Garden Retail Market Analysis
2014
KeyPoints Report
Background

- This report is a summary of the HTA’s 2014 report into the Garden Retail Market - full detail and data is available in that document.

- It has been prepared by the HTA to help HTA members and others to assess overall and key category trends over the last five years in the market.

- It is designed to help garden businesses understand growth and decline in different areas of the market, and to identify corresponding threats and opportunities.
Sources for the analysis

- Kantar Media’s TGI survey
  - A rolling survey of the spend and attitudes of 24,000 GB adults

- Ipsos Mori
  - The HTA commissions regular surveys with Ipsos Mori into consumers’ attitudes and behaviours towards gardening, generally with sample sizes of around 1,000 GB adults

- Future Foundation/nVision
  - The HTA subscribes to Future Foundation’s nVision service, which tracks established and emerging consumer trends

- Qualitative research
  - The HTA commissions qualitative research among consumers to get to the story behind the numbers, and to understand what’s motivating consumer behaviour and spending

- HTA Member Voice
  - The HTA runs a quarterly Member Voice survey among its members which looks at business confidence, spending priorities and business performance

- HTA Garden Retail Monitor
  - The HTA collects the retail sales data from garden centres to inform judgements about market trends
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Section One
PEST analysis of the garden retail market

This section of the report summarises what’s changing in the market and how these changes are affecting garden retail and consumer shopping behaviours in general.
Political market drivers

Much government policy focuses on driving economic recovery. Some key points to note are that government has recently moved to focus its Funding for Lending scheme on business lending as opposed to lending for home purchases. This may mean consumers find it increasingly difficult to afford a first step onto the property ladder in coming years. Recent policy announcements around the Garden Cities initiative however have the potential to create local pockets of increased demand in coming years and potentially to increase home affordability in the areas in which they’re built. The development or expansion of similar house building policy initiatives represents potential upside in the market in coming years, particularly in areas of house scarcity or unaffordability.

Loans for house purchase

Loans for house purchases in 2013 and the early part of 2014 remained subdued in historic terms in spite of a slight increase in activity compared with a year ago. Lenders are typically requiring a 20% deposit from first time buyers, increasing the difficulty which consumers in their 20s and 30s are facing in becoming home owners.

Number of approved home loans

Percentage of house price advanced by lender

Source: Bank of England

Source: Council of Mortgage Lenders
Levels of home ownership

Levels of home ownership are at historic lows, especially among consumers in their 20s and 30s. This is storing up a potential downside to market size in the long term future as consumers who own their own homes tend to spend more on their gardens than renters (see full report section 5.3 for details). For the time being the impact of this is offset by increasing numbers of older consumers owning their own homes who got onto the ladder in the 1980s and 1990s and got into the gardening habit during that time. We can see that whilst the number of younger consumers owning their own home is falling, the ‘carry through’ of the increase in ownership in the 1980s is increasing the number of older consumers who now own their own homes.

Number of GB adults who own their own homes

Source: HTA/Kantar Media 2014
Consumer confidence

In spite of the challenges to the housing market, consumer confidence increased rapidly through 2013 and the early part of 2014. This was on the back of falling unemployment and increasingly positive GDP figures and their reporting in the media. In spite of this (and somewhat puzzlingly) real pay growth has failed to keep up with inflation, making consumers on the whole poorer than they were a year ago in real terms. This presents short to medium term risks to the garden retail market that any rise in interest rates that pushes mortgage repayments and home affordability up risks squeezing disposable income and prompting more cautious consumer spending.
Housing and access to gardens

As home availability and affordability has fallen, so has access to gardens. There has been a consistent and sustained fall in the number of consumers claiming to have access to a garden. The drop is most pronounced among consumers aged under 45, and consumers in Greater London. The following chart shows the fall in the proportion of consumers by age who claim to have access to a garden since 1987.
The changing UK population

Mitigating the falling proportion of younger consumers who have a garden or who own their own home is a ‘boom’ in their numbers. This has in part been fuelled by immigration from the European Union and elsewhere. The following charts show the movement of the ‘Ground Force’ generation who, in the late 1990s largely owned their own homes and were enjoying the fruits of economic growth. By contrast the ‘Next’ generation is significantly different in terms of its economic circumstances, its wants and needs from their gardens and outdoor spaces, and even their cultural heritage.

