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### The X Factor 02 October 2011

I'm a fan of TV shows like X-Factor, Idol and The Voice. I cringe at the tone deaf people who truly believe they can sing. I feel for the performers who can actually sing but choose the wrong songs or let nerves spoil their performance. And I am delighted when an amazing performer stuns the audience and surpasses all other contestants.

When Pumpkin Patch announced their profit result this week, I knew what it felt like to be an X-Factor judge.

Pumpkin Patch burst on to the stage (well, the share market) in 2004 as a unique retail brand, specialising in the design and retailing of childrenswear. Like the X-Factor contestants who sang at birthday parties, Pumpkin Patch had modest beginnings with one store and a mail order company in 1991.

By mid 2010, the company had grown to 227 stores with a presence in Australasia, UK, US and the Middle East. This is the equivalent of having made it to the semi-finals, and there were certainly other retail contestants who had fallen by the wayside as Pumpkin Patch continued its amazing journey.

To win a talent show, you need to have talent and you need to be different to everyone else. Pumpkin Patch is a good retailer. Their childrenswear is different and it sells, in fact it sells at a premium to other childrenswear and consumers around the world like the product. It is no mean feat to produce kids clothing that sells as well internationally as it does at home, given the different tastes, climates, and competition that you find overseas.

But to win, you need to be a consistent performer. The audience doesn't want to see a diva one week, and then a faltering performance the next. You also need to be able to perform in different environments – be it an intimate or theatrical setting, with backing singers or unaccompanied.

This is where Pumpkin Patch has been disappointing, and this is why I can only give them a two out of five.

Pumpkin Patch performed at its best when economic conditions were positive. I guess in hindsight it was relatively easy to sell higher priced kidswear to parents and relatives when money and jobs were plentiful. It has been harder, for all retailers, in the post-GFC environment where money and jobs are tight.

But even allowing for the difficult retail environment, Pumpkin Patch has suffered from inventory problems, currency management issues, and problems finding the right locations for stores overseas.



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This has led to erratic performances and investors don't like surprises. The company's share price is now a fraction of what it was when it was performing its heart out in 2007.

The current CEO has resigned so we'll have to wait for the new CEO to prove himself.

The market knows the company fundamentally has talent, and it has potential to be a great performer, and in the right environment, it could be a superstar.

But for now, the judges have said go and work on your performance. Then come back and blow our socks off!