



Effective Marketing Begins with Good Research

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So Where Do We Stand?

- No growth in per capita pecan consumption in over 20 years.
- No clear idea about US or global pecan acreage or how its changing.
- Virtually no consumer related studies have been done on pecan consumption – ever.

- The bottom line is that there is a lot that we don't know.



Marketing

- To many people Marketing is advertising or sales. In reality it is much more.
- Successful marketing is based on the combined interaction of product, place, price and promotion necessary to inform, educate and ultimately satisfy a given customer segments' needs.

Marketing Management Philosophies

- Production – you can have any color car you want as long as its black. This is where we are.
- Sales – advertising and discount driven. This is where we are trying to go.
- Market – based on providing the right product, at the right price, to the right customer at the right time. This is where we should be.

Ansoff's Strategic Opportunity Matrix

	Present Product	New Product
Present Market	<p><i>Market Penetration Strategy</i></p> <p>Sell more to our current customers</p>	<p><i>Product Development Strategy</i></p> <p>Pecan oil, flour, butter</p>
New Market	<p><i>Market Development Strategy</i></p> <p>China</p>	<p><i>Diversification Strategy</i></p> <p>Develop new products for consumption in New Markets</p>

Successful Segmentation

- Produces market segments that meet:
 - Segment must be large enough to warrant developing and maintaining a special marketing mix.
 - Identifiability and measurability: Segment must be identifiable and its size measurable
 - Accessibility: Marketing mix must be reachable to members of targeted segments.
 - Responsiveness: Segment need not be treated separately unless it respond differently to a marketing mix

Bases for Segmentation

- Geography (region, urban / rural)
- Demography (age, gender, education, family lifecycle)
- Psychographics (motives, personality)
- Benefits sought
- Usage rate (80/20 rule)

Target Market

- Group of people or organizations for which an organization designs, implements, and maintains a marketing mix
 - Who currently buys pecans?
 - Individuals
 - Resellers – who are their customers
 - Processors – who are their customers

Target Marketing Strategies

- **Undifferentiated targeting strategy**
 - *Views the market as one big market with no individual segments and thus uses a single marketing mix*
- **Concentrated targeting strategy**
 - *Selects one segment of a market for targeting marketing efforts*
- **Multi segment targeting strategy**
 - *Chooses two or more well-defined market segments and develops a distinct marketing mix for each*

Marketing Mix

- Product:
 - The product is not only the physical unit but also its package, warranty, after-sale service, brand name, company image, value, and other factors.



Marketing Mix:

- Place involves:
 - Physical distribution that includes storage and transportation
 - Making product available where and when customers want them
 - Ensuring that products arrive in usable condition at designated places when needed.
 - Pecan displays in grocery stores.

Marketing Mix:

- Promotion:
 - Includes advertising, public relations, sales promotion, and personal selling
 - The pecan industry has focused on the health benefits of pecans: the problem is that healthy is frequently equated with tasting bad. Plus, its only a matter of time before someone publishes a study that says that something else is better for you or that your product is actually harmful or less beneficial than previously thought.

Marketing Mix:

- Price:
 - What a buyer must give up to obtain your product.
 - Product substitutes



So Who Have We Historically Targeted?

In truth nobody.

Historically pecan buyers have been.

- Older
- More affluent
- More educated
- Already familiar with pecans

So Who Are We Currently Targeting

Similarities	Gen X Mothers	Gen Y Mothers
Market Size	\$125 billion total	\$170 billion (mothers only)
Want a connection with the product	Yes	Yes
Online / Social Media usage	Heavy	Heavy
Convenience driven	High	High
Ingredient wise	Reads labels	Reads labels, more likely to seek organic alternatives
Key motivation	What's best for their family	What's best for their family

continued

Differences	Gen X Mothers	Gen Y Mothers
Average monthly grocery spend	\$380	\$298
Attitude toward cooking	A chore	Proud of their ability – special event driven – daily (whatever it takes to get by)
Shopping frequency	Scheduled	As needed – multiple times a week
Key source of information	Online research	Word of mouth (peers, online reviews)
Word that best describes	Skeptical	Frugal
Price conscious	Moderately	Extremely
Purchasing habits	Generally sticks with prepared or semi prepared foods.	Same, but is frequently willing to shop for ingredients for special event cooking.

