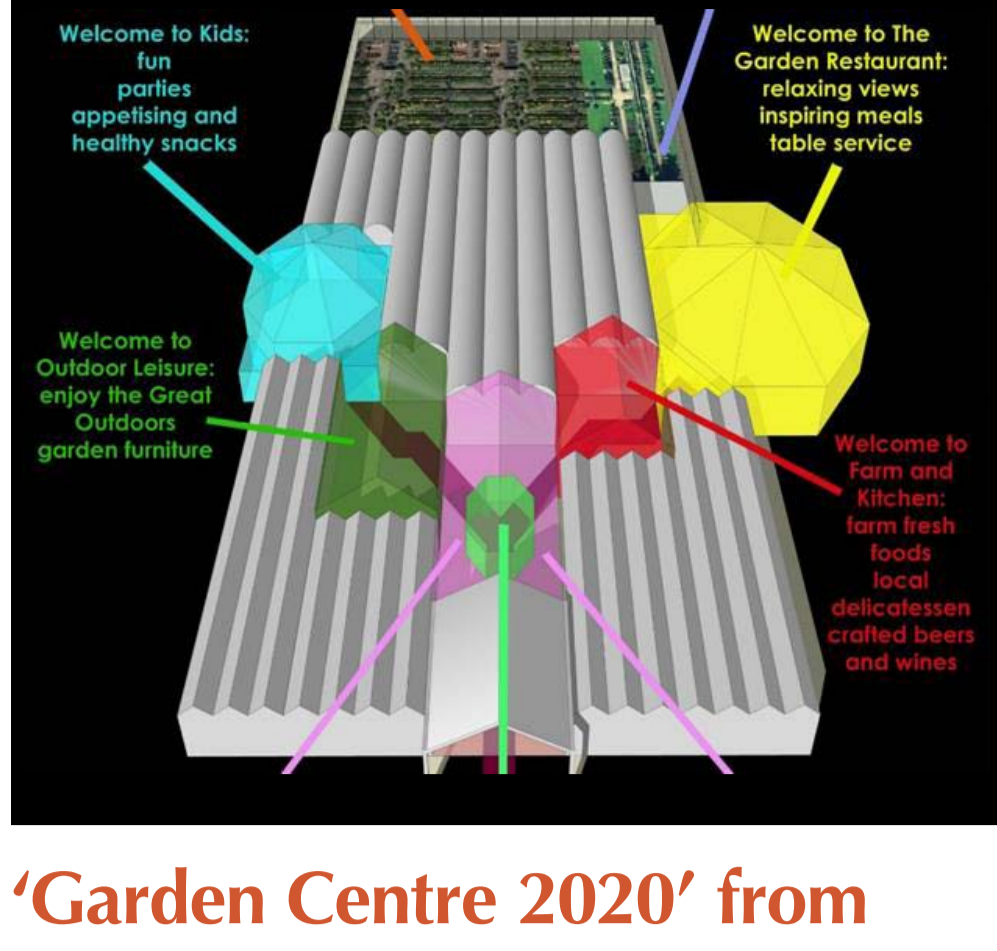


# garden centers of america **Garden Retail Trends Report**

October 2016

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.



## 'Garden Centre 2020' from Malcolm Scott Consultants Unveiled at UK's Glee Show

UK-based garden center planning and design specialists Malcolm Scott Consultants (MSC) just unveiled its most advanced IGC retail concept to date, designed to meet the desires of the next generation of garden owners. *IGC Magazine* Publisher Jeff Morey got word of Garden Centre 2020 during the recent Glee Show at the National Exhibition Centre (NEC) in Birmingham, UK.

"The fact that less people own properties and gardens is actually only part of the problem. The key reason is the change in people's attitudes and how they choose to spend their leisure time - be it eating out, visiting the cinema, going on holiday or visiting public gardens that they'll enjoy and appreciate but not have to maintain," Malcolm Scott, MSC's Managing Director, tells *HorticultureWeek*.

