

MARKETING THE SAES

A Background Paper On Marketing Strategies For the State Agricultural Experiment Stations

By
David R. MacKenzie

INTRODUCTION

To most people marketing is synonymous with advertising. This is a natural conclusion, given the daily assault we experience in the print and broadcast media to buy a company's product or service. But, marketing is more than advertising. This background paper attempts to set out a more complete perspective on what is contemporary marketing, and how that specialization might be used to market agricultural research [better food through research?], specifically for the State Agricultural Experiment Station (SAES) system.

Marketing plans parallel other forms of planning efforts (strategic, business, communications) that ask questions such as who, what, when, where, why, and how. But the focus of a marketing plan is on the considerations of getting another person to decide to select your product or service, over some alternative choice. The considerations are on what does the "customer" want? How might we provide that product or service? And what does the competition offer in place of our offering?

The conceptual framework that I will be using is common to graduate business schools¹, modified for application to a situation of public institutions that provide public goods and services that are mostly funded by public tax dollars.

CONCEPTUAL FRAMEWORK

Businesses contemplating the development of a marketing plan are asked by consultants to organize their thinking into the following areas: Customer; Company; and Competition. They are also asked to think about their: Product, Promotion, Place, and Price. These are called the three "Cs" and the four "Ps". Without some redefinition of these terms it is not self evident as to how this conceptual framework would directly apply to a public institution providing public goods with tax dollars. Here is an interpretation.

Customer: Many public servants are opposed to using the term "customer" for the intended users or beneficiaries of the products and services provided by SAES system. Others, usually Total Quality Management" proponents have less problem with the term "customer". But the point is.....Just who are we trying to serve. Moreover, the SAES has done a poor job of defining who the audience is for our messages of success.

In the short term our marketing message may need to be directed to decision-makers. In the long term the message might need to be directed to the consumers of the goods and services of agricultural research. There is also a continuing need to keep informed the direct "customers" of agricultural research; the farmer,

¹ I gratefully acknowledge the assistance in this task of my daughter, Wendy MacKenzie, graduate of the Amos Tuck Graduate Business School at Dartmouth College, and independent marketing consultant.

rancher and forest management communities. This mixture of "customers" compounds our development of a marketing message. A clear decision is needed to define just who is the "marketing audience". And, this will depend on the intention of any SAES system marketing effort.

Company: Clearly, the "company" in our case is the SAES system. But we are continuously confronted with the divisions resulting from institutional autonomy. Contradictory claims for credit for research discoveries confuse the message. Exactly which Station gets credit for individual studies has left a confusing trail of mixed messages. Moreover, our professional writers have stated their belief that it is not possible to write impact statements that are independent of specific state/station credit. This leaves us with a poorly defined "company" to which credit can be assigned. Somehow the "company" needs to be defined.

Once the company is defined, we need to figure out just what is the message we wish to communicate to the customers. Our past attempts at communicating with decision-makers have been a mix of messages, often confusing within a year, and usually varying year-to-year. We need to focus the message.

Once we have defined ourselves and decided on the message we wish to communicate a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis needs to be performed on the "company", both for the internal and the external environments. What do we view as our strengths, as a system? How might we build on those strengths. For example, if we believe that our institutional paradigm of integrating our functions of teaching, research, and extension gives us an advantage over other institutions (like Harvard or Stanford universities), are we using that strength most effectively? Similarly, for our weaknesses, how do these affect our situation regarding our acceptance in the "market"?

What do we see as opportunities for the SAES system? For example, how might we differentiate ourselves from other players? Are we first in science-based services? If not, should we reposition our message into an area that makes us unique?

And what are the threats that we can foresee? Are we concerned for the loss of our formula funding because of poor understanding by decision-makers of the federal-state partnership? Is our collaboration with CSREES as strong today as we need? Do we foresee problems with the continuation of state support for the federal-state partnership? Are we strong in our institutional paradigm that links research, teaching, and extension?

How does this SWOT information align with the "customers" we hope to serve? And how does this information affect the decision-makers we wish to influence? Can we influence policy makers that we deserve a seat at the science-planning table?

