



Outdoor
Shopping Focus

Outdoor Heats Up

Outdoor retailers are enjoying a period of great growth in digital commerce. The source of that growth is well balanced, as traffic is increasing at a high rate, and those visits are also productive and growing. Overall, about three-fourths of that growth can be attributed to rise in attraction, and one-quarter from an increase in visit spend, which mirrors the growth distribution rate across all verticals. However, the scale of both of those growth factors is much greater in outdoor.

The growth factor that distinguishes outdoor from other verticals is attraction. Year-over-year, traffic to outdoor sites is up 38%, serving as a clear indicator of shoppers' interest in this vertical. Across all of digital commerce, attraction was up 21%. The trend towards athleisure is magnetic, pulling in shoppers that previously would not be considered outdoor buyers.

“Consumers are bringing sport into lifestyle, bringing fashion into sport and even carrying activewear into the workplace.”

Chris Hardisty, Head of Ecommerce, PUMA North America

This increase in traffic is proving to be productive too, with YoY growth in visit spend (a measure of the change in conversion rate and average order value) up 11%. This increase is nearly double the 6% YoY increase overall in digital commerce retail. With both major indicators pointing up, attraction and visit spend, outdoor retailers are racing to gain share within this attractive market. This growth is already transforming the retail market, pulling outdoor into the mainstream, leading to investments in key brand messaging campaigns, as is seen with Old Navy's 'Built for Play' campaign – outdoor is growing and traditional non-outdoor focused retail is noticing. Shoppers should expect retailers to offer loyalty initiatives and provide high levels of service to find differentiation that will drive retention, especially for those new to market.

Outdoor goods, and the adventuresome image they personify, are a part of the lifestyle of the people who buy them. From activewear to sporting goods, outdoor products represent an extension of the consumer's personality. The adventure/healthy lifestyle theme therefore runs through the marketing and messaging of outdoor brands, with rich landscape imagery, emphasis on personal performance and inspirational messages. This stands in stark contrast to how brands engage with consumers in other retail verticals.

In recent years, these outdoor brands and retailers have grown in prominence and are driving the prolific growth in the vertical. Noticing the rapid growth, general apparel brands have also expanded their offerings to mimic and even compete with the legacy outdoor set.

This report focuses on the activity of shoppers in the outdoor vertical and the digital commerce sites on which they engage.

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Shopping Growth

Outdoor shoppers pushed digital commerce growth forward aggressively in Q2 2015, besting the overall market rate of 28%.



Attraction

Measures the change in number of visits to outdoor digital commerce sites.



Visit Spend

Reflects the change in year over year (YoY) conversion rates and average order values.

Scorecard

Differences in outdoor v. broader retail

OUTDOOR LEADS	OUTDOOR TRAILS
Overall growth: 53% > 28%	Outdoor shoppers buying as a registered user, 46% < 58%
Shopper spend growth: 11% > 6%	Site search usage: 6.6% < 8.1%
Order share growth on phones: 75% > 54%	Tablet order share: 11% < 15% and falling faster (-9% v. -2%)
Conversion of shopping baskets: +25%	Add to basket rate: 7% < 11%

The Action Connection

Once upon a time, retailing was a relatively simple matter of connecting customers to products that fit their needs and lifestyle. Today the journey is a far more complex and sophisticated affair, with myriad digital touchpoints and brand choices.

Across all retail verticals, the most successful brands employ novel ways to make and maintain a connection with customers. In the outdoor category, that connector is action, and retailers aim to personify and infuse action into all they do. In perhaps no other retail vertical is lifestyle and aspiration so infused into the branding as in outdoor.

One need look no further than the homepage of many outdoor brands for evidence of this; 76% of sites use this valuable real estate to issue a call to arms, with phrases like 'Run Happy,' 'live wild,' 'Forever Faster' and 'Make Your Mark.' Brands are epitomizing action in order to establish a connection with their active shoppers. Why? Because people buy from those they can relate to.

