



State of the market report

HTA RESEARCH & INSIGHTS

JANUARY 2023

Foreword

Looking out to 2030, there are significant growth opportunities for ornamental horticulture and landscaping. In their review of the industry, Oxford Economics and Foresight Factory identify the potential for the industry to grow by £13billion in its contribution to the economy by 2030. Factors in the industry's favour include demographic change as the number of adults in their 40s, 50s, and 60s increases, as well as cultural and political demand for gardens and green spaces as nature-based solutions to the challenges confronting us from climate change. The study identifies that maximising this growth depends on the industry's ability to invest in areas such as sustainable productivity growth, modernisation, and research and development.

However, at the start of 2023 the industry is in a state of flux and volatility which is perhaps unparalleled in its recent history. Consumer demand for garden products surged during the pandemic, but fell back in late 2022 as competition for the 'leisure pound' returned. Going into 2023, 8% of consumers expect the amount they spend on the garden to increase compared with the last year versus 25% who expect the amount they spend to decrease. At the same time as this potential for a fall in demand, labour shortages, increased bureaucracy resulting from the UK's exit from the EU, regulation, the pandemic, and the war in Ukraine have pushed inflation pressures to levels not seen since the 1970s. With short-term demand under pressure and cost bases increasing, 2023 and 2024 will present challenges to navigate in order to realise the huge long term potential growth for the industry. However, in spite of these challenges 2023 and 2024 are not without their opportunities for HTA members.

This report aims to evaluate the market environment in which we find ourselves. It describes and summarises the key political, economic, socio-cultural, technological and environmental forces that are set to drive opportunities and threats for HTA members in the coming years. We hope it will be of use to HTA members in supporting business planning, as well as informing stakeholders about the market environment, whether employees, lenders, investors, or others.

As your trade association, we will continue to exert all our energies into helping members to navigate change. We will continue to engage with government to build understanding of the potential growth of our industry, and the value it has in addressing policy agendas such as climate change mitigation and green economic growth. We will continue to provide data for members to help benchmark their businesses, and track the state of trade throughout the year. And we will continue to help members to anticipate, understand and respond to issues and regulations on the horizon in order to give our members the best possible information and advice. There's little doubt that 2023 and 2024 pose significant challenges. However our industry and our members have a long history of resilience, innovation and adaptation, and given that UK consumers tend to 'retreat to the home' and spend on gardening in tough economic times, there is every reason to believe in our industry's potential to get through the coming challenges and come out stronger.

A background on the report aims and structure

INTRODUCTION

Background

HTA monitors the markets in which it and its members operate. Our aim is to give members information on trends and changes in the market that support businesses in plotting their way forward and to use this to inform and influence government policy.

This report collates the different information sources available to HTA, and presents it as the ‘story’ of the trends set to affect the UK gardening market looking ahead into 2023/24, and also where we can see it to the next 5-10 years. It aims to help businesses to look forward and anticipate factors that could change or disrupt the market for them, their consumers, suppliers or competitors.

We hope you enjoy the format and find the report useful. Any feedback is always gratefully received via marketinfo@hta.org.uk

Approach and sources

The HTA uses multiple sources of information as the basis for its analysis. It's the nature of data that there are sometimes anomalies and inconsistencies. Our data sources are no different, but by ensuring we're looking at things from lots of different angles we aim to be able to highlight consistent trends and patterns, and to be able to highlight exceptions where they occur. The following sources of information are the main sources of data for this report:

Foresight Factory

Foresight Factory's service looks at emerging consumer, societal and technology trends. HTA uses it to track things like adoption of technology, and the traction of new trends with the potential to affect shoppers' purchase decisions. We also draw on input from Foresight Factory on what is influencing shopper behaviour.

HTA Garden Retail Monitor

This system collects garden centre sales data from participating centres' EPOS systems. We use it to get an idea of whether market and category values have grown or declined over time, monitor inflation, average transaction values and link sales.

HTA's market scanning

HTA runs its own consumer and research to collect metrics on garden spending, access to gardens, participation in gardening. We also conduct our own desk research into issues affecting the garden market; and draw on the views of members and other bodies like British Retail Consortium, other garden industry organisations, and of course the experience and feedback of our members.

Structure of the report

The report is structured into three main sections:

1. **Scene-setting** – a review of participation in gardening and access to gardens/green spaces
2. **PESTLE¹ analysis** – this section outlines the macro forces at play and the ‘so what?’ for garden businesses
3. **Impact on customers and businesses (HTA members, suppliers and competitors)** – a review of how these macro forces are driving new customer behaviours and presenting threats and opportunities to businesses in the short-to-medium term

The report is designed to be used by businesses to help identify opportunities and threats in the market. Each page, where appropriate, features a ‘So what?’ & Key takeaways section (example below) to highlight considerations for member businesses.

‘So what’ & key takeaways?

- Any future trend towards smaller garden spaces could lead to less spend on garden products and maintenance services
- Businesses can highlight practical and inspiring solutions for consumers with smaller spaces

HTA also uses the contents of the report to engage with government and ensure the long term issues affecting our future are considered when policy is developed. We hope you will find it useful information to feed into your future plans.

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One quarter of UK adults claim to do gardening regularly as a hobby and the combined area of the UK's domestic gardens is roughly the same size as the county of Somerset. However, garden centre sales and participation in gardening have fallen off after a surge in demand during the pandemic, and between 3-7% of this garden space is estimated to be under threat from being paved over in the next up to 5 years based on consumer intentions. Recent subdued trade coupled with increasing costs of doing business mean that members' confidence is low going into 2023 compared with a year ago.

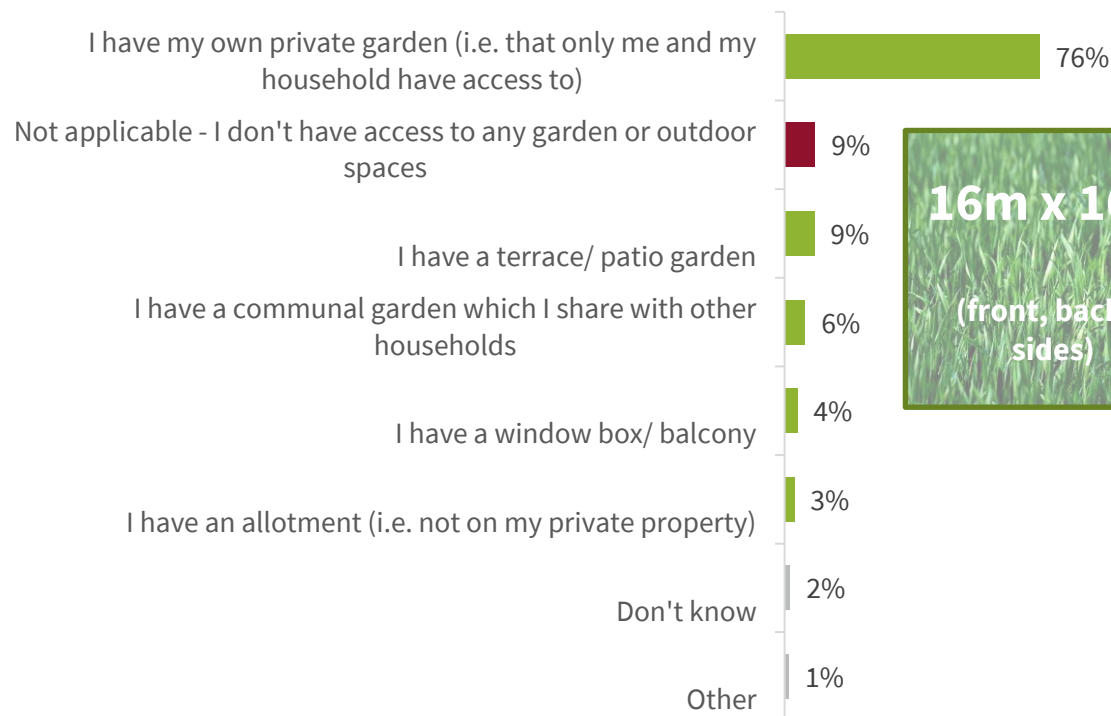
1. SCENE-SETTING

A REVIEW OF PARTICIPATION IN GARDENING AND ACCESS TO GARDENS/GREEN SPACES

Access to gardens

In our October 2022 consumer survey, over 9 in 10 UK adults reported having access to some kind of outdoor space for gardening. Around three-quarters (76%) have their own private garden, the average size (front, back and sides) of which is approximately 16 metres squared (or 258m²). Of those with a private garden, 69% own their homes/gardens (either outright, with a mortgage or through shared ownership), whilst 17% are renting and 13% are living with family/friends. Home-ownership tends to impact the amount spent and types of garden products purchased.

Should owning your own home become more unaffordable for younger generations and renting increase, this could have significant impacts on the gardening market. Businesses may consider products and positioning that meet the needs and challenges of renters as well as homeowners (i.e. portable solutions, or low-cost ideas for small spaces).

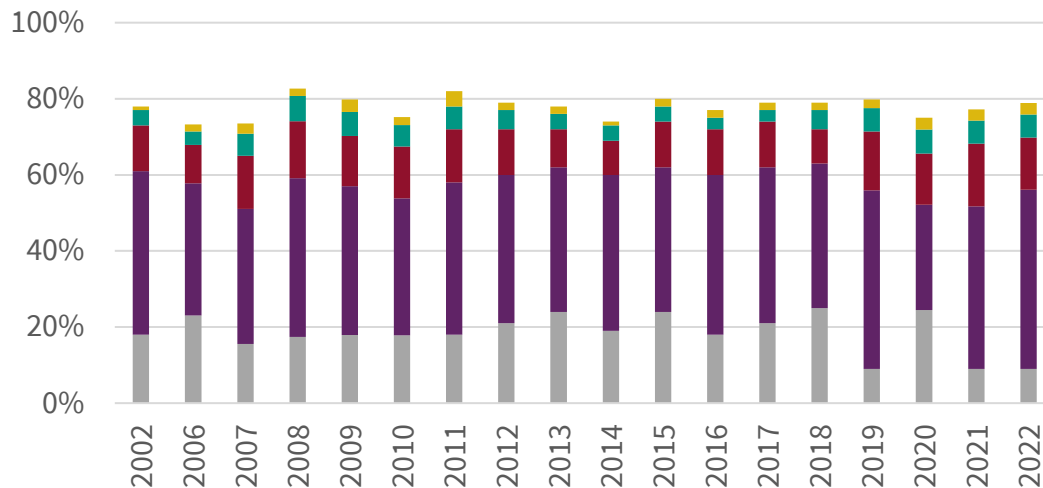


'So what' & key takeaways?

- Declining access to gardens and/or more renters relative to buyers could impact spend and demand for garden products (renters typically don't want to invest heavily in the landlord's garden)
- The trend 'Back to Nature' describes how people are actively seeking closer connections to the outdoors (**see page 58**)
- Rental-friendly product solutions (i.e. those that could be taken to the next property) could help attract a wider market
- It's important HTA & the industry continue to argue the importance of including green space in new developments

Trends in garden size

Trends in garden size



The graph to the left shows that average garden size has been pretty stable over the last 20 years. In 2012 the average garden size was 15.9 meters squared, and in 2022 it was 16.1 meters squared.

New build homes are increasingly under construction to combat the housing shortage, and often developments come with smaller gardens to maximise the number of dwellings for the developers to sell. Garden businesses may consider communicating garden solutions for small spaces, and how to achieve best results based on factors like soil type, shade/sun exposure etc.

- The size of 4 tennis courts (10,000 square feet or 1000 square metres)
- The size of 2-4 tennis courts (4-10000 square feet or 400-1000 square metres)
- The size of 1-2 tennis courts (2-4000 square feet or 200-400 square metres)
- Up to 1 tennis court (1-2000 square feet or 100-200 square metres)
- A terrace or patio garden

Note: in 2019, 2021 and 2022 the methodology was changed resulting in the differences seen in proportions reporting small garden size/terrace or patio gardens compared with 2020 and the years prior to 2018.

‘So what’ & key takeaways?

- Any future trend towards smaller garden spaces could lead to less spend on garden products and maintenance services
- Businesses can highlight practical and inspiring solutions for consumers with smaller spaces

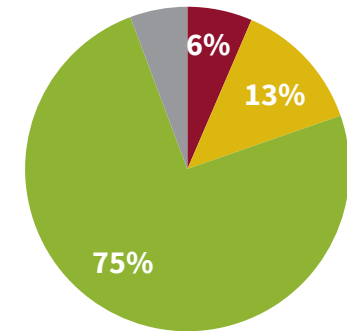
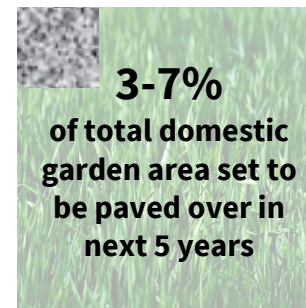
Paving over gardening areas

Consumers' intentions to pave over gardens could have worrying implications for garden spend, but also for the environment. For example biodiversity, temperature regulation (reduced shade from trees, concrete/paving that warms up in sun) and flood prevention (hard standings are less able to absorb water than grassed/planted areas do).

Taking garden size into consideration, analysis from our October 2022 survey shows that between 3-7% of total domestic garden area could be paved over in the next 5 years, albeit this is based on consumers' intentions which may well not all carry through into action. 19% of people with access to a private garden said they intended to pave over some of the garden in the next 5 years, with 6% intending to pave over more than half of their total garden area. This figure rose to 8% amongst those with gardens smaller than one tennis court in size, whilst it fell to 3% amongst those with the largest gardens of more than 4 tennis courts in size.

There could be opportunity for members and the industry to communicate the benefits of leaving spaces 'green' on health and wellbeing and during extreme weather events, and to talk to customers about how grass/soil areas can be maintained with low effort/cost.

Intent to pave over grass/soil or planting area



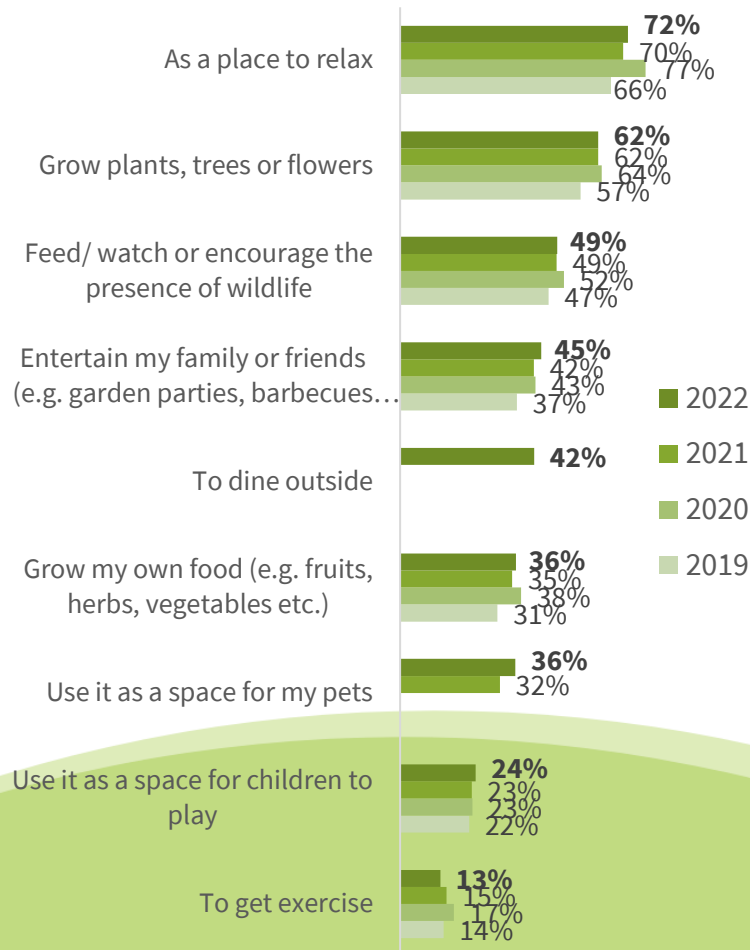
- Yes – more than half of the total garden area
- Yes – less than half of the total garden area
- No

'So what' & key takeaways?

- More paving over of domestic gardens could mean less green space in gardens, and arguably changes the type of gardening that can be done (i.e. container/pot planting as opposed to planting in the ground) which could impact level and type of spend
- Businesses and industry can communicate the benefits of gardens in mitigating the effects of extreme weather events and offer services or advice for easy maintenance

For the following question, by "pave over", we mean replace any grass, soil or planting area with paving slabs and/ or blocks...Do you intend to pave over any of your private garden (front, back or sides) in the next 5 years (i.e. by October 2027)?

Participation in gardening & uses of the garden



In our October 2022 survey, 25% of UK adults claimed to ‘regularly do’ gardening in their free time or as a hobby/interest, with a further 40% occasionally doing so. This rises to 28% regularly gardening amongst those with access to a private garden/outdoor gardening space.

Gardening as a hobby is more common amongst older age groups, likely as work and family commitments recede to make way for additional disposable leisure time. Though during the pandemic lockdowns of 2020 and 2021, participation amongst younger age groups grew the most.

Almost two thirds (62%) of UK adults with a garden/outdoor space reported using them to grow plants, trees or flowers, up from 57% in 2019; and 36% reported using them to grow their own food, up from 31%. The graph to the left shows how participation in growing plants and food grew during the pandemic, and whilst it has tailed off slightly, still remains ahead of 2019 levels.

