A Profile of Consumers' Floral Buying Habits at Garden Centers

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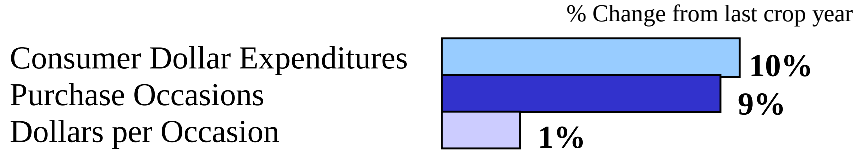
Setting the stage:

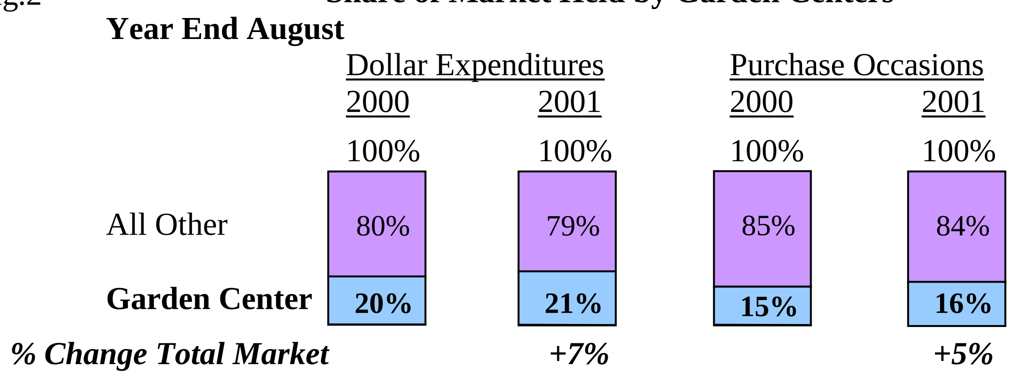
This past crop year (Sept '00 – Aug.'01) was a relatively good year for the group of outlets classed as Garden Centers. Consumers spent 10% more on floral product purchases at these places than they did in the year prior. That lift in spending was supported by an increase in the number of purchase occasions made – not from customers paying more for their purchases (fig.1).

Fig.1 **Garden Centers – Floral Product Purchases**



These gains were stronger than those noted for the entire floral industry and as a result, the share of consumer spending for floral products accounted for by Garden Centers moved from 20 to 21% and their share increased from 15% to 16% of all floral purchase occasions. Expressed another way, Garden Centers command one in every five dollars spent on floral products and one in every six floral purchase occasions (fig.2).

Fig.2 **Share of Market Held by Garden Centers**



Purchase Characteristics:

The dollar return to the retailer on each floral product purchase occasion made at Garden Centers ranks as the third largest among the major channels of distribution (fig.3):

Fig.3 **Dollars Spent per Occasion**
Sept.'00-Aug.'01

When making a floral purchase at a Garden Center, customers tend to buy two different products on each store trip – as they do at Home Centers. This is unlike the pattern at Florist Shops and Supermarkets, where the customer is more likely to buy just one type of product at a time (fig.4):

Fig. 4

	Transactions per Occasion Sept.'00-Aug.'01
Garden Centers	**1.9**
Home Centers	1.9
Discount Chains	1.7
Supermarkets	1.2
Florist Shops	1.2
Internet Retailers	1.2

Product Mix:
Garden Centers (as their name reveals) primarily sell outdoor bedding plants. Their floral business is more dependent on this product segment than is the case in any of the other outlet types. Nearly eight of every ten floral transactions in Garden Centers are for bedding plants. Further, it was increased buying of bedding plants at Garden Centers that supported their stronger position in the market this crop year (fig.5).

Fig. 5

	Garden Centers			
	% Total Dollars		**% Total Transactions**	
Year End August	**2000**	**2001**	**2000**	**2001**
Outdoor/Bedding Plants	75% →	79%	76% →	79%
House Plants	10	8	11	10
Foliage Plants	10	8	9	8
Fresh Cut Flowers	3	3	3	2
Artificial/Dried	2	2	1	1
Total	100%	100%	100%	100%

As a result, the share accounted for by Garden Centers of all bedding plant purchases made this year increased two points. Discount Chains also fared well with bedding plants this year. Share points were gained by Garden Centers and Discount Chains as Supermarkets, Home Centers and the group of Other Specified Outlets lost standing in the bedding plant market (fig. 6).

