

<b>Chapter 1: Introduction</b>	<b>8</b>
<b>Research Objectives</b>	<b>8</b>
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
<b>Methodology</b>	<b>11</b>
Garden Retailer Survey	11
Quantitative Outdoor Living Consumer Survey	12
<b>Chapter 2: About Outdoor Living Industry Sales &amp; Growth</b>	<b>13</b>
<b>Outdoor Living Market is Poised for Dynamic Growth</b>	<b>13</b>
Figure 1: Outdoor Living Consumer Expenditure in millions, 1999-Proj. 2010	14
<b>Green Goods Represents about 30 percent of market, while Services Is One-third; Outdoor Living 'Hardware' Is 36 percent of total market</b>	<b>15</b>
Figure 2: Outdoor Living Market Overview 1999-2004; Outdoor Living 'Software'; 'Hardware'; Services	15
<b>Wholesale Sales of Plants Is \$15.3 billion in 2004</b>	<b>16</b>
Figure 3: Floriculture/Nursery Crops Wholesale in millions, 1999-2004	16
<b>Outdoor Living hard Goods Is Largest Share of Consumer Market</b>	<b>16</b>
Figure 4: Outdoor Hardware and Equipment Retail Sales, 2003-2004	16
<b>Channels of Distribution of Outdoor Living Products</b>	<b>17</b>
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
<b>Chapter 3: About Consumers and Their Outdoor Living Purchases</b>	<b>20</b>
<b>Most U.S. Homeowners Purchased Outdoor Living Goods and Services in Past year</b>	<b>20</b>
Figure 8: Outdoor Living Consumer Market Purchase Incidence	20
<b>Weed Control Products Top the List of Most Purchased garden tool, equipment or supplies</b>	<b>22</b>
Figure 9: Garden Equipment, Tools & Supplies Detail	22
<b>Outdoor Living Consumers' priority is to add flowers to their gardens</b>	<b>24</b>
Figure 10: Plant Purchases Detail	24
<b>Barbecues, Bird Feeders, Patio Decoratives and Outdoor Furniture top the list of most popular outdoor living products</b>	<b>25</b>
Figure 11: Outdoor Living Supplies and Accessories Purchase Details	25
<b>Only about one-fourth of outdoor living consumers contract for lawn and garden services</b>	<b>27</b>
Figure 12: Landscaping, Garden and Lawn Care Services Purchase Details	27
<b>Where They Shop for Outdoor Living Purchases</b>	<b>28</b>
Figure 13: Where Outdoor Living Customers Shop	28
<b>Outdoor Living Retailer Brand Awareness and Usage</b>	<b>29</b>
Figure 14: Outdoor Living Retailer Brand Awareness & Usage	29
<b>Typical Outdoor Living Consumer Spent just under \$2,000 on outdoor living goods &amp; services</b>	<b>30</b>

