

GREENHOUSE OPERATION AND MANAGEMENT

Unit VII: Greenhouse Business Management

Lesson 2: Marketing Plan

Objective:

Develop a basic marketing plan.

Study Questions:

- 1. How is the customer base identified?**
- 2. How does a greenhouse business attract customers?**
- 3. How does record keeping help manage a greenhouse business?**

References/Supplies/Materials

- Greenhouse Operation and Management* (Student Reference). University of Missouri-Columbia: Instructional Materials Laboratory, 2002.
- Assignment Sheet

AS 7.4 Creating a Marketing Plan

TEACHING PROCEDURES

A. Review

After planning commercial crops, the greenhouse owner must develop a marketing plan that promotes sales and ensures a profit. Lesson 2 addresses the basics of a marketing plan. It describes how to determine the customer base, attract customers, and keep records relating to key aspects of the greenhouse operation.

B. Motivation

Engage students in a discussion about farmers' markets or local greenhouses that sell flowers, vegetables, or bedding plants. What crops sold the best? What time of year were they sold? Were the prices reasonable and the quality of the plants acceptable? Where would they prefer to shop? Why are these factors important to the salesperson?

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C. Assignment of Study Questions

D. Supervised Study

Lead students in collecting the information needed to answer and discuss the study questions. Instructor may choose to work on one study question at a time or have students answer all the study questions before the discussion. Another option is to have students work in a cooperative learning environment and have groups work on different study questions.

E. Discussion

Lead students in a discussion of the study questions. Supplement students' responses and information with additional materials when needed.

1. How is the customer base identified?

Select a local agriculture-related business (feed store, nursery, farm equipment dealership, etc.) and ask students to infer what type of customers would be interested in that enterprise. After deciding which types of commercial crops are suited to the greenhouse operation, the owner's first step in developing a marketing plan is to identify the types of customers who would be interested in buying those plants.

A. Determine if selling to wholesale or retail customers

1. Wholesalers sell in bulk directly to businesses that will sell the crops, such as landscapers, nurseries, vegetable growers, florists, garden centers, chain stores, grocery stores, etc. The wholesalers' customers have the following characteristics:
 - a. Do not need special greenhouse sales personnel, displays, advertising, or customer parking lot from the wholesaler
 - b. Usually buy entire crop at one time
 - c. Purchase assorted crops and supplies year-long
 - d. Pay less per crop
2. Retailers sell to the general public in shopping areas, grocery stores, floral shops, malls, etc. The retailers' customers have the following characteristics:
 - a. A large customer base that purchases a relatively small amount of plants
 - b. Buys from shopping centers, grocery stores, etc., but may also purchase plants from discounted wholesale outlets
 - c. Pay more per crop
 - d. Require informed sales personnel, attractive displays, and parking lots
 - e. Like to browse throughout greenhouse

B. Conduct market research

1. What are the demographics of the area?
 - a. Income level
 - b. Population of community
 - c. Age ranges
 - d. Employment sectors
 - e. Level of unemployment

- f. Characteristics of residential areas
- 2. Who is the competition?
 - a. Determine if market can support multiple greenhouse operations.
 - b. Determine if competitors offer same or different products and services.
 - c. Identify location of competitors.

2. How does a greenhouse business attract customers?

Like all commercial enterprises, a greenhouse business must attract customers in order to stay economically viable. Ask students to name a few products they typically purchase (or want to buy) and then encourage them to analyze what triggered their interest in the merchandise. Have them focus on how the product is packaged, advertised, displayed, etc. The greenhouse owner's marketing plan must include techniques for attracting customers. Have students complete AS 7.4.

- A. Advertising
 - 1. Direct mail
 - 2. Web sites on Internet
 - 3. Media (television, radio, magazines, newspapers)
 - 4. Provide company logo and information about types of services in visually appealing manner
- B. Displays in greenhouse
 - 1. Located within easy reach
 - 2. Creatively presented
 - 3. Encourage browsing in store
 - 4. Promote specific crops for holidays, seasons, and special occasions
- C. Competitive pricing
 - 1. Determine reasonable profit margin based on what customers are willing to pay and competitors' prices
 - 2. Provide coupons in weekly advertising supplements

3. How does record keeping help manage a greenhouse business?

An integral aspect of managing a greenhouse business is keeping accurate records. The purposes of record keeping are multifaceted. One of the most significant functions is to provide documentation for specific events indicated on the growing schedule. By having written or computer-generated reports available, the greenhouse owner can make intelligent marketing decisions that affect the production and promotion of his or her crops.

