

How to Create the Ideal Alpaca Marketing Plan

By Mike Safley

Everyone I know in the alpaca industry spends time thinking about how to market their alpacas. At our seminar, "[How to Buy, Breed, and Succeed in the Alpaca Business](#)", Alan Cousill and myself tell our attendees that having an effective marketing plan is the difference between success and failure. At Northwest Alpacas, we approach alpacas as a business. We have been full time alpaca farmers since 1990, and have made a nice profit on our animals every year since our first purchase in 1984.

For a business to succeed, it needs, among other things, a budget for expenses, labor, capital, and above all, sales. Creating sales requires a marketing plan, which is the subject of this article. (If you would like help with an overall business plan, please e-mail Alan Cousill at alan@alpacas.com.)

An effective marketing plan should include a way to generate leads, farm visits, and finally sales. You also need a clear idea of who is going to buy your alpacas. Finally everyone should have a marketing budget.

DEMOGRAPHICS

Who buys alpacas is a question that needs to be answered before you begin marketing. You need to understand who makes up the market place, fortunately for alpaca breeders, the National Alpaca Owners and Breeders Association (AOBA) has conducted extensive surveys to answer this question. They have published the information in several booklets available from the association office.

The following data is from the 2000 AOBA report and should be considered by everyone when they develop their marketing plans.

1. The major decision maker for alpaca purchases is female. 42.58% of purchase decisions are made solely by women, another 40.98% are made jointly by both husband and wife (which is to say the woman makes the decision), and finally 12.32% are made by men.
2. The average age of the decision maker is 31-40 (22.94%), 41-50 (32.62%), and 51-60 (30.11%). The average age of an alpaca owner is 46.2 years.
3. Almost all alpaca owners are employed in a job other than alpacas (81.55%).
4. The owners are employed in the following jobs and professions:

Medical	13.75%
Education	10.65%
Alpacas full-time	6.53%
Business Service	5.15%
Manufacturing	5.15%
Construction	4.81%
Trans./Comm./Util	4.81%
Retail	4.81%
Finance	4.12%
Government	3.78%
Agriculture	3.44%
Marketing	3.44%
Food Service	2.41%
Veterinarian	1.37%
Repair/Parts	0.69%
Military	0.69%
Wholesale trade	0.69%
"Others" - Real Estate, Computer,	23.71%

Legal/Law, Aviation, Other
 Technology, Landscaping,
 Insurance, Pharmacy, and Mortgage
 Broker

5. The average size of the property alpaca owners lived on is as follows:

Residential Lot	18.11%
1-5 acres	22.26%
5-10 acres	11.32%
10-30 acres	14.72%
30+ acres	27.17%
No land, we board	6.42%

6. 47.6% of all alpaca owners have never before owned livestock.

7. In 2000, 92.69% of all alpaca owners used the internet. This was up from 58.63% in 1997.

8. In 2000, 87.94% of all alpaca owners who answered the survey did not have a website. (Today, more breeders have a website.)

9. Alpaca owners most often read the following ten magazines in order of preference. Of these, six are lifestyle, two are financial, and two are news orientated. They are:

- County Living
- Better Homes & Garden
- Martha Stewart Living
- USA Today
- Newsweek
- Wall Street Journal
- Smithsonian
- Sunset
- Money
- Southern Living

10. The primary way new purchasers discovered alpacas are listed below:

Order of Exposure	TV	Magazines	Newspapers	Word of Mouth	Fair / Show	Internet	Other
1st	20	60	13	55	45	33	25
2nd	0	17	9	35	41	88	10
3rd	2	23	6	36	31	25	15

11. The next step these prospects took after discovering alpacas was:

Steps	Phoned AOBA	Visited AOBA Website	Research on Internet	Visited Farm
1	21	46	85	105
2	22	65	92	56
3	22	77	25	70
4	69	10	7	22

12. Purchasers visited the following number of farms before purchasing:

1 farm	21.59%
2 to 3	31.44%
4 to 5	20.08%
6+	10.98%
Haven't Purchased	15.91%

13. New buyers initially purchased the following number of alpacas:

Animals Purchased Respondents

1	51
2	64
3	53
4	27
5	14
6	4
7	2
8	0
9	1
10	2
11	1
12	2

14. The average time that elapsed between discovery of alpacas and purchaser's first purchase:

Less than 1 month	6.19%
1 - 3 months	19.91%
3 - 6 months	23.89%
6 - 12 months	23.89%
1+ years	26.11%

As you can see from the above responses, the typical alpaca buyer is older, probably female, does their research on the internet, and does not visit many farms before they make their first purchase. They tend to be professionals, and many already have an acreage, although a large number have never owned livestock. Almost all the buyers use the internet, but many farms do not have a website.

