

### What's Not to Like?

| Ian Baldwin

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This is my fifth year of analyzing and commenting on the National Gardening Survey's annual 250+ page market research report of the what, who, where and how-much of the nation's gardening industry. The 2016 National Gardening Survey (NGS) results are based on an online survey with a representative sample of 2,077 U.S. households nationwide, conducted by the Harris Poll asking them about their gardening participation and spending in 2015.

Every year the NGS shows trends and detailed data to give the reader a strong competitive advantage. As a consultant, I see retailers and suppliers struggling to find their "sweet spot" to grow and thrive in a rapidly changing market. The NGS provides so much of the data to address those challenges that it should be on the desk of every owner, senior manager, buyer or investor in the entire supply chain. This article only discusses a fraction of the gems in the NGS, including these two positives:

1. Participation: Last year hit near-record levels with many more American households—actually 6 million or 7% more—doing something in the garden last year. So the Lawn and Garden (L&G) industry maintained its market share of consumer's "spare time," whatever that is, against all sorts of distractions!

For all its challenges, gardening is undertaken by 90 million households (75% of the national total), a number that many sexier industries would salivate over.

Interestingly, garden participation didn't crash in the great recession; many consumers continued to participate, but at much lower levels of spending. Once the economy improved, we expected the participation rates to rise a little, but wondered if the spending would, given the competition for the discretionary dollar.

2. Spending: Average spend per household also bounced back in 2015, to \$401 per year, from a mystifyingly low \$317 in 2014 and \$36 more than the last five year's average. With median household income flat for many years now, we probably should be happy to see a 2% per year average growth rate in spending over the last five years.

In total, the whole DIY Lawn and Garden Industry, from power equipment to cell-packs, finally reached pre-recession levels, making it now a \$36 billion business (for reference, Hollywood box office receipts in the U.S. for 2015 were less than \$12 billion!). It took eight years, but gardening is BACK!

#### Don't Start the Celebrations Yet

Before you pop the prosecco, I should point out that the highest EVER DIY gardening industry total sales recorded by the NGS was \$39.6 billion 14 years ago in 2002, while the highest per household spend was \$457 in 2003. The U.S. Government's inflation calculator tells me that those two metrics should now be \$48.2 billion and \$596, respectively, just to keep up with the modest inflation of the last two decades. Hmmm ...

So while gardening has no shortage of participants, we've failed to inspire consumers to spend at the same rate they've spent their discretionary dollars elsewhere since that peak in 2002. We have to win back our share of the consumer's budget against some of the best marketers on the planet.

#### Food for Thought

Food gardening (vegetables, fruit trees, berries and herbs) is now a \$3.6 billion business, compared to flower gardening's \$2.7 billion. As the NGS details, food gardening is made up of four activities: veggies, fruit trees, berries and herbs, and food gardeners spend a lot more than they do on flower gardening. However, that's not represented in a typical LGC (local garden center). Consider the time, space, buying, training and marketing effort put into annuals and perennials compared to veggies and herbs. The spending difference is due to the small cost of the veggie plant; the money is in soil, supports, plant food, controls and so on, including preserving after harvest.

I understand why LGCs developed the softer side of their inventory with gift, accents and lifestyle when the big boxes came to town 15 years ago; indeed, most of our clients have had more success with those lines than conventional gardening supplies. But it is a different day now.

Baby Boomers are downsizing homes, clearing out "landfill" and buying less stuff, but their DIY gardening spend is still over 40% of the industry total and they need our help to keep gardening. Meanwhile, younger generations, who are famously minimalist in their homes, are collecting succulents, digging up lawns for veggies and keeping chickens as they "settle down." The LGC should be there for them as the one-stop-food-gardening-success-center.

## The Younger Crowd

Gen Y, 18 to 34s, or Millennials, are this year's NGS story. While the number of 55+-year-old households gardening remained steady, of the "extra" 6 million participants last year, 5 million were 18 to 34 year olds. Though one year's data does not make a trend, this validates the big uptick in 18 to 34-year participation and spending seen in 2013. We've been wondering when this group will put down roots.

Generalizing about 80+ million people is dangerous, but this group is known to have the most college debt, are marrying and buying homes later in life, and may or may not even own a car. Their early adoption of technology and their social media communications present a very different customer. While they're often more urban with little or no gardening space, they're also very connected to the earth, its environment and food supply, through urban farming, bees, CSAs and so on. Authenticity and "provenance" are important to them, especially when it comes to what they eat, touch, wear and support. This group may be difficult to predict, but their early use of technology has already become the norm for all of us now as we "Google" for a Starbucks location while we sit at the traffic lights.