Fig. 6

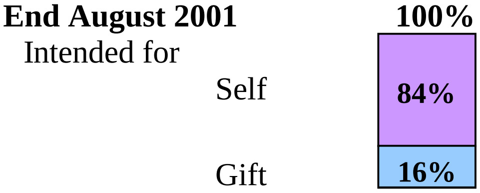
	Share of Outdoor/Bedding Plant Transactions	
Year End August	**2000**	**2001**
Garden Centers	**34%** →	**36%**
Home Centers	21	20
Discount Chains	17 →	19
Supermarkets	8	7
Other Specified Outlets	14	12
All Remaining	6	6
Total	100%	100%

Customer Purchase Behavior:
Consistent with the product segment being purchased at Garden Centers (bedding plants), customers report that the large majority of their transactions at these outlets are intended for themselves. Gift intended purchasing accounts for only one in every six Garden Center transactions. Viewed against the opportunity offered by Self and Gift buying, Garden Centers account for 25% of all floral purchases for Self but only 10% of those intended as Gifts (fig. 7).

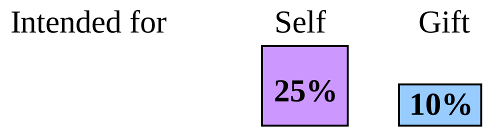
Fig. 7

% Garden Center Transactions

Year End August 2001



Garden Centers' Share of All Floral Transactions

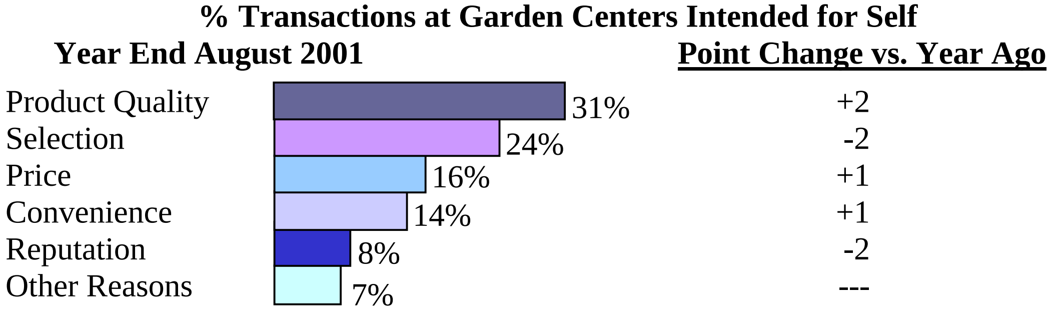


The primary reasons given by customers for making their floral purchase at a Garden Center are the quality of the products and selection. Compared to last crop year, product quality, convenience and price prompted more of the purchases while selection slipped as a reason for choosing a Garden Center (fig. 8).

Reasons for Selecting Garden Centers for Floral Purchase

Fig. 8

% Transactions at Garden Centers Intended for Self

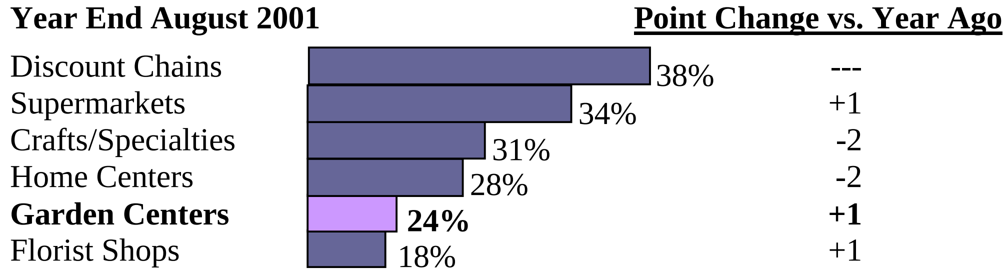


Note. Although a much smaller market, the same pattern was seen for those purchases made at Garden Centers and intended for Gifts.

