

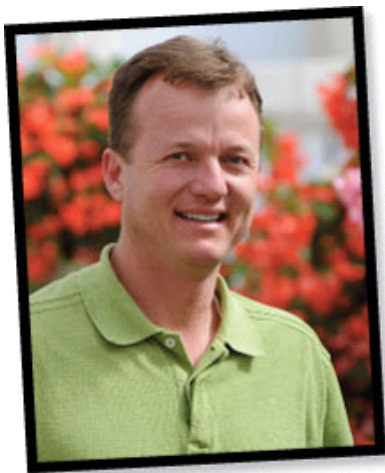
GROWERTALKS

Growers Talk Business

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Will The NEW Hobby Turn Into THE Hobby?

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What a crazy 12 months for our industry it's been. No CAST, no Cultivate, limited travel still even into April and May of 2021, and rather than talking about the percent with COVID, we're now talking about the percent vaccinated. While you and your family's health, and the world solving the global pandemic are much bigger issues than anything I can write below, I want to put that aside for a minute and talk about what our industry and your companies are facing when it comes to figuring out what industry growth looks like for the next three to five years.

We've all wondered if the 15 to 20 million new gardeners we got last year would come back this spring and whether we'll be ready for them. Well, early reports indicate they've come back, and they brought their friends and neighbors with them. I really think we have to realize this might be the new "run rate" for our business, and one of the only things that can stop us is our

ability to forecast this run rate and assure we have the product to meet this demand. But how do you temper that with the many years we've all talked about smoothing out these demand curves over 10 years and not let one great year get in the way of strategic planning?

One of the things to look at is the growth in the last 15 months hasn't been driven by weather. The weather last year was nothing out of the norm, yet the industry had one of our best years ever even with the dips in March and April when the pandemic began. As has been written before in this space, we have to focus on what we can control, not what is out of our control. So as we embark upon 2022 and 2023 planning, let's delve into how we see the future of our industry since we've had 15 months of strong growth. Before doing anything that has possible long-term impact, take some thoughtful steps.

One of the points of data we've seen about the pandemic comes from Google and their social movement studies. Basically, they've shown before the pandemic around 25% of adult Americans either worked from home or were stay-at-home moms or dads. That was a basically stable number from 2015 to 2019. When the pandemic hit, work-from-home options—or in many cases, work-from-home requirements—put the number of adults in the U.S. who either worked from home or were stay-at-home parents to 47%, which was clearly the highest rate it's ever been. Many of our own consumer studies show that this is driving some of the demand we're seeing now.

Americans cut out their commutes, reduced getting ready for work, reduced getting kids to and from school, and they replaced that with other activities like gardening. Tending to your garden became an engrained habit in this new day as you could go out at lunch and deadhead, water or harvest for 30 minutes, and it made for a better overall gardening experience. You could be in your garden at night by 5:00 versus waiting until you got home at 6:00 or 6:30. Additionally, people ENJOYED the hobby, so they're coming back this year.

Third, and probably most importantly, Google and Salesforce have both put out data that POST-pandemic, the number of adults who'll be working from home or staying at home will be in the 35% range. That's a full 10 point jump from 2019 at 25% and represents an inflection point in the work-from-home economy, and thus an inflection point in industries like home office design, video/audio technology, and fun things like at-home exercise and gardening.

We as an industry have to be ready for this new engagement in our industry by consumers, and provide them innovation and new ideas to keep the hobby fresh and relevant. INNOVATION IS STILL KEY HERE. Don't just do more of the same and expect the business growth to continue. That won't last long.

Innovation is at the heart of what it takes to stand out and grow no matter what business direction you take. New items and innovation can come in many forms—product innovation, packaging innovation, new business ideas, growing innovation—it all counts and is needed. By trudging out the same old mix every year, you're effectively asking the same consumers to buy more of the same thing you have to grow sales. The companies that have the most innovative new items are the ones growing (both inside and outside the industry), and they all have a pipeline of testing and research to see what ideas will work without having to invest so much in every idea.

The issue is how consumers shop for them and our ability to meet them in the moment. But if you're thinking about new business ideas, have a five-year strategy plan, not a five-month plan. In your business, it's key to not go "ditch-to-ditch" in your yearly strategy.

Our industry has met its "inflection point" and now it's time for us as business owners and operators to take this opportunity and turn it into long-term business wins. **GT**

Abe VanWingerden spent eight years working for Procter & Gamble in Sales and Marketing and is now part owner and President of Sales/Marketing at Metrolina Greenhouses, Huntersville, North Carolina.