

Lesson E2–1

Selecting a Marketing Approach

Unit E. Horticultural Business Management

Problem Area 2. Marketing Horticulture Products

Lesson I. Selecting a Marketing Approach

New Mexico Content Standard:

Pathway Strand: Agribusiness Systems

Standard: VI: Use sales and marketing principles to accomplish an AFNR business objective.

Benchmark: VI-A: Conduct market research.

Performance Standard: 1. Evaluate methods of marketing products and services. 2. Apply economic principles to marketing (e.g., supply and demand). 3. Research products and service design(s).

Student Learning Objectives. Instruction in this lesson should result in students achieving the following objectives:

1. Identify different ways to market horticulture products.
2. Identify the four P's of marketing.
3. Explain the purpose of labeling horticulture products.
4. Explain how prices are determined.

List of Resources. The following resources may be useful in teaching this lesson:

Recommended Resources. One of the following resources should be selected to accompany the lesson:

Newman, Michael E. and Walter J. Wills. *Agribusiness Management and Entrepreneurship*. Third Edition. Danville, Illinois: Interstate Publishers, Inc., 1994.

Other Resources. The following resources will be useful to students and teachers:

Schroeder, Charles B., et al. *Introduction to Horticulture*, Third Edition. Danville, Illinois: Interstate Publishers, Inc., 2000.

List of Equipment, Tools, Supplies and Facilities

- Writing surface
- Overhead projector
- Transparencies from attached masters
- Copies of student lab sheet

Terms. The following terms are presented in this lesson (shown in bold italics):

- Advertising
- Direct markup pricing
- Marketing
- Marketing mix
- Price promotions
- Pricing strategy
- Profit margin
- Profit margin pricing

Interest Approach. Use an interest approach that will prepare the students for the lesson. Teachers often develop approaches for their unique class and student situations. A possible approach is included here.

Explain to students that selecting a marketing approach is similar to selecting something to wear. Businesses have to consider many different factors. For example who is their target market, what is their product or service, what is the price of the product or service? When you're picking out an outfit you have to consider where you are going, what the weather is like, what you'll be doing. Students need to understand that everything in business takes careful planning.

Summary of Content and Teaching Strategies

Objective 1: Identify different ways to market horticulture products.

Anticipated Problem: How can horticulture products be marketed?

- I. There are four major ways to market agribusiness and horticulture crops. These include: advertising, price promotion, merchandising promotions, and public relations programs. **Marketing** is providing customers with the horticulture products and services they want.
 - A. **Advertising** is communicating with customers about your products or services using mass media. Examples of mass media include television, radio, print, and billboards. Advertising can focus on either products or the business itself.
 - B. **Price promotions** are incentives passed from the retailer to the consumer in the form of savings. Incentives can be in the form of rebates or coupons. The purpose of a price promotion is to increase sales quickly.
 - C. Merchandising promotions are designed to increase sales by introducing new products in an obvious manner. The use of banners and signs is a type of merchandising promotion.
 - D. Public relations activities are important to sell products and services in small and large businesses alike. The goal of public relations is to present both the product and company favorably.

Ask the students to think of different marketing methods they've seen. Examples could include free products or coupons off the next visit. Did these methods make them want to purchase more? Did it make them change their mind about what they wanted to purchase? Tell them to consider these methods the next time they're making a purchase. TM: E2–1A highlights the different types of marketing methods.

Objective 2: Identify the four P's of marketing.

Anticipated Problem: What are the four P's of marketing?

- II. The combination of the four factors used in trying to reach target customers is known as a **marketing mix**. These four factors are product, place, price, and promotion. The right combination of these factors is essential to a successful business.
 - A. Product refers to producing a product or service that meets the need of consumers.
 - B. Place refers to the product being where the customer wants it, when they want it, at a price they want to pay for it.
 - C. Price is the cost of the product in dollars. The price should reflect current market conditions.
 - D. Promoting a product is a form of advertising. It involves communicating between the seller and the customer.

Have students read the appropriate sections in Agribusiness Management and Entrepreneurship for more information on the four P's. Use TM: E2–1B to review the four P's of the marketing mix.

Objective 3: Explain the purpose of labeling horticulture products.

Anticipated Problem: What is the purpose of labeling horticulture products?

- III. Labels serve many purposes. Labels help identify and give information about the product inside. Labels can be printed on the product container or on a tag inserted in the plant.
 - A. Information to be listed on the label is determined by the product. Plant products should include both the common and scientific name. Seeds should be labeled according to their purity and inspection. Special instructions should also be included on the label.
 - B. Labels on pesticide containers are legal documents. The United States Department of Agriculture regulates truthful labeling on all pesticide containers.

