

Trends in Gardening, Cut Flowers and Landscaping

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The following brief note with market research data was used for a lecture based on this author's newly published book, *The Gardening Industry*, Green Jyoho: Nagoya in 2000. The lecture was done at the Joint Meeting between Holland/Japan Flowerbulb Industries at the Century Hyatt Hotel, Tokyo, Japan on October 24, 2000. This material covers three main topics: 1) the gardening industry in Japan, 2) production and imports of flowers, and 3) future prospects of the Japanese flower industry.

Part I: Gardening Industry in Japan

- Annual purchases per household (Figure 1): Cut flowers sales are sluggish, however, gardening sales are increasing by 5% to 10% annually. In the future, gardening sales will exceed cut flower sales. The Japanese gardening market is different from that of the Netherlands in that business use accounts for the major share. Recent growth, however, is due to the growth in consumption by households.
- Ratio of households that purchase gardening goods to cut flowers (Figure 2): Households that buy cut flowers total around 42%, but the ratio has not changed in the past 10 years. On the other hand, households that buy gardening goods have increased by 10% in the past 10 years.
- Market size of gardening industry (Figure 3): Fertilizers, potting soils and chemicals make up more than half of total industry sales, because business users are the major buyers. In the future, gardening materials sales will increase greatly.
- Market size of gardening industry (consumers; Table 1): The gardening materials

market (fertilizer, potting soil, chemicals, planters, materials and construction materials) is saturated. Year 2000 marks the end of an era in the Japanese gardening market: until now home centers have provided generally the same types of products to mass consumers, but over the next 10 years, households will seek more variety and higher quality.

- Gardening store customers (Figure 4): The ratio of females to males is approximately 2 to 1 and will gradually rise.
- Gardening store customers (Figure 5): People in their 40s and 50s account for largest share of customers. People over 60 years of age are also increasing as a group. It is said the gardening is becoming popular among the young, but statistically this has not been proven to be true.
- Average one-purchase amount (Table 2): The average purchase amount for plants increased between 1997 and 1998 because garden centers and home centers doubled their merchandising volume while per-item prices decreased (e.g., the cost of pansies dropped 50%): The average purchase amount for gardening materials increased also.
- Popularity of TV program "Gardening for Pleasure" (Table 3): This survey targeted customers of home centers and garden centers. More than 50% said that they always or sometimes watch the show.
- Gardening sales of major home centers (Figure 6): Seventy percent of all gardening materials, including plants, are distributed by home centers. The total sales of all home centers in Japan was 3 trillion yen, of which gardening-related sales accounted for 10% to 15%, or about 400 billion yen. The ten home centers researched in this regard accounted for about 1/3 of total sales nationwide. Some home centers are very well managed. The Dutch should target 4 to 5 of these companies for business.
- Garden tree supply (Figure 7): The garden tree market is decreasing, but this is mostly due to the open-field tree supply market. The supply of potted trees and ground cover will increase in the future. The ground cover market has the same potential for growth as that enjoyed by flowerbulbs, but success will depend on how much effort Japanese home centers put into procuring and cultivating ground cover products.

Part II: Production and Imports of Flowers

- Flowerbulb imports (Figure 8): Flowerbulb imports peaked in 1996 and have declined ever since.
- Cut flower imports (Figure 9): The peak for cut flower imports was 1995. Dutch exports of cut flowers to Japan total about 20 billion yen. In the future, cut flower imports by Japan are expected to double within the next ten years, but Dutch imports will remain the same, while imports from Asian countries will increase. Japanese supermarkets will increase sales.
- Flowerbulb production and imports (Figure 10): Total consumption of flowerbulbs is increasing.
- Flowerbulb distribution channels (Figure 11).
- Annual purchases of flowerbulbs (Figure 12): In a survey conducted at Doit Hananoki, a home center, people who buy 11 to 20 bulbs accounted for 26% of purchasers, the largest group.
- Average purchase (Figure 13): In Japan, more than half of the flowerbulbs are planted in pots, unlike in the Netherlands. To sell flowerbulbs in Japan, companies should consider providing good pots and soil. There exists difference in usage of flowerbulbs between the two countries, as well as store layouts and sales methods. Japanese consumers like packaged products.
- Flowerbulb purchase factors (Figure 14): Americans attach importance to price. Price is important for Japanese also, but it is not the only factor; price, type of product and experience with product have the same level of importance. The reputations of the producer and the product catalog do not influence flowerbulb purchases in Japan at the moment, but such factors will play bigger roles in the future.
- Description wanted on package (Figure 16): Packaging is important. Currently, information on where and when to plant is lacking on packaging.

