LAWN CARE INDUSTRY
Serving the needs of the professional lawn care operator

STATE OF THE INDUSTRY REPORT

Chemical lawn care sales flat, but mowing, add-ons boom

1,000 surveys mailed, 221 returned; service 'mix' appears to be swinging slightly, toward add-ons; speculation that customer base eroded because of the economy.

■ Sales of chemical lawn care services remained flat during 1993, according to LANDSCAPE MANAGEMENT's 1993 "State of the Lawn Care Industry" survey.

Sales of chemical lawn care services for 1992 and 1993 both totalled about $1.7 billion, according to the last two annual surveys. However, the lawn care industry apparently experienced about a 4.2 percent growth from 1992—almost all in add-on services, including lawn mowing.

The 1993 survey shows that the industry's mowing and allied revenues increased from a total of $700 million to $800 million in 1993. (Companies surveyed were those that define themselves as "lawn care service companies and custom chemical applicators" on BPA reader qualification cards.)

Revenues projected to the 7,175 such companies with subscriptions to LANDSCAPE MANAGEMENT magazine, then, amount to more than $2.5 billion overall, compared to $2.4 billion last year.

Because the survey indicates that more than half of the companies raised prices in 1993, industry experts speculate that, nationally, the industry's customer base actually eroded in 1993 because of the economy. This caused no net growth in chemical lawn care revenues.

Mowing and allied services, though, are apparently becoming more of a staple in the lawn care "mix." Last year, 27.0% of lawn care revenues were attained though mowing and allied services; this year, that number increased to 39.2%. Aeration services also grew, from 3.6% of the average customer "mix" to 5.2%.

Other statistics of note from the 1993 survey:

● The outlook is brighter for 1994: 74.2% of the sample projected growth this year, while 81.2% forecast growth in 1994. When asked specifically how much growth their business experienced in 1993, the average was 15.3%. Smaller companies were reporting growth of up to 300%. Moreover, the respondents are predicting an average growth of 18.0% next year.

● More than one-third (34.1%) of all respondents have not decided if they will increase prices in 1994. More will definitely increase prices (37.3%) than will not (28.6%).

- The fastest-growing business cost is insurance, says 26.5% of the sample. Next is labor, named on 23.7% of the questionnaires, followed by equipment (21.0%) and compliance with government regulations (16.9%).
- Despite the shaky economy, lawn care company owners remain true to their visions. Almost one-third (31.4%) would not sell their business at any price, they say. Also:

—41.9% said they would not sell the business unless someone made them "an offer they couldn't refuse;"

—13.8% said they would sell the business "only for a profit;"

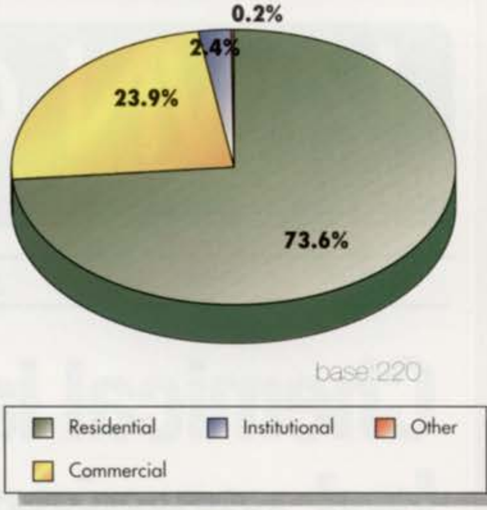
—10.5% said they would consider "any offer" to buy the business;

—2.4% said they are seriously considering folding the business.

- More than half (54.1%) thought that the Clinton administration's proposed new income and fuel taxes would have a moderate effect on business. An additional 24.8% thought the taxes' effects would be severe, while only 21.1% thought the effects would be "little or none."
- Nearly one-third (32.1%) of the sample is less optimistic about the stability of the lawn care industry than before, while 20.6% are more optimistic. The remainder of the respondents have an unchanged opinion.

