

Thomas Mums

Locally Grown Hardy Mums



Thomas Mums

Spencer County FFA—Kentucky

KY0258

2017

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Brief Description

Thomas Mum's is a business that our client, Bradley Thomas, started as an SAE early in High School and has worked hard to grow the business throughout the last 4 years. Bradley grows all of his own mums at his property in Spencer County, Kentucky. The business currently sells primarily during the senior class mum sale fundraiser where he sells between 700-800 mums per year. This does not include the mums sold at the farmers market throughout the fall. This business was an idea that Bradley brought to life that originated from the inspiration of watching his family run a successful greenhouse/nursery business throughout his childhood years. Taylorsville is a small community with limited suppliers of locally grown landscape materials. During the early stages of this business, Thomas Mums mainly focused on the local market using word of mouth advertisement and mostly selling his product from home. As the business became more efficient in production, Bradley increased the amount of customers he reached by setting up at local farmers markets throughout the fall. A significant change in sales came when Thomas Mums was able to supply Mums for the senior mum sale fundraiser that takes place each fall at Spencer County High School. While the business has continued to grow throughout the last 4 years, Bradley is unsure of what the next steps should be as he enters college but also wants his business to continue to grow and be marketable. The Spencer County FFA Marketing Team has been presented with the task of creating a marketing plan that will allow Thomas Mums to meet Bradley's goals throughout the coming years.

Marketing Trends

Client Status in the Current Market

Thomas Mums has contacted the Spencer County FFA Marketing Team in order to increase sales and profitability. We plan to help Bradley meet his goals by creating a unique and specific plan to market his product to a wider variety of individuals. At this point the product is sold primarily to members of the Spencer County Community; our goal for Bradley is to take his business outside of this small community so that it is not limited within the borders of Spencer County. In evaluating the current market position of Thomas Mums we have concluded the following pieces of information:

- Customer base is limited to residents of Spencer County, mainly residents who has students in high school who have heard of the product through the Senior Mum sale.
- Small portion of customers have come in contact with the product via local farmers market.
- Thomas Mums is located within range of a very busy and viable market as it is within 30 miles of Louisville, KY.
- Mums are a product that is sold at a wide variety of "Big Box" stores throughout the areas well as many other smaller business within 30 miles.
- A small portion of the competition grows and sells product locally.
- Bradley would like for his business to continue to grow throughout the coming years as he pursues a college education.

Industry Trends

By observing the success of small business that sell products similar to Thomas Mums it is evident that consumers are more willing to buy from a business that produces and sells locally rather than from big box stores if price is similar. The Kentucky Proud program can be given a portion of credit for this being the case as it promotes products that are locally produced. The trends below are encouraging to see as they pertain to locally grown products:

- In 2013, there were 8.21 million mums produced in the united state. This number was up from the previous year, at only 5.76 million mums according to statista.com.
- There has been a growth in Kentucky Proud Sales with cash receipts in 2013 estimated at a record 6 billion dollars.
- According to www.smallbistrends.com, 94% of Americans feel that buying from small businesses is important.

Buyer Profile and Behavior

After researching trends and behavior of consumers in the fall landscape plant industry, we concluded the following information upon polling 100 individuals who are active within the market. This information will help Thomas Mums determine the individuals who make up their primary market.

- Individuals who are interested in increasing the aesthetic appearance of their landscape.
- Individuals interested in buying locally produced products.
- Individuals interested in supporting local small businesses.
- Individuals interested in spending \$15-\$20 per item.

