It is predicted that by 2004, nine percent of all sporting goods retail sales will be transacted over the Internet.

Making the grade: The Internet's impact on sporting goods customisation

The concept of customisation is not new to the sporting goods industry. Whether at the local pro shop or the neighbourhood retailer down the street, sellers of sports equipment and apparel have historically dedicated significant time and effort getting the right product to the right customer at the right time. But while customisation has always been a component of sporting goods retailers and manufacturers value proposition, the industry has lacked the tools to offer custom fit and design to more than just the most serious sports enthusiasts. As Internet technology evolves, however, retailers and manufacturers are able to respond to more specific consumers demands with record speed.

As sporting goods retailers and manufacturers come to accept that they cannot produce and sell all products to all consumers, and mass marketing gives way to information-driven, direct and personalised strategies, retailers and manufacturers must build the capability in their organisations to tailor products and assortments to individual consumers, track their purchases, and offer complementary and relevant products and services. These consumer-focused organisations will graduate with the highest honours.



NIKEiD allows web-users to customise their own footwear.

A compelling course of study

Consumers are tired of simply accepting what is offered, sacrificing features they want for ones they don't. They want more control over the products they buy, and their standards and expectations for sporting goods products are escalating to new levels. In fact, 36 percent of consumers surveyed for KSA's Annual Consumer Outlook said they are willing to pay 12-15 percent more for customised apparel and footwear. KSA predicts that over the next five to 10 years, customised products will represent 20-30 percent of sales.

Today's consumers are intelligent and savvy, and they expect products and services to be tailored to their specific needs. The Internet will become increasingly important as a direct-to-consumer channel for sporting goods sales in this demanding marketplace. In fact, it is predicted that by 2004, nine percent of all sporting goods retail sales will be transacted over the Internet (*Forrester Research, Inc., September 2000*).

The Internet is a powerful tool; the first tool that allows connected organisations to interact with consumers in real time, creating the ability to collect massive amounts of consumer information. It is up to retailers and manufacturers, however, to develop the processes, organisational structure, and culture to learn how to transform this information into relevant customised product offerings.

Some successful scholars

Taking the lead from companies like Louisville Slugger, Lands' End and Nike, who allow consumers to design and personalise their own gear, sporting goods manufacturers can offer a new online model of supplier-customer interaction.

This model permits individual consumers to choose from a catalogue of various options for style, colour, components, price, and delivery, shifting the consumer into an active role. It also

allows companies to gain a more intimate understanding of their consumers and, as a result, be better prepared to anticipate and meet their needs.

Sporting goods retailers and manufacturers can leverage the Internet as a customisation tool in three key areas, addressing consumers' demand for individualism (personalisation), sizing (fit), and aesthetic tastes (design).

Personalisation: This level of customisation allows consumers to express their individuality by augmenting or requesting specific changes to mass customised products. For example, the 116 year-old baseball bat company, Louisville Slugger, allows online consumers to personalise their bats by engraving their names, signatures, or even their favourite Major League baseball teams on their bats.



At www.landsend.com you can try clothes on a virtual model of yourself.

Fit: 'One size fits all' has become an anachronistic term in today's sporting goods market, where consumers demand tailored fit, comfort, and high performance. Obviously, the ability to provide a customised fit is highly dependent on the availability of specific size, dimension, and range of motion data for an individual customer.

This October, Lands' End launched an initiative aimed at capturing this information and bringing it online. Using a set of high-tech portable dressing rooms equipped with strobe-lit computer scanners, Lands' End has begun a 14-city cross-country tour during which consumers are being offered the opportunity to have their bodies scanned. These scanners measure approximately 2000 data points, then provide a virtual model which the consumer is shown after the process. This model is then uploaded to the Lands' End Web site, where consumers are invited to 'try the clothes on'. While Lands' End has not indicated an intention at this point to offer custom-made apparel, this pilot serves as an excellent example of a necessary first step in doing so.

Design: Nike has recently forged ahead with online design customisation via its NIKEiD programme that launched in November 1999. NIKEiD, the first mass footwear customisation experience found at nike.com, gives online consumers the opportunity to design and personalise four of its leading shoes, drawing from a palette of colour and accent options. NIKEiD's virtual shoe builder allows for branded footwear that is uniquely individual page 38

Omega, a specialist UK snowsports and outdoor clothing manufacturer, now has a website with a dedicated section offering clubs and associations the possibility of designing their own uniforms using Sympatex waterproof, windproof and breathable membrane. It is claimed to be the first of its kind: by logging on to the website, you can choose your unique ski or snowboard suit design and colourway. Club logos and specific embroidery can also be specified. A selection of garments is on offer to meet different price points. Among the company's clients are the British Winter Olympic Teams and the Ski Club of Great Britain.

The theory is clear. The combination of body measurement solutions with CAD/CAM virtual reality and Internet technologies is seen by many as the way forward. Apparel retailers minimise their costs because the pre-order risk and inventory costs are eliminated, while increasing their customers' satisfaction through personalised and/or tailor-made garments.

