

SGB

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SEPTEMBER 29, 2014

WEEKLY

THE WEEKLY DIGITAL MAGAZINE FOR THE SPORTING GOODS INDUSTRY





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Photo courtesy KEEN

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REAL ESTATE BLOTTER

Bass Pro Shops plans to open a new store in Tacoma, WA on October 22. The 142,000-square-foot store is a tribute to the Pacific Northwest's beauty and abundant wildlife.

Dick's Sporting Goods announced plans to open five stores in Palmdale, CA; Patchogue, NY; Savannah, GA; Federal Way, WA; and Muncie, IN. Grand opening festivities will take place starting October 3 through October 5.

El Naturalista, the Spanish footwear manufacturer known for its comfort technologies and earth-friendly materials, opened its first store in Paris in an exclusive stand-alone store at No. 129 rue Faubourg Saint Antoine.

Fleet Feet will expand into a former Competitive Foot space in Oak Park, IL. The store will be operated by Fleet Feet Chicago and managed by Dave Zimmer and his wife, Lisa.

L.L.Bean plans to open its first Minnesota store located in the popular Mall of America. The 29,000-square-foot store will employ approximately 120 people.

Lululemon has signed a lease to open its first men's store in lower Manhattan. The store will open at Prince and Wooster Streets in Soho.

REI plans to open a 30,000-square-foot, two-story store at the Village at Westfield Topanga, CA, in the San Fernando Valley in Fall 2015. REI Topanga will join five other stores serving more than 352,000 active REI members in the greater Los Angeles area.

Shoe City plans to open five stores in the Baltimore area including three at Eastpoint Mall, Erdman Shopping Center, and Edgewater Village Shopping Center as well as two in Landover and Hampton, VA. It has 33 locations in Maryland, Virginia, and Washington, D.C.

Sportsman's Warehouse will open its fifth store in Colorado and its fourth in Arizona next summer. The new stores will be located in Sheridan, CO and Flagstaff, AZ. The Midvale, UT-based specialty retailer plans to open eight new stores in 2015.



Adidas announced a new creative studio coming to Brooklyn in New York in 2015 that will drive design direction for the brand and elevate the company's direct interaction with consumers.

ADIDAS

TO ESTABLISH CREATIVE DESIGN STUDIO IN BROOKLYN

Adidas announced a new creative studio would open in Brooklyn, NY in 2015 that will drive design direction for the brand and elevate the company's direct interaction with consumers.

As part of the studio, Adidas hired three former Nike footwear designers - Denis Dekovic, Marc Dolce, and Mark Miner.

Adidas said Dekovic has 20 years of footwear design experience across soccer, women's, snowboarding, basketball and tennis. Most recently, he was Nike Football Design Director responsible for the Nike Magista. Dekovic was also credited with helping develop the Mercurial 9, the Tiempo 5, and the Hypervenom soccer shoes.

Dolce is a 20-year veteran of the footwear design industry with experience across basketball, training, running, women's, and lifestyle. As NSW design director at Nike, he revived the Penny line. He has also earned credit

for working on the Lunar Force 1, a limited edition of the Air Force 1.

Miner, a former senior footwear designer at Nike, has experience in running, women's, and basketball, and worked on the Nike Free.

The three designers will join Adidas in 2015 to lead the creative studio and manage a small team of cross-discipline designers. Overall, the global studio will serve as a cultural contact point in the most influential city in the U.S. and to connect the brand closely with sports and street culture.

"The Brooklyn Creative Studio will be a small but essential operation aimed at exploring design direction for the brand. This facility will be an open source creative center allowing us to connect and collaborate with consumers in a way we've never done before," said Paul Gaudio, Adidas global creative director.



Denis Dekovic, Marc Dolce, and Mark Miner, will lead the adidas creative studio opening in 2015 in Brooklyn, NY.

SHOCK DOCTOR PARTNERS WITH KEVIN LOVE

Shock Doctor signed professional basketball star Kevin Love in a focused venture to reduce the frequency and severity of facial injuries by increasing adoption of mouthguards among basketball players at every level of competition. Love will wear Shock Doctor mouthguards on the court and have access to a full range of performance products from Shock Doctor.

