



Web ACTIVE

The NPD Group takes a look at online retail trends in the GB sports market

It was in 1985 that Mike Tyson made his professional debut, knocking out Hector Mercedes in the first round, and the unseeded Boris Becker won Wimbledon at the age of 17.

During the same year, an event that would change the world went relatively unnoticed - the very first dotcom internet domain, symbolic.com, was registered. Today nearly 200million domains are registered across the globe and 1.6billion people, or 26 per cent of the world's population, use the internet for a variety of activities.

Online Market Share in GB (Value %)
12 Months To December 09
Source: the NPD Group - GB Sports Apparel and Footwear Consumer Panel





Access

From being inexistent 25 years ago, the internet is now a component of many people's everyday life and, according to Eurostat, the statistical office of the European Union, 77 per cent of households in the UK had internet access in 2009. As a result, an online presence for every business seems virtually unavoidable to advertise and/or directly sell products.

UK consumers bought more on the internet than anywhere else in Europe in 2009, according to the Centre for Retail Research. £38 billion was spent online in the UK last year, which represents 9.5 per cent of UK retail trade and growth of 12 per cent compared to 2008.

Are consumers showing the same enthusiasm for buying sports footwear and apparel online in the GB market?

Purchases online represented 14

per cent of total sales in the sports market in GB in 2009, compared to 11 per cent in 2008, according to NPD's online consumer panel. How can this success be explained? No travelling to the store, no queuing and no restrictive opening hours to worry about are some of the reasons that come to mind. Buying online means avoiding busy town centres and crowded shopping centres, while a few clicks of the mouse confirms your order, and the goods are shipped to your home or work address in a matter of days.

People are changing their purchasing habits in favour of shopping online because it's convenient, and the sports industry, like many other industries, has taken advantage of this. The UK population is one of the most web active populations in Europe - over 60 per cent of the adult population purchased goods or services over the internet in 2009, according to Eurostat.

Within the sports market, the success of online retailing seems to explain falling mail order sales, which declined by 19 per cent in 2009. The internet has transformed businesses - Littlewoods is a perfect illustration of this - with mail order companies looking to the internet for growth.

Littlewoods has moved a substantial part of its business online, and this transition shows convincing results for the company in the sports market. It was a market leader in 2009 among both mail order companies and online retailers.

Cost consideration

Part of the success of internet retailing is attributed to the recession, and to the fact that it is cheaper for consumers to buy online. Is buying sports footwear and apparel online cost-effective? Consumers seem to think so. When asked: "Why have you chosen this retailer?", "price" was the answer that came first among online buyers, while "store location" was the most popular answer among offline buyers.

Interestingly, when we look at the average selling price of sports footwear and apparel items, in many instances buying online is more expensive than in a bricks-and-mortar retail store. Furthermore, the

proportion of items on promotion online is the same as within retail stores. So buying online because it is cheaper seems to be more of a perception than a reality.

The internet enables consumers to have access to a vast array of websites and comparable products. With the presence of Ebay, Amazon and Littlewoods, the competition is particularly fierce for the likes of JD, JJB and Sports Direct. Whereas they account for more than 50 per cent of market share offline, JD, JJB and Sports Direct reached only 17 per cent of online market share in 2009.

An online presence for traditional retailers is essential since consumers are changing their purchasing habits, but this presence is also important for their bricks-and-mortar stores, since many shoppers research product information online before buying on the high street. **SI**

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.

BELOW: In many instances, buying online is more expensive than in a bricks-and-mortar retail store

