



GfK NOP



GfK. Growth from Knowledge



Competition Commission

Sports Direct/ JJB Merger Inquiry

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Presentation Agenda

- ① Background/objectives/research method
- ② Customer profile
- ③ Purchasing behaviour (on this occasion)
- ④ Price sensitivity & behaviour in store absence
- ⑤ Conclusions



Background/objectives/ research method

Background & Research Objectives

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The aim of the research was to examine purchasing behaviour in Sports Direct stores

To better understand customer behaviour in respect to sports and leisure purchasing

The objectives were to:-

- Establish whether customers shop at item or basket level
- Understand the relevance of different fascias and store locations
- Identify reasons for using particular stores and consideration of alternatives
- Measure price sensitivity
- Establish the demographic profile of purchasers

Research Approach

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- Interviewing carried out face-to-face as customers exited the store:
 - 137 shifts at 23 stores
 - Interviewing 11.00 – 17.00, mix of weekday and weekends
- Respondents selected at random:
 - Interviewers approached next customer
 - Only adults (aged 16+ yrs) who had made a purchase in-store on day of interview qualified for interview
- 2,943 interviews achieved in total, between 81 and 157 per store.
- Fieldwork carried out between 17th and 29th September, 2009

Rationale for store selection

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- 7 selected Sports Direct Stores:
 - [✂]
- 11 other Sports Direct Stores selected according to proximity of competitor stores to reflect the situation of the 7 selected stores both pre and post merger with a mix of location (city centre/out of town)
 - Stores without a JJB or JD within 10 miles
 - Stores with a JJB within 2 miles*
 - Stores without a JJB within 2 miles*
- 5 JJB stores selected for comparison, again with a mix of city centre and out of town

* Note – Some of these have a JD within 2 miles and those without a JJB within 2 miles do have one within 10 miles

Stores sampled

7

**Sports Direct – without a JJB or JD
within 10 miles:**



**Sports Direct – with JJB within 2
miles:**



**Sports Direct – without JJB within 2
miles:**



JJB:



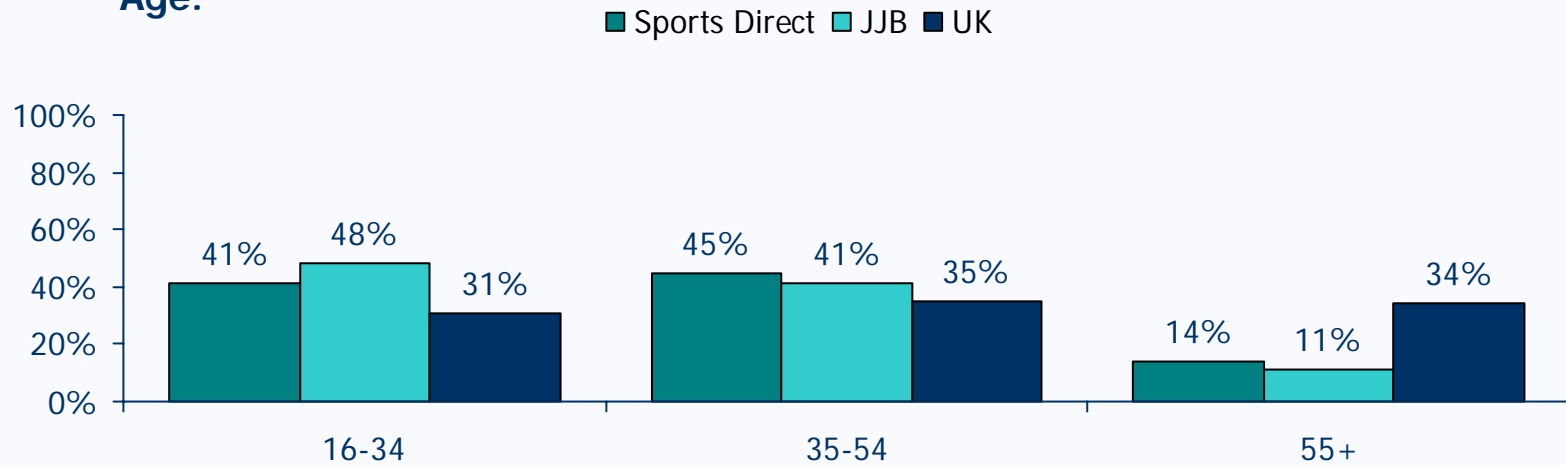


Customer profile

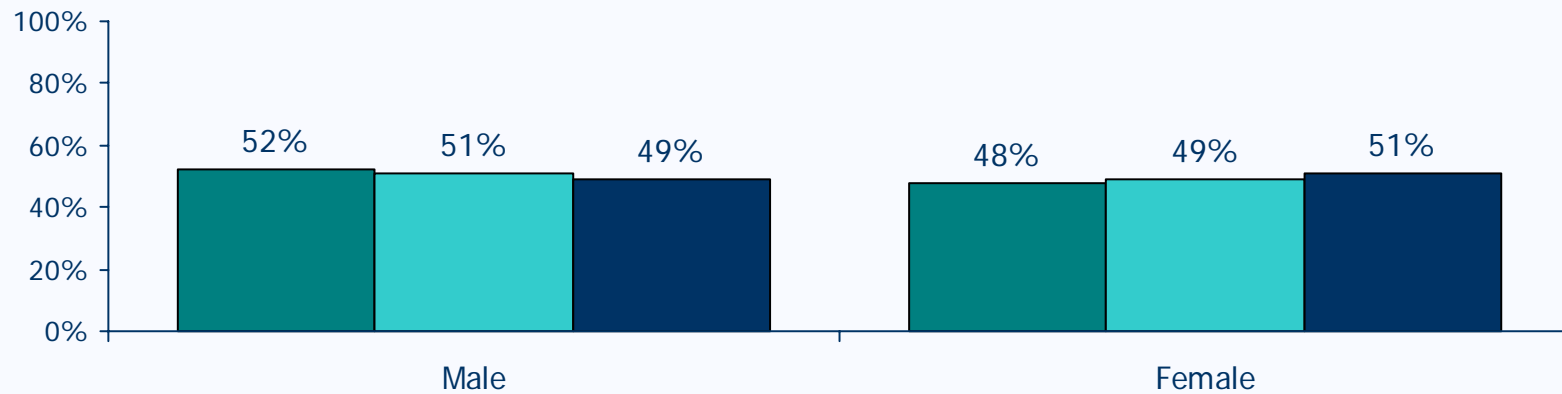
Demographics (1)

9

Age:



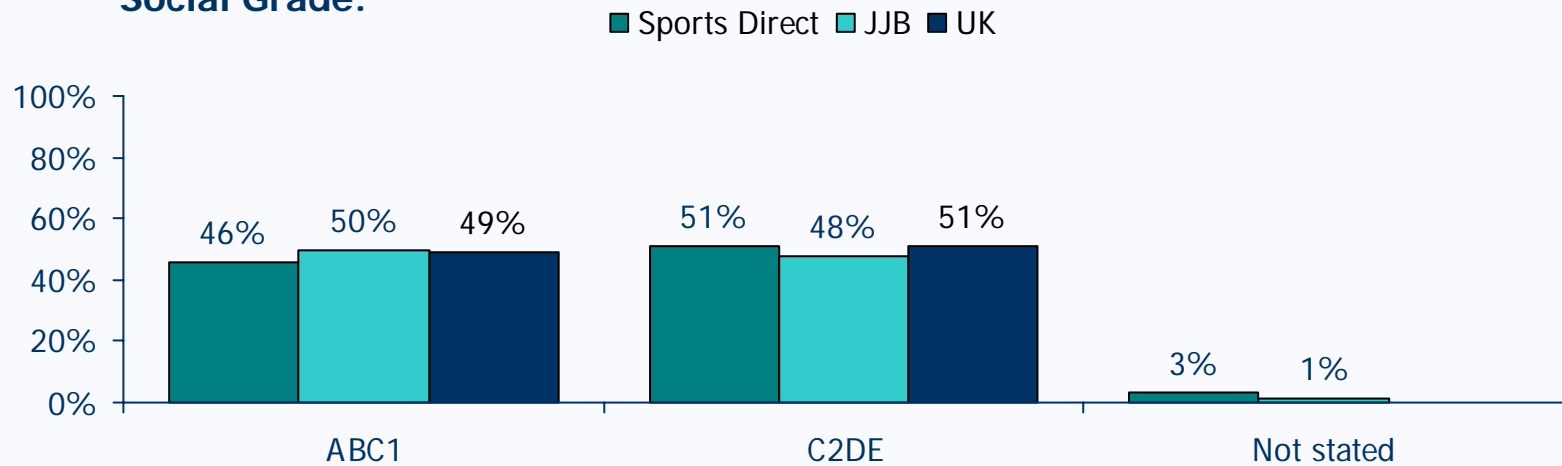
Gender:



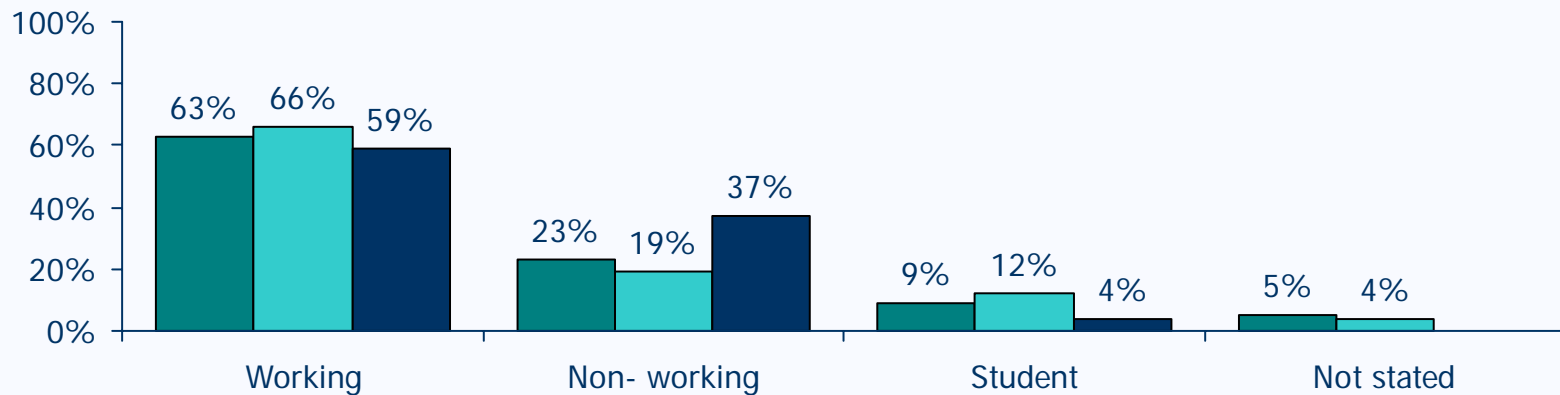
Demographics (2)

10

Social Grade:



Working status:



Differences in customer profile by store

11

- **There were only a few differences by store location:**
 - Stores without a JJB or JD within 10 miles had fewer customers aged under 35, and a higher proportion of Social Grade ABC1s, reflecting the local population profiles
 - City Centre stores attracted more 16-24 year olds (22% vs. 13% out of town), and more students/those not working (33% vs. 22% out of town)
- **And across the 7 selected stores:**
 - [X] had a higher proportion of ABC1s (reflecting local population profile)
 - [X] had a lower proportion of ABC1s, and more not working (reflecting local population profile)
 - [X] had more customers aged 65 yrs or over, and fewer ABC1s
 - [X] attracted more 16-24 yr olds, and fewer working
 - [X] had fewer 16-24 yr olds, more Social Grade ABC1s, and more workers
 - [X] and [X] attracted more 16-24 yr olds and students

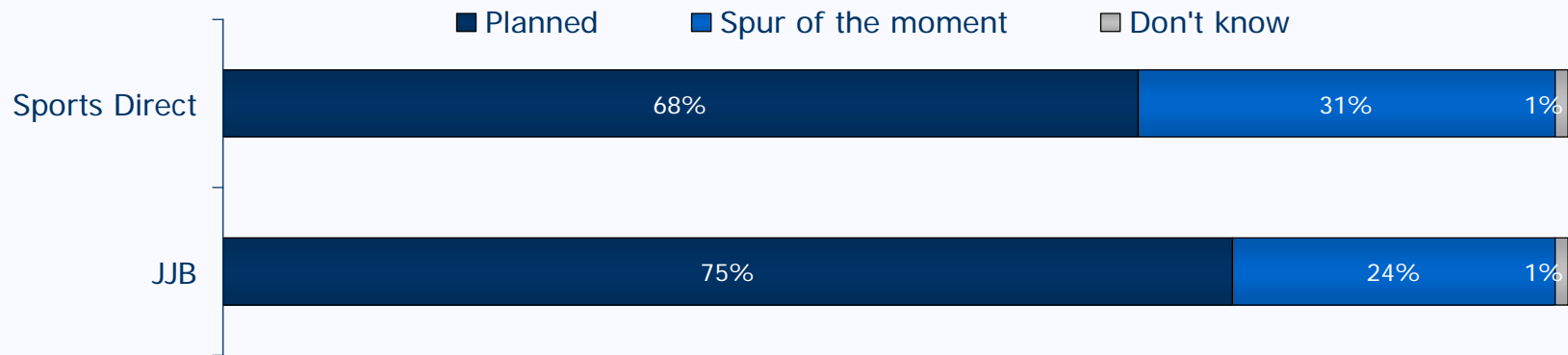


Purchasing behaviour (on this occasion)

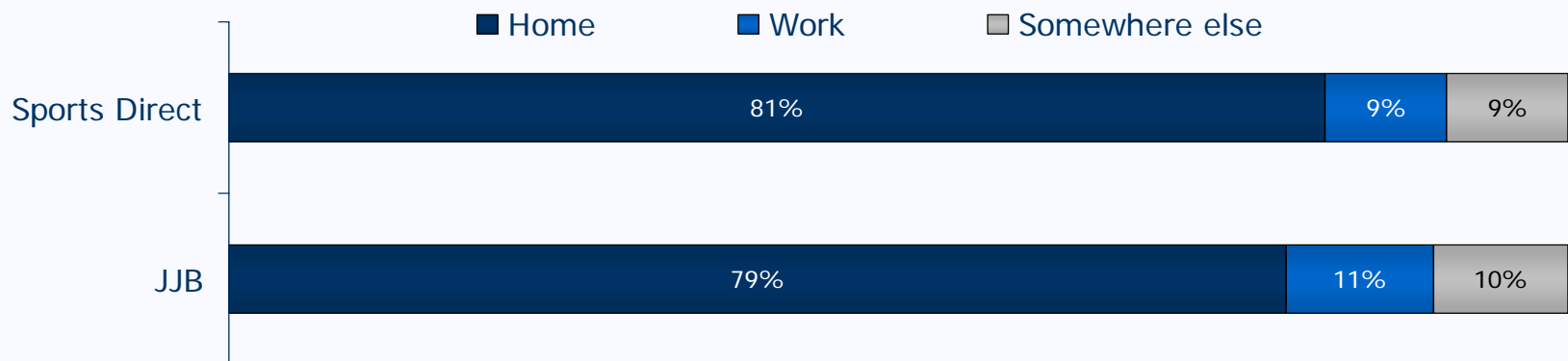
Journey to store on this occasion (1)

13

Decision to visit store:



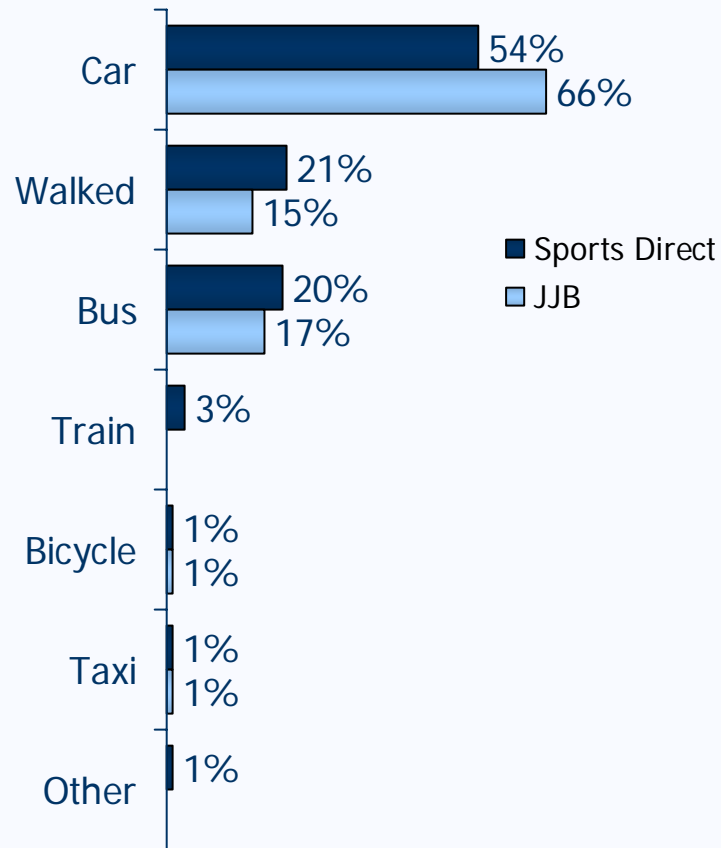
Journey start point:



