



Collaborative Marketing Models:

How can an entity assist multiple farms to reach value-added markets?

There are many models to consider for multi-farm collaborative marketing businesses. When you review the examples of marketing models that we share, keep in mind that any combination of features can be combined. We are calling this “Hybrid and Tiered” programs. Hybrid implies a combination of two or more models. Tiered means that there could be different levels of participation.

Value-added marketing (not to be confused with value-added products) refers to any marketing channel that is differentiated from commodity channels and implies that the channel offers pricing higher than commodity markets. This includes direct-to-consumer (DTC) channels as well as marketing differentiated by geographic region, production system, breed, and so on.

There are many business models for farms to engage in value-added marketing. In these various models, there is basically a trade-off of marketing responsibilities, pricing, and the ability to accommodate product diversity. In other words, the more marketing responsibility the farm takes on, the higher the price received at the farm gate. Likewise, the more marketing responsibility the company takes on, the less room there is for product diversity.

There are many innovative models out there. What follows is a short summary of a variety of value-added marketing models:

- 1. Independent Farm Marketing**- Common and familiar, this is not a form of collaborative marketing, but offered as a starting point for comparison. This model involves a farm marketing their goods to consumers and wholesale buyers independently, such as farms that sell at farmers markets or to restaurants, etc...
- 2. Certification & Promotion Programs**- These are programs that offer a promotional asset to participating farms based on a common value-added identity. Examples are: “Choose Iowa,” Certified Organic, Certified Humanely Raised, etc... The farm gets the benefit of the recognizable logo and supporting advertising campaign; however each farm essentially works independently for marketing.
- 3. Enhanced Certification & Promotion Program**: This is a concept, for a program that goes a step further than Certification and Promotion programs by offering its membership more marketing services, including, graphic design templates for labels and websites, and help with marketing plan execution. I am not aware of a current example.
- 4. Coordinated, Independent Sales: The Etsy Model**: Etsy is a website for artists to sell their products. In essence, the artists create the inventory and list it on the Etsy site. Customers can order the products and pay on the site and then the farm is responsible for fulfilling the order (pack and deliver/ship). Etsy

promotes itself, driving visitors to the site while individual artists also promote themselves and send customers to “their Etsy store.”

5. **Farm-to-Market models:** In this model, there is a central marketing entity, such as Iowa Food Coop, which promotes its brand and drives visitors to its site where they can browse, order and pay. Once an order is placed, the entity dispatches the producer to either: fulfill the order and deliver to the central entity OR fulfill the order and deliver to the customer. One customer order may include goods produced by several different suppliers, either fulfilled in one delivery by the entity (including pick-up) or all fulfilled independently by the producers.

6. **Live Animal Aggregation:** The entity works as a clearinghouse, to pool multiple farms together in order to reach larger markets while farms maintain ownership. This generically could describe an auction barn that sells individual farm’s livestock in one place, at one time, to aid the buyers. But it could also include an entity which assembles livestock with common traits into tractor trailer load lots for sale at higher prices. The “Buy Virginia Cattle” program is a good example of how this works.

7. **Retailer/Distributor/Food Hub model-** The retailer or distributor purchases the products from the farm and then sells them to its customers (whether consumers or restaurants and retailers). This can be done under a single brand or maintaining the individual farm brand identities. For this discussion, we are talking about a different type of distributor, that focuses on the value-added traits. They buy and own the farm’s product at the time of the final sale.

8. **Branded & Coop Programs-** These are independent branded meat programs which buy finished animals from farms and market them under the brand name. Programs like this typically have production protocols to minimize product diversity from various farm suppliers.