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**1995**

**Season**

**Sales**

**Summary**



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# 1995 Season Sales Summary

Prepared by:  
Bridget K. Behe and  
Catherine M. Walker  
Auburn University  
Auburn, Alabama

Another year of solid growth to bank on! Expansion of the industry outpaced the economy in general with growth of 4.5%. Units sold increased an average 3.25%, while prices fluctuated little with a 1.25% increase.

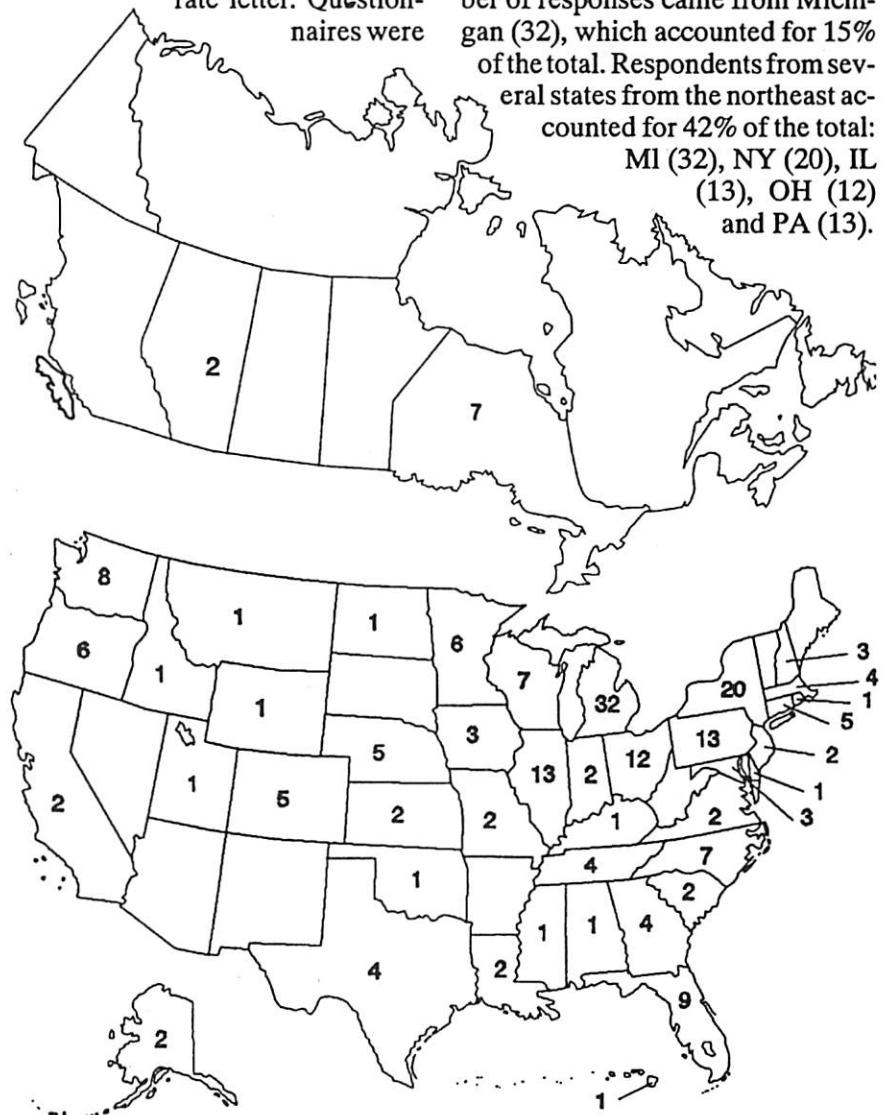
Both annual and perennial producers appeared optimistic about next year as well. Labor challenges and competition from both the "big guys" and the "little guys" were high priority concerns.

The questionnaire was modified from last year and a cover form was sent in the same envelope as a separate letter. Questionnaires were

sent to 1,050 PPGA members on July 6 and 19, 1995. A business-reply envelope was included to facilitate returning questionnaires.

Two mailings were used to increase the response rate. Of the 1,050 members requested to respond, 210, or 20%, participated in the study this year, even though fewer surveys were distributed. Response rate was slightly lower than 1994 (22%) when 260 of 1,679 members responded.

Members from 40 states in the U.S. and 2 Canadian provinces responded (Figure 1 and 2). The greatest number of responses came from Michigan (32), which accounted for 15% of the total. Respondents from several states from the northeast accounted for 42% of the total: MI (32), NY (20), IL (13), OH (12) and PA (13).



Figures 1 and 2: Number of respondents from each state in the U.S. and provinces in Canada

Other states or provinces with a large number of respondents were FL (9), WA (8), WI (7), NC (7) and ON (7).

Thus, the results presented here are more likely reflective of producers in the northeast than producers nationwide. However, many northeastern growers serve regionally-diverse markets.

