NURSERY PAPERS

APRIL 2021

Using data to build a better picture of the nursery industry

The *Nursery Industry Statistics* report for the 2019-20 financial year assessed data from 292 production nurseries. For the second time, a repeat of a greenlife supply chain sales validation survey was conducted with 201 independent retail nurseries and landscaper businesses taking part.

The study indicates that it was a record-breaking year for the industry, with farmgate sales experiencing an increase from the previous year, as sales reached $2.6 billion in 2019-20, a significant increase of 6.6% from the previous year. The number of plants sold by Australian production nurseries also broke records with 2.2 billion plants sold (including sales to other production nurseries), a 7.5% increase from the previous year.

This is the fourth year of data collected under a consistent methodology, allowing further refinement of the Nursery Industry Business benchmarking tool which provides growers with insights into how their business compares in terms of productivity, sales, employment, wages and sentiment, supporting decision making accordingly.

For the first time, a complementary evidence-based Market Report was developed assessing the operating environment and detailing key issues facing the industry. It used the PESTLE framework, assessing Political, Economic, Social, Technological, Legislative and Environmental impacts on industry to identify the issues and opportunities, and express the implications of them for industry from a business and policy perspective.

SUMMARY

- *Nursery Industry Statistics (NY17008)* is a three-year project funded by Hort Innovation using nursery industry levies and funds from the Australian Government.
- Greenlife Industry Australia (GIA) oversees the project and works with Down to Earth Research (DTER) and ACIL Allen Consulting for data collection and analysis.
- The results ensure that knowledge of the industry's size and economic contribution is underpinned by robust data.
- The nursery industry benchmarking tool, developed and refined using results over four survey periods, allows nurseries to compare financial performance, productivity per ha., business and industry sentiment, sales shares by type and market segment, employment and wages, investment with other nurseries of similar turnover ranges as well as the trends of industry as a whole.
- The project continues to evolve through industry feedback on the benchmarking tool, repeating the sales validation survey of the greenlife supply chain customers and the addition of wider market insights via the Market Report.
- Levy-payers are strongly encouraged to register for access to the benchmarking tool.

BACKGROUND & METHODOLOGY

This is the fourth industry statistics survey using the Computer Assisted Telephone Interview (CATI) methodology where businesses, which are producing greenlife across all sectors nationally, are randomly selected for interview. The questions and methodology have remained mostly consistent over this time period to ensure accurate and comparable longitudinal data collection and analysis and the ability to analyse trends in the industry.

Independent retailers and landscape contractors were also surveyed for the 2019/20 financial year as a repeat or a survey in the 2017/18 financial year, using the same method.

Using the data, the business benchmarking tool is updated and made available to growers to obtain an accurate, robust snapshot of how the industry looks and how their business compares. The insights can be used by growers to prioritise investments, make informed workforce decisions and plan for the future.

The Market Report used the PESTLE framework and the Delphi consultation method – a technique that involves engaging a group of stakeholders to help develop and refine key insights of the industry's operating environment.

2.2 billion plants sold
(7.5% increase from previous year)

$440,000 turnover per hectare
(8% increase from previous year)

90% of growers confident in the future of the industry

67% of growers investing in their business through technology, education and infrastructure

Greenlife Industry Australia

This communication has been funded by Hort Innovation using the nursery research and development levy and contributions from the Australian Government.

Hort Innovation Strategic levy investment

NURSERY FUND

SURVEY RESULTS

Plants sold

Farmgate sales continued their upward trajectory, hitting record highs in 2019-20, with a 6.6% increase to $2.6 billion. The number of plants sold by Australian production nurseries also broke records with 2.2 billion plants sold, a 7.5% increase from the previous year (although unlike total value, this figure includes plants sold to other production nurseries).

Farmgate sales have grown for the fourth straight year, increasing 17% since 2015-16

These findings reinforce the nursery industry's importance to Australian horticulture ($2.6B. of $15.1B.) as well as its significant contribution to the national economy.

What this means for industry:
Outcomes like this can be referenced by the industry representatives and individual growers to campaign for favourable policy decisions and in participation in local planning decisions.

Plants sold by category

Sales of perennials, trees and shrubs remains the largest plant category with 62% of production businesses selling to the sector, representing 42% of all Greenlife sales. Extrapolation of the data collected suggests that over the past 12 months the channel has grown approximately 6%, to an estimated $1.4 billion in 2019-20.

There has also been significant growth in the indoor plant category with sales volume increasing 9% and now representing 13% of the market.

What this means for industry:
This information is useful for growers to track the change in production and demand across various categories and whilst the project can benefit from increased segmentation, it still provides a useful guide.

Plants sold by customer

Plants sold were categorised according to seven customer categories (retail, wholesale, landscape, primary industries, revegetation, government, and direct to consumer).

Retail continues to be the largest sales category for the greenlife industry, representing 41% of all sales from production nurseries. Sales to this sector grew by around 10% on the previous year, with sales to 'big box' retailers and independent garden centre growing at roughly the same rate.

