

Business plan on mission

[Business](#), [Marketing](#)



iSport Business Plan

(Instructor Name)

Introduction to iSport

iSport's mission is to present consumers with the widest variety of designs, styling and clothes that can be used for all kinds of sports, athletics and active living. iSport provides customers access to all major brands and styles for any outdoor activity, from river rafting, running to yoga and winter sports. Given the wide range of brands and prices, iSport can meet the athletic clothing needs of a wide variety of sports enthusiasts, from the beginners to the semi-professional athletes. The collection will encompass not only the major brands like Nike, Adidas, Reebok, etc. but also niche category brands for activities like yoga and dance exercise.

Keys to Success

- Provide customers with an accessible website and mobile application that can be used easily for surfing and finding suitable variety of the required kind of athletic clothing, at the best price and with the best range.
- Offering new range and niche segment clothing that is difficult to find in mainstream athletic stores.
- Offer great pricing, delivery and the right quality for every type of customer from the enthusiastic beginner to the semi-professional athlete.
- Build excellent vendor relationship with brands to help them get visibility and understanding of customer needs so that they can design the subsequent season's clothing based on trend inputs from site visitors' data analytics.

- Expand the product segments to cover all types of athletic wear including shoes and protective gear, etc.
- Possible later expansion into own (private brand) clothing line for various sports categories

Company Vision

iSport will be the choice online destination for athletic clothing that is both functional and beautiful, creating an experience that customers can enjoy for the wide range of athletic clothing for various sports and budget requirements. The main value that the company offers to its customers will be in terms of the ability to match their requirements to the available product range based on previous shopping behaviour, supported by extensive data analytics. Customers will also be guaranteed free shipping within 7 days in the US, and 30 day money-back guarantee. The platforms will offer sporting brands the opportunity to gauge the requirements of various categories of sports enthusiasts and athletes.

The company believes in understanding the needs of its customers and providing them with merchandise that will meet those needs. A wide variety of sports and fitness related activities are today available for fitness enthusiasts of all categories, from enthusiastic beginners to the amateur and semi-professional athletes. As people live longer, the older generations are also getting increasingly active with exercise and fitness related activities like Tai Chi. Similarly, with the increasing incidence of child obesity, responsible parents are also encouraging their children to take up sports and fitness activities. As children tend to wear down clothes faster and grow out of them as well, the demand for kids' athletic clothing per person is likely to

be more than that for parents. This represents a significant opportunity. At the same time, setting up a site only for kids' clothing does not make economic sense since the key decision makers are likely to be the parents. Therefore, the site has been designed as a one-stop athletic clothing store for all ages, from kids to senior citizens.

Value Proposition

iSport will have a large collection of sports and athletic clothing across all the major brands like Nike, Reebok, Adidas, Under Armour and Puma besides niche category athletic clothing for specific activities. This includes sports like kayaking, rock climbing, snowboarding, and activities like yoga, zumba and a host of others. The objective of iSport is to ensure that visitors have as wide a choice as possible from among the mainstream brands across various categories. The range will cater to all segments of sporting enthusiasts, from the fans looking for team clothing, enthusiastic beginners starting out a new sport, up to the semi-professional segment that compete in amateur and other events. The site will also cater to clothing for all ages right from kids in the age of 5 years onwards to senior citizens looking to maintain an active lifestyle.

Customers can browse through various options using the categorized search and easy to access menu that gives the products based on gender, size, price range, activity, type of clothing and age. All these data elements will make the product range easy to search and help customers find what they need easily and quickly. A separate section for new arrivals, niche segment activities and promotions will also be available. Customers using the mobile app can pre-feed their specifications on size and the application will search

for clothes based on their existing size measurements. Using 3D imaging, the visitors can also see how the clothes will look on them through a virtual dressing room. The choice of brands will cover all the major brands as well as niche segment brands for specific activities. It will also have regional brands that are looking to expand their presence across the country, but presently do not have the capability to set up brick and mortar stores. The site will give them visibility to a larger audience without the additional investment of setting up physical stores in multiple locations.

Collection will be updated on a weekly basis, and customers can get updates on promotions and special offers through newsletters and app notifications on their smartphones as well.

