

**THINK RETAIL THINK VERDICT**

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## **UK Sports Retail 2008**

**Sportswear holds back  
market growth...**

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# About Verdict Research

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## Authorative analysis...

Verdict's analysts and consultants work closely with retailers, suppliers, consultancies, investment banks and property companies to identify the key issues, sector and company data and strategies driving the changing retail market.

Our research identifies how retailers can enhance product, store and brand performance as well as the factors that determine future retail success. Our specialist in-store auditing team continuously collects price and product data across locations, brands, fascias, ranges and retail sectors.

## Rigorous research methodology...

Our in-house retail expertise and rigorous research methodology ensure our reports provide complete and accurate analysis of the major players, issues and trends together with a detailed examination of the strategic implications for the retail market.

For key players in the retail industry, our reports are the first source of information on sector forecasts, retailer performance, store and product portfolio developments and trading strategy.

## Global, European and UK analysis across nine core sectors...

Verdict Research reports covers nine core sectors, five year forecasts, strategic issues, key locations, How Britain Shops consumer surveys and the main European retail markets. Also available are a daily news service, weekly newsletter and tailored consultancy portfolios to suit individual business information needs.

## Over 20 years of experience...

Verdict Research is the UK's leading authority on retailing and publishes unrivalled independent analysis of the retail industry. With over 20 years' experience, Verdict has close relationships with major UK retailers and access, at the highest level, to key executives working in the top 300 retailers to hear their first hand views. Verdict reports provide clients with a complete picture of the retail sector and unique forecasts to help UK retailers, manufacturers, service suppliers, city analysts, consultants and the media with strategic planning.

## A key source for independent analysis and comment...

Verdict Research is regarded as a key source by the BBC, ITV, Sky News and the UK's leading broadsheets including the FT, Times, The Independent and Daily Telegraph. Leading trade publications often refer to Verdict's opinion and research including Retail Week, Drapers, DIY Week, Cabinet Maker and The Grocer.

In addition Verdict regularly appears in the international media. News sources quoting Verdict analysts and data include CNN, the International Herald Tribune, The Australian, Los Angeles Times, and New York Times.



**"Verdict are the company of choice for any research analysis and insight into retailing"**

**Sir Stuart Rose**  
Executive Chairman  
Marks & Spencer

# UK Sports Retail 2008

## Sportswear holds back market growth...

Though the UK sportswear market has disappointed, the other major market constituents (sports/outdoor equipment and bicycles) are still performing relatively robustly. While consumers are concerned about their finances and the wider UK economy in general, spending on many items of sports/outdoor equipment and bicycles is relatively easy to justify as a cost-effective form of entertainment and benefiting physical health. For some bicycle shoppers there are added financial benefits through lower transport costs.

This new report published by Verdict Research provides detailed insight and analysis into the sports market. Market splits are provided and forecasts to 2013 help to provide a real understanding of the market dynamics. The key issues facing the market are identified and analysed to provide an overview of the opportunities and threats facing the market.

### Key Retailers profiled

JJB Sports

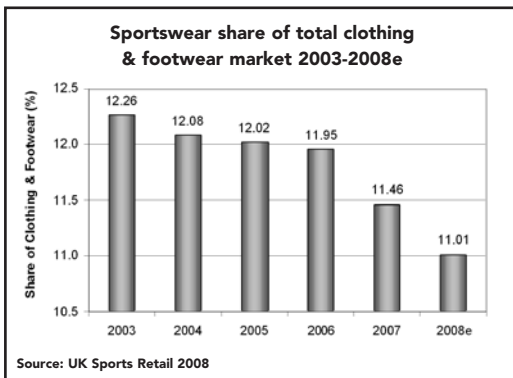
JD Sports Fashion

Sports Direct International

Halfords

12 smaller sport specialists

**Benchmark the performance of the UK sports retail market and understand the key issues and drivers of growth, while gaining insight into the strategies needed to succeed with this new report...**



**"In the face of financial pressures and concerns, men are more likely than women to cut back on clothing & footwear expenditure.** Given that the majority of their sales are male discretionary purchases, the Top Three sportswear retailers are relatively vulnerable to economic deterioration, though it is worth noting that teen male spending should be more resilient than mature spend..."

- **Quantify key retail trends and future opportunities** using this report's key company profiles detailing retail proposition, marketing and operations analysis, market outlook and five year trends in market share, sales, profits, sales densities, space allocation, space growth and store portfolios.
- **Benchmark your competitive strategies using the company profiles contained in this report** for key retailers including JJB Sports, JD Sports Fashion, Sports Direct International, Halfords and 12 smaller sport specialists.
- **Assess the growth potential and the challenges facing the key sports retailers** with this report's in-depth analysis of market drivers, key issues and outlook.
- **Enhance strategies to capitalise on market opportunities** with analysis of market trends, operators' development plans, trading performance and Verdict's outlook and recommendations for each retailer.

