

How does your nursery grow?

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(Jan. 9) America's growers and nurseries -- feeling the effects of the recession and housing crunch -- have been changing their business plans.

With sales off anywhere from 20 percent to 30 percent year-over-year, lawn and garden retailers are trying to capitalize on the Staycation trend as well as offering discounts and special deals to lure shoppers in.

Gary Blondell, owner of Gary's Garden Mart, an eight-year-old nursery in Severna Park, Md., said his sales were down 10 percent to 11 percent in 2008 -- which he attributes to a lack of building activity. He has picked up some by appealing to homeowners with special deals on multiple products and by selling smaller plants at a lower price. "It was definitely about squeezing the dollar in 2008," Blondell said.

According to Bob Dolibois, executive vp of the American Nursery & Landscape Association (ANLA), the hardest-hit industry segment has been tree growers. He said they are suffering from a lack of demand for product, which is forcing them to make difficult decisions about whether to destroy trees to make room for new plantings that will be ready in approximately five years, or hold inventory in hopes of a bigger return next year.

"In short, the downturn in housing hits the tree growers the hardest because of long-term inventory pipelines," Dolibois said.

For example, Ralph Taylor's Wholesale Nursery, a 44-acre grower in Bradenton, Fla., is not doing any new planting and "living off inventory right now," according to co-owner Greg Taylor.

In Florida, which has shown one of the sharpest housing start declines nationwide, nurseries are reporting sales were anywhere from 20 percent to 50 percent off in 2008. Taylor, president of the Bradenton/Sarasota chapter of the Florida Nursery, Growers and Landscape Association (FNGLA), said his chapter had 140 members two years ago; now it has 85.

"New housing starts are basically at zero, and the only landscaping going on is government and commercial jobs that were contracted a year or two ago," Taylor said. "My brother, who owns a landscaping business in Bradenton, was doing 16 new homes a week two years ago. Now he's lucky if he does two a week."

Steve Newton, executive vp of the Southern Nursery Association (SNA), said most growers in his territory of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Missouri, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia reported sales declines of 20 percent to 30 percent in 2008, as new home construction slowed to a crawl.

“No office complexes are going in and no new retail establishments. Replacement planting has also slowed,” Newton said. In his territory alone, Pike Nurseries in Duluth, Ga., went bankrupt, and Hale and Hines Nurseries of McMinnville, Tenn., had to reorganize.

Jennifer Nelis, director of public relations and marketing for FNGLA, said that many nurseries are changing their business model, appealing more to homeowners staying home -- also called the “Staycation” trend. She also said a lot of companies are going to commercial landscape and residential maintenance, adding, “Many business owners are broadening their areas of expertise to service other industry markets such as existing residential and perhaps even taking on smaller jobs that -- when times were good -- they might have turned down.”

Despite these market conditions, some nursery owners believe business may pick up this spring. According to Blondell, growers have a lot of inventory on their hands going into 2009, so it will be a buyer’s market. For garden centers, that means having their pick of inventory, better pricing and better terms -- all of which helps cash flow. “You pass that savings along to consumers, because they’re looking for it,” he said. “It goes right down the ladder rungs.”

Taylor also anticipates a good spring season as people make small investments to beautify their homes. “I think a lot of people are going to stay home and fix up the backyard. Plants are a relatively inexpensive way to do that, so I expect to see improvement,” he said.



Although business for Gary’s Garden Mart was down in 2008, the company has adjusted with various specials