VITAL SIGNS REVIEW

Three key concerns

Reflecting on opportunities spotlighted by our 2010 industry surveys

By Jim Seybert

Children's materials, DVDs and digital books are three categories where new technologies and developing consumer interest are combining to create growth potential for Christian retailer stores.

Our 2010 Vital Signs surveys drew strong responses from retailers in all three product areas, with evidence that products for youngsters, movies and e-books will play an increasingly more important role in the success—or failure—of Christian specialty stores.

CHILDREN'S PRODUCTS

Christian retail has long been a place where parents come to find items to help them "train up" their children. Most Christian retailers see their children's departments as **a good way to "build connections"** with shoppers. Some 87% agreed with that statement in our November 2010 survey, while 83% said they saw the section as a **"destination" shopping point**. But, only half considered the category a competitive advantage against secular retail.

Two-thirds of retailers (63%) said price points on children's products **don't leave enough margin**, but a significant number also reported experiencing push-back from shoppers less willing to pay "premium prices" for products that fall short of items with higher perceived values in secular stores.

Children's market expert Mary Manz Simon agreed that "our products are often over-priced, which is ridiculous in today's economy." She said that she resents being asked to pay a higher price for something simply because it's a "Christian product."

Pricing has always been a sensitive issue with consumers, but retailers also see changing attitudes toward content relevance. Most likely a result of tighter household budgets, retailers said shoppers are looking for products that **speak more directly to "real-life crisis situations"**—such as divorce, death, abuse and serious illness—which kids in previous generations didn't face as frequently.

The **desire for authenticity** is something that's being ingrained in what Simon refers to as the "reality TV generation." She agreed that items in Christian stores need to be "real," noting that relevance needn't require the same "raunchy and violent images that float across TV screens," but can rather be found with "developmentally appropriate, moral and ethical tone and content."

Continued success in an age of experiential retail will require stores to be **visually and emotionally appealing to shoppers**. Two in three stores surveyed had play areas for kids, while 48% had video screens and about a fourth scheduled "story times." Simon said these are "basic ideas which might increase traffic," but she encourages retailers to consider the shopping experience from the perspective of the busy mom and grandmother.

"Is it easy for these consumers to shop? Are products clearly labeled and neatly organized in appropriate age categories? Is shopping hassle-free online and offline?" Simon, who has two young grandsons, suggests that retailers consider why she would want to choose their store rather than another.

DVD

A vast majority of Christian retailers (75%) said they see DVD sales as a way of **setting their stores apart**, and an even greater number (81%) told *Christian Retailing* that customers will "go out of their way" to purchase "wholesome entertainment" they can't find elsewhere.

Feature films and children's programming make up the majority of titles carried in Christian stores, although church-based stores carry more teaching/preaching titles.

Deciding which DVD titles to sell is a common concern among Christian retailers, who consider **appropriate product selection** part of their ministry calling. The Dove Foundation has begun to attach ratings to entertainment product in the Christian market, and 55% of retailers said their selection would focus primarily on the Faith-Based category where the plot and outcomes are "decidedly Christian."

Christian retail stores make a certain "brand promise" to consumers. Being careful with their selection of DVD titles is an important aspect of that branding, but stores might see an even greater ministry potential by **broadening their selection criteria**.

Rich Peluso, vice president of Sony's Affirm Films division, says the idea of "family film night" is catching on, and some families are watching movies together every week. "Do the math and you end up with demand for around 50 films a year," he observed.

But the supply of quality Christian films can't keep up with that demand. "Unfortunately there weren't 49 other films like *Fireproof* or *Faith Like Potatoes* that came out on DVD last year," he said. If a Christian store is not carrying a wide product offering, the demand from these Christian families will be met by someone else.

E-BOOKS

Our survey on digital publishing drew a higher response rate from retailers than any other survey in the previous 12 months. For an industry built on delivering content primarily through ink and paper, e-books were seen as both **a grave threat** and **a tremendous potential.** The majority of retailers (86%) believed that the impact of digital books will be "significant" or "very significant" in the next two to three years.

While there's no clearly defined answer for the e-book question, there has been plenty of activity since we published our findings in January 2010. About one-in-four stores sold Zondervan's Symtio book cards during the Christmas 2009 season, but the publisher announced in June 2010 that it was ending the program because of a lack of traction.

Finding a digital book solution for Christian stores was CBA's "number one priority," Executive Director Curtis Riskey told an audience at the International Christian Retail Show in June. The association has been investigating a possible "white-label" solution, while a few groups were also working on their own **proprietary concepts**.

It's impossible to predict where all the activity will lead. One has to wonder if the industry wouldn't be better served by the **single-provider, private-label concept** being considered by CBA. Our survey indicated concern among retailers that a **"format war"** would result, not unlike the VHS/Beta dilemma of the 1970s and the current confusion in the market for DVDs, HD and Blu-ray discs.

LOOKING AHEAD

In the coming year, Vital Signs will continue to look for topics that will generate substantive and important dialogue. Our focus in 2011 will be on challenging long-held conventional wisdom about retailing, product development and consumer attitudes.

Thank you for your continued participation in the periodic surveys. ■

CHRISTIAN RETAILING

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