**EXECUTIVE SUMMARY**

**1. Current Situation**

Sports Authority currently stands as the largest full line sporting goods retailer in the United States. The company leads the industry with sales of $1.5 billion in 2000. In the year 2000, net earnings reached $25.4 million, a move in the positive direction from the previous two years in which the company experienced a net loss. Although the company has the highest number of sales in the industry, Sports Authority is currently faced with intense competition. Sports Authority currently holds a 3.3% market share within the industry, while the top five sporting goods retailers hold a total of 10% market share. The most substantial competition to be noted comes from Dick’s Sporting Goods, which currently holds a 2% market share. The company’s breakdown of product category includes: 51% in equipment sales; 27% sales in the footwear category; and 22% sales in the apparel category. Over the past year, Sports Authority has experienced relatively flat sales. This is primarily due to the decision to close 25 poorly performing stores. In addition, sales were offset by the increase in trend items, such as scooters and ab-rollers.

The Sports Authority has a strong focus on customer service. The company employs the “Get Out and Play” slogan to a wide range of consumers, from the sports enthusiast to the leisure athlete; both the young and the more mature. The company’s current plan is aimed at providing a stable financial environment where the result is net gain. Sports Authority’s business is categorized by low margins, due to lower prices, and higher turnover when compared with the rest of the industry.

Sports Authority currently faces a few problems related to the existing strategies, as well as industry related issues. The company faces high fixed costs primarily due to occupancy and labor costs. As a result, the company has an incentive to sell large amounts of merchandise to cover these costs, while still maintaining a profitable gross margin. Personnel turnover is a frequent occurrence, due to the nature of the business.

Due to net losses experienced in 1998 and 1999, the company has decided to refurbish 67% its existing stores as opposed to expanding in order to create a positive shopping environment for its customers. These renovations are aimed at reinforcing the company’s position as the “authority on athletics”, while also increasing sales and market share.

This marketing plan will contain short and long-term goals specific to the organization of the company.

**2. Objectives**

· Increase market share of individual product category

· Increase sales

· Reduce fixed costs

· Increase gross margin

· Increase net profits

· Increase earnings per share

· Increase the price of equipment, apparel, and footwear

**3. Strategies**

Currently the Sports Authority has established a cost leadership strategy in combination with a differentiation strategy. The cost leadership strategy allowed the company to remain cost- competitive within the industry. The company was able to remain the “authority on athletics” and maintain the largest selection of merchandise within the industry as a result of the differentiation strategy. There are three main strategies that the company will adopt going forward:

**1. Corporate Strategy:** The company’s overall strategy going forward will be modified; abandoning cost leadership but continuing the differentiation strategy. This strategy will allow the company to increase prices on certain merchandise to improve net margins.

**2. Growth Strategy:** In addition to the overall strategy, growth is a concern for the company. While aggressive growth is not an option at this time due to the insufficient financial funds, the company will continue to experience limited growth within the industry.

**3. Marketing Strategy:** Although the gross margin on the sales of equipment is relatively lower than the margin on footwear and apparel, the company will continue with the current marketing mix, although some minor amendments in pricing will occur.

**4. Action Plans**

Specific action plans are necessary to maintain the above strategies.

**Corporate Strategy:**

The company will continue to focus on the slogan, “authority on athletics”. The existing sales force is sufficient to serve customers; however, a change in sales structure will allow employees to be dedicated to specific departments to increase customer service. Continual training both at the company level and direct from manufacturers will allow for outstanding customer satisfaction. This in turn will differentiate the company from the competition. Advertising and promotional campaigns will expand to include the West and Mid-West areas of the country. In addition, advertising will expand through the Internet to reach its broad customer base.

**Growth Strategy:**

Distribution will be modified to include the use of the Internet as a distribution tool. The company has been hurt financially as a result of the poor corporate decisions regarding the expansion of the company. Due to the expected growth of the sporting goods industry in 2001, the company will expand into the West and Mid-West regions, planning the opening of 10 stores per year for the next five years.

**Marketing Strategy:**

The company will maintain its existing product mix with a large focus on sporting equipment. Although, the product depth will be either maintained or increased in all categories, the prices will be modified to allow for growth in profitability. Prices will be increased by 3%. Frequent customer discount programs will be implemented to maintain loyal customers and to increase the customer base. The company will continue to segregate the selling and non-selling functions to continue to provide excellent customer service. To better serve their customers, the company will expand the Automated Allocation System to include individual customer tracking and offer promotions based on frequent customer purchases.

**5. Financial Expectations for the year 20XX**

· Increase market share of individual product category: Equipment to 4.0 %, Footwear to 3.6%, and apparel to 3.5%

· Increase sales by 13% reaching $1.7 billion

· Increase sales to $156 per square foot

· Increase gross margin by 10%

· Increase the price of equipment, apparel, and footwear by 3%

· Increase net profits by 5%, resulting in a profitability of $26.7 million

· Increase earnings per share to $0.82, a 5% increase from the year 2000

· Capital expenditures for store renovations not to exceed $20 million

· Changes in marketing program objectives expected to increase costs by 5%

· Reduce fixed costs by 3%