"I make my living battling with some of the biggest, most talented athletes in professional sports," said Love. "I have had my fair share of elbows and hands to the face. After years of wearing a mouthpiece, I am excited to be partnering with the number one mouthguard company in the world to raise awareness for the need for basketball players at every level to protect themselves."

Love will be the centerpiece of an ongoing campaign to increase discussion among youth athletes, athletic governing bodies, youth leagues, travel ball organizations, high school federations, and parents about the benefits of wearing mouthguards. In support of the campaign, Love will be featured at retail and advertising. In addition, Love will be protected by Shock Doctor equipment including mouthguards, performance sports therapy products, and Ice Compression.

While mouthguards are "standard equipment" in football and hockey, they have yet to be widely adopted in basketball at the youth level; however, the 2012-2013 High School RIO, National High School Sports-Related



Kevin Love

"I am excited to be partnering with the number one mouthguard company in the world to raise awareness for the need for basketball players at every level to protect themselves."

-Kevin Love

Injury Surveillance Study, University of Colorado, Denver, revealed nearly 30 percent of all basketball injuries are to the head and face making it the most common in-game injury. In addition, when comparing injuries throughout all of high school sports, those to the head and face were twice as prevalent as the second-most common injury category.

"Kevin is one of the most respected and hardest-working players in the Association," said Tony Armand, Shock Doctor's chief executive officer. "His tenacity and aggressiveness on the court has led to some pretty hard hits, so Kevin truly understands the need for proper protection and recovery equipment. We are excited to partner with him on this campaign."



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MOVERS & SHAKERS

The Sports Legacy Institute (SLI) will honor U.S. Women's Soccer Legends **Brandi Chastain** and **Cindy Parlow Cone** each with an Impact Award at SLI's annual dinner that recognizes organizations and individuals for their commitment to solving the concussion crisis.

Columbia Sportswear Co. hired **Steve Woodside**, formerly at VF Corp., as VP of global manufacturing while **Stuart Redsun**, formerly at Under Armour, was appointed to the newly created position of chief marketing officer. In related moves, Columbia announced the pending retirements of current VP of global marketing **Dan Hanson**, and current VP of global apparel manufacturing **Patrick Werner**.

Dragon Alliance, the maker of sunglasses and snow goggles, hired **Noi Kaulukukui** as a sales representative covering Northern California.

Liberty Interactive Corp. selected **Jill Layfield**, CEO of its Backcountry.com unit, as one of 11 women to serve on the 2015 Women's E-Commerce Network Council that will mentor a new class of up-and-coming female e-commerce entrepreneurs.

