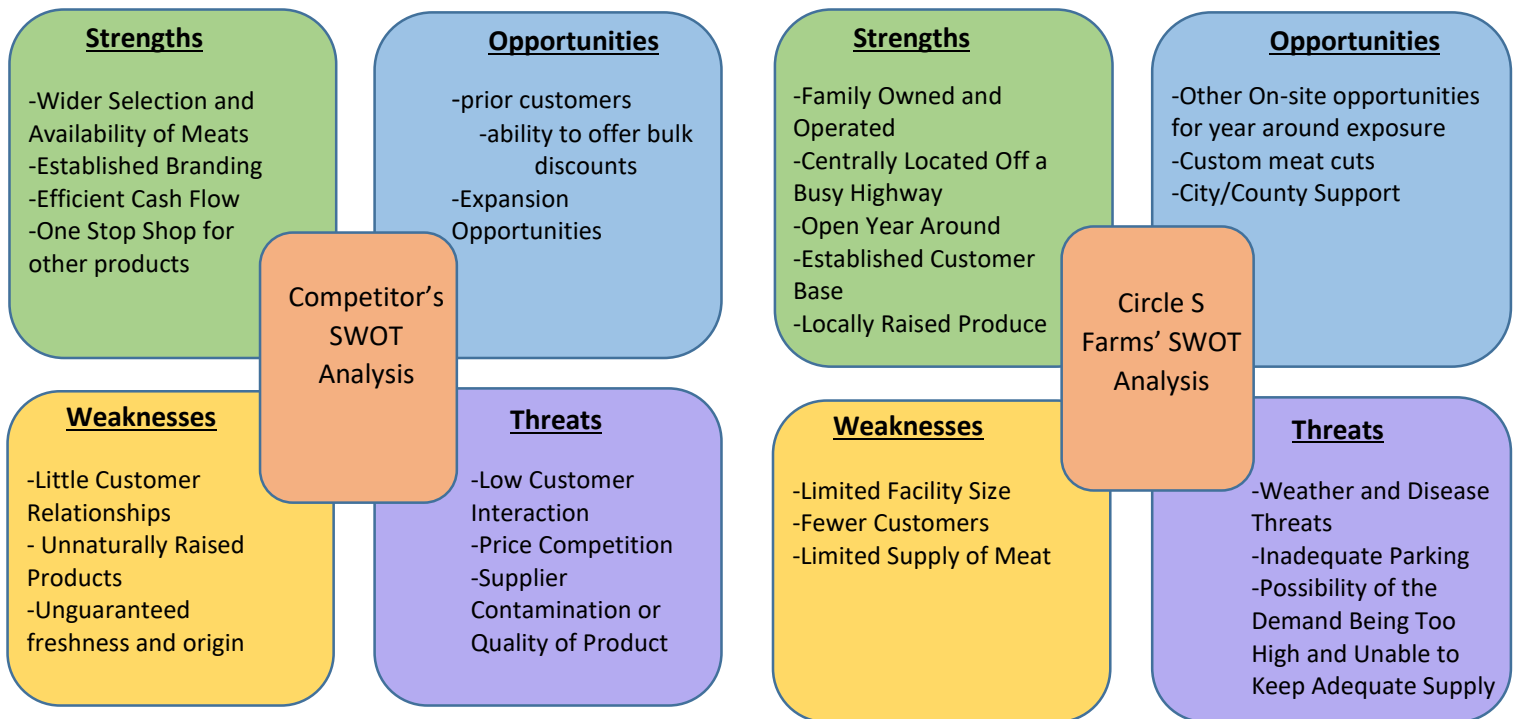


Figure 2: Competitor's & Circle S Farms' SWOT Analysis

Survey Research Results

Survey results: The Mount Juliet Marketing Firm conducted a survey of the Wilson County residents in January 2018 to better grasp the economic impact of added locally and naturally raised pork products to the existing Circle S Farms Produce Stand. The results were overwhelming with positive feedback. We surveyed 142 individuals (n=142) over the age of 20. The survey focus was to gather information on the following topics:

- What is considered local food? **53.8% consider local food to be anywhere in the Middle Tennessee area**
- How much are you willing to pay extra for local and naturally raised meat products? **43% of people willing to pay 10% more**
- How often do you seek to purchase produce from a locally sourced market? **67.2% percent of people in Wilson County will purchase local grown food once a month**
- How much pork do you typically consume? **75% of people will eat a meal with a pork ingredient at least twice per week**
- How far are you willing to travel to purchase local food? **40.6% of people are willing to travel 10 miles to purchase local and naturally raised meats**
- Do you enjoy cooking and/or have diet restrictions that regulate your meat purchases? **10.1% have regulations on their grocery purchases**

After analyzing the data gathered from the survey the Bear Pride Marketing Firm is sound that adding fresh pork to the produce stand will abundantly expand sales and profit generated from selling directly to the consumer rather than selling to wholesale. After our research and survey results we have concluded that approximately 18,950 people may choose to visit Circle S Farms and purchase their monthly supply of locally raised meats. According to the ratio from the survey conducted (n=142), it can be expected that 7,694 customers would visit Circle S Farms monthly.