GENERATING LEADS

The first step in any marketing campaign is a plan which will generate leads or prospects for your product, in this case, alpacas. This has traditionally been done by placing advertising in the media, or with direct mail. Alpaca breeders often place ads in Alpacas magazine, or mail brochures to AOBA members. They also attend alpaca shows staged by AOBA or its affiliates. Many join the AOBA ad co-op and are listed in the farm and ranch guide. There are also private marketing co-ops. Read about "[A New Kind of Alpaca Marketing Co-op](#)".

Most of the above strategies (excepting co-op membership) are not very effective. Let's take a look at each one.

1. Advertising in the national media is far too expensive for an individual breeder.
2. Advertising in Alpacas magazine does not produce sales or leads, although it may serve to make existing breeders aware of your ranch. Only 1% of the AOBA marketing survey respondents found Alpacas magazine effective. The problem is that the people who read Alpacas magazine already own their alpacas. While it is true that existing breeders constantly purchase animals it is the new breeders who make the large purchases.

3. Mailing brochures to existing breeders can be effective when advertising a local event. Most nationally distributed mailing pieces used by alpaca breeders are ineffective unless the brochure has high production values and is part of a sustained direct mail campaign.
4. Attending the AOBA national convention is expensive, and the people you meet there will generally already own alpacas. Most of people's time at these events is taken up with seminars and meetings--they have little time to shop for alpacas. Purchasers at the national convention often spend the bulk of their money at the annual auction.
5. Alpaca halter shows themselves can be a good marketing vehicle for the winners, but you have to win to use shows as your primary marketing vehicle.
6. The AOBA ranch guide raises a lot of money for the AOBA marketing co-op to use on national ads. That is a good thing, but few farm visits are generated from a listing in the guide.

The value of being in the farm guide is the ability to access the leads which almost no one does. The leads include a phone number, and about 60% have an email address. Almost no one calls the leads or emails the prospects. One problem with the leads is there are too many of them for an individual to work efficiently.

Now, having said all of that, let's take a look at what can be effective. In the most recently completed AOBA (2002) marketing survey, alpaca owners had the following responses when asked what they thought were the most effective marketing strategies:

Strategy	Very Effective	Never Used
Personal Farm Websites	17%	47%
Alpaca Events & Shows	12%	38%
On Farm Events	11%	64%
Commercial Websites	10%	66%
Farm & Ranch Guide	10%	50%
Television	8%	80%
Email	6%	58%
Alpaca Affiliate Websites	5%	52%
Local Magazine Articles	4%	76%
Local Newspapers	4%	64%
Non-Alpaca Events	4%	61%
National Magazine Articles	3%	84%
Farm Newsletter	3%	84%
National Magazine Ads	3%	81%
Local Ads	3%	70%
Direct Mail	3%	69%
Farm Journals & Magazines	3%	64%
Offline Auctions	2%	88%
AOBA Leads Program	2%	69%
National Newspapers	1%	91%
Other	1%	87%
AM Herdsire Edition	1%	81%
Alpacas Magazine Regular Issue	1%	73%
Alpaca Affiliate Newspaper Paid Ads	0%	76%

As you can see from above, websites are considered very effective marketing technique particularly when you add in e-mail campaigns. When you add up the percentage for the internet-related items marked very effective, the total is 40%. This is in part due to the fact that alpaca farms are widely disbursed, and there is no central shopping center. You might be interested to know that 32% of alpaca purchasers have bought sight unseen. Add this to the fact that almost everyone researches the animals on the internet prior to purchasing and you can begin to visualize an effective marketing strategy.

