

WEEDS TREES AND TURF magazine's

1969 Business Forecast

VEGETATION care and control businesses continue to grow. A poll of WEEDS TREES AND TURF magazine readers reflects optimism among operators of service type businesses in the non-crop horticultural field.

As a rule, operators expect their business to increase in 1969. Three-fourths of the first 200 returning WTT business forecast questionnaires were optimistic. Another 22.7 percent look for their business to stay about the same. Less than 3 percent expect a decrease this coming year in their volume of business.

This thinking by WTT readers is closely aligned with that

of economic forecasts for the nation as a whole. Now that the election is over and the Nixon administration is due to take office, economists are flooding news media with outlook material which reflects their thinking regarding the effect of the new administration on business.

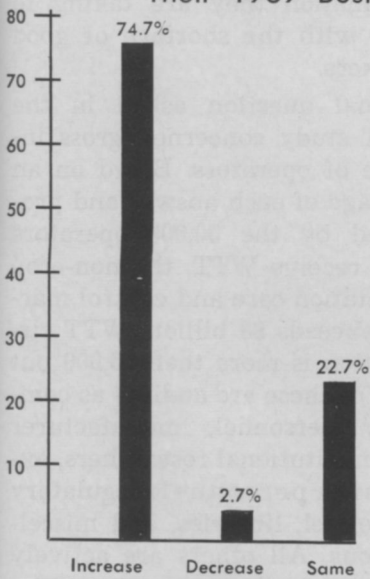
In short, the information boils down to what might be termed cautious optimism. Economic forecasters believe business will generally be more friendly with the Nixon group than has been true of the previous administration. They expect some slowing down of inflation, but not enough to completely stem the profit squeeze which businesses

have been feeling as a result of rising costs.

Business may suffer a slow-down, especially during the expected period early in the year when the surcharge tax bite coupled with recent tight money takes its full effect. A slow-down in defense spending is also a distinct possibility if the Viet Nam war slackens or comes to a halt. However, economists feel the general feeling of relief at the war's end will serve to boost the economy. Some stock brokers expect such an event would trigger an upsurge in the stock market. Economists also expect that housing starts would increase even more than expected and the general business upturn would boost the economy rather than foretell any significant recession.

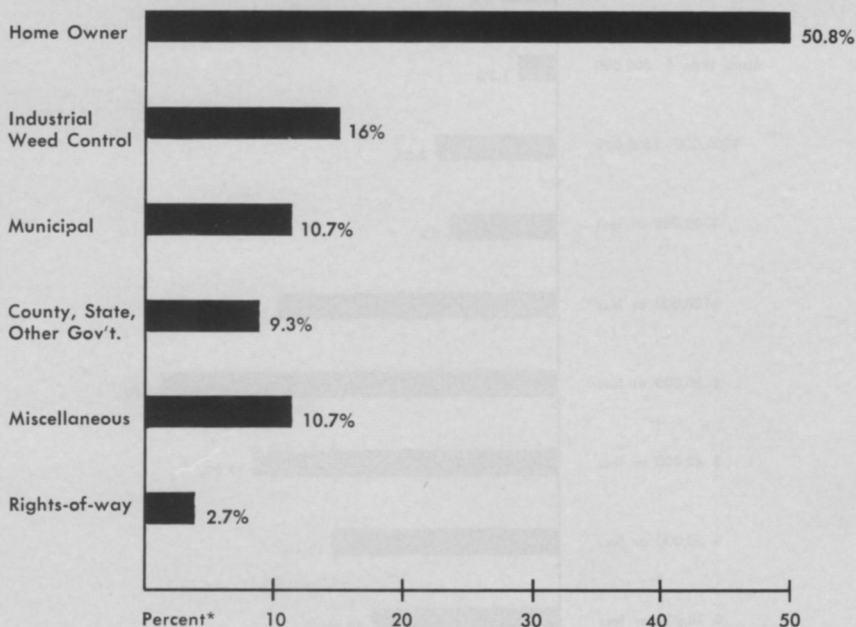
In general, the economists predict an increase of almost 6 percent in total spending in the U.S. Consumer incomes are expected to be up well over 5 percent. Home building and construction industries are also expecting an increased pace of between 5- and 6 percent. A sum-

Table 1. How Vegetation Care and Control Operators Forecast Their 1969 Business



* Percentage of non-crop horticultural operators reporting.

Table 2. Service Contracts in the non-crop horticultural field showing most rapid growth



* Percentage of vegetation care and control operators who reported these as fastest growing type of service contract.

mary of the collective thinking of economists is that 1969 bodes well for business. Big problem will continue to be inflation and the increased costs of doing business.

