

Chapter 1: Introduction	8
Research Objectives	8
Consumer Insights on Outdoor Living Lifestyles and Purchases	8
Also Included Is Garden Retailers' Perspective on this Marketplace	9
Consumer Insights Focus on Facts and Figures and the Underlying Reasons Why	10
Special Feature in this Report is Psychographic Profile and Segmentation of the Outdoor Living Market	11
Methodology	11
Garden Retailer Survey	11
Quantitative Outdoor Living Consumer Survey	12
Chapter 2: About Outdoor Living Industry Sales & Growth	13
Outdoor Living Market is Poised for Dynamic Growth	13
Figure 1: Outdoor Living Consumer Expenditure in millions, 1999-Proj. 2010	14
Green Goods Represents about 30 percent of market, while Services Is One-third; Outdoor Living 'Hardware' Is 36 percent of total market	15
Figure 2: Outdoor Living Market Overview 1999-2004; Outdoor Living 'Software'; 'Hardware'; Services	15
Wholesale Sales of Plants Is \$15.3 billion in 2004	16
Figure 3: Floriculture/Nursery Crops Wholesale in millions, 1999-2004	16
Outdoor Living hard Goods Is Largest Share of Consumer Market	16
Figure 4: Outdoor Hardware and Equipment Retail Sales, 2003-2004	16
Channels of Distribution of Outdoor Living Products	17
Figure 5: Outdoor Living Goods Channels of Distribution, 2002-2004	17
Garden Centers Control \$24.1 billion in total retail sales	18
Figure 6: Retail Sales in Building Materials Retailers in millions, 2002-2004	18
Lowe's Generated \$4 billion in Outdoor Living Sales in 2003	19
Figure 7: Lowes Sales by Product Category in millions, 2003	19
Chapter 3: About Consumers and Their Outdoor Living Purchases	20
Most U.S. Homeowners Purchased Outdoor Living Goods and Services in Past year	20
Figure 8: Outdoor Living Consumer Market Purchase Incidence	20
Weed Control Products Top the List of Most Purchased garden tool, equipment or supplies	22
Figure 9: Garden Equipment, Tools & Supplies Detail	22
Outdoor Living Consumers' priority is to add flowers to their gardens	24
Figure 10: Plant Purchases Detail	24
Barbecues, Bird Feeders, Patio Decoratives and Outdoor Furniture top the list of most popular outdoor living products	25
Figure 11: Outdoor Living Supplies and Accessories Purchase Details	25
Only about one-fourth of outdoor living consumers contract for lawn and garden services	27
Figure 12: Landscaping, Garden and Lawn Care Services Purchase Details	27
Where They Shop for Outdoor Living Purchases	28
Figure 13: Where Outdoor Living Customers Shop	28
Outdoor Living Retailer Brand Awareness and Usage	29
Figure 14: Outdoor Living Retailer Brand Awareness & Usage	29
Typical Outdoor Living Consumer Spent just under \$2,000 on outdoor living goods & services	30