Finding the opportunities from this large, demographic group is something every business leader in this entire supply chain, from flower breeder to design-build manager, should be doing—they are the future.

So how does an industry with an image of "older people's stores" possibly appeal to this group? In a nutshell, we have to learn to do business in their space rather than hope/assume they'll eventually come around to ours.

The NGS details the spending habits of the under-35 set. The under 35s have started to invest in what I'd call longer-term or capital investment gardening activities, such as Lawn Care, Tools ("Ashley's first shovel"?), Tree and Shrub, Containers, Irrigation and Water Gardening. To succeed the first time, all of these activities are information-heavy, which again plays to the LGCs strengths.

It looks like the economy and demographics might finally be delivering a new generation to what we call "gardening," so how ready are retailers—indeed the whole supply chain—to help these people succeed and stay around? I'd say the L&G industry is about as ready as it was five, or even more, years ago.

Of course, there are some great exceptions. Some suppliers have simplified their offer, focusing on projects not products, while a few retailers have embraced social media or are building a library of how-to videos, but they are the exception. Not much has changed in the "value proposition" from the industry to the customer. Most LGCs still focus on the shopping process, not the end result. They expect customers to shop in retail hours, in their spare time (ha!), learn from the experts and go home with a trunk full of stuff hoping it all works.

## The New Norm

Younger consumers have a thirst for knowledge, but we have to present it the way they want to learn. That might be propping their cell phone on a rock to watch a 2-minute video of how to plant lettuce as they follow along—simple! They want ideas, trends and solutions from their peers through the blog world, i.e. they want LGCs to connect in their preferred space.

Over 60% of research for bricks and mortar shopping is now online, so the local expert is becoming an information validator rather than an original provider. Not only should this speed up the shopping experience, it changes the role of the LGC. Shopping is becoming "discovery—online, validation—in-store," so any LGC wanting an image of the local knowledge leader must occupy the pre-shopping information world or consumers may never visit the store in the first place.

Despite all of the challenges our industry presents to them, we have the very determined leading edge of 80+ million consumers asking if we can help them unlock a door we are the key holders to—WOW. If that doesn't get you excited, you're in the wrong job or were just out unloading a truck all morning.

## The Garden Success Center

Previous NGSs and their excellent "What Gardener's Think" surveys ([www.gardenresearch.com](http://www.gardenresearch.com)) have confirmed the consumer's need for information to overcome fear of failure.

The role of the "full-service" LGC is changing from hand-holding discovery centers to validation and project success-centers. I see this as a one-stop center offering complete DIY, complete Do It For Me (by a sub-lease to a landscaper) and all blends of the two—from one website, phone call or location. The 1970s re-invents itself for the 2020s.

Who's in? **GP**

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## What are DIY consumers buying and are you in it to win it?

- America spends big on Lawn Care, Tools, Insect Control, Tree and Shrub Care, and Water Gardening
- The NGS reveals that some of the best-selling categories are not carried or promoted by many Local Garden Centers (LGCs)
- Lawn Care (including mowers) is the householder's biggest spend

- Lawn Food is a traffic-building consumable crying out for “validation” and expert advice
- NGS shows “garden maintenance” type of activities, e.g. Tree Care, Shrub Care & Insect Control, are sizeable and predictable traffic drivers for any garden retailer

Even without the power equipment side of Lawn Care, DIY “maintenance” is a major part of a household’s yearly gardening spend and is a category crying out for knowledge, experience and confidence in the retailer. This is how the garden center channel began—local people, with local expertise helping customers to succeed. Under-35s are searching for information and expecting local expertise for first-time success, another plus for LGCs.

The LGC has a huge opportunity for all-inclusive “Lawn Care Centers” and “Garden Project Centers” or “Food Gardening Centers,” etc. at the core of its image. The LGC’s knowledge and experience should be its winning hand. We must help the Boomers continue their spending while being there for the under-35s’ thirst for knowledge and first-time success. To me, that makes a compelling strategy for LGCs to re-establish themselves as the local garden-success center, not just a plant, gift and lifestyle center!

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#### **The 2016 National Gardening Survey Report is Available**

The complete 250 page 2016 National Gardening Survey report can be purchased at <http://gardenresearch.com/national-gardening-survey-2016-edition>. The report includes detailed analysis, commentary and trends on the gardening market.