

MarketLine Case Study

Gymshark

Differentiated product and social media marketing catapults online activewear retailer to success

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OVERVIEW

Catalyst

UK activewear company, Gymshark, established by a college student in 2012, was named Britain's fastest-growing company by the Sunday Times Fast Track in 2016. Following this, it has been revealed that the company tripled its sales in the 12 months to July 2018, growing by a huge 217% to reach £41m (\$52.8m). Meanwhile, pre-tax profit grew to £8m (\$10.3m) from £1m (\$1.3m) over the same period. What's more, it has been estimated that the company could grow its sales to £100m (\$128.9m) for the 2018-2019 period and to £140m (\$180.4m) in the following year. Gymshark has emerged as a formidable contender in the activewear market in the UK and internationally. This case study analyzes the company's success and looks at what is driving it.

Summary

- An online active-wear retailer with a differentiated product
 - Launched in the UK in 2011, Gymshark identified a gap in the market, and now creates fashionable fitness clothing that is sold worldwide via its online store.
 - Its products are inspired by the athleisure trend, acting as both functional workout clothes and lounge wear.
- Social media and influencer marketing has boosted awareness
 - Gymshark has increased awareness of its brand and bolstered sales by using social media marketing, and sponsoring its "Gymshark Athletes" to endorse and promote products.
 - Products are fashionable, functional, and appeal to both genders.
 - A direct-to-consumer online model has given the brand an exclusive image, and a deeper connection with consumers.
- Develop social media campaigns, co-develop with influencers, and bridge the gap between the online and offline worlds
 - Gymshark exemplifies how brands can utilize social media to market their products, and even co-develop products with influencers to increase appeal.
 - It demonstrates how to bridge the gap between the offline world through pop-up stores, while maintaining an exclusive feel.

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FASHIONABLE, INNOVATIVE PRODUCTS THAT EXPLOIT THE POPULARITY OF WORKING OUT

Gymshark identified a gap in the market for fashionable, trendy sportswear that young gym-goers would be proud to wear when working out. The company delivers exactly this kind of activewear and has carved out a reputation as a provider of fashionable, innovative workout products that appeal to both sexes. As young people demonstrate an increasing propensity to work out, Gymshark is well-positioned to kick on and grow further behind its now-established and respected brand.

Gymshark identified a gap in the market for fashionable, trendy sportswear that young gym-goers would be proud to wear

Gymshark is an online active-wear retailer based in the UK, created in 2012 by founder Ben Francis while studying at university.

Today, the company has grown from a screen-printing operation in a garage into one of the fastest-growing and most recognizable brands in fitness.

In 2016, the company was ranked as the fastest-growing company in the UK, with sales that grew 193% a year, from an annualized £509,000 in 2013 to £12.8m in 2016.

This rapid growth can be attributed to Francis, who identified a gap in the market, and decided to make "handmade, fitted clothing that younger people wanted to wear to the gym".

At present, the brand is supported by over 5.2 million social media followers collectively on its Gymshark accounts, and serves customers in 131 countries worldwide.

Gymshark has predominantly increased awareness of its brand and bolstered sales by using social media marketing. It sponsors highly successful and renowned YouTubers, Instagrammers, and bloggers with large social media followings to promote its products. These are known as "Gymshark Athletes."

Furthermore, the company has maintained its exclusivity by remaining an online pureplay, withholding from stocking through third-party retailers. Instead, the brand accompanies its sponsored athletes to fitness exhibitions around the world, while branded pop-up shops are also used to boost brand awareness.

Figure 1: Model wearing Gymshark apparel



SOURCE: Gymshark

MARKETLINE

Success thanks to reputation as provider of fashionable, innovative workout products with equal appeal to both sexes

Gymshark offers fitness clothing that is stylish enough to be worn at the gym for a workout session, to undertake daily activities, or to lounge in at home. Its range has successfully capitalized upon the athleisure clothing trend, capturing the interest of younger demographics.

Aside from being fashionable, Gymshark's range of products include some of the most innovative fitness solutions in the market. For example, the Energy Seamless collection of sports leggings that comes with built-in underwear to ensure that they are "squat-proof."

