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A Do-It-Yourself Producer's Guide to Conducting Local Market Research

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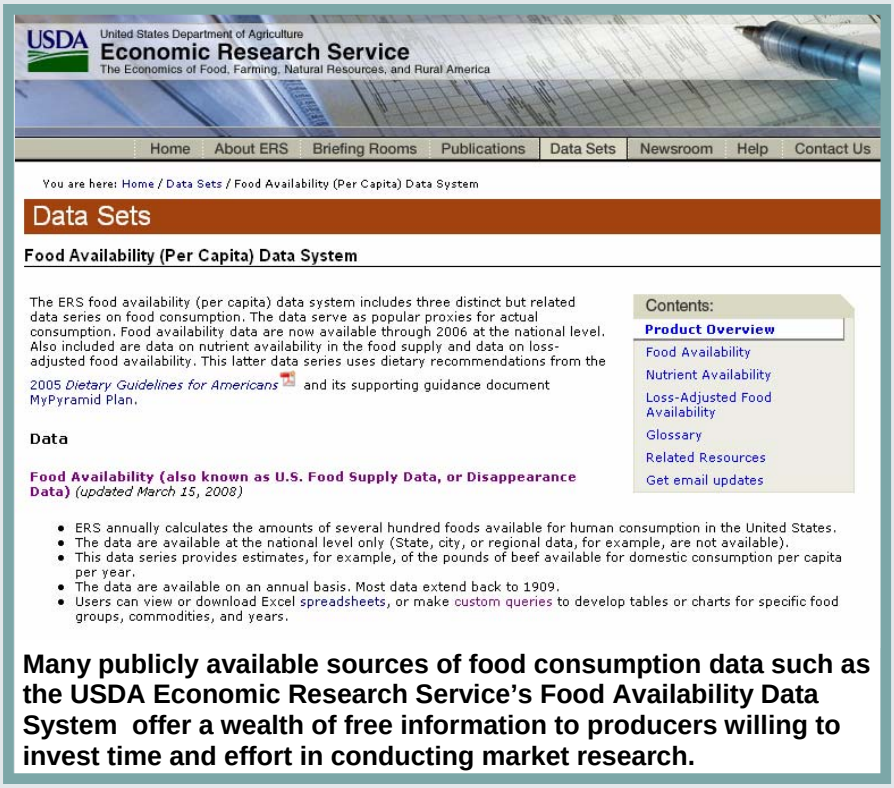
Introduction

Many producers of agricultural commodities investigate the potential for developing value-added products each year as a means of enhancing income from their farming operations, capturing niche markets for locally grown food products or developing new markets for products that spring from their own innovative ideas. These producers often lack both the technical skills necessary to conduct meaningful market research and the resources to hire professional consultants. University Extension programs frequently offer some level of assistance in these areas but often lack the time and industry specific knowledge to guide producers through in-depth studies tailored to individual products or markets. Value-added outreach and educational programs are typically designed to present general information to groups of producers with diverse product interests, and as such, only discuss market research in very general terms, and then only as part of a broader curriculum.

Growing interest in specialty food products has sparked a wave of food contests such as this one in Atlanta, Georgia showcasing local products from some of the state's food entrepreneurs.

Interest in value-added agriculture has grown considerably over the past several years, especially as it relates to direct marketing of local, value-added and specialty food products. In response to this growing interest, numerous how-to guides have been published on the subject of marketing locally produced food products, starting food businesses and evaluating local markets. These publications tend to be directed toward producers who often have little or no technical knowledge of marketing or starting a food business and tend to be quite general in nature.

"A Producer's Guide to Conducting Local Market Research" focuses on only one area of food business development. It seeks to provide the reader with a concise guide that explains clearly, in layman's terms, how producers can go about conducting their own quantitative market research at a local, state or regional level. It will instruct those interested in developing markets for value-added agricultural products, but lacking an in-depth knowledge of quantitative analytical methods or the resources to hire professional consultants, in how to collect and analyze local level data and draw conclusions relevant to product positioning, pricing and supply/demand determination. It will instruct readers, both conceptually and through use of case study examples, as to what marketing research is and why it is important to the success of value-added products.



Many publicly available sources of food consumption data such as the USDA Economic Research Service's Food Availability Data System offer a wealth of free information to producers willing to invest time and effort in conducting market research.

Quantitative market research has historically been the territory of professional researchers with backgrounds in statistics, economics or mathematics. This guide offers a comprehensive tutorial, presented in layman's language, that explains the concepts behind market research that are used by large firms, as well as how these concepts may be translated to a local level. It will discuss collecting and analyzing readily available, local-level data, thus providing producers with important research that otherwise might be unattainable, while simultaneously educating producers about the markets they are considering entering and providing them with the back-

ground and confidence to comfortably discuss the market research component of their business plan with potential lenders or investors.

With the development of user-friendly spreadsheet software such as Microsoft Excel, which has the capability to reduce complicated calculations to the click of a mouse, and the ready availability of enormous amounts of demographic and consumption data via the Internet, this no longer has to be the case. It is now well within the capability of the average producer to conduct his or her own local market research by applying simplified versions of the same procedures used by professionals. The following chapters will guide producers through the process of actually collecting local-level data from available sources such as grocery store shelves, newspaper advertisements, restaurant menus, farmers' markets and food service institutions. It will take the producer, step-by-step, through organizing the data they have collected in electronic spreadsheet format and offer simple, concise, Microsoft Excel based solutions that will assist them in determining which local markets are the best fit for their product, how it should be positioned and priced in the market and what realistic estimates of the demand for their product may be.

Empowering individual producers to clearly understand and conduct market research that is specific to their individual product and local market will provide significant benefits to those considering or expanding some type of value-added agricultural enterprise. This instruction will assume little or no prior knowledge of marketing, market research or quantitative methods. The following publication is geared very specifically toward a single subject: market research. It does not attempt to address such subjects as what product one should choose to produce or how he or she should produce it. It does not broach the subject of financing the business enterprise or what business model may be appropriate. Numerous publications exist to educate readers on these subjects. Likewise, it does not presume to instruct the reader how to construct a feasibility study or write a business plan, although the results of market research efforts typically comprise an important component of both feasibility studies and business plans.

Chapter 1

What is Marketing Research and How Can It Benefit Local Producers?

Today's consumer is faced with an enormous array of food choices. Although the majority of food is still purchased in some type of retail outlet and consumed at home, an ever increasing number of meals are consumed away from home in restaurants ranging from fast food chains to upscale establishments. Food retailers have evolved from small, locally owned and operated grocery stores to supermarkets, super stores, warehouse stores and hypermarts. This evolution in store size has been accompanied by an explosion in both the type of products that are available and the variety of permutations of each type of product. Consider, for example, that a generation ago consumers had the choice of buying Coca-Cola or Pepsi Cola. Today they may choose from Coca-Cola, Diet Coke, Caffeine-Free Cola-Cola, Coca-Cola Cherry, Coca-Cola with Lemon, Coca-Cola Raspberry and Coca-Cola Zero, to name a few. Pepsi offers a similarly daunting set of choices. In addition to these two dominant soft drink firms, literally dozens of smaller competitors exist, including store brands, private labels and "boutique" colas. These same conditions can be observed for everything from alphabet soup to zucchini dip. In recent years, many of these categories have been expanded to include varieties that are labeled as "all natural," organic or "made with organic ingredients" as well.

Today's consumer faces an enormous array of choices as shown by this selection of specialty dairy products. Where will your product fit in?

Consumers need not, however, limit their shopping to supermarkets. Additional options include convenience stores, drug and general merchandise stores,

farmers' markets, road side stands and "pick your own" establishments, to name a few. This dizzying array of options presents both a tremendous opportunity and a significant challenge to local producers of all kinds of food products who dream of profiting from developing and marketing their own creations. The opportunity arises from a market which has conditioned consumers to expect an ever broadening array of choices and to seek out varieties of products that are closely matched to their tastes. It has also conditioned them to seek high quality and convenience in the form of pre-prepared or partially prepared foods that fit into busy lifestyles that leave less and less time for meal preparation.

The challenge arises from the difficulty in identifying gaps in the extensive lineup of already available products and developing and marketing a new product, or variation of an existing one, that fills that gap. Meeting this challenge is the role of market research. Would-be food entrepreneurs typically fall into one of two categories. One is the producer who has a very specific idea or prototype of a product and needs to assess the most effective way to sell it. A common example of this entrepreneur is the individual who believes that he or she possesses the recipe for the world's absolute best barbeque sauce, wine, cheese, etc. and wishes to discover the most effective way to go about marketing it. The second type of entrepreneur is one who produces a raw product such as tomatoes, grapes, or milk and desires to pinpoint the most profitable method for adding value to his or her raw product. Their research may, therefore, not be limited to answering questions about the best way to market cheese, but whether milk should be processed into cheese, butter, ice cream or simply bottled and sold in its original form.

The Johnston Dairy Story

Johnston Dairy began operations in the 1940s and followed the model of most dairies in the U.S. by selling its milk through a farmer-owned cooperative. Johnston's milk was delivered to a large corporate dairy processor who commingled it with the milk of many similar dairies and marketed it under a number of well-known brands and store labels. The second generation of Johnston dairy farmers became interested in capitalizing on the growing interest in locally produced foods and began to research the idea of launching a family brand in 2005. The quest to determine whether the venture could be financially feasible led dairyman Russell Johnston through a series of steps involving analysis of customer perceptions of currently available milk products, desired attributes such as container types, fat content, flavor and shelf life, as well as their willingness to pay a premium for his product.

In each case, the producer faces the reality of introducing a new, and as yet untried, product into a marketplace filled with dozens, or hundreds, or maybe even thousands of competing products. Many difficult questions must be asked and answered as part of the evaluation process. What attributes, for example, will the new product have to offer that are not already available in the marketplace? Consider the previous example of cheese. Will the hopeful cheese maker be able to produce a product that is so superior in quality to the finest award-wining cheese currently available that it will command a premium price and draw cheese connoisseurs away from their current favorite? Or, will he be able to produce a generic cheddar at a cost so low, and in quantities so large, that he can compete on price with the most efficient cheese plants? The likely answer to each of these questions is no. So, where will our would-be cheese maker's product fit in?

This is where the value of market research becomes evident. Carefully conducted marketing research may help to establish whether there is a market for a cheese product with a particular flavor, texture, form or packaging attribute. It can help to establish whether consumers of the finest gourmet cheeses will "trade down" to an "almost gourmet" cheese at a slightly lower price, or whether buyers of lower priced generic cheddar will pay more for a small improvement in taste.

For any given product, there may exist an almost infinite number of combinations of price, taste, packaging, convenience and perceived health attributes such as all natural, organic or hormone free. Marketing research offers a set of well defined and generally accepted methods for identifying which combination may have the greatest likelihood of success. While almost all, if indeed not all, food products face competition from substitutes at some level, competition is certainly more fierce among some products than others. The home chef who believes that he has truly created the world's tastiest barbeque sauce will almost certainly face many more close competitors than the entrepreneur who seeks to make his fortune marketing belachan. Both face unique challenges. While the barbeque sauce maker may face hundreds, if not thousands, of close competitors, he

These local barbeque sauces certainly present an interesting lineup, but the real question is who will buy them?

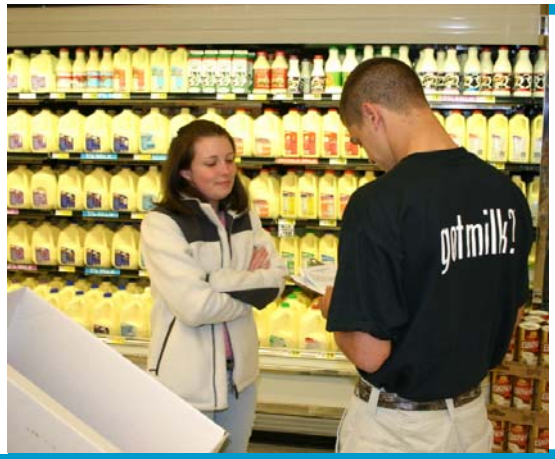
stands to benefit from marketing a widely accepted product. The typical shopper has at least heard of barbeque sauce!

Large, established companies, including food manufacturers, typically expend considerable resources conducting marketing research, either through their own internal research departments or by contracting with outside research firms. Individual producers attempting to launch their own value-added products will usually lack the resources necessary to hire outside marketing research firms and quickly realize that they are their company's research department, whether they desire to assume those responsibilities. Among these responsibilities is the need to develop ways to monitor their customers. Smart consumer goods companies usually approach product development by examining their customers' needs and engineering products that meet those needs. Successful examples of this approach include automobiles with folding rear seats to provide extra storage space, on-board navigation and entertainment systems to occupy children on long trips. Home computers have become far more commonplace with the development of Windows-based operating systems, pre-installed software and the ubiquitous mouse. Even the lowly coffee maker has been re-engineered with features that allow the user to wake up to a fresh cup of his favorite brew, made from freshly ground beans and programmed to be ready at the time of his choosing. While it is true that most raw food products cannot be easily re-engineered, the opportunity exists for adapting them to the consumer's preference for taste, health attributes, convenience, ease of preparation and so on.

Taking advantage of this opportunity begins with asking questions such as why a consumer chooses to purchase, or not purchase, a particular product. The aspiring entrepreneur must assess whether the customer who would eagerly consume the fruits of his labor has the opportunity to purchase it conveniently and at a competitive price and has the time and know how to prepare it. It is important to remember that the consumer who might thoroughly enjoy a Thanksgiving dinner of turkey, roasted chestnuts and pumpkin pie may no longer possess the knowledge of how to dress a free-range turkey, prepare chestnuts or peel a pumpkin, let alone mix the half dozen or so spices necessary to make a pie that tastes just like Grandma's. In most cases the producer will be much more familiar with his product than are his customers, and having this knowledge, will find it incredible that everyone else does not. For this reason, producers should rely on solid research and not their own personal experience or intuition in marketing a product. One interesting example of this is the dairy farmer who, accustomed to drinking un-homogenized milk, was disappointed that no one seemed to want to buy his fresh milk bottled directly from the source. Imagine his dismay upon learning that potential customers, unfamiliar with un-homogenized milk, thought it to be contaminated because of the odd substance, cream, floating on top!