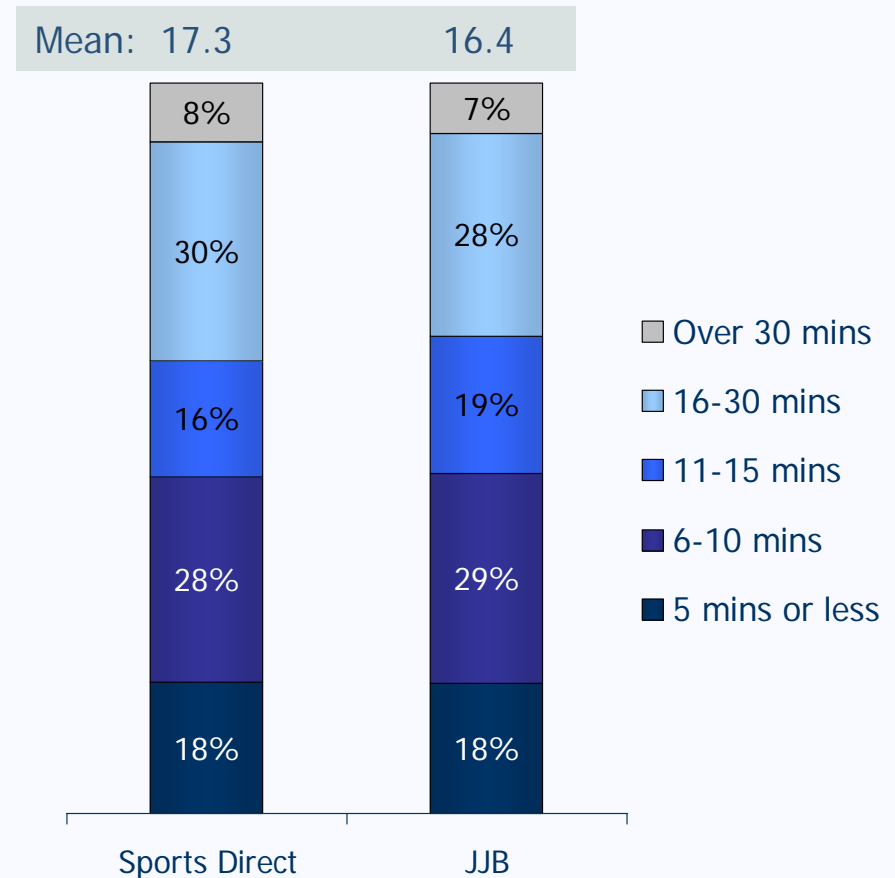
Journey to store on this occasion (2)

14

Mode of travel:



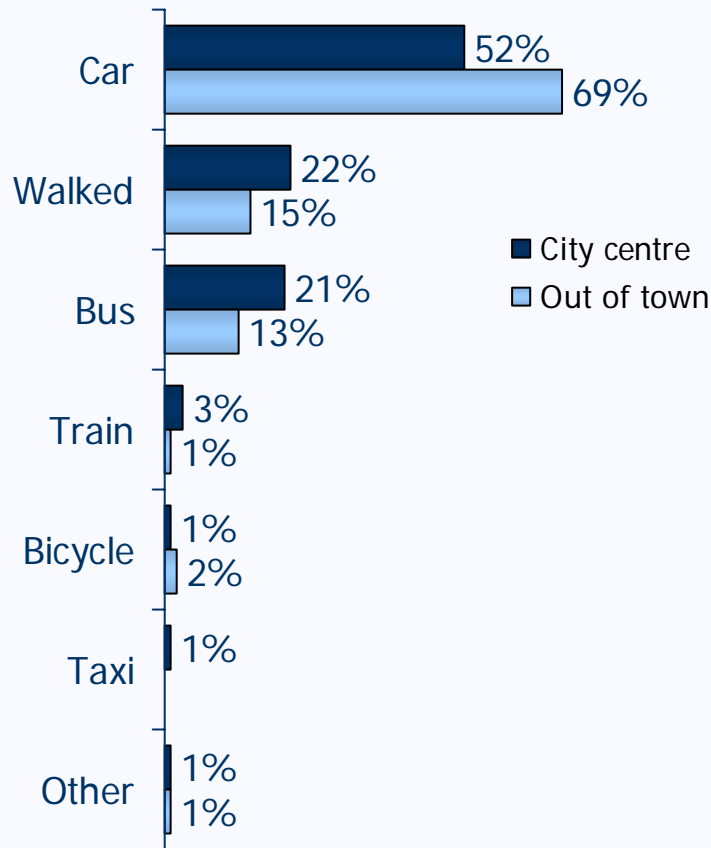
Journey length (minutes):



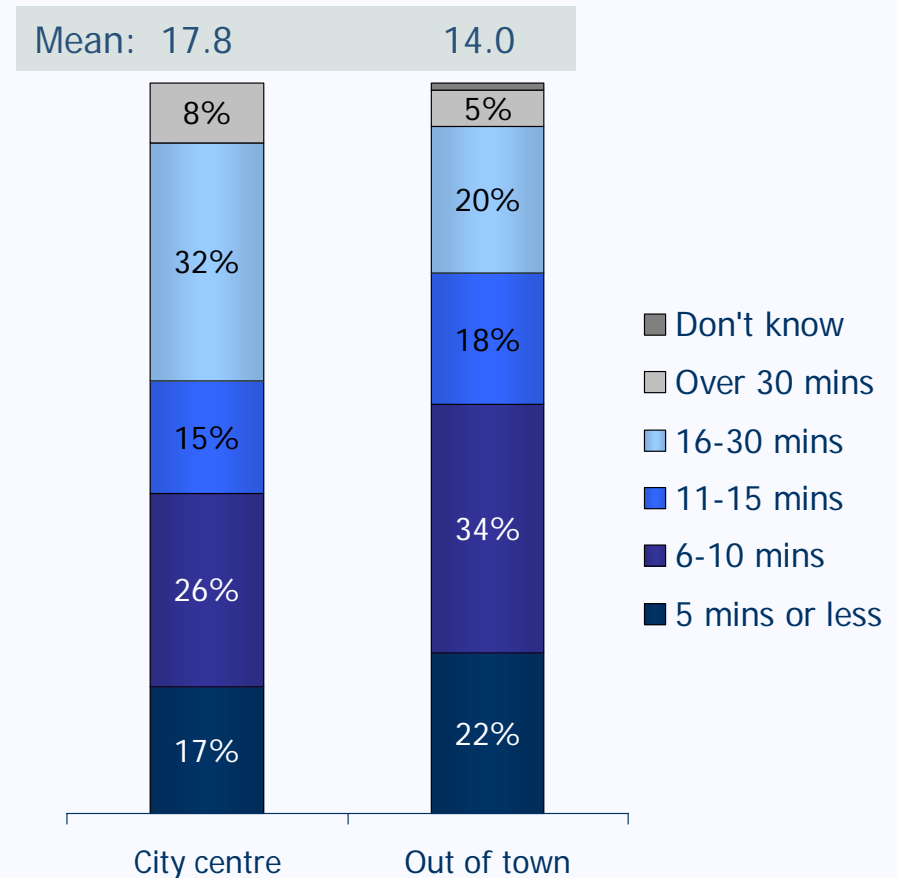
Journey to store on this occasion

– Sports Direct customers by store location

Mode of travel:



Journey length (minutes):

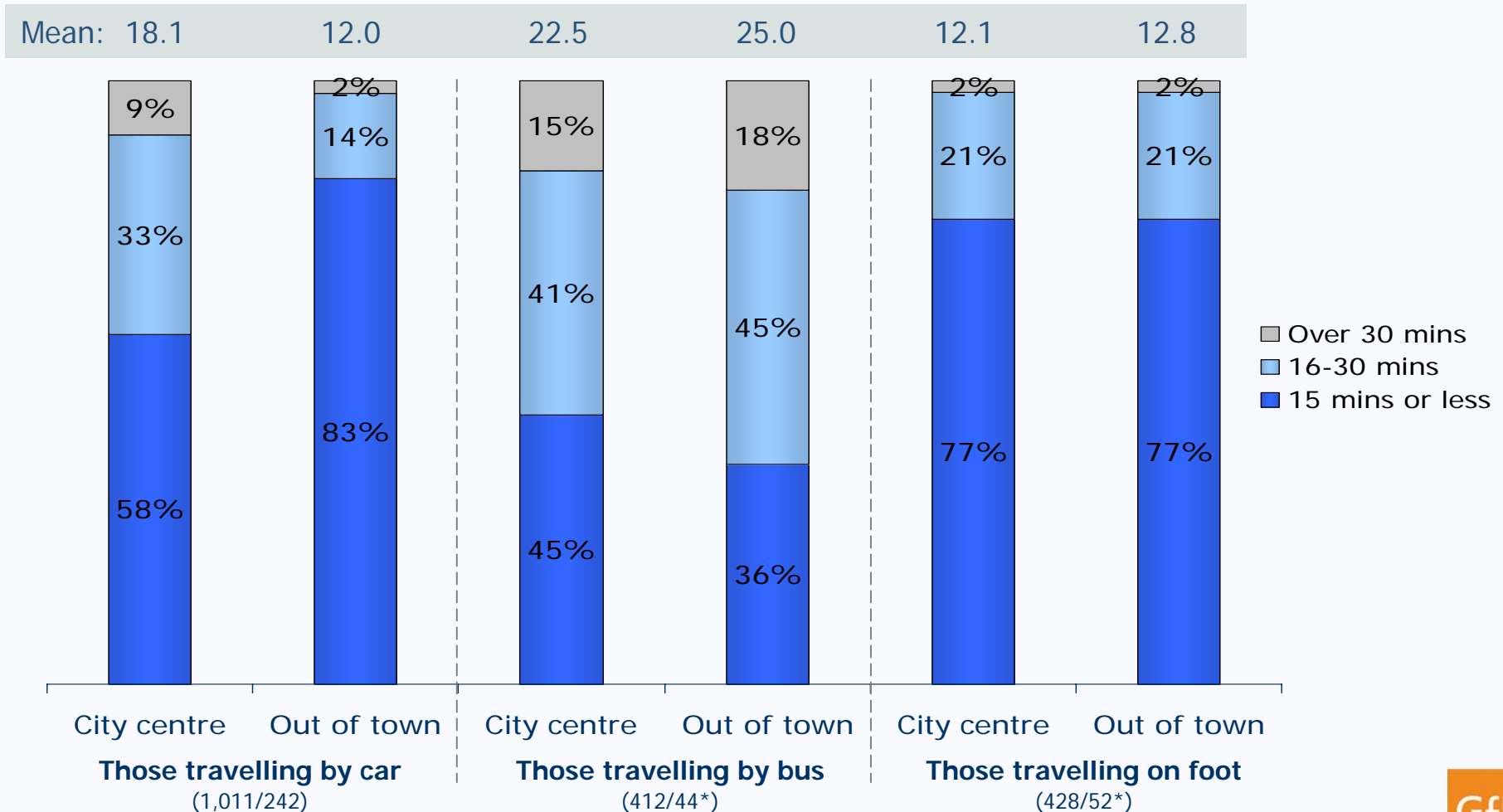


Journey to store on this occasion

– Sports Direct customers by store location (2)

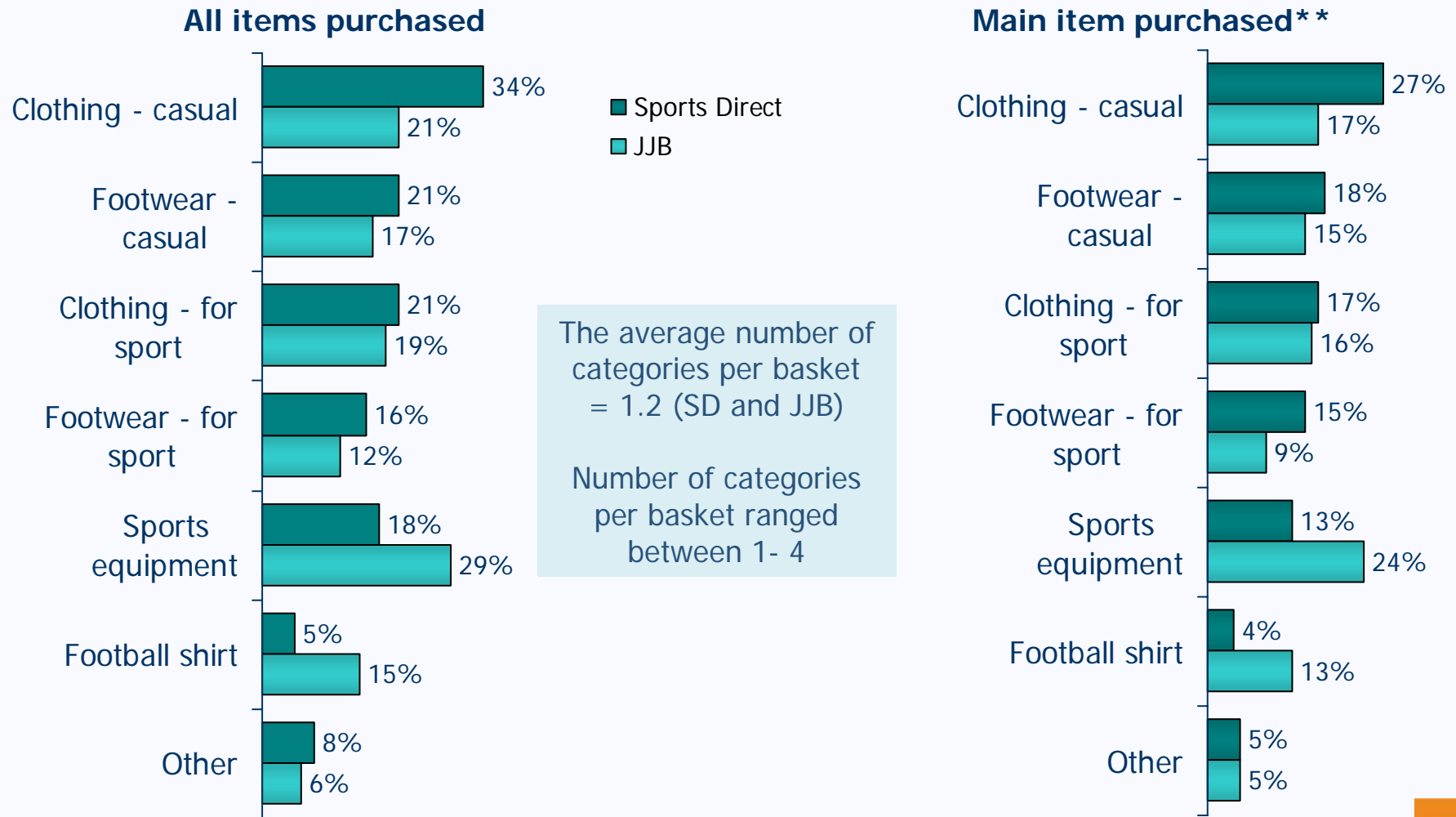
16

Journey length (minutes) per mode of transport by store type:



Items purchased on this occasion

17



Differences in items purchased by store situation & customer type – Sports Direct stores

18

All items purchased on this occasion:

By store situation:

- **Stores without a JJB or JD within 10 miles:**
 - More customers bought sports goods (sports clothing, sports footwear and sports equipment) whilst fewer bought casual clothing or footwear. This partly reflects the more upmarket older catchment areas of these stores (see differences by customer type below).
- **Stores with a JJB within 2 miles:**
 - More customers bought casual clothing or footwear, and fewer bought sports goods

By customer type:

- More female customers bought clothing (for sport or casual)
- ABC1s tended to buy items (clothing/footwear) for taking part in sport, whilst more C2DEs bought casual clothing or footwear
- A higher proportion of male shoppers and ABC1s bought sports equipment
- Fewer customers age 55yrs or over bought footwear for taking part in sports
- Most of these differences also apparent at JJB stores

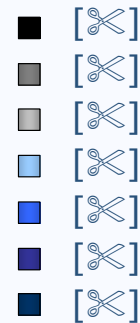
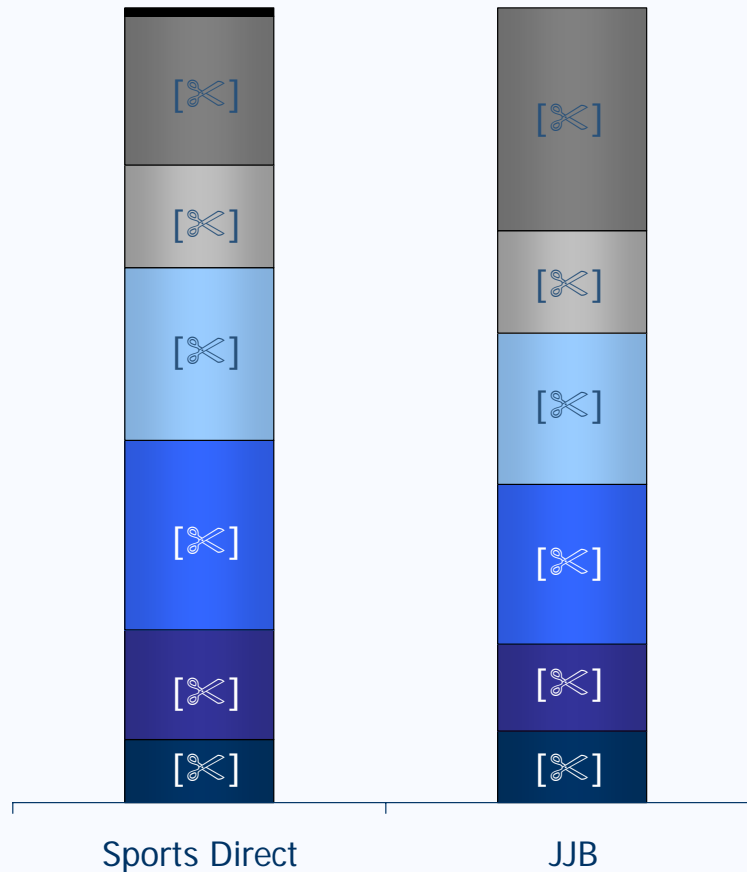
Amount spent on this occasion

19

Mean spend:

[£]

[£]

