NAICS 45111 - Sporting Goods Stores; Region(s): WI - Wisconsin Region(s): MSA - Kenosha, WI, Madison, WI, Milwaukee-Waukesha, WI

Industry Metrics One Year

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NAICS 45111 - Sporting Goods Stores

- NAICS 45 - RETAIL TRADE
  - NAICS 451 - SPORTING GOODS, HOBBY, BOOK, AND MUSIC STORES
    - NAICS 4511 - SPORTING GOODS, HOBBY, AND MUSICAL INSTRUMENT STORES
      - NAICS 45111 - SPORTING GOODS STORES

This industry comprises establishments primarily engaged in retailing new sporting goods, such as bicycles and bicycle parts; camping equipment; exercise and fitness equipment; athletic uniforms; specialty sports footwear; and sporting goods, equipment, and accessories.

Industry Risk Indicators

This Industry's Return on Investment: **2%**

Percentile Rank among all Industries: **57%**

This Industry's Loan Failure Rate: **3%**

Percentile Rank among all Industries: **10%**

INDUSTRY TRENDS

Sporting Goods Stores under NAICS 45111 have been observing several key qualitative trends recently. One of the most prominent is the increasing consumer preference for experiential retail. Consumers are looking for more than just products; they want engaging and interactive shopping experiences. Sporting goods stores are responding by incorporating virtual reality, augmented reality, and offering in-store fitness classes or product demonstrations.

Another significant trend is the growing emphasis on sustainability. Consumers are more conscious about the environmental impact of their purchases, prompting sporting goods stores to stock eco-friendly products made from sustainable materials and to adopt greener business practices across their operations.

There is also a notable rise in digital transformation within the sector. E-commerce and mobile shopping continue to grow, with stores investing in their online presence and technology to provide a seamless omnichannel experience. Enhanced digital customer service, personalized marketing, and advanced logistics are also coming into play.

Looking ahead, the near future forecasts suggest that these trends will intensify. The experiential retail trend is expected to become more sophisticated with advancements in technology. Sustainability initiatives will likely become a standard part of business models, not just a trend. Digital transformation will accelerate, driven by both consumer demand and technological advancements, making it crucial for businesses to stay current with innovative solutions to remain competitive.

REGIONAL SPECIFICS

In the sporting goods store industry within Wisconsin, particularly in the metropolitan statistical areas (MSAs) of Kenosha, Madison, and Milwaukee-Waukesha, there are several specific trends and characteristics to consider:

Kenosha, WI: This area has seen a growing interest in outdoor sports, driven by its proximity to natural recreational areas. There's a notable demand for products related to camping, hiking, and water sports. Community involvement in local sports leagues also boosts sales in team sports equipment.

Madison, WI: Madison is characterized by a younger, active demographic, fueled by the presence of the University of Wisconsin. Trends here include a strong inclination toward fitness and wellness products. There is also an increasing emphasis on sustainability, with consumers preferring eco-friendly sporting goods.

Milwaukee-Waukesha, WI: This region, being the most populous, shows a diverse range of sports interests. There is significant growth in urban sports such as cycling and running. Additionally, there is a heightened interest in specialty sports equipment, catering to niche activities. The presence of professional sports teams in Milwaukee also stimulates the market for fan merchandise.

Overall Trends: Across all regions, e-commerce is becoming a pivotal avenue for sales, with more consumers opting for online shopping. There's also a noticeable shift towards personalization and customization of sports gear. Moreover, experiential retail, where stores offer interactive and engaging shopping experiences, is gaining traction as a way to differentiate from online competitors.

THIS INDUSTRY IS COMPRISED OF:

- Athletic equipment and supply stores (including uniforms)
- Bicycle (except motorized) shops
- Bowling equipment and supply stores
- Diving equipment stores
- Exercise equipment stores
- Fishing supply stores (e.g., bait)
- Footwear (e.g., bowling, golf, spiked), specialty sports, stores
- Golf pro shops
- Gun shops
- Outdoor sporting equipment stores
- Pro shops (e.g., golf, skiing, tennis)
- Saddlery stores
- Shoe stores, specialty sports footwear (e.g., bowling, golf, spiked)
- Sporting goods stores
- Sports gear stores (e.g., outdoors, scuba, skiing)
- Tack shops
- Tackle shops (i.e., fishing)
- Uniform stores, athletic

COMPANY INCOME STATEMENT [% OF NET SALES]

INCOME STATEMENT	SMALL	MEDIUM	LARGE	ALL
Industry Code	45111	45111	45111	45111
Sample Size (company count)	14	42	11	67
Net Sales	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Cost of Sales	32.5%	39.1%	54.9%	38.7%
Material Cost	30.8%	37.2%	52.2%	36.8%
Labor Cost	0.3%	0.4%	0.6%	0.4%
Overhead	1.3%	1.5%	2.2%	1.5%
Gross Profit	**67.5%**	**60.9%**	**45.1%**	**61.3%**
Operating Expenses	61.6%	55.4%	39.8%	55.8%
Salaries / Wages	7.5%	7.6%	7.6%	7.6%
Rent	1.8%	1.8%	1.8%	1.8%
Bad Debt	0.1%	0.1%	0.1%	0.1%
Advertising / Marketing	1.9%	1.9%	1.9%	1.9%
Other Operating Expenses	50.3%	44.0%	28.4%	44.4%
EBITDA	**5.9%**	**5.5%**	**5.3%**	**5.5%**
Depreciation & Amortization	0.9%	1.0%	0.8%	1.0%
EBIT	**5.1%**	**4.5%**	**4.5%**	**4.5%**
Interest Expense	0.5%	0.5%	0.5%	0.5%
Other Expense	0.8%	0.8%	1.4%	0.8%
EBT	**3.7%**	**3.2%**	**2.6%**	**3.2%**
Income Taxes	1.8%	1.7%	1.4%	1.7%
Net Income	**1.9%**	**1.5%**	**1.2%**	**1.5%**

COMPANY INCOME STATEMENT SUMMARY

In examining the differences among the size segments (Small, Medium, Large) for the Industry: Sporting Goods Stores (45111), several key observations can be made based on their income statements:

Gross Profit: Smaller companies have a higher *Gross Profit* margin at 67.5%, compared to Medium (60.9%) and Large (45.1%). This suggests smaller firms manage their *Cost of Goods Sold* more efficiently.

Cost Structure: Large companies show a significantly higher *Cost of Goods Sold* at 54.9%, driven by higher *Material Cost* (52.2%), which indicates a possible focus on scaling production or dealing with higher input prices. In contrast, Small companies have a *Cost of Goods Sold* of 32.5%.

Operating Expenses: The *Operating Expenses* for Small companies account for 61.6%, while Large companies maintain a leaner structure at 39.8%. This efficiency in Larger firms is attributed to lower *Other Operating Expenses* (28.4%).

Profitability: *EBITDA* margins are relatively similar across all sizes, with Small at 5.9%, Medium at 5.5%, and Large at 5.3%. However, Small companies achieve higher *Net Income* at 1.9%, while Large firms report 1.2%, reflecting differences in overall cost management and tax impact.

