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Module 3

Managing the Agricultural Business in the Digital Economy

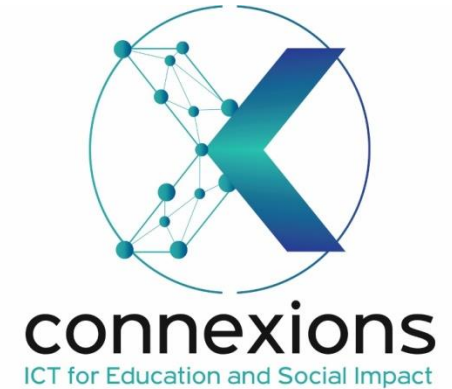


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Modules

1. Introduction to the Digitization in the Agriculture

2. Digital Skills for Improving the Agricultural Business

3. Managing the Agricultural Business in the Digital Economy

4. Building Economical Value Chain in Agricultural Using Digital Technologies

5. Financing the Digital Transformation of the Agricultural Business





Learning Objectives of Module 3

After completing this module, you will:

- ✓ *Understand the importance of strategic thinking*
- ✓ *Know about digital transformation strategies*
- ✓ *Understand how digital transformation changes your business*
- ✓ *Know how to develop agricultural business models*





Unit 1

Strategic Thinking for Digital Transformation

Objectives

- ✓ Adopt new habits and mindsets!
- ✓ Find the will to change!
- ✓ Get long-term competitive advantage in a world that is changing quickly!
- ✓ Become familiar with three new ways of thinking.
- ✓ Find new ways of acting!



Strategic Thinking for Digital Transformation

Today's professionals face a tough problem that has never been seen before: the world is changing much faster than their businesses. Every business, including farm production and agricultural business, has been slammed by the speed of change, which keeps getting faster and faster.

This challenge is hard because there are no signs that things will slow down in the near future. In fact, recent developments in the Internet of Things, artificial intelligence, and blockchain technology show that change is only going to speed up.

Whether we like it or not, we are going to be living in a fast-forward world for a long time.



Habits and Mindsets

It takes courage because adopting new habits means changing long-held assumptions and beliefs about how business works. It's not easy to change habits that have been around for a long time.

Habits have a lot of power because the ways of thinking and acting that they create tend to happen in the background. When this happens, the person is often seen as an expert because their knowledge and skills come naturally to them. As long as, the knowledge and skills are still useful, so are the habits that go along with them.

Habits and Mindsets (2)

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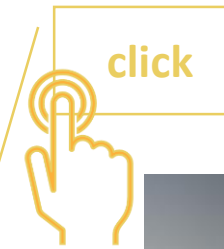
But there comes a time when the old skills and habits no longer bring the benefits as they did in the past. New skills, practices and habits are needed to build on the old ones or completely replace them. And that is precisely the challenge facing farmers and agricultural managers today.

Habits and Mindsets (3)

The world changes much faster than most organizations in agriculture because business leaders, agricultural managers and farmers are stuck in old habits and ways of thinking. If they don't find the will to change, the gap between the world and their organizations will only get bigger.

But if they are willing to think and act differently, they can not only close the gap, but also use their new ways of thinking and acting to create new habits and new ways of thinking as a group that can give them a long-term competitive advantage in a world that is changing quickly.

Adopting new habits means changing long-held assumptions and beliefs about how business works. It is not easy to change habits that have existed for a long time. That takes courage and new mindset.



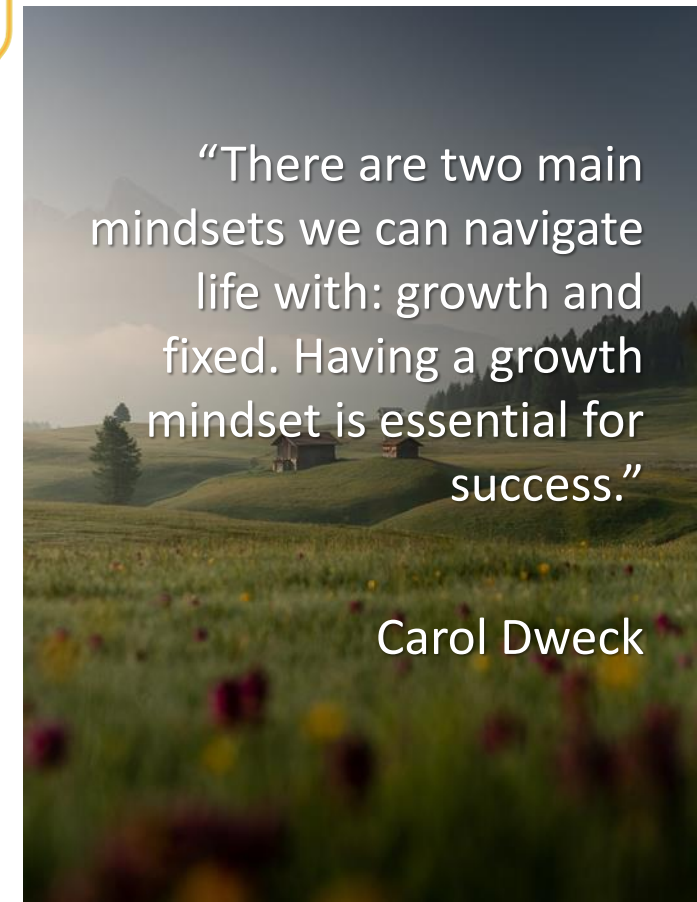
“There are two main mindsets we can navigate life with: growth and fixed. Having a growth mindset is essential for success.”

Carol Dweck

Habits and Mindsets (3)

The world changes because business habits are in old habits and the gap between them. But if they are not close the gap, business create new habits them a long-term competitive advantage in a world that is changing quickly.

This problem can get worse when a group of people with similar beliefs all have the same habits. These habits can then form the basis of a way of thinking that reflects their shared beliefs and understanding of how things work. Mindsets are like habits in that they are run by the subconscious and can be change only with conscious effort.



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Activity: Growth and Fixed Mindset

Do you consider yourself more or less of a **growth mindset**?



click

Some tips to develop growth mindset:

- Acknowledge your weaknesses. See your own limitations and plan what you can improve and how.
- Acknowledge the external challenges that limit your activities and work. Do you see opportunities? Make a strategy and plan!
- Do! Be purpose oriented.
- Focus on learning; do not accept failure as an end.
- Successful people and their stories are your inspiration.
- Believe in yourself!

Fixed Mindset	vs.	Growth Mindset
I'm already good at my job and work. I don't need to improve my skills, capabilities. There is no time. I am too old.		I want to improve and develop my skills, my business, my life. I always look ahead.
I do not like criticism.		Constructive feedback helps me grow.
Intelligence and talent are innate. An effort is pointless because they cannot be changed.		I always improve and develop my intelligence and talents through new knowledge and skills.
Failure is the end. I give up easily.		Failure is opportunity to grow. I do not give up.
The success of others is a threat for me.		I learn from others and their success.



Activity: Growth and Fixed Mindset

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Fixed Mindset	vs.	Growth Mindset
I'm already good at my job and work. I don't need to improve my skills,		I want to improve and develop my skills, my business, my life. I always
<p>A fixed mindset is "the belief that an individual's basic abilities and skills, their intelligence and their talents, are just fixed traits."</p> <p>A growth mindset is "the belief that an individual's most basic abilities and skills can be developed through dedication and hard work—brains and talent are just the starting point."</p> <p style="text-align: right;">Carol Dweck</p>		
threat for me.		success.

New Ways of Thinking

You should become familiar with three new ways of thinking as part of your growth mindset:

- Networks,
- Exponential thinking, and
- Collective intelligence.

Business leaders need to know a lot about **networks**, exponential thinking, and collective intelligence in order to steer their companies through the rough waters of rapid change.

The most important effect of the digital revolution is that it has made the world more connected, which has sped up the growth of a new way for people to work together: the distributed **peer-to-peer network**.



Stop Linear Thinking!

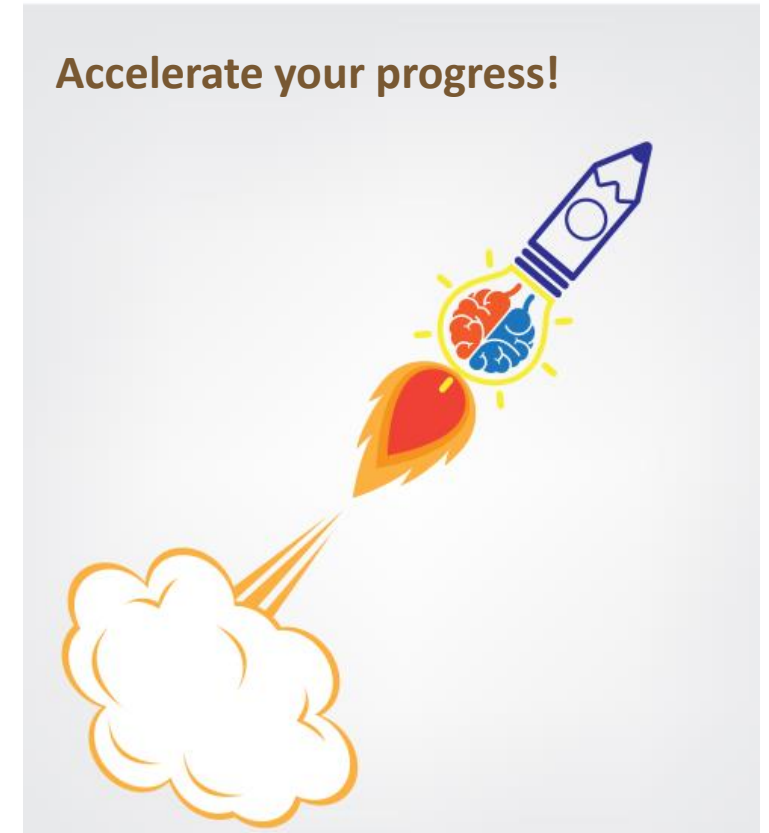
During most of the 20th century, change was slow and could be managed by extrapolating past trends to make predictions about the future. Most organizations' strategies are still based on this way of thinking, which is called "linear thinking."

In a world where it is clear that Moore's Law will continue to shape the near future, it makes no sense to keep using linear extrapolations in strategic planning and assume that companies will do the same things they do now, even in ten years.

Moore's law says that about every two years, the number of transistors in a densely packed integrated circuit doubles.

