

SGI Europe

Sporting Goods Intelligence

News and analysis of the international market

www.sgieurope.com

Jan. 7, 2021

Copyright © EDM Publications - ISSN # 1291-6269

EDM
PUBLICATIONS

Vol. 32 - N° 1+2

- Industry stocks up 32% in 2020
- Will **Reebok** be black-owned?
- **Mizuno** sets up EU office in NL
- **Emerald** buys **PlumRiver**
- **FLA** bans Xinjiang sourcing
- **Adidas**' progress in recycling
- The Covid situation
- Reflections and interviews on agility, responsibility, diversity and inclusion

Corporate & Exec. Changes

361°, Adidas, Arena, Dorel, Frasers, Garmin, Himaraya, Nautilus, Outdoor Research, Polar, Slinger Bag, Supreme, Wellgosh, Wolverine, Zalando

Results & Statistics

Marker Dalbello Völkl, Nice Footwear

Product & Marketing

Adidas, Callaway, Hoka, Lululemon, Mamba, Marks & Spencer, Matrix Fitness, Nike, Puma, Reebok, Rossignol, Selle Italia, Sports Direct

Others

Adidas/Thom Browne, Alibaba, Amazon/Nike, Asics, EU/China, HanesBrands, Hestra, ISPO Beijing, Spy+, TÜV Süd, Yniq

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



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

Contact Editor

Visit our Website

Contact Administration

Sporting goods industry stocks surged by 32% in Covid year

This exclusive chart shows the development in the market capitalization of the top 86 stock-listed sporting goods companies between the end of 2019 and the end of 2020. This is exclusive data and analysis for Professional Members.

The desire to keep fit during the Covid-19 pandemic and early investments in omni-channel capabilities helped sporting goods stocks to rebound more than the general economy at the end of 2020. The sector's aggregate stock market capitalization finished the year 32 percent higher than at the end of 2019 on a weighted average currency-neutral basis, coming after increases of 19.3 percent in 2017, 10.1 percent in 2018 and 46.2 percent in 2019. In dollars, it rose last year by 34 percent to \$720.8 billion.

As usual, the biggest gains were made mostly by the biggest companies, with the top ten going up by 41 percent. **Nike** extended its dominance of the sector, representing about 31 percent of its total market capitalization after growing 40.5 percent to \$222.3 billion in 2020, nearly double the valuation of \$117.7 million tracked by *Sporting Goods Intelligence* at the end of 2018

Adidas did not perform as well, rising by only 1 percent to \$71.4 billion after the jump of 58.9 percent it enjoyed in 2019, perhaps in part because of analysts' dissatisfaction with **Reebok's** performance and the brand's future status. Downgraded for its acquisition of **Supreme**, **VF Corp.** lost 15.6 percent of its value, retreating to sixth place in our annual scorecard, with a market capitalization of \$33.6 billion.

The Euro May 7 rates	
Czech Koruna	27.24
Danish Krone	7.460
Hungarian Forint	350.7
Norwegian Krone	11.04
Polish Zloty	4.554
Pound Sterling	0.876
Swedish Krona	10.62
Swiss Franc	1.054
U.S. Dollar	1.078
Brazilian Real	6.294
Canadian Dollar	1.518
Chinese Yuan	7.643
Japanese Yen	114.9
Russian Ruble	79.77

Lululemon overtook VF as the third-largest player, with an increase of 51.5 percent to \$45.7 billion. It was followed this time very closely by **Peloton**, whose value rose by a whopping 469.0 percent to \$45.3 billion, on the back of the connected home fitness boom. **Anta Sports Products** came next, with a value of \$42.9 billion, up by 77.7 percent from the end of 2019.

Global Industry Stock Market Performers

Company	Exchange	Currency	Market Capitalization in Millions			Change Local
			2020 US\$	2020 Local	2019 Local	
Nike	NYSE	US\$	222,257	158,150	40.5%	
Adidas Group	Frankfurt	Euro	71,376	57,340	13.3%	
Lululemon	Nasdaq	US\$	45,720	30,185	51.5%	
Peloton	Nasdaq	US\$	45,331	7,967	469.0%	
ANTA Sports	HKEX	HK\$	42,952	187,390	77.7%	
VF Corp	NYSE	US\$	33,599	39,802	-15.6%	
Garmin	Nasdaq	US\$	22,857	18,546	23.2%	
Shimano	Tokyo	JPY	21,669	1,652,610	35.1%	
Puma SE	Frankfurt	Euro	16,954	10,219	35.1%	
LI Ning	HKEX	HK\$	129,304	54,079	139.1%	
Moncler	Milan	Euro	15,914	10,109	28.1%	
JD Sports Fashion	London	GBP	11,335	8,150	2.2%	
TopSports	HKEX	HK\$	8,846	58,404	17.4%	
Canadian Tire	Toronto	CAD	8,043	10,263	17.5%	
Deckers	Nasdaq	US\$	8,032	4,724	70.0%	
Under Armour	NYSE	US\$	7,402	9,200	-19.5%	
Feng Tay	Taiwan	TW\$	6,303	143,273	23.7%	
Yett Holdings	NYSE	US\$	5,938	3,014	97.0%	
Columbia Sportswear	Nasdaq	US\$	5,856	6,765	-13.4%	
Sketchers	NYSE	US\$	5,661	6,770	-16.4%	
Gildan Activewear	NYSE	US\$	5,547	6,015	-7.8%	
Hanesbrands	NYSE	US\$	5,110	5,371	-4.9%	
Dick's SG	NYSE	US\$	5,050	4,350	16.1%	
Alpargatas (S.A.)	Brazil	BRL	4,487	23,292	33.0%	
Fox Factory	Nasdaq	US\$	4,474	2,680	66.9%	
Crocs	Nasdaq	US\$	4,224	2,874	47.0%	
Foot Locker	NYSE	US\$	4,219	4,077	3.5%	
Thule	Stockholm	SEK	3,935	22,293	44.3%	
Giant Manufacturing	Taiwan	TW\$	3,628	102,018	27.7%	
Asics	Tokyo	JPY	3,517	332,328	9.0%	
Yue Yuen	HKEX	HK\$	3,431	26,598	-28.3%	
Canada Goose	NYSE	US\$	3,303	3,946	-18.3%	
Fraser's Group	London	GBP	3,195	2,453	-4.3%	
Acushnet Holdings	Nasdaq	US\$	3,042	2,443	24.5%	
Wolverine WW	NYSE	US\$	2,516	2,729	-7.8%	
Fila Korea	Korea	KRW	2,414	2,626,195	-18.6%	
Callaway	NYSE	US\$	2,274	1,995	14.0%	
Super Retail Group	Australia	AUD	1,884	2,455	22.8%	
Academy Sports	Nasdaq	US\$	1,870	1,168	60.1%	
Filipit	NYSE	US\$	1,853	1,741	6.4%	
Fenix Outdoor	Stockholm	SEK	1,674	13,687	13.1%	
Vista Outdoor	NYSE	US\$	1,397	7,917	433	
Grupo SBF	Brazil	BRL	1,390	7,393	-2.4%	
Xtep Int'l	HKEX	HK\$	1,270	9,844	-5.4%	
Compass Diversified	NYSE	US\$	1,249	1,489	-16.1%	
GoPro	Nasdaq	US\$	1,245	676	84.2%	

Company	Exchange	Currency	Market Capitalization in Millions			Change Local
			2020 US\$	2020 Local	2019 Local	
Gilii Apparel	Nasdaq	US\$	1,142	1,142	1,602	-28.7%
Johnson Outdoors	Nasdaq	US\$	1,142	1,142	773	47.7%
Sturm, Ruger	NYSE	US\$	1,135	1,135	822	38.1%
Johnson Health Tech	Taiwan	TW\$	984	27,663	25,756	7.4%
Smith & Wesson	Nasdaq	US\$	966	966	511	89.1%
Zumiez	Nasdaq	US\$	933	933	891	4.7%
Stella Holdings	HKEX	HK\$	929	7,201	9,930	-21.5%
Accell Group	Amstndm	Euro	856	697	700	-0.4%
Hibbett SG	Nasdaq	US\$	794	794	486	63.3%
Sportsman's Warehouse	Nasdaq	US\$	774	774	347	123.0%
Kathmandu Holdings	New Zealand	NZD	674	936	1,197	-21.8%
China Dongliang	HKEX	HK\$	623	4,862	5,062	-4.7%
Caleres	NYSE	US\$	572	572	963	-40.6%
Nautilus Group	NYSE	US\$	571	571	52	998.6%
XXL	Oslo	NOK	558	4,779	2,777	72.1%
Designer Brands	NYSE	US\$	555	555	1,129	-50.8%
Shoe Carnival	Nasdaq	US\$	547	547	529	3.3%
Mizuno	Tokyo	JPY	497	51,185	70,128	-27.0%
MAP Active	IDR	IDR	483	6,925,500	15,107,120	-54.2%
Clarus	Nasdaq	US\$	472	472	404	16.7%
Ganeco	NYSE	US\$	439	439	704	-37.6%
Honma Golf	HKEX	HK\$	390	3,022	3,339	-9.5%
Dorel Industries	Toronto	CAD	380	485	194	149.9%
Volcabras Azaleia	Brazil	BRL	375	1,946	2,263	-14.0%
Symphony	HKEX	HK\$	330	2,558	2,825	-9.5%
Escalade	NYSE	US\$	314	314	142	120.9%
361 Degrees	HKEX	HK\$	301	2,337	2,937	-20.4%
Eagle Nice	HKEX	HK\$	267	2,069	1,617	28.0%
BasicNet	Milan	Euro	266	217	280	-22.7%
Tilly's	NYSE	US\$	244	244	357	-31.6%
American Outdoor Brands	Nasdaq	US\$	240	240	217	10.5%
Big 5 SG	Nasdaq	US\$	227	227	65	248.8%
Rapala	Nordic	Euro	206	168	106	58.6%
Rocky Brands	Nasdaq	US\$	201	201	217	-7.2%
Latina	Paris	Euro	157	128	126	1.4%
Delta Apparel	AMEX	US\$	140	140	217	-35.6%
Pegasus Int'l	HKEX	HK\$	72	554	585	-5.1%
Kingmaker	HKEX	HK\$	72	554	664	-16.5%
Mainland Headwear	HKEX	HK\$	44	345	385	-10.5%
Sequent Brands	Nasdaq	US\$	26	26	22	18.9%
Iconix Brand Group	Nasdaq	US\$	14	14	16	-11.1%
			Average Change			31.6%
			(Local Market Cap - Weighted)			

Share price and currency conversion rates are as of Dec 30, 2020 and Dec 31, 2019
 For companies that went public in 2020, 2019 number reflects market cap at IPO.

Thanks apparently to its innate resiliency and good prospects for the future, the sporting goods industry outperformed the rest of the economy in every region of the world. As China apparently suffered less from the pandemic than the rest of the world, the market

capitalization of the Asian stocks on our chart rose by 40 percent to \$118.6 billion, with **Li Ning** going up by as much as 139.1 percent and many other industry leaders posting double-digit increases. Their gains were partly offset by declines at **Fila Korea**, **Yue Yuen** and other, smaller manufacturing companies.

The European stocks on our chart went up by only 9 percent to \$126.4 billion, while Germany's DAX index rose by only 4 percent, the French CAC40 declined by 6 percent and the U.K.'s FTSE fell by 14 percent. Strong gains by **Puma**, **Moncler** and **Thule** were pulled out by flattish scores for Adidas as well as **JD Sports Fashion** and **Frasers Group**. The gap between the two British arch-rivals widened in the course of the year, as JD rose by 2.2 percent while Frasers fell by 4.3 percent. Another European retailer, **XXL**, performed much better, posting an increase of 72.1 percent after laying out a new strategy.

