British Retail Chains – Management & future strategies

Interviews with Supermarkets, Garden Centres and DIY stores

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Management Summary

Tussen februari en mei 2008 heeft het Britse onderzoeksbureau Promar International in opdracht van Productschap Tuinbouw 25 diepte interviews gehouden met Britse retailketens (supermarkt, tuincentrum, bouwmarkt). Het onderzoek bestond uit 3 onderdelen (projecten): Toekomstverwachtingen ketens (12770), Kwaliteitshandhaving in de keten (13137) en Inkoopmotieven ketens (13139). Doel van het onderzoek was meer inzicht te krijgen in de visies van Britse retailketens met betrekking tot de ontwikkeling van de Britse markt en de rol van bloemen en planten en inzicht te krijgen in het kwaliteitsmanagement en inkoopbeleid m.b.t. bloemen en planten.

Algemene ontwikkelingen en toekomstverwachtingen ketens

Twee grote ontwikkelingen hebben momenteel veel invloed op de Britse retailketens, namelijk de toenemende concurrentie op de markt en de ongunstige Euro/Pound wisselkoers. Belangrijkste ontwikkelingen die zijn waargenomen zijn in onderstaande tabel per type retailkanaal weergegeven.

Supermarkt ketens	• Aanbieden volledige ‘shopping experience’ • Non-food artikelen zijn in marktaandeel gestegen, inclusief bloemen en planten • De terugkeer van kleinere winkel formules en buurtsupermarkten. • Groei in vraag naar gemaksproducten en groei in aantal ‘convenience’ winkel formules • Polarisatie van product aanbod richting zowel ‘value for money’ en premium producten.
DIY ketens	• Bouwmarktketens worden professioneler op het gebied van marketing • Toenemende betrokkenheid in de ‘zachtere kant’ van de bouwmarkt branche zoals huis decoratie en interieur aankleding. • Minder focus op ‘DIY-Do It Yourself’ meer focus op ‘DFY-Done For You’ • De opkomst van bouwmarkt warenhuizen/groothandels gericht op detaillisten
Tuincentra ketens	• Aanhoudende ontwikkeling van fusies en overnames • Professionalisering op het gebied van marketing • Tuincentrum wordt steeds meer gezien als vrije tijd/dagje uit bestemming dan een aankoopkanaal waar men planten kan kopen. • Branchevervaging: groeimarkt voor premium lokaal geproduceerde producten • Sterkste punten tuincentrum zijn: klantenservice, assortiment en kennis • Groter gebruik internet en toename online verkopen

De Britse consument

Als resultaat van de ‘food miles’ kwestie zijn Britse consumenten in toenemende mate op zoek naar lokaal geproduceerde producten. Deze ontwikkeling heeft echter geen grote impact op bloemen en planten. Volgens de ketens zijn er wat betreft bloemen en planten drie consumententrends te definiëren:

- “Growing your own” Het kweken van eigen groente, fruit en kruiden is weer helemaal terug.
- Kant en klare oplossingen (DFY – Done For You). Consumenten zijn in meerdere mate op zoek naar gemaksproducten, dit is ook merkbaar in de bloemen en planten categorie. Gemengde boeketten en planten in decoratieve pot zijn populair. De huidige consument heeft weinig tijd en wenst dat de producten direct impact hebben op het uiterlijk van het huis en de tuin.
- Steeds meer producten hebben een positief effect op de omgeving en het milieu, zoals organische planten in biologische potten of biologisch afbreekbare verpakkingen en labels.

De markt voor premium producten laat een sterke groei zien volgens de ketens. Er is een bepaald segment van de populatie met een hoog besteedbaar inkomen die bereid is te betalen voor hoge kwaliteit en unieke producten. Of deze trend zal doorzetten in de toekomst zal geheel afhangen van het economische klimaat van het VK.

Informatie bronnen

Er zijn veel verschillende informatiebronnen genoemd door de Britse ketens. Consumenteninformatie wordt voornamelijk verkregen via leveranciers, beurzen, shows, concurrenten en EPOS data (Electronic Point of Sale). Informatiebronnen met betrekking tot handels/branche informatie zijn o.a. TNS, AC Nielsen, Gfk, Mintel en de HTA (Horticultural Trade Association).

Inkoopbeleid

Bij supermarkten en bouwmarkten ligt het omzetaandeel van de bloemen en planten categorie binnen het totaal tussen de 1% en de 12%. Bij tuincentra is het belang van de planten categorie veel groter, daar is de plantencategorie verantwoordelijk voor zo’n 30% van de totale omzet.

De grootte van het bloemen en planten aanbod is afhankelijk van de grootte van de winkel. Het merendeel van alle supermarkten in het VK heeft snijbloemen in het assortiment het hele jaarrond, met uitzondering van de kleinere ‘convenience’ winkels die er geen ruimte voor hebben. Veel supermarkten voeren ook een (bloeiende en groene) kamerplanten range, met name tijdens de belangrijke feestdagen (kerst, Moederdag etc.). Slechts een aantal supermarkten hebben ook tuinplanten en perkgoed in het assortiment.

Over het algemeen verkopen bouwmarkten geen snijbloemen. Bloeiende kamerplanten, groene kamerplanten en balkon en perkplanten worden wel jaarrond verkocht bij de bouwmarktketens. Veel van de geïnterviewde tuincentraketens hebben snijbloemen bij minimaal de helft van de aangesloten filialen in het assortiment. Bijna alle tuincentraketens voeren bloeiende/groene kamerplanten en balkon en perkgoed het hele jaarrond.

Met betrekking tot bloemen en planten hebben de verschillende retailkanalen verschillende strategieën en doelgroepen. Hierbij blijken de strategieën van de tuincentra en bouwmarkten nog het meest op elkaar te lijken. “Multi-buys” is de kwantitatieve promotie activiteit die de Britse retailkanalen het meest gebruiken en het meest succesvol vinden. Tuincentra maken ook gebruik van kwalitatieve promotie activiteiten zoals klanten evenementen, waardebonnen/vouchers, gratis magazine en tuinier clubs.

Milieu kwesties

Alle ondervraagde retailkanalen zijn het erover eens dat ethische en milieu kwesties steeds belangrijker worden voor de Britse consument. Deze ontwikkeling heeft groot effect op de bedrijfsvoering van de ketens. Met name bij het bloemen en planten assortimentsaanbod is dit duidelijk zichtbaar door de groeiende vraag naar organische producten en herbruikbare of biologisch afbreekbare potten en verpakking. De Britse ketens zullen dit type producten ook in de toekomst steeds meer verwachten in het aanbod van hun leveranciers. Andere belangrijke ontwikkeling is de opkomst van Fairtrade producten. Met name de supermarkten zien Fairtrade als een belangrijk merk voor bloemen. Echter de bouwmarkten en tuincentra zijn van mening dat Fairtrade en Carbon footprint geen grote invloed hebben op de Britse consument met betrekking tot planten. Dit is volgens hen meer van invloed bij voedselproducten.

Kwaliteitsmanagement

Kwaliteitscontroles met betrekking tot bloemen en planten worden op elk niveau in de keten uitgevoerd, van leverancier – distributiecentrum/depot – winkelvloer. Aan de andere kant willen de meeste Britse retailers het merendeel van de mogelijke problemen op voorhand al opgevangen hebben. Veel retailers gaan daarom ook vóór de levering bij de leverancier langs om de producten te controleren of vragen om een product specificatie of product monster van de te leveren partij. Als de bloemen en planten eenmaal geleverd zijn bij het distributiecentrum/depot van de retailers worden de producten gecontroleerd door het ‘quality assurance team’. Bij tuincentra worden de planten nog wel eens gecheckt door een plantenspecialist. Kortom, over het algemeen vinden de kwaliteitscontroles plaats door middel van het uiterlijk van het product en het product specificatie formulier. Als er zich een probleem voordoet wordt de leverancier verzocht dit op te lossen en mogelijk worden de producten retour gestuurd.

In het distributiecentrum/depot worden de producten die zijn goedgekeurd samengevoegd met andere goedgekeurde productgroepen en worden deze verdeeld en klaargezet om naar het juiste filiaal vervoerd te worden. Wanneer de bloemen en planten bij het betreffende filiaal aankomen worden deze gelijk in de display geplaatst en blijven deze in de emmer waarin ze geleverd zijn. Wanneer er op dat moment geen plek is voor de bloemen en planten worden deze tijdelijk ergens anders in de winkel uitgestald of in het magazijn bewaard, dit gebeurt echter zelden maar meestal tijdens speciale dagen waarbij de bloemen en planten leveringen vaak groter zijn dan normaal.

In het supermarktkanaal worden bloemen en planten vaak behandelt door onervaren werknemers. Echter bij bouwmarkten en tuincentra zijn er vaak specialisten die een tuinbouw of agrarische opleiding/ achtergrond hebben. De Britse retailkanalen proberen allen de hoeveelheid overgebleven producten op verschillende manieren terug te dringen. Meest genoemde methodes zijn; vaker, kleinere aantallen bestellen en afprijzingen. Echter de hoeveel ‘waste’ hangt vaak sterk af van het weer.

1 Introduction

On request of the Dutch horticultural sector, Stichting Marktonderzoek Tuinbouw (SMT) commissioned Promar International to undertake a consultation with British retail chains – multiple retailers, DIY chains and garden centre chains – about three main topics. The first one was their future expectations about the marketplace, the second one was their purchasing management of flowers and plants and the third one was their quality management of flowers and plants.

This study focuses on developing market knowledge and insight about British retail chains. Of particular importance to SMT as part of the consultation are the following issues:

- Chains' future strategies
- General current and future developments amongst British retail chains
- Trends amongst British consumers
- Information sources
- Relative share of flowers and plants category
- Store penetration and availability throughout the year
- Promotion
- Ethical and environmental issues
- Quality management at different stages of the supply chain

The preferred methodology for this study was the use of in-depth face-to-face interviews with key personnel at the head quarter office in three target groups:

– Supermarket chains - 9 respondents
– DIY chains - 3 respondents
– Garden centre chains (incl. a few independent) - 13 respondents

Interviews were carried out between February and May 2008.

2 General developments & future expectations

2.1 Supermarket chains

2.1.1 Flowers versus plants

In terms of turnover by product, the multiple retailers have a strong weighting towards cut flowers rather than plants. The average for the supermarket chains interviewed was a split of 82% cut flowers to 18% plants. Plants are generally split up into house plants and outdoor plants which includes seasonal bedding plants and a number of multiples also stock some bulbs, seeds and added-value products such as hanging baskets. The cut flowers are often split between cut flowers and bouquets or core lines and premium lines.

2.1.2 Future strategies

The future strategies of the multiple retailers vary greatly depending on the number and size of their stores as well as their target market and positioning in the marketplace (e.g. premium or budget).Some of the overall strategies mentioned included:

- Being the best neighbourhood store and ensuring that we service the neighbourhood properly
- Increasing the number of stores gradually, supporting local suppliers and maintaining a quality focus
- Focus on our strengths and grow our strongest categories
- Exceed customer expectations and give great quality at fair prices
- Staying true to our basic foundations of quality, value, service, innovation and trust
- The best quality at everyday high street prices
- Expansion: eventually we want to double the number of our stores
- Attracting younger more affluent customers to grow the customer base and tap into a market with high disposable income, rather than just traditional shoppers

2.1.3 General developments British retail chains according to supermarket chains

The main developments in the supermarket channel in recent years generally focus on the “big 4” supermarket chains (Tesco, Asda, Sainsbury’s, Morrisons) as well as a number of emerging growth markets and sub-sectors. Among the largest supermarkets, there has been a move towards becoming a complete shopping experience (and more). Large supermarkets (particularly Asda and Tesco) now offer a wide array of non-food items such as electrical products and clothing. It is possible to go to an out-of-town or edge-of-town supermarket and park, go to the bank, purchase groceries, pharmaceuticals, news, media, clothing, electrical, household goods, furniture and go to a café, all under the same roof and fascia.

