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Gresvig goes bankrupt

A new, unnamed strategic investor is in line to take over majority control over the **Gresvig Retail Group**, according to our sources. The second-largest Norwegian sporting goods retailer, which recently decided to rebrand all its stores to the **Intersport** banner (*SGI Europe* Vol. 30 N° 29+30 of Aug. 29, 2019), filed for bankruptcy proceedings a few days ago, for an apparent multitude of reasons in a market where per capita consumption of sporting goods is the highest in Europe.

Besides other factors (see our analysis of the Norwegian sports market elsewhere in this issue), an unseasonably mild autumn/winter season, where Oslo was covered by snow for only a few weeks through Christmas, has reduced consumer demand and bloated the already high inventories across the whole Norwegian sports retail market. This has caused a liquidity problem that would have required extra financing from Gresvig's controlling shareholder, **ON Sunde Investments**, which didn't want to inject more money into the company after it contributed losses of 1.3 billion Norwegian kroner (€128m-$140m) over the past 10 years.

According to preliminary, unaudited figures, Gresvig posted negative Ebitda of NOK 250 million (€24.6m-$26.9m) in the past year, up from a negative level of NOK 232 million in the prior year, while its revenues declined to NOK 3.2 billion (€314m-$344m) from NOK 3.5 billion. That doesn't include the revenues of the company's franchisees, who manage about 100 stores. Gresvig directly owns 95 stores.

The current bankruptcy proceedings are intended to reduce Gresvig's debt prior to the change of ownership. The law office of **Ro Soillersnes**, the trustee in the case, didn't want to say anything at this stage about its discussions with the creditors, but it seems that suppliers will not have to suffer too much in a settlement of their dues. The two biggest creditors are ON Sunde itself, which is owed around NOK 600 billion (€58.9m-$64.5m) and a Norwegian bank, **DNB**, with NOK 500 billion (€49.1m-$53.8m).

Anyhow, there have reportedly been no order cancellations since Jan. 15 as Gresvig's warehouses are full of products through the end of the current season, and many suppliers have been taking credit insurance to deal with the difficult market.

The reduction of the debt, currently at NOK 1.1 billion (€108m-$118m), will be accompanied by a major reorganization plan, which is likely to continue the work already undertaken under Gresvig's new chief executive, **Lars Lindeberg**, who came on board in November 2018. Besides the recent decision to drop the **G-Sport** banner and to concentrate on the Intersport banner, Gresvig has been developing a new omni-channel strategy and started renegotiating leases for some of its directly owned stores.

XXL looks for new funds, launches massive clearance

XXL ASA is still stuck in a downward spiral and is taking drastic steps to try and stop it, including a search for new

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Eugenio Di Maria - *Editor & Publisher*
Tel.: + 33 1 4983 8242
news@edmpublications.com

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

"sustainable" sources of liquidity other than new equity. A decision in this respect is expected to be taken during the present quarter, said the management, declining to comment at this stage on this or on the consequences of **Gresvig**'s bankruptcy.

The bad news about Gresvig lifted XXL's stock price by 12 percent, but then the bad news from XXL on Friday sank it by nearly 18 percent.

While releasing poor results for the fourth quarter of 2019, XXL's management announced that it will immediately launch a massive clearance campaign across its main markets, with the medium-term goal of reducing inventories down toward a level of 25 million Norwegian kroner (€2.5m-$2.7m) per store.

During 2019, the leading Norwegian sports retailer endured challenging conditions in the Nordic countries, with negative growth and consequently a major build-up of inventory in the whole industry. This has led to strong promotional activity at XXL as well as at Gresvig (see the related story in this issue), and no doubt other retailers. In January alone, when temperatures were particularly high, XXL's revenues fell by 22 percent across all the geographies.

XXL also announced that it has changed one of its key strategies, which has been to offer the widest range of products from many brands in its big-box stores and over the internet. Instead, it will reduce the number SKUs and suppliers in order to lower inventory costs and cut down on complexities in procurement, production and distribution. The management indicated that it will focus on premium brands and products in the medium term, to raise margins, but it seems that it will still strive to maintain an attractive price-quality ratio. It intends to achieve this objective through more partnerships with key suppliers.

In connection with the new assortment policy and in view of the extremely poor winter conditions and challenging market dynamics that persisted through the month of January, particularly in the area of winter sports, XXL has included an extraordinary inventory write down of NOK 385 million kroners (€37.9m-$41.5m) into its accounts for the fourth quarter of 2019.

XXL Consolidated Income Statement (Million NOK, Year Ended Dec. 31)	2019	2018	% Change
Norway	4 148	4 642	-10,6
Sweden	2 558	2 679	-4,5
Finland	1 766	1 714	3,0
Denmark	49	77	-36,4
Austria	470	363	29,5
NET REVENUES	8 992	9 475	-5,1
Cost of Goods	5 549	5 938	-6,6
Personnel Expense	1 652	1 615	2,3
Other Operating Expense	916	1 380	-33,6
Depreciation	691	189	265,6
Net Financial Expense	183	57	221,1
Pre-tax	-384	295	-230,2
Tax	-87	58	-250,0
NET	-297	237	-225,3
NOK/Share (Diluted)	-2,09	1,72	-221,5

XXL Consolidated Income Statement (Million NOK, Q4)	2019	2018	% Change
Norway	1 084	1 284	-15,6
Sweden	653	687	-4,9
Finland	451	452	-0,2
Denmark	9	25	-64,0
Austria	121	122	-0,8
NET REVENUES	2 319	2 569	-9,7
Cost of Goods	1 475	1 639	-10,0
Personnel Expense	455	438	3,9
Other Operating Expense	249	377	-34,0
Depreciation	166	51	225,5
Net Financial Expense	48	9	433,3
Pre-tax	-460	55	-936,4
Tax	-102	11	-1 027,3
NET	-358	44	-913,6
NOK/Share (Diluted)	-2,31	0,32	-821,9

Big write-down and lower sales

On top of the massive inventory write-down, XXL's quarterly results were also heavily affected by lower bonuses for suppliers and a decline of 12 percent in same-store sales.

XXL ended the quarter with a net loss of NOK 358 million (€35.2m-$38.6m), compared with a net income of NOK 44 million for the year-ago quarter. Total revenues went down by 9.8 percent to NOK 2,319 million (€228.0m-$249.7m).

Overall, the gross margin tumbled by 16.4 percentage points to 19.8 percent, due in part to the inventory write-down. In spite of savings in operating costs, XXL posted negative Ebitda of NOK 246 million (€24.2m-$26.5m), up from a loss of NOK 115 million in the year-ago period.

Excluding the write-down and other special items, adjusted Ebitda actually improved to NOK 139 million. However, while XXL's net interest-bearing debt has declined to NOK 1,200 million (€118m-$129.3m), thanks to recent refinancing, the company is now in danger of breaking the covenants that it had agreed to with a bank consortium last June 11, which called for the debt/Ebitda ratio to stay below four times Ebitda in 2020. This has triggered the search for new sources of cash.

That agreement was concluded a few months ago, after XXL presented a new refinancing program in which the **Altor** private equity fund became XXL's largest shareholder, following a private placement of NOK 400 million (€39.4m-$43.1m) shares (*SGI Europe* Vol. 30 N° 35+36 of Oct. 10, 2019).

The management now says that it is working on a number of initiatives to turn around the negative sales trend and to adjust its cost base to current sales volumes and market conditions. This includes an upgrade of existing stores, further improvement of the product offering, improved marketing effectiveness and a reduced cost base.

In the fourth quarter, the group's lower revenues were partly offset by the ope-

The Euro Feb. 7 rates	
Czech Koruna	25.03
Danish Krone	7.473
Hungarian Forint	338.2
Norwegian Krone	10.17
Polish Zloty	4.265
Pound Sterling	0.847
Swedish Krona	10.54
Swiss Franc	1.071
U.S. Dollar	1.097
Brazilian Real	4.707
Canadian Dollar	1.460
Chinese Yuan	7.670
Japanese Yen	120.5
Russian Ruble	70.00

XXL Revenues & EBITDA margins per country (Million NOK, Year Ended Dec. 31)			
	2019	2018	% Change
Norway			
Revenues	4 148	4 642	-10,6
EBITDA margin	16.3%	16.5%	-0.2 pp
Sweden			
Revenues	2 558	2 679	-4,5
EBITDA margin	3.9%	6.3%	-2.4 pp
Finland			
Revenues	1 766	1 714	3,0
EBITDA margin	7.9%	5.8%	2.1 pp
Denmark			
Revenues	49	77	-36,4
EBITDA margin	-22.4%	-12.8%	-9.6 pp
Austria			
Revenues	470	363	29,5
EBITDA margin	-11.7%	-19.2%	7.5 pp
TOTAL			
Revenues	8 992	9 475	-509,8%
EBITDA margin	5.4%	5.7%	-0.3 pp

ning of seven new stores in the course of 2018. The total number of physical stores reached 86 at the end of the quarter. XXL opened one new store in Finland during the latest period.

The results country by country

In Norway, where market conditions were especially challenging, XXL's revenues dropped by 15.5 percent to NOK 1,084 million (€106.7m-$116.9m) in the quarter, with same-store sales down by 16.2 percent. The market was characterized by high inventory levels and thus heavy discounting activities from many players. XXL said it continued to focus on the balance between growth and gross margin control, which caused it to lose sales and market shares. On an adjusted basis, the gross margin fell by 0.9 percentage points to 38.3 percent, while the adjusted Ebitda margin increased to 17.9 percent.

In Sweden, quarterly revenues of NOK 653 million (€64.3m-$70.4m) were down by 6.2 percent in the local currency, weighed down by a drop in comparable sales of 8.3 percent, as the Swedish sporting goods market continued to be volatile and price-focused with many discounts, declining overall by an estimated 4.0 percent in the quarter. The adjusted gross margin contracted by 0.6 percentage points to 34.4 percent and the adjusted Ebitda margin declined by 0.6 percentage points to 3.3 percent.

In Finland, where sales of sporting goods are estimated to have fallen by 5.2 percent, XXL's revenues declined by only 4.8 percent in euros to the equivalent of NOK 451 million (€44.4m-$48.6m). Same-store sales declined by 10.2 percent. XXL opened a new store in Seinäjoki on Nov. 14. The adjusted gross margin rose by 2.8 percentage points to 36.4 percent and the adjusted Ebitda margin improved to 10.8 percent from 4.4 percent in the year-ago period.

In Denmark, where the company is still trading only online, sales dropped by 64.2 percent in the local currency, down to the equivalent of NOK 9 million (€0.9m-$1.2m). XXL has made adjustments in Denmark, among other things moving the operations under the Norwegian e-commerce organization. Marketing spending was reduced in the quarter, which impacted sales volumes negatively but improved the cost base. On an adjusted basis, the gross margin improved considerably to 31.2 percent. The Ebitda margin remained negative at 16.7 percent of sales but turned positive for the first time in December.

