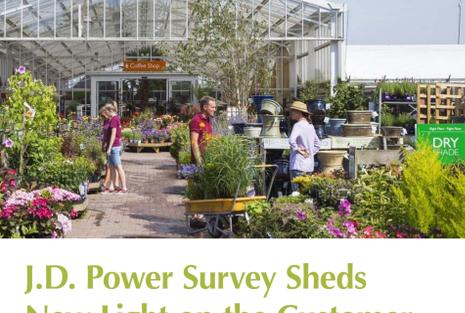


garden centers of america Garden retail trends report

May 2016

Garden Centers of America (GCA) has a renewed vigor and is continuing to expand the services available to you. As part of this expansion, we have revamped the whole concept behind our monthly newsletter. It is the goal of GCA to provide you with the information and resources to help you grow your business. Garden Retail Trends Report is designed to keep you on top of what's hot in retailing, both within the industry and out.



J.D. Power Survey Sheds New Light on the Customer Experience for Millennials

Millennial consumers, or those born between 1982 and 1994, are considered among the hardest to peg for our independent garden center industry. Now, a recent consumer survey by J.D. Power is shedding some light on how retailers can cash in on this elusive generation. The nuances that make Millennials different from other generations include diversity, economic conditions, education and income, according to Pete Trujillo, Senior Manager of Industry Analytics at J.D. Power.

Trujillo hosted a webinar, "Millennials Insight Report: The Customer Experience Perspective," to highlight the results of the survey. Here are the key takeaways for your garden center:

- Millennials are deep researchers by nature: 72 percent say that they frequently ask for others' opinions before they buy something. Millennials are more likely to conduct independent research using search engines, rating/review sites and digital social networks to uncover issues that others may have encountered. How does your store rate online?
- For Millennials, almost every purchase decision comes down to obtaining value for money. When value is not provided, Millennials are more likely than other generations to move on to the next best thing.
- Millennials expect products and services to work correctly after purchase, making them more likely than Baby Boomers to contact your garden center about problems.
- So help them out. When a problem is resolved, Millennials are substantially more likely than Boomers to reuse a product or service. Providing superior customer service is essential to satisfying Millennials, causing them to repurchase from your garden center in the future.
- Millennials are not that worried about privacy. Your garden center should be leveraging social media and data to provide a more automatic, seamless experience.

Get more tangible ideas on how to sell to Millennials during Matt Britton's EIGC/IGC Retailer Conference track, "Millennials Demystified." Britton is America's Leading Expert on Selling to Millennials. He has consulted more than half the Fortune 500 on youth marketing strategies, including Procter & Gamble, Visa, Coca-Cola, Nike and Microsoft. See what ideas he has for your store. Register today to take advantage of Early Bird conference reg rates: www.EIGCshow.com and www.IGCshow.com.



Good News for Garden Centers Nationwide: More Millennials Are Moving to the 'Burbs

Speaking of Millennials, a recent emerging trend - as urban housing prices skyrocket, Millennial buyers are searching for homes that are affordable in the middle of the country, reports The Home Story. A CoreLogic study reveals the top markets where Millennials are buying homes, analyzing more than 70 metrics associated with mortgage purchases by young homebuyers, and ranked all counties with a population greater than 200,000. CoreLogic Analyst Bret Fortenberry found the study highlights affordability and income as pivotal factors for Millennials when it comes to where they settle down and purchase a home.

Here are the most popular markets right now for young home-buyers - to see where your garden center's market lines up in comparison:

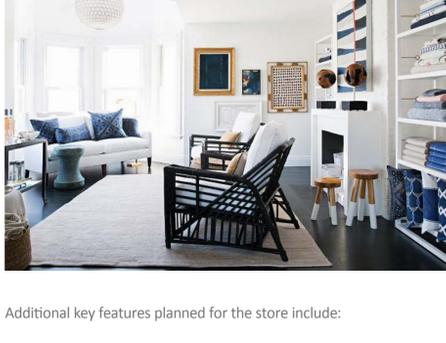
1. **Utah County, UT:** The median home value is about \$229,600, according to Zillow. A study by the Utah Foundation found that Millennials have been the largest generation living in Utah since 2000. Utah County is experiencing the fastest employment growth among the 342 largest U.S. counties, says the U.S. Bureau of Labor Statistics.
2. **Denver County, CO:** Zillow says the median home value is \$331,100. Denver home values have increased 12.8 percent over the past year, and Zillow estimates they will rise another 4.9 within the next year.
3. **Kent County, MI:** Zillow reports the median home value is \$150,200, and about 40 percent of residents are ages 18-34. Home values in Kent County have gone up 7.7 percent over the past year, with predictions from Zillow that they will rise another 2.9 percent within the next year.
4. **Weber County, UT:** The median home value is \$171,700, according to Zillow. Weber County home values have increased 7.6 percent in the last year, and Zillow estimates they will rise another 4.8 percent within the next year.
5. **Polk County, IA:** Zillow reports the median home value is \$155,500. Polk County home values have risen 4.8 percent in the last year, and Zillow predicts they are to increase another 3 percent within the next year. Polk County, which includes the city of Des Moines, is the most populated county in the state.



