

DECATHLON: BATTLING HICCUPS THROUGH INNOVATION

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ABSTRACT

The Decathlon, Europe's leading company in the sports goods industry, has a constellation of own brands namely "passion brands". With the help of vertical growth strategy and turbulent innovation and ideas management system, the Decathlon has created a niche in the market not only as a retailer of sub-brands, but also as a manufacturer of ambitious and powerful autonomous brands. The present study aims at finding answers to the questions, how does the Decathlon manage to generate innovations? how did their R&D department become so competitive? and Is their innovation and ideas' management system the key of their success?

PREFACE

"The New Frontier is not a set of promises. It is a set of challenges."

- John F. Kennedy

There was a man, yes a man with dreams and desires, a man with wishes and longings, a man with heart full of hopes, hopes which never die and never let the man die. Let us tread back in time and see how that wizard Mr. Michel Leclercq did the magic. It was in the year 1976 that he looked within, talked to himself, believed in his dreams and finally took up a decision to turn his dream-plan into a reality. As a child he would be always lost in his reveries. But who knew that 'lost child' would one day be an unrivalled titan in the sports goods industry. The journey started with the first store of Decathlon group in Lille, France in 1976 with a mission to encourage the practice of sport by making available quality sports products at a reasonable price to the public. It was an outcome of assemblage of group of seven sports enthusiasts and budding entrepreneurs at Englos, France for discovering ways to overturn the sports goods industry globally. Though retailing of sports goods was the principal activity of Decathlon, yet it chose to embark on manufacturer's strategy with a mission to introduce innovative *brands* for the sportsperson. Creation of portfolio of strong brands was the need of the hour, for which the Decathlon chose a path which was less travelled. Instead of acquiring competitive and economically viable brands,

the Decathlon preferred to follow a business growth model which could guide them to develop a portfolio of their own strong brands. It differentiated the Decathlon from its main competitors like Intersport and Go Sport, who had neither designed nor manufactured their own innovative brands. By creating specialized brands that directly compete with international sports brands, the group sought to control the market by maintaining its position as a leading French specialized retailer of sports goods. Proper execution of the business policies and marketing strategies made Decathlon “the Decathlon”, as the Decathlon was growing in terms of rising profits, turnover and market share.

But the year 1999 proved to be a tragic year in the history of the Decathlon Group as after 23 years of uninterrupted growth, turnover per square metre fell drastically for the first time. To identify the root cause of turmoil, diagnostic analysis of policies of the Decathlon clearly was carried out, revealing that policy of having a single brand named Decathlon is the only reason for downfall. Whether on the beach or the ski lift or while hiking in the forest, everyone used to wear Decathlon branded products, giving an impression of lack of choice to the customers. Realizing the need for transformation, following corrective measures were initiated immediately by the Decathlon:

- After abandoning its single brand policy, the Decathlon made a move towards creating a portfolio of sports goods in France and abroad (Kapferer, 2006, p. 185). Becoming a producer instead of being only a retailer, has not only been an economic necessity but also a quasi-obligation. While creating portfolio of brands, out of the 60 brands that the Decathlon had, only 7 brands were selected to reach critical mass and justify its overheads. Later on, a decision was made to increase this number because modern sports are ‘tribe’s that cannot easily be brought under the same tent in the name of ‘critical mass. Thus Dionysus separated into roller sports and running. Tennis and golf were also separated, having previously been united under the common brand Kinesis.
- Selected brands were named passion brands because they were entrusted to passionate manager, who created and carried them, with a dedicated team, on autonomous sites, with a genuine business plan and a high degree of autonomy. Initially it was decided to distribute selected brands under the flagship of the Decathlon, but at a later stage a final decision was taken to go beyond the flagship. In December 2006, Decathlon announced historic agreement with independent ski equipment stores in the mountains, thereby

opening up itself for the market which had previously been locked up by the manufacturer brands. It was possible for a skier and snow boarder to try Quench products in the mountains.

