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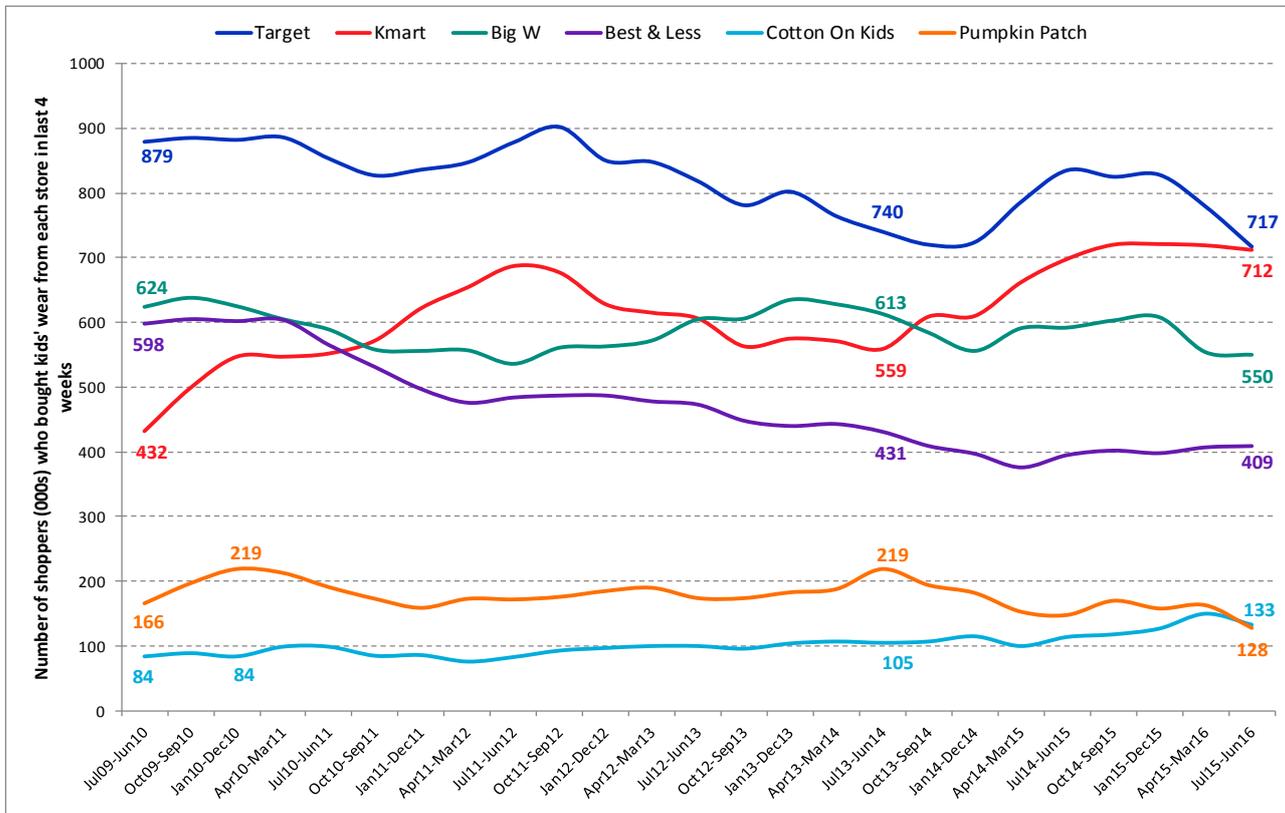
Pumpkin Patch's demise: a sign of the times

With kids'-wear chain Pumpkin Patch going into receivership, the latest findings from Roy Morgan Research show that the number of people buying children's clothing at the retailer's Australian stores or online has been steadily declining for the past two years, even as kids'-wear shoppers at rivals Cotton On Kids and Kmart have increased. But the data also indicates that it's not as simple as that...

Like most retailers, Pumpkin Patch has seen its customers ebb and flow over the years. In 2010 and 2014, its shopper traffic peaked at almost 220,000 people making at least one purchase there in an average four weeks, and its customer numbers consistently eclipsed those shopping at Cotton On Kids – until recently, when Cotton On Kids overtook it (133,000 vs 128,000 per average four weeks).

Meanwhile, the number of people shopping for children's clothes at Kmart in an average four weeks has sky-rocketed since 2014, from 559,000 to 712,000. In fact, June 2014 marked something of a turning point for the discount department giant, marking its emergence from a two-year slump in kids'-wear customers.

Visitation of Australia's top 6 children's clothing retailers July 2009-June 2016



Source: Roy Morgan Single Source (Australia), July 2009-June 2016, n=129,681. Base: Australians 14+

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But as the chart above indicates, Pumpkin Patch isn't the only kids'-wear retailer to have lost customers in the past few years: Target, Big W and Best & Less have all lost ground too. So what's going on?

First and foremost, Pumpkin Patch shopper numbers do not appear to be dwindling because of any dissatisfaction with the store. On the contrary, the chain has scored consistently highly in the Roy Morgan Customer Satisfaction Awards for years. Not only did it win Clothing Retailer of the Year in 2013, it has been among the category's top three scorers almost every month since then, satisfying upwards of 90% of its customers. (Target, Big W and Best & Less tend to score well too, around the mid-high 80s).

While international players like H&M, Uniqlo and Zara have already made a huge impact on adult fashion retail, they're not yet dominant in the kids-wear scene. But their presence would undoubtedly be bothering smaller specialty chains like Pumpkin Patch: for example, in any given four weeks, some 35,000 Australians buy children's clothing at ALDI, 15,000 buy it at Zara and 45,000 buy it from H&M. That's 95,000 shoppers who might otherwise have been shopping at Pumpkin Patch.

Add to this the stratospheric rise of Kmart in the kids'-wear sphere, and one can only conclude that other retailers in the category would be seriously reassessing what they need to do to remain competitive and avoid the same fate as Pumpkin Patch...

Angela Smith, General Manager – Consumer Products, Roy Morgan Research, says:

“The children's-wear sector is a very different place now than it was in 1990 when the New Zealand-owned Pumpkin Patch was established. Online shopping didn't exist, and international players like H&M, ALDI and Zara were yet to disrupt the local market. These days, retailers are faced with a much more crowded and competitive landscape; it's inevitable that not every business will thrive in these ever-changing conditions.

“Besides the gradual influx of internationals, the main factor influencing Pumpkin Patch's loss of customers (not to mention falling shopper numbers at Best & Less, Big W and Target) is almost certainly the dramatic rise of Kmart as a children's-wear destination (part of a larger turnaround at the hands of CEO Guy Russo). With its cheap-and-cheerful kids'-wear range and a series of vibrant, attention-grabbing TV ads promoting it, Kmart is successfully luring more and more shoppers away from the competition (not only Pumpkin Patch, it should be added) with its fun, 'fast-fashion' approach.

“Renowned for its high-quality, long-lasting garments rather than its low prices, Pumpkin Patch's premium approach may have served them extremely well in the past – and will always have its devotees – but sadly, in this increasingly high-turnover, budget-focused retail landscape, it lost its competitive edge...”

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Compiled with data from Roy Morgan’s Single Source survey (the largest of its kind in the world, with 50,000 respondents p.a), these ready-made profiles provide a broad understanding of the target audience, in terms of demographics, attitudes, activities and media usage in Australia.

About Roy Morgan Research

Roy Morgan Research is the largest independent Australian research company, with offices in each state of Australia, as well as in Indonesia, the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan Research has over 70 years’ experience in collecting objective, independent information on consumers.

Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
7,500	±1.1	±1.0	±0.7	±0.5
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2