

Sports apparel  
industry caters to the  
demands of clothing  
and footwear  
marketing ...



Sports Apparel Industry caters to the demands of clothing and footwear for different types of sports. This industry is gaining popularity with every single passing day. Global scenario has changed now, after advent of TV and internet. Sports fans from all around the globe want to watch their favourite games on TV. This trend has given boost to games played in different countries. To make games more appealing and popular, organisers are going extra mile to buy designer, stylish and trendy clothes for their players.

### **Figure1 Size of Sports Apparel market**

Source: [http://www.fairolympics.org/background/Company\\_Profiles.pdf](http://www.fairolympics.org/background/Company_Profiles.pdf)

Sports Apparel industry incorporate both athletic footwear and apparel is exceedingly a labour intensive market. Therefore, majority of the production take place in low income countries. Bulk of the workers with in the supply chains of sportswear are young and female and they inevitably work beneath hard terms of employment and underprivileged working condition.

Sports Apparel Industry can be categorized into “ A” brand, where “ A” brandt refers to companies like Nike, Adidass, Reabok and “ B” brand, which less recognizable companies such as Umbro, Fila and Dœizuno, ect., depending on the market share of each brand as illustrated in Figure 2.

### **. Figure2 Market Share**

Source: [http://www.fairolympics.org/background/Company\\_Profiles.pdf](http://www.fairolympics.org/background/Company_Profiles.pdf)

## 2.0 Characteristics of Industry

The ever growing and popular sports apparel industry is busy uplifting its look to project the industry as “Trendy & Stylish” (wto. org, 2010). These are some of the characteristics of the industry:

Sports fans all over the world want to see their favourite players in designer clothes. This reflects demand for good professional clothing & footwear.

Health and fitness conscious people want to wear trendy and smart clothes to match their life style. This reflects the demand for leisure- clothes.

Efficient sales channels are key to this industry. As better is the supply of the apparels, the better will be the demand for the same.

Growth of sports is directly proportional to the growth of international market for sports apparel. This presents strong opportunity for the sports manufacturers.

The chain in this industry typically involves the apparel designers, manufacturers, retailers and the suppliers.

The range of products includes sportswear, footwear, camping equipments, exercise equipments and clothes, firearms & hunting equipments etc.

Sports apparel industry is not a local industry, only catering to the local markets. This is an international industry which thrives on the popularity of the sports all across the globe.

The industry caters to two types of clients- Professionals players and leisure based players.

The better is the quality of sports apparel, technology used the higher will be the demand.

### **3. 0 Strategic Postures of Key Players**

#### **Figure3 Athletic Apparel – Global Market Share**

Source: [http://www.wikinvest.com/image/Footwear\\_market\\_shares](http://www.wikinvest.com/image/Footwear_market_shares). PNG

#### **Figure4 Athletic Footwear – Global Market Share**

Source: [http://www.wikinvest.com/image/Footwear\\_market\\_shares](http://www.wikinvest.com/image/Footwear_market_shares). PNG

Presence of big brands makes this industry more noticeable. These days sportswear is considered need rather than want. Strategic stances of some of the popular companies are listed below:

#### **Nike**

Nike is the world's largest seller of the sports apparel and athletic footwear. It employs more than 33, 000 people from different countries. Year 2009 reported revenues of about \$19. 20 billion.

The target FY09 aims to track efficiency using new Apparel Index. Year 2015 is marked for quality products achieving the baseline standards. The management is constantly reviewing its apparel policies.

## **Adidas**

Adidas is a German based sports apparel manufacturer company. Company products include men clothing, women clothing, watches and eyewear.

Company is second largest apparel wear manufacturing company after Nike.

Adidas core competency is based on its customer service, brand recognition, supply chain and competitive policies.

## **Reebok**

Reebok International limited is a subsidiary of German Adidas, which manufactures sports apparel, accessories and footwear.

Reebok apparel strategy focuses on product offering and aggressive marketing. The company products have the ability to supply to a niche segment of the market. Its promotional strategy also includes celebrity relationships.

## **Puma**

PUMA is a German multinational company that manufactures high-end sportswear, athletic shoes and lifestyle footwear.

PUMA is relatively a new entrant in this industry, trying to gain some market-share. The company is competing against big brands like Nike and Adidas, which are old players in this market.

## **4.0 Latest Trend in the Industry (Direction)**

### **Technology**

The consumer world has become technology savvy today. Consumers are updated about the latest technologies available and want to have the latest designs and fashion to display. Sports apparel industry keeps working on the changing trends and demands in sports wear to target more sections of the market.

### **Safety Concerns**

Sports apparel is a profession in which the safety of the clothing is given utmost priority. Sportspersons wearing these clothes need to perform and deliver their best. But at the same time, the clothes they are wearing should be designed to suit their type of sports and must include all the safety measures (ibisworld. com, 2010).

### **Quality Issues**

Consumers do not want to settle for anything but best. Due to the concept of multi-national companies, they feel more pampered these days. Sports Apparel companies are ensuring that the products they are selling in the markets are meeting the global standards.