Members responding included growers (18%), wholesalers (14%), retailers (10%), growers\wholesalers (14%), growers\retailers (21%), wholesalers\retailers (6%), growers\wholesalers\retailers (15%), and those who serve all of these functions plus others (2%) (Figure 3).

Looking at the businesses in terms of what activities they conducted or functions they performed, 74% grew plants or had a production function; 49% sold plants at wholesale; and 52% sold plants at retail.

These data show that nearly three of four participants grew plants, approximately half sold plants at wholesale, and over half sold plants at retail.

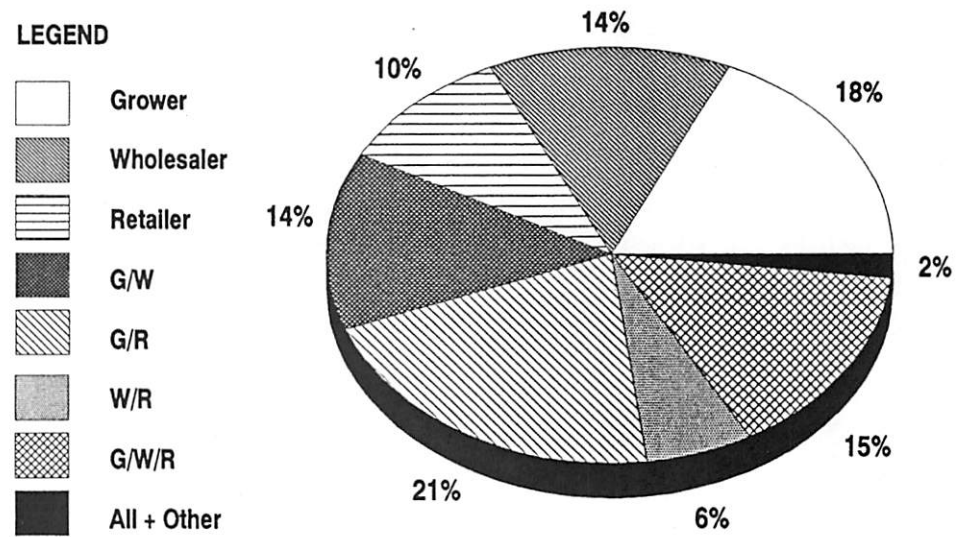
Most firms were involved in more than one activity in the channel of distribution, influencing what consumers saw in the market and likely adding to the overall profitability of the company.

We saw little change in the composition of the businesses over the last three years. This may be due to several factors. Stability of the sample is the most likely reason.

PPGA membership is comprised of a strong core of grower-classified members. These members may have found an optimal mix of business functions that make the business most profitable.

We saw a stable growth in production units, which may satisfy the growth and development plans for these firms.

**Figure 3: Functions performed by participants — 1995**



**1994 and 1995 Sales**

Members were asked to report their gross sales for 1994, the last complete year for which data were available. Gross sales were reported both in total and by crops produced.

Eighty percent of the participants reported their sales. The average (mean) total gross sales for 1994 was \$2,111,000. This was up 45% from \$1,450,990 in 1992 sales.

The median gross sales (gross sales reported by the firm ranked in the middle of all respondents) for 1994 was \$500,000. The median shows that 50% of the participants had revenues of less than \$500,000, up from \$400,000 in 1992.

The mode (most frequently reported) 1994 gross sales was \$1,000,000, up from \$200,000 in 1992.

A small rise in the median sales shows steady growth of the firms. The large increase in the mode (most frequently reported) shows more larger firms responded.

While the companies who participate in this study are not an official

“panel”, changes in membership were likely smaller than the potential for growth of the firms. It is most likely that growth in the industry resulted from growth in sales rather than a change in sample participants.

In categorizing those businesses by size using gross sales, we saw a diversity of businesses. Sixteen percent reported sales between \$0 and \$100,000; 35% reported sales between \$100,001 and \$500,000; 17% reported sales between \$500,001 and \$1,000,000; and 32% reported sales over \$1,000,001 (Figure 4, Page 4).

While a wide range of businesses were represented, 51% of the participants were relatively small firms with 1994 gross sales of less than \$500,000. Approximately 32% were from very large firms. This provided a balanced overview of the season sales for both large and small firms.

Most responding firms sold more than one category of plants. Annual plants were sold by 77%, perennials were sold by 74%, flowering plants were sold by 74%, cut flowers were sold by 74%, and foliage plants were sold by 73% of the respondents.

An average (mean) gross sales was calculated for those who sold each category of plants. Sales were calculated for only those businesses selling the crop and averaged:

- ☛ foliage plant sales — \$145,916
- ☛ annual bedding plant sales — \$809,404
- ☛ perennial plant sales — \$84,983
- ☛ cut flower sales — \$106,082
- ☛ flowering plant sales — \$373,683

### 1994 versus 1995

Participants were asked to compare the 1994 and 1995 seasons in terms numbers grown, prices and total sales.

