



Value and the customer's perception of value plays a big role in pricing. REXON STOCK PHOTO

The price is right (or is it?)

Garden centers have to navigate choppy waters, customer perception when pricing their goods

BY JON BELL

FOR ALMOST FIVE YEARS, Crystal Cady owned her own garden and farming business, Sunflower Acres Farm & Garden in Salem. Through it, she would grow and source plants and garden products. She sold mostly at farmers' markets and plant shows, where it almost never failed that her hanging flower baskets were more expensive than anyone else's — and market-goers would let her know it.

"They'd say, 'Your stuff is so expensive,'" said Cady, who's now the CEO-designate of the **Northwest Nursery**

Buyers Association. "It was a tough pill to swallow. But if I could tell them why I charged what I did, I think they'd have a better understanding."


Cady's baskets were more expensive not simply because of a numbers game. She made her arrangements with premium baskets and hangers and high-quality plants. The cheaper route would have been to use seed petunias, but Cady used unrooted cuttings and vegetative selections that didn't require deadheading. She hand-pinned them three times so they were full and flush, and she used top-tier soil and fertilizer.

The result was a hanging basket that lasted on and on, far beyond what her lower-priced competitors could offer. The price was higher, but the product was worth it.

"A big part of pricing is educating the customer," Cady said. "You just have to get them to listen."

In the world of garden and flower retail, pricing can be a constant mystery. Done right, retailers are able to move products, back up the cost of their offerings with knowledge and expertise — and, thus, value for customers — and stay competitive. Approached incorrectly, garden centers can find themselves with pricey plants collecting dust or, on the flipside, caught in an unwinnable race to the bottom trying to compete with big box stores' basement-level prices.

There's a science and art to it, and getting it just right takes attention, strategy and, sometimes, a little bit of luck.

"Pricing is not one-size-fits-all," said Ian Baldwin, an adviser to garden and hardware retailers who is based in Elk Grove, California. "The public has a way of letting you know when you've not gotten it right." 



Portland Nursery worker Margie McDonald checks prices on plants on display in the greenhouse at the Stark Street location. PHOTO BY VIC PANICHKUL

Inflated importance

Prices — on everything — have been the talk of the town lately, as most have risen along with inflation. Baldwin said that for about 10 years, prices in the retail garden industry rose more than inflation. But, in the past three years, that's eased, and prices have not increased as much as inflation.

While rising inflation has had real impacts, he said the media's extensive coverage of it hasn't necessarily been a good thing.

"The media's talked of inflation so much the public expects it," Baldwin said.

It is important, however, to keep ahead of inflation when it comes to pricing. That can mean raising prices, but also tracking how much inflation costs to a company. If labor or energy costs are heading up, then prices need to rise accordingly.

"Or you can cut your labor bill," Baldwin said, "which is not popular."

The price of value

Sid Raisch, a nursery consultant and owner of Horticultural Advantage in Hillsboro, Ohio, said value and the customer's perception of value plays a big role in pricing. If a retail garden center is able to offer better customer service, more expert knowledge and experience and plants that are going to thrive in a customer's home or garden, a higher price will be muted by the perception — and reality — of greater value.

"Anytime it can be recognized that the customer perceives value that is higher than the price is an opportunity and time to increase the price," Raisch said. "And whenever perceived value can be increased through a better product, improvements in the store environment or increased service is an opportunity to increase prices."

Ellen Egan owned Egan Gardens, a nursery and retail operation in Salem,

Oregon, for more than 40 years before selling the nursery and closing the retail side in late 2023. She said offering value is something that's not always tangible, but it's noticeable if you're doing it right.

"I never had doubts," she said about her company's ability to deliver value. "I pushed myself and my staff hard to make sure our plants were healthy and beautiful, our customers were cared for and treated like real people, not money-bearing objects, and that we were providing them with the information they needed to grow our plants successfully when they got them home."

Something else to keep in mind when it comes to value, Raisch noted, is that a lower cost won't add any perceived value to a product. Similarly, playing around with prices and charging widely varying amounts for similar products won't help either.

"There's no point in having random prices," Cady said. "There is the custom-

ers' perceived value. What they see is that \$3.79 is the same as \$4, so it makes sense to round up and charge \$3.99 instead. It's only 20 cents, but 20 cents thousands of times throughout the year, that's going to add up."

Eye on the price

Figuring out the right price can take all kinds of angles. It starts with the basics of just knowing what to charge to cover the costs. From there, it turns to margins and gets much more complicated.

Egan said she never really knew if her plants were priced right, but she got good feedback from customers that helped her stay in a comfortable ballpark.

"Listening for customers' feedback helped. Since my staff is small, I can get info from them, as well as my own listening," she said. "If we hear a lot of, 'Your prices are so reasonable here,' then it's time to raise prices. Likewise, 'You've really raised your prices recently, haven't you?'

lets us know we may have to hold off on more price increases for a couple of years to let inflation catch up to us, and that we may want to have some sales in the summer."

Egan said she would watch profit and loss statements for increased input costs on the growing end and her costs for labor. If those were edging up, she'd decide what items she could raise prices on without ruffling customers. And she never raised retail prices across the board. Instead, she would choose certain categories, based on her insight and that of her staff.

Known entities

Most retailers are familiar with the idea of known value items, another impor-



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— Ellen Egan, former owner of Egan Gardens

tant consideration in pricing. Known value items are those that customers are most familiar with and most likely to have price expectations about.

In a grocery store, they are items such as bread, eggs and milk. In a retail garden center, they may be staples like small geraniums, plain hanging baskets or 4-inch tomato plants.

Baldwin said it's important to price those types of items in line with comparable competitors, but don't try to compete with the big

box stores.

"If your prices are way up on known value items, the perception is that everything is overpriced," he said. "But you should not be going head-to-head with Home Depot."



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Retail pricing

One place to go higher on prices is on items that are rare or harder to find. Cady said in her past retail life, she had a close connection with someone who bred a unique coleus series that was popular on the East Coast but, at the time, had yet to hit on the West Coast.

"I knew that I could charge a higher price for it," she said. "It was unique and rare, and people were willing to pay a few more dollars for it."

That's a big reason for retailers to stay on top of the latest trends, and to always be educating themselves about what's new and unique. Reading trade publications, attending tradeshow and keeping well-informed can give retailers the edge on their competition and allow them to charge more for plants and flowers that are hot — or about to be.

"If a product is incomparable, it will earn a premium because it is either not comparable at all or it is very difficult to access at any price," Raisch said.

For the right price balance, Baldwin said it's important to have a mix of competitively priced lines — the known value items — and a range of more attractive products that are less price sensitive. And while it's fine to aim for the higher end, he also noted that it's important to have some entry-level pricing for customers who are new to landscaping and gardening, especially considering the wave of younger homebuyers and burgeoning gardeners that are emerging in the market.

"If the cheapest thing you have is a \$39 two-gallon plant, that's not going to be very good for first-time buyers," he said. "It's a big risk to put \$160 worth of plants in your yard that might be dead next week. You need a gentle, more introductory path too. It's a sensible way to get people locked into your store. And if you can help them with success, they'll keep coming back to you." ☺

Jon Bell is an Oregon freelance journalist who writes about everything from Mt. Hood and craft beer to real estate and the great outdoors. His website is www.JBellink.com.

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