—Jerry Roche

REVENUES FROM LAWN CARE ACCOUNTS, 1993



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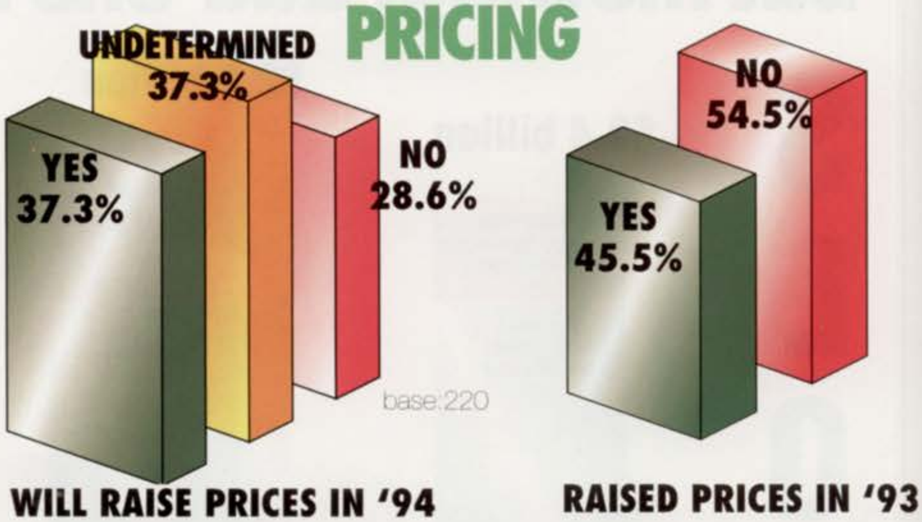
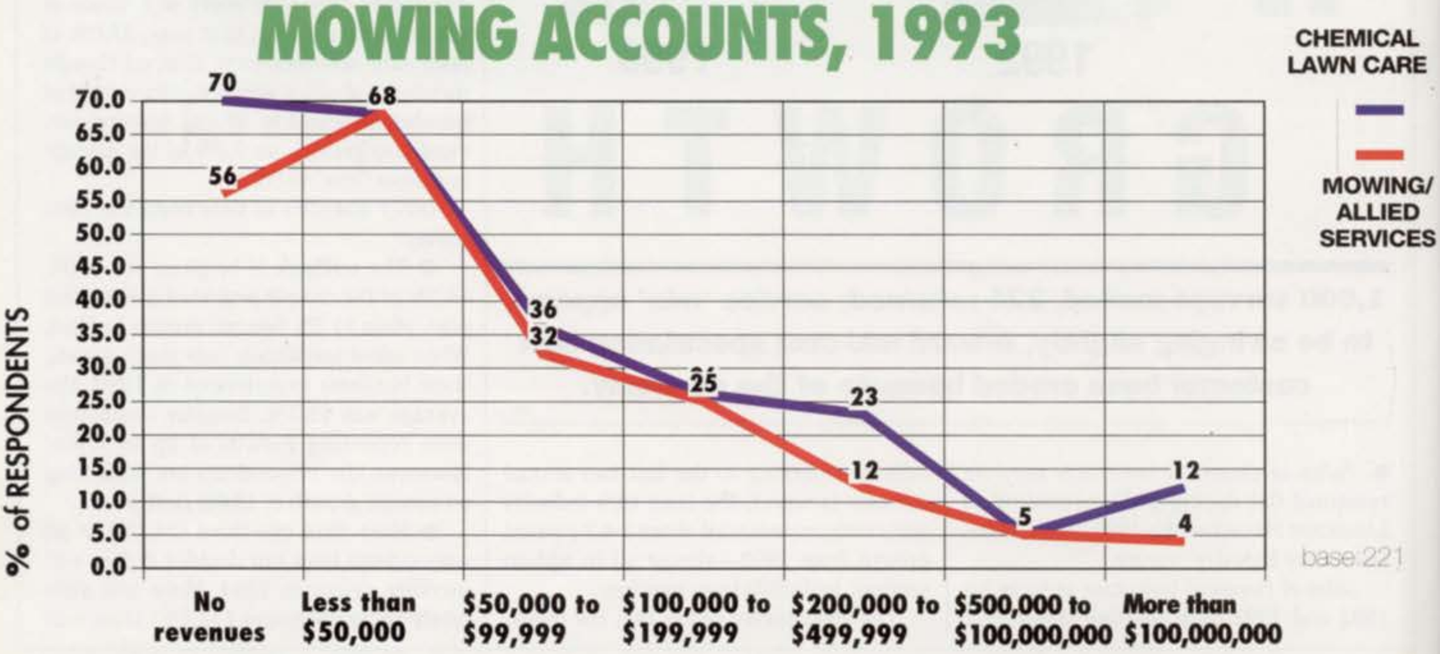
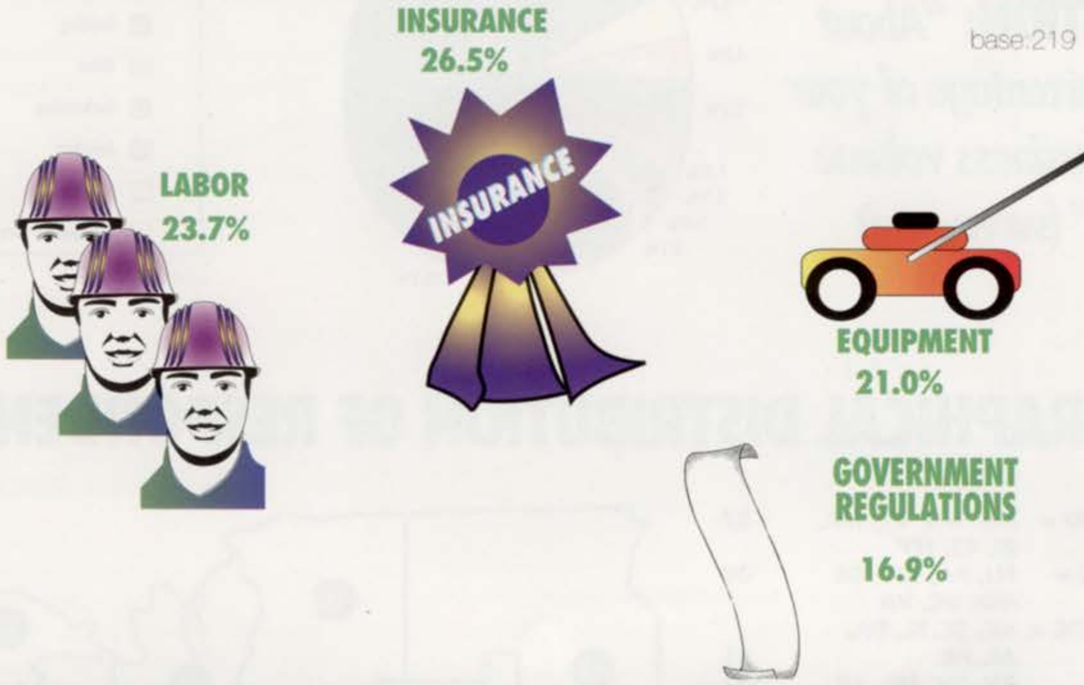


