

Irrigation & Lighting

2023 Green Industry Outlook

BY KYLE BROWN

» Our survey follows industry professionals caught between growth opportunities and industry constraints.

Thanks to Heritage Landscape Supply Group
for sponsoring this year's report.



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Welcome to *Irrigation & Lighting* magazine's Industry Outlook Survey. This year's survey builds on the trends of past years while introducing some changes that will make it an even better tool for industry professionals.

The largest change is one of timing, moving the survey itself to later in the year. This allows readers to put this survey to better use by supplying this new data when many are starting to slow down or end the season and begin developing business plans for the next 12 months. The new publication date better fits when industry professionals will need the data to benchmark their businesses. Providing the survey later in the season also reduces the need for respondents to make estimations on totals that haven't come in yet, making this data even more accurate. Changing the timeline to a busier point in the season didn't make a significant difference in the number of respondents, however. This year's survey boasts a total of 1,371 respondents, with more than half of those representing industry contractors. This continues to make this survey a close-up, reliable picture of what concerns, challenges and opportunities professionals in the field run into on a day-to-day basis. We can't thank our readers enough for their time and insights shared in this survey, especially after their help earlier in the year for the 2022 Industry Outlook Survey.

Next, we're continuing to add more specific questions for both irrigation and landscape lighting professionals. These help develop a picture of what each of these market segments look like compared to the wider market. Wheth-

er a contractor specializes in irrigation or landscape lighting, or just provides them as one of their offered services, these results will help shape their outlook on the market for the upcoming year.

This year's survey saw industry professionals continuing to try to get as large a slice as possible of the expanded market still coming off of the pandemic. In a lot of ways, this year felt like more of the same from the previous year with a slow tapering of expectations. There were opportunities for growth, and some industry professionals were able to bring all the elements together to build.

Our survey followed readers as they worked to get everything they could out of a busy market despite any one of many possible constraints. It tracked continued change to demographic and labor trends such as minimum job costs, crew compensation and enhanced business expectations, while dealing with supply chain issues. It covered huge legislative and weather impacts that were fully out of any contractors' hands, such as increased drought restrictions in California and Hurricane Ian's impact on the East Coast.

Once again, we'd like to thank Heritage Landscape Supply Group for its ongoing support of this project. This year, Heritage provided a DJI Mini 2 quadcopter and a Solo Stove Bonfire fire pit as the two drawing prizes for completing the survey.

As the season closes, whether you're expanding your business or making the best of a constrained market, our report will help you see the landscape clearly. Use these results to build your best plan for the upcoming year.

Demographics » A closer look

Many of the demographic indicators remained steady between the 2022 and 2023 surveys. A majority of all respondents are executives at exactly the same percentage as last year (44%), with nearly the same number of managers (33%). The number of those who consider themselves to be primarily specialists increased to 15%, up from 12% the previous year. For those respondents who are contractors, a total of 88% are either the executive or manager, similar to last year.

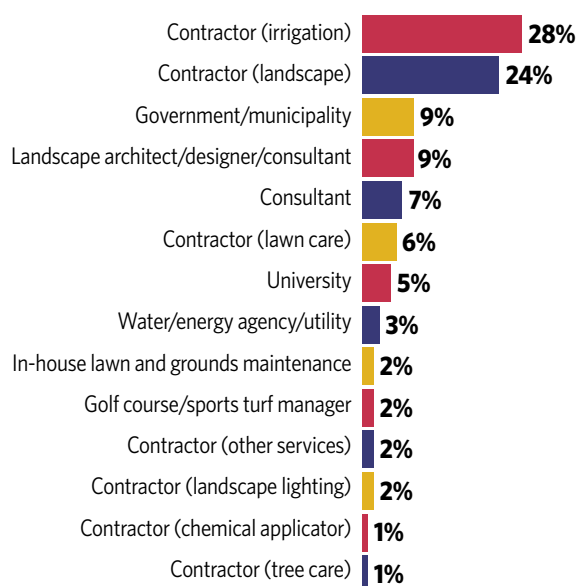
A total of 32% of respondents have personally worked in the green industry for more than 31 years. Another 45% land between 11 and 30 years, continuing the trend of well-established professionals in the industry with comparatively few newcomers. The story is similar when asking

about respondents' age as well, as the group of those older than 50 (52%) is larger than all other groups combined (48%). Only 6% of respondents are under the age of 30.

