



Sporting Goods Consumer Insights

February 2008, Volume 01, Number 06 Annual Subscription: US\$1,128 online at www.gluskintownley.com

HIGHLIGHTS FROM THIS MONTH'S ISSUE:

- **Sporting goods consumer average household incomes are above the national average...and are shifting upward.**
- **In January 2008 average household income for sporting goods specialty channel shoppers is \$30,000 above the national average, and 40-percent of specialty channel shoppers have household incomes above US\$75,000.**
- **Wal-Mart is being seriously challenged as the number one retailer of choice for sporting goods.**
- **“No Preference” rules! 52-percent of sporting goods shoppers indicate they don't have a preference when it comes to a favorite retail store brand for their sporting goods purchases...creating a huge opportunity!**
- **Dick's Sporting Goods continues to increase its share of the specialty channel...with a January year-over-year Index of 123!**
- **Sporting goods consumers report they are going to focus more on what they need rather than what they want, and have become more budget conscious over the last 6 months.**
- **As the result of fluctuating gas prices...sporting goods consumers report in January 2008 that they will be driving less...shopping less, and spending less!**
- **Specialty channel sporting goods shoppers are planning to spend less over the first quarter of 2008 compared to last year.**
- **By Region – Women represent the majority of sporting goods consumers in the Midwest and South, while Men are the majority in the Northeast and West!**

SPORTING GOODS CONSUMER: HOUSEHOLD INCOME

In January 2008 Sporting Goods Consumers reported an average household income (HHI) of **US\$59,128** compared to US\$55,089 in January of 2007. The Average HHI in the U.S. is US\$44,389.

Table 1-01 clearly shows the shift to higher HHI among all sporting goods consumers in the U.S. market. The *Index* of 92 indicates 8-percent fewer consumers from households below US\$50,000 in annual HHI compared to an Index of 110, indicating a 10-percent increase in consumers from households above US\$50,000 reporting in January 2008 compared to January 2007.

Table 1-01
Sporting Goods Consumer All Channels
Household Income
January 2008 compared to January 2007

Household Income	Jan. 2008	Jan. 2007	Index
Below \$50,000	51.7%	56.3%	92
Above \$50,000	48.3%	43.7%	110
\$50,000 to \$74,999	22.0%	20.5%	107
Above \$75,000	26.3%	23.2%	113

BIGresearch Monthly Trends January 2008

Specialty channel sporting goods shoppers show a more dramatic shift to upper income households, with an average HHI of **US\$74,403** reported in January 2008, compared to US\$67,911 reported in January 2007...and keep in mind this is against a national average HHI of US\$44,389.

Table 2-01
Sporting Goods Consumer Specialty Channel
Shoppers: Household Income
January 2008 compared to January 2007

Household Income	Jan. 2008	Jan. 2007	Index
Below \$50,000	35.7%	41.7%	86
Above \$50,000	64.3%	58.3%	110
\$50,000 to \$74,999	24.0%	23.0%	104
Above \$75,000	40.3%	35.3%	114

BIGresearch Monthly Trends January 2008

Table 2-01 shows sporting goods specialty channel shoppers by HHI, and when compared to Table 1-01 you can see the more dramatic shift to upper income households, with 36-percent below US\$50,000 and 64-percent above.





WAL-MART IS BEING SERIOUSLY CHALLENGED

The number one sporting goods retailer, Wal-Mart, is showing erosion in its position as the retailer of choice by sporting goods consumers.

Table 3-01
Sporting Goods Consumer: Store Shopped At Most Often January 2008 compared to January 2007

Retailer	Jan. 2008	Jan. 2007	Index
Wal-Mart	11.9%	11.4%	104
Dick's Sporting Goods	10.8%	8.9%	122
Sports Authority	4.3%	4.6%	94
Academy	2.3%	2.3%	98
Big 5 Sporting Goods	2.2%	2.6%	87
Sears	2.2%	2.7%	84
Target	1.7%	1.7%	99
Modell's	1.3%	2.0%	67
No Preference	52.0%	51.0%	102

*Ranked by percentage
BIGresearch Monthly Trends January 2008

Table 3-01 shows the percentage of U.S. sporting goods consumers that reported shopping most often at the retailers listed in ranked order.

Wal-Mart has a slight, 4-percent increase in the Index January 2008 over January 2007...but look at Dick's Sporting Goods! A 22-percent increase year-over-year, and within 1-percentage point of Wal-Mart as the sporting goods retailer shopped most often.

NO PREFERENCE RULES!

