Retail Garden Outlets and the Purchase of Plant Matrial[1]

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The second in a series of articles discussing results of a recent survey of retail garden outlets in Georgia and the implications for grower marketing plans. This paper identifies where retail garden outlets purchase plants, factors affecting selection of the plant supplier, and information sources used to determine which plants to purchase. The information can be used by flower growers in the Southeast to develop better marketing plans for retail garden outlets. The plant material mix purchased by retailers could also be used by growers to determine their product line and specific cultivars/varieties.

Development of effective marketing plans by growers, rewholesalers and other suppliers to the landscape, and retail trade requires an understanding of buying habits and decision making criteria of the customer. The plant purchasing habits factors affecting selection of plant suppliers and trends that affect plant purchases) have been studied for landscape installation and landscape maintenance firms. Landscape installation and landscape maintenance firms purchase over 50% of their plant material direct from growers. However, installation firms (25%) and maintenance firms (35%) also purchase a significant volume of plant material from rewholesalers. The criteria for selection of suppliers and the service requirements varied with the size and the type of landscape firm. Landscape firms also purchased some plant material from retail garden centers. Purchases from retail outlets varied substantially with the size and the type of landscape firm.

The primary supplier of plant material to retail plant outlets is the grower. The mean percentage of plant material obtained direct from growers was about 86% for all retail firms and was not significantly different among garden centers (86.7%), feed and seed (84.8%) and hardware (91.9%). The rewholesalers supply about 7% of the plant material purchased by retail outlets and the feed and seed stores (11.3%) purchased a significantly higher percentage of plant material from rewholesalers, followed by hardware (5.0%) and garden centers (3.5%). Brokers supply about 4% of the plant material to all retail outlets and garden centers (5.3%) make the greatest use of brokers. Wholesale florists supply about 2% of the plant material, primarily to garden center (2.9%) and feed and seed stores (2.2%). The retail garden outlets do not utilize distributors (brokers, wholesale florists, rewholesalers) as much as landscape trade and seem to have a strong preference for direct purchasing from plant producers.[8]

a retail garden outlet from all sources was $54K. The total wholesale value of plant material purchased by the respondents answering this question was about $6.2M. With a 27% response rate for this question, the estimated total value of plant material purchased by retail firms represented in this survey was about $30M. To estimate the total wholesale value of plant material purchased by all retail outlets in Georgia, an estimate for mass merchants, home centers and Pike's Nurseries plant purchases is required, since these segments were not surveyed.

The mean percentage of plant material purchased direct from growers, by a retail garden outlet, was similar for the three types of retail outlets. However, the mean wholesale value of plant material purchased by a retail outlet varied substantially with garden centers ($99K) purchasing significantly more than feed and seed ($22K), and hardware stores ($24K). The higher value of plant material purchased by garden centers is not surprising since plant material represents a higher percentage of retail sales at garden centers. The relatively high mean annual plant material purchases for garden centers (4-5 times that of the feed and seed or hardware outlets) would make them an attractive customer for growers.

The most important factor in selection of a plant supplier by a retail garden outlet is the quality of plant material. For all firms, plant quality (about 74%) received the highest rating, followed by much less important factors of price (35.8%), delivery capabilities (29.1%), and plant availability (20.0%). Proximity of grower to the retail store (10.3%) was the least important factor affecting selection of a supplier. The quality of plant material supplied was rated as the most important factor in selection of a plant supplier by garden centers (80.0%), feed and seed stores (78.6%), and hardware stores (66.0%). Although important in their decision making, hardware stores were not as influenced by plant quality as were garden centers or feed and seed stores. Price of plant material was rated second (garden centers and hardware stores) or third (feed and seed) in importance in selection of a plant supplier among the five factors included in this survey. About one-third of the firms, in each retail category, rated price as a very important factor in plant selection. There was a wide variation (18.7 to 40.7%) among retail outlets in the importance associated with the delivery capabilities. The feed and seed stores (40.7%) placed the greatest importance on delivery capabilities, followed by hardware stores (29.8%). Garden centers (18.7%) regarded delivery capabilities much les important than other retail outlets. This could be an indication that feed and seed and hardware stores require smaller, more frequent deliveries. This is also consistent with feed and seed (16.0%) and hardware (17.1%) stores placing more importance than garden centers (2.3%) on the proximity of the grower to their retail outlet.

