

Specialty Foods

Tasty trend boosts garden center sales with year-round customer traffic



Delicious niche

At Flamingo Road's Farmers Market, customers can pick up a deli sandwich or a smoothie to enjoy on site or Boar's Head deli meats and cheeses and a loaf of bread to take home.

by Lisa Duchene

AT FLAMINGO ROAD NURSERY in Davie, FL, a pond is the centerpiece of the nursery, with paths leading outward like spokes on a wheel to a butterfly pavilion, potted shrubs and pottery, a gift shop - and to the garden center's Farmers Market. Inside this 1,800-square-foot structure designed for upscale appeal, customers can pick up a deli sandwich or a smoothie to enjoy on site or Boar's Head deli meats and cheeses and a loaf of bread to take home, along with prepared slaw or chicken salad and some fresh pears or oranges from the produce section.

The garden center first tested the

concept of selling produce three years ago, in October, in an awning-covered, 200-square-foot outdoor space. The hope was that food would be a traffic driver, tempting existing customers to stop in weekly or even daily and drawing new customers who had never visited the store. Now, two expansions later and eyeing the next, Owner Jim Dezell couldn't be happier with the category's performance. Specialty foods are now 15 percent of sales - 20 percent is the target - and they are boosting the core garden center business.

"We are convinced we would not have the traffic if we did not have

the market," says Dezell. "Nobody would disagree with the fact that without it generating the traffic, we would not have kept sales where they've been the last two to three years."

More IGCs are getting into specialty foods because it makes sense in a number of ways, says Jeff Warschauer, Vice President of Sales for Nexus Greenhouse Systems and moderator of the Independent Garden Center Show's specialty foods panel discussion, "Food: Emerging Retail Trends for 2011," Wednesday afternoon. Warschauer is in contact with a couple hundred garden

centers during the course of a year, and says about a dozen in the last six months said they're starting to sell food. Specialty foods is a complementary category to the garden center business, a way to drive traffic year-round, he says.

Packaged Facts, a market research firm in Rockville, MD, estimates 14 percent of U.S. consumers are "foodies," a term used to describe someone who loves food and the culture surrounding it. Foodies' tech-savvy nature and tendency to introduce new trends to their peers and communities make them attractive target consumers.

Specialty foods is big business: a \$60 billion market accounting for 15.9 percent of all retail food sales,

according to the National Association for the Specialty Food Trade. The largest category? Cheese at \$3.4 billion in sales.

Flamingo's Road

Three years ago, Dezell knew he had to make a bold change at his garden center. Opening two days after Hurricane Katrina hit the Florida coast, sales soared as people rebuilt, but then plummeted 40 percent. So he turned to produce. And when that took off, he converted an outdoor patio shop to the Farmers Market.

The location of Flamingo Road's Farmers Market is important, Dezell says. From within the market, food customers look into blooming plants and can see most other areas of the

garden center. "Once we get people into the market, it's very easy to get them to cross-traffic into the garden center," says Dezell.

Flamingo Road carries 200 different produce items, 100 related items and 200 other items including jams, jellies, pickled and preserved vegetables, a full line of Boar's Head meats and cheeses (at a service counter and packaged), dairy, candy, sodas, locally made pies, sweet breakfast breads, sandwich and dinner breads, smoothies, coffees, juices, soup, sandwiches and prepared slaws.

It works, says Dezell, because there is an opportunity in the market and because the shopping experience is both satisfying for the senses and convenient.

Dezell, a grower of hydroponic arugula and basil, knew to hire an experienced produce professional. "Don't try to take your existing staff and sell produce," advises Dezell. "It's a whole different ball game." He did the same for the deli. The pro running it has a heavy food preparation background. People taste and buy her focaccia bread smothered in roasted vegetables faster than she can make it.

Flamingo Road's next expansion will include on-site baking and another facility with a full kitchen to dish out the prepared foods customers are craving.

Sickles' Lifestyle

Sickles Market, Little Silver, NJ, operated as a farm market from the 1960s into the 1990s, selling annuals and perennials and produce like strawberries, tomatoes, corn, as well as fresh bread and eggs, all in an open-air format. In 1997, Sickles became an enclosed, year-round garden center. Now, in half of a 20,000-square-foot, temperature-controlled building, it

retails produce, cheeses, meats, a deli, prepared foods, bakery and gourmet grocery items. In the other half is a 5,000-square-foot greenhouse and garden center. There is also a nursery yard and a separate gifts section.

“We call ourselves a ‘lifestyle retailer,’” says Owner Robert Sickles. “We try to sell people within a range of things that go on in the home around cooking, gardening, even clothing.”