Reported increases in gross sales for 1995 compared to 1994 outnumbered decreases (76% versus 12%), and 47% of those who reported increases had growth of more than 6% (Figure 5).

Twelve percent of the members reported that their gross sales had changed less than 1%. Twenty-eight percent reported a 1 to 5% increase,

22% reported a 6 to 10% increase, and 26% reported an increase of more than 10%.

Six percent reported a decrease of 1 to 5%, 3 percent indicated a decrease of 6 to 10%, and 3% indicated a decrease of more than 10%. These results produced an average growth in sales of 4.5%.

Small changes in flat and pack prices were made from 1994 to 1995 (Figure 6). Fifty-four percent of the respondents changed prices by less than 1%. Forty percent of the respondents raised prices, while 6% of the respondents lowered prices.

Thirty-three percent raised prices 1 to 5%, 5% raised prices 6 to 10%, and 2% raised prices more than 10%. Four percent lowered prices 1 to 5%, 2% lowered prices 6 to 10%, and less than 1% lowered prices more than 10%.

These price changes were very similar to changes made from 1993 to 1994 and averaged approximately +1.25%. Prices have changed less than 1% for most survey respondents over the last five years, squeezing already thin margins even more.

Costs of production continue to climb without relief in retail prices. How much more can the producer bear? This may be the primary reason why so many have turned to their own retail outlets for relief.

Since sales have increased, and prices changed little, an increase in units sold would account for the increase in gross sales. Solid increases were reported in the number of units (flats and packs) marketed from 1994 -95 with 41% of participants reporting increases of 6% or more (Figure 7).

Sixty-six percent of the respondents sold more units while only 9% sold fewer flats and packs. Twenty-five percent of the growers sold the same number of units as in 1994 (+/- 1%).

Fewer firms increased units sold 1 to 6%, but a greater percentage of

Figure 4: 1994 Gross sales

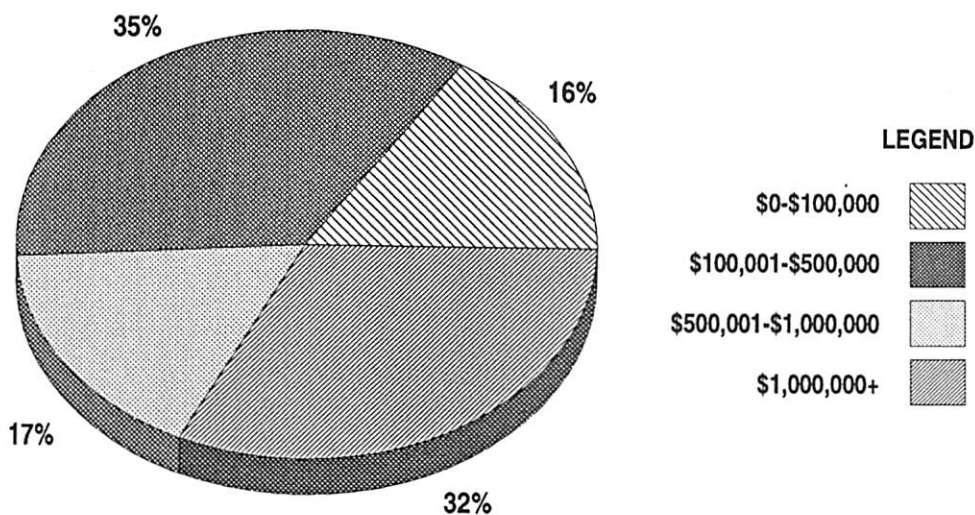
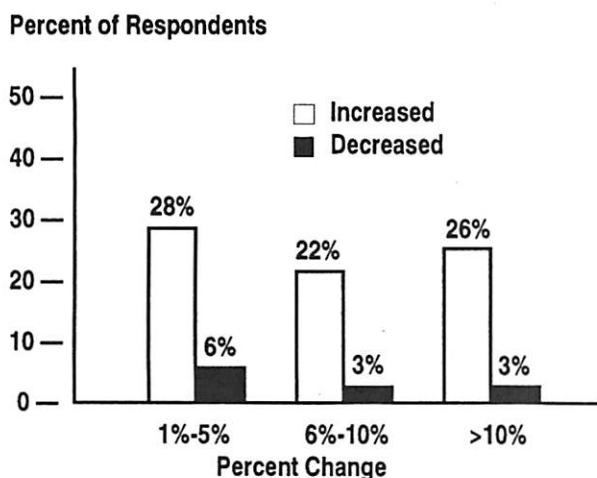


Figure 5. Comparison of gross sales



Respondents were asked to compare gross sales and indicate the percent change from 1994 to 1995. 12% reported a less than 1% difference.

firms increased marketing more than 10% than were predicted in 1994.