Ask students to consider what they'd do if they picked up their prescription at the pharmacy and there was no label on it? Would they still take it? Would they know how much or when? Labeling is just as important when it comes to horticulture products. Use TM: E2–1C to review the purpose of labeling.

Objective 4: Explain how prices are determined.

Anticipated Problem: How are prices determined?

- IV. Competitive, reasonable pricing is important in helping keep businesses operating. Pricing should help cover basic business costs and create a profit, but should not be above the current market value. **Pricing strategy** is the process of pricing products and services. Pricing methods are based on cost, competition, and what the customer expects to pay.
 - A. Profit margin pricing and direct markup pricing are both examples of cost based pricing methods. A **profit margin** is a financial return after costs and expenses. **Profit margin pricing** can be calculated by adding the actual cost to the percent profit desired per unit. Multiplying the actual cost by a constant factor results in **direct markup pricing**.
 - B. Pricing based on competition and pricing based on what the customer expects to pay both require strategy to ensure profit. At times, the selling price is greater than the cost. Therefore, money could be lost if the pricing is not carefully monitored.

Students should understand the importance of pricing horticulture products. A fair profit has to be made on all products and service in order for a business to operate. Use TM: E2–1D to review the methods in which prices are determined.

Review/Summary. Summarize the lesson by reviewing the student learning objectives. The anticipated problems can be used as student review questions. Chapter reviews from the recommended resource books may also be helpful.

Application. The following student activity can be used to apply the student learning objectives: LS: E2–1A—Marketing Horticulture Crops.

Evaluation. Evaluation should be based on student comprehension of the learning objectives. This can be determined by using the attached written sample test.

Answers to Sample Test:

Part One: Matching

1=d, 2=e, 3=c, 4=b, 5=f, 6=a

Part Two: Completion

1. product, place, price, promotion
2. products, services
3. profit
4. cost
5. cost, competition, what the customer expects to pay

Part Three: Short Answer

1. advertising, price promotions, merchandising promotions, public relations programs
2. Labels help identify and give information about the product.

Sample Test

Name _____

Test

Lesson E2–1: Selecting a Marketing Approach

Part One: Matching

Instructions. Match the term with the correct response. Write the letter of the term by the definition.

- a. price promotions
- b. merchandising promotions
- c. profit margin pricing

- d. pricing strategy
- e. direct markup pricing
- f. profit margin

- _____ 1. process of pricing products and services
- _____ 2. calculating product cost by multiplying the actual cost by a constant factor
- _____ 3. calculating prices by adding the actual cost to the percent profit desired per unit
- _____ 4. use of banners and signs to introduce new products in order to increase sales
- _____ 5. financial return after costs and expenses
- _____ 6. incentives passed from the retailer to consumer in the form of rebates or coupons

Part Two: Completion

Instructions. Provide the word or words to complete the following statements.

1. The four factors that make up the marketing mix include _____, _____, _____, and _____.
 2. Marketing is providing customers with the horticultural _____ and _____ they need.
 3. Pricing should help cover basic business costs and create a _____.
 4. Profit margin pricing and direct markup pricing are both examples of _____ based pricing methods.
 5. Pricing methods are based on _____, _____, and what the _____.
-

Part Three: Short Answer

Instructions: Provide the word or words to complete the following statements.

1. List four ways to market horticulture crops.
 2. What is the purpose of labeling horticulture products?

FOUR WAYS TO MARKET HORTICULTURE CROPS

- **advertising**
- **price promotions**
- **merchandising promotions**
- **public relations programs**

FOUR P'S OF MARKETING

- **Product**
- **Place**
- **Price**
- **Promotion**

LABELING HORTICULTURE PRODUCTS

- Identifies the product
- Gives information about the product
- Can be printed directly on the container, on a removable label, or on a tag
- Labels on pesticide containers are legal documents

HOW ARE PRICES DETERMINED?

- **Pricing strategy**—the process of pricing products and services
- **Profit margin**—financial return after costs and expenses
- **Profit margin pricing**—calculated by adding the actual cost to the percent profit desired per unit
- **Direct markup pricing**—calculated by multiplying the actual cost by a constant factor

Lab Sheet

Marketing Horticulture Crops

Instructions:

Choose a horticulture product. Describe how to market this product using each of the four ways to market horticulture crops. Be as specific as possible.

Product: _____

1. Advertising:

2. Price Promotions:

3. Merchandising Promotions:

4. Public Relations Programs: