

Destination sportswear



Sportswear, fashion and lifestyle have merged to create a new breed of sports store that is focused on customer experience. **Jon Severs** reports

There was a time when exercise was a covert operation. The sportswear was functional, rather than fashionable, and the idea of anyone seeing you get a sweat on was so mortifying that classes had to take place only behind the closed doors of a dimly lit leisure centre.

How times change. Today, sportswear is fashionable – something to be worn as much in the office or Starbucks as the gym – and exercising in public is something socially conscious people like to be seen doing.

“The larger operators have seen demand from customers wanting not only a sportswear garment that is technically good but one that is fashionable too and that can be incorporated into more than one aspect of your lifestyle,” explains CBRE director for central London retail Claudine Marshall. “Women who are the end consumer are not restricting the use of the product just to the gym but will go to the shops and pick up the kids from school in it.”

Sportswear – and exercise – has become trendy and the key players in this shift have

been Sweaty Betty and Lululemon. “Sportswear generally has been traditionally sold at the lower end of the market, but it is really impressive that the upscale market has been penetrated with these brands,” says Lunson Mitchenall head of retail representation Tom Pope. “The same people dressing in Karen Millen are now wearing this sportswear.”

Unsurprisingly, the more established players in the market have reacted. “Adidas has seen the opportunity of fashion with sportswear



These are locations that have a good office population who want to take classes before work and before the store opens

Claudine Marshall, CBRE

with its ongoing collaboration with Stella McCartney, but we are now seeing the fast-fashion brands – H&M, Next and New Look – having sports concepts within their stores. Gap has gone one step further with its standalone ladies’ sportswear store Athleta in New York, which is now collaborating with Derek Lam, so there is definitely a growing market,” says Marshall.

Property implications

This change in product line has broader impacts than what is on the pegs, however. It’s changing stores, too: where they position themselves, how they look, what size they should be and, even more interestingly, what type of retail experience they need to offer.

“It requires a shopping experience with a more boutique, customer-focused experience,” says Marshall.

As part of offering a customer-focused experience, stores have become not just places to buy sportswear but to actually exercise too. Sweaty Betty offers a range of classes ↘

from bootcamps to barre in its shops around the UK, and Lululemon hosts yoga classes in some stores, among other activities. Reebok, meanwhile, holds classes at its FitHub stores, while Nike organises running clubs across London that offer use of the shop facilities, such as changing rooms.

Stores are also packing their square footage with specialist sports equipment. Sweatshop's London flagship store on Trump Street has anti-gravity treadmills and Asics flagship has similar high-tech treadmill kit for customers to use.

"All retailers aspire to be more experiential and sportswear brands are well-placed to do that," says Pope. "Sweaty Betty has been at the forefront of this with running clubs and even a personal training gym in the Redchurch Street store, where it frequently collaborates with quality fitness operators such as Frame and Hiitgirl."

Location, Location, Location

This shift to being a more integral part of a customer's life impacts where retailers want their stores to be located and how they look.

"Historically, large fashion sportswear stores have been located in retail parks but the boutique sportswear stores are mainly in town on high streets and positioned in prime locations. Many brands want to sit alongside the fashion stores," explains Marshall. "An important consideration is the surrounding community. These are locations that have a good office population who want to take classes before work and before the store opens. However, mixed-use appeal is key – a catchment of office workers, residents and shoppers will be most appropriate."

Yet not all brands are flocking to smaller, boutique-style high street stores close to offices. According to Land Securities portfolio director for retail Russell Loveland, shopping centres still serve a function in the new sportswear environment.

"Bluewater is home to a number of specialist sportswear brands, but one that stands out is Adidas HomeCourt," he

Lululemon and Sweaty Betty (below) have been key players in making exercise more fashionable



explains. "Adidas launched its first standalone HomeCourt store in the UK at Bluewater and we regard it as one of our statement stores. Adidas selected Bluewater because of the size and affluence of our catchment."

He adds that brands still offer the same experiential approach as they do on trendy central London high streets.

"Our focus is on the experience and we work very closely with brands to deliver something different. Reebok, for example, runs fitness classes and even works with dieticians to provide advice for its customers. Doing so provides an immersive experience, which is clearly central to successful retail."

At Bluewater, brands are positioning themselves more carefully than ever, according to Loveland: "Locations and requirements vary depending on the brand's focus and the type of products it sells. Consequently, for some sports or activity brands, they seek locations among fashion brands.

"Reebok, for example, is adjacent to All

Saints and The North Face. And this is the case with Nike too," he says.

"For other brands, the choice of location within Bluewater may be driven by how much space they need. For Adidas, it was a combination of needing a large store for the HomeCourt concept and being close to other leading international brands."

