

LOOK OUT, AMERICA:

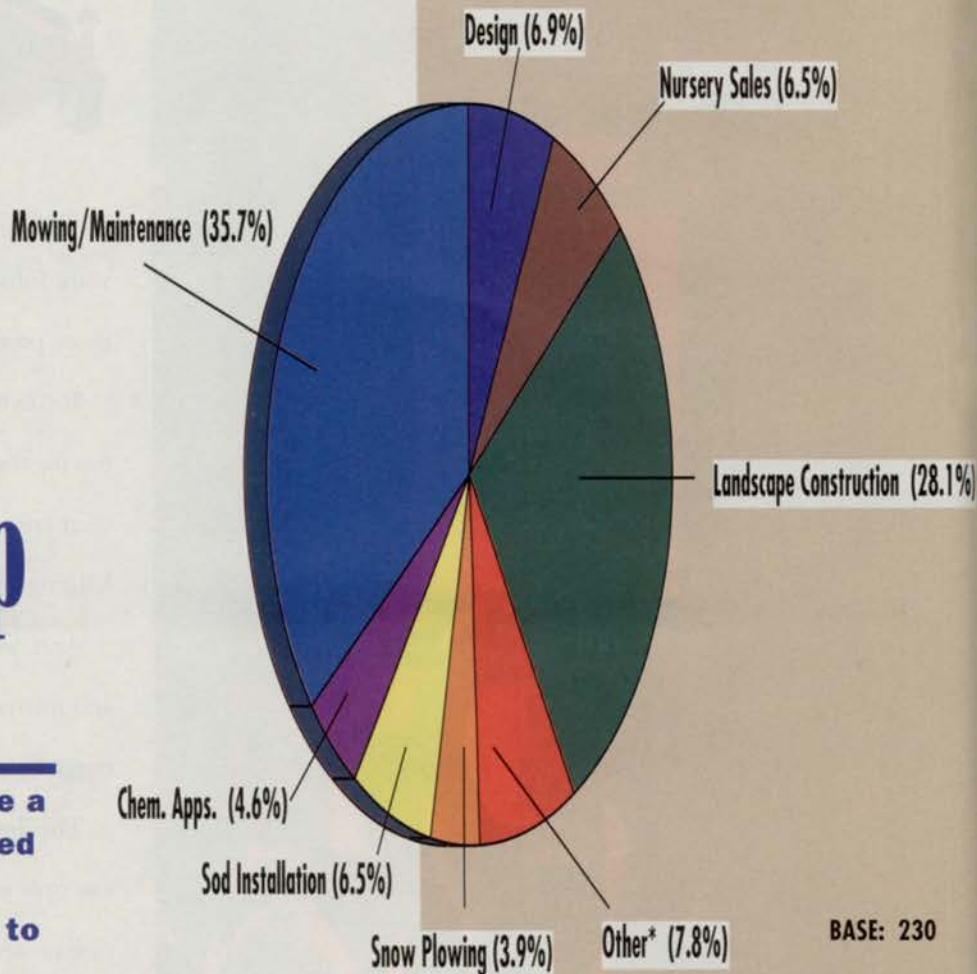
landscaping
industry
grows
at 12.7%
annual clip

Diversification seems to be a key, but the economy picked up sufficiently before the onset of summer last year to ensure success.

■ The landscape industry grew at an excellent clip in 1994, and appears to show no signs of slowing down, according to *LANDSCAPE MANAGEMENT*'s first "State of the Landscaping Industry".

Landscapers across the U.S. said they grew an average of 12.7 percent from 1993 to 1994, and predict they will grow an additional 13.6 percent in 1995. Interestingly enough, even the big companies—those with revenues of \$1

REVENUES DERIVED FROM SERVICES PERFORMED



*OTHER REVENUES

irrigation 1.4%
aeration 1.4%
dethatching/renovation 1.3%
interior plant maintenance 0.7%
erosion control 0.6%
unspecified 0.9%

million or more—reported an average growth of 12.5 percent.

Total receipts of LM's 16,566 landscape readers in 1994 were \$8.0 billion, according to the survey: \$4.05 billion in design/build accounts and \$3.95 billion in mowing/maintenance accounts.

Survey questionnaires (994) were mailed in November to LM subscribers. A total of 233 were returned, for a response rate of 23.4 percent.

Of the 191 companies claiming to have grown in 1994, 158 said at least part of the increase came from adding new customers. But almost one company in five added services in 1994, the most popular among them:

- walks, decks and patio construction;
- irrigation installation and repair;
- snow plowing;
- retaining wall construction;
- mulch supply and installation;
- aeration; and
- tree fertilization and pruning.

