
THE MARKETING PLAN

In this section you will describe, in general terms, the market and the industry in which you operate. Detailed information on marketing strategies will be provided. In BC the marketing of milk is looked after by the BC Milk Marketing Board but within the marketing system producers make marketing choices regarding the quota they may hold and the components of milk they plan to ship. Niche markets for specialty milk and milk products may exist in your area and might be viable. Markets for breeding stock and custom rearing enterprises may also be considered in your marketing plan.

The marketing plan will review the 4 P's of marketing: product, price, place and promotion helping to ensure that you have a mix of products (eg. milk components, breeding stock, calf rearing services) most desired by consumers or farm customers which you can sell profitably.

1. Dairy Product Marketing

Prepare a schedule which shows the current size of the market. The example illustrates how this information can be summarized. Information can be gathered from a number of different sources including the following:

- industry and trade associations
- industry and trade journals
- Statistics Canada publications
- Dairy Farmers of Canada "Facts and Figures At a Glance"
- Marketing Board
- other producers
- discussions with processors and potential customers
- discussions with suppliers
- B.C. government business and agriculture advisory services
- university libraries and business resource centres
- genetics industry
- BC Dairy Foundation

2. Industry and Market Trends

Identify major trends affecting the industry or business. This could include information on:

- consumer preferences
- market sales and growth
- industry structure and size of operations
- market organization and pricing
- conventional payment arrangements
- new technology and production practices
- environmental regulations and land use

You can find out about these trends by reading industry journals and discussing with the customers and suppliers what changes they think will occur. Once you have identified the major trends, you need to decide how your business will accommodate them. Our example shows the trends which apply to the Sample Dairy Farm.

Market Sales Example

B.C. Dairy Market	1994/95	1993/94	1992/93
Milk (litres)	567,365,211	545,421,423	519,674,179
Licensed Farms	869	887	881
Average (DHI) Herd Size	N/A	85	81

Trends Example

Major Trends

1. Milk production is increasing while farms continue to consolidate – getting larger and fewer.
2. BC Dairy Herd Improvement Services 1994 production records indicate average production at 8863 kg (8609 litres) with 3.63% butterfat and 3.18% protein. Production per cow averages 7988 kg in Canada as a whole. Production per cow is increasing.
3. Competition from other provinces and outside Canada is increasing due to liberalization of trade. There will be some loss of domestic market balanced in part by export opportunities particularly to SE Asia.
4. Milk pricing will become more market driven and subsidies will disappear.
5. The pure food image of dairy products will diminish in favour of blended foods. There will be tremendous breakthroughs in product development and technology.
6. Demand for solids-not-fat will surpass demand for butterfat causing a shift in breeding.
7. BST and other biotechnologies will continue to be made available.
8. Demand for Canadian genetics will continue strong for next decade and then decline as improvements are made in major dairy areas.
9. Urban competition for land and environmental pressures will continue causing some dairy farming to move away from urban areas and others to upgrade facilities and practices to higher environmental protection standards.
10. Expect continued globalization affecting markets, political power and the way we think about things.

3. Political and Legal

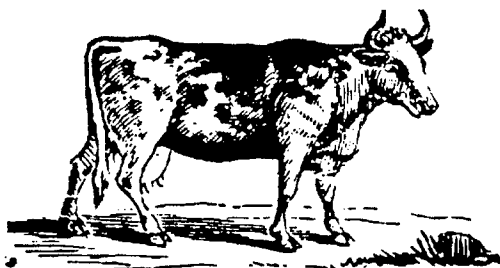
Identifying legislation that affects how your products are produced and delivered, how your buildings are situated and your business organized, allows you to react to controls that may impose additional cost or risk, or in fact may help you to reach your goals.

4. Customer Analysis and Response

In this section you will examine the major criteria you think your customers use to buy products you are selling.

The final consumer of milk and milk products and the marketplace available to you ultimately determines the milk components required and the values that will be offered. You may also consider customers of other products and services you produce such as calves and heifers. It is understanding your customers' preferences, not yours, that will contribute to the success of your business.

Setting targets and strategies will help to define your marketing plan.



Political and Legal Constraints Example

CONSTRAINT	RESPONSE
Quota	Comply with all marketing board regulations
Environmental Guidelines	Adhere to Code of Practice
Animal rights and animal welfare activists	Be well informed of activist actions, uphold the highest standard of animal care, educate the public about the industry
Milk quality tests and premises inspections	Maintain high standards in you milking equipment, cleanliness, temperature control and animal health

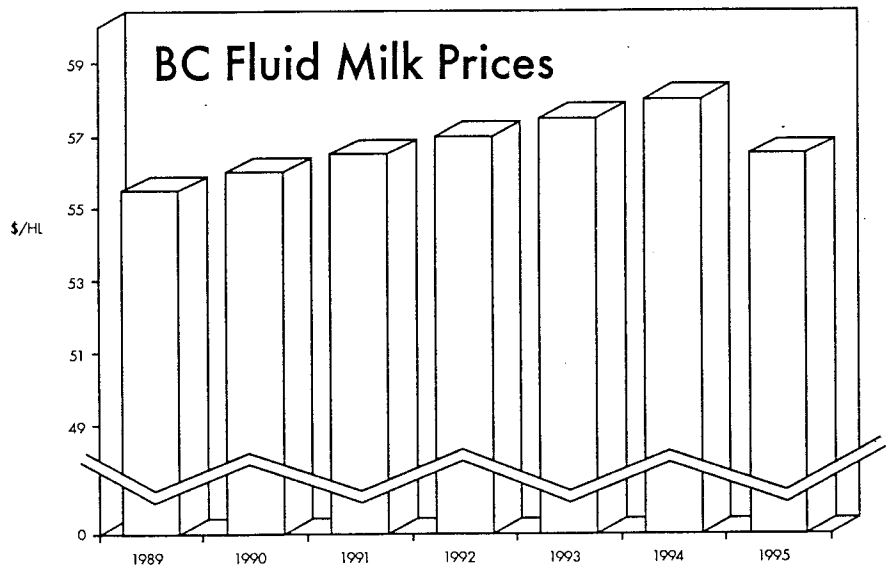
Customer Analysis and Response Example

Customer	Issues	Strategies
Consumers	lower milk fat	appropriate production practices, selection of sires & breeds; nutrition
Dairy processor	consistent shipments no inhibitors in milk	isolation of treated animals; minimize contaminant risk
Calf and heifer buyers	general health, feet and legs, sire and dam records	keep records of mating, growth and all treatments

5. Pricing

Prepare a price schedule for each of your products. Price setting is not within control of the individual dairy farmer, however, knowing the historic prices is an important part of planning.

Pricing Example



6. Marketing Strategies

In BC, dairy processors market milk and milk products under the regulations of the BC Milk Marketing Board, but within the marketing system, producers make marketing choices regarding the quota they may hold and the components of milk they plan to ship. They may have specialty or niche market opportunities. The markets for breeding stock, custom heifer rearing or feeding out of bull calves may also be considered.

The marketing strategies adopted by a dairy farm should address both the market trends and the response to customer preferences noted previously. You should study and understand the market you are facing.

The example summarizes the marketing strategies of the Sample Dairy Farm.

Marketing Strategies Example

Milk Components

- To increase milk protein and solids-not-fat
- To decrease butterfat

Market Developments

- To hold monthly meetings with processor's representative to stay abreast of changes in the marketplace
- To attend direct marketing and other industry seminars

Livestock Sales

- To sell bull calves to neighbouring hobby farmers
- To sell surplus heifers