

S P R I N G 2 0 1 4

Industry Trend Report



Trend No: 3 Immigration and the effect on ornamental horticulture sales

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What We Know

Immigration is an essential component of Canada's population growth as approximately 225,000 immigrants are accepted into Canada every year¹. The 2011 Census revealed that 66% of the 2,000,000 people added to the Canadian population since 2006 were immigrants.

The total number of immigrants in Canada:

Canada: 6,452,305 (19.2%)
Ontario: 3,516,875 (27.3)
British Columbia: 1,170,140 (26.5%)
Quebec: 900,475 (11.3%)
Alberta: 554,130 (15%)

More than one quarter of the population in Ontario and in British Columbia is made up of immigrants. This market is significant and needs to be considered.

Immigration has an impact on the Canadian economy, particularly in selected regions of the country, like large metropolitan areas. Sixty-per cent of investor-class immigrants, those who bring money,

Insights and Opportunities

Significant trends are at work shaping the future of the ornamental horticulture industry and affecting businesses that grow and retail plants, and sell related products and services.

With nearly three decades of relevant experience in the Canadian ornamental horticulture market, MARCON+ZRB examines these trends and reports on what they mean to you and your business.

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business skills and experience to Canada, settle in Vancouver. Those in the skilled worker class account for the largest number of immigrants to British Columbia.

¹Source: Statistics Canada 2011

According to the Canadian Mortgage and Housing Corporation's Housing Demand Projection study², a one per cent increase in an immigration population leads to a 0.66 per cent increase in housing demand. 72% of immigrants own their homes, up from 68% in 2001. Immigrants are buying homes more quickly than ever before. Also, this group now is involved in high-growth industries such as engineering, construction and skilled trades or are arriving as investors.

The proportion of immigrants living in ownership accommodation rises quickly from 17% six months after arrival to 55% four years after arrival. From 2001 to 2008, immigrants bought 30% of the homes purchased in Vancouver and Toronto. This represents approximately 122,000 units, including about 40,000 newly built units.

The immigration effect on housing is most pronounced in Vancouver, though it receives fewer immigrants each year than Montreal or Toronto. British-Columbia gets the highest proportion of Asian immigrants – 22% come from China – the group that is by far the most likely to buy real estate. A significant portion of these was in the luxury home category.

Since 2001 the annual ratio of immigration by continent of last residence has been reasonably consistent³:

1. 15% from the Americas
2. 17% from Europe
3. 15% from Africa
4. 53% from Asia

²Canadian Mortgage and Housing Corporation

³Source: Statistics Canada 2011

What We Don't Know

Canada's population is growing with skilled immigrants, many of whom have the means to own a home, or are about to enter into the housing market. This raises some important questions the landscape service provider and garden retail industry needs to answer, because this group could become an important and sustainable purchaser of value added products

and services. Simply assuming that garden-related purchases by diversity markets will follow similar purchase patterns exhibited in the past by demographic segments like Boomers, and Gen X and Y, may be misleading.

From the 2013 Quebec Omnibus Ornamental Horticulture Survey⁴ (conducted annually between 2010 and 2013) it was determined that 55% of Quebecers purchased annual flowers, shrubs, trees and other outdoor plants during spring, compared to 63% in 2010, a significant decline. We simply don't know about the rest of the country...

⁴Marcon Quebec Omnibus Study

Could we benefit from better serving the immigrants in order to stabilize or increase our sales and our profits? Are immigrants more or less likely to purchase ornamental horticulture products and services? If, for example they purchase less, is this because the industry is not selling the right products and services? Or, are we not communicating properly to those markets? If they purchase products, where do they prefer to shop, in a big box store or do they feel more welcomed when visiting a specialized retailer?

Does economic status have an influence on the diversity market's decision-making process? What is the impact on luxury home purchases in Canadian big cities like Vancouver, Toronto and Montreal on regional plant, product and service sales? What is the importance of the trend to outdoor living spaces on different ethnic cultures? If there were more local do-it-yourself educational sessions targeted to the new homeowner needs of immigrant populations, would that have an impact on demand?

Do immigrants buy more or less plants for traditional Canadian plant-giving holidays such as Christmas, Valentine's Day, Mother's Day, Easter? Is it customary to give plants as gifts? Are there important cultural dates where flowers and plants figure prominently and could be an important sales opportunity?

Are they more or less interested in vegetable gardening than ornamental flowers? If they prefer vegetable gardening, will they be more interested in other types of plants that aren't yet available in Canada? The grocery industry has taken note and

changed the type of fruits and vegetables sold in produce sections, by adding international varieties. Ornamental horticulture may be able take advantage of this new market opportunity.

CONCLUSION

The positive effect of immigration policies on population growth and Canada's economic wealth is well understood and is likely to continue to gain in importance in the country's future.

Unfortunately, there are many aspects we don't know about immigrant populations and their relationship to ornamental horticulture. We need to listen and better understand in order to make good decisions and directly impact the sustainability of our industry.

As business people across the country, it is important for you to not only understand local immigrant cultures, but to engage with them to properly service their interests and needs.

Cultural diversity: a new area fertile in business opportunities. Let's find out the best ways to address them.