



2007 STATE OF THE INDUSTRY SURVEY

Final Results
 Based on 433 Respondents
 (Results are % of responses unless otherwise indicated)

Q1. Which one of the following best describes your primary job function?

Owner/president	66.1
Manager/supervisor	19.9
Buyer	6.8
Merchandiser	1.4
Sales associate	1.9
Other	4.0

Q2. In what range does your age fall?

Less than 30	1.9
30 to 39	11.6
40 to 49	33.6
50 to 59	39.2
60 to 69	12.5
70 or older	1.2
Average	54.4 years

Q3. How many years have you worked for your current company?

Less than 5	18.1
5 to 9	17.4
10 to 14	19.5
15 years or more	45.0

Q4. How many years has your company been in business?

Average 29.6 Years

Q5. Which state is your company located in?

Regional breaks to appear in cross-tabulation.

Q6. How many retail locations does your company operate?

Average 2.2

Q7. What were your company's total sales in 2006?

Less than \$99,999	22.7
\$100,000 to \$499,999	22.5
\$500,000 to \$999,999	16.4
\$1 to \$4.9 million	24.4
\$5 to \$9.9 million	4.5
\$10 million or more	9.5
Average	\$2.2 Million

Q8. Please indicate the approximate amount of retail space you have for the following?

	Average Sq. ft.
Total Retail Area	44,932
Covered space for hardlines	7,726
Enclosed greenhouse retail space for green goods	7,246
Outdoor retail space for hardlines	9,008
Outdoor retail space for green goods	21,883

Q9. Do you grow your own plants for retail?

Yes	46.8
No	53.2

Q10. Do you grow any plants for wholesale or other retailers?

Yes	25.3
No	74.7

Q11. What type of work do you perform?

	Average Retail Sales Percent	
Annuals	21.2	22.3
Perennials	12.8	13.6
Foliage & indoor potted flowers	3.8	3.6
Cut flowers	7.0	6.7
Mixed containers	4.1	4.4
Trees/shrubs	12.3	12.2
Holiday décor/holiday greens	3.3	3.5
Containers	4.0	4.1
Giftware	6.1	6.0
Chemicals/pesticides	4.7	5.0
Soils/mulch/rock	6.6	6.8
Garden accents	3.8	3.9
Outdoor furniture	1.7	1.9
Tools	4.9	5.1
Water gardening	4.3	4.3

Q12. Do you have any plans to expand (add space, buy property, add new location) your retail operation?

In the next 12 months	20.0
Within the next 24 months	14.6
No plans to expand at this time	65.4

Q13. Do you offer landscape services?

Yes	31.5
No	68.5

Q14. If you offer landscape services, which of the following do you offer?

Design	84.2
Maintenance	52.6
Design/build	64.7
Installation	82.7
Deliveries	71.4
Other	6.0

Q15. What percentage up or down did your total gross revenue and profit margin change from 2005 to 2006?

	Gross Revenue	Profit Margin
Average % Up	16.4	11.8
Average % Down	11.6	9.1
Net % Change	10.5	5.7

Q16. Which of the following products do you currently use and which do you plan to purchase within the next 12 months?

	Currently Use	Plan to Purchase
Greenhouse structures for retail	21.2	22.3
Greenhouse structures for wholesale growing	12.8	13.6
Business management software	3.8	3.6
Employee training services	7.0	6.7
POP Equipment	4.1	4.4
Display/merchandising products	12.3	12.2

Q17. Is your business?

Retail only	60.1
Wholesale and retail	34.3
Other	5.6

Q18. If your business is wholesale and retail, what are the percentage of each?

Average Wholesale %	36.5
Average Retail %	63.5

Q19. How many full-time, part-time and seasonal workers do you employ?

Average Full-time	23.0
Average Part-time	9.8
Average Seasonal	10.5

Q20. Which of the following benefits do you offer to employees?

	Full-time	Part-time	Seasonal
Health benefits	44.6	4.6	1.2
Employee discounts	67.4	57.7	40.4
Paid vacation	60.3	11.1	1.4
Paid holidays	53.1	14.1	3.7
Sick time	37.2	8.3	3.0
Uniforms	40.6	29.1	21.5
401k salary investment plan	27.3	5.5	0.9
Seasonal bonus	43.6	24.0	10.6

Q21. On a scale of 1 to 10, with "1" being low value and "10" being high value, please rate how valuable each of the following are to you when learning about new products and trends?