American stocks grew by 36 percent overall to \$476.1 billion, driven by **Nike**, Lululemon and Peloton. Comparatively, the Dow Jones Industrial Average went up by 7 percent and the S&P 500 index by 18 percent, but the tech-heavy Nasdaq rose at a higher rate of 43 percent. Declines at VF and **Under Armour** were compensated by double-digit increases at **Garmin**, **Canadian Tire**, **Deckers** and **Yeti Holdings** at the top of the chart.

In contrast with previous years, vendors of sports equipment outperformed the athletic footwear brands last year. Their combined market capitalization shot up by 86 percent to \$127.0 billion, thanks largely to Peloton and other companies in the fitness, bike and firearms segments. **Nautilus** enjoyed the industry's greatest growth, rising by 998.6 percent to \$571 million.

While the athletic footwear companies improved their market capitalization by 33 percent to \$414.6 billion, the apparel-centric firms actually declined by 9 percent to \$80.8 billion, with only Moncler standing out among them.

As shown in the chart below, which we've compiled to compare our index with the MSCI Global Investable Market Index, the sporting goods industry repeatedly outperformed the global economy in the last ten years except for the 2016-17 period, when industry stocks in the U.S. scored less well than the Dow Jones Industrial Average.

Will Reebok become black-owned?

Reebok would become the first major black-owned athletic footwear and apparel brand if the African American rap music mogul **Percy Rebert Miller**, also known as **Master P**, and a former two-time NBA All-Star, **Baron Davis**, succeed in their reported bid. According to reports in the *ESPN* sports network and *Forbes*, they have offered to pay around \$2.4 billion to buy Reebok from the **Adidas Group**, after a couple of months of negotiations. That would be significantly more than the indicative valuation of between \$1 billion and \$2 billion recently placed on the brand, but lower than the \$3.8 billion that the Big a originally claimed in 2005.

Unless they are acting as white knights to jack up the purchase price, they would outbid other potential buyers such as **Anta Sports Products** and **VF Corp.** *Forbes* quotes Master P as saying: "As we focus on turning Reebok into a lifestyle brand, not just a basketball brand, our most important initiative will be to put money back into the community that built this company." That sounds like Reebok's focus would shift away from fitness. Another plan would be to turn **Allen Iverson**, the sports celebrity who signed a lifetime deal Reebok in 2001, into an iconic brand like **Michael Jordan** for **Nike**.

Miller and Davis, who are respectively 53 and 41 years old, are both serial entrepreneurs with investments in multiple sectors, and they may be accompanied by other investors. Miller's net worth is estimated at only \$200 million. Davis was sponsored by Nike and then by Reebok. Without excluding the possibility of keeping Reebok under its umbrella, Adidas has pledged to address the topic of the brand's future ownership at an investor and media event scheduled for March 10.

A curious tender offer for Himaraya

Himaraya, one of the three major Japanese sporting goods chains along with **Alpen** and **Xebio**, is the target of an unusual tender offer for all its shares launched by **Komori Corp.**, an asset management company that already holds 25.29 percent of its equity. Himaraya's share price fell by 6.6 percent to 962 yen, valuing the chain at 11.8 billion yen (€93m-\$114m), after Komori offered a price of ¥805 for the remaining shares and after Japan closed its borders due to a new wave of Covid-19 contaminations.

Curiously, the price offered by Komori is about 10 percent lower than Himaraya's average stock market price over the last six months, reducing its chances of getting full control over the retailer. Its share price went up recently as the company recovered from the coronavirus pandemic. Himaraya's board of directors expressed support for the tender offer but took a neutral position instead of recommending it to the company's shareholders.

Komori said that it doesn't intend to de-list Himaraya from the Tokyo or Nagoya stock exchanges. It indicated that it has already arranged to raise its stake in the company to 33.13 percent by taking over a block of shares owned by **Mitsubishi Corp.** that represents 7.84 percent of Himaraya's capital. For the past ten years, Mitsubishi and Himaraya have been working together in sourcing, store development and other areas.

Himaraya has just reported a net profit of ¥301 million (€2.37m-\$2.91m) for the quarter ended on Nov. 30, against a loss of ¥162 million in the year-ago period, with the gross margin expanding by one percentage point to 35.5 percent because of lower promotional activity. Sales rose by 6 percent to ¥14.77 billion (€116.5m-\$142.7m), driven by e-commerce, with outdoor products up by 22 percent and golf by 4 percent, while general sporting goods equipment had a gain of only one percent. The number of stores remained stable at 104.

Expressing optimism that the pandemic will abate in time for next summer's Tokyo **Olympics**, Himaraya is forecasting net earnings of ¥272 million (€2.15m-\$2.62m) on sales of ¥58.8 billion (€464m-\$570m) for the full financial year.

Mizuno establishes European headquarters in the Netherlands

Joining many other sports brands that have their European hub in the Netherlands, **Mizuno** has established a new company for its European business, **Mizuno Europe B.V.**, headquartered in the Dutch city of Rotterdam. The new company, which is a 100 percent subsidiary of Mizuno, will begin operations on Jan. 1, 2021. All European local entities will be reorganized into subsidiaries of Mizuno Europe B.V. by 2022.

Up until now, Mizuno's European operations have had "a complex organizational structure," as the company described it in its press release, which is a mix of Mizuno's overseas branches (U.K., Netherlands, Germany, France, Sweden, Denmark) and Mizuno subsidiaries (Italy, Spain, Norway). Many European operations have been led by the subsidiary in the U.K., where golf is important.

The current structure can be challenging in terms of faster and efficient management decisions, according to the company, particularly in view of Mizuno's particularly strong recent growth in the region and its expansion into other categories including running, indoor games like handball and the development of its apparel business.

Mizuno has reached an annual turnover of around 15 billion yen (€118m-\$145m). The company noted that its European sales of golf and running products jumped by 117 percent between July and September, as compared to the same period a year ago, as these two sports have been spared from the Covid-19 epidemic.

Mizuno will take the opportunity of the establishment of Mizuno Europe to first transfer control of its French branch operations to a new French subsidiary, **Mizuno France**, in January 2021. The control of the other European branch operations will be transferred to subsidiaries in 2022, and all these entities will be subsidiaries of Mizuno Europe.

Mitsuhiro Okamoto, who has been named president of Mizuno Europe, said that this reorganization will be used by the company to promote a stronger and more direct approach to European consumers. In addition to competition sports, the company expects to strengthen its approach to the lifestyle market, he added.

Wolverine makes two big executive appointments

Wolverine Worldwide has made a couple of executive appointments to ring in the new year.

It has expanded the duties of **Jim Zwiers**, the current president of its international group. Zwiers is now also president of Wolverine's global operations group, overseeing portfolio-wide sourcing, logistics, distribution, customer service and information technology. In this role, he succeeds **Mike Jeppesen**, a nine-year veteran at Wolverine

and a 33-year veteran in footwear who has decided to retire. Jeppesen will be serving as an advisor through mid-2021.

Zwiers has been heading up the international operations of the group since 2014. He is one of Wolverine's executive vice presidents and a member of its executive leadership team. He has been with the company for almost 23 years.

Elsewhere in the hierarchy, **Matt Blonder** has left **Reebok**, where has been the brand's global head of digital, to become Wolverine's president of global e-commerce. Blonder helped revamp **reebok.com** as part of an overhaul of digital strategy for the brand, which may or may not remain within the **Adidas Group**. In his new position, he will be reporting to Wolverine's president, **Brendan Hoffman**.

According to Hoffman, who succeeded **Blake Krueger** as company president in September, "Wolverine Worldwide witnessed a dramatic change in consumer behavior last year" with the pandemic-inspired shift toward e-commerce. "We capitalized on this," he says in a press release, "by accelerating our pivot to a digital-first strategy and expanding our digital investments and capabilities." Wolverine aims to reach \$500 million in global e-commerce revenues this year.

Hoffman is slated to succeed Krueger as Wolverine's chief executive as well sometime this year. Before joining Wolverine he was CEO of **Vince Holding Corp.** and led the turnaround of the **Vince** contemporary fashion brand.

Wolverine Worldwide owns the **Merrell**, **Sperry**, **Saucony**, **Wolverine** and **Keds** brands, among others.

Zalando hires a "circularity director" away from H&M

Laura Coppen, who has been a major contributor to **H&M's** sustainability efforts for almost five years, is joining **Zalando** to serve as "circularity director," charged with implementing a program to promote greater transparency among its partner brands in the area of environmental protection.

Her appointment follows a number of initiatives taken by the German-based e-tailer including the launch of a "Greenhouse digital showroom" for eco-responsible labels and designers, and the pu-

blication a few days ago of its first CSR audit, carried out on more than 250 labels sold on its websites. It also published a full list of Tier 1 private label suppliers on its main website and in the **Open Apparel Registry**.

At H&M, a fashion retail chain that associates itself with sustainability, Coppen developed and ran for 15 months a “Creative Lab” that promoted sustainable innovations in the creative process. Then, in May 2017, she was promoted to team leader for circular business development, a position that she held until the end of November.

While taking its cues from the principles of the **Sustainable Apparel Coalition** to verify the sustainability of the suppliers’ products based on the **Higg BRM** index, Zalando has pledged to work by 2023 only with partners that abide by certain ethical standards.

Emerald buys PlumRiver for more digital engagement

The trade show industry is seeking new ways to generate revenues and engage its clients because of the damage made to its physical events. Just as the **Outdoor Retailer Winter Market** is starting its new online edition, scheduled to run from Jan. 6 through March 19, its parent company, **Emerald Holding**, announced the completion of its acquisition of **PlumRiver Technologies**, the international provider of the **Elastic Suite** solution.

Emerald, which also owns **Surf Expo** and many other shows, said the takeover will accelerate its “strategy to provide 365-day-per-year engagement of its customer base regardless of location.” PlumRiver’s technology allows vendors to interact with buyers in the digital space, integrating its software in the brands’ ERP systems to manage orders, real-time inventory and product merchandising. It uses print-free digital product catalogs.

Its B2B solution has been adopted notably by several companies in the outdoor, surf, cycling, footwear and sporting goods sector, many of which are also clients of Emerald. They include names like **Boardriders**, **Burton**, **New Balance**, **Orvis**, **Patagonia**, **Puma**, **Rip Curl**, **Scott Sports**, **Shimano**, **Timberland**, **The North Face**, **Vans** and **Volcom**. Founded in 2002, PlumRiver expanded the range of its capabilities and clients two years later with the acquisition of a com-

petitor, **CenterStone Technologies**, which operated the rival **iVendix** B2B platform.

Emerald launched several new digital product offerings in the course of 2020, many of which are centered around the transactions between buyers and sellers. The U.S. show organizer said the takeover of PlumRiver will help it to offer a larger spectrum of bundled solutions to its customers – from product discovery and lead generation to transaction – across in-person, face-to-face events as well as “year-round, digital opportunities.” **Hervé Sedky**, president and CEO of Emerald, said that PlumRiver’s B2B e-commerce solution will also bring “an additive subscription-based revenue stream” to his company.

FLA members may not use products from the Xinjiang region

In an unprecedented move, the **Fair Labor Association (FLA)** has prohibited its member companies from sourcing from or producing in the Xinjiang region, in northwest China, because of growing concerns over violations of human and labor rights. The region is home to several ethnic minority groups, including the Uyghur people.

Last year, the FLA advised companies to determine whether the materials used to produce their finished goods originated in the region, and of so to presume that they were produced with forced labor. The organization said that evidence from credible sources has now shown that the policy of repression in the region continues to mount, with the Uyghurs and other ethnic minorities remaining subject to human rights abuses, such as forced labor and arbitrary detention.

In light of these ongoing practices, the FLA has therefore decided to prohibit sourcing and production – including direct and indirect sourcing of raw materials, inputs or finished products – from the Xinjiang region. The FLA, which is headquartered in Washington, DC, is a collaborative effort of socially responsible companies, universities and civil society organizations to tackle abusive labor practices. In Europe, the members of FLA include **Adidas**, **Amer Sports**, **Arena**, **Fenix Outdoor**, **Gore Wear**, **Gymshark** and **Puma**.