REVENUES FROM LAWN CARE VS. MOWING ACCOUNTS, 1993



RISING COSTS

QUESTION: *"Which business cost is growing fastest?"*



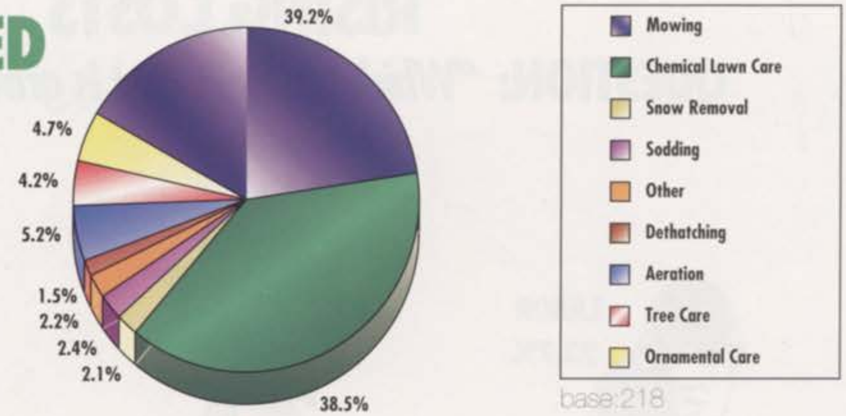
1993 Average Annual Expenditures

PRODUCT	% SURVEY BUYING	AVG. ANNUAL PURCHASE	PROJECTION TO LCO READERSHIP
Tractors	17.2	$8,421.21	$10,385,000
Domestic pick-up trucks	51.6	$17,771.71	$65,748,500
Dry fertilizer	84.9	$15,183.43	$92,486,500
Liquid fertilizer	34.9	$17,276.12	$43,255,500
Fertilizer (ornamentals)	43.2	$2,777.11	$8,613,500
Fertilizer/herbicides combinations	31.3	$9,296.67	$20,845,000
Pre-emergence herbicides	63.5	$4,698.36	$21,420,500
Post-emergence herbicides	62.5	$4,954.17	$23,269,000
Turf insecticides	58.3	$6,172.32	$27,058,000
Turf & ornamental fungicides	36.6	$4,188.57	$10,957,000
Turfseed	57.3	$3,765.45	$15,478,500
Sod	26.6	$2,752.94	$5,246,500
Sprinklers	21.4	$11,968.29	$18,337,500
Rotary mowers, > 36" cut	26.6	$3,063.64	$6,297,000
Rotary mowers, 36"-50" cut	21.4	$6,046.34	$9,264,000
Rotary mowers, < 50" cut	15.1	$8,462.07	$9,170,500

base:192

SERVICES OFFERED

QUESTION: *"About what percentage of your total business volume is..."* (survey avg)



