

GROWERTALKS

Features

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Drama in the Garden: Pressing the Restart Button

Dr. Marvin N. Miller

Many years ago, our industry began its focus on combo planters. It was as if the terms “thriller,” “filler” and “spiller” were all that needed to be known by breeders, producers and retailers. As a whole, our industry has done very well with this phenomenon. Prices increased for many of our units, as larger and larger specimens were grown, and the cost of pottery was almost hidden in the sale—as if we were selling combinations that just happened to include a container. Still, the consumer generally has responded favorably to the trend, often because of the ease that this new type of gardening afforded and the instant impact it created.

Unfortunately, the success of this trend is beginning to fade. Prices for the containers buoyed the average plant prices, keeping industry revenues up. But consumers now own so many containers that, in many cases, their focus is back on plants. Increasingly, retailers report consumers are asking for the plants they see in planters, specifically so they can go home and “plant their own.” Nevertheless, many garden retailers continue to focus here and some innovative garden centers now offer custom potting areas or even make “house calls” with on-the-spot gardeners to help busy homeowners replant their multitudes of previously purchased containers with new designs each season.

Throughout this gardening evolution, fewer plants were being sold. (See the charts for data from the last two decades of USDA’s Floriculture Crops Report.) Yes, the average price per plant has increased, helping to sustain the revenue streams of many, but the transformation that has occurred in the average home landscape has yielded fewer flowerbeds and less color. Sod, shrubs and mulch or (if we’re lucky) a few perennials have overtaken the spaces previously occupied by beds of petunias, marigolds and impatiens. The few spots of color in many landscapes today are provided only by combo planters. The resulting “greenscape” is missed by many.

So what is a grower or a retailer to do? Re-evaluate! Re-assess! Re-configure!

Market research suggests we have a great opportunity for growth if we’re smart in our approach. In recent years, during a number of focus groups with consumers, gardeners have expressed the sentiment that, “We’ve noticed it costs a lot more to garden these days than it used to.” Often, the most avid gardener on the panel is the one to bring this up.

As we look at our production trends, it's easy to understand the root of such comments. First, as we've decreased the count of plants per flat of bedding/garden plants, the average price per plant has increased.

Secondly, as we've moved from seed to vegetative items, the price of inputs and resulting outputs has increased; this gets compounded by the fact that the vast majority of growers feel obligated to put vegetative items in pots instead of flats and packs in order to afford the higher cost of the cuttings.

Finally, as our industry has experimented with, if not embraced, various branding programs, the added costs of customized pots and tags, point-of-purchase marketing materials, and royalty and marketing fees have all driven the cost of plants at retail to ever-higher levels. Consumers have noticed!

The price concern is also echoed by other market research conducted for our company. In a 2012 survey, when more than 1,000 consumers were asked for reasons why they'd leave a retailer and shop elsewhere, 60% claimed they would do so if they found prices to be too expensive and thought they could find plants cheaper elsewhere. This reason was only second to leaving because plants were of poor quality.

Additionally, a number of garden retailers, even some in very upscale neighborhoods, have reported increased requests from customers for specific items to be made available in packs and flats. These retailers have reported such requests coming for vegetative items and/or for higher-priced seed items, where the tendency of producers has been to offer these only in single-plant-per-pot or combination-planter configurations. Consumers often see these plants used in professionally landscaped beds around businesses and shopping malls, hotels and condominium complexes or in public parks, yet they cannot find them available at retail except as single plants, often at prices higher than they want to afford.

Thinking outside the pot

A few innovative growers and retailers have begun to offer packs and flats of these higher-priced items and the consumer has responded by once again planting flowerbeds—but not of just impatiens, marigolds or petunias. Instead, these flowerbeds contain the same intriguing mixture of colors, textures, forms and species that consumers have learned to mix in combo planters. Indeed, these flowerbeds are creating drama in the landscape!

