

The Premium Outlet Experience

Kyle Natorp explains the philosophy behind Natorp's Nursery Outlet and how this big shopping experience is one his customers will never forget.

By Pete Mihalek

Back in the late 1980s, the Natorp family business had five garden center locations and a wholesale nursery. Today, the garden centers have been phased out, making way for the family's most recent business endeavor — Natorp's Nursery Outlet.

"We no longer consider ourselves a garden center," says company president Kyle Natorp. "We don't even have the words garden center in our vocabulary anymore. We've removed it on purpose in an attempt to get us to think differently."

Thinking differently is one thing, but Natorp's is walking the walk and functioning differently as well with their new business model.

"As a nursery outlet, we have the opportunity and flexibility to do things differently than our competition and also from what we've done in the past."

Currently in its fourth generation of family ownership, Natorp's has been in business since 1916 and its wholesale nursery is the largest part of the operation.

Since the mid-1990s, Natorp's would run a nursery outlet sale for a week in the fall, which opened up its wholesale nursery to the general public.

"Over the years, that grew to be a pretty big event," says Kyle. It grew to a point within the last two years that the outlet sale did more in those seven days than we did the entire year at one of

our garden stores that are open year-round."

The success of this limited outlet event caused Kyle and his team to look closely at all the numbers. What he found was only 20 percent of the people that came to the outlet sale in the fall also shopped the other Natorp retail stores.

A rainy spring two years ago, Kyle spent a good deal of time driving back and forth between the two remaining Natorp's Garden Stores and the nursery, and thought, "There's got to be a better way."

It was then that Natorp management began thinking about making the move to the nursery outlet business model entirely. By late June, the basic premise of what they wanted to do with the business had been put together.

"That went through a lot of evolution to come to the outlet model that we ended up with," he says. "We spent a lot of time with our outside board and brought in industry consultants."

Got the Goods?

Kyle found that having a well-defined sales philosophy helped keep this new business model on the straight and narrow.

"We're about selling plants for the landscape or garden and that doesn't include houseplants for indoor use," he says. "As far as hardgoods go, we carry any hardgood that would help customers benefit from their investment in plants

— items that help customers install, maintain or display plants." That said, you'll find shovels, pruners, fertilizers, pottery and mulch, but no garden gnomes.

"Our garden stores were running about 25 to 30 percent in non-plant sales," he says. "Today we're at 10 percent hardgoods. When most retailers' goal is to get you to come in over and over and over, our goal with the nursery outlet is to get you to come in once in the spring and once in the fall and lay down your big gardening purchase for the year."

You're Open When?

Speaking of spring and fall, it's important to understand Natorp's approach to when the "open" sign is turned on.

"We're a seasonal business — open for 13 weeks in the spring, closed in July and August and open for six weeks in the fall and closed in the winter," Kyle explains. "In the spring we're open five days a week — Wednesday to Sunday. Four days a week in the fall."

With these limited open hours, Kyle feels Natorp's has made the shopping experience better for their customers.

"When we're open, we have better service because we're staffed for it because we're expecting a bigger crowd," he says. "And for the



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times we're closed, we're still available by phone and email if they ever have questions or need help with their plants."

Like any change, there's an initial period of adjustment, but Kyle says it has taken his customers one visit to catch on to the new shopping hours.

"After we explain to them that we're closed in July and August, we make it clear that we're still accessible by phone and email to help them," he says. "It's an unexpected benefit they're getting. We might be stripping back some things, but we make up for it with our unexpected, high level of service."

Making the Sale

When it comes to merchandising, Natorp's takes some liberties as an "outlet." Under a three-acre greenhouse, green goods are laid out on a grid, and tractors driving through it to restock are a common sight. "We want that to be part of the customer experience. We want you to get out of the way occasionally," Kyle says.

"When they see the plants coming in, it helps reinforce that we're growing that product ourselves."

In the pricing realm, Natorp's are nowhere near the devaluing box stores' price, even as a wholesale nursery.

"What we've done is show the regular price, which is how much we sold it at the garden stores and what we feel like the other independents are selling it for. That's our valued position." However, everyone pays the "club" price, he adds. Customers get into the club just by sharing their physical and email addresses. Club prices are commonly 20 percent less.

"As part of the outlet model, our intent is to have cheaper prices than what customers found at our garden stores, but not necessarily big box prices," he says. "We also price every variety individually with a regular price and a club price. For example some 4½-inch pots may be at a club price of \$4 but others that are new varieties or just a hot selling color may be at \$4.25 or \$4.50. This keeps the customer's perception that our prices are lower without reducing our margins near as much as having every 4½-inch pot discounted to the same level."

Natorp's is currently experiencing 99 percent customer participation with its loyalty program. In addition to the price break, customers also receive a 36-page spring and fall plant guide that's printed in full color and free of pricing but "full of inspiration."

From tractor pulls to club pricing, Natorp's seeks out five "wows" with each customer, Kyle says.

"The first two are free. First, when they come over the hill and see the big greenhouse and second, when they walk into the greenhouse and see all the color. The last three we have to earn through the service of the sales staff — (third) working with customers on the floor, (fourth) the checkout process and (fifth) the hand-loading process.

"We want to make it so exciting and so worth it, that the customer experience is so great that when they're ready for the season, they have to go to Natorp's." **LGR**



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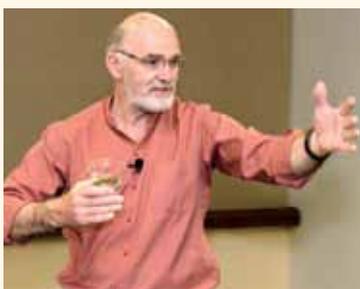
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