A few weeks ago, **Nike**, one of the numerous members of the FLA in the U.S. along with **Burton** and many others in the sporting goods industry, reportedly joined a lobby to soften some of the provisions of the **Uyghur Forced Labor Prevention Act**, a bill introduced in the U.S. Congress to ban imports of products coming from the region unless U.S. Customs and Border Protection determine that they have not been made by “convict labor, forced labor, or indentured labor under penal sanctions.”

Meanwhile, London’s BBC published a report last month claiming that hundreds of thousands of ethnic Uyghurs and other minorities are being used for forced manual labor in China’s cotton fields. In reaction to the report, Marks & Spencer said it has joined the Call to Action Coalition, which asks companies to “fully extricate their supply chains from the Uyghur Region,” citing a report that 80 percent of China’s cotton is sourced there, representing 20 percent of global cotton production. The members of the coalition include Adidas, **Anta Sports Products**, **Amazon**, **Foot Locker**, **Hanesbrands**, **Lululemon**, **Nike**, **VF Corp.** and **Zalando**.

Adidas announces further progress on recycled materials

In 2021, more than 60 percent of **Adidas’** products will be made with sustainable materials such as recycled polyester or sustainable cotton, according to the company. By 2024, the brand will only use recycled polyester. All of the cotton it uses, the company adds, has been of the sustainable variety since 2018. A further pledge is to achieve “global climate neutrality” in both its own operations and its supply chain by 2050.

Product-wise, Adidas’ efforts in this area are most visible in a series of sneaker models. The **Futurecraft Loop**, all of whose components are made of a single material and fused together without glue, has been in prototype production since 2019. As we reported in November of that year, the model’s second generation was the company’s first to be produced entirely with the materials of the previous generation. Adidas had the old shoes ground down and fed back into the production line.

This October Adidas held a raffle to give away a similar model, called **Ultraboost DNA Loop**, and will be launching yet another succes-

sor model, in greater quantities, in the spring of 2021.

A collaboration with similar targets began in 2015. That was when Adidas joined forces with **Parley for the Oceans**, the environmental clean-up group. Adidas' first shoe made from Parley-collected ocean plastic was presented at the headquarters of the United Nations that same year. Since then the company has produced "many millions of pairs" of such shoes – including 15 million in 2020 alone. Adidas hopes to have raised that number by two million for 2021, using the 7,000 tons of plastic collected so far for the purpose. They correspond to a total of around 350 million plastic bottles.

It was also in 2015 that Adidas pledged to ensure that by the end of 2020 less than half of the polyester used for production would be virgin material. The company appears to have made good on this pledge, saying that the share of recycled polyester has now "reached a percentage of over 60." By 2024, the company says, that the percentage of new material is due to be zero.

Adidas has also been expanding the range of vegan products, while banning the use of fur. It has used recycled polyester to release new vegan versions of existing products such as the **Stan Smith** jersey, which became a best-seller.

The company has been working with various partners on other sustainable materials as alternatives to leather and cotton. One is an alternative to leather made from the fungal material known as mycelium, which Adidas hopes to be the first to use it in shoes. Another material, which is currently under development by a Finnish start-up called **Infinite Fiber**, is a cotton-like material derived from old clothes.

Then there's **Allbirds**, with which Adidas is working on a sports shoe intended to have the world's smallest climate footprint, with reusable materials used in its components and renewable energy used in manufacturing and transportation.

To set these products apart as made of recycled materials, Adidas has adopted two labels: **Primeblue**, in particular for collaborations with Parley, and **Primegreen**.

Reebok, which belongs to the same group until further notice, has been taking similar steps. In 2018 the brand released its **Cotton + Corn** shoe, made of those materials. Since then it has released the

Forever Floatride GROW, a concoction of algae, matter from eucalyptus trees and natural rubber. As we have recently reported, Reebok may soon be up for sale.

The carbon footprint of Adidas' power supply has shrunk by about half since 2015, thanks in part to company-owned photovoltaic systems, with a current capacity of 1.4 megawatts. The new corporate headquarters, in the German city of Herzogenaurach, generate some of their own electricity and heat, while the distribution center in Rieste, Lower Saxony, burns biomass for heat.

The company is working with suppliers to reduce their own carbon emissions and water consumption. In 2019 it made a commitment to aim at "Science-based Targets," permitting independent external firms to evaluate its progress.

To help finance these and other aims in the area of sustainability and corporate responsibility, Adidas issued a sustainability bond worth €500 million in September. It was five times oversubscribed.

Tighter Covid restrictions in key European countries

The latest coronavirus-related restrictions announced in Germany, Austria, Switzerland, Italy and the U.K. are not good for the sporting goods industry in general, with the exception of suppliers and retailers of winter sports and team sports products, although the traditional fashion sector is likely to continue to suffer higher losses.

After consultations with the state governments, German Chancellor **Angela Merkel** announced on Jan. 5 that a nationwide retail lockdown for the sale of non-essential goods will be prolonged until Jan. 31 because of the ongoing high level of contaminations from the Covid-19 virus. It started on Dec. 16 and was originally supposed to end on Jan. 10.

More than 1,000 retailers have reportedly reacted by announcing that they will reopen their stores on Monday, Jan. 11 anyway, in spite of recommendations by the German retail association, **HDE**, that they should follow the governmental guidelines.

One of the protesters, **Udo Siebzehnriibl**, said that he was going to reopen its five **Intersport** stores in Bavaria on Jan. 11, but then

he told the Bavarian radio that he will keep them closed after all. He was somewhat happy to draw attention to the dramatic situation created by the extended lockdown, but changed his mind after right-wing extremists supported his initiatives in the social media.

The management of **Intersport Germany** encouraged all its 1,500-odd retail members to stick by the governmental guidelines. It said it is working with associations that are asking for a generalization of click & collect services, which are now allowed only in certain states, for support measures based on the current inventories in brick-and-mortar stores, and for a ban on sales of sports and leisure products by food retailers.

Siebzehnrübl had invited the media to witness the reaction of governmental authorities to the re-opening of his stores, located in Altötting, Pasing, Passau, Riem and Rosenheim. He told *Textilwirtschaft* that his company's sales over the internet represented only 10 percent of its turnover last year, not enough to compensate for the sales lost in its physical stores during the spring and autumn lockdowns. He added that he could not possibly compete with **Amazon** or with the cheap sporting goods offerings in **Aldi** supermarkets, which have remained open.

In contrast with Germany's new strict policies, retailers of non-essential products have been allowed to stay open since the beginning of December in France, after a relatively short lockdown period during which supermarkets and hypermarkets were not permitted to offer non-essential items.

German winter sports retailers ask for special government aid

Rainer Angstl, the manager of **Sport Schuster** in Munich, and the managing directors of more than 170 other German sports retailers that depend heavily on the winter sports business have signed an open letter to the federal government, asking for subsidies based on the monthly gross profits that they are losing because of the current retail lockdown, which has been extended until the end of January. The letter has been endorsed by major ski suppliers as well as **BSI** and **VDS**, the German

associations of sporting goods vendors and retailers.

The German retail industry association (**HDE**) has already asked the government for bridging aid comparable to what restaurants are getting for lost sales. While supporting the request, the signatories of the open letter indicate that it's not going to be sufficient to cover the annual fixed costs of some 1,400 sports retailers that offer winter sports products because the period from November to February makes up for more than 60 percent of their annual turnover. Out of them, about 250 are pure winter sports specialists, and about 20 percent of total sports-related consumer spending of €83.4 billion is attributable to winter sports, the letter says.

The winter sports sector is largely dependent on tourism, but German tourists have been prevented from visiting countries like Austria, Switzerland, France and Italy since October, and the current retail lockdown has been making things worse. The signatories mention year-on-year sales declines of about 50 percent in October, 70 percent in November and 80 to 90 percent in December.

Alpine ski resorts under siege

Austria's ski resorts were reopened on Dec. 24 as planned, and videos showed that they welcomed plenty of local tourists, as hotels and restaurants have remained closed. A further restriction came with the government's decision to ban non-essential retailing, including the sale of skis and other sports products, at physical stores from Dec. 26 through Jan. 17. This third Austrian coronavirus-related lockdown may be extended until Jan. 24 depending on the number of people being tested positive or refusing to be tested.

In Switzerland, where some English tourists are reported to have escaped quarantines to be able to ski, most of the major ski areas have remained open, but at least one in the Valais has imposed quotas on the number of skiers admitted to its slopes, and some smaller ones have decided to keep them closed. This may be related to a requirement that the country's cantons must ensure sufficient capacities for testing and hospitalization in their territories.

On the other hand, tighter regulations are being enforced on the ski facilities that are still running in Switzerland. In addition to requiring the use of face masks even on open-air chair lifts and T-bars, the maximum capacity of passengers in closed ski cabins has been lowered from one half to one third.

Meanwhile, it seems likely that the French government will announce today an extension of a ban on ski lifts and other ski facilities that was supposed to be lifted tomorrow, like in Italy. Following the advice of Italy's scientific committee (CTS), the country's ski resorts were not allowed to reopen today. The end of the ban has been extended from Jan. 7 to Jan. 18.

The committee had raised concerns in particular because of the similarities, and the associated risks under pandemic circumstances, between transportation systems like cable cars in ski resorts and buses or trams in urban areas, all of which may lead to risky gatherings of people.

Most British golf facilities are not being spared

All indoor and outdoor golf clubs and facilities in England, including driving ranges, have been required to shut down with immediate effect during the third national lockdown, which the U.K. government has just imposed and reinforced in connection with the worsening of the coronavirus pandemic. Golf retailers will be able to operate a click-and-collect service during the full lockdown for goods that are pre-ordered and either collected off the premises or delivered.

Along with other industry bodies, **England Golf**, which is part of the All-Party Parliamentary Group for Golf, expressed its disappointment with the news. The sport governing body claimed it had made "a strong case in recent months to keep golf open during the national lockdowns and in the regional tier system," while gyms and other indoor sports facilities were closed.

The U.K., which is now going through a third retail lockdown for non-essential products, is currently the European country with the highest level of Covid-19 cases. On Jan. 4, there were 26,626 Covid-19 patients in hospital in England, representing an increase of over 30 percent in just one week. On Jan. 5, when the new full

lockdown entered into force, the number of new daily confirmed Covid-19 cases across the U.K. topped 60,000 for the first time.

Golf courses in the Republic of Ireland, Northern Ireland and Wales are also closed. Meanwhile, golf courses in Scotland will remain open for two-ball play for up to two households only. Crossing borders for those living outside of Scotland is currently illegal, unless it is for essential work reasons.

Sports retailers suffer less than fashion retailers

Sports and outdoor retailers somehow survived the Covid-19 pandemic in the U.K. last year, based on sale figures published by **Barclaycard**, although more purchases were made online than before. Spending on their products rose by 7.2 percent, according to Barclaycard, which noted in particular the boom in home fitness while gyms were closed. Home improvement items and furniture scored similar increases. In contrast, general clothing contracted by 15.6 percent, contributing to a drop of more than 7 percent in the country's total consumer spending.

Department stores were hit particularly hard in the U.K., with consumers' spending levels falling by 17.2 percent. Barclaycard found that the consumption of all kinds of non-essential goods, on the other hand, went up by 52.5 percent among general online retailers and by 25.4 percent at physical discount stores.

The closure of physical stores, which has now been extended to Scotland, has had a strong impact on employment in the retail sector, where 177,000 jobs were lost over the course of 2020, according to a study released by the **Centre for Retail Research**. That's 25 percent more than in 2019.

Of course, brick-and-mortar retailers suffered the most in the broad fashion sector in the U.K. as everywhere else. With 40 days fewer days of operation than in 2019, because of two retail lockdowns, German clothing stores lost about 30 percent of their revenues in 2020, according to *TextilWirtschaft*, with a drop of 35 percent in the first half followed by declines of 13 percent in the second quarter and 29 percent in the fourth quarter.

