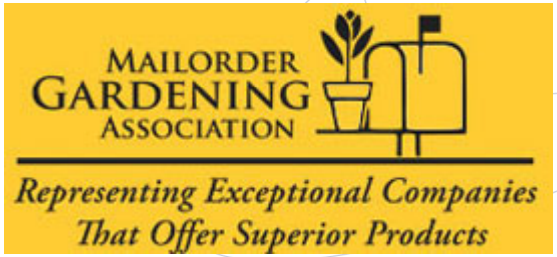
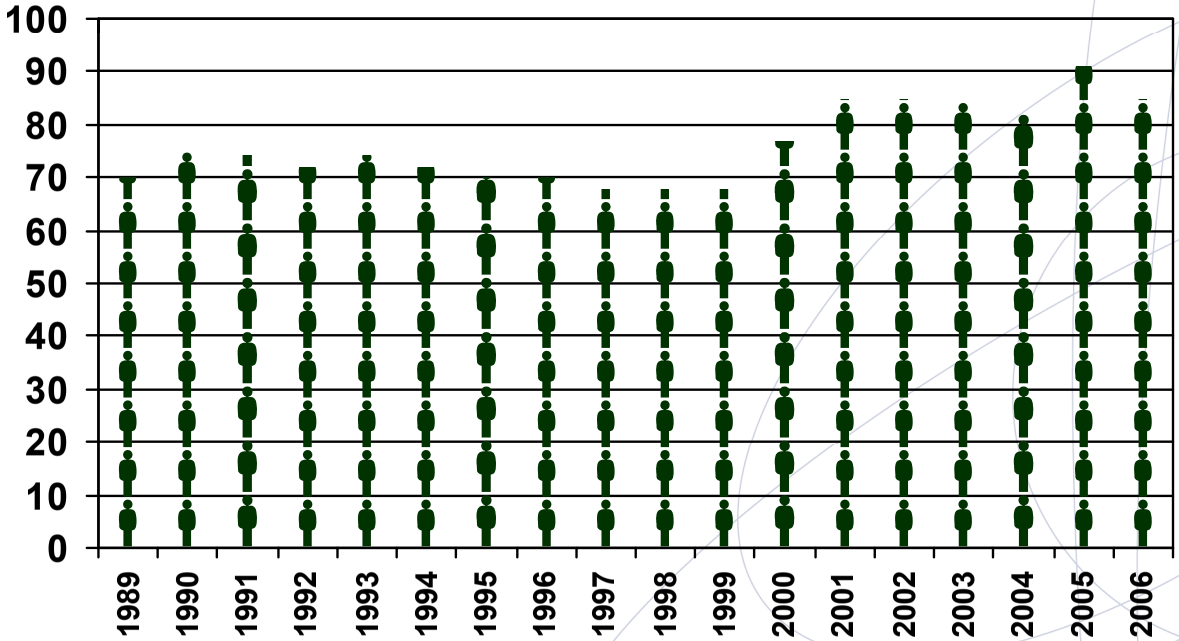
Where Have All The "Gardeners" Gone?