Trends and Insights:

Scale vs. Efficiency: Large firms prioritize scale, which impacts profit margins due to higher production costs.
Flexibility of Small Firms: Smaller firms can rapidly adapt and maintain higher profitability through controlled expenses and efficient material usage.
Consistent Operating Costs: *Salaries and Wages*, *Rent*, and *Advertising & Marketing* remain constant percentage-wise across all sizes, indicating fixed strategic investments regardless of company size.

COMPANY INCOME STATEMENT

Figure 1: Income Statement Items as % of Net Sales by Company Size Segment [%]

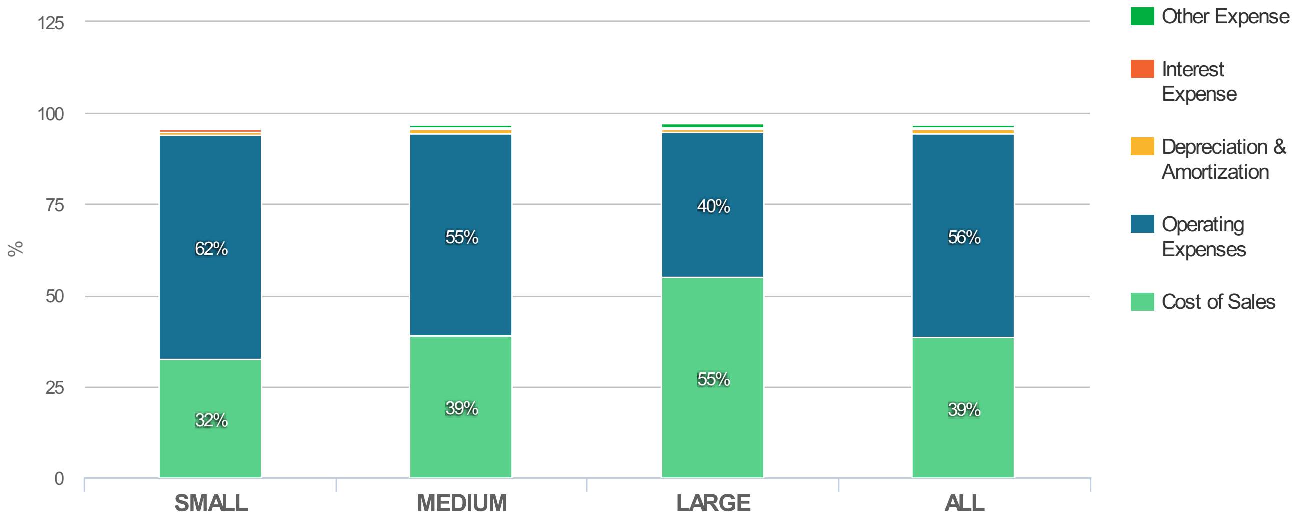


Figure 2: Cost Of Goods Sold by Company Size Segment [%]

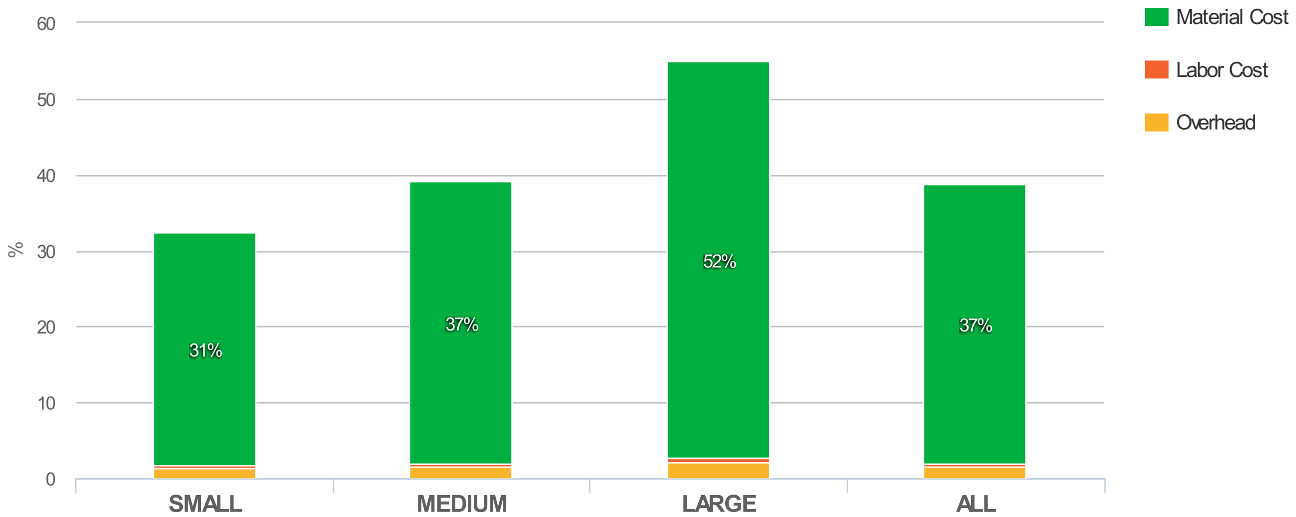
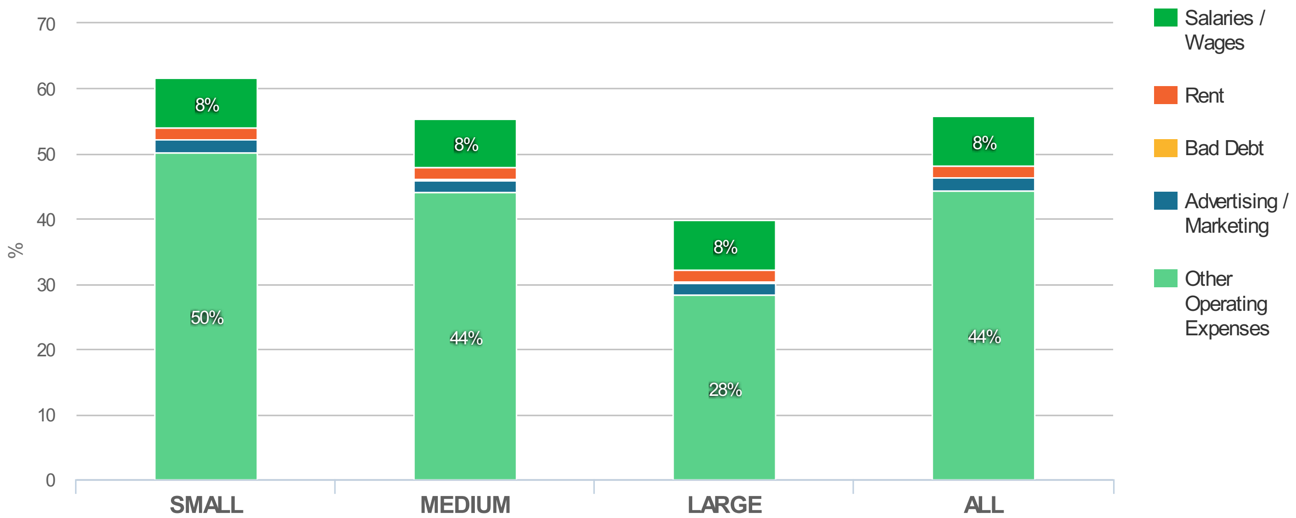