Business leaders also need to be very good at **thinking in terms of exponential growth.**

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Business leaders also need to be very good at **thinking in terms of exponential growth.**

"Someone with an exponential mindset might look at the past and see that it took five years to get where they are today. Then, they would set a goal to get to where they want to be in only two years. They believe they can use their past momentum and successes to accelerate their progress."

[Source](#): How to Achieve an Exponential Mindset – WealthFit, Feb 2022

In our digital world, technologies are exponential and in order to bring exponential results, you need to apply exponential thinking.

[Read more here](#): CHAPTER 2 | THINKING FOR A DIGITAL ERA GUIDEBOOK, Exponential Thinking: From 10% to 10x

click



The Hardest Part

The hardest part of this new way of thinking is realizing how amazing the potential of **collective intelligence** is. This is because everything we have been taught about how intelligence works goes against how collective intelligence works.

As soon as we stepped into our first elementary school classroom, we were taught that intelligence is something that only one person has. This is why we respect experts and want to be like them. If intelligence is something that each person has, then finding an expert is the fastest way to learn something.



New Ways of Acting

To deal with the challenges of accelerating change, professionals need to do more than just think differently. They also need to act differently. Since the top-down, hierarchical management model of the 1800s, which is still used today, "plan and control" has been the most important part of management.

Planning has always been the basis of strategy, and control has been the base for putting the strategy into action.

This basic formula doesn't work anymore because, in a world that changes quickly, strategies aren't planned; they are found.



"Explore, experiment, and execute" is the new way to do business in the twenty-first century.



Activity: Conduct a SWOT Analysis

1. *Perform a SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) to evaluate the current state of your farm and the external environment.*
2. *This will help you identify areas where echnology can help you improve and overcome obstacles.*

SWOT ANALYSIS

	Helpful to achieving the objective	Harmful to achieving the objective
Internal origin (attributes of the organization)	Strengths	Weakness
External origin (attributes of the environment)	Opportunities	Threats



Unit 2

Digital Transformation Strategies

Objectives

- ✓ What is a digital transformation strategy?
- ✓ Learn about the main areas of digital transformation
- ✓ Why digital transformation is important?
- ✓ Get to know challenges and roadblocks
- ✓ How to make a plan for digital transformation



What is a Digital Transformation Strategy?

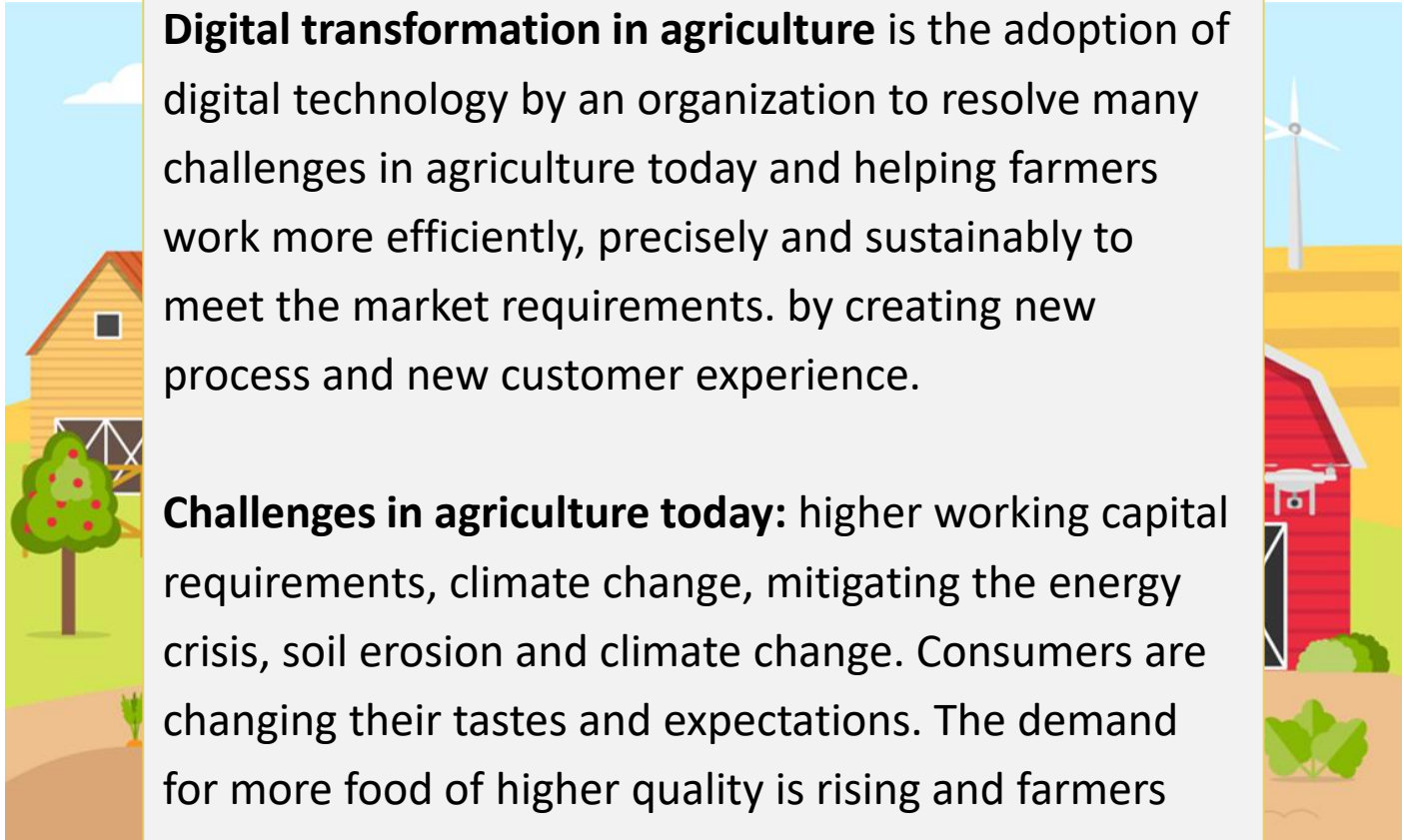
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Technology can make our lives easier. It can save work, time, and energy. As digital technology changes, farmers and organisations that move quickly find ways to use it to their advantage.

A digital transformation strategy is a process of rethinking how work is done and integrating technology into a farming operations.

A true digital transformation strategy changes the way of work a big way - from production to processing, distribution, and consumption of products.



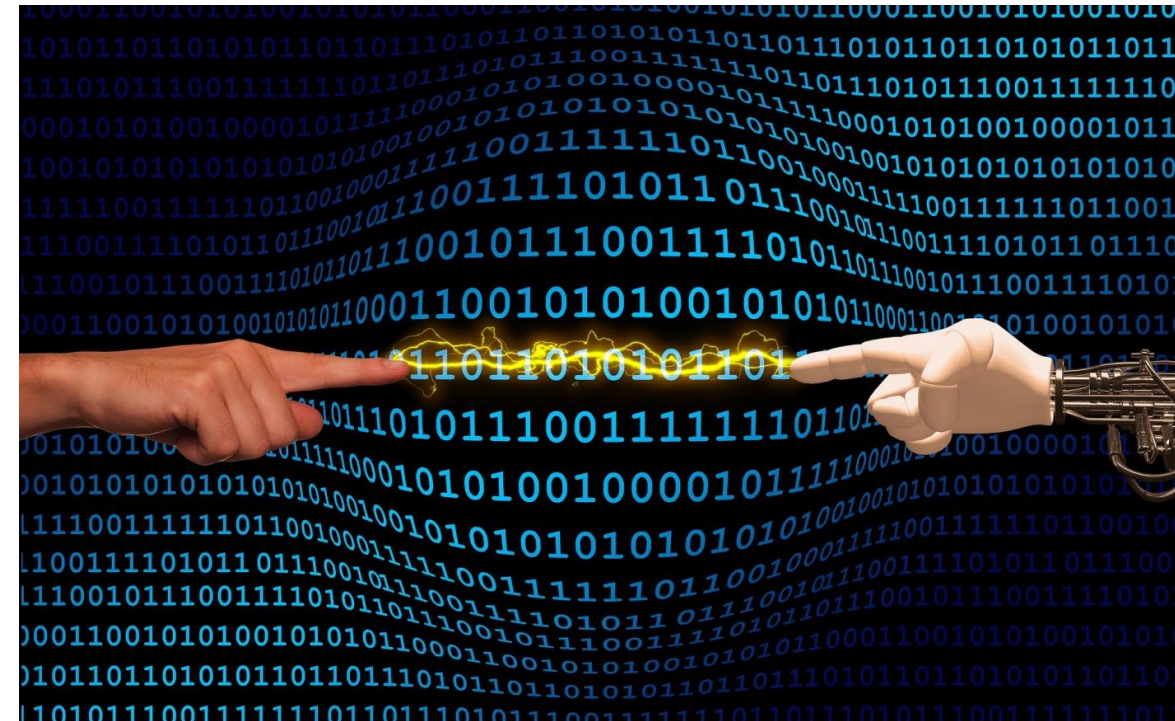
Digital transformation in agriculture is the adoption of digital technology by an organization to resolve many challenges in agriculture today and helping farmers work more efficiently, precisely and sustainably to meet the market requirements. by creating new process and new customer experience.

Challenges in agriculture today: higher working capital requirements, climate change, mitigating the energy crisis, soil erosion and climate change. Consumers are changing their tastes and expectations. The demand for more food of higher quality is rising and farmers have to invest in farm productivity.

Main Areas of Digital Transformation: Data

Data is the second most important part of a strategy for digital transformation. Technology and data often go hand in hand. In fact, you might be looking to implement new technology because you can't see or receive the data you need.

Think about the role of data when making a plan for digital transformation.



Main Areas of Digital Transformation: Process

Adding new tech to an old process doesn't change anything. You might get a few things done faster. To get the benefits of digital transformation, processes need to be rethought so that they focus on results instead of outputs.

