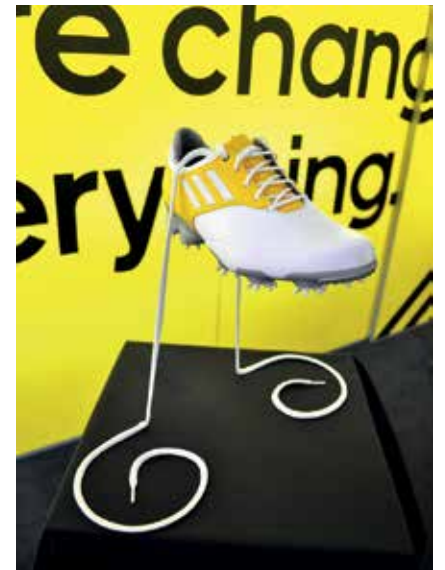


# in-store insights

## Sector Report

Dedicated to enhancing  
the total shopper  
experience

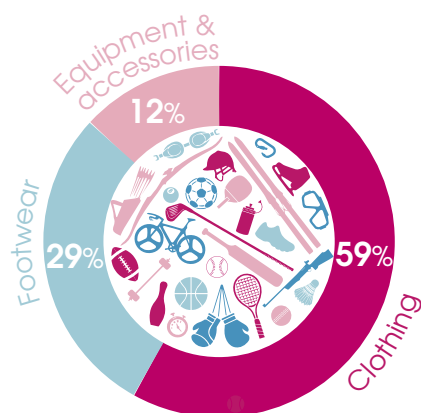


## SPORTS RETAIL

Sales of sports-related goods this year are expected to top £6billion for the first time, clearly helped by the summer of sport that is set to capture the interests of millions across the UK over the next few months. We take a look at shopper behaviour in the category and some of the latest trends that could help those brands with their eye on the big prize.

During the day of England's first match in the 2014 World Cup, fans made more than four online searches every minute for 'football shirts', according to data from ebay<sup>1</sup>. The figure backs up other industry research<sup>2</sup> that suggests one in twelve of us buys more sports items after watching live events. With a summer packed full of sport ahead of us – including Euro 2016, Wimbledon and the Olympic Games in Rio, to name just a few – that's great news for retailers and brands.

Breakdown of consumer expenditure through specialist sporting goods retailers (2014)



Source: Mintel



### Performance-Driven

Buying sportswear apparel can be an expensive game these days, with footwear and running tights from leading brands all retailing for anything upwards of £100. Such brands build their reputation on being innovation leaders – fast-moving and responsive. This is reflected in both premium price points and in the rate of new product development. Both result in a clear need for innovative and eye-catching retail display solutions to help brands maximise sales performance during the initial burst of launch activity in-store, as well as to sustain levels of brand equity, that have carefully been constructed, in the longer-term. Helping shoppers to understand the technology and construction that goes into products through the retail display is key to convincing them to spend that little bit more for a better product. Active sportsmen and sportswomen will find the money to invest in the latest equipment if they believe it will improve performance.

### Athleisure Trend

One of the key drivers behind this over the last twelve months has been the adoption of a more sporting look within mainstream fashion. The so-called athleisure trend was seen as a key catalyst behind strong sales in 2015, with high street retailers such as Next and H&M following this trend by introducing sports apparel collections, targeted predominantly at women. Meanwhile retailer and celebrity collaborations, such as that between Topshop and Beyoncé, have led to the launch of activewear collections.

Women in their 20s and 30s may largely be driving the athleisure trend but, perhaps surprisingly, 63% of UK shoppers aged 45-54 say they've bought sports goods for non-sports use in the past year<sup>2</sup>.