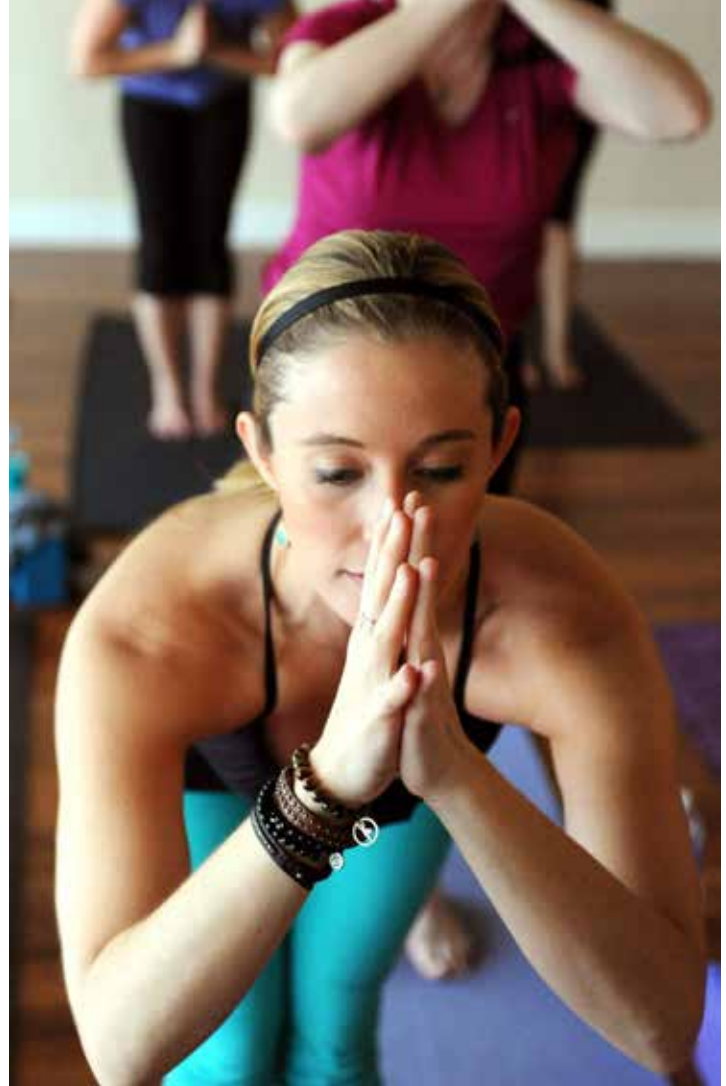
REI has promoted **Annie Zipfel** to the position of SVP of marketing and no longer plans to hire a chief marketing officer. Zipfel joined REI in 2012 from Target and oversees the entire retailer's marketing and advertising campaigns, digital engagement, membership program, and customer insights efforts. REI also promoted Julie Averill to VP of IT and appointed **Mark Stoddard** VP of planning, inventory management and operations.

McNett Corp., which owns Outgo, Gear Aid, M Essentials and Aquamira, promoted **Liz Mathias** to COO.

SOG Specialty Knives and Tools named **Rick Klug** as their new national sales manager.

Sturm, Ruger & Company, Inc. announced that its board of directors has voted to increase the number of directors to seven, and has appointed **Terrence O'Connor** as a board member effective immediately.

After 25 years as a professional BMX rider, nine X Games, and making history by landing the first-ever 720 on dirt, **Tim "Fuzzy" Hall** has joined the **Powder Mountain** team as its director of sports marketing.



PRANA

CELEBRATES NATIONAL YOGA MONTH

September is National Yoga Month and to celebrate PrAna has offered yoga classes at its stores in Boulder, Portland, Denver, San Francisco, and Minneapolis, at no charge.

"National Yoga Month is a wonderful time to focus on health, balance, and wellness," said PrAna's director of retail, Tim Wakaruk. "We try to make our stores an inviting part of the community by offering wellness information sessions, speakers, and free specialty and regular yoga classes all year - so this month we hope you join us to start, deepen, or rediscover yoga."

Free yoga class schedules are available online by visiting Prana.com/retail-stores. For people not living in these five cities, PrAna has been offering another way to celebrate by launching an explorative series on the practice of Ayurveda - a healing method to balance an intense yoga practice.

"Ayurveda has changed my life because Ayurveda has become a way of life," said PrAna ambassador Shiva Rea. "I wasn't aware of how much a challenging yoga practice was wearing down my body, so these methods really help me."

Examples of Ayurvedic elements anyone can add to their routines include eating specific foods and herbs, taking care of your skin with natural oils and cleansing, and developing an emotional awareness grounded in its effects on the body.

This series is launched in partnership with Banyan Botanicals. New posts are uploaded to PrAna's site - Prana.com/life - every week on Mondays along with other resources like articles and yoga videos.

DELOITTE

FORECAST RETAIL HOLIDAY SALES TO INCREASE 4 TO 4.5 PERCENT

Steadily improving economic fundamentals should moderately boost holiday sales in the stores and online this year according to Deloitte's annual retail holiday sales forecast.

Deloitte's retail and distribution practice expects total holiday sales to climb to between \$981 and \$986 billion representing a 4 to 4.5 percent increase in November through January holiday sales (excluding motor vehicles and gasoline) over last season. This growth rate is a moderate improvement over last year's 2.8 percent gain. In addition, Deloitte forecasts a 13.5 to 14 percent increase in non-store sales in the online and mail order channels during the 2014 holiday season.

