

**MARKETING PLAN**

**BESPOKE PROJECT**



By: Vivo

## Executive Summary

Artificial grass is an ever-growing industry, especially since 2011 when the drought slowly appeared in California. Over time, California land became evidently drier as it's been closely monitored. Governor Jerry Brown saw the need to reduce the use of water state wide by encouraging a 20% voluntary cut in water use. Though people did not respond to his first initiatives in 2014. He then enforced a mandated water restriction along with consequences in 2015. This brought on a demand for artificial grass as an alternative solution for homeowners, hotel and resort and other businesses.

Businesses such as Catalina Home discovered an opportunity in 2011 and created Smart Turf. Already conducting business in the carpet and hardwood flooring, they utilized their existing manufacturing machinery to provide a new product to their existing customers and to expand their business. As years went by the synthetic turf business became very saturated. Smart Turf began to offer innovative turf products, different technology and more features focused on saving water and saving money. Their product line consists of three technologies and over twenty-five different artificial grass products to choose from. Six years later, the drought has been declared over for now and Smart Turf finds themselves re-strategizing a different approach in their brand.

Their rebranding phase consists of reducing their product line by a third, focusing on their newest technology, and establishing their brand as a resource of "everything" artificial grass for businesses, consumers and contractors. Smart Turf will be redesigning collaterals, the website and seeking to re-establish a stronger credibility and promote more public awareness of the benefits of artificial turf. With such a big task at hand, they are troubled with the restructuring of their entire product line while reassuring their current customers and seeking to find new possible opportunities to grow within the industry, despite the drought being over.

## Business Summary

### **Positioning Statement**

Synthetic turf is a growing industry especially in the last seven years due to the depletion of water resources and dry landscape (see **Exhibit 1** U.S. Drought Monitor 2011 to 2017)<sup>1</sup>. Towards the end of 2011, the state of California looked to have levels of abnormally dry lands, showing signs of a possible drought which only worsened into the next year (see **Exhibit 2** for California Drought Monitor 2011-2012).<sup>2</sup> Replacing real grass became a trend boosting the

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<sup>1</sup> "Maps." U.S. Drought Monitor. Accessed October 1, 2017. <http://droughtmonitor.unl.edu/Maps/MapArchive.aspx>.

<sup>2</sup> Kim, Kyle, and Thomas Suh Lauder. "275 California drought maps show deep drought and recovery." Los Angeles Times. April 07, 2017. Accessed October 3, 2017. <http://www.latimes.com/local/lanow/la-me-g-california-drought-map-htmlstory.html>.

campaign “save water, save money” initiative once Governor Jerry Brown ordered California’s first ever mandatory water restriction<sup>3</sup> on April 15, 2015. Water resources are depleting and installing turf has become a common solution for homebuyers, businesses, hotel and resorts, and city owned landscape (such as parks, street medians, schools).

Catalina Carpet Mills, DBA Catalina Home initially specialized in premium carpet flooring since 1975, family owned by Ken Jensen and co-owner Jack Heinrich. After having an established business in the carpet industry, Catalina Home expanded to a new division in 2002, Artistry Hardwood Flooring, providing handcrafted, artisan stained French White Oak flooring. Less than a decade later, in 2011 Duane Jensen, President of Catalina Home further progressed their business with a new opportunity in the Artificial Grass industry; the creation of the Smart Turf division. Catalina Home became a multitude of flooring solutions in hardwood flooring, carpet and the artificial grass industry. Many existing carpet customers began to inquire about hardwood flooring as an option for their home. Though, selling to homeowners was more of a one-time purchase. The Artistry Hardwood Flooring products had more success becoming a primary supplier for contractors, architects and designers who constantly have a variety of building projects for hotels, commercial buildings, homes and store fronts.

