

**S-290 Technical Committee
Spring Meeting, Feb 19, 2004
San Diego, Ca.**

Agenda had been distributed by Chair Behe

Present: Barton, Behe, Brooker, Dennis, Hall, Haydu, Hinson, Hodges, Mather, McNeil, Rene Van Rems.

Chair Behe called the meeting to order at 8:15 am.

The minutes from the previous meeting had been placed on the S290 website (www.s290.org). The minutes were approved as posted.

Neither the administrative adviser nor the CSREES adviser was able to attend the meeting.

Guest speaker – Mr. Rene van Rems, President of Rene Van Rems, Inc, of San Diego. Mr. Rems is a style and trends consultant who works with the mass merchants segment. He provides recipes for bouquets for the mass markets, and is a speaker at various meetings of the retail florists' trades.

In terms of industry directions, he was complementary of the KaBloom model as simple but upscale design at moderate price. He indicated this is very popular. On the other hand, older models such as FTD are diminishing. Also, the low end sales are going to supermarkets, and Ralphs and Safeway were mentioned specifically as examples. These are very prescriptive. He used an example of a discussion with a buyer who indicated there must be exactly 19 stems in a bouquet that would wholesale for about \$2.25, so the grower revenue would be about \$1.10. The only suppliers who can do that are the producers in Colombia, Ecuador, or other low cost parts of the world. Leatherleaf and baby's breath are old, inclusion in the bouquet diminishes value. Also, the typical female flower consumer prefers flower colors other than red.

Therefore, the ultimate consumer often does not get what she wants, unless she buys it herself. Many people now are ordering from the Internet. Valentine occasion sales on-line are soaring. The industry needs better consumer awareness. The consumer needs to be satisfied for return purchases, and he does not see this happening. The market is very diverse, there are many opportunities to serve consumer niches. The customer has changed a lot.

Shortened channels of distribution – this is a very important purchasing trend. The regular purchase is from supermarkets, while florists are special occasions. This has changed because the value added is not there in the old system of wholesalers and florists. The leatherleaf and baby's breath examples show that the consumer is lost in this system. The trend in Holland is to break out of the old designs and approaches, with a 'lets be different at any cost' approach.

California production situation. Growers not making in on roses, he says. The original generation of growers who built the industry and hung in there through everything, is gone. Many second generation owners are not interested in continuing due to the problems of labor, changing markets, needed investments, etc. An agricultural business in CA is too difficult.

Bottom line: business people beginning to see that creative people can make money.

Update on the website - Hall

New web address is www.s290.org. Hall asked that members provide appropriate information to update the site, such as contact information, since its easily changeable.

Manuscript reports

1. Cost studies for container and field nurseries, and landscape companies. McNeil has been working the landscape manuscript and expects to have it **ready for review by March 30, 2004. Reviewers will be Hodges, Haydu, Hall, Mathers.** These individuals agreed to review this manuscript before the summer 2004 meeting. The field nursery cost study will follow, working with Hall on zone 5 and 6, then the container production system will be updated. There is interest in revision and update of container and field nurseries for zones 7 and 8. Hinson agreed to lead this, using McNeil's spreadsheets as the tool to calculate costs. Knight, Tilt, Fields, Hall were suggested for this committee.
2. Pot in pot publication. Hall reported that the report has been published, and is linked to the southern directors homepage and from Hall's website.
3. Landscape preference consumer survey. Behe reported that comments have been received, revisions made, and the manuscript is ready for publication. It was noted that Michigan results differ from all other responses, so the manuscript will be revised to provide separate comments regarding the Michigan results. The document then will be sent to HRI.
4. Dogwood study. An excerpt will be published in the Michigan State University's Best Management Practices for the Nursery Industry. Brooker and Hall will review the manuscript.
5. Educational needs of Hispanic nursery employees. Mathers surveyed needs of these employees, and published an article in Journal of Environmental Horticulture. The requirements and procedures of this effort were noted. This was an interview survey, an interpreter was used, workers were questioned directly about how they learn and other issues. Labor was considered as a possible new research topic. Following this discussion, the group agreed that **Mathers would take the lead on writing an HRI grant** to study the workforce including potential differences in labor preferences for learning and training between Hispanics and other workers. States with interest in the project were identified as

Ohio, Indiana, Michigan, Maryland, Florida, Texas, and Tennessee. The committee appointed for this activity included Mathers, Hall, and Barton. At the next S-290 committee meeting, Mathers will lead discussion on pursuing this study.

