

Nursery Papers

May 2005
Issue no. 4



Demographic and social trends within Australia continue to change. The population is getting older and moving from the bush to the coast, while a growing economy has prompted significant social change. But what does this mean for the nursery and garden industry?

This *Nursery Paper* summarises population and social trend information presented at the 2005 NGIA conference.

Key messages within include:

- Identification of Australia's fastest growth areas
- An indication of the increased business from 10,000 extra residents
- The relationship between age and spending time in the garden
- The estimated annual spend on 'the garden' and DIY activities.

• **Your Levy at Work** •

The production and distribution of the *Nursery Papers* is funded jointly by your Nursery Industry Levy and the Commonwealth Government via Horticulture Australia Limited.



Nursery & Garden Industry Australia



Know-how for Horticulture™

Understanding population and social trends

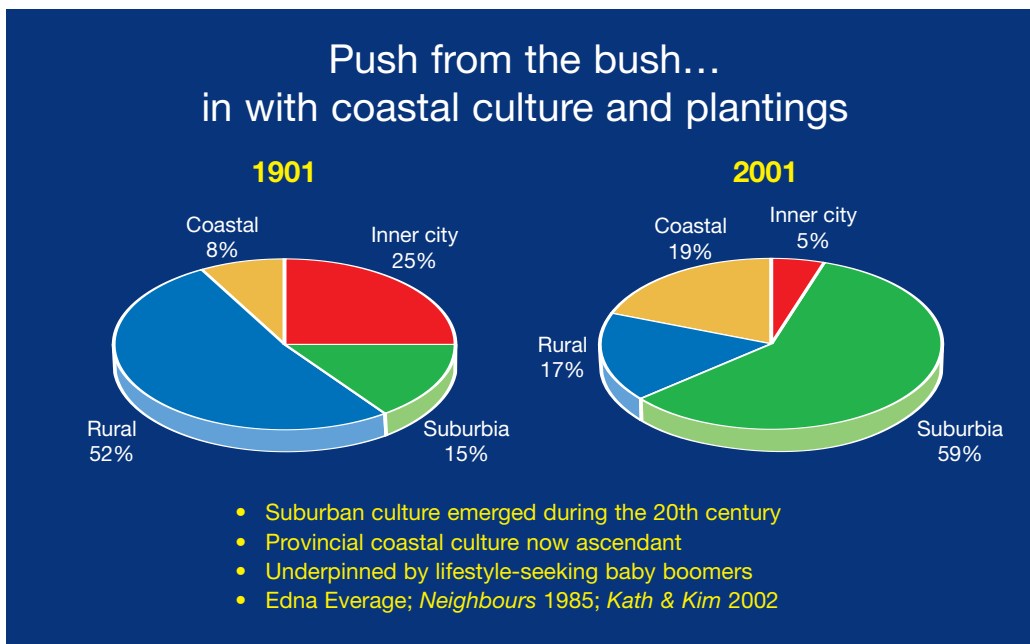
Bernard Salt, Partner with KPMG Australia, is one of Australia's leading consumer and cultural trends commentator. Author of 'The Big Shift', Bernard delivered an enlightened and informative keynote address at the 2005 NGIA Conference.

Coastal population trends

The demographic trend for people to leave the bush and live in suburbia is a long standing trend in Australia (see figure 1). In addition, the latest demographic information shows an overwhelming preference for many Australians to move and live near the coast, especially south-eastern Queensland. Other coastal growth areas include the Far North Coast in NSW, the Bass Coast of Victoria, Alexandrina and Victor

Harbour in South Australia and Mandurah to Augusta-Margaret River in Western Australia.

In terms of specific local government areas, the population of the Gold Coast in Queensland grew by 16,099 in 2003/04. Other high growth areas include Casey, Wyndham and Melton in Melbourne, Brisbane South West, North West, Maroochy and Pine Rivers in Queensland, Wanneroo in Western Australia and Sydney in New South Wales.



More business from more residents

The significance of population shifts to local businesses can be seen when you consider that 10,000 extra residents can result in:

- 3,700 new suburban households, or
- 6,700 new inner-city households
- \$70 million in new retail spending*
- \$25 million in new supermarket spending*
- \$2.9 million in new retail nursery spending*
- Half a Kmart
- One cinema screen
- 7,500 cubic metres of pre mix concrete.

