



Marketing Best Practices

for Independent Hardware Stores
& Garden Centers

Kevin Kilpatrick





Kevin Kilpatrick is a Chief Marketing Officer at yorCMO, a fractional marketing company where he partners with retailers and manufactures on both projects and long-term engagements.

Considered one of the top marketers in the construction, residential remodeling and home improvement industry, Kevin's broad background gives him unique insight into the hardware, garden center and nursery industries in the United States.

While CEO of Silver Lake Media Group, Kevin founded the first bilingual media platforms for tradesmen — Pro Construction Guide/Constru-Guía al día and Pro Masonry Guide/Guía de Albañilería. More than 1,225 articles, 377 email newsletters, five websites, 1,925 social media posts, 59 podcast episodes and 56 magazine issues have been produced under his direction. In addition, Kevin has assisted more than 220 manufacturers, retailers and dealers in marketing to tradesmen.

Prior to Silver Lake, Kevin enjoyed a successful marketing career, including his role as the director of marketing at The Home Depot and years spent at several renowned advertising agencies, including The Richards Group in Dallas, Texas.

Kevin can be reached at Kevin@yorCMO.com or 770-615-3585.

Contents

- Introduction 3
- Size of the Independent Hardware Store Market..... 3
- Revenue Trends of the Independent Hardware Market 7
- Size of the Independent Garden Center Market 7
- Revenue Trends of the Independent Garden Center Market..... 8
- Additional Industry Trends..... 11
- How to Build a Marketing Budget..... 11
- How to Differentiate from the Big Boxes..... 14
- How to Differentiate from Amazon 20
- Marketing Tools Used by Independent Hardware Stores..... 24
- Marketing Tools Used by Independent Garden Centers 30
- Customer-Centric Marketing/Advertising 33

Introduction

These are challenging times for the independent retailer. The day-to-day business environment remains tough, reflecting the economic challenges that many consumers continue to face. At the same time, the retail industry is going through an unprecedented period of dramatic and rapid transformation. The last 10 years in particular have seen profound changes in the way that consumers shop and interact with retailers. These trends are only gaining momentum, and they pose a significant threat to the traditional brick-and-mortar model.¹

However, the independent retailer can continue to thrive in this new environment. The local heritage, deep expertise and personalized service that independent retailers offer their customers every day cannot be matched by online competitors or faceless chain stores. But there is no room for complacency. Simply sticking with the status quo is not an option. They have to stay bold, ambitious and innovative in everything they do.

The objective of this report is to give the reader insights from my experiences working with independent hardware stores and garden centers across the country and sharing information and best practices from other marketers.

Most U.S. retail hardware stores are independent businesses. However, nearly all of them are affiliated with a nationwide wholesaler that offers private label brands, retail store advertising and identification programs. Such affiliations create the appearance of a structured industry. Many of these wholesalers are actually cooperatives (e.g., Ace and True Value) owned by independent hardware store owners, forming a distribution system that originated in the early twentieth century.² Dealer-owned wholesalers sell only to member stores, but member stores can buy merchandise from other wholesalers or directly from manufacturers.

Size of the Independent Hardware Store Market

Since 2004, the total number of independently owned home improvement stores in the U.S. has grown from 38,400 (2004)³ to 38,580 (2019).⁴ In 2015, the average hardware store in the U.S. had annual sales in excess of \$1.4 million, and high-performing stores turned average net profits of nearly 7.5%. As an industry, sales have grown steadily over the past several years.

¹ <https://www.linkedin.com/pulse/supporting-future-independent-hardware-retailers-john-hartmann/>

² <https://www.referenceforbusiness.com/industries/Retail-Trade/Hardware-Stores.html>

³ <https://www.hardwareetailing.com/letter-to-the-editor/>

⁴ https://nrha.org/wp-content/uploads/2018/12/24-43_FEATURE-Market-Measure_1218.pdf

Number of independent home improvement stores in the U.S.: 2017–2020

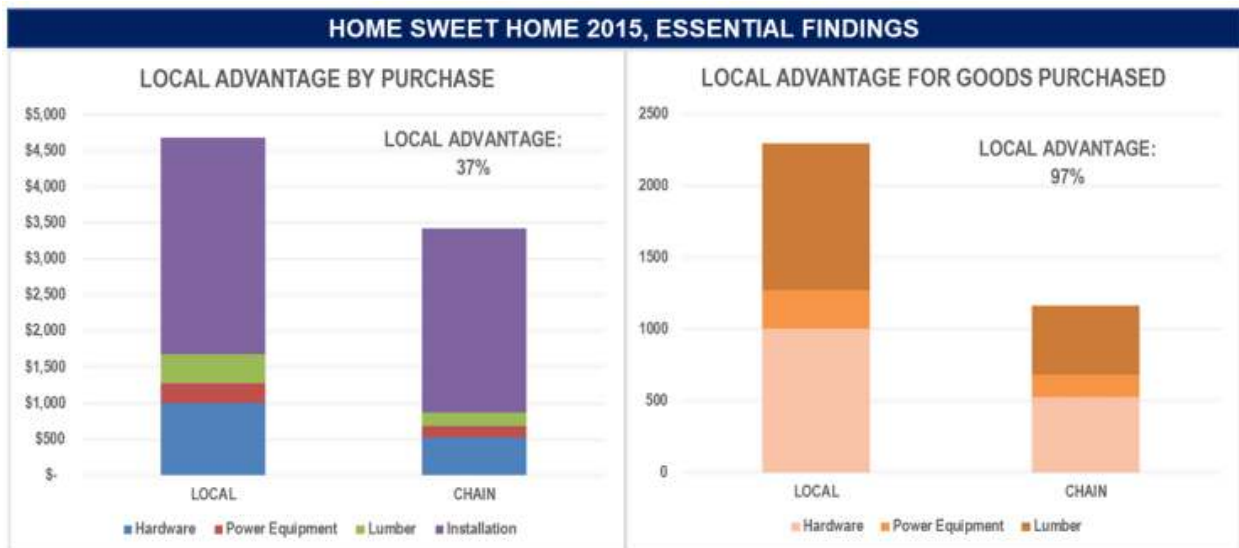
Outlets	2017	2018	2019	2020	2021	2022	% change 2017-2022
Hardware stores	19,850	19,250	19,150	19,100	19,000	18,900	-4.8
Home centers	9,790	9,785	9,730	9,720	9,680	9,710	-0.8
Lumberyards	9,760	9,760	9,700	9,650	9,640	9,620	-1.4
Total	39,400	38,795	38,580	38,470	38,230	38,230	-3.0

Source: https://nrha.org/wp-content/uploads/2018/12/24-43_FEATURE-Market-Measure_1218.pdf

While it is true that the numbers of independently owned home improvement stores have declined over the past 10 years, this decline has been nowhere near as precipitous as in other industries like independent booksellers, pharmacies, electronics stores or toy stores. Nor can the decline simply be blamed on the rise of the hypermarket retailers. Many factors, such as changing demographics, shifting population centers and shopping patterns, have also played a role.

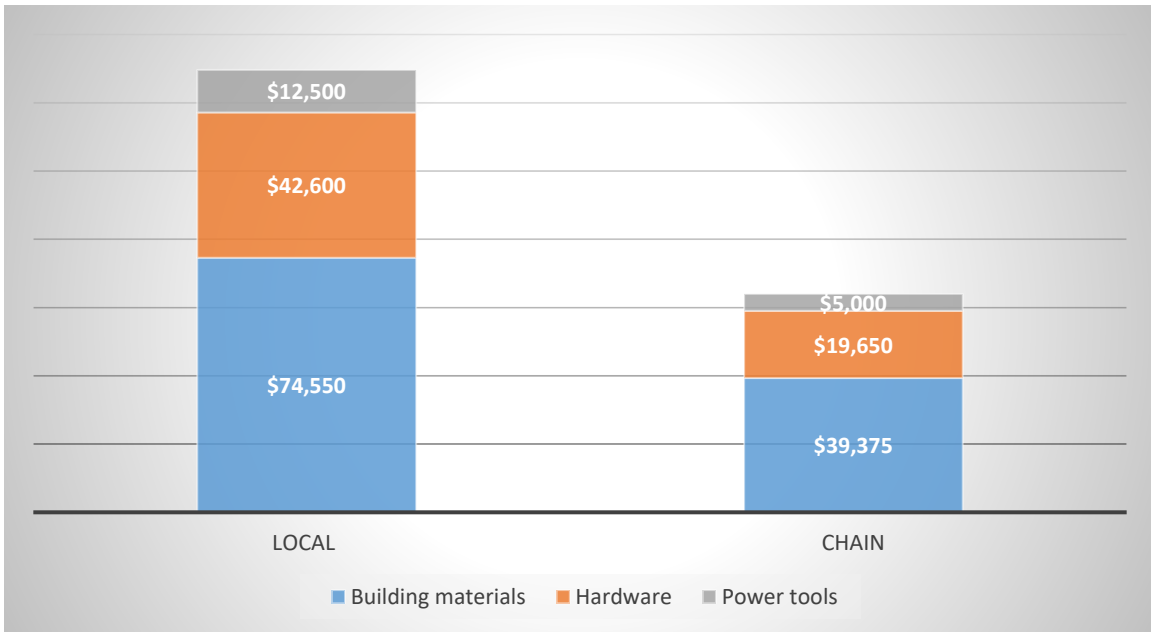
It is also worth noting that the majority of the decline in stores in this industry over the past 20 years (the era of big-box growth) came from the ranks of regional home center chains and lumberyards. These were retail operators like Hechinger, Ole’s, Furrows and Builders Square that attempted to compete against the likes of Home Depot, Lowe’s and Menards — only with weaker, less well-capitalized business models.

In 2015, Civic Economics partnered with Independent We Stand (IWS) and North American Retail Hardware Association (NRHA) to produce Home Sweet Home. They found that purchases of tangible goods from independents produced roughly double the local economic impact compared to national chains.



Source: https://www.independentwestand.org/wp-content/uploads/Home-Sweet-Home-Amazon_.pdf

Home Sweet Home 2017 cumulative recirculation by retail sector



Source: https://www.independentwestand.org/wp-content/uploads/Home-Sweet-Home-Amazon_.pdf

The 2017 NRHA Cost of Doing Business Study surveyed nearly 1,000 merchants representing 1,235 independent storefronts. The typical small-format stores in that survey averaged \$1.9 million in store sales and returned 30.4% of revenue to the local community through labor, profit, procurement and charity. This rate of return is 130% higher than competing national chains and 676% greater than the returns, on average, for Amazon.⁵

Share of revenue recirculating locally through labor, profit, procurement and charitable giving



Source: https://www.independentwestand.org/wp-content/uploads/Home-Sweet-Home-Amazon_.pdf

⁵ https://www.independentwestand.org/wp-content/uploads/Home-Sweet-Home-Amazon_.pdf

Independent hardware retail local advantage 2016 (independents nationwide return 30.4% to the local economy)

State	Amazon wages as a % of sales	Local Advantage	State	Amazon wages as a % of sales	Local Advantage
United States	3.9%	676%	Montana	0.0%	--
Alabama	0.0%	--	Nebraska	0.0%	--
Alaska	0.0%	--	Nevada	8.4%	263%
Arizona	9.9%	208%	New Hampshire	0.7%	4057%
Arkansas	0.0%	--	New Jersey	4.5%	571%
California	4.9%	519%	New Mexico	0.0%	--
Colorado	1.4%	2108%	New York	0.0%	--
Connecticut	4.1%	633%	North Carolina	1.7%	1696%
Delaware	3.3%	834%	North Dakota	0.0%	--
Florida	2.5%	1135%	Ohio	3.1%	874%
Georgia	4.0%	653%	Oklahoma	0.0%	--
Hawaii	0.0%	--	Oregon	1.4%	2079%
Idaho	0.0%	--	Pennsylvania	8.9%	242%
Illinois	4.5%	582%	Rhode Island	0.0%	--
Indiana	13.0%	134%	South Carolina	8.2%	273%
Iowa	0.0%	--	South Dakota	0.0%	--
Kansas	8.3%	264%	Tennessee	9.2%	231%
Kentucky	26.6%	14%	Texas	3.1%	878%
Louisiana	0.0%	--	Utah	0.0%	--
Maine	0.0%	--	Vermont	0.0%	--
Maryland	2.8%	998%	Virginia	4.1%	634%
Massachusetts	3.4%	804%	Washington	10.2%	199%
Michigan	0.5%	6364%	West Virginia	0.0%	--
Minnesota	3.2%	840%	Wisconsin	2.7%	1014%
Mississippi	0.0%	--	Wyoming	0.0%	--
Missouri	0.0%	--	DC	0.0%	--

