

Propagation Decisions in a Fluid Market®

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INTRODUCTION

My friends John and Carol recently bought their first home in a very nice section of Dunwoody, Georgia, close to Atlanta. The home was dated but was large and beautiful. The landscape also was very 1985! The corners were marked by two over-trimmed Nellie R. Steven hollies. The foundation plantings had over-trimmed *Cleyera* and *Ilex cornuta* 'Compacta'. The landscape sorely needed a makeover. I thought that the family who sold the home and the family who purchased the home would not want these three ornamentals in their next landscape.

Close to my home is an upscale golf community, which was started 10 years ago. Landscapes for those homes older than 5 years are basically green and boring, with a limited plant palette of holly, crepe myrtle, and maybe a groundcover juniper. Newer homes contain a vast number of species and lots of color, and the total effect is that of a garden, not a landscape. These homeowners use mixed color, tropical vines, tropical foliage, shrub roses, flowering hardy shrubs, and good basic woody ornamental plants — that has created year round color.

These examples illustrate the fact that the green goods market is fluid. When fluid is an adjective it means that the market is subject to change, variable, and dynamic. While the fluidity shows up in consumer landscapes, it starts with us — the propagators. Unless you are a propagator for less than 1 year you know the market is fluid and always changing.

I have been told that a very large and historic nursery in Semmes, Alabama, in the early days primarily produced boxcar loads of *Ligustrum sinense*, the common Chinese privet. Today the demand for that plant is totally flat. In my 30-year nursery career I can list numerous ornamental plants that were once popular but no longer favored in market, i.e., *Pyracantha*, *Photinia*, and *I. fortunei* 'Rotunda'. I produced hundreds of thousands of these items in the 1970s and 1980s. Somewhere along the way, consumers lost their interest and desire for the once commercially viable species.

Other examples of the fluidity of the market include ornamental grasses and perennials — both significant economic product classes in the green sector of the plant industry. I am one of many propagators who have experienced the year-to-year fluctuation of the pampas grass, variegated privet, and the *Elaeagnus* market. In the 1960s and 1970s, ornamental grass was basically pampas grass. Today the product class is huge. Specialty ornamental grass nurseries commonly list many, many species — and each species may offer several individual cultivars.

Perennials were not mainstream product classes in the 1980s. Now nearly every nursery produces and sells perennials as the trend has been established and mainstreamed. The market is constantly changing.

In short periods of time Grandiflora Nursery, AgriStarts, and It's Saul Plants have developed large businesses solely growing the innovative and the new. Bracey's and

Chestnut Hill Nursery began as producers of small fruit-container growers and now are identified with other ornamental nursery products.

The most recent proof of the fluid market is the modern day practice to promote and advertise new plants to the end-consumer, creating instant market changes. Lead by Anthony Tessler's mass marketing of the Flower Carpet Roses, this trend has been followed by similar consumer oriented marketed brands such as the Encore Azalea®, the *Hydrangea macrophylla* Endless Summer® hydrangea, and Proven Winners. Branding is changing the marketplace more rapidly now than ever before.

I HAVE SEVERAL THOUGHTS THAT MIGHT BE HELPFUL TO PROPAGATORS IN COPING WITH THE MARKET CHANGES

- 1) Propagators should anticipate a market change in product of 10%–15% per year. The nurseries where I have my experience probably would tell you that over the last 10–15 years their product mix has changed 85% and probably should have changed 100%. Seedling *Ternstroemia japonica* (syn. *T. gymnanthera*) (Japanese cleyera) has been replaced by cultivar selections. Single-season flowering azaleas have been replaced with important, multi-season flowering cultivars. Shrub roses are now important, whereas before they were not. The same could be said about ornamental grasses, perennials, and numerous other product classes.
- 2) Another belief I have is that when the consumer preferences change, it happens very quickly. One specific dilemma I experienced was the death of the Chinese holly market. For 20 years our company produced and sold about 100,000+ units per year. At any one time we could have 100,000 ready to sell, 100,000 planted for next year, and 100,000 liners for the next crop. One year we only sold 15,000, the next year 5,000, and then we could not give them away. When a product line dies in the market, propagators need to have the courage to quickly, severely, and sharply reduce propagation — otherwise their economic damage will be greater. The opposite is also true. When a new product is accepted, the growth of the new market is extremely rapid.
- 3) Propagators need to have their feelers out as to where the market is going. Have you made inquiries to see if you can legally participate in the propagation and or production of hot product classes such as Knockout® roses, Encore Azaleas®, Endless Summer® hydrangea? You should be aggressive in seeking licenses or finding ways to cooperate with these successfully promoted products. You may not always succeed but at least you tried. Without the effort you are guaranteed to miss the opportunity.
- 4) Be aware and be alert as a propagator. Propagators need to read and listen to the media and influential horticulturists to sense the market changes. If I hear of a new plant four times over the course of the year, I sense a potential opportunity. I investigate, am proactive, and not consistently reactive to the current market.
- 5) Beware that new plant buzz often has no commercial value. Just because the plant nut crowd is excited and talking about some-

thing does not mean that you can efficiently produce the new plant, much less sell it. I have been hooked before, most recently by evergreen hydrangea!

