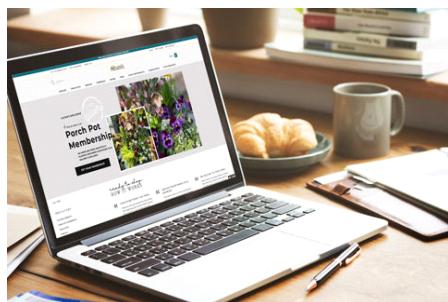


## Features

6/1/2023

# Subscription Services: A Blooming Opportunity

*Sid Raisch*



As a consultant for the garden center industry, I'm always on the lookout for innovative ways to increase revenue, improve customer retention and stay ahead of the competition. A prime-for-our-times opportunity is the implementation of subscription services within the garden industry. We all subscribe to more products and services than we realize. Why not join the fun as a subscription seller to build our own businesses?

We as people naturally “subscribe” to ideas, brands and products even without a formalized agreement with their sellers. There’s nothing necessarily new here—just a new approach to help keep customers and attract new ones. Taking the naturally occurring phenomena that occur within our own business and formalizing them is a natural extension. A subscription is also a matter of convenience for customers, like the Harry’s Shave Club where shaving products are shipped and billed automatically, eliminating the need to remember to buy them and even the need to go to the store or online again if they can be delivered or shipped.

Keep in mind the main idea of a subscription is to do more business more consistently with our own established local customers and other people just like them, like their neighbors, friends, relatives and co-workers who live right next door or down the street and around the block from them.

## The Subscription Service Model

The subscription service model has experienced tremendous growth in recent years, encompassing both products and services across various industries. According to a report from the Subscription Trade Association, the subscription market has grown by 350% from 2016 to 2021. In 2020, the subscription economy grew by 39% compared to the previous year, reflecting a shift in consumer behavior driven by the COVID-19 pandemic.

Implementing a subscription service for a garden center can take several forms. One example is Indianapolis-based Altum’s container refresh program. This service allows a customer to receive a new, pre-planted container for their home or business every season. Customers can choose from a range of container sizes and plant varieties in presentable paper fiber pots that can be dropped into the customers’ existing or purchased pottery, ensuring that their outdoor spaces always look fresh and vibrant.

Look outside of the garden industry for inspiration. There are few examples of subscriptions from within the garden

industry, so don't wait to copy others. Instead, forge ahead with inspiration from other types of retailers, Internet subscriptions and others.

## Benefits of Subscription Services

**Recurring Revenue:** Subscription services provide a steady stream of revenue for garden centers, as customers are billed regularly for their ongoing service. A 2021 survey conducted by Sage found that 75% of companies with recurring revenue models experienced more predictable revenue streams.

**Customer Retention:** By offering a valuable and convenient service, garden centers can strengthen customer loyalty and encourage repeat business. In fact, a study by Bain & Company found that increasing customer retention rates by just 5% can lead to an increase in profits ranging from 25% to 95%.

**Expanded Market Reach:** Subscription services can help garden centers reach new customers who may not have previously considered purchasing plants or gardening supplies. Research from McKinsey & Company shows that 49% of subscription box subscribers discovered the service through social media, indicating the potential to tap into new audiences.

**Enhanced Brand Perception:** Providing a subscription service demonstrates that a garden center is forward-thinking and customer-centric, which can help improve the business's overall reputation and drive further sales. A recent Salesforce survey found that 61% of consumers perceive brands with subscription services as more innovative.



## Challenges and Considerations

While there are numerous benefits to implementing a subscription service, garden centers should also be aware of potential challenges.

**Logistics:** Managing the inventory, packaging, pickup, shipping (if applicable) or delivery of subscription orders can be complex, especially for businesses that are new to this model. It's essential to have the right systems and processes in place to handle these tasks efficiently.

**Pricing:** Determining the appropriate price point for a subscription service can be tricky. Businesses must strike a balance between providing value to the customer and maintaining profitability.

**Customer Acquisition:** Garden centers will need to invest in marketing and promotion to make customers aware of their subscription offerings and persuade them to sign up. Assign a lead person to rally your troops and existing customers to build the business for each subscription.

## Getting Started

With the potential benefits and challenges in mind, it's time to think about how your garden center can leverage the subscription service model to grow your business. Start by evaluating your current offerings and considering how they can be adapted or expanded to fit a subscription model. Assess your target market and identify the most appealing options for your customers. Here are a few steps to help you get started:

**Identify the best subscription service for your business:** Analyze your product and service offerings, and consider which ones would work well within a subscription model. Think about how you can create a unique and valuable offering that caters to your target audience's needs and preferences. Consider a Club Subscription to create community among your enthusiast customers. (See the sidebar in this story for ideas.)

**Develop a pricing strategy:** Research competitor pricing and consider the costs associated with delivering the

subscription service. Establish a price point that provides value to the customer while maintaining profitability for your business. The subscription may not be your highest margin opportunity because the idea is to build a core product within your business and leverage the relationship to other higher margin purchases throughout the year.

**Optimize logistics and operations:** Assess your current systems and processes to ensure they can efficiently handle the inventory management, packaging and shipping (if applicable) associated with a subscription service. Implement any necessary changes or improvements to streamline these processes. Back-end operational inefficiency reduces profitability.

**Create a marketing and promotional plan:** Develop an integrated marketing strategy to raise awareness of your subscription service and drive customer acquisition. Utilize a mix of digital and traditional marketing channels—such as social media, email marketing and in-store promotions—to reach your target audience.

**Monitor, learn, adjust and grow:** Regularly review the performance of your subscription service and gather feedback from customers. Use this information to refine and optimize your offering, pricing and marketing efforts, ensuring continued growth and success. Once you've refined your offering, work to keep those customers and to attract others. Use the same process to start additional subscriptions within your customer and subscriber base to grow your total business.

By carefully planning and executing your subscription service, your garden center can capitalize on the growing popularity of this business model and secure a competitive edge in the industry. With a focus on delivering value, convenience and a personalized experience, you can build lasting relationships with your customers and drive sustainable business growth. **GP**

#### **Garden-Related Subscriptions to Consider**

Air Plant of the Month

Four-Season Porch Pot

Deer Repellent Club

Six-Season Lawn Care Club

Six-Season Organic Lawn Care Club

Lawn to Lawnless Conversion Club

Subscribe & Save Garden Care Products

Seasonal Hanging Basket Care Kit

Flowering Plant of the Month

Houseplant of the Month

Perennial of the Month (winter can include bulbs and plants kept indoors until time to plant outdoors in the spring)

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