Figure 3: Operating Expenses by Company Size Segment [%]

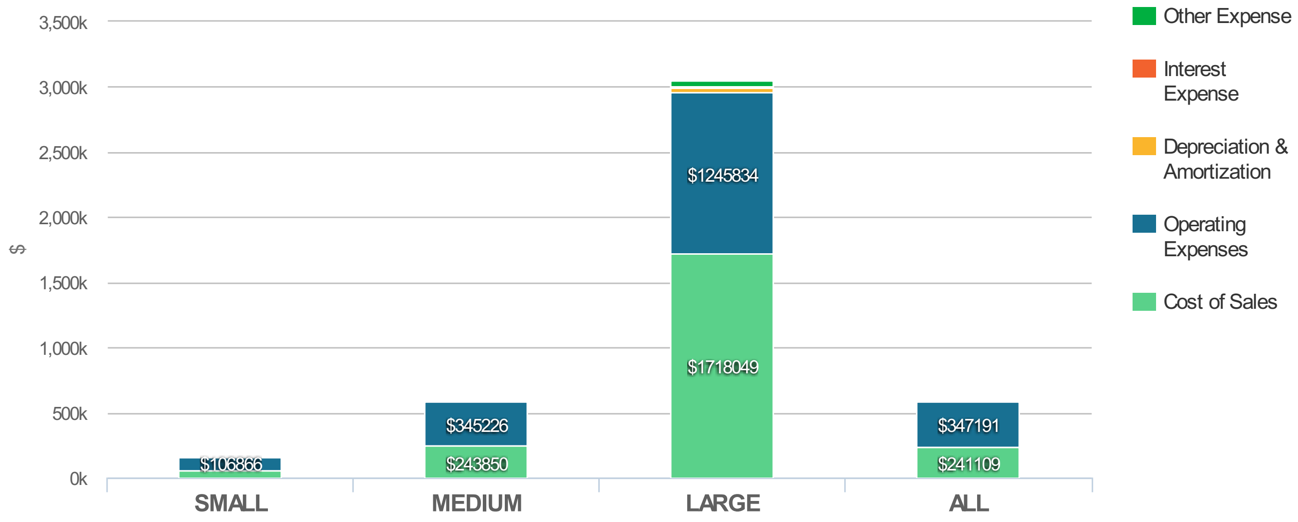


COMPANY INCOME STATEMENT [USD]

INCOME STATEMENT	SMALL	MEDIUM	LARGE	ALL
Industry Code	45111	45111	45111	45111
Sample Size (company count)	14	42	11	67
Net Sales	**$173,446**	**$623,152**	**$3,128,384**	**$622,314**
Cost of Sales	**$56,286**	**$243,850**	**$1,718,049**	**$241,109**
Material Cost	$53,365	$231,674	$1,632,261	$229,060
Labor Cost	$597	$2,585	$18,214	$2,554
Overhead	$2,324	$9,591	$67,574	$9,495
Gross Profit	**$117,159**	**$379,302**	**$1,410,335**	**$381,205**
Operating Expenses	**$106,866**	**$345,226**	**$1,245,834**	**$347,191**
Salaries / Wages	$13,071	$47,061	$237,607	$46,994
Rent	$3,123	$11,243	$56,939	$11,231
Bad Debt	$235	$845	$4,286	$845
Advertising / Marketing	$3,267	$11,736	$59,538	$11,730
Other Operating Expenses	$87,169	$274,342	$887,464	$276,391
EBITDA	**$10,294**	**$34,076**	**$164,501**	**$34,014**
Depreciation & Amortization	$1,505	$6,009	$24,912	$5,914
EBIT	**$8,788**	**$28,067**	**$139,590**	**$28,100**
Interest Expense	$935	$3,347	$16,798	$3,347
Other Expense	$1,362	$4,842	$42,297	$4,890
EBT	**$6,491**	**$19,878**	**$80,495**	**$19,863**
Income Taxes	$3,196	$10,305	$44,073	$10,298
Net Income	**$3,295**	**$9,574**	**$36,421**	**$9,565**

COMPANY INCOME STATEMENT

Figure 4: Net Sales by Company Size Segment ['000$]



COMPANY BALANCE SHEET [% OF TOTAL ASSETS]

BALANCE SHEET	SMALL	MEDIUM	LARGE	ALL
Industry Code	45111	45111	45111	45111
Sample Size (company count)	14	42	11	67
Total Assets	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Total Current Assets	**80.6%**	**80.1%**	**80.6%**	**80.3%**
Cash	3.8%	3.4%	3.0%	3.4%
Accounts Receivable	1.3%	1.4%	1.4%	1.4%
Inventory	61.1%	61.7%	62.6%	61.6%
Prepaid Expenses	3.5%	3.1%	3.2%	3.1%
Other Current Assets	11.0%	10.6%	10.3%	10.8%
Total Non-Current Assets	**19.4%**	**19.9%**	**19.4%**	**19.7%**
Fixed Assets	1.5%	1.6%	1.0%	1.6%
Intangible Assets	0.0%	0.0%	0.1%	0.0%
Long-Term Investments	0.0%	0.0%	0.0%	0.0%
Other Non-Current Assets	17.9%	18.2%	18.3%	18.0%
Liabilities & Net Worth	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Total Liabilities	**53.2%**	**61.0%**	**66.6%**	**61.0%**
Total Current Liabilities	**26.9%**	**34.7%**	**40.1%**	**34.6%**
Accounts Payable	22.3%	22.6%	23.6%	22.6%
ST Notes Payable	0.0%	0.0%	0.0%	0.0%
Bank Loan Payable	0.8%	0.6%	0.5%	0.6%
Current Maturities of LT Debt	0.0%	0.0%	0.0%	0.0%
Other Current Liabilities	3.8%	11.5%	15.9%	11.5%
Total Long Term Liabilities	**26.3%**	**26.4%**	**26.5%**	**26.4%**
LT Notes Payable	7.7%	7.7%	7.7%	7.7%
Other Non-Current Liabilities	18.6%	18.7%	18.8%	18.7%
Net Worth	**46.8%**	**39.0%**	**33.4%**	**39.0%**

COMPANY BALANCE SHEET SUMMARY

In the Sporting Goods Stores industry, analyzing the balance sheet across different business sizes—Small, Medium, and Large—reveals distinct financial structures and priorities.

Current Assets

All sizes maintain a high percentage of *Total Current Assets*, approximately 80%. However, there's a slight variation in *Inventory*, with Large businesses holding the most at 62.6%, indicating a greater investment in stock. Small businesses have marginally higher *Cash* reserves at 3.8%, suggesting a preference for liquidity.