One advantage that the producer, as market researcher, has in his favor is that of being intimately tied to the production process. It is important to know not only which attributes customers desire, or are repulsed by as in the milk example, but also to be able to estimate the cost of adding these attributes to the product. It is ultimately the difference in the cost of adding attributes, otherwise known as value, compared with what the customer is willing to pay these attributes, that determines whether to bring a product to market. The small, independent producer, unlike the corporate CEO, is usually involved in the day-to-day operations of his business, and has a practical working knowledge of the various production costs involved. The producer who is considering adding value beyond his current production process, for example, processing chestnuts into chestnut flour, faces an entirely new set of costs including facilities, equipment and packaging materials that must be evaluated.

For the entrepreneur setting about conducting his own marketing research, as for the corporate marketing research department or consultant, collecting information is critical. Professional researchers may collect data by numerous methods including telephone, mail and face-to-face surveys, point of sale data and through customer service departments and sales staff. Data is also frequently purchased from secondary data collection sources. The small producer marketing his product directly to customers may feel that he has neither the time nor financial resources to engage in serious data collection. To the contrary, for the small producer selling his product face to face, every sale represents a potential interview. Those selling to wholesalers or retailers may be able to arrange for sales data to be supplied to them. Retailers may be persuaded to allow in-store demonstrations or distribution of samples that provide additional avenues for data collection. Some entrepreneurial produces have been known to conduct somewhat "covert" research simply by striking up conversations with store customers while conducting their own grocery shopping. Information on competitors' offerings is readily available simply by perusing grocery store shelves or visiting local farmers' markets. The chapters that follow are generally directed toward small producers intent on marketing their product, at least initially, at a local or possibly state or regional level, with budget constraints that restrict data collection to that which can be conducted personally or through free or low-cost sources such as government and trade publications or the Internet. The basic principles of analysis that would be employed by professional researchers purchasing data from syndicated sources will be adapted to that which can be obtained at the local level.



The Johnston Dairy Story

As a part of the process of learning about consumer's milk buying habits, dairy farmer Russell Johnston partnered with a local high school FFA class. As a busy dairy farmer, Johnston needed a low-cost method of interviewing potential customers. The FFA students were looking for a marketing project to enter into state competition. The partnership gave both parties the results that they were looking for. Producers faced with conducting potentially expensive marketing research, such as consumer surveys, on a limited budget must think about creative alternatives.

The first step in the research process is to define a clear objective. That objective may be how to best market a specific product, such as blueberry salsa, or it may be to determine the most desirable value-added product that can be made from blueberries, given a number of possibilities from which to choose. The researcher must then formulate an approach based up what kind of data is needed and can be reasonably obtained. It may be necessary to determine if a survey is required or if sufficient data can be obtained in some other way. The cost of obtaining data relative to time and budget constraints will also need to be determined. Mail surveys are expensive, while face-to-face surveys may be lengthy and time consuming. Web-based survey tools such as Survey Monkey and Zoomerang may provide other low-cost options. Surveys also require the researcher to determine how large of a sample he can afford in terms of both time and money. Once collected, analysis of the data will depend on the producer's level of technical skills. User-friendly spreadsheet software, such as Microsoft Excel, are widely available and offer many built-in options for simplifying analysis, even for the most technically challenged entrepreneur.

If marketing research possesses certain aspects that are scientific in nature, such as questionnaire design and data analysis, it also possesses other aspects that are more creative in nature. Challenges involving what questions to ask of consumers, how and when to ask them, and how to interpret their answers is paramount to successful marketing research. How to implement that information is a much greater challenge. Throughout the chapters that follow, the reader is encouraged to think, both intuitively and creatively, about those bits of information that he would find most useful in marketing his product, about who possesses that information and about how he might legally and ethically extract it from them.

belachan (bel'ə̶chan) n. A thick shrimp paste or sauce commonly used as a food ingredient in Southeast Asian and Southern Chinese cuisine.

Chapter 2

Exploring the Market For Your Product

The previous chapter noted that marketing research may generally take one of two forms. The small producer/entrepreneur may already be in the business of producing a very specific product such as free-range eggs and simply need to ascertain the most effective way to market them, having no plans to change their form or add any additional value. A second producer such as an organic dairy farmer wishing to add value to his milk through further processing, may face numerous options including organic cheese, ice cream, yogurt or butter, as well as simply bottling and selling fluid milk. The producer who faces many options and the need to choose from among them must spend considerably more time exploring the various alternatives available to him. Both businessmen must, however, develop a clear and comprehensive understanding of their target markets in order to achieve the greatest possible level of success.

While it may be true that there is nothing else quite like it, the producer may want to ask why not.

Producers often conceive of unique value-added products such as blueberry salsa, catfish burgers and coffee-flavored barbeque sauce that they believe will certainly prove to be a winner in the marketplace because there is nothing else like it. In such situations, producers may benefit from conducting market research aimed at discovering exactly why there is nothing else like it! Exploratory research aimed at understanding consumer perceptions is also useful in determining how to best position a product, since even the tastiest product is not likely to catch on if it is never tried. One example of this is the well-known kiwi fruit, formerly known as the Chinese Gooseberry. Sales of the fruit took off, only after exploratory research revealed that consumers found the name rather unappealing. Subsequent re-branding and marketing as the Kiwi by a group of New Zealand producers launched the hairy oddity into the limelight in the late 1990s.

This exploratory area of marketing research is commonly referred to as qualitative research. Unlike quantitative research, which focuses on evaluating data using statistical methods, qualitative research explores consumers' perceptions, attitudes and motivation for using products, usually by means of face-to-face questioning. This type of research can be especially useful in helping producers to narrow their choices when several competing value-added opportunities are available. Survey results show, for example, that most consumers associate chestnuts with specialty foods consumed around the Thanksgiving and Christmas holidays. The fact that most consumers are unaware of their gluten-free and low-carbohydrate properties suggests that these attributes may open new avenues for marketing products such as chestnut flour to low-carbohydrate dieters and those suffering from diabetes.

One useful starting point for conducting such background research is the myriad of feasibility studies, business plans, case studies and related research reports published by university extension departments, value-added agriculture centers and agricultural economics departments. Such studies are usually available free of charge and can often be easily accessed through the Internet. A list of helpful resources is provided at the end of this chapter. While such studies will certainly not exist for every product or market, they can often be found for products or markets that are sufficiently similar in nature so as to at least provide a starting point for formulating questions related to sales, usage and pricing of the product to be researched. While many producers are overwhelmed by the notion of collecting data, the fact is that exploratory research need not always require extensive data collection to prove beneficial. In fact, simply discussing in detail with a limited number of consumers, the reasons why they started or stopped using a product, why they were prompted to try it for the first time or how they came to be aware of its existence may provide a wealth of information. It also guides the entrepreneur/researcher in formulating ideas and questions that may be used on further, more detailed testing. The best ideas often come from discussions with consumers when they are simply given free rein to discuss their likes and dislikes about a particular product or service. One excellent example of this is another dairy farmer turned milk processor who noted that a number of his customers

mentioned a preference for quart-sized containers of milk even though gallons were strictly more economical. The preference was due to the fact that their children could more easily pour from the smaller container. This led the farmer to work with his container supplier to develop a gallon-sized container with handles on each side for ease of handling. Not only was the new container a big hit with mothers of small children, but with many elderly customers as well.

Professional market researchers typically use focus groups for conducting exploratory research. A focus group usually consists of five to ten people who discuss a particular product under the direction of a moderator. Focus groups encourage the open discussion of opinions, perceptions and attitudes toward a product. The goal is to discover participants' like and dislikes toward a product but may also yield comments about alternative uses or comparisons with competing products.

Small business owners burdened with the time and budget constraints of managing a business may believe that they have neither the time nor the resources to conduct traditional focus groups, and they may be correct. This should not, however, prevent them from employing focus group principles with individual customers or small groups as the opportunity arises. Producers who sell directly to the public through on-farm facilities or farmers' markets, for example, have almost continuous opportunities to turn face time with customers into information gathering mini-interviews. One potential downside to interviewing customers in such situations is the tendency for them to tell the interviewer what they think he wants to hear about his product. There is also the possibility of the business owner being misled by the comments of one or more very vocal individuals with strong opinions, hence the need to talk with as many as possible as part of the information gathering process. The benefits of gathering information in this manner is that customers can be questioned quickly and at little or no cost, follow-up questions can be asked and adapted to the situation as necessary to pursue useful insights, and feedback is instantaneous. Such discussions also offer an excellent opportunity for generating new product ideas or exploring new ways of adding value to existing products. It may also serve as a sounding board for evaluating the producer's own ideas. The previously mentioned dairy

farmer/processor had the idea of marketing his milk in returnable glass bottles reminiscent of earlier times. Numerous customer comments ranging from the thought that returning empty bottles would be an inconvenience to concerns about breakage, to a desire to keep bottles for collecting everything from loose change to flour seeds caused the producer to abandon this potentially expensive experiment. In some instances, it may be possible to interview repeat customers over time, offering insights into their experiences with a product and delving into their motivation for repeat purchases.

So far, the discussion has centered around the idea of a producer interviewing customers in face-to-face sales situations. In the case of producers who sell through wholesalers or retailers, this may not always be possible. In these situations it may require additional efforts to meet with store department managers, wholesalers' representatives or even restaurant managers to devise ways in which they may be able to assist in the information gathering process.

While feedback on the producer's own product is essential, it is also important to gain as much background knowledge as possible on the entire product category. One way to do this is to communicate with both buyers and sellers of competing products. Almost all producers of specialty food products are shoppers themselves. It is quite simple to turn a trip to the grocery store into a "covert" information-gathering mission simply by striking up conversations with fellow shoppers in the produce department or at the meat counter of local grocery stores, at farmers' markets or even restaurants. Store employees, especially department managers, as well as shoppers are often willing to freely share information and opinions. Typical questions might include: Can you recommend a good barbeque sauce, wine, cheddar cheese, etc.? Why do you prefer it over others? Have you ever tried brand "X"? What others have you tried? Is it easy to prepare? Have you found it to have an acceptable shelf life? The possibilities are endless and need only be tailored to the specific product category and purchase motivation that the business owner is interested in. The answers to such questions provide valuable information as to what consumers are looking for in a product. For example, do shoppers frequently comment that they purchase a particular brand because it tastes better, because it is nationally advertised, organic or hormone free, or just because it happened to be on sale.

It is important to keep written records of such conversations, as well as to note important information such as prices, price differences between preferred brands, product attributes such as organic or all natural, type or store (i.e., supermarket, convenience store, specialty foods store) and sales or special promotions. Such background information is not conducted in one sitting but is rather compiled over time as the producer/marketer develops a curiosity about potential markets that he may consider entering. A cornerstone of this ongoing educational process should be for the researcher to allow curiosity to be his guide. Subsequent chapters will discuss ways in which to organize and analyze this information that enable the producer to make the best possible decisions about marketing his product.

Focusing on Focus Groups

Focus groups provide an excellent opportunity for testing new and innovative product ideas as well as for evaluating the pros and cons of existing products and marketing strategies. A focus group is essential and interview involving a group of consumers. Focus groups typically include between 6 and 10 people, although circumstances for the small producer may necessitate using a smaller number. The following is a summary of basic focus group guidelines.

- Identify the objective of the discussion. What are the one or two most important pieces of information that you would like to learn from the participants?
- Develop 4 to 6 questions. Too many questions may lead to an unfocused focus group. Ask yourself what piece of desired information will be addressed by each question.
- Identify and contact participants that represent the demographic groups that you wish to reach with your product. If time and resources permit, it may be useful to conduct several different focus groups with each one made up of similar individuals, i.e., working mothers, retirees, health conscious eaters, dieters, etc.

Focusing on Focus Groups

While professionals may conduct focus groups in a company conference room, the small producer may need to consider alternative facilities. Some possibilities may include a suitable location at the producer's processing facility or farm, if such a space is available. Alternatives may include public meeting space such as may be found at a local county extension office, public library, school or other public building. Be sure that the location is clean and comfortable, with adequate air flow and lighting.

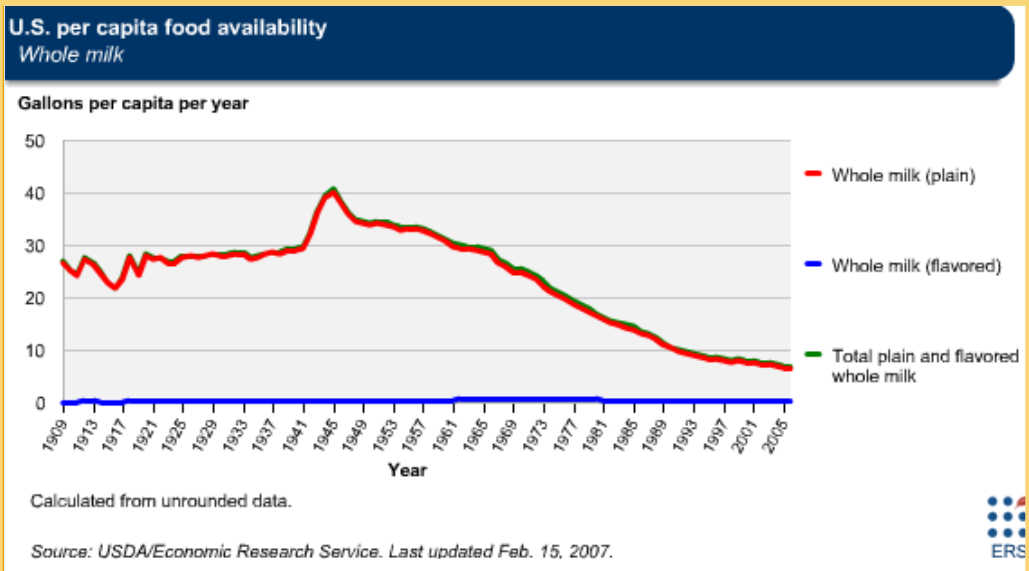
- Refreshments or light lunch should be provided.
- The meeting should be expected to last about an hour and no more than an hour and a half.
- Plan to record the meeting or have an assistant present to take notes.
- Practice asking questions before hand so that you are comfortable and familiar with them.
- Stress that you are looking for honest answers and opinions whether positive or negative.
- Begin by stating the objective of seeking consumers' opinions about your product.
- Set the stage for participation by having all participants introduce themselves.
- Give all participants the opportunity to respond to each question.
- Formulate questions that require descriptive answers instead of "yes" or "no" responses.
- Compare and contrast responses in a non-judgmental manner as a means of encouraging discussion among participants. This may serve to bring forth additional useful comments.
- Do not allow discussions to stray too far from the chosen questions.
- Begin with very general questions about a broad product category such as meat or dairy consumption.
- Work toward more specific questions about brands or product attributes.
- Provide samples of your product if possible.
- Don't overlook questions about product labeling and packaging.
- Do not hesitate to ask follow-up questions about any responses that you find unusual or unexpected.
- Thank participants for taking part in the meeting and provide a thank you gift such as a sample of your product.
- Relax and enjoy spending time discussing your product with potential customers while you learn from them.

