

Increase Foliage Sales

Make cost-saving efforts to boost foliage sales during today's tight economy.

BY JON VANZILE

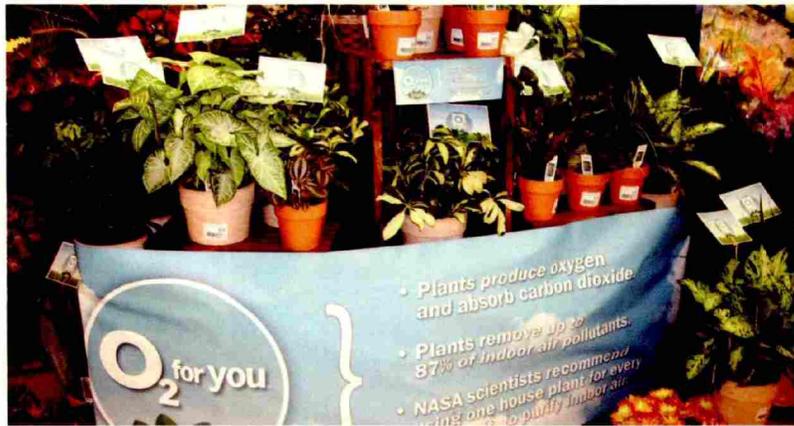
Despite a slow summer, sales of foliage plants have picked up and are holding their own against blooming pots, according to growers and retailers. Retailers can keep this momentum going by pushing promotional efforts, drawing attention to the sense of home and hearth evoked by having house plants and promoting their health benefits.

"We've seen a downturn, but in certain foliage items, I've seen an uptick recently," according to Kathy Hession, director of floral operations, Roundy's Supermarkets, Inc., a Milwaukee, WI-based chain with more than 150 stores. "The consumer sees the value of longevity."

Expect to see a focus on the health benefits of houseplants. A number of growers are rolling out marketing campaigns — including wraparound labels and tags — promoting houseplants' ability to cleanse air of toxins.

Florida Nursery, Growers and Landscape Association (FNGLA), Orlando, FL, recently launched *Think Green, Live Green*, a series of promotions based on research conducted in the 1970s by the National Aeronautics and Space Administration (NASA) and built on by Dr. B. C. Wolverton, author of *How to Grow Fresh Air*. In studies on indoor air pollution. The study identified a number of plants that removed toxins from the air. NASA scientists subsequently recommended one 6-inch houseplant for every 100 square feet of house space.

Today, the industry hopes to translate this research into higher sales to health-conscious, earth-friendly consumers. "We recognized a need to connect growers with end consumers," notes Jennifer Nelis, FNGLA director of public relations and marketing, "so we designed a marketing piece for growers to use



Foliage plants can be promoted as beneficial to the home environment.

and for use in consumer areas. It's right in line with the sustainability movement."

Available to everyone, the FNGLA marketing piece features information on the health benefits of plants and allows retailers to customize products with their logo. FNGLA printed its first 30,000 pieces in late 2008 and ran out within six weeks. For more information on the promotion, visit FNGLA's Web site.

Some growers are moving ahead with their own related promotions. Costa Farms, Goulds, FL, launched *O₂ For You*, a marketing program that includes a stand-alone display rack with *O₂ For You* branding and pot wraps with information on the health benefits of houseplants. "Our tagline is that NASA scientists recommend houseplants for clean air," reports Marta Maria Garcia, Costa marketing manager. "Spathiphyllum is the flagship plant because it's the top-rated plant for clean air."

Roundy's has considered promoting plants based on their health value, but the

company hasn't signed on with any promotion yet. "I want to focus on things that make you feel good," Hession explains. "How can we deliver that? The growers are doing their homework, and if they have a label that helps us, that's great."

PROMOTION POWER

The goal of promotions is to trigger the purchase impulse in people who weren't planning on buying a houseplant. Most plant purchases are impulse buys or add-on gifts with cards and candy. This means sales are sensitive to in-store promotions that draw attention to the floral department and turn a sudden desire into a purchase.

Each year, Roundy's Hession runs three promotions on 10-inch plants that aren't tied to large holidays but are designed explicitly to push foliage plants. The first happens right around back-to-school time, when the weather is getting colder, college students are moving into dormitories, and people are turning their attention from outdoor garden-

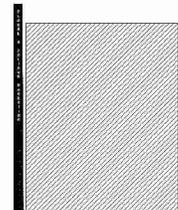




Photo courtesy of Hermann Engelmann Greenhouses, Inc.

Price Pressure

Price pressure is nothing new to foliage sales, but some insiders expect this year to be uniquely challenging. With retail sales at their lowest ebb in years, consumers have been holding onto discretionary income.