Sales grew across every single category, with the exception of government sales which declined slightly.

What this means for industry:
The sales channel findings are of particular relevance to growers as they look to assess their own sales channels, look for opportunities and avoid crowded markets.

The Market Report (page 4) identifies potential growth in primary industries as an opportunity for industry growth

Supply Chain

For the second time, greenlife supply chain businesses were surveyed in two channels – independent garden centres and landscape contractors – and asked about their purchasing behaviour. Survey data suggests that purchases increased across the majority of surveyed categories, including perennials, trees and shrubs, indoor, fruit, nuts and vines, herbs and vegetables, and potted colour.

Looking to the future, both the independent retail and landscape businesses surveyed expected the number and value of plants purchased from production nurseries to continue to increase next year. Using this information, the survey estimates the number of plants purchased by independent retailers is expected to increase by 17% and landscapers by 7%.

Productivity per Hectare

Survey data suggests that turnover per hectare has continued its upward trend, reaching an average of $440,000 across the industry, an 8% increase on the previous year and the third straight year of productivity growth, with growth in productivity experienced across small (turnover less than $500,000), medium (turnover between $500,000 and $2,000,000) and large businesses (turnover greater than $2,000,000).

Sentiment & future business investment

Industry confidence is at the highest it has been since 2017, with 90% of growers indicating they are confident in the future of the greenlife industry.

This general industry confidence is also manifesting in on-farm decisions with 67% of growers saying that they would be investing in their business through technology, education and infrastructure.

The Market Report (page 4) highlights how businesses can take advantage of Government Venture Capital Programs in automation/robotics and genetics

It was also found that whilst some nurseries have achieved their short-term growth targets, a large portion of production nurseries expect that growth to continue. In fact, over the next five years production nurseries are significantly more likely to grow their business (50%) rather than contract (3%) or exit the industry (4%).

Since 2015-16 an upwards trend is evident in the proportion of businesses investing in new technology or infrastructure from 58% in 2015-16 to 67% in 2019-20

What this means for industry:
These findings provide growers with insights as to where their own business confidence sits within their own peers as a sense check of how their business is travelling.

Our people story

In a year of global uncertainty and turmoil, employment in the nursery industry has grown slightly to approximately 23,880, total industry wages have also remained steady at $1.3 billion and average wage holding steady at approximately $57,000.

Focus on formal education continues to be strong within the sector with 92% of businesses surveyed employing at least one tertiary qualified staff member, with a quarter (24%) of the industry workforce holding tertiary qualifications.

How to Use: Businesses in all industries should be benchmarking their wage cost against other similar businesses. If wages are in the upper bracket, growers should determine whether the higher wages are justified in terms of higher sales or other benefits. Conversely, if wages are significantly lower than peers, a nursery business may be missing out on the best talent, who typically command higher wages.

EVOLVING THE INDUSTRY BENCHMARKING TOOL

The data is a valuable asset and multiple years of consecutive, comparable data is invaluable. This year's industry benchmarking tool is the result of four years of data collection which enables industry businesses to not only track their own business performance, but analyse against industry averages and trends.

The industry benchmarking tool allows growers to measure their performance against comparable businesses across a range of different data sets including sales value, employment, wages, productivity and cost metrics. Producers can also gauge business sentiment about profitability and the future of the industry.

For the first time, the tool displays data across each of the turnover ranges surveyed, so growers can benchmark their business against not just those of similar sizes, but also to measure against where they see themselves in the future.

Also new this year is an increased focus on visualisation and usability, ensuring that the tool is easier to use for all growers. The types of data collected has also been finessed based on user feedback.

As with previous years the benchmarking tool is made up of four key components:

- An overview of the 2019-20 results and trends over time
- Sales – where users can input their own data for comparison
- Employment and costs – where users can input their own data for comparison
- Industry sentiment – where users can input their own data for comparison

The full benchmarking tool is scheduled to be released in May 2021, in the meantime, contact ***kobie.keenan@greenlifeindustry.com.au*** to register your interest.

What can the benchmarking tool tell me?

- How is my business performing financially in comparison to the wider industry?
- I know my business size and revenue, but how does my productivity compare to others in the industry?
- How competitive are the sales channels I am currently targeting?
- I am looking to expand in the next five years, how are others in the industry faring?
- How did COVID-19 affect industry sentiment?

KRIS GRUNDY, TOWNSVILLE PLANT WHOLESALES

Kris Grundy from Townsville Plant Wholesalers has used the benchmarking tool to inform several key decisions at his nursery. Specifically, it helped him understand the value in education, noting the industry trend towards training and led him to invest in his staff, something he expects his business to reap the benefits to in the medium term.

Read more about how Townsville Plant Wholesales use the tool to guide their key business decision making processes here: ***https://www.greenlifeindustry.com.au/communications-centre/case-study-townsville-plant-wholesalers-forges-a-path-based-on-reliable-data***

WHAT IS NEW THIS YEAR?

