

WINDING DOWN THE CHRISTMAS SEASON

Retailers may have been sweating it out throughout the recent winter holiday season, but overall, things fared pretty well.

By Catherine Evans

Was it the good, the bad or the ugly for the 2004 Christmas season? After talking to a number of retailers in the industry, my official position is that it was not really good, bad or ugly. The season seemed to be slow in the beginning for some and got better as the holiday grew closer, while other retailers said it was the opposite. However, that factor seemed to be the main trend for shopping in all retail outlets at Christmas [For more information on the recent holiday season numbers see Headlines on page 8 to find out what the final retail totals were for the season].

I have spoken to a number of retailers across the country about the recently past holiday season, and I have been told one thing over and over again, painted poinsettias were a hit across the board. In fact, they were such a hit, rumor has it the poinsettia breeders are increasing production of their white varieties for this year because the demand is expected to be so high for the paint phenomenon. Other smaller things that caused some comment were: artificial trees were down slightly, ornaments were up, seminars were a success and everyone wants to get on the container gardening train.

Though I have spoken to several garden centers across the country, only a select few were brave enough to go on the record with their results from the season, and here is what they had to say.

WHAT WERE SOME OF THE MOST POPULAR ITEMS FOR THE 2004 CHRISTMAS SEASON?

"Artificial trees were by far our biggest category. We will stock only prelit trees of 7½ feet and above for 2005. We did well with the Peace candle and holiday flags. Christmas silk did out-



Like it or not, painted poinsettias are a big trend. Turn to pages 54-55 for details.

standing. We also did very well with nativity sets — the Holy Family blew out of here, there were none left." **Ken Long, president of L.A. Reynolds Garden Showcase, Winston Salem, N.C.**

"Popular themed trees were good in December. Our traditional look of reds and greens, which is always popular, and Sweet Treats. Tradition always sells, but our customers like the trendy items as well and expect to find them in our stores. This year the color brown did very well on our French Roast theme, which had a lot of deep browns and a hint of teal. Feathers were big on this look, as well as on our Swan Lake theme, which featured white trim on a white tree, it was striking in a swan tree stand from Winward." **Linda Yugovich, owner/buyer of English Gardens, West Bloomfield, Mich.**

"Plants were very popular at Christmas — any kind of topiary, cyclamen, paper whites, orchids and a number of other non-traditional crops all performed extremely well. Greens, cut and potted for outdoor containers were strong, as were the newer 'waterproof' synthetic berries — they held up better than some of the traditional cut berries in outdoor containers. In the home décor category, bright primary colors were strong, particularly in whimsical decorations, as were many of the rich, deeper jewel tones." **Bob Van Cura, president of A Proper Garden, Delaware, Ohio**

"Imported glass ornaments did very well, as always. Department 56 lit-houses also did well, but that is one of our Christmas staples. Painted poinsettias were the popular novelty item this year. This was a learning period for us, as this is the first time we have sold the painted poinsettias, and we have a much clearer picture of how we should position them

next year. We're also discovering niche markets that have potential. For example, we have about 60 themed trees, one of which was dedicated to the 'Red Hat' phenomenon that is rapidly growing in popularity. This tree turned out to be very popular with the Red Hat groups that came in, even interrupting the flow that we had in that area of the store." **Tim Hamilton, marketing director of Homestead Gardens, Inc., Davidsonville, Md.**

"Ornaments, for some reason, were huge for us. Permanent wreaths, garland and greens were up almost 100-125 percent in our stores. It's something we have always done, but we are actually kind of flabbergasted about why there was such a huge interest in it. The other thing we feel is a huge key is designer pieces [center pieces, wreaths, decorated garland, mantel pieces, etc.]. Those of our stores that had designers creating product for people to purchase just flew out the door. It got to the point where every week when we talked on our weekly conference calls the majority of conversation was how we were moving the material through the door, and it was all through design. We were pretty pleased with that. We were up in almost every category, but we were way up in design and the permanent pieces. We were way down in permanent trees. We were way up on some things and way down in some areas so it balanced out, and we had pretty much an even Christmas." **Mark McWilliams, vice president of garden center operations of Green View Nursery, Dunlap, Ill.**

WHAT PERCENTAGE OF YOUR SALES WERE LIVE VS. HARD?

"Eighty-five percent hard and 15 percent real/fresh/live." **Long**

“Our live goods at Christmas consist of wreaths, trees, garlands, branches, holly, etc. and represent about 8 percent of our Christmas sales.” *Yugovich*

“While we saw some of the strongest growth in the home decorating category in quite a few years, our staple is still live plant material.” *Van Cura*

“In November and December, 72 percent were hard sales and 28 percent were live.” *Hamilton*

“Forty percent green and 60 percent hard.” *McWilliams*

WHAT SURPRISED YOU THE MOST ABOUT THE 2004 CHRISTMAS SEASON?

