



The Gardening Gourmet

Gardening is hard work. What better way to reward your customers for a hard day of digging than by offering a selection of gourmet foods in your garden center.

By Catherine Evans

You already know that any time you can bring people into your store it means more money, but have you thought about using more than plants and fertilizer as bait? Many garden centers now carry home décor and gift items as a regular part of their offering. What about other items? What about products that are not usually considered garden products...things like pet supplies and gourmet food? These kinds of ancillary categories are proving profitable for garden centers around the country.

"Developing Markets," a monthly series that will appear in each issue of Lawn & Garden Retailer, will profile eight of these potential new markets, giving insight into the health of the market, relating how other garden centers have mastered the category and profiling some of the best new products in the category.

January: Pet Supplies
February: Gourmet Food
March: Table Top
April: Linens
June: Stationary
July: Personal Care
August: Jewelry
November: Collectables

Traveling around the country (with an occasional international expedition) within the past few years, I have noticed the explosion of gourmet foods in the garden center. Everything from jellies and coffees to dessert mixes and sauces, you name it; it is moving into our industry. Many garden centers just stock a few items here and there, but a number are carrying several hundred square feet of specialty food products, and they are flying off the shelves.

I recently spoke to John Roberts, president of The National Association for the Specialty Food Trade (NASFT) about the specialty foods (gourmet) market and how it relates to garden centers. He said that specialty food buyers come from the upper-middle and higher income brackets, just like most gar-

den center customers. According to Roberts, "The average income of a specialty food household, defined as a heavy buyer of specialty foods, starts at about \$70,000, but over \$100,000 is where specialty foods folks really kick in."

With the recent boom of garden center cafés, it just makes sense that you can sell boxes and mixes of the kinds of things you are serving. According to Roberts, "We can identify a group of specialty food products that are 22 billion in manufacturer (shelf stable goods) dollars, which probably means there are about 44 billion in retailer dollars. The entire food industry is roughly \$800 billion, that's including all of the food consumers eat. Roughly half of that is food consumed away from home, and the other half is food consumed at home. If the food

consumed at home is \$400 billion and specialty food is about \$44 billion, you can see that we may be about 10 percent of the market, which is a pretty small part of the action; its why you usually find smaller companies in the business rather than larger manufacturers."

HISTORY

In the 1950s (when the gourmet market really took flight), specialty foods were defined as exotic/imported items such as caviar, truffles, etc. Ethnic imported foods, which were not necessarily upscale, were remembrances of immigrants' heritage. Another characteristic of early gourmet food is that it was desired, but not enough to get it into the large outlets.

In the late 70s/early 80s American companies looking at French mustard, English jams and other imported items decided it was time to take matters into their own hands and started developing foods that were just as good as the imported foods. The U.S. companies made the prices more reasonable than the imported foods, so naturally they were well accepted.

However, the thing that really got specialty foods going in the United States was when companies stopped copying the European market and developed distinctly American, upscale items such as salad dressings, salsas, tortilla chips and BBQ sauces. "Even though there were mass-market entities in the states for these items, the higher quality items immediately found a consumer market," explained Roberts. "First in specialty foods stores like specialty cheese shops and small groceries, but slowly through the 80s and 90s in supermarkets."



Working with a specialty foods company that allows you to put your own brand on the jar helps make it an even bigger success at the register, according to Anderson's.



“Then, everyone began studying the specialty food consumer,” continued Roberts. “They asked ‘who are these people, what’s crazy about them that they are buying this expensive food and are willing to pay two and three times as much for the same type of product’. What everyone has figured out is that these consumers are not just upscale in food, they are upscale in everything they do.”

Gourmet food households have very little time, so time is more important than money; convenience and quality are more important to them than a few extra dollars.

PRICE POINT

Another perk about gourmet food is that the margin on these products has not been beaten down at the box stores or large supermarkets. Specialty food prices have been protected by relatively low volume; therefore, a garden center can make a reasonable gross profit and not worry about customers saying they can buy the same product cheaper at Wal-Mart or Cosco. The smart garden center can pick the foods they want to stock, offer an array of goods and still make a nice profit.

CHOOSING CORRECTLY

“What we really need to talk about are products that are higher in quality and still not mass market,” Roberts explained. “They require a little bit of additional attention by the retailer and the consumer because you just can’t sell them anywhere. You have to be careful about what you stock; select your items carefully. You have to know your own customers, and if you do that well you can make a fairly good profit on these products and build a relationship with your clientele because you are the place that stocks them.”

Consumers are looking for products that fit into their lifestyle, mak-

ing it more convenient to put something exciting on the table. “We find people are looking for adventure; they are looking for fusion food; they are looking for a combination of Thai or Mexican,” said Roberts.

Roberts discourages the belief that there are very hot food categories everyone can stock. Additionally,

Roberts asserts that it is very difficult to predict trends in the food industry. Nonetheless, the following are a few guidelines to follow when selecting products.

- New food items tend to come out after world events. Roberts predicts that within the next 2-3 years there will be a heightened interest in the Pacific Rim, African, Muslim, Egyptian, Lebanese, Moroccan and Indonesian foods because of recent events (good or bad) in those countries.

- Another thing is the rule of history repeating itself. Something that was exciting 20 years ago will come back even bigger and better.

- Basing new foods off of new and different types of restaurants. Roberts said a few years after a certain type of restaurant craze the gourmet food people will develop products to complement that cuisine. For example, when Thai food became popular a few years ago, companies started putting Thai sauces on the market for the home gourmet.

