garden centers of america GCA Garden Retail Trends Report

March 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.*

National Retail Federation Forecasts Retail Sales Will Grow 3.1 Percent This Year

Good news for independent garden centers, as the spring peak approaches. Retail industry sales, excluding automobiles, gas stations and restaurants, are projected to grow 3.1 percent, according to the National Retail Federation's (NRF) 2016 economic forecast, just released. That's higher than the 10-year average of 2.7 percent.

"Wage stagnation is easing, jobs are being created and consumer confidence remains steady," says Matthew Shay, NRF President and CEO, "so despite the headwinds our economy faces from international developments - particularly in China - we think 2016 will be favorable for growth in the retail industry."

Additional economic insights from the forecast include:

- Economic growth is expected to increase by 1.9 percent to 2.4 percent this year.
- A monthly average of approximately 190,000 employment gains are expected for this year. By the end of 2016, unemployment should decrease to 4.6 percent.

Attention IGCs with Landscape Departments - Or Not! Your Customers Want These Design Trends In Their Yards

Sustainable design is the biggest trend for residential landscapes - harvesting rainwater/graywater reflects a growing consumer demand for beautiful residential landscapes that also save water - according to the "2016 Residential Landscape Architecture Trends Survey" conducted by the American Society of Landscape Architects (ASLA). More than 800 landscape architects responded to the survey, which asked them to rate the expected popularity of a variety of residential outdoor design projects in 2016.

The top 10 project types with the highest expected consumer demand are:

- Rainwater/graywater harvesting (88 percent)
- Native plants (86 percent)
- Native/adapted drought tolerant plants (85 percent)
- Low-maintenance landscapes (85 percent)
- Permeable paving (77 percent)
- Fire pits/fireplaces (75 percent)
- Food/vegetable gardens (75 percent)
- Rain gardens (73 percent)
- Drip/water-efficient irrigation (72 percent)
- Reduced lawn area (72 percent)

The survey also broke down the most popular outdoor design elements, amenities and structures. The top three outdoor design elements include fire pits/fireplaces (75 percent), lighting (67 percent) and wireless/Internet connectivity (66 percent). Pergolas (51 percent), decks (47 percent), arbors (44 percent) and fencing (44 percent) are the most popular outdoor structures. The most popular outdoor recreation amenities are sports courts (41 percent), spa features (40 percent) and swimming pools (36 percent).

To read more findings from the survey, go to www.asla.org.

New Mobile App Speeds Checkout Process, Cuts Waiting In Long Lines

Here's an app with real potential for your garden center. Scranton, PA-based Gerrity's Super Market is the first retailer to beta test a checkout app from Skip - a product of Australian marketing services company Sensis used by cafes and restaurants to allow customers to place an order and pay all in one place, skipping the checkout line.

The app allows customers at the grocery retailer to scan items with their phone and place it in their cart or basket. When finished, the shopper checks out on the app and heads to the Skip checkout express lane. A cashier views the shopper's profile, performs a security check and the customer leaves with her purchases.

App users create a profile that includes debit/credit card or bank account information for automatic payment processing. According to Gerrity's, the average standard checkout takes 3.5 to 4 minutes from the time the cashier starts scanning items to the time the shopper walks away; the Skip app cuts this time to 30 to 45 seconds if customers bag as they shop. (Originally reported by *Chain Store Age.)*

Garden Center Sales Get Boost from Warmer-Than-Usual Temps

Even before the peak season arrives, there's a spring in many IGC retailers' step this season, as they see sales earlier than usual with the surprise warm temperatures in many parts of the country. See what Petitti Garden Centers has to say in this video above.

Bottoms Up to Your Bottom Line! Wine Offerings Draw Millennial Consumers

Still scratching your head on how to draw Millennials to your garden center? Consider offering wine tastings, wine by the glass or whole bottles for sale to get younger shoppers in the door. Millennials drink more wine than any generation, according to the Wine Market Council's 2015 survey of Americans' wine consumption habits. Millennials purchased 42 percent of wine sold (160 million cases), while Baby Boomers bought 30 percent (114 million cases) and Gen Xers paid for 20 percent (75 million cases).