Chapter 3

Collecting Data From Secondary Sources

Marketing research almost invariably centers around collecting and analyzing the information necessary to make decisions about how to most effectively market a product. This information may be of a qualitative nature, as discussed in Chapter 2, where customers' attitudes, perceptions and even ideas for alternative uses of a product are sought after. Information may also be of a quantitative nature, which is commonly referred to as data. Quantitative data, unlike attitudes, perceptions or ideas, refers to information that can be measured, such as the quantity of a product that is sold during a specified time period, the sales price or the population of potential customers residing in a particular marketing area. While qualitative data may be useful in assessing customers' feelings about a product, is offers little insight as to how many customers in a given marketing area might actually purchase it, unless of course, every potential customer is questioned about his or her intentions.

Quantitative data may be divided into two broad categories. Primary data, which is collected for the purpose of answering a specific set of marketing questions, and secondary data, which has already been collected, usually with some other purpose in mind. An example of primary data is the results of a questionnaire distributed by a dairy farmer asking potential customers about their willingness to purchase a locally produced and processed brand of milk. Secondary data might include the number of families in the dairy farmer's marketing area with



Secondary data such as these per capita consumption figures for milk, when combined with local population data, can be useful in assessing local demand for a product category

U.S. Census Bureau
American FactFinder

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Data Profile

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2006 Data Profiles:
- Social
- Economic
- Housing
- Demographic
- Narrative

View this table...
from 2007
from 2006
from 2005

View this table...
for other geographies (state, county, place...)

- Subject Definitions
- Quality Measures

Macon city, Georgia
Selected Social Characteristics in the United States: 2006
Data Set: 2006 American Community Survey
Survey: American Community Survey

Social - Education, Marital Status, Relationships, Fertility, Grandparents...
Economic - Income, Employment, Occupation, Commuting to Work...
Housing - Occupancy and Structure, Housing Value and Costs, Utilities...
Demographic - Sex and Age, Race, Hispanic Origin, Housing Units...
Narrative - Text profile with graphs for easy analysis...

NOTE. Although the American Community Survey (ACS) produces population, demographic and housing unit estimates, it is the Census Bureau's Population Estimates Program that produces and disseminates the official estimates of the population for the nation, states, counties, cities and towns and estimates of housing units for states and counties.

For more information on confidentiality protection, sampling error, nonsampling error, and definitions, see Survey Methodology.

Selected Social Characteristics in the United States: 2006	Estimate	Margin of Error
HOUSEHOLDS BY TYPE		
Total households	36,304	+/-1,829
Family households (families)	19,698	+/-1,908
With own children under 18 years	8,730	+/-1,420
Married-couple families	10,875	+/-1,456
With own children under 18 years	3,775	+/-976
Male householder, no wife present	1,489	+/-737
With own children under 18 years	706	+/-542
Female householder, no husband present	7,334	+/-1,278
With own children under 18 years	4,249	+/-920
Nonfamily households	16,606	+/-1,875
Householder living alone	14,609	+/-1,865
65 years and over	4,878	+/-861

Secondary sources such as the U.S. Census Bureau offer access to demographic data at state, county and city levels. This household data for Macon, Georgia may be combined with secondary data on per capita milk consumption to estimate local demand for milk products.

above average income and small children; those being characteristics of the demographic group that he expects to be primary purchasers of his product.

Secondary data may be further divided into two subcategories, internal secondary data and external secondary data. Data pertaining to income levels and family size might be obtained from government census data, and would thus be considered external secondary data since it derives from a source outside the farmer's own operation. Internal secondary data would be any data collected by the farm for other purposes, such as historical sales data that was collected for the purpose of reporting to state and federal regulatory agencies.

The most obvious benefit of secondary data is that it already exists and does not require additional time and expense to collect. The disadvantage, of course, is that it is not likely to be tailored specifically to the questions that the producer wishes to answer. Nonetheless, it may be used to glean much useful information at very little cost. External secondary data may be available from a number of sources including government publications and industry trade groups. A third source, syndicated data, is available for purchase from private data collection agencies. Syndicated data will be discussed briefly at the end of the chapter, even though the cost is likely to be prohibitive for the typical small producer/processor. Much demographic secondary data available from sources such as the U.S. Census Bureau, Bureau of Labor Statistics, U.S. Department of Agriculture, and so on, though not

specific to a particular food product, may provide the small producer with useful insights into developing social and demographic trends influencing the market for his or her product. For example, information on consumption trends for organically produced products, though not specific to a particular brand or geographic area, may still prove valuable in helping the dairy farmer/processor to determine whether to pursue producing an organic product line. Combining secondary data from several sources, such as trends in organic milk consumption and inflation adjusted household earnings may help the farmer to draw important conclusions about the wisdom of launching premium products in tough economic times.

Internal secondary data may pertain to sales volume, sales prices and shipping patterns to various locations. Though this data is likely to be collected for billing and shipping purposes, it can provide valuable insights into the competitive forces of the marketplace. In some cases, a producer who sells through a wholesaler or retailer may be able to arrange to receive detailed sales data for his product that he would not be able to collect for himself.

The past decade has seen rapid development of data availability via the Internet, including government sources, trade associations and academic publications, just to name a few. Today's producer has easier access to marketing data than ever before. The U.S. Census Bureau, for example, provides detailed summaries of social, economic, housing and demographic data city, county or even zip code level. This offers the small producer a window on important target market information such as income level, age and ethnic makeup of the population, and household size at a local level. This allows the producer to engage in what is commonly referred to as environmental scanning, an activity that large firms use to monitor conditions that may impact demand for their products. While environmental scanning may at first seem like an exercise in futility, since the researcher has no control of such economic and demographic trends, knowledge of general trends and conditions in his or her local area will almost certainly prove useful in reacting to these trends. Consider, for example, the cattleman who may be contemplating his own brand of locally produced beef. An environmental scan that shows

declining per capita income might significantly influence his decision to market hamburger rather than steak, while a wider scan that shows increasing incomes in a neighboring city might influence him to reconsider producing steaks and marketing them a bit farther from home.

Other data sources may be much more product specific. The U.S. Census Bureau's Statistical Abstract of the United States gives per capita consumption for most major food groups and beverages, especially fruits, vegetables and meats, categories that are of particular interest to many small producers. Even more detailed data is available the U.S. Department of Agriculture's Economic Research Service (ERS) Food Availability Data System. This system allows researchers to construct customized data searches for specific food products and time periods, or download Microsoft Excel spreadsheets that give fully detailed supply and disappearance (consumption) data.

Another area of information important to environmental scanning is that which informs the producer about his competitors. The most important source of information about competitors' products and prices at the local level may also be simplest to access – the local supermarkets, convenience stores, farmers' markets and any other establishments that carry products in the same product category. Collecting and analyzing such information will be discussed at length in later chapters.

Trade publications and food business periodicals provide additional sources of background data and information on market conditions for many food products. Often overlooked sources of information that provide a peek inside the research departments of major food companies are their annual reports. Annual reports are readily available for publicly traded companies and offer clues as to what major manufacturers with large research and product development budgets are learning from their own analysis, where they plan to expand, reduce or eliminate product lines, where advertising dollars are directed and what consumer groups may be targeted. Careful reading "between the lines" may give local producers competing in the same product category important clues as to which products are expected to be "hot" and which ones are not. It may also spare the

small producer from developing and distributing products that are too similar to those being launched by major competitors and would likely be overshadowed by expensive promotion campaigns. This same analysis may also reveal potentially profitable openings for niche products that are too small to be pursued by larger companies but could prove lucrative for small, specialty producers.

Syndicated data refers to data that is collected by one of the major marketing research information firms such as A.C. Nielsen or Information Resources, Inc. These and similar firms offer clients with substantial marketing research budgets an array of data and analytical services that will probably prove to be beyond the reach of most small producer/marketers. This data may range from that which describes general consumer trends such as purchases of organic foods and environmentally friendly "green" products, to commodity and brand specific sales and pricing data. Professional marketing managers use such information to keep track of total sales, as well as sales by brand, in their product categories in order to set sales goals and develop marketing strategies. This knowledge is no less important for small producers competing in local markets, with the exception that their efforts are geared toward a much more limited geographic area. The primary difference is that while large firms may develop a product and target it toward selected markets across the country or across the world, the small producer's marketing area may be limited to his local surrounding, so that his product must be tailored to the demographics that exist there. In other words, while larger manufacturers may be able to pick and choose target markets that possess the demographics they wish to appeal to, smaller producers may, at least initially, be limited to their local demographics and face the challenge of developing a product that suits the existing characteristics of the market.

The insights offered by syndicated data are no less important to the small producer but must usually be obtained by means of "shoe leather" research. The problem of tracking competitor's marketing strategies is somewhat simplified for the local producer/marketer. It is relatively straightforward to observe competitor's offerings and advertising strategies in a limited geographic area simply by visiting stores that carry their products. Special attention should be paid to sales promotions, sales prices, price changes, new

product introductions and discontinued items. Careful record keeping will enable the small producer to observe trends as they develop and devise strategies that take advantage of this information.

Chapter 4

Collecting Primary Data

Chapter 3 discussed the collection of data from secondary sources; that is, data that has already been collected, usually for some other purpose, but can be used to build knowledge of general marketing trends and conditions relevant to a product. In many cases, available secondary data will be insufficient to answer questions directly related to consumers' perceptions of an individual product, especially when it is a highly specialized or niche product, is newly introduced or possesses unique characteristics that separate it from other items in its product category. This will be true for many of the products introduced by small or niche market producers, whose products rely on their uniqueness to fill a void left by larger manufacturers.

For food products, primary research may center around consumer's attraction to and willingness to pay for attributes such as organic or locally grown products, those that are raised humanely or environmentally friendly manner or that are prepared from unique recipes or ingredients. In some cases, it may even involve exotic foods from far away places that have never before been introduced to U.S. consumers. Effective marketing plans for such products require the collection of primary data; that is, data collected for the express purpose of answering very specific questions. These questions may need to address consumers' acceptance of products based on taste, appearance, packaging, pricing or cultural acceptability.

The first step in planning primary data collection is to decide what information is needed, how it can best be collected, what the collection costs will be and perhaps

Primary data may be collected by telephone, in person and increasingly via the Internet

most importantly, does the value of the additional knowledge that can be gained exceed the costs of collecting it. The importance of weighing the cost of collecting primary data against its value cannot be overstated. The dairy farmer/processor discussed in previous chapters became captivated with the idea of adding a non-homogenized milk product reminiscent of earlier times, in which the cream rises to the top of the milk, to his product line. The farmer, in consultation with a market research consultant, determined that the cost of a consumer study on the acceptance of non-homogenized milk would likely cost a minimum of several thousand dollars and take several months to complete. The farmer could (and did), produce a test sample by simply skipping the homogenization step of the milk-processing procedure, substituting a new label at considerably less cost than the study and test marketing the actual product.

Two basic options generally exist for collecting primary data, observation and questioning. Observation, as simple as it may seem, presents numerous difficulties for the small producer. If his product is sold through a wholesaler or retailer, he may have few opportunities for direct observation of consumers purchasing his product, and even fewer opportunities to actually observe them using it. Direct observation would almost certainly prove to be extremely time consuming, and even if it could be accomplished, would still yield few, if any, clues as to why customers chose to make the purchase decisions that they did. Producers who sell their products directly from the farm may have ample opportunity to observe customers but lack the benefit of observing them make a purchase decision in the presence of competing products.

Perhaps the best opportunity for producers to observe customers' purchasing decisions is in a competitive environment available for those who sell through farmers' markets where competing products are offered for sale in the same location. This atmosphere offers the chance to observe customer reactions to various pricing strategies, locations within the facility, display techniques, appearance of the product, customer characteristics and so on. In situations where direct observation is possible, careful attention to detail, note taking and summarizing and analyzing notes after the

fact may reveal valuable insights into consumer's purchasing motivations.

Direct questioning, sometimes referred to as interviewing, offers a better opportunity to go beyond simple observation by asking consumers directly about their reasons for purchasing, or not purchasing, a product. Interviewing may be carried out in a number of ways, based on what is determined to be most effective and cost efficient for the producer/researcher. Face-to-face interviews may be the most practical in situations where sellers have direct contact with customers and offers the greatest opportunity to ask follow up questions. Face-to-face interviews can prove to be extremely useful when combined with product demonstrations, taste tests, free sample giveaways and so on. Farmers' markets, community festivals, food contests and in-store demonstrations all offer excellent opportunities for conducting interviews along with product promotion and give the interviewer direct feedback on consumers' perception of taste, packaging, convenience and pricing. A point of caution is that those being interviewed may have a tendency to give the answer that they think the producer wants to hear. One way to gauge the extent of this bias is to have an anonymous assistant mingle with those being interviewed and inquire as to what they "really think" about the sample product!

