

VITAL SIGNS

Retail reformation

How the economy is impacting consumer habits and business practices

A Christian Retailing industry survey

» BY JIM SEYBERT

Changes in the national and world economies are ushering in what cultural observers refer to as a “re-setting” of consumer attitudes and behaviors.

Rather than being just temporary adjustments evidenced after major events, such as following 9/11, futurists say these shifts are the dawning of a new era of business built on new realities and different perspectives.

Our latest Vital Signs survey looks at how some of these new factors are affecting Christian retail:

CONSUMER CHANGES

Shoppers at Christian stores this Easter season were more likely than last year to purchase only items that were on sale (62%), while two-thirds of retailers said they saw more evidence of price comparison shopping this year.

Credit card use was up in 42% of the stores compared to last Easter, and just over one-quarter of the stores (28%) saw an increase in the use of coupons. Meanwhile, consumers responding to our survey reported a 46% increase in personal coupon use, indicating perhaps a need for the Christian products industry to look more closely at coupon offers.

Sales of books to help with financial

challenges were up in 27% of stores, as were Bible sales (35% of stores reporting higher sales) and special orders (28%). Meanwhile, nearly one in three stores (28%) said they had seen drops in the number of people buying gifts for others and in the sale of products focused on helping people live healthier lives.

The category with the most significant decline was inspirational art, with 65% saying that customer demand was less this Easter than last.

BUSINESS BASICS

Christian retailers are paying more attention than ever to the business side of their operation. Four out of five (81%) are working harder this year to reduce

expenses, and three-quarters (77%) are looking more closely at inventory control.

Greater effort is being applied in six of eight key operational areas, including product selection, price competition and customer relations.

The only areas not posting increased attention are church relationships, where 48% are sticking with last year's level of focus, and employee training, where 60% are doing the same as in 2008 and 5% are doing less.

ECONOMIC EXPECTATIONS

Industry members were more hopeful about their economic futures than they had been on New Year's Day and in mid-February. In our latest poll, in mid-April, 48% of suppliers said they were more hopeful about the economy, compared to 37% who felt the same in February.

Retailers were not as upbeat, with 38% acknowledging higher hopes in April. However, fewer of them were less hopeful than they had

been in previous months. In mid-April only 19% said they were less hopeful, compared to 26% in February.

QUESTIONS

The objective of our Vital Signs project is to act as a catalyst for meaningful dialogue. As you consider the new business models needed in the wake of the economic “re-setting,” use these questions as a starting point:

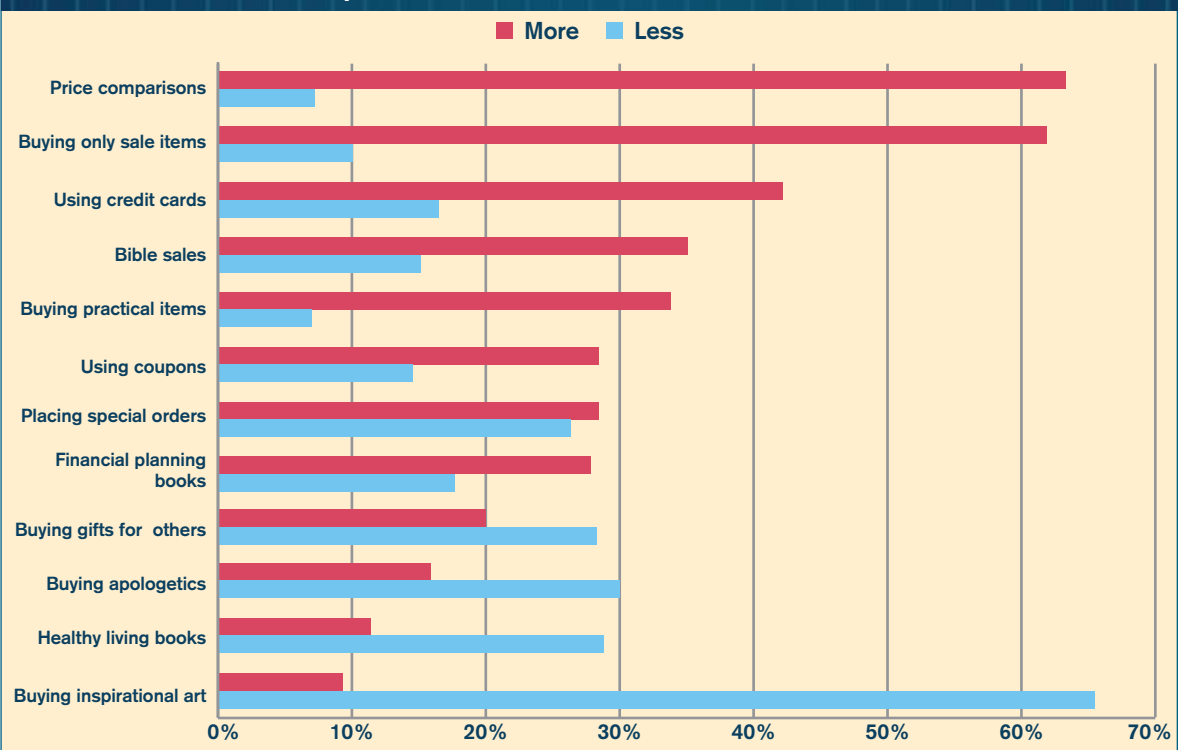
- How could the Christian retail industry answer consumer desire for more coupons?
- What might be the result of shoppers wanting more sale-priced items?
- Are you doing more, or less, to build relations with local churches? Why?