In Austria, where the company started operating in August 2017, same-store sales declined by 23.3 percent in the local currency, partly offset by the opening of new stores. XXL's overall revenues in the country dropped by 0.9 percent to NOK 121million (€12.0m-$13.4m) and were down by 5.5 percent in euros. The adjusted gross margin improved by 5.9 percentage points to 31.2 percent and the negative Ebitda margin eased down to 10.7 percent. The company wants to start breaking even in Austria this year.

For the full year 2019, the company's total operating revenues dropped by 5.1 percent to NOK 8,992 million (€884.5m-$968.4m), with same-store sales off by 8.6 percent. Even revenues from e-commerce declined, down by 6.5 percent on a comparable basis, representing 16.1 percent of the turnover. The gross margin improved by 1 percentage point to 38.3 percent, while the Ebitda margin contracted by 1.9 percentage points to 3.8 percent.

Opening fewer stores

Going forward, XXL will slow down the pace of the store roll-out, focusing on Austria and Sweden and concentrating on cities where marketing expenses can be shared. While the company opened seven new stores in 2019, only four new leases have been signed for 2020 so far. A second store in Malmö that is as large as 20 tennis courts, called **XXL Emporium**, is opening just now, catering to customers from Sweden as well as Denmark.

The company will also be looking at downsizing smaller stores and renegotiating rental contracts. It will also launch a new store concept, but the aim going forward will be to develop its big box format – with typical stores measuring 3,500 square meters and boasting a wide range of products – as well as e-commerce.

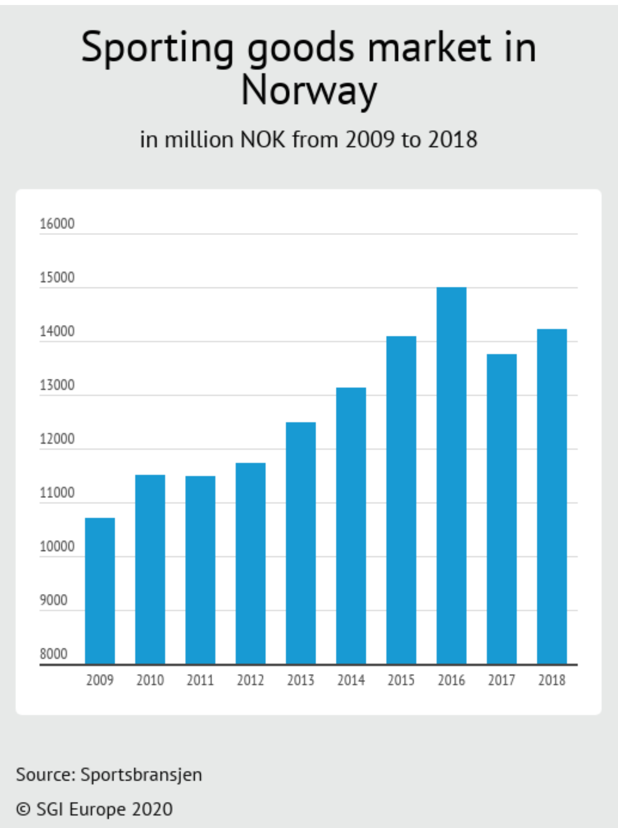
The management confirmed that it has appointed **Pål Wibe** as the new chief executive of the company, starting in April. Wibe is a Norwegian manager with a strong background in discount retail. He has been the CEO of a low-priced chain of variety stores, **Europris**, since March 2014. Meanwhile, **Tolle Grøterud**, who has served as interim CEO since December 2018, will remain in the company's management team, focusing on strengthening HR and communication, as well as recruitment. **André Sjåsæt**, the former head of digital services at **Bertel O Steen** – one of Norway's largest service and trading companies – has been appointed as XXL's new strategy and business development director.

Many factors at the root of the Norwegian problem

Recent consequences of climate change aside, Norways' two major competitors in the sporting goods market, **Gresvig** and **XXL** (see the related articles in this issue), have been caught in a "perfect storm" of troublesome factors, according to two experts: **Trond Hansen**, CEO of the Norwegian sporting goods industry association, **Sportsbransjen**, and **Martin Kössler** of the **HuginBiz** consultancy.

Perhaps it all started with the local folks call ”the Best Games Ever” in Lillehammer back in 1994. Norway won most of the gold medals at one of the most epic **Olympic Winter Games**. Bursting with pride, Norwegians emptied every sport shop to go outside and enjoy every bit of nature they could reach. While the country’s fortunes were pumped by the then flourishing oil economy, investors raced to support sport brands and chains like **Helly Hansen**, Gresvig and XXL. The Norwegian sporting goods industry featured regularly on the front pages of financial newspapers.

The rally continued for many years, leading the retailers to open up more stores. Indeed, Sportsbransjen’s figures show that the Norwegian sporting goods market grew from NOK 10.7 billion (€1.0bn-$1.1bn) in 2009 to NOK 14 billion (€1.4bn-$1.5bn) in 2018, but it fell sharply in 2017 after reaching a peak of NOK 15 billion in 2016. The market has become saturated, and the two leaders, entangled in a never-ending price war from the beginning, have been confronted with new competition from pure internet players, off-price retailers like **Outlet Sport** and the stores of the major brands.



Boasting everyday low prices, XXL started its successful big-box format in Norway as the challenger of Gresvig’s **G-Sport** and **Intersport** stores, and the resulting price war has eroded their profit margins and those of some of their competitors as well. Gresvig has been the loser in the battle. According to Sportsbransjen, Gresvig’s market share declined from 45.0 percent in 2009, when it enjoyed near dominance of the market, to 29.3 percent in 2018, while XXL’s share rose from 4.0 percent to 32.5 percent. In addition, XXL has been expanding to other Nordic markets and Austria.

The retailers’ margins have been further squeezed in the last few years by the devaluation of the Norwegian currency, which has made their purchases of foreign products more expensive. Only some of the extra cost has been passed on to the consumer because of the sudden drop in the previous consumer bonanza.

The tipping point was reached in 2019. After five years in which quarterly sales in the sector showed a decline only twice from one year to the next – at the beginning of 2017 and at the end of 2018 – all four quarters of last year showed a negative trend, according to Sportsbransjen. Sales fell by 8.59 percent in the first quarter, by 1.45 percent in the second quarter and by 3.70 percent in the third. The association has not yet compiled figures for the fourth quarter, but governmental statistics indicate that the Norwegian sporting goods market declined by 3.5 percent, compared with drops of 0.7 percent in Sweden and 0.3 percent in Finland.

Swedish and Finnish retailers were better off

According to preliminary figures, retail sales of sporting goods declined more or less by 0.7 percent in Sweden and by 0.3 percent in 2019, compared with a drop of 3.5 percent in Norway. The figures for the fourth quarter of the year indicate declines of 4.2 percent in Sweden and 5.2 percent in Finland, compared with a loss of 4.3 percent in Norway, largely because of the unseasonably warm weather throughout the Nordic countries.

Nevertheless, the two major sporting goods retailers in Sweden and Finland, **Stadium** and **Kesko**, scored relatively better than **Gresvig** and **XXL** based on their latest figures. While it is not a public company, the Swedish-based **Stadium Group**, which generates most of its revenues in its domestic market, has reported an increase in its total revenues of almost 10 percent to 6.1 billion Swedish kronor (€577m-$632m) for its latest financial year, which ended on Aug. 31.

Comparable store sales went up by 2 percent. The strongest increases were recorded in its low-priced **Stadium Outlet** chain – now moving also into Norway – as well as in e-commerce. Thanks to cost efficiencies and improved processes, the operating profit went up to SEK 133 million (€12.6m-$13.8m) from SEK 105 million in the prior year.

Stadium operates also in Finland and Germany, where it has been losing money, but it has closed two of its three stores in Germany. The group had previously pulled out of the Danish market. Meanwhile, Stadium has announced that the family of its founder, **Bo Eklöf**, has again become its sole owner after buying back a 27 percent stake that had been taken over by **Ikano**, the investment company of **Ikea**.

Decathlon, which has stayed away from the highly competitive Norwegian market, is not doing well in Sweden, according to local sources. On the other hand, well-informed sources indicate that **Intersport** has managed to stabilize its business in Sweden, after weak performance in previous years.

Intersport performed well in Finland last year, according to its local master franchisee, **Kesko**. In spite of the bad winter conditions, **Intersport Finland** recorded a sales decline of only 0.8 percent in the fourth quarter of 2019, and its sales went up on a same-store basis. Furthermore, Intersport Finland had the best operating profit in a decade during the past year.

No specific figures were given for Kesko's overall sports retail operations, which also include **Budget Sport** and **The Athlete's Foot**, but they are said to have performed well also. The Kesko group, which is also involved in many other sectors, made a record pre-tax profit last year of €403.3 million on revenues of €10.7 billion, with an adjusted operating margin of 4.3 percent.

Warm winter kills the demand for sporting goods in Russia

Sales of goods for winter sports have shrunk by 22 percent in the European part of Russia during the current autumn/winter season, according to research conducted by a Russian online marketplace, **Avito**.

The picture has been particularly bad in the southern part of the country, where the season has been extremely warm. For example, in the city of Voronezh, where there has been almost no snow so far this season, the demand for sporting goods has slumped by 58 percent as compared to the 2018/19 season.

In St. Petersburg, the demand for sporting goods has dropped by 55 percent. On the other hand, in Siberia, where the weather has remained normal for the season, the demand for sporting goods is on the rise. Sales increased by 36 percent in Krasnoyarsk and by 30 percent in Tyumen, Avito said.

Ilya Titarenko, director of the distribution department at **Sportmaster**, the largest sporting goods retailer in Russia, confirmed the situation, noting significant drops of 10 to 20 percent in the demand for winter sports equipment of all kinds.

Things are said to be especially tough for small retailers and specialists in winter items whose stores are located in central and southern Russia. Titarenko said that Sportmaster is coping better than its competitors thanks to a high share of clothing and footwear in its range, which have not suffered as much from the climate.

Sport 2000 increases cross-border cooperation

Reporting growth of 8 percent in retail sales to €4.94 billion including VAT across Europe in 2019, driven by Germany, **Sport 2000 International** is working on creating a more integrated, vertically oriented retail service organization with a strong international brand, offering new and flexible ways to approach consumers.

The international expansion of the **Absolute** concept inaugurated in Germany will be part of the process. Aside from the first **Absolute Teamsport** store in Austria (see the related story in this issue), others are in the pipeline in Austria as well as Switzerland. The first **Absolute Run** store in the United Arab Emirates is due to be opened in Dubai next month and one will soon open in Italy. A first **Absolute Outdoor** store should see the light at a still undisclosed location in April.

Meanwhile, the managing directors of the national buying groups are holding joint workshops in six strategic action areas – branding, formats, product ranges & never out of stock (NOS) items, supply chain management, data and omni-channel retailing. They are studying together what the changing consumer wants and how to communicate with the consumer.