Maintaining Relevance With Tomorrow's Consumer



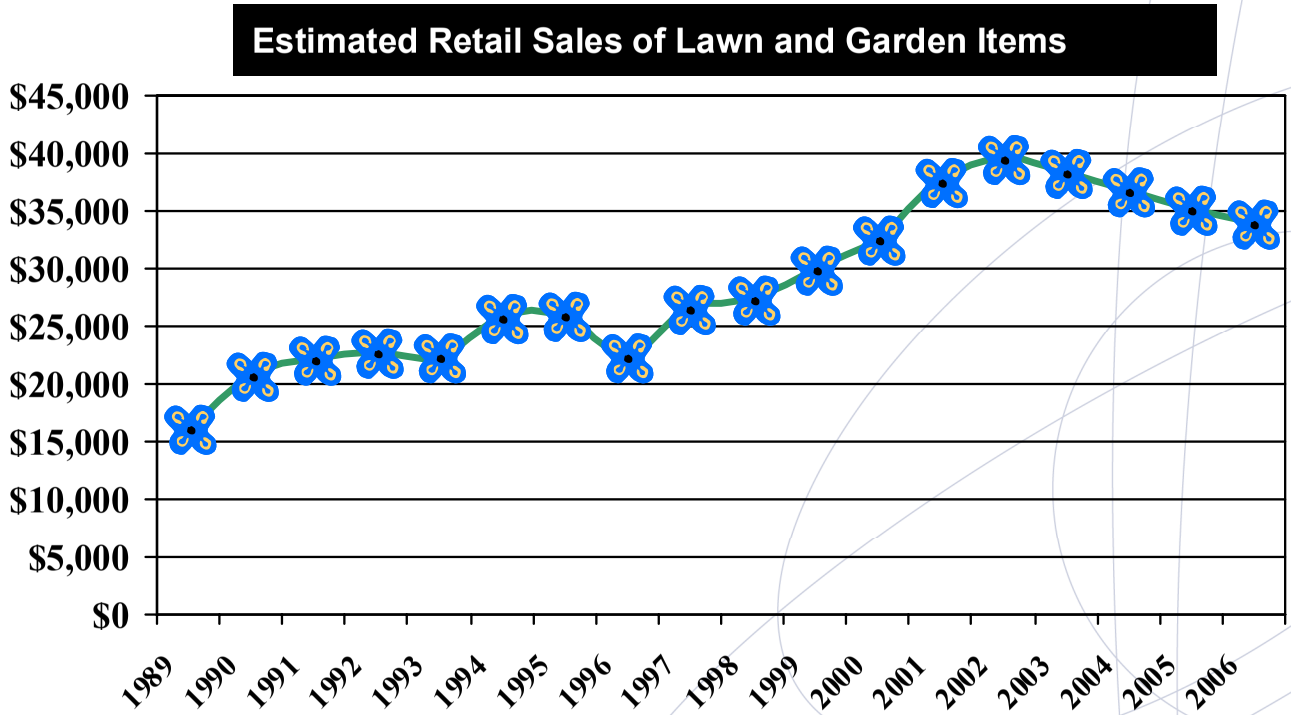
The Industry is Maturing

Millions of Households Participating in One Gardening or Maintenance Activity



