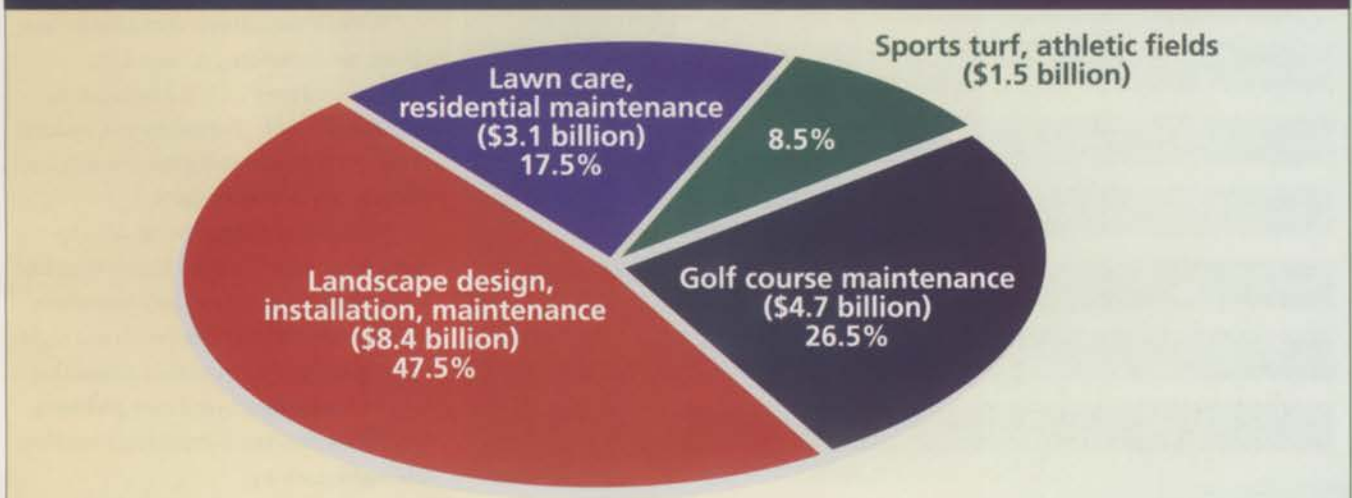
GREEN INDUSTRY FOLLOWS NATIONAL ECONOMIC REBOUND

Sales are up about 15 percent this year in the lawn/landscape segment, and golf and other sports are more popular than ever, according to* LANDSCAPE MANAGEMENT *research.

Nineteen ninety-five will go down in the annals of the green industry as an extremely good year, despite hot, stifling weather that blanketed most of the country.

The extreme summer motivated more homeowners to buy professional lawn care rather than brave the heat themselves. Americans also sought

MONETARY MAKE-UP OF THE DEFINABLE $17.7 BILLION GREEN INDUSTRY



more recreational opportunities, including golf and other sports played on natural grass fields.

Stuart Stevens of Kwiniaska Golf Club, Shelburne, Ver., describes the summer of 1995 as "hellish," as drought conditions caused severe turf wilt. He says the best he and his crew could do was periodic syringing, which was not much of a remedy. Stevens says a wet fall has helped the turf enter dormancy in reasonably good shape.

WHO BUYS WHAT ANNUALLY

Product category	% of sample purchasing	Median purchase	Mean purchase	Projected to circ.
Soil aerators	27.8%	$2,650	$4,348	$58.0 million
Fert./herb. combinations	61.5%	$4,950	$16,355	$362.9 million
Domestic pick-ups	41.1%	$14,275	$18,943	$334.1 million
Dry-applied fertilizer	22.6%	$4,450	$11,779	$386.1 million
Ornamental fertilizer	46.7%	$1,000	$2,648	$60.4 million
Liquid-applied fertilizer	28.1%	$2,575	$6,264	$75.4 million
Post-emergence herbicides	63.0%	$1,375	$3,443	$92.5 million
Pre-emergence herbicides	56.8%	$1,725	$6,567	$125.5 million
Small mowers	31.3%	$1,600	$2,280	$43.5 million
Mid-size mowers	22.5%	$6,100	$8,594	$88.3 million
Large mowers	25.8%	$11,000	$16,648	$196.9 million
Turfgrass sod	47.0%	$2,500	$8,256	$218.8 million
Irrigation equipment	49.9%	$4,100	$10,735	$269.7 million
Compact tractors	25.6%	$12,000	$17,290	$208.5 million
Turf fungicides	44.7%	$2,100	$8,103	$199.7 million
Turf insecticides	49.1%	$1,500	$6,266	$134.7 million
Turf-seed	74.1%	$2,000	$5,430	$207.9 million

Overview

The green industry appeared to grow at a 6 to 7 percent clip in 1995. According to LANDSCAPE MANAGEMENT estimates, the green industry (lawn/landscape and golf/athletic) maintains 20.9 million acres of turf with combined revenues and budgets of nearly $18 billion. This does not factor in the countless millions of acres of maintained turf devoted to parks, shopping malls, airports, hospitals, schools and other institutions that might have in-house grounds maintenance.