- Each passion brand was made an autonomous and decentralized business unit, with a dedicated team. Decathlon abandoned its historical organization Antillean d'Masc with a purpose to turn these brands not only as labels on products, but also for making creative proposals work at the best prices, for passionate sports person. At Decathlon, as semantics are crucial, these brands are named passion brands, not as a slogan or an advertising gimmick but as a profound reality, first internally, and then externally.
- It was also decided to distribute the products so produced at a location, where sports is actually practiced, so that the internal teams can live them out and local opinion leaders can play a role in the production like Triode by the sea, Quench in the mountains. For example, Chula Quench's magazine, when distributed in stores became highly circulated mountain magazine.
- In order to build passion brands, the Decathlon made a call for product innovation by introducing technological advancements in the production process and establishing decentralized R&D department for each of its passion brand.
- The name Decathlon, however, should no longer in theory be visible on the products, since they all now stem from one of the passion brands. This consideration, a pragmatic one at the international level, explains the maintenance of a 'Decathlon creation' brand inside the product, in order to establish the link between the store and its brands.

INNOVATION MANAGEMENT AT DECATHLON

Recognizing the importance of innovation for the business, the Decathlon group made up a mind to innovate in terms of usage of new materials and technology (Desbordes, 1998) or application of creative ideas and procedures (Hillairet, 2006). Now the question arises that the Decathlon group, who is known for translating innovative ideas into business reality, how creates and manages innovative ideas. Decathlon's innovation strategy was designed keeping in mind two objectives:

- To “innovate smart” so that sport can be made easier for people who use products offered by decathlon. For example - 2seconds tent. Quechua’s design teams revolutionized mountain sports forever by fulfilling the dream of every hiker with a fast, simple, intuitive and instantaneous pitching system.
- To innovate for the benefit of everyone, in all product categories, by making innovations accessible to a maximum number of customers and users worldwide at low prices.

To achieve this Innovation Awards are organized every year by Decathlon where employees get an opportunity to experience the spirit of innovation. To a great extent, the success of the Decathlon Group innovations and “passion-brands” depends not only on coordination between the various components of the company involved, but also on an atypical innovative projects management system. There, innovation is driven by proactive management of ideas involving three distinctive steps namely a step of fertilization, then a step of sowing of the new ideas, and lastly, a step of incubation (Deschamps&RanganathNayak, 1997). The innovation process implemented within the Decathlon Group follows a modelling where three steps namely the upstream step, the project step and the marketing and communication step sets foundation for the success of innovation process.

Firstly, upstream step also known as internal step of vision, aims to identify opportunities for new target (i.e. customer and market fragmentation), new sales approaches (i.e. the launch of a national campaign for advertising its passion brands) and new marketing approaches (i.e. the launch of websites where consumers get an opportunity to try more than 200 sports outfits meant for girls and boys on virtual models). According to Irwin Wouts, director of innovation of the Decathlon Group “passion-brands”, this step allows to “set relevant targets for innovation”. To give an ear to the queries and feedback of customers is the task assigned to the product manager who has to draw up the specifications in collaboration with advanced research and designers, the process engineers and the components engineers of Decathlon. This is followed by involving the research and development department of the Decathlon through various scientific research programs and ergonomics studies. Secondly, once the first prototype is ready, it is subjected to numerous experiments firstly in the laboratory, and then to the “testers club” comprising a panel of customers, high-level athletes and people from the company staff. Using their critical thinking skills, this panel monitors the quality and safety of the future product. Entire process facilitates the finalization of final prototype. Then, mass production of the product is carried out by a

