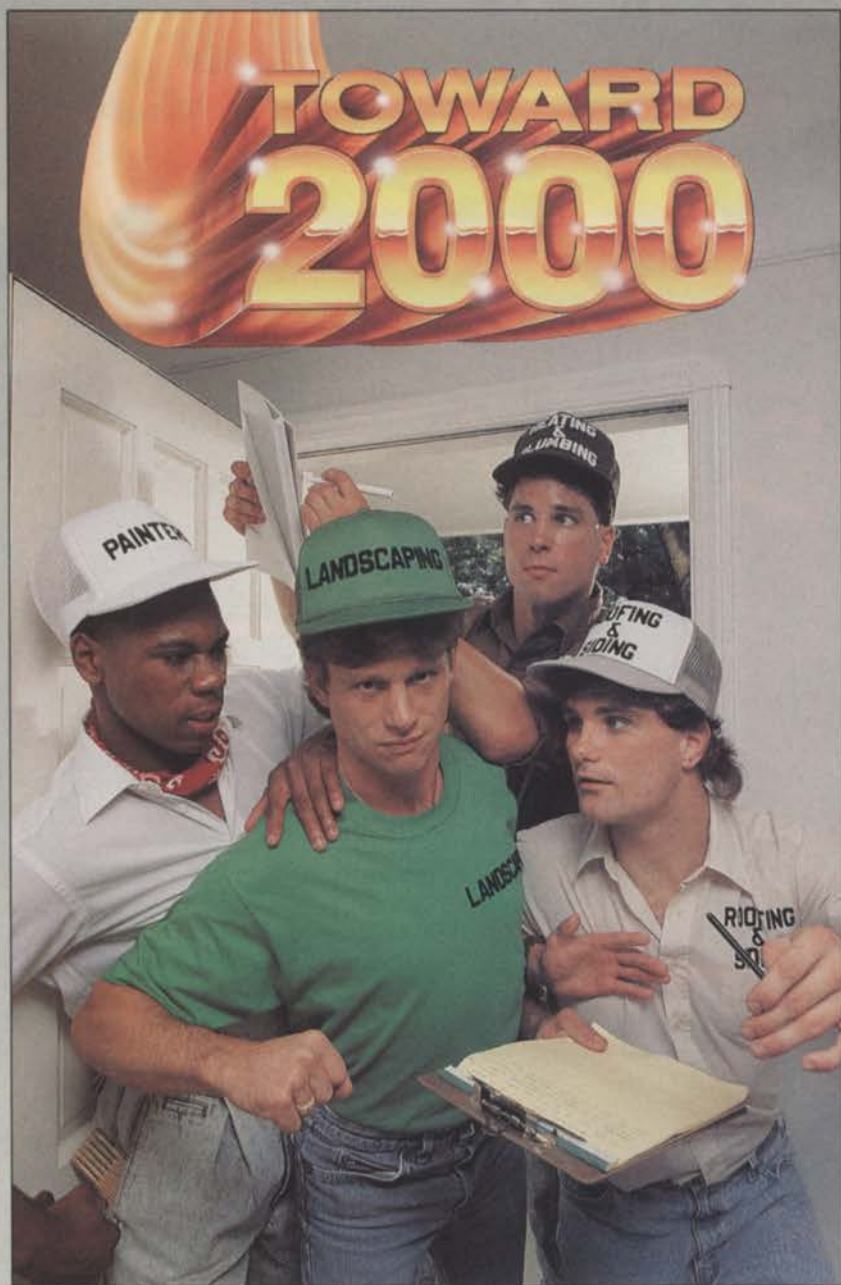


SERVICES IN THE
'90S

by Rudd McGary, Ph.D.
Senior consultant, AGMA Inc., Columbus, Ohio

America wants more and better service in the 1990's. If landscapers are going to compete, they must meet the needs of tomorrow's older, more sophisticated consumer.

Over the past twenty years, America has changed from a product market to a service market. More than 50 percent of the money spent in the U.S. now goes to services.

The good news for the consumer is that there will be a wide variety of services from which to choose. The question to be asked by the green industry is whether or not the coming competition for the consumer's dollar is something to celebrate or to worry about. Certainly there are many changes in life patterns which make the future promising for a variety of services.

Quality, though, will still count. A series of articles appeared in various publications during the late '80s which dealt with service—more specifically, with the lack of service. One oft-quoted article in *Time*

The unknown quantity seems to be the consumers and the way they will act or react.

magazine dealt with the airline industry and the type of service it was offering—horrible. Planes were late, overcrowded, and airports were battlegrounds for frequent travelers. It was a mess. But with consumers insistently demanding improved service, they finally got help. Current traveling conditions indicate that the consumer was heard.

Consumer demographics discussed are predictions based on current information. The regulatory aspects of the green industry are here and likely to remain. The unknown quantity seems to be the consumers and how they will act or react to the changes predicted. Actually, there is a lot we know about what consumers want, as we'll see later.