This change has led to an increasing number of hypermarket or super-sized stores (particularly Tesco Extra and Asda Super Centres) which can cater for more and more consumer needs. This is increasingly convenient and there has been a real feeling in the market over many years that larger supermarkets are causing traditional, high street retailing to suffer, to the detriment of the vibrancy of town centres. Having said this, a number of respondents pointed to a change in recent times and a resurgence of smaller format, community retailing. This comes partly from a desire to get "back-to-basics" driven by the consumers' growing interest in wholesome eating and in food generally. Two of the respondents interviewed predicted a resurgence in town centre shopping and traditional shops like butchers, greengrocers and florists, which may come at the expense of the largest supermarket formats which for many people are losing their appeal.

- *"I think people are wanting to shop more locally again and more frequently"*

There has been growth in the small format convenience store sector and this is expected to continue. Tesco and Sainsbury's are involved in this area with their "Express" and "Local" stores respectively as well as the Co-operative Group and other co-ops and symbol groups (independent retailers that are a 'member' of a retail group) such as Londis, Spar, Budgens and Costcutter. The number of convenience stores owned by multiple retailers has increased, both through acquisition but also new developments.

Another issue that has been constant in recent years in multiple retailing has been price competition. One respondent suggested that Wal-Mart's takeover of Asda acted as a catalyst for aggressive price competition between the largest supermarket groups. Another respondent claimed that this has ultimately led to a "decline of the middle market" as consumers either look for products that are very cheap or products that are high quality and differentiated. The major multiples have reacted to these trends however by driving growth in both value for money and premium products and brands.

Relative new-comers to the UK retail market are the continental discount chains like Lidl, Netto and Aldi. On the whole, these chains have not seen a huge amount of market penetration (especially compared to continental markets), but have seen consistent growth and Aldi in particular has aggressive expansion plans for the coming years in the UK.

Market shares

In terms of the changes in overall grocery market share between the major retailers, respondents think that this is constantly changing slightly, but the main breakdown of the market will stay the same.

- *"Everyone is changing in the retail sector. The total retail market for flowers and plants is growing at around 7%, so within my category there's lots of room for growth for different retailers"*

None of the respondents think that Tesco, with around a third of the market, will be able to gain significantly more market share in the near future and its main expansion plans will be overseas. That said, the interviewees think that Tesco will continue to dominate the supermarket sector in the UK in a similar manner for the foreseeable future. The possible decline of the middle market in supermarket retailing, as has been mentioned, raises some question marks over the future direction of Sainsbury's and many believe that the current economic climate will lead to further growth for discount multiples and those that keep low prices at the core of their strategies, like Morrison's and Asda. From the premium end of the market the general feeling is that there will be further growth in market share possible as Waitrose opens new stores.

Generally the multiple retailers interviewed stated that they did not really keep track of what was going on in the DIY and garden centre sectors. Supermarkets do not see these chains as direct competitors, as they have completely different business models. DIY stores and garden centres rarely sell cut flowers, whereas supermarkets are strongly focussed on this product category. The supermarkets would turn their attention to these sectors if they were to drive the house plants and outdoor plant categories in the future. The few comments that were made about garden centres and DIY chains focussed on operations becoming more sophisticated and far better at marketing in recent years. Garden centres are seen to be becoming more upmarket and are becoming destinations for a nice day out, not just a place to buy some plants for the garden. Garden centres have now started to latch onto the growth market for premium local food that has been driven by growth in farm retail and organic products and they have also started to open up more and more coffee shops.

2.1.4 The British consumer

Trends

Consumers in the UK have certainly become more "nationalistic" in terms of their purchasing of groceries at supermarkets. Driven by the food miles debate, consumers are often looking to buy British products where possible and have become more interested and knowledgeable about British seasonality. Supermarkets now highlight produce that is from Britain and the more famous regional products. This has given rise to not just national, but also local and regional sourcing, with the most conscientious consumers striving to buy products that come from local producers, which often means shopping in farm shops, butchers and smaller format stores rather than the major supermarkets.

This trend impacts more significantly on food and drink than on flowers and plants, however the retailers interviewed still had a policy to source British products where possible and often advertising them as British.

This leads onto the general trend that the British public have become more discerning and more knowledgeable about the products they buy. Traceability is seen as very important now and consumers want to know, not just where products have come from but also what ingredients are in products and that they have been produced in a sustainable and ethical manner.

The desire to find out more about grocery products, particularly fresh produce, has led to a trend for consumers to source more wholesome and natural groceries. The supermarkets, of course, have reacted to this trend, not least with the ongoing promotion and support of the organic sector, which has seen phenomenal growth in the UK market. This trend is often linked to health and wellbeing, but it can also be linked to a general desire amongst certain consumer groups to get closer to nature and the environment.

Flowers and plants have obviously always been seen as very natural products. There is therefore not much that can be done in the cut flowers market to capitalise on this trend. Organic flowers were mentioned by a small number of respondents with the overall understanding that organic cut flowers did not carry the same strong message as organic food and drink as they were not consumed. The main growth from a horticulture point of view from this trend comes in the grow-your-own and the gardening market. The market for vegetable and fruit seeds and plants is a huge growth area and it is something that supermarkets have begun to get more and more involved with this season in the UK.

Convenience has been a major growth market for a number of years and more convenient products have become well-established in most categories. This is driven by the major changes in demographics and lifestyles in general, which have produced a “cash rich, time poor” society. In the food and drink industry this has led to a rapid take up of on-the-go products and snacks as well as quicker and easier solutions like ready meals. Convenience also impacts on the flowers and plants industry as people are often after a “quick fix” solution, which requires minimum effort and is instantly gratifying. A section of the consumer market will want to buy flowers and plants at a later stage of maturity than traditional shoppers, rather than wait for the flowers to develop. Trends for increased convenience generate growth in the bouquet market for example, because it is rare that modern consumers who buy flowers at supermarkets will want to spend the time arranging their own bouquets.

Also in the houseplants sub-sector, shoppers often want a complete solution, with an attractive pot, so that the plant can go straight into their living room, looking fantastic. There has been growth in the market for plants sold in premium containers for this reason. There is a high value market especially in city centres and especially for young professionals and 40-55 year olds without families, who will buy the highest value bouquets and premium plants in top quality containers to adorn modern flats and houses. These are often seen as impulse purchases.

- *"We have two types of consumer, the first will routinely buy flowers on a weekly basis, the second type will purchase flowers and plants purely on impulse, which is why it is important to keep an attractive, high quality, colourful display."*

The premium market has also been a growth market that has interested UK supermarket chains. There is a significant segment of the market, with high disposable income that will look for the absolute best quality products. They will also look for products that are differentiated and that sound impressive. Supermarkets, on the whole, are keen on products with a particular story behind them or a concept that captures the imagination of shoppers, which often requires high quality branding and packaging to convey the message. One example in horticulture was "magic beans" which have recently been marketed by a UK multiple retailer. One respondent also mentioned that UK consumers are becoming more adventurous in their grocery purchases as they are travelling more and keen to try new, exciting and exotic products in all categories.

There was some scepticism that the trend for premium products would continue to develop, given the current economic climate, but currently the market remains buoyant. It was acknowledged, in general, that UK consumers are quite price sensitive. This does not always mean that they are keen to buy whatever product is at the lowest price, but rather that they are very aware of good value for money, at the top, middle and bottom end of the market.

Information sources

A wide range of sources were mentioned for gathering information on consumer trends. All of the respondents mentioned that they rely on their suppliers to keep them up to date with what is fashionable and in high demand, as they are the real experts in the horticulture market and involved in new product development. The supermarkets usually have a fairly open relationship with their suppliers and are generally able to share data and information. All of the respondents also mentioned that it was important just to be observant in terms of what is going on in the market around them, primarily by keeping an eye on the ranges and prices that are offered by their competitors, but also keeping their eyes open for anything of interest in the media and at events.

The supermarkets all use electronic point of sale (EPOS) data to monitor historical trends and put these into future buying and ranging strategies. Internally, there are various tools used to keep track of consumer trends and demands. These range from mystery shoppers, consumer panels and product tests (often incorporating suppliers), questionnaires in-store and working closely with the product development team.

External sources of industry data mentioned were TNS and AC Neilsen and there was some scepticism as to the accuracy of this data. Respondents also mentioned that they commissioned reports from consultants and market research companies on more specific projects.

Food versus non-food

In general it was highlighted that the non-food area has produced major growth for the biggest supermarket multiples, particularly Asda and Tesco and mainly in clothing, electrical, homeware and furniture categories. In some cases, non-food growth has helped to make up for weaker sales in the food side of the business. It was stated that, on the whole, huge growth in non-food is the major contributing factor to the overall growth of the UK supermarket sector in recent years.

There was a feeling amongst two of the respondents that the market for food products is quite saturated and so moving into non-food markets gives supermarkets an extra area to drive growth. The smaller retailers that were interviewed are not so involved with non-grocery products and generally did not analyse that sector at all.

2.1.5 Garden/horticulture related hardware products

There was a mixed response in terms of the prospects for garden and horticulture related hardware. All of the retailers do have some offering in this area, ranging from the smaller format stores which carry a very small “token” offering to one retailer that actively tries to drive impulse purchases in this area for products like garden furniture, tools, BBQs and equipment by promoting heavily, producing almost unbelievable bargains. The trend for gardening is certainly growing, but the hardware side of this market is a completely different buying area in the case of all of the supermarkets interviewed and so there was a limit to the information they were able to impart.

2.2 DIY chains

There are only three DIY chains selling plants in the UK: B&Q, Homebase and Focus. They mainly compete with each other but also have other competitors like Bathstore, the UK's largest bathroom retailer, or MFI, a leading furniture retailer.

2.2.1 Flowers versus plants

Nearly all the stores of the DIY chains interviewed offer horticultural products, i.e. garden plants and houseplants. DIY chains do not sell cut flowers in their stores. The only exception might be on Mother's Day, when some stores might have a small offering on display.

2.2.2 Future strategies

The UK retailing market, and in particular the home enhancement and DIY market, is a difficult marketplace to be in at the moment. Purchases are non-essential and some can be expensive for high ticket products such as kitchen, decking, etc, and in a market characterised by growing inflation and credit shortage, consumers' budget for non-essential items is the first one to be reduced.

B&Q has traditionally specialised in the hardware side of the DIY marketplace, i.e. DIY heavy-duty projects, with a male dominated customer base. However, this has changed in recent years with B&Q getting more involved in the softer side of the DIY marketplace. The chain aims to be 'first and only' - the first place that customers think of and the only place they needs to go to - in most DIY product category. If they are not aiming for 'first and only' for a particular product category, then they aim for 'better than most'. Their third option is to aim for 'convenience'. B&Q's aspiration is to be 'first and only' for gardening. B&Q offers the products for everything you would possibly want to do in a garden from plants, compost, garden care products, lawn mowers, leisure, to landscaping, decking, paving, cement and brick. However, houseplants are a 'convenience' offer because they are not available in every B&Q store.

