University of Stellenbosch

Graduate School of Business

Bringing Strawberries online

The Fangmeier approach

E-Marketing Individual Assignment

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Declaration

Hereby I, Alexander Markowski, declare that this work is my own original work and that all sources have been accurately reported and acknowledged, and that this document has not previously in its entirety or in part been submitted at any university in order to obtain an academic qualification.

Bellville, 2002-10-06

Executive Summary

Big dreams, small budgets. The web can be a cost-effective way to level the playing field and compete in a big business economy. But how do we properly harness the Internet?

What makes the Web such an effective marketing tool is the fact that files need not be simply text. Internet marketing offers a cost-effective opportunity to represent the business using interactive colour pictures, film clips and sound. Not only small businesses can present themselves in a commercial manner but they can also draw in customers by allowing them to explore your site interactively. This allows the internet marketing experience to become more than passively absorbing product information. It means customers can now experience products or services through a Web site.

Fangmeier uses the internet to extend its customer base from a very local perspective to a four million prospective customer area. By marketing self-harvesting of strawberries as something different and interesting to different customers, a well designed information based website is the key factor.

It is also a very nice opportunity to form customer relationships over the internet. By doing this, not only new customers are attracted, our existing ones can be retained as well. In certain ways, they are also part of our marketing program.

By using a viral marketing approach, Fangmeier matches marketing strategies from the online and offline world. Adding value to a commodity like strawberries requires extensive thinking and a understanding of the offline as well as the online world.
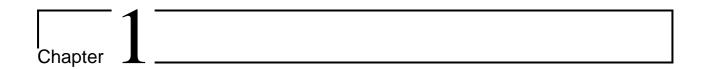
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Chapter 1

Introduction

1.1 Setting the scene

Internet Marketing is the process of building and maintaining customer relationships through online activities to facilitate the exchange of ideas, products, and services that satisfy the goals of both parties (Imber & Toffler (2000)).

Considering a clicks-and-mortar strategy is not applicable for every business. Even if selling the goods online will not work, e-marketing can be utilised in order to gain new customers or maintain old ones.

Let us assume that the business already made a go decision of the market opportunity.

1.2 Objectives

This document aims at formulating a complete marketing strategy and marketing plan for an existing business, in order to integrate e-commerce solutions to their existing business.

A marketing strategy will be formulated; the customer experience as well as marketing program will be designed and discussed in detail.

Since the business uses a pure viral marketing approach (word of mouth) at this point of time, this must be taken into account in internet marketing strategy as well.

The business will not sell products using the internet, but internet will be utilised in order to market the product and service.

1.3   Roadmap

After introducing the business in chapter 2, the e-marketing strategy will be drawn. The e-marketing strategy in chapter 3 consists of three major parts:

Segmentation: is about identifying relevant market segments and their specific needs.

Targeting: enables the business to choose a specific attractive segment that is consistent with the businesses resources and goals.

Positioning: is strategically communicating the product's benefits to the target segment (e.g. branding and the typical 4P's). More emphasis on that will be put in the marketing program itself.

The marketing program is discussed in chapter 4. Emphasis will be put on viral marketing, but issues like branding promotion, customer experience and market communication in terms of price, product, distribution and community will be discussed as well.

Chapter 2

Fangmeier Strawberries

Fangmeier is a small, family owned business located in Linden, Germany. The business has been in existence since 1897, but it was in 1974, that Hermann Fangmeier decided to extend the normal farming business (mainly dairy farming) to include planting strawberries. Since then, more effort was put into growing and harvesting strawberries and by now, it's the main business.

The interesting fact about this strawberry business is the fact that people can also come and harvest strawberries on their own, paying less for their fruits. This kind of action is good fun, especially for kids. The whole family can spend an hour filling their bucket with strawberries for cake, marmalade or other use.

