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# **UK Childrenswear Retailers 2009**

**Dominance of grocers and value  
retailers suppressing growth  
in resilient sector**

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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 Childrenswear Retailers 2009

## Dominance of grocers and value retailers suppressing growth in resilient sector...

The UK childrenswear market is proving to be resilient in the face of tough economic headwinds and in 2008 is forecast to grow an estimated 2.4%. By volume it is the fastest growing clothing category, but deflation continues to drag down total growth as value clothing specialists and grocers expand their share of the market. Nearly 40% of all childrenswear sales are via the value sector, which places particular strain on specialists, as recent events have demonstrated.

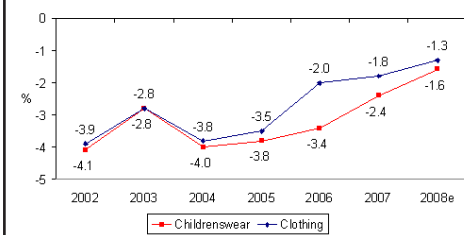
**UK Childrenswear Retailers 2009** is a new report from Verdict that provides a complete overview of the UK childrenswear market with detailed profiles of 16 leading retailers, including five year trading record, space and store numbers. Market analysis and strategic outlook points provide an in-depth understanding into the market, helping to highlight the threats and opportunities facing childrenswear retailers in 2009 and beyond.

### 6 Key Company Profiles

Adams	M&S
Bhs	Matalan
Debenhams	Mothercare
Gap	New Look
Asda (George)	Next
H&M	Peacocks
JJB Sports	Primark
John Lewis	Tesco

## Benchmark the performance of UK childrenswear retailers and understand the key issues, drivers of the market and the strategies needed to succeed with this new report...

Deflation in childrenswear and clothing 2003-2008e



Source: UK Childrenswear Retailers 2009

**“There has been over a decade of price deflation in childrenswear.** Though over the last four years this has been easing off it has still been greater than the market overall. Value clothing retailers have been the main influence, having taken advantage of cheap manufacturing and raw material costs in the Far East, and greater scale economies via the volumes they generate to drive down prices and in the process have forced midmarket retailers to review their prices accordingly...”

- **Benchmark your competitive strategies using the company profiles contained in this report** for key retailers including Adams, Asda (George), Bhs, Debenhams, Gap, H&M, JJB Sports, John Lewis, M&S, Matalan, Mothercare, New Look, Next, Peacocks, Primark and Tesco.
- **Quantify key retail trends and future opportunities** using this report’s company profiles detailing retail proposition, marketing and operations analysis and market outlook and five year trends in market share, sales, profits, sales densities, space allocation, space growth and store portfolios.
- **Assess the growth potential and the challenges facing the key UK childrenswear retailers** with this reports in-depth analysis of market drivers, key issues and outlook.
- **Develop more effective strategic responses** using this report’s actionable recommendations for how retailers must cope with the changing UK childrenswear retail market.

# UK Childrenswear Retailers 2009

## This report answers key questions including...

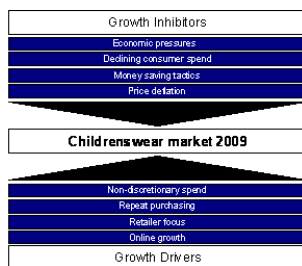
- What are the best strategies to defend market share as the UK enters recession?
- Which UK childrenswear retailers are the best performing, and why?
- How fast has the UK childrenswear market grown since 1998 and what are the primary influences?
- What are the major threats facing UK childrenswear retailers in 2009?
- Which channels of distribution have shown the greatest growth over the past five years?

### Key Market Data

- 10 year expenditure data for childrenswear
- 10 year expenditure for boys, girls & infant wear
- 5 year market shares for the leading 16 retailers
- Key data including: sales, operating profits, margins, sales densities, store numbers & space, advertising spend, space allocation
- 10 year expenditure data on all clothing sectors

## Key issues examined in this report...

### UK childrenswear market issues 2009



Source: UK Childrenswear Retailers 2009

**"The childrenswear market has not only shown resilience in the face of adverse market conditions, but is still demonstrating opportunities for growth.** It's largely non-discretionary nature, coupled with increased attention by non-specialists has kept the market in positive ground, we estimate growing by 2.4% in 2008, with volume uplifts of 4.0% – making it in volume terms the fastest growing clothing category..."

