



SELLING GIFTWARE TO CANADIAN LANDSCAPE AND GARDEN CENTRES

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It was in Toronto during the Second World War when John Weall's small landscaping company, John A. Weall Co., had need of an additional worker. John hired his paperboy, Len Cullen, to help out.

Within a few years, Len bought the business for a modest sum. He sold the land, moved the business to a five acre location in north Toronto and, in 1951, renamed the company Weall and Cullen.¹ He expanded the business and opened new locations. One of his hallmark projects was for R. E. Edwards, which became the well-known Edwards Gardens. Len grew interested in having his own gardens and in 1955 bought 22 acres of land on Taunton Road in Whitby for this purpose. In 1966, he added another 150 acres. This land was to become Cullen Gardens and Miniature Village, which Len opened to the public in 1980.² Mark Cullen, Len's son who had been in the business since his early 20's, then ran the five Weall and Cullen Garden Centres and wholesale distribution company in Toronto.³ The Whitby garden location became a well-known tourist attraction. Giftware was available for sale there, along with gardening and other products. In 2003, Weall and Cullen Garden Centres was bought by Sheridan Nurseries. Cullen Gardens and Miniature Village closed in 2006.

1 Source: Remembering Len Cullen by Art Drysdale, August 20, 2006, <http://www.icangarden.com/document.cfm?task=viewdetail&itemid=6350>

2 Cullen Gardens and Miniature, www.411s.ca

3 <http://www.411s.ca/s4111/views.aspx?LinkID=24478&EnID=01&CmID=10&AreaID=000&PcID=000>

3 *How to grow a business*, Interview with Mark Cullen, Globe and Mail Update, July 3, 2007

LANDSCAPE AND GARDEN CENTRES⁴

The growth of Weall and Cullen and its subsequent sale to an even older chain serves to illustrate the consolidation of the industry and the shifting competitive environment, which now also includes mass merchandisers, grocery retailers and hardware chains. While it is not clear what precipitated the closure of the Cullen Gardens and Miniature Village, its large landholding and the growth of urban development might have been one factor. Landscaping and garden centres need much real-estate for their operations and the larger centres that sell directly to the public tend to be established on the fringes of metropolitan areas where land is usually less expensive and where business operations are better able to fund real-estate assets. Over time, urban growth can increase land prices in these locations and make it more attractive for some operations to sell the land rather than operate it for business purposes. Perhaps this is one reason why the number of greenhouse establishments has been declining - from 3,425 in 2005 to 3,095 in 2006. Those that remain have been getting larger and more intensive on average, with the total greenhouse area increasing by 7%, and the total number of acres used growing by 5% in 2006⁵, although many of these operations are wholesale suppliers to garden centres and have no retail operations themselves. For example, in 2006, Canadian nurseries had sales of \$595.2 million. Landscapers and garden centres bought just over half of this amount from the nurseries and the balance were sold through other channels of distribution.⁶

Retail sales for hardware and home centres were \$20.4 billion in 2006⁷. Taken together with the retailing of hardware, lawn and garden products generated revenues of \$23.2 billion in 2004⁸, suggesting that landscape, lawn and garden sales could be in the vicinity of \$2.8-3.2 billion. Landscape services revenues are approximately \$1.9 billion and lawn and garden sales, \$1.3 billion.⁹

The number of landscape and garden centre retailers in Canada is estimated to be in the vicinity of 2,400. Of these, about 600 are members of the Canadian Nursery Landscape Association (CNLA). Chart 1 provides detail of the distribution of CNLA members,¹⁰ over half of which are located in Ontario.

INDUSTRY STRUCTURE

According to a recently completed CNLA member survey, most of firms in the industry have retail, nursery and landscape operations. Chart 2 provides detail. The industry is fragmented among a large number of companies. Many of the companies are members of the Canadian Nursery Landscape Association - www.canadanursery.com. The Web site includes a searchable database of members of the association.

Landscape and building products are also sold through hardware retailers. A previous article in this publication noted that the hardware retailing sector is highly concentrated, with four retail chains - Canadian Tire, The Home Depot, Home Hardware and RONA comprising the majority of hardware industry revenues.

