

# Four reasons shoppers will shrug off Home Depot hack

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In this file photo made Oct. 6, 2009, employee John Abou Nasr pushes shopping carts in the parking lot of a Home Depot in Methuen, Mass. Home Depot's data breach could wind up being among the largest ever for a retailer, but that may not matter to its millions of customers. (AP Photo/Elise Amendola, File)

Home Depot's data breach could wind up being among the largest ever for a retailer, but that may not matter to its millions of customers.

The nation's largest home-improvement chain on Monday confirmed a theft that could have gone back as far as April and affected customers who used credit and [debit cards](#) at nearly 2,200 of its U.S. and Canadian stores. While the scope of the hack is not yet known, there's speculation that it could be the biggest yet.

Home Depot joins a growing list of retailers that have had their data stolen. Perhaps the most high-profile of those previous hacks came was at Target, which suffered profit and sales declines after shoppers fled following a breach that compromised 40 million debit and [credit card accounts](#).

Industry watchers are betting Home Depot will fare better with its customers.

"It's simply not a big issue with consumers," said Craig Johnson, president of retail consultancy Customer Growth Partners, noting that shoppers seem to be almost immune to the breaches now. "Everybody knows that this is not people's first rodeo."

Take Johnna Horn. She stopped shopping at Target for two months after its breach was disclosed. Yet when she heard the news about Home Depot, she wasn't alarmed.

"With Target, it was more shocking," said Horn, who lives in Wentzville, Missouri. "With Home Depot, it's like here we go again."

To be sure, analysts say it's too early to estimate the impact the breach will have on Home Depot's business because there are many details that are unknown. But they say there are at least four reasons Home Depot's breach may not matter to shoppers:

## TIMING

In addition to the fact that Home Depot's breach follows a thefts at other retailers, the chain may benefit from timing in another way.



Customers push carts of goods from the Home Depot store in Cranberry, Pa., on Wednesday, Sept. 10, 2014. Home Depot's data breach could wind up being among the largest ever for a retailer, but that may not matter to its millions of customers. (AP Photo/Keith Srakocic)

Target Corp. disclosed its breach a week before Christmas, the final critical stretch of the two-month holiday season, the busiest shopping period of the year for retailers like Target.

But Home Depot's disclosure came in September, months after the spring season, which is the busiest time of year for home-improvement chains.

"September is not a peak season for Home Depot, while Christmas at Target is critical," said Greg Melich, a retail analyst at International Strategy & Investment Group LLC.

## CUSTOMERS

Home Depot's customers are more likely to react differently to the breach because of who they are.

About 37 percent of Home Depot's sales come from professional and contractor services—or commercial customers, Melich estimates. Analysts say that group is loyal to Home Depot, and they often shop there several times a week.

By contrast, Target caters to the middle-income customers, who tend to shop around for the best prices. By nature, they tend to be less loyal to one store.

## GROWING BUSINESS

Unlike Target, Home Depot's business was solid before the breach.

Home Depot has been benefiting from a turnaround in the housing market that has enticed shoppers to spend more on their homes. Its revenue for the six-month period that ended last week was up 4.4 percent. Meanwhile, profit rose 13.5 percent, and the company raised its annual profit forecast.

Conversely, Target has had disappointing sales and profit declines during the economic recovery as its middle-income shoppers have remained frugal. It also has struggled to restore the reputation it's lost among some shoppers that it has cheap chic fashions.

For the nine-month period that ended a little more than a month before Target disclosed the breach, the discounter's sales rose just 1 percent, while profits fell nearly 29 percent.

## LACK OF CHOICES

Home Depot customers see the chain as a necessary place to shop.

When Target's [breach](#) was announced, customers had their pick of plenty of other stores that have the same merchandise that it carries at low prices, from Amazon.com to Wal-Mart.

On the other hand, Home Depot has fewer competitors. Shoppers can go to Lowe's or Ace Hardware and small hardware stores, but that's about all, analysts say.

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