Income, wage, and job growth are positive indicators heading into the holiday season according to Deloitte. Debt levels also remain at historical lows, and stock market gains coupled with increasing home prices have a wealth effect on consumers; which may encourage increased spending compared with prior years.

"Although consumers are watching tensions unfold in the Middle East and Ukraine, the improvement in their economic situation should more than offset the foreign conflicts' impact on consumer confidence and retail sales," stated Daniel Bachman, Deloitte's senior U.S. economist. "Despite recent events in energy-producing areas of the world, gas prices have held steady, which may also sustain consumers' spending power."

Deloitte said that while online sales continue to climb, digital customer interactions through both virtual and physical store channels present greater sales opportunities than online or mobile commerce alone. Its research indicates that 84 percent of shoppers use digital tools before and during their trip to a store; and those shoppers convert, or make a purchase, at a 40 percent higher rate than those who do not use devices when they shop.

Deloitte forecasts that digital interactions will influence 50 percent, or \$345 billion, of retail stores sales this holiday season. This figure reflects the extent to which consumers' use of desktop and laptop computers, tablets, and smartphones influence brick-and-mortar store sales.

"Retailers should focus on the right functionality rather than more functionality when creating digital experiences this holiday season," said Alison Paul, vice chairman, Deloitte LLP and retail and distribution sector leader. "Rather than offer their full e-commerce site on a mobile device, for example, retailers may be more effective by helping consumers compare prices, scan through local assortments, and navigate the store. Retailers that better understand how consumers make purchasing decisions, then deliver tools that support that process in a way that is consistent and complementary across online, mobile and store channels - may have the advantage this holiday season."



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GIVING BACK

Rawlings Heart of Gold Award Celebrates Greatness Off the Diamond



Postseason awards typically honor achievements on the field but in 2011 Rawlings Sporting Goods Company, Inc., a subsidiary of Jarden Corp, established the Rawlings Heart of Gold Award to honor the altruistic, off-the-field efforts of the game's greatest ambassadors.

While the recent events in the sports industry may have cast a dark shadow and portrayed athletes in a collectively negative light, the overwhelming majority of athletes unselfishly give back in so many ways.

"Professional athletes understand that they live under constant scrutiny for their actions whether on- or off the field," said Robert Parish, president and general manager of St. Louis-based Rawlings. "Professional athletes bring joy to fans both on the field as well as off the field with their passionate dedication, tireless work, and uncompromising commitment to enhance our communities. This drive to lead by example serves as the cornerstone as to why we first established the Rawlings Heart of Gold Award."

The 2014 recipient of Rawlings' highest honor for players who demonstrate personal accountability and ethical leadership in every aspect of their lives will be announced at the 2014 Rawlings Gold Glove Award Ceremony in New York on November 7, 2014. This year's

honoree will join two of baseball's most iconic leaders, Tommy Lasorda and Cal Ripken, Jr., as Rawlings Heart of Gold Award winners.

As one of the baseball's most beloved leaders and a champion for the growth of amateur baseball around the world, Lasorda continues to speak at hundreds of fundraisers for high school and collegiate baseball programs across the country each year. Ripken's legacy in the game of baseball extends beyond his on-field achievements and is synonymous with his drive to enable participation and to teach all facets of the game in communities across the globe. Ripken's leadership and personal involvement in Ripken Baseball and its various divisions is a natural extension of this mission and his passion for the game.

The 2014 Rawlings Heart of Gold honoree's mission is to "strengthen families through his works, deeds and examples," while generating significant awareness and financial resources "to help those living with Down syndrome" in the U.S. and "to improve the lives of the impoverished" in his native Dominican Republic."

"We are proud of the positive influence sports have on young athletes and equally proud to honor those who are doing the right thing," Parish said.



