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Eugenio Di Maria
Editor & Publisher
Tel.: +49-89 127 10822



John Horan
Publisher (American Edition)
Tel.: +1 610 459 4040
jhoran@sginews.com

Contact Editor

Visit our Website

Contact Administration

Decathlon targets a 7.5% margin on 10-15% lower sales in 2020

While predicting a drop of between 10 and 15 percent in its global sales for this year, due to the Covid-19 pandemic, Decathlon is planning to accelerate its investments in omni-channel retailing and the development of certain product categories to improve its chances for a relatively quick recovery. Thanks in part to new store openings, **Decathlon** grew by 5 percent in 2018 and by just over 9 percent last year, reaching a very high level of €12.5 billion, but representing a slowdown from the double-digit growth rates that it was previously accustomed to.

These were some of the comments made to us by a top executive of the world's largest sporting goods retailer in reaction to an interesting and detailed analysis of **Decathlon's** performance published by **Standard and Poor's** (S&P). The global rating agency had forecast a drop of between 20 and 25 percent for this year, based on the median of Decathlon's previous three alternative scenarios, but its sales have been better lately.

Sales are still in slightly negative territory at the company's numerous stores in China. They have been recovering strongly in Eastern and Northern Europe. They are "back on track" in France, Italy and Spain, with Spain trailing Italy. In particular, sales over the internet, which represented only 7.5 percent of Decathlon's total sales around the world last year, accounted for about 25 percent of the total worldwide turnover during the month of May and for 20 percent of sales in the first five months of this year, with a strong contribution from China.

The Euro June 4 rates	
Czech Koruna	26.73
Danish Krone	7.454
Hungarian Forint	345.8
Norwegian Krone	10.63
Polish Zloty	4.433
Pound Sterling	0.896
Swedish Krona	10.46
Swiss Franc	1.077
U.S. Dollar	1.120
Brazilian Real	5.673
Canadian Dollar	1.513
Chinese Yuan	7.978
Japanese Yen	122.2
Russian Ruble	77.31

As previously reported, many French stores offered a special drive-in click & collect service to customers, giving them the option of placing orders online and getting them delivered by the store's personnel to their cars in a dedicated parking lot. The same service has been implemented in Belgium, Germany, Spain and Italy.

As reported by S&P, Decathlon has decided to reduce its capital expenditures this year to about €400 million from a plan-

ned level of €550-600 million as part of its efforts to save cash. The company's executive said that there are no plans to enter any new markets around the world in 2020. He said that territorial managers have been asked to delay the opening of new stores wherever it is feasible, and to invest more in digitalization instead.

In another strategic move, Decathlon will strengthen its wide range of private label items, notably in currently fast-growing segments like cycling, fitness and running, as well as in lifestyle clothing and footwear, a relatively new category of sportswear for Decathlon, which is internally defined as "extension of usage." These and other initiatives are expected to take the company back to last year's growth rate by 2022 or sooner, said the executive, supporting S&P's forecast.

In its analysis, S&P confirmed its honorable A-2 short-term debt rating for Decathlon, but the executive noted that its debt had declined slightly in 2019. S&P has projected that the company's adjusted Ebitda will decline this year by between €750 million and €850 million from last year's level of €1.1 billion, reducing the Ebitda margin to 7.1 percent from 12.5 percent in 2019. This would lead the adjusted debt/Ebitda leverage to peak at between 3.0 and 3.5 times in 2020 from 1.3 times in 2019, in spite of considerable planned savings. However, given its strong fundamentals and its attractive business model, Decathlon should return to an adjusted credit ratio of 1.5x to 2.0x by the end of 2021, while reinforcing its market position against financially weaker competitors.

As it controls much of the production of its private label products, Decathlon has the ability to significantly decrease its purchases, reducing its short-term debt. The company has already cut its purchases for the next season by around €1 billion, and the Decathlon executive pointed out that this was done in concert with the suppliers, who have been fully paid in accordance with contractual terms.

Decathlon also expects savings of €750 million in rental costs, personnel and other operating expenses. It has already started to renegotiate contracts with landlords on more favorable terms. Furthermore, Decathlon's shareholders have agreed to withhold payment of dividends until earnings go back to pre-Covid-19 levels.

The executive confirmed that Decathlon expanded its commercial paper program in late April to €1 billion from €750 million to cope with the coronavirus pandemic, with the French Central Bank participating with a contribution of up to €490 million (not €560 million as S&P reported), charging normal interest rates.

Karstadt Sports and SportScheck to get closer or divorce

Galeria Karstadt Kaufhof (or Galeria), the new holding company formed in 2018 from the merger of the **Galeria Kaufhof** and **Karstadt** department stores, has decided in principle that the management of its sporting goods business will move from Karstadt's head office in Essen to the headquarters of **SportScheck** in Unterhaching near Munich.

Forming the biggest integrated sporting goods retail operation in Germany, second only to the **Intersport** cooperative in the country, the SportScheck chain was acquired last December by Galeria, a subsidiary of the Austrian-based **Signa Retail** group which has also been managing the **Karstadt Sports** chain.

However, According to SAZ, the German trade publication, a private foundation called the **Loitz Family** has made an offer to acquire the **Karstadt Sports chain**. Based in Essen, the Loitz Family aims to take charge of Karstadt Sports' existing 32 stores in Germany, its headquarters in Essen and its 1,500 employees.

It is unclear at this stage whether the deal will ever go through, as **Galeria Karstadt Kaufhof's** court-appointed administrator, **Frank Kebekus**, has yet to provide his feedback. As previously reported, Galeria submitted an application for protection from its creditors that was approved by a court in Essen on April 1. The proceedings also apply to Karstadt Sports, but not to SportScheck.

A takeover by the Loitz Family's foundation or another party would prevent an apparently planned rationalization of the Karstadt Sports chain, possibly intended to avoid cannibalization or to maximize profits. Recent reports have suggested that 20 of the 32 existing Karstadt Sports stores may be closed down, in addition to one-third of the **Karstadt** and **Galeria Kaufhof** department stores.

Anyhow, the merger of Karstadt Sports and SportScheck is not yet completed, and both companies are still legally independent from each other, but certain managerial functions have already been combined. **Thomas Wanke** was recently appointed to the newly created position of chief executive for both Karstadt Sports and SportScheck. Now **Christian Marzinik**, the current chief financial officer of Karstadt Sports, has been made CFO for both sporting goods chains, with effect from June 1. Like **Markus Reh**, the former chief executive of SportScheck, **Lars Schöneweiß**, chief financial officer of SportScheck, has left the company.

According to a report on a German TV channel, *WDR*, Galeria has also decided in principle to centralize the logistics for its sporting goods segment, using some extra capacities at its distribution centers in Unna and Essen, while closing down another warehouse in Cologne by the end of 2021. A few weeks ago, it was announced that the German retail group's logistics center in Frechen would be closed down as well as part of a reorganization process.

The group is reportedly projecting a €1 billion loss in its annual turnover because of the coronavirus epidemic. By the end of 2022, the drop could amount to around €1.4 billion, as the company doesn't expect customers to shop again at its stores like before. It also does not expect that customers will shop again next year as they did before.

Judging from the financial difficulties of other department stores chains like **Debenhams** and **House of Fraser** in the U.K. or **Nordstrom** and **Macy's** in the U.S., we feel that the department store business in general is being affected more deeply than specialty sporting goods retailers by changes in consumer behavior such as a stronger reliance on big internet platforms such as **Amazon** and **Zalando**, where they also can find a vast choice of products in many different categories and access the websites of other brands and retailers through their marketplaces.

Foot Locker will convert about 35 Runners Point stores

As we had imagined in reporting the phaseout of its **Runners Point** banner in Germany, Austria and Switzerland, the management of **Foot Locker** told investors on May 22 that only about 40 stores

would be closed, while the others would be converted to the Foot Locker or **Sidestep** format.

Between Feb. 1 and May 2, the number of Runners Point stores was reduced by five units to 76 and the number of Sidestep stores was cut by two to 76. Furthermore, the number of Foot Locker stores across Europe declined from 636 to 633. Globally, 21 store closures and five new openings contributed to trim the company's total fleet down to 3,113 units.

The retail lockdowns related to the coronavirus pandemic led the group to suffer a brutal drop of 42.9 percent in turnover in terms of local currencies for the first quarter ended on May 2, with a 42.8 percent decrease on a comparable store basis. This was partly compensated by a 14.3 percent increase in e-commerce, which came to represent 30.8 percent of total revenues during the period, as previous strong investments in digitalization paid off.

In terms of dollars, Foot Locker's quarterly revenues fell by 43.4 percent to \$1,176 million. The gross margin decreased by 10.2 percentage points to 23.0 percent. A big reduction in operating expenses could not prevent the company from posting a net loss of \$98 million for the quarter as compared to net income of \$172 million in the same period of a year ago.

The loss came after extraordinary charges of \$28 million but did not include a possible impairment charge of \$50 million related to 70 stores that are currently under consideration for a shutdown.

At present, about 45 percent of the company's global store network is back in operation, including 900 stores in North America, 420 in the EMEA region and 102 in Asia-Pacific. Customers have responded well generally to "high-heat" products and promotions. With inventories up by 20.4 percent as compared to a year ago, Foot Locker is expecting further promotions, order cancellations and delayed deliveries to bring them back into a more balanced position.

Meanwhile, to help preserve its liquidity, Foot Locker has decided a cut of 50 percent in the capital expenditures that it was planning to make this year, with the number of new stores openings slashed down from 65 to 28. Only 47 stores will be relocated instead of 125.

The quarterly dividend and planned share buybacks have been suspended. Executive compensation has been reduced and the

company has borrowed \$330 million from its credit facilities to keep cash of just over \$1 billion on its books.

China's Topsports grows despite Covid-19

TopsportsInternational Holdings, the sports retailing arm of **Belle International**, published good results for the year ended on Feb. 29, although the growth slowed drastically at the end of the period due to the pandemic.

The Chinese group, which raised \$1.01 billion in an initial public offering on the Hong Kong stock exchange last October, saw sales rise by 3.5 percent as compared to the previous year to 33,690 million yuan renminbi (€4.3bn-\$4.9bn). The group recorded strong growth until the start of the coronavirus outbreak in January in China, a period marred by store closures.

Nike and **Adidas** represented 87.5 percent of the Chinese retailer's total revenues, with the rest coming from other brands such as **Puma**, **The North Face**, **Vans**, **Skechers**, **Reebok** and **Asics**. The gross margin gained 0.3 percentage points to 42.1 percent, and the net income rose by 4.7 percent to RMB 2,303 million (€291.8m-\$321.2m).

