

## Cover Story

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# Are Online Sales Worth the Investment?

*Jennifer Polanz*

Only you can truly answer that question, but here are a plethora of aspects to think about when considering your online options.

You don't have to look far or wide to see the implication of online sales on brick-and-mortar stores. Retail seems to be facing implosion after implosion of bankruptcies this year in what CNN Money recently called a "retail bloodbath."

Of course, there are other factors at play, but one of the largest is that grand online experiment, Amazon.com. It continues to be a juggernaut, and industry consultant and Bower & Branch President and CEO Sid Raisch recently passed along a stunning statistic related to it: 55% of all Internet product searches now start at Amazon. Start at Amazon, not Google.

Is the writing on the proverbial wall? Is there hope for a small, independent retailer? I believe there's lots of hope—and some profit, too. Is your future online? That's for you to decide.

## Sharing the Burden

There are many facets to the idea of selling online and this story is only hitting the high points. But we'll continue to take a look at the pros and cons in future issues, as well, because this isn't a one-and-done story.

One entry point for garden retailers to find a place online is through partnerships with vendors. Bower & Branch is one such example—their company does the legwork online, providing an easy ordering experience for consumers, with the independent retailer reaping the rewards of the visit or delivery. It works like this: customer visits bowerandbranch.com and selects their tree, shrub or perennial (they're continually expanding their offerings). The customer pays for it online, and prior to checking out, they select an IGC partner nearby for pickup (unless there is none, then it defaults to shipping). The product is shipped to the retailer and the customer either picks up from that site or it's delivered by the IGC.

This year Bower & Branch has added fertilizer, a watering kit and Organic Mechanics planting mixes as add-ons to activate a three-year guarantee. "By making it straight-forward, we have a very high conversion rate of people who buy the fertilizer to get the guarantee and the garden centers sell more fertilizer," Sid says. "This year we had a big jump in planting and delivery."

## Driving Traffic to the Store

The in-store pickup online entry point is fraught with logistical issues and certainly isn't for every retailer, but it can be a driver of traffic and additional sales if done properly. Karen Van Duyvendyk, co-owner of Dutch Gardens in Regina, Saskatchewan (about two hours north of the Montana border with Canada), launched her Shopify-driven online webpage on Black Friday 2015 with just gift cards available. While that year was a bust ("we did \$300—seriously, I thought I might cry!" she says), she added more products in late fall 2016, promoted it heavily on social media and through newsletters and Black Friday/Cyber Monday turned out considerably better with \$28,000 in sales. All told, the online option has added \$1 million to their sales.

There are several e-commerce vendors retailers can work with versus building their own online presence and Shopify is one of them. Karen says they've been great to work with, even answering questions at 1:00 a.m. when she needed help.

"It's totally worth it. In the long run, it's worth it," she says of her efforts selling online, which now accounts for 18% of total sales. "I don't think people should go into it lightly—you have to be really organized to do it."

She started by offering shipping anywhere plus in-store pickup, but the shipping became a major stressor. She took away that option and now offers local delivery (and charges for it) and in-store pickup. Here's a great example of the benefits of the site: she promoted citrus plants coming from Florida on her Facebook page June 10 and 11. The truck was scheduled to arrive June 14, and when I talked to her on June 13, more than half of the plants were already sold via pre-orders on the website. She said it's not uncommon for the entire truck to be bought and paid for before it arrives. "Pre-selling items is really big," she adds. "It's such a change for our business to be able to bring in a truckload and know you've sold a portion of it already."

She cautions, though, that running an online store is like opening up another location—it requires constant upkeep and maintenance. Orders come in at all hours of the day and night, and they must be fulfilled quickly, sometimes requiring someone to come in earlier in the morning to pull orders for pickup. She says sometimes people arrive just minutes after placing the order online (sometimes ordering on a phone in the parking lot). Employees who pull orders have to know where everything is in the store, too. "You have to figure it out from the top down," Karen notes. "It adds elements to your ledger that weren't there before."

It also requires an already strong social media presence with lots of followers and fans. Without that, it's nearly impossible to push out that steady message of pre-orders and online offerings.

## Final Words of Wisdom

Proven Winners never anticipated the response to its online sales that it's had, says Director of Marketing and Public Relations Marshall Dirks. Initially, the goal eight years ago was to provide consumers an easy way to buy harder-to-find varieties and to satisfy any demand that hadn't been met via local garden centers. He notes their online offerings, which are fulfilled via Garden Crossings in Michigan, are more expensive than what's sold in the stores. And yet, they continue to see online sales. "When any company spends millions of dollars advertising a product, a customer expects to see the product where they prefer to shop. When they cannot find the product desired, customers begin to ignore your advertising, which impacts your brand impression. Customers expect Proven Winners to offer this service," he notes.

What they've found through the online offerings, though, is that consumers are buying the same plants there as they are through the stores. So what gives? "When we first started, I was curious to know why someone would place an order online having never ordered from us before for \$300 when they could probably find our plants at a local garden center. And two overwhelming comments came back: customers couldn't find all the varieties they desired at a single location, and secondly, they wanted more time on Saturday to plant."

A couple of things he's found from the experience:

- Customers order for convenience, and they're ordering bigger items, like 3-gallon shrubs and bagged goods like soil and fertilizer, so they don't have to physically carry them.
- A third to two-thirds of the business is pre-booking items. People place orders in the winter for products that ship in April and May.
- There's a great deal of data that can be gleaned from online sales, including popular purchase days and times, conversion rates of sales related to newsletter promotions, search data and more.
- Doing online properly can mean a huge investment in technology, particularly making a site mobile friendly and search engine optimized, as well as secure.
- If a retailer doesn't want to jump into selling online, there are still ways to stay involved online. Stay in tune with trends on Pinterest and Instagram. "Those are the trends, and while they may not be able to participate in selling online, they can carry what's popular," Marshall says. "Make sure those are available and they're relevant with an online consumer."
- One key thing they've learned from online sales is consumers want options in multiple sizes. Sometimes they want a 1 gallon shrub, and other times they need a more mature 3-gallon of the same variety. "The Internet has shown us that time and time again, one size does not fit all. An application for garden centers is to mimic this on their benches, too. Multiple sizes and price points in the same display—allowing customer to choose what best suits their needs—they see this all the time online across all industries, it's only natural that it's practiced at the store-level too." **GP**