

# SPORTS & OUTDOOR

April 2018 whitepaper



# Harnessing a Passion for Exercise

Sport and activity are high on the news agenda, as many bemoan the UK's apparent lack of interest in keeping fit and the growing problem of obesity. Yet according to Sport England, three-quarters of adults in the UK are 'active' or 'fairly active'. That's a lot of people who need the right clothes, equipment and support to take part in whatever activity piques their interest.

The UK sporting and outdoor equipment retail market is valued at £8 billion and grew at an estimated 3.9% annually over the last 5 years. A handful of major brands command a significant proportion of that spending. At the other end of the scale, general retailers have been cashing in on the trend for athleisure and low-cost sports clothing. But there is still an opportunity for specialist sports and outdoor brands to take their share of equipment and clothing sales, not to mention apps and other services.

The question is: how do you capture your share? How do you distinguish yourself from generic high street brands and make yourself a destination for valuable customers with a passion for exercise?

## Be Aspirational and Inspirational

The sports and outdoor market is distinct from the general clothing sector in that it is aspirational. Whether we're talking about someone starting out on their fitness journey, a regular participant who simply wants to stay fit or enjoy the great outdoors, or passionate enthusiasts pushing themselves to extremes, they all have aspirations that can be fed by businesses focussed on sports and the outdoors.

Conversely, brands can inspire people to look beyond their usual routines, try new sports and meet new challenges. When you get the inspirational and aspirational aspects right, you unlock opportunities for new and additional sales.

Being aspirational can go far beyond what your average potential customer is likely to achieve themselves. "Not many people are going to be out in Namibia running over dunes like the models in our imagery," admits Emma Reid, Managing Director of Tribe Sports. "But the ethos behind it is 'Let's go out there and explore something amazing'. Our tone is always down to earth, with an understanding of the difficulties of everyday life, which humanises the brand. So even though the pictures may be aspirational, it's clear that we do 'get it' and we're

trying to inspire you."

There's further opportunity to inspire customers through the people your brand associates with: your influencers. "What makes the sports market unique is that people don't make instantaneous purchases. It's emotional but also technical. So word-of-mouth recommendations are key," says Neville Tam, Head of UK Marketing for Amer Sports. "This includes athletes and influencers in the digital space, as well as friends, family and the sports community."

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If chosen carefully, influencers can have a huge impact on the reach of your brand. They may already have many times the number of followers that your own brand has on social platforms, especially if your company is relatively young. It's worth remembering, though, that there are different 'types' of influencers who can play different roles in your strategy.

Major names can be truly aspirational, but 'micro-influencers', who may have fewer followers, can also

have a big impact because they are likely to engage more and have two-way conversations with your community.

Blogs – especially featuring guests such as coaches, athletes and ‘real people’ – can be another valuable tool in the inspiration space.

## Differentiation and Brand Positioning

One other key thing that distinguishes the sports and outdoor sector is the opportunity that still remains to stand out from the crowd.

“The sports sector, compared to many other markets, is an incredibly undifferentiated market. Some sports brands have very good brand positioning. But if you were to plot the majority of leading sports brands on a matrix, they would be clustered together,” says Daniel Macaulay, founder and CEO of Brandwave Marketing. “That’s good news, because it means there is a lot of opportunity within this industry to differentiate further.”

To achieve this, it’s really important to have clarity about your brand and your values, and be careful how you communicate them.

As Macaulay explains, a brand is anything that has equity in the mind of the consumer; anything with an emotional attachment to it. “Even with technical brands, people buy 80% for emotional reasons,” he points out – a statistic that is widely agreed on.

Your brand differentiates you from your competitors. “Brand positioning defines everything that your company is and everything it does, both internally and externally,” says Macaulay. “That includes marketing, recruitment, finance, HR and new product development. Externally it should define your digital strategy, who your retailers are, your target market and how you communicate with them.”

It’s important to be consistent, and to communicate your core values and ethos in a way that involves people who are important to your brand. “The

important thing is not what you say, but what you do with your brand values.”

*“It’s about being the best we can be; about really engaging with customers and making them trust us,”* **Emma Reid - Tribe Sports**

Listening to companies that have a real passion for their business can give you clues about where to start and what may be lacking in your business. “It’s about being the best we can be; about really engaging with customers and making them trust us,” says Tribe Sports’ Reid. Similarly, David Hanney, CEO of Alpkit, says: “It’s important to be authentic. We see ourselves as real people talking to real people.”



## Aim for Excellence

Given that your potential customers are aiming for something significant – be that scaling a mountain, running a marathon or simply improved fitness – you need to be aiming for excellence too, or they are unlikely to align themselves with your brand. What you’re selling needs to be as good as it can be, but it goes beyond that.

Excellence encompasses product imagery and descriptions, the sales journey and every aspect of

# Daniel Macaulay's top tips

- **Seek marginal gains across the company – they are more achievable and less intimidating than individual large targets, and together they can make a huge difference.**
- **Be consistent with your brand – ensure your marketing strategy is fully integrated.**
- **Do one thing really well – don't spread yourself too thin.**
- **Be authentic – in a digital age, consumers can easily identify those who aren't.**
- **Brand transcendence – your brand should define everything that your company is and everything that your company does, both internally and externally.**
- **And finally. Start with your 'Why', which is your ideology, your purpose. Watch Simon Sinek's TED Talk to understand why this matters.**

customer service. The customer experience needs to include great product delivery and hassle-free returns.

