2021 Green Industry OUTLOOK

By Kyle Brown

Our annual survey tracks a challenging year for industry professionals.

IRRIGATION & green industry













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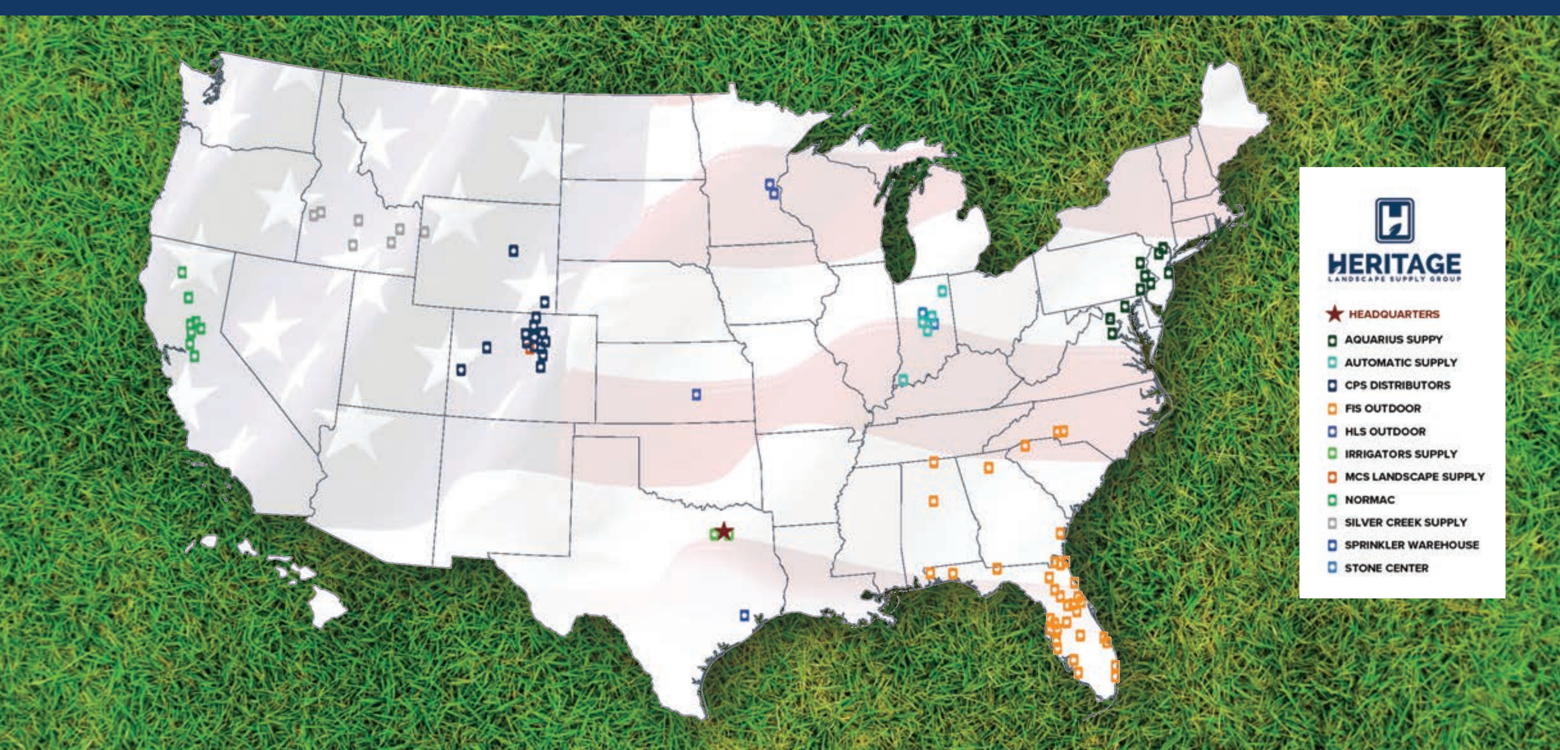

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2021 Green Industry Outlook

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Welcome to *Irrigation & Green Industry*'s 2021 Green Industry Outlook. This year's survey expands on trends from the last two years of our reports on the wider industry, building a more complete picture of the market and providing insights to benchmark your business against.

Whether you ended up expanding or struggling, 2020 supplied plenty of challenges for irrigation and landscape professionals. Between COVID-19, labor issues and a presidential election, there was enough uncertainty in the past year, even on top of the usual struggles for green industry businesses.

Our survey tracked how readers made it through 2020 and uncovered the larger trends shaping the industry. It showed how the demographics have continued to change through the past few years. We added several questions to this year's survey to gauge how contractors dealt with some important issues, such as the pandemic and diversity, and refined a few of the questions from last year to get the best and most relevant results.

This year's survey brought back an even larger response than last year with a total of 1,063 respondents. We're so grateful for your help in building an accurate snapshot of the landscape and irrigation industry, as well as showing how you're taking on those important day-to-day obstacles. Our respondents came from across the industry with a wide range of job titles and company sizes, and those varied viewpoints make all the difference in building confidence in these results.

