



Ariana Torres  
torres2@purdue.edu

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## Who is Benefiting from Online Advertising in the Environmental Horticulture Industry?

*This publication illustrates the findings from a study conducted by the author and collaborators titled Evaluating the Business and Owner Characteristics Influencing the Adoption of Online Advertising Strategies in the Green Industry” (Torres et al., 2021), published in HortScience Journal in 2021.*

Online advertising is becoming a mainstay business practice to reach firms’ customer bases. We defined online advertising as the allocation of resources to Internet-based advertising for promoting products and services through the Internet. Online advertising includes investments for websites, social media, e-newsletters, or paid advertisements. Since the major task of marketing is to inform consumers about the company’s products and services, who they are, and what they offer, online advertising plays an important role in marketing.



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The fact that most Americans spend over 70% of their day on online platforms, provides important opportunities to horticulture businesses to advertise their products and services more effectively through online advertising. This is especially true as consumer intent to shop online is expected to increase up to 35% after COVID-19.

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To use online advertising, business owners first need to integrate the use of computers and the Internet into their business strategies, followed by the adoption of online marketing tools such as advertisement through search engines (i.e., Google) and social media tools (i.e., Facebook). Among all online advertising strategies, social media marketing is a strategic and methodical process to establish the company's influence, reputation, and brand within communities of potential customers, readers, or supporters. Social media marketing includes marketing campaigns that engage with a wider range of consumers online and comprises a set of Internet-based tools for sharing and discussing information among people. Businesses once held most of the power in face-to-face advertising, but social media puts more power in the hands of end consumers, who can express opinions and perceptions.

While online advertising provides firms the opportunity to reach audiences faster and with less effort and money, and small businesses realize they gain value from using social media and other online tools, most have only established a passive presence which is often stated due to a lack of resources. Many horticulture industry firms struggle to integrate online advertising into their traditional advertising strategies. Torres et al. (2019) found that less than 50% of green industry businesses used any form of online advertising in 2014.



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This publication highlights the findings of a research article titled “Evaluating the Business and Owner Characteristics Influencing the Adoption of Online Advertising Strategies in the Green Industry” (Torres et al., 2021). Findings addressed different factors impacting green industry firms’ willingness to participate in online advertising and how those factors influenced the amount invested in online advertisements. Results highlight industry trends related to firm characteristics, marketing strategies, and online advertising.



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## Data and Methodology

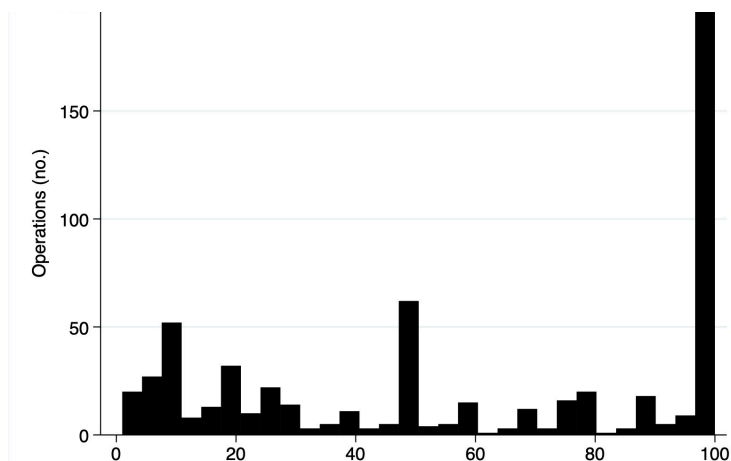
The study used data from the 2019 National Green Industry Survey that gathered information on business practices and operating results for the calendar year 2018 or fiscal year 2018-19. The 2019 survey represented the seventh national survey conducted by the Green Industry Research Consortium. The study modeled business' decisions to 1) invest in online advertising and 2) the amount invested in online advertising. The 2019 survey targeted green industry businesses for the second time with questions added regarding digital marketing practices. The survey included detailed questions about social media use and advertising expenditures for digital marketing practices. The questionnaire and survey protocol were approved by the University of Florida's Institutional Review Board for compliance with ethical standards for human subjects research.

The survey targeted 43,877 firms, including 14,995 grower or grower/dealer firms who were randomly selected to receive the questionnaire mailed via the U.S. Postal Service, and all 28,882 firms with email addresses received the survey via email (Internet) invite. Valid responses were received from 2,657 firms, including 945 responses from the email survey and 1,712 from the mail survey. Methods used to draw the sample and survey protocol procedures are described in detail in Hall et al. (2020). From the 2,657 responses in the 2019 survey, we drew a subsample of 1,352 commercial growers who reported the amount of advertising expenditures via online and other channels. Businesses that reported annual sales <\$10,000, representing operations that were not participating in the business full-time, were excluded from the sample.

## Relevant Findings

When looking into the type of advertising expenditures, we found that out of the 1,352 growers, 449 (33%) reported investing in online advertising, and 903 (67%) of the operations did not. Figure 1 illustrates the distribution of the percentage of online advertising among those investing in online advertising. Of those investing in online advertising, the average percentage of online advertising as a share of all advertising expenditures was 56%, while the median was 50%.

