'Interim Grower' Concept Seen by AAN Group

LANDSCAPE OUTLOOK

EDITOR’S NOTE: American Association of Nurserymen has a standing committee of seven men who are on call to periodically assess the future. The seven got together recently to talk about the future of the landscape industry, generally, among other subjects. The following article summarizes their opinions. Members of the committee are:

S. R. HUTTON, JR., past president of AAN and president of Conrad-Fyle Co., West Grove, Pa., nationwide rose and nursery stock company.

C. EDWARD SCOFIELD, vice-president of RA-PID-GRO Corporation, national manufacturer of liquid fertilizer.

JOSEPH H. KLUPENGER, AAN president and chairman of the board of Greenleaf Nursery Co., Muskogee, Okla.

JOSEPH A. ABRAMS, president and chairman of Klupenger Greenhouse Co., Portland, Ore.

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LAWRENCE W. BACHMAN, secretary of Bachman’s, Inc., landscape and retail firm in Minneapolis, Minn.

DR. RICHARD P. WHITE, executive vice-president of AAN.

ALMOST UNANIMOUSLY, an American Association of Nurserymen committee of prognosticators declares that a bright future can be seen for firms engaged in landscaping and landscape maintenance.

The increasing affluence of today’s society has accelerated the trend away from “do-it-yourself” vogue of the 50s and early 60s. More people are making more money. In the 15-year-period of 1965-1980, about a 50% increase can be expected in both median family income expressed in constant dollars ($7,500 per year) and in per capita disposable income (from $2,400 — $3,600). In the 1980s, one family in three will be earning $15,000 a year, in dollars of 1966 buying power, compared with one family in 13 today. It is also estimated that by the year 2000, hourly wages will average $7.50 per hour compared with $2.82 at present.

Adding also to the rosy future for landscape is the increasing mobility and burgeoning population of the and burgeoning population.

Hutton: “As for landscaping, little need be said. With a continuing affluent society it can only boom in the foreseeable future. Its single real limitation may be in personnel able to execute it. I would expect to see attempts to build landscaping organizations with many regional branches, and I see no reason for this not to be successful. At the same time, I would expect the independent landscaper to be around for a long time.”

Nickel: “The future is confused for the retail nurseryman or garden center operator. One bright hope is for the retailer to get into landscaping. Here he can successfully operate from a very economical location in the age of ‘you do it for me’ rather than the fast declining ‘do-it-yourself’ systems on which I believe the garden centers place too much emphasis.”

The AAN staff agrees with the Committee in predicting a bright future for landscape. However, it believes that the ‘character’ of today’s typical landscape job may change somewhat. The strain of increasing population and prices may put home ownership beyond the reach of many young couples. Increasingly, in areas such as Boston, New York-Washington, Chicago-Pittsburgh and San Francisco-San Diego, apartment buildings and townhouse complexes can be seen sprouting in what were once considered “suburban” areas. This may create a demand for “limited” landscape jobs—container planted balconies, roof gardens, patios. Additionally, sales of mobile homes have been increasing (and their quality improving) for several years. A market calling for specialized landscape services may develop.

Klupenger: “I agree. Planters will be filled with dwarf or low-growing plants which can be cared for with ease. In the western and southwestern parts of the country, we are already beginning to find more of the mobile parks which are becoming very popular for those who voluntarily move or those who are transferred from city to city.”

AAN Staff: “One retailer in the Washington area during a recent survey of his customers, was surprised to find that 67% of his customers were apartment dwellers. He stated, ‘In comparison with homeowners, it may not be much of a market, but then we have an awful lot of apartment balconies in the Washington area that could do with some containerized plants’.”

Bachman: “One thing we do not want to overlook is that this increasing demand for landscape services has created and will continue to create serious shortages in plant material. I see this as a trend, and in our area some interesting things are occurring . . .”

Nickel: “I agree. There is going to be a tremendous shortage of nursery stock, not only in shade trees, but in all lines within the next three years. The lined-out material which should be in now to meet this demand is just not there, and at this date we couldn’t avoid this shortage because there is just not enough time to grow it.”

Scofield: “At RA-PID-GRO we are experiencing a surge of interest in maintenance. It all points out that there is a vast consumer market which is very substantial and very solid. We’re getting many inquiries from golf courses, factories and commercial people who occupy the beautiful new buildings under construction. It’s very exciting.”

Bachman: “What I think is very exciting is that the people who use our plant material are becoming increasingly aware of this shortage. In our area, this uncertain supply has caused landscape architects, developers and others to plan ahead. These people are now coming to us with their needs blocked out two and three years in advance.

At present, a combine of seven golf courses has a three-year contract with us, wherein we agreed to furnish and install their specific shade tree requirements. They’ve furnished us with a list of their anticipated needs and we have set aside a block in our own production for them. But here’s the difference from a wholesale grower contract: we have agreed to step out and buy the materials we don’t presently have with a guarantee to them that the merchandise will be available when they need it. In some cases we’ve gone to wholesale growers and placed deposits to hold material for three years hence deliver.

Our deal with this combine is that they get a 10% discount from the current price of the materials in return for a 25% down payment. We believe there is an advantage because there are no future sales costs to contend with, and we have a fourth of the money to work with right away.”

Nickel: “Larry, I don’t think this trend will be too successful because growers are not going to be willing to take a price now for something projected three years in the future. I’d prefer to make my market now rather than be committed three years away.”

Bachman: “Well, we weren’t going to try to project prices three years from now. But, I don’t think you’d hesitate to do it on this basis.
at all. If you had one quarter of my money right now, I think it would be worth an 8 or 10% discount to you."

Abrahamson: "Harold, you're also talking about an entirely different set-up. Your business is to ship smaller plants long distance, while Larry is delivering and installing large material on a local basis."

Nickel: "That's true. We may be seeing an entirely new concept of growing—an 'interim grower' firm, where the supply would run from wholesaler to interim grower to contract. This might be a new type of distribution."

AAN Staff: "And a new type of business. Suppose wholesale growers continue to specialize, and instead of shipping all over the country, they ship to 5 or 6 'interim growers' who assemble the entire range of plant material suitable for an area. These 'interim growers' would grow the material on into larger sizes, and would be geared to efficient distribution and possibly installation. Orders could be taken from small retailers for delivery almost on a 24- or 48-hour notice for delivery. Future contracts and guaranteed supply would also be part of the set-up."

Hutton: "I think installation would also have to be part of the package — the capacity to take the material a customer has reserved and put it where he wants it."

Scofield: "Would maintenance contracts also be a part of it?"

Bachman: "Probably not. This would be separate because most of these big customers — golf courses, large industrial plants, etc., have their own maintenance set-ups. Maintenance is not a big factor, but installation is."

Nickel: "We have long known that a need for large material exists. We can grow it, but we can't ship it. This kind of development might begin to help the situation."

Specialization and service are watchwords for the future marketing of plant material. One large firm in the Northeast is capitalizing on the increasing trend of the use of landscape size plant material in interior plantings. This firm reports that over one-half of its annual sales volume is from the "specialized" use of plant material in "interior landscaping." Formed in 1957, the firm reports that its sales have been doubling every three years.

Working closely with landscape architects, architects, and interior designers, the business supplies complete installation and continuing maintenance service for interior landscaping.

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