

garden centers of america Garden retail trends report

November 17, 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.



For Your Spring Spruce-Ups: Tax Relief for Remodels, Improvements Up for Approval

Two bills recently passed by the House of Representatives' Ways and Means Committee will save you money on remodeling and new capital improvements to your garden center if approved by the full House and Senate. Both provisions were in place on a temporary basis until they expired at the end of 2014; if approved, they will be renewed retroactively under the legislation and become a permanent part of the tax law.

The first of the two measures, the "Restaurant and Retail Jobs and Growth Act," would make permanent a measure permitting "bonus depreciation," which would allow you to write off the cost of remodeling or make improvements to your garden center over 15 years instead of the standard 39-year period for buildings.

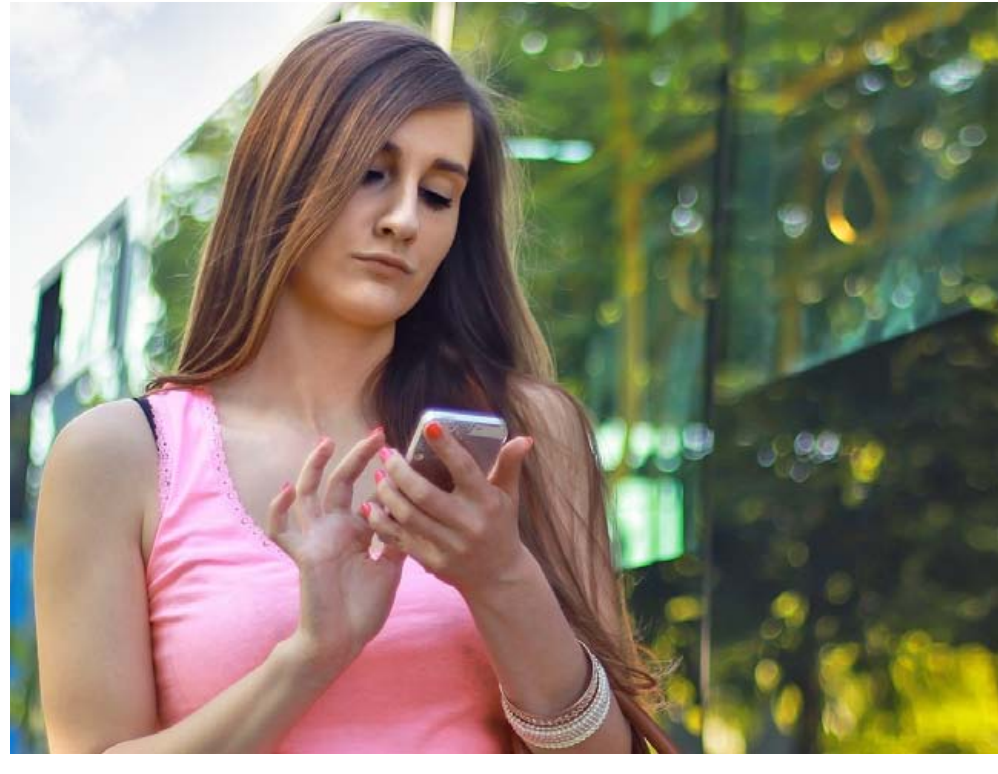
The second bill would make permanent a provision that would allow businesses that make capital investments, including leasehold improvements, to deduct half the cost immediately and then depreciate the remainder over the appropriate period. The bill would also expand the provision to include owned stores rather than only leased stores.

Under current law, if you spent \$500,000 on expanding your indoor retail space, you would only be allowed to deduct less than \$13,000 of the expansion costs in the first year, with depreciation spread out over nearly four decades. Under the two proposed bills, you would be allowed to deduct \$250,000 from your tax bill the first year, then spread out the remaining \$250,000 over the next 14 years, freeing up more money early on for further investment in your store.

'Multi-Channel' Isn't a Trendy Retail Buzzword - It's What Your Customers Expect from You Right Now

Creating a successful multi-channel experience can seem intimidating, and you may wonder if it's worth the effort. Keep in mind, today's consumers expect to shop your garden center across all channels, according to Frank Mayer and Associates. Here are more reasons to go multi-channel:

- **Improved customer perception.** IGC retailers who create a seamless experience that integrates all different forms of technology can gain significant customer loyalty. You will be perceived as forward-thinking and responsive to your customers' needs - qualities that will keep them coming back.



- **Increased sales.** By offering a variety of engagement points for your customers to make a purchase, multi-channel garden retailing increases the convenience and ease of sales, thus boosting your store's profits.

- **Better data collection.** Knowing your customers is a key tenant for successful retailing, and multi-channel engagement points provide more opportunities for you to gather more information.

