

SPORTING GOODS, HOBBY, MUSICAL INSTRUMENT, AND BOOK STORES

Downtown Federal Way

INTRODUCTION

The North American Industry Classification System (NAICS) identifies industries in the Sporting Goods, Hobby, Book, and Music Stores sector engaged in retailing and providing expertise on the use of sporting equipment or other specific leisure activities, such as needlework and musical instruments under the NAICS Code 451. Book stores are also included in this sector.

The sporting goods, hobby, book, and music stores subsector consists of these industry groups:

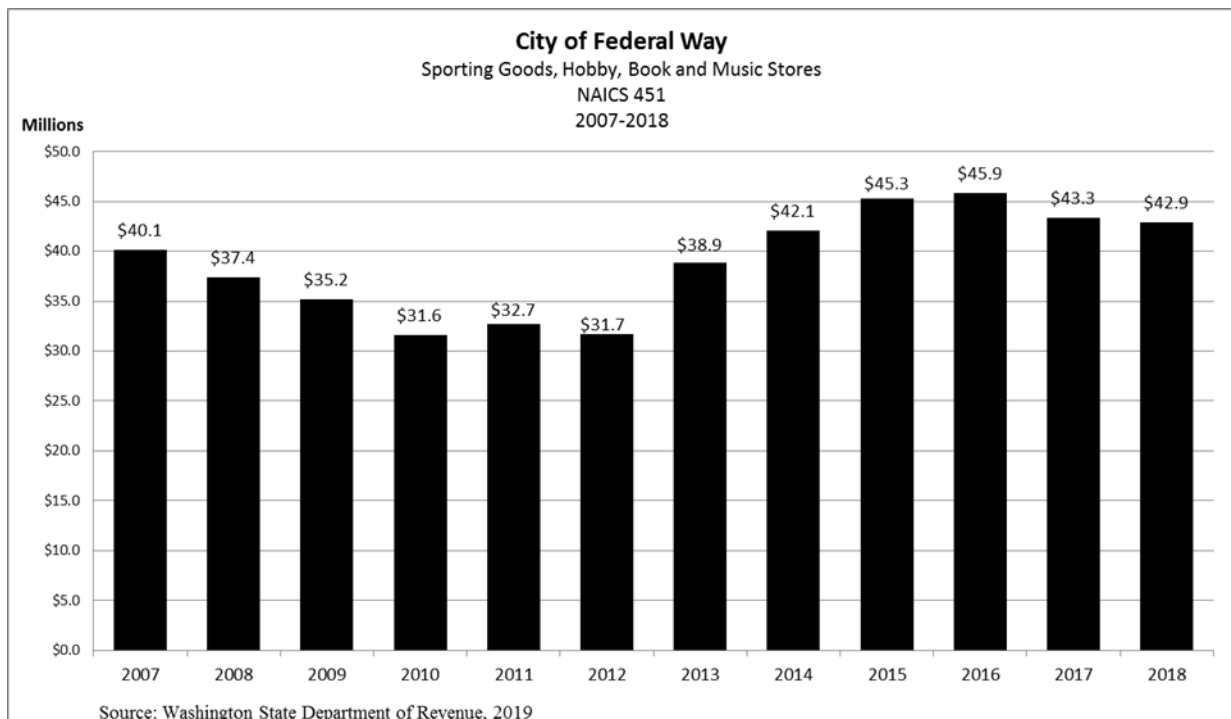
- Sporting Goods, Hobby, and Musical Instrument Stores: NAICS 4511
- Book, Periodical, and Music Stores: NAICS 4512

For the purpose of this report, NAICS Code 451 was used for this review.

BACKGROUND

According to the Bureau of Labor Statistics, over 557,000 are employed in this subsector. Additionally the Census Bureau's Annual Retail Trade Survey, identified that nationally sales for this subsector peaked in 2016 at \$86.5 billion and subsequently fell to \$84 billion in 2017. The largest industry group in this sector is sporting goods. It too peaked in 2016 at \$47 billion and reported \$45 billion in 2017.