	Average Rating
From other retailers	6.9
From suppliers	7.2
Wholesalers	6.9
Trade magazines	7.3
Consumer magazines	6.5
Product brochures from suppliers/manufacturers	6.6
Internet	6.5
Personal sales visits	6.5
Direct mail	5.2
Trade shows	7.4
Seminars	6.4

Q22. Do you have a Web site for your business?

Yes	63.5
No	36.5

Q23. Do you currently use the Internet for your business?

Yes	78.1
No	21.9

Q24. If yes, what do you use the Internet for?

Product research	92.1
Trend research	48.0
To sell merchandise	37.2
To purchase products for your garden center	68.3
Other	10.9

Q25. Which of the following local, state and/or national trade associations do you belong to?

American Horticulture Society	5.1
American Nursery & Landscape Association	14.1
Garden Centers of America	7.6
OFA – an Association of Floriculture Professionals	14.1
Perennials Plant Association (PPA)	7.9
Society of American Florists (SAF)	10.6
Other	22.9

Q26. Which of the following do you use for your continuing education and which do you use for your staff's

	YOUR Continuing Education	YOUR STAFF'S Continuing Education
Multi-day conferences	42.0	19.4
One-day seminars	58.4	43.0
Industry trade magazines	79.2	51.3
Trade show	78.1	43.2
Internet	76.2	40.6
Association publications	61.2	34.4
Books	64.9	37.0
Consumer magazines	61.4	36.0
Extension education	40.4	23.3

Q27. On a scale of 1 to 10, with “1” being low impact and “10” being high impact, please rate how much impact each of the following had on your profits in 2006?

	Average Rating
Hardlines and green goods	6.2
Labor	6.8
Shipping/freight	7.1
Energy	7.0
Employee benefits	4.7

Q28. How close is the nearest big box retailer with a garden center to your business?

Less than one mile	14.9
One to five miles	47.9
Six to 10 miles	15.6
More than 10 miles	21.6

Q29. How long have you been competing with the nearest big box retailer?

Less than one year	4.8
One to two years	10.4
Three to five years	21.3
More than five years	63.4

Q30. Which of the following brands do you sell in your garden center?

Endless Summer	46.2
Monrovia	31.7
Proven Winners	66.8
Simply Beautiful	35.1
The Flower Fields	27.1
Wave	60.3
Grower Brand	25.2
Your own brand	36.3
Other	13.8

Q31. How do you market/advertise/promote your garden center?

Local newspaper advertising	68.1
Radio spots	31.2
TV cable ads	16.9
Internet ads	18.5
Yellow pages	42.3
Direct mail	41.6
E-mail campaigns	26.1
In-house loyalty program	33.5
Other	13.6

Q32. Where do you buy your merchandise?

Catalogs	52.7
Gift shows	37.6
Internet	37.8
Trade shows	63.7
Vendors	70.0
Wholesalers/distributors	90.2
Other	4.4

Q33. Do you participate in any merchandising programs with your vendors?

Yes	41.1
No	58.9

Q34. Do you use Pay By Scan?

Yes	6.5
No	93.5

Q35. Which of the following events do you offer?

How-to seminars	37.4
Open house	42.7
Product demonstrations	29.3
Holiday-specific events	27.7
Live music	9.5
Cooking demonstrations	4.2
Evening galas	9.5
Other	7.2

Q36. What is the most important issue that will impact your business in 2007?