Competition: It may be difficult for some in our SAES community to view our system of public institutions as having any competition, as we have the exclusive mandate to service the federal-state partnership in agricultural research. But, the fact is we have strong competition for limited tax-based resources, and the intensity of that competition is increasing. What we have failed to do is clearly identify our competition, and develop a plan for how we will compete successfully.

Why are we left from the table when the federal "science agencies" are asked to plan for future of science investments? Why does NIH annually get budget increases that project to a doubling of resources over a 7 to 10 year period? Why does NSF get major infusions for funding for agricultural genomics research, while USDA waits in the wings?

These are just some of the indicators that point to the problems we face from competition for limited resources. A marketing plan will need to define this competition, and set out strategies for dealing with this competition.

Product: What are we producing as goods and services, as a system? We commonly suggest it is science-based knowledge. But a marketing plan would seek to lay out how are the goods and services **desired** by the intended "customer" would be **delivered**, and the "**believability**" of our claims to being able to provide those goods and services.

The 1998 AREERA requires the Secretary of Agriculture to promulgate regulations for stakeholder listening. These rules are yet to be published, but the message from Congress is clearly that we have not effectively connected with our "customers". What are the products or services that we can provide? What is it that our "customers" want? A marketing plan should address this point.

Promotions: The promotion of goods and services by a private company is most visible to the general public as advertising and public relations, as noted above. This activity then becomes almost synonymous with marketing, but only because of its general visibility. But, promotions can have many forms, ranging in creativity, cost, and effectiveness.

Mass advertising a product like Coca-Cola is intended to create quick product recognition. Purchasing 30 seconds of Super Bowl time may be a good investment in advertising for some products or services that need quick recognition. But is high cost commercial advertising suitable for marketing the SAES system? Cooperative Extension's experience with marketing 4-H (estimated to be \$ 30 million) would suggest that it is not. The expected return on mass advertising investments is low; usually just 1 to 2 per cent for mass mailings. We don't have any reliable information on the return to be expected from broadcast media advertising. But in advertising it is instant name recognition that is sought. What we need, it seems to me, is a good measurable return on our promotional investment activity.

But what might be a successful promotional program for the SAES system? Options include public service announcements (PSA), public relations (PR) projects, direct sales and direct marketing.

- **PSA:** Broadcast stations (radio, TV) are required to provide free air-time as a public service. Could this access to the public be better used by the SAES system? How might that be organized?
- **PR:** The current ECOP/ESCOP Image Enhancement effort is valued as an earnest effort to provide information to the advocates of the SAES and Cooperative Extension systems. But how might that effort fit into a strategically organized marketing plan? What more might be done? Or what might be done differently? Do we need another approach to SAES PR?
- **Direct Sales:** Traditionally, the SAES system has been primarily "direct marketed" through Cooperative Extension. But this has all changed during the past two decades, as the mission of extension has evolved from direct farmer contacts to adult education, and the positioning of private enterprises servicing agriculture on technology transfer. The emergence of the WWW and other IT opportunities might allow a new look at direct marketing strategies that heretofore were not possible, or were unaffordable. But there are problems that need assessment and market planning. For instance, what about the geographic, cultural and economic divides that limit an individual's access to information through the Web?
- **Direct Marketing:** The emergence of e-mail, direct mailing, telemarketing, leaflets, brochures, and end-of-aisle displays are some of more traditional forms of direct marketing. But all of this is changing with new technologies. Kaiser Permanente medical services has developed a system to customize its annual reports to 450,000 "customers" into a personalized single packet of information on medical services they provide. No more wading through hundreds of pages of reports to find what you need. This is done through "data mining". I get LL Bean's fly-fishing catalogue, while my wife gets their casual clothing catalogue. They have studied our interests through our buying habits, and send us what we think we want. Where is this going, and what does it mean for the SAES system? Customized printing enterprises like XYAN, Inc. are developing services to produce "books on demand" (ending costly inventory problems; trimming a book's content to a customer's interests or needs; network their national printing services to save customers' shipping costs, and "single pass" printing jobs for improved turn around and lower costs).