The Annual Retail Trade Survey reports that in 2017, sales in the hobby, toy, and games stores subsector were \$17 billion and that book stores and news dealers were at \$11 billion.



Research on taxable retail sales from 2007 to 2018 in Federal Way, specifically before and through the recovery from the “Great Recession,” for this subsector responded simultaneously to the recession. The subsector did not return to pre-recession levels until 2014. Since then a high point for sales occurred in 2016 at \$45.9 million, this corresponds with the opening of Dick’s Sporting Goods. However, 2017 and 2018 have seen declines. See chart on previous page.

MARKET

Downtown Federal Way has 11 sporting goods, hobby, musical instrument, and book store related establishments. Of those establishments three are sporting goods stores; three are sewing, needlework, and piece goods stores; three are hobby, toy, and game stores; one is a musical instrument and supplies store; and one is a book store.

TRENDS

Music Stores

Consumer income and changes in musical tastes drive demand for musical instruments. The profitability of individual companies depends on effective merchandising. Large companies have economies of scale in purchasing and marketing. Small companies can compete effectively by specializing in personalized service or high-end instruments. The US industry is concentrated: the 20 largest companies account for about half of industry revenue.

“The US musical instrument stores industry includes about 3,700 establishments (single-location companies and units of multi-location companies) with combined annual revenue of about \$4.5 billion.”

First Research

Sporting Goods

According to the research consulting firm Statista, more than 100 million Americans buy sporting goods each year. There appears to be a healthy demand within the industry. And as more Americans begin paying more attention to their own health, the market is forecasted to grow.

“The North American sporting goods market is estimated to reach \$ 35 billion by the end of 2023, and it is anticipated to reach a market share of 40 percent of the global market by the end of the forecasted period.”

Research Nestor

Yet, even as more American children and adults play sports and buy fashion-focused athletic apparel, traditional sellers of workout gear, bats, and other sports equipment struggle with declining sales. In addition, consumers can buy athletic apparel online, so sporting goods retailers must strategize to retain customers and draw them in by providing customers with a unique shopping experience.

Consumer retail purchases of sporting goods equipment, athletic footwear, and athletic apparel increased to \$69.9 billion for the categories tracked by the National Sporting Goods Association (NSGA) in 2018, an increase of 1 percent over 2017.

“[2018] was a stable year. For the second straight year, the industry experienced one percent growth. While it was not as high as we would like it, it has not decreased overall, either.”

Julie Pitts, Director of Research and Business Development, NGSA

Sales increased by one percent for athletic footwear, while athletic clothing increased by one percent and equipment remained flat in 2017. The footwear category experienced largest dollar gains in the walking shoes segment. The gym/fashion sneaker segment was second followed by basketball and aerobic shoes. For equipment, a decrease in hunting and firearms was offset by slight increases in a host of other categories including golf, camping, bicycle equipment, and fishing tackle. The top dollar generator in the apparel category was golf, followed by swimming, which saw a slight decrease from 2017. Fitness categories increased across the board, led by yoga at three percent vs. 2017. Hiking was up four percent and was a top performer for the second year in a row.

Book Stores

Retail sales at U.S. bookstores were estimated at \$11.5 billion in 2017 but have been declining since their high of over \$18 billion in 2006. According to the Bureau of Labor Statistics, nearly 78,000 people are employed in this sector which has seen corresponding reductions in concert with the reduction in sales.

Book stores need to adapt through special curation by trimming their inventories, enhancing convenience in order to reduce friction while shopping, personalizing or customizing the consumer experience while in a mass-produced world, and focusing on consumers' changing demands.

However, not everything is doom and gloom. Despite the relentless growth of e-commerce, mounting store closings, and ominous media predictions of a brick-and-mortar retail apocalypse, there are still opportunities for growth by indie bookstores.

For example, sales at independent stores are rising. Physical retail is not dead. Books are a mature market.

