

HEADLINES

Compiled by Catherine Evans

FROM OFA
TO YOU

By John R. Holmes, CAE

It happens every year — you walk in the doors at the OFA Short Course, and you're completely amazed by the size and scope of the event. The Short Course is certainly not short on things to do, people to see and business to conduct.

Much happens before you arrive. When the OFA staff arrives at the Greater Columbus Convention Center, it's quiet, with dark corners, an empty concourse and a concrete trade show floor. It takes several days to transform this empty space into a showcase of plants, flowers and floriculture products.

It takes a great deal to host more than 10,000 floriculture industry professionals. The Short Course starts on a Saturday, but the staff moves in the previous Tuesday. By Wednesday, there are many volunteers arriving to set-up; and by Saturday, the full contingent of more than 80 volunteers is on duty helping with decorations, registration, sessions and tours.

Each year, more than 100 companies donate products for decorations and retail design at Short Course. A team of nearly 20 people create decorations for the event, and almost as many people process materials for the retail design sessions.

This year, flowers left from the retail design program will be used to bring "Flowers to the People." The Ohio Teleflora Unit will be participating in the National "Make Someone Smile Week," delivering flowers to nursing homes, hospitals and group homes.

TRADE SHOW

In the trade show hall, booth locations are marked, draping is set to divide the area and freight is delivered to booths. By Friday, exhibitors get into their spots to arrange plant material and set up their displays. This year, more than 500 companies will be exhibiting in more than 1,300 booths on six acres of exhibit space, making it over four miles long.

At this year's Short Course, at least 68 new companies will be exhibiting; international participation includes 44 Canadian companies and 25 from outside North America; and the largest exhibitor has 36 booth spaces.

THE EVENT

The Short Course is one of the largest conventions in the city of Columbus. For 2003, more than 10,000 hotel rooms have been blocked at 13 Columbus-area hotels for the event. While attendees stayed in Columbus during the 2002 Short Course, they spent nearly \$6 million.

This year's program includes 130 educational sessions, a new OFA Bookstore and P. Allen Smith as the keynote speaker (sponsored by The Flower Fields). Smith, a noted gardening expert, author and television personality, will present his keynote address on Sunday, July 13 at 7:30 a.m. The keynote is open to all attendees with badges.

WRAPPING UP

When it's over, attendees take home new information, plans to implement in their own businesses, valuable new contacts and renewed relationships.

The OFA Short Course will be held this July 12-16 in Columbus, Ohio. OFA — an Association of Floriculture Professionals sponsors the OFA Short Course annually.

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AAS and Wal-Mart
Team Up

Beginning this spring, more than 75 All-American Selection (AAS) Winners will be promoted by Wal-Mart. After a year of planning, the two have come up with a promotion that includes containers featuring the red, white and blue AAS logo and slogan, "Tested Nationally & Proven Locally" as well as special AAS plant labels featuring the American flag and the AAS logo to inform gardeners about AAS plants. Advertising for the program began in early spring and will continue through the peak season. This special promotion was created due to the importance of the AAS trialing program and the performance of its winners.



AHMA Hardware Show Receives Support

The new American hardware Manufacturer's Association (AHMA) Hardware Show, scheduled for April 18-20, 2004, at Chicago's McCormick Place, has begun receiving strong industry support following the split between AHMA and Reed, owner of the National Hardware Show. AHMA has received endorsements from domestic and international buying organizations, trade associations and trade publications, including *Lawn & Garden Retailer*.

The AHMA Hardware Show will showcase each major segment of the hardware, lawn and garden, and home improvement industries, creating specialized sections within the show. The 2004 Show will include the World of Hardware & Tools, World of Lawn, Garden & Outdoor Living and World of Home Decorating. In addition, the International Pavilion area will feature exhibits from around the world. The show will also include hands-on demonstrations of the latest equipment and products, special training sessions and a series of industry-focused educational sessions, including lawn and garden retail sessions coordinated and sponsored by *Lawn & Garden Retailer*.

SNA GEARS UP FOR SHOWCASE EVENT

The Southeast Greenhouse Conference is joining forces with the Southern Nursery Association (SNA) and OFA to create ColorWorld, a new section of the SNA trade show featuring approximately 8,000 sq.ft. dedicated to floriculture products for the retail and landscape trade. The major objective of ColorWorld is to promote finished color products and assist growers in expanding sales to retail and landscape segments.