For manufacturers, the value proposition of iSport lies in its customer database and analytics. Through the use of the application and website, search information and online behavior of customers can be tracked to show what kinds of athletic wear in what fits, colors, etc. is preferred by the various categories of sports and by age, gender, etc. This will give sports brands the necessary information to create future collections designed to meet the expectations of customers.

Revenue Model

iSport works on a cross-combination of marketplace and information exchange. For all the brands that would like to offer their merchandise on its site and through the mobile application, iSport is a marketplace platform. Brands can create their own e-stores on the site, as well as have their products included in the respective category catalogues. Brands can run their individual promotions as well as participate in the promotions run by

the site for various occasions. iSport will charge the brands a setup and maintenance fee for the use of the marketplace as well as certain revenue sharing. Prime real estate on the site for promotions etc. will be charged based on the nature of the promotion, the expected volumes, etc.

iSport's significant revenue will come from the data analytics that it can sell to the brands, and from the revenue sharing. The setup cost may be used to pay a vendor for setting up the e-store on its platform. iSport will also be responsible for the delivery of the merchandise, therefore it will charge the brands for delivery and logistics cost. Payments will be handled directly by iSport and it can charge the vendors a percentage of the transaction value based on the volumes – higher the volumes, lower the transaction fee. In addition, various promotions for sporting events such as golf Masters, etc. will have their own marketing and revenue budgets which will fall under the promotion segment.

iSport will not charge the customers for downloading the application onto their smartphones. The application will be built by a vendor and uploaded after due process of approvals on the iTunes and Android stores, respectively. The data collected from the use of the application is a major revenue source for iSport, hence it does not need to charge the customers for the application.

In the future, iSport may even undertake customer design and development of sportswear for specific segments such as football teams, universities, etc., provided the revenues are suitable. The site may also expand its product range to offer other kinds of sports products including equipment, dietary supplements, etc. at a later date.

Market Opportunity

The US market for sporting goods in 2013 is estimated at \$64 billion dollars. Of this apparel makes up 50 per cent or close to \$33 billion dollars. With health consciousness and various fitness forms gaining popularity the demand for athletic clothing to meet these needs is growing at a significant rate, and consumer purchases of athletic apparel total over \$14. 1 billion, or nearly 40 per cent of the apparel market, the rest being taken up by sports teams, universities, schools, colleges and institutions of various types. In recent times, the demand for sports clothing and fitness clothing (called activewear) has increased as more people use it as regular wear, not just for exercise.

Compared to the size of the market, sporting goods purchases online were \$6 billion or about 9 per cent of the market. Therefore, the online athletic clothing market is about \$2. 4 billion every year, and growing at a rate of 20 per cent per year, as internet penetration improves across the US with faster broadband network connectivity and speeds. Apparel is also the largest ecommerce category of shopping online, with a penetration of over 23 per cent. This provides a significant market opportunity for online retailers in segments like athletic clothing. Consumers are now getting more comfortable with apps as a tool for shopping and know they can buy and compare prices online at the touch of a button. This will further improve the market penetration of online buying and grow the market continuously over the next few years. It is this opportunity that iSport will attempt to capture. Apart from the mainstream brands, niche activities like surfing, snowboarding, yoga, etc. are picking up in popularity. This is raising the

demand for specific categories of athletic wear significantly. However, availability of most of the niche segment clothing is restricted by geography and is significantly costly. iSport offers a cheaper more viable option by allowing a visitor to log in and search for specific categories of athletic apparel from brands across the country, and iSport will have the products delivered. Typically, followers of niche segments tend to be early adopters and are willing pay the premium pricing. In the broader categories, regular gym- goers and others can access the wide variety of products from the catalog of retailers and compare and choose between brands.

Competitive environment

The market for athletic wear, better known as active wear is growing rapidly. Over the last five years, the average growth of the market has been over 5 per cent in the US, with segments like yoga wear growing at 45 per cent per annum. This represents a huge opportunity for all clothing retailers.

However, there are a limited number of online sportswear retailers in the market. By targeting this segment, iSport has an opportunity to create a unique identity that will define it as the site / application for buying athletic clothing of any type. With a market opportunity of \$2. 4 billion annually, a penetration of 0. 1% of the market translates to \$2. 4 million in sales, and given the high growth path of the first three years, it is quite likely to cross \$5 million in sales revenue by the end of the third year.

