The Shifting Landscape

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The green industry is in a state of revolution. The question is if the green industry will recognize the shifting landscape in time to take advantage of the fundamental changes occurring in society? Writer William Pollard once stated "*Without change there is no innovation, creativity, or incentive for improvement. Those who initiate change will have a better opportunity to manage the change that is inevitable.*"

The green industry has historically focused on residential consumers. According to ABR Research, a nationwide independent research company, "*Residential service still is the bread and butter of the average landscaper, producing two-thirds of sales. For smaller companies, those numbers are a full three quarters of sales come from single-family homes for companies earning less than $200,000 a year.*" For horticultural retailers and garden centers, the largest customer segment by far was homeowners. This prime focus on residential consumers had limited the exploration and development of other markets.

Urbanization of Society

One of the most critical trends for the green industry to watch is urbanization of the population. Urbanization occurs when people move from rural or suburbs to urban areas, so that the proportion of people living in cities increases while the proportion of people living in rural areas diminishes. In the last century, the world's population has urbanized quickly. According to a new book titled The Process of Urbanization, in 1900, just 13% of people lived in cities; by 1950, the proportion rose to 29%. According to projections, the proportion could reach 60% by 2030, or nearly 5 billion people. The United Nations predicted that by 2050, 64.1% and 85.9% of the developing and developed world respectively will be urbanized.

Urbanization is a rapid and historic transformation of human social structure which is occurring on a global scale. During this process urban culture replaces rural culture. Generally speaking, studies have shown that city dwellers, occupy smaller-than-average and multiunit living spaces than their suburban or rural counterparts, who often have bigger homes. One measure of the changing character of society is housing density. Average small-town housing density is sixteen to 64 housing units per square mile (.025 to 0.1 housing units per acre). Outer Suburban housing density is 65 to 640 housing units per square mile (0.1 to 1.0 housing units per acre). Compare this to typical urban housing density at more than 1,600 housing units per square mile (2.5 housing units per acre). Applying simple land use coverage the average suburban home, at 30% impervious surface would have about 30,500 square feet of open available for landscape. On the other hand the typical urban home, at 70% impervious surface would have about 5200 square feet of open space available for landscape.

Individual Spending Is Down, But More Are Buying

The impact of urbanization on the green industry is already apparent in spending trends. According to Ian Baldwin a garden industry consultant, "*in 2013 Lawn and Garden spending per household, dropped for the fifth year in a row (by $4) to a miserly $347, the lowest since the mid-1990s. However the size of the total DIY market rose because more households participated*". Increasing urban population and shrinking living area is a consistent trend which will continue to accelerate for the foreseeable future. Individuals over 55 years old represented 46 percent of sales of the entire lawn and garden in 2013. Fostering the weakness in growth is that retail sales to 35 to 54 year olds have continued to decline over the past decade.

Changes in lending and commercial credit due to the financial crisis, have resulted in fewer households that now qualify for mortgages. Significant drops in single-family unit completions are expected to be offset by the increase of multiple-family and manufactured-housing units. Tracking with this trend the average lawn size in the U.S. is declining in spite of a boom in mega mansions and vacation homes according to the Professional Lawn Care Association of America. Falling average lawn size is dampening the residential market which accounts for 66 percent of total industry sales.

Changing Face of Retail

"America's love for the big-box store is waning", Bloomberg News reported. *"These days, even brands like Target, Wal-Mart and Best Buy are focusing on smaller stores.*" As consumers shift to online purchases and trim expenditures, retailers are realizing that many of their stores are too big. As this trend continues there is a real case for retailers downsizing stores.

Retailers have begun to move away from big-box stores in suburban areas, instead showing a preference for urban infill locations. "*It's not just the buildings that are getting revamped*." Maureen McAvey, of the Urban Land Institute, says "*there's a deeper shift happening: Retail is becoming much more integrated with housing, especially in cities*". Local Garden Centers have temporality benefited by taking market share away from mass merchandisers in 2013. This increase will be fleeting if the green industry doesn't re-invent their model and expand into more diversified markets.

One challenge significant for the lawn and garden services industry is that it is mostly comprised of thousands of small, privately owned firms. In fact, firms with sales of less than $200,000 accounted for 52 percent of the industry in 2013. The decentralized and segmented structure of the green industry will prevent itself from organizing into an effective coalition to combat the well funded mass merchandisers once they refine their retail strategy. This was the case when the Turfgrass industry tried to mount an attack against the synthetic industry in 2005. The small mom and pop sod farms were no match for the well funded multi-national synthetic carpet industry.

