

The Pocket Guide to

Sporting Goods Marketing



Apps, Data, and Video

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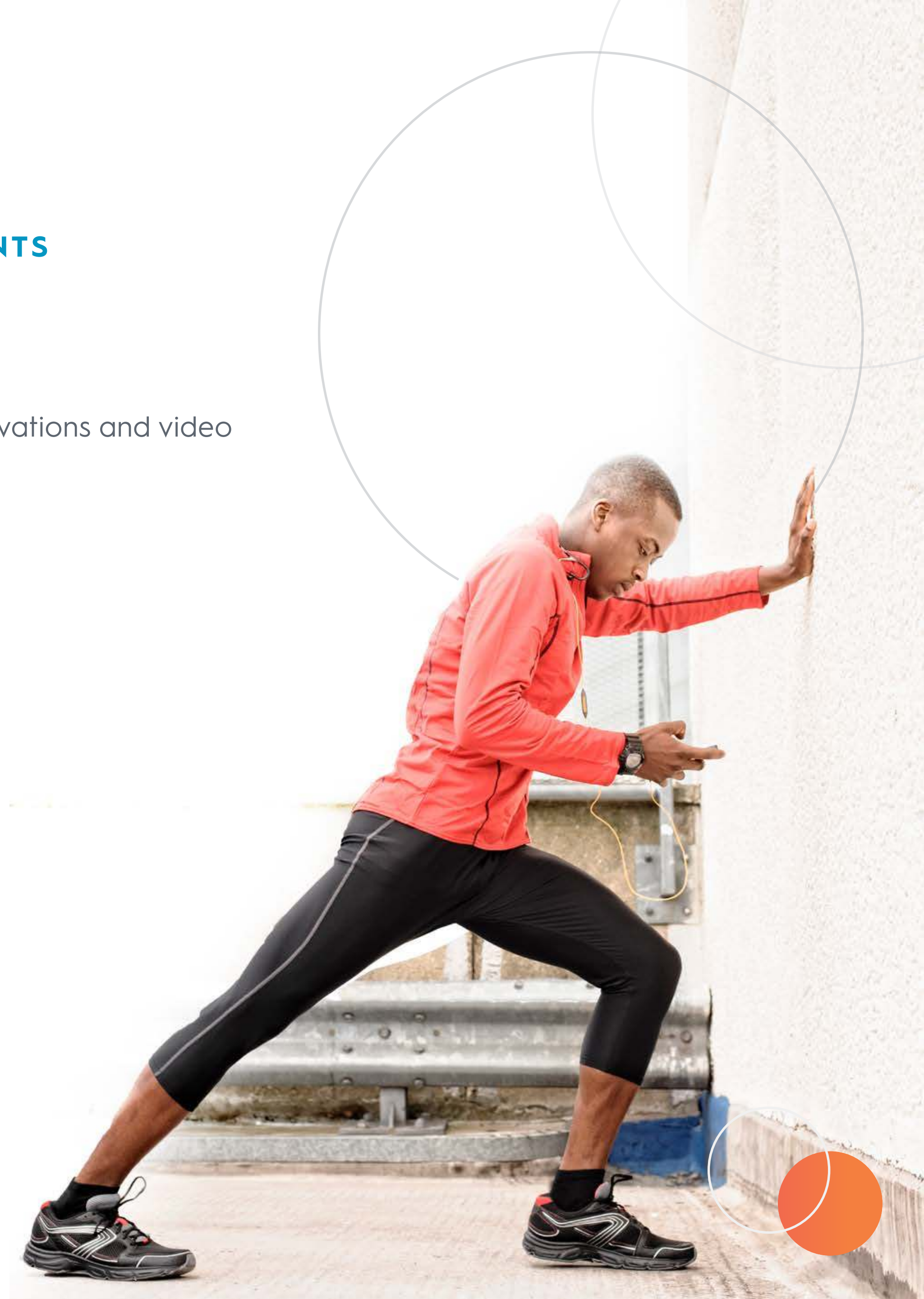
The sporting goods industry, including equipment, footwear, and apparel, provides the essential gear that keeps all our athletic endeavors on track. The up-at-dawn runner, the mountain climber, and the athleisure devotee all depend on sporting goods brands and retailers to enjoy their hobbies, to stay healthy, and increasingly of late, to fill out their wardrobe.

