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## **You can learn a lot from a doughnut**

*Krispy Kreme speaker, Proven Winners founder talk marketing*

By Cam Sivesind

Krispy Kreme, the doughnut giant that has swept the nation with its gooey glazed doughnuts under its signature red, white and green logo, spends nothing on advertising. It sounds unbelievable, but when you think about the media blitz surrounding the opening of the Clackamas and Beaverton, Ore., stores earlier this year, the free publicity trumped any paid advertising.

“Krispy Kreme does not spend a dollar on advertising — zero,” said Josh Goodman Pensettick, who works for Kremeworks, the area developer for Krispy Kreme stores in the Northwest, Hawaii and Alaska.

Pensettick was one of three guests to speak about marketing before a packed dinner meeting of the OAN Willamette Chapter in the spring. He was joined by Tom Smith, president of Four Star Greenhouses Inc. in Carleton, Mich., and a co-founder of Proven Winners, and Ann Murphy, the OAN’s marketing director.

Pensettick began his talk while boxes of Krispy Kreme doughnuts were passed from table to table. Oohs and aahs filled the room as Pensettick gave the history of the doughnut giant, which first opened in Winston-Salem, N.C., in 1937 and remained a regional company for 90 years. Then expansion and franchising began, and in 1995 the first Krispy Kreme doughnut shop outside of the Winston-Salem area opened.

“It was a smashing success,” Pensettick said.

Are the doughnuts good? You bet. But Krispy Kreme is more than just a place to grab a sweet treat. “Krispy Kreme is more than just a doughnut shop,” Pensettick said. “People wait in line for a feeling, an experience. It’s ‘doughnut theater’ through the window. Krispy Kreme shows the (doughnut-making) process; it does something no one else does.”

You will never hear a Krispy Kreme representative boast of having the best doughnuts. They let the consumer decide. And the company’s goal is not to be on every block, but to be a destination point. Oregon has two stores, with a third on the way, and will have nine total eventually.

“We never have unhappy customers,” Pensettick said. “It’s amazing to me. Our philosophy is, you aren’t going to be 1,000 percent better than the guy next door, but you can be 1 percent better in a thousand different ways. The answer is always yes; the question is ‘how?’ You can never lose sight of the fact that every customer could be a first-time customer.”

What else does Krispy Kreme do besides sell a darn good doughnut (the recipe is secret and only a handful of people know it)? They raise funds for the regional communities where they have stores. “We’re a huge part of the community,” Pensettick said. “We did \$46 million last year in fundraising. Any group can fund raise with Krispy Kreme.”

While Krispy Kreme has an identifiable brand in the land of doughnuts, Proven Winners has built a brand name for itself in the plant world. Smith is one of three greenhouse growers who got together a few years back with the goal of searching out great-growing products that perform in the garden. He said Proven Winners is about creating trends by driving demand.

“Consumers want to buy our product throughout the whole season, there’s no doubt in my mind,” Smith said. “If the product performs, gardeners will come back with a tag in their hand. That’s branding.”

Smith said plants are just one more segment where great products are in demand. He said that’s why Wolfgang Puck can sell an expensive can of tomato soup right next to the three for \$1 Campbell’s cans. And “Proctor & Gamble spends twice as much on packaging versus ingredients,” he said.

Plants cannot be compared to cereals. A person might be more apt to spend less on a generic cereal, knowing what they get isn’t that much different from the brand name. “When you’re buying plants, you’re buying a hope and a dream,” Smith said. “We are in the hobby business; the decorating business. When you are passionate about your hobby, you are looking for the best.”

All the branding in the world doesn’t matter, though, if the presentation at the retail outlet is poor. “If you were a pet store owner, would you leave a dead puppy in the window?” Smith asked. “So why leave dead or dying plants in the displays? Retail is detail. That’s absolutely true.”

Making a case for the signature Proven Winners white pots, which cost a couple more cents apiece, Smith cited one retailer’s case where a \$40 investment in the pots netted \$6,300 more in profit, because the brand sold for more.

“Every Proven Winner dollar goes right back into marketing,” Smith said. “It’s an attached marketing fee.”

Smith said larger tags with more information are meeting the needs of gardeners who want to know more, plus the tags, along with the pots, are more inviting.

Whereas Smith and Pensettick are focusing on specific products, the OAN is promoting the Oregon horticulture industry more broadly. Murphy’s PowerPoint presentation highlighted the direct and indirect marketing efforts conducted by the OAN on behalf of the association membership. “We, all staff, are marketing on your behalf,” Murphy said.

From staffing OAN booths at national industry trade shows to printing and distributing the *Directory & Buyers Guide* to investigating and cultivating new markets overseas, the OAN is promoting the message that customers get quality, a broad plant selection and vigorous plants when they purchase Oregon-grown products.

“We sell plants that perform for the garden centers because they look good, perhaps allow higher margins and perform in the landscape in various hardiness zones,” Murphy said.