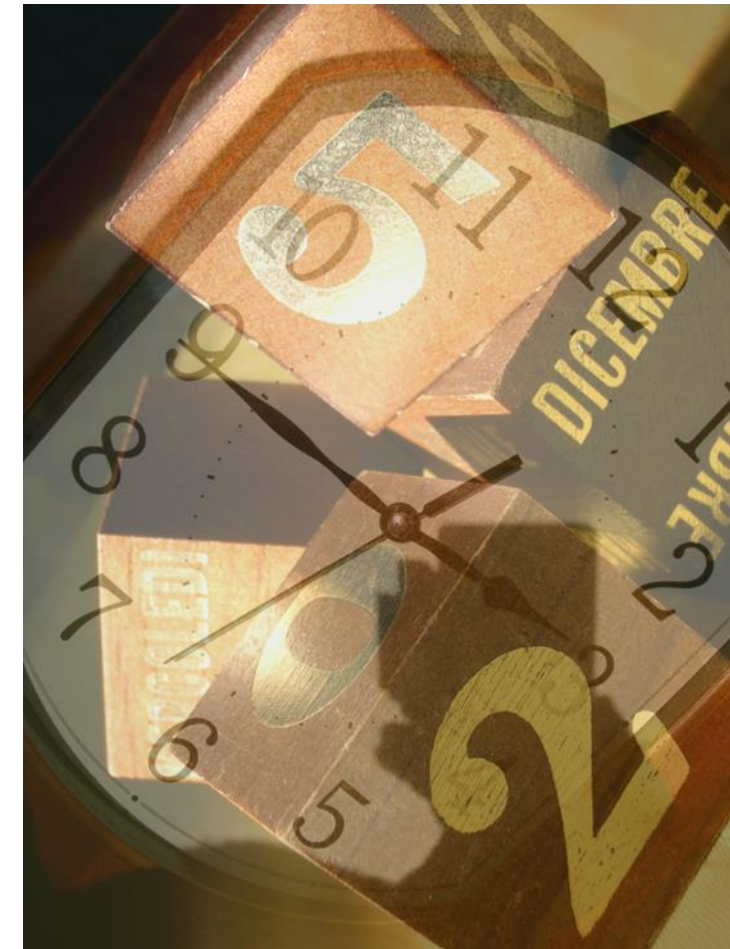
Processes are mostly about what people do. If you want to change a process, you have to change how people act and think. It takes time, a growth mindset, and a new way of looking at how things work. So, it makes sense that process is a big part of any digital transformation. This part of the digital transformation strategy is very important if you want your business to do well.

Why Digital Transformation is Important? (1)

There are **a lot of reasons** why digital transformation is important. In this age of digital change, there are two main reasons why agricultural businesses should think about making a plan.

- **Time is saved**

This is the most common thing that drives value, but it's just the tip of the iceberg. A digital transformation strategy can save your customers and employees time and make your business more productive. When technology helps you, it saves you time. And we all know that time and productivity are worth a lot in the digital world we live in now.



Why Digital Transformation is Important? (2)

■ Agility and growth

A strategy for digital transformation is all about being able to adapt and grow. A flexible, growth-focused mindset is essential for a strategy to work to overcome the challenges.

From a cultural point of view, the strategy can help encourage growth and new ideas. When a manager of a farm is open to change, stays flexible, and encourages growth, it shows its employees how important it is to be innovative. Also, your business will benefit when you give your employees the freedom to learn, develop their skills and grow.



Digital Transformation - Challenges and Roadblocks (1)

■ Resistance to change

You might run into this problem if people are happy where they are. People might not want to do things differently. In fact, we find that people are less open to change than you might think. At its core, trust needs to be built for meaningful change to happen. If people doesn't trust each other, it won't be able to make the changes it needs.



Digital Transformation - Challenges and Roadblocks (2)

■ Lack of support from leadership

When leaders don't show their support for change, it's likely that their coworkers won't either. It's important that the people in charge of your organization know how important leadership support is. You should teach your leadership team about the benefits of the change, just like you did with your coworkers.

Listen to what people say and what your leaders say. Everyone in an organization needs to feel like they have a stake in a change and are responsible for it.

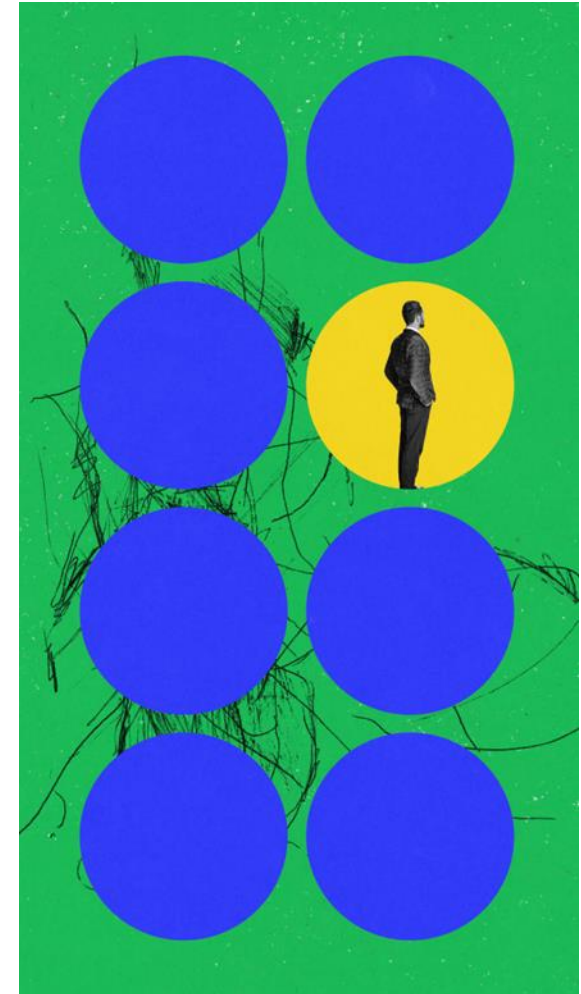


Photo: © Anton Vierietin, Dreamstime.com

How to Make a Plan for Digital Transformation? (1)

1. Make a plan for technology

This is a very important first step in building your strategy for digital transformation. Your organization will need to know exactly what it wants in terms of technology and where it wants to go. This starts with figuring out where you are now. From there, you can figure out the steps you need to take.



How to Make a Plan for Digital Transformation? (2)

2. Develop and upskill talent

Before you put your roadmap into action, your talent needs to meet the needs of your roadmap. As a leader, this means that your company needs to put money into improving the skills of its workers. Most of the people you work with are probably looking for ways to learn. Think about how you can give everyone the chance to learn and grow.



How to Make a Plan for Digital Transformation? (3)

3. Use an agile methodology

click



Any strategy for digital transformation needs to be flexible and quick. But to move to an agile model, you need to work together, be open, and be willing to change.

A flexible way of thinking is much better than a fixed one. Teams will be able to change faster, solve problems faster, and get better faster. In the end, using an agile method can help you deal with risks, boost productivity, and spark new ideas.



How to Make a Plan for Digital Transformation? (3)

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A flexible way of thinking and working that allows teams to be able to change faster, respond to changes, and improve productivity. In the end, using an agile methodology can increase productivity, and spark new ideas.

What is Agile methodology in project management?

The Agile methodology divides a project into many small parts and uses these phases to manage the project.

Continuous improvement at every stage and ongoing collaboration with stakeholders are required. Teams cycle through a process of planning, carrying out, and assessing once the job starts.

Important: Collaboration between team members and project stakeholders must always be ongoing.



How to Make a Plan for Digital Transformation? (4)

4. Use technology from today

When you think about "digital transformation", you're thinking about how technology has changed in recent years. When you get a new piece of technology, it comes with a whole bunch of new features that are important for digital transformation.

But to do this, you have to fully understand what the new technology has to offer. Make sure that the tools and tech you choose will meet the needs of your business.



How to Make a Plan for Digital Transformation? (5)

5. Look at the data and figure out how to handle it best

If you're at this step, it's likely that you've already decided what kind of technology you want to use. But before you implement, consider data and data management.

How will all the parts work together? What kind of information or ideas can you get from the tools you've chosen? What data management gaps can you identify?

Your agricultural business could suffer if you don't have good data insights. Think about ways to include data management in your plan for digital transformation. Then you can find solutions that meet the needs of your organization.





Activity: Start with the First Steps to Plan Digital Transformation

1. *Do you know what are your customers' needs? Write them down.*
2. *What are your goals and objectives for the next 3 to 5 years? Write them down in as much detail as possible*
3. *What is your current situation? Where are your limitations and challenges?*
4. *Carefully study the digital technologies that are available and familiarize yourself with their capabilities.*
5. *Make a list of stakeholders you can collaborate with.*

Example of necessary steps to plan for digital transformation:

Step 1: Identify your objectives

Step 2: Identify your customers needs

Step 3: Establish new processes and make a research on technologies.

Step 4: Choose the technology according to your objectives and needs.

Step 5: Identify the new skills and knowledge you need.

Step 6: Identify possible financing.

Step 7: Make your plan and execute it.



Unit 3

Digital Transformation Changes Your Business

Objectives

- ✓ How to start making changes in your business
- ✓ Learn about design thinking
- ✓ What your customers want
- ✓ How you can solve your customers' problem



Start Making Changes to Your Business!

Digital business transformation starts with making choices based on what's best for your company. You can build a good digital transformation strategy by looking at how your business works.

We live in a time when technology is constantly changing things, and change is more common than ever. We all know that the digital age has its ups and downs. But you can put your digital transformation efforts to the test.

And you can make a digital transformation work with the right resources, tools, and teams. Change can lead to more sales, new products, and better business results. But you need a good digital strategy to get there.