During the year, Topsports opened 1,416 directly managed retail stores and closed 1,364 under-performing stores, ending with 8,395 units. It continued to roll out its new and bigger store format. As a result, the total selling area grew by 10.6 percent. Some 7.3 percent of the stores are now larger than 300 square meters, compared with 5.0 percent a year ago.

The company added that its loyalty program now has 27.2 million members, up from 17.4 million at the start of the fiscal year. These members accounted for 91 percent of total sales in the fourth fiscal quarter, up from 52.3 percent in February 2019.

Asics is back in the red

Asics ended the first quarter with a loss of 243 million yen (€2.0m-\$2.2m), versus a profit of ¥4,365 million for the same quarter last year, weighed down by store closures. The management said that recent efforts to restructure the business helped sales in Europe and the U.S. until March, when store closures related to Covid-19

started to send revenues down. In China, shops reopened by the end of the quarter.

Overall, sales were off by 13.5 percent to ¥85,341 million (€726.9m-\$783.3m) in the period, or by 10.7 percent in constant currencies. However, e-commerce performed well in all regions, with online sales soaring by 57 percent to ¥7,400 million (€63.0m-\$68.7m). The gross margin inched up by 0.4 percentage points to 47.1 percent, but operating expenses increased due to higher advertising outlays in advance of the Tokyo **Olympic Games** before they were postponed to next year, leading the company to post a small negative operating margin of 1.1 percent for the quarter, compared with an operating margin of 6.3 percent in the year-ago period.

In the Performance Running category, sales declined by 12 percent in yen and by 7.8 percent in local currencies, going down in all regions except China. However, online sales of running shoes surged by 70 percent. Currency-neutral sales went down by 17.9 percent in Sports Style, despite strong e-commerce growth in China. They fell by 21.0 percent in Apparel and Equipment. They recorded a drop of 7.0 percent in the Core Performance category, which includes football, with poor sales in Japan partly offset by good performance for golf in North America.

The more lifestyle-orientated **Onitsuka Tiger** brand took a hit from store closures in China and Japan, with sales tumbling by 27.3 percent in constant currencies to ¥7,597 million (€64.8m-\$70.5m).

Sales down in almost all regions

Sales were down by 8.4 percent in Europe, due to a sudden slowdown in the latter half of March resulting from Covid-19, after steady sales from the beginning of the year. Sales were off in the region by 5.0 percent in Performance Running, by 5.7 percent in Core Performance Sports, by 11.5 percent in Sports Style, by 22.3 percent in Apparel & Equipment and by 19.1 percent for the Onitsuka Tiger brand

A surge of 55.3 percent in e-commerce partly offset lower revenues from the wholesale business and own retail in Europe. Operating earnings from the region decreased by 37.4 percent.

In Europe, Asics supported its retail partners during the retail lockdown by providing virtual product training programs, and access to fully operational warehouses. It also introduced services such as drop shipping to help them out. It postponed the seasonal launches of its autumn/winter 2020/21 and spring/summer 2021 collections to extend the lifecycle of its products.

The brand made a strong start to the quarter with the launch of advanced performance running shoes like the **Metaracer**. It also launched a new **Blast** series for neutral runners seeking a responsive running experience, starting with the **Novablast**.

Revenues were down by 20.0 percent in North America, where many important marathon events were suspended. To replace them in Europe and North America and to cater to its “A Sound Mind in a Sound Body” motto, the company promoted access to home workouts and virtual races through its **Asics Runkeeper** app, which verifies the individual’s progress made in various activities such as running, walking and fitness. As a result of this initiative, the number of people newly registered with Asics Runkeeper doubled year-on-year.

Currency-neutral sales decreased in all regions except in Oceania, where they gained 14.5 percent. They dipped by 14.1 percent in Greater China, by 5.8 percent in South and Southeast Asia, and by 19.9 percent in the rest of the world. E-commerce gained 64 percent in the region.>

The group will continue in the months ahead to focus on strengthening digital sales, while working more closely with marketplaces and other e-tailers.

Without providing any guidance, Asics said that it has cancelled some factory orders. Its subsidiary in China will work on the development and production structure within China for the autumn and winter collections in order to speed up the process for early market introduction of products planned and developed in the country.

Asics exceeds sustainability targets

In 2019, **Asics** achieved a 27.9 percent reduction in CO² emissions per pair of shoes during the manufacturing process as compared to 2015 baseline levels, exceeding the 10 percent target that the

company had set for itself by 2020. This is the headline result in Asics' 2019 Sustainability Report, which has just been released. This year marks the final year of Asics' five-year strategic plan, but the company said it has already started setting new sustainability objectives toward 2030, in line with the United Nations Sustainable Development Goals (SDGs). For example, Asics aims to switch 100 percent of the polyester used in its products to recycled polyester by 2030. In 2019, the company developed a recycled polyester roadmap for each product category and accelerated the use of recycled polyester in new products under development. From 2020, it expects to begin increasing the proportion of recycled polyester in the company products overall.

In July 2019, Asics launched a new packaging policy to reduce waste generated at the retail and consumer level. The policy sees the company commit to eliminating single-use plastic throughout the supply chain, and where plastic is necessary, by switching to eco-friendly substitutes. In line with this policy, Asics has also committed to changing the main material it uses for its shopping bags at all directly managed stores from plastic to paper by the end of 2020. In July 2020, the company plans to introduce a new, more sustainable shoebox that features water-based rather than oil-based ink.

Europe lifts Fila's results

South Korea's **Fila Holdings Corp**, the parent company and co-owner of **Acushnet**, grew fast in 2019, especially in Europe, where momentum remained strong. For the 12 months ended on Dec. 19, Fila Korea's licensing royalties from the region surged by 46.5 percent from the previous year to 39,186 million Korean won (€29.0m-\$31.7m).

Fila Korea has been the owner of the Italian heritage brand since 2007, and it has been licensing it out in key regions such as Europe. Globally, for the full year, Fila Korea reported a 35.5 percent increase in licensing fees to KRW 72,137 million (€53.3m-\$58.4m), as well as a 56.0 percent increase to KRW 33,150 million (€24.5m-\$26.8m) in design fees from its 10-year-old joint venture with **Anta Sports Products** in China.

The revenues of the company's North American subsidiary, **Fila USA**, jumped by 18.6 percent to \$536.6 million in the region, but its net profit in the region declined by 8.1 percent to \$21.4 million.

In South Korea, the brand's sales went up by 22.5 percent to KRW 612,236 million (€452.1m-\$495.5m). Net profit in the country soared by 80.6 percent to KRW 108,121 million (€79.8m-\$87.5m).

Overall, Fila's operations saw a jump in revenues of 16.8 percent to KRW 3,450 billion (€2.5bn-\$2.8bn). The gross margin improved by 0.5 percentage points to 50.1 percent, while the operating margin rose by 1.6 percentage points to 13.6 percent, and net earnings rocketed by 61.0 percent to KRW 338,144 million (€249.7m-\$273.5m).

But the group did not fare as well in the first quarter of 2020, due to the impact of lockdown restrictions and store closures around the world. Global revenues declined by 5.4 percent from the year-ago quarter to KRW 789,901 million (€583.3m-\$638.8m). Without Acushnet, they declined by 12.9 percent to KRW 302,028 million (€223.0m-\$244.3m). Sales dipped by 7.4 percent in Korea and by 24.2 percent in the U.S. Fila licensing royalties fell by 5.7 percent globally, including a 4.0 drop in Europe. Anta has indicated that the rate of decline in China was higher during the period.

The gross margin narrowed by 1.7 percentage points to 48.3 percent in the quarter, while the operating margin lost 5.4 percentage points to 8.5 percent and net income tumbled by 58.9 percent to KRW 39,500 million (€29.2m-\$31.9m).

Canada Goose was resilient against Covid-19

Canada Goose Holdings was not hit as hard as other clothing brands by the pandemic, which it attributed to the seasonal nature of its business. While it felt the impact of store closures late in its fiscal year, which ended on March 29, 2020, its peak activity time had been mostly behind by then, and the group believes that it will be able to resume normal operations by the time the seasonal demand for its cold-weather products peaks again later this year.

For the fourth fiscal quarter, the company's sales declined by 13.7 percent in constant currencies, down to 140.9 million Canadian dollars (€93.0m-\$104.2m), including drops of 7.9 percent at wholesale and 6.7 percent in direct-to-consumer (DTC) sales. Europe and Rest of the World together grew by 3.8 percent in constant currencies, while Asia gained 6.8 percent. However, major markets like Canada and the U.S. declined by 12.4 and 11.9 percent, respectively. The

gross margin expanded by 0.8 percentage points to 66.4 percent, but the net income tumbled to C\$ 2.5 million (€1.6m-\$1.8m), compared with C\$ 9.0 million for the year-ago quarter.

The group saw revenues for its full fiscal year jump by 15.4 percent on a reported basis from the previous year to C\$ 958.1 million (€632.1m-\$708.5m), or by 15.9 percent on a constant currency basis.

Canada Goose recorded strong sales for most of the year until the coronavirus pandemic hit. It then implemented various cost-cutting measures, shutting down part of the production and laying off 125 members of staff who represent 5 percent of its global workforce, due to stores being closed since mid-March. The management said that the negative financial impacts of Covid-19 will be more pronounced in the first quarter ending on June 28, 2020, as throughout the first seven weeks of this period, 75 percent of its retail stores in the DTC channel were temporarily closed. It noted that, while e-commerce is operational in all markets and digital engagement is strong, the present quarter tends to be a low point for consumer purchasing online. In the wholesale channel, shipments have been largely shut off since March due to disruptions from retail store closures.

Given prevailing global uncertainties, the company is not providing an outlook for fiscal 2021.

In constant currencies, revenues from the wholesale business rose at Canada Goose in the past financial year by 7.9 percent to C\$ 424.0 million (€279.9m-\$313.5m). This increase was mainly attributed to incremental revenues contributed by **Baffin**, the Canadian footwear producer that the company acquired in November 2018. Other factors were higher prices and higher order values from international distributors. As Covid-19 disruptions intensified through the fourth quarter, there was a significant reduction in deliveries that impacted wholesale revenues as well. The wholesale gross margin dropped by 2.1 percentage points to 46.7 percent, weighed down by higher costs, including both input costs and incremental costs from the expansion of in-house manufacturing capacities. The management also blamed an unfavorable product mix, with a lower proportion of sales of parkas, which carry higher margins.

Revenues from the DTC segment, which includes e-commerce, went up last year by 22.4 percent in constant currencies to reach

a level of C\$ 525.0 million (€346.5m-\$388.3m), driven by new store openings. However, this was offset by the impact of political disruptions in Hong Kong and disruptions from the pandemic in the third and fourth quarters. The gross margin in the segment inched down by 0.1 percentage point to 75.2 percent.