It is an offering that seems to be working: Loveland reveals that sportswear sales at Bluewater were up 24% for February compared with the same time last year.

Aside from London and the Southeast, this trend is gaining traction nationally too. The highest concentration of stores offering experiential additions is in the capital but, while Lululemon only has full stores in London (it has three showrooms elsewhere), Sweaty Betty has shops across the country, as does Nike. And Pope expects the presence of experiential stores to increase across the UK.

Best use of space

Of course, it is not just about where but what, and in this area brands are experimenting with concepts such as womenswear-only stores. Nike, for example, now has women's shops in San Francisco, Newport Beach and Shanghai offering everything from studio space for fitness classes to areas for bra fittings and footwear trials. It will open its first women's only store in London in the summer.

And all retailers are ↘



Reebok runs fitness classes and even works with dieticians to provide advice for its customers. Doing so provides an immersive experience

Russell Loveland, Land Securities



“

Many sportswear brands need more space and favour units with large basements, enabling them to improve the experiential environment

Tom Pope, Lunson Mitchenall

seeking more flexible store space. “The property needs to be versatile, and much of this will be subject to the store design and fit-out,” says Marshall.

More versatile does not necessarily mean more space, but for many a bigger footprint is certainly on the agenda.

“Many sportswear brands need more space and favour units with large basements, enabling them to improve the experiential environment to run clubs and the like. For example, Nike needs circa 10,750 sq ft now for its European stores,” says Pope.

This is where SportsDirect comes in. While clearly at the lower cost end of the market for sportswear and sports equipment, its big-box stores do have the room to offer the new immersive experience, if not always the location (the retailer has city-centre stores, but also many out-of-town retail park sites). And it clearly has designs on the high street market.

The retailer has made its intentions clear to increasingly target city centres rather than retail parks, but will keep its large-format approach. It has plans to open new-format city-centre stores in Leeds and Birmingham, as well as extend existing shops such as Cardiff.

SportsDirect is also getting into the experiential shopping arena. It established SportsdirectFitness.com last year, following the acquisition of 25 former LA Fitness gyms, and has since built a new 20,000 sq ft gym and an adjoining 40,000 sq ft retail space in Aintree, which opened at the end of 2014. A similar unit opened recently in Keighley in West Yorkshire and a third is due to open this spring in St Helens, Lancashire.

Bricks and mortar are essential

At both the top end and the bottom end of the market, bricks and mortar are increasingly key to sales. Property has to do more than just sell goods though – it has to offer customer experience too.

So where does this leave the plethora of fashionable online sportswear retailers that are emerging? Alexandra Vanthournout, creative director at luxury sportswear retailer Fashercise, says her company certainly believes there is value



Nike organises running clubs across London that offer use of the shop facilities, such as changing rooms

in having a physical presence. It opened a pop-up store at Boxpark in Shoreditch for a week in 2014 and says a permanent home is part of its future.

“We have no immediate plans for a permanent physical space, although we do think there’s a place for it in the future,” Vanthournout says.

Lily Rice, founder and designer at fashion sportswear retailer Lexie, has also experimented with pop-ups and says any move into a permanent home will be on the high street rather than shopping centres or retail parks – and it would be the same stipulation for any retailer that wanted to sell Lexie products.

“We launched with a pop-up on the King’s Road and have since had a pop-up in House of Fraser on Oxford Street, Boxpark in Shoreditch and inside Old Street Underground station.

“At the moment we don’t have plans for a permanent home but we find the pop-ups really benefit the brand and the consumer and we always try to offer something different.

“For us the out-of-town retailers have never really been on the map. Their current offerings are so different to our ethos and product. We would much rather target high street fashion stores, the stores our consumer currently shops at. That’s not to say that in the future this couldn’t change but I think the large sports stores would need to really analyse their shopping experience for us to fit.”

Competition increases

The shift in what is expected of sportswear retailers from the consumer is both good news and bad news for the brands. On one hand they have a customer desperate for a more intimate relationship – they want to spend more time in store, spend more money and have the shops as part of their daily life. Yet that comes at a price for the retailer. More money has to be spent on kit, on prime locations, on trained staff and on interesting and spacious interiors.

The increased appeal of the sector also means more competition. Online brands and fashion brands looking to move into the sportswear market will mix with new US players such as Kit and Ace, which is eyeing a London store. That will bring increased property costs.

“In the prime locations it will increase demand for the best stores in the best locations as they will be competing against other fashion retailers and food retailers, which will drive up rents,” says Marshall.

Pope says this competition has already cost several independent retailers their high street location, or has even closed some altogether.

However, the changes in the sportswear market should be seen as an opportunity rather than a hurdle. After all, a more engaged customer means a more profitable retail offering.