

The Golden Age of Sporting Goods



The Numbers Tell The Story

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“If you have a body, you’re an athlete.” Bill Bowerman, Nike’s Co-Founder
(With Phil Knight) in 1974

Defining the Sporting Goods Industry

The sporting goods industry includes a wide range of sports and recreation activities. While most people tend to think of the industry in relatively narrow terms related to their own experiences, in reality, the industry includes six basic types of activities, shown below with a list of examples:

- Competitive Team Sports: Baseball, Basketball, Field Hockey, Football, Ice Hockey, Lacrosse, Roller Hockey, Soccer, Softball, Swimming/Diving, Track and Field, Volleyball
- Extreme Sports: Inline Skating, Skateboarding, Snowboarding, Surfing/Surfboarding, Wakeboarding
- Fitness (All types, including such activities as fitness walking, distance running and martial Arts as well as traditional forms of exercise/fitness activity)
- Individual Sports: Badminton, Bowling, Boxing, Golf, Gymnastics, Skiing, Tennis, Wrestling
- Indoor Games: Billiards, Darts, Table Tennis
- Outdoor Recreation Sports: Archery, Backpacking, Bicycling, Boating, Camping, Canoeing/Kayaking, Climbing, Fishing, Hiking, Hunting/Shooting, Ice Skating, Water Sports

These activities attract consumers of all ages and all income groups. The industry produces an enormous range of specialized equipment, apparel and footwear for all these activities. Marketing and distribution strategies vary widely between the types of products produced and the sports and activities for which these products

are made. One needs only to visit a sporting goods store, such as Dick's or The Sports Authority, to appreciate the enormity of product choices within the industry.

There is a tendency on the part of sports fans generally, and for that matter, most Americans, to consider team sports the primary segment of the sporting goods industry. However, as explained above, only with respect to "visibility" is this case.

Above all else, the sporting goods industry is grounded by a single purpose...to provide products and services that enable "athletes" to excel when they perform or compete. Given Bowerman's broad definition of an athlete, market possibilities range from athletes who are star performers to individual "athletes" as conceived by Bowerman who walk some distance for the purpose of exercise.

Understandably, as a result of Bill Bowerman's broad concept noted at the beginning of this report, athleticism in general has had a profound effect on the industry. For over a century, the industry's focus was on traditional products, primarily sports equipment used by athletes competing individually or as part of a team. Today, products that grace the industry's repertoire range from high-tech protective equipment to shoes made from esoteric compounds that are worn for casual wear.

An example of how Bowerman's definition changed the dynamics of the industry is that, between the early 1970s, when Bowerman made his pronouncement, and now, the industry's size has grown nearly seven times over (700%), from \$12 billion to over \$90 billion. (Source: NSGA). Perhaps the most dramatic way to emphasize this growth rate is to compare it with U.S. population growth of just 40% during the same period.

Remarkably, however, even given this overwhelming growth, fundamentals of the industry that persisted during its early period still prevail in today's environment. In this first chapter, we will examine the nature of these fundamentals that existed historically and still remain in place.

This Chapter has two dimensions: 1) an orientation to industry online and printed resources and 2) an overview of historical, cultural, and technological perspectives on the sporting goods industry, chronicling the evolution of all facets of sports promotion and marketing, sports participation, and sporting goods equipment.

How it all started

Organized sports in the US grew in the decades prior to the Civil War because of stimuli from three groups:

- the American social aristocracy
- the metropolitan “rabble” or rowdies; and
- immigrants

The English brought with them not only their “sporting heritage,” but also hand made sporting goods and fishing and hunting equipment, cricket, soccer, and lawn bowling, while the Germans brought gymnastics and the Scotch brought golf and track and field. In addition, the following contributions from the industrial revolution contributed directly and indirectly to the development of modern sport: the steam engine, specifically the steamboat and the railroad; the telegraph and penny press; the sewing machine; electric lights; and the camera. Although religious prejudices against sport remained very strong in rural areas, recreation was a key element in church activities.

For the most part, prior to the Civil War, only the social aristocracy could afford the expensive special equipment of prewar sporting goods dealers. There were a number of significant social trends in the US that contributed to a high degree of sports consciousness at that time. They included:

- the outdoor heritage of frontier society
- the English interest in sporting life
- colonial and aristocracy support of the “turf” (horse racing)
- a growing secular spirit in the country
- urbanization
- extension of leisure time allied with economic prosperity and a rising standard of living
- increasing concern for health

- the recognition by educational authorities of the value of exercise and a more open attitude toward athletics.

It is important to realize that the development of sport in the US was as much a product of industrialization as it was an antidote to it (Betts, 1974).

