



Industry Leader Forecast

We put five of your peers to the test to see what they predict will be the biggest opportunities and challenges for independent garden centers in 2006.

Compiled by Bridget White

Even with a magical crystal ball most people think predicting what will happen in the future is more entertainment than science. We disagree. We may not be able to know details with 100-percent accuracy, but there are situations where you can gather evidence and make a really good educated guess.

We've actually tried to take some of the guesswork out of guessing by asking other people to do it for us. We convinced most of our editorial advisory board, as well as some other experts, to go out on a limb and answer the same question: What do you think will be the biggest opportunities and challenges for independent garden centers (IGCs) in 2006? Their answers contain some really good hints about what we can expect in the coming months, and they give you a good starting point for making your own predictions.

Embrace The Changing World

Bill McCurry, McCurry & Associates

Just when you think things can't get worse — hold on! The pressures on independent businesses aren't about to let up. I guarantee costs for energy, health insurance, benefits and operating expenses will all continue to climb in 2006. And oh yeah, competitive pressures will also increase.

Where's the good news? It's in the fresh opportunities you have to beat these factors, which will enable you to survive and thrive. But you can't accomplish that success the same way you did even three years ago.

Today you have to think — in fact, you have to perma-▶



Bill McCurry, McCurry & Associates

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In today's market of educated, demanding, and discriminating customers, you may have only one chance to make the right impression. A new passionate and loyal consumer base recognizes and demands the highest quality plants, while seeking beautiful, enjoyable, and, most importantly, unique Garden Centers to make their purchases. Whether you are a grower, retailer, or retailer grower, you are now faced with an opportunity to instantly distinguish yourself from your competition. Private Garden is an industry leader in creating distinctive Garden Centers and unparalleled Growing Ranges and has been selected by some of the nation's most respected growers and retailers to continue their tradition of excellence. Private Garden's unique ability to design and construct one-of-a-kind greenhouse, automation, heating, and benching systems can help you take the first step towards exceeding your customer's highest expectations. Whether you are just starting to plan a new Garden Center or searching for a way to increase your yields, let our family show you how your business can grow.

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nently move — outside the box. Get rid of your father's or grandfather's systems and begin to embrace new methods to professionally manage your inventory, your business and your people.

Lloyd Traven (Peace Tree Farm, Kintnersville, Pa.) made a huge

investment in a fully automated greenhouse. His friends thought he was nuts until Lloyd explained, "I bought back my weekends." By cutting his time spent watering, fertilizing and greenhouse managing from six hours to 20 minutes each day, Lloyd regained a precious commod-

ity: his time. Additionally, he got better utilization of fertilizer, water, etc. Lloyd warmly embraces the available new technologies to improve both his personal lifestyle and business efficiencies.

Think about this: What can you learn from Lloyd? What opportunities will 2006 bring that will allow you to upgrade your management information systems? Your operations systems? Your customer environment?

How can you offer your customers a better experience and value? That doesn't mean cut the price; it means make customers glad they came to you. Make your garden center so exciting, so fun, so enjoyable they wouldn't think of shopping anywhere else. You'll become irreplaceable, which means you'll be virtually immune to anything your competition throws at you, and combating those challenges mentioned above will be a lot easier. May that be your experience in a challenging but prosperous 2006!



Judy Sharpton, Growing Places Marketing

to spend money on their "cocoon" homes, indoors and out. Homes got bigger and gardens got smaller, leading to less lawn and more intense planting of small spaces. People even melded the outdoors and indoors into garden rooms and outdoor kitchens. So we sold them grills, furniture, decorations, water features and container-grown plants.

Perhaps the rise in container plants for use throughout the garden should have told us more; perhaps it should have alerted us that this entire group had changed gardening from something that required digging a hole to something that required a ready-made "hole." That's what a container is — a hole filled with ready-to-plant growing medium. Perhaps the decreased sales of shovels and other large tools should have alerted us.

While we were paying little attention to the message from the boomers, the boomers began a steady migration to other pursuits: traveling, caring for elderly parents, supporting adult children, moving to smaller living spaces and, ultimately, gardening less.

Tap Into The Next Generation

Judy Sharpton, Growing Places Marketing

The most-used word in trade publications and industry presentations right now is "demographics." And that word will dominate 2006 and beyond. Because of changing demographics and the unforeseen consequences of those changes, our industry has found itself far from the double-digit growth of the past.

