PLANT MATERIAL TRENDS AND FACTORS AFFECTING SALES AT RETAIL GARDEN OUTLETS

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This is the third in a series discussing results of a recent survey of retail garden outlets in Georgia and the implications for grower marketing plans.

Forecasting demand for plant material is always a challenge for growers. This part of the retail survey covers information that should help growers with the dilemma of "what to grow" — at least help you to get in the right "ballpark". It also covers suggestions on ways that growers can help retailers to merchandise plants.

The period of time that retailers maintain a plant sales area would influence the seasonality of sales for plant suppliers. For all firms, about 36% of the respondents maintained a year-round sales area. About 23% of all firms sell plants only during the spring season and about 41% of the respondents operated a plant sales area during the spring and fall seasons (4 - 6 months). The sales season varied dramatically among the three types of retail outlets. Most of the garden centers (74.5%) sold plants year-round (10-12 months) compared to only 16.7% of hardware stores and 7.1% of feed and seed stores.

Growers supplying plant material to garden centers would have a greater opportunity for sales through the year, compared to those supplying only feed and seed or hardware stores. Most of the feed and seed (57.1%) and hardware (59.3%) stores sold plants during the spring and fall seasons. However, a sizable percentage of feed and seed (35.7%) and hardware (24.1%) stores sold plants only during the spring season.

The top five trends that could change the type of plants purchased, for all firms, in descending order were population growth and demographics (22.8%), increased interest in perennials (14.9%), availability of new varieties (13.2%), increased interest in low maintenance plants/landscapes (10.5%), and a more upscale group of customers (9.6%). Apparently retailers anticipate increased population growth leading to increased sales and the aging baby boom generation with greater disposable income for activities such as gardening. The trends associated with increased interest in perennials and low maintenance plants/landscapes suggest that the consumer is interested in gardening but wants less troublesome and less labor intensive plants. New varieties, that address these two trends, would be one way to attract customers.

Other trends identified to be less influential in bringing about change in the type of plants purchased by retailers included interest in specialty plants (7.9%), better educated consumer (7.0%), customer needs (5.3%), smaller areas to landscape (5.3%), and competition at the retail level (3.5%). The interest in specialty plants may include container gardening, water gardening, or butterfly plants. Retail outlets suggested that their future customers are likely to be better educated and more affluent.

The importance of each of the ten identified trends as identified by the type of retail garden outlet provides greater insight into their needs. The three types of retail garden outlets generally agree on the high level of importance associated with population growth/demographics and increased interest in perennials.

The need for new varieties (25%) and increased interest in perennials (20%) were the trends most frequently identified by garden centers. This suggests that sales to garden center could be strongly influenced by the availability of new plant varieties, especially perennials. The importance placed on population growth/demographics (15%) and low maintenance landscapes (10%) trends were consistent with the projected increased interest in perennials.

The feed and seed stores placed the greatest emphasis on population growth/demographics (33.3%) followed by customer needs (20%). The feed and seed stores were the only retail group to identify customer needs as a factor influencing future demand. The feed and seed stores also relied heavily on past sales records to determine which plants they should purchase. The top trend identified by hardware stores was population growth/demographics (35.5%). Other closely rated trends were increased interest in perennials (16.1%), upscale customers (16.1%) and better educated customers (12.9%).

According to this survey, the hardware (35.5%) and the feed and seed (33.3%) stores predict that population growth/demographics would have a greater influence on future plant requirements than do garden centers (15%). Garden centers place greater emphasis on availability of new varieties (25%) than do feed and seed (6.7%) and hardware (3.2%) stores.

The retail outlets were asked to project demand over the next five years for eight categories of plants. About 71% of all respondents indicated that future demand for all categories of plants would be as high or higher than current levels. This suggests an expanding retail market for greenhouse and nursery crops within the next 5 years. Based on the percent response for "much more" and "more", the categories of plants with greatest future demand, in descending order, were perennials and ground covers (53.9%), bedding plants (49.4%), potted flowering and flowering baskets (46.4%), coniferous and broadleaf shrubs (43.7%), tropical foliage (42.3%), container trees (41.1%), ball and burlap trees (15.4%), and turf (13.3%). Between 5 to 9% of respondents expected future demand for perennials and ground covers, coniferous and broadleaf shrubs, bedding plants, and potted flowering and flowering baskets to grow more than 50% over the next five years.

