



Overview

For the third year in a row, landscape contractors had more success with their maintenance-related services than they did with installation. Furthermore, the continuation of relatively flat demand coupled with intense competition among contractors has created a market of clear "winners and losers" as contractors fight to steal market share in order to drive sales.

According to an October survey of *Green Industry PRO* readers, 45% said new landscape installation business was down this year, compared to only 18% who said maintenance business was down. On the other hand, 31% said new installations were up, while 46% said maintenance was up. (See chart 1 on page three.)

The overall outlook among landscape contractors is rather favorable for 2012. Few expect a reduction in sales volume (regardless of service sector), and roughly half expect to grow sales. (See chart 2 on page four.)

Haves and have nots

Although the majority of landscape contractors have held their own, 2011 has proved to be somewhat of a disappointment for some. Four times as many contractors (ranging from 20-45%) reported a sales decrease as those who forecasted one. Additionally, the number of contractors who forecasted a sales increase outweighs (by 10-15%) the number who actually reported a sales increase. (See chart 1 on page three for 2011 sales data; 2011 sales forecast based on similar survey conducted in October 2010.)

Intense competition continues to play a big role. Most contractors reported that acquiring and retaining customers became much more challenging in 2009-2010. For at least one out of five, this challenge became even more daunting in 2011. For example, 35% say retaining "small commercial accounts" has become even harder, while only 7% say it has become easier. The numbers are similar when asked about acquiring new customers. (See charts 4 and 5 on pages six and seven.)

Growth with specialty services

Contractors continue to diversify. According to the survey:

- 71% perform aerating services – 33% of them reported a sales increase, 18% a decrease
- 65% perform hardscaping services – 35% of them reported a sales increase, 34% a decrease
- 51% perform tree care services – 40% of them reported a sales increase, 15% a decrease
- 50% install water features – 22% of them reported a sales increase, 41% a decrease
- 46% install outdoor lighting – 22% of them reported a sales increase, 32% a decrease
- 43% perform pest control services – 35% of them reported a sales increase, 17% a decrease
- 28% perform hydroseeding – 31% of them reported a sales increase, 31% a decrease
- 23% perform holiday decorating – 36% of them reported a sales increase, 21% a decrease
- 13% install/maintain green roofs – 48% of them reported a sales increase, 12% a decrease

(See chart 3 on page five.)

Contractors "getting a handle" on things

Despite the challenging and oftentimes unpredictable business conditions, most landscape contractors are gaining a pretty good handle on what they need to do to remain competitive, yet profitable. Just 10% said they will lose money this year. On the other hand, 35% said they'll earn a profit of at least 10%.

Looking ahead to 2012, 55% of landscape contractors expect to become more profitable, while only 7% plan on making less money. The number of contractors planning to make more money is up 7% from a similar survey conducted one year ago, while the number planning to make less money is down 7%.

(See charts 6 and 7 on page eight.)