Look at "No Preference"...representing the sporting goods consumers who have no favorite retailer, and who are 52-percent of all the sporting goods consumers that reported in January 2008, with an increase of 2-percent over January 2007.

As good as Dick's Sporting Goods evidently is, and as big as Wal-Mart is...over half of all sporting goods consumer's in the U.S. report they really don't care where they make their sporting goods purchases!

What a huge opportunity for the sporting goods retailer or retailers that reach out to and actually convert the "No Preference" shoppers to customers...and eventually...clients for life.

From a regional perspective, the battle between Wal-Mart and Dick's Sporting Goods, and the importance of the No Preference sporting goods consumers is even more interesting.

The stores where sporting goods consumers shopped at most often on a regional basis in January of this year is shown in Table 4-01. Dick's Sporting Goods is actually the retailer of choice by a wide margin in the Northeast and has a slight edge on Wal-Mart in the Midwest. However, Wal-Mart is national, and Dick's is still regional, so South is Wal-Mart country when it comes to sporting goods, and so is the West.

Table 4-01
Sporting Goods Consumers: Store Shopped At Most Often by Region, January 2008

	Northeast	Midwest	South	West
Dick's Sporting	17.7%	14.7%	9.7%	1.4%
Wal-Mart	6.4%	13.5%	15.6%	9.0%
Modell's	6.3%	0.0%	0.3%	0.0%
Sports Auth	5.0%	2.5%	5.1%	4.6%
Sears	2.0%	2.6%	2.5%	1.5%
Target	1.0%	2.3%	1.3%	2.4%
Kmart	0.6%	0.5%	0.5%	0.3%
Dunham's	0.5%	1.7%	0.0%	0.0%
No Preference	53.4%	49.8%	51.5%	54.1%

BIGresearch Monthly Trends January 2008

The opportunity to convert the "No Preference" sporting goods consumer is greatest in the West and Northwest, followed by the South and Midwest. Retailers...take note!

DICK'S INCREASES SPECIALTY CHANNEL SHARE

While Dick's battles Wal-Mart to become the national sporting goods retailer shopped at most often – this specialty retailer has already achieved a leadership position in the specialty sporting goods channel, even though it still doesn't have stores located in all fifty states.

Table 5-01 shows the top eight sporting goods specialty retailers shopped most often in January 2008 compared to January 2007.

Sporting goods shoppers with "No Preference" are not a factor in the specialty channel, and account for no more than 1-percent of shoppers.

Sporting goods consumers know the store brands they select to shop most often, and Dick's





Sporting Goods attracted 44-percent of channel shoppers in January 2008, and with an *Index* of 123, posted a 23-percent increase over January of 2007. You will note that this is not only the biggest...but also the only increase among the top six specialty sporting goods retailers.

Table 5-01
Sporting Goods Consumer: Specialty Channel Shoppers - Store Shopped At Most Often January 2008 compared to January 2007

Specialty Retailer	Jan. 2008	Jan. 2007	Index
Dick's Sporting Goods	44.2%	35.9%	123
Sports Authority	17.4%	18.5%	95
Academy	9.4%	9.4%	99
Big 5 Sporting Goods	9.2%	10.5%	88
Modell's	5.4%	8.0%	68
Dunham's Sports	2.3%	2.4%	96
Bass Pro Shops	1.9%	1.2%	157
REI	1.7%	1.8%	92

*Ranked by percentage
BIGresearch Monthly Trends January 2008

SPORTING GOODS CONSUMERS HAVE BECOME MORE BUDGET CONSCIOUS

In January 2008 sporting goods consumers reported that in the last 6 months they have become more budget conscious; more practical and realistic in their purchases; are shopping less at enclosed shopping malls and more at free standing stores; and are focusing more on what they need rather than what they want.

Table 6-01
American Sporting Goods Consumers: Spending Psyche January 2008 compared to January 2007

	Jan. 2008	Jan. 2007	Index
<i>In the last 6 months, have you made any of the following changes?</i>			
<i>Focus more on what I NEED rather than what I WANT</i>	49.9%	48.5%	103
<i>Become more practical and realistic in my purchases</i>	41.2%	39.6%	104
<i>Become more budget conscious</i>	39.0%	36.5%	107
<i>Shopping less at enclosed shopping malls and more at free standing stores</i>	12.8%	12.3%	104

BIGresearch Monthly Trends January 2008

Table 6-01 shows the percent of sporting goods consumers who reported making these changes in their spending psyche and the *Index*, or percentage increase in consumers making these changes from January 2007 to January 2008.

GAS PRICES HAVE INFLUENCED CONSUMER SPENDING

In January of this year only 25-percent of sporting goods consumers reported that gas prices had not impacted spending.

