2021 STATE OF THE INDUSTRY REPORT



PIVOT TO PROFIT A CONSTANTLY CHANGING MARKET AND BOOM IN DEMAND ARE BRINGING NEW CHALLENGES AND OPPORTUNITIES TO AN INDUSTRY ON AN UPWARD TRAJECTORY.



operators and managers in the U.S. and Canada about their IGCs, their

markets and trends in their areas. The following statistics were gathered via an online survey in October.

Editor's note: Not all percentages will add up to 100% due to rounding and non-responses. Not all answer options are listed here.

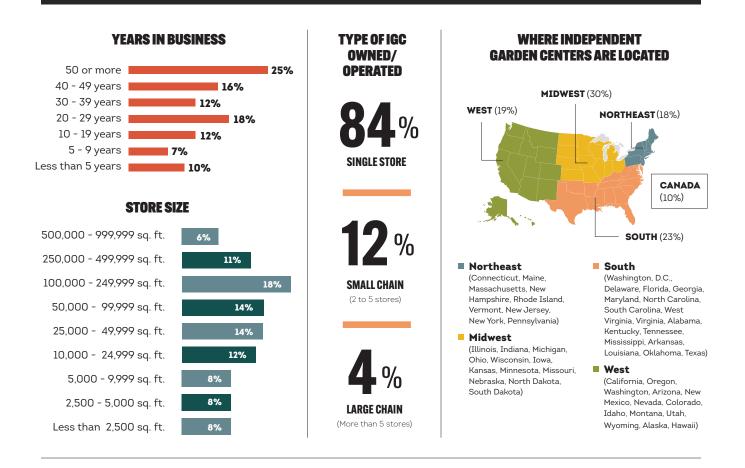
he estimated 18 million new gardeners who flooded the market last year continued to hit garden centers this spring, driving spring 2021 sales over spring 2020 sales for nearly three-quarters of IGCs that participated in this year's State of the Industry survey. Despite the challenges of staffing, supply chain issues and the always unreliable spring weather, 95% of garden centers are expecting to turn a profit this year. The increasing customer base was the biggest positive factor for garden centers over the past year, followed by the economy but staffing, as always, was the biggest challenge, followed by availability of product.

Garden centers are not only dealing with product shortage, but increased shipping costs for the materials they are able to get. In fact, only 7% of IGCs indicated that they are not impacted by rising shipping costs and only 11% said they are not experiencing plant or product shortages. Plant shortages and shipping issues are likely bumping up the number of grower-retailers, which has been steadily rising over the past five years but jumped by 10 percentage points this year alone.

Read on to see how fellow garden center owners and operators are managing the challenges and opportunities of a constantly changing market. And be sure to visit gardencentermag.com/magazine for more survey results. — Kate Spirgen



ABOUT THE GARDEN CENTERS



OTHER DIVISIONS IGCs OPERATE

Indoor houseplants/Tropicals	64%
Growing operations	39%
Custom container creation	37%
Landscape design	37%
Landscape installation/maintenance	37%
Wild bird/birding products	33%
Outdoor living	30%
Water gardening	23%
Apparel and/or accessories	20%

Wholesale supply	20%
Florist	19%
Farmers market	15%
Pet division	11%
Café	10%
Landscape equipment	8%
Grocery store	4%
Hardware store	4%
Other	7% —

MOST PROFITABLE DIVISIONS

Retail garden center	
Landscape installation/maintenance	
Growing operations	
Farmers market	
Landscape design	
Café	
Wholesale supply	
Florist	
Other*	





SALES, PROFITS AND PRICES

2020 WAS FAR FROM BUSINESS AS USUAL, but thanks to quick adaptations, the garden center industry was just as robust last year as it was pre-COVID. For the most part, sales volumes in 2020 looked very similar to 2019 levels. This year, projected net profits returned to 2019 levels as garden centers got a better handle on how COVID would affect the industry. Those expecting profits of 10% or higher dropped more than 10 percentage points, but those expecting profits overall this year were about the same as last year. Increased demand and supply chain issues led

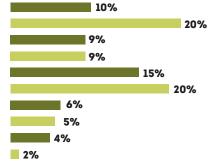
more IGCs to raise plant prices this year, with 90% bumping up their price tags versus threequarters last year.