Some new demographics questions were included this year, finding that 85% of respondents are white or Caucasian, with those with Hispanic or Latino background making up the next largest group at 9%. A total of 86% of respondents are male and 14% are female.

Contractors continue to make up the largest group of survey respondents, totaling 64% compared to any others, almost exactly matching last year's total of 63%. Irrigation contractors are the largest group of respondents, maintaining their lead on landscape contractors for the second year running.

Which of the following best describes your primary business?



Do you charge for estimate and proposal services?



14%
Yes

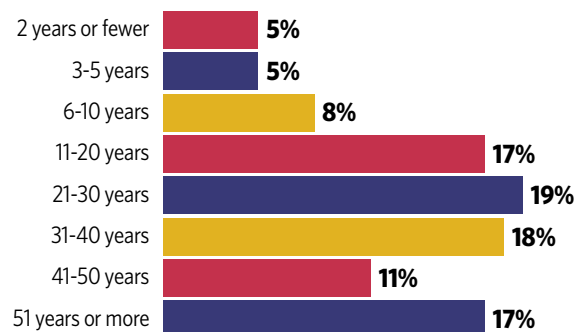


74%
No

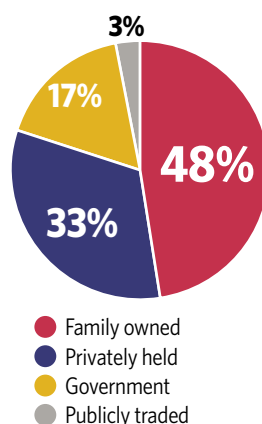


13%
I don't provide estimate or proposal services.

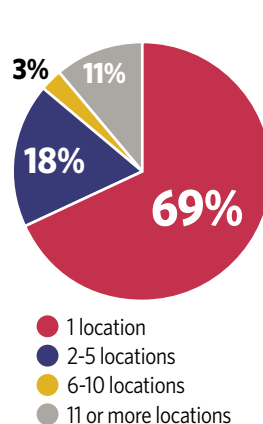
How long has your business been operating?



What is your business's ownership structure?



How many locations does your business have?



How do you acquire customer leads most frequently?



58%
Customer referral



15%
Marketing outreach



13%
Business partner referral



11%
Service provider apps/websites



3%
Company acquisition

Which of the following services does your business provide?

72%

Irrigation design and installation

71%

Irrigation maintenance

54%

Landscape design and installation

49%

Drainage

46%

Lawn maintenance

44%

Turf and landscape renovation

42%

Landscape lighting design and installation

40%

Hardscaping

36%

Disease, insect and weed control

35%

Chemical application

33%

Tree and ornamental care

31%

Water features

29%

Environmentally friendly services

26%

Snow/ice management

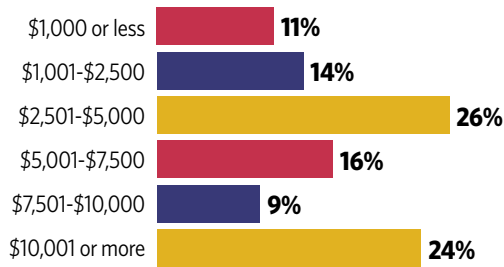
19%

Hydroseeding/erosion control

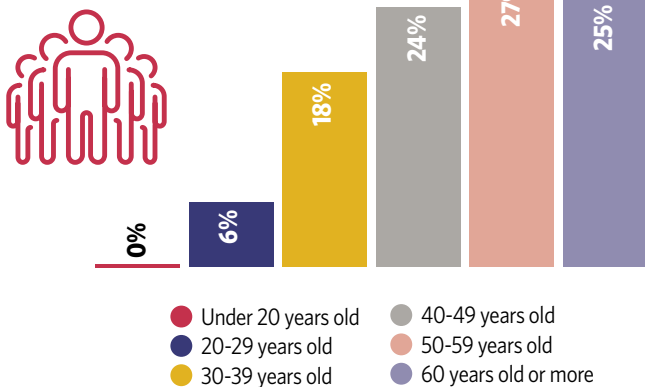
14%

Holiday lighting

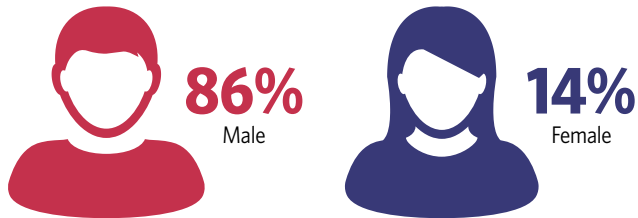
What is your preferred minimum installation job cost?