Millennials topped other wine-drinking categories as well:

- Millennials drank 10 percent more wine than they did two years ago, Gen Xers consumed 5 percent more and Boomers stayed at the same level.
- Millennials make up 36 percent of all wine drinkers, Boomers 34 percent and Gen Xers 18 percent.
- The average Millennial wine drinker consumes 3.1 glasses of wine per sitting, Gen Xers drink 2.4 glasses and Boomers sip 1.9 glasses.

Is Your Garden Center In Tune with the Younger Set? Gen Y & Gen Z Demonstrate Key Shopping Differences

Speaking of winning younger shoppers, a new study from GfK shows key differences in the way your garden center can appeal to Gen Y and Gen Z:

When Gen Z consumers choose to make online purchases, they are motivated by money savings or better pricing (Gen Z: 60 percent; Gen Y: 46 percent) and recommendations from people they trust (Gen Z: 31 percent; Gen Y: 16 percent).

Meanwhile, Gen Y shoppers buy online because they get better information (Gen Y: 35 percent; Gen Z: 22 percent), have better delivery options (Gen Y: 26 percent; Gen Z: 19 percent) and can purchase several products simultaneously (Gen Y: 23 percent; Gen Z: 17 percent).

When it comes to making in-store purchases, Gen Z buyers are motivated by getting better information at physical stores (25 percent versus 18 percent). Gen Y, on the other hand, bought in-store due to the ease of shopping (42 percent versus 29 percent).

Not Equipped to Read EMV-Chip Cards? You're In the Majority - Only 37% of U.S. Retailers Can Process Them

Are your garden center's credit card readers equipped to process the new EMV chip-embedded cards? If not, don't get too down on yourself - only 37 percent of U.S. retailers are able to process chip-enabled credit and debit cards, according to a new survey by The Strawhecker Group (TSG). Despite the October 2015 deadline that shifted the liability of fraud perpetrated with traditional magnetic stripe cards away from the banks and credit card companies to retailers, merchants are lagging behind when it comes to updating their terminals.

Part of the reason for the delay is big terminal manufacturers weren't ready to roll out a mass amount of EMV-compliant terminals by the deadline. Additionally, confusion about the EMV technology, as well as hesitation about shifting during the holiday shopping season to avoid confusion and friction at checkouts, contributed to the lag, says Jared Drieling, Business Intelligence Manager for TSG.

The percentage of retailers with EMV-equipped terminals is estimated to reach 50 percent by June, and TSG estimates that number will reach a 90 percent threshold in 2017.

Now Trending in Garden Retailing . . .

- Millennials want to hang out with their friends and family in a space where they feel comfortable, notes Jill Waage, Executive Director of *Better Homes and Gardens*, in a recent Building Industry Association article. **"Outdoor living space is huge for Millennials,"** she says. In the magazine's survey of homeowners, **59 percent of respondents say the most-desired space in a home is a deck or patio**.
- Still dragging your feet over using digital in-store technologies? **More than 70 percent of shoppers like to integrate technology into their shopping experiences**, according to the latest Retail Perceptions report from Interactions Consumer Experience Marketing.
- Ramp up those coupons during the coming peak spring season - they remain as important as ever. **More than three in five consumers actively look for coupons versus other promotions**, according to a new study by RetailMeNot and Placed.

Join GCA's and the IGC Show's Social Network #GCA & #IGCshow

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!*

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

GCA Members save $100 on each IGC Retailer Conference Passport registration during the early bird registration period, and $60 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*

Watch for more details about IGC Show Chicago and EIGC - The Eastern Show for IGCs, coming soon!

Copyright © 2016 Garden Centers of America. All rights reserved.