LM estimates that landscapers make up nearly 50 percent of its "green industry" buying market, and golf course maintenance counts about 25 percent. The remainder consists of lawn care companies and athletic field managers.

The major trend cutting across all industry segments is the drive to become more environmentally friendly. Landscape managers are doing less "landscape maintenance" and more "environmental management." They are incorporating more naturalized areas into their landscapes.

Landscape design—whether formal or informal—is becoming more diverse. High-maintenance turf is being de-emphasized in new designs and re-designs while more low-maintenance elements like shrubs, ornamental grasses and wildflowers are incorporated.

"We're a very diverse company because clients are demanding it," says Dan Coneeny of Jersey's C&C Landscaping, Middletown, N.J. "For instance, we added ornamental pond installation this year, and that's pretty new to this area."

"We see more things being done to properties," adds Ed Wandtke of Wandtke & Associates, a green industry consulting organization. "Things like ponds and night-lighting and paving. And that means that we're encountering brand new problems like having non-union employees installing low-voltage wiring."

ATTITUDE QUOTIENT

NOTE: Attitude Quotient is percentage of respondents who say they have a positive attitude about the industry minus the percentage that says they have a negative attitude.

A major societal trend—the growing immigration rate—is shaping a less traditional workforce, with more non-English-speaking employees in the green industry. That and legal changes in the workplace have forced landscape managers to make a greater effort to train employees.

There is also a trend among government subsidized entities like school and park systems to privatize their landscape operations.

"We've expanded into larger jobs like the city parks and school district," notes Paul Comstock of Comstock & Sons, White Bear Lake, Minn. "They saw some of our other jobs and came to us. They gave us some test areas and hired us."

Big-ticket items in the market continue to be turf fertilizers. Readers of LANDSCAPE MANAGEMENT magazine purchase about $250 million of dry-applied fertilizer each year and an additional $75 million of liquid-applied fertilizer. Fertilizer/herbicide combination materials—which can allow landscapers to make two applications in one pass—lead all purchases of green industry-oriented products with about $318 million per year.

In addition, LM readers buy more than $250 million worth of irrigation/sprinkler equipment and more than $400 million of turfseed and grass sod each growing season. (See chart for details.)

Despite the double-barrelled problems of rising labor and equipment costs, most LM readers are optimistic about their industry. About two of every three see a bright future, with golf course superintendents and landscapers being the most overtly optimistic. (See chart.)

Lawn/landscape spurts

The lawn/landscape market in 1995 was made up of approximately 44,000 bona fide companies, managing 10 million acres of turf with sales of $12.5 billion. The contractor segment accounted for roughly half of the total managed acres, and the 36,000 companies which perform more than 95 percent of the business generated $9.4 billion in sales. The 8,000 companies that make up the lawn care segment accounted for $3.1 billion in sales. These two segments grew almost 15 percent in 1995.

Most golf courses report increased play—particularly those in the middle price range.

Urban Environments of Columbus, Ohio, was one of the national leaders in growth, doubling its revenues. Joel Korte, a partner in the company, had worked in the Baltimore/Washington area until three years ago.

"We've been well-received here," says Korte. "There is a higher level of sophistication in the Baltimore/Washington area, and they do business on a scale that I don't see here. We've been quite fortunate in our timing. The economy is going in a positive direction, and construction and residential housing are both positive."

Both lawn care operators and landscapers cite labor as being the fastest-rising cost of doing business.

"The labor situation is tough," notes Minnesotan Paul Comstock. "The McDonaldses have picked up the $5 help, the Targets and Walmarts have picked up the $6 help and the warehouses have picked up the $7 help. That leaves the $8 help—if you can find people who want to work. So we pay a little more. I'd rather have a $12 guy who shows up for work than an $8 guy who doesn't."

