OPEI Marketing Statistics Committee 2013 Fall Meeting

HISPANIC SHOPPING TRENDS IN HOME IMPROVEMENT AND OPE

TRAQLINE HISPANIC

Presented by David Garcia, The Stevenson Company

September 19, 2013

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QUIZ?

What % of US net new homeowner households were by Hispanics in 2012?

51%

* Source: State of the Hispanic Home Ownership Report 2012

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Today discussion is focused on how Hispanics are impacting Shopping Behavior in Home Improvement

- Sources of Information
- What are the Hispanics population trends?
- How big is the Hispanic HI market?
- What are Retailers doing to address Hispanics?
- What is TraQline Hispanic?
- How does Hispanic shopping behavior differ from Non-Hispanics?
- Conclusions……

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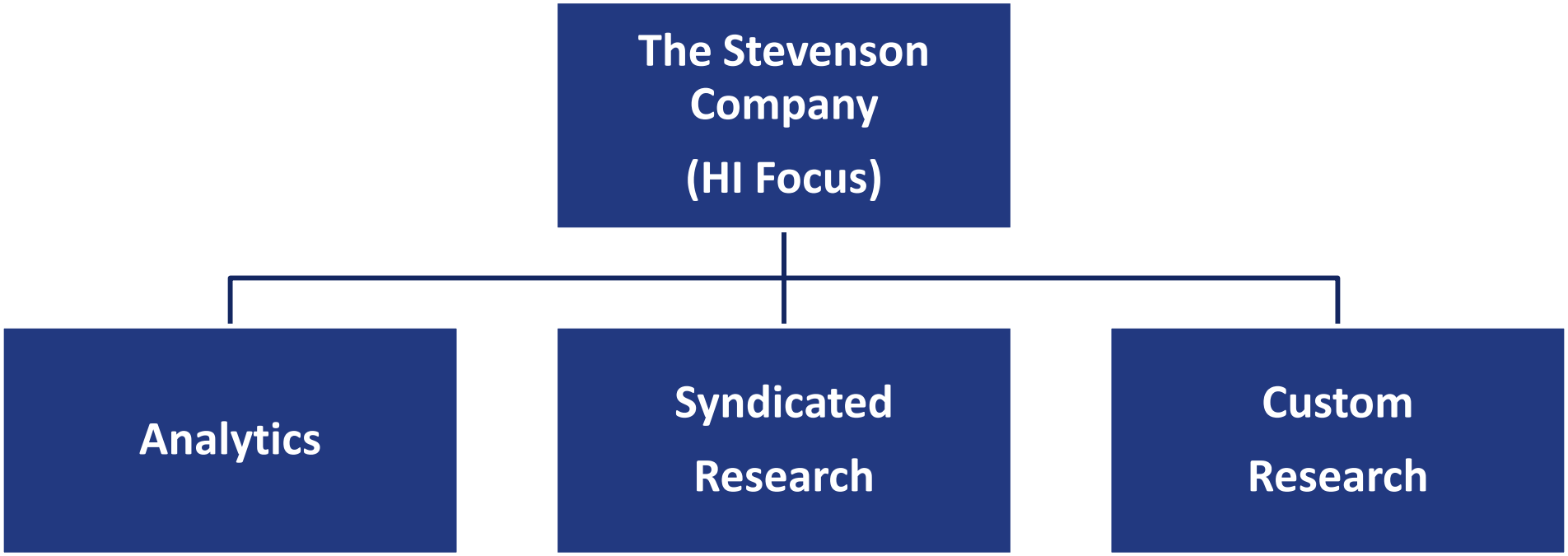
Sources of Information



Economic Forecasting
Industry Analysis

TraQline US (2000)
TraQline Canada (2005)
TraQline Hispanic (2012)

Brand/store positioning
Satisfaction
Market segmentation
Brand extension
Competitive analysis
Market Sizing

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Hispanic Population Trends

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How are Hispanics defined?
Census Defines Hispanics as an Ethnicity versus a Race……..

Ethnicity

Race

Figure 1.

Reproduction of the Questions on Hispanic Origin and Race From the 2010 Census

➜ **NOTE: Please answer BOTH Question 5 about Hispanic origin and Question 6 about race. For this census, Hispanic origins are not races.**

5. Is this person of Hispanic, Latino, or Spanish origin?

- ☐ **No,** not of Hispanic, Latino, or Spanish origin
- ☐ Yes, Mexican, Mexican Am., Chicano
- ☐ Yes, Puerto Rican
- ☐ Yes, Cuban
- ☐ Yes, another Hispanic, Latino, or Spanish origin — *Print origin, for example, Argentinean, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, and so on.*

6. What is this person's race? *Mark* ☒ *one or more boxes.*

- ☐ White
- ☐ Black, African Am., or Negro
- ☐ American Indian or Alaska Native — *Print name of enrolled or principal tribe.*

- ☐ Asian Indian
- ☐ Chinese
- ☐ Filipino
- ☐ Japanese
- ☐ Korean
- ☐ Vietnamese
- ☐ Other Asian — *Print race, for example, Hmong, Laotian, Thai, Pakistani, Cambodian, and so on.*
- ☐ Native Hawaiian
- ☐ Guamanian or Chamorro
- ☐ Samoan
- ☐ Other Pacific Islander — *Print race, for example, Fijian, Tongan, and so on.*

- ☐ Some other race — *Print race.*

Source: U.S. Census Bureau, 2010 Census questionnaire.

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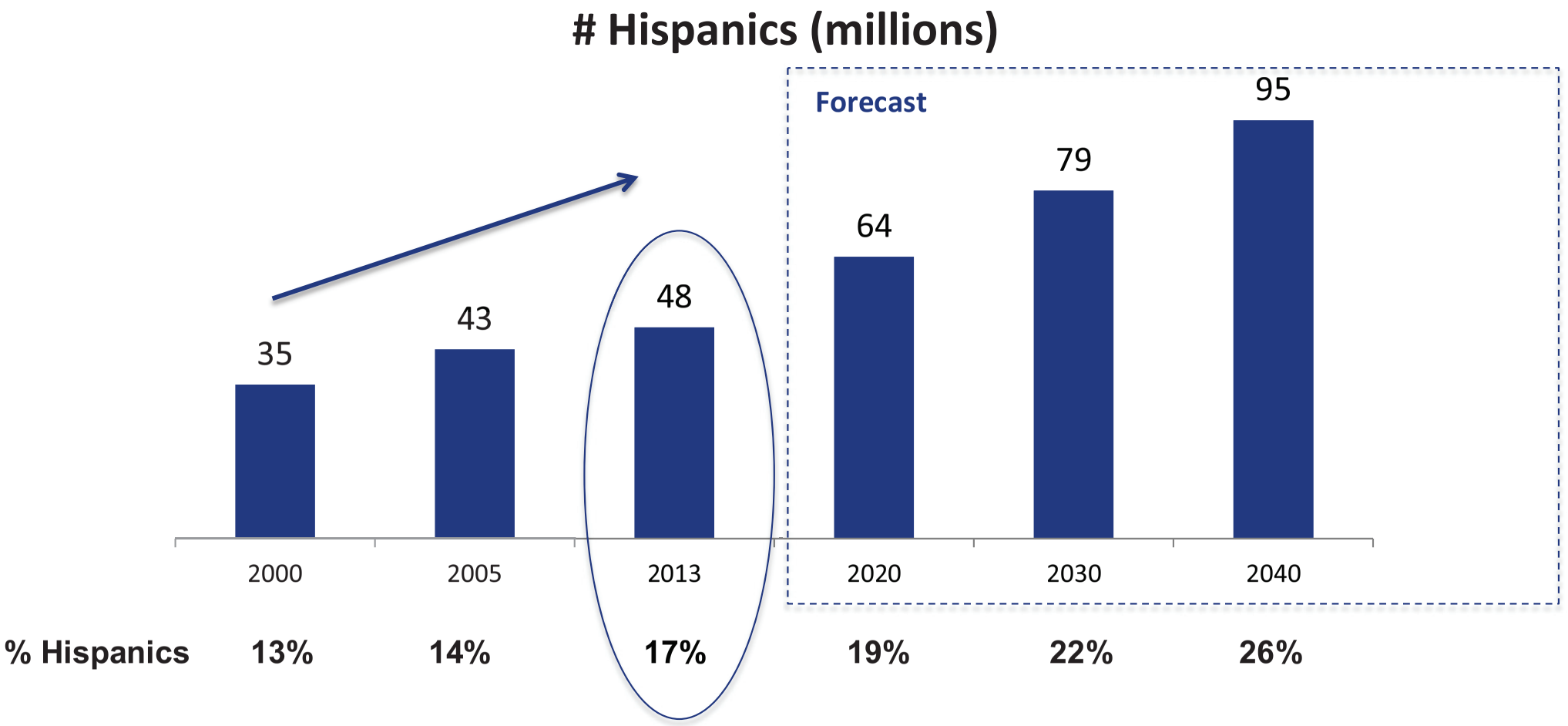
The Hispanic population continues to grow and currently make up ~17% of the population



Source: US Census

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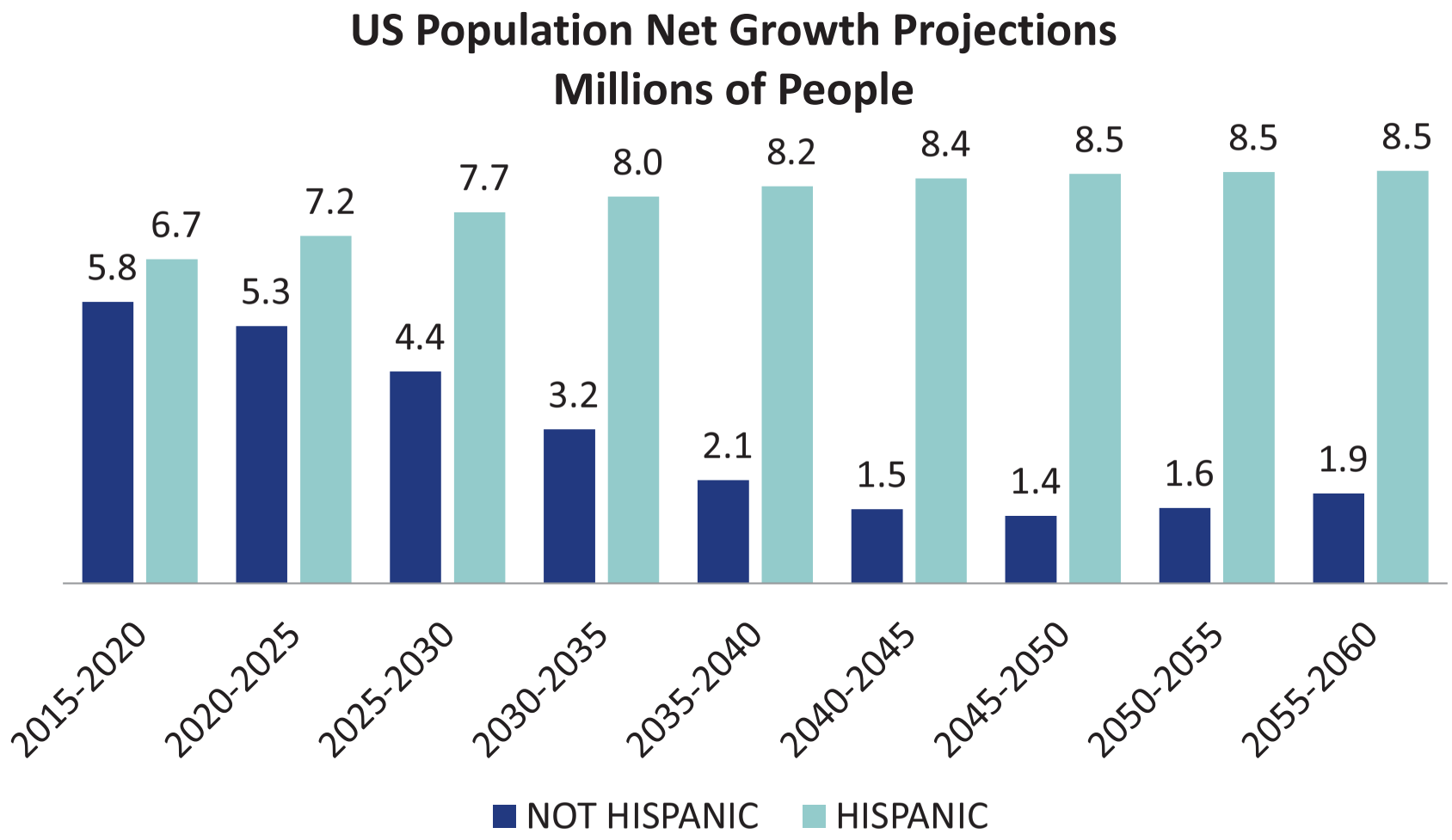
Population growth estimates are dominated by Hispanics



Source: US Census

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Unauthorized Immigrants add to the size of the Hispanic market

Source: PEW Research

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Two thirds of Hispanics live in just five states