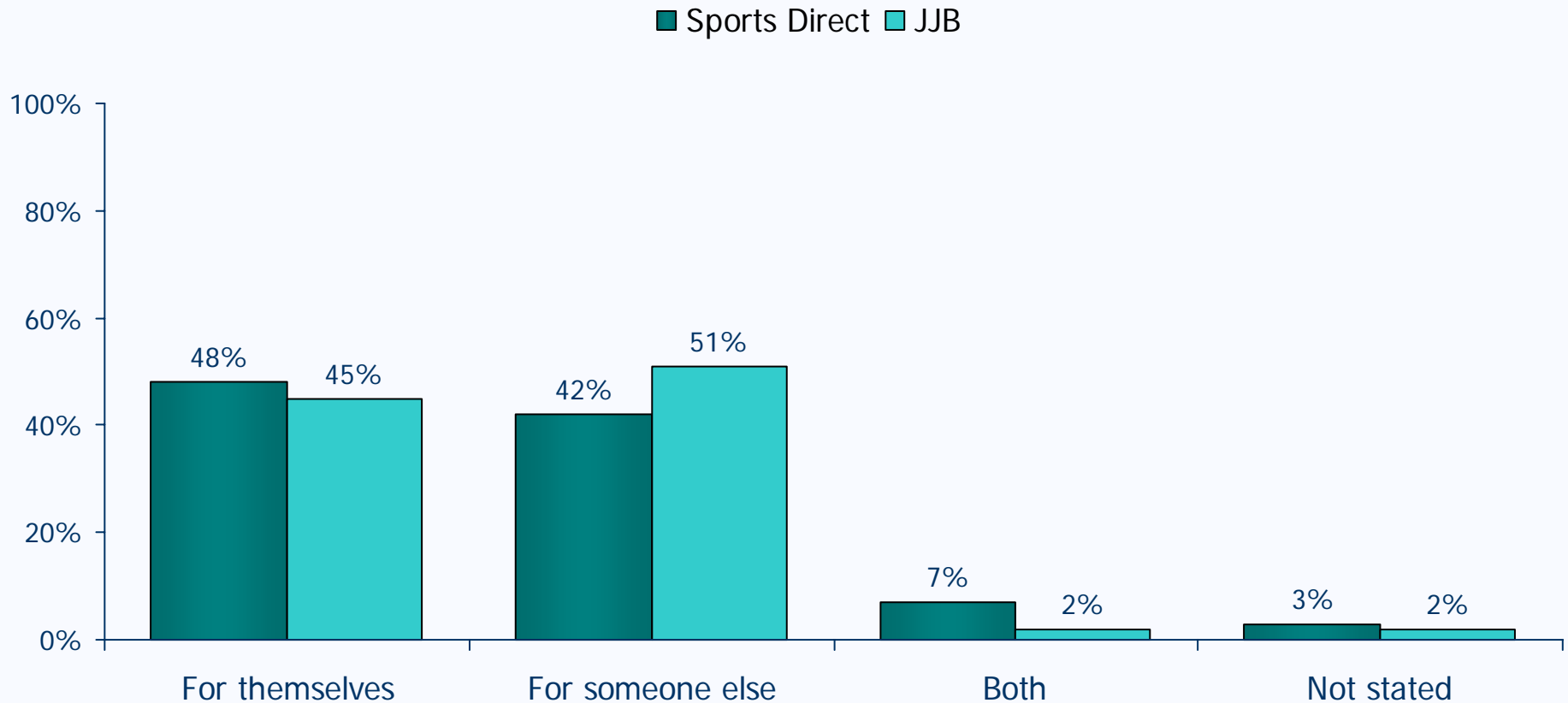


By main item purchased:

- The average spend was higher among those buying footwear, both at Sports Direct ([£]) and JJB (£36.69)
- At JJB, the average spend was notably lower for those buying sports equipment ([£])
- The average amount spent on clothing at JJB (£34.43) was [£] than at Sports Direct ([£])

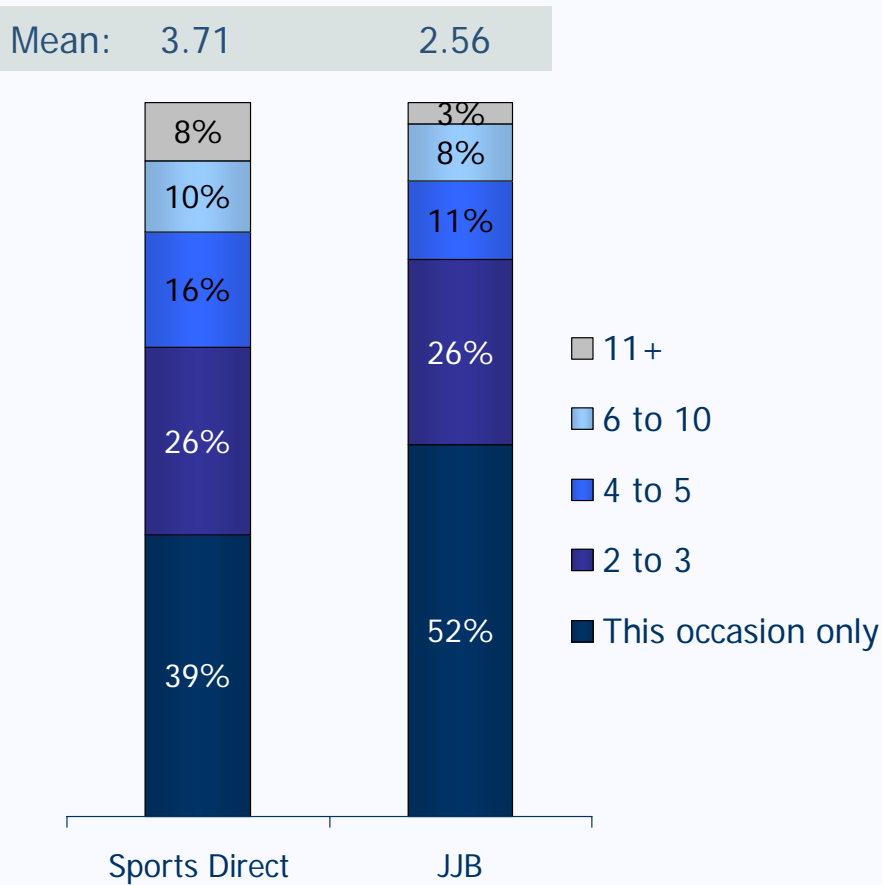
Who purchased for on this occasion

20

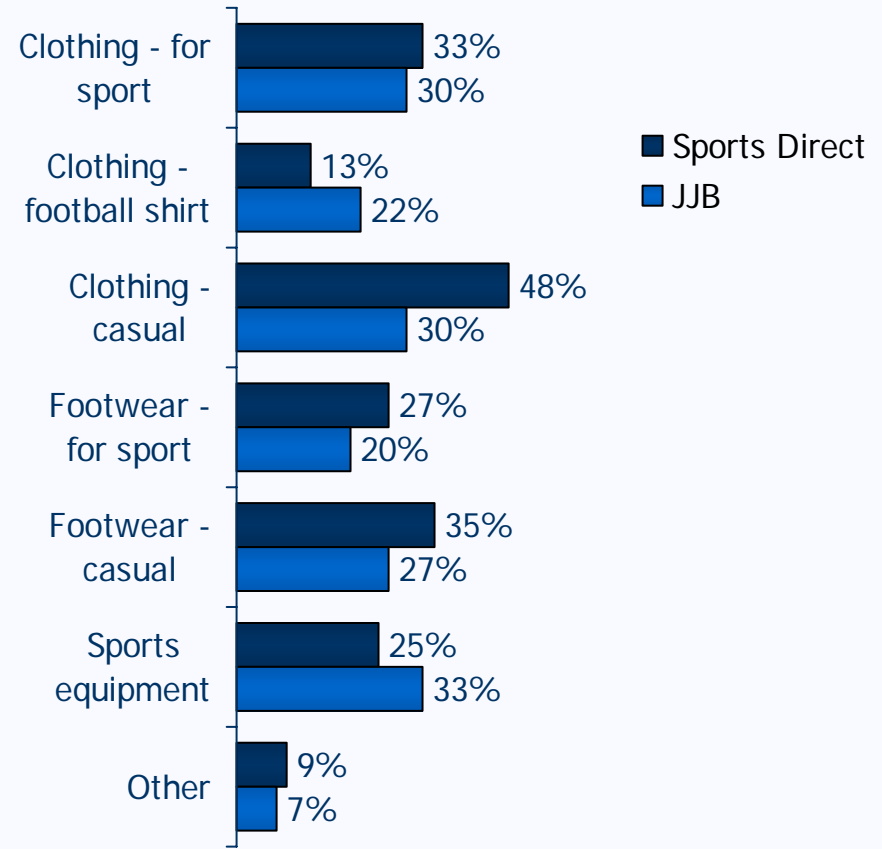


Purchases from store in the last three months

Number of purchase occasions (including this occasion):

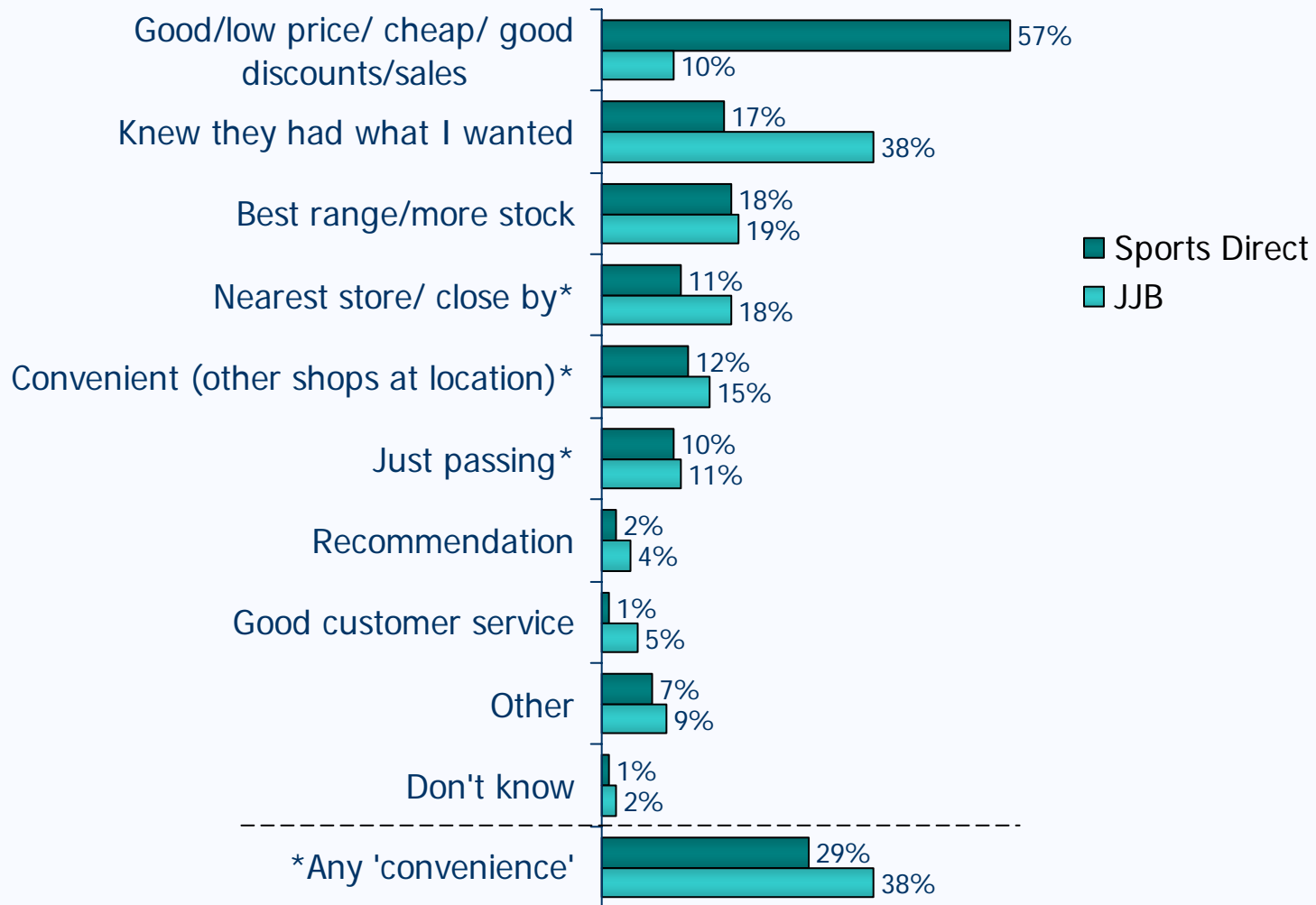


Items purchased (including this occasion):



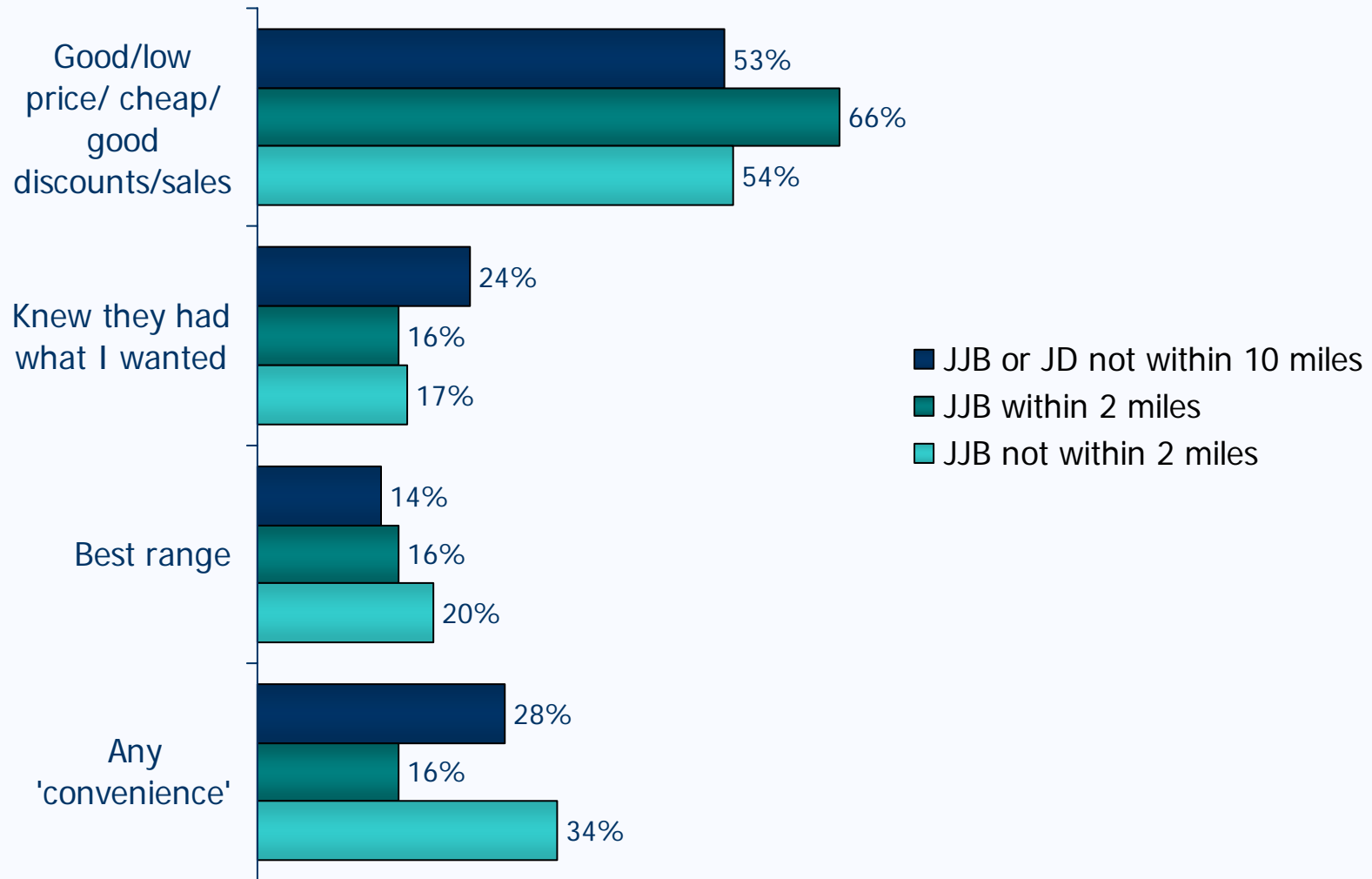
Reasons for purchasing from this particular shop (Spontaneous mentions)

22



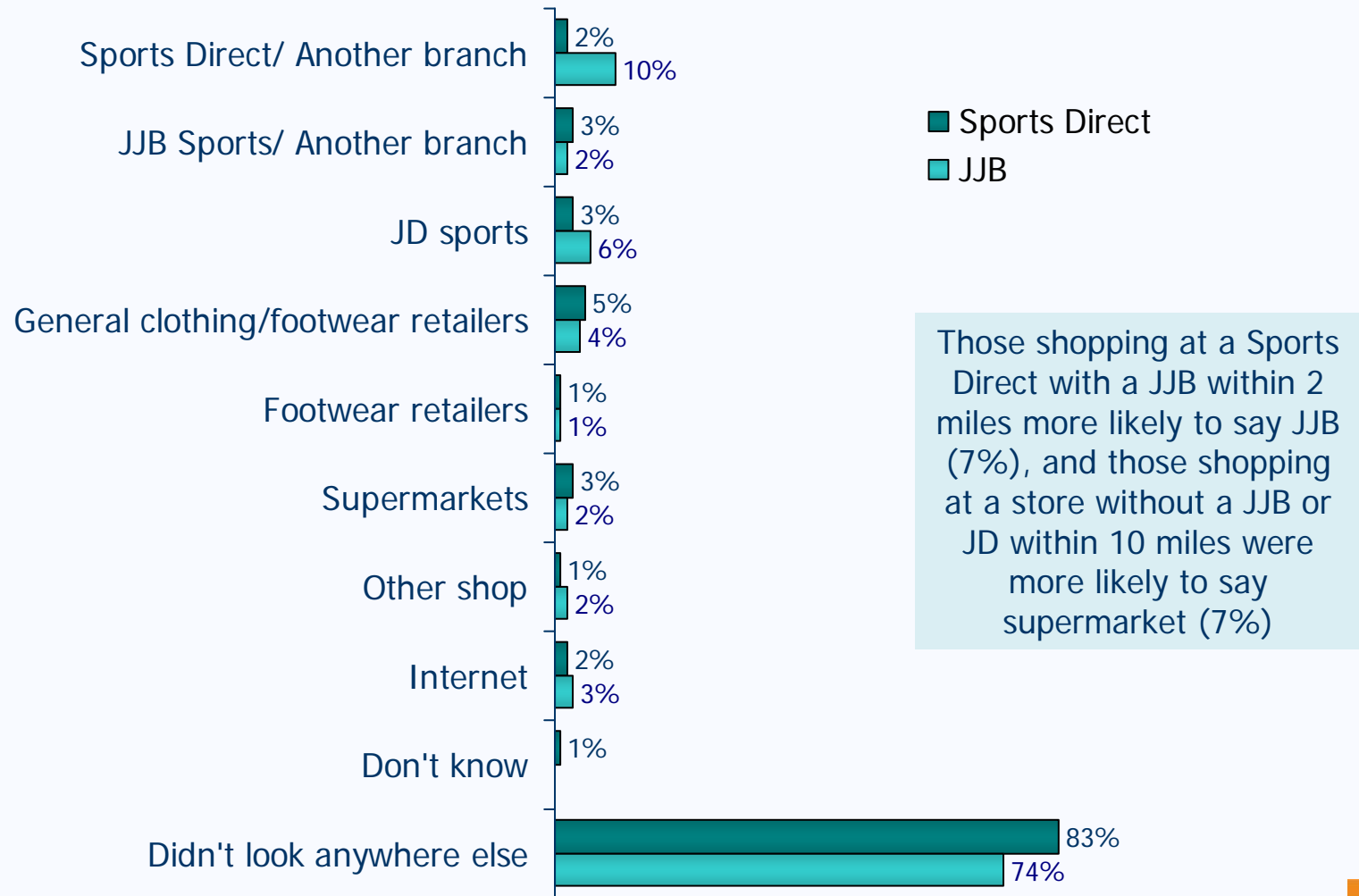
Reasons for purchasing from this particular shop - by store situation