Source: The National Gardening Survey

The Industry is Maturing



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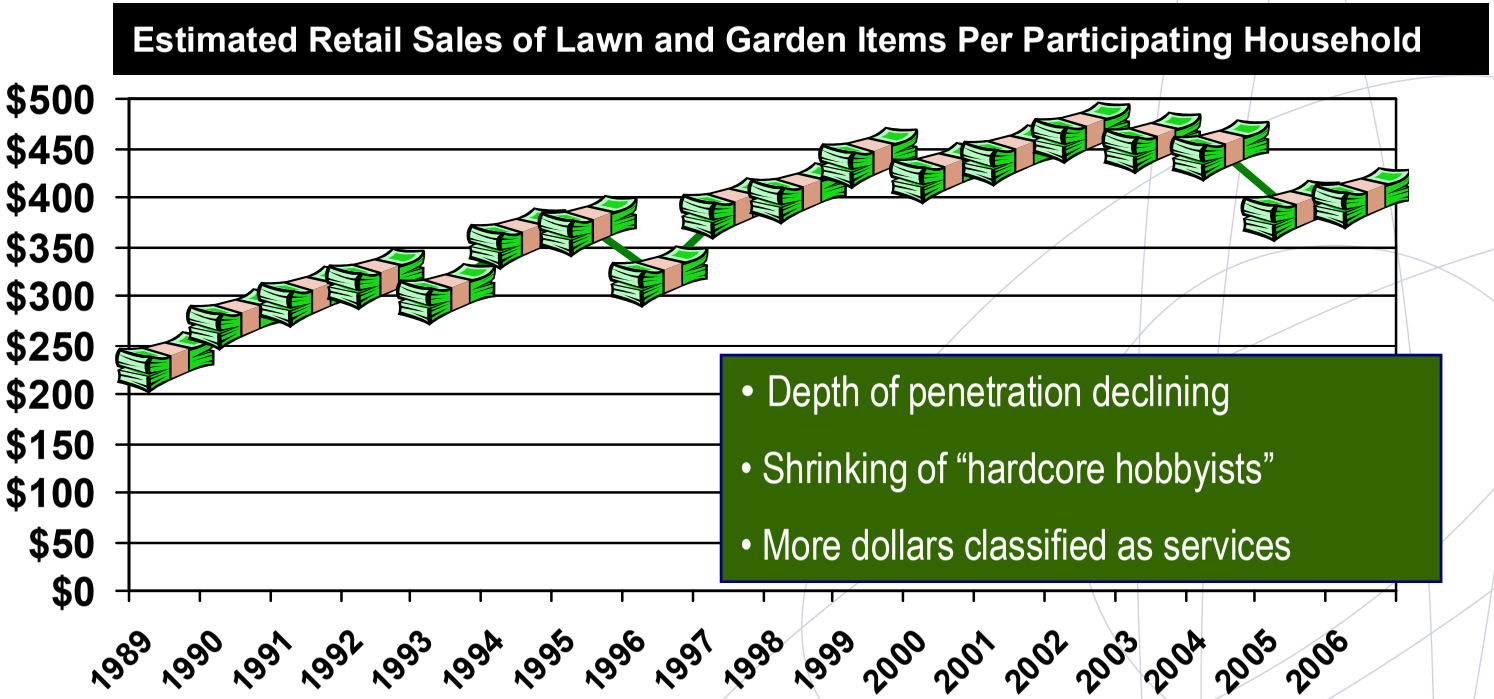
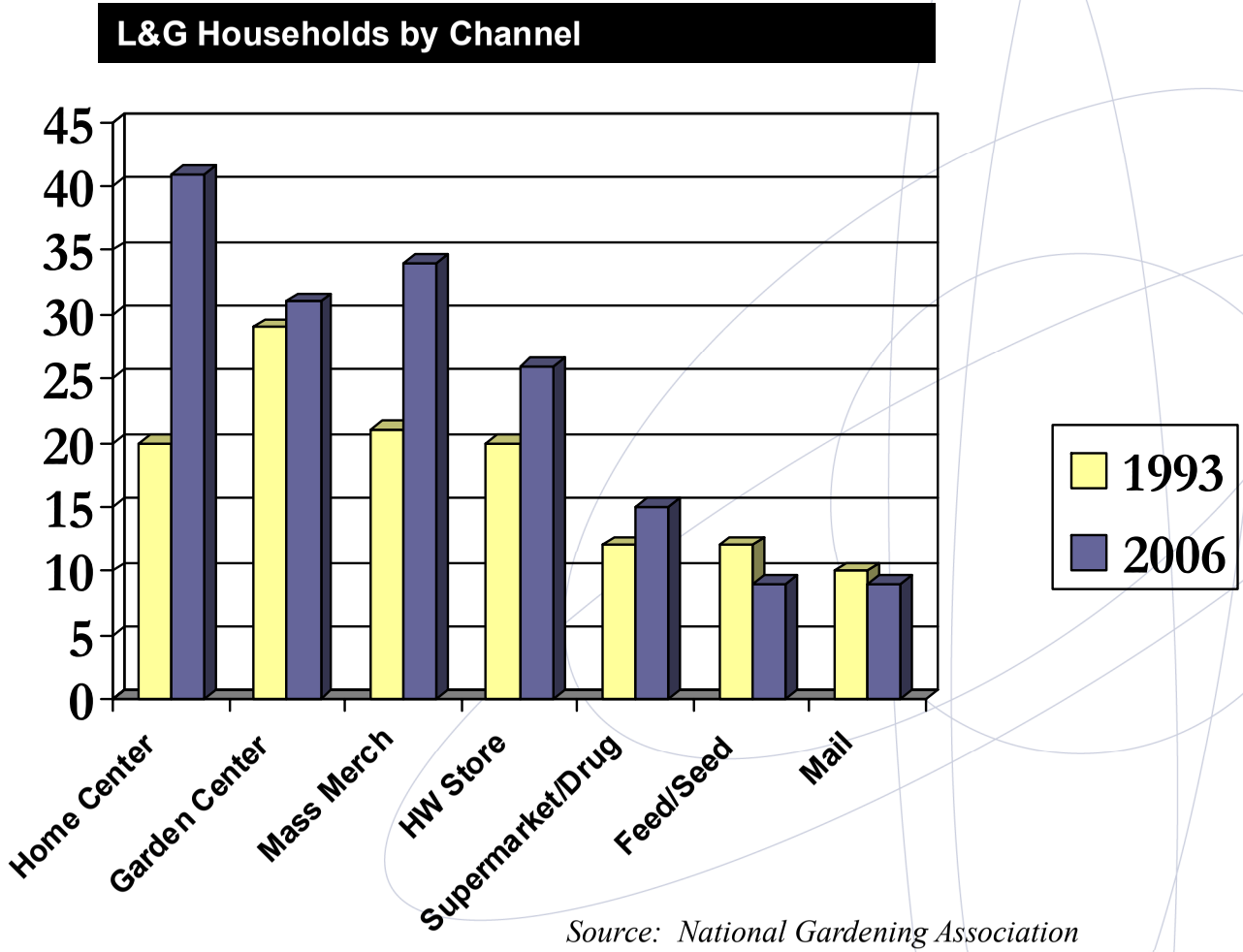