S.W.O.T. Analysis

◆ Lowes S.W.O.T. Analysis– Competition

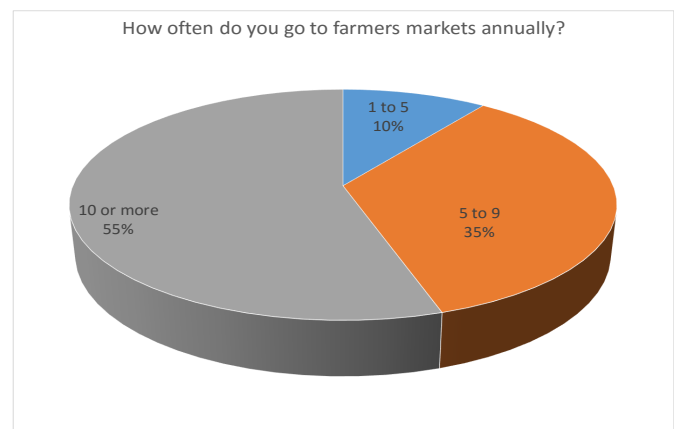
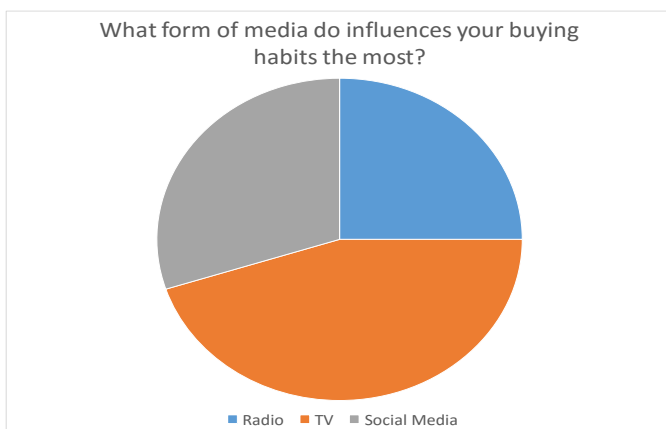
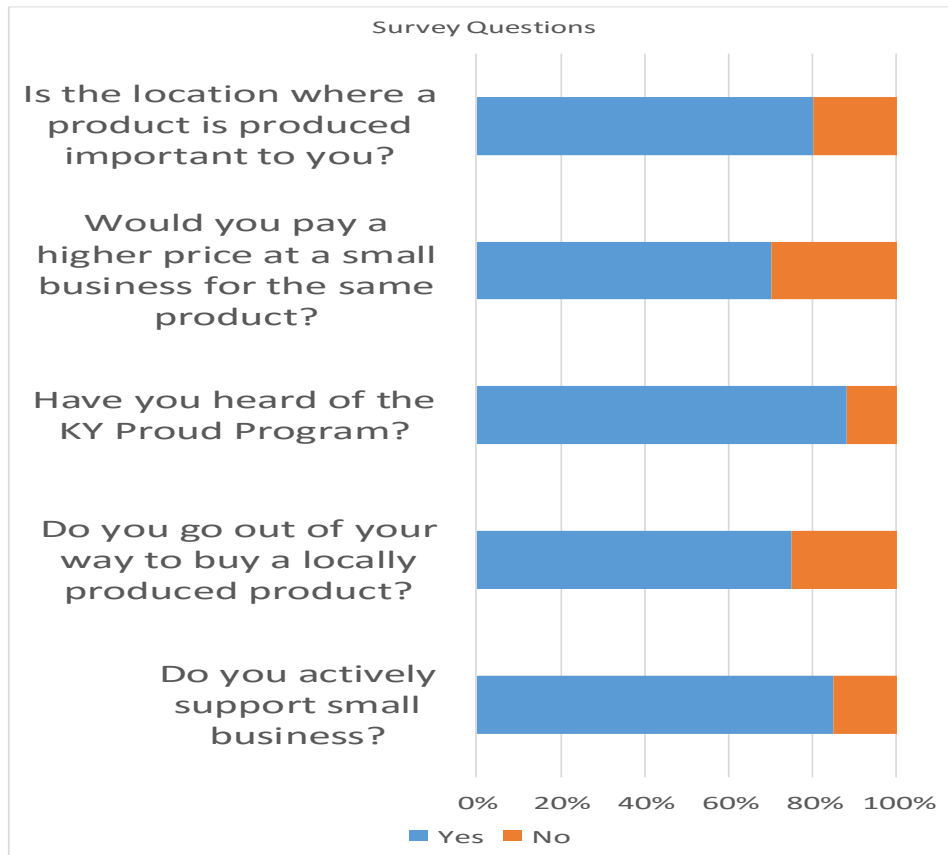
Strengths	Weaknesses
<ul style="list-style-type: none"> • They are a well known business internationally • Competitive pricing due to economies of scale • Established customer base • Resources to produce high quality and expensive marketing efforts 	<ul style="list-style-type: none"> • They don't have the ability to serve the group of people who desire a small business. • They don't offer locally grown products
Opportunities	Threats
<ul style="list-style-type: none"> • Sell locally grown products • Provide wider variety of plant material 	<ul style="list-style-type: none"> • Other big box stores that offer similar products • Small businesses that offer higher quality locally grown products at similar prices.

◆ Thomas Mums S.W.O.T. Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Supportive local customer base. • Location is a short drive from Louisville • Plenty of room for growth and expansion 	<ul style="list-style-type: none"> • Small customer base • More difficulty to offer competitive pricing-lack of economies of scale. • Only grows and sells mums
Opportunities	Threats
<ul style="list-style-type: none"> • Implement new marketing strategies that reach a wider variety of people. • Establish accounts on social media that promote product • Expansion of the business • Provide a wider selection of products 	<ul style="list-style-type: none"> • Big Box stores competitive pricing. • Other small businesses in community.

