

SGB

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WEEKLY

THE WEEKLY DIGITAL MAGAZINE FOR THE SPORTING GOODS INDUSTRY

2012

YEAR IN REVIEW





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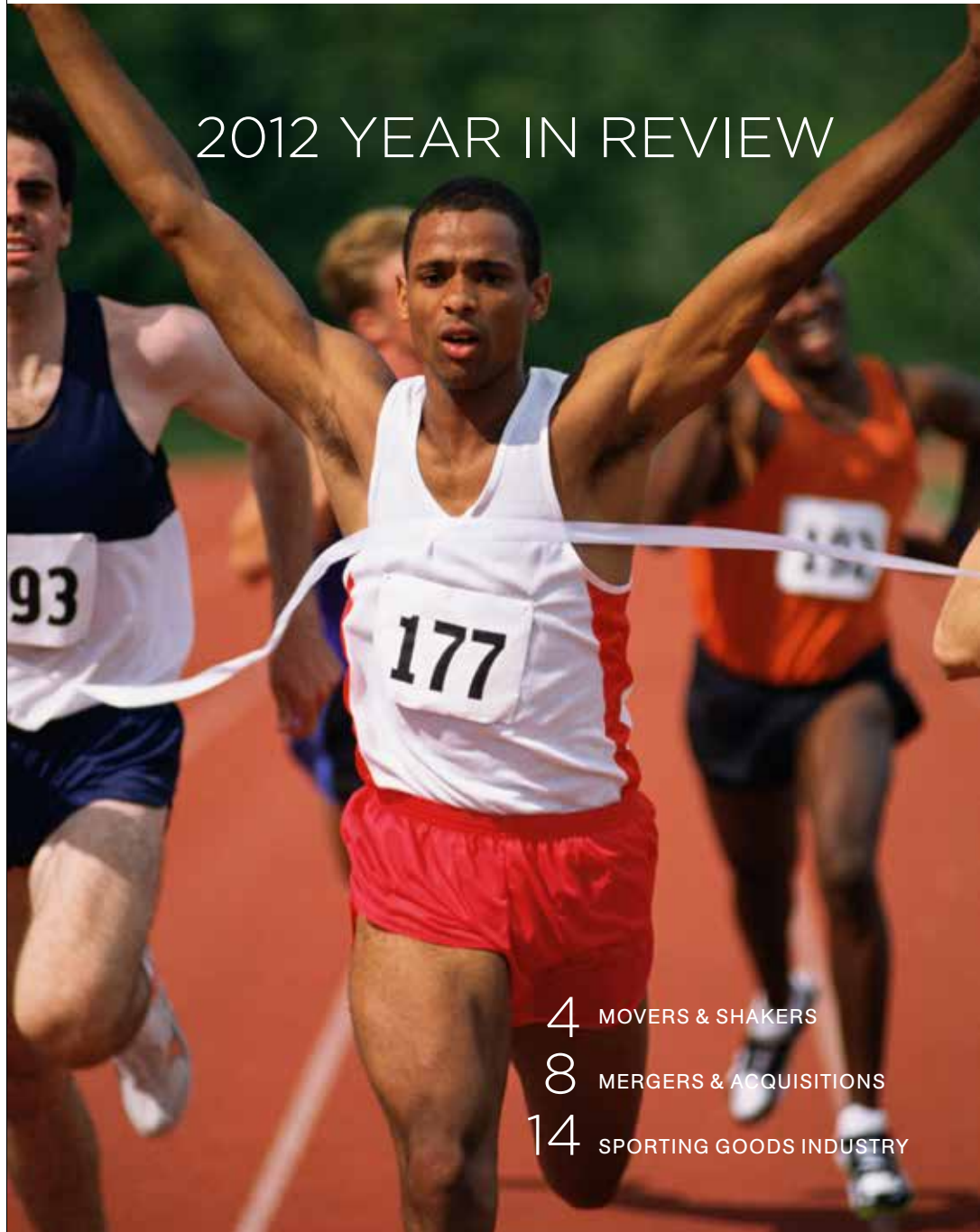
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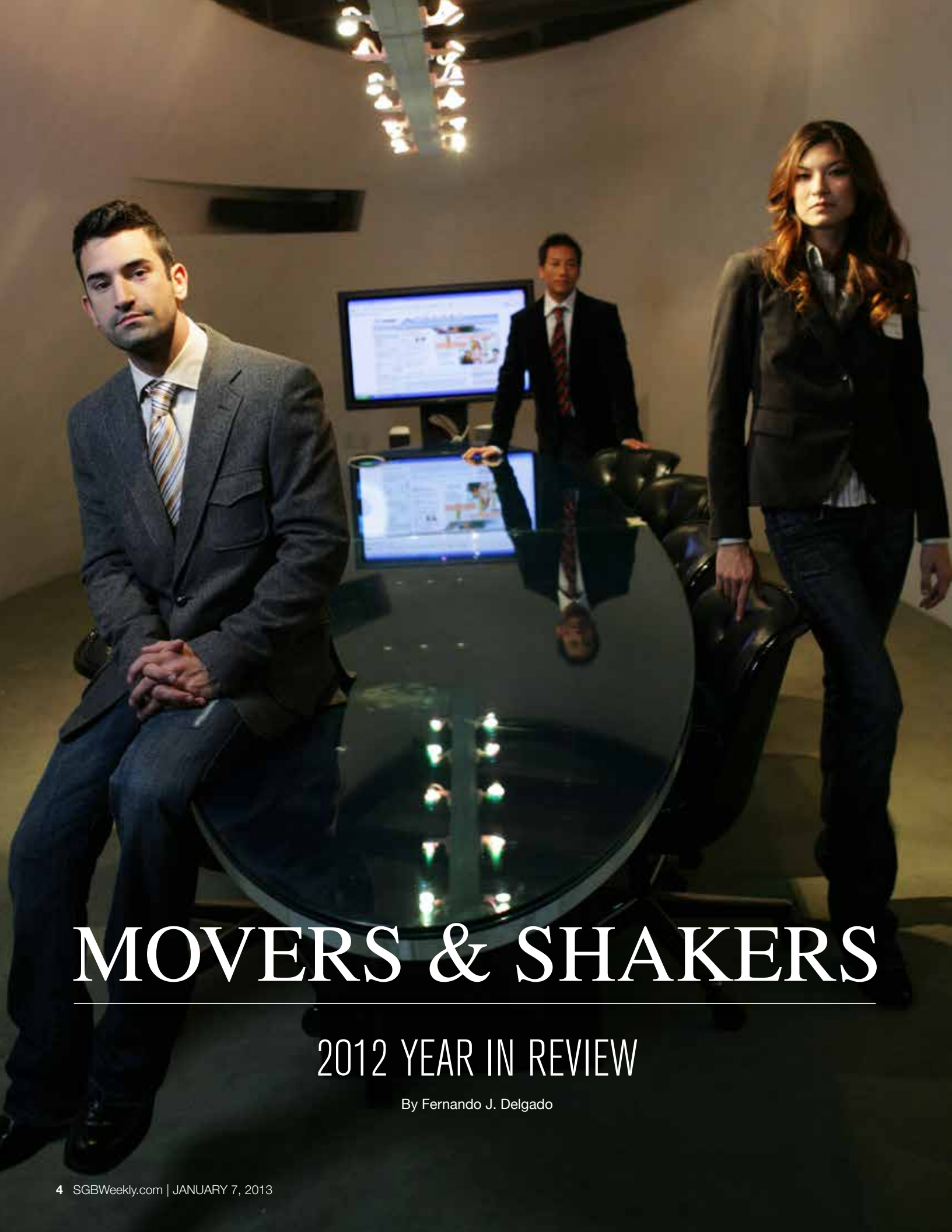
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MOVERS & SHAKERS