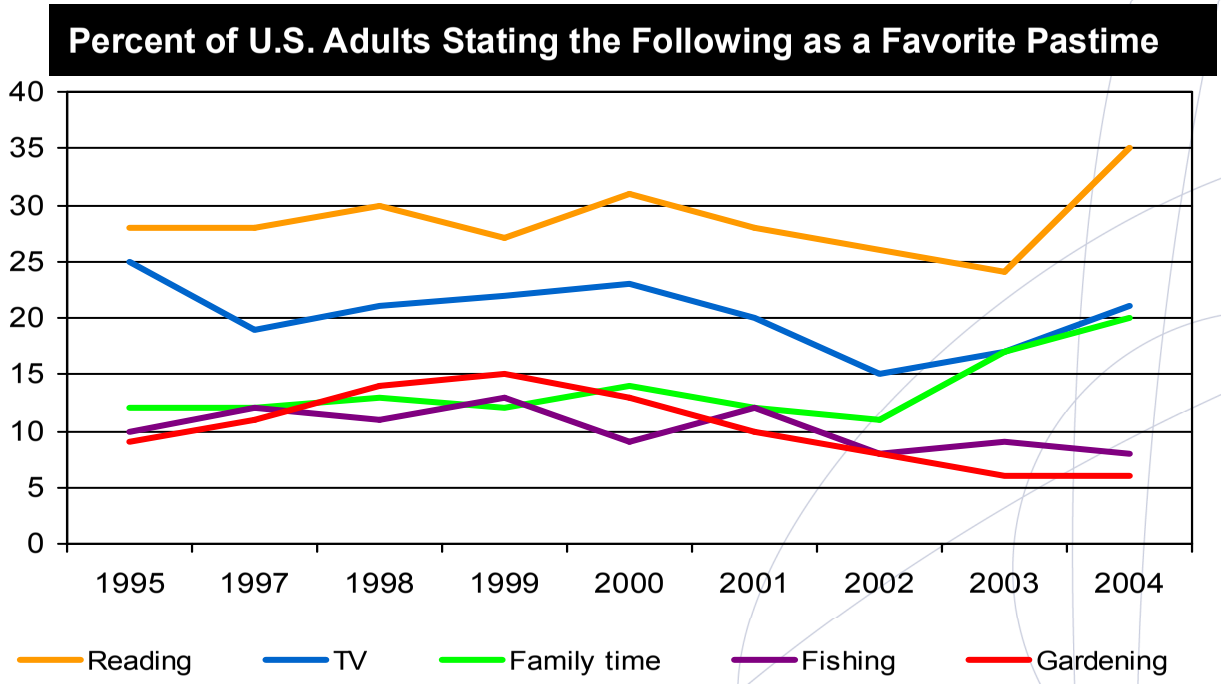
Source: The National Gardening Survey

The State of the Industry



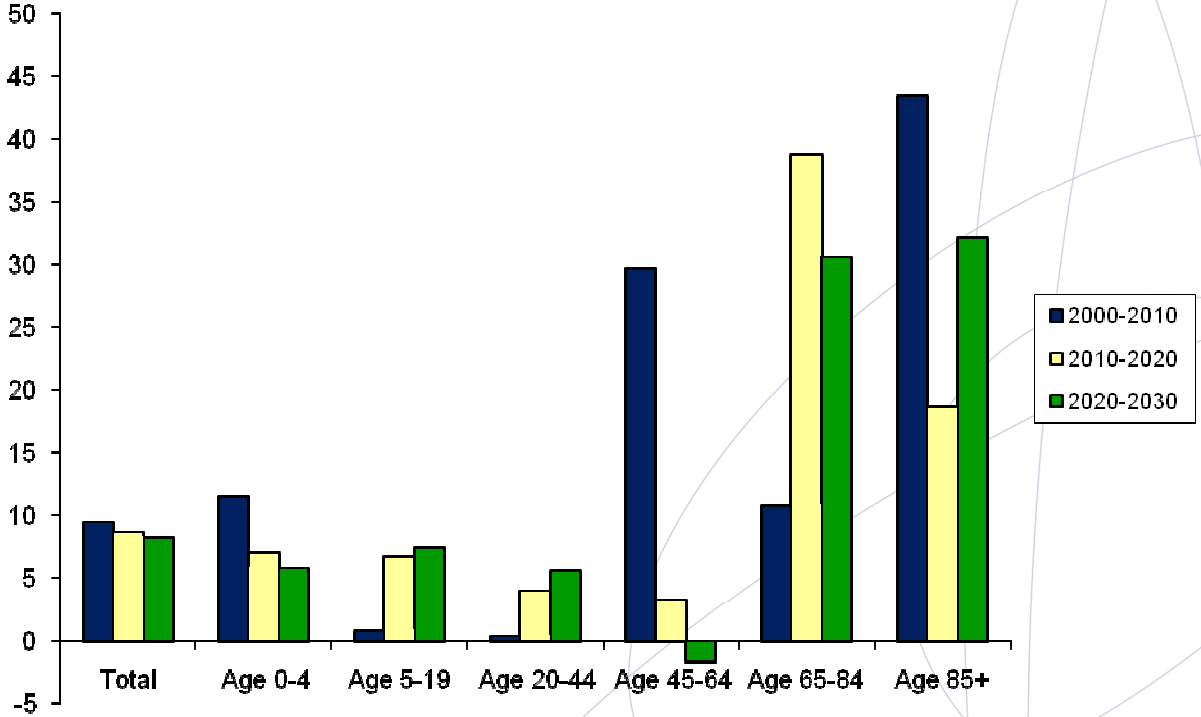
Source: National Gardening Association

The Hobbyist is a Shrinking Segment



Source: The Harris Poll, December 8th, 2004.