Aggregate online and offline sales of textiles, clothing, footwear and leathersgoods fell in Germany by 21.1 percent in 2020, according to a

preliminary estimate by **Destatis**, the federal statistics office.

U.K. signs free trade pacts with the EU and Turkey

On Christmas Eve, the U.K. and the EU reached an eleventh hour trade agreement, after nine months and some 2,000 hours of painstaking discussions involving about 200 officials. The deal, called the **EU-UK Trade and Cooperation Agreement**, has since been approved by the ambassadors of the EU's 27 member states and signed by **Ursula von der Leyen**, President of the European Commission, and **Charles Michel**, President of the European Council. On the British side, it was subsequently approved by the House of Commons and signed by Prime Minister **Boris Johnson**, whose father **Stanley Johnson** is reportedly planning now to ask for French citizenship in order to remain a citizen of the EU. The House of Lords, the upper house of the British parliament, still has to examine the agreement, while the European Parliament is expected to clear it by the end of February.

Officials of **FESI**, the European Federation of the Sporting Goods Industry, were unavailable for comment on the details of the 2,000-odd pages of the agreement. It will take time to examine all of them, raising the possibility of some discussions at the parliamentary level. As the federation defends the interests of companies all over Europe, the British sporting goods industry will continue to be represented at FESI through its trade association, the Federation of Sports & Play Associations (**FSPA**).

At the national level, some observers have noted that - while it is better than no deal at all - the new deal will inevitably cause additional paperwork and some initial disruption at border points, as companies have had little time to familiarize themselves with the procedures. The problem has been compounded by the bottlenecks that truckers found in the recent days in shipping products to the U.K. and coming back home. U.K. importers and foreign companies that have set up buffer warehouses in the U.K. to cope with the new situation hoarded plenty of products from the EU in the expectation of a possible "no deal," which would have resulted in the imposition of duties. The discovery of a dangerous mutant of the Covid-19 virus in the U.K. led to the imposition of tests on the truck drivers before leaving the country.

In view of the mess and the lack of visibility and information on the terms of the agreement, **Canyon Bicycles** decided on Dec. 19 to stop deliveries on orders from the U.K. until Jan. 11. Other companies have probably acted in the same way.

While Boris Johnson has presented the pact as a big “zero tariff” agreement, there is also some suspicion that it will involve some import duties on products that are only assembled in the EU with materials and components sourced from other countries. Furthermore, financial and other services are excluded from the pact.

A few hours before its historic Christmas Eve agreement with EU, the U.K. signed the latest in a series of bilateral free trade agreements (FTA) with Turkey, in order to secure existing preferential tariffs previously negotiated by the EU with that country. The accord with Turkey came on the heels of previous bilateral FTAs signed in the last few months with many other countries including Singapore, Japan and Vietnam, which may lead the U.K. to join soon the **Transpacific Partnership** with a number of Asian countries. It has also struck FTAs with Switzerland, Canada and a number of Latin American countries, among other countries.

The U.K. has been in a hurry to conclude FTAs since it formally left the EU on Jan. 31, 2020 with a transition period for its final exit from the European Single Market on Dec. 31, 2020. A list of the non-EU countries with which the U.K. has currently such an agreement in place can be found at <https://www.gov.uk/guidance/uk-trade-agreements-with-non-eu-countries>. Others are in the pipeline including a possible deal with the U.S., which may be more difficult to reach.

While the U.K. doesn’t have the same bargaining power as the EU, it has been keen on negotiating FTAs based on its own terms, as its interests are not the same as those of other European countries.

Year-end reflections on agility and responsibility

The coronavirus crisis has led all of us to the choice of sinking into depression or to grab the chance of becoming more agile and more responsible in reacting to the situations created by the virus and other events like Brexit. Fortunately, mankind’s innate resiliency has apparently led the majority to choose survival by becoming more responsive and fit for purpose, helping them to be better

placed than others to take advantage of the likely economic recovery ahead. The spread of new internet solutions and the quick development of anti-virus vaccines will make the task easier for those who accept using these tools.

The need and desire to be more agile has taken on various aspects in our sector. It has meant above all the adoption of a flexible and responsive omni-channel strategy in all areas and in all the segments of the supply chain – not just in retailing, where more and more customers are learning to switch from a physical to an online experience, and viceversa. Thanks to repeated confinement measures, managers and their employees have learnt to switch from their physical office environment to remote working at their homes, using the internet more often and better than before to connect with each other and with the rest of the world. In many cases, it has been a learning process that can be taken further yet.

We feel strongly that only the more responsible managers will win the confidence of their collaborators and business partners in the new hybrid environment, for example by using the internet to formulate smart and effective responses to every e-mail that they receive from them, directly or through their deputies. The same goes for the interaction between suppliers and their clients, from the manufacturing stage down to the sales and customer service departments. To remain loyal to a company or to a brand, employees, business partners, retail clients and end consumers want to feel respected and cared for, rather than ignored. We can call it a more evolved form of corporate responsibility that can help attract and motivate the best collaborators and a larger number of loyal customers.

Industry leaders like **Nike** and **Decathlon** have demonstrated a lot of adaptability in terms of internal organization and in the adoption of new business models in their direct interaction with consumers. **VF Corp.** has been very agile in reorganizing itself by divesting assets and acquiring new ones in the past few years. It will be interesting to see how it will digest the integration of Supreme, the big American streetwear brand whose acquisition has been completed. It thinks it can double Supreme's revenues by boosting its omni-channel operations.

Investors have paid a premium to take a stake in companies like Gymshark or Canyon Bicycles that have proven a special agility in creating new ways of engaging consumers directly over the internet, growing rapidly in promising markets like fitness and cycling.

At **EDM Publications**, the company that puts out *SGI Europe* and three other business newsletters and special reports, the editors have been trying to become more agile and responsive after a change of ownership in September 2019. They have been placing new information on its new websites almost every day, instead of waiting several days to put out the newsletters after a broad-based research process. Refraining from publishing just the companies' press releases, we continue to digest and analyze the information as frequently and as quickly as possible, providing useful insights for decision-makers. We welcome your feedback to further improve the new digital experience, combined with the physical pdf for a more logical recap of recent developments.

Many of us have been maintaining our physical agility for many years through physical exercise, partly because of its mental benefits, and the Covid-19 pandemic has not diminished our desire to keep fit in different ways. On the contrary, it has stimulated a stronger health consciousness that will inevitably promote more participation in sports activities by the public at large in order to better protect our bodies from all kinds of diseases.

We can regard this as a form of greater responsibility toward ourselves, our keens and mankind at large. Indirectly, this attitude seems to be stimulating a stronger sense of responsibility toward nature and the planet on which we live for the benefit of ourselves and the new generations. The survivors from the current pandemic will probably respond more favorably than before to the more frequent messages of solidarity and environmental sustainability that are being issued by the sports brands. Hopefully, this new consciousness will help avoid an ecological disaster whose consequences could be deadlier than those of the coronavirus epidemic.

Eugenio Di Maria, editor of *SGI Europe*

Interview with D'Wayne Edwards: Diversity leads to innovation

As part of our survey on diversity and inclusion, the first part of which was published on this website on Dec. 23, we have held an e-mail interview with **D'Wayne Edwards**, who was the lead designer of **Nike's** iconic **Air Jordan** brand for a decade from 2001, making him one of the most prominent figures in footwear design. But Edwards grew concerned by what he saw as a dearth of black people in senior positions within sporting goods companies. While 13.4 percent of the American population identifies as Black or African American, according to the U.S. Census Bureau, only about 3 percent of shoe designers in the country are black. By coincidence, the interview took place just before reports circulated about a possible investment by black entrepreneurs in **Reebok**.

This contrasts with the investments that brands are willing to make to sign up prominent black athletes and entertainers. While Edwards did not provide figures on how much brands collectively spend on such deals, there are a series of high-profile shoe contracts. According to *Forbes*, Nike paid the **Los Angeles Lakers** star **LeBron James** \$32 million in 2019 and **Michael Jordan** \$130 million. A black **National Football League** star, **Odell Beckham Jr.**, received a total of \$26.5 million in endorsements from Nike, **EA Sports**, **Dunkin' Donuts**, **Head & Shoulders**, **Foot Locker**, **Lenovo** and **Steiner Sports**, with Nike alone paying \$5.8 million per year, according to the athletics website *Opendorse*.

Determined to address the ethnical imbalance, Edwards set up in 2010 the **Pensole Academy**, a Portland-based school specifically dedicated to training black designers. The majority of black shoe designers currently working in U.S. companies came through the academy's ranks, Edwards claims.

You set up the Pensole Academy to get more black people into the U.S. shoe industry. How much progress has been made across the industry in recent years? How much still needs to be made?

D'Wayne Edwards (DE): Oh, we have a LOOOONG WAAAY to go. There are roughly 175 black footwear designers in the U.S. footwear industry and 80 percent are Pensole graduates and/or others I mentor. This has been a big part of my career journey and it will always be because for our industry to only have less than 5 percent

black footwear designers is a disgrace. Our industry should be shamed considering how much money is spent on marketing to black consumers. And how much money is spent on black athletes and entertainers to endorse their products. And how much money black consumers spend on their products. I am hopeful things will change starting in 2021 with renewed commitment to black lives and communities by my industry.

Edwards noted that studies indicate that black designers represent 3 percent of the total in footwear and overall design.

Why have black people struggled to progress within the footwear industry?

DE: The problem is that we are struggling to get into the industry. The industry does a poor job of communicating to black consumers about what jobs are there, so we do not see ourselves in the industry and we don't try to get in. Once the footwear industry puts only 10 percent of the effort they use to communicate to black consumers to buy product into talking about jobs in the industry, we will see a change.

Now, for those that get in, we struggle even more than those who don't because we have not risen to levels within these companies to impact change. It's a broken cycle that I pray changes starting in 2021.

What are the biggest challenges facing black people within the footwear industry? Is it getting hired or getting promoted – or both?

DE: There are so many, but to answer your question: both. There are not enough of us in the places where they look for talent, which is in college. If we are there, we are in the wrong schools and studying the wrong majors, and therefore we are never seen. As I said before, if they tell us what they are looking for and what the opportunities are, then we will adjust or at least try. When you say getting promoted, you jumped too far ahead. We need to first master the job we are in before that is even an option. On the journey to mastery, we need mentors to guide us and we need to be more proactive in our own personal development to make ourselves undeniable. If we invest in ourselves to be undeniable, even when the company might not, then we win. If we do what we need to do to get to that level and we are denied, then we leave. Don't stay and complain.

Leave because that company does not value you.

Is the issue solely for Black Americans or also for other ethnic groups?

DE: This not uniquely our problem. Other ethnic groups face similar issues, but it is more personal to us because the brands clearly are singling us out in their marketing, advertising, endorsers and products. Yet, they don't single us out when it comes to educating us on having a future in their companies, and when we are there we are not singled out to develop and keep us there.

Are black people underrepresented in all departments? Is this a problem mainly in America or also in other Western economies such as Europe and Australia?

DE: I have no idea about our progress or lack thereof outside of the U.S. In the U.S. I am only keenly aware of design departments. I have seen more diversity on the marketing side of the business, but besides that, it is hard to find us. Wait, the majority of black people work in retail and in the warehouse for ALL of these brands. Retail and warehouse...I will let you digest that!

You once said black people are prevalent in marketing campaigns but are "never the brains behind organizations." How many black people are in management positions in the U.S. footwear industry (in percentage)? If they are underrepresented how can big footwear brands improve the situation?

DE: Not sure of the percentage, and every company is different, but I would guess that it is in the single digits industry-wide. For a company like Nike, it is in the double digits. And they might be the only company in double digits. If a company invested only 10 percent of the amount of energy they put into signing a new athlete, entertainer or getting a kid to buy products, into hiring employees of color in all positions, then change will happen.