Between 1865 and 1900 an athletic impulse swept the US and baseball won the popular support of men and women of all social classes. The growth of a national interest in sport was, in fact, increasingly more dependent on the spectacular treatment that it received from the daily press. By the 1890's the sports sections of daily papers across the country were changing and expanding rapidly. The expansion of sports news was directly related to the telegraph, which made possible the instantaneous reporting of sports results.

Albert Spalding turned to manufacturing sporting goods shortly after the formation of the National League. Spalding opened his "baseball and sporting-goods emporium" in 1876 in Chicago. Spalding "consciously sought to capitalize on his reputation as a famous ballplayer and baseball magnate, both to capture and to extend an expanding market for athletic equipment among middle-class Americans" (Levine, 1986). A.G. Spalding and Brothers successfully dominated a sporting goods industry it had helped shape. Spalding capitalized on and often created opportunities for publicity and profit, including a contract to supply the National League with baseballs for all league games in exchange for the exclusive designation as the maker of the league's official ball. More than likely, this was one of the first known examples of what we know today as "sports marketing," that is, sponsorship by providing "in-kind" merchandise.

Early on, Spalding recognized the benefits of vertical integration, that is, owning factories that make merchandise as well as owning the retail stores that sell them. Today this violates anti-trust law, but in the late 1800s and early 1900s these laws didn't exist. In 1879, the Spalding and Wilkins Manufacturing Company was opened in Hastings, Michigan. The factory manufactured baseball bats, croquet implements, ice skates, and fishing gear. By 1896, A.G. Spalding and Brothers were reported to have developed a national network of specialized sporting goods manufacturers. Spalding manufactured bicycles, golf equipment, tennis racquets,

dumbbells, Indian clubs, bicycle shoes, stocking caps, football shoes, football pants, jackets, and hunting goods and clothes.

By 1892, the American Sports Publishing Company, owned by A.G. Spalding and Brothers, became a separate enterprise. In addition to extensive publishing, Spalding also developed a national retail and wholesale marketing system to move its goods. The Spaldings continually sought new approaches to attract the general public and other businessmen to their brand.

By 1886, with the Library of American Sports in place, the promotion of Spalding products had nearly become a business in itself. Spalding's involvement in the 1900 and 1904 Olympic games provided even more exposure. He aggressively manufactured and marketed bicycles but, by 1899, Spalding was feeling the effects of increasing competition from smaller manufacturers, so he founded the American Bicycle Company, which was a giant trust comprising 48 companies and valued at \$22 million. The success of A.G. Spalding and Brothers was based on modern concepts of industrial organization and the emphasis on innovation and diversification (Levine, 1986).

In 1905 the Sporting Goods Manufacturers Association (SGMAI) and the NCAA (National Collegiate Athletic Association) were founded. The attempt to make football safer for participants resulted in modifications to football equipment. The National Sporting Goods Association (NSGA) was founded by a small group of sporting goods dealers in 1929. Consumer spending on sporting goods in the US declined until immediately after the Korean War, when domestic prosperity returned and intercollegiate athletics developed into a commercial enterprise. In the 1970s there was increased recognition of product liability and injuries associated with sports equipment. This led to the founding of the World Federation of the Sporting Goods Industry (WFSGI). This organization helped to make coaches and sports administrators more concerned about risk management. In the 1980s and 1990s several significant sporting goods manufacturing companies emerged including Nike and Reebok. These companies, along with other footwear and apparel suppliers, were so successful that, by adding apparel and footwear as major product categories, the industry today is more than seven times larger than in the early 1970s. As apparel and footwear became fashionable items to wear, the

industry's sales and visibility increased geometrically. Also enhancing the industry's visibility was the move toward public ownership which began in the early 1980s and has continued unabated since then.

The Golden Age: 1974 – 2006

What Happened?

By 1974, when total industry figures first became available. Over the 100-year period since the industry began in the late 1870's, sales managed to grow to just over \$11 billion. During the next 30+ years, sales exploded, increasing nearly 700% to almost \$90 by 2006. Sales to sports teams and leagues participated in this dramatic revolution to an extent, but fitness, golf and outdoor recreational equipment categories grew much faster. In addition, the footwear and apparel markets emerged to become a major component of overall industry sales.

Fitness products experienced the most dramatic sales growth...increasing more than 5,500 percent, from less than \$100 million in 1974 to over \$5 billion in 2006. Add to this sales of fitness-oriented footwear were exceeded \$8 billion, from almost nothing in the early 1970's, and the fitness industry today is nearly \$14 billion, from a negligible existing thirty+ years earlier.

Other major growth areas topping the high-growth list includes outdoor activities of all types...recreational vehicles, boats, golf, soccer and water sports equipment. At the bottom end of the growth spectrum were racquet sports and most team sports products.

Compounding growth was the coming-out party for athletic footwear and apparel. Almost non-existent in 1970, sales in 2006 exceeded \$27 billion dollars, representing over 30% of all industry sales, even when including recreational vehicles and boats.

