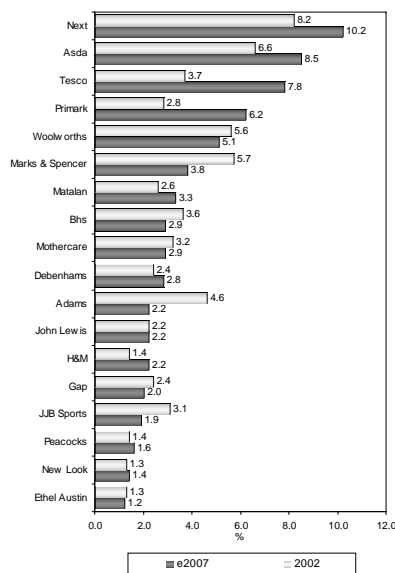


## UK Childrenswear Retailers 2007

Value retailers continue to gain share...

Sector Report - Published September 2007

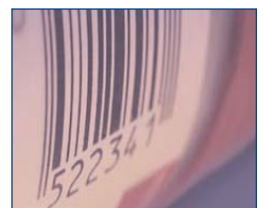
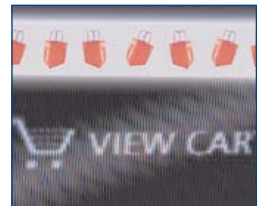
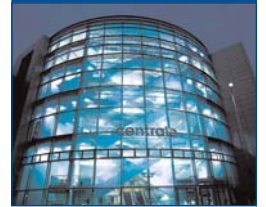
### Top childrenswear retailers market shares 2007e on 2002



Source: UK Childrenswear Retailers 2007

"Of the nine leading childrenswear retailers that gained share between 2002 and 2007, George, Tesco, Primark, Matalan, H&M, New Look and Peacocks all have a value or low-cost fashion positioning. The only traditional midmarket retailers to have gained share in the face of this movement are market leader Next and Debenhams..."

See order form for further details...



## About Verdict Research...

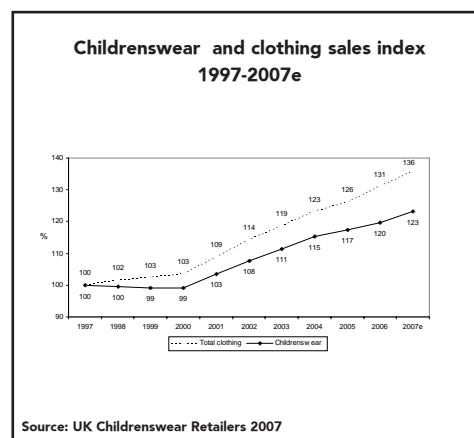
Verdict Research has been producing independent retail analysis and comment on the UK retail marketplace for well over 20 years and is regarded as a key source by BBC, ITV and the leading broadsheets including, the FT, Times, Independent and Daily Telegraph. Many leading trade publications also frequently refer to Verdict's opinion and research including Retail Week, DIY Week, Cabinet Maker and The Grocer.

### Products and services include:

- **Consumer Research Reports**
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  - Where Britain Shops
  - Consumer Satisfaction Index
  - Consumer Insights Profiles
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  - Out of Town Retailing
  - Town Centre Retailing
- **Retail Futures**
  - Quarterly Forecasts to 2009
  - Annual Forecasts to 2011
- **Retail News & Comment**

## Some key findings from this report...

- **Deflation is easing.** In 2007, Verdict anticipates childrenswear deflation to be at its gentlest level since 1999. However, deflationary pressures remain stronger in childrenswear than womenswear, as its shorter lifespan makes shoppers more inclined to buy low price childrenswear. For this reason, we expect the effects of the trend to trade up will be felt less in childrenswear than in adult clothing.
- **Childrenswear specialists including Adams have struggled in the face of increasing competition.** A specialist childrenswear positioning has become less relevant to consumers faced with the convenience of family clothing retailers, supermarkets and broader children's products retailers.
- **Retailers need to invest in stores, service and differentiation.** Investment in stores is one way to add to the shopping experience. The addition of services, such as shoefitting or pushchair advice are also highly valued by parents and can justify slightly higher prices or encourage the purchase of more expensive products where appropriate – as long as the parent is convinced advice is impartial.



"The childrenswear market continues to underperform. We anticipate childrenswear growth of 3.0% in 2007, compared to total clothing market growth of 3.8%. Childrenswear has underperformed total clothing in each of the last 10 years. This is largely due to two key factors: a slower birthrate; and the rapid growth of the value market in childrenswear..."