Part III: Future Prospects of Japanese Flowering Industry

- Emerging companies are expected to increase sales of gardening products on the web. For sales of flowerbulbs and ground covers, store sales are still important, but online sales represent a huge possibility.

- The possibility of flower imports growing is very low. The import of flowerbulbs has peaked. Ground cover has a lot of future possibility because these products can be stocked and are not subjected to quarantine.
- Changes in distribution channels should be watched carefully, with an emphasis on promotions and education. Also, watch for the emergence of chain retailers.

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presented by
 Kosuke Ogawa (Professor of Marketing, Hosei University)
 at the
 Joint Meeting Between Holland/Japan Flowerbulb Industries
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Fig. 1 Annual Purchases Per Household

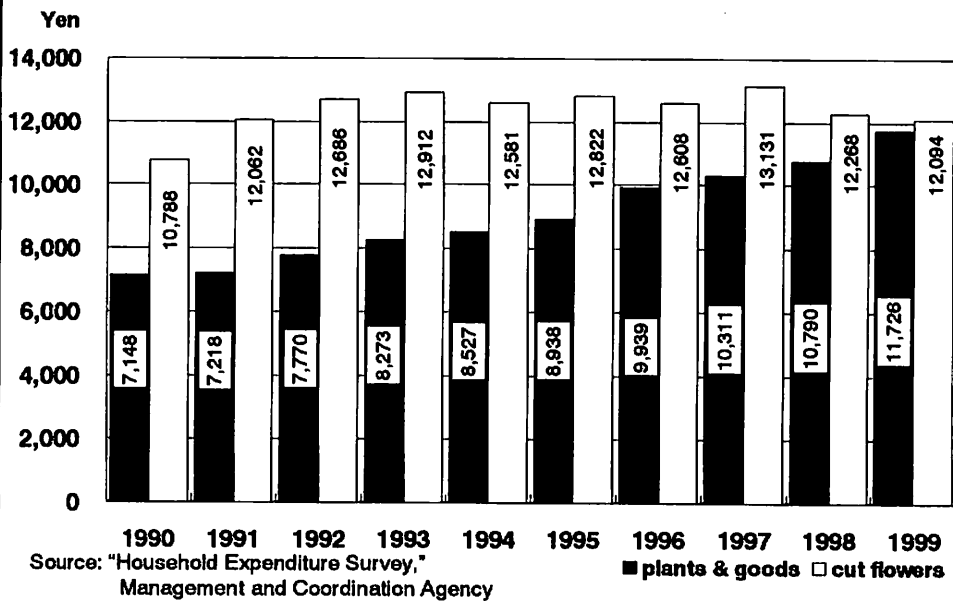


Fig. 2 Households that Purchase Gardening Goods and Cut Flowers

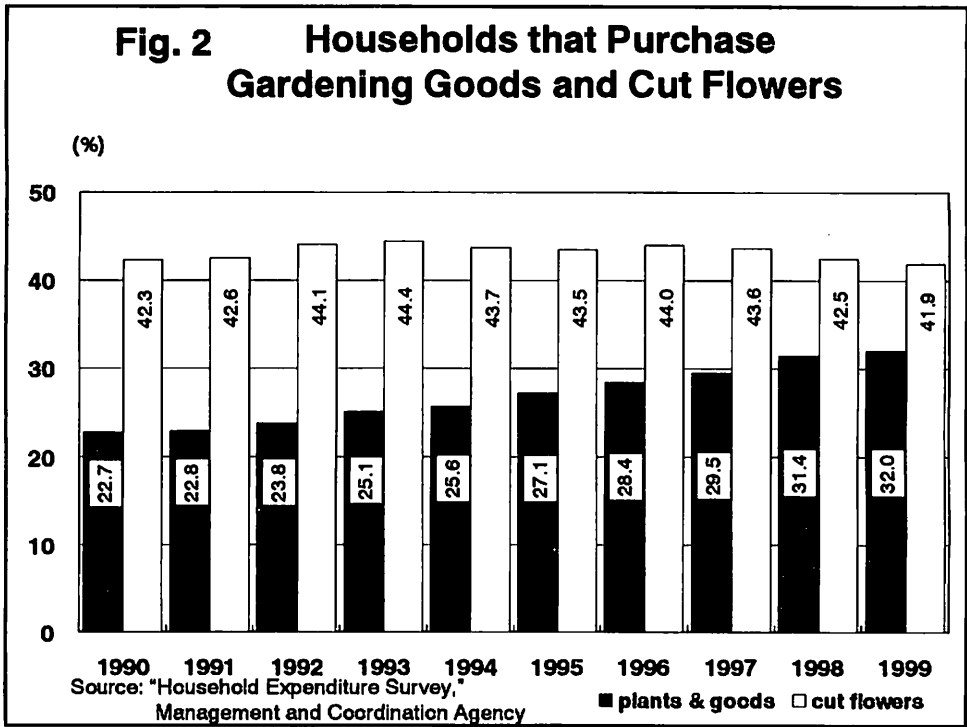


Fig. 3 Market Size of Gardening Industry (exclude plants)