2012 YEAR IN REVIEW

By Fernando J. Delgado

JANUARY

Mizuno USA hired **Hartmut Junghahn** as VP of Latin America.

The Finish Line, Inc. appointed **Mark S. Landau** chief business development officer.

Sears Holdings Corp. named **Ron Boire** EVP, chief merchandising officer and president of the Sears and Kmart business units.

Johnny Mac's Sporting Goods promoted **Adam Burns** from GM of retail sales to COO.

Urban Outfitters, Inc.'s **Glen T. Senk** stepped down as CEO and was succeeded by co-founder and Chairman **Richard A. Hayne**.

Bearpaw Footwear hired **Richard Marten** as its VP of international business development.

Timberland appointed **Diane Woods** as VP and GM of North America.

Collective Brands' Performance + Lifestyle Group appointed **Rick Blackshaw** as president of the Keds brand.

Nike, Inc. appointed **Bert Hoyt** VP and GM of Western Europe.

Shock Doctor hired **Paul Rutherford** as GM, Shock Doctor EMEA.

FEBRUARY

Hibbett Sports, Inc.'s SVP and CFO **Gary A. Smith** announced his retirement from the retail chain effective June 1, 2012.

Golfsmith International appointed **Sue Gove** president of the company, in addition to maintaining her role as COO and CFO.

REI named **Angela Owen** SVP of marketing and **Lee Fromson** as SVP of merchandising.

MARCH

Callaway Golf Company appointed **Chip Brewer** as president and CEO of the company.

Rockport appointed **Tobias Reiss-Schmidt** as president and CEO.

Competitor Group, Inc. named **Scott Dickey** president and CEO.

Moosejaw Mountaineering named **Eoin Comerford** as president and CEO.

Dancin' Dogg Golf appointed **Joe Moses** as VP of international sales.

APRIL

Boa Technology hired **Merle McCreery** as its first CFO.

Modell's Sporting Goods promoted **Charles Castaneda** to executive VP planning, allocation, replenishment and e-commerce merchandising. **Todd Smyth** was promoted to VP and GMM of its licensed product division.

Payless ShoeSource named **Michele Bergerac** as SVP and GMM for Payless' Women's and Accessories businesses.

Freedom Group, Inc. named **Tony Moore** senior VP of supply chain.

Vanguard USA hired **Robert DeRosier** as marketing executive overseeing all North American marketing activities related to the company's Outdoor division.

Nathan hired **Michael Lewis** to the key position of director of product planning, purchasing, and merchandising.

Polar appointed **Herb Baer** as president of Polar USA.

Modell's Sporting Goods named **Daniel Sheehan** COO.

MAY

Quiksilver, Inc. selected **Richard Shields** as its new CFO.

Foot Locker, Inc. promoted **Richard A. Johnson** to the position of executive VP and COO.

Redcats USA appointed **Jon Bernstein** CEO of The Golf Warehouse.

Escalade Sports promoted **Dave Fetherman** to president of its Sports Division.

Matt Hyde was named president and CEO for **West Marine, Inc.**

Gary Rich formed **Rich Footwear Group**.

Billabong International, Ltd. named **Launa Inman** as managing director and CEO.

Billy Casper Golf Chairman and CEO **Peter Hill** was elected chairman of the board of directors of the National Golf Foundation.

Hi-Tec Sports appointed **Rick Randleman** as director of operations, USA.

Mountain Hardwear, Inc. appointed **Tom Shores** as national sales manager - Mountain Hardwear and Montrail.

Sierra Trading Post hired **Brent Layton** as its director of retail operations.

JUNE

Crocs, Inc. appointed **Jeff Margolis** to the company's Board of Directors.

REI elected **Beth Newlands Campbell, Stephen Lockhart** and **Gerry Lopez** to three-year terms on the co-op's Board of Directors.

Mark Lardie was appointed president and CEO of **Rack Room Shoes**.

