

SGB

ISSUE 1316
APRIL 22, 2013

WEEKLY

THE WEEKLY DIGITAL MAGAZINE FOR THE SPORTING GOODS INDUSTRY



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**Group Publisher
Editor In Chief**
James Hartford
james@sportsonesource.com
303.997.7302

Senior Business Editor
Thomas J. Ryan
tryan@sportsonesource.com

Contributing Editors
Aaron H. Bible, Fernando J. Delgado,
Charlie Lunan, Matt Powell

Creative Director
Teresa Hartford
teresa@sportsonesource.com

Graphic Designer
Camila Amortegui
camila@sportsonesource.com

**Advertising Sales
Account Manager / Northeast**
Buz Keenan
buz@sportsonesource.com
201.887.5112

**Advertising Sales
Account Managers / Midwest**
Barry Kingwill & Jim Kingwill
bkingwill@sportsonesource.com
jkingwill@sportsonesource.com
847.537.9196

**Advertising Sales
Account Manager / Southeast**
Katie O'Donohue
katieo@sportsonesource.com
828.244.3043

Circulation & Subscriptions
subs@sportsonesource.com

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SPORTSONESOURCE

2151 Hawkins Street • Suite 200 • Charlotte • NC • 28203
t. 704-987-3450 • f. 704-987-3455

5360 Manhattan Circle • Suite 201 • Boulder • CO • 80303
t. 303.997.7302 • f. 303.997.6837

www.SportsOneSource.com



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Photo courtesy SmartWool

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ON THE COVER: Photo courtesy Ecco

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ONITSUKA TIGER RELAUNCHES WEBSITE

Onitsuka Tiger, Asics' lifestyle brand, has revamped the brand website to feature a more graphic, visual and user-friendly interface for fans and consumers. The change comes as the brand released a new iteration of its classic shoe, the Tiger Corsair, and a variation of the popular Mexico 66, the Rio Runner.

The brand's history inspired the look and feel of its latest sneakers. In 1969, Dr. Bill Bowerman of Blue Ribbon Sports, made a proposal that led to the development of a revolutionary type of jogging shoe with high cushioning and comfort. The shoe, that offered both good design and new functionality, became the center of the worldwide jogging boom of the 1970s. Sports shoes, which had previously only been for competitive use, became a lifestyle-based fashion item. This epoch-making product was first called Cortez. In 1976 the name was changed to Tiger Corsair.

Fast-forward to 2013, and the new Tiger Corsair Vin has been updated with a modern silhouette but still retains its classic design elements of a slim fit and long toe. The shoe is also available in a limited edition with iconic golden thread and classic red stripes reminiscent of the original 1969 version.



Tiger Corsair Vin



Rio Runner

Onitsuka Tiger has also released a modern-day successor to its popular Mexico 66 model, the Rio Runner. Available in vivid pop color combinations, fuses classic Onitsuka Tiger elements with grooves along the entire sole to improve flexibility and cushioning. Accompanying the new sneaker launches, the updated brand website serves as a digital hub for all Onitsuka Tiger enthusiasts and curious consumers. The site features an up-to-the-minute news section with new release information, brand events and local events, as well as a social media element with a "Style" section encouraging fans to capture their fashion sense on Instagram with the tag #onitsukatiger.

"We are especially proud of the enthusiasm and devoted fan base Onitsuka Tiger has garnered in the years since the brand's inception," said Colin Brickley, Onitsuka Tiger sales & marketing manager. "Our new shoe styles and more accessible website help Onitsuka Tiger stay current with its core market and fans. It sets the brand on the path to success in the months ahead."



Björn Gulden, CEO, Puma

PUMA APPOINTS BJÖRN GULDEN AS NEW CEO

Puma SE appointed Björn Gulden as its new chief executive officer, effective July 1. He succeeds Franz Koch, who left the company at the end of March.

Gulden has been CEO of Danish jewelry brand Pandora since the beginning of 2012 but also has nearly 20 years in the sporting goods and footwear industry. From 2000 to 2011, the Norwegian native was managing director of Europe's largest footwear retailer, Deichmann, where he also headed the U.S. subsidiaries Rack Room Shoes and Off Broadway Shoes as CEO and president. Prior to 2000, he held several management positions at Helly Hansen and Adidas where he was senior vice president of apparel and accessories.

"With Björn Gulden, we are pleased to have an experienced sports industry expert with proven leadership quality and know-how in managing sports and footwear brands taking up the reins of Puma," said Jean-François Palus, chairman of the Puma administrative board and group-managing director of Kering (formerly PPR SA), Puma's majority shareholder. "I am absolutely convinced that Björn Gulden is the perfect fit to lead Puma through its continuing restructuring and transformation program on its mission to become the most desirable and sustainable sports lifestyle company in the world."

