

garden centers of america Garden retail trends report

January 15, 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.

Get Ready for More Millennial Homeowners Four Years from Now

Get ready for more Millennials in a home gardening frame of mind at your garden center four years from now. They may be renters now, but more are getting into the housing market, and large numbers of them will have saved up enough money to start buying homes in significant numbers in 2019, according to Mollie Carmichael, who studies consumer behavior for John Burns Real Estate Consulting in Irvine, CA. In a recent interview with *The Baltimore Sun*, Carmichael said about 14 percent of Millennials are



currently in the real estate market, and that number is going to continue to grow. So what sort of outdoor furniture, containers and decor should you stock for this up-and-coming group of consumers? When presented with a list of design preferences with photos, Millennials overwhelmingly say they like "modern traditional," with clean lines and a more contemporary look. They also say they want a bigger house - 2,000 to 3,000 square feet. Let's hope their landscapes are sized to match. And speaking of landscapes, this "Do It For Me" consumer will be looking for services from you - is your landscape department launched and ready for the demand?

Credit Cards No. 1 Payment Option for Consumers

Home Depot reports 90 percent of the purchases at their stores are charged to credit cards. Our research shows credit cards are also preferred by customers of IGC retailers:

Purchases Made at IGC Retailers



Loyalty Programs Give IGCs a Key Edge over the Boxes

Savvy garden center retailers are finding a better way to retain their customer base and compete with the boxes - not by slashing prices, but by promoting their loyalty programs. The following are five key reasons loyalty programs work, according to Jenn Reichenbacher of Merchant Warehouse:

- 1. A good loyalty program is forever** - In a recent survey, 91 percent of shoppers said a reward or promotion encourages them to shop somewhere new and stick with that store in the long term.
- 2. Loyalty programs benefit other marketing efforts** - Customers who sign up for your loyalty program are 40 percent more likely to open your promotional e-mails. And there's a 20 percent higher chance they will click again to access your website. When loyalty members receive an e-mail, they are 10 percent more likely to make a purchase.



- 3. It's never too late to adopt a loyalty program** - Not every retailer has a loyalty program - 70 percent of the retailers surveyed did not have a rewards program in place. Retailers who do are benefiting: 97 percent had a positive experience with their program and plan to continue it.
- 4. Social media is in; punch cards are out** - Nearly half of the shoppers surveyed said they prefer engaging with stores via social media. Offering rewards for follows, likes and shares will keep customers eager for more of your promotions down the road.
- 5. Loyalty provides actionable customer data** - Sixty-five percent of the businesses surveyed that already had a loyalty program also had a data-tracking tool in place. Data can connect your online and in-store experience. For instance, if a customer repeatedly looks at a certain item at your website, you could offer an in-store coupon for the same item to get them through your doors.



Reward Your Store Employees All Year Long, Not Just at Raise Time, with these Motivators

Reward your garden center's hard-working employees throughout the year, not just at annual review-and-raise time, with these ideas from *Inc. Magazine*:

- Use your words** - Send handwritten notes to employees who deserve acknowledgement.
- Bend the hours** - When everyone at your garden center is working hard, one of the nicest things you can do is to implement a flexible hours policy.
- Reward effort, not results** - Reward efforts, even when they don't succeed. This will encourage risk-taking from your staff.
- Make it meaningful** - Offer your employees work that is interesting. Create special projects that allow them to showcase their particular talents at your store.
- Build a culture of success** - Show a sincere interest in your employees by investing in their success. Send them to classes and industry conferences to help develop their career.
- Connect the dots** - Make sure all of your employees are sharing information, expertise and strengths with each other. Encourage everyone to help and look out for one another.
- Provide a 'hall pass'** - Let your employees know they don't have to pretend they're sick to miss a day without advance notice now and then.
- High five** - Literally give an employee a high five when she does something that warrants acknowledgement.
- Park it** - Reserve the best parking spots at your store for employees who have done an outstanding job.
- Room to chill** - Set aside a space where your employees can relax, nap or do whatever they need to give them a break.