## UK Childrenswear Retailers 2007

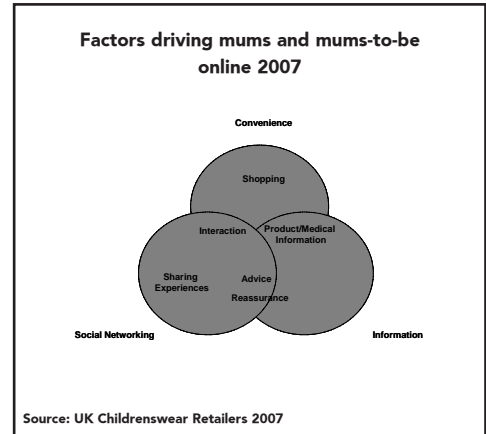
Over 1 in every 3 pound (GBP) spent on childrenswear is spent at a value retailer. In 2006, the value sector accounted for 35.9% of all UK childrenswear sales, compared to 23.6% of the total clothing market, this is set to grow even further.

**UK Childrenswear Retailers 2007** is a new report published by Verdict that examines the current pressures and outlook for all major childrenswear retailers. Verdict's authoritative analysis covers market shares as well as market sizes and forecasts for the full year in 2007. This report also covers the key operating statistics, distribution channels and analyse spending trends – all important factors for forecasting future growth.

**Benchmark the performance of the UK Childrenswear Retailers market and its key players and understand the key issues and drivers of the market and the strategies needed to succeed with this new report.**

### This new report will enable you to...

- **Quantify key retail trends and accurately predict future UK childrenswear retailing growth** with this report's company profiles detailing key operating statistics for each retailer, from market shares, number of stores, sales, operating profit to sales per sq ft, and examining each company's operations, including space allocation.
- **Benchmark your competitive strategies using the company profiles contained in this report** for key retailers including Adams, Bhs, Debenhams, Ethel Austin, Gap, George (Asda), H&M, JJB Sports, John Lewis, Marks & Spencer, Matalan, Mothercare, New Look, Next, Peacocks, Primark, Tesco and Woolworths.
- **Anticipate future UK childrenswear expenditure** using this reports ten year market size segmented into Girlsweare, Boysweare and Infantsweare and five year market share data.



"The sites that have the greatest potential are those that cater for a broad range of parenting needs. However, for returns on smaller investments, some retailers have opted for a highly edited selection. Bhs for example, offers only schoolwear online..."

**H&M key operating statistics 2002-2007e**

| Year to Nov | UK Sales (incl VAT) |  | Y-o-Y Change % | Op Margin % | UK Store Numbers | Sales Area |             | Childrenswear Sales Density £ per sq ft |
|-------------|---------------------|--|----------------|-------------|------------------|------------|-------------|---|
|             | £m                  |  |                |             |                  | 000 sq ft  | £ per sq ft |   |
| 2002        | 309.5               |  | 35.4           | 15.5        | 68               | 883        | 384         |   |
| 2003        | 365.2               |  | 18             | 16.3        | 79               | 1,075      | 383         |   |
| 2004        | 419                 |  | 14.7           | 18.8        | 91               | 1,268      | 358         |   |
| 2005        | 456.7               |  | 9              | 20.4        | 102              | 1,461      | 335         |   |
| 2006        | 499                 |  | 9.3            | 21.2        | 112              | 1,636      | 322         |   |
| e2007       | 542.9               |  | 8.8            | ---         | 120              | 1,776      | 322         |   |

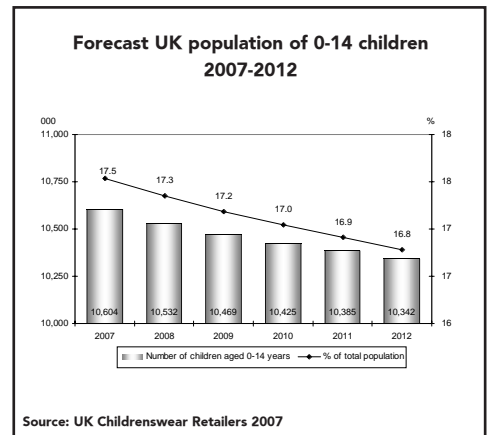
Source: UK Childrenswear Retailers 2007

"H&M's childrenswear sales density of £322 in 2006/07 is higher than the retailers' overall density, due to higher stock densities of childrenswear versus other clothing categories, and the strong appeal of the offer..."