SNA has also announced that the 48th annual SNA Research Conference will feature a new Floriculture section. Last year's addition of a Plant Breeding & Evaluation section was such a success, SNA decided to add the Floriculture section to this year's schedule.

The 9th annual TechShop Educational Series, will be held in conjunction with the SNA trade show and has been expanded to include a landscape and current issues track. The TechShop Educational Series will precede the SNA trade show on Wednesday, July 30. TechShop 2003 will offer a number of concurrent tracks (business management, sales and marketing, woody plants, annuals and perennials, retail, landscape, current issues: water, and technical and certification) with a total of 40 topics. New this year, special selections of presentations made at the SNA Research Conference will be incorporated into TechShop's Educational Series. All of these events and more will be held at SNA 2003... The World's Showcase of Horticulture July 30-August 2, 2003, at the Georgia World Congress Center in Atlanta, Ga.

NRF REVISES RETAIL SALES FORECAST

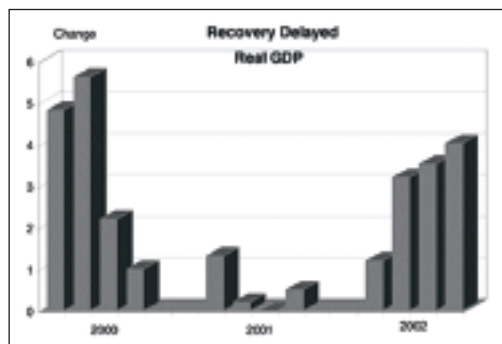
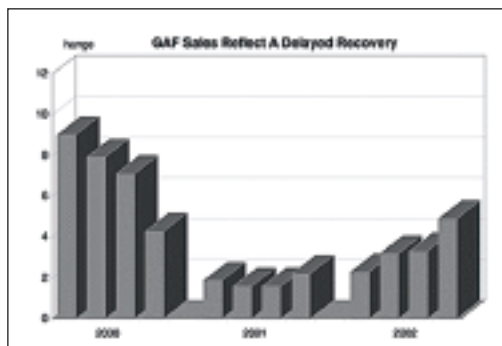
The recent war with Iraq has prompted the National Retail Federation (NRF) to revise its 2003 forecast for general merchandise, apparel, furniture and sporting goods (GAFS) sales. According to the *Retail Sales Outlook Report*, NRF has revised the 2003 forecast from 5.6 percent growth to 3.8 percent growth.

NRF Chief Economist Rosalind Wells stated that any geopolitical uncertainty, namely the war, would affect current retail projections. "The Iraqi conflict is hindering decisions made by both businesses and consumers," Wells said. "Not only are businesses taking a wait-and-see approach before making major financial commitments, they are reluctant to conduct business as usual, holding back hiring and causing layoffs of others." However, Wells said consumer spending should significantly improve once the Iraq conflict is resolved.

NRF projects first quarter GAFS sales to increase slightly more than 2.0 percent. Second quarter sales are forecast to increase 2.5 percent, third quarter sales are projected at a 4.7 percent increase and fourth quarter sales are estimated to increase 5.3 percent from last year.

In other NRF news, the NRF Foundation, a research and education foundation funded by the NRF, has received a \$2.8 million grant from the U.S. Department of Labor to increase workforce development initiatives that increase retail career opportunities and to help employers with public employment and training systems. According to the Department of Labor, retail accounts for approximately one in five jobs in America and \$500 billion in wages.

The grant is expected to expand development of Retail Skills Centers in order to address needs of retail and service workers. The centers recruit, train and place individuals in long-term retail



KMART EMERGES FROM CHAPTER 11

The U.S. Bankruptcy Court for the Northern District of Illinois has ruled that Kmart Corporation has met all the necessary requirements to confirm the company's First Amended Joint Plan of Reorganization. Kmart was able to complete its fast-track reorganization and emerge from Chapter 11 protection on May 5, 2003.

The company addressed and resolved the majority of the 188 objections filed by stakeholders, while the remaining objections were overruled by the bankruptcy court. Kmart currently operates 1,500 stores. In 2002, Kmart lost

\$3.22 billion but expects profits to return in 2004.