The artificial grass division was a different entity compared to carpet and wood as they do not sell directly to consumers. Smart Turf is a nationwide wholesale manufacturer providing a full line of high quality synthetic turf products and installation supplies. They partner with installers, dealers, designers, contractors and other industry professionals. They do not provide actual installation services. (see **Exhibit 3** Perpetual Map: competition on pricing v. services)

Smart Turf is a U.S.A. product manufactured in Chatsworth, Georgia and corporate office and customer service warehouse is in Santa Fe Springs, California. The Georgia facility has six tufting machines producing 1200 - 1500 sq. ft. rolls of synthetic grass, with a variety of different color combinations, blade technology and pile/face weight. Smart Turf is primarily known for their innovative blade technology, realistic appeal to real grass, for the color variation availabilities within the blade and thatch to provide that natural “real grass” fluidity.

Many other competitors differ from quality, specifically using low-grade resin which will melt because of minimal UV stabilizer, color will fade and will wear quicker. Most of these low-quality turf is more affordable and usually imported from China. From a buyer’s perspective turf is turf, it’s green and fake so price is a primary factor. Unless consumers do their diligent research about yarn quality, they’ll never know what they’re receiving until a few years after its installed and discover if the turf they purchased was of the best quality. Many USA manufactured turf use top quality materials and provide a 10 year or more warranty. Though depending on the company not all raw materials are made in the USA as some are still imported

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<sup>3</sup> Chris Megerian, Matt Stevens and Bettina Boxall.. "Brown orders California's first mandatory water restrictions: 'It's a different world' " The Los Angeles Times. April 15, 2015. Accessed September 23, 2017. <http://www.latimes.com/local/lanow/la-me-ln-snowpack-20150331-story.html>

overseas. Even though the artificial turf is made in the USA it's still unsure of the quality material being used unless specified.

Smart Turf competes with other USA made manufacturing companies such as Synthetic Grass Warehouse (SGW), SYNLawN and FieldTurf, to just name a few. Turf is manufactured quite similarly but every manufacturer uses a different patent design of the backing, different raw materials, blade shapes, quantity of blades, thatch, weight, pile height and variation of colors. Smart Turf has developed several methods of technology: Evolution, Triad and S-Blade.

### **Situation Analysis (3 Cs Analysis)**

#### **Company**

Smart Turf is a division of Catalina Home. Originally founded in 1975, the company is still owned and operated by the original founders. The company behind Smart Turf, has more than 40 years' experience tufting broadloom products, so it was only natural to begin making artificial turf. Since the expansion of the Smart Turf division in 2011, the number of turf qualities and technology they offer has expanded dramatically.

Smart Turf is a wholesale manufacturer of a synthetic grass made in the U.S.A. With their manufacturing facility in Chatsworth, Georgia and additional corporate and warehousing facility in Santa Fe Springs, California. They are slowly becoming a market leader in the synthetic turf industry.

The artificial grass industry has become a large demand in 2011 once the drought became a concern. The water drought became a large initiative and turf became an opportunity for homeowners and the city to save water and save money.

#### **Competition**

The artificial grass industry has different structures of business: manufacturers, distributors, service contract installers and DIY pre-cut roll retail products. Smart Turf has direct and indirect competition which makes the turf business tricky. Direct consumers consist of actual wholesale manufacturing companies such as SYNLawN, FieldTurf and SGW. But amongst those manufacturing companies branch out to creating or partnering with distribution businesses, some supplying the product and others providing install service as well. There are service contract installers which purchase directly from the wholesaler but are not exclusive to one manufacturing company. They'll usually carry multiple brands and products, but ultimately price is bottom line for the consumer. Ideally it would be beneficial for any manufacturing company such as Smart Turf to have exclusive distribution or private labeling opportunities with artificial turf installers or distributor businesses. Furthermore, retail stores such as Home Depot, Costco, Lowes or other smaller home improvement or landscape stores will provide pre-cut rolls for DIY (do it yourself) homeowner installation.

Another indirect competitor is the obvious, real sod or dry landscape such as rocks or mulch. Real grass is comparably more affordable to purchase and install, but most consumers do not take into account the constant labor maintenance costs to keep their landscape

beautiful year-round. Those that are doing their part for the drought has reverted to dry landscape but it's not as appealing for homeowners nor is it a good option for families with kids and pets. There are great alternatives to landscape but there are many pros and cons compared to installing artificial turf.

