

garden centers of america Garden retail trends report

November 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.



Flurry of Reports Dispel the Notion that Millennials Do Not Want to Own a Home

Just when many garden center retailers thought Millennials would never venture into homeownership, these young (yet maturing) consumers are indeed starting to buy, according to a report in *Bloomberg News*. Half of U.S. homebuyers today are under age 36, Zillow reports from a survey of 13,000 respondents, and first-time buyers account for 47 percent of home purchases. The number of first-timers moves up to 52 percent of prospective buyers planning home purchases in 2017, according to another survey, published by Realtor.com.

First-time buyers have always accounted for a large portion of home sales, and their median age has averaged around 33. Credit bureau TransUnion says that 60 percent of first-time buyers in the fourth quarter of 2015 were between 20 and 39 years old. Millennials are now reaching those prime years for home ownership. But it hasn't come without its challenges.

Many assumed the biggest roadblocks to homeownership for Millennials would be personal preference or finances - but a recent analysis by Fannie Mae finds that the biggest obstacle is the single-family landlords who bought up a slew of starter homes in recent years to likely turn them into rental properties. These starter homes would have been attractive for Millennials to purchase. Now, according to the Zillow survey, many are skipping traditional starter homes, buying first homes that are about as large and expensive as the homes purchased by older generations. That's good news for garden centers, especially those delivering the DIFM landscape services this generation often seeks.



So What Do Millennials Expect from Your In-Store Shopping Experience?

Okay, so now they're buying homes - which means landscapes and gardens. Including Millennials renters want your garden center sells, too. But Millennials renters want your garden center sells, too. Including Millennials renters want your garden center sells, too. Here are five expectations they have of the shopping experience at your store, from OgilvyOne Worldwide's Gabbi Baker and PricewaterhouseCoopers' Hunter Thomas:

- 1. Consistency across channels.** The most important channel for your garden center to get right in this instance is mobile. Two in three Millennials use smartphone apps to shop in-store and want mobile to enhance their brick-and-mortar retail experience. Now is the time to explore "connected store" technology to create more personal customer interactions.
- 2. Engaging experiences that don't push them to buy.** It's critical for your garden center to develop a marketing strategy that communicates your brand values in an authentic way. Establishing a dialogue and adding value is important to helping your customers through the buying journey without forcing them to check out before they are ready. A recent NewsCred study reveals that 31 percent of Millennials are more likely to purchase from a retailer if their communications are truthful without sounding too much like a sales pitch.
- 3. The ability to shop right here, right now.** Convenience is king for the Millennial shopper. Social media in particular has taken real-time digital commerce to new heights, as younger consumers now expect to be able to shop the content they see online. The key to succeeding here is enabling Millennials to make a purchase from your garden center without interrupting what they are doing - whether they are in a store, browsing Snapchat or using their smartphones to message friends.
- 4. Experiences specific to their needs.** Millennials are willing to share information to shape the marketing they receive, but you need to gather the data. Collate customer information from several different sources to personalize your product recommendations to each shopper.
- 5. A relationship.** Ultimately, all of your customers want a relationship with you, but Millennials are willing to pay a premium to receive it. This is where your loyalty program comes into play, adding real value to the transactions made at your garden center.



More Concerns from Retailers about EMV Chip Cards

Every retailer fears delays at the checkout counter. Even small delays can quickly add up, especially during busy times like the upcoming holiday season. When the delays add up, frustrated shoppers will often give up and leave.

That's why many retailers are upset that the new EMV chip-and-signature credit cards, which have been in place for more than a year now, can take twice as long to process as their magnetic stripe predecessors, according to a recent article by the National Retail Federation (NRF) in *STORES Magazine*. The *Wall Street Journal* found that inserting an EMV card and waiting for it to process took an average of 13 seconds, compared with six seconds for swiping and signing with a magnetic stripe card, reported by the NRF.