Primary Research Results

Our team polled 100 people through surveymonkey.com asking the following questions. This survey allowed us to collect valuable data from consumers in the area based on their buying habits of locally produced products. All of the individuals who were polled were potential consumers who would likely be interested in a product similar to those at Thomas Mums. This information provided insight in the promotion section of our marketing plan.



Business Proposition

Mission Statement— At Thomas Mums we strive to provide the best product possible by using the best materials to produce a locally grown product to our customers. We are proud to serve the community that we have grown fond of throughout the years. Our goal is to not only provide a great product to our customers, but to form strong bonds with them so that they are comfortable and look forward to buying our product year after year.

Key Planning Assumptions

We have developed four key planning assumptions through close analysis of gathered statistics, industry trends, and research results to successfully market this product. These key planning assumptions are a valuable tool in seeing the future of Thomas Mums.

- 1) Implementing the Kentucky Proud logo on advertising for Thomas Mums will be a useful marketing strategy. Through out the last several years consumers in a wide variety of markets have become fond of products that are labeled with the KY Proud Label. Kentucky Proud is a virtually free promotion tactic that will help improve the marketability of Bradley's product.
- 2) Marketing Thomas Mums through social media outlets such as Facebook and Twitter are a great way to let people know about the business. This is also a very inexpensive marketing tool.
- 3) After analyzing the survey data, we have found that consumers prefer a product that is locally produced and marketed over a product that is not.
- 4) A unique logo for Thomas Mums is also essential to growing the business and gaining customers. This will not only appeal to new customers but will hopefully also provide return customers that pair the Thomas Mum logo with a quality product.

Smart Goals

All of the following goals of the operation have been developed using the SMART format, meaning that they are Specific, Measurable, Attainable, Realistic, and Timed. These goals will be used to guide Thomas Mums through the next several years while staying on track with their business goals.

Short-Term Goals

- 1) Establish a company Facebook profile that will make consumers aware of the product. Our goal is that this will increase sales by \$3000 each year for the next two years. This avenue of promotion will allow us to get our product to a wide variety of consumers within and outside of the local community.
- 2) Increase the amount of time spent at local farmers markets during fall 2018. At this point Mums are only sold at the Farmers Market in Taylorsville. With the location of Thomas Mums, there are several other Farmers Markets that should be taken advantage of. Specifically, utilize 2 other farmers markets by fall 2018
- 3) Thomas Mums will be Kentucky Proud Certified by March 2018. This will allow the business to utilize the Kentucky Proud to signage, social media posts, containers and any other means of advertisement.
- 4) Increase sales during High School Mum Sale by \$1500 during the 2017-2018 school year. Utilize other new marketing strategies to make parents and other consumers aware of the product being sold for the sale.

Long Term Goals

- 1) Locate 2 businesses within a 50 mile radius that will sell your product during the fall by Fall of 2019. Focus on grocery stores and general stores that don't currently offer a wide variety of fall plant material.
- 2) Offer a wider variety of products by 2020. Some possibilities of other products include gourds, pumpkins, and other fall decoration items.
- 3) By 2020 increase production to selling 2000 mums per year. With more time to spend working with mums and more knowledge of production this goal should be attainable in the future.

Target Market

The target market was established through survey data and research. Our marketing firm's survey and marketing trends of large businesses within the market were our source of information. Through the establishment of a target market, Thomas Mums can focus on the following groups when advertising.

- Men and Women between the ages of 25-65 who own or rent homes.
- People interested in purchasing locally grown products.
- People who attend farmers markets
- Individuals who earn approximately 41,000 per year who have expendable earnings.
- Individuals willing to support local small businesses.

Strategies and Action Plan

Product

Hardy Mums sold in 1 gallon containers will be the primary focus of the business short term. The product will be available for purchase at various farmers markets in the area and during the senior mum sale at Spencer County High School.

Price:

The pricing structure created with attention given to covering overhead cost and variable cost. Currently it cost 2.98 to produce a mum with a goal of making 100% profit. **Cost breakdown is as follows: Plug .50, Soil 1.23, Container .35, Fertilizer .60, Other (water and other utilities) .30.**

Individual: \$8.00 per 1 gallon mum. The profit goal for your business is 100% of production costs and \$10 per jar would allow for an estimated return of 5.02 per mum. This is above and beyond the goal profit and would allow for unexpected expenses such as broken equipment, pest treatment, etc.

Place:

Thomas Mums can be purchased by contacting the company by phone, via facebook, twitter or by visiting them at Farmers Markets in Spencer and Nelson Counties. This business is located outside of Louisville which creates a great opportunity for growth in the area, especially since a large number of individuals who work in Louisville live in Spencer County. In order to take the business to the next level, our team has suggested that Thomas Mums branch out to other Farmers Markets in the area in order to reach a wider variety of consumers. The use of social media will be an effective and efficient way to market this product as it reaches many people while also being very inexpensive.