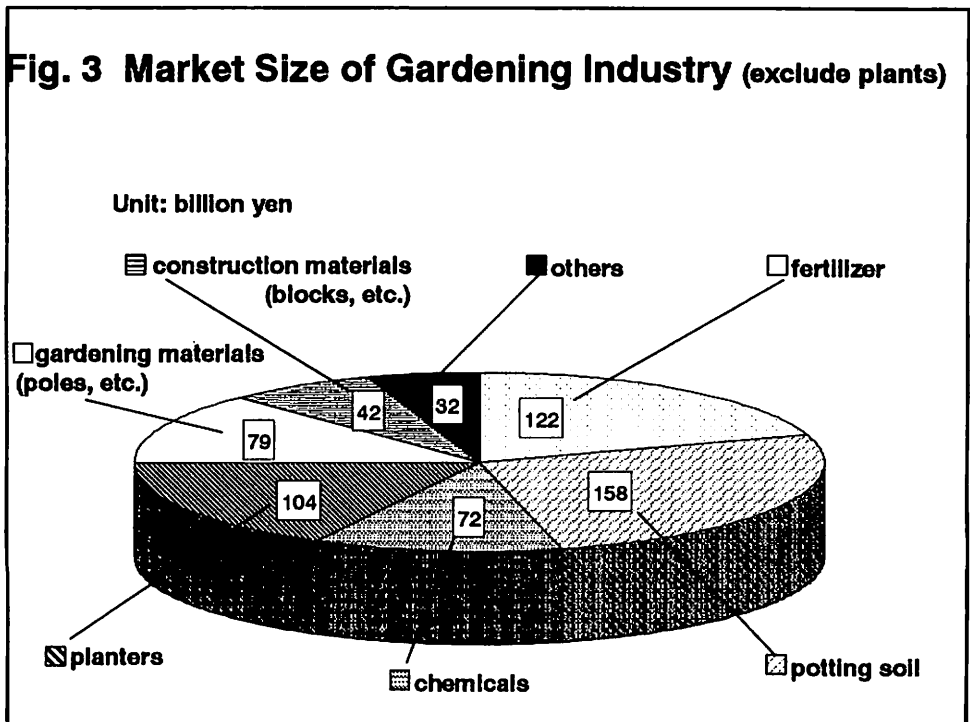


Table 1 Market Size of Gardening Industry
(for consumers; excludes that for business use, such as public projects)

Unit: billion yen

Gardening Materials	
a) fertilizer	80
b) potting soil	100
c) chemicals	47
d) planters	68
e) gardening materials (poles, etc.)	53
f) construction materials (blocks, etc.)	28
g) others	20
Plants	271
TOTAL	667

Fig. 4 Gardening Store Customers (Gender)

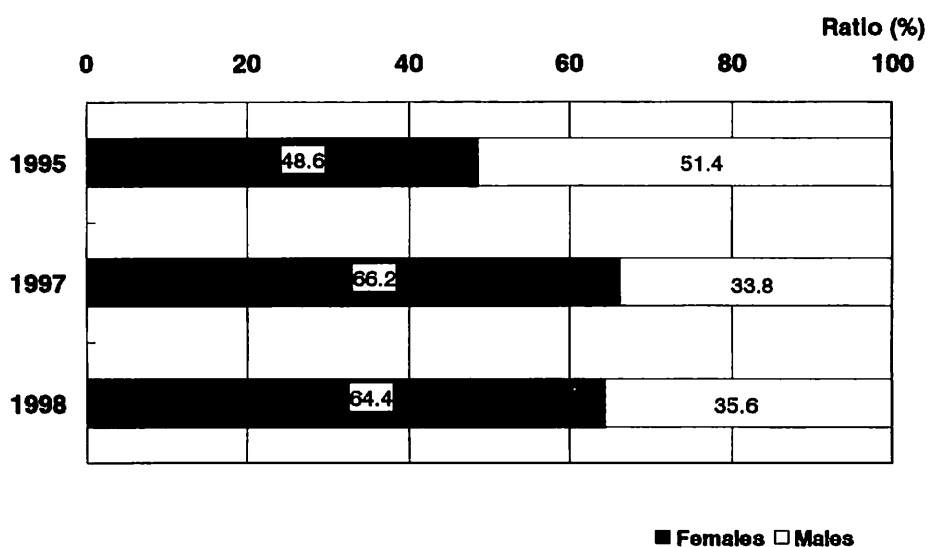


Fig.5 Gardening Store Customers(Age)