9% of 25-35 year olds speak either Polish, Urdu, Hindi or Punjabi well enough to listen to the radio or read a newspaper in it.
Increasing internet use

Consumer use of technology across all age groups is increasing, and more consumers are able to access the internet on the go than ever before. This is increasing the potential not only for consumers to use this technology to source information, but also for customer service staff in-store to access information to provide superior customer service.

Percentage of adults by age who have access to a smart phone
Garden sizes

Consumer gardens are tending to get smaller over time, which reflects a number of factors including smaller housing developments, a greater proportion of patio gardens, developing garden areas and paving over front gardens. This potentially increases demand for gardening in compact and/or indoor spaces such as window sills and balconies. Indeed these routes may in future years represent a means for younger consumers to get into gardening. Focus group research from 2014 among 30 to 45 year olds suggested a preference in promotional materials for imagery that conveys a sense of compact, defined space relating to gardens and garden projects (see full report page 66 for examples).

Estimated size of garden area among garden owners 1998 to 2014
Weather patterns

Weather has a huge impact on the garden retail market. A detailed study of the nation’s changing climate is beyond the scope of this report, however data from the Met office shows UK springs becoming warmer over the last twenty years, but also markedly wetter. Ironically 2013’s spring was one of the coldest on record, followed by one of the warmest in 2014. Likewise the summer of 2013 was one of the driest on record after the wettest in over a century in 2012. As well as an apparent trend towards wetter and warmer summers and springs, we also seem to be seeing greater volatility from year to year in weather patterns, increasing risk in the industry and increasing the importance of being able to match product availability through the supply chain to match fluctuating levels of consumer demand.

Mean UK spring temperature (degrees celcius) 1910 to 2014 including the ten year moving average

Summer rainfall (mm) 1910 to 2013 including the ten year moving average
Section Two
Market and Category Trends 2009-2013

This section shows how different categories fared in 2013. The general trend in market value was broadly flat and in some cases slightly down compared with 2012. This makes for a second successive weak year of trading. Whereas record rainfall in April and May hit sales in 2012, in 2013 sales were hit by record temperature lows in March and April. The summer sunshine however did help address the steep decline in the value of garden leisure categories seen in recent years, albeit plant sales were again subdued.
Garden plant market size

Garden plant sales were significantly affected by the weather in 2012 and 2013. The cold early part of 2013 seems to have affected spending on bedding more than other garden plants.
Garden care market size

The garden care sector was similarly subdued in 2013 as were plants. However higher value items such as lawn mowers and powered garden tools increased slightly in value compared with 2012, perhaps reflecting the increase in consumer confidence to make major purchases, and the long hot summer of 2013 which would have meant an increased need to keep the garden tidy to enjoy during the hot weather.
The garden leisure sector reversed a long series of falls in value. The hot summer of 2013 looks to have boosted sales of garden leisure products, and indeed consumer spending data collected in the second half of 2013 for garden furniture shows increases in consumer spend in this category when compared with data collected in the same period in 2012.
Garden centre sales

We noted the extent to which exceptional weather conditions in April/May 2012 and March/April 2013 affected garden spending. This is illustrated in the following chart which looks at the month-by-month relative value of garden centres’ sales. We can see that weather extremes still tend to hit garden retail sales hard, and that garden centres are increasingly stocking non-garden ranges such as Christmas, pets, home wares and catering to mitigate this risk. Indeed December in 2012 and 2013 were almost as big in terms of sales value as April in those years.
# Channel positions

This table shows the proportion of GB adults who purchase in a category who purchase that category in a given retail channel. These figures should not be interpreted as market share figures (they don’t take into account value of spending), although they do provide a rough indication of relative share of channels in different categories.