The former football professional who played for, among others, German Bundesliga club 1. FC Nürnberg, studied Business Administration in Norway and obtained an MBA from Babson Graduate School of Business in Boston. Fluent in Norwegian, English and German, he will be based at Puma's headquarters in Herzogenaurach, Germany.

Gulden said, "I am honored and look forward to taking on the position as CEO of Puma, one of the industry's most exciting and powerful brands. Puma enjoys an enormous potential - both in the performance and in the lifestyle markets, and I am eager to help unlock this potential and further grow the company in the years to come."

The appointment helps fill a management vacuum at Puma after the departure of three senior executives in the past six months. Chief Supply Officer Reiner Seiz quit in December, a day after the disclosure that Koch was leaving. Chairman Jochen Zeitz resigned in October and was replaced by Palus.

Puma in October warned that earnings this year would be "significantly below" and revealed a cost-cutting program at the time to combat weakening sales in Europe and China.



UNDER ARMOUR Q1 REVENUES JUMP 23 PERCENT

Under Armour, Inc. reported revenues increased 23 percent in the first quarter, to \$472 million. Net income decreased 47 percent in the first quarter of 2013 to \$8 million, or 7 cents a share, from \$15 million, or 14 cents, a year ago, largely due to the timing of marketing investments.

Results came in ahead of Wall Street's consensus estimate was 3 cents a share.

First quarter apparel revenues increased 22 percent to \$346 million, driven primarily by the introduction of new Baselayer product and strong sales of Fleece. Footwear revenues increased 27 percent to \$81 million, primarily driven by new running styles led by Spine Venom. Accessories revenues increased 22 percent to \$36 million.

Direct-to-Consumer revenues, which represented 26 percent of total net revenues for the quarter, grew 31 percent year-over-year.

"In the first quarter, we drove growth in excess of 20 percent for the 12th consecutive quarter in total revenues and the 14th consecutive quarter in apparel revenues," said Kevin Plank, chairman and CEO. "This growth is the direct result of our enhanced design and innovation, including new and improved HeatGear Sonic Baselayer and the attention-grabbing UA Alter Ego line, featuring iconic superheroes such as Batman and Superman. Our Youth product is stronger than ever and we continue to see traction with our expanded Women's lines in Studio and ArmourBra. Momentum is also evident in Footwear with solid sell through of our latest product in the running platform, Spine Venom."

The company now expects revenues to increase 21 percent to 22 percent in 2012 and operating income to expand 23 percent to 24 percent in 2012. Previously, management expected sales to increase 20 percent to 21 percent and operating earnings 22 percent to 23 percent.



SKINS HEADQUARTERS MOVES TO ENCINITAS, CA

Skins Compression has relocated its U.S. headquarters from Portland, OR to Encinitas, CA. Moving to their new location by mid-April, Skins hopes to tap into the existing endurance community, leverage the training camps and off season professional athlete presence to further establish itself as the gradient compression within North America.

"As our renewed focus is on growing the North American compression category through increased presence across multi-sport segments, transferring Skins to the California coast provides a unique opportunity for us to reach our core

audience," said Johnny West, general manager of Skins North America. "The wide array of thriving sport disciplines, businesses and active individuals within the North County San Diego area allows us to bring the Skins brand to the consumers who use the product the most and keep a close watch on the trends that drive the industry."

Skins North America will be operating out of Encinitas, CA beginning April 16, 2013.

M&A BLOTTER

Fenway Partners has hired an investment bank, reportedly Goldman Sachs, to help it sell Easton-Bell Sports, which owns the Bell, Blackburn, Easton, Giro and Riddell brands, according to Reuters and a banking source reached by *SGB*. In February, CEO Paul Harrington resigned and former CEO and co-owner Terry Lee became executive chairman and CEO. Tim Mayhew, a managing director of Fenway, was appointed president and COO. Fenway Partners made its initial investment in Easton-Bell in 2004.

Canada Goose, the maker of outdoor apparel based in Toronto, has hired the investment bank Canaccord Genuity to find new equity investors, *Reuters* reported. The family-owned company is expected to be looking to sell a minority stake but may consider an outright sale. Canada Goose CEO Dani Reiss told *Reuters*, "We're certainly exploring options to introduce additional equity into the company."

Cerberus Capital Management LP's founder Stephen Feinberg and partners may try to acquire Freedom Group, Inc., the parent of Remington and Bushmaster, from the private-equity funds managed by his firm, sources told *Bloomberg News* and *The New York Times*. Feinberg's offer would be expected to form a "stalking horse" bid to provide a base for other offers. The Freedom Group was put up for sale by Cerberus in December, a little more than a week after a Bushmaster rifle was used in the Newtown, CT, school shootings. Cerberus acquired Bushmaster Firearms, Inc. in 2006 and later merged it with a second gun maker, Remington Arms Co. Inc., to create Freedom Group.