Trend based analysis	With four years of data – trend-based analysis is more accurate
Comparison against different business sizes	Users can easily see how the data compares across all business sizes
More relevant data	Data sets have been curated based directly on industry feedback and what is most important
Usability	The tool has been finessed to make it even more user friendly

STRATEGIC ISSUES –
Operating Environment Market Report

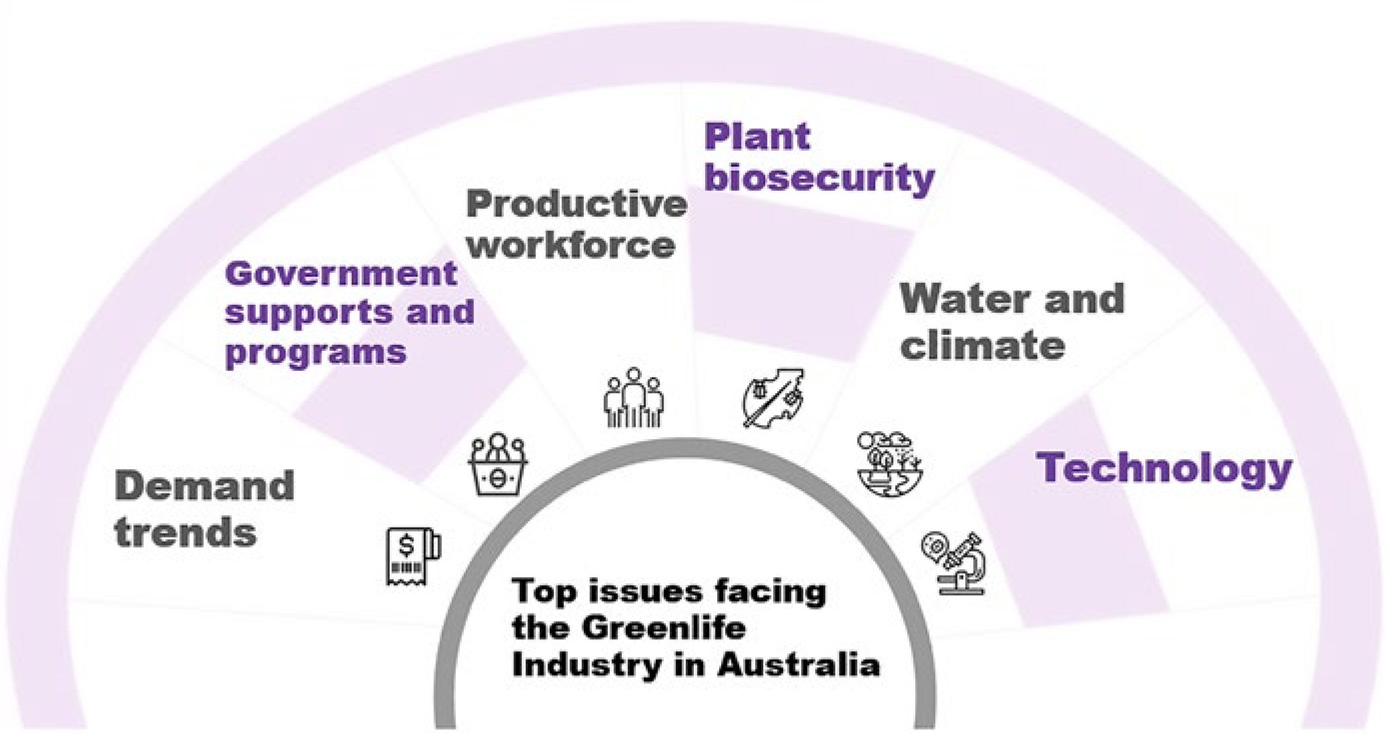
The *Nursery Industry Statistics* project continues to improve the detail and analysis of data made available to industry. To complement the statistical data and draw additional insights which can be used for strategic decision making, a Market Report of the operating environment has been developed. It details the state of a number of barriers and opportunities presented to the industry at an individual business and industry level.

Key issues for industry

The analysis uncovered six key issues for the industry, the management of which will shape the future of the industry. The issues are:

- Demand trends
- Government supports and programs
- Productive workforce
- Plant biosecurity
- Water and climate
- Technology

The full findings of this analysis, which will help the industry advocate for policy change using the integration of both the robust data of the industry survey, with the qualitative insights of the Market Report, will be delivered separately.



LINKS TO RESOURCES

- Case study: Data-driven decisions guide growth for living colour nursery: *https://www.greenlifeindustry.com.au/communications-centre/case-study-townsville-plant-wholesalers-forges-a-path-based-on-reliable-data*
- PAST EDITIONS OF NURSERY PAPERS ARE AVAILABLE ONLINE on the GIA website: *https://www.greenlifeindustry.com.au/Section?Action=View&Section_id=46*