COMPETITION

There are some specialty shops that sell gourmet foods, so I asked Roberts what he thought about the idea of garden centers competing in this market. “We regard a garden center that stocks specialty foods as a specialty foods store,” responded Roberts. “The traditional specialty foods store would not see the garden center as a big entity; they would see it as another educator doing specialty foods. They see a lot of garden centers doing it the way they are doing it, with a lot of careful selection and a lot of education. That is what the stores welcome.” Roberts said that many of the specialty foods stores are going to garden centers to get ideas about how their business is run, and they are thinking “should I be stocking some plants, or

Anderson’s Home & Garden Showplace, located in Newport News, Va., is right on track with its gourmet food section. Located next to its café in a central part of the store, it is easy to find on the way through. I spoke to Brad Anderson, marketing manager of the store, about the ins and outs of Anderson’s gourmet food section.

How long have you been stocking gourmet foods?

Since November 1998.

What made you decide to add gourmet food?

Gourmet foods are yet another impulse category to add to our gift line. Gourmet food is a nice tie-in with our in-store café. One of our best selling items is Republic of Tea, which is the house tea in the café. Café customers rave about our Blackberry Sage iced tea, and we tell them they can buy some from the gourmet shop to enjoy at home!

How much space do you devote to the category?

We have about 500 sq.ft. devoted to gourmet. Some other non-food products like the Thymes brand of hand lotions and home fragrances and decorative napkins from Caspari and IHR share that space.

What kinds of products do you sell?

Our product mix is dominated by sauces, salsas and spreads (condiments really). Bar-B-Que sauces, marinades and salad dressings are very popular. We have a very successful private label line produced by Braswell. The next most popular items are cookies and snack items. There is an ever-changing array of brands and packaging among these lines. So far, we haven’t found too many items that people keep coming back for. Ideally, you want to find the one item that people get addicted to, but those items are elusive. We’ve had several instances where the first shipment of a particular brand of cookie flies out the door but sits on the shelf after re-order. Getting burned on the re-order is common in this category.

What is your philosophy in choosing products?

Keep on the lookout for new items that have good packaging, at the right price point, that taste good (in that order). In addition, we look for regional products that do very well, anything to do with Virginia or the Chesapeake Bay. The Blue Crab Bay Co. brand does well, although we are noticing that the finer grocery

stores are starting to carry it. That puts pressure on our ability to carry their products.

What products sell best?

Again, I would say the condiment category of sauces, salsas and spreads.

What kind of margin do you get on gourmet products?

We get a smaller margin on gourmet items than on other gift items. I averaged the department out to about a 45-percent gross margin, so a little less than double.

Who is responsible for product selection? Helping customers?

My dad, Sam Anderson, is the owner, and his wife does 90 percent of the buying for this department. We find products at the Atlanta Gift Market’s Gourmet Foods market and have occasionally made the trip to the Fancy Foods Show in New York. There is also a regional gourmet foods show in Williamsburg, Va.

Does this category bring people into the store more often or when they wouldn’t otherwise be there?

I’m not sure that the category drives traffic. Like I said, that miracle product that you hope people would find addictive is hard to come by. We do sell gift baskets. We have one customer who is a pharmaceutical rep, who sends doctors offices gift baskets after making sales. We probably send out 50 gift baskets a year at \$70 each just with that customer. Gourmet is a nice add-on category that ultimately results in raising the average ring, if not the customer count. For us, a single location garden center that’s maxed out on space, that extra \$.75 per ring at the end of the year counts!



Anderson’s keeps on the lookout for new items that have appealing packaging to help catch the customer’s eye.

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DEVELOPING MARKETS

should I be recognizing what the garden center is recognizing — that we have a common consumer that has a lot of money and buys a lot of stuff. How should I be expanding my variety of products to make it easier for them to pick up what they usually pick up in garden centers?"

You know your demographic; you know your customers. Gourmet foods may or may not work for you, but come on, who doesn't love to eat? Just a little food for thought!

Catherine Evans is managing editor of Lawn & Garden Retailer. She can be reached by phone at (847) 391-1050 or E-mail at cevens@sgcmail.com.

1. Marinade

Citrus Soy Marinade combines the fresh taste of oranges with the spicy taste of ginger. It is fat free and has no preservatives. Marinate duck or chicken breasts before grilling. All products are made in small batches using only the best quality ingredients. A Perfect Pear. (800) 553-5753. **Write in 1481**

2. Fruit tart

Key Lime Fruit-Tart received 1st Place in the Outstanding Best Seller category at the International Fancy Food and Confection Show. The key ingredient in the vibrant tart is Nellie & Joe's famous key lime juice from Key West. The Fruit-Tart is perfect for spooning into bakehouse Tart Shells or for layering with fresh fruit, whipped cream or other Fruit-Tart flavors. Clearbrook Farms. (800) 222-9966. **Write in 1483**

3. Strawberry syrup

Red Ripe Strawberry Syrup is made with whole red ripe strawberries that are cooked slowly in open kettles. The syrup can be used on pancakes, waffles, oatmeal, crepes, ice cream, cheesecake and more. The syrup is packed in 12-oz. flask-type bottles. Blackberry Patch Products. (800) 853-5598. **Write in 1482**



1



2



3



4

RESOURCES

Associations

NASFT
www.nasft.org

Food Marketing Institute
www.fmi.org

International Food Information Council
www.ific.org

National Association of Fruits, Flavors and Syrups
www.naffs.org

National Confectioners Association
www.candyusa.org

Specialty Coffee Association of America
www.scaa.org

Magazines

Fancy Food Magazine
www.fancyfoodmagazine.com

Gourmet Retailer
www.gourmetretailer.com

Specialty Food Magazine
www.specialtyfoodmagazine.com

Trade Shows

All Candy Expo
www.nca-cma.org

FMI Annual Supermarket Industry Convention Food Marketing Institute
www.fmi.org

Gourmet Products Show George Little Management
www.glmshows.com

NASFT Int'l Fancy Food & Confection Shows
www.fancyfoodshows.com