

GALE'S/DONZELL'S



two stores, one mission



Sisters Julie DiFeo and Pam Donzelli grew up in their father's garden center business. Now, each runs her own store, less than 50 miles from the other, driven by the same mission: 'You have to work harder to stay ahead.'

The 50 miles separating their stores is just right for sisters Julie DiFeo and Pam Donzelli, who own and operate Donzell's Flower and Garden Center and Gale's Westlake Garden Center in Northeast Ohio. That hourlong drive is long enough to put them in separate markets with different demographics, yet short enough to allow them to swap inventory and share key employees as needed.

DiFeo operates Donzell's in Akron, in the old neighborhood where their dad first opened a florist shop. The store draws customers with modest incomes from the surrounding area, as well as middle-to-upper-class customers who travel a bit to shop there.

Donzelli operates Gale's Westlake in an affluent suburb west of Cleveland.

The sisters jointly own both stores, and they also own a share of one of the three other Gale's Garden Centers in Greater Cleveland.

Behind-the-scenes, Gale's Westlake and Donzell's often operate as a two-store "chain." Purchasing product as two operations, they increase their buying power, fill in each other's gaps, and save on expenses like insurance and printing costs.

Personnel and products zip back and forth on that 50-mile route.

"We swap inventory every week," says DiFeo. "That's really nice. It helps clean up both of our stores."

Besides running their own stores day to day, DiFeo and Donzelli collaborate as partners, setting strategies and executing plans and decisions that guide both stores.

Overall, say the sisters, the core customers for each store are distinct. Gale's customers have more disposable income, while Donzell's are more price-conscious. Take, for example, the way a line of ceramic pottery performed for the garden centers. Gale's sold out of the large pots at \$49.99,



SHARED SUCCESS (From top) Sisters Pam Donzelli of Gale's and Julie DiFeo of Donzell's work together to help each other's stores realize maximum profitability. Purchasing as two operations, they increase their buying power, fill each other's gaps, and save on expenses like insurance and printing costs.

and only small pots were left in early October. Donzell's sold out of the smaller pots at \$19.99 to \$39.99, and had the large, more expensive \$49.99 pots left in inventory. While each store's customers differ on the price points they respond to, they tend to have similar product preferences: both bought the pots and both made moss green the most popular color.

Beyond their customers, there are similarities and differences among the two stores. Both are full of quality plants, lovely merchandise, and well-chosen tools and supplies, and both are fun for gardeners to explore. Yet the stores are unique to each other, with different buildings and layouts.

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At Gale's Westlake, the plants and greenhouse are front and center. While that setup predates Donzelli's role in the business, it reflects her passion for plants. At Donzell's, customers walk right into a room dedicated to garden decor eight months of the year and Christmas decor from September through the holidays, reflecting DiFeo's strength in home decor and seasonal decorating.

Reinvention, Right On Time

Through the years, Gale's and Donzell's have experienced their share of growing pains. About 10 years ago, DiFeo and Donzelli compared their stores to what they read in the trade press about other innovative IGC retailers and realized they were falling behind.

Business had been so robust, growing year-after-year in the '80s and '90s, but then the industry entered an era of competition from box stores and a declining base of traditional gardening customers.

"You couldn't make a mistake before 1990 for the most part, and before 2000, it was hard *not* to succeed," says Donzelli. "But in the 21st century, after 9/11, a lot of things changed in the economy and the country in general. Customer bases evolve and change."

DiFeo decided the stores needed to network through Garden Centers of America (GCA). "I knew we needed help, and my solution was to get Pam involved," she says. She wrote a letter to GCA, singing Donzelli's praises and nominating her for the board.

It worked, to DiFeo's delight and Donzelli's initial dismay, and a representative from GCA called to invite Donzelli onto the board.

"Pam's this closed-door person and shy. That was the only time she's ever really called me in her entire life seriously angry," says DiFeo.

"She was being big-sisterly," says Donzelli.

"I thought it would be a growing experience for her and good for the business," says DiFeo. "I thought it would be great if she could be the ambassador, and I knew she had it in her."

"I'm a damn fine ambassador now," says Donzelli.

