



2013 Had The Biggest Increase In Garden Spending This Century

By Ian Baldwin | July 9, 2014



While I know better than to make any major pronouncements based on one year's data, the 2013 National Gardening Survey (NGS) reporting the biggest annual rise in retail sales (up \$5.4 billion or 18 percent) this century to \$34.9 billion is a fact that many in the industry will savor.

This unprecedented increase may or may not mean that garden spending is on the upswing again, but it is surely news that gives hope to beleaguered growers, suppliers and retailers after four years of recession. To give some perspective, the same survey in 2009 saw a 16 percent increase in sales in one year alone.

Another fact that leapt from the pages of the NGS is the rise — \$73 — in household spending on DIY gardening; the biggest such rise in the last 13 years. Even allowing for an increase in prices, this 21 percent rise must say something positive about the consumer's self-confidence after years of cautious spending. The 2013 average spend per household of \$420 is now only \$8 less than in 2007, before the Great Recession.

Housing Market Down, But People Are Still Spending

Within the industry a concern has developed that only a housing boom like that of the previous decade would drive DIY garden spending back up again, so these NGS results will bring sighs of relief all down the supply chain. In fact, the total retail sales at \$34.9 billion restores the size of the DIY garden industry to between 2005 and 2006 levels, the height of the "equity loan" era. Housing sales have improved remarkably but are nowhere near the heady days of 2005. That said, after several years of minimal spending on larger garden projects involving items like trees, shrubs and landscape materials, households may now be feeling more confident to spend on fixing up a house to sell it.

Whether the 2013 NGS is a sign of a turn-around or just a very good year, the industry must prepare themselves strategically for a much-improved garden business outlook. Despite economic difficulties, total number of households and population in the U.S. continues to increase. Now the stock markets are at record highs, corporate earnings are strong, car sales have re-bounded, housing is selling again, airplanes are full and personal debt is on the increase.

But the next up-tick will be different than the last one driven by the equity loan boom 10 years ago. What sold and how we sold it then may not fit today's lifestyles or expectations. Gardening has changed and will continue to evolve as younger generations, social media and mobile commerce shape our future.

Gardeners Are Busy

Demographically, over-55 year olds' dominance of the entire lawn and garden (L&G) market intensifies. In 2001, this age group had 31 percent of the total DIY sales; now it has 46 percent. Meanwhile, retail sales to 35 to 54 year olds have declined by more than \$10 billion in the same time frame. The good news is that, fueled by their interest in "Food Gardening," 18 to 34 year olds have gained market share. As they represent 30 percent of the U.S. household population, we can only hope this gardening behavior will stay with them as they progress through life.

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About 42 percent of DIY garden spending went toward just four gardening activities: lawn care, tree care, shrub care and insect control. Admittedly, these totals include items not carried by most local garden centers (LGCs) such as machinery, mowers, even lawn food, but that's where the public is spending. This \$15+ billion business is dependent on first-time consumer success through good information as well as good prices — opportunity knocks for local garden centers.

Eleven percent of total household spending was on "Food Gardening" (now averaging \$211 per household compared to "Flower Gardening's" \$64). Does your buying focus, inventory, bench space, signage, marketing and training reflect that? A stunning one in three American households now grows some type of food each year and the popularity of TV cooking shows can only help that to grow.

Local Garden Centers Take Share Away From Boxes

Another number that benefits the LGC channel is the increase in DIY market share in 2013, mostly at the expense of the mass merchants. LGCs now have 19 percent of the market in their shopping cart, which should keep the wolves from the door until we re-invent ourselves (see below).

Woody plants made a big comeback, a 49 percent increase over their all-time 2011 low, but that only restores the category to 2009 levels. I assume the big increase is due mostly to homeowners playing catch up after storms, winter, deer and other setbacks. Woodies are still well shy of their 2004 and 2008 high points.

It's Time To Rethink The Garden Center Model

Despite years of evidence that today's garden customer has very different needs from those of the 1990s, let's be honest; very little has changed in a typical LGC. Yes, they are better managed now, with a wider product range, exciting new categories and more modern facilities, but the model is basically how it was in 1994 and 2004. Even the message is the same: "We have the best product, the knowledge and expertise, so get in your car in your spare time and come here. Trust me, you will like it." Ironically, LGCs are using modern social media methods to promote a dated concept.