Table I below illustrates what happened on a category-by-category basis.

TABLE 1
Consumer Expenditures, Selected Sporting Goods Equipment Categories,
1974 V. 2006 (Ranked by % Growth)

Product Category	1974	2006	% Change
Exercise Equipment	93.2	5,226.4	5,507.7
Recreational Vehicles	1,471.7	14,732.0	901.0
Pleasure Boats, Motors & Accessories	2,171.0	17,810.6	720.4
Golf Equipment	535.3	3,662.0	584.1
Soccer Balls	13.8 ('77)	74.6	440.6
Skin Diving & Scuba Gear	71.2	369.0	418.3
Fishing Tackle	439.8	2,218.9	404.5
Camping equipment	351.7	1,534.6	336.3
Athletic Goods Team Sales	615.4	2,618.9	325.6
Bicycles & Supplies	1,268.6	5,160.8	306.8
Archery Equipment	99.2	398.3	301.5
Firearms & Hunting Equipment	967.1	3,708.7	283.5
Billiards Equipment	105.9	330.8	224.9
Basketball Equipment	103.2	312.3	202.6
Snowmobiles	239.8	685.4	185.8
Skateboards & Roller Skates	116.4 ('77)	332.0*	185.2
Baseball/Softball Equipment	164.0	388.3	136.8
Water Skis	22.4	43.5	94.1
Volleyballs	10.6	19.1	80.2
Racquetball Racquets	25.7 ('77)	40.9	59.1
Ice Skates & Hockey Equipment	107.5	142.2	32.3
Tennis Equipment	418.0	419.8	0.4
Badminton Sets	17.1	11.7	-31.6
Total All Sports Equipment	9,428.6	60,240.8	538.9
Fitness Footwear (Aerobic, Cross Training, Fitness, Running, Walking)	n/a	8,631.3	n/a
All Other Footwear	n/a	8,271.1	n/a
Total Footwear	n/a	16,902.4	n/a
Sports Apparel**	n/a	10,699.1	n/a
Total Apparel/Footwear	2,000.0 (auth. est.)	27,601.5**	1,280.0
TOTAL	11,428.6	87,842.3	668.6

*Includes scooters

**Apparel purchased primarily for sports

Source: NSGA

With rare exceptions, dominant sporting goods companies at the time, such as Wilson, Spalding, Rawlings, MacGregor, Dunlop, Titleist, Coleman, AMF and Brunswick, were ill-positioned or simply failed to capitalize the enormous changes that were happening. Today, only one (Brunswick) of these companies operates

independently, and their combined sales (either independently or as part of a conglomerate) are estimated to represent less than 20% of all industry sales.

Operational and financial inhibitions, together with changing consumer demographics, all contributed greatly to the existing industry's inability to cope with what happened. From an operational standpoint, there was very little synergy, whether it be in manufacturing, distribution and marketing, between team sports products and the exploding categories that would have eased the transition for existing manufacturers. Footwear, apparel, fitness, golf and outdoor recreation products appealed to different consumer markets, required totally different development and production technologies, consumer marketing appeals were entirely different. Instead of having to deal with organizations sports teams, most manufacturers had to become experts in dealing with individual consumers, demanding entirely and unfamiliar marketing strategies.

Also, during this period, U.S. companies began contracting with foreign manufacturers to produce their products, primarily in Asian countries such as Japan, China, Indonesia, India and Vietnam. Today,

At the same time, the industry wasn't financially structured to capitalize on the exploding marketplace. Even if existing company management recognized the need to change their formula for success, the companies were privately held, which severely limited their ability to attract the financial capital and wherewithal to merge with and operate companies who were establishing a foothold in the exploding categories.

Manufacturers weren't the only companies facing new challenges. Retailers faced the same fate. Comprised mainly of relatively small "mom-and-pop" outlets until the early 1970's, they simply didn't have the physical space or marketing skills to adopt the revolutionary changes that were taking place. Consumer preferences for fitness and outdoor equipment, not to mention exploding growth in the market for athletic footwear and apparel, left the typical small-store retailing format in tatters, to be replaced by massive sporting goods retail outlets capable of selling all sizes and types of all sporting goods product categories, including footwear and apparel. As if this wasn't enough, Internet is accelerating the industry's dynamics even

more. Today's online purchase rate remains relatively low...less than 6% of all consumer purchases, varying somewhat by product, but recent studies indicate that nearly one shopper in three uses the Internet to search for products before making their purchase in the store.

Why Did It Happen?