Over the last three years, **Homebase**'s strategy has been to focus on the softer side of the DIY marketplace, i.e. home enhancement and finishing touches. Homebase's customer profile is centred around female customers, aged between 25 and 45, with some spare money in their back pocket. Homebase is mainly known by its customers as being all about the soft furnishings and many are not aware that the chain has garden centres in their stores. With B&Q's move into the softer side of DIY, B&Q and Homebase are now as close as they have ever been when it comes to their target market.

Focus' strategy is to concentrate on market town sites as opposed to inner city sites, and small store formats, with an average footage of 25,000 sq ft, rather than large. This is where the chain feels it can compete the strongest. All of their new stores have garden centres, which is a key part of its business going forward. Focus has had difficulties in recent years. As at February 2008, it has only 180 stores, compared with 256 in June 2007.

- *"Focus has been saddled with crippling debt since the sale of Wickes in 2005. The chain is going through a transitional stage at the moment. It was not in the best place 6 to 12 months ago and it is now trying to get out of that place."*

2.2.3 General developments British retail chains according to DIY chains

The UK retail market is very competitive. Mergers, acquisitions and consolidation have been occurring in recent years and are expected to carry on in the next few years. As such, only the good will get better and the bad will go under.

The consensus is that competition from supermarket chains has been increasing. At the start of the millennium, they were not really involved in the horticultural sector. Then, in 2004, Tesco started introducing marquees in the car parks of some of its larger stores to act as temporary garden centres from April to October. Other supermarket chains were quick to follow suit. The biggest move so far was made by Tesco in August 2007 when it took control of Dobbies, the second largest garden centre chain in the UK.

- *"Tesco was playing around doing marquees in car parks to put plants into, but it wasn't leveraging footfall opportunity of the people going into the store, so clearly that wasn't going to work and it didn't work. Tesco has backed off from trying to sell plants in a big way. I think it will dabble on, but it has sort of pulled away and is just sticking to cut flowers and houseplants. Tesco has just bought Dobbies, so it is now going down that road instead."*

- *"With regard to horticulture, I think supermarket chains are still trying to find their feet. Some have had a go, not done it very well and came back out. There's only one really having a good go at the moment and that's Morrisons. They have a range of hardy nursery and bedding plants, as well as houseplants and cut flowers that the others do. They tend to have quite good quality and quite good prices. It will be interesting to see if customers buy hardy [nursery] and bedding [plants] with their supermarket shopping."*

Competition from supermarket chains is particularly high in spring and summer when they fill their seasonal shelves with garden leisure products. The DIY chains don't think that supermarket chains will increase their share of the horticultural market, unless they do something fundamentally different.

The garden centre market is characterised by ongoing consolidation with the larger chains such as Wyevale, Dobbies and Blue Diamond buying up independents. The independents will keep on losing market share to the chains in the next few years. Tesco took control of Dobbies in August 2007 and this Tesco/Dobbies connection is perceived by DIY chains as an interesting move. With the financial backing of Tesco, Dobbies is ideally positioned to develop through further acquisitions.

- *"We're out there to capture garden centre market share because it's the biggest chunk of the market. That's where we put our sights on. We keep an eye on our DIY counterparts, but they're of less interest to us because we're by far the biggest chunk of the DIY market. We're more interested in the 80% odd share [of the market] that we're not in and that's what we focus on. We're certainly targeting garden centres for customers."*

The main development in the DIY store channel has been the introduction of large style business units called warehouses. With their increased product range, they specifically target trade customers.

- *"Everybody had a go at it, but it's just B&Q that have progressed with it."*

Further consolidation in the UK retail market is expected to occur in the next few years. The horticultural market is expected to grow in the future.

- *"There is growth in our industry, no question about it."*

2.2.4 The British consumer

Trends

There are three main consumer trends in the current gardening marketplace – ready-made solutions, grow your own and products having a positive impact on the environment.
In the DIY market, and it does also apply to the gardening market, there has been a switch from doing it yourself to people having it done for themselves. This is a reflection of people having more disposable income. The customer has the idea or the vision but they don't actually want to do it themselves. They either do not have the know-how, the time or the inclination. This trend has prompted a significant growth in light trade customers (including small gardeners and landscape gardeners), who are the people servicing customers who do not want to do it themselves.

The concept of 'growing your own' has taken pace over the last couple of years and it has now broken through as a key product category. It's about home gardening and growing one's own vegetables and fruits. There are multiple benefits to growing your own: the enjoyment of growing and eating it, health – you control what goes onto your plants and how they are grown, and the environment - no food miles, low carbon footprint. This concept of 'growing your own' attracts all types of customers, even those who want ready-made solutions. It fits nicely with the current general concern about the environment and finding greener solutions. Whether it is organic plants or technologies using renewable energies, products that have a positive impact on the environment have grown substantially over the last 12 months. B&Q launched the first wind turbine that consumers can buy off the shelf and install on their roof. The DIY chain also has a unique range of organic plants with compostable packaging and labelling, approved by the Soil Association.

Information sources

DIY chains use a combination of information sources to get information on new consumer trends and fashionable items, as well as predict consumer buying behaviours.

- In-house research carried out or commissioned by an insight team (e.g. focus group)
- Historical sales data (EPOS system)
- Consultancies such as GFK, Verdict and Mintel for consumer trends
    - *"You've got too many options to find market information in some respects. My plea to the industry would be to try and get more people putting information to the same place. All of those four or five people who are doing market data will have a different pool of information."*
- The Horticultural Trades Association (HTA)'s annual Garden Industry Monitor (GIM)
- Trade shows
- Visiting competitors' stores

2.2.5 Garden/horticulture related hardware products

Among DIY chains, the hardware product market is only growing slowly.
Growth in this sector occasionally comes from some level of innovation. For example, the new lithium iron battery technology, which made cordless mowing much more of a proposition, created a new segment in the market, and as a result, some growth in the hardware product market. In the garden furniture category, the demand for resin/plastic furniture has died off. The purchasing of lawnmowers is brand driven. All the chains try to do their own brand but customers tend to go for the market leader.

2.3 Garden centre chains

2.3.1 Flowers versus plants

All garden centres sell plants. Only some garden centre chains offer cut flowers, and even when they do, it might only be in some of their stores or a very limited range. As a result, plants always account for the majority of garden centre chains' horticultural sales.

- *"Only a limited number of our stores sell cut flowers properly."*

- *"Some of our centres are little and so they just don't have the footfall for it. Cut flowers is very perishable, it's got a short shelf life."*

- *"We don't feel that it [selling flowers] is a viable option with the way that the supermarkets retail cut flowers. All our garden centres are in a very close locality to supermarkets and there's just no point; you can't make any money; the supermarkets undercut."*

To be successful, offering cut flowers requires significant investment, both in terms of personnel and facilities.

- *"You can't just play with it; you need to do it properly. You need a proper chilled unit"*

2.3.2 Future strategies

Some of the overall strategies mentioned include:

- Focusing on horticultural products, which are a cornerstone of the business
- Consistently grow in a manageable way and continue to be different to 90% of garden centre retailers in the UK with the products we sell because customers respond well to that
- Developing, growing and building
- Offering what we like to think of as community based garden centres and strengthening our position within our geographical area
- Being a provider of quality plants and the number one choice for customers due to price and value

The target customers of top end garden centre chains are older people with disposable income, and increasingly so younger people and families with disposable income.

2.3.3 General developments British retail chains according to garden centre chains

Retail is generally a tough market at the moment. The financial situation is worsening. The Euro/Pound Sterling exchange rate has a significant impact on what is happening in the flowers and plants marketplace.

- *“Prices are 15% more expensive, which means that retail price for cut flowers have to go up for example.”*

Supermarket chains are moving more and more into the non-food arena, including the gardening product category. With regards to horticultural products, they are seen to focus on cut flowers and only offer houseplants and added value products on festivals such as Mother’s Day and Christmas. Cut flowers and plants are usually displayed at the front of the store to make the most of the footfall of customers doing their weekly shopping. Supermarket chains have the advantage of not being affected by bad weather.

- *“Supermarket chains like Waitrose and Marks & Spencer really do take the lead in the added value ranges at festivals. I think they have some of the best offers out there and they spend time on it. It’s a much softer environment than a DIY store.”*

- *“The figure I heard about 12 months ago was that they were getting about 28% growth in live products, while we’re seeing negative growth in houseplants.”*

- *“For houseplants, 75% of our turnover is tied up with Christmas and Mother’s Day, and the rest of the year you’re just ticking along. So supermarkets are making it difficult for us.”*

- *“When the weather is not so good, the supermarkets can benefit because people go in there anyway to do their food shop and they might pick up some houseplants while they’re in there.”*

Garden centre chains think that they have the upper hand over supermarket chains when it comes to standards of retailing plants. Supermarket chains do not employ anyone to look after the plants. They provide little customer service, and their horticultural knowledge and product range are very limited.

DIY chains are perceived as driving value from a limited horticultural product range with little skilled knowledgeable staff. They are particularly good at selling specimen plants and pick on particular elements, like poinsettias at Christmas for example.

- *“Looking at B&Q’s offer for Mother’s Day this year, it would appear the DIY channel has moved out of the festivals a little bit. We probably watch*

Homebase more than B&Q because they are more involved into the softer side, including plants."

- *"I think DIY chains are very much moving towards DFY – Done For You, because people are impatient, they haven't got the time or they don't want to dedicate leisure time to DIY."*

For some garden centre chains, DIY chains are getting better.

- *"They're getting better at selling plants, they're getting more professional, their customer catalogue is very sophisticated, their marketing is sophisticated. They're not increasing their range though. I think the main thing is that they're getting more professional really."*

<u>Garden centre chains</u> have experienced a lot of consolidation in recent years, but there is still room for good independents. Tesco buying Dobbies has been the main acquisition recently, but Wyevale is also getting bigger by buying a lot of independent stores. Garden centre chains have also diversified their offering by including more food and drink products, lifestyle products, gifts, ladies fashion and catering in their stores in recent years.

- *"Farm shop concepts are working well in garden centres."*

For garden centres to compete in the marketplace, it is about having a point of difference. It is about adding value, having a better range and level of customer service than the DIY and supermarket chains, and providing an enjoyable shopping experience. Their target customer is discerning and prepared to spend money on good quality products.

- *"I think a lot of garden centres need to raise their game if they're going to survive. At the moment, the land that they're sat on is worth more than 10 years profit out of their business."*

- *"Good garden centres will be supplied by the good nurseries and the bad garden centres and bad nurseries will end up finding the marketplace very tough."*

- *"I think the garden centre industry as a whole has been very complacent. But all we have to do is make sure we have a point of difference, there's a reason to come here."*

- *"I think the biggest mistake the garden centre chains make is trying to run all their garden centres as one. It just doesn't work. Every garden centre is different and the locality is paramount."*

Smaller garden centre chains mainly keep a check on supermarket, DIY and other garden centre chains located in the vicinity of their stores because they are the ones that affect them the most directly. A few garden centre chains such as Blue Diamond and Dobbies were mentioned as being the more successful ones at the moment.

- *"Wyevale is an interesting one because they appear to be attempting customer, brand and product segmentation like Tesco does with food with their 'Finest' and 'Value' ranges. So Wyevale has destination centres, plant centres, etc."*

The wider application and use of the Internet has been a significant development across all British retail chains in recent years. Garden centre chains expect competition from supermarket chains to increase in the future. As for DIY chains, they are not perceived as a major potential threat and their market share is expected to remain flat or decrease in the future. Garden centre chains feel that their challenge for the future will be to try and maintain their market share.