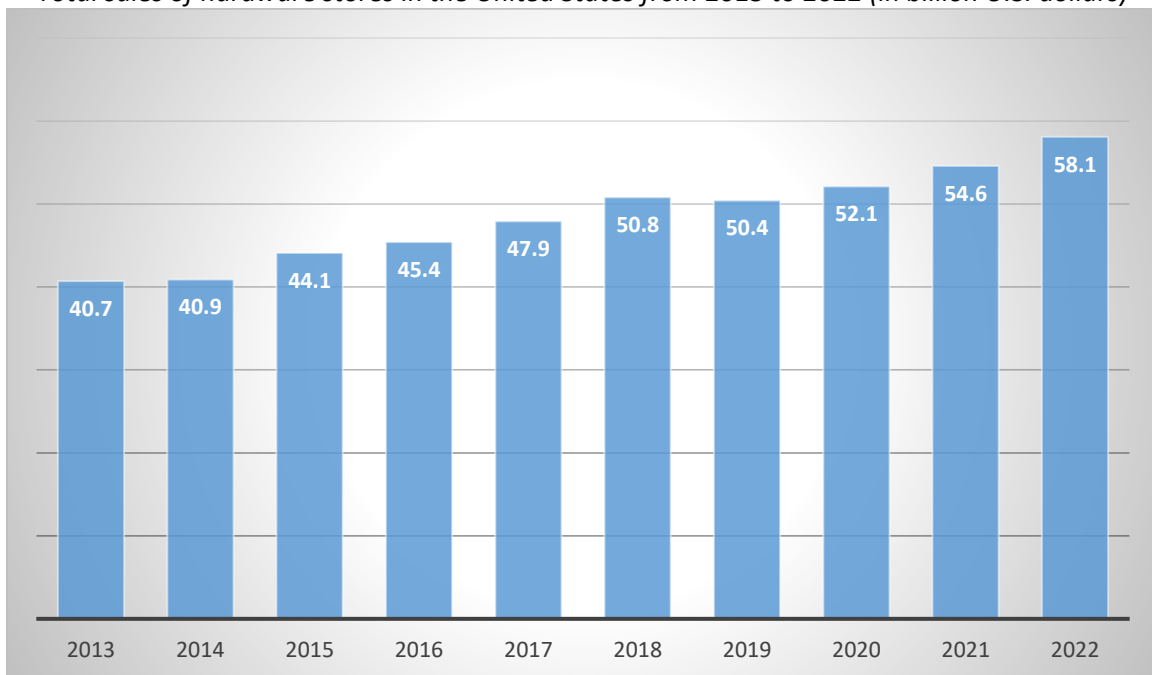
Source: https://www.independentwestand.org/wp-content/uploads/Home-Sweet-Home-Amazon_.pdf

The problem with independent hardware stores in the U.S., even the high-profit ones, is that they are simply not turning their inventories fast enough, even though they are enjoying a very substantial gross margin. In 2015, hardware stores had a stock turn of only 1.9 times, whereas NRHA’s high-profit home centers averaged 3.8 times.⁶ It has always been so with U.S. hardware stores, unfortunately. The low average sale for hardware stores indicates their role is that of a *convenience* outlet, not generally as a destination store for consumers. In contrast, the high average for lumberyards reflects their contractor/builder sales.

⁶ <https://hardwarejournal.com.au/articlearchive/articleid992/>

Revenue Trends of the Independent Hardware Market

Total sales of hardware stores in the United States from 2013 to 2022 (in billion U.S. dollars)



Source: https://nrha.org/wp-content/uploads/2018/12/24-43_FEATURE-Market-Measure_1218.pdf

- In 2018, the total sales of hardware stores in the U.S. amounted to approximately \$50.8 billion.
- 71% of independent industry retailers expect their sales to increase moderately from 2018 to 2021.⁷

For independents, the best estimate of online sales comes from the Census Bureau, which calculates online sales for home improvement retailers, excluding the major chains and Amazon, at less than 1% of sales as of 2015, the last year for which data is available.⁸ Survey data available from NRHA demonstrates that independents largely understand the benefits of online tools and are working to develop them.

Size of the Independent Garden Center Market

In 2010, the U.S. retail garden center market contained roughly 16,000 independently operated companies, according to a report by Research and Markets, the world's largest market research source. The combined annual revenue is (again roughly) was \$30 billion.⁹ Thus, the average retail operation nets almost \$1.9 million per year.

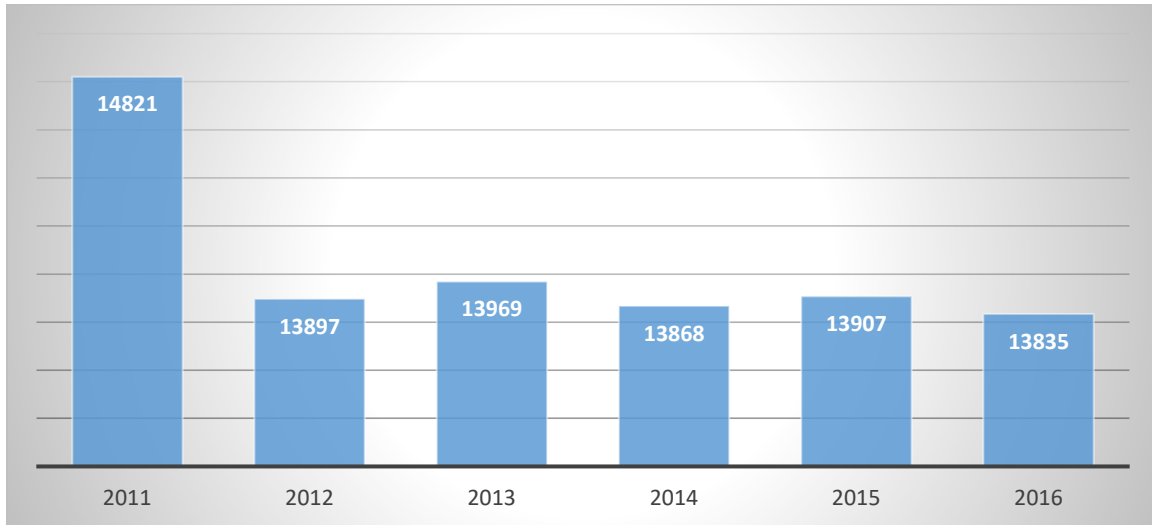
⁷ https://nrha.org/wp-content/uploads/2018/12/24-43_FEATURE-Market-Measure_1218.pdf

⁸ https://www.independentwestand.org/wp-content/uploads/Home-Sweet-Home-Amaon_.pdf

⁹ gardencentermag.com/article/garden-center-0511-top-100-independent-retailers/

As independents, each company has its own individual approach to business management, marketing, customer service and hiring. However, garden center leaders shared some key commodities: Educating customers through workshops, seminars, new services and specialized departments has been a focus for many.¹⁰

Total number of nurseries, garden centers and farm supply stores in the United States from 2011 to 2016



Source: <https://www.statista.com/statistics/716128/number-of-garden-centers-in-the-us/>

The total number of retail locations that Top 100 independent garden centers (IGCs) operated in the U.S. in 2017 was 294.¹¹

Revenue Trends of the Independent Garden Center Market

The combined 2017 sales volume for the 2018 Top 100 independent garden centers in the U.S. was \$1.2 billion.¹² Since 2009, however, the majority of IGC owners and managers who responded to the Garden Center State of the Industry Reports have reported increases in overall sales and profits.¹³

¹⁰ <https://www.gardencentermag.com/article/meet-the-top-100-igcs-of-2018-a-closer-look-at-17-of-the-independent-garden-centers-on-our-list/>

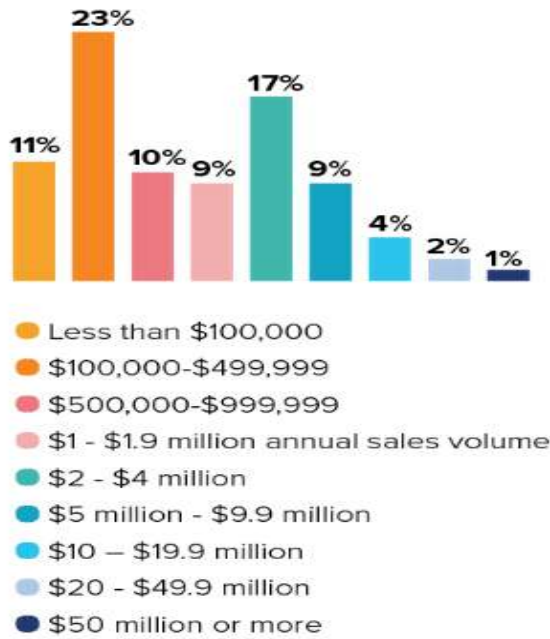
¹¹ http://giecdn.blob.core.windows.net/fileuploads/document/2018/09/11/top%20100%20list_combine%20seperate%20pages_2.pdf

¹² http://giecdn.blob.core.windows.net/fileuploads/document/2018/09/11/top%20100%20list_combine%20seperate%20pages_2.pdf

¹³ <https://www.gardencentermag.com/article/2017-state-of-the-industry-report/>

2018 annual sales volume of independent garden centers surveyed by Garden Center

2018 sales volume of the IGCs:

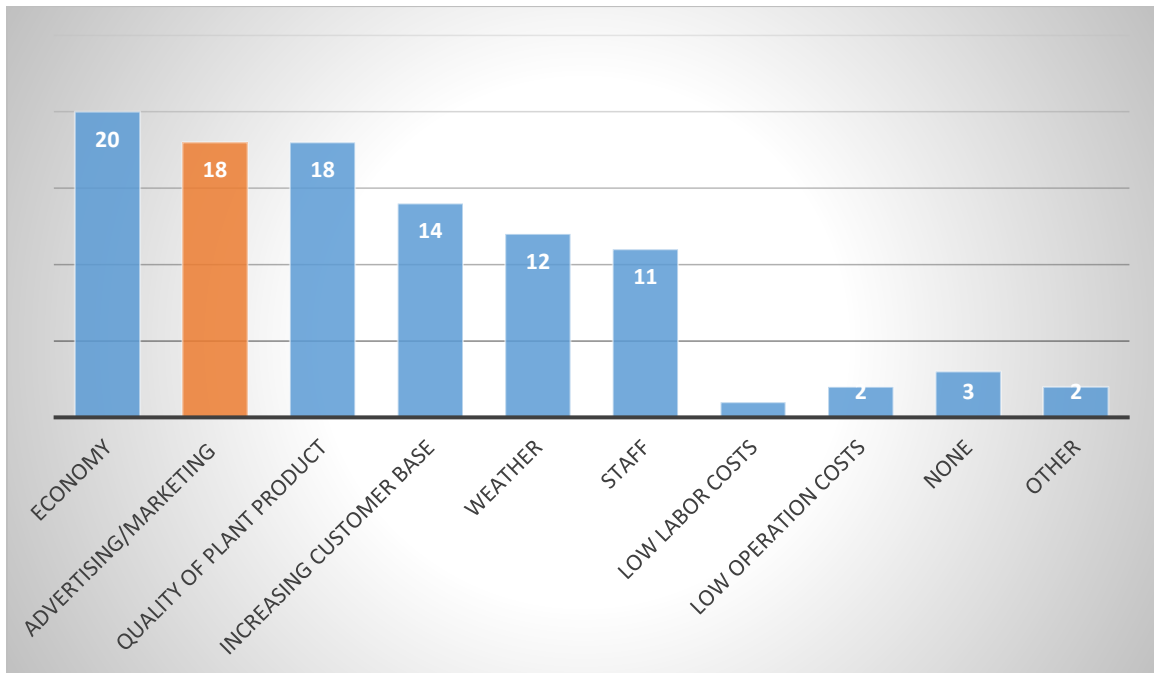


Projected 2019 net profit of the IGCs:



Source: <https://www.gardencentermag.com/article/2019-state-of-the-industry-report/>

What factors do you think have positively impacted your garden center’s 2019 selling season the most?



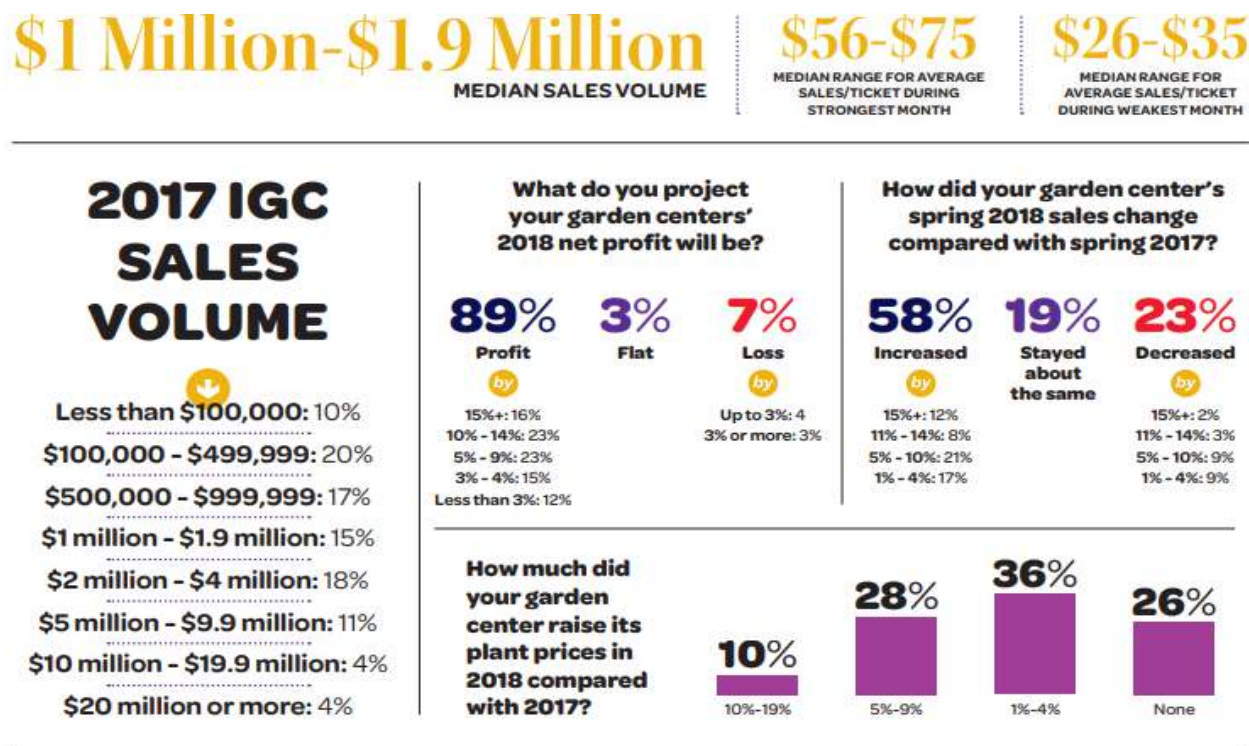
Source: <https://www.gardencentermag.com/article/2017-state-of-the-industry-report/>

Even more IGCs are turning a profit than before, according to the 2019 Garden Center State of the Industry Report. While the vast majority of garden centers were profitable in 2018 (89%), that number is up even higher this year at 95%.¹⁴ The size of profits is increasing as well, with more garden centers reporting profits in the 10–14% range.

