E-marketing and E-commerce in the U.S. Green Industry

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Purdue University
Industry Overlook - 2018
<table>
<thead>
<tr>
<th>Industry at a Glance</th>
<th>Key Statistics Snapshot</th>
<th>Revenue</th>
<th>Annual Growth 13–18</th>
<th>Annual Growth 18–23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant &amp; Flower Growers*</td>
<td>Revenue</td>
<td>$13.5bn</td>
<td>-0.7%</td>
<td>1.2%</td>
</tr>
<tr>
<td></td>
<td>Profit</td>
<td>$1.0bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nursary and Garden Centers</td>
<td>Revenue</td>
<td>$40.6bn</td>
<td>1.5%</td>
<td>0.3%</td>
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<tr>
<td></td>
<td>Profit</td>
<td>$1.7bn</td>
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<tr>
<td>Flower and Nursery Wholesalers</td>
<td>Revenue</td>
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<td></td>
<td>Profit</td>
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<tr>
<td></td>
<td>Profits</td>
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<td>Exports</td>
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<td>Businesses</td>
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<td></td>
<td>Wages</td>
<td>$4.3bn</td>
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<td>Businesses</td>
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<tr>
<td></td>
<td>Wages</td>
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<tr>
<td></td>
<td>Businesses</td>
<td>9,858</td>
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</tbody>
</table>
Key Costs
Plant & Flower Growers
Plant & Flower Growers

Distribution of value of production vs. population

Value of production (%)
- Less than 3%
- 3% to less than 10%
- 10% to less than 20%
- 20% or more

Distribution of value of production vs. establishments

Value of production
- Population
- Establishments

SOURCE: www.BLSWorld.com
The Industry and online strategies
• Maturing industries, like the Green Industry, often will increase marketing expenditures to remain viable and competitive (Carlton and Perloff, 1999)
  • Barton and Behe (2017): some segments have become stagnant or declined, indicating that the industry is maturing.
  • Promotion and marketing become especially critical to increase market share, maintain the customer base, and generate profit.

• Technology-based marketing has become more prevalent because more consumers use the internet daily, especially for social media
  • Over ¾ of adults use social media

• Green Industry operations can use online strategies to boost revenues, build new partnerships, and pursue up- and down-stream integration strategies.

• Little is known about who are the businesses selling online and what drives them of adopting online sales and how those factors influence different operations within the industry
• **Green Industry**: wholesale nursery, greenhouse, and turfgrass sod producers, landscape design, installation and maintenance firms, and wholesale and retail distribution firms such as garden centers, home stores, mass merchandisers with lawn/garden departments, brokers and re-wholesale distribution centers, and allied trades suppliers of inputs to the industry

• **Online advertising**: the “strategic process of creating, distributing, promoting, and pricing goods and services to a target market over the internet or through digital tools” (Hooker et al., 2001)

• **Online sales**: transactions that occur as business-to-business (B2B), business-to-consumer (B2C), consumer-to-consumer (C2C), or consumer-to-business (C2B) (Rouse, 2016)
Data

• 2014 National Green Industry Survey that gathered information on business practices and operating results for calendar year 2013 or fiscal year 2013-14

• We targeted 32,000 firms, including 15,000 grower or grower/dealer firms randomly selected to receive the questionnaire mailed via the U.S. Postal Service, and all 17,000 firms with email addresses who received the survey via email (internet).

• Sample of 1,889 commercial operations (businesses with $10,000 or more in sales)
  • 368 (20%) reported online sales and 1,521 (80%) operations had no online sales
  • 943 (49%) engaged in online marketing and 955 (51%) did not engage in online marketing
Average = 17%
Using e-advertising

- Growing versus only dealing (+)
- Using various channels (+)
- Investing more in advertising (+)
- Medium / larger (+)
- Online demographic (+)
- Perceiving marketing is important to increase geographic range (+)
- Selling via contracts (-)
- Selling wholesale (-)

Increasing e-advertising

- Attending tradeshows (-)
- Smaller (+)
- Online demographic (+)
- Pacific and Southeast (+)
- Growing field grow (-)
- Barriers to grow
  - Demand (+)
  - Competitors (-)
If business does not sell online  
Online advertising are 16%

If business advertises online  
Online sales are 17%
Average = $29,141
Business using e-commerce

- Advertise online
- Smaller businesses <$125,000
- More years operating
- Sell farther from operation
- Selling in more markets and more products through them
- Sell bare-root plant material
- Located in the Midwest
- Those who believe business is affected by
  - Competition
  - Ability to hire quality employees
Average = 6%