Figure 15: Average Amount Spent Outdoor Living Goods & Services	30
Biggest spenders were involved in major outdoor living projects in 2004	31
Figure 16: Who Spends the Most on Outdoor Living	31
Figure 17: Key Finding: Identifying marketer's best prospects for outdoor living goods and services	33
Spending Trends	34
Figure 18: Outdoor Living Consumers Spending More	34
More Homeowners plan to undertake a Major Outdoor improvement Project in 2005	35
Figure 19: Undertaken or plans to undertake major outdoor improvement project	35
Majority live in home with modest sized yards	37
Figure 20: Size of Homeowner's Primary Residence Lot	37
Most popular outdoor living features	38
Figure 21: Outdoor Living Special Features	38
Consumers have a sense of accomplishment in their outdoor living spaces	39
Figure 22: How Consumers View their Outdoor Living Spaces	39
Outdoor Living is for play and a retreat	41
Figure 23: How They Use Their Outdoor Living Spaces	41
Chapter 4: More about Outdoor Living Purchasers and their Purchases	43
Figure 24: Outdoor living consumer topline summary	43
Plant Purchasers and their Purchases — Details	44
Figure 25: Plant materials buyers' demographic detail	44
Flowering Plants are Most Frequently Purchased	45
Figure 26: Plant materials bought, details	45
Plant Materials Spending — Demographic Details	46
Figure 27: Plant Materials Spending, Demographic Details	46
Spending Trends on Plant Materials	47
Figure 28: Plant materials spending trends, 2004 and 2005	47
Where Consumers Shopped for Plant Materials	48
Figure 29: Where Consumers Shopped for Plant Materials	48
Why They Bought Plant Materials	49
Figure 30: Why Consumers Made Most Recent Plant Purchase	49
Why Shopper Selected Specific Store to Make Plant Purchases	50
Figure 31: Why Shopper Selected This Store to Make Most Recent Purchase	50
Plant Material Brand Awareness & Usage	52
Figure 32: Plant Material Brand Awareness & Usage	52
Plant Purchasers and their Purchases — Details	53
Figure 33: Garden Tools, Equipment & Supplies Buyers Demographic Details	53
Weed Control, Lawn Fertilizers and Plant Food are the Most purchased garden tool, equipment and supplies	54
Figure 34: Garden Tools, Equipment & Supplies Bought, Details	54
Garden Tools, Equipment & Supplies Spending — Demographic Details	55
Figure 35: Garden Tools, Equipment & Supplies Spending, Demographic Details	55
Spending Trends on Garden Tools, Equipment & Supplies	56
Figure 36: Garden Tools, Equipment, Supplies Spending Trends	56
Where Consumers Shopped for Garden Tools, Equipment and Supplies	57
Figure 37: Where People Bought Garden Tools, Equipment & Supplies	57
Why They Bought Garden Tools, Equipment & Supplies	58
Figure 38: Why Consumers Made Most Recent Garden Tool, Equipment, Supplies Purchase	58
Why Shopper Selected Specific Store to Make Garden Tool, Equipment, Supply Purchases	59

Figure 39: Why Shopper Selected This Store to Make Most Recent Garden Equipment Purchase	59
Garden Tools, Equipment and Supplies Brand Awareness & Usage	60
Figure 40: Leading Garden Supply Brand Awareness & Usage	60
Figure 41: Leading Garden Tool & Equipment Brands	61
Outdoor Living Purchasers and their Purchases — Details	62
Figure 42: Outdoor Living Product Buyers, Demographic Detail	62
Most Purchased Outdoor Living Products	63
Figure 43: Outdoor Living Products Bought, Details	63
Outdoor Living Spending — Demographic Details	64
Figure 44: Outdoor Living Spending, Demographic Details	64
Spending Trends on Outdoor Living Products	65
Figure 45: Outdoor Living Products Spending Trends, 2004 and 2005	65
Where Consumers Shopped for Outdoor Living Products	66
Figure 46: Where Consumers Shopped for Outdoor Living Products	66
Why They Bought Outdoor Living Products	67
Figure 47: Why Consumers Made Most Recent Outdoor Living Purchase	67
Why Shopper Selected Specific Store to Make Outdoor Living Product Purchases	68
Figure 48: Why Shopper Selected This Store to Make Most Recent Purchase	68
Outdoor Living Product Brand Awareness & Usage	69
Figure 49: Outdoor Living Products Brand Awareness & Usage	69
Outdoor Services Purchasers and Their Purchases — Details	70
Figure 50: Outdoor Services Buyers Demographic Detail	70
Lawn Care and Maintenance is the most purchased outdoor service	71
Figure 51: Outdoor Living Services Bought, details	71
Outdoor Services — Demographic Details	72
Figure 52: Outdoor Services Spending, Demographic Details	72
Spending Trends on Outdoor Services	73
Figure 53: Outdoor Services Spending Trends	73
Chapter 5: About Outdoor Living Consumers' Attitudes And Motivations	74
Outdoor Living Consumers' Attitudes about Gardening	74
Figure 54: Attitudes About Gardening & Outdoor Living	74
Four Personalities of Outdoor Living Enthusiasts Identified	76
Figure 55: Four Personalities that Make Up The Outdoor Living Market	77
Figure 56: Outdoor Living Attitude Statements by Personality Segment	78
Lounging Lisa Spends the Most because While Lisa lounges Somebody Else does the work	79
Helen the Happy Gardener Spends Most on Plants and Loves to Get Her Hands Dirty	80
Sylvia the Garden Slave Takes No Pleasure in Outdoors	80
Therapeutic Thelma's Greatest Pleasure is Puttering in her Garden, not Shopping	81
Field Guide to Outdoor Living Personality	82
Figure 57: Field Guide to the Four Outdoor Living Personality Segments	82
Chapter 6: About the Specialty Garden Centers and Their Customers	84
Demographics of Major Garden Retailers	84
Figure 58: Garden Center Retailers' Revenues, 2004	85
Distribution of Sales by Season	86
Figure 59: Distribution of Garden Center Sales by Season	86
Regions Where Located	87
Figure 60: Regions Where Garden Centers Were Located	87