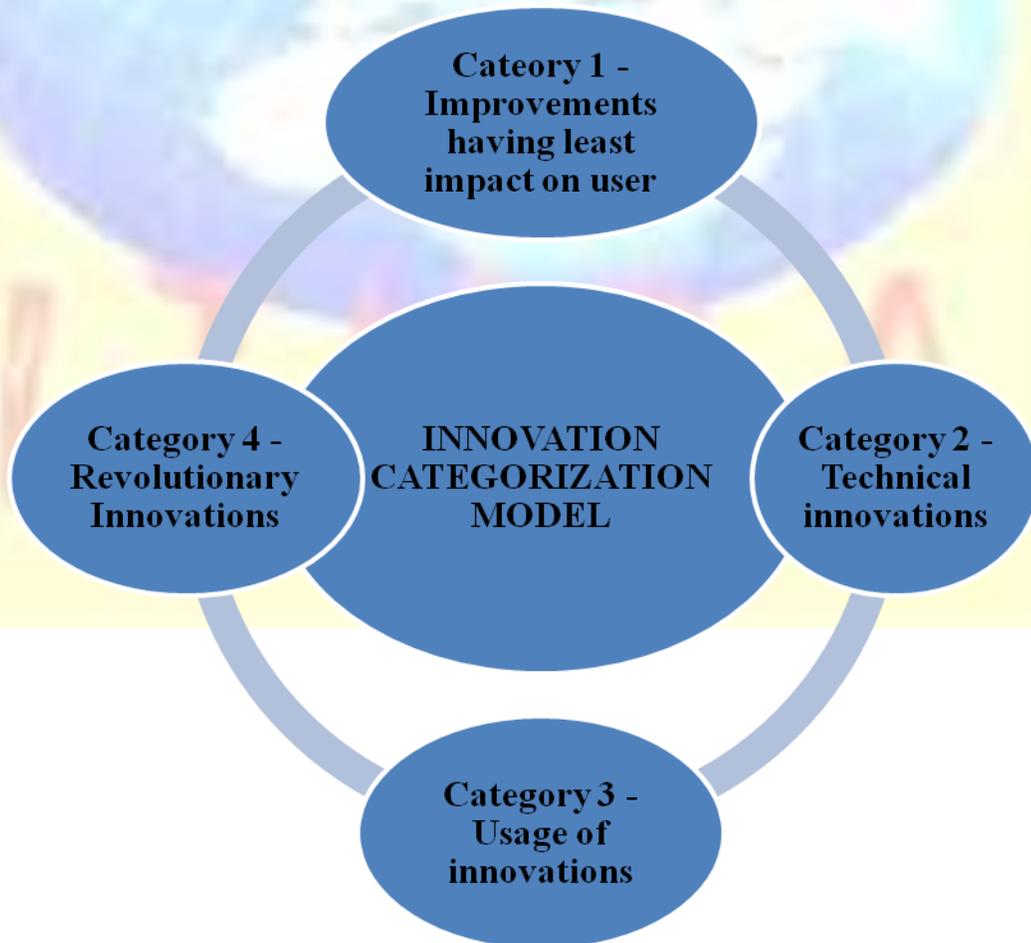
Decathlon subcontractor who is held responsible for making available goods so produced in due time to the different logistic platforms of the group. Lastly, goods are implanted in the stores for merchandising purpose. Few of the innovations undertaken by the Decathlon Group so far are:

- In 2012, the Kalenji design team challenged themselves to create a shoe that would work for any stride. After two years of bio-mechanical research, one year of prototyping and honing the technical solution, and six months of longitudinal monitoring with 372 runners, carried out by the Luxembourg Institute of Health, the dream became a reality named as the K-only. Collaboration between Kalenji, Decathlon SportLabs and the LIH studied the impact of shoe type on running-related injuries and the Kiprun LD was found suitable for all stride types.
- In 2003, a customer visited the Decathlon, looking for a tent which could pop up as a magic. Though at the first instance it seemed a mere utopia, the Quechua product engineers took it as a challenge and after two years, just because of dedicated and committed engineers, 2 seconds tent made an entry in the market. This was not an end to their dedication, engineers kept on improvising the 2 seconds tent in terms of more vibrant colors, effective ventilation system, easy folding mechanism and so on. Thus innovative idea floated by a customer was made a reality by joint efforts of engineers working in the production and R&D department
- A foldable bike which is meant for short commutes and daily use; which can be carried in a bus, metro or a car; which can be assembled in a jiffy still remains as one of the major innovation in the bicycle industry. With a 6- speed Deraillieur and mudguards with stay, the hoptown 320 can handle any gradient and any weather. Lateral folding system reduces bike storage size by 70%. A bike with a great color combination of black and fluorescent yellow with features like reflectors and clip light inserts for better visibility at night.
- Child carrier, which is quick and easy to install and could be mounted on Town 5,7 and 9 scooter was the need of the hour so that one can take child along. Scooters can be folded without having to remove the child carrier making it easy to use. Child carrier can support a maximum weight of 25kgs

DECATHLON'S CATEGORIZATION MODEL OF INNOVATIONS

Decathlon Group follows an innovation categorization model where every new product or brand is positioned keeping in consideration two parameters namely utility of the product and technology used during production process. Category 1 innovations have least impact on the user as improvements are only technical but not incremental in nature whereas category 4 innovations, also known as revolutionary improvements have long term impact on user's behaviour because such innovations help in amplifying and modifying the sportsperson's behaviour. Category 2 innovations aim at creating customer value by making use of latest technology for increasing the utility to be derived by a customer. At the same time, category 3 innovations seek to think out of the box and execute the idea generated in the production house, thereby ensuring availability of innovative products in the market.

