

garden centers of america *garden retail trends report*

January 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.



Signs Point to a Profitable Year Ahead for IGC Retailers



What's Next for Indie Garden Centers? NRF's 2017 Predictions

What's next for the world independent garden center retailing in 2017? The National Retail Federation forecasts the following for the year ahead:

Out-of-the-box collaboration. Non-traditional partnerships and collaborations present new opportunities for independent garden centers to deliver a surprising, delightful shopping experience with unexpected products and experiences. It comes down to leveraging what you know about your customer base, and working to create compelling events and partnerships that complement your retail offerings and extend your garden center brand's reach.

Consider partnering with a local restaurant to install a satellite cafe in your garden center, or collaborating with a grower to feature an event on new plant varieties.

Learn more about how your garden center can profit from 'Shop Local' Alliances in your community from Jeff Milchen, Co-founder of the American Independent Business Alliance, during his interactive IGC Retailer Conference track at IGC Show 2017, August 15-17, Navy Pier, Chicago. [Click here to register - use GCA Member Code GCA17 for your exclusive discount.](#)

Social commerce will gain attention and investment. Social media is a key tool for storytelling, providing relatable material and details that aid purchasing decisions. Social media has allowed consumers to grow more comfortable with the convergence of content and commerce. For example, Instagram's shoppable-photo strategy gave 20 retail brands the ability to add prices and available colors of products to pictures through a "tap to view" icon. In 2017, your garden center customers may have the ability to purchase gardening supplies and plants right off of your Facebook or Instagram page without ever leaving the social media site.

One-click payment nearly ready for prime time. A global standard for one-click online and mobile payment service is nearing completion. Ideally, it will provide a uniform method for consumers to input credit card data for online and mobile payments only once, and the information will automatically be saved for future purchases.

Machine learning will revolutionize retail. Machine learning is a branch of artificial intelligence that processes large amounts of data to find patterns that can be used to analyze new data, giving garden center owners and managers the ability to identify specific areas of focus. With this technology, garden retailers can also get a sneak peek into the future, formulate scenarios and predict outcomes.

No silos, boundaries or channels. Today's consumer expects a shopping experience that shifts seamlessly from digital to brick-and-mortar stores. They want retailers to keep a record of past purchases while delivering a touch of personalization that doesn't creep them out. Your garden center's inventory systems need to keep an accurate product count between your digital and physical stores. In fact, accurate inventory visibility across your brand has been called the "single most important technology enabler" by RSR Research.

Bet on bots and conversational commerce. Chatbots - a subset of artificial intelligence - can increase customer service by facilitating meaningful conversations between people and brands, making it possible for shoppers to use their mobile devices to ask questions, place orders and get advice. Conversational commerce is the principal technology comprising chat, messaging and other natural language interfaces. Chatbots do present several challenges, though, including difficulty in simulating human qualities and the natural flow of everyday conversations. Another challenge is the access and retrieval of large amounts of data in a timely manner.

Time to tune in to TV shopping. Some retail innovators believe TV can drive business and raise the bar in the quest for a seamless shopping experience. Start a YouTube channel or app for your garden center and feature videos on DIY projects that customers can use to beautify their homes with plants. On-screen pop-ups during the videos could prompt viewers to visit your website to purchase the products being featured in the videos.

As a sign of good news starting off in 2017, estimates from several retail research firms point to sales growth during the period of November 1 to December 31 outpacing that of recent years, according to Paul Ziobro of *The Wall Street Journal*. If these trends continue in the months ahead, it could likely be a sunny spring for independent garden centers.

"American consumers are once again proving many of the pundits wrong, as shoppers flock both to websites and to stores - and not just for returns," Craig Johnson, President of Customer Growth Partners, tells *The Wall Street Journal*. "They are shopping at a rate not seen since the mid-2000s."

Customer Growth Partners raised its initial holiday sales growth forecast of 4.1 percent to 4.9 percent. The firm says it is the fastest growth rate since 2005, when it witnessed a 6.1 percent increase. Mastercard's SpendingPulse survey found that total retail sales rose 4 percent from November 1 to December 24.

