

CHAPTER 1 INTRODUCTION TO THE NURSERY INDUSTRY

The nursery industry is literally a growing industry. It produces billions of plants every year making major contributions to the forestry, vegetable, fruit, landscape, cut flower and parks industries. There will always be a demand for plants and in turn there will always be a need for nurseries.

Throughout the world, nurseries come in all types and sizes. Many are family businesses, sometimes just a small hobby business to supplement the family's normal source of income. At the other end of the scale are large commercial enterprises that employ dozens of people and grow

millions of plants. No matter what size though, a nursery always needs good management if it is to be financially viable. This book aims to show you ways to make a difference to the financial viability, hence the success, of any nursery, irrespective of size or type.



Plants in raised beds that catch and divert runoff water away from where people walk

THE INDUSTRY

The nursery industry is, and has been, a growth industry throughout the developed countries of the world for several decades, even through periods of recession.

Floriculture is the production of ornamental and flowering plants. It comprises chiefly of potted plants, cut flowers, and potted flowers. In 2015, the United States was the world's largest importer of cut flowers at 17% of the global market, followed by Germany and the UK at 15% and 14% respectively. The Netherlands were the largest exporter of cut flowers at 43% of the global market, followed by Colombia at 15% and Kenya at 11%. In fact most of the growth, and potential for growth is coming from emerging economies (*Rabobank's World Floriculture Map, 2016*).

Worldwide, most years since 2001 have seen a steady increase in demand for potted plants. A working document of the European Commission (2015), showed that in terms of value, the EU produced 34.3% of the world's potted plants and flowers in 2014, followed by China at 15.9% and the United States at 13.9%. Of the EUs production, the Netherlands topped the list at 32%, followed by Germany at 13%, and France and Italy both with 12%.

The Horticultural Trades Association (UK) stated that £24.2 billion was produced by the combined ornamental horticulture industries in 2017. The industry also supported 568,700 jobs - amounting to 1.6 percent of total UK employment.

According to the US Dept. of Agriculture, although drought caused a

downturn in the flower and plant growing industry in the USA in the five years from 2013 – 2017 an optimistic outlook for 2018 predicted growth for 2018 with revenue sitting at \$13.5 billion.

In Australia, the nursery and garden community contributed \$2.29 billion to the Australian economy in 2016 with the industry made up of 27,000 workers (*The Nursery Papers, April & June, 2018*).

The current surge of interest in gardening is influenced by a number of factors including increased home ownership, higher disposable incomes, an ageing population, and changing lifestyles. Media programs have fuelled interest in 'garden makeovers', resulting in the growth of landscaping services and consumer demand for instant colour, larger plants and more hard elements such as paving, outdoor furniture and water features. The demand for garden packages is a strong emerging trend.

Influences on the current and future markets also include:

- Development and application of technology including biotechnology and plant breeding, robotics, drones and information technology.
- The increased public interest in flowers and plants for decorative use.
- The trend to seeing landscaping and gardens as an investment by the consumer.
- The emergence of developing countries into the floriculture trade.



In a mild climate, greenhouses attached to a retail garden centre can display and sell plants year round

Garden Centres

The nature of garden centres and nurseries has always been such that most commonly they have been small businesses employing fewer than five persons. This remains true in the current market, and there are good opportunities for new nurseries to establish, provided they are selective in what they grow and that they maintain adequate standards in the quality of plants they produce.

It is important for nursery managers to be well informed about industry trends, demands and conditions. Nurseries sell living things and, like all living things, plants are subject to the influences of abnormal weather, and

plagues of diseases and pests. Plants are also subject to changing fashions. A promotion on TV, social media or in popular magazines often significantly changes the way the public spends, even if it is only a temporary change. Averaged over a period of years, the demand for different types of plants may remain stable, but over shorter periods there can be very significant changes in the demand for one type of plant or another. It is essential to stay in tune with the market place and wherever possible foresee changes in demand before they occur. Maintain contact with the magazines, professional associations and gardening experts who can tell you about what is likely to be promoted next, or what plants are in oversupply or undersupply in the near future.

PROFESSIONAL ORGANISATIONS

The nursery industry is well represented by professional organisations dedicated to the interests of growers and retailers, and any newcomer to the industry is advised to become a member of a reputable association. Professional associations provide a wide range of opportunities including training and development, business improvement schemes, government lobbying and representation, and promotion and research.

