



Exasperation, confirmation and innovation

# What a **YEAR!**

By Ian Baldwin

**A**nother year is almost in the bag, four in a row of flat (is this the new “up?”) or very low growth in overall sales. There are signs of consumers twitching a little more at least in fall gardening activity such as mums, kale and so on, while some retailers have seen an uptick in fall bulbs for the first time in several years. September 2011 had such bad weather in so many parts of the country that even a normal season would show increases. That is what happened this year, though many owners and managers tell me they

are still 10-25 percent down in sales compared to their best years of 2006 and 2007.

## **As goes the weather ...**

Spring started off with the bang everyone was hoping for this year. Winter was mild; March sales beat all records for many; spring weather was early and great; the public seemed excited again and by late April garden retailers were already re-ordering products they normally didn't need until June. Then, when most areas had a cold spell in late April, it all slowed down to a



crawl, never picked up again, and then just stopped. Year-to-date gains of 35 percent in April were down to 5 percent by June and slowly sunk below the line to -2 percent by the end of a miserable July. Then August, never exactly a barn-burner, was a non-event. Stores that expected a \$2,000 day were lucky to get \$700.



**Exasperation:**  
**“We look great. Where are all of our customers?”**

September was good enough to restore some faith as consumers planted lots of fall color to replace the annuals that cooked (or drowned) in many parts of the country and as I write, sales are back to a few percent over last year. The year-to-date average sale per customer is up this year by \$1 to \$2 and early signs for holiday sales look hopeful. So, things could have been worse but retailers are wondering what’s going on in the bigger picture.

**Recession trend or long-term shift: Is this just the new normal?**

Those owners and senior managers who found the time in summer to do some serious management analysis of the year to date found the reason for the sudden downturn and with it

opened up a whole new subject. Those who analyzed what did, and did not, sell in the first half of the year found that short-term “decorating” items like color for containers, pottery and soil, hanging baskets and in-flower perennials and woody plants were hot. Longer-term products such as nursery stock, or even flats and multiple pots of annuals for in-ground color, were not. The other short-term hot seller was anything edible, especially herbs and blueberries, reflecting the current trend of eating more healthily.

This analysis agrees with the findings of the 2012 National Gardening Survey: that consumers are not yet investing capital in longer term gardening activities such as planting trees and shrubs in anything like the same numbers as they did just a few years ago (see my article “We’re not throwing in the trowel yet” in the August edition of *Garden Center* magazine.) What they are doing is growing food, and decorating or fixing up their homes and gardens.



**Edibles were a short-term hot seller this year, especially herbs and blueberries, reflecting the current trend of eating more healthily.**

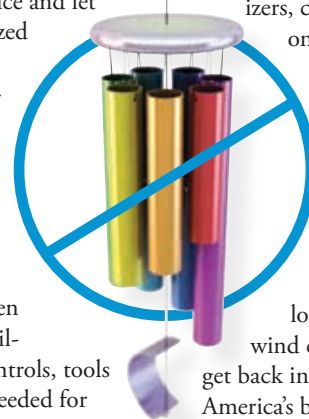
This spring showed the result of that shift: once homeowners had planted their veggies and spring/summer color, the only products to drive them back to a retail garden store were items needed for maintenance, feeding and fix up projects.

So here is the rub: as garden centers became more plant and gift/decor centers, the owners or decision-makers declined to compete on price and let go or de-emphasized the core products for repair/maintenance gardening. Many of them lost their founding image as the place to go for competitively priced garden supplies like fertilizers, disease controls, tools or equipment needed for those summer maintenance projects.

When consumers turned away from long-term plants and shifted to spending on pest and weed control, feeding or fixing up, many garden centers were simply not on the public’s radar. Homeowners kept spending on their properties, just not on new or

additional plants and all that goes with them. Fifteen years of staying uncompetitive on known value lines, while allowing gardening supplies to be dominated by products aimed at increasing the frequency and spending power of female customers, has had a big effect. Speaking in generalities, those clients of ours who retained a strong, competitive presence in fertilizers, controls and so on had a better, busier summer. Those who substituted gardening for gifts and accents did not. So, if you dominate the local candle or wind chime market, get back into lawn care, America’s biggest gardening spend by a long way!

The loyal shoppers who love a certain garden center and visit regularly to look around still shopped but that was the bare minimum and they too are affected by weather. It’s hard to make jewelry or throws impulsive in a greenhouse on a 95-degree day.



## “Drive traffic with price; retain it with success.”



### Confirmation:

**“I’ll judge you by your prices first, and then you can help me with my problems.”**

It is quite clear to me that, after four years of recession, if a retailer is perceived to be high priced (by being way out of line on those relatively few known value prices), the consumer won’t ever step foot in the place to hear their valuable advice, see their top class quality or enjoy the experience, period.

Given the steady decline in traffic or customer count in independent garden centers over the last 10 years, we need a new approach and a new mantra to go with it for 2013, maybe something like “Drive traffic with price; retain it with success.” That slogan might need some work so I won’t order the T-shirts or register my

trademark just yet, but I hope I make the point!

In a prolonged recession like this we have to remain financially relevant to the customer above ALL else.



### Innovation:

**“It’s alive and very well even now!”**

I am always surprised, even after so many years in this market, by the continuing positive attitude of owners, teams and suppliers in our little independent world. After four years of declining sales, unhelpful even adversarial banks, a depressed economy and dwindling profits or bonuses, industry leaders continue to look forward to next year, seeking out new ideas and opportunities. Here are a few innovations or clever ideas I have seen:



### ► Working smarter

- Managers organizing schedules so that spring or Christmas setup is done from 2 to 8 p.m. by less expensive part-timers or people looking for a second job.
- Overtime being restricted to weekends-only when there are sales to made, rather than mid-week for spraying weeds or cleaning the warehouse.
- All staff logging on to the company calendar from home to see when they have been scheduled to work that week.
- Applying the lessons from the book, “Tribal Leadership,” to an otherwise very traditionally designed retail team that was not working.

► **Products:** The various ergonomic tool lines such as Radius are very welcome for us old folk and cool for members of Generation Y (and add to the customer ticket nicely).

Like many industry veterans I yawned at the thought of fairy gardens, but I know one garden center that sold over \$100,000 in the category by cleverly tying it to existing products like Alpines, mosses, pottery and even herbs. In this economy I'll take \$2,000 a week from any new idea wouldn't you?

I was impressed this year by the way that Burpee Home Garden differentiated its veggies by clever, high-impact "food value" labels and excellent POS for its Boost line. It's another great idea to tempt a cautious consumer and expand the veggies ticket (see photo).



Another creative attempt to sell one more plant to one more American is the Hort Couture brand. It's very young and cool!

Likewise, the brand extension of HGTV into plant material, is not the first or last, but we have to welcome any company investing such a well-known brand in this business right now!

► **Processes:** I am still thinking of new opportunities for the Square app that makes a credit card terminal out of your smart phone; WOW, that IS a game changer for outside sales areas, parking lots, tent sales, Christmas tree lots, home consultations (oooh that's a great idea) or just a busy Mother's Day weekend.

No one quite knows how the BFG/Wetsel pay-by-scan deal is going to work out but that could be one of the biggest supply-chain innovations for a good long time, worth looking into if it is available in your area. ☺