Despite the fact that spring sales skyrocketed last year, three-quarters of IGCs reported an increase in spring sales again this year. However, the increase looks a little smaller this year. Only 45% of garden centers saw a spring sale increase of 15% or more, versus 68% last year. But considering the unique situation consumers were in last year, and how much sales increased over 2019, those numbers are impressive.



2020 SALES VOLUME

Less than \$100,000 \$100,000-\$499,999 \$500,000-\$749,999 \$750,000-\$999,999 \$1 - \$1.9 million \$2 - \$4 million \$5 million - \$9.9 million \$10 - \$19.9 million \$20 - \$49.9 million \$50 million or more **2%**



SPRING SALES COMPARISONS

2020 TO 2021

	75%
30% or more	
15 - 29%	
11 - 14%	7%
5 - 10%	15%
1 - 4%	8%
STAYED ABOUT	
STAYED ABOUT	11%
• • • • • • • • • • • •	
THE SAME	
THE SAME	
THE SAME O DECREASED 1 - 4%	

2019 TO 2020

	87%
More than 15%	68%
11 - 14%	7%
5 - 10%	9%
1 - 4%	

C STAYED ABOUT	
1 - 4%	
5 - 10%	
11 - 14%	1%
More than 15%	6%

PROJECTED 2021 NET PROFIT



PROFIT	LOSS
15% or more 22%	Less than 3% 2%
10 - 14% 33%	3% or more 1%
5 - 9% 25%	
3 - 4% 9%	
Less than 3% 6%	

PROJECTED 2020 NET PROFIT



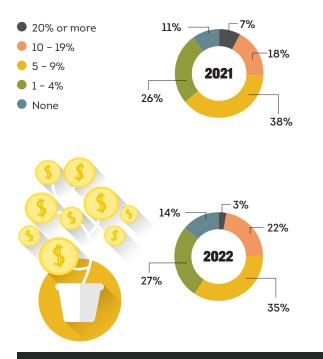
PROFIT	
15% or more	. 37%
10 - 14%	. 31%
5 - 9%	. 18%
3 - 4%	. 6%
Less than 3%	. 1%

L055	
Less tha	an 3% 1%
3% or m	nore 4%

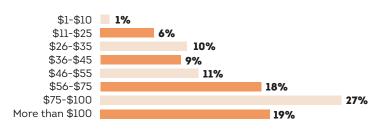
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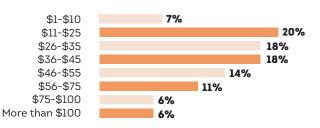
How much did your garden center raise its plant prices in 2021 and how much are you planning to raise prices next year?



What is your average sale/average ticket for the retail division during your *strongest* month?

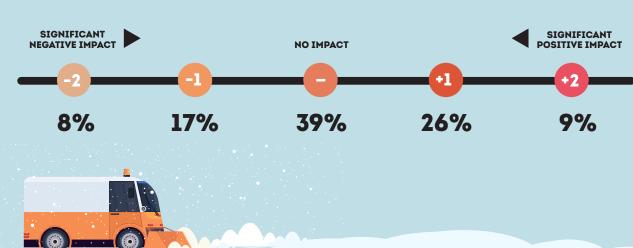


What is your average ticket/sale for the retail division during your *weakest* month?



THE WEATHER

THE WEATHER HAS ALWAYS been a make it or break it factor for the majority of the time we've been conducting this survey. In the past, the vast majority of IGCs have indicated that weather had the biggest impact on their business out of factors like the economy, competition, staffing and marketing. But that's not the case anymore. For the past two years, weather hasn't had as much impact on business as factors like an increasing customer base and staffing challenges are more front of mind.