- Important professional bodies in Australia are the Garden Centres Association of Australia, Australian Institute of Horticulture (AIH), and the Nursery and Garden Industry Association of Australia (NGIA).
- In the UK, the Horticultural Trades Association (HTA) includes businesses representing garden retailers, growers, landscapers, producers and distributors of garden materials, and service providers. All the major UK ornamental plant growers are members of the HTA.
- The interests of US producers and retailers are represented by the American Nursery and Landscape Association (ANLA).

In addition to the national nursery organisations, there are many other professional organisations tailored to meet the needs of regional and special interest groups, such as the International Plant Propagators Society (IPPS), landscape contractors associations, horticultural media associations and organic growers.

NURSERY ACCREDITATION

Nursery accreditation schemes are an important new development in both the production and retail sectors. The schemes operate in many countries, with the general aim being to raise the status and professionalism of the nursery industry.

The programs differ in their technical focus and assessment procedures, but all are based on the concept of independent assessment to encourage business improvement. Depending on the scheme, guidelines and independent advice may be provided to promote best management practice. Assessment procedures generally involve external and internal reviews to measure such things as product quality, safety procedures, quality of facilities, staff knowledge and training, marketing and customer service.

Many nurseries involved in accreditation programs have reported such benefits as improved nursery efficiencies, better management, enhanced professional recognition and increased profits.

The Horticultural Trades Association in the UK has developed a number of certification schemes, providing quality standards accepted across the industry.

The two main accreditation programs in Australia are the Nursery Industry Accreditation Scheme (NIASA) and the Australian Garden Centre Accreditation Scheme (AGCAS).

Organic Certification

Certified organic production is increasingly used in the nursery industry because there is a growing consumer demand for organic products. 'Organic' means different things to different people, but in order to be certified organic the nursery must adhere to standards enforced by an organic certification body. While this can impose restrictions on particular aspects of management, certification is a powerful tool for a nursery manager wanting to break into the organic market because it indicates a definable standard of production.

Organic certification operates differently in different countries, but standards are generally enforced by government, private certification agencies, or a combination of both.

- Organic agriculture in the United Kingdom is regulated by the UK Register of Organic Food Standards. The largest certifier is the Soil Association.
- In Australia the major certification bodies include Biological Farmers of Australia (BFA), the National Association of Sustainable Agriculture Australia (NASAA) and Organic Growers of Australia (OGA), all accredited by the Australian Quarantine and Inspection Service (AQIS).
- The major certifier in Japan is JAS, accredited by the Ministry for Agriculture Forestry and Fisheries, Japan (MAFF).

- Organic certification in America is regulated by the US Department of Agriculture (USDA). Quality Assurance International (QAI) is a private company that operates internationally from America and is the world's largest certification body. The International Federation of Organic Agriculture Movements (IFOAM) is an international umbrella body for the organic industry.

Organic nursery production focuses mainly on vegetables, herbs, and fruit. Specific management changes may be necessary if you are considering a transition to organic production. Different standards may require certified organic seed, exclusion of synthetic fertilisers and biocides, and use of particular potting mixes. Some areas have established industries such as organic potting mix producers, a factor which may facilitate success.

TYPES OF NURSERIES

In the past, nurseries were involved in almost all aspects of the production and culture of plants. They grew a wide variety of plants, and they sold them both wholesale and retail, as well as supplying a wide range of allied products and services. Today, all but the largest nurseries tend to specialise.

Organisational Structure

Nurseries can be non-private (for example, run by government, community or conservation groups) or private businesses. Private nurseries can be individually owned partnerships (perhaps owned by a husband and wife or two friends), or corporate, such as

a company, where they have a legal identity of their own.

Nurseries can be classified in many different ways. For example:

- According to what they grow - such as natives, exotics, seedlings, cottage garden plants, bonsai or bulbs
- How they grow it - such as in-ground production or in containers

- The size of plants they produce - such as tubestock/growtubes, small pots/containers, or advanced stock

Nurseries which try to do everything rarely succeed. New nurseries should consider the following options carefully and define the scope of their operation to fit their resources, skills and knowledge.

There are three main types of nurseries: production, growing-on and retail.



Production nurseries should organise plants in blocks according to cultural needs