



Know-how for Horticulture™

Development of a garden market monitor

Martin Kneebone
RETAILworks Pty Ltd

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Published and distributed by:
Horticultural Australia Ltd
Level 1
50 Carrington Street
Sydney NSW 2000
Telephone: (02) 8295 2300
Fax: (02) 8295 2399
E-Mail: horticulture@horticulture.com.au

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Nursery & Garden Industry
Australia

The Australian Garden Market Monitor

NY 01013 Final Report

July 2003

Nursery & Garden Industry Australia and Horticulture Australia Ltd have facilitated this Market Monitor project. It is funded by the Nursery & Garden Industry Levy with matching support from the Federal Government.



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1.0 Media Summary

This project commenced in 1998 with a review of garden and nursery industry statistics and has progressed to now create and distribute reports for the 6-month periods of autumn and spring. The six monthly reports are referred to as Garden Market Monitors.

This project works by pooling data and processing it into outputs that profile market performance, trends and the implications for those operating in the Australian Garden Market.

Data is obtained from all sectors of the industry and is provided on a regular basis or obtained through interviews. Data is also obtained from conventional sources like ABS Statistics and from other Garden Industry consumer studies. The identity of organisations or individuals that provide data or data related to one individual organisation, is treated as strictly confidential. The reports only ever publish market totals.

An industry structure of distribution channels and products categories has been defined as part of the project. The reports follow this format and focus on channel and category totals. The outputs produced in this project are focussed on guiding better commercial decisions.

Factors that effect the total market are identified and tracked. The latest report tracks design trends, media, dwelling statistics, weekend weather and water restrictions.

The offer to become involved in the "Garden Market Monitor" project is open to all Garden Industry participants. Involvement means regularly providing data in return for which priority summary reports are made available. For further detail on participation contact info@retailworks.com.au or PH RETAILworks on 03 9852 8733.

Copies of current and historical reports can be obtained from libby.abraham@horticulture.com.au



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2.0 Overview

This project commenced in 1998 with a review of garden and nursery industry statistics. This review identified the need for accurate market information in a form that Industry participants can use. This need was met with the first version of the Australian Garden Market Monitor (AGMM) for the year ending 30 June 2000. Since that time further AGMM reports have been produced for the years ending 30 June 2001 and 30 June 2002. The monitor for year 30 June 2002 was divided into spring ending and autumn ending six-month periods ending 31st December and 30th June. This practice will continue with all future versions.

3.0 Methodology

The product values in this report are the value of product or service paid by the end user in the distribution chain. The process steps to develop and deliver the ongoing and outputs are as follows.

Steps	Outputs
1. Define the categories of product in the garden market and formulate a category structure so that conventional sources of information can be accommodated and commercially valid outcomes created.	<ul style="list-style-type: none"> Product Category Structure. See section 5.0
2. Define the distribution channels in the garden market that are used to get the identified categories of product to end-users.	<ul style="list-style-type: none"> Distribution Channel Structure. See section 5.0
3. Identify and capture the conventional sources of market information. (Includes ABS HES outputs, Retail Statistics, Industry Publications, Company Annual reports, Press Releases, Import Statistics, Consumption drivers (i.e. weather patterns), Distributor growth plans, Competitor Industry Impacts)	<ul style="list-style-type: none"> Data inputs.
4. Compile and distribute an information-sharing package to put to industry participants to stimulate the ongoing sharing of trading data. Including a facility to protect the confidentiality of individual data.	<ul style="list-style-type: none"> Trading data inputs on an ongoing basis.
5. Identify the market specific sources of trading information and distribution channel structure changes. (Includes the sales mix of products by distributor, number of distributors who have closed/opened, trading performance of each distributor)	<ul style="list-style-type: none"> Data inputs on product category growth and distribution channel changes. Commercial sensibility checks.
6. Build and populate databases and computer models to consolidate inputs into a grid that reconciles categories of product with distribution channels and adds to one market size total.	<ul style="list-style-type: none"> Data consolidation & analysis.
7. Create and publish results on for annual and the 6 month periods ending 30 th June (Autumn) and 31 st December (Spring)	<ul style="list-style-type: none"> Market Monitor on market shares and category growth.



4.0 Data Inputs, Management & Involvement

The data obtained from conventional sources includes;

- Trade press archives
- Public Company Annual reports
- ABS Statistics: CPI, Household Expenditure, Retail Trading Trends, Imported Goods
- Government & Local Body Expenditure statistics.
- Other Garden Industry Consumer Studies.