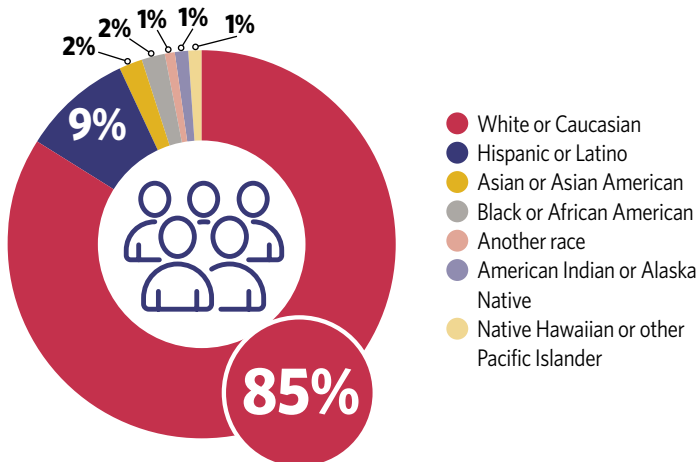
What is your age?



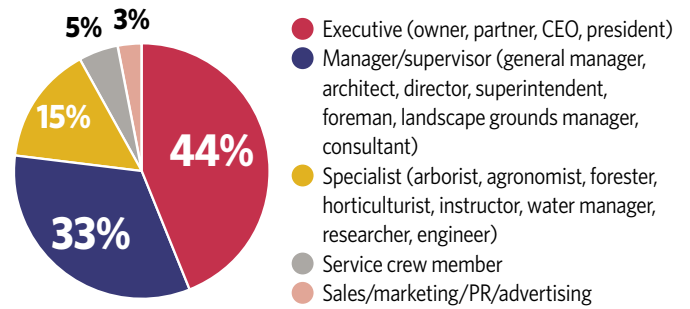
What is your gender?



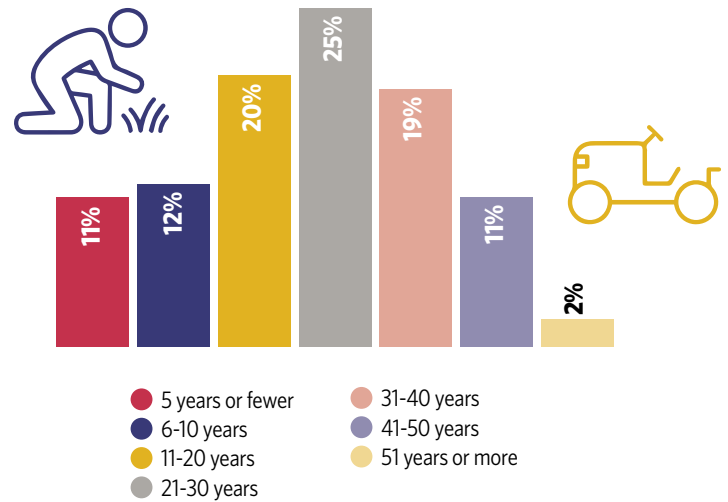
What is your race or ethnicity?



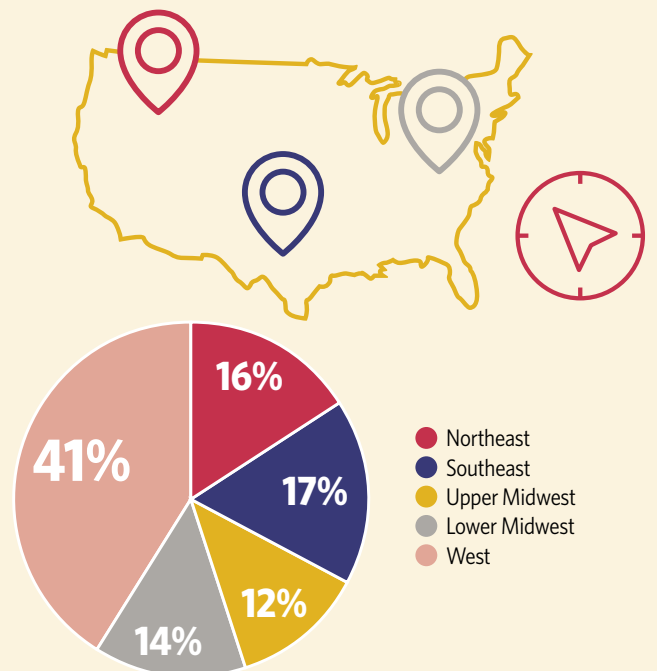
What best describes your job title?