Cut flowers and plants are peripheral purchases, so people might stop buying them but they will still buy food no matter what. To counter this, British retail chains need to add some value to make consumers want to have them. Changes amongst British retail chains will carry on as they realise it is actually quite difficult to make money because of the levels of wastage and discount and the pressure on margins due to exchange rates and petrol costs.

2.3.4 The British consumer

Consumer trends

There is a strong resurgence in growing your own, be it fruits, vegetables or herbs, at the seed or plant growth stage, in an allotment or a private garden. As food prices keep on soaring, this trend is probably here to stay in the long term. There is also a big push at the moment on health and the "5-a-day" programme is part of that.

- *"We're now selling more vegetable seeds – potato seeds, onion seeds, etc - than flower seeds*

Driven by environmental conscientiousness, customers also want to get closer to nature.

- *"We are now selling lines known as 'plants for wildlife gardens'."*

Another trend has been towards "DFY - Done For You" rather then "DIY - Do It Yourself", i.e. landscaping, a pot and a pot cover, cut flowers in a bunch, etc. The instant gardener is time poor and wants end products that look great right away. Then, it needs to be easy to look after. If the financial situation in the UK worsens, this trend might not carry on in the next few years though.

Consumer preferences can vary from one region in the UK to the next. For example, in London they buy everything in full flower for an instant effect, whereas in more rural areas like Hampshire they prefer tight buds to see the plant or flowers evolve in their own home.

- *“Compared to 10 years ago, I think the sort of ‘get your hands dirty’ gardener has disappeared a bit and we’re getting a lot more sort of impulse, instant buyers. Rather than growing a dahlia from a tuber, customers go for the one in a pot with a flower on it.”*

Some customers want something different from everybody else, which is why they go to a garden centre.

Best selling products

The best selling products are beautiful items that customers buy on impulse.
Gifts mainly, but also furniture, leisure products (BBQs, etc), clothing, indoor living and outdoor plants have shown significant increase in sales in recent years. On the other hand, houseplants are on the decline, except for orchids that have come to the fore and are becoming more and more important.

Information sources

Garden centre chains use a combination of information sources to get information on new consumer trends and fashionable items, as well as predict consumer buying behaviours.

- Trade fairs
- Mintel reports
- Reports provided by in-house marketing team
- Customer research (focus groups, etc)
- Feedback from customers
- Feedback from staff in stores
- Talking to suppliers
- Keeping an eye on the marketplace and its different players
- EPOS data
- Buying groups (for the garden centres that are part of one)
- Horticultural Trades Association (HTA)
- Garden Forum website
- Flower Council of Holland
- Media: gardening magazines, trade press, TV programs
- Chelsea Flower Show

2.3.5 Garden/horticulture related hardware products

Furniture is a category that is doing particularly well in garden centres. Some customers are prepared to spend a lot of money on a table and four chairs nowadays.

- *"It all used to be just outdoor, but now probably 30%-40% is indoor and 60%-70% is outdoor/garden."*

Tools and fertilisers are also on the up.

3 Flowers & Plants purchasing management

3.1 Supermarket chains

3.1.1 Flowers and plants purchasing

Flowers & plants category

Flowers and plants, in all cases, can be seen as a small but important part of the overall offering at supermarket retailers. The respondents generally gave rough estimates as to the % share of flowers and plants in the context of all grocery turnover. This ranged from under 1% to as high as 10%, with the average figure quoted just over 3%.

All of the supermarket retailers interviewed stated that the flowers and plants category was a growth area, apart from one who claimed that sales would remain static, simply because the flowers and plants section would not be allocated any additional space as it is not a priority category. Conversely a common reason for expecting future growth at other multiples was that flowers had been identified as a key category for growth and would be allocated more space.

The most common reason to think that the category will grow in the future is that has previously not been run very effectively and recently there has been significant improvement in terms of quality and range which should continue in the near future. One retailer interviewed mentioned that the flowers and plants category is going through a period of double-digit growth and another confirmed that, despite being very small as a percentage of all products sold, it was currently their fastest growing category.

Store penetration and availability throughout the year

In terms of which products are carried by which stores, this is generally governed by the size of the store and the corresponding size of the flowers and plants fixture. Of the supermarket chains interviewed, all but one stocked cut flowers in 100% of their stores all year round. The exception is for the smallest convenience stores that do not warrant having space allocated to flowers, but this represents a very small share of the market; so essentially all supermarkets always carry cut flowers.

The major supermarket chains with the largest formats carry flowering houseplants in almost all of their stores (90-100%) and stock green houseplants in slightly less (65-100%). Smaller format stores are less likely to carry houseplants, so these chains were between 20-35% of stores for flowering houseplants and 0-35% for green houseplants. Plants, when stocked are generally stocked all year round, some of the small convenience stores will just carry one or two plant lines at one time. Both flowers and plants will increase in volume and overall presence in stores during key seasons and events (Mothers Day, Valentines Day, Easter, Christmas etc.) and the biggest changes and increases will be in the plant lines (that are very much secondary during other periods in the year).

Balcony and bedding plants are far less common in supermarket chains. Two of the chains interviewed do not stock balcony and bedding plants at all and between the remaining respondents they were carried from between 15% and 80% of stores. These outdoor plants are also seasonal, only being stocked in the summer (mostly in May, June and July) in all cases.

At large supermarket chains there is usually a head of each category who will control how ranges are put together with input from buyers, a team in charge of retail operations (the portfolio of stores and space issues) and merchandisers, there may also be some input from an agronomist or technical expert as well as a design team to ensure products fit within the overall strategy of the retailer (particularly with higher value products like plants in ceramic containers etc). This structure is by no means set for all supermarkets and grocery retail chains. It is true to say, however that the most senior buyers/category managers will have the overall control on ranging decisions and how ranges are put together, but will be given some direction, assistance and structure by other departments.

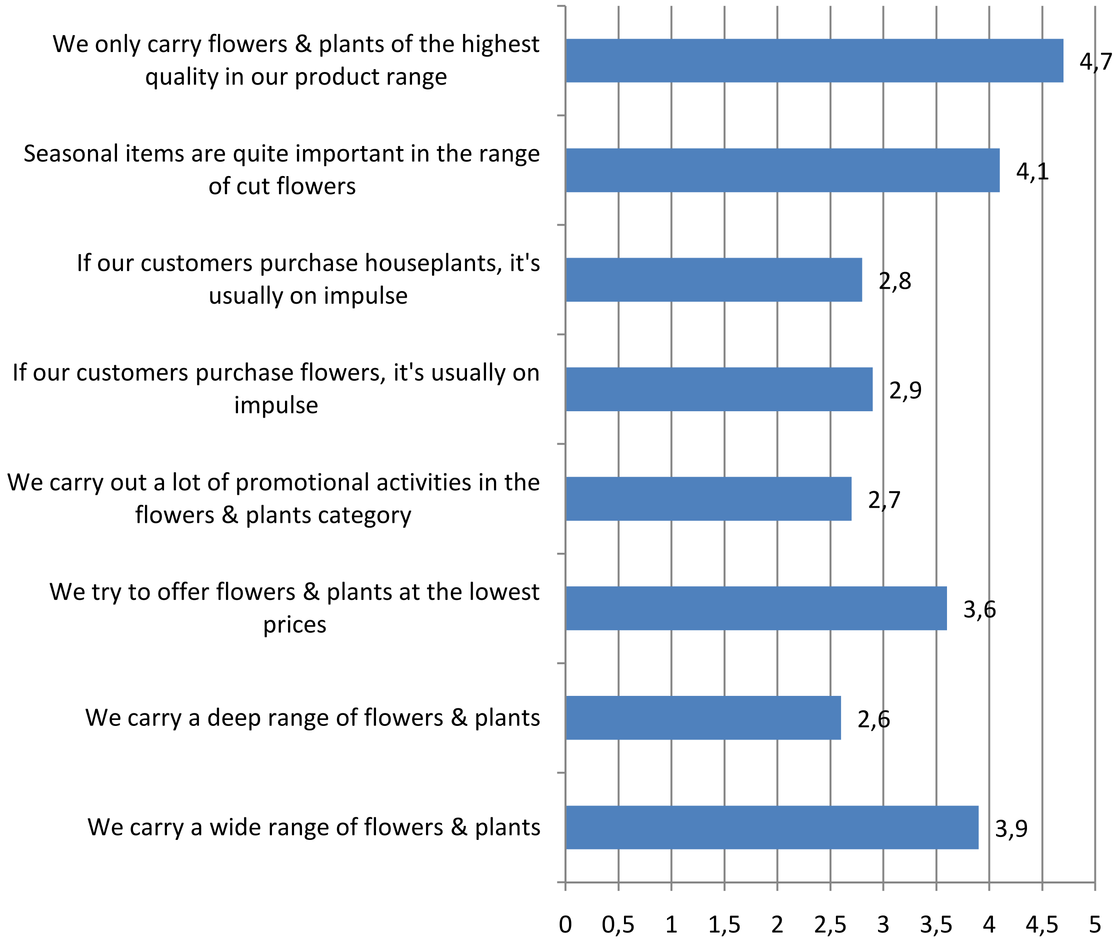
Sources of information on availability of seasonal and all year round products

The grocery retailers interviewed all mentioned their suppliers as the main source of information about seasonal products, as they have regular contact with them and they are closer to the growers and the new products that are being developed constantly. Some mentioned that they have formal reviews with suppliers on a monthly basis for example. Other ways to get information include visiting horticultural shows, visiting producers and suppliers in Europe and the UK, going to large flower auctions and generally speaking to anyone related to the industry. Generally supermarket chains plan their ranges around 10-12 months in advance and will have a “range refresh” periodically throughout the year.

3.1.2 Statements analysis

(1= disagree strongly. 5= agree strongly)

Graph 3.1.2 Statements Supermarket Chains



We carry a wide range/portfolio of flowers & plants

Quite a broad range of responses, as it is difficult to define, most interviewees feel that they have a broad range of products given the context of the size of their stores, but not if you consider the entire flowers and plants sector and what is available. There are a number of “core lines” that will always feature. They have been household favourites for years and are unlikely to change.

We carry a deep range/portfolio of flowers & plants

A broad range of responses, but generally supermarkets do not carry very deep ranges. This generally varies greatly between flowers (where ranges will be relatively deep in key lines like roses) and plants (where ranges will rarely be deep).

- *"We categorise stores as having 6, 12, 18 or 24 buckets on a stand. If it's a small store with 6 buckets I'm not going to put 6 different types of roses into it, I'm going to put one of a core range of products only"*

We try to offer flowers & plants at the lowest prices

There is a split between the retailers who are very price competitive (with scores of 5 and 4) and those that are less price competitive as they are premium or convenience retailers (with scores of 1, 2 and 3). Most of the retailers highlighted that the concept of "best value" is very different to the lowest prices.

We carry out a lot of promotional activities in the 'flowers & plants' category

Scores tended to be around the middle ground (with four 3s). Flowers and plants are not heavily promoted as a category, there are a number of key points in the seasons and key events that have more promotional activity but on the whole, they are not as heavily promoted as many other categories. The high quality retailers said that they have quite low levels of promotion, with more subtle promotional materials so as not to confuse shoppers or devalue the offering.