Many local, regional and national sites have come up in the recent past to focus on the athletic wear segment of the market. Sites like Fabletics and Activewear, USA are looking to cash in on this trend and have taken significant steps to target customers. However, the bulk of their focus

remains on women buyers who are the most likely to take up alternative sports activities like yoga. iSport on the other hand will look to cater to all segments of the market, including kids and teens. This is a significant segment with the increasing focus on child obesity, parents are now more likely to ensure that their children engage in physical activities and sports regularly. With an increasing trend in helicopter parenting, i. e. the tendency of parents to supervise their kids in a multitude of activities to ensure they have that crucial edge in growing up, sports and exercise is one area where the purchasing trends for kids are likely to remain high for the next 3 years at least. Therefore, it makes sense to have kids' and teens' athletic clothing within the same space as that of the parents.

Since iSport is not a competitor but a partner to the major brands of sportswear, the company can look for more engaging partnerships with these brands. The niche segment brands would be keen to have customer level information on the kind of trends that are taking place and how they can respond to these faster than the larger brands. This would prove to be a definite advantage to the niche segment brands, and iSport can look forward to long term partnerships with these brands.

A number of regional brands and new entrants in the market are also looking to increase their presence across online stores, since their physical stores are restricted and investing in new stores is expensive with a low guarantee of returns. In this scenario, it makes sense for these brands to have an e-store with iSport to expand their presence without high capital outlay.

Competitive Advantage

Since iSport is not a reseller, it does not have a significant capital outlay in terms of the inventory that needs to be stocked. Inventory will be maintained by the respective retail brands and inventory levels can be tracked to the availability on each of the store sites. This makes the cost outlay for iSport much lower than a retail shop. Therefore, the site can grow even with smaller profit margins, offering real discounts over the pricing available in physical stores. In addition, the store will have a wider variety of brands available suited to the wallet size of every consumer. This makes the site economical for parents as well, since children tend to outgrow their clothing very fast in their development years and have a greater rate of wear and tear as well. Another factor to consider is that kids change preferences fast in their early years before deciding which sport in particular they enjoy most. In such a scenario, buying premium brand clothing for early stage kids can be expensive. Therefore, iSport becomes a viable option for the kids' and teenagers' segment. Enthusiastic amateurs are mixed in their buying preferences. While some are interested in the sport but cannot afford high end clothing, others are interested in making sure they have the best their money can buy. iSport will cater to both ends of this spectrum of requirements, providing a good balance of price, suitability and quality that suits every customer.

The biggest advantage that iSport offers to both buyers and sellers is the strong data analytics platform that allows shoppers to shop “ smart” and brands to design clothing based on the requirements of the target segment they are looking to penetrate. Customers can feed in their data in terms of

sizes, body fit, preferences of the kind of activities they enjoy, and iSport can generate suitable options for them to try out. For children and teenagers, a predictive modeling tool could help shoppers understand what sizes their child might need in the future based on his or her growth pattern and sports chosen, and suggest various options and promotions that will get them suitable discounts and great deals to buy athletic wear for their kids in advance. For brands, shaping the information received from the kinds of clothes that shoppers are browsing through, colors, patterns, activities and age, etc. will generate the kind of clothing they need to produce to target their audience better. This kind of information is hard to get from studying shoppers in a physical store. However, with online stores and mobile applications, by determining how much time each customer spent on reviewing what kinds of garments, how many times clients came back to that page, what brands were fed in for consideration, what was checked out, what kinds of promotions worked well at particular times in the day/week/month/season/year and at what price points, as well as the typical product mix in the final checkout basket, brands have a variety of information and insights that they can draw upon, at a nominal cost. This will provide a significant advantage to iSport when it tries to attract brands to its platform. In turn, greater the number of brands, better the insights, as well as better the number of visitors. This offering therefore becomes a significant competitive advantage for iSport.

Market Strategy

The market strategy for iSport has to focus on two fronts: customer acquisition and brand acquisition. Since brands are the key to bringing in

more customers, the first focus will be on ensuring there are sufficient brands on the site before the launch.

