

SGI Europe

Sporting Goods Intelligence

News and analysis of the international market



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PUBLICATIONS

Fesi joins the call for a Green Recovery Plan for the shoe and apparel industry

The **Policy Hub**, a joint effort of the Federation of the **European Sporting Goods Industry** (Fesi), the **Sustainable Apparel Coalition** (SAC), and the **Global Fashion Agenda** (GFA), has published a proposal for a "Green Recovery Plan for Europe," which is meant to support the economic recovery of the region while promoting the establishment of a circular economy.

The proposal, developed in collaboration with the **Boston Consulting Group** (BCG), outlines seven key principles that are deemed necessary for a green recovery for the entire industry. The Policy Hub suggests that the authorities of the European Union and the member states should consider these principles as they move toward the implementation of the 2020 EU Recovery Plan, designed to help repair the economic and social damage brought by the coronavirus pandemic.

The seven principles include both short-term (for the next 12 months) and medium to long-term measures (within five years). The three short-term principles include: 1) leveraging short-term government support to foster green engage-

ment and commitments; 2) providing tailored support for companies linked to the circular economy, especially for small and medium-sized enterprises; and 3) encouraging a shift in demand toward greener choices and circularity.

The medium to long-term principles include: 4) supporting innovative low-carbon activities; 5) accelerating circularity by helping to scale up technologies and setting up infrastructures for the collection of used products, sorting, re-use and high-value recycling; 6) promoting circular design and a more sustainable material mix; and 7) incentivizing higher levels of transparency in order to accelerate the transition toward circularity and to empower the consumers.

Fesi's secretary general, **Jérôme Pero**, highlighted the need, in the post-Covid 19 scenario, to keep in mind climate change and the ecological crisis while trying to stimulate the economy. The proposed EU Green Economic Recovery Plan is meant to offer textile and footwear companies specific assistance in their transition to a climate-neutral economy, and this will also mean empowering consumers, said Pero.

The Policy Hub's proposal is the result of discussions among the Hub's partners and their members, including represen-

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Aldi, Amazon, Converse, Fitbit, Hummel, Joma, Lumos, Nike, Puma, Schöffel, Sqairz, Standard, Teijin p9, Thermore, Vivabarefoot

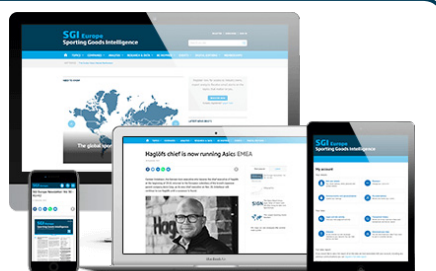
Others

Burton, Crocs, Expo Riva Schuh, Fischer, Galeria, Globetrotter, Jordan Brand, Oeko-Tex, Performance Days, Pitti Uomo, Salomon, Smith, Sport 2000, Tecnica, Tradeinn, Vans, WBIA, Zalando, etc.

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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.



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tatives of more than 300 brands, retailers, manufacturers and other stakeholders. The textile, apparel and footwear industry is one of the industries that have been hit particularly hard by the Covid-19 crisis, with closed retail businesses and declining consumer spending. As mentioned in the text of Hub's proposal, the industry can expect a drop in global sales of 28 to 38 percent during the course of 2020.

More about the Policy Hub can be found at <https://www.policyhub.org/>. The full text of the Hub's proposal for a Green Recovery Plan, with the details of the measures that are suggested under each of the seven principles, can be downloaded from the related press release at <https://www.policyhub.org/articles/leading-the-way-towards-a-green-recovery>.

Sport 2000 helps retail members through the corona crisis

The coronavirus crisis has shown that buying groups can perform some useful services for their members besides handling relations between retailers and their suppliers. While continuing to work on new store concepts, **Sport 2000 International** has been helping many of its retail members, who run 3,950 stores in 23 countries, to ride through the Covid-19 pandemic.

Among other initiatives, it has staged international webinars for its members with experts in cash flow planning to organize the payment of outstanding invoices and the repayment of loans.

For the latest news around the Covid-19 pandemic, see our Coronavirus Ticker on www.sgieurope.com.

Sport 2000 is also conducting an international program to exchange information about the best ways in which retailers can renegotiate their rental contracts with landlords.

In Germany, the parent company of the local Sport 2000 organization, the **ANWR Group**, has been given the authority to allocate federal loans from the public **KfW** credit institute to some of its retail members through its own DZB and Aktiv banks. ANWR is also providing advice to them on the formalities required to manage the recently decided reduction in the German VAT rate in order to relaunch consumption.

While declining to predict the effects of the recent lockdowns on the retail members' turnover, **Margit Grosau**, the very active managing director of Sport 2000 International, said she is confident that the sporting goods sector is going to recover in time better than others, mentioning that the reopening of the stores has been very positive in some countries, especially in the outdoor sector, where sales are now back at last year's level.

Mentioning a recent study according to which 80 percent of European consumers have a pessimistic outlook on the economy, Grosau has been sending out positive messages through regular video programs to encourage the retail members to re-start their operations in the best ways possible.

She feels that the corona crisis has led more people to make a connection between health and sport, but she is warning that the rising unemployment levels caused by Covid-19 will necessarily have an impact on private consumption. About one-third of the population in Europe anticipates having less money to live on, although the situation varies from one country to the other.

As previously reported, the members of Sport 2000 International raised their sales by nearly 8 percent to €4.94 billion

in 2019, with an increase of 11 percent in Germany, the Benelux countries and Switzerland, where they have formed a joint organization working more closely under Grosau's lead.

Cooperation and digitalization are the main tools that the international cooperative has been using to reduce the impact of the pandemic. It has created partnerships with about 100 brands to reschedule deliveries and the payment of invoices in exchange for joint marketing initiatives intended to keep consumers engaged.

Without advertising the option to buy products over the internet among the general public, it has prioritized the acceleration of the group's development of initiatives in the area of e-commerce in Germany, Austria and the Netherlands, where the systems are different. All the 80-plus retail members of the Dutch Sport 2000 organization are already connected to its online marketplace. In Germany, 140 retail members have joined a new online platforms being created faster than planned on the model of **schuhe.de**, a marketplace that is already used widely by the shoe retailers affiliated to ANWR. In Austria, consumers have been given click-and-collect options where they could pick up the goods at the nearest sporting goods store.

After entering Spain and Greece, Sport 2000 International has temporarily put on hold its international expansion projects, preferring instead to intensify the collaboration among the existing national organizations. It has dropped a project in Poland after discussing it with two potential candidates. On the other hand, **Sportmaster**, the biggest sporting goods retail in Russia, has been supporting the ongoing collaboration between the Danish sporting goods retail chain with the same name, which it recently acquired, and Sport 2000 International.

Meanwhile, the group's work on new retail concepts has continued. It has been decided that the first pilot stores for the new Sport 2000 format will go on stream in France and Germany. The first one is set to open in the French city of

The Euro June 18 rates	
Czech Koruna	26.60
Danish Krone	7.456
Hungarian Forint	344.9
Norwegian Krone	10.72
Polish Zloty	4.462
Pound Sterling	0.897
Swedish Krona	10.49
Swiss Franc	1.068
U.S. Dollar	1.125
Brazilian Real	5.885
Canadian Dollar	1.525
Chinese Yuan	7.963
Japanese Yen	120.3
Russian Ruble	78.39

Chambery, near the Alps, next March. The other pilot will open a little later at one of two alternative locations in the southern part of Germany.

Sport 2000 is also making strides forward with new variations of its **Absolute** concept for hyper-specialized stores. An international development program for the new **Absolute Outdoor** concept will be launched next month, with Germany and Austria taking the lead in its design, with a goal of implementing it in the summer of 2021. The Hungarian Sport 2000 organization is taking the lead for a new **Absolute Fitness** store concept, with no specific date set yet.

The **Absolute Run** concept is becoming more and more international. After its launch in Germany and Austria, retailers in the Netherlands and Belgium are exploring similar initiatives. In the United Arab Emirates, **Falahnaz** is set to open the first Absolute Run store in the Dubai Mall very shortly, a few months later than planned. The first Italian Absolute Run store will also open later than expected.

The corona crisis has caused Sport 2000 International to lose more than five weeks of conceptual work on a project to collect POS data in all the product categories across Europe in order to benchmark the retailers' performance and to come up with better product assortments in cooperation with the brands. The sell-out data would also permit the development of new video contents to engage consumers.

Grosau feels that the corona crisis has led more retailers to see the benefit of these and other strategic cooperation programs.

At its recent annual meeting, which was held virtually over the internet, Sport 2000 International re-elected **Holger Schwarting** from **Sport 2000 Austria** as its chairman for the eighth year running. **Matthias Grevenner** from Germany remains in the role of deputy chairman. The other board members are **Marius Rovers** from the Netherlands, **Jean-Louis Parent** from France and **Hans-Hermann Deters** from Germany.

Covid-19 was still an issue in May, according to WFSGI's monthly survey

(Updated and expanded) Many factories have re-opened on a large scale, after a period in which half of the industry was confronted with the closure of the suppliers' facilities, but the supply chain has not yet adjusted to the effects of the recent retail lockdowns in many parts of the world, and transformation strategies have changed slightly in the sporting goods sector. This and other interesting points have emerged from a report released by the World Federation of the Sporting Goods Industry (**WFSGI**) on the basis of the May 2020 edition of its WFSGI Covid-19 Impact Survey, conducted among manufacturers as well as retailers and brands. The results were compared to the April edition of the survey.

Representatives of manufacturing companies accounted for 50.44 percent of the 300 respondents to the May survey, where the participation rate was higher than in April. Manufacturers have become more pessimistic about future prospects. Double as many as in the previous month don't expect any recovery at all, and double as many as before think that it will take more than one year to recover. Only 7.5 percent expect full recovery.

A large majority of the respondents from the manufacturing sector (70%) are still facing a disruption in the supply chain, which has been one of the most serious consequences of the pandemic. Half of them are still confronted with the shutdown of factories. Some promising developments are taking place in South Asia, the Far East and the Africa & Middle East region, however.

Half of the manufacturers who responded to the May survey said they were challenged by labor shortages, but the shutdown of public transportation is not as big an issue as before. On the bright side, logistics have shown what WFSGI describes as "important improvements. Shipping companies appear to have increased their capacities again, with only 12 percent of respondents facing ship-

ping issues in the May survey, a significant drop from April.

Many companies are still facing problems arising from low levels of cash flow, which remains a challenge for nearly 80 percent of the respondents. This marks only a minor improvement versus the April survey. The overall impression among manufacturers is that their business is still impacted by the pandemic, with almost no change against the April survey. The majority of the respondents still expect a drop of 50 percent in their business. The most affected regions are Europe, where 80 percent of the respondents are seeing a decline, and North America at 70 percent.

The brands' and the retailers' views

Of course, some manufacturers have also their own brands and many retailers have their own private brands. Regardless, 64 percent of the respondents among the brands and the retailers said they were opting for an increase in online sales as a way to mitigate the impact of the pandemic, a drop of 10 percentage points as compared to April. Interestingly, close to 40 percent of them said they would keep a minimum of inventories and wait to see how the market develops, up from only 10 percent in the April survey.