Overall, the company's annual sales remained flat in Canada. In constant currencies, they were up by 10.7 percent in the U.S., and by 80.5 percent in Asia, due to the incremental contribution from new DTC operations in Greater China, which were launched at the start of last year. Sales progressed by 8.7 percent in Europe and the Rest of the World.

Overall, the company's gross margin fell by 0.3 percentage points to 61.9 percent, while the operating margin contracted by 3.6 percentage points to 20.1 percent. The adjusted operating profit (Ebit) remained flat at C\$ 207.4 million (€136.9m-\$153.4m), and net earnings fell by 2.9 percent to C\$ 147.2 million (€97.2m-\$108.8m).

Tecnica Group performs better than expected

Tecnica Group reported better-than-expected results for 2019, adding that e-commerce and sales of outdoor products and inline skates were positive in the first quarter of 2020, despite the Covid-19 pandemic.

The net turnover of the group went up by 6.4 percent to a record €424 million in 2019, which was €40 million higher than it had projected for the year based on its latest business plan. Geographically, the biggest increases were recorded in the U.S. and Canada, where sales grew by 19.6 percent and 42 percent, respectively, following the creation of a single sales organization for all the brand in North America, except for **Lowa**.

Sales went up by 14.6 percent for **Moon Boot**, by 10.7 percent for **Blizzard** and **Tecnica**, by 9.4 percent for **Nordica** and by 6.5 percent for **Lowa**. They were more or less stable for **Rollerblade**, whose performance has changed considerably so far this year..

The same positive trend applied to the company's operating profit: Ebitda went up by 22.7 percent to €49.7 million, or €9.1 million more than budgeted. Ebitda actually grew by 14.8 percent to a level of €63 million on a pro forma basis by annualizing the effect of last

year's increase in Tecnica's share in Lowa from 60 to 75 percent and the group's acquisition of **Riko Sport**, the major supplier of Lowa. Riko, whose results have been integrated since last August, has an annual turnover of €110 million.

Looking at the last few months, the company mentioned "extremely positive signs" for Rollerblade – online and offline - and the group's overall sales in the U.S. and Northern Europe. Key retailers like **Amazon** and **Dick's Sporting Goods** have placed strong orders since February, straining the company's supply chain. In-line skates are described by the group as an accessible way of exercising while maintaining social distancing, which is enjoying a comeback as "an alternative and trendy way of getting around."

While the present year will be "extremely tough," the management pointed out that most of the group's products are designed for individual sports and that the current situation is likely to encourage many people to venture outdoors, avoiding crowded places.

Meanwhile, the group's various production facilities have reopened without any incidents and without any difficulties in delivering orders to clients. On the other hand, about half of the staff at the company's Italian headquarters are still working from their homes.

Descente swings into a loss

Hampered by the coronavirus outbreak, **Descente** ended its financial year on March 31 with a net loss of 2,481 million yen (€20.9m-\$22.8m), against a profit of ¥3,944 million for the previous year. Its revenues fell by 12.8 percent to ¥124,561 million (€1.0bn-\$1.1bn) for the twelve months. The gross margin dipped by 1.3 percentage points to 54.6 percent and the operating profit fell to ¥379 million (€3.2m-\$3.5m) from ¥7,935 million.

Sales declined in all categories, mainly due to pandemic-related store closures at the end of the year, with athletic wear sales falling by 11 percent, despite good sales from the Descente brand. Golf dropped by 8 percent and outdoor tumbled by 30 percent.

Sales in the Europe/Americas segment fell by 1.6 percent to ¥3,510 million (€29.5m-\$32.5m), due to Descente dissolving its loss-making U.S. subsidiary, which had a lost \$6,186,000 on sales of only \$493,000 in its most recent fiscal year.

Sales in the home Japanese market declined by 4.8 percent to ¥56,793 million (€478.6m-\$526.8m) for the year, hit by the Covid-19 pandemic in the final two months. Sales of Descente and **Arena** products were steady, but **Le Coq Sportif** and **Umbro** struggled. The rest of Asia lost 18.9 percent to ¥64,257 million (€541.0m-\$596.0m), as the company was affected by a South Korean boycott of Japanese products and the protests in Hong Kong, in addition to Covid-19.

No information was provided about sales developments at **Inov-8**, the U.K.-based company controlled by Descente.

In December, after launching a line of triathlon shoes, Descente launched a line of running shoes in Japan, named **Genten**, which is intended to conform to the shape of the Japanese foot while converting the force of a runner's foot kicking the ground into propulsion. The line enabled the brand to enter the domestic running shoe market.

The group has territorial rights for Arena, Le Coq Sportif and Umbro. Descente has developed football shoes for Umbro that use a special coating, called Gaina, that offers a high level of thermal insulation. Its Umbro football lifestyle products have been popular among youngsters in South Korea.

Replica products developed by Le Coq Sportif for the 2019 **Rugby World Cup** sold well. Sales of women's shoes under the brand continued to be strong, and sales of standard models such as court shoes increased steadily.

Who are Planet Sports' new owners?

A German-Swiss investment company, **Invision**, and the founding team of a German online specialist, **TonerPartner.com**, have announced that they have taken over **Planet Sports**, the pioneering German multi-channel action sports retailer, with the consent of the German Cartel Office, retroactive to May 1.

The TonerPartner Group, founded in 1993 and based in Gevelsberg, is an online dealer for toner and ink that sees itself as a service provider with a high logistics efficiency. Invision, which focuses on medium-sized companies in the German-speaking countries, has invested in over 50 firms since 1997, including the TonerPartner Group.

Oliver Garnier, a long-time manager of Planet Sports who has been lately in charge of purchasing, retail operations and its marketplace, will be responsible for the operational management of the company in the future.

The aim of the new owners is to expand Planet Sports as an e-commerce specialist offering a unique shopping experience and triggering enthusiasm among its customers through an exceptional range of brands and good service. Unlike in the past, the focus should no longer be primarily on sales growth, but on healthy growth, the new investors said.

Out of Planet Sports' ten shops in Germany, only the flagship store in Cologne will remain in operation. As expected, the nine other brick-and-mortar stores are due to be closed down. A total of 60 employees will continue to work for the 25-year-old company.

The boardsports specialist filed for bankruptcy in February. At the beginning of May, the court-appointed insolvency administrator, **Müller-Heydenreich Bierbach & Kollegen**, announced the sale of the company, without being able to name the new owners.

Melody Harris-Jensbach will leave Jack Wolfskin

Melody Harris-Jensbach, the seasoned executive who has been running **Jack Wolfskin** for the past six years, will soon be leaving the German outdoor brand. According to a press release, **Callaway Golf Company**, which took over Jack Wolfskin at the beginning of 2019 for around €418 million, and Harris-Jensbach had already agreed on her departure more than a year ago.

The agreement called for the termination of her contract as soon as the integration of Jack Wolfskin into the Callaway group was completed. We have already reported on a number of strategic moves. Most recently, she and the current management team have been working "at top speed" to make the necessary arrangements to deal with the effects of the corona crisis, Harris-Jensbach added.

Her successor has not yet been announced. "We appreciate Melody's leadership of the brand and have been working with her for some time on a succession plan," said **Chip Brewer**, Callaway's CEO, without giving a date for her departure. We could not determine whether she has already another job lined up.

Harris-Jensbach was appointed CEO of Jack Wolfskin in 2014, replacing **Michael Rupp**, with the aim of developing a younger and more fashionable positioning for the brand, among other tasks. Prior to Jack Wolfskin, the American-educated executive held important executive positions including vice-president and chief product officer on **Puma's** executive board between 2008 and 2011, and more recently, chief product & design officer of **Esprit**.

Two other high-level executives have left Jack Wolfskin since Calaway's takeover. **Jörg Whalers** quit last July as chief financial and operating officer. In February, it was announced that the company's sales manager, **Markus Bötsch**, would leave by July 31. Whalers has since been replaced by a new COO, **Alexander Hauser**, and a new CFO, **Ante Franicevic**.

Encouraging launch for the first UYN footwear line

Trerè Innovation, the Italian knitter of functional products, is confident that its new UYN brand of garments, shoes and accessories will reach by 2021 or 2022 the same level of sales that it registered with its **X-Bionic** garments and its **X-Socks** until its European manufacturing and distribution license with the Swiss owner of those brands expired at the end of 2018, after 22 years of collaboration.

For now, the UYN brand represents only a portion of the group's turnover of around €100 million a year. Part of it comes from **Titici**, another brand of the group that offers custom-made bicycles. Much of the turnover comes also from contract work for key clients such as **Rossignol**, for which the company has developed for example an expensive jacket with a knitted stretch membrane and a dozen different styles of high-end base layers in merino wool, cashmere and other materials featured in its sport-chic collection.

Sophisticated manufacturing techniques are also used in the branded UYN apparel collection, which has been on the market since the autumn/winter 2018/19 season, featuring a wide range of products for running, cycling, fitness, outdoor and snow sports, as well as bodywear, socks and accessories.

Without breaking down the figures, Trerè claims that UYN – which stands for “Unleash Your Nature” – has been “a great success,” contributing to an increase of €11 million the turnover of €67 million

generated last year by its main factory at Asola, in northern Italy, in spite of the loss of its licenses with **X-Technologies**. The balance of around €30 million came from the group's factories in Bosnia and China and other operations and investments.

The management declines to make a forecast for this year, as a government decree triggered by the Covid-19 epidemic brought the Asola plant to an almost complete standstill for 40 days until it started up again a few days ago. The group's five-year-old Bosnian plant continued to operate. About 200 out of the group's 800 employees work at Asola.

As we have previously reported, Trerè retained some of its personnel and machinery at Asola during the lockdown to manufacture an ergonomic, washable **UYN Community Mask** that got a lot of publicity. The company has sold or donated some 8,000 units of the mask, adding to its intense marketing activities.

Aside from some important sponsorship agreements in the ski sector, UYN had prominent stands at the last two editions of the **Ispo Munich** show to help promote the new brand. At the last one, it came out with an interesting new line of shoes with a seamless knitted upper in polyamide. The water-repellent upper is knitted together with a merino wool lining, like a double sock. It is a slip-on shoe fitted with a sophisticated lacing system.

The shoe comes with a bio-based midsole and an outsole in injected polyurethane. Both are outsourced, but Trerè plans to bring their production in-house in the future. The company claims to be making ample use of ecological materials and chemicals in the production process, minimizing energy consumption and promoting social responsibility.

The first UYN shoe collection presented at the last Ispo consisted of eight lifestyle-oriented styles of sports shoes in different colors for men and women. The company says it is "encouraged" by the initial orders collected for the line, although the coronavirus outbreak has stretched the duration of the sales campaign and will probably affect the sell-in and reorders for the autumn/winter season. The spring 2021 line, which features some advanced technologies, will be presented to UYN's retail partners in a few weeks' time.