“Independent bookstores—indeed, all retailers—need to focus on being highly local businesses to compete”

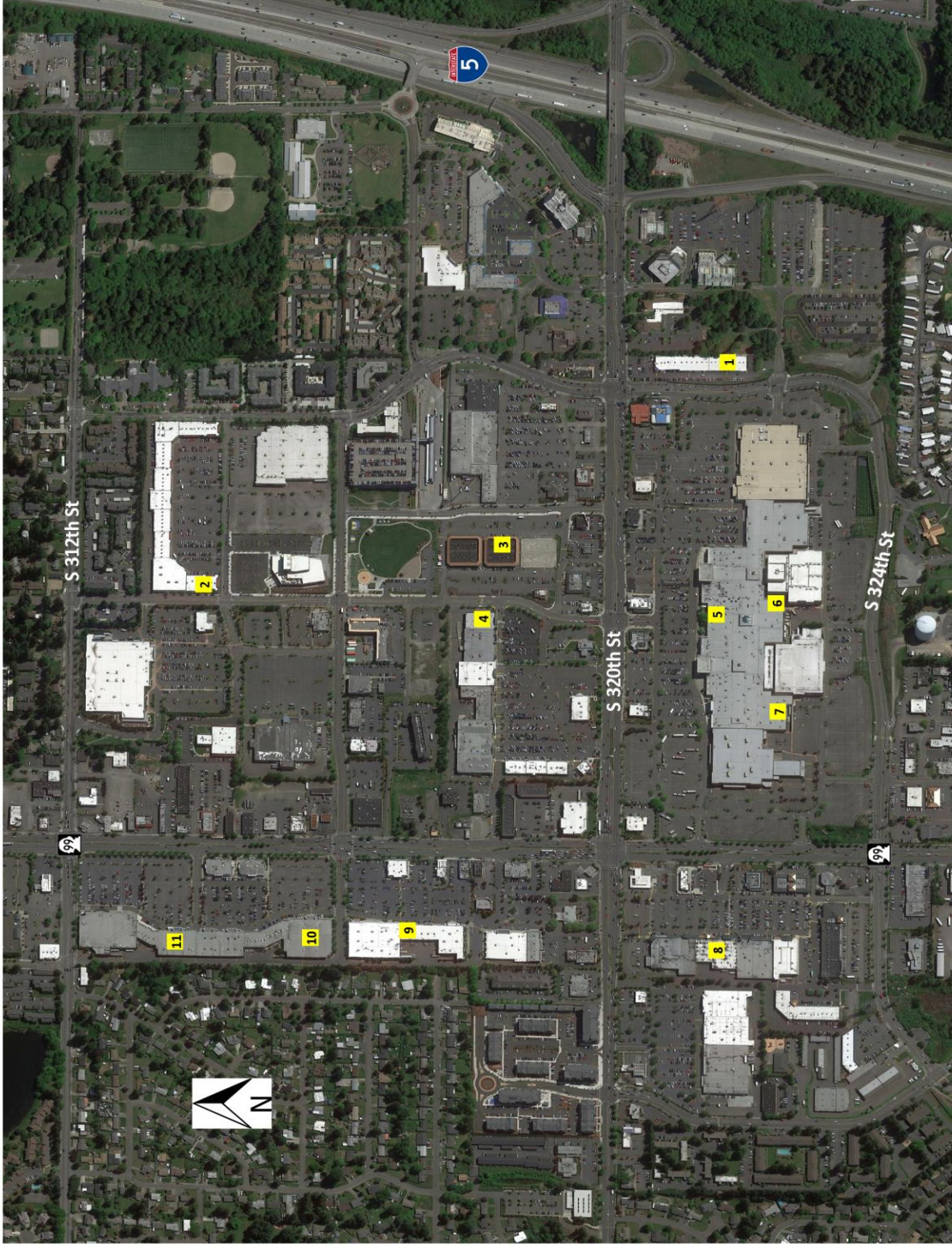
Kristen McLean, Executive Director of Business Development of NPD BookScan

Additionally, larger retailers have initiated new programs to push book merchandising such as a large book section complete with face-out book display. They also offer a wall of giant HD video screens offering a stream of constantly-updated original book content, author interviews, and more; perpetually hyping book news and offering title recommendations. Amazon has opened a wave of new physical bookstores which features shelf-talkers on every book to give suggestions and recommendations while customers shop.