The key for growers and retailers is that these configurations are priced higher than the flats of marigolds, but still represent a significant savings for the gardener over buying these plants in 4-in. or 6-in. or larger pots. These plants don't replace the \$4.99 to \$5.99 4-in. pot of "premium annuals" sold at many garden retailers, for these are still offered for the consumers planting their own combo planters at home. Instead, an additional SKU is offered, often in a jumbo 306 pack or an 1801 flat, which allows the avid gardener to plant more and larger flowerbeds with the upscale genetics. I've seen these plants offered in a jumbo 6-pack for \$9.99 to \$11.99 and in 1801 flats offered for about \$30 per flat at retail. And the plants have ranged from DragonWing Begonias to EnduraScape Verbena to Lucky Lantanas.

In our research, many growers already report producing such jumbo packs for items like Wave Petunias. And growers selling to landscapers already are producing 1801 flats of many vegetative items such as coleus or disease-resistant impatiens (e.g., Divine, Bounce or SunPatians) for specific orders. For those producing these configurations for consumers, the plant material is usually sold at a younger stage than it would be if it

were sold in a 4-in. or 6-in. pot. (This saves production time on the bench and allows the grower to make a good profit even on vegetative items.) And for those concerned about holding such plant material over for another week should inclement weather curtail sales, the solution I've heard discussed is to offer specific "Rain-or-Shine Sales" weekends.

We all talk about this market segment of young people, or Millennials, as something we must tap into, but many retailers don't know where to begin or how to relate to them. But they are buying our products. Data from the 2014 edition of the National Gardening Association's (NGA) National Gardening Survey show that the second demographic age group when it comes to vegetable gardening was young people, those 18 to 34 years of age.

Unlike container gardening, which is a different segment in the NGA survey, vegetable gardeners are planting in the ground. Indeed, when a respondent indicates involvement with vegetable gardening, they're asked to report the size of their vegetable plot. (In 2013, the median plot among these respondents was 75 sq. ft., while the average among all vegetable gardening households was 548 sq. ft.) And their gardening is more anticipatory, rather than instantaneous, as they must wait for their yields and harvests.

Translating this enthusiasm for vegetable gardening into other gardening activities, e.g., flower gardening, would be an ideal way to grow the industry. Just because the Millennial generation seems out of reach, don't write them off! We can help them make the leap to flower gardening from vegetable gardening, but we need to make it more affordable for them. This group of consumers is buying more and doing it for the first time. But they're not going to do it at \$5.99 per plant.

Growing the industry—now, wouldn't this be dramatic? **GT**

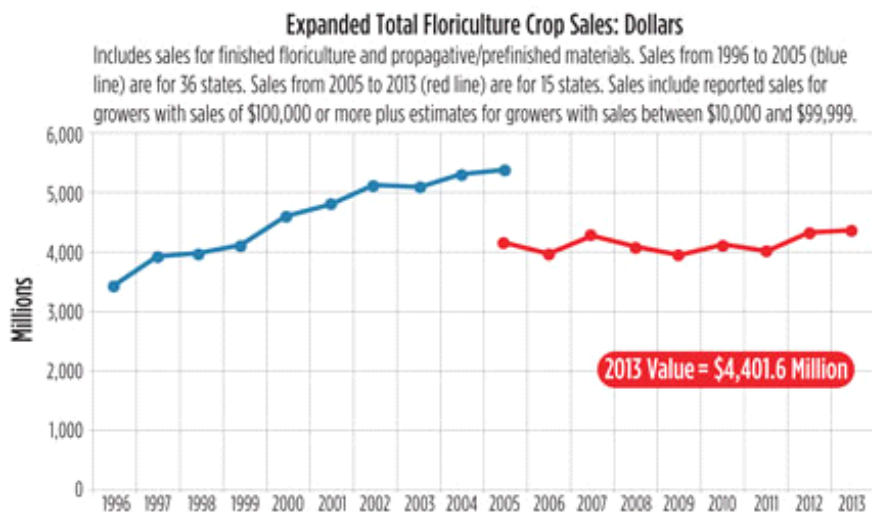


Figure 1. Total floriculture industry sales dollars for the 15 major states now covered in this annual survey have grown at a much slower rate than in the previous decade, when the survey covered 36 states.

