

# Business Strategies in Sport Industry

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Due date

## **Business Strategies in Sport Industry**

The three companies chosen for this analysis are Decathlon, JD Sports, and Reebok.

### **Industry**

The Three firms belong to the Sports Equipment and Apparels manufacturing industry. The market for sports equipment worldwide was estimated to be worth 127.65 billion US dollars in 2020 and was expected to grow to 191.62 billion US dollars by 2026 (Statista). For Sports gear equipment it was predicted that the global market for sports gear will bring in about 191 billion US dollars in 2022. Revenue growth is anticipated to continue and reach about \$249 billion in 2026 (Statista). Hence, the industrial growth forecast appears to be positive in the near future.

### **JD Sports**

#### **General Description**

The JD Group, a pioneering global omnichannel retailer of Sports, Fashion, and Outdoor brands, was founded in 1981 with a single store in the North West of England. Currently, the Group operates 3,400 stores in 32 countries, focusing on the UK, Europe, North America, and Asia Pacific (JD Sports).

*How was it able to lower its cost?*

Firstly, JD Sports targets “Street Consumers” who are focused on fashionable sportswear, Secondly, it incorporates a multichannel strategy of reaching its consumers that allows it to reduce its cost to serve the customer while maximizing the revenue per customer.

#### **Customers and Competition**

JD Sports' primary target market is individuals under the age of 25. People who are young and fashion-conscious. Academy Sports + Outdoors, Zumiez, rue21, and Skechers are the main competitors of the firm.

#### **Business Level Strategy**

JD has a bright future in terms of growth, profit, and success because of its incorporation of multichannel selling combined with its expansion of physical store space. Business Level Strategy is succeeding because they are able to adapt to hostile market conditions. Their profits turned out to be

positive during COVID-19 due to their multichannel approach. The firm was able to reach the consumers through the e-commerce channel when the brick-and-mortar stores were closed. Hence, the Multichannel approach allows the company to make changes easily in a hostile business environment. Apart from that, in terms of product differentiation, Decathlon does not market any "lifestyle" goods and solely sells sportswear for all kinds of sports and this is how the firm differentiates relatively from the competition. The competitors are concurrently increasing their investments in their lifestyle segment.

## **Decathlon**

### **General Description**

French sporting goods retailer Decathlon S.A. It is one of the largest athletic goods retailers in the world, with more than 1,697 outlets spread across 60 countries and regions (Decathlon).

*How was it able to lower its cost?*

To reduce prices, Decathlon actively looks for smart cost areas where they may make savings. The retailer doesn't use influencers or engage in expensive advertising efforts, unlike its rivals. Additionally, there isn't much décor in its shops. These tactics result in considerable cost savings. Customers can use phones, apple watches, gift cards, and the more traditional debit and credit cards to check out their purchases any place in the store, thanks to a sophisticated system that blends RFID, QR code technology, and iPhone payments. With the help of this transactional diversity, Decathlon can cut down on both the time they spend at point-of-sale terminals and their carbon footprint.

### **Customers and Competition**

Unlike other luxury businesses that create items for experts and charge appropriately, the company concentrates on beginners. With the goal of bringing athletics to all people, Decathlon has been traveling from nation to nation. Beginners are their primary target market since they can be persuaded to become lifelong consumers.

Academy Sports + Outdoors, Shoppers Stop, Camaloon, and Dickies are some of the businesses that compete with and are similar to Decathlon.

### **Business Development Strategy**

Decathlon's business strategy is totally integrated which has worked out well for the firm. When entering new markets, the business creates exclusive alliances and manages its whole supply chain. As a result, they can further lower the price of the goods for the consumer.

Decathlon has a great deal of control over its products thanks to integration. Since raw materials are frequently expensive and difficult to come by, they have a significant impact on the ultimate cost.

However, there is less danger of unpredictability because the company is fully integrated.

They can set competitive pricing, thanks to their strategic independence.

## **Reebok**

### **General Description**

Reebok International Limited is an American company that produces athletic footwear and apparel and is a member of the Authentic Brands Group. It was launched in 1958 as a subsidiary of J.W. Foster and Sons, a sporting goods business that had been founded in Bolton, Lancashire, in 1895 (Reebok International LTD.).

*How was it able to lower its cost?*

The prices of Reebok shoes are not the lowest in the industry. However, Reebok is a more affordable choice amongst elite brands like Adidas, Nike, Puma, or New Balance for consumers seeking to buy footwear from the biggest and most well-known companies. Reebok can establish focused cost leadership in a specific target market of customers seeking high-end footwear brands. Reebok maintains a low pricing approach in its marketing mix for each new product introduction and switches to a normal pricing plan as demand increases. This demonstrates that the brand consistently adopts a skimming mechanism when the business launches new products and sets the same high price for its premium goods at par with the other premium brands. Customers begin to trust the brand, and this aids in their ability to generate quick money. Reebok consistently rewards customer loyalty by claiming the product's high quality is the only factor driving the price.

### **Customers and Competition**

Reebok sells premium and mid-priced products to the middle class and rich classes as its target market. Reebok decided to separate itself from its rivals Nike and Under Armour by focusing on a more niche market: those who participate in tough mudders, mixed martial arts, and cross fit. Nike, Adidas, Puma, Under Armour, and Hanesbrands are some of Reebok's rivals.

### **Business Development Strategy**

The company is developing a point of uniqueness by focusing on more niche consumers who enjoy activities like CrossFit, martial arts, etc. Because of this, Reebok has been able to attract clients who are distinct from those of Adidas and Nike.

## References

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