When this connection is made and deemed authentic by the shopper, the products become the vehicle for enabling the activity that empowers them to live the active lifestyle embodied in the message.

Consumers of outdoor gear tend to obsess over the details of how it's made. That's why nearly 30% of sites have messaging focused on the technology behind their products. Columbia Sportswear, for example, highlights their Omni-Shade, Omni-Tech and Omni-Freeze technology via their 'Shop-to-Stay' module on their home page, while

devoting another section to more than a dozen "omni" technologies including "Omni-Shield Blood and Guts," which, well, you'll have to see for yourself.

Icebreaker is a great example of an outdoor brand that's connecting with its customers by sharing information that's important to them. Its 'Why Icebreaker Merino' section not only has comprehensive text and video about the "what, why and how" of its merino wool but also a 'Trace Your Garment' feature, using a 'Baacode' to trace the origin of the wool back to specific sheep stations in New Zealand.

The technology helps guide shoppers to the best gear, with the shopper self-selecting the desired climate, activity or size they are shopping for. Many outdoor sites merchandise product pages with content associated accordingly.

Brooks Running, for example, not only has a 10-step interactive Shoe Finder, but also a "Stride Signature" section to determine the best shoes based on gait, and a "Shop Shoes by Experience" section. These tools have been extremely successful, particularly for the first-time Brooks shopper.

30% of outdoor sites focus on the technical aspect of their products.

A valuable engagement tool for any retail brand, but particularly in outdoor, is user-generated content, because it validates the brand's credibility and creates an opportunity for the retailer to engage on a deeper, less promotional, level with shoppers.

Black Diamond Equipment is extraordinary in this regard. The site's 'Experience' section features scores of gorgeous photos and videos of climbers and skiers in its gear, with first-person vignettes describing the action. The outdoor/adventure/active market is tailor-made for this type of content.

“The soul of the company is climbing,” says Bob Jones, Vice President of Consumer Direct Sales, Black Diamond. “By being intimate with the climbing experience and the products inside that experience, we develop a relationship with our climbers, whether it’s your first time at a gym, or you’ve spent years on rock or ice. We are the resource for climbers.”

Like many retailers, Black Diamond is responding to the fast-growing rise in mobile shopping. Enabling shopping on the go has reduced friction from the buying process, and allows shoppers to spontaneously buy. The rapid migration of both order and traffic share towards phones cements this new shopping reality.

In yet another example of the deep connection consumers have with their active gear, outdoor retailers regularly offer customization of their products. Whether picking the right color combination, monogramming or designing with your own images, activewear is a canvas for enthusiasts to express themselves. Of the sites we analyzed, nearly 24% offered shoppers the ability to customize product.

When it comes to the outdoor market, there may be no other slice of the apparel pie whose products evoke such passion, connection and immersion into one's lifestyle. That's precisely why retailers in the outdoor category are leading the charge to create shopping experiences that transcend the transaction and serve as a call to action.

24% of outdoor sites offer customized products.

FOCUS ON...

