

garden centers of america Garden retail trends report

September 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.



Not Ready for EMV Chip Cards by the Oct. 1 Deadline? You're Not Alone, Survey Shows

Fraudulent credit card charges made at your garden center could soon be your responsibility instead of the card issuer's. Small businesses have until October 1 to update their credit card processing systems to be able to accept EMV chip cards, or they could be held liable if one of their customers commits a crime using one of the cards.

The U.S. credit card industry is adopting a new standard by converting to EMV chip cards, which encode cardholder information with encrypted data that changes with every transaction. The cards are dipped rather than swiped. The switch is designed to cut down on widespread fraudulent charges made using cards with magnetic strips. If retailers do not have the payment processing system necessary to read the high-tech cards, they will be on the line for any counterfeit charges made with an EMV chip card.

EMV chip cards have been used for years in Europe, but haven't yet made it big in the United States. A Wells Fargo survey suggests American businesses aren't eager to jump on the bandwagon. Just 31 percent of business owners who accept credit and debit cards have a credit POS system that accepts EMV cards, and only 29 percent plan to change their equipment before October 1. Thirty-four percent say they will change their POS systems sometime after the deadline, and 21 percent say they will never make the switch.

The lack of urgency among U.S. retailers is due to a number of factors. The survey shows 48 percent of owners don't believe it will impact their business, 46 percent don't want to pay for the card readers and other necessary equipment, and 41 percent aren't concerned about the increased liability threat. The survey also reveals that business owners aren't totally convinced the new standard that puts the liability on their shoulders will actually decrease fraud: 42 percent say it will, 42 percent say it won't.

Already, 120 million Americans have been issued EMV chip cards, a number that is expected to reach nearly 600 million by the end of the year, according to Smart Card Alliance. To help businesses deal with the shift, Wells Fargo offers webinars, videos and expanded merchant services support.

Still, magstripe cards will not be completely obsolete with the new standard. EMV card readers are able to swipe magstripe cards, but the business owner is still liable if it accepts a counterfeit magstripe card.

The types of businesses that are most vulnerable to credit card fraud and would have more to lose by not updating their POS systems are retailers that sell high-ticket items and services, says NerdWallet. That's because criminals are more likely to take a risk using a counterfeit card to purchase big ticket items. Similarly, retailers who sell small-ticket items are less likely to be the target of fraud and might be more willing to risk not updating their POS to match the new standard.



Your Next Niche? Coloring Books Take Off in the U.K.

Coloring books are a hit in the U.K. - and we're not talking the kind for kids. Sales of coloring books for adults are up 374 percent from last year at Hobbycraft, the U.K.'s largest craft retailer, founded 20 years ago by Warren Haskins, Chairman of the Haskins Garden Centre Group. Fans say setting aside a few hours for coloring is relaxing and a good old-fashioned antidote to "tech stress," reports the *Daily Mail*. Four coloring books for adults currently appear in Amazon U.K.'s top 10 best-selling books, including *Animal Kingdom* by Millie Marotta (pictured here). Looking for a garden-themed coloring book for your store? Johanna Basford's *Secret Garden: An Inky Treasure Hunt* has sold more than 1.4 million copies since its launch in 2013: <http://www.amazon.com/Secret-Garden-Inky-Treasure-Coloring/dp/1780671067>

What Men & Women Want When It Comes to Your Store's Shopping Experience

Retailers can cater to men and women with a shopping experience that doesn't differentiate much between the two, according to the study "Retail Perceptions" from Interactions Consumer Experience Marketing. Here are four key findings from the study:

- 1. Personal interaction is key to profits.** Results show that 56 percent of women and 60 percent of men would prefer a store communicate with them via store associates versus mobile device. This human connection will impact your garden center's bottom line - 67 percent of men and 64 percent of women have purchased additional items because a store associate recommended it.
- 2. Your store app could seal the deal.** Eighty percent of women and 77 percent of men who download retailer apps use them while they shop in-store. This is a perfect opportunity for your garden center to offer personalized deals and discounts.
- 3. Social media matters.** Both men and women follow their favorite retailers on social media to get product information and enter contests.
- 4. Welcome mobile wallets.** Results show that 62 percent of men and 58 percent of women who use mobile wallets would spend more at a retailer that accepts them.



Do's & Dont's for a Successful Garden Center Loyalty Program

Offering a loyalty program to customers is on the radar of most retailers, but there is a right and a wrong way to implement one. Take note of these do's and don'ts of successful loyalty programs, from Retail Customer Experience:

- Do make sign-up frictionless** - Your customers are used to signing up for loyalty programs with big names like Safeway, Walgreens and CVS with just their phone numbers. The most successful loyalty programs let customers sign up in-store, online or on-the-go.
- Do reward your customers for how much they buy, not how much they visit** - When your customers earn a point for every dollar spent, they are incentivized to spend more and visit your garden center more often.
- Do provide rewards based on the way each customer prefers to receive them** - While some of your customers prefer receiving text messages, others want e-mails or push notifications.
- Don't overcomplicate the platform** - A complex program with a lot of rules and limited rewards can drive away users from engaging with your garden center's program.
- Don't be passive** - Make your loyalty program fun and engaging with things like app games and leaderboards.

Now Trending in Garden Retailing . . .

