



# Where plant demand is headed

Nurseries navigate a new landscape as consumer demand evolves

BY JON BELL

**A**MERICANS LOVE THEIR PETS. A lot. In 2017, they spent nearly \$70 billion on their animal companions, and that number's expected to rise to \$100 billion by the end of the decade, according to the American Pet Products Association.

They also, it seems, love their smartphones, spending \$84 billion last year and updating their phones an average of every 21 months, according to Statista.

But their plants? That's a bit of a different story.

"We spend a lot on pets. That annual growth rate has never decreased since 1994, even during the Great Recession," said Charlie Hall, professor and Ellison Chair in the Department of Horticultural Sciences at Texas A&M University. "That's not the same for plants."

Instead, plant and gardening spending took a big hit during the Great Recession, even if participation didn't drop off as much. According to the National Gardening Survey, lawn and garden spending hit a five-year low in 2014, though it has been on a slow rise ever since. The recession played a big role in driving down that spending, but in Hall's view there's more going on than that.

For one, gardening has fallen down on the list of the most enjoyable leisure activities, according to Hall. In addition, product shortages — the result of fewer plantings during the recession — gave consumers fewer options. While new plant varieties are always coming on the market in an effort to draw new consumers, selling plants on their aesthetics alone isn't cutting it anymore.

"With new varieties, there is some level of excitement that is created with the consumer, but we have enough plants in the

pipeline to last decades," said Hall. "We need another, more powerful value proposition than just that plants are pretty. We need to focus on the functional benefits, the environmental services they provide and the health and well-being that we don't emphasize enough. If the industry were to start emphasizing those more, then we'd see a shift."

## Real recession

The somewhat-softened demand in the nursery industry of a few years ago stemmed in part from the very real impacts of the Great Recession on the industry as a whole. People may have stayed closer to home during those years, but their discretionary spending on all kinds of goods, not just plants, dropped off.

The crumpled housing market did little to help stimulate new demand for landscaping materials. Nurseries in Oregon found themselves destroying product — literally burning plants — that they couldn't sell. Sales plummeted from an all-time high of nearly \$1 billion in 2006 to just about \$640 million in 2011, according to the Oregon Department of Agriculture.

Looking to avoid a similar fate in the future, the nurseries that survived the recession — as many as 40 percent of growers left the industry at the time — backed off their plantings. In turn, that's led in some cases to shortages of certain plants at a time when consumer demand began ticking up in the past few years.

"I don't think we have a plant shortage now," said Bridget Behe, a professor in the Department of Horticulture at Michigan State University. "I think there are areas where supply and demand have adjusted. There's been a market correction and a reduction, but selling out of inventory is not necessarily a bad thing." ➤

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Nor are the current market conditions that have made the economy much better than it was during the downturn anything to frown about. Hannah Williams, an industry analyst with **Northwest Farm Credit Services**, reports consumer confidence has risen and savings rates have fallen, meaning people are spending more money these days.

“Demand changes all the time,” said Andrea Krahrmer, a relationship manager with Northwest Farm Credit Services. “We do get reports that (producers) are happy with the level of demand that they’re seeing right now. Operations are feeling quite a bit more comfortable.”

Hall noted that growers who did curtail their plantings during the recession have now had long enough to get production back up and running, and they’re doing it in a more efficient way.



“I always say, never waste a good recession,” said Hall. “From a market standpoint, there are always efficiencies gained during downturns.”

The housing market has also regained momentum. Building permits for both

single-family and multifamily construction bottomed out at just over 500,000 in 2009 and were back up to more than 1.2 million last year.

“What’s good for housing is good for us,” Hall said.



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### Still in the woods

Despite the optimistic run in the current environment, plenty of challenges still dot the road ahead for the nursery industry when it comes to consumer demand. As with almost every aspect of the industry, the need for labor poses a constant difficulty. When it comes to demand, labor plays a role because it's required to create the supply to feed the ramping-up demand.

"In the last couple years we've been hearing from growers who say, 'Market conditions tell me I should be expanding, but the labor is the thing that is holding me back,'" said Craig Regelbrugge, senior vice president with AmericanHort, a national trade association that represents the horticulture industry. "Anyone you talk to will say, 'I could hire 50 people tomorrow, but they're not there.'"

One positive side effect of the labor shortage, he added, is that it may be buffering the industry from over-producing and thus setting it up for an unwanted surplus in the not-too-distant future.

Demographic shifts are also playing a role in demand for plants and plant materials. As the Baby Boomers retire and move into smaller homes and planned communities, demand from them has tapered. The suburban settlement patterns of the post-World War II area, which found people living in homes on large lots in need of landscaping, are fading as more people head to the cities and live in areas of higher density.