While the months of March and April recorded sales declines for the company, the month of May recorded an encouraging increase of 20 percent as compared to the same month a year ago. Because of Covid-19, Trerè has temporarily set aside a plan to enter the U.S. market. It already has its own sales employees or agents to directly handle the distribution of its products in 15 European countries and Japan. It has distributors in the U.S., China, Russia and seven other markets, and it is looking for distributors in Canada and New Zealand.

Aside from its own e-commerce website, which has remained active during the recent retail lockdown, the UYN line was sold during the last autumn/winter season in about 320 stores in Italy, 280 in Germany, 250 in Austria and 25 in the Czech Republic.

More than 6,000 visitors at Oberalp's virtual convention

The first virtual sales conventions organized by **Schöffel** and **Oberalp** went better than expected, as we have already reported. We have also learnt in the meantime at at least two other outdoor sporting goods companies, **Mammut** and **Vaude**, have also held their own digital sales meetings. Organizing three different “studios” for different regions of the world, Mammut’s sales convention reportedly attracted about 300 participants.

We assume that many other companies have resorted or will resort to the internet to present their new products for spring/summer 2021 to a broad spectrum of buyers and distributors, after holding one-to-one virtual meetings with key accounts.

Oberalp - the parent company of **Salewa**, **Dynafit**, **Wild Country** and **Evolv** - pursued a different strategy, using a dedicated website for its **Virtual Oberalp Convention** that could be accessed by the public at large, and by competitors as well.

According to **youtube**, a total of 750 people participated in the live stream portion of Oberalp’s event for one hour between 5 and 6 pm on Wednesday, May 20. Another 880 people watched the video of the conference the next day, but many more logged in afterwards to watch the video and see the products, apparently including some competitors. Comparatively, the group’s physical sales meeting in

the Austrian village of Alpbach has been attracting each time more or less 400 clients and 200 company employees.

A finer analysis of the data through **Google Analytics** showed that the more public event organized by Oberalp attracted 4,271 unique visitors on Wednesday and a total of 6,153 through Friday. Distributors, retailers, employees and consumers were all invited to log into the dedicated website of the convention through the newsletters of its four brands and **Instagram** posts.

The visitors came from more than 50 countries. Just over 2,000 visitors were from Italy, followed by Germany (1,324), the U.S. (1,248), Austria (637), Switzerland (311) and China (293). Spain, the U.K., France, Poland and Japan came next. According to an executive of Oberalp, an estimated 3,500 visitors were retail clients for the group's various. He said he did not mind if some competitors watched any of the products for the spring/summer 2021 season because "every brand is unique." "What you need is a good concept and a good approach," he added.

The "360° showroom tours" attracted 1,332 visitors for Salewa, 1,235 for Dynafit, 387 for Wild Country and 536 for Evolv. Live chats with the group's managers took place every day between May 18 and May 25, reaching a peak of 1,254 clicks on Wednesday, May 20. The previous day and the following one were pretty busy, too.

More on the conference of the convention in *The Outdoor Industry Compass*.

Brands signal their stance on racism as U.S. cities burn

The videotaped death on May 25 of **George Floyd**, a 46-year-old black man, at the hands of white police officers in Minneapolis, Minnesota, has served both as a rallying cry for peaceful protests there and in other parts of the world as well as a pretext for riots across the U.S. In major cities still reeling from the Covid-19 quarantine, looters have hit big-box and mom-and-pop stores alike, while insurgents from such groups as **Antifa** have torched churches, public housing, government offices and other buildings, defaced monuments and even taken over a police precinct. There have been protests around the U.S. embas-

sies of London, Berlin and other foreign cities as well.

Amid the turmoil, several brands in the sporting goods industry have issued statements.

Nike released a minute-long video through its social media channels. In white text on a black field, the company turns its famous three-word slogan on its head: “For once, don’t do it. Don’t pretend there’s not a problem in America. Don’t turn your back on racism. Don’t accept innocent lives being taken from us. Don’t make any more excuses. Don’t think this doesn’t affect you. Don’t sit back and be silent. Don’t think you can’t be part of the change.”

Nike’s initiative echoed the memorable advertisement that the Swoosh posted in September 2018 to back the attitude of one of his sponsored athletes, **Colin Kaepernick**, who decided to kneel during the national anthem before an **NFL** game as a sign of protest against racial injustice in the U.S. The ad resulted in strong sales of Nike products and got subsequently a **Creative Arts Emmys** award. Kaepernick’s gesture was imitated by policemen who were seen kneeling in front of protesters in the last days to stand by Floyd and to try to mitigate the protesters’ campaigns.

Certain rival brands have retweeted Nike’s video, appending messages of their own. One is **Adidas**, which adds, “Together is how we move forward. Together is how we make change.” Another brand, **Hoka One One**, adds: “We fly higher when we fly together.”

The retweet by **Brooks Running** reads, “The injustice we are witnessing is racism, and it needs to be called by its name. Silence is no longer an option. We don’t have all the answers, but our resolve is strong. Today, we speak up and evaluate how to progress. Next, we step toward the day we all run on equal ground.” In a separate message, the brand writes, “The injustice we are witnessing is racism, and it needs to be called by its name. Silence is no longer an option. We don’t have all the answers, but our resolve is strong. Today, we speak up and evaluate how to progress. Next, we step toward the day we all run on equal ground.”

Foot Locker has both retweeted Nike’s video and released a letter to its staff from the chief executive, **Dick Johnson**. It reads in part, “While we have stores, offices and team members from different cultures around the world, we are united in our belief that all people

are created equal. It is clear that, far too often, society demonstrates that we have failures around that pillar of this country [the U.S.].”

Under Armour has kept things simple on Instagram, posting: “We stand for equality.”

Puma has decided to wade into the American legal system with a donation to the **Minnesota Freedom Fund**, which covers criminal bail and immigration bonds for people held in detention under criminal arrest before their trial. The fund actually stopped taking donations on June 2, having received a flood of money in recent days, and is redirecting donors to other, like-minded organizations.

Fila has made a similar move, announcing a donation of \$100,000 to **Black Lives Matter**, which was founded in 2013 over the acquittal of **George Zimmerman** – the man who shot and killed the black teenager **Trayvon Martin** in Florida – and is one of the main associations protesting at present. Fila’s tweet reads, “We will not remain silent on the face of injustice. Today and every day we stand in solidarity with the Black community and we will use our voice to support you as you have always supported us.” Like many other sports brands, Fila a very popular brand in black communities.

Reebok, too, has opted to address a sizeable segment of its customer base. “To the black community: We see you. We stand in solidarity with you. This can no longer be the status quo.” An accompanying **Twitter** image reads: “Without the black community, Reebok would not exist. America would not exist. We are not asking you to buy our shoes. We are asking you to walk in someone else’s. To stand in solidarity. To find our common ground of humanity.”

New Balance has tweeted, “Today, we’re finding a voice to advocate on issues about which we cannot be silent. No one should live with the fear and perpetual injustice faced daily by communities of color across the United States and around the world.” It is also linking to **Change.org**, where a petition has been started to “reach the attention of Mayor **Jacob Frey** and DA [district attorney] **Mike Freeman** to beg to have the officers involved in this disgusting situation fired and for charges to be filed immediately.”

According to the *Star Tribune* of Minneapolis and other newspapers, however, all four of the police officers at scene have already been fired. Meanwhile, **Derek Chauvin**, the officer who infamously

kept his knee on Floyd's neck, has been charged with murder and manslaughter. Freeman – whose actual title is county attorney for Hennepin County – is still weighing charges for the other three.

Ispo measures the pandemic's effects on sports retail

Ispo has released the results of a survey it launched on April 9 to determine the effects of the pandemic on European sports and outdoor retailers. Among other interesting points, the survey indicated that Covid-19 began to strike their businesses early, that many resorted to home deliveries and the internet to make up for the shortfall, and that many were afraid that they might have to shut down for good.

Ispo got responses from 132 retailers in more than 20 countries. Germany had the highest representation with 21 percent of the sample, followed by Austria, Italy, Switzerland and France. More than half (65%) operated only one store and one-tenth were pure online players. The main sectors were outdoor (73%), winter sports (41%), sports fashion (34%) and running (29%).

More than four-fifths (83%) of the respondents saw sales decline between February and March, as most of the lockdowns were put in place in those countries in mid-March. About one-fifth (17%) suffered a drop of more than 80 percent during that month, but 17 percent did not feel any effect because they were allowed to remain in business. In a few European countries, such as Sweden, the local governments did not order retailers of non-essential products to shut down.

Early April, when the survey was carried out, was a different story. By then only 9 percent of the retailers conducted business as usual, with 44 percent having to shut down, and almost half expected a drop of 80 percent in sales for the month. About 34 percent turned to e-commerce exclusively. Most saw an improvement in early May, when most of the stores were allowed to operate again, but 41 percent declared that they would have to close their businesses completely after one to three months if the situation persisted, and 7 percent feared that they might have to shut down even sooner. Only one-fifth believed they could keep operating for a whole year.

With quarantines keeping people away from stores, 72 percent of the retailers found other ways to generate sales, however, notably through home delivery and click-and-collect. Multichannel retailers dispatched parcels from their stores. Interestingly, almost half of the retailers surveyed had never engaged in e-commerce, and about 20 percent were hoping to introduce it now. To place orders for the spring/summer 2021 season, 73 percent envisioned skipping visits to showrooms, preferring instead to use digital tools.

At least half of the dealers surveyed kept their full staff at work, and 46 percent sent all or part of their staff home. The boom in e-commerce made it worthwhile for a small number of retailers (2%) to hire more staff. One-third were unable to cover their payroll during the shutdown, 68 percent said they could cover it for only one to three months, and one-third expected to receive no payroll relief from the government.

But the payment of personnel expenses was not the chief financial concern. Two-fifths (41%) of retailers prioritized payments to suppliers. Payroll came in second place (28%), followed by rents (12%) and taxes (12%). To help meet their obligations, 46 percent said they would be ready to take out a loan of up to €50,000 and only 11 percent a loan of more than €500,000.

Lessons Learnt from the Current Corona Crisis on the Legal Risk Management of Supply Chain Issues

A guest article by Jochen Schäfer

The Covid-19 pandemic has thrown the European and world economy into a toxic cocktail of extreme turbulence and challenges, which are far bigger than those experienced during the 2008 financial crisis. While it may be too early to talk about the lessons that I have learned from the new crisis, I can touch on certain specific topics covered in the course of Jochen Schäfer's legal work for numerous individual corporate clients within and beyond the sporting goods sector.