"That doesn't mean they don't appreciate, or want, an attractive garden, but that their time is more limited and that it needs to be lower-maintenance.

"As such, we've developed Garden Centre 2020, a new-look garden center for the next decade, which will blend the best of traditional centers with a new, fun presentation. We want to create a destination to offer experiential products and services along with a wider specialist range for committed and seasoned gardeners."

Scott explains that to date, many garden centers are geared towards an established customer base of gardeners, and that while store owners are aware that they need to alter their offering to appeal to a younger generation of gardeners, they are reluctant to adopt change in case it costs them their existing, older customers.

He says, "What we have done with this new concept is to crystallize our ideas of the garden center that could be built, if we started now, by 2020, and how it could blend the best of the old with a new presentation, one that appeals to both young and aged consumers, and has an offering to attract both the time-precious, fun-seeking generation and the committed gardener keen to seek a wider range of specialists products."

The concept has been designed around giving prominence to key experiential products and services that consumers find appealing, linking key products and services together in order to provide maximum consumer appeal, and given maximum investment in terms of quality of construction and retail fit-out.

A series of "hubs" that focus on all aspects of garden, home and leisure form Garden Centre 2020. The first hub sets the tone, with plants, ideas and information, a kitchen and farm shop, a garden restaurant and a children's experience.

Scott says, "The new generation of garden owners may not want to garden, and they may not know how to. First we need to let them know that there are ways of gardening that are fun and that can be successful. It's a case of 'why?' before 'how to.'

"The garden ideas point will feature ideas and solutions rather than problems and answers."

These three product zones are aligned adjacent to the experiential hubs: core gardening to the right, homeware and concessions to the left and outdoor plants in the central part of the store. These zones would be built in lower-cost construction.

Scott says, "Garden centers, as they successfully become all year-round home, leisure and garden destinations, are in danger of losing their traditional core product lines to the DIY stores and the Internet, which appeals to the new generation of cost-aware consumers.

"Core products may need an 'own label' value approach - as supermarkets and DIY chains do - to identify key value lines, but costs can also be driven down by utilizing more basic construction and shop-fitting. The objective is to offer consumers everyday competitive prices on core gardening lines."



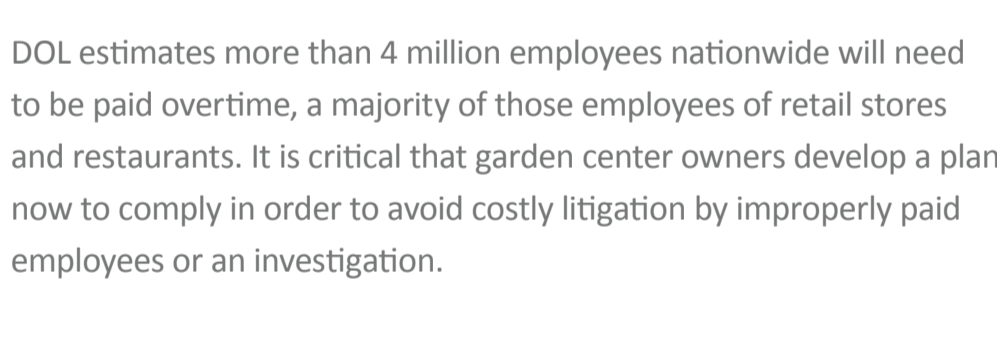
## NRF Files Lawsuit Against New Overtime Rules, Plus Tips for Compliance

The National Retail Federation (NRF) has filed suit in U.S. District Court on behalf of the millions of employers and employees who it says will be drastically affected if the Department of Labor's (DOL) changes to the federal overtime rules go into effect on December 1.

Retailers have argued that the new rule will force employers to reduce hours and base pay in order to make up for increased payroll costs, leaving most workers with no increase in take-home pay despite added administrative costs. A survey conducted for NRF finds that the majority of retail managers and assistant managers the regulations are supposed to help oppose the plan.

