

*Don't Let Your Customers
Leave Dollars on the Table,
Shelf, Pallet or Bed!*

*Helping Your Customers Spend More and
Succeed... the First Time*

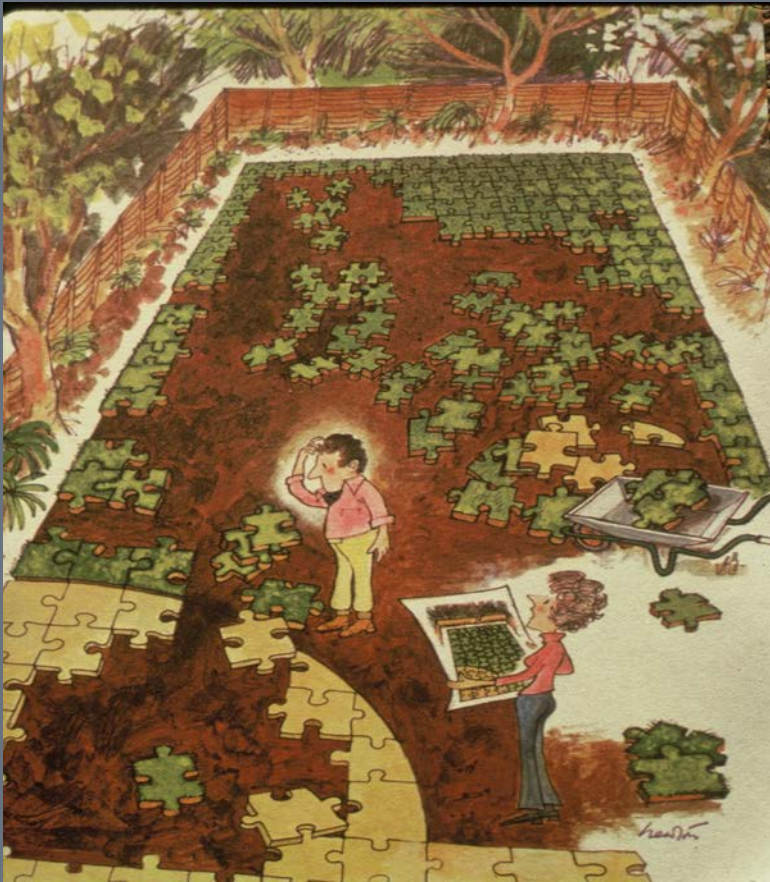
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Breaking News: Opportunity \$\$s!

- 2016 National Gardening Survey (NGS) shows:
- DIY spend back up to \$37B
- Gen Y now buying significantly, longer-term items and they DO NOT like big box stores
- All-time high, 91 million HHds (75% of USA HHds)
- One in three grow some food
- But average spend only \$486 in the East, national average only \$407 (ave national HHd income is \$52+K)

Conundrum:

Participation Strong Spending Weak



- ◎ 91 million HHds don't play golf, 75% of HHds don't do crafts
- ◎ One in three don't take ocean cruises or do kitchen remodels every year...
- ◎ ...but DIY gardening spend is less than 2 months' cable bill for many families!

Yet, they love the end-result...

There Is a Fundamental Change in the Consumer's Approach to Gardening

◎ “Gardening” is now a

- **Project** (“Home grown potatoes without a garden!”)

- Or

- **Decorating** (“Pretty-things up for the weekend party!”)

◎ ***How can you re-align your products and messages to this new normal?***

Hot Garden Trends in The DIY Trenches

- **Food Gardening** - Still surging (like cannabis!), due to organic & food “provenance” & cooking on TV, simpler life, preserving, brewing, chickens etc – major Gen Y driver
- **Maintaining** - Consumers don’t understand/expect the time and cost. 46% of ALL spending is on upkeep, not “new”
- **Decorating** - Color, pots, big, showy, short term, whimsical (\$750 for a party), constant refreshing; Pure impulse!
- **Self indulgences** - “I deserve it” or “Affordable luxury”, emotional purchase, could also be a weekend project
- *Is your merchandising relevant to these trends?*
- *Think of products and displays for that emotional sweet spot*
- *Inspire customers to buy!*

But Now a Touch of Reality (from NGS)