Non-Current Assets

The proportion of *Total NonCurrent Assets* remains fairly consistent across sizes, around 19%. Notably, Large businesses possess a small amount of *Intangible Assets* at 0.1%, which might indicate investments in brand or intellectual property.

Liabilities

There's a clear trend where Larger businesses carry higher *Total Liabilities*, at 66.6%, compared to 53.2% for Small businesses. This is reflected in greater *Accounts Payable* and *Other Current Liabilities*, particularly in Large firms, which may suggest leveraging for expansion.

Net Worth

As company size increases, *Net Worth* decreases from 46.8% in Small businesses to 33.4% in Large businesses, highlighting a heavier reliance on external financing in larger firms.

General Trends

Medium and Large companies show similar patterns in *Total Current Liabilities* at about 61%, whereas Small companies maintain a lower percentage at 53.2%, emphasizing a conservative financial approach. Across all sizes, *Fixed Assets* investment is minimal, indicating a potential focus on agile and less capital-intensive operations.

COMPANY BALANCE SHEET

Figure 5: Assets as % of Total Assets by Company Size Segment [%]

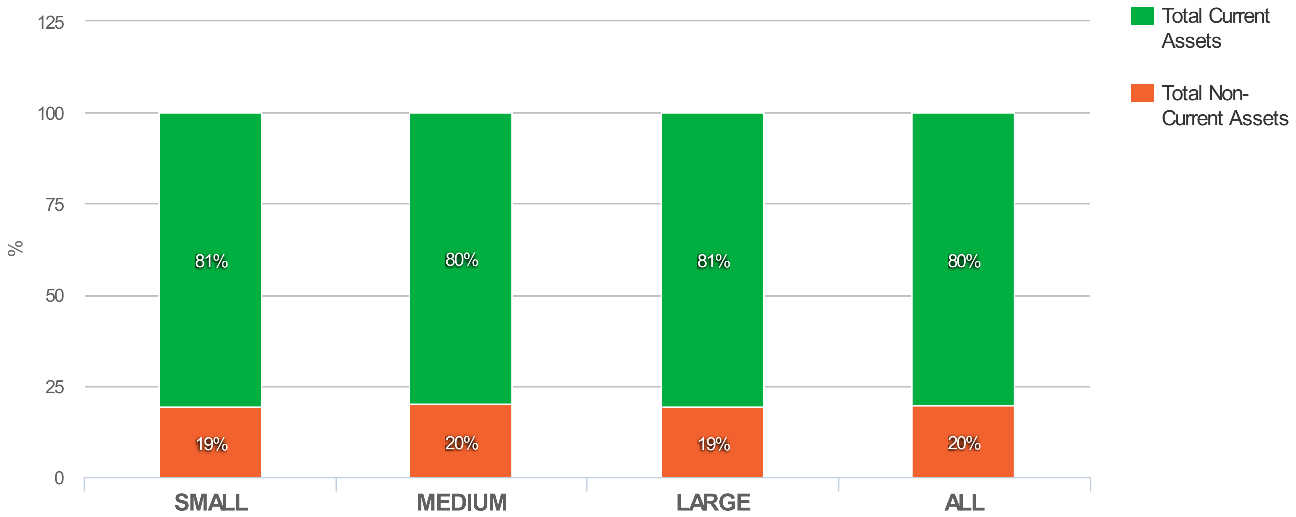


Figure 6: Liabilities & Net Worth as % of Total Assets by Company Size Segment [%]

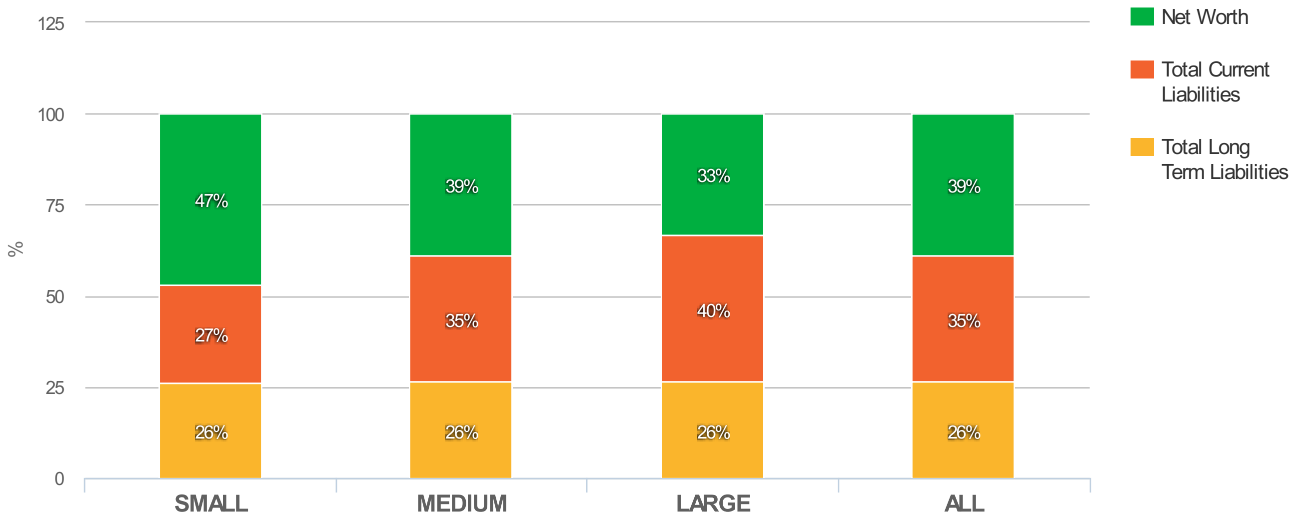


Figure 7: Total Current Assets by Company Size Segment [%]

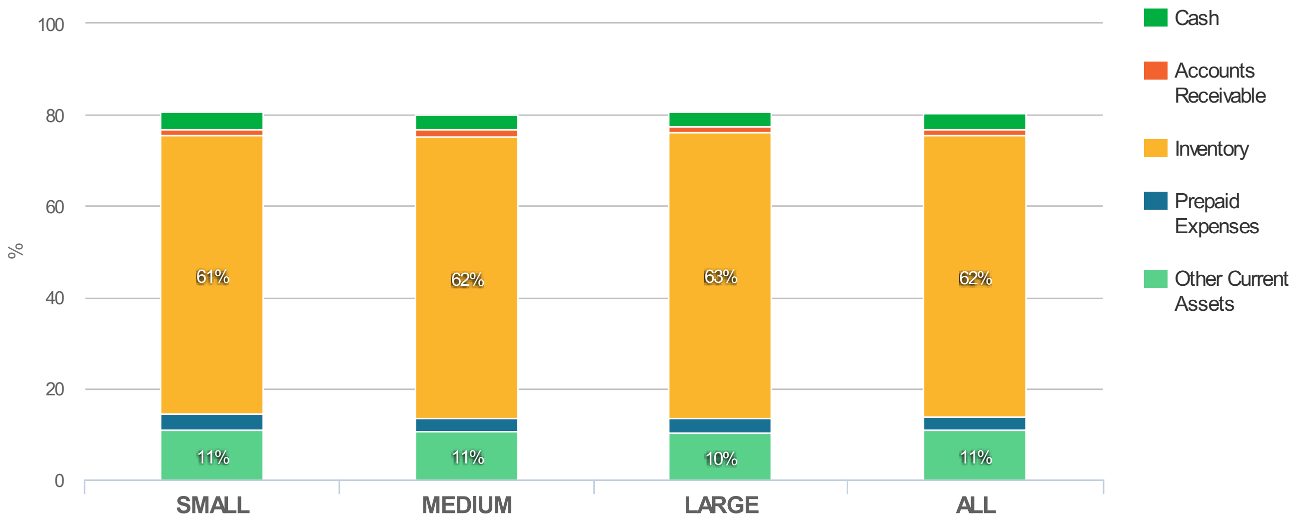


Figure 8: Total Non Current Assets by Company Size Segment Company Size Segment [%]