Lawn care operators rate compliance (of local, state and federal regulations) the second-fastest rising cost.

"I should've been an accounting or business major rather than horticulture," says Todd Pugh, the 23-year-old owner of Todd's Enviroscapes, Louisville, Ohio, a full-service lawn/landscaping company. "People in this industry are going to have to get more education to stay in business in the future, because of all the regulations."

Landscapers believe that insurance is the second fastest-rising cost of business.

"Some companies are not reporting all their revenues to insurance companies," surmises Mike Repka of Waterfall Landscaping, Englewood Cliffs, N.J. "That skews insurance rates up. If there were more regulation in that respect, it would decrease the cost of insurance."

Golf/rec turf steady

You would think that those same people who hesitated to brave the hot sun and care for their lawns would also hesitate to visit their local golf course. But not so: most superintendents reported increased play.

STATE OF THE INDUSTRY

ESTIMATED SIZE OF THE GREEN INDUSTRY, 1995

	Annual growth	# of acres (millions)	# of cos./depts.	Sales or budgets
Golf course maintenance	2.5%	2.0	15,000	$4.7 billion
Landscape design, install, maintain	14%	5.0	36,000	$8.4 billion
Chemical lawn care, residential maint.	16%	5.0	8,000	$3.1 billion
Sports turf, athletic fields	1.6%	0.9	43,500	$1.5 billion
Other turf & ornamental	n/a	8.0	n/a	n/a
TOTALS	6-7%	20.9	102,000	$17.7 billion

# of cos./depts.: number of golf courses from National Golf Foundation; landscape companies from various industry estimates; lawn care estimates from LM's lawn care circulation list; sports turf estimates from U.S. National Park System, National Federation of State High School Athletic Associations, National Collegiate Athletic Association and other state and local parks lists.

Bill Rogers, superintendent at Evergreen Country Club in Elkhorn, Wis., is optimistic about the golf business, thanks to the "tremendous traffic" at the course in 1995. A new, nine-hole course built in 1993 continues to add to the draw for golfers.

Being "in the middle price range," Rogers says, also helps bring in the golfers.

Stevens is also optimistic about the future of golf, "based on golfers' willingness to pay in the middle price ranges, which ultimately reflects on how well the golf course is groomed."

David Deetscreek, director of golf operations at the Admiral Lehigh Golf Resort in Lehigh, Fla., believes the superintendent's job has become more challenging as the environment is taken more into consideration. Indeed, many believe the superintendents to be "the original environmentalists."

"Certainly, there's going to be a struggle for golf courses relative to environmental restraints," admits Deetscreek. "Protecting the environment is important, but nonetheless, it is another added hardship to golf course maintenance."

Apart from the economic factors, Deetscreek says golf course maintenance has developed into golf course "management, " as more and more superintendents pursue degrees in turf management.

About 400 new and expanded golf courses will be completed and open by the end of 1995, according to the National Golf Foundation. That will bring the total to approximately 15,250 golf courses (14,000 golf facilities) in the U.S. Fewer condo/country club complexes are being developed, but the demand for more public courses has increased. Of the new and expanded courses in 1995, 80 percent will be public facilities.

More than $2.5 billion was spent to maintain the courses in 1995. The golf course segment, which manages about two million acres of turf, grew at about 2.6 percent in 1995, according to NGF statistics.