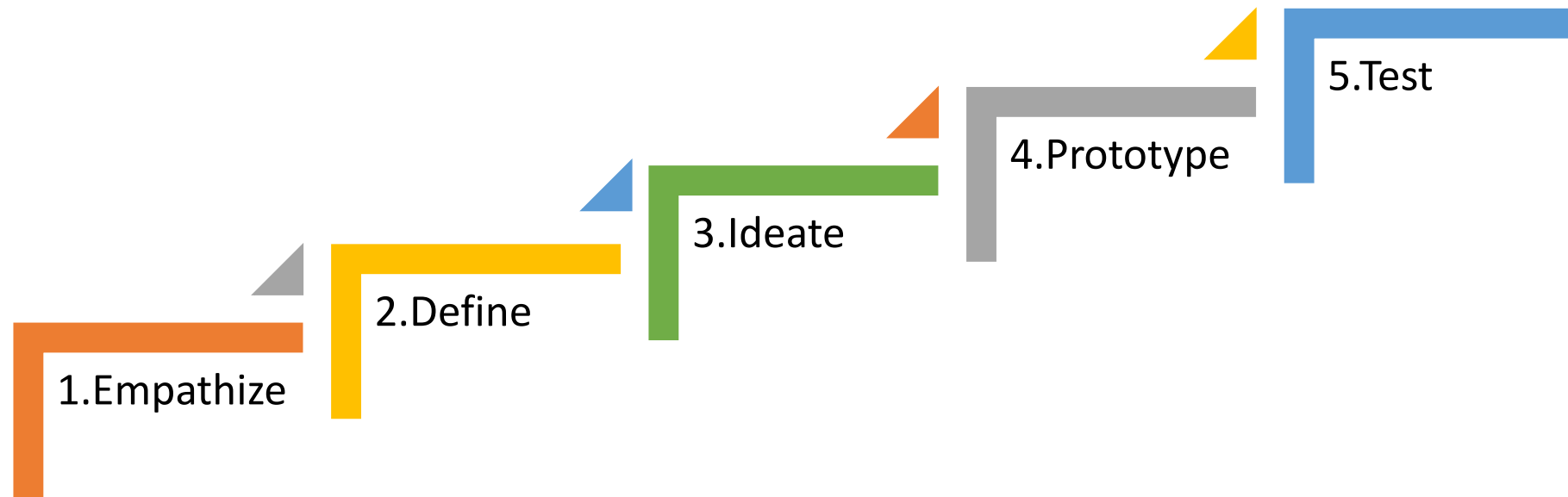
Design Thinking (1)

Design thinking is a five-step process that focuses on people and tries to see the big picture and find different ways to solve each problem. It doesn't just look at the problem at hand; instead, it looks at both the present and the future. In the 1960s, inventor Buckminster thought, "Humanity on Earth is on the verge of a revolution. It has to work for everyone or not at all." By thinking about the different ways to solve this one problem, he realized that a solution that would help everyone would be the best.



Design Thinking (2)

The **five steps** of Design Thinking are:



1) Empathize

Design thinking is focused on people or users, so the first step is to find out what your users, customers, or other important people want. You have to think about more than just the products and services you sell and find out what problems they might be having and how you can help them. Watch how they interact with your company, find out what they look for online, and learn what motivates them. This will help you understand them better. Once you can put yourself in their shoes, you can start to think of ways to help them solve their problems or come to a decision.

Empathize

2) Define

Once you know what their problem is, you can start to figure out how to solve it. For example, during the Covid-19 pandemic, business hours were often cut back. As a store owner, your customers might have trouble getting to your store from work in time to buy things. Your problem statement could be, "We need to offer online shopping so that our items are easier to get to even when there are curfews." Your problem statement needs to focus on one main problem and offer a solution based on what the user wants.

As you learn more about your users, you'll be able to point out many problems, which can be scary. By taking this approach, you can turn what might seem like a big problem into a series of small, manageable tasks.

Define

3) Ideate

Now that you know what the problems are and how to describe them, you need to start thinking of the best ways to fix them. In this step, it's important to get everyone on your team involved, especially those who will be in charge of putting the plan into action and keeping it going. During the ideating stage, you should think big, be creative, and think outside the box. Having people from different parts of the company on the team lets you see new ways to solve each problem based on that person's area of expertise. For example, your marketing team will give you a different answer than your finance team. This is what design thinking is: it lets you look at the big picture and think about all the ways you could solve a problem.

Having a group of real users can make an even bigger difference if you can. At this point, all you need to do is think of as many ways as you can to solve the problem. More minds are better than less.

Ideate

4) Prototype

You don't have to go all out when you make a prototype. This step is just to show you what the finished product will look like. You can make a mock-up of a website or app or a PowerPoint presentation that explains the solution. The most important thing here is to make sure everyone knows what the goal and intentions are. Share this with your team or a focus group and ask them to be honest about it. This will help you plan and carry out your strategy.

Prototype

5) Test

Even after you start your digital transformation, you still have a lot to learn. Technology is always changing, so you have to be ready to adapt. As soon as you think you've solved a problem, another one might pop up. Make sure to get feedback and data from your users on a regular basis so you can change your strategy or upgrade your technology as needed. You don't have to wait for something bad to happen. The best strategies for digital transformation try to be proactive instead of reactive.

Test

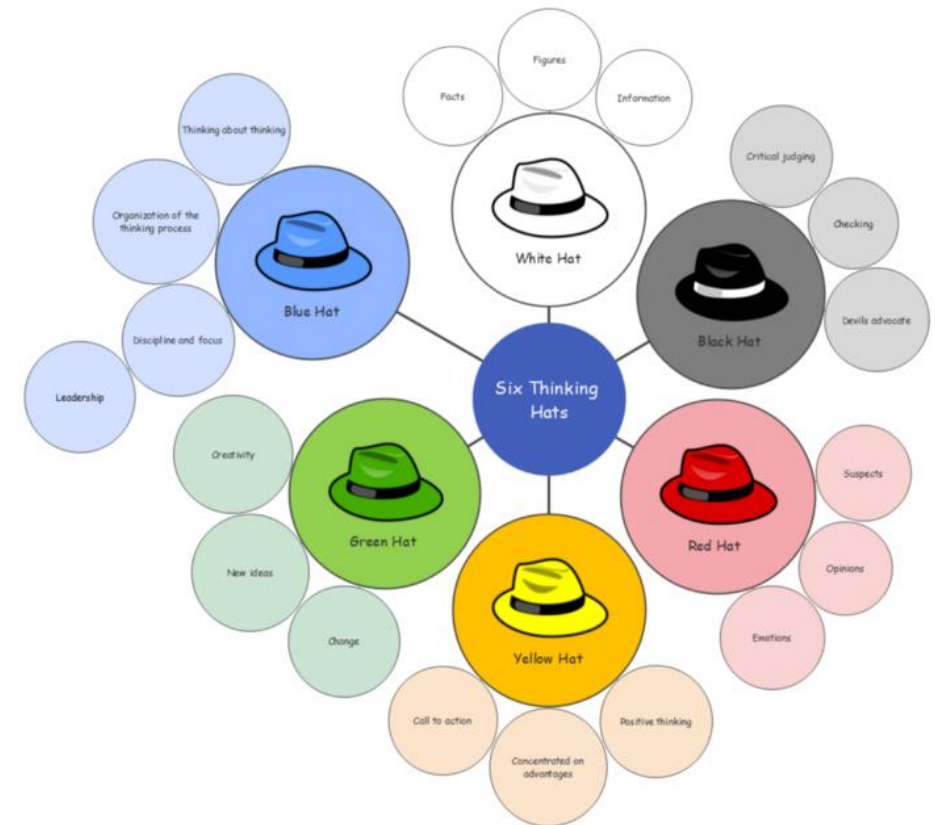


Activity: View your Idea through Different Lenses

1. Try a role-playing model, *Six Thinking Hats*, developed by Edward de Bono.
2. Create a simple table with six fields – put one hat in each. Try to look at your idea from 6 different aspects - emotions, structure, innovations, positive results, facts and negative aspects).

More about the method:

<https://www.groupmap.com/portfolio/six-thinking-hats>





Unit 4

Development of an Agricultural Business Model

Objectives

- ✓ Learn about the business plan for a farm
- ✓ Adopt the right business model
- ✓ Choose a path for your business that has acceptable rewards
- ✓ Learn about business management and logistical management
- ✓ Assess your current farm business model



What is a Business Model?

Business model

A business model is **"what a company does and how it makes money from doing it"**.

The idea of a business model is related to business strategy (the process of designing a business model) and business operations (putting a company's business model into place in its organizational structures and systems).

What is a Farm Business Model? (1)

A farm business model includes plans for who owns the business and who has access to its resources, who runs the business, and where the business gets its money.

Leasing, share farming, family farms, and joint ventures are all types of farm business models.



What is a Farm Business Model? (2)

A grower or "farm business operator" may want to change their farm business model for many reasons. The most common reasons for change are:

- Increasing profits by improving cost structures and access to resources;
- Improving risk management by sharing risks with other parties;
- Making it easier for a business to pass on to the next generation; and
- Making it easier to get money for growth and operations so that less debt is used.



The Farm Business Model (1)

Adopting the right business model for a farm can help with these issues, but the success of a business also depends on how well it is run and managed. Family farms used to own all of their assets and provide all or most of the resources needed to run the business, such as land, water, labor, management, and working capital. Alternative farm business models give you the chance to change this model to include resources from:

- Other farm business owners and service providers, like contractors;
- Investors, like landowners who don't run their own farm businesses but still want to put money into the business so it can run and grow;
- Other farm businesses and service providers, like contractors.

When making farm business models, it is important to take into account the views and needs of all farm business owners and investors. Models can be changed to fit your needs, and a business can use more than one model at the same time.

The Farm Business Model (2)

The business model should improve your farm's:

- Strategic business management of operations;
- Better Business-to-Business (B2B) coordination between your farm, farmer groups, and immediate buyers;
- Meeting the needs and priorities of customers and the value chain.

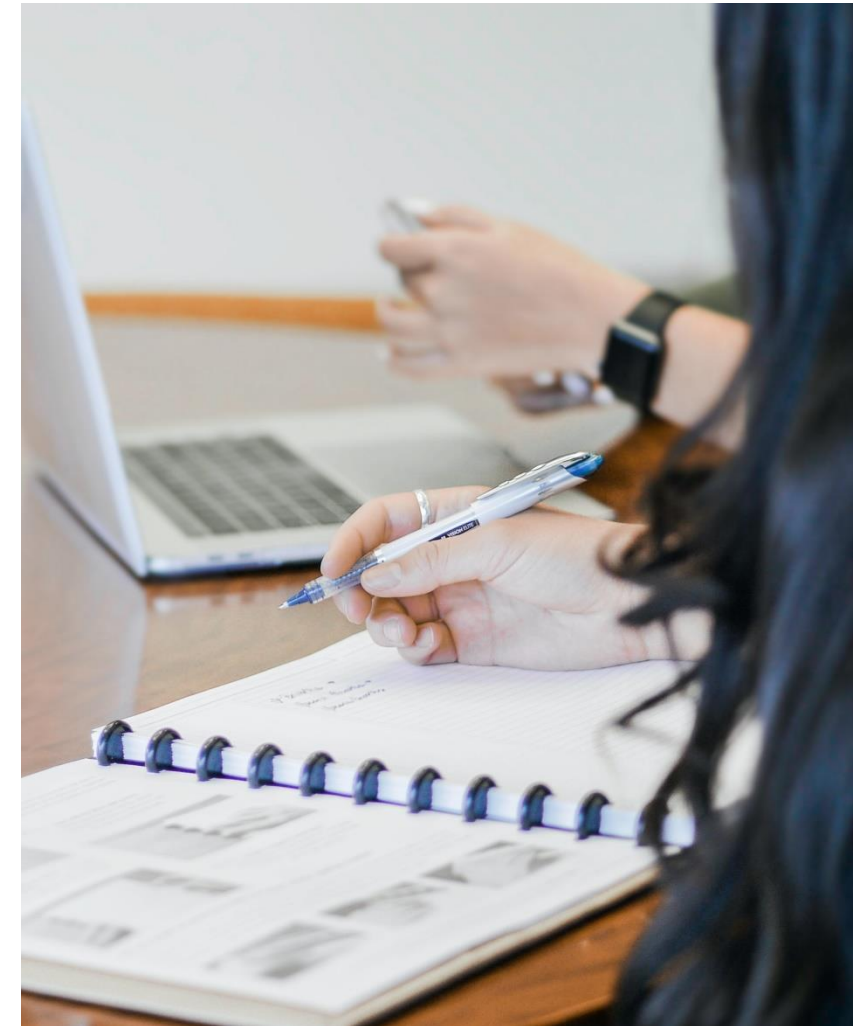
Farm business management is all about making decisions and choosing a path for your business that has acceptable rewards, both financial and non-financial, for acceptable effort and an acceptable level of risk. What is "acceptable" will vary from person to person and from business to business. It is important that all important people in the farm business are involved in making decisions.