The message is still "full service" when a much better theme would be "full first-time success." The future consumer will not (does not) understand how to plant an annual, install a tomato cage ("A what?") or appreciate what an inch of water a week on a lawn means. So many consumers are one more generation away from the land now that fertilizer is a challenge, never mind clay-busting or deep watering.

Give Gardeners Solutions

NGS results in 2006, 2009 and 2012 showed the same top three gardening challenges prevailed among American householders: weeds, soil and insects. Yet no retailers, from mega warehouse to boutique LGC, have yet merchandised their stores or differentiated their businesses in response to this fundamental cry for help. If millions of American households are spending money to try to overcome those challenges, we probably should try to help them.

Fear of failure strongly influences a customer's buying decision. If you think something isn't going to work, why buy the top-priced selection or spend more than absolutely necessary?

The traditional LGC response has always been that their staff will educate the customer and tell them what they need. That only works when you have a shopper who is confident enough (and patient enough) to wait for one-on-one help and when you have employees trained and confident enough to approach customers. It also only works when the ratio of customers to salespeople is about 1:2. Any LGC with that ratio from April to July and November to December has bigger problems! Even this hopeful scenario only works if LGCs have staff that are directed and trained to put customers first before tasks like filling tables or watering, and at best this is hit or miss for the public (see ianbaldwin.com/invisibleladies).

The failure of LGCs to establish themselves as the community resource for first-time DIY garden/landscape success has driven shoppers to their lower-priced competitors.

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Re-Inventing Garden Retail

Many of today's households are nervous about seeming clueless when approached. Add in a whole generation who grew up with self-service malls or online shopping, and you have an entirely different marketplace than 1994. Remember in 1994 there was little or no Internet information, and in 2004 there were no smart phones.

As consumers get even more time-pressed, they are going to choose activities or projects that give them pleasure, like growing and cooking food or decorating the patio for a party. The other use of time will be devoted to activities or projects that save them money. Which section of the industry do you want be in? Much of the price-competitive "garden care" business will steadily move to the "Do It For Me" channel as people feel they can afford to pay others to do it (another trend in the 2013 NGS).

So garden retail will essentially be project-based with shopping, either in-person or online, designed for first-time success. Much of the learning will be online, although full-service and personal shoppers will assist consumers to succeed, maybe for a price. Layout and merchandising will be driven by projects and desired end-results, not by product categories as we do now. There will be a mixture of grab-and-go warehousing and showplace demonstration, like Sophora cosmetics or IKEA home furnishing.

Crystal Ball Time

The future "first-time-garden-success-center" will be a resource village of garden, home and personal retail, installation, landscape design/build, maintenance, home décor, cooking, maybe party planning and a community meeting center, too. Sure customers can still drive there on a Saturday morning, but they will expect you to go to their house as part of the relationship. In fact, some consumers may never set foot on-site and still spend big money. It's going to be all about trust and time. This is not new in other U.S. retail segments. The re-invention will use existing retail concepts of showrooms, like in home décor, inter-active graphics like kitchen design and in home-consultations like the furniture business. (a friend recently had a home visit to talk about color from Lazy Boy Furniture!)

If this is all too much of a stretch, a decent start would be to invest heavily in "silent selling" such as project merchandising, pull sheets, online how-to videos and classes and help-lines.

Gardening Is Back, But Needs A New Label

Gardening can be a source of food, personal fulfillment, family activity, connection with nature or the outdoors and a host of other grounding emotions for consumers in an increasingly digital world. The word "gardening" has an image that doesn't even begin to describe so many of the positive aspects this activity offers — we probably need a new word! But no one is asking for plastic flowers and concrete lawns (though plastic lawns are making a comeback...). We have an emotional opportunity to connect with a dream demographic of the country's higher educated, higher earning consumers for many years to come. The opportunity is huge, if we change the image and operational methods to "Tomorrow's Garden Center" and stop operating like a place their grandfather shopped.



Ian Baldwin [Ian@IanBaldwin.com] is a renowned garden industry consultant who has been training garden retailers how to be better business managers for more than 30 years. This article was originally published at TodaysGardenCenter.com in July 2014.

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