23



Other retailers (shops or internet) looked at before deciding to buy from this shop

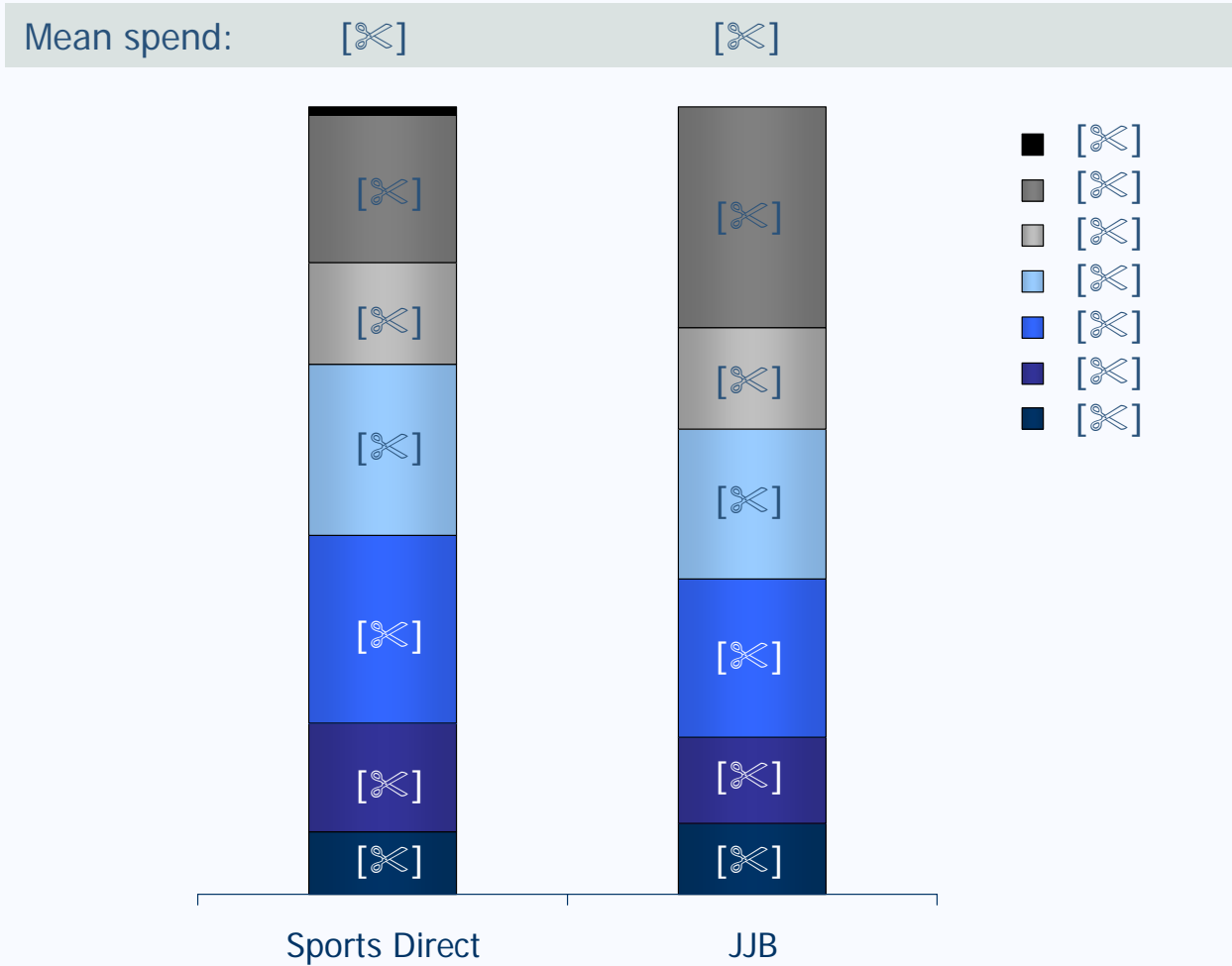
24



4

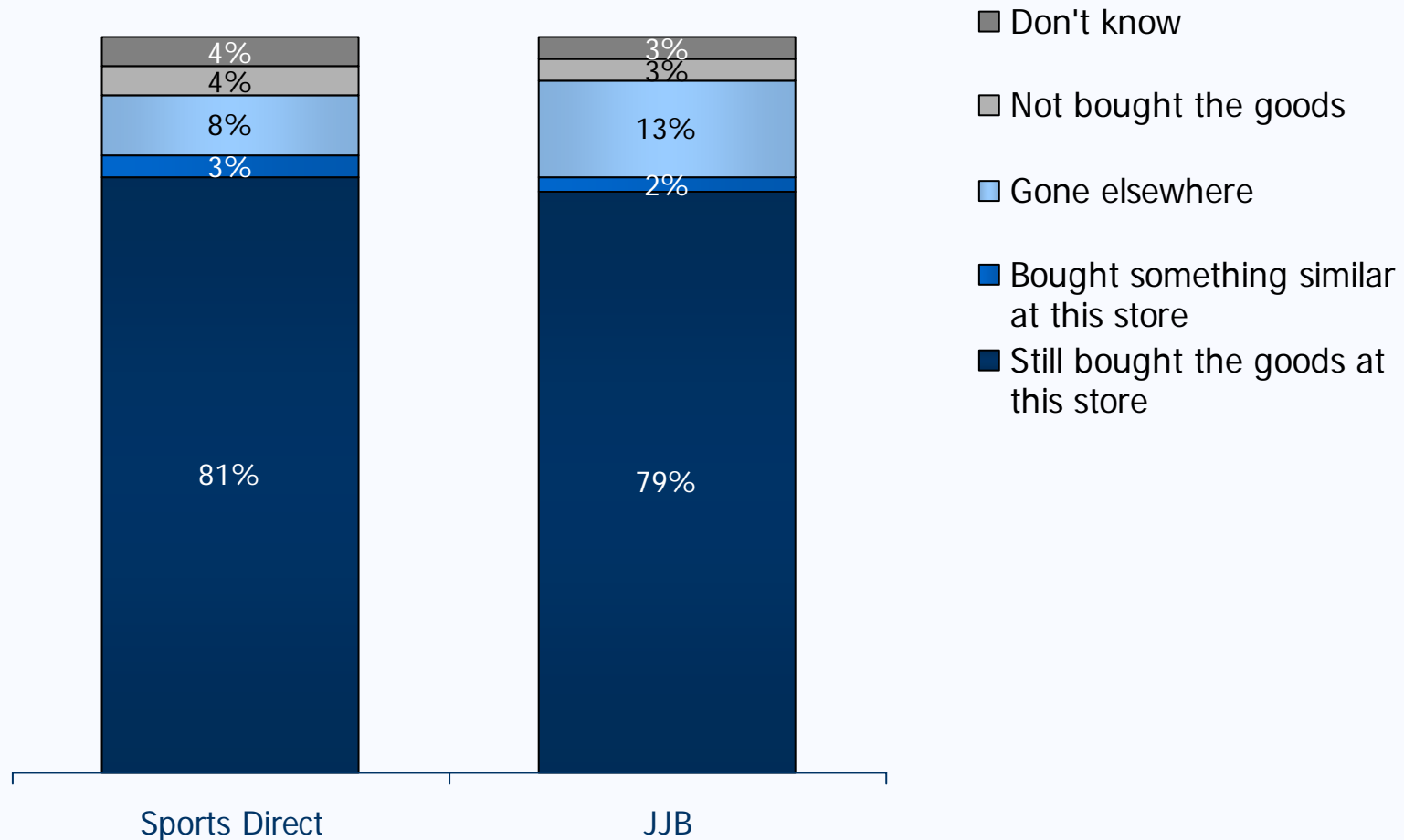
Price sensitivity & behaviour in absence of store

Amount spent on this occasion



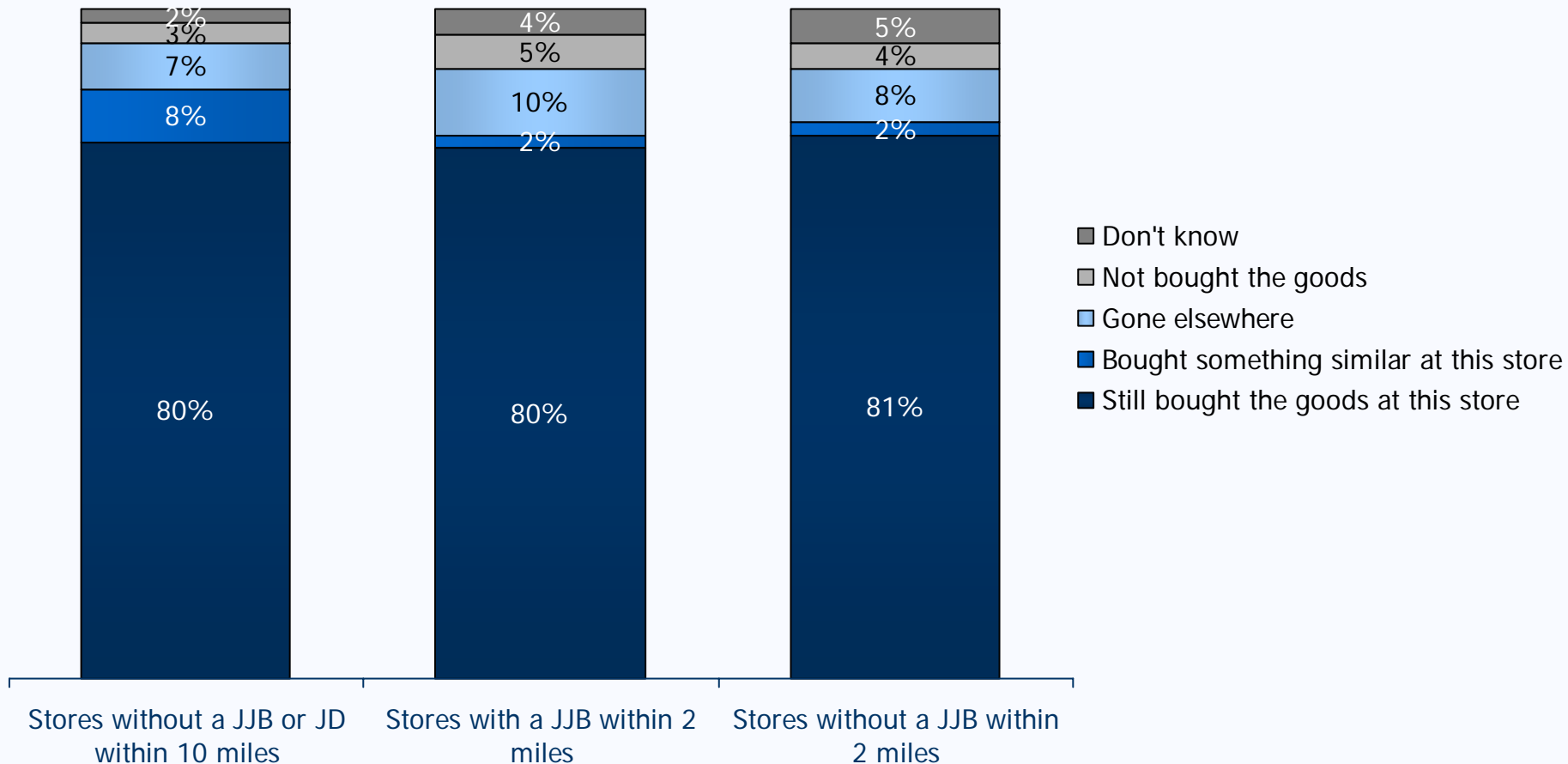
Behaviour if prices in shop 5% higher

27



Behaviour if prices 5% higher – by store situation

28



Behaviour in absence of shop (spontaneous mentions)

29

Place customer would have tried instead, if they knew shop was not there:



Behaviour in absence of shop – by store situation

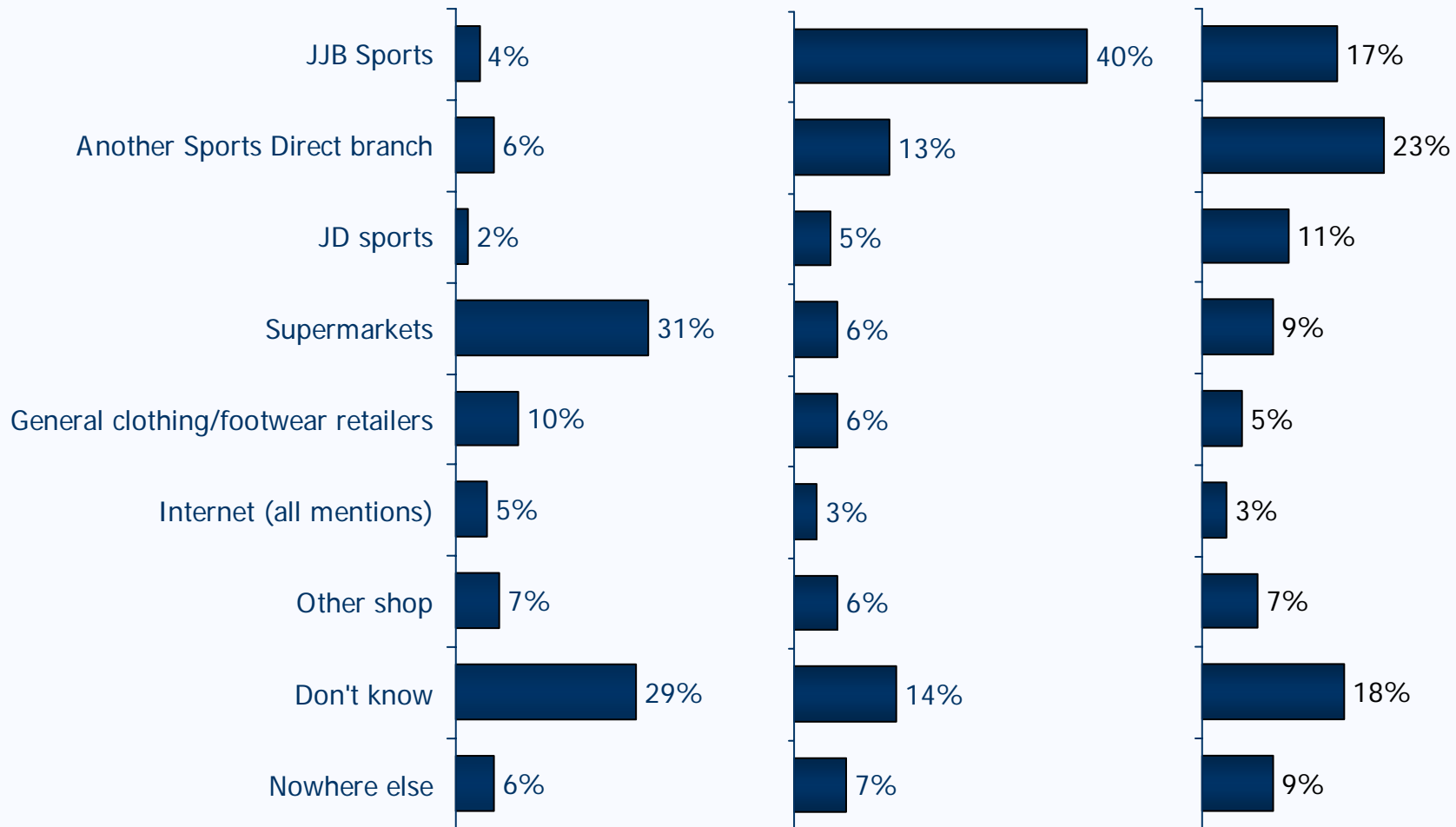
Place customer would have tried instead, if they knew shop was not there – Sports Direct:

30

JJB or JD not <10 miles:

JJB <2 miles:

JJB >2 miles:



Base: All Sports Direct customers – Stores without a JJB or JD within 10 miles (263); Stores with a JJB within 2 miles (541); Stores without a JJB within 2 miles (1,499)

Differences in behaviour in absence of shop (spontaneous mentions)

31

Place Sports Direct customers would have tried instead, if they knew shop was not there:

By main purchase:

- Customers buying footwear were most likely to say another branch of Sports Direct (22%), and those buying sports equipment 'supermarkets' (19%)
- Those buying football shirts were most likely to say JJB (32%)

By demographics:

- More under 34yrs would have tried JJB or JD
- Fewer over 55yrs would try JD and more were unsure or would not have gone anywhere else
- More females would have tried another Sports Direct
- A higher proportion of ABC1s would have tried a supermarket, whilst more C2DEs would try another Sports Direct or JD.