In grocery, Sickles carries specialty butter, yogurts, cereals, jams, jellies and pickles, along with a few common items like cereal, detergent and paper towels for customer convenience, but no national brands. In prepared foods, a mainstay product is rotisserie chicken from Murray’s Chicken, raised in Pennsylvania’s Amish country. Sickles sells about 10,000 chickens a year, along with entree items like Asian-grilled salmon

and sides like potato salad. In the cheese department, it moves about 10,000 pounds a year of fresh mozzarella at \$9 per pound. One kind is handmade in a local Italian deli, and the other is machine-made.

“There’s definitely a move back to fresh, local and organic,” says Sickles. “Garden centers should be at the forefront of that.”

Cross-selling opportunities with specialty foods are many. This May, Sickles held a tomato, basil and mozzarella tasting demo outside in the garden center, promoting tomato and basil seedlings, fresh mozzarella, sea salt and extra virgin olive oil. The store frequently sets up a grilling station and grills out in the gar-

High-performance category

At Sickles Market, food accounts for about two-thirds of total sales.



den center. Not only is it promoting the food products, it is demonstrating a lifestyle.

Sickles says the market's customer flow never falls below 650 to 700 per day, and during the peak garden center season, counts go up to 1,000 to 1,500 daily. For a while, sales were split almost evenly among the garden center and food departments, but now food is about two-thirds of sales. "The peaks are the same, the valleys are not so low," says Sickles. "I can sustain through January/February without tapping way deep into a credit line, and I think that's good, particularly the past two years."

Moving into the food business was natural for the garden center, and Sickles can see how any good IGC could do it. But, he notes, food and

garden retail are different business models. Perishables require consistent, high-traffic volumes, and margins are lower. If you buy something for \$1, you can probably sell it in the garden center for \$2; in food, you'd sell it for \$1.60. That rule holds true throughout food, with the exception of prepared foods, where margins can be higher and demand is strong, says Sickles.

For garden centers entering the food business, Sickles recommends starting with shelf-stable specialty jams, jellies and pickled items. Honey is a great starter product, offering loads of cross-merchandising possibilities: specialty pancake mixes, teas, bee-themed gift merchandise, bee-friendly plants, honeybee education and maybe even bee-keeping supplies.

The next level, says Sickles, could involve adding breads and baked goods, perhaps from a local bakery, and crackers. Produce may also be a relatively simple category to get into.

If food is doing well, the next step is to consider the more complicated categories: your own bakery, cheeses, a deli and prepared foods. However, once you start handling and preparing food, a whole new realm of health department regulations apply, so it's imperative to check with your state and local health departments.

Also, Sickles notes, garden centers should keep in mind the 80-20 rule: 80 percent of profits come from 20 percent of products. Mozzarella and cheddar are the impatiens and geraniums of the cheese department.



Popular pies

Tom's sells 18 flavors of pies, seasonally, with peach, strawberry, apple, lemon meringue and chocolate cream among the top-sellers.

Tom's Sweet Appeal

Like Sickles, Tom's Farm Market & Greenhouses' roots are in an open-air farm market. Tom's built a permanent, year-round location about 13 years ago for its farm market, garden center and gift shop. In 2002, it built upon its reputation in sweet corn and fall apple cider doughnuts to expand its bakery into pies, cookies, cakes and breads. In 2004, Tom's invested \$25,000 to install a commercial kitchen. Four years later, it expanded again, giving the bakery more space and investing \$300,000 in upgrades like a \$25,000 Hobart oven that can bake 60 pies at once and a \$25,000 walk-in freezer.

Owner Tom Halat, who will open the store's doors to the IGC Show's Chicagoland Garden Center Tour as a featured stop, says that even in an economic downturn, when every other category declined, the bakery thrived and saw a sales increase.

In addition to baked goods, Tom's carries jams, jellies, pickles, salsas and locally grown honey under boutique brands like Yaeger's and Dillman Farm. Salad dressings are marketed under the Tom's private label, displayed neatly in a country hutch. This year, Tom's is adding the Diva line of specialty bagged coffee.

Preparing food is a different operation, with higher shrink, notes Halat, and requires an initial investment of around \$25,000 to \$50,000 and a commitment to doing it right in the eyes of the health department, which means food handling and service training, and proper staff.

And it requires traffic. For Tom's, it was already there for sweet corn. Now, in July, when the corn is in, it is the top-selling month for pies. It sells 18 flavors, seasonally, with peach, strawberry, apple, lemon meringue and chocolate cream among the top-sellers. Halat says, "I'm just elated and tickled to death what the bakery has done." ■

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