

2011: What Lies Ahead

Compiled by Jasmina Radjevic

Uncertain of what the future holds for the horticulture industry in 2011, the *GPN* staff was determined to find some answers. We asked some of our trusted industry friends to share their wisdom and outlook with us. Here's what they had to say...

Q: How is the changing economy going to impact growers in 2011?

A: "It seems to be generally accepted now that the recovery from the recession will be slow. It is also now clear that our industry is not recession proof. For 2011, I anticipate some increase in total sales compared to 2010 for both IGCs and big box, but like the overall economy, growth will be slow. This growth in total market will not be great enough to mask other business pressure companies are facing. It is going to continue being difficult for companies to be successful and the degree of competition between wholesale production companies will become greater." — *Jim Barrett, University of Florida*

A: "I feel demand on spring 2011 will not be significantly changed from 2010 with growers and big box retailers continuing to try and drive demand through significant price promotions. What should become a concern to growers and their stakeholders will be the resurgence of input cost increases eating away at their profits while battling for consumers' purchases with continued low retail price expectations. The one benefit growers have gotten from the recession has been relatively stable input costs. That will change soon." — *Dean Chaloupka, Visions Group LLC*

A: "With the assumption that 'changing' means 'improving,' we do not yet see a huge impact on growers. It is expected that housing starts will not significantly improve, access to credit does not appear to be getting better and the cost of doing business continues to increase faster than the greenhouse economy is recovering. Businesses will have to continue to do more with less and many marginal businesses will find it a challenge to survive." — *Michael Geary, OFA*



A: "It's going to be a long, slow recovery, which is a good thing. Any time you have a correction in the market of overvalued assets, it pays to be slow and methodical about the policy dimensions underlying the recovery. If we as a country were to resume our "Lake Wobegon" lifestyles too quickly, we would not have learned our lesson. For growers, as consumer spending and the housing market continue to recover, they should see markets start to loosen up. On net, real GDP is forecast to rise 2.5 percent in the first quarter and move back into the 3 percent range in the second quarter. Again, as I have said before, this will be a slow recovery but hopefully a smarter recovery this time around." — *Charlie Hall, Texas A&M University*

A: "We'll face the same challenges in 2011 as we did in 2010. The good news is that our industry has made the hard decisions to manage us through the slow economy; we just need to maintain our focus and continue to look for those opportunities that will always exist."

"We saw the incredible positive consumer response in early spring 2010 when the weather broke earlier than usual; unfortunately the great weather didn't continue as we headed into our peak selling period and we gave back the early gains (and more). Weather has as much impact on our sales as the economy does (many will say it has even greater influence); let's all hope and pray for great weather this spring...we deserve a break!" — *Stan Pohmer, Pohmer Consulting Group*

A: "Growers and retailers will be impacted differently, and in a different cycle. Retailers

initially felt the pinch *before* growers, and growers felt it before propagators. Propagators felt it before the big marketing companies, and they felt it before the breeders. Simply put, the market forces have simply *reversed*. It is the consumer who drives the forces in the market. We used to be able to find new stuff, produce it, get stores to buy it, and they would throw it out there for Mrs. Smith to buy — and she would. No longer — now, she comes into a store, looks around, says to herself (they don't really seem to engage store personnel anymore), 'What is different about this store? What do they have that stimulates me?' It must fill a need — the need can be a party, a garden, a gift, herself, a collectable, whatever, but it must fill a need or desire, and it must be perceived as a fair value — that does NOT mean cheap! Fulfill that 'need' at what feels like a rational, not necessarily low cost, and you give her *success* — and that is the only value statement that matters right now." — *Lloyd Traven, Peace Tree Farm*

Q: What will growers be doing differently in 2011?