Gymshark has successfully captured the interest of both male and female shoppers with its innovative and fashionable offerings, and through sponsoring both male and female fitness influencers. This gives it a wider audience base compared with fitness apparel brands like Lululemon or Sweaty Betty, which have predominantly female audiences.

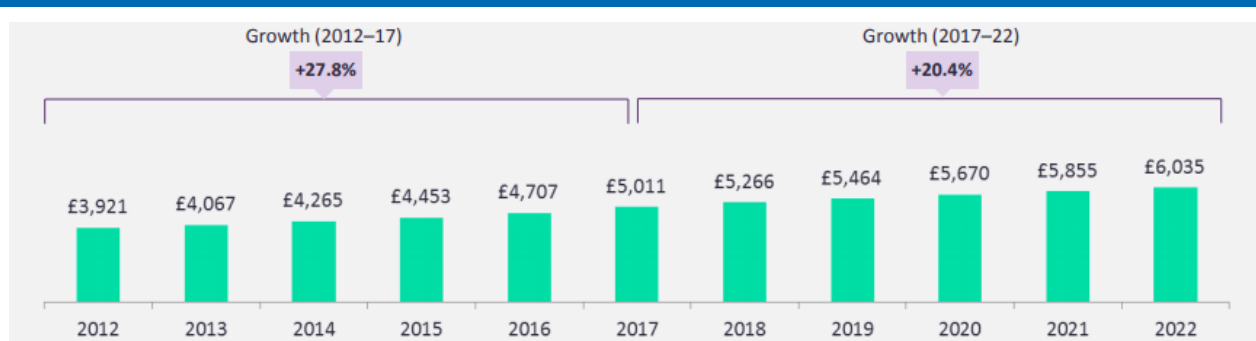
In addition to its original collection, Gymshark has experimented with collaborating with online fitness influencers to create unique designs. Through this, the brand has been able to successfully capitalize upon the connection that exists between influencers and their audiences to create products that truly resonate.

Gymshark capitalizing upon ongoing "wellness revolution" with fashionable workout apparel

The Millennial appreciation for athleisure wear in the fashion industry has helped Gymshark catapult into success. The athleisure trend in fashion emerged as a hybrid between casual and athletic clothing, which resonates with the Millennial desire to both look fashionable and to be "ready for anything." In the UK alone, the athleisure trend is poised for strong growth, which is evident in that the sportswear clothing category is forecast to grow at a rate of 20.4% over the 2017–22 period. This growth clearly illustrates the sheer importance of and opportunities surrounding the athleisure trend that clothing brands like Gymshark have been able to capitalize upon.

Gymshark's fashionable designs have differentiated itself in the athleisure space. Despite strong competition from sports brands such as Nike and Adidas, Gymshark's attention to detail, quality, and fashion has differentiated the brand in the athleisure space. It has displayed commitment to creating innovative products; for example, its Energy Seamless collection sports leggings have built in underwear to ensure that they are "squat-proof." It also has the added benefit of appealing to both genders, giving it a wider audience than other fitness apparel brands like Lululemon and Sweaty Betty, which have most appeal among female shoppers.

Figure 2: UK: sportswear market value (£m), 2012–22



SOURCE: GlobalData Retail's Database

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GYMSHARK EXCELS AT SOCIAL MEDIA MARKETING AND RESTRICTED SALES CHANNELS ADD TO BRAND EXCLUSIVITY

Gymshark has made use of social media and influencer marketing to promote its products to large audiences in an authentic way. This has helped it reach its target audience of fashion- and health-conscious millennial consumers, many of whom see social media as the primary avenue for discovering new products and brands. Gymshark has selected several online fitness influencers with large followings to endorse, promote, and even co-create its products. This creates a feeling of authenticity as followers feel they have a relationship with these influencers, making them a powerful marketing tool.

Gymshark makes use of social media and influencer marketing to promote its products to large audiences in an authentic way

Social media has played a pivotal role in Gymshark's growth and success, and its influencer strategy has helped it to reach vast audiences. In this digital age, social media has become a lucrative marketing tool as shoppers increasingly turn toward the internet to discover the latest trends and must-have items. In fact, two in five (41%) consumers use social media for discovering new products/brands, second only to sharing images/posts with their friends.

