



Dr A Sivakumar profiles the US sports goods retail scenario both online and offline and contrasts it with the situation that exists in the Indian set up

RETAIL
ROAMAP

Sporting arena

Media's sporting control

The concept of 'health with wealth' has been gaining immense popularity in India over the past few years. Thanks to the influence of the western media, stress-busting activities like yoga, jogging, cycling and aerobics have become the city-slicker's path to a hale-and hearty lifestyle. And fuelling this healthy fire are sports goods manufacturers and vendors, who have been quick to anticipate and respond to the demand and have set up a pile of sports equipment and accessories for the benefit of the fitness-conscious individual. While retail stores have not emerged as a very popular destination for sport fanatics, the television has answered this need with their numerous health-related programmes and their omnipresent teleshopping networks. As sporting interests become more diverse, newer avenues are being opened for Indian sports vendors, who until a decade ago saw their profits only in the cricketing arena. Smart vendors would be quick to cash in on this changing scenario.

Indian industry scores

The 100-year-old Indian sports goods industry is now reckoned as a reliable supplier of sports goods to every part of the world. From manufacturing traditional sports items, the industry has evolved as a major supplier of high-tech equipment for almost every sport in the global market. Indian sports exports include sports equipment, apparel, footwear and accessories. Leading international sports brands like Adidas, Asics, Dunlop, Decathlon, Fila, Gap, Kookabura, Maxfli, Mitre, Nike, Puma, Rawlings, Reebok, Spalding and Rip-Curl feature on the Indian manufacturer's buyer list.

However, on the domestic sales front, the interest still centres on cricket related accessories. But this is set to change. The concept of sports as a means to good health is assuming greater significance. Considering this, and the organised retail phenomenon, there is great scope for the development of sports goods retailing in India.

Sportiff: Opener for retail

India has the required infrastructure to create and support a flourishing manufacturing base for sports goods that meet international standards. To exemplify this, sports wear manufacturer and retailer Sportiff India entered the sports goods retail segment with the opening of its Sports Locker in Chennai. This sprawling 3,000 sq ft outlet has everything a sports enthusiast can dream of, including cricket, tennis, badminton and other sports gear. With the success of this store, the company plans to open 15 such stores in Hyderabad, Bangalore, Mumbai, Delhi, Mysore, Chandigarh, Pune and Noida.

The sports industry so far comprised a large number of small, local sports goods stores and top Indian and multinational footwear chains like Action and Nike, which dabbled in sports goods through their footwear stores. With the establishment of Sports Locker, the stage looks set for the development of national level sports goods chains in India.

International field

However, for sports retail to assume the proportions of garment retail in India, some lessons need to be learnt from full-blown, developed markets. US is a good

QUESTION HOUR



Consumers are researching items on the web at an ever-increasing rate. The store must be prepared to answer their questions and match them up with the right products when they enter

choice in this regard. The three major merchandise categories on the US sporting goods retail scene are equipment, footwear and clothing. Equipment brings in the largest amount of sales, followed by footwear and clothing. Sporting activities are divided into fitness, team, racquet, skating, indoor games, personal contact sports, extreme sports, recreational exercise, bicycling, helmet sports, board sports, outdoors activities, shooting sports, fishing, snow and water sports.

According to the Sporting Goods Manufacturing Association International's Recreation Market Report, manufacturers' sales of sporting goods equipment, sports apparel, athletic footwear, and recreational transport items in the US totaled \$68.6 billion in 2003.

As sporting interests become more diverse, newer avenues are being opened for Indian sports vendors, who were, earlier, restricted to cricket

a 0.5 per cent increase over sales in 2002. In terms of sales, the six largest categories of sports goods were exercise equipment machines, golf, firearms/hunting, camping, team sports and fishing. In the exercise equipment category, treadmill sales accounted for 26.4 per cent. Consumer spending for exercise equipment accounted for 81.3 per cent. In team sports, the three largest categories were baseball/softball, basketball and soccer. Sports apparel is still the largest segment in all of the sports and recreation industry.

The major formats of sports goods in the US are traditional sports goods retailers like Champs, speciality sporting goods like Athlete's Foot, large format stores like TSA and mass merchandisers like Wal-Mart. Wal-Mart was the largest seller of sporting goods in the US in 2003. However, the Indian experience might be different if the development of hypermarkets exceeds that of specialty stores.

Game plan

Considering the nature and frequency of the use of sporting goods, sports stores need to be service/facility intensive. US retail outlets have various facilities like an indoor golf club testing range and archery ranges. They also provide hunting/fishing licenses and rent out equipment. Two of the biggest sections of a retail store are the apparel and the footwear sections, both of which carry a variety of products in many different brands.

The apparel section includes a range of clothing from gym shorts to rain jackets. The footwear section carries different styles of shoes for every type of sport.