The Europay MasterCard Visa system is not only slower, it is confusing to consumers, causing further delays. Consumers aren't sure if they need to "dip" (insert) the new card into the reader or swipe it. Even if retailers have chip card readers, they might not be working yet due to delays in certification by card companies, which gives retailers permission to turn them on. Then, once the card is inserted, how long must it be left in place?

To remedy the long wait time, all four major U.S. credit card brands announced that they would release software updates this past spring so shoppers could insert and remove chip cards in about two seconds. Visa, American Express and Discover call the new technology Quick Chip; MasterCard calls it M/Chip Fast.

When an EMV card is used, an encrypted code that ensures the card is not counterfeit is generated and sent through a network to the issuer for approval. The issuer responds and approves or denies the transaction.

Without Quick Chip, EMV cards need to stay in the reader until the transaction is completed. With it, the consumer can insert the card at any point during checkout and remove it immediately, even before approval is granted, since the code is temporarily stored in the reader and sent for approval at the end of checkout.

But Quick Chip raises a few concerns. Annmarie Hart, Chairwoman and CEO of card reader manufacturer MagTek, wrote in a recent *STORES Magazine* column for NRF that skipping code transmission until after the transaction is over "will denigrate some of the current security features EMV heralded." The code's authentication of the card as legitimate - the main security feature of EMV cards - "will be forfeited." Since EMV cards still transmit the card number, expiration date and cardholder's name without encryption like magnetic stripe cards, the card number should be removed or "at the very least encrypted" in addition to speeding up the process, Hart wrote in her column.

"This response [from the card companies] is late and unfortunately has not been unified, which will create customer confusion," Michael Moeser, Director of Payments at Javelin Strategy & Research, tells NRF. "Also, not all of the retailers will have implemented the faster EMV process. It's already confusing enough to determine if you need to swipe or dip at a merchant. Now some will have a faster EMV process than others."

New transaction fees borne by retailers, which will ultimately be passed to consumers, pose another concern.

"We are very concerned that the card companies put out a flawed product and then came back six months later with a fix that they are expecting retailers to pay for," J. Craig Shearman, NRF's Vice President for Government Affairs and Public Relations, tells NRF. "It's not believable that they didn't know when they put these cards out that there were going to be delays. They put out something with a known problem and then they come back with their hand out asking for money to fix the problem."

Visa explained in April that it would provide the Quick Chip technology to card processors for free. But the company said processors would be able to charge merchants, and Shearman is doubtful that merchants won't be facing higher fees.

Now Trending in Garden Retailing . . .

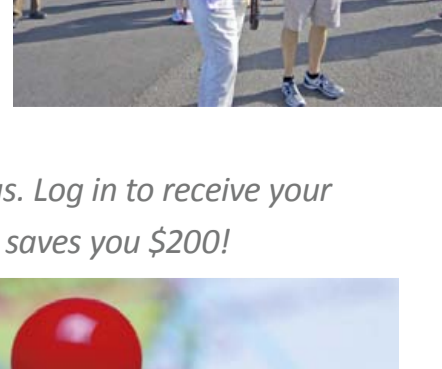
- Do you have signs around your garden center, directing customers to your website? **Customers who visit retail websites on their phones while shopping in-store spend up to 150 percent more in those stores than those who don't**, according to a report from InMoment.
- "Friendly fraud" - or when a customer orders a product or service, provides legitimate payment and shipping information, then disputes the charge after receipt - is on the rise. **Friendly fraud has risen 41 percent since 2011, with 86 percent of chargebacks linked to these dishonest transactions**, from Radial's report, "Are Your Customers Committing Fraud?"
- The future of retail is here - and it involves augmented reality. **Seventy-six percent of customers' purchases involve the use of augmented reality at least half the time**, according to Interactions Consumer Experience Marketing's October 2016 "Retail Perceptions" report.

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JUST ANNOUNCED FOR NEXT SUMMER 2017! 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!



