

AE02-49

# **Positioning for the Future of the Nursery Industry**

Charles R. Hall  
Professor  
Agricultural Economics

E12-4115-00-001-02

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## Positioning for the Future of the Nursery Industry

*Dr. Charlie Hall  
Professor & Extension Economist*

One of the key premises in strategic management is the identification of the principal driving forces (or trends) that affect the industry in which you are competing. When I say "driving force", I am talking about forces that are in motion that create incentives or pressures for change. The most dominant driving forces are those that will have an impact on what kinds of changes will take place in the industry's structure and competitive environment. Managers do not really understand industry and competitive conditions until they understand the fundamental drivers of change. The greenhouse/nursery industry is no exception.

For the past few years, I have been collecting and analyzing data regarding the most dominant driving forces that will affect the greenhouse/nursery industry at all levels of competition. In fact, the focus of several workshops was identifying these driving forces. In these sessions, various growers, landscapers, and retailers worked hard in brainstorming and summarizing what they felt were the key driving forces that we will have to deal with in the new millennium.

As a preface to these findings, let me reiterate some of the major points that I discussed in these meetings regarding driving forces of change. I began our discussion by making the point that no one knows exactly what's going to happen in the future. Forecasts and predictions, even those made by "experts," are oftentimes unreliable, as they tend to be based on extrapolation and projection. This exposes them to those two killer caveats, "if present trends continue" (they never do), and "all other things being equal" (they never are).

Still, I contend that it is possible to discern the knowable future, and to anticipate a range of possible futures. The knowable, or foreseeable future is made up of the ineluctable - events that have already occurred and trends already working their way through the economy and society. For example, demographic characteristics are reasonably established for the next decade, so it is possible for growers and retailers to analyze population trends for age, gender, race, marital status, and income, with a high degree of accuracy.

As for the uncertain future, that includes everything else! It sounds daunting, but as you shall see, one can begin to identify and categorize the driving forces or trends that are relevant to their own business. For a nurseryman, these trends might include:

- Social/lifestyle/consumer trends.* Are middle-aging consumers trading down and buying less as they reevaluate their priorities? If so, is this temporary or permanent? If not, is there a switch to more goods that are shopped for and purchased in a more price-conscious manner?
- Business/management trends.* Will slow, uneven growth continue through the 1990's? Who will be the winners and losers, and what will determine success or failure in an uncertain era?

- ❑ *Political/legislative/regulatory trends.* What laws will be passed on the federal, state or local level that will affect my business, customers, employees, suppliers?
- ❑ *Workforce/workplace trends.* Can I find and retain employees with the skills and motivation needed at salaries I can afford? How do I supervise them while giving the right level of autonomy and responsibility?
- ❑ *Marketing/advertising/media trends.* How do I reach today's more segmented, fragmented marketplace? What message do I want to convey? Should I compete on price, service, selection of merchandise, quality, convenience or a combination thereof?

Can these questions really be answered in a definitive and absolute way? Not really, but definitive answers are not really the point. More important is the process of considering the future and the acknowledgment that it will be different from the past and present. Conducted thoughtfully and imaginatively, this process can itself become a strategic tool that enables its practitioners to be prepared for whatever the future may bring. And that is indeed the point.

Having provided an introduction to driving forces of change, allow me to unveil the results of the three separate brainstorming sessions. Some of you reading this article may have participated in these sessions. If so, let me once again thank you for your efforts, and I hope that seeing your ideas in print will stimulate further contemplation. If you were not a participant in these sessions, then read the following knowing that these are the ideas and projections of your peers, and not some "industry expert" (except where I took the liberty to clarify, edit, or rephrase). These sessions will be offered again in the future, so you may vary well have your chance to provide your input.

When brainstorming regarding these driving forces, participants came up with several dozen possible ideas. By combining related ideas and reducing duplication, I have attempted to summarize their ideas into five short driving force categories that appear as follows:

- ❑ **Increasing environmental concerns**
- ❑ **Increasing regulatory concerns**
- ❑ **Improving communications technology**
- ❑ **Customers are becoming more sophisticated**
- ❑ **Increasing emphasis on partnership marketing**

However, identifying the driving forces is only the first step. Then we must assess their potential impact on the greenhouse and nursery industry and postulate as to possible solutions or actions that deal with these driving force impacts. These impacts and proposed solutions are summarized in Tables 1-5 that follow.