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PRODUCTS SOLD

Many landscape and garden centres already carry giftware. Garden centres derive about 6% of their revenues by selling gifts and home décor items, and about 2% from Christmas goods. Chart 3 provides detail.¹²

KEY TRENDS

There are a number of key trends which may affect landscape and garden centres in Canada:

- Competition between landscape and garden centres and mass merchandisers, supermarket chains, hardware stores and others seeking to secure an increased share of consumers'

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CHART 1: GARDEN CENTRE RETAILERS - MEMBERS OF THE CANADIAN NURSERY LANDSCAPE ASSOCIATION

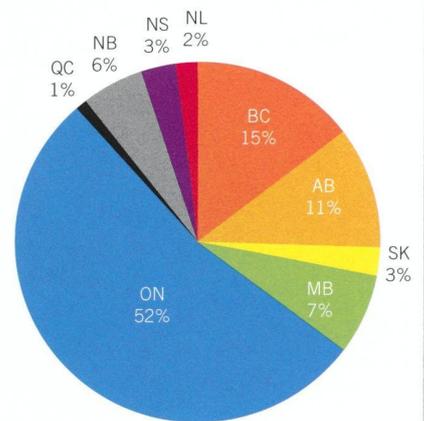
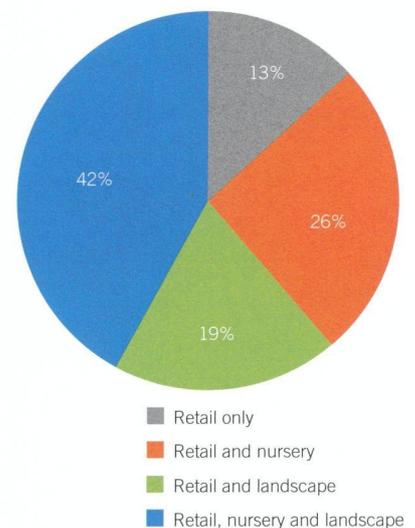


CHART 2: TYPES OF GARDEN CENTRE RETAILERS¹¹



⁴ Retail operations of the landscape and garden centre industry are not well described by statistics. Much of the statistical attention has focused on the production and wholesaling of landscape and garden products. In addition, data from industry associations reflect the diverse nature of companies in this industry, including grower, retailer, landscaper, and maintenance contractor, and these firms tend to be listed in all categories in which they are engaged, resulting in some overstatement.

⁵ *Greenhouse, Sod and Nursery Industries*, 2006, Statistics Canada, Catalogue no. 22-202-X1B, May, 2007.

⁶ Source: Statistics Canada, CANSIM: table 001-0006

⁷ Statistics Canada, CANSIM, table 080-0014 and Catalogue no. 63-005-X. This figure excludes the \$4.7 billion (2006) in retail sales by building supply and garden stores, some of which would also be potential retailers of certain types of giftware.

⁸ Source: *The Structure of Retail in Canada*, Industry Canada, 2006

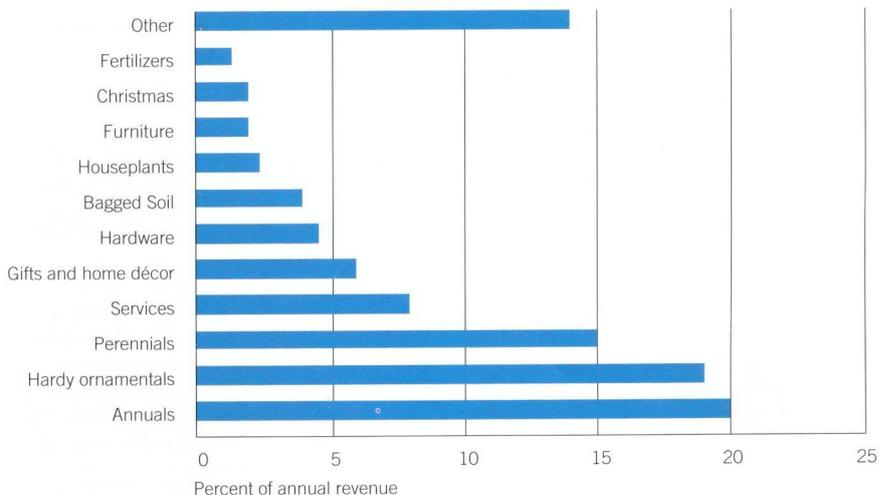
⁹ This figure excludes municipal planting activities, horticulture by provincial and federal parks systems, the golf course industry, and florists, which together would increase this figure substantially. *The Collection of Marketing and Business Statistics Relating to the Value-Added Aspects of the Nursery, Landscape and Turf Sector of the Horticulture Industry*, Prof. Ken Nentwig, University of Guelph, 2001

