



## Nurturing Happy and Healthy Homes



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This is an edited version of IRI's Growth Insights [C-Suite Conversations](#) series featuring **Tim Cofer, chief executive officer of Central Garden & Pet**. Here we look at two industries that benefited from pandemic times, growth through mergers and acquisitions, e-commerce and more.

### IRI: Growth Industries

**Tim Cofer:** When I joined the company [in 2019], we were about \$2.5 billion in sales. By the end of this year, we'll be closer to approximately \$3.5 billion. Making this company bigger, better and stronger through both organic growth and through M&A is key. My ambition is to double and redouble this business.

It's also about building a great place to work for today's 7,400 colleagues, creating fulfilling, rewarding careers for passionate people.

### IRI: Pandemic Response

**TC:** Who could have predicted such a massive curveball at a human level? We had two clear priorities out of the gates: the health, safety and well-being of our colleagues; and business resilience. Our employees have approached this with tenacity, perseverance, commitment and loyalty.

Also, we took the opportunity to step back and reassess our long-term strategy. We did a deep situation assessment in six to nine months to really understand our history, strengths, development opportunities, and how we fit with changing dynamics.

### IRI: Supply Chain

**TC:** When you have that level of surge in demand, that does put pressure on your supply chain.

Then the other thing is – quite candidly – compromised service levels to our customers. We've responded and are installing incremental capacity as well as automation to improve the efficiency across countless facilities.

### IRI: Digitization

**TC:** The change afoot around our evolution toward a digital world is having a profound impact on our consumers' lives and our company. Having been built around brick-and-mortar distribution strength, digital has been a pivot, but it's a key part of our "Central to Home" strategy. That means taking a digital-first mindset in everything.

We invested significantly in a series of state-of-the-art robotics that allow us to plant and cut seedlings to significantly enhance – 300%, 400%, 500% – improvement in efficiency of planting seedlings.

### IRI: Central to Home

**TC:** With over 150 key leaders across the company we co-created this strategy. Our purpose as a publicly traded business is obviously to make money, but a great purpose goes beyond that. We landed on this concept, whether you're in garden or pet, to nurture happy and healthy homes.

We've got a mission to lead the future of the pet and garden industries, which is a bold ambition that requires us to think differently, to stay agile, to be very consumer centric, to understand the trends and where the puck is going, to stay in front of the digital revolution.

*We lead the future of pet and garden one blade of grass and one wagging tail at a time.*

### IRI: Key Strategies

**TC:** We've got five key strategies: consumer, customer, Central portfolio, cost and culture.

Consumer is about building and growing brands consumers love; deeply understanding our consumers, building distinctive and winning brands, creating disruptive innovation platforms.

Customer is around winning customers and channels, everything from building sales capabilities, responding to channel shifts and the imperative to win in e-commerce.

Central portfolio is about having a good portfolio strategy, understanding that different brands and categories play different roles. It's also the home of our M&A strategy, which is critical to our past and to our future.

Cost is about reducing cost to build our margins and to fuel our growth; to invest back into consumer and customer.

Culture, arguably the most important, is building a winning culture, attracting, retaining and developing the best. One of the cool parts of Central is it's about an entrepreneurial business-unit-led culture. We're not a monolith at Central. We're very proud that today we have 24 BUs.

## IRI: Acquisition

**TC:** We've got 65 brands, and every single brand we own has the opportunity and, quite honestly, the obligation to grow. Each one needs to find their growth strategies, needs to find their channels of opportunity and their innovation opportunity.

M&A is a really important part of that overall equation. We've had the privilege to welcome four new businesses in the past two years: Green Garden, DoMyOwn.com, Hopewell and D&D. We continue to fish on both the garden and the pet side.

## IRI: E-commerce

**TC:** If you do not figure out winning strategies for your business to grow in e-commerce, you're going to be a dinosaur pretty quickly. Today, of our total pet consumer business, between 20% and 25% of our revenue is sold through the e-commerce channel. We saw huge double-digit growth in both of the pandemic years.