**Table 1. Increasing environmental concerns**

<b><i>Impact on Industry</i></b>	<b><i>Proposed Solutions</i></b>
<ul style="list-style-type: none"> <li>● Increasing demand for environmentally “friendly” plants.</li> <li>● Increased use of native plants and organic gardening.</li> <li>● Will effect which chemicals are available for use as well as the way they are used.</li> <li>● Suppliers and manufacturers will either adapt or “fall off” approved vendor list.</li> <li>● More research on chemical use, plant varieties, genetically engineered plant materials, etc. (I.e. aesthetic vs. economic thresholds)</li> <li>● Increased recycling efforts of plastic films, trays, and containers. (increased composting as well.)</li> <li>● Water conservation efforts will effect plant selection, nursery size, etc.</li> <li>● Increased pressure on municipal landfills due to increasing volume of yard waste deposits.</li> <li>● The industry must stay on top of key legislative issues as they arise.</li> <li>● Water quality concerns will change how water is used and how runoff is collected and managed.</li> <li>● Encourage chemical manufacturers to take more responsibility in the disposal of “toxic” materials.</li> </ul>	<ul style="list-style-type: none"> <li>● Set up environmental “hot line” at the retail level.</li> <li>● Public relations to educate public on environmental stewardship.</li> <li>● Merchandising at retail level must have environmental “flavor” (“green” marketing).</li> <li>● Offer “unbiased” recommendations at retail level.</li> <li>● Staff at all levels must be trained or even certified (may need an expert on staff).</li> <li>● Increased product mix to include native, xeriscaping products, and environmentally friendly products.</li> <li>● Recycle water at all levels (grower &amp; retail)</li> <li>● Set an example in your own landscape.</li> <li>● Offer seminars in environmental friendliness.</li> <li>● Encourage promotional programs such as “Don’t-Bag-It” to reduce yard waste in land fills.</li> <li>● Promote composting by providing information at the retail level.</li> <li>● Emphasize recycling of used containers.</li> <li>● Establish a Christmas tree recycling program.</li> </ul>

**Table 2. Increasing regulatory concerns**

<b><i>Impact on Industry</i></b>	<b><i>Proposed Solutions</i></b>
<ul style="list-style-type: none"> <li>● Increasing irrigation legislation at city, county, and state levels.</li> <li>● Increased pressures on minor use chemicals (will increase cost of registration passed on).</li> <li>● Worker-related legislation will increase and inherently increase labor costs in short run.</li> <li>● Research regarding pest control will increase (r.e. chemical alternatives).</li> <li>● Chemical disposal methods at grower, retail, and consumer level will be reviewed and monitored.</li> <li>● International competitiveness will be affected.</li> <li>● More paperwork will be required.</li> <li>● Plant production processes may change as well as the composition of the work force.</li> <li>● Insurance rates will increase as extent of liability increases.</li> </ul>	<ul style="list-style-type: none"> <li>● Stay proactive at the association level (TNLA, MTNA).</li> <li>● Must be able to acquire information quicker.</li> <li>● Training, training, and more training!</li> <li>● Be proactive, not reactive.</li> <li>● Letter writing to government officials.</li> <li>● Outside companies may be hired for spraying.</li> <li>● Support research projects at land-grant universities.</li> <li>● Develop educational programs on OSHA regulations.</li> <li>● Develop educational programs on environmental regulations.</li> </ul>

**Table 3. Improving communications technology**

<b><i>Impact on Industry</i></b>	<b><i>Proposed Solutions</i></b>
<ul style="list-style-type: none"> <li>● Internet will increase availability of production and marketing information (at home, in the store, for the grower, etc.).</li> <li>● Will be able to use scanner data to measure customer buying preferences (Efficient Consumer Response)</li> <li>● Will encourage partnerships between suppliers and vendors using EDI (electronic data interchange)</li> <li>● Will make plant labeling easier (providing information regarding culture, price, etc.)</li> <li>● Speed of communications will increase.</li> </ul>	<ul style="list-style-type: none"> <li>● Develop a long-range plan on how to manage communications.</li> <li>● Computer literacy training (in-home and outside) to stay up on latest technology.</li> <li>● Update existing computer systems (CAD, POS, etc.)</li> <li>● Learn how to “surf” the internet.</li> <li>● Implement POS systems to track customer sales.</li> <li>● Design landscapes by FAX or e-mail.</li> <li>● Utilize CD-rom information systems to provide advice regarding insect control, plant selection, etc.</li> </ul>