Indeed, Donzelli faced her fears, networked for her company and even organized a GCA tour in the Cleveland area. Now, the sisters laugh about the whole thing.

From networking with other IGC owners, Donzelli and DiFeo have added and done well with fairy gardening, received a turnkey program to advertise pot recycling in their stores, and decided to add beer and wine sections to their stores.

"The networking is priceless," says Donzelli.

Their proactive business strategy and networking with other IGC owners helped prepare them for the recession in 2007. "Wham-bam, in 2008, things were off," says DiFeo. "It's a wake-up call. You can't assume business is going to be up 10 percent next season - it could be down."

DiFeo and Donzelli have become much more cautious in their buying these last several years. They want winners with as little risk as possible. "When we buy, we're aware of vendors who have warehouses that can supply us in season so we don't have to take all the risk up front," says DiFeo. They want to avoid bringing in all of their merchandise in January and getting stuck with what doesn't move.

Networking with other garden center owners during GCA tours has helped the sisters' purchasing. DiFeo and Donzelli now do some

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combined buying with IGC retailers in Michigan on direct-import containers of pottery. They learn about new product lines that are strong performers in other markets, and constantly compare notes with fellow owners to ensure they're getting the best deals from vendors.

DiFeo and Donzelli also leverage their buying power together. Take, for example, a particular line of fountains. Donzelli's sold \$13,000 and Gale's sold \$7,000. Now, together they write a \$20,000 order, reaching the order size needed to receive a 10 percent discount. Both stores get a lower price without taking the risk of buying more.

When DiFeo and Donzelli travel on buying

trips, they are strict about using a budget guideline for every product line. For example, if they bought \$5,000 of merchandise and sold \$4,000, leaving \$1,000 in inventory, they are careful to subtract that \$1,000 twice. Their guideline for the following year would be to buy \$3,000 of that merchandise, accounting for the fact that they are likely to sell \$4,000 the next year and already have \$1,000 in inventory.

"That is our basic formula when we purchase, and you'd be surprised how many people don't get it," says DiFeo. "We may go up or down from that number - or be unimpressed and walk away, buying nothing."

DiFeo and Donzelli walk shows with print-outs of those buying reports for every one of hundreds of lines. "We never just go to a show and say, 'OK, we'll try this new line and that new line,'" says DiFeo.

On the selling side, the sisters are learning as much as they can about the product and communication preferences of Gen X / Gen Y. Their answers have been weekly e-mail blasts and posts at Twitter and Facebook. Plus, they work to connect emotionally with these customers. "Hopefully, they remember you because their parents and grandparents shopped here," says Donzelli.

igc retailer vital stats

cover story exclusive



DONZELL'S

Business Summary

BUSINESS FOUNDED 1953
RETAIL LOCATIONS Akron, OH
IGC MAGAZINE IGC 100 RANKING No. 21 with \$22.8M from all 5 stores
PERCENTAGE RETAIL 100%
ADVERTISING BUDGET 3% of gross sales
 Newspaper - 40%; Direct mail/newsletter - 30%; Radio - 15%;
 Other - 14%; Website - 1%

Product Category Breakout

HOLIDAY, GIFTS, FLORAL & WINE 38%
GREENHOUSE/NURSERY 36%
LAWN & GARDEN, FURNITURE, POTTERY, GARDEN DECOR 26%

Estimated Space Allocation

OUTDOOR SALES 76,000 square feet
INDOOR SALES 23,000 square feet
RETAIL GREENHOUSE 15,000 square feet
STORAGE WAREHOUSE 20,000 square feet
NUMBER OF PARKING SPACES 250

Industry Associations/Group Affiliations

Garden Centers of America, OFA, ONLA

GALE'S WESTLAKE

Business Summary

BUSINESS FOUNDED 1965
RETAIL LOCATIONS Westlake, OH
IGC MAGAZINE IGC 100 RANKING No. 21 with \$22.8M from all 5 stores
PERCENTAGE RETAIL 100%
ADVERTISING BUDGET 3% of gross sales
 Radio - 50%; Other - 35%; Direct mail/newsletter - 12%;
 Newspaper - 2%; Website - 1%