To coin a phrase, "Coincidental Confluence" might be the best way to describe what happened in the sporting goods industry...the humbling, often dreaded "perfect storm." What occurred was a remarkable convergence of circumstances... sociological phenomena that occurred during the period beginning in the early 1970s, together with revolutionary technological developments in the industry and industry policies which emerged to encourage expanded products and participation opportunities attracting participation among young women and older adults of both genders to the newly emerging sporting goods marketplace.

At the outset, one needs to recognize that it's difficult to isolate the impact of sociological influences from technological influences. Take one example, the market for running shoes. Industry sales of footwear for running and jogging quadrupled between 1984 (when the NSGA first began measuring participation on a formal basis) and 2006, yet the total number of participants was basically unchanged during the same period (28 mil.). What happened was that new technology introduced by companies such as Nike and New Balance helped to make running shoes much better for both performance and recreational running. During the same time frame, athletic footwear and apparel became fashionable to wear. So one could ask the question, "Was growth in the running shoe market a function of technology or fashion?" Since both developments occurred simultaneously, one could take either side, and the real answer probably is "both."

1) Sociological and Cultural Changes

It is interesting to note that explosive industry growth coincided with the period when baby boomers were coming of age. During the latter stages of this period, X and Y generations likewise appeared. In effect, the industry was now dealing with

an enormous influx of new consumers with a totally different psyche and background from their predecessors. Having never dealt with a wartime economy, as their parents did during World War II, these boomers made a big difference in how consumers behave and express their values. Here are some issues that had a lot to do with the industry's explosive growth during this period.

a) More Women in the Marketplace

For over 100 years, boys dominated the team sports market and men dominated the hunting, fishing, camping, and golf markets. Although no specific figures are available, it's most likely that males of all ages purchased as much as 90% of all sporting goods products.

Not so today. Just as consumers have radically altered their product preferences, so has the composition of the market changed just as much, if not more. One of the most significant changes is reflected by the rapidly expanding female marketplace for sporting goods.

Women have more free time and are much more recognized by the industry. Manufacturers and retailers in the industry are developing new technologies and strategies to appeal to the enormous potential existing within the female marketplace for sporting goods.

One interesting example appears in the reduction of time women now spend at home. As reported in the abstract from a study published by the journal *Social Forces*, "Time-diary data from representative samples of American adults show that the number of overall hours of domestic labor (excluding child care and shopping) has continued to decline steadily and predictably since 1965. This finding is mainly due to dramatic declines among women (both in and out of the paid labor market), who have cut their housework hours almost in half since the 1960s: about half of women's 12-hour-per-week decline can be accounted for by compositional shifts—such as increased labor force participation, later marriage, and fewer children." (1)

Another major trend that occurred in the last half of the century is the more rapid growth in the number of working women. Quoting from an article “A Century of Change: The U.S. Labor Force, 1950-2050” appearing in the May, 2003 issue of *Monthly Labor Review*, “The number of women in the labor force rose from 18 million in 1950 to 66 million in 2000, an annual growth rate of 2.6 percent. The share of women in the labor force grew from 30 percent in 1950 to almost 47 percent in 2000, and the number of working women is projected to reach 92 million by 2050—on the basis of an annual growth rate of 0.7 percent.”

Turning to women’s sports involvement, the table below reflects the significant changes in women’s participation in sports activities between 1984 and 2006

TABLE 2
Female Participation Trends, 1984 V. 2006
(Ranked by # of Participants in 2006)

Number of Total Participants (add 000)			
Sport/Activity	1984*	2006	% Change
Ice Hockey	138 ('85)	552	300.0
Inline Skating	1,723 ('90)	5,506	219.6
Exercise/Fitness: Work out at Club	8,718 ('89)	20,476	134.9
Soccer	3,042	6,302	107.2
Backpacking/Wilderness Camping	3,172	5,627	77.3
Target Shooting with Firearms	2,137 ('88)	3,497	63.6
Exercise/Fitness: Exercise w/Equipment	16,922	26,901	59.0
Basketball	5,780	8,799	52.2
Hiking	10,857	15,234	40.3
Bowling	17,943	22,076	23.0
Billiards/Pool	9,930	12,124	22.1
Baseball	2,738	3,198	16.8
Camping (Overnight)	20,405	23,806	16.7
Golf	5,101	5,875	15.2
Boating (Motor/Power)	11,257 ('86)	12,665	12.5
Skateboarding	1,870 ('87)	2,316	23.9
Exercise/Fitness: Aerobic Exercising	21,605	23,945	10.8
Running/Jogging	13,976	13,749	-1.6
Hunting with Firearms	2,524	2,368	-6.2
Fishing (Fresh Water)	13,398	12,230	-8.7
Fishing (Salt Water)	3,449	3,109	-9.9
Swimming	39,332	31,123	-20.9

Softball	8,756	6,834	-22.0
Volleyball	10,264	6,598	-35.7
Skiing: Alpine	3,702	2,368	-36.0
Bicycle Riding (any)	27,219	16,146	-40.7
Skiing: Cross Country	2,173	1,263	-41.9
Tennis	9,029	5,060	-43.9
Racquetball	3,293	1,460	-55.7

*Earliest year for which comparisons are available

Source: NSGA

The table suggests that women have always been involved in a wide range of sports activities. During the first 100 years, however, retailers and manufacturers alike for the most part ignored the unique equipment and shopping needs of the female participant.