# UK Sports Retail 2008

## This report answers key questions including...

- What are the key strategic issues facing UK sports retailers?
- Which retailers will be driving UK sports growth over the next 5 years?
- What will be the value of the sports market in 2013?
- What can UK outdoor specialists do to raise their game in the face of increasing competition?
- How should UK sports clothing retailers defend their share?
- What impact will key sporting events, including the London Olympics 2012, have on the UK sports retail market?

### Key Retail Data

Market forecasts to 2013

2003-2008e market shares

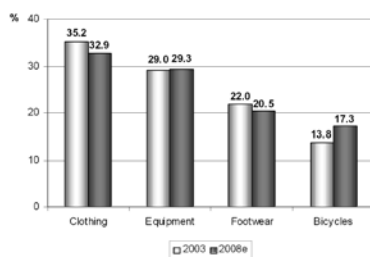
Five years' historical sales data

Store numbers

Retailer sales per store

## Key issues examined in this report...

Sports goods category shares 2003 & 2008e



Source: UK Sports Retail 2008

**"Though sports clothing and footwear have grown over the last five years, by 4.7% and 4.9% respectively, their share of the sports goods market has fallen.** Clothing in particular has dropped from 35.2% of sports goods sales in 2003 to an estimated 32.9% in 2008..."

- **Government Initiatives.** One of the most recent opportunities created by the government has been tax incentives for purchasing new bikes, (part of the Green Transport Plan). Consumers can save around 50% of the cost of a bike through unique tax and national insurance savings. The government's aim is to encourage people to use more environmentally friendly forms of transport.
- **Sporting Events.** The Olympics, World Cup and the Ashes stimulate interest, creating seasonal peaks and troughs throughout the year. During major sporting events, sales of associated merchandise can increase quite dramatically and provide major stimulus for consumers. Festivals, though more confined in the ranges they benefit can lead to significant increases in demand during the Summer.
- **Credit Crunch.** Though not unique to the sports market, the credit crunch has and will continue to have a profound impact on consumer behaviour in all markets. With the banking sector in crisis and the UK on the verge of recession, consumers are taking a far more cautious approach to spending.

# UK Sports Retail 2008

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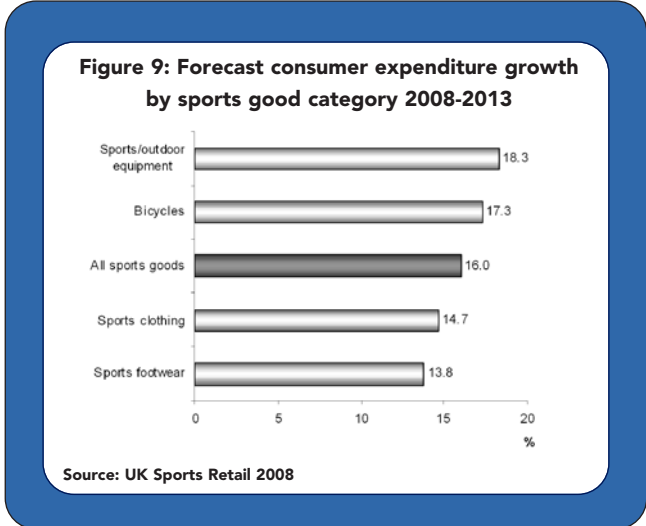
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## Chapter 2: Market Analysis

### Sportswear (clothing & footwear) to 2013

- Verdict anticipate that sportswear trading will continue to be tough through 2009 as men in particular cut back on non-essential spending, including purchases of sports-casual clothing and footwear. This should ease off in 2010 with the World Cup stimulating sporting interest and sales of replica kit. However, Verdict expect wide availability and fierce price competition on replica kits for the UK's national teams to limit margins on these items so retailers will need to focus on encouraging additional sales while customers are instore to gain profits rather than just revenues.
- Verdict anticipate another boost to the market in 2012 with the London Olympics and Euro 2012 generating interest in a wide cross-section of sporting activities and keeping fit in general. Overall Verdict forecast similar growth rates for sports clothing and sports footwear between 2008 and 2013 at 14.7% and 13.8% respectively, though Verdict expect clothing to have particularly strong peaks around key events, driven by replica kit sales and favourable sports-inspired fashion trends.
- However, Verdict expect sports specific clothing and performancewear to outperform sports casualwear in 2009 since purchases are less discretionary. As a performance based product, consumers are more likely to spend on product that they need e.g. football boots than items such as Nike branded t-shirts that are almost purely for casual or fashion purposes and thus more discretionary.
- Verdict also expect own brand product to play a bigger role during 2009 as customers trade down to typically cheaper product in the face of adverse market conditions particularly in casualwear. Retailers are also likely to show a propensity towards own brand, which typically commands higher margins, as they face rising costs from fuel and energy.
- That said, retailers cannot cut back too much on branded product particularly performancewear due to its less discretionary nature. Also, the own brand casualwear market is more competitive with an oversupply of product from fashion based clothing retailers such as Primark and therefore maintaining an authoritative collection of branded sportswear will help sportswear retailers maintain a strong point of difference.



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