

garden centers of america Garden retail trends report

February 2017

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.



Gen Z, First 'Digitally Native' Generation, Still Wants to Shop Your Garden Center Store

Generation Z - the first "digitally native" group to grow up not knowing a world without cell phones, smartphones and other digital devices - still frequents physical stores, including garden centers. In fact, 67 percent of Gen Z consumers shop in physical stores most of the time, with another 31 percent shopping in-store sometimes, according to the "Uniquely Gen Z" study conducted by the IBM Institute for Business Value and the National Retail Federation.

The research found that these tech-savvy consumers, ages 13 to 21, are as you'd pay more for value and a personalized experience. As long as you deliver a unique shopping experience and offer quality products, your garden center will have no trouble appealing to this next generation of consumers.

Additional insights from the study:

- Sixty-six percent say product quality and availability are the most important factors when selecting one brand over another, while 65 percent focus on value.
- Sixty-two percent will not use apps or websites that are difficult to navigate, and 60 percent will not use those that are too slow to load.
- Forty-two percent would participate in an online game for a campaign, and 43 percent would participate in a product review.
- Fifty-two percent will transfer loyalty from one brand to another if the brand's quality is not up to par.



Four Hot Marketing Trends Targeted to Millennials

Now on to Millennials, the largest generation since the Baby Boomers, according to Goldman Sachs Global Investment Research. They hold a lot of buying power. By next year, Millennials will account for \$3.39 trillion in spending annually, as reported in a study by Oracle Financial Services and European Financial Marketing Association.

So, how can your garden center appeal to Millennials, making sure their dollars are flowing to your registers? Khalid Saleh, CEO and Co-founder of Invesp and Columnist for Marketing Land, shares four marketing trends you need to get behind in order to drive more Millennial traffic to your garden center:

- 1. Memes, GIFs and other visual content.** Retailers are using GIFs and memes to appeal to Millennials. More than 5 million GIFs are shared through Facebook Messenger every day, according to *The New York Times*. Create some gardening GIFs or memes of your own and post them on your social media channels - they're easy to create, and their repetitive nature makes them more catchy. Try referencing pop culture, such as an existing TV show or movie, to resonate more with your audience.
- 2. Rise of video.** The Acumen Report from DEFY Media found that Millennials are now watching more video content on YouTube and other streaming platforms than they are on traditional TV. They're watching live TV shows, movies and music videos, as well as streaming mostly events and watching user-generated content or people play games. Videos are being used to sell product and doing a great job at it, as 75 percent of advertisers believe that online videos are equally or more effective than traditional TV ads, according to Invesp. Providing more proof that video is the next step to take in your garden center's marketing plan, a study by BazaarVoice concluded that 84 percent of Millennials believe that user-generated content is a good indication of quality level.
- 3. Live streaming.** While online video is growing fast, live streaming is growing even faster. Live streaming services, such as Periscope, Twitch and Facebook Live, are experiencing tremendous growth in popularity among Millennials. People will spend three times longer watching a live video versus a recorded one, according to Social Media Today. Take advantage of live streaming by giving your customers behind-the-scenes access to unloading the latest shipment of a new plant variety off the delivery truck, your average day at your store or setting up for a local event. Millennials love transparency and authentic stories, and live streaming is just one way you can give them an unfiltered look inside your garden center and build strong relationships with them.
- 4. Snapchat's enormous growth.** Millennials are flocking to Snapchat, where users post videos and pictures for 24 hours before they disappear. More than 60 percent of 18- to 34-year-old U.S. smartphone users are on Snapchat, according to a *Bloomberg* interview with Snapchat CEO Evan Spiegel. Big brands and major media publications, such as BuzzFeed, National Geographic and ESPN, are generating content for Snapchat to reach a broader audience. Snapchat would be a great way to show off new products or plants to customers before they see them in-store.



Don't Forget Baby Boomers! 10 Shopping Habits Garden Centers Can't Afford to Ignore

Gen Z and Millennials grab most of the attention from marketers, but Baby Boomers still have greater disposable income and far more purchasing clout, according to Colloquy's "Shopping by Generation" study. "Retailers who fail to recognize issues uniquely important to Baby Boomers, ages 52 to 65, could watch those shoppers walk out the door empty-handed," says Jeff Berry, Colloquy's Editor-in-Chief.

