

The End of Cheap Chic?

Contributed by TNS
Friday, 29 February 2008
Last Updated Monday, 14 July 2008

London, 27 February 2008 –“ The value fashion sector sees decline for the first time in over 10 years - much to the gain of higher-priced retailers, reveals data by TNS Worldpanel Fashion. While fashion discounters such as Primark, Tesco, George and Matalan saw a phenomenal sales increase of nearly 30% last summer, growth has now ground to a hold with sales falling by 1% over the last six months. In contrast, sales of the most expensive clothing are up by 4%, as shoppers head to generally more expensive retailers such as multiples and mail order retailers.

Elaine Giles, Research Manager, TNS says, “Shoppers are starting to favour higher priced retailers and the premium end of the market is performing well. The growth of the value sector last year came on the back of new store openings and expansions that brought an influx of new buyers, but now the sector seems to have reached saturation point. The only way value retailers can continue their success is to increase the spend of existing buyers, something they may struggle to do given the current retail climate.”

Total Clothing and Footwear growth has slowed to just 2% in the latest 24 weeks, bringing tough times ahead for many retailers. The evidence that shoppers, particularly men, are opting for more premium products suggests that they are seeking quality garments that will last. This means value retailers will have a tougher time than high priced players in the year ahead.

They will also have to compete with the rise of online retailers. Although only 4% of clothing sales are currently made online, this looks set to grow. With many value retailers not yet having the capability to trade online, they may be left behind as this channel becomes increasingly important to the fashion industry.

The value sector has had a huge impact on the fashion market over the past few years and the rest of the high street have been forced to slash prices in order to compete. If this influence diminishes, the fashion market could become a very different place to trade in.