Landscapes as Machines

For most of recorded history humans have managed and altered the landscape for aesthetic purposes. More recently landscapes are being installed to perform work, like a machine. These are considered "working landscapes" which is a broad term that expresses the goal of creating landscapes where production of market goods and ecosystem services is its primary function. This trend was initially fostered by the Environmental Protection Agency (EPA) in its attempts to control the non-point source pollution requirement of the Clean Water Act. The focus of EPA stormwater pollution program was to create working landscapes to filter and clean runoff. In this approach, plants serve more of a function than aesthetic beauty and personal enjoyment, they are selected specifically for their ability to filter pollutants and capture sediment.

For over a decade landscape architects, urban designers, ecologists and planners have been refining and implementing the concept of working landscapes. Currently it is almost impossible to gain approval to develop any property without incorporating working landscape into the plans. Although there has been some minor interest in rain gardens, bioswales, green roofs and other green infrastructure, the green industry has been slow to recognize and to invest in the development of this expanding multi-billion dollar market. While, the green industry spends millions on breeding and developing every variety of bloom color know to man, it has ignored meaningful research in a market which could conceivably grow to dwarf the residential consumer market.

The Emerging Green Economy

Though the scientific cause and effect of many environmental issues remains debated by some, what is undeniable is an emergence of a green economy. The McKinsey Global Growth Institute has estimated that "*rates of environmental degradation are unsustainable for the long-term functioning of the global economy. Existing and future investment, therefore, must be greened to avoid dangerous levels of climate change and adverse environmental impacts that could erode the benefits from new green developments*." While green infrastructure is one aspect of the solution, it is quickly growing in terms of policy. Cities like Washington DC, New York and Philadelphia are committing up to 20 billion dollars in green infrastructure alone over the next 20 years. Approximately US$ 24 trillion is earmarked to be spent on infrastructure before 2030, falling short of the cumulative US$ 60 trillion needed. Compare this to statistics from the January 2014 IBIS World market report that shows the landscape services industry has annual revenues of $74 billion.

Recent market surveys indicate that home buyers increasingly desire natural areas; smaller lawns, better pedestrian access, wildlife habitat, & open space in the communities they choose to live in. This signifies a shift in the delivery of recreational amenities from the residential consumer to public agencies. Shifting public opinion indicates that natural resources are too limited to achieve society's quality of life aspirations unless we adopt a new land development system embodied in green infrastructure and smart growth principles. The real question is how the green industry will respond to meet the needs of these significant changes in public attitude and investment?

After a decade of public policy directed toward a new green economy and declining residential consumer purchases, the trends are well established. The truth is the green industry needs to re-invent itself with new products, approaches and delivery models. Re-engaging the native plant segment of the industry in a meaningful way is a necessity. Establishing direct dialogue with public policy officials is long overdue. One can invest time with a homeowner to convince them the value of a tree species and sell three trees; or one can invest time with a city forester to convince them the value of a tree species and sell a hundred of thousands trees when it is approved as a recommended species on the city's landscape ordinance.

With the green revolution well underway, it has become painfully apparent that the green industry at some point lost control of the dialogue of what it means to be green. Making the green industry relevant in the public discourse has many challenges. Penetrating the fragmented nature of the industry to provide a unified voice, overcoming the reluctance to adopt technology, redirecting research capital into new bio-based solutions; are just a few of the challenges facing the industry. As with all industries there are a few leaders that will exploit these emerging markets. They will blaze a path for others to follow. The industry just needs to identify these leaders and communicate their success. Are you one, if so it's time to speak up and plant both feet firmly on this shifting landscape.

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Jeffrey L. Bruce, FASLA, is Owner of Jeffrey L. Bruce & Company (JBC) a national landscape architectural firm. Founded 1986, JBC provides highly specialized technical support to many of the nation's leading Architectural and Landscape Architectural firms on a wide variety of project profiles including engineered soils, green roof technologies, urban agronomy, green infrastructure, performance sports turf, water harvesting, and irrigation engineering.

Award winning projects of his firm, Jeffrey L. Bruce & Company, has received over 120 separate design awards and have been published 200 times. In 1996, Mr. Bruce was elected Fellow of the American Society of Landscape Architects. He is Past President of the American Society of Irrigation Consultants (ASIC) and Chairman of Green Roofs for Healthy Cities (GRHC).

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