

Marketing Plan

Plantae

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Professor Van Hook



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Executive Summary

The Company

Plantae is a retailer that will provide designer quality interior plants, accessories, plant maintenance, and design service, to homes and small businesses. We believe there is a strong demand for the right company that can seize the new middle ground in this market that is expected to grow double digits into 2016.

Target Market

Located in the affluent and growing suburbs of North Los Angeles and Southern Ventura Counties, Plantae's physical retail store will cater to a mostly female clientele, and businesses that serve them. Census data demonstrates there are over 15000 small businesses within a 10 mile radius, and over 42,000 targeted residents within a 12 mile radius. These would be typical shoppers at exclusive lifestyle retailers such as Starbucks, The Body Shop, Williams Sonoma. They will be pressed for time and looking for a quick and beautiful solution.

Competition

Trader Joes, Costco, Wal Mart, Safeway, Lowes, Home Depot, independent nurseries, regional nurseries, road side nurseries, Ambius, independent designers. Those seeking a professional designer look for a small business or home have few offerings. The new middle ground is where we are targeting. Plantae will provide affordable luxury that is positioned between the mass providers and the highest end.

Marketing and Sales Strategy

Plantae web-site, word of mouth via positive first interactions, labeling, contributing to local news, Pinterest and other social media, collaboration with local designers and those with parallel marketing interests, celebrity endorsements, charities and fund raisers, locating in a busy lifestyle center, local print media.

Management

President and founder of Plantae Carrie Merrell brings significant retail and Management skills within the nursery and interior plant design industry. Carrie understands the target market, knows how to reach them, and what they want.

Future Development Strategy

Once principle is established in store 1, additional stores will be opened as financing allows. Five are currently planned for ideal locations in California. Markets beyond include Palm Beach, and Boston.

Financials

The financial strategy for Plantae emphasizes reinvestment of income for growth during the first three years. The company will be profitable in year 4. Annual revenue projection for year 1 is \$522,000 year 2 is \$1,060,000 year 3 is \$1,720,000.

Funds Being Sought

Plantae is currently seeking \$240,000 in investment financing. These funds will be used to open store 1 in Westlake Village and for initial operations.

Goals and Objectives

This marketing plan will describe Plantae, a new concept in providing designer quality interior plantings for discriminating homes and businesses. Designer quality plants are hand selected from the best growers. They are vibrant and hardy, and represent an order of magnitude above standard house plants. Plantae will be a one stop shop to efficiently provide a complete package that gives a designer look, at a small premium.

Small businesses and homeowners are discovering the benefits of cleaner environments and beauty that interior plantings bring. The interior plant business will grow double digits in the coming 5 years. We believe there is ample room for a high end retailer that can position an offering between the designer market and low end providers.

Industry Analysis

People have been using plants and flowers to decorate their homes and even their bodies going back to prehistoric times. There is evidence that the Chinese were the first culture to maintain indoor plantings for ornament, perhaps as far back as 3000 years ago.

Traditionally, interior plants have been a sign of wealth, and only recently have they become more commonplace. Since the 1970's, the interior plant business has grown to become a multi-billion dollar industry. (Gardening History of Houseplants, 1995)

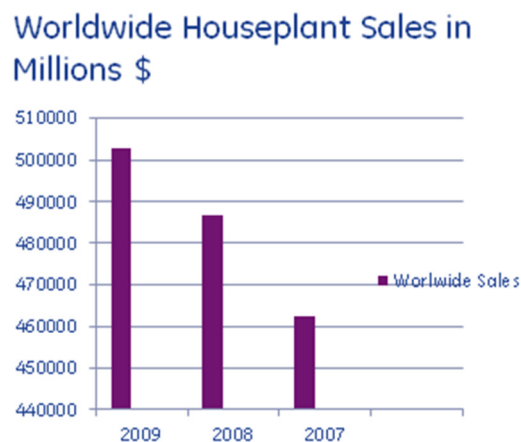
One of the earliest founding leaders of the interior plant business was Conklin. He sold potted plants and flowers out of his New Jersey nursery and beginning in 1963, he was a pioneer in installation and maintenance of interior gardening for businesses and the wealthy. (Steele, 1983) Houseplants are currently in almost every building imaginable.