One of the main reasons the internet has become the place to come in contact with buyers is the major ad co-ops: (1) the AOBA Farm and Ranch Guide, and (2) the Alpaca Breeders co-op (ABC). Both use print and television ads to drive traffic to their websites. These websites each provide links to participating breeders' websites.

People researching alpacas not only go to these two websites, but they link to or click on many other websites. This creates both traffic and a low cost marketing opportunity. At Northwest Alpacas, we have an internet-driven marketing strategy. This is where we spend 90% of our marketing budget. If you would like to learn more about our specific strategy and how you can participate with us, click on [A New Kind of Alpaca Marketing Co-Op](#) and [How to Participate in a New Kind of Marketing Co-Op](#).

Collectively these co-op programs produce thousands of leads each month. In fact, they produce so many leads that they become difficult to efficiently contact. These leads are available to all of the co-op participants. You will note above that 69% of alpaca breeders never used the AOBA lead program. This is astounding when you consider that the objective of any marketing program is to generate leads.

The other highly effective and inexpensive method of creating leads is to attend, with your alpacas, high traffic events such as county or state fairs, your local farmers market, village or town events such as Earth Day celebrations, a Corn Festival, or a Greek celebration, etc. There are as many of these opportunities as your imagination will permit, but as you note above, 61% of all alpaca breeders have never used this highly effective marketing strategy.

The key to success at these events is your alpacas. They will be the star attraction. Take them to the event and let people fall in love with them. If you don't believe this will be effective, just think about your first experience with an alpaca. The operative principal is that you put these alpacas in front of enough people and they will sell themselves.

Based on the above, my recommendation to alpaca breeders creating a marketing campaign is to join one or both of the marketing co-ops. Do not spend any money on ads. Remember the first objective of any marketing campaign is to create leads, and you can buy the AOBA leads from AOBA for \$0.18 each without spending any money on advertising. Purchasing leads can be particularly economical because you can buy leads by zip code, state, nationally and internationally. And, as I said above, an even less expensive way to create leads is to attend local fairs and events with your animals. The next objective of your campaign is to turn the leads into visits.

CREATING FARM VISITS

The second most important goal of your marketing campaign is to turn leads into farm visits. There are different ways to do this: 1) farm days, 2) seminars, 3) phone calls, 4) e-mails, and 5) mailing pieces. Some are more effective than others and each person who is doing the marketing must choose the methods that make them comfortable.

As you will see each method has its pluses and minuses, and you often need to explore more than one approach simultaneously. I have examined each approach below.

1. **Farm Days:** Involves creating an event at your farm. This can be very effective. You may want to stage your event in concert with several other farms.

The idea is to create a "happening" to invite people too. The day's agenda could include any of the following, a talk by your CPA, a shearing demonstration, a talk by your vet on husbandry, alpacas for sale, demonstrations on spinning, clipping toenails, etc. Free food is also a great draw, so crank up the barbeque.

Once you have an agenda set, you need to let people know about your event. This can be done by using the leads you received from AOBA to:

1) e-mail, 2) direct mail invitations, and 3) phone. You can also post a notice of the event on your website and pass out flyers at other non-alpaca events such as fairs or festivals.

Farm days can be one of the most efficient ways to get people to your ranch. Remember you only need one buyer to make your day. A farm day is one of the best follow ups to being at shows or fairs because you are taking prospective buyers to the next best level of qualification, a farm visit. It is also very important to have a way to record your attendees so you can follow up with them after the event.

2. **Seminars:** This is another version of a farm day, but can be more specific. You need to either enlist a speaker or pick a topic that you yourself can present. The range of topics is almost endless, but a great one to begin with is "getting started in the alpaca business." Other topics may include creating a business plan, the tax benefits of alpaca ownership, or how to design and build barns and fences for alpacas. You can read up on all of these topics by getting articles from the AOBA library or by visiting <http://www.alpacas.com/>.

