SMITH SEED SERVICES

Snippets

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Grass Seed Buying Habits

We came across some data from the NPD Group (npd.com) on consumer trends related to grass seed in the latest edition of Home Channel News. The actual survey data was part of a monthly tracking of 30,000 "opt-in" respondents in 70 purchasing categories. The folks at Home Channel News (homechannelnews.com) gave us permission to use this information. Here are a few of their findings, and some fun questions to ponder. We make NO claim to definitive answers :)!

1. About 38% of all grass seed purchases are done in March, April and May, with men purchasing more seed than women by a 3:2 ratio. *No real surprise here.*
2. The "home centers" such as Lowes /Home Depot capture over 50% of the business, with the 2nd largest group being the "mass merchants" like Wal-Mart/K-Mart. The home centers increased their share by 3% in '07, while the mass merchants decreased by 2%. One interesting group to watch is the "hardware stores". While not making significant gains, they did experience a higher market share than the year before, now controlling almost 10% of the market. *Many of these stores have been re-tooling their operations and updating their physical locations to offer shoppers an alternative to the box store, promising better service and better brands, while still maintaining a level of price competitiveness. Their strategy might be working.*
3. "Seed plus fertilizer" all-in-one purchases were up nearly 6% in unit sales from '06 to '07, growing from 33.4% to 39.3%.of the total seed purchases. This was in spite of higher prices. While the average "seed only" purchase price dropped nearly $4/unit, the average "seed plus fertilizer" price increased $7. *Are we seeing a trend for all-in-one bag sales, or is this a result of more people buying patch-type products?*
4. The "average" age for seed buyers is pretty evenly spread across the board, with largest group (29.7%) being over 55! While all groups with incomes under $75,000 look like they bought fewer units in '07 as compared to '06, those with incomes for $75,000 and up increased the number of units they purchased. *If these two stats are put together, one could reason that older buyers purchase smaller sizes and thus may purchase more units at a higher price - i.e. 5 and 10 lbs bags, vs. 25 and 50 lbs bags. If not, the data suggests that this market may be under-estimated as to its overall value.*

Grass Seed/Grass Seed Repair Purchases			
	Unit Share		
	2006	2007	Change
Reason for Retailer Shopped			
Price	48.8%	42.7%	**-6.1%**
Close to Home	19.6%	19.3%	**-0.3%**
Availability	17.3%	18.4%	**1.1%**
Brand/Model Selection	14.4%	19.7%	**5.3%**
Reason for Purchase			
Trusted Brand	27.6%	24.9%	**-2.7%**
Price	22.9%	23.1%	**0.2%**
Features	17.3%	20.3%	**3.0%**
On Sale/Special Promo.	9.1%	6.8%	**-2.3%**
Store Personnel	5.7%	8.1%	**2.4%**
Consumer Rating	2.4%	2.1%	**-0.3%**
Friend/Relative	3.4%	3.9%	**0.5%**
Advertising	2.7%	2.1%	**-0.6%**
Builder/Contractor	1.7%	1.2%	**-0.4%**
Latest Technology	1.5%	1.7%	**0.2%**
Warranty	1.0%	0.9%	**-0.1%**

5. Why do people shop for seed where they do? Price is the #1 reason with over 42% of units purchased from the retailer whom they thought had the best price. It seems noteworthy that this number dropped almost 6% from '06, while reason to shop at a certain location because of "brand" increased by 5%. *Does this mean that the price discounters might be losing some of their market to others who are doing a better job branding and featuring specific product benefits? Whatever it means, look at the next statistic and see how the two might relate.*
6. Once a buyer is at the retailer's store, why do they select the product they buy? The data suggests that the largest reason is "trusted brand," at nearly 25%, with price a close second. However, there is an interesting note in the year-to-year comparison: From '06 to '07 the "trusted brand" reason lost nearly 3% while "features" gained 3%. *While this may not seem significant at first, note that in '06 "trusted brand" was 27.6% of the reason for purchase and "features" had only 17.3% of the market share. In one year's time, the numbers are now 24.9% because of "trusted brand" and "20.3%" because of "features." Does this mean that the trusted brands need to make sure that their features are clear? Can new brands gain market share by making their special features clear?*
7. Another notable swap in numbers under the "reasons for purchase" section was the comparison between "on sale/special promotion" and "store personnel." In '06, over 9% of decisions were made because the seed was on sale or part of a special promotion, while the respondents linked the store personnel to only 5.7% of their decision to buy a specific product. In '07, that flipped around with personnel leading at 8.1% and promotions dropping to 6.8%. *Did that mean there were less sales, or in-effective sales? Does that mean store personnel were more helpful? Your guess is as good as mine, but when we look at the average price per unit, whatever happened showed that store personnel were able to take the average price up $31 per sale for '07, far exceeding any other index change.*