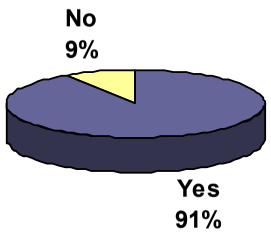
The Core Customer is Getting Older

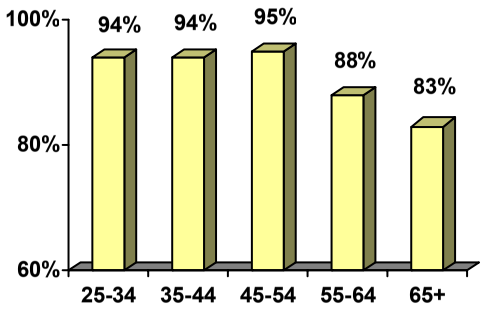


Source: U.S Census

The Core Customer is Changing

In the last three months, have you completed any type of lawn maintenance, gardening, or landscaping project without the help of a professional?

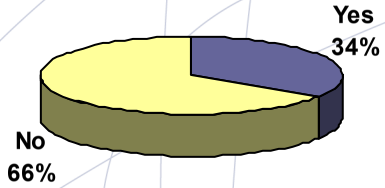


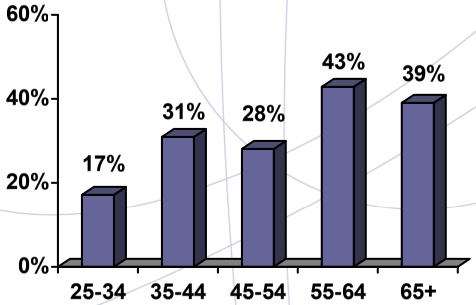


Percentage of respondents who have completed any DIY activity by age.

Source: StandPoint

In the last three months, have you hired the services of a professional for any type of lawn maintenance, gardening, or landscaping project?





Percentage of respondents who have hired a pro by age.

Source: StandPoint

The Core Customer is Changing

Segment	2000	2006*
DSOIFM	46%	35%
DIFM	22%	34%
DIY	**32%**	**31%**

Source: StandPoint

DSOIFM = Do Some of It For Me
DIFM = Do It For Me
DIY= Do It Yourself

The Core Customer is Changing

During peak gardening months, how many hours each week would you say that you devote to caring for your lawn and garden?

	2000	2006
Average	8.2	7.0
Median	**6.0**	**5.0**
Minimum	1.0	0.0
Maximum	35.0	50.0
Standard Deviation	6.7	6.3

Source: StandPoint

The Core Customer is Changing

On an annual basis, approximately how much money do you spend on garden purchases – this includes live plants, garden chemicals, fertilizers, garden hand tools, and other accessories but NOT big ticket items like lawn mowers, weed eaters, chain saws, or professional services.

	2000	2006
Average	$481	$417
Median	**$300**	**$250**
Minimum	$25	$0
Maximum	$4,000	$5,000
Standard Deviation	$611	$577

2006 dollars have not been adjusted for inflation.