Twenty-six percent increased units sold 1 to 5% (32% projected increases in 1994), 21% increased units sold 6 to 10% (23% projected increases in 1994), and 20% increased units sold more than 10% (16% projected increases in 1994).

Five percent decreased units sold 1 to 5%, 2% decreased units sold 6 to 10%, and 2% decreased units sold more than 10%. Units increased an average 3.25% for responding firms.

Perhaps more of a small profit is good, but some producers may one day decide they've had enough of the squeeze.

Survey participants were asked to indicate the percentage of crops sold to several listed markets (Figure 8). Thirty-six percent of respondents sold nothing to garden centers. Sales to garden centers averaged 31% (up from 25% in 1992), to nurseries 5%, mass merchandisers 14%, landscape contractors 6%, home centers 3%, and others 8%.

The highest average sales went to the producers' own retail outlets capturing an average 34% of sales. Retailing through the producers' own outlets remains a profitable means for sales. This strategy may balance the smaller margins earned.

In reviewing the comments on annual plant production and the season overall, the weather did not play as big a role in season comments as in years past. Labor concerns, especially finding and keeping competent help, are on the top of most survey participants' minds.

Mass-merchandisers, home centers and other retailers continue to challenge how most firms conduct business. The roadside stands that become prolific in the spring are concerning more growers. Working with them or around them continues to challenge many producers.

### Crystal Ball Gazing to the 1996 Season

Participants reported adjustments they plan to make in the number of units and the types of plants they will market in 1996.

They also gave information on their "best selling" species and cultivars, container sizes, and container wholesale and retail prices.

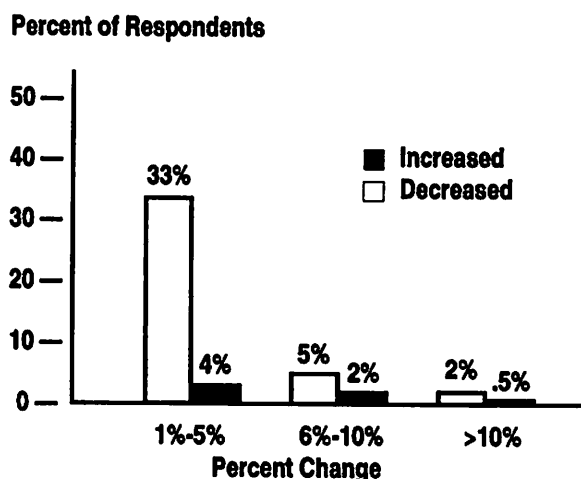
Survey participants reported that they are planning to increase marketing of annual bedding plants again for 1996 (Figure 9).

Fifty-three percent of the participants said they plan to market more flats and packs for the 1996 season, while only 16% reported they plan to decrease marketing.

Thirty-two percent of the respondents told us they will adjust marketing less than 1%. Twenty-nine percent plan to increase unit sales 1 to 5%, 17% will increase unit sales 6 to 10%, and 7% will increase unit sales more than 10%.

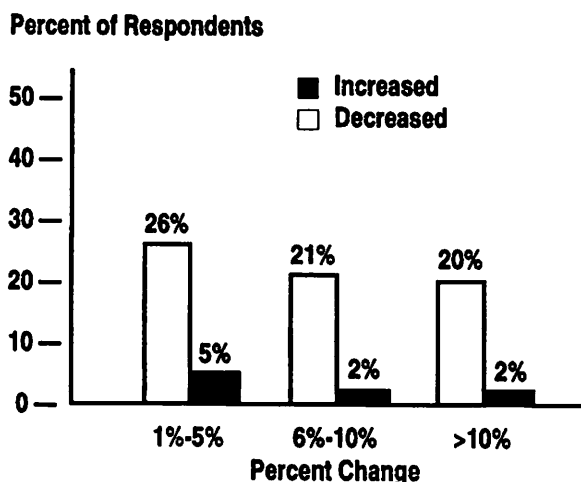
Nine percent will decrease unit sales 1 to 5%, 4% will decrease unit sales