Since 1974, Fangmeier follows a more viral marketing approach, meaning word of mouth, because of the good quality and taste of the crops. The strawberries are also sold on lo-

Figure 2.1: Linden
Source: Expedia, Inc. (2002)

cal food markets on Saturdays[1]. Fangmeier provides a product (strawberries in all kinds and forms[2]) and a service (letting the customers pick the product on their own). Both, product and service are not sellable over the internet, but the internet can help getting new customers. Getting new customers via the internet can also be a affordable way of marketing for a small business.

The mission of the e-marketing strategy will be "Attract new customers, and maintain existing ones" while the vision should be "becoming the strawberry lover-site in northern Germany".

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[1]Historically, Saturday is the day in Germany when fresh food markets take place in most of the cities.
[2]pure fruits, jam, wine, etc.

Chapter 3

Marketing Strategy

3.1 Segmentation

Up to now, Fangmeier targeted only customers in the vicinity of Linden[1] (see picture 2.1), willing to buy or harvest strawberries.

By going online, market segments change not only in size but also in characteristics. They are still looking for customers interested in strawberries. This normally means a market expansion for the business. At the same time, the customer characteristics change, meaning a market reclassification.

While the Bricks-and-Mortar (BAM) business attracted customers hunting for attractive prices for commodities, the online business should try to attract people to spend their free time harvesting strawberries as an experience. Instead of selling a product, the online business will mostly provide information.

The problem with segmentation is, that characteristics like measurability, accessibility, sustainability and actionability are limited due to lack of research possibility. These requirements have to be in place, in order to create an effective segmentation.

3.1.1 Geographics

Segmenting markets on the basis of geography involves dividing the market into different geographical units, eg. states, regions, countries, where the company pays attention to geographical differences in needs and wants.

In our case, we concentrate on a radius of 100 kilometres around Linden, which includes

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[1]around 10,000 people living in an area of $100 km^2$ around Linden

the northern part of Germany and the metropolis-region of Hamburg. This seems to be a reasonable distance to travel for a bucket of strawberries.

3.1.2   Demographics

The target customer is internet literate, interested in exploring information and more educated, Less educated people are not interested in reading pages of text about a commodity like strawberries. Age, race and sex do not play an important role. The income should be higher, not because of the price of the strawberries, but because of the interest and ability of the customer to travel 100 kilometres by car to fetch some strawberries. The customer should be willing to spend a little bit more for the experience to pick strawberries directly from the field.

3.1.3   Psychographics

Using psychographics to segment markets divides buyers into groups based on socio-economic status, lifestyle or personality characteristics.

It does not really matter for us, if the customer is a risk-taker, risk-avoider or an impulsive buyer. He should be interested in getting into the mood of picking strawberries by hand in a friendly environment. Generally speaking, family orientated and leisure driven people would fit to you product.

3.1.4   Behaviour

Behaviour segmentation is where buyers are divided into groups based on their product knowledge, usage, attitudes or responses. Within behaviour segmentation, of particular importance is a powerful form of segmentation, benefit segmentation, which groups buyers depending on the various benefits sought by buyers from the product class.

The benefit in our product is the fact that you can pick and choose your own strawberries; you don't have to buy them in a bulk of 500 grams. They are also very fresh, since they are harvested "just in time", and the taste is much better than everything you can get from Greece or Spain. Taste varies from person to person, but Fangmeier grows their strawberries without fertiliser and other chemicals in a natural environment, not a glasshouse. The current customers value that.

Therefore we are searching for customers that are either a little bit pickier, searching for the freshest and most healthy fruits or really want to enjoy their desert or whatever they make

out of the strawberries. The segment that is pickier with their food is a little bit of a problem, since they refuse to pick something by themselves.

3.1.5   Lifestyle

Lifestyle is originally a part of the psychographics segmentation, but since marketing is more and more based on the different lifestyles, some people tend to give it an own section.

We are searching for people who enjoy the out-doors and are health conscious. Instead of driving out of the city and going for a walk, the customer should drive and pick strawberries. We are not searching for these adrenalin junkies, searching for a new kick, since the strawberry business is not something that fits into their portfolio.