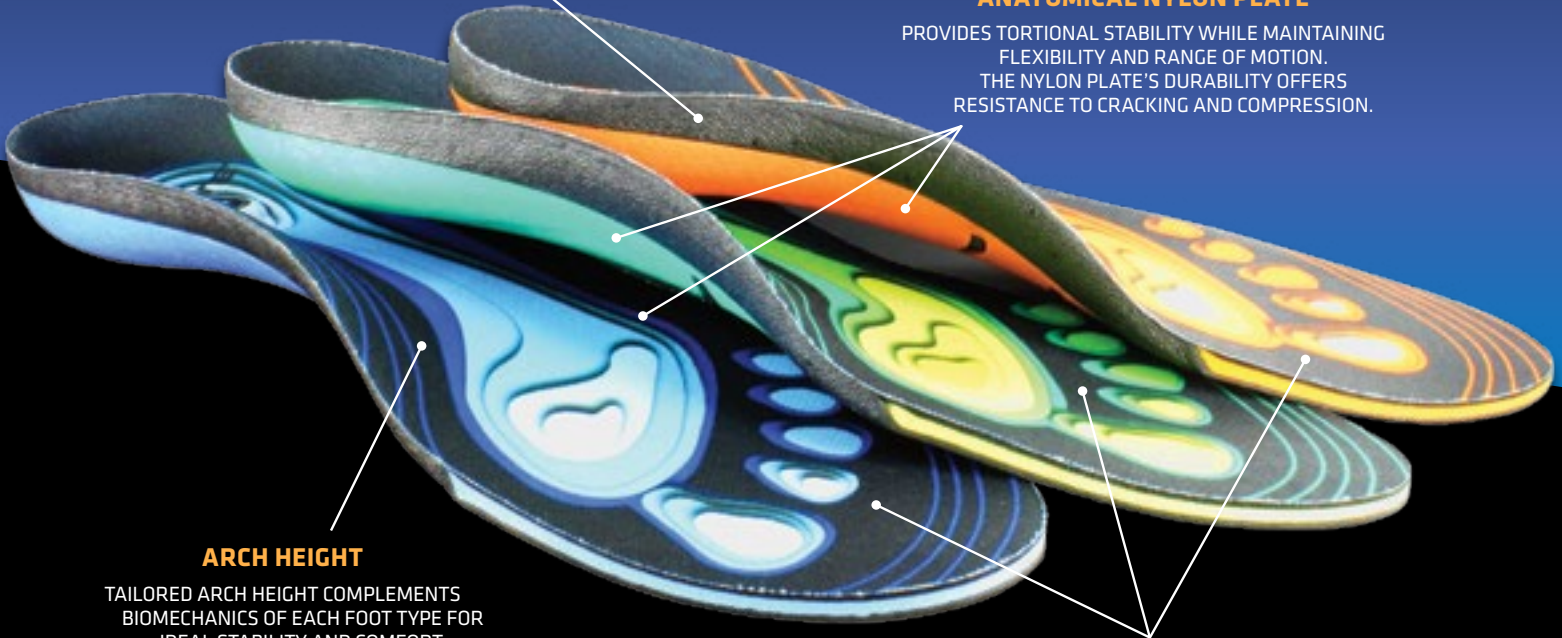
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John Sherman of Simms talks about the new Simms ExStream Jacket and ExStream Pants for 2014. Click to view ▶

SIMMS AND PRIMALOFT INSULATION

EXPAND PARTNERSHIP FOR FALL 2014

PrimaLoft, Inc. and Simms, the manufacturer of waders, outerwear, and technical fishing apparel and accessories have expanded their partnership for Fall 2014. Simms will increase its PrimaLoft offerings with three men's jackets, one men's pant and one women's jacket.

"PrimaLoft is the only insulation on the market enabling fishing devotees to focus on their favorite passion and forget the forecast," said Brandan Hill, senior director of product at Simms. "Our consumers gravitate toward PrimaLoft insulated pieces because they see the value in the technology. They need versatile outerwear for cold and damp conditions especially as they are outdoors for an extended period of time in varying weather conditions and climates and they need it to be lightweight and highly packable. PrimaLoft performance insulation best serves our consumers and we are proud to have them as a partner."