Progress on current studies.

1. Trade Flows and Marketing Practices. Brooker reviewed the items that will be covered through the \$48,000 HRI grant. The instrument was revised, lists were obtained from 45 states, the first mailing is out and some responses are being received. A separate HRI grant funded printing and mailing. Hodges reported on the survey methodology. The sample frame was unified, there was a consistent source of certified nursery names/addresses, the lists were stratified by physical size and surveyed in fixed proportions (100% of large nurseries, 60% of medium, and 25% of smalls). If there was no size indicator, then the sampling rate was 40%. The minimum sample size in any state was 99, and there were 15,000 names in total. The first mailing was in mid January, the second will be in early March. **Data entry will be done at the University of Tennessee.** Brooker noted that NASS' Census of Horticulture Specialties is being conducted at same time.

2. Pricing study. McNeil noted that Turner made two presentations based on this material in 2003, using Viburnum species over the 100 years of data. In addition to price data, there is information about varieties that have appeared and disappeared over time, and such groups might be studied. The initial work of getting data from the originals and onto spreadsheets is done. **Brooker will lead additional work on this project.**

3. State promotional programs. There was no report.

4. Cut flower budgets. There was no report.

5. Business analysis. Hodges reported progress on Florida's business analysis project which will be on a Hortbusiness website. FNGA provided funding to automate and make this available on the internet, and will be security encrypted. It will have public and member sides. The open or public side will have benchmarks for separate sectors such as foliage, woody ornamentals, and cut flowers. Reports will be available comparing firm averages by categories such as overall and most profitable. In the members only page, a firm will be able to enter its own firm information, query for reports, etc. Training sessions are scheduled in summer 2004.

Behe reported on greenhouse benchmarks. Some information has been collected in Michigan to be incorporated into the New York database.

New topics

1. Cost of tree liner production. Mathers lead discussion of Oregon's market for tree liners. Some states are producing liners as well, including Tennessee. There is large potential in this market. S-290 should investigate the production practices, address the

retractable roof issue, and develop a production system to model in order to attach costs associated with liner production.

2. Dennis reported on her cognitive appraisal work, which involves consumer satisfaction and regret regarding horticulture plant purchases. The emotional attachment and regret/satisfaction factors are elicited. Regret was shown to be the driving factor for switching. Moderating variables were included. This work can be expanded and should be included in the new multi-state project.

Discussion of new project.

S290 is scheduled to terminate September 30, 2004. Discussion of objectives to be included in a revised or new project led to the following outline for submission:

Objectives

I. Labor force study - Mathers

II. Evaluate firm-level regional and national competitiveness within the green industry – Haydu and Hodges

A. Business analysis – Hodges and Uva

B. Economic Impact - Hodges

C. Trade Flows and Marketing Practices survey – Brooker and Hodges

D. Determine economic feasibility of horticultural production practices - Hall and Hinson

III. Production horticulture activities

A. Evaluation of horticultural production practices - McNeil

B. Evaluation of selected plant establishment techniques - Mathers

C. Evaluation of landscape maintenance considerations - Barton

IV. Demand activities – a combination of S290 objectives 3 and 4 - Behe and Dennis

A. Investigate consumer preferences for plant characteristics and services,

B. Analyze demand for selected species and plant categories

C. Analyze the effectiveness of alternative methods of evaluating new plants, products and services

D. Investigate alternative retail level pricing schemes and displays

E. Investigate the application of electronic marketing technologies

Timeline

March 19 - objective leaders get new verbage to Behe (format: Word document)

March 26 - Behe compiles objectives, sends to Hall for posting on website. At that time, an email message will be sent to current and potential committee members asking for their commitment to the objectives

April 9 - deadline for response by members

Following this process, the writing committee will prepare the document for submission.

Elections

Behe and Hinson were re-elected to the offices of chair and secretary.

Site for summer meeting, 2004

Tuesday, August 10, 2004, 1:00 pm. Southern Nursery Association, Atlanta, GA.

Deadline for titles to present at educational seminars Feb 28, 2004.

Site for winter meeting, 2005

Arizona, either Tuscon or Phoenix, preferred dates are mid to late February. Haydu will organize the Arizona tours and present information at the next meeting.

Site for summer meeting, 2005

A site in New York state was suggested.

The meeting was adjourned.