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Factors Impacting Business and Marketing Strategies Used by Landscape Firms

The following e-GRO Alert highlights factors impacting business strategies and marketing channels used by firms that include landscaping services.

Landscaping services have become increasingly important. Landscaping services fill a niche for consumers who do not have time to garden, do not have the knowledge to care for their landscapes, have physical limitations, or do not enjoy gardening. Recently, demand for landscape services has increased. The annual growth of the landscape services industry in the U.S. was 5.1% between 2016 and 2021 (Diment, 2021).

Data are from a national survey of 564 U.S. green industry firms from 2014 and 2019. Firms were grouped into landscape, retail and grower firms (LGR, 30% of the sample), landscape and retail firms (LR, 20% of the sample), and landscape only (LO, 50% of the sample) firms to account for differences observed from different business types.

This e-GRO Alert focuses on factors impacting landscape firms' business decisions and the marketing channels employed by green industry firms that offer landscaping services.

Factors Impacting Business Strategies

Table 1 shows the percent of business generated by different sales methods. Regardless of the firm type, most landscape firms relied upon in-person sales methods to generate business. LO firms used in-person methods, followed by telephone, and other sales methods to generate business.

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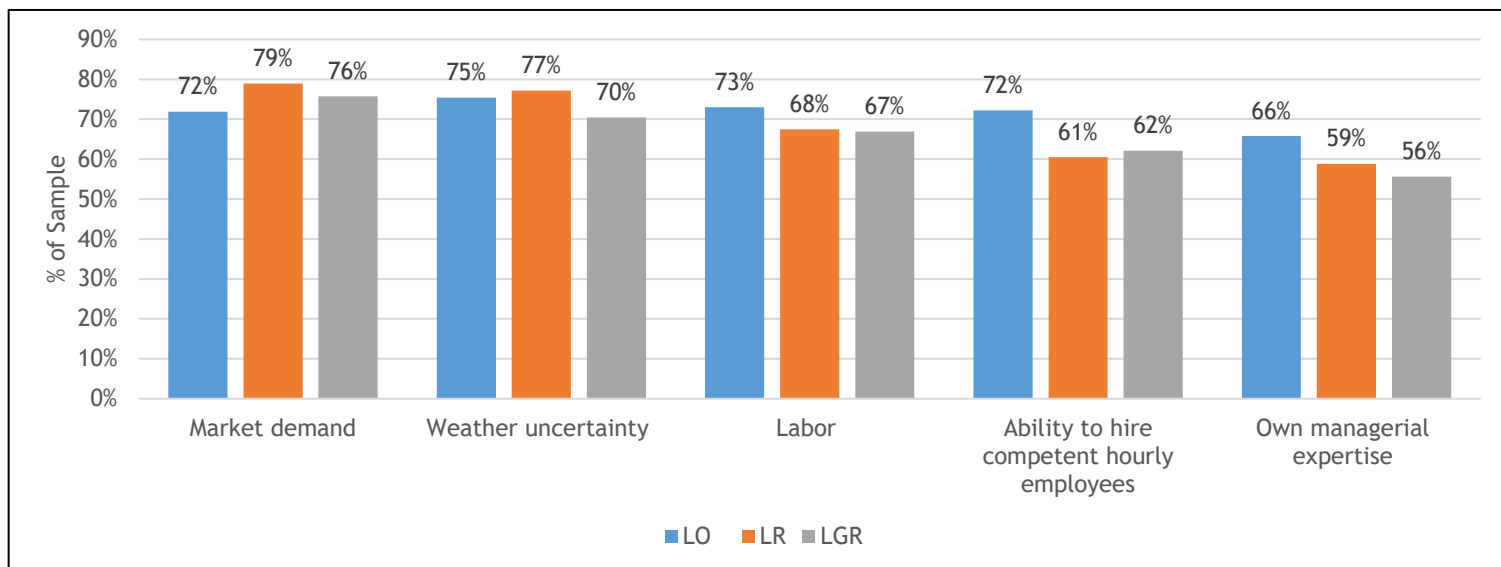


Figure 1. Top 5 Factors Impacting U.S. Landscaping Firms' Business Strategies in 2014 and 2019

Source: Rihn et al. (2021)

However, those firms with retail components (LR and LGR) exhibited greater diversity in methods used to generate business. LR and LGR firms used more online strategies (email and websites) and trade shows than LO firms. These results may reflect the need to diversify communication to different audiences targeted by retailer and growers (e.g., end consumers, wholesalers, landscapers, etc.). Interestingly, the results imply that landscape-related sales are still heavily reliant on in-person sales, meaning landscaping is a highly interpersonal discipline. This suggests the need for and value of great salespeople to align plants and designs with clients' needs.