How long have you personally worked in the landscape industry?



In what region is your business primarily located?



PGR and barriers

» Overcoming obstacles

Coming to the end of the season, respondents are slightly less excited as they were at the beginning of the year. With the warm summer months behind them, 27% expected flat returns or a decrease overall compared to 23% last year. Roughly the same amount expected moderate growth this year (51%) compared to last year (52%), so that elasticity may have pulled a little bit away from those looking for exceptional growth.

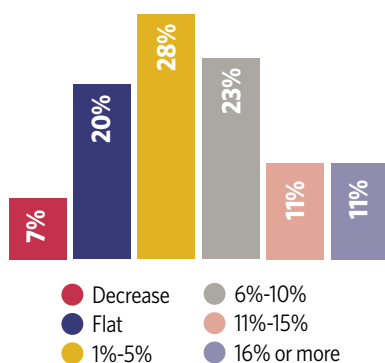
But they're definitely just as optimistic as the previous year, as none of the results for that question have shifted by more than a point or two between surveys. Respondents appear to think that there's still more to get out of the market if they can get the right tools.

For another year running, a struggle to find the right labor is the top barrier to getting a larger slice of that market (69%). More respondents reported that economic conditions are pushing back on them as well at 45% compared to last year's 39%.

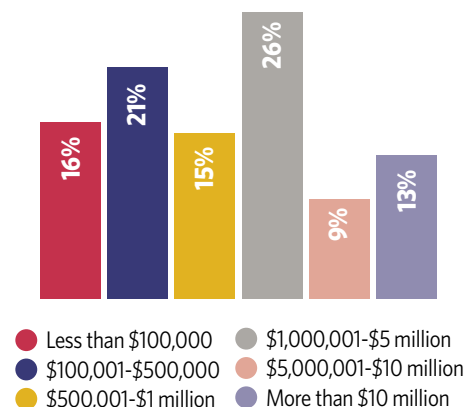
Benefits and employee compensation extended its lead as one of the top expenses for respondents from 55% to 62%. Supplies remained about the same at 44%, but fuel and energy jumped from 29% to 38%.

Respondents say they struggle most with regulation surrounding labor (32%), fuel (25%) and water (24%). About a quarter of all respondents (24%) have contacted their local or state representatives about industry issues in the past three years.

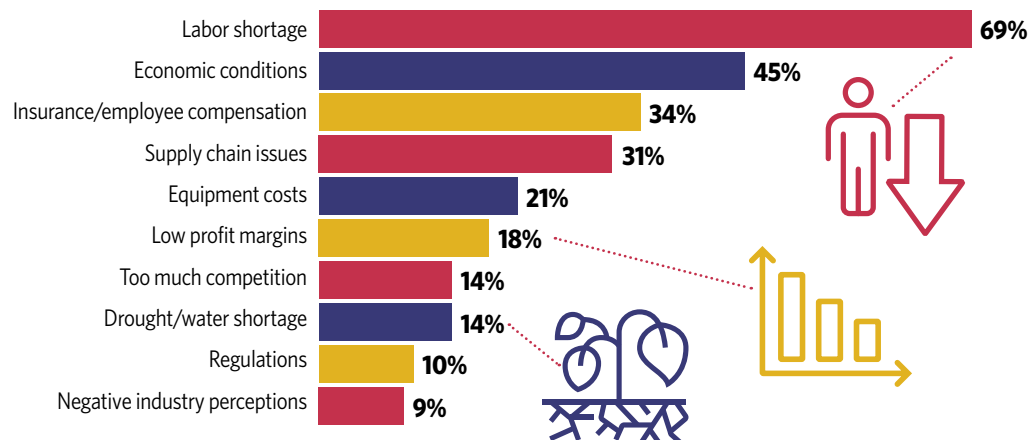
Compared to 2021, how much do you expect your business has grown in 2022?



What is your business's projected gross revenue for 2023?



What barriers most impact your business growth?



What are your business's two largest expenses?



