

WHOLESALE GROWERS EXCEED ONE BILLION DOLLARS IN SALES

The wholesale grower and the sod producer are the farmers of the Green Industry. Their problems closely resemble those of agriculture; business is weather dependent, cash flow and labor needs are seasonal, and equipment and supply costs are much greater than the average small business.

The wholesale grower, the subject of this survey, is constantly searching for ways to beat mother nature. Mechanization, new plant cultivars, and improved growing techniques are utilized to boost productivity and hold down prices in the face of rising costs.

WEEDS TREES & TURF discovered a number of changes taking place within the wholesale nursery industry. Short digging seasons have plagued northern growers for three years. Consequently, more northern growers see containerizing as a solution to poor field conditions. Research into hardier, more disease resistant species and cultivars is being sought and encouraged. Regional surveys are underway to reveal unpopular varieties and discover new ones so growers can concentrate on popular plants. One result of specialization and identification of popular varieties may be increased competition. However, an increasing demand for plant material appears to be counterbalancing the effects of competition. A national marketing program sponsored by the American Association of Nurserymen has the goal of increasing the demand significantly.

To obtain specific data on the wholesale grower, WEEDS TREES & TURF surveyed 936 firms in the United States. A total of 207 returned the questionnaires for a 22 percent return. The Horticultural Research Institute, Inc., has placed the size of the market at approximately 5,000 firms with 70,000 full-time and an additional 70,000 seasonal employees.

More than 70 percent of the wholesale growers are also involved in retailing. Forty-four percent also do exterior landscaping and 17 per-

Concerns of wholesale growers.

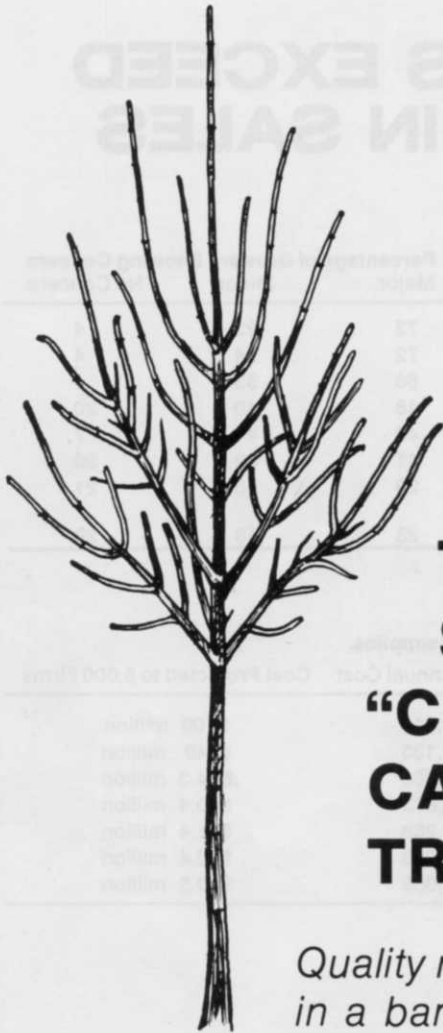
Concern	Percentage of Growers Showing Concern		
	Major	Minor	No Concern
Labor Costs	73	23	4
Government Regulations	72	24	4
Supply Costs	66	33	1
Labor Skill	48	40	20
Property Taxes	48	44	7
Labor Supply	41	39	20
Competition	29	50	21
Local Market Conditions	23	48	29

Annual expenditures for various types of supplies.

Item	Average Annual Cost	Cost Projected to 5,000 Firms
Containers	\$21,814	\$109 million
Fertilizer	\$ 8,133	\$ 40 million
Soil Amendments	\$ 6,869	\$34.3 million
Seed	\$ 4,073	\$20.4 million
Pesticides	\$ 2,288	\$11.4 million
Herbicides	\$ 2,078	\$10.4 million
Fungicides	\$ 2,055	\$10.3 million

Involvement with other types of businesses.

Type	Percentage of Respondents
Retail nursery	70.6
Exterior Landscaping	44
Interior Landscaping	17
Lawn Care	15
Tree Care	15
Sod Production	6
Plant Breeding	1



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cent do interior landscaping. Fifteen percent of the firms do lawn care and tree care. Only one percent indicated they do plant propagation.

Nearly two-thirds of the respondents distribute products in their region only. The average number of acres in production is 122 with a range of one to 1,600 acres. The average number of acres occupied by greenhouses is 1.5 acres.

