

Sod: a booming market in America

Millions of American households purchased in excess of \$420 million worth of turfgrass sod in 1994, according to a benchmark survey of 72 million households conducted by the Gallup Organization for the Turfgrass Producers International (TPI).

Unfortunately for the professional lawn and landscape

market, however, homeowners purchased and installed the sod themselves five times more often than they paid for its installation.

Survey findings:

- households that bought sod in 1994: 3.6 million
- average homeowner sod purchase: \$76
- total homeowner sod

purchases: \$272.2 million

- householders who paid to have sod installed: 700,000
- average paid to have sod installed: \$205

• total value of sod installed professionally: \$148 million

"These results offer real substantiation of the importance American homeowners place on turfgrass and the ease of using sod," says TPI executive director Doug Fender. "While \$420 million is just a small fraction of the estimated

\$25.9 billion spent annually by Americans for their lawn and garden activities, it is certainly significant and meaningful."

When asked about turfgrass sod purchases planned for 1995, 2.2 million households said they planned to make a do-it-yourself sod purchase. But an additional 300,000 indicated that they would employ the services of a professional to install the sod.

Biggest obstacles to growth

Small business owners across the nation don't have any worries different than small business owners in the green industry.

A survey by the Integra Marketing Group found that—not unlike LM's 1995 "State of the Industry" survey—competition and hiring good people are the biggest obstacles to growth among small businessmen.



Lawn/garden tractor popularity grows by 13.9%...

...could a decrease in professional lawn and landscape maintenance be far behind?

The Outdoor Power Equipment Institute predicts a radical increase in domestic purchases of lawn and garden tractors—a statistic that could suggest a slight tightening in the residential lawn maintenance market.

According to OPEI figures, sales of front-engine lawn tractors will increase 13.9% this year to more than 1,235,000 units. The domestic market for riding garden tractors is increasing even faster: 15.6% this year on more than 218,000 units—the first time in history the 200,000 mark has been breached.

Homeowners typically use front-engine lawn tractors and riding garden tractors to mow their own lawns, as opposed to having professional lawn care or landscape maintenance contractors do it.

Purchases of mowers by American homeowners and the professional market, on the other hand, will not reach 1994 levels. Walk-behind powered mowers are expected to experience a 3.3 percent decrease, to 5.8 million units. Domestic sales of rear engine riding mowers are expected to decrease 6.0 percent, to slightly more than 166,000 units.

KEY INTEREST RATES

	CURRENT	ONE YR. AGO
credit cards	18.1%	17.8%
vehicle loans	9.4%	8.4%
15-year fixed-rate mortgages	7.4%	8.4%

Managed health care costs

Health care costs are not as big a concern among small businesses as they were in 1994, which seemed to be a watershed year. There are fewer changes among coverages bought for employees of small businesses this year, according to Arthur Andersen's Enterprise Group and National Small Business United.

Here are comparisons of how small businesses are changing in 1995, compared to 1994 and 1993. Fiscal years run from July of the previous year to July of the current year.

	'92-'93	'93-'94	'94-'95
changed insurance company	22%	40%	21%
changed policy to higher deductible	31%	36%	18%
switched to HMO or PPO	12%	26%	14%
changed to policy with higher co-pay	19%	22%	13%
instituted managed health care	3%	2%	9%
increased employee contributions	17%	25%	9%
reduced benefits	15%	16%	7%