3. Phone calls: This is very simple and almost no one that I know, besides Northwest Alpacas, make calls, but this is really one of the cheapest and most efficient ways to encourage farm visits, extend invitations to farm days, and make sales. Remember the AOBA leads include phone numbers. You will find that the people you call are interested in alpacas and they have questions they want answered. A phone call can be the first step toward creating rapport with purchasers.
4. E-mails: This is simply the most time efficient way to contact leads, and it is very inexpensive. Remember people are researching alpacas on the world wide web, and will appreciate an e-mail giving them the opportunity to visit your farm and meet your alpacas. Creating an e-mail relationship also gives you the opportunity to answer questions and add value to your potential client's research effort.
5. Mailing pieces: I would recommend using the mail to send out invitations to the AOBA leads for your events. Direct mailing existing breeders is not particularly effective unless you have a high profile event or an extensive sale list. It is also expensive to direct mail all of the AOBA leads unless you limit your mailing to the zip codes that are within your area.

As you can see there are a lot of ways to create farm visits but each requires a concentrated effort. Please remember that once you set your marketing program in motion it may take six months to a year to reap the benefits. People who attend farm days usually do not purchase until a subsequent visit. The key to success in marketing is a sustained effort. Once you begin selling, it will be steady and regular. Effort equals reward in the alpaca business. Next, we look at sales.

CLOSING SALES

Sales are the most important step in your marketing program, and by now your plan is working well and you have created a farm visit from someone who attended your farm event. Now it is time to make a sale. The sale process works most effectively when the seller adds value to the buyer's purchase. For instance, if you sold an airplane to someone, you could add value to their purchase by teaching them to fly.

The same holds true for alpacas. The seller that adds the most value to the sale often gets the business. At Northwest Alpacas, we actively seek ways to add value. We include breedings to our Studmaster™ males with the females we sell. We help clients create business plans, understand tax benefits, plan barns, layout fences, choose the ideal stud for their females, and the list goes on.

One of the organizing principals of our new marketing co-op (See [How You Can Participate In A New Kind of Marketing Co-Op](#)) is adding value to a client's purchase by giving them a marketing platform to plug into when they become our clients. All the alpacas purchased from us, plus the progeny of our Studmaster™ males, and any females bred to our Studmaster™ males, are eligible to be marketed on <http://www.alpacas.com/www.idealalpaca.com>. But the most significant benefit of our marketing co-op is that if you belong, you can offer your purchasers the same marketing opportunity. If the animals you sell are related to or bred to the Studmaster™ males, they are eligible to be marketed on the website <http://www.alpacas.com/www.idealalpaca.com>.

So the next time you talk to a prospect at your ranch, think how you can add value to their purchase and give them a reason to buy from you. The ways you can do this are easy to imagine -- just think about what you considered of value in your first purchase.

In addition to adding value, you need sales skills to close sales. Sales skills are learned, and there are always lots of books in any book store on the subject. I recommend that any alpaca breeder who has doubts about their sales skills pick up several volumes on the subject and read them.

In general, a successful sale follows this chronology:

1. Meet the prospect and consciously create rapport.
2. Qualify the prospect and define their need. Ask questions and listen.
3. Present a solution that fulfills the prospect's need. (This is where you can add value.)
4. Ask for the order. Don't forget, if you do not ask you will never know.

If you leave out any one of these steps, you are not likely to succeed. I personally believe that the initial step of creating rapport is the most important. People buy things from people they like and trust.

Do not leave the sale dynamics to chance. Learn how to become a good salesperson. Focus on your prospect's needs, ask questions, provide information, earn their trust and the sale.

CREATING A MARKETING BUDGET

The first question you need to answer when creating your marketing budget is how many alpacas do you want to sell? Next question, how much should I spend on my marketing budget? The 2002 AOBA marketing survey asked this question of breeders and got the following answers:

How much have you spent on marketing in the last 12 months?

\$0	38%
\$1-\$299	16%
\$300-\$499	7%
\$500-\$999	13%
\$1,000-\$1,999	8%
\$2,000-\$2,999	5%
\$3,000-\$4,999	3%
\$5,000-\$9,999	5%
\$10,000-\$14,999	2%
\$15,000 +	2%

These figures are remarkable--61% of alpaca breeders spend less than \$500 on marketing, and 74% spend less than \$1,000. If that is your budget, you can stop reading here and I am sorry I have wasted your time to this point.

