Landscape Installation Firms: II. Source of Plant Material[1]

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Abstract

The plant material purchasing patterns of landscape installers, which could help nurserymen develop marketing plans for this important segment of the green industry are identified in this study. Landscape installers revealed that approximately 97% of Georgia landscape installation firms purchased plants in-state and, in-state purchases were 73% of all plant material purchases. Most firms (91%) purchased directly from growers and obtained the largest percentage of plant material from this source (59.4%). The most important factors in selection of the production nursery where plants were purchased, as judged by the percent response for 'very important', were plant quality (85.3%), availability of plant material in desired sizes (62.7%) and, availability of plant varieties (60.0%). The quality of eight categories of plants grown in Georgia, relative to other states, was favorable. Landscape installation firms expected to purchase the same or greater quantities of plants over the next five years. The top three plant material trends likely to affect the type of plants purchased by landscape installers were decreased water availability (23.7%), increased demand for low maintenance landscapes (21.4%) and increased use of native or stress tolerant plants (17.6%). Across all size firms, the two most frequently listed opportunities for plant producers to help landscape installers were improved size and quality standards, and awareness of plant material specified by landscape architects so requested material is available. The results in this study varied by size of firm and provide valuable insight for development of marketing plans for growers serving the landscape installation industry.

Index words: plant quality, grower, re-wholesaler, marketing, plant material trends, landscaper.

Significance to the Nursery Industry

The plant material purchasing habits, factors affecting selection of nurserymen, and trends in plant material purchases identified in this study provide growers and re-wholesalers with the information necessary for development of a marketing plan directed to landscape installers. The two most frequently listed opportunities for growers to assist landscape installers were: (1) improved plant quality and size standards and (2) production of plants specified by landscape architects, so that growers can become better suppliers to the landscape installation industry.

Introduction

According to a recent survey, landscapers were the largest and most important customer group for re-wholesalers (1). Over 40% of re-wholesalers reported 50–80% of their sales to landscape contractors. Development of effective marketing plans by re-wholesalers, nurserymen and other suppliers to the landscape trade requires an understanding of buying habits and decision making criteria for landscapers (3, 9).

The nursery industry is a rapid growing industry (7) with substantial business to business distribution (2) but with relatively little understanding of their customer's purchasing patterns necessary to develop marketing plans. The purchasing habits, factors affecting selection of plant suppliers and trends that affect plant purchases have not been determined for landscape installers.

Market research has identified the role of landscape architects in the demand for plant material (4, 5, 8). Although landscape architects may not purchase plant material directly, they do influence which plants will be in demand. This information has resulted in a closer worker relationship between landscape architects and growers in Georgia. A better understanding of the plant material purchasing patterns of landscape installers can also lead to a more effective working relationship between growers and landscape installers. The objectives of this study were to obtain information regarding source of plant material purchases, factors affecting selection of suppliers, quality of plants grown in Georgia, value of future plant material purchases, trends affecting future plant purchases and opportunities for plant producers to assist landscape installers. This study examined these characteristics according to size of the landscape installation firm so that suppliers could develop targeted marketing plans.

Materials and Methods

Questionnaires (Table 1) were mailed to 189 member firms of the landscape division of the Georgia Green Industry Association and the Metropolitan Atlanta landscape and Turf Association. The initial mailing was sent in November 1993, with follow-up mailings to non-respondents in December 1993 and January 1994. The 80 responses (42.3% response rate) were analyzed according to the size of the landscape installation firm based on 1993 wholesale value of plant material purchased: small (< \$50K), medium (\$50K–\$200K), large (> \$200K). Data were tabulated and analyzed using the PROC GLM and PROC FREQ of SAS (10). The open-end questions were coded, tabulated, and analyzed as previously described (6).

Results and Discussion

Essentially all firms purchased some plant material in Georgia, with the small firms purchasing a higher percentage (84.5%) of their plant material in-state than do medium (66.5%) or large firms (63.9%) (Table 2). A lower percentage of small firms (58.6%), compared to medium (95.2%) and large (100%) firms, purchased plants out-of-state. Of the firms that purchased out-of-state, the percentage of plant

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Table 1. Survey questions discussed in this study.