### **Consumer**

Smart Turf is a manufacturing facility so their primary target customers are distributors, landscape business, install service contractors, commercial or corporate businesses. Distributors are a big portion of the turf business as these businesses will have a small warehouse and purchase in larger quantity rolls. They also are repeating customers that will purchase on a regular basis or as supplies are needed. Landscape business stores will only order a specific amount that an end user (homeowner) is purchasing at one given time. Typically, it's more cost and labor as these are specific cuts, instead of an entire 100 ft. roll of turf. Landscape businesses will not order as frequent nor in large quantities. Install service contractors are professional businesses that install artificial grass on a daily basis and will order and pick up daily. Though they do order specific cuts and not always an entire roll but their volume is more consistent and reoccurring. Commercial and businesses will order one time but is usually in a larger quantity because of the grounds facility. These are special circumstance business that are installing turf on event lawns, recreational areas primarily more common in hotels and resorts, roof tops, and indoor custom projects. Smart Turf is likely to supply or quote out the project to sell directly to the facility or business but installation is their responsibility.

Though Smart Turf is a direct wholesale manufacturing business they get a lot of one time purchase or inquiries from homeowners. It is welcomed but referred to a customer installer that has a reputable track record and carries Smart Turf products only. Purchase will not be directly from the consumer rather the installers or contractors.

### **SWOT Analysis**

#### **Strengths**

Many companies provide artificial grass imported from China or those that mention they manufacture in the USA but still gather raw materials overseas. Smart Turf is manufactured in the USA and all yarn fiber source is also made in the USA. With this said their quality products are quite superior than most competitors. Most imported turf products from China use low-grade resins and fillers to reduce cost. Furthermore, Smart Turf offers a 15-year warranty backing the quality of their turf which covers ultra violet degradation and excessive fading.

Amongst their high-quality product, they offer three distinctive innovative technology options for various application purposes; Evolution, Triad and S-Blade. Advancements in technology include blade shape, color variations, thatch color options, textured blades, and low luster natural appearances that most companies are limited to.

## **Weaknesses**

Within the last few years Smart Turf launched the release of two new technologies: Triad and S-Blade. They've also increased the variety of products available. They have produced 25 or more different face weights, color variations and technology. Though the difficulty is there are too many options that businesses do not want to carry that many products, nor offer that many product variations to their customers. This confused consumers and would not know which one to choose from. Also with so many options, consumers tend to lean towards the more affordable product.

Smart Turf was also limited to warehouse locations in the East Coast and West Coast area. They've limited their pick-up availabilities in a very centralized area. Despite having great top-quality products other businesses may rather choose another company for convenience and cost savings on delivery or shipping.

## **Opportunities**

Being a wholesale manufacturing company they prefer to sell business to business and in bulk roll orders. Though volume may make sense, they forget the entire market of doing smaller pre-cut rolls so smaller landscape store fronts can market to Do It Yourself (DIY) consumers or geared towards smaller projects. The retail market price would be significantly higher and would have a higher profit margin. It would be smaller square footage per a pre-cut roll being sold at a time but with multiple retail stores provides a larger visibility in brand and availability which can increase on overall monthly volume sales. Possible locations can be focused toward small business landscape, carpet, and even pet stores or pet adoption facilities.

There are other opportunities to partner with larger entities such as recreational parks, public space, city landscape and beautification, schools, daycare or children facilities and sports facilities. Smart Turf have had a few similar projects but nothing on a grand scale or creating a campaign to focus on larger projects. Focusing on city landscaper's safety and reducing landscape maintenance cost, turf can be installed in the medians, curbside areas and local community parks. It would take a longer effort for contract agreements, negotiations and approvals but it's something to capitalize that no other turf company has really focused on.