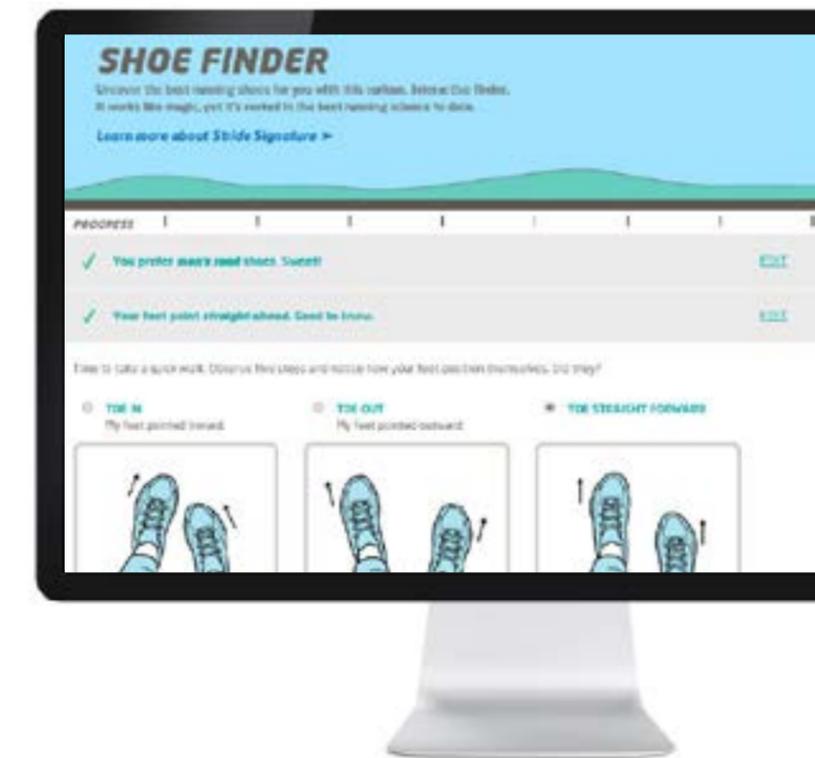
Guided Selling + Brooks Running

The Shoe Finder is a great tool that provides value to our customers (both existing and new). It's important to Brooks that Ecommerce, EMEA people find the right shoe for their unique Stride Signature, whether they shop online or in store. **Matt Minas, Senior Manager Ecommerce, EMEA - Brooks Running**

Hyper-focused on running, Brooks Running Company has cultivated a running experience – a combination of high-performance products, personal service and a 'Run Happy' attitude – that has earned it the leading position at specialty running stores.

Shoes are a runner's connection to their run, an extension of the body that quite literally touches the terrain. To help runners identify the model that will most closely fit their needs, Brooks features a Shoe Finder on their site. Through ten interactive and visually friendly questions, all with Brooks' Signature Run Happy style at its heart, the Shoe Finder provides a primary recommendation and a set of alternative considerations.

This guided selling tool is one of the most-used and interactive features of the website. The tool itself contributes nearly 10% of site revenue and boosts all the major site engagement metrics. The Shoe Finder has proven especially effective for first time site visitors – those runners who may not be familiar with the Brooks styles – to quickly identify the shoe that's best built for them. Importantly, too, this technical approach, layered with the on-brand voice and style used, add credibility to the results, while also positioning Brooks as a trusted source for runners.



FOCUS ON...