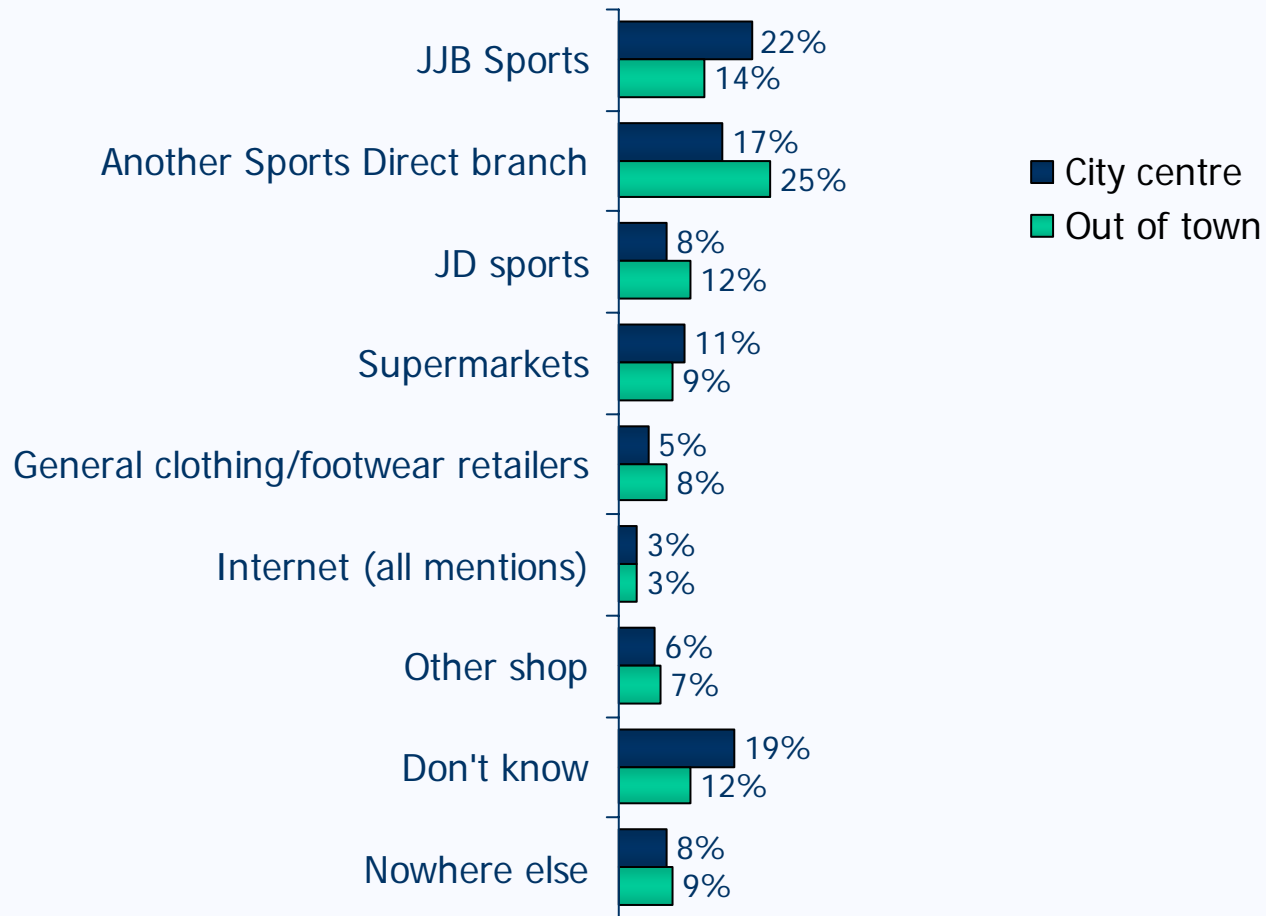
By level of spend:

- No differences in results

Behaviour in absence of shop – by store location

Place customer would have tried instead, if they knew shop was not there – Sports Direct

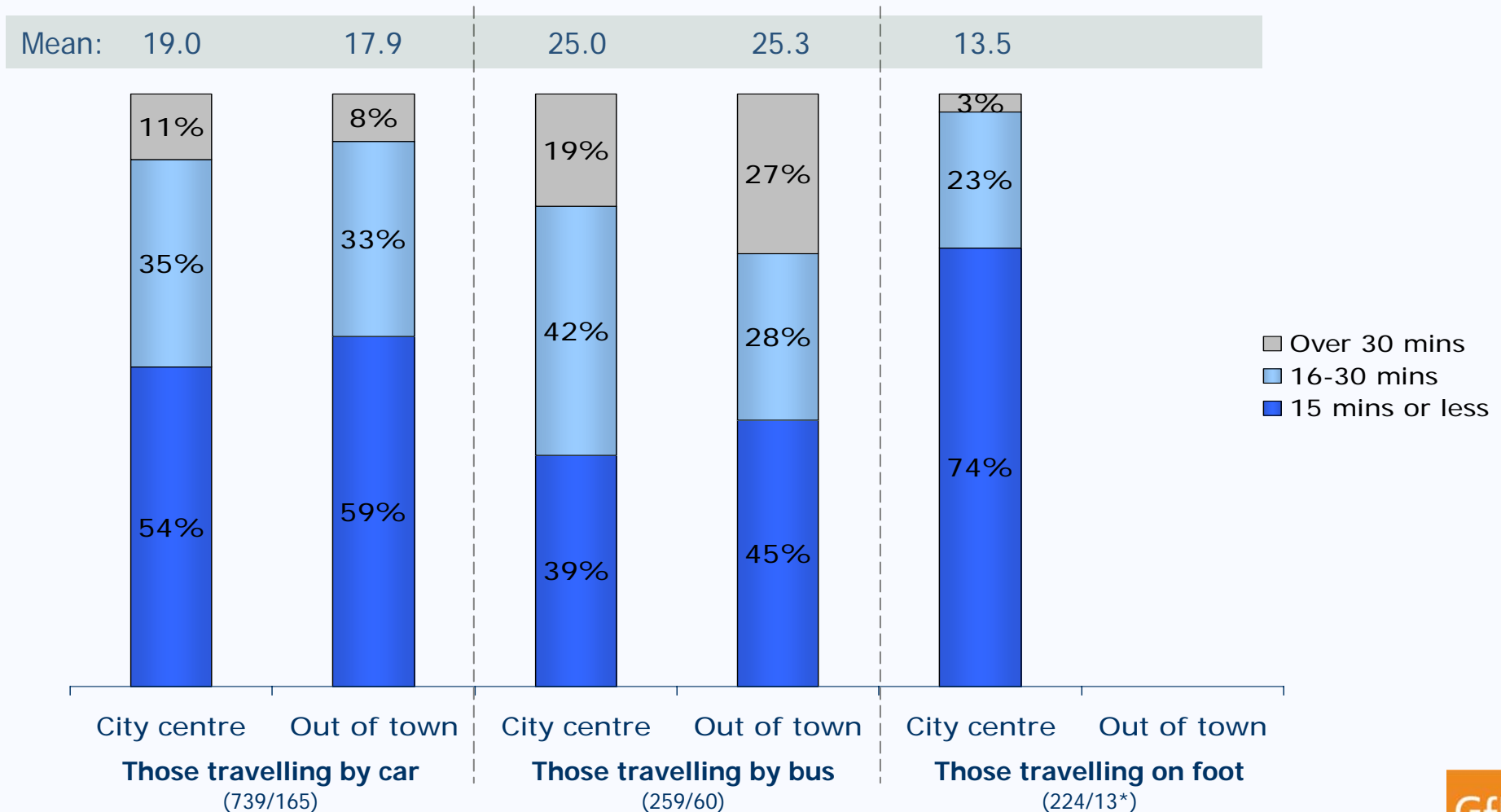
32



Journey to alternative store – Sports Direct customers

33

Journey length (minutes) per mode of transport by store type:

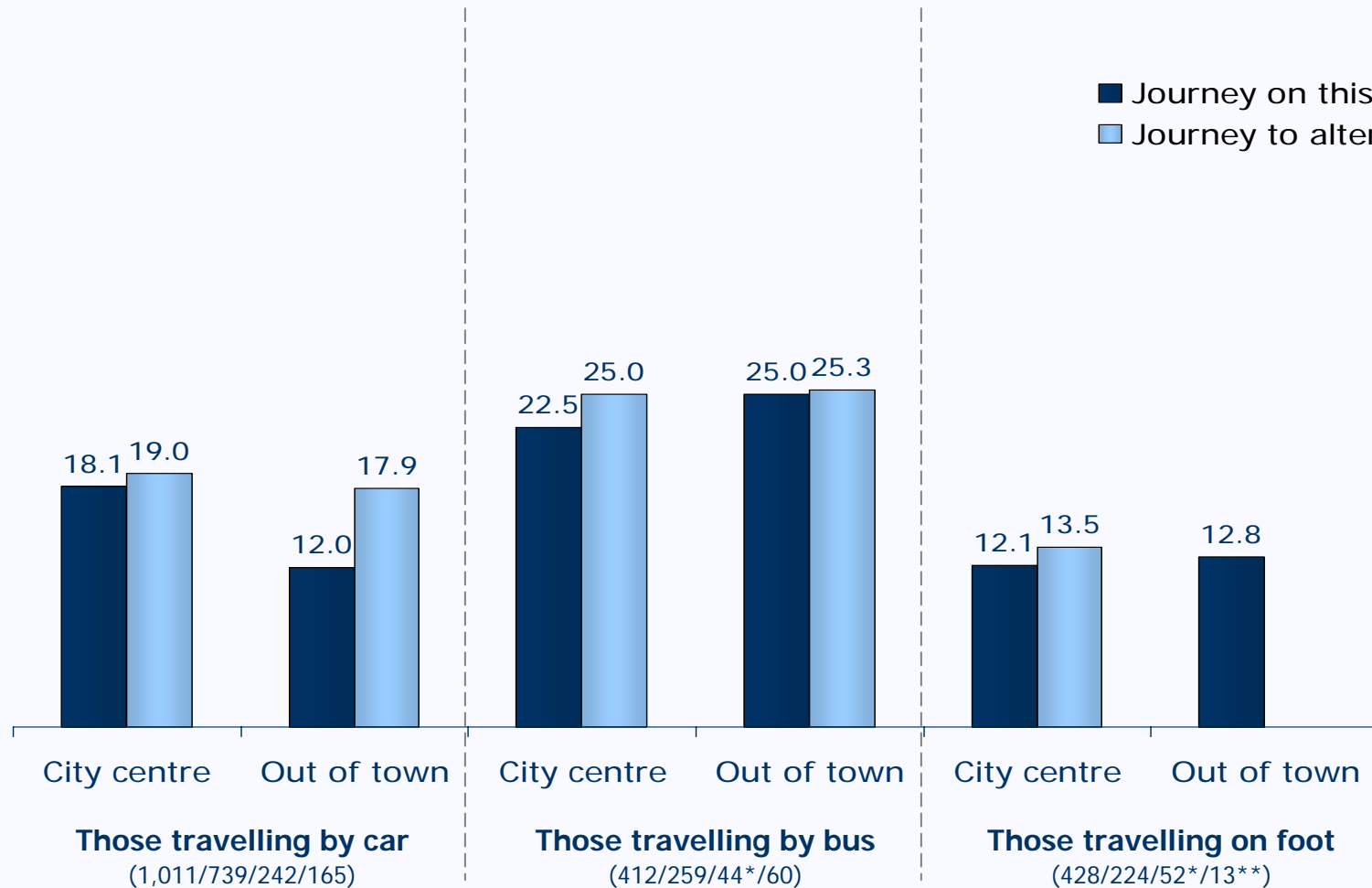


Journey to alternative store compared to actual journey – Sports Direct customers

34

Mean journey length (minutes) per mode of transport by store type:

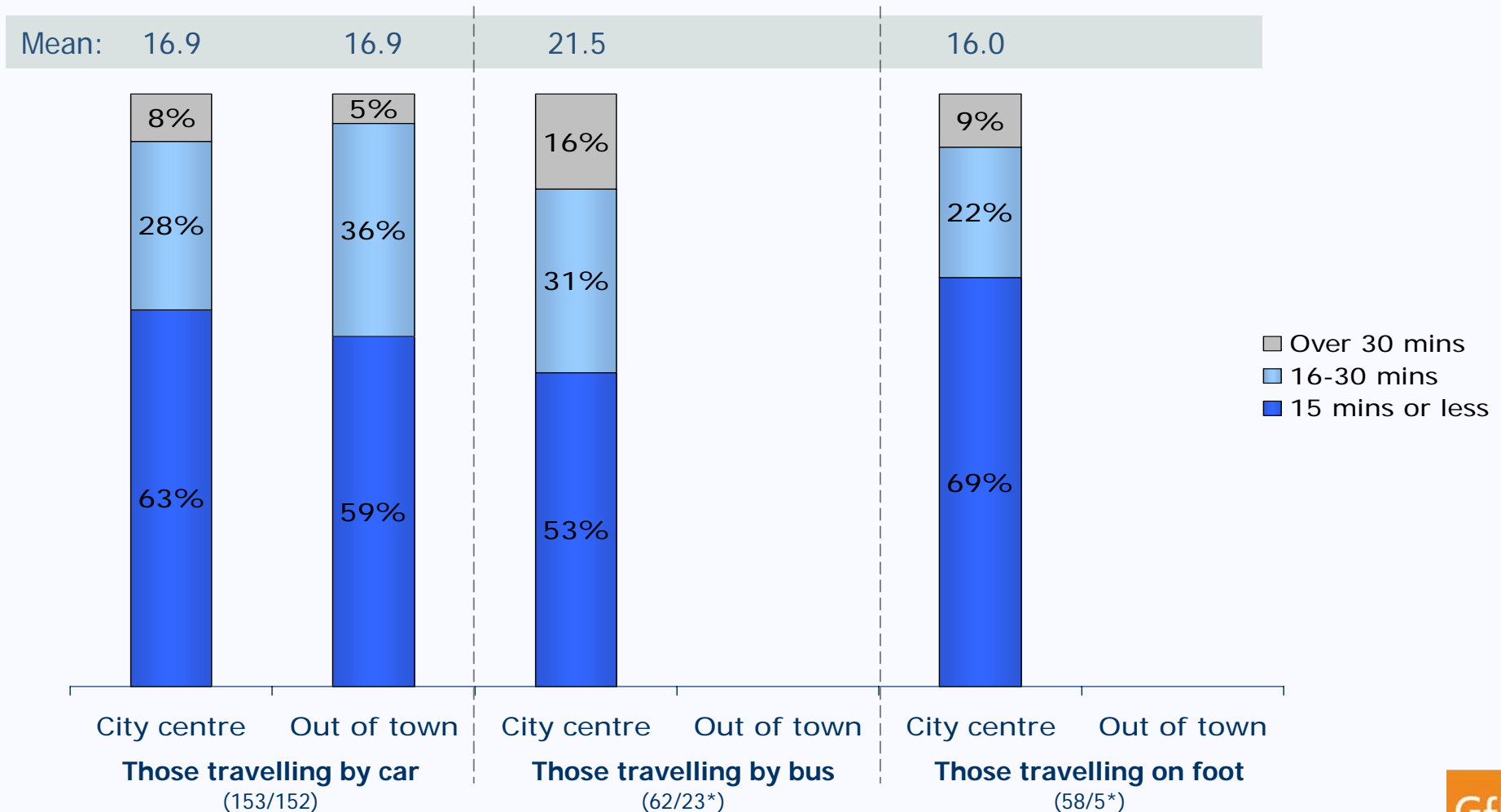
■ Journey on this occasion
 ■ Journey to alternative store



Journey to alternative store – JJB customers

35

Journey length (minutes) per mode of transport by store type:

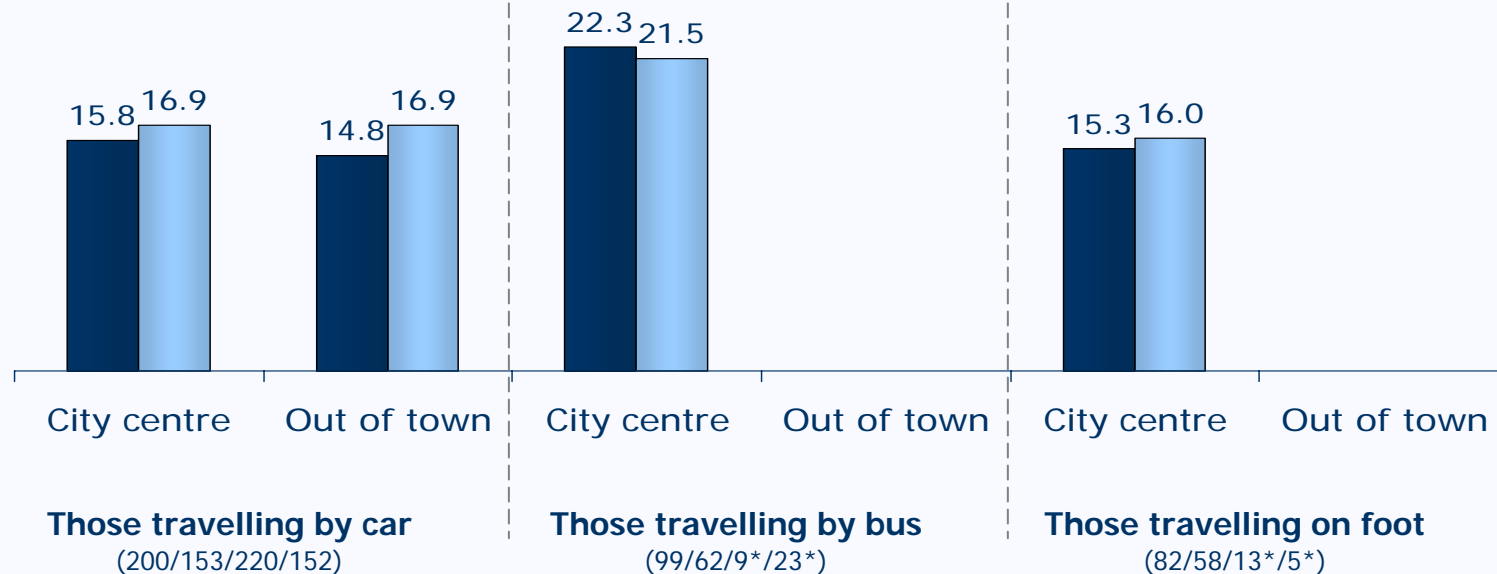


Journey to alternative store compared to actual journey – JJB customers

36

Mean journey length (minutes) per mode of transport by store type:

