

# Horticulture and Marketing: Are We Making Enough Progress?



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Joining me today is Bridget Behe, professor of Horticultural Marketing at Michigan State University. Bridget earned dual bachelor's degrees in Horticulture and Agricultural Education from Penn State University in 1983. She moved on to Ohio State University for her master's work and returned to Penn State to complete her Ph.D. in 1989. She then began her academic career on the faculty at Auburn University and moved to Michigan State University in 1997.

**Peter:** Thanks for joining me, Bridget. I'm excited to discuss this topic with you. Would you share your perspective on where the industry stands in our marketing effort and where you feel we need to go?

**Bridget:** Hi, Peter. Great to have this chat with you! I've seen some big changes but also not seen enough change in some areas. Branding is one of the big changes that has helped the industry and some individual companies. There are plenty of good examples, and I think branding has helped the consumer as well as industry businesses.

Pricing with all of its issues has not come along far enough. We, as an

industry, have not done as good a job at conveying the benefits of plants from which consumers derive value. We need to have more consumers behold the value of our products, services, and the positive experiences that come from interacting with them and us. As Sam Walton demonstrated to a once-thriving Michigan-based company called K-Mart, if you live by price someone can always undercut you.

**Peter:** I wince hearing you say we still haven't nailed down pricing correctly. It's directly related to why I and so many fellow greenhouse operators have closed our doors or diversified into other crop categories. That basic equation, price minus cost equals profit, is so simple yet so difficult to master.

**Bridget:** It really isn't that simple. Formula pricing is one of the inputs to calculating price. The other side of that equation is demand or what consumers are willing to pay. In my opinion, we use that formula as a finger we can point to when low profit is generated. Why don't we ask, "What would you be willing to pay for this?" rather than "My formula says to price it at \$x." It goes directly back to a value proposition that we must convey to consumers or we will see more firms go out of business or convert to producing more lucrative crops with high dollar demand. In a world of \$1,000 cell phones and \$5 cups of coffee, we can and must do more to convey value.

**Peter:** Tell me how my experience fits your "What would you be willing to pay for this?" comment. In my operation charging prices higher than those of the local mass market outlets was not a challenge. We offered great quality and service and our customer base responded for 50 years. Then, during the early 2000s as the recession intensified

we began having trouble setting our prices high enough to maintain enough margin to sustain four households off our acre-plus greenhouse range. Many small- to medium-sized operations walked the path I describe and decided to shut down.

Those who hunkered down and adapted are reporting healthier profits. When these dots are connected, I conclude that we overproduced and supplied the market in excess of its demand, which hindered pricing, eroded markets and resulted in operations dropping out. So, the herd was thinned but that's still not enough to rest an industry's future on, is it?

**Bridget:** Markets are always changing as consumers do and businesses do (or don't) respond to the changes. One of our remaining challenges is helping consumers see our value. If you want to understand a person's values, look at their calendar and expenditures. This year, more than most, I've heard the push-back on prices. For us, that tells me that we've not communicated all of the wonder, beauty, functionality, and eco-friendliness of our product, services and experiences. We produce things that are valuable to society and individuals. We need to communicate that better.

**Peter:** How are you seeing the locally grown food movement regarding this issue of pricing? One of the "other" crop categories I mention is edible crops. Many growers are finding stronger demand and healthier margins compared to traditional ornamental crops.

**Bridget:** Well, local is an important attribute to many consumers. Even more than "sustainable" or "organic" production, the local attribute can generate a higher willingness to pay. Why is this the case? My opinion is that consumers see multiple benefits in the

local attribute. One is economic; if you spend your money locally it has greater impact. A second is environmental; decreasing miles to the end user benefits the environment in reduced inputs. Third, there is a quality component. If it was grown close to home, it may taste better (if it's edible) and has been acclimatized and not touselled around as much (if it's ornamental).

**Peter:** You and I share a perspective about local versus sustainable versus organic. My optimism is high for the locally grown movement; I refer to it as fueling a return of a portion of agriculture to its family farm roots. Your work raises our confidence, we are seeing opportunities that haven't been available to local, small vegetable operations since the industrial agriculture model was adopted in the 1940s. Given our retooled ornamental and expanding edible operations, what will a successful marketing presence look like?