1. When obtaining plant material, what percentage comes from in-state and from out-of-state? In-state _________ % Out-of-state _________ %

2. Please indicate the percentage of plant material purchased from the following sources:

	% (should total 100%)
Direct from growers	________
Re-wholesalers	________
Garden Centers	________
Brokers	________
Others	________

3. Please indicate how important are the following in your selection of plant suppliers:

	Not Important	Somewhat Important	Important	Very Important
Plant Varieties	1	2	3	4
Proximity to client	1	2	3	4
Price	1	2	3	4
Plant Quality	1	2	3	4
Available in desired sizes	1	2	3	4
Nursery holds plant materials until required for job	1	2	3	4

4. Please rate the quality of plants grown in Georgia relative to the states.

	Worse	Same	Better
Deciduous trees	1	2	3
Evergreen trees	1	2	3
Coniferous shrubs	1	2	3
Broadleaf shrubs	1	2	3
Perennials	1	2	3
Ground covers	1	2	3
Bedding plants	1	2	3
Turf	1	2	3

5. Over the next three to five years do you expect the value of plants you purchase to: (circle one)

Decrease	1
Stay about same	2
Increase	3

6. What do you see as major trends that could change the type of plants you install over the next five years?
(1) ________
(2) ________
(3) ________

7. Please list two ways that plant producers could help you supply better goods and services:
(1) ________
(2) ________

Table 2. Source of plant material purchased by landscape installers.

	Source			
	In-state		Out-of-state	
Firm[z]	Firm	Purchases[y]	Firm	Purchases[y]
	Percent response			
Small	96.0am	84.5a	58.6a	25.6a
Medium	95.2a	66.5b	95.2b	37.5a
Large	100.0a	63.9b	100.0b	36.1a
All firms	96.8	73.0	79.7	33.0

[z]Firm size based on 1993 wholesale value of plant material purchased: small (< \$50K), medium (\$50K–\$200K), large (> \$200K).

[y]Means within a column, bearing different letters, differ at the 1% probability level. The percentages for in-state and out-of-state purchases for small, medium and all firms do not equal 100% since less than 100% of firms source from each location.

material purchases was the same for all firm sizes (25.6%–37.5%). Small firms were more likely to buy locally while large firms were more likely to source from a greater geographic area. For all size firms, 73% of the value of plant material purchased was from Georgia nurseries (Table 2).

The grower, re-wholesaler, garden center, and broker accounted for at least 99% of the dollar value of plant material purchases for small, medium and large firms (Table 3). All size firms purchased the largest percentage of product direct from growers. Large firms purchased a higher percentage of the value of their plants (69.4%) direct from growers than did small (49.4%) or medium (46.8%) size firms (Table 3). Small (35.5%) and medium (36.0%) size firms purchased a higher percentage of the value of their plants from re-wholesalers than did large (25.4%) firms. The major re-wholesalers in Georgia are located in the metropolitan Atlanta area and tend to have lower minimum purchase requirements which may have accounted for the higher proportion of purchases by small firms. The re-wholesalers also allow for local pick-up and delivery on short notice. Re-wholesale prices are generally higher than from the grower which may account for the lower proportion of business from large firms which have greater opportunity to leverage their large volume purchases.

Table 3. Suppliers of plant material for landscape installers.

	Firm size[z]								
	Small			Medium			Large		
Supplier	Firms	Purchases	$	Firms	Purchases	$	Firms	Purchases	$
	Percent response								
Grower	82.7	59.8ab	49.4	100.0	46.8b	46.8	100.0	69.4a	69.4
Re-wholesaler	72.4	49.0a	35.5	90.5	39.6ab	36.0	100.0	25.4b	25.4
Garden center	69.0	13.5	9.3	47.6	5.3	3.0	57.0	2.8	1.6
Broker	20.7	24.3	5.0	42.8	30.8	13.0	36.0	9.6	3.4
Other	3.4	20.0	0.8	14.3	8.0	1.0	7.0	3.0	0.2

[x]Firm size based on 1993 wholesale value of plant material purchased: small (< \$50K), medium (\$50K–\$200K), large (> \$200K).

[y]Percent purchase means within a row, bearing different letters, differ at the 1% probability level.

Table 4. Factors that affect landscape installers selection of production nurseries.

Factor	Value			
	Not important	Somewhat important	Important	Very important
	Percent response			
Plant varieties	1.3	5.3	33.4	60.0
Proximity to client	4.1	28.4	37.8	29.7
Price	2.7	13.3	36.0	48.0
Plant quality	0.0	0.0	14.7	85.3
Available in desired sizes	0.0	4.0	33.3	62.7
Nursery holds plant material until required for job	12.0	29.4	25.3	33.3

Growers and re-wholesalers accounted for most of the plant material purchased by small (84.9%), medium (82.8%) and large (94.8%) firms. Small (5.0%) and medium (13.0%) firms utilized brokers more than did large firms (3.4%), but the total dollar value going to this segment was relatively small (Table 3). Garden centers supplied more plant material to small firms (9.3%), in terms of dollar value, than to medium (3.0%) or large (1.6%) firms. About two-thirds of the small firms and about half of medium and large firms purchased some material from garden centers, but the value of their purchases was very small compared to the purchases from growers and re-wholesalers. The large number of firms that purchased plant material from garden centers was surprising since garden centers are associated with higher retail prices. This could be an indication that some garden centers are also re-wholesaling or, provide convenience and specialty items where price is not as important.