Total Bedding/Garden Plant Sales: Dollars

Sales from 1995 to 2005 (blue line) are for 36 states. Sales from 2005 to 2013 (red line) are for 15 states.

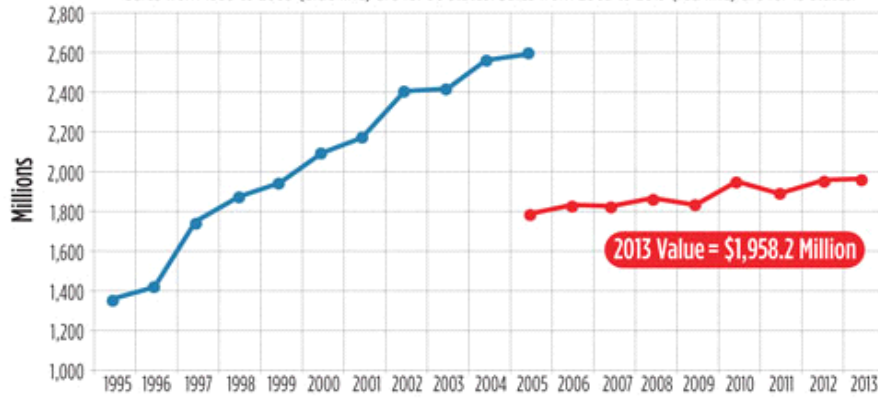


Figure 2. The bedding/garden segment has accounted for the largest share of industry sales over the entire period, and for most of these years, this segment has paced total industry sales growth.

Bedding—Flowering Flats: Units

Sales from 1994 to 2005 (blue line) are for 36 states. Sales from 2005 to 2013 (red line) are for 15 states.

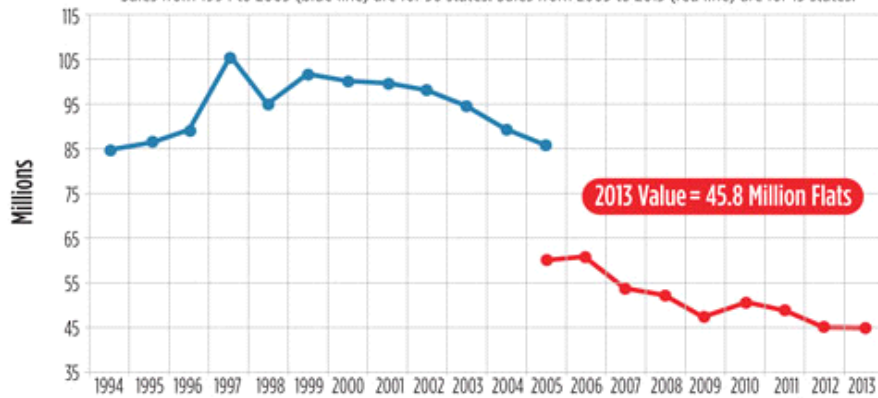


Figure 3. The almost continuous decline in the number of flats of flowering bedding/garden plants sold from 1999 until today.

Sales of Potted Flowering Bedding/Garden Plants (excluding perennials): Units

Sales from 1995 to 2005 (blue line) are for 36 states. Sales from 2005 to 2013 (red line) are for 15 states.

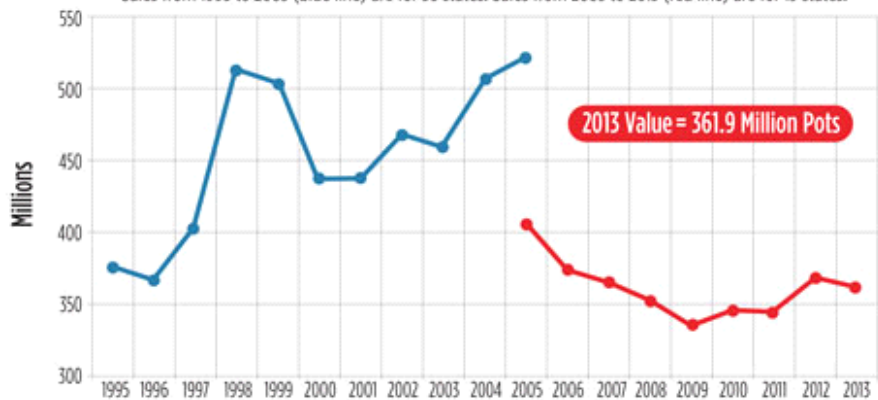


Figure 4. The trend for potted flowering bedding/garden plants (excluding perennials). Between 337 million and 369 million pots have been sold each year during the 2007-to-2013 period; this less-than-10% swing corresponds to the pre-, during and post-recession times of the recent economic cycle.

