

MARKETING

Marketing is the single most difficult aspect of nursery crop production and should be considered well ahead of growing any plants. Unlike many other agricultural commodities, there is no centralized selling agency, such as a marketing board or a nursery plant auction. Nursery operators are on their own when it comes to product marketing. This is further complicated today because each nursery has to compete in the highly competitive North American marketplace.

There are many factors to consider when it comes to marketing. What marketing channels will work best for your situation, and what type of marketing and promotional tools will you use? What will be your market area? Will it include local, domestic or export markets? Shipping product outside your local community increases market size, but it also brings with it the need to know and adhere to regulations designed to prevent the movement of quarantine pests. Further information about these regulations is presented in the *Regulations* section, and in Chapter 2 of the *Nursery & Landscape Pest Management & Production Guide*. In addition, you will most likely have to rely on a commercial trucking firm to transport your product into distant markets. Today, due to increasing fuel costs and a shortage of trucking companies, it is more difficult for nurseries to secure their trucking needs.

Figure 5. A shipment of nursery stock almost ready for delivery. The pots are carefully stacked to maximize the volume of product shipped per load.



Figure 6. Some nurseries are beginning to ship stock on pallets to make loading and unloading easier.



A 2002 survey of BC nursery operations determined that the main marketing tools used by wholesale nurseries differ from those used by retailers¹⁴. Wholesale nursery respondents to the survey spend an average of 2% of their sales on their marketing, advertising and promotion budget. Larger firms spend a smaller percentage of sales on marketing than small firms. The main promotional tools used are trade shows (25% of budget), product catalogues (21%), and buyers guides (16%). Other forms of promotion include: Yellow Pages (3%), trade journals (8%), newspapers (3%), web site (7%) and sponsorship of industry events (4%).

In contrast, the retail nurseries surveyed spent an average of 4.2% of their sales on their marketing, advertising and promotion budget¹⁵. The main promotional tools used are newspaper advertisements (40% of budget), direct mailers/newsletters (15%), flyers (12%), radio

¹⁴ *The Nursery and Landscape Industry in British Columbia*. 2002. BC Landscape & Nursery Association.

¹⁵ *The Nursery and Landscape Industry in British Columbia*. 2002. BC Landscape & Nursery Association.

advertisements (10%) and sponsorship of community events (7%). Other marketing methods used are: television (5%) and in-store clinics (1%).

Marketing Channels - Wholesale versus Retail: There are many markets for nursery crops, including landscape contractors, garden centres, mass merchandisers, other growers, brokers, agricultural producers (e.g. tree fruit and berry growers), and homeowners.

Most nursery crops are sold at the **wholesale** level. The major wholesale market is garden centres, which accounted for 21% of gross farm gate sales in 2004. Other markets include other growers (13%), landscapers (15%) and mass merchandisers (9%)¹⁶.

Brokering is a small but useful market channel for new growers that have a limited product line, insufficient market contacts, and/or poor marketing skills. Brokers enter into agreements with growers to market and sell their product for an agreed upon price. Nurseries that broker product are identified in the BCLNA's *Buyers Guide*.

Nurseries routinely buy stock from **other nurseries** to fill orders. This market channel cannot be relied upon to move stock because sales only occur on an 'as required basis'. To be considered as a potential supplier to other nurseries, it is critical that you are known within the industry. To establish a presence in the industry, it is important to belong to the BCLNA and to participate in industry events and committees. The value of active participation in the Association cannot be overstated.

Direct selling of product to the consumer is attractive because it maximizes price per plant. However, the costs associated with selling the crop are higher. Some drawbacks of retailing are sales occur at the busiest time in the nursery production cycle and retail customers can demand a lot of time. In fact, almost 25% of people have no intention of making a purchase when they visit a garden centre, but instead their intentions are to browse or gather information¹⁷. A 1999 consumer survey completed in BC found that garden centres are the prime source of gardening information for 81% of respondents¹⁸. Books (12%), mass merchandisers (6%), and super markets (1%) are used infrequently. Customer service is extremely important when retailing. Anyone planning to venture into retailing should be people-oriented.

Direct farm marketing businesses must follow many laws and regulations. For instance, some regions have enacted laws that require direct farm markets to have:

- a building permit to ensure compliance with building codes,
- a business license or registration,
- liability insurance,
- product, fire, and/or theft insurance, and
- signs that meet standards with respect to placement, size, location, and type of sign used.

Regulations can vary between municipalities. Assistance with establishing an on-farm retail business can be obtained from your regional direct farm marketing association. A list of the associations in BC is provided under *Marketing* in Appendix 2. Registration for many required licences, as well as business name, export and GST numbers are available [on-line](#).