Another good sign for garden centers is that home ownership is on the rise, reaching just over 64%, according to research from Realtor.com.¹⁵ Millennials are moving out and buying their own properties, despite the fact that home prices are increasing. IGCs are taking advantage of that millennial market by connecting with them on social media. It’s working out well for most of the garden centers that took the 2019 Garden Center survey.

Although garden centers are reporting growth, higher prices and general profitability, they face the same problems that have plagued them since this survey began. Weather is always an issue that will likely never change. Labor also remains a constant struggle. Staffing and labor costs were the number one and number three biggest challenges, respectively. As minimum wages increase across the U.S. and unemployment sits around 4%, garden centers are constantly searching for qualified employees while also competing with other industries for hourly and seasonal workers. The increased competition from online retailers is also a concern for many garden centers as they try to find their place in the world of e-commerce.

2017 sales, profit and pricing of independent garden centers in the U.S.



Source: <https://www.gardencentermag.com/article/the-2018-garden-center-state-of-the-industry-report/>

¹⁴ <https://www.gardencentermag.com/article/2019-state-of-the-industry-report/>

¹⁵ [Idem](#)

According to the 2018 Garden Center State of the Industry Report, when asked if their garden centers had recovered from the Great Recession, 42% of IGCs said they had surpassed the sales and customer levels just before the Great Recession, and 19% said they were back to the levels they maintained just before the economic downturn. (About 14% could not report because they were not in business a decade ago.)¹⁶

Additional Industry Trends

Many garden center leaders give the credit for their companies' success to their staff members. People are the most important factor in any business, especially in the garden center retail industry, as providing great in-store experiences is one of the best ways brick-and-mortar retailers can compete with the convenience of online businesses like Amazon. But finding the right people is challenging — 44% of garden centers surveyed by Garden Center in 2018 reported that “insufficient available qualified employees in the market” was their greatest hiring challenge.

Here are the highlights from the 2018 Cost of Doing Business Study (the data comes from the 2017 fiscal year) compiled by the NRHA for independent hardware stores¹⁷:

- Profit margin: Although sales per customer stayed even at \$22 from the prior year, profit margin dipped from 4.2% to 3.6%.
- Total operating expenses dropped to 38.4%, potentially reflecting a slight decrease in payroll costs, occupancy and other operating costs.
- Sales per square foot hit an all-time high at \$193, reflecting high inventory turnover in the independent home improvement sector.
- Sales per employee at typical stores decreased about 1 percent year over year to \$174,357.

How to Build a Marketing Budget

Just getting started is sometimes the hardest part of building a budget. The following is intended to give you insight on how much an independent retailer should allocate for marketing annually, as well as how others are spending their budgets.

The U.S. Small Business Administration recommends spending 7–8% of your gross revenue for marketing and advertising if you are doing less than \$5 million per year in sales and your net profit margin — after all expenses — is in the 10%–12% range.¹⁸

Most companies spend 7–8% of their gross revenue on marketing (The CMO Survey 2017, sponsored by the Fuqua School of Business at Duke University, Deloitte LLP and the American Marketing Association). According to WordStream, new companies should spend slightly more of their gross revenue on marketing (12–20%) than established companies (6–12%)¹⁹.

¹⁶ <https://www.gardencentermag.com/page/state-industry-report/>

¹⁷ https://nrha.org/wp-content/uploads/2018/12/24-43_FEATURE-Market-Measure_1218.pdf

¹⁸ <https://smallbusiness.chron.com/percentage-gross-revenue-should-used-marketing-advertising-55928.html>

¹⁹ <https://soapboxly.com/outsource-marketing/how-much-to-spend-marketing/>

The higher the competition, the greater the spending.²⁰

Recommended marketing budget

Revenue	Marketing Budget
Less than \$5 million	7–8%
\$5–10 million	6–7%
\$10–100 million	5–6%
\$100–300 million	3–5%
More than \$300 million	3–4%

Source: <https://www.intouch-marketing.com/blog/what-should-my-marketing-budget-be/>

Here is the percentage of annual revenue that the polled companies spent in Q3/Q4 of 2015 as per the CMO Survey conducted by Deloitte, the American Marketing Association and The Fuqua School of Business²¹:

Type of Company	Marketing Spend %
B2B Product	6.9%
B2B Services	8.6%
B2C Product	9.5%
B2C Services	10.4%

Source: <https://www.themarketingblender.com/tips-build-marketing-budget/>

The digital/online part of marketing budgets is expected to increase from 42% in 2019 to an average of approximately 45% by 2020.²² The average company is spending 35% of the marketing budget on digital campaigns, and that is not enough.

Reports from Forrester Research and eMarketer show the estimated allocation of marketing funds offline vs. online and across the digital channels²³:

- Search engine marketing will capture the most significant share of online spend.

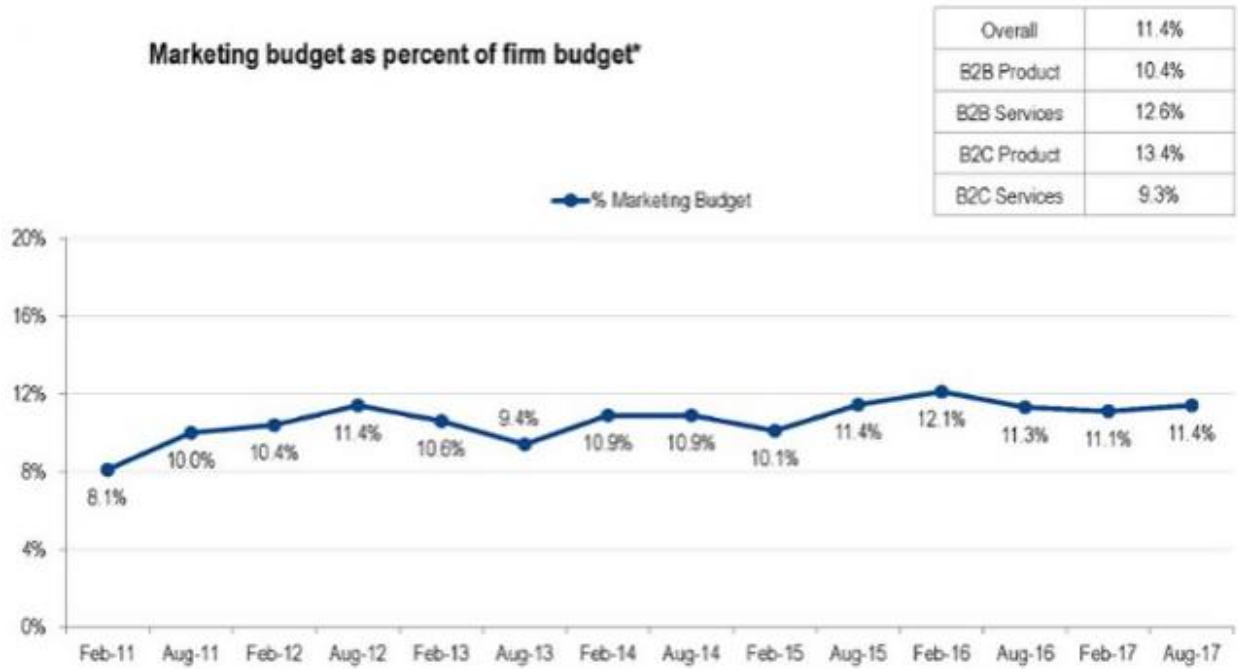
²⁰ <https://www.themarketingblender.com/tips-build-marketing-budget/>

²¹ <https://www.themarketingblender.com/tips-build-marketing-budget/>

²² <https://hookagency.com/digital-marketing-budget/>

²³ <https://propelyourcompany.com/how-much-should-you-spend-on-marketing/>

- Online displays (banner ads, online video, etc.) will take the second largest percentage.
- Online video will represent the highest growth category, with the anticipated investment more than doubling 2016 numbers by 2021.
- Social media advertising represented 25% of total online spending in 2018
- Digital marketing is marching at an 11% compound annual growth rate between 2016 and 2021, with the most significant growth occurring in online video.
- Investment in paid search, display advertising, social media advertising, online video advertising and email marketing is predicted to account for 46% of all advertising by 2021.



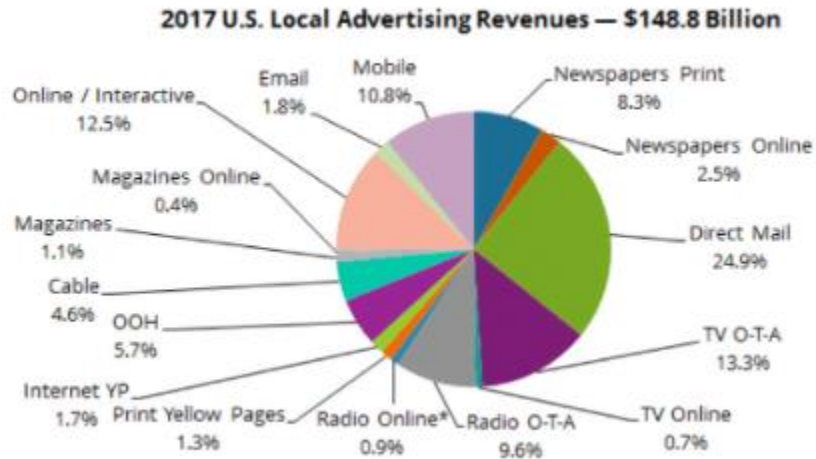
Source: <https://smartsearchmarketing.com/b2b-marketing-budgets>

Traditional media is far from dead. According to Nielsen Insights, old-school AM/FM radio reaches 88% of Generation Z and 93% of millennials each week.²⁴ The amount of time people spend listening to radio each day increases when you compare generations from youngest to oldest. Print claims 8.3% of local advertising spend, according to BIA/Kelsey.²⁵

²⁴ <https://www.nielsen.com/us/en/insights/article/2018/how-america-listens-the-american-audio-landscape/>

²⁵ <http://www.biakelsey.com/research-data/local-commerce-monitor/>

Traditional media has noticeable share of the local Ad market



Source: <https://propelyourcompany.com/how-much-should-you-spend-on-marketing/>

Companies with fewer than 100 employees tend to spend their marketing dollars on²⁶:

- Local listings and review management
- Email marketing
- Social media management
- Paid search (e.g., Google PPC, local service ads, etc.)
- Website content and blogging
- Website SEO, development and design
- Community events and sponsorships
- Offline marketing (e.g., billboards, radio, direct mail, print ads, etc.)

Small local businesses tend to spend **about \$6,000/mo. (~10 employees) to \$60,000/mo. (~100 employees) on marketing**, assuming an average annual revenue per employee of \$100,000.²⁷

How to Differentiate from the Big Boxes

The all-American mom-and-pop hardware store has been hammered by the big-box boys — Lowe's, Home Depot and Walmart. Looming larger still is the unrelenting pressure from Amazon, which lists a staggering 70,000 items under tools and home improvement alone.²⁸ In the center of this competitive storm sits Ace, whose 5,000 locations walk a fine line between chain-store economics and a small-town feel. Each Ace Hardware store is independently owned and operated.

²⁶ <https://soapboxly.com/outsourcing-marketing/how-much-to-spend-marketing/>

²⁷ <https://soapboxly.com/outsourcing-marketing/how-much-to-spend-marketing/>

²⁸ <https://www.adweek.com/brand-marketing/ace-hardware-wants-you-to-know-its-proud-to-not-be-a-big-box-store/>

But the story of independent home improvement operators is one of triumph, not tragedy. These stores could well be used as a model for how independent business operators can win out in the era of hypermarket retailing. Through a combination of traits such as high service, focused selection, sharp pricing and differentiated product assortments, independent retailers around the U.S. have found many ways to excel and thrive in the shadows of big-box competition.²⁹ For instance, in Indianapolis, a number of independent home improvement retailers are great examples of success, such as the operations run by Pat Sullivan, Steve Fusek and Jeff Cardwell.³⁰

When it comes to convenience and customer service, it is not hard to see why consumers continue to patronize smaller independent retailers. While megastores certainly have pushed many weaker stores out of business, they also have forced the remaining operators to improve. They had to rethink their presentation and do a better job, drawing the distinction between themselves and the big boxes. Because the market is so fragmented, they are all finding their own ways to survive.³¹

Based on insights from independent owners and operators around the country (in phone interviews, at trade shows and during store visits), it seems that hardware stores are not endangered. They are energized.³² Those that are thriving appear to be playing with the same playbook:

- **Use your strengths.** Hardware stores are nimble, friendly and convenient.
- **Plant your flag in the community.** Amazon, with all its warehouses, cannot duplicate that.
- **Invest in your environment.** Top performers invite customers to shop, not just pick up.
- **You are only as good as your people.** The battle is taking place on the front lines, where customers interact with people on the floor. You will not see many owners accepting an award while neglecting to credit these people.