Can the green industry take advantage of these new patterns or will it become the railroad industry of the future? □

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DEMOGRAPHIC ISSUES

For some time now, the "graying" of society has been discussed. In various papers, the Rand Corporation Population Research Center has come up with several other important trends which will be seen in the next decade, many of which will significantly affect the green industry.

Two-worker families

The wife/mother of the family is going into the workplace, often to increase the ability of the family to buy a better home or buy certain types of major consumer goods or products (see chart). These families are likely to buy more services, and also are interested in "quality of life" time with the family. This means that many families are looking for services which create more time with the family. Outdoor maintenance work around the house is certainly in this category, as is lawn care. With two-worker families becoming more the norm, continued demand for home outdoor services is more likely.

Dominant age group by 2000: 35-54

A large group of people are at the peak of their income potential. This large group of people, the original "baby boom" generation, will most likely be buying expensive first homes or trading up to more expensive homes. There will probably be a group of people who are older, have more resources to spend on service, and are most likely without the time to do many of the maintenance jobs necessary around a home. This is obviously an opportunity for the entire industry, but before we get too excited consider:

Larger inside space, smaller outside

A trend for the future will probably include larger interior spaces for homeowners but less space outside the actual structure itself. Some of this thinking is already shown by the use of more common spaces in condominium living, rather than individual outdoor spaces.

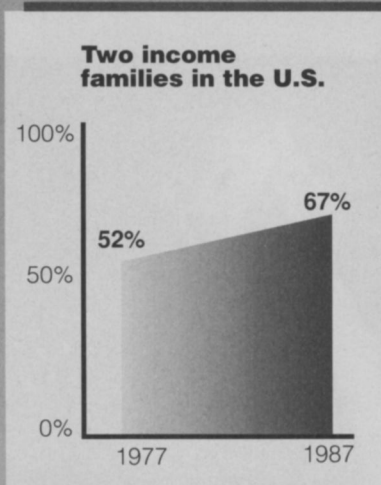
The green industry needs to look at more services than simply lawn care since the space to care for will probably be smaller. And it also needs to focus on new marketing opportunities which occur because of collective buying or multiple service buying patterns.

Based on current trends, according to Rand, younger workers will become harder to find, thus a severe shortage of entry level workers.

Companies that aren't capable of training their own people are going to be in big trouble. The shortage of entry level people will mean that finding qualified people will be difficult, so the burden of training will fall on the company that is hiring.

In addition, keeping the employees will become a greater issue than it is today. This will mean that people management will be much more important and that company benefits will be extremely important. Once somebody is employed and trained, the companies will have to work harder to keep him or her than in the past.

The older people in the workforce will have more places to work. Generally, the type of work will be more in administrative positions. But you should also look to the older generation for help in the sales area where retired sales people could be used during peak sales times. In addition, your training department could be run by people with previous industry experience but don't want to work on a day-to-day basis. □



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GOVERNMENT INVOLVEMENT

There is government in your future. This should come as no surprise to anyone who has been involved with the green industry, but certainly the government regulations are likely to become more pervasive than ever before. Some trends have already shown themselves.

State governments will dominate regulation. Throughout the Reagan presidency, the burden of power was generally shifted to the state level. This is seen clearly in the state legislation which has been passed in states such as Massachusetts and Ohio. The state governments are the ones which are likely to make changes in restrictive use of various materials, specifically herbicides and pesticides.

In addition, it is likely that licensing for handling and usage of materials will become much more strict in the future. In many cases the general public is not the force behind governmental regulations, rather various interest groups are spearheading the movement. This isn't going to abate in the near future, and more restrictions are likely.

Some companies might wring their hands and talk about the good old days, some are so good that they welcome the need to be more effective and professional. Certainly there have been proposed legislative actions that were not well conceived because they were too restrictive. (Most of them were defeated in state legislatures.)

There is a trend toward more environmental concern, as can be seen by coverage in the mass media. This trend is almost certainly irreversible.

If you want to cope in the future, you must be prepared to do so in a more restrictive atmosphere. While many people worried about the imposition of new regulations, for the most part the new regulations already imposed have not had the impact that many predicted—either for good or bad. They are a way of life, and are likely to remain an important part of the future. □

WHAT THE CONSUMER WANTS

The consumer has been telling us what he or she wants for years now. Sooner or later the green industry will listen.

How do consumers feel about services in general? "Not very good" is the answer. From being ignored in a retail store, to having someone who is incompetent trying to perform a service for which they haven't been correctly trained, to dealing with a service department that thinks repair calls are the lowest form of work—everyone seems to have a horror story dealing with service.

Though service is an intangible, customers are concerned about certain issues that all good service companies will focus on in order to prosper. Here is what consumers want.