Apple's New 'Town Square' Store Concept Continues the Trend of 'More-than-a-Store'



Senior Vice President of Apple Retail Angela Ahrendts discussed the future of Apple stores at the *Fortune* Most Powerful Women conference last month, explaining that the tech giant views its stores as potential town squares within each of the cities where they're located. "The store is now the biggest product we produce," she said.

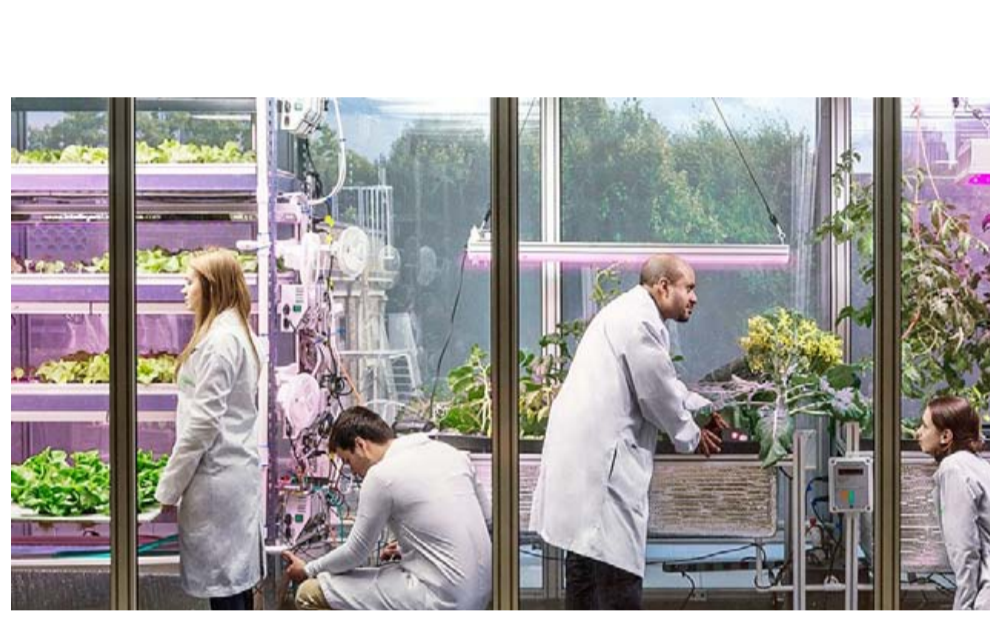
Ahrendts has spent the past two years revamping Apple's retail stores. The new store concept sells Apple products but with an important community element, where the stores serve as educational centers. For example, Apple stores will offer coding classes for children in Apple's programming language, Swift, next year. The new stores have already started hosting "Teacher Tuesdays," where they show teachers how they can incorporate technology into their classrooms. By the end of this year, 95 stores will be fully modeled after this new town square concept, with the San Francisco Union Square location and the London Regent Street outpost as the first to debut the concept.

In addition to the familiar customer service at Apple, the new concept stores will be staffed with a team of creative pros, who will focus solely on teaching customers how to use their Apple devices to their fullest potential, as well as assist shoppers with downloading music, games and other apps.

The new town square concept doesn't only affect the brick-and-mortar locations - it merges the retail business with online stores, integrating them to play a much bigger role in the communities of the cities where they operate.

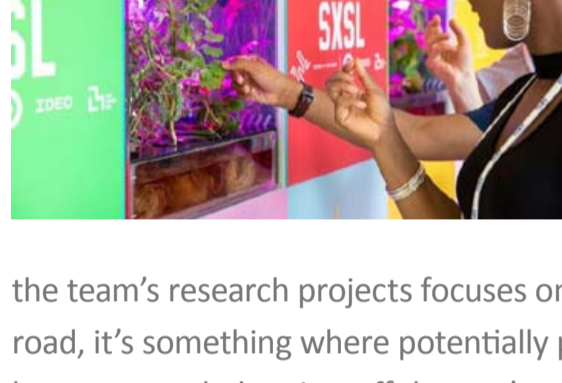
"Companies have a huge obligation right now, and the bigger the company, the bigger the obligation," Ahrendts told attendees of the conference. "We are thinking about what the community needs."