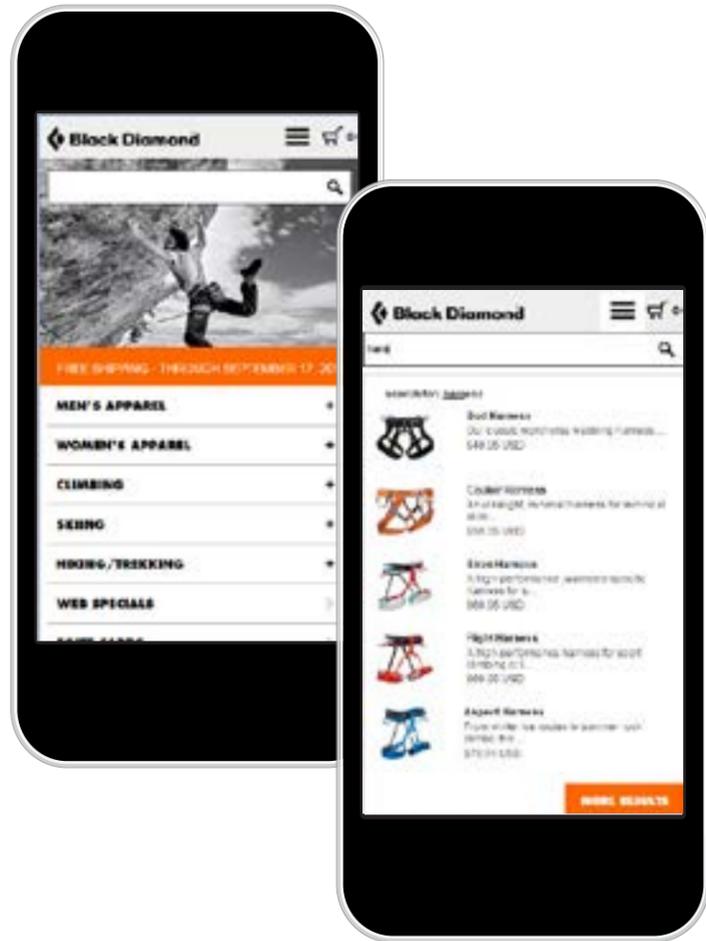
Mobile + Black Diamond

*Our goal is to help people embrace the brand, wherever they want to shop. A great mobile site is the first step you must have in place to enable your brand to be embraced. **Bob Jones, VP Consumer Direct Sales - Black Diamond Equipment***

In early 2015, Black Diamond turned their energy towards creating a best-in-class mobile experience for their shoppers by transforming the shopper journey. First, streamlined navigation eliminated two pages between homepage and product detail page (PDP). The product detail pages were overhauled for mobile, with the most salient purchase information relocated to the top of the page. Usability was also addressed, with search as you type functionality making life easier for surgical shoppers looking for gear. Swipes and taps became easier with revamped buttons and swipe-friendly image carousels. Finally, Black Diamond integrated PayPal on checkout, and integrated GPS for shoppers looking to touch and feel products at their local retailer.

The focus on mobile and infusion of best practices has worked; mobile conversion rates have climbed, and total revenue from mobile phones continues to increase. Most importantly, the brand is meeting their goal to help their customers embrace the brand wherever they are.

Black Diamond Equipment, Inc. is the global leader in designing, manufacturing and marketing innovative active outdoor performance equipment and apparel for climbing, mountaineering, backpacking, skiing, cycling and a wide range of other year-round outdoor recreation activities.



FOCUS ON...

User-Generated Content

Showing authentic images of our customers putting our product to the test, on everyday adventures in their backyards and epic journeys across the globe, is so valuable to prove our brand promise and inspire other shoppers.

Peter Hejny, Ecommerce Site Manager - Columbia Sportswear

User-generated content (UGC) is one of the most compelling trends in marketing — a key for brands to convey the authenticity that consumers, especially millennials, crave. In fact, 63% of consumers trust user-generated photos more than brand-created images. Those brands that successfully weave UGC into the shopping experience earn consumers’ trust and earn an opportunity to engage more deeply with those shoppers.

“Showing real customer adventures through visual UGC is key to having outdoor brands celebrate the lifestyle of their customers.” – Nick Mueller, Head of Content Marketing, Olapic

Columbia Sportswear incorporates user generated content into its site experience, as can be seen through its Trying Stuff campaign. The brand encourages its customers to send in their experiences of living the mission of the outdoor enthusiast – doing and being active.

Olapic is the leading visual content marketing engine for collecting and distributing consumer-generated photos across marketing channels and e-commerce environments.