When dealing with any type of regulated materials—in the green industry's case, herbicides and pesticides—consumers are concerned about what is being used. This is certainly changing as the mass media report on ecological issues. Every oil spill causes fallout for the green industry based simply on the ecological issues. All the press given to these issues creates consumers who want safety.

In a market survey for one of our clients, consumers were asked if they were concerned about using safer products and techniques. More than 80 percent responded they were "very concerned" or "extremely concerned." This is a pattern we see around the U.S.

However, a second question on this questionnaire asked if the respondents would be willing to take a 50 percent increase in price in order to achieve safety. Only 11 percent of the respondents said that they would.

So the green industry isn't going to be able to charge a great deal more to deliver a safer service. This means training in safety and product use must play a major role in the efforts of any successful green industry company. It also means a certain kind of advertising and marketing is going to be needed in order to attract customers.

The consumer is always interested in results. But more, he or she wants some understanding of what is being done to the property. It is no longer acceptable to simply do a good job; you must let the consumer know what is happening when—and even before—it happens.

The consumer also wants to be comfortable with how the job is done. The time when you could simply do your job and know that you could retain the customer is gone.

Results are one thing, but if you don't even have a chance to get the results because of poor selling and marketing, you can't do much to grow your company. And if you aren't communicating with the customer



How to spend my service dollars? A "dilemma" facing the aging, prosperous baby-boomer generation.

while performing the job, the customer of the '90s is going to get nervous and switch services.

Finally, customers of today worry about what's going to happen if something goes wrong. Many companies offer a guarantee, often built around the individual customer. But if other companies begin to offer this, it becomes an accepted part of the industry and not a way to differentiate between companies.

What consumers want is not only the guarantee but also the type of communication that makes them comfortable calling the company.

- Polite, informed people have to answer the phone;
- Re-service calls must be as speedy as possible (and always professional); and
- The people who work on the property must try to contact the owners to inform them about how, when, and why the repair or re-treat is going to be done.

For most, consumer communication after the service means a rash of first-time service calls, but it also means longer customer retention.

When a consumer wants a kitchen remodeled, he or she doesn't want to contract 20 different services from plumbers to painters to carpenters. The consumer wants a general contractor to handle it all.

This is also becoming more true in the home services area. And if a company does a good job of one service, it is likely to have the inside track on getting the customer to buy another.

Certain types of services such as plumbing are one-time, generally emergency services where speed of delivery is important but building a long-term relationship isn't. Clearly, that type of service is not competing with lawn/landscaping services. Just as clearly, if a customer has a specific important need, such as having electricity or the furnace functioning, then any non-essential services will be second in line to purchase.

Companies which realize this competitive nature will best serve the consumer.

Competition for the consumer's dollar takes place not among companies but in the consumer's mind. And the quicker your marketing people note this, the better off the company will be.

No one wants to buy something that isn't going to work. And when the economy tightens up, you can be sure that consumers will become better buyers.

So the growth company in the next decade will help consumers make intelligent choices, and it will be the prime source of services the consumers want. □

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IT'S YOUR MOVE...

The three major areas to consider as we go into the 1990s are:

1) The way the overall makeup of the country will affect not only the buyers but also the labor force for the green industry.

2) The fact of more government regulation, particularly from the state sector.

3) The needs of consumers and how the green industry fits into the general buying pattern.

As more people move to dwellings with smaller outside properties, companies will have to diversify to find more revenue per customer. Without doing this, almost all companies will be in extreme hardship within the next decade.

Another possible scenario will be the selling to a collective buyer rather than to a lot of homeowners. This occurs when condominiums or larger living developments use a variety of services. Green industry companies are going to have to get better at what amounts to commercial work and be prepared for a very different future in many parts of the country.

One other important fact to consider is that in many places in the U.S., those people that are able to buy green industry services have already bought them, particularly lawn care. There isn't a large group of people lurking somewhere which is just now becoming aware of lawn care and landscaping as possible services. With rare

exceptions, most people in the major market areas have been able to buy lawn care and landscaping for some time now. The future seems to be more and more focused on finding customers through either acquisition of other companies or going to multiple service.

Consumers are going to demand—and get—more and better communication from the companies with which they deal. If the companies can't communicate in a variety of situations there's almost no chance of survival.

In addition, the consumers are looking for less vendors, not more. Companies that diversify will have to do so well and be certain that the mix of services that are offered are ones that make sense to the consumer, not only to the owners of the company.

Finally, there is going to be competition for the service dollar. A lot of work needs to be done to figure out exactly what the competition is. At its base, the green industry needs to understand that it is not an essential service, but that without it the environment around us will fail to be as well as taken care of.

The competition is wide open for anyone who is willing to work hard enough to be professional. Looking at where the country is going to be in its lifestyle, what the government is likely to regulate, and what the consumers are going to demand gives the professional organization a way to plan for a strong future. □

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