The company came out of bankruptcy with 600 fewer stores, \$2 billion in financing and a new management team. During the 15 months Kmart was in Chapter 11, it closed approximately 30 percent of its stores, cut more than 60,000 jobs, replaced its top executives and board of directors, and exchanged most of its debt for equity. Kmart also lined up new investors, from ESL Investments Inc. who owns approximately half of the stock and controls four of nine seats on the new board of directors.

JULY

7-18: Atlanta International Gift and Home Furnishings Market
 Atlanta, Ga.
 T: (800) ATL-MART
www.americasmart.com

11-14: The Gift Fair in Atlanta
 Atlanta, Ga.
 T: (914) 421-3200
www.glmshows.com

12-16: OFA Short Course
 Columbus, Ohio
 T: (614) 487-1117
www.ofa.org

13-14: 2003 Birdwatch Backyard Show
 Columbus, Ohio
 T: (813) 995-2804
www.birdwatchamerica.com

15-20: ANLA Convention and Executive Learning Retreat
 Boston, Mass.
www.anla.org

15-22: Gift and Home Furnishings Market
 Los Angeles, Calif.
www.lamart.com

20-24: Lawn & Garden Marketing and Distribution Association Annual Convention
 Las Vegas, Nev.
 T: (215) 564-3484

24: North American Lawn & Garden Trade Show
 Las Vegas, Nev.
 T: (215) 564-3484

29-31: PANTS
 Fort Washington, Pa.
 T: (717) 238-1673
www.plna.com

31-Aug. 2: SNA...World's Showcase of Horticulture
 Atlanta, Ga.
 T: (770) 953-4411
www.sna.org

AUGUST

7-14: New York Gift Fair
 New York, N.Y.
 T: (800) 235-3512
www.225-fifth.com

9-14: New York International Gift Fair
 New York, N.Y.
 T: (914) 421-3200
www.glmshows.com

10-12: National Hardware Show
 Chicago, Ill.
www.reedexpo.com

15-17: Nursery/Landscape Expo
 Dallas, Texas
 T: (800) 880-0343
www.txnla.org

20-23: Calscape Expo
 Irvine, Calif.
 T: (707) 462-2276
www.cipaweb.org

20-24: ANLA Landscape Operations Tour
 Southern Ohio
www.anla.org

21-23: Farwest Show
 Portland, Ore.
 Sponsored by
Lawn & Garden Retailer,
GPN and *Proven Winners*
 T: (503) 653-8733
www.farwestshow.com

31-Sept. 2: SPOGA International Trade Fair
 Cologne, Germany
www.spoga-cologne.de

SEPTEMBER

7-9: Vancouver Gift Show
 Vancouver, BC, Canada
 T: (914) 421-3200
www.glmshows.com

7-10: Autumn Fair Birmingham
 Birmingham, England
www.autumnfair.com

11-13: ANLA Landscape Distribution Tour
 New York, N.Y.
 T: (202) 789-2900
www.anla.org

13-16: Atlanta Fall Gift and Accessories Market
 Atlanta, Ga.
 T: (800) ATL-MART
www.americasmart.com

21-23: GLEE International Garden & Leisure Exhibition
 Birmingham, England
www.gleebirmingham.com

24-27: SAF Annual Convention
 Boca Raton, Fla.
 T: (703) 836-8700
www.safnow.org

28-30: Fall Gift and Home Furnishings Market
 Los Angeles, Calif.
www.lamart.com

OCTOBER

1-5: ANLA Retail Roadshow
 Northern California
 T: (202) 789-2900
www.anla.org

FRANK'S ANNOUNCES 2002 YEAR END RESULTS

The reported financial results for fiscal year 2002 for Frank's Nursery

& Crafts, Inc., which ended January 26, 2003, included net sales of \$315.1 million, opposed to \$371.4 million in 2001, adding up to a 15.2 percent decrease. Fiscal year 2002

comparable store sales, or sales in stores open at least one year, were down 5.3 percent. According to Frank's, 2002 sales were affected by weather in the spring and low economic conditions.

