

## Marketing Overview

The Marketing Plan begins by clearly defining the niche the business owner expects to fill. Any business failing to do this will have a difficult startup phase. This is especially true in any agriculture industry and for any farm. Developing a Marketing Plan as part of the business plan will assist greatly in focusing productive energy towards generating sales and income.

- Description of the Alpaca Industry and where your alpaca farm fits in - What part of the agriculture/alpaca industry will you operate in? How big is your operation? What exactly are you producing?
- Market Sales - Volume of sales. Annual sales projections.
- Trends - Past and current trends and their effects on business
- Political/Legal Aspects of Marketing - Trade regulations. State and Federal laws which effect marketing
- Competition - Other producers who vie for market share. A view towards a competitive edge.
- Customer Analysis and Response - Identify the customer base and how to respond to customer demands.
- Target and Future Sales - Sales targets, new markets, anticipated growth in market share and sales
- Pricing - Price setting, calculation of costs, profit margins and market prices
- Promotion and Advertising - Details on promotion and advertising
- Distribution - Transport, shipping and delivery

Description of the Alpaca Industry and where your alpaca farm fits in

Basic questions to answer here will reflect answers to our "checklist for prospective owners". Will your operation be based solely on sales of breeding stock? Will your business include sales of fleece or finished goods? (A retail "farm store" will need a seperate plan). Will it be part of a more diversified farm operation? How do you foresee this developing in the medium to long term?

### Market Sales

Be conservative in this section, especially if you are just starting out. It is easy to let one's enthusiasm for the animals overcome better judgment about how many sales will be closed.

### Trends

Figures are extremely difficult to come by for this section. Possible sources are auction results and inquiry statistics from the AOBA members' site.

### Political/Legal Aspects of Marketing

Factors to consider here include local zoning ordinances, interstate transportation requirements, etc. For example, one breeder who determined to sell manure discovered that local law required that a nutrient analysis be completed and the manure be labeled.

## Competition

On the surface, the alpaca industry is very amicable. When developing a business plan it is important to realize that other breeders are in fact one's competition. How will you establish a competitive edge? Size, selection, quality, and service are all areas to explore.

## Customer Analysis and Response

For animal sales, this is another tough area to define, since buyers seem to defy demographic definitions. However, it will be much easier to define a customer base if there is sale of any raw, intermediate or finished products.

It would be good to take time to visualize potential problems with customers and how one plans to deal with them. This industry is currently a high dollar, high stakes environment, and it would be wise to be prepared to deal with customer demands in a pro-active manner.

## Target and Future Sales

Hint - think in terms of units rather than dollars. This is less stressful for most of us. To be profitable, the price of each unit must exceed its cost. Most owners must balance sales/income with desired herd growth, which means one must be prepared for the occasional year of all males.

## Pricing

It will be tempting, especially for a newcomer to the business, to attempt to generate sales with the strategy of price cutting. This is a two edged sword. Low prices are often associated with low quality. A better strategy may well be to set prices in the same range as other competitors in your area while identifying services or other offers that will draw customers.

## Promotion and Advertising

This is a very important area that is often overlooked by the new owner. You must have a plan and a budget for marketing. But, marketing and promotion can take many forms and come in many price ranges. At least one major US breeder established their business doing the county fair circuit!

## Distribution

Few alpaca farms will need a detailed plan for this. Raw fleece may be shipped on ground transportation. However, if alpacas are part of a more diversified farming operation, a detailed plan for distribution may well be necessary.