Customer count is down or flat. Average sale is down or flat. Those two facts are a double whammy for many independents. So what happened? The answers are complicated, but they all revolve around demographics. Like other retail segments, garden centers rode the wave of baby boomers: They had more money than time, and they wanted



Judy Sharpton predicts first adopters will become familiar with demographic groups, especially the Gen Xers.

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To add insult to injury, while we were enjoying the profits from the boomers, we wrote off the next generation of gardeners as mass merchandiser shoppers. We gave those uneducated, unappreciative young folks to the big boxes. They don't know anything about real gardening; they just want something cheap. Maybe we should have noticed earlier that this group was buying homes — condominiums and traditional homes — but they weren't gardening. They were looking for someone else to do that job.

So, here we are: The Boomers are abandoning us, and the Gen Xers don't want much to do with our product. So, what do we do now? I predict the first adopters in this industry will get real familiar with demographics. In other words, they'll get to know their customers and potential customers through surveying and focus groups, and they'll study other retailers who are keeping pace with this changing market.

A good place to look is grocery stores like Wegman's, Publix and Whole Foods. These stores have developed new models for delivering fresh foods to a changing demographic. They have not only made food products easier to use, they've actually made shopping for and preparing fresh food easier. Take a look at Wegman's Web site (www.wegmans.com) to learn how the company is teaching its customers to be chefs and not just cooks. Publix's apron menu program offers cooking demonstrations right in the store beside an easy-to-shop kiosk with all the ingredients. We can learn a lot from grocery stores that display fresh meat, fresh produce, wine, canned goods and condiments — all the ingredients for a meal — in a single mannequin-style display.

I predict those first adopters will find ways to make a smaller retail shopping area more conducive to the consumers' needs. I predict garden centers will develop garden planting and maintenance services (that do not require a back hoe or other heavy equipment used by the current landscaping community) as in-store products. I predict garden centers will change their packaging from flats to 4- and 6-inch (and bigger) material. I predict these first adopters will develop a communication strategy to invite the young, non-gardening generation to the store for products and services they can't get at the mass merchandiser. I predict the first adopters will

embrace "demographics" as the key to tapping into the customers' continuing need for "pretty" in their life.

Specialization Equals Success

Jack Williams, Ecke Ranch

In 2006, the competition will

continue to rage between IGCs and larger mass market retailers. Large retailers are focusing more on pay by scan and other strategies to bring "shrink" down to near zero, so the product lines and offerings in these outlets will become more focused (narrow), and improvements in

product quality should be noticed. To the IGC this presents both a challenge and an opportunity!

The challenge will be to maintain product quality differentiation from the large mass markets. With the current strategies being implemented at large retailers, the

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quality of product coming into these outlets is likely to be more in line with the quality usually found in IGCs. If the independents take a similar strategy, they can benefit just like their competitors. This will mean bringing product in based on performance, quality and timing rather than just a pre-set product mix. It

requires monitoring the market and judging against what the large outlets are doing on a consistent and regular basis.

The opportunity comes from being able to take on a greater selection and specializing in unusual product, compared to the competition. As mass markets narrow their product offerings in

order to reduce shrink, IGCs can look at broadening their product offering. This will allow them to be seen as the retailer with more "specialized" or "unique" products for the garden. A reputation like this can be the calling card to keep gardeners coming!

Another challenge involves displays. Large retailers are increasingly getting display maintenance and merchandising service provided by their grower vendors. Although this keeps the retail in better shape than it has been historically, it does not provide for innovation, ease of change or education.

Another opportunity for IGCs over the competition is the ability to keep displays fresh and interesting! IGCs should continue to focus on displays that showcase product, demonstrate in-site use and application, and keep customers coming back looking at the retail with fresh eyes every visit. Think specialty retail and boutique that inspire customers with good displays!

It is all in the details that make the differences between a challenge and an opportunity.

Exploiting Your Passion

Stan Pohmer, Pohmer Consulting Group

Let's face it...the chains have gotten much better with buying quality plants, maintaining them (especially when the care and handling is handled by the growers under pay by scan) and merchandising the store. And IGCs can't (and shouldn't) compete with the chains on price. The chains have made significant headway in upgrading their garden center facilities



Jack Williams, Ecker Ranch



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Stan Pohmer, Pohmer Consulting Group

and attempting to train their employees. Bottom line, the differences and IGC advantages between the chains and IGCs are getting narrower.

