Overview sales have flattened out. profit levels remain

OverviewAt the age of 24, Sue Koenig launched Runners World retail shoe store. Well known and nationally ranked as a runner herself, Sue knew first hand of the need for athletic shoes uniquely designed for the serious runner. Her timing was perfect.

Word-of-mouth spread and Runners World developed a good base of loyal and repeat customers. A national health and exercise craze further fueled the demand for high-end quality running shoes. This was a boon to early success, and resulted in a steady and profitable growth during the first ten years of operation. Sue had exclusively chosen Nike’s premier line of running shoes as the cornerstone of Runners World retail product line. For a time, Nike’s strong image and aggressive promotion campaign proved to be a very wise and solid marketing strategy. However, a number of factors have begun to adversely affect Runners World’s performance.

Company growth has come to a virtual standstill as recent sales have flattened out. Profit levels remain reasonable but could weaken if some immediate and possibly drastic changes are not incorporated. Competition, fashion and a wide spread loss of interest in running have cut into the niche market share Runners World once solely enjoyed. This has Sue concerned about what to do. When Sue initially started Runners World, she had a very specific target market in mind – the serious jogger or runner who wanted the best quality running shoes money could buy. Things were simple and straight forward, but now the demand and climate is changing.

Customer choices, expectations and needs have expanded. There are many alternatives that Sue needs to carefully investigate and explore.

Fundamentally, Sue must seriously evaluate whether there is still a large enough market locally for her particular inventory. Present StrategyIn her heart, Sue knows that her mission is sound – to provide high-end running shoes to those who share her passion for the sport. There is no question that she reaches her target market. Her clientele, consisting of the most serious runners, are repeat buyers who turn running shoes into a staple. They find a shoe they like and stick with it.

The high-end Nikes she currently sells were always well accepted and seen as top quality. Feeling that change is inevitable if she wants to stay competitive, Sue knows it is necessary to reconsider the business strategy of her marketing mix. Although compelled to price her inventory in line with Nike, Sue is still able to sell the shoes and get a $5 to $7 per pair premium.

This has resulted in attractive profits overall while still remaining competitive in the market. As trends go, Sue is aware that running is on the decline. Nike running shoes are still her primary product, but as exercising turned to a kinder, gentler phase, Sue added a secondary inventory to her store. Hoping to capture a more diverse market, Runners World added Nike shoes for walking, aerobics, basketball, tennis, and cross training. These sold well for a while but sales for these other shoes have also flattened out.

Runners World desperately needs to attract new business. Comfortable at its current location for the past twelve years, the surrounding area has become home to other retail chains and department stores, increasing the competition in the sports shoe and apparel market. Stores such as Foot Locker and Wal-Mart are clambering to catch up with their rivals who have been in the business for a while and carry immense selections. Sue’s reputation as a nationally ranked runner had always been sufficient to promote Runners World, a familiar and stable fixture in the community. More recently, she has become painfully aware that her reputation alone won’t be enough to sustain her current market.

Determined to re-establish the store as the source for her runner’s needs, Sue begins the daunting task of analyzing the strengths, weaknesses, opportunities and threats to her business. ConclusionsBased on our analysis of Sue’s current marketing strategy and the questions we have raised regarding Runner’s World’s future, we strongly urge Sue to continue to specialize in running shoes, but to add other high-end brands other than Nike and avoid the trendy and/or low-end brands such as Skechers (MENTION OTHER BRANDS ; RESEARCH THEIR PRICES), which would only confuse her customers. We