Manufacturers produce on-demand, and therefore reduce the risk of investment and inventory. Designers can offer a larger variety of styles and combinations.

Information on customer preferences become vertically available in the entire textile chain. Certainly both Gerber Technologies (which recently introduced its Four-Hour Sample Process for manufacturers), and Lectra Systèmes see it that way.



Vitus Smart 3D: (left) instantaneous 3D measurement (right) the virtual double.

Earlier this year Lectra teamed up with Tecmath, a company founded in 1986 in Germany, to launch their Lectra-Tecmath Body Measurement Technology, making it possible for companies in the textile supply chain to have direct access to made-to-measure customised garments. The two companies decided to co-ordinate their future research and development in order to provide comprehensive and integrated solutions, based on a common technology platform.

They have introduced an integrated body measurement and mass customisation solution, integrating Tecmath's Vitus Smart 3D body scanner with Lectra FitNet, a comprehensive solution for mass customisation, from the retail store through to the cutting room. The Vitus Smart 3D body scanner was specifically developed for the needs of the clothing industry, combining state-of-the-art technology with ease of use.

DB

by providing an online real-time image of the shoe being designed and allowing consumers to choose and visualise the different base colours and accents they prefer. Moreover, the heel of the shoe can be personalised with eight to 10 characters of text, depending on the model. Nike charges a $10 customisation fee for this service, in addition to the price of the shoes and related shipping charges.

During 2000, NIKEiD has expanded beyond the running, cross training, and team models initially offered on the site, rolling out four new lines in mid-August, including the first-ever customised basketball and football shoes.

The right resources

If used properly, the Internet is an excellent means of connecting with consumers to gain insights and develop strategies to better meet their needs. Web-based applications built to facilitate collaboration and real-time response have created a foundation for companies to build upon, and as technology continues to improve, so will manufacturers and retailers capabilities.

Sporting goods customisation tools have changed significantly in just five years. Today, consumer profiles are generated and stored electronically to track customer psychographics and demographics over multiple seasons to tailor products to consumer preferences, replacing the single-use, handwritten forms of the past.

Retailers and manufacturers can now use this information to offer better service, strengthen brand awareness, increase consumer input to product development, reduce returns, minimise inventory, fortify forecasts, and achieve a better perceived product quality. As mass customisation strategies proliferate among retailers and manufacturers, prices will drop and product development cycle times will decrease, ultimately allowing the customer to get exactly what she wants, when she wants it.

Developing effective study habits

Customisation is more than just slick Web design, marketing, collaborative filtering, and recommendation engines; it requires highly effective coordination across the supply chain.

The question retailers and manufacturers face is how to streamline and realign the supply chain to maximise marginal gains from customisation. Organisations must collaborate with supply chain partners to evaluate the economic feasibility of customisation. Once options are prioritised, partners can jointly develop plans for necessary processes and infrastructure to assess profitability.

Three critical areas of focus are customer service, operations, and product development. Retailers and manufacturers must invest in customer service to improve the way they gather information and relay product benefits and attributes to their consumers. In addition, organisations must track consumer preferences and buying patterns to be better poised to capitalise on changes in consumer demand as they occur.

Operationally, organisations must collaborate with supply chain partners and develop common forecasts and streamlined processes for procurement, fabrication, and distribution. Internet-based initiatives such as CPFR (Collaborative Planning, Forecasting and Replenishment) are addressing this need. Finally, product development initiatives aimed at customisation must focus on innovation, relevance, and expanded options.

An investment with high returns

The real opportunity afforded by customisation is better relationships with consumers. Custom-made merchandise imprints a valued relationship and promotes consumer loyalty because it involves a personal transaction. Customised gear also provides an answer to consumers dissatisfaction with fit. Eighty-five percent of respondents to KSA's Annual Consumer Outlook said they choose certain brands because they fit better than others do. What often stands out most, however, is the proven correlation between loyalty and profitability.

According to KSA's Annual Consumer Outlook data, 69 percent of consumers are loyal to specific stores and 82 percent are willing to pay more for brands they like. Brands mean trust, security, and confidence to today's consumers. KSA's internal financial and consumer data confirms that brands with higher consumer loyalty (i.e., repeat purchasers) achieve NAT earnings 4-7 percent higher than those with weaker loyalty. Our client work has also proven that investing in gaining, and truly using, consumer insights leads to more profitable business decisions.

From Louisville Slugger to Lands' End to Nike, efforts at customisation are becoming more evident every day. Although the potential benefits are compelling for all parties, customisation is by no means a 'quick win' and is a long way from reaching critical mass.

Several factors, however, will continue to drive innovation in this area. Consumers will continue to raise the bar and demand more tailored products, and information technology and the Internet will continue to improve supply chain integration, paving the way for true collaboration among supply chain partners.

Although key drivers, demand and technology solutions alone will not ensure a successful result from the customisation opportunity. Retailers and manufacturers must carefully plan, invest, and execute within the scope of their abilities, as well as be prepared to adjust rapidly to overcome obstacles.

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