Strategic Business Management (1)

There are two parts to strategic business management: business management and logistical management.

- 1. Business management** includes the marketing, finance, production, and processing tasks that are done to make, harvest, store, process, and sell a product. To make sure that these processes are under control, management teams need to be able to understand and run the organization's systems in line with market trends and risks. To have these kinds of capabilities, you need a core set of agribusiness strategic management skills that cover the above business processes.



Strategic Business Management (2)

- 2. Logistical management** is about getting the product from the farm to the cooperative, from the cooperative to the processor, and from the processor to the market. Logistics operations are often just seen as a cost, but if they are managed well, they can make it much easier for a business to meet customer needs. This makes them an activity that adds value. Understanding the business and logistics processes can also help find activities that don't add value and get rid of them or fix them. Making sure that these processes are planned and managed well can give farmer organizations more value, lower transaction costs, and make them more competitive.

 **You will learn more about the value chains in Module 4 of this training course.**

Business-to-Business (B2B) Coordination

There are many flows of inputs, goods, information, and money between the farmers' group and the buyer. But decisions are often made in ways that have nothing to do with each other. A better understanding of how these processes and flows depend on each other will lead to better coordination between businesses and, in the end, a product that is more responsive to the market and more cost-effective.

How well two businesses work together also depends on how well they trade with each other, which is often overlooked. People often think, for example, that a business will get its goods from the most reliable and efficient supplier in the area. Once the immediate business need has been met, however, business connections are often made or kept because of a trading history, contacts, and proximity.

Responding to Customer Needs

Based on a description of the current business model, an analysis of the critical success factors, and the design and implementation of upgrading strategies for the producer-buyer linkage, a farmer-based organization will have a better idea of where it needs to innovate, add value, or stand out to meet buyers' needs. With better business coordination between the farmer group and the immediate buyer and better logistics, both the people involved and the value chain as a whole will be able to respond more quickly and flexibly to changes in the market.



Assessing your Current Farm Business Model

You can't just pick a different way to run a farm business "off the shelf." They need to be made to fit specific business and personal needs, with a focus on people and money.

You can use the steps below to better understand your personal and business situation and figure out where you need to make changes that could be made possible by a different farm business model.

- **Step 1:** Why change the way things are done now?
- **Step 2:** Figure out what the most important people in your farm business need.
- **Step 3:** Where are you in the business cycle?
- **Step 4:** How much money do you have?
- **Step 5:** What kinds of farm tools do you have?

Why Should You Change the Way You Do Business Now?

For farms that are already in business, it is important to know why they need to look into other business models. Are you looking for:

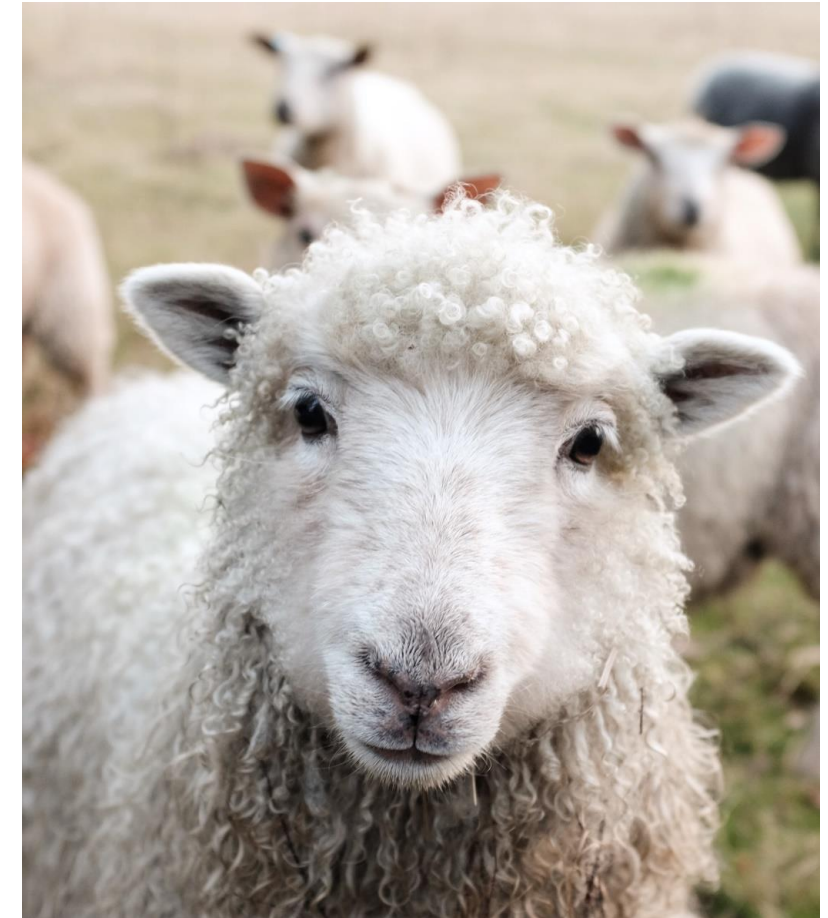
- More money to make?
- Greater risk management?
- Help with passing on the business?

These reasons, which are explained in more detail below, are the most common ones for looking for a different business model. They will help you come up with the best model for your situation or decide if a change is needed.

Improved Profitability

Profitability depends on being productive, keeping costs low, and having enough resources. Alternative farm business models give farmers a chance to make more money by:

- Increasing the size of their business, which gives them more bargaining and buying power and lowers costs;
- Building business relationships with other people who can give them access to resources and technology that they don't have now; and
- Matching the size of their operations to the size of their resources for the most economic efficiency.



Risk Management

Farm businesses face a number of risks, such as:

- **Production risk**, which includes the effects of weather events like hail, wind, frost, and heat, as well as pests, weeds, and diseases;
- **Technology risk**, which includes the adoption of new practices;
- **Market risk**, which includes changes in commodity prices, market access, and product demand;
- **Business risk**, which includes payment defaults on farm sales and services, legal responsibilities like health and safety in the workplace, and changes in suppliers of goods and services;
- The **risk of key people** dying, getting hurt, getting sick, or leaving.

Traditional ways of running a farm business can leave growers responsible for all risks and liabilities that aren't covered by insurance. Risk management has a limited number of options, most of which are based on avoiding or reducing risk.

Supporting Business Succession

Succession is a hard problem for all kinds of businesses, but it can be especially hard for family farms. Succession is the process of changing who runs and owns a business and its assets.

Traditionally, succession has happened when a grower retires, but for many growers, they don't retire until their health makes them. More and more farm businesses are realizing how important it is to plan for the future early on. Often, this is caused by important personal or farm business events, such as: getting married, having a child, a child finishing school, taking on a lot of debt, losing a lot of money, often because of an event or drought, a child taking over full management of the business from their parents, or a family member getting sick, dying, or getting hurt.

Understanding the needs of the most important people in the farm business and making a business model that fits those needs can make the process of passing on the business easier.



Activity: Develop your Individual Agricultural Business Model (1)

Develop your individual agricultural business model. Here are some ideas how:

- 1. Identify Your Value Proposition:** *Start by defining your unique value proposition, that is, the products or services that you offer and what sets them apart from other farmers or agribusinesses.*
- 2. Define Your Target Market:** *Determine your target market, which refers to the specific group of customers you want to serve. This will help you tailor your products or services to their specific needs and preferences.*
- 3. Conduct Market Research:** *Conduct market research to gain insight into the needs, wants, and behaviors of your target market. This research can also help you identify trends and opportunities in the marketplace.*



Activity: Develop your Individual Agricultural Business Model (2)

4. **Create a Marketing Plan:** *Develop a marketing plan that outlines how you will reach and engage your target market. This plan should include strategies for advertising, promotions, and other tactics that will help you build brand awareness and generate sales.*
5. **Develop a Financial Plan:** *Create a financial plan that outlines your startup costs, ongoing expenses, and projected revenue. This plan should include a cash flow statement, profit and loss statement, and balance sheet, which will help you stay on top of your finances and make informed business decisions.*
6. **Create an Operations Plan:** *Develop an operations plan that outlines how you will run your farm, including how you will manage your resources, such as land, labor, and capital, as well as how you will produce and distribute your products or services.*



Unit 5

Digital Marketing for Better Sales in Agriculture

Objectives

- ✓ Understand what is digital marketing
- ✓ Learn about Search engine optimization
- ✓ Why social media marketing is necessary
- ✓ Know when you should apply affiliate marketing, native advertising or influencer marketing
- ✓ Learn about the differences between digital marketing and traditional marketing



What is Digital Marketing?

Digital marketing is when you promote yours or someone else business and products online. Simple, right?

In order to apply digital marketing for your products and business activities, you need *technical tools* like computer, tablet, mobile phone, *Internet and knowledge*.

To be successful in digital marketing, you need *knowledge* of how to use online-based digital technologies to promote your products and services.