Social media has played a pivotal role in promoting Gymshark as a brand, allowing the company to not only reach out to wide audiences, but forge a deeper connection with consumers to stay relevant. Further, an integral part of Gymshark's strategy has been sponsoring well-known social media fitness influencers. Through this, the brand has been able to capitalize upon these influencers' large followings, connection with their audiences, and unique content to promote its own products in a similar style. This can also be more meaningful than marketing from the brand itself, as 55% of global consumers and 63% of millennial consumers agree that they are more likely to trust blogger/user reviews than brand claims. Furthermore, 41% of people asked in GlobalData's 2017 Q4 global consumer survey said that they regularly use social media sites or social media apps to discover new brands and products, further demonstrating its power as a marketing tool.

Gymshark has successfully taken advantage of changing consumer behavior and the demand for fashion to be fully accessible online. Maintaining an active online presence across different social media platforms and updating regularly, all while keeping a consistent brand personality and image, has been key in driving consumer engagement with the Gymshark brand.

Gymshark has selected several popular online fitness influencers to endorse, promote, and even co-create products

Gymshark sponsors fitness influencers who are well known on social media to promote the brand and encourage growth. Gymshark launched itself into wide recognition firstly by sending its gym-wear to Lex Griffins and Nikki Blackketter, who are both established fitness influencers with large followings on social media. They began presenting themselves as "Gymshark Athletes," and wore the brand exclusively, communicating the quality of the ranges to their audiences. This dramatically increased Gymshark's brand awareness, and from this point, the brand continued to acquire new influencers to represent their brand. At present, the brand lists 15 "Gymshark Athletes" residing all over the world on its website. The brand then went on to launch a collection in collaboration with Nikki Blackketter, who designed her fitness apparel with her audience in mind, and in true Gymshark fashion, a pop-up shop was used to promote the collection.

Figure 3: Gymshark launched a collection in collaboration with Nikki Blacketter, a Gymshark brand ambassador



SOURCE: Gymshark/GlobalData

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Gymshark's range has gained an added element of exclusivity by selling its products only via the online channel and at branded temporary pop-up stores

Gymshark upholds a feeling of exclusivity by only distributing its products through its online store and at limited-time-only pop-up stores.

A factor contributing toward Gymshark's success is its decision not to stock through third-party retailers such as ASOS, JD Sports, and Sports Direct to ensure that the brand image stays intact, and it retains its cult image among gym-goers. In the UK, shoppers' preference for physical retail remains strong, but 61% of UK consumers have purchased clothing online in 2018, with the highest proportion of these shoppers being 16–24 year olds. The direct-to-consumer online model is therefore boding well for the brand, and particularly aligns with its strategy of engaging with younger demographics.

By cutting away retail outlets, which require their own margins, this model has allowed Gymshark greater control over how its products are positioned and sold, ensuring that their unique brand image is maintained. It also has presented Gymshark with a unique opportunity to build relationships with customers, and to collect consumer data, which can ultimately allow for better-targeted marketing strategies. The exclusivity created by only distributing online is also complemented by its pop-up stores, which are launched around the globe for two or three days at a time, creating high consumer traffic and interest.

Figure 4: UK consumers using each channel to buy clothing, by gender and age (%), 2018

	Total	Male	Female	16–24	25–34	35–44	45–54	65+
Bought instore	87%	86%	88%	85%	87%	86%	86%	88%
Bought online	61%	53%	68%	72%	66%	65%	62%	51%

SOURCE: GlobalData Retail

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Gymshark has successfully bridged the gap between the online and offline worlds through its participation in globally renowned fitness expositions and branded pop-up stores