## **Threats**

On April 7<sup>th</sup>, 2017 Governor Brown declared the drought emergency was officially over<sup>4</sup>. For the past 6 years there has been a big initiative to promote dry landscape and installing artificial grass for water conservation. It became a big campaign that cities were providing rebates and other benefits for "doing their part" during the drought and moving away from real sod. Either you keep the grass brown from lack of watering it or install a different alternative. But now that the drought is temporarily over, there may not be a demand for turf as there was

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<sup>4</sup> Boxall, Bettina. "Gov. Brown declares California drought emergency is over." Los Angeles Times. April 07, 2017. Accessed September 29, 2017. <http://www.latimes.com/local/lanow/la-me-brown-drought-20170407-story.html>.

initially back in 2011. Other issues arise is the fact that people would rather install dry landscape such as mulch or rocks.

Synthetic turf has become so popular that there is a vast amount of competition. It's so common that if you searched artificial grass you'd get at least a handful of local services within 10 miles. But there are much larger distribution companies providing the full services from turf, installation service, additional landscape services and also selling Chinese imported turf.

## Marketing Plan

### **Product life Cycle**

Smart Turf is in the midst of the decline of their product life cycle. They had recently created a new product line residing in the S-Blade technology, enhancing to a ribbed textured blade which creates a low luster (Luster Guard technology) appeal which diffuses sunlight rays and producing a less shiny turf. Seeing that the older technology Evolution had plummeted in sales it is only natural to eliminate that line and focus on the new S-Blade products. Though Triad technology products were fairly new there is not a high demand for this specialty product. Moving forward they are reducing turf line dramatically from 25 to 7 products.

Now that the drought has officially been declared over there is less of a demand and it's noticeable that consumers do not want to choose from a large selection of turf that provides different and complicated features they more than likely do not comprehend. Consumers want to be informed of their best affordable top 2-3 products and select from a more narrowed catalog. To the common buyer, turf is turf, they're all shades of green but would rely on turf experts to educate and persuade them on the best product for their specific needs.

Smart Turf still carries a balance of the older turf until inventory depletes but are no longer running new rolls. The balance inventory will be sold for less to push out of stock so they are able to produce more S-Blade turf. Currently all marketing is focused on the 7 new turf products.

### **Product Strategy**

In moving forward, the site is currently being redesigned focusing on technology, new product enhancements, more product specification details, and video and gallery installations. All marketing materials are being revamped to focus on application and technology specifics such as products geared towards pet installation, architect and designer projects and residential landscape. To encourage new businesses such as landscape and carpet businesses to begin selling turf Smart Turf is creating a thorough "Turf 101" manual to bring awareness of the products and basic knowledge about the industry. Along with that a "how to install" video is in production to educate installers of proper installation techniques. Lastly, secondary materials, accessories and technologies are being trademarked to Smart Turf private labeling to continue branding awareness.

### **Pricing Strategy**

Smart Turf price lists vary on each product because each type of turf utilizes different amounts of yarn, labor and overhead. Lowest total cost to produce a square foot of turf is no less than \$0.93 to as much as \$1.35 (see **Exhibit 4** Turf Cost Tables). To remain competitive selling price will range between \$1.32 to \$2.47 depending on custom cut, full California rolls or full Georgia rolls. Most turf rolls are 100 ft. by 15 ft. = 1500 sq. ft. per a roll cost ranging from \$1980 to \$3705 per a roll. Depending on projects, installs are usually around 600 sq. or more, these costs are just for the product itself. Installers will sell marginally to these costs but what varies between install contractors is the installation labor and accessories used. Most contractors will add an additional \$4+ per sq. ft for installation services.

When Smart Turf provided twenty-five different products there was a common trend of businesses choosing the cheapest priced turf to maintain a higher profit on their labor costs. It was vital for Smart Turf to reduce their catalog by more than a third to maximize their profits. Instead of providing an array of products that varied on cheap, median and high-end quality their new focus was on providing the best products based on the application; such as for pet, playground, commercial, landscape, residential or recreational. This will avoid businesses choosing turf on price rather it should be on application.

