VITAL SIGNS

Economic realities

Some signs of hope amid the downturn details

A *Christian Retailing* industry survey

» By Jim Seybert

When you ask people in the Christian products industry how the economy is affecting their business, just about everyone will tell you that it's tough. But the second in our Vital Signs reports for 2009 reveals some cautious optimism for the months ahead:

JOB LOSSES

More than half of the suppliers and service providers answering our survey (58%) said their companies had seen a reduction in force in 2008. Slightly fewer retailers shrunk their workforces (47%), and one in five of both groups predicted more downsizing to come in the next 12 months.

Nearly half (48%) of supplier employees and almost as many (41%) retail workers also told us they were not sure if they would still have their jobs by year's end. The rather lower apprehension among retailers might be due to the fact that 60% said they did not depend on their store as a primary source of income.

SALES RESULTS

A majority of stores (57%) reported revenue being down in the fourth quarter of 2008, though 24% said sales were up. Vendors fared slightly better, as 37% logged increased sales in the last quarter of 2008 and just 43% said sales were off.

Sales in the same three months were "worse than expected" for 51% of retailers and 42% of suppliers reporting to our survey. One in five from both groups said the end of 2008 met their expectations, and a significant number of retailers (29%) and suppliers (35%) said they did better than they had thought they would do.

FUTURE HOPES

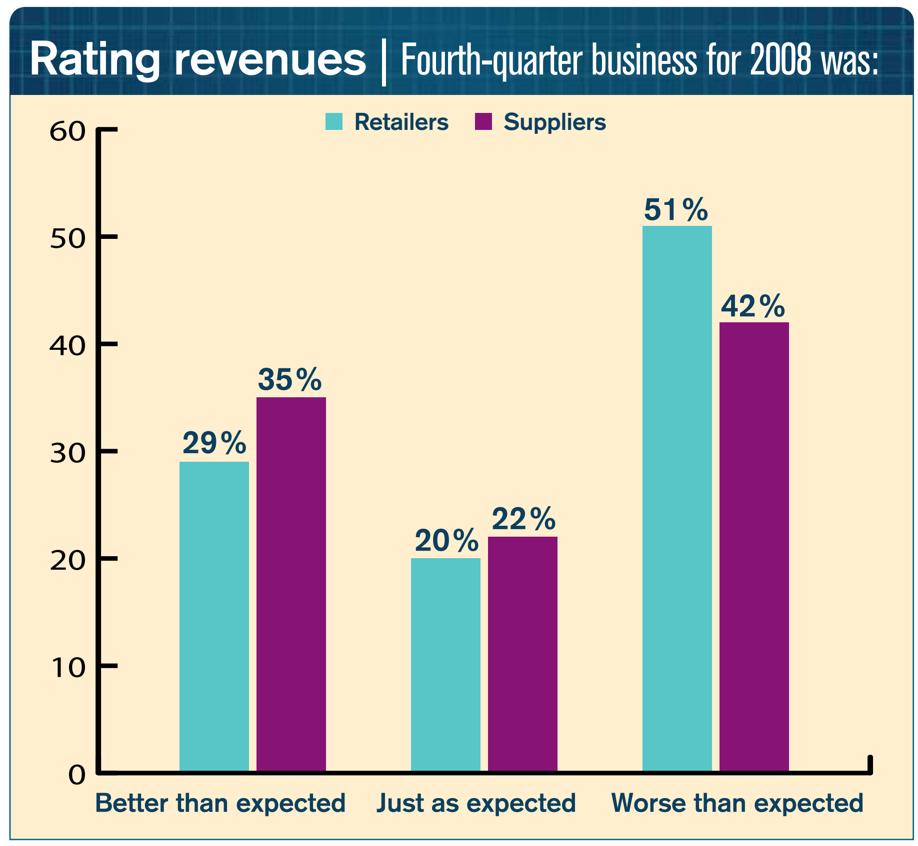
With a new year and a new administration in Washington, we wondered if people were more or less hopeful about the future of their businesses than they had been Dec. 3. Suppliers and retailers alike told us that they are more hopeful now (37%) than they were New Year's Eve, while 27% admitted to having less hope. The rest said their outlook had not changed.

Looking ahead, many of the retailers reporting higher hopes were at church stores with plans for expansion. Some responding retailers suggested that a weaker economy made books a better entertainment value, while others tied their hopes to practical steps they had taken.

BUSINESS PLANS

In regard to weathering the storm, we found a rather paradoxical approach. Some told us they were focusing on cutting costs by such efforts as reducing staff, stocking less inventory, turning down the thermostat and eliminating marketing expenses.