Scientific research indicates that houseplants make people happier and more productive. So, the benefits of houseplants are not just beautification, but extend to the psychological and environmental realm. Wolverton has published many articles and papers on the ability of plants to clean indoor environments and remove harmful chemicals and gasses from interior spaces. Dollar for dollar houseplants are the best way to clean the air in interior spaces, and businesses and medical facilities are investing large sums in houseplants to clean the air. (Wall Street Journal, 2011)

One of the newest trends in interior gardening is vertical gardening, or living walls, which use recycled materials and pumps to recirculate water and nutrients for small interior spaces.

The current market for houseplants worldwide is growing.

(Market News Service, 2009)



With all the great benefits houseplants provide; beauty, environmental cleaning, improved productivity, and happiness, the industry is sure to grow well into the coming years. In fact,

for the period of 2012-2016 the global market is estimated to grow at 10.1%. (Yahoo Finance, 2013).

I believe the best segment to be in will be in the business to business sale and maintenance of houseplants, and the high end luxury sale and service of houseplants. There also seems a good opportunity in the small to medium business markets that want consultation and delivery, but do not need weekly service and care. These are the segments where my campaign is focused.

These clients are well educated, and want the benefits of large scale interior plantings and have the capital to procure and maintain them. Within the industry, there are mostly local companies that serve this niche marketplace. I think there is an opportunity for a National player that can standardize the industry and provide better quality.

Creating the Offer

We love houseplants and we plan to open a chain of retail stores that will fill a void in the market for professional, designer quality interior plants. We have come up with a few possible names for the business. Posh Plants (being used in the UK), or Plantae. We believe that we can provide a one stop solution for anyone wanting a professional, designer quality, interior planting.

The offering will be live plants for interior use only. Containers for interior plants, and high end accessories, such as watering cans, soils, fertilizers, saucers, dusters, misters, meters, planting and maintenance tools, baskets, and top dressings. Additionally, there will be planting services, design, installation, on-site routine maintenance, and most importantly, we

will to provide an immediate, complete, custom solution. This type of offer does not exist, and we believe there is demand.

Price range of the plants will be in the twenty five dollar range up to twenty five hundred dollars, for the largest specimens. Service contracts will be available for a percentage of the number and size of the plants cared for. Design service will be offered on-site for seventy five dollars per hour. Installation by quote based on twenty five dollars per man hour. A typical offering for an affluent customer might be twenty four hundred dollars of plant material, one thousand dollars of pots, and two hundred fifty dollars for installation. A service contract would be available weekly for one hundred dollars per month. Branding and labeling would be important in this business, and our plan is to provide a care guide to increase satisfaction and awareness with each order.

Holidays are an especially important time of year for decorations and special plantings would be created for Thanksgiving, Christmas, and Easter. Educational events would be used to promote the concept, and differentiate Plantae from other providers.

Plantae would specialize in large specimen plants including tropical foliage, indoor trees, palms, orchids, ferns, succulents, ficus, anthurium, bromeliads, and other attractive, easy to care for, interior plantings.

Target Markets

To prove principal, the first store would be located to access the Westlake, Agoura Hills, and Malibu clients. Additional stores would also be located in similar demographic areas. This is a luxury product/service that is pointed at the upper middle class. This is a good place to

market, since those targeting the upper end and new luxury (more affordable luxury) markets will likely flourish. (Danziger, 2005).