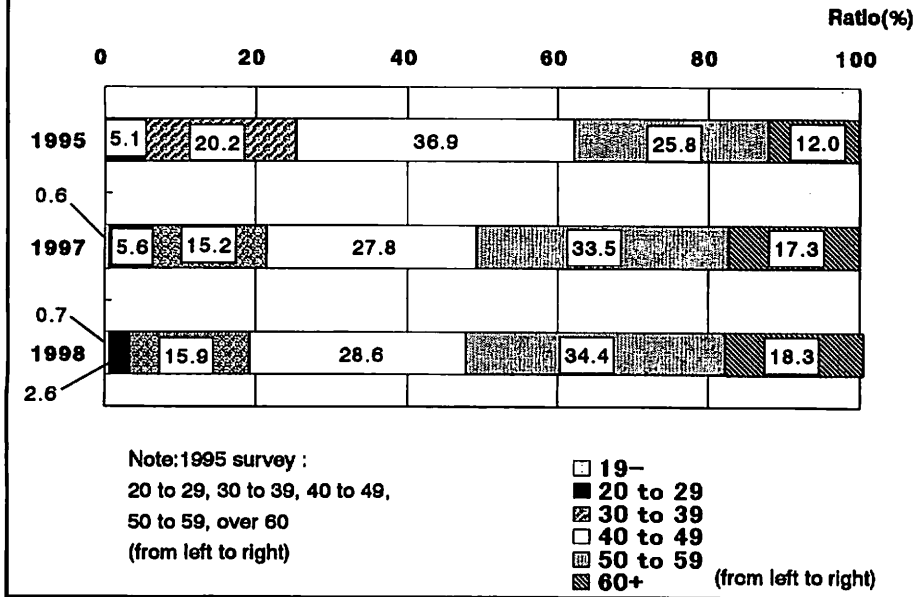


Table 2 Average Purchases Per Customer

	1997	1998
Plants	1,357 yen	2,111 yen
Materials	1,273 yen	1,670 yen
Others	124 yen	560 yen

Table 3 Popularity of TV Program "Gardening for Pleasure"

Viewing Frequency	1995		1997	
	No. of people	%	No. of people	%
Always	68	15.3	178	21.2
Sometimes	167	37.7	326	38.9
Rarely	28	6.3	80	9.5
Never	179	40.4	254	30.3
Others	1	0.2	1	0.1
TOTAL	443	100.0	839	100.0

Note: Survey of gardening store customers

Fig.6 Gardening Sales of Major Home Centers (1998)

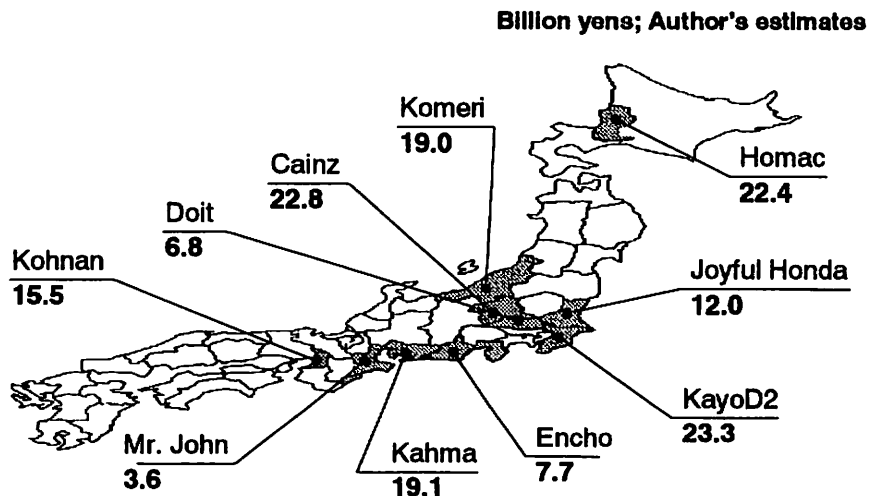
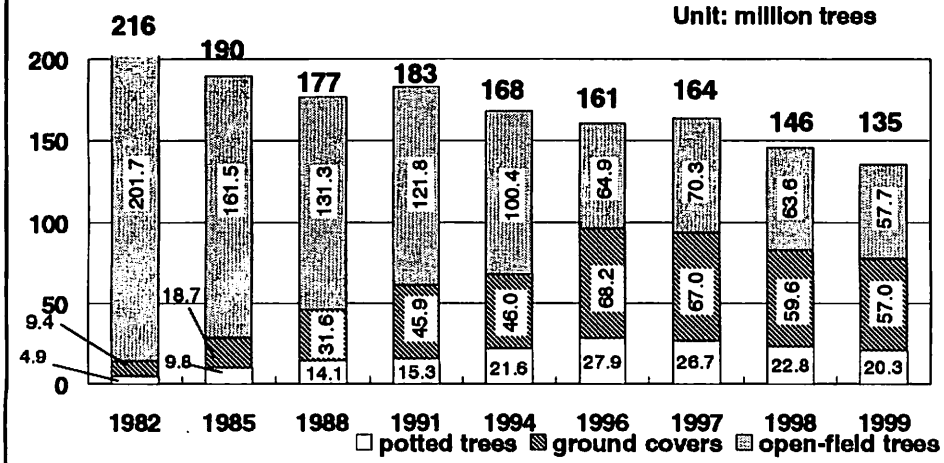