Others, meanwhile, were looking to increase sales by staying open longer, bringing in new inventory and advertising more. As one wrote: "We are positioning ourselves in opportunities that will cause customer communication outside our store. When new customers come, they will not be disappointed ... and when they come back they will see a fresh store on a consistent basis. If they wait too long between visits, then they might feel they missed something."



Graph information courtesy The Jim Seybert Co.

WORK CHANGES

Our survey also revealed the differing industry experience of suppliers and retailers. Those working on the supply side had typically been in the industry longer than their retail counterparts. Nearly half of the supplier workforce had been involved in Christian products for more than 16 years (48%), while 37% of retailers had logged that much time.

However, retailers tended to stay in their jobs longer. One in four retail workers (25%) had been at the same location or in the same position for more than 16 years, seven percentage points higher than supplier staff.

KEY QUESTIONS

The purpose of our Vital Signs series is to generate conversation, and discussing the difference between a proactive and reactive approach to economic health should make for some lively dialogue.

Take some time this week to phone or e-mail a couple of colleagues and ask:

- Are they focused on cutting costs or increasing revenue, and why?
- What three actions have they taken that have seen the biggest savings or increases?
- What can you learn from them?

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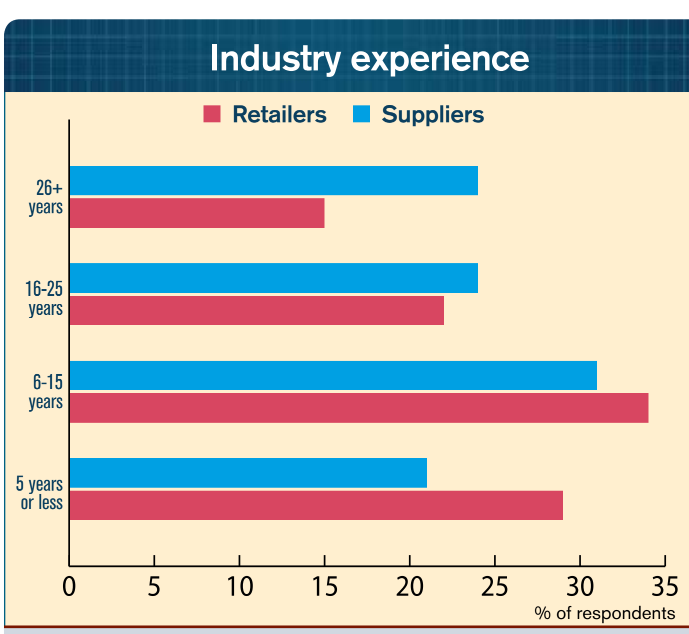
MORE COMMENTS: Hear more from those who took part in our survey. Read individual comments online at: **www.christianretailing.com/index.php/retail-focus/vital-signs**.



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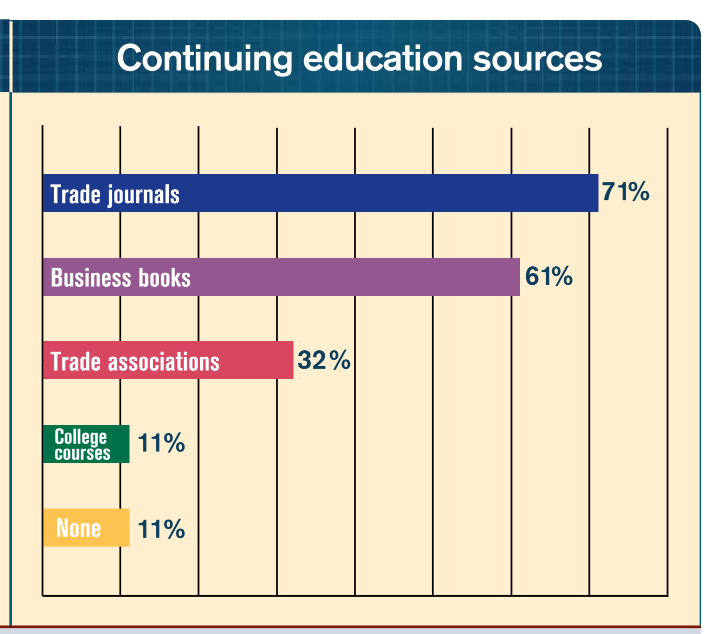

This Vital Signs survey was conducted online in February 2009 among readers of Christian Retailing's Christian Etailing *news service. Of 721 respondents, 366 were retailers.*
Vital Signs is a joint project of Christian Retailing *and Jim Seybert, who are solely responsible for its content.*

CHRISTIAN RETAILING

WHAT DO YOU THINK?

...of the findings and comments?

Write to **Vital Signs** at: Christian Retailing, 600 Rinehart Road, Lake Mary, FL 32746, or e-mail andy.butcher@strang.com.