Buoyed by the rise of athleisure and the public's focus on health and wellness, the sporting goods industry is growing fast. According to **Macquarie** research, the global sporting goods market, valued at roughly \$318 billion by the NPD Group in 2014, has experienced annual sales increases of roughly 4.3% between 2005 and 2014 and is on track to grow by up to 5.6% until 2020. **Ibis** predicts that from now to 2023, industry revenue will rise steadily as interest in sports propels demand for athletic apparel, equipment, and footwear.

Brands and retailers that are winning the sporting goods game are adapting and innovating in the face of market pressures. In this quick guide, we'll review the current lay of the land, and cover the top trends, research, and tips to make sure your sporting goods marketing drives maximum performance.

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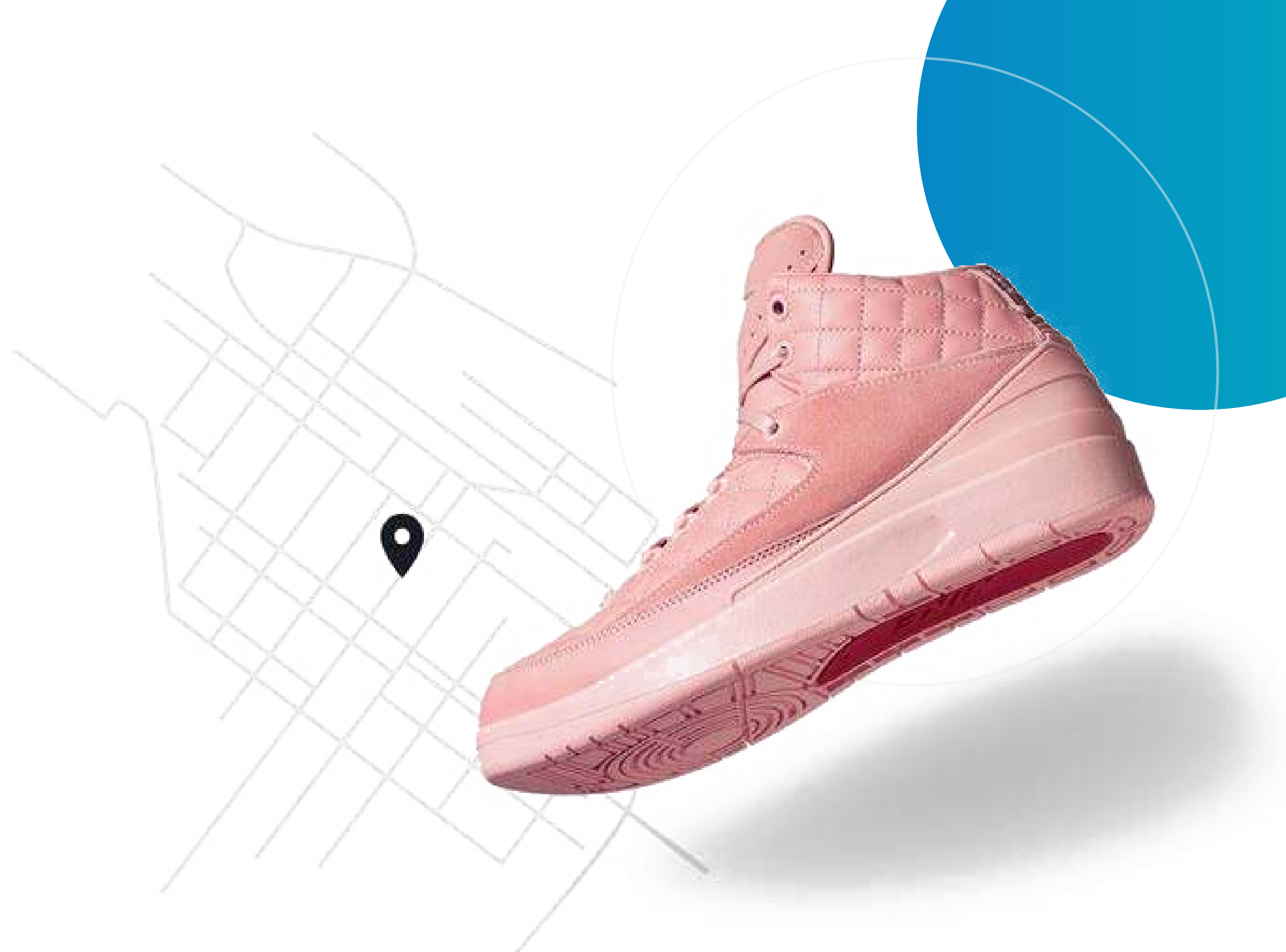
Market pressures

The sporting goods industry has experienced quite a bit of contraction over the last few years, with retailers like Sports Authority and Gander Mountain claiming bankruptcy. Dicks Sporting Goods now holds the largest market share, followed by Bass Pro, and the expectation is that more retailers will shutter their doors, allowing a small few to continue to expand.