What does the new IT mean for the SAES in promoting its products and services? We have access to very valuable data about our customers that could be mined. We know the crops that our individual farmers are planting. But do our publications match those patterns? We know the contributions of institutions to research discoveries, but do we customize the impact statements for individual readers? Do we deliver messages of our successes using "for-free" channels and stations? Have we developed the habit of recognizing an opportunity to send a message when something successful occurs?

Place: Businesses need to know their delivery system. Where are the "hot markets"? Are they getting the product or service to that market? For the SAES system the question is...where are the opportunities to deliver the goods and services, and how will these be changing with technology, consumption patterns, and regulations? As an example, what are the "place" implications for the globalization of agricultural markets? Are we well placed to assist our customers in the changes about to occur as global competition gets into high gear? Do they know that?

Placement also refers to where and when to place information before the decision-makers. Messages in the Washington Post Newspaper are more valuable at congressional appropriations time than at other times, it is said. And placement of the information in more obscure publications may not work at all.

Advocacy strategies sometimes used by companies to market their goods and services are based on:

business-to-business;
business-to-customer; and,
business-to-business customer.

In the case of *business-to-business* marketing strategies we would encourage and support the farm and ranch communities to advocate for more agricultural research funding, to better meet their needs.

In the case of *business-to-customer* strategies we would advocate for increasing another agency's funding (NASA, EPA, and NIH) to meet the needs of our "customers".

Portions of both of these strategies already exist for the SAES system (e.g., CARET). But the elaboration of such strategies is not complete. For example, might CARET be positioned to advocate for NASA funding that has applications to precision agriculture? Might the Sierra Club be positioned to advocate for more funding for EPA to address the research questions of how better to manage animal waste?

In the *business-to-business customer* approach the customer is persuaded to ask for your businesses' product or service from another business (as the provider). The application of this strategy to marketing the SAES system is in getting our "customers" to ask resource providers to assist them (the customer) through funding of our institutions. This might take the form of farmers and ranchers asking non-USDA agencies to target more money to the SAES system, as their primary providers of knowledge.

Private companies purchase mailing lists of targeted communities-of-interest to do direct mailings. The advantages of direct mailings (and I presume more and more, electronic messages) is the opportunity for the reader to return to a complex message for better comprehension. Broadcast messages must be simple and direct. The SAES message will no doubt be complex and complicated, in many cases. Thus, marketing strategies need to be tailored to the marketing purpose, and not simply replications of what others are doing.

Price: Products or services that are marketed for sale need to consider price in the planning. Over-pricing or under-pricing an offering is obviously a poor marketing strategy. But public institutions do not, for the most part, sell their goods and services. Instead we are reliant on tax-based support for carrying out our research activities, admittedly supplemented from other sources. The marketing issue for us is the cost of doing the research, not the price of the outputs. This then becomes a question of the return on public investments. What are those returns, and how do we look when compared to the alternatives? Are we as attractive as an investment as we need to be? Are the alternative suppliers of agricultural research (private and public) better able, or more efficient than the SAES at providing the needed goods and services?

THE IMMUTABLE LAWS OF MARKETING²

Many individuals view business marketing as an art form. In "The 22 Immutable Laws of Marketing" Ries and Trout (see footnote 2 for a complete reference to this work) make a good case for the determinants for

² From Al Ries and Jack Trout. 1994. "The 22 Immutable Laws of Marketing". HarperBusiness. 143 pages.

successful marketing. They debunk some of the myths of marketing and offer advice on what works and why. The following principles have been extracted from that book, as they appear to be relevant to the contemporary marketing issues that the SAES system is addressing.

Principle 1. *It is better to be first than it is better to be better.* Harvard University was first. William and Mary University was second. The authors make the point of being first really counts. Being first seems to be an important determinant in the minds of who is accepted as better. Being better is not good enough. And trying to be the "Harvard" of your region is not a good strategy. We were the first SAES system, so why do we persist in trying to be something else? Why do we shy away from being the best applied problem solvers the agricultural world has ever seen?

Principle 2. *It is better to be first in the mind, than first in the marketplace.* How do our "customers" perceive us? Are we first in their minds as the place to turn for answers? In many cases we are, but in many others instances, the message gets lost on the decision-makers. Why are we absent from discussions affecting the future of science? Is applied research no longer considered part of science? Have our attempts to move up-stream to basic science left us in *limbo*? Do we understand the perceptions others have of us as a research system? Note: It is the perceptions of others that count; not our own perceptions.