BY THE NUMBERS

100.1%

Wolverine World Wide, Inc. reported revenue for the quarter was a record \$645.9 million, a growth of 100.1 percent versus prior year's reported revenue and an increase of 8.2 percent versus the prior year's pro forma revenue. Key contributors to the excellent revenue performance in the quarter were Sperry Top-Sider, Merrell, and Saucony. Excluding non-recurring transaction and integration expenses, fully diluted EPS in the quarter were 81 cents per share, a 26.6 percent increase over last year and easily above Wall Street's consensus estimate of 55 cents a share.

13%

Ebay reported revenues at its GSI Commerce business slipped 1 percent to \$236 million from \$237 million, but the segment's global e-commerce (GeC) merchandise sales grew 13 percent to \$807 million from \$715 million. Companywide, eBay, Inc. reported that revenue for the first quarter ended March 31 increased 14 percent to \$3.7 billion, compared to the same period of 2012.

MOVERS & SHAKERS

John Gagliardi, founder of Maverik Lacrosse, will be amicably parting with **Bauer Performance Sports** in June to focus his day-to-day efforts on a new business venture, to be announced in July.

Puma appointed **Philippe Bocquillon** as general manager for Puma China. He succeeds **Nicole Au**, who joined Puma in 2009 and leaves the company to pursue new career opportunities.

Descente, designers of premium ski apparel, hired **Kirk Langford** as vice president of sales for the U.S. and Canada.

Cudas Footwear announced that **Greg Smith**, of Hidden Waters Trading, has joined the Cudas sales team. Smith will oversee efforts in North Carolina, South Carolina, Tennessee and West Virginia.

New Balance Canada added **Stephen Smith** to the New Balance Canada leadership team as national sales manager.

Division Six Sports, Inc. continued its expansion by adding **Danya Karoly** to its New York-based buying office and showroom.

FOR A BETTER PERFORMANCE IN Any SHOE™



The advertisement features a photograph of a person's lower legs and feet wearing green and grey socks. Below the feet is a row of various athletic shoes in different colors and styles. To the right of the shoes are three circular icons: a green circle with a foot icon and the text 'natural toe splay', a red circle with a crossed-out shoe icon and the text 'blister prevention', and a purple circle with a water drop icon and the text 'moisture management'. A curved arrow points from the text 'RUN | Original Weight No-Show | Fresh Green' to the person's right foot.

RUN | Original Weight
No-Show | Fresh Green

natural toe splay

blister prevention

moisture management

WATCH #anyshoe VIDEO 



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THE ORIGINAL PERFORMANCE TOESOCK™



DESIGNED FOR SPEED.



skechers
GORun **2**[™]

Introducing the lighter than ever Skechers GORun 2[™]
featuring innovative technology that promotes a midfoot strike.



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MARATHON SPORTS AT CENTER OF BOSTON MARATHON BOMBINGS



The Marathon Sports location at 671 Boylston Street became a crime scene after the first of the two bombs in the fatal terror attack on the city's beloved marathon landed an estimated 20 feet from its front door. The blast blew the store's windows out but all 12 employees at the time were just outside or inside the store and fortunately unharmed by the tragedy. The staff has since earned praise for rushing out to aid injured runners and spectators.

"Our staff was very much involved in the recovery efforts," Colin Peddie, owner of Marathon Sports, told Runners World newswire last week. "It was a war zone, with our staff pulling people into the store and doing triage on them."

Peddie himself was at the store about a half hour before the first bomb went off at 2:50 p.m. So far three people have died and more than 170 others were injured near the finish line of Monday's race due to the tragic incident. The following blog post appeared the day after the tragedy:

Our City Is Strong

This took too long to write, and in part it's because there really are no words to describe how we all feel right now.

On this surreal Tuesday, in the immediate wake of this incredible, tragic, senseless act of violence that took place quite literally at our doorstep, we are deeply saddened for the loss of life and the injuries sustained by the multitude of victims. We send our prayers, thoughts, and positive energy to all who have been affected by this act.

As a company at the epicenter of the running community in Boston, we feel it is our duty to respond. We will not respond with any commentary on those responsible for the attack; that would merely validate their actions. We will focus instead on the incredible sense of solidarity, of unity, and of love within the running community and Boston at large.

We are incredibly grateful that the members of our staff on site at the time of the attack are, miraculously, safe, and we are proud of the individual decisions our staff made in the face of inconceivable circumstances. And the outpouring of prayers, offers of help, and love from all corners of the running world is heartfelt and appreciated.