Led by **Margit Grosau**, Sport 2000 International is also working on further international expansion and licensing, although nothing concrete is yet in the pipeline, and on private label, which should not exceed 5 percent of the retailers' turnover, privileging the cooperation with the existing sports brands.

Sport 2000 International federates a total of 2,250 retailers in 23 countries. Together, they manage a total of 3,950 stores, up from 3,555 a year ago.

In particular, **Sport 2000 GmbH**, which groups the Sport 2000 organizations steered by the **ANWR Group** in Germany, the Benelux countries and Switzerland, represents 1,940 points of sale whose turnover grew in the past year by 11 percent to €2.68 billion, thanks in part to their more specialist approach. The retailers are very specialized in football and other team sports in Belgium and the Netherlands, where the digitalization process is very developed. In Switzerland, a group of dealers focuses on high-quality brands and products.

In Germany alone, the group's retail sales jumped by 12 percent in 2019, reaching €2.26 billion, largely through the expansion of the store network from 1,491 to 1,555 doors. On a comparable store basis, they went up by 3.7 percent. About half of all the retail stores specialize mainly in outdoor, team sports or running. Only 10 percent are e-tailers or can be regarded as key accounts.

Sales in the outdoor segment, which is the biggest one for Sport 2000 in Germany, went up by 1.0 percent last year, in line with the market. Sales grew by 2.0 percent in team sports, by 5.1 percent in winter sports, by 5.7 percent in running and by 6.7 percent in fitness and the multi-sport segment.

Nike is still reluctant to work with Sport 2000 on an international basis, but the brand is working closely with the banner in Germany and it scored number one for the first time in the ranking of the 20 major suppliers, replacing **Adidas**, which came in second place, followed by **Puma**.

First Sport 2000 Absolute Teamsport store opened in Austria

The first Austrian store under the umbrella of the "**Absolute**" business concept developed by **Sport 2000 International** opened its doors on Feb. 6 in the **Weberzeile** shopping mall in Ried im Innkreis. With an area of 250 square meters, the new **Absolute Teamsports** specializes exclusively on team sports.

A close strategic cooperation with top brands such as **Nike**, **Adidas**, **Puma**, **Derbystar**, **Erima**, **Jako** and **Hummel** is one of the cornerstones of the new international retail format of **Sport 2000**, which is also characterized by a strong verticalization. Digital offers, including a new "Teamsport App," are supposed to enhance the shopping experience. **Holger Schwarting**, a member of the management board of **Sport 2000 Austria**, sees the expansion of the international format as an opportunity to further strengthen the chain's specialist position on the Austrian market.

Sport 2000 is Austria's largest community of sports retailers, boasting a market share of 29 percent including **Gigasport**. The 240 retailers affiliated with the cooperative, which manage 403 stores throughout Austria, achieved sales of €579 million in the country in 2019. Adding the affiliated stores in the Czech Republic and Slovakia, the cooperative reached a retail turnover of €634 million in 2019 with a total of 306 sports retailers and 518 stores.

Starting with the German market, Sport 2000 International has applied the Absolute retail format to team sports, running and outdoor. "Absolute" retailers receive optimum support from Sport 2000 in their activities and can therefore fully focus on individual advice to customers and sales, provided they adhere to certain guidelines. Strategic measures such as shop fitting, community management or the organization of the supply chain are taken over by Sport 2000.

The first Absolute Teamsport store opened in September 2018 in Germany near Koblenz. At present, seven shops are operating on the German market under this concept. In 2020, up to seven more Absolute Teamsport and **Absolute Run** stores are expected to follow.

In Germany, where the "Absolute" concept is positioned higher than the more widespread "**Profi**" form of specialization, Sport 2000 sees room for a total of 30 Absolute Team Sport stores, 20 Absolute Run and 25 **Absolute Outdoor** stores in the long term.

Intersport grows by 3 percent in the 5-country group

Intersport Germany has made a strategic decision to concentrate on fewer brands that can "tell a story" to counter the rapid expansion of **Decathlon** in its territory. In collaboration with **Adidas**, it is launching in March an emotional, youth-oriented brand-building campaign around running for German television, to be followed by others in the areas of outdoor and winter sporting goods.

The cooperative, the biggest one within the **Intersport International** group, is following a "Best in Sports" strategy, installing new services for its affiliated retailers. It has introduced category management, set up a professional customer relationship management system and expanded its warehousing capacity to optimize digital retailing, particularly by offering options such as click-and-collect in 500 stores linked to its omnichannel platform. Its drive-to-store programs have been successful.

Recovering from a small drop in the previous year, Intersport grew by 3 percent in Germany in 2019. Similar growth was recorded in the five-country group led by Intersport Germany, which also includes Austria, Slovakia, the Czech Republic and Hungary, reaching a total retail turnover of €3.63 billion through more than 1,800 stores. Out of this, €2.94 billion was generated in Germany.

Growing by 4 percent, less rapidly than before, Austrian Intersport retailers achieved a total turnover of around €600 million. With fewer stores, the Czech Republic went up by only 2 percent, while Hungary and Slovakia grew by 9 percent and 10 percent, respectively.

The year 2019 was marked in particular by a snowy January and a strong start to the autumn/winter season in October and November. The good results across all five countries were driven primarily by five categories: outdoor, running, training and winter sports. The four strongest categories all grew significantly: winter sports by 4 percent, outdoor by 6 percent, training by 7 percent and running by the double-digit rate of 10 percent. Cycling grew by 13 percent and racquet sports by 8 percent. The lack of a major sporting event brought the team sport segment down by 11 percent.

As before, Adidas and **Nike**, in that order, were the biggest brands for Intersport Germany last year. Intersport's private outdoor brand, **McKinley**, came in third place. The group wants its retail members to generate 25 percent of their sales with Intersport's private labels.

Signa expands in Spain and Switzerland

Signa, the Austrian-based real estate and retail giant is further expanding its reach beyond the core German market with a small acquisition in Spain and a bigger one in Switzerland.

Tennis-Point – the online retailer of tennis products owned by Germany's **Signa Sports United** and currently operating 40 stores, 90 percent of them in Germany – will be expanding into Spain this year. As *CMDsport* reports, on Feb. 29 the banner will take over **5sets**, a store of 200 square meters located in the town of Mataró and operating under the management of **Miquel Just**. In exchange, Just is taking charge of a new subsidiary, **Tennis-Point Iberia**, and strategizing further expansion on the peninsula, where the banner's presence has so far been entirely online.

Speaking to *CMDsport*, Just has said that in late June or early July Tennis-Point will also be opening a new physical store in downtown Barcelona on 700 square meters specializing in tennis and pádel. It will be the largest such store in the city. The primary aim is to gather market knowledge on pádel in Spain, as the this typically Spanish form of paddle tennis is spreading abroad and could in time become a hot ticket throughout Europe. Just notes that the market for pádel in particular is open on the continent, as no company has established dominance. To seize that opportunity, Tennis-Point seeks to establish stores in Spain's 12 largest cities, perhaps by taking over other physical stores.

Tennis-Point plans to have a large store in Madrid in 2021, with Valencia, Bilbao, Seville and Palma de Mallorca to follow. The company might also acquire "one or more relevant online banners." In addition, Tennis-Sport will seek to establish shop-in-shops of up to 50 square meters with other retailers and host smaller such shops (15 square meters) within its own stores. It is already doing this at its 40 stores in Germany, Austria, Italy, Belgium and, most recently, France, where it has acquired the **Tennis Pro chain**.

Based in Germany, Signa Sports United operates 13 e-commerce banners, among them **Fahrrad**, **Probikeshop** and **Brügelmann** as well as **Tennispro**, **Tennis-Peters** and **CenterCourt,** and generates annual revenues of more than €400 million. Signa Sports United is controlled by the Austrian **Signa Retai**l group, which owns separately **Karstadt Sports** chain through the **Karstadt Galeria Kauhof** retail group and is in line to take over the **SportScheck** chain of sporting goods stores.

In another strategic expansion move, Signa is moving into the Swiss market.

Signa Holding and the Thai-based **Central Group** have taken over a big Swiss department store chain, **Globus**, from the **Migros** cooperative, which had put it up for sale last June to focus on its supermarket business and other operations including its **SportXX** sporting goods stores. Like **Karstadt** and **Kaufhof** in Germany, Globus sells many sporting goods stores at its 48 department stores in the country, but the new owners want to reposition Globus to be the leading luxury department store group in Switzerland.

Globus' stores are to be integrated into the **European Luxury Department Store Group**, a 50-50 joint venture formed by Signa and Central Group in the course of this takeover. The new joint venture of the two groups will bring together their luxury department stores in European city center locations under one roof, which could lead to synergies such as improved access to luxury brands and products. In addition to the department store business, the joint venture is taking over eight of Globus' real estate properties in Switzerland. European competition authorities still have to approve the takeover, which is to be completed by mid-2020.

Together with Central Group, Signa already operates the German luxury department stores **KaDeWe**, **Oberpollinger** and **Alsterhaus** under the **KaDeWe** Group. The KaDeWe Group is also currently planning two new department stores in Düsseldorf and Vienna. The Central Group also owns nine **Rinascente** department stores in Italy and the Danish department store **Illum**.

Vittorio Radice, CEO of **Central Group Europe** and a representative of the European Luxury Department Store Group, will strategically lead Globus as its chairman. Globus' current CEO, **Thomas Herbert**, would become a member of the board. **Franco Savastano**, the current deputy CEO of Globus, will take over the operational management as managing director.

No Ispo Beijing and supply chain bottlenecks due to coronavirus

The new Chinese pandemic – declared a global health emergency by the **World Health Organization** on Jan. 30 – is starting to put the brakes on the Chinese economy's robust growth in terms of consumption, production and international trade in the sporting goods sector and others, with major consequences for the rest of the world as well.

Meanwhile, because of the spread of the coronavirus, Chinese authorities have cancelled all trade fairs that were scheduled to take place in the upcoming weeks. This includes **Ispo Beijing**, which was to take place on Feb. 12-15, but not **Chic Shanghai** or the **Asia Apparel Expo**, which have been postponed to an as-yet undetermined date. The organizers of the **APLF Leather & Materials** fair, which is due to start in Hong Kong on March 31, said they are considering a postponement as well.

Many sports competitions have been cancelled in China. The **Taipei Cycle Show** is expected to take place in Taiwan at the beginning of March, as scheduled, although travel restrictions are likely to decrease the number of participants and exhibitors.

Whether **Messe München** will also postpone Ispo Beijing or cancel it with no replacement except for **Ispo Shanghai** remains unknown at press time, partly because government authorities have been difficult to reach due to the Chinese New Year holidays, which have been extended. Company officials were unable to comment at this stage on refunds to the exhibitors as insurance policies may or may not cover the consequences of the epidemic.