Usage of the garden as a place to relax also grew massively during 2020, and still remains ahead of 2019 as the physical and mental health benefits of gardens were realised more than ever before and the garden became a connection to the natural world and an extension of the home for many people. Using the garden to entertain family and friends has also grown year-on-year, as gardens became a safe place to socialise during lockdowns.

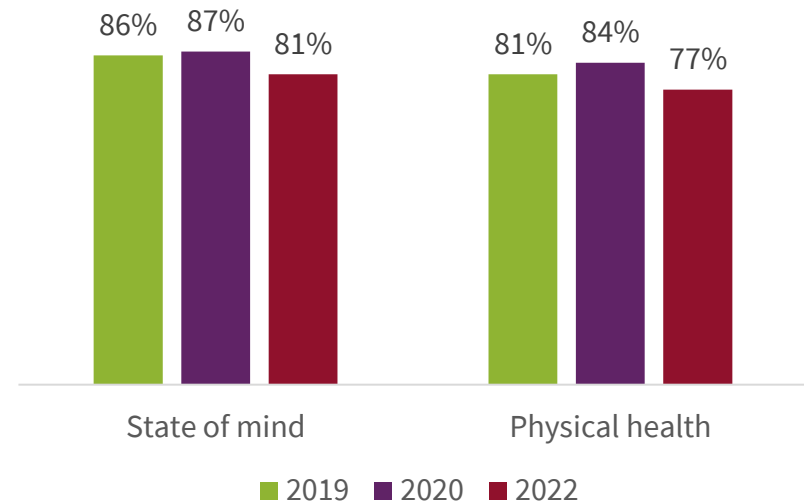
Perceived benefits of gardens/outdoor spaces

Awareness of the mental and physical benefits of spending time in gardens and outdoor spaces is high amongst the UK population. In 2022, 81% of UK adults agreed that gardens and public green spaces benefit their state of mind, while 77% believe in benefits to their physical health too.

Meanwhile, 82% of UK adults agree that having a garden or access to public green spaces is important to them, and 90% agree they make an area an pleasant place to live.

So, clearly the horticulture industry is well-placed to deliver value for society and communities if well-funded and accessible.

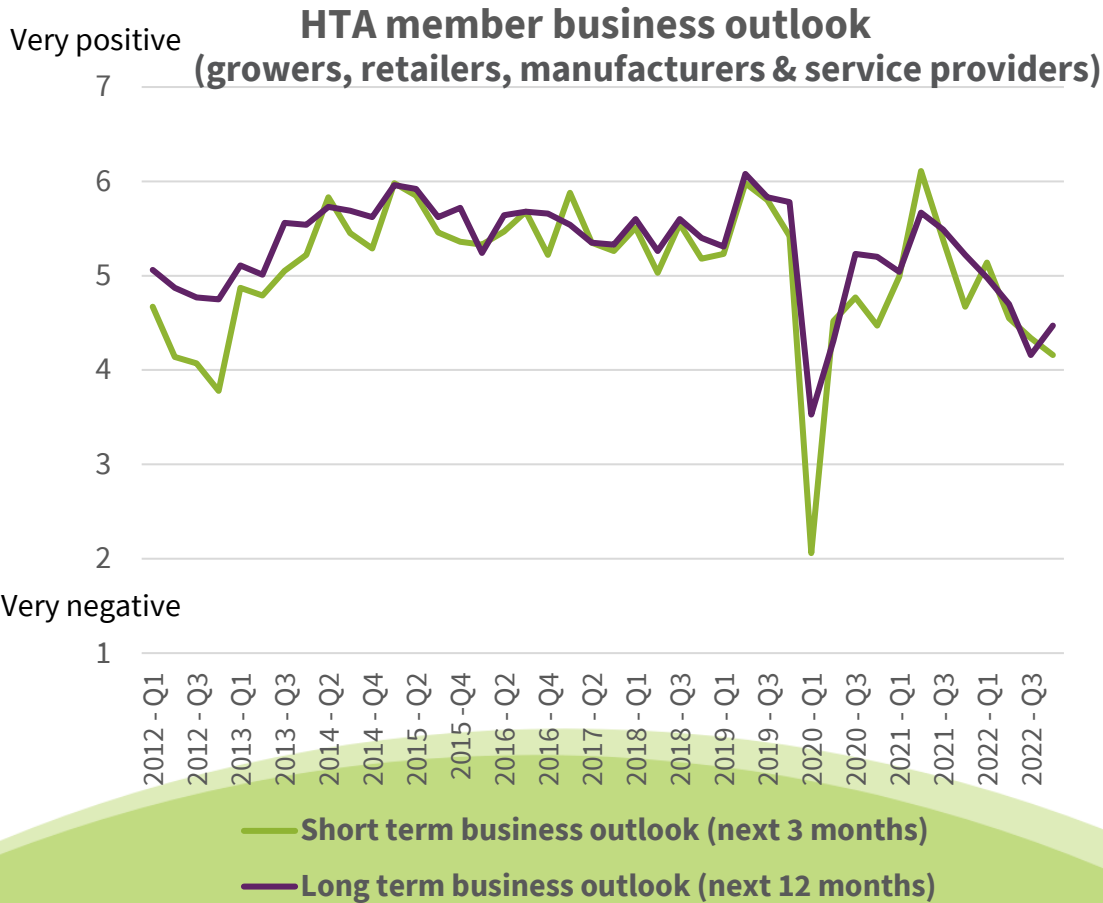
Gardens and public green spaces benefit my...



'So what' & key takeaways?

- Connections with health & wellbeing ultimately give consumers another reason to engage with gardening – businesses can communicate the positive links between their products/services and mental and physical health
- 'Green therapies' and social prescribing from medical professionals could increase the profile of gardening and its benefits

Business outlook



Every quarter, HTA members are asked how positive or negative they feel about the outlook for their business for the next 3 and 12 months respectively. We've tracked this since 2012, and outlook generally remains relatively stable over time. Business confidence over the short- and longer-term plummeted in Q1 2020 as the pandemic impacted businesses' ability to trade normally. It gradually increased back to stable levels in the first half of 2021, as the UK's economy began to reopen and restrictions were eased. However, since Q3 2021 the outlook has shown signs of decline once again, with long-term outlook not far off the COVID dip. Labour shortages, the cost of doing business, wage pressures, and low consumer confidence in parallel are likely driving the pessimism.

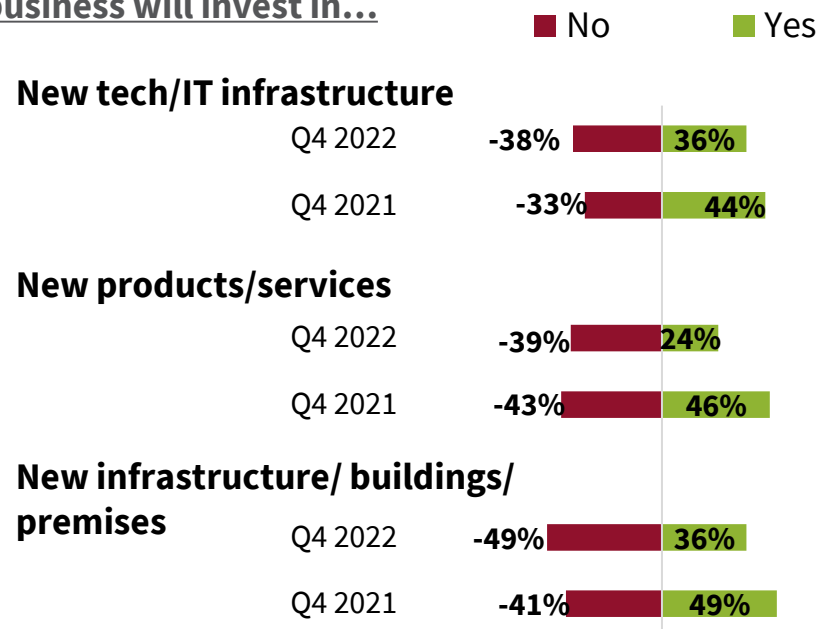
Business confidence

As a result of low confidence and demand falling away, we're seeing a contraction in the proportion of businesses looking and/or able to invest in improving efficiency, productivity and growth.

The graph to the right shows some of the results from our Member Voice surveys in Q4 of 2022, and the same quarter in 2021. The proportion of businesses expecting to invest in new technology/IT infrastructure in the next year fell from 44% in Q4 2021 to 36% in Q4 2022. In Q4 2021, 49% of members expected to invest in new infrastructure/buildings/premises in the next 12 months, and when asked in Q4 2022 this fell to 36%. Similarly, the proportion of businesses looking to invest in new products and services fell by 22% year-on-year.

We discuss some of the market forces impacting business confidence in the next section of this report, along with some of the threats and opportunities for member businesses.

In the next 12 months, do you expect your business will invest in...



'So what' & key takeaways?

- Without ability or confidence to invest in infrastructure and systems, our industry's ability to meet its growth potential and stay competitive is likely to be constrained
- We'll be using this data with government to highlight and mitigate the costs of doing business to enable our industry to fulfil its potential to contribute to the government's economic and climate change goals

In order to more effectively conduct business forecasting and planning, it's important to consider any forces in the wider market that are set to present threats and opportunities. The next section of this report uses the PESTLE framework to identify these, discusses each in more detail and comments on their relevance and implications for businesses. In summary, political instability and increased regulation are adding complexity to the trading environment for members. Labour supply is challenging, and costs are rising across most areas of doing business, with pressure on wage bills to keep up with the cost of living. There is increasing exposure to poverty, whilst the population is aging bringing a new set of challenges and needs for wellbeing, products and services. Technology and automation are offering up solutions to productivity restraints, while data and information systems are needing to improve to provide supply chain transparency. Members are facing new regulations in a wide range of areas including advertising, trading across borders and environmental compliance. Meanwhile, water scarcity, growing media availability and global warming pose a threat to plant growth, but tee up the opportunity to position our industry as a solution to the effects of climate change.

2. PESTLE ANALYSIS

A review of the macro forces likely to impact customers and businesses (HTA members, suppliers and competitors) considering **P**olitical, **E**conomic, **S**ocio-cultural, **T**echnological, **L**egal and **E**nvironmental factors

Interpreting the overview

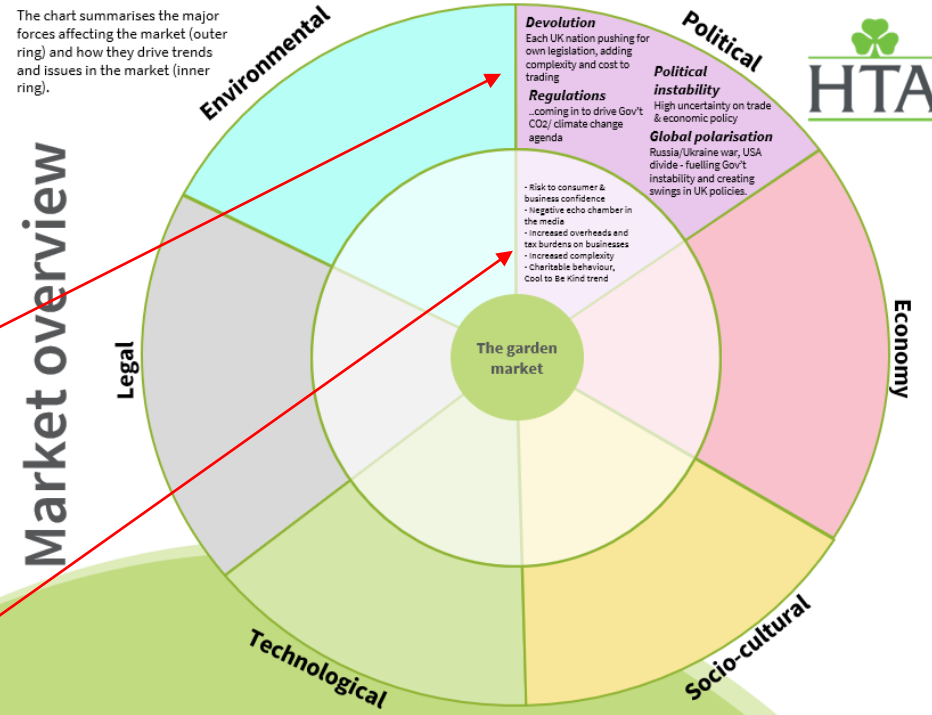
The next slide includes an overview diagram of the macro-environmental analysis we've conducted, and aims to serve as a single-page summary of the market forces that will influence opportunities and threats in the market. It uses the PESTLE framework, identifying key market influences in 6 sections:

- Political
- Environmental
- Socio-cultural
- Technological
- Legal
- Environmental

The outer ring summarises the influencing factor and gives a sentence on it's relevance. We describe each factor individually in this section of the report.

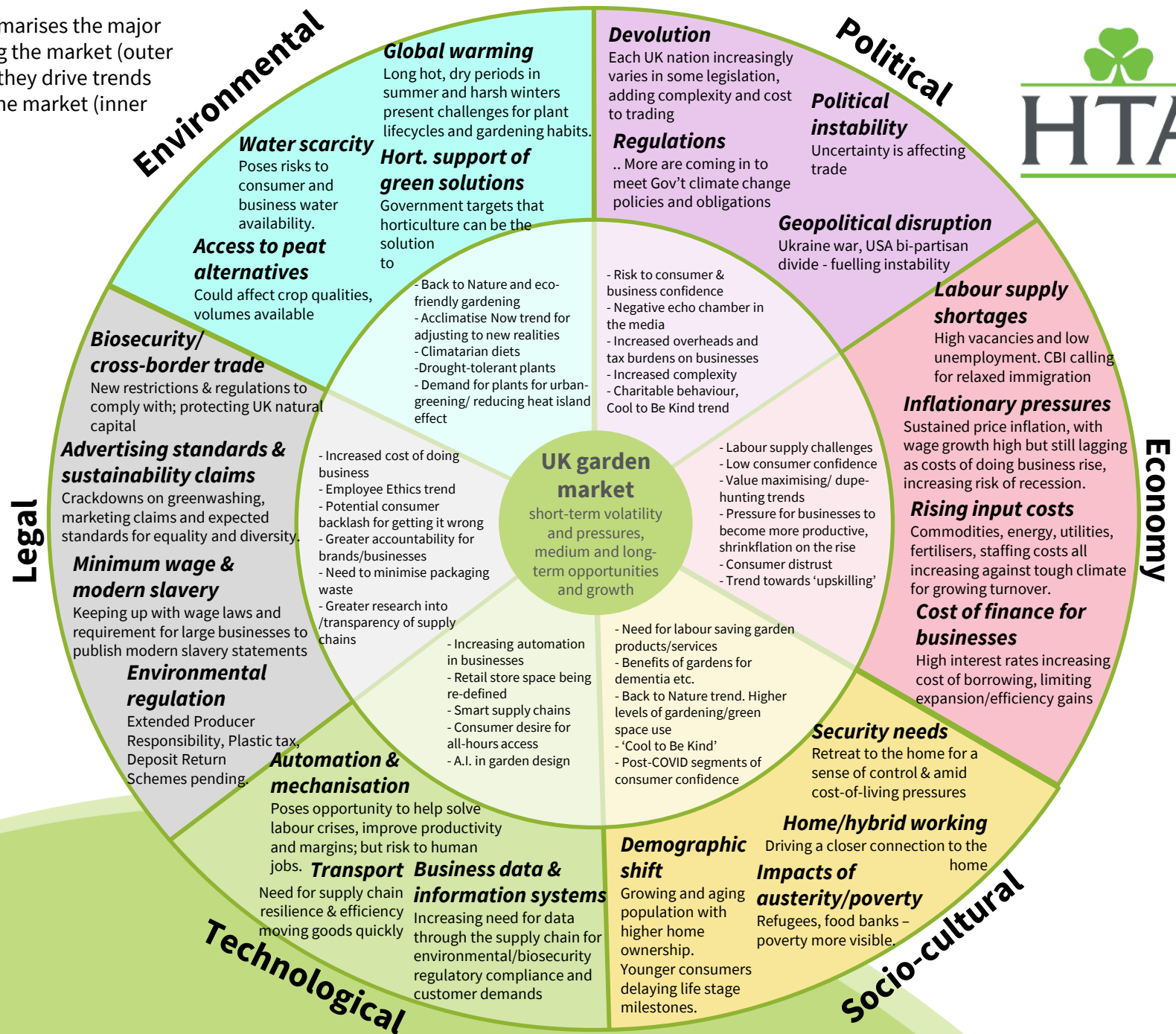
The inner ring then summarises some of the consumer trends and impacts on businesses emerging as a result, which we go into more detail on in section three of this report.

Naturally as a summary this cannot fully express the complexity facing our industry, but we hope it provides a useful summary or aide memoire for members.



The chart summarises the major forces affecting the market (outer ring) and how they drive trends and issues in the market (inner ring).

Market overview



Devolution

“Devolution” is the word used to describe the transfer of power from the UK central government (Westminster) to the individual nations and regions of the UK. Devolved powers can be administrative, executive or legislative and the system is asymmetric, meaning that different parts of the UK have different forms of devolution and varying degrees of power.

A key milestone in the process was the establishment of the Scottish parliament and Welsh Assembly in the late 1990s, which provided the nations of the UK with more powers from Westminster over some policy areas. Over the last few years it has been a trend towards more devolution of power to the nations, and indeed to regional assemblies such as London. Attention in the media around Scottish and Welsh independence has strengthened in recent years.