## Key issues examined in this report...

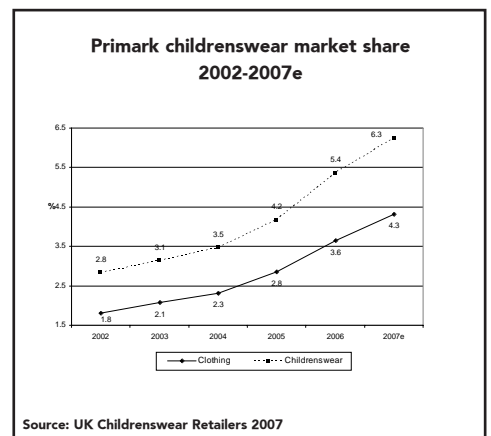
- Economic Outlook.** In light of recent interest rate rises and the turmoil in the credit markets, one of the main concerns for the UK childrenswear market is the potential effect of any slowdown in the economy – and of consumer spending in particular.
- Competition increasing.** Former market leader Marks & Spencer is beginning to reverse its declining childrenswear market share – which could have a dramatic impact on the fortunes of other mid market retailers. Meanwhile, Tesco and Primark have both invested in major space expansion over the past year, creating an even bigger threat from the value sector.
- Specialist position is challenging.** Specialist childrenswear retailers are losing share to grocers and family clothing retailers while simultaneously struggling with higher overheads.



"Demographics - The number of children aged 0-14 is set to fall between 2007 and 2012. This natural brake on volume growth increases the need for retailers to add value to their offer and encourage shoppers to trade up to higher price items or add additional items to their basket..."

## Your questions answered...

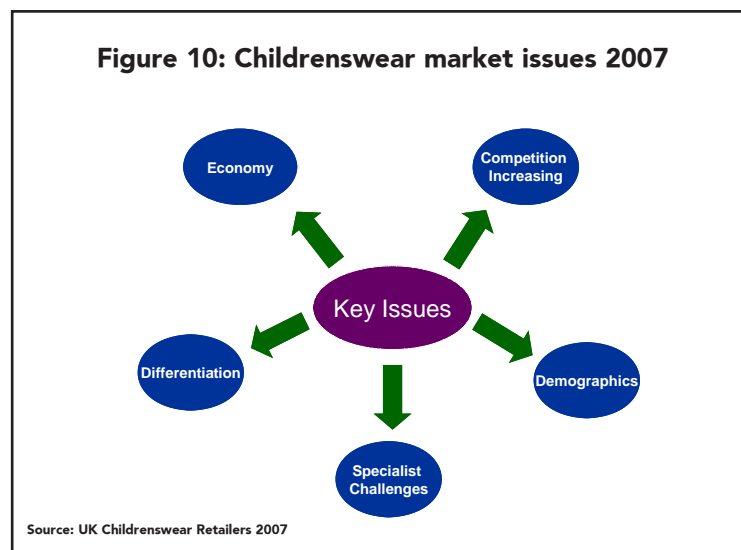
- Why is the UK childrenswear market experiencing low growth compared to clothing?
- Which retailers are gaining and losing share in the UK childrenswear market and what lessons can be learnt from this?
- What are the key issues affecting the UK childrenswear market and what impact will these have on retailers?
- What opportunities are there for further growth in the UK childrenswear market?
- What are the key threats for UK childrenswear retailers?
- How well do UK childrenswear retailers perform in relation to their peers?
- What will happen to the UK childrenswear market if the economy slows?



"In a very short time Primark has become a leading operator with 6.3% of the childrenswear market and continued space growth will help consolidate its position. This success has been achieved via investment in product, stores and new sales space. Verdict estimates space will have increased by almost 40.0% in the year to September 2007 and as this new space matures it will benefit sales in the year to September 2008 and help grow market share once more..."

## Sample information from 'UK Childrenswear Retailers 2007'

### Chapter 4: Outlook



#### Key Issues

- Given recent interest rate rises and turmoil in credit markets, one of the main concerns for the outlook of the UK childrenswear market is the potential effect of any slowdown in the economy - and of consumer spending in particular.
- In times of economic uncertainty, parents become more responsive to low price offers - creating further demand for value retailers and fuelling price deflation in the market.
- The impact of value retailers is already stronger in childrenswear than in adult clothing. In 2006, they accounted for 35.9% of all UK childrenswear sales, compared to 23.6% of the total clothing market. In 2007, this is set to grow even further and we expect value retailers to take 38.6% of childrenswear clothing sales. Any economic slowdown is likely to provide extra impetus to the already strongly growing sector

Order this report today to find out more...

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