Title IX

In 1972, Title IX of the Educational Amendments of 1972, 20 U.S.C. § 1681 et seq. was signed into law by President Nixon. It was an historic, landmark development. Basically, Title IX prohibits sex discrimination in any education program or activity, within an institution receiving any type of Federal financial assistance

This basically required that any academic institution receiving Federal aid must provide equal participatory athletic opportunities for males and females. While opinions differ as to the absolute degree of impact in today's environment, by almost anyone's opinion, the word "enormous" easily fits the situation.

Title IX implementation resulted in major increases in women's participation on varsity athletic teams in high school and collegiate athletic programs. These changes not only created a much larger market for sporting goods products, but also served to influence women to become increasingly active in sports throughout their adult life.

b) Increasing awareness and concern about personal fitness

The fitness market literally came into being beginning in the early 1970's. Based on sociological and experiential evidence, it's easy to make the case that fitness has had more to do with causing the "Golden Age" for sporting goods than any other single factor. Fitness and fitness-related products and activities have become the largest single sporting goods category, both from a sales standpoint and also from the standpoint of participation.

Consumers spent \$5.5 bil. in 2006; an additional \$8.5 bil. for fitness, walking, cross training and running footwear; and another \$0.9 for apparel for aerobic exercising, resulting in a total of nearly \$15 bil. spent for fitness-related products in 2006, representing approximately 18% of the total sporting goods market. Contrast these large numbers with industry sales of \$0.1 billion in 1974.

As reflected above in Table 1, the growth in the number of participants in fitness activities was much greater for almost any other sport, except possibly for extreme sports, which didn't appear in the marketplace until the early 1990's.

c) Baby Boomers Come of Age

Between 1950 and 1974, the population between the ages of 35-64 grew at the rate of just over 1% a year, from 52.4 million in 1950 to 67.1 million in 1974. However, the "Golden Age of Sporting Goods" coincided with explosive growth in this age category. Between 1974 and 2004, annual growth rate more than doubled to 2.5%, with the "baby-boomer" population increasing from 67.1 million to 105.9 million in 2004.

These were the first post-war babies to become adults without any wartime experience, and they were socially and culturally quite different from their earlier counterparts. People began spending more time in the pursuit of leisure and work activities. During the period up to the early 1970s, traditional family values and the role of different family members could be defined as a "husband-breadwinner, woman-stay-home-with-the-kids" environment. However, quoting from page 183 of the book *Growth & Development in the Global Political Economy* by Phillip

Anthony O’Hara, published by Routledge in 1995, “Community standards were changing as the social and sexual revolution questioned established institutions of morality and politics into the 1960s and 1970s. Divorce doubled through the 1970s to the early 1990s as instability beset the nuclear family and people put more resources into personal and social pursuits such as leisure and work. The double day led women to become more dissatisfied with their relationships, and changing standards of family life led to the re-emergence of feminism. The expansion of the suburbs and transport led to greater instability of community linkages. Rapid change led to the breakdown in traditional social bonds of community, family and trust. This expansion of instability, and the questioning of capitalist principles, led to an increase in uncertainty, a lowering of the business cycle floor, and diminishing investment and growth. (O’Hara 1995”)” (3)

During the industry’s “Golden Age,” baby boomers increased significantly as a share of total consumer purchases for a wide range of sporting goods. Table 3 below reflects just how much their share increased for several products for which data were comparable for 1986 and 2006:

TABLE 3
Baby Boomers as % of Total Consumer Purchases
Selected Product Categories, 1986 V. 2006
(Ranked by % of Total Purchases in 2006)

Product Category	% of Consumer Purchases Made by Individuals Ages 35-64	
	1986	2006
Stationary Exercise Bikes	53.8	74.5
Treadmills	62.8	74.2
Golf Balls	53.4	64.8
Shotguns	46.6	62.2
Aerobic Shoes	39.3	59.2
Tents (3+ person)	41.1	61.1
Multi-Purpose Home Gyms	42.5	56.2
Hiking Boots/Shoes	37.4	53.6
Fishing Rod-Reel Combos	42.1	52.6
Fishing reels	49.5	52.4
Tents (1-2 person)	21.4	51.7
Rifles	43.8	47.2
Running/Jogging Shoes	41.2	45.0
Sleeping Bags	26.9	39.6
Archery Bows	27.4	37.3
Backpacks	18.8	23.2

Source: NSGA

d) Fashion

During this period of the sporting goods industry's greatest growth, major league baseball, basketball, football and hockey as well as college sports teams were similarly experiencing an explosion of interest and appeal. Media coverage was expanded by such broadcasters as ESPN. Major league organizations developed effective marketing programs, working with sporting goods companies, and found many ways to financially capitalize on the appeal of their sports to hundreds of millions of Americans.

