



UNIVERSITY of NEW HAMPSHIRE COOPERATIVE EXTENSION

Greenhouse Production Basics

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Starting a Greenhouse Business

Before you start a greenhouse business, you should first carefully investigate the potential for successfully starting a greenhouse business in your area. You should then do a market research to identify your customers and determine their needs and wants.

Market Research

Market research is the art of gathering information, in order to determine who your consumers are and their needs and wants. It is important to differentiate between marketing and sales. Marketing begins with the customer while sales begin with the product or service. Your market research should answer the following questions.

- Who will buy my products?
- What will they buy?
- When will they buy the product?
- Where do they expect to find the product?
- Why will they buy my product?
- How much will they pay for my product?
- How do they want the product presented?

The answers to these questions will provide you with objective information for building your marketing plan. You will be able to formulate market strategy and gather as much project profitability information as possible relevant to your market situations.

Identify the geographic area of your customers; analyze their demographics, lifestyles, income and expected changes in the future. Collect as much information as possible about government policies and regulations, technological changes and industry trends. Collect information about your potential competition including who they are, their locations, their products and services, their price ranges, their reputations and their promotion activities. Collect information about your market potential i.e. how much product can the market take over a specific time period.

Remember:

- Marketing research reduces risk; it does not guarantee success.
- Marketing research needs to be ongoing. It keeps you connected to your customers and environment.

Developing a niche Market

Niche marketing is a concept of choosing market segments not adequately served by competitors. Market segmentations: keep in mind that you can't be all things to all people. It is therefore important to divide your market into groups with similar needs. The market segment(s) you choose must be: sizeable, reachable or accessible and - profitable

In niche marketing you try to exploit the gaps in the market, rather than going head to head with the competition. One can determine their niche by:

- Restricting focus to a single market segment
- Limiting sales to a single geographical region
- Emphasizing a single product or service
- Emphasizing a unique product
- Concentrating on the superiority of the product or service

In order to develop a profitable niche market, it is important to first develop a good understanding of the following:

Customer: The customer is the most important factor in developing a profitable niche. You must identify your customers and provide products/services that meet their needs. You should provide products that have customer appeal to your target segment of the market. Do not provide a different product before determining if it will have customer appeal. To identify the needs of your niche market, you can start by talking to potential customers for example in church or social functions. Determine how many customers (%) would be interested in what you are planning to offer. Try to find out what kinds of characteristics your potential customers value. Do they want high quality, low price, convenience, and reliability? Find out who makes the purchasing decisions.

Product: After identifying the needs of the customers, you must then produce a product that meets those needs. Bear in mind that the product is not just the physical features of the product, it includes other characteristics such as service, packaging and pricing. Make sure you provide consistent quality and supply.

Price: The price level of your product affects both the amount of the product sales and how much profit is earned. When pricing your product you need to have a thorough understanding of all your costs and what other businesses are charging for a similar product. You must price your product to make a profit that meets realistic management goals for the product.

Promotions: The objective of promotions is to tell target customers that you offer them the right product at the right price and the right place. Remember that people won't buy your product if they've never heard of it. Advertising is only effective if you have the product people want. You can communicate your message through commercial advertising in newspapers, the radio, television or you can carry your

message from door to door. The method or methods you choose are dependent on your resources such as time, labor, and finances. It also depends on your target market and sales objectives.

Place: You need to ask yourself: “Where are customers going to purchase the product?” You must provide products in the right quantities and locations when customers want them. This may involve deliveries of products to the customer

Other considerations include:

1. Greenhouse production experience

If you have no experience growing plants on a commercial scale, we recommend that you acquire some experience by working for a commercial grower. Actual field experience cannot be learned by taking courses or reading.

2. Business experience

If you have no experience in business management, you should consult local agencies that work with small business owners to get information about local regulations for small businesses and other information needed to start a business in your area. For a list of local agencies, contact your local extension office or the state department of Agriculture.

3. Labor

Talk to local greenhouse businesses and the New Hampshire Plant Growers Association to find out information on the availability of labor and alternative sources of local labor.

4. Choice of Crops

Find out what crops are currently being grown in your area. Talk to target customers to determine your choice of crop inventory. Talk to professional gardeners and landscapers to find out what would be interesting for them. Talk to supermarkets and stores and find out what they would be willing to carry in their stores. Find out from suppliers of plants and seeds the demand for specific crops. Identify the crops that will be most desirable and profitable for you.

Final Thoughts

- You need to be proactive in order to meet the changing customer demands
- You need to be visionary in your business. If you have no vision for your business you have limited success.