Here are some of the frequently asked questions relating to the disruptive effects of the recent corona-related shutdowns on existing supply chain relationships:

Which legal consequences does a temporary interruption or substantial delay of supply and deliveries have in terms of rendering it impossible for a commercial operator to observe existing contractual obligations for a certain period of time? Can a company e.g. request that agreements are to be adjusted, modified or even cancelled in the light of the present national/global pandemic crisis?

Is this a force majeure scenario falling into the traditional "Act of God" categories and if yes, which rights does a brand have, which ones could be exercised and what will then be the legal consequences? Can a brand e.g. initiate back-up purchases and charge the additional cost to the supplier?

Which laws are applicable in commercial cross-border transactions in these cases? Do any recently enacted national mandatory laws and regulations overrule certain legal clauses in existing agreements? How should we deal with factual supply relationships if no contract exists between supplier and brand?

Certainly, this is not the place to provide substantial answers to these questions, which very much depend upon the individual circumstances of each case. Yet, there is one important preliminary lesson that should remain in the focus of attention of the executive management of a company to help it survive this crisis: **The lesson is the high value of writing a state-of-the-art contract which defines in a transparent and clear manner (among other topics) the rules that shall apply in the event of foreseeable and unforeseeable impairments of performance on either side of a supply relationship.**

Given my long-term experience, I am still somewhat amazed that even major clients with long-lasting supply relationships are either not covered by written agreements at all in this area or only by (often conflicting) general terms of payment and delivery, or quite frequently, by agreements that show significant deficiencies when it comes to the treatment of the previously mentioned impairments. One concrete example shall illustrate this: In Germany (same as in numerous other countries) there is no specific statutory law in place that deals with a definition of force majeure scenarios and how these shall be handled. This leads to a highly complicated - and also in many regards ambiguous - application of general principles of civil law, with the risk that the commercial effects can be very negative for a company, or at least risky, since it remains uncertain,

which rights can be exercised and which not.

It has been my philosophy as legal advisor over the years to create solid and robust contractual platforms which will allow companies to operate in a fairly secure environment by mitigating risks, and this is not confined to Germany. International contracts in the supply chain management area show a specific international handwriting. Only a small portion of them are country-specific. To avoid misunderstandings: I am not in favor of overdoing and creating extensive and excessively long agreements. The risk assessment has to proceed from a practical point of view to determine where the main risk factors are by looking at the specifics of each individual commercial relationship and what the parties behind it represent. It makes a difference if we talk about established players which enjoy a significant amount of reputation, or about a newcomer on the market. These are basics, but they are quite frequently overlooked, according to my experience. Contracts are a risk management instrument. They can remain on the shelf in good times, but prove their quality and value if the tires become rough.

Right now, even some long-term relationships are strained, or may even go sour. If they are terminated, clear contractual rules about the concrete consequences of such terminations can save substantial amounts of money. Again one practical example: To get into the repossession of existing inventory of unpaid goods upon termination of a supply relationship may become very cumbersome, if not impossible, in the event that no clear contract provisions exist to properly deal with such issues. For example, if a contract does not foresee that the terminated party being in possession of the remaining inventory is allowed access to the premises where such goods are stored, any unilateral attempt to enter the premises and get hold of the goods may well be interpreted as trespassing property in an unlawful manner. It could even expose the other party to sanctions and fines on the grounds of criminal law.

In addition, another major advantage of a professionally worded contract is that its legal provisions are in most instances not challenged by judges and arbitrators - at least in the more civilized countries - unless they violate applicable laws. It is then sufficient to point with a finger at a certain clause instead of spending sometimes unreasonably high amounts of legal defense costs and binding company resources in litigation proceedings that will take several

years to be resolved. Quite frequently, it is not clear at all who will prevail in such kinds of disputes, not to mention all other negative effects and frustrations that such controversies might have for the business relationship as such.

Preventive state-of-the-art contract management is part of the general risk management policy of a company, and in times like these it is clearly proven that the brands who have done their homework sufficiently in advance before major problems occurred are enjoying a significant competitive advantage. Again, in order not to be misunderstood: this does not imply that a company facing difficulties and disruptions in its supply chain should quasi-automatically trigger the contractual buttons and exercise all rights that it may have based on the related agreement(s) in place. Crisis management also requires solidarity to jointly weather the storm, without insisting in any event on a formal contract position. Yet, the fact alone that such rights exist may very well considerably improve the position of a contract partner to renegotiate the agreement, to adjust existing terms – even for a preliminary period – or to suspend/waive certain otherwise existing obligations. Several clients of mine have e.g. temporarily opened up new distribution channels, such as the trading of their retail customers on certain online platforms that were closed prior to the Covid19 crisis on the basis of existing selective distribution agreements.

Others changed their distribution policies by creating their own B2C online stores, some with and some without the involvement of their retail customers. Further issues have arisen where a brand wanted to terminate the existing relationship with certain retailers after obtaining information about a financial deterioration of their businesses (some directly related to the shutdown of their retail stores, others indirectly because they were already facing financial difficulties prior to the current crisis). In these cases, I have been asked whether and under which conditions it would be possible to terminate the relationship with immediate effect, or if not, which prior notice periods would have to be observed for its ordinary termination.

The above is only a facet of the corona-related topics that I am confronted with right now. Yet, it is also very encouraging and promising to observe that other clients of mine continue to pursue long-term distribution projects in spite of the current crisis, or are

in a status where they are improving the quality of their contractual arrangements with suppliers and wholesale/retail customers. Another preliminary lesson I have learned is that commercial operators all over the world - regardless of whether they are suppliers, manufacturers (brands) or retailers - are dependent upon each other, and this is even true for end consumers. Without their willingness – or in many cases just their continuing financial ability to spend money on purchases of sporting goods – the corresponding substantial lack of demand cannot be overcome by all the commercial operators involved. Hopefully, the lifting of the still existing multiple restraints and the return of the freedom to travel in Europe will help to revive and rescue the business of the traditional operators in the sporting goods and outdoor sector. I am getting some very positive and particularly encouraging signals in this regard these days from my clients in the bicycle segment.

Dr. Jochen M. Schaefer is a lawyer with his own practice in the Munich region. For many years, he has also been the Legal Counsel of the **World Federation of the Sporting Goods Industry (WFSGI)** and of the **European Sporting Goods Industry Federation (FESI)**. He provides legal advice to numerous reputable clients within and beyond the sporting goods sector by focusing on the areas of national and international distribution, IP and risk management, and on other operational issues. Dr. Schaefer can be reached at sj@sjlegal.de or on his cell phone at +49-151-16407932.

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**Many of the articles in this issue
have already been posted there
in the past few days.**

**Others will follow before
the next issue.**



News Briefs & Short Stops

Corporate

Coalision, the Canadian company that owns the **Lolë** and **Paradox** brands, has filed for insolvency, indicating its intention to offer a settlement to its creditors. One year ago, Coalision parted ways with its previous president, **Bernard Mariette**, and laid off some of its employees. Mariette, a former president of **Quiksilver**, became chairman of the company. Reportedly, he and the **Pelican Investment** fund held 85 percent of the company's shares at the time through a joint investment company based in San Francisco, **Simon Investment**. Pelican and Simon are both named among the creditors under the current proceedings. Until seven years ago, Coalision was also the owner of a skiwear brand, **Orage**, which was then acquired by a co-founder of the group, **Eric D'Anjou**, and its marketing and sales manager, **Mike Nick**.

Lafuma has finalized the sale of **Oxbow**, its brand of surf-inspired sportswear. The move will allow the French company to concentrate on the outdoor sector with two brands, **Lafuma** and **Millet**. The group had previously sold its Eider brand to **K2** of South Korea. The new owner of Oxbow is Rainbow, a company founded by **Emmanuel Debruères** and **Jean-Christophe Chetail**, who worked together for several years at **Dakine**. The terms of the transaction were not disclosed. Lafuma's surf division, which basically consists of Oxbow alone, generated a nice operating margin of 23.2 percent on sales of €28.8 million.

Li & Fung completed its privatization yesterday, pulling out of the Hong Kong Stock Exchange after 28 years. Following redemption of the shares still trading publicly, Global Logistics Properties (**GLP**), a company based in Singapore that operates warehouses and owns real estate around the world, now owns 67.67 percent of the company. The **Fung** family will continue to be in control with 60 percent of the voting shares. GLP will have 40 percent of the voting shares and 100 percent of the non-voting shares. Strong synergies are expected between the two operations, with a goal to create "the digital supply chain of the future." **Spencer Fung** remains as group chief executive of Li & Fung, a leading provider of supply chain solutions with more than 230 offices in key production markets around the world.

Executive Changes

According to *Bloomberg*, **GoPro's** vice president of design, **Danny Coster**, departed "earlier this year," after a four-year stint. He was previously with **Apple**. As we have reported, GoPro had a turnover of \$119 million in its first quarter of this year, down from \$243 million in the year-ago period. Partly in response to the retail shutdown of the Covid-19 pandemic, the company has decided to shift its focus to e-commerce and direct-to-consumer (DTC) sales.

Hervis Sport is expanding its management: From June 1, **Roland Jegle**, 43, will be supporting the international Austrian-based sporting goods chain's current managing director, **Martin Weber**. The goal is a "strategic realignment of the company," according to its announcement. Jegle will lead the purchasing department, among other areas. Jegle has been part of Hervis' parent company, **Spar**, since 2008, most recently handling its purchasing operations. Since 2019, he has also held the position of deputy managing director at Hervis. **Gerhard Fritsch** now assumes this role. Hervis is part of **Spar Austria**. Spar is also active in Hungary, Romania, Croatia, Slovenia, the Czech Republic and Bavaria/Germany. The company has 237 branches and 3,250 employees.

Lacoste has appointed **Robert Aldrich** as chief executive for North America and **Pedro Zannoni** as chief of the Latin America region. Aldrich previously served as chief executive for the Americas at **Ermenegildo Zegna**, the big Italian brand of high-end menswear. Zannoni has joined from **Asics**, where he was president of the Latin American zone. They will both report to **Jean-Louis Delamarre**, Lacoste's executive vice-president of global markets and distribution.

Simon Perkins has been appointed as the new president of **Orvis**, the leading American supplier and retailer of fly-fishing equipment, clothing and footwear. Starting immediately, he will take the place of **Bill McLaughlin**, who will work as an adviser during a transition period. Perkins is the son of **Leigh Perkins**, a former CEO of the family-owned company, and a grandson of **Leigh H. Perkins**, who bought the company in 1965. His father and another member of the Perkins family, **David Perkins**, are resigning as chairman and vice chairman of the company, while remaining on the board. They are being replaced by two passionate anglers and hunters, **Marka Hansen** and **Roger Farah**, respectively. Hansen was a former executive of **The Gap** and **Banana**

Republic. Farah worked as a consultant and executive with **Tiffany & Co.**, **Tory Burch** and **Ralph Lauren**. The new CEO spent 11 years as a hunting and fly fishing guide in Montana before he joined Orvis in January 2012 to oversee its e-commerce activities. He was made chief operating officer in August 2018. Founded in 1856, **The Orvis Company** claims to have pioneered the mail order business in the U.S.