- 6) Often the worst source of advice to propagators comes from last year's market. It is tempting to obtain the sold material list of last year from your very biggest customer. If you let that information drive your propagation schedule and you are a shrub grower, here are the implications:
 - a) So you got the list of last year's sales from "Big Box Bertha" at the beginning of the propagation season. What is noticeable is the large numbers of commodities in the top 50 items, plus the list is validated in your mind with a couple of very hot branded products. You quickly jot down new production numbers to which you will propagate this season. You will plant those numbers next spring and you will sell from that mix the following fall and spring. Without thought you have grown the perfect product mix for the fluid market 42 months too late — 3.5 years late! Do you need reminding that the market changes, in my opinion, at 10% to 15% per year? If so, your product mix is about 35%–52% off target.
 - b) I am one to keep records of sales for 3 years for each plant and to analyze trends. I will decide on propagation numbers after I ask several questions: (1) am I selling this item at discount prices to move volume, (2) are the plants selling out at good prices at a young age, and (3) did I turn down orders on this plant?
- 7) The larger the nursery the more necessary it is to have multiple staff giving input into the propagation plan. Be selective in who those employees are. Consider that sales staff can be too likely to promote items that historically sold, or have had previous demand. Sometimes the economy of production of some items is exceptionally poor. Shortages of some items may be because no one can produce them profitably or for technical reasons.

Growers are known to want to grow items that are very easily grown and that cause no problems in production.

Every decision must be made based on economics. Ask yourself: "can I grow the plants and make a profit...which plants return more on investment, considering propagation efficiency, production cost, and selling price?"

If you are consulting with several staff when making propagation decisions, be sure that there is a leader who can anticipate the market changes, so your product mix can move along in the right direction. Along with input of others, that leader must express wisdom and intuition in making final decisions. Vision and intuition are vital in planning new crops and are generally met with resistance by most of the staff.

I am convinced that the market is changing at an ever-increasing and rapid pace. I believe what the statistics underline: that the shrub market share is shrinking in relationship to trees, color, and perennials. Are you and I anticipating where the market is going? Are you and I still clinging to past markets? Are you and I aggressively jumping on the bandwagon when a new product is hot, hot, hot? Are you and I reactive or proactive? Reactive can be both good and bad!

SUMMARY

I conclude with these thoughts: I want to sell young expensive plants; I do not and cannot sell over-sized, undervalued plants. Additionally, selling young plants, in most cases, is profitable. I only grow commodities if I am the lowest cost producer. Geographic advantages, climatic advantages, and low cost of production allow me to compete and win in the commodity markets.

It is critically important to know that I have propagated noninvasive cultivars. Also critical to me is that what I propagate performs in the nursery, the market, and the landscape. What level of ethics do you maintain when determining the propagation schedule?

As our industry has matured, we are definitely in the mainstream of consumerism. We compete with other hobbies and other leisure necessities for the consumer dollar. We must take notice that the modern consumer wants style, value, new and improved qualities in all their purchases, whether that is appliances, fashion, or garden plants — and we must respond to these wants, demands, and opportunities. This is an exciting, yet challenging, time to make good decisions of what to propagate. When you make the right choices, the results will be quite rewarding. Do not be afraid of exercising the influence you have in the marketplace.

Propagation of New Introductions®

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INTRODUCTION

New plants have become the driving force in ornamental horticulture in the 2000s. They provide excitement for the veteran nurseryman to the casual gardener. A new trend, in the slow-to-change nursery business, is to aggressively market our products to the end consumer. The new plants, brand names, colored containers, colored tags, and large timed releases are all part of the equation. The large timed release is where Griffith Propagation Nursery becomes involved. We work with many nurseries and plant patent agents to get the new liner plants to the wholesale growers in sufficient numbers so that they will have a finished product ready for the pre-planned release to the public. It is not uncommon that the quantities required are close to 400,000 liners.

The production of the new plants requires large amounts of space and facilities. In 2002 we purchased an abandoned hog farm that had been idle for 10 years. The 13-ha (32-acre) tract included nine parlors approximately 99 × 12 m (325 × 40 ft) of poured and slated concrete. The property also had three wells and a 3-acre lagoon. The timing of this purchase happened about the same time we began having discussions with nurseries about helping to build numbers on new plants for future production. We decided to devote our new location solely to the production of new products.

On the first pad, which was solid concrete, we built fourteen 6 m × 11 m (20 × 36 ft) propagation houses with bottom and top heat. All these houses have a fine mist system, fans, and shutters. On the second pad we built a 12 m × 99 m (40 × 325 ft) greenhouse with thermostat-controlled side curtains and heaters. This facility is