What can smaller footwear companies, which tend to have less resources, do to increase diversity in the staff?

DE: The same as the larger ones. If diversity is just as important to you as making money, your company will be more diverse no matter what size you are.

Are diverse staffs more productive?

DE: Not sure about more “productive,” but diversity produces “new” results. You put 10 people from the same race in room #1 with a problem to solve around diversity versus 10 diverse people in room #2 with the same problem to solve, which one do you think will have a better answer to that problem? Diversity equals innovation.

Which companies, in America or overseas, have a better record with employing black people? Which have the most progress to make?

DE: In our industry Nike is the clear leader because of their size and commitment to their athletes, entertainers and consumers, but as well as they are doing, they will admit they have a long way to go. I do not want to single out just one company that is not doing well because the entire industry needs to do better. I will put it this way: if you are a company that markets and advertises to black consumers, you have an obligation to those same black consumers to do more for them than giving them products to buy.

After race, what will be the next big diversity problem for the footwear industry to tackle?

DE: Gender. It goes hand-in-hand with race. And you can say age does too. Diversity is a big word that has been diluted over the years, and all I ask is this: take care of those consumers who helped build your brand. Because just as they helped build it, they can also help tear it down.

Diversity and inclusion bring benefits for Puma and other companies

In 2020, the year of the Black Lives Matter (BLM) protests, diversity and inclusion burst onto the public agenda. The theme has emerged on companies’ radars, too. Diversity and inclusion are increasingly criteria by which companies are evaluated, and they are producing many positive results. While some footwear and sportswear brands have come under fire for poor diversity records, many have acted swiftly to make improvements.

Diverse workforces are characterised by their heterogeneity in terms of age, gender, language, cultural backgrounds and race – and research suggests they are more effective. A 2018 report from the **Boston Consulting Group**, which assessed 1,700 companies across

industries in eight countries, found that diverse workforces produce 19 percent higher revenues. They are also believed to be more innovative, more engaged and have access to a broader range of perspectives, thus improving problem solving and helping engage wider customer bases.

Companies across all industries, especially in North America, have recently made bold pledges to diversify their staff. On Dec. 10, 30 top American firms, including **Nike**, launched **OneTen**: a start-up that is seeking to create one million jobs for Black Americans over the next ten years. On the same date, the Canadian government announced the “50-30 Challenge,” a scheme connecting diversity organizations with an initial 470 businesses in efforts to reach 50 percent gender parity and 30 percent representation of under-represented groups. Canada’s Ministry for Innovation, Science and Industry has invested C\$33 million (€21.0m-\$25.6m) in the project.

Some footwear and sportswear brands have been praised for their diversity standards. The second *Financial Times* Diversity Leaders ranking surveyed 100,000 employees from 15,000 European companies; the 850 highest scoring companies include 39 clothing and accessories or sports equipment brands (see ranking below).

But brands have been characterized as lacking diversity overall. *Sourcing Journal*’s 2020 Diversity List, a ranking based on 100 top U.S. brands and fashion firms that was released in June, shows the industry has what it calls a “diversity problem,” with management teams in particular lacking diversity. While 57 percent of Nike’s staff are non-white, only three people on its 13-strong board (23 percent) are of color, said *Sourcing Journal*. **Foot Locker** was found to have just three people of color on its 12-person board (25%), while **Timberland** had one person of color on its board of 12 (8%). By comparison, 39.9 percent of American adults identify as from an ethnic minority, according to the U.S. Census Bureau.

A number of footwear brands have recently been criticized by their employees for failing to stamp out discrimination in the workplace, even while devising anti-racism marketing campaigns in the wake of BLM.

But diversity organizations are attempting to address footwear and sportswear’s racial imbalance. In 2010, **D’Wayne Edwards**, a designer for ten years of Nike’s iconic **Air Jordan** series, founded **Pen-**

sole, an academy for black shoe designers. The organization has placed 475 former black graduates at brands such as Nike, **Under Armour** and **Adidas**, Pensole claims.

Companies, too, are seeking to boost their intake of black employees. In August, Foot Locker opened a sprawling store in Compton, Los Angeles, where 75 percent of the population belong to an ethnic minority, saying it intends to elevate an “underserved community.” The store hosts a Wifi-enabled seating area for artist talks and study spaces for local students. Crucially, it has pledged to employ associates living within a five-mile radius.

Some brands have made changes they hope will enable diversification in the future. For example, Nike appointed **Felicia Mayo** as chief talent, diversity and culture officer in August, **Caleres** named **Amy Hunter** as vice president of diversity, equality and inclusion in October, and **Prada** appointed **Malika Savell** as chief diversity, equity and inclusion officer in the same month. The new intake will be responsible for devising long-term diversification and inclusion strategies.

Brands have allocated considerable resources to the diversification cause. In February 2019, Prada created the **Diversity Inclusion Advisory Council**, whose prominent academics and experts will work with universities and organisations on developing internship and apprenticeship schemes in diverse communities. In June this year, Foot Locker committed to spending \$200 million over the next five years to enhance the lives of its black employees and customers.

Smaller companies with more limited budgets can also diversify their staff, according to **Dietmar Knoess**, the global director of people & organization at **Puma**. “Be flexible with working hours. Allow people to work from home. That could do so much to help parents,” he said. “But whatever you do, do it from the heart.” (See Knoess’ full interview below).

Interview: Diversity broads the talent pool - Dietmar Knoess, Puma

In November, the *Financial Times* released a list of the 850 highest-achieving companies in its second annual Diversity Leaders ranking. **Puma** came 104th, the top spot awarded to any specialist

sportswear company. What is the company doing right? “We work from a playbook, and the main rule is that everyone is invited to play,” said **Dietmar Knoess**, global director of people & organization at Puma, in an interview for **EDM Publications**, which publishes *Sporting Goods Intelligence Europe*, the *Outdoor Industry Compass*, *Shoe Intelligence* and *Eyewear Intelligence*. “We don’t care who you are, where you’re from or what your sexual orientation is.”

The *FT* ranking was compiled from surveys conducted by **Statista** of 100,000 employees working for 15,000 companies headquartered in Europe. Workers were asked to rate their employers’ efforts to promote diversity including gender balance, openness to all forms of sexual orientation, race and ethnicity, disability and age. Responses from typically under-represented groups, such as women, workers over 50 and the ethnically diverse, were given more weight.

It is little surprise that Puma did well. Currently half of its global staff are women; while in 2011 only 31 percent of managers across the company were female, now 43 percent of them are. At Puma’s headquarters in the Bavarian town of Herzogenaurach, 1,100 employees hail from 70 nations and 35 percent of staff at head office are non-Germans, so the lingua franca is English.

Puma has outlined its commitment to ensuring a fair work environment for all, irrespective of gender, nationality, ethnicity, religion, disability, age or sexual orientation, in its Code of Ethics (2005) and Diversity Charter (2010). “Diversity and Equality are the most important ingredients for Puma’s growth,” according to the company’s website. Puma is a certified Top Employer Europe 2020, and was named Focus Top National Employer 2019 and Glassdoor 2020 Best Arbeitgeber (best employer).

Why is the company serious about diversity and inclusion? “Firstly, by broadening the talent pool you can pick up more talented individuals,” said Knoess. “Secondly, employees work more productively when they are in an open and inclusive environment. Thirdly, diverse workforces are better placed to create products that meet the requirements of consumers around the world.”

Equally importantly, Puma is driven by a desire to help forge a more just and equal society. “Everyone must play a part in creating a better future for us all,” Knoess said. “Take schools, for example. Children from ethnic minority backgrounds often

do less well. We can help address that, by ensuring the most talented people from those communities can join the company through scholarships and internships.”

Strategies, quotas and statistics are all necessary for creating diverse workforces. But authenticity is more important. “In the end, it’s all about perception rather than statistics. Stats don’t tell you much. You could have loads of women in top roles but treat women badly. Ultimately, senior management need to believe in what they say, because change comes from the top. That’s where most companies are failing. If you don’t start with senior management, you won’t change the culture.”

“You need to live by example, and show that every individual counts,” Knoess continued. “If you live the culture, then people will follow you.”

Managers should do more to trumpet their values and successes, he said. Following the rise of the human rights movement Black Lives Matter, Puma surveyed its employees in Germany and the U.S. to determine whether they found the company a safe place to work. “Many people said we should speak more about how wonderful our culture is. They are right. By sharing our ethos, we can make people feel even safer, and encourage other companies to do more. This is something we can do better as an organization.”

While a strong diversity culture comes from the top, it is important to build from the bottom up, too. “If we bring in the right minority people now and train them up, they will be ready for managerial roles in the future. That will also allow us to promote from within rather than importing personnel, which helps keep the company’s identity and values robust,” Knoess said.

Not that recruiting diverse candidates is always easy. While Puma is “instinctively attracted to young minority candidates,” excluding white or older candidates could be seen as “discriminatory,” Knoess said. One solution is to ensure headhunters bring enough of the right applicants into the interview room. “If you have three candidates with a good profile and one is an ethnic minority person, often it is natural for us to choose the minority candidate. If I have a Chinese candidate who can speak Chinese, that is an asset for us.”

But running a multicultural workforce is complicated, and requires managers to engage in constant debate, Knoess said. “Should we provide halal food in the canteen? Should we celebrate Christmas? If so, should we also celebrate Hanukkah? Once, we discussed whether we should have a prayer room. In the end, we set one up, but we called it the ‘room of silence,’ because we felt that was more neutral. We grapple with those kinds of questions all the time,” Knoess said.

“In the end it’s Puma’s values which bring us all together,” he added.

Asked how smaller companies can improve their diversity credentials, Knoess said, “Recognize that the world is different, and respond to the social needs of your territory. There is no blueprint, so always be aware of your parameters. Promoting LGBTQ rights in Russia might get you arrested, but it could be a good idea elsewhere. In Italy, promoting more women is probably a priority, so Italian companies could start there.”

Puma has a good track record of helping women and parents. The company’s headquarters hosts a crèche, a child parent office for emergency situations and organizes summer camps.

While it is clear that not all companies have the necessary resources to provide similar services, everyone can do something to promote diversity and inclusion, Knoess insisted. “Be flexible with working hours. Allow people to work from home. That could do so much to help parents,” he said.

“At a **Confindustria** [the Italian employers’ federation] conference in Padua, managers once asked me what they should do. Make the first step, I said. Be welcoming, and start opening up slowly but surely. But whatever you do, do it from the heart. If you have a fitness center, make sure the managers go. That way the workers will get enthusiastic, too.”

Ultimately, Puma still has progress to make. “We know we can do better. This is a constant learning process, so we will continue educating one another. In the end, that will help us understand where and how we need to improve,” Knoess stressed.

Ranking of top European fashion, footwear, sportswear companies for diversity, inclusion

In November, the *Financial Times* released a list of the 850 highest-achieving companies in its second annual Diversity Leaders ranking. It was compiled from surveys conducted by **Statista** of 100,000 employees working for 15,000 companies headquartered in Europe. The following is a excerpt of the ranking including all companies classified under the clothing and accessories, sports equipment and a few other segments. The number reflects a company's overall rank.