Product Category Breakout

GARDEN 32.9%; **GREENHOUSE** 24.2%;
HOLIDAY 18.6%; **NURSERY** 12.3%;
OTHER 6%; **GIFT SHOP** 5.3%; **DESIGN** 0.7%

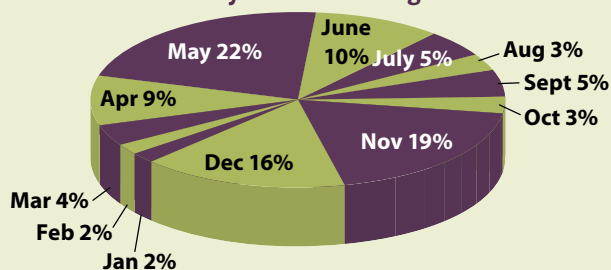
Estimated Space Allocation

OUTDOOR SALES 62,050 square feet
INDOOR SALES 16,583 square feet
RETAIL GREENHOUSE 9,876 square feet
STORAGE WAREHOUSE 24,297 square feet covered; 47,716 square feet uncovered
NUMBER OF PARKING SPACES 230

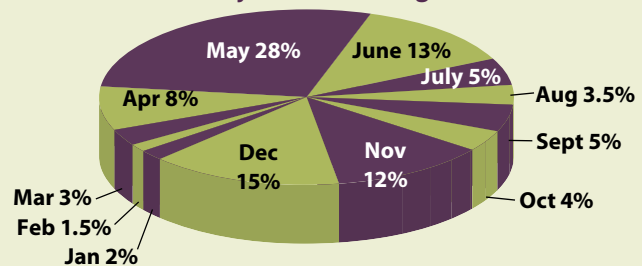
Industry Associations/Group Affiliations

Garden Centers of America, OFA, ONLA

Monthly Sales Percentages



Monthly Sales Percentages



Reaping the Rewards

All of the hard work over the last decade, especially over the last five years, is beginning to pay off. "We're starting to see our bottom line improve," says Donzelli, along with profit margins and inventory numbers. Sales are showing a 1 to 2 percent increase this year, possibly more, she says. "We have our inventory more or less fine-tuned, and we're running much leaner so that when the economy starts to turn around, it's going to be awesome. We're ready for it."

Everything is moving in the right direction, says DiFeo. Sales January to September 2013 were up over 2012 by 7 percent, she says. Traffic has definitely picked up, as well. Customers are happy and giving positive reviews.

One key to the reinvention strategy is to be a hybrid of "specialty" and "value-oriented." While working to be personal and unique, they can't afford to be perceived as expensive. So DiFeo and Donzelli keep the "lettuce strategy" top of mind - giving customers a bargain too good to pass up.

A couple of years ago, a friend and owner-operator of a produce store inspired the lettuce strategy when he sold two heads of lettuce for 99 cents as every other area grocery store offered it for \$2.99 a head.

DiFeo says, "We call it the lettuce strategy because it's not only a good deal, it's an 'oh-my-gosh' deal."

As she looks through Donzelli's promotional postcards from last year's peak seasons, DiFeo points to the "lettuce" on each one:

A coupon for a free potted pansy on a purchase of \$15 or more in early April? Lettuce.

