Australian Government

Australian Sports Commission

Market Segmentation for sport participation

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Consumer needs for sport participation are changing so how do we, the sport sector, use this information?

Australians are becoming increasingly time-poor and, for many, more restricted in terms of budget. Changing lifestyles and competing forms of entertainment have created an increasingly complex landscape, making it difficult to understand the changing attitudes and behaviours of Australians in relation to sport. Furthermore, past research has shown that sport preferences have changed over the last ten years with an increased uptake in sport being played in a non-organised environment, versus a stagnation of participation in organised sport.

The Australian Sports Commission (ASC) in consultation with sport sector partners identified a need for research to better understand what is driving the Australian community's participation in sport and other types of physical activities. This resulted in the ASC commissioning GfK Blue Moon to develop a needs-based consumer centric market segmentation model for Australian sports participants (players) and non-sports participants (non-players).

In line with the changing consumer preferences, the Market Segmentation Study (the Study) identified that sports will need to adapt their offerings if they are to stay relevant to the Australian consumer.

Market Segmentation involves dividing a market into groups of people/consumers with similar needs, attitudes and behaviours.

The purpose of the Market Segmentation Study

The purpose of the Study was to uncover, explore, identify and clearly articulate the different motivations, attitudes, needs and barriers that influence people's decisions and behaviours in relation to sport and, in particular, participation in club-based sport. The study is designed to help clubs understand the market and more effectively target their approaches to particular segments.

The Study identifies ten consumer segments among the Australian adult population (aged 14–65 years):

- **Current club member segments** — *Loyalists, Socially Engaged, Sport Driven and Apathetic Clubbers*
- **Non-club member segments** — *Sidelined Sportsters, Club Wary, Ponderers, Self Focused, Sport Indifferent and Sport Athetists.*

The research provides key insights regarding how participation in sport is affected by:

- sport delivery that focuses on competition rather than fun and enjoyment
- a lack of flexibility around the scheduling of sport in traditional sporting clubs
- organising individuals and teams according to talent rather than retaining friendship groups
- limited opportunities for people with limited sports competency to join sporting clubs
- self-consciousness amongst adolescents and embarrassment by their lack of sporting ability.

How can sport use the Market Segmentation?

The Study identified a significant number of Australians who view and engage with sport quite differently, particularly in terms of how they want to play sport. This research provides insight to the needs and wants of the Australian consumer as it relates to sport participation and more specifically club-based participation. These insights and other statistical data can be used to inform the development of targeted sports delivery strategies (both products and services), to either retain or attract new participation.

The Study does this by enabling sports to take a look at their current product and service offerings and assess whether they are meeting the needs of the various consumer segments. It also considers whether modifications to existing or new offerings would retain current or attract new consumer segments. In addition, the research sized each of the ten segments; for example, how large or how many adults fall within each segment across the total Australian adult population. Most importantly, by understanding the relative size of each segment sports are able to determine where the greatest potential for retention or acquisition may exist and therefore how to invest their efforts.

The segments

Segments of existing club members

Loyalists

For *Loyalists*, sport is their life. They enjoy all aspects of sport — including the competitive and social elements — and derive confidence from participation. *Loyalists* are particularly motivated by competitive success and participate regularly in a range of individual and team-based sports.

As *Loyalists* live for sports, most view it as an imperative to be part of a club. Members of this segment derive a strong sense of pride from belonging to a club. They provide them with a platform for personal/competitive success, an overall sense of achievement and a valued social network.

The strategic goals for this segment are to increase/maintain involvement and retention. Because of their passion for sport, *Loyalists* are the easiest segment to engage. *Loyalists* are especially likely to be engaged by products, services and promotions that challenge their competitive spirit and provide new opportunities to advance their goals. A major challenge involves *Loyalists* transitioning to another segment once they graduate from high school.

Less than one in 10 Australians are Loyalists. The Loyalists segment is made up of a high proportion of males under the age of 30, and comprises a particularly high proportion of teenagers.