Brand Acquisition: The key pitch for iSport to brands is the value of the data they can acquire through the platform, as well as the ease with which their store can be set up on the site. Many of the brands will also be concerned with the User Interface and User Experience (UI/UX) to ensure that their target audience will use the site or application. Therefore, the first step will be to design the store and application and get feedback on them from various brand managers. This will also serve as a good way to connect with these brands and gauge their interest in being part of the iSport platform. Using this connection, formal pitches can be made to the various brands on what the platform offers and the kind of analytical data that can be drawn. A discussion of pricing and revenue sharing will follow, after which the various e-stores can be set up on the platform for launch. Once a certain number of brands are present and set up on the iSport platform, the site can be opened for the public.

Initially, the site should look at having at least one or two key brands like Reebok, Nike, Adidas, Puma, Under Armour, etc. these will serve as the anchor to bring in a larger number of niche segment brands in specialty athletic clothing to the site. Before the launch, the site should have at least 10-15 brands available on the site, to offer customers a reasonable choice in terms of price, quality, sport, etc.

Customer Acquisition: Customer acquisition will have to follow a number of paths. The basic target audience definition for iSport will be individuals or parents who are into sports or athletics and exercise based activities as a

lifestyle, follow healthy eating and exercise and are keen to promote this lifestyle among their family. They should also be regular internet users preferably with access to social media networks and health sites on their smartphones.

Given this type of target audience the focus would be on the following types of online marketing:

- E-mail marketing – working with the various lifestyle and health sites such as iVillage. com, promoting iSport as an athletics and sportswear site. For example, iVillage sends out regular e-newsletters to its followers. Getting advertising real estate on these newsletters will allow the customers to connect directly with iSport.
- Affiliate marketing – create an affiliate marketing program that will allow a number of marketers to promote our site and application to their target audiences.
- SEO and SEM – Using Adwords and search engine optimization techniques, focus on reaching a target audience that is regular at health websites, sports sites, etc.
- Social Media marketing – Using a Facebook page as well as various online forums on social media sites like Google+, Pinterest, Instagram and others, messaging about iSport’s range of clothing can be driven.
- The company blog can also be posted among the network of bloggers as guest posts, etc. to drive traffic to the site.
- Online advertising on various health and sports publications sites will also add visibility.
- Promoting the app to target audience through mobile sites will be a

significant advantage.

- Mobile apps which are focused on health and athletics – calorie counters, exercise measurement, etc. have a significant following among the target audience. By putting in-app ads which lead to the iTunes / Play store app page of iSport into these, reaching the target audience is possible at a much lower cost of acquisition.

Organizational Development

The business has several critical aspects to it. The following headings cover each important area, not necessarily in their order of importance, since most of these are critical for the business to function effectively.

Website and Application development: This is the most critical portion of the business. The application development and the site structure, architecture, UI/UX are critical to ensure that visitors are comfortable with the site and can find what they are looking for easily. Though the actual development can be outsourced, the design and architecture will have to be focused on by the management team on a daily basis.

Analytics tools: These are the second critical area of the website. Since the site looks at offering unmatched data analytics capabilities for brands, getting the tracking mechanism and data capture processes right is critical to ensure the right data can be fed into the system. A number of analytics firms offer significant value addition in this area, and the work can be outsourced on a volume basis.

Brand acquisition: this team is crucial in ensuring the right mix of brands is represented on the site. Since the objective of the site is to appeal to a wide audience, the presence of at least one or two major brands on the site at the

time of launch is necessary. In addition, a number of smaller regional brands and niche category brands will be needed to make up a fair representation of all the segments in the athletic and sportswear clothing segment.

Customer Acquisition: This team will be responsible for all the marketing functions associated with customer acquisition on both the web and mobile platforms. This team is critical to ensure that customer registration number continue to grow, as well as the volume of the basket at each transaction also continues to rise. This team will cover all the digital marketing as well as the offline marketing responsibilities of the site.

Merchandising: This team is responsible for coordination with the various brands on the site to ensure there is an adequate product range and merchandise available on display. It will also be responsible for making sure that the right quantity of merchandise is available on the site, and for sharing the data for promotions etc. with the brands. As more product categories get added, this team has a potential to grow much larger.

Logistics: after providing a great UX and easy ordering, if fulfillment and delivery are found lacking, the site cannot succeed. The logistics team is responsible for tracking all orders from the customers and ensuring they are delivered within committed timelines. They are also responsible for the returns coming from customers.

Customer Relationship Management / Customer Support: Though this function is an outsourced one, the team is responsible for handling all queries from customers regarding their orders, and any other information they require about products on the site, etc. Their role is critical as they are the main team facing the customer, and their handling is important to

ensure customers retain a positive image about the site and application.