"The Labor Department's extreme and reckless changes to the overtime rules will hobble the career paths of millions of Americans trying to climb the professional ladder," David French, NRF Senior Vice President for Government Relations, says. "Retailers are already struggling to implement this new government mandate before the swiftly approaching deadline, and the automatic update included in the rule would make them do this same dance every three years as long as they are able to remain in business. This is a massive government overreach of executive authority, and the courts need to put a stop to it."

DOL estimates more than 4 million employees nationwide will need to be paid overtime, a majority of those employees of retail stores and restaurants. It is critical that garden center owners develop a plan now to comply in order to avoid costly litigation by improperly paid employees or an investigation.



Here are the next steps you need to take to comply with the new federal overtime rules, from Randi May, Partner at Hoguet Newman Regal & Kenney LLP, a commercial litigation law firm based in New York City:

- Analyze your workforce.** Analyze your workforce, first determining which employees are currently classified as exempt and earn less than the minimum salary, taking bonuses, commissions, incentive payments and premiums or "perks" into consideration as well. Next, you need to ascertain the average number of hours those employees work. If they regularly work less than 40 hours per week, changing their classification to non-exempt and not raising their salaries is a viable option. If, however, they do generally work more than 40 hours per week, assuming they also satisfy the duties test, you must raise the salary in order to maintain the exemption.
- Other exemptions.** Only the "white collar" exemptions must meet the new minimum salary threshold. Accordingly, other exemptions that may not have been previously considered could be an option, such as the "retail sales" exemption.
- Keep your labor costs the same.** IGC owners can devise lawful ways to keep their labor costs relatively static while complying with the new regulations. Implement a no-overtime rule for employees who will now be non-exempt because they do not earn the minimum salary level, and hire additional part-time or full-time staff to work the extra hours. Another option is to reduce the annual salary of the non-exempt employee and pay overtime, essentially shifting the mix but keeping average annual earnings static. Alternatively, you may be able to take advantage of a fluctuating work week pay method, which allows employers to pay overtime at one-half, rather than one and one-half, times the regular rate. An additional option is to eliminate certain pay perks not required by the Fair Labor Standards Act, such as holiday, weekend or night differentials.
- Consider consulting with professionals.** Consider consulting with professionals to develop a strategy for compliance, conducting a privileged audit of the workforce, implementation of changes, communication of changes to employees and training managers. Equally significant is putting in place a reliable system to record all hours worked by newly non-exempt employees.

## Now Trending in Garden Retailing . . .

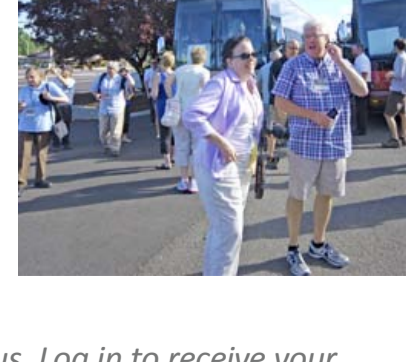
- Got tablets? **Thirty-five percent** of consumers say they would like store associates to use tablets to take payments and shorten lines at the register. In addition, **29 percent** would prefer if sales associates use tablets to provide product information, according to iVend Retail's "Great Omnichannel Expectations" report.
- Pay attention to your store's online orders - failure to fulfill will cost you more than a sale. **Ninety-five percent** of shoppers wouldn't shop with you again if you failed to deliver an order, according to The Online Shopper Survey Results from PCA Predict.
- Free shipping pays in profits. **Ninety-one percent** of respondents say they would be willing to increase the size of their online order to qualify for free shipping, according to Radial's and the CFI Group's "September 2016 Holiday Retail Report."

