

A woman with blonde hair tied back, wearing a white sports bra and blue shorts, is running away from the camera on a dirt path through a dense forest. The path is surrounded by lush green foliage and tall trees. The lighting is bright, suggesting a sunny day.

# Slowdown in the **sports market?**

The latest figures from NPD's Sports Footwear PoS service reveals mixed fortunes across the sector

As we approach the halfway point of 2008, fears of a spending slowdown on the high street have never been higher. The British Retail Consortium has reported that high street sales have been slowing since January 2008, and declined -1.6% in March and -1.5% in April. This negative trend has been compounded by more recent news that consumer confidence is now at a new low. Such fears are driven by rising prices, lower property values and runaway petrol prices at the pump.

Mortgage lenders have been reluctant to pass recent interest rate cuts onto consumers and inflation caused by increasing food and fuel prices is preventing the Bank of England from lowering interest rates further to reduce the burden on homeowners. This is having a negative impact on high street spending, with clothes and footwear said to have been hit the hardest. NPD's Sports Footwear PoS data backs this up, but also reveals that some categories are still reporting growth.



### Good start

January saw sports footwear sales start off the year with +25% growth in the number of pairs sold compared to January 2007. However, this was stimulated by a -10% fall in the average selling price, which was driven by both discounted current models and cheaper new ones. Volume sales then fell -2% in February and -7% in March, meaning volume sales had only seen one month of growth in the last six months, and this was driven by lower prices.

Sales of men's footwear outperformed the market in every month of 2008, with the only decrease coming in March, when volume sales fell -3%. For men, sales of sports-inspired and 'classic' footwear was one of the better performing categories during January-March 2008, with growth of +13% (ASP fell -8%).

Across both male and female categories, core running shoes have seen the number of pairs sold in the first three months of 2008 grow by +23%. However, this has been stimulated by an average selling price -8% lower than the same period in 2007. For entry-level running shoes, however, the average price has risen by +10% and volume has continued to increase to +6% higher than the January-March period in 2007. Value was also up by +16%.

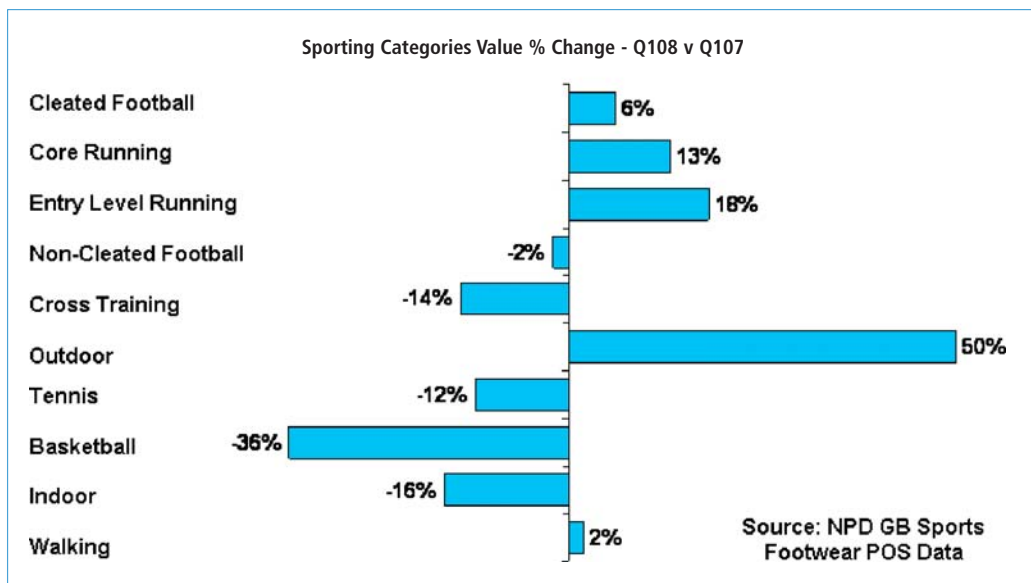
### Uncertain times

In these uncertain economic times it appears people are turning to relatively low-cost sports with smaller financial barriers to entry. Sales of entry-level shoes are increasing month by month, which could indicate that a significant number of people are taking up running as a means of keeping fit, rather than having to pay for expensive equipment to partake in other sports.

Looking to the other sports covered in the PoS service, the value of cleated football (6%) and outdoor (50%) footwear sold are the only other categories to have grown in Q108 over Q107. However, volume of all other categories (including non-cleated football and tennis), with the exception of basketball and indoor court has risen, indicating that people are willing to spend a higher price on football and running footwear.

Even in these categories, however, the rate of growth is noticeably slowing month by month as consumers are having to tighten their belts even further, providing retailers with the prospect of tough trading conditions in the months ahead. ↗

For more information on NPD's Sports Footwear PoS service call a member of the NPD Group sports team on 01932 355580.



LEFT: It appears people are turning to relatively low-cost sports with smaller financial barriers to entry

ABOVE: Sales of outdoor footwear increased 50% in the first quarter of 2008 compared to the same period in 2007