* includes GST

Over the past 10 years in Australia, household spend on:

- Domestic hardware and houseware increased by 150%
- Cafes & restaurants increased by 110%
- Uncategorised retailing (including nurseries) increased by 114%.

These three categories have been the highest growth categories in household expenditure, and each of them present opportunities for the nursery and garden industry.

Table 1: Household retail spending on 'the garden' is now close to \$6 billion

	\$m	%
Outdoor garden furniture	283	5
Lawnmowers	199	3
Gardening Tools	337	6
Trees, shrubs and plants	993	17
Other gardening products	788	13
Gardening services	584	10
Landscape contractor	722	12
Other outside improvements	1, 997	34
TOTAL	5, 902	100

People don't grow old... they just wander off into the garden

Unpublished data from an Australian Bureau of Statistics (ABS) survey showed a steady increase in gardening with age. For example, more than 40% of people aged 70 plus spend some time in the garden, while less than 10% of people aged between 25 and 29 years of age spend time gardening.

The significance of this for the nursery and garden industry can be highlighted when you consider that the baby boomers are now entering the 'gardening' age groups, and will continue to do so over the next 25 years. As a result, nursery businesses need to engage the emerging baby boomer gardeners NOW, just as they are about to wander off into their gardens.

Baby Boomers are ready to spend on their garden

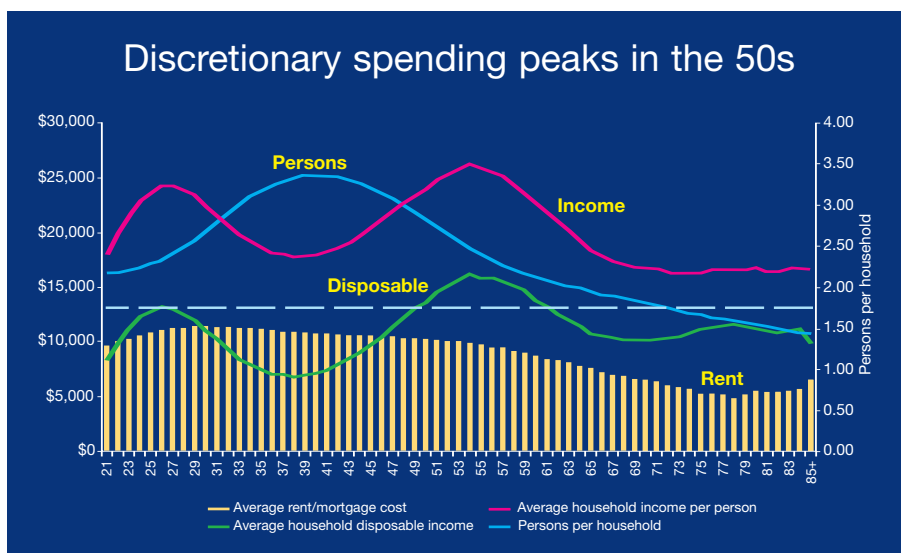
In addition, discretionary spending peaks when people are in their fifties (see figure 2). This means that the Baby Boomers are now a prime target for the discretionary – and therefore nursery – dollar.

Currently, household retail spending in Australia on 'the garden' is close to \$6 billion, which includes almost \$1 million on trees, shrubs and plants (see table 1). Interestingly though, people in the dry states spend more on their gardens than those in green states (see table 2).

Table 2: People in the dry states spend more on their gardens than those in green states

	Annual spend per capita \$
Western Australia	354
ACT	345
Northern Territory	329
New South Wales	296
Queensland	293
South Australia	268
Victoria	268
Tasmania	244
AUSTRALIA	292

Source: HES 1998-99



Nursery Papers

May 2005 Issue no. 4

Other information presented by Bernard Salt included:

- Hill people in Sydney and Melbourne spend more on their gardens
- The whole horticulture industry is one of the nation's top job generators, 3–6 times the national average
- Fundamental shifts in design occur about every 15 years and we are due for another one in 2010
- In 2026 the 50 something people will outnumber the 20 something people for the first time
- Increased apartment living has increased demand for balcony gardens, especially in capital cities.

What are you doing so that your business can benefit from Australia's changing demographics?

Home and property owners value their garden

About \$2000 billion is currently invested by Australians in their homes and investment properties. The estimated annual spend on real estate maintenance is \$21 billion for the 2003–04 year (see table 3). Of this, 17.1% (\$3.6 billion) was spent on gardening equipment and supplies, not including 'Do It For Me'



In 2002, 57% of the 'over 50s' attended a cinema compared to only 29% in 1986.

