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Teens carry market clout

And Houston is home to largest young group of top 5 big U.S. cities

By DAVID KAPLAN

Among the five largest U.S. cities, which has the largest percentage of people under 18?

The answer is Houston.

According to the 2000 U.S. Census, 27.5 percent of Houstonians are in that age group. Los Angeles is second with 26.6 percent.

What's important for retailers is that teenagers like to shop.

"The teen segment is on fire," said Sherry Burton, Memorial City Mall's marketing director.

Teen stores make up about 30 percent of Memorial City Mall's space and include American Eagle Outfitters, Hot Topic, Fast Forward, Aeropostale, Hollister Co., Torrid and Pacific Sunwear. She said many of the youth-oriented shops are the mall's best performers, showing double-digit sales increases this year over last year.

One of the hottest youth-oriented national retailers is American Eagle, whose same-store sales for 2004 rose by an impressive 21.4 percent.

Consumers under 18 are part of the second-largest baby boom ever, noted George Whalin, president of California-based Retail Management Consultants.

Their clout in the market is no secret to retailers, Whalin said. Over the past 10 years, retailers have been aggressively pursuing teens in areas such as apparel, music, electronic games and skateboards.

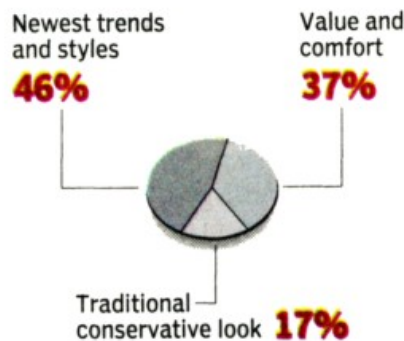
Houston's particularly high number of people under 18 may be attributable in part to the influx of Hispanics, who tend to have larger families, Whalin speculated.

And while teens are a hot market, they are a tricky market.

"It's very tough for retailers in that

FASHION SENSE

How girls age 14 to 17 responded when asked what they feel is most important about fashion:



Source: BIGresearch survey of 693 teens in February

Young cities

Percentage of the population under age 18:



Source: 2000 U.S. Census

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segment because the trends change so quickly," said Richard Hodos, president of Madison HGCD, a New York-based retail real estate and brokerage firm.

Don't get it wrong

"If you get it wrong, you die," said Hodos, who cited examples.

From 1990 to 1992, apparel chain Merry Go Round did tremendous business with teens, but after a few bad quarters, it went into bankruptcy, Hodos recalled.

Since then, another youth-oriented retailer with divisions called Wet Seal and Arden B. was doing very well, but recently it closed all of its Arden Bs and many Wet Seals, Hodos said.

The reason: "They got the merchandising wrong a few times, and it was sayonara."

With apparel, teenagers can be fickle and move from brand to brand. However, with other products, such as portable music players like the iPod, they are more loyal, Hodos said.

Target is teens to 30s

Edin, an edgy apparel store in Montrose, caters to consumers in their teens, 20s and 30s.

Edin's sales associate Shelly Shin finds that shoppers ages 14 and 15 are far more trend-conscious than older women, although women in their 20s and 30s can also be influenced by movies and TV, she said.

Her older customers' fashion tastes



FOX

TRENDSSETTER: Younger shoppers tend to adhere to the fashion sensibilities of actress Mischa Barton of *The O.C.*

were shaped by Sarah Jessica Parker in *Sex and the City*, Shin said, while teenage girls are influenced by actresses like Mischa Barton on *The O.C.*

"It's crazy" how strong celebrity influences can be, Shin said.

Monte Large, an urban retail broker with Wulfe & Co., believes other inner-city neighborhoods like Montrose, including Midtown and downtown, are ripe for the youth market.

In cities such as Los Angeles, Chicago, Miami and New York, he said, youth flock to older urban retail districts, the kind of pedestrian-friendly places that emerge over time.

After he had failed to draw a few national retailers who target teenagers and 20-somethings, Large decided to study U.S. Census data to learn more about Houston's demographics, and he learned that Houston is the youngest city among the nation's biggest five.

Great promotion

Youth-oriented retailers are often great promoters, Burton said.

"They'll do events with underground bands to sell rock-'n'-roll-related apparel," she said, and Fast Forward, a skateboard and boarding apparel store, gets involved

with skateboarding events.

Youth-oriented retailers also have gotten savvy with the Internet, because teen consumers use the Web frequently. Retailers conduct contests online and track their customers through e-mail, Burton said.

At Memorial City Mall, Tesh Davari, 11, was with her mother taking in several stores, including Hollister, Abercrombie, Journeys and Aeropostale.

Davari gets her fashion cues from magazines, her older sisters, Nicole Richie and Paris Hilton.

Many subcultures of fashion trends exist among teens.

For example, Memorial City Mall shopper Gabby Berrios, 18, described her attire as a combination of rocker, Gothic and punk fashion.

Nicole Howell, a sales associate at Abercrombie & Fitch, said the "destroyed" jean is the rage among high-school-age consumers. Howell had on a pair. Her 2-week-old jeans had a huge rip in the knee and were slightly torn in about eight other places.