Also, the number of respondents who expect to defer payments to suppliers has declined by 15 percent, and the number of those who value stability in their choice of suppliers has doubled. The number of respondents who have opted for a local-to-local and regional-centric sourcing structure has been cut in half. The ratio of industry officials who favor a lean supply chain has declined from three-quarters in the April sample to only 57 percent in May.

Around 70 percent of the participants in this part of the survey consider that running and outdoor sports will be the most appealing sports activities after the pandemic.

Significant changes in attitudes have taken place on other points from one month to the next. . Sustainability

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lity, which was chosen as an upcoming market trend and a key driver for the post-Covid industry by 70 percent of the respondents in April, was selected by only 50 percent the sample in May. Recycling was deemed to be important for 46 percent of respondents, a drop of 14 percentage points versus April. More than half of the respondents said they were taking price-point-centric solutions, double as many as in April.

WFSGI is inviting all interested sporting goods companies to participate in the June edition of the survey. The survey is open to any company in the sector, including those that are not members of the World Federation. The survey is anonymous, as no data on the company or on individual respondents are requested, and it takes around three minutes to fill it in, according to WFSGI(Upda

Decathlon is entering Ireland

Decathlon is gearing up to open its first flagship store in the Republic of Ireland on Saturday, June 13, after testing the waters on the internet with a website since the end of 2017. Some 60,000 Irish customers are already connected online to its website. Reportedly, the Dublin store should be the first of nine stores in the country, three of which would be located in the Dublin area, but the company's Irish country manager, **Bastien Grandgeorge**, says it will depend on the success of the first store, focusing on the areas of Dublin, Cork and Galway.

The new store, originally planned for March 2020, is located near an **Ikea** store in the Ballymun (or Baile Munna) district north of Dublin. Covering 4,000 square meters, it is described as a unique "phygital" store that will offer an omni-channel experience, with personalized follow-up. It will place at customers' disposal its smartphone app, which is already used by 1.6 million people around the world.

Solar panels on the roof of the store will cover 20 percent of its total energy consumption.

While noting that 43 percent of the five million inhabitants of the country practice sports regularly, and that nearly 30 percent Dublin's residents come from abroad, Decathlon says it is also addressing the balance of the Irish population that is still inactive. It will do so through a free-access experience zone measuring 1,500 m² to test its wide range of affordable private-label products, which are typically 20 percent cheaper than branded items. That includes products for 70 sports, including such local favorites as field hockey, golf, darts, rugby and fishing.

Decathlon says it has hired a team of passionate sportswomen and sportswomen to treat customers like their own friends. It is planning to have a staff of 90 people in the country by the end of the spring season.

Decathlon strikes a new B2B collaboration in Switzerland

Decathlon is open for new partnerships with other retailers anywhere, says a spokesman for the company, pointing out that such initiatives are taken by its managers at the national level. After working with some mass market retailers in France, Belgium and the U.S., it has announced that it will start selling its private brands in the more specialized **Fnac** stores in Switzerland, where it operates through a joint venture with the **Maus Frères** group.

Fnac, a French-based retailer specializing in books, music, other entertainment and electronics, started to offer sporting goods and other innovative products in France by hosting other retailers on its marketplace four years ago. It has not worked with Decathlon until now, but Decathlon recently started to work with more generic internet marketplaces in Russia and other countries. It will now sell bicycles and other urban mobility products such as scooters in **Fnac's** physical stores in Switzerland.

Decathlon currently operates 23 stores in Switzerland, where it claims to be a regular supplier for more than 10 percent

of all the participants in sports activities. **Fnac** has nine stores in the French-speaking part of Switzerland. Decathlon also plans to open shop-in-shops in other partner stores and is contemplating franchised stores under its banner in the Swiss market. Reportedly, **Fnac** aims to expand the range of products it offers from Decathlon's private brands through its online store in the future.

In a press statement, **Adrien Lagache**, chief business development officer of **Decathlon Schweiz**, says that this is the first step in a new strategy to position itself as a "first-class B2B partner in the sports sector." The strategy may be new for Switzerland, but not for the rest of the world, says Decathlon's international spokesman, recalling that the French retailer has been working with hypermarket and supermarket chains such as **Auchan** and **Franprix** in France, **Delhaize** in Belgium and **Walmart** in the U.S.

Footway wants to buy a streetwear specialist

The **Footway Group**, the increasingly international Swedish online shoe retailer that recently agreed to merge with Sportamore, wants to create a leading platform for e-commerce in sports and fashion by also acquiring an online retailer of streetwear and sneakers, **Californian Roots**, or **Caliroots** for short.

Caliroots has been undergoing a corporate restructuring process since April 23. The discussions have already started between the two parties about the planned takeover, which would be financed through cash, according to a press release. The due diligence phase has been launched, with a goal to complete the transaction in the second half of 2020.

Most of **Caliroots'** business is online, but the company also has a flagship store in Stockholm. The company and its subsidiaries operate three different brands, **Caliroots**, **Hollywood** and **Soto Store**, focusing on streetwear and skate products, with a presence in the Nordic region and the rest of Europe. **Caliroots** sells high-end brands like **Yeezy**, **Heron Preston**, **Helmut Lang**, **Needles** and

Neighborhood alongside sought-after skate and streetwear brands like **Stüssy**, **Pleasures**, **Butter** and **Polar** as well as staples like **Carhartt**, **Dickies** and **Levi's**, in addition to its house brands.

Footway, which was founded in Sweden in 2010, has a profitable online sales platform for footwear. The range comprises more than 600 external brands and over 30,000 shoe models. Footway is currently available in 24 markets. To enable rapid growth, Footway works with global structures, making use of crowd-sourcing and a high degree of automation. Footway currently has 37 employees with offices in Stockholm and a central warehouse in Helsingborg.

In 2019, before its merger with Sportamore, which has about the same size, Footway had revenues 991 million Swedish kronor (€94.5m-\$107.4m), representing an annual growth of 30.4 percent. The operating profit (Ebit) for the full year amounted to SEK 14.8 million (€1.4m-\$1.6m).

"We are always interested in new opportunities and are constantly working to find strong brands for our platform," said **Daniel Mühlbach**, chief executive of Footway, in a press release. "Since its inception in 2003, Caliroots has successfully built strong brands that would fit well into Footway's new e-commerce platform in sports and fashion. The e-commerce market for fashion is undergoing consolidation and we want to be a driving force in this process," he concluded.

According to *Habit*, the Swedish fashion trade news service, Caliroots was in acute liquidity shortage and lacked opportunities to pay its debts at the start of the reorganization period in late April. Its liabilities with a number of suppliers amount to around SEK 50 million (4.8m-\$5.4m) and there are also overdraft credits of SEK 43 million and liabilities to group companies of SEK 45 million.

In February, Footway announced a public takeover offer for Sportamore, a Swedish online retailer specializing in sporting goods, which is due to be completed during the current quarter.

Footway reports that it has enjoyed a stable increase in new customers, adding 130,000 of them during the first quarter of this year. The number of visitors increased to 11.0 million from 10.7 million in the same period a year ago. However, the quarterly revenues were down to SEK 165.9 million (€15.8m-\$18.0m) from SEK 187.0 million because of a warm winter and the effect of Covid-19 on consumer demand. The operating results showed a loss of SEK 7.5 million (€0.7m-\$0.8m), up from a loss of SEK 5.2 million a year earlier, including an increased obsolescence provision of SEK -5.3 million. The company added that it had made "major improvements" in its operations outside the Nordic markets, with positive effects from the first part of the second quarter.

China grows again for Adidas

Adidas reports that its overall business in Greater China turned positive in May, as compared to a year earlier, leading it to predict more or less flat revenues in the region during the second quarter ending on June 30. The region represents about one-quarter of the Adidas Group's total turnover and a higher percentage in terms of profits.

All the company's mono-brand stores and those operated by third parties in Greater China are open since mid-April. In May, while store traffic remained below last year's level, targeted efforts to revitalize their sales have led to sequential improvements. The lower store traffic has been more than offset by higher conversion rates and the continued "exceptional" performance of the company's e-commerce business, Adidas said in a statement issued on June 4.

On the other hand, Adidas said it doesn't expect a significant deviation from the guidance given on April 27, when the management indicated that the second quarter will be worse than the first one, with an overall drop in sales of more than 40 percent.

At the retail level, only around half of Adidas' stores in Russia and the CIS countries have resumed operations.

In the rest of Europe, three-quarters of the stores have reopened, generally with reduced opening hours. While almost all company stores in Asia-Pacific and Emerging Markets have resumed operations, opening rates in North and South America are still significantly below 50 percent.

Kappa lifts China Dongxiang's sales, despite the pandemic

The recent introduction of a direct-franchise model, designed to ensure a sufficient supply of products in the stores through bulk orders of merchandise, lifted the Chinese sports company's revenues, which were up by 12.6 percent on a comparable basis in the new financial year ended on March 31, reaching 1,841 million yuan renminbi (€231.3m-\$263.8m), in spite of a weak fourth quarter. They were driven by the **Kappa** brand.

China Dongxiang's fiscal year previously ended on Dec. 31. The company owns the rights for Kappa in China and the global rights to **Phenix**, a Japanese brand of sports apparel that it bought in 2008.

The company's gross margin jumped by 5.9 percentage points to 61.8 percent of sales, due to last year's transition from a wholesale model to the direct-franchise model. However, net income attributable to shareholders declined by 14.7 percent to RMB 366 million (€46.0m-\$52.4m), in spite of a strong contribution from the group's investments.

The sales increase was driven by a rise of 24 percent to RMB 1,388 million (€174.4m-\$196.1m) for the Kappa brand in China, with apparel up by 23 percent, footwear by 28 percent and accessories by 40 percent. The strong increase came in spite of a drop in high-20s during the fourth quarter, due to store closures linked to Covid-19.

Kappa Kids' sales were off by 25 percent, in spite of store promotions and investments in marketing initiatives such as a popular "Chinese Football Boy" campaign.

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In Japan, Phenix' sales fell by 14 percent to RMB 202 million (€25.4m-\$28.5m) and Kappa sales remained flat at RMB 99 million (€12.4m-\$14.0m). Other international sales declined by 5 percent to RMB 64 million (€8.0m-\$9.0m).

The company said it enhanced the penetration of the Kappa brand in the Chinese fashion market through campaigns with celebrities, as well as the implementation of an integrated online and offline marketing strategy. The group continued to optimize its store network and improve store efficiency, while developing e-commerce via social media.

In Japan, further to the upgrading of product designs, the management took diversified marketing initiatives related to sports, especially geared toward the younger generation. It also collaborated with Japanese football comics in organizing events and sponsoring women sportswear in golf tournaments.

As of March 31, 2020, the group had a total of 1,372 Kappa stores, including 243 Kappa Kids' stores. There were 132 units fewer than on March 31, 2019, as the group further reduced the number of under-performing stores.

