



Raising THE BAR

Garden Centers are again seeing increased demand in 2021. Your success depends on your ability to manage and control your business.

By Danny Summers

While we may have thought the growth seen in 2020 was an anomaly, indications so far point to continued growth for 2021. With more Garden Center Group members reporting in our weekly department review (WDR), we are beginning to see a clearer view of what the season and year may be like for everyone.

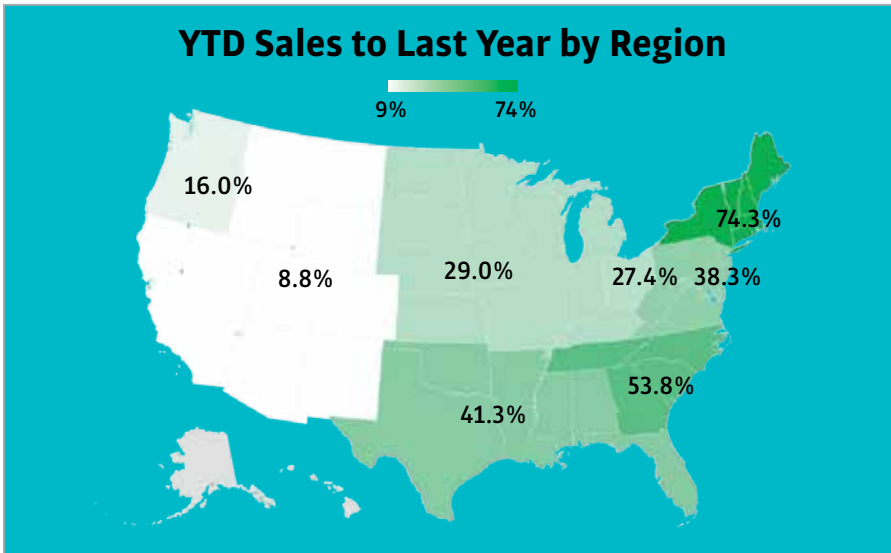
Results reported in our annual P&L study for 2020 showed total group revenues increased 25.1%, which came through a combination of growth in both average sale (about one-

third) and transaction counts (about two-thirds). In the back of our minds has been the question, “Can our centers reconnect and attract all the new customers again?”

When seeing the most recent Week 20 (May 17-23, 2021), reporting in the WDR, I believe it’s possible. So far, results provide a positive outlook for surpassing 2020, but we are still up against some huge weeks ahead so time will tell.

Let’s compare a few figures from this time last year and now. You will notice week numbers were off by one week,

Figure 1.



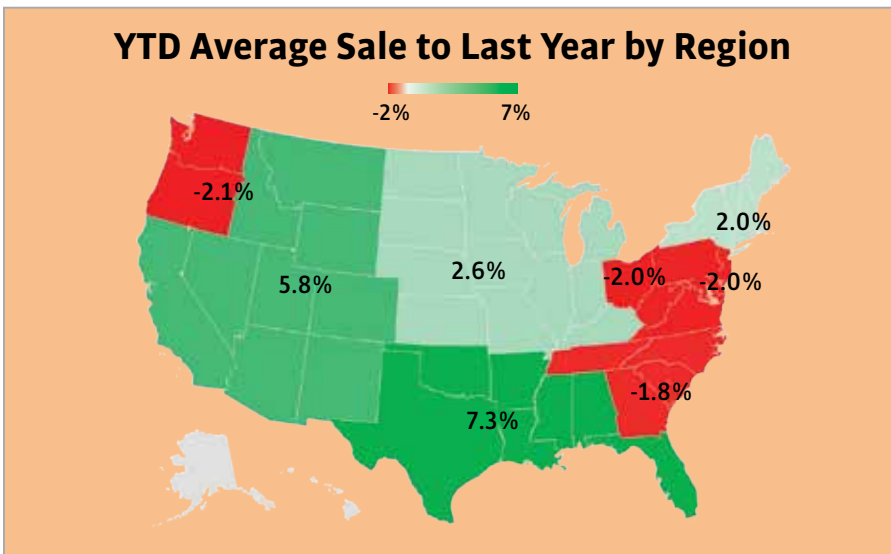
due to having an extra week in 2020. Keep in mind these numbers are for the total group across the country reporting.

- **Week 21, 2020 YTD Sales (May 18-24, 2020): +27.3% YTD**
- **Week 20, 2021 YTD Sales (May 17-23, 2021): +36.1% YTD**

The last half of May 2020 posted a number of record weeks and added another +10% on top of earlier gains. Here's a look at where May 2020 ended:

- **Week 22, 2020 YTD sales (May 25-31, 2020): +28.8% YTD**

Figure 2.