Chart 1

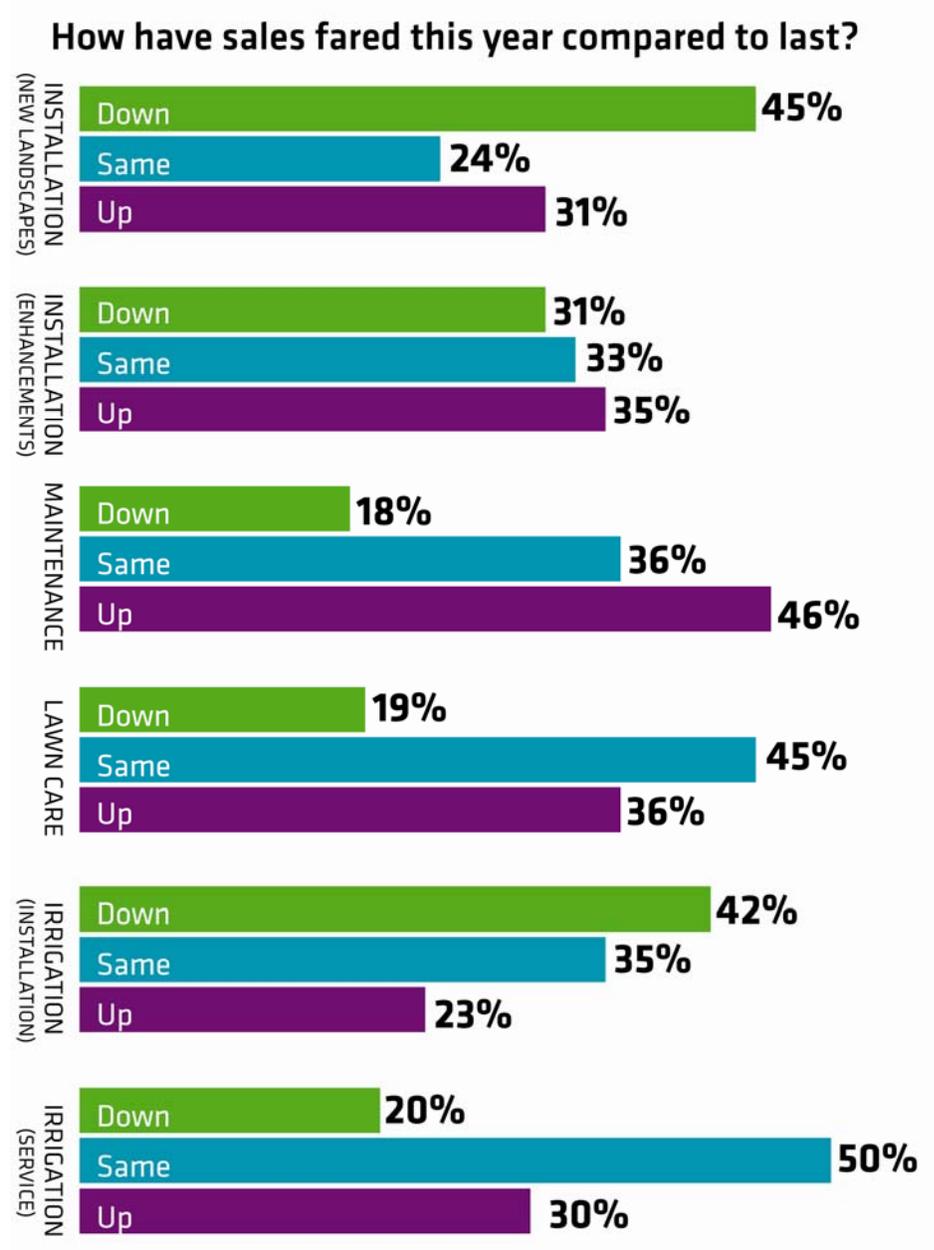


Chart 2

What are you anticipating for sales activity next year?

