

SGI Europe

Sporting Goods Intelligence

News and analysis of the international market



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McKinsey analyzes Covid-19 with WFSGI

After conducting consumer research and interviews with more than 25 industry players in the apparel and sports markets, **McKinsey & Co.** has made a series of interesting recommendations for best-practice actions that sporting goods companies can take to navigate through the current Covid-19 pandemic. They were presented in a webinar organized by the **World Federation of the Sporting Goods Industry (WFSGI)** on April 9, while the virus was hitting companies in Italy, Spain and Australia the hardest.

WFSGI, which is also providing a lot of practical information to its members on how to deal with the crisis through a dedicated "hub" on its website and a dedicated newsletter, is working with McKinsey on an update of the webinar. It will soon host another webinar with manufacturers, who have been seriously affected like the other players in the supply chain. It is working on a global survey of brands, suppliers and retailers.

Cost containment measures have become the main focus to survive in the current environment, but companies are not sure about where they should make the cuts. McKinsey recommends that cost reductions should

be done in waves depending on the length of the lockdown, affecting the personnel as well as indirect costs across the value chain.

Most of the managers interviewed by McKinsey said they were cancelling both their offline and online marketing campaigns, with only a minority of them shifting offline budgets to online and moving the timing of marketing slots where possible.

As all kinds of sporting events are being cancelled, companies will likely face contractual disputes over sponsorships and reduced sales of licensed clothing and products intended for training. So, they should suspend or cancel related product launches and reduce the related advertising and marketing messages and spend.

Most of the managers who were interviewed said they were reducing the frequency of shipments to the stores, but only half of them were cutting working hours in their warehouses. About two-thirds of the companies were suspending store rent payments, preparing for renegotiating leases and reviewing store closures.

A majority were freezing hiring at their head offices. A minority were cutting

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Corporate & Exec. Changes

Alibaba, Amazon, eBay, Fjällräven, Footway, Frasers Group, Lululemon, Rossignol, SportScheck, Stadium, UA, Wolverine, etc.

Distribution & Retail

Decathlon, Kurt Salmon, Signa Sports, Zoggs

Results & Statistics

Anta, Crocs, Ecco p8, Mammut, Polygiene

CSR & Sustainability

Adidas, Buff, Crocs, Havaianas, Klättermusen, Nike, Sanitized, Skechers, Vans, ZDHC

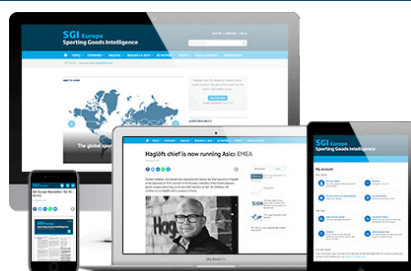
Others

Amazon, Base Deportes, EOS, Fibo, Ispo, Nike, Performance Days, UCI, Vans, Vibram

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

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



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bonus payments, reviewing indirect spending on non-critical items and reviewing clients and discounting to optimize inventories.

All the managers said that they were aggressively postponing or cancelling orders for delivery between June and October, while taking a more selective attitude on products to be sourced or ordered for delivery in November and December and for the spring/summer 2021 season.

The majority were conducting detailed review of the collection structure. About half of them were planning to keep their spring/summer 2020 collections in the stores through the end of September. About half were also increasing the transferability of products between collections, adopting a 12-month product planning perspective, or simplifying their ranges and planning to offer repeat models from previous seasons.

Many companies were decentralizing inventories to various countries, in some cases preparing themselves to reallocate them to markets that were still or again in operation. About half of them were planning to keep selected spring/summer 2021 models in Far East warehouses, while increasing storage capacity for incoming products.

McKinsey suggests that the measures taken by any company should be based on the severity of the hit and the likely future scenarios. As a piece of advice, McKinsey said that companies should push for breakthrough innovations, but wait with smaller innovations.

The researchers pointed out that the consequences of the epidemic, including the scope and length of the businesses' lockdowns, will depend on how rapidly and effectively the virus' spread is controlled and the relative effectiveness of regional responses.

They predicted at the time of the conference that the global GDP may go down by between 2 and 6 percent in the absence of a broad failure of public health interventions. Subsequently, however, the International Monetary Fund (IMF) predicted that the world's GDP will drop by 9 percent this year, with a possible recovery in 2021 depending on the containment of the virus. In general, strong confinement measures are estimated to cut a country's GDP by two percentage points each month.

Consumer insights point to the online channel

McKinsey pointed out that more than half of consumers are reducing their overall spend, especially on discretionary products such as sporting goods, and on softgoods. Surveys conducted for the international consultancy among consumers in various parts of the world while their countries were affected by Covid-19 showed that 72 percent of Europeans, 77 percent of Americans and 85 percent of the Chinese people felt that their financial situation will be impacted for the next two months. In view of this, 37 percent of Europeans, 46 percent of Americans and 28 percent of the Chinese households were planning to reduce their overall spending in the following two weeks as compared to the previous two.

On the other hand, only 25 percent of the respondents said they were exercising more at home. Obviously, sports like home fitness, running, walking and cycling are being practiced more often than skiing surfing, team sports, tennis or climbing and hiking because of the confinement measures taken in most countries. McKinsey predicts that the related category shifts may last for some time as consumers remain scared of infection, with some of them having invested in home equipment for workouts.

The consultancy pointed to the fact **Amazon's** sales of fitness products and other types of sports equipment went up by 19 percent year-on-year during the March 8-22 period, while those of apparel and footwear fell by 43 percent. Free weights enjoyed the fastest growth, while swimwear registered the strongest decline.

McKinsey's own surveys indicated that Europeans were planning to cut spending on apparel and footwear in the following two weeks by 69 percent and 70 percent, respectively. In the U.S., consumers projected reductions of 58 percent in apparel and 64 percent in footwear. In China, on the other hand, one month after the end of the lockdown, consumers were planning to cut their purchases of apparel and shoes by 3 and 1 percent, respectively.

According to McKinsey, the players in the sporting goods market should reduce their SKUs during the lockdown period, considering that there is hardly any need for new clothing and that they could benefit by promoting the sale of certain types of sports equipment online. They should realize, however, that any increase in sports equipment purchases may represent a temporary stocking-up phenomenon.

Online penetration is certain to increase after the pandemic. McKinsey's surveys indicated that consumers in Europe and the U.S. are responding more to online and video content, with about 40 percent of them browsing through social media and video channels relevant for sporting goods contents. This is creating new opportunities for certain brands, as 20 percent of the respondents to the survey said that they would use the time of the confinement to try new brands. Another 23 percent said they were finding inspirational content and personalized recommendations to be more important now.

Overall, 13 percent of the respondents said they had been driven to online shopping across any product categories for the first time, and 14 percent indicated that they will shop less offline after the crisis. Among internet users, 20 percent said they would purchase more

The Euro April 24 rates	
Czech Koruna	27.26
Danish Krone	7.458
Hungarian Forint	356.5
Norwegian Krone	11.53
Polish Zloty	4.539
Pound Sterling	0.876
Swedish Krona	10.88
Swiss Franc	1.053
U.S. Dollar	1.080
Brazilian Real	6.125
Canadian Dollar	1.523
Chinese Yuan	7.647
Japanese Yen	116.0
Russian Ruble	80.60

online and 22 percent said they would browse for inspiration more often in the next four weeks.

McKinsey concluded that promotional campaigns can be effective at this time to engage consumers, as 52 percent of consumers have seen an increase in discounts offered over the internet as compared to a year ago. On the other hand, only 11 percent have started shopping on multi-brand online marketplaces.

McKinsey feels that Covid-19 is offering a major opportunity to engage consumers and to increase sales through the companies' own e-commerce, generating higher margins. They can send more direct e-mails and notifications to consumers or create a new "home workout" category on their landing pages, for example. In any cases, they should ensure that all communication takes the current situation into account.

Suggestions for the post-lockdown period

After re-opening their stores, brands and retailers should realize that their sales will recover in small weekly increments and that sporting goods will not be a priority for immediate spending. Among other recommendations, McKinsey suggests that this would be the time to refurbish physical stores, eventually creating customer engagement areas for brand-building and testing of sporting goods.

As company valuations will drop, it will also be a period for targeted acquisitions, and McKinsey proposes considering start-ups with attractive capabilities. The consultancy noted that **Nike** bought **Hurley**, **Converse** and **Umbro** during anti-cyclical times of financial crisis.

In line with what we published in SGI Europe before, the sporting goods industry's stock market capitalization has been strongly affected because of the highly discretionary nature of the products it sells. McKinsey mentioned only a few bigger losers such as the automotive industry, insurance companies, banks, oil & gas companies, commercial aerospace and the travel industry in general.

Some stores are re-opening in Germany

After consultations with the state governors, German Chancellor **Angela Merkel** announced on April 15 that certain types of stores could open again from Monday April 20, after being shut down for five weeks. The retail lockdown for non-essential items was relaxed only for stores that have a maximum surface of 800 square meters with the exception of car dealers, bicycle dealers and book-stores of any size. Each of the 16 state governments was invited to vote on this individually. Berlin decided that it will allow the relaxation two or three days later. The government of Bavaria will not loosen the existing rules until April 27.

Galeria Karstadt Kaufhof, which has obtained protection from its creditors for its large department stores and its **Karstadt Sports** sporting goods stores, has taken this issue to court in the state of Westphalia, claiming that it is being discriminated against. Like some large stores that have opened only a portion of the total sales surface to abide by the federal guidelines, in some cases handing over items from other sections to the customers, the retail group opened areas of up to 800 m² in 49 of its 170 stores on April 21. According to the *Manager* magazine, the group is envisaging the complete closing of up to 60 department stores, depending on negotiations with the landlords.

SportScheck, the big German sporting goods retail chain recently acquired by Galeria Karstadt Kaufhof, has reportedly taken legal action against the 800-square-meter restriction in several federal states. The administrative court in Hamburg agreed to review the case for its 4,000-square-meter branch in the city's Mönckebergstrasse, on the grounds that the federal ruling "violates the applicant's professional freedom," and that the protection against infection "can be adhered to just as well or even better in large-scale retail stores than in smaller facilities." However, a higher municipal court then ruled that the size limitation should continue at least until April 30 or until a final ruling.