Net Profit Margins:

In the WTT survey, readers who operate businesses were asked to estimate their profits for this past year. Practically all reported being in the black, the average being a 14 percent net profit margin. Reports varied greatly, however, ranging from a number of 5 percent lows to 50 percent. This range which was more general than expected would indicate that service charges vary considerably in the industry. Many operators apparently have not increased their service call charges to cover down shop time or the increased costs which they must carry in doing business. Another possibility for the difference in profits might be competition for con-

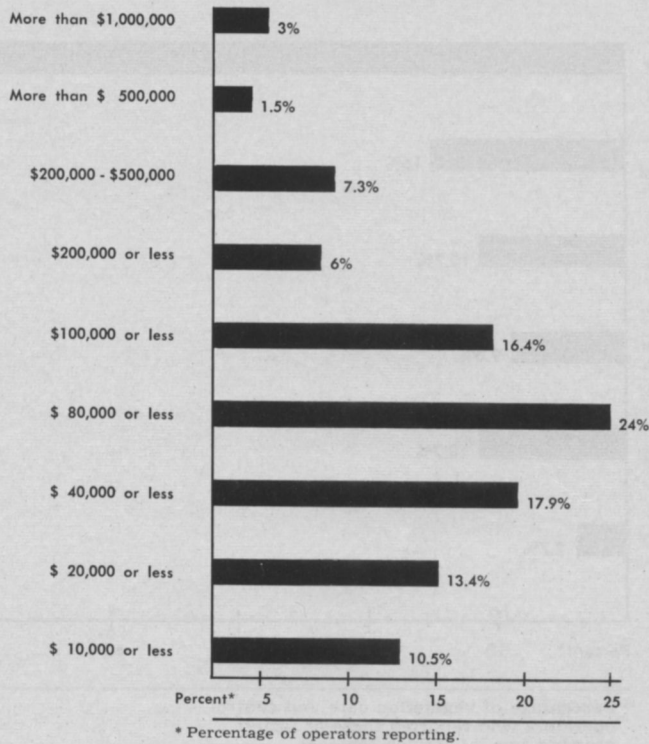
tracts. Generally, most operators who commented on business indicated that more business was available than they were equipped to handle.

The Industry Today:

A number of types of service are growing in popularity. More than half, 50.6 percent, of the operators reported that home owner service contracts were the fastest growing segments of their business. Sixteen percent reported that their industrial weed control business was showing the greatest increase. Government work such as municipal contracts (10.7 percent) and county, state, and federal contracts (9.3 percent) was indicated as showing most growth by one in every five operators. About 3 percent indicated that utility rights-of-way business was the fastest growing, and 10 percent listed miscellaneous types of contract work as pushing ahead.

Based on this random sample

Table 3. Gross Income for 1968 Reported By Operators Participating In WTT Business Forecast Survey



of WTT readers, 61.3 percent (about 18,000 businesses on a projected basis) gain half their business income from contract pesticide application. Tree care operators get only about one-third (34 percent) of their gross income from tree maintenance and planting. Big end of their business is contract application of pesticides.

Almost 6 percent of all operators are doing some type of aquatic weed control work. Of those working in the area of aquatic weed control, 16 percent of their total gross income is derived from this source. A whopping 34 percent said they planned to move into some new phase of the non-crop horticultural field in 1969. Among the new fields listed most often were irrigation installation, aquatic weed control, retail nursery stock and turf supplies, custom spraying, fertilizer application, equipment rental, and landscaping. Listed less often and somewhat unique were homeowner fence installation, dry rot and

fungus control, stump removal, and aerial seeding and fertilizing.

More Chemicals:

Pesticides will be used even more in 1969 in the non-crop field. The average dollar value to be spent next year by WTT readers will average \$6840 per operator. Based on the 30,000 WTT readers who make some use of pesticides, this projects to an astounding \$205,200,000. Almost 75 percent of those reporting said this would be more than they used in 1968. Only 9 percent said they would use less, the balance planning to about match their '68 purchases.

To apply these chemicals, operators in the business will make major purchases of vehicles and equipment. More than 60 percent said they plan to expand. One in every three operators plans to add more employees and one in every four will add more equipment as part of expansion plans.

Among those responding to the survey, three of every four will buy some type of truck, and one of every six plans to buy a car as a part of their business operation. Most significant is the fact that the group reporting indicated that they will, on a nationwide basis, purchase 1500 fixed wing planes or helicopters for aerial spray applications. Total expenditures for vehicles and aircraft will approach \$140 million in 1969 based on WTT survey answers.

Further purchases will include spray equipment, tractors, mowers, irrigation systems, tree spades, stump machines, power rakes, tillers, chain saws, golf course equipment, and a variety of other types used in the non-crop horticultural field. Operators plan to spend an average of \$2300 per business on these items. Projected to all WTT operators, size of business expenditures for these items in 1969 will exceed \$69 million.

Generally, operators expect a good year in 1969. Several commented on the increased costs of doing business, but at the same time a number of these are planning to expand during the coming year. Besides increasing costs, operators stressed the problem of recruiting labor and steps such as equipment and automation they are taking to cope with the shortage of good workers.

Final question asked in the WTT study concerned gross income of operators. Based on an average of each answer and projected by the 30,000 operators who receive WTT, the non-crop vegetation care and control market exceeds \$3 billion. WTT circulation is more than 35,000 but 5000 of these are audited as company personnel, manufacturer and institutional researchers, extension personnel, regulatory personnel, libraries, and miscellaneous. All others are actively engaged in the non-crop vegetation care and control field.