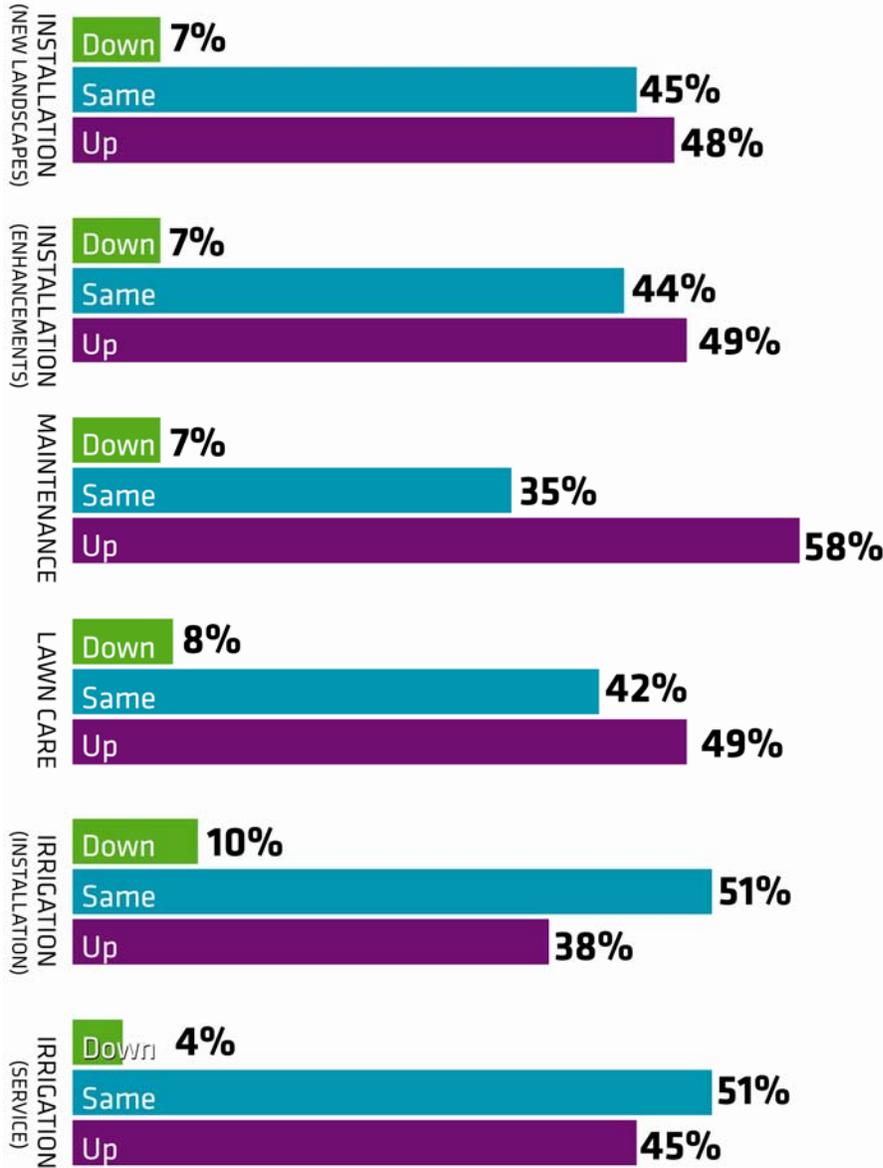