Ability to expand the facility
Availability of good employees
Big box retailers. changes in the area
Big box stores offering seeds/plants for less
Big boxes
Change of management/ownership
Change Presidents
Changing image to sell gen x and gen y
China
Competition
Competition from internet sellers who are uninformed about the product they are selling
Consumer Awareness
consumer confidence in the economy - oil prices
Consumer spending habits
Consumer trends
Consumers having extra money for projects
Cost of freight
Cost of fuel (6)
Cost of Labor
Cost of labor and oil
Costs of energy
Customer's disposable income
Declining / aging population in western New York
declining customer base as more big boxes develop around us
Disposable Income
Drawing people from other areas as we are 50 miles from the nearest city of any size.
Drought/water shortages (5)
Economy (6)
Eliminating fixed costs
Employee Salaries and Benefits. Finding good help
Energy (7)
Energy & water cost increases
Energy and labor
Energy and labor costs
Energy and labor issues
Energy and trans cost
Energy Costs (13)
Expansion and growth
Expansion planning
Expansion plans
Finding employees (3)
Finding good wholesalers
Freight and gasoline prices
Freight cost and fuel
Freight costs (9)
Fuel costs (40)
Getting the young people in the store
Government costs
Grow and profits
Growing space
Hay shortage! We are mainly an equine store.

Q36. What is the most important issue that will impact your business in 2007?

Hiring and maintaining qualified employees.
Housing Market (4)
human resources
I am wanting to produce plants for the general population around my area that will be
Immigration reform /Immigration (6)
Increase cost of doing business
Increase in operating costs
increasing overhead costs
Increasing Wholesale and fuel costs
Interest rates and energy prices-freight
Labor costs (15)
Lazy employees
Light brown apple moth
Loss of the gardening consumer in the next generation
Maintaining profit dollars
Making ends meet.
My health
My upcoming retirement.
New housing construction
New ownership
Other Suppliers Trying To Undersell each other.
Our company's attitude toward the market
Overhead costs
Overhead expenses
Petroleum costs (fuel and plastic products)
Postage and wages
Price increase (2)
Profitability
Proven winners being nabbed by home depot. I need to switch to other comparable variety
Rain
Recruitment and retention of great staff/employees. Followed by rainfall concerns (dro
regional economy
Rising costs in a lot of areas
Road closure
Sales and promotion
Sales growth
Staffing
Super market competition
Supply of raw materials
The amount of sales with my largest customer
The big box stores are putting the small retailer like us out of business because they
The big box stores moving into the area!
The cost of fuel and electricity.
The cost of fuel and the cost of heating oil.
The Economy and Labor
The Frost of last winter and the possible drought this summer
The growing costs of fuel.
The high cost of doing business is driving me out of business.
The new home construction slow down
There is nothing in this survey that relates to my business which is primarily growing
Time management with labor cost
Traffic congestion in area
Trying to do too much myself because my staff is not able to do it.
trying to keep cost down

Wages and Benefits

We are a lumber yard that likes plants. The down turn in the building industry will ne

Weather (33)

Web sales integration

Q37. What is the most important issue you expect to face five years from now and why?

Availability of labor force
Baby Boomers spending less and Gen X Y not being involved in the outdoor environments
Being able to promote our Japanese Maples.
Big box store mindset that they are always cheaper.
big box stores dumping trash at low prices
big box stores--the small dealer will be gone
Big retailers
Box stores are flooding our market in our small area
Business expansion overseas
Changing demographics
Changing from growing to buying in. A whole new world
China- driving value down
Competition with the big box store because they will offer cheaper pricing.
Competition
Competition - more and more natural products are coming out each year.
Competition from big box
Competition from box stores who sell merchandise cheaper than we can buy it
Competition from more box stores
Consumer preference
Continuing supply of affordable quality fresh flowers
Continuing to struggle to find key personnel.
Cost of energy (3)
Cost of Labor -- seems to go up faster than prices.
Cost of product and inflation at the consumer level
Dealing with a big box opening in this town.
Debt
Devaluation of the dollar
Do we expand or not
Drought
Economy (4)
Employee benefits because demand is getting higher and prices are also rising.
Employees (3)
Energy - freight
Energy and labor (3)
Energy conservation
Energy cost (12)
Enough good labor and keeping up with the expected work load of landscape design and installations
Expanding my business
Expansion (2)
Expansion - Additional retail space under greenhouse cover. Main issue is different interpretations
Expansion into 3rd-5th locations
Expect to be retired by then
Family succession
Finding good people and locating parts.
Fuel costs/they effect everything
Further splitting of the pie between the independent garden retailer and the big box discounters.
Getting enough clients to purchase my products.
Global Climate Changes
Global warming and drought- because we sell drought tolerant plants
Global warming. Past 10 has shown steady climb in fall & winter temps. This will affect dormant day
Good employees
Government Regulation

Q37. What is the most important issue you expect to face five years from now and why?