For the major sports brands, the biggest immediate consequence of the virus has been a drop in purchases at their numerous stores in China, the second-largest sporting goods market in the world, after the U.S., and one of the few areas of growth in the last few years. It is also the place where big labels like **Adidas**, **Nike** and **Puma** have the highest operating margins.

Nike has admitted that the outbreak will affect its quarterly results. Both Adidas and Nike have temporarily closed many of their stores in the country – nearly half of them for the Swoosh, which noted a drop in traffic at those that have remained open for fewer hours, adding that its e-commerce operations in China have remained strong. Similarly, in reporting its latest results, **Skechers** said that online sales were still performing well in the country, where the brand has been growing very fast, but comparable store sales at physical stores have fallen off since travel restrictions were put in place on Jan. 23.

Skechers said it did not anticipate any short-term impact from the coronavirus on its supply chain, as less than half of its shoes are now made in China. In reporting its own results, **Columbia Sportswear** similarly indicated that its shipments of spring/summer merchandise should be normal. Less than 15 percent of its production is coming from China, but Columbia's management expressed worries about its fall/winter collections, as producers in other countries are getting most of their raw materials for footwear and a significant amount of input for apparel from China.

Many important manufacturers of polyester fiber and fabrics as well as textile printers and dyers are located in Hubei, the central Chinese province at the epicenter of the epidemic. The new virus has already killed more people than Sars in 2003, when China's output of polyester was delayed for three months.

Many workers who had left the area to go to their hometowns for the Chinese New Year holidays are being prevented from returning to their workplaces, and many may in fact take the opportunity to try to find a job elsewhere.

After Hubei, the second-highest number of cases of coronavirus has been registered in the province of Guandong, which is a major manufacturing center for footwear.

The Shanghai stock exchange has suffered its biggest drop since the summer of 2005. However, observers hope that the Chinese economy will regain strength once a vaccine is developed and the virus has been eradicated, as it did two to three months after Sars reached its peak in 2003.

Two Asian co-chairs will lead the WFSGI

It was Asia's turn to take on the chairmanship of the **World Federation of the Sporting Goods Industries (WFSGI)** for the next three years, after Europe and the Americas. Partly in view of the **Olympic Games** that will be held in Tokyo this year and in Beijing two years later, its general assembly elected on Jan. 29 a new board of directors headed up for the first time by co-chairmen **– Motoi Oyama-san** and **James Zheng –** who represent **Asics** from Japan and **Anta Sports Products** from China, respectively.

Oyama, who already served as president of the WFSGI between 2011 and 2014, ahead of **Frank Dassler** from **Adidas**, has been the chairman and chief executive of Asics since 2008. He had previously run the U.S. and European operations of Asics. Zheng, who joined the WFSGI's board of directors in 2014, is the executive director and president of Anta, the biggest sporting goods company in China, which he joined in 2008. His election can be seen as a recognition of Anta's strong international relevance following its acquisition of **Amer Sports** last year, and the fact that China has become the second-largest sporting goods market in the world.

In announcing the new set-up, the WFSGI pointed out that it will give support to help maximize synergies between the sporting goods industry and the **International Olympic Commission**. The application of the IOC's Rule 50 to sponsorship contracts is still a sticky issue. The WFSGI noted that 77 National Olympic Committees and around 600 athletes will receive competition uniforms free of charge from 12 WFSGI member companies this year because they cannot use products that comply with Rule 50. It is the third edition of this solidarity program.

Oyama-san and Zheng are succeeding **Sean O'Hollaren**, senior vice president of government and public affairs at **Nike**, who will retain a seat on the board as immediate past chair and representative for the Americas. A former president of WFSGI from the Americas, **John Larsen** of **New Balance**, was elected honorary president of WFSGI at the meeting, which was held concurrently with the **Ispo Munich** show.

Tom Cove, president and chief executive of the **Sports and Fitness Industry Association (SFIA)** of the U.S., and **Andy Rubin**, chairman of **Pentland Brands**, remain vice chairmen for the Americas and Europe-Africa, respectively. **Robbert de Kock** remains president and CEO of the WFSGI.

The other members of the new board are **Dave Wheeler**, executive vice president of value chain and chief supply chain officer at **New Balance**; **Bob Margevicius**, executive vice president at **Specialized Bicycle Components**; **Gumercindo Neto**, partner and CEO at **RG3 Consulting**; **Nouman Idris**, CEO of both **Capital Sports** and **Muta Industries**; **Shuichi Koseki**, president of **Descente**; **Johan Adamsson**, global director of sports marketing and licensing at **Puma**; **ManuelPauser**, head of global government affairs at **Adidas Group**; **Didier Morelle**, head of the E-Bikes Industrial division at **Decathlon**; and **Colin Li**, executive director of **Li-Ning Sporting Goods**.

Most of the members were re-elected to the board. **Descente and Li Ning were represented by other executives before. A former member, Björn Gulden**, CEO of **Puma**, has left the board.

Meanwhile, WFSGI reports "very positive" financial results for the past 12 years and ascribes one-third of its income to sources other than membership dues, such as partnerships with **Compliance and Risk**, **Gominga** and **Convey** as well as the **World Manufacturers Forum** and the **World Cycling Forum**. The independent, non-profit association consists of sports and athleisure brands, manufacturers, suppliers, retailers, national and regional federations, industry and trade associations and all manner of sporting goods businesses.

WFSGI says it is developing a new strategy for the next three years that focuses more on the future challenges such as partnerships with international sport organizations, sustainability, free trade, the promotion of physical activity, compliance with labelling requirements and innovation, among other topics.

Ispo will work for equality and sustainability

While reiterating its intention to open itself up to other areas of the wider sports business besides the sporting goods market, which it has been covering for the past 50 years, the management of **Ispo** made solid new commitments in the areas of sustainability, social responsibility and diversity during the latest edition of the **Ispo Munich** trade show, held on Jan. 26-29.

"Sport can bring people together," said **Klaus Dittrich**, chairman and chief executive of **Messe München**, announcing a new project for an "Ispo foundation" to help make sport accessible to more people. He also announced a new annual one-day conference, the **Ispo SDG Summit**, intended to use "the power of sports and the outdoors" to discuss concrete actions to overcome human and social inactivity and help implement the 17 **Sustainable Development Goals (SDGs)** of the United Nations.

The **2030 Agenda for Sustainable Development**, which was adopted by the U.N. in 2015, seeks to ending poverty and other forms of deprivation by improving health and education, reducing inequality and spurring economic development, while tackling climate change and working to preserve our oceans and forests.

Focusing on physical inactivity, the first conference will take place in Munich on Jan. 29, with a goal of bringing together 250 of the most influential people in sports, politics and society. Replacing the former **Ispo Digitize Summit**, it will happen during the second edition of Messe München's **OutDoor by Ispo** trade show, scheduled for June 28 to July 1. The keynote speech will be delivered by Prof. **Muhammad Yunus**, the **Nobel Peace Prize** laureate, who will also be leading the organization of the 10th edition of the **Global Social Business Summit** and the **Social Business Days** in the same city on June 26-29. Ispo is calling this chain of events the "**Summer of Purpose**."

The announcement of the new convention, made at a fully packed press conference that can be streamed on *ispo.com*, was accompanied by a moving speech by **Ron Garan**, the 58-year-old American astronaut who published a book titled ***The Orbital Perspective*** in 2014. Showing pictures of his space flights, he explained why we should see each other as interdependent nations sharing a fragile planet, living in harmony and working in more collaborative ways with a multigenerational view of the world.

At the same conference, Dittrich said that everyone in the sporting goods industry has started to wondering how to contribute to sustainability, which was the big buzzword at Ispo Munich. More than ever before, the companies exhibiting at the trade show felt somehow compelled to talk about their new environmentally friendly materials and processes, although some observers see this as "greenwashing."

"Ecosystems work best in harmony," said **Mark Held**, president of the **European Outdoor Group (EOG)**, when discussing initiatives like the **Microfiber Consortium** that the association recently founded. At Ispo, **Antje von Dewitz**, president of **Vaude**, was elected as a vice-president of the EOG, whose members are said to be investing on average 2 percent of their turnover to help preserve the environment. She has been a vocal supporter of sustainability (more in our *Outdoor Industry Compass*).

To mark the 50th anniversary of Ispo and its pledge to work for equality in sport, Dittrich handed over the **50th Ispo Cup** to **Tegla Loroupe** in front of around 500 guests during the traditional VIP dinner at the show. The 46-year-old Kenyan marathon champion organized the first **Refugee Team** for the **2016 Summer Olympics** in Rio de Janeiro. Supported by the United Nations, who named her "**United Nations Person of the Year**" for this initiative, she is training a similar international team of refugees for next summer's Olympics in Tokyo.

Loroupe was the first African woman to win the **New York City Marathon** in 1994. Born in a family with 24 siblings, she had to walk 10 kilometers to school every day.

Skechers invests in omni-channel

In reporting a strong 23.1 percent increase in overall revenues to $1,330 million for the fourth quarter of 2019, **Skechers**' management revealed that it is developing a new omni-channel retailing platform where its brick-and-mortar stores will be more integrated with its e-commerce operations.

Online sales still represent less than 15 percent of the company's direct-to-consumer (DTC) revenues, but they are experiencing triple-digit growth in some months. E-commerce capabilities will be extended to every foreign subsidiary.

The 23.1 percent sales increase achieved in the fourth quarter was driven by a 33 percent gain in wholesale revenues outside the U.S. and by a 31.2 percent increase in total international sales, which actually went up by 32 percent in constant currencies and came to represent 59 percent of the total turnover.

Domestic wholesale revenues rose by 10 percent. The DTC business went up by 19 percent overall, with same-store sales rising by 10.3 percent in the U.S. and by 8.8 percent elsewhere.

Skechers' total store count rose to 3,547 worldwide after the net addition of 21 directly operated stores and 219 third-party stores during the quarter.

The gross margin improved by 0.2 percentage points to 47.9 percent in the period, thanks to higher average selling prices and despite the higher U.S. duties on imports from China. The operating margin declined by 0.6 percentage points to 7.1 percent, but net earnings rose by 25.5 percent to $59.5 million.

For the full financial year, revenues grew by 12.5 percent to $5,220 million, driven by a 24.3 percent currency-neutral increase in the international business. The gross margin declined to 47.7 percent, but the operating margin went up to 9.9 percent and the company ended up with a net profit of $346.6 million, up from $301.0 million in the prior year.

Columbia's sales growth is softening

The management of **Columbia Sportswear** is projecting an increase of 4.5 to 6.0 percent in its total sales this year, with an operating margin of 12.6 to 12.8 percent. In 2019, the company's net sales rose by 9 percent to a record of $3,042.5 million, with growth of 10 percent in constant currencies, and its operating margin expanded by 0.5 percentage points to 13.0 percent. Thanks to a strong start to the year, the group's net earnings jumped by 23 percent to $314.2 million.