Short term strategies can be highly targeted

Source: PEW Research

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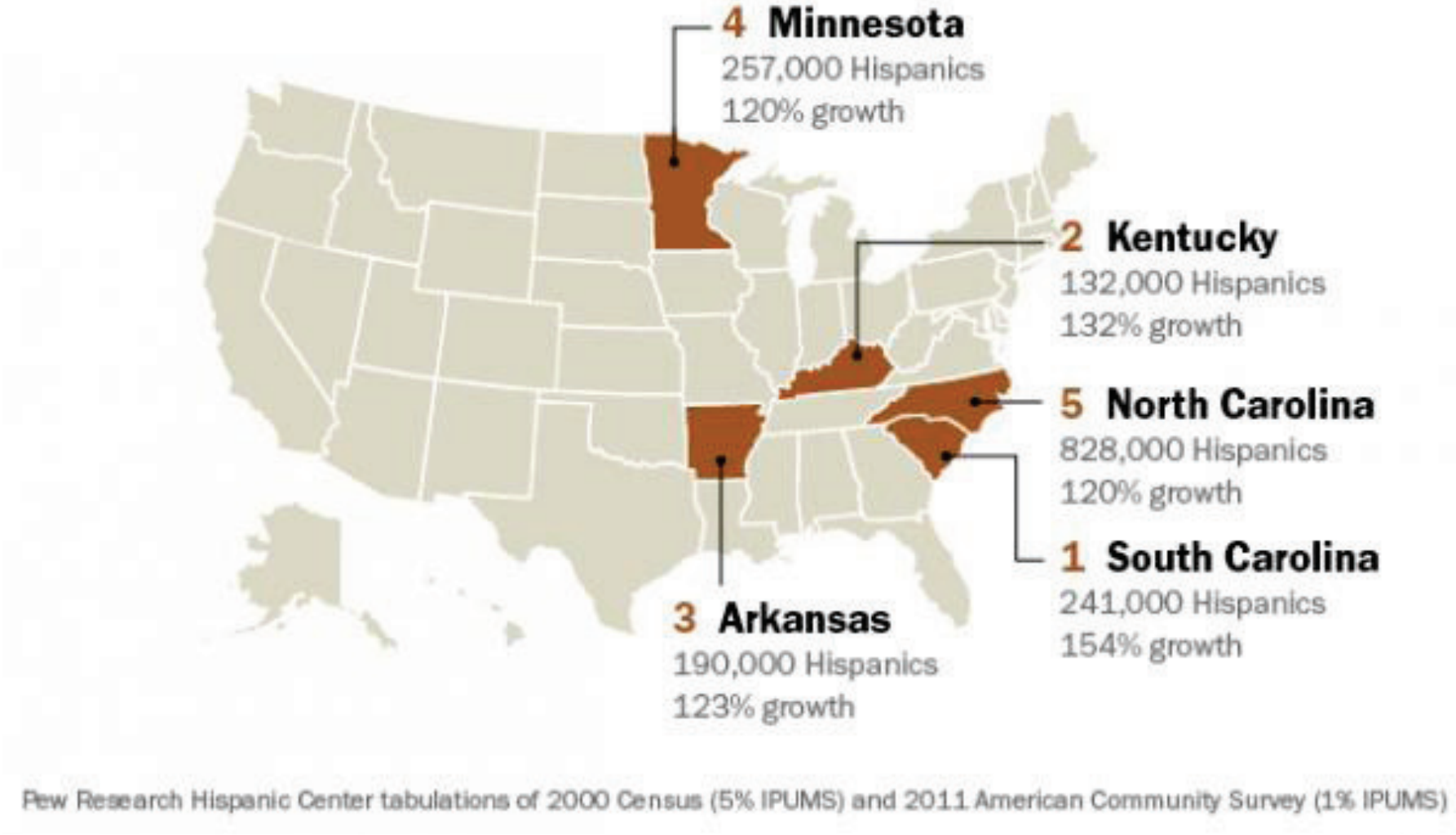
Even smaller markets are seeing significant growth



Pew Research Hispanic Center tabulations of 2000 Census (5% IPUMS) and 2011 American Community Survey (1% IPUMS)

Longer term strategies will need to be developed to capture growth across the US

Source: PEW Research

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2012 Hispanic Fun Facts*!

Hispanics accounted for 50% of all job growth in 2012 in the US.

Hispanics dominate household growth. Over 1 million Hispanic households were formed in 2012 compared to a decrease of 700K in non-Hispanic white households.

The median age of the Hispanic population is 27. 10 years younger than the US median age of 37.

Hispanic households are comprised of twice as many children younger than 18 versus non-Hispanics – and they are growing up….

** Source: State of the Hispanic Home Ownership Report 2012*

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Hispanic Home Improvement Market

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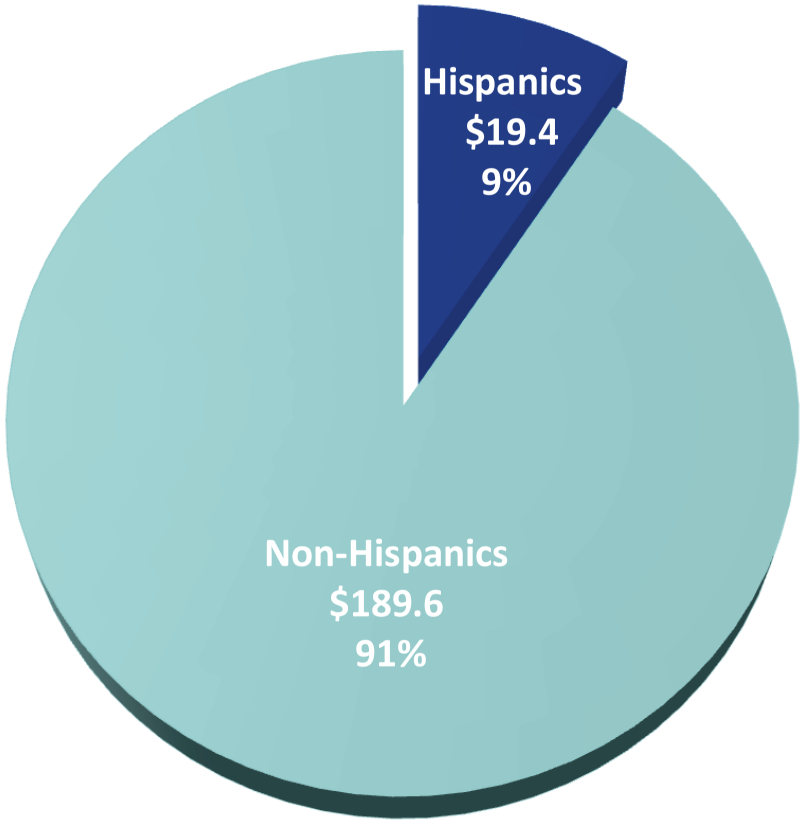
Hispanics currently spend an estimated $19.4B in Home Improvement ~9%

Home Improvement $'s Spent by Hispanic and Non-Hispanic Segments Total Retail Spend $209B[1]



Total Hispanic Home Improvement Spend $19.4B[2]

[1]*Source: HIRI*
[2] *Source TraQline Survey Incidence*

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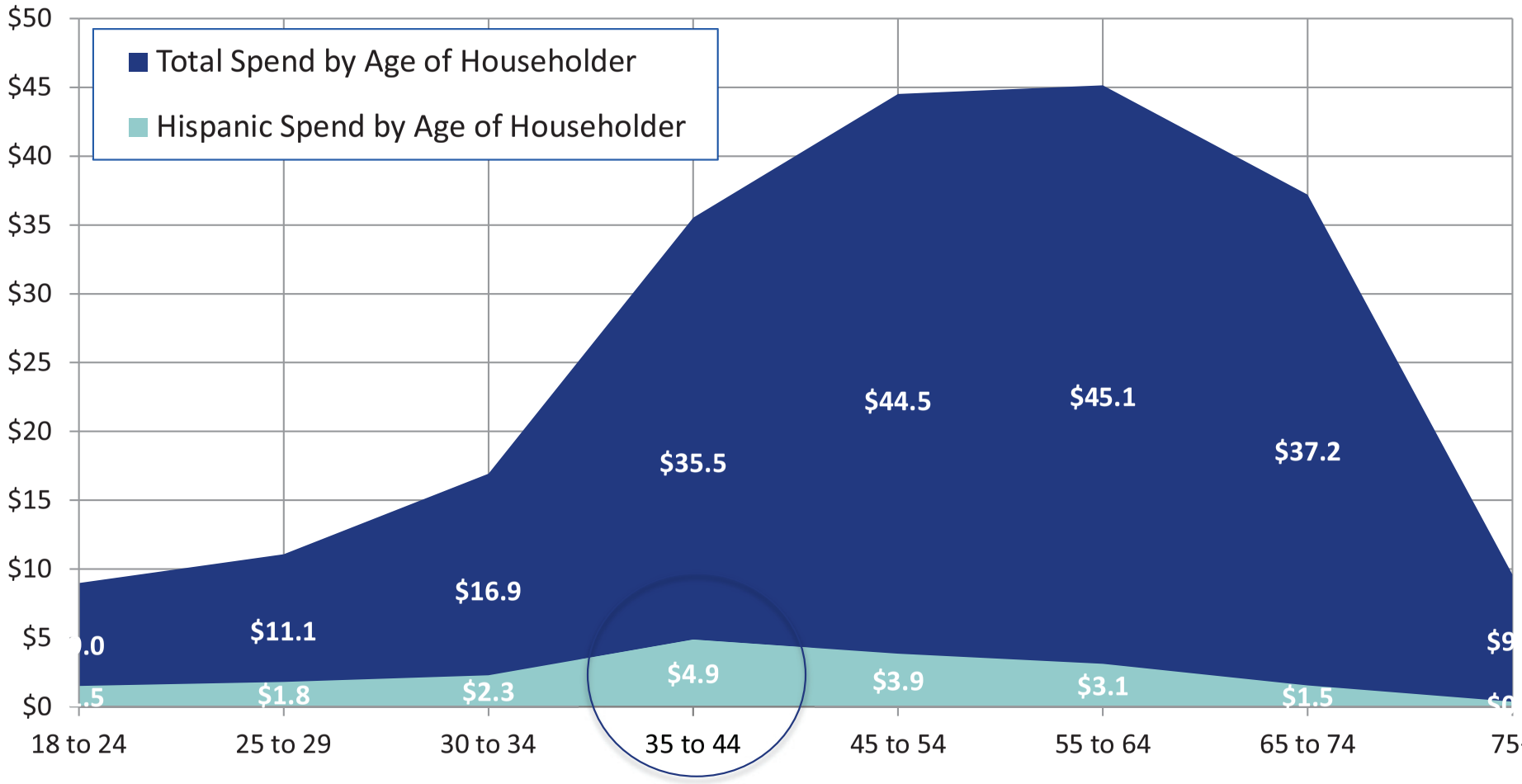
Hispanics 35-44 years old are spending the most in HI ~4.9B

Amount of Home Improvement Spend Accounted for by Age Groups



	18 to 24	25 to 29	30 to 34	35 to 44	45 to 54	55 to 64	65 to 74	75+
% Hispanic	17%	16%	14%	14%	9%	7%	4%	4%

Source: TraQline Survey Incidence

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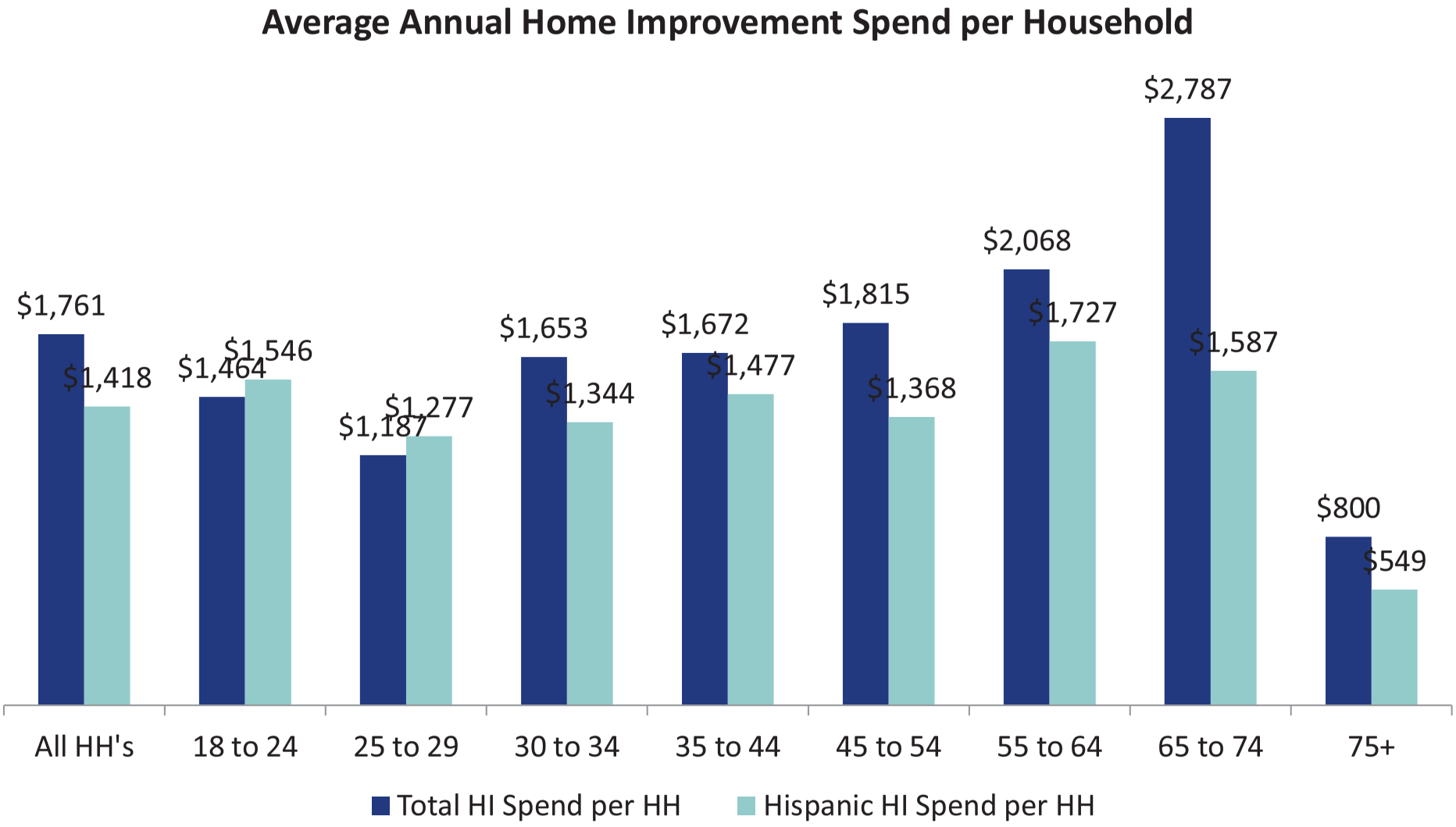
Hispanics 55-64 spend the most per Household



Source: TraQline Survey Incidence

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Retailers Focus on Hispanics