One particular way to capitalize was to license use of their league name and the names of athletes to sporting goods companies, particularly athletic apparel. While licensing has always been a part of the industry, until the early 1980's, apparel was a minor part of total industry sales; thus licensed apparel was a minor part of total industry sales.

All that changed in the late 1980's when athletic apparel suddenly became more popular among consumers, many of whom purchased athletic apparel for casual wear. Having been exposed to athletic apparel already, licensed apparel became fashionable, particularly within the youth market, and today among men and women of all ages. Licensed apparel sales rose rapidly, peaking in the late 1990's, and today still remains a major category with estimated sales in excess of \$3-\$4 billion annually.

A flurry of companies was founded to capitalize on this fashion trend, such as Starter Sports, Nutmeg Mills, G-III Apparel and Majestic. Entrenched companies then entered the market aggressively, and today only one major independent licensing brand, G-III remains; the great majority are part of larger conglomerates such as VF Corp. (Majestic), Berkshire Hathaway (Russell, Spalding) and Iconix (Starter)

2) Industry changes

a) New Technologies

Beginning with the early 1970s, the most significant driver of sporting goods industry growth, much more important than sports participation rates, was the industry's inspired discoveries and applications of new technologies to their products.

Looking back, it's amazing to think of how few radical changes occurred in the design and material composition of tennis racquets, golf clubs, firearms, fishing tackle and team sports equipment during the 100-year period prior to 1970. During this time, golf clubs hardly changed except when steel golf shafts replaced wood shafts in the early 1930's; metal skis (invented by Howard Head) replaced wooden skis; and the first tennis racquet made from material other than wood (steel, introduced by Wilson) appeared in the late 1960s. Team sports products were mostly made from leather and fishing rods from steel, until graphite was introduced in the late 1960's.

Since 1970, almost every segment of the industry has witnessed major product changes. Fitness equipment of all types have been produced for home use; athletic footwear continuously improves and expands its presence in the sporting goods marketplace with radical new technologies that impart more comfort and performance enhancing features; athletic apparel, where new fabrics and styles appear to meet the needs of a fitness oriented, active and recreational and sports-activity clientele; new product technologies result in significantly improved performance capabilities for equipment for nearly every sport...team sports, winter sports, extreme sports and outdoor recreation; and finally, the range of product choices for participants to choose from has been significantly widened.

Notable developments during the "Golden Age," each of which had a major impact on sales, include

1963: Investment cast irons for golf clubs, introduced by Ping Golf

1968: Metal (Steel) tennis racquet. Later replaced by aluminum, graphite and titanium materials

1969: Waffle-Bottom Running Shoe (Nike)

1969: Aluminum baseball/softball bat (Easton), later expanded to include graphite and titanium

1969: Graphite golf shaft developed by Shakespeare

1974: Cowhide replacing horsehide in baseballs

Early 1970s: 10-speed bicycle

Early 1970s: Graphite golf shaft introduced later expanded to aluminum, titanium. Later used for tennis racquets, hockey sticks

1976: Oversized tennis racquet (Prince Sports)

Shaped Skis

1980: Glove-leather aerobic shoe (Reebok)

1980's (early): Introduction of use of metal for golf club "woods"

1989: Gore-Tex: (W.L. Gore & Associates). Insulating fabric

1991: Oversize golf club head (Callaway Golf Company)

1996: Dri-Fit Apparel products (Under Armour)

Other continuous new technologies that began during or since the early 1970s:
Development and refinement of new types of fitness equipment: Treadmills, Elliptical Trainers, CC Ski Machines, Multi-Purpose Home Gyms, Elaborate weight-lifting devices, heart monitors, high-tech materials used in the construction of athletic protective equipment, such as helmets and pads;
New technology in medical products such as braces and splints;
Enhanced durability of materials used to produce inflated balls

b) Designing for the women's market

During the early stages of implementation, sporting goods companies faced a quandary. They had been producing products for men for over 100 years. When women occasionally purchased athletic equipment, apparel or footwear, they bought products that had been designed for men. This posed a major problem for companies unwilling to adopt, while at the same time creating a major opportunity for those who were.