The increase in year-end retail sales coincided with new signs of shoppers' improving health. Consumer confidence levels for December rose to the highest level since August 2001, while expectations for job growth and rising incomes improved for the coming months, according to research firm The Conference Board. Last year, wages rose by 2.5 percent from 2015, and U.S. joblessness fell to its lowest level in 9 years in November, says the Department of Labor.

During the holiday period, online sales increased rapidly. Mastercard forecast a 19 percent jump in online sales, while Customer Growth Partners predicted a 15 percent increase.

Consumers opened their wallets more this past holiday season. The average shopper spent nearly 11 percent more during the week before Christmas, according to retail analytic firm RetailNext. And once customers showed up in stores, they spent more and bought more frequently, says RetailNext Vice President of Retail Consulting Shelley E. Kohan.



Are You Connecting with Your Customers Like You Should?

With new technology entering the market every day, it is no wonder the relationship between consumers and garden centers is changing. Salesforce Research reports that it finds the cloud, mobile, social and artificial intelligence revolutions have empowered customers to research and shop in new ways, putting the shopper in full control of the shopping experience. Its research findings include:

- Consumers are more prepared before they shop like never before, as more than three-quarters of shoppers (80 percent) research products before purchasing them online. Does your garden center's website highlight what you sell in store?
- While websites are the preferred research tool for all generations, 48 percent of Millennials are likely to use social media and mobile apps to check out products, which is more than three times as likely as Baby Boomers (both 14 percent). Consider featuring a monthly top product pick at your store's Facebook page.
- More than three out of four shoppers (79 percent) appreciate complementary product offers or promotions based on their purchase histories with a retailer, indicating a desire for more personalized shopping experiences. Is your garden center's POP tracking this shopping history?
- More than a third of Millennials (38 percent) have researched a product online via a mobile device while in a store, and nearly one-quarter (23 percent) have even purchased a product online from a mobile device while in a store.
- Score for your store! Despite the rapid growth of ecommerce, consumers still enjoy shopping at brick-and-mortar stores, referencing the ability to touch and feel the merchandise (66 percent) or the option to get product immediately (61 percent) as their reasons for favoring physical stores.
- Only a little more than one-third (38 percent) say the help they get from a store associate is the reason they like to shop in-store.
- Fifty-six percent of Millennials are willing to share data regarding their preferences with a store or brand to receive faster and more convenient service once in-store.



Get Your Customers Shopping with Enticing Scents from the Garden

The sense of smell is often overlooked, but it is a key sensory trigger to engage customers, according to Ambius and its study that observed how scent affects people's preferences in their everyday activities. In your garden center, engage customers through their sense of smell with garden fresh scents of rose, lavender and zesty herbs.

Here are the findings from the study:

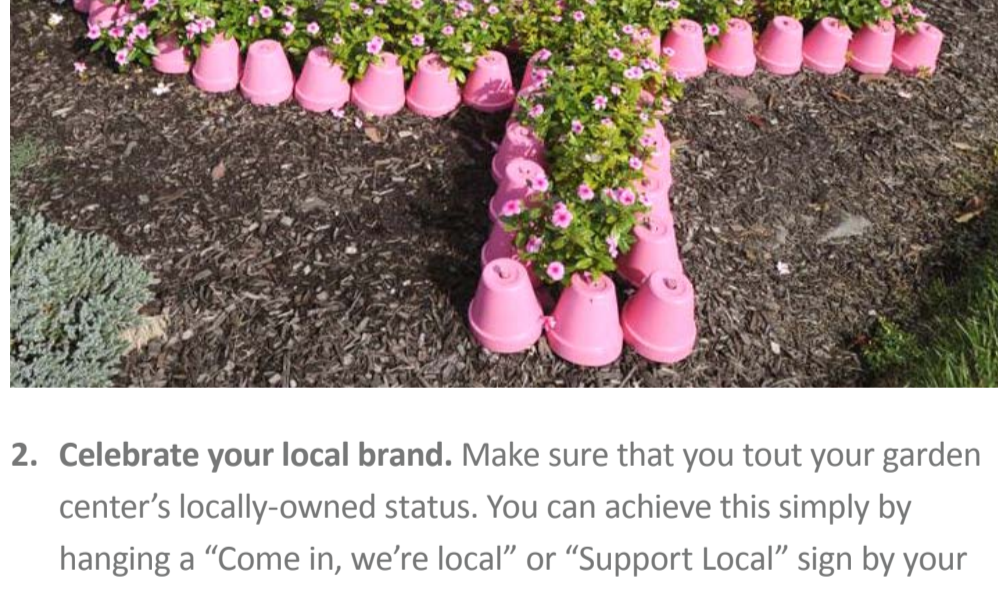
- Seventy-three percent of consumers say that smell triggers an instantaneous memory or feeling, ranking higher than any other sense about a store.
- Seventy-four percent are drawn into a store because of the smell.
- Forty-two percent claim the "ambiance" or "pleasant atmosphere" is what they like most about a store.
- Be careful that the scent you use isn't too strong or odorous, as nine in 10 people say the scent you use would negatively impact the amount of time they spend in a store.