FT's top European fashion, footwear, sportswear companies for diversity, inclusion

Rank	Company	Rank	Company
5	Hermès - France	354	Asics - Netherlands
6	Giorgio Armani - Italy	366	Zalando - Germany
36	Deichmann - Germany	368	About You - Germany
57	Prada Group - Italy	374	LPP - Poland
97	Hugo Boss - Germany	396	Nike - Netherlands
104	Puma - Germany Clothing	414	OVS - Italy
111	Benetton Group - Italy	426	New Look - U.K.
112	Rolex - Switzerland	454	Intersport - Switzerland
113	John Lewis Partnership - U.K.	467	Big Start - Poland
120	Marks & Spencer - U.K.	472	Clarks - U.K.
123	Ralph Lauren - Switzerland	476	Asos - U.K.
148	Decathlon - France	579	Gap - U.K.
156	Christian Dior - France	580	Debenhams - U.K.
161	Louis Vuitton - France	617	Monoprix - France
163	Jack Wolfskin - Germany	631	H&M Hennes & Mauritz - Sweden
234	TK Maxx - U.K.	647	New Yorker - Germany
235	Primark - U.K.	648	Lacoste - France
288	Amazon - U.K.	702	Claire's - U.K.
289	Chanel - U.K./France	711	Calzedonia - Italy
321	Desigual - Spain	771	Ernsting's Family - Germany
339	Next - U.K.	805	Levi Strauss & Co. - Belgium
349	Adidas - Germany	838	JD Sports Fashion - U.K.

News Briefs & Short Stops

Corporate

Standard & Poor's warned a few months ago that **361 Degrees** may have trouble refinancing its high-yield notes when they mature, citing difficult refinancing conditions for privately owned Chinese companies. Nonetheless, the Chinese sports apparel and footwear brand has offered to buy back \$135 million worth of notes by Jan. 12. The transaction should be completed by Jan. 12. The company still has a debt of \$266.4 million outstanding on \$400 million worth of 7.25% senior notes that come due on June 3, 2021. The company reported continued sales declines for its core brand in the third quarter, but the economic situation in China has improved since then.

The difficult economic situation, which is particularly acute in the fashion sector, has probably led the acquisitive **Frasers Group** to snap up **Psyche**, a British fashion retailer that offers about 200 high-end brands, such as **Barbour** and **Boss**, along with such heritage brands as **Champion**. The purchase price has not been disclosed. The company has a large store of 40,000 square feet in Middlesbrough and a web shop. In November, Frasers had already raised to 37 percent its stake in **Mulberry**, a high-end brand of leathergoods, reserving its right to make an offer for the remaining shares. Meanwhile, Frasers, which is the parent company of the **Sports Direct** chain, has reduced its stake in **Studio Retail Group (SRG)** from around 37 percent to 35.72 percent. SRG said its board had decided to launch a review of strategic options on Dec. 8, after receiving a suggestion to this end from Frasers. Formerly called **Findel**, SRG may not be strategically interesting for Frasers as it was before **Fanatics** bought its **Kitbag** subsidiary in 2016. However, its share price has almost doubled since the former **Sports Direct International** made an unsuccessful tender offer for all its shares in March 2020. Frasers is still a candidate for the acquisition of **Debenhams**, the bankrupt British department store chain.

Garmin has acquired **GEOS Worldwide**, a company based in Montgomery, Texas that provides emergency monitoring and incident response services including search and rescue services for skiers, outdoor adventurers and boaters. The terms of the asset deal were not disclosed. Garmin plans a more extensive integration between its

own capabilities and those of GEOS in the future. Since 2007, GEOS has responded to 81,120 incidents in 198 countries, more than 5,000 of which were generated by Garmin's **inReach** personal satellite communicators. GEOS has worked for more than 634,000 customers. It describes its GEOS International Emergency Response Coordination Center (IERCC) as the only global Search and Rescue Coordination Center for Satellite Emergency Notification Devices (S.E.N.D.), which works with Search & Rescue (SAR) agency around the world, handling more than 200 languages and dialects.

JD Sports Fashion has reportedly acquired **Wellgosh**, an independent menswear retailer based in Leicester, for an undisclosed sum. The information was first reported by *Drapers*. Wellgosh, a family-run business, was founded by **Peter Turner** around 30 years ago. The company started operations with a small store in Leicester's Silver Arcade and then relocated to larger premises, also in Leicester, in 1998.

The board of directors of **Nautilus** has decided to change the end of the company's 12-month fiscal year from Dec. 31 to March 31. It justified the decision with the fact that the primary season for fitness equipment deliveries runs from October to March. Furthermore, its new fiscal year is better aligned with that of its retail partners. Nautilus will file a transitional financial statement for the January-March 2021 period. Its fiscal year 2022 will begin next April 1 and end on March 31, 2022.

Dorel Industries has postponed an extraordinary shareholders meeting for a vote on the company's sale to **Cerberus Capital Management**, granting some more time to consider the terms and conditions of the deal. The meeting will take place on Feb. 16 instead of Jan. 12. A special committee consisting of six independent directors recommended the postponement in view of the effects that the second wave of the Covid-19 pandemic might have on Dorel's operations and financial results. Dorel's share price went up to nearly C\$15 Canadian dollars on Dec. 29, up from the price of C\$14.50 offered by Cerberus to take the company private. One major shareholder had felt that the offer was too low. Dorel's assets include major bike brands such as **Cannondale**, **GT Bicycles**, **Schwinn**, **Mongoose** and **Caloi**.

Slinger Bag, the U.S.-based start-up that is selling the innovative tennis ball launcher by the same name, started trading on a special over-

the-counter stock market on Dec. 24, reaching a market capitalization of \$24.2 million. It has moved up from the **OTC Pink** exchange to the **OTCQB Venture Market**, reserved for better early-stage and developing U.S. and foreign companies. To be eligible, they must be current in their reporting and undergo an annual verification and management certification process. They are also required to meet a minimum bid price and may not be in bankruptcy. Slinger Bag says it has accumulated more than \$200 million in retail value through the numerous distribution agreements that it has secured since last spring under the management of **Mike Ballardie**, former CEO of **Prince** and head of **Wilson** for the EMEA region.

VF Corp. reports that it has completed its previously announced takeover of **Supreme®**, the iconic American streetwear brand, for an aggregate base purchase price of \$2.1 billion. The final price will be subject to customary adjustments for cash, indebtedness, working capital and transaction expenses. VF expects the brand to be modestly accretive to the group's revenue and adjusted earnings per share in fiscal 2021, and to contribute at least \$500 million in revenues and \$0.20 in adjusted earnings per share in fiscal 2022. As previously reported, VF expects that the brand's turnover will double in due time. With the acquisition of Supreme, VF says it intends to accelerate its "consumer-minded, retail-centric, hyper-digital business model transformation." The streetwear brand has already been a regular collaborator with VF's **Vans**, **The North Face** and **Timberland** brands in the past.

Executive Changes

Adidas and **Fear of God**, the Californian fashion company founded and led by **Jerry Lorenzo**, have announced a long-term partnership that will see Lorenzo drive the creative and business strategy for Adidas basketball globally. The partnership will also solidify the establishment of **Fear of God Athletics**, a third sub-label of the Fear of God fashion house focusing on performance basketball and active lifestyle products. This will add to Fear of God's other two pillars, Essentials and Fear of God's main luxury line. Lorenzo, 43, launched the luxury streetwear label Fear of God, based in Studio City, California, in 2013. Jerry Lorenzo Manuel, his original name, is the son of **Jerry Manuel**, a well-known American professional baseball player, coach and TV commentator.

Arena has promoted **Giovanni Ciampaglia** to the position of chief digital sales officer, while **Eva Vitali** has been appointed to the expanded role of consumer and trade marketing director. Ciampaglia, who was previously the Italian-based swimwear company's global marketing director, will spearhead a new unit entirely focusing on e-commerce. Vitali, who has led the trade marketing team for the past four years, will now hold the expanded role of consumer and trade marketing director, at the head of a new Consumer and Trade Marketing department.

Outdoor Research (OR) has added **Brett Kruse** to its leadership team with the intriguing new title of "vice president of people and culture," where he will lead the company's human relations initiatives. Most recently, Kruse worked at **Starbucks** for more than a decade in HR and operations. Prior to that, he was part of the human capital division at **Deloitte Consulting**, where he consulted with businesses across the U.S. to drive value through people-focused technology. In addition to his career accomplishments, Kruse, who grew up in Costa Rica, Japan and Switzerland before settling down in Seattle, where OR is based, has a passion for endurance sports. He has climbed multiple 6,000+-meter peaks around the world, completed 13 Ironman competitions and various ultra marathons. Kruse will report to OR's president, **Roger Barton**.

The managing director of **Polar Elektro Iberica**, **Manu Lafora**, expanded his duties on Jan. 1 by taking charge of the brand's new South Europe business region through the subsidiary at its core, **Polar Italia**. Lafora has been with the company, and in charge of Polar Iberica, since 2008. He was previously general manager at **Fila**, business director at **American Nike**, and key account and senior brand manager at **Henkel Iberica**. He will now be leading the sales, marketing, finance and operations teams of the Iberian and Italian subsidiaries, headquartered in Barcelona and Bologna, respectively. Manu says that inter-country synergies will enable Polar to expand its sports smartwatch markets in Italy, Spain and Portugal and pursue its digital transformation.

+++ **Orvis** has hired **Reenie Benzinger**, former vice president of global apparel at **Nike**, to a new position as chief product officer

+++ **Macron** has joined forces with **Asteras Tripolis**, the Greek football club of which Macron is the kit supplier, to donate 5,000 masks of increased protection type FFP2 to the Panarcadian

General Hospital of Tripolis, as a contribution to the fight against the coronavirus pandemic +++

Distribution

Yniq Eyewear, the Stockholm-based brand of snow goggles and other sports eyewear products, has signed up the **Progression Brands Group (PBG)** as its "operating partner" for its winter sports business in North America. Yniq, which defines itself as "THE Sports Luxury Eyewear Brand," already has a sponsorship contract with **Lindsey Vonn**. PBG says it will focus on expanding the retail network, enhance the level of customer service and support, and elevate Yniq's online and direct-to-consumer experience. With a team and showroom in the Vail Valley in Colorado, PBG says it can react in real-time to the needs and demands of the brand's retail partners and consumers. PBG already has contracts with other European winter sports brands such as **Dahu**, **Movement** and, since quite recently, **Capraneia**. They are all based in Switzerland.

+++ **Kästle** will be distributed in Italy by **Panorama Diffusion**, the company led by **Günther Acherer**, who was recently elected as chairman of the **Italian Outdoor Group** +++ **Slinger Bag** has signed a five-year agreement with the **Fais Group** for the distribution of its portable ball launchers in Greece +++

Retail

Asics has closed down for good its flagship store on Fifth Avenue in the Manhattan district of New York, which it had opened in 2017, occupying 2,035 square feet of selling space, to position itself in the city as a direct competitor of bigger sports brands like **Nike**, **Adidas** or **Puma**. The Japanese brand cited the prolonged impact of the Covid-19 pandemic and said that the cancellation of the costly lease and the impairment on the store's fixed assets will result in a loss of around ¥2.3 billion (€18m-\$22m) for the financial year ended Dec. 31. It will help improve the results of its U.S. subsidiary, however. **Under Armour** took a much higher impairment charge of \$290 million in the first quarter of 2020 on its investment in a flagship store on Fifth Avenue that never saw the light of day.

Spy+ is using **Google's Image Swirl** and QR-code scanning to enable customers to try on snow goggles without ever touching them. The

American action sports eyewear company, which was recently acquired by **Bollé Brands**, says the combination “overcomes the largest barriers to retail sales in the current shopping environment”: namely, government restrictions set up to curb the spread of Covid-19. Back in 2012 Google engineers were describing Image Swirl as “a large-scale, publicly available, hierarchical image browsing system” that automatically groups the search results based on visual and semantic similarity. In other words, it was an extension of Google’s image-search function. Spy+ says that it has made use of more recent developments to design a “fully-immersive online and offline marketing program.” While other brands are using augmented reality (AR) for direct-to-consumer (DTC) selling alone, Spy+ says, the new system provides for the “contactless try-on” of any Spy+ goggles whether their QR code is on a display case, an exterior store window or online. This results in 3D models with interactive points to focus on certain features of the design, multiple angles and a view-flip to demonstrate the goggles’ available enhancements in color and contrast. Spy+ is working with both **ENDVR** and **Promoboxx** to drive traffic to online retailers and help to train in-store sales staff.