Hydro Flask hired **Scott Allan** to lead the company as its president and CEO.

Hibbett Sports, Inc. hired **Scott J. Bowman** as senior VP and CFO.

Amer Sports named **Vincent Wauters** as GM for Arc'teryx, Inc.

Timberland announced **Timo Schmidt-Eisenhart** as VP and GM for Timberland Europe.

Fanatics, Inc. appointed **Jack Boyle** as president of merchandising.

Callaway Golf Company appointed **Harry Arnett** as senior VP, marketing.

JULY

Under Armour, Inc. elected **Brenda Piper** to the company's board of directors.

Larry Miller resigned as president of the Portland Trail Blazers and returned to **Nike, Inc.** as head of the Jordan brand.

Yakima Products appointed **Mark Reis** as CEO, in addition to his titles as CFO and COO at the time.

PrimaLoft, Inc. named **Tom Seaver** as CFO. **Cramer Products, Inc.** promoted **Rob Mogolov** to director of marketing.

EMU Australia appointed **Scott Sible** as CEO of North America.

Freewaters Footwear hired **John Vance** as president and CEO.

AUGUST

JJB Sports named **Beverley Williams** as CEO on an interim basis.

Freedom Group, Inc. (FGI) appointed **Ross J. Saldarini** as SVP of accessories and lifestyle.

Leader Bike announced the appointment of **Keith Simmons** as the company's president.

Pacific Sunwear of California, Inc. promoted **Alfred Chang** to senior VP of men's merchandising.

Outdoor Industries Women's Coalition (OIWC) hired **Deanne Buck** as its executive director.

BH North America appointed **Steve Lindenau** as president and CEO.

Greg Beidler joined **The Finish Line, Inc.** as senior VP, store operations.

Zumiez, Inc. appointed Travis D. Smith to the company's board of directors.

Nautilus, Inc. tapped **Linda Pearce** as CFO.

Cabela's, Inc. appointed **Sean Baker** president of World's Foremost Bank and announced he would become CEO effective January 1, 2013.

The Finish Line, Inc. announced that **Jeffrey Sherry** joined the company as VP, business development and corporate strategy, and appointed **Amber Vanes** as VP, planning and allocation.

SEPTEMBER

Peter Weaver assumed the role of global CEO for **Tecnica Group**.

Ron Steele was promoted to president of **Group Rossignol** North America.

Tim Petrick rejoined **K2 Sports** in the role of president, global sales and marketing.

Sports South, LLC. named **Walter Frederick** as president.

McNett named **Travis Huisman** to the post of CEO.

Reebok International, Ltd. shifted **Uli Becker** to president of Reebok North America.

Skechers USA, Inc. appointed **David Becroft** as managing director of Skechers USA Canada.

Nation's Best Sports (NBS) added **Dave Nacke** as VP merchandising.

Vibram promoted **Michael Martin** to GM of Vibram FiveFingers and Finished Goods North America.

The Finish Line, Inc. hired **Scott Hoffman** as executive VP, chief merchandising officer.

Crocs, Inc. promoted **Scott Crutchfield** to COO. Also, **Dale Bathum** was appointed chief product officer, **Mike DeBell** was tapped as chief sales officer and **Doug Hayes** was appointed president of the Americas market.

La Jolla Group named **Ian Calvesbert** as GM for EMEA.

Skullcandy, Inc. appointed **Kyle B. Wescoat** as senior VP and CFO.

City Sports named **Edward Albertian** as president and CEO of the company.

Bauer Performance Sports, Ltd. board of directors unanimously appointed **Bernard McDonell** as chairman.

Dan Templin left VF Outdoor to join **Eddie Bauer, LLC** as COO and CFO.

OCTOBER

PPR appointed **Marie-Claire Daveu** as chief sustainability officer, head of international institutional affairs of PPR and member of the PPR executive committee.

REI promoted **Brian Unmacht** to COO.

SylvanSport hired **S. Peyre** Cleveland as its new sales manager and **Patrick Kennedy** as operations manager.

Rossignol Group North America promoted **Kurt Hoefler** to VP of sales for Rossignol U.S.A.

Billabong International, Ltd. appointed **Dr. Ian Pollard** as director and chairman elect of its board of directors.

G3 hired **Gord Bailey** to the position of VP sales and marketing.

Payless Holdings, the parent of Payless ShoeSource and Collective Licensing International (CLI), announced that **W. Paul Jones** was named CEO.

Golfsmith International named **Sue Gove** as president and CEO.

NOVEMBER

Wolverine Worldwide appointed **Michael Hebreard** as VP and GM for the company's Cushe brand.

Callaway Golf designated **Bradley Holiday** as chief accounting officer in addition to his responsibilities as CFO.

The Footwear Distributors and Retailers of America (FDRA) hired **Andy Polk** as VP.

Christopher & Banks Corporation (CBK) elected **LuAnn Via** as the company's president and CEO.

Outdoor Tech (OT) hired **Adam Janecka** as VP of sales.

Asics Brazil appointed **Giovani Decker** as president.

Paris Glove of Canada, Ltd. named **Robert Langlois** as CEO.

EB Brands appointed **Steven Brigham** as CEO.

Exxel Outdoors promoted **Tory Upham** to VP of sales.

Pearl Izumi promoted **Mike O'Connor** from the position of VP of consumer service, retail and distribution, to divisional president replacing **Juergen Eckmann** who announced his departure effective April 1, 2013.

Fleet Feet, Inc. promoted **Luke Rowe** to SVP, business development and **Robyn Goby** was elevated to VP, marketing and communications.

DECEMBER

Shoe Carnival, Inc. appointed **Carl Scibetta** as executive VP and GMM.

The National Interscholastic Cycling Association (NICA) appointed **Austin McInerney** as executive director.

Volcom, Inc. co-founder **Richard Woolcott** assumed the role of executive chairman. **Jason Steris** was named CEO.