Six Marketing Resolutions for Independent Garden Centers, from 'Independent We Stand'

With the new year comes new possibilities for your garden center to increase its bottom line and engage with more consumers to rise above the big boxes. Independent We Stand provides these six New Year's marketing resolutions to improve your business in 2017:

1. **Pay it forward.** Show your love and support for your community by hosting a charity event at your garden center or by sponsoring a local youth athletic team or other organization.



2. **Celebrate your local brand.** Make sure that you tout your garden center's locally-owned status. You can achieve this simply by hanging a "Come in, we're local" or "Support Local" sign by your register or in your storefront. In 2015, ComScore and UPS found that 93 percent of consumers prefer small and local businesses.

3. **Go mobile.** A majority of shoppers today use their mobile devices to compare prices, research product information and check out online reviews. Developing a mobile presence, including a mobile-friendly website or app, can help your garden center compete with the big boxes.

4. **Consider e-commerce.** While you're creating a mobile-friendly website or app, consider implementing e-commerce capabilities so that your customers can shop your inventory online. E-commerce is another component that enables your garden center to get on the same level as national chains.

5. **Revamp your social media strategy.** If investing in a mobile-friendly website or app is out of your realm of possibilities for this year, social media can be the most cost-effective way to increase your garden center's online presence and engage with your customers. First, review what your customers are saying about your business, either in comments or reviews left on your Facebook page, then find out what content engages your customers the most. Post that engaging content on your Facebook page and other social media channels regularly. Once you've zeroed in on what type of content works best for your garden center, use a single platform that streamlines the process by integrating all the social media channels you use into one interface, making it easy and efficient to engage customers across multiple channels.

6. **Get serious about customer reviews.** Online customer reviews are so powerful, they rival the influence of word of mouth. According to research found by Independent We Stand, 88 percent of consumers trust an online review as much as a personal recommendation. It is incredibly important that you be aware of what people are saying about your garden center on Yelp, Facebook and other review sites. Encourage your best, most enthusiastic customers to leave a positive review or testimonial on your Facebook page, website, e-newsletter and other social media pages. You can offer them an incentive, such as a coupon or freebie, for leaving a positive review about your business online.

Under-the-Radar Retail Trends Garden Centers Should Watch in the Year Ahead

It's hard to ignore the digital trends that have been surging in recent years, such as consumers using their mobile devices during the shopping experience to research products online before they make a purchase in-store. Retailers now know that customers expect a more personalized, relevant shopping experience. But what about the trends that are slipping under the radar? They're just as important to pay attention to, but sometimes they're hard to pick out. Bryan Pearson of *Forbes* asked several retail experts to see what they predict will be the stealth trends of 2017.

