



Western red cedar (*Thuja plicata*) is one of many in-demand plants due to short supply.

Strategies for shortages

BY DENISE RUTTAN

YOU'RE A RETAIL NURSERY gearing up for the busy season. You're looking at what sold best last year and studying trends of what is popular in your region this time around.

One of those items just so happens to be fast-growing shade trees, such as various varieties of gingko and the Snowcloud serviceberry.

One of your repeat customers specifically asks to be notified when the latter is in stock. So you get on the phone, and happily enough, one of the sales reps from your favorite wholesaler comes around at that moment.

He asks how your kids are and how the weather has been and then he starts talking up this year's stock. You quickly interrupt him.

What about the Snowcloud serviceberry?

It's been a tough year, he says, with shortages of many plants throughout the industry. At their nursery, Snowcloud serviceberry happens to be one of the plants missing in action this year.

But is it fast-growing shade trees you are after? He rattles off a few alternative options in stock.

Disappointed, you pick a few of those varieties to order. But you'll have to tell your repeat customer that her specific wish isn't available this year and find a way to break it to her about substitutions.

A common story

It's a story many nurseries are facing this year. With the industry emerging

from a long, hard recession, demand for diverse plant material is fast outpacing the available supply.

So what can wholesale customers do to ensure they are able to get the products they want in a timely fashion?

"The recession directly affected three to five consecutive years of scaled-back propagation and planting plans for some nurseries," said Mike Pezzillo of McHutchison Inc., a national plant distributor. "Even some of the most financially secure nurseries weren't brave enough to maintain existing production plans. Those that did are in a better position today, but it was a rough ride back to better times."

"Unfortunately, nobody had a crystal ball to determine when demand would" 

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rise. Mother Nature creates inventory problems for us each year, too. Every year is different, but the weather — whether it's cold, ice, excessive rain or excessive heat — causes us heartache, heartburn and inventory holes."

Conversely, the nurseries that toughed it out through the bad years are now taking advantage of the sudden demand.

"Interestingly enough, the plant shortage is causing more customers to visit our nursery in hopes of finding more plants," said Vinny Grasso, sales manager with A&R Spada Farms in St. Paul.

That demand has kept Grasso extremely busy — and cautiously optimistic. He takes potential customers on tours of the nursery. It is not a quick overview. One tour can take two to three hours.

"The plant shortage extends across North America including Canada, and is certainly not limited to Oregon,"

It's in the best interest of nurseries to prorate and offer legitimate substitutions while making sure to take care of those customers who buy in year-in, year-out, even when times are bad. Loyalty matters.

Mike Pezzillo, McHutchison Inc.

Grasso said. "Nurseries with limited product will prorate their inventory to their best paying, long-term customers. And customers are already beginning to early order with the hope of being first in line."

In general, there is little price resistance and customers are open minded to substitutions in size and cultivar.

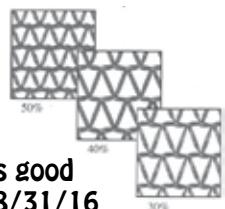
"It's a business of relationships, as many growers and customers have special bonds extending back 20-plus years," Grasso said. "It may be difficult for growers to take on 'new' customers, as most will favor those with a consistent sales history and payment schedule."

So which plants in particular are running short? According to many growers, it's happening across the board.

"Product gluts and shortages in absence of recession are a little easier to predict," Pezzillo said. "Some of the shortages we're



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seeing now were easy to predict but others weren't. As an example, the oversupply of *Picea pungens 'Glauca Globosa'* became prevalent less than 10 years ago. As a result, everybody stopped planting it or reduced their plantings significantly so we're left with tight inventory.

"'Green Giant' arborvitae and anything similar like 'Spring Grove', 'Steeplechase' and 'Excelsa' are all in tight supply. The trend right now is to plant, plant, plant *Thuja plicata* types. Nobody has a crystal ball and nobody keeps a global inventory, so the questions regarding supply and demand for the future remain cloudy. Good quality shade trees are in tighter supply overall. *Buxus*, especially more cold-hardy cultivars, is in tight supply, too, in addition to other bread-and-butter items."