The one big advantage a great independent retailer has over a big-box retailer is its knowledge.³³ As much as staff members must be well trained in all things hardware retail, it is also important for them to be happy. Happy employees want to come to work, and the benefits are twofold: They are willing to work harder and they are more productive. Happy employees also lead to better customer experiences.

In addition, by providing high-quality services, an independent retailer can boost the overall reputation of the store and encourage people to visit more often for other hardware needs.

Consumers have two major driving points for shopping online: convenience and price. Big-box retailers and e-commerce giants like Amazon can purchase large numbers of products from wholesalers and sell them at a cut below an independent retailer. They are also accessible anytime, anywhere. To make a purchase, a customer simply needs a cell phone. It should be simple: They search for something you have in your store. Your store should come up in the search results. You have several options to increase your business's online presence³⁴:

²⁹ <https://www.hardwareetailing.com/letter-to-the-editor/>

³⁰ [Idem](#)

³¹ <https://www.ozy.com/fast-forward/revenge-of-the-independent-hardware-stores/76344/>

³² <https://www.hbsdealer.com/hardware-stores/hardware-store-nation-top/>

³³ <https://www.pointy.com/blog/independent-hardware-stores-vs-amazon-7-tips-to-compete>

³⁴ [Idem](#)

- **Invest in an online store/e-commerce platform and start selling online.** Web design agency OuterBox cites that an e-commerce website project can range from \$10,000 to \$500,000.
- **Pay to sell through Amazon’s Marketplace.** The initial monthly fee is \$39.99, but it quickly grows if you need to factor in packing, shipping, customer service and general order fulfilment. This is not ideal.
- **Invest in paid advertising.** You have several options — from Google to Facebook. There are no hard and fast rules, though Facebook has a daily limit of \$1 — which might be fine if you have a reasonably small inventory, but for most hardware stores, the cost will quickly escalate. As for Google, keywords like “hardware store near me” will cost upwards of \$4, while an ad targeting an adjustable wrench could cost \$12 — for a single bid. Now consider that for your entire inventory.
- **Use a device like Pointy to get your entire in-store product inventory online.** This device will connect to your POS and creates a Pointy page, where all your products will appear.

This will ensure that people who are searching for your products nearby can find them. It will also drive them directly to your store from these searches. In short, they make a search and you have the potential to make a sale.

True Value³⁵ has embraced a “marketing-as-a-service” model, offering hyper-local and highly targeted marketing to stores as part of a larger program to raise the bar on customer experience and give e-commerce competitors and big-box shops a run for their money. The goal is to drive profitable retail sales by offering these independent retailers the programs and campaigns that enable their stores to compete in an omnichannel world (John Hartmann, True Value Company President and CEO).³⁶

For consumers, highly customized marketing that is geo-targeted and supported by opt-in relevant messaging on mobile devices delivers a better advertising experience — on their terms. For store owners, access to digital marketing programs tailored to their needs ensures shoppers come in the door — and keep coming back. In 2019, each store will have its own individual marketing program and will be able to adjust it — right on the screen — as the dollars go up and down.

Physical stores are in business today because there is something unique about being independent and local. Millennial consumers, particularly first-time homeowners, prefer local stores to web-based traders. It is a huge customer segment — 84 million millennials in the U.S. alone. This will be the highest-spending consumer segment in the home improvement market by 2020.³⁷

Fortunately for True Value’s independent retailers, it is also a segment new to DIY jobs and eager to go to local stores for advice and supplies. The retail stores provide a high level of expertise and highly personalized service that young consumers crave.

³⁵ An American wholesaler with over 4,600 independent retail locations worldwide

³⁶ <https://www.forbes.com/sites/peggyannesalz/2019/03/21/hardware-stores-find-true-value-in-hyper-local-advertising/#7c947760370c>

³⁷ <https://www.homeadvisor.com/r/true-cost-report/>

Providing a superior shopping experience makes all the difference in prompting a customer to return and advocate your brand. Big-box stores cannot provide the customer care and knowledge you can, so use this to your advantage³⁸:

- **Make your shopping experience fun and relaxing.** Messy stores take away from the fun. Make your in-store experience welcoming and inspiring, not chaotic and overwhelming.
- **Incorporate samples.** Costco is extremely successful with its free sample carts stationed around the store. According to Dan Ariely, a behavioral economist at Duke University, “Reciprocity is a very, very strong instinct. If somebody does something for you, you really feel a rather surprisingly strong obligation to do something back for them.”³⁹ Product sales jump from 300% to 600% when samples are offered.

How can you offer samples in a garden center? Show off fun recipes that you can make with fresh garden ingredients. For instance, make a flavored water refreshment stand and highlight the ingredients used, or create a fun salsa recipe and set up an end-cap display showcasing the plants customers need to recreate it at home. When you show people how easy these things can be, they will grow inspired and try new things. Ask your suppliers for samples. If you can prompt your customers to buy more, they will sell more, too because they will want to help in any way they can.

Case Study: Taylor’s Do it Center

Size: 11 stores

Location: Virginia and North Carolina

Tom Townsend, marketing manager at Taylor’s Do it Center, said this: “The biggest challenge is competing with the big boxes who have deeper pockets to devote to marketing and advertising. Staying top of mind with a much smaller budget is difficult.”⁴⁰

During a busy month, Taylor’s Do it Center might run five or six ads, including one or two color newspaper inserts, TV commercial branding spots, and radio ads. Meanwhile, Townsend said his competitors run at least four inserts per month and run TV and radio commercial spots almost continually throughout the year. “Big boxes spend more in one month than what we have in a budget for a year,” he said.⁴¹

One of the ways that Taylor’s has been able to combat these challenges is by partnering with other local businesses. The company joined *Independent We Stand*, a group of independently owned businesses across the country that work together to educate their communities on the importance of buying local. Independent We Stand also has a Buy Local mobile app that gives consumers a way to find independently owned businesses in their own communities. Townsend was partly attracted to the organization because of the marketing opportunities it provided.

³⁸ <https://www.gardencentermag.com/article/marketing-with-a-limited-budget/>

³⁹ [Idem](#)

⁴⁰ <https://streetfightmag.com/2016/05/24/case-study-hardware-store-shifts-marketing-mix-joins-the-buy-local-movement/>

⁴¹ [Idem](#)

“It has opened up opportunities for us to participate in some of their advertising and marketing materials,” Townsend continued. “In doing so, it further advanced our brand as an independent, local, family-owned business. Additionally, we have used the statistical research and information they have conducted to show how shopping local and independent businesses helps to better support the local communities for whom they serve.”

Outside the group, Townsend has focused on shifting his company’s marketing mix to include more digital channels. Although the majority of the company’s advertising is still in print, TV and radio, the business has been integrating more online channels with the use of a Facebook page, monthly emails to subscribers with news and tips, YouTube videos and digital ads on media partner webpages.

“For a retailer like us, research still shows that printed inserts are still a big draw for customers,” said Townsend. “However, that is more in keeping with our customer demographics as they are now. To reach a new and younger customer base, we are looking to expand with new technological media such as mobile phone marketing.”⁴²

With so many options available, it becomes a challenge to invest in marketing channels strategically for the best ROI. But based on his research and personal experience, the marketing manager feels confident in his decision to move from 90% to 70% traditional media, with newer channels like social media making up the other 30% of the company’s marketing and advertising budget.⁴³

Taylor’s also runs a loyalty program and uses its customer database to send personalized direct mail offers, such as cards on customers’ birthdays. The loyalty program is a good way of rewarding loyal shoppers while encouraging them to continue shopping with the company as they build up their rewards. It also provides the business with a large database of customers and their demographics. This can help with future marketing offers and rewards.

The loyalty program and direct mail coupons also play an integral role in the way that Townsend gauges the success of his offline campaigns. If a campaign involves running coupons, he compares the number of coupons redeemed to the number sent out to measure the effectiveness of the campaign. For branding campaigns, he looks at sales during the period when the advertisement was running. Online campaigns can be easier to track, since the platforms provide metrics for Townsend to review.

Google Analytics and Facebook Analytics give Taylor’s a good idea of what customers are looking for, interested in and responding to. Additionally, Taylor’s receives some of its market intelligence from customers’ responses to Facebook posts.

New products are a great way for independent retailers to differentiate themselves from other retailers, especially the big boxes.⁴⁴ In particular, independent retailers should look for regional items. Big-box

⁴² <https://streetfightmag.com/2016/05/24/case-study-hardware-store-shifts-marketing-mix-joins-the-buy-local-movement/>

⁴³ <https://streetfightmag.com/2016/05/24/case-study-hardware-store-shifts-marketing-mix-joins-the-buy-local-movement/>

⁴⁴ <https://www.hardwareetailing.com/buyers-perspective/>

stores have a hard time working with regional niches because so much of what they do happens at a national level.

According to *Hardware Retailing*, independent retailers should not be afraid to be the first to try something new.⁴⁵ They should not wait to add an item to their shelves until after it has been in the marketplace for a while and sold well in other stores.

Case Study: Crest Hardware

Few hardware stores can brag of hosting 300-person art shows or claim they have a pot-bellied pig parked in the backyard. Fewer still can be spotted in the background of Alexander Wang campaigns, models bedecked in expensive jumpers and coil chain. But Crest Hardware, a North Brooklyn staple, is known for all these and more.⁴⁶

In a world increasingly dominated by big-box stores swallowing mom-and-pops whole, what has kept Crest Hardware in business has been its very mom-and-popness. The second-generation owner, Joe Franquinho, has pushed some modern ideas, such as longer hours and a social media presence. But the core of Crest remains the same: to be a trusted one-stop shop for locals. It is that balance between old and new that has kept them popular, not only with the latest wave of Williamsburg newcomers, but with the originals — a deeply Italian-American enclave.

The balance can perhaps be attributed to the meeting — or battle, on occasion — of two minds. The first owner, Joe's father, brings years of practical experience and knowledge. Joe delivers a fresh eye, keeping the business competitive in an ever-changing landscape — hosting holiday pop-up shops at The Standard hotel, appearing in short films and even letting a company 3D-scan the aforementioned pig. Crest Hardware remains cooler than the big-box chains precisely because of its idiosyncrasies. If you can't beat your competitor on price, you must have a better-looking canvas tote bag — and probably some quality power tools.

Crest Hardware has managed to remain a relevant presence in North Brooklyn using a combination of creativity, community and old-school know-how.

The company changed over to digital little by little. One of the first things it did was digitize the entire inventory and obtain computerized POS systems and tied-in credit cards. Then it increased its digital and social media presence. In terms of less-traditional marketing, Crest Hardware used to host the Crest Fest neighborhood festival, as well as an art show.

Independent business is demanding in hardware and in all other fields. Both independent garden centers and outdoor power dealers struggle with the same issues. How do they remain relevant and profitable with increasing big box competition? Business is booming for a portion of the year and dead in others. It is difficult to deal with these ebbs and flows and remain profitable. Customers are looking for a personal experience at a store they can trust. For instance, Farm & Home Hardware in Wellington, Ohio offers service for everything they sell, so the opportunity for additional transactions is available.⁴⁷ With the

⁴⁵ <https://www.hardwareretailing.com/buyers-perspective/>

⁴⁶ <https://bondstreet.com/crest-hardware-interview/>

⁴⁷ <https://www.hardwareretailing.com/2017-top-guns/>

decline of Sears and other appliance stores, a huge hole needs to be filled. Online retailing is here to stay, but people still crave personal interaction. Interpersonal communication is a must. Even with a 360-degree marketing plan, Farm & Home Hardware keeps business personal and relevant. The business utilizes print advertising and some direct marketing through their customer rewards program. On the digital side, Farm & Home Hardware utilizes the website, email marketing, social media and Google AdWords to promote the brand. Thanks to Independent We Stand, Small Business Saturday by American Express and other organizations, small businesses are cool again.

How to Differentiate from Amazon

Double-digit sales increases, a website that is easy to shop, tech experiments like drones and a steadily growing product mix make Amazon more formidable by the day. Amazon has transformed customers' expectations for retailing with convenience and near-instant gratification in the form of cheap same-day or free two-day delivery. Traditional big-box retailers, including Home Depot and Lowe's, have also become e-commerce giants in their own business sectors through the years. The implications are plentiful for independent businesses — in ways that are not always obvious.

According to Zach Williams (the founder of Venveo, a digital marketing firm that focuses on bringing new marketing strategies to building supply manufacturers), "The biggest thing retailers can do is provide service and value that Amazon and other large online retailers cannot.⁴⁸ The name of the game in winning more sales right now is reducing friction. Friction can come in many forms. Amazon reduces friction by making it super easy to buy something wherever you are and get it to your doorstep in a day or two. You may not be able to have an online store that competes with Amazon, but you can surely reduce friction in the areas of education, customer service, logistics, delivery, follow-through and other valuable parts of your offering that will continue to expand your reach within your local market."

Disrupting the Disruptors

Williams explained that there are three main ways to ensure your business stays aware of shifting customer preferences and is not caught off guard by emerging retail trends:

- **Conversation is the new lead.** Find new ways to share basic business details. Through chatbots or mobile apps, give customers the information they need.
- **Value is the new currency.** Williams said retailers can create valuable online experiences for customers. Consider launching a DIY blog, recording how-to videos or contributing to podcasts.
- **Community is king.** Retailers understand their communities in ways big boxes never will. They must leverage that relationship to act quickly and meet community needs reliably.

Recent research from the NRHA (2018) shows that 95% of independent home improvement businesses have websites and 55% sell products online.⁴⁹ Some independents started in e-commerce decades ago and have developed momentum in online retail. Many others have more recently begun to dabble in online selling using distributor platforms or building their own. NRHA surveyed nearly 400 retailers in the

⁴⁸ <https://www.hardwareretailing.com/using-digital-strategies-to-grow-closer-to-customers/>

⁴⁹ <https://www.hardwareretailing.com/competing-online-amazon-world/>

independent home improvement sector to learn how they stay relevant online in an era when more and more consumers begin their shopping cycles online. How are retailers finding success in a busy online marketplace?