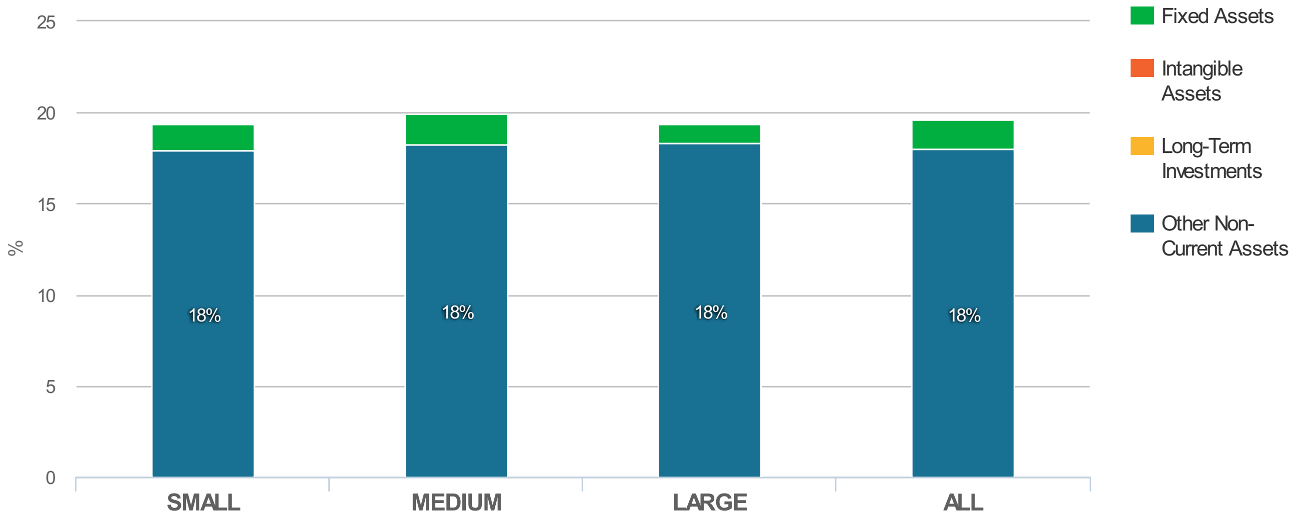


Figure 9: Total Current Liabilities by Company Size Segment Company Size Segment [%]

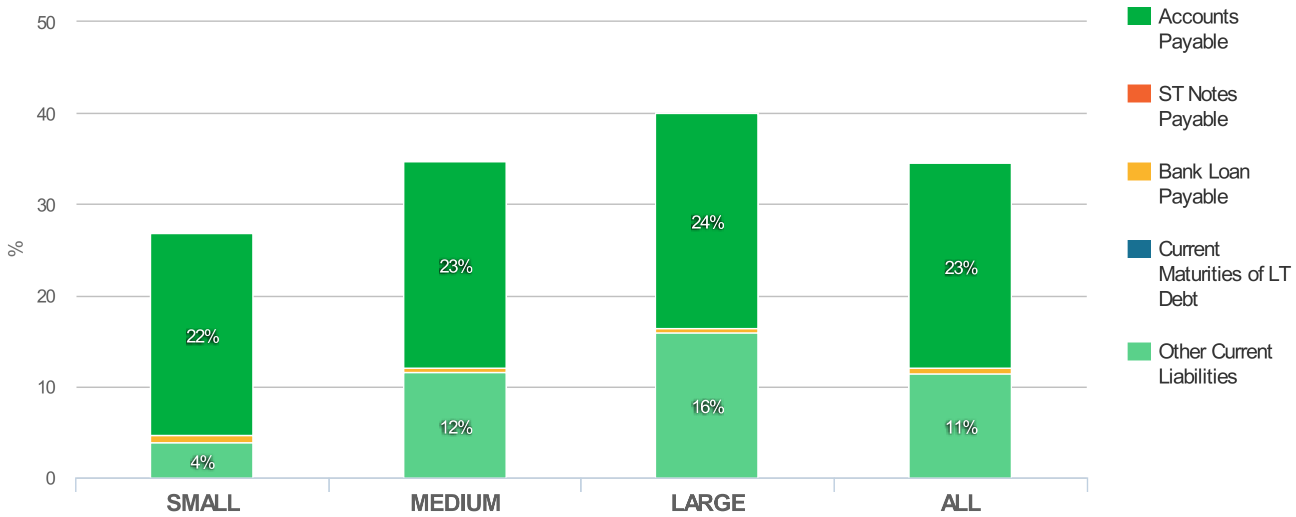
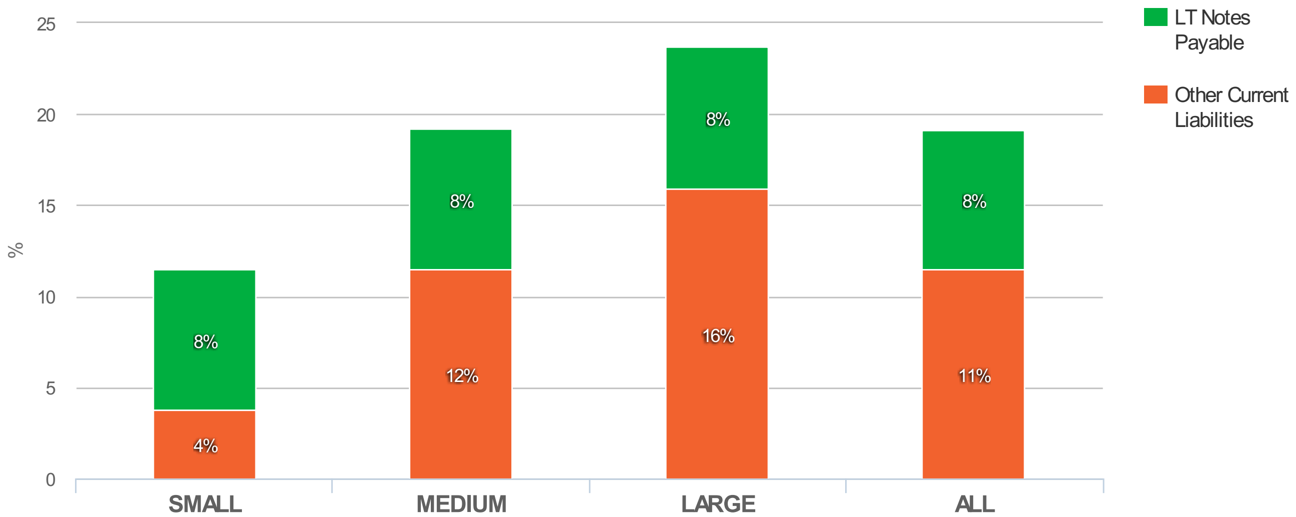