1. **'The Menaissance.'** Men will continue to lead in spending, and for the first time ever, men are outspending women by 13 percent, according to Christine Sica, Retail Analyst and CEO of Mox Group Strategists, who cited "The Boutique@Ogilvy 2016 Men's Shopping Report." The weekend warrior will be ready to shop your garden center this spring to spruce up his landscape.
2. **Getting personal, artificially.** Take advantage of the recent advancements in machine learning, deep analytics and artificial intelligence to deliver a more personalized customer experience, says Emily Bezzant, Head Analyst at Edited. Customers' long digital footprints consist of shopping histories, social media profiles and interests, giving IGC retailers an idea of the tailored product selection that their shoppers desire.
3. **Co-shopping means growing carts.** Increasingly, various family members in one household are sharing the responsibility for food shopping, creating more baskets and sales, according to Cassandra Morden, Marketing Specialist at Precima. Garden centers with a food department or farmers market should examine household data through reward programs to better identify individual customer preferences.
4. **Leaving home without it.** This year, people will begin to ditch their physical wallets in favor of mobile wallets as more retailers accept the digital payment, according to Glen Robson, Executive Vice President, Global Head of Solutions at Verifone. Are your checkouts ready?
5. **Small will be the next big.** Both Baby Boomers and Millennials are looking for a more personalized shopping experience, favoring the special services and products that only local small businesses like your garden center can deliver, says Pam Danzinger, Researcher at Unity Marketing.
6. **Crowdsourced goods.** More brands will engage in crowdsourcing this year, especially for products, according to Richelleu Dennis, CEO of Retail Brands. With digital and social media, any IGC retailer, regardless of marketing or research budget, can effectively and efficiently dialogue with communities on a broad scale to get information about subjects, products, ingredients, the next hottest trend and more.

On-Call Scheduling Gets the Ax by More Retailers

Does your garden center use on-call scheduling, especially during the spring peak? It's a practice that may soon be of the past in retail, according to Marcia Layton Turner of *Forbes*.

Used for years to help keep stores adequately staffed, on-call scheduling requires employees to set aside time for possible work without the assurance of pay. When on call, employees call the store 1 to 2 hours before their shift to find out whether they need to come in or not. This sometimes means the worker has to arrange for babysitting services and transportation while turning down other work or education opportunities during that same time frame.

Last year, 15 retailers announced they were phasing out the practice or had already ended it: American Eagle, BCBG Max Azria, Carter's, Coach, David's Tea, Forever 21, Justice Just for Girls, Pacific Sunwear of California, Payless, Tilly's, Uniqlo, Vans, Walt Disney and Zumiez. In 2015, Abercrombie & Fitch, Gap, J. Crew, L Brands (parent company of Bath & Body Works and Victoria's Secret), Pier 1 Imports and Urban Outfitters ended on-call scheduling.

These retailers were spurred to end on-call scheduling after several attorneys general initiated inquiries into the practice.

Now Trending in Garden Retailing . . .

- Are your inventory control procedures air tight? **Eighty-three percent of retailers say that organized retail crime activity has increased in the past 12 months**, according to the National Retail Federation's "Organized Retail Crime Survey."
- **Forty percent of retailers are focused on improving personalization as a top digital priority**, according to the "Digital Commerce Survey" from Boston Retail Partners and Radial. What's your plan to connect more closely with your customers?
- **Fifty-five percent of consumers say they would shop at a retailer more often if they received relevant offers on their mobile device**, according to Synchrony Financial's "Driving Shopper Engagement through Digital Technology" study.

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TAKE ADVANTAGE OF YOUR GCA MEMBERSHIP BENEFITS

REGISTRATION NOW OPEN!

GCA Summer Tour, June 25-28, 2017

Newport News/Virginia Beach, VA

GCA Summer Tour 2017 heads to Virginia for an exclusive behind-the-scenes look at garden center operations from Richmond to Newport News to Virginia Beach. Be sure to pack your notebook and camera to capture all of the merchandising and indie retailing inspirations in store!



[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: IGC Show, August 15-17, 2017!

GCA Members save \$260 on each IGC Retailer Conference All-Access Pass 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 free party and concert.
- Special reserved seating at the concert - come early, seating is limited!
- Access to the GCA Member Lounge, with a special catered lunch buffet available at your convenience