### Buying Habits

Mintel's research finds that young Brits are the most likely to both participate in sports and buy sporting goods<sup>2</sup>. Some 59% of shoppers' spend through specialist sports goods retailers comes in the form of clothing sales<sup>2</sup>. The challenge for the more specialist sporting goods retailers is how to ensure patronage in the face of increasing competition from non-specialists, particularly Amazon, and they must look to compete on more than merely a product and price level: they must leverage specialist knowledge and after-sales service to build a loyal consumer base.



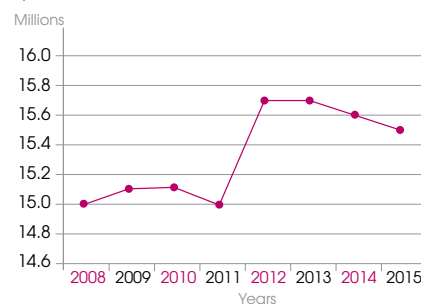
**37%**

of purchases are for running and jogging products

Source: Mintel

While those who regularly take part in sporting activities are more likely to buy sporting goods, research<sup>2</sup> suggests that over half of shoppers have purchased sports goods for non-sports use. It finds that 51% of those who had purchased sports goods in the past year had done so to use outside of sporting activities.

Number of adults aged 16+ taking part in sport at least once a week | Source: Mintel



## Staying Focused

Here are the three consumer groups on which Nike is focusing most



### 1. Women

Nike is expanding its apparel range, especially sports bras and tights, as sales of womenswear continues to outsell those items targeted at male shoppers.



### 2. Young Athletes

Kids who play sports are a growing part of Nike's business.



### 3. Runners

The company sponsors a number of grass-roots running events, uses its stores as meeting points for Nike Run Clubs and has also revamped its Nike+ running app.

## Key Purchase Factors

According to Mintel<sup>2</sup>, price and range are the two most important factors influencing shopper purchase behaviour when choosing where to shop for sportswear and sports goods. It is therefore perhaps unsurprising that Sports Direct and Amazon remain the two most popular retailers for purchasing sporting goods, with both retailers promoting these traits. Retailer promotions, including sales and special offers, also have a significant impact on where shoppers choose to buy sporting goods. As highlighted in our Insight Report (see page 7), many shoppers say that retailer discounts for buying multiple items in the same category would encourage more purchasing.



**11%**  
increase in volume sales of female athletic attire in last 12 months

Source: Key Note

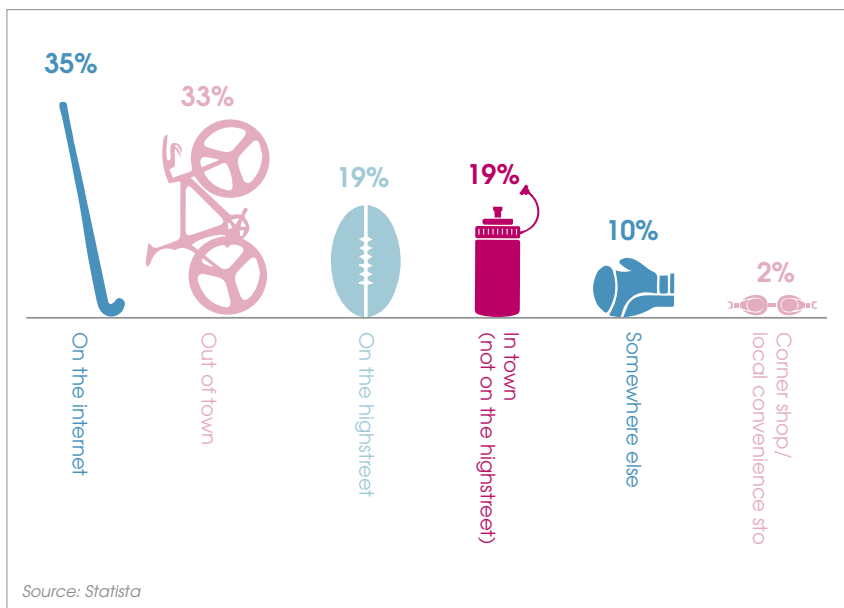
## Gender Blurring

Traditional gender clichés in sport are fast disappearing. Equality is growing, with women seeking strength from the gym weights room, and an increasing number of sportsmen seeking to achieve the flexibility of ballerinas. The shift towards female shoppers has been so great that sportswear giant Nike acknowledged back in 2014 that the rate of sales growth in its female clothing ranges had begun to outpace that of its products for men for the first time<sup>3</sup>.