**Figure 6. Comparison of price**



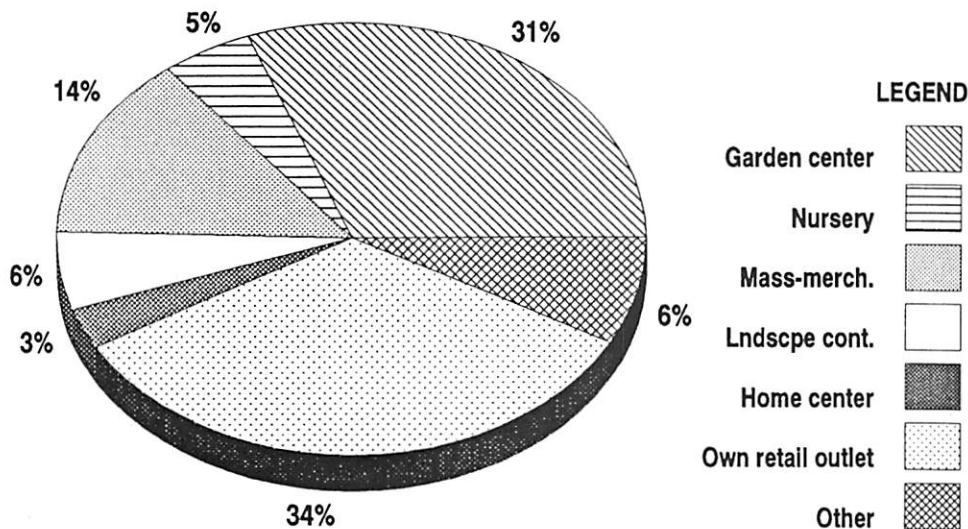
Respondents were asked to compare the price of flats and packs and indicate the percent change from 1994 to 1995. 53.5% reported a less than 1% difference in their prices.

**Figure 7: Comparison of unit volume**



Respondents were asked to compare the number of flats and packs produced and indicate the percent change from 1994 to 1995. 24% reported a less than 1% change.

**Figure 8: Where crops were sold in 1994**



6 to 10%, and 3% will decrease unit sales more than 10%.

Sales of the 1995 crop were made in various container sizes, reflective of the diversity within the industry. Fifty-three percent of products were sold in flats. On the average, 24% of each firm's products were marketed in 12-pack flats. Eleven percent of the crop was marketed in 8-pack flats, 10% in 18-pack flats, and 8% in jumbo 6 flats.

Forty-five percent of the products were marketed in containers, with

22% sold in 4" containers, 10% in 4½" containers, 6% in 6" containers, and 7% in other containers.

Fourteen percent of plants were sold in hanging baskets—2% in 8" baskets, 11% in 10" baskets and 1% in other baskets.

This was the first year solid information on containers was collected, so spotting trends is not yet possible. With so much diversity in crop sizes and cultivars, it is increasingly difficult to manage numerous moving targets.

This year we also asked participants for their average wholesale and retail prices for flats, containers and hanging baskets. Wholesale and retail prices were \$8.00 and \$11.57 for an 8-pack flat, \$7.98 and \$12.51 for a 12-pack flat, \$8.42 and \$13.44 for an 18-pack flat, \$7.39 and \$11.81 for a jumbo 6 flat, respectively.

For containers, average wholesale and retail prices were \$4.01 and \$3.57 for a 4" (average based on those responding), \$3.57 and \$3.69 for a 4½" container, \$3.17 and \$5.96 for a 6" container, and \$7.88 and \$9.43 for other containers, respectively.

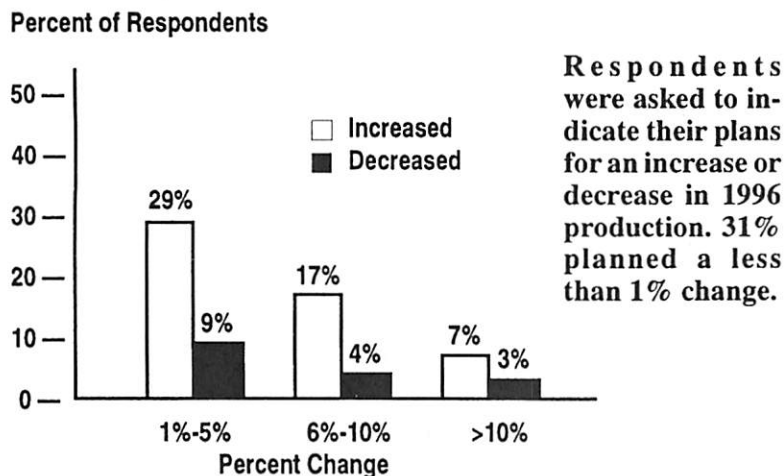
Wholesale and retail prices for hanging baskets were \$6.44 and \$11.58 for 8" baskets, \$8.19 and \$14.53 for 10" baskets, and \$11.58 and \$23.83 for other baskets. These numbers are consistent with prices quoted in trade articles earlier this season.

Impatiens was the "best-selling" plant species this year with 58%, followed by petunia (12%) and cutting geranium (7%).

Other top selling series were vinca, tomato, pansy and begonia.

The "best-selling" cultivar was a tie between Impatiens Accent (17%) and Impatiens Super Elfin (17%). Impatiens Dazzler (5%) and Vinca Cooler (3%) were also chosen as best sellers.

**Figure 9: Adjustments in production for 1996**



Impatiens continues to dominate the annual market as it has for nearly two decades, while Vinca is a relative newcomer to the list.

Respondents were asked to supply the names of three bedding plant items they plan to market in greater quantities next season: Impatiens led the list. Petunia, pansy, marigold, begonia and vinca were crops which participants indicated they would market more of in 1996.