“The continued downward trend of fresh-cut N.C. Fraser Fir Christmas trees. The 12- to 14-foot category was slower than the previous year on artificial, and we thought it would be better than previous years. We were surprised to see Old World ornaments in Big Lots (discount store) and Stein Mart etc. at extremely low prices. We will not reorder from Old World after being a good customer for 12 years.” *Long*

“Perhaps the most surprising thing this holiday season was that it went so smoothly. Sales started early and were strong even in the first weeks of November; they continued strong until we had some fierce weather just before Christmas. Even after Christmas sales were good. Even though we saw an overall growth in sales of over 30 percent from previous years, it all went very smoothly. Systems were in place, and everything was right on schedule.” *Van Cura*

“Fresh cut trees did much better than last year, but the weather really cooperated in early December. Also, the painted poinsettias were a tremendous hit. We never anticipated that they would catch on as quickly as they did. We could barely keep up with the demand.” *Hamilton*

WHICH POINSETTIAS DID THE BEST FOR YOU?

“Red poinsettias always outsell other colors and represent about 60 percent of our poinsettia sales, but we do very well with all the varieties. New for us this year were the painted poinsettias. Especially big were the blue poinsettias, which were popular with our Jewish clientele. Since just about every retail business carries poinsettias in our market, we must have 6-inch promotional poinsettias that are value priced. But, we take pride in our wide selection, upgraded wrap and quality plant material. We have been successful in giving our customers something they cannot get at their local box store.” *Yugovich*

“Traditional red was the still the strongest. In fact, we saw a continuation of a trend back towards the classic red over some of the more novelty varieties. White remained strong, and there was some interest in the ruffled bract varieties.” *Van Cura*

“By mid-December we had sold out of jingle bells. Also, by mid-December, we had sold out of ‘Cortez Burgundy’ (4- and 7-inch). In fact, there was more demand for ‘Cortez Burgundy’, which seems to be replacing ‘Plum Pudding’. By Thanksgiving, we had sold out of ‘Strawberries & Cream’ (4- and 6-inch). The biggest seller, as usual, tend to be red 6- to 7-inch. The red and red/white hanging baskets also did very well. New intros for this season, ‘Shimmer Pink’, did okay, but they were of a shorter stature than other 7-inch varieties. Painted poinsettias, especially the blue shades with glitter, did very well. We never reduced the price of painted poinsettias, even as we discounted the regular poinsettias. Demand for painted poinsettias carried right up to Christmas.” *Hamilton*

“The painted poinsettias were unbelievable. We got television spots in, I think, three of our five stores, we had newspaper and television [coverage], and I think that drove [painted poinsettia sales] a lot. We got pretty good at it, we had a couple of people who got really creative when it was done. There were a couple of pink and red Carousel varieties that also did really well.” *McWilliams*

WHAT KINDS OF PROMOTIONAL/MARKETING STRATEGIES DID YOU DO FOR THE SEASON?

“Nothing out of the usual, just two open houses, newspaper ads and television. We hosted a 150-person, non-profit foundation group, and that had some great response. But overall, we need new marketing ideas and strategies.” *Long*

“We decreased our marketing expenditure over what has been done in past years. Instead we concentrated on events that help drive customers to the store and focused efforts on our existing mailing list. We had two open house-type events this year — one the weekend before Thanksgiving with home decorating as the major emphasis, and the second, the weekend after with a focus on family. Both events were very successful and helped drive traffic and sales. We sent a total of three mailings to existing customers, participated in several community events and did some minor local advertising. We decided to eliminate all radio this year, along with any advertising for the traditional ‘After Christmas Sale’, and neither appeared to have any adverse effect.” *Van Cura*

“We increased newspaper advertising but only very slightly, adding two ads (co-op), carried by two local papers. We ran our Christmas ads on two broadcast stations, one in Washington, D.C., and one in Baltimore, Md., and Comcast [cable] from Thanksgiving to about a week before Christmas. Our radio schedule mirrored that of television, with our spot running on two stations, both in Washington, D.C., and a local station in Annapolis, Md. In the first week of November, we sent out a direct mail piece, which was an invitation to our Holiday Open House. This went to our Garden Club members (30,000). We also sent sev-

eral E-mail blasts to our Garden Club members who provided us with their E-mail addresses (10,000), depending on which category needed a push. And of course, we had a lot of in-store signage, including color posters.” *Hamilton*