Lululemon suffered less than its peers

Despite strong gains in e-commerce, store closures due to the Covid-19 pandemic weighed on **Lululemon Athletica's** sales, affecting its quarterly performance and sending the vertically integrated yoga apparel maker's sales down by about 7 percent. Financial analysts had anticipated that the company would book sales of nearly \$700 million for the first fiscal quarter, ended on May 3, but they actually dropped by 17 percent from the year-ago period to \$652.0 million.

Nevertheless, the company was able to post net income of \$28.6 million for the quarter, compared with \$96.6 million for the same quarter last year. The gross margin declined by 2.6 percentage points to 51.3 percent, as deleverage on occupancy and other non-product costs

offset an increase in product margin. The operating margin tumbled by 11.5 percentage point to 5.0 percent.

Demand for Lululemon apparel remained strong, as consumers had to exercise at home during lockdowns, but this was not enough to offset the closing of shops and the suspension of yoga classes that were held there.

Digital revenues soared by 70 percent to \$352.0 million, and represented 54 percent of revenues, as compared to 26.8 percent last year. This included whopping increases of 170 percent in Europe and 150 percent in Australia. Lululemon has been connecting with customers through apps and online, offering free workouts and other content, with a view to driving e-commerce sales. The strategy was implemented in China through **WeChat**, and in North America and Europe through **Instagram**. This helped mitigate a 49 percent decline in store revenues to \$260.0 million.

Other revenues, which includes outlets and temporary stores, sales to wholesale accounts, license arrangements and warehouse sales, totaled \$40.0 million, or 6.1 percent of total revenues, down from \$66.0 million, or 8.4 percent of revenues for the year-ago period.

Lululemon said it was pleased with the momentum carried from the previous year at the start of the quarter. The business accelerated through early March with total comparable sales increasing by over 20 percent. The company saw strength in all regions except Asia, which was already experiencing the effects of the virus. In mid-March, as the outbreak expanded, the company closed all stores in Europe and North America.

It continued to pay employees' salaries, regardless of store closings, while members of the senior management reduced their salaries by 20 percent. Lululemon continued to pay its landlords and didn't cancel any orders, resulting in a 41 percent expansion in inventories, 40 percent of which will be core styles that will not have to be marked down. They should help avoid any disruption in the supply chain. Thanks in part to cost cuts, the recent sales losses didn't cause

any major liquidity problems as the company ended the quarter with \$823 million in cash, coupled with access to a credit line of \$400 million.

The company's physical retail operations started to welcome customers back from mid-May, and Lululemon currently has around 190 stores open in North America, 13 in Europe, 53 in Asia, and 39 in Australia and New Zealand. All of its distribution centers are up and running.

The digital business continues to be strong and, for the second quarter, the management expects comparable online sales to progress by around 125 percent. It anticipates the trend in revenue growth to improve sequentially throughout the remainder of the year. Total revenues are expected to decline by high-single digits during the current quarter, improving subsequently to then reach a high-single digit increase in the fourth quarter.

Social distancing measures may somewhat depress activity in the company's physical stores, but its investments in e-commerce should continue to pay off and consumers will likely continue to appreciate its comfortable performance clothing while working more frequently out of their homes and continuing to do more exercise at home, the management said.

During the first quarter, Lululemon closed four company-operated stores in the U.S. and two in Canada. These closures included five **ivivva** branded stores. Meanwhile, it opened four company-operated stores in Asia. Overall, it ended the period with a total of 489 company-operated stores, up from 455 at the end of the first quarter of 2019. Lululemon will trim its capital expenditures, delaying some new store openings and remodelling projects, but it plans to open a third "experiential store" later this year.

In March, the company relaunched its proprietary **Everlux** fabric in two new styles: **Wunder Train** and **Invigorate**, which proved popular. As customers began adjusting to working from home, it saw a significant increase in demand for

yoga products, including **Align** bottoms, yoga mats and blocks. In women's, Wunder Train and Invigorate bottoms did well, while in men's, Lululemon saw strength in pants and joggers from the **Surge** and **License To Train** collections.

Reebok breaks with CrossFit, whose founder quits

Greg Glassman, who co-founded **CrossFit** 20 years ago, announced his retirement as its chief executive, after attracting strong criticism for tweeting "It's Floyd-19" in reaction to a tweet from the **Institute for Health Metrics and Evaluation**, which said that racism and discrimination are "critical public health issues."

He resigned from what he describes as "the world's largest network of gums," after apologizing for his tweet, saying that he had made a mistake and that he and the "CrossFit community" would not stand for racism. CrossFit announced that **Dave Castro**, director of the **CrossFit Games** and co-director of training, will take over as CEO.

Glassman was evidently reacting to the strong wave of protests and demonstration against racism and police brutality that have swept throughout the U.S. and the rest of the world in the wake of the death in Minneapolis on May 28 of **George Floyd**, strangled by a policeman who pressed his knee over the unarmed black American's neck for more than eight minutes.

The Crossfit community and the fitness industry had reactions of their own. Several CrossFit champions, licensed gyms and suppliers said they were reconsidering their allegiance with CrossFit. Immediately after Glassman's public comment, **Reebok** said it had decided to end its relationship with CrossFit for good. The brand announced that its 10-year-old exclusive sponsorship and licensing contract with CrossFit will be terminated at the end of this year.

Reebok had already started renegotiating the contract. The relationship

between the brand and CrossFit had become strained already early last year, when CrossFit decided that Reebok should no longer be the exclusive supplier of footwear for the CrossFit Games, after accusing it of underpaying royalties for its use of the CrossFit name and logo.

CrossFit's intense fitness training programs are practiced by members of 13,000 to 15,000 affiliated gyms around the world (the actual number is not clear), half of them in the U.S. Its workouts have been praised by many, but they have also been criticized for allegedly causing unnecessary injuries.

The unorthodox approach of CrossFit and its previous statements on other issues have generated a lot of controversy on social media, leading the company to shut down its **Facebook** and **Instagram** accounts in May 2019. They had 3.1 million and 2.8 million followers, respectively.

On June 4, 2014, for example, CrossFit uploaded a parody video of Jesus Christ on its Facebook page, referring to the "Holy Trinity of exercise." Four years later, CrossFit was criticized for intolerant remarks against the LGBT community by its chief knowledge officer, **Russell Berger**, who was subsequently fired.

Glassman's unconventional attitude probably contributed to other executive changes in the past year. Among others, **Jeff Cain** resigned last September as CrossFit's CEO after just two years in the position. A few months earlier, CrossFit had laid off many members of its media staff, outsourcing broadcasting functions to an external supplier.

Accell benefits from a strong bike market

The post-Covid bike market is going strong in Europe, as indicated by a business updated released by **Accell Group**, although it seems that the boom is mostly affecting bicycles used for transportation rather than sport, as indicated also by a recent report by the **NPD Group** on the bike market in the U.S.

The Dutch-based company's sales of finished bicycles jumped by 23 percent year-over-year in May, after a 27 percent drop for the months of March and April combined. As a result, sales from January through the end of May were only 5 percent below the same period of last year for the owner of **Haibike**, **Lapierre**, **Batavus**, **Raleigh** and many other bicycle brands.

However, the operating profit (Ebit) for the 5-month period was down by 40 percent to €28 million, hampered by additional costs for supply chain disruptions due to the coronavirus pandemic and the effect of an adverse mix. The results do not include the former operations in North America, which Accell divested last year to focus on Europe.

Bike stores started to reopen at the end of April in Germany, the company's biggest market. In the second week of May, most bike shops in Europe were open. In order to meet the soaring demand for e-bikes, e-MTBs and e-cargo bikes, Accell has increased their share of its total production capacity from 30 percent in March to 70-80 percent now.

The group anticipates that ongoing global supply chain disruptions caused by Covid-19 will continue to hamper product availability in the second half of 2020, causing delays in the planned introduction of new bicycle models. As a result, the company has arranged an additional credit facility of €115 million to create a financial buffer that will secure access to liquidity. Some €60 million will be drawn from the facility in 2020 and the remainder will remain available until April 2021. In return, Accell has agreed to amend its loan covenants and to distribute no dividends for the 2020 financial year.

New runners have emerged from the pandemic

According to a recent study by **Asics**, the Japanese sportswear brand, the coronavirus crisis has revealed a new-found love for running all over the world. More

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importantly, most runners are now planning to maintain their new exercise routine in the future.

In an encouraging sign, nearly three-quarters (73% globally) said they wish to continue running as much as they are now once the pandemic is over. This also applies also to the 62 percent of respondents around the world who started running regularly only after the onset of the latest health crisis.

Asics spoke to 14,000 exercisers, aged 18-64, who run at least once a week in 12 countries, including Australia, Brazil, China, France, Germany, India, Italy, Japan, Russia, Spain, the U.K. (2,000) and the U.S. (2,000). More than a third of respondents (36% globally) have been more active since the start of the lockdown than they were before the outbreak of the pandemic – despite the measures to limit sporting and social activities in most countries.

Many respondents stressed the importance of running not just for their body but also for their mental well-being. Two-thirds (67% globally) said that exercise helps them cope mentally with challenging situations, such as the pandemic itself. More than three-quarters (79% globally) of the runners said that being active was making them feel saner and more in control. Not surprisingly, an even higher percentage (81%) said that running played a key role in helping them clear their mind.

Face masks for athletes and the public

We have already talked about the numerous initiatives that sports brands have taken to help health workers in the fight against the coronavirus outbreak. Some of them, including **Under Armour** and **Buff**, are now focusing on high-tech face masks for athletes or the general public.

Under Armour (UA) has launched the **Sportsmask**, a new reusable face mask that has been engineered specifically for athletes. While reducing the spread of respiratory droplets by the wearer, the new mask is said to offer the maximum breathability that athletes need

during exercise. The Sportsmask features three layers. The first layer (spacer fabric) has air pockets and stays off the mouth and nose, for better airflow. The middle layer (open-cell foam) lets air through but makes it hard for moisture and sweat to pass. The third layer (UA's Iso-Chill) is a stretchable fabric that feels cool against the skin, and is treated with **PROTX2**, a non-metal antimicrobial technology that inhibits the growth of bacteria on the mask. UA has a patent pending on the design and construction of the Sportsmask.

Advanced breathable technologies are also being used by companies like **Buff**. The Spanish head- and neckwear specialist's **Filter Mask** features a replaceable three-layer filter system, developed by the Finnish company **Ahlstrom-Munksjö**, with 98 percent bacterial filtration efficiency. The mask is said to meet the standards of a surgical mask while guaranteeing the lowest possible breathing resistance. Available from the **buff.com** website in different colors, a mask with filter for an adult or a child costs €24.95 and a pack of 30 filters €15.00.

Buff's face mask uses **CoolNet UV+**, a Swiss technology developed by **HeiQ Materials**, which is manufactured from 95 percent recycled polyester. It features an antibacterial **HeiQ Viro-Block** coating, which lasts up to ten washes at 60 degrees and ensures that microbes and germs are repelled and odors are controlled.

On top of this, Buff has announced that 2 percent of its global sales this year will be donated to the United Nations Children's Fund (**Unicef**), including the proceeds from the new Filter Mask. Its donations will be used to support three of the organization's global projects that address the needs of children resulting from Covid-19.