Madd Gear named **Brian Anderson** as president and CEO of Madd Gear Americas.

Smack Sportswear hired **Charles A. Lesser** as the company's new CFO.

Tony Post, former president and CEO of Vibram USA, formed **ToPo Athletic**.

NRI named **Bill Bellerose** as GM of U.S. operations (NRI USA).

Newton Running named **Kirk Nichols** as VP of sales.

Broder Bros. Co. appointed **Norman Hullinger** as CEO.

Eddie Bauer, LLC. hired **Steve Venegas** as VP distribution, North America.

Garmin, Ltd.'s board of directors appointed President and COO **Clifton Pemble** to succeed President, CEO and Co-Founder **Dr. Min Kao** effective January 2, 2013.

Nike, Inc. named **Roger Wyett** its VP of Action Sports.

Inov-8 added **Lee Cox** as its new VP of sales for U.S. business.



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MERGERS & ACQUISITIONS

2012 YEAR IN REVIEW

By Thomas J. Ryan

Despite a volatile stock market, mergers and acquisitions continued to proceed at a healthy rate in the sporting goods and outdoor space.

The mega-deal of the year was Wolverine Worldwide's acquisition of Collective Brands' Performance + Lifestyle Group (PLG), which consists of the Sperry Top-Sider, Saucony, Stride Rite and Keds brands, for a total purchase price of approximately \$1.24 billion. As part of the deal, investment firms Blum Capital Partners and Golden Gate Capital jointly acquired the operations of Payless ShoeSource and Collective's international licensing business, which together operate as a standalone business known as Payless Holdings.

Among other larger shoe deals, ABC-Mart, a leading footwear retailer in Japan, in August acquired LaCrosse Footwear for \$137 million in what promised to extend the company's reach internationally. Its two top executives, Joe Schneider, formerly president and CEO, and David Carlson, EVP and CFO, left by October.

Heelys, Inc. was acquired by Sequential Brands Group in a deal valued at approximately \$63 million. The brand quickly landed an exclusive, long-term license agreement with BBC International, LLC, which makes kids shoes for Polo Ralph Lauren, Warner Brothers and Disney. Sequential Brands earlier in the year acquired the DVS action sports footwear brand for \$8.55 million in cash.

Lotto Sport Italia sold the Etonic brand to Etonic Holdings, LLC, a venture partnered by the Weisfeld Group and Anthony L&S Footwear.

Deckers Outdoor acquired a minority stake in Hoka One One, the running shoes featuring oversized outsoles that have become the rage with ultra runners.

Nike Inc. always seems to be a rumored acquirer over the years in many mega-deals with its \$3.5 billion in cash and short-term investments at the close of its quarter ended November 30. But the sporting goods giant moved to sell both Cole Haan and Umbro in order to focus on stronger growth opportunities for the Nike brand as well as Converse, Jordan and Hurley.

Umbro, which Nike had acquired in 2008 for \$582 million, was sold to Iconix Brand Group for \$225 million in cash. Nike recouped a better return on Cole Haan, agreeing to sell it for \$570 million to Apax Partners after buying it back in 1988 for \$95 million.

Among outdoor brands, Altor Equity Partners sold a controlling stake in Helly Hansen to Ontario Teachers' Pension Plan Board, the Canadian pension fund. Reports valued the Norwegian outdoor apparel maker at around \$350 million.

Samsonite International S.A. acquired High Sierra Sport Company for \$110 million cash. Accell Group N.V. purchased Raleigh Cycle Ltd. for about \$80 million after acquiring Currie Technologies, a market leader in electric bicycles in the U.S. market, earlier in the year.

Albany International Corp. sold the assets of its Primaloft Products business to a management led buyout group for \$38 million.



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Outlast Technologies, the maker of temperature-regulating technologies in apparel and footwear, was acquired by Golden Equity Investments, a Colorado private equity firm.

VF Corp. took a pause in 2012 while absorbing its \$2.3 billion acquisition of Timberland Co. from 2011. Jarden Corporation and Columbia Sportswear also stayed on the M&A sidelines last year.

In the team space, Golden Viking Sports, LLC, which for the past three years was the exclusive U.S. licensee of Diadora soccer footwear, apparel and accessories, was acquired by Canada-based sporting goods wholesaler INA International in July. INA, which prior to the agreement held the license for the Diadora brand in Canada, is a division of FGL Sports Ltd., a wholly owned subsidiary of Canadian Tire Corp.

Authentic Brands Group, the owner of TapouT and Silver Star Casting Company brands, acquired the Prince tennis brand in bankruptcy proceedings. It also acquired Sportcraft Ltd., known for its billiards, darts, foosball, table tennis, air hockey and badminton games.

Bauer Performance Sports acquired Cascade Helmets for \$64 million as well as team apparel maker, Inaria International. Shock Doctor acquired Cutters Gloves.

Speedo's parent, Warnaco Group, agreed to be acquired by PVH Corp. in a transaction valued at \$2.9 billion. Warnaco's core business is its Calvin Klein jeans and underwear brands.

Gildan Activewear, which acquired Gold Toe Moretz Holdings in 2011, followed that up with the acquisition of Anvil Knitwear, the supplier of T-shirts and sport shirts for the printwear market, for \$88 million in 2012.

Billabong completed the partial sale of Nixon, the watches and accessories brand, to Trilantic Capital Partners (TCP) for \$285 million, but spent much of the year exploring and seemingly fumbling the sale of the whole company. In February, Billabong rejected a \$906 million takeover offer from TPG Capital as too low. After its business eroded, subsequent lower offers from both TPG and Bain Capital were withdrawn after due diligence. In early December, it

received a bid valued at \$554 million from a consortium led by Paul Naude, former head of Billabong's Americas division, and New York-based private equity firm Sycamore Partners. Billabong's board is considering the offer.

