
The Marketing Plan

In this section you will describe, in general terms, the industry in which you operate. The greenhouse vegetable industry encompasses the production of five vegetables, primarily:

- beefsteak and cherry tomatoes
- long english cucumbers
- european butter head lettuce
- coloured bell peppers

At present, with the exception of peppers, all commodities are regulated products and require a quota to be grown. They can only be sold through designated agencies such as the Western Greenhouse Growers' Cooperative Association (WGGCA). In that case the grower is not personally involved in the promotion and selling of his product. Please keep in mind that it will take approximately one year for a quota application to be reviewed and approved.

If you are planning to grow peppers, detailed information on marketing strategies must be provided - how much you plan to grow and sell, who your customers are, how your products will be priced and how you will promote your product.

The marketing plan will review the four P's of marketing: product, price, place and promotion, helping to ensure that you have a product which the market wants and one that you can sell at a profit.

1. Development of Commodity Sales and Prices

Most credit institutions will contact the grower co-ops to obtain industry sales data and information on market trends. Schedules showing the industry growth rate and price developments over a period of five years are illustrated on a sample form on the following page and should be included in your business plan. Further information can be gathered from a number of different sources including the following:

- industry and trade associations
- industry and trade journals
- Statistics Canada publications
- other growers
- discussions with potential suppliers
- B.C. government business and agriculture advisory services
- local horticultural training institutions

**Development of
Commodity Sales
and Prices
Example**

	1986	1987	1988	1989
Tomato Sales in B.C. (Market value of Growers shipments)	100	122	134	167
Tomato Prices in B.C. (Gross Sales Value per 20 lbs case)	100	101	107	105

*Note: detailed information on prices and sales are not available;
1986 tomato prices and sales equal 100%.*

2. Industry and Market Trends

Identify major trends affecting the industry or business. This could include information on

- cultivars or consumer tastes
- vegetable sales and industry expansion
- industry structure and size of operations
- market organizations and pricing
- new technology and production practices

You can find out about these trends by reading industry journals and discussing with other growers and suppliers what changes they think will occur. Once you have identified the major trends, you need to decide how your business will accommodate them. Our example shows the trends which apply to Central Valley Greenhouses.

Industry and Market Trends Example

1. Sales of greenhouse tomatoes have increased steadily with an annual average rate of 12% over the last 10 years. This growth rate is likely to continue to the year 2000.
2. The WGGC is the only agency in Districts I and II permitted to sell tomatoes on behalf of the growers. WGGC represents 87 greenhouse operations on the mainland and on Vancouver Island. Thirty-six of these growers produce tomatoes. 96% of all greenhouse tomatoes in B.C. are sold through the Co-op.
3. Tomato prices depend on the seasonal availability and the quality of the product. Locally produced tomatoes compete with field grown products from Mexico, California and Florida. The market share of greenhouse tomatoes in overall tomato sales in B.C. has increased from 8% in 1985 to 22% in 1989.
4. The greenhouse vegetable industry in B.C. is recognized as the North American leader in technology and innovation.
5. The industry is adopting environmentally sustainable practices and reducing pesticide use. Approximately 95% of all tomato growers in the lower mainland use biological means to control insect pests in their greenhouses.
6. Future marketing efforts will focus on U.S. metropolitan areas and Japan. A development of these markets will allow for further expansion of this industry in the lower mainland.
7. Tomato producers are extending the growing season to take advantage of the market window in the winter.
8. Television advertising promoting the B.C. Hothouse label and in-store demonstrations are increasing per capita consumption of greenhouse vegetables.
9. The trend in the B.C. tomato industry is towards the construction of large, efficient greenhouse facilities.
10. Possibilities exist to market tomatoes as a "pesticide-free" product at a higher price.
11. Recent trials using bumble bees to pollinate tomato plants have demonstrated savings in labour costs and increased yields. Industry wide adoption of this practice is expected to take place soon.
12. A general trend exists to produce a large fruit. Consumer research has shown that fruit size is perceived to be a strong indicator of product quality.



3. Political and Legal

Identifying legislation that affects how your products are produced and delivered allows you to react to controls that may impose additional cost or risk, or in fact may help you to reach your goals.

4. Customer Analysis and Response

In this section you will examine the major criteria you think the consumers use to buy the products you grow. Generally the wholesaler will inform the co-op or the growers about certain consumer preferences. You may find that your experiences and preferences are not the same as those of other consumers. It is understanding the consumers' preferences, not yours, that will contribute to the success of your business.

**Political and
Legal Constraints
Example**

Constraint	Response
Municipal registrations limit the availability of suitable land for greenhouse production.	Build on large enough land avoid land use conflicts and restrictions (set backs, noise, traffic, visual impact etc.).
Immigration rules restrict the hiring of trained staff from Europe.	Develop productivity incentives, staff training programs and reference library.
Federal and provincial environmental regulations apply to waste materials.	Include effective waste management facilities and nutrient recirculation systems when building the facility.
Product treated with pesticides may be rejected for exports.	Use biological pest control methods.
Commodity prices are subject to import fluctuations.	Maintain competitiveness on a global level.

**Customer Analysis
and Response
Example**

Customers	Target	Barriers	Strategies
supermarkets, vegetable wholesalers	large smooth fruit, firm texture, good shelf life, blemish free tomato, good taste, 38% extra large, fruit (year 1) 42% extra large fruit (year 2)	unpredictable weather patterns, incorrect cultural procedures cultivar selection	precise manipulation of environmental growth factors through computer control, training of staff in the use of correct cultural practices, use of grafted material, selection of suitable cultivar.

5. Promotion and Advertising

As previously mentioned, most greenhouse vegetables are sold through the designated sales agencies. Their qualified sales staff act on behalf of the growers by promoting and selling the product. B.C. already can claim the highest consumption of cucumbers and tomatoes per capita in North America. The following sample form shows the focus of their efforts. The costs of promotion and advertising are included in the marketing commission which is paid to the grower co-operatives.

Promotion and Advertising Example

Method of Promotion	Customer	Target
Product labelling (B.C. Hothouse)	End consumer	Identify superior greenhouse tomato
T.V. and bill board advertising	End consumer	Increase consumer awareness re: superior quality of greenhouse tomatoes
Recipe distribution	End consumer	Increase per capita consumption of vegetables