



CONSUMER HABITS

People are still purchasing, but where and why?
The NPD Group investigates

With countless articles having been written about the current state of the economy, it would be unfair to expect you to read another piece on the subject. Instead, this article will examine what consumers are purchasing, why they are purchasing and for what reasons.

Currently sales of luxury items such as electronic goods are falling, as is the number of people eating out on a regular basis, while footwear and clothing manufacturers are also having a tough time. What is interesting, though, is that the consumers who are continuing to purchase do so with the proviso that they are getting value for money from the product/service bought.

Market share

The top brands still command the greatest market share at the top of the ladder, but what we are seeing is that some of

the well-known but not necessarily as fashionable brands are gaining share quarter over quarter. Fila, Le Coq Sportif and Hi-Tec have all increased market share since the start of 2008, for example.

In comparison, supermarkets selling own-brand footwear and apparel such as Tesco and Asda have declined in value, while other value stores like Primark & BHS have remained at the same levels for a year. These stores have offered some unbelievable deals on multipacks and unbranded footwear over the past few years, but it seems that customers now want their products to last longer, rather than having to purchase cheaper products more often.

With NPD's new online consumer panel, the scope to look in-depth at consumers' habits is far easier as a result of the ability to ask them a larger variety of questions. One of the questions NPD has recently added to its list is: "Why did



you chose this particular retailer?" For the low-cost stores the primary answers given have been "price" followed by "location of store". When measuring the top three sportswear stores, the answers become far more fragmented. "Location" is the top answer, but after this responses are widespread, with the words "quality" and "good range of products" appearing. For the low-cost stores these answers rarely register.

Retail

Clearly there is a wide range of differences in the spending habits of purchasers from one store to the next, so salespeople need to know how to gain the maximum from the consumers entering their stores. Sweatshop is one such store where 36 per cent of purchases were influenced by the salesperson, who made recommendations about the product to choose. The combination of a wide range of specific shoes and apparel and a personalised service is part of a strategy to build up a long-term relationship and therefore loyalty with consumers.

Looking at the largest retailers, it is obvious that sales people don't play as large a role. Twenty-seven per cent of sales at Sports Direct were made because the items were reduced or on offer at a cheap price, whereas the fact that the product looks good was the most influential factor within JD Sports.

Brands

When it comes to brands, the question: "Why choose this brand?" has been asked. The most popular responses have been "design/style" and "comfort/fit", but when you begin to break down the data into brands interesting differences appear. Nike, Adidas and Converse all registered "Is my favourite brand" as the third highest answer. When



FAR LEFT: Adidas is the most popular brand amongst men surveyed by NPD

LEFT: Brands such as Hi-Tec offer good value for money, according to NPD

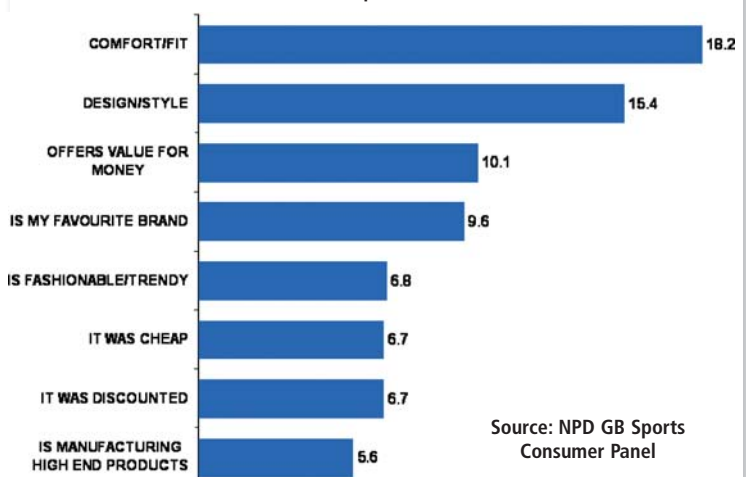
comparing Reebok, Umbro, Le Coq Sportif, Hi-Tec and Fila, the most popular answers were "Offers value for money" or "It was cheap/discounted". Asics stands alone among the top brands with responses along the lines of "It was recommended" and "Manufacturers high-end products".

Male consumers account for around two-thirds of total market sales, so are there specific differences in their reasons for buying? A question posed is: "What factor most influenced your purchase?". For males the most popular response was "The products look good", whereas for females the main reason is "Fit". Certainly males are more influenced by advertising, as sales over the last 12 months assigned to advertisements totalled £29million, whereas females only responded to a total of £14million.

Similarly, in responding to endorsements males were more likely to purchase brands because of a celebrity link, with £29million of value sales attributed to this, compared to £11million for females. The Nike 'Here I Am' campaign went a long way in generating interest amongst females and the new 20th year celebration of the 'Just Do It' tag will more than likely increase Nike's lead at the top. However, Adidas is still more popular amongst males when responding: "Is my favourite brand".



Fig 1: Why did you choose this brand?
% of respondents



Source: NPD GB Sports Consumer Panel