SOURCES

- American Booksellers Association
- US Dept. of Labor, Bureau of Labor Statistics
- US Dept. of Commerce, Census Bureau, Annual Retail Trade Survey
- City of Federal Way
- ESRI
- First Research
- National Sporting Goods Association
- North American Industry Classification System
- NPD BookScan
- Research Nester
- Statista
- Washington State Department of Revenue

Location of Sporting Goods, Hobby, Book, and Music Stores



This map is intended for use as a graphical representation. The City of Federal Way makes no warranty as to its accuracy.
Aerial Photo: May 2018
Date Published: June 2019

Sporting Goods, Hobby, Musical Instrument, and Book Stores

Businesses in this category are engaged in retailing and providing expertise on the use of sporting equipment or other specific leisure activities, such as needlework and musical instruments. Book stores are also included in this subsector. Downtown Federal Way has 11 stores in this category, totaling to over 150,000 square feet of retail space. Stores in this category often sell sporting goods, collectibles, books, musical instruments and supplies, toys, games, and sewing supplies.

Year Built is the calendar year in which at least 50 percent of the original construction was complete. Effective Year Built is the adjusted year built taking into account any subsequent new construction or major rehabilitation.

1. Music & Arts

32042 23rd Ave S

Located: Towne Square

Retail chain selling musical instruments, audio gear & accessories, with rental & repair services.

Square Footage: 1,000

Year Built: 1985 (Eff. Year: 1995)

2. West Coast Sports Cards

Inc.

2008 S 314th St.

Located: Hillside Plaza Shopping Center

Sports & gaming cards dealer also stocks card display products, autographed memorabilia & more.

Square Footage: ~1,750

Facility Built: 1988

3. Action City Comics & Toys

2016-M S 320th St

Located: Center Plaza

Retail store offering weekly new comic releases, back issues, trade paper backs, action figures, statues, supplies & more.

Square Footage: 1,000

Year Built: 1979 (Eff. Year: 1990)

4. Big 5 Sporting Goods

1916 S 320th St

Located: SeaTac Village

Chain retailer providing a full range of sporting & outdoor equipment, shoes & apparel.

Square Footage: 12,473

Year Built: 1976 (Eff. Year: 1990)

5. Champs Sports

1920 S Commons

Located: The Commons Mall
Chain featuring a wide range of brand-name athletic footwear, clothing, hats & more.

Square Footage: 4,623

Year Built: 1975 (Eff. Year: 1985)

6. GameStop

1933 S Commons

Located: The Commons Mall
Chain retailer offering new & used video games, plus consoles, controllers & related gear.

Square Footage: 1,500

Year Built: 1975 (Eff. Year: 1985)

7. DICK'S Sporting Goods

1819 S Commons

Located: The Commons Mall

Sporting goods chain with equipment, apparel & footwear for athletics, outdoor recreation & fitness.

Square Footage: 45,000

Year Built: 1975 (Eff. Year: 1985)

8. Michaels

32061 Pacific Hwy S

Located: Celebration Center
Chain retailer carrying art & hobby supplies plus home décor.

Square Footage: 20,310

Year Built: 1963 (Eff. Year: 1990)

9. Quality Sewing & Vacuum

31653-B Pacific Hwy S

Located: Pavilions Centre II
Retail shop specializing in sewing machines, vacuum products and cleaning supplies.

Square Footage: 2,000

Facility Built: 2003

10. JOANN Fabrics and Crafts

31523 Pacific Hwy S

Located: Pavilions Centre

Chain providing a wide range of fabrics, plus sewing & arts & crafts supplies.

Square Footage: 43,506

Year Built: 1995

11. Barnes & Noble

31325 Pacific Hwy S

Located: Pavilions Centre

Bookseller chain stocking housebrand eReader, plus a broad selection of titles for adults & kids.

Square Footage: 24,987

Year Built: 1995