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IPM ESSEN 2019:

The Green Sector is Characterised by These Currents

The Challenges Include the Weather and the Wish for Regionality

The consumers are keen on "Green Products" and gardens. Not for nothing is the Horticulture and Landscaping Association reporting a veritable boom with regard not only to private gardens but also to public and semi-public orders in a magnitude which has never existed before. The order situation and planning reliability of the businesses are being rated as good to outstanding. Here is a brief overview of the tendencies in the green sector.

Plants as an Important Factor for the Urban Climate

How important trees and plants are for the urban climate has been shown in the summer of 2018. Many consumers were aware of their functions and significance as shadow providers, fine dust filters and cooling in microspaces. To this extent, it is consistent and correct that the federal government is making a total of Euro 50 million available for creating green spaces in cities and improving the urban climate in an enduring way within the framework of the urban development promotion programme entitled "Future of Green Spaces in Cities". A measure which is certainly sensible in view of the diesel and fine dust problems in the cities. The discussion about the climate tree is more topical than ever. Retail gardeners are reporting that end consumers have increasingly asked about heat-tolerant plants and varieties in the summer of 2018. Sedums, grasses and Mediterranean herbs were in greater demand and will probably be popular in 2019 also because of the experience this year. Moreover, the consumers ensured a substantially greater demand for heat-tolerant dipladenias in 2018 than in the previous year.

The Media and New Concepts Are Fuelling the Interest of the Consumers

Wholesalers and retailers are reporting that flowers and plants as well as gardens in general are trendier once again. This trend is being positively strengthened by the media because they are keeping it present in an ever more attention-grabbing form using different TV formats. Precisely lifestyle formats like cooking programmes are



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making, above all, younger generations more interested in fresh vegetables and herbs. Moreover, the fact that toom opened a popup store called "Urban Green Products by toom" in the city centre in Cologne in the spring of 2018 gives a hint of the potential of and demand for "Green Products". On an area of around 200 square metres, toom is taking up the subject of "Urban Gardening" and, in a compact form, is offering everything for the green feel-good oasis in the city, including inspiring workshops.

Warm Temperatures Ensured That Businesses Were Sold Out at an Early Stage

By the start of June, almost all gardens and balconies had already been planted and many producers were sold out at a surprisingly early stage. The market participants rated the sales via specialised flower shops, garden centres and retail nurseries as good. There was once again a demand, above all, for everything that blossomed or bore fruit. In 2018 too, it was once more shown that impulse goods are becoming ever more important in the sales and ever more popular amongst the consumers. According to Veiling Rhein-Maas, finished-decorated arrangements of all kinds such as hanging pots and planting bowls are profiting in the sales. Moreover, finished bouquets are becoming ever more popular, as is being reported by the wholesale flower markets. The general desire for flowers and plants is also being reflected in the fundamental demand for all plants - there seem to be no losers or winners in the case of bedding and balcony plants in 2018.

Consumers Are Increasingly Buying High-Quality Products

It is conspicuous that the trend towards high-quality products has strengthened in 2018 too. In the retail trade, there was a particular demand for larger and high-quality plants as a distinction from the mass market. German wholesalers and the Dutch marketing company Plantion are also reporting that house plants (particularly green plants) are increasingly coming into fashion once again. The positive development in recent years with regard to shrubs within the market segment of the garden plants continued in 2018 too. As far as shrubs were concerned, outstanding demand was established in the post-season of the bedding and balcony plants.

Renaissance of Flower Gifts

According to the statements made by the specialised retail gardeners, flowers and plants as gifts are once again becoming ever more popular amongst the various

consumer types. This observation is also confirmed by surveys conducted by Royal FloraHolland via its in-house market research for Germany. Within the framework of a consumer tracker with which around 700 varying consumers in Germany are asked about their flower and plant purchasing every week, it emerged that flower gifts have once again been able to become more attractive in the last four years. According to Royal FloraHolland, the proportion of the bouquets of flowers in the price segment over Euro 20 which were bought in the specialised flower shops has risen by nine percent in Germany in the last four years. Moreover, the proportion of younger consumers who are once again buying flowers and plants is happily tending to increase in Germany.