If our customers purchase flowers, it's usually on impulse

The larger format supermarkets gave this a low/average score. Smaller format stores sell more flowers as an impulse sale. According to the larger supermarket chains, flowers have now become part of the routine weekly shop for many consumers and so are not seen as impulse purchases.

If our customers purchase houseplants, it's usually on impulse

Mid-range scores. Houseplants can be more of an impulse purchase than flowers, especially if they are bought as a gift, however, there are also a number of consumers that will go to the supermarket wanting to buy a plant.

Seasonal items are quite important in the range/portfolio of cut flowers

Very high scoring. Seasonal items are definitely of key importance to all supermarket chains. One respondent did however mention that with all-year-round supply from Kenya and Colombia, this is becoming slightly less important, but there will still be traditional seasonal products attached to specific months of the year and calendar events.

We only carry flowers & plants of the highest quality in our product range

Very high scores reflecting the high quality of produce at UK supermarkets, the strong premium element to ranges and the pride that the buyers have in the products they procure.

3.1.3 Promotion

In terms of an overall strategy for the flowers and plants category or a statement that encapsulates what they are trying to do as a department, there were a number of interesting responses, including:

- We want to offer florist quality at the best High Street prices
- The best quality, ethically sourced
- The best value retailer that exceeds customers needs
- We want to build more long-termism into the way we do things
- As comprehensive a choice as possible (within each store's limits), at competitive prices
- We would like to become more of a "destination" shop for horticulture
- We want to be in between the highest possible quality and the lowest possible price – to gain universal appeal
- We want to have complete control from grower to store, with long-standing, close relationships with growers

❖ When asked about promotional mechanics and strategies, a number of common answers were given. The most popular was "**extra free**" or "extra value" where bunches have an extra 20% free (often one or two stems). Four of the respondents thought that extra free was by far the best method of promoting flowers and plants. These retailers liked this method as it was easy to understand and traded seasonal availability effectively for key products.

❖ Two of the respondents singled out "**2 for**" offers as the most successful; for example "2 bunches for £5" the reason for this was that the added value is very easy to comprehend. It was pointed out that is particularly suited to bedding plants by one retailer.

❖ Two other grocery retailers thought "**money off**" or "save" offers were always the most successful, for example "12 roses: were £7.99, now £5.99" or "save £2", but the remaining interviewees stated that they were only used occasionally and more commonly in houseplants than cut flowers.

❖ One grocery multiple though that "**multibuy**" promotions like "buy one get one free" worked the best, but others mentioned that it was too powerful for this category and is only occasionally appropriate.

❖ The final mechanism mentioned was "**linking**" products, for example, buy a bunch of cut flowers and a houseplant for £5. This is also rarely used by supermarket multiples, but can occasionally be successful.

On the whole the supermarket retailers thought that the flowers and plants category was not very heavily promoted and two said that it is important not to over-promote in the category, as it doesn't really suit this sort of purchase, is often unnecessary and can devalue the offering.

- *"We don't do big promotions on flowers. There's little point in doing a half price bouquet or a buy one get one free: it doesn't drive more sales for the category, you just switch purchases into that product"*

In terms of in-store materials to convey promotional offers, the respondents generally thought what they use is adequate, but quite standardised and two respondents mentioned that they could do more to try to develop what they used. The most common materials used are bucket "wobblers" and stickers on product pots and sleeves. There are also various sizes of posters and labels that can be attached to walls, fixtures, ceilings and shelf edges.

3.1.4 Ethical and environmental issues

When interviewed, the supermarket retailers all claimed that ethical and environmental issues were very important in everything they did in the current climate.

- *"Ethical issues are huge. In flowers and plants, they are perhaps not quite getting through to the consumer level at present but we would be crazy not to have ethical policies in place for all products"*

The pressure to source as ethically and sustainably as possible is driven not only by consumer demands but also by government agendas, the media and commercial competition. It was also mentioned by the majority of respondents that ethical and environmental concerns amongst consumers are not as strong as in most food categories, where products are consumed.

- *"Generally we don't make much of ethical issues in horticulture, we could do a lot more"*

- *"We have 100s of people just working on environmental issues like reducing packaging and carbon emissions in the supply chain. It's a huge thing in this business and one of our top three priorities at the moment"*

- *"Ethical issues have become self-perpetuating, there is a cycle involving the media, the government, the industry and consumers"*

- The **Carbon Footprint** issue is certainly very important to supermarkets and has led to many strategies to increase **local, regional** and **national** sourcing where possible. Airfreight flowers are still bought into the UK from countries like Kenya and are often labelled as air-freighted (and are often fair-trade branded). The industry in the UK does acknowledge the harmful effects of airfreight but is also quick to point out that out-of-season production in European hot houses is often more harmful to the environment over the whole supply chain.

- *"One of the key things this summer is British products, where it is available, we want to use it"*

Most of the supermarket retailers have strategies to try to reduce vehicle journey times as much as possible as well as trying to increase the amount of local and UK products they are stocking, however, all respondents mentioned that all year round products would still be a major feature and historically important suppliers like Holland would always have their place in the UK market.

- *"Our two key areas for where we try to grow our supply are British and Fairtrade, which obviously can't come from Dutch suppliers. However the dutch are excellent at what they do, sometimes you can get great products from Holland that you wouldn't be able to get from anywhere else"*

- Another key environmental issue is **Packaging** use. There is currently pressure from the government to reduce the amount of packaging used in the UK grocery supply chains, tying into strategies to reduce the volume of waste going into landfill sites. This is creating a trend for increased use of compostable, biodegradable and recyclable plastics being used to make packing for everyday products bought at supermarkets including pots, trays, sleeves, wraps and bags used for flowers and plants.

- **Fairtrade** is seen as an important issue and brand for the flower and plant buyers at supermarket chains in the UK. For two of the supermarkets interviewed it is seen as a key strategy and ties in with major strategies at group level. One retailer mentioned that Fairtrade is important but it is not the only way to ensure that products are produced in an ethical manner and that the producers and their neighbourhoods benefit. UK supermarkets must ensure that all products that they buy are ethically sourced, whether they are Fairtrade accredited or not.

3.2 DIY chains

3.2.1 Flowers and plants purchasing

Flowers & plants category

For one DIY chain, living products/horticulture account for about 2-2.5% of its total turnover, while for the other two, it accounts for about 10-12%. The first DIY chain is investing very heavily in one or two other segments of its business – its showroom business, i.e. bathrooms and kitchens – and as a result, the relative share of plants will either remain broadly static or it might decline slightly in the coming years. The other two DIY chains expect the relative share of plants to increase in the next few years.

Purchasing process

DIY chains pre-book the quasi totality of their plants.

- *"We book/reserve about 98% of our stock the season beforehand, so we don't ring around asking for availability because we've got it all on order already. We will say we want this variety next year and we want 10,000 packs week 27, 10,000 week 28, 5,000 week 29. Every line on our order will have a flow plan attached to it. We sell 3.5 million 24 packs of bedding a year so we can't afford not to have that booked."*

Store number, store penetration and availability throughout the year

	B&Q	Homebase	Focus
Number of stores	330	331	180

Two DIY chains carry flowering plants and green houseplants in 80% of their stores all year round, and the third one in 100% of its stores. DIY chains carry balcony and bedding plants in between 90% and 100% of their stores when in season so nearly all year round. A store would not carry these product ranges if it has not got a garden centre on site. In the case of houseplants, some stores do not offer them because of limited indoor store surface or because they do not sell in a specific location. The possible reasons for the latter are numerous, but it could be because the store is located in the vicinity of a garden centre for example. Decisions on product range matters are taken by the buyers.

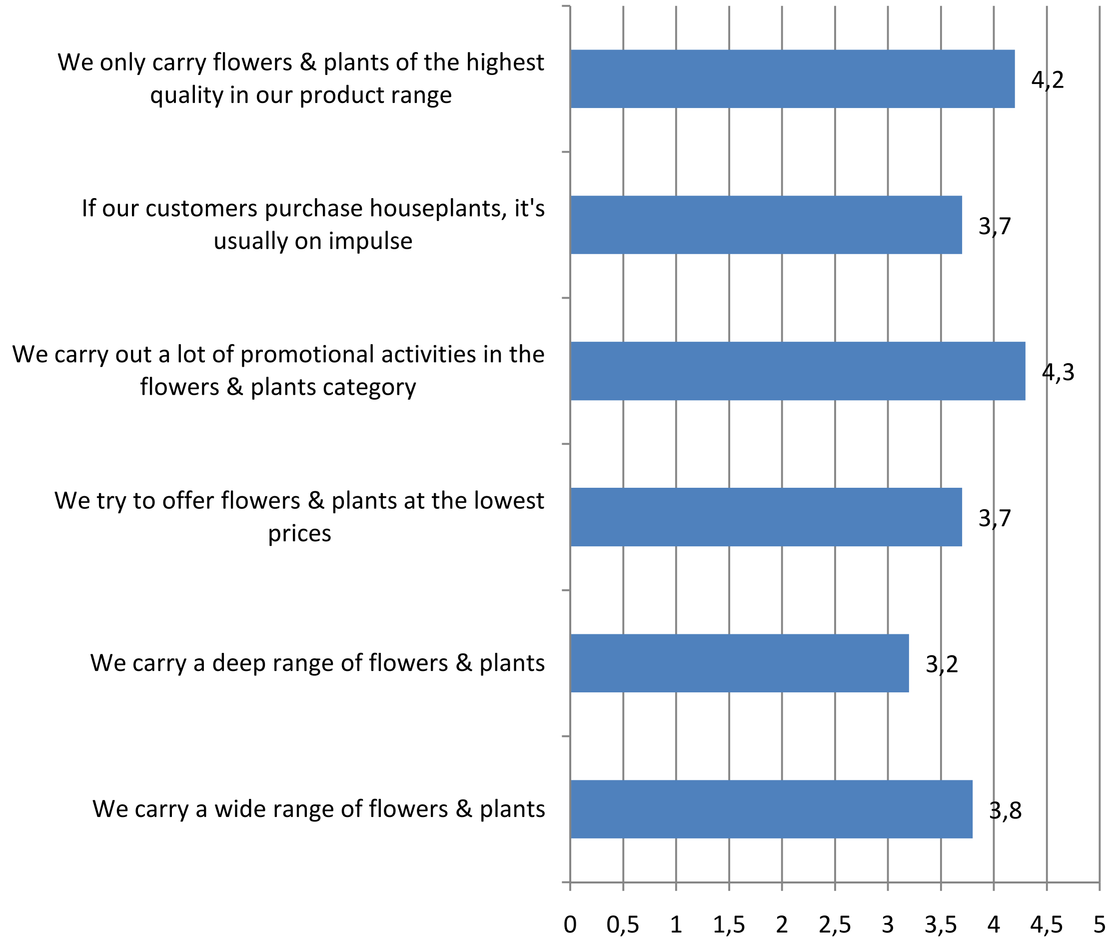
Sources of information on availability of seasonal and all year round products

- Suppliers
- Trade fairs

3.2.2 Statements analysis

(1= disagree strongly. 5= agree strongly)

Graph 3.2.2 Statements DIY stores



We carry a wide range/portfolio of plants/ We carry a deep range/portfolio of plants

DIY chains feel they do not carry a range of plants as wide and deep as they could.