Nearly 60% of the independents who participated in NRHA's new research feel they cannot currently compete online against big retailers. About 57%, however, think they will be able to compete with other home improvement industry websites within five years. Many retailers are finding ways to use their websites, even without e-commerce, to serve their customers. However, they do not expect to grow as large as Amazon and the big boxes online or become the new standards for what e-commerce should look like.

"You can't let it discourage you. The functionality of a website like Amazon's is very difficult or impossible for a small retailer to meet. However, there is an opportunity to learn how you can do it differently or maybe even better," said Jessica Bettencourt, president of Klem's in Spencer, Massachusetts.

Independent retail operations, such as Klem's, are finding that their online operations can complement what they are already good at in stores, such as expert DIY advice and personalized customer service. Bettencourt has been focusing on store renovations, and she thinks Klem's website is the next area due for a major remodel. The company's current website offers customers the ability to check Klem's inventory in real time and find out what events and promotions are happening in the store, but it has plenty of room for improvement.

While many retailers are excelling online by providing unique, specific content on their websites, delivering on customers' e-commerce expectations can be difficult for several reasons.

Many retailers describe two driving factors that slow their entry into e-commerce: the lack of employee time to commit to website maintenance and limited budgets to develop and implement e-commerce options on their websites. Fortunately, these retailers are listening to their customers and are willing to be creative, particularly with social media. Many retailers are using a combination of social media platforms and websites to present online the personality, uniqueness and superior level of service that shoppers want from independent stores. Some of these website priorities, such as presenting store location information, are not business differentiators but are basic customer expectations. Retailers cannot rely on those alone.

The research from The Farnsworth Group and NRHA shows that retailers are aware of what online customers say they value in a business's website, such as product details and in-store product availability. Plenty of retailers offer e-commerce functions, but even those who don't often know what customers expect from their websites. There is other good news, as well — most customers agree with retailers that, when it comes to home improvement, online-only businesses cannot meet all of their needs.

Many retailers feel their best online weapons against encroaching e-commerce threats are advertising special events and reinforcing their brands to attract customers to their physical stores.

The main focus for Bill Jablonowski, owner of Jabo's Ace Hardware in North Texas, and Andy Darnell with Howard Brothers in Georgia, is building their companies' online identities authentically, even without their

own proprietary e-commerce offerings. Jabo's has three locations, Howard Brothers operates five stores and both retailers offer a portal to their wholesalers' e-commerce platforms.

The Howard Brothers website connects customers to what are essentially online catalogs of the company's main product offerings: equipment sales, parts and service and repairs. A news section includes sales flyers, blogs about store events and industry happenings. The Jabo's Ace Hardware site features large graphics advertising in-store events, an upcoming community fundraiser and current job openings alongside links to the company's social media accounts. Having a web presence is an opportunity to solidify the Jabo's Ace Hardware brand for customers, Jablonowski said.

On average, retailers who participated in NRHA's research say digital sales account for 7% of their operations' overall sales.⁵⁰ Whether or not their e-commerce stores are robust, many retailers are learning that creating a multiplatform retail presence boosts business. They are leaning on social media strategies, engaging content and in-store events to differentiate their operations from the big boxes.

For Darnell and Howard Brothers, that means increasingly driving the company's marketing budget toward digital advertising. Radio spots are the company's biggest advertising expenditure, but Howard Brothers will slowly start paring down its money spent on radio ads to beef up online marketing initiatives, such as running targeted Google AdWords campaigns, Darnell said.

More than 60% of the retailers NRHA surveyed do not currently have a budget for online marketing and development, but 85% of respondents maintain a social media presence to stay top of mind with customers. Retailers say sharing photos and information and spreading the word about upcoming events are the most common ways they use social media.

About 65% of retailers use social media to draw traffic to their websites while also promoting their brick-and-mortar operations. Klem's has more than 15,000 Facebook followers who engage with the business by participating in online contests, viewing photos and asking questions.

Howard Brothers regularly posts videos to its social media accounts, often of employees demonstrating new products or promoting in-store events. Videos build the company's brand and help customers connect with Howard Brothers in a meaningful way, Darnell said.

For the NRHA survey respondents who offer some level of e-commerce, customers buying online and having their orders shipped to stores is the most common method of order fulfillment. Of the retailers who offer e-commerce, nearly 80% say they use this fulfillment option.⁵¹

For Howard Brothers, competing against Amazon and other online retailers sometimes means using competitors to Howard Brothers' own advantage. The company sells new products on Amazon using a seller's profile it created roughly a decade ago. The business also sells used equipment parts on eBay then ships products directly to customers who order on Amazon or eBay.

Even without direct e-commerce capability on its website, Jabo's Ace Hardware is still incorporating technology into its operations.

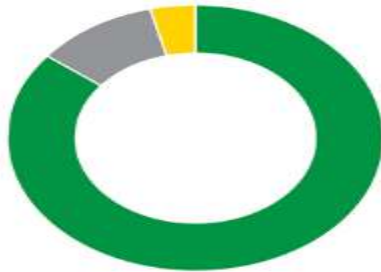
⁵⁰ <https://www.hardwareretailing.com/competing-online-amazon-world/>

⁵¹ <https://www.hardwareretailing.com/competing-online-amazon-world/>

Can online-only businesses meet all of the needs of today's hardware or home improvement shoppers?

From the Retailers' Perspective

No . . . 85.8% Yes . . . 3.8%
Other* . . . 10.4%



Source: North American Retail Hardware Association

From the Consumers' Perspective

No . . . 71.0% Yes . . . 29.0%



Source: The Farnsworth Group

More than half of NRHA's 2018 survey respondents feel that within five years they will have websites allowing them to compete directly online with big-box retailers. What that may mean varies by business. Jabo's Ace Hardware is ready to follow and meet customers wherever and however they are shopping, Jablonowski said. And Howard Brothers' future online strategy will continue to rely heavily on generating unique content that establishes the business's commitment to the communities it serves.

"The better we can look online from a reputation standpoint, the better," Darnell said. "When someone is comparing us against a local competitor, we will always have the edge. They will go to whoever they feel most comfortable with, and our goal is to make us their top choice."

Jablonowski believes brick-and-mortar stores will always have a competitive advantage over e-retailers.

NRHA 2018 survey participants echo that sentiment nearly across the board, saying their businesses will remain relevant because customers, especially in the home improvement industry, still want in-store experiences. The staff at the locally owned home improvement store demonstrate products, explain the differences between similar items and make sure the customers know what to do when they get home to tackle a project. Being able to hold a product is important. Nothing replaces the ability to see and touch a product in person.

Case study: Plain Hardware

[Plain Hardware](#) in Plain, Washington is another example of how small stores have carved out a niche to survive and even thrive by providing expertise, personal service, and community support.⁵² Plain Hardware is helped by its location. That remains an advantage, even in an era of next-day delivery. Most of the items sold are available on Amazon, often from 10 different vendors. (That said, people are not yet buying dimensional

⁵² <https://www.inquirer.com/business/retail-amazon-small-business-hardware-guitars-washington-20190820.html>

lumber or drywall on Amazon in significant quantities.) The nearest physical competitor is four miles away, and the big-box home improvement stores are farther off.

To keep local builders and homeowners coming back, owner Rob Whitten learns what they need — and want — mostly by asking and listening during face-to-face interactions with customers. He augments that customer input with his knowledge as a builder, making sure to have all the little parts for finishing common building projects.

“Amazon has transformed customers’ expectations for fairly quick fulfillment, and that will never go away. Our job is to figure out how we do it better than they do it,” Whitten said.⁵³ That means working with suppliers to ensure he is never out of that key piece or tool a local homeowner needs to finish a project immediately.

Plain Hardware, like other physical retailers, offers instant gratification and instant fulfillment. Amazon, the so-called everything store, cannot deliver local gossip, advice and expertise (particularly in hardware), support that customers and employees provide one other or a venue for community events, such as the farmers market in the summer and youth ski-team gatherings. Plain Hardware employs about 20 people year round.

Three-quarters of the 550 independent retailers polled during the spring of 2019 by the Institute for Local Self-Reliance, which calls for greater regulation of Amazon as part of its advocacy for decentralized economic power, considered competition with the Seattle-based company to be their top challenge.

Of course, thousands of small- and mid-size businesses also use Amazon’s infrastructure to host digital storefronts, connect to customers, and deliver their wares. Some argue that Amazon’s third-party sellers’ business, now accounting for 58% of its physical gross merchandise sales, amounts to an important lifeline for small businesses.⁵⁴ Others see Amazon and its growing share of online sales as the greater threat.

A major advantage that brick-and-mortar hardware stores have over online retailers is their ability to build personal relationships with their customers. Little touches like remembering people’s names and giving helpful recommendations on purchases make customers feel valued and encourage repeat visits.

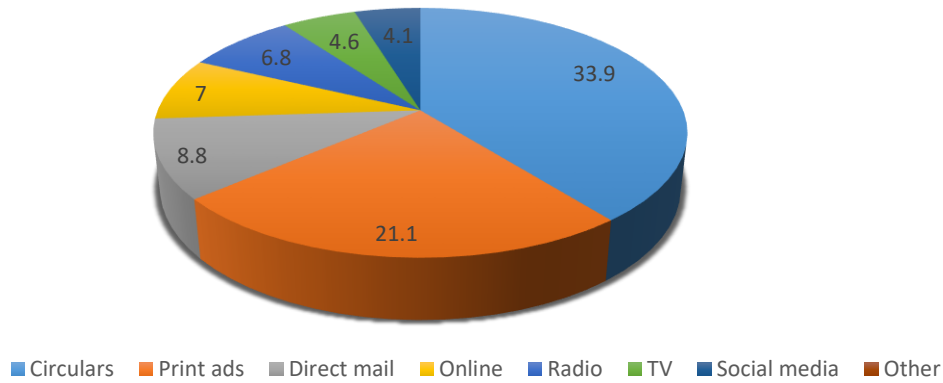
Marketing Tools Used by Independent Hardware Stores

Hardware store operators market through both traditional media (such as print ads and TV) and new media (the internet). According to a 2013 NRHA survey, hardware stores, on average, spend more than half their advertising budgets on circulars and print ads, as shown below:

⁵³ <https://www.inquirer.com/business/retail-amazon-small-business-hardware-guitars-washington-20190820.html>

⁵⁴ <https://www.businessinsider.com/amazon-sellers-organizing-anti-trust-doj-ftc-2019-8>

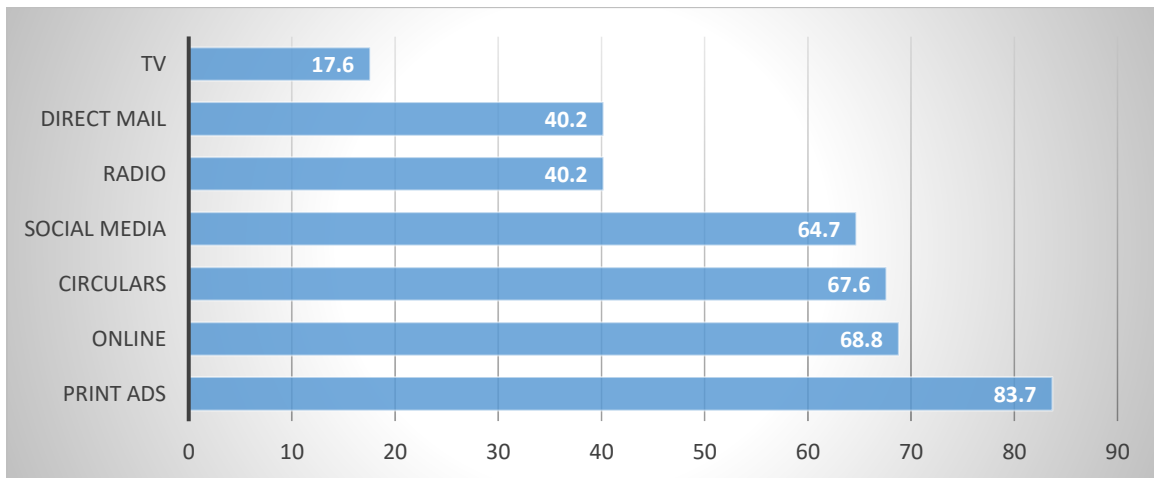
Hardware store advertising spending percentage of budget allocated, by media, 2013 (%)



Source: NRHA 2013 Advertising Practices survey cited by <https://www.slideshare.net/PattyPLundy/hardware-stores-47575294>

The 2013 NRHA survey also took note of what advertising methods hardware retailers were using:

Advertising used by hardware stores, 2013 (% of stores using advertising form)



Source: NRHA 2013 Advertising Practices survey cited by <https://www.slideshare.net/PattyPLundy/hardware-stores-47575294>

Hardware Retailing reports that home improvement retailers are striking a balance between traditional media and new media as vehicles for advertising (September 2013).⁵⁵ Retailers are increasing their spending on circulars and on internet marketing media. The magazine cited statistics that a majority of consumers (82%) see the circulars in their local newspapers for hardware, home improvement or building supply products. For online media, 33% of consumers looked at e-mail or websites for these same

⁵⁵ <https://www.slideshare.net/PattyPLundy/hardware-stores-47575294>

products. Online marketing has the advantage of being relatively inexpensive compared to traditional media.

Make sure you keep your social media accounts updated with information about what is going on in your store. Are you running an event or workshop that is relevant to your customers? Do you have a new product in stock? Spread the word both online and off: Put up posters or hand out flyers of any events you are running.