This trend is set to affect our industry because further devolution tends towards a more complex trading environment for businesses, adding costs and administrative burdens. We’ve seen this in the last few years with Northern Ireland trade since the UK’s EU Exit, and forthcoming regulations relating to peat and packaging waste have the potential to differ between England & Wales and Scotland, making it more complex for businesses who operate (or whose supply chains operate) across the UK nations.

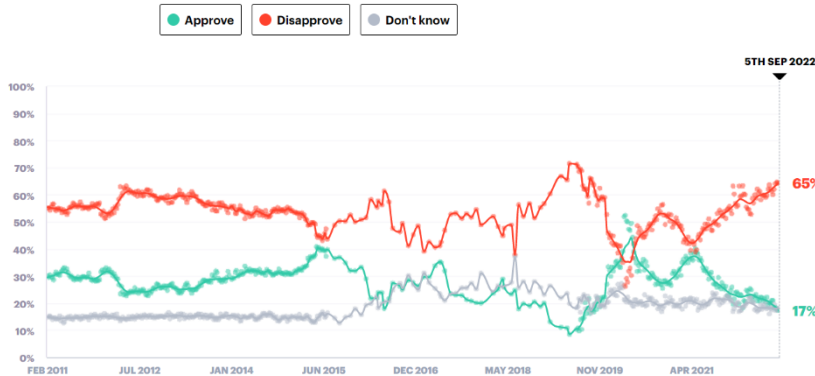


‘So what’ & key takeaways?

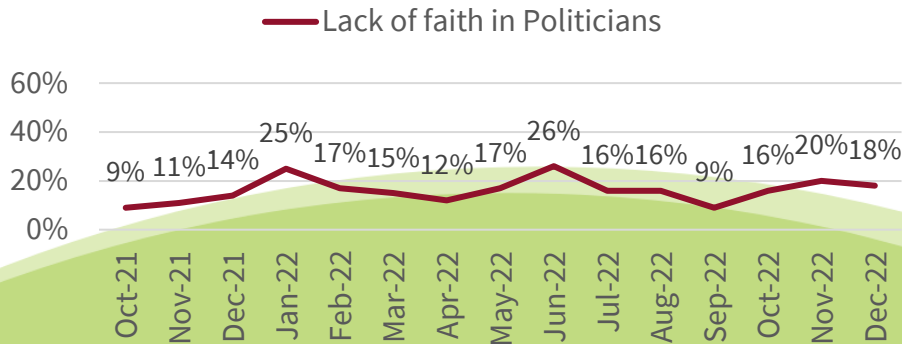
- Devolution adds complexity, time and cost to trade between the nations – putting pressure on already stretched overheads and labour supply
- Businesses should assess the extent to which their operations and supply chains rely on trade across intra-national borders
- Members can follow HTA’s regulation tracker ([click here](#)) to help anticipate and plan around issues and problems

Government instability

Government approval



What do you see as the most important issues facing Britain today? (unprompted)



Base: c. 1,000 British adults monthly

Sources: YouGov; Consumer Issues Index, Ipsos Mori

Following the ‘party gate’ scandals, lack of faith in politicians entered Ipsos Mori’s Consumer Issues Index for the first time in many years. British adults are asked unprompted to name the most important issues they think are facing the country at the time. Growing public concern for politicians’ conduct led to a confidence vote in Boris Johnson’s leadership amid resignments and unrest within the Conservative party. Significant geo-political disruption, economic challenges and change within the Conservative party have seen huge political instability in 2022 which have impacted business and consumer confidence.

On September 5th, Liz Truss was announced as the new Prime Minister as Parliament returned from recess. Within 45 days she was ousted by the Conservative Party and was subsequently replaced by former chancellor, Rishi Sunak. The focus of the party now is on unity and tackling the economic situation facing the UK. Four Prime Ministers in less than four years, has seen a lack of confidence in political stability effect UK business and consumers. 2023 looks set to see greater political stability, though with a general election required to be called by the end of 2024 this stability has the potential to be short-lived.

‘So what’ & key takeaways?

- Government instability creates high levels of uncertainty around trade and economic policy – what may be a priority for one government may not be for the next
- Businesses should apply an appropriate degree of caution in short-term forecasts and business planning to take account of potential instability and policy change
- Consumer confidence in the economy is also weakened, affecting decisions to spend

Regulation with the potential to constrain trade or productivity



The sheer volume and complexity of regulation coming through from the government is putting heavy admin and cost burdens on businesses. The HTA maintains and regularly updates a legislation tracker for members; this can be downloaded from the website by clicking on the image to the right.


Some examples of proposed or incoming regulations likely to impact members are around:

- ❧ A likely ban on the retail sale of peat in growing media to the amateur market by 2024
- ❧ Extended Producer Responsibilities requiring more businesses to report and pay fees based on their packaging waste.
- ❧ Import and trade restrictions related to the UK's biosecurity and mitigating the risks posed by pests and diseases
- ❧ Import and labour/immigration restrictions relating to new relationship with the EU and being treated as are Rest of World
- ❧ The currently 'in progress' development of the Target Operating Model for international trade, and the potential for horticulture businesses to achieve 'earned recognition' to import plants other than through border control posts
- ❧ Increasing requirements to provide calory information on menus in restaurants and cafes
- ❧ Workplace Parking Levy charging businesses for car parking spaces which are being periodically reviewed in some local authorities in Scotland
- ❧ The recent requirement to register with Defra to sell Plant Protection Products



Legislation and Policy Schedule

Detailed resource of upcoming legislation and policy that could impact upon HTA members. *Updated regularly*

Download 



'So what' & key takeaways?

- Businesses will need to plan to finance and resource increased data management and administration requirements of new regulations in the coming years
- Members can follow the HTA's regulation tracker to keep abreast of regulation on the horizon set to impact our sector ([click here](#))

Price rises and supply issues driven by war

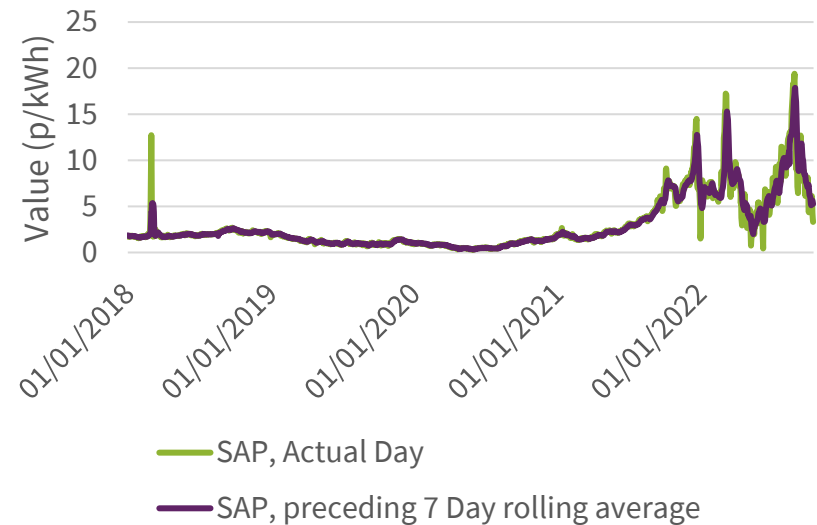


Beginning in February 2022, Russia's invasion of Ukraine caused localised devastation and had knock-on effects around the world. While the main focus should remain on the tragedy of the lives lost and destruction of Ukrainian territory, the invasion has triggered sanctions and hampered trade routes globally.

Europe has historically been highly dependent on gas and oil imported from Russia. With many countries placing sanctions on and reducing their dependency on Russia in response to the invasion, global gas and oil prices skyrocketed. Russia cutting off supply to EU countries has also raised concerns around security of energy supply going forwards. In 2021, 30% the UK's gas usage was used to generate electricity and so as gas prices rise, so too do our electricity bills. High gas and oil prices also push up the cost of fuel and global shipping and transportation, impacting garden industry supply chain costs and margins and prices along the supply chain.

The combination of sanctions on Russia, blocked shipping ports and the inability for Ukrainian farmers and food suppliers to work, is also causing food shortages and price inflation around the world. Both Ukraine and Russia account a significant proportion of the world's sunflower oil, barley and wheat supplies, for example. The longer the war continues, the greater the uncertainty about utility prices and the highly-interconnected global economy.

System Average Price (SAP) of gas traded in Great Britain over the On-the-Day Commodity Market (OCM)



'So what' & key takeaways?

- Businesses will need to build contingency into budgets and financial forecasts for cost increases through the supply chain and continue to compare and evaluate cost-effectiveness of suppliers
- The war and the general economic climate are triggering a consumer trend for charitable behaviour, making it "Cool to be Kind" – read more on **page 49**
- Businesses should expect increasing customer and employee expectations of Corporate Social Responsibility (CSR)

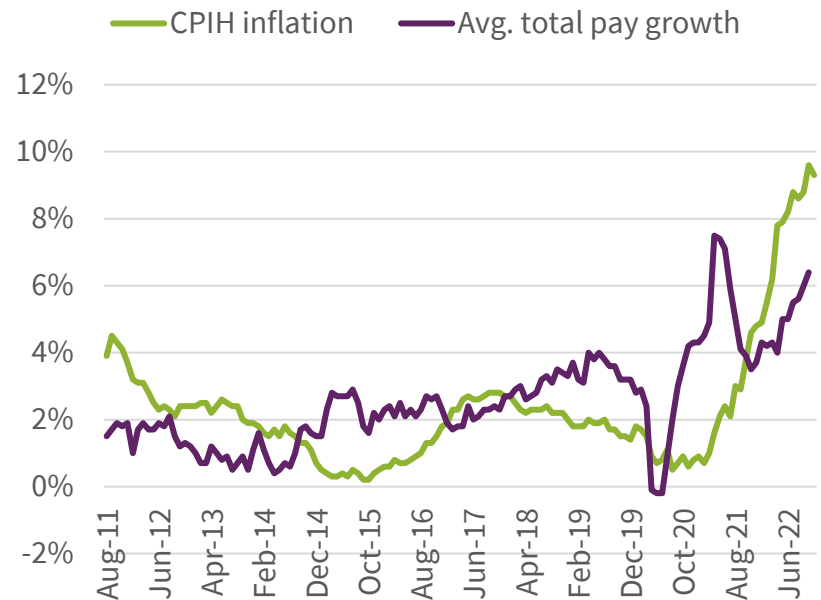
Real-time income falling

The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate stood at 9.3% in the 12-months leading to November 2022. The largest contributing factors continue to be transport (fuel), housing and household services, food and non-alcoholic beverages.

Average pay growth (excl. bonuses) was 6.4% in October 2022. The gap between the two measures (CPI inflation and pay growth) means that consumers' real-time income fell by around 3%, the widest gap in twenty years.

In addition to higher prices for goods, as of December 2022 the Bank of England increased the interest rate to a record high of 3.5% which increases home owners monthly mortgage payments where deals aren't fixed and businesses' loan repayments. In addition, more anticipated rises to utility costs are likely going to further impact profit margins for many businesses. Meanwhile, declining household incomes could constrain discretionary spend on gardens.

Inflation outstripping wage growth



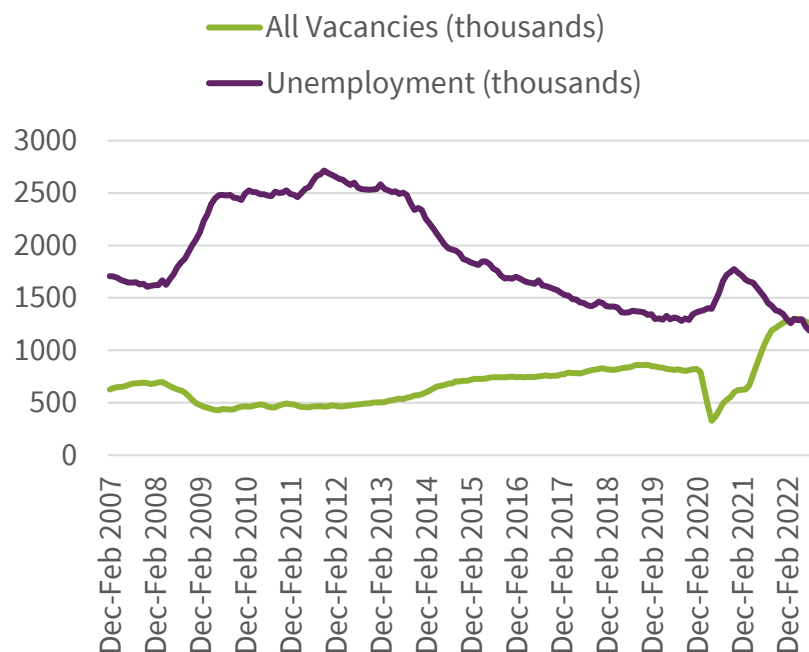
'So what' & key takeaways?



- Consumer confidence is low (**see page 46**) and many may have less disposable income to spend on their gardens; so highlighting gardening projects on a budget or the long lifespan of products could be appealing – read more about trends for value maximising and 'dupe-hunting' on **page 48**
- Staff may be dealing with financial stress and so businesses may feel their wage bills come under pressure in a bid to attract and retain staff. You could consider what additional staff support could help engage employees where pay can't be increased and review employee support systems (e.g. mental health first aid training, management training to support staff who are struggling)

High employment, high vacancies

Job vacancies and unemployment



Since the pandemic unemployment has fallen, reaching 3.4% in September 2022 with a record 29.7 million people in employment employees on payroll. But at the same time, vacancies remain at an all-time-high meaning for the first time there are fewer people available to work than jobs for them to fill. Our 2021 Wages & Labour Benchmarking survey revealed that HTA member growers were operating with a 7.7% people vacancy rate and retailers with an 5.5% people vacancy rate on average. Roles particularly hard to fill included customer service, general nursery workers and catering staff.

On top of this, the 79% of growers requiring seasonal labour experienced a labour shortfall of 14%.

The pandemic changed attitudes towards work in a variety of ways from striking the right home/work balance, to older workers leaving the workforce altogether. Many industries hit hardest by the lockdowns faced workers changing sectors due to the uncertainty they faced, whilst others want to reclaim time for friends and families or try homeworking, affecting businesses where in-person, evening or weekend work is required. Brexit, Covid and the Russia-Ukraine war have also impacted the availability of foreign labour previously relied on.

‘So what’ & key takeaways?

- A shortage of labour brings pressure on businesses to become more productive – though access to finance to invest in technologies prohibitive (**see page 30**)
- We may see the government introduce policies to encourage older citizens back into employment
- There’s a consumer trend for ‘upskilling’ as people re-evaluate careers – read more about it on **page 57**

If the labour shortage continues, then capacity to meet demand and inflationary wage pressures are set to remain high. Whilst automation presents some potential to ease these pressures in areas such as crop production, this in itself depends on access to finance for business which is increasingly costly and scarce in the economy.

Rising input costs

As well as the rising cost-of-living and competitive labour market pushing up wage bills for employers, horticultural businesses are also seeing increases in energy, fertilisers and other commodities.

The NFU's recent report into inflation in the horticultural sector revealed that energy prices (+165%), fertiliser (+40%), transport (+28%), packaging (+23%) and plant/raw materials (+20%) experienced the highest price increases from Autumn 2021 to 2022.

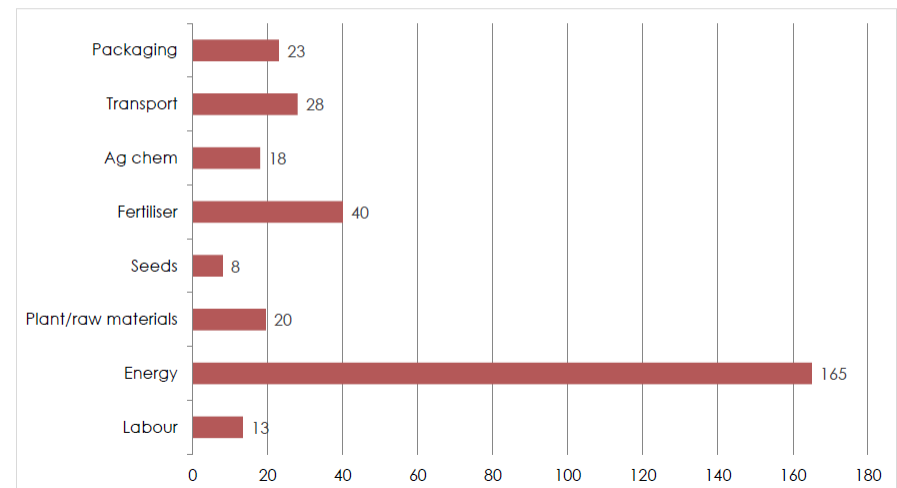
'So what' & key takeaways?



