



It's about being different to your competition

Martin Grunstein, Managing Director of Success Communications and an expert in customer service, believes that businesses in the Australian nursery and garden industry need to re-assess how they differentiate themselves from the competition in order to survive.

In this *Nursery Paper* Martin examines the key aspects of differentiation for retailers and producers – your core product and your value-added services – and outlines the past, present and future of the industry.

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Nursery & Garden Industry Australia



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What is your core product?

There is a trend in the marketplace that I'm getting my clients into now, and it comes down to one simple statement:

Today's core product is not tomorrow's core product.

Today's value-added service is tomorrow's core product.

Why are businesses in the nursery and garden industry marketing something that customers can get anywhere – a plant or a pot – and cheaply if they are prepared to base their decisions on price? Why aren't you marketing what you do to add value in a unique way to your client's business and lifestyle, because that's what differentiates you from your competitors, regardless of whether you're in retail or production.

For example, back in the 1980's the computer industry sold you a computer at an expensive price and threw in the software free. Today it's exactly the opposite, with the software and applications being expensive and the hardware cheap. Why? Firstly because the hardware is reaching its capacity, but more importantly, the software and applications is the only point of differentiation in the whole I.T. industry.

Another example is child minding and gymnasiums. One of the most lucrative targets of the gym industry is young mothers wanting to get their figure back after the birth of their child. The gyms that offer free a child minding service do better than the gyms that don't. Many people say "free child minding – what a wonderful value-added service." No! The child minding is the core product. Those mothers want a break from their kids, and if they have to exercise, they'll do it.



Opening in January 2004, the *Watergarden Café* at *Ross Evans Garden Centre*, QLD aims to provide 'the ultimate garden centre dining experience'. It is also available for functions.

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The retail value added of the 1990s

The retail value-added of the 1990s, pioneered by the nursery and garden industry, was the café. How many businesses can you think of today with a café in them that did not have one 10 or 15 years ago? Bookshops, car dealers and McDonalds to name a few. But why have a café, other than because everyone else has one?

1. The longer you can keep people at your business the more money they'll spend;
2. "It'll get my partner off my back", for if it wasn't for the café, many spouses wouldn't go to the nursery.

The café concept has taken-off, so much so that it has become the core product for many businesses. For example, the café is the saviour of the car-wash industry. Today they offer you a free coffee and try to up-sell you on the car wash to the most expensive option, which most people take. The reality is that you actually pay for the coffee and the car wash, but if it wasn't for the coffee, most people wouldn't get their car washed at all.



The value-added saviour of the car wash industry is the café.

Adding value in the nursery and garden industry

This is the trend. The core product in the nursery and garden industry are plants, pots, etc. The value-added services are everything you do to add value to the consumers' life – it's got nothing to do with plant and pots.

Examples of value-added services for the retail sector include:

- Your years of experience, both in the area and in the industry;
- Your accessibility and advice;
- The people you employ who have product knowledge;
- Your gardening club/loyalty program;
- The fact that you guarantee everything you do;
- Your café; and
- The fact that you run gardening functions with expert speakers to attract people to your garden centre.

Examples of value-added services in the production sector include:

- Special labels and how-to cards to make it easier for retailers to sell your product;
- Being an accredited business under NIASA (Nursery Industry Accreditation Scheme Australia Accreditation); and
- Running education programs and creating information guides for retailers.

The amazing thing is that the value-added services don't specifically need to be related to the product, such as community involvement. One of the things you'll find is that people with civic responsibility like to do business with people with civic responsibility.

Very few businesses communicate their community involvement, such as sponsorship or involvement with groups such as Rotary, at point-of-sale or in their signage, yet this is a business building exercise. Marketing your community involvement is about building empathy with your customers, which will attract them to your business.



Redlands Nursery delivers retailers ready-to-use plant displays on pallets that can be easily moved in and out of the store.

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Sign of the times

Do you display your value-added services in your signage, point-of-sale, marketing or promotion? Get rid of your roadside sign that says 'roses' because customers know that they can get roses from your garden centre, as well as from many other locations. Replace the sign with your value-added services such as:

- "It's our pleasure to serve our community";
- "We have unlimited advice";
- "With 10 years of garden experience, we are here to make sure you make the best decisions"; or
- "Tell us a joke Tuesday. Come in and tell us a joke we've never heard before and we'll give you a free plant".
- Remember – you don't fight fire with fire, you fight fire with water – i.e. you do exactly the opposite of what your competitors are doing. You can't fight on price. What we have to do is give customers constructive reasons to do business with us and communicate this to them.



Community involvement is a business building exercise, so communicate your involvement in your point-of-sale. Heart Week promotion at Riverview Nursery, TAS.

Communication is the key

Many businesses in the nursery and garden industry already have value added services but aren't communicating them and then wonder why customers make decisions purely based on the price of the plant, pot, etc which they can get cheaper elsewhere.

If your competitors are offering cheaper prices, you should offer 12 months free gardening consultancy. We're not selling a pot – we're selling the beauty of your garden or renovation plus the advice that will help the customer to do it. Very few customers will take up the offer but for most of them, it will justify why you charge more than other businesses.

Instead of competing on price, we should be selling risk management, stress management, peace of mind, as customers find these easier to justify paying for than a pot or plant which is simply a commodity.



Lintons Garden and Home, VIC, provides customers with a free potting-up service.

Not only are the value-added services important, they are your business. In fact, the value added services are critical, as they are the only point of differentiation from your competitors and the only thing worse than not having them is having them and not communicating them. These don't cost a cent to implement. The challenge we face is an issue of communication.

The value-add service of the future

If the café was the value-added retail light of the last 10 years, the retail value added of the next 10 years, in my opinion is child-minding or crèche. Why? If the first obstacle to retail sales is the spouse, the second obstacle must be the children.

Ikea stores have a ball-room for the kids. The reason behind this – how can a parent buy furniture if the kids are trying to pull them out of the store?



Many garden centres already have play areas for children to use. Zanthorrea Nursery, WA.

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The past, present and future for the nursery and garden industry

The past... We have a great core product, a range of value-added services that we don't communicate effectively to the marketplace, and then we wonder why customers make their decision on price.

The present... Your business has core product plus a range of value-added services, understanding that the value-added services are the only things that differentiate the business from anyone else out there. Start spending time explaining and promoting the value-added services rather than the core product.

For example, if you send out a quote for a product or service, attach a one-pager about our value-added services, otherwise the potential client will make their decision based purely on price

The future... We will offer some of our customers a taste of the value-added services so that when they are in the market for the core product, they'll think of us first.

Why not arrange a gardening function with speakers and invite people **who aren't customers** by telling them that you care about their garden or renovation and once they are there, give them a taste of the value-added services you provide before they're your customers, with no conditionality, and then let them come back to purchase your core product.

Look at how people make decisions. When we need to make a purchase, we often go back to the businesses that offered the value-added services before we needed them and before we were in the market for their 'core product'.

If you don't give your value-added service for free, you'll never get your potential customers to buy the core product. The challenge, once you figure out what your value-added services are, is to communicate them to the marketplace before your competitors do.



Soil testing is a value-added service provided at Noosaville Garden Centre, QLD.

Next steps

1. Write down five value-added services that your business is currently providing.
2. Are you communicating any of these to your clients?
3. Write down one way that you can communicate each of the value-added services to your clients – external signage, point-of-sale materials, brochures, newsletters, website, quotes, functions or events, media releases, community involvement/sponsorship.
4. Start promoting your value-added services now before your competitors beat you to it!
5. Regularly re-assess your value-added services to ensure you keep your customers coming back for more and to stay ahead of your competition.

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