Results & Statistics

While the global ski market fell by an estimated 25 percent to around 3.5 million pairs in terms of deliveries to the trade, according to industry insiders, **Marker Dalbello Völkl** celebrated the best year in the company’s history in 2019, according to its chief executive, **Christoph Bronder**. With the support of its main shareholder, the private equity firm **Kohlberg & Company**, the group launched a multi-year, €10 million investment program to upgrade four major production lines. Bronder says the demand for cross-country and touring skis is now picking up briskly, but how the market for alpine skis will develop remains an open question.

Nice Footwear, an Italian company specializing in sneakers, has reported orders for more than €12 million for the spring/summer season and expects to finish the full financial year, ending on April 30, 2021, with sales of more than €20 million in spite of the Covid-19 pandemic. In the last financial year, the top line totalled €23.5 million, up from €17 million in the previous financial year. In the first half ended on Oct. 31, the company posted Ebitda of €672,546 against €978,054 the previous year, as its overall revenues fell by 35.4 percent to €8.01 million.

Net profit slipped to €78,703 from €345,228. The management indicated that it is in negotiations with two new international brands, while two others are in the “pipeline.” Based in the northern Italian town of Vicenza, Nice Footwear holds licenses for **Ellesse**, **Avirex** and **Conte de Florence** and produces white label sports and casual footwear for third parties. The company has worked with **Lumberjack**, **Dainese**, **U.S. Polo Association**, **Etonic**, **Skechers**, **Blauer**, **Napapijri**, **Guardiani**, **Sparco** and **Champion**. It also has a proprietary brand, **Kronos**, that specializes in sports shoes, mainly for basketball and football.

Legal & Institutional

In its latest move to defend its Three Stripes, **Adidas** has filed an opposition with the U.S. Patent and Trademark Office’s Trademark Trial and Appeal Board (TTAB) against a trademark application filed by **Thom Browne** in February. Adidas charges that the New York-based designer intends to use a logo consisting of multiple stripes on different parts of the shoe, three of which are positioned on a tab on the rear of the product, on the strap of a slide sandal and on the bottom of the shoe – in a manner that is “confusingly similar” to its own three-stripe mark “in appearance and overall commercial impression.” The three stripes are of different colors and are placed at the center of the proposed logo. Thom Browne’s application reads in fact that it is for a total of “five parallel stripes, with the center stripe in white, the left adjacent stripe in red, the right adjacent stripe in blue, and with the two outermost stripes in white, with the two outermost stripes being narrower than the other three stripes.” Adidas may have been partly motivated by Thom Browne’s development of customized suits for the players of the **FC Barcelona** team in 2018 and the recent diversification of designer’s fashion house into activewear. The day after Adidas’ opposition, **Tommy Hilfiger** issued a similar one against a similarly striped trademark that Thom Browne intends to use on a fragrance.

The Chinese government’s State Administration for Market Regulation (SAMR) has launched an anti-trust investigation against the **Alibaba Group** to verify charges that its marketplaces require merchants to sign exclusive agreements that prevent them from offering products on other internet platforms. At the same time, the **People’s Bank of China**, which regulates financial markets, has notified Alibaba’s **Ant Group** subsidiary that it plans to meet its management to guide it to “implement financial supervision, fair competition and protect the le-

gitimate rights and interests of consumers.” Observers believe that the meeting concerns Ant’s lucrative credit programs, which contributed nearly 40 percent of its revenues in the first half of this year.

After seven years of talks, the European Union and China have agreed in principle on an investment agreement after their leaders met on a conference call on Dec. 30. The parties had set the end of 2020 as the deadline to strike a deal. The European Commission said that the Comprehensive Agreement on Investment (CAI) will give EU investors an “unprecedented level” of access to the Chinese market, creating a better balance in foreign investments, and will “significantly improve the level playing field” between EU companies and Chinese state-owned enterprises. China will no longer be able to prohibit access or introduce discriminatory practices for European companies. It will make it easier for them to obtain authorizations and complete administrative procedures. The agreement calls for transparency in state subsidies and rules against the forced transfer of technologies. It includes for the first time commitments by China on sustainable development and against forced labor, calling for China’s ratification of relevant fundamental conventions of the International Labor Organization (ILO). The two sides will aim to conclude negotiations on investment protection and the settlement of related disputes within two years of the signature of the CAI, which has still to be approved by the EU Council and the European Parliament.

HanesBrands, the parent company of **Champion** and other brands, has announced that it has received a favorable judgment from the Nanjing Intermediate People’s Court in a trademark infringement lawsuit involving its Champion brand in China. The six Chinese defendants were **Hurricane**, **Chengda**, **Rainbow Wing**, **Fuxun**, **Yunma** and **Wu Zhan-ghao**. The case involved the production and distribution of counterfeit Champion products and the operation of unauthorized Champion retail outlets by the defendants, which were ordered to immediately cease all infringement of the Champion brand. In addition, the defendants were ordered to pay fines totaling more than \$600,000, Hanes-Brands said.

+++ Italy and China have agreed to support each other in the hosting of the two upcoming **Winter Olympic Games of Beijing 2022** and **Milan-Cortina 2026** as part of a broader commitment to boost collaboration also in other fields, such as space and trade,

on the occasion of the 50th anniversary of the establishment of diplomatic relations between the two countries +++ The European Olympic Committees (EOC) has announced that karate and beach handball have been added to the list of sports for the **2023 European Games** in Krakow and Malopolska +++

Product

Lululemon – which, thanks to lockdown-inspired fitness, enjoyed year-on-year increases of 22 percent in global sales and 160 percent in European sales in its third quarter ended on Nov. 1 – is starting the new year with a collaboration with a European designer. The Canadian sports apparel brand has launched a capsule collection designed by **Ed Curtis**, an artist working out of London. Its 19 pieces include sports bras, leggings, and high- and low-waisted shorts. Curtis describes them aesthetically “as though they were paintings that fitted the body perfectly.” He wished to “give an impression of speed” by applying “paint on paper with rapid strokes” and then “stretching the paint layers to follow the contours of the body.” Retail prices range from €10 to €98.

Marks & Spencer is adding apparel, footwear and accessories for men and children to the British retailer’s **Goodmove** line of activewear, which has been limited to sports bras, training suits and other women’s products. Most of the items will include ecologically friendly materials such as recycled nylon, recycled polyester and sustainable cotton. Those for men – T-shirts, shorts, sweatshirts, joggers, sneakers, gym towels, raincoats – are already on sale and range in price from £9.50 to £99 (€10.50 to €110-€12.90 to \$135). Those for children are due for release in January, with prices starting at £10 (€11-\$14).

Matrix Fitness, the commercial fitness equipment brand owned by **Johnson Health Tech** (JHT), will equip the touchscreen consoles of its new machines with the **iFit** connected fitness platform of **Icon Health & Fitness**. The partnership will give the users of Matrix’ machines access to the iFit library of workouts and studio classes. At the same time, it will mean that JHT will not need develop its own system in the increasingly competitive and litigious connected fitness space. The related problems probably led also **Under Armour** to decide the divestment of **MyFitnessPal** and **Endomondo**.

Puma has worked with **Michael Lau**, the artist from Hong Kong who is known for his paintings, sculptures and designs of toy figures, on another special edition of the **Puma Suede**. It is the third time that the two have worked together, after collaborating on a Sample Suede by Michael Lau in 2017, and the Puma's Suede 50 series in 2018. Like the two previous iterations, the **PUMA x Michael Lau Suede VTG** also takes inspiration from the idea of a "sample" sneaker. The zig-zag finishing of fabric samples that are stitched on the shoes are meant to create an asymmetrical industrial style while delivering an experimental feeling. The sneakers are in a poppy red color, with other design details in different shades of color that manifest Lau's deliberate "mismatched colorway" concept, explained the company. The new Puma Suede made its debut on puma.com and at Puma stores and select retailers on Dec. 22.

+++ **Nike** will be releasing in early 2021 an eco-friendly "Mean Green" iteration of its **Challenger OG** sneaker that is made using at least 20 percent recycled waste +++

Marketing

Consolidating its position in the American basketball market, **Adidas** has signed up **Anthony Edwards**, the first overall pick in the 2020 NBA Draft, according to *The Athletic*. Besides Edwards, only **LaMelo Ball**, who is now endorsing **Puma**, is the only member of the 2020 draft to have signed a sponsorship contract for footwear. Edwards plays for the **Minnesota Timberwolves**. Other NBA players who have contracts with Adidas are **Damian Lillard**, **James Harden**, **Donovan Mitchell**, **Trae Young** and **Derrick Rose**.

Callaway Golf has announced that **Jon Rahm**, the world's #2 ranked golf player, has joined the brand's Tour professional staff under an unspecified multi-year agreement. As a Staff Pro, he will be using Callaway woods, irons, wedges, a Callaway **Chrome Soft X Golf Ball** and an **Odyssey** putter, the company said. The 26-year-old Spaniard, who turned professional in 2016, won two **PGA Tour** events in 2020. He has already been #1 in the world rankings, earning 12 victories. He competed for the victorious 2018 European **Ryder Cup** team, and received the 2019 **European Tour Player of the Year** award.

Hoka One One has launched the **Carbon X 2**, described as a new “lightweight and propulsive” running shoe. To celebrate the launch, the brand will be sponsoring, under the name **Project Carbon X 2**, a series of 100K footraces in the U.S. and Japan, in an attempt to break the current world record of 6:09:14 minutes for men, set by **Nao Kazami** of Japan in 2018, and 6:33:11 for women, set by Japan’s **Tomoe Abe** in 2000. The livestreamed races will start in Chiba, Japan on Jan. 22 at 7:00 local time and in the Phoenix, Arizona area of the U.S. on Jan. 23 at 7:00 local time. In them, some of the company’s sponsored athletes – prominent among them **Jim Walmsley** and **Camille Herron** from the U.S., **Elov Olsson** and **Caitriona Jennings** from the EMEA region, and **Aiko Kanematsu** and **Yoshiki Otsuka** of Japan – will be trying to at least break their personal records. The Carbon X 2 has Meta-Rocker geometry, a carbon-fiber plate in its Profly midsole and a rubberized EVA outsole. It succeeds Hoka’s original **Carbon X**, which was released in May 2019, featuring a “simplified upper material” and a bonded tongue. The X 2 is available on hokaoneone.com and at select retailers.

Kobe Bryant tragically died at the age of 41 in a helicopter crash in Calabasas, California, along with his daughter **Gianna** and seven others on Jan. 26, 2020. He had been with **Nike** for nearly two decades, including the period after his retirement from professional basketball, with a line of signature sneakers. According to **Shervin Pishevar**, the Iranian-American angel investor and venture capitalist who co-founded **Hyperloop One**, Bryant was considering leaving Nike to launch a new sneaker brand. In a Twitter thread published on Dec. 29, Pishevar wrote that Bryant met with him in December 2019 to discuss terminating his relationship with Nike and start a “shoe company owned by players,” supposedly called **Mamba**. Pishevar claims that Bryant “wasn’t happy with Nike and was going to leave it in 2020.”

Nike launched in March a “You Can’t Stop Us” campaign, which sought to encourage people to train at home during the pandemic. The sports brand has now released the final installment of this year-long campaign by posting a new video under the title “You Can’t Be Stopped.” The spot focuses on resilience and perseverance as the pandemic continues to affect the way we stay active. It features athletes of world renown like **Kevin Durant**, **Naomi Osaka**, **Ibtihaj Muhammad**, **Caster Semenya**, **Sabrina Ionescu** and others. Photos of the late **Kobe Bryant** and his daughter **Gianna** can also be seen during the video.

Nike's ten-year sponsorship deal with **AS Roma**, which was supposed to end in the 2023/24 season, was prematurely terminated in July 2020. First **Under Armour**, then **New Balance** and **Castore** were announced as candidates to take over from Nike, as reported by *SGI Europe* on Oct. 12 and Oct. 14. According to reports in the Italian sports newspaper *Corriere dello Sport – Stadio*, **Reebok** has now become the front-runner in the contest for a technical sponsorship agreement with the Italian Serie A football club. There is no certainty at this stage about Reebok's future ownership, but such a move would signal its return to the team sports sector.