Since Frank's emergence from Chapter 11 in May 2002, it has had a net loss of \$17.6 million or \$0.88 per share. For the fourth quarter 2002, Frank's had a net loss of \$4.5 million or \$0.22 per share, compared to a net loss of \$33.3 million in the fourth quarter of 2001.

GARDENERS NOT DISTURBED BY WAR

Most American consumers plan to go ahead as usual with their spring gardening plans, despite the war in Iraq.

A survey, conducted by the Garden Writers Association, of 1,002 consumer households discovered that more than two-thirds of those surveyed plan to spend the same or more on plants this spring, even though the country is at war.

Fifty-five percent said that despite the war, they plan to spend the same this year on flowers and ornamental plants, while 12 per-

cent said they plan to spend more. Twenty-one percent plan to spend less on ornamentals.

As for fruits and vegetables, 57 percent of the public plan to spend the same, 13 percent plan to spend more and 14 percent plan to spend less.

Flowers will be the top choice with 27 percent of the public this spring, followed by vegetables and fruits at 24 percent, grass at 18 percent, and trees and shrubs at 11 percent.

However, when asked which type of plant they would spend more money on this year, 41 percent of the consumers planned to increase their spending on edibles versus 36 percent who planned to increase their spending on ornamentals.

APRIL SHEDS LIGHT ON RETAIL TUNNEL

With the current situation in Iraq calming down, consumers are becoming more comfortable with spending again, according to a recent survey. The Retail Sector Performance Index (RSPI) for April rose to 47.7 percent from 42.0 percent in March, making

the April RSPI the highest reading since last fall. (The RSPI measures retail executives, evaluations of monthly sales, customer traffic, the average transaction per customer, employment, inventories and a six-month-ahead sales outlook expectation.)

For April, the Current Demand Index (average of sales and traffic) stood at 50.0 percent compared to 40.1 percent in March. The sales index (46.4 percent) may still be below normal, but it was the strongest evaluation since the tracking began.

The spending index in March was the lowest since September 1993. Economists have been predicting that the decline in the war will have a positive impact on consumer spending.

NGA SHOWS 2002 LAWN & GARDEN STATISTICS

The National Gardening Association has completed its comprehensive study of consumer gardening practices, trends and product sales for 2002.

The study concluded that eight out of 10 U.S. households (79 percent) or 85 million households participated in one or more types of do-it-yourself indoor and outdoor lawn and garden activities in 2002.

In 2002, consumers spent an average of \$466 per household on their lawns and gardens. Over the past five years, average annual spending has grown by approximately 4 percent per year, with an average of \$452.

Consumers spent a total of \$39.6 billion on their lawns and gardens in 2002, which is an increase of \$1.9 billion or 5 percent over 2001.

The survey also stated that the highest consumers of lawn and garden products in 2002 were men (see "Market Watch" on page 6 for more details); people 35-44 years-old or 55 and older; college graduates; households in the Northeastern, Southern and Western parts of the United States; married households; two-person households; and households with annual incomes over \$75,000.

COMMERCIAL MOTOR VEHICLE REVISIONS MADE

The Federal Motor Carrier Safety Administration (FMCSA) has recently released the revised final Hours of Service (HOS) rules for commercial motor vehicle drivers.

The original version of this policy came about in 2000 but was abandoned after much criticism. The revision applies to property carriers and drivers only; passenger carriers and drivers will continue to follow the existing rules. However, according to the ruling, agriculture operations are exempt from the new revisions because agricultural operations retain their current statutory exemption from driving time requirements for transportation occurring within a 100 air-mile radius from a farm or distribution area during planting or harvesting season that is determined by each state.

According to the FMCSA, a commercial motor vehicle is considered such if it has a gross vehicle weight, gross vehicle weight rating or gross combination weight rating of at least 10,001 lbs. or is used to transport hazardous materials in large enough quantities to be marked with a placarded under the Hazardous Materials Regulations.

SARS AFFECTING MORE THAN JUST LUNGS

American gift shows may be affected by the developing SARS epidemic. Large gift shows like the Canton Fair in Guangzhou, China, and the Dallas Market Center are reported to have a lower attendance and a number of cancellations this year, forcing U.S. retailers to find products elsewhere. Because of this, the Dallas Market Center has created a quickly assembled Spring Import Show to meet the needs of major buyers like Pier 1 and Target, who normally fly to China for products for their chains. 