3.1.6   Belief and Value Systems

The culture and language in the northern part of Germany is homogenous, namely German, thereby making communication easier. The belief in eating fruits instead of chocolate for health or other reasons should be embedded in the customer. Strawberries are eaten in almost every culture that knows them.

3.1.7   Life stage

While teenager do not spend time outside anymore, people outside of this life stage are most of the time willing to enjoy themselves in a green environment. Ideally we are looking for couples with or without kids. Single people tend to spend their time somewhere else.

3.2   Targeting

By using a reclassification approach in the market segmentation, we also have to look for different customers. Since the segmentation before was rather broad, a single online segment should now be targeted. This leads to a "Be different" targeting. This does not necessarily mean that we are positioning ourselves away from or against a competitor, but we are trying to capture the attention of completely new customers and target segments.

Nevertheless, we have to choose the segments we want to target. As a first step, we have to evaluate the different segments in order to select segments that have the right size

and growth characteristics. Next, we have to examine the structural attractiveness of the segments, including: current and potential competitors; substitute products; and power of buyer and suppliers.

The evaluation is a little bit short because of a relatively small amount of information about the northern part of Germany, especially in regard to our segments. Generally, households in this region have enough available income, and enjoy to travel a few kilometres to go for an walk in their free time (hamburg.de GmbH & Co. KG (2002)). The people in the metropolis-region Hamburg itself do more than 20 million day-trips as well as 200 million activity driven trips per year. Most of these activities involve sports, but going for a walk accounts for 40 % of these activities. Households with children do usually more activities than households without. More than 20 % of all households in this region have a personal computer and internet access.

Competitors are supermarkets on the first hand, where convenience is first choice. They will also provide strawberries outside the season, by importing them from all over the world. There are also other strawberry farmers, giving the opportunity to harvest strawberries on their own, but none of them is online at the moment.

By targeting the various segments (section 3.1 pointed out a lot of them), undifferentiated marketing will be utilised, meaning that we do not differentiate between the various segments in the marketing program.
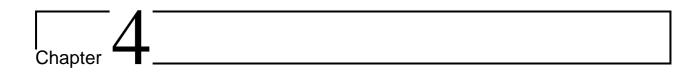
Once the website is established, we can also target prospective customers. One of the main uses of the Web is browsing and gathering purchase-related information. Unlike more traditional forms of marketing, the Web provides a highly targeted and self-selecting audience; for someone to have visited your page they must already be interested in your market.

3.3   Positioning

Positioning is so important to marketers that they do not wish to leave their product's positioning to chance. Instead, they design marketing mixes to create the desired positioning in the minds of their consumers. That is, it is the marketing mix, which creates the product position.

By using a "Be different" targeting approach, the positioning has to follow this approach. Therefore, the new customer segment has to be targeted with a matching marketing program. Further emphasis will be put on positioning in chapter 4.

Generally speaking, the positioning strategy will be based on product attributes mainly, showing the strawberry as the most delicious fruit ever. To prevent marketing the whole category, we have to emphasize, that only picking them fresh and by hand gives the full experience.

Chapter 4

Marketing Program

4.1 Viral Marketing

Viral marketing in the real world is nothing else than word of mouth; translated to the Internet environment it would mean word of e-mail. It is not quite clear how viral marketing works, sometimes it follows rather mysterious ways, but it becomes clear that the Internet offers potential for this kind of strategy. Interesting things will always spread around in newsgroups, e-mails or chat rooms (The Economist (2002)).

By creating useful information about strawberries, people will use and quote this. By doing so, it is passed on to many people. Useful information in the strawberry context might be:

- Recipes for cake, marmalade, punch or desert.

- Health information on strawberries (vitamins, no fat, etc).

- Use of strawberries as a side for main courses or in salads.

- Actual information on the strawberry season (web cam from the field, etc.).

- A strawberry newsgroup or online forum.

- Fitness value of picking strawberries, how to move correctly.

Embedding the "Print this information" or "E-mail to a friend" function in the website, will allow the visitors of the website to pass the information to people they know.