The five-year forecast for plant material requirements varied with the type of retail garden outlet. Based on the respondents indicating "more" or "much more" demand, the garden centers and hardware stores expect a greater demand for plant material over the next five years than do the feed and seed stores.

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The garden centers projected strongest future demand ("more" and "much more" combined) for perennial and ground covers (75%) and bedding plants (68.2%). Three other categories of plants where over 50% of the respondents projected "more" or "much more" demand were container trees (53.5%), potted flowering and flowering baskets (53.9%), and coniferous and broadleaf shrubs (52.4%). Garden centers also projected a positive outlook for tropical foliage plants (46.4% projected "more" or "much more" demand). The two plant types, ball and burlap trees and turf, may experience decreased demand by garden center as the percent response for "less" or "much less" exceeded the response for "more" or "much more".

The feed and seed stores projected a generally positive and balanced view for future demand of potted flowering, perennials and ground covers, bedding plants, and coniferous and broadleaf shrubs. Two other plant categories with a slightly less positive outlook were container trees and tropical foliage. As with garden centers, feed and seed store responses suggested a potential decline in demand for ball and burlap trees and turf.

The hardware stores had a very positive outlook for potted flowering, bedding plants, perennials and ground covers, tropical foliage, and coniferous and broadleaf shrubs. Two other plant categories with a slightly less positive outlook were turf, and container trees. The response for the ball and burlap tree category suggested constant sales as the percent response for "less" or "much less" was about equal to "more" or "much more" with the highest expectation for "about same". Over 50% of the hardware respondents projected increased demand for the five plant categories, potted flowering, bedding plants, perennials and ground covers, tropical foliage, and coniferous and broadleaf shrubs. However, 16-19% of the respondents also indicated decreased demand for coniferous and broadleaf shrubs, container trees, and ball-and-burlap trees.

The retail garden outlets identified 10 opportunity areas for growers to assist with merchandising of plant material. For all firms, the most frequently listed opportunity for growers to assist with retail merchandising was better plant labeling, especially plant tags (22.1%). Two other highly rated opportunities were providing quality plants (13.0%) and additional cultural information (11.5%). Four other important opportunities, identified by a similar number of respondents, were increased advertising (9.9%), point-of-purchase material/displays (9.2%), competitive prices for small retailer (9.2%), better packaging and delivery (8.4%), and greater variety of plants (8.4%). Two other less frequently listed opportunities were sufficient plant availability (4.6%) and pricing on pots, especially using bar codes (3.8%). If growers could address these merchandising opportunities they may be able to increase sales volume at the retail level.

The three retail garden outlets differed in which opportunities they would like for growers to emphasize. The top five merchandising opportunities for growers identified by 10% or more of the garden centers, in descending order, were better labeling, especially plant tags (24.1%), improved quality of plants (15.5%), increased advertising assistance (13.8%), competitive prices for small retailer (12.1%), and point-of-purchase material/displays (10.3%). The primary merchandising opportunity identified by hardware stores was better labeling/plant tags (34.3%) which is a concern similar to that of garden center respondents. The other opportunities identified by at least 10% of the hardware stores, in descending order, were point-of-purchase material/display (13.8%), more cultural information (13.8%), quality of plants (10.3%), pricing on pots (10.3%), and greater variety of plants (10.3%). The two primary merchandising opportunities identified by feed and seed stores were better packaging and delivery (21.1%) and competitive prices for small retailers (21.1%). Three other merchandising opportunities, identified by at least 10% of the feed and seed stores were improved quality of plants (15.8%), increased advertising assistance (15.8%), and better labeling/tags (10.5%). The two areas of greatest agreement among the retail outlets were the need for better labeling/tags and improved quality of plants.

Retail garden outlets represent an important outlet for greenhouse and nursery crops. The information obtained in this study provides guidance for growers to formulate future product lines and to assist with the merchandising of plant material. The survey results suggest that plants sales could be increased if retailers provided better value. Better value could be obtained through a combination of steps including better plant quality, better variety of plants, improved plant labelling and perhaps better pricing.