The situation was different in the fourth quarter ended on Dec. 31, when sales increased by only 4 percent to $954.9 million. The gross margin dipped by 1.6 percentage points to 50.1 percent and the operating margin declined by 2.1 percentage points to 14.5 percent, leading to a gain of only 1 percent in net income to $114.0 million.

Columbia blamed a warm holiday season around the globe for the lackluster performance. In terms of constant currencies, sales rose by 8 percent in the U.S. and by 10 percent in the EMEA region, but they were off by 10 percent in Canada and by 4 percent in the Latin America/Asia-Pacific region.

Keeping its momentum, **Sorel** showed a gain of 14 percent in the quarter, while the **Columbia** brand and **Mountain Hardwear** posted increases of 4 percent and 5 percent, respectively. **Prana** was off by 10 percent. Across the group, sales of footwear went up by 13 percent, while apparel, accessories and equipment recorded an increase of 2 percent.

More in *The Outdoor Industry Compass.*

Expanding abroad, Hoka is still Deckers' engine of growth

Deckers Brands, the parent of **Ugg** and other footwear brands, recorded good sales and earnings in the third quarter ended on Dec.31, once again boosted by **Hoka One One**, which is now selling fewer shoes in the U.S. than in the rest of the world.

The group's total revenues climbed by 7.4 percent from the same period last year to $938.7 million, rising by 8.4 percent in constant currencies and generating comprehensive net income of $203.3 million, up from $194.0 million in the year-ago period, thanks in part to a higher foreign currency gain.

Hoka's sales rocketed by 63.6 percent to $93.1 million, driven by both replenishment orders and new consumers. The brand is enjoying strong momentum and is expected to record $350 million in sales for the financial year ending on March 31.

The brand's direct-to-consumer sales doubled, and registered shoppers on Hoka's website also doubled from last year. The brand's classic **Clifton** and **Bondi** styles did well, while new styles like the **Rincon** and **Carbon X** attracted younger customers to the brand, the management said. In addition, an update of the **Speedgoat** trail runner franchise doubled its sales, with particular strength outside the U.S.

For the group's biggest brand, Ugg, sales advanced by 2.6 percent to $781.1 million in the quarter, led by men's and kids' models, which grew respectively by 10 and 20 percent. The **Neumel** franchise and **Fluff** women's slippers stood out. Ugg saw an 8 percent gain in the U.S., but international sales were down by 7 percent due to weakness in Europe, where a marketplace reset is ongoing. The group has decided to be more selective in the region, following a cleaning-up process that has already given positive results in the U.S. in the past few years. The strategy is intended to reduce inventories in the marketplace, consolidate the account base by focusing on retail partners which the company thinks best represent the Ugg brand and provide a more differentiated and enhanced consumer experience. A similar strategy is planned for Asia-Pacific to boost the brand there as well.

Aside from **Koolaburra**, a lower-priced version of Ugg, Deckers' other brands didn't fare as well: **Teva**'s sales tumbled by 25.1 percent to $17.2 million, due in part to a shift in the timing of European orders, while **Sanuk** dropped by 34.5 percent to $8.5 million.

Overall, Deckers' wholesale revenues grew by 8.9 percent to $525.1million, while direct-to-consumer sales improved by 5.6 percent to $413.7 million, including a gain of 4.7 percent in comparable store sales.

U.S. sales benefited from the expansion of Ugg and Hoka, and soared by 12.7 percent to $645.7 million. However, the international business was hindered by Ugg's weakness, particularly in Europe, and as a result, the group's total international sales declined by 2.6 percent to $293.1 million.

Deckers' gross margin expanded by 0.3 percentage points to 54.1 percent, thanks to less promotional activity than expected and strong sell-throughs at full prices. Its net income progressed by 2.6 percent to $201.6 million.

The management has decided to raise its full-year outlook to reflect the acceleration it is seeing in the Hoka and Ugg brands. For the full fiscal year ending March 31, Deckers predicts sales in the range of $2.150 million to $2,160 million, compared with a previous forecast calling for sales of between $2,115 million and $2,140 million, despite an expected drop in China due to the coronavirus epidemic. The outlook for the gross margin has been raised to 51.5 percent from 50.8 percent.

Johnson Outdoors' profits jump by 83%

Johnson Outdoors recorded strong gains in revenues and profits in all its divisions except Watercrafts for its first fiscal quarter, ended on Dec. 27, 2019. The company's net income jumped by a staggering 83 percent from the year-ago period to $6.4 million. The group's total revenues soared by 23 percent to $128.1 million. However, the company benefited from a favorable comparison base with the year-ago quarter, when the group's important Fishing segment was hampered by a delay in the availability of new products.

As before, the management also attributed this performance to ongoing investments in richer consumer insights, targeted innovation and accelerated digital sophistication.

The Diving segment, which the group is trying to strengthen, expanded by 6 percent to $16.5 million. Its operating profit reached $0.2 million, against a loss of $0.7 million in the same period a year earlier. The management said this segment is the most global in the company, with sales in Europe driving most of the growth in the quarter.

Positive trends in retail and e-commerce in North America have been driven by efforts on digital marketing, and the group is trying to replicate this in Europe, with new websites on track to launch this year. New core life-support products did particularly well, with sales from the ScubaPro brand increasing by 8 percent on a constant currency basis.

Revenues from the Fishing segment gained 26 percent to $99.3 million, mainly due to last year's delay in new product availability, while the operating income gained 31 percent to $15.0 million. Humminbird's latest innovation, the Mega 360 Imaging, began shipping in the first quarter and the management said that the customers' response has been favorable so far. This sonar option provides a high-resolution 360-degree view.

The Camping division, which includes brands such as Jetboil and Eureka, saw sales improve by 29 percent to $7.5 million. Here, the operating income was $66,000, compared with a loss of $686,000 for the same quarter last year. Demand for Eureka's Ignite Camp Stove remained solid, while the Jetboil brand, the technology leader in portable outdoor cooking systems, continued to grow.

Watercraft sales progressed by 11 percent to $4.8 million, helped by new products. However, its operating loss expanded by 5 percent to $1.5 million.

Overall, Johnson Outdoors' gross margin declined by 0.60 percentage points to 41.9 percent, due primarily to higher tariffs on products imported from China into the U.S.

Noting that first-quarter results are not predictive of the full year, the management continues to expect moderate sales growth for the full fiscal year. As a result of recent developments in trade negotiations between the U.S. and China, as well as its own cost mitigation efforts through higher prices, it now expects the impact of tariffs on Chinese goods and components to be approximately $4 - $5 million on profits in fiscal 2020.

A rule change to deal with Nike's Vaporfly

In response to controversy over **Nike**'s **Vaporfly** running shoe and the bouncy carbon-fiber plate inserted in its sole, **World Athletics** has instituted new regulations on athletic footwear worn for competition (For background, see *SGI Europe* – Vol. 31 n°2+3 of Jan. 24).

The governing body for competitive running has declared that, as of April 30, any shoe must have been available commercially, on- or offline, for at least four months before being used in a competition. All other shoes are henceforth deemed to be prototypes and ineligible for competition. This excludes shoes customized for purely aesthetic or medical reasons. Furthermore, road shoes may have soles no more than 40mm thick and track spikes can be no longer than 30mm. Plates or blades in the midsole must be either single and rigid or multiple and lie in the same plane.

World Athletics' president, **Sebastian Coe**, says that the body seeks not to regulate the sports shoe market but only to "preserve the integrity of elite competition." Its ruling prohibits "shoes that go further than what is currently on the market while we investigate further." World Athletics, which was previously called the **International Association of Athletics Federations (IAAF)**, will be setting up a new working group of biomechanical engineers and others to "guide future research into shoe technology and to assess new shoes that emerge on the market." New guidelines are expected regarding the construction of track spikes.

The new regulations ban from competition the **Nike Alphafly**, as it has three carbon plates enclosed in thick, ultra-compressed foam. But the Alphafly's more commercial cousin, the Vaporfly, currently on sale and equipped with a single plate, has escaped the ban. Runners wearing some version of the Vaporfly claimed 31 of the 36 podium positions in last year's world championships. As the new rules are not retroactive, no one will be stripped of any victory regardless of shoe. **Adidas, Brooks**, **New Balance**, **Hoka One One**, **Saucony**, **Asics** and **Mizuno** are all working to release new models by April 30 – the new rules' deadline for eligibility in the **Summer Olympics** – to compete with Nike's bouncy breakthrough.

Nike, for its part, will now be releasing a limited number of **Vaporfly Next%** shoes – the model worn by the Kenyan distance runner **Eliud Kipchoge** when he became the first human being to run a marathon in less than two hours – by the same April date. And it will be doing the same with two other models: the **Air Zoom Alphafly Next%**, which has an air pocket in the forefoot, and the **Air Zoom Victory**, which has spikes.

Two other Nike models slated for release, the **Air Zoom Tempo Next%** and the **Air Zoom Tempo Next Flyease**, will not be eligible for competition for the time being. Otherwise, Nike's Olympic products will include the sustainability-flavored **Air Zoom BB NXT**, recycled uniforms from **Nike SB** for skateboarding's Olympic debut, and **Space Hippie** casual footwear made from factory scrap and medal-podium uniforms made of recycled polyester, nylon and rubber.

BenQ launches new Xpore membrane

BenQ Materials Corporation, a Taiwanese company specializing in materials science, has launched a new nanoporous waterproof/breathable membrane technology for high-performance sports apparel which, it claims, provides both environmental sustainability and more benefits than other, more popular membranes.

The key component of the **Xpore** membrane is polyolefin, which belongs to a class of polymers produced from a simple olefin, containing only carbon and hydrogen. Xpore has two claims to ecological friendliness. First, it uses no solvents or water, since its manufacture is done with mechanical stretching instead of chemicals, and is also free of PFCs/PTFE. Second, as a BenQ spokesperson has said, the Xpore membrane produces no harmful chemicals or gases during its thermal treatment for recycling, because it is a pure hydrocarbon. As a polyolefin membrane, it is also completely recyclable. The Xpore membrane can therefore be safely recycled together with textile fabrics.

For now, the new 100 percent PFC-free membrane is used exclusively by a French sports brand, **Picture Organic Clothing**, which advertised the membrane's ecological claim at the recent **Ispo Munich** show, and by **Geox**. One of the brand's founders, **Julien Durant**, said that the innovative membrane enables his brand to reach high-end consumers with jackets equivalent to **Gore-Tex Pro** shells.

BenQ Materials is a three-year-old division of Taiwan's $20 billion **BenQ Group** of high-tech firms. Initially called **Daxon Technology**, the company was established in 1998 with headquarters in Taoyuan, Taiwan. It has a fully equipped laboratory for innovation. BenQ Materials began as an optical-storage manufacturer and has gradually shifted its core business to materials science. BenQ Materials' product lines include functional films, advanced battery materials and healthcare products.