Factors that affect landscape installers selection of a nursery for plant purchases were similar across firm sizes (Table 4). Factors rated as very important, in descending order, were plant quality (85.3%), plant material available in desired sizes (62.7%), available plant varieties (60.0%), price (48.0%), nursery holds plant material until required for a job (33.3%) and proximity to client (29.7%). The ability of growers to satisfy the second and third rated factors could be enhanced through communication with landscape architects who specify plant varieties and sizes in their landscaping plans (4) and account for 76% of the plant material purchased by landscape installers (8). About 40% of the respondents indicated that the ability of a grower to hold plant material until it is required for a job was either not important or only somewhat important suggesting that nurserymen should emphasize other areas of service. The landscape installers were about equally divided on the importance of the proximity of the grower to their job. The ability of nurserymen to supply quality plants, of the requested varieties and in the desired sizes is of highest importance to landscape installers since over 90% of the respondents rated these factors as important or very important.

Generally, plants purchased in Georgia were rated as equal or better quality than plants purchased outside Georgia with about a third of the respondents rating the quality of Georgia plants as better (Table 5). The best quality plants available in state according to large firms, based on percentage rating as better, were evergreen trees (53.8%) and deciduous trees (38.5%). The lowest rated categories of plants, by large firms, were coniferous shrubs (0.0%), turf (16.7%) and broadleaf shrubs (23.0%). The small and medium firms rated perennials, ground covers and bedding plants as highest quality plants from Georgia. The small and medium sized firms generally agreed on the two lowest rated categories of plants, coniferous shrubs and evergreen trees, as measured by percentage rating as worse.

Approximately two-thirds of all size firms projected increased plant material purchases and the remaining one-third projected at least the same level of purchases (Table 6). No firm projected a lower level of plant purchases within the next 3–5 years.

Sixty percent of landscape installers indicated that availability of requested varieties was a very important factor in selection of the production nursery to purchase plant material (Table 4). To assist growers in selecting the appropriate product mix, landscape installers were asked to identify trends that could affect the type of plant material installed over the next five years (Table 7). For all size firms, the five most frequently listed trends were, less water available (23.7%), low maintenance landscapes (21.4%), increased use of native or environmentally tough plants (17.6%), con-

Table 5. Response of landscape installers to the request, 'Please rate the quality of plants grown in Georgia relative to other states.'

Plant category	Firm size[z]								
	Small			Medium			Large		
	Worse	Same	Better	Worse	Same	Better	Worse	Same	Better
	Percent response								
Deciduous trees	0.0	77.3	22.7	9.5	57.2	33.3	0.0	61.5	38.5
Evergreen trees	13.6	59.1	27.3	19.0	57.2	23.8	15.4	30.8	53.8
Coniferous shrubs	9.5	76.2	14.3	33.3	52.4	14.3	23.1	76.9	0.0
Broadleaf shrubs	4.8	76.2	19.0	14.3	57.1	28.6	7.7	69.3	23.0
Perennials	0.0	61.9	38.1	0.0	42.9	57.1	0.0	69.2	30.8
Ground Covers	0.0	66.7	33.3	0.0	52.4	47.6	0.0	69.2	30.8
Bedding plants	0.0	66.7	33.3	4.8	61.9	33.3	0.0	69.2	30.8
Turf	9.5	76.2	14.3	14.3	71.4	14.3	0.0	83.3	16.7

[z]Firm size based on 1993 wholesale value of plant material purchased: small (< $50 K), medium ($50K–$200K), large (> $200K).

Table 6. **Predicted need for plant material over next 3–5 years.**

Future need	Firm size[z] Small	Medium	Large
Less	0.0	0.0	0.0
Same	24.1	33.3	35.7
More	75.9	66.7	64.3

[z]Firm size based on 1993 wholesale value of plant material purchased: small (< $50K), medium ($50K–$200 K), large (> $200K).

tinued interest in new varieties (9.9%) and increased use of pest resistant plants (9.2%). These five trends accounted for about 80% of the responses. Five other identified trends were greater need for smaller trees and shrubs (5.3%), decreased use of chemicals in the landscape (4.6%), increased use of perennials, groundcovers and grasses (4.6%), greater consumer knowledge of plants (2.3%) and the emerging field of therapeutic horticulture (1.4%). The three size firms generally agreed on the top five trends. Large firms did not place as much emphasis on consumer interest in new varieties but noted that demand for smaller trees and shrubs (10.0%) and therapeutic horticulture (6.7%) would play a significant role in future plant material demand. Five of the top six trends identified by landscape installers were the same trends identified by Georgia landscape architects in an earlier study (7).