Emphasizing breathability like UA and Buff, **Uniqlo**, which has been dabbling with sports, has introduced the **AIRism Mask**, which uses a patent-pending three-layer structure with a high-performance antibacterial filter. The outer layer of the reusable mask blocks UV rays and the inner layer uses a nonwoven cotton fabric for comfort.

Meanwhile, **New Balance** has released its own mask for the general public. The **NB Face Mask V3** is a washable three-layer mask with moldable nose piece. The mask materials include nylon tricot for the inner layer, polyurethane foam for the second layer, polyester suede for the outer layer, polyester/TPU for the outer frame, and spandex/polyester for the ear loops. The non-sterile mask is assembled in the U.S. and comes in a pack of three. New Balance reportedly plans to launch an athletic mask in July.

Macron, an Italian producer of team jerseys that has already done a lot against Covid-19 for the local community and hospitals in the Bologna region, using its manufacturing partners in Asia, is now offering a special surgical mask to all the fans of the numerous sports clubs that it sponsors. The disposable masks can be purchased between June 16 and 30 at a relatively low unit price of half a euro on a dedicated website, <https://stop-covid.macron.com/clubs>, where the customer must register. A package of 50 units can be delivered to the buyer's home for €6.99 or picked up at Macron store, with a voucher for a discount on another purchase.

Decathlon, too, is entering the market by launching a face mask of its own. According to the retailer, the "100" model has been designed for moderate sports in the open air and is certified to meet current health strictures. It is unisex and comes in two sizes, for adults and children. It is lightweight, absorbent and breathable. It can endure up to 70 washings, and is fully recyclable. The manufacturing is done in Spain. Decathlon will soon be making available a second, more breathable model, the "900," for daily use and, again, moderate sports.

We have already mentioned the numerous other face mask initiatives for the public and factory workers by others including knitting specialists such as **Trerè Innovation** and **Falke**. We have also spoken about recent decision by companies like **Hanesbrands** and **Lenzing** to form a dedicated business unit for the manufacture of face masks and other anti-viral products.

We have talked about the numerous initiatives that sports brands have taken to help health workers in the fight against the coronavirus outbreak. Some of them, including Under Armour and Buff, are now focusing on high-tech face masks for athletes or the general public.

Japanese chip-maker invests in antimicrobial and ecological fabrics

Murata Manufacturing, a Japanese-based manufacturer of high-tech electronic components, has partnered with a Japanese supplier of yarns and fabrics, **Teijin Frontier**, for the research, development, production and sale of a new fabric with antimicrobial and deodorizing properties. Clothing, and in particular sportswear, comes first on the list of future applications for the new fabric, dubbed **Piecllex**, which will also be used for industrial products and sanitary materials.

Based on Murata's piezoelectric technology (electric polarization from mechanical stress), Piecllex is said to generate electricity in the garment when expanded or contracted by the movements of the wearer. The electric fields inside the fibers then eliminate bacteria. The company also highlights the eco-friendly characteristics of Piecllex, as it is produced from plant-derived fermented starch. It does not require chemical agents or solvents and is thus carbon-neutral.

The new joint venture company, also called **Piecllex**, was formed in April with capital investments of 100 million yen (€820,000-\$927,000), with Murata holding a controlling share of 51 percent and Teijin holding the rest. According to the company, production and sales of the new fabric will start in the course of this year and both partners will aim to reach revenues of ¥10 billion (€82m-\$93m) by 2025.

Murata is a listed company with annual revenues of ¥1,534 billion (€12.57bn-\$14.22bn) in 2019/20. It is a supplier for high-tech brands such as **Apple** and **Huawei**, with a global presence. Teijin

Frontier is a branch of the larger Japanese **Teijin** group which had revenues of ¥318 billion (€2.61bn-\$2.95bn) in 2018.

Primaloft dismisses European managers to adjust to the crisis

Primaloft has confirmed rumors about its separation from its long-time managing director for Europe and its recently appointed president of licensing, **Jochen Lagemann**, as of May 31. A spokesman for the ingredient brand said that Lagemann's departure was triggered by the economic impact of the coronavirus pandemic, which has forced the company to reassess its licensing business. As a result, the responsibilities for the global licensing business unit and the European management have changed. All licensing inquiries will be handled by Primaloft's vice president of licensing, **Bob Sameski**. The management of Primaloft's European operations will be performed by the company's chief financial officer, **Tom Seaver**. Furthermore, **Michael Jakob**, vice president of business development for outdoor sports and athleisure in Europe, has left the company together with Lagemann.

After working for **W.L. Gore & Associates** as sales and marketing manager in charge of sports for seven years, Lagemann built up Primaloft's European and Asian business over the past 10 years. He had recently started to develop a broader licensing strategy for Primaloft. It is difficult to predict what consequences the departures of Lagemann and Jakob will have for Primaloft's European business, which was greatly influenced by the two managers. Lagemann is listed as a speaker at the upcoming digital conference **Ispo Re.Start Days** in Munich.

Founded in 1983, Primaloft was acquired in 2017 by a U.S. investor group led by a private equity firm, **Victor Capital Partners**, in partnership with **Allstate Corporation**, the largest publicly held personal lines insurer in the U.S. To justify general cost cuts and layoffs as a consequence of the Covid-19 pandemic, Primaloft's president and chief executive, **Mike Joyce**, said that the past

months have been the most turbulent in 70 years. "The Covid-19 virus created an unprecedented effect on our lives and economies. We, along with many of our brand partners, have been significantly impacted by the virus. We have all been forced to reassess the reality of the economic downturn and adjust our businesses accordingly." As a result, the company has been forced to downsize and restructure the organization "to protect and strengthen our core business." He stressed that these measures "are in no way a reflection on the great work performed by those who are leaving the company." He emphasized that Primaloft will continue to develop innovative technologies and that it is a good thing that his company will emerge from the crisis in a strong position.

EU-Vietnam FTA may widen the gap with Cambodia

The **Federation of the European Sporting Goods Industry (Fesi)** has applauded the ratification by the National Assembly of Vietnam of the Free Trade Agreement between the European Union, removing one of the last obstacles to its passage after eight years of negotiations. **Jérôme Pero**, secretary general of Fesi, said it will be "a much-needed breath of fresh air for many sporting goods companies" in their difficult journey for recovery from the Covid-19 pandemic.

Only a few formalities are still left before the agreement goes into effect on Aug. 1, gradually removing 99 percent of all tariffs between the EU and Vietnam and ensuring the abolition of any forced labor. While production capacities are limited in Vietnam, the FTA could raise the competitive advantage of the Asian country as a sourcing alternative to neighboring Cambodia, which is instead facing the imposition of new import duties by the EU.

Sales of Cambodian apparel, footwear and travel goods are estimated to fall by 50 to 60 percent in the second quarter of this year, as compared to the year-ago period, according to the **Cambodia Footwear Association**, the **Garment Ma-**

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Manufacturers Association in Cambodia and the **European Chamber of Commerce in Cambodia**. In a co-signed letter sent to the EU last week, the three organizations pleaded for Brussels to postpone by at least one year the planned withdrawal of Cambodia's duty-free treatment under the Everything But Arms (EBA) scheme.

Further highlighting the consequences of the coronavirus pandemic on their respective industries, the signatories of the letter point to the fact that 250 factories have closed and 130,000 workers have lost their jobs already. They also argue that the suppression of the EU duty-free benefits could undermine improvements that have been already achieved in labor rights and working conditions.

The EU initially launched the EBA withdrawal procedure in February 2019, justifying the move with Cambodia's violations of political and civil rights. Seeing no significant progress since then, the European Commission decided last Feb. 12 to lift part of the trade-free preferences granted to Cambodia, starting from Aug. 12. According to the Commission, the withdrawal amounts to about €1 billion of Cambodia's exports to the EU, or 20 percent of the country's total exports. However, some high value-added garments and certain types of footwear will continue to benefit from the EBA status.

The EU has not yet officially replied to the Cambodian industries' letter but the *Asian Nikkei Review* reports that the

Commission confirmed in an email that the way for Cambodia to regain full EBA status was by showing significant progress in political and civil rights.

Mandatory tagging of shoes will start in Russia on July 1st

There will be no further delays in the introduction of mandatory tagging of footwear products sold on the Russian market, said **Victor Evtukhov**, Deputy Industry and Trade Minister. All untagged shoes will be banned for sale in the country from July 1, he added.

The tags consist of electronic chips inserted in the shoes in order to prevent illegal trading practices such as the avoidance of sales taxes. The Russian government first introduced a mandatory tagging system for the domestic footwear market on March 1, 2020, but cancelled it then on March 3, as there were still many shoes without the tags on the market.

The government has now declined an appeal by market participants to postpone the system's introduction further, said Evtukhov, noting that this would not be fair for those companies that have already begun tagging their shoes, bearing the related costs. Just like with all similar projects, there are responsible companies that adjust their business to the new system well ahead of its introduction, and those deciding to do that at

the very last moment, Evtukhov added. As of early June, however, most companies had already prepared to introduce the system, he said.

The **Russian Association of European Businesses** had called on the government to postpone the introduction of the system for one more year to July 1, 2021, arguing that weak sales in recent months have resulted in most companies having a lot of untagged shoes in stock. The association claimed that the introduction of the system at the scheduled date will cause the Russian footwear industry to suffer losses of 5 billion rubles (€64m-\$72m).

The tagging system is meant to help the government to monitor cross-border and domestic trade in the products. The tags can be applied by the manufacturers, the importers or the retailers. All traders must register themselves in the monitoring system, which is due to be also applied to some clothing items as of next Jan. 1.

The compulsory tagging system is also part of an ongoing drive to modernize the retail trade in Russia, which led to an increase of 30 percent to 1,800 in the number of legally registered shoe shops in the country between 2013 and 2018. Illegal sales of shoes are still flourishing, however, as witnessed by an estimated increase in the proportion of counterfeit footwear - mainly sneakers - from 35 to 60 percent of all the shoes sold in market shortly after the government announced the new tagging program.

News Briefs & Short Stops

Corporate

The supervisory board of the **Adidas Group** has decided to hold its annual general meeting in a purely virtual format on Aug. 11, using a dedicated portal on the group's website, www.adidas-group.com/agm. Shareholders of record who have registered for the AGM will be able to submit questions on the portal until Aug. 8 and cast their votes by e-mail. The AGM had been originally planned to be held in the Bavarian city of Fürth on May 14, but was then indefinitely postponed because of the Covid-19 epidemic

Standard & Poor's has downgraded **Boardriders'** debt rating to CCC+ from B- after the company reported that it recorded

"severely negative" Ebitda on 40 percent lower revenues for the second quarter ended on April 30, indicating that it may need additional liquidity to meet its obligations. Ebitda is expected to remain negative for the full year ending on Oct. 30, making it difficult to pay annual interest expenses of \$40-50 million. S&P said that the company is likely to need to raise more debt or equity, and that its risk of default within a year has increased. Boardriders' main shareholder, **Oaktree**, has indicated that it will support it if necessary, and S&P said it believes that it will return to positive Ebitda in the next fiscal year. The parent company of **Quiksilver**, **Roxy** and other brands already suffered from negative cash flow prior to the coronavirus outbreak due to restructuring costs linked to **Billabong's** integration. By the end of May,

the company had only about \$100 million in cash and \$15 million on its revolving credit facility. S&P said that the need for additional cash may lead Boardriders to cut its planned investments in growth initiatives. The agency may consider a more positive rating if the company can generate positive cash flow while maintaining an adequate level of liquidity.