- **Enhanced productivity.** Your store staff, too, can benefit from the use of new technology. A tablet frees them from the point-of-sale system, allowing them to effectively carry the register with them. They can go directly to the aid of your customers, helping them find what is in stock and when new products are expected to become available. The tablet could also allow them to sign up customers for your loyalty program on the sales floor or at your store checkouts.

If you decide to take the leap into multi-channel retailing, here are a few strategies to keep in mind. Be consistent with your messages across all channels; they should have the same look and feel, and customers should know what brand they're interacting with. Make sure each message or engagement point offers something of value to your customers. Don't cross the line between privacy and being intrusive when collecting your customers' information. Remain committed to your multi-channel IGC retailing strategy, and make sure that strategy is clear.



Are You Stocked with What Your Customers Want? If Not, You Could Be Losing Out, Big Time

Make sure your garden center's inventory control in-store and at your online store isn't leading to disappointed customers and lost sales. A recent study by GT Nexus reveals that 81 percent of shoppers experienced an "out-of-stock" incident in the last 12 months, and they weren't happy about it.

Here are some more cringe-worthy statistics from the survey data:

- 75 percent of all adults have experienced unavailable product in-store in the last 12 months (63 percent online)
- 65 percent of frustrated online shoppers became lost sales
- 58 percent of frustrated in-store shoppers became lost sales - they bought from another retailer or did not buy at all
- 38 percent of shoppers experienced in-store stock-outs often or very often in the last year
- 33 percent of frustrated in-store shoppers blamed the retailer when a product was unavailable

Now Trending in Garden Retailing . . .

- Don't just show what you sell at your website - make it available for purchase. **Consumers have purposely chosen not to buy something from a retailer when there was not an online payment option (68%),** according to the recent study "The Psyche of Shopping" by MasterCard.
- Is your Facebook page engaging your audience? **Twenty-nine percent of consumers ages 18-22 and 32 percent of shoppers ages 23-30 rank Facebook as the most trusted channel for brand content,** according to Acquity Group's "2015 Next Generation of Commerce Study."
- More incentive to secure your online store: As a result of online fraud, **34 percent of retailers lost 5 percent of revenues, 14 percent lost 10 percent of revenues and 15 percent lost 25 percent of revenues,** according to recent research from J. Gold Associates.

GCA MEMBER BENEFITS @ THE IGC SHOWS ~ GET YOURS!



Enjoy Exclusive Savings & Special Perks at IGC Show Chicago & EIGC - The Eastern Show for IGCs

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

Other benefits include:

- Two free drink tickets per company for redemption at the IGC Show Party & Concert
- Special reserved seating at the concerts - be sure to come early, seating is limited!
- Access to the GCA Member Lounge at IGC Show Chicago, with a special catered lunch buffet available at your convenience Wednesday, 11:30 a.m. - 2 p.m.

Watch for more details about IGC Show Chicago and EIGC - The Eastern Show for IGCs, coming soon!

Join GCA's and the IGC Show's Social Network   

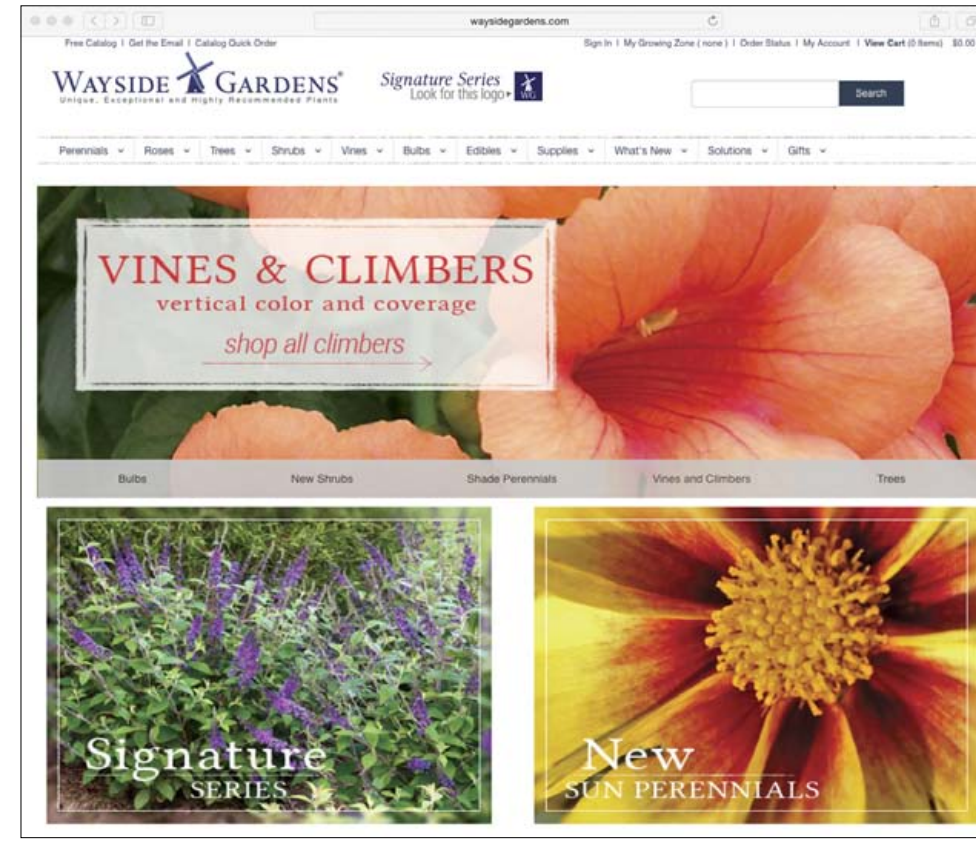
Amazon Wouldn't Open a Book Store If 'Brick & Mortar' No Longer Mattered



