

BlogTracker 12 (Sept 2007)

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What's the consumer buzz in the blogosphere? Topics include: targeting green consumers, shopping behaviour of Hispanics, disruptive retailing and 'pop up' stores, college grads, affluent working women, simultaneous media usage, business 3.0, green brands, hybrid hire cars, ecoimagination products

The items below summarise the September 2007 postings of particular relevance to consumer trends and are categorised under the headings Consumers, Retail, Advertising and Marketing and Green

1. CONSUMERS

Shopping behaviour of Hispanic consumers – brand loyalty

According to Nielsen, Hispanic consumers in the US have a collective buying power of nearly \$1 trillion. Nielsen Homescan research across multiple product categories shows that, as Hispanics become more 'acculturated', there is less evidence of brand loyalty. For example 33% of English language-only/preferred Hispanics met their needs with a particular cola, while nearly 70% of Spanish language-preferred homes fulfilled their carbonated beverage requirements with the identical brand. Similar trends were noted for other product categories, such as laundry detergent, cereal, toothpaste and beer. Thus language (as an indicator of cultural assimilation) is the primary arbiter of Hispanic brand loyalty and shopping habits. This demonstrates the importance of building brand loyalty before Hispanic consumers become 'acculturated'.

Shopping behaviour of Hispanic consumers – no place like home

According to research Hispanics prefer to shop at stores that 'resonate with the sights, sounds, smells and sensibilities of the homeland'. Thus retailers can help to build relationships with Hispanic customers by importing specialty lines and stocking items with bilingual packaging, and using bilingual signage and staff. Research also shows the desire among Hispanics for a family atmosphere catering respectfully for older customers.

Shopping behaviour of Hispanic consumers – keeping in touch

When it comes to e-commerce, some 25% of Hispanic Internet users purchased airline tickets, books and clothing/accessories online over the past year, with 6% spending more than \$2,500 online.

Hispanic TV household growth

Between 2000 and 2007, Nielsen Media Research estimates the number of Hispanic TV households in the US expanded by one-third, from 8.7 million to 11.6 million. TV usage habits parallel that of the average US household, with Hispanic homes tuning in 58 hours and 39 seconds per week, slightly more than the 57 hours and 39 seconds of the total population.

Hispanics – the biggest demographic shift in the US since the early 20th century

Overall immigration from the Spanish-speaking countries of the Western hemisphere, led by Mexico, is creating America's largest demographic shift since the early 20th century. In 2005, Hispanics accounted for 42 million or 14.4% of the population, while well over one-third of the country's Hispanic population - about 16 million people-- are immigrants. Native-born and immigrant Hispanic-Americans now outnumber the 34.3 million Americans who claim Irish descent-and are poised to overtake the nation's biggest ethnic group - German-Americans, who number about 45 million. (Source: MediaPost.)

2. RETAIL

'disruptive' retailing trend – Pop up stores Canada

A key trend in retail is disposable stores called pop-up boutiques. Familiar in the US, these are stores which appear for a few days, often in unusual locations and then disappear. Loblaw has just launched a slightly more mainstream version of the trend, with a travelling 1,000-square-foot store carried by an 18-wheel tractor-trailer. The store, meant to promote the image of the company's Joe Fresh Style Kids clothing line, is on a one-month tour, taking it from Toronto to Vancouver. The purpose of the pop-up stores is to add some entertainment value to shopping and thus create excitement around a brand. In the U.S., the concept has been used by both large chains and designer labels.

For example, retailer Target once put a temporary store on a boat in the Hudson River. These stores have been called the retail equivalent of the blind date.

3. ADVERTISING AND MARKETING

CONSUMER GROUPINGS TO TARGET OVER THE COMING YEAR:

1. College Grads

According to the Y2M: eGrad College Graduate Survey, the needs of this grouping following graduation are very specific: professional clothing, travel/airline tickets, health insurance and furniture. Nearly 80% of respondents are online purchasers, making them ideal candidates for an online campaign.

2. Affluent Working Women

According to the Media Audit, this group is growing and the best way to keep in touch with them is through online, since affluent working women with family incomes of \$75,000 or more are growing in number, and 94.3% access the internet during an average month.

