

DICK'S SPORTING GOODS

REVISING THE PLAYBOOK: DICK'S ENTERS THE GUN DEBATE

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**Look out for stars for
insight into page
principles**

THE PLAY

Synopsis

IN MARCH 2019

Dicks announced that it would halt gun sales at 125 stores and sell off its subsidiary hunting or fishing stores *Field & Stream*. The announcement followed a call by CEO Ed Stack for gun law reform in the wake of the Parkland school shooting.



Tell the Truth

We have been humbled by the calls, emails, tweets and posts of support that so many of you have sent following our announcement on Wednesday. Our stores are so grateful to those of you who have stopped in to share kind words, flowers and donuts. We are very appreciative of Walmart, Kroger, REI and L.L. Bean who have joined this conversation.

We know that not everyone agrees with our actions, and we respect that. Even as strong supporters of the Second Amendment, we feel now is the time to have meaningful discussion about common-sense reform with the intent of finding a solution. Our thoughts and prayers are with all victims of gun violence. We have heard you loud and clear, and we promise to keep the conversation going.

- Edward W. Stack, Chairman & CEO, DICK'S Sporting Goods



Calm, Patient,
Good Humored



HOW SHOULD COMPANIES TAKE PUBLIC STANDS ON POLARIZED ISSUES?

Synopsis

Reaction reflects public polarization on gun rights:

Negative: Three-way boycott (pro-gun shoppers, gun manufacturers, the National Shooting Sports Foundation)



Positive: Overall, public is supportive (e.g., Twitter sentiment is 70% positive)

The team: Dick's corporate snapshot



SURVEYING THE FIELD

The largest omni-channel sporting-goods retailer company in the U.S.

Over 730 Dick's location across the country, plus 27 Field & Stream stores and 95 Golf Galaxy locations

Chairman and Chief Executive Officer :
Edward W. Stack

Corporate Values

Surveying the field

Belief

Sports make people better

Common purpose

Create confidence and excitement by personally equipping all athletes to achieve their dreams

Core values

Commitment, drive, skill and passion

Market Competition

Surveying the field

- bolster e-commerce business by combining traditional retail with online options
- Main firearm competitors - Cabelas, Bass Pro Shops, Sportsman Warehouse, and local businesses.



Cabela's



6% of gun buyers purchase guns from general sporting goods stores



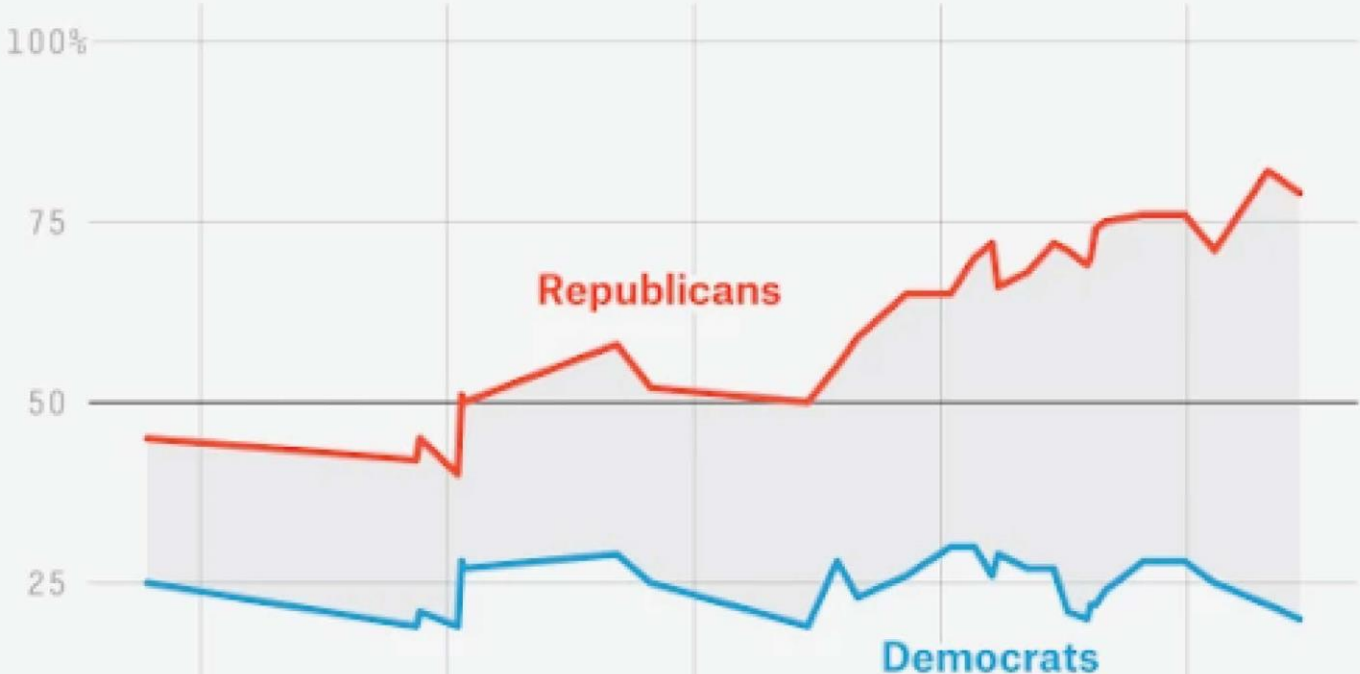
FIELD CONDITIONS: THE POLARIZATION OF GUN CULTURE IN AMERICA