- “Gardening seems complex, risky, long term and hard work to more homeowners”
 - *How can you build your customers’ confidence.....?*
- There is an increasing “Take it or leave it” attitude to gardening but very strong interest in the end result, like a nice lawn or home-grown food
 - *How can you show the benefits of the end-result..?*
- With limited time and attention consumers are saying “*Help me succeed the first time*”
- Against this background, ***merchandising should answer questions, not create more questions.***

"Just tell me what I need to do"

- Consumers want a garden but don't want to be gardeners
 - *Simplicity* - when they search on-line and shop in store,
 - *Emotional Value* - connecting their dots as they buy
 - *Success* - first time, when they get home
- They expect discovery on-line, networks & blogs but want a relationship with the retailer, especially local
- They are brand-driven (the comfort of national brands) and are happy with silent selling, if an expert is nearby
- *Remember the Two-Brand Strategy? Drivers & Differentiators?*

“Discovery On-Line, Validation In-Store”

- Over 70% of L&G shoppers research on-line
- Today’s L&G store selection is overwhelming, deer-in-the-headlights “conSKUision”
- Gradually LGCs will convert from mostly hand-holding to mostly silent-selling of projects (sales teams will validate & sell add-ons - no guided 20 min walks!)
- Remember, on-line shopping IS silent-selling, while national brands offer easy “grab & go”
- So, merchandising must be solution-driven!
- *Start simply, think of SKUs or categories where you can switch to mainly Silent Selling with an employee on call nearby....*

Silent Selling

*“Inspiring people to buy
without a word being said”*

- We are starting to see more LGCs investing in “Silent Selling” as knowledgeable salespeople become harder to find and consumers prefer to do their own research...

Easy Start: Sell Emotional Values

- Consumers *don't know what they don't know*, so they expect retailers to connect their dots and answer their concerns about failure, kids, pets, environment etc
- They want simple answers, projects and solutions for their (*very predictable and common*) questions
- So, bundle/display products as solutions:
 - “Hide the neighbors for \$300”
 - “Gardening for busy people” (container, soil, Osmocote, irrigation)
 - Sign projects, “Feed the lawn for 10% of a lawn-service cost”
 - “Peace of mind pest-control kit for 25 cents a day”
 - “Products that are kid and pet approved”
 - “Protect each tree for less than 10% of the cost”
 - “The bees need these!”
- ***The list is as long as your imagination!***

Choice Kills Impulse!

- Last year I mentioned that 36% of L&G shoppers quoted “Simplicity” as a major shopping need
- Meanwhile labor is scarce & shopping time declines
- So you can simplify shopping and reduce inventory losses, while turning money quicker and using your skilled team for true horticultural advice or validation – no brainer
- Help “curate” your lines, reduce your SKUs by 25%
- Go narrow and deep, wide and shallow is so 1990s!
- How can you reduce choice and create a simpler shopping experience for your customers?

Life in the Projects

- Small weekend projects are growing in popularity among consumers
- Retailers who reduce SKU's, “curate” the products, bundle the items and provide simple how-to information, are seeing strong interest
- BUT: as yet most of your suppliers are not on-board with this concept, so you (no pressure here!) will be the filter, selecting the lines, brands and programs that best suit the customer's needs in your local area
- Can your buyers convert to this new normal?

Where Do We Start?

What Projects?

Which Solutions?

- Go back to basics: 54% of garden spend is on “new/exciting/different”, 46% is on “maintenance”
- Trends driving spends: Maintenance, Food Gardening and Decorating
- Brainstorm with your sales team and buyers to find easy solutions for predicable challenges:
 - e.g. lawn repair, tomato success, succulent simplicity or patio prettying

Food - Ideal Place to Start!

- NGS shows 1 in 3 HHds now grow food – YOOGE!
- “Food Gardening” spend is much higher than Flower Gardening, but the plant is a small % of total spend – the dollars are in the hard goods. But many LGCs de-emphasize and most don’t tie-in to plant sales
- Young customers want easy solutions with project how-to info, kits, classes, YouTube, AND first-time success!
- With your local knowledge and experience, LGCs should be the perfect one-stop-food-gardening-success-center
- *Food gardening is an easy first step. How can you win more non-plant business from one in three households?*

“What are your main garden challenges?” (NGS)

No change in 15 years!