OUTDOOR LIVING REPORT 2005

Number of Stores	88
Figure 61: Number of Garden Center Stores Operated	88
Average Number of Employees	89
Figure 62: Average Number of Employees	89
Women Represent the Garden Centers' Largest Share of Customers	89
Figure 63: Gender of Garden Center Customers	89
Average Number of Years in Business	90
Figure 64: Average Number of Years in Business	90
Average Distance Traveled to Shop at Garden Center	91
Figure 65: Average Distance Traveled by Regular Customers to Shop	91
How They Describe Their Business	92
Figure 66: Description of Type of Business	92
What Products Garden Centers Carry	93
Plant Materials Carried	93
Figure 67: Plant Materials Garden Centers' Carry	93
Branded Plant Materials	93
Garden Tools and Equipment	94
Figure 68: Garden Tools, Equipment and Supplies Garden Centers Carry	94
Garden Tool, equipment and Supplies Product Lines Carried and Top Brands	95
Figure 69: Average Number of Garden Tools, Equipment and Supply Product Lines Carried	95
Outdoor Living Products Sold	96
Figure 70: Outdoor Living Products Garden Centers Carry	96
Outdoor Living Product Lines Carried and Top Brands	97
Outdoor Services Offered	98
Figure 71: Outdoor Services Offered by Garden Centers	98
Other Gift Products Carried by Garden Centers	99
Figure 72: Gifts and Giftware Garden Centers Carry	99
Garden Centers Likely To add fewer new product lines in 2005 sales year	100
Figure 73: Trends in New Product Lines Carried, 2004 and 2005	100
Percentage of Sales by Major Product Category	101
Figure 74: Percentage of Garden Center Sales by Major Category	101
Trends in Garden Center Sales	104
Figure 75: Trends in Garden Center Retail Sales, 2003 to 2004	104
Percentage Change in Garden Center Sales	105
Figure 76: Percentage Change Garden Center Sales, 2003 to 2004	105
Plant and Services Sales Generated Biggest Sales INcrease for Typical Garden Center in 2004	106
Figure 77: Percentage of Garden Retailers Reporting Sales Increase by Product Category, 2003 to 2004	106
About Why Shoppers Prefer The Garden Center — Retailers' Compared with Consumers' Perspectives	108
Figure 78: Why Consumers Select Garden Center as Shopping Destination, Retailers' Perspective	108
Disconnect between what consumers shop for and what garden center retailers think they shop for	109
Figure 79: Why Garden Retailers Think Consumers Shop Their Stores vs. Why Customers Shop There	109
What Garden Center Shoppers Value Most in the garden Center Shopping Experience	112
Figure 80: Attitudes of Garden Center Shoppers to the Garden Center Shopping Experience	112
About Marketing The Garden Center	114
Figure 81: Trends in Advertising Expenditures, 2003 to 2004	114
Advertising Media Used	115
Figure 82: Advertising Media Used	115
Promotions Used	116
Figure 83: Promotions Used by Garden Centers in 2004	116
About Garden Centers' Use of the Internet	118