■ Journey on this occasion
 ■ Journey to alternative store





Conclusions

Conclusions (1)

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- In the absence of the store, the highest proportion of Sports Direct customers would go to either another SD branch or to JJB:
 - Those Sports Direct customers shopping at stores with a JJB nearby would be more likely to try JJB
 - Those shopping at a store without a JJB in the area were much more likely to have gone to a supermarket
 - Little difference in behaviour by main item purchased or demographics
- There was a spread of purchases from Sports Direct, but the most common item (34%) was casual clothing:
 - JJB customers were more likely to have bought sports equipment
 - Sports Direct customers without a JJB in the area were more likely to buy sports clothes and equipment at the store

Conclusions (2)

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- There was a reasonably even split between those buying for themselves and those buying for others:
 - True of both Sports Direct and JJB customers
- The main reason for purchasing from Sports Direct was price:
 - Price was much less of a reason for JJB customers, who were more likely to buy at JJB because they knew it had what they wanted and the convenience of the location
 - Customers at Sports Direct stores in close proximity to a JJB tended to highlight price more often as a reason for purchase, and less likely to mention the convenience of location
- 83% of Sports Direct customers did not look anywhere else before making their purchase:
 - Slightly higher than among JJB customers (74%)
 - There were a few differences by proximity to JJB, with those shopping at a Sports Direct Store with a JJB within 2 miles more likely to have tried JJB
 - Those shopping at out of town Sports Direct stores were less likely to have looked elsewhere

Conclusions (3)

40

- On average, Sports Direct customers spent [£], [£] than JJB customers ([£]):
 - This varied slightly depending on items bought and was notably higher for clothing among those shopping at JJB
- 81% would still have bought the goods if all prices in store had been 5% higher:
 - Similar to proportion at JJB stores (79%)
 - Little difference by proximity to JJB
- Most Sports Direct customers (68%) had planned to visit the store in advance:
 - Most journeys originated at home (81%) with over half (54%) travelling by car
 - JJB customers were slightly more likely to have planned the visit and travelled by car

Conclusions (4)

41

- On average it took Sports Direct customers 17 minutes to travel to the store:
 - Similar to JJB customers
 - By store location, the journey was slightly shorter for those shopping at out of town stores (14 minutes) due to a higher proportion of this group driving to the store
 - For those travelling by bus, the journey took slightly longer to out of town stores
- In general, the journey to the alternative store that Sports Direct customers would try in the absence of the store would be slightly longer, especially for those travelling by car to out of town stores:
 - For JJB customers this is true in most cases but the additional journey time involved is less

Conclusions (5)

42

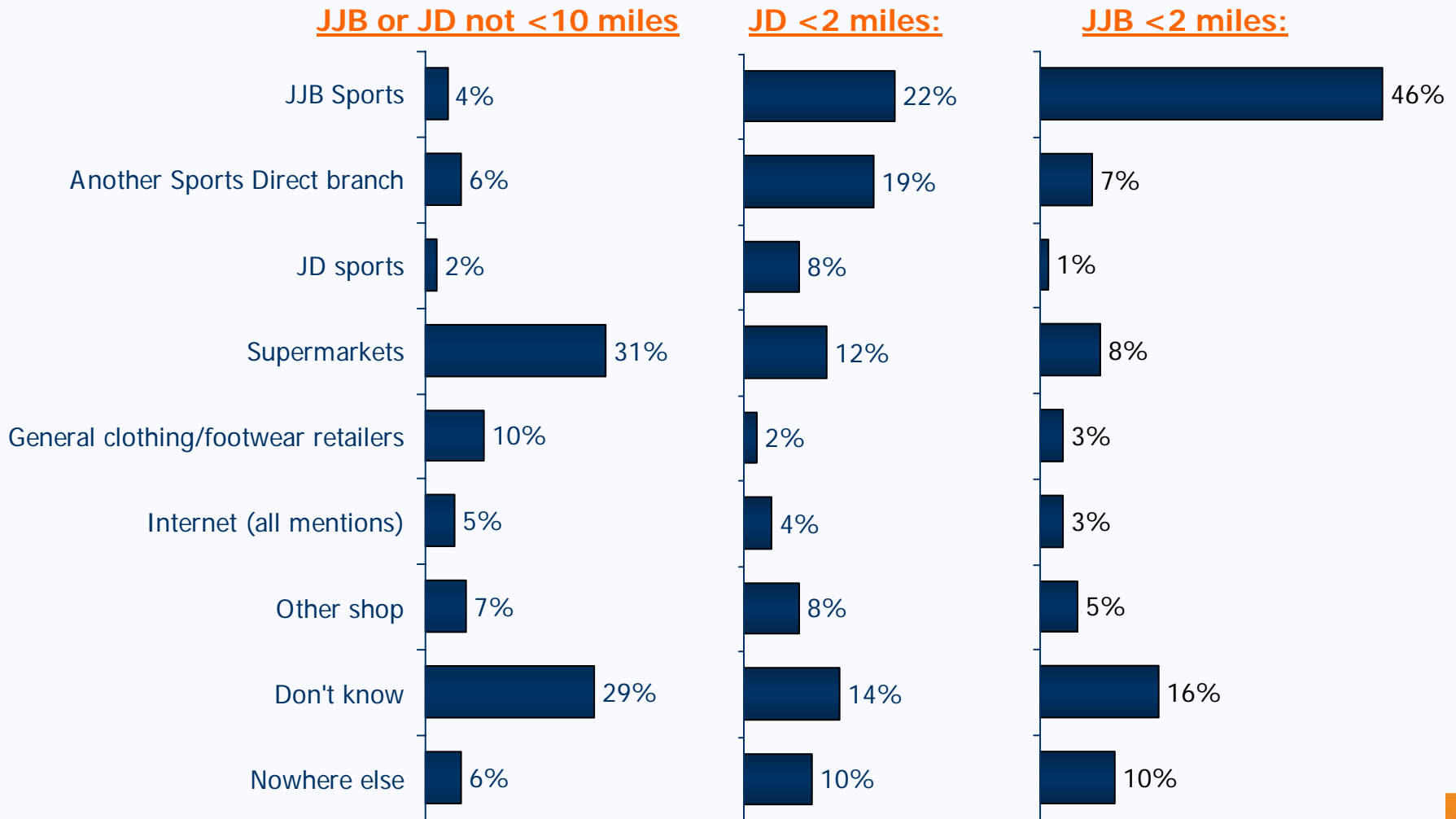
- The Sports Direct customer profile was younger than the national average, but similar on the gender and social grade mix:
 - At the 7 selected stores of interest, higher proportion of 16-24 year olds at [✂], [✂], and [✂]
 - JJB customer profile was slightly younger than Sports Direct's

6 Appendix

Behaviour in absence of shop – by store situation

Place customer would have tried instead, if they knew shop was not there – Sports Direct:

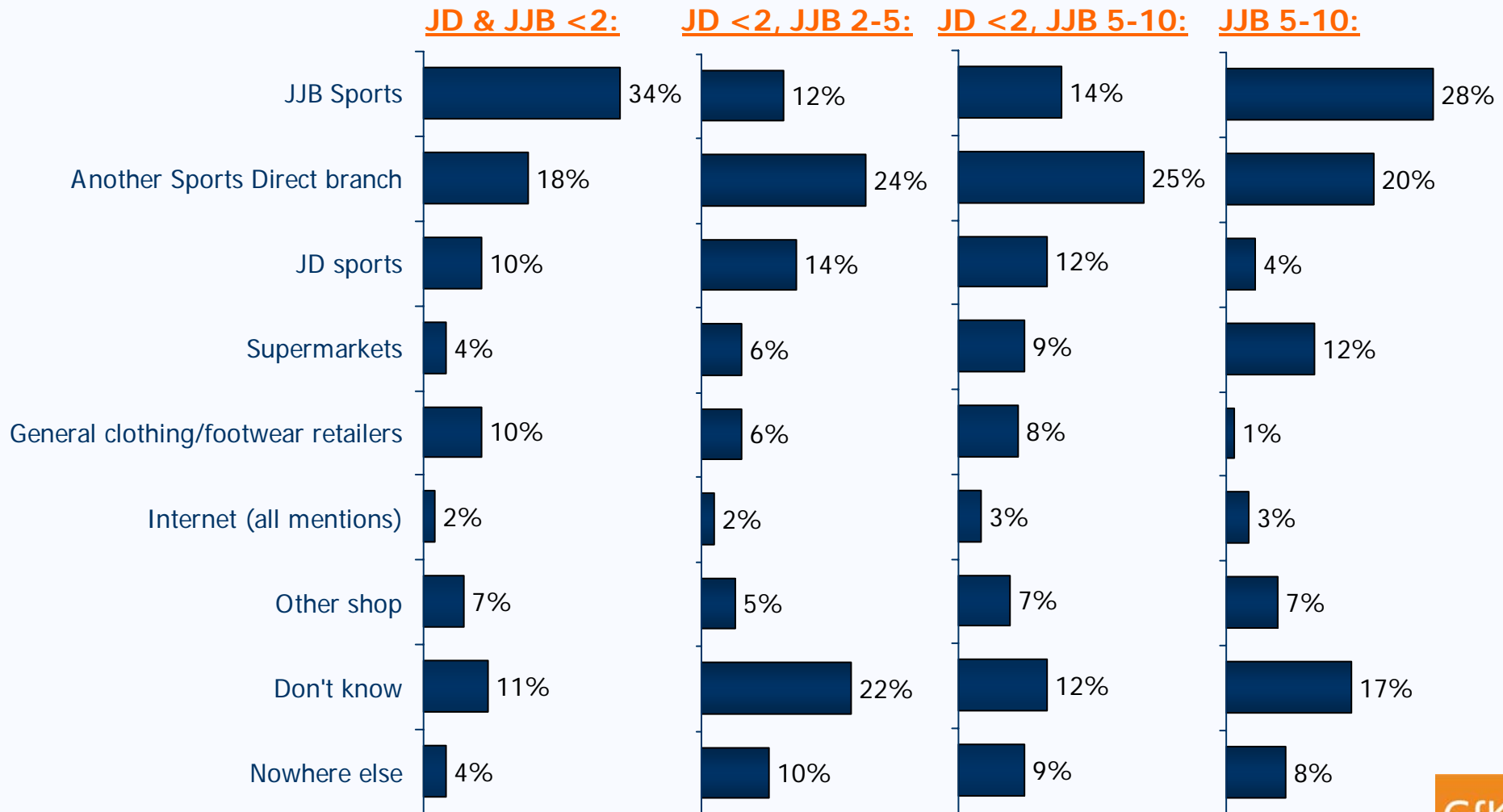
44



Behaviour in absence of shop – by store situation

45

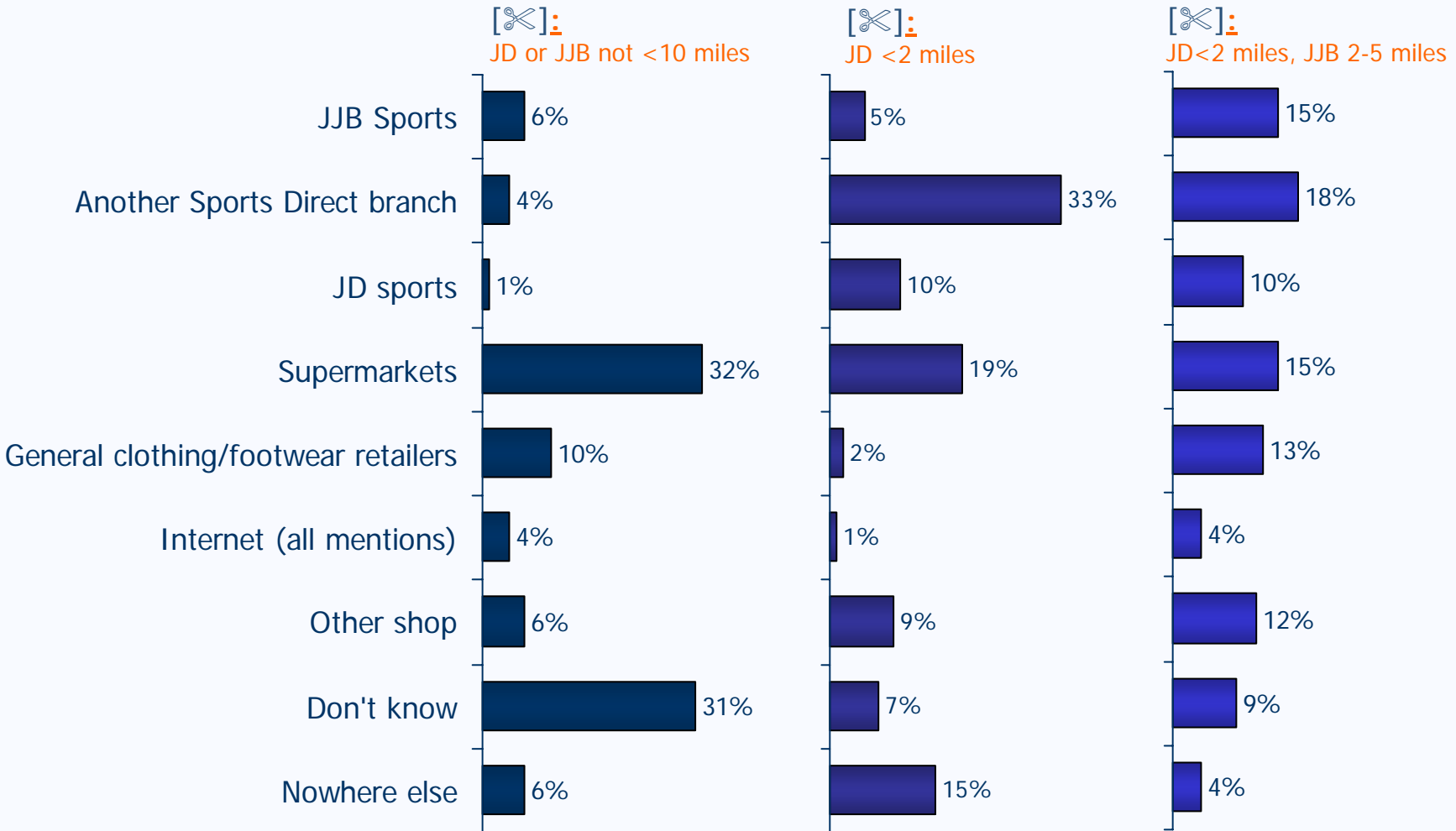
Place customer would have tried instead, if they knew shop was not there – Sports Direct:



Behaviour in absence of shop - by Sports Direct Store (1)

Place customer would have tried instead, if they knew shop was not there:

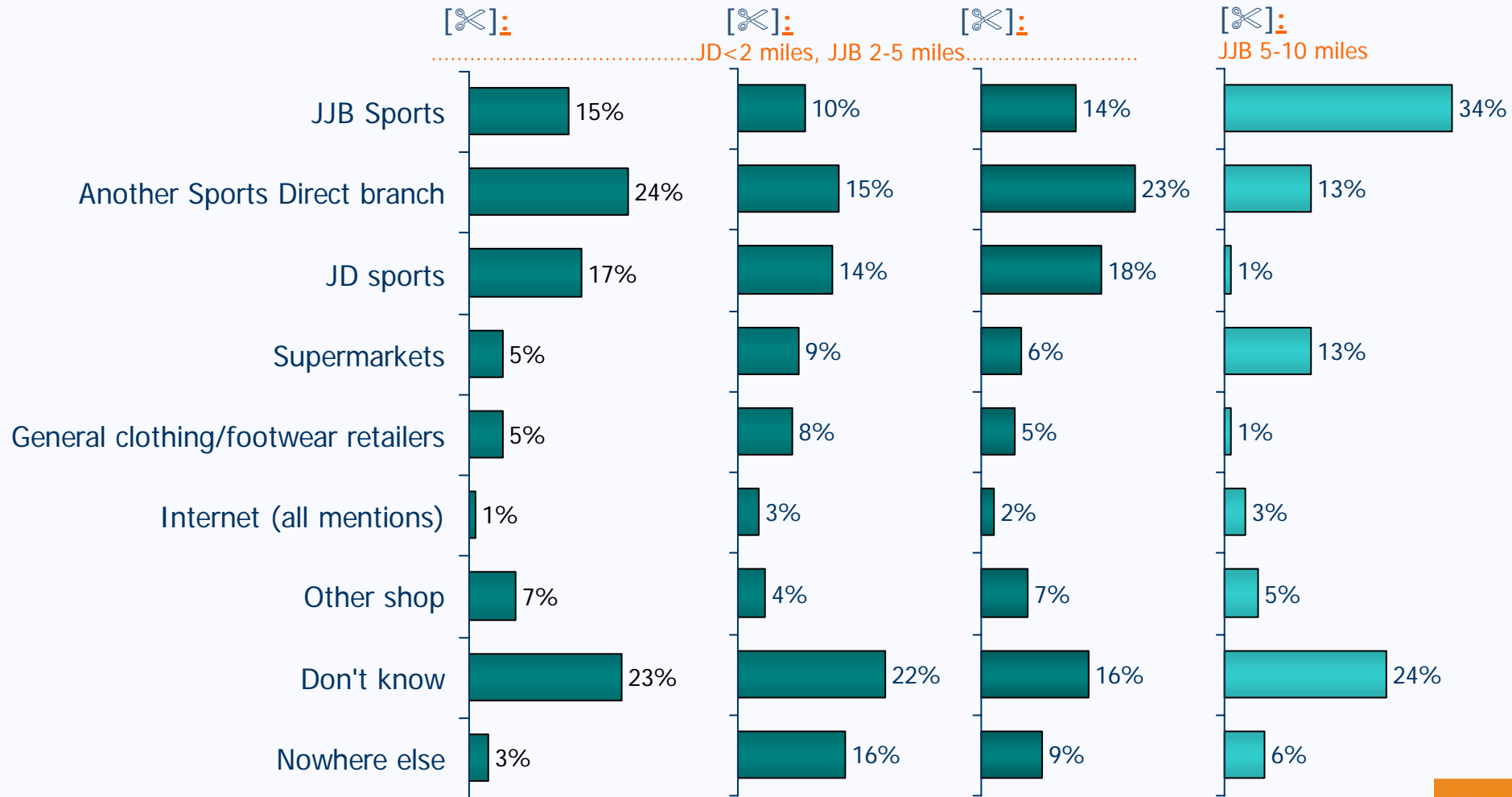
46



Behaviour in absence of shop – by Sports Direct Store (2)