Figure 10: Total Long Term Liabilities by Company Size Segment Company Size Segment [%]



COMPANY BALANCE SHEET [USD]

BALANCE SHEET	SMALL	MEDIUM	LARGE	ALL
Industry Code	45111	45111	45111	45111
Sample Size (company count)	14	42	11	67
Total Assets	**$47,595**	**$173,430**	**$938,319**	**$173,213**
Total Current Assets	**$38,378**	**$138,915**	**$756,401**	**$139,169**
Cash	$1,796	$5,894	$28,136	$5,955
Accounts Receivable	$636	$2,373	$13,415	$2,367
Inventory	$29,064	$106,994	$587,777	$106,704
Prepaid Expenses	$1,655	$5,349	$30,201	$5,373
Other Current Assets	$5,227	$18,305	$96,871	$18,771
Total Non-Current Assets	**$9,218**	**$34,515**	**$181,918**	**$34,043**
Fixed Assets	$693	$2,827	$9,694	$2,805
Intangible Assets	$7	$45	$480	$45
Long-Term Investments	$0	$0	$0	$0
Other Non-Current Assets	$8,518	$31,644	$171,744	$31,193
Liabilities & Net Worth	**$47,595**	**$173,430**	**$938,319**	**$173,213**
Total Liabilities	**$25,331**	**$105,863**	**$624,781**	**$105,659**
Total Current Liabilities	**$12,810**	**$60,112**	**$376,196**	**$59,987**
Accounts Payable	$10,602	$39,148	$221,622	$39,084
ST Notes Payable	$0	$0	$0	$0
Bank Loan Payable	$396	$1,013	$5,008	$1,011
Current Maturities of LT Debt	$0	$0	$0	$0
Other Current Liabilities	$1,812	$19,951	$149,566	$19,892
Total Long Term Liabilities	**$12,521**	**$45,752**	**$248,585**	**$45,672**
LT Notes Payable	$3,652	$13,319	$72,591	$13,298
Other Non-Current Liabilities	$8,869	$32,433	$175,994	$32,373
Net Worth	**$22,265**	**$67,567**	**$313,537**	**$67,554**

COMPANY BALANCE SHEET

Figure 11: Assets by Company Size Segment ['000$]

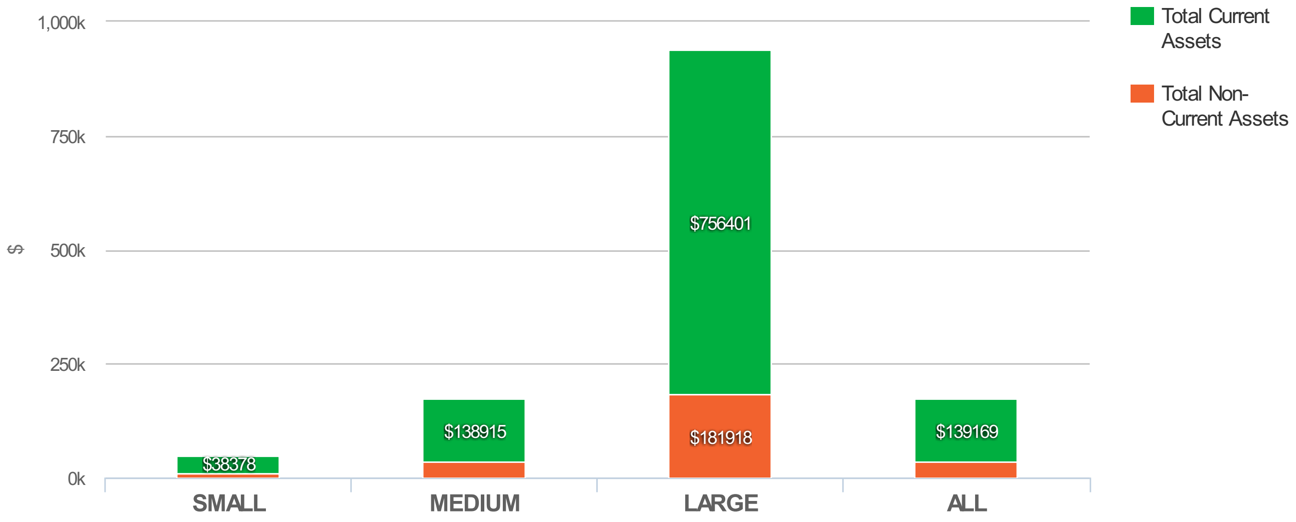
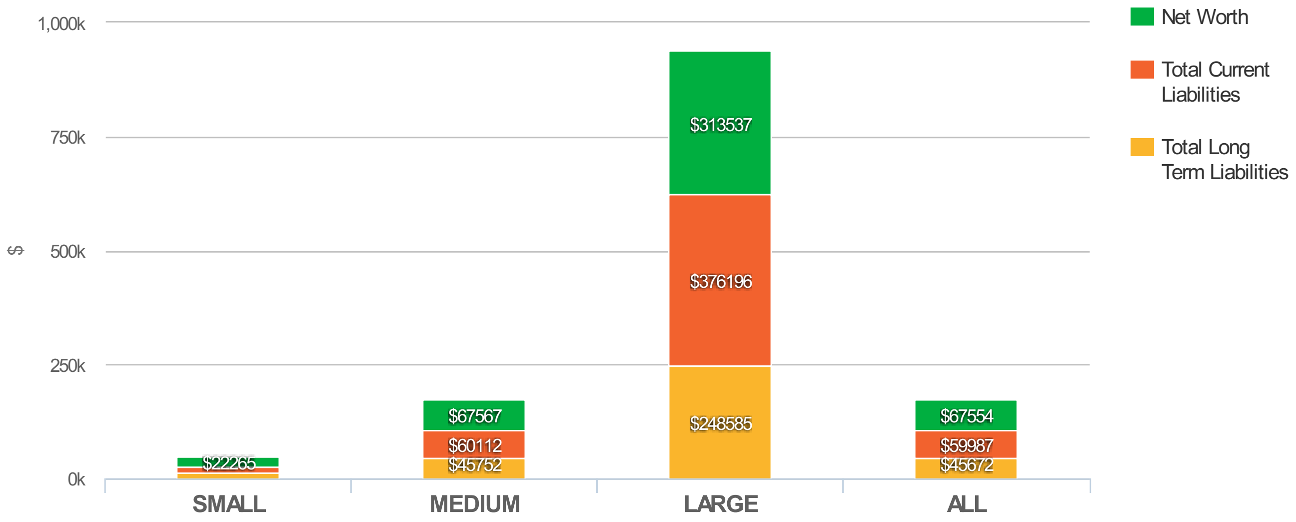