"It's going to be a tough year for all of us, but you need to look at plants as design elements," states Bisser Georgiev, vice president of sales and marketing, Hermann Engelmann Greenhouses, Inc., based in Apopka, FL. "If you make the design awesome and compelling, price won't matter so much."

Kathy Hession, director of floral operations, Roundy's Supermarkets, Inc., based in Milwaukee, WI, predicts the first quarter of 2009 will be especially difficult as waves of post-Christmas layoffs ripple through the economy.

Nevertheless, the continued strength of foliage sales in late 2008 — even as the stock market cratered — offered some reason to hope. In past recessions, consumers have shown a nesting impulse during downturns. Sales of big-ticket items might

plummet, but smaller, feel-good items, such as potted plants, have fared better than the market at large.

"I think people want something right now," notes Hession. "They might be reaching for something that lasts longer [than cut flowers], but I still think it's all downside right now."

One potential bright spot, however, is the drop in fuel costs. With fuel reaching an all-time high in 2008, retailers paid double-digit surcharges and trucking companies passed along the costs to their customers. Today, the price of fuel is dropping and Hession is hopeful the surcharges will also drop.

So far, however, she has been disappointed. "We know that fuel costs have dropped, but I think [trucking companies] are afraid to drop the surcharges because they know they can go back up. In the old days, we used to pick up a case of this or a case of that, and now we're buying by the truckload. We've got to be proactive in watching our costs and being efficient in getting product to market." **pb**

ing to indoor gardening. The second promotion occurs in March, just as spring begins and people start getting the itch to garden again. The third major push is in June, when people are adorning their decks with potted plants.

The key to successful promotions is putting together an attractive and inviting display, advises Jeff Hatch, operations manager, The Plant Stand, Costa Mesa, CA. "You've got to have the best product in front. It's always best to have color out front and you want to put your large plants in back. Use a waterfall display."

Brand recognition also helps, notes Bisser Georgiev, vice president of sales and marketing, Hermann Engelmann Greenhouses, Inc., Apopka, FL. Hermann Engelmann sells the popular Exotic Angel Plants brand and conducts extensive market research to predict consumer behavior for the year. "We research trends in consumer graphics and come up with pots and marketing material that fits design, consumer and pricing trends, and even popular colors," Georgiev adds. "In the first six months of 2009, we expect to see bright colors, such as lemon yellow. In the second half of the year, it's going to be purple."

MUST-HAVE PLANTS

Trends are an important part of foliage sales, particularly as consumers are influenced by magazines and home-decor shows. In 2008, succulents and cacti were all the rage while orchids grew steadily in potted plant sales. In 2009, orchids and succulents are expected to stay strong, but growers anticipate a movement back to "comfort plants" or safe, hardy plants that can withstand abuse.

Roundy's Hession predicts spathiphyllum will continue to sell quickly, along with

pothos vines, because, "You can't kill them." More difficult plants, such as ming aralia, ficus and philodendron, haven't sold as well.

Costa Growers is also banking on spathiphyllum, in part because it was identified in the NASA studies as one of the "cleanest" plants available.

Ivies, too, are expected to have a strong year, with the most popular product being a 6-inch standard pot with trailing ivy. According to The Plant Stand's Hatch, these regularly outsell hanging pots.

While plants make great gifts, consumers buy them for a variety of reasons. "The No. 1 reason is for a special spot in the house," Georgiev explains. "When they see a plant that matches a special spot, they buy it. The No. 2 reason is for their green lifestyle. People want to be environmentally friendly and they want their homes to reflect that."

Georgiev predicts architectural plants, such as sansevieria species, will be popular this year. "Anything architectural, such as hoyas and lipsticks, with special shapes and interesting textures will do well."

CREATING SELLING OPPORTUNITIES

Roundy's back-to-school foliage promotion creates a slew of selling opportunities. The retailer runs promotions attached to all the major holidays — Valentine's Day,

Mother's Day, Christmas — but Hession says some of the more obscure holidays are surprising. For instance, Roundy's sells many 6-inch dish gardens for Secretary's Day. In addition, many consumers purchase foliage plants in decorative pots as sympathy gifts.

The retailer holds down costs by offering a year-round supply of attractive dish-gardens that Hession helps design herself. She also relies on suppliers to produce the dish gardens, which cuts labor costs. "We work with vendors to design the product and purchase containers. They make them and we promote them. I actually go down and pick the containers. It takes the labor out of the stores," she notes.

According to Jim Mislant, owner, RJT Foliage, Apopka, FL, "Some holidays are better than others. Seasons, such as fall, are better than single-day holidays, such as Halloween, because they last longer. Christmas is great because it lasts five weeks."

RJT allows its customers to custom-design their pots and marketing material to match the overall branding of the store, handles manufacturing and assembly and ships ready-to-sell product to retailers. "We try to provide exclusivity so you won't see the same thing at a competitor for a cheaper price. Plus, most companies prefer having some input into the design and color palette." **pb**