The decision to help one another through tragedy can be instinctive, and those very instincts are native to the running community, and part of what makes it such a special group of people in the first place. While running is very much an individual sport in many respects, we all strive to celebrate and triumph together, united by a common pursuit. Whether celebrating a first 5k, a PR, or a lifelong pursuit of crossing the finish line on Boylston Street, we all train, race, and celebrate together.

And because of this, we will persevere. As Bostonians – which we ALL are on Marathon Monday, native or not – we are strong, stubborn New Englanders to the core. As runners – we are unified through love for one another, love for our sport, love for the thrill of crossing finish lines, and for (sometimes) beating the clock.

Yesterday's events will cause us to cherish those triumphs all the more, in honor of those who no longer can. Know this: Boston will not stop running. We will run again, and we owe it to those who can't. #PrayForBoston and donate to the Red Cross.

Marathon Sports

#BOSTONSTRONG

ADIDAS LAUNCHES "BOSTON STANDS AS ONE" T-SHIRT

Adidas, official sponsor of the Boston Athletic Association and the Boston Marathon, announced the launch of a limited edition "Boston Stands As One" T-shirt. The T-shirt, priced at \$26, is available at baa.org and adidas.com/bostontribute with 100 percent of the proceeds going to The One Fund Boston, Inc. in order to help the people most affected by the tragic events.

One Fund Boston was established last week by Mayor Thomas M. Menino, and Gov. Deval Patrick, along with local business leaders.

"The selflessness and compassion demonstrated by the City of Boston, the first responders, the Boston Athletic Association (BAA) and all marathon volunteers in providing assistance to the injured has stuck with us and inspired us," said Patrik Nilsson, president Adidas America. "We commend Boston - and those associated with the City and the Marathon - for their reaction to this very challenging situation. We applaud them for standing together as one on Monday and in the days which have followed."





**TO RUN -
a prayer for Boston
By Scott Poole**

**To run
is to rise above the weak spirit
is to take on pain
is to push pain in the chest
with both palms**

**stumbling over garbage,
gravel, fragments of life,**

**is to say I will take you
on in the street.
Every breath of mine
is a battering ram,**

**shoving, crushing,
swinging a hammer of air.**

**I am a body of fast moving blood
inhaling you
taking you in like a tank.
I will consume your hate.**

**I will run straight into you
as if you were a finish line of joy,
picking up the fallen along the way
and you will never stop me,
you will never
stop me.**

**The SportsOneSource
community expresses its
deepest sympathies and
commitment to those
affected by the recent attack
at the Boston Marathon.
We all stand with you.**



Each of us at New Balance is saddened by the tragedy that struck at the heart of an event we love, in the city we call home.

While we have confirmed that all of our associates are safe and accounted for, we know that there are others who have suffered tremendous loss.

Our thoughts are with them.

On a day when the world watches our great city with envy, we witnessed a terrible tragedy that has affected everyone associated with the Boston Marathon.

We were born here. We are headquartered here. We are proud to call this resilient and tough city home.

Boston will bounce back.

On behalf of everyone at City Sports, we want to express our deepest sympathies and condolences to those touched by this senseless tragedy. Our thoughts and prayers go out to all who have been affected.

- Eddie Albertian
President and Chief Executive Officer
and the Entire City Sports Family



OUR HEARTS AND PRAYERS GO OUT TO EACH PERSON AFFECTED BY THIS TRAGEDY, FROM EVERY LIFE SENSELESSLY LOST TO THOSE INJURED AND THEIR FAMILIES.

AS WE MOURN, WE ARE INSPIRED AND HUMBLLED BY ALL THOSE WHO RAN IN TO HELP, WHO OPENED THEIR ARMS, WHO GAVE BLOOD AND OFFERED PRAYERS.

EVERY MARATHON IS A TESTAMENT TO HOW PEOPLE ARE ABLE TO OVERCOME THE MOST DIFFICULT ODDS, FINDING THE BEST IN THEMSELVES AND EACH OTHER.

AS A COMMUNITY OF RUNNERS WE ARE ALL UNITED IN OUR SUPPORT OF BOSTON. TOGETHER WE WILL RECOVER, TOGETHER WE WILL RUN ON.

#BOSTONSTRONG

SAUCONY



BOSTON | 4.15.13

THE ORIGINAL

"The GOruns break new ground with a convex bottom that encourages a midfoot strike."

-Women's Running

"Skechers impressed our wear testers with this superlight yet well-cushioned and comfortable trainer."

-Runner's World
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"They have claimed a place in my shoe rotation."

-runblogger.com

"Like training wheels for less biomechanically efficient runners, these shoes provide a comfortable transition to a minimal shoe."

-Competitor



The official shoe of MEB
—America's #1 marathoner

THE SEQUEL



Before the reviews and awards arrive, it's already clear this is the rare sequel that's even better than the original.

Introducing the lighter than ever Skechers GOrun 2 featuring innovative technology that promotes a midfoot strike.