Now Trending in Garden Retailing . . .

- Are your store's e-mails mobile-friendly? **Fifty-two percent of people use their mobile phones for sending and receiving e-mail**, according to survey data from MailChimp.
- The best time to send out e-mails is in the morning, between 9 a.m. and noon**, according to a survey by MailChimp.
- Retail revenue growth in 2015 will come largely from online sales, if retailers surveyed in the Harris Poll of CIT's "2015 Retail Outlook" are correct. **Seventy-three percent expect revenue growth to come from website sales, 61 percent from mobile sales and 57 percent from in-store sales.**

TAKE ADVANTAGE OF YOUR GCA MEMBERSHIP BENEFITS



Save Big at IGC East and IGC Chicago This Summer!

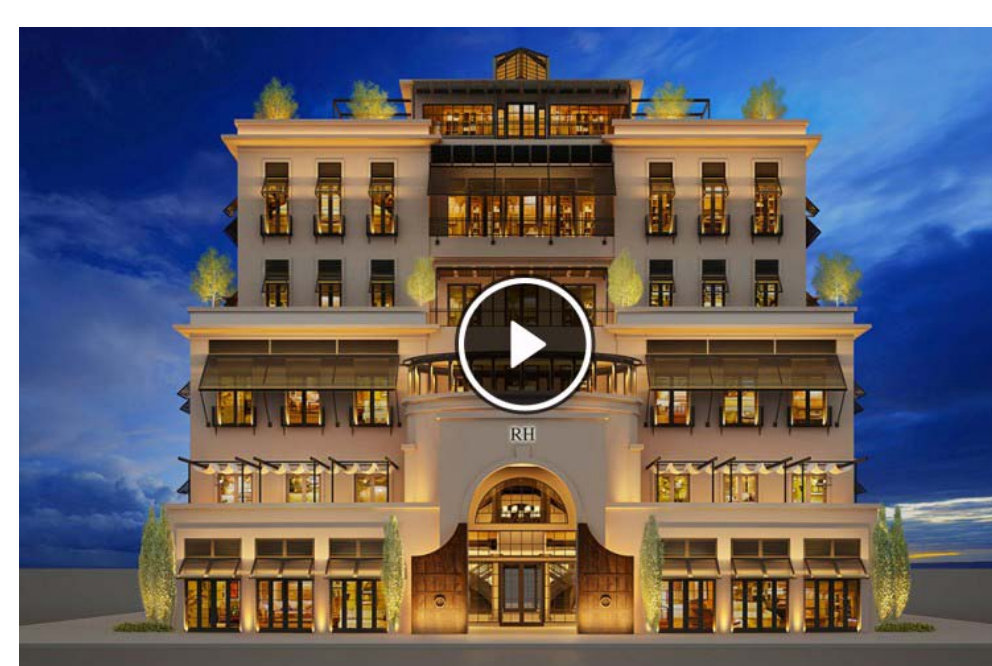
GCA Members save \$100 on both IGC Retail Conference Passport registrations during the early bird registration period, and \$60 off both IGC East and IGC Chicago Monday Garden Center Bus Tour registrations!

Other benefits include:

- Two free drink tickets per company for redemption at the pre-party evening receptions and IGC Classic Rock Concerts
- Special reserved seating at the concerts - be sure to come early, seating is limited!
- GCA Member Networking Lunch

More details and registration information will be available soon.

Restoration Hardware Reinvents with Palatial Retail 'Galleries' - Video Here!