Position:

Thomas Mums is currently in the early stages of development with a potentially bright future ahead. This business is in a great location, has limited competition and has all of the resources it needs in order to succeed. In the coming years Thomas Mums will focus on providing the same high quality, locally grown product to a wider variety of individuals in order to increase its ability to take advantage of quantities of scale and expand its profitability. By using social media and branching out to other farmers markets in the area, Thomas Mums will not only be well know, it will be well known by its affiliation with the Kentucky Proud label; a stamp that is synonymous with being a wholesome product.

Promotion

- Facebook Page (\$0)- This is a great marketing tool that will cost virtually nothing to the company.
- School Newspaper advertisement (\$250)- A newspaper advertisement in the school newspaper throughout the Senior Mum Sale will ensure that potential senior mum sale buyers will know about the sale as it is happening.
- Business Cards (\$75)- Business cards will be a valuable tool to hand out at farmers markets. Often times a customer buys a small amount of a product to try it out and decide they would like to buy more in the future. Business cards will ensure that the customer will be able to locate Thomas Mums in this case.
- Graphic Design (logo) (\$500)- Hire a graphic design company to create an original logo that will catch the customers attention. The \$500 cost will cover purchasing the copyright to the logo so that it can be used on product labels as well as any advertising in the future. While this may seem like a high price to pay, this will be a one time cost for a logo that customers will remember for years to come.

- Set-ups (\$500)- Continue to set up at farmers markets in the community and expand the number and variety of farmers markets attended.
- Sponsorships (\$200)- Sponsor little league sports team. Parents, grandparents, aunts and uncles will all be able to see your company name and be made aware of your presence in the community.

Projected Budget

Income

			Year 1	Year 2	Year 3	Year 4
Revenue			\$11,000.00	\$14,000.00	\$17,500.00	\$21,000.00

Expenses

Production Costs			\$3,278.00	\$4,172.00	\$5,215.00	\$6,258.00
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Promotion

School Paper			\$250.00	\$250.00	\$250.00	\$250.00
Business Cards			\$75.00	\$75.00	\$125.00	\$150.00
Sponsorships			\$200.00	\$200.00	\$200.00	\$200.00
Logos			\$500.00	\$100.00	\$100.00	\$150.00
Setups			\$500.00	\$500.00	\$650.00	\$875.00
Total Expenses			\$4,803.00	\$5,297.00	\$6,540.00	\$7,883.00

Net Profit			\$6,197.00	\$8,703.00	\$10,960.00	\$13,117.00
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Evaluation

Benchmarks

Short-Term Goals

- 1) Establish a company Facebook profile that will make consumers aware of the product. **Benchmark:** By September 1st, 2017 create Facebook page and invite friends to promote page by sharing.
- 2) Increase the amount of time spent at local farmers markets during fall 2018. **Benchmark:** By September 1st, 2018 be registered at two new farmers markets in the area.
- 3) Thomas Mums will be Kentucky Proud Certified by March 2018. **Benchmark:** By August 1st complete Kentucky Proud Application.
- 4) Increase sales during High School Mum Sale by \$1500 during the 2017-2018 school year. **Benchmark:** Sell \$9,500 worth of mums by the end of the senior plant sale. Utilize Facebook and other newly introduced means of advertisement in order to meet goal.

Long Term Goals

- 1) Locate 2 businesses within a 50 mile radius that will sell your product during the fall by Fall of 2019. Benchmark: By October 2017 contact at least 2 business that would be potential sellers on Thomas Mums.
- 2) Offer a wider variety of products by 2020. Benchmark: By January 2018 research and have cost analysis of 2 new products that could potentially be offered by Thomas Mums.
- 3) By 2020 increase production to selling 2000 mums per year. By September 2017 all new promotion tactics should be in full swing. These should be what it takes to increase sales of mums in order to meet the company's goals.

Tools of Measurement

- Meet with Bradley quarterly in order to ensure goals are being met or production is on track to meet future goals.
- Establish a check-off program to ensure that goals are being completed.
- Develop an individualized checklist for each specific short and long term goal.

Alternative Strategies

If there are goals that prove to be out of reach for Thomas Mums we will continuously work with the company in order to establish new, more realistic goals. Thomas Mums will continue to be in partnership with our firm throughout the completion of each and every goal. The success of Thomas Mums in the future is of utmost importance to our team.

Works Cited

www.kyproud.com

www.smallbiztrends.com

www.statista.com