Brands are also increasing their direct-to-consumer initiatives, leveraging things like the limited edition “drop” technique as a way to build demand and drive shoppers directly to their own stores and websites.

Brick and mortar sporting goods stores are also struggling, as digital continues to take a larger share of sales. The lack of foot traffic has forced retailers to discount excess inventory, resulting in lower sales and more store closures. As with other retail categories, sporting goods brands and retailers are being forced to reimagine the purpose and functionality of their physical stores in order to meet today’s new demands.

Sales in physical stores declined this year while online sales of sportswear increased in the high single digits. Source: NPD Group Report, via RetailDive



Nike launched **SNKRS Stash**, an app that allows users to access exclusive product releases hidden in Stash Spots. Adidas has a similar drop app, called Confirmed.

Technological innovations and video



Technology is changing the sporting goods landscape as well, from the data potential of wearable tech, to the use of virtual reality to experience equipment “in action”. The convergence of fitness and shopping apps is also a big trend, with companies leveraging their fitness community data to make personalized product recommendations. Take Under Armour’s **UA Shop app**.

UA Shop works in conjunction with their fitness app, Record, which uses machine learning to provide personalized diet and exercise advice. The data collected by Record, including things like nutrition, sleep patterns, and workout stats, is married with other behavioral data to help UA Shop provide ultra-relevant and timely product recommendations.

We’ve integrated layers of custom content, your physical environment, and behaviors in other channels – including in-store experiences, purchase history and activity data – to create a single view perspective on how you are engaging with UA as a brand.

Sid Jatia, VP, Direct-to-Consumer Digital, Under Armour¹



Technological innovations and video



Smart retailers, like Germany's **SportScheck**, are also developing their own in-store apps to help sales associates better serve customers. Doing so has helped them answer questions, check inventory, and provide recommendations faster and more efficiently.

Digital personal assistants have also entered the game, like **The North Face's Fluid XPS** (Expert Personal Shopper). Fluid XPS can understand natural language questions and provide and refine results based on answers to follow-up questions. It's like talking to an in-store expert, in the digital realm.

Investing in their own in-store app generated additional sales of ten million euros at the SportScheck branches last year.²

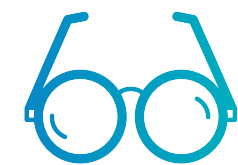
"By tapping into cognitive computing technology, XPS gives shoppers helpful, relevant and intuitive product recommendations," said Neil Patil, president of Fluid's software group. "This is a first for the industry, and we believe this kind of personalized experience will become the norm for online shoppers in the years to come."³

Video is bigger than ever as well, thanks to better technology, faster internet connections, and younger generations eager for visual content.

From big brands with big budgets, to smaller companies with more modest means, creating **video content that inspires**, while speaking to the “ordinary” people is winning plenty of views—and customers. Here’s a great example of an REI video that featured user generated content of real customers on their outdoor adventures:



3 trends to watch



What's on the horizon for the sporting goods industry?



Apps will be key to improving the customer experience.

There's a good reason why Nike is making a concerted effort to push its customers to use their app—it enables them to deliver a much more streamlined, personalized experience, from matching running customers to local running clubs to curating products for a local **Nike Live experience**. Brands that want Nike-level success will need to have an app that shoppers love.



Technology and connected fitness will deliver more data than ever.

The wearables market is predicted to **double by 2021** and some manufacturers are beginning to integrate fitness trackers directly into apparel and footwear. All of this data will be connected with apps and can be used to recommend products, inform in-store experiences, and much more. It will also be crucial to powering the AI that drives high-level personalization. Brands that can put all that data to good use will have a competitive advantage.



Video marketing will become a major part of digital budgets.