For the producer who plans to sell through wholesalers or retailers, and will have little or no direct contact with customers, more formal interview techniques may be necessary. Telephone interviews have long been a staple of the marketing research industry. For the small producer with both limited time and funds, however, the alternative may be unattractive. The time involved in conducting a "do-it-yourself" telephone interview may be unavailable, and the cost involved in hiring private contractors may be too great as well. The most serious drawback to telephone interviews for those marketing food products, however, is that the product can be neither seen nor tasted over the telephone, severely limiting the ability to gauge consumer interest. This tends to relegate telephone interviews to questions concerning purchase frequency, price, brand loyalty and other questions that might be just as easily be answered through available secondary data. Mail out questionnaires typically suffer from similar limitations and are further hampered by the fact that they are usually more expensive than telephone interview, but with

lower response rates.

Another emerging medium for conducting consumer surveys is the Internet. Numerous websites offer producers the chance to conduct e-mail surveys for free or at very low cost. While Internet surveys suffer from many of the same drawbacks as traditional mail surveys, such as low response rates and the inability of respondents to sample food products, they do offer a quick, low-cost means of gathering limited information. Some websites offer the ability to include pictures of labels and packaging, and, with a little detective work can potentially be used to target consumers of very specific products.

Chapter 4

Putting the Power of the Internet to Work for You

Do you need to determine who are your customers or potential customers, what they want and how your business or product can market to those wants? Customer surveys may provide the answers. Customer surveys can provide demographic information about your existing or potential customer base as well as feedback on a new product, marketing strategy or website design. Customer feedback can help you to gain clearer insights into potential markets or expansion of current markets. And, with all the free programs available on the Internet, you can conduct them yourself. The Internet makes it simple and cost effective to get the information you need to enhance your customer service or marketing strategies. But you should bear the following pointers in mind:

1. **Spend some time carefully identifying your market base. Know the physical limits of your product reach, the types of customers who are likely to buy your product or service and some demographic details about those customers. This is important so that you don't spend your dollars too thinly and minimize the impact of your efforts. Having a strong foundation of the type(s) of customers you want to reach and the information you would need to make your business decisions is key to business growth and survival.**

2. **Get professional help from agencies, like the Small Business Development Centers (SBDCs), that offer help in market research, advertising campaigns and funding sources. For information about local SBDC offices, go to http://www.sbdc.uga.edu/newsite/ and click on the "where we are" link. The Center for Agribusiness and Economic Development (CAED) at the University of Georgia can also provide assistance to producers and entrepreneurs in researching and implementing their ideas.**

3. **Don't ask too many questions in your initial survey. Customers will more likely respond if the questions are few, short and to-the point. Ask only those questions that will really help you to answer the questions that you currently have and avoid asking about things that might be nice to know. Make sure that customers sees the benefit to you and to themselves in completing your survey.**

4. **Don't let the information collected from the surveys go to waste by failing to understand what it means. Most of the survey services available on line offer statistical analyses, graphs, charts and other analytical tools. If you don't have the necessary training, seek out college students at local colleges and universities through internships and cooperative agreements. You don't have to spend a fortune to get good help.**

What's Out There for Free?

A number of free or low-cost alternatives are available to the producer willing to invest a little time and effort in conducting web-based surveys. The following are a sampling of the services that are currently available.

Key Factors in Selecting Among Providers	Atrixware	MySurveyLab	Survey Gizmo	Survey Methods	Survey Monkey	SurveyPro	Survey Smart	Tiger Survey	Zoomerang
Number of Responses Permitted Per Month	Unlimited	Not Indicated	250	500	100	Unlimited	20	Unlimited	100
Maximum Number of Questions Per survey	Unlimited	Not Indicated	No Expressed Limit	20	10	Unlimited	20	Unlimited	30
Ability to Include Images and Files?	Not Indicated	Not Indicated	Yes	No	No	Yes	Not Indicated	Yes	No
Customizable Templates?	Yes	Limited	Yes	Yes	Yes	Yes	Not Indicated	Yes	Yes
Variety of Text Question Types?	Yes	Yes	Yes	Yes	Yes	Yes	Yes, but limited	Yes	Yes
Embedding Surveys into Existing Webpage?	Not Indicated	Not Indicated	Yes	Yes	Not Indicated	Not Indicated	Not Indicated	Yes	No
Track Responses?	Yes	Not Indicated	Yes	No	Yes	Yes	Not Indicated	Yes	Not Indicated
Summary Reports?	Yes	Yes	Yes	Not printable	Not printable	Yes	Yes	Yes	On-line Only
Data Exportable to Excel or CSV?	Yes	No	Yes	No	No	Yes	Yes	Yes	No
Free Support?	Yes- only 30 days	Not Indicated	Yes	Not Indicated	Yes (1 day response time))	Yes	Yes		Limited
Contact Number/e-mail	866-696-8709	sales@mysurveylab.com	800-609-6480	214-257-8909	Number Not Public E-mail link provided	office e surveyspro.com		403-581-3413 cs@tigersurvey.com	800-316-0662
Web Address	www.atrixware.com	www.mysurveylab.com	www.surveygizmo.com	www.surveymethods.co	www.surveymonkey.co	www.esurveyspro.com	www.surveysmart.co.nz	www.tigersurvey.com/	www.zoomerang.com

Chapter 5

Conducting Surveys

Community Supported Agriculture (CSA) is a relatively recent food production and distribution model in the U.S. At its heart, a CSA consists of a local community of consumers who pledge to support a group of local producers, that in turn, produce and supply food products, typically fresh fruits, vegetables, dairy products and meats. A once successful CSA had seen its customer base dwindle over a period of several years. Its manager had several theories as to why this was occurring, including the entry of new supermarkets into the area, offering a broader selection of products at lower prices, a reduction in the variety of products offered by the CSA's producers and a gradual change in the demographic backgrounds of residents in the area. The manager also noted that a core group of customers remained loyal to the CSA, although he had little information as to what made them different from the customers who had abandoned the CSA. The manager would like to conduct primary research to learn why sales are falling and to determine what steps can be taken to stem the decline, but has no idea where to start.

In many cases the end consumer may not make the actual purchase decision. Clearly defining the population of interest is key to obtaining useful results.

The question of who should be surveyed as part of primary data collection is referred to as defining the population of interest. Correctly determining the population of interest is essential to the relevancy of the final results. The population of interest could be all consumers or all consumers in a given geographic area. It could be only those consumers who are expected to purchase a particular product, or possibly even be limited to those consumers who make the actual purchase decision. Consider once again, the dairy

farmer/processor interested in launching a new product. Should his population of interest be limited to current milk drinkers in his distribution area or include the lactose intolerant as well? Similarly, should chocolate milk in a cow-shaped container, clearly targeted toward children, also be tested with parents who will make the purchase decision? These questions and others revolve around defining the population of interest, shaping the nature of the data collection process and determining the validity of the conclusions that are drawn.

The guiding principle behind defining the population of interest is determining what specific information will enable the producer/marketer to take actions that will result in more effective selling of his product. Practically all locally produced, value-added and specialty products are some variation of products that already exist in the marketplace. While surveying a sample of the general population can provide useful information about such things as what percentage consume a particular product, how much they consume and the price they pay, the value of information obtained from those who do not purchase from a particular product category may fail to exceed the cost of collecting it. Consider once again, the dairy farmer/processor considering launching a non-homogenized milk product. Extensive surveying of non-milk drinkers may tell him little or nothing about how to best gauge acceptance of his product among milk drinkers. For more unique products, such as chestnut flour, an established consumer base may be nearly nonexistent and the goal may be to gauge the willingness of the general population to try something new. In both cases the producer should seek a population from which he can draw actionable information. The dairy farmer may survey the opinion of milk drinkers, since they represent the group that his new product must appeal to, while the chestnut flour producer may need to gauge reaction to a product that has no clearly defined consumer group. The broad knowledge that comes from conducting adequate secondary research can prove extremely beneficial in determining the population of interest, especially information on general food consumption trends often published in trade periodicals. Our dairy farmer may correctly decide

that he is unlikely to convert any non-milk drinkers to milk drinkers by offering unhomogenized milk and thus see no need to survey the broader population. On the other hand, the chestnut flour producer, by limiting a survey to current consumers of conventional baking flour might miss subgroups such as diabetics and those practicing low-carbohydrate dieting who would potentially purchase his product for its dietary attributes. In fact, in some cases a producer may find it desirable to investigate how a product is received by groups that are representative of several different target markets.

The producer/researcher must also decide whether to conduct a census or a sample. The difference is simply that a census includes every member of the target population. While this may be preferred if the population is made up of a very limited number of subjects, such as the case with restaurants, wholesalers or retailers, it will generally not be possible for consumer surveys. The most obvious question is that of how sampling will be conducted. Although considerable quantities of ink and paper have been expended on the subject of statistical random sampling, most small producers will have neither the time nor the budget to engage in the extensive sampling and statistical evaluation that large firms do. Since this guide is not intended to be a text on statistical methods, and many, many of those already exist, it will take a layman's approach of working with data that is readily available or that can be easily obtained.

Fortunately, several alternative sampling methods are widely recognized, including convenience sampling, in which subjects are chosen because they are easily accessible, and judgment sampling, in which subjects are chosen because they are judged to be representative of the population of interest. For the small producer conducting his or her own survey, the challenge is finding creative ways to locate appropriate subjects for conducting local surveys from the pool that is available.

So, in practice, how can the small producer put together a sample of survey subjects? The first, and probably most obvious alternative for those that are already in business, is that current customers may constitute a convenience sample. For those businesses that have a website, online guest books may serve to collect e-mail addresses

for conducting surveys with free services such as Survey Monkey or Zoomerang. Product give-aways requiring registration offer another opportunity to collect names, addresses, telephone numbers and e-mail addresses of potential survey subjects. For specialty or niche products that may receive wide distribution to a very limited audience, such as chestnut flour as a low-carbohydrate product for dieters, online discussion forums may offer the opportunity for collecting e-mail addresses of those likely to constitute a judgment sample. Other website candidates may include specialty foods, cooking, dining, and health and wellness forums. As mentioned earlier, food contests, farmers' markets and community festivals featuring food items offer excellent additional alternatives for both surveys and collecting contact information for follow-up surveys. Even for those who have no plans to market through these avenues on a regular basis should not overlook their value as "laboratories" for conducting marketing research and testing marketing concepts.

If a survey is determined to be necessary based on a need for information that is not available as secondary data, the value of the information is expected to exceed the cost of collecting it, and the population of interest has been defined, the next step is to construct the survey. In consideration of the general nature of the discussion and the wide variety of information that producers may wish to collect, the following will address only the basic concepts of survey design, leaving formulation and wording of specific questions to the sample questionnaires include as examples. The guiding principle of survey design should be to write questions that are few, brief, easy to understand, unambiguous and follow a logical order from general to specific. Consumers are typically reluctant to participate in surveys at all. Long, tedious surveys and complicated questions tend to result in surveys that are incomplete and data that is next to worthless because questions were not fully understood or answered. The sequence in which questions are asked is vitally important. Earlier discussion touched on the subject of surveying users versus non-users of a product. This is often easily addressed by the first question of a survey. If the answer is negative and the real interest is in those who currently

use a product, such as milk drinkers, the survey may effectively be terminated at that point, limiting respondents to actual consumers, and saving time and money, as well as collecting information on the percentage of user versus non-users of the product.

Questions should be ordered, to the extent possible, from the most general to the most specific, allowing for the option to terminate the survey at the point when respondents no longer have useful information to share. Individual questions may be closed-ended, meaning that they provide a fixed set of answers for the respondent to choose from, or open-ended, meaning that they do not. Open-ended questions allow the respondent free rein to answer in any way that he sees fit. Each type has pros and cons. Responses to closed-ended questions are easier to enter into computerized spreadsheets such as Microsoft Excel for analysis, while open-ended questions allow for the inclusion of comments, thoughts and ideas that might be missed by a response to a fixed set of questions. Open-ended questions lend themselves to the exploratory research discussed in earlier chapters. Closed-ended questions range from simply asking if one would purchase, or not purchase, a product, to allowing for various rankings of preferences among competing products, to rating products on scales ranging from poor to excellent.

Several basic types of scales are common to most surveys. A scale that allows a simple ranking is often used for assessing broad preferences. A typical question might ask respondents their five most preferred flavors of barbeque sauce from 1 to 5, with 1 being the least preferred and 5 being the most preferred. Choices for a closed-ended question could include garlic, honey, onion, molasses and mustard. Questions of this type are useful in helping the surveyor to understand consumers' preferences in order to determine what products he may wish to offer.

Another type of scale asks the respondent to rate a product by selecting from choices such as poor, fair, good or excellent. Scales of this type are useful in eliciting opinions about the overall desirability of a product. They may also be modified for comparing products to their competitors by asking the respondent to rank the current

product compared with a competing product. A third scale type asks respondents whether they strongly disagree, disagree, neither agree nor disagree, agree or strongly agree with a statement or series of statements about a product.

Most professional researchers tend to use between four and seven categories for questions with these "scaled" responses. Too few categories may tend to limit the useful information, while too many may confuse the respondent and increase the difficulty of distinguishing between the degree of intensity between categories.

Survey layout should be clean, simple and easy to understand in order to avoid misleading results. Pre-testing the survey with a small group, followed by a discussion with respondents, will help to highlight areas where discrepancies exist between what the surveyor thinks that he or she is asking and what the respondents think that they were answering.

Surveying the Local Landscape

Small producers interested in launching their own unique products face challenges very similar to those of major corporations. They must try to determine how many customers will buy their product and what price they will be willing to pay. Obtaining this information depends on asking the right questions of potential customers.

What does the consumer see?

- **Begin by *clearly* defining what it is that you want to know. For example, "Will customers purchase my muscadine wine? What will they pay for it?"**
- **With a basic goal in mind, expand on it by developing questions that ask for specific pieces of information such as:**

Do consumers know what muscadines are?

What do they expect muscadine wine to taste like?

What demographic groups are most likely to try it?