Decathlon, which now has 80 stores in Germany, opened three of them measuring less than 800 m² and the bike sections of three others. At some other locations, customers are invited to order the goods online and to collect in drive-in areas where they are directly loaded into their car trunks by the store personnel.

The new size limitations mean that about 85 percent of the **Intersport** stores in Germany and a higher proportion of **Sport 2000** stores have been allowed to do business again, but reportedly, not all of them have re-opened their doors, in some cases because they are not yet equipped with face masks, gel and other anti-contamination gear. On the other hand, the principals of the two buying groups are complaining that the bigger stores would be in a better position to ensure the respect of hygienic protocols..

The federal government said it wants restaurants, cafés, bars and shopping malls to remain closed throughout the country to mitigate the risk for coronavirus contamination, but after checking the decrees of the individual states, the country's largest operator of shopping malls, **ECE**, indicated that it would open them in 13 or 14 states to allow small retail shops to operate again.

Hairdressers will be able to operate again from the beginning of May. Current restrictions on social distancing will be extended until at least May 3. Major events remain banned until the end of August. As an indication of the public authorities' extreme caution, the Bavarian government has decided to cancel the **Okttoberfest**, the big October beer festival in Munich, and the Senate of Berlin has banned trade shows and other mass events in the German capital through Oct. 24, leading to the cancellation of the **Premium** and **Seek** fashion trade shows.

Merkel pointed out in a press conference that it will be necessary for retailers to take a large number of preparatory measures before they reopen their shops, notably in terms of hygienic regulations. The store personnel will have to wear masks and limit the num-

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ber of shoppers inside the store, keeping a certain distance between them. They will also have to avoid huge lines forming outside the store.

The German government recommends wearing masks when shopping or using public transport. It will discuss further steps on April 30, depending on how the rate of infection develops after the current restrictions are eased.

Merkel made her announcement the day after Austrian retailers were allowed to open stores measuring up to 400 square meters, in addition to hardware stores and garden centers of any size. Larger stores and shopping centers are due to follow from May 1, along with hairdressers. Restaurants are scheduled to reopen in mid-May, while the ban on large public events is set to remain in place until at least July.

Like Austria, where the government took strict confinement measures early on, Germany is one of the European countries where the coronavirus epidemic has had a relatively small number of victims. Reportedly, the loosening of the retail restrictions in Austria has favored flower shops and hardware stores more than any others.

No big rush is expected in the footwear and apparel sector in general, although there will likely be a high demand for children's shoes and clothing as older items may not fit anymore. *TextilWirtschaft* estimates the customer traffic in the fashion stores that have been reopened in Germany was half on the first day as on the same Monday a year ago. As in previous periods of economic crisis, Germans are apparently saving their money. In the next days, the problem will be compounded by the fact that all customers will have to wear face masks, which are in short supply, when they visit a store anywhere in Germany. This safety measure had been only recommended until now, but it was then made compulsory in some states.

Swiss sports stores cannot open yet

Switzerland's Federal Council announced on April 16 a three-step pro-

cess for the gradual re-opening of stores, schools and various businesses. To begin with, do-it-yourself stores and garden centers will be able to start operating again on April 27, along with flower shops, hairdressers and massage parlors, while other types of retailers, including sporting goods stores, will have to wait until May 11, irrespective of their size as in German and Austria.

The Swiss federation of sporting goods retailers, **Asmas**, issued a statement denouncing the "blatantly unequal treatment" of its members, as large hypermarkets and supermarkets selling food and nonfood items like those of **Migros** and **Coop** have been allowed to stay open to sell the entire range of their products, which includes sports items in some cases.

Like **Asmas**, the association of fashion retailers, **Textilschweiz**, has sent an open letter to the Swiss government complaining about the discrimination. Both noted that their members are perfectly capable of following strict anti-contamination guidelines and that their financial situation has been endangered by the lockdown.

The situation in Austria and the Nordics

In Austria, where stores with a maximum surface of 400 square meters were allowed to re-open a few days earlier, retailers have been complaining about the lack of tourists, as foreigners are not being let into the country, but there is hope that the locals will want to hike and bike more in the next weeks. Running shoes are reportedly in demand in Germany, prompting small specialized stores to require appointments over the internet.

In Switzerland, sporting goods retailers will have to wait until May 11 to open their stores, prompting their trade association to complain about discrimination against other retailers.

The retail lockdown is being slightly relaxed in neighboring Denmark, whose national borders remain closed, with some smaller shops being allowed to operate. Conversely, the Swedish go-

vernment, which hasn't ordered a generalized retail shutdown, counting on the residents' sense of responsibility to protect each other from the contamination, is said to be considering the imposition of restrictions on store openings.

Some stores have closed their doors anyway in Sweden because of a lack of demand for non-essential items including most fashion and sporting goods products. Fitness equipment, bicycles and golf products have fared well.

The situation is similar in Finland, where there is no lockdown either. However the retail situation there has been even more mitigated in the sporting goods sector and at retail in general, judging in part from the data on credit card payments collected by SEB for the 15th week of this year. As compared to the same week a year ago, they were down by 70 percent in Finland, by 66 percent in Denmark, by 55 percent in Norway and by 28 percent in Sweden. More on the Finnish situation on our website next week.

Intersport Sweden gets protection from creditors

We have already reported about the recent bankruptcy and rescue of **Gresvig**, the former parent company of **Intersport** in Norway, and the more recent legal proceedings to save the parent company of **Karstadt Sports** in Germany. It's now the turn of Intersport Sweden to seek protection from its creditors through a "corporate reconstruction" procedure that has just been accepted by the District of Gothenburg.

The **Intersport Sverige** group - alias **Intersport Sweden** - filed an application for the proceedings on April 13, making them applicable also to its **Löplabet** chain of running shops. The company claimed in its request for protection from creditors that it basically has a sound core business but, like many other companies in the industry, has been hit hard by a recent sales decline in the wake of the coronavirus crisis, which has led to temporary payment difficulties and the prospect of unsustainable costs ahead.

It added that some big suppliers and its bank have expressed their support for the proceedings. It's not clear at this stage whether they might be asked to write off some of their receivables and credits, but all the creditors would have to receive equal treatment.

According to some local experts, however, the Covid-19 crisis has only accelerated an inevitable bankruptcy procedure which they had predicted several months ago, as the company's current cash problems have been largely structural for some time.

The group has reportedly accumulated debts of nearly 800 million Swedish kronor (€73.0m-\$79.8m) in the last four years through continued losses after a cash injection of SEK 371 million (€33.9m-\$37.0m) made by an investment fund, **Adelis Equity Partners**, after it became its controlling shareholder in August 2015. The holding company of Intersport Sweden reported operating losses of SEK 49.5 million in 2016, SEK 128.5 million in 2017 and SEK 90.9 million (€8.3m-\$9.1m) in 2018. In the interval, the net turnover declined to SEK 2.8 billion (€255.7m-\$279.3m) from €3.0 billion.

The company claims to have managed to reverse a downward trend in recent years, performing well in 2019 and early 2020 as a profitable business with good potential, especially online. **Marcus Wibergh**, who became chief executive of Intersport Sweden three years ago, says that the group's turnover declined by 4 percent last year in its physical stores but went up in the online channel, which came to represent about 10 percent of sales. He had been previously the Swedish country manager of **XXL**, the big Norwegian-based sports retailer, which has had its own financial problems lately.

In connection with its takeover by **Adelis**, the former Swedish Intersport cooperative was turned into an integrated retail chain that bought out most of its former major franchisees, centralizing operations. This may have reduced their entrepreneurial spirit, a local expert argues.

On top of that, as in Norway, the market situation has been very competitive due to the strong development in the country of **XXL**, which has buying market share in Sweden through aggressive discounting and a big communication budget, according to one of the local experts, **Magnus Ohlsson**.

Ohlsson notes that, between 2013 and the beginning of 2020, Intersport's "top of mind" brand awareness in Sweden declined by 29 percent based on the **Xtreme Insight Brand Tracking** index. Ohlsson adds that Intersport and another major player, **Team Sportia**, have also been challenged by online specialists as well as the omni-channel strategy of **Stadium**, which has successfully deployed its low-priced Stadium Outlet concept on the side.

In early April, Intersport Sweden already put more than 20 percent of the total staff on temporary layoff, including 17 employees at its headquarters and the others in warehousing and in certain stores, due to falling sales in the physical stores because of the coronavirus pandemic. The reorganization program would adapt the company's business model to support a greater share of e-commerce. In the meantime, some franchisees in smaller cities have filed for insolvency. Stadium, which is Intersport's major competitor in Sweden, is also proceeding with major layoffs.

The Intersport operation consists of just over 100 stores and 2,000 employees. **Löplabbet** (The Running Lab), which specializes in running shoes and related products, is part of the Swedish Intersport group since 2015. It consists of a network of eight stores and an online shop, and it is not related to a company by the same name in Norway. This part of the group's business had a successful year in 2019 with sales up by 14 percent to of SEK 92.3 million (€8.4m-\$9.2m), generating an Ebitda margin of 6.9 percent.

In contrast with most of the other European countries, the Swedish government has allowed all kinds of retailers to keep their stores open in spite of Covid-19, while recommending that people should keep a certain distance from each other. It is considering tightening

the rules in the next days, but the epidemic has already lowered the demand for non-essential goods.

Only some categories of sports products have performed well offline and online, including fitness, bicycles, golf and outdoor sports. Intersport indicates that reduced visits to its stores have led to serious consequences for the company's cash flow, leading to a need for reducing future costs.

Nils Åberg and **Linda Schenholm** from the **Carler** law firm have been suggested as receivers for the group. In Sweden, the corporate restructuring process is a legal instrument used for companies that have payment difficulties but have good opportunities to survive in the longer term. The company gets a certain amount of time to restructure its operations and its finances. The reorganization process is carried out step by step according to a specific plan approved by the court. The board of directors and the management continue to run the business. The brick-and-mortar stores and the company's e-commerce will continue to operate as usual and customers should not be affected.