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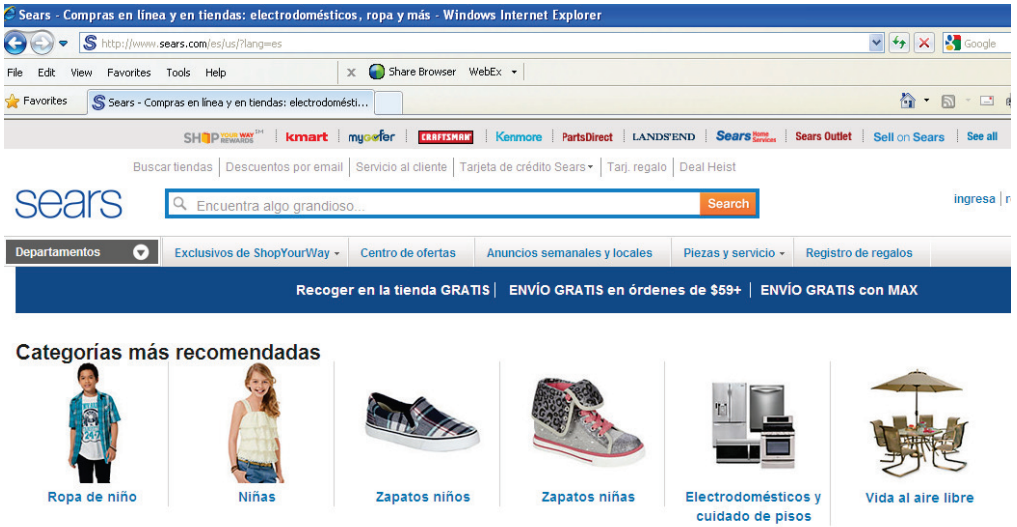
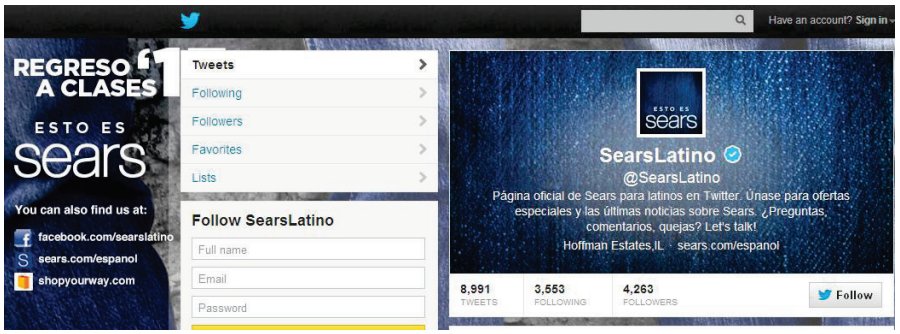
Sears

- Sears spent $56M in Hispanic media in 2012*
- Website in Spanish
- Latino Facebook
- Latino Twitter





*Source: Advertising Age

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- HD spent $51M in Hispanic media in 2012*
- Signage in stores in Spanish
- TV Commercials in Spanish
- Spanish Magazine distributed in 1,100 stores with a circulation of 325K – Constru-Guia

*Source: Advertising Age

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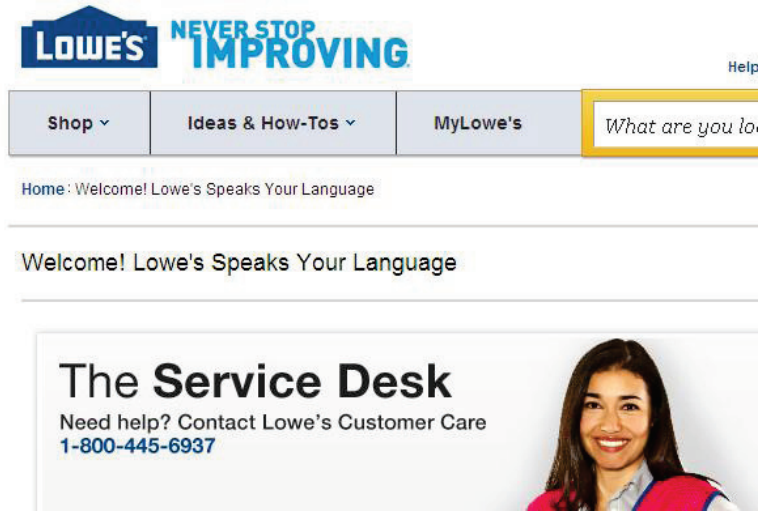
- Lowes spent $33M in Hispanic media in 2012*
- Signage in stores in Spanish
- Spanish Speaking Service desk



*Source: Advertising Age

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What is TraQline Hispanic

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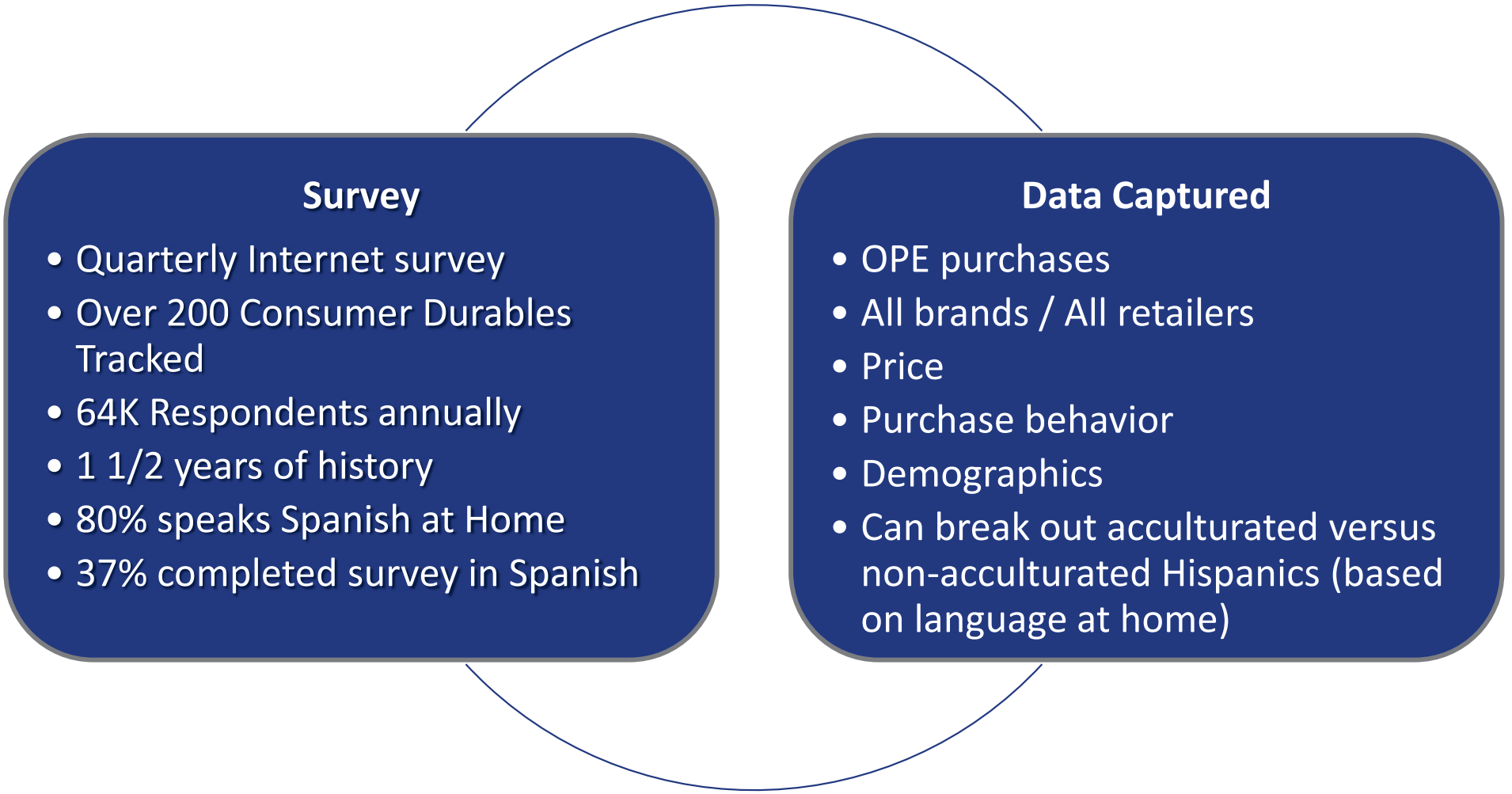
Hispanic Survey Overview



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OPEI Shipments vs. TraQline Survey Data

Key Differences

OPEI Data

- Measures shipments from manufacturers to end users
- Based on actual units as reported by manufacturers
- Currently tracks only gasoline powered products

TraQline Survey

- Measures consumer purchases at retail
- Based upon responses obtained from large consumer survey
- Includes electric and battery powered products, as well as gasoline

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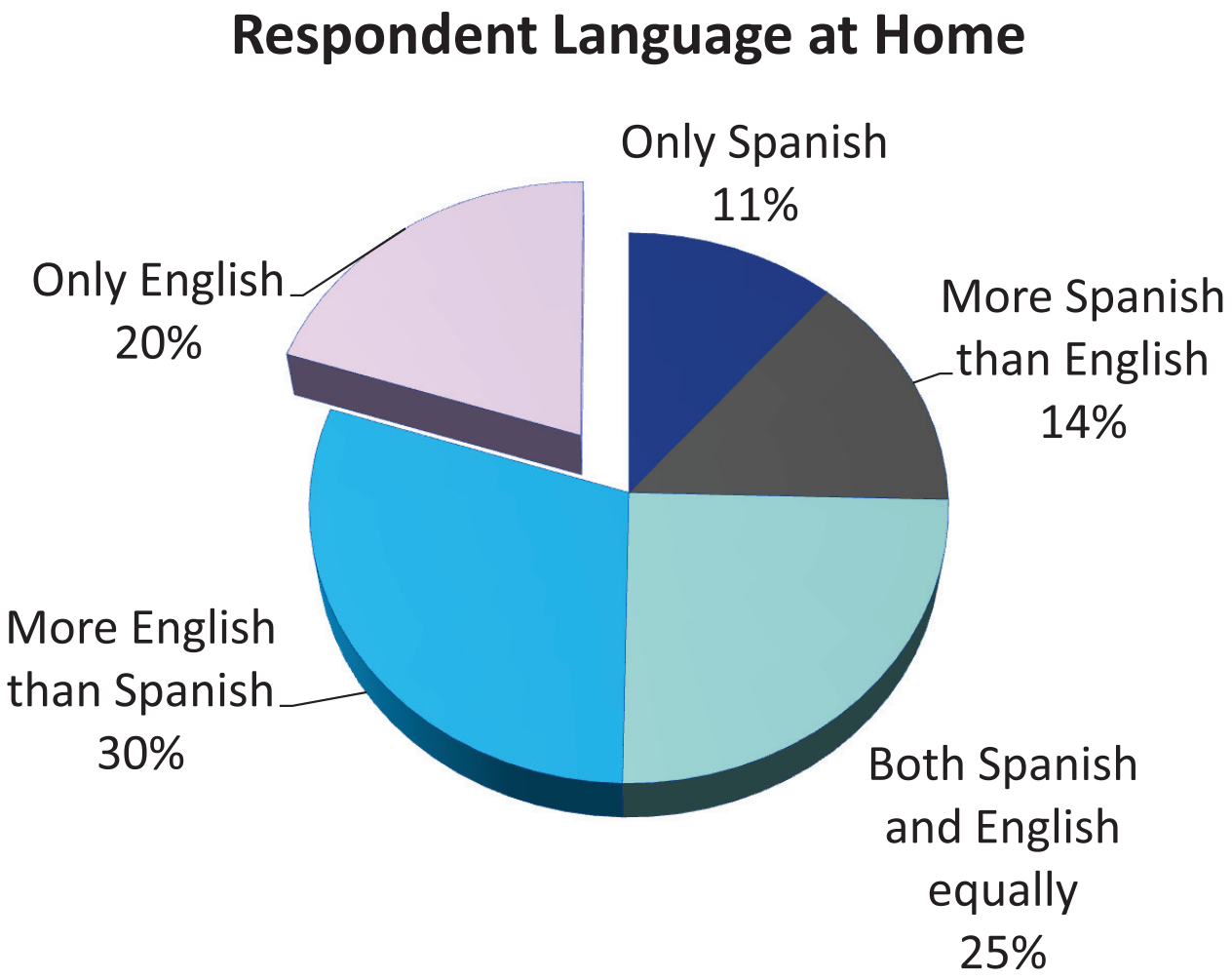
80% of TraQline Hispanic Respondents Speak Spanish at Home. This compares to the Census number of 76%.



Source: TraQline Hispanic

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TraQline Hispanic was possible due to the emergence of two national Hispanic Panel providers

- Prior to 2010, National Hispanic providers did not exist
  - Only small regional panels
  - Recruitment biggest challenge

- ThinkNow & uSamp now have National Hispanic Panels
  - Increased demand due to Hispanic Growth and influence
  - Recruitment includes Spanish TV, radio as well as internet

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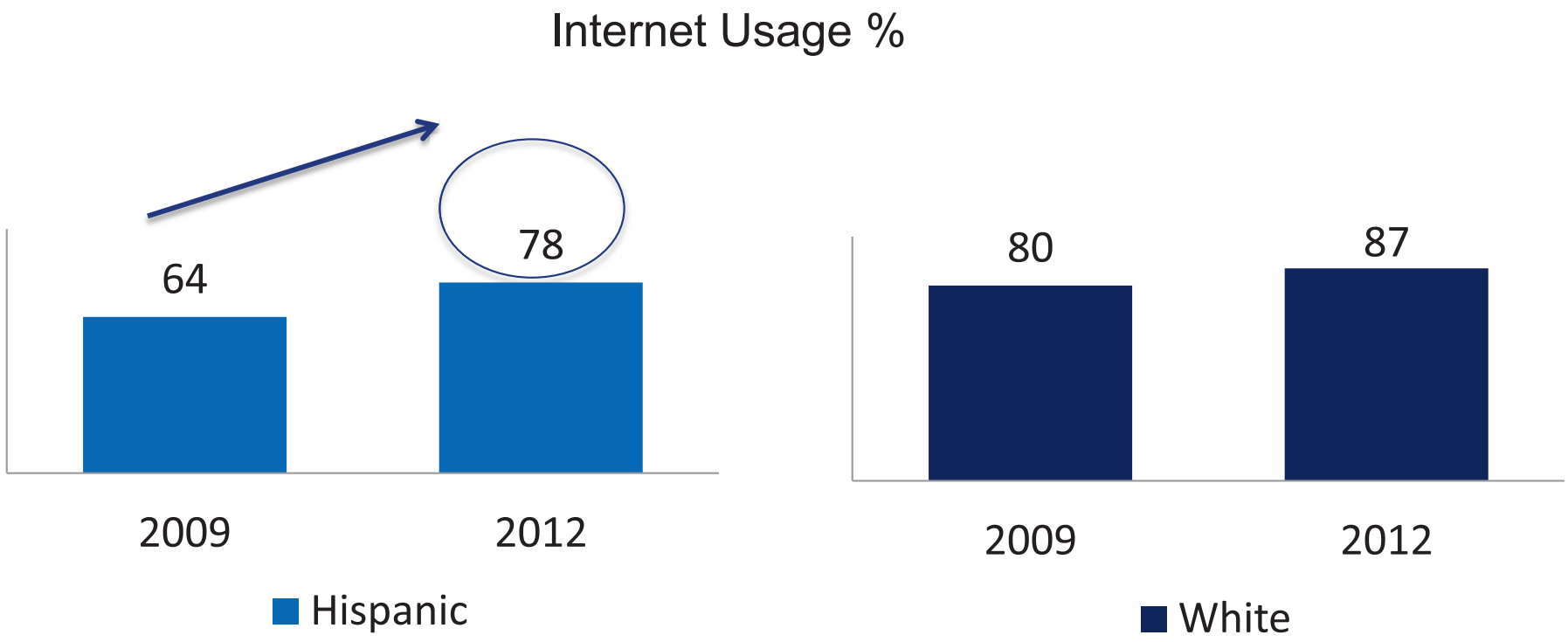
These panels are now possible due to the growth in Hispanic Internet Usage



Internet users are those who say they use the internet at least occasionally or they receive email at least occasionally.