They will handle voice and text based support, as well as email queries.

Commercial Team: this team looks after the financial aspects of the site and application, tracking customer payments from the various payment service providers such as PayPal, VISA, etc. It will also be responsible for tracking payments to the vendors as well as the receivables on data analytics fees, etc. This team will report to the CFO.

Finance: this team handles the overall finance aspects of the site and business, such as profits, salaries, payments to affiliates, marketing and CRM vendors, etc.

People: this is the team responsible for all manpower related issues, from training the outsourced vendor teams in CRM aspects to tracking salaries and performance for the various employees. It is also tasked with mapping the growth of the organization and identifying skills required and the personnel that can be groomed or hired for these responsibilities.

Though all of these functions may not be handled separately in the beginning, the growth of the organization will ensure that at some point in time, all of the above functions will have to be formed as departments with their separate responsibilities. For example, in the beginning, brand acquisition and merchandising may be handled by the same team as will commercial and finance. CRM and customer acquisition may be a single department that can be later separated as the company grows in volumes. However, the functions outlined here will make up the bulk of the responsibilities across the organization in the first five years.

Management Team

The company will require the following core management team members to start off the organization:

CEO: this person holds overall responsibility for the business. The CEO will interact with the board of directors, with the key vendor brands and the investors. His role is to set strategic direction for the company and enable the resources required to build the business.

CFO: this person will be responsible for the commercial and financial aspects of the business. He will track revenues, sales, royalties and payments due to the site from customers, payments due to the various vendors such as technology, logistics, CRM and others. He will also be responsible for tracking the company's performance and reporting it to the board of directors and the investors. All tax and audit related issues will also be managed by the CFO.

COO: this role covers the merchandising, logistics and staff functions like HR. The COO handles the daily operations of the company on an ongoing basis. He will lead the merchandising, logistics and other staff functions of the company, as well as coordinate with the various vendors on a day-to-day basis. Essentially all ongoing operations will be managed under the responsibility of the COO.

CTO: this person will manage the technology development of the site and data analytics tools. Technology development may be outsourced to vendors, but the maintenance of the website, ensuring its smooth functioning and planning of future features and developments lie with the CTO. He will also be responsible for the collection of data and its analysis.

CMO: this role is responsible for brand acquisition, customer acquisition and

the CRM related portion of the business. The CMO will head the teams responsible for getting suitable brands in alignment with the product mix decided for the various price points and categories. He will coordinate with vendors to ensure that suitable stock is displayed on the site. At the same time, the CMO is responsible for all the activities required for getting customers onto the site and the application. He will track the number of active users and work on campaigns to drive revenues through promotions and offers for both new and existing customers. His targets will be focused on revenues per customer, number of customer visits, revenue per visit, etc. In addition to these, a suitable board of directors comprised of other entrepreneurs and investors will be there to advise the management team. This board of directors should be a judicious mix of technology entrepreneurs, retail industry experts and financial experts to help out with the various functions of the company. In addition, a team of advisors comprised of technical and industry experts will support the site. These are people with a more technical and hands-on experience of running an e-commerce business and will be experts in their respective fields.

(To Client: Please fill in your team members who will handle each of these roles. Also combine the roles if you have fewer members at the present time)

Conclusion

The athletic wear business is growing at a rapid pace and represents a significant opportunity. In addition, with the focus on data analytics and increasing demand from brands to know more about their target audience, the insights that iSport will offer brands will be significant and strategic to their growth. This will ensure long term partnerships with all the major

brands. In addition, offering a low cost platform to growing brands to expand their reach without investing in physical stores will ensure that these brands are also keen to align with iSport. The model has a good chance of success with a good mix of small and large segment brands as well as technology focus coming together to drive the business. The key factors that support the growth of this business are:

- The increasing penetration of mobile based commerce
- Increased interest in sports and health-focused activities among teens, young adults and parents.
- The increased penetration of smartphones and ease of usage.
- The growing demand from brands for greater insight and understanding of customers based on their interaction with the sites and applications.

While the sportswear clothing market is growing at a fairly rapid rate, iSport has an opportunity to capture the market and create a unique position for itself among both consumers and brands as a platform to be trusted.