- **Challenging market conditions.** Though the childrenswear market has proven to be resilient it is not immune to the economic downturn and with consumers under pressure, retailers need to fight increasingly hard for their share of consumer spending.
- **Deflation keeping market growth in check.** Though childrenswear is the fastest growing clothing category by volume, deflation has held back value growth in each of the past 10 years.
- **Value players promise to keep up the challenge.** Specialists are finding it particularly challenging in the face of competition from value retailers and grocers, and need to employ new strategies to defend their businesses.
- **Market casualties leave retailers fighting for share.** The growing number of retailer casualties, including the most recent, Woolworths and Adams, has left retailers fighting for market share. Grocers, however are likely to be the biggest winners.

# UK Childrenswear Retailers 2009

Pages 281

Figures 74

Tables 114

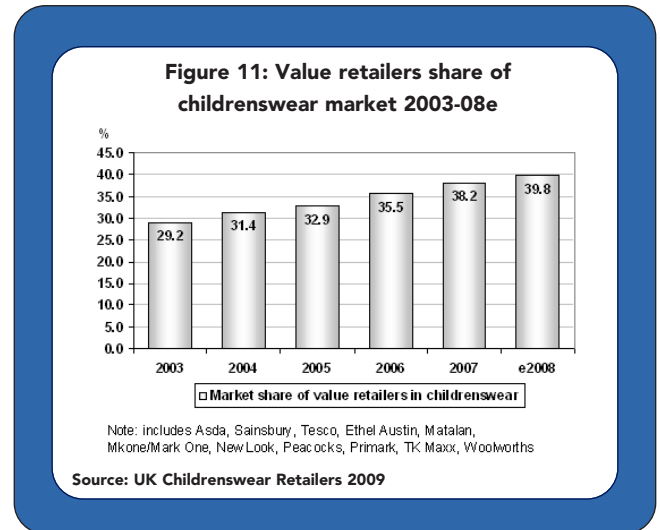
## Chapter 4: Outlook

### Value Segment Deflates Retail Prices

- The growth of value retailers in childrenswear over the last 10 years has spurred additional volume sales but has also kept down average prices. As the popularity of value clothing has become more widespread, even midmarket players have been forced to overhaul their entry level childrenswear offers to ensure they are seen as competitively positioned against the low prices and increasingly reliable quality of value clothing specialists.
- As a result, average childrenswear prices have fallen every year since 1998 and retailers need to ensure they are offering something clearly differentiated from basic product to justify higher prices. School uniforms have been particularly affected by deflation in 2008 Asda was offering basic school uniforms for £4.00 and Tesco £3.50 during the key back to school period.
- Concerns that families may feel unable to apply for particular schools due to high uniform costs led to the Department for Education and Skills issuing new guidance on school uniforms to governing bodies in 2007. Schools must ensure that the uniform chosen is widely available through high street shops, other retail outlets and Internet suppliers, rather than only being able to choose a uniform that is available from an expensive sole retailer. This is allowing more consumers to take advantage of lower price offers and impacting the value of this significant component of the childrenswear market.
- For the majority of retailers, competing on price at these levels would be unprofitable and arguably unproductive unless they can ensure additional sales of other products at the same time. Instead, they will need to focus on attributes that are less well served by the high volume model employed by the major value retailers – such as high service levels and extended size options.

### Market Casualties

- Current market conditions have already resulted in some high profile retailers entering administration and either exiting the market or returning from administration with smaller store estates. JJB has also closed 96 stores, further reducing capacity. The lower number of stores from these players offsets some of the expansion of more successful childrenswear retailers, reflecting overcapacity in the market.



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