A broad understanding of the needs of landscape installers would help nurserymen refine marketing plans directed to this important group. Landscape installers were asked to identify opportunities for plant producers to help the landscape installation industry supply better goods and services (Table 8). The two most frequently mentioned opportunities, by all size firms, were: (1) improved size and quality standards for plant material (30.7%) and (2) greater awareness of plants being specified by landscape architects so that plants currently in demand will be available (25.3%). Other areas of general agreement across size of firms, were the need for monthly availability lists and photos of plants (small, 9.1%; medium, 16.7%; large, 11.0%) and the need for landscape size/landscape hardy plants (small, 9.1%; medium,

Table 7. **Trends affecting type of plant material installed over next five years.**

Trend	Firm size[z] Small	Medium	Large	All firms
	Percent responses			
Less water availability, water requirement of plants	25.5	21.4	26.7	23.7
Low maintenance landscapes and cost of installation	19.0	23.8	20.0	21.4
Native plants/environmentally tough plants	17.0	23.8	13.3	17.6
Interest in new varieties	14.9	7.1	3.3	9.9
Pest-resistant plants (disease and insects)	10.6	9.5	10.0	9.2
Smaller trees and shrubs; more screening	4.3	2.4	10.0	5.3
Use of perennial/ground covers/grasses	4.3	4.8	0.0	4.6
Use less chemicals (driven by consumers and regulations)	2.2	4.8	6.7	4.6
Consumer education/knowledge of plants	2.2	2.4	3.3	2.3
Therapeutic horticulture	0.0	0.0	6.7	1.4

[z]Firm size based on 1993 wholesale value of plant material purchased: small (< $50K), medium ($50K–$200K), large (> $200K).

Table 8. **Opportunities for plant producers to help landscape installers supply better goods and services.**

Opportunity for plant producers	Firm size[z] Small	Medium	Large	All firms
	Percent responses			
Provide maintenance and installation tips, more grower-sponsored seminars.	3.0	0.0	0.0	1.2
Improve shipping and handling in tree nurseries, reduce the frequency of broken or loose bath, increase availability of trees in summer.	0.0	8.3	16.7	6.7
Improved size and quality standards for plant material. Uniform plant size within container size.	33.3	29.2	27.8	30.7
Provide monthly availability lists and photos of available plant material.	9.1	16.7	11.1	12.0
Awareness of plants specified by landscape architects so material is available, plants with proven performance in target market, more native plants.	30.3	25.0	16.7	25.3
Supply catalogs with prices and descriptions of plants.	6.1	0.0	0.0	2.7
Provide landscape size and landscape-hardy plants, better watering prior to shipment.	9.1	4.2	5.6	6.7
Make it easier for small purchases to buy direct, lower minimum purchase requirements, fax response for quote within 24 hours.	3.0	0.0	0.0	8.0
Nurseries are doing a good job.	6.1	4.2	0.0	4.0
Provide a warranty with plant material.	0.0	4.2	5.6	2.7

[z]Firm size based on 1993 wholesale value of plant material purchased: small (< $50K), medium ($50K–$200K), large (> $200K).

4.2%; large, 5.6%). The large firms rated improved shipping and handling of B&B trees (16.7%) and responsiveness to request for quote (16.7%) as top priorities. The medium (4.2%) and large (5.6%) firms were more interested in growers providing a warranty with plants than were small firms (0.0%). This may be related to the volume of plant material shipped and the dollar value at risk. Two categories of opportunities, supply catalogs with prices and description of plants (6.1%) and provide maintenance and installation tips (3.0%), were of concern only to small firms. Several of the small and medium size landscape firms indicated that growers were currently doing a good job.

This study demonstrated that about three-fourths of plant material purchases occur in-state and that the primary source was direct from growers. Landscape installers predicted an increased demand for plant material over the next three to five years, and several trends were identified that can assist growers in selecting plants for their product mix. Plant categories that require the greatest improvement in quality for Georgia nurseries were coniferous and broadleaf shrubs and turf. The primary opportunities identified for growers to become better suppliers were improved size and quality standards for plant material and greater awareness of plant material in demand. The information in this study provides insight into the needs and purchasing patterns of landscape installers and could be incorporated into business improvement plans and marketing programs.

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