- A. Maintains financial records
 - 1. Tracks and categorizes fixed and variable costs
 - 2. Records income realized from crops, including
 - a. Number of plants sold and price per plant
 - b. Grade of products
 - c. When each product was sold
 - d. Amount of good, unwanted plants and poor-quality, unwanted plants
 - e. Amount of all sales

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- 3. Indicates sales trends
- 4. Compares amount of sales from previous time periods
- B. Records employee information (time sheets, salaries, hiring/firing dates, etc.)
- C. Records expenses incurred in maintaining all mechanical systems in greenhouse (e.g., irrigation, electrical, and heating)
- D. Keeps an up-to-date inventory of all supplies
- E. Maintains record of customers
 - 1. Name, address, phone number
 - 2. Credit/payment history
 - 3. Special requests or purchases
- F. Records environmental practices, including
 - 1. Temperature
 - 2. Nutritional level of growing media
 - 3. Amount of water
 - 4. Amount of light
 - 5. Effect of overall condition of plant (e.g., condition of foliage)
 - 6. Computer software
 - a. Predicts temperature and energy use
 - b. Calculates concentrations of nutrients
 - c. Manages pest control
- G. Records cultural practices, including
 - 1. Dates of planting each crop
 - 2. Spacing intervals between each plant
 - 3. Nutrients and fertilizer provided
 - 4. Amount of daylight required per plant
 - 5. Amount, type, and application date of pest control measures (See TM 6.14 - "Sample Pesticide Application Log" in Unit VI, Lesson 3.)
 - 6. Harvest
 - 7. Computer software - manages pest control

F. Other Activity and Strategy

Contact a volunteer from the Horticultural Speakers Bureau to speak to the class about gardening (314/577-9442; <ridgwaydb.mobot.org/mobot/edu/mstrgard.htm>).

G. Conclusion

After selecting suitable commercial crops for a greenhouse operation, the greenhouse owner develops a marketing plan. The first consideration is whether to sell crops as a wholesaler or retailer. Once this is resolved, the owner identifies the customer base by analyzing the market. This involves researching the demographics of the area and examining potential competitors. Several advertising techniques can help attract customers. By maintaining careful records, the greenhouse owner ensures that critical components of the business are managed efficiently and correctly. Record keeping also helps the greenhouse owner make informed marketing decisions.

H. Answers to Activity Sheet

Instructor's discretion

I. Answers to Assessment

1. B
2. A
3. A
4. B
5. A
6. B
7. A
8. B
9. A. What are the demographics of the area?
B. Who is the competition?
10. Students may list any two of the following for one of the following questions:
(What are the demographics of the area?)
 - A. Income level
 - B. Population of community
 - C. Age ranges
 - D. Employment sectors
 - E. Level of unemployment
 - F. Characteristics of residential areas
(Who is the competition?)
 - A. Determine if market can support multiple greenhouse operations
 - B. Determine if competitors offer same or different products
 - C. Identify location of competitors
11. A. Advertising (direct mail; web sites on Internet; media [television, radio, magazines, newspapers]; provide company logo, information, and types of services in visually appealing manner)
B. Displays in greenhouse (located within easy reach; creatively presented; encourage browsing in store; promote specific crops for holidays, seasons, and special occasions)
C. Competitive pricing (determine reasonable profit margin based on what customers are willing to pay and competitors' prices, provide coupons in weekly advertising supplements)
12. Students may list any five of the following:
 - A. Maintains financial records
 1. Tracks and categorizes fixed and variable costs
 2. Records income realized from crops, including
 3. Indicates sales trends
 4. Compares amount of sales from previous time periods
 - B. Records employee information (time sheets, salaries, hiring/firing dates, etc.)
 - C. Records expenses incurred in maintaining all mechanical systems in greenhouse (e.g., irrigation, electrical, and heating)
 - D. Keeps an up-to-date inventory of all supplies
 - E. Maintains record of customers

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- F. Records environmental practices
- G. Records cultural practices, including
- H. Keeps all records up-to-date and available to greenhouse personnel

UNIT VII: GREENHOUSE BUSINESS Name_____

MANAGEMENT

Lesson 2: Marketing Plan

Date_____

ASSESSMENT

Matching: The left-hand column lists descriptions relating to the characteristics of wholesalers' customers and retailers' customers. Write A for wholesalers' customers and B for retailers' customers in the space provided.

- | | |
|---|---------------------------|
| 1. ____ Buy plants in shopping areas | A. Wholesalers' customers |
| 2. ____ Purchase assorted crops and supplies year-long | B. Retailers' customers |
| 3. ____ Purchase entire crop at one time | |
| 4. ____ Require parking lots | |
| 5. ____ Pay less per crop | |
| 6. ____ Like to browse in store | |
| 7. ____ Do not need sales personnel, displays, or advertising | |
| 8. ____ Pay more per crop | |

Short-Answer Questions: Write your answers in the space provided.

