

garden centers of america Garden retail trends report

February 13, 2015

Garden Centers of America (GCA) has a renewed vigor and is continuing to expand the services available to you. As part of this expansion, we have revamped the whole concept behind our monthly newsletter. It is the goal of GCA to provide you with the information and resources to help you grow your business. Garden Retail Trends Report is designed to keep you on top of what's hot in retailing, both within the industry and out.



Good News for IGCs! When It Comes to Cyber Security, You Have a Leg Up

Take that, boxes! The odds are stacked in smaller retailers' favor when it comes to cyber security, and below are the reasons why, from Keith Swiat, Director of Security & Privacy Consulting at McGladrey LLP:

Compliance control - All retailers must be compliant with the Payment Card Industry Data Security Standard. The larger the retailer, generally the more resources it takes to support its compliance efforts. To comply, the boxes need to sample their environments, since looking at every system in scope is too labor-intensive. Smaller retailers like your store, however, can more rapidly deploy the newer versions of software.

Technology - Due to the size and complexity of their infrastructures, the boxes are usually unable to move quickly when it comes to adopting and implementing new technologies that could reduce the number of systems handling sensitive data. Furthermore, updating existing software/hardware to the latest, more secure versions can be difficult. Smaller retailers like your store, however, can more rapidly deploy the newer versions of software.

Physical footprint - The boxes have distributed information security management teams, often separated by multiple time zones. In the event of a potential breach of a mission critical system such as the back end database of a company's ecommerce site, corporate management approval is often required to take it offline. The size and physical proximity of your IT team fosters better communication that allows for the flexibility and empowerment to promptly address risks.

Watch Out for these Garden Center Rebranding Pitfalls

If your garden center's brand is due for an update, there are some pitfalls you should avoid. Most retailers undergo a rebranding initiative every seven to 10 years, and it can be a risky undertaking, according to Steve Pollard, Managing Director at Jones Lang LaSalle. He notes these common mistakes retailers make when undergoing a rebrand:

No overarching comprehensive plan. A successful brand implementation requires building one overarching strategic plan, setting clear objectives, developing a realistic schedule and getting the right people involved at the right time. The process is complicated, from determining your brand rollout strategy to



launching a brand identity audit. Without a comprehensive plan, your rebrand could easily derail.

No overall brand champion. Brand implementation requires the skills of multiple experts. It is critical to have a project manager who owns the overall initiative. This will ensure that there is open and ongoing communication and the project is implemented consistently across every market.

Lack of a centralized process. Your garden center rebranding effort needs to be managed centrally to ensure consistencies and efficiencies across the board. When decentralized, there are too many factors that are unable to be controlled. For instance, if different vendors are being used in different geographic areas to produce new signage without a centralized process in place, the signage in one location may appear different from the signage in another. This only dilutes your store's brand.

Not having full support from the executive level. Securing buy-in from your garden center's key executives is critical. Without it, it's harder to rally and engage your employees around your store's new brand. A strong rebranding initiative needs to be embraced by everyone at your garden center.



Three Musts to Keep Your Customers Smiling & Coming Back for More

Retaining your garden center customers today requires vastly different measures than in years past. To commit to a new way of thinking about retention marketing, you must take the following steps, from Forbes.com:

1. Redefine how customer value is measured. To build a loyal customer base, you must invest in your customers, beginning with redefining how you measure customer value. In acquisition, the value of the other hand, customer retention measures the lifetime value of every customer, or the potential net profit during the amount of time she is engaged with your brand. Just as your customers have evolved to look at value over price, you must also begin to evaluate lifetime value over transactional value.

2. Understand and champion the need for data-driven technology. The key to keeping your customers engaged, thereby increasing their lifetime value, is by offering an individually tailored customer experience at your garden center. Today, retailers have the technology to accomplish one-to-one communication with millions of customers. Gathering insight from your customer data enables you to predict what each customer wants.

3. Execute a "hard reset," and execute from the top down. Garden centers must execute a "hard reset" on how to define business profitability: Retention marketing should be on par with, if not ranked above, acquisition efforts. Customer retention should be established as an executive-level goal, with 50 percent of your store's marketing budget allocated toward retention.

Now Trending in Garden Retailing . . .

- Is your garden center's website prompting shoppers to shop at your store? **Ninety-seven percent of shoppers search online for products and services.** Unfortunately, 70 percent of small businesses offer no call-to-action on their websites to bring these shoppers into their stores, according to research from SCORE.
- One business, Painting With a Twist, offers paint and sip classes where Millennials can socialize with their peers offline. **Why not offer "sip and plant" classes at your garden center, where customers can enjoy wine or beer while potting up their favorite plants?**
- Thanks to low gas prices and an improving job market, **customer sentiment rose to an 11-year high of 98.2 in January, up from 93.6 in December,** according to University of Michigan.