But there's one asset that IGCs haven't effectively exploited. You have an asset that can mean more than anything else in how a consumer perceives your store and the image or market position you earn...passion.

Because of their size, many of the chains are focused more on operations than on their customers, while IGCs work with their customers every day...your customers have a face, not just a wallet. And IGCs are entrepreneurial business models driven by customers, not spreadsheets.

You have passion for your business and its success. You care about the products you deal with, the industry you operate in and belong to, the activity of gardening and your customers. You genuinely love what you do (though sometimes you may challenge the reasons for doing so). But as an industry, we don't often share this passion with our customers or let them see this from us; we don't wear this passion on our sleeves for all to see. Passion is contagious. If you and your team can infect and infuse your customers with even a little bit of the passion you have within, this can be the single biggest differentiator between your store and the big boxes.

I know I was supposed to make a prediction for 2006, but I'd rather use this space for communicating my wish to you in 2006: Harness and share your passion with your customers; if you do, I predict you'll see the positive difference in your sales and how your customer perceives you and our industry.

Constructive Criticism Is Key

Dale Bachman, Bachman's, Inc.

One of the brightest spots of 2005 came June 15-18, following six out of eight weekends with rain. Those were the dates of the ANLA Retail Roadshow held in the

Minneapolis/St. Paul area. Thankfully, the skies cleared, and 200 retail professionals came together, visiting 15 local garden centers, growers and suppliers, all sharing ideas and learning how not just to survive but to thrive in today's marketplace. The feedback

that host sites receive is extremely valuable. There were comments made about the need to update the exterior look of our Lyndale location, along with other constructive criticism. After getting additional feedback from our customers, we have begun planning for the next ♦



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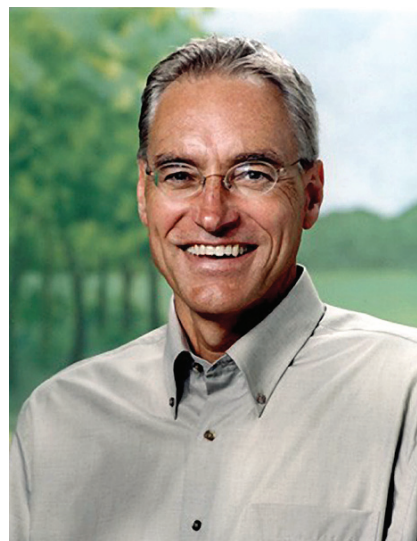
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INDUSTRY ISSUES



Putting extra effort into attractive displays could be the key to future success.




Dale Bachman, Bachman's Inc.

Lyndale remodel. We made significant changes to the garden center portion of this location in 1997, followed by the addition of display gardens in 2001. Now we must look at the exterior of the building and the floral/gift sales area. The pace of change has quickened, and the need to more frequently update the shopping experience is today's reality. We truly must provide exciting destination shopping experiences filled with fresh ideas and natural products presented with passion and surprise.

In 2005, we also opened our new Cedar Acres Garden and Landscape Center, located on our growing range property. We were able to improve our merchandising and outdoor displays with new raised benches that eliminated the use of concrete blocks. Our new signage system was well received by our customers. We designed display gardens into the landscaping, both inside and outside the store. We also added a new product category of hardscape construction materials and landscape mulches. In-store

landscape design is also offered at both our Lyndale and Cedar Acres locations. With our traditional residential landscape design, installation and delivery services available, we are well positioned to provide exciting landscape solutions in the rapidly growing service segment of retail business. There is a significant portion of consumers who want professional help — DIFM...do it for me!

We owe a great deal to our suppliers who are dedicated to the success of local, independent garden centers. New plant introductions and related products that make their way into the marketplace through independent garden centers are critical to our continued success. These suppliers can help us understand the demographic differences of our customers. The approaches to growing business with Baby Boomers (ages 41-59) will not necessarily be the same strategies for acquiring Generation X consumers (29-40 year olds). Understanding the similarities and differences between these groups and gaining their confidence and support will be key to whatever success we enjoy in the future. 

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