Purchases made at Garden Centers are not as likely to be made on impulse as are floral purchases made at other types of outlets (fig. 9). A high three of every four transactions are planned ahead of time. Still, buying on impulse did contribute to the lift in buying at Garden Centers this past year – as it did for Supermarkets. Perhaps attention to display areas or emphasis on suggestive selling assisted this trend.

Fig. 9

% Transactions Not Planned (bought on Impulse)



Who is it that is attracted to Garden Centers?

Over half of all floral transactions made at Garden Centers are made by customers who are 50 years old or older. This age skew is somewhat older than noted at other types of outlets. It is influenced in part by the dependence on bedding plant buying. The age of customers buying potted plants at Garden Centers, for example, tends to be younger than the bedding plant buyer (fig. 10).

Fig. 10

% Transaction at Garden Centers

Year End August 2001

Age of Buyer	Bedding Plants	Flowering Plants	Foliage Plants
<35 yrs	7	**21**	**18**
35-49 yrs.	35	26	31
50-64 yrs.	**33**	28	30
65 yrs. +	25	25	21
Total	100%	100%	100%

However, it’s also true that Home Centers and Discount Chains reach a somewhat younger bedding plant buyer than Garden Centers (fig. 11). Differences could stem from their lower pricing and the age (younger) of the customer in those outlets buying other products.

Fig. 11

% Outdoor Bedding Plant Transactions

Year End August 2001

Age of Buyer	**Garden Centers**	Home Centers	Discount Chains
<35 yrs.	7	**17**	**14**
35-49 yrs.	35	33	36
50-64 yrs.	33	32	30
65 yrs. +	**25**	18	20
Total	100%	100%	100%

Garden Centers reach a somewhat more affluent customer than does the floral market overall (fig.12). This is again reflective of the bedding plant buyer. Note. Although not shown here, buyers of flowering plants and artificial flowers at Garden Centers are less affluent than bedding plant buyers.

Fig. 12

Year End August 2001

Household Income	All Floral Product Customers % Transactions	All Floral Product Customers Index/HH Pop.	Garden Center Customers % Transactions	Garden Center Customers Index/HH Pop.
<30K	28%	68	23%	57
$30-49K	23	95	20	82
$50-74K	21	124	**24**	**144**
$75K+	28	158	33	**184**
	100%		100%	

Seasonal / Regional influences:
While Garden Centers capture over one third of the consumer outdoor/bedding plant business, their share of this market varies over the course of the year. The share standing is highest in the spring and summer and is lowest in the winter quarter. Home Improvement Centers/Hardware Stores have the opposite pattern to their share of market. They capture their highest share of bedding plant transactions when Garden Centers' is lowest – in the winter quarter (fig. 13).

Fig. 13

Share of Outdoor / Bedding Plant Transactions

Year End August 2001

	Fall	Winter	Spring	Summer
Garden Centers	31%	**18%**	37%	38%
Home Centers	28	**35**	19	21
Discount Chains	15	16	19	18
All Others	26	31	25	23
Total	100%	100%	100%	100%

Clearly, this reflects the difference in unit location of these two outlet types. Garden Centers are most developed (transactions per available household) in the Northeast and East North Central regions of the US -- where winters and some store closures remove the opportunity for bedding plant buying. Unit location of Home Centers is concentrated in the Pacific and South Atlantic regions of the US -- where temperatures allow for planting year around (fig. 14).