Figure 84: How Garden Centers User Internet _____	118
Matterhorn Nursery is the Gold-Standard in Garden Retail _____	119
<i>Chapter 7: About The Luxury Market for Outdoor Living Products _____</i>	<i>122</i>
About one-fourth of luxury consumers purchased luxury outdoor living products in 2004 ____	123
Purchase Incidence _____	123
Figure 85: Luxury Garden and Outdoor Living Purchase Incidence, 2002-2004 _____	123
Luxury Consumer Spending on Outdoor Living Luxuries _____	124
Figure 86: Luxury Consumers' Outdoor Living Spending 2004 by demographic detail _____	124
Where People Buy Luxury Garden & Garden Products _____	126
Figure 87: Luxury Consumers' Outdoor Shopping Choices, 2004 _____	126
Purchase Motivation _____	126
Smith & Hawken Is Leading luxury brand in outdoor _____	128
<i>Chapter 8: About Maximizing Outdoor Living Sales _____</i>	<i>131</i>
Review of Key Findings about the outdoor living market _____	131
→ Key Finding: Identifying marketer's best prospects for outdoor living goods and services _____	131
→ Key Finding: Consumer's Expectation to Get a Good Price Influences the outdoor living Shopper Most in Choosing the Store in which to Shop _____	132
→ Key Finding — Outdoor Marketers and Retailers Must Learn to recognize the types of shoppers in their midst, then sell to their unique psychology _____	132
→ Key Finding: Large Garden Centers Cater to the Female Shopper _____	132
→ Key Finding: Garden centers may be losing opportunities by not widely selling garden lighting _____	133
→ Key Finding: Garden centers that offer services generate nearly three-times more annual revenue _____	133
→ Key Finding: Garden center retailers and consumers disconnect in the reasons why they choose to shop in specific stores for plants — Garden retailers must bridge the gap! _____	134
→ Key Finding: Garden centers may not be maximizing seasonal opportunities tied to Halloween and Harvest Home and continuing through the Christmas holiday season _____	134
→ Key Finding: Outdoor living is one of the fastest growing home luxury categories in 2004 _____	135
Applying the Research to Increasing The outdoor living retailers and marketers' Share of the Outdoor Living market _____	135
Garden Marketers' and Retailers' Lesson #1: It's not the Thing — It's the Experience _____	136
What Experiences Do Outdoor LIVING Shoppers Want? _____	137
Figure 88: Garden Center Shoppers Buy More Things Outdoor _____	137
Garden Marketers and Retailers' Lesson #2: Keep your eye on the prize — Your customer! _____	137
The Outdoor Living Lifestyle Is Trending Strongly Positive _____	138
Figure 89: Shoppers Who Spent More in 2004 Are Also Likely to Spend More In 2005 _____	138
Garden Marketers' and Retailers' Lesson #3: The biggest spenders on outdoor living today are also the best prospects for tomorrow _____	138
Specialty outdoor living retailers and Garden Centers Face Increasing Competitive Pressures _____	139
Figure 90: Where Garden Center Shoppers Shop _____	140
Garden Marketers' and Retailers' Lesson #4: "Good Prices" Mean "Right Prices" _____	140
Garden Centers Get Highest Marks From Consumers In Ideas and Inspiration _____	141
Figure 91: Garden Center Shoppers Agreement _____	142
Figure 92: Garden Center Shoppers' Source of Outdoor Living Inspiration _____	142
Garden Marketers' and Retailers' Lesson #5: The more involved consumers get with outdoor living, the better Specialty garden centers look to them _____	142
Getting to Know the Garden Center Customers Better _____	143