Once again, we had so much information from this year's survey that we could not fit it all in the print edition.

Several parts of our analysis here are expanded online. In the digital edition, the labor section includes more information on how much employees are being paid, how many employees respondents keep on staff, and crew diversity. For the look ahead, it covers which products respondents are purchasing for customers in the upcoming year and which trends they expect to grow the most. We also dig deeper into the impact made to the industry by COVID-19, including how it affected overall business growth, how it changed employee headcounts and how respondents expect it to influence the future. Check out the full report on www.igin.com for all of the details and additional statistics.

We'd also like to thank our sponsor, Heritage Landscape Supply Group, which assisted by providing the two drawing prizes for this year's survey, a mini quadcopter drone and a $250 gift card to Bass Pro Shops/Cabela's.

If you're preparing for the new year with an eye toward growth or just finding a way to get back on your feet after last year, our report is a guide to how the wider industry is moving forward. Use our data to build a plan to take on whatever 2021 has in store.

Seeing the BIG PICTURE

This year's survey respondents had a similar distribution across the U.S. to the last two years, with the majority (33%) coming from the West. Representation shifted slightly in the Upper and Lower Midwest from last year's survey, with a few more voices in the southern states and a few less in the north. The response in the Southeast has remained almost exactly the same through all three surveys. With even more responses than last year's record-setting survey, this year's demographic breakdown is a reliable representation.

The number of respondents who run their businesses year-round has held steady across each survey at 83%, compared to seasonal (17%).

Our respondents are primarily contractors, taking up 66% of the total with the top three spots. Landscape contractors take the lead with almost a third of all respondents (31%), with irrigation (21%) and lawn care (14%) not far behind. No other response received more than 10%, though government and municipality personnel come close at 8%.

The vast majority of respondents are executives (53%) and managers (29%), a wider spread than last year's survey, which had executives at 66% and managers at 21%. An increased number of respondents consider themselves primarily specialists at 7%, up from 4% two years ago.

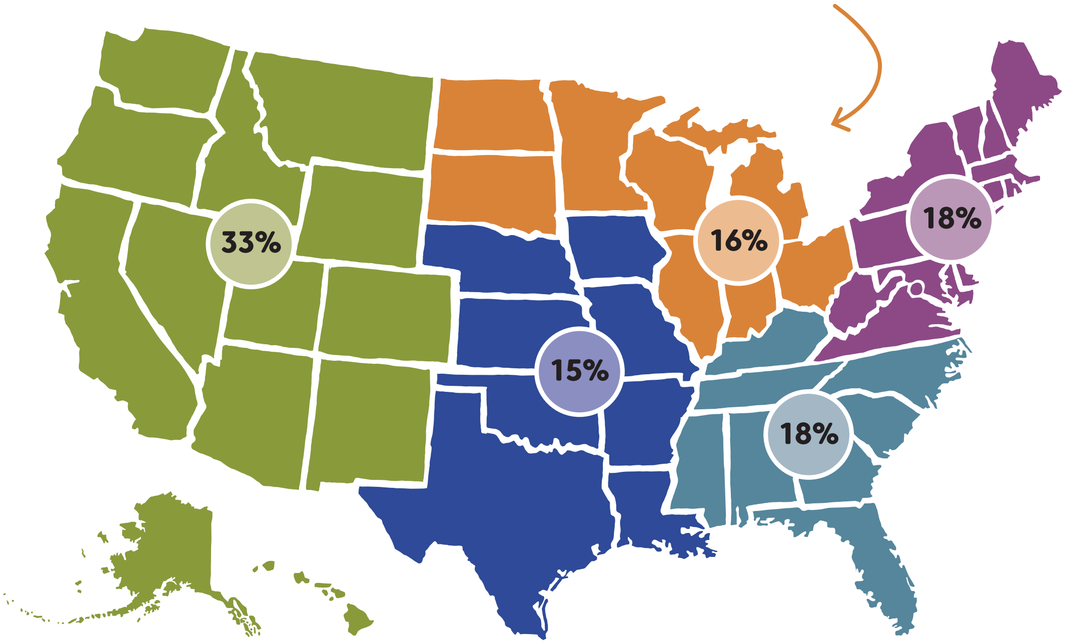
Survey respondents tend to have plenty of experience, with a total of 37% having been around the green industry for more than 31 years. That's down from last year's 42% for the same group, and 49% for 2019's survey. Newer contractors are gaining ground, as those with up to 10 years of experience rise to a total of 17% compared to last year's 14%. The largest cohort decade is between 21 and 30 years of experience at 27%.

Age range saw a shift from last year's results, with the 40 to 49 range jumping to 24% from 18%. That's more in line with our 2019 survey. Younger voices, including those between 20 and 39, saw increases as well. Almost a third of all respondents (27%) continue to land in the 60+ bracket, however.

About half (55%) of these companies are family-owned, which is trending down from last year (57%) and 2019 (63%). Privately held companies are about the same at 32%, but government representatives are up slightly at 11%, from 8% last year.