Retail Concept to Watch: 'Immersive Shopping Experience' from Lifestyle Brand Serena & Lily Set to Open in Westport, CT

Garden centers looking to reinvent their store layout or how they merchandise should look to California-based lifestyle and home decor brand Serena & Lily's new concept store that immerses customers in a full living environment. This flagship Serena & Lily Design Shop will feature more than 3,100 square feet of product on display throughout three stories of the restored Kemper-Gunn House in Westport, CT.

Customers will walk through the classic Queen Anne Victorian home to see how the product can be interpreted in a home setting, while maintaining the fresh, coastal aesthetic that the brand is known for. Bedding, bath products, furniture, fabric, rugs, lighting, decor, nursery products and art will be displayed in actual dining room, living room and bedroom settings.



- Additional key features planned for the store include:
- A swatch wall displaying more than 300 original Serena & Lily textile designs.
 - Rotating art displays featuring more than 150 original works by Serena Dugan, Co-founder and Chief Design Officer, and new and established artists.
 - On-site design advisors to offer inspiring solutions for free using the brand's product range.
 - Open availability for interior designers to schedule private meetings, client appointments and presentations.

Now Trending in Garden Retailing . . .

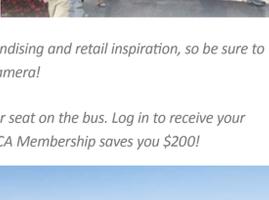
- Nearly 75 percent of shoppers believe that keeping shopper information safe is the retailer's responsibility - not the banks,' according to the "Retail Perceptions April 2016" report by Interactions Consumer Marketing. How secure is your online store payment processing?
- Sell the real estate value of your products and services! Consumers perceive that good landscaping improves a home's value up to 11 percent, according to a study by Michigan State University researchers. Eighty-four percent of Americans agree that the quality of a home's landscaping would affect their decision to buy the home, from a National Association of Landscape Professionals survey.
- How closely are you in contact via your customers' devices? Eighty-four percent of Millennials who own a smartphone or tablet want to receive messages from a retailer during a store visit, from Euclid Analytics' "Bringing Digital Engagement In-store" report.

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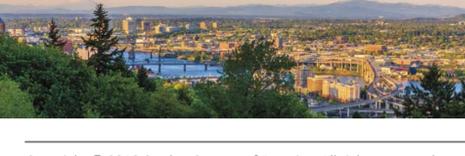
TAKE ADVANTAGE OF YOUR GCA MEMBERSHIP BENEFITS

Registration Now Open! GCA Summer Tour, Portland, OR June 26-29

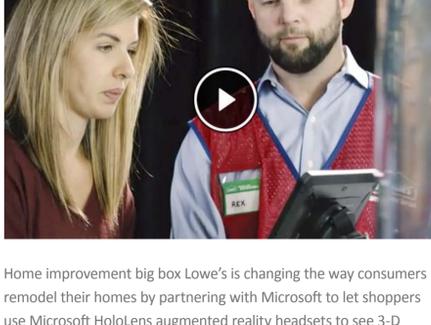
All aboard the GCA Summer Tour as it heads to Portland, OR, for an exclusive behind-the-scenes look at the garden centers that make this Northwestern market a hub of retail innovation. Portland has been called a treasure trove of merchandising and retail inspiration, so be sure to pack your notebook and camera!



Click here now to save your seat on the bus. Log in to receive your member discount - your GCA Membership saves you \$200!



Is Hologram Technology Next to Help Your Customers Design their Outdoor Rooms?



Home improvement big box Lowe's is changing the way consumers remodel their homes by partnering with Microsoft to let shoppers use Microsoft HoloLens augmented reality headsets to see 3-D views of kitchen renovation elements presented in empty in-store showrooms, according to an article by Dan Berthiaume of *Chain Store Age*. Consider the implication on your store if Lowe's starts using these virtual reality devices to project shoppers' garden and landscape designs.

The HoloLens, available in select pilot stores in the greater Seattle area, lets customers visualize realistic, scale-size, interactive holograms of kitchen cabinetry, countertops, appliances and other features. The finishes and design options can instantly be adjusted to the consumer's tastes, which can then be shared online. Whatever the customer is seeing and changing can be viewed in real time on a Surface tablet. The HoloLens will begin piloting in Raleigh, NC, next.

But the virtual design technology doesn't stop there. Lowe's Innovation Labs is developing an app for the new Project Tango virtual reality (VR) mobile platform, which was jointly created by Google and Lenovo and uses mobile devices with spatial capabilities. Project Tango uses a mobile device's camera to measure physical spaces, detect objects and create realistic 3-D models from scratch.

Last year, Lowe's improved its Holoroom VR design and visualization tool that uses Oculus Rift optic technology in stores and Google Cardboard viewers that customers can take home. Google and Lowe's Innovation Labs created a shareable Holoroom experience by utilizing YouTube's 360-degree video capabilities and Google Cardboard to allow consumers to share their design ideas.