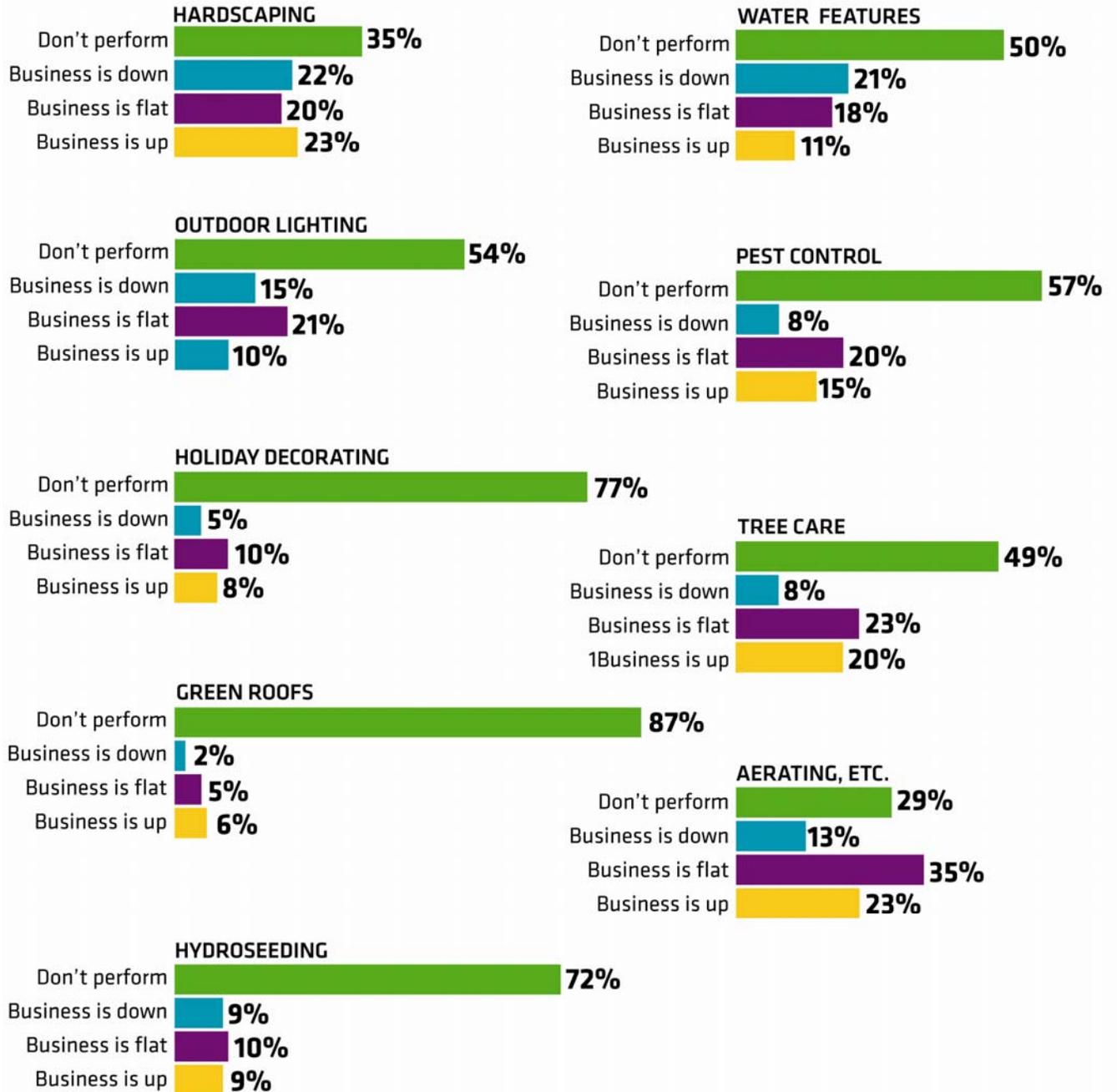


