

Preparing for the Future



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Since I wrote to you last month, many changes have taken place — within us as individuals, within our country and within our industry. During a late August grower tour, I had the pleasure of meeting Terry Smith of Smith Gardens, Bellingham, Wash., and a statement he made during that visit has of late repeatedly floated to the surface of my mind.

Terry said that Smith Gardens had faced more challenges in one week than he had seen during his entire career. Terry concluded by predicting that the floriculture industry is at a crossroads — what happens next will have lasting effects on our ability to do business.

INSIDE THE BOX

When Terry made his prediction, he was mostly referring to the way growers relate to the Big Box stores. Everyone knows that these stores are desperately fighting for market share. What you might not know is that this fight has spilled over into our industry. Both Wal-Mart and Home Depot have established new guidelines for their suppliers, and they don't look good.

Between the two companies, everything is affected — from ordering to shipping to merchandising. A few examples from the past two months:

- Home Depot has cancelled all outstanding purchase orders. Not wishing to continue being a “warehouse” of merchandise, Depot will no longer be making bulk advance purchase orders. Merchandise will be ordered on an “as needed” basis from a list of suppliers; if you can supply the merchandise fine; if not...

- Home Depot's corporate office has asked for the removal of all POP, branding and merchandising materials from green goods. This is being left to individual stores to enforce, which means that enforcement has been spotty. This does not cover the tags required on patented materials but does cover all merchandising materials for grower brands, as well as those marketed to consumers, such as Wave petunias and My Favorite mums.

- Wal-Mart is requiring all containers to be color-coded in either terra cotta for sun-loving plants or gray for shade-loving plants. Wal-Mart also announced that anyone not wanting to follow the guidelines will be removed from the supplier listing. And, just to make things fun, Depot and Lowe's will not accept Wal-Mart's colored containers.

- Wal-Mart has announced a 10 percent price cut. One Michigan grower told *GPN* that Wal-Mart has set a price of \$3.00 per flat for 2002. Remember, too, that this price cut comes in addition to the premium growers will be paying for the terra cotta containers.

As of publication, I have had no word of new requirements from Lowe's, but with Home Depot (otherwise known as public enemy #1 to Lowe's executives) on board, Lowes can't be far behind.

THE WAKE OF TERRORISM

Would you be surprised to learn that the above restrictions are simply a result of competition? No word has come down yet about how the terrorist attacks will affect growers, but there is no doubt that the way America operates has been forever changed.

In floriculture, the most significant changes will likely come in shipping. Growers and suppliers have become accustomed to boxing cuttings for receipt across the country the next day. All that has been required is a bill of lading and an account number. Many industry leaders are predicting that the ease and speed we have enjoyed with shipping is a thing of the past. (More information about the attack's effects on floriculture can be found on page 76.)

What will this do to tender cuttings and plugs? What about freshly harvested cut flowers?

Our industry was fortunate in that we were between seasons at the time of the attack; however, the smart companies — the ones that will best survive the changes taking place and our industry — are already thinking about the adjustments that will need to be made for the future.

The staff of GPN and our parent company, Scranton Gillette Communications, extend our deepest sympathies to those who lost loved ones in the terrorist attacks in New York, Washington and Pennsylvania, and we stand with you in support of our nation during this time of crisis.

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1/3 Page

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