<table>
<thead>
<tr>
<th>Category</th>
<th>DIYs</th>
<th>Garden centres</th>
<th>Supermarkets</th>
<th>Mail order online</th>
<th>Elsewhere</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seeds/bulbs</td>
<td>25%</td>
<td>54%</td>
<td>20%</td>
<td>14%</td>
<td>12%</td>
</tr>
<tr>
<td>Bedding</td>
<td>26%</td>
<td>64%</td>
<td>17%</td>
<td>8%</td>
<td>10%</td>
</tr>
<tr>
<td>Other garden plants/trees</td>
<td>20%</td>
<td>65%</td>
<td>11%</td>
<td>10%</td>
<td>9%</td>
</tr>
<tr>
<td>Garden plants</td>
<td>30%</td>
<td>65%</td>
<td>24%</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>Ferts/weed killer</td>
<td>35%</td>
<td>42%</td>
<td>20%</td>
<td>2%</td>
<td>11%</td>
</tr>
<tr>
<td>Compost</td>
<td>33%</td>
<td>49%</td>
<td>16%</td>
<td>1%</td>
<td>10%</td>
</tr>
<tr>
<td>Lawn mowers</td>
<td>51%</td>
<td>7%</td>
<td>9%</td>
<td>12%</td>
<td>21%</td>
</tr>
<tr>
<td>Powered garden equipment</td>
<td>51%</td>
<td>11%</td>
<td>8%</td>
<td>16%</td>
<td>19%</td>
</tr>
<tr>
<td>Non-powered garden equipment</td>
<td>44%</td>
<td>28%</td>
<td>12%</td>
<td>9%</td>
<td>17%</td>
</tr>
<tr>
<td>Garden care</td>
<td>45%</td>
<td>46%</td>
<td>23%</td>
<td>6%</td>
<td>18%</td>
</tr>
<tr>
<td>Garden Furniture</td>
<td>34%</td>
<td>19%</td>
<td>15%</td>
<td>14%</td>
<td>20%</td>
</tr>
<tr>
<td>BBQ</td>
<td>37%</td>
<td>10%</td>
<td>29%</td>
<td>9%</td>
<td>16%</td>
</tr>
<tr>
<td>Garden Leisure</td>
<td>37%</td>
<td>16%</td>
<td>25%</td>
<td>13%</td>
<td>20%</td>
</tr>
<tr>
<td>Any garden products</td>
<td>47%</td>
<td>61%</td>
<td>33%</td>
<td>18%</td>
<td>24%</td>
</tr>
</tbody>
</table>

When interpreting the percentages in this table, look at the numbers in the channel relative to those in other columns. The row totals will not add up to 100% as consumers can purchase product over multiple channels (e.g. they could purchase seeds in a DIY store and a garden centre). For instance the table shows (top leftmost cell) that in 2013 25% of consumers who purchased seeds/bulbs purchased at least some seeds/bulbs in the DIY channel. It also shows (bottom left cell) that 47% of people who purchased something for their garden, bought at least some of it in a DIY store.
Channel positions

In terms of positions among different demographics, garden centres tend to dominate in terms of older and more affluence consumers, whereas the DIY channel has a stronger position among younger consumers. We also see that supermarkets and other non-specialist channels have relatively high ‘shares’ of less affluent and younger consumers, suggesting that these consumers make fewer major/planned garden purchases and that opportunity and impulse purchases are a particularly important component of their garden spending.

Percentage of garden product purchasers (by age and socio-economic group) who purchased garden products (including plants) in garden centres, DIY stores, supermarkets or via mail order/online
Under 45s’ perceptions of garden retail channels

A slightly more nuanced position emerges when the views of garden owners aged under 45 are examined. Although under 45s still rate garden centres more positively in terms of their plant and store experience credentials, these consumers are less inclined than older consumers to rate garden centres positively on most statements. More are likely to go to DIY stores than to garden centres for non-plant products, and DIY stores are rated as better value for money. Key perceived strengths for garden centres among younger consumers appears to be their garden plant credentials, product quality and store experience.
In Summary . . .

2013 was a second poor year of sales in succession for the garden retail industry. However the long term prospects for the garden retail market remain strong as a large proportion of consumers aged 45 and over own their own homes, have gardens, enjoy gardening and have established gardening and garden shopping habits. These factors can be expected to buoy the market in the coming years as these consumers increasingly demand products and services to minimise the physical demands of gardening as they age in the coming years.

On the other hand consumers now in their 20s and 30s face different challenges compared with a generation ago, and these have the potential to negatively affect demand and market value in the coming 10 to 20 years, or at least drive new consumer needs relating to their gardens. Fewer under 35s than in the past have gardens, and the gardens they do have tend to be smaller. Increasing levels of home renting is also limiting willingness to spend on the garden, on high value products or improvements that cannot be taken with the purchaser to another home.

Specialist garden centres tend to dominate the garden retail market both in terms of share of garden product purchasers, and in consumer perceptions as being the ‘go to’ place for garden products (including and especially plants). However DIY stores, supermarkets and online/distance retailers now account for a significant proportion of the market, especially in leisure items and especially among consumers in their 20s and 30s.

Likewise garden centres have relatively low ‘shares’ in higher value categories such as lawn mowers and powered garden tools which can be purchased at lower prices either online or in other channels.
Notice and disclaimer

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