## VITAL SIGNS REVIEW

# Three key concerns

Reflecting on opportunities spotlighted by our 2010 industry surveys

**By Jim Seybert** 

hildren'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.



#### **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

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.

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 experien-

\_\_\_\_\_

tial 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.

\_\_\_\_\_

"family film night" is catching on, and

some families are watching movies to-

gether every week. "Do the math and you

end up with demand for around 50 films

can't keep up with that demand. "Unfor-

tunately 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

\_\_\_\_\_

also working on their own proprietary

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 in-

dicated concern among retailers that a

"format war" would result, not unlike

the VHS/Beta dilemma of the 1970s and

It's impossible to predict where all the

will be met by someone else.

But the supply of quality Christian films

a year," he observed.

#### DVD

A vast majority of Christian retailers (75%) said they see DVD sales as a way of setting their stores apart, and an even



#### **E-BOOKS**

Our survey on digital publishing drew a higher response rate from retailers than

### LOOKING AHEAD

In the coming year, Vital Signs will continue to look for topics that will generate substantive and important dia-

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

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.

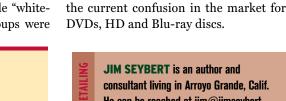
any other survey in the previous 12 months.

\_\_\_\_\_

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 Riskev told an audience at the International Christian Retail Show in June. The association has been investigating a possible "whitelabel" solution, while a few groups were



concepts.

- consultant living in Arroyo Grande, Calif. He can be reached at jim@jimseybert. com. Vital Signs is a joint project of Christian Retailing and Jim Seybert, who
- are solely responsible for its content.

and outcomes are "decidedly Christian."

Rich Peluso, vice president of Sony's Affirm Films division, says the idea of

\_\_\_\_\_

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.

logue. 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.