News Briefs & Short Stops

Corporate

The **Frasers Group**, the British company previously called **Sports Direct International**, is implementing in two big ways the "elevation" policy announced by its controversial chief executive and main shareholder, **Mike Ashley**. It has just acquired a 12.5 percent stake in **Mulberry**, a British publicly quoted brand of handbags and other luxury goods. It also has opened its first luxury department store at the Meadowhall mall in Sheffield. This is to be the first in a series of openings planned since the acquisition of the loss-making **House of Fraser** chain of department stores in 2018. So far, only the first phase of the new, 65,000-square-foot store is open. The second phase, planned for spring 2021, will be a sales floor for **Flannels**, the group's banner for premium apparel, footwear and accessories from such brands as **Gucci**, **Prada**, **Burberry** and **Off-White**. Flannels opened a flagship on Oxford Street in London last year. According to the Frasers Group's "head of elevation," **Michael Murray**, the "aspirational new store" in Sheffield is intended to "epitomize the exciting future of Frasers" – no doubt a reflection of Ashley's remark in 2018 that he hoped to transform House of Fraser into the "**Harrods** of the high street."

Hurley's EMEA business has been taken over as a single entity by **David Meire** and **Javier Carrera**, two former **Nike** employees from Spain, who will manage it through a distribution agreement with the brand's new owner, a brand management company, **Bluestar Alliance**. Meire was general manager or vice president at Nike for over 20 years and most recently served as chief client officer at **Desigual**. Carrera has been general manager and vice president at **Quiksilver**, **Nike SB** and Hurley. Carrera has now been appointed chief executive officer of **Hurley EMEA** with immediate effect. According to *Boardsport Source*, the new owners intend to continue the existing brand development project based on surfing and its lifestyle. The European headquarters will remain in Barcelona, to ensure a smooth and seamless transition. Nike took control of Hurley in 2002 for $95 billion and sold it last December for an undisclosed amount to Bluestar, which has signed a variety of new licensing agreements for several categories and has signaled plans to shut down Hurley's wholly owned subsidiaries in several international territories to pursue licensing agreements. The company has indicated that it will keep Hurley's design office in Cosa Mesa, California, and expand its reach beyond surfing to snow sports and other categories.

Cykelkraft, the struggling Swedish bicycle retail chain, has been rescued and will become part of the **Team Sportia** buying group. **Spobike** – headquartered in Jönköping, Sweden, and run by a retail member of Team Sportia, **Peter Arvidsson** – has bought the bankrupt company. How many stores will survive is as yet unclear.

The Brazilian businessman **Carlos Wizard Martins** has acquired the entirety of **Alpargatas S.A.I.C.** of Argentina, and with it the worldwide rights to the **Topper** brand of athletic footwear. The similarly named **Alpargatas S.A.** will remain a separate operation in Brazil. In September 2018 Wizard Martins paid $24 million for a 21.8 percent share in the Argentine company to acquire the Brazilian rights to Topper. The company then split into an entity for sportswear and an entity for the rest of its apparel and the **Havaianas** brand of rubber sandals. Within a week, it announced the closure of two factories in Argentina and the termination of 453 employees, ascribing the move to Argentina's economic woes and slow consumer markets. In July 2019, it closed its remaining textile factories in Argentina and wound down the country's business unit (SGI Europe Vol. 30 n°29+30 of Aug. 29, 2019).

Through its integration into **EssilorLuxottica**, **Costa Del Mar** will be eliminating 295 jobs in Daytona Beach, Florida, and shifting most of its manufacturing north and west – to New York and California. **Essilor** acquired the maker of polarized sunglasses in 2014, before itself merging with Luxottica five years later. According to a spokesperson for Essilux, the change will enable Costa to "fully leverage on Luxottica's strengths in everything from product innovation to manufacturing to supply chain to distribution networks." Costa will continue to handle its marketing and some of its business in Daytona Beach.

+++ **Specialized France** has settled at a new facility in La Voulte-sur-Rhône, only a few miles from its previous headquarters in Charmes-sur-Rhône, which was recently ravaged by a fire +++ **BASF** has finalized the acquisition of the polyamide (PA 6.6) business of **Solvay** for €1.3 billion +++

Executive Changes

Sportmaster of Denmark has found a replacement for **Sofie Lindahl-Jessen**, who recently resigned as chief executive after less than a year in the post. **Andreas Holm** – a former clerk and manager at the Sportmaster store in Strøget, Denmark – is stepping in and will work to ease the Danish chain's financial woes, relying on what he calls the strong hinterland of infrastructure, back-end and IT of the chain's new owner, the Russian **Sportmaster Group**. Holm, who has also served as the company's personnel manager and purchasing director, now hopes to pull Sportmaster into the black after a loss exceeding 100 million Danish kroner (€13m-$15m) in 2018. Sportmaster was sold for an undisclosed amount in December to the Russian **Sportmaster Group** via a holding company in Singapore (*SGI Europe* Vol. 31 N° 1+2 of Jan. 11, 2020). Its international director, **Janusz Gembarski**, says that the new management has a solid grasp of the company's business. **Jack Friis**, former sales director at **Bilka**, became Sportmaster's retail director in 2012 and is now becoming chief operating officer. Sportmaster operates 89 stores in Denmark under the eponymous banner as well as four **Rezet** sneaker stores.

At its meeting of Jan. 24, the board of directors of **Columbia Sportswear** appointed as its chairman the company's long-standing president and chief executive, **Tim Boyle**, who is now 70 years old. He takes the place on the board that was previously occupied by his "tough mother," **Gert Boyle**, who died on Nov. 3 at the age of 95. Columbia's board also formalized the post of lead independent director and filled it with one of its long-time members, **Andy Bryant**. Bryant was the chairman of **Intel** from May 2012 to January 2020 and will be leaving its board after the company's 2020 annual stockholders' meeting. He has served on Columbia's board since 2005 and chairs the nominating and corporate governance committee.

The Swedish outdoor company **Haglöfs** has not had a chief executive since November 2019, when **Carsten Unbehaun** left to become the new CEO of **Asics EMEA**. The vacancy has finally been filled by its global sales director, **Fredrik Ohlsson**. In his new role, Ohlsson will continue the brand's ongoing transformation into a more consumer-oriented and digital company and further advance topics like sustainability. Ohlsson has said that his aim is to secure continuous growth and follow the 2022 strategy, with increased consumer and sustainability focus. He and Unbehaun worked together closely to develop the plan. As part of the 2022 strategy, Haglöfs launched online shops in eight new markets last year and invested in stationary retail by opening three stores. The increased focus on direct-to-consumer distribution was a significant shift for Haglöfs, but has proved very successful and supported the company's growth in all markets and channels, according to Ohlsson. Product development has also accelerated. Despite his move to Asics, Haglöfs' parent since 2010, Unbehaun will remain Haglöfs' chairman of the board. He was appointed CEO of Haglöfs in January 2018, after holding various positions at Asics since 2002.

With the appointment of **Corey Stecker** as international managing director and **Dariusz Boniecki** as director of sales and marketing for Europe, the Middle East and Africa (EMEA), **Smartwool** is signaling a focus on key markets and advancing its global strategy. As international managing director, Stecker, who has been with Smartwool for four years as director of sales and marketing for Canada, will be responsible for both Europe and Canada. Prior to joining Smartwool, he had spent nine years with **The North Face Canada** as marketing director and key account sales manager and held retail purchasing and marketing positions at Intrawest and **Burton Snowboards**. Boniecki, has been with Smartwool for three years as senior sales manager for EMEA. He brings more than 14 years of experience in international sales management to his new position, including five years as key account manager for **The North Face Europe**. Before joining **VF Corp.** – the owner of Smartwool, **The North Face** and other outdoor brands – Boniecki also held positions at **Adidas**.

+++ **Charlie Ninegar**, a former vice president of **Spy Optic**, has been appointed to a similar post at **Nixon** +++ **Foot Locker** has elected **Darlene Nicosia** and **Tristan Walker** as independent directors +++ **PSEB**, an operating company composed of **Pacific Sunwear** and **Eddie Bauer**, has announced that **Mike Egeck** will be stepping down as chief executive on Feb. 4 to pursue a new opportunity outside of the apparel industry +++

Retail & Distribution

Internetstores, a subsidiary of **Signa Sports United**, recorded total sales of €373 million in 2019. The online retailer reported that its sales increased by 30 percent over the past three years. This online retail platform for bike and outdoor products, which owns the **Fahrrad.de, Brügelmann, Bikester, Probikeshop, Campz** and **Addnature** online stores, aims to grow by another 20 percent in 2020. Internetstores plans to develop its online stores and its storage in the next few years and to find 85 new service partners for Fahrrad.de, which is no longer a pure online retailer. Since 2018, Internetstores opened fahrrad.de physical stores in Düsseldorf, Berlin, Stuttgart, Hamburg and Dortmund and set up a network with local and mobile service partners. Internetstores shipped out more than 200,000 bikes and over 3.8 million parcels with more than 9 million items like bike accessories, sporting goods apparel and outdoor equipment, from its six logistic centers in Germany. E-bikes already account for 40 percent of the total turnover of the bike segment. Internetstores, which was acquired by Signa in 2016, manages more than 40 online stores in 14 different countries. It offers more than 100,000 products from 900 brands, including Internetstores' private brands like **Ortler, Serious, FixieInc.** and **Votec**. The company employs more than 700 people in Stuttgart, Esslingen, Berlin, Lyon and Stockholm.

As *CMDsport* reports, **Courir** hopes to sustain the pace of expansion it achieved last year, when it opened 11 stores as well as an e-commerce site in Spain. At present the athletic footwear chain formerly owned by the French **Go Sport Group** has 15 points of sale in the country. This year's plans call for 12 new stores on the Iberian peninsula. The expansion will begin in April and May with two new stores in Barcelona, the first of which will open at the Maremagnum mall with a sales floor of 140 square meters. This will raise the city's total to five. Also soon to come is a store of 150 square meters at the Granvía mall in Vigo. Seville will follow. According to Courir's chief for the Iberian market, **Richard Vidal**, Spain could subsequently see "another three to five offline points of sale" in 2020. Courir will also be making its on- and offline debut in Portugal this year, beginning with a physical store opening in June on Calle Santa Catarina in Oporto. According to Vidal, the chain is scouting other locations, including two in Lisbon, one in Coimbra and one at the L'Illa Carlemany mall in Andorra.

Online retailing is developing rapidly in Scandinavia. **Magasin du Nord**, the Danish department store organization, is planning to open web stores in various parts of Europe, as it did in Sweden in November. This year, according to *Berlingske*, Denmark's oldest daily newspaper, it will start with Norway and continue with Germany, Greenland, Iceland and the Faroe Islands. In addition, Magasin, which has a large sporting goods section, is investigating possibilities for opening a department store on the other side of the Sound, because the Swedes have responded well to its web shop. Magasin's online sales are growing rapidly and now account for more than ten percent of its 2.9 billion Danish kroner (€388m-$427m) in revenues, while sales at its seven physical department stores have been declining.