SUCCESSES AND CHALLENGES

What factor do you think is positively impacting your garden center's 2021 sales the most?

Increasing customer base	Technology advances2% None
Economy 169	
Quality of plant product119	
Advertising/ marketing10	%
COVID-197%	
Staff7%	·
Weather4%	, , ,
Improvements to online sales	
Low operation costs 2%	

What is your garden center's greatest challenge?

Staffing	
Availability of product	
High labor costs	
Supply chain delays	
Advertising/marketing	
COVID-19 protocols	
Competition	
High shipping costs	
Weather	
Decreasing customer base	
Keeping up with technology advances	
Quality of plant product	
Economy	
High operation costs	
None	
Other*	
*Other responses include: limited space, parking and opening a new s	

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SALES

HOUSEPLANTS, TROPICALS AND SUCCULENTS were a big growth area for IGCs this year, topping the chart for the first time in this survey's history. Annuals was in the top three, as usual, followed by trees and shrubs, which typically makes the top three.

Which one area saw the biggest *increase* in sales at your garden center this spring compared with spring 2020?

- HOUSEPLANTS/TROPICALS/ SUCCULENTS: 22%
- 🔍 ANNUALS: 18%
- TREES/SHRUBS: 14%
- VEGETABLES AND HERBS: 10%
- PERENNIALS: 8%
- Home Décor/Gift items: 4%
- FURNITURE: 4%
- POTTERY/CONTAINERS: 3%
- HARD GOODS (GROWING MEDIA, MULCH, FERTILIZER, TOOLS, ETC.): 2%
- FOUNTAINS AND STATUARY: 2%
- BIRDING/NATURE PRODUCTS: 1%
- 😑 WATER GARDENING: 1%
- 😑 NONE: 6%
- 😑 OTHER: 2%

Which one area saw the biggest *decrease* in sales at your garden center this spring compared with spring 2020?

- **NONE: 28%**
- VEGETABLES AND HERBS: 9%
- FAIRY/MINIATURE GARDENING ITEMS: 9%
- 🔿 ANNUALS: 9%
- FURNITURE: 6%
- TREES/SHRUBS: 6%
- HARD GOODS (GROWING MEDIA, MULCH, FERTILIZER, TOOLS, ETC.): 5%
- HOME DÉCOR/GIFT ITEMS: 5%
- FOUNTAINS AND STATUARY: 4%
- INDOOR HOUSEPLANTS/TROPICALS/ Succulents: 4%
- PERENNIALS: 4%
- ♥ APPAREL/ACCESSORIES: 3%
- POTTERY/CONTAINERS: 3%
- 😑 WATER GARDENING: 3%
- BIRDING/NATURE PRODUCTS: 2%

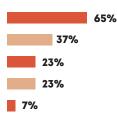


SUPPLY CHAIN

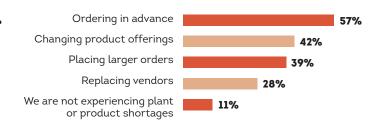
SHIPPING COSTS HAVE BEEN increasing quickly since autumn of 2020 and experts don't expect them to come back down until 2022 or 2023. A shortage of truck drivers, huge increases in shipping container costs, port delays and gas prices have all contributed to increased costs and shipping delays. This year, we delved into how IGCs are dealing with the new challenges of COVID's effects on the supply chain.

How are you managing increased shipping costs? Please select all that apply.

Increasing cost to customers Purchasing more product in fewer shipments Changing vendors Carrying alternatives We are not impacted by increased shipping costs



How are you handling plant and product shortages? Please select all that apply.



WORKING CAPITAL

THANKS TO INCREASED sales and booming profits, garden centers are seeing more working capital in recent years. More than half are planning to invest in their businesses in some way, and nearly half are planning to improve retail space or reward their hard-working staff. And thanks in part to increasing demand for online shops, a full quarter are planning to improve their online infrastructure.