Rossignol has set up a system for virtual skiing at its fancy Parisian store on rue des Capucines. A simulator perches virtual skiers 2,100m up on the Villard-Reculas piste of a French ski resort, the Alpe d'Huez, which is currently closed as are all the others because of the coronavirus epidemic. From there they proceed to the Souveraine piste and the Langaret flats, feeling cold air on their cheek along the way. The ride lasts about two minutes and provides a 360-degree view over the snow-capped mountains. The simulator opened on Dec. 21 and will close at the end of February. It is free of charge for anyone above the age of eight but available only by reservation (at rossignol.simplybook.it).

Selle Italia has announced a new partnership with **Fabian Cancellara**, the former professional road bicycle racer from Switzerland, as a brand ambassador for the leading brand of bike saddles. The partnership will involve the development of new products as well as all the events of **Chasing Cancellara**, a platform on which cycling enthusiasts can virtually team up with the double Olympic gold medalist in different race formats around the globe. Selle Italia will be the official supplier of both the Chasing Cancellara circuit of events and the **Swiss Racing Academy**, with a focus on supporting youth cycling and new potential cycling talents. Cancellara, who is now 39, retired from racing at the end of the 2016 season. During his successful professional cycling career, he earned the nicknames of "Bern Locomotive" and "Spartacus."

Sports Direct has agreed a new sponsorship deal with the Cork county board which makes the U.K.-based sports retailer the new sponsor of the county's football and hurling teams. According to reports in the

Sunday Times, the agreement is worth €2 million over the next five years and also includes a €200,000 bonus for winning an All-Ireland title and a boot deal. The **Cork County Board of the Gaelic Athletic Association (Cork GAA)** is one of the 32 county boards of the Gaelic Athletic Association (GAA) in Ireland. Cork GAA is responsible for Gaelic games in County Cork and the Cork county teams. The new contract with Sports Direct will replace Cork's eight-year deal with **Chill Insurance**, which was terminated at the end of last season. The contract with Sports Direct will be formally announced in early February, before the inter-county season begins, reports the *Sunday Times*. Sports Direct, whose parent company is controlled by **Mike Ashley**, also sponsors the **Glen Rovers** in Cork, one of Cork's most successful clubs, but this will be the retailer's first involvement at the inter-county level.

+++ The **Jordan** brand has welcomed five new athletes from the Women's National Basketball Association (WNBA) – **Jordin Canada** of the **Seattle Storm**, **Te'a Cooper** of the **Los Angeles Sparks**, **Crystal Dangerfield** of the **Minnesota Lynx**, **Dearica Hamby** of the **Las Vegas Aces** and **Satou Sabally** of the **Dallas Wings** – to its roster of athletes +++ **Galvin Green** has extended its sponsorship deal with **Laurie Canter**, the 31-years-old English professional golfer who plays on the **European Tour**, for the forthcoming season +++ **Jamal Murray**, guard of the **Denver Nuggets** team, has signed a multi-year sponsorship deal with **New Balance**, the brand's fourth such contract in the basketball segment +++

Trade Shows & Other Events

The **ISPO Beijing** show is being postponed to a yet unspecified date. It was going to take place in the Chinese capital from Jan. 14 to 16 as a physical event, but **Messe München Shanghai** said it would have been unreasonable to hold it in view of a renewed outbreak of the coronavirus epidemic and related governmental instructions, which represent a case of "force majeure" because of objective circumstances that are "unforeseeable, unavoidable and insurmountable." European visitors were invited to participate in the show in a novel virtual manner through an avatar. We understand that many exhibitors had already signed up for the event, especially in the winter sports sector. They were about as many as those who had booked space at last year's ISPO Beijing, which was cancelled because of the epidemic.

CSR & Sustainability

Hestra, the Swedish brand of sports gloves founded in 1936, has donated 10,000 children's gloves to refugee children in winter camps around the world through the **United Nations Refugee Agency (UNHCR)**. UNHCR is a global organization dedicated to saving lives, protecting rights and building a better future for refugees who have been forcibly displaced from communities and become stateless people. In addition to the glove donation, Hestra has launched a fund-raising campaign in cooperation with UNHCR. Donations can be made via <https://min.sverigeforunhcr.se/en/fundraisers/imagine-no-children-crying-for-warmth>.

According to the annual list of top donations in *The Chronicle of Philanthropy*, **Jeff Bezos** made the single-largest charitable donation in 2020. The \$10 billion gift by the **Amazon** founder and CEO, which was announced in February, contributed to launch the **Bezos Earth Fund**, an initiative that is designed to support scientists, activists and other organizations in the fight against the effects of climate change. **Phil Knight** co-founder of **Nike**, and his wife **Penny** made the second- and third-largest donations, with gifts of \$900 million to the **Knight Foundation** and \$300 million to the **University of Oregon**. **Facebook** founder, **Mark Zuckerberg**, and his wife, **Priscilla Chan**, made the fourth-largest donation on the *Chronicle's* list: a \$250 million gift to the **Center for Tech and Civic Life**. **Arthur Blank**, co-founder of **Home Depot** and the owner of the **Atlanta Falcons**, took the fifth spot in *The Chronicle's* ranking.

TÜV Süd, the globally active auditing and testing company headquartered in southern Germany, has introduced vegan product certification to ensure that apparel, footwear and textiles are neither made of nor finished with animal-derived materials – such as leather, fur, fibers (wool, silk), glue, dyes and chemical substances (beeswax, carmine dye extracted from cochineal insects). Companies whose products pass muster will be granted a vegan product certification mark to signify testing and inspection by an independent third party. They will then be free to use the mark in their marketing. TÜV Süd tests, audits and monitors the production for companies all over the world.

Classified Advertising

Sporting goods Independent Consultants

Are you looking for support to your growth and your commercial strategy? Or do you have a confidential project that needs to be steered in the right direction?

With over +15 years in the trade business, my knowledge of the manufacturing, products development, retail expansion and distribution is confirmed.

Strong leadership with an entrepreneur spirit, based on North American management knowledge and European experience. Specialized assistance with Equipment, Footwear and Apparel is source of interest.

Get an outside take on your future operation, problem-solving skills and flexibility according to your situation.

Contact jeanlaporte@bluemail.ch / 0041-79-704-29-56

RG3 Consulting

Thinking of expanding your business into BRAZIL and other parts of LATIN AMERICA? RG3 CONSULTING is your best choice. More than three decades of experience with the top Global and Local brands. For more information, please contact: gneto@rg3consulting.com.br



The most important skills are human ones - **INVEST SEARCH** is a full service recruitment company based in Munich. We are operating throughout all types of businesses and organizations involved in the sports-, fashion, outdoor, bike and footwear market from mid- to senior-level executives in the fields of wholesale and retail. Our consultants have 20+ years management experience in the sports-, fashion and footwear market. We believe that we have a deep understanding of these markets and their philosophies. For further information go to: www.sportinvestsearch.com.

Please contact us via mail: office.munich@sportinvestsearch.com, via phone : +49 8024 474 4670



AG SPORT CONSULTING is the leading Headhunting agency specializing in top management exclusively for the sports industry. We connect, advise, and support organizations and their employees across the world. Our expertise and network finds outstanding people and turns them into great performers - adding value at every stage of their employment lifecycle. We attract and select top candidates, perform the entire

recruitment process, improve employee performance and help to develop future leaders.

Through **SPORTYJOB**, our online recruiting platform for entry and mid level jobs, we are official partner of the ISPO JOB MARKET and offer access to the best career ecosystem in sports business: 30.000 registered candidates, full integration into ISPO's global communication platform as well as established partnerships to federations and universities.

Contact us to discuss our solutions:

www.agsportconsulting.com - andy@agsportconsulting.com - Andy Gugenheimer +33 6 27 07 29 06 or stephane@agsportconsulting.com + 33 6 14 63 74 79 / www.sportyjob.com - lennart@sportyjob.com - Lennart Quecke +33 6 09 37 11 35



M & A BROKERS

Global Sports Investors Ltd (GSI) are M&A Brokers.

GSI introduces Sellers to Buyers and Buyers to Sellers.

You may be searching for *new Investors* because your shareholders wish to sell their shares. You may be searching for *new Brands or Retailers* to purchase and develop. Whatever the reason, **GSI** understands the sensitivity and will be pleased to assist you.

GSI was founded in 2014 by Ted Ivens, who was one of the leading International Head-hunters in the Sporting Goods industry, with world-class Clients in every sector.

Ted Ivens was recently elected a Fellow of the Chartered Institute of Marketing (FCIM) and has extensive knowledge, expertise and understanding of the global Sporting Goods, Outdoor and Sport-Fashion markets.

Every **GSI** Contract is based on *Success Fees* and guarantees *100% Client Confidentiality*.

Please contact Ted Ivens, CEO **Global Sports Investors Ltd**, Reigate, UK

tedivens@gsi.ltd +447803 616777 www.gsi.ltd



SB - Sports Brokers Ltd assists Brands finding the right distributor, sales agent or agencies.

Sports Brokers Ltd is the leading B2B search consultancy specializing in the sporting goods industry. **Brands** looking for new roads to a specific market should contact **SB**. Through our unique database, which has been developed specifically for the European sporting goods industry, we are able to profile client needs and distributor skills, marrying them with exceptional accuracy in any European country. **SB** is **ISO 9001** certified, which guarantees consistent quality. **SB** operates globally from HQ in England with regional offices in Germany, Russia and China.

SB is sister company of **ISM Search** (www.ismsearch.com), founded in 1986. +30 years of experience ensures that our **market intelligence** and **product knowledge**, together with our strong culture of **integrity** and **confidentiality** is widely respected throughout our industry.

Please contact us at UK Head Office:

Finn Carlsen finn@spobro.com

Charlotte Steadman charlotte@spobro.com

www.spobro.com



ISMSearch Ltd is the **leading** executive search consultancy specialising in the global sporting goods and outdoor markets. Thanks to our Database and modern search methods ISM guarantees to locate the candidate who will be accepted by the client to fill the vacant position.

ISM recognises the natural ability and **potential** of every candidate. ISM database includes highly qualified, very senior leaders but also younger high performers. The database has been developed over 30 years to meet the demands in the sporting goods industry and has no comparable competitor. Founded in **1986**, +30 years of experience ensures that our **market intelligence** and **product knowledge**, together with our strong culture of **integrity** and **confidentiality**, are widely respected throughout our industry. ISM is **ISO 9001** certified, which guarantees consistent quality. ISM operates globally with HQ in England and regional offices in Germany, Russia and China. Please contact us at the UK Head Office:

Finn Carlsen finn@ismsearch.com

Charlotte Steadman charlotte@ismsearch.com

www.ismsearch.com

SGI Europe is available only by subscription. The basic annual subscription price is 597 euros before VAT for one person. Higher rates are charged for delivery outside the EEA(*), to cover bank charges. Subscribers have access to a special information hotline and our online archives. They are entitled to discounts on special reports, placement of classified ads and a money-back guarantee.

Prices before VAT as of April 1, 2020	EEA(*) + Switzerland	Rest of the World
	Euros	Euros
Via e-mail	597	614

(*) EEA = the 27-member European Union + Iceland, Liechtenstein and Norway

For discounted corporate offers please contact us at +49 (0)89 127 108 22 or admin@edmpublications.com.

Press releases and company information: pressrelease@edmpublications

General inquiries: info@edmpublications

Sporting Goods Intelligence Europe is a newsletter for decision-makers on the sporting goods market, focusing on Europe. It comes out twice a month on average in single issues or double issues (over 14 pages), for a minimum of 40 issues per year.



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

EDM Publications GmbH

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