Adidas may forego government aid

The **Adidas Group** said ten days ago that the German government had approved in principle its request to contribute to a €3 billion syndicated revolving credit facility through its state-owned bank, **KfW**, to help the company weather the Covid-19 crisis. In return, Adidas would not pay dividends for the duration of the facility. However, Adidas may go instead for a euro bond, according to *Manager* magazine. The issue should be clarified on Monday when the management will discuss the group's financial results for the first quarter, which we shall carry on our website.

In connection with the planned government loan, Adidas said it would also strike out this year's bonuses for its top executives, which normally amount to 65 percent of their overall compensation. Adidas had previously

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suspended a planned share buy-back program for 2020.

KfW would contribute a loan commitment of €2.4 billion to the new credit facility, which would be more flexible in terms of drawdowns and repayments than a normal loan, but would be subject to the payment of interest, fees and other normal market conditions. The balance of €600 million would be granted to the **Adidas Group** by a bank consortium including **UniCredit, Bank of America, Citibank, Deutsche Bank, HSBC, Mizuho Bank** and **Standard Chartered Bank**.

The government's aid would be part of a package of measures announced a few days ago whereby companies that were in good financial health in 2019 are now eligible for quick financial support by KfW to make up for losses related to the epidemic, with minimal assessment of the financial risks.

Meanwhile, Adidas has reached an agreement with its works councils to reduce the number working hours, overtime benefits and paid leave for 1,200 employees in Germany.

The company has decided to postpone the publication of its results for the first quarter of 2020 to April 27 in order to provide a better indication of its financial performance. It noted that, after experiencing significant declines in revenues and profits since the end of January in China and since the end of February in Japan and South Korea, its wholesale operations and sales at its physical stores in other markets representing 60 percent of its business "came to a complete standstill" during the last four weeks.

The group pointed out that the further development of the coronavirus outbreak makes it impossible to predict its impact for the full 2020 financial year.

VF lowers its outlook, refinances

While releasing new financial data and targets and announcing new measures to refinance itself, VF Corporation indi-

cates that it wants to acquire more fast-growing action brands like Altra or Icebreaker and become more "vertical," boosting a direct-to-consumer (DTC) business that has come to represent 39 percent of its turnover.

As previously reported, the parent of **The North Face, Timberland, Vans** and other sports brands has spun off its loss-making jeans business and is divesting most of its workwear business, which has been generating slim margins.

In a preliminary statement about its results for the financial year ended on March 28, **VF Corp.** indicated that they should show an operating profit of between \$1.0 billion and \$1.1 billion for its continuing operation, including its occupational wear business, on revenues of \$11.3 billion to \$11.4 billion. Analysts were projecting a turnover of \$11.5 billion for the year.

On an adjusted basis, excluding a goodwill impairment charge of \$320 million on Timberland, which has not been performing as well as its other brands, and other charges, the operating income should amount to between \$1.4 billion and \$1.5 billion.

Standard & Poors revised its debt rating for VF to negative because of "significantly weaker" operating results than previously expected, as shown by the revision of its financial outlook. The rating agency said that its current store closures will likely be extended, that consumers will be slow to go shopping due to the risk of infection in the next quarters and that they may not spend much on apparel or footwear because of high unemployment. S&P anticipates that VF will take longer to meet a debt/Ebitda ratio of 2.

Meanwhile, VF announced an offer to issue senior notes worth \$3 billion, maturing between 2022 and 2030, to repay the borrowings made under its senior unsecured revolving credit facility, which has been completely drawn down by \$2.25 billion, and for general corporate purposes. The sale of the notes, which expires on April 23, has already been underwritten by institutional investors.

Moody's assigned an investment grade of A3 to the offering, but changed its outlook from stable to negative. It felt that it will take years for VF to return to its former debt/Ebitda ratio. It noted that VF has cash of \$2.4 billion on its balance sheet and has suspended a share buy-back program, but is still planning to pay a dividend.

Saucony, Europe and e-commerce helped Wolverine in Q1

After posting record financial results in the fourth quarter of 2019, **Wolverine Worldwide** fared relatively well in the first quarter ended on March 28 - given the challenging conditions caused by Covid-19 - thanks mainly to higher online sales and strong performance in Europe and by the Saucony brand.

The group's total revenues fell by 16.1 percent to \$439.3 million in the first quarter, or by 15.6 percent in local currencies. However, online sales jumped by 17.5 percent across the group's websites, compensating for the shutdown of many stores. In particular, the company's work boot category, which represents 15 percent of overall revenues, experienced increased demand online for core work, military, police, fire and other first-responder products.

For the full financial year, directly operated and third-party e-commerce are expected to represent 50 to 60 percent of total revenues, up from 40 percent in 2019.

In line with expectations, the group's reported gross margin declined by 0.7 percentage points to 41.4 percent as compared to the year-ago quarter, mostly hampered by additional tariffs on Chinese imports. The adjusted operating margin dropped by 4.0 percentage points to 6.9 percent, while net earnings fell by 68.0 percent to \$12.8 million, despite a gain from a foreign tax refund.

While U.S. sales went down, the group's revenues from outside the U.S. went up by 10 percent overall, with Europe being the standout region, driven by strong performance by **Saucony** - and to a les-

ser extent **Merrell** – despite the U.K., France, Spain and Italy being severely impacted by the coronavirus epidemic toward the end of the period.

In constant currencies, revenues from Wolverine's so-called **Michigan Group** dropped by 17.6 percent to \$249.5 million. Within this division, Merrell started the year well, with growth in the mid-teens, but ended the quarter down by low double digits. However, Merrell's online sales jumped by about 25 percent.

Across the whole Michigan Group, e-commerce rose by strong double digits. The **Wolverine** brand was down by high teens and **CAT Footwear** slipped by double digits. **Chaco's** sales fell by double digits and the other smaller brands in the group were all down.

In the so-called **Boston Group**, revenues fared better, with a drop of 11.1 percent in constant currencies to \$183.0 million. **Sperry**, the biggest brand in the division, saw sales decline by double digits on the back of strong growth in the fourth quarter, but recorded a high-single-digit improvement in direct-to-consumer sales, lifted by its new **Plus-hwave** cushioning technology.

Saucony was a bright spot, with double-digit growth driven by a good reception to its new **Triumph** and **Guide** models. Both franchises utilize a new **PWRUN+** (power run plus) midsole cushioning technology which, the company claims, delivers enhanced flexibility, fit, durability and energy return, while weighing one-third less than comparable models. A more selective wholesale distribution had a positive impact on the gross margin generated by the brand.

The worst performance occurred in the Other segment, where sales tumbled by 40.9 percent at constant exchange rates, down to \$15.9 million.

The management has not provided guidance for the full financial year but said that online sales have accelerated since the start of the second quarter and that the company is well positioned to navigate the Covid-19 crisis.

To deal with the coronavirus crisis, the management reminded investors that it has quickly initiated a comprehensive set of measures over the last 30 days to strengthen the company's financial position, liquidity, and balance sheet. The supply chain and distribution centers continued to operate, supporting robust e-commerce growth and ongoing wholesale shipments.

Over \$500 million in cash preservation initiatives have been implemented, such as drawing down the remainder of the company's revolving credit line and reducing planned inventory receipts by \$300 million. These measures are now expected to enable the company to generate \$150 million to \$200 million of operating cash flow in 2020. As reported, the group has also slashed management pay and placed its retail staff on temporary layoffs to reduce expenses.

Skechers' net plummets by 55%

Skechers USA reported a drop of 54.9 percent to \$49.1 million in its net earnings for the first quarter ended March 31 on 2.7 percent lower revenues of \$1,242 million. In terms of local currencies, sales were down by 1.2 percent, with a small increase of 2.9 percent in the U.S. offset by a big 6.8 percent decline in the rest of the world.

On a comparable store basis, retail sales were off by 4.7 percent in the U.S. and by 16.6 percent internationally, due to the coronavirus epidemic. In the first two months of the quarter, Skechers' comparable store sales rose by 9.8 percent. After most of its stores were locked down, the company's e-commerce operations boomed, leading to an overall increase of 70 percent for the online channel during the quarter.

Wholesale revenues were up by 9.0 percent in the U.S. In the rest of the world, wholesale revenues declined by 8.4 percent, driven down by a 47 percent slump in China. A 9 percent gain at the company's foreign sales subsidiaries was offset by a drop of 39 percent at the company's foreign joint ventures. Sales to distributors were still up by one

percent. The management mentioned Germany, Central and Eastern Europe, Scandinavia, Turkey, Japan and Australia as bright spots.

The international wholesale business was hit by a drop of 4.2 percentage points in its gross margin, down to 41.8 percent, which led to a decline of 2.2 percentage points to 44.1 percent in the overall gross margin. Higher expenses on new stores and digital marketing, rebates granted to Chinese wholesale clients and the acquisition of its distribution in Mexico caused Skechers' operating expenses to grow by \$78.3 million in the quarter. The operating margin plunged to 3.6 percent from 13.0 percent in the year-ago period.

The number of company-owned stores increased by 11 units, while the number of franchised stores declined by seven units. Store lockdowns caused Skechers' inventories to swell by 33 percent.

The management expressed confidence that Skechers will remain "a leading footwear brand" after the corona-induced disruption is over, judging from the brand's strong performance prior to the pandemic, but it declined to provide any financial guidance for the balance of this year.

It noted that the company's e-commerce was up by 250 percent in the first few weeks of the second quarter as compared to a year ago and that demand from third-party e-tailers had increased as well. The offline retail business in China is operating at about 70 percent of its normal level.

Skechers noted that it has implemented various measures to optimize its cash position, drawing down \$490 million on its senior unsecured credit facility, managing operating expenses, inventory levels and production orders, and postponing non-critical capital expenditures. Managers have taken a cut in their compensation.

The quarterly results were largely in line with analysts' expectations, leading to a drop of only 3 percent in the company's share price.

News and analysis of the international market

Ecco enjoys another strong year

Ecco's line of outdoor shoes proved very popular in 2019, driven by the Danish group's focus on developing its retail portfolio to secure the right locations as consumer and traffic patterns change. During 2019, the store portfolio growth slowed to only six extra shops, with 200 openings and 194 closings. The online and omni-channel shopping experiences were also supported by significant investments in technology platforms. In business-to-business sales, more than 80 percent of all wholesale sales were automated and handled from digital platforms, and Ecco's first digital showroom was launched.