See how the technology works in this video - click the play button above or link here.



Turn Merchandise Returns Into an Opportunity to Improve Your Store's Offerings

Like all retailers today, your garden center needs a return policy that is as seamless as possible. If you don't have one, there are numerous other ways - and retailers - con't have one, there are a frictionless return policy. Your return process is a crucial step in maintaining long-lasting relationships with your customers, making it clear that retailers need to establish a solid, transparent reverse logistics process that won't confuse or deter shoppers.

Previously viewed as a "waste," returns open the window of insight into what consumers are looking for. Here are several ways to turn your garden center's returns into an opportunity for learning, from Brandon Rael, Principal at North Highland; Simon Piesse, Principal at North Highland; and Andrew Billings, Senior Manager at North Highland:

- Analyze your garden center's data to identify products with high return rates.
- Proactively work to reduce return rates by making necessary adjustments to your product mix.
- Improve forecasting of returns and ready the supply chain.
- Build up customer profiles to understand true customer profitability at your garden center.

Specialty Grill Rubs & Marinades Add That Extra 'Spice' to IGC Product Mixes

With summer just around the corner and warmer temperatures sweeping across the nation, your customers will be spending more time entertaining friends and family in their outdoor rooms. But, grilling may not be strictly a summer activity anymore, according to the 12th installment of Acosta Sales & Marketing's "The Why? Behind the Buy" 2015 report. Featured in the April 2016 edition of *Progressive Grower*, the report shows that 61 percent of shoppers who grill reported that they're doing so eight or more months of the year. That figure jumps to 68 percent for the Millennial demographic.

Garden retailers can capitalize on the time customers spend outdoors grill-side by stocking their stores with this year's key grilling trends, including bold specialty dry rubs, BBQ sauces and marinades, and other gourmet niche products. Take it to the next level by printing out and displaying creative recipes that educate customers on how to incorporate these products, as well as fresh complementary herbs from your edibles department, into their grilling recipes.



Expect to see a twist on traditional grilling flavors this year, as shoppers are looking for BBQ sauces and rubs with bourbon and bacon flavors, says Adam Golomb, Director of Marketing for Pittsburgh-based supermarket chain Giant Eagle. Shoppers are also searching for international flavors such as those from Asian and African spices, according to Mike Martin, Director of Communications for Cargill.

Martin advises utilizing cross-merchandising strategies that target busy, convenience-minded consumers. Set up your display of rubs, sauces and other niche grilling items next to your herbs and other edibles.

Taking it a step further, consider teaming up with these specialty product suppliers for a multichannel promotion that targets grilling consumers on multiple fronts. You could even host a grilling demonstration or promotion at your store that highlights the different rubs and sauces you carry and how well they pair with your store's fresh edibles. Golomb says, "Partnering with multiple vendors and featuring a variety of products make the promotion more engaging and appealing to different customers."

Why Many Consumers 'Can't Get No Satisfaction' & What You Can Do to Change That

Customers have certain expectations when it comes to their shopping experience, and you'll be surprised to find out that global retailers are not meeting those expectations. The IBM 2016 Global Customer Index (CEI) reveals that the retail industry received a failing overall performance score of 40 percent when measured against customer satisfaction criteria. The study evaluated 550 brick-and-mortar and pure-play retailers across eight different retail segments in 23 countries worldwide.

Specifically, the index measured customer satisfaction in the areas of consistency, content, context and convenience. Consistency had the highest score with a 49 percent consumer satisfaction rating.

Here is how the other areas rated in the index - how does your garden center measure up:

- Retailers are missing the mark on delivering engaging content, especially with content via mobile device, receiving a 42 percent satisfaction score. Most retailers offer basic in-store mobile services, but miss the opportunity to influence customers' in-store decision making.
- Retailers earned a 32 percent satisfaction score in the area of convenience. More than half (55 percent) of retailers have a "click-and-collect" feature, but the index found that this option often takes more than 48 hours to complete.
- Context produced the lowest satisfaction score of any of the four customer experience areas analyzed by the index: 30 percent. While retailers are now encouraging customers to provide more personal information, the index shows few are leveraging the available data to recognize and acknowledge customer preferences and turn these insights into actions.

Enjoy Exclusive Savings & Special Perks at IGC Show Chicago & EIGC - The Eastern Show for IGCs

GCA Members save \$260 on each IGC Retailer Conference Passport registration during the early bird registration period, and \$100 off each IGC Show Monday Garden Center Bus Tour registration!

- Other benefits include:
- Two free drink tickets per company for redemption at Tuesday evening's IGC Show Party & Concert
 - Special reserved seating at the concerts - come early, seating is limited!
 - Access to the GCA Member Lounge at IGC Show Chicago, with a special catered lunch buffet available at your convenience



Enter the promo code IGC/GCA when you register: IGC - The Eastern Show for IGCs Registration: [Click here.](#) IGC Show Chicago Registration: [Click here.](#)

