BENCHMARKING TOOL ENABLES NURSERIES TO 'MEAN' BUSINESS

An estimated 1.9 billion plants were sold by Australian production nurseries in 2017-18.

That's according to the latest *Nursery Industry Statistics 2017-18* report, which assessed data from a record number of 292 growers surveyed across Australia.

Now in its second year, the levy funded project showed Australia's nursery industry produced an estimated $2.4 billion of greenlife, a 5% increase from 2015-16*.

The project also developed an improved benchmarking tool for growers to assess core aspects of their businesses against others operating in similar markets or segments.

Summary

- *Nursery Industry Statistics (NY17008)* is a three-year project funded by Hort Innovation using nursery industry levies and funds from the Australian Government.
- Nursery & Garden Industry Australia (NGIA) oversees the project and works with Down to Earth Research (DTER) and ACIL Allen Consulting.
- The project collects national greenlife statistics and tracks industry performance over time, to monitor market trends and prioritise investments for greenlife growers.
- The project conducts an annual nationwide survey of production nurseries, which has been validated in 2018 with a survey of greenlife purchasers.
- The results provide a significantly better understanding of the industry's size and value, as well as its economic, social and environmental contribution.
- A nursery industry benchmarking tool, developed from the results allows nurseries to compare performance, product share by type, market segmentation, employment and wages.

** Range is between $2.27 and $2.56 billion when sampling error is accounted for.*

BACKGROUND & METHODOLOGY

Nursery Industry Statistics (NY16004) was commissioned in 2017 by Hort Innovation to address the data gaps for the industry. The inaugural survey successfully collected production, sales, employment and sentiment data for the 2015-16 year from a random sample of 221 production nurseries.

The NY17008 project builds upon NY16004 and provides more accurate nursery industry data for the 2017-18, 2018-19 and 2019-20 financial years.

Supporting the 2017-18 collection was a validation survey of greenlife purchasers. The information collected from this survey of independent retailers and landscapers has validated the findings of the project and given credence to the methodology used.

As with the 2015-16 collection, this project uses the Computer Assisted Telephone Interview (CATI) methodology where businesses nationally, which are producing greenlife across all sectors, are randomly selected for interview. Maintaining the consistent collection methodology across the two projects ensures data is comparable longitudinally.

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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

BACKGROUND & METHODOLOGY *(continued)*

At the initial call, DTER arranges an appointment and provides the survey questions to the respondent in advance. This provides growers the opportunity to collate the data required to complete the survey. The benefit of this process in the 2017-18 collection is the survey resulted in less missing data (or empty cells).

The 2017-18 survey saw a 30% increase in business participation from the previous survey, with 292 production nurseries providing data for the project.

Strict confidentiality agreements protect the business and their data. The data is aggregated to form key findings for the nursery industry and ensures contributors and their information remains anonymous. The anonymised data is then structured into an easy to use benchmarking tool.

SURVEY RESULTS

INDUSTRY PROFILE

The survey found an estimated 1,650 production nurseries were currently operating nationally.

Businesses with a turnover greater than $2 million represented 21% of the industry, and accounted for 72% (74% in 2015-16) of total national turnover.

NUMBER AND VALUE OF PLANTS SOLD

Increased grower confidence and consumer demand for greenlife resulted in the sale of around 1.9 billion plants. It also found the farmgate value of the nursery industry grew to approximately $2.4 billion, an increase of 5% since the 2015-16 survey.

SALES TO THE SUPPLY CHAIN

In 2018, 58% of greenlife producers sold into the retail channel, and 47% of those businesses sold stock to big box retailers. In total, sales to big box retailers represent 51% of respondent sales to the retail sector or approximately $629 million.

41% of growers nationally are supplying ‘Landscapers, developers and builders’, a figure which was supported through the validation process.

However, the biggest category of supply was represented by sales between greenlife growers with 67% of growers supplying other growers. This is a significant market demonstrating the diversity of the industry’s specialist expertise in value adding at different

South Australian grower Peter Jong believes the statistics project is creating a stronger, more sustainable nursery industry.

stages of plant growth. It also includes purchases of greenlife for immediate resale highlighting the existence of specialist growers supplying niche markets and contract growing relationships supplying sizable and varied greenlife requirements.

While supply between growers is valued at almost $680 million, it is not included in the reported farmgate value of $2.4 billion, ensuring that each plant is only counted once within the survey.

EMPLOYMENT

Results show that greenlife businesses employ between 23,000 – 25,000 people, with half of these people working full time and in businesses turning over more than $2 million per annum.

Qualified horticulturalists are employed by 80% of production businesses and make up approximately 17% of the total industry workforce.

WAGES

The average nursery estimates that 38% of income derived from sales is spent on wages and the survey suggests the average wage is approximately $60,000, slightly higher than NY16004 results ($56,000).

CONFIDENCE

Confidence in the industry's future remains widespread with more than 80% of respondents saying they were positive about the future. The feeling of industry positivity is obvious with 68% of businesses investing in either infrastructure (54%), new technology (33%) and training (36%) during 2017-18.

CONCLUSION

The latest survey indicates increased growth in the nursery industry, with widespread confidence in the future.