During the year, Ecco's growing hybrid and athleisure categories proved successful, led by new designs, along with **ST.1** and **Multivent** technologies. In the women's category, the elevated comfort technology concept, **Shape Sculptured Motion**, drew new consumers to the brand. Among other items, the successful collaborations with **Stone Island** and **Saks Potts** exposed the brand to new consumers. The Ecco **Soft 7 Tred W** won the 2019 **Ispo Award** in the Outdoor category for Hiking and Trekking Footwear, while the **DriTan** by Ecco Leather won the 2019 **Scandinavian Outdoor Award** in the Technology category.

Another highlight of the year was the start of the construction of a shoe factory in Vietnam, its sixth shoe factory across the globe. The new factory is expected to be operational in autumn 2020 and will employ around 1,400 people to produce premium quality uppers. The group also opened an environmentally-friendly leather cutting plant in Xiamen, China, equipped with rooftop solar panels. In addition to being energy-neutral, the new facilities are able to export surplus energy to Ecco's tannery.

Towards the end of the year, Ecco reached an agreement to buy the business in Russia from its long-standing partners. There are currently 216 Ecco shops in Russia, Belarus and Kazakhstan, including franchise partner shops in Armenia, Uzbekistan, Azerbaijan and Kirghizistan.

In 2019, the Danish company's sales rose by 3.8 percent to €1,360 million. Investments in direct-to-consumer sales channels continued in 2019, with net sales from retail and e-commerce combined increasing by 10.9 percent. Revenues from online channels grew by 22.2 percent, and by 8.2 percent at brick and mortar stores.

More in *Shoe Intelligence*.

GoPro will be focusing more on DTC

While cutting costs, **GoPro** has decided to shift more of its business to the direct-to-consumer (DTC) channel as its sales have gone down because of the quarantine-shuttered brick-and-mortar retail sector. Accordingly, the American brand of action cameras has hired a chief digital officer – **Aimée Lopic**, former chief marketing officer at **Banana Republic** and, most recently, **Pandora** – to lead DTC growth initiatives for the sale of its hardware, software and subscription programs.

Last year, **GoPro.com** drew seven million unique visitors per month on average, and DTC sales exceeded 20 percent of overall revenue in Europe's top markets and almost 20 percent in the U.S. During the first quarter of 2020, the percentage was substantially higher because of the coronavirus pandemic. **Brian McGee**, chief financial and operating officer, said that DTC is "better aligned with the current business climate, is accretive to ASP [average selling price] and gross margin, and positions us well for when consumer demand begins to normalize." This along with reduced operating expenses "significantly lowers the threshold to achieve profitability."

GoPro will, however, continue to sell to retailers in profitable regions. The cuts in expenditures, says GoPro, will not affect the new hardware, software and subscriptions in this year's product pipeline.

Meanwhile, GoPro is cutting its staff by 200 employees, or more than 20 percent, and shedding office space in five regions. It will be reducing other expenses

as well, notably in sales and marketing, both now and in the future. The company's founder and chief executive, **Nicholas Woodman**, and the members of the board of directors will waive their compensation for the rest of the year.

The company is restating its guidance for its first-quarter results and withdrawing its forecast for the remainder of the year. The reorganization should involve charges of \$31 to \$49 million. Next year, it hopes have operating expenses of no more than \$250 million, and to get there it will reduce them now by \$100 million.

By the company's new preliminary estimates, the first quarter of 2021 will generate an indicated net loss of more than \$44 million on revenues of about \$119 million. It saw the sell-through of about 700,000 GoPro cameras with a street ASP of \$350. The company still has a positive cash balance of \$150 million.

Columbia provides a detailed Covid-19 update

Columbia Sportswear has suspended its quarterly dividend, its stock repurchase program and the guidance that it had given on Feb. 6 for its results in the first half of 2020 and the whole financial year. The company will give a new update when it comes out with its first-quarter results on April 30.

Meanwhile, it reports that the vast majority of the Columbia stores in China and Korea have reopened, although many still operate with reduced store hours as retail traffic remains well below pre-pandemic levels.

The company's own stores in North America and Europe remain closed, as do those of its retail partners. Its e-commerce operations have remained largely operational except for temporary closures in France and China, where they have since resumed. After paying regular wages for U.S. store employees for four weeks, it has transitioned them to a partial program of temporary layoffs through May 1, under which they can get unemployment insurance.

In anticipation of lower consumer demand, Columbia is reducing the production of inventory for the autumn 2020 season. Meanwhile, to further improve its liquidity, Columbia Sportswear has restated credit lines and drawn down \$375 million from a total available borrowing capacity for \$631 million as of April 15, including \$50 million out of foreign credit lines of \$106 million.

The company's chairman, president and chief executive, **Tim Boyle**, who is giving up on a large part of his compensation along with top managers and the members of the board of directors, says it has entered the Covid-19 crisis "in a position of strength and our objective is to carefully navigate this environment to endure the company's long-term success. We have weathered many storms during Columbia's 81-year history," he noted, "and I am confident that we will get through this one as well."

More fairs are cancelled

The Covid-18 pandemic is leading to the cancellation of more and more events because of the need for social distancing. In some cases, organizers are planning or exploring alternative formats that take advantage of the more or less sophisticated tools offered by the internet for the presentation of new products, discussions and, in some cases, online orders.

As the dates fixed for these events may place constraints on participants and the supply chain, we feel that this may lead to a re-thinking the trade show format and the development of new digital-only or omni-channel concepts. The **Ispo Group** has been moving in this direction over the past few years with its numerous all-year-round internet platforms.

For example, the *Angling International* news service has developed an internet platform, called **Talkstream**, to connect the international fishing tackle community now that the **Efftex** show in Prague and **Icast** in Orlando, Florida, have been cancelled.

The organizers of the **Premium** and **Seek** fashion fairs in Berlin have decided to

cancel their summer editions completely, following a ban until the end of August issued by the state on events for more than 1,000 people. As part of the **Berlin Fashion Week**, they were originally scheduled to run from June 31 through July 2, but were subsequently shifted to the end of July. The **Premium Group** said it is working with a partner, **Joor**, that specializes in the digitalization of B2B businesses. It plans to offer webinars and a system for ordering products online.

Meanwhile, **Reed Exhibitions** has cancelled **Fibo China**, the regional fitness fair that was going to take place in Shanghai on June 4-6, and while planning to hold the event in the second half of the year, it is upgrading the show's online platform. This should prove to be a boon for the larger and older **International Health, Wellness and Fitness Expo (IWF)** in Shanghai, whose seventh edition is still due to be held on July 3 to 5, unless local authorities issue a ban. The IWF was previously planned to take place from Feb. 29 to March 3, but was postponed because of the coronavirus outbreak in China. Thus, if confirmed, the IWF will be co-located at the National Exhibition and Convention Center with **Ispo Shanghai**, which for the moment scheduled for the same dates.

UYN and others make masks and do more for Covid-19

Trerè Innovation, the Italian knitter of functional garments sold under the new **UYN** brand name – which stands for "Unleash Your Nature" – has converted its factory in northern Italy to make 10,000 face masks per day, while gearing up gradually for a re-start of the full production process at the beginning of May, depending on the government's directives. It is reactivating its sales and communication operations, and it is still planning to deliver its first line of **UYN** shoes at the end of the summer.

The former producer and licensee for **X-Bionic** reports strong demand for its special **UYN Community Mask**, which is available at €14.90 on its website, uynsports.com, along with its full line of func-

tional socks and garments for fitness, running, cycling and other outdoor and winter stores. It has also been approached by many companies for their own personnel. Deliveries will start at the end of April.

The **UYN Community Mask** is described as a high-quality product made of lightweight and recyclable polypropylene, which is also used in many other **UYN** apparel products and accessories. Coming in various colors, it is ergonomic and can be washed several times. For the company, which is in a major brand-building phase, it is also an excellent advertising tool as it bears the **UYN** logo discreetly on the lower right side.

We will talk more about this company in a separate article on our website.

It would be too long to list all the actions that companies have announced in the last days to help fight against Covid-19. Here is a narrow selection of them:

Under Armour is donating about 15,000 pieces of sports apparel to medical personnel in the U.K., France, Germany and the Netherlands to help keep them cool and comfortable during the Covid-19 pandemic. Worth about €1 million, the items were selected in response to feedback from the personnel of the U.K.'s National Health Service (NHS) and they include **HeatGear** T-shirts and **Recovery** sleepwear and tracksuits. In connection with the donation, some of UA's sponsored athletes – such as the **Olympic** taekwondo champion **Jade Jones**, the **Liverpool FC** defender **Trent Alexander-Arnold**, and the **WBA**, **IBF** and **WBO** heavyweight boxing champion **Anthony Joshua** – will be doing promotional live broadcasts on social media. In the U.S., meanwhile, UA is manufacturing PPE at its **Lighthouse** facility in Baltimore and delivering it to local hospitals and clinics.

Arc'teryx has helped develop a reusable gown for medical personnel who deal directly with Covid-19 patients, posting its specification for use by other manufacturers on the website of the **British Columbia Apparel & Gear Association**. The Canadian sportswear brand, which

News and analysis of the international market

makes much of its own clothing at its own manufacturing site in Vancouver, is using its personnel to make 30,000 such gowns. Its efforts, combined with those of **Mustang Survival** and **Boardroom Clothing**, should produce 90,000 gowns.

Salomon, another brand of the **Amer Sports** group, has announced that its **Annecy Design Center (ADC)** at its headquarters in France will embark on the production of protective masks. The ADC is normally used by the brand to design prototypes of Salomon's gear, apparel and footwear, in collaboration with athletes. The goal is to deliver 90,000 masks from April through June. The initiative is carried out in partnership with **Chamatex**, a long-standing supplier based in the Ardèche department. The non-medical grade masks are nonetheless certified by the French DGA (Direction Général de l'Armement). The protective equipment is intended primarily for French administrations and the business community in all sectors.

