

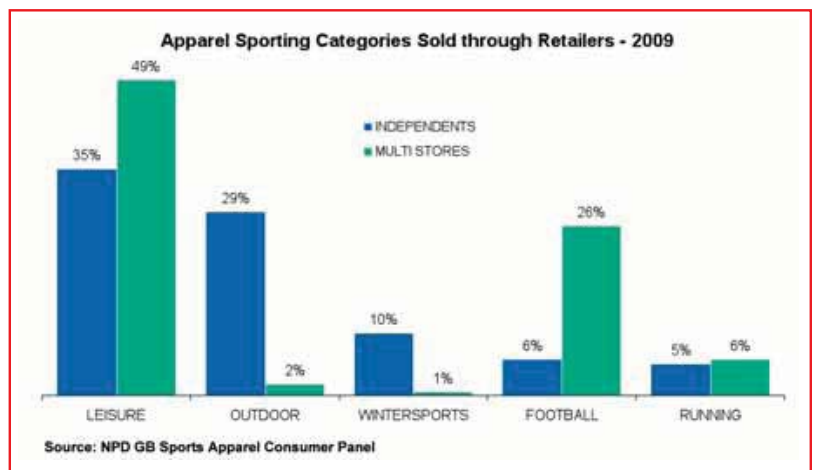
Stick or



twist?

With the World Cup on the horizon, should independents copy multi-door retailers or focus on technical product? *The NPD Group* investigates

Many different figures were quoted in the media when England failed to qualify for the Euro 2008 championships. The economy was expected to suffer by around £2billion, pubs were forced to close due to a lack of summer spending and the British Retail Consortium estimated that over



£1billion could be lost through a reduction in sales of flat-screen televisions, food and drink, and replica shirts. ITV estimated that it lost £12million in advertising sales.

The actual figure is hard to pin down, especially as the economic downturn was just around the corner. Sports Direct released profit warnings, and as its share price tumbled the paper loss was recorded at £74million. As the 2010 World Cup looms and the economy eases towards a recovery, there is hope that a successful England campaign will reinvigorate the market and the feelgood factor could entice consumers to spend more money.

Impact

What impact will this have on the sporting goods industry? When you combine Sports Direct, JJB and JD Sports, these three multi-door retailers account for 90 per cent of all football boots and apparel sold in Great Britain. This dwarfs the independents, but is football as important to specialist stores?

The multiples rely on football sales to a much greater extent, as over 20 per cent of their goods are driven through this category; with independents, this figure is only five per cent. According to NPD's Online Consumer Panel, the multiples sold over £400million of football goods in 2009, while independents sold around £40million.

With this in mind, the large stores stand to lose a lot should England not perform as well as expected, but could also increase revenues significantly should the team reach the quarter finals or beyond. There is clearly an opportunity to target consumers during this potential boom time, hopefully without resorting to the mass discounts offered by the likes of JJB and Sports Direct. The new Umbro England team tracksuit was released with a recommended price of £100. Sports Direct is already advertising it for £80.

Replica football apparel is a huge market for the multiples, accounting for 50 per cent of all their products sold. Independents do have a share of this sector - replica apparel makes up around 40 per cent of all their football products sold - so there is scope to increase this during the summer.

Price-wise, at an average of £25, both types of store are very similar,

but there appears to be more discounts offered by independents that need to turn over stock. However, these goods make up a small proportion of overall sales, so if football is not so important to independent retailers, what is?

Leisure apparel is the biggest selling type of clothing for both independents and multiples. The sportswear industry is approaching the £1billion mark in Great Britain, so is too good an opportunity to overlook. The real difference between the two is the specialist categories, such as outdoor and skiwear. Skiwear is obviously seasonal, but outdoor goods are sold all year round and represent around 30 per cent of all apparel sold in independents. The multiple stores sell less than two per cent of outdoor apparel, so the message is that consumers will shop in independents for technical wear.

Opportunities

If independents don't want to focus on the replica market as much as the retail chains, what other football apparel opportunities are there? With the many different styles of baselayers on offer, as well as training and windbreak tops, sales of non-replica football apparel is beginning to increase. In 2009 the size of the non-replica football market reached just over £80million and remained flat against an overall falling market.

Around Euro 2008 sales increased for this sector, on a smaller margin than replica, but after the tournament did not decline as heavily as national team and club shirt sales. Sports Direct pushed the old England shirt through at very low prices, increasing the value of the replica market to a higher level than we would normally see with England absent from a tournament. This also led to a larger sales decline once the new, higher priced shirt was

released. The football training/baselayer market is not so influenced by competition years and new releases. Pricing is more attractive to the serious player as well - replica sales average out at around £25, whereas non-replica garments sell for £15.

Technical garments at affordable prices are a big selling point. Comparing these prices to the average outdoor apparel sale reveals there could be an opportunity for sales during the World Cup. Through independent stores in 2009, outdoor apparel sold, on average, for £20 and skiwear for £22; during the in season skiwear almost doubles in price. Around Euro 2008 non-replica apparel was selling for as little as half the price of these categories.

There is room for football product in store during this key time, but there is also scope for slight price increases. As already mentioned, consumers know where to shop for technical goods, so if technical football apparel was available in independents chances are there would be buyers for it. **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.

