

TRENDS IN PLANT MATERIAL AND SERVICE NEEDS OF HORTICULTURAL DISTRIBUTION CENTERS

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This is the second in a series of articles on marketing to Horticultural Distribution Centers (HDCs), based on a 1998 national survey. In the national survey, HDCs were asked a series of open-end questions concerning their view of future trends. Their response should be of particular interest to growers in development of marketing plans to better serve HDCs and for appropriate product line. HDCs in the Atlanta area provide about 33%

of the product purchased by landscape installers and as such are an important distribution channel for landscape products. The time horizon for each of the questions was five years, sufficient for growers to respond to emerging trends as identified in this survey.

The HDCs were asked to identify two key changes expected to occur in the type of plant material purchased over the next five years. The respondents identified seven categories of changes. The top three expected changes, each identified by over 20% of respondents, were larger plant sizes (22%), more color (20%), and more container plants, especially trees (20%). The HDCs also expect to expand their product line (19%) with more varieties, new items and specialty items. The increased use of native plants (17%) and higher quality standards (5%) were also identified. The projected movement by HDCs to container trees, in lieu of B&B trees, is in agreement with retailers and landscape architects, who expressed interest in increased use of container trees. Tree producers that serve multiple industry segments and previously produced only B&B trees might consider producing container trees to maintain market share. Color items are important to HDCs as demonstrated in the 20% that identified increased use of color. The larger size plants, identified by 22% of HDCs would apply to color as well as other plants. Growers of these items should counsel with HDCs to better understand the size mix expected for future purchases by HDCs and change accordingly.

Respondents identified seven opportunities areas for growers to assist HDCs. The identified areas should be of particular interest to growers since they represent opportunities to distinguish themselves from other growers and to enhance their position as a preferred supplier. A large part of what HDCs provide to their customers is service, and growers that can help in the service area may be viewed as more valuable suppliers. The most frequently identified area for growers to assist HDCs was marketing support (21%), followed closely by more frequent delivery of product (20%) and meeting commitments for booked product (18%). The respondents did not provide specifics on the desired type of marketing support but this could be obtained during visitations to HDCs. HDCs are willing to book product ahead of delivery schedule, a great benefit for growers, but appear to be disappointed in the ability of growers to deliver committed product. The request for more frequent delivery of product may be an indication that HDCs are more carefully managing inventory turnover and want to enhance

plant quality by minimizing the holding period for plants. Three additional opportunities for growers to assist HDCs were the supply of product availability sheets (13%), avoid competing with your HDC (10%), and label plants with bar code (5%).

HDCs were asked to identify the most common complaints received from their customers (primarily landscape contractors) regarding plant material or services. These complaints can be used by other HDCs to benchmark complaints or by growers to determine priority services and plant attributes to improve upon. The two most frequently received complaints were, prices too high (24%) and inconsistent availability of products (21%). The inconsistent availability of product can hurt future demand if landscapers can not depend on a supplier. This could be an important area for cooperation between HDCs and growers. The HDCs also identified lack of specimen or large material (12%) as a common complaint and may be one reason that HDCs identified the need for larger material when looking at future product lines. About 28% of the complaints were related to plant quality (16%) or specifications (12%) and appear to be an area where HDCs need to understand customer expectations and convey these expectations to growers. About 15% of the complaints were related to responsiveness of the HDCs, including time to load orders (10%) and ability to meet short notice request (6%). As a grower, you want to ask your HDC how you could help them with the handling of plants at the HDC.

To better understand the future needs of HDCs, they were asked to identify business changes planned over the next five years. The two primary areas of change identified were in product line and service. Plans to expand the plant product line were identified by about 25% of respondents. About 46% of the responses were associated with improved service to customers including improved customer service (14%), more on-site sales service (13%) enhanced delivery service (11%), and more interaction with customers (7%). It appears that service to the customer is the area of focus for HDCs over the next five years. Improved service is one way to enhance the perceived value of HDC products and perhaps improve market share and/or profit margin. Growers need to understand how they can help HDCs in the area of service. The other two areas of identified business changes were offering more hardgoods (10%) and supplier set-up and pricing (6%).

The information in this study provides valuable insight for suppliers, especially plant producers, to horticultural distribution centers. The information can be used to formulate marketing plans, plan product lines, and formulate services offered to HDCs. One area of focus for growers should be the supply of consistent quality plants. Growers need to update their product line over the next five years as HDCs anticipate greater need for larger size plants, more color, and more container plants, especially trees. In selecting services offered to HDCs, growers should focus on marketing support and ensure timely delivery of committed product.