Data is also obtained from Industry specific sources, which includes interviews and or the provision of data from the following sectors of the Industry.

- Allied Garden Product Manufacturers & Distributors
- Municipal and Local Government buyers of greenlife
- Greenlife Wholesalers
- Greenlife Producers
- Discount Department Store
- Hardware Retail Chains
- Retail Nursery Associations
- Retail Nursery Banner Groups
- Retail Nursery Owners & Managers
- Distributors to the Landscape Sector
- Landscape Gardeners
- Plant Propagators
- Home Garden Service Providers
- Garden product mail order providers
- E-commerce providers to the Garden Industry
- Food Service product suppliers
- Bedding Plant producers and distributors
- Garden Industry Associations
- Managers of Industry Publications and mailing lists

The offer to become involved in the Garden Market Monitor project is open to all Garden Industry participants. Involvement means regularly providing information in return for which priority summary reports are made available. For details contact info@retailworks.com.au or PH RETAILworks on 03 9852 8733.

In keeping with the principles of this project methodology the identity of organisations or individuals that provide data, or data related to one individual organisation, is not disclosed. This is viewed as essential to eliminate any commercial exposure to those who provide data. Confidentiality agreements can be put in place where required.

5.0 Assumptions & Qualifiers



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1. That every effort is made to scrutinise data accuracy. The structure of the outputs from this project, which requires a Distribution Channel and Product Category reconciliation, support this requirement.
2. That the targeted benefits from this project are better business planning decisions due to making available higher quality and more accurate industry performance data.
3. If new data indicates that historical data assumptions can be improved, then historical data will be adjusted accordingly.
4. That historical trend data comparisons need to take into account the impact of total market variables like weather and consider that the proportion of annual sales generated in spring and autumn varies by distribution channel.
5. Seasonal variations need to be taken into account when comparing market share trends as different distribution channels generate different proportions of sales in spring and autumn.
6. That those seeking to act on the basis of the contents of these publications are recommended to first obtain independent professional advice.



6.0 Market Growth Factors

A number of factors that are believed to influence the demand for garden products and services have been included as ongoing features of this Garden Market Monitor. These factors are:

- **Household dwelling** types, quantities and the size of dwellings. Which has a direct impact on the quantity of garden materials requires for new houses. The data assessed includes the value of building and the number of dwellings approved.
- **Garden media** in terms of expenditure on all types of gardening advertising and exposure in lifestyle TV shows. This activity raises awareness and stimulates demand for gardening products and services.
- **Design trends** and colour palette forecasts. Which influence the choice of colours in plants, pots and styles of gardens.
- **Weekend weather**, which has a direct impact on gardening activity and therefore the demand for gardening products and services. Therefore a method to track the optimum weekend weather has been developed. It collates and combines data on temperature, rainfall and sunshine hours for each weekend in each state capital and classifies each weekend according to the weather its impact on optimum gardening conditions. As the three weather factors can change and combine differently to impact overall conditions, three levels for each factor have been defined in the adjacent table.

Factor	A	B	C
Sunshine hours	>13 hrs	6 -13 hrs	<6 hrs
Rainfall mm	0-5mm	5 - 20mm	>20mm
Temp Avg (c)	18-25c	15-18c & 25-28c	<15c & >28c

Key	Rating
AAA	High
AAB	High
AAC	High
ABA	High
ABB	Medium
ABC	Low
ACA	Medium
ACB	Low
ACC	Low
BAA	High
BAB	Medium
BAC	Low
BBB	Medium
BBA	Medium
BBC	Medium
BCA	Low
BCB	Low
BCC	Low
CAA	Medium
CAC	Low
CAB	Medium
CBA	Medium
CBB	Medium
CBC	Low
CCA	Low
CCB	Low
CCC	Low

A weekend is then assessed according to whether it is an AAA, ABC, CCC etc. A series of ratings has been defined for all possible combinations to rate weekend weather as High, Medium or Low for providing optimum gardening conditions. These rating are listed in the adjacent table.