Create a mailing list and use it to reach out to your customers on a personal level. Use an engaging subject line (promotional content always goes over well) and ensure that every piece of marketing material exists to prompt a next step.

Reach out to members of the local press with an interesting idea or pitch. They may not follow through, but they might if the angle is right — and you could find yourself in the local paper. The same is true for events, workshops or sponsorship opportunities. For example, if your hardware store has a garden section, you can host indoor gardening workshops, or you can showcase your DIY stock with an interactive workshop for local DIY enthusiasts.⁵⁶ To encourage them to buy something, you can even offer a discount or coupon for customers who come to your events.

While no one expects their local hardware stores to be overly fancy, your window display still presents a solid opportunity to catch a potential customer's eye. Do not be afraid to be bold or creative. Designer brand Kate Spade teamed up with eBay to create a vivid yellow storefront and window that was impossible to miss.⁵⁷ Likewise, Cole Hardware in San Francisco utilized bright colors to make its window pop. Ultimately, an attractive window display will invite people in, instill curiosity and encourage impulse sales.

With countless social media platforms available, determining where your customers are spending their time is crucial.

“You have to look for what is popular in your area and across your customer demographic,” said James Cabirac, owner of Kief Hardware in Cut Off, Louisiana.⁵⁸ Beyond that, think about the age of the customer you are trying to reach. For example, Facebook is a popular platform among Kief Hardware's older customers, but Instagram elicits attention from a younger crowd. Equally important to understanding the different social media platforms is your location and the type of customer you are trying to reach.

“If you're in a large metro area and your business is mostly B2B, you might want to be really involved on Twitter and LinkedIn to find professionals and communicate with them,” said Jared Sawyer, owner of Sawyer's True Value & Just Ask Rental in The Dalles, Oregon. “If you are in a college town, you will want to be on younger demographic platforms and talk to them in a way that is meaningful to them.”

Many of Sawyer's customers are older and less than 5% are millennials, so Facebook is his main focus. However, to get the younger generation more engaged, Sawyer and his team created a Snapchat account

⁵⁶ <https://www.pointy.com/blog/independent-hardware-stores-vs-amazon-7-tips-to-compete>

⁵⁷ [Idem](#)

⁵⁸ <https://www.hardwareetailing.com/simplifying-social-media-for-the-busy-retailer/>

that provides the younger demographic with laid-back and entertaining content, such as customers bringing their pets into the store or sales associates playing pranks on one another.

You may be using social media platforms where your store's target audience is active, but if your posts lack substance, you will not be able to break through the clutter to reach your customers. How do you distinguish your store from the rest?

Variety

When posting, it is important to consider several topics. For example, Glenda Lehman Ervin, VP of marketing for Lehman's in Dalton, Ohio, and her team share photos of products, events and people inside the store on Lehman's Instagram page. They also use Pinterest to share DIY projects, gift ideas and advice, such as winter skincare tips or ways to use Mason jars.

Cabirac explained that it is important to take a subtle approach when promoting his business: "I'm really more interested in making our posts entertaining than making a hard sell. I am more about product placement than saying 'here is this item.'"⁵⁹ For example, Cabirac and his staff produced a video that featured a person cutting into a watermelon in the store. Neither the post nor the video came out and said, "We sell watermelon," but the video implied it. The next day, the store sold out of watermelons.

Another great approach to posting about products is to consider what your vendors or manufacturers are doing online. Emily Stine of Stine Media, who handles all social media efforts for Stine Home + Yard's 12 locations in Louisiana, said she works with the stores' vendors to use their images and graphics on the company's social media. She also recommended sharing posts and photos that vendors have posted to their own pages while adding a local twist such as, "Find this drill at your local Stine Home + Yard."

Authenticity

Emily Stine of Stine Media gives social media a personal touch by posting images with people, whether they are sales associates, members of the Stine family or customers shopping in the store or winning prizes from store contests and sweepstakes.

Cabirac said sharing fun pictures or videos is a great way to engage. For example, the Kief Hardware staff produced an in-store video titled "Grease" in which the staff went back in time, acted, lip-synced and danced to songs from the famous movie *Grease*. The video entertained customers and showed personality. Cabirac believes it is crucial to put genuine effort into social media in order to grow your audience. "No matter if we have 100 people following us or 5,000, we always put the same effort into social media because that is how we got to the engagement level we are at today," Cabirac said.

Engagement

One huge benefit of social media is that it gives you an opportunity to interact with your customers in real time. Engaging your followers is also important for building and sustaining your brand. If someone tweets at you or comments on your Facebook post, reply back and stay present.

⁵⁹ <https://www.hardwareretailing.com/simplifying-social-media-for-the-busy-retailer/>

For Stine, the ideal time frame to respond to customer comments is within one hour. Stine uses a predetermined, customizable template to respond to negative comments, keeping responses prompt and consistent.

Cabirac, along with 80% of respondents to NRHA's 2016 Social Media Usage Study, responds to all comments.⁶⁰ He avoids deleting any comments and responds within the comment thread on social media to display Kief Hardware's character.

If you are frequently updating your social media pages, it is likely that new followers are occasionally trickling in. However, if you want to see exponential growth, there are ways to proactively drive traffic to your store's social media accounts.

Contests, Giveaways and Sweepstakes

One way to get people engaged and to grow your following organically is to hold a contest, giveaway or sweepstakes using social media. Along with displaying in-store signage with Sawyer's True Value's different social media platforms, Sawyer tries to use different promotions to create awareness around the store's accounts.

For example, last year the store held a Halloween-themed pet contest, where customers dressed their animals in costumes and posted photos on social media. The store promoted the contest on Facebook, but people could only vote for their favorite participants on Instagram. This converted traffic from Sawyer's True Value's Facebook page to followers on its Instagram account.

Using cross-platform growth is a great way to inform customers of the different ways they can engage with your brand.

During the 2014 holiday season, Cabirac organized a giveaway that awarded \$10,000 in gift cards to one grand-prize winner. Customers had about five weeks to enter an unlimited number of times and could do so by liking, sharing or checking in at Kief Hardware. To earn entries, customers had to show a cashier that they had engaged with the store on social media, utilize the company's text program or make in-store purchases. The store's Facebook following skyrocketed as a result of the sweepstakes.

Paid Advertising

In addition to sweepstakes and giveaways, you can reach new audiences and drive traffic to your page through paid advertising. Utilizing paid advertising options through Facebook allows you to target ads to Facebook and Instagram users based on specific criteria, including demographic information but also very specific areas of interest. With a wide variety of advertising options available through the platform, you can spend as much, or as little, as you want on these ads.

Stine Home + Yard contributes 20% of its advertising budget to Facebook advertising. The company takes advantage of different ad options to encourage potential and existing followers to "like" the company's Facebook page, advertise specific products, drive traffic to the website, distribute coupons and promote events, videos and sweepstakes. Each month, the company reaches approximately 300,000 people within

⁶⁰ <https://www.hardwareretailing.com/simplifying-social-media-for-the-busy-retailer/>

10 miles of a Stine Home + Yard location at an average of six times in their Facebook news feeds with Facebook advertising.

Recently, the company engaged in a detailed Facebook ad campaign that involved a series of targeted carousel ads for tools sold at Stine Home + Yard. As a result of the Facebook ads, tools sales increased 40%.

Stine said Facebook sweepstakes and advertising has helped the company collect more than 10,000 email addresses and gather approximately 100,000 Facebook page likes over the past four years — all while engaging its audience with fun content.

To reach the company's target audience, Stine uploads the company's email list, then Facebook matches the customers' emails with their emails on Facebook. The ad budget is around 2% of the annual gross sales (\$200 million) in terms of how that gets spread out among broadcast, print and digital advertising.⁶¹

Digital had been on the low end of the ad spend, according to Stine, who pointed to the "Facebook only" approach as a deficit in Stine's digital ad strategy. Facebook and Google control close to 70% of the digital ad market share, and that is where the customers are.⁶²

For Stine Home + Yard, the 2019 advertising plan pulls additional dollars from print and allocates them to digital channels. According to Stine's marketing director, "If you don't cut back a little on print and put it toward digital, you're doing your customers a disservice."⁶³

His advice to other independent retailers sounds as if taken from the Stine Family Business Playbook: "Let's face it — the vast majority of customers today have a smartphone in their pocket and they're doing quick searches. Our competitors know this, too. You can't afford to ignore the reality of the situation. Doing so will harm your brand and your business."

The examples provided by these retailers only brush the surface of the advertising options available through Facebook. The possibilities are abundant.

Hardware industry professionals believe that millennials hold the key to future growth for the category. Combine that with the fact that they are twice as likely to respond to paper coupons as other discount methods and you can see how direct mail can make a big impact with this customer segment.⁶⁴

Direct mail's influence on hardware customers:⁶⁵

- 66% of do-it-yourselfers responded to ads they received in the mailbox in the last 12 months
- 75% of independent home improvement retailers use print advertising to engage consumers

⁶¹ https://medium.com/@Jennie_Gilbert/adrocket-boost-smart-advertising-for-stine-home-yard-396a5428bf02

⁶² https://medium.com/@Jennie_Gilbert/adrocket-boost-smart-advertising-for-stine-home-yard-396a5428bf02

⁶³ Idem

⁶⁴ <https://www.mspark.com/direct-mail-success-stories/hardware/>

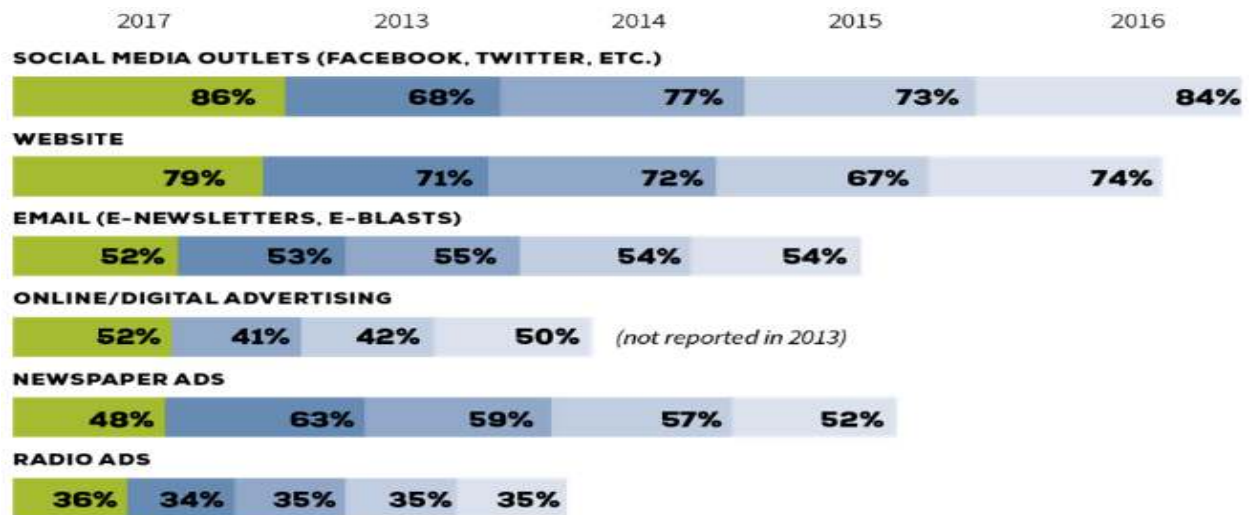
⁶⁵ <https://www.mspark.com/direct-mail-success-stories/hardware/>

- Direct mail response rates are on the rise — in 2016, average response rates were at 5.3% — a 43% increase from the previous year and the best it has been in the last 13 years

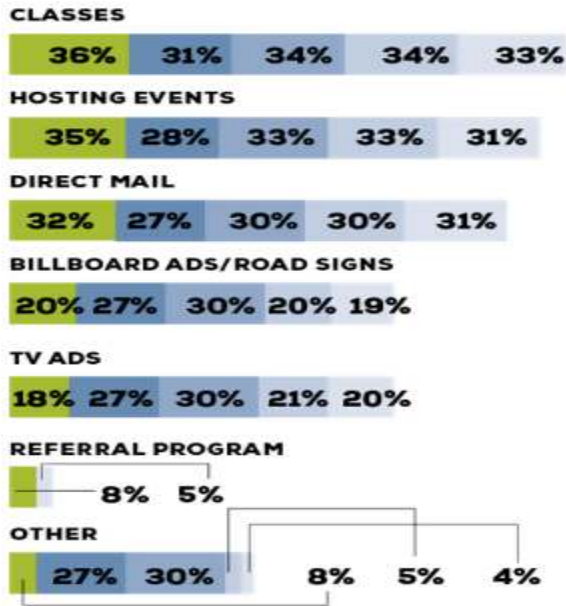
Marketing Tools Used by Independent Garden Centers

The 2018 Garden Center State of the Industry Report also revealed that retailers are changing the way they do business to best meet consumer demands. They are increasing social media and email marketing, as well as hosting more in-store events.⁶⁶ Most marketing methods have remained relatively steady, with the exception of social media marketing (which has increased nearly 20% since the Garden Center Report asked the question in 2013) and newspaper advertising (which has dropped 15% since 2013).

What methods were used to market your independent garden centers in the past 12 months?



