

New Ways or Old Habits? Marketing to the Post-Recession Consumer

Dr. Bridget K. Behe, Ph.D., Professor of Horticultural Marketing
Michigan State University, Department of Horticulture
behe@msu.edu or 517-355-5191 x 1346

Consumers have changed in response to economic and environmental changes. How they have responded will impact your business.

The recession of 2009 has changed businesses and consumers. Consumers are spending less and saving more. Household income is down, but so is consumer debt. Confidence is down, but there are signs the recession is easing.

Is the recession over? Existing home sales are increasing but new housing starts aren't growing as quickly. If it is over, it depends on who you ask and where they live. Groups of consumers were profiled by Decitica, a marketing research company. Consumer groups were identified as

- Steadfast Frugalists
- Involuntary Penny-Pinchers
- Pragmatic Spenders, and
- Apathetic Materialists

These consumer groups varied in their response to how they shop today. Three key areas you should be prepared to address this spring:

1. Price. We will see more emphasis on price, sales, and value. Price can communicate value, so businesses need to be poised to show they deliver a better value in 2010. Many consumers will only buy on sale or at a discount (including coupons). Think about your response to this greater emphasis on price. Discounts can have a tremendous negative effect on profits, but without them you may lose the sale.
2. How do you react to the price comparison shopper? You need a deliberate response and it should be one of differentiation. If the box store has it, you should change the size or color to make it different, *and a greater value!* Larger sizes at similar prices can be a better value. Smaller versions can be a better deal. Don't offer the same size and color so that consumer's can't directly compare (and shop elsewhere).
3. Decisions will require more thought. Be the expert and inspire customers on how to use your products in and around their homes. Inspiration can be valuable. There will be more planned purchases and fewer impulse purchases this year. Be prepared.

What is your game plan for 2010? Show your customers value by highlighting benefits (food, exercise, oxygen, environmental enhancement) not features (flower color, life cycle).

Emphasize value (what you GET for what you pay) over price. Show how you are different and a better value. Merchandise to inform!

1. Some consumers want to add beauty and enjoy the visual part of our industry. You need to sell beauty at a value!
2. Consumers who want to grow some nutritious food for themselves and their family. You need to sell plants to grow food at a value!
3. Consumers who are concerned about the environment. We are the 'original' green industry. You need to show them how!