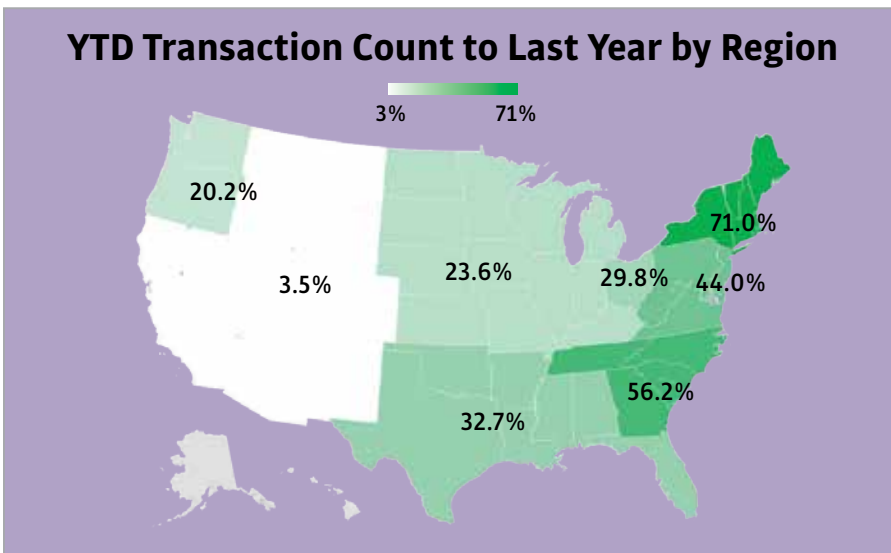


June 2020 certainly carried on the prior increases and held onto the earlier gains:

- **Week 27, 2020 YTD sales (Jun 29-Jul 05, 2020): +26.6% YTD**

By the end of June 2020, the sales increase above was the results of an almost even split between average sale and transaction count gains (+13.2% and +12.8%, respectively). Our current 2021 YTD figures (Week 20) show transaction counts are driving 2021 gains, while average sale is slightly ahead (+35.1% and +1.2%, respectively). This is no surprise, with garden centers being fully open this year and the customer can return as often as they wish.

Figure 3.



Current year-to-date sales are outpacing numbers from 2020 through a combination of holding onto the 2020 average sale and building considerably larger increases in transaction counts. The shift toward higher increases in transaction counts is understandable, as garden centers don't have the same constraints for business hours and general operations they had in spring 2020.

Figure 1 shows the total group's YTD sales as of Week 20. As you can see, sales gains range from +74.3% in the Northeast and Nova Scotia to +8.8% in Mountains West, for a total group increase of +36.1%.

Normally, we would be overjoyed with an increase of +15% reported, but over the past year we have seen much

higher being the norm. The challenge garden centers face is the “high terrain” of the next six weeks. At the time of this writing, we are seeing some slippage in the YTD gains being reported as some centers had either delayed openings or greatly restricted sales hours/days in 2020. During the next few weeks, most centers are up against record weekly sales in late May and early June of 2020.

How will the two spring comparisons end up? Do we have enough earlier sales this year to offset the high terrain of the last six weeks of the spring of 2020?

As I mentioned, the current Week 20 figures appear to provide a very positive outlook for surpassing 2020. Only time will tell (and a tremendous amount of effort and hard work to manage your center in the balance of the season and 2021 as a whole).

Attracting New Customers, Again

So, can our centers reconnect and attract all the new customers again?

We expect average sales for 2021 to be under the 2020 results, given the restraints garden centers faced during the 2020 spring. In addition, we expect transaction counts

to be up considerably with more open access to centers this year. Watching the transaction counts for 2021, it does

appear our member garden centers are attracting the new customers they first saw last year. Figures 2 and 3 reflect YTD average sale and transaction counts, each by region.

We knew many centers had issues capturing contact information for many who came through the centers last year as first-time customers.

Here are some key questions we all had at the beginning of this spring:

- Would the new customers return on their own?
- Did they have a positive enough experience in 2020 to again return and repeat their new-found gardening habits?
- Did the garden center make the important connection with the customer as their preferred source for plants, supplies and knowledge?

This is a crucial time for your garden center. Every customer who connects with you and your staff — whether by phone, email or walks through your door (or gate) — has made the conscious decision to shop with you. It’s important for every team member to know and be reminded: It is a privilege to serve the customer. It is not to be taken lightly or be dismissed.

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And, while it may not be possible to fully satisfy every need or want, the act (and commitment) to do so can make the important connection you need to build trust and create a loyal customer for a long time. Honesty and caring go a long way.

Raising the Bar — Again

I hope your performance this year is even better than the averages we are sharing here in the total group's reporting. It's important to remember while these numbers are overall averages, the best performing of our centers are well above the average. To provide some perspective, the annual P&L study for 2020 showed total sales (revenues) was +25.1% over 2019, but the best-performing centers averaged +30%. Likewise, profitability for the total group jumped to 13.6%. But the best-performing garden centers "raised the bar" on net profits another 7% higher.

Are you raising the bar again in your garden center? This is the second year of increased demand — and you have a much better opportunity to fine-tune your business this year with 2020 under your belt. By the time you are reading this, we will have been through all of the first six months of the year. The answer to this challenge lies in your ability to manage and control your business the balance of the year! I hope you will be raising the bar again!

This will be an important subject when The Garden Center Group meets at The Fall Event 2021, taking place from Aug. 30-Sept. 2 in Wilmington, Delaware. Sharing, comparing and challenging each other is at the heart of what we do to help each garden center to be the best it can be. I would welcome the opportunity to share with you more about what we do to help garden centers across North America raise their bar! 🌸

Danny Summers is managing director and chief instigator at The Garden Center Group. Contact him at 678.909.7770 or danny@thegardencentergroup.com. Find more about the Garden Center Group at www.thegardencentergroup.com.

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