**Table 4. Customers are becoming more sophisticated**

<b><i>Impact on Industry</i></b>	<b><i>Proposed Solutions</i></b>
<ul style="list-style-type: none"> <li>● Customers are demanding service at all levels of the value chain.</li> <li>● Customers demand knowledge and information.</li> <li>● Demographic shifts may dictate alternate marketing strategies (regarding retirees, elderly).</li> <li>● Apartment dwellers need more shade loving, blooming, annuals/perennials.</li> <li>● Opportunities exist to expand customer base (i.e. children).</li> <li>● Customers are becoming more aware of their “choices” (of stores, plant material, information sources, etc.)</li> <li>● Customers want to spend less time shopping (in general).</li> <li>● Advertising will need to be more creative and stimulating.</li> <li>● Self-service shopping will influence purchasing methods.</li> <li>● Continued emphasis on “microwave” gardening - instant landscape.</li> <li>● Customers interested in alternative landscapes (water gardening, xeriscape, organic, etc.).</li> <li>● There will be more of a need for niche marketing.</li> <li>● Need to discern macro and micro trends affecting local trade areas.</li> </ul>	<ul style="list-style-type: none"> <li>● Offer concessions and “related” services at the garden center.</li> <li>● Employees must be well trained and knowledgeable.</li> <li>● Implement stronger customer service programs.</li> <li>● Pay attention to image and reputation.</li> <li>● Growers/seed dealers need to constantly update/improve plant varieties.</li> <li>● Offer value-added products.</li> <li>● Ensure a pleasant shopping experience (atmosphere, layout, etc.).</li> <li>● Offer seminars on pertinent topics.</li> <li>● Implement mail order (home shopping) and home delivery services (be convenient).</li> <li>● Cooperative advertising between growers and retailers.</li> <li>● Offer computerized in-store information systems (insect/disease ID, pictures of plants in bloom, etc.).</li> <li>● Hire knowledgeable employees (i.e. master gardeners, certified nursery professionals).</li> <li>● Set up a toll-free phone information line.</li> <li>● Sponsor a “Future Gardeners of America” or “Junior Master Gardener” program for local schools.</li> <li>● Work collectively as an industry to compete for leisure-time dollars of customers.</li> </ul>

**Table 5. Increased emphasis on partnership marketing**

<i>Impact on Industry</i>	<i>Proposed Solutions</i>
<ul style="list-style-type: none"> <li>● Fewer vendors (suppliers) on approved vendor list.</li> <li>● Paperless ordering systems (EDI) and ECR (Efficient Consumer Response) tied in to scanner data at retail level.</li> <li>● Stratification of vendors between mass merchandisers and independents.</li> <li>● Allows better inventory control management at all levels in the industry - able to service customers better.</li> </ul>	<ul style="list-style-type: none"> <li>● Gear up or get out (computerize).</li> <li>● Night docks in shipping.</li> <li>● Improve in-transit communications (cellular phones).</li> <li>● "Lease out" departments in the garden center - i.e. growers become "jobbers".</li> <li>● Implement more sophisticated plant labeling and bar coding systems.</li> </ul>

***What will you do with this information?***

After this evaluation of the driving forces affecting your industry's operating environment and where it could be heading, it is time to determine future strategy. Leaders within the business must look deeply into the core of the business and themselves, and decide what role they want to play. What is the purpose of the business? The goal? Its claim to the marketplace? Who is to be served? What is the strategic intent of its stewards? How do they envision its future in the possible environments described by the scenarios?

Many growers and retailers (large and small) have gone through the process of attempting to understand the future and developing new strategies to fit it. The task is not a simple one and many have experienced varying degrees of success. During the 1980's several leading retailers saw their traditional markets moving away from them. They took a hard look at their futures, redefined their missions and implemented vast changes. Some firms rode a tremendous wave of initial popularity, but didn't anticipate changes in consumer desires and buying habits and are still playing catch-up. Others saw an opportunity in going national, and are now exploiting that opportunity. Still others see an opportunity in going international, and will be moving into developing markets over the coming years.

The goal of these efforts should be to develop a proactive business; one that anticipates, even foresees challenges and opportunities; one that is responsive not reactive in dealing with contingencies; one that is flexible and adaptable on both offense and defense. Remember, it is not your goal to predict the future; your most important accomplishment will be a change in your business' attitude, mindset or culture. In the end, the creation of an atmosphere of obtaining the "possible" could be your greatest strategic contribution.

Are you hesitant to give your business a complete rethinking in terms of goals, purpose and processes? You shouldn't be. Dealing with change does not mean changing everything you do; it means defining the future you want to create and adopting those changes - as well as retaining those practices - that will move you toward it.

Indeed, much of your efforts will be spent on debunking and disproving the "conventional wisdom" and "common consensus" so approach the task with a healthy skepticism and an open mind. An open mind acknowledges you could be wrong! To survive and thrive in the next decade, nurserymen will have to be quick on their feet. But they'll also have to stick to the basics:

- ❑ Become and stay informed about driving forces (trends) affecting your business.
- ❑ Know, understand, service, and learn from your customers.
- ❑ Examine your mission and strategic vision, and keep focused on your strategic intent.
- ❑ Respond and adapt where change is warranted; strengthen what deserves to be retained.

Do these things and you will have taken a giant step forward towards positioning your firm for the future. Then when asked "Why is your business so successful?" you will be able to reply "by applying common sense to the obvious". But of course, common sense isn't so common anymore. And these days it's a full-time job just to determine the obvious.