Traditional Marketing vs. Digital Marketing

Traditional marketing

- Uses traditional channels for communication such as billboards, printed media, TV, radio. The effect: delayed communication with the target audience
- Difficult to reach the exact target audience - relies on media research and surveys
- Reach is limited and non-versatile
- No real time results
- Difficult to measure the results – it is hard to measure the effectiveness of money invested against results
- Expensive activity

Digital marketing

- Uses digital channels for communication: websites, social media, platforms, apps, etc. The effect: instant communication with the audience
- Easy to reach target audience with analytics and other tools
- Reach is maximum and versatile
- Real time results
- Easily measure the results and improve the next campaigns – you can refine the invested money
- Cost-effective activity

DIGITAL MARKETING STRATEGY

The Key to Successful Digital Marketing

- **Step 1:** Right from the start, you need to determine what type of people are interested in your products and can be buyers: gender, profession, location, interests, etc. This is your *target audience*. It is a big mistake to skip this step!
- **Step 2:** You need to know *where your target audience is* in order to figure out which digital marketing channel/s to use in your campaign.

Show the *right product in front of the right people* – this is the key to successful digital marketing.



General Target Audience

Agricultural marketing can target a wide range of customers, depending on the specific products or services being marketed. Here are some examples:

- 1. Farmers:** You can target farmers who grow crops or raise livestock. They may be interested in purchasing seeds, fertilizers, equipment, or animal feed.
- 2. Consumers:** You can target end consumers who purchase agricultural products for personal consumption, like fruits, vegetables, meat, and dairy products. This may involve educating consumers on the nutritional benefits of these products or highlighting sustainable farming practices used to produce them.
- 3. Food manufacturers:** Food manufacturers are a key customer segment for agricultural products. They may purchase raw materials like grains, fruits, and vegetables for processing into packaged foods or beverages.
- 4. Distributors and retailers:** Maybe you sell through distributors or directly to retailers like supermarkets, grocery stores, and restaurants. You can target these businesses to promote the benefits of your products and build trustable relationships.
- 5. Government agencies:** You can also target government agencies that provide funding or support for farming practices, or for public nutrition and food assistance programs.



Research Your Target Audience to Effectively Reach and Engage with Them

- **Create a profile of your target customers** you want to reach with your digital marketing efforts. This could be based on demographics such as age, gender, location, or based on their needs, interests, or behaviours.
- **Use data analytics tools.** Utilize data analytics tools like *Google Analytics*, *social media analytics*, or *market research* to collect information about your target audience. You can use this data to gain insights into their behaviour, preferences, and needs via your website and social media channels.
- **Use your social media channels** like Twitter, Facebook, and Instagram to interact with your audience. Observe what they post about your products and engage with their comments and feedback. This can give you insights into their interests, behaviours, and needs.
- **Conduct online survey.** Get feedback directly from your target audience. Ask questions about their preferences, pain points, and how they use or interact with agricultural products, and what social media channels they use most.
- **Analyse your competitors.** Conduct research on your competitors' digital marketing strategies and identify their target audience. You can use this information to refine your own approach and differentiate yourself in the market.

Digital marketing allows collection of customer data in a way that traditional marketing can't. Data collected digitally tends to be much more precise and specific.



Activity: Target Audience and Pain Points

1. *According to what you want to achieve, make a research who your ideal customers are, what their needs are and what motivates them to buy agricultural products.*
2. *Develop your desired target audience as a detailed “Buyer Persona”. The profile of the “buyer personas” will guide your marketing efforts and ensure that messaging and tactics resonate with the target audience.*

My goals:

Who are my customers?
(gender, age, needs, interests, etc.)

Pain points:

How can I help?
(which are the benefits of my products or services that can help my customers?)



Steps to Create Your Digital Marketing Strategy

- 1. Define your goals.** Start by identifying what you want to achieve with your digital marketing activity. This may include increasing brand awareness, increasing sales, educating customers, etc.
- 2. Choose your digital marketing channels.** Decide which digital marketing channels are most effective for reaching your target audience. This may include social media, email marketing, search engine optimization, and paid advertising.
- 3. Create content.** Develop blog posts, social media content, videos, and infographics that aligns with your goals and target audience.
- 4. Optimize for search engines (SEO).** Ensure that your website and content are optimized for search engines, so that potential customers can easily find your products or services. This will engines to improve visibility and drive traffic.
- 5. Measure and adjust:** Use analytics tools to track your digital marketing efforts and make adjustments as needed, so you will create better campaigns in the future and improve their effectiveness.

As we already discussed, you can target a diverse range of customers according to their interest to your products and services. This is the first part of your strategy development.

The strategies used to reach target customers may vary depending on their specific needs and interests. You need specific strategy for each specific target group.

Tips

In addition to these steps, here are some good practices for creating a successful digital marketing strategy in agriculture:

- ✓ Focus on providing value to your customers by educating them on the benefits of your products and services.
- ✓ Leverage social media to engage with your target audience and build relationships.
- ✓ Use visual content like photos and videos to showcase your products and farming practices.
- ✓ Incorporate sustainability and environmental responsibility into your messaging, as consumers are increasingly interested in these issues.
- ✓ Continuously monitor and respond to customer feedback, to build trust and loyalty with your audience.

By following these steps and best practices, you can create an effective digital marketing strategy in agriculture that drives engagement, sales, and brand awareness.

TYPES OF DIGITAL MARKETING



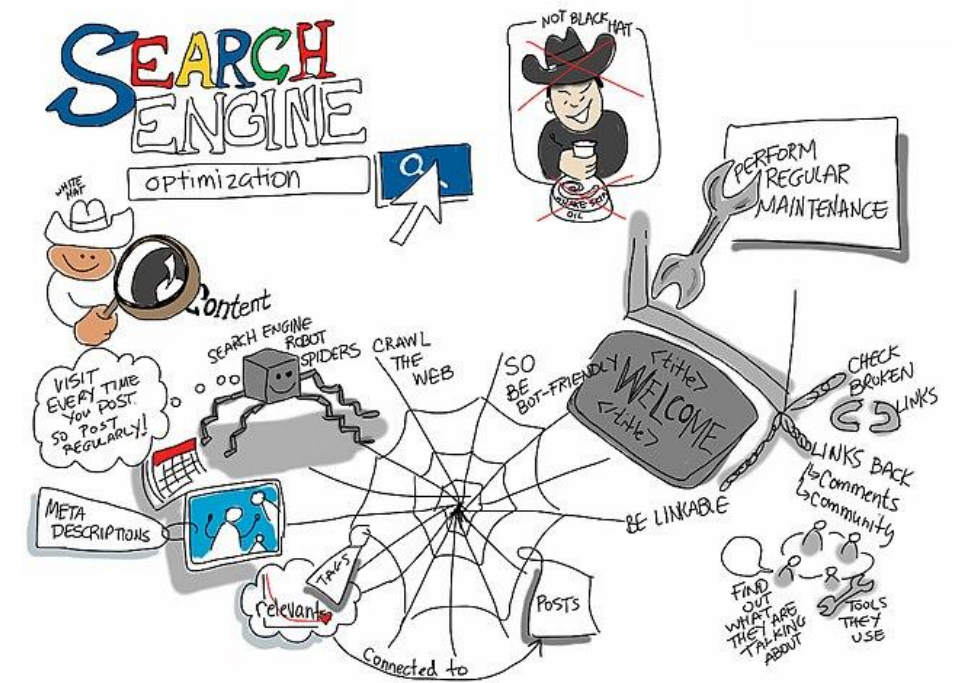
Search Engine Optimization (SEO)

Search engine optimization (SEO) is the process of improving the quality and quantity of website traffic to a website or a web page from search engines.

Technically, it is a marketing tool rather than a form of marketing. It is **“the art and science of making web pages attractive to search engines”**.

SEO requires research and consideration of different elements to achieve the highest possible ranking on a search engine results page (SERP). These elements include:

- ✓ Quality of content
- ✓ Level of user engagement
- ✓ Mobile-friendliness
- ✓ Number and quality of inbound links



Content Marketing

Content marketing is about **creating valuable and engaging free content** that educates customers about the benefits of the products or services. It is a form of marketing focused on creating, publishing, and distributing content for a targeted audience online.

The goal is to attract leads that ultimately convert into new customers. The information can be presented in a variety of formats, including:

- ✓ Newsletters
- ✓ White papers
- ✓ E-books
- ✓ Infographics
- ✓ Case studies & how-to guides
- ✓ Videos & podcasts
- ✓ Question and answer articles



Social Media Marketing

Social media marketing is the use of social media platforms and websites to **promote a product or service and to connect with customers.**

The fact that billions of people spend their time engaging on social media platforms, makes social media marketing worthwhile.

With social media marketing, customers and Internet users post user-generated content (e.g., online comments, product reviews, etc.), also known as "earned media".

Most social media platforms have built-in data analytics tools, enabling companies to track the progress, success, and engagement of ad campaigns.

The most popular digital platforms for social media marketing are Facebook, Twitter, and Instagram, with LinkedIn and YouTube following.



Picture: © [Vaeenma](#) | [Dreamstime.com](#)

Affiliate Marketing

Affiliate marketing is a digital marketing tactic that lets companies or individuals **earn commissions by promoting** other companies' products or services.

This arrangement allows businesses to outsource part of the sales process. It is a form of performance-based marketing where the commission acts as an incentive for the affiliate.

It works using a revenue sharing model. If you're the affiliate, you get a commission every time someone purchases the item that you promote. If you're the merchant, you pay the affiliate for every sale they help you make.



Influencer Marketing

Influencer marketing (also known as influence marketing) is a form of social media marketing involving endorsements and product placement from influencers.

Influencers are someone (or something) with the power to affect the buying habits or quantifiable actions of others by uploading some form of original—often sponsored—content to social media platforms like Instagram, YouTube, Snapchat or other online channels.

Influencer marketing is when a **brand enrolls influencers** who have an established credibility and audience on social media platforms to discuss or mention the brand in a social media post.

Influencer marketing works well for B2B and B2C companies who want to reach new audiences. However, it's important to partner with reputable influencers since they're essentially representing your brand.



Email Marketing



The concept of email marketing is simple - you **send a promotional message to a group** of people and hope that your recipients click on it. However, the execution is much more complex. First of all, you have to make sure that your emails are acceptable. This means having an opt-in list that does the following:

- Individualizes the content, both in the body and in the subject line;
- States clearly what kind of emails the subscriber will get;
- Has an email signature that offers a clear unsubscribe option;
- Integrates both transactional and promotional emails.