Outdoor sports is one of the biggest sections in a US sporting goods store, featuring an elaborate range of equipment for camping, water sports and winter sports. Sporting goods stores have a wide variety of equipment, apparel, and sometimes instruction available in these sections of the store. The outdoor section is also a major attraction for consumers. This section usually has displays such as tents, cooking utensils and sometimes, even a rock wall for climbing practice. The fitness and exercise section is usually known for its gym set up, displaying barbells, treadmills, stair steppers,

and all kinds of weight lifting machines. Finally, most sporting goods stores will include a games room section where it will carry goods for ping-pong, darts, billiards and air hockey.

US sporting goods retailers are known for their excellent customer service, both during and after the consumer's purchase. Every section of the store has an employee assigned to it for two reasons; so the customer doesn't go searching the entire store looking for assistance and secondly, so that each section has an employee who possesses adequate information about the section that he or she handles.

Most stores in US are also respected for their after-sales service. Customers can call for assistance with complicated products or the assembling processes of certain products. They provide repair services for most of their products and also have good return policies for their equipment. Customers can choose to try out certain products and return them after a short trial if they don't like them. Shipping and handling is an added convenience, as stores offer to distribute many of their bigger products so the customer doesn't have to rent a truck to transport them home.

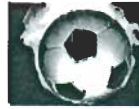
In India, retailers with a background in durable retailing have no problem in handling these facilities and services; almost all retailers have begun to provide them. However, the major bottleneck would be the knowledge of different sports among employees and appreciation of the finer details to suit customer needs. Moreover, the consumer needs to be sufficiently educated about the attributes of the product as well as the game, in order to promote buying.

ZOOMING VICTORY



The average gain posted by US sports goods retailers over last year was an astounding 113% with some retailers like Big 5 Sporting Goods and Dick's Sporting Goods posting gains of over 140%

EURO FURORE



According to The Confederation of British Industries, UK retailers saw a strong demand for beer, TV sets and football clothing, thanks to the Euro 2004 tournament

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Sporting in cyberspace

The world's biggest online retailer, Amazon, is trying to transform itself into a shopping mall. In September 2003, Amazon opened a sporting goods department where retailers such as Golfsmith International sell golf clubs, baseball bats and other athletic gear. Teaming up with other merchants eliminated inventory risk for Amazon and reduced the amount of expertise it needed to accurately forecast 'hot' products in unfamiliar categories. It was a practical strategy for Amazon, as funding for expansion was shut off following the dotcom bust. The arrangement also suited retailers, who realised they were better off focusing on their main brick-and-mortar businesses. Amazon is replicating its strategy with sporting goods. Rather than reconfigure its warehouses to handle hundreds of thousands of different types of products, Amazon looked for experts in the business.

It found several takers, including Golfsmith, a chain of golf superstores, who were eager to sell their goods to Amazon's 35 million users. However, it ran into a problem: Some golf-equipment makers don't want to see their goods in the Amazon shopping mall. Golfsmith, for one, was told by the makers of Titleist, Callaway and Ping goods not to sell their clubs and other gear through Amazon, even though Golfsmith is authorised to sell those same brands through its own website. Ping has allowed four speciality golf retailers to sell Ping equipment through their websites. Other big brands, including Nike, are also fighting the sale of their goods through Amazon.

Whatever be the case, Nike's efforts have certainly not been very successful: Many Nike products are still widely available through Amazon, listed by Foot Locker, Nordstrom and others. Amazon executives say that there's still a huge selection of sporting goods on its site, even without the support of those brands, and that it will win over detractors. The company claims that it has partnerships with 'hundreds' of retailers overall, and more than 50 retailers in its new sporting goods store alone.

Fogdog sports - sporting e-tailer

Fogdog Sports is considered a 'pure-play' Internet retailer and claims to have the largest selection of sporting goods online, with upto 60,000 distinct SKUs representing more than 600 brands in major sports

categories. This includes sporting equipment and apparel for athletes, team sports and sports enthusiasts.

Fogdog uses traditional and online advertising, direct marketing, and strategic relationships to build brand awareness and acquire customers. They advertise on web portals, such as AOL, and also target radio, print and outdoor media. The company also sponsors

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sporting activities like football tournaments and mountain bike races. Fogdog targets people with active lifestyles and wants to position its website as the online sports store which is built especially for people who "live to play sports".

Time out

The three major forces that will compete for a piece of the India's fitness pie are 'magic pills', weight loss programmes and physical exercise. Consumers with higher disposable incomes are more than willing to spend on their health. Young children with parents in this category are now more comfortable with videos and computer games. In the past, children would run out to play after school, but these days, they prefer the latest Play Station 2.

These developments are affecting the US markets as well. The Sports Authority, one of the biggest US sports goods retailers has begun two programmes to encourage children to participate in outdoor activities. The first, 'Get Out and Play' works with the Boys and Girls Clubs of America to promote the benefits of playing outdoors to children in the age group or 4-14. 'Be a Sports Authority' is the second similar programme aimed at getting children outside instead of inside, in front of the TV or computer.

Smart Indian sports goods retailers and manufacturers will promote similar initiatives to achieve the double benefits of educating consumers as well as enticing them into buying sports gear. ♦

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