

# 101 MARKET



## **COOLER MADE EVEN COOLER**

*Shoppers do a double take when their eyes catch watering cans, controls, birdhouses and soil mixes in this cooler display, used to show produce in the spring and summer months. Creative merchandising is just one of the ways 101 Market has kept its firm hold in the market in the face of challenges.*

# triumph over challenge

Three years after opening their dream store, the Nathes got the call: A road construction project would reconfigure the highway and obliterate their site lines. After the shock wore off, they came up with a plan. Today, their sales are strong as ever.

In 2002, as husband and wife Ken and Julie Nathe and Ken's sister Marilyn Nathe-Specht considered building a retail greenhouse and garden center on Highway 101 in Otsego, MN, 45 minutes northwest of Minneapolis, they envisioned a polished yet comfortable "ski chalet" look and feel to their building.

They knew they had the best visibility a retailer could hope for - the store would be easily seen from all directions, especially by northbound travelers from Minneapolis-St. Paul waiting at a nearby stoplight who were already accustomed to zipping in to pick up fresh summer vegetables from Ken's produce stand.

Soon after 101 Market opened, a three-year road construction project reconfigured the highway, added a bridge and obliterated the store's site lines. The Nathes relied on their strengths - the great impression they had already made with their loyal customers and their hands-on approach to running their business - to maintain 101 Market's standing. Today, sales are holding steady, despite the visibility challenges and the economy.

## 'You've Got to be Kidding Me'

As they planned their garden center business, the Nathes consulted city planners. The officials said there may be roadwork in 10 or 20 years but possibly not even in their lifetime.

So the family went ahead and built the 7,500-square-foot retail building, with an initial retail greenhouse of 8,640 square feet, on the 20 acres of land along the Mississippi River. They opened in April 2003, and enjoyed years of robust sales.

Ken says, "There was no bridge, everything was flat when we opened. We had perfect curb appeal."



## QUALITY CONTROL FIRST

(From left) Ken and Julie Nathe and Marilyn Nathe-Specht maintain the tightest control over quality. The result is a reputation that brings customers back.

Six months later, the engineer called and said they were going to build four bridges on Highway 101. "I said, 'You've got to be kidding me.'"

During the three years of construction, northbound travelers took different routes to travel to 101 Market.

"You never wish road construction on any business," Ken says, but most existing customers by then were hooked on 101 Market. "We didn't really do anything special during construction. We were an established business by then, so we relied on our loyal customers to keep coming in. They all sympathized with what we were going through, and

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they made sure to come in as often as they could," Ken says.

The permanent damage was in 101 Market's ability to draw new customers, just by being spotted from the road. The newly constructed bridge and overpass make the store a difficult place to see and reach. Salespeople visiting the store still miss the exit.

"When you're coming from the south and heading up north, you've got to know you're coming here now because you don't see us until after the exit," Ken says. "There is nothing we can do about that because of the sign ordinances that the city has."

Nonetheless, sales have held. "I figure in the last couple of years we've beat the market," Ken says. The second whammy, of course, was the economic downturn. A sign of the times, an adjacent retail development stalled when its developer went bankrupt.

## Flowers Soften Hard Times

The Nathes are no stranger to tough times. Ken and Marilyn come from a family of nine children. Their parents scraped by, raising their kids in a 1,000-square-foot house. Ken and Marilyn's father worked construction and was laid off every winter until building started up again in the spring. Their mother, a homemaker, would plant her huge vegetable garden and put out the geraniums she had overwintered in a sunny window.

"No matter how bad things were, she always had flowers," Ken says. In the spirit of their mother, 101 Market sells "Veronica's Nine" - a container planter named after her, with nine plants for each of her children.

Ken says, "Everything we sell here at the garden center, people don't really need to survive. No matter how bad the economy is, people will still buy flowers, no matter what."

The trio - with no formal horticulture or garden retailing experience or training - leveraged their collective experience and built, from scratch, a beautiful operation, featuring family grown and hand-selected annuals and perennials, family grown local produce, gifts and home decor and a floral service. Two more Nathe brothers, Joe and Dave, are wholesale vegetable farmers who grow the produce and annuals, and are silent co-owners.