Figure 1: Decathlon's Innovation Categorization

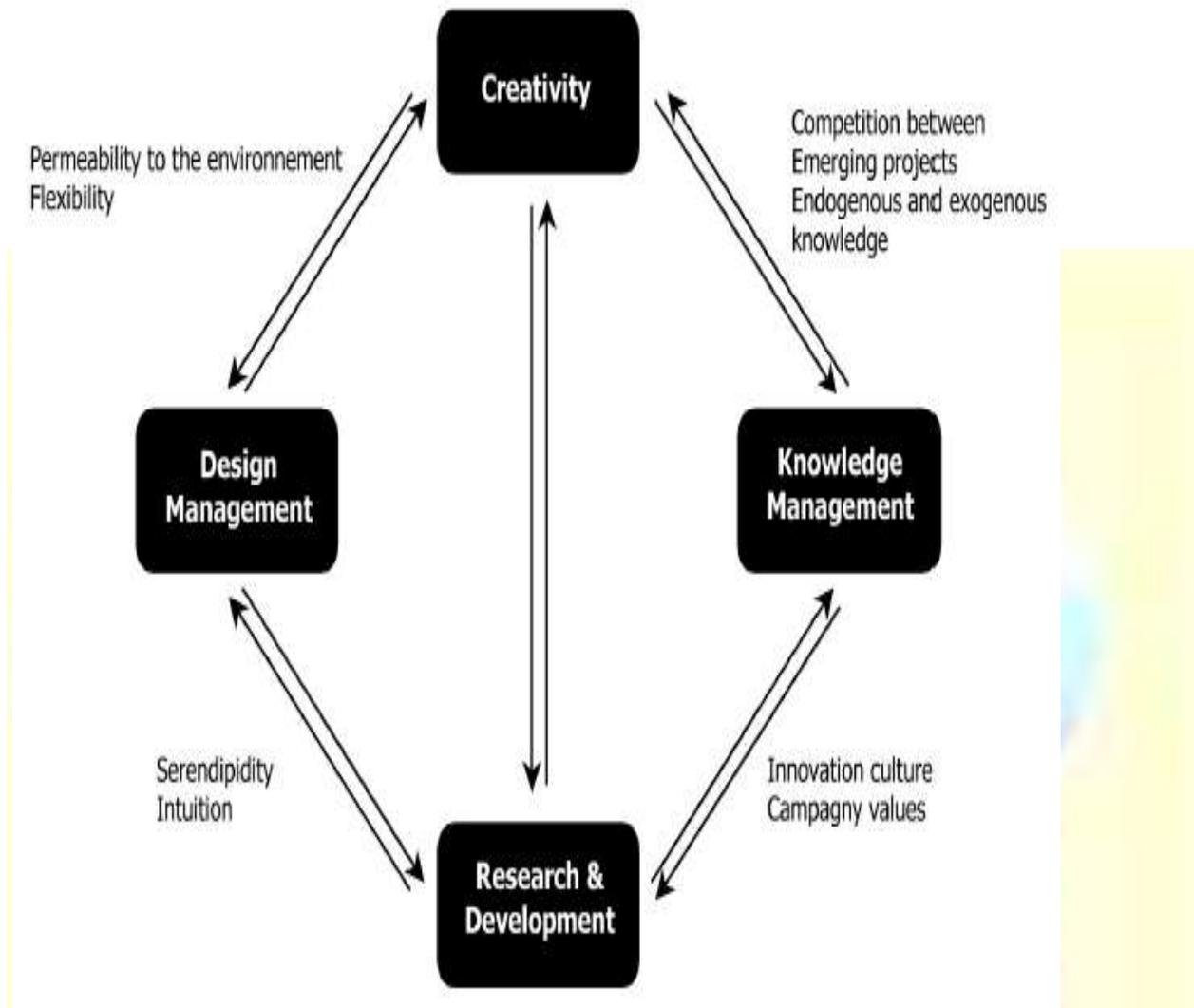


Model

DECATHLON – FOUR GUIDING PRINCIPLES OF DECATHLON'S INNOVATION MANAGEMENT SYSTEM

Decathlon by following vertical integration approach is challenging its competitors. The head of innovation for Decathlon's brands in France and Europe, when interviewed by Richard & Abdourazakou in 2008, cited that non technological aspects of innovation such as pleasure, accessibility and a "practical" character regarding the use of the products also play significant role in the success story of Decathlon. Whether it's bike or rucksack or hiking boots or tennis rackets, the Decathlon has acquired a great deal of competence and proficiency in the conception, realization and the production of its "universe" brand by making best use of its research and development department. For example, Decathlon is the biggest producer of bikes (Btwin) in the whole of France, the number 1 in the country for rucksacks and the fourth largest producer in the world of sporting goods. The model of innovation used by the company has allowed it to achieve durable advantage in relation to other distribution brands such as Intersport and Go Sport. The way Decathlon has developed two of its leading products namely the "2 second" tent and the wet suit "Inergy" illustrate the production logic of the "sporting" innovation at Decathlon. Within the group, it's the ideal alliance between available resources and existing competencies which serves as a foundation to the innovation system of Decathlon. The exaltation of all the resources, competencies and capacities of the group towards the concretization of its vision gives an impetus to the business projects. Creativity, design management, knowledge management and R&D are the four guiding principles which dictate the management innovation system implemented by the Decathlon Group.

Figure 2: Decathlon's Four Guiding Principles of Innovation Management System



Source: Richard & Abdourazakou, 2008

DECATHLON – HUMAN RESOURCES

As mission of the Decathlon Group is to make sports accessible to as many people as possible, sincere efforts are made in this regard by ensuring that its human resources are innovative, enthusiastic, affectionate, research oriented, full of life, optimist and industrious who relentlessly strive to improve. Decathlon's employees are supposed to be responsible for their decisions, both

in terms of their team and their customers, so that they can analyze the dynamic business environment and orient their actions towards sustainable development. Recognizing the contribution of workforce in the success of business, the Decathlon tries to be different from its competitors in following terms:

- Decathlon trials collaborative recruitment process, where entire team is consulted before hiring a potential team member.
- Decathlon makes available “Talent” platform to its employees, so that they can enhance their skills and publicise them within the business.