Growing our business with limited space.
Growth of green products – environmentally friendly products
Growth stimulation in our trade area.
Handling growth
Health care-rates are rising too high for small business
Health Insurance (3)
Healthcare
High energy costs and the growing number of small greenhouses in the area
High energy costs may keep people from my door
High Energy Costs. Shipping costs. Box store competition.
Housing
Housing Market
How many more boxes will come to town
How to keep prices affordable to customers in the face of higher fuel prices.
How to redirect the business
Human resources – most expensive
I feel we need to find a way to co-op with other local businesses – so we can buy materials at a low
Immigrant labor
increase in cost of doing business
Increased competition since we are located in a rapidly growing area.
Increased internet competition
increased profit pressure from box stores
increased taxes and invasive government
Increasing profits and staying up with trends.
Inflation (3)
Interest rates
Internet will be taking over the catalog business
Keeping current with products and their sets
Keeping the public interested in gardening for health and cost effectiveness to grocery prices.
Keeping up with consumer trends
Keeping up with demand based upon the rapid growth of our area
Keeping up with new trends and ideas to give customers so they will want that new look.
Keeping up with trends. Will we have the money to keep up.
Labor (6)
Labor and the need for health care benefits.
Labor availability and cost
Labor The cost and finding it
Labor- The current Immigration plan presented to congress is a knee jerk "solution" solving our labor
Labor. We have an extremely tight labor market here in southwest Montana. No one wants to work.
Lack of disposable income shoppers
Lack of good help....younger generation not as interested in work ethics.
Lack of quality mechanics
Lifestyle competition
Limited space cost of land
local real estate development
Loss of jobs in local area.
Low prices from the chains
Making ends meet.
Managing growth properly
Market direction of the generation of gardeners up and coming
Money!
More box stores coming to the retail area – it will be difficult to continue to keep the non-sterile

Q37. What is the most important issue you expect to face five years from now and why?

More box stores will move into the area
Organics and Bio Degradable Products
Our company's attitude toward the market
Ownership transfer as parents retire
Paying my loan. Water is an issue here as well
Personal Health and Ability
Pressure from development in area
Probably will be energy related since it impacts the bottom line directly.
Product cost increases
Property values increasing at both locations
Qualified labor
Reaching new customers and maintaining old customers...
Rent (2)
Retirement (3)
Retirement and sale of the business to my daughter and her husband.
retirement from the business because of our ages
Retirement. The future is always unpredictable.
Running out of space
Selling business (2)
Shrinking yards--people have less space to plant
Spring weather
Staffing and retaining key employees
Staying cutting edge and continuing to define strong niche. Controlling labor.
Staying profitable and staying in business
Succession
Super market competition
Supply of raw materials
Sustaining market share
Tax code changes... Depends on the election
The big boxes are not my competition.
The changing "face" of our customer
The potential regulation or restriction being imposed on breeding and growing rights
The rise in prices
The transition away from weekend gardening as a hobby/activity and more people either not gardening
The world economy
Too many products to choose from and more competition.
Traffic and expansion of the US RT we sit on.
Wages and Benefits
Warming of the earth surface!
Water issues (4)
We are currently a retail building supply & hardware with plans to add a garden center in the future.
We don't expect to be in business in 5 years
Weather (8)
Where to expand our business next
Whether or not I can keep my head above water financially.
Whether to expand or not
Wholesalers being open to the public and not being able to compete price wise given our economic climate
Will people be able to afford to grow plants for hobby or have to spend their money just to exist.
Work force availability

Q38. Do you think the industry will be better or worse in five years and why?

