

garden centers of america **Garden retail trends report**

December 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.



IGC Retailing as We Know It Is Changing as Gen Z Enters the Shopping Scene

If you thought Millennials were the most complex shopping age group, think again. Generation Z, the group born after Millennials, or today's 14-19 year olds, will be the largest group of consumers by 2020 worldwide, according to research conducted by FITCH.

Gen Z is the most culturally diverse generation to date since they have grown up with varied family structures. Immersed in the digital world, they are as socially conscious as they are brand-conscious, and many will Google your garden center before they've left the house. Here are some more key characteristics of this booming consumer group as outlined by FITCH:

- They trust their peers more than marketers, and they won't pay more for ownership if they can pay less for access.
- They expect the same respectful and helpful interaction as older shoppers from store staff.
- They would rather have a product that is quickly available and improved at regular intervals with their input than a perfect product with guarantees/warranties in which they've had no involvement.
- They use multiple platforms, including Facebook, Instagram and Pinterest, instead of owning multiple devices.
- They expect constant innovation, and they actively dislike products that aren't constantly changing.

While conducting the research, FITCH accompanied its participants on shopping trips to characterize their buying habits and behaviors in stores. The research found that Gen Z consumers orientate by contrast and color before examining product features. They shop at eye-level, and signage is invisible to them, allowing their focus to fall on the product. Touch and access to the product are key, and music symbolizes the retailer is open to them.

With Millennials and the generations before, consumers saw a product they liked, and they bought it. But with Gen Z, there is a distinct five-stage path to purchase that emphasizes the thrill of product hunting, called the "aspirational browse."

1. Finding out. Gen Z consumers identify potential purchases through seamless multi-tasking and social media scanning. Garden centers should proactively make their brand visible online, especially on social media.

2. Browsing. Gen Z will search Google for products, create a scrapbook of potential purchases, then search other websites for prices before planning store visits. Garden centers should access their interest points, allowing for online scrapbooking and providing an inviting in-store environment.

3. Decision making. Gen Z will seek approval from their peers, even delaying a purchase in case something better comes along, while tracking prices. Reassure your customers that you are a knowledgeable, trusted source for information by providing advice online and in-store.

4. Buying. Gen Z may lack cash, but they're bargain-savvy. Offer fluid pricing and creative promotions, utilizing social media to engage these consumers.

5. Show and tell. Gen Z will share their new purchase online with their peers. Make it easy for them to fulfill their need to share photos and videos of their purchases on your store's social media accounts and website.



Spring Hiring Is Coming! Here's What to Look for in Growing Your Staff

As you begin thinking about your hiring push for spring, here are five types of employees your garden center needs, according to *Entrepreneur*:

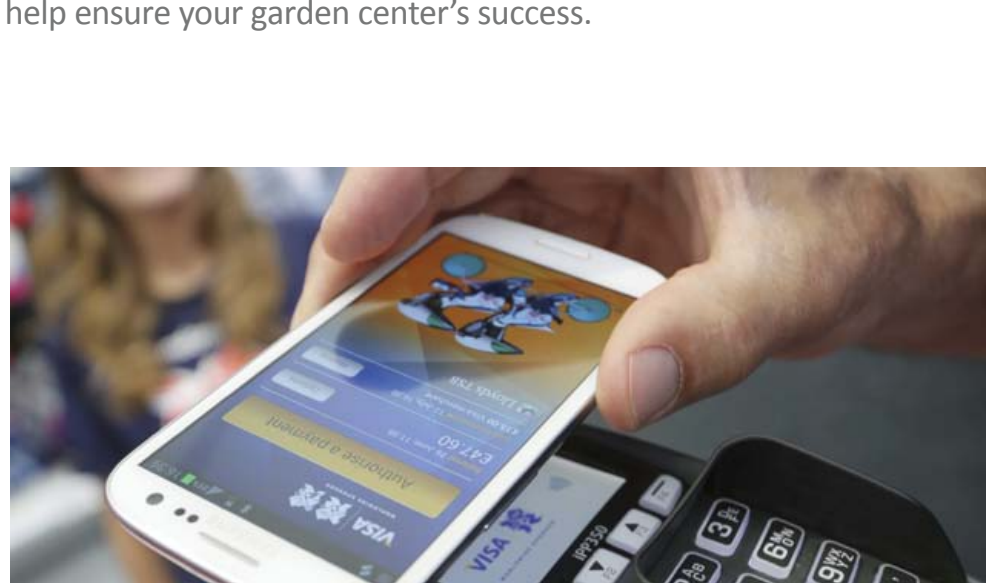
The Mentor: Having a few employees on-hand who genuinely want to share their knowledge with others can take a load off your mind. Not only does it eliminate the extra cost of hiring outside trainers, it also offers a layer of knowledge only people on the inside of your garden center business possess.