I know of no business that can afford to spend less than 10% of their projected sales on marketing. For people just starting a business, the front end cost is higher. You also need to realize that you need to spend a minimum amount of money to gain any traction at all.

START UP MARKETING BUDGET

An ideal start-up budget might include the following line items and amounts:

Expenditure	Amount
Website development	2,500.00
Business Cards and Stationary	600.00
Farm Banners and Display for Farm Booth	1,000.00
Logo creation and design	700.00
Total	4,800.00

The cost of developing a website can vary and the cost quoted here is for a website with a bare minimum of features and functionality. If you want to discuss your website, email me at mike@alpacas.com .

To begin with, your website should have the following pages:

1. Home page with clear navigation features. This page should introduce your ranch and give people a reason to spend more time investigating what you have to offer.
2. Guest book that will allow people to sign in and leave their names.
3. For sale listing of your stock.
4. Contact us page.
5. An alpaca facts page and an offer to answer questions.

The experts say there are three "C's" to internet marketing: commerce, community, and content. These elements turn a website into a marketing vehicle as opposed to a static, hi-tech farm brochure.

The first C is commerce. By installing your herd list and posting prices, your "store" is open for business. Then, the only difference between your farm and Amazon.com is the product and the price.

The second C is community. This is a little more difficult, but can be accomplished by such things as chat rooms, newsletters, personalized email communications, or a question and answer forum.

The network website that Alan and I are building will work hard to promote an online alpaca community. We will encourage interaction between breeders, the buying public, and network members. There will be a member-supported newsletter, and a chat room to discuss genetics, marketing, and animal husbandry.

We want to encourage open debate, expression of opinions, and offer members the chance to talk with each other. When people are talking to each other in an internet community, you learn more about them, you understand what is important to them and as a result, get to know them better. The credibility of any single member breeder is enhanced by their participation in this community and their association with other members.

The third C is content. To maintain a person's interest in your site, you must offer what web masters call content, or more simply, information. This is why people are on the internet – to learn. Content can be either written by you, for you, or reprinted with the author's permission. I am happy to provide content to our clients from our alpaca library at <http://www.alpacas.com/>. If you are interested, contact me at content@alpacas.com.

Business cards and stationary are treated as a one time expense because you will not need to reorder often. You can create a nice set of farm banners with your logo at your local sign shop. I recommend doing the signs on a nylon type fabric so they can be transported and hung easily.

A logo is a necessary first step. It should be easy to reproduce in several formats, i.e., on your website, on your stationary, and signs.

ANNUAL MARKETING BUDGETS

The following budget should be considered an ongoing annual expenditure, and in addition to the start up costs:

Expenditure	Amount
AOBA Farm and Ranch Guide ¹	645.00
One state's worth of AOBA leads at \$0.18 each and 500 leads per state	90.00
Ranch brochure and flyers	1,000.00
Website maintenance	1,000.00
Website hosting (\$45.00/month)	540.00
Direct mail for special events at \$0.34 x 500 x 2/year	340.00
Event costs	1,000.00
Total	4,615.00

This budget represents a minimum amount plus or minus that a breeder should expect to spend if they intend to sell alpacas. Based on the 10% principal, this should promote at least \$50,000 and probably up to \$100,000 worth of sales, or approximately four to six females. This budget is also considerably more than what 90% of the alpaca breeders surveyed by AOBA spend, and it should make you very competitive.

The good news is that this effort will probably support sales of more than \$50,000. The bad news is this budget does not include your time and effort. We recommend that people spend a few days every month on their marketing effort. This time would be spent planning farm days, attending events, and making phone calls. This effort should support a full time alpaca business. Some months would be more time intensive than others since the holiday season is generally slow and the spring time more intense in a sales sense.