The total number of companies that have been in business for more than 31 years is exactly the same as last year at 43%. Across the younger spread, companies between 11 and 20 years gained some ground at 19% after reducing to last year's 15%, but that segment still has a distance to go before reaching its high of 21% in 2019. The industry continues to tend to be driven by older experts who have been at the lead of their companies long enough to work past some obstacles.

INDUSTRY RESPONDENT REPRESENTATION



- Northeast
- Southeast
- Upper Midwest
- Lower Midwest
- West

Is your business seasonal or year-round?

17% SEASONAL

83% YEAR-ROUND

What types of properties do you service?

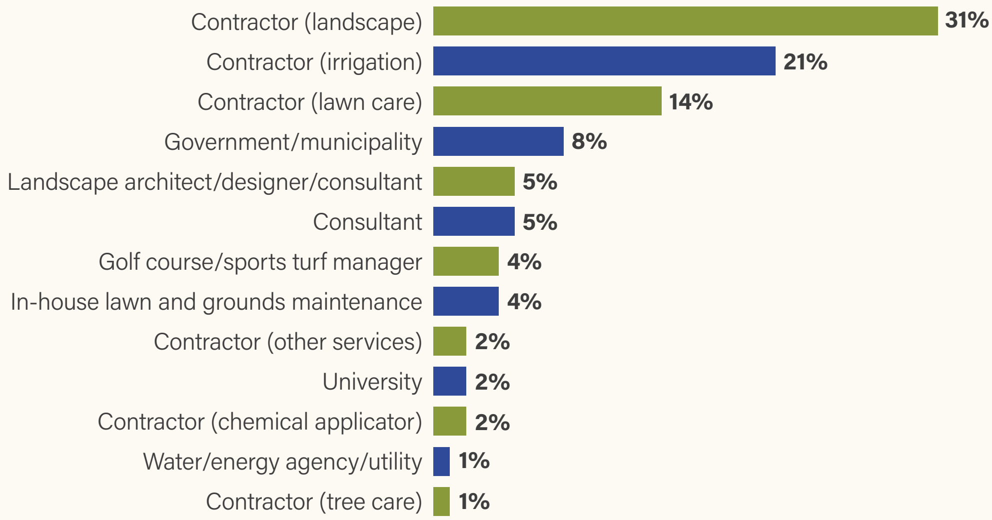
85% Residential

85% Commercial

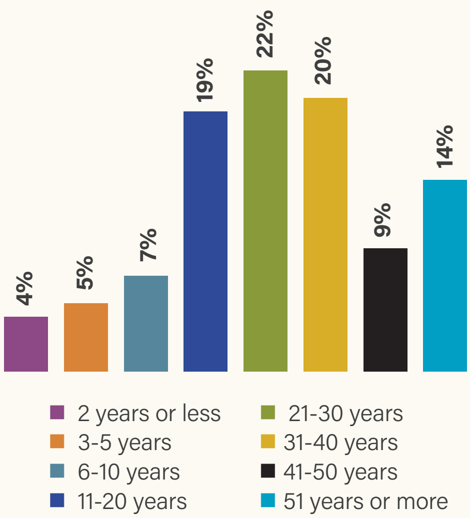
50% Municipal/parks/sports field

17% Other

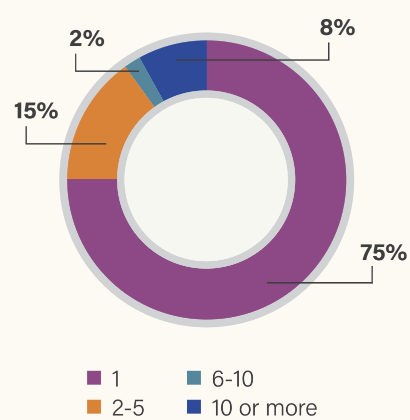
What is your company/organization's primary business?



How long has your company been in business?



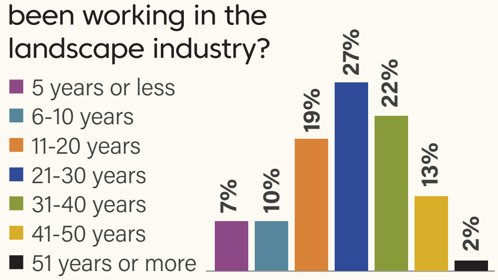
How many locations does your company have?



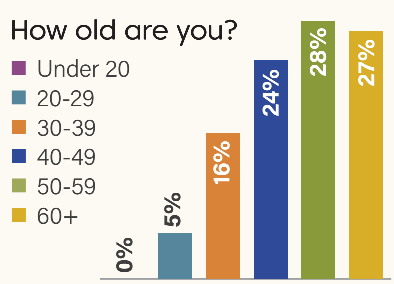
Which of the following best describes your title?

Executive Owner, partner, CEO, president, general manager	**53%**
Manager/supervisor Architect, director, superintendent, foreman, landscape grounds manager, consultant	**29%**
Specialist Arborist, agronomist, forester, horticulturist, instructor, water manager, researcher, engineer	**7%**
Sales/marketing/PR/advertising	**3%**
Service crew member	**2%**
Other	**6%**

How long have you been working in the landscape industry?