### **Internationalisation of the Brands**

Due to technological advancements Sports Apparel industry is turning global now (ibisworld. com, 2010). Companies from different regions and countries are making tailor made products, designer clothes for the players of countries they invest in.

## **Industry Standards**

Industry is moving towards a forward looking, workable, and targeted industry. Globalisation has led to a revolution in all the operating industries. Consumers are more aware about the brands, they want to buy only best products, and they want the best services (ibisworld. com, 2010).

## **Conflict**

There are two types of customers available today for the sports apparel industry. First segment is that of the professional players who participate in regional, national and international games events (ibisworld. com, 2010). The second segment comprises of the leisure people, sports fan and health conscious people who want to wear sports clothes for their routine schedule.

## **5. 0 Porter's Five Forces Framework**

### **Figure 5: Porter's Five Forces**

Source: [http://vectorstudy.com/management\\_theories/porters\\_five\\_forces.htm](http://vectorstudy.com/management_theories/porters_five_forces.htm)

Porter's five forces structure gives the framework for the industry analysis and its strategies. This model was developed by Michael Porter in 1979, professor in Harvard Business School. It helps to find out the competitive intensity and attractiveness of the industry. These forces are regarded as the micro-environment for the industry.

Porter Forces projects three forces form the horizontal competition and two forced from vertical competition (vectorstudy. com, 2010).

## **Threat of substitute products**

There has been a growing tendency of the customers to look for substitute products in case the available product does not fit their budget or displays inferior properties.

In the current industry threat comes from local apparel suppliers. Customers can substitute jogging or running apparel with casual t-shirts and trousers which are available almost in all the stores. However, there is minor substitute for the athletic shoes. Generally, sport shoes are designed for the sports' purposes and it is difficult to substitute them with other forms of shoes, such as boots, sandals or sleepers.

## **Threat of established rivals**

Due to the impact of Internet and media on the consumers' preferences the brand recognition became very important for the sport apparel industry.

There is a high level of competition among the existing players, both at " A" brand level as well as a " B" brand level. Competitors such as Nike, Adidas and Reebok are almost equal in size and in power, which makes competition even tougher. Generally, sports and foot wears are basically the same in terms of use that is why companies need to differentiate their products by using diverse strategies and tactics.

Companies like Nike and Adidas usually associated with major sports event, each of these key players trying to associate themselves with certain sports or sport teams and stars in order to attract fans as customers and be differing from the competitors.



## **Threat of new entrants**

The sports apparel industry is occupied by big players, like Nike and Adidas, in order to enter the market new companies will require significant investments to accomplish the same level and more importantly time to achieve brand awareness and recognition, which becomes very complicated for new entrants. Additionally, for those who try to enter sports apparel industry, the threat comes in the form of mergers and acquisitions from the major players. This collaboration results in greater brand which is recognised by the customers and it offers the best qualities of both the companies.

In August 2008 sport market was boomed by new combination of Nike Company and Apple, with their new product Nike+iPod Kit (illustrated in Figure 6), which allows consumers to measure and records the distance and pace of a walk or run ( ). This combination bring new market share for both companies as well as increased the barriers for the new entrants.

Figure 6 Nike+ iPod Kit

( <http://news.ictexpress.com/wp-content/uploads/2009/10/ICTExpress-nikeipod3.jpg>)

## **The bargaining power of the suppliers**

Suppliers of components, raw materials and services can overpower the company. They might refuse to cooperate with the company and can ask for high prices for their supplies (vectorstudy.com, 2010). Sportswear industry has many suppliers which lead to the minor bargaining power of suppliers. The sports wears are mainly produced from leather, rubber and cotton which

are highly available in the market, which allows producers' companies to switch between suppliers with little or no costs, which give additional advantage to big companies like Nike and Adidas.

### **The bargaining power of the customers**

Customers' constant demand for new, improvised and cheaper products can put the company under pressure. Threats like changing to a new company, buying substitute products or even buying from other sources (e. g. online shopping) looms large on the company. For the sportswear industry the bargaining power can be viewed differently. Those companies who do not have high brand recognition are ruled by the customers' preferences and needs. While big companies like Nike, who already established their brand name and loyalty of the consumers, have power under their suppliers. There were many cases where Nike was unsocial and unethical to their consumers, however this never affected their sales ( ). A lot of researches show that major companies like Nike and Adidas have a high power under their customers, however their strategy concerns on innovations, new products and futures, which are definitely made in order to satisfy the customers' needs, which show the existence of customers' power.

### **6. 0 PESTLE Analysis – Macro environment**

PESTEL analysis is helpful in understanding the position of the industry as whole. It is often used in tandem with SWOT analysis to evaluate individual business situation (marketingminefield, 2010)

### **Figure 6 PESTLE Analysis**

Source: <http://tunio.com/strategy/analysis/pestle/>

<https://assignbuster.com/sports-apparel-industry-caters-to-the-demands-of-clothing-and-footwear-marketing-essay/>

The term PESTLE refers to Political, Economic, Sociological, Technological, Legal and Environmental causes.