A little better. changing economy
About the same (6)
About the same as we do what we need to
About the same over the next five years.
About the same with older consumers shrinking and younger consumers not as passionate about landscaping
As people move to fight greenhouse emissions I feel they will want to grow more "green" on their own
Better (27)
better people will shift more to their home surroundings
better ... just because there are more people and houses
Better because of improved products
Better - Current trends to continue
better - George Bush will be out of office
better - got to be positive
Better - I'm optimistic
better more people will go under and the tough will survive
better - more professional companies will survive
better - new breeding brings many new plant varieties each season to keep gardeners interested
Better -- tomorrow is a new day!
Better - we'll continue to adapt and serve dis-encharnted box store customers.
Better because we will have to try new and interesting ways to get younger people gardening and decorating
better - quality of plant material
better- concern by the industry to be more energy and resource efficient
better economy will be more settled
better economy being sluggish now will pick up
Better if we can keep the quality of our offerings high
Better if you have a niche market and practice good customer service/otherwise not so good.
better with continued trend to introduce new products
better with fewer independent location doing business
Better. Housing slump will cause more people to stay in and improve their current home.
Better. I believe that the box stores will trend downward and independents will be able find niches
Better. More diversity among products; baby-boomer interest in gardening
Better. My line of products is increasing in use by the public at a rate of 20% per year.
Better. The green industry will always be one of the best forms of r&r for the general public.
better. Aging boomers will continue to expand on their gardening habits.
Better. Cost of housing will encourage people to improve house and yards.
better. more people are into gardening
Better. Small business will compete more effectively with the big box stores.
Better. The home owner wants a refuge and their backyards are that refuge.
better.....people still want their homes and yards to be beautiful
Better....always new stuff out there to try....
better....new technology is always increasing
better....simply because most active garden centers and growers are paying more continuing education
better; this area is growing fast and the need will be greater
better; trend is towards "green"
better-we are all innovators
Current trend is downward. Depends on new presidential policies.
hopefully better (5)
Hopefully better but probably worse
Hopefully better in educating the consumer.
Hopefully better. There may be less competition.
Hopefully better. Would like to think growers/retailers/magazines can work together to bring product
Hopefully we can change with the trend and be able to offer the consumers what they want!

Q38. Do you think the industry will be better or worse in five years and why?

I believe there will be a grass roots movement to slow down and embrace our environment and surrounding

I think it will be about the same. Nurseries will find a way to adapt to market changes.

I think it will be better because more people are realizing that life is too short and want to enjoy

I think it will be better since the cost of gas is getting so great & with the weather changes home

I Think it will be consolidated for better or worse.

I think the industry will be about the same in 5 years to maybe a little better.

it should get better because I think the economy will get better

it will be better because of more people staying close to home and working on their yards

It will be worse because of the China influence.

it will become a "do it for me" society more so then today.

It will continue to get better as long as we stay focused.

More competitive and harder to match big box prices and services.

Neutral.

No clue...wish I knew

Probably worse. We cannot compete with Big Box or chain store retailers that offer lower prices.

Same (10)

Same which means equal or less on the margin side

Slightly Better

The box stores will continue to erode the independent garden centers

The green revolution will present many opportunities for retailers and manufacturers

The independent will have a tough road ahead

the industry will improve as the consumers get adjusted to the increase in pricing

Those who keep up with the latest trends and know what there there cost are will be better off

Tough question! I hope better but we will have a difficult time competing for the discretionary income

trend to personalize backyards will get stronger

Unless the economy takes a more serious down-turn for the middle class than it already has.

unless there are some major changes made to improve the quality and structure of the job industry

We can only hope it will be better!

we hope the economy will be better , but the outlook for our business doesn't look better

will be a hard time to hold our own

will say better if we have stable economy

Worse (13)

worse - due to the poor service from the big chains

worse No new younger people looking into it.

worse - tougher to get fewer and fewer disposable income dollars

worse who knows what the energy crisis will do to us. people around here don't have a lot of disposable income

Worse because of the conflict between box stores and independents.

Worse due to the increase in competition unless I get extremely creative in my marketing

Worse if fuel/freight rates keep going up and immigration issues don't get resolved.

Worse. Pay by Scan will allow the Big Boxes to have an unfair advantage over independents.

Worse. Why: Wholesale consolidation / retailers going out of business / Big Box store practices

worse. I think our economy in general will be worse.

worse. Super-stores