Business Proposal

Mission Statement

Mission Statement: Circle S Farms guarantees to provide your family with only the highest quality of homegrown and naturally raised produce, while maintaining the old fashion, family-friendly customer relationship

Key Assumptions

Assumptions for the proposed marketing plan of adding fresh, naturally raised pork meat cuts to the existing Circle S Farms produce stand are as follows:

- Circle S Farms will add more refrigeration to the existing produce stand to accommodate the needed retail space for the pork products.
- Circle S Farms will continue to maintain USDA inspected facilities to process and package up to 75 hogs per year.
- Extra pork cuts that are not sold within a reasonable time in the produce stand will be sold at whole to existing clientele
- Everyone in Wilson County will need to purchase groceries.
- Local food based on our survey will be assumed to be the Middle Tennessee Region.
- People are willing to purchase fresh produce and meats once a month.
- Circle S Farms will only employ the highest quality of sales persons.
- Circle S Farms will continue to produce naturally raised, high quality pork products.
- The market for "buying local" will continue to expand.

Measurable and Attainable Goals

Bear Pride Marketing Firm's major goals for Circle S Farms for the upcoming three fiscal years will be to efficiently sell all of their natural raised and processed hogs onsite, increase their net profits, and expand their hog producing and processing operation by 10% annually. Bear Pride Marketing Firm is looking to add the following pork products to the already established produce stand on site at Circle S Farms: sausage, pork chops, bacon, and ribs.

Measurable and Attainable Short Term Goals 2018-2019

2018

- Redesign the current website by adding an online order option and daily updates of available cuts and quantity to increase traffic by 30%
- Distribute all marketing materials to increase sales by 10%.
- Establish a consistent monthly customer base of 30 individuals
- Sell 60% of all pork raised on Circle S Farms through the onsite produce market

2019

- Add live production feed of farrowing, weaning, and finishing hogs to increase website traffic by 20%
- Increase total net sales by 10% by adding local weekly cooking segment on radio talk show

- Increase monthly reciprocating customer base of 60 individuals
- Sell 70% of all pork raised on Circle S Farms through the onsite produce market

Measurable and Attainable Long Term Goals 2020

2020

- Develop smart phone app for customers to place orders and see current inventory to increase digital traffic by 30%
- Increase total net sales by 10% by adding educational workshops on the effects of locally raised and consumed produce
- Increase monthly reciprocating customer base of 90 individuals
- Sell 80% of all pork raised on Circle S Farms through the onsite produce market

Target Market

Target Market: The primary target market will be the 52% of Wilson County that prefers to purchase locally sourced food. Three sectors of the primary target audience we would like Circle S Farm's to focus on are the following: Families of three or more, residents with above median income, and individuals who enjoy to cook. We are targeting families who will have an increased need to purchase greater amounts of produce. In addition, we are targeting customers who prefer to cook because data suggest that it increases market size by 17%. Households with an income greater than the county average of \$61,070 will be another closely targeted group due to the increased amount of disposable income (United States Census Bureau, 2016). We will meet the needs of these customers by providing a locally raised and sourced meat products.

Strategies and Action Plan

Product Description

Product Description: The Bear Pride Marketing Firm proposes the addition of local and naturally raised meat products to Circle S Farm's existing onsite produce market. The exact products to be processed on site at the already approved USDA processing facility are as follows: Bacon, Sausage, pork ribs, and pork chops.

