

Pester *POWER*

The children's sector is proving a tough market to crack for independent sports retailers, says *The NPD Group*

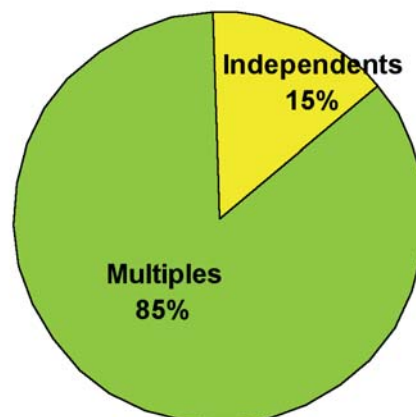
Children can be very vocal and exert considerable influence on their parents' purchasing decisions. With millions of pounds spent on advertising products to them across a range of industries, children nowadays are very brand aware and fashion focused.

adidas has recently teamed up with Disney, the largest media and entertainment conglomerate in the world, to launch a sports fashion-inspired childrenswear collection. Children love to be entertained, and the famous Disney cartoon characters on adidas shoes will

Multiples vs. Independent Stores in GB (Value %)

12 Months To September 09

Source: the NPD Group - GB Sports Apparel and Footwear Consumer Panel



undoubtedly capture their interest.

In 2009 children aged 12 and under made up 15 per cent of the GB population, according to the Office for National Statistics. How does this 15 per cent impact the sports apparel and footwear market in Great Britain?

Money spent

On average, the amount of money spent per child in 2009 on sports footwear and apparel was higher than for the rest of the population. NPD estimates around £71 was spent per child last year, compared to £68 for the rest of the population. The first quarter of the year is the quietest when it comes to purchases, whereas the back-to-school period - from July to September - is the most lucrative for GB retailers.

Though the children's market remains smaller than the male 13-plus and female 13-plus sectors, over 40million items of sports footwear and apparel sold in Great Britain during the 12 months to September 2009 were intended for 12 year olds and under, according to NPD's online consumer panel. This represents more than £600million of sales for this segment alone. Nevertheless, this sector seems more concentrated in the hands of fewer retailers than the 13-year-old and above age group.

Multiple retailers are more dominant in the children's market than they are in other sectors. Independent stores struggle to make significant impact in the 12-year-old and under segment and have half the amount of market share in this sector, compared to the male 13-plus or female 13-plus categories. Why is this?

Promoted items

First of all, according to NPD's online consumer panel, sales of promoted items in independents generated much less revenue within the children's segment than within the Male 13-plus or female 13-plus age category. So we could question whether independents have enough promoted items on their shelves for children.

Secondly, NPD has noticed an opposite trend with the multiples. The 12 and under category is the segment where multiples seem to offer more promotions than for the rest of the population. As a result, parents would rather visit a Sports Direct store than an independent

store to buy sports apparel or footwear for their children, since they have more chance of purchasing a promoted item.


Furthermore, multiples build more revenue via the major brands than independents do. The three most important brands within the multiples account for two-thirds of their sales, whereas they account for less than one-third of sales in independent stores. Retailers need to market these products carefully though, since they have to appeal to both children and parents, who are usually the final decision makers when it comes to making a purchase.

In store, it's likely that staff will have to deal with mothers, since three-quarters of sports items purchased for children are made by female adults. According to NPD's online consumer panel, when asked: "What influenced your purchase the most?", "Product quality" was the top answer for people who bought their item in an independent store, whereas the same answer appeared in ninth position within multiples. "Product looks good" was the most popular answer among people who purchased in

multiples; the same answer was in sixth position within independents.

Online

Not surprisingly, online purchases in the children's sector continue to grow. Nevertheless, children still need their parents' approval for any type of purchase, resulting in online companies such as BillMyParents coming up with methods to facilitate online shopping for families.

The BillMyParents system allows children to send online purchases to parents for approval and payment. Children choose the items they want to buy on trusted websites and then click on a 'BillMyParents' button, which sends a 'purchase interest notification' to the parent. The parent can then decide whether or not to accept and finalise the purchase. This method of payment could be extremely successful in the future as the competition to make ecommerce easier for children intensifies. 

The NPD Group monitors the sales of sports footwear and sports apparel in many countries around the world. For more information contact The NPD Group sports team on 01932 355580.