- Encouraging employees to play sport during the working hours is an excellent strategy for strengthening cohesion and creating links outside the usual areas of work-related discussions.
- Through “Joboffers”, an intranet portal site featuring vacancies available within the company, employees get to know internal mission opportunities and take control of their career development. Since its launching in 2013, over 4,000 jobs have been published, and more than 500,000 visits have been recorded.
- Decathlon believes in making people self driven, so it encourages its employees to take decision on strategic focus areas by developing entrepreneurial capabilities.
- Since 2015, Decathlon has been executing the “Principle of Subsidiarity”, which means that each employee should have the greatest possible degree of freedom allowing them to take decisions matching needs as closely as possible.
- To enrich its employee’s training pathway, Decathlon has developed an online training platform available known as Mylo (My learning online). By digitising content from around 10,000 training courses, Decathlon is helping to make its teammates more independent and autonomous when it comes to learning, assessing their own knowledge and developing their skills. In the year 2016, 34,273 teammates took at least one e-learning course.
- Created in 2005, the Decathlon Foundation has supported many teammates in France, helping them to set up socially useful projects to benefit those facing situations of hardship and vulnerability, using sport as a vehicle for integration.

DECATHLON – DECENTRALIZED RESEARCH APPROACH

The Decathlon Group follows “decentralized” research approach where autonomy is given at the level of “passion-brands”. Quechua or Tribord have acquired knowledge and skills themselves, the first one in the field of water sports and the second one in the field of mountain sports. They have their own Research and development engineers, designers, stylists and technicians. Though every brand has its own engineering department for developing new goods, yet the Decathlon Research Centre is in charge of basic research related to the human body.

For more efficiency, the Decathlon’s R&D Research Centre is structured on the mode of concentric radiation. The first circle consists of a hard core of about thirty full-time specialists in three areas namely anthropometry, biomechanics and thermo-physiology. These three fields cover roughly 80% of the Decathlon Group R&D. Around this core, there are three additional circles. Firstly, a team of a dozen PhDs work on specialized topics while working on their thesis. Secondly, a team of students coming from engineering schools and university works on projects for a term of six months. Finally, the third circle of skills consists of forty partner institutions such as university laboratories, engineering schools, technical centres, physiotherapists, podiatrists, doctors and so on. The innovation process efficiency gets most of its substance out of this perfect union between these various circles of skills.