For many existing types of equipment, this wasn't a major problem. For example, baseball gloves could be easily produced lighter; inflated balls are still largely the same size (with the exception of some basketballs); and golf clubs for women have been shortened slightly

Conversely, the problem was acute in the footwear business. While Nike dominated the running shoe market in the late 1970's, women wore the same shoe that had been designed for men. It is testimony to Nike's superb technology that this was even possible, given the differences in foot size, body structure and body weight between men and women.

A major breakthrough in product design came in the late 1970s when Reebok introduced a shoe made with glove leather, which provided a softer feel while providing adequate support. Aerobic exercisers immediately took to the shoe and Reebok became a household name.

Nike responded by producing aerobic shoes and also by introducing the "Cross Trainer," a shoe designed for athletic individuals, male or female, who were active in more than one form of exercise or sports. Today, cross trainers and running shoes are the two largest categories of athletic footwear.

c) Retailing

By the early 1970s, sporting goods retailers include a handful of regional chains, notably Herman's world of Sporting Goods in the Northeast, Gart Brothers and Sunset Stores in the Mountain States, MC Sports in the Midwest, REI in the Northwest, Big 5 on the West Coast, and several local chains operating 3-10 stores each. Most other stores were individually owned and relatively small...with minimal effort to cater to the needs of female customers or customers for fitness, footwear or apparel products. In 1971, Sportmart introduced the concept of "category-killer" selling all types of equipment. Sports Authority came next in the early 1980's; by 1995, they operated 119 stores. Other chains picked up the "big-box" store concept, and the smaller retailer was doomed.

Some retailers such as Herman's and Oshman's attempted to capitalize on the "big-box" trend by enlarging their existing stores or building new larger stores, all the while maintaining their basic store layout. During these early days of big-box retailing, most traditional sporting goods stores tried to capitalize on the "big-box" trend but failed to give adequate attention to the importance of apparel as a centerpiece.

Retailers who survive in today's retail landscape, dominated by Dick's Sporting Goods, Sports Authority, REI, MC Sports and Big 5, tend to feature a common theme ...they look more like apparel stores that sell sports equipment. Shoppers who visit today's sporting goods giant retailers encounter sprawling displays of attractively presented athletic apparel, alongside a large and well presented athletic footwear section. Sports equipment categories...fitness, outdoor and indoor recreation, golf, tennis and team sports can be found in the surrounding perimeter sections of the store. Successful retailers recognized that, while most sporting goods products except for accessories are not impulse items, apparel is often purchased on impulse. One rarely shopped for a shirt and picked up a set of golf clubs on impulse. Rather, the reverse is true; thereby the significance of the prominent and attractive apparel section in the "up-front" part of the store.

One chain has successfully bucked the trend to "big-box" retailing...Hibbett's, with hundreds of small stores located primarily in the Southeast. Hibbett's focuses on team sports products, with limited coverage of other types of sporting goods products.

Single-store giant outdoor sports retailers represent still another successful form of retailing in the industry. Notable among these retailers are Cabela's (Nebraska) and Bass Pro (Missouri). Both retailers were founded as catalogs Cabela's opened a 50,000 square foot store in 1969, and Bass Pro opened their large store in the mid-1980's.

Beginning in the early 1970's, there has been a surge in growth of athletic sport specialty stores featuring such product categories as extreme sports, golf, outdoor and ski/snowboard equipment and apparel. These stores appeal to the experienced

and skilled participants, offering a broad selection of products specifically designed for their needs and financial capability. Recently, however, “big-box” retailers are expanding the scope and selling presence of specialty retailers, and some of specialty chains, for example, Golf Galaxy, now owned by Dick’s Sporting Goods, have been absorbed by dominant “big-box” retailers.

Specialty athletic footwear stores represent another form of retailer emerging during the industry’s “Golden Age.” This type of store, beginning in the early 1970’s, has experienced enormous growth since that time. Retailers such as Foot Locker (founded in 1974 by F. W. Woolworth Company), Athlete’s Foot (founded in 1971) and Finish Line (founded in 1976) capitalized on the exploding footwear market by providing specialized stores featuring a broad array of colorfully and aggressively merchandised footwear products, and selected apparel product categories.

d) Globalization

Over the past 20 years, globalization has been a major focus of all types of business, and the sporting goods industry is a visible participant. Recently the World Federation of Sporting Goods reported that worldwide sporting goods sales exceed \$250 billion, of which the United States represents approximately 45%. Sporting goods sales growth, while experiencing explosive growth over the past 30 years, have in very recent times seen much more modest growth rates in the U.S. market. Companies seeking to maintain higher growth have aggressively pursued marketing opportunities in other parts of the world, most notably Europe and Asia, particularly in China. Some industry experts believe it’s possible that sporting goods sales in China will eventually exceed those in the U.S. market.