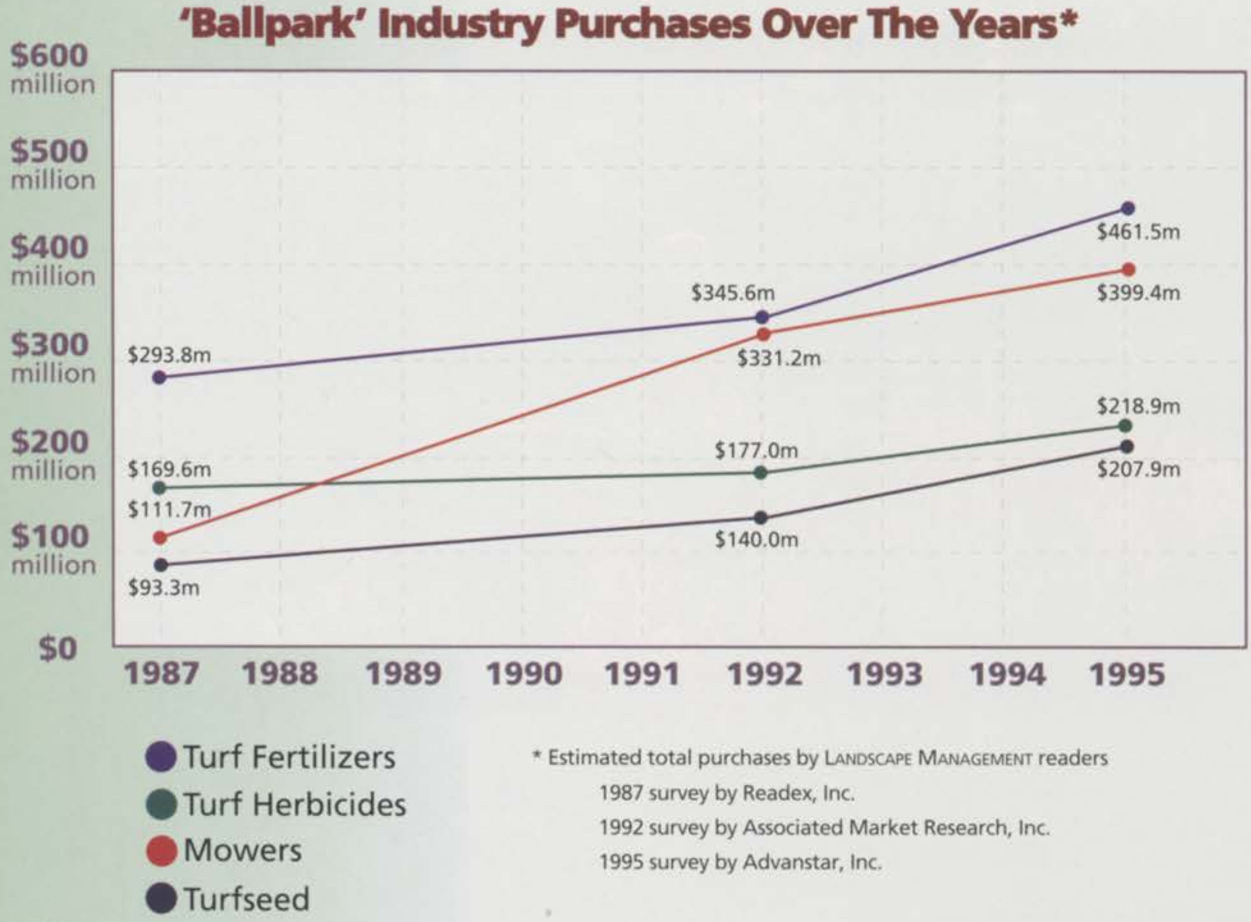
Golf superintendents see equipment as being the fastest-rising cost of maintaining their courses with labor a close second. Athletic field managers tend to agree, though compliance with regulations edges labor as being the second fastest-rising cost.

Rogers says his fastest-rising cost is health insurance. He says the renewal rates are going up 30 percent, "so we're looking at a higher deductible for routine health care."

Jim Hoorn, manager of building and grounds for the Birmingham, Mich., thinks—as does Comstock—that there's "a huge market" for athletic field contracting, just waiting to be tapped, if any commercial lawn care companies care to make a serious effort. But, he cautions, they have to

FASTEST-RISING COSTS OF DOING BUSINESS

Percent of total sample	Golf course	Lawn care	Landscape management	Athletic field	Industry average
Labor	29.7%	27.6%	33.0%	25.5%	28.8%
Equipment	33.9%	17.1%	16.6%	39.0%	25.3%
Regulations/taxes	11.6%	22.4%	18.9%	26.1%	19.2%
Insurance	10.9%	18.8%	23.0%	5.7%	15.1%
Fertilizers/pesticides	10.9%	5.9%	1.6%	13.5%	7.4%
Fuel	0.0%	5.3%	3.2%	0.7%	2.4%
Marketing/advertising	0.0%	2.9%	3.7%	0.0%	1.8%



* Estimated total purchases by LANDSCAPE MANAGEMENT readers
1987 survey by Readex, Inc.
1992 survey by Associated Market Research, Inc.
1995 survey by Advanstar, Inc.

know athletic turf.

"Residential lawns are very different from athletic fields: the demands, recovery rates, wear tolerances; there are many subtle technical differences." Athletic fields, reminds Hoorn, "need lots more 'T.L.C.'"

Money for projects isn't always easy to come by, admits Hoorn, who says "education comes first," which is something he can't dispute.