How old are you?



WHICH OF THE FOLLOWING SERVICES DOES YOUR COMPANY PROVIDE?

70%
Irrigation maintenance

63%
Irrigation design and installation

57%
Lawn maintenance

57%
Landscape design and installation

52%
Drainage

50%
Turf and landscape renovation

47%
Disease, insect and weed control

46%
Hardscaping

45%
Chemical application

42%
Tree and ornamental care

40%
Landscape lighting

33%
Snow/ice management

29%
Water features

27%
Environmentally friendly services

21%
Hydroseeding/erosion control

16%
Holiday lighting

Looking FORWARD

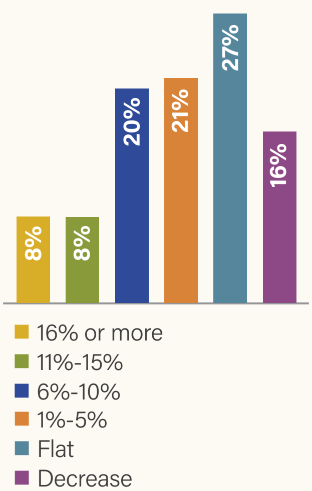
The industry definitely saw some shake-ups in the past year, especially as what was expected to be a strong season opened under the threat of COVID-19. Many contractors found ways to push through, but the struggle seems to be a reason for one of the largest swings in this year's survey. Respondents who expected their business to have remained flat or decrease rose to a total of 43%, compared to 20% in the previous year and 25% in 2019. That outpaced the next two highest groups combined. Those who expected a decrease jumped by almost 10% over the past two years.

Despite the roughest growth year so far in our survey, respondents aren't expecting a heavy change in gross revenue overall for 2020. The results for this year line up fairly neatly with both of the previous surveys, with the highest peaks still for those projecting between $100,001 and $500,000 (27%) and between $1,000,001 and $5 million (25%). Those expecting less than $100,000 increased to 19% for 2021 from 14% in 2020. Business development might be stifled, but respondents are still finding ways to maintain revenue goals.

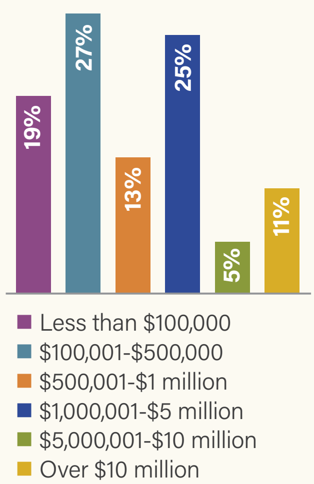
Looking back at the year, most contractors didn't seem to think COVID-19 heavily impacted overall growth, with 64% saying it didn't have an effect or encouraged growth. That still leaves 36% who struggled. Roughly the same group (41%) applied for additional loans in the past year to help weather the pandemic.

Labor continues to be the largest expense and biggest obstacle for the industry for the second year running. The top three expenses and obstacles stayed the same from 2020's survey, though more respondents are concerned about overall economic conditions (16%) than the previous year (10%). That's no surprise in a year with both a pandemic and an election.

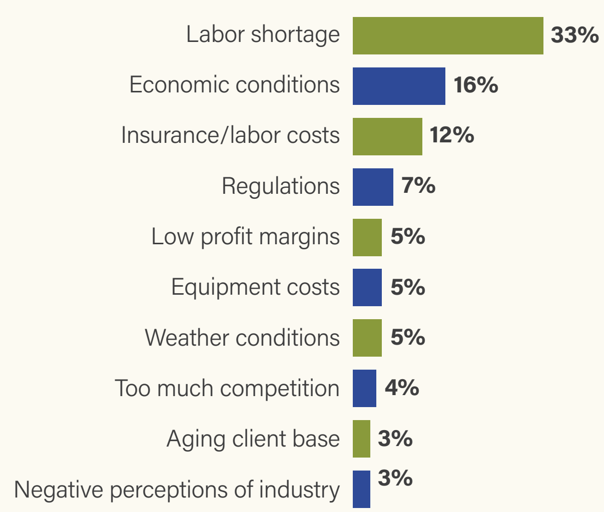
Compared to 2019, how much do you expect your business has grown in 2020?