Garden Marketers' and Retailers' Lesson #6: Garden center shoppers are distinguished behaviorally (i.e. they spend more on outdoor) and psychographically (i.e. why they buy), NOT demographically	145
Figure 93: Key Attitude Statement Garden Center Shoppers Agree With	146
Garden centers attract the very best prospects for the future	147
Figure 94: Garden Center Shoppers' Personalities	147
Garden Marketers' and Retailers' Lesson #7: Learn to recognize the types of shoppers in their midst, then sell to their unique psychology	148
Planning the Future of the outdoor living retailer	149
Figure 95: What Outdoor Living Retailers Need to Know to Build a Prosperous Future	152
Appendix A: Outdoor Living Consumer Survey Questionnaire	153

CHAPTER

1

INTRODUCTION

OUTDOOR LIVING REPORT 2005 OVERVIEW

RESEARCH OBJECTIVES

INTRODUCTION

After years of decorating and redecorating the interiors of their homes, American consumers are turning their decorative energy outside to spruce up the exterior living areas of their homes. This shift reflects a new outdoor living lifestyle that extends family life beyond the protective cocoon of the home's walls. Today's home is a hub for connecting, with consumers looking outside to reconnect with their neighbors and local communities. The outdoor living market is the focus of this new research study conducted by Unity Marketing among 1,000 U.S. homeowners.

The outdoor living market, including both outdoor living products and services, reached \$65.8 billion in 2004, rising from \$63.1 billion in 2003. While the retail sales of plant materials accounted for \$19.6 billion or 30 percent of the total market in 2004, the real growth categories in the coming years will be the tools, equipment, supplies and accessories that enhance the outdoor living lifestyle.

CONSUMER INSIGHTS ON OUTDOOR LIVING LIFESTYLES AND PURCHASES

For marketers and retailers of outdoor living products and services, consumer insights will play an increasingly important role in strategic decisions. This market segment promises to be among the more rapidly growing sectors in the consumer economy over the next ten years, as consumers increasingly use their homes as a hub for connecting and a place for activity, reaching out and doing things. The emerging connecting life stage is reflected in the new do-it-yourself trend, where consumers undertake DIY not to save money but to express their creativity and skill. Gardening and landscape design is one area where many people find creative expression.

Also, home is a place to entertain and be entertained and where the outdoor living spaces of the home play an expanded role.

Topics explored in the research study include:

- How do consumers view their outdoor living space, how do they use their outdoor 'rooms,' how do they decorate them and how do they maintain them?
- What brands are important and what stores do outdoor living shoppers prefer to buy from? How often do they shop for outdoor living goods and how much do they spend?
- How important is price, style, material, brand and store in the buying equation?
- What drives the shopper into the store to shop for outdoor living products? Who makes the final purchase decision - husband, wife or both? What factors influence the genders in making purchases?
- What role do outdoor living specialty retailers and service providers play in satisfying consumers' desires for enhanced outdoor living experiences? How do they perceive the customers in their midst and what strategies are they using to be more successful selling outdoor living products and services to their customer?
- What new opportunities are on the horizon for outdoor living goods and service providers?
- How can retailers and marketers take advantage of consumers' passion for outdoor living and grow with this new market?

ALSO INCLUDED IS GARDEN RETAILERS' PERSPECTIVE ON THIS MARKETPLACE

Adding a retailers' perspective on the outdoor living consumer marketplace is a research study among 100 of the nation's leading garden centers. Garden center managers were surveyed about how they perceive the emerging opportunities in the outdoor living marketplace and how

they are transforming their businesses to take advantage of the opportunities. This retailer insight provides key strategic information for outdoor living marketers who primarily sell their goods to the consumer through the garden center channel.

