Marketing: If You Can’t Beat ’em...

Janet Anderson and Carol Cowan

Take a map of Europe. Hang it on a wall and put a pin in it. Just about anywhere will do. Then, calculate the population of the marketplace within a one-hour drive. Chances are good the number will be in the millions. Extend your driving distance to two hours, and then five. You may not double or quadruple your market reach, but the numbers will be impressive. This dramatic difference in market density is a key reason why certain business practices in Europe have evolved quite differently than here in the North American marketplace.

One of the more noticeable differences in the nursery industry on the two sides of the ocean lies in the how product reaches the marketplace. Within Europe, the wholesale buyer has access to any number of one-stop shopping options. These range from cooperatively owned distribution locations, where many nurseries rent sales space and look after keeping their spaces stocked with quality nursery stock, to centralized re-wholesale pick-up yards and a whole lot of variations in between.

While Europe’s population density is a significant contributor to the success of these varied and often imaginative distribution centers, they do nevertheless offer some unique ideas for consideration within North American marketplaces.

Complimentary businesses sell out of one location

One of the newer distribution concepts garnering some good interest in Europe is the consolidation of complimentary businesses within a single centralized location—preferably all next door to each other. One such distribution center located in Belgium, with close proximity to the Dutch and German marketplaces as well, consists of a wholesale plant distribution yard, an indoor plant warehouse, a seller of cut flowers, a distributor of gifts and accessories, and a hardgoods supplier of stone, soils and mulches. The term win-win, for the wholesalers and the buyers, quickly comes to mind. Also on the winning end of the equation is the municipality, which finds they are able to attract an increased number of businesses to their town through special zoning classifications.

The impetus for this Belgium horticultural center was, for the most part, driven by a larger grower that had
traditionally sold his product to the landscape sector through a wholesale pick-up yard. In his ongoing efforts to attract buyers in this demanding marketplace, the grower found himself continually adding new products and services to his inventory line-up. As often happens in the process of expansion, rather than being “the best” in a specific niche, companies find themselves merely being “pretty good” in providing a broad-but-shallow range of product. In the end, they lose those customers who will only settle for the best.

The answer to the dilemma of providing both quality and selection in order to attract the widest range of customers possible was a logical next step: persuade like-minded owners of complementary businesses to locate their companies within this new horticultural trade center. With an already existing client base, this wasn’t difficult to achieve.

Everyone must abide by the rules
To ensure the integrity of this consortium, each of the companies located within the horticultural park agrees to abide by a fairly basic code of conduct. This is a business-to-business venture only, and sales to the retail public are not allowed. Each company is responsible for its own sales, shipping, invoicing and collections. Each business retains its own individual integrity with complete freedom to drop and add components to its product selection. Staffing is also less of a challenge, as personnel can specialize in their own area of expertise without the demand for broad product knowledge.

Advertising can be done individually or collectively. Display ads are purchased in trade publications to promote the cooperative, and the individual vendors each have the opportunity to provide input and copy. But of course, each business is free to promote itself individually, as well. Whenever one company attracts a new customer, everyone in the trade center potentially benefits. The whole becomes greater than the sum of the parts; by working together, all succeed.

Although the concept is strictly for wholesale business customers, visits from retail clients of the landscape contractor or landscape design clients (accompanied by representatives of the professional) are welcome and even encouraged. The wholesale nursery supports this by also including retail prices on all plants. The landscape contractor is, of course, entitled to the wholesale price at time of purchase.

Although this venture is still relatively new, each company located within the horticultural park has already begun to realize that the benefits of participating in this cooperative selling arrangement go far beyond being able to tap into each other’s customer bases. Probably the most important factor is the ability for each business to concentrate on its own area of expertise, thereby bringing the quality element back into the mix. And by staying focused on doing what they do well, they can easily deal with profitability issues as well. Specialization has proven to be particularly effective in helping most companies realize a savings in their labor costs relative to annual sales.

And finally, without the need to finance a diverse range of peripheral inventory, they can allocate these resources to where they belong: the bottom line.

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