Slinger Bag, the new sports brand focused on innovating game improvement equipment for ball sports, has hired **Tom Dye** as chief operating officer. In this role, he will be responsible for the global operational and logistical management of the business. Dye has more than 35 years of senior management experience in diverse consumer goods and manufacturing segments at the international level. Previously, he served as chief operating officer at **Prince Global Sports**, and also as vice-president of international operations at **Wilson Sporting Goods**. Most recently, he served as chief operating officer at **HazTek**. Dye will be working with **Mike Ballardie**, the former chief executive of Prince who has been running the Slinger Bag project for just over 12 months. Meanwhile, Slinger Bag has inked a five-year agreement with **Framework Sports and Marketing**, a British distributor of racquet sport accessories, to distribute its ball launcher across the U.K.

Retail & Distribution

In June, **Decathlon** will be testing a service for long-term, turnkey rentals at four of its stores in Paris and eight stores in and around the city of Lyon. In keeping with the spirit of these post-pandemic times, the first products offered will be bicycles. The service provides a guarantee covering theft as well as repairs, for which customers can choose between the in-store shop and a partner workshop called **Cyclofix**. Decathlon will be replacing bicycles that are beyond repair with equivalent models. Customers can sign up now on the Decathlon website and will receive an e-mail in June with a choice of Decathlon stores and five bicycle models. The bicycles will be available for in-store pick-up. The rental agreement for the service will not have a minimum duration.

Hervis Sport, one of Austria's major sporting goods chains, recently reopened its store in the Europapark shopping center in Salzburg, offering many new services and features. The 1,900-square-meter flagship contains a shop-in-shop for Hervis' private outdoor brand, **Kilimanjaro**, as well as a bike repair station with a free "bike check."

The heart of the store is the service counter, which provides customers with all sorts of information. Hervis Sport, which currently operates 100 stores in Austria, is part of **Spar Austria**. It also operates in Austria, Hungary, Romania, Croatia, Slovenia, the Czech Republic and the German state of Bavaria.

Intersport Germany denies rumors in the German press that it might be facing financial difficulties because of the coronavirus crisis. According to SAZ, some retailers affiliated with the cooperative created new companies outside of Intersport in order to continue receiving supplies from the producers without its financial backing. Declining to comment on the report, Intersport Germany's management states that It has sufficient financial resources. It says it went proactively into action during the retail lockdown in March and April by asking suppliers to stop their deliveries, while negotiating extended payment terms in favor of the retailers. With the re-start of the business, which looks promising based on a recent survey, Intersport Germany says that the affiliated retailers are now reconnected to the regular central settlement process, which allows them to take advantage of Intersport's ability to pay the suppliers in advance, while carrying the risk of default in their behalf.

McArthurGlen, the international operator of designer factory outlet centers, has launched a rent relief package for its retail partners until the end of this year. The group is waiving all minimim base rent, turnover-based rent and marketing charges for tenants in all of its centers that were closed from April 1 to June 30. After a shopping center reopens, the group will waive all minimum base rents. From July 1 to Dec. 31, McArthurGlen will then either charge turnover rent or a reduced minimum base rent. A total of 18 out of the group's 25 centers have so far been allowed to reopen in eight countries, including Austria, France, Belgium and Canada. Over 90 percent of tenants have opened their stores. The group will open two new shopping centers, in Paris and near Birmingham, which are currently under construction.

MTS-Sport, a German producer and distributor of sporting goods, has decided to rely on transportation by train for goods manufactured in China. Over the next few weeks, the company will increase the amount of rail freight and stop using transportation by boat. Due to production delays caused by the coronavirus crisis in China and the high demand for MTS products during the crisis, MTS-Sport has decided to

use the **Trans-Eurasia-Express**, which takes about three weeks for the delivery of the products, two weeks less than a ship. Freight costs will increase by a factor of three, but they are not going to be passed on to retailers or consumers. The company, which also owns the Schildkröt brand of table tennis equipment, has recorded rising of fitness, badminton and fun sports products.

In contrast with earlier reports, Russia's biggest sporting goods retailer managed to avoid the threatened elimination of nearly 2,000 jobs from its payroll because of the retail lockdown introduced in Russia to slow down the spread of Covid-19. Roughly 1,800 **Sportmaster** employees found temporary jobs with some major Russian food retailers, which were allowed to stay open. Another 200 employees who were working in the temporarily closed stores were transferred to Sportmaster's distribution and delivery departments or to the its call center. The lockdown required Sportmaster to completely rebuild its logistics network, as the number of orders received through its online store increased tenfold and more than 100 physical stores were converted into pick-up points, the company reported. In total, Sportmaster stores had 14,000 employees before the introduction of the retail lockdown. Those who were not able to find a temporary job have continued to get some fixed payments from Sportmaster, a company executive said, without providing any further details. Sportmaster has 453 stores in Russia, only 45 of which were operating as of mid-May – primarily in the regions which recently began softening their quarantine restrictions.

The **Frasers Group**, the British company formerly called **Sports Direct International**, announced on May 22 that it would continue to guarantee full payment of its employees' wages in the U.K. through the end of this month, as it did in April, but it's not sure whether it will continue to do so in June. Like those of other retail companies, the group's employees have been temporarily laid off for the past 10 weeks because of the retail lockdowns related to the Covid-19 epidemic, with the government subsidizing 80 percent of the normal salaries for most of them. However, a top executive of the group has now publicly criticized the British government's decision to postpone the date for the reopening of non-essential retail stores from June 1 to June 15, except for car dealerships. **Chris Wootton**, the group's finance director told a TV channel that the delay will make it more difficult for companies like his own to clear inventories of apparel and footwear,

whose sales are predicted to fall by more than 40 percent this year, driving many retailers out of business. The present good weather conditions would favor purchases of these items, he noted. Eight out of ten British retailers have reported having cash problems in spite of government aid. For **Sports Direct** and other chains owned by the group, higher internet sales of fitness equipment and other products have partly compensated for the corona shortfall.

A recovery in the demand for sporting goods products in Norway and Finland has led **XXL** to cancel all the temporary layoffs that it had announced on March 23 due to a considerable sales decline caused by the Covid-19 situation. Sales normalized in April and have picked up recently especially in the area of fitness, cycling and golf, according to a company spokesman. Around 1,000 employees of XXL in Norway and 450 in Finland will be able to return to their jobs in the course of June, starting on June 1 in Norway. In both countries, government authorities have secured partial payment of their wages during the layoffs. Employees of XXL in Sweden have not been furloughed because the government allowed all retailers to continue to operate as before, although many closed down their stores due to poor demand for their products. XXL's announcement led to a 22 percent jump in its share price.

+++ The number of full-price **SportScheck** stores in Germany is declining to 16 with the closure of a store in the Steglitz district of Berlin, and the premises are being taken over by **Globetrotter**, which will present a new format there by the end of September, according to *Textilwirtschaft* +++ **Scott Sports**, the Swiss multi-sports company, has reported a 48 percent website traffic increase due to the coronavirus pandemic, and now plans to expand e-commerce into further markets +++ Despite the Covid-19 epidemic, **Tretorn** has opened a new store at Väla, near the Swedish town of Helsingborg +++

Results & Statistics

Alibaba, the Chinese e-commerce giant, expects revenues to rise by about 27.5 percent to over 650,000 million yuan renminbi (€83,725.8m-\$91,168.5m) in the current fiscal year after its top line rose by 35 percent to RMB 509,711 million (€65,647.3m-\$71,487.9m) in the fiscal year ended on March 31. The company achieved its revenue guidance

of over RMB 500 billion (€64.4bn-\$70.1bn) despite some disruption on its domestic core commerce business from the Covid-19 pandemic, mainly due to logistic problems. In the fourth fiscal quarter, net attributable profit fell by 88 percent to RMB 3,162 million (€407.2m-\$443.5m) due to a net loss on investment income, mainly reflecting decreases in the market price of Alibaba's equity investments. Quarterly revenues increased by 22 percent on the year earlier to RMB 114,314 million (€14,720.5m-\$16,032.8m). Some major product categories on its China retail marketplaces experienced negative year-on-year growth in the quarter, including accessories and apparel. The number of mobile monthly active users on that marketplace reached 846 million in March 2020, an increase of 22 million over December 2019. Alibaba said it had seen a steady recovery since March and sees an opportunity in helping businesses to achieve the digital transformation they need to survive in the current market environment.

The stock market capitalization of **Shimano** hit a record high at 1,897 billion yen (€15.8bn-\$17.6bn) on May 19 before decreasing slightly to ¥1,836 billion at the end the month. The share value rose by about 27 percent between May 1 and 31. According to financial analysts, the rise in demand for Shimano stocks stems from the fact that the coronavirus crisis is seen as an accelerator of an already dynamic bicycle market, with many large cities implementing more bicycle-friendly policies for example, and the Japanese company's leading position in the area of bicycle components. **Coherent Market**, an international research company, estimates that the global market for bicycles and components will grow by 3.5 percent annually to reach \$54.7 billion in 2027. **Yozo Shimano**, the 71-year old CEO of the 99-year-old company, told *The Japan Times* last week that the company would stay focused on its two sporting sectors, fishing and cycling, as he believes that there is still room for innovation such as health-monitoring and safety equipment for cyclists. He also mentioned that the corona crisis would lead the company to rethink its supply chain in the future.

Yonex' revenues went down by 5.9 percent to 15,377 million yen (€128.8m-\$143.4m) in the fourth quarter of its financial year, ended on March 31. In Japan, which accounted for 60 percent of the company's total turnover, sales declined by 13 percent from the year-ago quarter. In North America, they dropped by 9 percent. However, European sales – which represented only 3.5 percent of the turnover – declined by 6 percent. The Rest of Asia jumped by 9 percent, as several eco-

nomies were affected less by the coronavirus pandemic or reopened earlier. The gross margin expanded by 1.1 percentage points to 44.3 percent. Yonex' net income inched down by 1.2 percent to ¥592 million (€5.0m-\$5.5m). For the full year, revenues rose by 1.4 percent to ¥61,967 (€519.3m-\$578.0m) and the gross margin progressed by 0.2 percentage points to 42.3 percent, while net income narrowed by 4.1 percent to ¥1,653 million (€13.9m-\$15.4m). Sales improved in North America and China, but declined in Japan. In Europe, tennis sales improved, but badminton was down. The company has not released any guidance for the current financial year.