Source: Pew Research

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Hispanic Shopping Behavior

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Questions to be addressed – Comparing TraQline Hispanics to the US population in HI product purchasing

Where are they Buying?

Where are they Shopping?

How much are they spending?

What Brands are they Buying?

Why are they Buying?

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Hispanics have preferred retailers
Comparison of TraQline US versus TraQline Hispanic

UNIT SHARE	Walmart			Home Depot			Sears			Best Buy			Lowe's			Amazon.Com		
	US	Hisp	Index	US	Hisp	Index	US	Hisp	Index	US	Hisp	Index	US	Hisp	Index	US	Hisp	Index
All Products	15	19	124%	11	12	118%	7	10	145%	7	9	134%	10	6	58%	4	3	59%
Automotive	11	13	117%				5	9	160%									
Building/Plumbing/Electric/ Safety	5	7	130%	34	48	144%	1	1	220%				28	21	76%	1	1	63%
Computers / HO	14	18	123%	0	0		1	1	200%	21	26	126%				11	6	55%
Consumer Electronics	23	25	109%	0	0	100%	2	4	159%	21	22	108%	0	0	100%	9	4	51%
Furniture/Home Accessories	13	14	107%	4	4	108%	1	2	157%				4	2	64%	2	1	65%
Hand Tools / Accessories	11	13	121%	17	26	150%	22	24	113%				15	9	59%	2	1	67%
Home Improvement Products	11	14	120%	22	33	146%	2	3	165%				20	14	73%	1	1	71%
Kitchen & Bath Improvement	3	7	264%	31	43	139%	1	2	178%				29	22	76%	1	1	62%
Lawn & Garden	15	16	108%	22	30	134%	7	12	159%				20	15	74%	2	1	59%
Major Appliances	11	16	150%	11	11	102%	25	29	114%	6	7	106%	16	8	52%	1	1	64%
Power Tools & Accessories	7	9	131%	25	35	141%	16	19	122%	0	1	400%	20	13	62%	4	2	60%
Small Appliances	32	38	118%	2	3	133%	5	8	147%	2	2	118%	3	2	69%	6	3	50%
Sports Equipment	16	23	141%				15	14	94%	1	1	171%				12	6	48%

Index = Hispanic / US

Source: TraQline US and TraQline Hispanic

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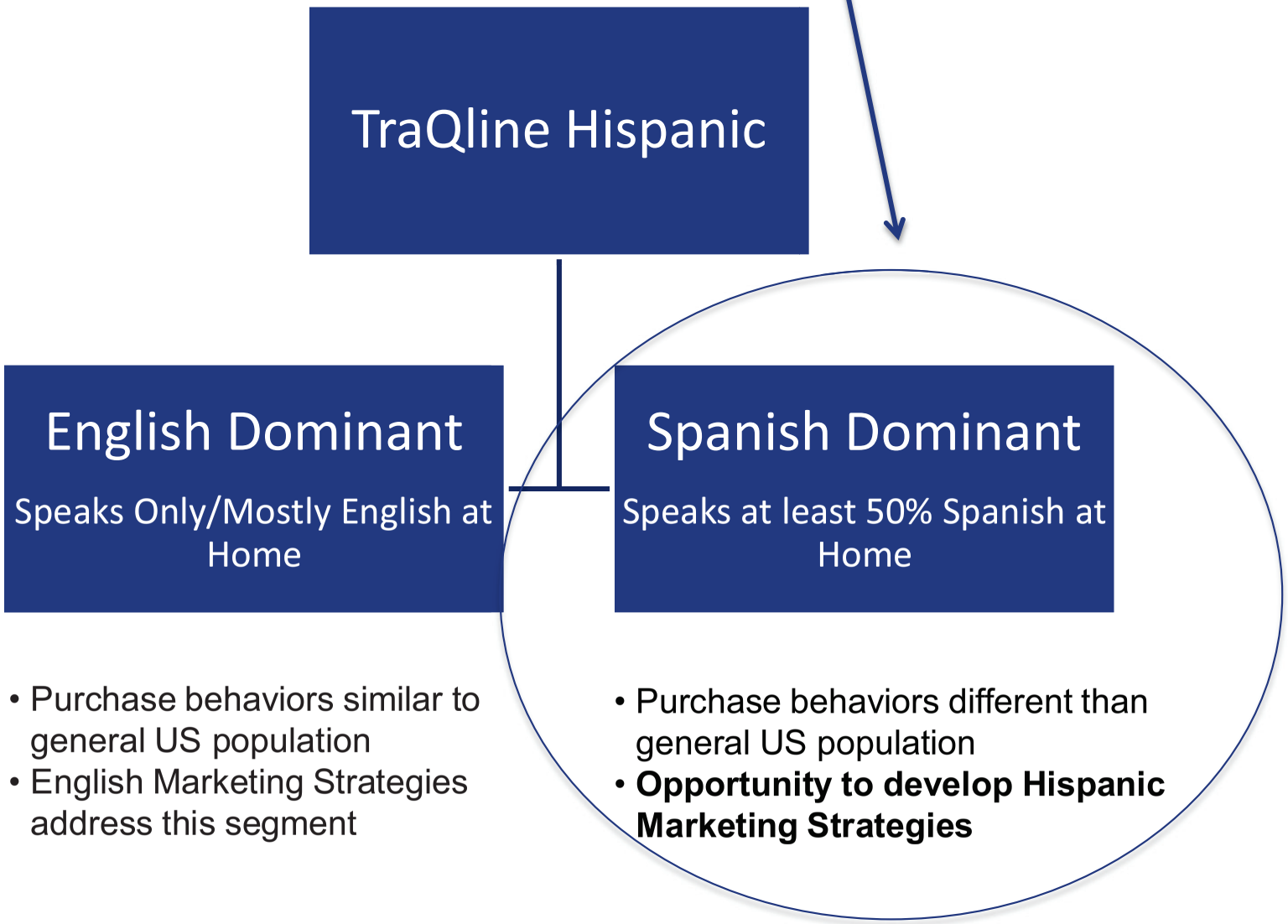
For this analysis, we are looking at Hispanics who speak at least 50% of their language at home in Spanish.



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Walmart share across all Consumer Durable Products tracked in TraQline. English only speaking Hispanics look a lot like the US population.

WALMART UNIT SHARE	TraQline US	Total Hispanic	Spanish Dominate	English Dominant	Index to US: Total Hispanic	Index to US: Spanish Dominate	Index to US: English Dominant
Total	15	19	21	16	127%	137%	107%
Automotive	11	13	14	11	117%	125%	100%
Building/Plumbing/Electric/Safety	5	7	8	4	130%	160%	72%
Computers/Communication/Home Office	14	18	20	14	125%	141%	99%
Consumer Electronics	22	25	26	22	114%	120%	100%
Furniture/Home Accessories	14	14	15	13	106%	110%	97%
Hand Tools / Accessories	11	13	15	12	119%	133%	109%
Home Improvement Products	11	14	15	13	121%	128%	111%
Kitchen & Bath Improvement	3	7	7	4	244%	252%	144%
Lawn & Garden	14	16	17	14	113%	121%	100%
Major Appliances	11	16	18	12	151%	167%	115%
Power Tools & Accessories	7	9	10	8	132%	146%	111%
Small Appliances	32	38	40	33	120%	127%	105%
Sports Equipment	17	23	26	23	138%	155%	135%

Source: TraQline US and TraQline Hispanic

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Composites Used in Analysis

Outdoor Power Equipment

- Chain Saws
- Line Trimmers
- Power Leaf Blower
- Snow Thrower
- Mower: Riding
- Mower: Walk Behind
- Roto-Tiller/Cultivator
- Hedge Trimmer
- Chipper/Shredder
- Power Edgers
- Cordless Shears
- Pressure Washer

Hand Tools

- Pliers: Sets
- Snips
- Mechanics Tool Set
- Wrench: Sets
- Screwdriver: Sets
- Screwdriver: Individual
- Ratchet: Individual
- Wrench: Individual
- Pliers: Individual
- Hammer
- Tape Meas
- Level

Major Appliances

- Clothes Dryer
- Clothes Washer
- Cooking Products
- Dishwasher
- Freezer
- Refrigerator

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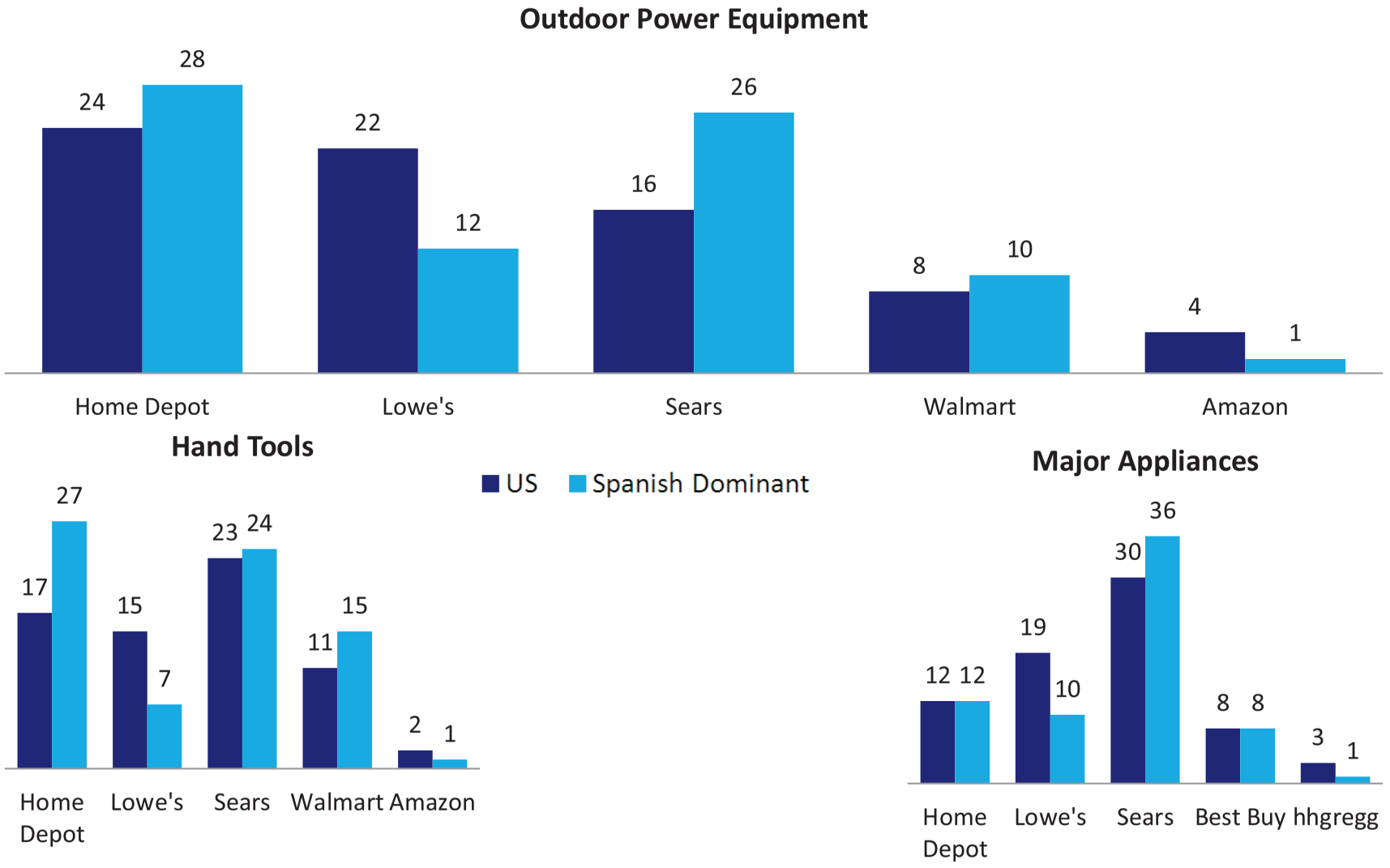
Where are Hispanics Buying? Unit Share



Home Depot and Sears attract Hispanics more so than the general population.
Lowe's and Amazon lagging.