### **Promotion Strategy**

There is not a high demand of buzz about artificial turf on the social media forum, though presence online is still prominent. The website is currently being redesigned to focus as a resource to educate the public about artificial turf, features and benefits, new trends of advanced technology, materials, and installation process. A quarterly email newsletter will be circulated to over 50k leads and current clientele to focus the resources available on the new website, featuring new products, introducing the new private label brands for a duration of a year.

Sample product boxes will be sent out to potential businesses, which will include the 7 featured turf products, new marketing materials and an informational kit that explains the easy process to begin distributing Smart Turf products.

In person workshops and webinars will be hosted several times a year at partnering distributional storefronts to elaborately discuss educational install and selling points about Smart Turf products. These will be forums to also continue educating businesses and contractors about the innovative changes of the artificial turf industry.

A QR code display stand campaign will be initiated in efforts to expand the brand in smaller sectors such as small mom and pop nurseries, landscape and carpet retail stores. Smart Turf would reach out to these stores in the SoCal vicinity requesting to put a display stand advertising artificial grass. Each stand has a specific QR code campaign attached to each location. If a consumer is interested in more information or a free quote they would scan the QR code to complete a simple online inquiry form. It would then automatically flag the Smart Turf team and the lead would be directed to the appropriate installer, supplying Smart Turf



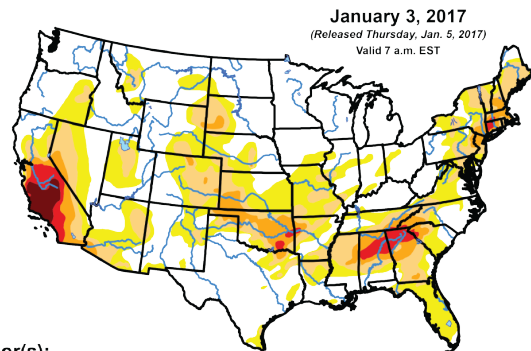
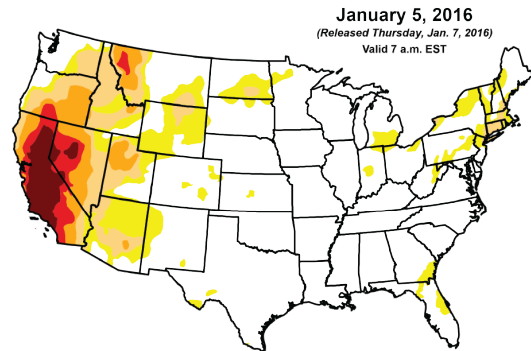
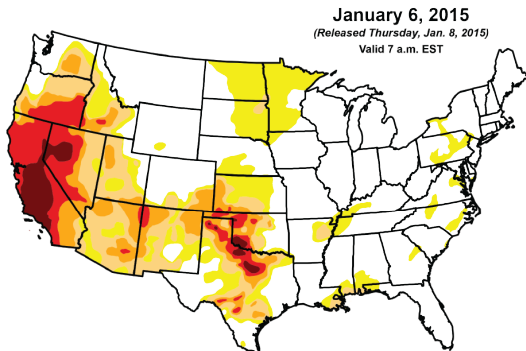
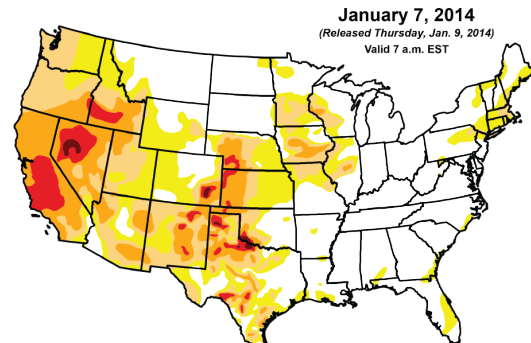
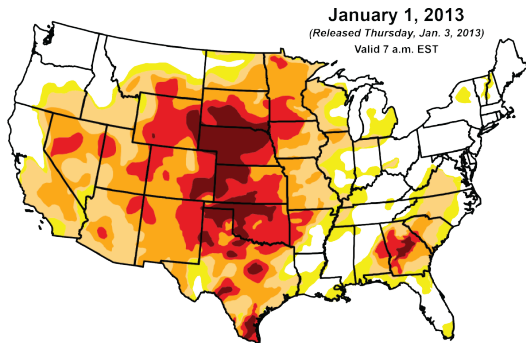
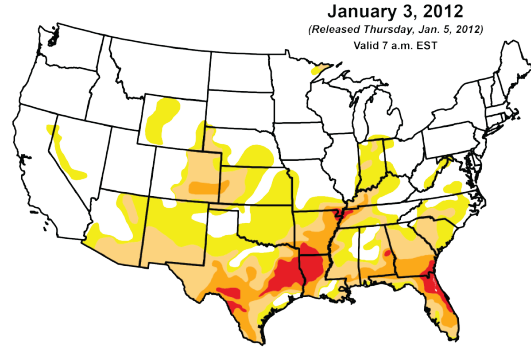
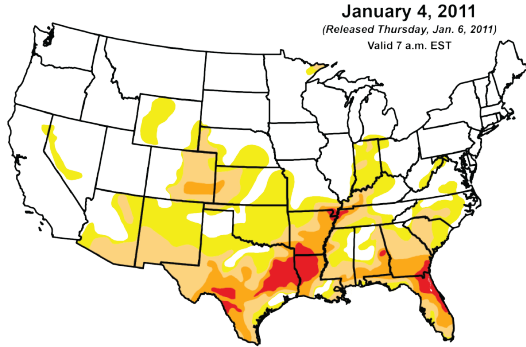
products. If and when the consumer decides to proceed with the project, that storefront location will get a small percentage of that specific project sales. It is a win, win situation where there are no up-cost costs for the retail store and minimal efforts and cost for Smart Turf (see **Exhibit 5** Marketing Budget 2017).