Macron, the Italian producer of team jerseys which we have mentioned before, is donating 2,500 surgical masks to **Società Dolce**, a social cooperative for homeless people accommodated in the dormitories of Bologna, the Italian city where the sportswear firm is also based. The new initiative is part of Macron's efforts to help the community during the coronavirus pandemic. As previously repor-

ted, the company has already made its production and distribution chain available, in China and Italy, to make and distribute face masks, gowns and protective suits. It has already brought to Italy the first 5.6 million masks as well as 20,000 protective suits.

Wolverine Worldwide has donated more than 35,000 face masks to **Spectrum Health** in Grand Rapids, Michigan. The protective equipment will be used by healthcare workers on the frontlines in the fight against coronavirus. An initial lot of more than 1,000 masks was delivered to Spectrum Health the week of April 6.

Hoka One One, part of **Deckers Brands**, is donating 5,000 pairs of its cushioned sneakers to healthcare workers across the U.S. The first 400 pairs will be distributed to two seriously affected hospitals in the states of New York and New Jersey via a partnership with **JackRabbit**, a sporting goods chain that is present in the New York area.

Crocs is offering medical personnel in the U.S. battling the Covid-19 pandemic a free pair of **Crocs**, shipping included. According to *Footwear News*, the American company began gearing up in late March to dispatch up to 10,000 pairs a day in response to online requests. In addition, Crocs plans to donate up to 100,000 pairs to selected hospitals and

clinics. The initiative will continue for as long as inventory permits and is drawing on the cooperation of such retailers as **Shoe Carnival**, **Famous Footwear** and **Rack Room Shoes**.

Alpargatas, the Brazilian group that owns the **Havaianas** brand, has converted its production lines to make clogs for the medical sector. The company will donate 18,000 pairs of shoes designed for use by healthcare professionals in São Paulo hospitals, made in the Havaianas factories in place of rubber sandals. Through the Havaianas brand, the footwear group said it will also donate 100,000 kits of essential products, including Havaianas items, food and hygiene products, to disadvantaged communities in São Paulo, Rio de Janeiro, Salvador, Brasília and Belo Horizonte.

Superfeet and a sister company, **Flow-built Manufacturing**, have started producing PPE (personal protective equipment) masks with 3D-printed elements, using their printing and manufacturing facilities in Ferndale, in the state of Washington. Around 30,000 of these masks will be made and immediately distributed to medical facilities in need in the Pacific Northwest.

...and so on with solidarity in our industry....

News Briefs & Short Stops

Corporate

According to *Reuters*, **Alibaba Group Holding** will be investing 200 billion yuan (€26.1bn-\$28.3bn) over three years to bolster its data center and develop semiconductors and operating systems for its cloud-computing infrastructure. The Covid-19 pandemic has spurred demand for business software in China, and high data volumes occasioned by quarantines have recently caused lags in **DingTalk**, an Alibaba chat app used by offices and schools. According to the research firm **Canalys**, the Chinese multinational company enjoyed a 46.4 percent market share in cloud computing in the fourth quarter of 2019. (The next two companies, **Tencent** and **Baidu AI**, came in at 18.0 and 8.8 percent, respectively.) Earlier this year, **Alibaba Cloud** helped the Hangzhou government establish a digital health-monitoring system to rate exposure to Covid-19. The system is now in use throughout China.

A slow market in the U.K. made worse by the Covid-19 pandemic is leading to the demise of **Animal**. The British surf fashion brand was begun in 1987 in the town of Poole to sell a hook and loop watch strap-designed by its founders, two surfers: **Ian Elliot** and **Nigel Broughton**. A British holding company, **H. Young**, acquired the brand in 2014, when it went bankrupt. It is now operating at a loss and has not found a buyer. Until January of next year Animal will continue to run its 26 stores and website and feed product to 236 other retailers, among them **Debenhams** (itself currently in administration), **John Lewis**, **Blacks**, **Millefs** and **Menkind**. H. Young says it considered several options to keep the brand alive, such as "the use of third-party warehousing, relocation to smaller premises and an absorption into other group businesses," but none were "compelling enough to justify the investment." Animal posted a net profit of

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Product & Marketing

Bergzeit, Dragon, Evil Eye, Gore, Jack Wolfskin, Karpos, Lowa, Medi, Merrell, MLS, O'Neill, Ortovox, Ternua, TNF, Vaude, etc.

Other

Ispo Academy, Performance Days, Outdoor by Ispo, Outdoor Trade Show, Outdoor Retailer, Sport 2000, Bluesign, EOG, Milliken, Sateri, Schöffel, Silva, Texon, Textile Exchange, YKK, etc.

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News and analysis of the international market

about \$10 million (€11.4m-\$12.4m) on annual revenues of about \$218 million (€249m-\$270m) in its 2018 financial year.

Gordon Brothers of Boston announced the sale of its rights outside the Americas for **Bench**, the streetwear brand with British origins, to **Wraith**, an affiliate of **Apparel Brands Limited** of Manchester that is currently one of Bench's primary European licensees. The purchase price has not been disclosed. Founded in 2017, Apparel Brands says it has experienced enormous growth in recent years. The company is also a long-time European licensee with several other leading brands including **Kangol**, **Slazenger** and **Farah**. It holds exclusive U.K. licenses with **Von Dutch** and **Dunlop**. It has showrooms throughout Europe. Gordon Brothers, an investment firm based in Boston, took over Bench and related intellectual property assets in July 2018, after Bench applied for insolvency. It secured several new partners in categories as diverse as casualwear, handbags, gym equipment and workwear. Most critically, the brand's positioning was overhauled to highlight the gritty Manchester skate culture of the 1990s. Curiously, the brand was founded in Manchester in 1989 by a company called **Americana International**, which sold it in 2014 to a German company. It was run for many years by **Peter McGuigan**, a former top executive of **Reebok** and former shareholder of **Umbro International** who subsequently retired.

Just after the announcement of **Intersport Sweden's** court-backed reorganization plan, the country's biggest sporting goods retailer, **Stadium**, indicated that it was laying off many of its employees because of a big drop in sales, especially in the Stockholm area. Sweden is one of the few countries where retailers that sell non-essential goods are still allowed to keep their stores open, with social distancing. However, **Ulf Eklöf**, chief executive of Stadium, told the *Uppsala New Magazine* that its sales have fallen by up to 80 percent at its stores in the country. Similar rates of decline have been recorded in Norway, where the chain recently introduced its **Stadium Outlet** concept, and in Finland. Stadium has decided to part ways with 653 people in Sweden – mostly temporary staff, apprentices and other kinds of non-permanent employees. It is reconsidering the employment of another 1,000 employees with whom Stadium has short-term contracts, and engaging in discussions with landlords about rents. Furthermore, Stadium is trying to shift the production of some of its private label items from certain countries around China to China itself, where the factories are working again.

The tender offer launched by **Footway** for **Sportamore** has been accepted by 95.9 percent of the Swedish sports e-tailer's shareholders. Footway, a more international-oriented online shoe retailer, is paying a total of 439 million Swedish kronor (€40.4m-\$43.9m) for Sportamore. Because of its de-listing from the **Nasdaq Stockholm** ex-

change, the publication of Sportamore's latest financial results has been delayed from April 21 to May 29.

Frasers Group says the current uncertainty caused by the Covid-19 "shock" is affecting its bank credit lines and its suppliers' credit insurance. It understands that the majority of new credit insurance cover has been withdrawn for the time being. The British group, formerly called **Sports Direct International**, reports that it has not been accepted as eligible under a government loan scheme, the Covid Corporate Financing Facility (CCFF), which is intended for companies with a large number of employees in the country that were in sound financial health prior to the lockdowns triggered by the epidemic. On the other hand, Frasers confirms that it has settled a Belgian tax issue for an "immaterial" amount.

Thule Group is encouraging shareholders to exercise their voting rights remotely in advance of the Swedish company's annual general meeting, scheduled for April 28, in order to minimize the number of people gathered at its location. They have to fill out and send a registration form by April 22 to vote on the resolutions. The company had already announced that, to limit the spread of the virus, there would be no presentation of products and no speech by the chief executive at the meeting. No food and no drinks will be served.

Wolverine Worldwide announced on April 17 that its annual general meeting of shareholders will be held in a virtual-only format on April 30, due to public health consideration related to the Covid-19 pandemic. Shareholders who were registered as such on March 18 will be invited to visit a dedicated website by entering a 16-digit code number previously given to them. Wolverine is urging them to send in their proxies or to vote by telephone or on the internet in advance of the meeting on the resolutions listed on their proxy card. Alternatively, they will be able to vote during the annual meeting, following instructions given on its website.

+++ **Standard & Poor's** has revised down the credit rating outlook for **Foot Locker** and **Hanesbrands**, the parent company of **Champion** +++ **Gazelle** in the Netherlands and **Orbea S. Coop** in Spain, two European bicycle makers, have announced that they have resumed operations after a shutdown over coronavirus-related safety measures, *Bike EU* reports +++

Executive Changes

Roy Peticucci has stepped down as vice president of **Amazon's** European operations, responsible for 12 member countries of the European Union. Based in Luxembourg, he was hired for the job in 2013, having held executive posts at **Unieuro**, **Dixons Stores Group**, **Ground Control**, **Dixon Stores**, **Unieuro** and **Ahold**. The reasons for his departure could not be learnt. Meanwhile, a report indicates that Amazon has asked some German

suppliers not to deliver goods that it had previously ordered. Should the ordered items still be delivered, Amazon reserves the right to return them at the manufacturer's expense. Also, a court in France has ordered Amazon to limit deliveries to essential goods in the country during the Covid-19 pandemic. The company is planning to close its six warehouses in France for at least one week as it reviews safety measures for their staff of 10,000 people. The situation is different in the U.S., where Amazon is hired 100,000 more warehouse workers and developing its own tests to check whether they are infected?

Bike Europe, the Dutch trade magazine, hired **Rosie Burgin** as senior editor last month. Burgin – who has also worked for **Rosegarden Studios** and **3 Circles Media** – was formerly an editor at **Reed Business Information** and, most recently, at the agricultural publisher **Misset**. At *Bike Europe* she is succeeding **Jack Oortwijn**, who has retired after an excellent work as the magazine's editor for almost 25 years.

eBay has appointed **Jamie Iannone**, most recently chief operating officer of **Walmart's** e-commerce division, as its new chief executive officer, effective April 27. He will succeed to **Devin Wenig**, who left eBay in September 2019.