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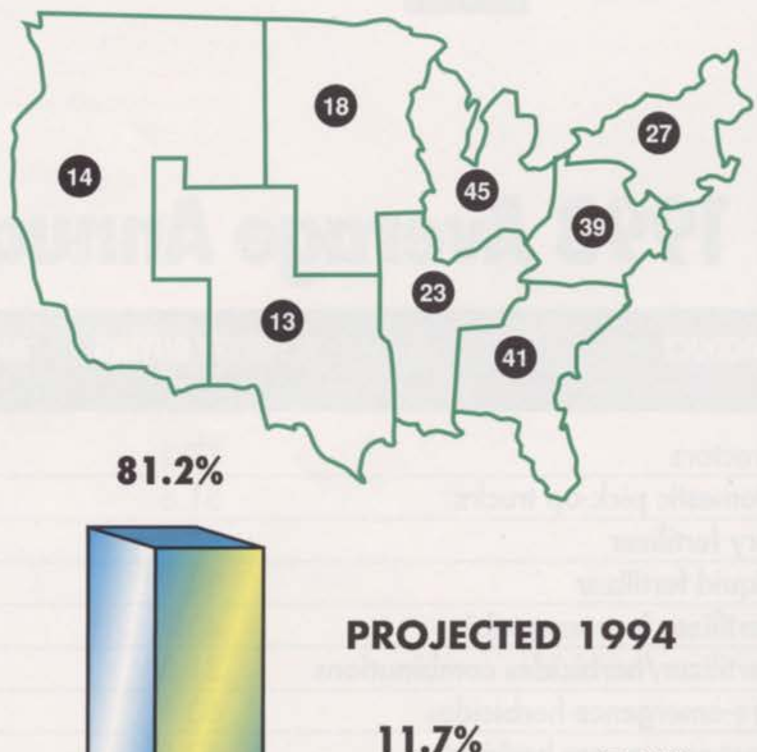
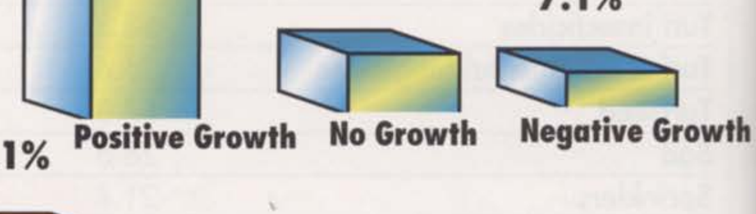
GEOGRAPHICAL DISTRIBUTION OF RESPONDENTS

base:220

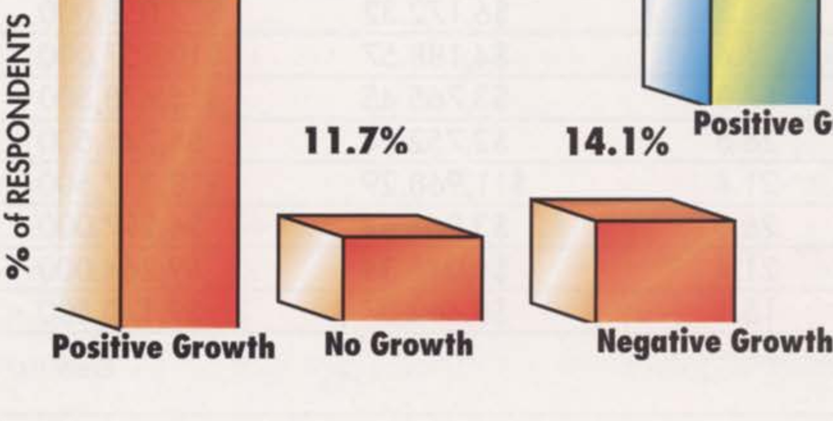
NEW ENGLAND =	ME, NH, VY, MA, RI, CT, NY	27
MID-ATLANTIC =	NJ, PA, WV, DE MD, DC, VA	39
SOUTH ATLANTIC =	NC, SC, FL, GA, AL, PR	41
MID-SOUTH =	KY, TN, MS, AK MO, LA	41
MIDWEST =	OH, IN, IL, MI, WI	45
MIDWEST =	MN, IA, NE, KS, SD, ND	18
SOUTHWEST =	TX, OK, NM, AS, CO UT	13
FAR WEST =	CA, NV, OR, WA, ID MT, WY, AK, HI	14



GROWTH TRENDS



PROJECTED 1994



PROJECTED 1993

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