

Golden Age



If you're like 93.5% of magazine readers*, you've had a chance to notice *GrowerTalks*' updated look—the easy-on-the-eyes body font, the classy background color that makes Culture Notes easy to find, the two-column layout for opinion pieces like the one you're reading now, and more. Created by our design team of Anissa Lobrillo and Tony Mastrangeli, our goal was to keep *GrowerTalks* fresh, current and relevant for our customers (that's you), just as you need to keep your business fresh and invigorated for your customers.

I opened my greenhouse in Florida in 1983. Recollecting that time, I was tempted to call it the Dark Ages, but after thinking about it a bit I realized that was actually the tail end of floriculture's Golden Age—the days of “if you grow it, they will come.” The cost of entry was still relatively low. Customers were primarily independents and regional chains that were hungry for flowers and so didn't quibble over price. We didn't do any sophisticated “marketing” back then. There were no “brands.” Pots were green or white. Quality and service were what mattered. Price wasn't really a factor.

Well, you know the old saw: “Quality, service, price—you can pick two.” A decade later, thanks to competition from grocery chains and big-box stores, price had begun to outweigh quality and service. And that's where our industry has been ever since.

Until now, that is. I'm sensing a “tipping point.” I suspect that growers of every size have hit rock bottom on pricing. What few percentage points of margin may have been left for negotiating or for undercutting the competition have been eaten up by rising costs. The game used to be “how low can you go?” And we kept waiting to see how much lower some grower was willing to stoop. Now we're as low as it gets. Our margins have been squeezed like a lemon. There's nowhere to go but up.

Oh, sure, there are still some production efficiencies yet to be realized. But they're minor compared to the cost increases we'll continue to

see. The most efficient growers—the big guys with the automated facilities that have driven the low-price game—are the guys most eager to find ways to move their customers into higher margin products. Painted poinsettias are a good example. They offset the slim-to-none margins of regular 6-in. pots. Large tubs of mixed annuals make up for the minimal margins of flats.

Believe it or not, pay by scan is another example of how the big players hope to finally edge prices upwards, through improved quality and increased turns. Weak operators will be edged out.

And that's the toughest news of all. Growers are going out of business. I heard an educated guess that 300 to 500 growers will close their doors for good this winter. Some think that number will be even higher. Personally, I think the majority of independent business owners—floriculture and otherwise—don't admit failure until about five years after they should have. So unless natural gas drops back to \$3 per MMBtu, the big hit is still to come.

Which is why it's time to reinvent your business—to adopt a new look, a new philosophy, a new standard of quality and service. Some businesses have already done so. They're the ones ahead of the curve—think Altman Plants, Bell Nursery, Henry Mast Greenhouses and Kerry's Bromeliads. Many others are no doubt planning to unveil new business models this spring, much as we unveiled the updated *GrowerTalks*. If you're one of them, congratulations.

If not, what are you waiting for? The next Golden Age? ■

Chris Beytes
Editor

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* A wild guess as to the percentage of magazine readers that read a magazine from front to back rather than from back to front