The 7,500-square-foot retail building sets the tone, and is the culmination of Ken's 16 years in carpentry and cement masonry, Marilyn's artistic eye and Julie's financial management. All three have a keen eye for detail.

Think elegant, comfortable lodge, with big windows, gables and a facade of cedar shingles and stone. Inside 101 Market, there are 14-foot ceilings, and a stained concrete floor often mistaken for marble. Adjacent is a greenhouse from Albert J. Lauer with five peaks along the facade and configured around an interior courtyard, for a total of 23,000 square feet of greenhouse space.

"Our tagline is 'The Season's Best,'" Marilyn says. "We really focus from season into season." Hanging baskets, annuals - both bedding plants and vegetables and herbs - container plantings, perennials and nursery items are the spring highlights. Summer brings a focus on produce, traditional favorites, like sweet corn, tomatoes and green beans. In the fall, 101 Market promotes pumpkins, mums, Indian corn and a slew of family-friendly fall activities, like

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animal train rides and a corn pit centered around its traditional corn maze, during six weekends. The fall activities can draw about 6,000 people on a nice weekend. During the holidays, the store promotes holiday decor, gifts and novelties, along with natural decorations like wreaths, swags, trimmings and spruce tips.

## Fussiness Gives them the Edge

Selling plants is about half of 101 Market's business. Green goods make up about 47 percent of sales. And in Minnesota, where the weather warms slowly in the spring but then can quickly get uncomfortably hot,

nearly 40 percent of 101 Market's sales occur in May. So getting people to buy flowers - no matter what - and buy them at 101 Market is paramount.

The key lies in Ken's fussiness about selecting quality plants, then properly caring for them and presenting them in a dynamic way in the retail greenhouse. He takes some good-natured ribbing for his pickiness from his wife and sister, even as they explain that this diligence is a fundamental component to the success of 101 Market.

"Pre-sentation," says Ken. "When you walk into the greenhouse, you've got to present that product so people want to grab it and

bring it home."

Ken manages the facility. He hand-selects plants, and oversees their care in the greenhouse. Julie, with banking experience, minds the finances and is the VP. She is the number-cruncher, record-keeper and penny-counter. Marilyn, a teacher who previously owned a nearby gift shop, manages the floral service and gift department, handles marketing and coordinates the store's events.

The owners of 101 Market do what needs to be done, whether that's talking to customers, ringing sales, painstakingly waxing the floor - or running out to pick

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### Business Summary

**BUSINESS FOUNDED** 1997  
**PERCENTAGE RETAIL** 99%  
**PERCENTAGE LANDSCAPE DESIGN** 1%  
**CUSTOMER COUNT - UP OR DOWN?** Up 1%  
**AVERAGE SALES TREND** Flat  
**AVERAGE SALE PER CUSTOMER** \$55

### Local Market

**CUSTOMER RADIUS, IN MILES** 25 miles  
**NUMBER OF PEOPLE IN RADIUS** 460,000  
**NUMBER OF GARDEN CENTERS IN RADIUS** 20  
**NUMBER OF BIG BOX STORES THAT SELL L&G IN RADIUS** 15

### Estimated Space Allocation

**TOTAL RETAIL** 53,000 square feet  
**OUTDOOR SALES** 25,000 square feet  
**INDOOR SALES** 5,000 square feet  
**RETAIL GREENHOUSE** 23,000 square feet by Albert J. Lauer  
**LANDSCAPE STAGING** 6,000 square feet  
**STORAGE WAREHOUSE** 4,000 square feet  
**DISPLAY GARDENS** 3,000 square feet  
**NUMBER OF PARKING SPACES** 90

### Hours of Operation

**Mon - Sun, 10 a.m. - 6 p.m. Peak** Mon - Sun, 9 a.m. - 8 p.m.  
**Winter** Thurs - Sat, 10 a.m. - 6 p.m.; Sun, 12 p.m. - 5 p.m.;  
 Mon - Wed, closed

### Employees

**FULL-TIME** Off season - 4, Peak season - 13  
**PART-TIME** Peak season - 12  
**DEPARTMENT MANAGERS** Peak season - 1