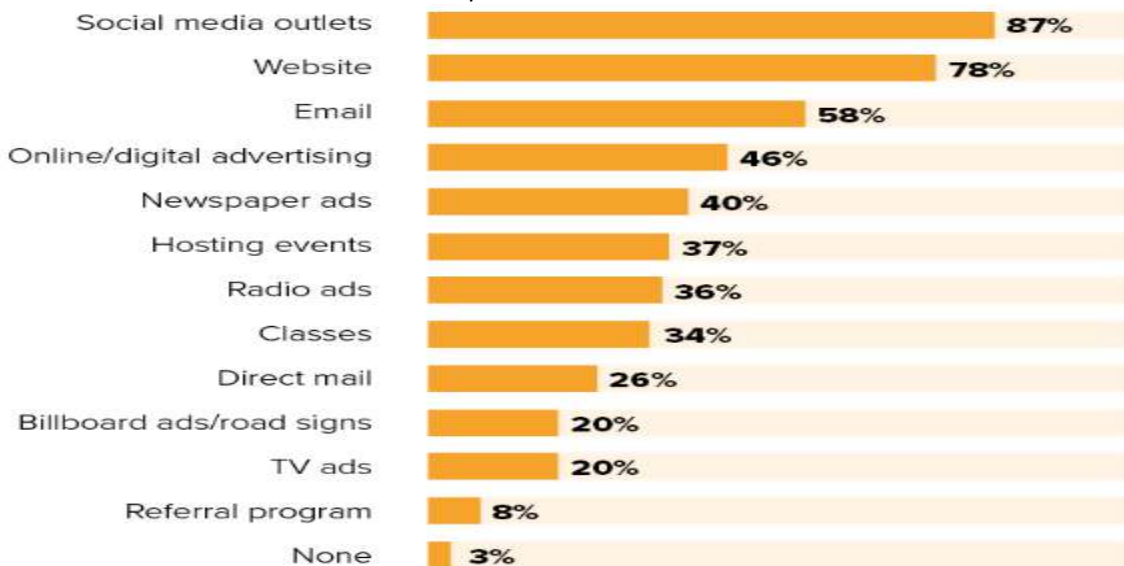
⁶⁶ <https://www.gardencentermag.com/article/the-2018-garden-center-state-of-the-industry-report/>



Source: <https://www.gardencentermag.com/article/2017-state-of-the-industry-report/>

Garden centers with higher sales volumes are leveraging social media in big numbers. On almost every platform, IGCs with higher sales are using social media in higher numbers. Every single store with more than \$2 million in sales is on Facebook, and nearly all stores in that group are also using Instagram. However, less than one-third of stores with revenues under \$100,000 are on Instagram and an average of 43% of those bringing in \$100,000 to \$1,000,000 are on the platform.⁶⁷

2019 Garden Center Survey: What methods were used to market your independent garden center in the past 12 months?



Source: <https://www.gardencentermag.com/article/2019-state-of-the-industry-report/>

⁶⁷ <https://www.gardencentermag.com/article/2019-state-of-the-industry-report/>

Marketing Methods

Social media networks garden centers use:



Source: <https://www.gardencentermag.com/article/2019-state-of-the-industry-report/>

Three Changes Retailers Should Know About Google Ads

For many small business owners, Google Ads is a powerful component of their marketing strategies.⁶⁸ Retailers can create their own digital ads and target them precisely to their intended audiences, allowing a sharper ad focus than other methods. But the platform is always adding new features and regulations, so retailers must stay on top of new Google Ads capabilities. At its Marketing Live event in May 2019, Google representatives outlined the new Google Ads features that can help business owners advertise their products more effectively than ever before.

Gallery Ads Present New Possibilities

Previously the Google AdWords network was largely based in text, but with gallery ads, advertisers can now incorporate brand-specific imagery into their ads. Gallery ads display as a carousel, allowing advertisers to place four to eight images at the top of the search engine results page (SERP). On average, according to Google, campaigns that use gallery ads experience a 25% uptick in user interactions.

Bumper Ads Leave an Impression

One of the benefits of the platform is its ability to serve ads on YouTube, the world's most popular video platform. Many advertisers have been unable to find the time and resources to create unique video ads specifically for YouTube, but Google's bumper machine streamlines the process. It can transform any video shorter than 90 seconds into a six-second bumper ad primed for placement on YouTube, offering advertisers a high-impact way to bring their ads to life.

⁶⁸ <https://www.hardwareetailing.com/3-changes-retailers-should-know-about-google-ads/>

Local Campaigns Promote Community Investment

Implementing a marketing campaign to your specific region just became much easier. Local campaigns will now feature semi-automated functions that enable brick-and-mortar advertisers to place ads across Google SERP, maps, YouTube and the Google Display Network. Google optimizes ad delivery through its properties to prioritize displaying your ad to local shoppers.

Customer-Centric Marketing/Advertising

Finding ways to grow closer to customers is paramount for independent home improvement operators. By establishing a more personal connection with customers, retailers can solidify their reputations as must-shop destinations.

High Performance Retailing spoke to Zach Williams about the ways independent retailers can combine new technology, social media outreach and time-tested customer service to grow closer to customers and become trusted home improvement partners. Williams is the founder of Venveo, a digital marketing firm that focuses on bringing new marketing strategies to building supply manufacturers.

Here is what Williams had to say:

“Before customers even visit a store, they are much more educated than they used to be. They are researching products far in advance of purchasing and they’re starting online to gather that information. You have to think about how you are positioned, what is being said about your business online and the information you provide. If you are not active in that realm, then most likely you are losing sales.

“For retailers, it is important to ask two marketing questions. One: How do I increase people’s awareness of my business and the products and services I offer? Two: How do I turn that awareness into action and get someone to actually convert to a sale? For business owners, if you get someone in your store, the chance they will buy a product increases.

“If I were a retailer and my goal were to get an online visitor into my store, I would need to be sure I offer not only the products and services that my community needs, but also the ability to be found by potential shoppers. Retailers need to make being found online one of their core competencies. One of the simplest things [you] can do is create a Google Local listing. This feature ensures your business has a map listing whenever someone searches for it to drive in-store visits.

“One thing we are seeing with real estate is that people are beginning to look for homes without actually even talking to a person. People do not want to talk to people they do not know, but they are willing to talk to technology because it almost feels like there is a barrier. A customer might have questions about your products and pricing, and those are both things that can be quickly addressed via chat.

“One simple way to use a chatbot for your website is to think of the top five most common questions your customers have about your business and services. Either create a chatbot that answers these questions directly on your website or train members of your staff to be online and answer questions from customers.

“Chat features are an efficient way to provide easier access to basic business information to help motivate in-store visits. If you add a chat feature to your website, you will most likely see an increase in overall customer satisfaction and employee productivity because of these resources.”

It appears professional purchases are growing at a much faster rate than consumer purchases. In fact, according to the Home Improvement Research Institute (HIRI), industry sales to pros will grow at about 9.9% in 2018, compared to just 4.7% for consumers.⁶⁹

What Do Professional Customers Want in a Hardware Store?

Contractors and professional tradespeople are often in a hurry. Theirs is a business where time very much equals money, and downtime due to labor shortages, permit issues or mechanical failures is never welcome. Many customers walking into a hardware store are looking for something that will solve a problem. For professional customers, those problems are not usually a few holes that need patching; more often a few walls need to be framed up. Those problems need powerful solutions, and independent retailers can make the most of that demand in their power tool department.

Power tools can be a tricky department to nail down for retailers. While these products are often some of the most high-profile offerings available at home improvement stores, margins can be tight on big-ticket items like drills, impact drivers, saws and grinders.

While professional customers are certainly concerned with price, they balance that concern with whether a tool will do the job and hold up to the rigors of the workplace.⁷⁰ How many problems will a particular power tool solve before they have to reinvest in new ones? *Hardware Retailing* spoke to three independent retailers who have attracted professional customers with their power tool selections. These retailers shared how they have brought professional customers into their stores and maintained their relationships.

The types of power tools available on the market are as varied as the pros who use them. From homebuilders to building superintendents working on apartment complexes and municipal buildings, the needs of professionals can change daily.

For retailers, customers who work professionally with power tools can become a foundation of steady sales if targeted correctly. Gemmen's Home & Hardware in Hudsonville, Michigan, serves a market that is mostly geared toward smaller operations, such as municipal workers who are involved in a variety of projects in multiple buildings (such as a school district). According to company president and owner Andrew Gemmen, these customers are not making large orders for fully outfitted construction crews. Portability is key for this market, and they have devoted more of the sales floor to those products as opposed to stationary tools. By catering its product selection and even store hours to this customer base, Gemmen's Home & Hardware has built a loyal following among power tool users.

Branneky True Value Hardware serves a similar type of market just outside St. Louis in Bridgeton, Missouri. Co-owner Tim Branneky supplies area hotel maintenance crews and takes part in city projects by bidding on contracts. By supplying a diverse clientele, including several area airlines, and gaining contracts with through it supplies tools for projects for up to three years, Branneky True Value Hardware has spread its name among several sectors of professionals. This wide range builds word-of-mouth marketing in a great

⁶⁹ https://nrha.org/wp-content/uploads/2018/12/24-43_FEATURE-Market-Measure_1218.pdf

⁷⁰ <https://www.hardwareetailing.com/what-pro-customers-look-for-in-a-tool-supplier/>

way because these professionals talk all varieties of shop with each other, including where they buy their tools.

While Gemmen's Home & Hardware and Branneky True Value Hardware cater to their markets through convenience and proper product selection, PaulB Hardware has built a business serving larger contractors by being a well-supplied and trusted source for power tools and accessories. With a warehouse to store plenty of backstock for its two Pennsylvania retail locations, PaulB Hardware can outfit an entire work van with everything needed in hand and power tools.

Supporting Brand Loyalty

A common theme among these three retailers is the level of brand loyalty their professional tradespeople have shown and the need for those brands to be well represented across the full line of products.

Both Gemmen's Home & Hardware and PaulB Hardware recently remodeled their sales floors and took advantage of that time to remerchandise their power tools by brand rather than by tool type. Merchandising high-quality brands together allows a retailer to make use of the manufacturer's signage, which helps show off a well-stocked department.

When professionals buy into a brand, they go the whole way. They don't come into the store for just a reciprocating saw; they want a specific brand's saw. It makes sense to stock all of that brand's accessories, battery packs and other tools in the same area because once pros have purchased into a brand, they no longer look over the selection to decide which saw they might like best.

Brand loyalty also speaks to which brands retailers bring into their stores. While power tools at lower price points can appeal to homeowners and DIYers for projects in a home setting, professionals look for the tools that are more durable and powerful. Most are willing to bring their price expectations in line with these top brands. Reaching out beyond the brands offered through a certain distributor and working directly with power tool vendors can help expand the selection.

No matter what brands retailers choose to bring into their stores, offering the latest items that are on the minds of tool-obsessed professionals is key. Staying in touch with brand vendors and knowing about new products rolling out are ways to stay ahead of demand.

Presenting to the Pros

Merchandising has several key tenets, no matter the product group or category. For power tools, the trend toward brand-centric merchandising will likely continue as power tool manufacturers introduce more accessories and battery options designed to work specifically with their own product lines.

Some other ways to cater to pros are to make the products easily accessible on the sales floor and put the actual tools in pros' hands as often as possible. A good strategy is to make tools available for demonstration or encourage sales associates to take the tools out of their packaging for customers to handle.

At PaulB Hardware, outside sales associates often bring the latest power tools on the road with them to offer demonstrations for prospective customers. The business also moved its stocked tools onto the sales floor instead of storing them in secured back rooms and bringing them out at the point of a sale. This

change was made to facilitate faster service for contractors, but it has also exposed some products to greater threats of theft.⁷¹ While the change has been beneficial, it means employees must be more vigilant about observing the power tools department for missing inventory.

Power tools can also be included in impulse categories if merchandised in the proper way. Most power tools have a variety of accessories and attachments that can be displayed in an engaging way to draw customers.

PaulB Hardware has often utilized a theme called “piles in the aisles” to showcase bundle packages of items like drill bits that can attract professionals. In addition to making these bundles more visible both around power tools and in high-traffic areas, showcasing prices based on bulk purchases can be an advantage in tools and consumables like screws and nails. Highlighting deals around the tools that need these accessories can increase the chance of a larger purchase.

Along with merchandising power tools in an accessible way, retailers should consider storage options available through different power tool brands. Similar to the appeal of the latest type of tool, these storage options are often flashy items that are attractive to brand-loyal customers and make great add-on sale options.

How to Maintain Relationships

Tools break. Given the daily abuse power tools are subjected to in a professional environment, even the highest-quality tool will eventually succumb to time and stress. Retailers can assist their professional customers in multiple ways in this area. Most power tool manufacturers offer robust warranty options for their tools. While these programs often allow customers to go directly to the manufacturer, a retailer who takes on some of the stress and confusion can garner positive feelings from customers.

Gemmen’s Home & Hardware and Branneky True Value Hardware have systems in place to assist customers with submitting power tools to manufacturer warranty programs. Knowledgeable staff members help customers figure out what the issue might be, and should the issue need to be submitted for service, the assistance can make a stressful situation much easier.

PaulB Hardware has built its service department to offer in-house repair with certified service employees through several vendors’ warranty programs. Instead of sending broken tools to the vendors for service, repairs can be done in-house.

Another way to add value to purchases is to host events that cater to customers’ needs. PaulB Hardware conducts annual Tool Days, where vendors set up booths for a small fee and interact with professionals who attend the event. This allows the kind of face-to-face interactions with knowledgeable manufacturer reps that contractors appreciate.

While contractors and tradespeople often look at the nuts and bolts of pricing, product selection and convenience, the building and maintaining of a relationship cannot be overlooked. Once a professional knows a retailer can be relied on for the right tools for the job, the retailer becomes an option for a

⁷¹ <https://www.hardwareetailing.com/what-pro-customers-look-for-in-a-tool-supplier/>

purchase. If that purchase is followed up by strong customer service and enjoyable interactions, a retailer may become the only option that the pro will want to patronize.