Fjällräven announced that **Alexander Matt** has been appointed as the new global marketing director for the brand effective April 15. He succeeds **Leif Öhlund**, who left in 2019 to pursue other opportunities. For the last four years, Matt held the position of chief marketing officer at the **Fiskars Group**, where he was responsible for the digital transformation and consumer experience management. From 2012 to 2015, he was senior director of global brand communications for **Adidas Originals** and a member of the brand's global leadership team. Before that, Matt spent several years with **Levi's** in different international marketing roles.

Lululemon has announced the departure of its current chief financial officer, **Patrick Guido**, on May 8. He will be joining the **Asbury Automotive Group** as senior vice-president and chief financial officer. **Meghan Frank**, Lululemon's senior vice-president of financial planning & analysis, and **Alex Grieve**, vice-president and controller, will take over his responsibilities on an interim basis while Lululemon searches for a successor.

Markus Rech, former chief executive of **SportScheck**, is leaving the **Signa Retail Group**, the new parent company of the German sporting goods retail chain, by mutual agreement to take on new professional challenges. The 46-year-old worked for SportScheck for the past four years and helped the company to expand its business model beyond brick-and-mortar retailing. The Signa Retail Group acquired SportScheck, a chain with a strong omni-channel presence in the country, in December last year via **Galeria Karstadt Kaufhof**. Signa appointed **Tho-**

mas Wanke and **Robert Polland** as joint chief executives at the beginning of March. Wanke is also the chief executive of **Karstadt Sports** and Polland holds the position of chief restructuring officer.

The **Rossignol Group** has made **François Goulet** its global director, according to *sport-guide.com*. The appointment follows the departure of the vice president for Europe, **François Benaben**, after more than eight years with the group. The group's president and chief executive, **Bruno Cercley**, explained to *sport-guide.com* that "it makes sense in the current economic context to take a global approach to our sales." Goulet, he continued, will be "coming to Europe often" to "take stock of needs and build the best organization." Goulet has been serving as Rossignol's president for North America for a little less than three years but is in fact a veteran of the group, having held that same presidency from 1989 to 2010. He spent the intervening decade at **Coalition**, serving as a senior vice president, and then at **VF Corp.**, serving as overall vice president and general manager for Canada and as vice president and general manager for **The North Face**. Rossignol's global vice president of human resources, **Stephen Le Bot**, also left the company this month. According to Cercley, Rossignol hopes to restart its factories in the French cities of Sallanches and Nevers, as well as the racing workshop in Moirans, next week, but things will take longer in Italy, where lockdowns will continue through early May. "The enemy is inventory," he said to *sport-guide.com*, and "cash is king for the coming weeks."

Typhoon International has named **James Saunders** as its new operations director, in charge of the **Typhoon** and **ISP** brands of protective clothing and lifesaving equipment as well as procurement, manufacturing, customer service, warehousing and technical procedures. Saunders has been serving for months as a consultant to the British manufacturer of wetsuits, drysuits and marine accessories. Typhoon is owned by **Alliance Marine UK**.

Lisa Collier will be the new chief product officer at **Under Armour**, reporting to the company's president and chief executive, **Patrik Frisk**, as of April 27. Succeeding **Kevin Eskridge**, who has resigned and will leave the company in August, she will oversee category management, product, merchandising and design. Collier has been the president and CEO of **Not Your Daughter's Jeans (NYDJ)** since 2016 and spent the prior 13 years in a number of executive posts at **Levi's Strauss**. She has also worked at **Tarrant Apparel Group**, a company now called **Sunrise Brands**, as well as **The Limited** and **Hess's Department Stores**.

By May 30 at the latest, **Todd Spaletto** will be stepping down as president of **Wolverine Worldwide's Michigan Brands** group, which consists of the **Merrell**, **Chaco**, **CAT Footwear**, **Hush Puppies** and **Sebago** brands. Rather than replace him in the post, Wolverine is promoting three

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executives and dividing responsibility for its brands between them, irrespectively of whether they are based in Michigan or in Boston. **Joelle Grunberg**, global president of **Sperry** since February 2020, will be adding oversight for **Saucony**, **Keds** and the **Wolverine Kids Group** to her portfolio; **Chris Hufnagel**, global president of **Merrell** since September 2019, will be adding responsibility for **CAT**, **Chaco** and **Hush Puppies**; and **Tom Kennedy**, global president of the **Wolverine** brand since February 2020, will be adding **Bates**, **Hystest** and **Harley-Davidson Footwear**. All of them will be reporting to **Blake W. Krueger**, **Wolverine's** chairman, chief executive and president. **Wolverine Worldwide** last changed its brand structure in 2019, when it established two groups: the **Michigan Brands** and the **Boston Brands** (**Sperry**, **Saucony** and **Keds**).

+++ **Nike** has announced **Ann Hebert**, currently vice-president of global sales, as the new general manager for North America, replacing a long-time executive, **Tom Peddie**, who is retiring +++ **VF Corp.** has promoted **Cameron Walker**, previously vice-president of new models and partnerships, to general manager of its recently acquired **Icebreaker** brand for North America +++ **Eddie Ingle**, who has spent 30 years with **Unifi**, has been appointed chief executive of the synthetic and recycled yarn producer from July 1, replacing the retiring **Tom Caudie** +++

Distribution

Zoggs International has appointed a German firm, **Arnold Sports**, as its distributor for Germany, Austria, Switzerland and Luxembourg. These markets were previously handled directly by the brand of swimming goggles and swimwear out of its head office in the U.K. Due to uncertainties surrounding **Brexit** and its effects on business relationships in the future, **Zoggs** decided to change to an indirect distribution in its core European markets. **Arnold Sports** has been selling sporting goods in the swimming, cycling, running and skiing segments for almost 30 years. The brands in its portfolio include **361°**, **7Mesh**, **Ameo**, **Colltex**, **Enervit**, **Hydrapak**, **Dolfin**, **Movement**, **Phenix** and **Rottefella**.

Retail

Sporting goods stores are locked down in France and other countries, but supermarkets are not. While keeping warehouses open to service online orders in France and other countries, **Decathlon** has joined forces with **Franprix**, a French grocery store chain, in a test that can help people stay fit at home while the **Covid-19** containment measures are being in force. In 70 **Franprix** stores in Paris and the region around the capital, customers will be able to purchase five flagship products of the sporting goods retailer that they can use while being confined at home, including training mats, dumbbells, elastics, jumping ropes and abdo-

minal wheels. **Decathlon** has innovated in the past, placing little displays with basic apparel items at gas stations along French highways during the holidays. In the midst of the current retail lockdowns in the U.S., the **DSW** chain of shoe retail stores is selling shoes in the stores of a Midwestern supermarket chain, but we find **Decathlon's** initiative more interesting and likely to translated into actual sales because of the types of items being offered. Fitness equipment products are among the sports products that are triggering the highest customer demand in these difficult times, but they can be sold mostly online.

Kurt Salmon, the consulting company that is part of **Accenture Strategy** (KSA), conducted a study covering more than 70 online stores in the fashion, sporting goods and premium segment in Germany. Most online retailers are facing problems with significant delivery delays due to the current corona crisis and are hesitating to make delivery promises. Deliveries take currently on average two days longer than in 2019, representing an increase of 66 percent in the average delivery time. The percentage of retailers that offer delivery free of charge is increasing. Almost 40 percent of online retailers participating in the survey are not requesting delivery fees or a minimum order value. According to the study, the corona crisis is causing 78 percent of retailers to offer more generous return policies. The average return period is up by 164 percent. The study suggests that branch inventories and bottlenecks in delivery logistics can be reduced through pragmatic and contactless click & collect offers. Only a fifth of the online stores covered in the study publish no indication of the effects of the corona crisis. In ten out of the 70 examined online stores, customers were targeted with special campaigns for certain product ranges, such as "styles for home workout."

Despite the pandemic, **Tennis-Point** will be carrying on with its expansion plans in Spain for the year, albeit with a modified calendar. The German specialty retailer, which belongs to the **Signa Sports United** Group, has seen its sales of tennis products drop by about 70 percent in Spain, even with an open e-tail shop. Sales have fared slightly better in the rest of Europe as a whole, where they are down by 60 percent. Fortunately – as **Tennis Point Iberia's** chief executive, **Miquel Just**, recently said to **CMDsport** – **Signa Sports United** believes itself sound enough financially to weather the pandemic and offset lost sales in certain banners with higher sales in other sectors, chief among them running, fitness and cycling. At group level **Signa** expects to emerge from the pandemic having broken even. **Covid-19** has "put the brakes on all our projects" and postponed a store opening in Barcelona from July to September or October, said **Just**, but **Tennis-Point** will actually be moving up store openings in Madrid and Valencia. **Just** believes that normal business activity will recover only once the pandemic is several months behind us – perhaps by Christmas – and

that the excess inventory that has built up will be sold off at a discount with thin margins.

Results & Statistics

Anta Sports Products was apparently less affected by the coronavirus outbreak during the first quarter in its home market than the big international brands, which previously reported declines of up to 80 percent in the country. In a preliminary statement, Anta, which operates mainly in China, indicated that retail sales of **Anta** branded products fell by between 20 and 25 percent during the quarter as compared to the same period a year ago. Its sales of **Fila** branded products, which had enjoyed stronger growth than Anta's last year, were down by a mid-single-digit rate, said the group. For **Descente** and other brands distributed by the company, sales slipped by a high-single-digit rate. Anta's preliminary report did not mention anything about its financial performance, which is partly dependent on the results of minority-owned **Amer Sports**.

