

Market Analysis Example

Market Analysis for Mrs. Greenjeans Greenhouse

Mary Wilson is the Owner and Marketing Manager for Mrs. Greenjeans Greenhouse. Our aim is to serve an upscale market niche for gardening and indoor plants. We will strive to offer high-quality products. Our direct customers will be local garden centers within a four-hour radius (200 miles) of our greenhouse. We do not want to sell farther than our delivery trucks can deliver and return in one day. We will attempt to sell even closer and encourage garden center customers to pick up the product from our greenhouse. We want to give our garden center customers products that are not offered at the big discount stores. We are striving for a high-quality differentiated product. The final consumers of our products are homeowners and renters who are involved with their home and landscape. These customers will be a little more educated and have a higher income than customers who purchase from other market channels. We are competing for discretionary dollars. We compete with other garden centers, but we also compete with other luxury products such as candy and wine. We feel since we will be the “new kid on the block” we will have to strive to have a little better product and something that our competitors don’t have. We plan to constantly look for ways to add a little extra value (such as making sure our pots are

clean and won't soil the final consumer's car). Mary will visit all of the garden centers within the marketing area to establish a relationship with them. She will also develop flyers to mail out to her customers, letting them know what products will be available for the next season. She will strive to establish written contracts with them so that we can plan our production schedule around the marketing plan. This is not very common in the greenhouse industry, so we will offer discounts for contracts that are made before the beginning of the production season. We will develop a Web site, open Facebook and Twitter accounts, and tweet our customers weekly during the season to remind them to check out our Web site for our product availability.

We grow high-quality, unique blooming plants and bedding plants. We select varieties that will perform well in the landscapes and home of our customers. We look for disease, insect, and deer-resistant plants, unique colors, and unusual varieties to perform well for our customers and stand out from the competition. If some of our products are not top quality, we will sell them to local greenhouses who sell to the mass market. We want to protect our primary market by keeping the quality and prices high.

Mrs. Greenjeans Greenhouse also looked up information about the green industry from USDA and the National Gardening Survey. US expenditures for floriculture and environmental horticulture were \$15.9 billion in 2009. The green industry, also called the environmental horticulture industry, includes cut flowers, flowering potted plants, foliage plants, bedding plants, sod, ground covers, nursery crops, and bulbs. It does not include food crops produced in greenhouses. The green industry represented 5.6 percent of agricultural cash receipts in 2009. Thus, it was ranked the 6th largest commodity group in the United States in cash receipts in 2009, behind beef, corn, soybeans, dairy, and broilers. Environmental horticulture is the top commodity in Florida, New Jersey, and Oregon. From 1986 to 1990, the growth in grower cash receipts for the green industry was a phenomenal 10 percent per year. From 1991 to 1995, this growth rate slowed to 3.4 percent per year. After years of rapid growth, it appears the industry is now a mature market. U.S. wholesale value for all floricultural crop categories were down 6 percent in 2009 to \$3.69 billion for the 15 states surveyed annually (see tables). However, tremendous opportunity for growth still exists in the green industry with per capita sales of only \$13.65. While sales for most crop categories were down in 2009, the wholesale value for annual bedding plants increased by 1 percent in spite of the recession. The trend is back to gardening. The National Gardening Association found that 71 percent of U.S. households participate in some type of gardening activity and 30 percent participate in flower gardening. Two million more households participated in gardening activities in 2010 compared to 2009, from 81 million households in 2009 to 83 million households in 2010. While people spent more time gardening, they spent less money on gardening activities. The average annual amount spent on gardening activities decreased by \$81, from \$444 to \$363. Unlike other agricultural commodities, which are limited by the size of a person's stomach, the growth potential for the green industry is almost

unlimited. We want to tap into the reasons people garden: to improve or maintain the appearance of their property, to save money by gardening themselves rather than hiring services for it, because they enjoy gardening, to grow fresh and nutritious food, for exercise, to make their outdoor space more livable, and to be more self-reliant.

Total and U.S. Per Capita Consumption Floricultural Crops for 15 States Surveyed for Sales Over \$100,000

Crop	2008	2009	% Change	Per Capita (\$)
	<i>1,000 US dollars</i>	<i>1,000 US dollars</i>		
Annual bedding plants	\$1,308,664	\$1,316,676	1	3.24
Herbaceous perennials	\$545,126	\$491,739	-10	2.63
Flowering hanging baskets	\$668,170	\$632,356	-5	1.12
Foliage plants	\$510,311	\$454,340	-5	2.43
Cut flowers	\$417,098	\$359,227	-14	1.92
Cut cultivated greens	\$91,748	\$73,956	-19	0.40
Propagative floriculture materials	\$383,836	\$357,660	-7	1.91
Total or Average	\$3,924,953	\$3,685,954	-6	13.65

Source: *Floriculture Crops 2009 Summary* (USDA, 2010 based on only the top 15 states).

Percentage of U.S. Households That Participate in Garden Activities

Activity	Percentage
Gardening	71
Lawn care	48
Grow indoor houseplants	31
Flower gardening	30
Landscaping	27

Source: National Gardening Association, 2007 (<http://www.garden.org>).

The Number and Percentage of People Who Say They Participated in Do-It-Yourself Lawn and Garden Activities

Reason	Millions	%
To maintain the appearance of	53	64

my property		
To improve the appearance of my property	50	63
To save money by doing more myself	47	57
To enjoy the activity	47	57
To grow fresh and nutritious food	25	48
For exercise	37	45
To make my outdoor space more livable	37	44
To be more self-reliant	27	32

Changes in Gardening in the United States from 2009 to 2010

Change	Percentage
Spent more time on lawn and gardening activities	20
Spent less money gardening	16
Spent more time food gardening	22
Spent more time flower gardening	19
Spent more time container gardening	19
Spent more time on lawn care	14
Spent more time on yard and landscape maintenance	13
Spent less time on lawn and gardening activities	10

Source: National Garden Survey, National Gardening Association, 2007 (<http://www.garden.org>).