Fig. 7 Garden Trees Supply



Sources: Agriculture, Forestry, and Fisheries Ministry; and Japan Nurserymen's Association

Fig. 8 Flowerbulb Imports

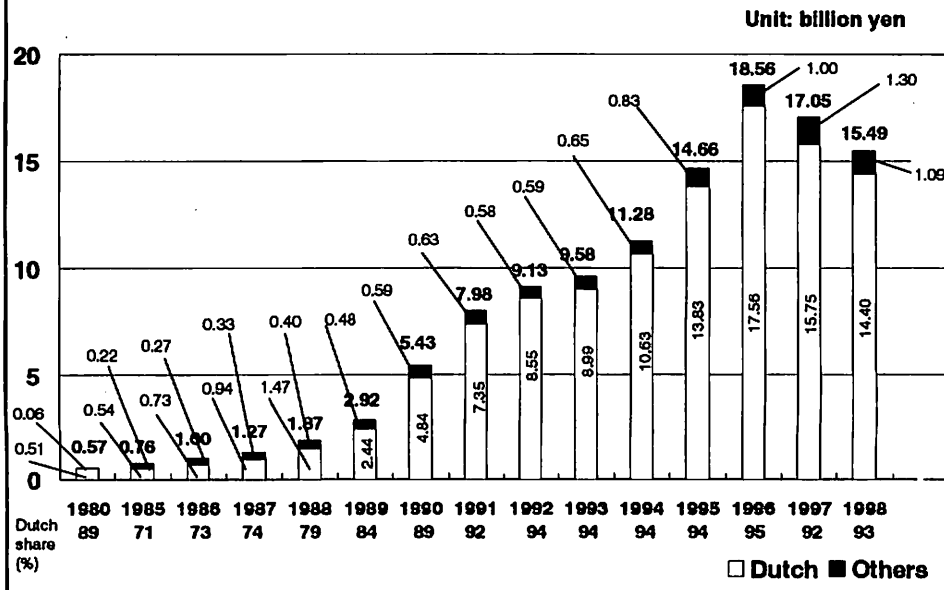


Fig. 9 Cut Flower Imports

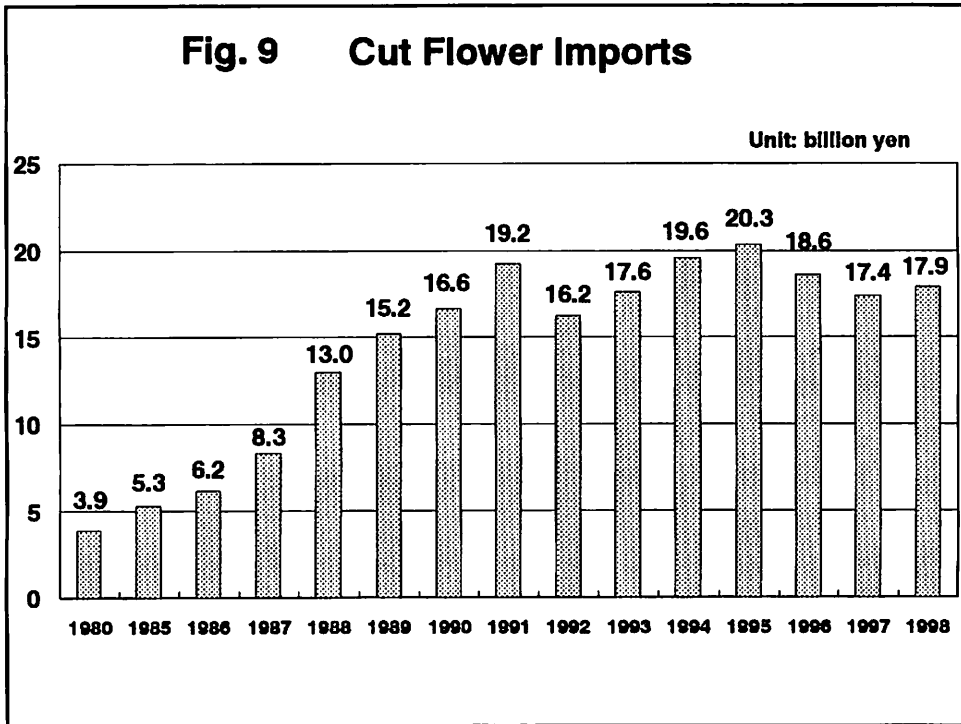