The Covid-19 pandemic has boosted demand for wearable devices to the point of restraining the supply of their components, some of which are common to smartphones and computers, but the biggest sports-specific brand, **Fitbit**, did not take advantage of this trend. Drawing from the **Worldwide Quarterly Wearable Device Tracker** set up by **International Data Corporation (IDC)**, *SGB Media* reports that 72.6 million wearable devices were shipped throughout the world in the first quarter of 2020, for an increase of 29.7 percent year-on-year. Even as regular and smart watches declined, wristbands were up by 16.2 percent and hearables by a whopping 68.3 percent. The latter now make up most of the wearables market, at 54.9 percent of the volume. By market share, the top five companies for wearables were **Apple** (29.3%), **Xiaomi** (14.0%), **Samsung** (11.9%), **Huawei** (11.1%) and **Fitbit** (3.0%). All but **Fitbit** (down by 26.1%) enjoyed year-on-year first-quarter growth in shipment volume of more than 50 percent. **Samsung's** growth in wearables reached 71.7 percent, thanks in part to its **Galaxy Buds** and **Buds+**, which moved more than 4 million units. **Apple's** supply-line troubles suppressed sales of its **Apple Watch**, but sales of its **Beats** and **Airpods** more than made up the difference.

Intersport Germany recently published an interesting report on buying behavior in the midst of the coronavirus crisis. The German sporting goods retail chain has now published a second one, again based on a survey of 300 consumers. In this report, 51 percent of respondents indicated that they had discovered or rediscovered a sport during the pandemic. Running, cycling and fitness workouts were the top three. Only 14 percent of respondents planned to travel to another country in the summer holidays. Almost 70 percent planned to invest in sporting goods and leisure items over the next three months – running, fitness, swimming, outdoor and cycling being the most popular product

segments for future investments. More than 50 percent of respondents had bought sporting goods online as well as in physical stores. About 25 percent had made their purchases only online and the remaining 25 percent only in retail stores.

Legal & Institutional

Cambodia's shoe and apparel manufacturers have again urged the European Union to postpone the planned withdrawal of its duty-free treatment, scheduled to take effect from Aug. 12, noting that more than 130,000 workers in the sector, mostly women, have already lost their jobs because of the coronavirus pandemic. On the other hand, Cambodia exported nearly half a million bicycles, worth about €109 million, to the EU in the first quarter of the year – €9 million more than in the same period of last year, according to the country's Chamber of Commerce.

Germany decided on June 3 to reduce the VAT rate on non-food products to 16 percent from 19 percent, starting from July 1 and through the balance of this year, to give a boost to consumption and the economy. It has also cut the VAT rate for restaurants from 19 to 7 percent. The lower sales tax may encourage customers in neighboring countries to do some of their shopping in Germany. The VAT rate in France is 20 percent. The Swiss already started to indulge in cross-border shopping after the appreciation of their currency, although VAT rates are lower in their country. Danish retailers are worried that the German government's move will hit their already weakened business further. Denmark charges a flat rate of 25 percent on almost everything including food, clothing, restaurants etc. Together with Norway and Sweden, Denmark has the highest sales tax among the OECD countries except for Hungary, where it stands at 27 percent.

Assosport, the Italian Association of the Sporting Goods Industry, is urging the Italian government to adopt effective measures to help the sector recover, after three months of inactivity. In its opinion, the measures should include, among others, an exceptional reduced VAT rate of 4 percent on sporting goods until July 30. The aim would be to promote physical activity after the self-confinement period, while boosting purchases of sports apparel, footwear and equipment. The Italian sporting goods sector generates combined annual revenues of €13 billion, but if public help is not given in this

difficult phase, thousands of jobs and 20 percent of this turnover are at risk, Assosport said.

Product

ProSane Wear, an apparel company based in New York, is launching a reversible antibacterial microfiber towel hoodie, designed to make it possible to wipe sweat from the face without touching the towel directly with the hands. This special design helps minimize bacterial transfer from potentially contaminated surfaces, objects and other bodily areas. Hands come in contact with a range of potentially contaminated surfaces, and touching a towel could turn it into a bridge for germs. The new ProSane Workout Face Towel Hoodie is therefore expected to be of particular interest to fight the current health crisis.

If you can make good sports socks, you can also make good face masks to protect consumers from coronavirus contamination. We have already reported about the ergonomic UYN Community Mask by Italy's **Trerè Innovation**, the former licensee of **X-Bionic** and **X-Socks**. It's now another knitting specialist's turn to launch its **Falke Community Mask**, whose ribbed two-layer structure enables an excellent fit around the nose, chin and along the sides of face. What's more, **Falke's** sporty mask comes in four sizes for children and adults – XS, S, M and L. It is available in black or white. A pack of two masks can be bought on the German company's website for €15.

After its incursion into the segment of affordable activewear, **H&M** has developed a new sustainable swimwear and surfwear collection for the first time. In cooperation with the international "**Women + Waves**" community of surfers, which organizes professional and affordable surf lessons, weekends and overseas trips for women. The line includes one-piece swimsuits, rashguards, a wetsuit made of natural rubber, a hoodie and a T-shirt with the Women + Waves logo and accessories. The products are made from sustainable raw materials including recycled polyamide, polyester and organic cotton. The collection will be available from June 4 at the H&M online shop and at selected stores of the international value-priced retail chain. The H&M Group led the global ranking for the use of organic cotton and certified down in last year's "Material Change Insights Report" published by **Textile Exchange**, a global non-profit organization. The H&M Group has committed itself to continue working

toward a goal that by 2030 all its materials should be either recycled or sourced in a more sustainable way.

Moncler's collaborative haute couture collection with **Richard Quinn**, which was developed in the framework of the **Moncler Genius** project, is finally available worldwide. The Moncler 8 Richard Quinn collection was first unveiled at the **Milan Fashion Week** in February, on the occasion of the Moncler Genius launch event, but that was shortly before the eruption of the coronavirus pandemic. Quinn, who is 30 years old, received the inaugural **Queen Elizabeth II Award for British Design** in 2018.

Puma has teamed up with **Gold's Gym** for the launch of a co-branded collection of training clothing, footwear and accessories. It is available on puma.com, on the goldgear.com website of Gold's Gym and at various Gold's Gym pro shops. The new product launch came a few weeks after Gold's Gym filed for Chapter 11 bankruptcy protection in the U.S. because of the coronavirus epidemic. The proceedings should help the company to get out of lease agreements for 30 fitness clubs that it has decided to close permanently, leaving it with nearly 700 locations including 63 directly owned gyms.

Hövdning was rated as the best bike "helmet" based on a series of crash tests conducted by a Swedish insurance company, **Folksam**. The second best one was a relatively cheap **MIPS** helmet from **Biltema**, a chain of car accessories. While Hövdning's head cover, called the **Chief**, is not really a helmet but a head protection airbag, it won over 26 other more traditional helmets including those of **POC**, **Bell**, **Giro** and others in a generally higher price segment.

Technogym's Mywellness platform will be offering additional features to assist fitness clubs in their re-opening phase. During the lockdown, fitness facilities were able to connect with their members via the Mywellness platform, which allowed them to offer digital coaching and remote support services. Members of the Mywellness community will now also be able to book, from home or while travelling to the club, a training spot in their gym. This is meant to help streamline reception operations. Technogym said that its support program also covers areas like digital consultancy, cleaning and maintenance, interior design, training & education and marketing, details of which can be found at www.technogym.com/support.

Marketing

Kappa will replace **Nike** as the kit sponsor of FC Metz, a French football club that competes in the First League. The Italian sportswear brand is back after nine years, as Kappa had previously been the club's kit sponsor, from 2006/07 to 2010/11. The new contract will enter into effect on July 1, and will run until the end of the 2023 season. Kappa will dress all the club's teams with training and lifestyle ranges, including the first team, juniors and women's teams. Kappa and FC Metz will launch the first collections and new FC Metz 2020/21 jerseys in July.

Kappa will be the official apparel sponsor of the **Rugby League World Cup 2021** (RLWC2021), which is scheduled to take place in England in October and November next year. As part of the deal, the Italian sportswear brand will supply kit for all match officials, volunteers and staff at the tournament. Kappa will also create a range of clothing that will be available for consumers to purchase online later this year and at RLWC2021 matches.

Kästle, the Austrian ski manufacturer, has signed an equipment agreement with the German ski federation, **DSV**, for its cross-country skiing, biathlon, Nordic combined and ski-jumping teams for the next four seasons. The first young talents of DSV's cross-country ski and biathlon teams have already signed contracts with Kästle. In March 2018, the Austrian ski manufacturer announced the arrival of a new majority shareholder from the Czech Republic, **ConsilSport**, which owns **Sporten**, a manufacturing company that produces about 100,000 pairs of alpine and cross-country skis annually. Parts of Kästle's production has since moved from Austria to the Czech Republic. For the autumn/winter 2020/21 season, Kästle has doubled the range of its products. In addition to cross-country skis, Kästle offers racing skis, performance skis, touring skis, ski poles, roller skis and jump skis. Last January, Kästle hired **Markus Meister** for the newly created position of international business developer, responsible for product management in the cross-country and ski-jumping segments. He was formerly sales manager and project manager for **Powerslide's** Nordic ski collection. At **Amer Sports**, he worked for two years as category and product manager for Amer's Nordic ski segment. At Kästle, Meister is now the contact person with the DSV.

Macron, the Italian teamwear specialist, will dress up all the national teams of **Rugby Canada**, the national rugby federation born in 1974 from the merger of two former federations, under a new longterm sponsoring agreement. **Canterbury of New Zealand** was the previous sponsor. Macron is already sponsoring the national rugby teams of Italy, Scotland, Portugal and Germany, in addition to many individual teams in England and France. Separately, Macron will replace **FBT Sports** as the technical kit partner of **Scunthorpe United**, the English football club based in Scunthorpe, Lincolnshire. The team competes in the English Football League Two, often referred to as League Two. The new contract with Macron will be effective on June 1, for an initial three-year period. The Italian sportswear firm will manufacture and supply the club's home, away, third and training kits at both senior and junior levels. A new range of Scunthorpe United training wear and A leisure range for supporters will soon be available, too.

Nike has launched a new video, available on **YouTube** and elsewhere. Titled "Never Too Far Down, You Can't Stop Us," it uses the competitive comebacks of its athletes – such as **Rafael Nadal**, **Tiger Woods**, **Naomi Osaka** and the **Los Angeles Dodgers** – as a metaphor for the return of professional sports after the Covid-19 pandemic.