- *"We get quite frustrated at the fact that we can't maximise our sales budgets because we haven't got enough space. During our peak season, between March and the end of May, we literally can't get enough products out into our stores for them to maximise their sales. We think our stores could still work harder if they had more space. This won't happen, so consequently, we have to be quite clever about how we range our products and about how deep."*

We try to offer plants at the lowest prices

- *"I would prefer to call it the best value price. Our price isn't always the lowest. Good value is around quality and price."*

- *"We're very aware of our competition, but we're also very aware of the marketplace and what people expect in terms of quality for what they're paying. We don't necessarily believe that we have to be the cheapest. Some lines we can compete on and would like to compete on, other lines we don't even bother because we know that it's a pointless task doing that."*

We carry out a lot of promotional activities in the plants category

DIY chains all carry out a lot of promotional activities in the plants category. However, some particularly focus on price promotions, while others prefer product promotions.

- *"We're more aggressive than most in the market."*

- *"It needs to be a true offer and it needs to be great value for money. To make it good value for money, the quality obviously needs to play a part in that too. We try and ensure that they're done for the right reason, i.e. to promote awareness of the product maybe, and not just for the sake of selling the product."*

If our customers purchase houseplants, it's usually on impulse

DIY chains agree that customers usually purchase houseplants on impulse.

- *"It probably is usually on impulse. Although I think we're in a place now whereby we could be considered a likely destination for houseplants because they're at the fore of our stores. It's one of the first things that you see when you walk into the store."*

We only carry plants of the highest quality in our product range

All DIY chains rather strongly agree with this statement.

3.2.3 Promotion

DIY chains mainly use three promotional messages:

- Multi-buys, e.g. "buy 4 for £10"
  - *"Multi-buys tend to be on smaller products, in terms of smaller pot sizes, so not necessarily how large the plant is going to grow to, but the stage at which we grow it. The chances are that people would buy lots of them anyway, so we want to encourage people to buy more."*
- Special offers
  - *"Larger or higher ticket lines, so more expensive lines, we're probably talking now about a large bamboo plant, something like that, we'd have that on a special offer. The chances are people won't want to buy 2 or 3, or if they do, then they probably think 3 lots of £30 is £90, I don't really want to spend £90,*

I just want to spend £30, so we'll actually price drop that, so we'll have a special offer on that."

- Occasional blanket discounts
    - *"We're currently doing 50% off spring pack bedding just to clear it out."*

DIY chains use a lot of different POS (Point Of Sale) materials in their plant displays.

- *"I think header boards are what work best in the plant displays. A trolley will come in store with it emblazoned across the top, and the store will either sell off the trolley or relocate the plants and move the header board with it. It's quite a big strong customer draw."*

3.2.4 Ethical and environmental issues

All the DIY chains claim to be proactive when it comes to ethical and environmental issues. These issues are high on their agenda and are affecting them in many ways. DIY chains now all have a peat reduction policy in line with government targets, as well as a FSC (Forest Stewardship Council) certified wood policy. Some DIY chain stores also offer organic products and recyclable/biodegradable packaging materials. The organic concept has only crept into horticulture in the last couple of years at most and it is expected to be more successful in the coming years.

- *"We've tried, and are trying again actually, a range of organics, but it seems to vary in the degree of success that it has. If you've got two products and the organic one is higher priced, then consumers are not necessarily drawn towards the organic one because it's organic."*

- *"We have close liaisons with a lot of green groups, like WRAP [Waste & Resources Action Programme]."*

- *"One of our bugbears is we sell all our packs of bedding [plants] in polystyrene. At the first opportunity we get, we are going to get that sorted out because that is a landfill nightmare."*

According to DIY chains interviewed, Fair Trade isn't an issue when it comes to plants, nor is the notion of carbon footprint of plant miles.

- *"At the moment, the key factor is getting the best plants to market, wherever it comes from."*

- *"I think it's difficult within plants because it [the country of origin] isn't necessarily advertised very well in the marketplace. It doesn't have the same regulation and restriction as it does with food."*

3.3 Garden centre chains

3.3.1 Flowers and plants purchasing

Flowers & plants category

The quasi totality of garden centre chains claim that their total flowers & plants category account for about 30% of their total turnover.

Most garden centre chains are hoping to level off the relative share of their flowers & plants category in the coming years.

- *"I'd like to level it off but that might be going against reality. The plant market is quite a mature one really, while other markets such as gifts are more unpredictable I suppose."*

Purchasing process

Price is not the number one criteria for garden centre chains.

- *"Relationships with suppliers are much more important than price. If it's 5% more but we're getting consistently good service, that's fine."*

- *"I think this is about relationships and understanding. It's not just buying it for the cheapest price. It's about service and quality."*

Garden centre chains tend to purchase some products in advance and other products on a top-up basis.

- *"I would say which suppliers we're going to use and then top up on a weekly basis would be done by each store. I also organise the promotions for both stores."*

- *"We're working on pre-booked promotions, certainly with English outdoor suppliers, so we end up with a promotional calendar for the year."*

Store penetration and availability throughout the year

None of the garden centre chains interviewed offer cut flowers in all their stores. At most, they offer some in half their stores. All the garden centre chains interviewed carry flowering plants, green houseplants and balcony & bedding plants in all their stores. All these product categories are carried all year round. It is the buyer who takes the decision on product range matters in each garden centre chain. For important decisions either on the supplier base or on the product range, the buyer might discuss it with the Head of Buying or the Managing Director.

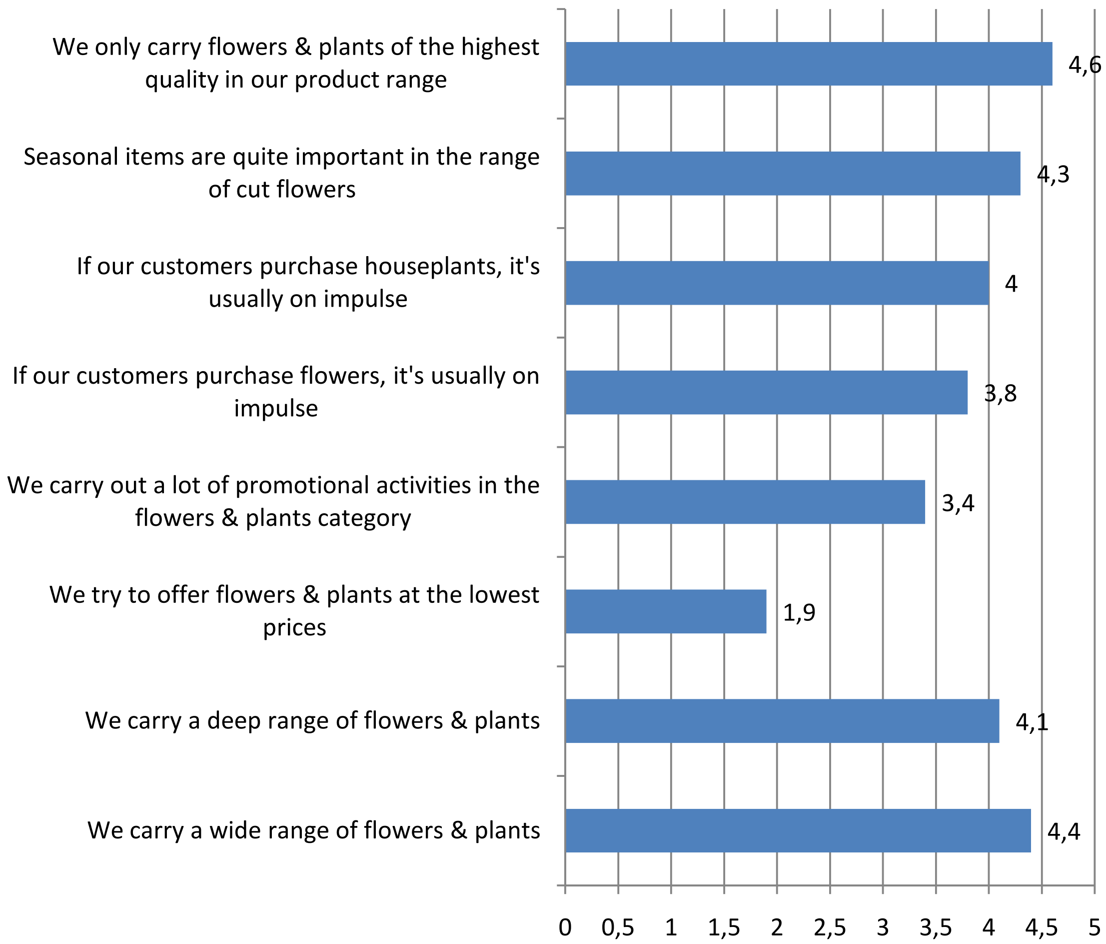
Sources of information on availability of seasonal and all year round products

- Suppliers and their weekly availability lists (some also have websites with their current product availability)
- Trade shows like Glee in Birmingham
- Experience

3.3.2 Statement analysis

(1= disagree strongly. 5= agree strongly)

Graph 3.3.2 Statements Garden Centres



We carry a deep range/portfolio of flowers & plants / We carry a wide range/portfolio of flowers & plants

Garden centre chains carry wider and deeper ranges of flowers & plants than supermarket chains and DIY chains.

> ➢ *"It's variable depending on the size of our centres. We certainly do carry a deep range in the big stores, but in others we don't."*

We try to offer flowers & plants at the lowest prices

Garden centre chains do not strive to offer plants at the lowest prices. They are be able to compete with the purchasing power of supermarket and DIY chains, and as such cannot offer customers the lowest prices in the marketplace.

We carry out a lot of promotional activities in the 'flowers & plants' category

Garden centre chains carry out a fair amount of promotional activities in the 'flowers & plants' category.

If our customers purchase flowers, it's usually on impulse

Out of the garden centre chains interviewed, only four carry a range of flowers in their stores. Opinions are split in the middle. Garden centre chains who have a dedicated floristry department gave this statement a relatively low score, while others gave it a high score.

- *"As we develop the Florista concept, people keep coming back because of their value and the range that we offer. It's not just impulse, it's building a reputation."*

If our customers purchase houseplants, it's usually on impulse

Garden centre chains were unanimous on this statement. Houseplants are usually an impulse purchase.

Seasonal items are quite important in the range of cut flowers

Out of the garden centre chains interviewed, only three scored this statement, but they all gave it high scores.

We only carry flowers & plants of the highest quality in our product range

The vast majority of garden centre chains interviewed gave very high scores to this statement, reflecting their belief that they offer flowers and plants of very high quality.

- *"You never achieve it [5] but that's the aim. We don't like to sell anything less than 100%. I'd be lying if I didn't say occasionally it does fall short."*

Only one respondent, who had only been in the job for a few weeks when interviewed, gave a score of 3.

- *"It will be a 5 when I've been here a bit longer, but at the moment I wouldn't say that, because there's rubbish out there. It will be 5, but at the moment, it's probably 3."*

3.3.3 Promotion

While supermarket chains and DIY chains only mentioned quantitative promotion activities, garden centre chains cited more qualitative promotional activities, such as customer events, customer vouchers, promotional magazines and gardening clubs.

- *"One of the most successful things that we have done over the last couple of years has been customer events. We've organised talks to our customers, both keen gardeners and novices, mainly around plant material. We've just done one on vegetables and I would say that 80% of the audience were gardeners wanting to start growing vegetables for the first time."*

- *"We do a lot of customer vouchers or come-back vouchers, such as "come back in May and you get something off"."*

One respondent thought add-ons are also an effective way of promoting a plant, like "if you buy this plant, you get the pot for free". One garden centre chain mainly concentrates on promoting products of high quality with a difference, i.e. something that's going to genuinely interest customers who have got a nice garden already and the money to spend.

