

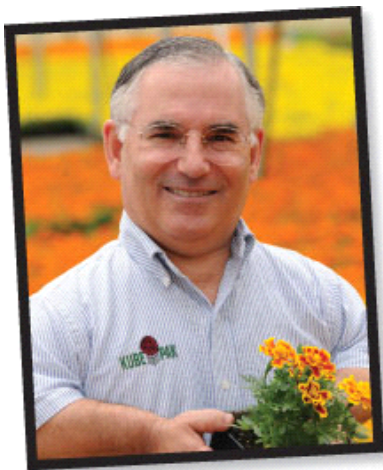
GROWERTALKS

Growers Talk Business

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One for the Record Books

Bill Swanekamp



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Spring of 2015 will go down in the record books as one of the best sales seasons we've ever seen. I checked my records to see when we last had a spring like this one and had to go back to 1991. (By the way, that's 24 years ago.) In my logbook, I found the following inscription on the header for that year "The Perfect Spring." My records indicated we were basically sold out of all spring product by May 21, and because we did little summer business at that time, we closed out spring sales shortly afterward. In 1991, we didn't see any frost from the 15th of April through the end of May. Also, the weather was moderate and sunny, weekend after weekend.

Spring of 2015 followed a similar pattern as 1991, except we still had some frost after the 15th of April, but not severe. Our pansy sales in March and early April lagged a little and we were concerned this would be a precursor to sluggish annual flower sales. But once we got into May, there seemed to be an insatiable demand for flowers of all kinds—flats, 3.5-in. to 4.25-in. to 5-in. to 8-in. pots, 10-in. to 12-in. to 14-in. to 20-in. hanging baskets, 8-in. to 12-in. to 14-in. patio pots and perennials.

On top of that, we had raised our spring prices by 3% to 5% and were concerned about backlash over the increase. None of that happened, as the phone just kept ringing and ringing and ringing. In fact, it rang so much that at times we wished it would stop so we could catch up. Our greenhouse staff worked 12 to 14 hours per day and did an amazing job pulling the orders and loading the trucks. The office staff did a superb job as well, logging whatever extra hours were necessary to keep the customers happy. Over a period of four weeks, we shipped at our maximum capacity almost every day.

What were the results? Right now our sales are up over 6%. Some of that is attributed to the price increases we enjoyed, but the rest is from increased demand. What a pleasant change since 2009! Yes, 2015 is the first year we were able to surpass the pricing of our finished products that we offered in 2008, before the major crash. Think about it—it has taken us seven years to gain back the rollback of prices from the Great Recession. Now, of course, during that same period of time, we had to pay more in wages, insurance, some direct costs and taxes. It's very difficult to maintain profitability when input costs go up without corresponding

increases in sale prices.

So, you might ask, what do I attribute the great success we saw this spring to? There are four things, in my opinion:

Weather | We had very good weather this spring. Not too hot and not too cold. Almost every weekend had at least one sunny day and little rain. Good weather is still the number one reason we had a great spring. (I know that Texas and California didn't enjoy the same weather we did.)

Industry shrinkage | It has been published that over 30% of greenhouses and 40% of nurseries went out of business since 2008. Finally, we saw demand that was greater than supply. I feel bad for those who didn't survive, but the industry couldn't sustain the production capacity that was generated from pre-2008 growth.

Up-tick in the economy | It's been a long time coming, but it seems people had more money to spend this year than in the previous seven years and were willing to spend it on plants.

Pent-up desire | This past winter could only be described as brutal. We had one snowstorm after another. Many weeks, we had two snow or ice storms per week. On top of all that, we had bitterly cold weather. Our fuel bill was up about 10%, but it seemed to cultivate a strong desire for homeowners and businesses to get out and do some gardening or landscaping.

Take these four factors together and you have one for the record books. Not that we're complaining, but wouldn't it be nice to see four or five years in a row like this? You know what? It might just cause me to retire ... **GT**

Bill Swanekamp is president of Kube-Pak Corp., Allentown, New Jersey.