62%

Benefits and compensation



44%

Supplies



38%

Fuel and energy



19%

Equipment acquisition



17%

Business insurance



14%

Equipment maintenance

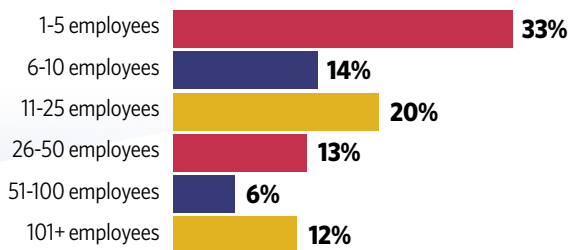
Labor » Team up

Regardless of what part of the green industry respondents come from, bringing in and keeping staff was one of the toughest challenges this season. For another year running, fewer respondents say their region offers enough qualified workers to meet their needs (31%). While hiring is still a struggle, teams are slightly larger this year compared to last. Fewer companies this year report between 1-5 employees (33% compared to 38%) as most of the other ranges grew by about 1%.

Breaking out survey responses regarding labor, some additional trends appear related to whether or not an employer reports being able to find enough workers. For the second year running, employers who report being able to find enough workers tend to have a more racially and gender-diverse workforce, though the split is roughly the

same. They more often have a policy or program related to developing a diverse team (68% compared to 56%). Another fairly reliable marker for whether an employer can find enough employees is whether they have a mentorship or career path plan for staff (45% compared to 37%). Both groups pay roughly the same wages for crew members and encourage additional training and licensing, making it seem more likely that what brings employees in and keeps them around is livable wages, a culture fit and the promise of a path forward. With 80% of respondents bringing in employees under the age of 30, the next reliable crew leader or operations manager could be already on the team just waiting for an experienced boss to show them how to make the most of the job. Make sure they don't head to another career opportunity that shows them more of a future.

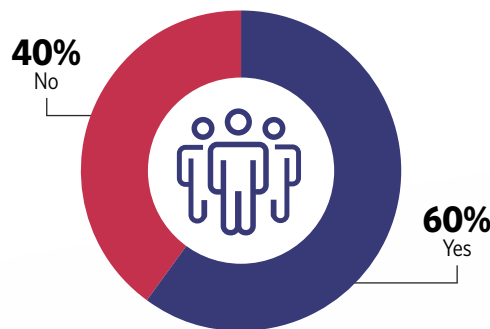
During peak season, how many full-time equivalents are employed by your business?



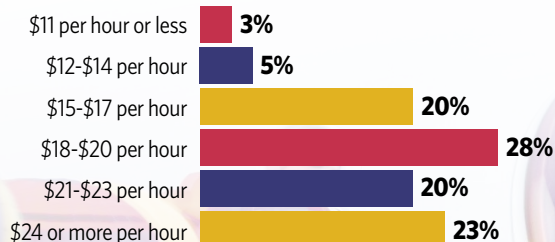
Does your region offer enough qualified workers to meet your company's needs?



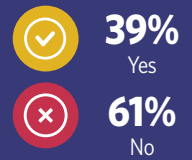
Does your business have a policy or program related to employee diversity?



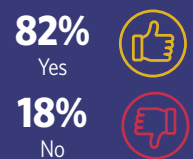
On average, what does your business pay its crew members?



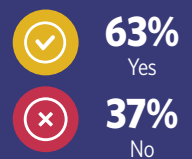
Have you established a mentorship or career path program for your employees?



Have you increased your average pay for crew members in the past year?



Do you offer monetary bonuses or incentives to crew members?