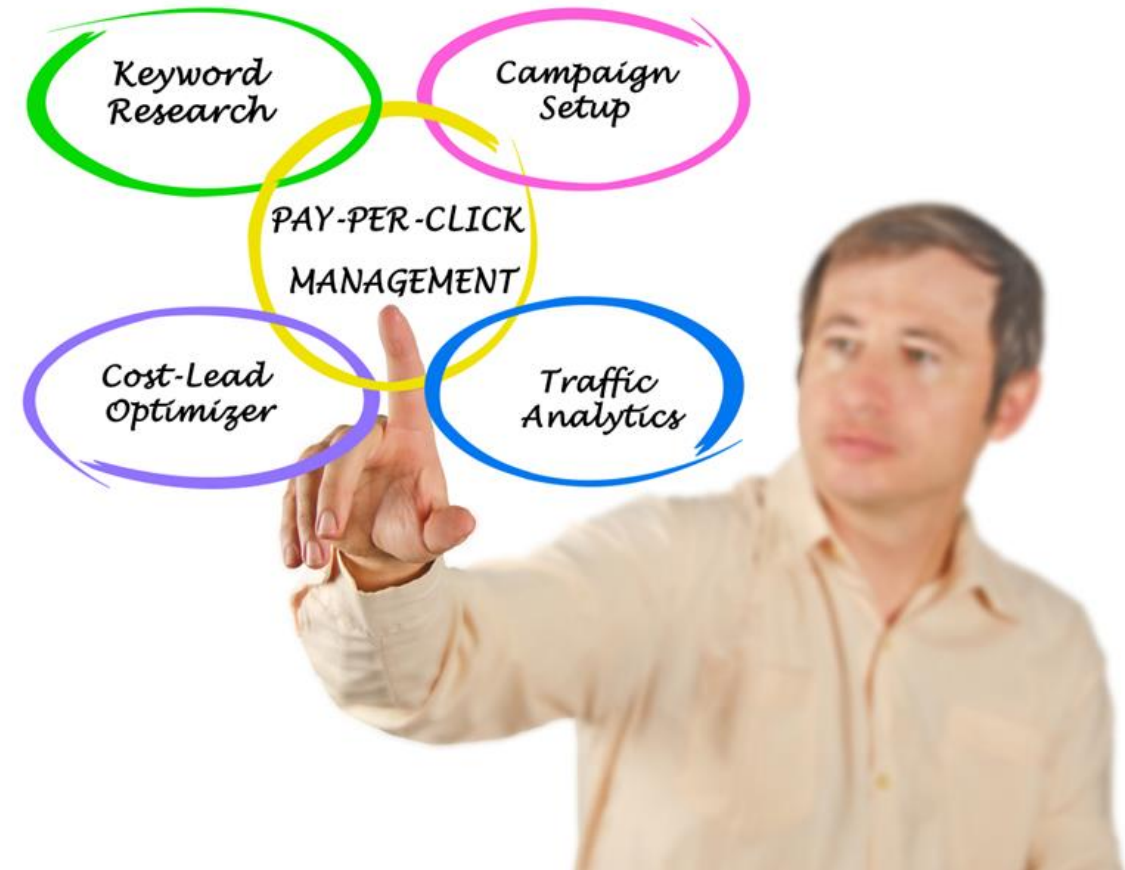
You want your prospects to see your campaign as a valued service, not just as a promotional tool.

Email marketing is a proven, effective technique all on its own: 89% of surveyed professionals named it as their most effective lead generator.

Pay-per-Click (PPC)

Pay-per-Click (PPC) is a type of online advertising model in which **advertisers pay each time a user clicks on one of their ads**. In this model, advertisers bid on specific keywords or phrases that are relevant to their target audience. When a user searches for those *keywords or phrases*, the ads appear at the top or bottom of the search results, and if the user clicks on an ad, the advertiser pays a fee for that click.

PPC advertising can be a cost-effective way to generate targeted traffic to a website, as advertisers can control their budget, target specific keywords or phrases, and measure the effectiveness of their campaigns through metrics such as click-through rate (CTR) and conversion rate. Popular platforms for PPC advertising include Google Ads, Bing Ads, and social media advertising platforms like Facebook Ads and LinkedIn Ads.



Mobile Marketing

Mobile marketing is a digital marketing strategy that allows you to **engage with your target audience on their mobile devices**, such as smartphones and tablets. This can be via SMS and MMS messages, social media notifications, mobile app alerts, and more.

Mobile marketing can provide customers with time and location sensitive, personalized information that promotes goods, services, appointment reminders and ideas.

It's crucial to ensure that all content is optimized for mobile devices. According to research, 85% of Americans own a smartphone, so marketing efforts can go a long way when content is created for computer and mobile screens.



Marketing Automation



Marketing automation uses **software to power digital marketing campaigns**, improving the efficiency and relevance of advertising. As a result, you can focus on creating the strategy behind your digital marketing efforts instead of cumbersome and time-consuming processes.

While marketing automation may seem like a luxury tool your business can do without, it can significantly improve the engagement between you and your audience.

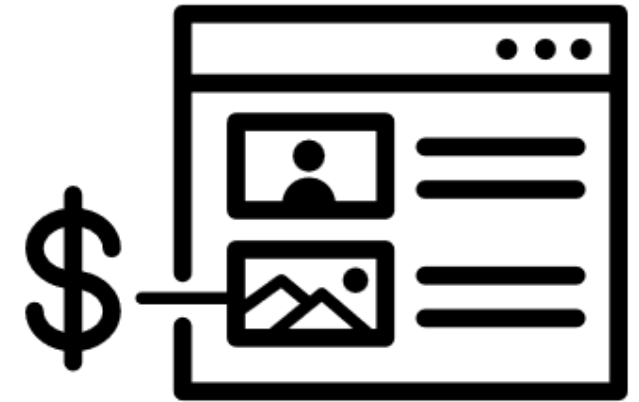
Native Advertising

Native advertising, also called sponsored content is digital marketing in disguise.

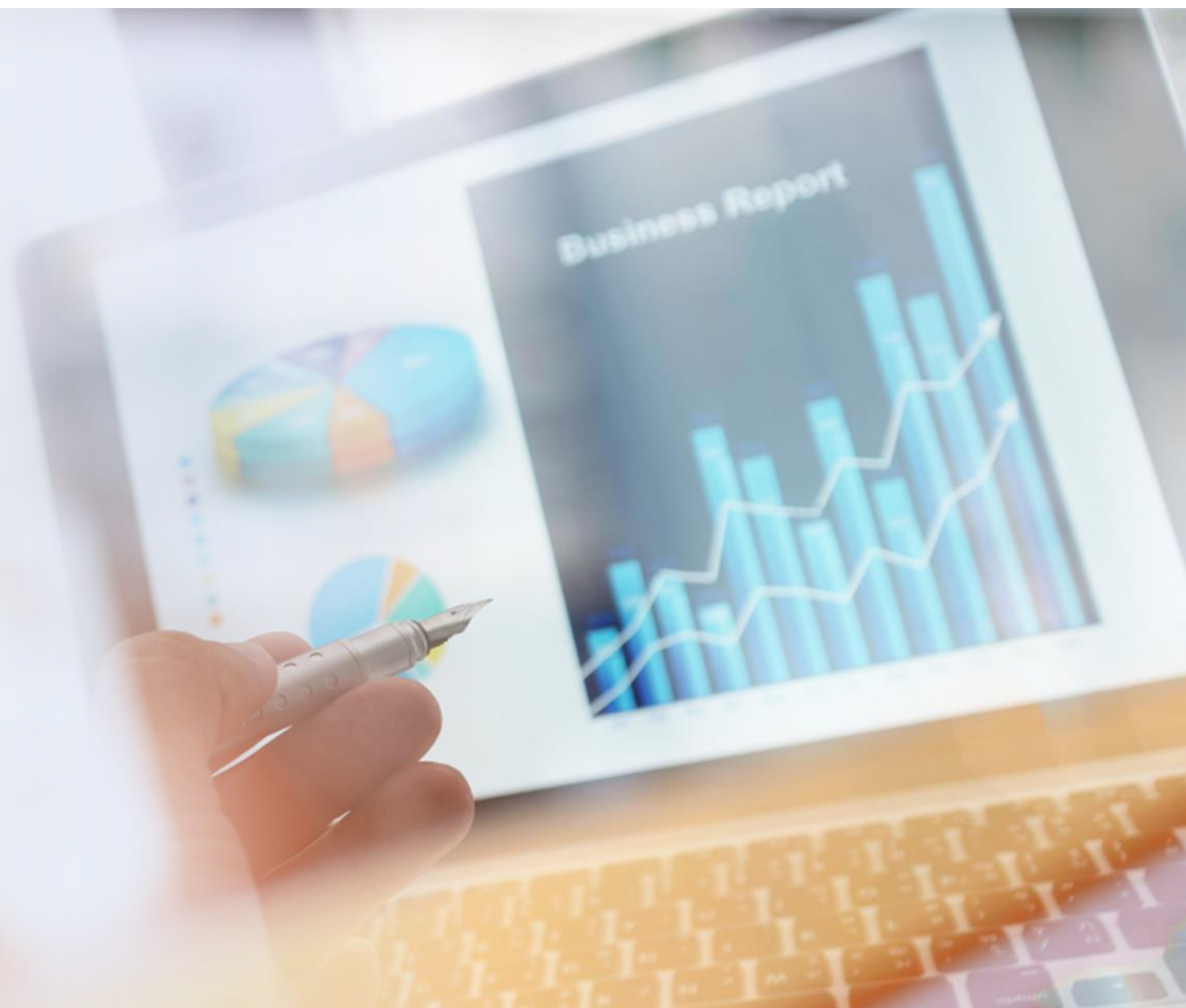
It is a **type of advertising that matches the form and function of the platform upon which it appears.** In many cases it functions like an advertorial, and manifests as a video, article or editorial.

These ads reduce a consumers' ad recognition by blending the ad into the native content of the platform, even if it is labeled as "sponsored" or "branded" content. Readers may have difficulty immediately identifying them as advertisements due to their ambiguous nature.

It's important to always label your native ads clearly. Use words like "promoted" or "sponsored." When your consumers know exactly what they're getting, they'll feel better about your content and your brand.



ANALYTICS AND OPTIMIZATION



Analytics and Optimization in Digital Marketing

Analytics and optimization are essential components of digital marketing.

- **Analytics** involves collecting and analysing data to gain insights into user behaviour and campaign performance, while
- **Optimization** refers to the process of improving campaign performance based on those insights.

Overall, analytics and optimization are critical for digital marketing success. By collecting and analysing data, and continually refining campaigns, marketers can make data-driven decisions that help them achieve their goals and drive better results.

Here's an overview of how analytics and optimization work in digital marketing (next slide).



How Analytics and Optimization Work in Digital Marketing?