Dielmann, a German retailer with 48 footwear and sporting goods stores operating under such banners as **Schuhhaus Dielmann** and **Sporthaus Robert Hübner**, filed for insolvency proceedings on June 4. The local court of Darmstadt opened the proceedings under self-administration on June 8. The coronavirus is seen as having been an accelerator, but not just the sole reason, for Dielmann's financial difficulties. The federal credit institute, **KfW**, rejected an application for a bridge loan last week. Dielmann's stores and its **Sommerkind.de** online store will remain open until further notice. The German retailer has a total of 890 employees, 722 of them in the company's shoe retail chain and 168 in the sporting goods chain. **Michael Specht**, a retail expert, and **Georg Bernsau**, a lawyer and an expert in this kind of insolvency proceedings, will take over the management of Schuhhaus Dielmann, while **Steffen Schneider** and **Kristian Schneider** from the law firm of **BBL Bernsau Brockdorff**, will run the **Sporthaus Robert Hübner** chain.

The **Rossignol Group** announced an agreement in principle for the disposal at an undisclosed price of **Time Sport International**, the French producer of bicycle components that it had acquired four years ago as part of its diversification into the bike sector. Major investments made for its modernization have not been sufficient for Time to reach the desired critical mass, says the group, which reduced Time's personnel in France early last year. Provided it obtains the necessary financing, the buyer of Time is **WhaTTfornow** (sic), a small and innovative four-year-old French start-up, led by **François Guers**, that has developed a new generation of electrical mountain bikes. Time's pedals will continue to be made at Rossignol's factory for ski bindings at Nevers. The manufacture of carbon frames should remain in Slovakia. The 20-odd remaining French employees of Time and WhaTTfornow are reportedly going to work together from September at a former ski factory of **Salomon** at Rumilly, near Annecy. Rossignol plans to continue to play a role in the bike sector through its Rossignol branded mountain bikes and its **Felt** brand of high-end road and triathlon bikes in the U.S.

Head is in advanced discussions for a takeover of **Zoggs International**, the leading U.K.-based brand of swim goggles, says an insider, commenting on a report in *Sky News*, stressing that the transaction is not yet completed. **Mark Hammersley**, the former president of **Speedo International** who has been running the brand since 2002, is expected to continue to play a role. He is currently one of Zoggs' shareholders along with **Risk Capital Partners**, a British private equity firm that took over majority control from **Leo** and **Daniel Gestetner** in 2015. Born in Australia in 1992, Zoggs has diversified lately into swimwear and other watersports-related products.

Synergies could be expected with **Mares** and the two other diving brands of **Head**, **Scuba Schools International** and the group's **rEvo** closed-circuit rebreathers.

JD Sports Fashion was notified on June 5 by its executive chairman, **Peter Cowgill**, that he had disposed of 1,985,000 shares in the company at an average price of 671.77 pence a share, leaving him with 6,480,260 shares representing 0.67 percent of the issued share capital. He earned £13.3 million (£14.9m-\$16.8m) from this transaction. JD's stock price has gone up steadily since mid-March, when it fell below £300, despite a new negative verdict issued by the British anti-trust authority at the beginning of May on the company's acquisition of **Footasylum**. The share price went up slightly to £691.20 on the day of Cowgill's notification.

Kinnevik, which is **Zalando's** biggest shareholder, has sold 10.6 million shares in Zalando to institutional investors, reducing its stake from 26 percent stake to 21.3 percent and taking advantage of a recent increase in the e-tailer's share price. The announcement came just before Zalando said that it will post significantly higher-than-expected results for the second quarter of 2020 in terms of sales and profits. As of May 25, financial analysts polled by the company were projecting an adjusted operating profit (Ebit) of €104 million and increases of 19.0 percent in Gross Merchandise Value and 16.0 percent in revenues for the period.

Frasers Group, the parent company of **Sports Direct**, continues with its portfolio investments in the fashion sector, acquiring a 5.1 percent stake in **Hugo Boss** in the form of shares and derivative put options. If the options are fully exercised, the total exposure would be worth a maximum of around £97 million (£108.3m-\$121.8m). A few days earlier, **Mike Ashley**, Frasers' chief executive and major shareholder, further raised his stake in **Four Marketing** from 32.5 percent to 49 percent. The agency represents fashion brands such as **Stone Island**, **Paul & Shark**, **CP Company** and **Jack Wills** in the U.K. Some of them are sold in the **Flannels** chain of 45 luxury fashion stores, which is fully owned by Frasers. Ashley first invested in Four Marketing in 2015, buying a stake of 25 percent. Two years later, the agency bought a British brand of high-end lingerie, **Agent Provocateur**, through a pre-packaged bankruptcy process.

Construction of a new 2,250-square-meter facility for **Specialized France** has been launched in Valence, in southeast France, in the Parc d'Activité de la Lautagne. According to reports in *sport-guide.com*, the facility is scheduled for inauguration in January 2021. The historic headquarters of Specialized France at Charnes-sur-Rhône, near Valence, was destroyed by a fire earlier this year.

Ultimate Nordic is taking over **Getvital Sports**, adding **Altra** running shoes and **Injinji** socks and technical running equipment to its portfolio of sports and outdoor products, which also includes **Buff**, **Stanley**, **LedLenser** and **Soto**. Ultimate Nordic is a Norwegian distributor, formerly called **Trygve Alm**. Established in 1928, it is described as a leading player

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in sports and outdoor, construction and kitchen equipment in Scandinavia. Beyond supplying well-known brands, it develops its own products. In 2009, it entered the Swedish market and expanded the number of brands. After the acquisition, Getvital Sports will continue to operate as before, but as a subsidiary of Ultimate Nordic and under the name **Getvital Nordic**. Getvital has operations in Norway, Sweden and Finland, according to *Sportfack*. Getvital Nordic will be sharing offices and showrooms with Ultimate Nordic in Oslo and Stockholm. **Esben Blomberg**, former chief executive of Getvital Sports, will continue to be responsible for Getvital Nordic's products as category manager, reporting to **Ingulf Horns**, CEO of Ultimate Nordic.

+++ **Lagardère Sports and Entertainment**, the global sports marketing firm, has been rebranded as **Sportfive**, with an underlined "v" +++ **Frasers Group**, the parent company of **Sports Direct**, has made a portfolio investment, acquiring a 5.1% stake in **Hugo Boss** in the form of shares and derivatives +++ **VF Corp.** is considering acquisitions in the areas of athleisure, activewear and outdoor, according to the *Financial Times* of London +++

Executive Changes

Petra Stürenberg, managing director of **Medico Sports Fashion**, Fila's licensee of the brand for Continental Europe, has appointed new managers to sustain the brand's strong momentum in the region with a goal to turn it into one of the top five sports brands in the market. Since June, **Hansjörg Scharner** is serving in the position of senior key account manager for sports, focusing on the development and marketing of the company's new Performance Footwear product group. He was previously sales manager at **Jack & Jones Premium Tech**, among other former positions. In July **Michael Staib** will take over the position of creative director for Fila. The 49-year-old comes from **IB Company**, a subsidiary of **Peek & Cloppenburg** where he was brand director of the German chain's private label **Review**. Previously, he worked for almost nine years at **Adidas Originals** as design director and five years as head of design for men's jeans at **Joop!** A few months ago, in March, the position of European sales director was filled by **Jochen Gärtner**, a 36-year-old official who worked for a long time for the denim division of the **VF Corp.** and its later spin-off, **Kontoor Brands**. According to Medico, Fila has achieved retail sales in the "upper three-digit-million-euro range" in Continental Europe, recording dynamic growth in 2019.

Cole Haan has appointed **Andrew Rudolph** as senior vice president of North American wholesale sales, preparing the American casual footwear brand for its entry into the sporting goods retail channel. Rudolph spent the past five years as vice president of sales at **Adidas**, his home since at least 2007, generating excellent results: according to *SGB Media*, Adidas' wholesale revenues in the U.S. last year amounted to \$3 billion. Speaking to the same publication, **Jack Boys**, Cole Haan's chief executive, said the brand would be accelerating its "performance lifestyle initiative" by expanding

its "domestic distribution to include outdoor and sports retailers." **Apax Partners**, a private equity firm, acquired Cole Haan from **Nike** in 2013.

Champion's parent company, **Hanesbrands**, has appointed **Stephen B. Bratspies** as its new chief executive, granting him a seat on its board of directors. He will be taking these posts on Aug. 3, thereby succeeding **Gerald W. Evans Jr.**, who already announced his retirement after 37 years with the company, staying aboard as an advisor through 2021. Bratspies was most recently chief merchandising officer at **Walmart**, where he oversaw \$330 billion in sales and overhauled the company's merchandising. He also served as the company's executive vice president of general merchandise, executive vice president of food and senior vice president of marketing. In earlier days, Bratspies was by turns chief marketing officer at **Specialty Brands**, director of marketing at **Frito Lay** and a senior consultant at **A.T. Kearney**.

David Tews, marketing director of **Intersport Deutschland** since 2014, changed companies in June and is now responsible for international marketing at one of the biggest Austrian sports retailers, **Hervis Sport**. Tews a further addition to the growing management team of the international retail chain. In May, the company, which belongs to the Austrian **Spar** group, expanded its management team by hiring Roland Jegle, who will support the previous sole managing director, **Martin Weber**. Founded in 1970, Hervis Sport operates 237 branches in Austria, Hungary, Romania, Croatia, Slovenia, the Czech Republic and Bavaria in Germany.

Merrell has announced the appointment of **Janice Tennant** to the position of chief marketing officer, reporting directly to the brand's global brand president, **Chris Hufnagel**, and joining its senior leadership team. Tennant has more than 18 years of global brand-building experience, most recently serving as chief marketing officer for **Cat Footwear**, another brand within the **Wolverine Worldwide** portfolio. Prior to that, she served as director of marketing at **Kimberly-Clark** and **PepsiCo**.

Fischer Sports has appointed **Silvan Häfliger** as its new country manager for Switzerland, starting on July 15. He will take the place of **Walter Dietiker**, who is leaving the company for reasons of health. Häfliger previously spent 15 years in the winter sporting goods sector, working for **Stöckli Swiss Sports** in various roles, followed by eight and half years as country manager for a bike producer, **BMC Switzerland**.

Rose Marcario is stepping down as chief executive of **Patagonia** on June 12, after 12 years with the company, the last six as CEO. She joined Patagonia as chief financial officer in 2008 after spending 15 years in private equity. Patagonia's chief operating officer, **Doug Freeman**, will take her place while the board of directors and the company's founder, **Yvon Chouinard**, look for a successor. Reportedly, Marcario and Chouinard had been discussing her departure since the end of last year. It was then decided that a new team should be brought on board soon to lead a transformation of the

company after the Covid-19 pandemic. In March, Patagonia was one of the earliest banners to close its doors – and even its online store for a period – and is still very cautious with its reopening plans. More in *The Outdoor Industry Compass*.