For a more intensive effort, say sales of up to \$1,000,000 a year, you would want to consider adding the following additional expenditures:

Expenditure	Amount
Basic marketing budget from above	4,615.00
ILoveAlpacas, ABC Co-op	5,000.00
10,000 Farm and Ranch Guide leads at \$0.18 each	1,800.00
Additional alpaca events and farm days	10,000.00
Direct mail expenses at \$0.34 x 10,000	3,400.00
Total	24,275.00

You may also want to consider a significant upgrade to your website. Adding features, content, and increased functionality might cost \$20,000 or \$30,000 dollars. You may also want to look at hiring at least a part time web administrator, which could cost \$500 to \$1,000 per month.

This may seem like a lot, and it is, but a budget of this size should support sales of \$500,000 to \$1,000,000, and is actually much less than the 10% recommended previously. Please bear in mind that spending this money will all be for nothing if you are not willing to commit the time to marketing. Remember, effort equals reward in the alpaca business.

WWW.IDEALALPACA.COM

Alan Cousill and myself are creating a new alpaca marketing community which we call the Ideal Alpaca network. There are two articles: [A New Kind of Alpaca Marketing Co-op](#), and [How to Participate In A New Kind of Alpaca Marketing Co-op](#), which explain the basis of the co-op. The premise of <http://www.alpacas.com/www.alpacas.com/AlpacaLibrary/default.aspx> is to marry a science-based alpaca improvement program with a sophisticated alpaca marketing platform.

This new cooperative will enhance the marketing plan discussed in this article. Everyone who joins our network must also be a member of the AOBA marketing network. Our network will depend on AOBA as a source of leads, and we believe that it is important to support the entire alpaca community. The cost of membership will include the following services:

1. A network website where animals can be listed for sale;
2. Lead generation—this site will have a budget for search engine optimization which works to make websites more visible on the internet;
3. Lead prospecting via email;
4. A member-accessed database containing tens of thousands of leads;
5. A lead response program;
6. A full time web administrator; and
7. A marketing platform for member's clients.

The marketing website we are building will be comprehensive and expensive. We have spent almost \$100,000 on the site to date. By the time we are finished, the cost could exceed \$200,000. We are taking the "Field of Dreams" approach—we believe that if we build it, they will come.

To give you an indication how serious about the quality of our site, I would like to introduce our design team leaders:

Hazen Reed is a veteran of the interactive marketing industry. His Fortune 500 clients have included Nike, Purina, Nestle, IBM, Clairol, Discovery Health, The Statue of Liberty Ellis Island Foundation, Novartis, ABC Television, Smart Money Magazine and many more. Hazen teaches Internet Marketing, Interaction Design and multimedia programming at the New School, in Manhattan.

Susan Muther is an award-winning creative director and graphic designer, specializing in brand development. In the past she served as International Creative Director of PricewaterhouseCoopers; as Art Director for Chermayeff & Geismar, Saatchi & Saatchi and The Graphic Expression. Her clients include IBM, Reader's Digest, Chase Mellon Securities, Dime Bank, Bell Atlantic, Fujitsu, Liz Claiborne, Neiman Marcus and many more. Susan's award credits include those from Communication Arts, Print Magazine, AIGA, and the prestigious Kudos for Design Excellence.

Susan and Hazen are both alpaca breeders, and we expect their passion for the animals to merge with their talent to create a truly outstanding website.

Hopefully, our site will serve its members well. We believe it will succeed, because all of the members will have a vested interest in the success of their fellow breeders. Consider, for instance, each of the partners in a Studmaster™ male. They will want all of the progeny to be elite. If their co-owner's dam has a prize-winning cria, they will both participate in the increased reputation of the male they own together. As the genetic improvement among the virtual herd begins to take hold, all of the community will participate in this success as members of the virtual herd. By sharing genetics from the Studmaster™ males, the entire community will eventually share in one another's herd improvement. This will ultimately lead to the creation of a brand or strain of alpacas similar to Accoyo.

The cost of membership in this co-op will offset some of the expenses identified in the above budgets, which will create cost efficiencies for the members. We are currently building the website and intend to make it available to our clients in the fall. If you would like to learn more about the details, email alan@alpacas.com.

In summary, you need to spend money on marketing to make money in the alpaca business. The truth is that when you own alpacas, no matter how many or how long, no one will arrive at your farm, with a pickup truck and a check, to take them away. You need to market them, which costs money and takes your time. Effort equals reward.

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