A: "This change is already occurring. Both wholesale and retail companies will be focusing more on their customers and providing the products and services in which the customer sees value. Borrowing wording from a couple of clichés — if you are not providing the service your customer wants, the operation down the road will be doing it. And, if you are not improving your customer service, then you may not be around to see the recovery." — *Jim Barrett*

A: “The astute business person will recognize that business operations and development are just as important as the plant production. They will be taking more time to develop professional networks, forge stronger relationships with their retail partners, expand the customer base and access professional education along with improving the quality of their products.” — *Michael Geary*

A: “They had better be doing more of what they did to survive this fiasco! Those firms that have competed successfully in the midst of the economic downturn were those that: (1) shaved even more costs out of their value chain (maybe through lean flow events), (2) tweaked their existing value proposition in order to further differentiate themselves in the marketplace, and (3) had access to adequate levels of working capital to ride out the economic storm. However, one thing to keep in mind is that we should never waste a good crisis — there are always opportunities that arise in the aftermath of downturns. Smart growers will be analyzing those opportunities to see if they make strategic sense for their firm and, if so, will be willing to invest in opportunities.” — *Charlie Hall*

A: “Growers servicing the big box retailers have learned how to partner with their customers, using sales data to plan production and timing, managing assortments by store demographics, etc. Some of this has been the result of Pay By Scan (PBS), others saw the positive benefits in better managing their businesses especially as the boxes became a larger percentage of their businesses.

“While small and mid-size growers serving the locally owned garden centers might not have the same access to real time sales data programs like PBS provide, they have the same ability to partner with their retail customers, glean sales trends and consumer feedback that can be used in tailoring programs by account and for pre-planning for 2012 (it’s too late for pre-planning 2011, but great timing to start capturing insights for planning the 2012 season).” — *Stan Pohmer*

A: “Unfortunately, NOTHING! They will order the same stuff, or the ‘new, improved’ pink petunia, and then put it in the same pot or color bowl or basket that they tossed last season. They will all grow the same

combo, culled from a ‘design book’, because they were told that ‘This is the combo everyone will be growing.’ Nothing new, or resurrected, nothing cool or that isn’t blooming in May, nothing that they have to ‘sell’ to a customer, because we’re too busy in May watering or moving carts of 4½-inch

annuals to actually deal with people. Our customers are leaving because of boredom! Sure, there will be some movement about something different, but when the customer figures out that they don’t perform, they get even more jaded.

“The bigger issue is when will the RETAILERS



Wide assortment of Danziger's genetics • Utmost flexibility - create your own program of mixed combinations • Classic design of Mixis® pots & tags

*Mixis*TM
By Danziger
maximize your choices

www.danziger.com • danziger@danziger.co.il • Available through Danziger licensees & brokers in North America



Write in 760

do something different? Bench wrap and endcaps don't do it. Facebook is not a marketing strategy — it's a place to implement a strategy. Selling exactly the same pots and identical combos as everyone else doesn't bring repeat business in." — *Lloyd Traven*

Q: What trends do you see taking place next year and beyond?

A: "Unfortunately companies going out of business and consolidation will continue. I think we will see more companies find ways to successfully downsize. This often is not easy, but for medium-size wholesale operations this is often critical to survival. The interest in vegetable, herbs, berry and fruit products will continue. As an industry and individual retailers we should find ways to engage these customers. At retail, there will be greater emphasis in finding products that are more profitable without expanding retail space. Both wholesale companies and IGCs will learn to communicate and work better with their bankers." — *Jim Barrett*

A: "Wholesale growers are adapting to and using social media. It is cheap to use and allows for quick, two-way interaction with consumers. The growers are no longer leaving the interaction with the consumer solely up to the retailers. They are becoming proactive, taking more initiative and communicating about gardening and decorating trends, product information, upcoming supply and promotions in the market, and promoting themselves and their brand in an effort to

keep or gain market share." — *Dean Chaloupka*

A: "Some of the trends we see are buying local, accessing information on mobile devices, in-store marketing, increasing government scrutiny (sustainability issues, labor, etc.) and assuming responsibility for products beyond the greenhouse.