88%

Total percentage of respondents supporting additional licensing and training

69%

Total percentage of respondents who employ Spanish-speaking workers

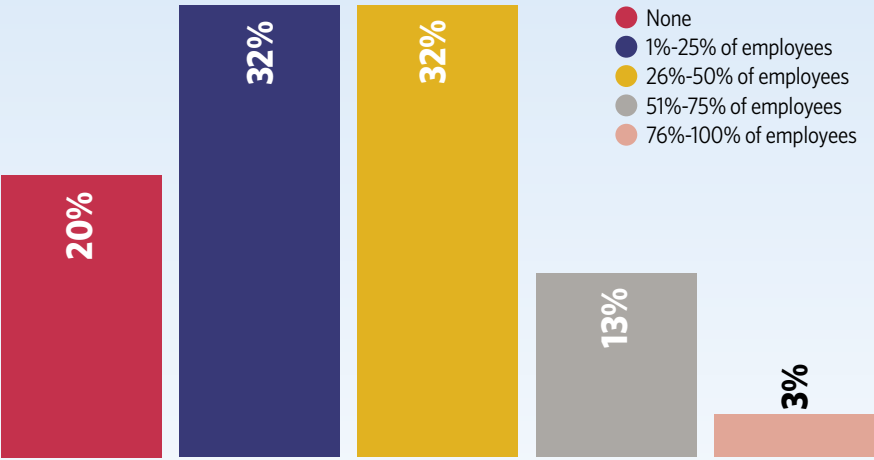
73%

Total percentage of respondents with racially diverse employees

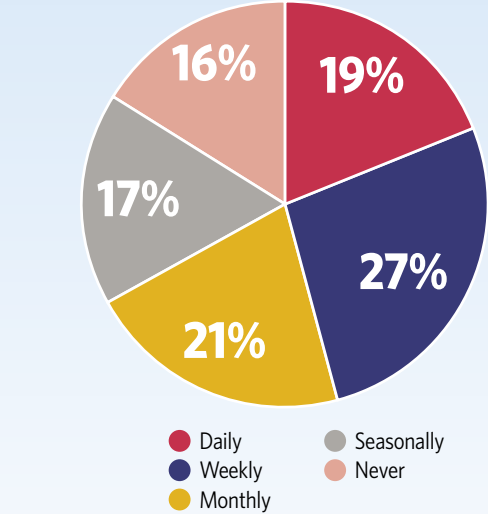
69%

Total percentage of respondents with gender-diverse employees

How many of your employees are under the age of 30?



How often does your business perform crew safety checks/training?



Total percentage of respondents using job management apps/software



57%



Do you have at least one employee dedicated to sales?



50%
Yes



50%
No



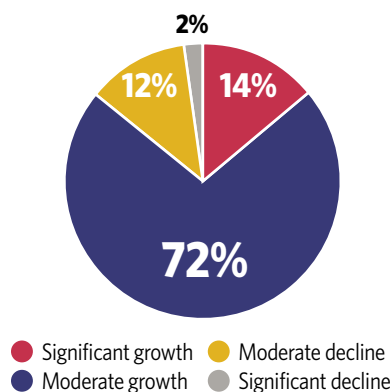


Future » Future change

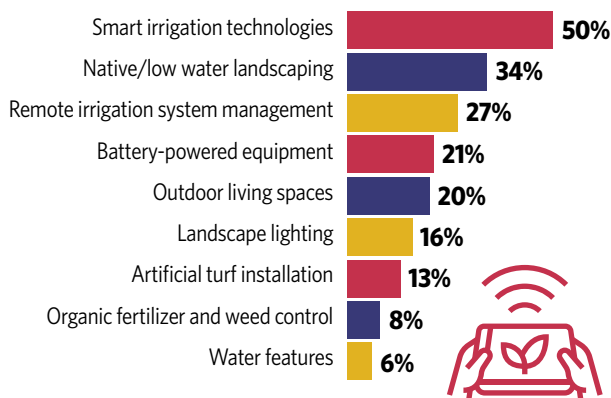
While it was another reliable growth year for most respondents, more are predicting moderate decline this year (12%) than last year (7%). That deflation pulls almost fully from the group that expected significant growth (14% compared to 18% last year). While it's a small shift overall, there seems to be a sense among respondents that continuing growth at all into next year will be a challenge.

Breaking down survey responses concerning expectations about the future, some additional trends appear based on how well their companies grew over 2022. Respondents who reported flat or decreased change over 2022 expect moderate decline in demand next year at almost twice the rate (26%) of the standard group. It may come as no surprise, but the reverse is also true of this group. Those who reported growth of 11% or more expect significant growth in 2023 by more than twice (34%) the standard. It sounds as though if the past year treated respondents well, they expect the next one to be even better, but things look significantly gloomier for those who struggled this year.

How do you rate the expected growth in demand for your business's services in 2023?



Which of the following trends do you expect to grow the most in 2023?