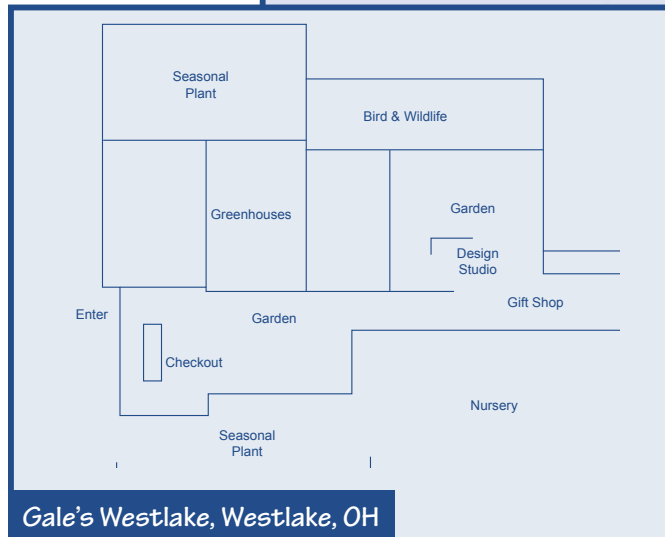
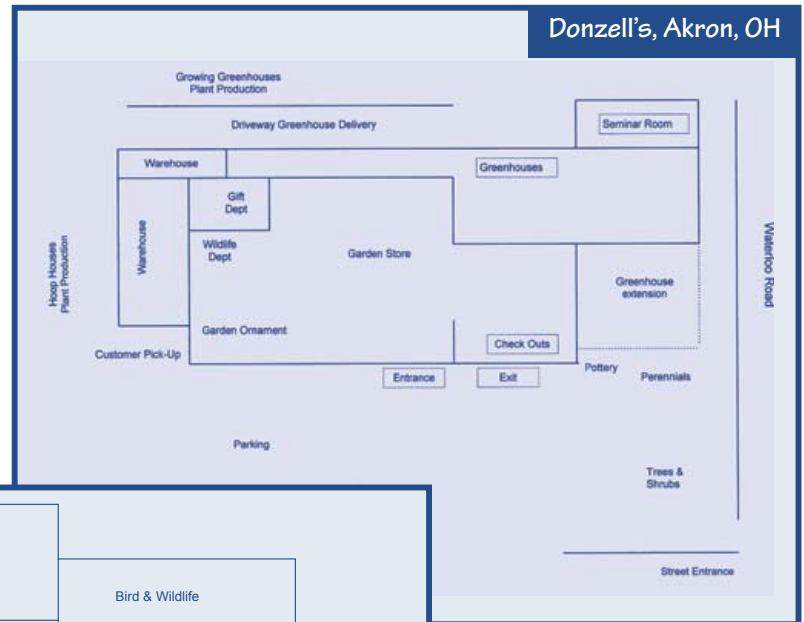
A coupon for \$5 off a purchase of \$30 or more in September? Lettuce.

And on May's postcard: Buy three Chef Jeff's vegetable plants and get a fourth for free - plus a coupon for a free tomato plant? More lettuce.

While it's tough to quantify the sales payoff for the cost of the "lettuce" on any given weekend, DiFeo says the strategy yields stronger foot traffic and sales. "A daughter brought in her mom because mom wanted the free tomato plant. The daughter had her cart full. A free tomato plant costs me nothing," says DiFeo. "When I have these deals going on, there's energy in the store, and customers like energy."

Events are also critical to creating an energetic atmosphere and drawing traffic, say the sisters.

Donzelli's spends 14 percent of its marketing budget on events. On April 20 last year, for example, Donzelli's hosted the Northeast Ohio Daffodil Show (free), in which the Daffodil Society used the greenhouse along with a room in the store for a luncheon. It brought people



pumpkins at Donzelli's. Customers can purchase their pumpkin and have it painted with family names, ghosts, spiderwebs and spiders for an additional charge. At Christmastime, Donzelli's sells fresh evergreen planters and hanging baskets full of evergreen cuttings and plants, pine cones, ribbons and ornaments. The holiday con-

ainers have taken off, says DiFeo. When DiFeo joined the business after college, she worked hard to create a Christmas business and transform the store into a two-season destination. Starting in September, holiday products move in and take over both stores. Both sisters put a lot of effort into building a fall business as a third peak season with fall festivals and promotions, but it's a distant third. One reason their stores and partnership work well, say the sisters, is that they don't let their egos get in the way and quickly admit mistakes and move on. Yet they are competitive with each other and with last year's sales. It's all in good fun, they say.

"That store was rockin'," says DiFeo. "Our sales were awesome that day because we had all this stuff going on." She continues, "I want my store full of life. We find events bring people in, and I'm seeing spikes in sales with them."

More Buzz-Worthy Draws

Specialty products also generate buzz, representing the boutique experience and value alike. One product, Smokin' Hot Peppers, offers the world's four hottest varieties "plus many more 'burn your palette' varieties." Another example: the custom-painted

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"You've got to work harder," says Donzelli. "I want to kick her ass in the greenhouse every May, and I have to work hard to do it. And she knows she's going to kick my ass at Christmas. Spring is my time to shine."

- Lisa Duchene, IGC Retail Correspondent