Grower only
Average = 8%

Grower & dealer
Average = 8%

Dealer only
Average = 3%
If business does not advertise online
Online sales are 4%

If business advertises online
Online sales are 10%
Are both strategies correlated?
• Green Industry businesses adopted online sales conditionally dependent on their use of online marketing.
  • Especially among smaller businesses

• Investing in online marketing positively influenced the probability to have online sales
  • Engaging with customers through websites, social media, YouTube, or utilizing blogs to market their products and services are more likely to adopt online sales than businesses not using online marketing

• Selling online appears to be the next step in online operations
  • Online marketing serves as a springboard for firms to enter the internet and begin communicating with consumers prior to attempts to sell them product online
  • Increases the knowledge and decrease technological barriers of business owners to adopt online sales

• Population in the Northeast seems to drive business owners to drawn in more consumers
How much money can e-commerce generate for a green industry business?
Sales increase

• By hiring an additional employee
• If operations signs contracts with buyers
• Selling in other states
• Having branches in other states

And ....

E-commerce increase sales for businesses

• For small and medium-sized <$1,000,000 in annual gross sales
• And those selling directly to customers
If you want to start:

Follow the key players in online strategies
Use Advertising and Selling Creatively

- Advertising is an investment in a company’s future
  - Build brand equity
  - It is not just a business expense, it is an investment

- One of the first steps is to define a company’s **value proposition**
Define Your Company’s Value Proposition

- **Your Value Proposition**
  - A key customer benefit of a product or service that sets it apart from its competition

- Answers the critical question that every customer asks:
  
  “What's in it for me?”

- Describing the **primary benefit** it offers customers and then list other secondary benefits it provides

- Focus on **intangible** or **psychological** benefits
Tap the app, get a ride

Uber is the smartest way to get around. One tap and a car comes directly to you. Your driver knows exactly where to go. And payment is completely ci.

MORE REASONS TO RIDE

Save money, without thinking about it.
Advertising: any sales presentation that is non-personal in nature and is paid for by an identified sponsor.
How do customers gather information for their purchase decisions?
SHoppers are doing their research

Online shoppers...

- **94%** Conduct an internet search for a specific item
- **92%** Compare prices online across multiple retailers
- **91%** Read customer reviews online
- **89%** Compare online prices versus in-store prices

Investigating prices and products are the top priority for many consumers’ prepurchase process. These are also the steps most consumers conduct most of the time when shopping online, but they’re of even more importance to members of the iGeneration and Millennials. Retailers need to ensure they’re offering relevant assortments and fair prices online or they could risk losing shoppers.

*Source: Mintel, 2018*
BETTER PRICES AND FREE RETURNS ARE TOP OF MIND

Online shoppers...

Expect prices to be better than in stores
Prefer to shop a retailer that offers free returns
Expect to find the same types of services online that they do in-store
Are willing to shop unfamiliar retailers’ websites if the price is right

Source: Mintel, 2018
LEVERAGING THE PHYSICAL STORE

Shopping preferences, April 2018

Retailers with physical stores may have an advantage over online-only retailers. Half of consumers prefer to shop at merchants that have both, and a fair amount want to pick up their online orders at stores. Online-only grocery retailers should continue seeking partnerships and/or be open to acquisition down the road.

“I prefer to shop at online retailers that also have physical stores”
51%

“I prefer to pick up my online orders at the store”
23%

“It does not matter to me if a retailer has a physical store or not”
49%

“I prefer my online orders to be delivered to me”
77%

Source: Mintel, 2018
• Social media provides
  • New avenues to connect with consumers
  • The opportunity to be creative with their content and programming format

• When it comes to news content
  • Younger Hispanic Millennials may value short formats to get their news as long as these offer the types of news that is relevant to them
  • Don’t water down the content to a level that it stops being useful
  • Develop and maintain the trust of their followers
Key trends on online marketing
• 34% of online shoppers report that they do the majority of their shopping online.
  • Core online shoppers
  • The most important market for newer and less-accepted online categories: groceries or plants.

• Why people don’t purchase online?
  • Immediacy
  • Price points (surcharge)

• How companies are addressing these barriers
  • The robot Robby: last-mile delivery in urban areas, could help reduce costs to retailers, enabling them to drop same day surcharges.
  • Automated vehicles: suburban and rural same day deliveries absent exorbitant fees.