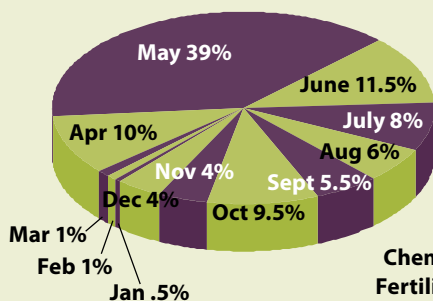
### Payment & Registers

**CREDIT CARDS** 75%  
**CHECK** 10%  
**CASH** 15%  
**NUMBER OF REGISTERS IN PEAK SEASON** 4  
**NUMBER OF REGISTERS YEAR ROUND** 2  
**POS SYSTEM IN USE** CounterPoint

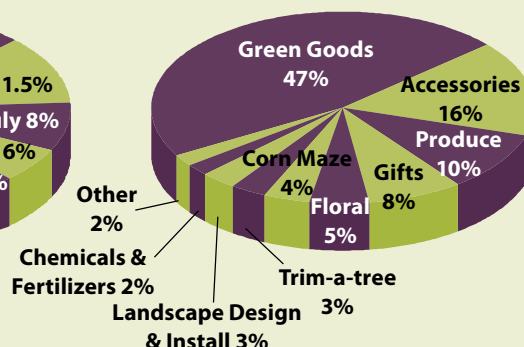
### Industry Associations/Group Affiliations

Garden Centers of America, Home & Garden Showplace, Minnesota Nursery & Landscape Association, Minnesota State Florist Association, Society of American Florists

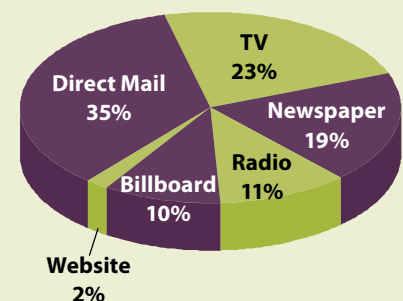
### Monthly Sales Percentages



### Product Category Breakout



### Advertising Expenditures: 3-4% of total sales



more sweet corn at the peak of the season for customers willing to wait. They pride themselves on being hands-on owners, and credit that as a key to their success in the face of challenges.

Another advantage for 101 Market is that the primary growers of the annual flowers, vegetables and herbs also have an ownership stake in the business. This allows for quality control, generally more plants and more soil in the pot of each hanging basket compared to one from a big box store - and 101 Market's ability to offer a consistently good price.

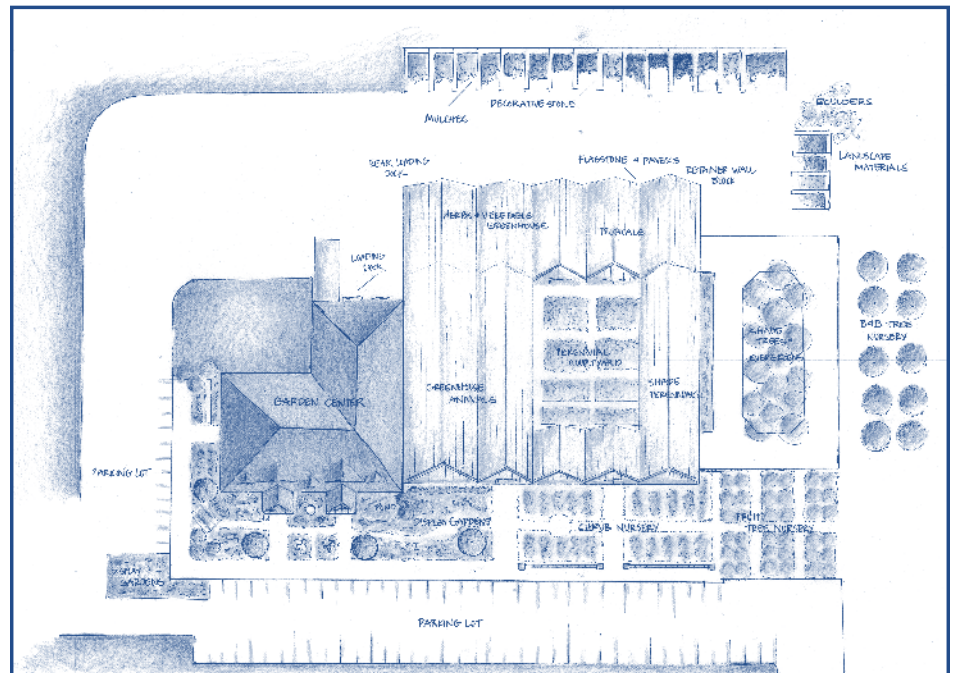
"We're on sale all the time," says Ken, who routinely checks other area garden centers and has seen sale prices on some items that are higher than 101 Market's everyday price. "We don't play the sale game," he says.