Many of the customers will be female, but not all. I would expect to see a broad spectrum of some male and mostly female clients including; home decorators, small business owners and their staff, hotel staff, home makers, so called fast trackers, fulfilled empty nesters, managing on her owns, and those striving for achievement. (Silverstein, 2009). More specifically, I am targeting women Age 25-55 and small businesses that serve them. (Howard, 2003). They will be affluent with median incomes of sixty five thousand annual and up. They will be well educated, usually having at least one college degree. They will reside in the areas aforementioned. These would be typical shoppers at targeted and exclusive lifestyle retailers such as Starbucks, The Body Shop, Williams Sonoma, and others, offering exclusive specialty retailer products. They will be pressed for time and looking for someone that can provide a quick and beautiful solution.

This would be the type of customer that would respond well to a high touch shopping experience, different from the impersonal feel of a big box home center. These customers want an experience in addition to the product itself. They might buy a book, plant, watering can, and fertilizer, spending \$100, and come back later for more.

A new customer might see a chiropractor or yoga instructor who has a beautiful palm, Bromeliad, and orchid display, and ask where it came from, then stop by to see the store. A dentist's office staff might come in and decide they want several plants to provide a relaxing atmosphere and clean the air. A wealthy movie executive might come in to have plans made to put several large specimen plants into her home before a party or wedding event. A

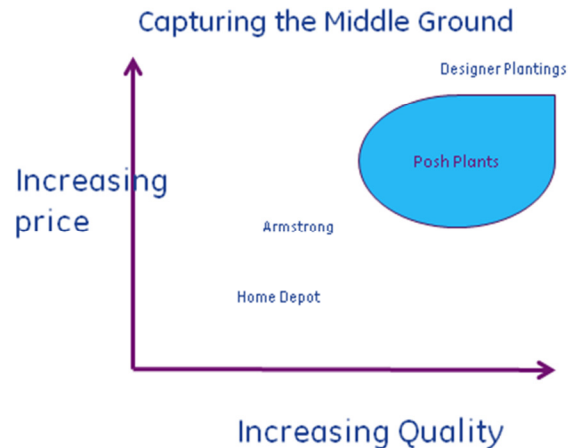
restaurant might want a simple orchid for their entry. This is the type of experience we would offer.

The core positioning for the offer is professional designer quality interior plants. Designer quality is an order of magnitude better than can be easily obtained currently, except by going to a high priced designer. These are hand selected from the best growers, combined in beautiful arrays, staged in the best locations for long term viability. From a standpoint of the total value proposition, it's a little more for much more. (Kotler, 1999) Hand selected plant material combined with the right accessories, by experts who use their professional experience to deliver superior beauty and total satisfaction. The experience will be a complete solution that can be taken home or delivered and immediately enjoyed.

Competition

Houseplants are sold almost everywhere it seems. Whether you are shopping for groceries at Trader Joes, Costco, Wal Mart, Safeway, or picking up something from your local hardware store, you will see houseplants for sale. There's also Lowes and Home Depot, independent nurseries, regional nurseries, road side nurseries. Ambius is a global business to business interior plant designer and provider. There are also many small regional firms that specialize in designer plantings for the business to business arena.

However, if you want a professional designer look for a small business or home there are few affordable offerings. The ones that exist generally do not have a store front. So, there seems to be an opening for a turn-key, one stop shop, for designer quality interior plants. The new middle ground is where we are targeting. Affordable luxury between the mass providers and the highest end. (Johnson, 2004)



Other suppliers in similar spaces are those selling cut flowers, and other interior decorations. I guess you can even consider artificial plants as competition, but not by much. In short, there is no shortage of competition. However, discriminating shoppers will see the difference and experience the difference, if we can bring them in.

Distribution Channels

This is a direct sale. We would be acting as a distributor for local growers of plant material, and hard goods suppliers and manufacturers from all over the world. We would partner with the best growers and pick from their stock weekly. We would select the best pottery and accessories available. We will focus on suppliers with sustainable practices that create good jobs for their local economies, and promote our preference for such. As an example, we know of a particular supplier in the UK that has a quality line of watering cans and misters that would be a great addition to our product line.