• How can you address this
  • Establish a monthly subscription for unlimited same-day service.
  • Attend my hands-on workshop ;)

Purdue Extension
Horticulture BUSINESS
US retail online shopping sales, by platform, at current prices, 2015 and 2017

Source: US Census Bureau
Online Shopping – place of purchase

- Usually go straight to Amazon\(^A\): 59
- Usually use Google to research a purchase: 49
- Search the internet for deals/coupons: 45
- Household subscribes to Amazon Prime: 40
- Visit brands' websites for research: 36
- Conduct majority of shopping online\(^A\): 34

Source: Mintel, 2018
Online shopping – activities by gender and parental status

Source: Mintel, 2018
ONLINE SALES ARE GROWING, BUT WITH MOST CONSUMERS ALREADY HAVING INTERNET ACCESS, GROWTH WILL COME FROM CONVINCING SHOPPERS TO INCREASE THEIR ONLINE SHOPPING. RETAILERS NEED TO COMBAT CONSUMER HESITATION BY PROVIDING TOOLS THAT MAKE ONLINE SHOPPING EASIER AND BY ENSURING GOODS ARE PRICED FAIRLY; OTHERWISE THEY RISK LOSING SALES AND SHOPPERS.

Alexis DeSalva, Research Analyst - Retail and Apparel
Mobile Now Makes up More Than 50% of Internet Advertising

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>2%</td>
<td>5%</td>
<td>9%</td>
<td>17%</td>
<td>25%</td>
<td>35%</td>
</tr>
</tbody>
</table>

Social Media Revenue Grew 49% Over 2016

- 2012: $2.9B
- 2013: $4.5B
- 2014: $7.0B
- 2015: $10.8B
- 2016: $16.3B

Internet Advertising Revenues Increased 21.8% Over 2016, and Continues to Grow in 2017

$10.9 billion

$16.3 billion
73% of Consumers Dislike Online Pop Ups and 70% Dislike Ads on Their Mobile Phone

The most disliked types of ads are online pop-ups.

83% of Consumers Would Like to be Able to Block All Ads on Their Phone or Tablet.

Although:

- Although 57% Found Search Ads Useful
  - 57%
  - 13%

- Although 37% Found Banner Ads Useful
  - 37%
  - 31%
  - 6%
Designing a Killer Web Site

1. Decide How to Bring Your Site to Life
   1. Free choices

2. Start With Your Target Customer

3. Give Customers What They Want
   • Boston Consulting Group:
     • Free shipping (74%), lower prices (56%),
     • Free returns (35%), security (25%), photos (25%)

4. Select an Intuitive Domain Name
   • Short, memorable, indicative of business, easy to spell
<table>
<thead>
<tr>
<th>Activity</th>
<th>Teens Ages 12-17</th>
<th>Millennials Ages 18-33</th>
<th>Gen X Ages 34-45</th>
<th>Younger Boomers Ages 46-55</th>
<th>Older Boomers Ages 56-64</th>
<th>Silent Gen Ages 65-73</th>
<th>G.I. Gen Age 74+</th>
<th>All adults Age 18+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Go online</td>
<td>93%</td>
<td>95%</td>
<td>86%</td>
<td>81%</td>
<td>76%</td>
<td>58%</td>
<td>30%</td>
<td>79%</td>
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</tbody>
</table>

Teens and/or Millennials are more likely to engage in the following activities compared with older users:

<table>
<thead>
<tr>
<th>Activity</th>
<th>57</th>
<th>80</th>
<th>66</th>
<th>62</th>
<th>55</th>
<th>44</th>
<th>20</th>
<th>66</th>
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<tbody>
<tr>
<td>Watch a video</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use social network sites</td>
<td>73</td>
<td>83</td>
<td>62</td>
<td>50</td>
<td>43</td>
<td>34</td>
<td>16</td>
<td>61</td>
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<tr>
<td>Send instant messages</td>
<td>67</td>
<td>66</td>
<td>52</td>
<td>35</td>
<td>30</td>
<td>29</td>
<td>4</td>
<td>47</td>
</tr>
<tr>
<td>Play online games</td>
<td>78</td>
<td>50^</td>
<td>38^</td>
<td>26^</td>
<td>28^</td>
<td>25^</td>
<td>18^</td>
<td>35^</td>
</tr>
<tr>
<td>Read blogs</td>
<td>49^</td>
<td>43</td>
<td>34</td>
<td>27</td>
<td>25</td>
<td>23</td>
<td>15</td>
<td>32</td>
</tr>
<tr>
<td>Visit a virtual world</td>
<td>8</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>4</td>
</tr>
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</table>

