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# The University of Georgia

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## College of Agricultural and Environmental Sciences

### Quitman County Nursery Preliminary Market Analysis

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#### **Introduction**

The Quitman County Extension Service requested the Center for Agribusiness and Economic Development (CAED) to conduct a preliminary market analysis to investigate the market potential for a tree nursery.

#### **Methodology**

The CAED was able to identify a number of garden centers and landscaping companies within a 25 and 50 miles radius of the Quitman County Courthouse using a specialized software program called SelectPhone. SelectPhone software identifies businesses by their Standard Industry Classification (SIC) code. The CAED contacted approximately 20 of these businesses to determine the type of trees purchased, number of trees purchased annually, and what they are currently paying for their trees. These results were interpreted with caution due to the small sample size but do provide an indication for the nursery tree market.

#### **Types of Trees Purchased**

The first objective of the market analysis was to determine what types of trees garden centers and landscaping contractors purchase. The reasons for determining what buyers want is obvious but necessary, “it is easier to sell something people want than to sell something that is easy to produce.” Table 1 provides insight into the most frequently purchased trees.

<b>Table 1. Trees Do You Use or Purchase?</b>	
Tree	Percent (n=16)
Maples	81%
Oaks	38%
River Birch	31%
Dogwood	31%
Crape Myrtle	31%
Leyland Cypress	31%
Cherry	25%
Bradford Pear	25%
Tulip	19%
Magnolia	19%
Elm	19%
Hollies	13%
Zelcophia	6%
Yoshino Cherry	6%
Weeping willow	6%
Red Bud	6%
Purple Plum	6%
Palms	6%
Hemlock	6%
Cripomeria	6%
Crabapple	6%
Cleveland Select	6%
Arizona Cypress	6%

Maples are by far the most popular tree in terms of the number of businesses that purchase trees. Eighty-one percent of businesses contacted indicated they purchase maple trees. The maple tree category represents a general category but includes Sugar, Japanese Red, and Legacy maple trees, (Table 2). Surprisingly, other identified trees are purchased by a significantly fewer number of respondents.

Oaks, River Birch, Dogwood, Crape Myrtle, and Leyland Cypress was mentioned by about one-third of the respondents. Cherry and Bradford Pear trees are purchased by one-quarter of the survey respondents.

The information provided in Table 1 is valuable and indicates insight into types of trees businesses are purchasing, however, it does not provide information into the quantity of trees purchased. Table 2 provides insight into the volume of trees that are purchased annually.

Interestingly, the survey respondents purchase an estimated 250,000 Leyland Cypress trees annually which is significantly greater than any other tree. Roughly 52,000 Holly trees were purchased over the course of a year where only 19,000 Maples and 1,000 Oak trees were purchased. Figures reported in Table 2 reflect reported purchases by the survey respondents.

<b>Table 2. Quantity Purchased/Used Annually</b>	
<b>Maples - general</b>	<b>19,045</b>
Japanese Maple	2,650
Sugar Maple	295
Red Maple	220
Legacy Maple	25
<b>Oak - general</b>	<b>1,000</b>
Live Oak	1,525
Willow Oak	190
Nut all Oak	165
Red Oak	100
Leyland Cyprus	252,295
Hollies	52,000
Crape Myrtle	4,850
River Birch	3,830
Cripomeria	3,500
Tulip	2,780
Arizona Cyprus	1,500
Cherry	1,300
Bradford Pear	875
Magnolia	640
Dogwood	525
Elm	320
Yoshino Cherry	200
Zelcophia	200
Red Bud	150
Weeping willow	100
Purple Plum	100
Crabapple	75
Cleveland Select	30

Table 3 provides information on the size of trees respondents generally purchase. Analyzing the data revealed buyers purchase a variety of sizes. It is important that this aspect of the market be further explored to ensure appropriate sizes of trees are produced. For instance, a number of respondents indicated they purchase trees in burlap bags while the majority purchase theirs in containers. The sizes range from 3 inch trees to 200 gallon trees. The size of trees being purchased will significantly impact both marketing and pricing strategy therefore making it a critical component for success.