Source: StandPoint

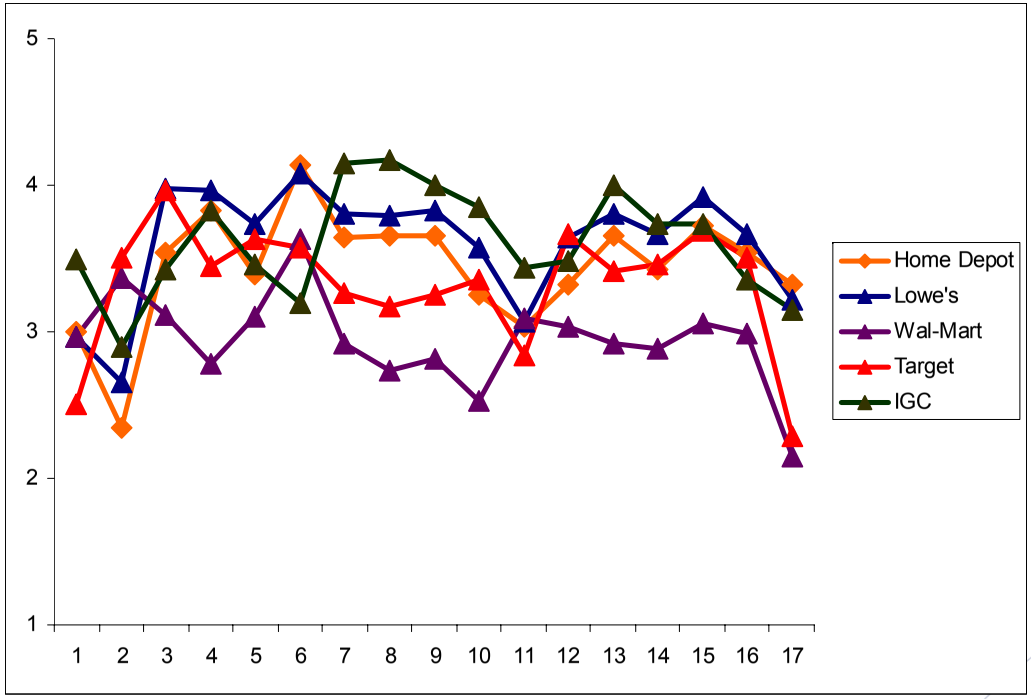
Attitudes Have Changed

	2000	2006
	Agree	Agree
I garden in order to keep my property values up	42%	51%
If I had to cut back on household expenses, I would cut back on my lawn and garden purchases	23%	31%
The extent of my gardening involvement is just mow the lawn and keep things clean	14%	14%
I prefer to buy plants at garden stores that are NOT part of chain stores	35%	22%
The appearance of my yard is more important to me than keeping the interior of my house updated with the latest colors and styles	30%	27%

The "Disagree" column is the percent of people who disagree or strongly disagree with this statement (1 and 2 on a 5-point scale.) The "Agree" column is those who agree or strongly agree with this statement (4 and 5 on a 5-point scale.)

Source: StandPoint

Value Proposition of Retail Has Changed



Source: StandPoint

1	Young shopper	vs.	Old shopper
2	Male shopper	vs.	Female shopper
3	Dirty stores	vs.	Clean stores
4	Low quality products	vs.	Quality products
5	Difficult to navigate	vs.	Easy to navigate
6	Small variety of products	vs.	Large variety of products
7	Unhelpful staff	vs.	Helpful staff
8	Unknowledgeable staff	vs.	Knowledgeable staff
9	Unprofessional staff	vs.	Professional staff
10	Hectic environment	vs.	Relaxed environment
11	Modern product selection	vs.	Traditional product selection
12	Dreary environment	vs.	Vibrant environment
13	Undependable service	vs.	Dependable service
14	Have to shop	vs.	Want to shop
15	Unorganized	vs.	Organized
16	Not innovative	vs.	Innovative
17	Products for consumers	vs.	Products for professionals

What are Other Channels Doing?

Channel	Impulse Occasion*	Planned Occasion*	Future Direction ?
IGC	29%	**71%**	*Landscape Solutions* *Monetizing service*
Home Center	23%	**77%**	*Home Depot: Good, Better, Best* *Lowe's: Wow Factor*
DDS	**55%**	45%	*Bread and Butter Items* *Narrow and deep*
Grocery	**67%**	33%	*Impulse*

**Source: ANLA and StandPoint*

What is Fueling These Changes?

- Time starved consumers
- Aging population
- More service oriented culture and generations
- Decline in “gardening intelligence”
- Growing affluence and home equity
- Growing belief that better landscaping improves resale value and sales rate
- The media is fueling this belief: gardening is work. Landscaping is sexy.
- Desire to create spaces. Form and function over this color vs. that color or sun vs. shade.
- “Need some help but I can do some of the work myself”

Landscaping Activities

	Which do you find is most motivating in completing a landscaping project?	Which do you rely upon most in researching or getting assistance with a landscaping project?
Home Improvement Programming	**28%**	**21%**
Projects Completed by Friends or Family Members	**21%**	**12%**
Articles in home improvement or landscaping magazines	**21%**	**24%**
Merchandising displays or landscaping vignettes in home improvement stores	**8%**	**9%**
Merchandising displays or landscaping vignettes in locally owned garden centers	**5%**	**8%**
Recommendation from a Professional	**4%**	**12%**
Own Ideas	**8%**	**3%**
Personal Enjoyment	**2%**	**n/a**
Necessity	**<1%**	**n/a**
Other	**2%**	**2%**
Internet	**n/a**	**7%**
Books and Publications	**n/a**	**2%**

Base = 332

Source: StandPoint

Opportunities for Industry Professionals

Cohort	Age	General Trends
Baby Boomers	45-60	• Significant migration to landscape professionals • Loyal to IGC • Peak earning power • Indoors complete. Moving outdoors • Outdoor kitchens
Generation X	35-44	• Migrating to professionals faster • Motivated by design • Significant DIY activity • More affluent at this age than Baby Boomers • IGC has less relevance
Generation Y	21-34	• Significant DIY activity • Indoors a priority over outdoors • Little reference to IGC

Opportunities for Industry Professionals

	Retail	Landscape
Product Opportunities	• DIY Customers need a plan • Creating Livable Spaces (cushions for furniture, candles, area rugs, climate control products)	• Outdoor Kitchens • Water Features • Outdoor Fireplaces
Target Customers	• Household income of $75K+ • Age 35-45 (Younger) • High incidence of shopping IGC for plants • Quality, style, design story of IGC must be translated to new product categories	• Household income of $150K+ • Less inclination for DIY activities
Retail Distribution Opportunities	• Showroom Concept • Use plants in “defined spaces” • Products that reflect “your personal style” • Affordable Design	• Starting point for those never pursuing pro landscaping is IGC.