## IRI: Digital Marketing

**TC:** We've made significant investments in new hires on both the garden and the pet side around digital and digital business development. For focus areas in digital marketing, one is building winning in-house content development capability. We're also beginning to build out our direct-to-consumer capabilities.

## IRI: Go-to-market Strategies

**TC:** As you look at the two industries we compete in, there are meaningful differences that dictate different go-to-market strategies. Garden is really dominated in the leading mass-merch player and the leading home-center players, which we call the Big Three with 75% of the total business. Go-to-market strategy starts with ensuring you're going to win with the Big Three. The biggest shift associated with those three is the way they've embraced omnichannel as the winning play.

On the pet side, it is about pet specialty, led by a couple of big-box pet specialty players; the pure-play players, Amazon and Chewy; and fragmented mom-and-pop pet specialty stores.

I think our go-to-market strategy differs from some of our competitors in that we are actually also a leading distributor. In pet, we run a pet distribution business where we not only fulfill and merchandise our products – Central-manufactured and -marketed products – but also third-party products. We do the merchandising all the way through. On garden, we have the same; we have a vendor partner business and third party, and we've got strong merchandising in store. We have feet on the street on the garden side.

## IRI: Data Analytics

**TC:** This is an area of critical importance to our future and an area where we are investing heavily in bringing in great new talent that has experience with this set of tools. We've made a number of important hiring decisions in areas like data and analytics, consumer insights and digital-performance marketing.

We're trying to move toward more agile tools, more predictive tools, more AI-enabled tools, more customized market-measurement tools, AI-led consumer testing tools. We're investing in social listening and also trend and predictive analytics.

## IRI: Business Model

**TC:** We will always be business-unit led with empowered, accountable business units, but there's a role to play for enterprise thinking. We're knocking on the door of a \$3.5 billion platform today. There are backroom synergies, procurement, systems, best-practices sharing, leverage with the customers, retail partners and consumers. Finding that sweet spot is the art of a great company.

## IRI: Central Impact Initiative

**TC:** There are three pillars: community health, employee well-being and sustainability.

We operate in over 100 communities across the U.S., and we've got a real obligation to those communities to be good citizens, to give back. We formed our first Diversity Council, made investments in mentorship, leadership development, and a commitment to improve representation of women and people of color at our company.

Sustainability is an area where we are beginning to collect, harness and accelerate a number of incredible stories. Last year we recycled over 85 million pounds of ocean waste into finished pet products, produced over 125 million dog bones through solar power, reduced over 11 billion gallons of water in seed innovation.

## IRI: Flip the Turf

**TC:** Pennington is a pioneer in grass seed, so we launched a campaign right around Super Bowl called Flip the Turf. Sixteen of the current 32 teams in the NFL still play on artificial turf, which is not so nice on a sustainability level and for the health and safety of players. We have made a pledge that if any NFL team would like to Flip the Turf, we'll pay for the grass – on the house from Pennington.

## IRI: Values

**TC:** Values are the cornerstone to a winning culture. As part of the Central to Home strategy, we had a series of amazing, employee-led engagement sessions to harvest our legacy values that differed across some of the BUs and from there we developed a coherent set of values.

It starts with *we do the right thing*, all about integrity and trust. *We strive to be the best*, an ambition to be a leader in our industry. *We are entrepreneurial*, a cornerstone of our culture. *We win together*. This yin and yang of yes, you can be entrepreneurial and leverage the scale and resources of a multibillion-dollar company.

*We grow every day*, the sense of growing the business, but growing as an individual, too. The final is *we are passionate*.

Three or four simple words and they all start with *we are*. This notion is what bonds us together in sustaining the winning culture. 

**About IRI.** IRI is a leading provider of big data, predictive analytics and forward-looking insights that help CPG, OTC health care, retailers and media companies to grow. With the largest repository of purchase, media, social, causal and loyalty data, all integrated on an on-demand cloud-based technology platform, IRI guides over 5,000 clients globally in their quests to remain relentlessly relevant, capture market share, connect with consumers and deliver growth. [www.IRIworldwide.com](http://www.IRIworldwide.com)

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