We would research and duplicate best practices for partnering with like-minded suppliers to create a sustainable and ethical offering, and promote it as such.

Promotion

Initial promotion vehicles will be low cost and can scale with growth and acceptance of the model and concept. By far the most important type of promotion in this type of business is word of mouth. Every customer interaction must be positive, to garner this most coveted type of promotion.

Simple activities like permanent labeling or permanent couponing for repeat business can also help, so when a customer notices your product, they can tell where it's from. Being a contributing writer for 805 and local newspapers is invaluable to promote your business as expert. Pinterest would be used as a vehicle for advertising graphically. Getting your potential customers to your website where you can engage them in your concept and value proposition is crucial and networking with local design communities would be a great way to get customers that are in the market for remodeling already to come to your website.

Collaborating with local businesses that interact with the target market is a good, low cost vehicle for us. For example, bringing in an advertisement with an orchid to a local yoga clinic, or chiropractic office could help get the word out. Sharing leads with Ethan Allen reps to make new contacts that are doing interior redesigning. Getting a story in the paper about how plants clean the interior environment will get people interested in the business.

Monthly educational workshops on how to re-pot orchids or make a terrarium will get things buzzing. Using celebrity endorsements and Having a few simple packages for busy executives to click and order from the web will be perfect for last minute decorations. Charities and fund raisers will be a great way to raise awareness in the local community.

Plants lend themselves to a brick and mortar environment because of their perishability. So, the most important form of promotion will be our location. This is not a good place to try to save money. We need to find the best spot possible. Westlake Promenade looks good. A great location will bring clients in and is worth the expense. Print media when budgets increase would be effective in local papers and magazines such as 805.

Organization Structure

Initially, the organization will consist of a manager/owner, one full time designer, and one delivery person. Additional labor will be brought in as needed or temporarily. Accounting will be outsourced. As the business scales, so will hiring.

The owner will incorporate the business to allow access to capital. Ideally, direct transfer of funds from savers for securities during the initial three year period would occur. However, financing could also be arranged through a financial intermediary or investment banker.

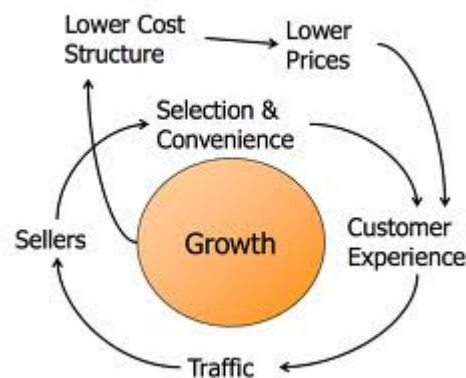
Ultimately, there would be a board of directors and a manager/owner working together in such a way as to allow substantial freedom to the owner to fulfill the business model as described here. If successful, the business could grow by adding locations, hiring and training personnel to fill demand.

A marketing consultant would be brought on to assist in development of the brand, concept, and to help with communications and promotion.



Long Term Strategy

For the short term strategy it's crucial to prove the principle of a designer quality interior plant concept. This means being profitable so that investors can be attracted to fund opening new locations. The more locations the more buying power. In this sense, I would follow a similar strategy as has Amazon with their wheel of growth which all turns on the customer experience being positive.



I would locate stores in so called lifestyle centers where consumers have a pleasant shopping experience where food, restrooms, and kid friendly themes can all be found. These are open air shopping areas with easy parking and access, good safety and limited crowds.

The focus is to make the shopping experience more enjoyable. It should be something socially rewarding, rich with learning opportunity. The great thing about interior planting is that the market will always favor a point of sale model. Digital commerce is largely seen as uncompetitive because of the perishable nature of a living item.

As the model succeeds, I would envision adding a coffee shop or deli to stores where there is limited access to such convenience.