7.0 Distribution Channel and Product Category structure

Garden Industry Distribution Channel Structure						
Channel Group		Channel		Sub Channel		
D 01	Amenity	D 01 01	Landscapers	D 01 01 01	Sales > \$ 5m	
				D 01 01 02	Sales > \$ 1.5m	
				D 01 01 03	Sales \$650k to \$1.5m	
				D 01 01 04	Sales \$150k to \$650k	
		D 01 02	Mun & Local Govt, Sports Grnds			
		D 01 03	Revegetation			
		D 01 04	Plant Hire			
		D 02	Garden Maintenance	D 02 01	Franchise Groups	
				D 02 02	Independent	
		D 03	Retail	D 03 01	Retail Nursery/Garden Centres	D 03 01 01
D 03 01 02	Sales >\$1.5m					
D 03 01 03	Sales \$600k to \$1.5m					
D 03 01 04	Sales \$300k to \$600k					
D 03 01 05	Sales \$150k to \$600k					
D 03 01 06	Less than \$150k					
D 03 02	Discount Dept Stores					
D 03 03	Garden Supplies					
D 03 04	Hardware			D 03 04 01	Large Format	
				D 03 04 02	Small Format	
D 03 05	Mail Order & E-commerce			D 03 05 01	Mail Order	
				D 03 05 02	E-Commerce	
D 03 06	Markets & Other			D 03 06 01	Markets	
				D 03 06 02	Other	
D 03 07	Supermarkets			D 03 07 01	Corporate	
				D 03 07 02	Independents	
D 03 08	Wholesale Direct					
D 04	Propagators	D 04 01	Cut Flowers Production			
		D 04 02	Food Production			
		D 04 03	Forestry Production			
		D 04 04	Other Nursery Production			

Note that there are no amendments to the Distribution Channel and Product Category structure since the last Garden Market Monitor that covered the 12 months ending 30 June 01.



Garden Industry Product Category Structure

Category Group	Category	Sub-Category
P 01 Greenlife	P 01 01 Bedding Plants & Colour	P 01 01 01 Flower Seedlings
		P 01 01 02 Herbs
		P 01 01 03 Perennials & Cottage plants
		P 01 01 04 Potted Colour
		P 01 01 05 Vegetable Seedlings
	P 01 02 Bulbs & Seeds	P 01 02 01 Bulbs & Tubers
		P 01 02 02 Seeds
	P 01 03 Indoor & Patio	P 01 03 01 Flowering Indoor
		P 01 03 02 Foliage Indoor
		P 01 03 03 Hanging Baskets
		P 01 03 04 Palms & Ferns
		P 01 03 05 Other Indoor & Patio
	P 01 04 Propagation Stock	P 01 04 01 Plugs & Tubes
		P 01 04 02 Other Propagation
	P 01 05 Trees & Shrubs	P 01 05 01 Advanced Trees
		P 01 05 02 Climbers
		P 01 05 03 Conifers
		P 01 05 04 Deciduous
		P 01 05 05 Exotic Trees & Shrubs
		P 01 05 06 Fruit Trees & Vines
P 01 05 07 Ground Covers		
P 01 05 08 Natives Trees & Shrubs		
P 01 05 09 Other Trees & Shrubs		
P 01 06 Turf		
P 01 07 Others Plants		
P 02 Allied Garden Product	P 02 01 Fertilisers & Plant Care	P 02 01 01 Fertilisers
		P 02 01 02 Pest & Disease Control & Plant Care
	P 02 02 Growing Media & Mixes	P 02 02 01 Mulches & Conditioners
		P 02 02 02 Potting Mixes & Other Media
		P 02 02 03 Other Construction Products
	P 02 03 Furniture & Building Accessories	P 02 03 01 Ornaments, Lighting & Furniture
		P 02 03 02 Other Construction Products
		P 02 03 03 Pavers
		P 02 03 04 Water Features
	P 03 04 Irrigation	P 03 04 01 Hoses & Watering Aids
		P 03 04 02 Systems
	P 02 05 Pots & Containers	P 02 05 01 Concrete & Ceramic
		P 02 04 02 Plastic
		P 02 04 03 Terracotta
		P 02 04 04 Other Pots & Containers
P 02 06 Tools	P 02 06 01 Hand Tools & Accessories	
	P 02 06 02 Power Tools & Parts	
P 02 07 Other Allied Product	P 02 07 01 Pet Care	
	P 02 07 02 Other Garden Products	
P 03 Café & Gifts	P 03 01 Café	P 03 01 01 Beverages
		P 03 01 02 Catering
		P 03 01 03 Food
	P 03 02 Gifts & Floral	P 03 02 01 Floral
		P 03 02 02 Homewares
		P 03 02 03 Other Gifts
P 04 Services & Bulk	P 04 01 Construction & Bulk Product	P 04 01 01 Bulk Landscape Supplies
		P 04 01 02 Design & Construction
	P 04 02 Maintenance	P 04 01 01 Maintenance Services
		P 04 02 02 Other Services