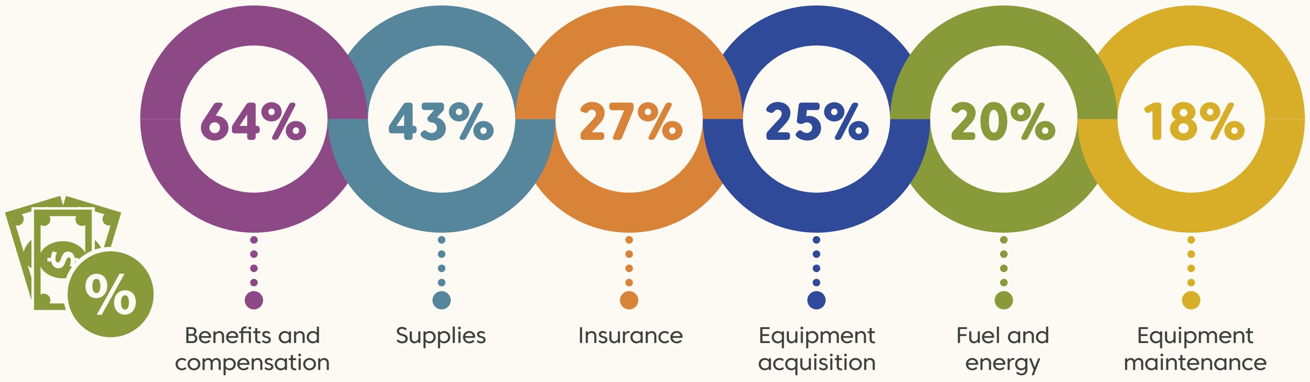
What is your company's projected gross revenue for 2020?



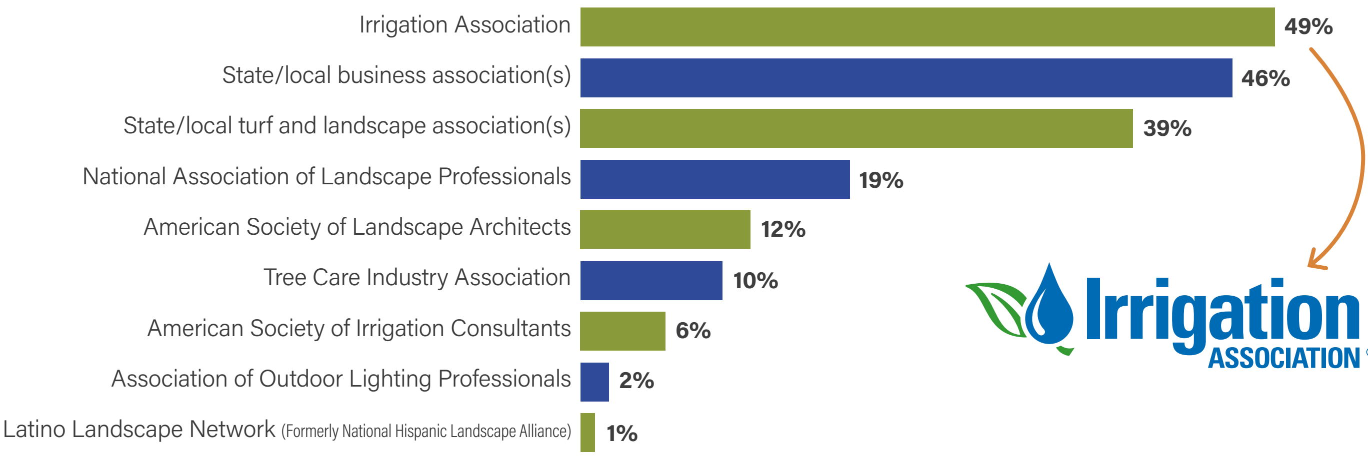
What barriers most impact your business growth?



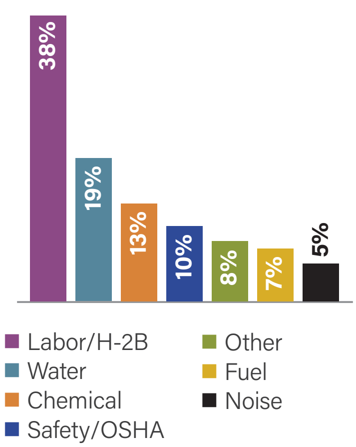
WHAT ARE YOUR COMPANY'S LARGEST EXPENSES?



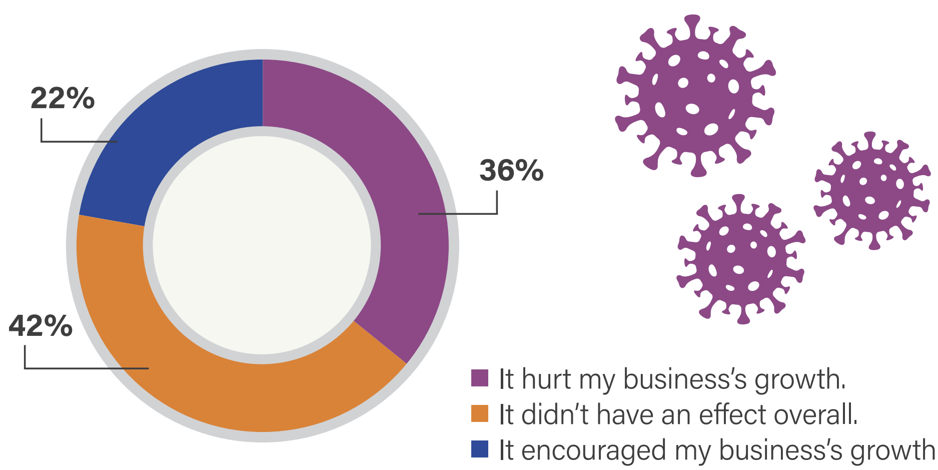
What associations does your business belong to?



