

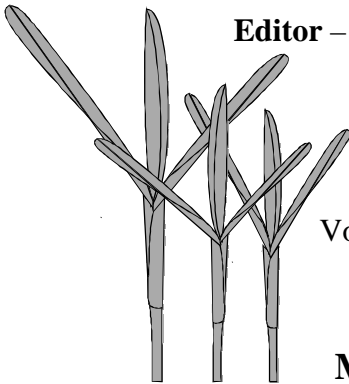


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MARKETING PROGRAMS FOR TURFGRASS IN THE NEXT MILLENNIUM

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INTRODUCTION

For several years now the turfgrass industry throughout the United States has enjoyed unprecedented demand for its products and services. Strong market demand has been driven by a powerful economy that keeps chugging along despite assertions to the contrary by some economists. Although most financial experts are surprised by the duration of this economic expansion, few would dare to predict when it will end. One reason for this reluctance is that the U.S. and world economies are, in a very real sense, in uncharted territory. Countries are linked together as never before through extraordinary communication technologies that affect nearly every sector of the world's financial system. Although appearing secure on the outside, lurking under the surface may be hidden dangers that could threaten even these formidable economies; Asia's financial plight alerted the West's most powerful industrialized countries as to their potential vulnerability.

For the present, Florida's turfgrass industry is gazing out on a vista that promises a great future. After all, housing starts are strong, road and highway construction is prolific, and consumers' optimism is at

an all time high. In spite of this good news, any prudent business person will recognize that nothing is permanent, including a strong economy. A discerning person will, therefore, prepare for the future by building a strong business foundation today. A vital component of any successful business is to have an effective marketing program. Although marketing encompasses many approaches and strategies, over the years one in particular has been recognized for its many strengths, referred to commonly as the "marketing mix". The marketing

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mix is a selling approach combining several activities to achieve specific business goals. A well-balanced mix always centers around the client. The marketing mix, commonly referred to as the "Four Ps", includes product, price, promotion, and place. Although these separate components can and do overlap, it is important to distinguish among them. At the same time, it is equally important to recognize that these precepts apply to any type of business enterprise. Reviewing these

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basic principles within the context of a turf-related enterprise will demonstrate their applicability and importance to your own business.

PRODUCT

The product is your tangible offer to the market. Whether you produce cut sod or own a lawncare firm, fundamental questions to ask are "What am I offering? and To whom am I offering it?" In other words, are your products tailored adequately to the expectations of the clientele you serve? By the same token, the services attached to each of the products must also be considered. The product and service go hand-in-hand to make up the total benefits the customer will acquire. This "benefit package" should be shaped as closely as possible to the needs of the people you wish

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to reach. In the lawncare business, for example, not every homeowner can afford a "full-service" program, even though they may want it. Whole segments of middle-America may desire the "Cadillac" of lawncare programs, yet can probably afford only the most basic service. The point is, a properly run business provides what people can reasonably afford. Violating this rule ultimately results in a business plagued with overdue accounts, limited cash flow, and a weakened customer base.

A second important consideration is the product's life cycle. Selling is a dynamic process because buyer expectations change constantly. Many marketers know that products valued highly today may have little or no value a year from now. Product attributes must be clearly defined, aggressively promoted, and also consistent with prevailing consumer attitudes. For instance, sod producers should be aware of the public's growing interest in the environment. Buzz words like "environmentally safe" or "friendly" are frequently heard. Thus, grasses with the capacity for using reduced levels of basic inputs such as water, fertilizer, and pesticides should be promoted. From a financial perspective, the life cycle concept also recognizes that

expenditures are higher during the introductory phase of a product, as opposed to later on when it becomes well-known and established. Planning ahead for these extra costs by allocating specific funds for introductory programs helps a business in two important ways: (a) by ensuring that new products get the market exposure they need; and (b) by avoiding or reducing costly cash flow problems later on because of unanticipated expenditures. In summary, the life cycle concept is useful primarily in that it forces owners and managers to take a long range view of the business, including essential marketing and business planning strategies.

take a long range view of the business

PRICE

Prior to setting price, a business must reconcile three important factors — the cost of the product, consumer expectations of that product, and the effectiveness of the competition. The first point requires setting price at a level that exceeds the production or purchase cost. Although this may seem obvious, the fact is that many businesses refuse to monitor even the most basic costs. Without knowledge of fixed and variable costs, managers have no reliable guidelines for establishing a price that assures a reasonable profit. Peter Drucker, a prominent authority in the area of business management, has noted that 80% of new businesses fail within the first five years. Although there are numerous contributing factors, according to him a "common denominator" is negligence in monitoring and controlling primary costs.

send positive signals to customers

Buyer expectations also affect price. Clearly, the more customers value a product, the more flexibility one has in setting price. Consequently, it is very useful to know how sensitive your products are to price changes. First, group your inventory into price-sensitive and price-insensitive categories. Next, try applying a simple modification — raise the price of price-insensitive goods

and lower the price of price-sensitive goods. In this way, a business can increase revenues and profits while reducing the risk of losing customers.

Competition is a third factor affecting price. A business facing strong competition may find that raising price drives some price-conscious customers elsewhere. In this case, it may be necessary to distinguish both your products and your business from competitors. Offering customers something tangible, such as a new or unique service, more care and quality in the "packaging" of products, or more prompt and reliable shipping schedules, are the types of small actions that send positive signals to customers. Highlighting the company's best attributes by developing a colorful and informative brochure then distributing it throughout your market area is a further way to differentiate your business from competitors.

PROMOTION

Promotion is a third useful business tool. Promotion refers to the communication efforts that create and enhance a consumer's incentive to buy. Promotional strategies are generally two-pronged because they are designed to: a) transmit a message (make people more aware of the business, the products carried, and services offered); and b) provide tangible incentives (draw customers into the place of business). Traditional promotional tools include advertising, publicity and reduced prices. Once customers have arrived, sales promotions and personal selling are needed. Although, the two go hand-in-hand, because personal selling involves direct communication between buyer and seller, generally it is viewed as the more effective tool when finalizing a sale. Exchange is facilitated because the buyer is able to directly address questions of concern and the seller has the opportunity to respond in a forthright and convincing manner.

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PLACE

Place, in its simplest context, refers to product accessibility. From a business standpoint, two areas should be considered: (1) channel selection and (2) actual physical distribution. Channel selection is simply the market outlet used to get the product to the consumer. A sod producer may consider several potential outlets, such as a landscape contractor, a retail lawn and garden center, or a direct sale to homeowners. This choice is determined by the type of product one has and the overall scale of operation. A small producer, for example, may find it more practical to target retail businesses and perhaps include a home lawncare service. The point is that a business should isolate a niche that is compatible with available resources and potential output. Thus, a large producer may be geared best to meet the demands of high volume users such as landscape contractors. This market may require little in the way of service but will expect a quality product set at a reasonable price and delivered in a timely and reliable fashion.

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Physical distribution of the product is the second aspect of place. Physical distribution, or "logistics management," refers to all the activities required to assemble, package, store and ship products to market outlets. Logistics management involves two key activities: (1) the physical movement of goods from one place to another, and (2) the coordination of customer demand with product supply. Transportation, inventory control, and supply scheduling are all integral components of a logistics system. Avoiding delays and ensuring that the product arrives safely and in good condition are essential components of physical distribution. When perishable products are involved, particularly in the case of cut sod, logistics management can become a "make or break" component of a business.

CONCLUDING COMMENT

Succeeding in business today requires constant vigilance, paying close attention to details, and adhering to sound management principles.

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