Join GCA's and the IGC Show's Social Network #GCAtour & #IGCshow

## TAKE ADVANTAGE OF YOUR GCA MEMBERSHIP BENEFITS

### JUST ANNOUNCED FOR NEXT SUMMER 2017! GCA Summer Tour, June 25-28, 2017 Newport News/Virginia Beach, VA

GCA Summer Tour 2017 heads to Virginia for an exclusive behind-the-scenes look at newport operations from Richmond to Newport News to Virginia Beach. Be sure to pack your notebook and camera to capture all of the merchandising and indie retailing inspirations in store!



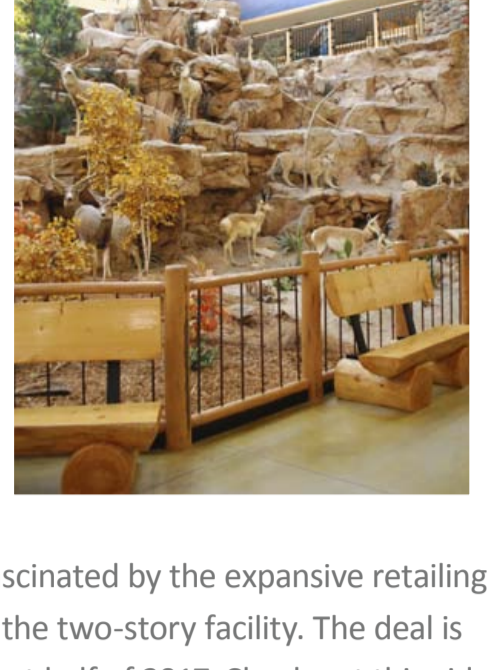
Click here now to save your seat on the bus. Log in to receive your member discount - your GCA Membership saves you \$200!



## Destination Retail Buyout: Bass Pro Shops Reels In Cabela's for \$4.5B



Frequently cited by IGCs as inspirations of top-notch destination retailing, two outdoor sporting mega-retailers, Bass Pro Shops and Cabela's, announced they will become one with Bass' purchase of Cabela's for a reported \$4.5 billion. Garden Centers of America (GCA), during Cabela's in Richfield, WI, visited the GCA Summer Tour 2015



of Milwaukee. Tour-goers were fascinated by the expansive retailing space and imaginative displays in the two-story facility. The deal is expected to be approved in the first half of 2017. Check out this video for more details about the acquisition here.



## Gardening Subscription Services Could Be Boon for IGC Retailers, Report Suggests

Products and services delivered directly to people's door save time and money while offering convenience and value. These subscription services expose consumers, including Millennials, to products they may not have known about or had access to before. Now, IGC retailers are poised to ride this rising trend of subscription services, according to the Garden Media Group in its 2017 Garden Trends Report.

A gardening subscription service would give novice gardeners a chance to start gardening without being overwhelmed by choice or lack of knowledge, while also introducing more experienced gardeners to new plants, products and tools, the report suggests. Your store's gardening subscription could send out new plant seeds, heirloom varieties and more every month. Gardening subscriptions could also encourage more consumers to take up gardening, providing a new generation of confident gardeners who will take more risks with more advanced gardening projects.



## Good Earth Garden Center's Employee-Directed Reward Program Extends Good Will to Customers

If you're looking to enhance the employee culture at your garden center, take a page out of The Good Earth Garden Center's book. The Little Rock, AR-based garden retailer encourages employees to reward each other with points for their accomplishments and a job well done through its online peer rewards "You Earned It" program. Employees can use the points they earn toward gift cards, paid days off and more.