What do they expect to pay for it?

Does the packaging suggest a low end or premium product?

Where are they most likely to shop for wine?

Surveying the Local Landscape

- Think about how you will use the information. Will it become part of a business plan used to obtain financing or apply for grant funding? If so, price and sales data may take a front seat to other information.
- What will the project cost? Even a do-it-yourself survey takes time and effort away from managing other aspects of your business. Will it be necessary to budget extra labor or supplies? Will the timing of the survey conflict with harvest or other seasonal aspects of your operations?
- Set a deadline for completion. Remember the old adage that if it weren't for the last minute nothing would ever get done!
- Select the right audience for the survey. Are you interested in the responses of customers, potential customers, wholesalers or retailers?
- Consider surveying subgroups (often referred to as a stratified survey) which vary by location, gender or other identifying characteristics
- Brainstorm sources for identifying survey participants. Current customer lists or trade association members may be a good starting point. For e-mail surveys, Internet discussion forums on food, health or nutrition may yield contacts with narrowly focused interests related to specialty products. For the producer with somewhat deeper pockets, contact lists may be purchased from firms specialized in this field.
- Keep your audience in mind when writing survey questions. Remember that the typical respondent will not possess a producer's in-depth knowledge of a product. Avoid technical jargon, buzz words and complicated descriptions of product attributes.
- Questions should be short, simply worded and to the point to avoid ambiguous responses.
- Avoid asking questions in a way that may bias respondents' answers or encourage them to give the answer that they think you want to hear. For example:

  Potential for Bias: Do you think this muscadine wine is good?

  Better: Would you rate this wine as much better, somewhat better, about the same or not as good as other varieties you have tried?

- Place questions in a logical order from general to specific.
- Group similar questions together. Groups may consist of questions related to pricing, purchase frequency, place of purchase and so on.
- Pre-test any survey with a small group and discuss their impressions of it to make sure that they think they are answering what you think you are asking.

The Johnston Dairy Story

Dairy farmer Russell Johnston sought help from his local university Extension office in designing the questionnaire that was to be administered as part of the Future Farmers of America (FFA) class project discussed in Chapter 2. Russell wished to learn several key pieces of information about his potential customers including what type (whole, low fat, fat free, etc.) of milk they typically purchased and their attitudes toward organic, all natural, local and grass-fed varieties. He was also keenly interested in how much they would be willing to pay for these various attributes. Approximately 200 shoppers were surveyed, revealing several interesting results that were important to Russell's future plans. First of all, despite his interest in offering milk in old-fashioned glass bottles, Russell found that the majority of those surveyed had little interest in such a container and were not willing to pay a premium for it. He also discovered that most shoppers failed to clearly understand the difference between organic, local, all natural and grass-fed milk. He was further surprised to learn that those respondents who professed to be most familiar with organic milk were the least likely to be willing to pay a premium for it. He was, however, pleased to learn that a significant number of shoppers were willing to pay a higher price for milk that was produced and bottled locally. These simple, yet important, results proved to be extremely important in helping Russell to shape future plans for his enterprise while avoiding potentially costly mistakes. The survey is reproduced below and on the following pages. Students conducting the survey reported that it took between 5 and 10 minutes to complete.

Instructions to the Surveyor: Guide him or her through the questions in what is commonly referred to as a "skip" pattern, where certain questions are omitted if their answers are rendered irrelevant by responses to previous questions.

Instructions to Surveyor:

- If the person being interviewed responds "no" on either question 1 or 3 they should go to question 6. If this happens, it will be a very short survey. We are only interested in detailed responses from people who actually shop for groceries and purchase milk.
- Question 4 pertains to the respondent's current milk buying habits and question 5A and 5B asks about their knowledge of various milk products and their possibility of purchasing them if they were available. We don't want them to try to answer questions about the differences in the products. If the person has never heard of it, or doesn't know much about it, then that is important information and they should answer accordingly.
- It will be important to emphasize on #5 that they are to respond with how much they think they would be willing to pay ***ONLY*** if they indicated that they definitely or possibly would pay more. Indicate the most they would pay and check the size they buy most often. It will be important to emphasize "how much": for example, $4/gallon and not "how much more than they are used to paying" (for example an additional $1).
- On #5 (A&B) stress that if someone circles the first box they should go on to the next part and they need to enter an amount only if they indicated that they were definitely or possibly willing to pay more.

Date:_____ Time:_____ Store Location:_____

Introduction:

Hello, I'm [NAME} from the Morgan County High School's FFA. As part of a class project on milk marketing, we are conducting a short survey of milk consumption and buying habits. As part of our research, I would like to ask you a few questions about your household's milk purchases and consumption. Do you have a few minutes that you can spare to take part in our survey? It should only take about 5 minutes to complete. It is completely anonymous (no name or personal information is asked for) and you may choose not to answer any questions that you wish.

1. How much of your household's grocery shopping to you do?
   - ☐ All of it
   - ☐ More than half, but not all of it
   - ☐ Less than half of it
   - ☐ None of it (If you answered "None of it" please go to question 6)

2. Who does the rest of your household's grocery shopping?
   - ☐ Husband
   - ☐ Wife
   - ☐ Child
   - ☐ Parent
   - ☐ Other

3. Do you ever purchase milk when grocery shopping?
   - ☐ Yes
   - ☐ No (If you answered "No" please go to question 6)

The surveyor begins by briefly describing the nature of the survey, stating how much of the respondent's time it is likely to take and asking for permission to continue. For web-based surveys, a similar introduction should be included. The survey begins with very general and nonintrusive questions, which also offer the opportunity to end the interview early if subsequent responses are expected to yield little useful information.

The next set of questions relates to current purchasing habits for a variety of milk products. Responses to these questions help to create a profile of consumers' purchasing habits and suggest varieties, container sizes and prices that customers are likely to find acceptable.

4. For each milk product in the following table, please check the boxes that best describe your milk buying habits.

This Question Relates To Your Current Milk Purchasing Habits

Milk Product	Do You Buy This Product?	Do You Drink This Product?	How often do you buy?	What container size do you generally buy?	Where Do You Usually Buy?	Average price paid? (Check and fill in price or Use "D" if you don't know)
Plain Whole	☐ Yes ☐ No	☐ Yes ☐ No	☐ Never ☐ More than once a week ☐ Weekly ☐ Every 2 weeks or more	☐ Gallon ☐ ½ Gallon ☐ Pint ☐ Quart	☐ Supermarket ☐ Convenience Store ☐ Mass Merchandise ☐ Other Store	☐ Gallon $_____ ☐ ½ Gallon $_____ ☐ Pint $_____ ☐ Quart $_____
Lowfat (0.5% - 1%)	☐ Yes ☐ No	☐ Yes ☐ No	☐ Never ☐ More than once a week ☐ Weekly ☐ Every 2 weeks or more	☐ Gallon ☐ ½ Gallon ☐ Pint ☐ Quart	☐ Supermarket ☐ Convenience Store ☐ Mass Merchandise ☐ Other Store	☐ Gallon $_____ ☐ ½ Gallon $_____ ☐ Pint $_____ ☐ Quart $_____
Reduced Fat (2%)	☐ Yes ☐ No	☐ Yes ☐ No	☐ Never ☐ More than once a week ☐ Weekly ☐ Every 2 weeks or more	☐ Gallon ☐ ½ Gallon ☐ Pint ☐ Quart	☐ Supermarket ☐ Convenience Store ☐ Mass Merchandise ☐ Other Store	☐ Gallon $_____ ☐ ½ Gallon $_____ ☐ Pint $_____ ☐ Quart $_____
Fat Free (skim)	☐ Yes ☐ No	☐ Yes ☐ No	☐ Never ☐ More than once a week ☐ Weekly ☐ Every 2 weeks or more	☐ Gallon ☐ ½ Gallon ☐ Pint ☐ Quart	☐ Supermarket ☐ Convenience Store ☐ Mass Merchandise ☐ Other Store	☐ Gallon $_____ ☐ ½ Gallon $_____ ☐ Pint $_____ ☐ Quart $_____
Butter milk	☐ Yes ☐ No	☐ Yes ☐ No	☐ Never ☐ More than once a week ☐ Weekly ☐ Every 2 weeks or more	☐ Gallon ☐ ½ Gallon ☐ Pint ☐ Quart	☐ Supermarket ☐ Convenience Store ☐ Mass Merchandise ☐ Other Store	☐ Gallon $_____ ☐ ½ Gallon $_____ ☐ Pint $_____ ☐ Quart $_____
Flavored milk (chocolate, strawberry, etc..)	☐ Yes ☐ No	☐ Yes ☐ No	☐ Never ☐ More than once a week ☐ Weekly ☐ Every 2 weeks or more	☐ Gallon ☐ ½ Gallon ☐ Pint ☐ Quart	☐ Supermarket ☐ Convenience Store ☐ Mass Merchandise ☐ Other Store	☐ Gallon $_____ ☐ ½ Gallon $_____ ☐ Pint $_____ ☐ Quart $_____

5A. For each milk product in the following table, please check the boxes that best describe your knowledge of that product and your likelihood of purchasing it if it were available.

This Question Relates To Your Likelihood Of Purchasing Premium Milk Products If They Were Available

Milk Product	Which best describes your knowledge of this product?	Which best describes your likelihood of purchasing this product instead of what you usually purchase?	If you would definitely or possibly be willing to purchase this product instead of what you purchase most often, check the size you would buy and enter the most you think you would pay?
Organic Milk	☐ I have never heard of it ☐ I have heard of it but don't know much about it. ☐ I know a lot about it	☐ I would definitely be willing to pay more ☐ I would possibly be willing to pay more ☐ I would buy only if it were the same price as what I usually buy ☐ I would buy only if it were priced lower than what I usually buy ☐ I would never buy	☐ Gallon $_____ ☐ ½ Gallon $_____ ☐ Pint $_____ ☐ Quart $_____
Local Farm Processed Milk	☐ I have never heard of it ☐ I have heard of it but don't know much about it. ☐ I know a lot about it	☐ I would definitely be willing to pay more ☐ I would possibly be willing to pay more ☐ I would buy only if it were the same price as what I usually buy ☐ I would buy only if it were priced lower than what I usually buy ☐ I would never buy	☐ Gallon $_____ ☐ ½ Gallon $_____ ☐ Pint $_____ ☐ Quart $_____
All Natural Milk	☐ I have never heard of it ☐ I have heard of it but don't know much about it. ☐ I know a lot about it	☐ I would definitely be willing to pay more ☐ I would possibly be willing to pay more ☐ I would buy only if it were the same price as what I usually buy ☐ I would buy only if it were priced lower than what I usually buy ☐ I would never buy	☐ Gallon $_____ ☐ ½ Gallon $_____ ☐ Pint $_____ ☐ Quart $_____
Grass-Fed Milk	☐ I have never heard of it ☐ I have heard of it but don't know much about it. ☐ I know a lot about it	☐ I would definitely be willing to pay more ☐ I would possibly be willing to pay more ☐ I would buy only if it were the same price as what I usually buy ☐ I would buy only if it were priced lower than what I usually buy ☐ I would never buy	☐ Gallon $_____ ☐ ½ Gallon $_____ ☐ Pint $_____ ☐ Quart $_____

The next set of questions seeks to evaluate consumers' familiarity with various premium and value-added milk products, as well as their willingness to pay a premium for them.

5B. For each type of milk container in the following table, please check the box that best describes your likelihood of purchasing milk in this type of container. If you usually purchase milk in this type of container, please check the first box and skip to the next container type.

This Question Relates To Your Likelihood of Purchasing Milk In Various Container Types

Container Type	Which best describes your likelihood of purchasing milk in this type container instead of what you usually purchase?	If you would definitely or possibly be willing to purchase milk in this type container instead of what you purchase most often, check the size you would buy and enter the most you think you would pay?
Plastic Jug	☐ I usually purchase milk in this type container (skip to next type) ☐ I would definitely be willing to pay more ☐ I would possibly be willing to pay more ☐ I would buy only if it were the same price as what I usually buy ☐ I would buy only if it were priced lower than what I usually buy ☐ I would never buy	☐ Gallon $_____ ☐ ½ Gallon $_____ ☐ Pint $_____ ☐ Quart $_____
Paper Carton	☐ I usually purchase milk in this type container (skip to next type) ☐ I would definitely be willing to pay more ☐ I would possibly be willing to pay more ☐ I would buy only if it were the same price as what I usually buy ☐ I would buy only if it were priced lower than what I usually buy ☐ I would never buy	☐ Gallon $_____ ☐ ½ Gallon $_____ ☐ Pint $_____ ☐ Quart $_____
Returnable Glass Bottle	☐ I usually purchase milk in this type container (skip to next type) ☐ I would definitely be willing to pay more ☐ I would possibly be willing to pay more ☐ I would buy only if it were the same price as what I usually buy ☐ I would buy only if it were priced lower than what I usually buy ☐ I would never buy	☐ Gallon $_____ ☐ ½ Gallon $_____ ☐ Pint $_____ ☐ Quart $_____
Disposable Glass Bottle	☐ I usually purchase milk in this type container ☐ I would definitely be willing to pay more ☐ I would possibly be willing to pay more ☐ I would buy only if it were the same price as what I usually buy ☐ I would buy only if it were priced lower than what I usually buy ☐ I would never buy	☐ Gallon $_____ ☐ ½ Gallon $_____ ☐ Pint $_____ ☐ Quart $_____

Questions relating to consumers' preferences for alternative packaging were also a primary concern for this particular dairy farmer's future business plans.

Respondents are often reluctant to answer more personal questions such as those relating to household income. For this reason, such questions are asked near the end of the survey. If a respondent appears hesitant to answer such questions, the surveyor may need to reassure him or her that all answers are anonymous, as no identifying information such as name or address has been asked for. As a last resort, it may be necessary to skip such questions. Placing them last ensures that all other possible information has been gathered before the interview is terminated.

Thank you for your patience. You are almost finished. Please answer just a few more questions about you, so we can compare your answers with others.