Luxury retailer Restoration Hardware continues its rebound from the lag it suffered early in the recession with the opening of more RH Design Galleries, each with its own unique palatial format designed for an immersive customer experience that doesn't feel like a store (no pricetags here). RH Chairman and CEO Gary Friedman says incorporating natural light and fresh-air spaces such as garden courtyards is integral to the appeal. **The absence of these natural elements at typical retail stores, where "plants die," is a formula for failure, Friedman says: "If we were building those, I, too, would be worried about the threat of online."** To date, five RH Design Galleries cater to upscale markets in Atlanta's Buckhead neighborhood; West Hollywood, CA; Boston; Greenwich, CT; and its newest, in New York City's Flatiron district. Check out the concept here in this video.

Take Charge of Your Garden Center's Mobile Marketing Strategy with These Tips

Mobile phones are increasingly essential to today's shopping experience, but navigating the world of mobile marketing can be tricky. These tips will help your garden center make the most of mobile marketing, from Bloomberg Businessweek:



- Focus on your customers.** Eliminate anything that makes access by your customers more difficult, such as a website that doesn't load correctly on a mobile device or hard-to-find contact information. Add "click to call" or "click for directions" features.
- Don't get too pushy.** Mobile marketing involves sending unsolicited messages to would-be customers. If these customers buy something every time you send a discount, then keep sending them. If they stop responding to the message, you might want to take notice.
- Respect privacy.** Consider using an app like Shopkick, which your customers knowingly download in order to receive texted coupons and discounts from nearby retailers like your garden center.
- Give something away.** Don't just text ads; sweeten the deal by sending special offers, reminders about sales and discount coupons.
- Integrate.** Make mobile marketing a part of your overall marketing plan along with e-mail, direct mail and advertising. Track your results to see which one is working best for your garden center and consider how to use them together.
- Be concise.** Unlike e-mail, text messages have a high open rate - but you have to get your point across in fewer words. As an independent garden center, you have the advantage of knowing your customers better, so you can attract visitors on a slow day with a text for a special offer.

Make Sure Your Vision of Customer Service Is Carried Out by Your Frontline Staff

Developing your customer service vision and having your frontline employees carry it out at your garden center are two distinct acts. To bring them together, Brand Loyalty offers these five best practices:

- 1. Start with your customer.** Each moment with your customers should have them in mind. Open your employees' eyes to what the customer wants by asking: What do our customers care about? What are they telling us? What promises should our employees be delivering on that will make our customers feel delighted and drive their loyalty to our garden center?
- 2. Break the mold.** Go somewhere new and unexpected to generate different perspectives from your staff. It can be difficult to think differently in the same environment you interact in daily.
- 3. Create empathy.** Get your employees to walk a mile in your customers' shoes. Immerse them in an experience in which they get to be the customer.
- 4. Practice.** When training frontline employees, include role play. It can facilitate the behavior of your employees long term when they actively participate.
- 5. Sustain.** Keep your employees' customer service skills sharp with follow-up role play. This gives managers a chance to provide pointers to help them improve.



Handling Customer Complaints to Your Ultimate Advantage

Keeping customers happy when they have a complaint can be a balancing act between granting their wishes and maintaining the integrity of your garden center business. Consumers today rely on online reviews and social media to determine which brands to buy, so if a bad review of your store goes viral, your reputation will suffer. Here are some tips to keep in mind when you are confronted with customer complaints to keep everyone happy, from Yuriy Boykov of Gravity Media:



- Don't over-promise.** If you over-hype a product launch and then that product underperforms when it reaches the customer, she won't be happy. Make sure your garden center's marketing reflects the benefits the products you sell can realistically provide.
- Listen and respond to customer complaints.** In the age of social media, make sure you designate someone to monitor your online reputation. When someone does make a complaint, work to resolve the problem and make the customer happy. If you do it right, you could earn a testimonial from the customer.
- Have a plan when misunderstandings happen.** Think strategically about all the negative situations a customer could experience, and then develop solutions to turn those situations into positive experiences.
- Don't worry about pleasing the jerks.** Remember that not all customers are suited to your garden center. They may not align with your core values or beliefs, and having them as a customer could actually be bad for your business. There are some who just like to complain for the sake of it. In many cases, it's better to let them go.