Entrepreneurship and Generation Y in the Action Sport Industry

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The rapid growth of the action sport industry is in part due to the large Gen Y segment which represents 73-80 million consumers in the US (Alch, 2000) who wield over US$169 billion dollars in direct buying power (Janoff, 2005) and $500 billion in indirect purchasing power (Alch, 2000). It is also due to the capitalist free market in which action sports compete, and the entrepreneurial nature of individuals who work to gain market share within action sport sector. The action sport industry displays very different characteristics than mainstream sports in both the demand and the supply sides. There is some literature emerging that examines the impact of Gen Y on the traditional sport marketplace in the US (e.g., Stevens, Lathrop, & Bradish, 2005), but the action sport sector has yet to be examined.

Action sports such as Freestyle MotoX, skateboarding, Freestyle BMX and inline skating attract growing numbers of Generation Y (born between 1978 - 1995) participants who enjoy the risky, individualistic nature of the sports, and the culture of irreverence and freedom of expression that they represent (Bennett, Henson and Zhang, 2003). With entrepreneurs also possessing similar characteristics, it is not surprising then, that such an industry would be an ideal environment for significant entrepreneurial presence. The nexus of entrepreneurship and Generation Y has led to a high growth, multi-faceted industry that encompasses not just participation, but also high levels of media broadcast, internet presence, sponsorship, and a proliferation of related lifestyle products such as video games, clothing, music and DVDs (Janoff, 2005).

There is little known about the extent and impact of the action sports industry in terms of the market or the suppliers. Unlike mainstream sports, the action sport industry appears to be largely unorganised and dominated by individual entrepreneurs who are often participants themselves. This is very different to the mainstream sports industry (either in Australia or the US) where there are clear structures between participants, providers and funders.

The aim of this research is to investigate the growth of the action sport industry in Australia and in particular to develop an understanding of the integration of the elements within the action sport value chain--that is the nature of the relationships between the entrepreneurs, suppliers, and the market. In undertaking this study, semi-structured interviews were conducted with eight entrepreneurs representing different segments of the action sport industry (including facility design, sporting goods and merchandise, facility and event management, and marketing).

Results suggest that the action sport industry in Australia has developed in an organic, if not chaotic manner in Australia because it is working in a capitalist free market. As a result of the unregulated and competitive environment, entrepreneurial individuals have captured different parts of the action sport industry. Entrepreneurs have seized the opportunity to make money from penetrating the Gen Y market, rather than necessarily improve their sports in terms of sport development. This is in contrast to mainstream (organised) sport in Australia which has developed within a highly regulated environment where sport development is necessary for sports to obtain access to financial resources from Australian Sport Commission (e.g., Shilbury, Deane & Kellett, 2006). The level of regulation in mainstream sports may also serve to stifle any entrepreneurial leadership opportunities that this research has found to be common in the action sport sector. Implications for strategic development, policy development, marketing and management will be discussed.