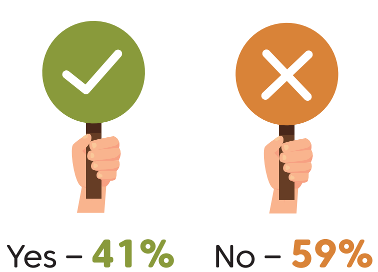
Which of the following regulations has the most negative impact on your business?



How has COVID-19 affected your business's growth this year?



Did your business apply for additional loans because of COVID-19?



Have you attended a virtual business conference this year?

Putting in THE WORK

Building and maintaining a strong crew continues to be difficult for the industry, and that was made no easier by other obstacles this year. Almost the same exact number of respondents (64%) say there aren't enough qualified workers this year as in the last two years (65% and 66%, respectively). Out of that group, 24% strongly believe that their region doesn't have enough labor available.

The trend continues with the number of employees at peak season, which again has similar numbers to previous years. Slightly fewer maintained 1 to 5 employees in 2020 (37%) compared to the previous year (40%), though both of those are down from 48% in 2019. There was an uptick of those employing between 6 and 25 employees (35%) in 2020 compared to the previous year (30%), so it's possible some contractors are still finding enough potential employees to see some expansion.

Employers tend to pay their crew members more than $9 over minimum wage (30%), with the next highest group paying $5 to $6 more than minimum wage (24%).

The H-2B nonimmigrant visa program saw an additional obstacle last year with executive orders limiting its effectiveness. Slightly fewer respondents used the program for 2020 (7%) as compared to the previous year (9%). The number of respondents who have never participated at all (83%) continues to trend downward (84% and 88%, respectively). The program remains a challenge, but it is useful to some contractors.

One additional challenge respondents faced this year was maintaining a labor force in the face of a pandemic. Almost a third (29%) of respondents saw a decrease in total employees because of COVID-19, but 9% gained a few new workers to handle the extra available work.

More respondents have no Spanish-speaking employees (36%) than last year (33%), but there's a slight uptick in the 26% to 75% range, comparing 23% of respondents this year to last year's 21%.

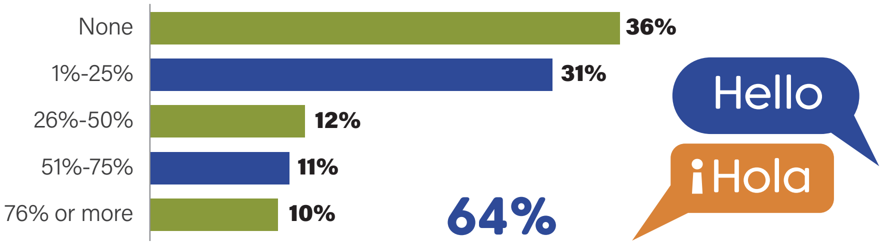
Some of the new questions on this year's survey dealt with overall diversity among employees. Almost three-quarters (71%) of respondents say they have a business that is racially diverse, and almost the same number (70%) say that the business has gender diversity as well. About two-thirds (59%) of respondents have a policy or program related to employee diversity.

More crews are using job management software than not, but it's close, with 56% incorporating it consistently into the routine. That's still a jump up from last year, when 43% of respondents used job management software regularly. It's possible that the increase was due to contractors rapidly shifting to socially distant business practices. It'll be interesting to see if that trend continues into the new year as companies see efficiencies from the software beyond just getting through the pandemic.

A wide majority of employers encourage employees to pursue education and development, with 91% supporting crew development. That's even an increase from last year's 89% in the affirmative, which shows the continued dedication of contractors to empowering their teams to grow. Especially as labor is still such a challenge, it's important for crews to be able to take on more responsibility.

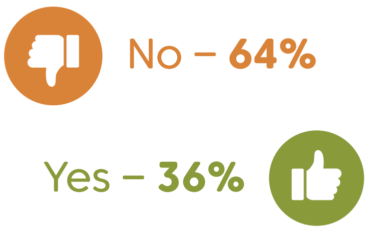
One-fifth (20%) of respondents perform daily crew safety checks or training, and a little more than half (52%) do them weekly or monthly. A little more unnerving is that 13% don't do any regular safety checks or training. Getting into a routine of providing safety information and training regularly is one of the best ways to keep crews safe and healthy and maintain workflow.

What percentage of your employees speak Spanish?



64%
Total percentage of respondents who employ workers who speak Spanish

Does your region offer enough qualified workers to meet your company's needs?



On average, do you pay your crew members minimum wage or a higher amount?