Here are Baby Boomers' top 10 shopping habits garden center retailers can't afford to ignore:

1. Baby Boomers are more demanding than consumers in Gen X (36 to 51), Gen Y (22 to 35) and Gen Z (4 to 21). In a LoyaltyOne survey of U.S. and Canadian consumers, Baby Boomers were the most likely to write off a retailer if a sales associate didn't appreciate their business, if a store was messy and if returns were a hassle. Always make sure your garden center is neat and clean, your return policy is clearly stated on receipts or store signage and that your staffers are polite and helpful.
2. Shopping isn't relaxing for Baby Boomers. Just 27 percent agreed with this statement: "I think shopping is a great way to relax." The Boomer generation is well below the other age groups.
3. Baby Boomers want convenience from your garden center. LoyaltyOne's survey shows they place higher value than all other age groups on an easy-access location, an easy-to-navigate store and a clear return policy. Easy-to-read store signage can help them navigate your garden center and understand your store's return policy.
4. They know the price. Baby Boomers scored higher than all the younger demographics for having a good idea of how much they pay for food and packaged goods.
5. Baby Boomers are confident shoppers. Just 12 percent say they rely on family and friends to help them decide on a purchase.
6. At 84 percent, Baby Boomers easily topped all survey groups in saying they prefer to shop in-store. Show your appreciation by always greeting them with a helpful attitude and friendly smile.
7. Just 37 percent of Baby Boomers say they're likely to look around a store for new products, scoring well below Millennials on browsing. Make browsing more fun in your garden center with a scavenger hunt that offers a coupon or discount upon completion.
8. Baby Boomers aren't stuck in the "good old days." They are the only generation that doesn't prioritize buying the brands they used while growing up.
9. When purchasing something with which they have little experience, Baby Boomers, at 48 percent, are twice as likely as Millennials to be influenced by the popularity of the item. Does your garden center's online store include customer reviews?
10. Nearly seven out of 10 Baby Boomers (69 percent) say the word that best describes their membership experience in a loyalty program is "economical," versus 52 percent for Millennials. Find new ways to reward your customers participating in your store's loyalty program, such as sending them a gift card for their birthday.

Now Trending in Garden Retailing . . .

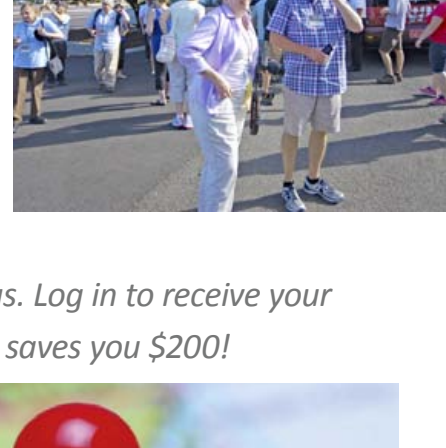
- Customers love to receive helpful suggestions from your garden center. **Eighty-seven percent of shoppers are more likely to buy an item recommended from a sales associate**, according to Salesfloor's "2016 Omnichannel Retail Associate Study."
- The need for a completely frictionless shopping experience at your online store is relevant now more than ever. **Eighty-four percent of online shoppers abandon complicated online checkouts**, from PCA Predict's "Online Shopper Survey Results."
- Look to the customer data mined from your garden center's loyalty program to deliver a more personalized shopping experience. **Sixty-three percent of consumers prefer a reward based on purchase history**, rather than the less popular reference to a purchase location (24 percent) or use of name (23 percent), according to Virtual Incentives.

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New Sustainability Ratings on Retail Shelves Label Products 'Good,' 'Great,' 'Best'



Sustainability matters to your garden center customers, as new research from the grocery industry points out. As concerns about sustainability grow, more consumers want to know how their food is grown and made, according to a recent article by Lorraine Mirabella in *The Baltimore Sun*, leaving retailers looking for ways to give them this information in an easy-to-understand format.

That's where independent research organization HowGood comes in. The organization spent years collecting data and working with experts to generate a simple rating system that measures the sustainability of food - both fresh and processed - based on 70 indicators. The system takes into account conditions and wages for production workers, treatment of animals, use of pesticides and antibiotics, greenhouse gas emissions and other factors.