Chart 3

How have the following specialty services been trending?



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Chart 4

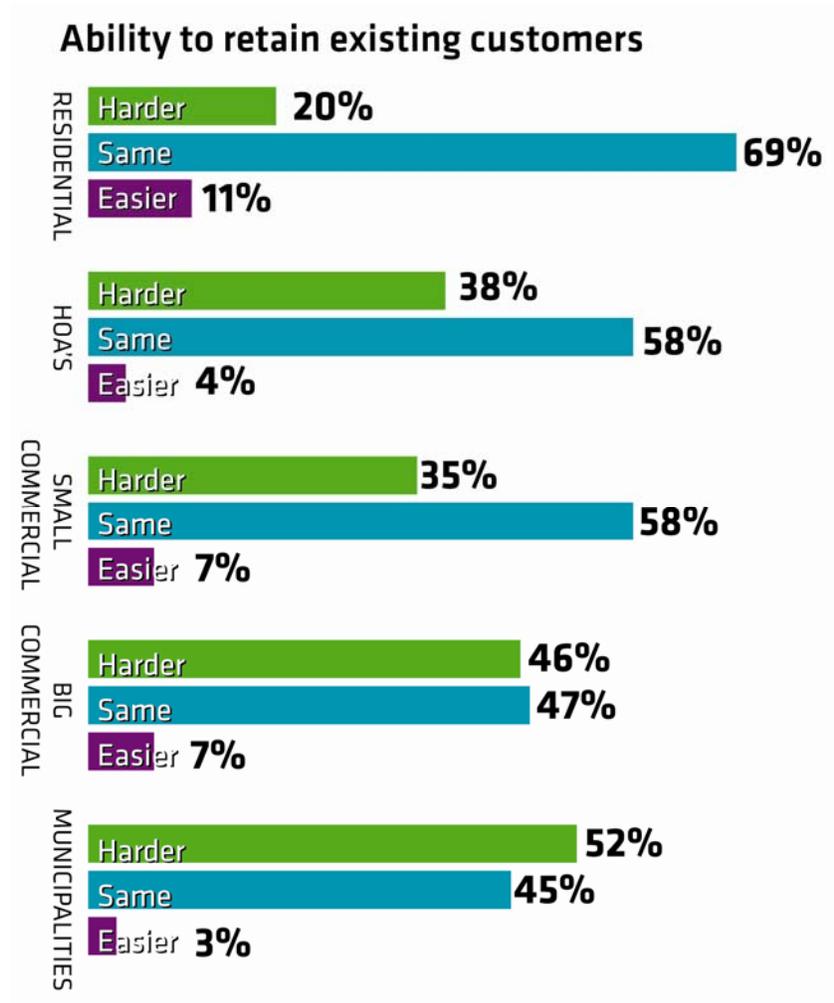
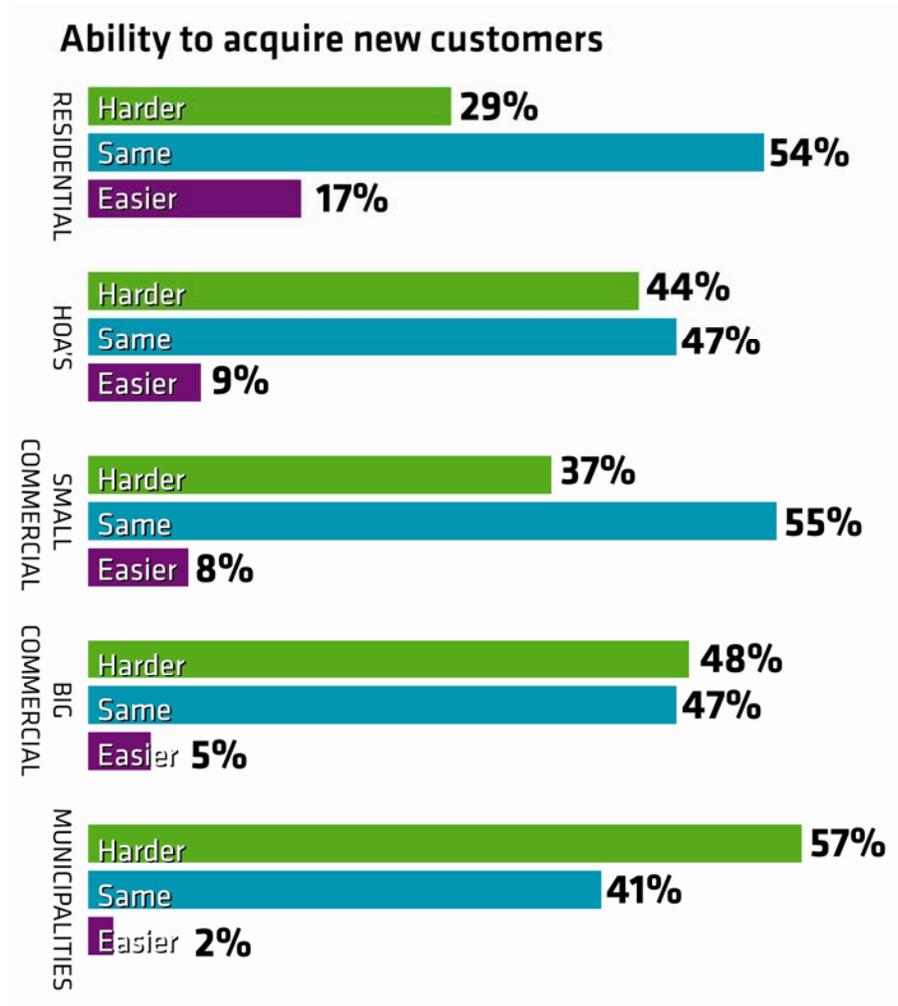


Chart 5



Charts 6 and 7

What is your net profit percentage?



Do you plan on being more or less profitable in 2012?

