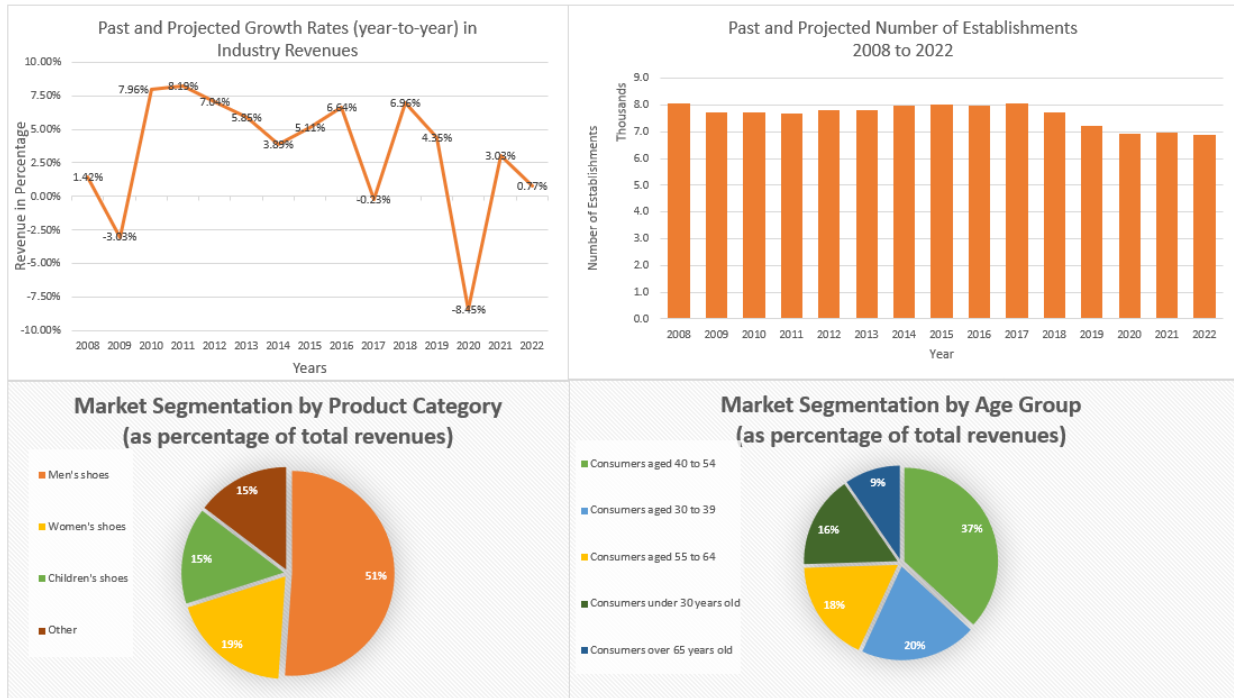


Assignment 4 Pointers

The Athletic Shoe Store Industry Dashboard



Section I: Industry outlook:

Describe past and projected growth in the athletic shoe store industry in terms of revenue and number of establishments (stores).

There has been a negative trend (trending down) in industry revenue since 2011. Revenue growth rate has been volatile between 2009 and 2017. There was a slight increase in 2018, but it was not consistent for the later years. In 2020, we see the most negative growth – this is clearly due to the financial crisis caused by the pandemic that affected almost every business. Yet, the revenue growth does not seem very promising. Although revenue growth is predicted to recover in 2021, there is still a negative trend for the subsequent years – indicating that the revenue growth continues in a negative trend. For the number of establishments, there was an upper trend between 2011 and 2017. And from 2018 and on, the number of establishments have been decreasing tremendously. And projections show no increase in the number of establishments for the upcoming years.

Describe the factors (such as changes in consumer lifestyles) that are expected to drive industry growth.

Raising health conscientious among the consumers is a major driving force for the Athletic industry growth. With the increasing popularity of CrossFit, Boot Camps and fitness centers, people tend to set fitness and weight loss goals. Another reason could be the variety and popularity of athleisure

clothing, particularly the size, style and fit of the shoe is imperative in athletics. As long as the brick-and-mortar stores provide the facility of trying their shoes before purchase, they may continue to grow. Fashion may also drive the industry growth. Fashion sport styles exposure could lead to product purchases. Last, another factor that could lead to revenue growth is the interest in recreational sports.

Describe the factors that are threats to industry growth.

Online shopping has become a major threat to physical stores. Since online sales business grew rapidly, physical stores have faced difficult situations. Market entrants are another threat to Athletic shoe industry. Once an industry is burgeoning, there may be many groups that enter it. With low entry costs, lack of regulations for entry and with low research and technology costs, Shoe industry can experience greater number of entrants resulting in white-hot competition that can threaten the industry growth. In addition, it is imperative to consider the location in which most clothing wear and shoes are produced and manufactured. While name brands are designed in the United States, the actual product is being manufactured in primarily Asian countries, due to the low labor cost and low product cost. If trade wars grow even more intense as they currently are, or labor costs will increase, this may become a great threat to the athletic shoe industry and its success as well.

Section II: Customer demographics:

What is the breakdown of revenue by product category? (Percentage of sales by men's shoes, women's shoes, children's shoes and other items). What are the items in the "other" category?

The demographic that dominates the athletic shoe store industry the most is men's shoes with 51%. The rest of the groups however were very close together with children's shoes being at 15% and women's shoes being at 19%. The other category was the same percentage as the women's shoes category with 15%. This category consists of men and women's exercise apparel, shoelaces, polishes, and other sporting equipment.

What is the breakdown of revenue by age group? (Percentages of sales by age group). What age group is expected to purchase more athletic shoes in the future and why?

The demographic that consumed the most in percentage of sales were the customers aged 40 to 54 with 37%. The next highest demographic were customers aged 30 to 39 with 20%. Following very closely behind with 18% were customers aged 55 to 64. Consumers under 30 years old consisted of 16% of the market. Lastly, consumers over 65 years old brought the least amount of revenue with only 9%. The two age groups – 40 to 54 and 30-49 – are expected to keep making the most in sales for the future. It seems like these consumers will continue to purchase more athletic shoes due to the growing amount of people in this age range as well as them wanting to stay in shape and be healthy. Also, these two groups represent the age interval that could have more financial stability.

Therefore, there are chances they may have or possess more money to purchase the athletic products.

Section III: Recommendations:

Using this information about the industry and information you gathered in Assignment #3 regarding Alex's Athletic Shoe Store, make five recommendations to Alex that may increase his sales.

- Alex should have more males shoes because males had the highest percentage of revenue among any gender in buying athletic shoes.
- Provide a wider selection of shoes for women and children so that there will be more of these demographics shopping at the store and being able to purchase what they want.
- Keeping up with trending styles in all categories and age ranges while providing quality products will help to future proof the industry by keeping attention and credibility of the quality items the athletic shoe industry has to offer will maintain or grow the market demand.
- Alex should add more products to the "other category" such as specialized gear like skis or snowboards depending on the location of stores.
- Alex should look into promotion or sales that work well for families such as family packages or "Buy One Get One 30% off" to the increase foot traffic and the number of families.