2% Minimum wage

7% $1-$2 more

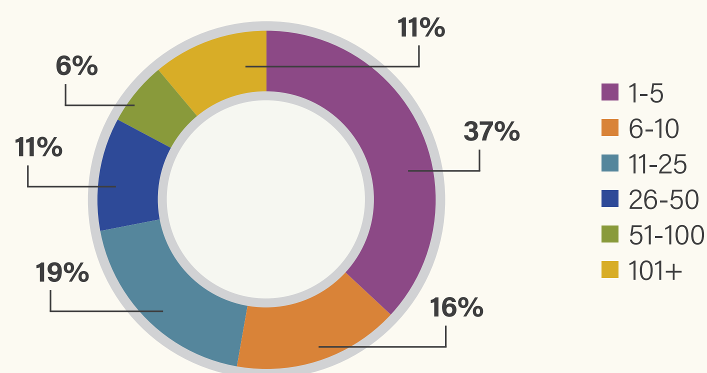
18% $3-$4 more

24% $5-$6 more

19% $7-$8 more

30% $9+ more

How many full-time employees does your company employ at peak season?



How often do you perform crew safety checks/training?

20% Daily

30% Weekly

22% Monthly

15% Seasonally

13% We don't do regular safety checks/training

Does your business have a policy or program related to employee diversity?

Yes – **59%** No – **41%**

Do your crews use job management apps/ software consistently?

Yes – **56%**

No – **44%**

Does your business encourage employees to pursue professional development?

Yes – **91%** No – **9%**

A BETTER YEAR ahead

Despite a rough year for many contractors, respondents are optimistic about what 2021 will bring. A total of 88% expect either moderate or significant growth in the upcoming year. That's even more confident than last year, when 79% of respondents expected growth. It's possible that among contractors, the feeling is that the market can't contract much more.

The majority of respondents believe that COVID-19 won't make a heavy impact on business growth in 2021, with 16% expecting a moderate or significant decline. News of potential vaccines are probably buoying those hopes, though relief is likely still some distance off.

Contractors are looking for the continued benefits of clients who have spent much of 2020 at home and improving their yards. Next year is about "the positive that evolved from COVID-19 that is driving people outdoors, investing and working from home," writes one respondent.

Others have taken the time in the past year to really look at what the business needs to develop. The best opportunity is "general growth of the company, fruits of internal growth and development through 2020," writes another respondent.

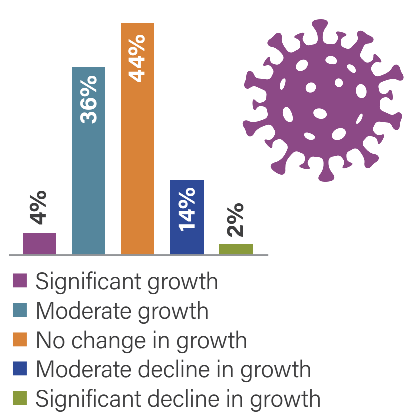
"We're still in business," writes one respondent. "Some companies haven't, or won't, make it through next year."

Many are hopeful about finding better crews in the upcoming year and having a more stabilized economy in the green industry, as well as in the building and construction industries. Others are looking at just the company's survival through 2020 as the real accomplishment.

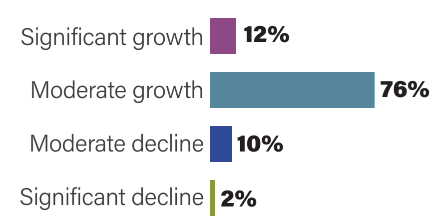
Which of the following services are you considering expanding or adding in 2021?	
Irrigation maintenance	**28%**
Irrigation design and installation	**23%**
Landscape lighting	**22%**
Landscape design and installation	**20%**
Environmentally friendly services	**19%**
Chemical application	**17%**
Hardscaping	**17%**
Lawn maintenance	**17%**
Disease, insect and weed control	**16%**
Tree and ornamental care	**16%**
Turf and landscape renovation	**15%**
Drainage	**15%**
Water features	**13%**
Holiday lighting	**12%**
Snow/ice management	**10%**
Hydroseeding/erosion control	**6%**

Which of the following services are you considering reducing or eliminating in 2021?	
Chemical application	**23%**
Snow/ice management	**19%**
Holiday lighting	**18%**
Water features	**16%**
Lawn maintenance	**15%**
Hydroseeding/erosion control	**12%**
Disease, insect and weed control	**11%**
Drainage	**9%**
Hardscaping	**9%**
Irrigation maintenance	**8%**
Landscape lighting	**7%**
Irrigation design and installation	**6%**
Landscape design and installation	**5%**
Tree and ornamental care	**5%**
Turf and landscape renovation	**5%**
Environmentally friendly services	**4%**