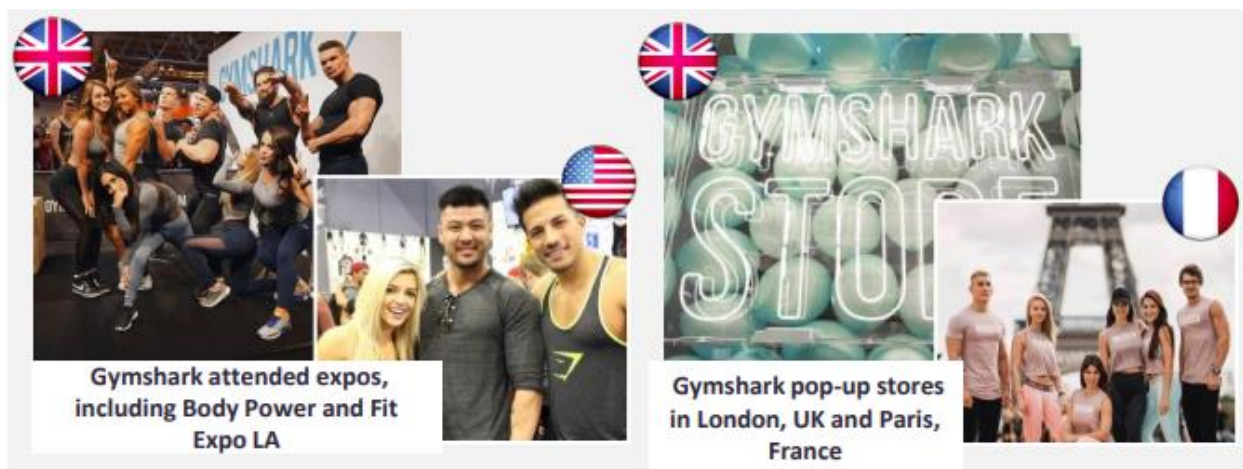
Gymshark recognizes the importance of bridging the gap between online and offline, and provides consistent brand messaging throughout. It is increasingly important to have both an online and offline strategy to succeed in a competitive market landscape, though it can be tricky for retailers to harmonize the relationship between their online and offline operations.

Gymshark has successfully achieved this balance by, for example, participating in globally renowned fitness expositions, including Body Power in the UK, and Fit Expo in LA. Here, sponsored Gymshark athletes are able to meet fans, sell merchandise, and promote the brand. Company founder Ben Francis described the appeal and why this method proved so successful: "People are fascinated with athletes, and these meetups and pop-up stores remove the layer between fans and their heroes and create emotional experiences that are truly moving."

While these events proved successful, to match the speed and growth of Gymshark, its CEO decided to elevate the brand's offline exposure by shifting away from fitness expositions, and instead launching branded pop-up stores around the globe.

Similarly to the expositions, these pop-up stores were places where merchandise could be purchased and fans could meet the Gymshark athletes, albeit with shorter queue times and more floor space. The branded pop-up stores have successfully complemented Gymshark's online operations in a way that has not compromised the exclusivity of its online offerings.

Figure 5: Gymshark's offline marketing strategy began with its participation in fitness expositions, and evolved to focus on branded pop-up stores around the world



SOURCE: Gymshark/GlobalData

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CONCLUSIONS

Gymshark demonstrates how brands can combine innovative, differentiated products with a strong social media and influencer marketing strategy to achieve success

Gymshark has become one of the most well-known fitness brands in the social media world thanks to its influencer and social media marketing model. By sponsoring fitness influencers each with their own established presence online, the brand has maximized its social media growth, and it has become an integral means of product promotion.

Through sponsoring both male and female online fitness influencers, Gymshark appeals to both genders. This gives it an advantage over brands that predominantly appeal to either males or females only, and extends the brand to a wider audience.

Gymshark has successfully created and maintained a perception of exclusivity by distributing its products directly to consumers via its online website, and at limited-time-only pop-up stores. This has been beneficial for building consumer relationships, and keeping the brand image intact.

Through its pop-up stores, the brand was able to successfully complement its direct-to-consumer online distribution model without compromising the exclusive feel that this gave.

Further differentiating itself from other fitness apparel brands, Gymshark offers a fashionable, yet innovative product. The brand consistently releases new designs and new color schemes that are compatible with the fast fashion trends of today. Furthermore, the brand offers highly functional products, specifically designed to optimize performance during the workout occasion.

APPENDIX

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Further Reading

Apparel Retail in the United Kingdom – MarketLine Industry Profile

Gymshark: A formidable contender in the activewear market – MarketLine Analyst Insight

Under Armour, Inc.: High growth company with a bright future – MarketLine Case Study

Ask the analyst

We hope that the data and analysis in this brief will help you make informed and imaginative business decisions. If you have any questions or further requirements, MarketLine's research team may be able to help you. The MarketLine Research team can be contacted at ReachUs@MarketLine.com.

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