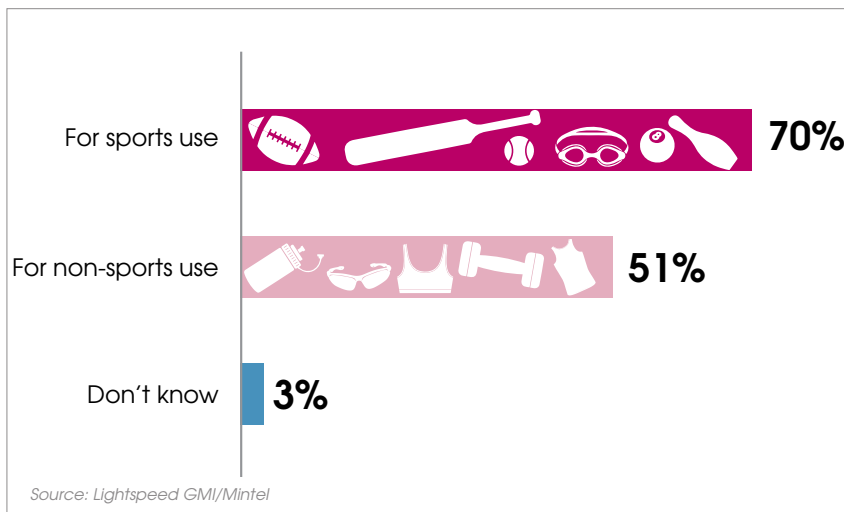
As a result, traditional approaches to how brands communicate at the point-of-purchase are fast losing their relevance amongst shoppers. Sports brands now know that older gender stereotypes of who follows, or participates in, what sport, have collapsed. From the key visual graphics used on retail displays to hero products, to the use of shape, colour and messaging in-store, marketers have to look at retail communication, and what will appeal, with a much broader lens. Customisation is a hugely important purchasing factor for today's shoppers, with tailored packaging, colouring and formulation all being incentives for purchase.

The growing number of brand start-ups launched by women within the sports sector is also leading to what industry commentators have termed the double bottom line – with brand propositions focused on not only creating wealth, but also making positive change for girls and women. This genuine point of difference provides a strong in-store message that resonates well with the target audience.