Who said online retail would be the death of brick and mortar? The in-store shopping experience is very much alive, and more online retailers are expanding on consumers' passion for it by opening physical storefronts. The latest: Amazon just opened a bookstore in Seattle. See it here by clicking the play button above.

Is Your Garden Center's Online Store Safe from Fraud?

If you think you're immune to online fraud since you're an independent garden center primarily serving the local community, think again. According to the National Retail Federation (NRF), garden centers' online stores are much more vulnerable because they often lack the broad range of fraud-detection tools at higher-volume e-retailers, such as Amazon or Walmart. The best defense against online fraud is to have a payment program that uses a wide variety of fraud detection algorithms.



John Canfield, Vice President of Risk for WePay, says, "Fraudsters try to hide the identity of their device. When you do identity detection using an algorithm that can identify the device being used to make a transaction, you can recognize whether that device has ever been used to commit online fraud - and if it has, you don't approve the sale."

Fraudsters also use invalid email addresses. Some will enter a nonsense address, and if you combine that with other identification factors associated with fraud, you have another tool for detecting fraud before a transaction is completed.

Another important algorithm analyzes the frequency of transactions that are happening within a single browser session to identify patterns that show someone is trying to make purchases, one after another in rapid succession. If one credit card is rejected, they try again with another.

Get Meaningful Feedback You Can Act On - Six Questions to Ask Your Customers

Gathering customer feedback is paramount to providing exceptional customer service, which trumps pricing and ranks highest among key influences on brand trust, according to a study by Dimensional Research. Here are some actionable questions you can pose to your customers for helpful feedback, from RetailCustomerExperience.com:

1. **Extract more specific feedback from compliments.** Ask: "What specific items or actions pleased you the most?"
2. **Zero in on the "Meh" parts of the experience.** Ask: "What would you like to see us add to our inventory or garden center store layout?"
3. **Conquer the frustrating parts of the experience.** Ask: "How could we make it easier for you to shop with us?"
4. **Invite credit for good service where credit is due.** Ask: "Who serves you best at our garden center?"
5. **Ask specific satisfied and unsatisfied customers questions about the process and experience.** Ask: "What can we do to improve the checkout process?" or "What should we do to make browsing our online store easier?"
6. **Finally, ask this one consistently throughout the customer journey:** "Have we been able to provide everything you need?"



Speaking of Feedback, Encourage Your Customers to 'Share the Love' to their Friends & Family

Kudos from your customers at Yelp and Google, the two most prominent online review sites, are the best word-of-mouth advertising you could ask for, given so many consumers search online reviews before committing the time to shop a store. Here's how to get more of your customers singing your store's praises online, from SEO expert Calin Yablonski, as reported by *Independent Retailer*:

Ask your happy customers for a review of your garden center. Ask them while they are still in your store or ask via e-mail.

Let your customers know you want their feedback. Everyone has an opinion, and often people are willing to share their thoughts - but you need to let them know you want their feedback.

Remind your customers to review you. Add a reminder on your store receipts.

Put up signs in your store, and make it fun. If people have already given your garden center good reviews, print their comments and highlight them in a fun display behind the counter or in some other highly visible spot in your store.

Use your customized e-mail list. If you are already building an e-mail list to send out coupons, store news or event reminders, use it to e-mail your loyal fanbase and ask them to give you a review. You could embed a link to the review site or your own website to make it even easier.

Make it simple. Be sure to let your customers know how to leave a review, including the steps required.