Millennials seem to be taking their >>

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time embracing the larger world of plants, too, as they delay marriage and homeownership later than earlier generations did. That's not to say that they're not into plants at all, noted Behe.

"They don't connect with the industry in traditional ways like gardening and plants in the yard," she said. "They think more about plants and plant projects. They are very connected to things like the environment and where their food is coming from."

### Opportunity ahead

Those kinds of shifts in the market are in part a challenge for the industry, but also an opportunity. On top of immi-

gration reform, managing labor issues and keeping plant supply at optimal levels, how the nursery industry shares its stories

**"They get it. Their eyes light up. You give them a 4-inch annual and you would have thought I paid their tuition. They start taking selfies with it."**

**— DR. CHARLIE HALL,  
TEXAS A&M UNIVERSITY,  
ON MILLENNIAL CONSUMERS**

and markets itself will have a huge impact on stimulating demand from consumers.

That includes playing up the role of plants in ways that have been farther

down the list of benefits for years. For example, plants can be used for screening and noise reduction in those more densely-packed residential settings. Regelbrugge believes there's huge opportunity in the world of green infrastructure, where cities are using plants for pollution mitigation, stormwater runoff, green roofs and other applications. The planning community has so far driven that trend, but the nursery industry should be jumping on board with it as well.

"These things have the potential to create and drive major demand," Regelbrugge said. "From a policy perspective, our industry would be wise and better off to be engaging in this." ➤

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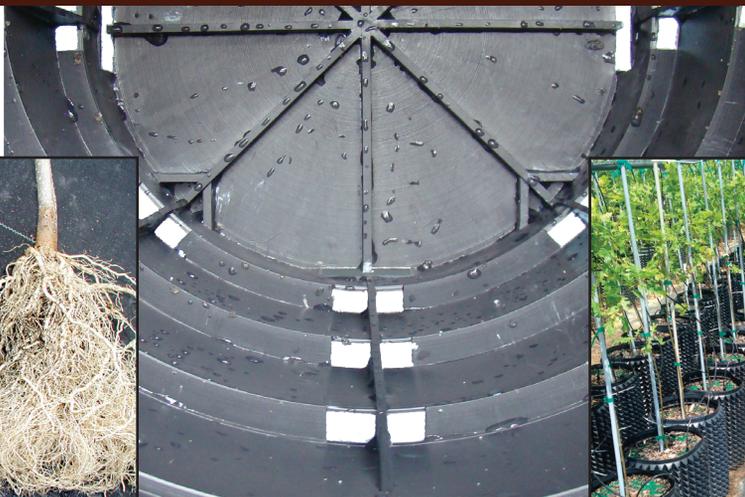
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Tapping into more youthful trends will help capture the millennial generation and stimulate future demand from them, as well.

“They get it. Their eyes light up. You give them a 4-inch annual and you would have thought I paid their tuition,” Hall said. “They start taking selfies with it.”

That may sound funny, but it’s true. According to Behe, smart retailers are already targeting the younger set — Urban Outfitters, which specializes largely in clothing, has a plant shop that offers succulents and other plants for smaller living spaces — but others in the industry need to do so, too.

“Millennials are not going to open an email. They’re on Snapchat and Instagram,” she said. “We just have to update our game. I still see growers struggling with that because it’s not in their nature.”

Future demand will also come from longer-term efforts to simply share more about the nursery industry and the benefits of plants in general.

The National Initiative for Consumer Horticulture has launched a campaign called #PlantsDoThat to show how beneficial plants and gardens can be, including the fact that consumer horticulture contributes \$196 billion to the U.S. economy. The campaign also touts these additional benefits:

- office plants reduce employee sick time by 14 percent,
- trails and greenways increase home values
- the return on investment for landscape upgrades is nearly 110 percent.

“People are willing to pay for the thing they want to buy. People afford the things they want,” Hall said. “We’ve got to tap into those feelings. We should all be storytellers and talking about these benefits to society in our own circles of influence.” ©

*Jon Bell is a freelance journalist who writes about everything from craft beer and real estate to the great outdoors. His website is [www.jbellink.com](http://www.jbellink.com). He can be reached at [jontbell@comcast.net](mailto:jontbell@comcast.net).*



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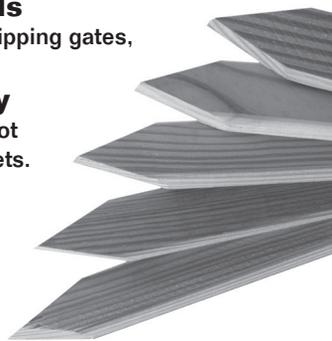
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