**Bridget:** Successful operations are changing with the times. As a country, our demographics are changing. The industry of the past was built on the desires and economic facts of the baby boomers. With 10,000 boomers turning 65 every day, their retirement is literally changing the face of our industry. They are downsizing or making two smaller homes.

The urban lifestyle of Gen X and millennials has changed the structure of many gathering spaces and includes plants, but differently from the boomer's well-landscaped residential "castle." Smaller households bring smaller spaces, which need smaller cultivars to fit them.

Companies that pay attention to these changes in potential and current consumers are the profitable ones. They really don't need to raise their presence in the market; people find them and buy from them because they are findable and relatable. The company's story (local, authentic, environmentally conscious) along with products that have visible

benefits simply resonate better with today's consumer.

**Peter:** Bridget, there's a direct correlation to your comment about smaller cultivars between ornamental and edible crops. I'm waist deep in the exciting arena

of hydroponic food production in greenhouse and indoor vertical farm settings. The high-density production systems need, and I emphasize need, breeders to focus on this segment's exciting opportunity. Trying to fit traditional cultivars into the tight

spaces required for high-density production creates a host of challenges for growers.

I'm observing that consumers are welcoming smaller-sized produce; the "personal serving size." Many comment that a full-size celery stalk is too big



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One of our remaining challenges is helping consumers see our value.

and leads to waste. Same thing with large heads of cabbage. I'm having a lot of fun researching how we can manipulate vegetable and herb crops to yield shapes and sizes that consumers connect with.

Moving along, what are some of the differences and similarities between wholesale versus retail marketing challenges?

**Bridget:** Wholesale and retail challenges need to be a "we" issue rather than "us" versus "them." While I see more "we" issues, it frustrates me greatly when so much attention, investment, energy, time, and money are invested in growing more/better/faster when really what our industry needs is a bigger investment in the why. Simon Sinek has a great Ted Talk ([www.youtube.com/watch?v=IPYeClTpxw](http://www.youtube.com/watch?v=IPYeClTpxw)) on starting with "why." The consumer's why is the same for the retailer, wholesaler, grower and input supplier. We just need to know what those whys are.

I teach this concept in my marketing class. Start with why. "People don't buy what you do, they buy why you do it." They buy the why when it's consistent with their own purposes, values and vision. We need to work together and

more proactively to promote the benefits and the whys.

Other industries portray our customers as silver-haired older Americans, yet we have great appeal and relevance to young and ethnically diverse consumers.

Our language (gardening) is perceived as staid (at best) and old fashioned (at worst). We need a makeover together to present a powerful, consistent, more unified message about the great things our plants do for people.

**Peter:** That's a powerful reality check, Bridget. You and your marketing colleagues, to be fair, have been shouting this for decades to us growers. Here's an example of our production mentality that you eloquently



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cite. I've participated on several research committees of various associations over the years and chairing our once-OFA research committee. Every year these committees reviewed proposals from across the country and

competitively awarded grants.

Every year also brought a limited amount of money we could spend. I recall that whenever push came to shove and funds were tight, we'd prioritize production research proposals over marketing


proposals. This was back in the '80s and '90s when industry growth was strong. Well, haven't the chickens returned home to roost. All that production research ... I mentioned connecting dots and overproducing earlier.

**Bridget:** I have been quite blessed with funding, but we need so much more. My production colleagues far outnumber me, and it's pretty easy to see that solo silos don't work well either. We need more consumer and market research injected into all aspects of the industry. Recently, I submitted a grant proposal (using eye-tracking) to a national agency. They said they would not fund the study because they already have an eye-tracking study in place! That was equivalent (in my mind) to saying to entomologists they wouldn't fund another study where insects were the issue because they were investigating one insect at the time.

**Peter:** What is your and other industry marketing research teaching us?

**Bridget:** I think the research is teaching us that consumers are not rational or logical (otherwise, economists would rule the world!). People are fickle, with relatively fixed perceptions but malleable preferences. They make purchases more on what they believe and what others like them like or bought.

I think the other big message is we need more research and the translation of that information quickly to a format that businesses can use. Most firms don't have the time, expertise or resources to do their own consumer research. In fact, I've put together a talk that has some DIY consumer research for small and medium-sized companies. We just need more.

**Peter:** Bridget, thanks so much for sharing your expertise. The two of us have arrived at the same conclusion, more research in its many forms will show our industry the way to a strong future. 

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