"In consideration of the continued challenges, OFA is focusing its energies on helping our members improve plant production, develop their business acumen and connect consumers to plants. In 2011, you will see Short Course and other in-person and virtual conferences and publications include vital, business-saving solutions. We do not have to accept the current situation, instead we can choose to find ways to harness the opportunities presented with an improving economy." — *Michael Geary*

A: "Emphasizing a quality of life value proposition is what the entire industry must embrace (yes, this means growers, too). Although the economic downturn has increased anxiety on the part of Baby Boomers about retirement, they are nevertheless proactive in seeking innovative solutions to dealing with age. They view their new stage of life as one of activity and fulfillment rather than idleness. Gen X is the most "time-starved" generation, often juggling career and family obligations, but they maintain a strong commitment to work-life balance in their lives. Gen Y is just beginning their adult lives and facing lots of firsts: their first home,


first job, and most importantly, first independent income. They're trying to find the right balance between spending for necessities and spending for entertainment. This generation is concerned not just with function and utility but also with style. All of these generational attitudes come down to one thing — enhancing the quality of their lives through emotional well-being, ecosystems benefits and economic paybacks. Research shows that there's no better way to do this than through the daily use and/or enjoyment of flowers, plants and trees. All the industry has to do now is convince consumers of this in a manner that they view their products/services as necessities instead of luxuries. This will, of course, make the industry even more recession resistant in the future." — *Charlie Hall*

A: "We've made headway, but still have a long way to go in identifying consumer needs and then providing products and services that meet these needs, getting into their heads to capture mindshare, not just a share of their discretionary spending. And this will only be possible if the entire demand chain — breeders, growers and retailers — work collaboratively.

"As an industry, we do a pretty good job of telling the consumer what we have and what the price is. What we don't effectively communicate is why they need our products and services, the benefits we and our products provide. Necessity is the Mother of Invention; we need to jump start the trend to capture the consumer mindshare, which will help insulate us from negative exter-

Remote Monitoring with Alarms


▪ Temperature ▪ Humidity ▪ Soil Moisture



No Internet? - No Problem! Monitor over the Cell Phone Network

- Receive Alarms via E-Mail or Text to Cell Phone
- Wireless, Waterproof Data Loggers
- Battery Powered
- Operates Without PC
- View Readings over Internet

TandD US, LLC.
inquiries@tandd.com (518) 669-9227



Waterproof Data Loggers

TANDD
www.tandd.com

**For Info and Ordering, Call
1-800-635-4532**




**Speedy Seeder
(Vacuum Seeder)
Offers Many
Advantages**

(Available with a Flip)

Easy to Use • Mounted Vacuum Seed Channel • Accurate Fast • Low Cost • Stainless Steel Construction • Seeds Melon to Raw Petunia, in cell pack or plug flats, in 10/20 and 13/26 flats • More efficient seeding.



Germination Chamber

Our Germination Chamber Enables You To Get Your seeds Off To A Faster Start. These Portable "Hot Houses" Feature Automatic Temperature Control • Stainless Construction • Polycarbonate Doors • Removable Doors and Shelves • Caster Wheels • Operates On Standard 110 Volt Outlet • Optional Water Reservoir Available.

ARRIVES FULLY ASSEMBLED & READY TO USE!!!

P.O. Box 1140 • Kinston, NC 28503
Phone: 252-523-9300 / Fax: 252-523-3691
www.carolinagreenhouses.com

Write in 761

Write in 762


nalities (i.e. sluggish consumer spending).” — Stan Pohmer

A: “Edible landscapes, edible ornamentals, container veggies, organics. According to Josh Vertiel, president of Slowfood USA, the IGC is ‘uniquely positioned to take advantage of the desire for people to take control of their food. But, it must be *easy*, and food growing must, once again, be seen as part of normal life.’ Have ALL the components available for the consumer — don’t make them go to Home Depot for lumber, because they will buy their tomato there at the same time. Have varieties that perform, not just a list of cool-looking heirlooms from a pretty catalog — there is a reason they became heirlooms! Bottom line? They plant it because they want to eat it! Give them *success*, and they will come back again.