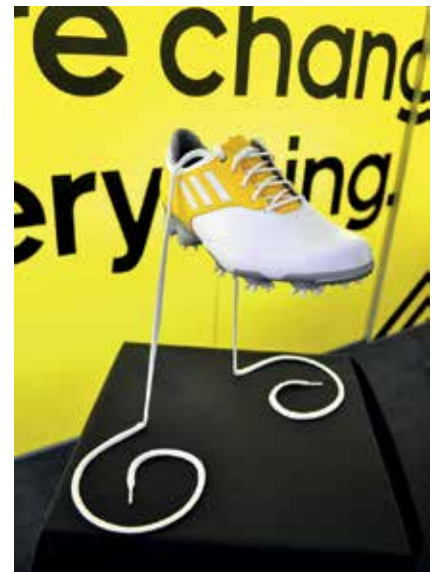
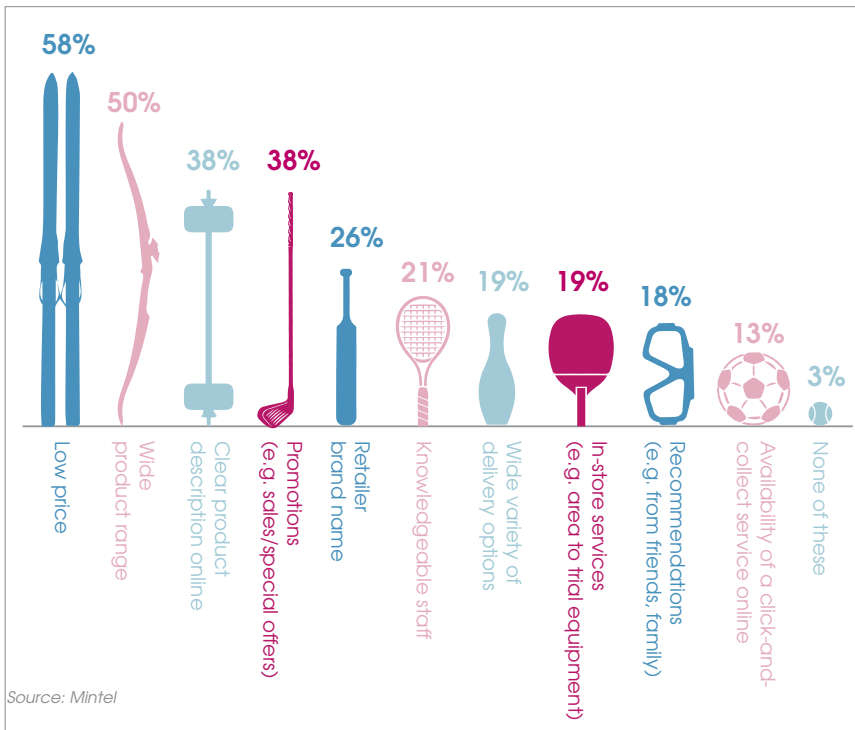
Channels consumers use to shop for sporting goods when shopping in the UK, as percentage of survey respondents (October 2013)



Reason for purchasing sporting goods in the past 12 months (April 2015)



Factors considered important when choosing a retailer from which to purchase sporting goods (April 2015)



### Sport Schwab

The newly-renovated ski and textile section of sports store Sport Schwab recently opened its doors. A blend of cottage feeling and urban style, the sports retailer has only 115 square metres available to present its entire ski range. In the summer, the latest trainers by the leading brands will be displayed here, which means that there is no room for the winter products. The solution is an intelligent wall rack: during the summer months, black sliding units hide the ski boots, and the light footwear will be presented on shelves that are attached to the sliding units. This way, the tiny space can be used twice. There is a foldable box in the stairwell, which Sport Schwab can use as required. Sometimes, discounted products are displayed there, and sometimes it hosts autograph sessions. Gridded product racks made from expanded metal in the centre create further flexible merchandising options. Interestingly, the Nike shop-in-shop system has been abandoned, and instead the brand area is integrated into the new store concept. Important design elements have been retained to ensure brand recognition, but the overall feel of the space is the same as the rest of the interior design.



### Fame and Glory

Most leading sportswear brands recognise the value of partnerships with professional athletes as an important way to draw in shoppers and foster establish brand allegiance. Nike has a history of partnering with famous athletes, so too adidas. Under Armour, which has expanded its presence in the UK market within the last two years, has also started signing famous athletes as a way to attract young shoppers. A great deal of attention is placed on promoting such tie-ins for sporting celebrities within above-the-line activity and, broadly speaking, it is highly effective at generating awareness and interest. However, it is of more limited value within the retail environment. Once in-store, shoppers typically have a specific mission or need-state in mind, one that then requires detailed information on features and benefits of the product, and therefore very focused key visuals within retail display are needed to fulfill those needs – with celebrity endorsement much less of a consideration factor.

## Sporting Community

Teams and sports personalities within sport enjoy a large and often die-hard following – most retailers and brands would give anything for the kind of unwavering loyalty that they attract. But a growing number of brands are now seeking ways to embed themselves within the lives of shoppers and the communities within which they live.