Promotional Items

Mt Juliet Chamber of Commerce	Community Awareness and Promotion to new homeowners moving into the community. CSF will publish items available at the market with the Chamber of Commerce that will appear in their monthly publication.
Educational Workshops	Offered quarterly, on site, to address agricultural needs of customers and community; promoted through social media, print media, and chamber of commerce newsletter
Business Cards	To be passed out to everyone that visits CSF
Postcards	Used as brochures and distributed in teacher's mailboxes at local schools, and at community events, i.e. fall/spring festivals; and on site.
Ink Pens	Given to customers when they come to CSF Passed out at CSF booth at the Wilson County Fair
Stickers	Passed out at Wilson County Fair with an intent to attract kids, their parents and grandparents into the booth to promote CSF. Stickers on the kids will expose CSF brand to the kid's parents.
T-shirts	To be worn by the owner and seasonal employees To be given to family members and friends to wear for advertisement of CSF
Directional Signs	To be placed on the farm to direct customers where they can easily find the onsite market and other items that may be of interest.
Social Media	Creation of a new/updated website which will include a weekly blog that includes production and processing video links/updates. It could also include recipes using items that are in season and fresh at the onsite market. Monthly newsletter sent to current and new customers that visit CSF; Facebook ads pay per click.
Coleman Show	"Coleman Walker Show" is on the Wilson County radio station; opportunity to talk one-on-one live about CSF and their new addition to the onsite market
Bear News Network	BNN is our local Mt. Juliet High Schools TV channel which broadcasts of channel 3 and targets the local community with local news. Advertising on here is free and will reach our target audience.
Wilson County Fair	The local Wilson County Fair in Lebanon, TN attracts over 500,000 people from local and surrounding counties. A booth provides branding and interaction with current and potential customers.
Reward Cards	Create a rewards card where at the sixth purchase you receive a 20% discount on your total order. This will encourage customers to return.



Product Pricing

Product Pricing: See chart below for all value added items to the current produce market. All items will be sold by the pound. Specialty items may be special ordered. Bear Pride Marketing Firm recommends that prices be relative to current market prices. These prices were made in comparison to the surrounding grocery stores cheapest selection of each product. Prices should be help approximately 10% above market value. This was derived from our research that 43% of Wilson county residents are willing to pay extra for fresh, local food. Due to marketing an expected 15% increase in annual sales is expected.

Pork Products	Price per pound
Bacon	\$8.00
Sausage	\$7.00
Ribs	\$4.50
Pork Chops	\$6.00

How much more would you be willing to pay for local food compared to what you pay at traditional grocery store?
(142 responses)

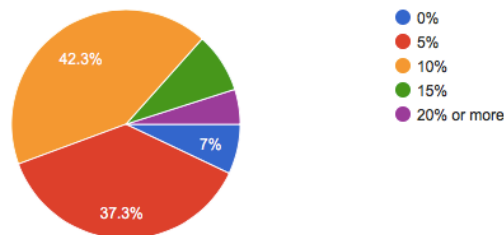


Figure 3: Question 10 of Survey Completed by Bear Pride Marketing Firm

Target Location(s)

Location: Circle S Farms is located at 1627 Old Laguardo Rd E, Lebanon, TN 37087. The onsite market where all products are raised, processed, and sold is at the front of the property. The meat products will be sold in the existing produce building to the right of the main drive. Circle S is located centrally in Wilson County, which is the target market. Highway 109 and interstate 40 allow for easy access to the market from Wilson County and other surrounding counties in middle Tennessee.

Selling Position

Selling Position: Circle S Farms position in the market for local and naturally raised pork products is new and exciting. Other than the season surround cities (Mt. Juliet, Lebanon, and Watertown) farmer's markets; Circle S Farms market will be the only firm selling fresh pork products. Circle S Farms has been around since 1839 and selling produce out of the onsite market since 2005. Circle S Farms is a proud member of the agriculture community and strives to lead by example in its practices.

Budget

Budget: The budget below is based on our prospective goals and assumptions list in the plan above. The average market carcass weight used in tabulations is set to 214 of viable protein.