In the golf segment, the Adidas Group, which owns TaylorMade, acquired

Adams Golf in a deal valued at \$70 million. Aldila, a maker of carbon fiber shafts and other composite products for golf clubs, archery and other uses, agreed to be acquired by Mitsubishi Rayon America, Inc. for \$22 million.

Perry Ellis International purchased the worldwide intellectual property rights of the Ben Hogan family of brands from Callaway Golf for a purchase price of \$7 million. Richemont, the Geneva, Switzerland-based owner of a luxury portfolio that includes Alfred Dunhill and Cartier, acquired the golf-themed menswear brand Peter Millar.

Cybox International, the manufacturer of exercise equipment, went private with the fitness equipment manufacturer's largest shareholder, UM Holdings, Ltd., taking control of the company. Johnson Health Tech, the parent of Matrix, Vision, AFG and Horizon, acquired Magnum Fitness.

On the retail side, Sierra Trading Post, the outdoor gear closeout e-tailer, was acquired by The TJX Cos. for approximately \$200 million, or one times Sierra Trading's annual sales. Versa Capital Management, LLC acquired Eastern Mountain Sports (EMS).

Golf Town, based in Toronto, acquired Golfsmith International Holdings for about \$96.5 million. Northern Tool + Equipment, the supplier of tools and equipment founded and owned by the Kotula family, agreed to acquire The Sportsman's Guide and The Golf Warehouse from Redcats USA, a division of French company PPR, for \$215 million.

Global Franchise Group, LLC sold The Athletes Foot (TAF) to Intersport International Corp. (IIC). FGL Sports entered into an agreement to purchase Pro Hockey Life Sporting Goods, Inc., which has 23 urban, high-end hockey stores operating in five provinces across Canada, for \$86 million. The transaction follows Canadian Tire's acquisition of FGL Sports in 2011.

In the team segment, BSN Sports, Inc. resumed its strategy of acquiring sporting goods team dealers, and closed on the acquisition of Martin, TN-based Ken-Tenn Sports, Montgomery, IL-based Hayden's Sport Center; St. Joseph, MN-based GameDay Athletic Supply, and New Iberia, LA-based Holiday Sporting Goods.

Lids Sports Group, part of Genesco, Inc., acquired Cordova, TN-based Dowdle Sports, Inc., the full line dealer of outdoor and athletic sporting goods. Lids also bought Transfer Magic, a technology company that specializes in online embellishment services based in Anderson, IN; and JAS Sports, Inc., the Seattle-based retailer of officially licensed Washington collegiate and Seattle professional sports team merchandise.

Fanatics, Inc., the e-tailer of licensed sports merchandise, acquired Dreams, Inc., the parent of FansEdge and other sports memorabilia websites. In conjunction with the acquisition, Fanatics closed a \$150 million equity investment led by Insight Venture Partners, and a \$75 million line of credit led by Bank of America.

The management team of Fleet Feet, Inc., the franchisor of running specialty stores, partnered with Raleigh, NC - based Investors Management Corporation (IMC) to acquire Fleet Feet Sports from Tom Raynor, CEO and majority shareholder.

Running Specialty Group (RSG), the partnership between The Finish Line and Gart Capital Partners, made its first acquisition with the purchase of five Dallas-based Run On! chains. In August 2011, Finish Line acquired the 18-unit Running Company chain for \$8.5 million. Denver-based Gart earlier this year purchased a minority stake in the enterprise.

Some of the deals that did not go down in 2012 include Spyder, which was reportedly put up for sale by its parent, Apex Partners, over the summer. Land's End, owned by Sears Roebuck Holdings, also reportedly hired Goldman Sachs to explore a potential sale last spring. Dr. Martens ended talks to sell the business after finding lighter-than-hoped-for bids, and Australia's Pacific Brands also terminated merger discussions. ■



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2012 M&A DEALS

ENTITY ACQUIRED	BUYER	ENTITY ACQUIRED	BUYER
Adams Golf	Adidas (TaylorMade-Adidas Golf)	JAS Sports	LIDS Sports Group
Aidila	Mitsubishi Rayon America (deal pending)	Jetboil	Johnson Outdoors
Anvil Holdings	Gildan Activewear	Jog-A-Lite Reflective	TRI Brands
Ariat International	LNK Partners/ Brentwood Associates	Kako ICEtrekkers	Implus
The Athlete's Foot	Intersport Corp.	Ken-Tenn Sports	BSN Sports
Battenfield Technologies	Clearview Capital	Lacoste	Maus Frères
Ben Hogan	Perry Ellis	LaCrosse Footwear	ABC-Mart
Beyond	5.11 Tactical	Lord & Taylor	Hudson Bay
Blacks Leisure	JD Sports	Lundhags	Swix Sport AS
Blue Tomato	Zumiez	Magnum Fitness	Johnson Health Tech
Cascade Helmets	Bauer Performance Sports	Matix Clothing	Westlife Distribution
Cervélo	Pon Holdings BV	Molehill Mountain Equipment	Plangea
Cole Haan	Apax Partners (deal pending)	Nockturnal Lighted Nocks	Rage Outdoors
Collective Brands' Performance + Lifestyle Group	Wolverine Worldwide	Outlast Technologies	Golden Equity Investments
Currie Technologies	Accell Group	Pamida	Shopko
Competitor Group	Calera Capital	Payless/Collective Licensing International	Blum Capital/Golden Gate Capital
Cutter Gloves	Shock Doctor	Peter Millar	Richemont
Cybox International	UM Holdings, Ltd.	POC Sweden AB	Black Diamond, Inc.
Dowdle Sports' Team Business	Lids Sports Group	PocketToolX Company	Leatherman Tool Group, Inc.
Dreams	Fanatics	PIEPS Holding GmbH	Black Diamond, Inc.
DVS Brand	Sequential Brands	Primaloft	Primaloft Inc. (management buyout)
Eastern Mountain Sports	Versa Capital	Prince Sports	Authentic Brands
Etonic	Weisfeld Group/ Anthony L&S Footwear	Primos	Bushnell Outdoor Products
Flow Society	Big Idea Brands	Pro Hockey Life	FGL Sports (deal pending)
Frabill	Plano Molding	Pull-In	Coalision
Filson	Bedrock Manufacturing	R3 Sport	Wham, Inc.
Fleet Feet, Inc.	Investors Management Corporation (IMC)	Raleigh Cycle	Accell Group
GameDay Athletic Supply	BSN Sports	Run On!	Running Specialty Group (RSG)
Golden Viking Sports (Diadora NA)	INA International	Sam & Libby	Brown Shoe Co.
Golfsmith	Golf Town	Sea Striker/Star Rods	Big Rock Sports
Gunther's Athletic Service	Riddell	Senoh Corporation	Mizuno
Hayden's Sport Center	BSN Sports	Seshday.com	LeftLaneSports.com
Haiku	Blackstone Investment Group	Sierra Trading Post	TJX Cos.
Heelys	Sequential Brands Group	SmartEtailing	Quality Bicycle Products (QBP)
Helly Hansen	Ontario Teachers' Pension Plan Board (OTPP)	Sportcraft, Ltd.	Authentic Brands
Heritage Manufacturing	Taurus	Sportsman's Guide/Golf Warehouse	Northern Tool + Equipment (deal pending)
High Sierra	Samsonite	TAPCO	The Freedom Group
Holiday Sporting Goods	BSN Sports	Tavik	Incipio
Imagine Surf	Pryde Group	Town Shoes	Sterling Shoes
Inaria International	Bauer Performance Sports	Transfer Magic	Lids Sports Group
		Umbro	Iconix Brand Group
		Warnaco Group	PVH Corp. (deal pending)