When asked to indicate which crops they will sell less of for next year, responses included marigold, petunia, begonia, salvia and impatiens.

**Table 1: Average grade, percent of crop sold in flats and pots, propagation method, and top cultivar of each species sold in 1994-1995.**

Crop	Grade <sup>1</sup>	% of crop		Propagation		Best -selling cultivar <sup>2</sup>
		flats	pots	Seedlings	Plugs	
Ageratum	2.6	28	7	31	69	Hawaii
Alyssum	3.1	31	3	38	62	New Carpet of Snow
Begonias	3.1	30	10	16	84	Cocktail
Celosia	2.2	28	5	28	72	New Look
Dianthus	2.8	28	9	28	72	Telstar
Dusty Miller	2.9	29	6	28	72	Silver Dust
Geranium (s)	2.8	18	36	18	82	Pinto
Geranium (c)	3.4	9	47	17	83	Kim
Gomphrena	2.2	23	15	39	61	Buddy
New Guinea Impatiens	3.2	5	47	17	83	Paradise
Impatiens (hybrid)	3.6	38	15	21	79	Super Elfin & Accent <sup>3</sup>
Lobelia	3.0	30	8	29	71	Palace
Marigolds	2.9	35	5	43	57	Janie
Melampodium	2.2	16	18	19	81	Medallion
Pansies	3.5	33	7	23	77	Majestic Giant
Petunias	3.2	37	7	27	73	Ultra
Phlox	2.0	21	18	27	73	Palona
Portulaca	2.7	33	2	34	66	Sundial
Salvia	2.7	32	6	29	71	Red Hot Sally
Snapdragon	2.7	31	3	31	69	Tahiti
Verbena	2.4	31	5	29	71	Romance
Vinca	2.8	30	9	19	81	Cooler
Zinnias	2.4	28	13	49	51	Dreamland
Cole Crops	2.3	35	5	42	58	Green Comet Broccoli
Peppers	2.7	30	14	39	61	California Wonder
Tomatoes	2.9	29	20	40	60	Better Boy
All perennials	3.3	16	63	24	76	all tied
Other bedding plants	2.9	26	21	42	58	all tied

<sup>1</sup>Scale was 1=poor, 2=fair, 3=good, and 4=excellent

<sup>2</sup>Open-ended question format

<sup>3</sup>Tied with equal numbers reporting

Petunia, begonia, marigold and impatiens appeared on both the list for increases and decreases. This likely indicates the effects of competition as these plants are selling well for some growers but not for others.

In a separate section, respondents specified the best-selling cultivars and colors of six major bedding plant species.

☞ Impatiens 'Accent' was the best-selling cultivar of impatiens, and the most popular color was red, closely followed by white.

☞ For cutting geraniums, 'Americana' and 'Kim' were best sellers, and the best-selling color by far was red. Seed geranium best seller was 'Pinto' in red. 'Petunia Madness' and 'Ultra' sold best this year in white, red and pink.

☞ Pansy best seller was 'Majestic Giant' in a mix.

☞ Marigold best sellers were 'Janie', 'Inca' and 'Boy', and the most popular color was yellow.

This was the first year for cultivar

and color sales, so trend analysis is not yet possible.

In order to determine some specifics in production and marketing of annuals, respondents were asked a series of questions pertaining to individual crops (Table 1, page 7).

For example, 69% (144 of 210) of respondents marketed ageratum in 1995. When asked to rate the trend in sales of this annual, the average of the 144 respondents was 2.6 using a 1 = poor to 4 = excellent scale.

The percentage of those 144 respondents who rated the sales trend of ageratum as "excellent" was 13%. Twenty-eight percent of the crop was sold in flats, while 7% was sold in pots.

When asked about methods of propagation for ageratum, 31% of the respondents indicated that ageratum was produced from seedlings, and 69% reported that ageratum was produced from plugs.

Finally, respondents said that the most popular cultivar of ageratum was 'Hawaii'.

Nearly all respondents reported marketing several types of annuals listed on the survey form. Plants marketed by the greatest percentage of respondents were petunia (72%), marigold (71%), dianthus (70%), impatiens (70%) and salvia (70%).