Figure 15: Average Amount Spent Outdoor Living Goods & Services _____	30
<b>Biggest spenders were involved in major outdoor living projects in 2004 _____</b>	<b>31</b>
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
<b>Spending Trends _____</b>	<b>34</b>
Figure 18: Outdoor Living Consumers Spending More _____	34
<b>More Homeowners plan to undertake a Major Outdoor improvement Project in 2005 _____</b>	<b>35</b>
Figure 19: Undertaken or plans to undertake major outdoor improvement project _____	35
<b>Majority live in home with modest sized yards _____</b>	<b>37</b>
Figure 20: Size of Homeowner's Primary Residence Lot _____	37
<b>Most popular outdoor living features _____</b>	<b>38</b>
Figure 21: Outdoor Living Special Features _____	38
<b>Consumers have a sense of accomplishment in their outdoor living spaces _____</b>	<b>39</b>
Figure 22: How Consumers View their Outdoor Living Spaces _____	39
<b>Outdoor Living is for play and a retreat _____</b>	<b>41</b>
Figure 23: How They Use Their Outdoor Living Spaces _____	41
<b>Chapter 4: More about Outdoor Living Purchasers and their Purchases _____</b>	<b>43</b>
Figure 24: Outdoor living consumer topline summary _____	43
<b>Plant Purchasers and their Purchases — Details _____</b>	<b>44</b>
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
<b>Plant Purchasers and their Purchases — Details _____</b>	<b>53</b>
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
<b>Outdoor Living Purchasers and their Purchases — Details</b>	<b>62</b>
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
<b>Outdoor Services Purchasers and Their Purchases — Details</b>	<b>70</b>
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
<b>Chapter 5: About Outdoor Living Consumers' Attitudes And Motivations</b>	<b>74</b>
<b>Outdoor Living Consumers' Attitudes about Gardening</b>	<b>74</b>
Figure 54: Attitudes About Gardening & Outdoor Living	74
<b>Four Personalities of Outdoor Living Enthusiasts Identified</b>	<b>76</b>
Figure 55: Four Personalities that Make Up The Outdoor Living Market	77
Figure 56: Outdoor Living Attitude Statements by Personality Segment	78
<b>Lounging Lisa Spends the Most because While Lisa lounges Somebody Else does the work</b>	<b>79</b>
<b>Helen the Happy Gardener Spends Most on Plants and Loves to Get Her Hands Dirty</b>	<b>80</b>
<b>Sylvia the Garden Slave Takes No Pleasure in Outdoors</b>	<b>80</b>
<b>Therapeutic Thelma's Greatest Pleasure is Puttering in her Garden, not Shopping</b>	<b>81</b>
<b>Field Guide to Outdoor Living Personality</b>	<b>82</b>
Figure 57: Field Guide to the Four Outdoor Living Personality Segments	82
<b>Chapter 6: About the Specialty Garden Centers and Their Customers</b>	<b>84</b>
<b>Demographics of Major Garden Retailers</b>	<b>84</b>
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
<b>What Products Garden Centers Carry _____</b>	<b>93</b>
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
<b>Percentage of Sales by Major Product Category _____</b>	<b>101</b>
Figure 74: Percentage of Garden Center Sales by Major Category _____	101
<b>Trends in Garden Center Sales _____</b>	<b>104</b>
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
<b>About Why Shoppers Prefer The Garden Center — Retailers' Compared with Consumers' Perspectives _____</b>	<b>108</b>
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
<b>What Garden Center Shoppers Value Most in the garden Center Shopping Experience _____</b>	<b>112</b>
Figure 80: Attitudes of Garden Center Shoppers to the Garden Center Shopping Experience _____	112
<b>About Marketing The Garden Center _____</b>	<b>114</b>
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
<b>About Garden Centers' Use of the Internet _____</b>	<b>118</b>

Figure 84: How Garden Centers User Internet _____	118
<b>Matterhorn Nursery is the Gold-Standard in Garden Retail _____</b>	<b>119</b>
<b>Chapter 7: About The Luxury Market for Outdoor Living Products _____</b>	<b>122</b>
<b>About one-fourth of luxury consumers purchased luxury outdoor living products in 2004 ____</b>	<b>123</b>
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
<b>Smith &amp; Hawken Is Leading luxury brand in outdoor _____</b>	<b>128</b>
<b>Chapter 8: About Maximizing Outdoor Living Sales _____</b>	<b>131</b>
<b>Review of Key Findings about the outdoor living market _____</b>	<b>131</b>
→ 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
<b>Applying the Research to Increasing The outdoor living retailers and marketers’ Share of the Outdoor Living market _____</b>	<b>135</b>
<b>Garden Marketers’ and Retailers' Lesson #1: It's not the Thing — It's the Experience _____</b>	<b>136</b>
What Experiences Do Outdoor LIVING Shoppers Want? _____	137
Figure 88: Garden Center Shoppers Buy More Things Outdoor _____	137
<b>Garden Marketers and Retailers' Lesson #2: Keep your eye on the prize — Your customer! _____</b>	<b>137</b>
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
<b>Garden Marketers’ and Retailers' Lesson #3: The biggest spenders on outdoor living today are also the best prospects for tomorrow _____</b>	<b>138</b>
Specialty outdoor living retailers and Garden Centers Face Increasing Competitive Pressures _____	139
Figure 90: Where Garden Center Shoppers Shop _____	140
<b>Garden Marketers’ and Retailers' Lesson #4: “Good Prices” Mean “Right Prices” _____</b>	<b>140</b>
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
<b>Garden Marketers’ and Retailers' Lesson #5: The more involved consumers get with outdoor living, the better Specialty garden centers look to them _____</b>	<b>142</b>
Getting to Know the Garden Center Customers Better _____	143

<b>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</b>	<b>145</b>
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
<b>Garden Marketers' and Retailers' Lesson #7: Learn to recognize the types of shoppers in their midst, then sell to their unique psychology</b>	<b>148</b>
Planning the Future of the outdoor living retailer	149
Figure 95: What Outdoor Living Retailers Need to Know to Build a Prosperous Future	152
<b>Appendix A: Outdoor Living Consumer Survey Questionnaire</b>	<b>153</b>