With a database of more than 200,000 rated products - which consumers can access through a mobile app - HowGood can rate about 90 percent of food sold in a store. The system gives ratings of "good" for products that fall in the top 25 percent for sustainability, "great" for the top 15 percent and "best" for the top 5 percent.

"More consumers, especially Millennials and Gen X, want to know about sustainability and are choosing what brands are important and what brands they're going to buy based on what companies are doing as it relates to sustainability and transparency," Phil Lempert, an analyst of the food industry and Editor of SupermarketGuru.com, tells *The Baltimore Sun*.

In the last several years, HowGood has expanded its services to more than 250 grocery stores in 26 states, including Roots Market in Olney, MD, and Clarksville, MD, which was one of the featured destinations on the 2015 IGC Show "Retailers' Choice" Monday Garden Center Tour. Are garden centers next?

Besides influencing shoppers' purchasing decisions, HowGood hopes it'll encourage food producers to improve their practices, which would lead to better ratings in stores.

"We want to reward producers who have the best standards and give them a reason to improve their standards," Alexander Gillett, CEO of HowGood, tells *The Baltimore Sun*. "If people shift dollars toward more sustainable products... it justifies for companies why they should shift their practices toward more sustainable practices."

[Learn more in the video here.](#)



Engaged Shoppers Are Loyal Shoppers: Here's What to Do

Your garden center's customers want to be rewarded and engaged during their shopping experience, and the more you do so, the higher the chances of them frequenting your store. Retail Customer Experience offers these tips to boosting customer loyalty with retention strategies designed specifically for them:

Showcase your customers and make them heroes. Give your garden center's most satisfied customers a social platform to tell others why they're so happy with your business. User-generated content is a trusted and authentic way to communicate the attributes of your store, and you can build full-blown marketing campaigns and promotions around it. A recent McKinsey study found marketing-induced consumer-to-consumer word of mouth generates more than twice the sales of paid advertising.

Share your customers' passions and reward them. Customers' loyalties are often best exemplified by their loyalty to a celebrity or sports team. In the 2016 World Series, as part of Taco Bell's "Steal a Base, Steal a Taco" promotion, the chain gave away free tacos when either team stole a base. Your garden center could run a similar promotion that gives away a specific plant when a sports team or celebrity does something notable.

Engage customers in between shopping trips. Offer sweepstakes or contests; solicit input and share results back so customers know you value them; and continue to make it social.

Do it right with mobile. Having a mobile app is becoming an expectation among consumers - and one that needs continual improvement.

- Achieve mobile quality with native apps, natural extensions of a mobile device's platform, such as iOS or Android. Native apps are written in the device's specific language and look and feel like the default apps. Only native apps can interact with and take advantage of operating system features and other software readily available on those platforms, making it possible to integrate features like Apple Pay into your garden center's app.
- One size doesn't fit all when it comes to mobile, because the experience on your customer's phone is not the same as the one on tablets. Use Obj-C or Java to get more control on the size, resolution and orientation in order to deliver a seamless user experience.
- Mobile ordering from your garden center needs to be integrated with loyalty. Friction-free mobile ordering is now a must-have and should also be seamlessly integrated with your store's loyalty program. Imagine how you could increase your average sale with personalized offers based on customer preferences, all of which are captured from your loyalty program and integrated with order information.



Pre-Spring Peak Alert! Top Consumer Complaints About Shopping In-Store

Shopping in brick-and-mortar stores has always been viewed as a unique and valuable experience compared to online shopping. However, recent research, "Making the Digital Connection: Why Physical Retail Stores Need a Reboot," from Caggemini Consulting's Digital Transformation Institute, suggests shoppers are seeing less value and pleasure in the physical retail experience.

The global study, which surveyed 6,000 consumers and 500 retail executives in nine countries, found that one-third of consumers would rather wash dishes than visit a retail store.

A key reason for this declining value is that consumers now expect an in-store experience to rival what they find online, from expecting goods to be in stock to being able to choose from multiple delivery options. Consumers want to use technology to help them engage with the store at every step of the shopping journey.

More insights from the survey:

- Eighty-one percent of retail executives see the physical store as important, while only 45 percent of consumers think so.
- More than half of consumers surveyed (57 percent) want stores to serve a wider function than just selling product.
- Two in three consumers say long lines at checkout counters are their main frustration.
- Thirty percent of consumers say they had a website or app of consistency in discounts in-store versus a website or app.

