BRAND PROFILE: DICK'S SPORTING GOODS

Fishing for a living

Dick's Sporting Goods was established by a young man with a lot of ambition. In 1948, and at the tender age of 18, Dick Stacks was working as a salesman in a small Army and Navy store in New York. He started developing his own ideas when his then boss, an avid fisherman, asked him whether he thought fishing gear could become a major seller for the store. Mr Stacks went away and spent a lot of time developing a business plan around the fishing idea before eventually presenting his ideas to the manager. The response was not a positive one and he felt sure he was not cut out for this type of work.

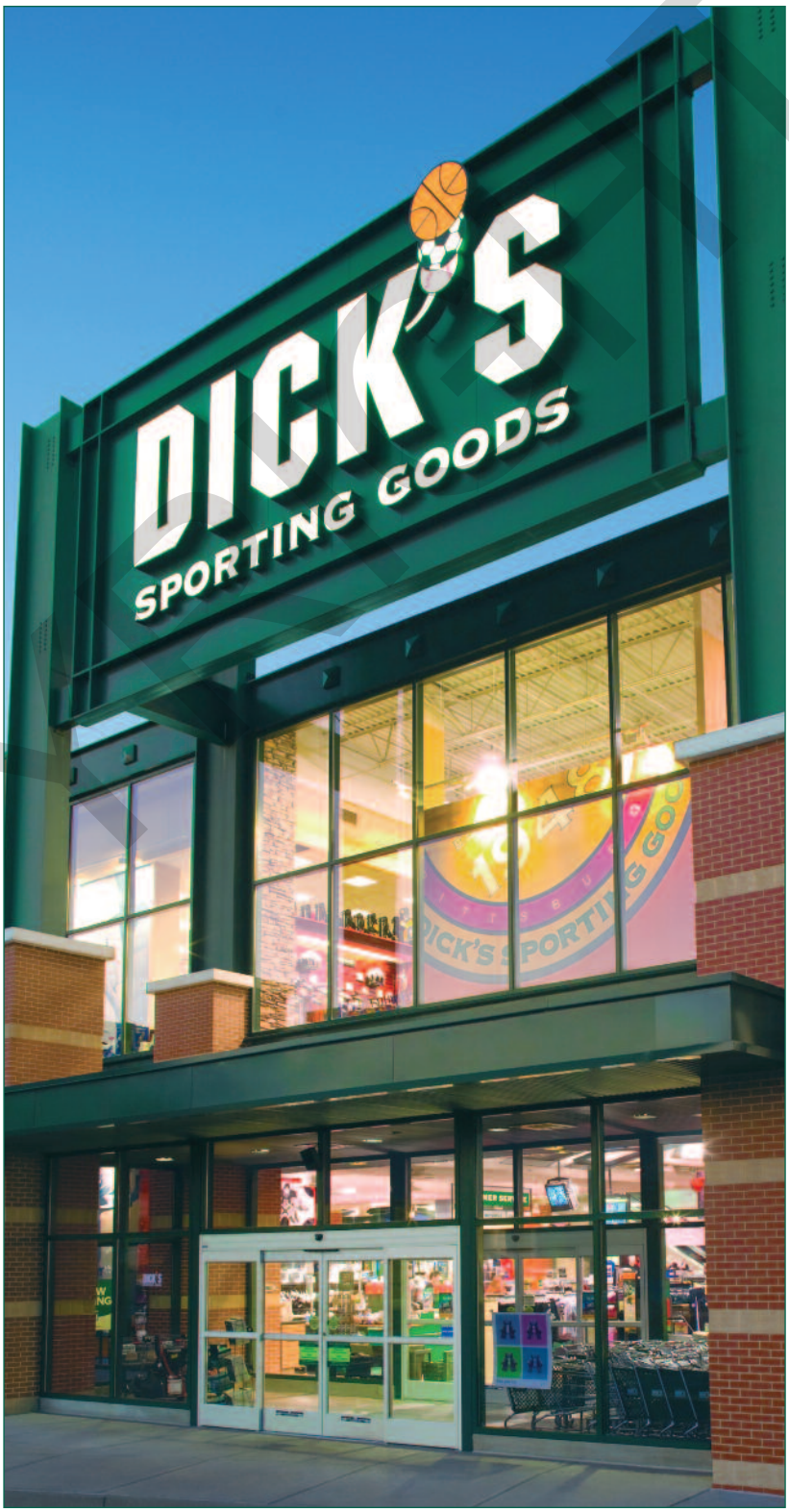
However, his grandmother thought differently. When he told her what had happened, she took $300 out of her savings and advised him to "always follow his dreams". Mr Stacks used the money to set up a small bait and tackle shop in Binghamton, NY. He quickly built up a loyal customer base, many of whom encouraged him to expand his product offering, which he did.