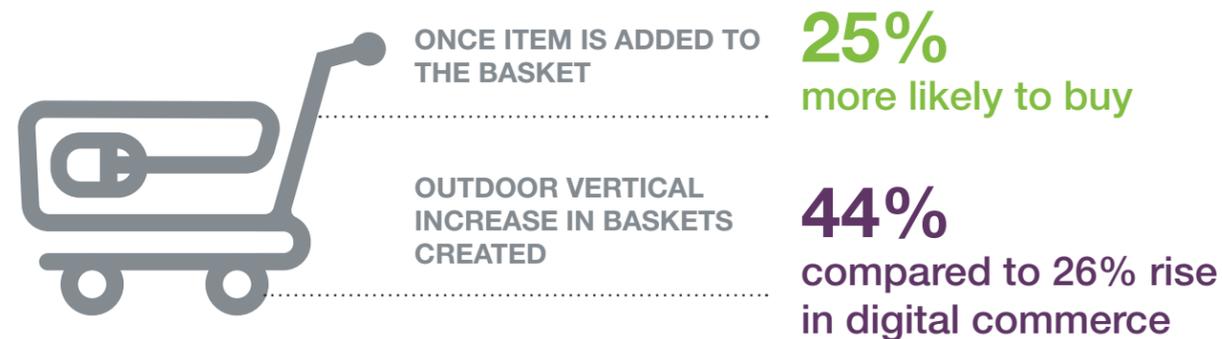


The Intentional Shopper

The on-site shopper journey of the outdoor customer reveals an interesting insight. Although outdoor sites tend to have lower rates of shoppers adding products to basket, once the shopper does add to basket, they are 25% more likely to buy. Compounded with an increase in the basket rate and strong visit growth in the outdoor sector, the number of baskets created shot up 44% in outdoor, which outpaced the 26% rise across digital commerce. The outdoor shopper exhibits more intentional shopping behavior, as the basket events are more meaningful in this vertical, a strong indicator of real buying behavior.

What Really Matters

The act of adding to basket is a sacred retail event – the digital version of holding the product while standing in the checkout line. Knowing that the action of adding to basket is a stronger buying signal in the outdoor vertical, retailers should take steps to recognize the shopper and connect the basket to that shopper. If the shopper is anonymous, look for ways, incentives even, to begin the relationship with the shopper by gathering an email address or encourage site or social engagement.



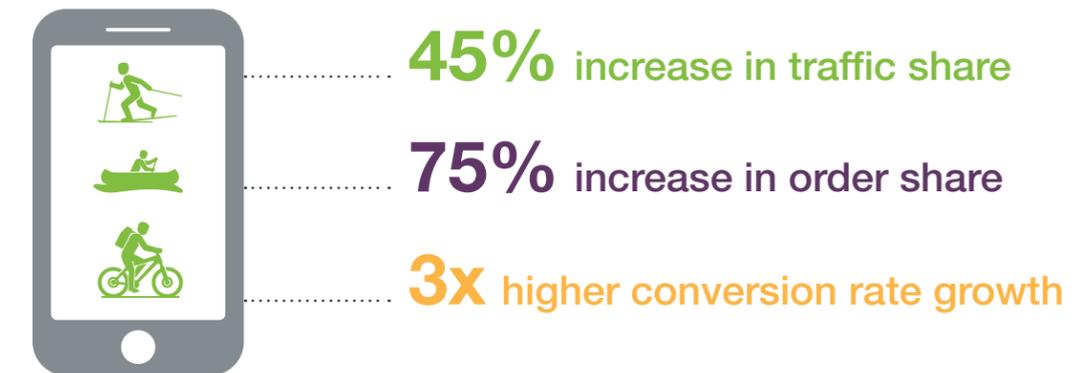
Active on Mobile

It may go without saying that the outdoor enthusiast is not one to sit still. Outdoor shoppers exhibit this trait while shopping, where the 45% increase in traffic share and 75% increase in order share on phone is greater than the overall market. The outdoor shopper is slightly more likely to shop across device. While conversion rate on phone falls just below the overall market, the growth rate is three times larger in outdoor.

What Really Matters

Across retail, shoppers are proving that they will buy anywhere. Outdoor sites lagged the market slightly in terms of mobile adoption, but are quickly catching up, and appear primed to surpass the market. As previously mentioned, outdoor tends to over-index on both technical and inspirational storytelling and incorporating user-generated content. This high-touch, high-engagement approach is a smart path towards driving deeper engagement and relationships with shoppers.