Fig. 14

Development Index
(Distribution Transactions Indexed to Household Population*)

	Garden Centers	Home Centers	Discount Chains
New England	**143**	81	43
Mid Atlantic	**123**	62	47
East North Central	**132**	66	**136**
West North Central	114	76	151
South Atlantic	84	**138**	108
East South Central	108	71	119
West South Central	64	119	**130**
Mountain	75	97	100
Pacific	74	**145**	67

With which other retailers, then, do Garden Centers compete?
Garden Center customers satisfy 61% of their bedding plant needs at Garden Centers (fig. 15). When there is additional product to be purchased, they will purchase it at Home Centers and Discount Chains. When they aren't buying their flowering plants at Garden Centers, they choose to purchase them at a Supermarket. The preference for Supermarkets as an alternative is also seen in their fresh cut flower buying. Supermarkets satisfy over 40% of Garden Center customers' fresh cut flower needs, Florist Shops satisfy a lower 30%. When it comes to buying foliage plants, Garden Centers obtain 43% of their customers' transactions – they use a variety of places to meet the balance of their needs (Home Centers, Discount Chains, and Supermarkets).

Fig. 15 **Garden Center Customers' Purchase Transactions – Year End August 2001**
Share of Purchases Given to Garden Centers and Where Else They Buy

	Bedding Plants	Flowering Plants	Foliage Plants	Fresh Cut Flowers
Garden Centers	**61%**	**37%**	**43%**	**6%**
Supermarkets	4	24	10	44
Home Centers	12	9	17	1
Discount Chains	11	12	12	3
Florist Shops	1	7	6	30
All Others	11	11	12	16
Total	100%	100%	100%	100%

In Summary
Garden Centers as a group have fared relatively well in this latest crop year.
Garden Centers, through their outdoor/bedding plant offerings, reach households with higher incomes, who choose to make their purchase at a Garden Center because of the product quality and selection. Their weak share in the winter quarter seems not a switch to shopping in Home Centers for bedding plants but rather a matter of difference in location of the stores.

Garden Centers may wish to monitor the product offerings and price point of flowering plants sold in Supermarkets in particular as they are a clear competitor for this product -- and monitor the unit development of Home Centers in their area (as a potential competitor for bedding plants).

About the Study

Ipsos-NPD has been tracking and providing the floriculture industry with data on consumer purchasing of flowers and plants since 1992. Reports are compiled from information reported by a panel of 9,000 nationally representative households who maintain daily purchase diaries for Ipsos-NPD.

For more information about the Consumer Tracking Study (collected for the American Floral Endowment), contact Barrie Rappaport at 847-692-1764 or barrie_rappaport@ipsos-npd.com or Steve Martinez at 618-692-0045 or afe@endowment.org.

About the American Floral Endowment

The American Floral Endowment (AFE) is the leading not-for-profit, non-governmental source for floriculture/environmental horticulture research and development funding in the United States.

AFE funds research and educational development in floriculture and environmental horticulture designed to produce solutions to industry needs and promote the growth and improvement of the floral industry for the benefit of the grower, wholesale, retail, allied segments and the general public. For more information about AFE, visit www.endowment.org.

About Ipsos-NPD

Paris-based Ipsos is one of the world's leading market research organizations providing clients with advertising, marketing, media, customer satisfaction, opinion and social research. Founded in 1975, Ipsos now ranks tenth worldwide, with operations in twenty-four countries in Europe, North and Latin America, Middle East, Asia and Australia. Ipsos-NPD provides marketers in a wide range of industries with research tools to successfully introduce new products and services plus creates growth among existing brands and services.

***Census Division Classifications:**

New England - Includes Maine, New Hampshire, Vermont, Massachusetts, Rhode Island and Connecticut
Middle Atlantic - Includes New York, New Jersey and Pennsylvania
East North Central - Includes Ohio, Indiana, Illinois, Michigan and Wisconsin
West North Central - Includes Minnesota, Iowa, Missouri, Nebraska, Kansas, North Dakota and South Dakota
South Atlantic - Includes Maryland, Delaware, District of Columbia, Virginia, West Virginia, North Carolina, South Carolina, Florida and Georgia
East South Central - Includes Kentucky, Tennessee, Alabama and Mississippi
West South Central - Includes Arkansas, Louisiana, Oklahoma and Texas
Mountain - Includes Montana, Wyoming, Colorado, Idaho, New Mexico, Nevada, Arizona and Utah
Pacific - Includes Washington, Oregon and California (Hawaii and Alaska are not included)