Have you seen an increase in working capital in the last two years?



in your IGC in the next year?



How are you managing your working capital?

Please select all that apply.

Improving retail space Increasing pay, bonuses or incentives Saving it Improving growing operations Investing in online infrastructure Expanding retail space Expanding growing operations	44% 30% 28% 25% 23%
Expanding growing operations Hiring more staff Other*	19% 18%

*Other responses include: stockpiling inventory, purchasing new equipment, reducing debt and saving it due to plans to sell the business



GROWER-RETAILERS

FACING INCREASED DEMAND, supply chain issues and plant shortages, many IGCs have increased their own growing capabilities over the past year. Not only did grower-retailers want control over their supply, they wanted control over the quality of their plants. The number of garden centers growing their own material grew nearly 10 percentage points over last year, and readers are also reporting increased diversity and volume of plant material in their greenhouses and nurseries as well.

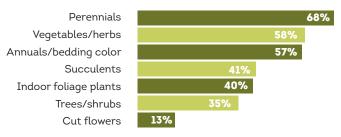
It's also important to note that the number of grower-retailers is steadily increasing. For six years, the number was a steady 62% on average, and before that, only half of our readers reported growing any of their own plant material.

Do you grow your own plant material?

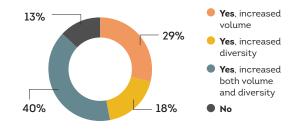


Every single plant category saw an increase from 2020 to 2021, which we've never seen before. In particular, perennials saw a huge jump of nearly 20 percentage points. Succulents and indoor foliage plants are also increasing in popularity, jumping up more than 10 percentage points over last year. Edible plants saw a similar jump as increasing consumer demand drove more IGCs to grow their own. And growers aren't just diversifying; they're growing more quantity. In fact, only about a tenth of growers reported growing the same amount of material they grew last year.

What garden centers are growing:



Have you increased the amount of plant material you grow in the past two years?





THE LASTING IMPACTS OF COVID-19

Which of the following have you implemented at your IGC in the last 18 months? Please select all that apply.





CURBSIDE PICKUP 56%

ONLINE SHOPPING 45%



PHONE ORDERING 37%



ORDER DELIVERY

27%



ONLINE CLASSES/ WORKSHOPS 16%

None of the above: 22%

Which of the following have you implemented at your IGC since the COVID-19 outbreak?

Please select all that apply.

Curbside pickup	78%
Phone ordering	62%
Online shopping	45%
Order delivery	42%
Online classes/ workshops	8%
None	13%
Other*	5%

*Other responses include: increased online advertising, appointments, takehome class kits and social distancing

Which of the following has been the most successful at your IGC in the last 18 months?

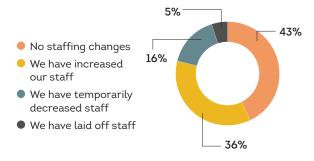
Online shopping	25%
Curbside pickup	. 17%
Phone ordering	.9%
Order delivery	.9%
Online classes/ workshops	.5%
None of the above	.34%



What steps/changes are you taking to ensure worker health and safety? Please select all that apply.

Extra cleaning	58%
Encouraging outdoor shopping	48%
Requiring staff and/or customers to wear masks4	47%
Installing plastic shields	44%
Limiting capacity	29%
Expanding aisle size	21%
Implementing one-way aisles	19%
None of the above	5%

How has staffing changed since the coronavirus outbreak?



What are you doing to retain the new gardeners your IGC has seen in the past 18 months?

Improving social media presence	71%
Implementing more informational signage	45%
Offering improved or additional plant care instructions	43%
Stocking more easy-care plants	38%
Offering beginner gardener education such as classes or webinars	25%
None of the above	. 6%
Other*	. 5%

*Other responses include: offering online pre-shopping, initiating a customer appreciation program, improving email lists, improving staff listening skills, creating more interactive areas, putting in information booths and increasing product diversity $\$

STAFFING

THE HIRING MARKET IS TOUGH, with an increase in garden centers reporting that hiring is "very difficult" this year.