It is doubtful whether that is really the case and the sector can lean back and relax. However, it is definite that the campaigns for promoting the sales of flowers and plants in Germany in recent years are exerting a certain effect and are gradually counteracting young people's formerly established lack of interest in flowers and plants.

"Nibbles Garden" Trend

The hype about cultivating and harvesting your own vegetable plants is unbridled. In 2018, growth was felt once more. In the case of tomato plants alone, it was occasionally possible to observe quantity developments of up to 50 percent plus compared with the previous year at German wholesale markets.

In 2018, Landgard and private wholesalers also identified the ranges of snack vegetables (tomatoes, chillies, southern vegetables and capsicums), herbs (thyme, rosemary and oregano) and fruit nibbles (miniberry bushes and snack strawberries) as an absolute trend subject. To an increasing extent, the consumers are accepting, in particular, products which bear fruit when on sale. Here, the trade is demanding support not only in the form of quantity increases but also using individual concept themes relating to all aspects of the subject of nibbles gardens. Correspondingly, it is being established that the producers are occasionally changing their production from ornamental plants to crop plants.

Diversity Creates Demand

In recent years, it has increasingly been possible to observe that the product range diversity has decreased in favour of mass-produced articles. However, the Viermarschlanden example shows that the demand of the consumers can be

influenced positively by a wider product range diversity: There, many rose producers have changed over parts of their production in 2018 because of restrictions in plant protection and are once again offering traditional summer flowers. This is leading to a substantially wider diversity which, in turn, is making the florists change their minds. They are working with goods which are suddenly available on the regional market once again and are deliberately utilising these for differentiation purposes. Florists and retail gardeners are reporting that consumers had once again discovered these cut flowers for themselves as new products.

Regionality, Sustainability and Certification

The wish for regionally and sustainably produced flowers and plants is increasing even further. After Aldi had already announced in December 2017 that it wanted to sell a greater number of sustainably certified flowers and plants, Lidl wants to offer exclusively flowers and plants from verifiably sustainable production by the end of 2019. All the worldwide producers of flowers and plants which want to supply them to Lidl must imperatively be certified according to GlobalGAP or a comparable standard. Already today, around 85 percent of the flowers and plants at the discounter are said to be correspondingly certified. Both companies see the implementation of this demand as a commitment to an all-encompassing sustainability strategy and want to portray the origins of the products to the consumers in an even more transparent form in the future.

The demands made by Aldi and Lidl are a message to the sector which will certainly find many copycats in the system trade and will indirectly promote the subject of regionality in the trade even further.

Stationary Trade as a Shopping and Meeting Place

In search of possibilities for selling flowers and plants, there are ever more discussions about sales via the Internet. In this connection, the classic retail trade is often described as no longer up to date and as dead. The most recent turnover forecasts made by the German Retail Association show that this is not the case. It is forecasting that the retail trade will grow by two percent in 2018 with an approximately constant sales area. That will mean a growth plus for the ninth year in succession.

70 percent even of the young German consumers (19 to 25 years old) make purchases in the stationary trade because they would like to look at, experience



and try out the products. Furthermore, they enjoy having a good time while shopping and see this as a leisure activity. In the meantime, ever more traders correspondingly see online shops merely as a possible supplement to their own stationary retail trade. They are certain that e-commerce will grow even further but, depending on the category, the growth will reach its limits really soon. Market saturation is already expected to commence in 2021. According to estimations, the proportion of e-commerce will, in total, be 15 percent of the retail trade turnover in 2025. According to the market research institute called the Consumer Research Association (GfK), it is approx. nine percent today.

In the stationary trade, it can already be observed that many businesses are concentrating on their actual strengths and are continuing to invest in advice and proximity to the customer. The stationary business is increasingly being oriented as a shopping and meeting place for events and experiences. "Experiences per m²" is the new philosophy for success with which the stationary trade wants to score points. All the other sales subjects such as regional plants, "Urban Gardening", "Smart Gardening", "Outdoor Living" etc. are then subordinate to this philosophy.

Further information at: www.ipm-essen.de

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CO CONCEPT on behalf of Messe Essen on the occasion of IPM ESSEN 2019

Sources:

Interviews with experts as well as EUROSTAT, AMI, BGI, BBH, GfK, VGB, TASPO, IVG, Gabot