The growers were asked what percentage of total acreage is used for container stock, shade and fruit trees, and field grown shrubs and evergreens. They were also asked whether or not they plan to increase, decrease or maintain production in the three areas.

The growers reported an average of 17 percent of their acreage is used for container stock and nearly 60 percent plan to increase this area of their business. Six percent plan to decrease container stock production.

The respondents have an average of 35 percent of their acreage for the production of shade and fruit trees. Only 42 percent said they plan to increase shade and fruit tree production. Another 42 percent plan to maintain production and 16 percent expect to decrease tree production.

The largest amount of acreage is used for growing field-grown shrubs and evergreens, 48 percent. Like container stock, nearly 60 percent of the growers expect to increase production. Twelve percent plan a decrease and 31 percent expect to maintain production.

WEEDS TREES & TURF calculated the average gross revenue of a wholesale grower to be \$519,853 based upon responses ranging from \$1,000 to \$15 million. The median of the range was \$230,000. Projecting a total industry gross from a universe of 5,000 firms and the median gives \$1.15 billion, or projected from the average (mean), \$2.5 billion.

Taking the computation one step further by assuming a markup of 300% at the retail level, growers in the United States produce plant material valued at the retail level for \$3.45 billion (median) or \$7.5 billion (mean). The Horticultural Research Institute, Inc., estimated the value of plant stock at the retail level in 1975 to be \$2.7 billion.

When asked about the direction of profits and sales in 1977, three-fourths of the growers indicated sales had increased, but only 43 percent said profits increased. In fact, 30 percent reported a drop in profits while only 13 percent reported a drop in sales.

Growers say labor costs, supply costs, and government regulations are of most concern. Recent minimum wage legislation is making seasonal labor "more expensive." Labor skill and property taxes are concerns of nearly half the respondents. At the present time, growers do not see competition as a major concern.

Growers described seasonal labor force makeup as 66 percent local labor, 23 percent students, and 11 percent migrant farm workers. Forty-one percent indicated labor supply was a problem.

Expenditures for supplies, based upon averages for various materials, total an average of \$54,125 per year. This figure does not include expenditures for fixtures or equipment. The greatest single expense is for containers, followed by fertilizer, soil amendments, seed, pesticides and herbicides.

The growers listed the average value of greenhouses as \$52,114 and the average value of irrigation systems as \$33,095.

Equipment inventories of growers indicated significant purchases of tractors, mistblowers, boom sprayers, compression sprayers, carts and wagons, and rototillers. Based upon averages, growers own a total of 33,000 tractors, 65,000 carts and wagons, 14,400 rototillers, 10,750 compression sprayers, 8,250 boom sprayers, and 6,500 mistblowers.

The American Association of Nurserymen has recently devised a plan to increase the demand for plant materials on a national scale. It is a voluntary program of contributions based on a percentage of the wholesale growers sales. Called the National Marketing Council (NMC), the group will do basic market research into customer preferences and then create and institute a mass media campaign for the entire Green Industry.

WEEDS TREES & TURF supports the idea and sees it as a program worthy of support. We polled the growers in the survey about the NMC. Unfortunately, only 32 percent said they plan to participate in NMC and only 16 percent thought their customers were interested in contributing to NMC. This hopefully will change as word gets out about NMC. Interested persons should contact the American Association of Nurserymen, 230 Southern Building, Washington, D.C. 20005. The NMC will benefit everyone involved in growing, landscaping and maintaining plants.

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Number of pieces of equipment owned by wholesale growers.

Type	Average Per Firm	Total for 5,000 firms (Projected)
Tractors	6.6	33,000
Wagons	6.1	30,300
Push Carts	4.4	22,000
Motor Carts	2.6	13,000
Rototillers	2.9	14,400
Boom Sprayers	1.7	8,250
Mistblowers	1.3	6,500
Compression Sprayers	2.15	10,750

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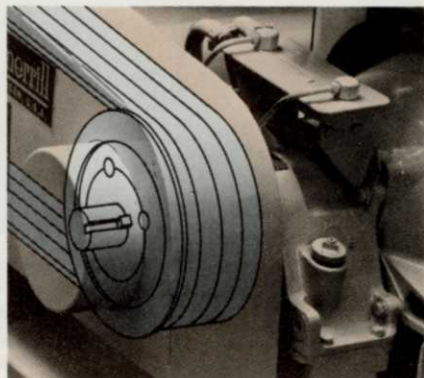


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