Principle 3. *The most powerful concept in marketing is owning a word in the "prospects" mind.* "Please pass me a Kleenex". "Would you mind FEDEXing it to me?" No matter which brand might eventually be supplied, the thought is on the first placed product or service. How can the SAES system attain this form of ownership? Does the name "State Agricultural Experiment Station"³ convey the sense we wish to communicate? And, as a corollary, *two entities cannot own the same word in the "prospects" mind.* Are we being confused with others by not having singular ownership of a word that identifies us?

Principle 4. *Over time a category will divide into two or more categories.* In the beginning, being an SAES was probably sufficiently descriptive. But today our complex agendas may not be adequately described by SAES. How might we better categorize ourselves so others can understand who we are, what we do, and how they can benefit from our goods and services?

Principle 5. *There is an irresistible pressure to extend the equity of the brand.* In the case of the SAES system, this is seen as "trying to be all things to all people". Are we currently too extended, at the cost of not being perceived by our customers as being able to deliver the goods? How might this perception be affecting our believability? As a corollary, *we have to give up something in order to get something.* How good are we at focusing our agenda, in the eyes of our "customers"? This undoubtedly has an effect on how we are perceived by them.

Principle 6. *For every attribute there is an opposite, effective attribute.* Who are our competitors, and how do our attributes differ? Are we willing to be the best at fundamental biological research? Or should we concentrate on another attribute? If Crest fights cavities, our brand of "toothpaste" better taste good! How should we position ourselves to be the best at what we do, as an attribute? As a corollary *if you are second, and willingly admit it, the "prospect" will give you a positive response.* Everyone knows that Avis car rental is second to Hertz, but they "try harder". The trick is to follow an admission of a negative with a positive message.

Principle 7. *Successful programs are not built on fads, but on trends.* How might we, as a community of research institutions, better recognize the trends of agriculture? Do we follow trends or fads in the area of science? What might be a process for trend identification? How would our stakeholders fit into this process?

³ I recently approach a research manager for the European Union to ask of their interest in setting up collaborative research projects between the EU member universities and the State Agricultural Experiment Station system. He said he was not interested, but instead wanted to link with the Land Grant Universities. Boy, do we have a problem.

Principle 8. *Without adequate funding, a marketing idea won't get off the ground.* We are a \$2 billion per year enterprise with virtually no marketing effort. Does anyone think that the breakthroughs in medicine that appear miraculously in the Washington Post at federal appropriations time are an accident? What do other branches of science invest in marketing? How might we benchmark those activities and costs? How much do we need to invest in our marketing? As a corollary, *successful marketing programs are not built overnight.* Do we have the staying power to support a successful marketing program?

CONCLUSIONS

After reviewing this material, I offer some simple conclusions.

1. We need a marketing plan for the SAES.
2. We don't need an expensive SAES advertising project. We can neither afford one (\$millions), nor would the benefits (brand recognition) be those we desire.
3. We need professional help in developing a project that would market the SAES system to decision-makers. This will take some resources, and some attention from our committee to make it work. Having some marketing professionals involved in the development of an SAES marketing plan from the beginning of our planning effort makes the most sense to me.
4. We can learn by benchmarking the marketing projects of others. What is the Kansas Agricultural Experiment Station doing right?⁴ What does the NIH do to annually increase its funding? What can the milk promotion and egg promotion efforts share with us as relevant marketing experiences?
5. We need to get consensus agreement on a single SAES marketing message. Can we accomplish that goal? What would be the forum for such a decision? Should it be delegated to this committee?
6. We need to get organized so we can recognize when we have a printable story. So many good SAES success stories get no attention in the popular press. Why?
7. We need to find better ways to tell those success stories. The annual preparation of the packet of Impact Statement is a lot of work. Do we know if they are having an impact? Could marketing professionals help us to get a better strategy for telling our success story? And to whom should we be directing those messages?

END OF TEXT

⁴ This past year they seem to be appearing regularly in the Washington Post and the Wall Street Journal.