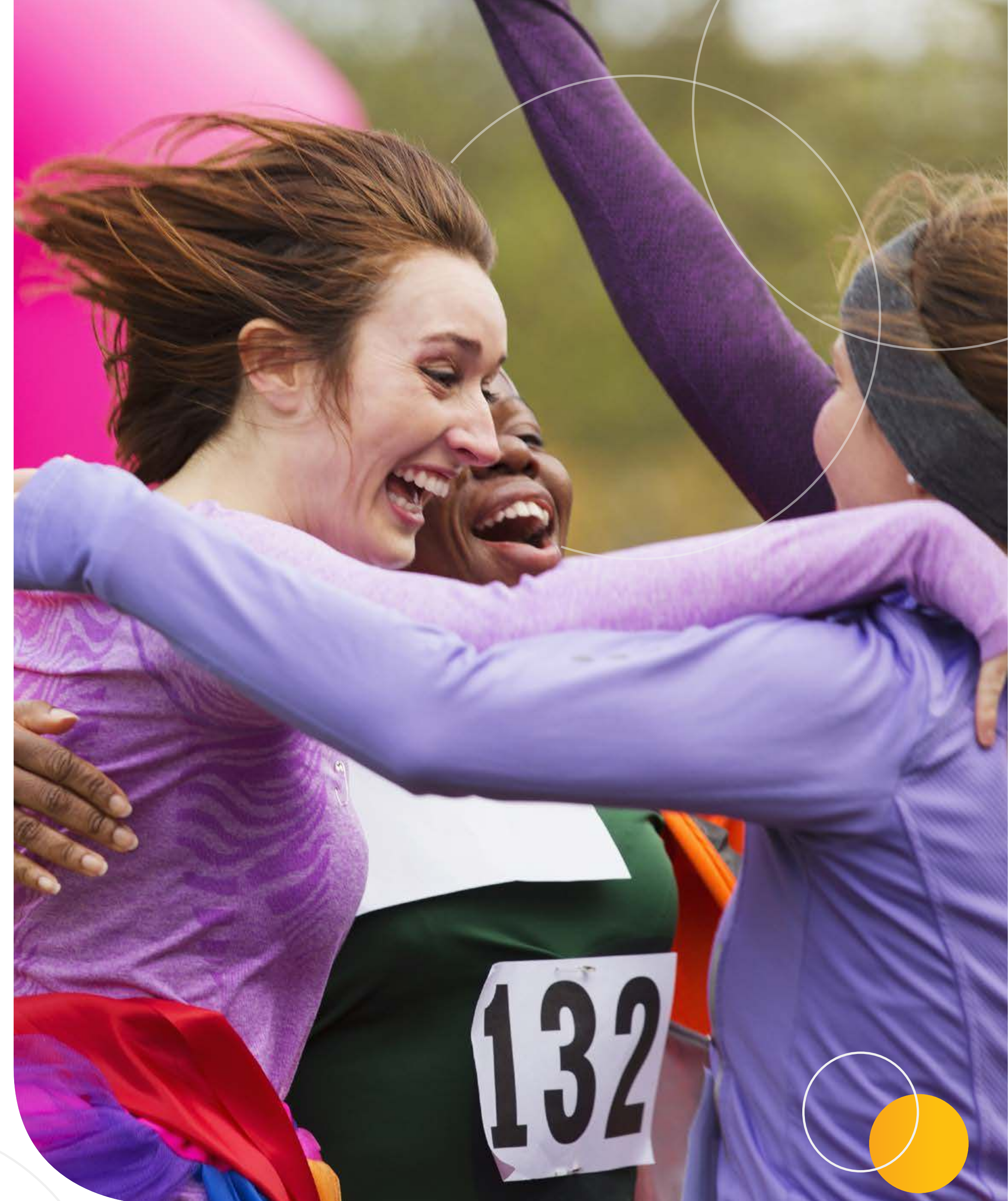
According to IAB's study "Digital Content NewFronts: Video Ad Spend Study 2018", nearly 60% of marketers' digital advertising budgets are allocated to digital video. The rise of the highly visual Millennials and Generation Z will advance this trend even further.

Key takeaways

1. Win the game with apps.

Criteo's [Global Commerce Review](#) report shows that for retailers who actively promote their shopping apps, mobile transactions represent 65% of all transactions and the share of in-app transactions across the globe has grown 30% YoY. Conversion rates on apps are also 3-6X higher than on mobile web. Beyond the transactional power of an app, brands and retailers gain valuable information that can be used in a variety of ways, from localized inventory management to personalized assistance in-store.

