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Off the Wall Can Be Right on Target

Bill McCurry



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In a world that tends to follow conventional wisdom, some people consider Steve Cockerham to be a little crazy. Others say he is one of the brightest retailers around. My conclusion? The operator of Betty's Azalea Ranch in Fairfax, Virginia is refreshingly both. His ideas are not traditional, but his convictions are solid, his customer following is strong, and Betty's success since 1962 is undeniable. Betty's has great product, unique signage, highly trained staff and displays that sell. All of this is in a natural setting where customers can walk under trees and shop in the shade instead of on concrete slabs.

Part of Steve's beef with "industry gurus" revolves around the over quoted maxim: "Customers expect to pay more at independent garden centers. Don't disappoint them!"

Betty's Azalea Ranch calls itself a "discount garden center." Signs show both the list price and Betty's sale price. Steve says, "When your prices are competitive or better, you must let the customers know. No sense giving away margin and not getting credit for it. While only some customers know the competitive price, every customer knows they get a good deal at Betty's. Today's consumers are smarter and more aware of spending money. They know when they are being ripped off and won't return. I don't insult their intelligence with outrageous margins."

Steve isn't afraid to make a good margin. He works with his vendors to buy as smart as he can. He understands efficient ordering techniques and turnover. Then he sets his prices to reflect the savings. Steve believes this further drives his volume and makes the business more efficient. Better wholesale costs and savings for the consumer drive repeat traffic and word-of-mouth referrals. It's hard to argue with success, and Betty's Azalea Ranch's customers are loyal.

Don't think of Steve as a typical discount operation. His fountain display is one of the best anywhere—at least 17 full-sized fountains are fully operational along with spectacular water gardens and koi ponds. Steve's logic for his investment in the fountains and the labor to keep them sparkling clean, noisy and moving out the door is simple. "Customers buy fountains for the sound they make. How can you ask a customer to buy a fountain

they can't hear?" It's just one of his "off the wall" ideas.

Another unusual approach is Steve's insistence that customers be given enough information to make an informed decision. For example, his advertising, signage and employees are quick to quote NTEP (USDA's National Turf Evaluation Program) when explaining which grass seed is the best value for local conditions. Betty's private-brand grass seed mixture is formulated by Wetsel's and marketed under Betty's Super B.A.R. label. He makes a fair margin. The seed mix beats national brands in the NTEP tests, which makes a compelling argument for those value-oriented and educated consumers who visit Betty's Azalea Ranch. "The seed is more effective and the price is less, so it saves the consumer money," says Steve.

Steve also has an unorthodox pricing method. While he does mark down items when needed, he doesn't mark them up to take advantage of extraordinary quality or demand. Steve says, "When the prices are set, they are set at a fair margin and if the customer gets extra value, that's okay."

When thinking about Steve's "break the rules" management style, remember he's not the only game in town. Less than a mile away is a large Merrifield store, part of a significant regional garden center chain. In between the two stores is a Home Depot. Steve's customers have a choice and they choose Betty's. Merrifield follows the conventional wisdom on pricing. Betty's does things a bit differently. Both businesses appear to be thriving.

So what does this have to do with you and your business? As you consider your plans for 2011, pricing has to be one area to review. Should you be a discounteer or full-price retailer? Either game plan can be successful given adequate volume. Volume is sustainable long term only when the value to the customer is evident and acceptable to your target market.

Whichever path you choose, consider your plan wisely and completely. The right choice will make for a very Happy New Year. **GP**

Bill would love to hear from you with questions, comments or ideas for future columns. Please contact him at wmccurry@mccurryassoc.com or (877) McCurry, (877) 622-8779.