### **Conclusion**

Catalina Home is a well-established company with a long history of success. Their expanded division, Smart Turf has been successful during the last 5 years with the mandated water initiatives. Though the drought emergency has been recently called off, there are concerns that the demand for artificial grass may decrease. Being the news was recently announced, proper preparation is in the midst.

Smart Turf has dramatically focused their product line to their highly top demanded turf and consolidated from three different technologies to one. By simplifying their available products this allows businesses to represent all Smart Turf products rather than a selective variety amongst their former collection roster of twenty-five. With the new direction of the website, new products, technology and private label brands Smart Turf is entering a refocused and rebranding stage of their business. This should allow them to not only provide more support to their existing customers but in hopes to drive more brand awareness to new possible opportunities. Instead of just being known to manufacture synthetic turf, Smart Turf should shape up to be a primary resource to educate about the product itself. They'll be an outlet resource of the important aspects consumers and businesses should know about how it's made, its benefits and features, the installation process and minimal maintenance care to enjoy turf year-round. If they uphold their new brand as the "go to" resource, it would only enhance their credibility of being one of the largest growing nationwide manufacturer of artificial grass and accessories.

## EXHIBIT 1 U.S Drought Monitor 2011-2017



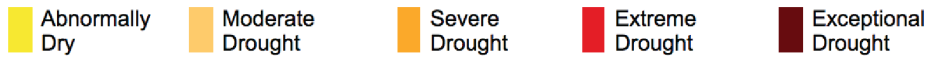
**Intensity:**

- |   |  |
|---|--|
|  D0 Abnormally Dry   |  D3 Extreme Drought     |
|  D1 Moderate Drought |  D4 Exceptional Drought |
|  D2 Severe Drought   |  |

