

GROWERTALKS

Features

9/15/2009

Making Money with Perennials

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It's a "perennial" problem: the same long lifespan that makes herbaceous perennials attractive to consumers also dampens repeat sales. Couple that with a market that has roller-coastered through some booms and declines, plus a fluctuating roster of who's actually growing and marketing perennials ... and you get the question: How do you make money in perennials?

To talk about some of these strategies, let's first look at what has changed in the last decade.

Pushing Numbers

The perennial market has appeared to enjoy a rather robust growth spurt in recent years, though it has also suffered from chronic dips in sales. Among consumers, however, perennials rose to a new category of popularity, big box stores stepped in to help feed the demand, and industry pundits voiced their fears of commoditization.

Niles Riese, of Walters Gardens, Inc., in Zeeland, Michigan, notes that in some regards, they've seen the effects of that commoditization. "A few of the commodity items that are produced from unrooted cuttings are not selling as well as they used to because there are so many of these plants available on the market. However, sales of bread-and-butter items continue to remain strong as growers continue to grow what they know works," he says.

Granted, the USDA statistics don't provide a complete picture of perennial production in the U.S., as they only measure the following categories: hosta, garden mum and "other perennials." However, they do provide a snapshot of the fluctuations.

In 2003, for instance, the floriculture industry saw perennial sales (in units) drop 3.6%, according to the USDA's Floriculture Crops Summary. In that year, hosta sales rose 8.7% in units; however, the sales in dollars did not keep up with the increase, registering a 6.7% increase. In short, the average price of hostas had fallen. Meanwhile, nearly 70% of all perennials sold got lumped into the "other" category, which dropped 7.3% in units but only 0.3% in dollars from 2002 to 2003.

The *2004 Floriculture Crops Summary* provided a remarkably different picture: perennials sales at the wholesale level increased 8.2% and were marked as the leading category of growth in bedding/garden

plants.

Between 2004 and 2005, perennial units increased by only 1.7% while dollar sales saw a 3% increase. And now, as we look at the most recent data, comparing 2007 and 2008, all three of the measured perennial categories dropped in both units and sales, but only by less than 1%.

Stagnant growth in the category paired with rising costs of production have left perennial growers to find new ways to make money—whether it's through volume sales, improved quality or better efficiency.

Niles says, "As fewer garden centers choose to grow their own products, we have seen a gradual shift in the market towards retailers buying in finished goods from regional growers. More volume, more money."

Mike Klopmeier at Ball Horticultural Co., West Chicago, Illinois, notes a similar shift. But he also is careful to break down the perennial market into three grower segments: traditional greenhouse growers who dabble in perennials, growers who strictly produce perennials, and nursery growers who mainly do woody shrubs. Each is going to have a slightly different approach.

The Variety Game

Even though your average hostas and daylilies may be popular by the numbers, new and less-known varieties still have a solid place in the market, especially for specialty niche growers. Niles says, "Retailers understand they need to have new items to bring customers back each year and to attract new buyers. As a result, sales of new items continue to grow each year."

Strategy: Quick turns, like an annual

More than anything, Mike says, "The trend that we're seeing is that lines are blurring between perennials and annuals, and vice versa."

Part of this blur happens at retail, where consumers use perennials as though they're annuals and where some growers for chains simply use an annual SKU for their perennials. The other part of the blur happens in production, where growers are aiming for shorter turns and lower production costs.

Grow it from seed. "You can sow a perennial seed in January and sell it as a first-year flowering plant, just like an annual," says Mike. He's seeing some growers turn to the seed option as a way of having a lower-cost input, as well as a shorter, less-expensive production cycle.

Buy unrooted cuttings or tissue culture. Niles says, "Unrooted cuttings and tissue culture propagation have allowed plants to enter the market in huge quantities in a relatively short amount of time, which helps to supply the demand from chain stores. However, price competition has increased for items produced in this manner, putting the squeeze on suppliers."

Tissue culture has also established a strong presence in the perennial industry in recent years—allowing for both volume and cleaner varieties. With the hosta virus X making the rounds, more and more hostas are coming out of tissue culture in order to ensure they're virus-free. However, that also means that specialized growers are rooting these tissue culture-produced plants, creating another step in the supply chain and

contributing to growers buying in rooted plugs to finish.

The rooted plug. Mike notes the trend of perennial growers buying plugs in the summer, overwintering, and selling the following summer. But there's another rising trend as well: growers gravitating towards a rooted plug. Ball has been working to meet a demand for a larger plug: 21-cell, for example, which a finished grower can plant up into a 1-gal. container and sell in four to six weeks. The allure, says Mike, is a short, inexpensive production window and a higher price point at retail. "It's a fast crop and doesn't take up a lot of space. And it comes without the complication of vernalization."

Strategy: Faster bareroot growth

Dr. Bill Miller at Cornell University has one simple piece of advice for perennial growers who want to grow a better, faster crop with less shrink: plant high. Keeping the crown at or slightly above the surface (not the often-recommended 1 to 2 in. below the surface) can give you a more uniform plant that grows faster.

Bill says they got the idea for the planting depth because of 30-year-old research that showed developing rose flower buds grew better when light was shown on them, as compared to when the bud was kept in darkness. He explains, "We thought the same might hold true in bareroots: that light shining on the young buds would help to 'pull in' carbohydrates from the storage tissue, resulting in faster growth."

Planting too deep can be an issue in any nursery, but Bill notes that it can especially be a problem in high-volume situations where crews may not be well supervised. "Each planter has their own way of doing it. If the crews do not know how to plant correctly, problems inevitably result."

For example, one grower had several thousand bleeding hearts that were emerging non-uniformly. The bareroots had been planted about 2.5 in. below the surface, but still looked healthy. "I replanted them at the soil surface," Bill says, "and within two to three days, growth pushed out, and the plants grew fine."

To see a variety of photos on how to plant high, visit www.hort.cornell.edu/miller/bulb/Planting_Perennials_High.pdf.

Strategy: Have what they want

No matter how you grow the plants and no matter your costs and price, it still boils down to knowing the market. "The key to making money on perennials is to have what your customers need and to be able to deliver it when they need it. You've got to know your market," says Niles. "Our most successful customers know their markets and offer appropriate assortments." That means choosing drought-tolerant perennials for drought-stricken states with watering restrictions, and making sure the cold hardiness rating matches that of the area.