From a historical perspective, 30 years ago, soccer and track and field products were the predominant sports with worldwide participation, fueled to a great extent by the Olympics. Adidas and Puma were the dominant companies serving these markets, for which footwear and apparel were the most important products, U.S. companies dominated sales of all other types of sporting goods, largely because participation of most other sports was concentrated in the U.S. market.

Today that's all changing. "American" sports such as baseball, football and experiencing more and more popularity worldwide, as are golf, fitness and many outdoor recreation activities, such as hiking and water sports. Over the past two years, sales of dominant companies such as Nike and adidas/Reebok have grown much faster in foreign markets than in the U.S.

An interesting aspect of globalization is that, in the early 1970's, adidas was the leading company in the industry, largely because of their dominance of the most important worldwide sports at the time, soccer and track and field. At that time, and even today, Adidas is largely a footwear and apparel company, consistent with their deep involvement with soccer and track and field. While adidas is still a major company and the second-largest sporting goods company worldwide, Nike's sales surpass adidas because of their enormous success in the U.S. market in the footwear and fitness markets. Interestingly enough, adidas was better positioned to take advantage of the need for better running shoes, given their dominance of the track and field market until Nike came on the scene.

And as most industry observers are aware, Nike is aggressively pursuing opportunities to expand their presence in the worldwide soccer market. Recently Nike announced that they are in the process of selling off their hockey business, which some industry pundits interpret as a way to redirect resources to focus on soccer.

e) Effective use of new media

New media applications evolved during the Golden Age. One application was infomercials, which emerged as a major marketing force in the sale of consumer fitness equipment, as well as other sports categories. Infomercials came into being in the early 1980s. They appeared during the onset of cable TV's expansion, which followed the onset of deregulation of content in the broadcast industry under the Reagan administration.

Business entrepreneurs seeking opportunities for new revenue streams began purchasing inexpensive blocks of time on cable television channels. During this same period, traditional sporting goods retailers were slow to adapt to America's love affair with fitness. As a result, fitness companies were seeking other ways to market their products, and the infomercial was a natural fit.

Jane Fonda was among the first to use infomercials, using them to sell her exercise tapes. Other personalities joined the fray, producing all types of exercise and fitness infomercials. In 1987, Soloflex, a multi-purpose gym, appeared in infomercials, spawning an ever-growing and continuing use of infomercials among fitness producers for products ranging from small hand-held devices and abdominal exercisers to large, multi-purpose home gyms. Today, leading fitness equipment producers such as Total Gym, Bowflex and Fitness Quest regularly market their brands using infomercials.

There's a reason why infomercials work so well with fitness manufacturers discovered that a visual portrayal of how to use their products together with a visual portrayal of the benefits endorsed by well-known personalities was a very effective way to present their products to prospective buyers. Infomercials met this need inexpensively and effectively. Today the infomercial is an effective medium for fitness equipment; golf equipment manufacturers also use infomercials, particularly those featuring specialized products such as putters and utility clubs. Other sporting goods categories where infomercials are effectively used include martial arts and certain types of outdoor recreation equipment.

Other media opportunities sprung to the fore during the Golden Age. Led by Nike, manufacturers discovered the benefits of sponsorship programs whereby athletes who participate in high-profile events with extensive broadcast coverage wore their products while participating.

Beginning in the 1970's, cable TV emerged as a major media force for sports, and when combined with greatly expanding interest in professional sports coverage on network TV, manufacturers seized on the opportunity to present their products in a new, favorable environment that was heretofore non-existent. This targeted yet powerful medium had never before been accessible to the industry, largely because

of the high cost and advertising inefficiency (for sporting goods companies) of network television.

f) Emerging new sports

For over 100 years, no new sports market segment of consequence emerged on the American scene. Team and outdoor recreational sports experienced gradual growth during that time; and golf and tennis began growing rapidly, particularly in the 1960's, as a result of superstar appeal and television coverage.

However, during the industry's "Golden Age," extreme sports emerged, providing a recreational outlet for millions of young people, many of whom were unskilled when it comes to team sports or not good enough to be able to play on organized teams.

What About The Future?

The Golden Age is coming to an end, at least as far as the U.S. market is concerned. There is nothing on the horizon that leads one to suspect that U.S. growth will experience another meteoric rise.

However, happily for the industry, a new Golden Age of Sporting Goods in Europe, Asia, Africa and South America is happening right now. Within 25 years or less, some industry experts believe that China will be the world's largest market. Other factors driving the world market is what might be called "global socialization." Globalization trends in business could well be the forerunner of globalization trends in sports.

Another factor driving worldwide sports growth is the Internet, bringing exploding exposure of sports events in every corner of the world to every other corner of the world. Exposure often generates increased participation, and increased participation results in sales of more sporting goods.

In conclusion, one can safely say that the executives who privately and quietly were managing sporting goods companies in the late 1960s would say today, without any hesitation, "Wow! Who would have believed it???"