



CONFIDENTIAL

Learning from Garden Centers in Japan - March 1, 2014

Link to more photos: https://www.dropbox.com/sh/jwibvwxf2rnyzqb/_jmlPYHsML

I was honored with an invitation to present a “Merchant Principles and Merchandising Workshop”, and a presentation on “Developing Advantages Through Differentiation” at Takamatsu School for Hidemi Takamatsu, owner of Takamatsu Trading LTD. www.tacoflower.jp

Japanese garden centers have been struggling with many of the same issues as those in the US. Their economy is recovering from a much deeper and persistent recession. Many small business owners are nearing retirement age with limited options to cash out. Competition with big box stores is intense. This winter brought heavy snowfall two weeks prior to my arrival and many growers in the mountain regions suffered collapsed greenhouses.

I met Mr. Hidemi Takamatsu several years ago when moderating on a garden center tour in the US. He was very attentive from the second row aisle seat all day on that tour. His English is very good as he studied to earn a BA in Electrical and Electronics Engineering at Geneva College in Pittsburgh. It’s a long story how he ended up starting a business in horticulture from that, but he’s very happy with the career redirection.



I have no idea what this says about me!



Takamatsu Trading, LTD.



Traditional Japanese Dinner

Takamatsu Trading is a distributor of young plants from mostly European sources, a small selection of hard lines including Scheurich Pottery, and also a broker of finished plant material to Japanese garden centers. This was the 7th annual Takamatsu School Event. Evaluations from attendees said it was their best one yet. The seasons of the year are similar to Zone 6-8 in the US except of course at higher elevations. The soil pH is slightly alkaline in most areas.



Mr. Hidemi Takamatsu and my translator and interpreter – Mr. Masaya Tatabayashi Mr. Takamatsu welcomes attendees to Takamatsu School



Workshop area at Joyful Honda Garden Center, and adjacent, a small group hands on activity planning and building their merchandise display

Japan’s population is about 1/3 of the US at 100 million. They have an annual immigration of about 100,000. The birth rate had been as low as 1.4 per couple causing economic issues. The birth rate has risen to 2.4 which is more stable and necessary to maintain the population level to keep the economy stable. They are struggling as we are here in the US with getting younger generations to garden more.

We toured several garden centers and other retailers before and after the program. Three of the garden centers we visited are owned by Joyful Honda, a family owned company with 15 DIY home centers. The scale of each store was mind boggling. The garden centers are full service style destinations and very similar to large US garden centers. Each location could easily do 5-10 million US\$. These are modern, professionally staffed stores.



Formidable highway presence of Joyful Honda



Joyful Honda Garden Center Entrance



Joyful Honda DIY Center entrance



Tire and Garden Center entrance at one store.



Weekday afternoon and parking lot is full



Joyful Honda Toilet paper promotion



Joyful Honda Food court dining room at 2 PM weekday



Outdoor seating for warmer weather

Joyful Honda is a large family controlled DIY and garden center chain of 15 stores that just two months prior to my arrival sold limited public stock. It seems amazing that independent garden centers are friendly to their competition, and representatives of both independent and chains attended Takamatsu School sitting side by side. The 1/2 day workshop portion of the event was hosted at one of the Joyful Honda stores with one session exclusive for Joyful Honda staff and another with other companies. In the Seminar portion representatives from all types of stores, plus from the three largest horticultural auctions attended.

We also visited independent garden centers. These are much smaller, and would be among the smallest we see in the US. They conduct business very similarly to those small US garden centers with vertical display and focused service to their customers.



Farmer's Garden Center – 1 of 3 locations

An Urban Japanese Garden Center

A tiny but mighty nursery "department":

There are several opportunities to learn from the Japanese. First is that they go very wide within certain product categories such as hellebores, garden seeds, vegetable starts, fruit trees, flower bulbs, seed potatoes, orchids, succulents, and roses as well as hardware for training plants. The largest stores feature very wide assortments of almost everything, and small stores choose one or two areas to excel each season. This encourages customers to collect a wide range and to go deeper into the gardening hobby.

The Hellebores displays contained only two or three branded varieties from Europe in approx.. 8" pots at price points around \$20-25, but dozens of unique, specialty, and unusual varieties in 4-6" pots at prices ranging up to \$70. One location was hosting a breeder-grower who was helping customers buy while we were there. Some retailers require specific growers to schedule promoted appearances in stores 2-3 times each year. There is a lot of opportunity for in the US to expand our sales of Hellebores just as many garden centers are beginning to grumble that it is over.



Similarly, plants that grow upright for narrow spaces are an opportunity. The Japanese are forced to sell plants that take little ground space and grow vertically. We have more space, but also much greater opportunity to sell plants that are useful in vertical spaces such as climbing roses and narrow shrub varieties like "Sky Pencil" Holly.

The Japanese also offer a huge variety of spring flowering bulbs - in early spring. These are potted bulbs that are sold at some point ranging from just past dormancy to full bloom in a pot in the spring. Customers want to buy these in the spring to plant in their garden and this is a genuine solution to the age old problem that bulbs do not sell well in the fall. Yes, these bulbs will have a short shelf life, but we can sell a lot of these bulbs in the early part of the spring

season when there are not enough products in stores to make a bigger transaction size. They can also extend this season by keeping some of the inventory cool.



Presentation is very good in seasonal promotions and focused categories including orchids, houseplants, and succulents. The Orchid category is especially impressive. Perhaps if we did a better job of category exploitation in the US we would sell more orchids, houseplants, and succulents.



There are several trending plant categories similar to here except in Japan they tend to go very wide in those categories.





Succulents are expected to be “All the Rage” this spring. They are sold many ways including this mixed box of cuttings.



Vegetable seeds and plants are a very big part of the Japanese gardening culture. This is reflective of the fresh food in their daily meals. They shop at markets and grocery stores almost daily buying fresh ingredients for each day's meals. We are seeing this trend begin here in the US and I think I was able to get a glimpse of our future if we can continue with this. The displays of seeds and potatoes for planting are huge. This is a good example also of making something important so it becomes important.



Three different very large seed departments.



Presentation of food is EVERYTHING in Japan. This is a food department, or grocery in the basement of a downtown Tokyo department store.



Plants are available and accessible just about everywhere although typically in small doses and amounts and for use in small areas.



Last but not least I must share some pictures of Bonsai in garden centers for Steve Bailey's enjoyment. I'm not sure if they make money on these.

The Japanese do not share our tradition of hanging baskets for Mothers Day. They do have some hanging baskets though. They were surprised at how many we sell in the US. One obstacle for them is that there are few places to hang them. We need for our customers to have more places to hang them as well in order to increase sales. The absence of a "hanger" at our customers home or business is an "Invisible Ceiling" on our sales of hanging baskets. We need to make selling hanging basket hooks and stands a priority.

If you have an opportunity to travel to Japan or any other country embrace it as it will expand your vision of opportunities such as these I share with you today.

Your friend,

Sid - (with a new friend Mr. Hitoshi Taketani, the Japanese Horticultural Cowboy)



Sid Raisch is founder of Horticultural Advantage, a consulting firm to independent garden centers and Service Provider to The Garden Center Group . He has created the Advantage Development System to help client companies increase effectiveness to earn greater profits. To learn more about developing your own advantage development system visit www.AdvantageDevelopmentSystem.com