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Gary Neptune, 40 years at the helm of Neptune Mountaineering

NEPTUNE MOUNTAINEERING CELEBRATES 40th ANNIVERSARY AND USHERS IN NEW OWNERSHIP

By Aaron H. Bible

Earlier this month, American mountaineer Gary Neptune spoke to a packed house of old-time locals and loyal customers and gave a short slideshow celebrating 40 years at the helm of one of the most beloved and respected outdoor specialty retailers in Colorado.

Neptune recently announced the store he founded 40 years ago in Boulder, CO, had been acquired by the Austin, TX-based, family owned and operated outdoor gear

and apparel store, Backwoods, which runs nine locations throughout Texas, Oklahoma, Nebraska, Colorado and Kansas.

A now-rare single-store mountain shop located in the shadow of Boulder's Flatirons, a premier local climbing destination where the store's founder gained much of his notoriety, Neptune Mountaineering first opened its doors on April 1, 1973. "I came to Boulder to climb," Gary Neptune said at the event. "I'm not sure how I ended up in retail."

In the beginning, Neptune Mountaineering primarily repaired climbing and ski boots, installed edges on wooden skis and re-shafted ice axes. "I was trying to make a living off the poorest people I knew," joked Neptune. "It's been a really good ride."

The store will remain under the Neptune name, preserving the authenticity and legacy it has with the local climbing and outdoor community. "Over the past 40 years, Neptune Mountaineering has become a Boulder icon," said Backwoods owner and CEO Jennifer Mull.

“We’re just happy to be a part of the Boulder community and we’re excited to get involved in a bigger way, and we look forward to getting more involved in the years to come...Our philosophies about customer experience are quite similar and both companies strive to inspire people to lead active, adventurous lives - this provided a lot of synergy between our two companies.”

Mull said the only changes would be back-of-house, allowing the store to capitalize on Backwoods’ economies of scale and making changes only “when we feel like we bring something to the table.”

“We plan to keep it the way it is with a few enhancements,” she said. “It has a lot of history and longevity.” Neptune had made public his willingness to sell last year, and Mull said she felt it was a good match. Neptune’s only complaint: the amount of work and organization it took to get the business side of things ready for the transaction to be completed.

Mull also said that the company’s growth strategy currently leans more toward acquisitions such as this one than to opening new stores. “If we wanted another Backwoods, we would have opened one,” she said.

MOUNTAINEERING MUSEUM TO LIVE ON

Gary Neptune began collecting climbing and backcountry skiing artifacts in the 1960s and ‘70s and over the years created an in-store museum, which he retained ownership of during the acquisition. And according to Neptune, the sale will allow him to give the collection the attention it deserves.

It is one of the most extensive collections of its kind in the country and Neptune now plans to better organize, preserve and display the artifacts. Mull and Neptune also hope to create traveling or mobile exhibits to enhance the other Backwoods stores and be displayed elsewhere throughout the country.

Coincidentally, Backwoods was also founded in 1973 and is known nationwide for selling quality outdoor products with exceptional customer service. In 2004, the company created Backwoods Adventures, a travel company that provides unique, personal, outdoor experiences on six continents.

This Fall, the new owners are planning a grand re-opening for Neptune’s celebrating both retailer’s 40th anniversary. ■



Backwoods owner and CEO, Jennifer Mull



Neptune Mountaineering in-store museum houses climbing and backcountry ski artifacts.



Photos courtesy SmartWool

SmartWool Debuts Remodeled Offices

By Thomas J. Ryan

After nearly four years of planning and more than a year of construction, SmartWool Corp., a subsidiary of VF Corp., has completed a \$2.2 million renovation of three offices, including the Global Headquarters in Steamboat Springs, CO, the Design Center in Boulder, and the Development Center in Tennessee.

With its modern indoor-outdoor aesthetic, each office was designed to embody the soul of the brand's DNA: its passion for the outdoors, its people and its community.



“Renovating one office in one year is a major task, but renovating three was quite an undertaking,” said Mark Satkiewicz, SmartWool’s president. “The spaces are open, modern and energizing. The net result has been phenomenal in terms of invigorating the team while elevating our ability to do more innovative work and giving us room to grow.”

Rooted in Steamboat Springs, the new Global Headquarters space allows for as much as a 30 percent increase of the SmartWool employee base to accommodate

the company’s long-term growth for the next decade.

“We also wanted to increase our work space efficiency and be able to get outside easily,” explained Satkiewicz. “Rather than bring the outdoors in, we focused on bringing the indoors out to create more opportunities for our team to collaborate outside of a traditional meeting room.”

The new aesthetic includes floor to ceiling windows and a modular floor plan that allows the company to create several floor plans inside that also extend to outdoor meeting areas. The result is a modern, modular space that has improved overall workspace efficiency by nearly 60 percent.