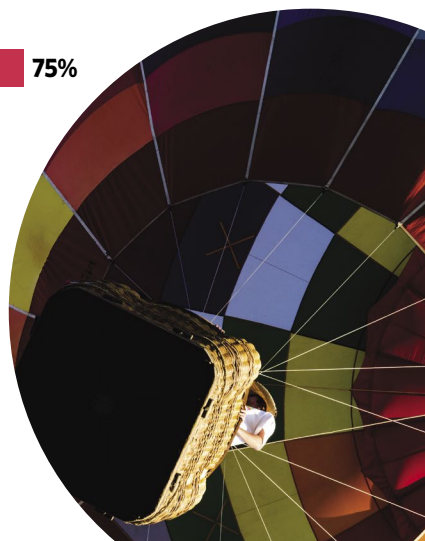
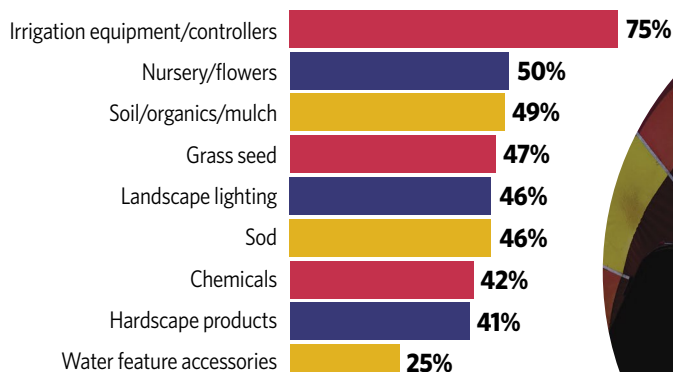
Which of the following services is your business considering expanding or adding in 2023?

Irrigation maintenance	27%
Irrigation design and installation	23%
Landscape design and installation	20%
Landscape lighting	19%
Water features	17%
Environmentally friendly services	16%
Hardscaping	16%
Drainage	16%
Lawn maintenance	15%
Turf and landscape renovation	14%
Chemical application	14%
Disease, insect and weed control	11%
Tree and ornamental care	10%
Holiday lighting	9%
Snow/ice management	8%
Hydroseeding/erosion control	6%

Which of the following services is your business considering reducing or eliminating in 2023?

Chemical application	18%
Snow/ice management	16%
Water features	15%
Lawn maintenance	15%
Holiday lighting	12%
Hardscaping	8%
Hydroseeding/erosion control	8%
Disease, insect and weed control	7%
Irrigation design and installation	6%
Tree and ornamental care	6%
Irrigation maintenance	5%
Landscape lighting	5%
Drainage	5%
Landscape design and installation	4%
Turf and landscape renovation	4%
Environmentally friendly services	2%

Which products do you anticipate purchasing for your clients in 2023?



Irrigation and lighting

» Specialties in focus

As individual markets, irrigation and lighting have continued to see growth in the past year compared to landscaping as a whole. For the 2022 season, those who offered irrigation services expected growth (75%) slightly more than the average (73%). Those who offered landscape lighting services were even more optimistic at 80%.

The overall number of respondents working in either market hasn't shifted drastically over the season. Almost exactly the same number of respondents are in irrigation services as in last year's survey (73%), and the same held true for those providing landscape lighting services (48%).

One of the new questions this year found that if a respondent does irrigation work, it more often makes up less than half of the company's overall services (56%). Compare that to the landscape lighting market, which has a full 80% of respondents who say it makes up less than a quarter of their overall services. When asked about which services re-

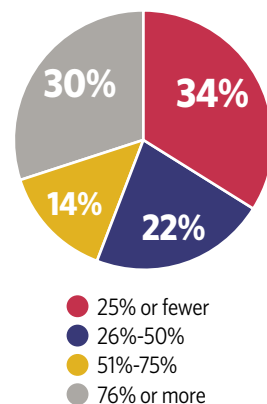
spondents expect to add in 2023, irrigation (27%) and landscape lighting (19%) rank among the highest options, but it doesn't look like most respondents are focusing their entire businesses around them.

Slightly more irrigation professionals say the market for system upgrades and retrofits has remained the same or slowed (57%) compared to last year (51%). That cooperates with the increase in respondents who say that at least a quarter of their customers use smart controllers (51%) compared to last year (44%).

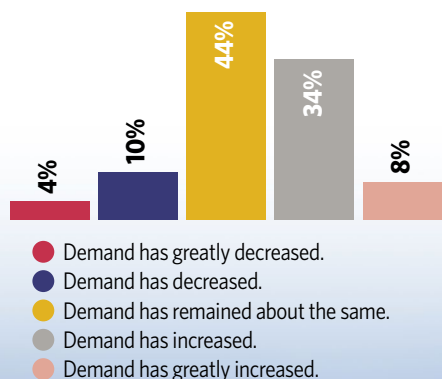
For landscape lighting professionals, the retrofit market has either remained the same or slowed (81%) at a much higher rate compared to last year (60%). It sounds as though if professionals are looking for work in landscape lighting, they're better off learning to design and install new systems.

Kyle Brown is the editor-in-chief of Irrigation & Lighting and can be reached at kylebrown@irrigation.org.

