

2012 Mid America Horticultural Trade Show

## Merchandise Buying in a Down Economy

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**Countryside**  
Flower Shop, Nursery, and Garden Center  
5301 E. Terra Cotta Avenue Crystal Lake, IL 60014  
815 459-8130 [www.countrysideflowershop.com](http://www.countrysideflowershop.com)

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## Profile of *Countryside*

Countryside Flower Shop, Nursery and Garden Center is located in the northwest suburbs in Crystal Lake, IL

- Recognized as one of the premier Garden Centers in the Midwest; 2012 TGC's Revolutionary 100
- Consistently Voted "Best of the Fox"
- Celebrated 50 Years in business in 2011
- \$5.1 Million in Annual Sales
- Full-service Flower Shop, Garden Center, Nursery, Landscape Design and Installation, Growing Facilities
- Owned by Richard Harms and James Riedl Since 1973

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## *Countryside* Sales Trends

How did **Sales** compare in 2011 versus 2010?

- Decreased 3.6%; but showed increase in July - December
- Sales Trends Mirror Industry Trends
- Increase in Vegetables/Herbs, Ornamental Trees, Mulch and Soil, Wild Bird Supplies, Grass Seed and Sod, Statuary Fountains and Figurines, Christmas Ornaments and Giftware, Holiday Fresh Wreaths, Greens and Planters, Landscape Planting and Maintenance Labor, Flower Shop
- Greatest Decline in Perennials, Vines, Groundcovers, Indoor Plants, Empty Containers, Chemicals, Garden Aids, Fresh Cut Trees, Dried and Silk Flowers, Water Gardening, Hardscape
- Lower Inventory/Increased Margins on Shrubs, Perennials, Roses, Hardgoods, Giftware

How did **average ticket** compare in 2011 versus 2010?

- Increased 3% to \$76.09
- Lack of new construction and home improvements continued to hit high ticket items like trees and hardscape items

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## *Countryside* Managing Merchandise Buying

- Preserve wealth
- Choose to "Thrive or Survive"
- Lower revenue but increased profits/lower inventory
- Raise prices while managing COGS
- Manage cash flow/line of credit
- Improve product mix to broader tastes
- Preplanning to prevent missed opportunities
- Build customer relationships and loyalty
- Owner/buyer/marketing cooperation
- Train staff on product knowledge, selling skills and customer service
- Gain feedback from staff on the floor

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## *Countryside* Managing Merchandise Buying

- Shifted mark-up from 2.2 to 2.5 on many lines (especially live goods); include cost of shipping
- Planned promotions versus "distress" sales
- Cut early orders/Limit long-term commitments
- Order through May not June
- Using wholesalers to warehouse and finish products
- Right inventory at the right time with right labor
- More local buying
- Grow less on speculation
- Analyze costs of growing with buying in

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## *Countryside* Managing Merchandise Buying

- More frequent deliveries/lower minimums
- Fewer vendor relationships/more efficient, consolidated buying
- More consistent pricing structures
- Negotiate early order pricing on later orders
- Attain credits for damaged merchandise
- Manage filling/cancelling back orders
- Flexible margins on top performing items to maximize turns
- Eliminate bottom 20% of SKUs in each category
- Sales forecasting based on units sold, minimum/maximum on hand, trending

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**Countryside Experience:**  
**Less Discounting + Better Product Mix = Higher Margins**




Name	2010 Full Price Sales	2010 Sales at 40% Off	2010 Sales at 50% Off	Total Sales 2010	2011 Full Price Sales	2011 Sales at 40% Off	2011 Sales at 50% Off	Total Sales 2011
Ornaments	\$18,068	\$3,963	\$1,593	\$23,624	\$27,727	\$5,735	\$4030	\$37,492
Lights	\$4209	\$7378	\$180	\$11,767	\$6945	\$2886	\$762	\$10,593
Figurines	\$5441	\$1925	\$583	\$7949	\$7614	\$1619	\$1018	\$10,251
Permanent Garland	\$5932	\$2179	\$238	\$8349	\$9658	\$684	\$845	\$11,187
Pre-lit Trees	\$37,608	\$17,453	\$1721	\$56,782	\$46,682	\$1110	\$1812	\$49,604



**Countryside Experience:**  
**Inventory Control + Higher Turns = Improved Cash Flow**



Name	2011 Beginning Inventory	2011 Ending Inventory	Percent Reduction in Inventory	Total 2011 Category Sales	Ending Inventory as Percentage of Sales
Bird Seed	\$5533	\$3802	31.3%	\$77,228	4.9%
Bagged Mulch	\$9996	\$3818	61.8%	\$38,563	9.9%
Fertilizer	\$11,846	\$4,129	65.2%	\$33,656	12.3%
Chemicals	\$19,815	\$14,844	25.1%	\$70,136	21.2%
Garden Aids	\$15,521	\$9,202	40.7%	\$29,305	31.4%
Empty Containers	\$11,378	\$10,138	10.9%	\$25,903	39.1%



**Predictions for 2012**



- Second half of 2011 showed improvement; cautiously optimistic for 2012
- Considerable need and desire to renovate existing landscaping
- Give consumers fewer choices, more recommendations
- Project focus, Do-it-for-me services will drive Gen X/Y sales
- Service and product knowledge differentiates and represents your brand, not prices or discounts
- Customer loyalty and frequency of visits should be focus
- Local, community, and cause marketing will be key