Adding Value to Agricultural Products

Objectives

To gain a better understanding of why consumers buy a product, and how to help this process & get a competitive edge

- What is marketing (adding value)?
- Five ways to add value
- Examples
Marketing is:
(Adding value is:)
providing the final consumer with what he/she wants and is willing to pay for
Successful marketing (value-adding) means the seller must consider the buyer, and act to facilitate (help) the exchange of products or services so that both parties gain in some way.
Several points.

• Successful marketing involves an exchange process
• Each exchange adds value
• Successful marketing is driven by the final consumer
• To participate in the exchange, each seller must gain
• To participate in the exchange, each buyer must gain
Successful Value Adding
Each exchange adds value
Each buyer and each seller must gain
Fresh Product Market Channels

Producers
- Farmers
- Ranchers
- Fishing
- Aquaculture

Transportation

Processor/Manufacturer

Wholesaler

Cooperative

Retailers
- Supermarket
- Hotel & restaurant
- Wholesale club
- Institutions

Final consumers
- residents
- visitors

Exports

Imports

Suitcase exports

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Five Ways to Add Value

• Form
• Location
• Time
• Ownership
• Information
Adding value through 

**FORM**

- Converting raw materials to more finished products
- Maintaining product form (quality)

Some marketing functions:
- cleaning, grading, sorting, cooling, packing, processing
Value from FORM
Adding value through

FORM - Examples

• Beef, turkey & coffee – wrong form
• Fresh or precut salad
• Nalo Farms – keeping top quality
• Tomato & guava varieties
• Guava Kai
• Holualoa Kona Coffee Company
• Hawaii Grown Tea
Adding value through LOCATION

• Having product at a desired place
• Providing assortment

Some marketing functions:
• transportation, aggregation, disaggregation, assortment
Value from LOCATION
Adding value through LOCATION - Examples

- Harry and David’s fruit of the month
- Assortment of fresh produce
Adding value through

**TIME**

- Having product at a desired time
- Timing of all products

Some marketing functions:
- storage, scheduling, transportation, processing
Value from \textit{TIME}
Adding value through

TIME - Examples

• Farmers’ markets— fresher product, many vendors & products at same place (also location, ownership)

• roadside stand & related
TIME VALUE via scheduling
Adding value through OWNERSHIP or POSSESSION

- physical vs legal transfer
- risk management
- Service industries, rentals, & related

Some functions:
- insurance, credit, leasing, hedging, options, international trade,
OWNERSHIP or POSSESSION Value
Adding value through OWNERSHIP or POSSESSION

Example

- Sato’s Slave Work Coffee Company (Love Farm)
- U-pick (pumpkins), CSA
Adding value through INFORMATION

• To inform and educate
• To persuade

Some marketing functions:
• advertising and promotion, packaging, labelling, market news & statistics
Adding value through INFORMATION - Examples

- Advertising & Promotion
  - “Eat mor chikin” cattle
- Packaging & Labeling
  - Love Farm coffee labels
- Differentiating product
- Fresh fruit labels
- Some problems
Adding value through

INFORMATION - Examples

Importance of consumer perceptions and experiences

• Labels and brands
• Some problems
Summary

- Definition of marketing (adding value)
- Five ways to add value
- Examples

Why consumers buy a product, and how to help this process & get a competitive edge
Aloha!