Puma is replacing on July 1 Italy's **Erreà** after 20 years as technical sponsor of the Football Association of Iceland (**KSI**), providing the jerseys for its men's, women's and youth teams. Iceland will join other European national teams on Puma's roster such as Italy, Austria, Serbia, Switzerland and the Czech Republic. While Iceland is a small nation of 330,000, its players have a great talent and team spirit, says Puma's chief executive, **Björn Gulden**, who is also a former professional football player. Iceland qualified for the finals of the Uefa Euro 2016 tournament. It was the smallest national men's team to qualify for the Fifa World Cup in 2018. The women's team qualified for Uefa's Women's European Championships in 2009, 2013 and 2017.

In *Forbes'* estimation, the tennis player **Naomi Osaka** has become the highest-paid female athlete of all time in annual earnings. The 22-year-old of Japanese and Haitian descent has pocketed \$37.4 million since June of last year, breaking the record of \$36 million held by **Serena Williams**, who had broken **Maria Sharapova's** record of \$29.7 million in 2015. In April of last year, Osaka switched her sponsor for apparel and sneakers from **Adidas** to **Nike**, in a deal worth more than \$10 million.

Yonex supplies her racquets. Osaka's several other sponsors include **MasterCard**, **Nissan**, **Citizen**, **Procter & Gamble** and **ANA** airlines. Although she now lives in Florida, Osaka will be representing Japan in the forthcoming **Olympic Games**. According to *Forbes*, **Roger Federer** was the highest-paid tennis player for the 14th straight year in the 12 months ended on June 1, 2019, earning \$93.4 million from prize money, endorsements and appearance fees. In 2018, the Swiss champion ended a long relationship with Nike, switching to **Uniqlo** with a 10-year sponsorship contract worth \$300 million. However, the highest-paid athlete overall is a football champion, **Lionel Messi**, with \$127 million a year, according to *Business Insider*. He is sponsored by Adidas.

Technogym's Mywellness platform will be offering additional features to assist fitness clubs in their re-opening phase. During the lockdown, fitness facilities were able to connect with their members via the Mywellness platform, which allowed them to offer digital coaching and remote support services. Members of the Mywellness community will now also be able to book, from home or while travelling to the club, a training spot in their gym. This is meant to help streamline reception operations. Technogym said that its support program also covers areas like digital consultancy, cleaning and maintenance, interior design, training & education and marketing, details of which can be found at www.technogym.com/support.

+++ **Craft Sportswear** has launched a new global e-commerce site as part of broader update of its brand positioning +++
Macron is replacing **Joma** as the new technical sponsor of **Arminia Bielefeld**, a football team that plays in Germany's Second Bundesliga +++ **Atomic** has extended its sponsorship deal with **Mikaela Shiffrin**, the American two-time **Olympic** gold medalist, for two additional years +++

Trade Shows & Other Events

After setting up an online training platform with training materials, product information and videos, on April 8, **Brooks Sports** will now organize a virtual global running day. Runners are invited to participate in a "Brooks Global Running Day 5k" between June 3 and 7. Every runner will complete a virtual five-kilometer run in his or her own time. The goal is to cover a total of 40,075 kilometers around the world and so run around the world together. The Global Running Day was orga-

nized for the first time in 2016, again on the first Wednesday in June. Runners are also invited to post a photo with their start number under the #findsomerunhappy and #brooksglobalrunningday hashtags on social media platforms. Brooks will assemble some of the photos in a big piece of art that will be on display at Brooks' headquarters in Seattle. The registration for the Global Running Day on Brooks' website started on May 27. Taking the place of a former **National Running Day** that began in the U.S. in 2009, the better known **Global Running Day** has been held since 2016 annually on the first Wednesday of June with the support of more than 100 organizations. Some 5,000 people from over 100 countries have already pledged to participate in this year's June 3 edition of the Global Running Day.

Burton Snowboards announced that the company had cancelled the 2021 edition of the **Burton U.S. Open Snowboarding Championships**, scheduled for March 1-6, 2021 at Vail Mountain Resort in Colorado, due to ongoing uncertainties around the Covid-19 pandemic. Burton's chief executive, **John Lacy**, explained that it was a difficult decision as the next event was still many months away, but the potential health risk for all involved as well as a million-dollar investment that could eventually be lost were sufficient reasons to cancel the event already at this early stage. Burton has owned and run the U.S. Open since 1983, making it the world's longest-running snowboard event. **Donna Carpenter**, Burton's owner and chair of the board, said that it will definitely come back. "It's the greatest event in the world," she added.

In order to offer assistance with pre-orders for summer 2021 without a large trade fair, the Swiss sports industry is organizing so-called "Inspiration Days" in Glattbrugg and Spreitenbach on June 29 and 30. On these days, the showrooms in the TMC, Trendhouse, House 9 and Industriestrasse in Glattbrugg as well as in the FOM in Spreitenbach will be open to the trade to present the new collections. The coordination and communication of the event for suppliers and retailers is being organized via **sportbiz.ch**. There are currently around 25 companies with almost 100 brands willing to participate, including **ACE Alpine & Climbing Equipement**, **Bus Sport**, **Helly Hansen** (Switzerland), **Icon Outdoor**, **Lowa Schuhe**, **New Rock Import Export**, **Schöffel Switzerland** and **Sportco**.

Macron, the Italian sportswear company based in Bologna, has announced a virtual replacement for the annual **Bologna Marathon**,

which was supposed to take place on March 1. The brand is the official technical sponsor of the event. The first Bologna Virtual Marathon is scheduled to take place on June 5-6-7. Participation in the virtual run is open to those who were previously enrolled in the “Bologna Marathon” and “30 Km dei Portici,” the first two Italian running races that were cancelled due to the coronavirus crisis. Participants will need to have, or register for a **Strava** account. Information on the event is available at www.virtualmarathon.it. The traditional version of the running events is expected to resume in 2021. Meanwhile, Macron is also helping the local community during the pandemic by making available 500,000 face masks at a price of 50 eurocents each, in collaboration with the municipality of Bologna. Local residents will have the opportunity to buy up to 100 masks each via a dedicated platform, from May 22 to June 14.

Ispo will host a digital conference on June 30 and July 1 to take the place of the previously planned **Ispo SDG Summit** in Munich. Called **Ispo Re.Start Days**, the conference will focus on “Beyond Digitalization,” “Beyond Sustainability” and “Beyond Health.” Following the cancellation of the **OutDoor by Ispo** trade show, which was supposed to be held around the same time, the online conference is being organized in collaboration with the **European Outdoor Group** as well as with **VDS**, the German sporting goods retailers’ federation.

CSR & Sustainability

Adidas has launched its own washable face mask to help consumers battle the coronavirus pandemic. It is called **Face Cover** and is made from a soft and breathable material, using a minimum of 40 percent recycled content. Face Cover is not a medically graded mask nor a Personal Protective Equipment, says the company, but can help prevent the spread of viruses and germs through droplet transmission. Adidas will donate €2 from every pack sold to the **Save The Children’s Global Coronavirus Response Fund**.

Adidas has announced a collaboration with **Allbirds**, the well-known American brand of sustainable footwear, to develop the sport performance shoe with the lowest-ever carbon footprint. The project will involve exploring recyclable material resources as well as the use of renewable energies in manufacturing and transportation. Adidas says

the project is part of the brand's efforts to reduce both its own and its suppliers' CO2 emissions by 30 percent from 2017 levels by 2030 and to become completely climate-neutral by 2050.

Decathlon is supporting the "Soutiens Ton Club" (=Support your Club) initiative, a platform for donations to help sports associations in France, which have been seriously affected by the coronavirus crisis and are likely to have a hard time recovering from it. The program, which was launched on May 19, is backed by the French Ministry of Sports, the French National Olympic and Paralympic Committees, the Agence Nationale du Sport (ANS), the Fondation du Sport Français and associations that represent local communities.

Decathlon has signed up to the ten principles of the **Act4nature France** initiative and has joined the **Orée** network, as part of an ongoing commitment to preserve biodiversity. Act4nature France ("Entreprises Engagées pour la Nature" in the original French version) was launched last December by the French government to help activate businesses around the promotion of biodiversity. The initiative was set to unfold in three phases, including the signature of 10 principles, the implementation of business processes in line with its aims, and the compilation of an achievement report every two years and at the end of the initiative. Orée, founded in 1992, is an association that brings together multiple stakeholders to coordinate the establishment an environmental biodiversity drive. The Orée network includes businesses, public bodies, professional and environmental associations, academic and institutional bodies, among others.

The **Zero Discharge of Hazardous Chemicals (ZDHC) Foundation** has released the **ZDHC CMS** (Chemical Management System) framework, which provides the textile, apparel and footwear industries with a united base to work from. The ZDHC Foundation helps companies in these industries reduce their chemical footprint. The CMS Framework is part one of the two-part structure of the ZDHC Chemical Management System. The CMS Framework lays out the minimum components of a CMS, while the second part – the ZDHC CMS Technical Industry Guide – will cover the implementation of a CMS in the supply chain.

Zalando is implementing standards for the measurement the social and environmental sustainability of its operations and, in time, those of its business partners. Specifically, the German e-tailer is adopting

the **Higg Brand & Retail Module (BRM)**, developed by the **Sustainable Apparel Coalition (SAC)** and its subsidiary, **Higg Co.** The BRM scores a company's management system, products, supply chain, packaging, "use & end of use," retail stores, offices, transport and distribution centers with respect to human rights, fair wages, CO² emissions and other such concerns. It also encourages companies to "share their sustainability progress with value chain partners, consumers, investors, and other key stakeholders." Zalando's director of sustainability, **Kate Heiny**, says that the company intends to work only with business partners that meet the BRM's standards by 2023. The SAC has 250 members – brands, retailers, academic institutions, governments, NGOs, etc. – and focuses on apparel, footwear and textiles.

Obituary

Manuel Freixas, an influential publisher in the Spanish sporting goods sector, passed away on May 30, following a long illness. He was 68 years old. Back in 1982, after working for a magazine called *Turisport*, Freixas co-founded *Diffusion Sport*, which remained for many years the only major Spanish B2B publication in the sporting goods sector, with the backing of many important brands. Known for his rigorous principles, Freixas led it until 2015, when he sold it to a large Spanish publishing group, **Peldaño**. His influence in the sector went well beyond this magazine as two of the most talented collaborators whom he had attracted to his own company subsequently left and founded two rival B2B magazines, *CMD Sport* and *Tradesport*. The latter one, which is associated with a market research company, **Sport Panel**, is run by one of Freixas' early partners in *Diffusion Sport*. Freixas was also one of the early supporters of the *European Sporting Goods Intelligence* project when it was born in 1989, actively participating in a European information network that helped its launch.

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Finn Carlsen finn@spobro.com

Charlotte Steadman charlotte@spobro.com

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Finn Carlsen finn@ismsearch.com

Charlotte Steadman charlotte@ismsearch.com

www.ismsearch.com

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Tel. +49-89 127 10822 **www.sgieurope.com**

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