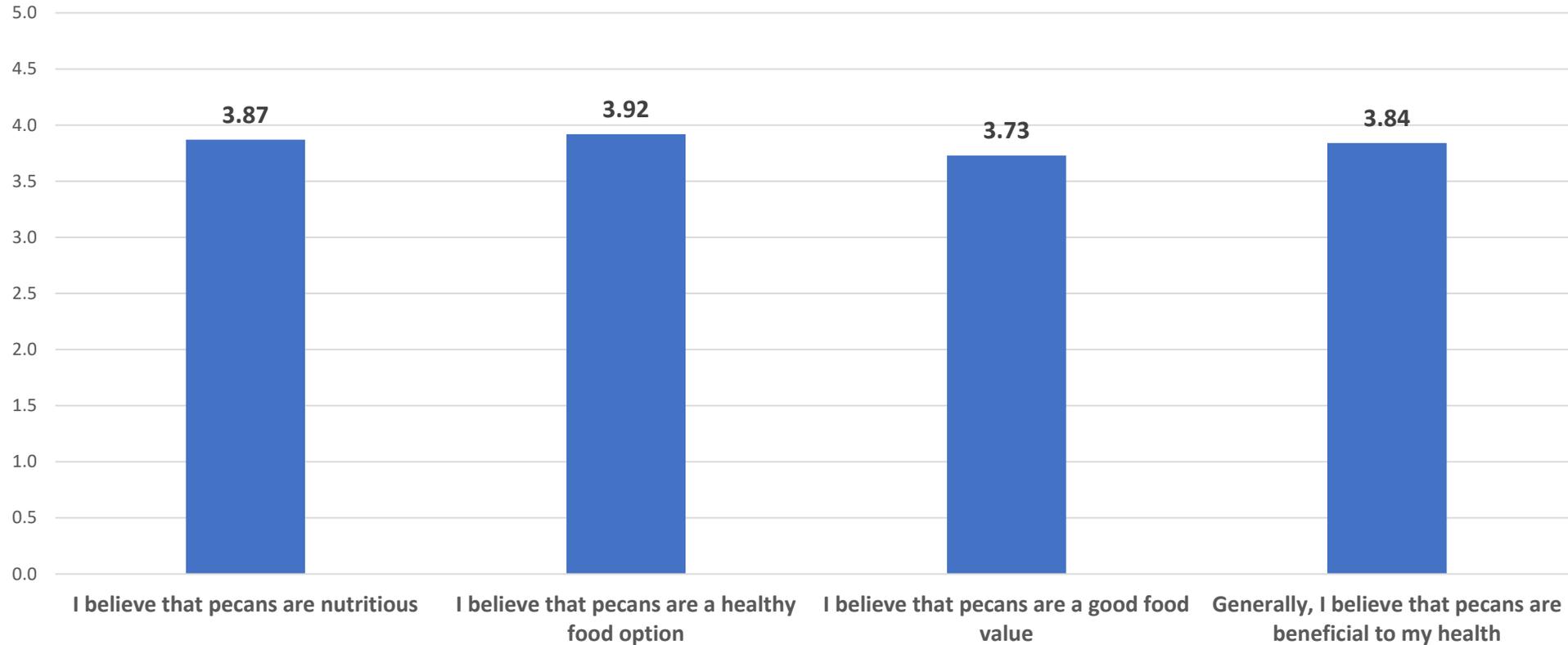
So What Questions Should We Be Asking?

- Which of the Gen X and Y mothers can we reasonably expect to convert from prospects to customers?
- What is the preferred manner of consumption for each group?
- What is the most effective way to communicate with each segment?
- Which advertising message should we use?
- What does the ideal pecan look like and taste like to each segment?
- What type of packaging is preferred by each segment?
- What is the preferred portion size for each segment?
- How does each segment perceive the price of pecans relative to other alternatives?