Things That Are Working

- Plans for the DIY.
- Show me how and where to use this plant.
- Clear migration pattern to those who want a professional.
- Sell a la carte services.
- Sell lifestyle products.

Young Homeowners

How Are They Different?

1. **Young Homeowners place considerable value on personal time.**
2. **Young Homeowners want projects done promptly.** They want projects completed quickly and, if needed, they will hire a professional to get it done.
3. **Access to money is not a barrier.** As our focus groups revealed, Young Homeowners do not consider money a significant barrier. One respondent eloquently summarized the prevailing attitude: *"If I want to do a project I borrow on my home equity line of credit. The interest rate is only 4% and I get the tax deduction on the interest. The value of my home is going up 10%-13% a year—I'm going to get my money back and some more."*
4. **Homes are investments.** As a group, Young Homeowners see homes more as a mechanism to build personal wealth than as an expense or a place to "plant some roots." In our focus groups, most agreed that they would be in a different home in five or fewer years.
5. **Just acceptable is not good enough.** Young Homeowners want items that reflect their personal style. (Professional landscapers worst nightmare!)

Source: StandPoint

Preferred Home Improvement Projects

According to the NAHB, in the first 12 months after purchasing a newly built home, owners spend an average of $8,905 to furnish, decorate, and improve their homes.

New homebuyers are more likely to spend their money on improvements such as landscaping, decks, patios, fences, and driveways. Buyers of existing homes are more likely to spend money on remodeling rooms, plumbing repairs, and heating or air conditioning.

Essentials

We asked our focus groups to organize a five-year home improvement plan, separating essential projects from discretionary ones. By a wide margin, the most essential home improvement was updating flooring.

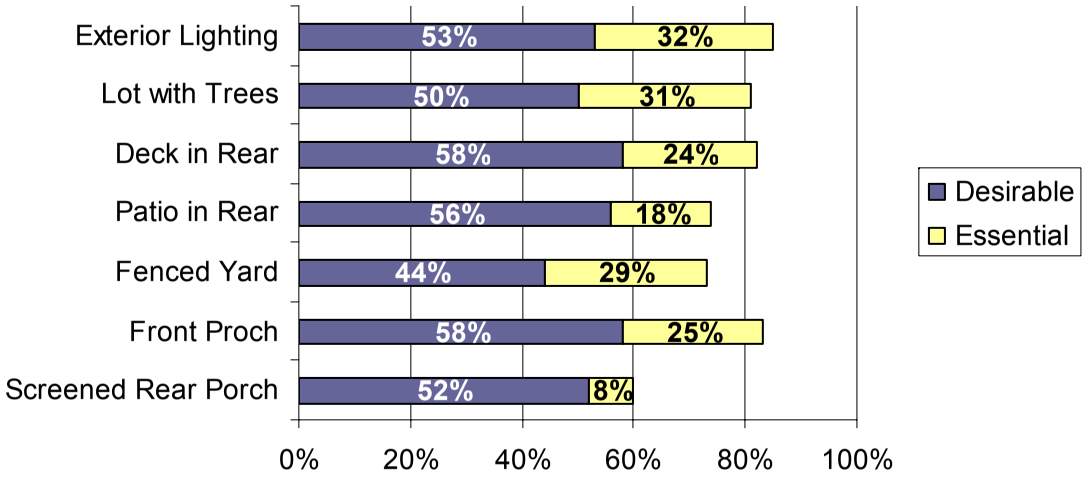
The next most essential home improvements were a mix of interior painting and decorating; bigger closets, shelving, and other organizational features; and landscaping.

Preferred Home Improvement Projects

Discretionary Items

Overall, the largest categories for discretionary projects in our focus groups were related to outdoor living: decks, patios, hot tubs, swimming pools, outside music speakers, and fencing.

Research produced by the National Association of Homebuilders illustrates consumer opinion regarding certain outdoor projects.



Source: What 21st Century Homebuyers Want, NAHB

Emerging Homeowners as Home Improvement Consumers

The following themes emerged when we asked focus groups to compare their home improvement preferences and skills to their Baby Boomer and Post-War generation parents:

- **Contemporary and unique styling**. They do not want homes, furnishings, and landscapes that look like everyone else's. (Target, IKEA, and now even Wal-Mart?)
- **Willing to be more whimsical in design** by using vibrant color, unusual artwork, and other eclectic decorating items.
- **More meticulous** with keeping the yard mowed and cleaned.
- **Far less motivated** to complete home improvement projects. They would rather spend discretionary time on eating out, socializing with friends, and traveling. (Some function of age.)
- **Far less skilled** than parents. (Some function of age)
- **Much more confident in admitting what they don't know**, and not trying to complete complex projects without some help.