Stephan Fanderl is said to be leaving the position of chief executive of **Galeria Karstadt Kaufhof (Galeria)**, the holding company formed in 2018 from the merger of the **Galeria Kaufhof** and **Karstadt** department stores. He has suggested a consensual separation to the Austrian-based **Signa Retail Group**, parent company of Galeria, which also owns the **SportScheck** and **Karstadt Sports** chains. His departure would not be surprising, according to the German press. For a long time, he was not to be seen officially, not even at the start of Galeria's insolvency proceedings on April 1, as he fell ill in mid-March and has since not been involved in the company's management. 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 resume shopping at its stores as before. In the framework of its insolvency proceedings, Galeria plans to close up to 80 of its 172 stores and to reduce the number of employees by more than a thousand. Fanderl was for a long time one of the major figures in the Signa Retail Group. He became head of the supervisory board in 2014 and managed the operational business of Karstadt, responsible for a restructuring with big changes in the organization, the store network and headcount. After Signa acquired the Galeria Kaufhof chain, Fanderl managed the new holding company formed from the merger of Galeria Kaufhof and Karstadt until the end of 2018.

Vincent Wouters, the former president of **Arc'teryx** who became the chief executive of **Hunter Boots** in 2016, will be stepping down "by mutual agreement" at the end of July to pursue new opportunities, said the Edinburgh-based company, adding that it is launching a "strategic review" of its operations. This comes after the **Pentland Group**, which is still a minority shareholder in the famous brand of Wellington boots, joined **Searchlight Capital** in a cash injection of \$16.5 million (€18.4m-\$20.8m) for Hunter, led by **Goldman Sachs** and intended to help the company through the coronavirus crisis and to support its future growth. Reportedly, a wider refinancing package will lead a former minority investor, **Pall Mall Legacy**, to become Hunter's controlling shareholder. More in *Shoe Intelligence*.

+++ **Eurosport** has hired **Amar Melwani** from the **Walt Disney Company** to be vice-president of distribution, partnerships and rights, a newly created post meant to accelerate the broadcaster's direct-to-consumer strategy +++

DTC & E-Commerce

From July, **Zalando** will be extending its offer to waive commissions on its Connected Retail program to Poland, Sweden and Spain. The initiative, which was originally aimed at supporting brick-and-mortar stores during the coronavirus crisis, was introduced in Germany and the Netherlands on

April 1. The offer will run until the end of 2020, covering also Germany and the Netherlands where it was initially scheduled to end on May 31. About 1,800 stores are currently participating in the program in the two countries. On top of waiving commissions, the package includes offers of weekly payments by the e-tailer to the members of the program. Meanwhile, **Zalando** has opened its 10th physical outlet store in Germany.

Pandemic or not, **Tradeinn** continues to grow. For the first five months of 2020, the Spanish sports e-tailer exceeded €100 million in sales – more than half of last year's total of €188 million. Its objective for the whole of 2020 – according to the founder and chief executive, **David Martín** – was €250 million. The pandemic cast a shadow on this forecast, but recent weeks have been sunny indeed. Tradeinn has seen no decline this year, only a slowdown in its growth. Sales for March were up by 15 percent year-on-year, after a 50 percent increase for the previous two months, and the year-on-year increase for May was 133 percent. Similar growth rates were registered from 2018 to 2019. Tradeinn operates 15 online stores, selling the products of 1,500 brands in 193 countries.

Distribution

Crocs will be building a new distribution center in the Netherlands, located in the Dutch city of Dordrecht. It will be the company's largest European distribution center, covering 35,000 square meters. The project will create 200 to 350 jobs. The distribution center will serve as storage for Crocs' online store as well as for returned orders and deliveries for the company's mono-brand stores. The U.S. company plans to have the new distribution center ready by April 2021. Crocs says it has sold more than 350 million pairs of shoes in more than 90 countries since its foundation in 2002.

Retail

Globetrotter, the German outdoor retail chain that is part of the **Fenix Outdoor** group, will move into **SportScheck's** 10-year-old store in Berlin-Steglitz, which is scheduled to close on July 20. **Decathlon** has a store that is located opposite to the new Globetrotter store, on the premises of a former SportScheck unit. Other sporting goods retailers like **Intersport Olympia**, **11teamsports**, **Foot Locker**, **Snipes** and **Karstadt Sports** have their own stores in the neighborhood. SportScheck will remain with only one store in the German capital, located in the **Mall of Berlin**. The store network of SportScheck in Germany will be reduced to 16 units. Globetrotter will be moving into its new premises in the autumn, closing its present location in the area because of the construction of a new urban motorway. The company has announced a new concept for the new location but has not yet revealed any details. The SportScheck chain was acquired last December by **Galeria Karstadt Kaufhof**, a subsidiary of the Austrian-based **Signa Retail** group, which has also been managing the Karstadt Sports chain. The merger of Karstadt Sports and SportScheck is not yet complete, and both companies are still legally independent from each

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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.

Salomon has opened its second store in Paris. The new 220-square-meter store, opened on May 27, is located at 12 boulevard de la Madeleine, on one of Paris' "grands boulevards." Besides the brand's products, the store offers 3D foot scanning and boot fitting services. The first Parisian store, opened two years ago, is located on the other side of the river Seine, at 129 boulevard Saint-Germain. The brand has five stores in France and more than 200 worldwide.

Vans has inaugurated its first retail location in Japan, a three-story building in the Harajuku district of Tokyo. The first two floors are for footwear, apparel and accessories; and the third one for its skate collection. Three Japanese artists – **Shigeki Matsuyama**, **Yutaka** and **Hiroton** – were commissioned to produce wall paintings to illustrate the brand's "Off The Wall" slogan. The store will host activations, music, art, street-culture events, live broadcasts and highlights of Vans tournaments, such as the **Vans Park Series** and **Vans Musician Wanted**. It will also be carrying special editions of apparel and holding a grand-opening sale, with details available on the Vans Japan **Instagram** page.

+++ **Mizuno** has opened a 200-square-meter shop in Turin, its first flagship store in Europe +++

Results & Statistics

Correcting a German press report, the German subsidiary of **Decathlon** indicates that its net sales went up by 26.4 percent to €654 million in 2019. Online sales accounted for more than 20 percent of the French retailer's sales in the country. Decathlon opened 16 stores in Germany in the course of last year, leading to a fleet of 80 stores in the country by year-end. **André Weinert**, who was appointed chief executive of **Decathlon Germany** last September, after serving as its commercial director, gave a gross sales figure of €800 million in an interview posted on its website, but this evidently included VAT. Weinert has been working for Decathlon since 2003, and he became the manager of Decathlon's eighth German store in Würzburg after its opening in 2007. He took the place of **Stéphane Montini**, who moved to the U.S. in the autumn, working now as territorial manager for Greater Los Angeles. Before the coronavirus crisis, Decathlon was planning to open 10 more stores in Germany this year. So far it has opened only two of them, in Hamburg and Fulda, and it plans to open only three more by the end of this year. The current business plan calls for Decathlon to open another 10 stores in 2021, including its biggest store in Germany, which would be located at Weiterstadt near Darmstadt, measuring almost 8,000 square meters. The company will also open its third logistic center in the country, occupying 30,000 square meters in the Berlin area.

Bicycle sales in Italy have jumped by 60 percent since bicycle shops reopened after the lockdown on May 6, as compared to the same period of 2019. According to data released on June 9 by **Ancma** (Associazione Nazionale Ciclo Motociclo Accessori), the sector's trade association, Italians bought 540,000 units in that period. In May alone, they purchased 200,000 more bicycles than in May 2019. Consumers have been encouraged by government incentives for the purchase of bicycles, which have been introduced in view of limiting the number of people who use public transport. The incentives are only available to the residents of regional or provincial capitals, of cities with more than 50,000 inhabitants, including the 14 "metropolitan cities" of Bari, Bologna, Cagliari, Catania, Florence, Genoa, Messina, Milan, Naples, Palermo, Reggio Calabria, Rome, Turin and Venice. On the other hand, according to Ancma, the sales growth was registered homogeneously across the country, also in the less populated areas that do not benefit from the incentives.

According to a new study by the Federal Office of Sport, the number of Swiss residents aged 15 or older who never participate in physical activity is down to 16 percent, one of the lowest percentages in Europe. Only Finland and Sweden can boast a better performance, with rates of 13 percent and 15 percent, respectively. It is the first time that the number of people who do not participate in sports in Switzerland has declined since 2000, the year of the first study. The improvement has mainly been driven by women and people who are middle-aged or older, the researchers said. The share of the Swiss who participate in physical activity for at least three hours per week has increased to 51 percent, as compared to 36 percent in 2000 and 44 percent in 2008. Hiking is still the Swiss' favorite sport across all age groups, among both men and women. It is chosen by 56.9 percent of the population, representing a 12.6 percent increase from 2008. Hiking is followed by cycling at 42 percent, swimming at 38.6 percent, skiing at 34.9 percent, running at 27 percent, fitness at 17.2 percent and bodybuilding at 13.3 percent. The survey was conducted among 12,000 people aged 15 or older.

Wolverine Worldwide told analysts at the Baird 2020 Global Consumer, Technology, and Services Conference on June 4 that its sales were better than expected in the first nine weeks of its second quarter, falling by less than 50 percent overall. The impact of the coronavirus-related retail lockdown was partly offset by a growth of more than 90 percent in the group's own e-commerce operations as compared to the same period a year ago, representing more than 40 percent of revenues during the period. **Merrell**, **Saucony** and work footwear brands like **Wolverine** and **Cat Footwear** led this performance with triple-digit growth in e-commerce. In Europe, the gradual reopening of retail stores ahead of the U.S. benefited the group's running and outdoor performance footwear products more than other categories. Wholesale clients in the U.S. reported double-digit growth in their own online sales of the group's products during the nine-week period, after a few initial weeks of decline. Their retail sales went down during the quarter, but they steadily improved during the period, leading to higher-than-expected reorders.

Some of the U.S. clients in the farm, work and outdoor performance sectors remained open during the Covid-19 pandemic shutdown. Overall, the second quarter will be the “most challenging” one for Wolverine in the current financial year, but it should still generate more than \$20 million in operating cash flow.

Mentioning a “strong” spring/summer season for sports retail in the Nordic markets following the Covid-19 situation, **XXL ASA** said it now expects an increase in its revenues of 25 to 30 percent for the second quarter ending on June 30, as compared to the year-ago period, which could generate an Ebitda margin of 12.5 to 13.5 percent. The leading sporting goods retailer in the Nordics said it is experiencing solid growth on a comparable basis in all the markets, but cautioned that the last two weeks of June may change its forecasts as they are important sales weeks for the group. XXL will present the actual figures for the quarter on July 16. XXL had already indicated that its sales had “normalized” in April, after a big drop due to the coronavirus pandemic in March. The company reported a sales increase of 7.4 percent for the first quarter, largely helped by a big stock clearance problem that began in February. According to a local expert, cycling, running, outdoor activities and watersports have enjoyed particularly strong growth after the fear of infection subsided.