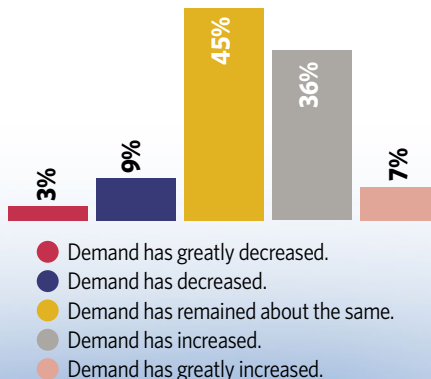
What percentage of your overall services are focused on irrigation?



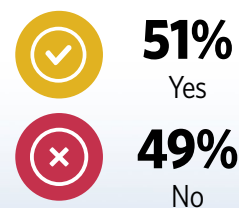
How has the demand for irrigation services changed this year?



How has the demand for irrigation system upgrades or retrofits changed in the last year?

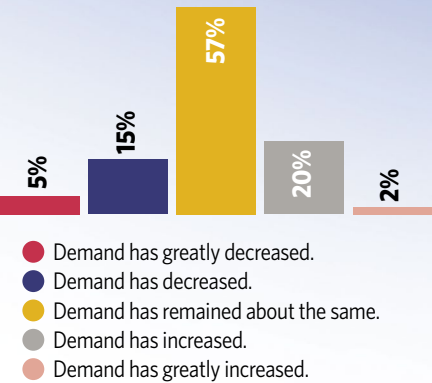


Have you done landscape irrigation work as a subcontractor this year?

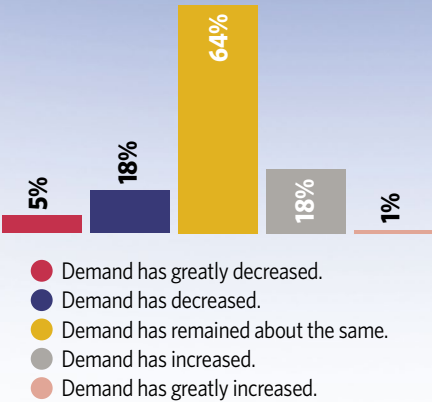




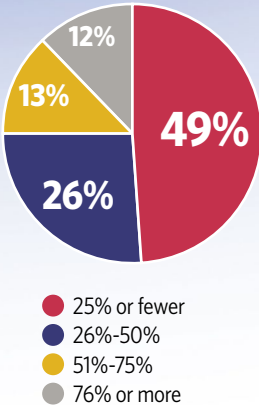
How has the demand for landscape lighting services changed this year?



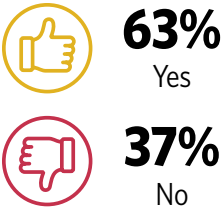
How has the demand for landscape lighting upgrades or retrofits changed in the last year?



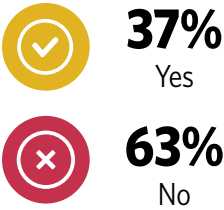
What percentage of your irrigation customers currently use smart controllers?



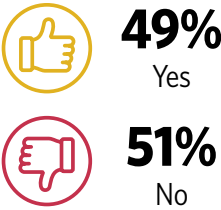
Have you discussed drought issues with your customers in the past year?



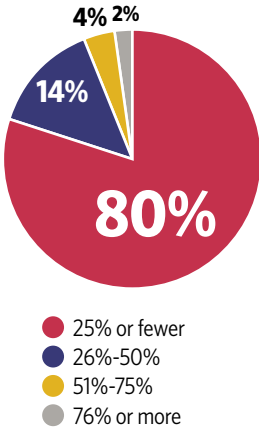
Have you done landscape lighting work as a subcontractor this year?



Do you provide nighttime demonstrations, either for an additional charge or for free?



What percentage of your overall services are focused on landscape lighting?



METHODOLOGY

The 2023 Green Industry Outlook Survey was developed in SurveyMonkey with three email invitations including individual, anonymous links sent to respondents between Sept. 19 and Oct. 7. Responses gathered were checked for duplicates and relevance to the survey. Each invitation

included information on the drawings for a DJI Mini 2 quadcopter drone or a Solo Stove Bonfire fire pit, provided by Heritage Landscape Supply Group. Survey results were closed Oct. 9 with 1,371 responses. *Irrigation & Lighting* staff analyzed the survey results.



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