3. Asian Population Growth

According to an analysis of Census Bureau data in the “American Community Survey” by Kang & Lee Advertising, the southern region of the U.S. has the fastest Asian population growth rate (31%), followed by the Midwest (24%), the Northeast (23%) and the West (19%). Asians in the US are a recommended target group due to higher than average household incomes and education levels.

4. Word-Of-Mouth (women)

According to 'U.S. Adults: Word of Mouth Communications', women are more likely than men to share a positive experience with a business, or recommend an enjoyable product.

5. Simultaneous Media Usage

Some 70% of web users watch TV occasionally to regularly while online, according to BIGresearch's “Simultaneous Media Survey.” It also found that nearly 65% watch TV while they read, and 51% of radio listeners read the newspaper while listening. The rise in multitasking among consumers demands an integrated media approach and an increased emphasis on advertising within the most relevant and engaging content.

4. GREEN

Targeting green consumers

According to research by Jupiter, 20% of the online population are green financial services consumers, i.e., consumers will buy more financial products from institutions that are committed to protecting the environment. Bank of America's customers expressed the highest satisfaction with the bank's environmental efforts.

Green adults (21% of all online adults) tend to be older than average and are not necessarily affluent. They are also more engaged with user-generated content (UGC) than are overall online users. Green teens (15% of online teens) are popular, engaged in school activities, and tend to be artistic. Research shows that music and entertainment programming and social media are likely to appeal to this group, and they are likely to respond positively to online marketing.

Business 3.0

A major trend is towards consumers and companies becoming socially responsible for their actions and their products or services. This has been called Business 3.0. Examples of the new mindset are as follows:

Environmentally aware consumers

According to the 2007 Cone Consumer Environmental Survey, one-third of Americans (32%) report heightened interest in the environment compared to a year ago. In addition, they are overwhelmingly looking to companies to be proactive: 93% of Americans believe companies have a responsibility to help preserve the environment. Most Americans report they are also making efforts in their personal lives to intentionally reduce their impact on the environment, including: conserving energy- 93%, recycling- 89%, conserving water- 86%

Green brands

Customers are increasingly drawn to businesses/products/services that are green, organic, natural, clean and sustainable. According to the 2007 ImagePower® Green Brands Survey, green is no longer an issue marginalized to fanatical environmentalists; and nearly all Americans display green attitudes and behaviours versus a year ago. When asked what their perceptions were of green brands, respondents said they are often seen as better quality, though at a higher cost.

Hybrid hire cars

According to a recent Priceline.com survey, an overwhelming majority (72%) of travellers want rental car companies to offer economical, environmentally friendly hybrid vehicles powered by both gasoline and electricity. A similar majority (71%) of the 764 priceline.com customers who answered the survey said they would rent a hybrid and almost half (48%) said they would be willing to pay a premium for a 'green rental'.

US organic retail sales up

According to the Organic Trade Association, organic retail sales in the United States have grown by between 20% and 24% per annum since 1990. U.S. organic food sales totalled nearly \$17 billion in 2006, representing approximately 3% of all retail sales of food and beverages, with organic foods' share of total food sales up from 1.9% in 2003 and approximately 2.5 % in 2005. According to survey results, sales of organic foods grew by 22.1% in 2006 to reach \$16.9 billion. Sales in 2005 were \$13.831 billion.

Green building forecast to grow

Green building is forecast to grow from a \$7.4 billion market in 2006 to \$38 billion in 2010, according to the National Association of Home Builders.

Organic products up

According to research from ACNielsen's LabelTrends, in 2006 products with antioxidants, fiber, no preservatives and organic claims all grew by 10% or more in 2006. Other 'green' products with solid growth in the 5% and 10% range include those with lactose-free, gluten-free, whole grain, natural, and omega content. According to MediaPost the \$20 million organic chocolate category grew 57% in 2006, compared to a decline of 0.1% for conventional chocolates. Water (categorised as a healthy drink), together with other nonfizzy drinks, accounted for 90% of the growth of the entire beverage industry between 2002 and 2005 and by the end of the decade, this group is expected to outsell carbonates.

Ecomagination products

According to General Electric Co. the company's 'green' ecomagination unit is on track to far exceed its 2010 sales target of \$20 billion as demand for environmental products and services surges. After two years in operation, ecomagination has a backlog of orders worth \$50 billion for products such as wind turbines, aircraft engines and energy conservation technology.