

C19 Ornamental Horticulture Summit Results from producers in Wales April 2020

1. Introduction

This report presents findings from consultation with ornamental plant and cut flower growers in Wales regarding their immediate experiences of and responses to the Covid 19 (C19) crisis.

A short survey asking about effects of C19 on these businesses was circulated to Tyfu Cymru's relevant contacts and via social media. This received **20 valid responses** from around Wales including a range of business types and sizes. In addition an online video call was held on 30 April to allow growers to discuss their experiences and highlight the support they need.

The Survey was coordinated by: Dr Hannah Pitt (Cardiff University), and Sarah Gould (Tyfu Cymru). For more information contact: pitth2@cf.ac.uk

Summary of Findings

- Restrictions on trading non-essential products fell at the worst possible time for ornamental horticulture, coinciding with the period when these businesses usually expect to make most of their annual sales.
- Growers reliant on retail premises for their market, and those supplying cut-flowers have experienced drastic loss of custom and demand.
- Loss of income and cash flow problems present significant challenges for these businesses.
- Whilst some have sought to access financial support, that available does not suit all businesses requiring assistance.
- There is a need for greater clarity on what retail trade counts as essential, and to ensure more consistent application of the rules to ensure that smaller, specialist outlets selling plant materials are not disadvantaged.
- Communicating the nature of new rules and requirements will be vital to ensuring businesses can begin to trade again safely, and to secure customer confidence.

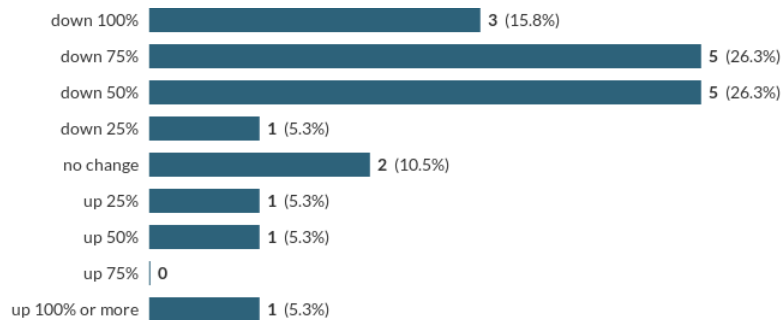
2. Sales and Demand

Responses highlighted that the covid-19 crisis has coincided with the time of year when these businesses would usually be at their **peak**, with many relying on spring sales. Growers were asked if they are maintaining typical levels of sales for the time of year: 80% said they are not. Those businesses which are still trading at expected levels are plant nurseries or focused on products not typically sold at this time of year (e.g. Christmas trees). Cut flower growers and others focused on the floristry trade are more likely to have suffered loss of sales.

For those not able to sell at expected levels the reasons given were:

- Fairs are cancelled (5)
- Garden centres are closed (4)
- Weddings/events using cut flowers cancelled (4)
- Restrictions on sales of non-essential items (3)
- Social distancing preventing work (2)
- Labour availability (1)

Growers were asked to report changes in levels of demand for their produce based on expected patterns for the time of year. 74% reported decreased demand, and 16% increases in demand.



This suggests a very mixed picture for how trade is being affected, with cut flower businesses particularly likely to have suffered loss of demand. Plant nurseries which supply wholesale to retail outlets or depend on other closed trading routes have also suffered.

Respondents were asked whether they had been able to switch to alternative sales routes. Some have found ways to continue selling even when retail outlets and events are not available. Adaptations made by these businesses were:

- Introduce online / remote sales (6)
- Offering customer collection (1)
- Delivering locally (1)
- Alternative products (1).

Where products are going unsold, at least half of respondents are disposing of them as **waste** (53%), with the remainder being stored or donated.

3. Impact of the crisis

Growers were asked to state how the situation is affecting their business. Responses demonstrate clear divergence depending on the type of business. For example a plant nursery said:

We have been inundated with orders.

Contrast with a cut flower business:

Crippled our business. We have zero sales as florists do not want cut roses as people can not have their weddings/events.

Several nurseries and growers highlighted that the crisis has coincided with what is usually the peak time for their business. Loss of sales has therefore created significant **cash flow** problems.

How severely businesses are affected depends heavily on their typical **market** routes with those already having online processing and delivery in place better able to maintain sales. In contrast, those supplying their own outlets which have been closed have lost all sales and access to customers.

Several respondents reported that after the initial closure of sales routes they had managed to **adapt**, either handling direct sales or adjusting production to match demand. Such adaptations are creating additional work and are found labour intensive. Similarly, those with established

online delivery services are experiencing such high demand that they face significant **workload** pressures.

