Playing the Long Game:

NPD’s Industry Experts Offer Recommendations for 2019 and Beyond

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In preparation for the Outdoor Retailer Summer Market, NPD’s Ajay Shah sat down with sports industry experts Matt Powell and Julia Day to get their thoughts on where the industry is heading and opportunities for growth.

**Matt Powell**
Senior Vice President, Sports Industry Advisor

**Julia Day**
Executive Director, Business Development, Sports

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**Q**

**Across industries, consumer behavior and needs are changing dramatically. What are some consumer trends the U.S. sports industry will need to adapt to?**

**MP:** The industry remains challenged. We seem to be using the same solutions that haven’t worked, and I think it’s time for the industry to go through self-evaluation to understand what we need to do to change course. For example, the industry is still too focused on the pinnacle consumer. That’s not where the money is. The money is in family camping, weekend usage, and car camping as opposed to three-week hikes. I think the industry has let the everyday business really get away from them. I’m not saying we should abandon pinnacle; that’s a core competency in bringing authenticity to the brands. But if that’s all we’re doing, we’re leaving out most of the population.

**JD:** We as U.S. consumers have changed the way we recreate. As recreation evolves, brands and retailers need to stay on top of those trends. We’ve moved away from week-long treks and toward afternoon hikes and music festivals. There’s been more of an emphasis on smaller day rather than the larger external frame backpacks people used to buy for longer trips. We’re seeing the products that are selling at retail change to align with people’s shifting behavior.

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**Q**

**What are some opportunities to re-energize the industry’s customer base?**

**MP:** In several key categories, we’re seeing downward pressure on pricing. Our Checkout information indicates that both in-store and online spend per buyer for athletic footwear were down last year compared to 2017. The biggest reason we’re seeing this is because the consumer isn’t really buying performance footwear, which tends to be the more expensive product. We surveyed athletic footwear consumers last year and found that only 16 percent of consumers who bought a sports shoe intended to participate in sports, the lowest number we’ve ever recorded. And other studies have also shown that sports participation continues to decline. So while consumers want products to look athletic, they probably won’t play sports with them — giving rise to “good-enough” products.

One way to improve this is to stimulate demand through product innovation. But thinking long term, brands and retailers should try to grow participation. There are a lot of initiatives already in place, and we’re seeing industry associations, brands, and retailers actively working together to encourage youth participation through sponsorships and supporting legislation to make afterschool sports more accessible to students.
Q: We hear a lot about mission-driven brands. How can brands and retailers find their purpose?

MP: Renowned author Simon Sinek said it best: “People don’t buy what you do; they buy why you do it.” The first question brands and retailers need to ask is, “Why am I in business?” Often, it’s not just about selling a product for a certain price, but about making the world a better place — to make athletes perform better, or to get people into the outdoors. It’s also important to engage consumers and employees in these discussions. Just as consumers want to shop with brands and retailers that are doing good, today’s employees want to work for businesses that are doing good.

JD: We’ve seen the outdoor industry come together to identify important issues like sustainability and diversity, for example. But often these changes need to come from the top down. So from the c-level, brands and retailers need to say, “We’re committed to doing this, and we’re going to do it at all levels of the company.”

Q: What does the store of the future look like?

MP: As e-commerce grows, the industry needs to make changes. Last year in athletic footwear, for example, 29 percent of all sneakers were bought online. That makes it one of the highest penetrated categories NPD tracks. We expect that number to reach 50 percent in five to ten years. But many consumers still like going into stores. The problem is that we have too many stores all selling the same products. Consumers increasingly will look to the experiences the stores provide. That means personalization, community, content, and so forth. As a result, we’ll probably see smaller stores that test and try new products and offer experiences like virtual try-ons.

JD: Retailers should think about how they can make their presentation more lifestyle-driven. For instance, it’s about mixing apparel with equipment and promoting the equipment that’s trending. It’s also important to ask, “Where am I?” and “Who or what am I servicing?” Some specialty retailers may find that during certain times of the year, a large percentage of their business comes from tourists. Those retailers should then think about all the things that tourists need for their trip from an accessories point of view, rather than focusing on big-ticket items for that segment.

*Source: The NPD Group/Consumer Tracking Service

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