¹⁰ Source: Canadian Nursery Landscape Association unpublished data, 2007. Used with permission.

¹¹ Garden Centres Canada - Survey 2006 Results, http://www.canadanursery.com/Storage/13/902_GCC_Survey_2006_-_Results.pdf

¹² Ibid.

CHART 3: PRODUCTS SOLD IN GARDEN CENTRES



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expenditures on outdoor items such as those for landscaping and gardening. Increased and changing competition has the potential to skim business from landscape and garden centres, particularly with the entry of new hardware chains into Canada, such as Lowe's.

- Continued growth of the market for landscape and garden centre products as the Canadian consumer marketplace ages, with baby-boomers entering their peak gardening years.
- Growth in sales of specialty items, such as those associated with environmentally conscious activities, including the use of non-toxic pesticides and fertilizers, labour saving devices that make gardening more pleasurable, and outdoor gear and sunscreen that shield gardeners from the sun.
- Demands for new or alternative products from recent immigrants to Canada who may have experienced different gardening techniques and products in their home countries.

- Demand for products suited to gardening in a limited area, including smaller urban properties and condominiums.

CONCLUDING COMMENTS

Landscape and garden centres remain a fragmented sector in the retailing industry. Although there has been some industry consolidation, companies wishing to supply these retailers should generally expect to approach independently-owned businesses and smaller chains rather than the major chains to be found in the hardware or supermarket sectors, for example. These smaller retailers will want to differentiate themselves from one another and the growing number of "big-box" and other retail competitors, and increase the competitiveness of their offering and the interest consumers have in returning to their stores. Suppliers can help



landscape and garden centres accomplish this by enabling them to cater to new markets (like recent immigrants to Canada), intensify marketing to existing customers (like baby-boomers, especially female customers that may not have been the primary target of some landscape and garden centres), specialize in new products (such as environmentally conscious offerings and seasonal goods) and provide a reason for shoppers to return (such as by selling goods that require the use of a consumable product, or by marketing gifts that are part of a collection, like bird-houses, ornaments or garden implements). Smaller hardware stores have established home décor centres in their stores and it may be appropriate for more landscape and garden centres to do likewise, although with a bias to a product assortment for the outdoors.

Smaller retailers will want to differentiate themselves from one another...

ADDITIONAL RESOURCES

For additional reading on the subject, the reader may wish to review sources such as the following:

ASSOCIATIONS

- American Nursery & Landscape Association
anla.org
- British Columbia Landscape & Nursery Association (BCLNA)
bclna.com
- Canadian Horticultural Council
hortcouncil.ca
- Canadian Nursery Landscape Association (CNLA)
canadanursery.com
- Flowers Canada Growers
flowerscanadagrowers.com

- International Garden Centres Association
intgardencentre.org
- Landscape Alberta Nursery Trades Association (LANTA) and Saskatchewan Nursery Landscape Association (SNLA)
landscape-alberta.com
- Landscape Newfoundland Labrador (LNL)
landscapenl.org
- Landscape Nova Scotia Horticultural Trades Association (LNSHTA)
landscapenovascotia.ca
- Landscape Ontario (LOHTA)
landscapeontario.com
- New Brunswick Horticultural Trades Association (NBHTA)
nbhta.ca
- Quebec Interdisciplinary Ornamental Horticulture Federation (FIHOQ)
fihq.qc.ca
- Quebec Nursery Association (AQPP)
arbresetvivaces.com

GOVERNMENT

- Agriculture and Agri-Food Canada (AAFC)
agr.gc.ca

OTHER

- Mark Cullen
markcullen.com ■

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