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SPORTING GOODS INDUSTRY

2012 YEAR IN REVIEW

By Thomas J. Ryan

Brushing off distractions such as election banter, fiscal cliff fears and another year of troubling weather patterns, the sporting goods industry appears to have wrapped up another solid campaign in 2012.

Some of the global brands grappled with continued European macroeconomic turmoil as well as a new challenge, a slowdown in China. But with the domestic economy improving, albeit modestly, business appeared healthy in the U.S.

In the third quarter, comps grew 5.1 percent at Dick's Sporting Goods, 6.4 percent at Hibbett Sports, 10.2 percent at Foot Locker, Inc., 5.5 percent at Sport Chalet, and 3.9 percent at Cabela's. Finish Line's comps grew 12.3 percent in its quarter ended September 1. The Journeys chain registered an 8 percent comp store increase in its third quarter on top of 15 percent a year ago.

As consumers re-examine their values in the midst of the slowest economic recovery in generations, many are favoring more sustainable lifestyles that revolve around volunteering, fitness and sharing. The sporting goods industry, of course, is uniquely positioned to service these needs and continues to outperform the economy as a result. Demand for lightweight running, a resurgence in basketball footwear, as well as strong demand for technical apparel, especially success with some looser-fitting garments, were among the drivers of top-line growth.

On the brand side, primary beneficiaries appeared to be the big three – Nike, Under Armour and Adidas.

Nike at the close of the year indicated that sales in the North America

region jumped 17.2 percent in the third quarter ended November 30, bringing year-to-date revenue growth to 20 percent. On a conference call with analysts, Charlie Denson, president of the Nike brand, said the gains in the region were led by double-digit growth in Running, Basketball and Men's Training. He said its NFL team uniforms launch delivered "beyond our expectations, which were pretty high to begin with," with the overall NFL license providing "a huge platform for innovation and product, brand and distribution and not just in football but across the whole of the Men's Training category."

Denson also called out the success of many differentiated store concepts rolling out at partners, including Yardline at Champs, Track Club at Finish Line, House of Hoops at Foot Locker and Fieldhouse at Dick's Sporting Goods.

Under Armour marked its fifth straight quarter of double-digit revenue with a 23.5 percent gain in the third quarter. While again driven by apparel, it also is finally finding traction on the footwear side with a strong response to its Spine platform. While asserting its

commitment to the sporting goods channel, the brand is also finding more growth in the department store channel. The hiring of the former creative director at Theory as executive creative director for women's came with a goal of expanding the brand "beyond our core athletes with relevant products for a slightly different consumer," Kevin Plank, Under Armour's president and CEO, said on UA's third-quarter conference call.

Adidas America saw growth of 11 percent in dollars in the third quarter, marking its ninth consecutive quarter of double-digit growth in the region. Driving results was a nearly 40 percent gain in its Originals business as well as a 60 percent hike in basketball. Globally, Football, Running, Basketball, Outdoor, as well as Adidas' Sport Style expanded at strong double-digit rates in the first nine months of 2012.

While to a lesser degree than Nike, Under Armour and Adidas are also benefiting from installing in-store shops at Dick's Sporting Goods and other chains.

On the downside, a few of the bigger brands lost ground.

In September, Adidas slashed its 2015 revenue target for Reebok to €2 billion from a €3 billion target set in November 2010. At the time, Herbert Hainer, Adidas Group CEO, said that Reebok's successes with EasyTone, ZigTech and RealFlex helped the brand re-engage with consumers but had not established a sustainable platform for growth. The brands ramped up focus around fitness, marked by its CrossFit sponsorship, has potential to provide that platform, but "the approach towards commercialization can still be considerably improved," he added. In early December, Reebok eliminated about 65 positions at its Canton, MA, headquarters as part of a global reduction of 150 jobs.

In mid-December, Puma said its CEO Franz Koch would depart two years into the job apparently as its parent, PPR, shook up senior management to address declining earnings. At Deckers Outdoor, Ugg saw sales slide last year as women apparently switched from sheepskin looks to leather boots in riding, motorcycle and combat styles.