Figure 12: Liabilities & Net Worth by Company Size Segment ['000$]



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FINANCIAL RATIOS

FINANCIAL RATIOS	SMALL	MEDIUM	LARGE	ALL
Industry Code	45111	45111	45111	45111
Sample Size (company count)	14	42	11	67
LIQUIDITY RATIOS				
Quick Ratio	0.19	0.14	0.12	0.14
Current Ratio	3.00	2.32	2.09	2.32
Current Liabilities to Net Worth	57.6%	88.8%	114.4%	88.4%
Current Liabilities to Inventory	44.0%	56.2%	62.9%	56.2%
Total Liabilities to Net Worth	113.7%	156.6%	188.2%	155.9%
Fixed Assets to Net Worth	3.1%	4.2%	2.9%	4.1%
Interest Coverage	3.99	3.82	4.49	3.92
ASSET EFFICIENCY RATIOS				
Collection Period	1.32	1.37	1.48	1.37
Inventory Turnover	1.78	2.09	2.74	2.07
Assets to Sales	27.4%	27.8%	29.6%	27.8%
Sales to Working Capital	6.79	7.89	8.40	7.88
Accounts Payable to Sales	6.1%	6.3%	6.9%	6.3%
PROFITABILITY RATIOS				
Return on Assets	5.9%	4.7%	3.5%	4.7%
Return on Investment	2.5%	2.4%	2.0%	2.4%
Sales per Employee	$247,368	$405,791	$69,852	$251,502
Profit per Employee	$840	$757	$1,220	$813

FINANCIAL RATIOS SUMMARY

In analyzing the different size segments—**Small**, **Medium**, and **Large**—within the Sporting Goods Stores industry, several key financial ratio trends become apparent.

Liquidity: The *Quick Ratio* decreases from **Small** (0.19) to **Large** (0.12), indicating that larger firms hold less liquid assets relative to their current liabilities. The *Current Ratio* also follows a similar pattern, with **Small** at 3.00 and **Large** at 2.09, suggesting tighter liquidity in larger companies.

Liabilities: The proportion of *Current Liabilities To Net Worth* increases significantly from **Small** (57.6%) to **Large** (114.4%). Similarly, *Total Liabilities To Net Worth* is much higher in larger firms (188.2%) compared to smaller ones (113.7%), indicating a heavier reliance on debt.

Asset Management: *Inventory Turnover* improves from **Small** (1.78) to **Large** (2.74), suggesting that larger firms manage inventory more efficiently. The *Assets To Sales* ratio is relatively stable, with a slight increase seen in **Large** firms (29.6%).

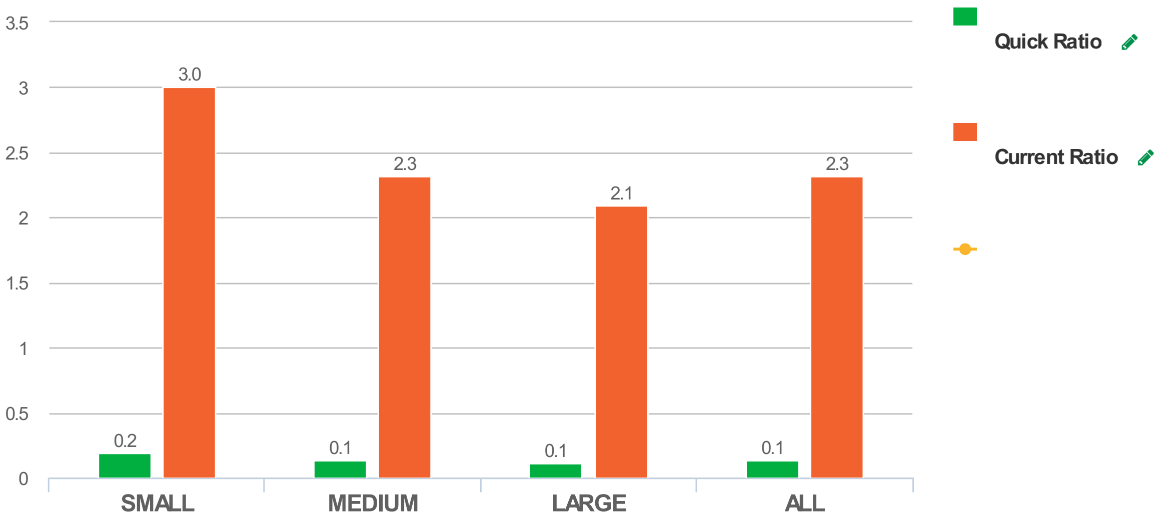
Profitability: *Return On Assets* and *Return On Investment* tend to decline as firm size increases, with *Return On Assets* at 5.9% for **Small** and 3.5% for **Large**. This indicates diminishing returns with scale. Interestingly, *Profit Per Employee* is highest in **Large** firms ($1,220) despite their lower *Sales Per Employee* ($69,852), implying a potential focus on maximizing employee efficiency.

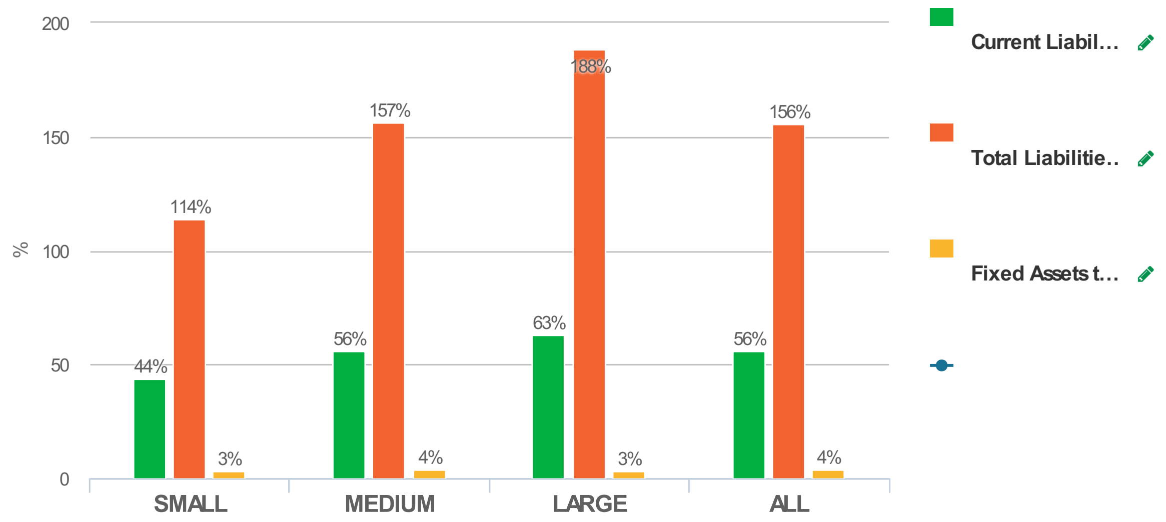
Operational Efficiency: *Sales To Working Capital* is highest in **Large** firms (8.40), indicating more efficient use of working capital. Additionally, *Interest Coverage* is strongest in **Large** firms (4.49), suggesting they are better positioned to meet interest obligations.