- *"There's a new Hebe that's just come out from Holland, called Heartbreaker. Everyone else sells it at £4.99 and they sell lots of it. But we went to this guy in Holland and we said we want to grow it in this big pot and we want to sell it for £20 and he said you're mad. He grew thousands of them and we've sold a lot because people just came in and went "wow" and they just had to have it"*

In terms of quantitative promotional activities, multi-buys, such as "buy one get one free" and "three for two", are the type that works best according to most garden centre chains interviewed. They are easy to understand and customers are now familiar with them.

- *"They [multi-buys] actually work better than half price. It is an easy win because it also builds your volume."*

- *"We run monetary promotions all the time really in one horticultural area or the other – nursery stock, bedding and/or houseplants. We adapt our different plant promotions to the seasons when we can get good prices for them from our suppliers."*

Other quantitative promotional activities used by garden centre chains include price reductions. It is different for flowers where garden centre chains aim to provide consistent value for money every day, rather than punctual promotional activities. Garden centre chains use a lot of different POS (Point Of Sales) materials in their stores. The most common one is A4 signage.

One respondent is thriving for its garden centres to be different from the rest of the competition with a different kind of messages on its signs.

- *"A lot of garden centres, including ours, have a sign that just says "orchid, £7.99". But you don't need to say it's an orchid, the plant is there, it's pretty obvious. I think something like "orchid, add a touch of class to your living room" is much more attractive to customers. The price is important but not crucial, so it could be on the pot or the edge of the shelf rather than a sign. The sign is what gets you inspired. You get inspired, then you pick the product up and then you might look at the price or you might not."*

3.3.4 Ethical and environmental issues

All the garden centre chains interviewed agree that these ethical and environmental issues are becoming more and more important for British consumers. Considerations with plants are more environmental than ethical though. Some garden centre chains are doing more than others. Some have company policies on these issues.

- *"It's about corporate and social responsibility at the end of the day. We're big enough that we can actually make a difference, so we do pot recycling, bring your pots back, we have FSC [Forest Stewardship Council] certified timber, we don't sell live animals anymore. All of those things are driven through the business and are very important to us."*

Others offer organic products (i.e. pesticide-free) like herbs and vegetable plants, peat-free compost, organic fertilisers, biological pest control, recyclable plastic pots and/or biodegradable plant pots, and recycle pots and chemicals.

- *"We've moved away from polystyrene. All our bedding [plants] are now into recyclable plastic pots."*

- *"Coir pots, which are biodegradable pots, have been very successful for us. The customer can plant the pot and all it contains. The material breaks down once it's in the soil within probably about 6 months. We trialled it last year in a couple of centres and it's been so successful we took it straight out to all the centres immediately."*

Garden centre chains interviewed do not think that Fair Trade and plant miles are issues among British consumers when it comes to plants. These issues are certainly less obvious than with food.

- *"We have been debating whether there's a consumer issue there. Do consumers really care and want to know where a plant has come from?"*

- *"I don't know whether Fair Trade really applies to plants. I'm not aware of it."*

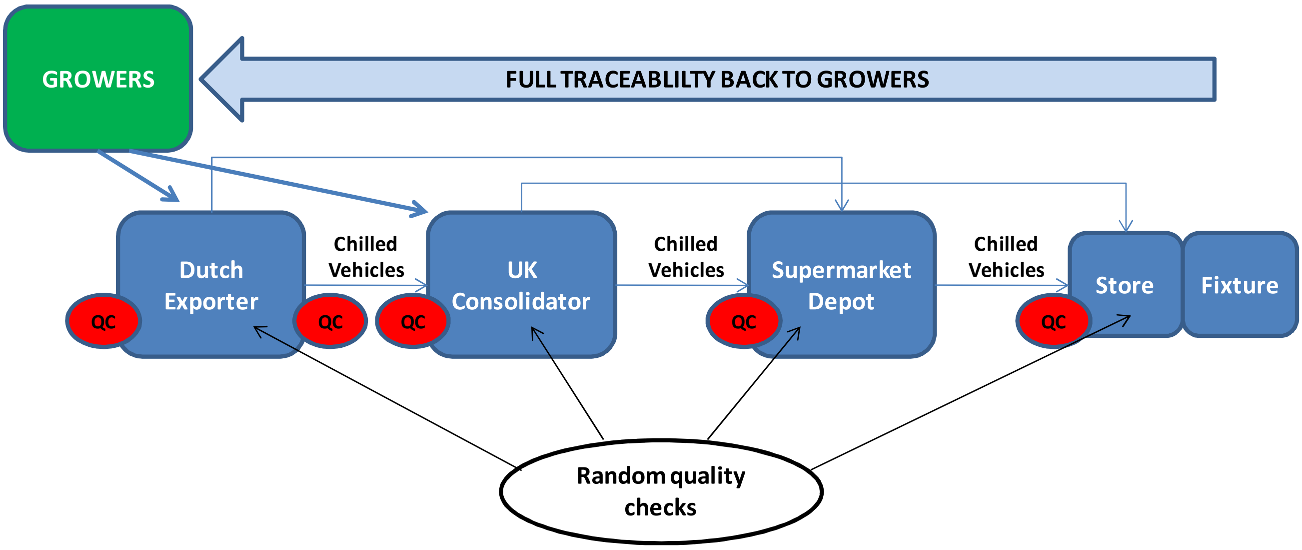
- *"The question of plant miles exists much more in the mind of journalists than it does in the mind of the consumer. We're not getting a lot of customers coming in and asking how far that plant has travelled. But I think there will be more and more promotion of locally and British grown plants. I mean, logically, to be honest, if you've got gifts coming from China, it doesn't make a lot of difference whether plants come 100 or 150 miles."*

- *"So much of our products are actually grown in this country for quality reasons, so it's less of an issue. We're even labelling some of it as British grown, and that seems to be very positive for the customer as well."*

4 Flowers & Plants quality management

4.1 Supermarket chains

4.1.1 Track and Trace



Despite all supermarket respondents giving slightly different accounts of how flowers and plants are handled from when they are delivered to when they arrive on the flower fixtures, the above diagram can be seen as a general blueprint for supermarkets.

From the moment the flowers come into the country, supermarket supply chains work very quickly and efficiently to ensure that the products reach the shelves as rapidly as possible and in the best possible condition.

In terms of timing, the responses varied from the quickest where flowers and plants arrive into an automated depot, where they are kept for as little as two hours before being driven out to stores and will be put straight onto flowers fixtures (or will go onto fixtures first thing in the morning). With a large network of smaller stores, convenience retailers will generally not be able to get products to store quite as quickly. One respondent mentioned that with smaller format stores they work to an “order: day 1, depot: day 2, store: day 3, framework.

Quality control (QC) can occur at every stage in the supply chain. All of the supermarkets apart from one interviewed have quality control at the depot level, usually with trained staff checking products as they come into the depot to ensure that they measure up to the specifications previously agreed with suppliers. Supermarkets also expect their suppliers, whether based in the UK or overseas, to ensure that everything they are sending is of perfect quality and matches the appropriate specifications.

When flowers and plants are delivered to stores, supermarkets ideally try to get them straight onto the flower fixture. If there is not room or if there is not time or staff to do this straight away they can be held in a “back-up area”, which can vary in size and level of sophistication depending on the size of store. In larger stores there are chilled and ambient areas to store the appropriate products to maintain their condition. In smaller stores, the respondents were aware of the storage needs of the various different products but conceded that it is not always possible to store products in ideal conditions whilst they are waiting to be put onto the flower fixtures, highlighting that being too close to some fruits and vegetables can cause deterioration of products due to the gases that are given off and that some products should be kept cool and others at room temperature, which may not always be possible.

Local and UK products can often be delivered straight to store by UK suppliers to some of the supermarket chains interviewed, which means that quality can not be checked at the depots and buyers must have a real trust in the supply base and staff at stores that the quality of produce will be checked and maintained effectively.

4.1.2 Handling within stores

In some large supermarkets there will be a dedicated member of shop floor staff in charge of the flowers and plants display. One high quality supermarket retailer mentioned that they have a trained florist in every store. Far more common however, is to have somebody with a broader responsibility, for fruit, vegetables and flowers and in smaller shops this may be broader still to all fresh produce for example. These members of staff are usually in charge of getting the flowers and plants onto fixtures and ensuring they are kept in good condition and look good. The knowledge and skill of the person in charge of the section can vary greatly from store to store. Three of the respondents mentioned that not having a dedicated member of staff to look after the flower and plant display was a weakness and something that they would like to have in the future if possible.

All of the supermarket respondents said that flowers are given fresh water and food, rather than placed in used water. Many said that they arrive in their own bucket with the appropriate water and food and are put straight onto the fixture as they are. It is the responsibility of the staff on the shop floor in the appropriate section to ensure that the flowers remain in good condition and have enough water and they should be aware of best practice.

The flower and plant fixtures/displays are usually found in one of two common positions; by the entrance to the store (front of store), or adjacent to the fruit and vegetables section, or both. Fixtures are sometimes on wheels in which case they can be moved around slightly. In smaller convenience formats, they can be moved outside to the pavement. The reasons given for the positioning of the flower fixtures were generally similar:

- The flowers and plant fixture is very colourful and beautiful and creates a good impression and pleasant ambience that impacts on the whole of the produce section
- The flowers and plants section is the first shoppers come to when entering the food section of the store and gives a good impression
- Flowers and plants are placed at the front of the store to try to boost impulse purchases in the category

4.1.3 Limits to quality management

The main reasons for supermarkets failing to have the highest quality flowers and plants on offer are commonly put down to people issues in general. Many of the respondents from supermarkets claimed that it is difficult to get well-trained staff in all stores who know how to handle flowers and plants correctly.

It was mentioned by two respondents that sometimes staff will like working on the flowers and plants fixtures and will think they know how best to treat products as they have been doing their job in the same way for many years, which is often not the case.

It is important that all staff handling products know what condition the plants should be stored in (i.e. ambient or cold conditions) as if they are stored incorrectly this can have a negative impact. One retailer interviewed said that they would prefer to have daily deliveries rather than every two days as this would improve product quality.

Generally, the message from the supermarkets was that with a network of hundreds or even thousands of stores there are many variables and many things that can not run 100% efficiently. Quality control is good at UK supermarkets, but there will always be areas to improve on.

4.1.4 Bottlenecks and waste

For a highly perishable product, waste figures are moderate for cut flowers in UK supermarket supply chains. One retailer claimed they aim to have wastage rates of under 15% for fresh cut flowers and another mentioned that anything above 10% is unacceptable.

- *"Wastage tolerance is 14 or 15%, but that's obviously an average. There are products with wastage under 5%, but there are others with over 20%"*

The highest wastage for supermarkets is generally in store and all respondents said that wastage rates at depots is very low – due in part to the fact that suppliers should check that all products sent are of top quality, so the waste should really be happening further up the supply chain.

- *“Waste at the depot is very occasional and if it does happen it is usually because they have come in damaged, which is an issue for the haulier or the supplier”*

Overall, the biggest reason for wastage that supermarkets blame themselves for is the ordering process, which can be very difficult to get right from season to season. High wastage rates occur, in particular, when new lines or ranges are introduced as there is no prior knowledge or data on how the product will sell. Supermarkets can over-order with new ranges which leads to high wastage. Stores can also get ordering wrong if there is a particularly high demand for a product, or a particularly attractive promotion.