Diversification appears to be the key, then, to maintaining a successful landscape business. The average company gets 35.7 percent of its receipts from mowing/maintenance, 28.1 percent from construction, 6.9 percent from design. But it also depends heavily on other functions—sod installation, nursery sales and chemical applications—for more than 20% of its receipts. A small percentage of the receipts come from such diverse tasks as renovation, interior plant maintenance, golf course maintenance and erosion control.

Other ways landscapers are diversifying: flower installation and maintenance, hydroseeding, pressure washing, consulting, shrub care, excavation, integrated pest management (IPM), overseeding, trash removal, parking lot cleaning.

Finding good employees
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PURCHASING POWER OF LM'S LANDSCAPE READERS

PRODUCT CATEGORY	% OF SAMPLE	MEDIAN DOLLARS	MEAN DOLLARS	PROJECTED TO CIRC.
Soil aerators	22%	\$1,550	\$2,080	\$7,580,500
Fert./herb. combos	59.7%	\$3,000	\$18,770	\$185,633,500
Domestic pick-ups	53.9%	\$16,000	\$22,000	\$196,439,500
Dry-app. fertilizer	71.2%	\$2,000	\$8,830	\$104,150,000
Ornamental fert.	56.5%	\$950	\$3,700	\$34,631,000
Liquid-app. fertilizer	13.6%	\$1,750	\$6,070	\$13,675,500
Post-emerg. herbicides	63.4%	\$1,000	\$2,340	\$20,700,000
Pre-emerg. herbicides	50.3%	\$900	\$4,060	\$33,830,500
Small mowers	42.4%	\$2,000	\$4,040	\$28,377,000
Mid-size mowers	30.9%	\$5,000	\$10,400	\$53,236,500
Large mowers	18.8%	\$12,700	\$26,620	\$82,905,500
Turfgrass sod	64.9%	\$15,250	\$14,900	\$160,195,000
Irrigation/sprinklers	42.9%	\$9,000	\$18,000	\$127,922,500
Compact tractors	25.7%	\$15,000	\$22,010	\$93,706,500
Turf fungicides	31.9%	\$500	\$2,180	\$11,520,500
Turf insecticides	37.7%	\$1,000	\$4,290	\$26,792,500
Turf-seed	75.9%	\$1,000	\$5,240	\$65,885,500
TOTAL		\$88,600	\$175,520	\$1.25 BILLION

THE LANDSCAPE INDUSTRY: Where are the revenues?

BASE 229

MOWING/MAINTENANCE

Company revenues	Total companies	Total industry revenues
\$0	3396	\$0
\$1-\$49,999	3910	\$97.7M
\$50,000-\$99,999	1590	\$119.3M
\$100,000-\$199,999	3114	\$467.1M
\$200,000-\$499,999	2170	\$759.5M
\$500,000-\$999,999	795	\$596.2M
\$1,000,000 or more	1590	\$1,908.0M
TOTAL		

DESIGN/BUILD

Company revenues	Total companies	Total industry revenues
\$0	1375	\$0
\$1-\$49,999	4688	\$117.2M
\$50,000-\$99,999	2319	\$173.9M
\$100,000-\$199,999	2506	\$390.1M
\$200,000-\$499,999	3114	\$1089.9M
\$500,000-\$999,999	1524	\$1143.0M
\$1,000,000 or more	944	\$1132.8M
TOTAL		\$4.05 BILLION

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continues to be a thorn in the side of the landscape industry. Because of low unemployment rates—as little as two percent or so in some areas—landscapers are having to pay higher wages (and offer more benefits) to attract quality employees. As a matter of fact, labor was listed by one-third of the survey respondents as being the fastest-rising cost of doing business. Other fast-rising costs were insurance, equipment, and taxes, including workmen's compensation.

With these increasing costs, landscapers are not hesitating to raise their prices. Fifty-five-and-a-half percent did in 1994, and 52.2 percent are already committed to raising them in 1995. If even half of those undecided landscapers come through, about two of three landscape companies will raise prices next year.

Overall, LM's landscape readers spent \$1.25 billion—or about 15.6 percent—of

their \$8 billion revenues on supplies ranging from pick-ups to turf fungicides to turfseed.

According to the survey results, landscapers purchased almost \$200 million worth of domestic pick-up trucks in 1994, and spent an additional \$185 million on fertilizer/herbicide combinations. Other big-ticket items in the landscape industry: turf sod (\$160 mil-

lion), irrigation and sprinkler equipment (\$127 million), and dry-applied fertilizer (\$104 million).

—Jerry Roche