“We kick every year off with a preview party [for Garden Reward members] in the evening with a lighting ceremony where we turn on all the lights and all of the Christmas decorations in the place; we just have an evening of food and music. We did a four-piece color mailer for our Garden Reward members that gave the whole season’s line-up. We did a lot of how-to seminars that I think were pretty effective. We found we have to keep seminars quick; nobody seemed to want to come to the 45-minute seminars anymore; they would rather come to a 15-minute seminar on how to tie a bow, do a centerpiece, how to decorate a wreath, etc. We offer the seminars four or five times during the day. Then we did some things such as adopt a pet, which really excited the kids, and I think we



Top: Using an old door to evoke a porch scene is one way to give your customers some ideas on how to decorate the outside of their homes. Bottom: The Christmas container garden craze is just getting bigger and bigger. More consumers want year-round containers so more garden centers are getting on board.

CHRISTMAS RETAILER

MANAGEMENT



Consumers are looking for more handmade designer items for their homes. Garden Centers have many great designers to capitalize on that trend.

had about five or six pets adopted [brought in from a local shelter]. We held a canned food drive for shelters, and that seemed to be pretty successful. We also do angel trees — you adopt a person [in need] and buy everything for them. We are to the point where I think our Springfield, Ill., store is doing almost 40 angels a year.” *McWilliams*

OVERALL, HOW WAS THE 2004 CHRISTMAS SEASON? WERE SALES UP, DOWN, AVERAGE?

“Sales were about flat, but margin/gross profit was up slightly. However, total store and Christmas inventory was the lowest before and after Christmas for the past five years; that is good.” *Long*

“Our Christmas was soft this year, but we have less carryover of Christmas trim than in recent years prior. This means we can go to market with a clean slate, free of slower selling items that decrease our opportunity to buy, and that is a good thing.” *Yugovich*

“Overall, the season was very strong. Sales were up just over 30 percent, labor costs held steady and product sell-through was overall very good. We are pleased.” *Van Cura*

“This was a very good season for us; we enjoyed a 9-percent increase from the previous year.” *Hamilton*

“We felt pretty good about it. I guess there are retailers that could do a lot worse, and I think what we did was make some major strides in some categories; now we have to take a look at some of the things that made us drop back, but I would say we felt [the Christmas season] was pretty successful. It’s kind of weird to say that you broke even but were pretty successful, but I feel pretty good where we were at.” *McWilliams*

WHAT DO YOU PLAN ON DOING DIFFERENTLY IN 2005?

“We just signed a 52-week contract with a local talk radio station that we had not used in two years. We have always flighted any media we used in the past; this is our first 52-week schedule ever. Also, we will do a one-hour ‘how to’ radio show 13 times in 2005. We are in the process of recruiting a new store manager. In 2005, we will add a Fraser Fir artificial tree, which will be huge for us.” *Long*

“In 2005 we’ll see a continued emphasis on live plants and holiday containers for the outdoors. The indoor product mix will change a bit, with more emphasis on home décor and home interior colors and less whimsical and ‘cute’ decorations. There are a lot more transitional elements between the fall and Christmas holidays, as the style is tending to progress through the season, rather than being two substantially different events.” *Van Cura*

“Traffic flow was an issue this year within the store. We had more inventory compared to last year, which meant we needed to display more. This led to aisles that may have been too narrow, causing bottlenecks. We plan to go vertical with the displays next year. We do this now, to some extent, and it works very well, so we want to expand that

concept. We also want to utilize walls to better display the product. We may pull back some of the broadcast television advertising that we do and put the money into direct mail. Because we have a graphic artist on staff, we are able to send out some very impressive visual pieces.” *Hamilton*

“We are really going to hit that design aspect on both permanent and live greens. Of course, we are going to do painted poinsettias. Another area I am really gonna hit because of what I saw on the GCA Holiday Tour [in November 2004 in Seattle, Wash.] is container gardening for Christmas; I think that has huge potential for not only hardgoods and containers but the greens and winterberries, curly willows, etc. Pasquesi’s [Home and Gardens, Lake Forest and Barrington, Ill.] said they were taking nice pots, putting in winter berries, holly with basic cut greens and they couldn’t keep it in stock. We have a tendency to buy old doors and put them up with urns and containers at the base to show people how to do garlands, swags, wreaths and container gardening, and we really want to carry that into all the seasons. The biggest thing for us is that we are going to go very heavy into pre-planning all of the profit centers. I think many years Christmas is upon us, and we just run out and hit it — you know what happens — and I think one of the things we are going to do is start months in advance.” *McWilliams*

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