Following its acquisition by the newly formed **Bollé Brands** group last September, the Californian brand **Spy** is returning to the European market, using Bollé's distribution networks and sales force. Spy is re-entering the market with important innovations presented at **Ispo Munich** last month: The **Goggle Marauder**, with a new, patent-pending **Deadbolt** magnetic lens changing system, and the flat **Goggle Legacy SE**. Both models use Spy's patented **Happy Lens** technology, which is already successful in the U.S. As previously reported, Bollé Brands has relocated its U.S. headquarters from **Bushnell**'s office in Kansas to Spy's headquarters in California. This means all U.S. operations will be managed from Carlsbad (*SGI Europe* Vol. 30 N° 37+38 of Nov. 8, 2019). This includes not only Bollé and Spy Optics, but also the fashion brands **Serengeti**, **Cébé** and the new brand **H2Optix**. The global headquarters of Bollé Brands will remain in Lyon, France.

Burton is opening a new 218-square-meter store in Verbier, Switzerland, which will combine retail space with a showroom for Western Switzerland, a booking desk for the local **Independent Snowboard School** and a test-ride center. This is the first time the company will be directly operating a shop at a resort rather than striking a partnership with a local retailer.

Sales to independent opticians by **Luxottica** in North America will be organized by brand instead of territory, in order to improve brand development. The business unit of **Luxottica Wholesale** that services independent eyecare professionals (ECPs) will consist of four luxury divisions and three premium fashion divisions, while **Ray-Ban** will continue to have its own dedicated sales team. The **Oakley** and **Costa** brands will also maintain their separate sales forces. The business unit employs about 300 salespeople, 200 of whom are directly employed by Luxottica. The others are independent sales reps, but they will become employees as well. Each salesperson will manage one to three brands. Within each brand, a salesperson will be responsible for a specific territory. The company will add new sales support roles to the network. The business in the U.S. will be managed by four regional sales directors reporting to **Ludo Ladreyt**, senior vice president of the optical sales division, who in turn reports to **Fabrizio Uguzzoni**, president of **Luxottica Wholesale North America**.

+++ Breaking up a distribution agreement for the French market with **Boyauderie de l'Est (BDE)**, **Hummel** has decided to set up its own sales subsidiary in the country, according to sport-guide.com +++ Italy's **Northwave** will be represented in Germany by **Element Sport** and by **SP United** in Austria +++ As planned, **Black Diamond** has opened its first European store in Innsbruck, Austria +++ **Rock Gear Distribution** is replacing **Diamond Head Sports** as the Canadian distributor of **Bliz**, the Swedish brand of sports eyewear, sunglasses and reading glasses +++

Legal & Institutional

H&M, which is moving more strongly into men's activewear, has won a long-standing case against **Adidas** at the Court of Appeal in The Hague, which has ruled that the dual stripe design on its apparel didn't infringe on Adidas' three-stripe trademark. The court has also found that the proportions of H&M's stripes were different from those of Adidas' stripes. A key factor in H&M's success was a market research report showing that there was only a 10 percent chance that consumers would infer that Adidas was the maker of the two-striped products. Expressing surprise at the court's verdict, a spokesman for Adidas said the company was reviewing the decision in detail and was not in a position to comment further at this stage. The new ruling overturns an infringement decision taken by The Hague's District Court in 2017. Adidas' judicial battle against the fast-fashion retailer began in 1997, and the company may still appeal to the Dutch Supreme Court.

Andrés de la Dehesa, president since March 2018 of the Spanish sporting goods industry association, **Afydad**, says he wants to attract retailers like similar industry associations in France and other European countries. It held a "summit" on Jan. 28 in Munich, during the **Ispo** trade fair, where it drew high-level representatives from six Spanish sporting goods retail groups, with some 1,200 points of sale between them. Among the 15 representatives were **Carlos Tejero** and **José Antonio Blanco** of the **Trendico Group** (representing 453 POS), **Alex Cucurull** of **Base Detall Sport** (328), **Silvestre Segarra** of **Sprinter** and **JD Sports** (237), **Diego Llorente** of **Forum** (70), **Sergi Serra** of **Bicimarket** (51) and **Francisco Berroya** of the Spanish association of cycling stores, **Atebi** (31). The representatives admitted that this was the first such meeting in years. According to Afydad's director, **Marta Mercader**, it was the first time this particular group had met all at once, and every participant "has pledged to produce a list of the aspects most necessary for the proper development of Spain's sporting goods market." It has set no date for the next summit but believes that attendance will rise.

Product

Adidas Golf is introducing the **CodeChaos** shoe. The shoe features a new technical spikeless outsole that blends a soft rubber outsole with a TPU insert. This proprietary traction system, called **Twistgrip**, was developed through an evaluation of heat maps in swing studies, to elucidate the way golfers distribute and shift their weight throughout the swing. Adidas was able to determine where traction was needed most and what lug shapes would provide the best grip regardless of conditions, the company explained. Also new to Adidas' golf line is the upper of the shoe, made of multi-layer mesh, for enhanced durability and breathability. The layers are encased in film to provide waterproof protection. The new CodeChaos shoe is available in a variety of colors, for both men and women.

With the introduction of the **H4** platform, **Boa Technology**, inventor of the **Boa Fit System**, introduced an extremely robust dial lock platform for snowboard boots at **Ispo Munich**. The interior of the H4 consists of a revised modular assembly and a newly designed bayonet for extra durability. The release mechanism is also new and counteracts release errors. When high external forces are applied, the cartridge releases automatically without damage, and can be easily reinserted in the bayonet. Brand partners using the new H4 platform include **Burton**, **Deeluxe**, **Head**, **Nitro** and **Salomon**. Boa unveiled its first textile lace, the **TX3**, which was also developed specifically for snowboard boots. Also exhibiting at Ispo were several ski touring and mountaineering brands that use the Boa dial fitting technology. For the 2020/21 winter season, Boa continues to work with established brand partners such as **Atomic**, **Fischer** and **Scarpa**. Already a Boa partner in the cycling business, **Scott** will now use the Boa Fit System on the liner of its first free-touring boot, the **Freeguide Carbon**. **La Sportiva**, Boa's first partner in mountaineering, brings an update of the **G2 Evo** and **G5 Evo**. Boa Technology is headquartered in Denver, Colorado, and has subsidiaries in Austria, Hong Kong, China, South Korea and Japan.

After a quite successful racing era with twin brothers **Phil** and **Steve Mahre** in the 1970s and '80s, **K2 Skis** turned its back on the **World Cup** and still doesn't want much to do with it. Nevertheless, its racing roots are key in the promotion of the sporty ski models in its new "**Disruption**" line. K2 aims to appeal to skiers who like to take a sporty approach yet do not look for idols on the world's race tracks. It's a worthwhile business, as freeskiing, freeriding and touring – already well represented by K2 Skis – account for only a minority share of the ski market. Alpine still dominates about 70 percent of sales. Hence K2's rather untypical presentation of this new product line, before **Ispo Munich**, to invited sales staff, dealers and trade journalists from all over the world on a fast-paced skicross course with show races and a DJ in Garmisch-Partenkirchen. With ten new ski models, two of them especially for women, the Disruption line replaces the previous **Charger** and **Konic** lines. The market launch is planned for autumn 2020. "Selected" retailers will be allowed to sell the Disruption line as early as February.

New Balance will soon be offering a choice of standard or custom insoles for sneakers sold in North America and parts of Asia. The custom soles will be supplied by **Superfeet** and its collaborator on this venture, the 3D printing arm of **HP**. The **Fitstation by HP + Volumental**, a 3D scanner and gait analyzer, will feed specifications from scans of customer feet into an **HP Jet Fusion** printer to produce 3D-printed-caps for assembly at the **Flowbuilt Manufacturing** plant in Ferndale, Washington.

Nike announced on Jan. 28 that the **Kobe Bryant** merchandise sold through its website had sold out. The company reportedly withdrew the merchandise shortly after the retired NBA star – along with eight others, among them his own daughter, **Gianna**, and a basketball coach – died in a helicopter crash on Jan. 26 in Calabasas, California. At press time, a search for Bryant's name on Nike's e-commerce site leads to generic merchandise for his old team, the **Los Angeles Lakers**.

Columbia Sportswear acquired **OutDry Technologies** 10 years ago and decided at the time to restrict the membrane to products under its own brands, such as **Columbia** and **Mountain Hardwear**. This compelled OutDry's more than 50 external customers to look for alternatives. OutDry's inventor, **Matteo Morlacchi**, and his brother **Luca**, who both initially continued to work for Columbia, left the company when the third-party business was discontinued. With "**HDry**," the Italian Morlacchi brothers returned to **Ispo Munich** with a membrane that was very reminiscent of their first business. Like OutDry, the waterproof and breathable HDry membrane is laminated directly to the outer material. This improves breathability, the upper material absorbs only a small amount of water, the shoe remains lighter when wet, and no water collects between the upper material and the membrane. In addition, the technology drastically reduces the need for environmentally harmful impregnation agents. HDry was already on display at **OutDoor by Ispo** last summer, but the brothers kept it under the radar until all legal matters had been dealt with. According to Morlacchi, some of the OutDry patents have expired, while others relate exclusively to the machinery. Morlacchi therefore redesigned the machines and created a particularly advanced process for laminating the membrane. Former OutDry customers, such as **Scarpa** and **Ferrino**, have already presented new products with the new membrane. With HDry, Morlacchi says, the outdoor industry once again has access to a superior waterproof and breathable technology, and he is prepared to return to "business as usual" as it was before OutDry's sale to Columbia.

The German helmet and eyewear specialist **Uvex** is starting to distribute the eponymous sensor system of **Tocsen**, a start-up in Freiburg, Germany. Tocsen consists of a fall sensor and app to detect the crash of a helmet wearer. It enquires about the state of the fallen skier, snowboarder or cyclist, routes an emergency call to previously defined contacts and signals the crash's location with GPS data if there is no response. The fall sensor fits any ski or bicycle helmet, and the Tocsen app is available free of charge. The electronics of the sensor are produced in the Black Forest, the casing in Nuremberg. The batteries come from Lake Constance, the packaging from Braunschweig. The Tocsen app's servers are located in Bavaria.

+++ **Arccos Golf** is launching what it claims is the world's first A.I.-powered GPS Rangefinder, based on Arccos' intellectual property portfolio +++ **NOW**, the snowboard brand owned by the **Nidecker Group**, in partnership with an A1 design specialist, **Addit•ion**, has unveiled the first 3D-printed snowboard binding entirely designed through artificial intelligence +++ **Anton Janssens**, the former professional snowboarder who founded **Komono** 10 years ago, has launched the brand's first snow goggle, called **The Anton** +++

Marketing

Adidas will replace **Kappa** in the 2020/2021 season as the kit sponsor of **Leeds United**. The deal with Kappa was set to expire at the end of this season. It will be the first time that Leeds wears Adidas. Leeds' kit was previously supplied by **Nike**, **Umbro**, **Admiral**, **Asics**, **Puma**, **Diadora** and **Macron**. The club currently plays in the **Championship**, the second tier of English football. The financial details of the agreement with Adidas have not been disclosed, but according to reports in the Daily Mail, the value of the deal will depend on whether the club secures promotion to the **Premier League** at the end of the season. Adidas, however, has agreed to be the club's kit sponsor regardless of what division it competes in.