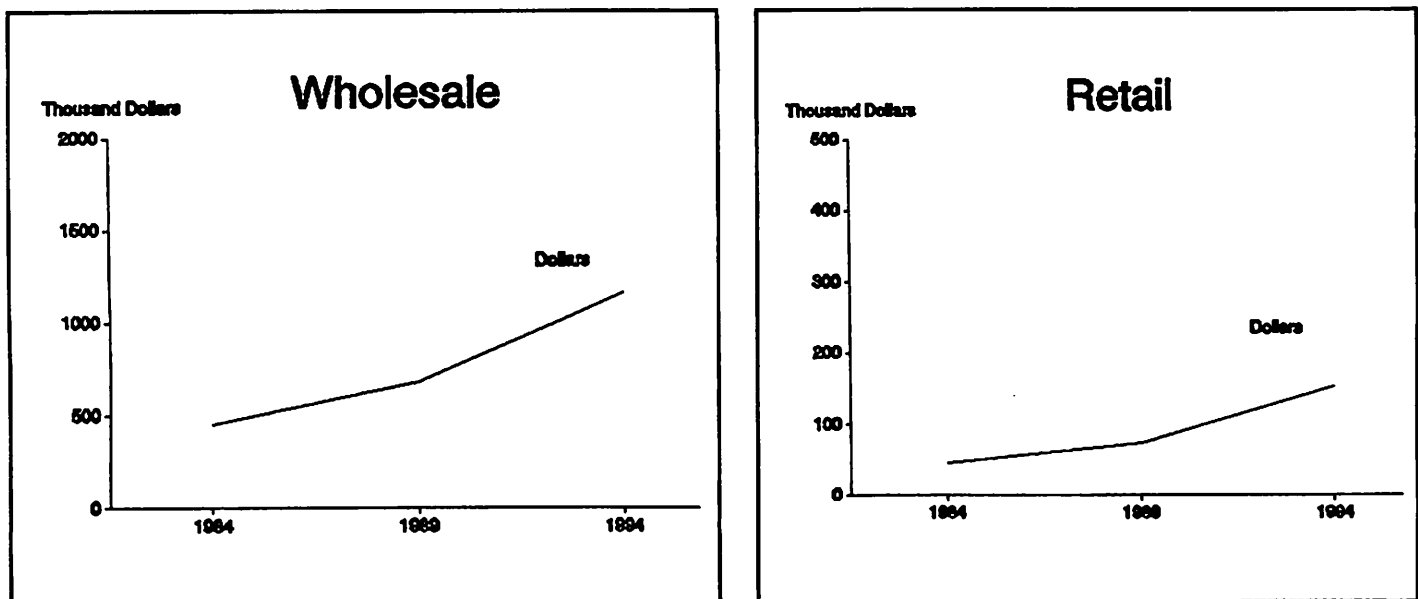
Plants marketed by the fewest respondents were melampodium (29%), phlox (37%), gomphrena (43%) and seed geranium (45%). Nearly half of all respondents reported growing each listed annuals.

Members were asked to rate the trends of annuals on a scale of 1 to 4; a rating of 4 was excellent, 3 was good, 2 was fair and 1 was poor. The average rating was highest for impatiens (3.6).

Species with a rating of 3.0 or higher (good on the scale) were:

- ☞ Alyssum (3.1)
- ☞ Begonia (3.1)
- ☞ Geranium from cutting (3.4)
- ☞ New Guinea impatiens (3.2)
- ☞ Lobelia (3.0)
- ☞ Pansies (3.5)
- ☞ Petunia (3.2)

Figure 10: Ten years of bedding plant sales



Wholesale and retail bedding plant sales over the last 10 years.



Perennials overall were given an average rating of 3.3, good on the scale of 1-4.

Two substantial changes over the 1994 season were noted this year. First, 18% of respondents rated dianthus sales as excellent this year as compared to 30% last year. Second, 74% rated impatiens sales as excellent this year, up from 63% last year.

Respondents were asked to indicate how the annual was propagated. Several annual species were propagated to a greater extent by seedling production.

Those crops with more than 45% of the respondents indicating they propagated by this method included begonia, impatiens, petunia, marigold, pansy, dianthus, dusty miller, ageratum, salvia and others.

All 10 of the listed annuals had 40% to 51% of the respondents indicating they propagated by plug production except the following which were lower: seed geranium, cutting geranium, gomphrena, perennials, melampodium, New Guinea impatiens, phlox, zinnia and cole crops.

### Trends

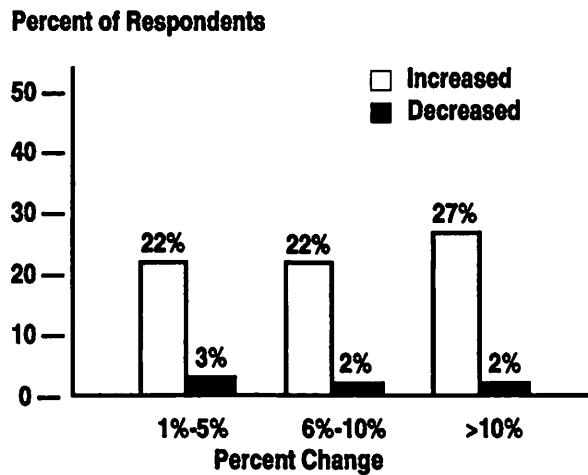
Looking at the market for annual bedding plants over the last ten years (1984 to 1994) there is an upward trend in both wholesale and retail markets (Figure 10).

Wholesale sales increased for 1994 survey respondents from \$451,892 in 1984 to \$677,279 in 1989 (10% annual increase in 5 years) and rose to \$1,157,780 in 1994 (14% annual increase in 5 years).