Herbaceous Perennials: Units

Sales from 2000 to 2005 (blue line) are for 36 states. Sales from 2005 to 2013 (red line) are for 15 states.

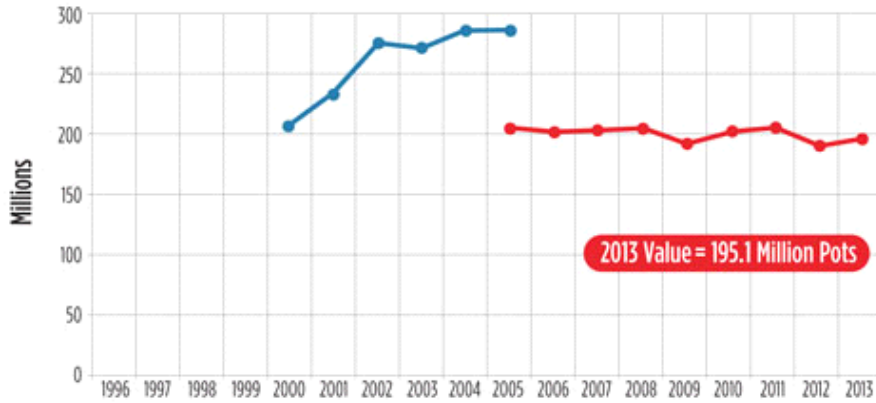


Figure 5. The industry has sold between 190 million and 204 million units per year since 2005 in the 15-state survey. (We have only hardy/garden mum data prior to 2000, and today, these mums still account for 24.8% of the perennial units.)

Sales of Flowering Hanging Baskets: Units

Sales from 1995 to 2005 (blue line) are for 36 states. Sales from 2005 to 2013 (red line) are for 15 states.

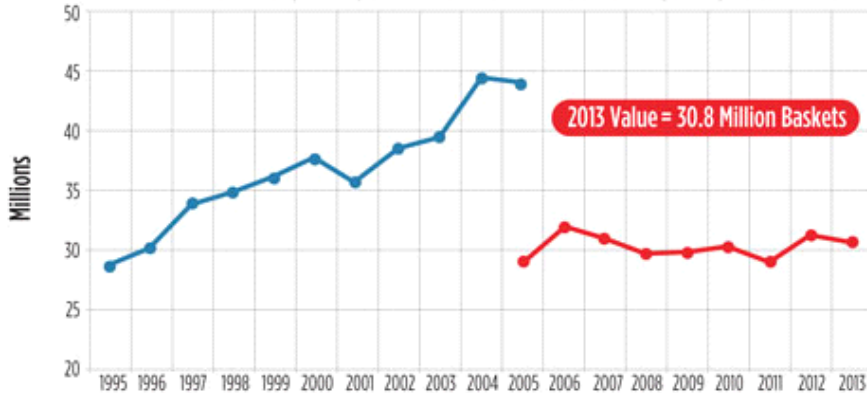


Figure 6. Sales of flowering hanging baskets have also remained fairly flat in recent years in this 15-state survey. Unit sales of hanging baskets have fluctuated less than 10% during the entire 2005-to-2013 period, falling between 29 million and 32 million units each year.

Total Vegetables: Dollars

Sales from 1993 to 2005 (blue line) are for 36 states. Sales from 2005 to 2013 (red line) are for 15 states.