## **Changes in Macro-Environment**

### **Political**

Government policies, taxation policy of a particular country can affect the state of the industry (marketingminefield, 2010). As mentioned earlier, a sports apparel industry generally operates in international environment.

Therefore the big players operating in this industry need to take care of the policies of the country they are entering.

### **Economic**

The overall economic growth of the country, the per capita income of the citizens, the purchasing power of the potential buyers, and spending tendency of the buyers, the loan structure, government taxation and their interest rates form the economic environment (marketingminefield, 2010). Company should consider these issues, both when entering any market as well as in an existing market in order to be prepared for the changes.

### **Sociological**

The demographics and life style pattern of the potential consumers form the sociological world. Companies need to assess the response of the society towards sports and other physical events to decide on the consumption rate of their products. Currently, people are more concern about health aspects; hence more people start to join fitness clubs as well as train by their own.

The above issues lead to the increase in need for sportswear.

## **Technological**

Latest technology plays a great role in the sales of sports apparel, as players want the best designs in terms of quality and convenience to perform the best. Every individual player desires to perform the best (marketingminefield, 2010). As was mentioned above, the clear example of technological impact on sportswear is the combination Nike+iPod (Figure 6). Moreover, technology allowed Nike to create new Shox system, which allows to reduce the risk of injuries. The additional technology in this industry was also developed by Nike, shoe which allows reducing stress on the legs, knees and back.

## **Legal**

All the regulatory and trading bodies should approve of the sports company's presence in their territory. The company should take utmost care of the legal issues of their apparels while producing and distributing. The sportswear companies should take into consideration consumer protection and competition laws, as well as employment law. Rules of fair competition should be also considered, for example while companies advertise they do not allow to say something which is not true or to compare company' products with their competitors.

## **Environmental**

These days' people all over the world have become aware and caring towards the environment surrounding them. They want to use only environment friendly products, use bio-degradable products or recyclable goods. Therefore for better consumer response, the manufacturing units

should take care of the environment sentiments of the consumers (marketingminefield, 2010). The environmental concern for the sports apparel industry are transportation which are used to distribute goods, waste disposal and disposing of packaging ( ).

## **7. 0 Structural Drivers of Change for Apparel Industry**

Government Policies

Purchasing Power of customers

Increased competition

Growing Population

Inflation Rates

Technological Innovations

New lifestyle and fashion trends

Emerging Economies

## **7. 0 Apparel Industry life-cycle**

The Apparel industry life cycle can be effectively divided into four stages (porter, 1980)

Introduction Stage

Growth Stage

Maturity Stage

## Decline Stage

### **Figure 7 Stages in Apparel Industry**

Source: <http://www.yorku.ca/lripley/imUproduct.htm>

#### **Introduction Stage**

In this stage, the new apparel product is offered in the market. The industry in this stage is in its infancy. This is how the industry starts.

#### **Growth Stage**

In this stage, as the industry just begins to pick up, funds are required.

During this stage the company can differentiate its products from that of the competitor's products by offering customised packages.

#### **Maturity Stage**

In the current stage, the Apparel industry starts producing good returns. If the business flourishes, then at this point, the industry can recover all its investments. By adding innovations and changes as per customers' demands, sports apparel can be made more appealing for the customers.

#### **Decline Stage**

This stage is inevitable for any industry. If the companies keep adding the changes in accordance to the latest technologies, the product will survive. In case this is not done, then the sales of the products will suffer, profits will drop and industry will disappear from the market.

## **9.0 Three scenarios for long term future**

The mass hysteria which was observed during World football 2010, gives the indications that sports events have a good presence as well as prosperous future. Sports crazy fans love to watch their favourite players wearing best quality and trendy wears.

### **Use of latest Technology**

Customers today are becoming more fashion and technology conscious. They want the latest technologies, reliable goods and competent customer services. To stay ahead in the competition, the companies will have to give importance to their Research and Development strategies in future.

### **Use of Promotional Strategies**

A widely publicised product is also the widely bought product. This statement reflects the significance of promotions and advertisements to attract the customers. Future companies will be required to adopt innovative strategies to advertise their products, such as involve celebrities to advertise their products.

### **Availability of tailor-made products**

Customers have access to internet, which makes all their jobs done at a faster pace. They want to buy goods sitting at home without comprising quality. Brand loyalty will be increased if goods are delivered to customers as per their requirements at reasonable prices.

## **Likely Future Scenario**

Products with latest designs, trendy, fashionable, environment friendly and safe to handle will attract customers. Also options like online shopping and goods delivery at the door step will attract more customers.

## **10. Conclusion**

Sports Apparel industry is catching up fast due to technological advancements. The popular brand names of this industry are Nike, Adidas and Reebok. Important features of this industry are brand awareness programmes, heavy advertising and celebrity endorsements. The key to stay ahead in the competition is to keep applying innovations to the products and produce tailor-made products for the consumers.