

concession

NEWS

UPDATE



Garden centre concessions – Income generator

By Matthew Appleby

HorticultureWeek
GardenRetail

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In this week's edition of Concession News, Matthew Appleby of Garden Retail explains in recent article for the publication, how Concessions can assist garden centres weatherproof their business with guaranteed, year round income.

Concessions are accelerating into garden centres at a pace as retailers try harder to weatherproof their businesses by adding guaranteed income on the bottom line from rents paid by franchises. The Garden Centre Group (TGCG) is leading the charge with a move towards a new blend of concessions, having appointed Frank Hayes as commercial director to grow the company's concessions business.

TGCG is bringing in promotions and concessions across all its 139 sites, with solar, banking, will writing, ice cream, catering and clothing among the areas covered. Hayes was managing director of Spirit Food, the pub/restaurant division of Spirit Group, and spent 13 years at Yum! Brands (formerly PepsiCo Restaurants). This catering background could be significant in the future direction of TGCG's restaurants.

TGCG chief executive Bradshaw says the company has the advantage of offering concessions on a national footprint. Revamps of existing centres will focus on adding concessions, both through garden centre concessions specialist First Franchise and an extended internal team. Expanding catering is a focus, as is appealing to a broader range of customers away from the "elderly affluent", Bradshaw points out.

First Franchise director Ian Silverton says the market remains buoyant, especially on the promotional side, but it is maturing in areas such as pets and aquatics as well as clothing.

Catering is a potential big area of growth for concessioning, with First Franchise working with Massarella, which wants to open branded coffee shops in garden centres.

Top-quality catering

Silverton says most garden centres now have top-quality catering operations but suggests that they might want to change direction and give up the management. Catering is so different to normal retailing that garden centres can see the operation as being potentially difficult. Having no stock in the system helps cash flow and having a branded operation with its own staff, products, deliveries, menus, stock and wastage can take a weight off busy owners' minds.

Costa paid for franchises at Weybridge and Northampton and has an offer at Haskins as well. Silverton says someone like Subway would fit well into garden centres because they would be easy to incorporate and have strong branding, which could be a footfall driver in itself.

In areas where concessioning has so far failed to take hold – such as gifts, cards, Christmas and plants – it has been attributed to the fact that margins are too good for garden centre owners to give them up, according to Silverton. But C-Crafts is now looking for national business, while there is also an appetite from garden centres for farm shops and bakers.

Unmanned concessions such as Old Guys Rule and Regatta clothing are popular, adds Silverton, with all sales going through the till and a percentage paid to the concession. Mountain Warehouse is also opening concessions at TGCG. He says outdoor catering concessions such as ice cream and jacket potatoes work, while children's clothing companies such as Edinburgh Woollen Mill-owned Peacocks are looking for sites.

Popular companies

Green companies are still popular, although with solar subsidies ending, there is less need for those companies to promote their solar-panel products in garden centres.

While you may think plants would be sacred to a garden centre, managed offerings of products such as alpines have been around for years. Silverton says the "ultimate" would be a bedding plant concession at a garden centre, to "get the whole set". He adds: "There's talk, and you can see it happening."

Silverton says he wishes he had set up a garden centre with First Franchise partner Keith McIntyre years ago to have the whole process managed from scratch. With plant retailing increasingly risky with weather and supply issues, he adds: "If someone else is prepared to take that risk, with economies of scale, why not?"

If a garden centre is looking to franchise everything it can, including possibly garden furniture and catering, it could lead to planning permission problems in the future, given that some are only supposed to sell core gardening lines. Silverton says: "At the moment, given the economic situation nationwide, planning problems are quite difficult to see. I

honestly thought we would have seen them before now given that some centres are more than one-third concessions. But there haven't been too many complaints so far and concessions are becoming pretty traditional and standard now."

Blue Diamond managing director Alan Roper believes TGCG is moving towards much greater franchising, especially in catering. "If they don't want a point of difference and they get high street coffee chains, then people will tire of that and go somewhere else," he says. "People who have money want choice. Most branded coffee houses are operated and used by people as a convenience. Garden centres should operate as a destination experience."

He points out that as a private-equity company, TGCG will concession everything non-gardening because that brings in rent and means better cash flows because you have no stockholdings.

Clothing stores

Womenswear retailer Bonmarche, which sells plus sizes, has agreed a tie-up with TGCG that will see it opening new clothing stores. TGCG's own network set up the arrangement. The first store opened at Bicester Avenue Garden Centre in Oxfordshire in September, with Bonmarche planning to open up to three or four branches based in other garden centres over the next few months as a trial.

Bonmarche, which is owned by investment group Sun European Partners, believes it can take advantage of the mature consumer base of garden centres. Managing director Beth Butterwick says: "Gardening is one of the biggest leisurely pursuits within the plus 45-year-old age group so for us this is an ideal partnership. Increasingly, people are visiting garden centres as destinations in which to browse, eat and spend leisure time. We believe there is further scope for similar partnerships."

OUT-OF-TOWN FOCUS

Middle England cookware favourite Lakeland is moving out of Worcester city centre and relocating to the Webbs of Wychbold garden centre near Droitwich in the new year. This demonstrates how out-of-town is continuing to become more important than the high street for retailers.

"Our lease comes to an end this Christmas," says Lakeland retail director Bob Granger "We've been able to find new premises of about 4,500sq ft at the Webbs of Wychbold garden centre, a few miles to the north of the city. Garden centre locations have been very popular with our customers, so I'm sure we'll do well."

Lakeland already operates four stores in garden centres across the country – Dobbies Garden World at Craigforth in Stirling, Dobbies Garden World at Melville Nursery in Edinburgh, Bridgemere Nursery & Garden World in Bridgemere and Woodlands Nursery & Garden Centre in Stapleton, Leicestershire.

On the other hand, Webbs of Wychbold's efforts to spread its brand name through Christmas shops and a lease at Garden Organic's garden centre at Ryton have ended, showing perhaps it is one-way traffic when it comes to selling brand name recognition with garden centres.

For more information about how Concessions can help to weatherproof your business, Contact Us now 01737 735041 or info@firstfranchise.com For the latest news within the garden centre sector visit the 'Garden Retail' website here <http://www.hortweek.com>

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