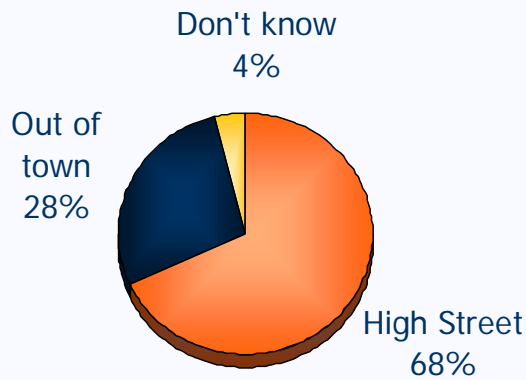
47

Place customer would have tried instead, if they knew shop was not there:

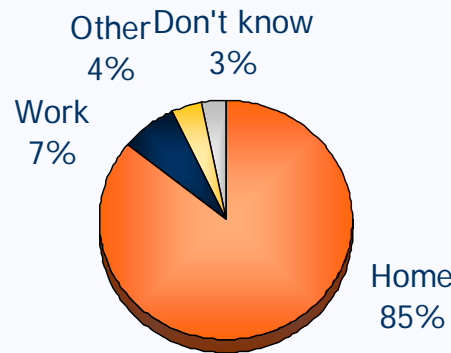


Journey to alternative shop – Sports Direct customers

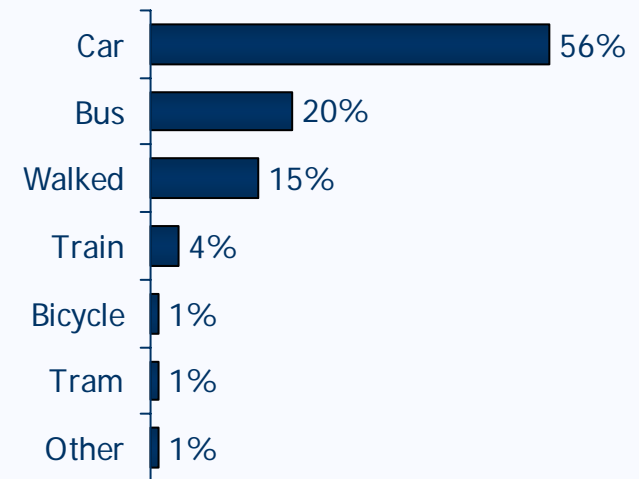
Location of store:



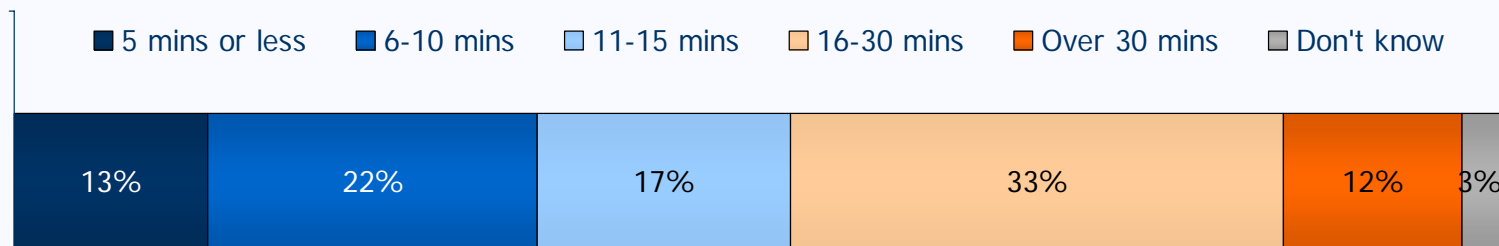
Starting point:



Mode of travel:



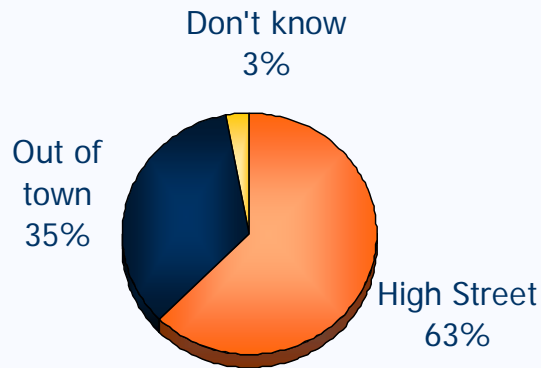
Length of journey (minutes):



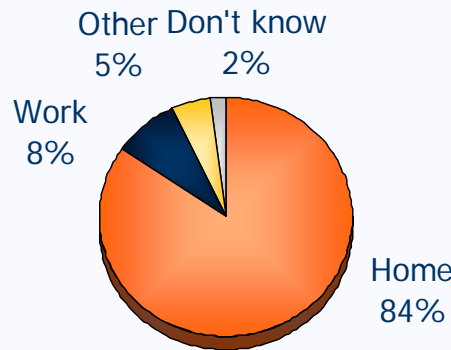
Mean: 19.6 minutes (compared to 17.3 for store used)

Journey to alternative shop – JJB customers

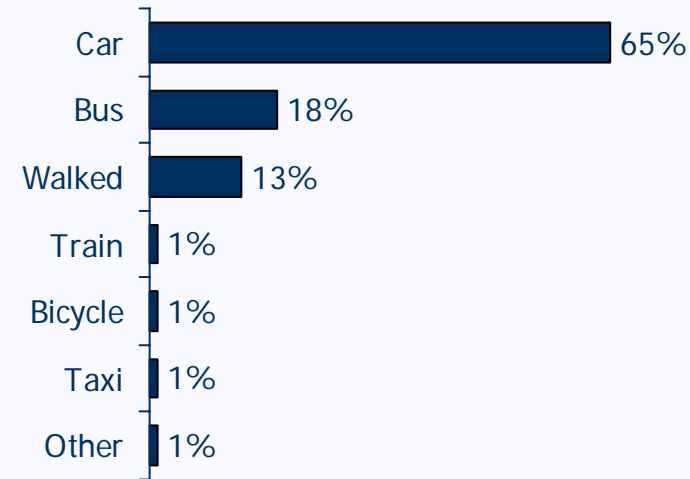
Location of store:



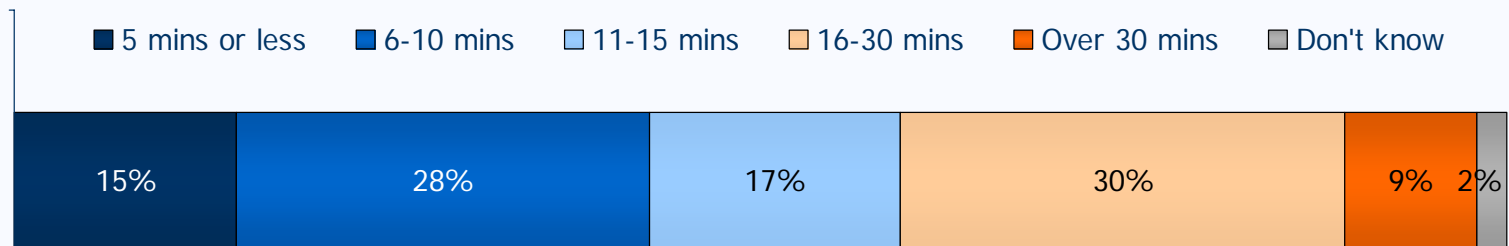
Starting point:



Mode of travel:



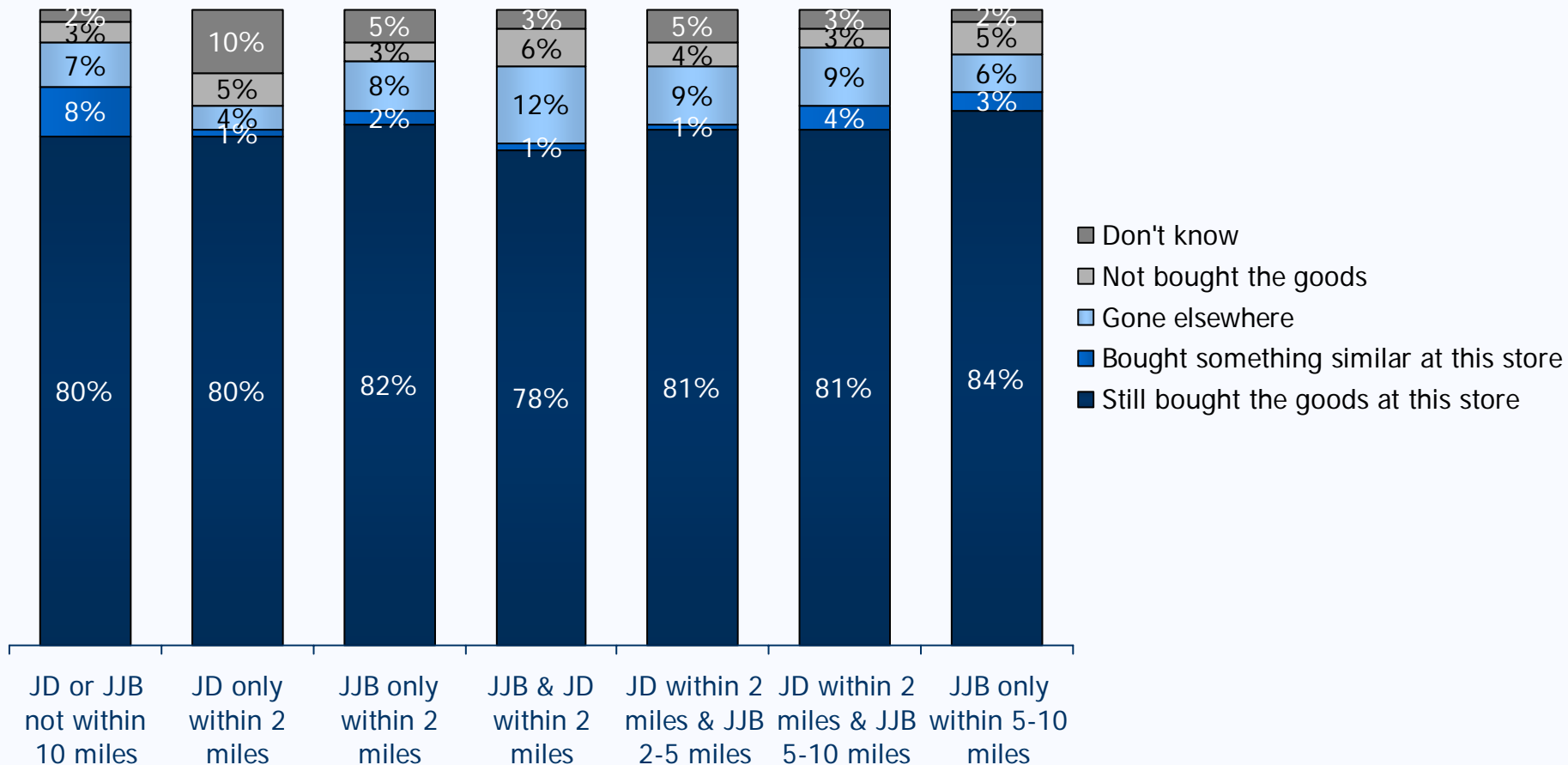
Length of journey (minutes):



Mean: 17.5 minutes (compared to 16.3 for store used)

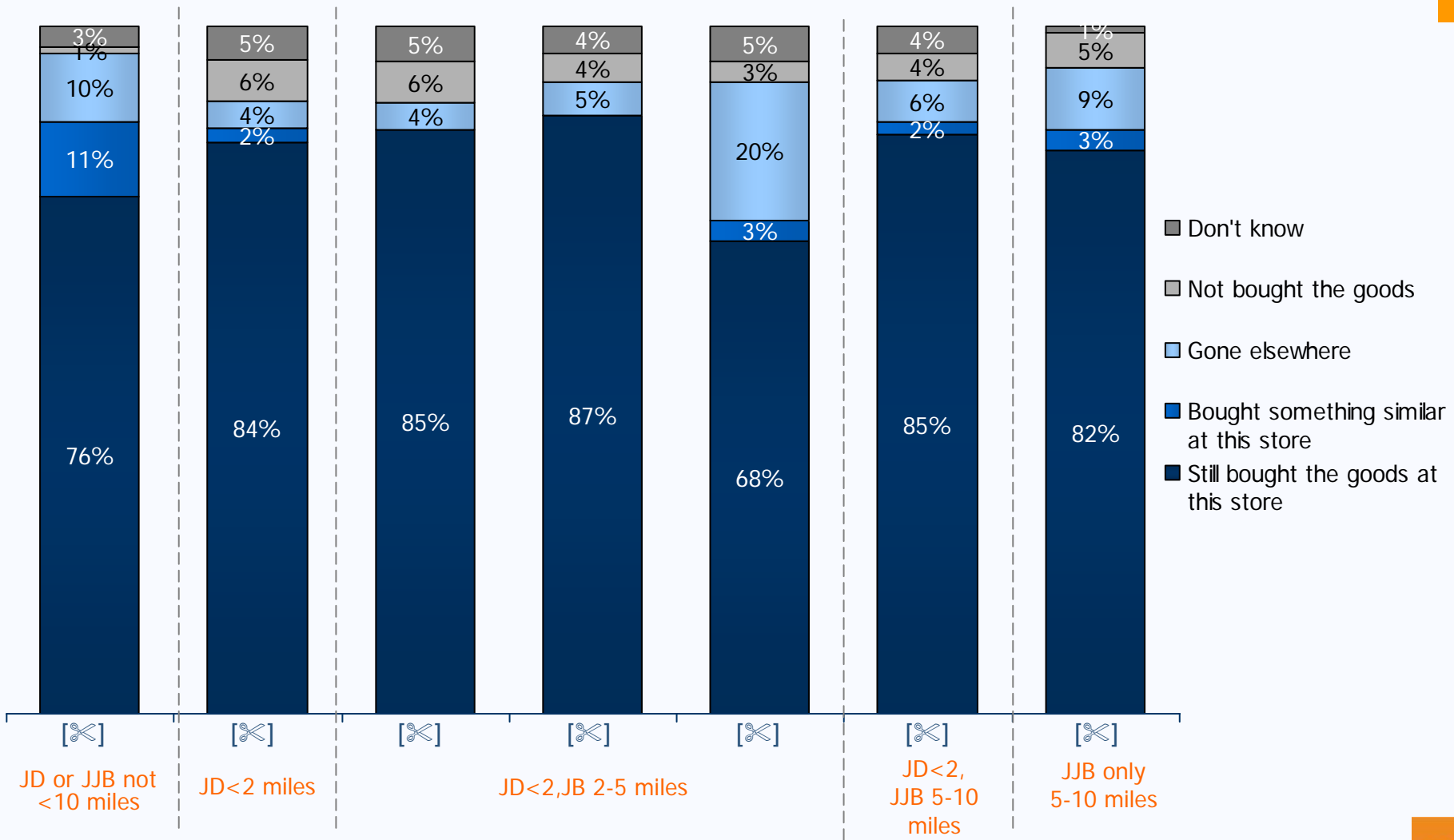
Behaviour if prices 5% higher – by store situation

50



Base: All Sports Direct customers who remembered amount paid – JJB or JD not within 10 miles (263); JD only within 2 miles (249); JJB only within 2 miles (266); JJB & JD within 2 miles (263); JD within 2 miles & JJB 2-5 miles (661); JD within 2 miles & JJB 5-10 miles (350); JJB only within 5-10 miles (233)