Several differences were observed related to online advertising participation and expenditures between the 2014 and 2019 datasets (Torres et al., 2019; Hall et al., 2020). Based on the findings, there are several relevant implications for green industry firms. First, dependent upon the firm's market, the use of online advertising and the amount spent on those efforts varies. Businesses doing retail sales appear to better utilize online advertising methods, including social media, to communicate with their primary customers (i.e., end consumers). This aligns with a large proportion of end consumers being online throughout their day. Furthermore, providing information online via online advertising is a convenient means for end consumers to browse and use that information as needed. Conversely, wholesale firms may benefit more from a combination of different marketing channels including pairing in-person promotions (e.g., trade shows) with other methods.



Number of U.S. green industry operations participating in a 2019 national survey and their investment in online advertising investment as a proportion of total advertising expenditures.

Secondly, as firms encounter barriers related to labor and competition, their likelihood of participating in online advertising increases. This may relate to the need to efficiently differentiate their firms from their competitors with limited labor inputs. The content of online advertising can reach a broader market (geographically and otherwise) in a targeted manner more effectively than traditional marketing avenues.

Lastly, firm size influenced the adoption of and expenditures on online marketing with small and medium firms resisting adoption more so than large firms. These results may be related to larger firms typically having more resources and labor available to implement and manage online advertising channels. However, small firms who adopt online advertising spend more on their online advertising (in terms of the percent of the firm's advertising budget) than large firms.

Despite their lower adoption rates, the increased expenditures on online advertising implies that smaller firms who implement online advertising receive value through that channel and are willing to allocate more resources to leverage its reach. Firms contemplating adopting and investing in online advertising should consider their resource availability and the potential outputs coming from reaching different customer groups related to using online advertising.

Although the results of this study provide insights into green industry firms' adoption and investment in online advertising, there are several limitations that should be acknowledged. We compared the 2014 and 2019 survey results and, although the samples are representative, they are different samples which can impact the trends observed. Additionally, the analysis relies upon the participants accurately reporting their business operations' statistics and expenses related to online advertising. The comparison between the two years indicates sample robustness; however, the collection of real-time data from firms would serve to further test the results.

#### **Literature cited**

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**CONTRIBUTORS**

Dr. Nora Catlin  
Floriculture Specialist  
Cornell Cooperative Extension  
Suffolk County  
[nora.catlin@cornell.edu](mailto:nora.catlin@cornell.edu)

Dr. Chris Currey  
Assistant Professor of Floriculture  
Iowa State University  
[ccurrev@iastate.edu](mailto:ccurrev@iastate.edu)

Dr. Ryan Dickson  
Greenhouse Horticulture and  
Controlled-Environment Agriculture  
University of Arkansas  
[rvand@uark.edu](mailto:rvand@uark.edu)

Thomas Ford  
Commercial Horticulture Educator  
Penn State Extension  
[tgf7@psu.edu](mailto:tgf7@psu.edu)

Dan Gilrein  
Entomology Specialist  
Cornell Cooperative Extension  
Suffolk County  
[dog1@cornell.edu](mailto:dog1@cornell.edu)

Dr. Chieri Kubota  
Controlled Environments Agriculture  
The Ohio State University  
[kubota.10@osu.edu](mailto:kubota.10@osu.edu)

Heidi Lindberg  
Floriculture Extension Educator  
Michigan State University  
[wolleage@nr.msu.edu](mailto:wolleage@nr.msu.edu)

Dr. Roberto Lopez  
Floriculture Extension & Research  
Michigan State University  
[rlopez@msu.edu](mailto:rlopez@msu.edu)

Dr. Neil Mattson  
Greenhouse Research & Extension  
Cornell University  
[neil.mattson@cornell.edu](mailto:neil.mattson@cornell.edu)

Dr. W. Garrett Owen  
Sustainable Greenhouse & Nursery  
Systems Extension & Research  
The Ohio State University  
[owen.367@osu.edu](mailto:owen.367@osu.edu)

Dr. Rosa E. Raudales  
Greenhouse Extension Specialist  
University of Connecticut  
[rosa.raudales@uconn.edu](mailto:rosa.raudales@uconn.edu)

Dr. Alicia Rihn  
Agricultural & Resource Economics  
University of Tennessee-Knoxville  
[arihn@utk.edu](mailto:arihn@utk.edu)

Dr. Debalina Saha  
Horticulture Weed Science  
Michigan State University  
[sahadeb2@msu.edu](mailto:sahadeb2@msu.edu)

Dr. Beth Scheckelhoff  
Extension Educator - Greenhouse Systems  
The Ohio State University  
[scheckelhoff.11@osu.edu](mailto:scheckelhoff.11@osu.edu)

Dr. Ariana Torres-Bravo  
Horticulture/ Ag. Economics  
Purdue University  
[torres2@purdue.edu](mailto:torres2@purdue.edu)

Dr. Brian Whipker  
Floriculture Extension & Research  
NC State University  
[bwhipker@ncsu.edu](mailto:bwhipker@ncsu.edu)

Dr. Jean Williams-Woodward  
Ornamental Extension Plant Pathologist  
University of Georgia  
[jwoodwar@uga.edu](mailto:jwoodwar@uga.edu)

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