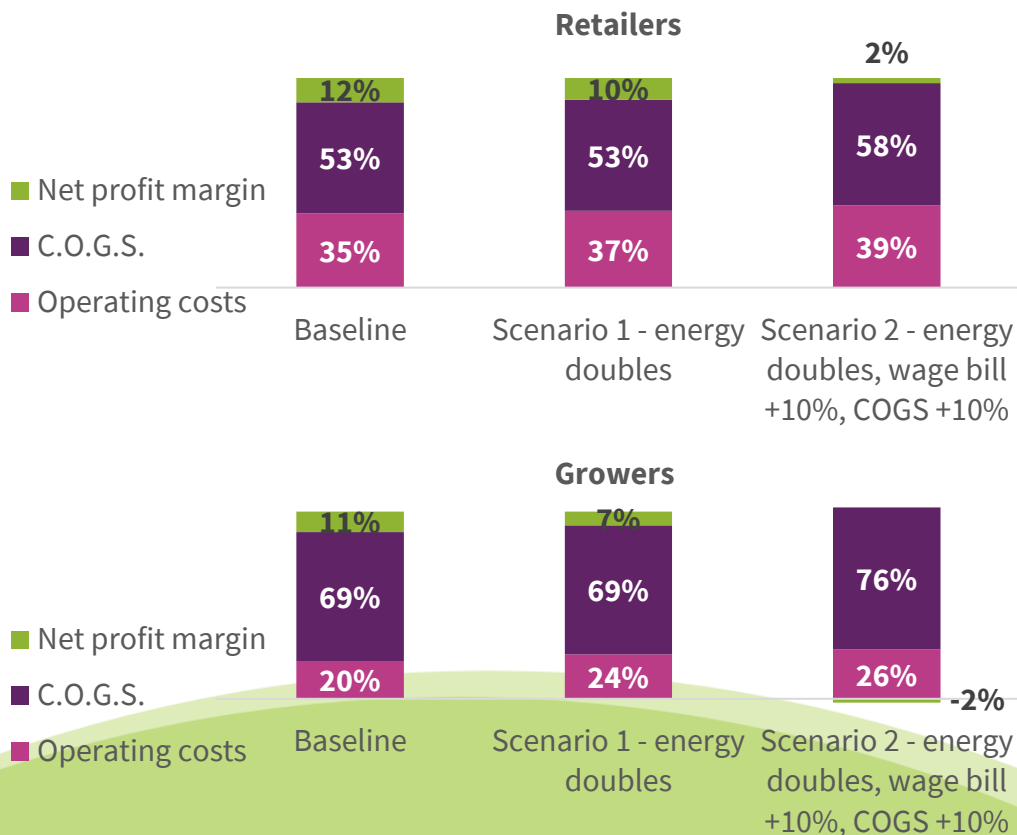
- 2021 and 2022 have seen upward pressures in costs that are still working their way through the supply chain and are likely to feed through into the 2023 season
- Businesses will increasingly need to anticipate rises in input costs in order to maintain margins (read more on the next page)

Change in Production Costs (%), Autumn 2021 – 2022, by type of input

(source: Promar, median values based on trade interviews and analysis)



Rising costs impacting profit margins



Modelling of the results from the HTA’s 2022 financial benchmarking survey showed that if gas, electric & fuel oil prices double, then HTA member retailer business’ bottom line would fall from 12% to 10%, assuming turnover stayed flat (scenario 1). Growers’ margins would reduce to 7%. But, should the wage bill increase by 10% and cost of goods sold by 10% too (scenario 2), then retailers’ net profit margin is reduced to 2%, and growers would be making a loss.

If retailers and plant producers can’t grow business turnover to accommodate rising costs and maintain an appropriate margin, we may see production scaled back, reductions in the breadth of ranges produced and/or businesses switching to more cost-efficient crops which could have a knock-on affect on the range of plants available to UK gardeners.

We should remember that these figures are averages, and many businesses will be more vulnerable to changes in costs and turnover than these charts suggest.

‘So what’ & key takeaways?

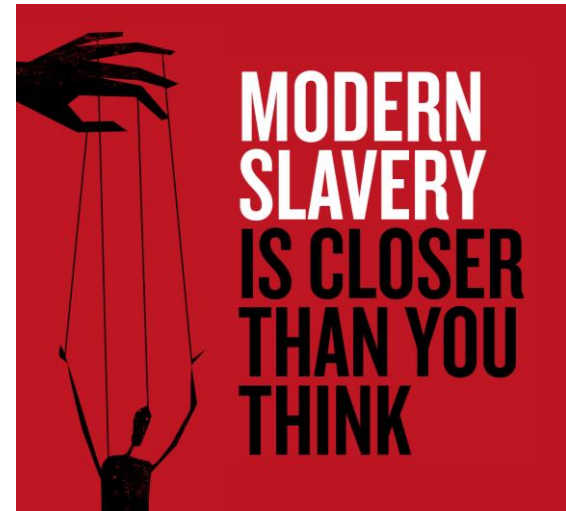
- Inability to maintain margins could see a reduction in plant products available to the UK gardener and/or further consolidation in the retail market
- Businesses will increasingly review how lean their operations and supply chain processes are in 2023
- Collaborative ‘win-win’ dialogue through the supply chain on possible efficiencies and sustainable commercial terms will be key to continued industry performance

Minimum/living wage & modern slavery

Staff wages are one of the largest business overheads, accounting for 25% of annual turnover on average for HTA member growers, 23% for retailers and 27% for grower-retailers.

The national minimum wage and the national living wage (for workers aged 23 and over) tends to change on 1st April every year to keep up with the general economic situation and ensure fairness and support for workers. They have increased by roughly 27% over the last 5 year period. Whilst clearly this increases wages for those workers on minimum/living wage rates, it also tends to push up the rate of pay for other roles within the business where differentiation needs to be maintained.

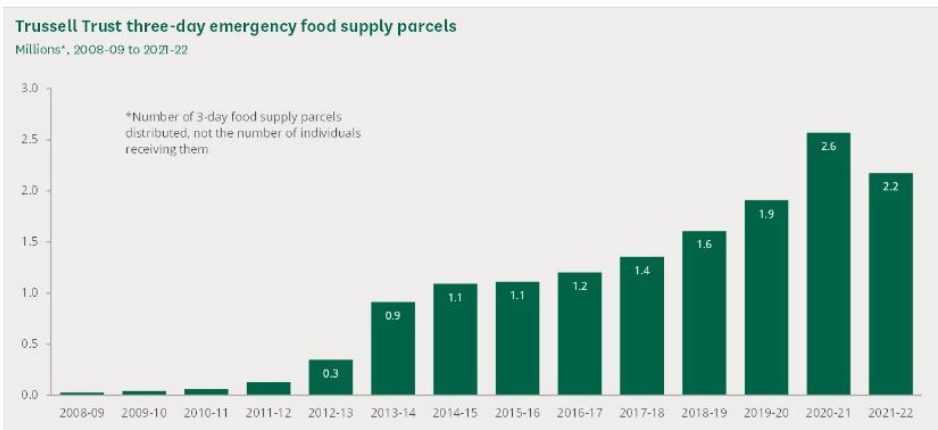
As businesses are required to keep abreast of a rising wage bill, standards around employment in general are also tightening up. In late 2022, the modern slavery bill is expected to come into force to protect victims of human trafficking and modern slavery and increase the accountability of companies to drive out modern slavery from their supply chains. Initially, businesses with an annual turnover of more than £36million are proposed to be required to publish an annual modern slavery statement to set out steps taken to prevent modern slavery in their operations and supply chains.



‘So what’ & key takeaways?

- Members, especially those with a bigger workforce and more complex supply chain, should expect great scrutiny around the labour involved in producing their goods in coming years
- Schemes like SEDEX are an example of audits available for understanding the risks in your supply chain
- Consumers are increasingly interested in a business or brand’s impact on people and society – read more about the trend for Employee Ethics on **page 60**

Impacts of austerity/poverty



Source: The Trussell Trust – End of Year Statistics [1 April 2021 – 31 March 2022](#)

‘So what’ & key takeaways?



- Businesses can review employee benefit packages and monitor staff wellbeing, facilitate access to financial advice and generally support workers who may be under additional stress outside of work
- Businesses can find ways to gather periodic feedback from their employees to help gauge wellbeing and offer necessary support (e.g. staff engagement surveys, reviews with line managers etc.) – this could also help with staff retention

With unprecedented rises in the cost of food, drink and running a household, food banks have seen a steady increase in demand, even from those in steady employment who are struggling to make ends meet. Between April and August 2022, over half of food banks surveyed by IFAN found 25% or more of the people they supported were using the service for the first time. The sudden jump in demand has put a large strain on food bank supplies, not helped by a falling number of donations as harder-up households prioritise feeding their own.

Women, along with single parents, are typically disproportionately affected by persistent poverty as a result of lower earning power and caring responsibilities. Given our 2021 Wages & Labour Benchmarking survey revealed 60% of the permanent horticultural grower and retailer workforce is female, businesses may like to review employee support packages. In spite of the industry increasing pay, those on sub-median incomes are likely going to struggle with the rising cost of living. Businesses may increasingly need to keep an eye out for employee wellbeing, stress, and offer support where possible. Even small gestures could have additional benefits on retention and recruitment.

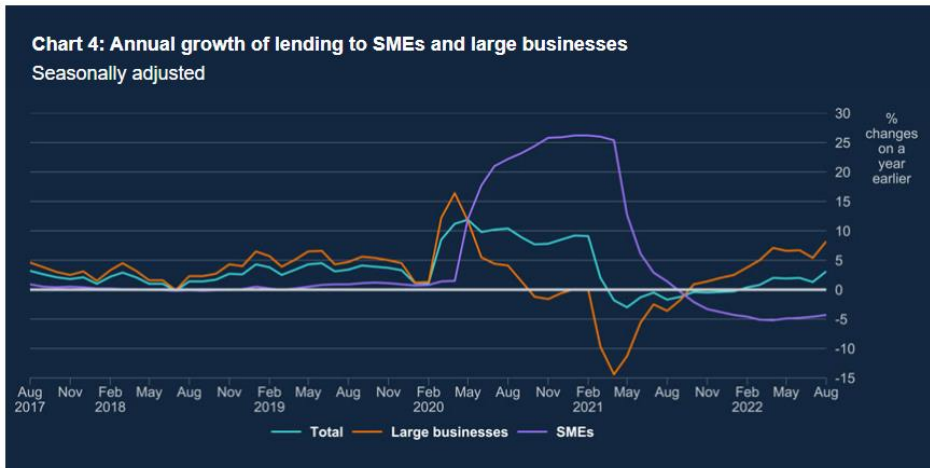
Cost of finance for businesses



As measured by the Bank of England, the annual growth rate of borrowing by large businesses increased reached 8.2% in August, whilst for SMEs it was -4.3% compared with 12 months previous. Throughout the pandemic, as the peak in the graph shows, borrowing was particularly high amongst SMEs who didn't have the cash reserves or capabilities to continue trading amid restrictions as did some larger businesses and benefitted from government loans like CBILS. But in December 2022, interest rates rose to 3.5% making borrowing more expensive and likely more prohibitive to smaller businesses, impacting their ability to grow or invest in making the business more sustainable or efficient.

The amount of borrowing is generally indicative of the extent to which businesses are using debt to finance their business, or to ensure cash flow is sufficient to pay suppliers. Debt in this sense isn't necessarily a bad thing because it allows investment in more sales, and creates opportunity for more profit. Taking on too much debt though can clearly make a business less flexible and exposed to risks if revenues fall or interest rates rise.

Should the cost of new borrowing or servicing existing borrowing become unsustainable or unaffordable as a consequence of increasing interest rates and squeezed margins, the industry's ability to invest in sales and/or productivity growth is at risk.



'So what' & key takeaways?

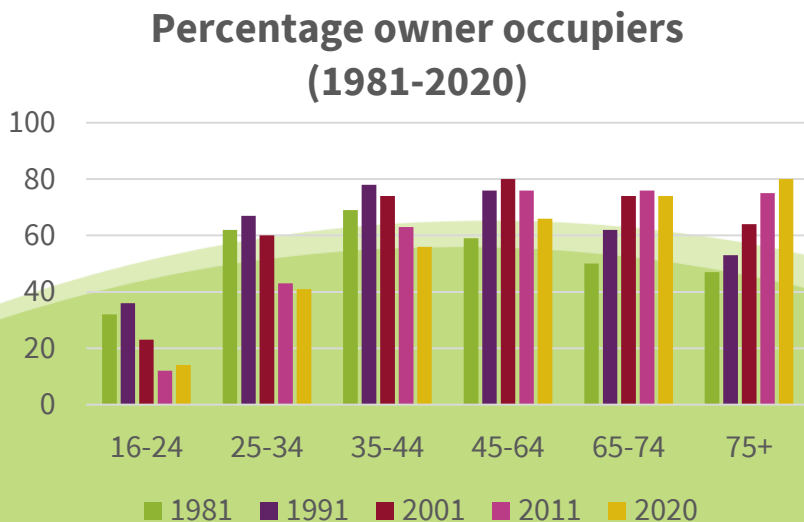
- Without access to the finance needed to invest in technology to improve productivity, our industry's ability to meet its growth potential and stay competitive may be challenged
- Members can also use the data HTA collects on things like sales, profitability, long-term growth projections for the industry to support business cases in negotiations with banks and lenders
- Banks are increasingly offering 'green lending' to fund investment in greater business sustainability which can have favourable interest rates

Lower levels of home ownership



Owner occupation remains the most common home tenure with 15.4million or 65% of households in England owning their own homes either outright (35%) or buying with a mortgage (30%). However, whilst owner occupation has grown over the last 40 years amongst the older age groups aged 65+ and the population has aged, ownership amongst younger people has declined and getting onto the housing ladder has become increasingly difficult.

Nationwide calculated that in Q1 2022, the average cost of a UK house reached 7 times the average first time buyer’s annual salary. The house price to earnings ratio is also more extreme in London, where it reaches 11 times salary, whilst houses in the north are considerably cheaper.



With the unaffordability of owning a home, 67% of 16-24 year olds, 42% of 25-34 year olds and 27% and 35-44 year olds are renting privately. Typically home renters spend around 60% less on gardens than demographically similar home owners, and there is a challenge in persuading consumers to effectively invest in the landlord’s garden.

‘So what’ & key takeaways?

- Renters spend less on their gardens than homeowners, so a rising rental-to-home-owning ratio could negatively impact levels of garden spend
- HTA members can aim to provide advice, inspiration and products for rental-friendly gardening and for younger gardeners that don’t stay in the ground to the sole benefit of a landlord, for example patio gardening

A growing and aging population

The Census 2021 revealed that the population of England and Wales had grown by more than 3.5 million (6.3%) compared with the previous Census in 2011. The population grew in each of the nine regions of England and in Wales too, with the East of England experiencing the highest population growth (8.3%).

The trend of population ageing continued, with more people than ever before in the older age groups. Over one-sixth (18.6%) of the population in 2021 were aged 65 and over, up from 16.4% in 2011. This means more people entering retirement age, impacting labour supply if younger generations cannot plug the gap.

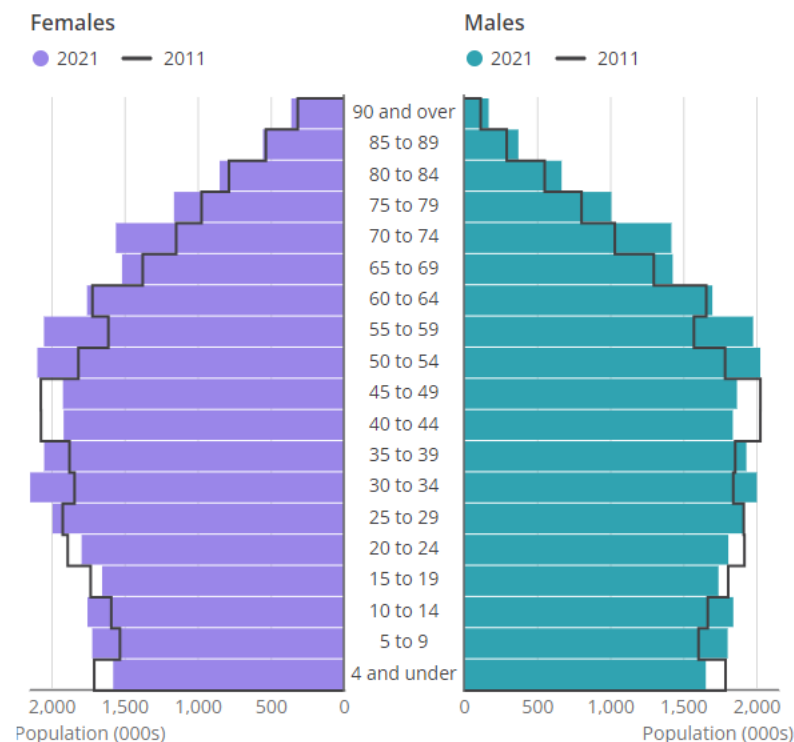
Older consumers have the highest levels of home ownership, are the biggest spenders in garden retail and tend to have the most disposable leisure time.

'So what' & key takeaways?