Source: TraQline Hispanic

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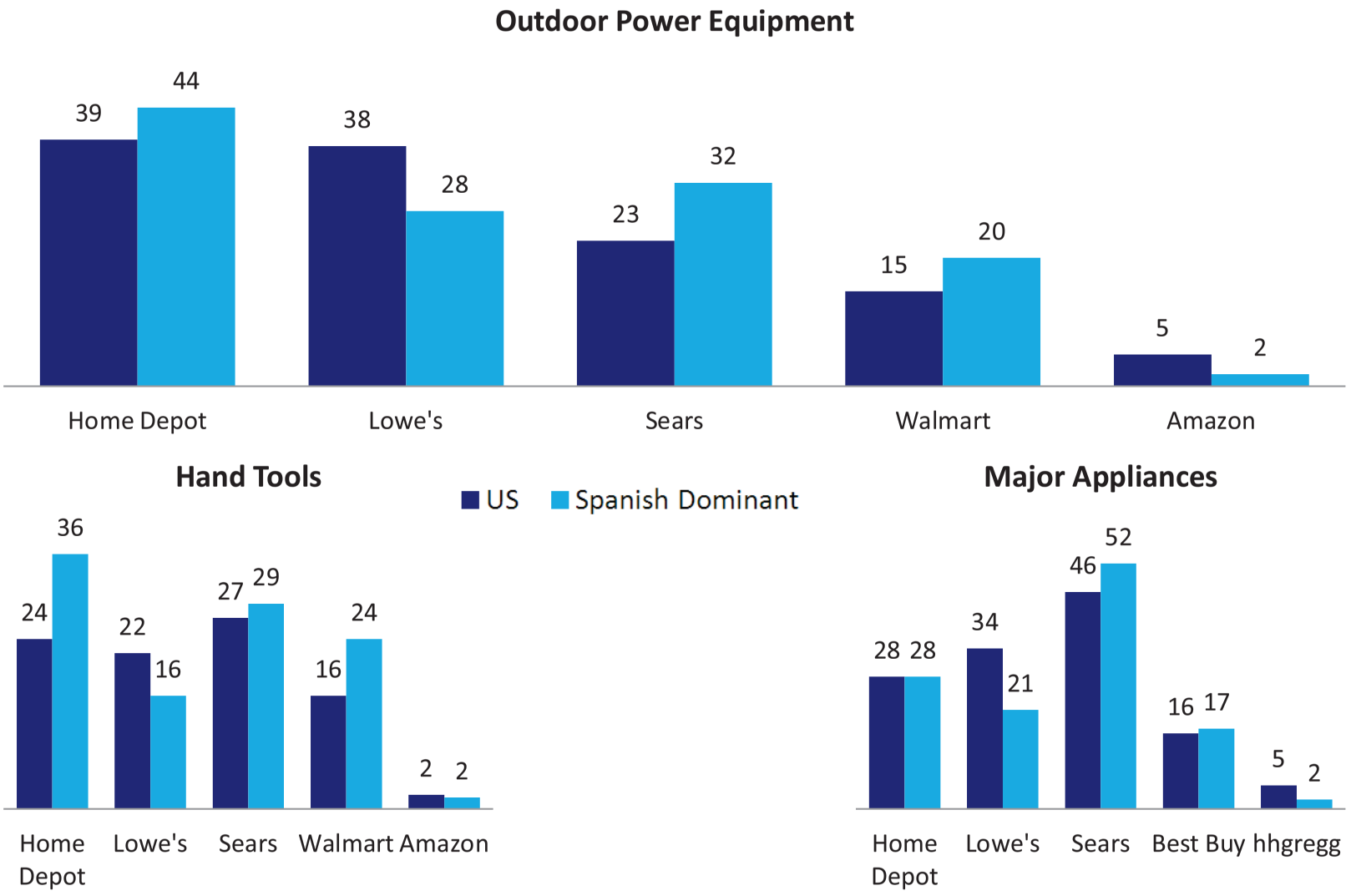
Where are Hispanics Shopping? Draw Rates



Unit shares are being driven by Draw rates (i.e. % of buyers who shopped at a retailer)

Source: TraQline Hispanic

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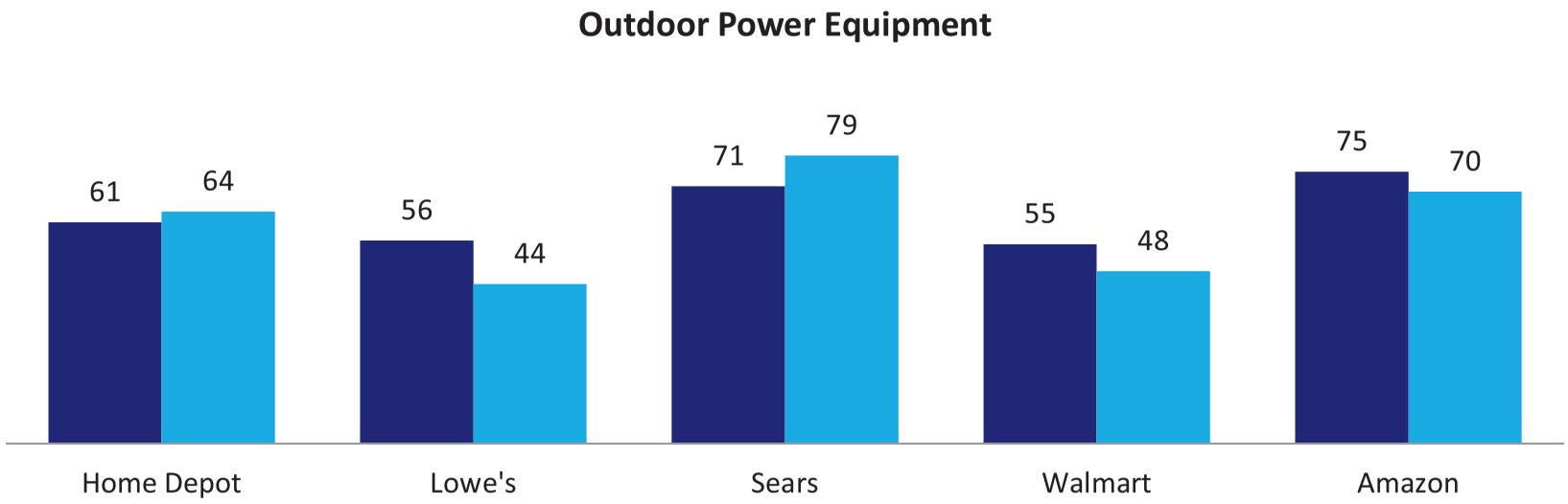
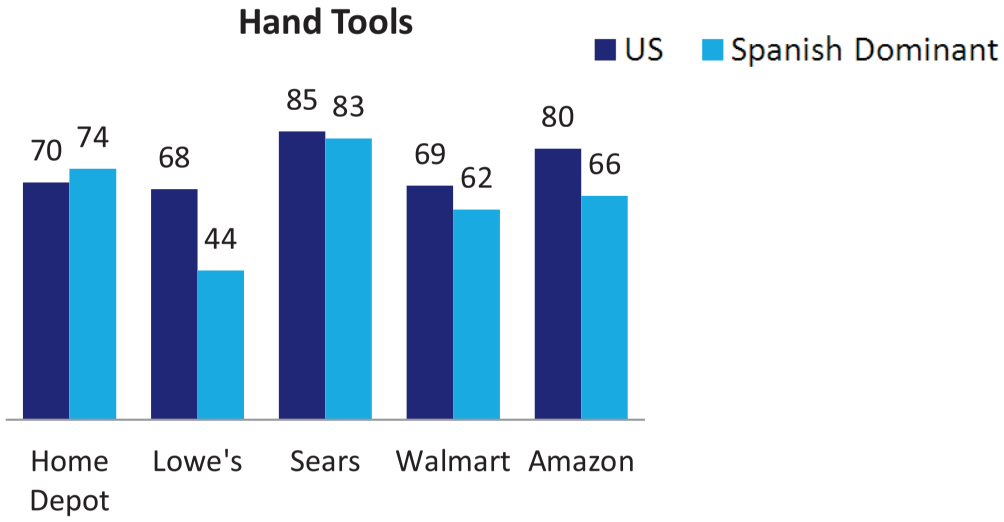
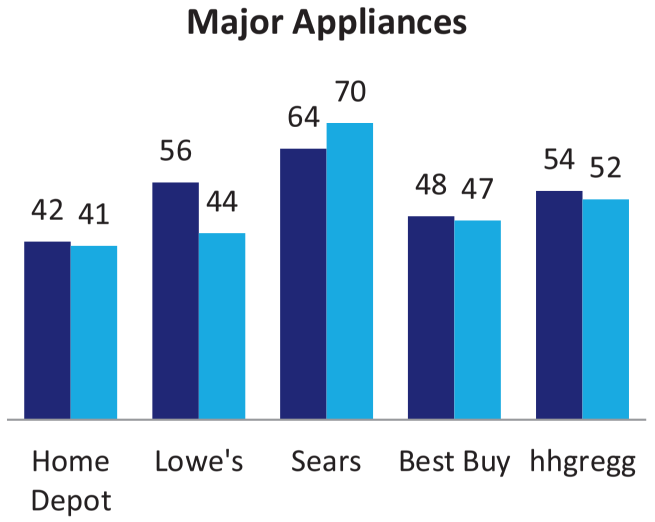
Where are Hispanics Shopping? Close Rates







Close rates also a factor (i.e. the % of shoppers who actually bought at the retailer)

Source: TraQline Hispanic

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Geographic breakdown by Census Division

Outdoor Power Equipment

Unit Share

	Home Depot			Lowe's			Sears			Walmart			Ind. Power Dealer		
	US	Spanish Dominant	Index	US	Spanish Dominant	Index	US	Spanish Dominant	Index	US	Spanish Dominant	Index	US	Spanish Dominant	Index
Total	24	29	121%	22	12	57%	16	25	155%	8	10	120%	9	8	87%
East North Central	18	17	95%	17	7	41%	18	27	152%	7	8	116%	11	15	132%
East South Central	17	15	89%	31	34	110%	12	11	86%	14	23	167%	8	2	23%
Middle Atlantic	27	31	116%	20	5	25%	20	22	109%	5	6	121%	10	13	128%
Mountain	32	32	102%	17	11	65%	17	24	139%	9	15	167%	6	6	97%
New England	31	28	90%	15	8	55%	21	30	141%	6	8	143%	10	8	80%
Pacific	29	34	118%	15	9	64%	17	27	162%	6	7	124%	9	6	70%
South Atlantic	24	34	140%	29	13	45%	15	22	146%	8	10	124%	7	8	114%
West North Central	15	12	78%	14	8	56%	15	14	96%	10	13	131%	13	22	169%
West South Central	25	23	92%	24	19	77%	15	29	195%	12	12	103%	7	5	69%

Geographic location does not appear to be a driver in Hispanics choice of retailer

Source: TraQline Hispanic

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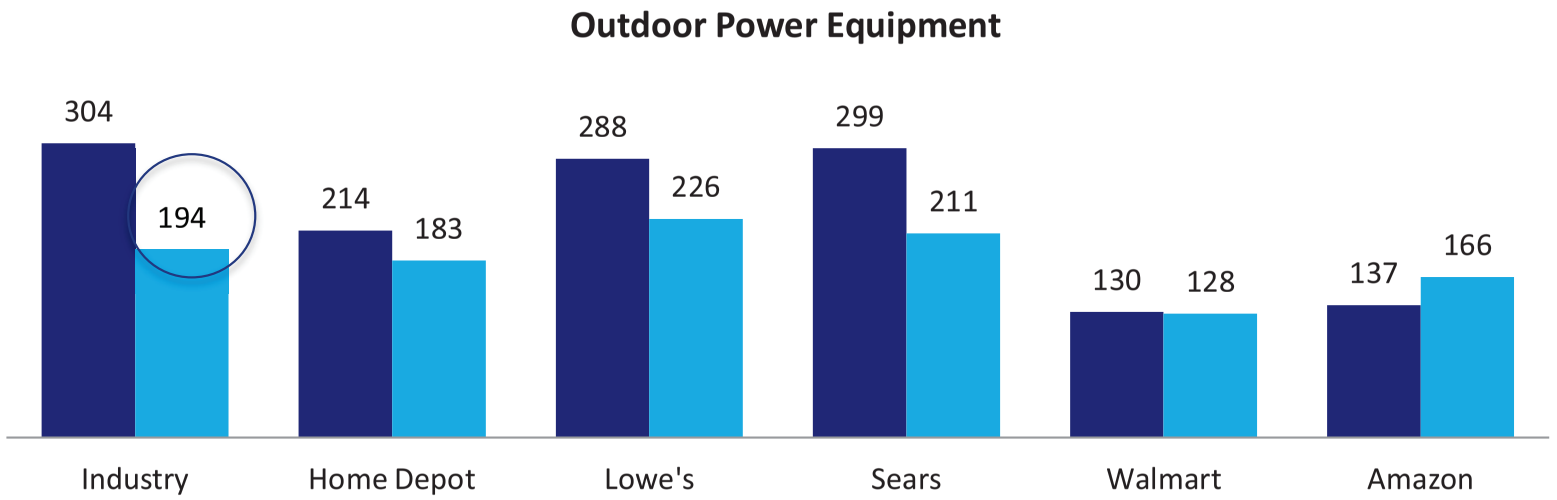
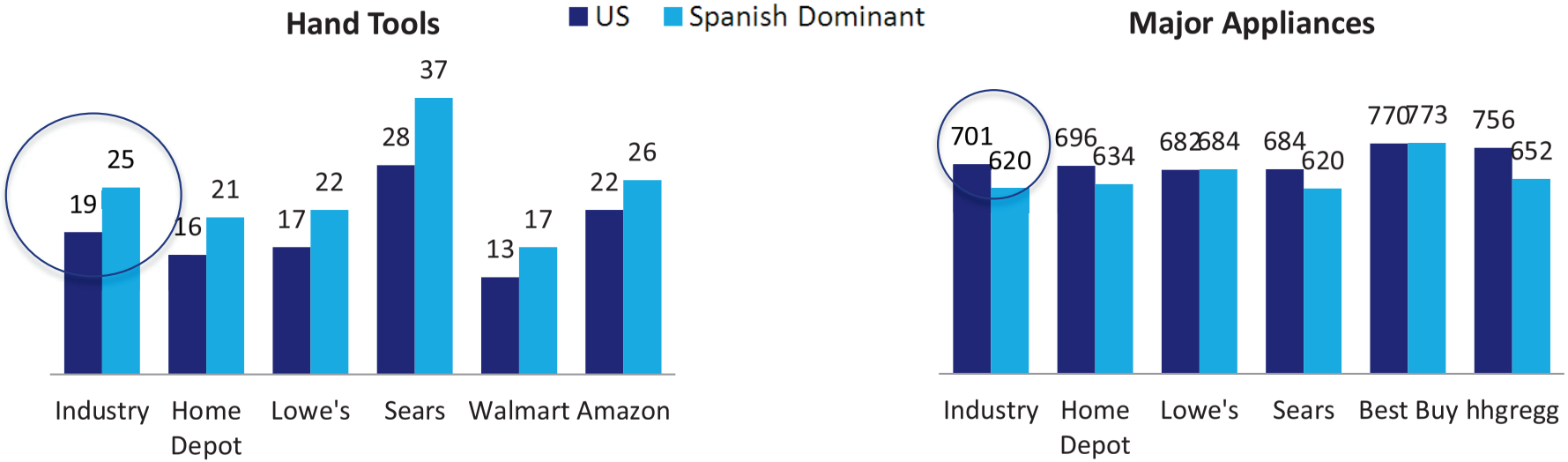
How much are they spending? APP





Hispanics generally spend less for Outdoor Power Equipment and Major Appliances.
More for Hand Tools