Indications through the supply chain survey validate many of these findings including the anticipation that greenlife purchases will be greater in 2018-19.

The results are valuable evidence for nurseries to utilise to advance their business, as well as a resource for industry to advocate on issues of national importance.

They also support the development of the benchmarking tool, which is designed to help levy payers assess core aspects of their businesses against similar businesses nationally.

The tool helps to bring these findings to life with benchmarking capabilities aimed at measuring performance and increasing business profitability.

BUSINESS BENCHMARKING TOOL

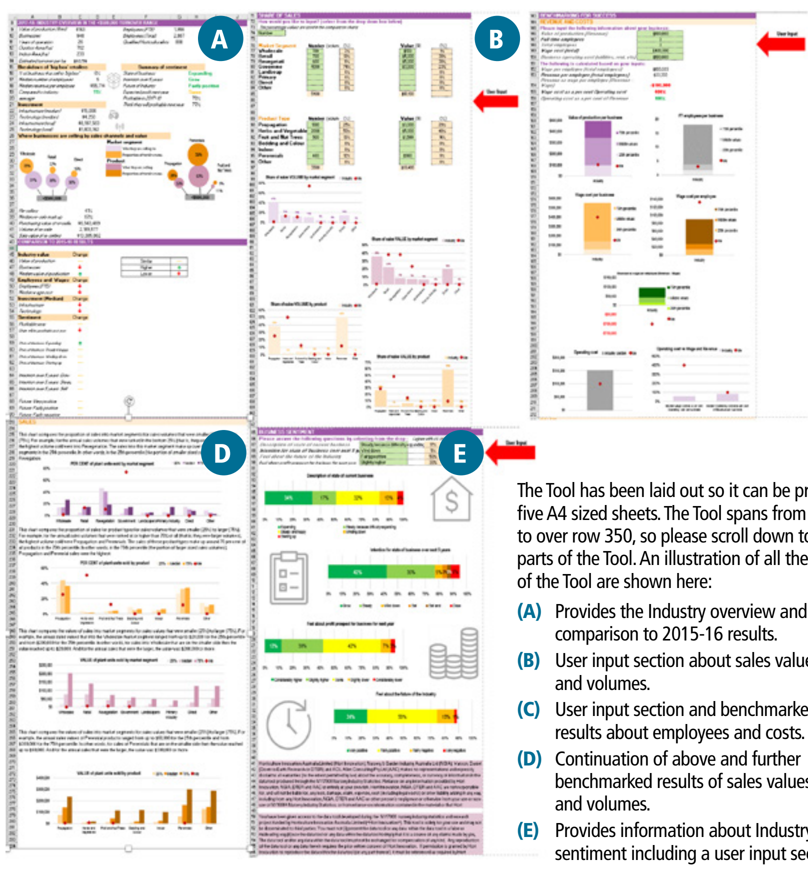
First released in 2018, the Excel-based benchmarking tool allows users to make comparisons to national averages in relation to the type of plants sold and the market segments operated in, business sales, number of employees and wages.

Businesses can see where they are positioned and compare their projections on the future of the nursery industry to those of their peers. The tool provides a foundation from which to plan a course of action to grow and expand the business. An additional benefit is that it augments datasets about the industry for application in business.

The benchmarking tool is made up of four key components:

- An overview and comparison of the 2015-16 results compared to 2017-18 results
- Sales and volume sheet where users can input their own data for comparison
- Employment and costs sheet where users can input their own data for comparison
- Industry Sentiment where users can input their own data for comparison.

Following another successful year of surveys and feedback, the updated benchmarking tool provides more detail than ever before. Examples of the insights the tool can provide businesses include:



The Tool has been laid out so it can be printed on five A4 sized sheets. The Tool spans from row 1 to over row 350, so please scroll down to see all parts of the Tool. An illustration of all the pages of the Tool are shown here:

(A) Provides the Industry overview and comparison to 2015-16 results.

(B) User input section about sales values and volumes.

(C) User input section and benchmarked results about employees and costs.

(D) Continuation of above and further benchmarked results of sales values and volumes.

(E) Provides information about Industry sentiment including a user input section.

- How do my sales into the wholesale and retail markets compare to the industry?
- I know how big my most popular product lines are, but how big are they in the whole industry compared to everything else?
- I spend $x per full time employee; what is that like compared to others?
- My operating cost as a proportion of my revenue is not too bad, but is it better or worse than the median in the industry?
- How do others feel about the future of the industry? What proportion of businesses like mine, are positive?

To register and access the tool, please email ***communications@horticulture.com.au***

LINKS TO RESOURCES

Learn more about the project and register for the data tool:
https://www.horticulture.com.au/growers/help-your-business-grow/research-reports-publications-fact-sheets-and-more/ny17008/

Media Release: Nursery Industry Flourishes with record breaking year
https://www.ngia.com.au/Story?Action=View&Story_id=2606

March 2018 Nursery Paper on 2015-16 survey *https://www.ngia.com.au/Story?Action=View&Story_id=2443*

PAST EDITIONS OF NURSERY PAPERS ARE AVAILABLE ONLINE on the Nursery & Garden Industry Australia website *http://www.ngia.com.au/Section?Action=View&Section_id=46]*