Other things will also affect this can be out of the control of the retailers such as the weather, especially for products like bedding plants and customers mis-handling cut flowers and damaging them.

To reduce wastage it is very important that supermarkets look to optimise their ordering and deliveries during peak seasonal times and events where volumes of flowers and plants sold hit a peak. One retailer said they have focussed on optimising this and now have three drops a day at stores around Mother’s Day to avoid overloading the system. The supermarkets interviewed do operate to a first-in-first-out (FIFO) system where possible.

To reduce waste the supermarkets generally focussed on improving their ordering and forecasting of sales. It is also important that quality remains very high and consistent to achieve accurate forecasts of demand and low figures for wastage.

4.1.5 Defining product quality

The supermarkets interviewed state that, really, quality is defined in different ways for different products which will be shown in the specification sheet linked with each order. Generally, quality is linked to the appearance of the flowers or plants and their longevity. Some of the specific characteristics are seen as desirable by the UK supermarkets such as:

- Good stem weight (which gives a longer vase life)
- Long shelf life
- Freshness
- The most beautiful flowers and plants that will last
- The appropriate ratio of open: closed flowers, depending on the target market
- Not wilting, not brown and fairly “normal looking”
- Quality is 70% visual, but “performance over life” is a key concept

4.1.6 Product quality quarentee

All of the supermarkets interviewed gave some form of life guarantee on cut flowers, but generally not on plants, although three of the respondents stated that plants carried a “sell by date” or “display until date”. On cut flowers, supermarkets will generally give a life guarantee of between 5 and 7 days (after the sell by date) depending on the product being sold.

4.2 DIY chains

4.2.1 Before arriving at the depots/distribution centres

This is a very important phase of the plant delivery process. DIY chains aim to tackle the vast majority of potential issues before the plants actually arrive at the depot/distribution centre. It is all about quality assurance rather than quality control now. This is done by writing up product specification sheets, visiting the growers and requesting samples of the plants before actually ordering them. DIY chains take preliminary steps and spend time and resources with their growers to ensure quality at the source so they can minimise quality controls in their own supply chain at later stages.

DIY chains write up specification sheets for every product that gets delivered to them. For established products, the specification sheet is based the one used on the previous season. For new product lines, the specification sheet is based on the educated guess of the supplier or grower and the buyer about what the product will look like at different growth stages.

- *“At the start of each season, we ask for a sample of the products to be sent to us a few days before they are due to come into the depot, so we can have a look at them. We also use those samples as a benchmark to compare with the actual product delivery into the depot a few days later.”*

4.2.2 At the DIY chains’ depot/distribution centres

Deliveries from suppliers tend to arrive at the climatically controlled depots/distribution centres in the morning. The quality control checks are done at the depot/distribution centre level, before the plants are being sent out to the individual stores. The quality assurance team undertakes a visual check of all deliveries and compare them with the relevant specification sheets and any specific points discussed with the grower or supplier, such as different size plants or number of buds due to different climatic and growing conditions one year compared to the previous one. These specifications are constantly evolving and being adjusted so that the quality assurance team is fully up to date with what a product should look like at any time during the year when it gets delivered to the depot/distribution centre.

- *“The quality assurance team focuses its time on certain deliveries from certain suppliers. They will focus on any product that they know might cause* *concern, such as one prone to diseases for example, and any supplier that they know is less able."*

- *"We randomly check 10% of all stock delivered to our distribution centres. During peak periods of the year, we get 27,000 trolleys through our distribution centres."*

If there is any issue with a delivery (e.g. no labels, does not meet essential specification points, disease, pest, etc), the quality assurance team and/or the buyer will give the supplier a call, dispose of some products or lines, or return part or whole of the delivery back to the supplier, depending on the degree of seriousness of the problem.

Once a delivery has been signed off by the quality assurance team, it is amalgamated with other suppliers' checked out deliveries. Products are then put into store allocation zones, which are made up of all the products that are to be delivered to specific stores nationwide on any one day. In the afternoon or evening, these products are loaded onto climatically controlled vehicles and shipped off to individual stores.

Depots/distributions centres for living horticultural products in the UK tend to follow this cycle daily. As such, horticultural products tend only to be in the depot/distribution centre for a matter of hours.

- *"Our depots for living horticulture are stockless overnight."*

Delivery processes and lead-times into depots/distribution centres can vary between domestic or continent stock.

- *"Continental growers bring their stock to our distributions centres, whereas we collect stock from our UK growers. Most of our Dutch stock is consolidated in Holland. It comes into the consolidation point in Holland on day one, loaded overnight, dispatched on the morning of day 2, go across the Channel on the ferry and come into our depots in the UK on the evening of day 2. It will be checked by quality control, amalgamated and distributed out on day 3. So the longest it will take is probably three days, but in reality it might be a bit shorter than that."*

4.2.3 Handling within stores

Plants are delivered daily from depots/distribution centres to stores nationwide on trolleys by climatically controlled vehicles. Merchandisers/buyers know each store's capacity for different plant so all the products that get delivered out to a store can usually find room on a shelf. If the store shelves dedicated to plants are full, plants are left on the trolleys as a temporary fixture and traded as such either into the plant areas or merchandised under canopies in front of the store entrance before getting into the building. Most DIY chains carry out some random quality tests in their stores.

When in store, plants can need watering up to twice a day depending on weather conditions and plant types, so a high level of maintenance is required.

Each store's plant areas have one or several customer advisors specialised in horticulture/gardening. Staff numbers are the main bottleneck in store with regard to plant care, especially at busy times.

Stores have different layout from one another. However, houseplants tend to be displayed at the front of the store, bulbs and seeds in the garden maintenance section and garden plants out in the garden centre section.

4.2.4 Waste reduction

DIY chains are always trying to reduce waste. This can be achieved by putting the right products at the right times into the right stores. This process is monitored constantly but can only be controlled to a certain extent because of weather unpredictability. The reality is that consumers just do not buy plants when it is raining and the inconsistent demand from customers impacts the supply chain.

- *"When the sun is shining, out network works at its best and we can put 27,000 trolleys through. As soon as we are not taking the capacity that we should be and we've planned, then we start to get bottlenecks. We've got stock going into store and they don't need it, and there is stock backing up at the growers. We never hold any stock in the network, but there is a bottleneck leaving the grower and a bottleneck going into the stores."*

4.2.5 Defining product quality

Good plant quality means that the plant matches its specification sheet, which includes a picture of the plant, its dimensions, a care card, etc, and performs as it says it is going to perform a few weeks or months after the customer has purchased it.

4.2.6 Product quality quarentee

All DIY chains offer plant guarantee, usually lasting 2 years. It tends to be advertised on care card and leaflets available in store.

4.2.7 Random quality tests

Random quality tests can be carried out at suppliers' level, at depots/distribution centres level and at stores level.

4.3 Garden centre chains

None of the garden centre chains interviewed has depots/distribution centres. Flowers and plants get delivered directly to individual stores.

4.3.1 Before arriving at the stores

Before buying flowers and plants, a significant amount of preliminary work is undertaken. The buyer visits the suppliers, receives samples and/or photographs and usually writes up a specification sheet for each product. The quality control needs to be carried out at the nursery. If it is at the garden centre store level, it is too late.

- *"It's just making sure that the specification is right in the first place so that it doesn't get delivered wrong, because once it's delivered wrong, you have to raise credit notes, the invoice is help up, the supplier doesn't get paid for anything else that's on the delivery note, etc. To try and unpick over a hundred stores is a huge cost for everybody."*

- *"Generally, I wouldn't buy anything that I hadn't already seen, be it a sample or a picture. It depends on how much trust you've got with that supplier really. We only deal with suppliers who we have a long term relationship with.*

4.3.2 Handling within stores

Plant specialists inspect the flowers and plants coming off the lorry. Garden centre chains with an EPOS system then scan the bar codes of all the goods received. If everything is fine, they are generally put straight out on display into the store.

- *"Our rule is that fresh seasonal products have to be off the trolley and out on sale that working day and hardy goods like shrubs and trees, need to be off the trolleys within 24 hours. Generally everybody keeps within that."*

However, if there is no room on display or the staff is very busy, some garden centre chains place cut flowers in a cold store and leave plants outside on trolleys, usually in the goods-in/offloading area.

Most garden centre chains claim not to have too many quality problems. However, if there is a problem with delivered goods, the plant specialist gives a call to the buyer, who addresses the issue with the supplier. Part or all of the delivery might get returned to the supplier. If the goods come from the Continent, it is not cost effective to return them because of freight costs, so the buyer then needs to negotiate with the supplier how much he is prepared to pay for the defective goods.

Different garden centres have different systems for climate control. These range from overhead irrigation, capillary matting on benches, to temperature control, automatic vents, humidity mist.

- *"In-store climate control is more and more important these days, I think."*

Plant watering and giving flowers fresh water is a daily routine for horticultural and florist staff, so quite labour intensive. Staffing expertise, staffing levels and irrigation systems are the main constraints to plant care.

Staffing in store is very important for the good running of garden centres and more specifically the flower and plant areas.

- *"Our plant managers are very well pay, much more than the average in the garden centre industry, because we're paying them to run and take ownership of that business. We are giving them complete control as long as it goes well, and it works. We run all our plant areas at 15% of turnover on payroll, which is probably double of what a lot of garden centres do. If you're trying to sell something premium, we have to provide the right level of customer service alongside it."*

The ideal location for flower and houseplant displays in garden centres is close to the entrance to encourage impulse purchase, but this is not always possible, especially in garden centres that were not purpose built.

Any random quality tests in store are carried out by the buyers because they know the product specifications. However, no all garden centre chains carry some out.

- *"We haven't got the resource to have a full QA [Quality Assurance] system, say like B&Q has."*

4.3.3 Waste reduction

Garden centre chains constantly thrive to reduce waste. Ordering has a huge impact so it tends to be done on a little and often basis. EPOS systems enable to constantly monitor goods in and sales out of stores, so as to minimise waste, but not every garden centre chain has one. The use of discounted price before the plant becomes unsalable is another way of keeping wastage to a minimum. Sales skills and customer service are quite important too. However, waste is very much weather dependent. If it rains a lot, waste levels tend to be much higher than when the sun is shinning because demand is very weather dependent. But if the weather is very hot, waste levels can get even higher if plants do not get watered enough.

- *"Staff training is the biggest thing for us for reducing waste. We also recycle."*

- *“We need to have a proactive approach to wastage. We need to have exit strategies and we need to treat plants like a sandwich in Tesco. They don’t sell the sandwiches two days after the sell by date; they reduce them before they reach their sell by date. We should do the same with flowering plants; we shouldn’t wait for them to finish flowering and then reduce them.”*

4.3.4 Defining product quality

Good plant quality can mainly be judged on general appearance – freshness, colour, health of the leaf, etc – which is subjective. Most garden centre chains interviewed also use product specifications (number of flower buds, etc), to a greater or lesser extent depending on the chain. Good product and supplier selection ensures good plant quality. Working with suppliers as a partnership enables to maintain this good plant quality in the long term.

- *“If it [the plant] won’t survive in our climate, we won’t sell it.”*

- *“For houseplants, ideally a third of the flowers are out with small buds.”*

4.3.5 Product quality quarentee

Garden centre chains interviewed tend to guarantee their hardy plants for 5 years, but some are less generous. This tends to be well communicated throughout the garden centre chains’ stores. Very few garden centre chains offer a guarantee on houseplants.