The future

What does the future hold for the green industry? Probably more growth.

Lawn care and landscape maintenance companies, for instance, predict that their revenues will grow more than 16 percent in 1996—especially those companies in the $50,000 to $99,999 range, which pre-

Turfseed purchases are way up

Sales of turfseed to the green industry have increased at an annual rate of about 28 percent, according to statistics obtained by LANDSCAPE MANAGEMENT over the years.

A survey completed by Advanstar Inc. and LANDSCAPE MANAGEMENT predicted that LM readers would spend $207.9 million on turfseed in 1995, compared with just $93.3 million in 1987, according to a study done by Readex Inc.

Sales of turf herbicides and turf fertilizers have grown at annual rates of 16.9 percent and 7.1 percent, respectively, according to the independently-conducted surveys.

The Advanstar survey predicted that LM readers would spend $461.5 million on turf fertilizers in 1995 (dry-applied, liquid-applied and in combination with turf herbicides). That compares with just $293.8 million that was spent by LM readers in 1987.

Sales of mowers to LM's readers, meanwhile, remained fairly stable from 1992 to 1995 after a huge increase from 1987 to 1992.

The comparative figures in the above chart are merely "ballpark" figures, as each survey had a different margin of error. The magazine plans to conduct further, similar research in 1996.

dict 25.9 percent growth next year.

The key to success in the future—at least in lawn/landscape—might well be niche marketing. As work becomes more diversified, those companies with a marketing plan will continue to thrive.

Repka started his company three years ago. With 85 percent growth in 1995, he's been more successful than most landscapers in that state.

"The market itself hasn't been expanding much," Repka notes. "But we're a niche company: we market our water gardens and we try to keep a (geographically) tight account base.

"I started the company like this was an experiment, trying some things I learned in college in the real world. I didn't expect them to work so well. The planning has really paid off."

Also, with the increase in youth soccer leagues and the "graying" of the baby boom generation, interest in golf and other athletic activities is not expected to wane through the year 2000. There will, for instance, be 300-400 new or expanded golf facilities next year, the equivalent of about 250-300 18-hole courses.

Green grass getting easier?

Maybe from the standpoint of technological advances—but new problems in the areas of government compliance are being created, too.

Improved grass species, better, easier-to-use control products and other technological developments mean the job of the average landscape manager will get easier as the industry approaches the millenium.

Profit margins in the lawn/landscape segment of the green industry—which were never low—are growing significantly during the mid-'90s, thanks in large part to a vast array of new grass cultivars and other improvements in the turf and ornamental chemical business.

And the job of the golf course superintendent and athletic field manager—despite interference from an ever-present government—is getting easier, at least from a technical standpoint.

"Equipment still doesn't last that long, though," notes Todd Pugh of Todd's Enviroscaping, Louisville, Ohio. "People in this industry have a tendency to get too far in debt. It's sort of nice being debt-free like we are, but not many companies are."

Bill Rogers of Evergreen Country Club in Elkhorn, Wis., has increased his use of walking mowers on the newest nine holes to reduce traffic stress, which can compound heat stress. "We tried it in September and October," says Rogers, "and it was a big improvement for the newer greens. The greens came back tremendously this fall, plus we don't get that triplex ring on the greens."

Control products are becoming more efficient, and offer excellent control of most weeds, insects and diseases at significantly lower rates. The relatively new water-soluble packages, pre-measured packages and micro-injection packages are easier to use than earlier versions of the same products.

"We're trying to take the water soluble packet to the next step: to find out what size the customers really need," says DowElanco's Mark Urbanowski. "We're (also) working toward closed systems, but the market still may not be ready for this approach. The feedback we get from the customer will be the driving factor."

New grasses, too, are more drought- and wear-tolerant, more insect- and disease-resistant. Grasses that used to pass muster 10 or 15 years ago are not good enough for home lawns any more. New, third- and fourth-generation grasses are becoming the rule rather than the exception.

"A lot of the large companies and courses are finding out that the technical aspects in the turf industry are becoming so well understood," says Ed Wandtke of Wandtke & Associates, a green industry consulting organization. "The common things are not the problem any more.

"What landscape managers don't know about and aren't comfortable with are OSHA in the locale they're working in, and other governmental regulations. Things like not roping off holes or securing dangerous areas for the night is where we're hearing the problems crop up lately.

"In the past, no one focused on these aspects of the job," Wandtke continues, "but they have to now, because more jobsites are being checked by inspectors."