The brand value of the world's 500 biggest companies might lose up to an estimated \$1 trillion as a result of the coronavirus crisis, according the "Brand Finance Global 500 2020" survey. **Brand Finance**, whose surveys aim at creating a link between marketing and finance, also conducted a Covid-19 impact analysis by sector, and the apparel sector emerged as one of the most heavily impacted globally, with apparel brands facing a potential 20 percent loss in brand value as a result of the pandemic. The situation was different at the beginning of this year. As of Jan. 1, 2020, **Nike** emerged again as the world's most valuable apparel brand overall, for the sixth consecutive year, followed by **Gucci**, **Adidas** and **Louis Vuitton**. Nike's brand value rose by 7.3 percent to \$34.7 billion. After a big jump of 41 percent in the previous year, **Adidas'** brand value slipped by 1.1 percent to \$16.5 billion in the course of 2019. **Anta** grew by 20.7 percent, and the Chinese company came ahead of other brands including **The North Face** and **Moncler** in the rankings. Across all the segments of the apparel market, the biggest increase was recorded by **Levi's**, up by 38.1 percent. Across all sectors, **Rolex** was rated as the top brand in terms of "brand strength," followed by **Gucci**, **Nike**, **Louis Vuitton**, **Hermès**, **Moncler** and **Adidas**.

The coronavirus epidemic hampered **Crocs'** results early in the first three months of the year, especially in Asia, but this was partly offset by high store comparable sales in America, where the virus disrupted retail late in the quarter. Revenues for the first quarter declined by 5.0 percent from the year-ago quarter to \$281.2 million, or by 3.3 percent on a constant-currency basis. The company warned that second-quarter sales could drop further despite signs of recovery in China and South Korea. The adjusted operating margin fell by 2.3 percentage points to 9.4 percent, and net income tumbled by 55.1 percent to \$11.1 million. More on the *SGI Europe* website.

The Outdoor segment of the **Conzzeta Group**, which basically consists of the **Mammut Sports Group**, suffered a drop of 26.2 percent in revenues on a currency-neutral basis in the first quarter. They were down by 28.2 percent on a reported basis to 50.8 million Swiss francs (€48.3m-\$52.3m). The group noted that the decline in the division was mainly due to the closure of many retail stores because of the coronavirus pandemic, which meant the loss of its main sales channel. As previously reported, Mammut and other operations of the group are up for sale. At the end of February, Conzzeta sold its **Schmid Rhyner** business unit, which should result in a capital gain of CHF 45 million (€42.8m-\$46.3m). The group pointed out that it has enough liquidity and a sufficiently high equity ratio to implement initiatives and respond quickly and flexibly to future development. More in the Outdoor Industry Compass.

Polygiene stabilized its business in 2019, with sales declining by just 0.3 percent to 68.8 million Swedish kronor (€6.34m-\$6.82m), with cash flow improving and turning positive. Sales actually grew by 6.3 percent excluding the divested Protective Surfaces business, but the operating margin declined and the company ended up with a higher pre-tax loss of SEK 6.6 million (€0.6m-\$0.7m). The equity/assets ratio declined to 66.8. After a tough start of the year, especially in China and the U.S., record high sales were recorded in the third and fourth quarter of 2019, and the trend continued into the first quarter of 2020, which showed positive growth overall, but it was stopped by the Covid-19 outbreak in February as clients started to get order cancellations.

Spain has been one of the European countries that has been most affected by the novel coronavirus. **Gerard Figueras**, secretary general of sports and physical activity for the autonomous region of Catalonia, has told *CMDsport* that its government hopes to lift the Covid-19 quarantine of children on April 27 and might at the same time implement a multi-phase plan to reinstate sports activities. In the first phase of Catalonia's plan the public would be permitted to venture out of their residence – for about an hour and within a certain radius – to practice non-competitive sports such as running, walking and calisthenics, which is something that Spaniards cannot do at present. Public facilities and parks would remain closed, and permission might be granted at different times of day to different age groups. In a second phase, to begin ideally before summer, public and private gyms and other such facilities would reopen as long as they comply with all sanitary and hygienic protocols. According to Figueras, gym owners would prefer even a limited reopening – with no access to changing rooms, for example – to the current shutdown. At a later stage, which still lacks even a preliminary date, competitive sports would come back, albeit with empty stands. All of this depends on whether the Spanish government decides to allow the autonomous commu-

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nities to set their own calendars. The matter is up for deliberation at the present time.

Legal & Institutional

At its general assembly this month – held online to comply with Covid-19 quarantine – **EuropeActive** appointed **Silke Frank**, event director for the fitness trade show **Fibo**, to its board of directors. Frank joins **Alfonso Jiménez** of **Ingesport Go Fit**, **Jennifer Halsall** of **Basic-Fit International** and **Ana Damaso** of **Portugal Activo**. **David Stalker** and **Andreas Paulsen**, both of whom are returning to the board, will serve as president and executive director, respectively, while **Marco Mazzanti** will serve as a co-opted member. No one from **Fibo** has ever before held a seat on the board of the European association for the fitness & physical activity sector. Frank will be working on finance and strategy.

CMDsport reports that seven trade organizations – the **Spanish Confederation of Commerce (CEC)**; the **Spanish Association of Buying Groups (Anceco)**; the retail, service and restaurant associations **Amicca**, **Comertia**, **Acotex** and **Eurelia**; and the **Spanish Federation of Home Appliance Merchants (Fece)** – have submitted a formal letter to the Spanish government to request aid for retailers during the Covid-19 crisis. The quarantine has brought a radical drop in their revenues, and the associations argue that without relief from the payment of store rents, some 50 percent of the businesses in their sector might be forced to cease operations or, in the short and medium term, lay off hundreds of thousands of people. The associations represent more than half of Spain's total retail sector, according to *CMDsport*, with 510,000 points of sale and 1.7 million jobs. The sector is Spain's top employer and accounts for 13 percent of the Spanish economy. The associations seek a new framework for the bilateral renegotiation of commercial leases, with rent forgiveness to cover the entirety of the quarantine and the six months thereafter, as well as an amendment of the Law on Urban Leases, which they consider obsolete for commercial property. They would also like these legislative proposals to take shape within a government-established forum.

CMDsport reports that the owner of **Base Deportes Santa Gema**, **Francisco Torrejón**, deems the Spanish government's moratorium on rents "insufficient," as it doubly excludes companies like his own. Decreed on April 21, the moratorium applies to independent workers and, more pertinently, to SMEs with no more than €6 million in annual revenues and 110 employees, enabling them to postpone payment without penalties. **Base Deportes Santa Gema** operates 14 stores at major malls and on major thoroughfares in eight areas of Málaga and Granada. Its total monthly rents amount to €175,000 – or 13 to 20 percent of its sales. According to Torrejón, rent owed since March 14 – when the government shut down retail in Spain – will soon reach €350,000. So far

the banner has obtained discounts from only two of its landlords. Three things compound the problem for Torrejón: uncertainty over the shutdown's duration (May 9 is the projected end), uncertainty over consumer behavior in the pandemic's aftermath and the undoubtable lack of tourists this summer. The government, he tells *CMDsport*, "is unaware of our problem." "Without help," he adds, "we will not be able to open all the stores or employ the same people." **Base Deportes Santa Gema's** suppliers, according to Torrejón, estimate a 50 percent drop in sales for June, July and August and declines of 20 percent in November and December.

The British government released a statement on April 23 saying it "will temporarily ban the use of statutory demands and winding up orders where a company cannot pay their bills due to coronavirus." High street shops and other companies will be "asked to pay what they can" during the pandemic. As *Reuters* reports, the **British Retail Consortium** and **British Property Federation** had written to chancellor **Rishi Sunak** a few days previously to request government aid for commercial tenants. The same government statement also quotes the communities secretary, **Robert Jenrick**, who remarked on the flipside of the problem, as landlords too are short of revenues. The government, he said, is "working with banks and investors" to ameliorate the situation. Retailers that have withheld rent for the March quarter include **JD Sports** and **Primark**.

+++ **Patagonia** has decided to dismiss its suit against **OC Media** over a "**Petrogonia**" clothing range allegedly infringing Patagonia's wordmark and logo +++

Product

Nike has released the **Air Max Koko**, a new unconventional sandal for women. The Air Max Koko is derived from the **Max Air** sneaker concept, which has been turned into an atypical summer sandal.

Vibram is launching the **FiveFingers V-Train 2.0**, a new model for the spring/summer 2020 collection, for men and women. The shoe is designed for indoor physical activities like pilates or yoga, as well as for heavy workouts that require endurance and agility. The new model is available in black/black, black/blue and black/orange for men, and black/black, black/pink and black/green for women.

Marketing

Amazon is emerging as a contender to become the main sponsor of **Tottenham's** new stadium, according to reports in the *Daily Mail*. The British newspaper also indicates, however, that any agreement for the naming rights of the stadium is far from complete, especially in consideration of the general uncertainty caused by the coronavirus pandemic. **Nike** is reportedly another

interested party. Amazon has spent the season filming at the football club for its forthcoming documentary "All or Nothing."

Nike has announced a multi-year shoe and apparel endorsement deal with **Sabrina Ionescu**. The financial terms of the agreement have not been disclosed. The **Women's National Basketball Association (WNBA)** player was named Naismith Player of the Year and AP Player of the Year during her last year at the **University of Oregon**. On March 17, she was selected to play with the **New York Liberty**, an American professional team in the New York metropolitan area. Ionescu also wore Nike during her career at Oregon.

Vans has signed the famous skateboarder and former **X-Games** star **Tony Hawk** as a global brand ambassador. He will be promoting the brand's global platforms and produce a new competition for professional vert (halfpipe) skating, while continuing to serve as a color commentator for the **Vans Park Series**. Hawk donned his first skate shoes, a pair of Vans, in 1978 and wore almost nothing but the brand's shoes through the mid 1980s. To practice social distancing during the Covid-19 pandemic, Vans and Hawk are taking part in livestreams, philanthropic give-back programs and product collaborations.