A theme through these responses was that ornamental plants and flowers are not regarded as **essential** purchases, which has meant that retailers have not prioritised them and in some cases trade has been ceased all together. Responses also noted a lack of clarity about trading rules, and that retailers seemed to have made their own interpretations of them with some continuing trading.

Asked how they are planning to change production or operations in **response** to the crisis, the most common response was planning to reduce levels of plant or flower production:

- Decrease planting or production levels (8)
- Changing types of production (e.g. move to edibles) (3)
- Changing sales routes (e.g. collections, online delivery) (2).

Only one business is planning to increase production levels, and another is expecting to recruit additional staff to manage workload related to online sales. Some nurseries reported that they are preparing for demand to pick up as controls on businesses are eased, and the hope that garden centres will resume trading soon.

4. Challenges

Each respondent was able to state up to three challenges they expect to face for the remainder of the growing season. The most cited issues were **loss of sales** or access to customers (15 respondents) meaning financial impacts from lost income. Others noted that being unable to sell threatens longer term business viability:

customers will forget me and buy from somewhere else so all the hard work I have made through gaining new customers through social media will be wasted.

Another noted that their business still has outgoings, namely rent, but no income to meet them. Loss of sales was noted to create **cash flow** problems (4), particularly as these businesses usually expect a majority of their income at this time of year.

The next most common form of challenge related to stocking and **production**, including managing the logistics of unsold plants and flowers (7). Others described challenges altering modes of planting in limited space or without access to all supplies. For nurseries reducing production rates there will be challenges of plant shortages next year. Those experiencing significant increases in demand face shortages more immediately.

The adaptations growers are making are causing challenges around **workload** and managing new processes or practices (5). This included the administrative burden of handling numerous small customer orders instead of fewer large wholesale orders. One respondent noted that they were facing **stress** related to the situation. A related challenge was the state of uncertainty regarding when retail custom will resume, and around the timescale for changes to social distancing rules (3). Respondents highlighted that this makes business planning challenging, with lack of clarity about how to manage plants in preparation for future sales.

The final type of challenge being experienced was lack of **support** (2), which was linked to the nature of the business:

unable to access any of the business funding. I don't seem to fit any of the boxes.

One respondent suggested that people don't understand flower businesses so financial aid has not been designed to suit them.

5. Support needs

A majority of those responding have not applied for any of the covid-19 support packages available (80%). Some had found that they were **ineligible** for the grants offered because they do not pay business rates, or have traded for less than 24 months. Some reported that they had not yet employed their seasonal staff so could not apply furloughing.

Of those who have requested support the results are as follows:

Furloughing	Awaiting response 1
Business Wales Grant	Awarded 1, Awaiting response 1
Business Wales Loan	Awarded 1
Bank Loan	No applications
Self-employed support	Awaiting response 1

A recipient of a loan via the Development Bank of Wales reported that the process had been very positive and quick, with good communication throughout.

Growers were asked to suggest up to three forms of external support most useful for the remainder of this growing season. The most commonly reported need was for **financial assistance** (6 Growers). This included requests for grants to cover costs, and to compensate for lost income. Specific forms of assistance requested were for a scrappage scheme or equivalent to compensate for lost stock (2), and for relief related to VAT or business rates.

The next most prominent type of request was for provision of **advice and guidance including business planning** (5). This included requests for assistance with setting up or running e-commerce and specialist skills such as websites or packaging (2).

Some requests related specifically to conditions created by covid-19, and a need for **clarity** on appropriate, safe practice (2). This included a request for communication regarding safe working practices, not only to maintain appropriate controls but also to "build consumer trust on safety and quality of product".

A related request was for greater **clarity** on rules regarding retail and selling of non-essential products, and how these relate to ornamental plants. There was lack of clarity over whether all plants should be considered unessential, but edible ones (e.g. herbs) appropriate to continue selling. It was noted that retailers had not been acting consistently, with some continuing to trade and sell non-food items whilst others interpreted plant and garden trade as non-essential so closed. As supermarkets have been selling seeds, compost and plants it was noted that by closing garden centres were losing trade, whilst demonstrating inconsistency in adherence to the rules.

Plant nurseries indicated that they were anticipating trade **resuming**, with the expectation that garden centres might reopen shortly. They are therefore preparing for dramatic increases in demand. As the rules change, businesses would appreciate greater clarity about how they apply to plants and flowers, and a more consistent application of the rules across this sector's markets.

30 April 2020



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