CONSUMER INSIGHTS FOCUS ON FACTS AND FIGURES AND THE UNDERLYING REASONS WHY

This report provides data about the size and growth of the consumer market for outdoor living products and services. It defines the size of the outdoor living market and how rapidly it is growing. The outdoor living market is segmented into four basic categories of goods and services with the following data collected regarding consumer purchase and usage within each category:

- Plant Materials - Overall purchase incidence, what products they buy, how much they spend, where they shop, why they buy and brand awareness and preferences.
- Garden Tools, Equipment, Supplies - Overall purchase incidence, what products they buy, how much they spend, where they shop, why they buy and brand awareness and preferences.
- Outdoor Living Products, such as barbecue grills, lights, fireplaces, furniture, outdoor decorative accents, ponds, pools, etc - Overall purchase incidence, what products they buy, how much they spend, where they shop, why they buy and brand awareness and preferences.
- Outdoor Living Services - Overall purchase incidence, what services they buy, how much they spend and why they buy.

Also included in the study are demographics of the outdoor living market. What kinds of households participate in outdoor living and how do different demographic characteristics impact and influence outdoor living buying behavior, (e.g.: HHI, size, composition, ethnicity/race, education, etc.); what are the different demographic segments within the outdoor living market? How do men and women differ in their outdoor living shopping and buying behavior?

**SPECIAL FEATURE IN THIS REPORT IS PSYCHOGRAPHIC PROFILE AND SEGMENTATION OF
THE OUTDOOR LIVING MARKET**

In addition to purchase behavior, attitudes and motivations in outdoor living purchases are also explored, including a psychographic analysis of four distinct personalities that participate in the outdoor living market: Lounging Lisa, Happy Gardener Helen, Therapeutic Thelma, and Sylvia the Garden Slave. This psychographic analysis of the outdoor living consumers reveals their different drives and motivations in outdoor living purchases; what factors are more or less important in driving purchasing decisions; how can outdoor living marketers and retailers better understand the hearts and minds of their consumers. In essence, we will discover “why people buy outdoor living products and services.”

This new research study is an investment in the future of outdoor living marketers’ and retailers’ businesses so that they can stay out in front of their rapidly changing customers. This research is sponsored in part by the outdoor living industry’s most forward-thinking companies, including *Nursery Retailer* magazine, Scotts and Smith & Hawken.

METHODOLOGY

A research methodology combining both quantitative surveys among outdoor living enthusiasts and consumers and garden, nursery and outdoor living specialty retailers was designed to meet the defined research objectives. This report summarizes results of both surveys.

GARDEN RETAILER SURVEY

A total of 100 specialty garden retailers and nurseries were surveyed to provide the retailer perspective on the outdoor living market. The retailers were selected to represent the biggest, most successful garden retailers in their particular market. The survey was conducted by telephone during February 2005 among store managers/buyers. The results of the survey help marketers who rely on garden centers as a channel of distribution to the consumer to better understand the dynamics of this channel of distribution, the garden center’s challenges and opportunities as a distribution channel and how they ultimately view the consumer market. Topics covered in the survey include:

- Product categories carried and services offered, percentage of store sales within product categories and services, leading brands, sales trends by product categories. Product and service categories include Plants, Garden Supplies, Garden Tools & Equipment, Outdoor Living Products, Garden and Landscaping Services.
- Total store sales, store demographics, sales trends, advertising and promotional expenditures and usage, internet and website usage, trade show attendance, how consumers make buying decisions.

QUANTITATIVE OUTDOOR LIVING CONSUMER SURVEY

With input from the outdoor living study sponsors, Unity Marketing designed a research questionnaire suitable to field across a nationwide representative sample of 1,000 of homeowners with household incomes of \$25,000 or more. Based upon responses to an initial question about participation in the outdoor living market, an in-depth survey was conducted among 842 homeowners (i.e. 84 percent of the total sample) who participated in the outdoor living lifestyle. The survey was conducted during January 2005 using an electronic internet-based survey platform. A copy of the survey questionnaire is included in the appendix of this report.

Survey respondents were screened for their purchase of any of the following in the past 12 months, from January 2004 to December 2004: Plant materials; garden tools, supplies and equipment; outdoor living products; landscaping and/or outdoor living services. Only individuals who personally made one or more of these purchases were included in the in-depth survey. Not unexpectedly the survey sample skewed female with 58 percent of the sample being women and 42 percent men.