NURSERY PAPERS

NEW DATA PROVIDES TOOLS FOR THE FUTURE

A unique project seeking to quantify the value of the nursery industry's contribution to the Australian economy has delivered statistics and a new data tool to help the industry better plan for the future.

The *Nursery Industry Statistics and Research 2016/17* (NY16004) project has, for the first time, shown that Australia's thriving nursery and garden businesses produced an estimated $2.29 billion worth of green life in 2015-16.

The project surveyed more than 200 production nurseries and revealed that there are 23,000 people across the nation working in approximately 1,777 nursery and garden businesses.

The project also produced a user-friendly data tool to enable nursery operators to benchmark themselves against other businesses, so as to help them to boost their own profitability.

Summary

- The *Nursery Industry Statistics and Research* project has been funded by Hort Innovation using the nursery research and development levy and contributions from the Australian Government. Its aim was to collect national statistics in enough detail to track industry performance over time, monitor market trends and prioritise investment for the future.

- It combined the networks, experience and knowledge of Nursery & Garden Industry Australia (NGIA) with Down to Earth Research (DTER), a social and marketing research company, and ACIL Allen Consulting, an independent economic, public policy and public affairs management consulting firm.

- The project also developed a nursery industry data tool to give production nurseries the ability to compare key aspects of performance, including product share by type, market segmentation, employment and broader industry indicators.

- This information delivers a powerful opportunity for the nursery industry to advocate to government about issues such as the need for training, and to boost the industry's profile by providing accurate figures on its contribution to the national economy.

BACKGROUND

Collecting statistical data about nursery production is challenging, due largely to the diversity of the industry and the number of times plants can be sold before reaching the end user.

The lack of solid data on how many businesses the industry represents and how many people it employs has led to suggestions that the industry's contribution has been underestimated in the past.

Previous attempts to collect data were also resisted by many participants in the nursery supply chain due to concerns about privacy and confidentiality.

The *Nursery Industry Statistics and Research* project illustrates why the benefits of collecting industry data from individual businesses outweighs concerns around sharing information.

It has developed a comprehensive tool to collect data across the nursery and garden industry and provides growers with the ability to track trends against historical data and to use this information to enhance operations.

By identifying buying trends, industry can analyse the data to make strategic production decisions for the future, and measure the success of levy spending on campaigns such as 202020 Vision.

Nursery & Garden Industry Australia

Hort Innovation Strategic levy investment | **NURSERY FUND**

National and state ratios in specific areas such as wages, productivity, average turnover and percentage of stock value sold allow nurseries to benchmark their own businesses against similar operations.

Importantly, with the support of solid, reliable, independent data, nursery businesses will attract genuine investment for long term performance and growth, and capitalise on the opportunities available.

A grower's perspective

Project steering committee member Hamish Mitchell is excited to see the new figures and is urging growers to access the tool and plug in their data, to help measure year on year results and to support strategic decision-making.

Mr Mitchell said there is great potential for the methodology utilised in the project to be continued into the future, and for more involvement from industry next time round.

"The information is anonymous and confidential, with the goal of collecting hard data for meaningful industry analysis," Mr Mitchell says.

"We need to know who is buying what, when, and where the growth areas are, so we can make intelligent, future-based production nursery decisions."

He said data collection is also the key to the industry becoming a more powerful voice within the economy and making successful representation to government.

Hamish Mitchell, Speciality Trees.

The nursery industry's total value to the Australian economy is approximately $2.29 billion.

THE RESEARCH

Under this project, Down to Earth Research (DTER) initially undertook a series of in-depth interviews with industry stakeholders followed by an extensive Computer Assisted Telephone Interviewing (CATI) survey of 220 randomly selected nursery production businesses.

The final CATI sample included both industry member and non-member businesses of various sizes that operate across a range of growing regions and produce a diverse range of green life products, ensuring a robust data set.

In-depth interviews revealed keen demand for statistical and benchmarking information, while highlighting the importance of confidentiality of data provided and compliance with the Privacy Act by guaranteeing the anonymity of participating organisations.

Data provided for the survey was from the 2015/16 financial year.

KEY FINDINGS

- An estimated 1.6 billion plants are sold each year by greenlife production businesses.
- The total value to the Australian economy is approximately $2.29 billion.