The percentage of plant material purchased, across eight categories of plants, varied widely. For all firms, the greatest mean percentage of plant material for eight categories of plants was bedding plants (40.6%). Perennials and ground covers (14.4%), potted flowering and flowering baskets (13.5%), coniferous and broadleaf shrubs (13.1%)were similar and ranked a distant second. Tropical foliage, including baskets (6.5%), container trees(6.3%), ball and burlap trees (2.9%), and sod (1.0%) accounted for less than 7% of the value of the plants purchased. The mix of plants purchased by feed and seed stores and hardware stores were similar and varied substantially from the mix purchased by garden centers. The feed and seed stores (59.6%) and hardware stores (56.5%) purchased primarily bedding plants. The next largest category of plants purchased were potted flowering and flowering baskets (13.2% and 16.1%, respectively), perennials and ground covers (9.9% and 11.6%, respectively), and coniferous and broadleaf shrubs (6.1% and 7.2%, respectively). The feed and seed stores and hardware stores primarily purchased flowering categories of plants (bedding plants, potted flowering and hanging baskets) which accounted for about 73% of total plant material purchased. This does not include shrubs, trees, or perennials that may be in flower at the time of purchase.

Garden centers purchase a more balanced mix of plant material than do feed and seed or hardware stores. The top three categories of plants purchased, with about equal percentages, were bedding plants (22.9%), coniferous and broadleaf shrubs (22.7%), and perennials and ground covers (18.3%). The flowering herbaceous plant categories, bedding plants and potted flowering, accounted for about 32% of garden center purchases, compared to about 73% for feed and seed and hardware stores. The three plant categories, coniferous and broadleaf shrubs, ball and burlap trees, and container trees are a much larger portion of the garden center mix (41.2%) compared to feed and seed (12.2%) and hardware stores (10.0%).

Additional insight into the plant purchases of retail garden outlets was obtained by calculating the value of plants purchased and taking into account the mean annual volume of purchases for each firm. For all retail firms, bedding plants ($15K) and coniferous and broadleaf shrubs ($13K) represented the highest mean annual wholesale value of plants purchased. This was followed by perennials and ground covers ($9K) and potted flowering and hanging baskets ($6K).

Coniferous and broadleaf shrubs was the plant catergory with the highest mean annual wholesale value for garden centers ($32K). The plant categories bedding plants ($22K) and perennial and ground covers ($21K) had the next highest mean annual wholesale value. Although the portion of product mix represented by bedding plants was higher for feed and seed stores and hardware stores than for garden centers, the mean annual wholesale value of bedding plants purchased by garden centers ($22K) was not different than that of feed and seed ($13K) and hardware stores ($13K). The results suggest that growers supplying feed and seed stores, hardware stores, and garden centers should emphasize color items.

The primary information sources used by retail garden outlets to determine which plants to purchase could be used by growers to direct marketing resources. The source of information most frequently used by all retail outlets (78%) was customer requests for plants. This suggests that growers can influence the purchases of retail garden outlets by influencing the consumer. For all firms, the three most frequently used sources of information, following customer complaints, for plant purchase decisions were, sales records/previous purchase history (52.0%), availability lists from growers (43.0%), and consultation with local grower (42.1%). The top four sources of information used by garden centers were customer requests (76.6%), availability lists from growers (56.5%), consultation with local grower (54.2%), and sales records/previous purchase history (48.9%). The garden centers rely more on consultation with and information from growers to make purchase decisions than do feed and seed stores or hardware stores. The feed and seed stores rely more on sales records/purchase history than communications with growers to make purchase decisions. However, this study suggests that growers might enhance sales to all outlets by providing a detailed summary of plant purchase history. This information could also be a useful production planning guide for growers. Information sources such as nursery catalogs (17.1%, for all firms), trade journals (13.1%), and plants observed at public and botanical gardens (17.7%) were not very influential in plant purchase decisions of retail garden outlets. However, these same three sources were among the most influential in the plant purchase decisions of landscape installers, landscape maintenance firms, and landscape architects. This suggests that influencing plant purchases decisions in the retail market would require a different approach than for the landscape market.

[1] *Supported in part by the Horticulture Research Institute, 1250 I Street N.W., Suite 500, Washington, D.C. 20005.*

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