Fig. 10 Flowerbulb Production and Imports

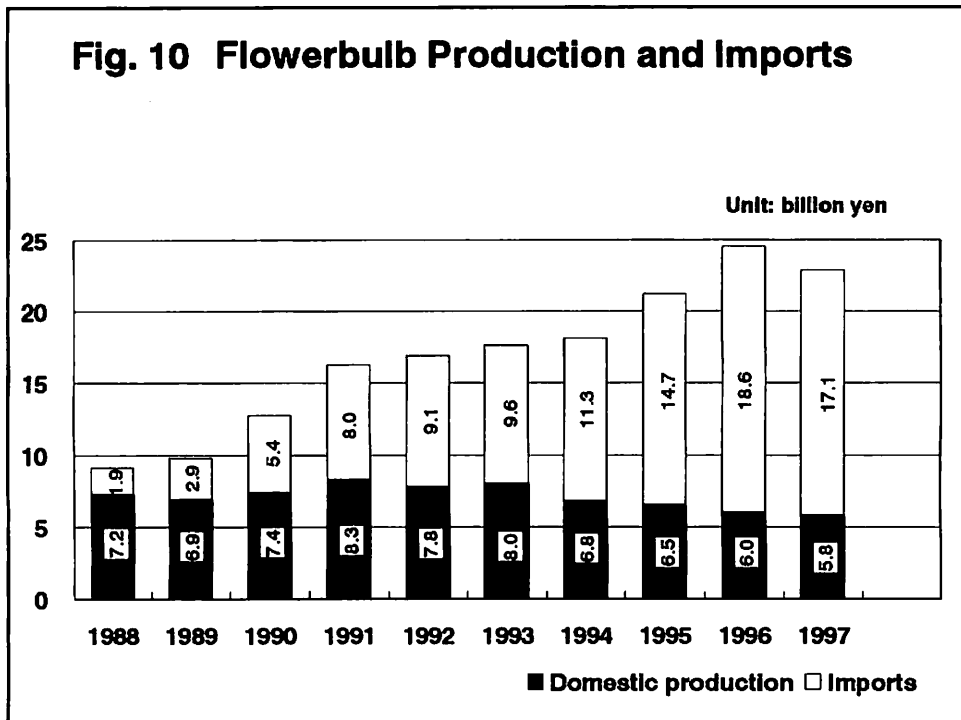


Fig. 11 Flowerbulb Distribution Channels

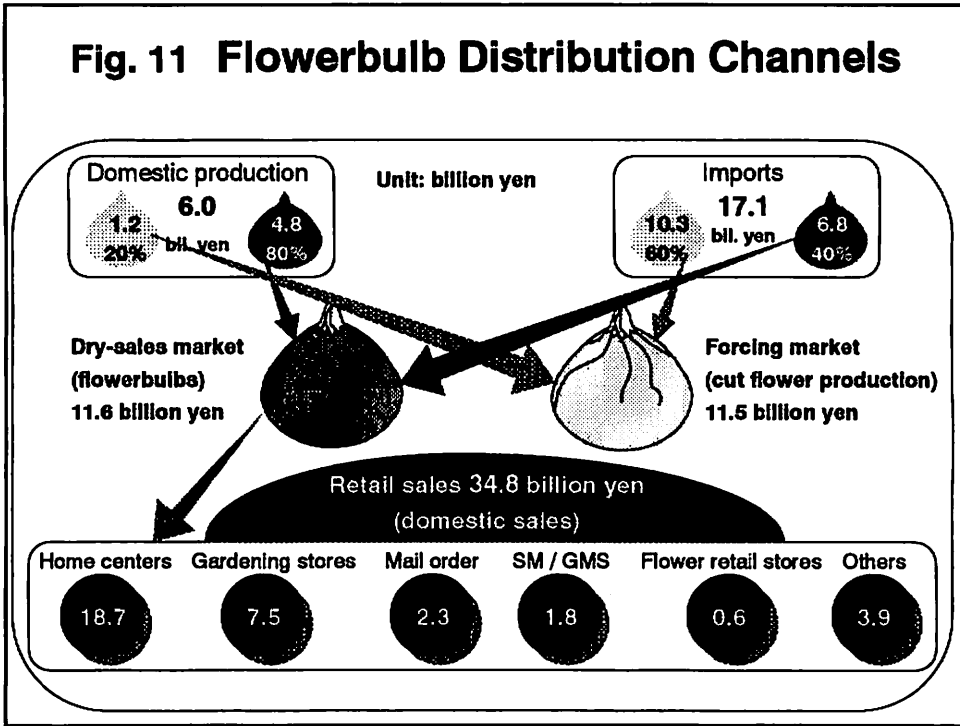


Fig. 12 Annual Purchases of Flowerbulbs

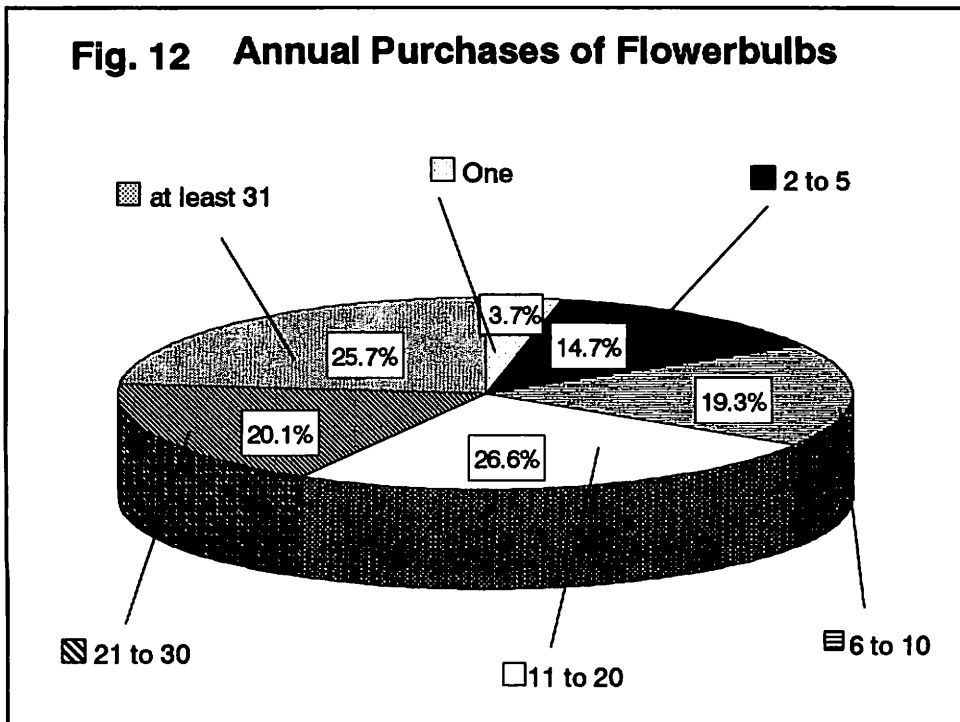