Zumiez has reported a 35.3 percent dip in its global sales for the first quarter ended on May 2, but indicated that the rate of decline has slowed in subsequent weeks. On May 2, only 9 percent of its 719 stores in North America, Europe and Australia were open. By May 30, 69 percent of them were back in operation, including 432 Zumiez stores in North America, 49 **Blue Tomato** stores in Europe and 12 **Fast Times** stores in Australia. The group’s total sales were still down by 8.6 percent in the four-week period ended May 30, compared with a 2.6 percent increase in the same period of 2019. On the other hand, comparable sales were up by 38.5 percent in the physical stores that were open in May, while e-commerce showed a big jump of 181.6 percent year-on-year. Anyhow, because of the retail lockdowns, the first quarter ended May 2 generated a net loss of \$21.1 million for the group on total revenues of \$137.8 million, in spite of major cost cuts. This compares with net income of \$0.8 million on sales of \$212.9 million in the year-earlier quarter. Cash and current marketable securities went up, and the company ended the quarter with no debt on its books.

Legal & Institutional

To relieve its public transport and roads – and prepare for a post-Covid-19 world – the autonomous community of Madrid is offering to cover half the cost of a scooter, bicycle, moped or electric motorcycle for its inhabitants. Bicycles may cost up to €500, mopeds up to €600 and motorcycles up to €750. The local government is setting aside €2.5 million for the subsidy and will be adding another €3 million in 2021. The announcement was made on June 4 by **Paloma Martín**, Madrid’s councilwoman for the environment, territorial planning and sustainability.

Two-thirds of the Japanese companies that were planned to be a sponsor of the **Tokyo 2020 Olympic Games** are having second thoughts about maintaining their commitment until next year, according to the Japanese TV channel **NHK**. The survey was aired after members of the organizing committee of the Games held a press conference on May 10 to announce that they are working on a simplification of the event, following its postponement to July 2021. They said that a list of more than 200 related activities were currently under review for downsizing or cancellation, a move that was later approved by **Thomas Bach**, president of the **International Olympic Committee**. Further announcements will be made in the autumn, taking into account the evolution of sanitary conditions. According to the *Asian Nikkei Review*, the one-year postponement of the Olympics will add about 300 billion yen to the organization costs, bringing the overall budget to ¥ 1.35 trillion (€11.2bn-\$12.6bn).

The **World Bicycle Industry Association** (WBIA) has been invited to participate in a new task force to develop “Principles of Green and Healthy Sustainable Transport.” The task force is part of **THE PEP** (Transport, Health and Environment Pan-European Programme), a joint body of the World Health Organization (WHO) and the United Nations. The task force will comprise representatives of governments, international organizations, academia, civil society and other stakeholders.

Product

Puma has developed a new sustainable lifestyle and performance collection of garments based on a bio-design project called “**Design to Fade**.” The non-commercial project served to research sustainable alternatives for textile production and textile dyeing. The result: Some of the products are dyed using bacteria, “while others are made of degradable materials, which are made in closed loops and can be manufactured locally and at short notice,” a company press release says. Design to Fade has been realized by Puma in collaboration with a Dutch design laboratory, **Living Colour**, and **Streamateria**, a Swedish platform that links fashion brands with suppliers of sustainable materials. Living Colour uses bacteria to dye textiles. The bacteria are fed with a nutrient which makes them produce a pigment that can then be used to dye almost any kind of fiber. Streamateria makes fabrics in closed material loops that become a source of raw material after they have been worn. This is made possible through a circular production chain with zero tolerance for waste. Streamateria materials are constructed out of a printed mesh structure that is then coated with a bioplastic, creating a textile-like garment. The sustainable project collection is Puma’s third non-commercial design project in a program, which began in 2016, for the search of new ways to create more sustainable products.

The German food discounter **Aldi Süd** has developed a climate-neutral sneaker under its own brand, **Crane Pure**, which will be on sale from June 10. The sneaker is made part-

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ly from recycled PET bottles, and the CO₂ emissions caused by production, transport and distribution are offset by a certified climate protection project in Cambodia, says Aldi Süd. The sneaker will cost €12.99 a pair at its retail stores and will be available in three different designs - a model for women in red, a model for men in green and a unisex version in white. The climate protection project in Cambodia is about subsidizing sales of ceramic water filter systems so that people from rural parts of the country have access to clean drinking water. According to Aldi Süd, boiling water is no longer necessary, which has a positive effect on both the climate and people's health. Since 2017, Aldi Süd has been the first major food retailer in Germany to get involved in climate-neutrality. After offering a climate-neutral coffee from Honduras as a promotional item, its new "Green Sneaker" is the second climate-neutral product at Aldi Süd. Further products are to be added in the course of this year.

Fitbit is introducing a new package of products, called **Ready for Work**, that combines the tracking of vital signs with a number of other services. According to a press release, the purpose is to help employees check their state of health to determine whether they should go to work or stay home, as certain experts believe that Covid-19 is largely spread by people who are carrying the disease but present no symptoms. In this respect, Fitbit cites an estimated rate for such infections - 40 percent - from the **Center for Disease Control and Prevention (CDC)** in the U.S. With Ready to Work, a Fitbit device will measure and log resting heart rate, heart rate variability, breathing rate and temperature, presenting the results through a feature called Daily Check-In, which reports changes from the norm to help the employee come to a decision. Presumably, a portion of the logged data is made available to the employer as well. "Daily reporting and analytics," the press release reads, "enable employers to quickly assess and monitor workplace health and safety." The employees of companies that subscribe will have access to the entire **Fitbit Care** platform. This includes weekly webinars, podcasts and videos as well as a service called **Fitbit Health Coaching**, through which Fitbit's coaches "help employees learn strategies for adjusting to new routines and coping with change." Also available through the package are **Fitbit Premium** (the company's subscription service for individuals), custom coaching, **Fitbit Challenges**, "mindfulness tools" and other features to provide incentives and motivation.

As of June 17, the **Ultra**, a smart LED helmet from **Lumos**, had drawn 11,666 backers and raised \$1,372,710 on **Kickstarter**. The Ultra project will be launched, as its funding has passed its goal of \$60,000 and still has until July 20 to collect more. Among the helmet's features are LED lights with "chips on board" (COB), for greater brightness; 360-degree illumination, thanks to three LED modules; the **MIPS** cushioning system, developed by the company by the same name; turn signals that operate by remote control or on **AppleWatch** (which registers arm movements); and air vents. It weighs about 370 grams, has met the CPSC, EN1078 and IPX6 safety standards, and comes in three sizes: small, medium-large

and extra-large. Its supporters on Kickstarter will receive a \$20 or \$30 discount, depending on their contribution.

Graphene Composites (GC) and **G-Form** have joined forces in the development and distribution of a virus-killing ink that can be used to pre-treat both medical equipment and athletic apparel or footwear. Utilizing an innovative technology from GC, G-Form medical protective equipment and athletic gear/apparel will be pre-treated with a GC silver nanoparticle/graphene oxide ink application, which is said to capture and kill coronavirus droplets. This is different from the products that are currently available as it is the first product that will both capture and eliminate the virus, the companies claim, as opposed to just absorbing coronavirus droplets. **Tessitura Taiana Virgilio**, the Italian fabric maker based in Como, has developed an anti-virus stretch fabric designed for protective wear as well as other garments, including sportswear. The new material, called **FYC**, has been developed by **Kinotech**, the division within Taiana that focuses on performance fabrics. The four-way stretch woven fabric is said to filter air-droplets while remaining soft and breathable. The high number of yarns per square centimeter filters 99.8 percent of particulates with a size of 4-5 microns, the company claims. The antiviral and bacteriostatic properties are obtained by combining a silver yarn and a treatment used for medical applications. This process was originally developed to prevent the spread of SARS. The FYC fabric is available in various colors.

Thermore has expanded its line of blow-in **Ecodown** fibers, offering five different options in terms of weights and thicknesses with its heat-regulating technology. That includes a new **Ecodown Fibers Light** version, which provides a soft, ultra-light and packable insulation that is said to be 20 percent warmer than comparable products. Another extension of the range is an **Ecodown Fibers 2.0** product to fill wider baffles. Launched in 2018, the Italian company's Ecodown range is made of 100 percent recycled fibers from PET bottles. The insulation specialist has opened a factory in Asia to meet the demand and created an Ecodown Fibers Factory Audit System that has certified 200 suppliers.

Schöffel, which has been focusing on outdoor and ski clothing, is making its entry into the bicycle clothing sector with a dedicated collection for spring/summer 2021. Comprising 46 items for men and women, and divided into three segments - Gravel, Trail and Travel - it was developed by the German company's product manager, **Peter Sontheimer**, who has already introduced a bikewear collection at **Vaude**. He joined Schöffel in January 2019 after working at Vaude for 26 years and at **Ziener** for three years. The line was presented at Schöffel's relatively successful digital sales meeting late last month.

Standard, the Australian sock company, has launched a sustainable technical sock for skiing and snowboarding. These socks use a yarn that is produced in Spain by **Hilaturas Ferre**, specialized in the production of colored yarns and threads from recycled cotton fibers. The socks are made in

Portugal. The "**Woods**" sock is made using **Recover R3**, a soft tri-blend of upcycled cotton, RPET bottles and **Tencel**. The "**Flock**" sock is made using **Recover Wool**, a new yarn that is an upcycled blend of post-industrial wool cutting scraps, nylon and recycled PET bottles.

Vivobarefoot has launched a new "swim run" shoe, created in collaboration with **Michelin**. The **Vivobarefoot Tempest** is the first style in Vivobarefoot's **Extreme Survival** collection. The shoe has been designed to enable an easy transition from trails to water. The pattern of the outsole, developed in collaboration with Michelin, mimics the growth patterns of marine corals, creating a light cage that is meant to provide breathability and flexibility while allowing water drainage on land or water. The heel of the shoe uses high-performance foam made with algae biomass, a sustainable alternative to the synthetic and petrochemical EVA foam.

+++ **Tag Heuer** has launched a golf edition of its **Connected** watch – featuring 3D mapping, shot tracking, golf GPS, scorecards and data tracking similar to that of a fitness monitoring device – to be used in conjunction with the brand's **Golf App** +++ **Adidas** has released vegan versions of its **Samba** and **Continental 80** shoes, made with materials that are free from animal ingredients +++ **Moncler** will be launching its own fragrance line, in partnership with **Interparfums**, in the first quarter of 2022 +++ **Garmin** has launched the **Marq Golfer**, a GPS luxury golf watch that is designed to be worn on or off the greens, has a 46mm titanium case and features advanced golf-game tracking data +++

Marketing

Amazon may become the main jersey sponsor of **Flamengo**, taking the place of a local bank, **Banco BS**. The Brazilian football club, based in Rio de Janeiro, and Amazon are reportedly negotiating the deal, which could be announced over the next few weeks. **Adidas** is still the technical sponsor of the club. The contract with Banco BS will come to an end on June 30. For Amazon, it would be their first sponsorship of a football club.

