

Features

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Becoming Your Own Brand

Katie Elzer-Peters

Strolling through the aisles at Cultivate'19, I saw a wall of violets perfect for Instagram. I snapped a picture and then browsed their offerings, one of which was a little packet of fertilizer that could easily slide on to a pick inserted in a pot with a violet. What made this little fertilizer packet stand out to me was the name on the packet. It wasn't Optimara. It was a garden center's name. A white label product. Bingo! "This is what I'm TALKING ABOUT," I thought to myself. A simple way for the local store to stay top of mind with their customers instead of a national brand.

Even though this article talks about products, it isn't really about manufacturing. It's about branding, and how brick-and-mortar IGCs can use branding to compete with the big boxes and, increasingly, with online plant retailers. Yeah, the pressure is coming from all sides, but it can be withstood, and even pushed back, and there are IGCs proving how—without deep discounts, without constant coupons, without trying to be mini big boxes. They're doing it with branding: white labeling and private labeling.

What's the Difference?

These two terms are used somewhat interchangeably, but they're not really the same. For our purposes, here's how we'll define each:

White labeling: Putting your own branding on a non-exclusive product produced by an independent manufacturer.

Private labeling: Putting your own branding on an exclusive product produced by your company or an outside manufacturer to your exact specifications.

In the green industry, an example of white labeling would be three garden centers buying mulch from the same mulch supplier and then bagging it with their own branding. Those Optimara fertilizer packets are another example of white labeling.

Private labeling would involve creating an exclusive fertilizer or soil mix (or anything else) and selling it under one brand. It would involve seeking out your own manufacturer of tools that would make tools to your specifications and then branding those tools with your logo. In this situation, multiple companies couldn't sell the same product with different branding.

There's a third category, too: Protected branding. That would be a brand or product that's sold only to select retailers. An example of this is a brand that allows itself to be sold only through IGCs.

Why Should I Do it?

As with everything, there are pros and cons to white labeling and private labeling, and they intersect with multiple areas of business. The main reason to do it is to differentiate your business from every other business out there.

If a product is available everywhere, what's making someone buy it at your store? Usually it's price, immediately preceded by or followed by (depending on the consumer's priorities) convenience. And, if you look at nothing but those two factors influencing consumer behavior, ultimately, your main competitor is Amazon, and nobody can compete with Amazon on price and convenience. A big business can quickly go out of business even trying. So differentiation. There are ways to go about it.

1. Instead of offering something people can get everywhere else, offer them something superior that they can get nowhere else. An example of a retailer who does this is Bath & Body Works. They sell only their branded products and they have huge customer loyalty. One of the garden centers profiled in this article does that, too, and has been experiencing double-digit growth for several years.

2. Ruthlessly curate your offerings. Online retailers have this down to a science and capital is pouring into those companies in a way it's not pouring into yours. If you go to Bloomscape online to purchase a houseplant and want to buy a pot, you can buy one type of pot in one of three sizes and one of five colors. Recently, I was served a Facebook ad to purchase a spider plant in a small pot (6.3-in. wide and 5-in. tall) from Bloomscape for \$35. That seems unimaginable to me.

Why can they command that price when spider plants of the same size are marked \$4.99 sitting next to \$9.00 pots at many brick-and-mortar garden centers? They can do this because they're putting all of their authority, all of their weight behind that product offering, indicating to customers: this is the best. You don't need another choice.

Another reason to produce white label or private label products is profit. When you go all in with fewer products, you can order or produce in large enough volume to increase your margins.

The third reason to private label (and produce your own private label products) is to keep your staff busy year round so that you don't have to re-hire.

A Tale of Two Garden Centers

If you're going to go down the path of white label or private label products, there are some things to keep in mind.

The Private Label + Protected Brand: Expanded Market Share

Adam Chapman is the General Manager at Bates Nursery in Nashville, Tennessee. Bates has been producing a product line under the brand name EarthMix since the late 1990s.

Adam says, "Owner David Bates saw a need for good garden soil that was a living soil, not topsoil in bags. We started with one product that was called EarthMix. Then in about 2002 or 2003, we developed the premium soil conditioner, which was the beginning of branching out and doing a full line of different soils."

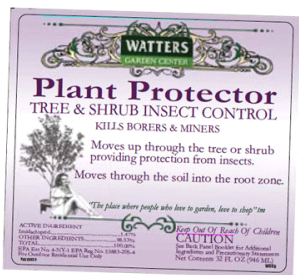
At first they outsourced the bagging. "Around 2015-2016, we refurbished a building on the property to bag the product ourselves and started distributing to local garden centers and family owned garden centers," Adam says. Now they can produce up to 40 pallets a day.

He adds, "We don't hide the fact that the products are made at Bates Nursery, but the branding is not Bates, which allows us to sell it at different garden centers."

He says that producing the soil line has helped keep their employees busy, contributed positively to the company's bottom line and allows them to "offer the best soil products in middle Tennessee."

Here's what Adam says is the key to success in private labeling: "Be consistent—whether it is the mixing, the

bagging, no matter the product, you have to be consistent. If you aren't consistent, it will come back to bite you."



The Exclusive Private Label/White Label: Doubling Down on Profits

Ken Lain, the owner of Watters Garden Center in Prescott, Arizona, has been creating white label products for 20 years and he's the one who made the radical, but highly profitable decision, to sell ONLY Watters soil, fertilizer and mulch.

"I began by developing a new line of soils for a soil company that started distributing only to independents, but then turned around and sold it to the big boxes. I got tired of that happening and decided 'If I'm going to build a brand for someone, I'm going to build it for myself.'"

Ken went to a local soil distributor that bagged for everyone and developed proprietary recipes and Watters branded packaging. The bagger helped them with the federal paperwork needed for fertilizer products, smoothly shepherding the labels through the process.

He says, "The volumes you need to generate the sales to pay for the production run are always going to be larger than you're comfortable with. It really doesn't take a big garden center to pull this off. It takes commitment. You have to eliminate other lines to garner enough volume. You have to commit to your brand and only your brand."

It can be uncomfortable on the sales side at first, too. "Customers are going to come in and ask for brands they've heard of. You have to train your staff how to say, 'We don't have that. We have something better. Let me show you our unique blends that you can't find anywhere else.'"

It's the Bath & Body Works effect in action. They sell four soil mixes, all their own brand, and they generate as much revenue from their soil products as they do annual flowers. Let that sink in.

In addition to the proprietary mixes within the bags, they carefully chose the bags themselves to optimize convenience, offering 1.5 cubic foot bags instead of bulkier, heavier 3 cubic foot bags typical of many soil packagers.

"People can lift them easily," said Ken. "They fit in the trunk of a Mercedes. We offer a price for multiples. It's all in the name of trying to get customers away from big box stores. Independents need to get better at understanding how to capture market share. Otherwise there will be fewer garden centers."

Ken has the numbers to back up his philosophy with a history of double-digit increases year over year. "Even if it isn't your brand, but you elevate one choice over others, giving six endcaps to one choice and one endcap to all of the others, you can improve your margins." **GP**

Katie Elzer-Peters is owner of The Garden of Words, LLC, a green-industry digital marketing agency. Contact her at Katie@thegardenofwords.com.