Source: TraQline Hispanic

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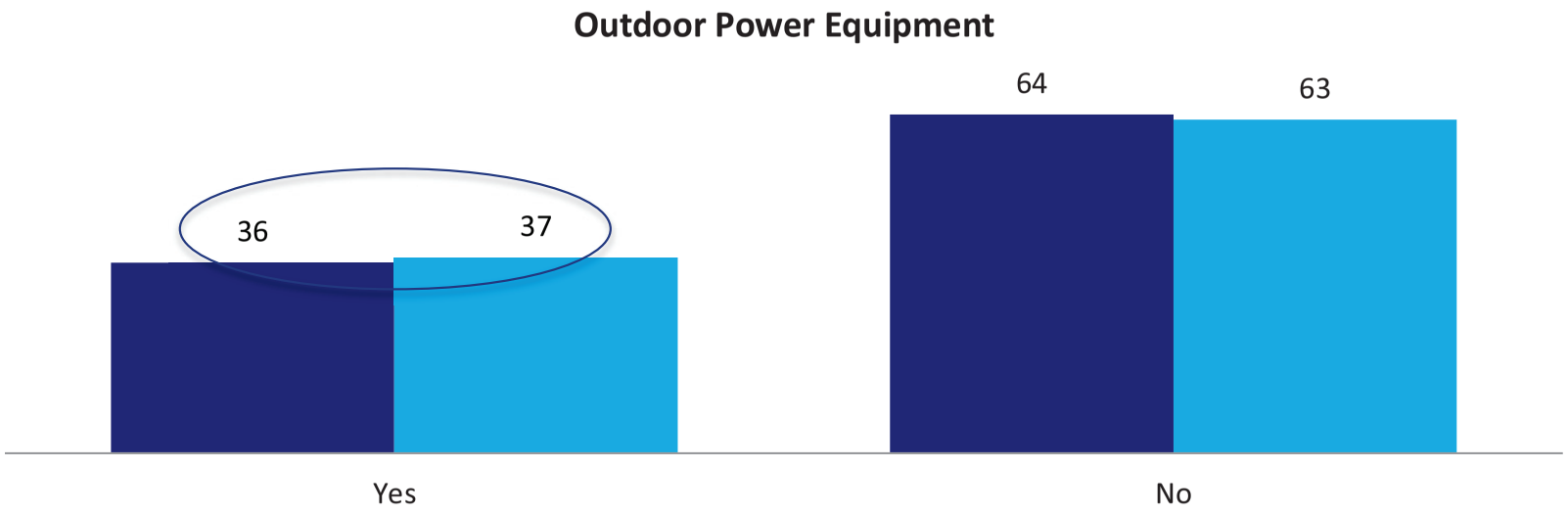
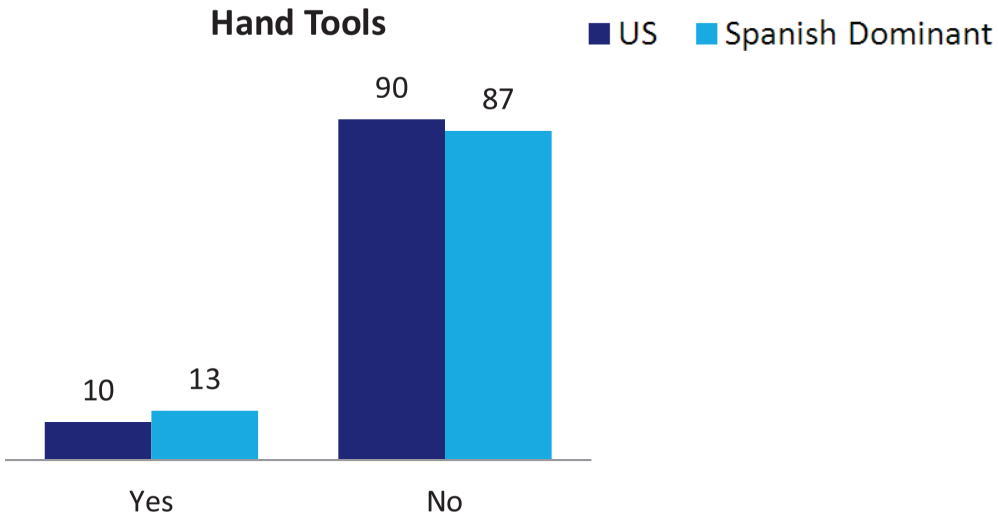
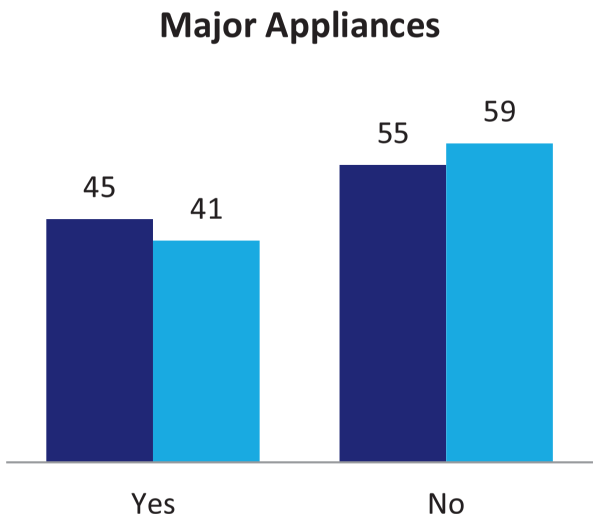
Online Shopping?







Online shopping is about the same between Hispanics and the US population at large.

Source: TraQline Hispanic

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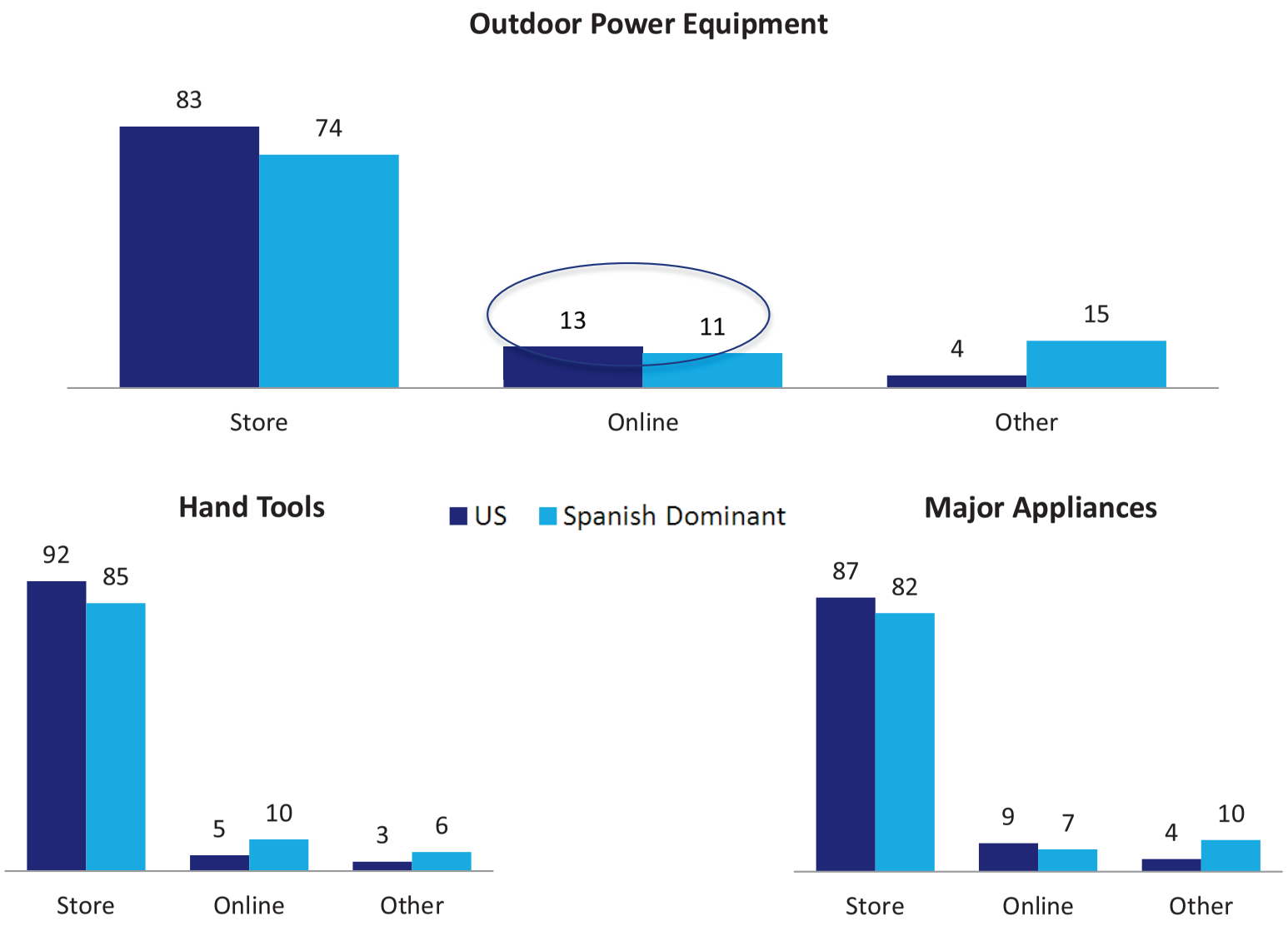
Online Buying?



Online buying is about the same between Hispanics and the US population at large.

Source: TraQline Hispanic

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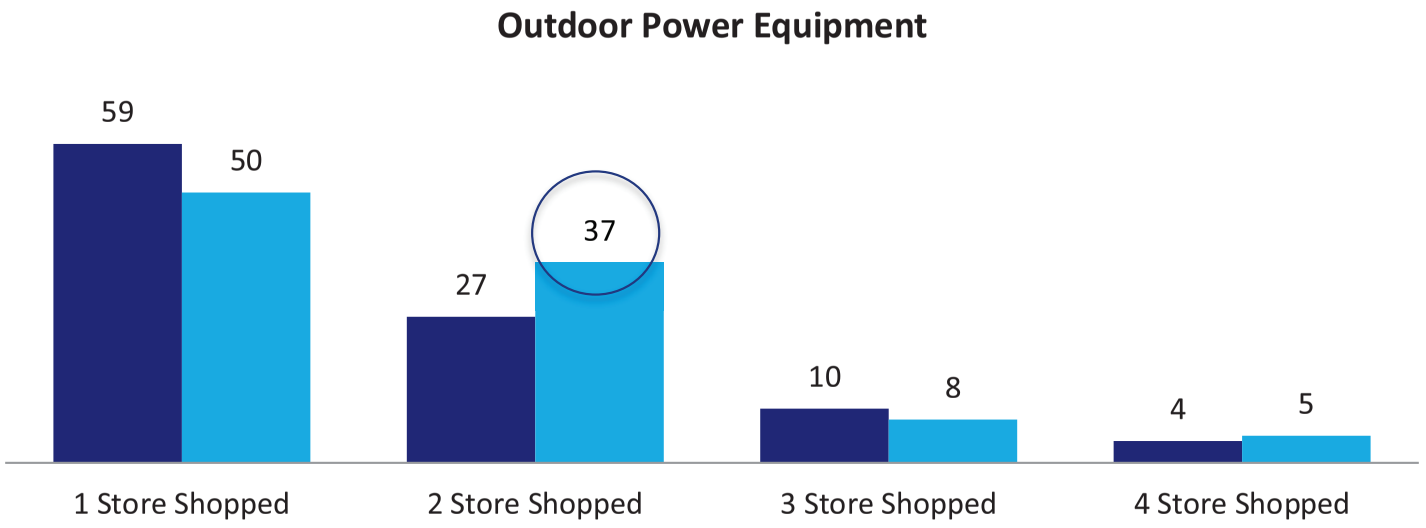
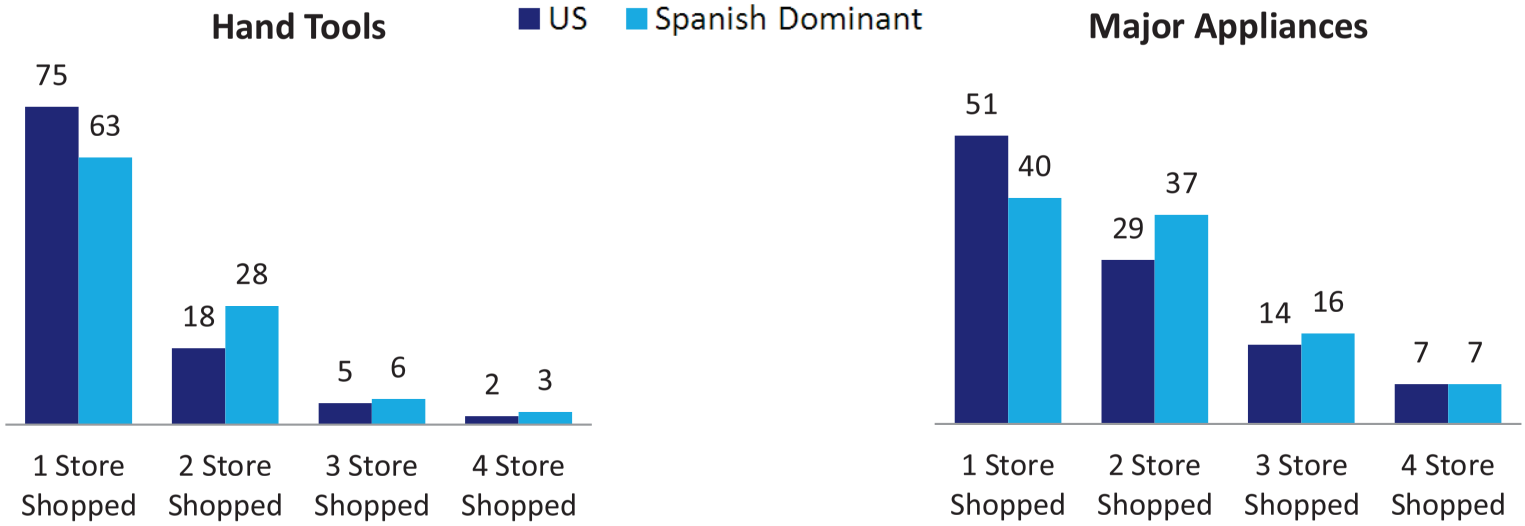
Number Stores Shopped?





Hispanics tend to shop more stores across all product lines.