Analytics

- **Data Collection:** To begin with analytics, it's important to collect data from various sources such as website traffic, social media engagement, email campaigns, and more.
- **Analysis:** Analysing data helps to identify trends, patterns, and user behaviour. This includes tracking metrics such as click-through rates, conversion rates, bounce rates, and engagement rates.
- **Insights:** Based on the analysis, marketers can gain insights into what is working and what is not working in their campaigns. These insights can help them make informed decisions about their digital marketing strategy.

Optimization

- **Testing:** Testing is a key component of optimization, and it involves trying out different variations of ad copy, landing pages, and other campaign elements to see what works best.
- **Refinement:** Once a marketer has identified what works best, they can refine their campaigns to optimize performance. This includes tweaking ad copy, adjusting targeting, and improving landing pages to increase conversions.
- **Continuous Improvement:** Optimization is an ongoing process, and marketers must continuously test, refine, and improve their campaigns to stay ahead of the competition and achieve better results.



Activity

Open a Word file and try to put together your initial digital marketing strategy by following the basic steps:



7. Plan your analytical tools to refine your marketing efforts, measure and adjust
- analyze campaign data.
What was done well?
What have to be improved?

1. Identify your target audience – who are they and where they are

2. Define your goals
- try to be specific, measurable, achievable, relevant, and timely. These are the SMART goals.

3. Select digital marketing channels
- depending on target audience, your goals (and budget)

6. SEO
- ensure that your website and content are optimized for search engines

5. Create content
– which is beneficial for your target customers

4. Create a budget
- spend money effectively towards goals and preferences of your target audience instead of overspending on digital marketing channels that may not provide the desired results.

CONCLUSIONS ON DIGITAL MARKETING



Benefits of Digital Marketing (1)

- Digital marketing can be used in agriculture in order to achieve the following goals: attract attention of potential customers and generate leads, expand their customer base, generate or increase online sales, increase brand awareness or credibility, and engage an online community of users.
- It helps companies create *sustainable brand loyalty*, provides valuable information to consumers, and creates a willingness to purchase products from the company in the future.
- Reaches *wide audience of people*. - when you post an ad online, people can see it no matter where they are. This makes it easy to grow your business's market reach and connect with a larger target audience across different digital channels.
- It is cost *efficient*:
 - *Overhead costs for traditional marketing* campaigns with newspaper ads, television spots, or other traditional channels can be high. They also give you less control over whether target audiences will see those messages in the first place.
 - *With digital marketing*, you can create just 1 content piece that draws visitors to your blog. Or you can create an email marketing campaign that delivers messages to targeted customer lists on a schedule, and it's easy to change that schedule or the content if you need to do so.

Benefits of Digital Marketing (2)

➤ Quantifiable results

- With traditional marketing, to know whether your marketing strategy is successful, you have to find out how many customers it attracts and how much revenue it has. There is always the traditional way of asking each customer, “How did you find us?”. But, that doesn’t always work!
- With digital marketing, results monitoring is simple. Digital marketing software and platforms automatically track the number of desired conversions that you get, whether that means email open, home page visits, or direct purchases.

➤ Easier personalization

- Digital marketing allows collection of customer data in a way that offline marketing can’t. Data collected digitally tends to be much more precise and specific.

Benefits of Digital Marketing (3)

➤ More interactivity with customers

- Digital marketing lets you communicate with your customers in real-time. More importantly, it lets them communicate with you. Think about a social media strategy. It's great when your target audience sees your latest post, but it's even better when they comment on it or share it. It means more buzz surrounding your product or service, as well as increased visibility every time someone joins the conversation. Interactivity benefits your customers as well. Their level of engagement increases as they become active participants in your brand's story.

➤ Instant reaction

- Digital marketing lets customers take action immediately after viewing an ad or content. With traditional advertisements, the most immediate result you can hope for is a phone call shortly after someone views or hears an ad. With digital marketing, they can click on a link or save a blog post and move along the sales section right away. They might not make a purchase immediately, but they'll stay connected with you and give you a chance to interact with them further.

Digital Marketing Creates Growth



Digital marketing should be one of the main focuses of almost every business's overall marketing strategy. Never before has there been a way to stay in such constant contact with your customers, and nothing else offers the level of personalization that digital data can provide.

The more you embrace the possibilities of digital marketing, the more you will be able to realize your company's growth potential.

Are You Prepared to Manage your Agricultural Business in the Digital Economy?

We're at the end of Module 3!
But before we finish, there are some closing questions where you can test your knowledge!

Don't worry; it won't be difficult if you have followed the course!





Check your knowledge!



How will the future of the Internet of Things be?

Only one answer is correct!

A. What is the Internet of Things?

B. The development of the Internet of Things has reached its peak.

C. The development will continue, but at a lower pace.

D. The development will even speed up in the future.

New times require new thinking. What is the best way?

Only one answer is correct!

A. Intelligence is a unique feature of a person, and therefore it is important to find the right experts.

B. The new way of thinking is based on extrapolation past trends to make predictions of the future.

C. New ways of thinking rely on planning and controlling as important part of management.

D. It is important to make use of the potential of collective intelligence.

What does digital transformation mean?

Only one answer is correct!

A. Replacing the existing equipment with modern computers.

B. Adding new technologies to existing processes in order to save time.

C. Rethinking how work is currently done and integrating technology into your operations.

D. Digital transformation will make use of my data.

What is Agile methodology in project management?

Only one answer is correct!

A. The Agile methodology uses Artificial Intelligence (AI) to design a process.

B. The Agile methodology is a way to manage a project by breaking it up into several phases.

C. The Agile methodology uses a linear development cycle.

D. The Agile methodology makes use of the exponential growth cycle.

What are the five steps of Design Thinking?

Only one answer is correct!

A. empathize - define - ideate -
prototype - test

B. organize – define – prototype -
ideate – test

C. define - empathize - ideate -
prototype - test

D. empathize - define – organize -
prototype - test

What are the most common reasons for changing a farm business model?

Two answers are correct!

A. Increasing profits by improving cost structures and access to resources.

B. Introducing online shopping to respond to changes in consumer habits.

C. Developing strategies against climate change.

D. Making it easier for a business to pass on to the next generation.

Business management includes the marketing, finance, production, but not the processing tasks that are done to make, harvest, store, process, and sell a product.

True

False

Alternative farm business models offer the chance to include resources from other farm business owners, service providers, investors and other farm businesses.

True

False

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About the Project

AgriSkills – Entrepreneurial Skills for Digitalization of Rural Agriculture is a European project funded by Erasmus+ Program. Our goal is to raise awareness about the digital transformation in agriculture and to provide a training program for entrepreneurial skills in digital, precision and smart farming. Digital agriculture, smart and precision agriculture are important to improve the sustainability of the food industry.

The results of the project stimulate the awareness, knowledge, and skills of learners and trainers in the field on the issues of digitalisation and digital farming:

- *Survey* on the real needs in skills, knowledge and competence development.
- *AgriSkills Training Program*. Developed training program organised like a “guided tour” through the whole range of digital opportunities in agriculture and introducing the needed skills and competencies implemented into a complete training.
- *AgriSkills Reference Catalogue* with collected good practices. AgriSkills will showcase many inspiring initiatives as practical examples, technologies and business models that can be applied in practice.
- *E-learning Platform* as a completely new training approach for digital farming topics for our target groups. Link to the platform: <https://training.agriskills40.com>.

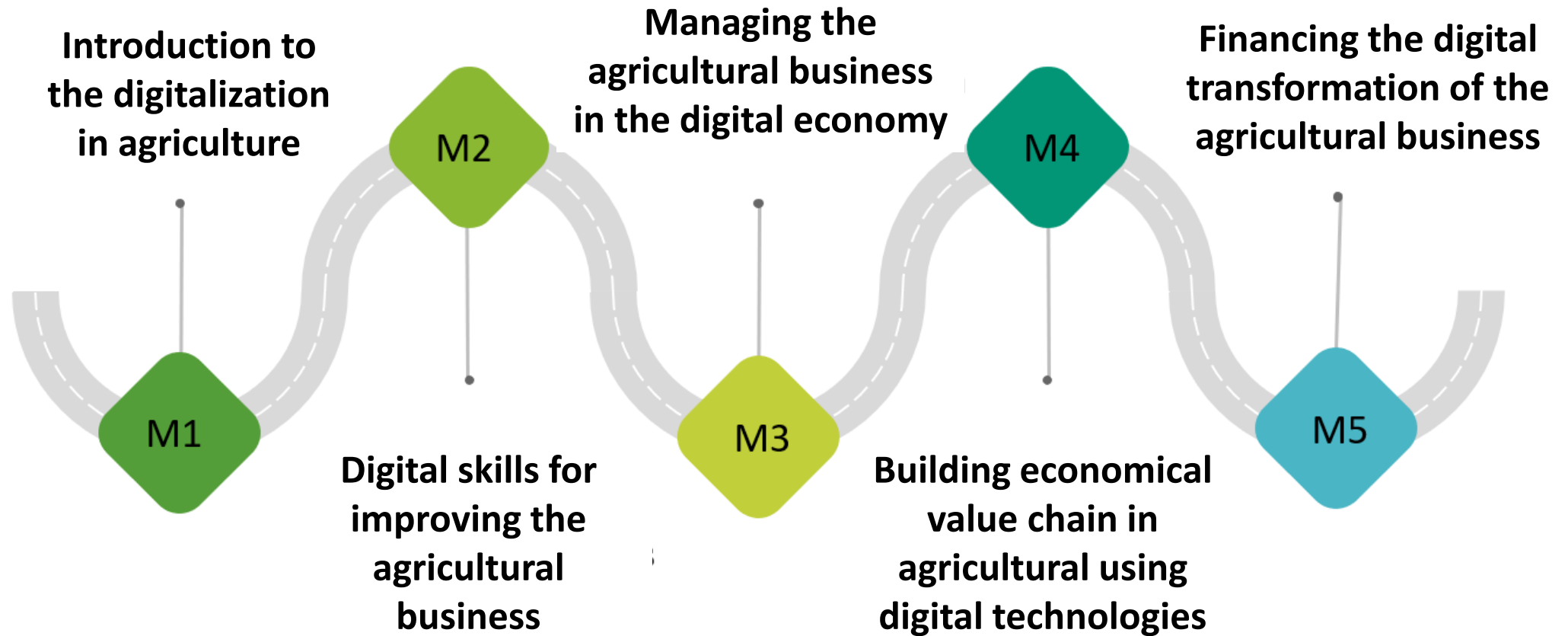


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AgriSkills Learning Roadmap



Note

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Congratulations!
You have completed this Module!



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