People always love to get something for free, and this information is passed on most quickly. Providing a free email address (user@strawberry.de) might be a good idea, but there are more

than enough free email providers. The last thing people need is another email account or something like a screensaver. Besides, the marketing budget doesn't allow gadgets like that.

But what about quizzes, where someone can win something like a bottle of strawberry wine or something small like a bucket full of the most delicious strawberries.

4.2   The Customer Experience

Customers react to the website design, and they are acting through it. Therefore, we have to 'anticipate' how they will 'click' their way through the website. This is the reason, why designers are more like psychologists. They try to anticipate how your customer will interact with our website. Because of that, they don't just look at what people may be used to, but also what may be better but has never been tried. This fresh approach hopefully results in interfaces that are both delightfully intuitive and smartly engineered.

4.2.1   Functionality

The customer experiences functionality, when the site works very well, meaning he can find everything without searching too long (design), and the site loads quick enough. The requested information must also be available (reliability, no error 404 pages please). If we try to bring special content like webcam pictures or video and audio on the website, we have to ensure that almost every browser and operating system can access the information (media accessibility).

Choosing the right webhoster can solve some of the problems. Granting 99.999% uptime and providing sufficient bandwidth for 1000 users at the same time should be included in the contract. An option of up scaling the site should be included, if we experience massive traffic on the site.

Either contracting a very experienced web designer or doing a lot of beta testing can support the design and accessibility aspect. The experienced web designer is also a good choice when it comes to intimacy and other issues. Being slightly more expensive than the do-it-yourself method, we have something like a guarantee of a good designed website (depending on our specifications obviously).

4.2.2   Intimacy

By providing a different site for every customer (customisation) by using Perl- or ASP Scripts and cookies, the customer feels very understood. Another aspect is unexpected – and often unnecessary – changes in the page layout. The user expects consistency in the site he can customize.

Building trustworthiness is more than setting up a page containing the privacy policy, even if that is important as well. The aspect of communicating with other users is not a minor one. Many customers want to speak to other people in the same community, sharing information, experience and other things. But that is handled in more detail in the community part of the marketing communication section (section 4.3). Communication also involves firm to user communication as well as user to firm communication. The one side is done with newsletters and notify me options, while the user should be able to pass comments to the business. We are not a invisible company behind the website that rarely states a contact email address, we are crystal clear, the customer can communicate with every single employee via email if he wants.

4.2.3   Internalisation

The website should contain more than a facility to sell or buy things. We have to bring interesting things around our core product in order to give the customer the opportunity to spend leisure time on the site by providing lots of surrounding environment like games, news and other things.

We have to state how important the customer is to our business, and what influence he has, in order to get him involved. We really want his feedback on the whole business, even if negative. By involving the customer to that extent, we also gain word of mouth, leading to our viral marketing approach stated in section 4.1.

There should be also premium content on the site, accessible only for our most loyal customers. This makes them feel even more important (platinum cards, etc). A further aspect of this approach is mentioned in section 4.5 under the aspect of relationship marketing.

4.2.4   Evangelism

The fourth and last step in creating the customer experience assumes the three steps before to be complete. This refers mostly to the option of creating a strong brand image by transforming key customers into "preachers of the brand". These are very satisfied customers, who will come back every summer to get the tastiest strawberries. Even though it is easier to build a community in the internet environment, creating this strong support from customers requires a lot of effort.

Since steps one to three have to be passed in order to start with this approach, nobody wants to spare a thought for that right now.

4.3   Market Communication

4.3.1   Product

Strawberries are - like other fruits as well - are products we have little influence in. It just grows. There are different kinds of strawberries, and the way we plant and nurture them is also important. The more naturally, the more healthier and tastier the fruit. This is something that can differentiate us from competitors like supermarkets. While they often don't know where their fruits come from, we can exactly show the spot where the strawberry grew.

Packaging is only necessary for the already harvested ones, and since we present ourselves as very nature loving, it should be a very natural packaging, without any plastic materials. Wood crates or baskets will serve perfectly for this purpose.