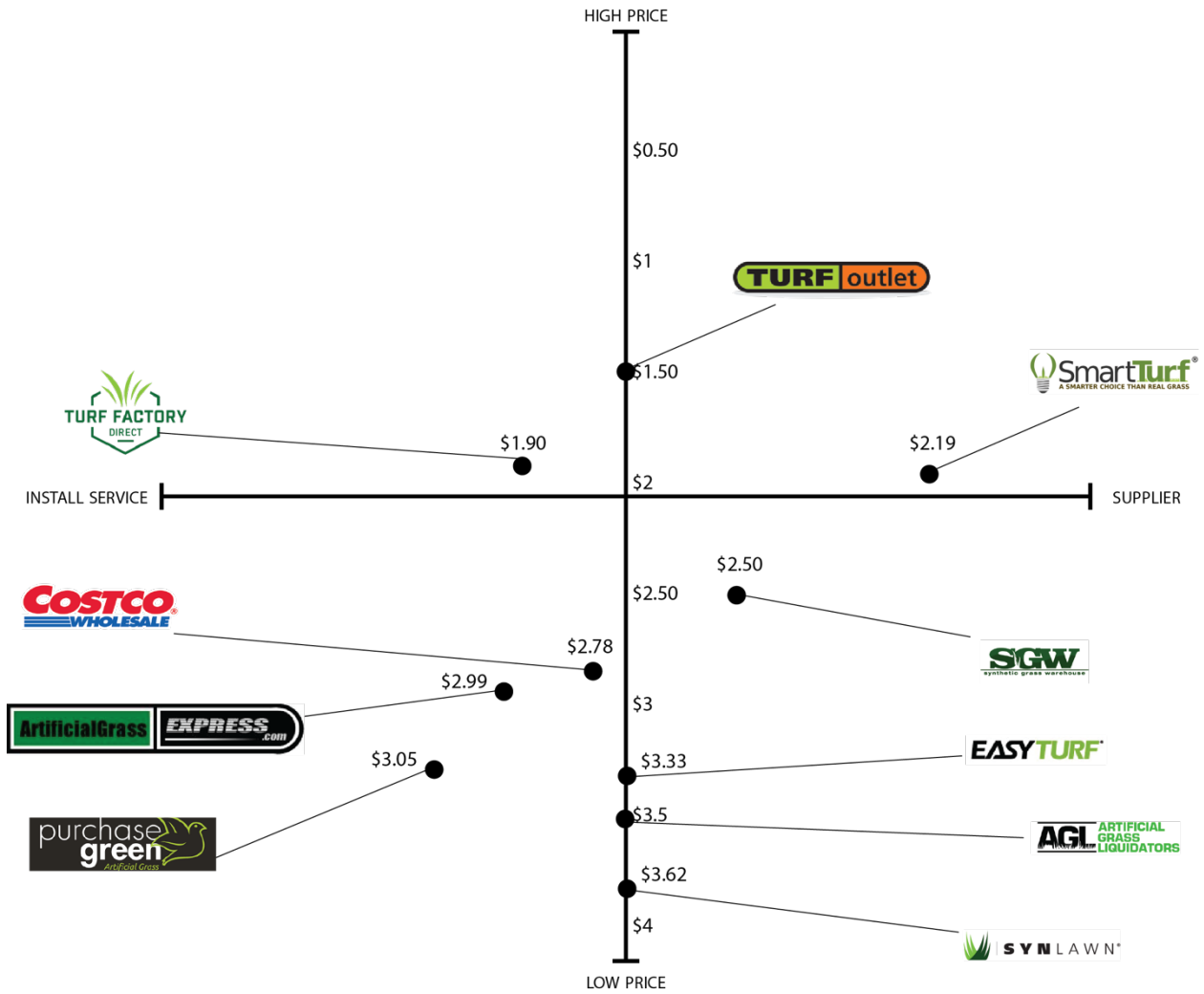
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

Author(s):  
Anthony Artusa  
NOAA/NWS/NCEP/CPC  
<http://droughtmonitor.unl.edu/>