In 1984, when the company was just a two-store affair, the business was sold to Mr Stacks' son Edward who has been the firm's chairman, CEO and president since then. The company now operates more than 350 Dick's stores in 38 states, plus 80 Golf Galaxy stores in 30 states and 15 Chick's Sporting Goods stores in southern California. However, it is not stopping there: the sporting goods specialist hopes to have 800 stores up and running across the US by 2015.

Careful financial planning

A recent presentation given by the company at the Goldman Sachs Global Retailing Conference offers suggestions as to why the firm has been so successful thus far. First of all, it states that it is an authentic sporting goods supplier as it is "not based on latest fashion trend or style" and "yields less volatile, more predictable results" than its competitors. According to the company, this sets it apart from mass merchandisers and allows it to offer "new product offerings with enhanced technological features". Also in the presentation, the company claims to offer customers a "unique shopping experience" by providing an extensive range of equipment, apparel and footwear for many different sports and activities and from leading brands.

Perhaps one of the reasons it has managed to



Dick's Sporting Goods now operate more than 350 stores in 38 states across the US and hopes to expand to 800 stores by 2015.

Dick's Sporting Goods

COPY

prosper despite the current challenging global economic situation is explained in its claim that: "financial discipline is core to everything we do". This has been reflected in terms of sales growth, the number of stores in operation and with regard to net income. Consolidated sales rose steadily from $0.9 billion in 2000 to $3.9 billion in 2007, while its store count jumped from 105 to 340 during the same period and consolidated net income rose from $15.7 million to $155 million. Meanwhile, during a three-year period, the firm made several major acquisitions. It acquired 48 locations from Galyan's Trading Company, another sporting goods store (2004), 65 golf superstores from Golf Galaxy (2007) and 15 specialty sporting goods stores from California-based Chick's Sporting Goods (2007).

Up and running again

At the same time, the firm has also demonstrated its ongoing dedication to many sporting events and disciplines in the US. Dick Stack believed that sport could play a vital role in teaching children fundamental values such as a strong work ethic, teamwork, and good sportsmanship. He also understood that supporting organisations involved with youth sports was a great way of promoting those values. Edward Stack has upheld his father's convictions and sponsorship continues to be an important aspect of the company's operations. In 2008, Dick's donated more than 56,000 coach's equipment kits to youth baseball, football, soccer, basketball, lacrosse and hockey organisations through its Community Youth Sports Program, reportedly reaching more than 1.1 million children.

Another obvious example of its commitment to promoting sport is the firm's support of the Pittsburgh Marathon. Despite attracting 6,000 participants from all 50 states and 20 countries, the event was cancelled after the 2003 event when its sponsor—the University of Pittsburgh Medical Center—decided not to continue sponsoring it and the city was unable to provide sufficient funding to keep it going. Dick's is among the sponsors that have stepped into the fray and hundreds of people have already signed up to take part in the resurrected event, which will be called the Dick's Sporting Goods Pittsburgh Marathon. The company has committed to sponsoring the event for at least three years. Media reports have cited local runners who are delighted that the marathon will once again take place on their doorsteps.

Meanwhile, in February 2008 it signed a multi-year sponsorship agreement with Major League Lacrosse (MLL), the premier professional US outdoor lacrosse league. According to executive vice president and chief marketing officer, Jeffrey Hennion, "lacrosse has grown tremendously throughout the country over the last several years". Not only does the firm provide uniforms for the Denver Outlaws, it is also involved in lacrosse broadcasts using ultra-modern forms of technology such as helmet cams and telestrators, the device that allows one to draw a freehand sketch over a motion picture image.

Looking ahead

One of the company's major strengths is providing the best equipment for people interested in sport, whatever level they happen to be at. One popular example is its range of Ironclad gloves, made by Ironclad Performance Wear Corporation. While it stocks standard editions of the gloves, including the Cold Condition and the Summit, it also sells the General Utility Digital Camo, which was designed specifically for Dick's. Other popular items include MLS adidas David Beckham Replica Jerseys, Enlyten SportStrips from HealthSport, exclusive styles from the Nike ACG (all conditions gear) range and Reebok's VY Electrify football cleat and trainer designed for Titans quarterback Vince Young. Its ability to customise its product offering for its broad customer base, and the added advantage of offering goods that are only available through Dick's, have helped it get where it is today.

Furthermore, while Mr Stack said toward the beginning of 2008 that he was well aware of the "uncertain macro economic environment we are all currently facing", he said that the company remained "cautiously optimistic" about the future. One of the ways Mr Stack has decided to deal with less favourable market conditions is to slightly alter its product focus, while continuing to cling to its policy of tight financial control. "Throughout this difficult environment, we will continue to focus on the core athlete and outdoor enthusiast, while managing our business with our consistent focus on financial discipline and operational execution," he said. While some analysts have predicted that the company may struggle in the near future, it is projected to stand the test of time as it continues to follow the 18-year-old Dick Stack's dream.



David Beckham sporting the popular LA Galaxy MLS strip.
adidas

COPYRIGHT