



Fringesport

JOHN BESSANT
Managing Innovation

Fringesport

CrossFit is a fitness program that focuses on 'constantly varied, high-intensity, functional movement'. Considered a sport as much as an exercise regime, much like Pilates or Zumba, it has developed a passionate online following. Characterised by regular 'workout of the day' or WOD videos, and alongside the increasing popularisation of female weight-lifting and high intensity exercise (see Skinny Bitch Collective), CrossFit represents a burgeoning niche market that is non-exclusive on grounds of gender, ability or age. Members of the community are able to adjust their programmes according to their own goals, and build their workout area in their own garage. The only stipulation is the motivation to get fit.

Peter Keller was a member of this community before he launched FringeSport, his now \$3M company. Keller had called himself an 'entrepreneur' before the idea for FringeSport even came to him. He maintained side projects alongside his day job for years, before launching FringeSport in 2010. FringeSport was different because Keller took the first step of any new enterprise, recognizing the opportunity, and systemised it. He put together his own niche selection exercise, organizing his criteria to help find the best possible value proposition for consumers that also served his own wants and needs. This is what Keller's criteria looked like:

- Product-based ecommerce
- Passion project (for me)
- High repeat customer %
- Low entry cost
- High branding potential
- Defensible from Amazon
- "Big enough" small, fast growth niche
- Acceptable margin level (30%+ after shipping)
- Social media savvy customer base
- Potential to build to \$30-\$100M in revenue in 10 years
- Business must allow me to build a "real business" - train employees to run all/most functions of the business eventually
- Ability for me to travel while running the business

Keller saw that in order for his enterprise to succeed, it would need to create value for himself as much as for consumers. Apparently, the two candidates that were left remaining after this exercise were starting a watch company, and starting a CrossFit-based strength and conditioning company. And Keller already understood the CrossFit community.

FringeSport provides value for CrossFit and home gym enthusiasts by supplying fitness equipment at reasonable prices, with fast, free shipping, and a focus on good customer service. They operate with a 'bricks and clicks' structure, making use of multi-channel selling through both their Shopify e-commerce store and their Austin warehouse. Keller was able to see the opportunity for a provider of quality fitness equipment that could be shipped inexpensively and quickly because he was a part of the community that required it. Whilst Keller may have found this niche systematically, in many ways FringeSport is an example of a user-driven innovation. This is something that Keller makes the most of. FringeSport's website states, 'every member of the team is a committed and active WOD-aholic. We test and use all the gear on the market- our gear, competitors' gear, and more.' There are videos of Keller and other members of the team explaining and using the equipment that they sell (see an example [here](#)). That the entire team understands and is enthused by the CrossFit community means that Keller's vision can be shared and represented to others easily. It also fosters an innovative environment; if

everybody is using the same piece of equipment on a regular basis, they are likely to confront the same frustrations, instigating a collaborative creative response.

The decision to employ only Crossfit enthusiasts; calls such as this are strategic choices, necessary to finding and utilising resources at the early stages of an enterprise. In his staff Keller has a bank of information resources, allowing him to build on what he already knew. Keller grew this information bank by reaching out to potential suppliers and users, even on occasion actually giving away his product:

So we gave out free gymnastic rings at the start to owners of gyms or trainers or things like that and a lot of them were my friends already, like, 'Hey! How you doing, brother? I've started this business, it's called Fringe Sport, we're developing these gymnastic rings, here's a free pair. I'd love it if you would let me know what you think about it and if you like it, I know you have a blog; a quick post, a couple of pictures would be great. Even if you don't like it, whatever, please get me the feedback because I need to know.

Through this process Keller gained valuable insight into what worked and what didn't. He also built positive relationships with his niche client base. This is a common practice among e-commerce businesses, but one that can easily be exploited by either side. Keller negotiated this hazardous territory by not demanding anything of the users and bloggers to whom he gave away products, and being particular in who he chose (e.g. gym owners, who have established relationships with the fitness community). Even before FringeSport had properly launched, Keller was fostering proactive links with those that could play a significant part in the innovation process.

During this process, Keller continued his day job. As such, financial issues were less of a concern, and Keller didn't have to put a large amount of energy into finding financial resources. Time however was of a particular premium, and eventually Keller had no choice but to put all his time into FringeSport. In this video he describes the leap of faith required to eventually leave his day job for his enterprise - <http://www.couraj.com/blogs/modern-day/18440739-peter-keller-owner-of-the-million-company-fringesport>.

The process of developing Keller's idea meant considering key logistical elements such as shipping and fulfilment, and multi-channel sales. As Keller describes,

We've been serving our customers with a "bricks and clicks" approach that we stole from Bonobos and Warby Parker. Since we're literally shipping weights, our freight costs can be astronomical. To combat this, we've been experimenting with showrooms in Dallas and San Antonio. This approach has been very successful. YTD, we've generated about 60% of our sales online, 35% from the "bricks" locations, and the remainder from our wholesale/drop ship program.

The 'bricks and clicks' structure that Keller shares with Bonobos and Warby Parker has more to it than simply having both a physical location and an online presence; clearly this in itself is not a unique policy. The 'bricks and clicks' idea that Keller describes specifically aligns the different sales channels so that one implicitly supports the other. It is a way of countering the frustrations with both online and physical shopping environments, and making the most of the benefits. FringeSport offers free and fast delivery from its website (so there are no expensive shipping rates or lengthy delivery times to allow for), and a bricks and mortar showroom where consumers are actively encouraged to try the equipment. This model is increasingly appealing to entrepreneurs as apps such as Shopify POS become progressively more amenable, allowing sellers to sell anywhere in person through their iPad or iPhone, whilst automatically syncing inventory with online sales. Keller describes, 'I would advise other retailers to give a look at how they could implement the bricks and clicks approach. Shopify's app ecosystem has a lot of solutions to help manage this approach and you can drive the highest level of engagement by allowing your customers to have real-life, face-to-face interactions with your brand.'

In order for the 'bricks and clicks' structure to work for FringeSport, Keller realised that the collaboration between the online and physical presences had to be fine-tuned. Shipping and fulfilment had to be the best it could be. Keller developed solid relationships with parcel and courier companies, communicating the vision for the brand to their reps to ensure they were on board. Customer relations also had to be as good as speaking face-to-face with a person. FringeSport's communications with customers are littered with colloquialisms and CrossFit in-jokes, they also exhibit their evident knowledge in the field. An example of a FringeSport mail-out and a customer's positive response to it can be viewed here - <http://www.garage-gyms.com/fringesport-ofw-bumper-plates/>.

As FringeSport develops as a company, Keller is able to analyse its journey in order to capture value. As he describes, 'We currently use a mix of product that is engineered in the U.S. and contract manufactured for us, original equipment manufacturer (OEM) gear that we buy factory-direct, and product from U.S. brands. Over time, we're moving more and more to contract manufacturing.' By beginning FringeSport with a mix of products, and 'testing' their success respectively, Keller is able to make informed decisions for better efficiency for the future.

At just five years old, FringeSport is an example of how e-commerce savvy entrepreneurs can build a successful enterprise in relatively short time. There are many aspects of FringeSport's growth that can be attributed to an intuitive understanding of the internet, connections with social media communities and a quick response to new software to aid in inventory issues for example. However, these aspects alone would be hard pushed to create a successful business without the application of some kind of process model for innovation. Just as any entrepreneur 20 years might have had to, Keller followed a process; recognizing the opportunity, finding the resources, developing the idea and capturing value in order to create FringeSport.

You can find FringeSport's website here - <http://www.fringesport.com/> and their YouTube channel here - <https://www.youtube.com/user/FringeSport/videos>