GROWERTALKS

Acres & Acres

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Wake Up & Smell the Coffee

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Isn't it great that our industry always seems to do well during hard times?

There isn't a crisis in memory through which our industry hasn't flourished. Great Recessions, global pandemics, regional wars and conflicts … nothing seems to stop folks from buying our flowers and plants to sooth their souls, celebrate their life events and improve their surroundings. If it's not raining, we're selling!

There's only one downside that I can see: Too often, these challenging times bring with them higher prices for the inputs we need. Shortages, fuel price increases, labor costs up, surcharges being passed along by suppliers … the uncertainty of what it's going to cost you to produce your stuff is one of your biggest headaches.

But take heart because you aren't alone. Every industry faces periodic input-price uncertainty. Take coffee, for instance. I'm not sure when it happened, but the big can of Kirkland coffee I used to buy at Costco for $11.99 suddenly jumped to $23.99 due to a combination of drought in production areas, bankruptcies among roasters and U.S. tariffs. My research indicates that wholesale bean prices tripled in 2025, with coffee futures going from less than $1.50/lb. to a record $4.30/lb. A trip to Starbucks, Dunkin' or Tim Hortons would reveal the same: coffee beans cost more and so a cup of coffee costs more. (Yet I haven't heard of anyone giving up their morning coffee. I certainly haven't.)

Therein lies the key difference between other industries and horticulture: Other industries pass along cost increases, so why are we so afraid of doing the same when peat or plastic goes up? Or even tacking on temporary surcharges to cover sudden increases in diesel or heating fuel?

Based on my 40-plus years of first-hand observation of this industry, I believe that, in large part, it's because we don't know or appreciate the perceived value of our products. When we look at that finished pack of petunias or a 6-in. foliage plant, we see inputs: a pot, some soil, a plug or liner, a bit of water and fertilizer, and some time on a bench. Add that up, double it and there's our selling price. It's practically impossible for us to see our stuff through the eyes of the consumer, who sees not inputs, but nature's beautiful creation.

But back to nature's other beautiful creation: I did a little digging to see how coffee sellers managed to raise prices in the face of a tripling of the cost of their primary input and they use something called "menu engineering"—adjusting

prices strategically, adding more to specialty drinks like a Pistachio Cortado while holding the line on basic brewed coffee to protect their daily traffic flow. Some stores also raised prices gradually rather than in one big increase, nudging prices up across multiple drinks.

We can certainly do the same with our “menu,” adding a higher percentage to already expensive combos while holding a tighter line on “cheap and cheerful” packs and small pots.

Just as I was writing this, an email came through my inbox from Midwest Groundcovers, well-known Chicagoland shrub and perennial (and groundcover) grower about their need to implement a fuel surcharge program. Timely, right? What MG did was created a tiered structure based on the current price of diesel, which they add on as a % of your regular delivery fee:

Up to $4 per gallon—no surcharge
$4.01 – $4.50/gal: 10%
$4.51 – $5.00/gal: 12%
$5.01 – $5.50/gal: 14%
$5.51 – $6.00/gal: 16%
$6.01 – $6.50/gal: 18%
$6.51+/gal: 20% (If it goes above this, they’ll update the program)

They conclude with this frank and honest statement: “We know changes like this matter, and our goal is to be straightforward and fair while protecting the service levels our customers rely on. We remain committed to minimizing the impact on your business while continuing to deliver the quality and reliability you expect from us.”

I respect that. And I suspect their customers do, too. It’s why MG has long been a profitable and dependable business. They don’t save money by cutting corners to reduce costs; they make money by charging what they must.

And remember this: Consumers happily spend the equivalent of $35 per gallon for their favorite fancy drive-up coffee. Don’t you think they’ll spend a few more cents for your beautiful plants? **GT**