TAKE ADVANTAGE OF YOUR GCA MEMBERSHIP BENEFITS

GCA Summer Tour, Milwaukee, June 21-24



This year's GCA Summer Tour turns the spotlight on leading and innovative retailers in the Milwaukee area - plus lots of local flavor and color!

Network with your fellow garden center professionals and energize your business with fresh retail strategies driven by the best practices proven to power profits. Tour-goers will have the opportunity to take advantage of the area's many dining and entertainment opportunities, including the Milwaukee RiverWalk, a 2-mile excursion that winds along the river with access to some of the city's best restaurants, brewpubs, shops and waterfront nightlife.

Save the dates today. Register today at GardenCentersofAmerica.com.

Save Big at IGC Chicago and IGC East!



GCA Members save \$100 on each IGC Retail Passport registration during the early bird registration period, and \$60 off each IGC Show Garden Center Bus Tour registration!

Other benefits include:

- Two free drink tickets per company for use at the events' receptions and concerts
- Special reserved seating at the concerts - be sure to come early, seating is limited!
- GCA Member Networking Lunch

Get Your Store Profits Going Strong All Year Long

Spring may be your garden center's biggest time of year, but there are ways to keep your cash registers ringing loudly all year long. Here are the "Five Pillars of Excellence for Retailers in 2015," from Joe Jackman, CEO of Jackman Reinvents:

1. Use big retail moments to complement your brand. Consider yourself obligated to play the game in key retail moments throughout the year, from Valentine's Day to Christmas. Your approach to these major retail events needs to be part of an overall, year-long pricing and promotion strategy that complements your garden center's brand. Maintain that brand integrity by offering promotions that are a big value and differentiating.



2. Embrace your employees. During critical retail moments, your store employees must embrace their role as brand ambassadors. Managers should lead the charge through attitude and behavior, and set the tone and expectations for peak retail seasons. Bring employees in on sales deals, pay a premium for working high-volume days or create friendly competitions to foster the retail spirit.

3. Be the first. The first store where customers shop on big retail days is often the store where they spend the most money. Be that store by creating a differentiated offer or experience. You want shoppers to see your store as "the only one to do X."

4. Use big retail moments as a springboard for your strategy. Don't just look at big retail moments as a way to make earnings numbers. Look at these days as a way to meet customers - shoppers you want back in your store many times after the busy period ends. Focus on keeping new customers through loyalty programs, special offers and unique experiences.

5. View online sales as the second of two punches. An online strategy for big retail days shouldn't be seen as a threat to the brick-and-mortar component of your business. Rather, it should be viewed as an opportunity to create an omnichannel retail experience for your customers.

Create a Culture of Growth & Keep Great Store Employees

Retaining good store staff is about more than generous compensation, it's about providing a culture of growth, according to Rene Lacerte, published at Inc.com. Your garden center employees should be learning new things, or they may leave for new challenges. Here are some things to do now to keep your star employees on staff:

Actively encourage learning in every employee. Offer training, mentorship and regular employee reviews to ensure every employee has the support to learn actively. You will retain your store staff when they realize they are learning more.

Taking risk means failure - support your team in both. Teaching perseverance to staff is not easy, but it is essential. Investors and employees want to know that someone will persevere when the going gets tough and not quit.

Do not give false praise. False praise will foster the development of false skills, and empty praise creates no skills. Instead of casually giving out empty praise to your store staff, you have to work harder to give specific praise.

Reinforce behavioral traits that reinforce your culture. Praising the work process acknowledges the effort. The work process involves how the person completed the task. Those characteristics are at the core of all the projects the individual will take on at your company.



Don't make the mistake of managing activities. By talking to employees about the proper types of behavior when tackling a type of problem, the employee learns to solve increasingly more complex problems on her own.

In Today's Fast-Paced World, Garden Centers Must 'Flex'

Garden centers have to be nimble to adapt to the complex, fast-paced selling environment they find themselves in today, and Robert Safian from *Fast Company* has tips to help you flex and appeal to today's always-changing customer. Here are the best practices he shared at the National Retail Federation's Retail's Big Show:

- You must get ideas from everywhere because "innovation happens in the gaps between the silos."
- Redefine what your leadership looks like - a rigid, corner office mentality won't be effective in a world where it's imperative to constantly innovate.
- Focus on what you do well and get rid of the rest.
- Find your mission. Understand your garden center's purpose and let that purpose drive everything.



IGCs Beware! Return Fraud Festers at Retailers Everywhere

Do your return policies thwart fraudulent product returns? Be on the lookout for suspicious thwart returns at your garden center, because statistics from the National Retail Federation show return fraud isn't going away. Here are some of the findings from NRF's "2014 Return Fraud Survey."

- The retail industry will lose an estimated \$10.9 billion to return fraud this year.
- Nearly all (92.7 percent) of the retailers polled say they have experienced the return of stolen merchandise in the last year.
- Eighty-two percent of the retailers polled say they have experienced the return of merchandise purchased with fraudulent or stolen payment methods, up from 69 percent last year.