The Knowledge Seeker: These are the employees on staff who have a passion for your garden center business and a thirst for knowledge. They want to continue learning, whether it's on the job or through extra training courses. Their attitude can inspire other employees to further their knowledge as well.

The Renaissance Person: People who are able to dabble in several different areas of your retail business can be immensely valuable.

The Morale Booster: It's imperative to have people on staff who can find the bright spots in what may seem like the most hopeless situation. It may not change your store's fortunes, but it can have a positive effect on employee psyche and culture, affecting day-to-day business.

The Challenger: Having employees who support store management's decisions 100 percent is never a bad thing, but it's also good to have a few around you who will speak out and challenge the status quo. You want to cultivate an atmosphere of healthy debate and discussion to help ensure your garden center's success.



More Consumers Are Using Mobile Pay, Survey Shows

Convenience at the checkout was a huge priority for shoppers this holiday season. Six out of 10 shoppers, or 61 percent, planned to use mobile pay, according to a survey by Retale. The study also revealed these findings:

- Forty-three percent of respondents have used a mobile device, such as a smartphone, tablet or smartwatch, to make purchases at a brick-and-mortar retail store.
- Eighty-three percent of shoppers called mobile payments "convenient," while only 17 percent said they were "inconvenient."
- The top two greatest concerns about mobile pay in-store were "data breaches and privacy," reported by 59 percent of respondents, and "possible theft or loss of mobile phone," by 55 percent.
- Shoppers were most likely to buy clothing (44 percent), food (41 percent) or gift cards (30 percent) when making on-site purchases with mobile pay.

Now Trending in Garden Retailing . . .

- Does your garden center's online store include product reviews? It should. **Ninety-three percent of consumers say that online reviews are an influential factor in their purchasing decisions, with 1/4 of those customers searching retailers' websites for reviews,** according to a survey by CFI Group and eBay Enterprise.
- **Total spending on Small Business Saturday this year reached \$16.2 billion at indie retailers and restaurants, an increase of 14 percent from \$14.3 billion in 2014,** according to the Small Business Saturday Consumer Insights Survey by the National Federation of Independent Business and American Express.

GCA MEMBER BENEFITS @ THE IGC SHOWS ~ GET YOURS!



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

GCA Members save \$100 on each IGC Retail 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 the IGC Show Party & Concert
- Special reserved seating at the concerts - be sure to 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 Wednesday, 11:30 a.m. - 2 p.m.

Watch for more details about IGC Show Chicago and

EIGC - The Eastern Show for IGCs, coming soon!

Join GCA's and the IGC Show's Social Network



Urban Outfitters Buys Vetri Restaurants, Plans Two Eateries alongside Terrain in Proposed Center on Former Waterloo Gardens Property



This may be the year to start that cafe or restaurant you've been considering for your garden center, as more sizeable retailers continue to supplement their retail offerings with food services.

Urban Outfitters (URBN), parent company of Terrain garden centers, recently announced its purchase of the Vetri family restaurant group. Marc Vetri and Jeff Benjamin are selling their restaurants, including Osteria, Amis, Alla Spina, Lo Spiedo and Pizzeria Vetri, to URBN. Vetri, the boutique Italian restaurant that was the first to open in 1998, is excluded from the deal.



On the Main Line, URBN's lifestyle village proposed on former Waterloo Gardens property in Devon, just outside Philadelphia, would include a Terrain garden center, a Pizzeria Vetri, an Amis restaurant and an Anthropologie store.