4.3.2   Pricing

Strawberries are a commodity, and therefore the prices are not really negotiable. Nevertheless, we can charge a little bit of a premium for the strawberries itself, but have to give discount if someone wants to pick them on his own.

For promotional sake, we can also offer low cost prices on some days or at the end of the season.

4.3.3   Community

By building up a nice website, we are able to build an information-driven community. Information should be given around strawberries. As mentioned in our viral marketing approach,

we have to have newsgroups, chat or mailing lists in place on our website. This requires interactivity between users and the business and in between users.

While strawberries are not the most exiting topic, we have to lever it to a different level, aiming at health and nature, as well as being outside.

4.3.4   Distribution

Distribution is not a issue for the internet marketing, since the product is sold as before in the BAM business.

4.4   Branding

Branding is usually one of the most important parts in the marketing approach. Since strawberries cannot be equipped with a label, the service around has to be 'branded'. In our case, the website is the key to new customers, and therefore the website has to be branded and upgraded.

Trying to brand a commodity like strawberries will not help our business at all. Therefore, the service around, in this case the website, are the best choice when it comes to branding. Creating an image of the strawberry experts by providing lots of useful and technically correct information is the way to go.

4.5   Relationship Marketing

Relationship Marketing, in addition to emphasizing keeping current customers rather than getting new ones, reminds us that customers are important long-term assets that must be valued (and treated likewise) not 'harvested'.

This long-term approach puts an entirely different spin on e-commerce and the relationship between a firm's Web site and its ongoing business. Profitability comes from making existing customers happy, so they become loyal repeat customers.

The business is currently in the awareness phase, this happens even before a person's first visit to your site. Do they hear about your business from a friend? Do they see a link from another site? Do they read about your business on another site or in a magazine or newspaper? Do they find your site on a search engine? Do they see your Web site address on your business card, newsletter, or even invoice (Roger C. Parker (2002))?
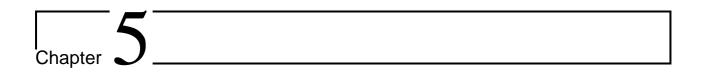
People don't just magically appear at our site. We have to work to get them there. It's vital that we obtain our visitor's e-mail address. But people don't usually just volunteer their e-mail address. We need to find an incentive that will motivate them to provide their e-mail address, like quizzes. One of the surest ways to get someone's e-mail address is to give something away, preferably for free. That may sound expensive, but it doesn't have to be, especially if we can give away something electronic they can download. A strawberry-cooking-recipe-book or scientific information about strawberries in general will do a good job in our case. It should be something of value, which levers the image of the business. But this again leads to our viral marketing approach.

We can also create premium content, forcing the better customers to apply for this and sending them a key back to access the premium content. This email with the key is again very useful in our communication strategy, since we can put other information in the email as well. Premium content can consist of unlinked pages, password-protected pages, or downloadable files.

4.6   Web Advertisement

Since we are at a state of awareness phase, we have to get to the users, and try to get into contact with them. Like stated before, email addresses don't come for free. We have to give incentive to provide the email address to us. Giving away things for free is a very nice idea, but email lists can also be bought. By doing this, we have to be careful, not to get in the area of 'spamming'.

Banner exchange is also a very common thing in the internet community, but the banner has to be designed very well, and the business partners have to be chosen very careful as well.

Chapter 5

Conclusion

The Internet is growing at a phenomenal rate and many organisations are exploring and exploiting its communication potential. Any small business wishing to maximise its growth should look upon the Internet and the applications it can provide such as the World Wide Web and email as a major marketing opportunity.

This is exactly what Fangmeier is trying to do with their online approach. Attracting new customers in a relative cost effective way, utilising the internet. By using a viral marketing approach, existing customers can be retained and new customers will find their way to Linden and Fangmeiers website.

By trying to establish a viral marketing approach, we already have a lot of ideas in place, which are also mentioned in other places in the document. Building a service around the core product is the way to go for this little business, competing against big supermarkets and bigger fruit farms.

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