

Market Research Report

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For: Houzit
Consulting

By: Lombards

Scope: Conduct market research to determine the market feasibility of adding the lighting fixtures category to Houzit's assortment.

The Industry

The specific category, 'lighting fixtures', is part of the home-wares market. Home-wares are linked to the domestic new dwelling and renovations industry.

Industry Size – The market for new dwellings and renovations is Australia wide with particular concentrations in demand in the high population growth states of Queensland and Western Australia. In Queensland there is significant demand in the South East corner of the state in which the greater Brisbane sector fits.

The value of new dwellings and renovations market in the greater Brisbane areas is estimated in 2009/10 at \$3 billion. The size of the home-wares business in that market is estimated in 2009/10 as \$130 million. The 'Lighting fixtures' category within the home-wares business is estimated in 2009/10 at \$22million. There are approximately 12 independent outlets currently supplying this category. Our research identifies that 89% of people that purchase home-wares are also in the market for lighting fixtures.

Industry Growth- The new dwelling and renovations markets industry in Australia is growing at 3.2% p.a. and has been holding a long term growth rate of 2.7% p.a. The greater Brisbane area is growing at 4.5% per year. Outlook for the coming years is that this industry will continue to grow at above national averages and remain ahead of the long term trend by at least one percentage point. The lighting fixtures category within this industry is estimated to follow the same trend lines.

Target Market Statistics

The target segment is the 'lighting fixtures' category. The target market for this category are Houzit's existing customers and new customers that share the same profile as the existing Houzit customers.

Target Market Size – All households that are engaged in constructing new dwellings and renovations in the greater Brisbane area are the target market for Houzit's 'lighting fixture' category. This equates to 45,000 households p.a. in the 2009/10 years. These numbers are expected to grow in the coming years in line with the growth in the new dwellings and renovations industry in the greater Brisbane area.

Income and Activity Rates – The Houzit customer profile is skewed towards 25-45 year of age, professionals and managers in employment with a combined household income averaging at \$110,000 per annum. Households spend on average \$560 per year on home-wares.

Education - The Houzit customer profile is skewed towards higher education featuring both vocational and university qualifications. As a group, those customers born overseas tend to spend 50% as much on home wares as customers born in Australia.

Business environment

Houzit operates within a business environment that has many facets.