

3500 Comparative Costs of Media: Orchiata™

Pacific Wide Group produces only high quality and consistent products. To produce a top quality product you need high tech and specialised equipment as well as experienced staff. These costs of course are reflected in our product prices. Potential and new customers compare our pricing and note the expense of using our products. However after converting many large growers to our products, it has become common knowledge that using Orchiata™ decreases management costs as well as reducing mortality rates and maturity time. The production costs therefore reduce for the grower at a higher rate than media cost thereby increasing their end profits.

We encourage growers to think about their whole process before considering which media they will use. There are many growers that spend a great deal of their money buying high quality stock plants yet they use a low quality media which can cause up to 60% mortality and loss of sales. The ultimate media should create the easiest management for the growers, as well as not having an ill-effect on the plants nutrient scheme or cause pathogenesis. Many local products can break down quickly causing nitrogen consumption, increased wet conditions and harbour pathogens. Others may not wet very well and dry out too quickly.

Growers must take into account:

- How high tech are they; automated systems need a highly consistent media for consistent growth.
- Is the plant stock high quality; if so do you want to use a risky media
- What are the staff like; using a consistent management free media with an automated system reduces the need for labour potentially reducing labour costs and human error
- Do the plants need a variety of grades; if a range of media types are needed then a supplier of all variety grades is needed.
- What is your current mortality or loss of sales rate; will reducing this bring a better profit
- How long are the plants grown until they are ready for sale; can this be reduced using a better quality media allowing more plants to be grown over the year.
- Is the media cost that much of an issue if it means a better return in the end??

On the following page is a scenario which takes into account that Orchiata™ is twice as expensive as a local growing media. However through using Orchiata™ the management costs are reduced; the time to sale is reduced and there are more plants for sale at the end due to a decreased mortality rate. Although the media is more expensive the end profit is much more for the grower.

Not only will the outcome create a better profit for the grower, there is also the issue of aesthetics. If the overall quality of the plant increases end customers are more likely to purchase these plants and return to the same supplier for their next purchase. In the end the reputation of the grower increases and the demand for their products grows.

(* Time until sale is the amount of time required to grow the plant to saleable size. A value of 1.0 is the normal time in which plants are expected to reach sale size. A value lower will mean the plants mature earlier, while a larger value will indicate a longer growth period needed. The differences can be calculated as follows: Relative growth rate = growth period using product / normal growth period for plants.)

General orchid plant costs: Prices are in US Dollars - period of growth 1.5 to 2 years.

	Lower quality product	Besgrow™ Orchiata™		Difference
<i>Cost per young plant</i>	\$0.60	\$0.60		
<i>No. of orchid plants grown</i>	10,000	10,000		
<i>Total plant costs</i>	\$6,000	\$6,000		
<i>Cost of media (bag)</i>	\$5.00	\$10.00		\$5.00
<i>Pots per 50L bag (see note)</i>	120	120		
<i>Media cost per pot</i>	\$0.042	\$0.083		\$0.04
<i>No. of bags required</i>	83	83		
<i>Total media cost</i>	\$416.67	\$833.33		\$416.67
<i>Management costs per plant (Labour, Nutrients, Water...)</i>	\$4.00	\$3.50		\$0.50
<i>Time untill sale (note)</i>	1.0	0.8		
<i>Total costs per plant</i>	\$4.00	\$2.80		
<i>Total management costs</i>	\$40,000	\$28,000		\$12,000
<i>Total costs</i>	\$46,417	\$34,833		\$11,583
<i>Average sale price per plant</i>	\$6.00	\$6.00		
<i>Potential sales</i>	\$60,000	\$60,000		
<i>Mortality/ plant wastage rate</i>	10.0%	5.0%		5.00%
<i>Lost sales via wastage/mortality</i>	\$6,000	\$3,000		\$3,000
<i>Total sales</i>	\$54,000	\$57,000		
<i>Less total costs</i>	\$46,417	\$34,833		
<i>Return (excl. packaging...)</i>	\$7,583	\$22,167	Extra Profit:	\$14,583 Difference

If re-potting required:

<i>Cost of media (bag)</i>	\$5.00	\$10.00		\$5.00
<i>Pots per 50L bag (see note)</i>	100	100		
<i>Media cost per pot</i>	\$0.050	\$0.100		\$0.05
<i>No. plants grown</i>	9,000	9,000		
<i>Extra labour cost/ plant</i>	\$0.50	\$0.40		
<i>Total extra labour cost</i>	\$4,500	\$3,800		
<i>No. of bags required</i>	90	95		
<i>Total extra cost</i>	\$4,950.00	\$4,750.00		-\$200.00
<i>Total Return with re-potting</i>	\$2,633	\$17,416.67	Extra Profit:	\$14,783.33

Expected lifetime of product (months)

18

36

Average growth time of orchids (months)

18

17

Note:

Re-potting using 50L bags of product

No.9	170/180	9cm pot
No.9	120	12cm pot
		15/16.5cm
No.9/5	54	pot