Each remodeled space is infused with state-of-the-art technology that will allow the company to collaborate more effectively between its global teams and partners. All conference spaces offer wireless video capabilities that increase personal collaboration between offices and offset significant corporate travel. The nine new video

conferencing facilities will reduce the company’s inter-company travel by as much 20 percent.

The company also took every opportunity to reduce, recycle and reuse items in ways that were in alignment with the company’s philanthropic endeavors. More than 300 books and 40 computers were donated to local schools, along with the volunteer hours to set them up. All furniture was either reused in the new space, given to employees or donated to local community non profits. A recycling center was installed, including a full composting center to fertilize the SmartWool community gardens.

A filtered water faucet was installed to reduce the use of plastic water bottles. The old carpet was donated and the original concrete floors were polished as the primary flooring throughout the space. Energy efficient lighting was installed, saving more than 500 lightbulbs over the next seven years. The new phone system, utilizing power over Ethernet, will reduce carbon emissions.

SmartWool’s remodeling overhaul

come after The North Face, as well as its other sister brands, JanSport and Lucy, last year moved into its new headquarters in Alameda, CA. Smartwool was acquired as part of VF’s Timberland Co. acquisition last year.

Similar to SmartWool’s efforts, the new The North Face campus was built to represent the brand’s outdoor and environmental ethos as well as to enhance workers collaboration. Features at The North Face campus include:

- A 1,000-square-foot fitness center and outdoor training area
- On-campus bike shop and equipment gear lockers
- Café featuring healthy and organic food options that will host cooking classes and chef demonstrations
- Community vegetable garden for employee harvest, which will also provide fresh produce for the café
- Emphasis on ‘bringing the outside in’ by maximizing the amount of natural sunlight at indoor workspaces. ■

Ecco Celebrates 50



By Thomas J. Ryan

In 1963, Karl Toosbuy sold all of his belongings and left his job in Copenhagen to pursue his dreams in the field of shoemaking. Taking along his wife Birte and their five-year-old daughter, Hanni, Toosbuy arrived in Bredebro and took over a vacant factory that eventually became the first home of Ecco.

Since then, more than 350 million pairs of Ecco shoes have been sold. Anchored in a heritage of functionality, quality and craftsmanship on the platform of Scandinavian design, the Danish shoe manufacturer has become the world's second largest manufacturer of casual footwear, and over the last decade with its



Hanni Toosbuy Kasprzak is owner and chairman of \$1.3 billion (sales) Danish shoe manufacturer, Ecco, founded by her late father in 1963. The brand, which celebrates its 50th anniversary this year, can be found in more than 1,000 stores in more than 90 countries.

Biom platform has increasingly been making noise on the performance side.

Ecco is still owned by the Toosbuy family fifty years later and is home to 19,500 employees worldwide.

“We see the changes around us every day and recognize that Ecco has an inherited obligation to stay competitive and innovative,” said Michael Hauge Sørensen, Ecco’s chief operating officer, who has headed the company over the past two years. “Five decades of shoemaking obliges.”

At first, however, Toosbuy started out making women’s fashion shoes, pretty much like everyone else in the industry at the time. He soon broke with industry tradition after deciding that the shoe must follow the foot – not the other way around. Toosbuy wanted to make shoes that did not need to be broken in and delivering uncompromising comfort soon became a mantra for the brand. At the same time,



Michael Hauge Sørensen, Ecco's chief operating officer

Toosbuy wanted make shoes that lasted longer and enabled people to move naturally.

In 1978, the Ecco Joke launched to become the brand’s first breakout shoe. Following Toosbuy’s principles around making shoes to follow the function of the foot, the iconic style stood out in the marketplace at the time

for its flexibility, lightness and comfort. With the Joke, Ecco also became the first shoe manufacturer to stamp the name and logo of a company on the soles – literally making Ecco able to leave footprints around the world.



Ecco Joke, relaunched by Ecco, was the first shoe to carry the company logo on the sole.

Strong sellers in the Ecco Free and Ecco Time soon followed, but the brand’s biggest seller in its history arrived in 1981 with the introduction of the Ecco Soft. The shoe’s design benefited from Toosbuy’s purchase of Ecco’s first molding machine. With the technology, Ecco could mold soles right onto shoe uppers in one simple process.

With advances over the years, Ecco has become a pioneer in Direct Injection Technology (DIT), where the upper is placed into the mold, and liquid polyurethane (PU) is injected to shape an anatomically correct outsole. The process provides the strongest way to attach





Ecco Soft

Ecco Soft has become a classic due to its timeless lines combined with its simplicity.”