Asics has invested in **No New Folk Studio**, a Japanese start-up that has developed a system to measure and analyze foot movement. The Japanese footwear company will be using **Orphe Track**, as the system is called, to develop "smart running shoes" that generate data such as gait, stride, foot-strike pattern in real time. Asics showed a prototype at its booth at the **CES 2020** consumer electronics show in Las Vegas in January and plans to begin sales by the end of the year. Founded in 2014, No New Folk Studio has been working with the **Asics Institute of Sport Science** since 2017.

Callaway Golf has announced a partnership with **AAA Games Studios**, the gaming and virtual reality (VR) experts based in Madrid. AAA Games is the developer and owner of "**Golf 5 WIPP**," a proprietary VR technology that simulates the movement of golf clubs and the golfer's swing, thereby providing an immersive golf experience. The companies will collaborate to find multiple ways to attract future generations to the game of golf, Callaway said.

Columbia will be the official apparel sponsor of **Sarah Hoefflin**, the 29-year-old Swiss freestyle skier, for the 2020 season. Hoefflin won a gold medal in slopestyle at the **Winter Olympics** in PyeongChang, South Korea, in 2018.

The "**Porsche Design Elan Amphibio**" ski model received the coveted **German Design Award** on Feb. 7 in the **Forum** at **Messe Frankfurt**. **Marc Hasenstein**, managing director of **Elan Central Europe**, accepted the prize in the Excellent Product Design category. Elan is celebrating its 75th anniversary this year. Together with **Elan Yachts** and **Elan Incenta**, a company focused on advanced and mobile seating solutions and complete solutions for gyms, stadiums and arenas. The Slovenian ski manufacturer was sold to **KJK Management**, an equity investment group, in mid-2019. KJK created **KJK Sports** of Luxembourg out of Elan and other acquisitions, including **Bic Sports**, **Panther** bicycles, **Oryx Cycles** and **Core Kiteboarding**. According to KJK, its various sports companies generate roughly €300 million in revenue and employ nearly 3,000 workers in six European countries.

Hydro Flask has announced a multi-year sponsorship with **U.S. Ski & Snowboard**, the national governing body of ski and snowboard sports in the U.S. Under the terms of the deal, Hydro Flask becomes the official water bottle and drinkware supplier to the **U.S. Ski & Snowboard Team**. Hydro Flask insulated products will be used by athletes, coaches and staff as they travel, train and compete in alpine, freeski, freestyle, cross-country, ski jumping, Nordic combined and snowboard. In addition, Hydro Flask and U.S. Ski & Snowboard will collaborate on co-branded products and consumer experiences.

Macron will reportedly replace **Joma** as the kit sponsor of **Sampdoria**, an Italian professional football club based in Genoa, starting in the 2020/2021 season. The partnership between Joma and Sampdoria began in 2015, and was originally supposed to include next season as well, but the two parties decided to part ways at the end of the current season.

Mammut is entering a long-term partnership with **Powdr**, an American ski resort operator. The partnership makes the Swiss sports brand the official uniform and clothing supplier for more than 8,000 mountain professionals working at 10 of the Powdr mountain resorts in the U.S. The partnership starts with the 2020/21 winter season, lasts until 2026 and also includes the **Powderbird** heli-skiing operation in Utah. As part of the agreement, Mammut and Powdr will also be working together on marketing initiatives and consumer events, while Powdr's ski patrol and mountain guides will be equipped with **Mammut Barryvox** transmitters, probes, shovels, ropes, avalanche airbag systems and other technical accessories. Powdr is one of the largest operators of ski resorts in North America, alongside the more well-known companies **Alterra Mountain**, **Aspen Skiing** and **Vail Resorts**. Unlike its competitors, Powdr claims to focus on being an adventure lifestyle company rather than a real estate development. Powdr expanded its business last December by acquiring **Silverstar** in British Columbia, its first Canadian ski resort and 11th resort overall.

Moncler has announced three new collaborations as part of its **Genius** project. **JW Anderson**, **Jonathan Anderson**'s label, is the latest name to be added to the roster of Moncler Genius designers. More unexpectedly, two names from outside the world of fashion have also joined the program. These are **Rimowa**, the German high-end luggage manufacturer recently acquired by **LVMH**, and **Mate.Bike**, an e-bike start-up based in Copenhagen. Anderson's capsule collection will be unveiled during the **Milan Fashion Week** on Feb. 19. The Moncler Genius program has been running since 2018.

Puma has signed a global partnership agreement with **Beach Soccer World Wide (BSWW)**, the organization responsible for the creation and growth of beach soccer. Under the terms of the deal, which has immediate effect, the German sportswear brand will supply uniforms for BSWW officials and entertainment crew, as well as the official balls for all competitions. Puma will also be granted brand visibility and activation rights at all BSWW events, with co-exclusivity on some assets together with the joint partner **La Liga**, Spain's top professional football division, as well as access to BSWW ambassadors for promotions and campaigns. Puma is already an official partner of La Liga, and the new agreement is expected to reinforce the relationship between the three entities.

The **Top Employers Institute** has bestowed its **Top Employer Award** in Europe for 2020 on **Puma** and its regional offices in the U.K., France, Germany, Italy and Spain. Puma was the only sporting goods company in Europe to receive it. The award goes to companies that achieve the **Top Employer Standard** in the HR Best Practices survey – a questionnaire with 100 questions on 10 topics – and undergo the Top Employers Institute's subsequent audit. Puma's employment policies include flexible working hours, mobile working, financial and pension planning, continuing-education programs, childcare support and free access to a gym and free sports classes.

Trade Shows & Other Events

Messe München reports that about 80,000 people from 120 countries passed through the turnstiles on a daily basis at the latest edition of the **Ispo Munich** trade show. This figure is down from 80,200 a year ago. The number of visitors from Germany was down to 30 percent from 31 percent. More visitors came from France, Japan, South Korea and New Zealand than last year. There was also a drop in the number of exhibitors to 2,850 from 2,926. As previously reported, three important action sports companies – **Boardriders**, **Dakine** and **O'Neill** – came back to the show, but **Lotto**, **Thule** and others, including some Chinese firms, dropped out. In addition, a handful of companies from the climbing and watersports segments decided to focus on the new **OutDoor by Ispo** show instead. The next Ispo Munich will be held on Jan. 28-31, 2021.

Première Vision, the world's leading fair for textiles, will take place earlier from next year. It will be in Paris on Feb. 2-4 and on July 6-8, leaving a smaller time gap with **Ispo Munich** (Jan. 28-31) and **OutDoor by Ispo** (June 20-23).

+++ The municipality of Tokyo sponsored a **Tokyo Pavilion** at the recent **Ispo Munich** show, helping 10 selected small and medium-sized enterprises to expand internationally in view of the **Olympic Games** that will soon be held in the city +++ **Klaus Dittrich**, chairman and CEO of **Messe München**, gave **Giancarlo Zanatta**, founder of the **Tecnica Group**, the statue of a skier to celebrate his participation in the **Ispo** show since its first edition 50 years ago +++ Registrations are open for the **Efftex** fishing tackle show, scheduled to take place in Prague on June 11-13 +++ **Fifa** and **Qatar 2022** have presented their joint "Fifa World Cup Sustainability Strategy," a document that outlines commitments and objectives in areas including environmental protection, human rights, and diversity +++

CSR & Sustainability

Adidas has announced a new milestone for 2020, as more than 50 percent of the polyester used in its products will come from recycled plastic waste, said the company. This means that the sportswear giant will be on track to meet its goal of using only recycled polyester in all of its products, where possible, from 2024 onwards.

Adidas has transformed 1.8 million plastic bottles into turf for an American football field in Miami, Florida. The German footwear and apparel brand has used pellets of plastic, called infill, to replace the usual grass or plastic-and-rubber combination. This result is said to provide better traction and better cushioning against falls. The bottles were culled from remote islands and beaches.

Asics has been awarded a position on the **Supplier Engagement Leaderboard** by **CDP**, a global environmental impact non-profit organization. CDP assessed more than 4,800 companies in order to assign them a **Supplier Engagement Rating**, which was based on answers to questions regarding targets, governance, scope 3 emissions, and value chain engagement. Asics is one of nearly 160 companies on the Leaderboard this year. The company has been recognized for its actions to manage climate risks in its supply chain and reduce emissions in the past reporting year.

The **United Nations Global Compact** and **B Lab** have launched the **SDG Action Manager**, a new web-based tool that enables businesses to track their progress on **Sustainable Development Goals (SDGs)**. The impact management solution is available in five languages and is free to access for companies of all sizes worldwide. The tool is informed by the work and feedback from diverse stakeholders, including experts in corporate sustainability, civil society, the United Nations and academia. It was developed with funding and support the **UK Department for International Development (DFID)**, the **Generation Foundation**, Canada's **International Development Research Centre (IDRC)**, **Emmanuel Faber** as an individual donor, the **Bill & Melinda Gates Foundation**, the **Robert Wood Johnson Foundation** and the **Skoll Foundation**. The SDG Action Manager is accessible at unglobalcompact.org/sdgactionmanager and bcorporation.net/SDGAction.

Endura, the cycling apparel brand owned by **Pentland**, has pledged to plant one million trees per year. Mangroves – hydrophilic trees with aerial roots that trap earth, absorb plentiful carbon and are common in places like the Florida Everglades – are already being planted in Mozambique, while some 80,000 birches are being planted in Endura's homeland of Scotland. In addition, the brand has kept its cycling kit free of PFCs since 2018, runs a repair service to extend the life of its apparel and donates one percent of its profits to charity.

Puma has launched the kids' apparel collection **Time4change**. The garments in the new collection are made with organic cotton materials, as part of the brand's initiatives to raise awareness among children of global warming and the environment.

The European Commission is seeking sustainable fashion ideas. This year's **European Social Innovation Competition** has the theme "Reimagine Fashion: Changing behaviors for sustainable fashion," and is seeking early-stage initiatives to reduce fashion's environmental footprint and improve its societal effects. Solutions must be scalable at the local, national or European levels. Up to €50,000 will be available for each of the three winning ideas. The competition is open to entrepreneurs, students, businesses and other operators from EU member states and countries associated with **Horizon 2020**. The application deadline is March 4. The jury will select the winning ideas in November.

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EDM PUBLICATIONS

SGI Europe

Tel. +33 1 4983 8242
Fax +33 1 4983 8224
www.sgieurope.com
info@sgieurope.com

EDM Publications S.A.S.
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