Fig. 13 Average Purchase

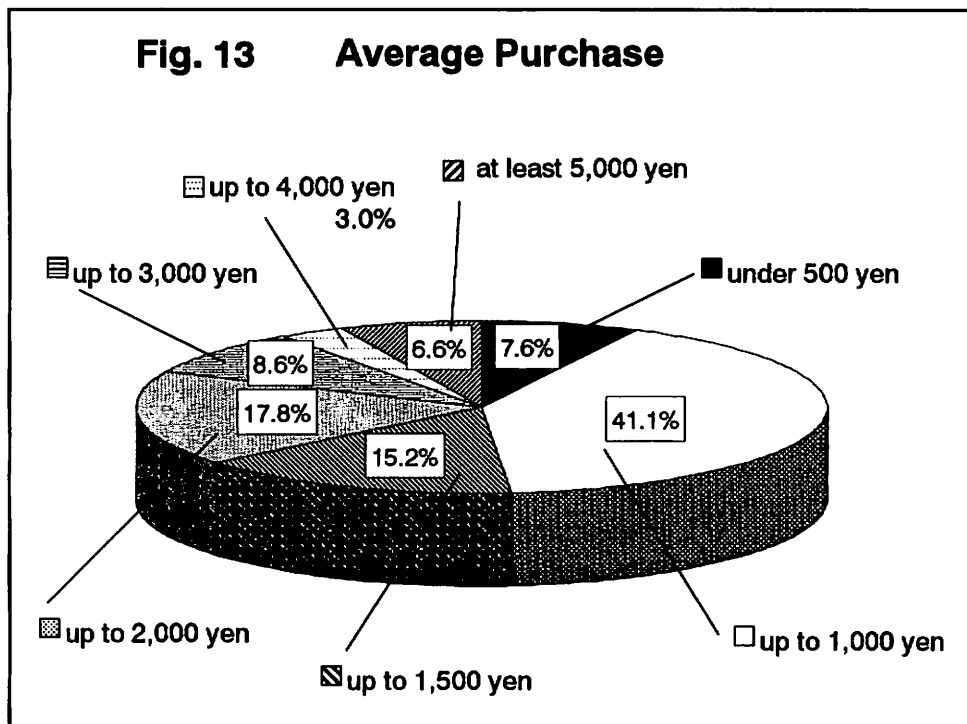


Table 4 Number of Gardeners

Age groups	Japan	U.S.A.	U.S.A.
	1999	1995	2005 forecast
up to 25	4%	4%	3%
26 to 35	25%	15%	11%
36 to 45	21%	26%	20%
46 to 55	35%	20%	25%
