



Garden retail trends report

July 15, 2015

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.



Research Shows Most Consumers Still Prefer In-Store to Online Shopping

Even with all the talk of mobile retail, consumers overwhelmingly prefer to shop in stores rather than online, according to new research from TimeTrade. Here's the good news for your garden center's brick-and-mortar sales:

- Eighty-seven percent of respondents plan to shop in stores at least as often as they did in 2014.
- More than half (65 percent) of respondents report that if an item they want is available online or in a nearby store, they prefer to shop in the store.
- Nearly 60 percent of consumers prefer to shop in-store when spending as little as \$50 and as much as \$200. And 82 percent of all consumers surveyed will buy more than they had originally planned.
- Eighty-five percent of consumers report they like to shop in-store because they like to "touch and feel" products before they decide to buy.
- Nearly 90 percent of respondents are more likely to buy when helped by a knowledgeable associate.
- When consumers are looking to buy something, only 13 percent will make a purchase from their mobile device.

Five Reasons to Look Closely at Using Surveillance Cameras Inside & Outside Your Store

Video surveillance is an investment that could yield important returns for your garden center, according to Retail Customer Experience. Here are five ways adding cameras can ramp up security and safety for your customers and employees, and better your day-to-day business:



- 1. Security cameras minimize false injury claims from customers and staff.** A video surveillance system allows you to check in on your staff and customers at all times of the day, either from a monitoring station or smartphone. If a customer or employee makes an injury claim, you can review the recorded footage for evidence.
- 2. They will monitor your POS station.** The camera should be installed on the ceiling and pointed downward to have a clear view of the employee handling cash during the day and at closing. Any discrepancies among the amount of cash reported by the employee at the end of the day and the amount actually generated can be verified with a security camera. Other areas to monitor are safes, since some managers may have the vault combinations.
- 3. They record who has walked through your doors.** High-definition cameras placed above entrance and exit doors can give you detailed pictures of each person who comes through your garden center.
- 4. They help you keep tabs on your staff.** Monitoring your staff safeguards the employees, plus it helps you make certain they're wearing appropriate attire and conducting proper interaction with customers.
- 5. They safeguard your outdoor sales areas.** The drive-thru at a retailer, such as a plant loading/pickup area, can be more susceptible to crime than the inside of your garden center because it's easier for a customer to make an assault, grab items without paying, or make threats and drive off before you can get a license plate number. At least one camera should be placed in this area.

Moves that Will Get More Millennials to Spend with You

Check out these tips from Coca-Cola's iSHOP study that could help bring more Millennials' dollars to your garden center:

- Market to Millennials in the moment** – In-store POS, displays and shelf-talkers drive a bigger impact with these younger shoppers, and P-O-P shopper marketing is critical.
- Deliver differentiated experiences** – Millennials look for ready-made or easy-to-make solutions. There is a big opportunity to win their business and use it as a mechanism to drive loyalty.
- Cater to their impulsiveness** – Millennials' impulsiveness provides ample opportunity to create connection points that drive purchase intent, but it takes strong in-store communication and variety to reach them.
- Be on-trend and on-budget** – Offering budget-friendly, smaller products that fit their household and lifestyle needs allows Millennials to have rich purchasing experiences without the high price tag.

Returns Deal a Hit to Retailers Across Channels

Is your garden center's bottom line taking a hit from returns? Only 48 percent of items returned can be resold at full price, according to a Gartner survey. Returns can account for as much as 10 percent of total transactions for some retailers, and U.S. consumers are responsible for \$221.7 billion worth of returns a year, according to MarketWatch.



Clothing retailers top the list of retail segments impacted by returns, with an average of 10 percent of their sales brought back. They are followed by hardgoods retailers, with an average of 8.8 percent returns, and food and drug retailers, with an average of 5.9 percent returns.

The No. 1 reason consumers returned merchandise bought at a store: It was defective or poor-quality. Other top reasons for returns: Shoppers purchased the wrong item or found the item elsewhere at a lower price. In a Gartner survey of 300 retailers, most say they expect returns will grow with the increase of online sales and free returns with free shipping.

Now Trending in Garden Retailing . . .

- Independents are feeling optimistic. **More than 80 percent of small business owners predict their revenues will increase over the next three months, according to a survey by Thumbtack.**
- When is the last time your store got a good scrubbing? **Eighty-five percent of consumers would not patronize businesses with negative online reviews regarding the cleanliness of the facilities, according to a new Harris Poll by Cintas Corp.**
- Americans are less downbeat about the economy, and consumer confidence appears to be stabilizing. **The Bloomberg Consumer Comfort Index increased to 40.9 for the period ended June 14**, up from 40.1 the prior week. A monthly measure of the economic outlook rose to 47.5 in June from 44 in May.