Source: TraQline Hispanic

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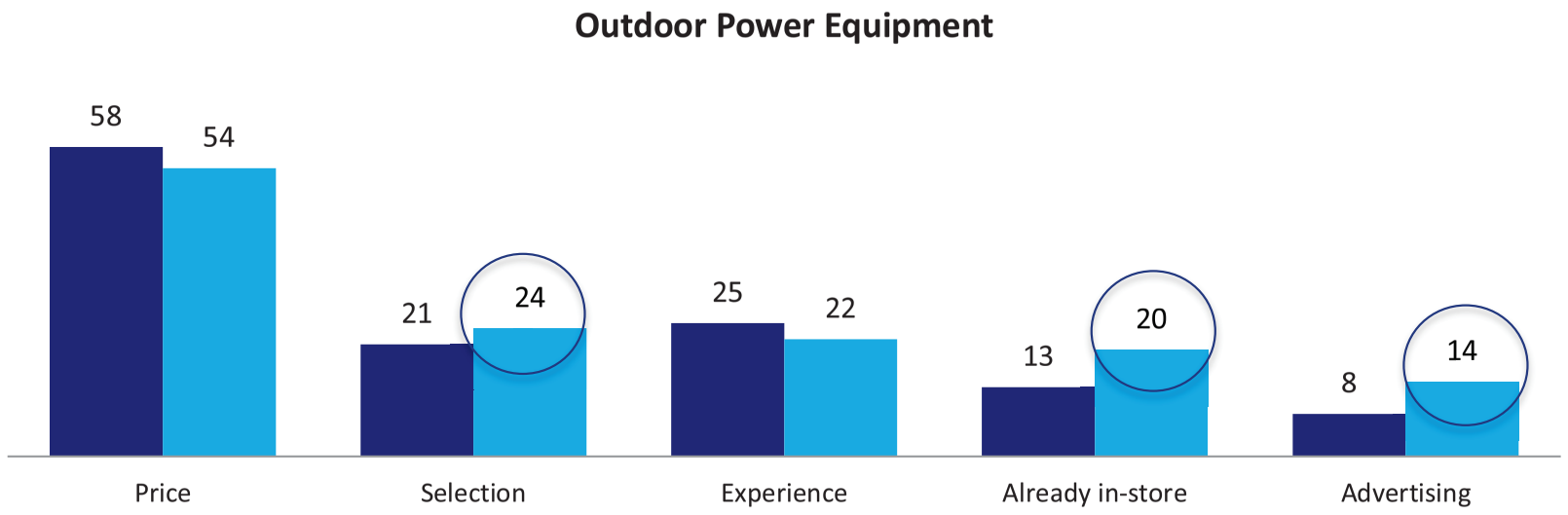
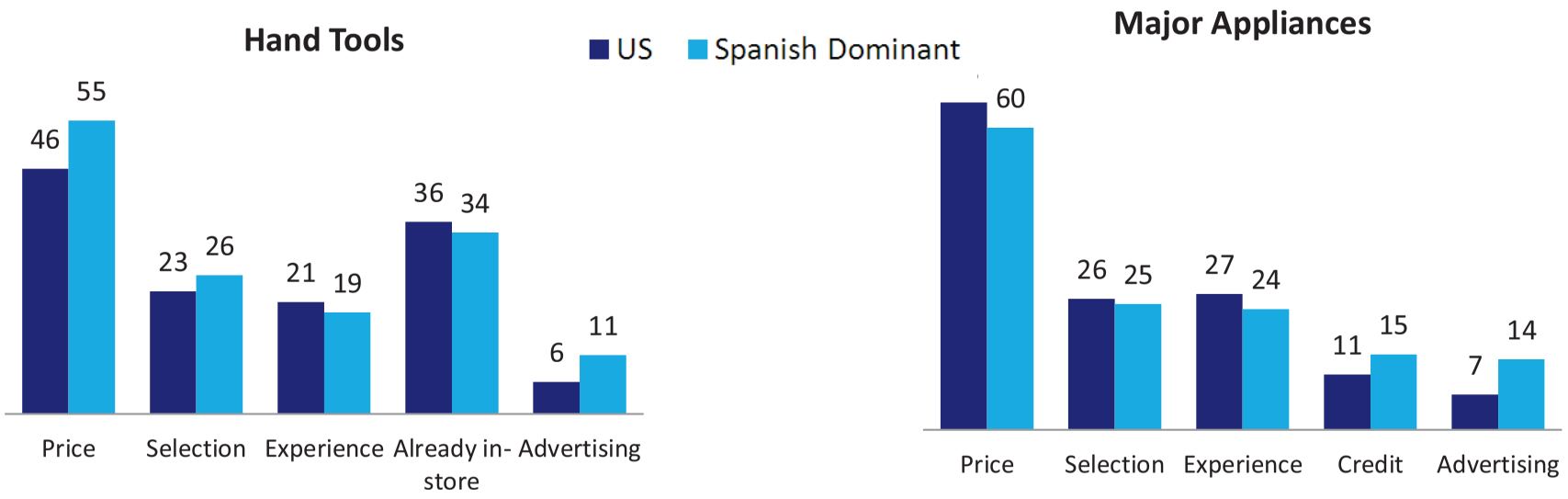
Why Bought Store?





Advertising and selection and convenience important to Hispanics in OPE

Source: TraQline Hispanic

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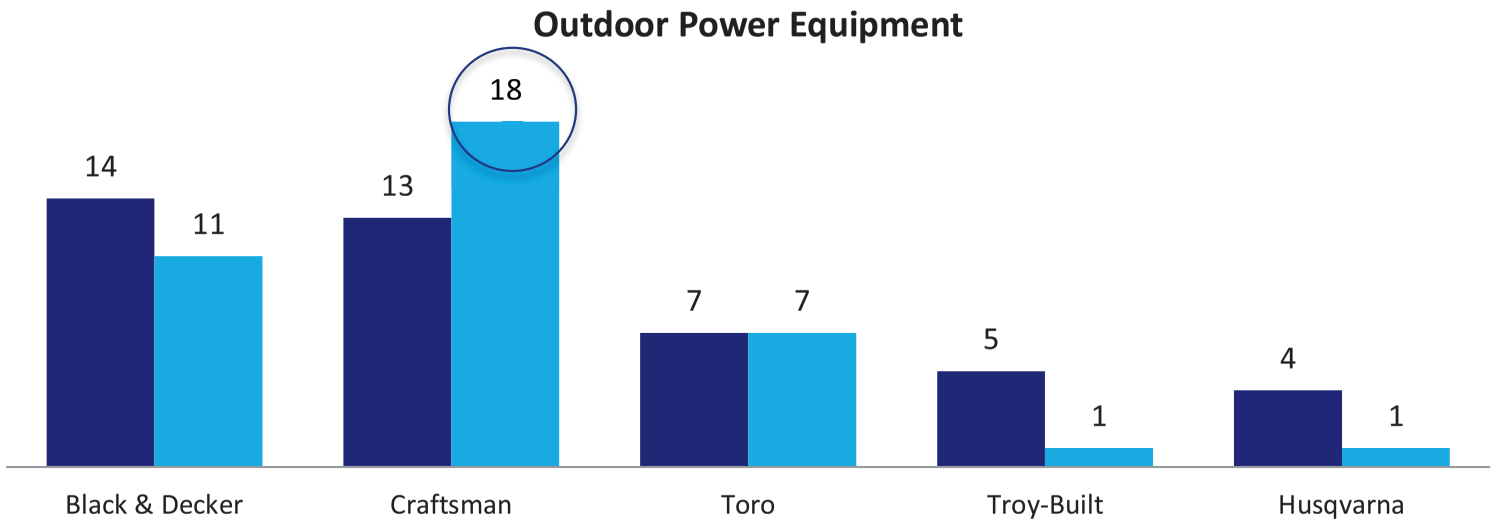
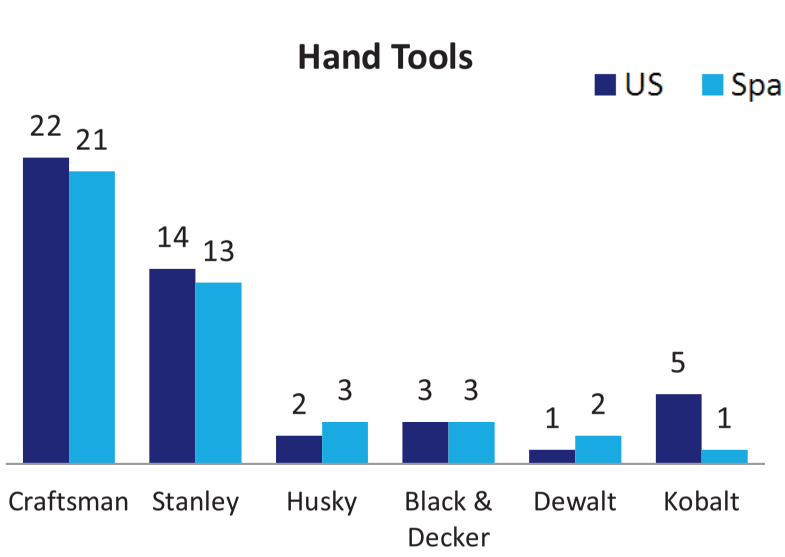
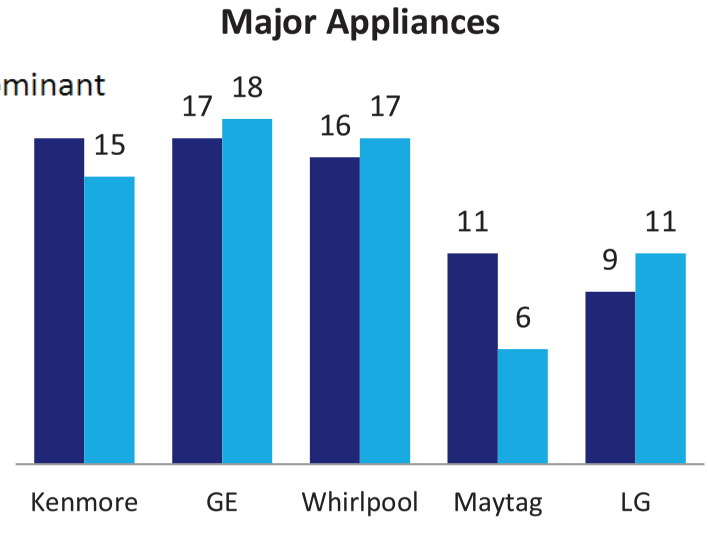
What Brands Purchased?







Brand purchased by Hispanics consistent with retailers shopped at.

Source: TraQline Hispanic

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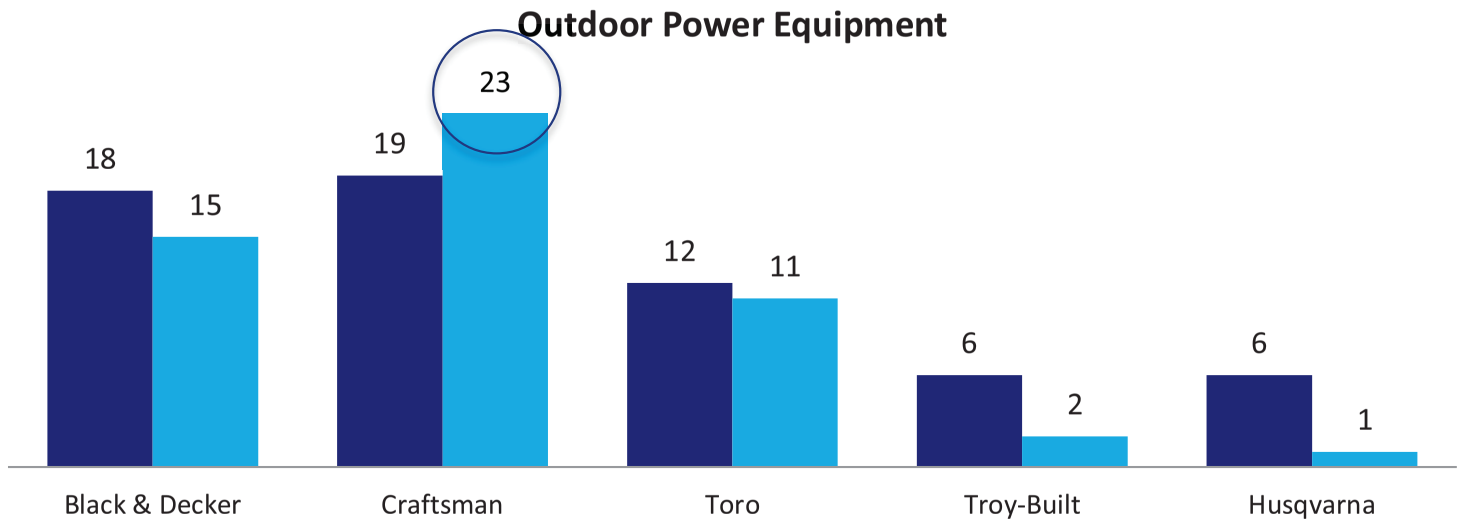
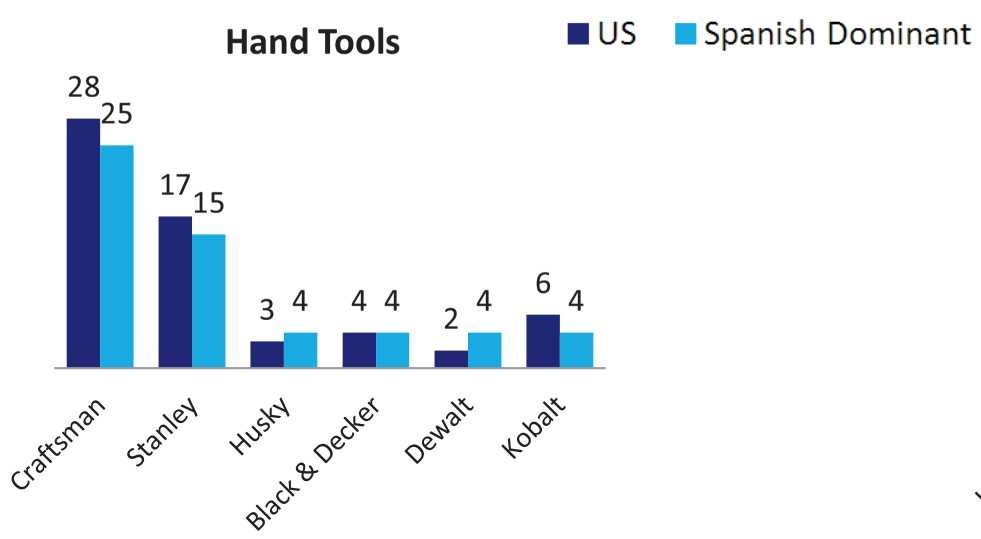
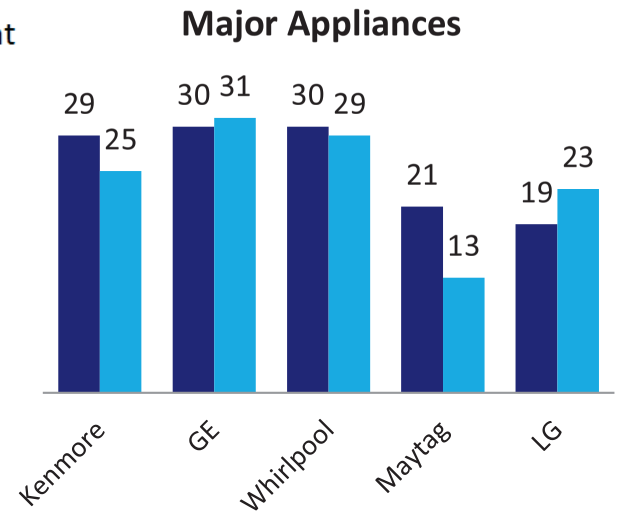
Brands Considered?