DECATHLON - INNOVATION AND IDEAS MANAGEMENT SYSTEM

Understanding the nerve of the today’s dynamic business world, companies these days are deserting away from technocratic rigidity and are reviewing its innovation management system, thereby incorporating the element of flexibility in thoughts for every business decision (Ramecourt& Pons, 2001). Innovative ideas if not executed properly could be disastrous for the future of the company, thereby creating disorder, as consequences are not well known. For the innovating company, the difficulty is to know exactly the limit between the acceptable and the unacceptable, and between order and disorder. Whether in a stable or an unstable environment, the innovating company makes these two antagonistic forces coexist in its centre. While developing a competence, the Decathlon Group also developed an organisational capacity that is registered between the Cartesian rationality of a traditional management of innovating projects

and the disorder characteristic of the creativity which falls under a kind of creative brainstorming.

A business always has the freedom to go for conventional step because it may have desired competencies to translate an idea into a reality. Thus innovation management system of such business is fully directed, where expected outcomes are quite certain. On the contrary, if a business doesn't have desired competencies and capacities, creative brainstorming is required to inspire the inventive forces of the business. The Decathlon Group ensures that the project team responsible for converting creative ideas into a reality is focused and self-driven. In the due course of production, if team gets off the track, there is always a supervising authority, the product manager who will re-frame the project if it departs too much from the set objective. Following two examples of recent innovations clarify the specificities of these two management systems at Decathlon Group.