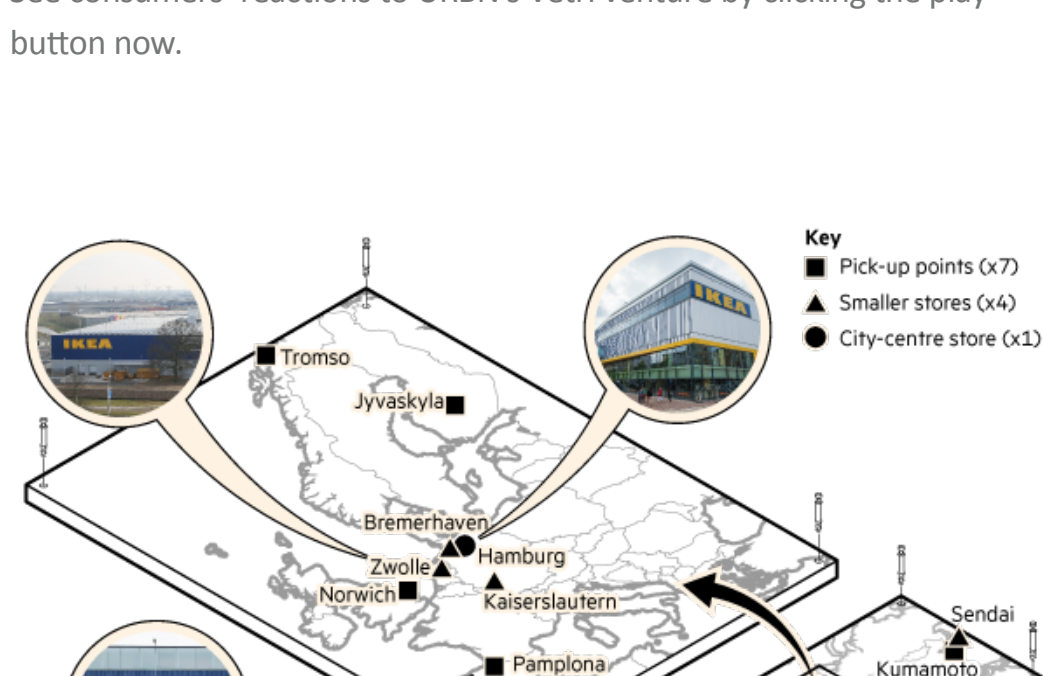
URBN Chief Development Officer Dave Ziel shares the reasoning behind the Vetri deal, saying that consumer trends are showing a shift of disposable income from retail to food. "Until they invent actual replicators like on Star Trek, e-commerce is not a threat to the restaurant business," he tells Philly.com.

Ziel continues, "We think retailing needs to become more experiential. I think there's a craving for real socialization beyond social media."

Integrating restaurants next to its clothing stores in lifestyle centers has been a key initiative for URBN for several years. In 2013, it began a program of developing centers and stores that contain both edible and tangible goods. Urban Outfitters Herald Square opened the coffee and snack shop UO Cafe in June 2014. Urban Outfitters Space 24 Twenty is opening a Pizzeria Vetri and Symon's Burger Joint by chef Michael Symon on the premises in Austin, TX. URBN also runs cafes inside its Terrain garden centers in Glen Mills, PA, and Westport, CT.

All of URBN's current food and beverage brands will be managed by the Vetri family, who will help the retailer develop new food and beverage concepts. The Vetri family will also be given access to URBN's professional services crucial to expansion and growing capital.

See consumers' reactions to URBN's Vetri venture by clicking the play button now.



IKEA Experiments with Three New Retail Formats

Excerpted from the Dec. 4 edition of the Financial Times:

In as big a change as it has attempted in its 72-year history, Ikea is rolling out new store formats - from smaller city-center shops to collection points for online orders.

First and most widespread are pick-up points where customers can collect online purchases. Ikea has opened them in locations that are not big enough to support a large Ikea store, such as Tromso in northern Norway and Kumamoto in Japan.