Note: ^ indicates data from 2006.
Source: Pew Research Center’s Internet & American Life Project surveys, 2008-2010. All teens data are from different surveys than adult data, and may have slight differences in question wording. Findings for individual activities are based on internet users. For survey dates of all activities cited, please see the Methodology section at the end of this report.
Designing a Killer Web Site

5. Make Your Web Site Easy To Navigate
6. Provide Customer Ratings and Reviews
7. Offer Suggestions for Related Products
8. Add Wish List Capability
9. Create a Gift Idea Center
10. Follow a simple design
Refillable Leather Journals

Join the Tribe
Seeking a talented group of storytellers and adventurers

Stay in Touch

Packing It Out
Raising awareness for litter conditions along America's trails

There Are 100 Billion Stars In Our Galaxy. Start Counting.
The all-new Nighthawk 6, featuring a recyclable ripstop by for unbeatable camping.
Showing results for **bonnie plants**. Search instead for **bonie plants**.

**Sponsored by Costa Farms**

**Explore our plants for your home, yard, or garden**

- **Costa Farms Ficus Lyrata, Fiddle-Leaf Fig, Live Indoor Plant, 2 to 3-Feet Tall, Ships in Grow...**
  - 4.5 stars, 872 reviews

- **Costa Farms Aloe Vera Live Indoor Plant in 4-Inch Grower Pot**
  - 4.5 stars, 480 reviews

- **Costa Farms. Home Décor, Premium L Indoor Boston Fern, Nephrolepis exaltata**
  - 4.5 stars, 211 reviews

Showing selected results. See all results for **bonnie plants**.

**Sponsored**

**Bonnie Plants 4P5090 Rosemary (4-Pack)**

by Bonnie Plants

$19.99 **prime**

FREE Delivery Tue, Nov 13 - Thu, Nov 15

**Product Features**

Attractive landscape plant

**Sponsored**

**Bonnie Plants Cube Trio Clear Planter Pet Grass Garden Indoor Self-Watering Pot-Set of 3 Liv**

by Bonnie Plants

$40.00 **prime**

FREE Delivery Wed, Nov 14 - Sat, Nov 17

**Product Features**

Edible plants that are good for your pet's Digestive system
Bonnie Plants 4P5090 Rosemary (4-Pack)

by Bonnie Plants

Price: $19.99 prime

Your cost could be $9.99. Eligible customers get a $10 bonus when re-loading $100.

Size: 4-PACK

- Easy-to-grow herb that can be used in many recipes
- Attractive landscape plant
- Upright, with evergreen leaves that are wonderfully Aromatic
- Grows well in containers and becomes drought-tolerant as it matures
- Harvest often for Best growth
- Low reviews are due to shipping carrier damage or extreme temperatures; we have improved our packaging to help ensure you receive a healthy plant
- Tiny, strongly aromatic and flavorful leaves with blue blooms

Compare with similar items

New (1) from $19.99 prime

Report incorrect product information.

Stock up and save on household basics

- Solimo 2-Ply Value Toilet Paper, 30 Rolls $15.99
- Solimo Tall Kitchen Drawstring Trash Bags, 90 Count $9.11
- Presto! Flex-a-Size Paper Towels, Huge Roll, 12 Count $24.25
- Solimo Sandwich Storage Bags, 300 Count $8.45
Thank you for your attention

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Plant & Flower Growers

Exports To...
- 13.3% Netherlands
- 13.9% Mexico
- 5.2% Spain
- 23.3% All others

Imports From...
- 44.3% Canada
- 10.7% Netherlands
- 12.7% Ecuador
- 19.0% Canada
- 20.7% All others

Year: 2018
Total $510.5m

Total $1.9bn

Size of charts does not represent actual data
Source: USITC
New Age Economy

Recreation, Personal Services, Health and Education. Firms benefit from personal wealth so stable macroeconomic conditions are imperative. Brand awareness and niche labor skills are key to product differentiation.

Investment Economy

Information, Communications, Mining, Finance and Real Estate. To increase revenue firms need superior debt management, a stable macroeconomic environment and a sound investment plan.

Traditional Service Economy

Wholesale and Retail. Reliant on labor rather than capital to sell goods. Functions cannot be outsourced therefore firms must use new technology or improve staff training to increase revenue growth.

Old Economy

Agriculture and Manufacturing. Traded goods can be produced using cheap labor abroad. To expand firms must merge or acquire others to exploit economies of scale, or specialize in niche, high-value products.

Change in Share of the Economy