Politically, gun rights are one of the most polarizing issues in America

The GOP has become much more focused on gun rights

Shares of Republicans and Democrats who think the U.S. should prioritize protecting gun rights over controlling gun ownership



Over the past 10 years, the gap between Democrats and Republicans who feel it is important to protect gun rights has widened significantly



1988

bans handgun sales after teenager burglars steal handguns; no public announcement



2001

temporarily pulls all guns/ammo off shelves for five days; no announcement



2011

adds MSRs, citing consumer demand



2012

suspends sales of all modern sporting rifles from 700 Dicks stores



2013

sell MSRs in "Field and Stream"



2018 February

raises the minimum purchase age to 21, and bans MSR sales across all stores; PR campaign



2018 April

hires a lobbying firm to petition congress for gun reform



2018 October

pulls all guns from 10 stores where sales are weak

Prove it with
Action



2019 March

remove all gun sales at 125 stores



2019 September

145 CEOs sign letter to Congress asking for universal background checks, including Ed Stack

Sandy Hook

Dec 14. 2012

SCHOOLS

Lockdown drills

NATIONAL

No national gun reform laws are passed

Parkland

Feb 28. 2018

ED. STACK:

"Somebody has to do something, I thought. This has to stop. ... somebody had to be me."

NATIONAL

Students taking a stand on gun violence.

SURVEYING THE FIELD

Limiting gun sales in 1988, 2001:

No announcement
No reaction

← **PRE-
SOCIAL
MEDIA**

AGE OF SOCIAL MEDIA



Limiting gun sales after Sandy Hook:

No public announcement
Public relations crisis

★
Conduct PR

Limiting gun sales after Parkland:

PR offensive: proactively communicated decisions, set narrative frame

Defensive to offensive





"We have heard you. The nation has heard you."

—*Ed. Stack, 2018*

Move into **corporate activism**: Dramatic shift for a company that had never taken a public stand on social issues or engaged in issues-based political advocacy.