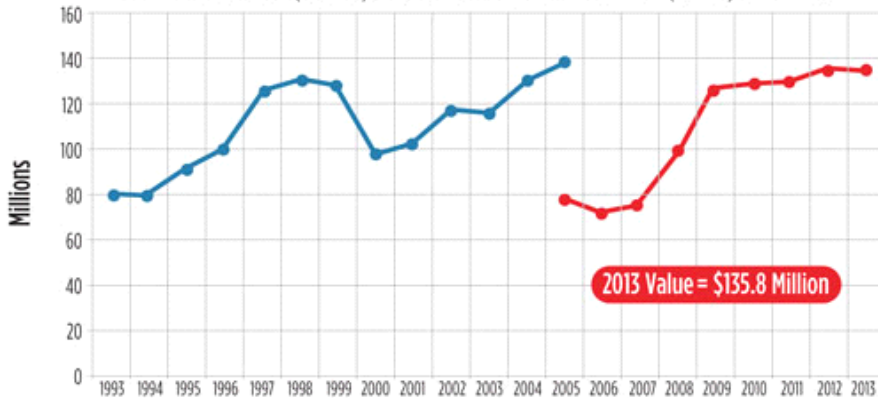


Figure 7. The generally rising tide of vegetable sales over the last two decades.

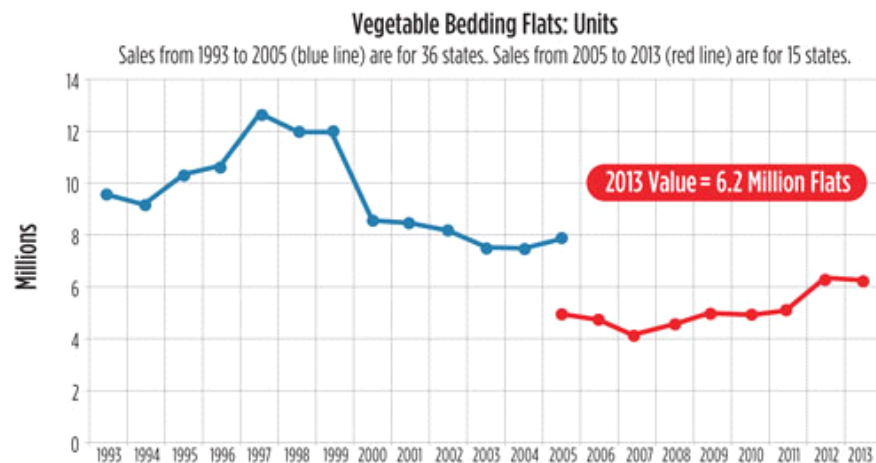


Figure 8. In unit terms, sales of flats of vegetables have seen the most consistent growth over the last decade.

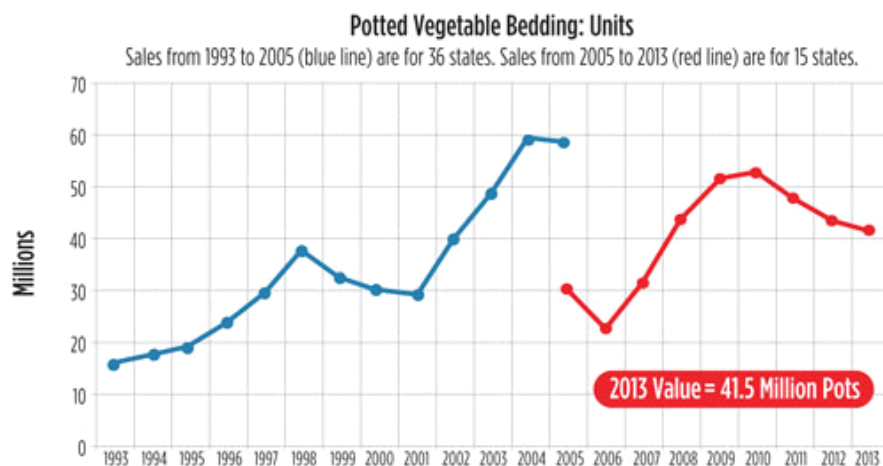


Figure 9. Sales of potted vegetables have been down the last few years.

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