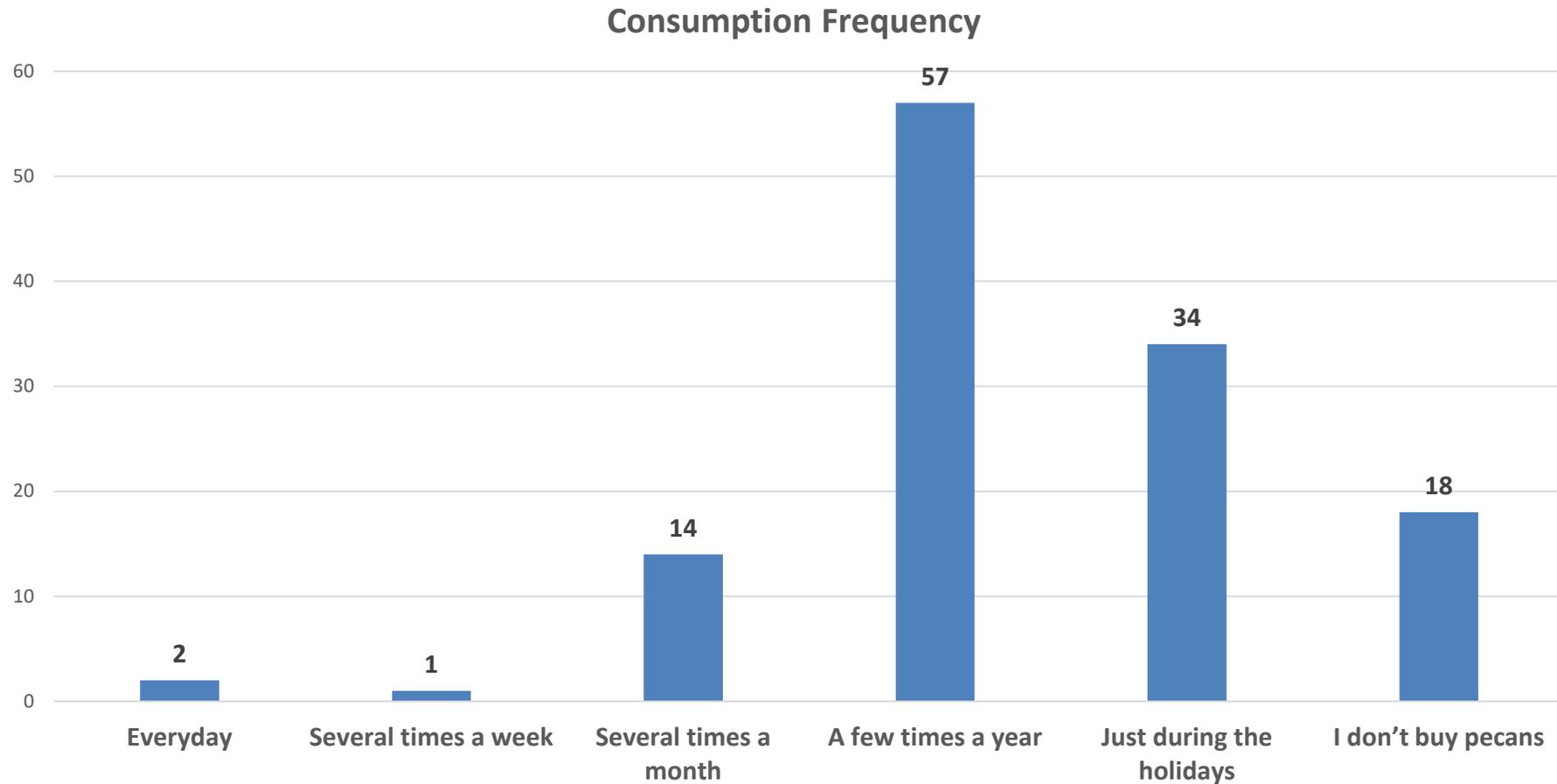
Now Let's Have Some
Fun With China

So How Well Does the Healthy Message Translate

Perceived Benefits of Consuming Pecans

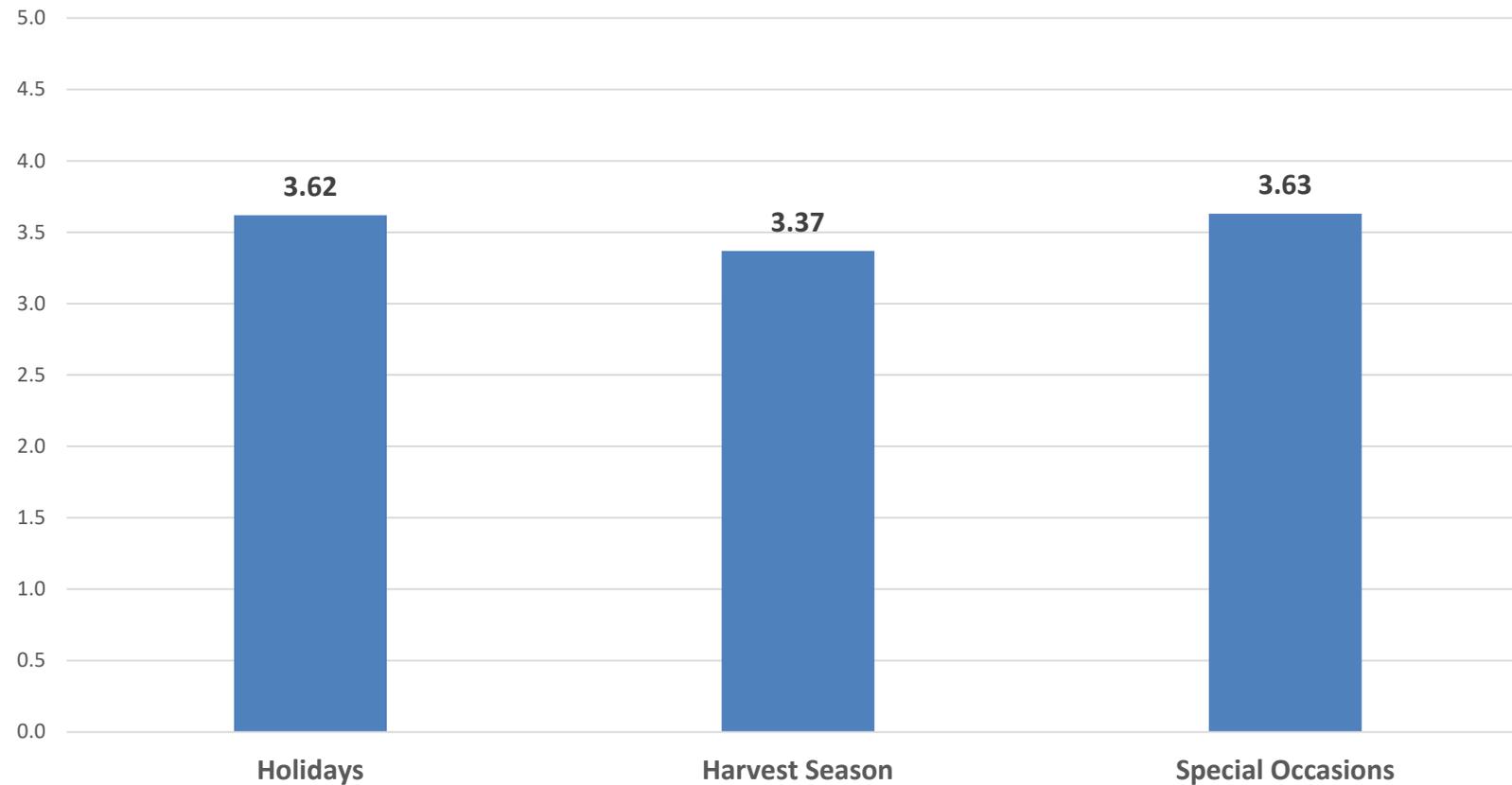


So How Often Do the Chinese Purchase Pecans

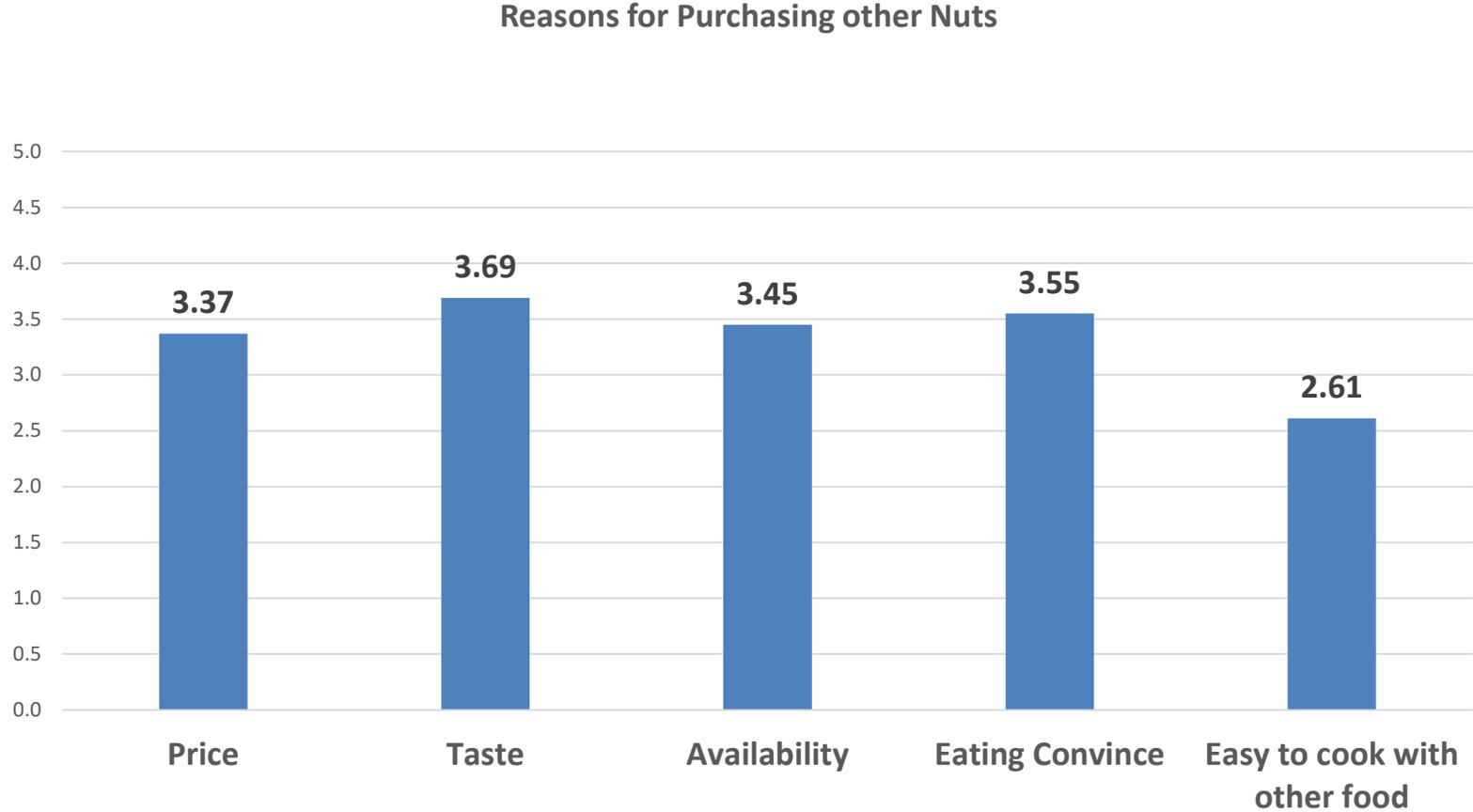


When Are the Chinese Most Likely to Purchase Pecans

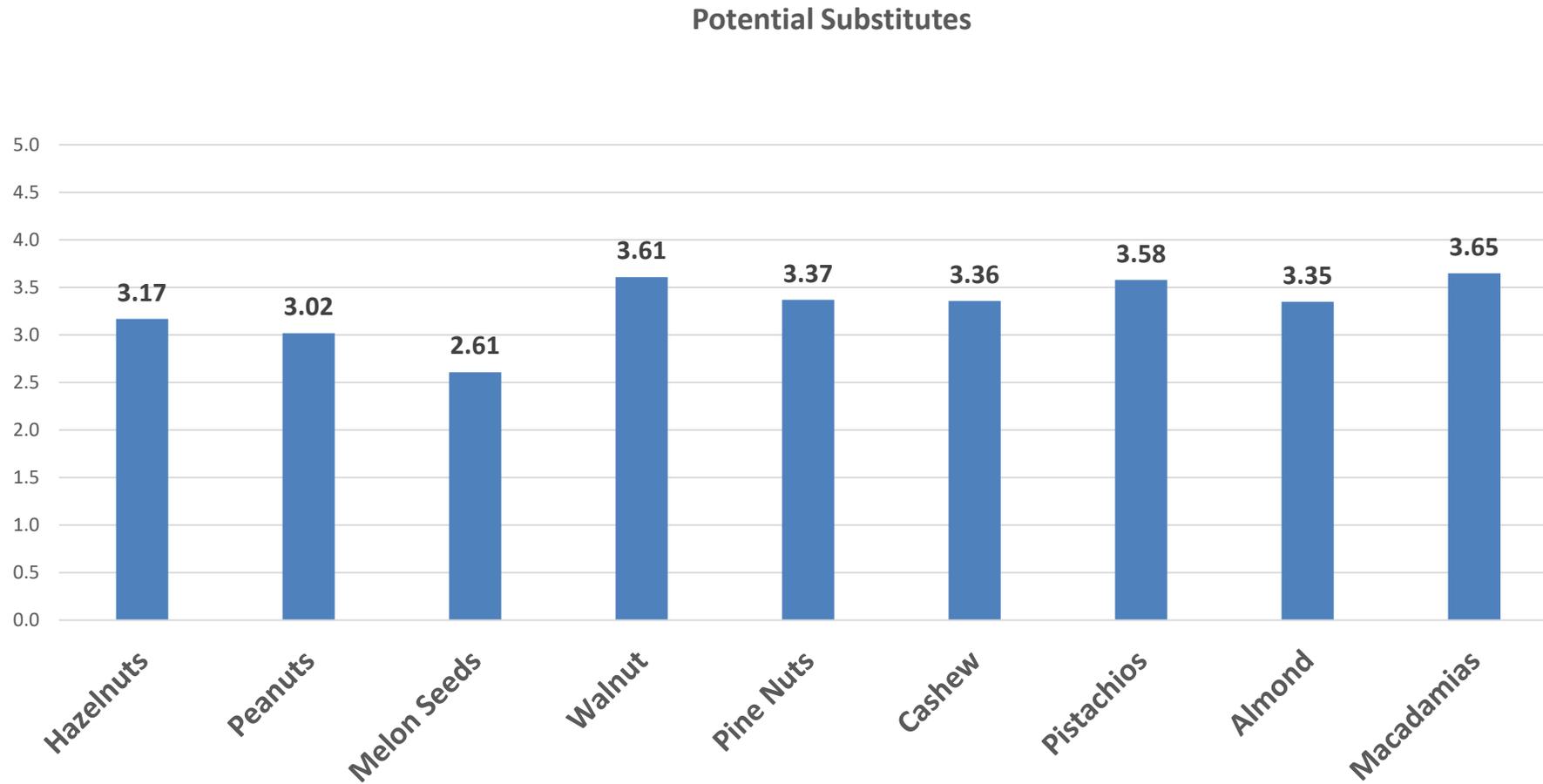
When Are the Chinese Most Likely to Purchase Pecans



Why Will the Chinese Substitute



Are There Substitutes for Pecans