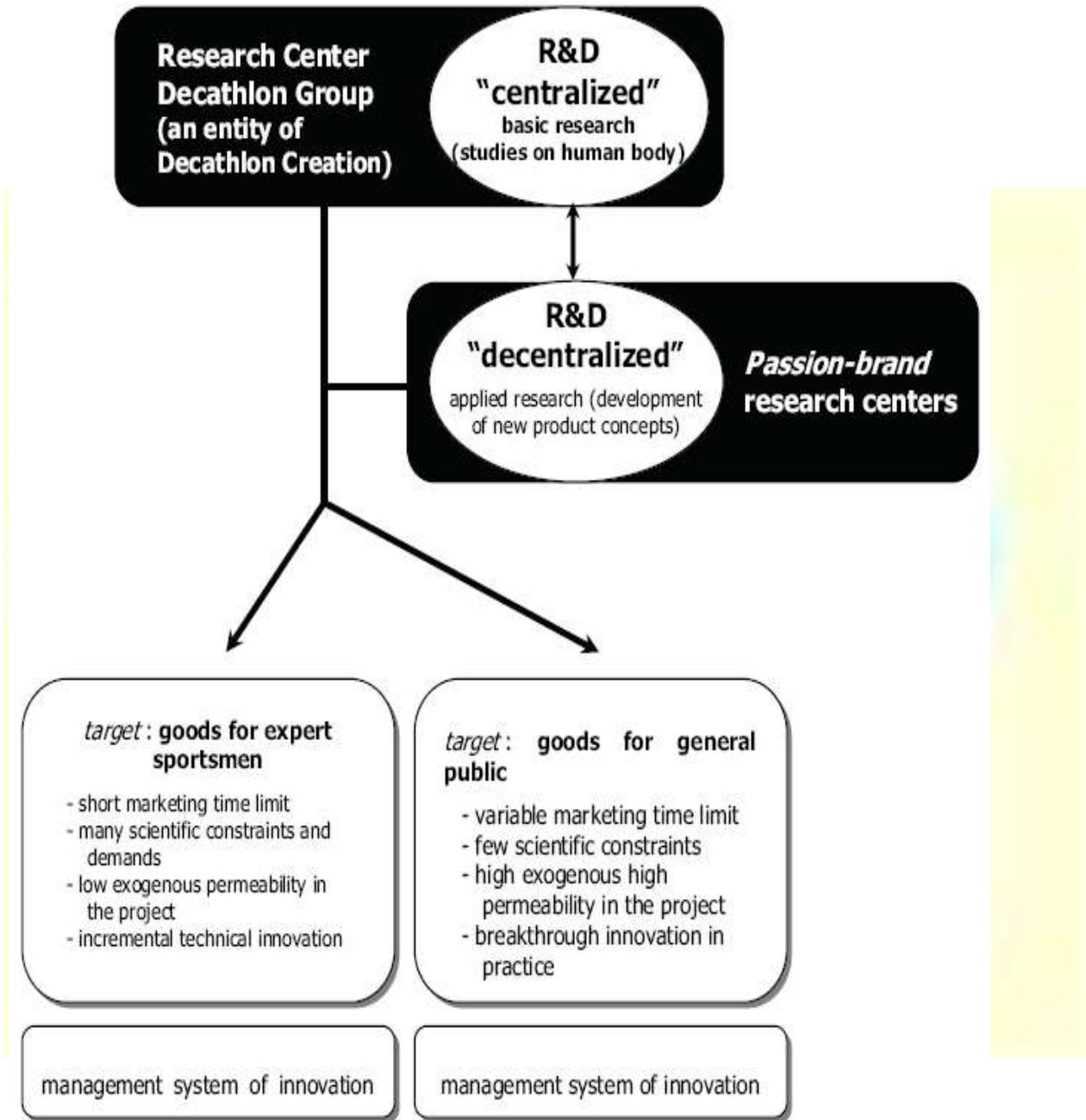


Table 1 - Two innovation and ideas management systems implemented by the Decathlon

	Innovation and ideas management of <i>rational type</i>	Innovation and ideas management of <i>turbulent type</i>
Concerned product	The <i>Inergy Wetsuit</i> for surfers and body-boarders	The <i>Tent 2 Seconds</i> A hiking self-unfolding tent
"Passion-brand"	Tribord	Quechua
Category 'Innovation (scale <i>Décathlon Group</i>)	Category 2 <i>Technological innovation</i>	Category 4 <i>Major innovation</i>
Source of innovation	Internal resources of the Company	External (an inventor) and internal (project manager) resources
1 st inspiration	Technical improvement	Simplification of use
Duration of the project	Less than 3 years	More than 10 years
Technical Partners (sports expertise)	Yes A body-board champion and a surf champion + French pole of surfing	No A tent manufacturer (a subcontractor known by Decathlon) located in Asia
Exogenous industrial partners	Yes Yamamoto (Japan) worldwide leader of neoprene	Yes
Internal competing project	Yes	Yes
Strategic Objectives	Place the Company in an existing market and gain a share of the market without stirring everything up	Create a new type (a new family) of self-unfolding product with a double roof
Creating a new application	No	Yes
Creating a new segment	No	Yes
Technical break	No	Yes
1 st interrogations	To have a maximum of elasticity and to limit freezing sensation at the top of the body « <i>La liberté totale de mouvement</i> » ('freedom of movement')	To adjust a self-unfolding concept with the same comfort and space as the tents of competing trademarks « <i>Lancé, c'est monté</i> » ('just throw it, it's ready')
Competition	Good products with powerful but too thick neoprene affecting the comfort and the gestures of the person practicing	Competing products instantaneously mounted but for other uses. Competing products having only a single roof. Competing products take time put up
Technical difficulties	Protect the person from cold while focusing on mobility (freedom of movement)	No satisfactory solution answering to the criteria <i>weight/space/</i> <i>assembly</i>
R&D / analysis, testing...	Internal and external knowledge and competences (researchers, designers, engineers... of the Decathlon Group) Research Center, athletes...)	Internal knowledge and competences (engineers, stylists, designers, marketers...)
Demonstration of technical feasibility	Prototypes tested by bodyboarding and surfing champions	Prototype : a toy-tent
Registration of a patent	Yes (worldwide)	Yes (worldwide)

Through these two examples, one can say that *rationalinnovationandideas management system* is suitable for the goods which are meant for the informed and demanding sportsmen. With the *TribordInergy* wetsuit, the project-team started from a scientific and conventional R&D study on the elasticity of the skin to develop a wetsuit. The biggest challenge was to take a decision about the material to be used, giving due consideration to the two parameters namely high heating capacity and high elasticity. Purpose was to improve the surfer's tonicity while using high elasticity materials so that surfer's movements could be strengthened. Combination of several factors led to an innovation allowing the development of a new type of wetsuit thereby protecting the surfer from the cold. To achieve the objective, the Decathlon Group involved sportsperson in the project team and made use of various scientific studies from the area of biomechanics and physiology. Whereas the turbulent innovation and ideas management system is more suited to those general public goods, which require less technical training and scientific knowledge. Though developing an igloo tent of the umbrella type was a difficult task, yet it was fortuitous arrival of an inventor external to the company that stimulated the project and put the innovative project back on the track. "He arrived just in time because we were less working on this problem and because we were doing some research in this direction" says Irwin Wouts. It was the collaborative impact of three factors, which led to category 4 innovations. Firstly, there was a somewhat similar project which had incubated since the middle of the 1990s. Secondly, a market diagnosis had revealed the two principal problems of this type of product namely a complex technical solution and a long assembly/disassembly time. Thirdly, an inventor's ideas reactivated the original project which was lacking in-house creativity.