9. What two basic questions are asked while conducting market research?
- A.
- B.
10. Using one of the questions listed above, what are two specific pieces of information of interest to a greenhouse owner?
- A.
- B.

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11. What are three techniques for attracting customers?

A.

B.

C.

12. What are five ways records help manage greenhouse operations?

A.

B.

C.

D.

E.

UNIT VII: GREENHOUSE BUSINESS MANAGEMENT

AS 7.4

Lesson 2: Marketing Plan

Name _____

Creating a Marketing Plan

Objective: Create a marketing plan that promotes a greenhouse business and selected crops.

Directions: Refer to the scenario described in AS 7.1 in Lesson 7.1, the list of commercial crops selected, and the growing schedules prepared for each new crop. Devise a marketing plan for your greenhouse operation and focus on the three to four new crops you decided to cultivate. Work in small cooperative groups.

Ensure that your marketing plan responds to the following questions:

- A. Who are your targeted customers?
- B. What techniques are useful for attracting customers?
- C. Which records of cultural, environmental, or management practices affect marketing decisions?

Present your marketing plan to the class. Suggested approaches are listed below.

- A. Give a PowerPoint presentation.
- B. Present plan as a TV or radio commercial.
- C. Make an oral presentation using visual aids.
- D. Create a web site.

UNIT VII ACTIVITY

Greenhouse Business Management

Name _____

Designing a Garden

Objective: Plan the design, costs, and growth schedule of a garden.

Directions: Develop a plan for creating one of the projects listed below or devise your own garden.

Access one or more of web sites listed below, search the Internet for other sites, consult trade journals and popular magazines, visit local nurseries and greenhouses, and/or talk to professional growers. Be sure to address the following:

- Select suitable plants for your garden.
- Ensure that a local greenhouse or nursery sells them.
- Calculate how much it would cost to create this type of garden.
- Supply a statement of expenses.
- Calculate how much bench space (measured in square feet weeks) is required to plant your garden.
 - Determine how many square inches there are per flat. (Multiply the dimensions of the flat.)
 - Convert square inches to square feet by dividing the total number of square inches in the flat by 144 (the total number of square inches per square foot). The result is the amount of bench space per flat in square feet.
 - Multiply the amount of bench space in square feet by the number of weeks required to grow the plant.
 - The result is the amount of bench space required as measured in square foot weeks.
- Develop a growing schedule for the plants.
- Present your gardening project to the class as a marketing plan; address the students as the targeted customers.
- Devise techniques for interesting them in your garden.

Suggested Web Sites

- Brooklyn, New York, Botanical Garden <<http://www.bbg.org>>
- Chicago Botanic Garden <<http://www.chicago-botanic.org>>
- Garden Clubs of Missouri <<http://www.gardenclubsofmissouri.org>>
- GardenWeb <<http://www.gardenweb.com>>
- Gateway Greening Inc. (not-for-profit) <<http://www.st-louis.missouri.org/gateway-greening>>
- HGTV - Home and Garden Television <<http://www.hgtv.com/HGTV/searchResults>>
- Missouri Botanical Garden <<http://www.mobot.org/gardeninghelp>>
- Missouri Prairie Foundation <<http://www.moprairie.org>>

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- Missouri Wildflowers Nursery <<http://www.mowildflowers.net>>
- National Gardening Association <<http://www.garden.org>>
- Plant a Row for the Hungry (Garden Writers Association of America) <<http://www.gwaa.org>>
- Powell Gardens, near Kansas City <<http://www.powellgardens.org>>
- University of Missouri-Columbia, Xplor Horticulture Publications <<http://muextension.missouri.edu/xplor/agguides/hort/index.htm>>
- Urban Wildlife Sanctuary Program <<http://www.wildneighbors.org>>
- Wild Ones Natural Landscapers <<http://www.for-wild.org>>

Gardening Projects

1. Herb garden
2. Landscaping for the yard
3. Flower garden with perennials and/or annuals
4. Organic vegetable garden
5. Garden that attracts hummingbirds and butterflies
6. Desert garden
7. Garden of Missouri native plants
8. Garden of prairie plants
9. Winter garden
10. Topiary garden
11. “Water” garden (pond or water fall, water plants)
12. Japanese-style garden
13. Potted plant garden
14. Shade-loving plant garden
15. Rose garden
16. Bulb garden
17. Vegetable garden for the needy

- 18. Wildflower garden
- 19. Formal garden
- 20. Ground cover garden
- 21. English
- 22. Garden based on a color theme
- 23. Night garden
- 24. Garden of exotic plants
- 25. Garden for all seasons