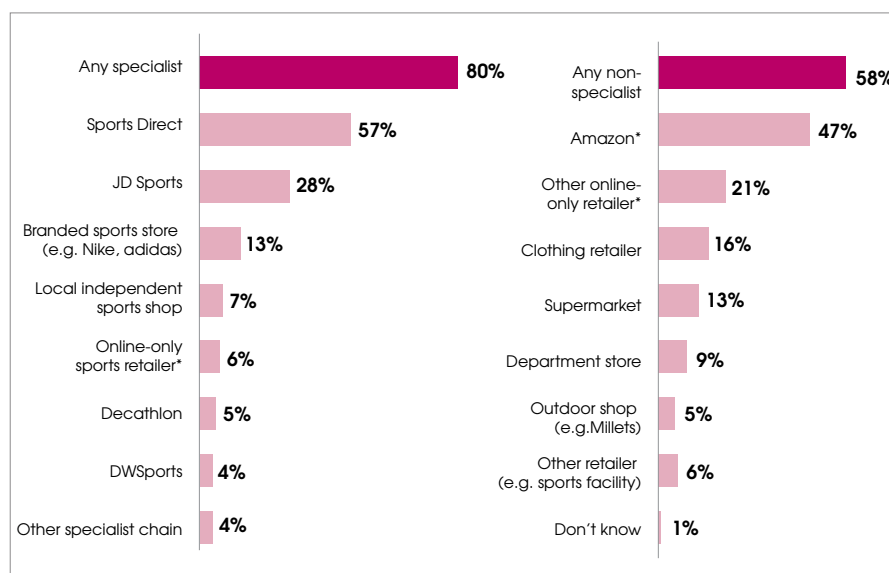
By treating the store as a social destination for people to mix with others that love the sport and the brand, the likes of lululemon and Nike are focusing on more than just product or the sale, and genuinely seeking to connect with fans' passion points instead. As a result, more and more brands are following their lead – morphing their stores into 'retail venues' that incorporate amenities and programming that show their expertise and strengthen relationships with shoppers through shared experiences. Outside of normal trading hours, lululemon converts its shop floor into a space for yoga classes. Last year Nike launched its Women's Studio – a pop-up retail space in Tokyo that served as a base for running sessions, while in the basement personalised group training sessions were overseen by Nike trainers. The Nike Run Clubs, that use the store as a meeting point, are now run in cities around the world, with Nike+ enabling runners to track their route, distance, pace, time, and calories. It also lets them share photos and compare progress with their friends.



## Brand-Owned Stores

In response to the greater competition on the high street, and in an effort to protect their brand image and quality credentials, a growing number of sports brands are focusing on opening their own retail stores and restricting stock supplied to sports retailers and discounters such as Sports Direct. Global sports labels such as Nike, adidas and Puma have started to create a stronger physical store presence, and are taking control of their own store operations, resulting in further competition for non-specialists but providing consumers with far more choice.

Retailers used to purchase sporting goods in the past 12 months (April 2015)



\* Separate base of 705 internet users aged 16+ who have purchased sports goods online in the last 12 months.  
Base: 1,184 internet users aged 16+ who have purchased sporting goods in the past 12 months.  
Source: Lightspeed GMI/Mintel

## INTERSPORT

Opened at the beginning of March, INTERSPORT Klöpping shows that creative ideas, a dose of courage and a relatively small budget are enough to create a great shopping experience. On site, euro-pallets were stacked up to create tables, spruce planks were used as wall panelling and clothes were suspended on chains in the staircase.



### Sources:

- <sup>1</sup> Retail Gazette, Why the EUROs should be about more than football for retailers, 2016
- <sup>2</sup> Mintel, Sports Goods Retailing UK 2015 Report, 2015
- <sup>3</sup> BBC News, Why sales of womens' sportswear are gathering pace, 2015