+++ **Kappa** will replace **Le Coq Sportif** as the kit sponsor of **Fiorentina**, the Italian **Serie A** football club, in a new four-year agreement that will debut in the 2020/21 season +++ **Bianchi** has become the new official sponsor of the **Giro d'Italia**, the big Italian bicycle race, after inking a three-year agreement with **RCS Sport** that also includes the sponsorship of three other races – the **UAE Tour**, **Il Lombardia** and, from 2021, the **Strade Bianche** +++

Trade Shows & Other Events

Performance Days, the trade show devoted to functional fabrics, was scheduled to take place in Munich on April 22-30, and was cancelled with no alternative event date due to the Covid-19 crisis. However, a digital fair has been put in place to allow the industry to keep informed about the trends for summer 2022, including the show's **Performance Awards**. This year's awards are presented online only, and the Performance Award went to **BenQ** for its **OD677** while the winner of the **Eco Performance Award** is **Stotz** for the **Ventile Eco 205**. The BenQ OD677 is a 3-layer laminate, designed to combine performance and sustainability. The outer and inner fabric are made from 100 percent recycled polyester and laminated with the PFC-free **Xpore** membrane, which is made completely solvent-free and without the use of water. The Xpore membrane, which previously won an **Ispo Award**, can be easily recycled together with the unmixed outer and inner fabric. Stotz' Ventile Eco 205 coat fabric, described as ideally suitable for use in a sports context, is a blend of 32 percent hemp and 68 percent organic long-staple

cotton. Thanks to its densely woven construction, this fabric is windproof. The material, equipped with a PFC-free durable water repellent (DWR), can also withstand a rain shower. Both winning fabrics are exhibited digitally in the forum highlights of the show's website. The jury of experts for this atypical edition of the awards met virtually and chose the winners after evaluating more than 1,000 fabrics.

The **European Outdoor Group (EOG)** has announced the postponement of this year's **European Outdoor Summit (EOS)**, which was originally planned for Oct. 15-16 in Annecy, France. While the venue will remain the same, the date of the next summit in the autumn of 2021 has not yet been announced. The decision to postpone was taken after consultation with **Outdoor Sports Valley (OSV)**, the EOS partners for 2020 and the EOG board of directors.

To avoid overlapping with the **Outdoor Retailer Winter Market** in the U.S. (Jan. 27-29), **Messe München** has postponed the next **Ispo Munich** to Jan 31 to Feb 3, 2021. Originally, the event was scheduled to run from Jan. 28-31. The new dates will bring the show back to the familiar weekdays starting on Sunday and ending on Wednesday. At the past Ispo Munich in January 2020, more than 2,800 exhibitors presented their latest sports products in the segments snow sports, outdoor, health & fitness, urban and team sports at the Munich exhibition center. The second edition of **OutDoor by Ispo**, originally scheduled for 28 June to 1 July, had to be cancelled owing to the Covid-19 pandemic.

Ispo has developed a Covid-19-related retail survey, inviting all sports and outdoor retailers to participate, whatever their size and the countries in which they operate. The results and insights will be helpful for the Ispo Group to develop digital alternatives and tools to support the sporting goods business as much as possible during and after the pandemic. The results are also intended to provide the entire industry with a representative overview of the current situation. The survey is called "How can ISPO support the sports- and outdoor-retail in times of the Covid-19 pandemic?" and can be accessed in English and German.

The **UCI (Union Cycliste Internationale)**, the world governing body for sports cycling, has unveiled more details of the revised 2020 calendar of events, due to the coronavirus pandemic. The **Tour de France** will now take place from Aug. 29 to Sept. 20, 2020. The **2020 UCI Road World Championships** in Aigle-Martigny (Switzerland) will take place on the scheduled dates, Sept. 20-27. The **Giro d'Italia** will take place after the UCI Worlds, and will be followed by the **Vuelta** in Spain. The **Monuments**, i.e. the most prestigious one-day road races - Milano-Sanremo (Italy), Tour des Flandres (Belgium), Paris-Roubaix (France), Liège-Bastogne-Liège (Belgium) and Il Lombardia (Italy) - will all take place this season, although the dates are yet to be decided.

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+++ **Scottish Golf** has cancelled its entire 2020 schedule of events because of the coronavirus pandemic +++ **Norspo**, the semi-annual Norwegian sporting goods fair originally planned to take place in Oslo on June 21-22, has been cancelled because of Covid-19 +++

CSR & Sustainability

A 10-day auction launched by **Adidas France** and called “**Athlètes et Solidaires**” – which translates roughly to “Athletes Pitching In” – came to close on April 14, having raised a total of €107,730 for the **Hospitals of Paris - Hospitals of France Foundation** to help deal with the Covid-19 pandemic. The initiative was the brainchild of the French national handball team’s goalie, **Vincent Gérard**. It received donated gear and apparel from another 82 Adidas-sponsored athletes in 21 sports. Among the actioned items were a number worn by the biathlete **Martin Fourcade** (€12,200), a helmet worn by the skier **Alexis Pinturault** (€19,600), a jersey worn by the volleyball player **Kévin Tillie** (€3,100), and the T-shirt worn by **Jo-Wilfried Tsonga** when he defeated **Roger Federer** in 2014 (€5,300). The proceeds will go toward medical equipment, meals for medical personnel, tablet computers to keep nursing home residents in touch with their families and other such items.

As we reported at the time, **Adidas** began working in 2017 with an American 3D-printing start-up called **Carbon** to produce midsoles for the **Futurecraft 4D** model with a proprietary technique called **Digital Light Synthesis (DLS)**. Now, to help with the Covid-19 pandemic, the two companies are using the same technique to 3D-print face shields for medical personnel, first responders and “underserved communities” in the U.S. Like the midsoles, the face shields consist of a “highly elastic, tear-resistant material called Elastomeric Polyurethane,” which can be sanitized and reused. According to Adidas, Carbon has been able to increase its weekly production from 18,000 to 50,000 shields and is sharing the print files online for the use of anyone with a Carbon printer. The files and a face-shield request form are available at <https://www.carbon3d.com/covid19/>.

Buff has become a founding member of the **Climate Action Corps**, a movement promoted by the **Outdoor Industry Association (OIA)** that seeks to remove toxic residues from the natural environment. Accordingly, the Spanish neckwear and headwear brand will be measuring and reporting annually on the carbon footprint and greenhouse gas emissions of its manufacturing, distribution and sales operations, while laying out a plan to reduce them. The OIA has recruited 60 companies worldwide for the project. For the past several years, Buff has been working on its Do More Now program to make its production more efficient, to trade PET-derived fibers for traditional fibers, and use merino wool from suppliers who guarantee the well-being of their sheep.

Crocs is offering medical personnel in the U.S. battling the Covid-19 pandemic a free pair of **Crocs**, shipping included. According to *Footwear News*, the American company began gearing up in late March to dispatch up to 10,000 pairs a day in response to online requests. In addition, Crocs plans to donate up to 100,000 pairs to select hospitals and clinics. The initiative will continue for as long as inventory permits and is drawing on the cooperation of such retailers as **Shoe Carnival**, **Famous Footwear** and **Rack Room Shoes**.

With the **Ansur Windproof** series, **Klättermusen**, the Swedish outdoor brand well known for its sustainable products, is introducing a new windproof alpine and trekking outerwear line made of **Katla Cotton**, a new variety of organic cotton certified by the **Global Organic Textile Standard**. Klättermusen describes the material as an organic alternative to synthetic outerwear. The cotton is woven under pressure and heat, making it windproof, water-repellent and breathable. It is also biodegradable. Combined with rip-stop threads made of cotton with a higher denier count, Katla becomes extremely robust and hard-wearing. Since Katla is 100 percent downproof, it is also ideal for winter clothing. Inspired by the manufacturing process, which requires heat, the new organic cotton is named after one of the most active volcanoes in Iceland.

Nike has celebrated this year’s Earth Day (April 22) by launching a new program on nike.com that makes it easier to search, shop and learn about the sustainable features of its products. Thanks to a new “Shop Sustainable Materials” tab in the navigation, it is now easier to spot sustainable products on the website. Furthermore, a new “How This Was Made” feature is now available for products meeting the threshold of at least 50 percent sustainable materials, which includes a description of the benefits of these materials as compared to conventional ones.

Nike and **Ukactive Kids** have launched **Move Crew**, a new initiative designed to help children reach their 60 minutes of daily recommended activity. Ukactive is a British not-for-profit health organization for the physical activity sector. The Move Crew initiative sets daily “activity missions” for children to complete. A new Move Mission will be released every morning at 8 am. The program targets children across the U.K. aged between 7 and 12.

Sanitized, the Swiss-based specialist in antibacterial finishings, has said that treating polyester with its additives can reduce viral load by up to 99 percent. The Sanitized T99-19 and T11-15 have been tested by independent laboratories, which have found them “verifiably effective” against viruses in accordance with the ISO18184:2019 standard. This is ISO’s dedicated standard for the “Determination of antiviral activity of tex-

tile products". The tests were conducted using a feline coronavirus that possesses structures and mechanisms reminiscent of the SARS-Cov2, thereby facilitating inferences about Covid-19, Sanitized explained. The antiviral treatment is said to be suitable for face masks, protective medical clothing, mattresses or bed linen.

Skechers has donated more than \$509,000 to the **Petco Foundation**, bringing its total contributions toward animal welfare agencies to more than \$5.45 million. The latest donation stems from the proceeds of the **Bobs from Skechers** collection. Petco is helping pet shelters and other such agencies in the U.S. handle some one million dogs and cats during their forced closure under Covid-19 quarantines. Skechers says that since 2016 it has helped rescue more than 661,000 animals and funded care for more than 371,000 others in the U.S. The company launched a parallel Bobs initiative in Canada in January.

To support the many independent skateboard shops that have had to close during the Covid-19 pandemic in Europe, **Vans** is launching a program called "**Foot The Bill**." The company is granting access to its **Vans Customs** platform to stores in the U.K., Germany, France, Italy and the Netherlands. There they can modify the design of the **Vans Classic Slip-On** or **Era** to something that represents them individually and collect the net proceeds of any sales up to 500 pairs per store. End customers can buy the individual designs as they are or further customize them with "other color, print and material combinations." The initiative actually began in the U.S. in early April, with more than 30 skate shops, restaurants and other business taking part. It will expand in Europe over the next month.

The **Zero Discharge of Hazardous Chemicals (ZDHC) Foundation** has launched a free manual, entitled "Detoxing the Fashion Industry for Dummies," to share knowledge about the use of chemicals in the fashion industry. The manual provides specific insights into the industry's supply chain and explains why the fashion industry uses chemicals, as well as the potential ways to improve how it works. The book is meant for both people in the wider textile and apparel industry and consumers.

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