6. Gender *check one* ☐Male ☐Female

7. How many children live in your household? _____ number of children

8. How many adults (over 18) live in your household? _____ number of adults

9. What is the highest grade of school or year of college you have completed? *Check one*
   - ☐ less High School Diploma/GED
   - ☐ High School Diploma/GED
   - ☐ Some college/technical/ Associate degree
   - ☐ Bachelors Degree
   - ☐ Some graduate work
   - ☐ Advanced Degree, Professional Degree

10. What is your age? _____Years old

11. What race do you consider yourself to be? *Check one.*
   - ☐White
   - ☐Black
   - ☐Asian
   - ☐Hispanic
   - ☐Multi-racial
   - ☐Refused

12. What was your total household income (before taxes) last year? We don't need an exact figure, just an approximate category, so please check your total family income for last year. *Check one.*
   - ☐$14,999 or less
   - ☐$15,000 -- $24,999
   - ☐$25,000 - $34,999
   - ☐$35,000 - $49,999
   - ☐$50,000 - $74,999
   - ☐$75,000 or more
   - ☐ Don't know/ Do not want to answer

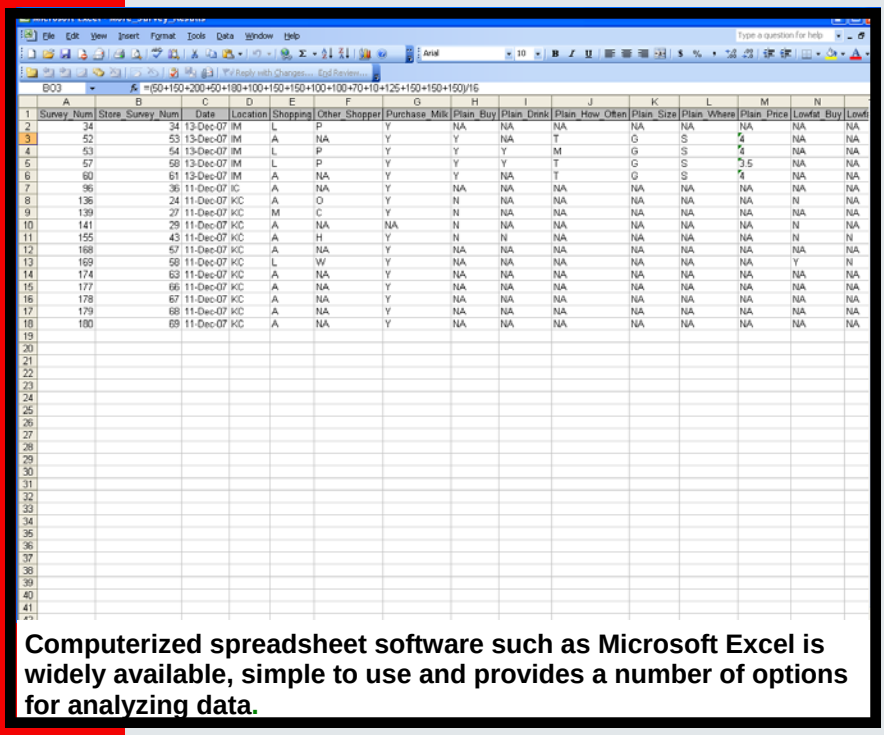
13. How much do you typically spend on groceries each week? _____$/week

That's all the questions. Thank you for participating in this survey. You may be assured that this survey is completely anonymous and that all of the information you provide will be kept strictly confidential.

Chapter 6

Analyzing Data

The mere mention of data analysis strikes fear into the hearts of many small business owners, conjuring up images of statisticians or mathematicians spending hours pouring over complex mathematical models. The fact is that, while highly complex analytical methods do indeed exist, simple visualization of data combined with a few basic statistical concepts and a sense of curiosity about what motivates customers can yield valuable results for the small producer marketing his own products. Fortunately for today's small producer, analyzing the results of his or her own market research is simpler than ever before thanks to the wide availability of computer spreadsheet software, such as Microsoft Excel, which offers easy-to-use options for coding, viewing and analyzing data; creating summary charts and graphs; and even performing more complex statistical analysis.



Computerized spreadsheet software such as Microsoft Excel is widely available, simple to use and provides a number of options for analyzing data.

The first step in data analysis usually involves keying the collected data into spreadsheet software. Although numerous options exist, the examples that follow will be presented using Microsoft Excel due to its wide availability and extensive use in other small business applications. Only the most basic familiarity with spreadsheet software is assumed. Those who require an introduction to, or a refresher course in, Excel are urged to refer to one of the many Microsoft Excel users manuals currently available.

Data should be checked for obvious errors as it is keyed into the computer. Typical errors that would bias results or confuse later analysis include selections to

scaled questions that are clearly impossible, responses to questions about prices paid that are obviously far too high or too low, multiple responses to the same question and so on. In many cases, professional researchers working with surveys of hundreds, or even thousands, of respondents may choose to invalidate certain questions or even entire surveys, due to erroneous data. The small producer, working with few data points, may hesitate to discard data, opting instead to make "common sense" corrections whenever possible. For example, a respondent claiming to pay, on average, $48 per pound for bananas may reasonably be assumed to intend that the figure was actually 48 cents. Excessive numbers of such responses may, however, point to a failure on the part of the survey writer or surveyor and not the respondent, reinforcing the need for pre-testing surveys discussed in the previous chapter.

Open-ended questions pose special problems in coding data, since answers often do not lend themselves to single answers such as yes or no; poor, fair, good or excellent; or $2.49 per pound. Usually a system must be devised for categorizing answers to open-ended questions for coding purposes. This may be viewed by some as negating the usefulness of open-ended questions in the first place. It is important to remember that much of the value of open-ended questions lies in the opportunity for respondents to propose answers that might otherwise not have been included in a set of possible answers to a closed-ended question. Thus, open-ended questions may be viewed as giving respondents the chance to collectively develop their own set of possible responses. An alternative approach to analyzing open-ended questions may be to categorize them by certain common key words appearing in the response that describe the respondents attitudes or impressions about the product.

A substantial amount of the analysis performed on primary data by do-it-yourself researchers will involve what is commonly referred to as cross tabulation.

Cross tabulation is quite simply the simultaneous tabulation of respondents' answers to two questions. A simple example of this concept would be to simultaneously tabulate respondents' answers to the questions of whether they are male or female and whether they would purchase a product. Suppose that 60 out of 100 respondents are found to be female and the other 40 are male. Suppose further that 54 of the 60 females and only 8 of the 40 males surveyed expressed an interest in purchasing the product in question. This simple piece of information, obtained from cross tabulation of the answers to questions about gender and purchase interest, would tell the researcher a great deal about which gender his marketing efforts should be directed toward.

In general, one cross tabulation category will consist of subgroups based on some demographic characteristic. Possibilities include gender, age, race, income level, marital status, number of children in the household and so on. The second category will relate to some attribute of, or attitude toward, the product such as interest in purchasing it, perceived taste, quality, value relative to its competitors and so on. The possible combinations of questions that may be considered for cross tabulation are limited only by the data that is collected. Analyzing data by means of cross tabulation is an area in which the producer/researcher should allow curiosity to be his guide in investigating respondents' feelings toward his product.

Calculation of simple percentages across demographic groups simplifies interpretation of results. From the previous example, we would see that 90% of females and only 20% of males express an interest in purchasing the product. Percentages also enable the researcher to apply cross tabulation results to secondary demographic data to draw conclusions about the potential market for a product. Consider the example of a producer of grass-fed organic beef, who conducts a survey of local consumers willing to purchase his product. Let us assume that a cross tabulation of data shows that among households earning $250,000 per year or more, 50% are willing to purchase his product at $7 per pound, but among households earning less than $50,000 per year, only 5% are willing to purchase it. If secondary data shows that less than 1% of households in his

target marketing area earn $250,000 or more per year, he may need to reconsider his pricing strategy, his marketing territory or both. Careful cross tabulation and analysis by subgroups, combined with secondary demographic data, is an important tool for the small producer/marketer, and may serve to validate sound marketing strategies as well as expose flaws in questionable strategies.

Working With Excel

Microsoft Excel is one of several widely available computerized spreadsheet software packages that can be used to analyze primary and secondary data gathered as part of the marketing research process. The following pointers are intended to provide a sampling of the types of questions that may be answered using Excel or similar software, and not as an instructional guide to the software itself. The reader is strongly encouraged to consult one of the many introductory guides available for Excel (or other software) for more detailed instruction on its usage.

Microsoft Excel - More_Survey_Results

File Edit View Insert Format Tools Data Window Help

Type a question for help

Arial 10

Reply with Changes... End Review...

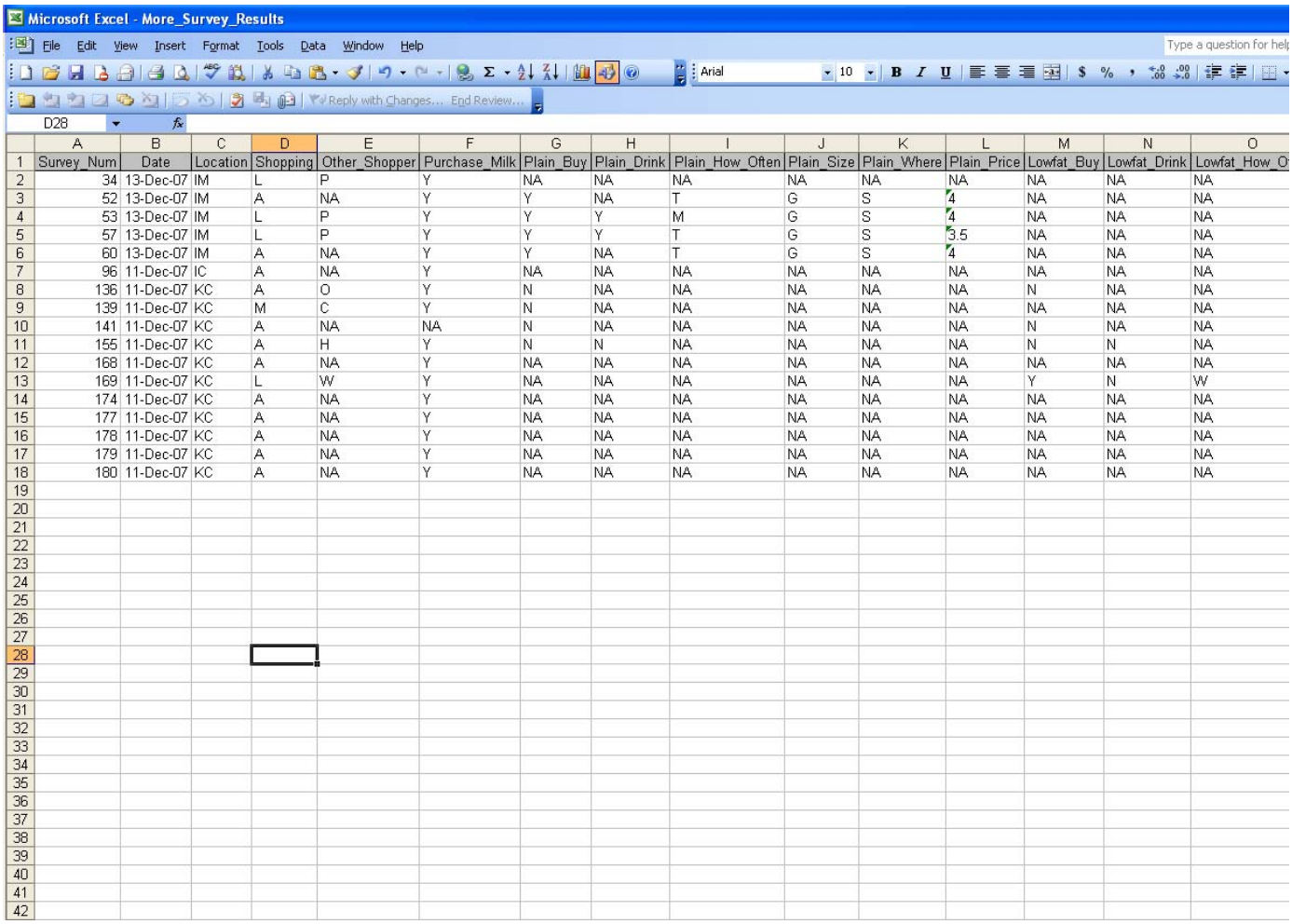
BO3 =(50+150+200+50+180+100+150+150+100+100+70+10+125+150+150+150)/16

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	
1	Survey_Num	Store_Survey_Num	Date	Location	Shopping	Other_Shopper	Purchase_Milk	Plain_Buy	Plain_Drink	Plain_How_Often	Plain_Size	Plain_Where	Plain_Price	Lowfat_Buy	Lowfa
2	34	34	13-Dec-07	IM	L	P	Y	NA	NA	NA	NA	NA	NA	NA	NA
3	52	53	13-Dec-07	IM	A	NA	Y	Y	NA	T	G	S	4	NA	NA
4	53	54	13-Dec-07	IM	L	P	Y	Y	Y	M	G	S	4	NA	NA
5	57	58	13-Dec-07	IM	L	P	Y	Y	Y	T	G	S	3.5	NA	NA
6	60	61	13-Dec-07	IM	A	NA	Y	Y	NA	T	G	S	4	NA	NA
7	96	36	11-Dec-07	IC	A	NA	Y	NA	NA	NA	NA	NA	NA	NA	NA
8	136	24	11-Dec-07	KC	A	O	Y	N	NA	NA	NA	NA	NA	N	NA
9	139	27	11-Dec-07	KC	M	C	Y	N	NA	NA	NA	NA	NA	NA	NA
10	141	29	11-Dec-07	KC	A	NA	NA	N	NA	NA	NA	NA	NA	N	NA
11	155	43	11-Dec-07	KC	A	H	Y	N	N	NA	NA	NA	NA	N	N
12	168	57	11-Dec-07	KC	A	NA	Y	NA	NA	NA	NA	NA	NA	NA	NA
13	169	58	11-Dec-07	KC	L	W	Y	NA	NA	NA	NA	NA	NA	Y	N
14	174	63	11-Dec-07	KC	A	NA	Y	NA	NA	NA	NA	NA	NA	NA	NA
15	177	66	11-Dec-07	KC	A	NA	Y	NA	NA	NA	NA	NA	NA	NA	NA
16	178	67	11-Dec-07	KC	A	NA	Y	NA	NA	NA	NA	NA	NA	NA	NA
17	179	68	11-Dec-07	KC	A	NA	Y	NA	NA	NA	NA	NA	NA	NA	NA
18	180	69	11-Dec-07	KC	A	NA	Y	NA	NA	NA	NA	NA	NA	NA	NA

Data entered into a spreadsheet is organized by rows and columns. The example above is representative of data collected from the sample survey shown at the end of Chapter 5.