- More than half of all greenlife production businesses are micro (57%), turning over $500,000 or less in a year, while a further 27% report sales of between $500,001 and $2 million.
- The remaining 17% sell more than $2 million worth of plants, and this group accounts for 74% of total national turnover.
- 23,000 individuals working across close to 1,777 nursery and garden businesses around Australia. Approximately half work full time while others are part time or casual, equating to 19,000 Full Time Equivalent (FTE).
- The 'average' business estimates that 32% of the income derived from sales is spent on wages.
- Confidence in the future is widespread due to belief that demand for greenlife product will continue.
- As a result, future intentions are typically to grow the business or at least remain steady, with only 6% intending to exit without selling to another greenlife entity. Those expecting to exit are more likely to be micro businesses than larger operations.

NURSERY INDUSTRY DATA TOOL

ABOUT THE DATA TOOL

The nursery industry data tool has been developed as part of the project. It gives production nurseries the ability to compare key aspects of performance including product share by type, market segmentation, employment and sentiment to broader industry indicators.

The data tool is designed to enable nursery producers to benchmark core aspects of their business against the results collected from the survey, and asks for:

- The total number of plant units sold in FY2015-16
- Subdivided sales by product type and market segment
- Total employment numbers (including owner) in the business in FY2015-16
- The sum of full-time equivalent positions for all the establishments that the business operates
- The total cost of wages (including on-costs) for the business in FY2015-16
- Sentiment about the future of the nursery and garden industry
- Age of the respondent
- How long the respondent has been involved in the nursery industry

An estimated 1.6 billion plants are sold each year by greenlife producers.

There are approximately 23,000 people working in Australia's nursery industry.

ACCESSING THE DATA TOOL

The data tool is a user-friendly Excel interface and available upon request to all nursery levy payers by sending an email to *communications@ horticulture.com.au*

For more information, visit: *https://horticulture.com.au/resource/ nursery-industry-data-tool/*

NEXT STEPS

The methodology of gathering statistical data from Australia's nursery industry (excludes turf and cut flowers) has been proven to be sound. However, there is an opportunity for future collections to adapt to industry needs.
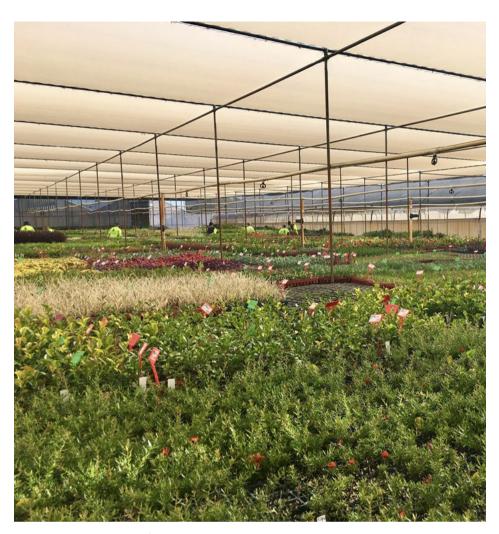
Adjustments in the timing of collections to coincide with business reporting; simplifying the collection process; increasing participants; demonstrating the benefit of using the benchmarking tool; and communicating how the data has been utilised, are all areas of consideration for future collections.

IMPLICATIONS FOR THE NURSERY INDUSTRY

The primary data collection conducted for this project has provided the nursery industry with a foundation set of data which is credible and verified.

This is a great achievement as the information it contains will support the industry, both with advocacy efforts and through enabling individual businesses to access benchmarking opportunities.

The data collected confirms that the $2.29 billion industry is a major contributor to Australia's food, fibre and foliage plant production including urban landscape and retail through to fruit, vegetable, forestry and revegetation.

The nursery industry has one of the most diverse and extensive supply chains in Australian horticulture.

LINKS TO RESOURCES

To access the data tool, or for more information about the key findings of the survey, visit: *https://horticulture.com.au/resource/nursery-industry-data-tool/*

Related Nursery Paper April 2017: *https://www.ngia.com.au/Story?Action=View&Story_id=2334*

Grower Case Study – Data the key to national industry voice: *https://www.ngia.com.au/Story?Action=View&Story_id=2345*

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*