- Older consumers tend to be the most economically secure, more engaged with gardening and are more likely to own the homes they live in, creating a larger potential market for the industry, including the garden maintenance sector in the coming years
- Increasingly consumers don't want to be defined by their age, read more about the 'Ageless Society' on **page 59**
- The garden industry can offer solutions to the negative impacts of aging – maintaining fitness, providing socialisation, and much research has shown spending time in gardens can help with the symptoms of dementia, so we may see an increase in social prescribing
- Businesses may be able to support with garden products/services that save and take the strain out of physical labour

Age and sex of the population, 2011 to 2021, England and Wales

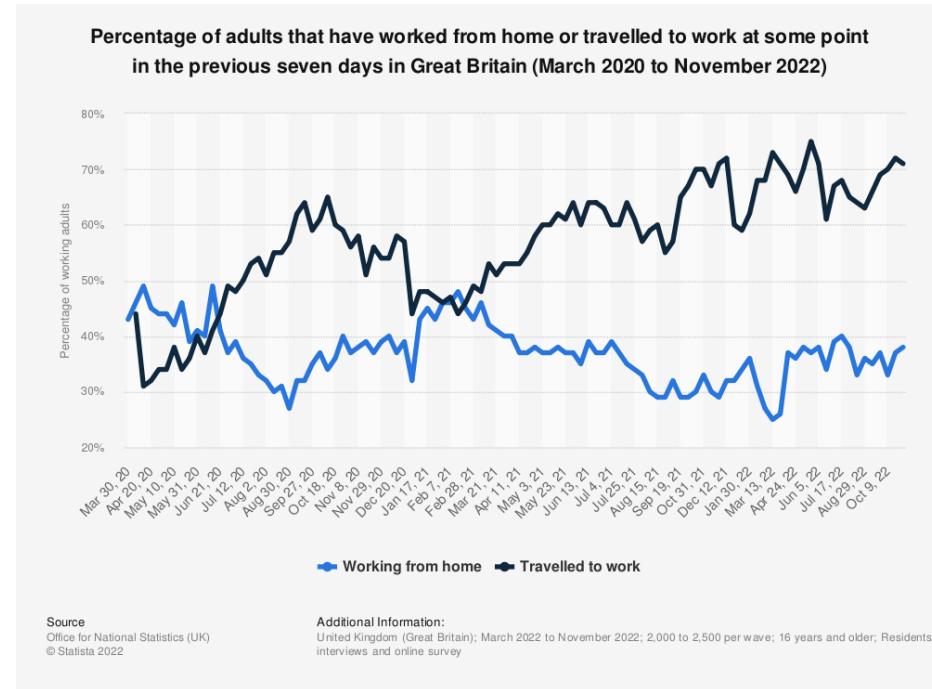


Home/hybrid working

Thanks to the pandemic, for the professions and roles that allowed, home-working grew in popularity to adhere with restrictions and social distancing and halt the spread of the coronavirus. Prior to 2020, working from home was generally the exception, not the rule.

Many benefits were observed for work-life balance, relationships with family and pets, productivity and well-being. Though for some people, the in-office benefits of face-to-face social contact, improved communication, routine and ability to 'switch off' at the end of the day still remained. As such since the pandemic, hybrid-working has grown in popularity to accommodate the benefits of both environments. According to the ONS, as of May 2022, 24% of working GB adults both worked from home and travelled to work in the week preceding being asked. Meanwhile 14% worked solely from home.

This has meant that for those that were able, the home has had to change to accommodate many different activities: work, leisure, exercise, entertainment and more.



'So what' & key takeaways?



- Spending more time at home, consumers have become more aware of areas they'd like to improve or do more with
- The garden can be positioned as the place to take a relaxing break from the home office, to connect with nature and de-stress
- Whilst working from home might not be possible in large parts of our industry, businesses should consider how they can remain a competitive employer by fostering a good working environment/culture and offering additional benefits

Technology disrupting the shopping experience



A concept accelerated by the pandemic, the metaverse is the idea of a virtual connected world facilitating majority of consumers' needs including: socialising, shopping and playing. At present, there is no single metaverse, but it's a space that more brands and businesses are individually constantly moving into. The race for technology companies to fully form a virtual metaverse is likely to get faster.

These concepts could present a threat to current in-store retail environments. It is unlikely that the unique selling points of in-store garden retail will be replaced, however consumers' experiences of technology may shift consumers' expectations from retail environments. Garden brands and businesses' products, services and customer experience are likely to need to adapt to attract attention and compete a few years down the line.

So what & key takeaways?

- Businesses will increasingly need to widen their horizons when conducting competitor analysis – new competitors and new ways of connecting and transacting with customers are emerging all the time and affecting customer expectations around service and product range
- Retail spaces are being re-defined and offering extra purposes to add value to consumers lives – read more about the trend on **page 53**
- Artificial intelligence (A.I.) may increasingly be able provide innovative solutions in garden design/advice and may offer opportunity for in-app purchasing– read more on **page 54**

Automation era

It is often referred that we're going through the 'Fourth Industrial Revolution' due to the speed of change and breadth of areas technology is set to influence.

Automation of processes (e.g. audits, administration), logistics (e.g. drones, driverless vehicles) and manufacturing has already begun, with other countries such as China leading the way. In horticulture, the Netherlands are particularly pioneering in greenhouse and growing technologies that reduce the need for human labour. Companies like Mechanical Botanical and WPS We Provide Solutions provide a range of machinery designed for growers and nurseries, covering smart picking and potting robotics, as well as seeding and labelling machinery, transplanters, trayfillers, bench and conveyor systems, tree lifting equipment, sweepers, tugs, trolleys, tray and pot washers.



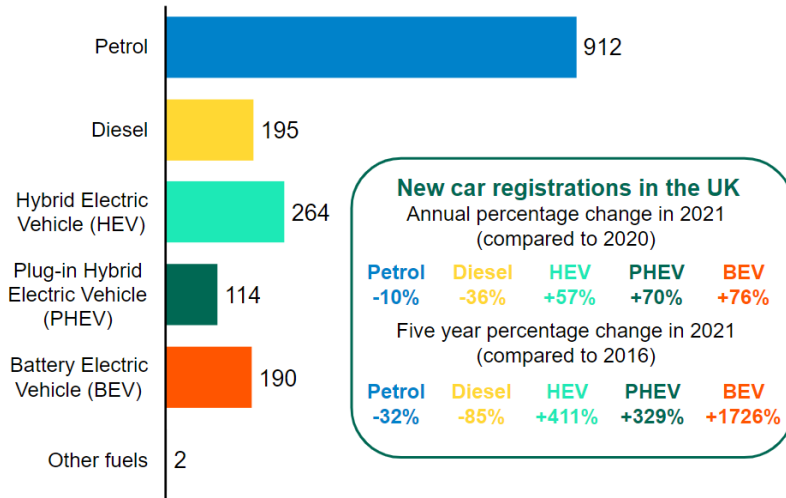
As the labour crisis and wage war continues, the use of robotics, mechanisation and automation are likely to be a key enabler productivity and capacity growth, particularly in light of challenges to labour supply identified in this report. Job losses are predicted to be borne unevenly though, impacting workers with a low educational level disproportionately. Meanwhile, demand for higher cognitive skills like creativity, programming and critical thinking could increase. However, businesses need to have the confidence and be able to access the necessary finance to invest in order to remain competitive and overcome labour shortages.

'So what' & key takeaways?

- Automation and mechanisation in business is increasing, and the industry is at risk of being left behind and less competitive should it not be able to invest in replacing some repetitive/manual labour
- Despite tough economic times in the short-term, businesses should look at the business case, return on investment and long-term paybacks of making investments in automation
- Whilst this poses risk to human jobs, business should plan for the skillsets and job roles they may need to support as technology becomes more embedded in horticultural business

Rise of plug-in electric vehicles

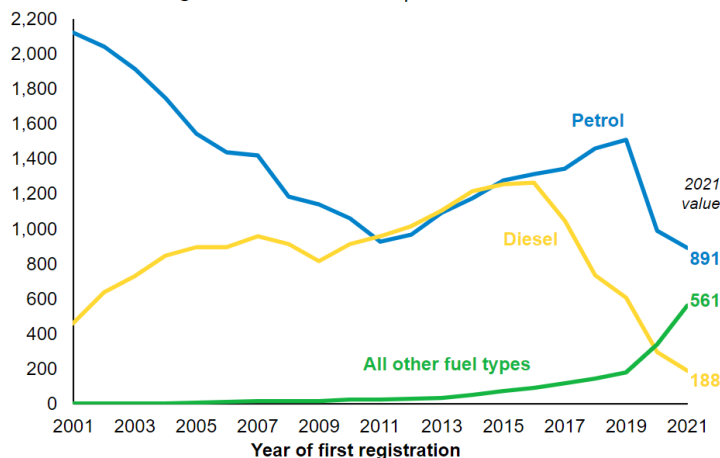
Thousands of cars registered for the first time | UK | January to December 2021



While as of 2021, Foresight Factory research revealed that only 3% of British adults report that their household owns an electric car, 18% strongly agreed that they would consider buying one.

In 2021, there were 40.3million licensed vehicles in the UK. 748,000 of these were licensed plug-in vehicles (PiVs) representing an increase of 72% compared to 2020, when there were 435,000. Looking at new vehicle registrations (2.3million total), 327,000 were plug-in vehicles (PiVs), accounting for 14% of all UK new vehicle registrations. Meanwhile by contrast production of new petrol and diesel cars fell by 10% and 36% between 2020 and 2021. The graph on the bottom left highlights how in the next couple of years we're likely to see a crossover where production of electric vehicles overtakes that of petrol for the first time, as the government plans to ban the sale of new petrol and diesel vehicles by the end of the decade.

Thousands of cars registered for the first time | GB



In Norway, electric vehicles have an 86% market share and represented 25% of all vehicles on the road in September 2022. Strong demand-side policies implemented (e.g. toll exemptions, free parking, bus lane use, tax reductions and hydro-generated electricity) have seen a rapid adoption curve. The current price of EVs, lack of charging infrastructure and perceptions around drive times are key barriers to overcome in the UK however.

'So what' & key takeaways?

- Retail businesses may consider beginning planning for investment in the infrastructure and power supply to support the growing number of electric vehicle –owning employees and customers visiting stores in order to remain competitive with other employers and retailers.
- Businesses should consider the right timing/scale of investment in EV charging infrastructure relative to other capital expenditure that could be made

Need for supply chain resilience & efficiency



The pandemic highlighted that robust supply chains are critical to smooth trading and productivity. Businesses are increasingly going to need to put in mitigations and carry out contingency planning to ensure continuity of raw ingredients, shipping of manufactured goods and travel of plants across borders.

As an example, in March 2021 the Evergreen cargo ship became stuck in the Suez Canal for 6 days after a dust storm challenged its navigation and visibility, blocking the route used for 12% of entire global trade. Vessels travelling between Asia and Europe were forced to choose between sitting amongst the backlog of ships waiting to pass, or take a 2 week detour around the coast of Africa.

Similarly, the UK's EU Exit additional regulatory burdens have been added to the process for moving plants internationally. With many businesses' cash tied up in stock, it is vital for cash flow that goods are moved as smoothly and efficiently across borders without delays and subsequent perishable stock loss.

'So what' & key takeaways



- Businesses should risk assess and if applicable contingency plan for increased costs or delays to manufactured goods or raw materials coming from overseas or affecting their supply chains
- Products with a 'shelf-life' can be rotated quickly through stores to minimise customer dissatisfaction (e.g. rotate peat-free stock quickly to minimise nitrogen fixation and poor-performance)
- Models for smarter supply chains are emerging, to better cope with demand and avoid wastage – read more about the innovations on **page 55**

Crackdown on transparency and fairness



Standards around advertising are also tightening, with consumers increasingly holding brands and businesses accountable and leading the backlash to any misinformation or misrepresentation. As consumers are increasingly demanding products which minimise harm to or protect the environment, there has been a proliferation of products and services claiming to meet that demand. The Customs and Markets Authority (CMA) updated their consumer protection law guidance to protect consumers from misinformation, and businesses from unfair competition. Any environmental claims relating to a business, brand, product or service must be: truthful and accurate, clear and unambiguous, must not hide important relevant information, be fair and meaningful, consider the whole product or service lifecycle and must be substantiated.

In mid-2023, the European Commission is expected to approve the use of [FloriPEFCR](#) across Europe – a standardised method for calculating the environmental footprint in the floriculture sector, allowing for comparison and equality across the sector. A consortium of organisations is currently working on calculation rules for the footprint of ornamental plants or flowers using a Life Cycle Assessment (LCA) methodology.

‘So what’ & key takeaways?

- It’s important for businesses to stay on the right side of misinformation laws, so make sure any advertising claims and online reviews are legitimate and stand up to scrutiny if challenged
- Businesses and brands are increasingly being held responsible by consumers and are subject to online backlash for getting it wrong

BEIS also plans to improve protection for consumers who buy goods and services online. This is expected from 2022 onwards, though it is uncertain whether it will involve legislation or a different approach like the CMA’s consumer education campaign. Actions could be for example expressly banning the commissioning of fake reviews, or a strengthening on the law around misleading subscriptions – such as those that trap people by falsely advertising as “free” or as a “special offer”.

Environmental regulation

With the mitigation of climate change a high priority for governments, there is a raft of environmental legislation and regulation on the horizon set to affect horticultural businesses, requiring additional administrative and labour resource on top of any fees the business may be eligible for.

The plastic packaging tax was implemented in April 2022, and requires business that either manufacture or import plastic packaging that does not contain at least 30% recycled plastic, to pay a fee of £200 per metric tonne. Businesses that manufacture or import 10 or more tonnes of plastic packaging over a 12-month period need to register for the tax, regardless of whether fee thresholds are met.

Extended Producer Responsibility (EPR) will come into force in 2023 and will make businesses responsible for the costs of managing a product's packaging when it is disposed of at the end of its lifecycle and/or reporting on their packaging data. There are different types of obligated producer, but even if a business isn't directly affected through obligation to pay/report; they may see costs charged by suppliers go up as a result of their responsibility.

Starting in Scotland in August 2023, the UK's first Deposit Return Scheme (DRS) will go live, with the aim of recycling billions of single-use drinks containers every year. A deposit of 20p is expected to be charged to the consumer on purchase of the drink, and refunded on return of the container. DRS infrastructure such as reverse vending machines, are expected to begin rolling out throughout 2022 in preparation. Businesses will need to familiarise with any return point obligations they will have, or apply for an exemption.



'So what' & key takeaways?

- Businesses will need to understand and provide data on the impact of their supply chains on the environment so suitable resource and IT systems or partnerships with compliance scheme providers should be planned for
- Members can follow the HTA's regulation tracker to keep abreast of regulation on the horizon set to impact our sector ([click here](#))
- HTA will continue working to influence government on minimising the scale and complexity of regulation impacting our sector

Biosecurity & cross-border trade



Our research estimates that the current cross-border importing arrangements cost the ornamentals industry an additional £30million in 2021, compared with pre-EU Exit. These costs include services of freight forwarders and customs agents, haulage costs, additional administration labour needed as collected via HTA's survey of members, and the plant health inspection fees and phytosanitary certificate costs attached to imported consignments.

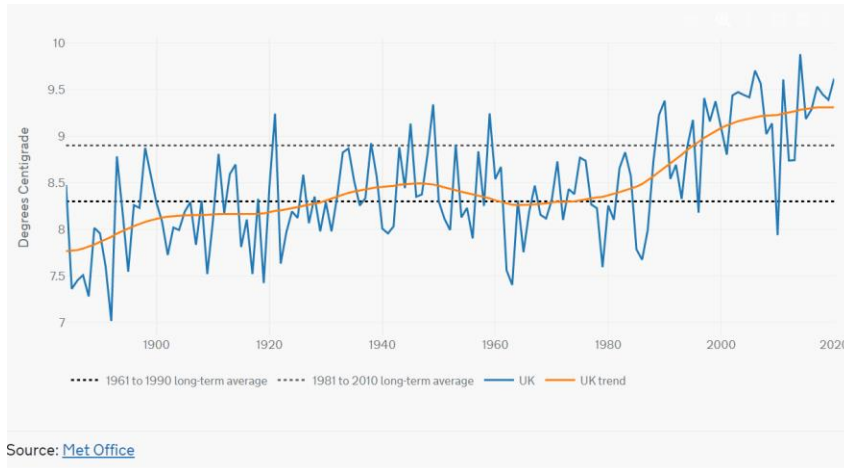
The industry is also experiencing a significant downturn in exporting opportunities, with UK exports of plants and plant material reducing by 30% in the 2021 calendar year compared with 2020. This has been exacerbated with prohibitions on key species traded into the EU (including Northern Ireland), complexities for previously commonly traded routes such as GB to Northern Ireland and reduced opportunities to trade overseas.

The Government are expected to announce a new border model, called the "Target Operating Model" (TOM) early this year. The TOM will set out ambitions for a better border, including an Authorised Operator Status model for plants and fresh produce, simplified Customs processes and an enhanced technical capability. However, it is expected that BCPs will still be brought in to check plants, seeds and bulbs with uncertainty over where and how BCPs will operate and what they will cost to use. However, options for businesses to become a Control Point (CP) should see more accessible criteria introduced along with changes to CITES requirements for artificially propagated species and a digitised CITES permit system. All of the border changes will have an aim to smooth the process of trading across borders, enhance technical capability and minimise costs and bureaucracy. However it remains to be seen if the sector will see a lifting of the financial and resource burdens that currently limit UK horticultures ability to grow and invest.

'So what' & key takeaways?

- Members can continue to expect periodic updates on importing requirements from the HTA as Defra's final plans for the TOM become clearer

Global warming



Climate change is a global issue, with global impacts. Average global temperatures have risen by more than 1°C since the 1850s. And 2015, 2016, 2017, 2018, 2019 and 2020 were the hottest years ever recorded. We've already started to see the effects of a warming planet in the UK through longer, more severe heatwaves.

The Met Office predicts that compared to the UK's climate in 1990, by 2070: winters will be between 1 and 4.5°C warmer and up to 30% wetter; and summers will be between 1 and 6°C warmer and up to 60% drier depending on the region, with hot summer days between 4 and 7°C warmer.