Working With Excel

In this example, each row contains the results of an individual survey, and columns contain the responses to individual questions. Column A identifies each survey by a survey number. The ability to identify individual surveys may be useful in isolating data errors that were overlooked when the data was keyed into the spreadsheet. Some may also find it useful to include identifiers for the person administering the survey, if more than one person is involved. Column B gives the date that the survey was administered on. Column C indicates the location at which the survey was administered. Location information may be particularly important in investigating whether responses vary based on where the survey was administered. Such information may help the producer to determine if his product is likely to be successful in some locations but not in others. For example, customers surveyed at a farmers' market may be willing to pay a greater premium for local or organic products than those surveyed at a discount grocery store.

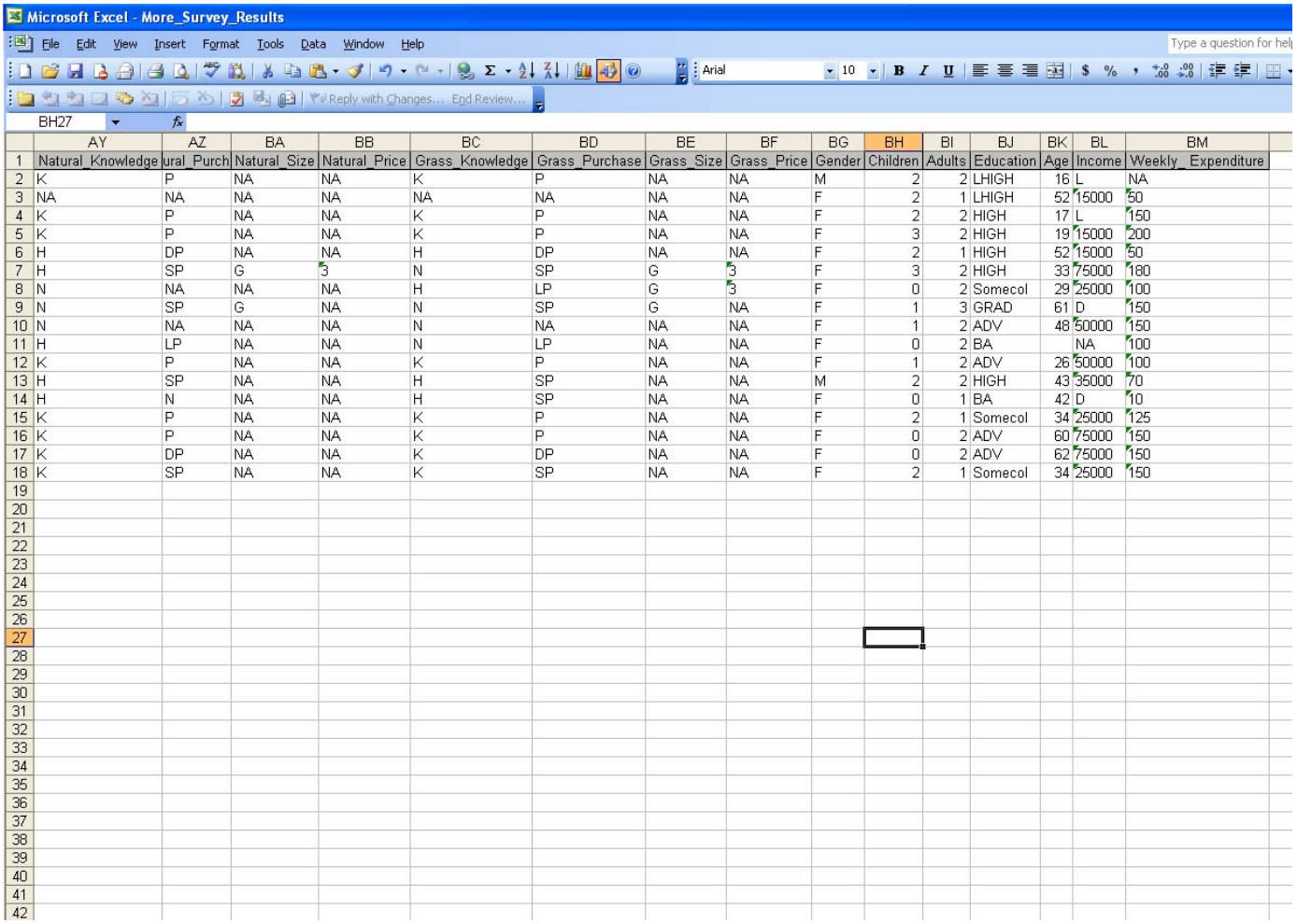


	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	Survey_Num	Date	Location	Shopping	Other_Shopper	Purchase_Milk	Plain_Buy	Plain_Drink	Plain_How_Often	Plain_Size	Plain_Where	Plain_Price	Lowfat_Buy	Lowfat_Drink	Lowfat_How_O
2	34	13-Dec-07	IM	L	P	Y	NA	NA	NA	NA	NA	NA	NA	NA	NA
3	52	13-Dec-07	IM	A	NA	Y	Y	NA	T	G	S	4	NA	NA	NA
4	53	13-Dec-07	IM	L	P	Y	Y	Y	M	G	S	4	NA	NA	NA
5	57	13-Dec-07	IM	L	P	Y	Y	Y	T	G	S	3.5	NA	NA	NA
6	60	13-Dec-07	IM	A	NA	Y	Y	NA	T	G	S	4	NA	NA	NA
7	96	11-Dec-07	IC	A	NA	Y	NA	NA	NA	NA	NA	NA	NA	NA	NA
8	136	11-Dec-07	KC	A	O	Y	N	NA	NA	NA	NA	NA	N	NA	NA
9	139	11-Dec-07	KC	M	C	Y	N	NA	NA	NA	NA	NA	NA	NA	NA
10	141	11-Dec-07	KC	A	NA	NA	N	NA	NA	NA	NA	NA	N	NA	NA
11	155	11-Dec-07	KC	A	H	Y	N	N	NA	NA	NA	NA	N	N	NA
12	168	11-Dec-07	KC	A	NA	Y	NA	NA	NA	NA	NA	NA	NA	NA	NA
13	169	11-Dec-07	KC	L	W	Y	NA	NA	NA	NA	NA	NA	Y	N	W
14	174	11-Dec-07	KC	A	NA	Y	NA	NA	NA	NA	NA	NA	NA	NA	NA
15	177	11-Dec-07	KC	A	NA	Y	NA	NA	NA	NA	NA	NA	NA	NA	NA
16	178	11-Dec-07	KC	A	NA	Y	NA	NA	NA	NA	NA	NA	NA	NA	NA
17	179	11-Dec-07	KC	A	NA	Y	NA	NA	NA	NA	NA	NA	NA	NA	NA
18	180	11-Dec-07	KC	A	NA	Y	NA	NA	NA	NA	NA	NA	NA	NA	NA

Responses will usually need to be coded for simplicity. Column D contains answers to the question: "How much of your household's grocery shopping do you do?" Coded responses are "A" for All of It, "M" for More than half of it, "L" for less than half of it and "N" for none of it. Questions of this type allow the researcher to gauge interest in his product among those who actually make most of the purchase decisions. Interest in a product by someone who does all of a household's shopping is obviously preferred to interest by a family member who almost never shops.

Working With Excel

Scrolling to the opposite end of the example spreadsheet shows coded responses to demographic questions including gender, number of children in the household, age and family income. These responses will enable the producer to build a profile of those who are most likely to show an interest in his product and those who are not.

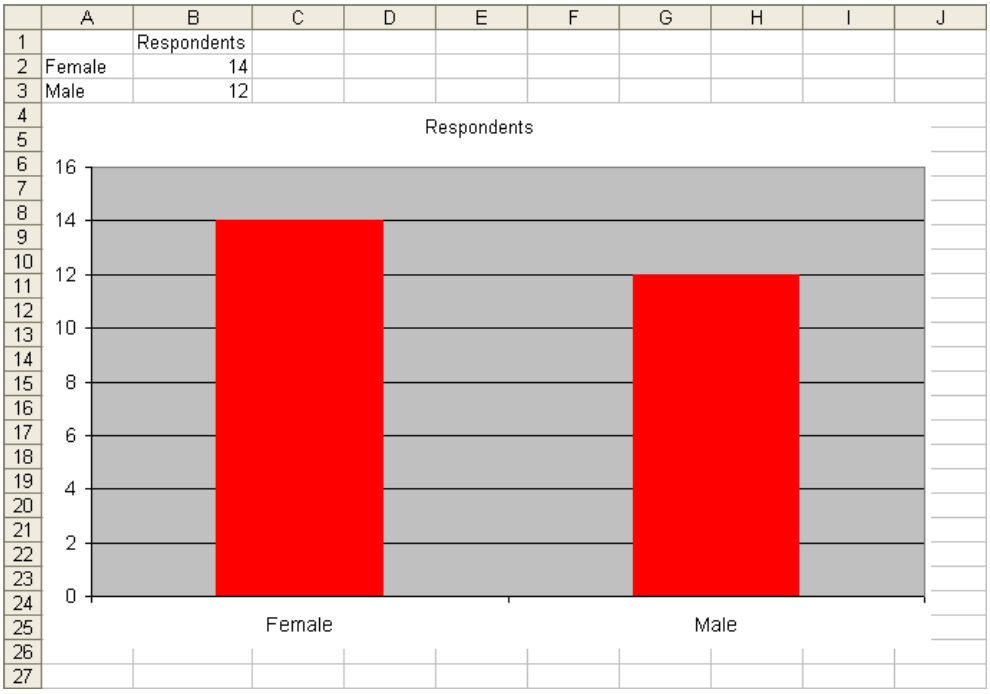


	AY	AZ	BA	BB	BC	BD	BE	BF	BG	BH	BI	BJ	BK	BL	BM
1	Natural_Knowledge	ural_Purch	Natural_Size	Natural_Price	Grass_Knowledge	Grass_Purchase	Grass_Size	Grass_Price	Gender	Children	Adults	Education	Age	Income	Weekly_ Expenditure
2	K	P	NA	NA	K	P	NA	NA	M	2	2	LHIGH	16	L	NA
3	NA	NA	NA	NA	NA	NA	NA	NA	F	2	1	LHIGH	52	15000	50
4	K	P	NA	NA	K	P	NA	NA	F	2	2	HIGH	17	L	150
5	K	P	NA	NA	K	P	NA	NA	F	3	2	HIGH	19	15000	200
6	H	DP	NA	NA	H	DP	NA	NA	F	2	1	HIGH	52	15000	50
7	H	SP	G	3	N	SP	G	3	F	3	2	HIGH	33	75000	180
8	N	NA	NA	NA	H	LP	G	3	F	0	2	Somecol	29	25000	100
9	N	SP	G	NA	N	SP	G	NA	F	1	3	GRAD	61	D	150
10	N	NA	NA	NA	N	NA	NA	NA	F	1	2	ADV	48	50000	150
11	H	LP	NA	NA	N	LP	NA	NA	F	0	2	BA		NA	100
12	K	P	NA	NA	K	P	NA	NA	F	1	2	ADV	26	50000	100
13	H	SP	NA	NA	H	SP	NA	NA	M	2	2	HIGH	43	35000	70
14	H	N	NA	NA	H	SP	NA	NA	F	0	1	BA	42	D	10
15	K	P	NA	NA	K	P	NA	NA	F	2	1	Somecol	34	25000	125
16	K	P	NA	NA	K	P	NA	NA	F	0	2	ADV	60	75000	150
17	K	DP	NA	NA	K	DP	NA	NA	F	0	2	ADV	62	75000	150
18	K	SP	NA	NA	K	SP	NA	NA	F	2	1	Somecol	34	25000	150

Once the data is coded and entered into the spreadsheet, the researcher can begin to manipulate it in ways that allow him to answer questions about respondent's attitudes toward his product. This is often referred to as cross tabulation. Cross tabulation allows the researcher to divide respondents into sub categories such as male and female, young and old, households with children and those without, and so on. Responses to questions about the acceptability of a product, the price a consumer would be willing to pay and the frequency with which he or she might expect to purchase it can be compared across sub categories.