Socially Engaged

The *Socially Engaged* enjoy all aspects of sport, especially the social aspect. They prefer to play sport with others and — while not adverse to competition — are more interested in challenging themselves and having fun. This is a very valuable segment as they are highly engaged with sport and clubs.

The focus for this segment is on stretching and retaining membership. Promoting new or other sports/activities could provide higher involvement given their social nature and status as influencers. Additionally, membership or trial offers could be used to reward the *Socially Engaged* or encourage referrals.

While the social aspects of clubs are important, the competition element should not be diminished. Competition is an important part of why they play sport and (along with *Loyalists*) they form the core of club members. This segment starts to wane as they reach the 25–40 age group when social, work and family commitments reach a peak. It is imperative to keep this segment engaged as they have the potential to be advocates for clubs.

Less than one in 10 Australians are Socially Engaged. They are more likely to be males and with higher incomes in white collar jobs.

Sport Driven

Sport Driven club members do a lot of physical activity but keep their social activity within the club to a minimum. This segment is often younger, wealthier urbanites, with a high proportion from culturally and linguistically diverse (CALD) backgrounds.

Their motivation for participating in sport tends to be more personal and focused on self-improvement. The club is a place for them to access facilities and participate but they don't necessarily want involvement beyond this.

The *Sport Driven* can be at a busy life stage, meaning they are often balancing membership with family and work commitments. While they appreciate the camaraderie that clubs offer, it is the sport rather than the social aspects of clubs that are paramount. Their relationship with clubs is less assured; they may move to non-club segments so the challenge is to keep them engaged and help them to fit club membership into their lives.

Apathetic Clubbers

Despite being highly active in both sport and physical recreation, this segment is somewhat apathetic in their attitudes towards sport and clubs. They do not like competition and are less likely than other club segments to feel very positive toward sport or clubs, with some viewing sports as a chore.

Relative to other club member segments, *Apathetic Clubbers* tend to find value in clubs for their facilities rather than the elements of competitiveness and socialising. Some feel pressure that you need to be good at sport to be part of a club. While they initially enjoyed their membership, this appears to be waning.

This segment would benefit from feeling less pressured to be good at the sport to continue enjoying it. There needs to be a focus on ease of entry in terms of ensuring everyone feels they can join/participate regardless of skill level or motivation. There may be a need to promote the social and fun aspects of clubs to reinvigorate this segment, who are at risk of dropping out particularly if there is a change in their circumstances.

The Apathetic Clubber segment makes up nearly one in 20 Australians. They are more likely to be male with a significantly higher proportion of teenagers to be found in this segment.

Segments of non club members with high potential for acquisition

Sidelined Sportsters

*Sidelined Sportster*s are into sport and value the opportunity it provides to have some personal time, relax and break up their routine. They particularly enjoy the camaraderie and friendships that come from being part of a sports team. The competitive aspect is also a key component in their enjoyment.

They would be quite comfortable at sports clubs given their ability to hold their own in a sporting context. Many would have been club members as children (even up to adulthood) and it would not necessarily have been their choice to stop but rather their changed circumstances. They retain a positive perspective on clubs and their benefits.

This group needs greater flexibility from clubs but doesn't necessarily see this as the club's responsibility. They view their changed priorities as the reason they cannot commit as much time or money. This is a key target group for acquisition as they have all the hallmarks of keen but lapsed sports club members. Given their interest in sport overall, there may be opportunities to attract this segment with products outside of the traditional club offer to address concerns with time and cost commitments; for example, including a sport match with a social barbeque afterwards.

Club Wary

The *Club Wary* are very positive about sports, though they want to enjoy their sport at a slightly less serious and competitive level. It is as much about challenging themselves and doing something active with friends.

Club Wary are not particularly critical of clubs but have some reservations given past experiences as members. While they appreciate the social and emotional benefits that clubs can offer, they see clubs as requiring significant commitment and lacking in flexibility. The *Club Wary* do not always feel they will fit in at clubs and can be slightly self-conscious about playing sport with others.

This group is a realistic target for acquisition but clubs need to be proactive in their communication. They want to get more involved in sports clubs but often don't know where to find information. Direct mail (inviting them to a demonstration) and local newspapers are ideal sources coupled with online information.