Case Study: Village Ace Hardware

A few years ago, painters would have considered Village Ace Hardware a destination for their projects. The 100 square feet the store had dedicated to the category was more of a convenience. Stiff competition from factory and specialty paint stores had the owners focusing on other core categories.

But today it's a different story. The Village Ace family of stores, located in the Milwaukee area, now include specialty paint stores, and they have become the first choice of do-it-yourselfers and professional painters alike.

How did they make that happen? Village Ace Hardware got serious about selling paint. While not every independent home improvement retailer may be positioned to dedicate a full store to a single category, the story of Village Ace Hardware's fast track to the top of its paint market has plenty to show retailers about what it takes to be successful in this rewarding category.

The owner, Tim Stotler, knew that to attract professional painters, he would need a store that catered to their needs: "I know my customers don't like walking into a place where they're not sure if they will get an employee who knows about paint. They want specialized treatment. When I worked for a specialty paint store, I would listen to my customers complain about what they didn't like about going to the average hardware store to buy paint. I knew I had to create a store that avoided those issues."⁷²

First on the list was assembling a group of experienced employees who were dedicated to the paint department. Paint employees must be able to paint, mix, match and troubleshoot. "You have to invest in people — people who are dedicated to the paint department and won't spend half of their time working somewhere else in the store," Stotler said.⁷³ Paint customers who do not get the answers they need and cannot find the products they want will go somewhere else.

Another common complaint from pro customers is that they do not like to be treated like regular retail customers. Stotler said a paint store should have a separate checkout counter and entrance dedicated to pro customers so they can get in and out quickly without having to wait behind slower retail customers. Pros also usually demand a discount structure comparable to other paint stores. Not only do they buy more paint than traditional retail customers, but they also require less time from sales staff.

Village Paint & Design offers everything customers want, and where the pros shop, retail customers will soon follow.

While there are plenty of merits to having a stand-alone paint store, there are even more to adding other core hardlines categories. "Our latest store is more of a hybrid. I call it a hardware store inside a paint store," said Stotler, who is now the operations manager of paint sales at Village Paint & Design.

In 2016, a new Village Ace Hardware store was opened in Milwaukee. Customers walking into the store see a full paint and design area occupying about 2,000 square feet at the front, fully capable of serving

⁷² <https://www.hardwareetailing.com/village-ace-hardware/>

⁷³ <https://www.hardwareetailing.com/village-ace-hardware/>

the needs of any type of customer. While the first Village Paint & Design store had a hardware store next door, this latest store has it inside. Toward the rear of the store is 3,000 square feet of hardware, which includes a full line of hardware categories in addition to a warehouse with a variety of bulk goods and convenience lumber. It's a perfect match. Many painters need a few other hardware items after they pick up their paint.

In addition to painting, many of the pro customers are changing out switch plate covers or replacing the vent covers after they finish a paint job. It is surprising that painters are doing a little bit of handyman work for their customers — much more than they might have 20 years ago. If they need those extra items, they might as well buy them here instead of going somewhere else.

Just as importantly, after establishing a reputation among the professional painter community, the owner believes he has a store where both the pro and retail customer can feel at home. In addition to the reputation his business carries as a destination paint store for the pro, he has an outside salesforce dedicated to commercial sales and a product line that goes deep into specialty paint products and sundries. An inviting showroom, a knowledgeable staff and an in-home design service makes the do-it-yourself painter feel comfortable shopping, as well. Each Village Paint & Design stores also offer window treatments.

“The atmosphere around the paint counter is always positive. Our paint counter is always busy. People are mingling and networking with each other, both pros and retail customers,” said Stotler. He has learned to be as much a marketing guru as a paint salesman. One of his best-known marketing tools is Benny, the store's official mascot representing the Benjamin Moore brand. The costumed mascot, created and played by Stotler, draws a crowd wherever he goes. Benny not only creates brand awareness but also gets the store involved in the community in a way that is accessible to every age.

Community involvement has always been a priority for Village Ace Hardware, and that has not changed as the paint stores have been added to the company. One service Stotler discovered he could offer the community was paint recycling.

Learn from a Customer: How to Increase Contractor Sales

Greg Sammet, a certified water specialist at Martin Water Conditioning with more than 15 locations in Pennsylvania and New York, has been working with independent retailers like PaulB Hardware for years outfitting crews of contractors heading out to job sites. In that time, he has had plenty of chances to be impressed by products and services or turned off by a sales staff or lack of availability. Sammet spoke with *Hardware Retailing* about what he looks for in an independent retailer:

“We outfit our trucks with a variety of power tools and fasteners from independent retailers. We source from a variety of businesses, and just like any other service provider or contractor, we shop around for the best prices. When we are dealing with the kinds of items we are using a lot like drills, pipe cutters for different materials and fasteners, we actually look more closely at service. Service does not just have to be meeting us in the store and helping with a purchase. One of the best ways a retailer has earned our business was learning how many fasteners we use in bulk, like anchors and ¼-inch screws. We buy those by the hundreds, and a retailer made it clear he was willing to order on our schedule so we always had a source. We are looking for retailers that not only have the brands that our service professionals and

installers prefer, but retailers who have knowledgeable employees that move our teams forward with new trends and technologies.

“We have built strong relationships with a lot of our retailers. They recognize our guys when they are in the store and they are ready to get us both in and out if we are in a hurry or to show us some new products they have stocked that we might be interested in. Our service providers have preferences in brands and different tools for different jobs, and having a sales rep show you something new from a different brand without pushing it can be a great way to grow beyond your habits.”⁷⁴

Open the Door to Decorative Hardware

Within the hardware and fastener category rests decorative hardware. Unlike most items in this category, decorative hardware purchases are not born of necessity. While a customer needs screws, bolts and nails immediately for almost any task, decorative hardware is a space where customers can browse and ensure they find doorknobs, drawer pulls and handles that perfectly match their personal styles.

With its low inventory requirements, its relatively high margins and the fact that category purchases often represent one piece of a much larger construction or renovation project, decorative hardware merits a close examination from every independent retailer.

Marc Adler, co-owner of Adler’s Design Center and Hardware in Providence, Rhode Island, said decorative hardware is a key component of the business he runs. In the suburbs of Houston in Conroe, Texas, Decor Builders Hardware manager Alan Weemes searches for new ways to connect customers, designers and contractors with his decorative hardware assortment.

Though Adler and Weemes do business in different regions, they both agree that one specific category trend is on the rise with modern homeowners: satin brass hardware.

Top-Shelf Merchandising

Merchandising decorative hardware strategically is important.⁷⁵ Customers are encouraged to touch decorative hardware products, such as knobs, locksets and drawer pulls, that are well merchandised. That connection brings them one step closer to a purchase. Adler’s decorative hardware displays hang from slat walls and have six rotating displays on the sales floor, enabling customers to compare models quickly. Shoppers can also find active locksets installed in displays that replicate miniature doors.

Understanding your specific market is critical. In suburban Texas, Decor Builders Hardware say residential construction has boomed, motivating the company to be resourceful and capture sales from contractors.

The co-owner of Adler’s Design Center and Hardware said clean merchandising helps shoppers browse decorative hardware items in their personal styles.

“We offer what we call a full-house pack,” Weemes said. “That kit goes out to crews working on new homes and includes all interior and exterior door locks, cabinet hardware, towel rings, doorstops and molly bolts needed to mount items into sheetrock.”

⁷⁴ <https://www.hardwareetailing.com/learn-from-a-customer-how-to-increase-contractors-sales/>

⁷⁵ <https://www.hardwareetailing.com/open-the-door-to-decorative-hardware/>

Decor Builders Hardware relies on special orders for most decorative hardware products, but the company keeps enough inventory in stock to send out 40–50 full-house packs each day. But that’s not the only way this company courts construction crews. Decor Builders Hardware also displays products in the offices of local custom home builders, which can drive business even if customers never set foot inside the company’s own showroom.

Retail by Design

For more than 25 years, Adler’s Design Center and Hardware has also offered complete design services for customers: “Designers guide customers through wallpaper, paint, decorative hardware — whatever they need. We also provide installation services, so we are a little different from most hardware stores,” Adler said.⁷⁶ The design team is based inside Adler’s Design Center and Hardware but often makes in-home visits to help customers visualize renovation possibilities and establish a more personal connection between the business and its customers. With the design and installation services, customers feel they are investing in their next projects and receiving stronger finished products than with big-box stores.

The owners of both Decor Builders Hardware and Adler’s Design Center and Hardware say that attending industry markets and trade shows is a worthwhile investment to boost their product knowledge and help them discover new inventory. The owners have attended the Kitchen and Bath Industry Show, and the owner of Decor Builders Hardware also attends annual homebuilding events in the Houston area to reach prospective homeowners.

They say the events give retailers like them the opportunity to compare new category additions at a glance and offer a chance to speak directly with manufacturers and sales representatives to learn more about how decorative hardware inventory can enhance their businesses.

Both encourage other retailers to seek new trade shows to browse upcoming merchandise in person. Attend local trade shows or consider traveling to a national event and visiting local hardware and home centers while you are away from your business.

Diana Brunjes Newton, owner of Bay Hardware in Seal Beach, California (two locations), notes that the biggest challenge independent retailers face in today’s market is staying relevant: “We need to find ways to make sure people know we’re here and that they continue to shop with us. We also have to do the things people expect us to be doing, such as having a nice website and a social media presence, offering special services, price matching and stocking certain products. There is also the challenge of being the ‘old-school’ store everyone remembers from their childhood. That is not always a good thing when customers expect a modern-looking store with good lighting and signage and clean floors. You have to look at it from the customer’s perspective. For independents who have been in the same location for a long time, the hardest thing is opening your eyes and trying to see the store like you are seeing it for the first time. Another challenge facing independents is that we have a really hard time finding qualified, awesome people.”

As highlighted by Matt Woods, CEO of Woods Hardware in Cincinnati, Ohio (six locations), some of the challenges independent retailers will face in the next five or 10 years involve regulatory uncertainty: “We

⁷⁶ <https://www.hardwareetailing.com/open-the-door-to-decorative-hardware/>

like certainty, so whether the Affordable Care Act continues or the tax rates change or stay the same, it's hard to grow when you don't know what the future holds."⁷⁷

According to Jonathan Miller, owner of Miller Hardware in Valdosta, Georgia (three locations), some of the unique challenges independent retailers face in today's market are Amazon and the big boxes. "However, looking beyond the uncontrollable, the greatest area of concern is bridging the generation gap — not only with customers, but even more so with employees. The worst part about it is there is no clear formula. Every generation brings to the table certain strengths that you can't afford to ignore or leave out. Change management is obviously a large piece of the equation; for success, it is most important to have a non-discriminatory team who sincerely understands the necessary reasons for change."

While the big-box chains can often offer an extensive selection of items and low pricing, they cannot always compete in terms of personal service or the ability for shoppers to get in and out of the stores quickly and easily. Hardware stores tend "to be more welcoming to customers" said IBISWorld analyst Jocelyn Phillips.⁷⁸

International — How Two German Garden Centers Stay Successful

While attending the garden show spoga+gafa in Cologne, Germany, in September 2018, *Hardware Retailing* Editor Jesse Carleton also had the opportunity to visit two garden centers in the area. These garden centers are exemplary in the way they merchandise their wares and serve their customers. Dinger's Garden Center and Bellandris Garden Center, each located in the suburbs of Cologne, cater to a customer base that takes gardening seriously, wants top-quality products and is motivated by shopping experience more than price.⁷⁹ These centers create attractive shopping environments for their customers.

- Stack outs with lawn and garden accessories are scattered throughout the greenhouse and indoor retail space at Bellandris Garden Center, often carrying a theme for the season.
- Bellandris has thought of everything to make the customer experience more convenient, including complimentary umbrellas to use in case it starts to rain while customers are shopping in one of the outside retail areas.
- Variety is important when selling plants. Bellandris changes out displays about every three weeks so customers get the impression that there is always something new to see at the store.
- Every day, staff at Bellandris examine plants and eliminate dead or dying ones. When running a garden center, it is critical that staff keep live goods fresh and healthy. The loss of those plants that must be thrown away has to be figured into the budget.
- Pre-potted plants are ready for impulse purchases near the entrance. For customers, the plants might be an easy gift solution.
- Fixtures at Dinger's Garden Center can be easily rearranged so the salesfloor doesn't get stagnant. Each major department also has customer service stands so customers can easily receive answers to questions.

⁷⁷ <https://www.hardwareetailing.com/2017-top-guns/>

⁷⁸ <https://www.marketwatch.com/story/10-things-home-improvement-stores-wont-tell-you-2014-07-03>

⁷⁹ <https://www.hardwareetailing.com/how-two-german-garden-centers-stay-successful/>

- Dinger's Garden Center is a fourth-generation business. When it opened in 1960, it was the first of its kind in Europe to operate based on the American model, which included self-service and a year-round supply of container plants. Today, the retailer has roughly 136,000 square feet of retail, 138 employees and space for 300 cars in the parking lot.
- A live palm tree, which is nearly 110 years old, is the centerpiece of the Palm Café at Dinger's that allows customers to take a break while shopping. Both Dingers and Bellandris have cafes, giving customers a reason to stay longer and spend more.
- Another tactic both garden centers use to create a more pleasant shopping experience is to offer a way to keep the children occupied. The play area at Dinger's is centrally located so children are easily visible to parents while they shop.
- Instead of always presenting one type of flower per display, Dinger's offers a more interesting display, creating patterns and designs by mixing and matching different types of plants.
- Lifestyle vignettes showcase the range of products Dinger's offers and help customers visualize the pieces on their own patios.