Skechers gained some traction in the running category with the aid of its star endorser, Meb Keflezighi, but in May agreed to pay \$40 million to settle charges it misled consumers with the advertising

claims around its Shape-ups and other toning shoes. That followed Reebok's disclosure in September 2011 that it similarly doled out \$25 million to consumers to settle claims around its EasyTone and RunTone shoes.

New Balance, which also reportedly paid out a modest settlement for its toning push, on the positive side indicated that its top-line growth had returned to double-digit growth and it was on track to achieve \$2.5 billion in global sales by 2013.

On the retail side, the hottest sector was by far specialty performance retail. Sporting an 18 percent same-store gain in its third quarter and sales-per-square feet around \$2,000, Lululemon continued to embarrass the more established sports chains with its ability to reach active women. Foot Locker is testing several Lady Foot Locker reformats that place a greater emphasis on apparel over footwear to capitalize on the opportunity, although it's also attracting non-athletic competition. The Gap, Inc. is expanding its GapFit collection in its own stores and also aggressively opening up Athleta locations with a goal of having 50 in operation by the close of 2013. Target opened its first stand-alone store, C9 Active Apparel, in San Francisco.

Competition got hairy in 2012 in the run specialty space. Its long run of success is evident from the steady momentum seen at Fleet Feet, which reported comparable-store sales grew 12 percent in the first nine months of 2012.

The biggest thrust directly at run is coming from The Finish Line, which in 2011 acquired the Running Company chain to form its Running Specialty Group (RSG) with a goal of becoming the leading player in the run specialty channel. Earlier last year, it formed a partnership with Denver-based Gart Capital Partners to better attack the opportunity. RSG now operates 24 stores, including its first acquisition of the five-unit, Dallas-based Run On! chain announced in October. It also launched the run.com e-commerce website.

Dick's Sporting Goods is also making a run at the space, introducing its True Runner concept, in May. It has two so far in Pittsburgh and St. Louis. Dick's management has already indicated that its own stores have benefited from better understanding the technical runner through the concept. Foot Locker has expressed similar learnings from its Foot Locker Run concept, which opened its third location in Dallas earlier last year.

Among outdoor brands, one winner appeared to be The North Face, which managed to deliver a high single-digit rate of growth in the third quarter with newer categories such as technical running, cycling, training and yoga lines gaining momentum. But many outdoor gear makers spent the year grappling with the inventory

overhang following 2011/12's mild winter, purported to be the worst ski season in 50 years.

2012 might go down as the year many inside and outside the industry began recognizing the toll climate change is taking on winter activities and cold-gear retailing. According to a study prepared for the nonprofit groups Protect Our Winters (POW) and the Natural Resources Defense Council (NRDC), the \$12.2 billion tourism industry that caters to skiers, snowboarders and snowmobilers has lost \$1 billion in revenues and up to 27,000 jobs over the last decade due to diminished snow fall patterns and the resulting changes in the outdoor habits of Americans.

Apparel brands seem to be considering whether a fall gateway season of lighter weight product may be needed after summer selling before bringing out the heavy winter coats to selling floors. But the bigger concern is the threat to winter sports amid predictions that scores of the nation's ski centers and towns, especially those at lower elevations and latitudes, would vanish by the end of this century as temperatures rise. While climate change didn't become an issue during the presidential election as some hoped, it's expected to build in coming years, especially if tragedies such as Hurricane Sandy are directly linked to climate change.

In an opinion piece that ran December 21 in the Denver Post, Rob Katz, chairman and CEO of Vail Resorts, wrote, "To the folks trying to alarm people with images of melting snow, here is the dirty little secret: When the effects of climate change really show up, no one will care about skiing at Aspen and Vail. They will be rightly focused on the wildlife, natural habitat and people of our planet, about the sea levels, flooding and natural disasters like Hurricane Sandy."

Another issue promising to play out loudly over the next year is gun control in the wake of the Sandy Hook Elementary School massacre. Quickly after the incident, Dick's Sporting Goods suspended the sale of certain semi automatic rifles from its 511 stores, "out of respect for the victims and their families." It also removed all guns from its store near Newtown, CT. It has not detailed how long the suspension will last.

Cerberus Capital Management said it would sell its stake in Freedom Group, the nation's largest gun manufacturer that produced the rifle used in the Connecticut school shootings. The decision came after concerns voiced by one of its largest investors, the California teachers' pension fund.

With fears over a possible ban of certain firearms in 2013, gun sales have been brisk since the mid-December tragedy. The FBI reported that background checks required for Americans buying guns reached a record of 2.8 million in December, up 49 percent from December 2011.

For brick & mortar retailers, the Internet remained a more daunting competitor in 2012, with consumers becoming more accustomed to buying core categories such as footwear and apparel online. While to a lesser degree than the consumer electronics category, the industry seems to be affected by the showrooming phenomenon, when a shopper goes to a

store to test out merchandise and then searches the web - often from a mobile device while in the store - for a better deal and ultimately buys the item online.

But stores appear to be generally challenged to compete against the lower prices found across the Internet as well as frustrated by failure of brands to maintain MAP policies. Other pressures come from Amazon, which through its Quidsi subsidiary, launched AfterSchool.com, its first-ever, e-commerce destination dedicated to kids' sports and activities gear. Amazon continues to rock bottom pricing with more and more suppliers unable to say no.

On the positive side, more big box and mall-based chains and department stores increasingly used e-mail, social media and mobile to drive people to their stores. And more signs were seen of omnichannel integration becoming a reality, thanks in large part to popularity of the iPad and iPhone.