Even when you believe everything is as good as it can be, be sure to monitor it and question how it could be better. "For online customers, we use questionnaires to let us find out what they like about Tribe Sports – what their experience has been or what they're missing, how a product's style suits them – which we feed back into the business," explains Reid. This approach can make customers feel they are valued but also provides valuable feedback to help you make your products and services even better

## Engagement and Community

Engaging with your customers is vital in this sector. After all, as Sigma's Head of Marketing, Calvin Cox,

says, "It's a deeply emotional process when you're buying for something you're highly engaged in and that is part of a lifestyle experience."

Engagement encompasses both individual interactions and building a community: "Community is so important in our industry," confirms Tam from Amer Sports.

Word-of-mouth recommendations encouraged by high levels of product quality and customer service can help spread your story. Influencers can also play a key part, as mentioned above, although you may have to be creative here if your budget is limited – similarly with online activities, as some aspects of creating a digital presence can be expensive.

Don't overlook the value of 'real people' sharing your story online. "People want to share stuff and they want to talk about fitness, and you've got to harness that as a brand," suggests Ian McCaig, Co-founder of FiiT. At Alpkit, for example, they share stories that are sent in by enthusiastic customers, supplemented with kit lists.

*“We’re identifying premium customers and delivering money-can’t-buy experiences through our relationships with brands, such as in-store meets with top athletes,”* **Calvin Cox - Sigma Sports**

Given that so many sports and outdoor businesses don’t have a retail presence, initial engagement can be a particular challenge. “In our industry, the best way of convincing someone to use your products or service is to get them to trial it, but with digital communication there isn’t always the option to get them to see, touch, feel, try it – to experience it in the sport there and then,” says Tam. “So there are limits as to what you can do isolated in the digital world. But you don’t have to keep your consumers at arm’s length – you can still do face-to-face demos and product events, and provide richer engagement.”



Sigma Sports has the largest road cycling and triathlon store in the UK. The majority of its business is online, but it still hosts in-store events to retain emotional interaction and finds that people will

travel long distances to attend, especially when ‘big names’ attend. “Once we can get people into our store, their propensity to become a long-term customer is way higher than when we just have an online interaction,” notes Cox.

If you don’t have a permanent retail space, then pop-up shops may be worth considering. Tribe Sports’ Reid reports that they have been a great way to meet customers and find out more about their likes and dislikes, and as a result she gets everyone from head office to spend time working in them. “We’ve also used the space to hold workshops – really engaging people and aiming to inspire and motivate them, while at the same time acquiring some interesting information.”

Tam from Amer Sports notes, however, that you shouldn’t alienate those who, for whatever reason, cannot take part in these face-to-face events. “Make sure you maximise your digital reach so that those who can’t be at an event can have a little bit of that rich experience, using tools such as Instagram Stories or Facebook Live, which can be a powerful way of bringing your community closer to you.”

## Encourage Loyalty

Returning customers are valuable, so it is worth allocating time and effort to retention as well as to attracting new customers. Small touches offline can have a big impact. Alpkit, for example, can offer customised products and includes handwritten notes in each product it delivers: “It’s the attention that big athletes get from big brands that we can make available to everybody,” explains Hanney.

Delivering rich, tailored experiences online requires time, funds and commitment, but is an area where smaller companies have an advantage because there are fewer stakeholders involved who need to approve any changes.

For high value customers, consider offering even more. "We're identifying premium customers and delivering money-can't-buy experiences through our relationships with brands, such as in-store meets with top athletes," says Sigma's Cox.

Sigma's next step is to restart its loyalty scheme. "A lot of people base loyalty schemes on just trying to get people to come back and buy again," notes Cox. "We see it as a way of driving information by getting people to continually interact with us, so we

can learn more about them and that in turn will drive more relevance in our communication with them, and deliver a much better experience for that customer."

Other opportunities include 'surprise-and-delight' rewards, based perhaps on mileage cycled or other achievements.

Rewards don't have to be monetary. Think about what makes your ideal customers tick, and respond to that. Alternatives include early access to newly-released products or your sale, or invitations to restricted events.

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## Future

The sports and outdoors market is clearly different from general retail. There is still the chance to grab a unique, distinctive position and there are opportunities to engage with current and potential customers in ways that simply don't exist for most other sectors. There are also opportunities for equipment and clothing suppliers to gather data from relevant sporting apps, such as Strava, that can help them understand and target their customers better.

There are challenges looming. For example, in future customers will expect an omnichannel experience, where they can move seamlessly from digital to social media to retail and be recognised by you wherever they interact with your brand. The upside is that delivering relevant, automated information to consumers when they interact with you digitally can help build engagement and loyalty.

None of this is easy, but neither is running a marathon. Yet some do succeed in achieving their goals through careful thought and focussed preparation, and there's no reason why your brand can't be one of them.

<sup>1</sup> Sport England; Active Lives Adult Survey, November 16/17; published March 2018; <https://www.sportengland.org/research/active-lives-survey/>  
Adults defined as aged 16+

<sup>2</sup> IBISWorld; Sporting and Outdoor Equipment Retailers – UK Market Research Report; November 2017