

Unit VII: Greenhouse Business Management

Lesson 2: Marketing Plan

After planning a commercial crop, the greenhouse owner must then devise a marketing strategy that promotes the merchandise. This lesson addresses three fundamental aspects of marketing: identifying customers, attracting their interest, and keeping records.

Identifying Customers

Defining the customer base depends on whether the greenhouse owner is selling to wholesale or retail customers. Wholesalers sell in bulk directly to businesses that sell the crops to other enterprises. The clientele consists of landscapers, nurseries, vegetable growers, florists, garden centers, chain stores, grocery stores, etc. They do not rely on the greenhouse wholesaler's sales personnel for advice, are not influenced by displays or advertising, and do not need customer parking lots. Each wholesaler has a small number of customers that usually purchases an entire crop all at once. Assorted crops and supplies are also bought yearlong.

Retailers sell relatively small amounts of plants to the general public in shopping areas, grocery stores, floral shops, malls, etc. These buyers may be tempted to purchase greenhouse plants from discounted wholesale outlets, which concerns retailers. Retail customers pay more per crop than wholesale clients. But retailers cater to shoppers by providing special services: informed sales personnel, attractive displays, and convenient parking lots (which cost retailers money). Patrons enjoy browsing throughout the greenhouse, so retailers have to adjust bench space and the height of displays. Although this reduces the size of the production area, retailers are often rewarded with satisfied customers who are likely to return.

One of the best techniques for identifying customers is to conduct market research. The greenhouse owner pinpoints likely customers by understanding the demographics of the area: income level, population, age ranges, employment sectors and amount of unemployment, characteristics of residential areas, and characteristics of housing developments (sizes and prices of lots). This information affects crop selection, price structure, and the advertising campaign. Chambers of commerce, realtors, census reports, telephone books, university Extensions, trade associations, media consultants, and vocational/technical schools are among the reliable resources for obtaining these statistics.

Market research also involves identifying the competition. The greenhouse owner gauges whether multiple operations are sustainable and determines if similar or different products and services are offered. Visiting retail and wholesale operations, local nurseries, and landscapers not only targets competitors but also reveals their inadequacies. For example, if a rival disregards the buying habits of young, working home owners, a greenhouse owner can seize the opportunity to appeal directly to this demographic group through advertising, special services, periodic sales, and extended hours. The location of competitors affects the greenhouse owner's site and crop selections and may also influence the customer base.

Attracting Customers

As soon as potential customers are identified, the greenhouse owner must figure out how to interest them in the merchandise. Advertising is a proven technique for generating sales. Direct mail, Web sites on the Internet, and various media (television, radio, magazines, newspapers, etc.)

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suggest diverse methods for creatively promoting name recognition and supplying information about services in a visually appealing manner.

Displays in retail greenhouses attract attention if they are located within reach and are aesthetically presented. Greenhouse personnel should encourage browsing and be available to answer questions. Sales promotions for specific crops during the holidays, seasons, and special occasions also generate interest.

Competitively priced crops appeal to consumers. The owner must determine a reasonable profit margin based on what customers are willing to pay. Coupons and periodic sales stimulate commerce and draw attention to a wide range of customers.

Keeping Records

A critical element of developing a marketing plan for a greenhouse operation is maintaining up-to-date reports. A record-keeping system documents key events enumerated on the growing schedule and assists in formulating marketing decisions. The greenhouse owner (or business manager) should maintain financial records that track and categorize fixed and variable costs. Records of earned income include the following information:

- Number of plants sold
- Price per plant
- Grade of crops
- Date when each plant was sold
- Number of good, unwanted plants
- Number of poor-quality, unwanted plants
- Total all sales

Financial records are useful tools for assessing sales trends, and they enable the owner to readily detect which crops sell the most. These records also can be used to compare the amount of sales from previous time periods. This information can affect marketing strategies, crop selection, and inventory control. Various computer software

programs are used to manage financial records, such as Quicken, Excel, Microsoft, and others.

Another type of record compiles pertinent employee information, including time sheets, salaries, hiring/firing dates, etc. A record that details expenses of mechanical systems incurred in the greenhouse (e.g., irrigation, electrical, and heating) is also important. Maintaining a current inventory helps the owner know when to reorder supplies and it facilitates smooth crop production. Software programs are often used to track and order materials.

Customer records with names, addresses, phone numbers, and credit/payment history should be on file. Adding a notation concerning clients' specific requests helps the owner ensure availability of favorite plants. Based on this profile, the owner can notify designated customers about services and new crops that will interest them.

As discussed in the previous lesson, the growing schedule incorporates information relating to environmental conditions, crop rotation, and cultural practices. The purpose of a greenhouse operation's record-keeping system is to compile, organize, and display up-to-date information for personnel who are responsible for specific tasks. Records of environmental conditions indicate the temperature, nutritional level of growing media, presence of insects and diseases, overall condition of plants, and amount of light. Computer software programs are available to predict temperature and energy use and to calculate concentrations of nutrients. As growers cultivate plants, they rely on details from this report.

A record listing the crop rotation schedule ensures maximum use of bench space for increased yield. This record designates which crops to grow during the year and assigns bench space per plant.

Another important record to post in the greenhouse itemizes various cultural practices per

crop. Among the entries on this report are planting dates; amount of day-length treatment per plant; irrigation, aeration, and drainage per crop; amounts, formulations, and dates of fertilizer applications; pest control methods; and dates of harvest per crop. New computer software programs are designed to graph soil tests and insect counts and to manage pest control.

Summary

Identifying the customer base depends on whether the greenhouse owner is a wholesaler or retailer. Different consumers are available in each sector. A market research study provides demographic information about the community that guides the greenhouse owner in targeting the client base. It is equally important to know who the competition is and to assess whether the market can support multiple operations. Advertising, nicely arranged displays throughout the greenhouse, and competitive pricing are proven techniques to attract customers. A well-developed marketing plan relies on a current and thorough record-keeping system that documents information from financial and personnel reports as well as the growing schedule.

Credits

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