Source: StandPoint

How to Use this Information

- Position products and home improvement projects based on how they will increase the value and resale potential of the home.
- New product development is essential. Young homeowners want options, and they want products that reflect their personal style.
- Young homeowners want information at the point of sale that will help them make the right product selections in the store. Focus on reaching Young homeowners via improved packaging, in-store displays, and demonstrations.
- Open lines of communication are essential. Messaging and instructions need to be consistent across packaging, mass media, the Web site, and any in-bound technical assistance lines.
- More than ever we are selling a vision, solutions, and products, and NOT PROCESS

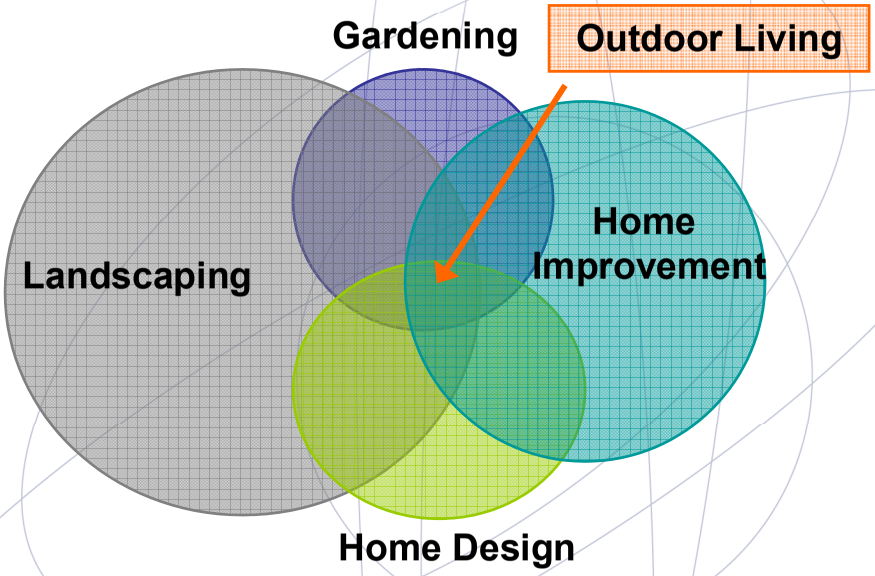
Outdoor Living

Fundamental Shift

Outdoor Living is NOT a trend, but a fundamental shift in how consumers use their "backyards".

Converging Trends:

- Gardening is "work"
- Landscaping is sexy
- Form and function are mainstream
- Next frontier of home improvement will be outside
- Curb appeal sells
- Outdoor to mimic interior home design (open spaces, informal living, etc.)
- Additional opportunity to personalize space
- Growing confidence in DIY interiors
- Outdoors as a destination for entertaining and hibernation



Critical Elements of Outdoor Living Space

EARTH

→ **Landscaping**

WATER

→ **Fountain, waterfall, pond**

FIRE

→ **Fireplace, chimenea, grill**

Critical Elements of Outdoor Living Space

Categories	Primary	Secondary	
Foundation	Deck Landscaping Fencing Patio	Pool Water Feature Fireplace or Fire Pit	Defines the Space
Function	Grill Furniture Garden	Playground Hot Tub	Gives the Space Purpose
Accessories	Outdoor Lighting Seat Cushions	Umbrella Statuary Candles Tiki Torches Sound System TV Insect Eliminators Area rug	Decorates the space, makes it more livable, personalizes
Customized Spaces	Outdoor Kitchen		Fully functional rooms that combine all of the above elements

Outdoor Living Product Categories Defined

Mapping the Lifecycle

Product Categories			Penetration	12-month Activity	5-year Trend
	Primary	Secondary			
Foundation	Decks Landscaping Fencing Patios	Pools Water feature Fireplace/pit	**High**	**High**	FLAT
Function	Grills Furniture Garden	Playground Hot tub	**High**	**High**	
Accessorizing	Outdoor lighting Cushions	Umbrellas Statuary Candles Tiki Torches Sound system TV Insect elim. Area rug	**Medium**	**High**	
Customization	Outdoor kitchens		**Low**	**High**	

Benefits of an Outdoor Space

Having an Outdoor Living space…….	% Agree
increases the resale value of my home	74
enhances the overall environment of my home	74
is a good way to find refuge or escape every day	64
lets me spend time outside, even in inclement weather	53
will encourage me to entertain at home more often	51
requires a lot of effort and maintenance	50
helps me connect with nature	48
will encourage my family to spend more time at home	45
is very popular among people I know	44
is too expensive for me right now	41
means that I will spend less money on eating out and entertainment	37
increases my perceived social status	22
is a waste of money	14

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