A changing and changeable climate could fundamentally affect the horticulture industry. Impacts could include changing attitudes towards gardens, loss of biodiversity, a changing seasonality and growing lifecycle of plants, and demand for garden goods and plants with properties for urban cooling and for dealing with extreme conditions like floods or drought.

'So what' & key takeaways?



- Businesses can provide consumers with inspiration for eco-friendly gardening and promote the qualities of plants on rainwater absorption, drought-tolerance etc.
- Green solutions can play a big role in reducing the impacts of global warming in urban areas, read more on **page 44**
- As the weather and typical seasons change, businesses should plan around greater variability in plant lifecycles and availability
- As the impacts of global warming become a reality, businesses will increasingly be expected to enable customers to adapt to more sustainable gardening – read more about the trend 'Acclimatise Now' on **page 62**
- Retailers with catering should take note of the rising interest in 'Climatarian Diets' where consumers consider the footprint of what they eat (**see page 63**)

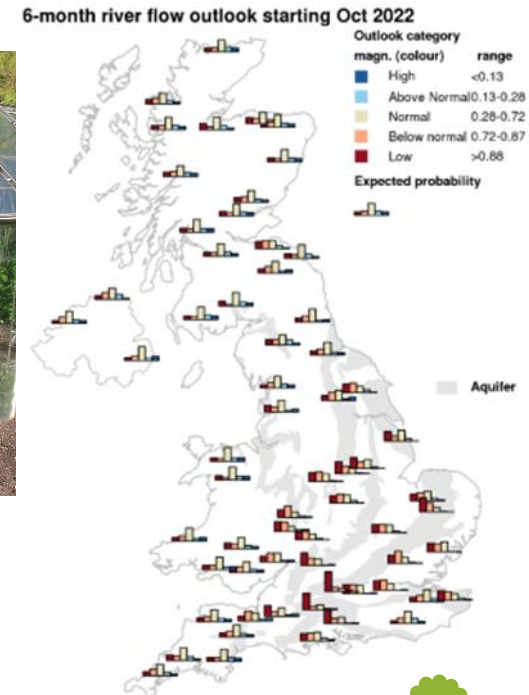
Water scarcity

Hotter, drier summers and less predictable rainfall as a result of climate change will lead to increased drought risk and possible water shortages in the UK. Projections from water companies in Autumn 2022 suggest that should the UK have average rainfall levels over the winter 2022, this may still not be sufficient to prevent drought conditions in some areas next spring, indicating the 2023 core gardening season could be impacted by hosepipe bans and water restrictions.

Throughout prolonged periods of extreme heat, the South East of England is generally the driest part of the country. It is also the most densely populated area, putting substantial pressure on water supplies in this region.

It's likely to become increasingly important to reduce reliance on mains water, by using less water more efficiently; and improve supply, including by investing in infrastructure. Horticultural businesses have a key part to play in this – in being seen to be responsible water users and encouraging gardeners to water responsibly, and by investing in technologies that collect, store and reduce water wastage. 32% of UK adults claim to have a water butt, rising to 53% of Gardening Elders and 39% of Garden Prouds – the two HTA garden consumer segments that make up the largest proportion of garden spend. Read more about the segmentation and how you can use it to target or identify customers [here](#).

Businesses with an abstraction licence should expect this to be questioned if water scarcity increases.

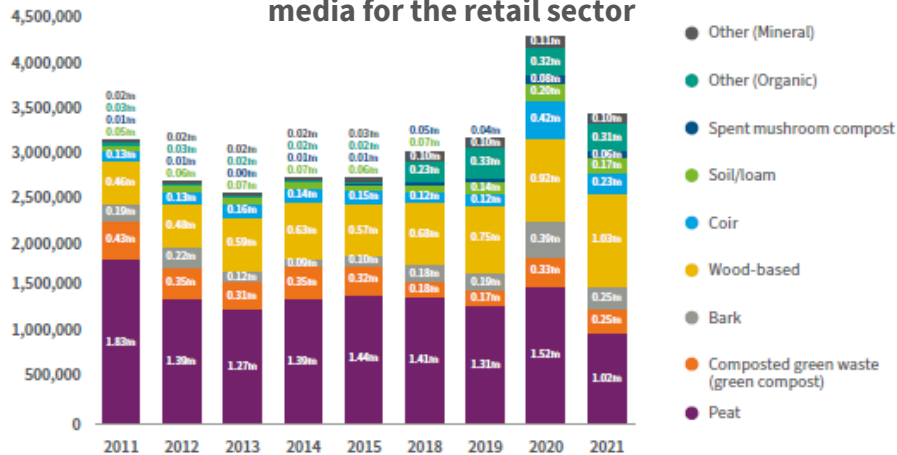


‘So what’ & key takeaways?

- Water-saving tips in the garden can be shared with customers
- Businesses should review their own practices for water use, and aim to minimise reliance on mains water where possible, potentially investing in facilities like reservoirs or rainwater capture systems
- Businesses with an abstraction licence should have contingency plans for periods of drought where licences may be challenged

Access to peat alternatives

Overall volume (cubic metres) of ingredients in growing media for the retail sector

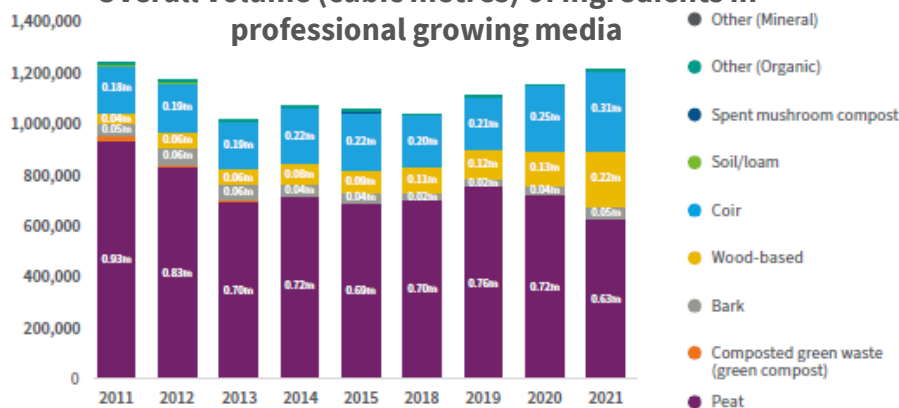


In August 2022, Defra announced its plan to ban the sale of peat in bagged growing media for retail in 2024. Peat as a proportion of growing media fell from 41% in 2020 to 36% of total volume in 2021, and as of 2021 made up 30% of total volume in growing media supplied to retail.

Critical success factors for further accelerated removal of peat include the availability of alternatives. Whilst use of wood-based materials such as wood fibre has increased, competition for this raw material with other industries remains intense.

There are still significant technical barriers to removing peat from some horticultural crops, processes and forms. So, peat-free trials continue to take place around the country to find the mix of ingredients that delivers the best results. This is clearly taking additional resource for businesses to research and trial.

Overall volume (cubic metres) of ingredients in professional growing media



'So what' & key takeaways?

- Businesses should ensure they are up-to-date with the facts around responsible growing media, so accurate information and advice can be given to customers
- HTA will continue to provide members with updates throughout 2023

Green solutions

“Urban heat islands” occur when natural land cover is replaced with dense concentrations of pavement, buildings, and other surfaces that absorb and retain heat. Urban areas often experience temperatures around 9 degrees higher than rural areas in the same local area. This effect increases energy costs (e.g., for air conditioning), air pollution levels, and heat-related illness and mortality. Knowledge around the optimal use of green infrastructure (trees, grassland, green roofs) to combat these effects is still evolving; but with the UK government pledging to build 300,000 new homes every year, bringing more urban development and vehicles, proper planning to incorporate green solutions is likely to be key. This could mean increased demand for product and labour from our industry, and for ‘green’ to become the social norm.

The Government has published research on the value of urban trees (see [here](#)) showing that trees provide a green infrastructure solution to combatting the urban heat island effect. They absorb water and release it as vapour producing a cooling effect, they provide shade for the ground and buildings reducing temperatures and energy used on cooling buildings; and store less heat and energy than surfaces like concrete.

Trees can also be the solution to reducing flooding. Their canopies and branch networks slow down the rain before it hits the ground and even allow for some water evaporation directly from the canopy, helping to spread the effect of a rainstorm over a longer period. Their root systems help to store water in the soil, whilst urban trees and grasslands can reduce surface run off in urban areas with impermeable concrete.

Built up areas with less green space get hotter

Heat hazard scores in Brent, London



Note: The higher your heat hazard score, the more likely it is that your area will experience high temperatures during hot weather, compared with other areas in your neighbourhood. A score of one means the postcode was in the lowest 40% of areas, while a score of five means it was in the top 1%.

Source: 4 Earth Intelligence

B B C

‘So what’ & key takeaways?

- The industry should expect a growing political and consumer appreciation and demand for green spaces, plants and trees based on their environmental and social benefits – read more about Green City projects that are emerging on **page 64**

All of these big forces in the market are driving a series of shifts in consumer behaviour and present new opportunities and threats to businesses. In this section we discuss how consumer confidence is low and non-essential spending is being affected, driving up value-maximising behaviour and ‘dupe-hunting’. Typical expectations of retail environments are being re-defined and new competition is emerging from direct-to-consumer models. There are increasing pressures for businesses to increase productivity, and provide transparency on supply chains and employment practices. Meanwhile the industry is well-placed to offer solutions to cope with the effects of climate change and an aging nation.

3. IMPACT ON CUSTOMERS AND BUSINESSES

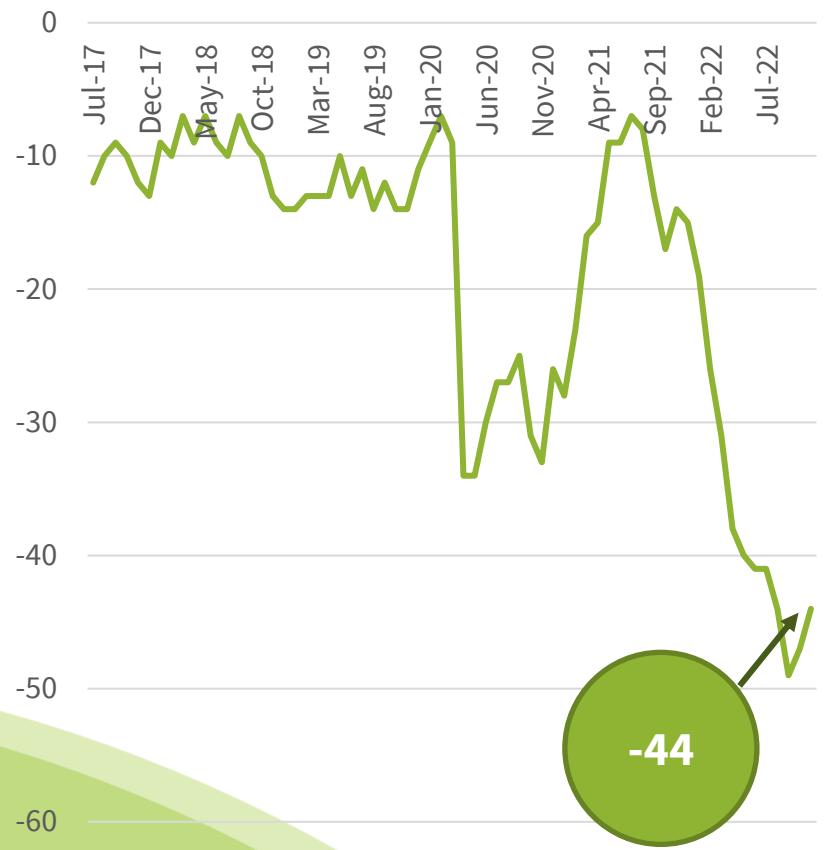
Low consumer confidence

As a result of mounting pressures on household finances, in November the GfK's Consumer Confidence Index hit -44, with the few months previous recording the lowest levels since records started in 1974, far lower even than the depths of the coronavirus pandemic. This is significant because consumers' confidence impacts their economic decisions – like their spending activity, or decisions to save; which can in turn affect businesses' sales.

Concern for the country's general economic situation is extremely low, with media coverage reverberating that there's likely to be no letting up of spiralling costs any time soon. It remains to be seen what impact any government household and business support packages will have on consumer financial confidence.

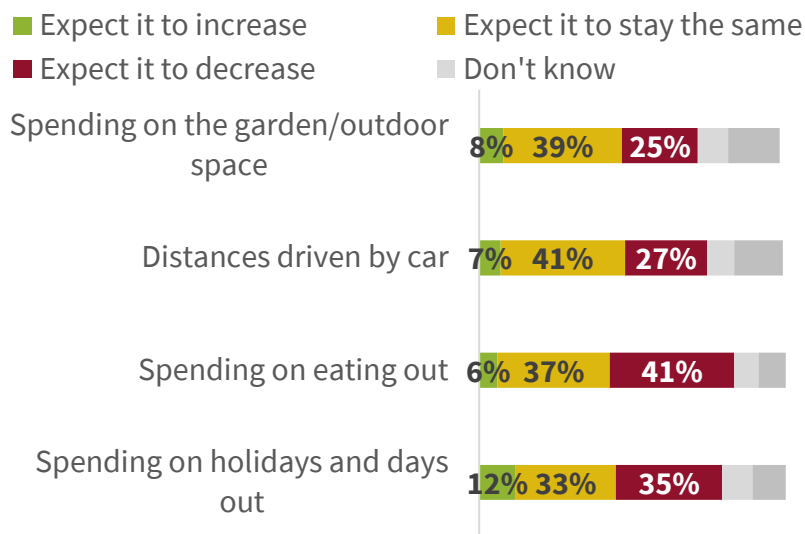
Importantly, the index indicates consumers are currently feeling less willing to make major purchases, and are increasingly looking to save, encouraged by the interest rates rise. This could hamper major investments in garden spaces and improvement projects, but equally could see consumers 'retreat to the garden' as an affordable in-home leisure pursuit compared with higher cost out-of-home leisure activities.

Consumer Confidence Index



Reduced spending & activity

Thinking about the next 12 months (i.e. until October 2023)...Do you expect your household activity to decrease, increase or stay the same in each of the following areas?

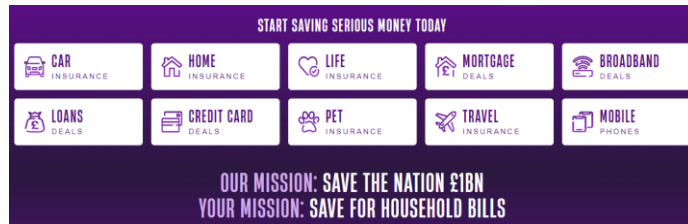


In our October 2022 survey, we asked British adults how they expected their household travel and spending in different areas to change over the next 12 months. Majority of consumers (39%), indicated that their spending on the garden/outdoor space would stay the same, however one in four people said they expected it to decrease. A further 27% of people said they expected the distances they travel by car to decrease, and 41% expected to decrease spending on eating out. Clearly consumers are considering adjusting their budgets to allow for the rising cost of living.

However, garden centre catering sales have been performing strongly in the second half of 2022. The Office for National Statistics' [November survey](#) found that more than 1 in 20 food and drink businesses (6%) planned to stop trading for two or more additional days a week in the month. This could provide opportunity for garden centres who are operating catering alongside the main garden centre to benefit from reduced competition, and may have been a factor in strong garden centre catering sales towards the end of 2022. Similarly, consumers may look for a lighter eating-out option as a way of downsizing from an evening meal out rather than cutting back completely.

Furthermore, 35% of consumers said they expected their household spending on holidays and days out to decrease, suggesting that gardening could benefit from less competition for out of home leisure as consumers retreat to the home.

Trend for value maximising



DUPE HUNTING - Budget Beauty Shop With Me
8,511 views • 1 Mar 2020



'So what' & key takeaways?

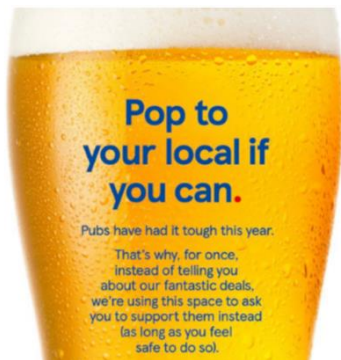
- There is increased consumer expectation for retailers to offer loyalty schemes and rewards for their custom, so businesses might find innovative ways to reward customers in tough times (e.g. schemes that play into increasing average basket values, maintaining margins etc.)

In light of their waning financial confidence, there is a trend for value maximising amongst consumers. This isn't just a desire to find the cheapest possible option, but rather spending to get the best returns relative to their own goals, wants and needs. Consumers are increasingly wanting to verify the worth of a potential purchase in terms of how competitive the price is, the length of product/service lifecycle, and what actually works, to make their money go further. This could mean that understanding customers could become increasingly important for brands and businesses, and also providing best-price deals or standout reasons why consumers should pay that bit more for your product/service.

Comparison sites provide the ability to compare goods and services instantly via the internet, increasingly alerting consumers to better deals or promotion codes or promising to automatically switch them to a better deal, taking away their need to personally search. Making sure your business is integrated with these technologies, or puts challenge to price comparisons in your communications could become increasingly key.