There are also general trends — including smaller-sized plants.

"People are looking for a more diverse plant palette, if you will, than what they were looking for 10 years ago," said Dan Nelson of Hans Nelson & Sons Nursery in Boring, Oregon. "We just need more of a lot of things than what we have been producing. With the labor situation, though, it curtails what more we can produce."

Nurseries are also seeing demand for fast-growing plants.

"A lot of sales during the downturn went toward color, annuals and perennials. Now people are moving away from big woody ornamentals, which are a little more expensive and take several years to grow," said Jay Sanders of KG Farms in Woodburn, Oregon. "It can take six to seven years for them to get to market."

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Most nurseries will work hard to make customers happy when a product they want is not available, offering things like substitutions and prorating.

"It's a balance," said Pezzillo. "It's in the best interest of nurseries to prorate and offer legitimate substitutions while making sure to take care of those customers who buy in year-in, year-out, even when times are bad. Loyalty matters. The last couple of years have really brought folks out of

the woodwork; it's those customers that are harder to take care of compared to the loyal customers who've been there the whole time."

However, those nurseries with less overall inventory, because of production cuts in years prior, have to deal with prorating even more so.

"Nurseries must be mindful of their current needs and industry trends to ensure their success," Pezzillo said. "There must be a balance between planting for today and tomorrow, as it's tempting to not look down the road. A dollar today could be five dollars tomorrow depending on your plan and how well you're able to stay committed to it."

Many growers had similar comments. They said that to ensure that you always have the products you want in advance, build a relationship with your grower.

Wholesale nurseries have had to focus on marketing to build those relationships. In addition to sales representatives who visit nurseries face to face in all corners of the country, they use websites, online catalogs, paper catalogs and mailings to get the word out.

But when it all comes down to it, consistent contact is key.

"The best thing you can do is get to know your customer as best as you can, stay in contact, and make sure that what they want and what you produce is going to match up," added Nelson.

Nelson has seen plenty of recessions, but this last one was one of the worst. His dad started the nursery before the World War II. When the war started, he had to quit. He restarted it in 1946, growing roses until 1963 or so, then switched into trees, mainly deciduous trees, which have been the nursery's bread and butter for the last 50 years.

"I'm the second generation and my children will be the third," Nelson said. "The most important thing is to have an idea of who you are selling to. When the economy turns around, you want to have people who depend on you. You want to take the time to really network and sell them what's most important to them. It's a long-term relationship and it

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takes time to build those.”

Sanders added, “The best thing for customers to do is to establish a good relationship with growers. Buying consistently, year to year, from the same grower will push production and quantity of those products and allow us to build a customer history with that person. If we have 10 customers who each want 100 plants apiece, that allows us to plan production better.”

Part of a good business relationship includes paying promptly.

“Customers must pay their bills in a timely manner; this matters more than ever,” Pezzillo said. “Extending credit to customers who can’t meet their payment obligations becomes more difficult in times of product shortages.”

No substitution for quality

In addition to relationships, wholesale nurseries said it was key to grow high-quality products. It doesn’t pay to skimp on cost and go for the cheapest price.

“It’s hard to predict changes,” Sanders said. “That’s always the dilemma: making sure you have the amount you need to produce, figuring out the trends and getting the plants to marketable size in a timely fashion. It’s like gazing into a crystal ball”

“I think the key is to continue to market your product through the years. You have to have good marketable products so that customers and potential customers are going to always know they’re getting quality.”

Despite all the challenges, if there’s a light at the end of the tunnel, it’s that nurseries will continue to expand their inventories in the coming years — that is, if they can secure enough labor.

“The nursery industry can be very cyclical in terms of product and sales, as there will always be an ebb and flow of supply and demand,” Sanders said. ©

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