WT&T

OUTLOOK

By Bruce F. Shank, Executive Editor

Survey shows where we stand economically

The results of a survey we started in August to find out the effects of the recession on four segments of the landscape market are now tabulated. The results support much of the speculation by landscape managers.

The four markets polled were sod production, landscape contracting, golf course management, and park management. Results are based upon responses from 144 sod producers, 200 golf course superintendents, 160 park managers, and 200 landscape contractors. All were selected randomly from our circulation lists. We thank the participants for their involvement in this important poll.

The sod market is experiencing a business loss of 38 to 50 percent due to a drop in construction starts. Only 14 percent of the sod producers polled said construction had not hurt demand. More than a third of the sod growers have reduced production acreage and 44 percent have reduced prices to spur demand. Nearly 40 percent have converted acreage to another crop until the market returns to normal. Sales to landscape contractors have been cut the most.

To compensate for drop in demand, sod producers have cut back on labor and fertilizer. More than 80 percent say they have delayed equipment purchases due to high interest rates and cut seed purchases by an average of 50 percent. Almost a fourth cited the popularity of new perennial ryegrasses as a factor in reduced sales.

Landscape contractors, however, reported 1981 as a growth year. They do foresee problems in 1982 and some see it as a no growth year. Nearly two thirds of the landscape contractors have delayed purchasing equipment due to interest rates with the same number raising their prices to cover higher interest costs. Half of the respondents have cut credit use to buy equipment and cut credit terms allowed customers. More than 40 percent have avoided use of credit to finance expansions. Half have reduced their number of employees. More than 40 percent have expanded into new types of landscape service to counter rising costs (mainly design and lawn care). A third have moderated growth goals, tightened routing, and used smaller plant material when possible. A fourth have reduced chemical inventories and expanded into new business districts.

Golf course managers have reacted to rising costs as well by raising greens fees and membership dues 10 to 20 percent since 1970. This, however, does not keep pace with inflation. The main areas cut back to control costs are the size of the crew, rebuilding and renovation, size of highly maintained fairway area, irrigation and drainage improvement, and finally, fertilizer applications. All of these were utilized by more than a third of the superintendents. More than half the superintendents have delayed equipment purchases and almost half have reduced chemical inventories. More than half (57 percent) said they have delayed plans for course expansion or improvement. A bright spot is the increase in golf car rental frequency reported by more than two thirds of the superintendents.

The vast majority of park superintendents have not delayed equipment purchases. They are cutting crew size and ornamental plantings and more than a third report reduced fertilizer application, mowing frequency, trimming and edging, and applications of herbicides and insecticides. More than a quarter have increased contracting park work to landscape contractors.

Further cross tabulation will provide more data in future issues. We will pass it on as we continue to work with the data collected. **WTT**

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