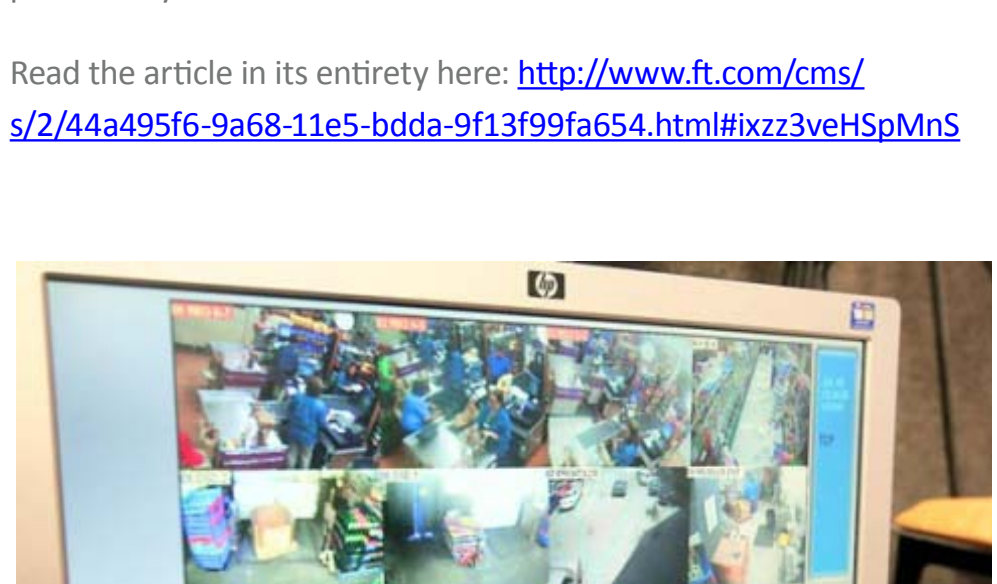
But Ikea is also introducing them in city centres, with plans to open one on London's Oxford Street and up to a dozen each in Canada and Australia. In some sites, part of Ikea's product range will also be available inside the shop.

The second type is a significantly smaller outlet than normal - up to half the average size of an Ikea store at about 214,000 square feet - and one that is cheaper to build, again for towns not large enough to support a full-size Ikea. Four have been built so far, in Kaiserslautern and Bremerhaven in Germany, Zwolle in the Netherlands, and Sendai in Japan.

The final test is taking place in Hamburg's Altona district, where Ikea has opened a city-centre store with many products on sale and even transporter bikes available free to use to take purchases home.

Part of Ikea's success has been exploiting the labyrinthine layout of its stores to induce customers to purchase items they were not intending (Peter Agnefjall, Ikea's Chief Executive, calls it "the long, natural way"). And a big challenge with its new stores will be ensuring the focus on convenience - new, larger shops feature more shortcuts for customers anxious not to browse too much - does not hurt profitability.

Read the article in its entirety here: <http://www.ft.com/cms/s/2/44a495f6-9a68-11e5-bdda-9f13f99fa654.html#ixzz3veHSpMnS>



Add These New Year's Resolutions for Loss Prevention

With the new year upon us, personal resolutions start to stack up, but have you thought about changes you'd like to make to your garden center's loss prevention measures? Hedgie Bartol, Business Development Manager for the North American retail segment of Axis Communications, has these personal resolutions for you:

- **Lose Weight and Get Fit.** This doesn't mean cut staff, it means migrating to IP-based surveillance so you can lose the costly weight of the DVR you've been using for so many years. IP video gives you the ability to do more remote investigations, and it allows for much faster search of video and identification of individuals for prosecution.
- **Learn Something New.** Video surveillance systems can access detailed analytics that not only deter shoplifting but also drive marketing decisions and enhance the your customer's experience. Network video analytics rely on queue analysis, people counting, heat mapping, dwell time assessment and facial recognition to provide an automated analysis of customer behaviors. Surveillance technology can strengthen employee initiatives by providing your staff with better intel to do their jobs successfully and confidently.
- **Be a Better Communicator.** More open communication between your store staff - especially loss prevention - and IT is very much needed. Constant communication and collaboration should be a top priority in 2016.