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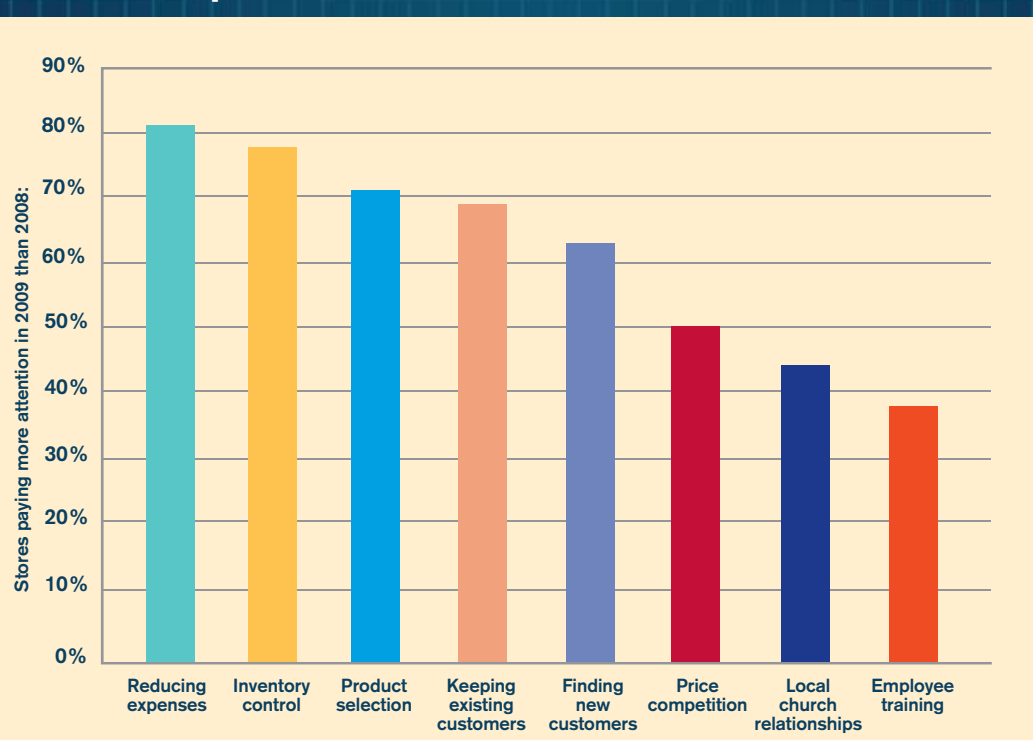
MORE COMMENTS: Hear more from those who took part in our survey. Read individual comments online at: www.christianretailing.com/index.php/retail-focus/vital-signs.

CHRISTIAN RETAILING **WHAT DO YOU THINK?**
...of the findings and comments?
Write to **Vital Signs** at: Christian Retailing,
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or e-mail andy.butcher@strang.com.

Shopper shifts | Retailers on consumer habits



Retail emphasis



This Vital Signs survey was conducted online in April 2009 among readers of Christian Retailing's Christian Retailing Update news service. Of 323 respondents, 178 were retailers. Vital Signs is a joint project of Christian Retailing and Jim Seybert, who are solely responsible for its content.