

Mike Gaylord, VP Sales, Agio

GROWTH DRIVERS IN OUTDOOR LIVING

What's driving growth at Agio this year?

The Portable Gas Fire Pit

- Agio was one of the first manufacturers to introduce the concept of the portable gas fire pit back in 2002 – and the consumer's insatiable appetite for this continues to take this category to new heights. Consumers list fire pits second – if not first – on wish lists for outdoor decorating must-haves.
- Today, the gas fireplace chat group is the largest selling collection by nearly all retailers, and is probably the fastest growing segment of our industry.

Deep Seating

- When consumers really started to use their outdoor rooms, they realized that dining was a 20-minute affair, whereas *hours* could be spent outdoors relaxing, reading or entertaining. A deep-seating group was much more conducive to fill those needs than a typical dining set.

Larger Dining sets and adopting glass alternatives

- Very early on we navigated Agio's offerings away from glass top tables to predominately cast aluminum, grouted stone tops, grouted porcelain tops and drop-in tile tops. Today, glass represents only about two percent of our dining table business.

All weather wicker versions of both deep seating and dining

- Wicker is very big this year – it's everywhere!

Value for Industry Partners

- Agio has been very transparent in our opinion that as the Outdoor pie grows, everyone benefits. Our goal is not to reach the top tenth of one percent of homeowners, but the vast majority. Virtually every homeowner today has his or her version of an outdoor room earmarked as a decorating priority in the near future.
- We're delivering value for our retailers through our industry-leading trend research program, which has led to new collections in new and exciting colors, fabrics and finishes. We've maintained the quality of our products, designs and lifestyle styling.
- We're about that consumer who appreciates fashion-forward styles and colors, made with easy-to-care-for materials that are lightweight and portable, yet durable. That's our sweet spot.

Agio's key's to marketing for Outdoor Industry growth

1) It's important to raise price points. No longer are outdoor furniture choices limited to dining sets and chaise lounges. Today, Agio offers a wide variety of entertaining options, including deep-seating groups and outdoor fire pit chat groups that we know people will buy.

2) Being “On-Trend.” Since the early 2000s, the American consumer began to recognize the potential for their own “outdoor rooms,” which for most is the largest area in their homes for entertaining family and friends. As the industry leader in outdoor furnishings, it became our job to find out what consumers really wanted, and to then fill their needs. Our relationships with trend experts and fashion researchers is second to none in the industry.

3) Young adults and families are a combined audience segment that’s ripe for HI shopping. Our industry wants them to be in the game. Most young consumers with limited income don’t buy the highest end furniture in market. Retailers can serve that on-boarding role for Millennials by selling them their first true Outdoor set rather than having them “repurpose” an indoor item on their patio or balcony.

Thoughts on the Outdoor Furniture business evolution.

Agio believes that Outdoor has still not reached its full potential. There are 87 million Millennial customers in the infancy of their home buying and prime earning years. Selling Baby Boomer furniture to them is not going to bring success in the long term.

To fill that need, Outdoor casual furniture has got to be in more than a few hundred Specialty stores, or on the floors of Mass Merchants for more than a few months of the year. Home Improvement Centers and small family chains don’t typically have either the floor space or the warehouse facilities to carry many collections or take chances on trendy designs. At the same time, there’s competition from the burgeoning Dotcom channels and the advantages of the virtual store versus brick and mortar.

To capitalize on this unclaimed potential, the Outdoor retailers of all stripes should consider:

- 1) Offering less dining and more seating. That means embracing the gas fire pit and deep seating - chat category.
- 2) Be more accepting of some higher-end woven collections and deep seating collections and much less dependent on dining sets to drive sales.
- 3) Many retailers don’t go very deep with numbers of Outdoor collections. If that’s the case, these retailers need to back it up with unique line extensions on their dotcom sites and be a dynamic presence there to drive growth.
- 4) Find some way to Stand Out – especially to the Millennial customer! Make it a ‘treasure hunt’ experience or drive people into your store with marketing. Find some unique differences on something that catches their eye. Furniture is sold on Eye Appeal, Seat Appeal and Price. In that order.

The same old glass top table with six chairs and an umbrella is not interesting. You’ve got to shake things up. You have to make your floor look unique, year-in and year-out. Have pops of color. Unique finishes and different textures like wovens are very important.