Consumers can usually be relied on to “shop ’til they drop.” This was one of the primary drivers of the economic recovery we saw in 2003-2004. In fact, the 7-percent surge in sales in 2004 was the best performance since 1999. But rising interest rates, increasing energy costs, laggard employment growth and the slow down in housing in 2005 have the National Retail Federation (NRF) predicting a significant slowdown in retail sales, to a total gain of only 4.8 percent this year, with the first quarter actual pegged at 5.4 percent, the second and third quarters estimated at a 5-percent increase and the all-important fourth quarter forecasted at an anemic 4.1 percent. When factoring in the current inflation rate of about 3 percent, this means that the real sales gains will be less than 2 percent, not exactly a statistic that gets me very excited.

Consumers anticipate a bleaker future when they foresee challenges to their disposable income, especially those consumers in the lower- to mid-income ranges. And it’s these consumers who will be hurt first and worst by the rising gas prices. We’re already seeing some of the impact of this on the low-end “value” discounters like Wal-Mart; through March, Wal-Mart recorded a 4.2-percent comp store increase and an 11.2-percent growth in total sales, and their comp store forecast for April was only for flat to +2 percent versus 2004. Plus, they’ve stated that their food sales are growing at a faster rate than general merchandise, which means they are losing ground on their general merchandise sales.

**BETWEEN THE YELLOW LINES**

These numbers sort of set the stage for my thoughts about dead armadillos. Though I’ve heard this term for years, it most recently was attributed to Jim Hightower, the former Texas Department of Agriculture Commissioner. He stated that “there’s nothing in the middle of the road but yellow stripes and dead armadillos,” alluding to the perils of getting stuck between oncoming traffic. My interpretation of this adage is that the retailers who operate in the high-end/luxury traffic lane are successful, as are those in the low-end price/value segment. It’s the retailers in the middle of these two lanes, without a clear identity or positioning, that are getting run over…the dead armadillos…and their sales are suffering.

At the same time, we’re seeing the higher-end/luxury retailers performing stronger in a tough economic environment, another anomaly. Department stores and specialty retailers are having a pretty good run on both sales and profits so far this year, something that wasn’t really expected. These retailers are positioning themselves by offering higher perceived and real value, not focusing on price. They are addressing the needs of the consumer, even the lower and mid demographic consumer, for affordable indulgence. We’re seeing more than ever that the same consumer is “crossing the road” and shopping in both lanes of traffic, one for essentials and one for affordable and attainable indulgences that offer psychic value.

Fortunately for us, most independent garden centers (IGC) have learned that they can’t be successful playing in the same traffic lane as Wal-Mart and the other big boxes. There are a few who have carved out a niche, put

**What we’re really talking about here is market segmentation, and this segmentation is becoming more defined every day.**

Choosing who you cater to needs to be an informed decision based on a lot of research and education to make your garden center that much more successful.
together programs and developed services to create an image and a market position to allow them to play in the luxury traffic lane, and they are successful in this approach. But most IGCs are in the middle of the road, between the yellow lines. As the high-end/low-end traffic lanes become super highways, the yellow lines become narrower and the traffic passes by at increasingly faster speeds. Does this mean that there will be more IGC armadillos left as road kill? Not necessarily, but it will require more diligence than ever to avoid this fate.

**MIDDLE LANE SUCCESS**

To be successful in the middle lane and to even make this lane wider, think about:

- Understanding your consumer...there is a large group of consumers who will always shop the low-end lane and another smaller group that will only shop in the high-end lane, and neither of these groups will ever become your core customers. However, there’s also a sizeable group that will shop in both, plus a large group that likes the middle lane, and this should be your target audience. Learn everything you can about this centrist group; know your customers better than any of your competition, and only then start developing assortments and services that address their needs.

- Somewhere in this middle lane is the ideal mix of price, quality, convenience, service, assortment and shopping experience (i.e., display, presentation, signing, staffing, physical plant, etc.). It won’t be easy, but take the time to fine-tune your value proposition based on your core values and what your competition offers.

- Play your game, not your competitors’. It’s as important to know who you are not as it is to know who you are.

- Consistency...much of the armadillo road kill is the result of retailers trying to weave back and forth between the two lanes, losing focus and straying from their own lane. Once you start building an identity, stay with it and maintain your position unrelentingly.

- Image building...advertising, promotion and community involvement all need to continuously reinforce the message you want to convey to your focused audience. Accomplishing this should be easier than what your high-end/low-end competitors will have to do since you won’t need to be all things to all people (as in the case of the low-end traffic lane) nor too focused (as your high-end lane competition will have to do; you have more to work with but can maintain focus at the same time. And your media message and delivery system (radio, newspapers, television, billboards, etc.) should be consistent with who you are and what your customer sees when they shop your store.

What we’re really talking about here is market segmentation, and this segmentation is becoming more defined every day. Understanding who your customer is, who you are and what you stand for is essential to succeed in today and tomorrow’s marketplace.

Call me an optimist, but I don’t think all armadillos are fated to become road kill...

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