¹⁶ *Greenhouse, Sod and Nursery Industry*. 2004 Statistics Canada, cat. # 22-202-X1B

¹⁷ Jim Van Dellen, "Advertising Analysis". *American Nurseryman*, November 15, 1998, pages 50-54.

¹⁸ B. McTavish and J. Jarvis. *British Columbia Garden Products and Services Consumer Survey*. February 1999. BC Landscape & Nursery Association.

Mail-order selling is another form of retailing. However, it does not require face-to-face business with the client. Keys to success are the quality of your catalogue and your ability to maintain plant health and vigor during shipping. Obviously the latter point will depend upon the type of plant material, the packaging system, and the type of carrier used. There are two US mail-order associations; the Mail-order Gardening Association and the National Mail Order Association that can provide additional information (see Appendix 2). Tony Avent, Plant Delights Nursery Inc., has written an excellent document on mail-order selling titled "[So, You Want to Start A Mail Order Nursery](#)" that is available on the Internet.

Internet websites can bring the world marketplace to the door of even the smallest nursery business at a reasonable cost. You may register a web domain by conducting an Internet search for web domain registration companies. Professional website design consultants will create a site that effectively showcases your nursery's products.

eBusiness Connection offers BC companies a unique collection of services to help adapt to technological change and access the tools and information needed to grow and remain competitive on a global scale (see Appendix 2).

If you have mail-order or Internet sales outside of Canada, there are costs to meet export requirements. These include Canadian Food Inspection Agency inspection fees that are associated with the issuance of a phytosanitary certificate, and broker fees to prepare the necessary documentation for US Customs. A broker is mandatory for orders over \$1,200. It is important to look into these issues before starting a mail-order business or Internet marketing program. Your Internet site will be accessible worldwide and, therefore, you must also ensure that you have the right to sell each plant to all countries. Internet businesses have been sued for infringing on license agreements.

Product Quality - The #1 Criteria used to Select a Supplier: Crop returns are directly related to crop yield. An increase in crop yield (a reduction in shrinkage) will increase crop returns. Of course, the reverse is also true: a reduction in crop yield will decrease crop returns. A grower must realize and take into account that not every plant grown will develop into a marketable plant. Based on a 2002 industry survey, on average 6.8% of a crop is discarded due to poor health (2.2%), poor sales (1.2%), spoilage (2.5%), and other reasons (0.9%)¹⁹. The quantity of stock discarded each year due to spoilage was reported to range from 0 to 30%²⁰. The level of crop losses can be the difference between a profitable and a non-profitable year.

To maximize crop returns and to meet orders, there is incentive to ship product of lesser quality. Growers may feel that they can compensate a client for accepting low quality stock by shipping extra plants or by offering a price discount. The potential drawbacks of shipping low quality plants are numerous.

- **Nursery clients** will have difficulty growing the plants to a marketable size in the scheduled production period, which will lead to disruption in their future supply of the crop.
- **Retail clients** will receive lower returns per plant and may find it more difficult to sell low quality plants.
- **Landscape clients** will run into several potential problems associated with the receipt of inferior plants, including client dissatisfaction and increased risk of poor plant establishment and the need to replace material in the landscape.

¹⁹ *The Nursery and Landscape Industry in British Columbia*. 2002. BC Landscape & Nursery Association.

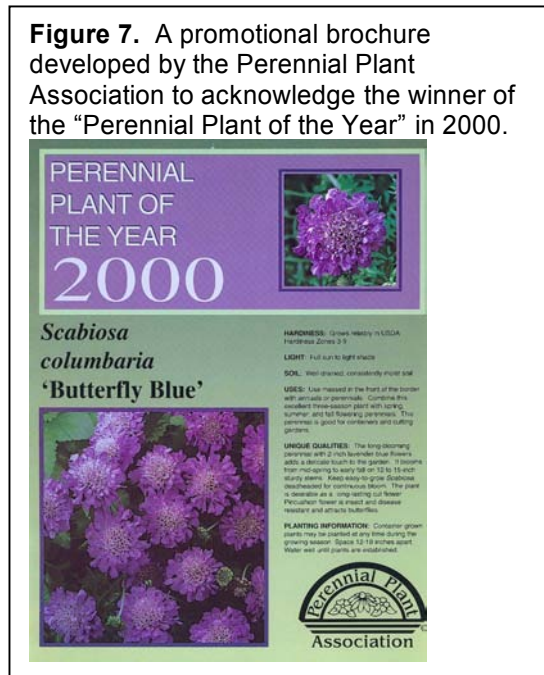
²⁰ *The Nursery and Landscape Industry in British Columbia*. 2002. BC Landscape & Nursery Association.

The end result of shipping inferior plants is often the loss of a client or demands for refunds to compensate for plant losses.