<b>Table 3. Tree Size Most Often Purchased</b>				
<b>Tree Type</b>	<b>n=16</b>	<b>Smallest</b>	<b>Largest</b>	<b>Most often Mentioned</b>
<b>Oak - general</b>	<b>5</b>	<b>1 inch</b>	<b>200 gallon</b>	<b>3"</b>
Live Oak	5	1 inch	200 gallon	3"
Nut all Oak	5	1 inch	200 gallon	3"
Willow Oak	5	1 inch	200 gallon	3"
Red Oak	5	1 inch	200 gallon	3"
<b>Maples - gen.</b>	<b>6</b>	<b>3 inch</b>	<b>200 gallon</b>	<b>3"-5"</b>
Red Maple	6	3 inch	200 gallon	3"-5"
Sugar Maple	6	3 inch	200 gallon	3"-5"
Japanese Maple	4	3 inch	200 gallon	3"-5"
Legacey Maple	1	3 inch	200 gallon	3"-5"
Elm	2	7 inch	65 gallon	5"-7"
Crape Myrtle	8	3 inch	45 gallon	15 gallon
Tulip	1	5 inch	45 gallon	5"-45 gallon
River Birch	1	5 inch	45 gallon	
Dogwood	4	1 inch	45 gallon	2"-5"
Hollies	3	3 inch	65 gallon	7-15 gallons
Magnolia	3	3 inch	200 gallon	3"-200 gal.
Leyland Cyprus	7	1 gallon	15 gallon	15 gallon
Bradford Pear	2	5 inch	45 gallon	15 gallon
Cripomeria	1	15 gallon	15 gallon	15 gallon
Red Bud	1	5 inch	45 gallon	"5-45 gal.
Yoshino Cherry	1	5 inch	45 gallon	"5-45 gal.
Zelcophya	1	5 inch	45 gallon	"5-45 gal.
Weeping willow	1	5 inch	45 gallon	"5-45 gal.
Purple Plum	1	5 inch	45 gallon	"5-45 gal.
Crabapple	1	5 inch	45 gallon	"5-45 gal.
Cleveland Select	1	5 inch	45 gallon	"5-45 gal.
Arizona Cyprus	1	5 inch	45 gallon	"5-45 gal.

The prices being paid for different species of trees is directly related to trees size at the time of purchase. Price data varied significantly depending on the size of tree being discussed. The CAED tried to determine a common tree size and related price for each size with the data available in order to provide pricing information. For Oak trees, it appears that a 30 gallon tree can command \$85 where as an Elm tree with a trunk measuring 2 inches in diameter can be upwards of \$146. Table 4 provides price data supplied by survey respondents. Again, it is important to remember that this information was supplied directly by the respondents and further research is needed to obtain firm pricing per species. However, this data does provide insight into what the marketplace is currently paying for various tree species.

Oak - general	30 gallon @ \$85
Live Oak	30 gallon @ \$85
Nut all Oak	30 gallon @ \$85
Willow Oak	30 gallon @ \$85
Red Oak	30 gallon @ \$85
Maples - gen.	15 gallon @ \$40
Red Maple	15 gallon @ \$40
Sugar Maple	15 gallon @ \$40
Japanese Maple	15 gallon @ \$40
Legecy Maple	15 gallon @ \$40
Elm	2 inches @ \$146
Crape Myrtle	7 gallon @ \$35
Tulip	7 gallon @ \$35
River Birch	15 gallon @ \$85
Dogwood	15 gallon @ \$85
Hollies	15 gallon @ \$60
Magnolia	30 gallon @ \$100
Leyland Cypress	15 gallon @ \$60
Bradford Pear	15 gallon @ \$85
Cripomeria	15 gallon @ \$49
Cherry	15 gallon @ \$45

## **Conclusion**

There appears to be a significant market for specific tree species. Leyland Cypress sales reached 250,000 annually among the survey respondents. Assuming each Leyland Cypress tree sold were a 15 gallon tree for \$60, the estimated revenue is \$15,000,000. Of course, not every Leyland Cypress sold will be in a 15 gallon container.

The market analysis revealed respondents purchase a variety of tree species and a degree of diversification would provide additional sales opportunities and limit risk to disease and a changing marketplace. In addition, the volume of trees being purchased and the number of competing producers would require the implementation of a competitive pricing strategy.