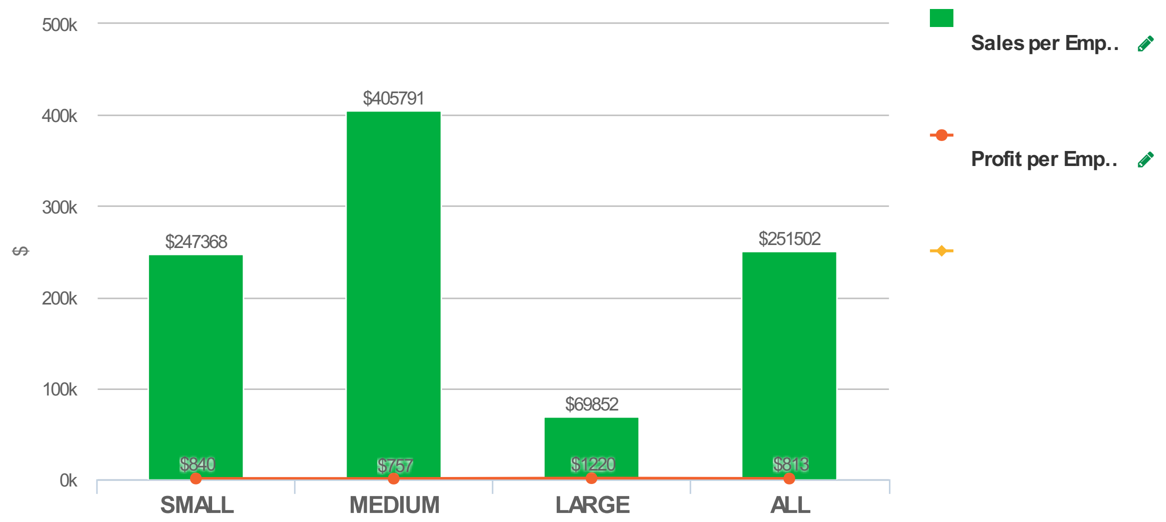
Overall, as companies grow from **Small** to **Large**, they tend to leverage more debt, improve operational efficiencies, and face tighter liquidity, all while managing more efficient inventory systems.

FINANCIAL RATIOS

The figures below are displayed to improve readability of the data. Only for this reason, some data points have also been connected with lines. This does not suggest statistically relevant correlation or particular trends.







Glossary

LIQUIDITY RATIOS

Current Ratio: *Current Assets* divided by *Current Liabilities*
This ratio provides a general indication of the extent to which claims of short-term creditors are covered by assets expected to be converted into cash, within a period that roughly corresponds to the due dates of the current liabilities. Note that, the higher the ratio, the greater the cushion between current obligations and the firm's ability to pay them. A general guideline suggests that a current ratio less than 2 might indicate a potential cash shortage.

Current Liabilities to Net Worth: *Current Liabilities* divided by *Net Worth*
This ratio expresses the relationship between capital contributed by current obligation creditors and capital contributed by owners. It indicates the ability of a firm to safely meet the obligations of current creditors. The higher the ratio, the greater the risk that a firm will not be able to meet the obligations of creditors and a ratio less than 1 may be an indication of potential cash shortage problems.

Total Liabilities to Net Worth: *Total Liabilities* divided by *Net Worth*
This ratio expresses the relationship between the capital contributed by creditors and the capital contributed to the firm by owners. This provides an indication of the ability of a firm to meet creditor obligations and the lower the ratio the better financial condition the firm is thought to be in. A high ratio may signal potential cash shortage. A firm with a low ratio usually has a greater ability to borrow debt in the future.

Quick Ratio: *(Current Assets – Inventory)* divided by *Current Liabilities*
This is a measure of a firm's ability to meet short-term obligations without relying on sale of inventory. A ratio of less than one may indicate a potential cash shortage.

Current Liabilities to Inventory: *Current Liabilities* divided by *Inventory*
This ratio provides an indication of the ability of a firm's inventory sales to generate the cash needed to meet the short-term obligation of creditors. A ratio that is low usually indicates that the company will be able to meet short-term obligations. A high ratio may be cause for concern and signal a potential cash shortage.

ASSET EFFICIENCY RATIOS

Sales to Net Working Capital: *Sales* divided by *(Current Assets – Current Liabilities)*
This ratio is a measure of a company’s turnover of working capital within a year and reflects how efficiently working capital is being used. A low ratio may indicate the inefficient use of working capital while a high ratio may signal potential cash shortages and indicate a risk of not being able to pay creditors.

Assets Turnover: *Total Assets* divided by *Sales*
This ratio is a measure of a firm's productive use of assets and a low percentage compared to the average for the industry usually indicates high asset use efficiency.

Inventory Turnover: *Cost of Goods Sold* divided by *Inventory*
This ratio reflects the number of times a company’s average inventory is used (turned) during the operating period. Typically, a higher ratio indicates greater production and sales efficiency.

Collection Period: *Accounts Receivable* divided by *(Sales/365)*
This indicates the amount of time (in days) that the firm must wait after making a sale before receiving payment. A long collection period usually signals high delinquencies and the potential for cash shortages.

Accounts Payable to Sales: *Accounts Payable* divided by *Sales*
This ratio provides a measure of the efficiency of a firm and the ability to generate sales revenue to cover supplier expenses. A low percentage may indicate an over reliance on supplier credit to support sales.

PROFITABILITY RATIOS

Return on Sales: *Net Profit* divided by *Sales*

This ratio provides a measure of profitability by analyzing a return on sales, after all expenses have been deducted, including operational expenses, depreciation, amortization, and interest. In general, higher Return on Sales is better. However, this ratio varies greatly across industries, and should always be benchmarked to the most relevant industry peers.

Return on Assets: *Net Profit* divided by *Total Assets*

This ratio measures the return on the total investment in assets including those financed with debt as well as equity.

Return on Investment: *Net Profit* divided by *Net Worth*

This ratio is a measure of the return or earnings on the money invested in the firm. This return must be high enough to provide owners with an adequate return for the risk that is being assumed by keeping investments in the firm. A low return will also make it difficult to attract additional investment capital in the future.

Sales per Employee: *Sales* divided by *Number of Employees*

This is a measure of the productivity of employees. In addition, this is a measure of how capital or labor intensive a firm is. A low measure may indicate that the firm is labor intensive (or over staffed) and a high measure may indicate the firm is capital intensive (or under staffed).

Profit per Employee: *Net Profit* divided by *Number of Employees*

This is a measure of the profits a firm is generating for each of its employees.

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