Retail sales increased, on the average, from \$45,747 to \$72,376 from 1984-89 (12% annually) to \$152,373 in 1994 (22% annual increase).

Sales have increased dramatically over the last 10 years. For the firms participating in the study this year, wholesale expansion has been tremendous in comparison to retail sales.

**Figure 11: Comparison of perennial sales — 1994 versus 1995**



Respondents were asked to compare perennial sales & indicate percent change from 1994 to 1995. 22% reported a less than 1% difference.

### Perennial Plant Sales

Perennial plant sales were as strong as annual plant sales this year with growth in numbers of units produced. Seventy-one percent of the respondents reported an increase in their perennial sales in 1994 while only 7% experienced a decrease in perennial sales (Figure 11).

Twenty-two percent had a change in sales of less than 1%. Twenty-two percent had an increase of 1 to 5%, 22% had an increase of 6 to 10%, and 27% had an increase of more than 10%.

Three percent had a decrease of 1 to 5%, 2% had a decrease of 5 to 10%, and 2% had a decrease of more than 10%.

Perennial plant sales continue to grow significantly (rates over 10%), as more participants reported increases of 10% or more.

Perennials had a very good rating in terms of the future outlook (3.3) with 49% of those rating the trend in sales of perennials "excellent." Forty-five percent of the study's participants did not market perennial plants.

On the average, a higher percentage of this year's respondents marketed

perennials in comparison to last year's participants.

The mix of perennial species produced by commercial growers is large, reflected in the relatively low percentage of sales accounted for by any one perennial type.

Chrysanthemum accounted for 20%, the largest percentage of any producer's crop, up from 12% last year. (Table 2. Page 10).

Hosta, hemerocallis, dianthus, phlox, aquilegia and primula were other perennial types which accounted for a large portion of any producer's crop.

Forty-eight percent of the 1994 respondents rated hosta as having excellent sales this year. This was down slightly from 50% last year.

Another reported decrease in the sales was for dianthus. Last year 33% reported crop sales as excellent, compared to 28% this year.

Hemerocallis sales were thought to be slightly better this year with 41% indicating excellent sales compared with 34% last year. Primula was also up slightly from 19% last year to 23% this year, as salvia was up to 21% this year from 16% last year.

More increases are planned for pe-

**Table 2. Average grade, percent of sales, percent increase, percent decrease and top cultivar of each perennial species sold in 1994-1995.**

Crop	Grade <sup>1</sup>	Percent of Sales	Percent Increase	Percent Decrease	Best-selling cultivar <sup>2</sup>
Achillea	2.5	3	8	3	Summer Pastels
Aquilegia	3.1	4	7	4	Mckana
Chrysanthemum	3.0	20	10	3	Alaska
Dianthus	2.9	5	8	3	Bath's Pink
Hemerocallis	3.2	6	12	1	Stella D'Ora
Hosta	3.4	7	17	3	Albomarginata
Orn. Grasses	2.4	3	9	8	Miscanthus
Phlox	2.7	5	12	4	Creeping (Sublata)
Primula	2.5	4	7	6	Pacific Giants
Salvia	2.7	3	5	7	Blue Queen & May Night <sup>3</sup>

<sup>1</sup>Scale was 1=poor, 2=fair, 3=good, and 4=excellent

<sup>2</sup>Open-ended question format

<sup>3</sup>Tied with equal numbers reporting

rennials than decreases for the 1996 season. Perennials which respondents plan to increase the most include hosta, hemerocallis and phlox. Ornamental grasses and salvia will be decreased the most.

Comments were favorable, indicating strong sales even at survey time. Diverse plant types are in demand as people are looking for something new and different.

### Summary and Conclusions

Sales of annuals and perennials grew steadily this year, showing another good year for the industry.

Prices increased little, but unit sales grew more.

Management was more of a concern this year than production, as more comments focused on how to keep the business profitable. Participants continue to be challenged by limited labor and increased competition.

This study reflects the 1995 sales of northeastern producer members of PPGA. However, it lends some insight into the performance of the industry overall.

USDA reported wholesale sales of "bedding plants" in 36 states at \$1.279 billion dollars in 1994, up 9.3% from \$1.170 in 1993.

Our results show slightly less growth. Michigan accounted for 8.6% of wholesale bedding plant sales according to USDA statistics and accounted for 15% of our respondents. Sales of Michigan producers were up 8.1% compared to the national average of 9.3%.

This study showed tremendous diversity in terms of the annuals and perennials grown and marketed in the U.S. Specific production trends on some of the more popular crops were identified, and for the first time best-selling container sizes and cultivars were selected. Survey participants plan on expanding in 1996, indicating another year of growth for producers.

### Literature Cited

USDA. 1995. Floriculture Crops 1994 Summary. National Agricultural Statistics Service. Sp Cr 6-1(95).