Outdoor Shoppers are Active on Mobile



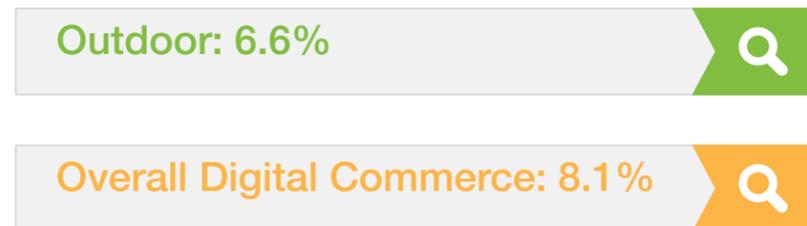
Searching or Discovering?

With products that tend to have real technical features that differentiate, and a consumer set that is often portrayed as gear-heads, there is an expectation that surgical shopping in this sector would be high. One measure of surgical shopping is on-site search. Surprisingly, on-site search is lower in outdoor, 6.6%, than across all of digital commerce, where it is 8.1%. However, those outdoor shoppers who do use site search are just as likely to convert as shoppers in other verticals. We again see an accelerated rate of growth on mobile – site search usage on phones in outdoor is growing nearly 6 times the market growth rate on phones and, at 6.5%, is nearing the market-wide site search growth rate of 7.1% on phones.

What Really Matters

Site search appears to be a rather untapped opportunity in outdoor. Embedding search ‘beyond the magnifying glass’ should be tested – including category-specific search or even providing refinement-based sorting and navigation. In this way, retailers can promote the technical nature of the product while enhancing shopper discovery. To improve conversion on search, search suggestions and search-as-you-type should be employed.

Site Search Usage across Digital Commerce



Finding Value

In outdoor, we see a slightly higher rate of free shipping, 69%, compared with 66% across digital commerce. This represents a large increase over the same period the previous year, where 58% of orders shipped for free.

Interestingly, discount rates in outdoor are much higher; a typical order is discounted 19% in outdoor compared with 12% across digital commerce. The discount rate increased faster in outdoor, an indication that shoppers sought value in their purchases and were receptive to promotions. The discounts appear to have had an impact on average order value, which was off 4%.

What Really Matters

Free shipping remains a hot topic in retail. While nearly 70% of all orders ship for free, retailers continue to seek ways to minimize the impact of free shipping on margin, by tinkering with thresholds. Retailers that do have stores local to shoppers should promote in-store pickup, which promises to reduce the margin loss of free shipping, while also driving in-store traffic. The added benefit to the in-store traffic is the opportunity for incremental purchases and ability to deepen the relationship with the shopper.



69% rate of free shipping compared to 66% across digital commerce

Orders discounted **19%** compared to 12% across digital commerce

Visit Spend Rising

Outdoor sites enjoyed a fantastic period of growth, and visit spend is a key driver of that. The 11% YoY growth in visit spend – the product of the increase in conversion rate and average order value – was nearly double the rate across digital commerce.

What Really Matters

Outdoor is delivering growth in both attraction and visit-spend, which is the hallmark of a growth period. Next up? Added pressure to sustain that growth. Outdoor brands must be prepared for the added competition that they don't know: traditional retail. As outdoor brands find themselves in new territory – the mainstream – their shoppers will benefit from more choices, and potentially more leverage in comparison shopping.



About the Report

This report focuses on the activity of over 30 million outdoor shoppers to identify trends and opportunities for retailers to elevate the shopper experience and grow revenue.

As a leader in enterprise digital commerce with more than 1,300 global retail sites running on Demandware Commerce, processing billions of dollars in gross merchandise value, Demandware is uniquely positioned to offer actionable insights into shopping behavior.

Outdoor Shopping Focus is a companion report to the Demandware Shopping Index. In addition to identifying trends, the Demandware Shopping Index measures the pace of digital shopping growth, assigning values to crucial consumer metrics.

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