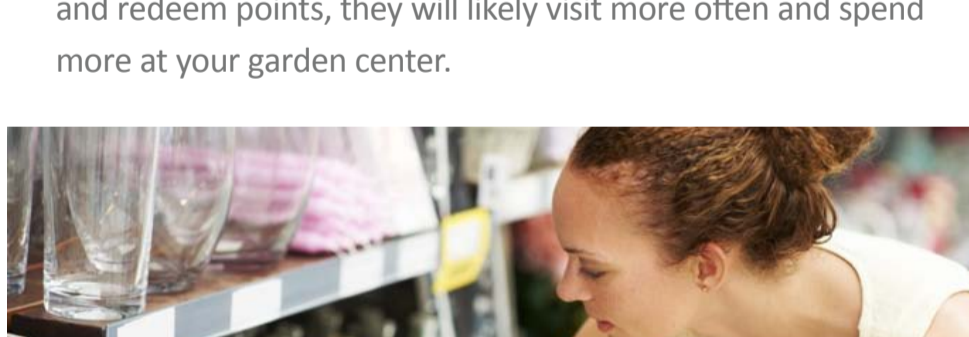
Good Earth Owner Gregg Curtis says the program boosts employees' confidence and helps them tackle new challenges. "Through it all, our staff works hard every day to provide 'Good Earth great experiences' for our customers," Curtis tells *Arkansas Business*. "As they invest in our customers, it's vital for our teams' success that we invest heavily back into our staff."

Curtis creates a positive work environment with other initiatives as well, including after-hours events for staff like craft night. Just as he focuses on staff members' relationships with each other, the staff emphasizes their relationships with customers. "We see the results of this culture every day in our customer relationships," Curtis says. "We see increases in sales of items that take knowledge and confidence to sell. These aren't the most expensive products, they are the ones that will bring customers the most success."

## Find Out What Your Customers Want & Deliver It to Drive Loyalty

When it comes to shopping behavior, price is frequently a key motivator. However, to sustain your customers' loyalty over the long term, garden centers should focus on the customer experience. Key takeaways from the Customer Experience Impact Study from SynchroFinancial:

- Your customers are looking for ways to feel valued and make their lives easier.** When customers were asked which elements they valued most in the shopping experience, the elements rated highest were of a practical nature - things that eliminated stress, gave shoppers more control and made their lives easier. The top benefits include:
  - Pick your own sale items. This feature was the highest rated item in the survey, with 42 percent of customers stating it was the most important. Different from offering the lowest price, it is about giving shoppers the control to personalize their experiences based on their needs and wants.
  - Hassle-free returns. Knowing an item can be returned is valuable to customers, and retail brands with generous return policies are highly regarded.
  - No coupons needed to always get the sale price. Receiving the lowest prices without working for it reduces stress for customers.
  - Customers who redeem loyalty points for savings feel valued. Customers love points-based programs, which drive loyal behavior for retailers. If your program is easy for customers to accumulate and redeem points, they will likely visit more often and spend more at your garden center.
- Discover which experiences do not matter to customers in order to focus on the areas they value.** Knowing which elements matter most and matter least is an important way for IGC retailers to focus their efforts and resources on experiences that matter most to customers.
- Factors determining a positive customer experience vary by retail category.** When customers were asked about the best store experience they had in the past 12 months, their feedback sorted into distinct categories. Apparel and department store shoppers were most likely to remember excellent associate interactions, while mass merchant shoppers most often cited stock conditions and selection.
- Finding and implementing the top experiences your customers value has an impact on their behavior.** The biggest impact of a great customer experience is loyalty. Customers say they would pay more and remain much more loyal in exchange for a great customer experience - 77 percent indicate that if they received their top three benefits, they would shop at a retailer more frequently and pay more. Millennials are much more likely to pay a bit more for the experiences they value, with 89 percent saying they would be more loyal to retailers offering the benefits they want most.



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## Enjoy Exclusive Savings & Special Perks: IGC Show, August 15-17, 2017!

GCA Members save \$260 on each IGC Retailer Conference All-Access Pass registration during the early bird registration period, and \$100 off each IGC Show Monday Garden Center Bus Tour registration!

Other benefits include:

- Two free drink tickets per company for redemption at Tuesday evening's free party and concert.
- Special reserved seating at the concert - come early, seating is limited!
- Access to the GCA Member Lounge, with a special catered lunch buffet available at your convenience