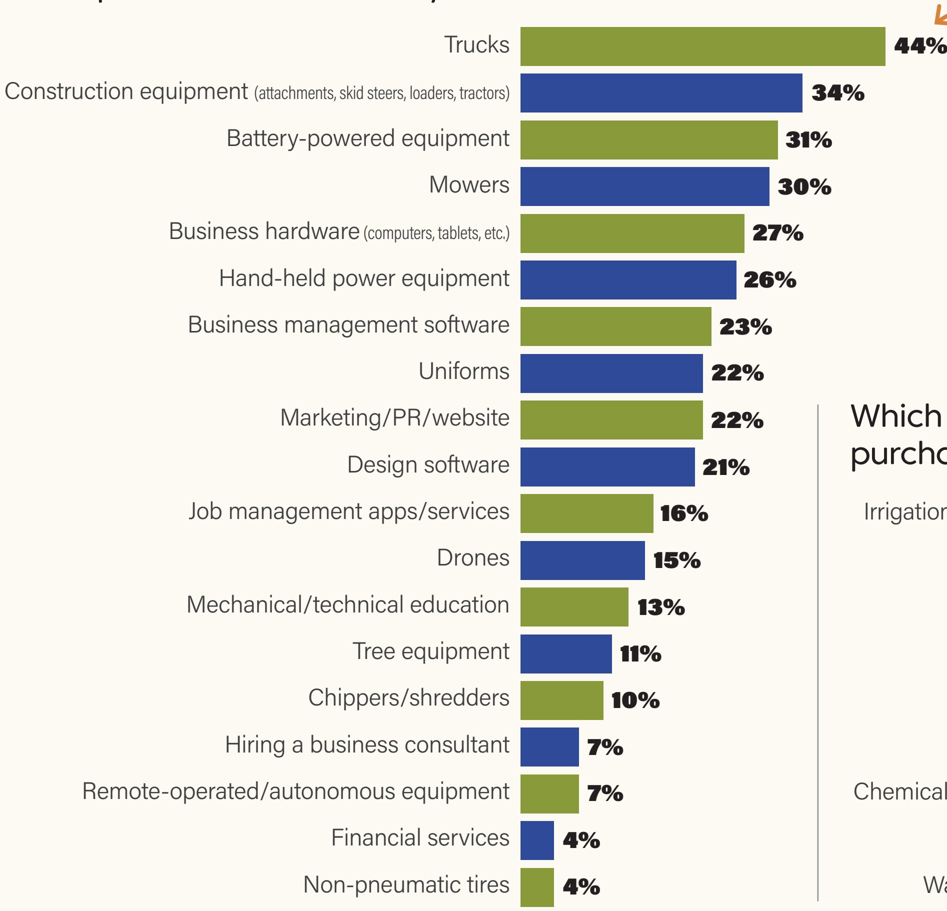
How do you expect COVID-19 to impact your business's growth in 2021?

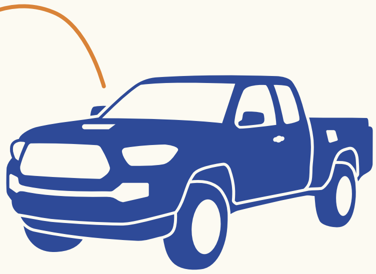


How do you rate the expected growth in demand for your business's services in 2021?

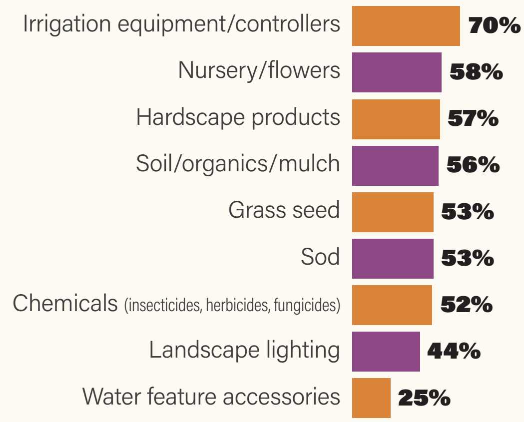


Which products/services will you invest in for 2021?





Which products will you purchase for clients in 2021?



Which trends do you expect to grow the most in 2021?

Smart irrigation technologies	40%	Native/low water landscaping	24%	Landscape lighting	14%
Outdoor living spaces	35%	Battery-powered equipment	24%	Artificial turf installation	10%
Remote irrigation system management	28%	Organic fertilizer and weed control	15%	Water features	6%

Methodology

The 2021 Green Industry Outlook Survey was developed in SurveyMonkey with three mail invitations including individual, anonymous links sent to respondents between Oct. 20 and Nov. 3. An open link was also shared via *Irrigation & Green Industry* social media and by sponsor Heritage Landscape Supply Group via email. Responses gathered by the open link were additionally checked for duplicates and relevance to the survey. Each invitation included information on the drawings for a DJI Mavic mini quadcopter drone or a $250 gift card to Bass Pro Shops/Cabela's. Survey results were closed Nov. 3 with 1,063 responses. *Irrigation & Green Industry* staff analyzed the survey results.

A special thanks

Thanks to everyone who participated in this year's survey. These insights into the wider industry would not be possible without you. It was so helpful to have you take the time to respond to our survey and make your voice heard.

To show our appreciation, sponsor Heritage Landscape Supply Group provided prizes for two drawings. That drawing was completed at the end of November.

Thanks again for your help in putting together our industry outlook and for making it the largest so far!