Hanging baskets, followed by annuals, are the top sellers in the category. The price for 10-inch plastic hanging baskets is \$21.95 for a single variety and \$24.95 for combinations, and for 12-inch plastic baskets, \$26.95 for a single variety and \$27.95 for combinations. Twelve-inch round fiber hanging baskets are \$29.95, and 12-inch square fiber baskets are \$31.95. A healthy, gorgeous plant trumps a price point, Ken says.

To supplement annuals, 101 Market buys from other growers. This is where Ken's pickiness and attention to detail pays off: He hand-selects the flowers he wants, on-site at the growers' facilities. "I go in there and pull premium, perfect product that I want to sell," Ken says. When it comes to buying pillar geraniums (which are started in August and trained over the winter into a tower-like shape), Ken and Julie make sure they are the first buyers to arrive at the wholesale grower's facility. The result is a plant in their April greenhouse that is vigorous and healthy, with giant, vibrant red blooms - and priced at \$55.

"We're always the first ones in there because we want the premium pillar geraniums," Ken says. "So that just gives you an example of how fussy we are versus saying, 'Just send me 170 pillar geraniums.' Because if they send me 170, I don't get the colors I want, I don't get the perfect shape I want. So, out of the 2,000 that are there, I get the premium 170."

Once bought, the flowers, of course,



must be well-cared for to remain attractive. Marilyn points out - simultaneously teasing and complimenting her younger brother - how diligently Ken cares for plants. "The greenhouse is set up to be self-watering," she says, "but Ken doesn't do that. He takes the time to hand-water so the plants look healthy."

During the growing season, early every morning, Ken has a strict rule that the watering must be done in time so the greenhouse floor is completely dry by the time customers arrive. He positions a platform ladder and waters each basket individually as they come around on the conveyor. "See these shower-heads?" Ken says, in the greenhouse. "They stop at each basket and give the plant a shower of water. But all these baskets are a different variety, so that one takes more, and that one takes less. They need to look nice and full all the time."

### Picky in their Presentation

Another draw to the green goods at 101 Market is how attractively they are merchandised and organized. In April, those red geranium blossoms pop against a dining room set painted black and covered with a red-checked tablecloth.

The greenhouse is unbelievably orderly.

Ken - Marilyn continues to poke - is a stickler for rigorous attention to the details of positioning product in the greenhouse.

Hanging baskets are organized by type and in a particular way, at eye level. Planters are displayed at each leg of the long display tables to conceal the legs and make maximum use of space. "That's just common sense," counters Ken. "Pre-sentation," he says, "is huge."

Ribbing aside, such fussiness serves an important purpose. If the plants are all mixed together, customers can get overwhelmed, Ken says, particularly on Mother's Day, when the greenhouse is loaded to capacity with product. And operationally, nobody has to hunt around for anything since all the plants are in their proper place.

It works. So does the chemistry among these three owners. "I think we all bring different things to the conversation, and that helps us go 'round and 'round until we come up with the best solution," Julie says. "We're all pretty thick-skinned, so that helps. There can be bickering back and forth."

Customers are still buying, and the Nathes are positive about the future. Business is holding when it could be down 10 to 30 percent. "I'm happy by being flat," Ken says.

Marilyn adds, "We've weathered the bridge, we've weathered the housing market. We don't know what the future's going to bring, but I think, overall, we've done well."

- Lisa Duchene, IGC Retail Correspondent