During the eighties, Ecco also ran counter to an industry embracing outsourcing by taking even greater control of its production. In 1986, Ecco began producing its own leather and now counts four leather production units in The Netherlands, Indonesia, Thailand and China. A few years later in 1991, Ecco built a factory and tannery in Indonesia, which became its largest production unit with more than 5,500 employees. Factories and tanneries soon opened in Thailand, Slovakia and Xiamen, China to support Ecco’s global growth.

With the two moves, Ecco now stands as the only major shoe manufacturer in the world to own and manage every step of the shoemaking process from tanneries to stores. The positioning provides the company with enviable control of product quality as well as the quality of all production processes and their social and environmental impact.

While many processes at its factories have been automated, Ecco also recognizes that the key to shoe making remains the handcraft, which is time-consuming and demanding. Still today, each pair of Ecco shoes are touched by 210 pairs of hands before they reach the consumer.

Such attention to detail is a hallmark of the Scandinavian design philosophy, honored for its impeccable craftsmanship, elegant simplicity and functionality. Scandinavian design first came to the fore in the 1950s with the arrival of furniture design legends such as Hans Wegner, Finn Juhl and Josef Frank, but Ecco’s long mission has been to bring a similar aesthetic to shoes.

“It is not the cheapest or easiest way to produce, but it is sustainable and functional,” said Niki Tæstensen, lead designer of women’s shoes at Ecco. “In ten years it’s still workable. If you ask me, that’s the essence of Scandinavian design.”

The nineties marked the opening of its first office in the U.S., which has since become Ecco’s largest selling country. By 1996, its first flagship store opened on London’s Oxford Street to signify the brand’s transition from being a wholesaler to also being a retailer. In 2011, Ecco store number 1,000 opened at the Mall of America in Minneapolis.

the sole to the upper, forms a watertight seal without using glue or stitching, and also offers lightweight and flexibility advantages. It’s the core technology supporting the anatomical fit of its Biom series that established the brand in performance categories.

But it all started with the Soft which in the early eighties delivered massive sales throughout Scandinavia and increased interest from the rest of Europe with the molding technique representing the beginning of a new generation of lightweight and comfortable shoes.

The Soft remains a steady seller for the brand today.

“Ecco Soft was the beginning of a new generation of products and the start-up of our innovative production technology that revolutionized shoe manufacturing,” said Ejnar Truelsen, who designed both the Soft and the Joke and remains Ecco’s chief designer today. “I believe the



Ejnar Truelsen, Ecco chief designer

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Ecco's chief designer of women's shoes, Niki Tæstensen



Ecco Shark

In 2003, the innovation engine again kicked in with the introduction of the Ecco Shark, followed a few years later with its revolutionary Biom technology that has helped Ecco gain a foothold on running walls.

Ecco's Performance division was first launched in 2001 with Ecco's Receptor technology. Erik Wolcott, director of Sport division for Ecco USA, said Ecco started off on the performance side using third-party factories and Eva midsoles like many in the athletics space. But the brand soon began bringing production more in-house and utilizing its Direct Injection expertise. The result is the Biom Series, which started off in run in 2009 but has since expanded to hike, trail, golf, sports sandals and lifestyle.

Combining Ecco's years of experience studying the bare foot with the Ecco-owned production line from beginning to end and several years of close collaboration with the German Sports Institute of Cologne, the Biom Project first started in the mid-nineties well before the minimalist movement arrived with a similar goal of trying to enable the body to absorb impact the way nature designed it. Lightweight and extremely flexible, Biom shoes are positioned between the very minimal shoes in the marketplace and conventional running shoes with an anatomical last designed to allow the foot to move as nature intended.

"We make running shoes not because we have to, but because we believe we have something to offer runners," said Truelsen.

For Fall 2013, Ecco is replacing the original Biom A, B and C run series with the Biom Evo Racer and Biom Evo Trainer. The second generation of Biom features a new last shape based upon 2,500 foot scans of runners. The front of the last remains the same but a narrower heel and a more sculpted midsole lends itself to a snug fit and feeds more flexibility. A slimmer overall construction, including a lower heel drop, and a super-lightweight polyurethane compound helps reduce the weight of the shoe while also enabling Ecco to sharply lower Biom's overall price points. Prices range from \$130 for



Ecco EvoRacer

synthetic uppers to \$150 for yak leather, down from a range of \$175 to \$220 previously.

Wolcott said the Ecco line, which will still be positioned in the premium part of the running segment, should benefit going forward as consumers have shown more of a willingness over the past year to pay over \$100 for a quality running shoe. While key accounts such as Luke's Locker and Boulder Running Company found some success with the original Biom run series, the reduced prices with the Evo Racer and Evo Trainer are also attracting a wider crowd.



Erik Wolcott, director of Sport division for Ecco

Added Wolcott, "The reception is definitely getting better. The number one issue

had been the prices so the lowered range is definitely opening up some eyes."