Social media platform TikTok has also fuelled the rise of 'dupe-hunting' over the last few years. Users often share their tips on products that are more affordable alternatives (or 'dupes') for premium or often designer products; something that's increased in attractiveness during the cost of living crisis. Similarly, Asda introduced its Essentials range providing low-cost budget lines across many household goods and groceries. It was so popular on launching that they had to introduce rationing on the number of items customers are able to buy in one go until stock levels improved! Alongside this, they've launched their first loyalty scheme to rival the likes of Tesco Clubcard and Nectar - AsdaRewards, with a point of differentiation in offering pounds rather than points to loyal customers. This is a message likely to resonate when consumers are looking to make their pounds go further.

Cool to be Kind



'So what' & key takeaways?

- Businesses can look at their messaging in both internal and external communications to ensure it is sensitive to personal circumstances
- Businesses can look for opportunities to help employees fulfil desires to do something kind/charitable (e.g. through company charity fundraisers, supporting community projects etc.) and tell customers about it to help with showing you take CSR seriously

The pandemic and trying times that ensued have boosted compassionate action. For example, 11% of British consumers said they expect to volunteer more in the next 12 months compared with before the pandemic, including 20% of those aged 25-34.

Showing kindness is an important part of many consumers' identities, including self-kindness; but there is increasing expectations of brands and businesses to act with kindness too. Whether that be through showing support for local charities, small businesses (like Tesco's support for pubs as lockdowns eased) or community projects, or in recent times supporting Ukrainian refugees. Sometimes, enabling customers to opt out of marketing occasions which might cause upset can be kind and marketing initiatives can be reconsidered to embrace thoughtfulness. For example, allowing customers to opt out of Mother's Day messaging, which for some people can resurface grief. The garden industry has a good story to tell and businesses can aim to show how buying into your brand will genuinely improve the lives of customers.

Businesses can also embed kindness into the company culture through wellbeing support schemes or employee recognition at all seniority levels. Businesses may also consider providing an opportunity for employees to take a paid day away from work to complete a charity project. This can foster a happy workplace with employees more likely to play it forward to customers, and boost productivity.

Pressures to increase productivity

For businesses, over the next year the bottom line is likely to be increasingly squeezed by rising costs of energy, compliance and labour. Along with lack of available labour supply, this pressure is likely to accelerate the move towards smarter technology.

Lincoln Agri-Robotics (LAR, est. 2021) is the world's first global centre of excellence in agricultural robotics, and combines two leading research groups at the University of Lincoln. Their research is usually funded by grants and conducted through PhD programmes, and has developed robotics for the moving and handling of crops, crop manipulation and picking, and pest and disease control through thermal imaging among other areas. These are areas which are currently labour-intensive for ornamentals growers too.

In the next 1-3 years, Foresight Factory predict that businesses are likely to adapt to new post-COVID labour shortfalls and ordinary economic challenges by 'hiring' more machines and artificial intelligence (AI) – from robotics on the ground to smart algorithms automating processes in office settings. But uneven applications of AI across industries is likely to exacerbate inequality and drive new job categories in machine learning for example. In the longer-term, robot 'co-workers' are expected to become more normal, and provide innovative solutions to problems humans thought impossible. But maintaining a human-first basis for branding is likely to resonate best with consumers still. Staff don't have to lose out, but rather focus on what they do best like customer relationships, handing over repetitive, labour-intensive tasks to the technology.

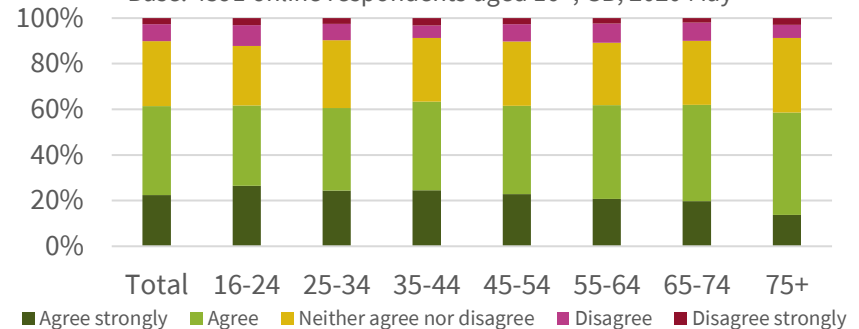
More information about the work of LAR and how to get involved can be found here: <https://lar.lincoln.ac.uk/>

Sources: Lincoln Agri-Robotics; Foresight Factory



“Companies should prioritise employing humans over robots/automated services even if it means they have to charge higher prices”

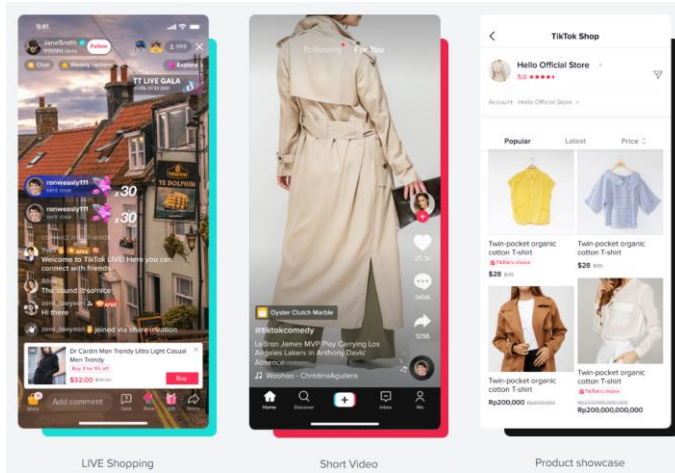
Base: 4591 online respondents aged 16+, GB, 2020 May



‘So what’ & key takeaways?

- Businesses should make sure they have a good story to tell, backed-up by how workers are treated – announcements of robots replacing workers are likely to be subject to consumer backlash
- Consider how roles can be re-purposed to utilise skills only humans can offer

Connected shopping



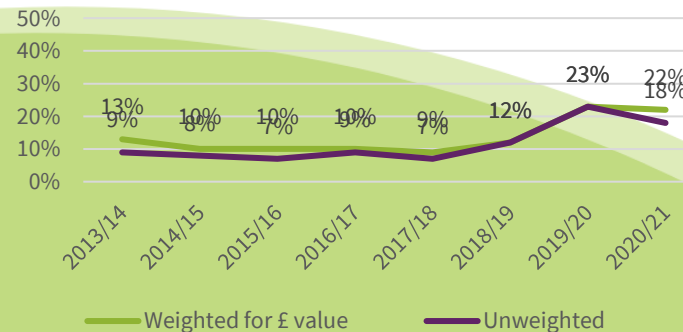
Increasingly, everything and everywhere is becoming directly shoppable. New tools are being rolled out by social media platforms enabling consumers to buy the content they see. Social media platform TikTok now includes its 'TikTok shop', allowing users to buy products directly from the videos they see. Over half (54%) of TikTok users claim to have bought a brand after seeing it on the platform, whilst the hashtag #tiktokmademebuyit has been used over 35 billion times globally, highlighting the gravity of the trend.

For garden brands and retailers, it's likely to become more important to ensure the business has a shoppable presence in more areas of consumers' lives than solely traditional retail spaces and online stores, especially as younger generations enter home-owning life-stages. In 2020/21, 22% of garden plant spend by value was spent online, compared with 45% of non-plant garden spend. To compete with e-commerce, brick-and-mortar businesses may need to give consumers new reasons to visit. The physical store can be a space for more functional aspects of customer service – making returns, collecting items and experiencing products in person; but it could be increasingly important to create deeper connections with your business.

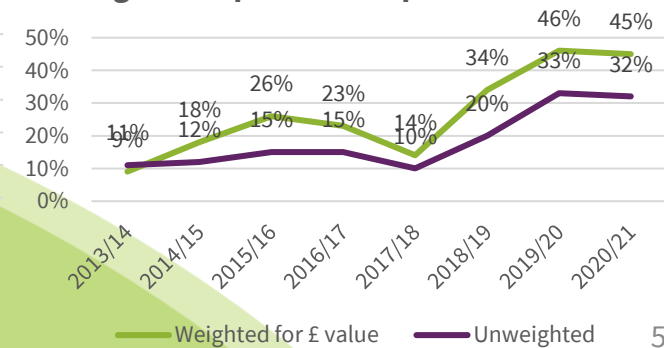
'So what' & key takeaways?

- Retailers may need to consider additional reasons/incentives for the customer to visit the store as opposed to purchasing online

Estimated proportion of garden plant spend that's placed online



Estimated proportion of non-plant garden spend that's placed online



Direct-to-Consumer selling



The rise of Direct-to-Consumer (DTC) selling has also disrupted what it means to be a retailer. For example, Patch Plants offers a plant delivery service to customers homes, providing care advice and appealing to humour and gifting markets with their human names for the plants. With industries such as travel badly hit by the pandemic, brands began experimenting with offerings outside their usual remit to stay afloat – for example restaurants selling merchandise, and airlines launching wine delivery. Alongside this, entrepreneurial consumers will navigate into retail, supported by social media and platforms like Shopify or Etsy that make it easy to sell products and services direct to consumers. This is known as the ‘Creator Economy’, and will hand more power over to individual and less established brands.

Garden businesses should expand horizons when it comes to competitive analysis, and focus on the added value for customers in buying from their business over others.



‘So what’ & key takeaways?

- Businesses should expand their focus when conducting competitive analysis, and factor in the threat of direct-to-consumer selling acquiring a greater market share
- Bricks & mortar retailers may be able to capitalise on affiliate marketing models by facilitating/referring sales to consumers on another business’s web site in return for a commission

Re-defined retail spaces

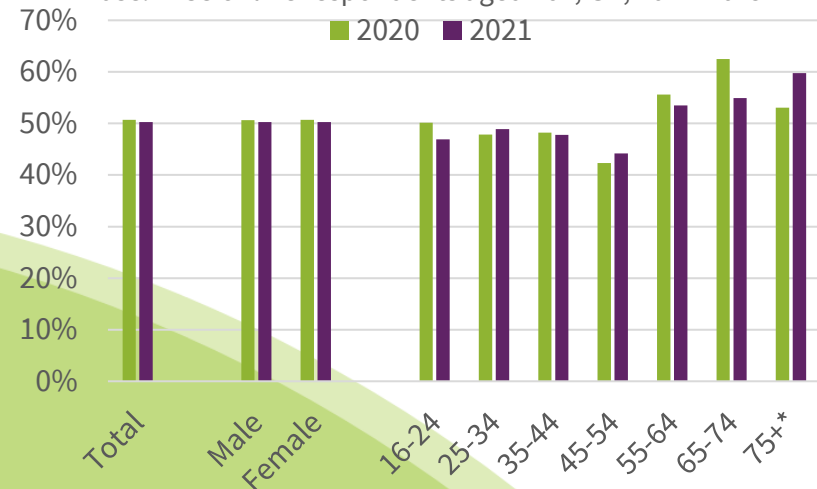
Whilst the pandemic boosted reliance on e-commerce, in-person shopping is still favoured by half of British adults. It can be an enjoyable leisure pursuit, a chance to interact with others and see products in the flesh. But trend analysts Foresight Factory predict that there is opportunity to redefine in-store space to better engage and attract regular customers as e-commerce remains boosted; particularly in the longer-term as generations who have grown up with online shopping and the ease of Amazon Prime enter home ownership and the gardening market.

Providing additional experiences, serving as a community hub, offering working space, having a dedicated space for customers to visit as a natural oasis, are a few examples of how businesses have diversified to give the retail space added allure. As led by larger supermarkets, further down the line in-store infrastructure like self-checkouts could evolve in the garden industry, freeing up floor space for experiential features and staff to focus on in-store customer experience.



“I prefer shopping in person to shopping online”

Base: 4758 online respondents aged 16+, GB, 2021 March



‘So what’ & key takeaways?

- Larger retailers with bigger staff overheads can consider how best to utilise staff and human skillsets instore versus what may be able to be made less labour-intensive (e.g. self checkouts freeing up customer service staff to focus on assisting shoppers in-store with advice), though considerations like increased theft risk should be considered

A.I. for garden products & design



Technology is also expanding into 'try before you buy' allowing prospective shoppers to visualise how different items could look in their homes. In June 2022, IKEA launched its design tool called IKEA Kreativ where consumers can explore products in 3D and create and edit lifelike 3D replicas of rooms in their own homes. They can even 'erase' existing furniture from the scene and replace it with new IKEA products.

Similarly, the app Plant Life Balance allows users to drag and drop virtual plants into a photo of any room or outdoor space, save the look and receive it via email to take to a garden centre/nursery to find the chosen products. The app also has a feature that provides users with a health and wellbeing rating based on the number and size of plants in the space.

As well as the health and horticulture link, British artist Alexandra Daisy Ginsberg's Pollinator Pathmaker project promotes the trend for environmentally-friendly gardening. Via the design tool, you can specify your garden size, sun exposure and surface type and it will use AI to produce a garden design as if designed by pollinators. Users can then download a set of planting instructions to put it into action.

It's easy to see how AI could have a future for garden designers and landscapers to help prospective clients visualise their plans before groundwork starts.

'So what' & key takeaways?

- There may be opportunity for garden businesses and designers to help customers visualise how their gardens might look with their products/services. As we discuss in the connected shopping trend on page 51, there may be opportunity to drive in-app purchasing or affiliate marketing sales



Smarter supply chains

Automation and predictive technology are also driving greater supply chain efficiency. COVID-19 highlighted the importance of reliable goods supply in order to meet heightened and captive customer demand.

Made-to-order retailing powered by predictive technology is expected to become more mainstream as businesses aim to reduce waste and excess inventory. Online clothing retailer Shein has achieved great success due in part to its innovative approach to supply chain management. They produce small quantities initially, but if an item sells well they will ramp up production for 'real-time retail', allowing them to respond quickly to trends. Clearly, this doesn't lend itself to plants with a growing lifecycle, but could become relevant for new non-plant products.

COVID has also increased consumer reliance on e-commerce and delivery. Businesses in the garden industry offering home delivery may need to seek out delivery choices that place less pressure on existing infrastructure and don't compromise carbon footprints. For example, No-Rush Shipping from Amazon offers credit for those willing to wait, while Ocado and Sainsburys offer Green Delivery Slots that let customers choose delivery slots at the same time as others in their area to cut down on distances driven and therefore emissions.

Retailers and logistics providers are also increasingly experimenting with automation for last-mile delivery, including aerial drone trials by UPS and tests of fully-autonomous trucks by Walmart.



No-Rush Delivery
Don't need it urgently? Earn a £1 promotional reward

Don't need your order right away? Get a promotional reward on your next eligible Prime order when you select No-Rush Delivery at checkout. No-Rush Delivery helps us prioritise our fastest deliveries for customers with urgent needs.

HOW IT WORKS



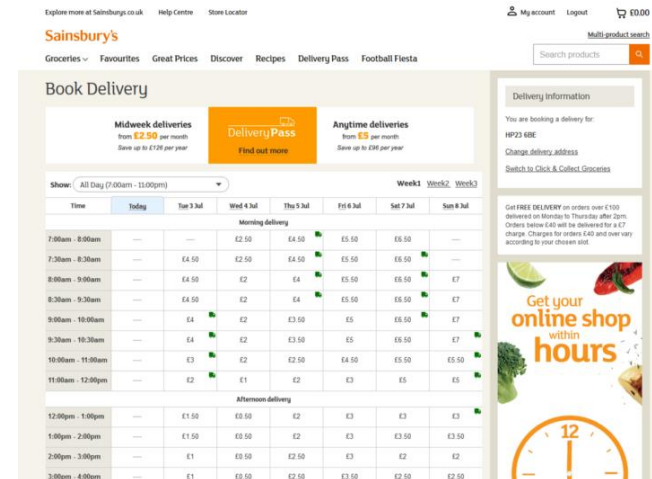
Select No-Rush Delivery



Add at least £10 of eligible items to your cart



Receive your promotional reward



Explore more at Sainsbury's.co.uk | Help Centre | Store Locator

Sainsbury's | Multi-product search

Groceries | Favourites | Great Prices | Discover | Recipes | Delivery Pass | Football Fiesta

My account | Logout | £0.00

Book Delivery

Midweek deliveries from £2.50 per month. Save up to £120 per year.

Delivery Pass Find out more

Anytime deliveries from £3 per month. Save up to £28 per year.

Show: All Day (7:00am - 11:00pm)

Time	Today	Tue 3 Jul	Wed 4 Jul	Thu 5 Jul	Fri 6 Jul	Sat 7 Jul	Sun 8 Jul
Morning delivery							
7:00am - 8:00am	---	---	£2.50	£4.50	£5.50	£6.50	---
7:30am - 8:30am	---	£4.50	£2.50	£4.50	£5.50	£6.50	---
8:00am - 9:00am	---	£4.50	£2	£4	£5.50	£6.50	£7
8:30am - 9:30am	---	£4.50	£2	£4	£5.50	£6.50	£7
9:00am - 10:00am	---	£4	£2	£3.50	£5	£6.50	£7
9:30am - 10:30am	---	£4	£2	£3.50	£5	£6.50	£7
10:00am - 11:00am	---	£3	£2	£2.50	£4.50	£5.50	£5.50
11:00am - 12:00pm	---	£2	£1	£2	£3	£5	£5
Afternoon delivery							
12:00pm - 1:00pm	---	£1.50	£0.50	£2	£3	£3	£3
1:00pm - 2:00pm	---	£1.50	£0.50	£2	£3	£3.50	£3.50
2:00pm - 3:00pm	---	£1	£0.50	£2.50	£3	£2	£2
3:00pm - 4:00pm	---	£1	£0.50	£2.50	£3.50	£2.50	£2.50

Delivery information: You are booking a delivery for: HP23 8BE. Change delivery address. Switch to Click & Collect Groceries.