Sales Methods Used by Landscaping Firms

Table 1 shows the percent of business generated by different sales methods. Regardless of the firm type, most landscape firms relied upon in-person sales methods to generate business. LO firms used in-person methods, followed by telephone, and other sales methods to generate business. However, those firms with retail components (LR and LGR) exhibited greater diversity in methods used to generate business. LR and LGR firms used more online strategies (email and websites) and trade shows than LO firms. These results may reflect the need to diversify communication to different audiences targeted by retailer and growers.

Table 1. Percent of Business Generated by Different Sales Methods for U.S. Landscape Firms

Sales Method	Total % of Sample	LO % of Sample	LR % of Sample	LGR % of Sample
Trade shows	2%	0%	1%	2%
Telephone	14%	13%	11%	16%
In-person	75%	75%	77%	73%
Mail order	1%	0%	1%	0%
Websites	2%	0%	3%	1%
Email	4%	0%	4%	5%
Other	4%	13%	4%	3%

Source: Rihn et al. (2021)

Interestingly, the results imply that landscape-related sales are still heavily reliant on in-person sales, meaning landscaping is a highly interpersonal discipline. This suggests the need for and value of great salespeople to align plants and designs with clients' needs.

Advertising Budget Spending

Although landscape businesses have clear avenues that generate business (e.g., in-person sales), they also make strategic decisions in the allocation of their advertising budgets. Figure 2 summarizes the percent of firms' advertising budgets spent on different advertising methods. LO firms primarily spend money on advertising on their websites, other media (e.g., word of mouth, festivals/events, sponsorships), and social media platforms. The LR and LGR firms also use these three options frequently, but they also spend money on advertising through traditional media (e.g., newspapers, radio/TV). Interestingly, LR firms had a substantially higher percentage of their advertising budget allocated to newspapers, radio/TV, catalogs, and gardening publications than LO or LGR firms. While LGR firms exhibited a higher percent of their advertising budgets went to newsletters, trade shows and trade journals than the other firms. Likely these results reflect slightly different target audiences with LGR firms also targeting wholesale audiences, retailers, and consumers.

Green industry firms considering adding a landscaping component to their product offerings should assess the current business climate and the important business factors that may impact future growth. Different advertising avenues should then be used depending upon the target audience(s).

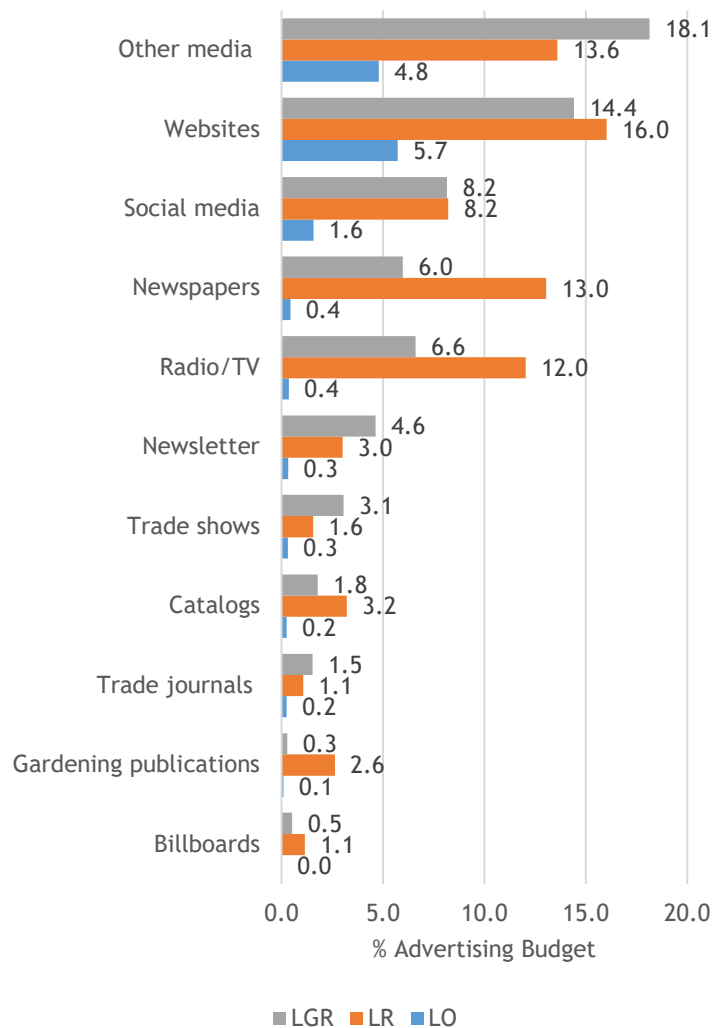


Figure 2. Advertising Budget Percentage Allocated to Different Advertising Platforms

Source: Rihn et al. (2021)

Careful consideration of who the core audience is and where they receive their information can guide these decisions.

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