Table 3: Real Estate Maintenance Spending 2003–04

	\$ Billion	%
DIFM alterations & additions	5.5	26.2
DIFM maintenance*	4.6	22.0
Gardening equipment & supplies	3.6	17.1
Housewares	2.8	13.2
Hardware & tools	1.4	6.5
Paint	1.2	5.8
Building materials	0.5	2.5
Plumbing & electrical supplies	0.5	2.5
Other equipment & supplies	0.9	4.2
	21.0	100.0

* Includes plumbers, electricians, painters, gardeners, etc.

Source: BRW, September 2-8, 2004

(DIFM) garden maintenance.

Of the 'Do It Yourself' (DIY) property maintenance activities, gardening is the biggest category and accounts for one third of the total spend on DIY.

Social Trends – Capturing their Hearts and Minds

Jem Wallis, Managing Director of Heartbeat, has identified four different social trends in Australia. These trends,

known as 'Reageing', 'Sophistikids', 'Masstige' and 'Circle of Care', provide an insight into how today's consumers think and feel.

Reageing

The term 'Reageing' refers to how the baby boomers are re-evaluating how they will live in their retirement years. This includes determination to:

- Stay young
- Feel connected with younger generations
- Have more in common with the younger generation than their parents
- Be open to new experiences
- Redefine retirement and 'old age' activities
- Create a special bond with grandchildren.

Sophistikids

'Sophistikids' refers to children being smarter and more 'adult like' than ever before. For example, the children or kids of today:

- Are reading more
- Are media savvy
- Have higher IQs
- Have more mental stimulation
- Receive more education

Nursery Papers

May 2005 Issue no. 4



In 2001, 73.4% school children completed Year 12 compared to only 34.8% in 1981.

- Have greater social awareness
- Are doing more at a younger age.

As a result, today's kids are more outspoken, can be experts in specific fields and are maturing more quickly. Potentially, they are 5 years ahead of the previous generation.

Masstige

The term 'Masstige' refers to more confident and aspirational self perceptions. In other words, 'We want more, we have more and we want to show off our accomplishments'. Some indicators of Masstige include:

- The Australian economy has grown 47% since 1990
- New homes are 57% bigger (1985 – 2000)
- More entertainment spaces
- Bigger, sleeker appliances
- Last generation's luxuries, this generation's necessities
- A nation upgrading its private infrastructure
- Growing pride in social status
- Growing market for premium brands.

As a result, good design and great aesthetics is now mainstream.

Circle of Care

'Circle of Care' refers to a growing trend of 'spending more time with people who matter', and 'shutting the horrors outside'. September 11, the Bali bombing and recent tsunamis, among other things, have contributed to an increase in fear within today's society.

As a result, there is a trend to:

- Shut the horrors outside
- Spend time with people who matter and you can trust
- Focus on the simple pleasures today
- Recognise that the experience can matter more than the result.

Acknowledgements

This *Nursery Paper* was largely based on the 2005 NGIA conference presentations given by Bernard Salt and Jem Wallis.

Bernard Salt is a Partner with KPMG Australia and has built an enviable reputation as an advisor to leading property investors and developers on matters relating to market demand.

However, Bernard is best known to Australian business for his media commentary on the business implications of demographic and social change. He is a columnist with *The Australian*, *Melbourne* magazine and *Property Australia* and is the author of the popular best-selling book *The Big Shift: Welcome to the Third Australian Culture*.

Jem Wallis is the Managing Director of Heartbeat Trends, a social and market research company that provides information on customers and people to many leading Australian companies including Unilever, Commonwealth Bank, Nestle, Coca-Cola, AMP, Kellogg and Telstra.

Jem has a degree in Psychology and has worked in market research for over 20 years, operating in the United Kingdom, Europe, Brazil, Mexico and New Zealand.

This *Nursery Paper* was compiled and edited by Richard Stephens, Yellow House consulting.

Thought starters for your business

- How do you include Sophistkids in your marketing?
- As the Baby Boomers 'reage', what does this mean for 'modern gardening'?
- As people become more design and status conscious, how will their choice of gardening items change?
- As houses get bigger and the home becomes a sanctuary, what will become of the garden?
- If the experience is more important than the result, what pleasure can time-poor consumers get from gardening?