

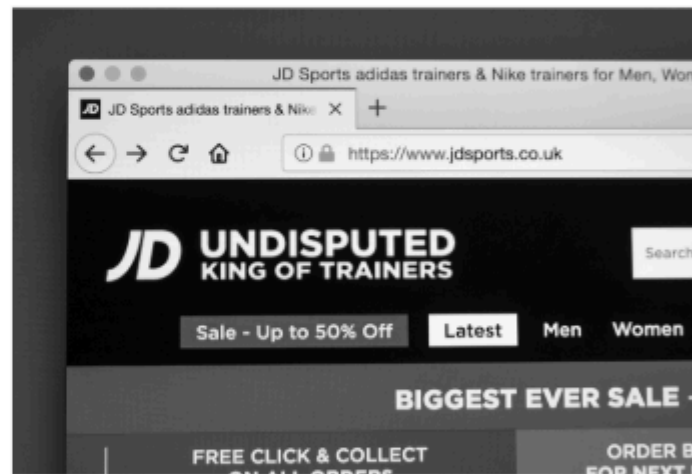


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JD Sports plc is a multinational sports, fashion and footwear retailer based in the UK. It owns a number of brands including Footpatrol and Kukri. It has over 2,400 stores in 18 different countries. Most of its brands are targeted at the 'athleisure' market. This market consists of 16–24 year olds who choose to wear sportswear outside of the gym. It uses targeted online advertising to direct customers to one of its websites, such as www.jdsports.co.uk. It also sponsors UK boxing star, Anthony Joshua and Bournemouth football club.

In March 2019, *JD Sports* announced that it was taking over loss-making, rival sports footwear retailer Footasylum for £90.1 million. Footasylum, like *JD Sports*, had its headquarters in Greater Manchester and was started by an ex-*JD Sports* director, David Makin. Footasylum had 69 stores in the UK in similar locations to *JD Sports*. Footasylum also targeted the 'athleisure' market and used to sell identical trainer brands to *JD Sports* such as Nike, Adidas and Puma. *JD Sports* brands itself as the 'King of trainers', in an attempt to compete with main rival Sports Direct.

In July 2019, the Competition and Markets Authority (CMA) announced an investigation into the takeover. It was worried about the impact that the takeover might have on



(Source: chrisdorney/Shutterstock)

Figure 4: The *JD Sports* website

JD Sports (2022 P2) - 9 marker exemplars

In order to improve its competitive advantage *JD Sports* is considering two options:

Option 1: targeted online advertising

Option 2: sponsorship.

(d) Justify which **one** of these two options *JD Sports* should choose.

(9)

JD Sports should run a targeted online advertising campaign as it would appeal to young people. This is because most young people are regularly on the internet and the athleisure wear company has 16 - 24 year olds as its target market, leading to the business creating a competitive advantage over its rivals within that market segment. Therefore JD could add value by being seen as more fashionable than rival businesses.

However, any advertising campaign is likely to be matched by their rivals. This is because their rivals, such as Sports Direct, are also online and trying to target the same market segments, leading to any targeted advertising being drowned out by similar campaigns run by other rivals. Therefore the 'King of trainers' may not be able to attract the attention of the 16 - 24 year olds who don't spend long on any particular advert when they're scrolling through social media.

Overall JD should run a targeted advertising campaign on social media as it will appeal to their target market as this segment of the market is often online. However, it depends on whether or not they are able to create a campaign that is innovative and creative and stands out from the rival firms who sell identical Nike and Adidas products.

JS Sports should sign sponsorship agreements to raise brand awareness of the athleisure wear business. This is because they have already successfully done this with Bournemouth AFC and Anthony Joshua who is popular with the 16 - 24 year old target market, leading to more young people being aware of JD and what products they sell. Therefore JD could add value by creating a brand awareness that reinforces them as the 'King of trainers' at the expense of their rivals, such as Sports Direct.

However, sponsorship deals can be costly to the brand image if they go wrong. This is because the sportswear business will need to be careful over who it sponsors as they could partner with someone who quickly falls out of favour with the public, leading to JD's image being tarnished in the process and becoming unfashionable with their target market. Therefore JD could lose competitive advantage if their rivals are able to sign sponsorship agreements with celebrities and sports teams who are more popular.

Overall sponsorship will help JD build brand awareness and improve their competitive advantage through high profile deals. However, it depends on whether JD has conducted market research with its target market of young people to find out which celebrities and clubs young people admire and follow so it can sign deals that fit with their overall clothing style and brand.