Figure 3: Coordination of R&D within the Decathlon Group (According to Nature of Innovation)



From this, one can remark that the research and development innovation process at the Decathlon follows a “semi-chaotic/semi-organic” reasoning, where initially nothing appears to be structured and directed. But once the green light of development is on, the company tightens its belt to deliver a better product to the targeted class. Today, this two-headed innovation and

ideas management system applies to all the “passion-brands”. In the Decathlon Group, it is the *dualorganisationoftheinnovationprocess* and distinctive competencies which makes possible the development of new goods (Hamel & Prahalad, 1996). The innovation management is built around a moving dynamics, centred on the free will of the members of the company (Richard & Abdourazakou, 2008).

CONCLUSION

Innovations at the Decathlon are result of collaborative efforts of the Decathlon Research Center R&D and the “passion-brands” R&D decentralized units, and both traditional *rational type* innovation management system and a *turbulenttype* innovation management system where external competencies and resources play more dominating role in directing the project towards very original solutions. The Decathlon Group distinguishes itself from its principal competitors by a true strategic originality which will allow it to join the restricted circle of big world manufacturers of sports goods. While developing in a vertical way within the sports industrial channel, the company has diversified its activities for strengthening its position as business leader of the sports goods industry and for proving that its model of “passion-brands” is perennial and profitable.

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APPENDIX I

OPEN-ENDED INTERVIEW QUESTIONS

1. Brief introduction of the Decathlon
2. Can you apprise us about the products of Decathlon?
3. How does Decathlon manage so many independent brands organizationally?
4. Can you name few competitors of the Decathlon?
5. How do these brands survive themselves in such a fierce competition?
6. What are the marketing strategies of the Decathlon Group?

APPENDIX II**PROFILE - THE DECATHLON GROUP**

Decathlon is the largest sporting goods retailer in the world. Decathlon started with a store in Lille, France in 1976, founded by Michel Leclercq. It started to expand abroad a decade later, to Germany in 1986, Spain in 1992, Italy in 1998, Portugal, the United Kingdom in 1999, China in 2003, and India in 2009. The retailer stocks a wide range of sporting goods, from tennis rackets to advanced scuba diving equipment, usually in large superstores which are sized at an average of 4,000m². Decathlon Group also owns over 20 brands with research and development facilities all over France to develop the latest innovative designs, registering up to 40 patents per year. Each brand represents a different sport or group of sports, with a dedicated product development and design team. In India, Decathlon products can be bought directly through their stores subsequent to change in India's FDI policy and approval for Decathlon in February 2013. In addition to this, Decathlon products are also available online through their online resellers. Online delivery has already been introduced in Belgium, France, Netherlands, United Kingdom, Germany, Turkey, India, Japan, Italy, Singapore, Spain, Brazil, Portugal, Romania, Ireland, Mexico, Australia, and recently, Vietnam.

PRODUCT RANGE

Following table shows each sport or group of sports, having a separate brand name:

Brand	Sport	Brand	Sport
Aptonia	Nutrition and healthcare	Inesis	Golf
Artengo	Racket sports	Kalenji	Running
B'Twin	Cycling and workshop	Kipsta	Team Sports
Caperlan	Fishing	Nabaiji	Swimming
Domyos	Fitness, Gym, Yoga, Dance	Newfeel	Sport walking

Forclaz	Trekking	Orao	Eyewear and Optical Accessories
Fouganza	Horse riding	Outshock	Combat sports
FLX	Cricket	Oxelo	Rollersports, Skating and Scooters
Geologic	Target Sports such as Archery, Darts	Quechua	Hiking, Camping and Outdoor Gear
Geonaute	Sports Electronics	Simond	Mountaineering
Solognac	Hunting	Subea	Diving
Tarmak	Basketball	Tribord	Watersports
Wed'Ze	Skiing and snowboarding		

Following table shows different brands, which provide technical support for the products of its passion brands:

Brand	Specific product
EQUAREA	Clothing designed for the active removal of sweat
ESSENSOLE	Shoe soles and insoles
NOVADRY	Waterproof and breathable clothes
STRATERMIC	Warm and light clothes
STRENFIT	Light and Robust Synthetic fabrics (non-garment)
SUPPORTIV	Support and compression