

GROWERTALKS

Growers Talk Business

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Do Two Strong Springs in a Row Make a Trend?

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As we all begin to finalize our 2022 plans, the inevitable question after another spring like this one is, “How are you going to plan next year?” While weather had more of an impact in 2021 in many markets than in 2020, is that really our gauge for how we plan the next year or five years down the road?

As you return from well-deserved summer trips after a second crazy spring, it’s probably a good time to take stock about where you are as a business and where we are as a live goods industry so we can chart out the next five to 10 years, not just next year’s production plan.

The demand was still there this spring and summer, even though travel seemed to return to more normal levels. While it’s impossible to get a full read on the story, our consumer metrics show about 75% of the “new” consumers we saw last year were back at it this spring and they plan on staying. That’s incredible news for us, but the only way to keep them coming

back is to ensure they see new and fresh plants, and that we provide them consistent and relevant education. Consumer engagement remains extremely high, with new consumers coming back and 30% of them spending even more than last year, leading to about a 10% increase for the industry after a great 2020. This varies wildly by market and retail format, but we feel good that the 10% growth is the benchmark.

But even after another strong year, the general concern I heard at Cultivate is that “when things get back to normal” consumption will decline and revert back to 2019 levels. While I agreed travel will pick back up, I think the larger driving behavioral factors for our industry revolve around three variables: 1) The work-from-home trend is here to stay; 2) consumers have invested more than ever in their homes and will continue to in years to come; and 3) even during the inflationary times we’re probably facing for a couple of years, gardening is still a high-time/lower-dollar investment hobby versus things like travel.

Even as we have “anniversaried” strong months that the pandemic induced last year, we’re seeing a strong sales rate in the business this year in those months. We’re bullish and think 2020-2021 is the new baseline, as we’ve effectively filled the gap of supply versus demand this year—the key is to maintain that so we don’t get back in an over-supply situation. The economic recovery is going to be measured and come back slowly. Just as important, the “activity recovery” is going to be measured and slow as well, based on all of the metrics we’ve seen.

Think of 2030, not just 2022. Two months before the pandemic, our team laid out a 2030 strategy plan that answered the question: “Who do we want to be in 2030? And how do we get there?” This laid our capital investment plans and organizational framework for the future. While the pandemic and the related growth in sales has accelerated some of our projects, we haven’t strayed from the overall strategy. Business is about adapting, but that adaption has to be anchored in a strategic vision and business plan that drives decisions every day.

So what do we do? Rather than bury ourselves in endless weather and COVID-19 models that are only right a fraction of the time, it’s actually time for us to bury ourselves in our own sales, regional economy and consumer and anecdotal data to make great calls on what to do next year. It’s just as important to have a good business plan in place as well as to be good business leaders. One day we won’t be here, but the business plan will be and it must be solid.

And in it all, people are still our most important resource and communication is their most important tool. As we transitioned from everyone in the office to many working remotely in 2020 and 2021, we all had to figure out new ways to communicate. Whether it was distanced or virtually, we had to find new ways to get action to happen. Every team member, no matter what their role is, needs to feel their job played a big role in making the company successful and they need to understand any growth plan in the future, even more so now as employment opportunities are out there.

For us, we’re not just going to go back to what we did in 2019—we’re going to learn from this and implement better ways of getting this done to make it an even better work environment. As we always say, the old adage of “the only constant in life is change” is well-suited for the live goods industry this year. So let’s keep changing and keep growing. **GT**

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