To maximize the potential of your app, consider [app retargeting](#) to bring lapsed users back, as well as to maintain active usage. Continuously learning from 1.4 billion shoppers a month, only [Criteo App Advertising](#) entices each user with dynamic mobile ads from your entire product catalog — all optimized in real time for individual purchase intent and browsing context.



Key takeaways



2. Find players that can deliver the level of personalization you need.

As your level data increases, so too should the capabilities of your partners. If your marketing campaigns can't support advanced dynamic personalization, the value of your data is lost.

With **Criteo Audience Match**, you can use CRM data to identify and reach your audiences online with dynamic ads. Criteo Audience Match works with **Criteo Shopper Graph** – the world's largest open shopper data set, to deliver market-leading match rates. And it's powered by the **Criteo Engine**, which uses advanced machine learning to analyze insights on over 1.4 billion active monthly shoppers and more than \$615 billion ecommerce transactions every year. **Kinetic Design** then tailors each ad creative, choosing colors, layout, and CTAs that are personalized for each shopper.

Criteo Dynamic Retargeting is also an effective tool to re-engage shoppers who've left your website with highly personalized ads. It helps **sporting goods** retailers increase abandoned cart conversions, shopper time spent on site, and conversion rates across devices. In fact, average sales uplift with Criteo is 142% across devices.



Key takeaways



3. Take advantage of the power of video.

Cisco forecasts that in two years' time, **more than 80% of internet traffic will be video-based**. And our **Gen Z Report** shows that Gen Z streams 23 hours of video content per week—more than any other generation. No other medium shows the energy and excitement of sports and the outdoors like video, making it one of the most important marketing mediums for this category in the years ahead.

Along with creating original video content, **video retargeting** should also be a part of every brand and retailer's digital marketing arsenal. With Criteo Dynamic Retargeting you can generate 20-second video ads featuring a branded intro and outro, relevant product recommendations from your live catalog, and an accompanying music track – all delivered in real-time and at huge scale.



Spotlight on Sun & Sand Sports

Sun & Sand Sports is the leading sports retailer in the Middle East, selling high-performance and stylish sportswear and accessories brands. With more than 200 stores in 6 markets across the Middle East, Sun & Sand Sports offers more than 90 diverse sports brands to discerning customers across the region.

With a well-established offline business, Sun & Sand Sports was looking for a way to grow their online presence, specifically, to grow online traffic and % of online sales. Already partnering with Criteo, they looked to us to help them achieve their online goals.

To grow their online business, Sun & Sand Sports expanded their **Criteo Dynamic Retargeting** program to more fully re-engage their existing user base and bring them back to buy. Thanks to Criteo's direct relationships with thousands of publishers, Sun & Sand Sports enjoyed the broadest reach and visibility across the web, mobile, and social. Sophisticated machine learning served personalized offers at just the right time, delivering maximum engagement.

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Results*

+833% sales transactions

+893% order value

+149% conversion rate

-80% cost of sale

Sun & Sand Sports (SSS) launched its ecommerce online store in 2016. Criteo has been a key partner in our growth, driving a significant volume of sales. The team have been fully engaged into SSS's business objectives going above and beyond requirements, acting as an extension of our in-house team for technical integration. Not only did we witness an initial growth of our digital business, we've continued to grow year-on-year in terms of number of transactions, order value, all the while reducing Cost Per Sale.

- Harry Lonergan, Digital Marketing Manager, Sun & Sand Sports

*Year-on-year change in sales transactions, order value, conversion rate and cost of sale, between 2016 and 2017.



And the MVP goes to...data

The underlying theme of most of the trends and takeaways here is really data – how to get it and what to do with it in order to deliver the best customer experience possible. Whether it's personalized shoe recommendations, or a special offer on hot weather gear based on fitness app data, the brand and retailer who knows their athletes best will see the best performance.

About Criteo



Criteo (NASDAQ: CRTO) is the advertising platform for the open Internet, an ecosystem that favors neutrality, transparency and inclusiveness. 2,700 Criteo team members partner with over 18,000 customers and thousands of publishers around the globe to deliver effective advertising across all channels, by applying advanced machine learning to unparalleled data sets. Criteo empowers companies of all sizes with the technology they need to better know and serve their customers.

For more marketing tips, tricks, and tactics, visit criteo.com/insights.

Like data? Check out our [interactive sales dashboard](#).