56 to 65	13%	12%	17%
over 66	2%	23%	24%

Fig. 14 Flowerbulb Purchase Factors (multiple)

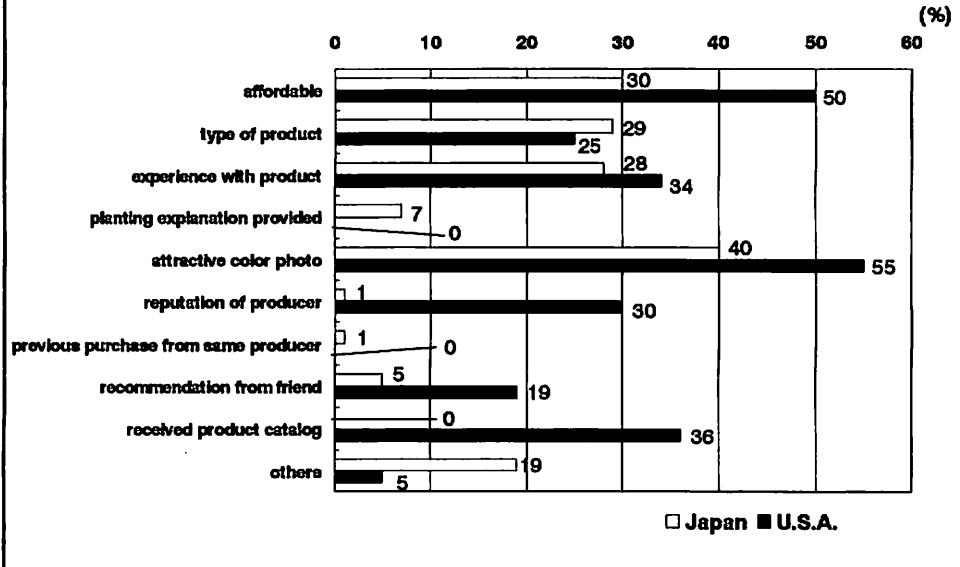


Fig.15 Reason for Purchasing Flowerbulb

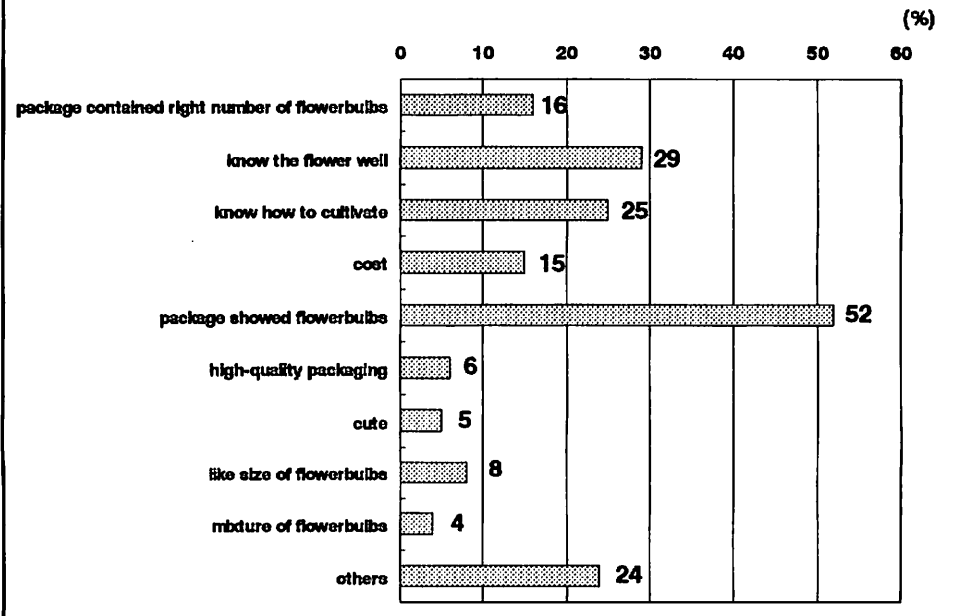


Fig. 16 Description Wanted on Package