To attract this segment, clubs and/or sporting opportunities beyond the traditional club structure will need to avoid a sense of over-commitment or competition when messaging and with the products offered.

Ponderers

Often married with children at home, *Ponderers* are active people but commitments to work and family take up much of their time. They fit in a reasonable amount of physical activity but this is mainly recreational and focused on activities that can be done alone and around other commitments.

Ponderers do not need to be convinced about the benefits of sport and physical exercise and they derive strong personal satisfaction and achievement from participation. Typically they were members of clubs into adulthood when for practical reasons they felt they had to give up. They have a fairly positive view of clubs both socially and as a way to support health and fitness.

Though less competitive than many other segments, most show at least some interest in joining clubs. Clubs can be seen as a way to escape their normal routine, and membership would be embraced with flexible participation and cost options whereby they feel they can join without neglecting other commitments. Additionally, there may be opportunities to attract this segment with products outside of the traditional club offer that address concerns with time and cost commitments but provide an avenue to encourage fitness and sport participation.

Segments of non club members with low potential for acquisition

Self Focused

Typically female, *Self Focused* are turned off by the competitive nature of sport but enjoy the physical and mental benefits that regular physical activity and exercise provides them.

They are physically active, which is often to counterbalance a sometimes sedentary work-life. They prefer to exercise alone and physical activity is often a personal rather than a social pursuit — which reflects their dislike of organised and team sports and their focus on self improvement. They are a challenging target for clubs, with previous experiences often leaving them with negative impressions.

The *Self Focused* want a non competitive and flexible environment that allows them to control their own schedule. There is potential for sports to develop products which cater to this segment's individual needs, such as offering products and activities outside of the traditional club structure of membership, training and competition.

Sport Indifferent

The *Sport Indifferent* are generally less engaged not only in sport but also other activities. They are indifferent rather than negative towards sport and sports clubs and don't see much benefit in it for them.

They often have had experience of clubs when they were younger and show a mild degree of interest in getting back involved. That said, their general lack of enthusiasm for sport and clubs would make them a relatively time consuming and expensive group to engage.

Sport Atheists

Sport Atheists are totally disengaged and often negative about sport and sports clubs. Their physical activity is limited, no more than once a week and typically walking or swimming by themselves.

They don't understand what people get from sport and for them the importance of sport is blown out of proportion. They feel there are more compelling and interesting things in life, which typically involve more sedentary activities.

They perceived clubs to be unfriendly and intimidating places that could provide no benefit to them — views which rarely come from personal experience. In their minds there is very little that could be done to persuade them to step inside a club, even if they liked sport.

This would be a very challenging segment to engage — in part as it would require a basic education campaign on the benefits of sports/physical activity to personal health and well-being. There are few products or arguments to convince this segment to join a sports club.

Where to from here?

In addition to the Study for adults, research was undertaken to develop a Market Segmentation Model for Australian children. The Children's Market Segmentation Segment Profiles and Report is expected to be available for dissemination in May 2013. The ASC will also be adding Australians with disability to this Market Segmentation Study to explore and identify their specific needs, motivations and barriers to sports participation. These findings should be available in late-2013.

Recently the ASC has commissioned research to identify the core set of attitudes, motivators, needs and barriers that underpin Australians' decisions to volunteer in sport (including at club level and other types of sports-related volunteering) and other voluntary activities. This information will be used to develop a needs-based market segmentation model of Australian sports volunteers, and assist sports in their development of effective strategies to retain and attract new sports volunteers. It is anticipated that these findings will be available in late-2013.

Over the next 12 months a series of activation projects will be undertaken with a small number of sports to highlight how the market segmentation research can be utilised to inform product offerings. The lessons learned and examples of how these sports have changed their product offering(s) will be made available to the sport sector. The ASC is also working with individual sports to see how the market segmentation research might influence their current participation strategies.

A detailed profile for each adult segment and a copy of the full Market Segmentation Report for adults can be found at **ausport.gov.au/marketsegmentation**. A series of 'Fast fact sheets' and other information drawn from the research will also be added.

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