

The New, Old Starter Clothing Company: A Strategic Case Study of Nostalgia

Adam Pfleeger, Louisiana State University

Khirey Walker, Louisiana State University

Brian Soebbing (Advisor), Louisiana State University

**Teaching
Abstract 2013-238**

**Saturday, June 1, 2013
9:20 AM**

**Poster
(Ballroom)**

Strategy and competition appear to be central defining concepts of the sport management field (Shilbury, 2011). Appropriately, throughout the past few decades, sport management scholars have advocated for an increase in academic literature and educational experiences concerning strategy, specifically dealing with the sport profession (Shilbury, 2011; Slack, 1996). Defined, strategy “can be thought of as a pattern of actions employed by managers to position an organization for competitive advantage, and can be both proactive and reactive” (Shilbury, 2011, p. 4). From this, it becomes increasingly clear that sport managers must be educationally equipped with strategy in order to make critical decisions concerning the direction of their organization in a dynamic economic and financial enterprise. One fundamental strategic analysis is Porter’s (1980) five forces of competition. “Porter’s five forces analysis of industry competition has become essential course content for generations of students and practicing managers” (Shilbury, 2011, p. 4). Porter’s (1980) five forces model examines: 1) the threat of new competitors entering the same or similar business ventures; 2) the intensity of the current rivalry among existing market competitors; 3) the threat of substitute products flooding the market; 4) the bargaining power of buyers and consumers; and 5) the bargaining power of suppliers. The model can help both proactive and reactive managers in the attempt to secure a competitive advantage for their company or organization.

The purpose of this proposed poster presentation is to highlight a designed and employed case study for students in both an upper-level undergraduate and graduate level sport management strategy course. This presentation hopes to encourage the implementation of similar strategic case studies in sport administration and sport management curriculums. Increasing critical thinking and awareness of strategy in the classroom is paramount in the effort to create more strategically sound sport managers. By first presenting a discussion on nostalgia-related aspects of sport and sport management, Porter’s (1980) five forces model of competition, and the historical background and contemporary context of a sport apparel manufacturer, the students received the literary foundation to complete the case study.

The Starter Clothing Company was chosen for the organizational subject of the case study after students became intrigued by Sack and Nadium’s (2002) investigation of the apparel company. Before proceeding with strategic query, the students were presented with a brief historical analysis of Starter. The Starter Clothing Company, founded in 1971 and headquartered in New Haven, CT, was once a household name for National Hockey League (NHL), National Basketball League (NBA), National Football League (NFL) and Major League Baseball (MLB) fans. Most known and recognized for their jackets sporting officially-licensed franchise logos and the iconic Starter stylized S and star logo dangling from the zipper and emblazoned on the bottom front corner, Starter also had success selling licensed hats, shirts, shorts, and other fan accessories. Starter became Starter Corporation in 1993 under founder and CEO, David Beckerman, when it went public by offering 6.25 million shares (Sack & Nadium, 2002; Starter, n.d.). In their most profitable fiscal year, the company posted \$406 million in sales in 1996. However, since the mid 1990’s, the clothing company has seen a fall from glory. In 1997, the brand lost almost \$37 million dollars and continued to plummet into debt until filing for Chapter 11 bankruptcy in early 1999 (Sack & Nadium, 2002; Starter, n.d.). No longer possessing the license to use official logos because of the drastically increasing prices for licensing fees, the company is now a subsidiary of the Iconix Brand Group, which also owns Umbro, Joe Boxer, Mudd, Rocawear and other clothing brands. Starter produces compression shorts and shirts, basketball shorts, basketball sneakers, tennis shoes, logo-less jackets and slide sandals which are sold alongside other Iconix brands in large department stores, such as Macy’s, Kohl’s and JCPenny’s, as well as Walmart stores across the world (Starter, n.d.). In a small-scale attempt to compete with other major sportswear brands, Starter, which boasts only a \$282 million operating income in 2012, signed Dallas Cowboys pro-bowl quarterback Tony Romo to a \$10 million endorsement deal. To contrast, major athletic apparel players Adidas and Nike, Inc. had an operating income of €1.01 billion with a revenue of €13.34 billion and an operating income of \$3.04 billion and revenue of \$24 billion respectively in the last fiscal year (Adidas AG, n.d.; Nike, Inc., n.d.). Despite their severe economic and financial disadvantages, by their endorsements and involvement with the NFL, Starter seems to be insistent on competing against them, rather than finding a niche

2013 North American Society for Sport Management Conference (NASSM 2013)

market to compete in, and potentially control.

Many young adult sport fans can think back to their early spectating years and think fondly about wearing their favorite teams Starter jacket and matching hat. Supporting your team through Starter apparel became a staple for kids across the country. These positive feelings associated with the brand have since gone by the wayside along with the licenses for Starter to produce official team merchandise. These feelings for many in our generation however, still exist in a nostalgic manner. "Nostalgia, by its very nature, only includes a particular form of memory; of constructs positivistic personal or collective recollections of the past as a buffer or antidote to the present. Nostalgia has present purposes and selectively filters – and in some cases recreates – the past..." (Ramshaw & Gammon, 2005, p. 237). Initially, it appears that Starter may have an opportunity to capitalize on their former glory days as an industry leader. Employing the use of nostalgia in sport for an advantage over competitors is certainly not a novel concept. Sport scholars have discussed the use of nostalgia associate with tourism, heritage attractions and stadium construction (Ramshaw, 2011; Ramshaw & Gammon, 2005; Seifried & Meyer, 2010). In particular, Ramshaw (2011) noted that organizations could use nostalgia in order to create a lasting positive organizational impact. Throughout the effected case study, students were encouraged to entertain possible nostalgic solutions to help the struggling apparel company.

To guide their strategic inquiry, the students were presented with a range of discussion questions to consider ranging from Iconix Brand Group's ownership effects on Starter to the leadership types necessary to promote the company's transformation. Once these questions were considered, students were asked to come up with a strategy about how best to brand, promote, market, organize and lead the company to a more financially and economically stable position. Finally, the new strategic plan had to be applied to Porter's (1980) five forces model in order to determine the effectiveness of the strategy when comparing to Starter's competitors.