So Where Are Pecan Prices Headed

- Short term: thanks to the hurricanes in GA and TX we should have a couple of relatively good years (\$1.50-\$2.00 retail).
- Longer term:
 - China expects to be a net exporter in 5 years or less.
 - Many orchards in GA and TX are being replaced with higher yielding lower input demanding varieties.
 - New large scale pecan orchards have been and are being planted in all pecan growing areas (\$1.10-\$1.50 retail).

Other Concerns

- In recent years we priced ourselves out of the market.
 - Many families simply couldn't afford pecans and changed their buying habits.
 - The small reseller market (roadside sellers) is pretty much gone.
- No agricultural commodity has ever become a high demand final product.
- Health messages have a short lifespan.
- The future is economies of scale and operational efficiency. USDA just announced an increase in the age of farm operators and the size of farms while the number of farms decreased.

So What Can YOU do to Increase Demand?

- Send your best pecan recipes with pictures to Catherine Clark at Pecan South pecansouth@tpga.org so that they can be used in our social media campaign.
- Follow Pecan South on your social media accounts and share the recipes or other good news.
- Sell a portion of your crop to roadside vendors. This will increase visibility and ultimately demand.
- Send shelled pecans to friends and family as holiday gifts. This is especially effective if they live in areas that don't produce pecans.
- Remember: awareness – interest – desire – action = increased sales.

Stealth Marketing

Questions