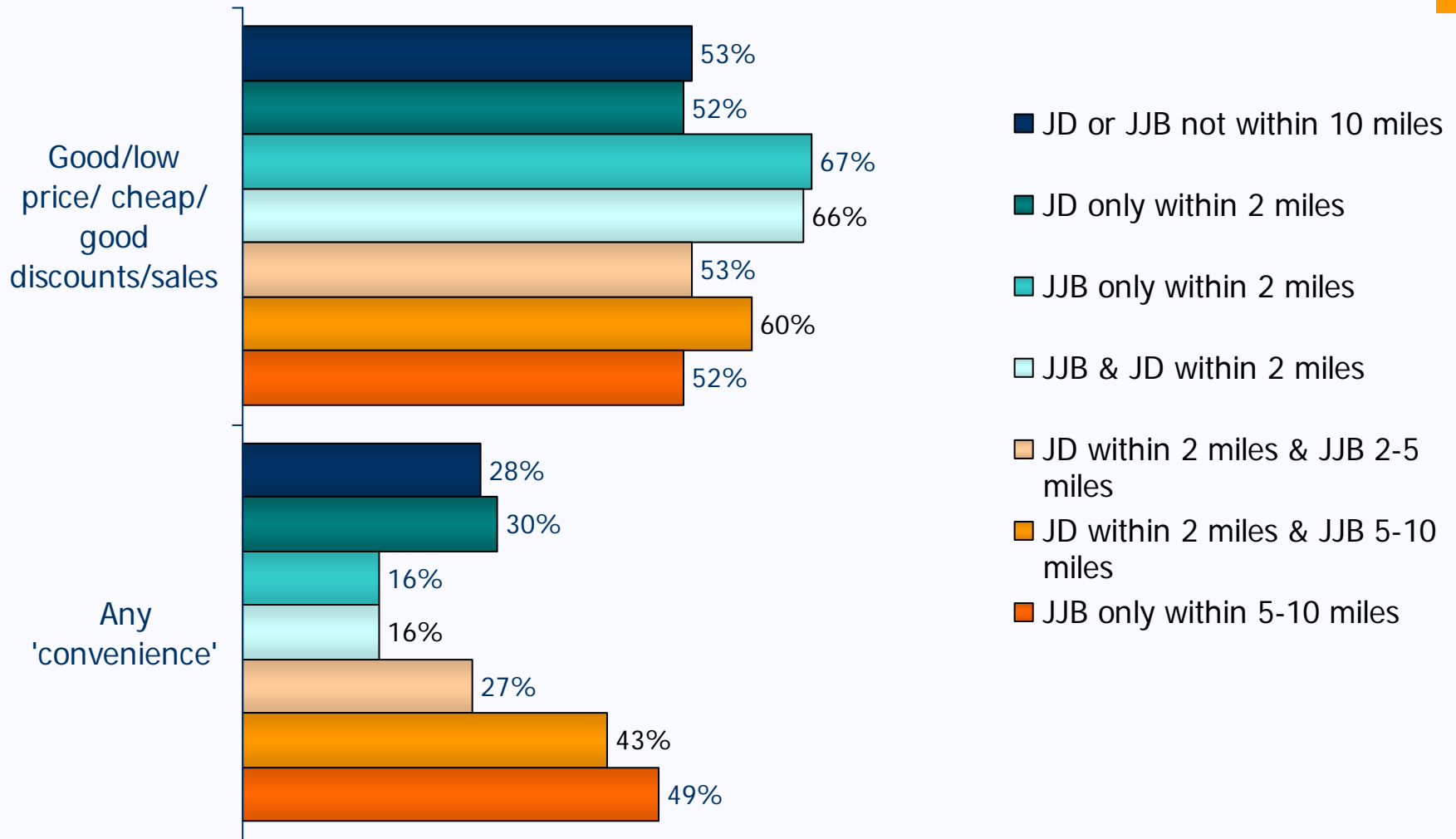
Behaviour if prices 5% higher – by key Sports Direct stores



Base: All Sports Direct customers who remembered amount paid – [X] (127), [X] (152), [X] (142), [X] (157), [X] (126), [X] (150), [X] (129)

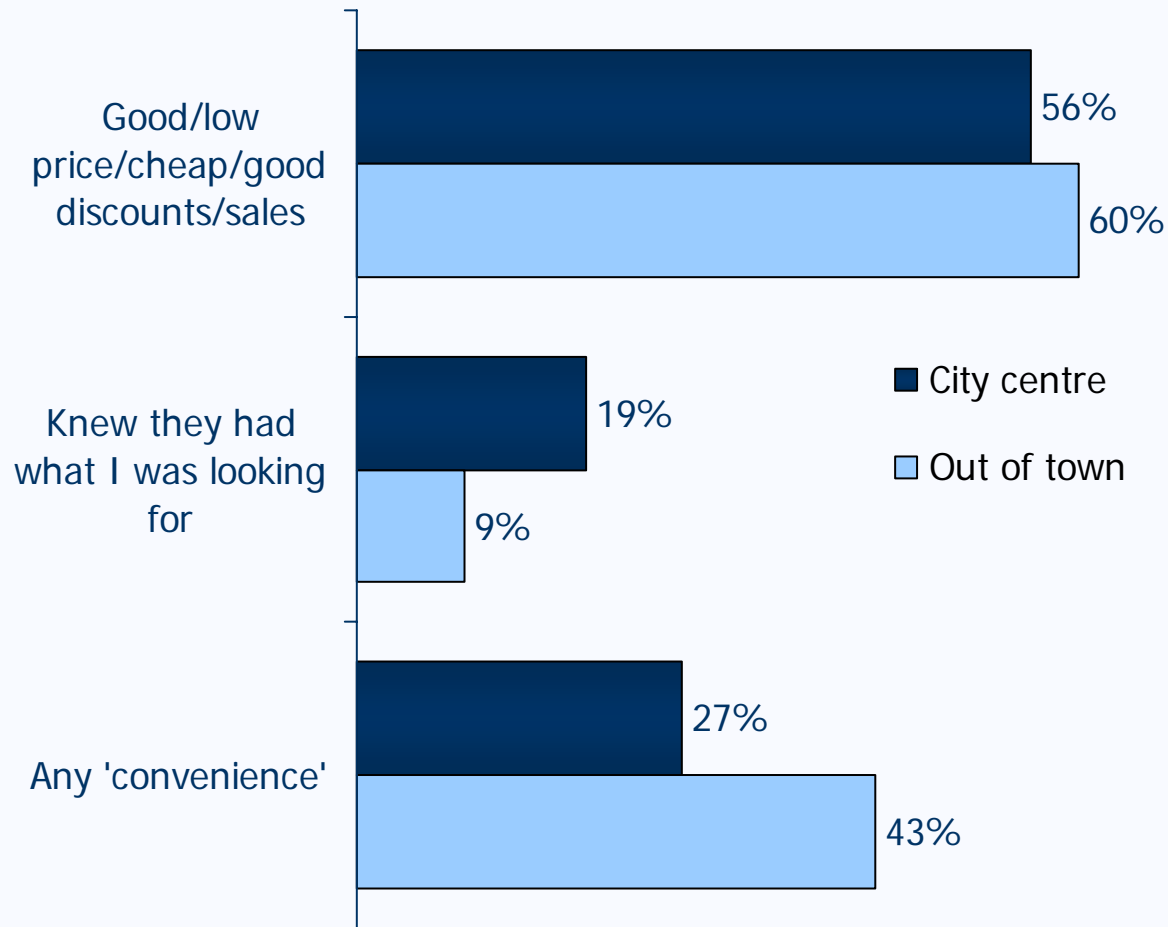
Reasons for purchasing from this particular shop - by store situation

52



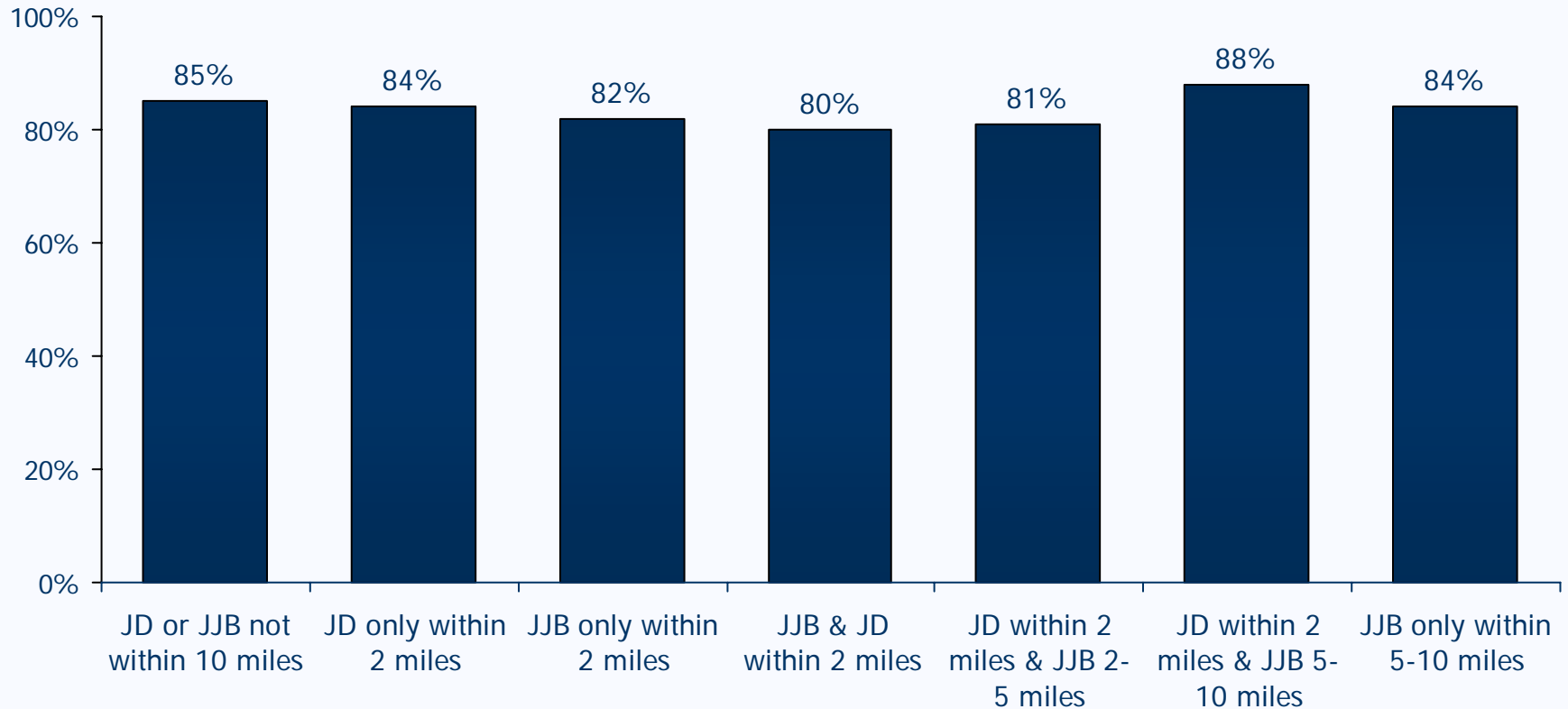
Reasons for purchasing from this particular store - by store location (Sports Direct customers)

53



% who didn't look elsewhere - by store situation

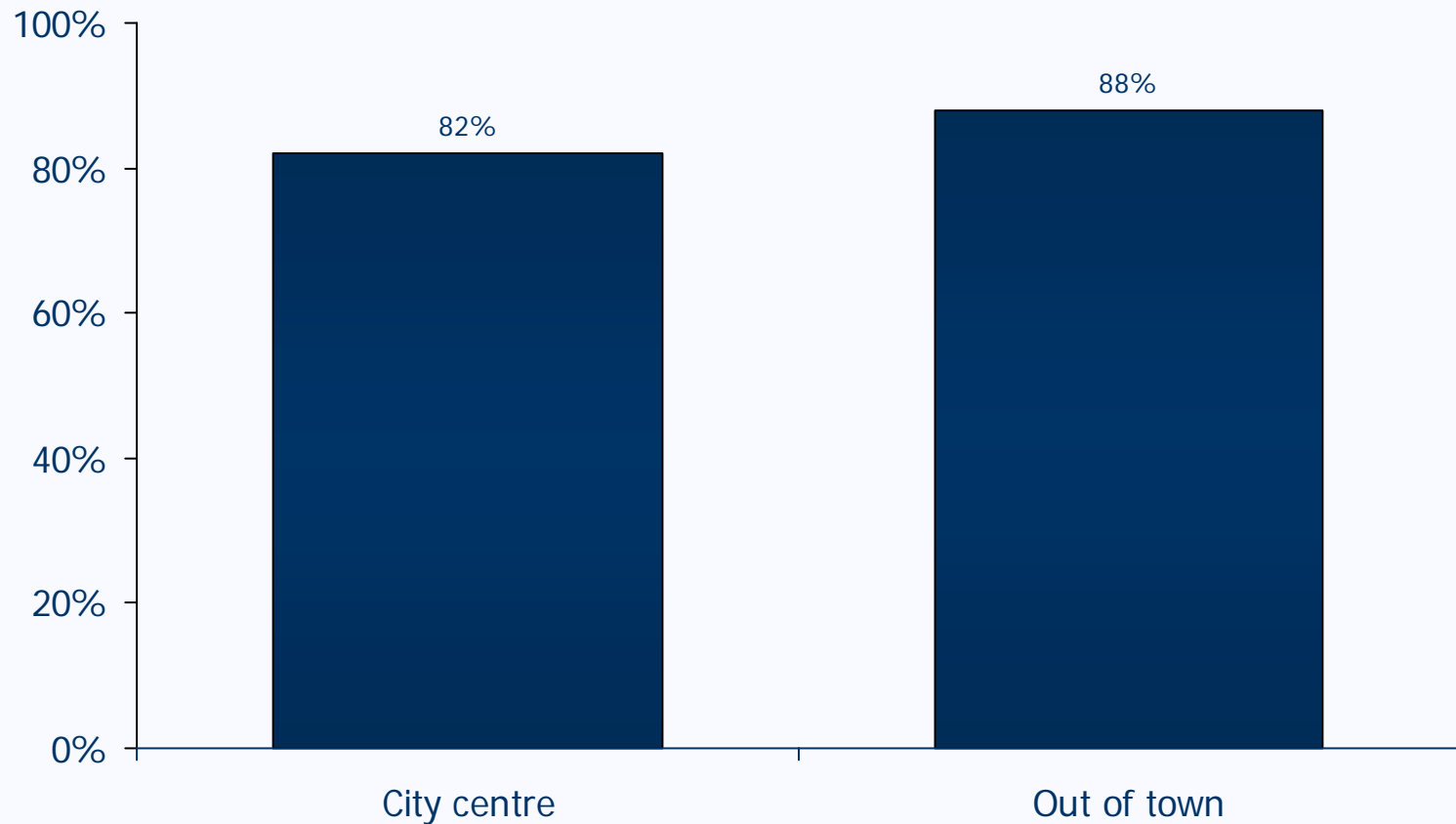
54



Base: All Sports Direct customers – JJB or JD not within 10 miles (263); JD only within 2 miles (250); JJB only within 2 miles (268); JJB & JD within 2 miles (273); JD within 2 miles & JJB 2-5 miles (664); JD within 2 miles & JJB 5-10 miles (352); JJB only within 5-10 miles (233)

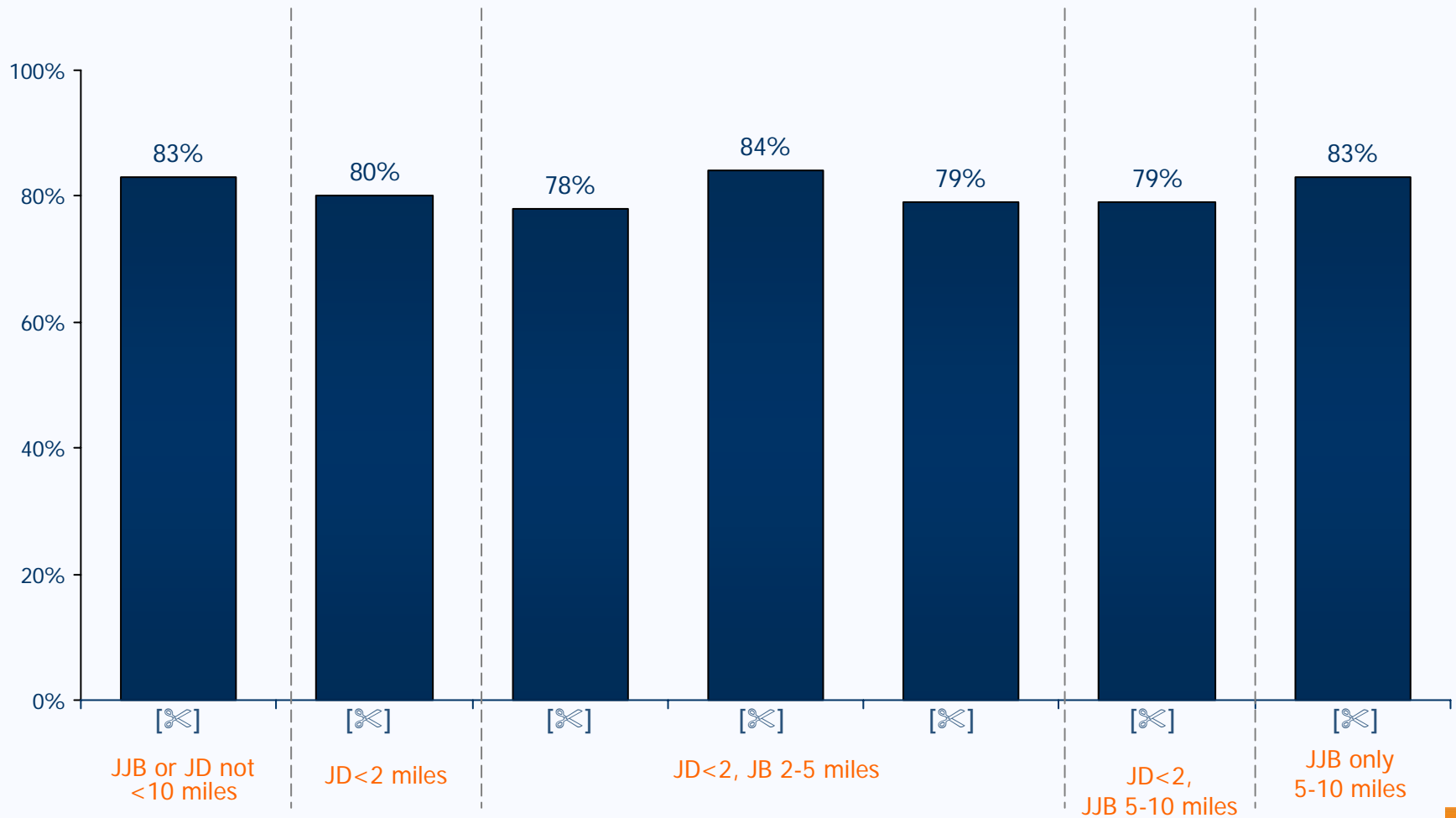
% who didn't look elsewhere - by store location

55



% who didn't look elsewhere - by key Sports Direct stores

56



Base: All Sports Direct customers – [X] (127), [X] (152), [X] (142), [X] (157), [X] (126), [X] (150), [X] (130)