Craftsman leading Brand in OPE with Hispanics

Source: TraQline Hispanic

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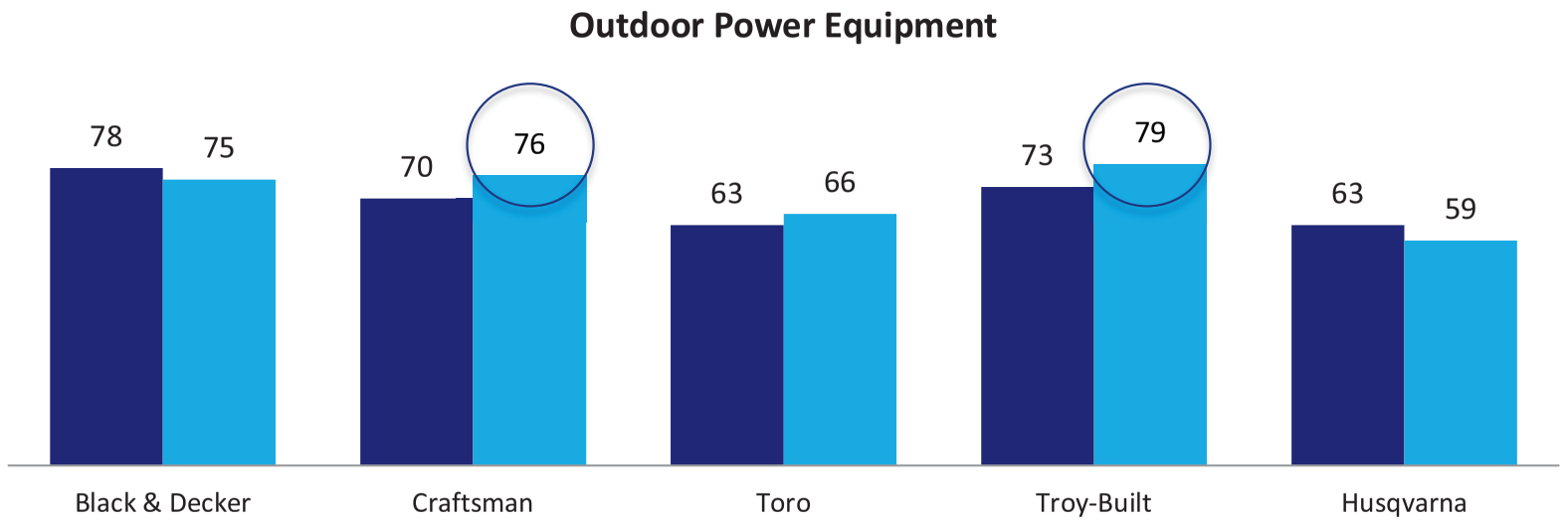
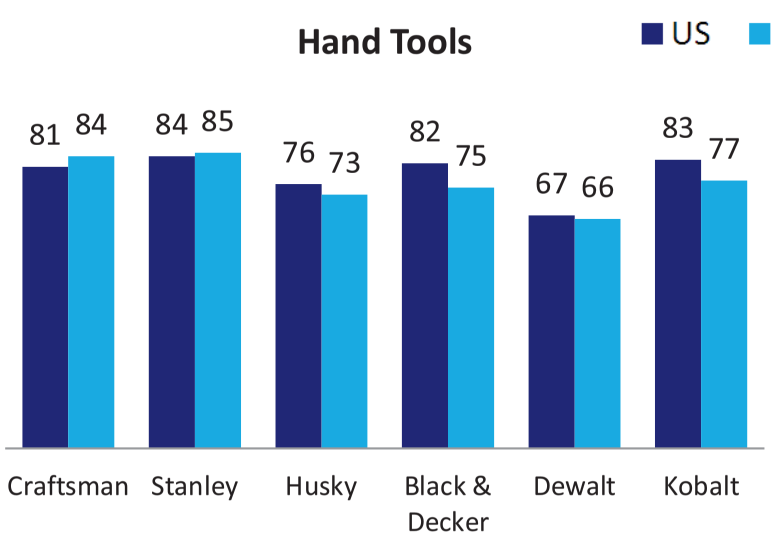
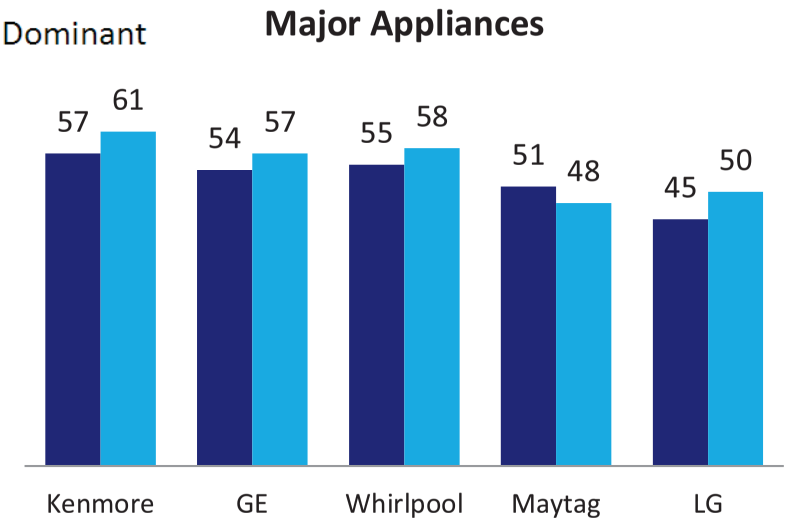
Brand Close Rates?







Hispanic close rates stronger with Craftsman and Troy-Built in OPE

Source: TraQline Hispanic

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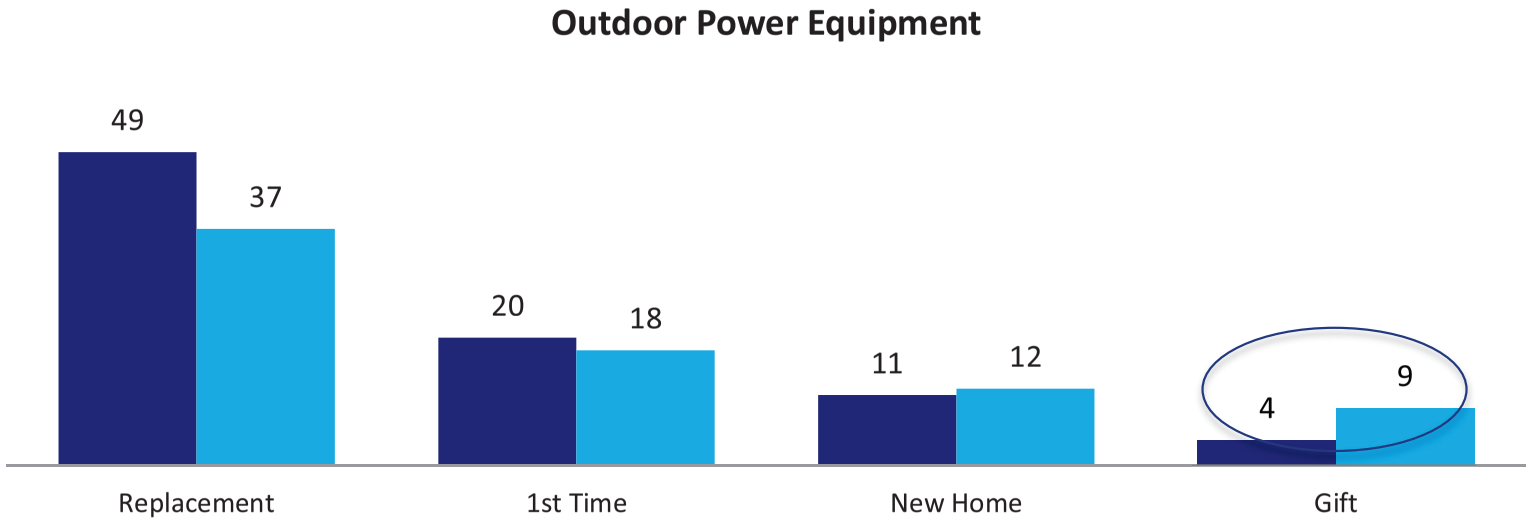
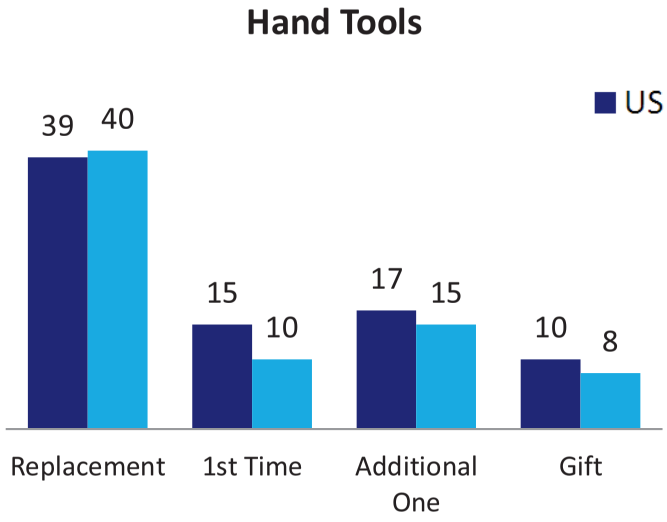
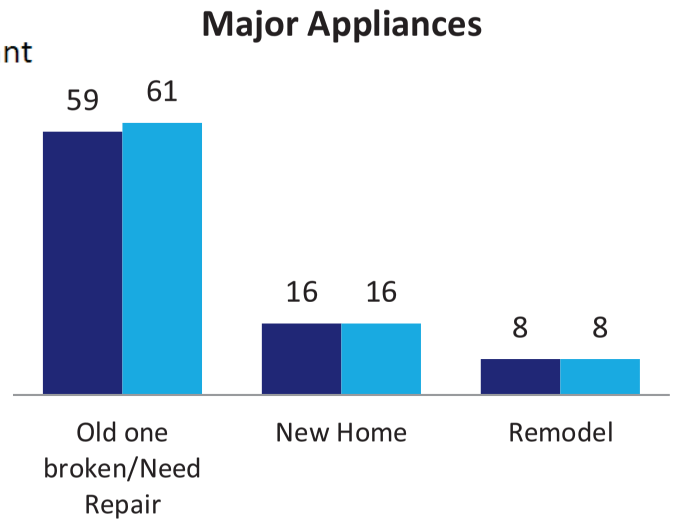
Why Bought Product?







Hispanics much more likely to buy OPE as a gift

Source: TraQline Hispanic

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Unit Share by OPE Product

	Home Depot			Lowes			Sears			Ind. Power Dealer			Walmart			Amazon		
	US	Spanish	Index	US	Spanish	Index	US	Spanish	Index	US	Spanish	Index	US	Spanish	Index	US	Spanish	Index
Total	24	28	118%	22	12	56%	16	26	156%	9	8	92%	8	10	116%	4	1	38%
Chain Saws	22	33	152%	20	10	49%	15	34	230%	14	7	50%	4	4	98%	3	2	52%
Chipper/Shredder	18	21	112%	16	1	6%	9	10	107%	11	18	159%	7	21	312%	9	3	37%
Cordless Shears	26	23	89%	20	6	28%	16	18	112%				10	13	123%	5	3	50%
Hedge Trimmer	29	32	110%	23	7	31%	16	18	117%	8	17	204%	7	7	106%	5	2	39%
Line Trimmers	27	31	116%	23	12	54%	13	23	178%	7	9	135%	12	9	80%	3	2	45%
Riding Mower	13	23	177%	25	17	70%	21	29	138%	22	7	30%	2	9	358%	0	0	0%
Walk Behind Mower	22	29	129%	22	14	63%	21	32	155%	7	7	93%	12	9	74%	3	1	22%
Power Edgers	28	24	85%	24	12	49%	14	22	154%	10	17	166%	6	11	164%	4	1	30%
Power Leaf Blower	29	29	100%	22	16	73%	14	24	169%	9	8	90%	6	10	148%	5	1	25%
Pressure Washer	22	30	139%	23	14	62%	16	22	142%				5	8	159%	3	3	82%
Roto-Tiller/Cultivator	18	25	141%	20	12	62%	15	20	131%	10	13	127%	4	8	195%	6	0	0%
Snow Thrower	19	21	109%	12	7	55%	24	20	84%	14	9	64%	4	24	646%	7	1	13%

Hispanic behavior can vary by OPE product

Source: TraQline Hispanic

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Conclusions

- The Hispanic market is growing and is becoming a significant segment in the market

- Retailers are investing in the Hispanic market

- TraQline Hispanic is a survey of Hispanics in the US
  - Introduced as a result of available National Hispanic Panel providers – did not exist before
  - 64K respondents annually
  - Provides ability to breakout by Language at Home

- Shopping Trends
  - Hispanic online presence has accelerated over the past few years and is closing in on the US population at large (Usage, Shopping & Buying). Another way to deliver marking messages.
  - Hispanics like Home Depot and Sears for retail buying.
  - Reasons for buying at these retailers can vary by product category
  - Brands at these retailers are successful with Hispanics

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Thank You!

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