Table 7-01 shows that 42-percent reported they will be driving less, and one out of every three reported they would decrease vacation & travel. Also of concern to sporting goods retailers is the 27-percent who reported they would be spending less on clothing, with a year-over-year *Index* of 124!

Table 7-01
All American Sporting Goods Consumer: Impact Of Gas Prices On Spending January 2008 compared to January 2007

	Jan. 2008	Jan. 2007	Index
<i>How have fluctuating gas prices impacted your spending?</i>			
<i>I will be driving less</i>	41.8%	34.4%	121
<i>Reduced dining out</i>	33.8%	28.6%	118
<i>Decreased vacation/travel</i>	33.1%	29.3%	113
<i>Spending less on clothing</i>	27.3%	22.0%	124
<i>Delayed major purchase such as car, TV, furniture</i>	21.2%	17.6%	121
<i>Spending less on groceries</i>	18.3%	13.3%	138
<i>No major impact</i>	25.5%	33.1%	77

BIGresearch Monthly Trends January 2008

GAS PRICES HAVE IMPACTED CONSUMERS SHOPPING HABITS

41-percent of sporting goods consumers reported in January of this year that they were going to take fewer shopping trips as the result of fluctuating gas prices – up from 38-percent who responded in January of last year.

40-percent reported they were going to be shopping closer to home, and 35-percent are going to shop for sales more often.





Table 8-01 shows that across the board, sporting goods consumers are changing their shopping habits as the result of gas prices – and these changes will impact sporting goods brands and retailers...if they don't use this market intelligence to change their 2008 marketing and merchandising plans.

Table 8-01
All American Sporting Goods Consumers: Impact Of Gas Prices On Shopping January 2008 compared to January 2007

	Jan. 2008	Jan. 2007	Index
As a result of fluctuating gas prices, are you doing any of the following?			
Taking fewer shopping trips	41.5%	38.3%	108
Shopping closer to home	40.6%	35.9%	113
Shopping for sales more often	35.4%	30.5%	116
Using coupons more	29.0%	23.7%	122
Doing more comparative shopping with ad circulars/newspapers	26.2%	23.6%	111
Buying more store brand/generic products	25.7%	22.3%	115
Doing more comparative shopping online	19.1%	15.6%	123

BIGresearch Monthly Trends January 2008

SPECIALTY CHANNEL SHOPPERS PLAN TO SPEND LESS

Sporting goods consumers who shop the specialty channel most often reported in January of this year that they are planning to spend less over the next 90-days.

Table 9-01
Sporting Goods Consumer: Specialty Channel Shoppers Spending Intention Over The Next 90-Days January 2008 compared to January 2007

Sporting Goods	Jan. 2008	Jan. 2007	Index
Plan on spending over the next 90-days			
More	4.1%	5.1%	80
Same	46.8%	48.2%	97
Less	49.1%	46.7%	105

BIGresearch Monthly Trends January 2008

Specialty channel shoppers' spending intention is shown in Table 9-01, and compared to last year, they are planning to spend less, with only 4-percent stating they intend to spend more, a decline of 10-percent from January 2007. 49-percent intend to spend less, an increase of 5-percent over last year.

WOMEN ARE THE MAJORITY OF SPORTING GOODS CONSUMERS IN TWO REGIONS

Women are 50.7-percent of the U.S. population, and were 51-percent of all sporting goods consumers in January 2008, exactly the same percentage as one year ago. However, on a regional basis women were 53-percent of sporting goods consumers in the South, and 52-percent in the Midwest, as shown in Table 10-01.

Table 10-01
Sporting Goods Consumers All Channel Demographics: Gender January 2008

Gender	Northeast	Midwest	South	West
Male	50.5%	48.0%	47.0%	50.5%
Female	49.5%	52.0%	53.0%	49.5%

BIGresearch Monthly Trends January 2008

The flip side of this regional coin is...men are just over 50-percent of sporting goods consumers in the Northeast and West.

That's the *Sporting Goods Consumer Insights* Report for February 2008! Please let us know what information and data you would like included in future reports.

The Gluskin Townley Group Sporting Goods Consumer Insights Report is published monthly in partnership with BIGresearch. **Copyright © 2007-2008 The Gluskin Townley Group LLC All Rights Reserved**
Direct your questions and comments to:
elliott@gluskintownley.com
jay@gluskintownley.com
Interested in the BIGresearch methodology for the data contained in the *Sporting Goods Consumer Insights* monthly report? Visit www.bigresearch.com

*“nam et ipsa scientia potestas est”
“for knowledge itself is power”*

