

# Marketing: The Key to a Successful Shiitake Mushroom Business<sup>1</sup>

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**ABSTRACT:** Now the work begins! After all the drilling, dunking, moving of logs, and picking of mushrooms... you need customers. This paper takes your business out of the picking room and into the business room. An overview of the marketing process will help you understand the importance of a good marketing plan. Discussions focus on the before and after of marketing and how it relates to Shiitake mushrooms. From market assessment to personal selling this paper touches on many topics including: distribution, packaging, pricing, & promotion, all of which are crucial to a successful business.

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## Introduction

This paper is about marketing your Shiitake mushrooms. You have put in huge amounts of labor, and expense... so now what do you do with all those 'shrooms? Hopefully you are asking yourself this question before you invested the money and labor.

## Market Overview

First and foremost, business owners must understand that there is a difference between marketing and sales. Marketing is a broader, umbrella like term that includes all of the activities necessary to bring a product to market... and sales plays a crucial role at the end of the process. One part of the Market Overview is:

- A. Market Planning - not just "to make money" What you want to accomplish needs to be more than just "to make Money". Your objectives must be specific... i.e. "To begin selling mushrooms to 3 new grocery stores", "to increase my volume to wholesalers by 10%. This plan must be realistic, for your organization, your resources, and your market area.
- B. Positioning alternatives for Shiitake mushrooms.

## Market Assessment

This is an analysis of the current environment for your product. It is both a snapshot for where it is now and a constantly moving picture.

Information for your market assessment comes from magazines, research reports, and most importantly what other people tell you. You must store this information somehow:

- in your memory
- on a scrap of paper

- in a filing system
- as part of your marketing plan

The decisions made in your market assessment will affect you operation's:

- Target markets
- Product form
- Prices
- Packaging
- Promotional & Research efforts
- Financial projections
- Long range planning

Your Market Assessment is never "done". It includes always asking questions and being on the lookout for information sources.

Components of Market Assessment:

- Distribution channels (e.g., Who carries speciality products in your area?)
- Consumer profiles & activities (e.g., What kinds of chefs and institutions are buying Shiitakes?)
- Shiitake competitors (e.g., Who and where are they. Price. Their future.)
- Shiitake patterns and projections (e.g., How much is being grown?)
- Industry developments (e.g., Is this new strain better than mine?)
- Environmental factors (e.g., What will my taxes be next year? Weather?)

## Distribution

Your product must be available when & where your customers want to buy them!

- A. Overview of distribution channels.
  1. Direct marketing (e.g., Farmers' market)
  2. Wholesale markets (e.g., Restaurants, hotels)

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3. Retail markets (e.g., Chain grocery stores)
- B. How to select a channel
1. Review your resources
  2. Find a “good fit”
  3. Estimate your profit potential with each channel
  4. Identify subjective factors
- C. Characteristics and thoughts
1. The nature of the produce business is to do things quickly. Mushrooms are perishable items which deteriorate quickly and can reduce sales and profits.
  2. Consider your costs and time commitment when selecting your distribution channel. For example, are you better off to do more packaging, and deliver to a grocery store to get a higher price; or to do bulk packaging and ship overnight? Or can you find a customer who takes a set amount every week without any phone contacts etc.? Do you need refrigerated vehicles?

## Packaging

Packaging can be defined as the activities of designing and producing the container or wrapper for a product. It is a means by which you communicate your positioning statement and product information to the consumer. Many marketing experts consider packaging to be the fifth P in the product mix of product, price, place, and promotion. Packaging is your “silent salesperson”, make it clear, concise, and appealing.

- A. Boxes. Boxes are your bulk shipment vehicle, the appearance of the box is less important, but still must be considered. Costs for boxes is considerable, ranging up to \$1.00/box. Buy in large quantities if possible, and consider buying for more than one producer.
- B. Plastics. Plastic containers are used when selling to retail grocery stores when mushrooms are sold in prepackaged quantities. These containers can be used in conjunction with a lid, or with a plastic wrap. Presentation is critical for this type of packaging... your “silent salesperson”.
- C. Labels. Labels can have many uses:
  - to identify the product or brand (extremely important)
  - describe the product (e.g., Organic, log grown Shiitake Mushrooms)
  - grade the mushrooms
  - promote the product
  - nutritional information

Labels must convey the necessary information and remain visually pleasing. Labels must be accurate. They should not mislead the customers or fail to include pertinent information.

## Pricing

The pricing function of the marketing mix does not mean picking a price for your product and if it doesn't sell, lowering your price. Pricing decisions are very complex. They are based on knowing your costs, and desired profit margins as well as the competition's price. Pricing will change, and requires a little bit of theory and a little bit of “gut” feeling.

- A. Influences on demand
- B. Market prices
- C. Setting a price
- D. Markups and margins
- E. Establishing operating costs
- F. Reactions to falling prices
- G. Negotiating a price

## Promotion

Your product can be promoted through the use of advertising, public relations, sales promotion, and personal selling. These four components are called the promotional mix.

- A. *Promotion as communications* - Good Communication is the key. You need to understand that by believing in what you are selling, you are creating a belief in the customer as well. Knowing how to sense this and react effectively to achieve the sale is the challenge.
- B. *Knowing your target audience* - Address this first because all other decisions revolve around the target.
- C. *Setting promotional objectives* - Have a plan so you can refer to it as frequently as needed to stay on task and record observations and results.
- D. *Developing a promotional strategy* - This plan will assist in developing a “What Works” Program for you. This again should keep you on task and allow you to recognize the positive marketing tools that you will need.
- E. *Promotional tools* - There are many. Some of the most important include:

### Personal Selling

- Trade Shows
- Upper Midwest Hospitality Restaurant and Lodging Show
- Minnesota Good Expo
- Minnesota Grocers Association
- Vocational Technical Schools
- Cooking Schools

- Farmers Markets
- Direct Marketing
- State Fairs

### **Public Relations**

### **Personal Assessment**

### **Public Image**

- Packaging appearance
- Mode of Transportation (Van, Car, etc.)

### **Publicity**

- General Advertising

### **General Media**

#### *Media Advantages and Limitations -*

Each form of media has advantages and disadvantages. By recognizing these and knowing your target audience and their needs, you can minimize wasted time and money.

## **Personal Selling**

Keep in mind that as with all marketing information, there is REALLY no Perfect Solution. It is trial and error and a lot of hard work. Your successes make it worth it!

- Preparing to sell
  - Stable Product
  - Established Prices
  - Packaging
  - Promotional Support
  - Distribution Channels
- Prospecting New Accounts
- Qualifying Your Customers

#### ***Remember not to put all your shiitake in one basket***

- The Sales Model
  - Have a plan for each account
  - Develop a presentation
  - know the key objections ahead of the meeting
  - Ask for the order
  - Provide excellent service and follow-up call
- Feature Statements
- Selling to Wholesalers and Retailers