Converse – a former brand of basketball shoes that has been under **Nike**'s ownership since 2003 – has signed its first endorsement deal with a female basketball player: **Natasha Cloud**, guard for the **Washington Mystics**. Converse returned to basketball in April of last year, signing in the interim the NBA players **Kelly Oubre** of the **Phoenix Suns** and **Draymond Green** of the **Golden State Warriors**. Past players on Converse's endorsement rolls include **Julius Erving**, **Magic Johnson**, **Larry Bird** and **Dennis Rodman**.

In tribute to those who have either undertaken or continued to practice a sport during the Covid-19 pandemic, **Joma** and the **Portuguese Olympic Committee (COP)** have established a "national team of anonymous athletes." By continuing down the road they're already on, these ordinary citizens can register to receive either technical shoes or

a technical jersey. The shoes will be a special limited edition – in red and black – of Joma's **Storm Viper**, with green details and a Portuguese flag on the back. "Equipa Portugal" will be emblazoned on the tongue, and both "Portugal" and a "J" (for Joma) on the outside and inside. The jersey will be white and have **Flacklock** seams. It will display the logos of Joma and the COP as well as the phrase "Seleção Portuguesa de Desportistas Anónimos."

Doubling up on its "For once, don't do it" message one week ago on Twitter to protest the murder on May 25 of **George Floyd**, **Nike** announced that it will donate \$40 million over the next four years to "organizations focused on social justice, education and addressing racial inequality in America." Meanwhile, as published in our Outdoor Industry Compass, **VF Corp.** and several outdoor brands including **Columbia Sportswear**, **Merrell** and **Patagonia** added their voice to the statements made against racial discrimination by **Adidas**, **Puma**, **Fila** and other sports brands. **The North Face** tweeted: "Never stop standing up."

Nike has signed a 10-year endorsement deal with **Ada Hegerberg**, a striker for the French **Olympique Lyonnais** football club. *AFP*, the French news agency, reports that the deal is worth more than €1 million, whereas *Forbes* reports that Hegerberg will be receiving a six-figure annual fee. The 24-year-old Norwegian was formerly endorsed by **Puma**. She is the leader in career goals within the **Uefa Champions League** and was the first recipient of the **Ballon d'Or Féminin**, the annual award for the sport's top female player.

Sqairz, the young specialist in golf footwear from New England, has announced a long-term partnership with **Sir Nick Faldo**, the iconic English golfer. Faldo is also investing in the company, which was founded last January by **Bob Winkowicz**, an industry veteran who previously worked with **MacGregor Golf** and **The Arnold Palmer Company**. Sqairz will be featured in the "**Faldo Formula**" training videos. In 1990, Faldo became the first international player to win the **PGA of America's** "Player of the Year." He was ranked No. 1 on the **Official World Golf Ranking** for a total of 97 weeks. In 2009, he was honored with a knighthood, becoming only the second professional golfer, after **Sir Henry Cotton**, to receive that honor.

Puma and **Billy Walsh**, a designer based in Boston, have developed a joint collection. According to Puma, Walsh is one of the most innovative creative minds of our time. His creative work is said to be versatile, ranging from fashion design to songwriting. Above all, he is a well-known name in the sneaker world. For Puma, he designed the successful Puma Suede **Creeper**, which eventually became synonymous with Puma's **Rihanna** line. Now he has got his first Puma collection. In this collection, the shoe draws inspiration from Puma's football heritage, reviving the original **King** silhouette of the 1970s in a modern interpretation for 2020. The clothing's design is influenced by classic technical sportswear and military fatigues. Visible stitchings on the footwear and the garments represent scars, the mistakes and imperfec-

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tions that create beauty and individuality. The Puma x Billy Walsh collection is now available worldwide at the Puma online shop and selected Puma stores and retailers.

+++ **Phil Knight** will be receiving an honorary doctorate from his Alma Mater, the **University of Oregon**, which he has gratified over the years with generous donations +++ **Nike** and **Stade Toulousain**, the French rugby union club and reigning Top 14 champion based in Toulouse, have agreed to a five-year extension of their kit deal, which will now run through the 2024/25 season +++ **Donic** will be replacing **Butterfly** as the official ball supplier to the **French Table Tennis Federation (FFT)** on Oct. 3 for four seasons +++ **Le Coq Sportif** has extended its kit sponsorship deal with **AS Saint-Etienne**, the French football club that plays in **Ligue 1**, until 2025 +++

Trade Shows & Other Events

Thanks to new Covid-19 regulations in the German state of Bavaria, which allow trade shows to be held again from Sept. 1 if the pandemic continues to develop favorably, the organizers of the **Performance Days** have announced that the next event (Kickoff Winter 2022/23 and Update Summer 2022) will be held on Dec. 9-10, 2020 in Munich. The original date for the autumn edition of the show was Oct. 28-29. The new date allows the Ministry of Health more time to refine its safety plans to be implemented in the best possible way at the Munich exhibition center. In order not to miss out on anything, visitors are advised to reserve their free tickets early on and to sign up for the newsletter for updates and possible changes. In the run-up to the show, following the success of the first digital Performance Days this spring, the organizers said they are also working on further digital solutions to be deployed before, during and after the upcoming event.

Expo Riva Schuh, the leading international shoe fair for the low and medium segments of the footwear market, where many low-priced sneakers and other types of footwear are exhibited twice a year, is bringing forward the winter edition of its trade show, making it happen along with the **Garda Bags** fair for leathersgoods on Dec. 11-14 instead of the middle of January. In view of the production planning requirements of some big manufacturers, the idea of an earlier timing for a trade show has been on the cards for quite some time. It was logical that Expo Riva Schuh would take the lead in the process at the international level as the Italian fair on Lake Garda has been, since the start, the first place where buyers would meet producers or their agents for pre-sampling purposes and to place their first orders. The organizers have already cancelled the mid-June summer edition of the two fairs because of Covid-19. While they are still reportedly working on virtual fair, they have scheduled three webinars prior to the physical event. The first one, on July 22, will discuss the situation created at the manufacturing stage by the pandemic. A webinar on Sept. 29 will focus on the post-Covid redefinition of the retail trade. Finally, a webinar will be held on Nov. 10 to illustrate the fashion trends for the au-

turn/winter 2021/22 season as an introduction to the trade show. The fair usually welcomes more than 1,300 exhibitors, led by Chinese manufacturers, and 12,000 visitors from all over the world. More in *Shoe Intelligence*.

In what its president, **Claudio Marenzi**, calls a "painful but inevitable" decision, **Pitti Immagine** is postponing all its physical trade shows in Florence from September of this year to January 2021. This goes also for **Pitti Uomo**, the big international menswear show, which is also used by some sports brands as a platform for the early presentation to the trade of their lifestyle-oriented collections. After a meeting of Pitti Immagine's board of directors, Marenzi justified the decision with the fact that too few businesses were confirming their physical participation. He noted that producers, distributors and retailers find themselves in financial straits at the moment, while the future of the travel restrictions imposed by the coronavirus pandemic remains unclear. Like the Premium Group in Berlin and other trade show organizers, the Florentine operator will instead be channeling its energies into the digital versions of its physical trade shows, including Pitti Uomo as well as **Pitti Bimbo**, **Pitti Filati**, etc. Through the **Pitti Connect** platform, these events will be open to all exhibitors on the internet throughout the summer and until the end of October. Pitti Uomo generally takes place in mid-June and mid-January. This year's June edition had initially been postponed to Sept. 2-4.

Due to the current market situation and uncertainty about future legal restrictions associated with the coronavirus epidemic, the German retail organization of **Sport 2000** has replaced its **Order Show 4 / Running Special** (June 14-16) with a virtual event. It is still uncertain whether the **Outdoor Professionals Show** (July 5-7), its **Order Show 5** (July 19-21) and its **Order Show 6 / Teamsport Special** (Sept. 13-15) will take place as planned. We expect that other buying groups will do the same in lieu of their traditional in-house trade shows for spring/summer 2021 products.

CSR & Sustainability

Burton Europe has donated 340 face visors to educational institutions in and around Innsbruck, Austria. The face visors were made in Absam, near Innsbruck, by a local manufacturer, **MP Solutionz**, that revamped its production for face visors during the coronavirus crisis. Burton's European headquarters have been located in Innsbruck since 1985.

Michael Jordan and the **Jordan** brand, which is part of **Nike**, have jointly announced a donation of \$100 million over the next ten years to organizations dedicated to promoting racial equality, social justice and greater access to education. The announcement comes after a week of nationwide anti-racism protests across the U.S. and in other parts of the world following the death of a black man, **George Floyd**, during his arrest in Minneapolis on May 25.

Oeko-Tex has introduced a unique QR code for products labelled as **Made in Green by Oeko-Tex**, allowing customers to

trace the production chain of the products and find out why they have been certified. More than 3,700 products have been certified with the label, which signifies sustainable production of textiles and leathersgoods, since its introduction five years ago. To earn the label, suppliers must also implement measures to improve working conditions and ensure the safety and health of their employees. This covers working hours, fair wages, social security and compliance with hygienic and medical requirements. In addition, Oeko-Tex constantly monitors legal, industrial, health, science and technical information to ensure that a third party such as Oeko-Tex is up-to-date and unbiased.

In reaction to the unrest in the U.S. over the death of **George Floyd** at the hands of police officers in Minneapolis, Minnesota, a group of black employees working for **Adidas** in the U.S. recently addressed a 32-page document, titled "Our State of Emergency," to the company's executives. According to *SGB Media*, it demanded that blacks and Latinos make up 31 percent of the staff throughout the company by the end of 2021, that the company donate \$50 million a year to black communities in the U.S. and that it otherwise help raise money for nonprofits serving those communities. Certain employees also pointed out to the *Wall Street Journal* that no one on Adidas' executive team or board of directors is black. Adidas' North American headquarters in turn announced that the company will "immediately" be making three investments. First, it will be boosting to \$20 million dollars, disbursed over the next four years, its funding for programs that "support, empower and elevate the Black community" in the U.S. These include the **Adidas Legacy** community basketball platform, the **Adidas School for Experiential Education in Design** for footwear and the **Honoring Black Excellence** initiative for sports. Second, it will be funding 50 university scholarships per year for five years at "partner schools" for its black employees. Third, it will begin hiring until at least 30 percent of all new positions in the U.S. at Adidas and **Reebok** are filled with "Black or Latino" people.

To give its retailers a shot in the arm after the economic slowdown of the Covid-19 pandemic, **Smith Optics** is investing \$300,000 into sales incentive program in North America called "Committed to Retail." From June 9 to Sept. 7, the helmet and eyewear brand owned by the **Safilo Group** will be paying store clerks a commission of \$5 for every pair of Smith sunglasses they sell at their stores, while providing a rebate to the store.

In the U.S., **Tecnica** said that it will donate \$10 on every pair of shoes sold in the country between June 10 and July 31 to the Covid-19 Crisis Relief Fund of the **Two Ten Footwear Foundation**. The fund aids employees in the footwear sector, particularly store employees, and their families if they have been affected by the coronavirus.

+++ **Mizuno Korea** has donated sneakers worth 10 million South Korean won (€7,300-\$8,300) to **ReHoPe**, a non-profit organization, to be given to refugees who have escaped from the Syrian civil war to Lebanon +++

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EDM Publications GmbH
Paradiesstr. 10
80538 München - Germany
HRB 248849 - Capital €25,000