### EXHIBIT 2 California Drought Monitor 2011-2012



**EXHIBIT 3**  
**Perpetual Map**



**EXHIBIT 4**  
**Turf Cost Table**



Quality	Roll Width	System Code	T1-FOB LA Cuts		T3-FOB LA Rolls		T8-FOB GA Rolls	
			Sq. Ft.	Sq. Yd.	Sq. Ft.	Sq. Yd.	Sq. Ft.	Sq. Yd.
<b>Current In Stock Line</b>								
<b>S-Blade with Bonar Thatch</b>								
Arcadian 50 oz. Clover	15 ft.	Cadia	\$1.68	\$15.12	\$1.44	\$12.96	\$1.36	\$12.24
Prestwick 50 oz. Olive	15 ft.	Prest	\$1.68	\$15.12	\$1.44	\$12.96	\$1.36	\$12.24
Brookhaven 70 oz. Clover	15 ft.	Brook	\$2.19	\$19.71	\$1.88	\$16.92	\$1.79	\$16.11
Westwood 70 oz. Olive	15 ft.	Westw	\$2.19	\$19.71	\$1.88	\$16.92	\$1.79	\$16.11
<b>Putting Green</b>								
Nylon Putt - 40 oz.	12 ft.	NYPUT	\$2.47	\$22.23	\$2.14	\$19.26	\$1.99	\$17.91
<b>Playground Turf</b>								
Play Zone - 60 oz.	15 ft.	PlayZ	\$2.05	\$18.45	\$1.76	\$15.84	\$1.68	\$15.12
<b>Pet Turf</b>								
Smart Pet - 60 oz.	15 ft.	Smart	\$2.05	\$18.45	\$1.76	\$15.84	\$1.68	\$15.12

S Blade	PRICE CODE	PRODUCT NAME	Cuts LA		Cuts LA		Cuts LA		Cuts LA	
			T-1	T-1	T-1	T-1	T-1	T-1		
			Arcadian/Prestwick	Brookhaven/Westwood	Play Zone	Smart Pet				
Total Yarn Cost			\$ 4.77	\$ 7.38	\$ 6.47	\$ 6.13				
Double Primary		0.70	0.70	0.70	0.70	0.70				
Labor and Overhead		1.00	1.00	1.00	1.00	1.35				
Greige total			6.47	9.08	8.17	8.18				
3% Shrink		3.0%	0.14	0.22	0.19	0.18				
Finishing Cost		1.75	1.75	1.75	2.00	2.00				
Core		0.01	0.01	0.01	0.01	0.01				
FREIGHT(GA TO SFS)		0.50	0.50	0.50	0.50	0.50				
Sub-Total Cost of Carpet per SY			8.87	11.57	10.88	10.88				
<b>4% remnant</b>		5%	0.44	0.58	0.54	0.54	5%	0.54	4%	
<b>Total Cost of TURF per SY / SQ FT</b>			9.32	12.14	11.42	11.42		11.42	1.27	1.27
				SQFT		SQFT		SQFT		SQFT
<b>Price to Customer</b>			15.15	19.75	18.42	18.42		2.05	2.05	2.05

**EXHIBIT 5**  
**Marketing Budget 2017**

<b>Smart Turf Marketing Budget 2017</b>		
<b>Item</b>	<b>Cost</b>	<b>QTY</b>
<b>Metal Display Stand w/ Hangers (Complete)</b>	\$81.80	1
Custom Hooks	\$18.00	1
Sign Holder w/legs	\$35.00	1
Poster	\$24.00	1
12 Hangers	\$0.40	12
<b>Metal Display Stand w/ Handleboards (Complete)</b>	\$122.00	1
Custom Hooks	\$18.00	1
Sign Holder w/legs	\$35.00	1
Poster	\$24.00	1
Turf Handleboards	\$7.50	6
<b>Typical Wall Display (Complete)</b>	\$175.50	1
Banner 6'x4'	\$54.00	1
Turf Handleboards	\$90.00	12
6" Slatwall Hook	\$3.60	12
Spec Sheet Holders	\$27.90	6
<b>Banners (per Sq. Ft.)</b>	\$2.25	
6'x4'	\$54.00	1
5'x3'	\$33.75	1
8'x4'	\$72.00	1
<b>Architect Folders</b>	\$10.00	1
<b>Spec Sheet Holders</b>	\$4.65	1