The New Normal: Smaller Workforce, Sluggish Pay



Excerpted from report by Christopher S. Rugaber and Josh Boak, AP Economics Writers

Even after another month of strong hiring in June and a sinking unemployment rate, the U.S. job market just isn't what it used to be. Pay is sluggish. Many part-timers can't find full-time work. And a diminished share of Americans either have a job or are looking for one. Yet in the face of global and demographic shifts, this may be what a nearly healthy U.S. job market now looks like. The generally improving job market still bears traits that have long been regarded as weaknesses. Among them:

- **A shrunken labor force.** The unemployment rate didn't fall in June because more people were hired. The rate fell solely because the number of people who had become dispirited and stopped looking for work far exceeded the number who found jobs. The percentage of Americans in the workforce - defined as those who either have a job or are actively seeking one - dropped to 62.6 percent, a 38-year low, from 62.9 percent. (The figure was 66 percent when the recession began in 2007.) Fewer job holders typically mean weaker growth for the economy. The growth of the labor force slowed to just 0.3 percent in 2014, compared with 1.1 percent in 2007.

This marks a striking reversal. The share of Americans in the workforce had been steadily climbing through early 2000, and a big reason was that more women began working. But that influx plateaued in the late 1990s and has drifted downward since.

- **The retirement of the vast baby boom generation.** The aging population is restraining the growth of the workforce. The pace of retirements accelerated in 2008, when the oldest boomers turned 62, when workers can start claiming some Social Security benefits. Economists estimate that retirements account for about half the decline in the share of Americans in the workforce since 2000.

- **Younger workers are starting their careers later.** Employers are demanding college degrees and even postgraduate degrees for a higher proportion of jobs. Mindful of this trend, teens and young people in their 20's are still reading textbooks when previous generations were punching time clocks. Fewer than 39 percent of 18- and 19-year-olds are employed, down from 56 percent in 2000. For people ages 20 to 24, the proportion has fallen to 64 percent from 72 percent.

- **The number of part-timers who would prefer full-time work remains high.** About 6.5 million workers are working part time but want full-time jobs, up from 4.6 million before the recession began. This is partly a reflection of tepid economic growth. But economists also point to long-term factors: Industries such as hotels and restaurants that hire many part-timers are driving an increasing share of job growth, researchers at the Federal Reserve Bank of San Francisco have found.

As more young adults put off working, some employers are turning to older workers to fill part-time jobs. Older workers are more likely to want full-time work, raising the level of so-called involuntary part-time employment.

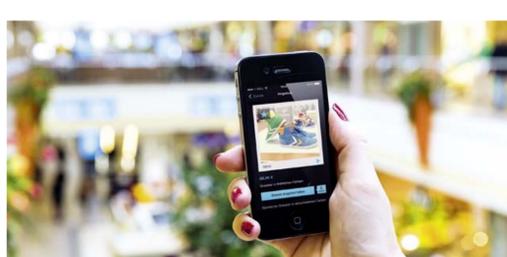


Many economists also point to the Obama administration's health care reforms for increasing part-time employment. The law requires companies with more than 100 employees to provide health insurance to those who work more than 30 hours. Michael Feroli, an economist at JPMorgan Chase, says this could account for as much as one-third of the increase in part-time jobs.

- **Weak pay growth.** The average hourly U.S. wage was flat in June at \$24.95 and has risen just 2 percent over the past year. The stagnant June figure dispelled hopes that strong job growth in May heralded a trend of steadily rising incomes.

In theory, steady hiring is supposed to reduce the number of qualified workers who are still seeking jobs. And a tight supply of workers tends to force wages up. Yet a host of factors have complicated that theory. U.S. workers are competing against lower-paid foreigners. And automation has threatened everyone from assembly line workers to executive secretaries.

Still, economists at Goldman Sachs forecast that average hourly pay will grow at an annual pace of about 3.5 percent by the end of 2016. That is a healthy pace. But it will have taken much longer to reach than in previous recoveries.



Showrooming Trend Reversal: More Consumers Research Products Online, Then Go to Stores to Buy Them

The trend of showrooming - when consumers visit a store to investigate the merchandise, then purchase it online - is reversing as more shoppers research products online before going in the store to purchase, reports Chain Store Age. How can your garden center benefit? Consider these:

- **Adopt an omnichannel approach** - Make sure all your marketing and product offerings are fully integrated in-store and at your online store. Consumers want price consistency across all shopping channels, the ability to shop out-of-stock items directly to their homes and consistent product assortment across channels.

- **Create engaging in-store experiences** - Just like an online store experience, your garden center's in-store experience must be streamlined and intuitive for the consumer. Your store should be an attractive destination where they can try out products, interact with knowledgeable sales associates and congregate with friends. Leveraging services like an in-house plant doctor and features like a potting station lend themselves to the in-store experience and drive foot traffic.

- **Offer compelling in-store incentives** - In-store promotions deliver instant gratification to the consumer. These promotions also open the door for associates to upsell products and services.

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Save Big at IGC East and IGC Chicago!

GCA Members save \$100 on each IGC Retail Conference "All-Access Pass" Package registration during the early bird registration period, and \$60 off each IGC Show Garden Center Bus Tour registration!

Other benefits include:

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- Special reserved seating at the **Gin Blossoms** concert - be sure to come early, seating is limited!
- Exclusive access to the GCA Member VIP Lounge and Wednesday Lunch at IGC Chicago

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