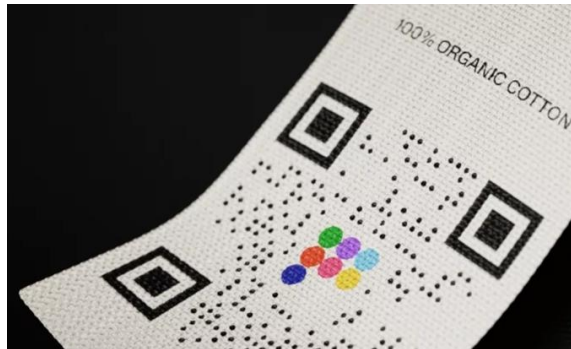
Get FREE DELIVERY on orders over £150 delivered on Monday to Thursday after 2pm. Orders below £40 will be delivered for a £7 charge. Charges for orders £40 and over vary according to your chosen slot.

Get your online shop within hours

'So what' & key takeaways?

- Businesses can review and plan with suppliers/trade customers how supply of goods could be more reactive to demand or any product deliveries be optimised for the most efficient routes based (e.g. to factor in low-traffic times to speed up transit, to minimise inefficiency on journeys with multiple delivery stops)

Transparency & authenticity



In an era of filters on photos and fake news, there is a growing appeal amongst consumers for brands and businesses that feel authentic and genuine, and are transparent about the lifecycle of their products and services, their pricing and eco-credentials. Over half (58%) of British adults agree that they like it when companies use real customers in their advertising for example. In 2021, clothing brand Pangaia created ‘digital passports’ for their product labels, allowing consumers to scan a QR code to see details of the product’s provenance, production and distribution, including any sustainable credentials.

This trend for authenticity is expanding into rebellion against perfection in a personal sense, with growing momentum for being the “real” you not the “better” you. Everyday at a different time, all users of new social media platform BeReal are notified simultaneously to capture and share a photo of what they’re up to within 2 minutes. The idea behind it is to encourage authentic, realistic captures of consumers’ lives rather than the performative, curated content seen often on other platforms like Instagram. Users are also ‘outed’ for uploading their photo late, or retaking the photo before posting for being seen to have spent longer crafting it inauthentically.

‘So what’ & key takeaways?

- There is a growing need for businesses to better understand their supply chains in more detail. Customers will increasingly expect to be able to find out how/where the products that they buy are produced, and throughout the supply chain businesses will need to provide trade customers with transparency to facilitate the flow of data needed for regulatory compliance
- Retail businesses can show an appreciation and understanding that imperfect gardens and gardening knowledge exists, positioning their business as a relatable, transparent source of inspiration and advice

Garden brands and businesses can help consumers to over-come their inhibitions, for example communicating that a messy, tired-looking garden is normal after Winter, but your products and services are there to help.

From a business perspective, increasing the transparency of your supply chain (or requesting transparency from your suppliers) could help internally with issues such as biosecurity, ethical labour and CO2 foot-printing.

Trend towards ‘upskilling’

Amidst fast-changing technology, economic uncertainties and greater appetite for career-changing, there has been a drive among consumers for seeking continuous learning, knowledge and expertise - for life in general as well as work. Thanks to how-to videos and online tutorials, skills can be easily upgraded and anyone can become knowledgeable on a given topic. Upskilling is a way for consumers to stay on top of these shifts and avoid becoming out of touch whether that be motivated by long-term goals of future-proofing a career, or about getting the best results in day-to-day life.

Businesses can play a role in educating and helping consumers satisfy their desire for knowledge through content, in-person events or online courses. In fact, 53% of British consumers report that they like it when companies give them ideas about how to best use their products. Sharing expertise in areas where trusted information is hard to come by could help build stronger customer relationships too. Expertise you pass on can help customers to feel more confident using your products and achieve better results as a result (whether that be general public or supplier-customer relationships). In May 2022, the RHS launched its “We speak plant” campaign, aiming to remind gardeners that their knowledge, and advice is available and accessible to anybody. The campaign features a short animated film in which plants “talk” about the problems they face in the hands of gardeners, such as not getting enough sunlight or being overwatered.

Meanwhile, encouraging the skill and professional development of your employees can help with retention and filling any skill gaps left by labour shortages.



We Speak Plant | Royal Horticultural Society

21,608 views · 25 May 2022

73 DISLIKE SHARE DOWNLOAD SAVE ...

Watch the video [here](#)

‘So what’ & key takeaways?

- Businesses could consider facilitating personal development plans for staff looking to acquire new knowledge about horticulture or aspects of the business, and offering the provision of training or professional qualifications – this can help with filling skills gaps and staff retention too
- Consumer-facing brands and businesses could provide an opportunity for customers to ‘upskill’ their gardening know-how (e.g. through workshops, training courses, ‘how to’ tips/videos)

Back to Nature

During COVID and in response to anxiety over the time spent in front of screens/technology, we witnessed the rising appeal of the outdoors for its physical and mental health benefits and association with being a safe space to meet family and friends. 54% of British adults cite nature-based activities such as walking or gardening as a regular self-care solution. The pandemic also reinforced the healing power of nature, having a lingering effect on how consumers choose to design and decorate their homes. Those without access to green space are also finding other ways to bring nature into the home, such as via scent and colour.

Garden businesses and brands have the opportunity to help consumers get closer to nature and get around any barriers they might have like limited space, budget or know-how. Businesses can use the kudos that comes with being a garden-focused company to promote their brand and promote equal access to nature.

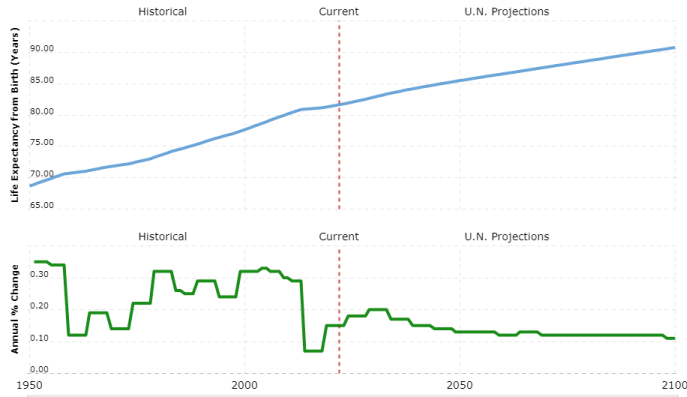
Sustainability concerns are too on the rise and consumers want to care for the natural environment. Consumers living in urban areas are particularly becoming more aware of the importance of rewilding and greening projects, and the effects of pollution on their health that time in nature can help to heal. This is likely to push biophilic design and the practice of creating a closer connection to nature through the built environment, especially in urban areas where nature is harder to come by.



‘So what’ & key takeaways?

- The industry could see increasing demand for plants, trees, green spaces and garden design services from inner-city offices and urban development projects
- Bricks-and-mortar retailers can help customers to visualise how they might bring nature indoors through in-store displays and visual merchandising of an indoor setting - this could also help with link-selling of homeware items too

The Ageless Society



Dove Canada's campaign pushing back against ageism and sexism, when a news host was dropped by CTV after 35 years for deciding to stop dyeing her hair.

'So what' & key takeaways?

- Businesses should ensure they have anti-ageism policies in place to prevent bias in recruitment, and should consider any additional support that might be needed for older workers in the workplace
- Messaging around how gardening can keep you fit and healthy in older age may be likely to appeal

On average, men born in the UK in 2020 can expect to live until 91, and women 94. This means that when 90 is the new normal, expectations about what it means to be 50, 60, or 70 are changed and stereotypes disrupted. 73% of British adults agree that they don't want to be defined by their age. The term "anti-ageing" has come under attack for ageist attitudes, instead being replaced by terms like "age well". People are living longer, healthier and more active lives and increasingly growing older does not have to mean acting and looking older. This is reinforced by role models in fashion and beauty becoming increasingly ageless, with brands expected to leave age-based stereotypes behind and embrace age positivity going forwards. The garden industry is also well placed to promote how gardening can enable healthy ageing.

From an employer's perspective as the workforce ages, it may be important to support staff who need it, and put anti-ageism policies in place during recruitment. In 2021, 36% of GB consumers said they expect to work beyond the official retirement age. While many older people want to work beyond traditional retirement ages because they find their job fulfilling and like to keep busy, others do so through necessity – something that may be very relevant in the short-term as the cost of living crisis evolves. Lifestyle changes may also mean that more people of this age may not own their own home, or have younger children among other factors that mean they are unable to stop working. At the same time, some of those who want to work longer might face ageism, finding it harder to remain in work or get hired.

Employee ethics

Throughout the pandemic, many people adopted new routines and reflected on the purpose of work. As a result, higher expectations are placed on employers around accommodating desire for flexibility, improved work-life balance, employee wellbeing and more. In 2022, 52% of British adults agreed that “companies should prioritise the mental health of employees even if it means they have to charge customers higher prices”.

Those that were unable to work from home at the height of COVID-19 were considered “essential”, but for some people higher admiration wasn’t necessarily met with anticipated higher pay or safer conditions. In the context of the cost of living crisis and labour shortages, employees are now more receptive to feeling undervalued.

Consumers are also increasingly recognising the human cost as well as the environmental cost of the products they buy. There are opportunities for brands and businesses to offer transparency across the entire supply chain and put people at the forefront – from the employees facing the customers all the way to the farmers working with raw materials. Consumers can be given insight into their daily lives and feel assured each individual is treated with respect, not just as a cog in the machine. Real testimonies of the realities of working for your company can help your communications feel more genuine, and could also help recruitment too. Credibility can also be boosted by providing proof of the business’ ethical stance towards employees, for example sharing employee satisfaction scores, or providing things like health insurance or family-friendly policies.



‘So what’ & key takeaways?

- Businesses should expect scrutiny from customers (trade and public) about employment practices, both in their own businesses and increasingly in their supply chains

Distaste for waste



Consumer awareness of and aversion to waste is growing, accelerated by documentaries and the media, and the reliance on single-use plastics (e.g. face masks, testing kits etc.) throughout the pandemic. Reducing, reusing, recycling and repairing are some of the household tactics on the rise, including upcycling products to give them a new lease of life. However, Foresight Factory note the intention-action gap – nearly everyone claims to want to waste less in their daily life, but just 5% of the GB population are committed enough to fall into their segment ‘Waste-free Shoppers’; suggesting there could be a role for businesses to play in helping reduce household waste.

An increasing number of government and brand policies are also driving the support for waste-light living, including charges for single-use plastic bags and more circular models for end-of-life. Recycled or recyclable packaging is being used increasingly by brands, and businesses are less commonly treating “imperfect” products as waste products (e.g. wonky fruit and veg), with consumer appetite now making them saleable in their own right. Wasting less can also bring money-saving benefits to consumers and businesses.

‘So what’ & key takeaways?



- Manufacturers and retailers can emphasise the lifecycle and durability of products, and try to minimise non-recyclable packaging. Footprinting and regulations like EPR mean producers are responsible for the product & packaging’s entire lifecycle, even after it leaves your premises.
- Retailers with catering offers can review menu listings to support dishes that share and use up ingredients to minimise waste, or consider redistribution of leftover food to food banks and community fridges – this could help with your CSR credibility too
- Potted plant sellers and producers can consider return/recycling/refill schemes to reduce packaging waste

New retail models such as resale and rental have also been boosted by this trend. Consumers can easily sell their old and under-used items for money instead of throwing them away. Meanwhile, rental services are expanding into new categories, allowing consumers temporary access to items they may only use or need once e.g. a DIY tool, or some garden furniture. Garden businesses could consider rental-only product collections, or remain abreast of potential competition from the rental market. At the same time, there is renewed interest in products that are built to last. Brands and retailers can place emphasis on quality and endurance where appropriate to appeal to those seeking long-term value.

Acclimatise now

The Intergovernmental Panel on Climate Change (IPCC) notes that climate change is not a hypothetical event looming in the future, but that we are living through it right now and it is too late to completely reverse. Intense heat, erratic weather conditions, water shortages and damaging floods are likely to become the norm, and consumers and businesses are therefore forced to think more about adaptation and resilience than solely prevention. In 2022, 52% of British adults cite climate change as something they feel at personal risk from over the next five years, this has more than doubled from 20% in 2016.

The focus is likely to increasingly be on finding solutions to cope with the effects alongside mitigation efforts. For example, adjusting timings of usual routines could become more common, where popular leisure activities are undertaken during cooler times of day e.g. midnight gardening, or pre-sunrise workouts. In spring 2021, a solar-powered parking garage opened in Dubai over the car park, providing shade/rain cover in extreme weathers and generating solar energy for the grid. Consumers will want to protect their homes and gardens too, making them as durable as possible through extreme weathers and temperatures; along with their physical and mental wellbeing, protecting their skin and mentality from the new climate and adjusting diets for example.

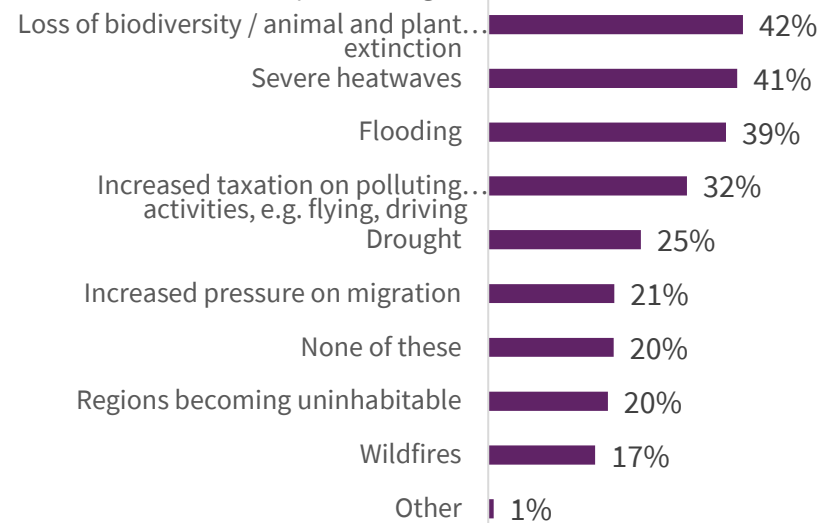
Quite a daunting prospect, consumers will look to the state, brands and businesses for support.

'So what' & key takeaways?

- Businesses can provide advice and knowledge on adapting gardens and garden care routines to cope with climate change and extreme weathers, helping provide an additional benefit to inspire shoppers into gardening and garden product purchasing

"Which of the following possible effects of climate change, if any, do you feel at risk from?"

Base: 4869 online respondents aged 16+, GB, 2022 March



Climatarian diets

As consumers are feeling increasingly at personal risk of climate change, momentum is likely to grow for smaller changes individuals can make that are easier to implement day-to-day or that are more cost-effective (than solar panels or EVs for example). One of these forecasted trends is the Climatarian Diet which describes a shift in how we eat to avoid climate disaster.

68% of GB consumers say that they always or sometimes consider sustainability when buying food and drink, and 34% say they would pay up to 10% more for a sustainable option. However, it's important to acknowledge the value action gap – people's behaviour doesn't always match the attitude they choose to project. Consumers are expected to continue developing a better understanding of how their food and drink choices impact the planet, driving individual approaches to eating sustainably. For example, going plant-based, choosing higher-welfare animal products, reducing food waste or choosing locally-grown food. Labelling and menu information that indicates the environmental impact of food and drink brands is likely to be adopted by more brands, allowing consumers to better quantify their contributions. Garden centres with catering offerings can help to provide background information on the sourcing of products; and should consider menu items that reflect some individual's desires to eat animal meat on fewer occasions, or take up a flexitarian diet and trial plant-based meals for majority of the time but allow for small amounts of meat, fish or other animal products.



'So what' & key takeaways?



- Background information on the sourcing and environmental footprints associated with ingredients used in menu items is likely to be adopted by larger businesses alongside calorie information in the near future, appealing to consumer desire for transparency and measurement of the impact of their actions on the planet
- Businesses with catering operations should ensure there are options for meat-free and vegan diets, and highlight where ingredients are locally produced/grown

Plants as a solution to climate change

Threats of climate change and awareness of the impacts of pollution on human health are driving the need for new solutions to improve quality of life, particularly in cities where the challenges are heightened. Plants and trees offer a solution positively impacting biodiversity, climate, wellness and air quality and have been recognised increasingly through initiatives like Green Cities Europe and Trees for Cities.

Green Cities Europe was founded by the European Nurserystock Association, and now runs in 13 countries aiming to help the professionals that play a decisive role in city and landscape planning to understand the benefits of greening public spaces through providing innovative ideas, information based on scientific research, and technical expertise.

Trees for Cities are a UK charity working at a national and international scale to improve lives by planting trees in cities. They aim to cultivate lasting change in neighbourhoods by revitalising forgotten spaces, creating healthier environments or getting people excited about growing, foraging and eating healthy food.

Schemes like these are only likely to proliferate, subsequently increasing demand for horticultural goods and services to maintain them.



'So what' & key takeaways?

- Businesses should expect increased demand in urban areas for garden maintenance and landscaping services from PR around the benefits of plants, trees and green spaces as Green City projects continue to emerge

We hope you enjoyed the content and format of this report.

Any feedback is gratefully received as always to marketinfo@hta.org.uk