Minimum wages are increasing drastically, as companies strugggle to find workers during the pandemic. Last year, only 15% of independent garden centers were paying \$15 an hour or more, while this year, more than a quarter are offering a starting wage that high. The impact of increasing minimum wages is also a bigger factor in why garden centers are having trouble hiring, rising a full 10 percentage points this year over last.

However, the lack of available or qualified employees continues to be the biggest hindrance in hiring, as it has been since we started asking this question.

What is your minimum/ starting wage for hourly employees?

\$7-8:	
\$9-11:	27%
\$12-14:	
\$15-18:	
\$19 or more:	

Of these employees, how many are seasonal?

More than 75:	. 7%
50-75:	.5%
30-49:	.7%
10-29:	.28%
5-9:	.23%
1-4:	. 18%
None:	. 12%

How many total employees does your business currently have, including all locations and yourself, both seasonal and year-round?

More than 75:	15%
50-75:	12%
30-49:	10%
10-29:	34%
5-9:	19%
1-4:	10%

Of these employees, how many are employed yearround?

More than 75:	10%
50-75:	5%
30-49:	9%
10-29:	28%
5-9:	17%
1-4:	26%
None:	6%

What, if anything, has caused your garden center to limit new hires in the last 12 months?

Insufficient available qualified employees in the market 549	%
No need for additional employees	%
Effects of COVID-19	%
Increased minimum wages	%
Financial limitations11	%
Health care costs	%
Other	%

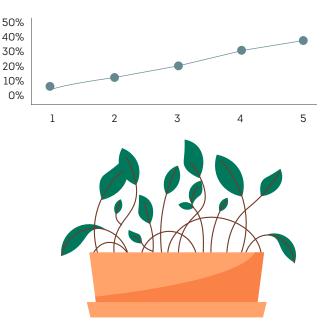


How have your garden center's 2021 hourly rates and annual salaries changed compared with 2020?



Overall, how difficult is it for your garden center to find high-quality hires for its available positions?

1 being not at all difficult, 5 being very difficult.





MARKETING METHODS

What methods were used to market your garden center in the past 12 months? Please select all that apply.

SOCIAL MEDIA OUTLETS: 84%
WEBSITE: 78%
EMAIL: 58%
ONLINE/DIGITAL Advertising: 48%
NEWSPAPER ADS: 36%
RADIO ADS: 32%
CLASSES: 27%
HOSTING EVENTS: 27%

BILLBOARD ADS/ ROAD SIGNS: 22% TV ADS: 18% REFERRAL PROGRAM: 9% NONE: 1% OTHER*: 2% Other answers include: news segments, a local monthly magazine, Pandora and weekly radio show

DIRECT MAIL: 20%

What social media networks does your garden center use? Please select all that apply.

FACEBOOK: 96%

INSTAGRAM: 74%

YOUTUBE: 30%

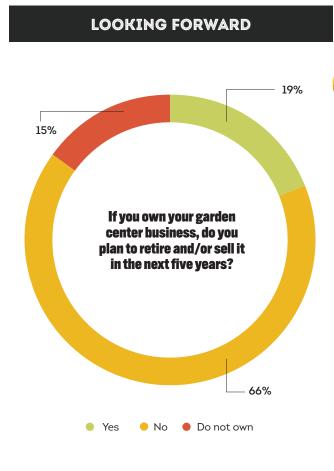
TWITTER: 22%

LINKEDIN: 14%

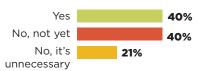
PINTEREST: 14%

TIKTOK: 11%

SNAPCHAT: 3%



Do you have a succession plan in place?



How has your customer demographic changed over the past 18 months?

Increase in millennials	65%
Increase in Generation Z	44%
Increase in Generation X	33%
Increase in Baby Boomers	
Increase in men	
Increase in women	
No change	