EDWARD STACK

Dick's Sporting Goods CEO

Holding firm through public response and business impacts

Feb 2018

STAKEHOLDER REACTIONS

62 team members of **40,000** quit due to disagreement of decision

CONSERVATIVE

Fox News: **36** stories, Breitbart: **14** stories. Three-way boycott by gun manufacturers, industry organizations, and consumers

AMONG THE PUBLIC

Facebook: **425,000** comments on CEO open letter; **#1 trending topic** on Twitter the day of the announcement with 70% positive sentiment (15% neutral, 15% negative)

CARRYING THE BALL

\$250,000

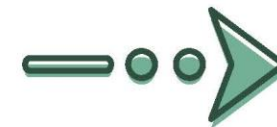
Sales loss estimate prior
to announcement

CARRYING THE BALL

Manage for
Tomorrow

The decision to limit gun sales
and advocate for reform
prompted Dick's to refine its
strategic business and
corporate communications

2018 sales
declined



Recovered
in 2019





ALIGNING THE DECISION TO PULL BACK ON GUN SALES WITH DICK'S BRAND STORY

REVISING THE PLAYBOOK

Consolidating the Brand Story



Revising the playbook



The New York Times

Forbes

Newsweek

FORTUNE

FAST COMPANY

The Importance of Youth



True
Character



Our primary source of inspiration continues to be America's youth. We envision a time when kids aren't worried about violence in their schools and communities....

—*Purpose Playbook* (Dick's CSR Report 2018)

HUDDLING UP

LINGERING QUESTIONS



“A PLAN TO EXIT THE GUN BUSINESS”



Guns removed from 125 stores but still sold in over 600 stores

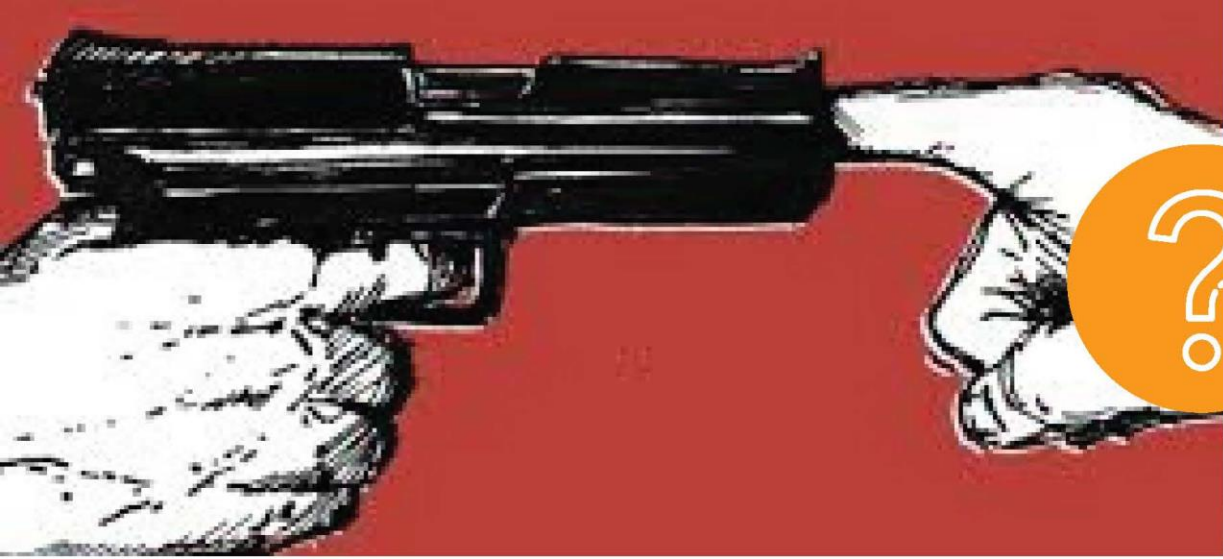
Firearms sales under “strategic review”



- Want companies to take a stand on relevant issues
- Are “belief-driven buyers”
- Think CEOs should lead on change rather than waiting for government

- Dick’s historically not a values-led company
- Gun violence not directly tied to company’s “purpose”:
- **“Create confidence and excitement by personally equipping all athletes to achieve their dreams”**

BUT



- Will Dick's stakeholders accept a total exit from gun sales?
- Can Dick's recast the brand story to drive engagement and loyalty?
- If so, will stakeholders expect Dick's to continue to take a stand?
- Will they punish the company if it does not?

The \$300 million-dollar question:

- How should companies manage taking public stands on polarized issues?