“Vertical gardens are going to be huge! Vertical is seen by everyone, instantly gratifying, productive

in an area usually fallow, and doesn’t require structural changes so much. There are so many ways to do it with direct economic benefit.

“The industry is caught in a circular pattern and it’s killing us! Stores only carry plants that look great in a six-week window in spring. Customers are being trained that the only time to buy is during that window. So, breeders create things that must fit that window, too, and retailers give up after June 15. This

model is dooming us to failure. Consumers don’t stop *wanting*, it’s just that we stop providing what they want.” — Lloyd Traven 

Want to Bet That it's the **Small Details** That Make a Big Difference to the Environment?






Looking Closer Pays Off: Discover the details of the TEKU® AddedValues – for Effective Sustainability.

You don't see it just in our products, but in the entire production line. For more than 30 years Pöppelmann has brought economic enterprise and ecological thinking into perfect harmony. The intensive use of recycled plastics goes without saying – including careful preparation. Our environmental management is put into permanent practice.

Discover all TEKU® AddedValues in detail. Just call: **828-466-9500**

More success for you – with the TEKU® AddedValues of the Pöppelmann **product range:**

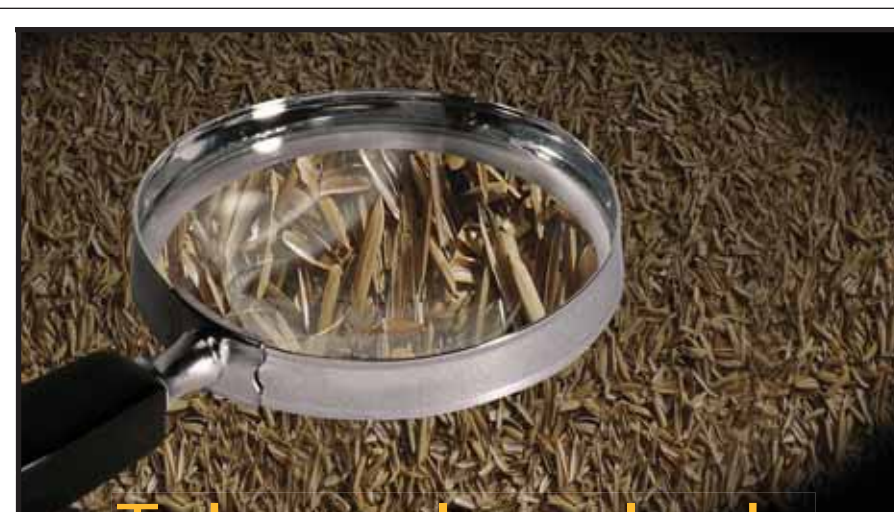
-  Better Plants.
-  Maximum Efficiency.
-  Effective Sustainability.



TEKU®

Pöppelmann Plastics USA LLC · 2180 Heart Drive · P.O. Box 459 · Claremont, NC 28610 · USA
Phone 828-466-9500 · Toll free 866-886-1556 · Fax 828-466-9529 · info@pöppelmannUSA.com
www.pöppelmannUSA.com

Write in 764



Take a close look at PBH.

Discover the best rice hulls in the business.

- Improved processing verifies cleanliness, consistency
- Independently tested for purity
- University researched, greenhouse proven
- Optimum porosity, drainage
- Non-dusty material
- Naturally renewable resource
- Lower basic cost than perlite

Don't settle for less. Ask for PBH by name.



870-673-5575
www.riceland.com

PBH Nature's Media Amendment is a product of Riceland Foods, Inc.



Write in 763