Wolcott also said dealers continue to respond to the story around yak leather, which is three times stronger than cowhide.

The Evo Racer is a featherweight shoe that combines a glove-like second skin fit with bio-mimicking anatomical support to help guide the foot to an optimal midfoot stride. The Evo Trainer includes many of the same technologies as the Evo Racer, while integrating more anatomical support for both regular and occasional runners.

The Biom Trail now comes with a Gore-Tex lining to keep the foot dry in wet conditions. The model features textile uppers with a reinforced running cage to make it a supportive and light trail running shoe.

On the rugged outdoor side, Ecco in 2012 introduced the Biom Hike, becoming the first natural motion hiking shoe. The Hike, which was chosen as a Scandinavian Outdoor Award Winner, is positioned low to the ground for greater motion control and is more streamlined than the traditional hiking boot. The boot's rounded heel and forefoot provide a natural stride while still providing the necessary support for the terrain.

Wolcott said the success of the Biom Hike is helping outdoor become the biggest growth category for Ecco's sport division. The lighter and faster approach as well as the color pops fit well with

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Ecco Terrain

the done-in-a-day or weekend-warrior trend in backpacking and has helped create excitement in the boot category. Said Wolcott, “Buyers have really gravitated toward it.”

For Fall/Winter 2013, its outdoor range has been expanded with the Biom Terrain, and Biom Ultra. The Terrain is aimed even more at the day hiker wanting a sporty-looking, lightweight and agile hiking boot. The lightweight Ultra is a functional multisport outdoor and trail running shoe.

Also on the performance side, Ecco entered the golf category in 1996 and has become the fourth largest producer of golf shoes worldwide. The golf side also borrows from Biom’s lessons. Combining Ecco Natural Motion and Golf Street outsole technologies, the new Biom Hybrid pairs the body’s system for absorbing impact with a non-cleated shoe bottom that offers durability, comfort, traction and stability on or off the golf course. The collection is worn in competition by Fred Couples, Graeme McDowell, Thomas Bjorn and other stars in golf competition.

In 2012, Ecco’s financial results rebounded from a flooding of Ecco’s factory in Thailand in October 2011 that reduced its capacity overnight by a third. Revenues climbed 13.7 percent in 2012, to DKK \$8.06 billion (US \$1.4 billion). Net earnings increased 23.3 percent to DKK \$684 million (US \$119.2 million).

By its three regional segments, Ecco’s Asia/Pacific saw the largest gains, rising 35.4 percent to DKK \$1.85 billion (US \$320 million). Its

EMEA region increased 3.5 percent to DKK \$4.32 billion (US \$750 million). Americas jumped 20.7 percent to DKK \$1.46 billion (US \$250 million).

Sørensen said despite the financial crisis and general economic turmoil that has engulfed several European countries to different degrees over the past four years, Ecco has doubled its revenues during the past seven years.

“Our well-balanced market geography along with our enduring family ownership provides Ecco with unparalleled staying power in such times of unrest,” said Sørensen.

Looking ahead, Ecco is making significant investments and activities in online channels as well as working on improving the shopping experiences wherever and whenever consumers encounter the Ecco brand. In 2012 Ecco invested more than \$112 million across the company.

“Faster than ever before new designs and ideas are launched in the shoe industry,” Sørensen said. “And more than ever consumers expect to have access to the shoes immediately. With consumers increasingly being spoiled for choice, Ecco is taking on the challenge of also creating thrill and exciting shopping experiences.”

But Ecco won’t stray far from its founding Danish principles. To celebrate its 50th anniversary, the company launched its “I’m a shoemaker” campaign this month to call out its roots as well as its controlled-production advantage. Special in-store displays, dedicated Facebook pages and a spirited walk through five decades of shoemaking are planned.

“We are shoemakers at heart, and with over 4,000 branded sales locations in more than 90 countries we are, of course, also a large retailer,” observed Sørensen. “This is a business model that provides Ecco with two strong platforms in our quest to become the best shoe company in the world. While never compromising on quality shoemaking we increasingly turn our attention to consumer demands and needs.” ■

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27-29 Sports Inc. Athletic Show
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JULY

9-11 TAG Spring/Summer Show
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10-12 BCA International Billiard & Home
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12-14 A.D.A. Spring Show
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31 Outdoor Retailer Open Air Demo
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AUGUST

1-4 Outdoor Retailer Summer Market
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1-4 SGB Active Lifestyle Investors
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8-10 Sports Inc. Outdoor Show
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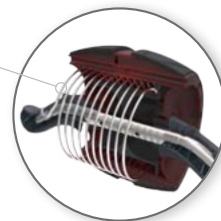
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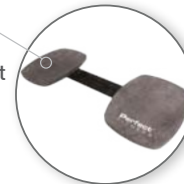
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