Industry surveys have proven that price is not one of the major criteria that retailers and landscapers use when selecting a nursery as a supplier. Instead, plant quality is the most important criterion²¹. Plant quality incorporates plant health and appearance, and the quality of packaging materials. The level of personal service, consistency of supply, and speed of delivery are all more important criteria to garden centres than price²².

Today, the industry is more aware that high quality packaging materials increase retail sales. For this reason, the traditional black nursery container is being replaced by a multitude of different colored pots, and plant labels are being jazzed-up with color pictures and more extensive information about the plant. A current trend is the use of bigger, and more colorful and informative tags²³.

Retailers are also beginning to look for point-of-sale merchandising materials from growers, including end-of-aisle displays, brochures (Figure 7), banners, and colorful posters. A number of individual nurseries, regional governments, and industry or commodity associations have developed nursery and landscape standards. In BC, the BCLNA and the BC Society of Landscape Architects jointly developed the *BC Landscape Standard*²⁴, which sets standards for nursery plants and landscape installations.



The BC Landscape Standard: This section provides an overview of some aspects of plant grading presented in the *BC Landscape Standard*. Growers are encouraged to review the full Standard for more details on plant grading.

The Standard establishes minimum root / plant size relationships for nursery stock. Root size is equal to the container or root ball size. Above-ground growth is measured by trunk caliper (for standard shade trees over 2.5 m tall), plant height (conifers and standard shade trees up to 2.5 m tall), canopy density and shape (height and spread ratio), or canopy density and plant spread (for spreading evergreens and dwarf conifers). Figure 8 provides an example of the Standard pertaining to plant proportion and canopy density for coniferous evergreens.

The root ball or potting medium should have roots extending throughout it, without being root bound, and should be firm and intact. Containers should be filled to within 2.5 cm of the top of the container. For balled stock, the root ball should have an adequate fibrous root system that

²¹ M.P. Garber and K. Bondari, "Retail Garden Outlets: Plant Material Purchases and Trends." *Journal of Environmental Horticulture*, 16(1):20-26. March 1998.

²² M.P. Garber and K. Bondari, "Retail Garden Outlets: Plant Material Purchases and Trends." *Journal of Environmental Horticulture*, 16(1):20-26. March 1998.

²³ J. Bramwell and B. Grabarek, "Trendy Tags." *American Nurseryman*, August 15, 2005, pages 35-39.

²⁴ *BC Landscape Standard*, 2001 (6th edition). Published by the BC Society of Landscape Architects and the BC Landscape & Nursery Association.

has been developed by proper cultivation practices, and that is tied tightly with burlap and twine.

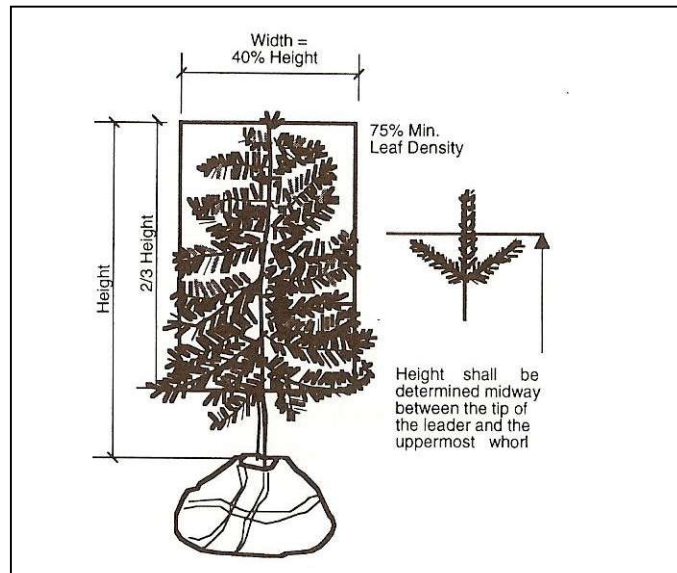
The Standard also addresses ethical issues of wild plant collections, presence of noxious perennial weeds, and plant substitutions.

The Standard is intended to achieve the following goals:

- to standardize the products growers produce,
- to simplify the bidding process for landscape contracts, and
- to ensure proper root growth and pruning to produce a healthy, well-developed plant.

The BCLNA continues to encourage the industry to adopt the Standard. In time, as acceptance of landscape standards increases, the market for lesser quality plants will disappear.

Figure 8. System for Grading Nursery Stock - Example: Tall and Broad Coniferous Evergreens (adapted from the *BC Landscape Standard*²⁵).



²⁵ *BC Landscape Standard*, 2001 (6th edition). Published by the BC Society of Landscape Architects and the BC Landscape & Nursery Association.