<u>Pro forma Circle S Farms Market Expansion Income Statement</u>			
<u>Gross Income from retail pork cuts</u>	2018	2019	2020
Income	\$61,439.40	\$72,361.96	\$81,919.20
<u>Advertising Expenses</u>			
Mt. Juliet Chamber of Commerce	\$360.00	\$360.00	\$360.00
Educational Workshops	\$250.00	\$200.00	\$200.00
Business Cards (5,000 full color)	\$79.99	\$79.99	\$79.99
Post Cards (5,000 full color)	\$749.00	\$749.00	\$749.00
Ink Pens (500)	\$145.00	\$145.00	\$145.00
Stickers (2,000)	\$449.00	\$449.00	\$449.00
T-shirts (30)	\$270.00	\$270.00	\$270.00
Directional Signs (4)	\$110.00	\$220.00	0
Website Design & Hosting	\$3,500.00	\$3,000.00	\$500.00
App Design	0	0	\$3,500.00
Wilson County Fair Booth Rental	\$900.00	\$900.00	\$900.00
Reward Cards	\$79.99	\$87.99	\$96.79
Facebook Ads	\$750.00	\$750.00	\$325.00
<u>Total Advertising Costs</u>	\$7,642.98	\$7,210.98	\$7,574.78
<u>Operational Expenses</u>			
Packaging (\$.25/# sold)	\$2,407.50	\$2,835.50	\$3,210.00
Additonal Employees (1 @\$10 hour)	\$7,680.00	\$7,680.00	\$7,680.00
Extra Coolers (2 @ \$1000)	\$2,000.00	\$2,000.00	\$2,000.00
<u>Total Operational Expenses</u>	\$12,087.50	\$12,515.50	\$12,890.00
<u>Total Expenses for Market Expansion</u>	\$19,730.48	\$19,726.48	\$20,464.78
Gross Income	\$61,439.40	\$72,361.96	\$81,919.20
<u>Net Profit Before Taxes</u>	\$41,708.92	\$52,635.48	\$61,454.42
<u>Return on Investment</u>	\$41,708.92	\$52,635.48	\$61,454.42
<u>ROI</u>	111.4%	166.8%	200.3%

All advertising estimations were derived from Vistaprint.com. (Pork.org, 2016)

Financial Analysis

Financial Analysis: The financial analysis of the budget for the proposed expansion of Circle S Farms onsite market by the Mount Juliet Marketing Firm refer to the Pro forma income statement. After prospecting the potential futures and your initial investment of \$8,842.98 in 2018 your net profit before taxes would be \$12,951.42. The return on investment is \$4,108.44. In your initial advertising

launch, you will begin to gain a small customer base and earn 46% of the amount invested. In 2018 adding the Livestream camera, along with continuing the other proposed advertising items you will expand your customer based and earn \$16,787.00 return on your advertising investment of \$8,680.98. Our final projection for the expansion of Circle S Farms Market will include an App and continuation of the remaining promotional components your return on advertising investments skyrockets to 245%. You will have gross sales of \$81,919.20 and net profit of \$32,144.42. In the above three-year projection, you can increase your gross sales by 33% and increase you return on investments 199%.

Evaluation of Proposed Marketing Plan

Evaluation of expansion for Circle S Farms Market: After evaluation the budget, assumptions, and data collected from recent publications and surveys expanding Circle S Farms is a “Win-Win” situation. You will be able to move of your pork meat cuts at retail, earning a higher price per pound. In addition, foot traffic will increase for the “you pick” and farm revenue gaining avenues.

2018 Goal Evaluations: By redesigning the current website and distributing advertising material in March you will be able to begin marketing our expansion project before you begin to raise this year’s pigs. This will give us an advantage to see the actual impact on our production and you can make plans accordingly. Based on the recent survey you will be able to sell 60% or 9,630 of product and establish the benchmark of 30 consistent customers. The survey included 142 responses, in which 67.2% will purchase local meats and produce once a month, equaling 95 customers.

2019 Goal Evaluations: By adding the live feed of the husbandry process in March you will pick up more digital traffic, therefore expanding your customer base to 60 individuals. With the increase in consistent customer base, sales will increase by 17.7% in your second year.

2020 Goal Evaluations: In addition to the live feed and revamped website, your app development to place orders will increase efficiency in planning and executing your hog production and processing. Adding another digital platform will appeal to the younger customers; therefore, expanding your customer base to 90 individuals. Executing successful workshops in the winter and slower months will spark customers and their children in the local elementary schools increasing sales once more to a ROI over 240%.

Contingency Plan

Bear Pride Marketing Firm realizes that we cannot predict every possible outcome for the expansion of the Circle S Farms market; however, in the event that projections are not met, the following are suggestions to amend the marketing plan.

- Conduct follow up research involving the entire operation with the owners of Circle S Farms.
- Conduct another marketing survey to monitor trends in local consumer’s aspect of local and naturally raised produce.
- Amend advertisement efforts to focus on new target group of clientele gather from update survey results.
- Reassess your company’s strengths and weaknesses in the fresh produce market.
- Establish new, attainable goals and develop a strategic plan to achieve said goals.
- Revisit industry data to see what shifts, or how demand for fresh produce has been affected.

Conclusion

In conclusion, we here at Bear Pride Marketing Firm truly believe that the expansion of the onsite Circle S Farms Market will be a hit. By adding pork products, you will not only increase your revenue streams, but also increase foot traffic for you other enterprises located at the farm. Thank you for your consideration of this value added concept and we look forward to working with you to maximize your return on investment.

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