Watch video of the entire one-on-one hosting [Aherndts here](#).



Vertical Gardening Scores Big Visibility In Target Stores

Vertical gardening visibility just scored a bullseye, as Target stores announces it plans to test vertical gardens in a few stores next spring that would allow customers to harvest their own produce or watch as



staff members pick veggies to stock the produce section.

Earlier this year, Target launched the Food + Future CoLab in conjunction with design firm Ideo and the MIT Media Lab. One of

the team's research projects focuses on vertical farming. "Down the road, it's something where potentially part of our food supply that we have on our shelves is stuff that we've grown ourselves," Casey Carl, Target's Chief Strategy and Innovation Officer, tells *Business Insider*.

Right now, a majority of vertical farms grow leafy greens, but the CoLab researchers are trying to see if it's possible to grow any other crops through this method.

"Food is a big part of our current portfolio today at Target - it does \$20 billion of business for us," Carl says. "We need to be able to see more effectively around corners in terms of where is the overall food and agriculture industries going domestically and globally."



Study: 'Consumers Shop Local Because They Love Local,' Plus Tips On Making the Most of Your Buy-Local Group

Is your garden center a part of your market's shop-local movement? It should be. Fifty-five percent of respondents shop at a local retailer because they like to support their local community, according to G/O Digital's report, "Consumers Love Local: Small Retailers Have the Edge." Thirty-eight percent of respondents reportedly shop small e-commerce retailers over national and big box retailers online because they prefer to support small businesses.

Some more findings from the report:

- One in four consumers don't need a monetary incentive to shop at a local retailer. When an incentive is used, discounts and loyalty programs are the most popular.
- Eighty-seven percent are motivated to engage with a local store on social media because of a positive experience with that retailer. Only 13 percent choose to interact due to a negative experience.
- Fifty-four percent learn about small e-commerce retailers through word-of-mouth referrals. Search is also an important motivator, with 28 percent saying they find these retailers through organic search results.

In an effort to help indies maximize profits on Small Business Saturday, November 25, Independent We Stand offers these tips on how to make the most of your community's buy-local group:

Enhance Your Directory Listing. One of the most widespread benefits of buy-local groups is that many have their online directory of members. These directories help consumers find local businesses, plus they give local businesses a more robust online presence. At their most basic, these directories typically include your garden center's name and a link to your website. Data overwhelmingly shows that consumers search for local businesses online before shopping, so it's always in your best interest to fill out a directory listing with as much information as possible.

Contribute Content. Buy-local groups are all about highlighting their members - so offer your group something to highlight about your garden center. Are you working with a local charity? Has your business grown recently? Your story could turn into a guest blog post on the group's website, a post on the group's social media channels or a feature in the group's e-newsletter.

Network. Buy-local groups don't just allow businesses to reach consumers, they also foster B-2-B relationships in the community. Many local business groups offer networking events or workshops where members can come together in person to get to know each other and learn something new. Chances are, you already know plenty of other local business owners in the community, and you may even work with them professionally. Add to that ever-important network by getting to know new and existing local businesses through the buy-local group.

Recruit New Members. If some of those local business owners in your market don't participate in the buy-local group, invite them to. With each new member, buy-local groups can develop more resources, reach new industries and source new ideas for events and campaigns. Just as the group can help your garden center's network expand, it's important to help the group's network expand, too.

Spread the Word. Buy-local groups will work to educate as many consumers as possible about the benefits of supporting independent businesses like your garden center. Telling your customers about the group can help the group's work go even further. Some groups have consumer memberships and discount programs for participating shoppers, while others focus on reaching consumers through social media. Whether you share the group's Facebook content or collect e-mails from interested customers at your garden center, members are a key part in the buy-local group's outreach efforts.

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 at your convenience. Stay tuned for your exclusive GCA Member promo code.