- 1. Weeds
 - 2. Soil conditions
 - 3. Insects
 - 4. Watering
 - 5. Animal pests
- ◎ “Fear of Failure” is the #1 reason given for low-spend and **these are your customers’ fears**

The Tie-in Challenge

- In past 10 years the consumer's pick-up rate of tie-ins hasn't really changed
- Still less than 20% of shopping carts are checking out with any tie-ins in the busy spring period
- Only 5% of carts contain the correct tie-ins
- Everyone talks it but few walk it
- How can you help make it happen, gently, simply, silently?

Not only is this money left on the table, it increases the customer's chances of failure

Go to the Action Point – The Plants (!)

- Hard goods are often located far from the action
- Figure out the \$ value, G Margin \$s and turns from a hot spot currently full of plants
- Use fixtures that overcome green goods managers' fear of space loss (strong push-back?)
- Combine with green goods suppliers for projects?
- Use multiple exposures of the narrow & deep offer, mini-pallets/drop bins add shopper confidence when they keep seeing the same thing as they shop

Case Study: GC “X”

- Year 1, sold 23 units
- Year 2, brought in dump bin, same spot, 80 units
- Year 3, same bin, restocked(!), 127 sold
- Year 4, 3 bins, one w/ tomatoes, one in grab & go area, one near registers, sold 300+
- Product? Tomato Tone!
- “We will now try Beetle Beater, Rodent Ridder & Mosquito Murderer and use Facebook and Instagram to talk it up”
- Now, they “get it”!

It's Really Low Hanging Fruit

- A \$2 million GC with 60% of sales in Green Goods, sells \$1.2 M in plants
- \$400K in “color”, means lots of plant food
- \$250K - \$400K in “woodies” – more food, soil, mulch, controls etc
- Soils and food for all that pottery & containers you sell
- Stakes, kneelers, frames, weed mat, irrigation, repellents, gloves, canning etc etc
- “Every \$1 spent on plants means \$2-\$3 spent somewhere on other gardening stuff” (NGS)

Let's Do The Numbers

- That \$2M GC = about 40,000 Ka-chings a year
 - At least 20,000 will buy color/A&P/veg/herbs
 - If just 20% of those buy ONE plant food, that is 4000 units (or 333 cases, **got your attention...?**)
 - If 20% of them buy just 3 bags of soil in a year, that's 12,000 bags of soil or mulch (or both!)
 - At least 25% will buy a tree or shrub
 - If 20% of these buy 1 plant food that's 2000 units
 - If 20% buy just 3 bags of mulch, that's 6000 bags

More Numbers

- That \$2M GC...
 - may sell 2500+ container/pottery pieces
 - If consumers need “Our favorite soil for that beautiful pot”, that is 2500 bags!
- That \$2M GC...
 - will sell over 500 succulents, 5000 hanging baskets, 15,000 units of 4-5 inch color and who knows how many veggies/herbs ...need I go on!!!

Hot Spots Action Plan!

- Remember last year I showed you that “off-shelf” displays can account for up to 48% of sales volume in Garden Supplies/Hard Goods?
- Draw up a schematic of 5-6 hot spots per plant department for your bundling and solution selling
- Try a simple, narrow and deep 2-3 sku set but with lots of volume per sku and one stated “theme”
- Keep/show worked examples of turns and margin to win the team over
- **Bring in extra sales by merchandising “solutions”:
Your customers are buying it somewhere!**

Bundling Makes It Easier To Sell

.... *(and Boosts the Average Sale)*

- Think of product bundles for projects & solutions
- Offer “Success Kits” for big volume plants such as H Baskets, Veg/Herbs, Perennials, Succulents, Shrubs, Trees
- Suggest bundles by project size
 - “All you need for a 10ft by 10 ft veg garden”
 - Or create a Value Proposition
 - “Turbo-charge your flowers for X cents a sq.ft”
 - “Six months of fresh herbs for cents per day”

Ta-Dah - Just Look at Size of The Prize!

- Most LGCs under-sell in three core categories:
- Soils should equal or exceed pottery as a % of total sales (3-8% in Zones 4-7, up to 10% in warmer) **assume 5%**
- Plant food should be at least **4%** of total sales
- Controls should be at least **3%** of total sales
- So **12%** of \$2M retail in just those 3 categories is \$240,000 at 45% GM – anyone interested...?
- LGCs should be the local garden-success sweet spot!
- Let's get you back to being the local “How-to-succeed-the-first-time” center by making it easy to spend!
- **Thank you for asking me back, good selling!**