- Watch for an uptick in gardening and landscaping purchases. **Construction on single-family homes is up, rising 12.8 percent in July**, according to the Commerce Department.
- Retailers are loyal to rewards programs. **Sixty-two percent increased their budget to enhance their loyalty programs**, according to Boston Retail Partners.
- Digital coupons are gaining in popularity. In fact, **49 percent of digital coupons discovered on smartphones are ultimately used in-store to make a purchase, a 22 percent increase from 2014**, reports RetailMeNot.

'Enjoy' Concept Delivers Product Purchased Online to Customers In Person, Training Included



Educating customers at your garden center can only go so far. When she gets home, the customer is the one who has to make it work in her garden. A new company, Enjoy Technology, is changing that with a groundbreaking retail concept that takes customer service to the next level.

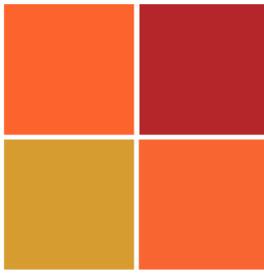
The brainchild of Ron Johnson, who led retail efforts for Apple and Target, Enjoy Technology amps up customer service by having an expert deliver, in person, the electronics and other items the customer ordered online. And it doesn't stop there. The Enjoy rep helps the customer get started with the product and shows her how to get the most from it. This service is built into the price of each product. (See the video, above, to learn more.)

Adapting this concept to your garden center, consider including a concierge service in the price of large gardening and outdoor room packages that you sell online or in-store. Your customers will appreciate the help, and their success will keep them coming back to your store for more.

Colors Your Customers Will Look for Next Season: Pantone Adds 210 New Hues to Home Trends for 2016

The color gurus at Pantone Color Institute just added 210 new hues to the Fashion, Home + Interiors color system - colors you need to watch so you know what your customers will be looking for in outdoor decor and even flowers next season.

The newly added colors extend the variations of existing color families. The differences among them can be subtle, such as Dragon Fire (pictured top left) and Exotic Orange (bottom right), or bold, such as Aura Orange (top right) and Mango Mojito (bottom left).



The palettes for 2016, described by Pantone, are:

- Unambiguous colors**, including shades that are plumbed from natural sources such as warm rosy clay and sheepskin beige, give us **Natural Forms**.
- Dichotomy** reinforces the concept that opposites do and can attract as silver metallic, sunny yellow and bright cobalt blue combine with calmer versions of the hues.
- Pastel-focused **Ephemera** blends delicate shades of wan blue, pale peach and tender yellow.
- Lineage** is a palette where shades of navy, black, tan and regimental green co-mingle with touches of brighter colors.
- Soft Focus** reveals subtle and/or muted colors, sometimes being described as "smoky" and always versatile.
- In the French language, **Bijoux** means "jewelry" - a fitting title for this palette that gleams with drama and intensity across many jewel tones.
- Merriment** is full of joyful shades including vibrant greens and yellows contrasted with pinks and oranges.
- Capricious color combinations with vacation-destination blues and blue-greens create **Footloose** - a palette that supports the idea of throwing off the constricting scheduling of everyday life and simply enjoying the freedom of the outdoors.
- Mixed Bag** is an assortment of eclectic patterns and prints, with exciting and unique colors like pirate black and mandarin red as well as violet and florid orange.

Watch for These Tech Trends at Your Garden Center in the Next Five Years

What will your garden center will look like in five years? A new list from Forbes has some ideas on the subject. Here are five tech trends it says will hit every retail store by 2020:

- Retail stores will embrace showrooming.** Stores will become like museums - people will go to see something, learn and be entertained. Furthermore, beacons placed throughout stores will push information on the products to the customers' smartphones.
- Analytics will be commonplace in physical stores.** By 2020, analytics will be used in offline stores in much the same way as they're used in online stores. Retailers will use them to map where people walk and what they pick up to better position products, or they will track shoppers at the device level to target promotions to them. As more customers opt in to apps that allow them to be identified individually, they'll receive more customized experiences and offers.
- Payments and transactions will become totally transparent.** More transactions will take place via mobile devices, and retailers will see the emergence of even more streamlined payment experiences.
- Retailers will make better use of sensory technology.** Retail stores will be more aware of customers' emotions and how to excite their senses. Technology can tell when customers react positively or negatively to things like signs, product displays or interactions with sales associates.
- Technology will become the new sales assistant.** Technology will increasingly automate mundane work with things like self-service checkouts, in-store mapping to make navigating through the store easier or customer technology that makes it easier for customers to self-educate.



Shout It from the Rooftop! Children Who Garden Are More Enthusiastic About Learning & Eat their Veggies

There's a new survey that points to the benefits of getting kids in the garden - now share it with your customers! A Texas gardening program introduced in schools is changing children's habits. A survey of teachers using the Texas A&M AgriLife Extension's Junior Master Gardener curriculum report the following benefits:



- Eighty-five percent of teachers say the Junior Master Gardener program has increased the children's interest in science.
- Eighty-three percent say the kids are more enthusiastic about learning.
- Sixty-three percent say the kids are trying new fruits and vegetables.

TAKE ADVANTAGE OF YOUR GCA MEMBERSHIP BENEFITS



Save Big at IGC East and IGC Chicago Next Summer!

GCA Members save \$100 on each IGC Retail Conference Passport registration during the early bird registration period, and \$60 off each IGC East and IGC Chicago Monday Garden Center Bus Tour registrations!

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!
- GCA Member Networking Lunch

More details and registration information will be available soon.