Going global is of course the ideal of many US based businesses. My thinking is why not explore the best markets overseas once the best locations in the US are becoming saturated.

Financials

Projected Sources and Use of Funds Posh Plants

Equity Investment **\$240,000**

Capital Expenditures

Lease Property Improvements \$40,000

Equipment and Furniture \$25,000

Total **\$65,000**

Working Capital

Inventory \$12,000

Staff Expansion \$50,000

Marketing Activities \$25,000

Additional Business Expansion Activities \$88,000

Projected Income Statement

Income	Jan	feb	mar	apr	May	jun	jul	aug	sep	oct	nov	dec	Total
Gross sales	0	0	4000 0	6000 0	6000 0	5000 0	5000 0	4500 0	4500 0	5500 0	6500 0	7500 0	545,000
Cost of goods			1500 0	2800 0	2800 0	2200 0	2200 0	2000 0	2000 0	2700 0	3100 0	3700 0	222,000
Gross Profit			2500 0	3200 0	3200 0	2800 0	2800 0	2500 0	2500 0	2800 0	3400 0	3800 0	295000

Expenses

Salaries/Wages		5500	7500	8500	8500	1250 0	1250 0	1250 0	1250 0	1250 0	1250 0	1250 0	117500
Benefits		500	750	850	850	1250	1250	1250	1250	1250	1250	1250	11700

Services	6000	6000	400	400	400	400	400	400	400	400	400	15600
Marketing	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	33000
Rent	4500	4500	4500	4500	4500	4500	4500	4500	4500	4500	4500	49500
Insurance	800	800	800	800	800	800	800	800	800	800	800	8800
Telecom	300	300	300	300	300	300	300	300	300	300	300	3300
Utilities	500	500	500	500	500	500	500	500	500	500	500	5500
Misc	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	13200

Total Expenses 258100

Net Profits 36,900

Projected Cash Flow Statement

Cash Flow	feb	Mar	apr	May	jun	jul	aug	sep	oct	nov	dec	Total
Cash Sales		20000	30000	30000	25000	25000	22500	22500	27500	32500	37500	272,500
Collections		0	20000	30000	30000	25000	25000	30000	30000	27500	32500	250000
Total		20000	50000	60000	55000	50000	47500	52500	57500	60000	70000	522,500
Income From Fin												
Total Cash Receipts		20000	50000	60000	55000	50000	47500	52500	57500	60000	70000	522500
Cash Disbursements Exp												
Inventory		15000	28000	28000	22000	22000	20000	20000	27000	31000	37000	222,000
Operating Expenses	5500	7500	8500	8500	12500	12500	12500	12500	12500	12500	12500	117500
	500	750	850	850	1250	1250	1250	1250	1250	1250	1250	11700
	6000	6000	400	400	400	400	400	400	400	400	400	15600
Total	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	33000
	4500	4500	4500	4500	4500	4500	4500	4500	4500	4500	4500	49500
	800	800	800	800	800	800	800	800	800	800	800	8800

	300	300	300	300	300	300	300	300	300	300	300	3300
	500	500	500	500	500	500	500	500	500	500	500	5500
	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	13200
	22300	39550	48050	48050	46450	46450	44450	8050	51450	55450	61450	480100
Net Cash Flow	-44600	-19550	-1950	11950	8550	3550	3050	8050	6050	4550	8550	-11800

Balance Sheet Plantae

Assets

Cash	\$71,200
AR	\$0
Inventory	\$12,000
Total	\$83,200

Fixed Assets

Equipment	\$25,000
Depreciation	\$<5000>

Total Assets **\$93,200**

Current Liabilities

Short term notes payable

Income taxes

Total Liabilities **\$0**

Long Term Liabilities **\$0**

Net Worth

Shareholder Equity \$240,000

Total Net Worth/Liabilities **\$240,000/\$93,200**

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