The Internet appears to be only beginning to open up new ways to deliver new products and experiences to sports-oriented consumers. The interest is attracting funding from Wall Street for fitness-oriented apps. Last June, MapMyFitness, which has built a suite of websites and apps (i.e., MapMyRUN.com, MapMyRIDE.com, and MapMyWALK.com) that let users track and store their running, cycling, walking and hiking activities, raised \$9 million in Series B financing from Austin Ventures, Milestone Venture as well as Competitor Group and Finish Line's Run Specialty Group.

But brands from Garmin to Adidas and Nike are all aggressively pursuing the opportunity. The potential was seen by Adidas' launch of the miCoach professional soccer team tracking system. Unveiled at the Major League Soccer all-star game, the system provides coaches with real time performance metrics on the field of play including player position, power output, speed, distance covered, intensity of play, acceleration and GPS heat mapping.

Nike, for its part, introduced a physical fitness training program that operates on a Microsoft Xbox 360 while also launching Nike+ FuelBand, which captures and displays four different metrics: time, calories, steps and NikeFuel, a new metric that will be the ultimate measure of athletic activity. The company also touted the virtual community it created through Nike+, which now counts over eight million registered users.

At its annual meeting last fall, Nike's chief executive Mark Parker promised more integration of digital technology into the physical world of sports in coming years. "Digital technology is a vast frontier that is changing the face of sports along with every other aspect of life and business," said Parker. "And we are doing our very best to own and accelerate that evolution in our industry." ■



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CALENDAR

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JANUARY 2013

- 5-7 ASI Orlando
Orlando, FL
- 7-8 ATA Show (Archery Trade Association)
Louisville, KY
- 7-10 EWSRA/SWRA Winter Sports Market
Atlantic City, NJ
- 7-10 NEWSR Winter Sports Market
Manchester, NH
- 10-12 Surf Expo
Orlando, FL
- 14-15 Metropolitan New York Shoe Market
Secaucus, NJ
- 15-16 Première Vision
New York, NY
- 15-18 SHOT Show
Las Vegas, NV
- 17-19 Sports Licensing & Tailgate Show
Las Vegas, NV
- 17-20 NBS Winter-Specialty Market
Denver, CO
- 18-20 Imprinted Sportswear Show (ISS)
Long Beach, CA
- 22 Outdoor Retailer All Mountain Demo
Salt Lake City, UT
- 23-26 Outdoor Retailer Winter Market
Salt Lake City, UT
- 23-26 PGA Merchandise Show
Orlando, FL
- 24-27 ASA-ICAST Chicagoland Fishing, Travel & Outdoor Exposition
Schamburg, IL
- 29-31 WSA Show
Las Vegas, NV
- 30 - 1 NABA Trade Show (National Archery Buyers Association)
Reno, NV
- 31-3 SIA Snow Show
Denver, CO

FEBRUARY 2013

- 1-5 NBS Spring Semi - Annual Market
Fort Worth, TX
- 3-6 ISPO Munich 2013
Munich, Germany
- 5-7 FFANY
New York, NY
- 6-8 ASI Dallas
Dallas, TX
- 13-15 Magic Marketplace
Las Vegas, NV
- 13-16 Sports Inc. Outdoor Show
Phoenix, AZ
- 14-17 ASA-ICAST Greater Philadelphia Outdoor Sport Show
Oaks, PA
- 17-20 WDI Worldwide Spring Show
Reno, NV
- 23-25 Atlanta Shoe Market
Atlanta, GA
- 26-28 MRA On Snow Demo
Boyne Mountain, MI
- 28-3 ASA-ICAST World Fishing & Outdoor Exposition
Suffern, NY

MARCH 2013

- 6-10 ASA-ICAST Fred Hall Shows
Long Beach, CA
- 15-17 ASA-ICAST Saltwater Fishing Expo
Somerset, NJ
- 21-24 ASA-ICAST Fred Hall Shows
San Diego, CA
- 22-24 ASI Long Beach
Long Beach, CA

APRIL 2013

- 12-14 SGB Golf Outing
Charleston, SC

MAY 2013

- 2-5 SOS Leadership Development & SGB 40 Under 40 Awards
South Beach Miami, FL

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f 303.444.3284
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f 301.495.6322
sgma.com

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f 703.821.8276
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There are many duck canvas jackets on the market priced for around \$100 that are very basic in nature, with minimal features and no technology. Wolverine believes that if you pay \$100 you deserve \$100 worth of jacket, which is exactly what these jackets deliver.

"There are a lot of jackets on the market but the Cameron and Rockford jackets are truly different," said Lisa Stoepker, Wolverine Product Manager. "We utilized 3M™ Thinsulate™ Insulation for warmth and 12 oz. heavy duty cotton duck canvas

with DuraLock™ Defend technology for water and oil resistance. The jackets also feature Wolverine's bi-swing back and fully articulated elbows for greater range of motion, and multiple interior and exterior pockets designed to meet the needs of every job. Combine all these elements and we've created the absolute best jackets for the price."

Wolverine has always backed its newest footwear technologies with a 30 day comfort guarantee. And Wolverine is backing the Cameron and Rockford jackets with the same confidence, a rare find in the apparel industry.

"For \$100 retail combined with all the features and functionality, we know consumers will feel these jackets are worth every penny," said Todd Yates, President of Wolverine Brand. "We're so confident, that if your customers are not

completely satisfied with this jacket, we'll take it back directly from them, no questions asked. We think that's an offer you can't refuse."

If you haven't seen Wolverine's Fall 2013 footwear and apparel line, **contact us at 616.863.4774 or stop by our booth at one of the following shows: SHOT Show (booth # 10540), Outdoor Retailer (booth # 32155) or MAGIC.**

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- 4** 150 grams of 3M™ Thinsulate™ Insulation provides warmth in the harshest elements
- 5** 12 oz. heavy duty cotton duck canvas with Wolverine DuraLock™ Defend technology for water and oil resistance
- 6** Triple needle stitching adds durability
- 7** Multiple interior and exterior pockets designed to securely store everything for the job
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