

# Lady foot locker: the lobo launch



**ASSIGN  
BUSTER**

store designs that combined trend-setting product assortments with exciting retail environments. Historically, its largest proportion of sales and net income were generated during the Back-To-School season in August. B. Lady Foot Locker LFL's first retail store opened in 1982 in Joliet, Illinois. As of 1997, LFL operated approximately 650 stores across the United States and in Puerto Rico, primarily in shopping malls.

LFL was the premier retailer of athletic footwear, apparel and related products for women, carrying major brands of athletic footwear and apparel for a variety of sports and fitness activities, including running, fitness and basketball. LFL prided itself in providing the best in woman-to-woman service and product selection. Its stores typically ranged from 800-1, 200 square feet of selling space. Besides operating retail store sales, LFL had recently initiated a mail-order catalogue. C. The LFL Consumer LFL targeted the 18-34 year-old active female. According to management, this woman was active in sports, fitness and family life.

The 12-17 year-old teen female represented an important secondary market. Management believed that sales occurred across broad age segments, and thus considered the LFL customer to be "ageless". LFL executives believed that 12-17 year-old female consumers were increasingly critical to reach because of their present and future buying power. Traditionally, Reebok held a relatively low share of this segment compared to other brands such as Nike and Adidas. D. Reebok Reebok International consisted of 3 principal operating units: The Reebok Division, the Rockport Company, and the Greg Norman Collection (golf apparel).

Reebok designed, marketed, and distributed sports, fitness, and casual footwear, apparel, and equipment. Although Reebok products were sold in approximately 170 countries, the US was Reebok's single largest market. E. Rebecca Lobo Rebecca Lobo attended the University of Connecticut 1992-1995 as a Political Science major. At Connecticut, she became the school's all time leader in rebounding and blocked shots, while averaging 16.9 points per game. Lobo was named the 1994 and 1995 Big East Conference Player of the Year as well as an Academic All-American. Lobo also received the Wade trophy in 1995 as the National Player of the Year.

V. Areas of Consideration The areas to be considered upon pursuing the study are the following: A. Reebok's Lobo Endorsement Rebecca Lobo's contract with Reebok enabled Reebok to involve her in product endorsements and advertisements, store appearances, and speaking engagements. However, because Nike (in footwear) and Champion (in apparel) were primary sponsors of the WNBA, Lobo could not appear in WNBA games with Reebok footwear unless the Reebok logo was masked on her shoes. Further, Reebok could not feature Lobo in its advertisements or in-store displays wearing her New York Liberty uniform. B.

Target Consumer C. Industry Competition – Marketing Mix 1. Product Economies of scale and purchasing power within the channel provided advantages to companies with broad lines. Larger brands such as Nike, Reebok, Adidas and Fila developed numerous product lines ranging from basketball and tennis to soccer and hiking/outdoor shoes. Several athletic footwear brands offered proprietary technologies designed to enhance their products' performance. As a result of growing consumer demand, consumer

segmentation, and increased competition, manufacturers frequently introduced new products and shortened product life cycles.

Product cycles, particularly in the more fashion-dependent basketball category, had evolved from yearly introductions to quarterly and even monthly introductions. 2. Pricing Consumers paid premium prices for athletic shoes with advanced technology because they believed these products enhanced performance. Reebok priced its Hexalite shoes between \$50 and \$90. Pricing in the athletic footwear industry was typically based upon 30% to 55% supplier gross margins on wholesale selling price and 45% retailer markups on retail selling price. Reebok management believed that the Lobo shoe should incorporate Reeboks soon- to-be-introduced DMX technology.

Reeboks DMX shoes were slated for \$110 suggested retail. LFL, on the other hand had seen Nike struggle with a \$100-plus product in the Swoopes shoe. They proposed that Reebok produce a Lobo product with a version of Hexalite cushioning at an \$85 suggested retail price, based upon a 45% selling margin. 3. Retail Channels Retail competition within the athletic footwear market was based upon several factors, including target consumer segment, price, merchandise assortment, store or chain reputation, store location, advertising and customer service.

For years, Foot Locker and Lady Foot Locker experienced little direct competition. Although no other national retailer besides LFL concentrated solely on the women's athletic market, indirect competitors to LFL included national athletic specialty stores such as Footaction and Finish Line as well as "big box" stores such as The Sports Authority, Sneaker Stadium, and Just

For Feet. 4. promotion Companies such as Reebok and Nike depended on promotions to grow market share. Promotions included celebrity endorsements and national brand and image campaigns.

Reebok spent heavily in celebrity endorsements as well, having recently signed basketball player Shaquille O'Neal for \$3 million per year.

Unmeasured promotional expenditures(which would include the cost of celebrity endorsements)for Nike, totaled \$290 million in 1997 and \$160 million in 1996. Reeboks fgures were \$68. 1 million in 1997 and \$68. 2 million in 1996. D. Industry Trends As the industry matured and competition intensified, athletic footwear companies attempted to capture sales and market share through market segmentation, differentiation and branding. The athletic footwear market had been declining for the past two years.

Industry sources believed this trend resulted from a shift to alternative footwear, such as sandals and casual shoes, that they expected to continue into 1997. E. Emerging Women's Athletic Market To bring sex parity to intercollegiate sports and the related emergence of sports participation among pre-teen and teen-age girls had recently influenced the women's sport market. According to the Women's Sports Foundation, one in 27 girls participated in high school sports in 1971. By 1997, that figure was one in three. Also, over 13 million women aged six and over played basketball in the US.