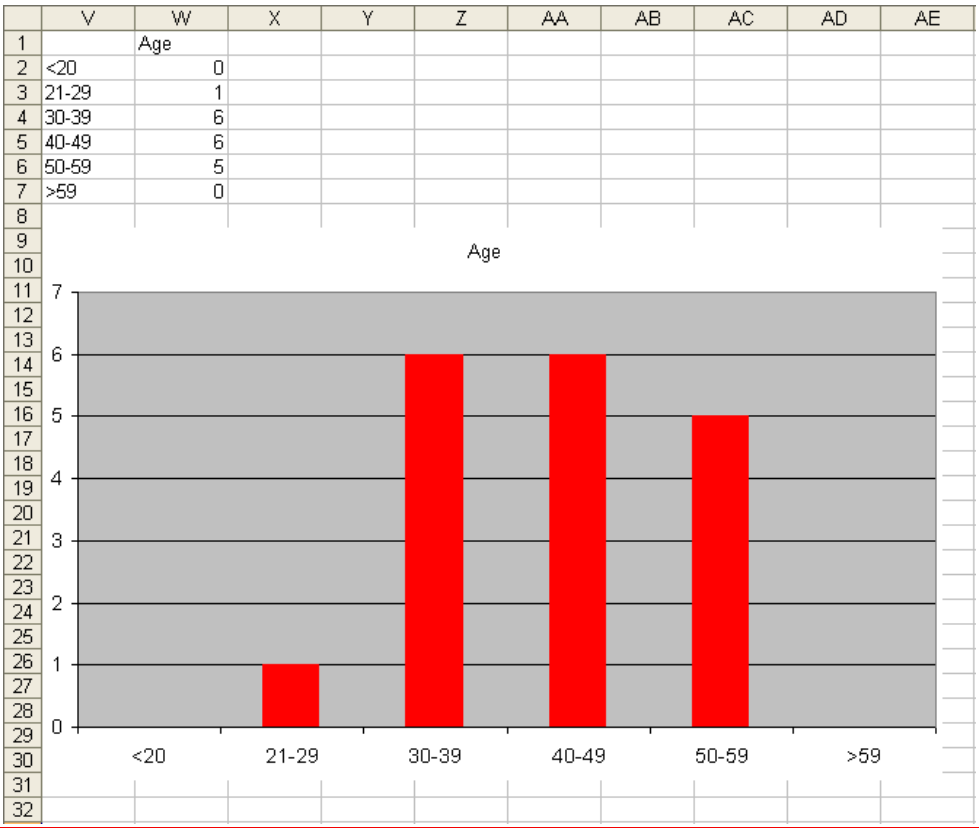
Working With Excel

The researcher may wish to begin by calculating a few simple statistics aimed at providing an overall picture of those participating in the survey. The examples below show that the 14 females and 12 males participated in this sample survey.



	A	B
1		Respondents
2	Female	14
3	Male	12

Most respondents were between 30 and 49 years old.

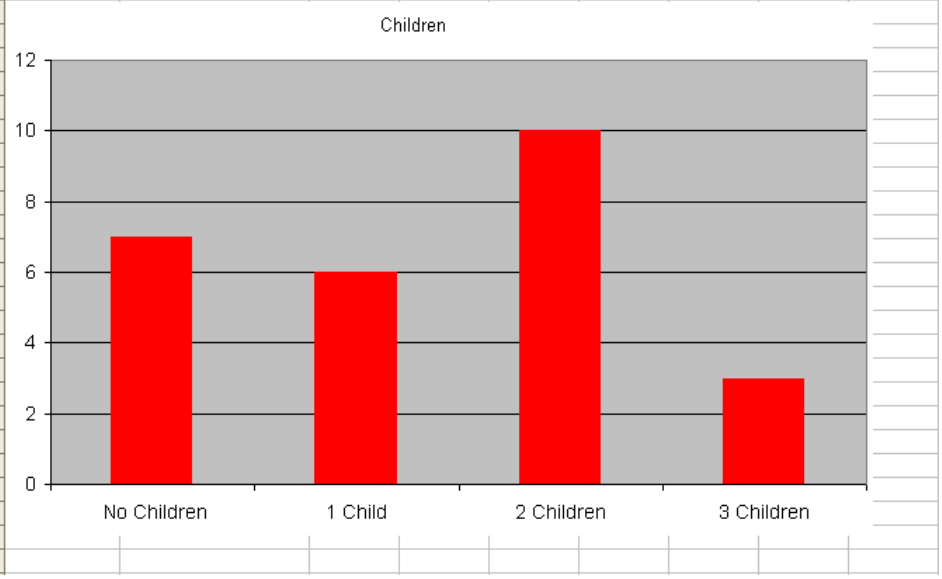


	V	W
1		Age
2	<20	0
3	21-29	1
4	30-39	6
5	40-49	6
6	50-59	5
7	>59	0

Working With Excel

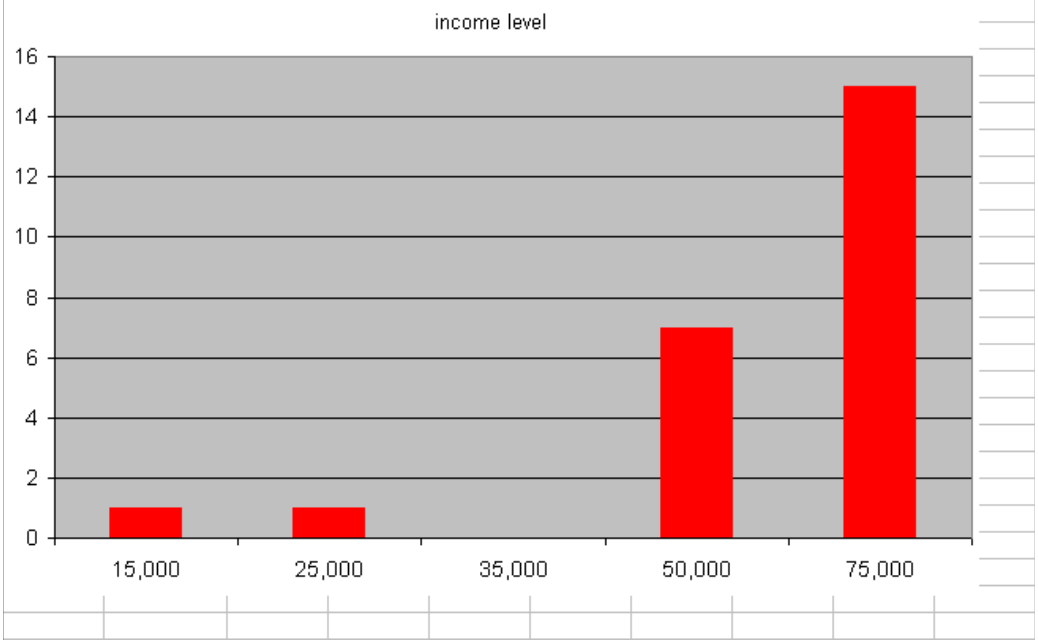
The typical respondent had between 1 and 3 children in their household.

	L	M
1		Children
2	No Children	7
3	1 Child	6
4	2 Children	10
5	3 Children	3



Most respondents earned more than $75,000 per year. At this point the researcher may wish to compare these demographic results to those obtained from an outside source such as those published by the U.S. Census Bureau for the area being surveyed. Do numbers from the two sources differ? This could mean that those surveyed are not representative of the entire local area.

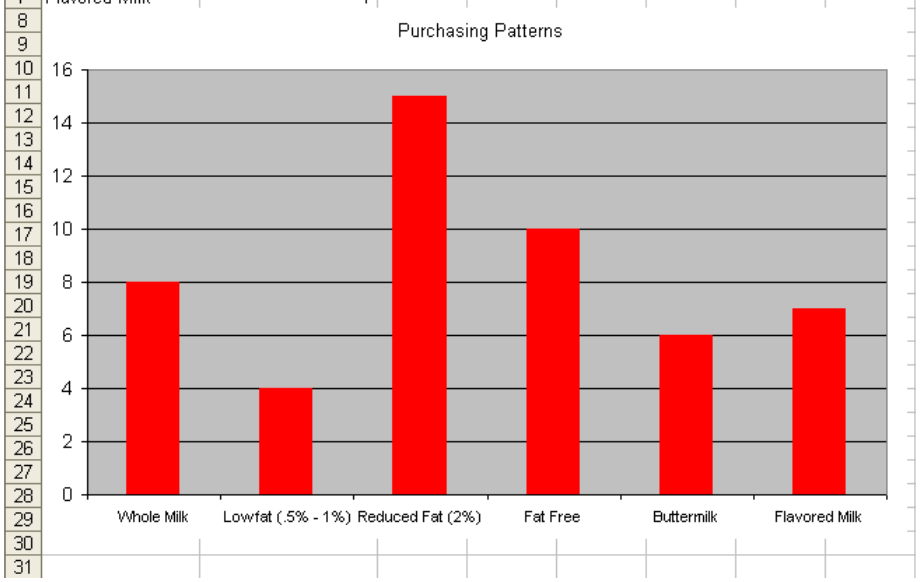
	income level
15,000	1
25,000	1
35,000	0
50,000	7
75,000	15



Working With Excel

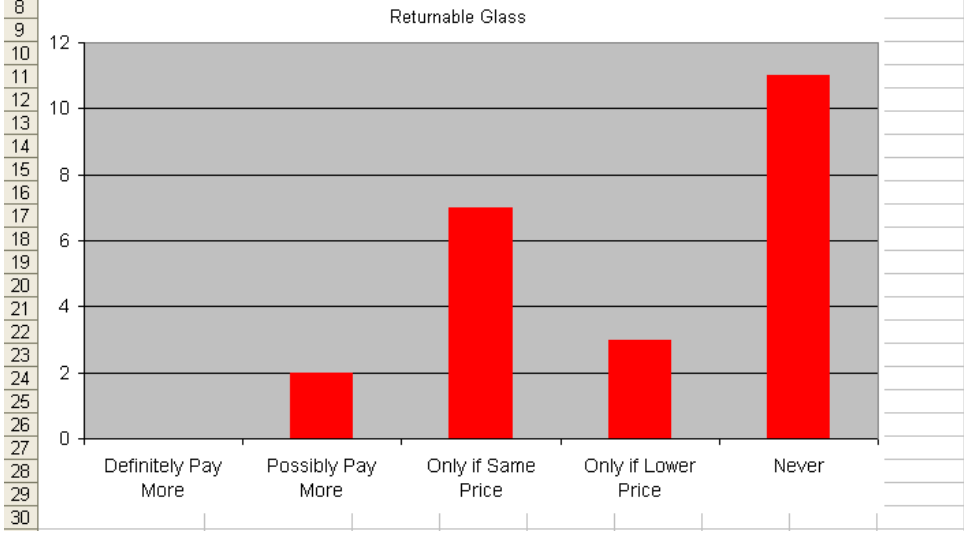
Recall that dairy farmer Russell Johnston was interested in what type of milk product he should offer for sale. It appears that offering only whole milk would miss a substantial part of the local market in his area.

	A	B
1		Purchasing Patterns
2	Whole Milk	8
3	Lowfat (.5% - 1%)	4
4	Reduced Fat (2%)	15
5	Fat Free	10
6	Buttermilk	6
7	Flavored Milk	7



Johnston was originally interested in offering milk in old-fashioned glass bottles. What does the data have to say about the wisdom of this idea?

	B	C
1		Returnable Glass
2	Definitely Pay More	0
3	Possibly Pay More	2
4	Only if Same Price	7
5	Only if Lower Price	3
6	Never	11



Evaluation Form

The preceding guide to conducting local market research is geared toward assisting small producers of local and value-added food products in evaluating the market potential for their products. This guide stresses the need for surveying consumers in order to obtain their attitudes and opinions regarding products. The authors would like to employ this same principle by asking you, the reader, to share your opinions regarding this publication with us. Please take a few minutes to complete the following questionnaire so that future editions may be revised to include additional information that you believe will be beneficial to you in researching the market for your value-added food product. Completed questionnaires may be e-mailed to: tlshep@uga.edu.

Dr. Tommie Shepherd
Agribusiness Economist
Center for Agribusiness & Economic Development
201 Conner Hall
The University of Georgia
Athens, GA 30602

1. What product(s) do you currently produce and sell? _____
2. What product(s) do you plan to produce and sell in the future?_____
3. Where is your business located?_____
4. How long have you been in business?_____
5. Who are your primary customers?_____
6. What is the name and address of your business?_____

   _____

   _____

   _____

7. Please briefly describe your current marketing program.

   _____

   _____

   _____

   _____

8. For each chapter in the following table, please check the boxes that best describe your impression of the information presented.

Chapter	Did you read this chapter?	Was the material in this chapter understandable?	How useful was information in this chapter to you?	What information in this chapter do you think can be applied to your business?	Do you believe that this chapter provided you enough information to apply these concepts?
Introduction	☐ Yes ☐ No	☐ Yes ☐ No	☐ Very useful ☐ Useful ☐ Somewhat useful ☐ Not useful at all	☐ Understanding the need for Market Research ☐ Understanding the Role of Market Research ☐ Other_____	☐ Yes ☐ No
1. What is Marketing Research and How Can it Benefit Local Producers	☐ Yes ☐ No	☐ Yes ☐ No	☐ Very useful ☐ Useful ☐ Somewhat useful ☐ Not useful at all	☐ Setting Goals ☐ Defining Objectives ☐ Assessing the Market ☐ Other_____	☐ Yes ☐ No
2. Exploring the Market For Your Product	☐ Yes ☐ No	☐ Yes ☐ No	☐ Very useful ☐ Useful ☐ Somewhat useful ☐ Not useful at all	☐ Background Research ☐ Customer Interviews ☐ Focus Groups ☐ Other_____	☐ Yes ☐ No
3. Collecting Data From Secondary Sources	☐ Yes ☐ No	☐ Yes ☐ No	☐ Very useful ☐ Useful ☐ Somewhat useful ☐ Not useful at all	☐ Collecting Market Data ☐ Collecting Demographic Data ☐ Following Industry Trends ☐ Keeping Track of Competitors ☐ Other_____	☐ Yes ☐ No
4. Collecting Primary Data	☐ Yes ☐ No	☐ Yes ☐ No	☐ Very useful ☐ Useful ☐ Somewhat useful ☐ Not useful at all	☐ Collecting Data Face-to-Face ☐ Collecting Data Via the Internet ☐ Conducting Phone Surveys ☐ Other_____	☐ Yes ☐ No
5. Conducting Surveys	☐ Yes ☐ No	☐ Yes ☐ No	☐ Very useful ☐ Useful ☐ Somewhat useful ☐ Not useful at all	☐ Design Customer Surveys ☐ Conducting Surveys ☐ Other_____	☐ Yes ☐ No
6. Analyzing Data	☐ Yes ☐ No	☐ Yes ☐ No	☐ Very useful ☐ Useful ☐ Somewhat useful ☐ Not useful at all	☐ Analyze Secondary Data ☐ Analyze Primary Data ☐ Drawing Conclusions ☐ Other_____	☐ Yes ☐ No

9. Please use this space to make any additional comments.