Left to right: Kinetic Jacket, Women's Fall Run Jacket, Men's Fall Run Jacket

For men, the Kinetic Jacket combines best-in-class PrimaLoft Gold Insulation with stretch-fleece in a hoody jacket for warmth without bulk. The redesigned men's and new women's Fall Run Jackets are ideal as layering pieces or standalones due to PrimaLoft Gold Insulation's water-repellent properties. The ExStream Jacket, featuring PrimaLoft Silver Insulation Hi-Loft, is highly compressible for easy packing and has a fully customizable three-point cinch storm hood. Lastly, the PrimaLoft insulated ExStream Pants for men deliver warmth-to-weight performance when wet with drop-in style hand warmer pockets.

Also new for Fall 2014 is PrimaLoft's shield logo and "Feel the Performance" tagline which will be used in advertising, social media, and at retail via garment hangtags.



KEEN DEBUTS UNEEK

Created from two cords and a sole, and weaving urban, outdoor, function, and style, Keen introduced the UNEEK, an entirely new footwear construction that challenges the convention of footwear manufacturing.

"We began by examining the foot, then redesigned every single piece of the shoe to best compliment the foot's shape," said Jeff Dill, business unit director of the Trailhead category at Keen. "We started with one material, the cord, and built off of that, only adding what was absolutely necessary. There is beauty and elegance in its simplicity, which promises one-of-a-kind fit and feel that is unique to UNEEK."

Using a pull-through construction, UNEEK is made up of two cords and a simple, free-moving cord junction design that allows the upper to move and adapt to the user's foot. This construction provides freedom while providing security and structure. A lightweight PU midsole delivers top-notch durability and comfort. Rubber pods in the heel and toe of the outsole provide protection and traction in high-wear areas. UNEEK provides custom-fit comfort at a weight of only 8.5 ounces.

With a look and feel unlike any other, UNEEK maintains the comfort Keen fans expect from Keen. "Keen is a brand built around doing things differently and challenging the status quo. UNEEK is the next generation of footwear featuring unexpected design with Keen comfort and protection," Dill added.

BIG AGNES INTRODUCES JACKETS

Big Agnes, known for its premium camping equipment, will release its apparel collection to consumers on October 1.

The collection features premium insulation from DownTek and Pinneco Core in the line of supremely warm and functional jackets, vests, and skirts.

The DownTek is layered into each garment with Insotect Flow vertical baffles that improve heat retention and provide a more contoured fit than traditional horizontal baffles.

For its synthetic pieces, Big Agnes is the first company to use Pinneco Core in apparel. The new synthetic insulation is designed to be more breathable, thermally efficient, and sustainably engineered.

A highlight is the Dunkley Belay Jacket for men, \$300, featuring a synthetic hooded belay parka with maximum insulation. It also includes 120g Pinneco Core synthetic insulation in body, 80g in the sleeves; Insotect Tubic construction for loft and thermal efficiency. The 100 percent recycled polyester shell is wind-proof and water resistant.



Big Agnes Dunkley Belay Jacket for Men



33-DFA



FujiTrail Backpack



GEL-Hyper Tri



Speed Chill Cap



FIT-Sana



33-FA

ASICS EMPOWERS 'RUN YOUR WAY'

For Spring 2015, Asics America is launching "Run Your Way," to provide runners with the optimum footwear and running gear to make the most of the time on their feet, whether it be on pavement or dirt trail.

"Run Natural" is the first iteration of the initiative, providing updates to the Asics Natural33 collection to help runners achieve a "gear-free feeling" with flexibility and lighter weights. This includes the new 33-DFA and 33-FA footwear, which offer FluidAxis. "Run Fast" includes the latest in speed and racing footwear including the new GEL-Hyper Tri for triathlons over shorter distances. The GEL-Hyper Tri features elastic laces, heel and tongue loops, and seamless construction to allow for sockless wear and a breezy transition on race day. The updated GEL-Noosa TRI 10 includes a Wet Grip outsole ideal for aid stations and wet conditions, as well as a 15 percent lighter midsole Solyte and a perforated sockliner for a lighter and more comfortable ride.

Spring 2015 boasts three new studio apparel launches including performance-

ready FIT-Sana, fashion-forward Cleo-Po, and the supremely comfortable Flex line. Each collection includes a sports bra, tank, t-shirt, short and pant to fit the needs of any workout class or training session.

In accessories, a key focus for Spring 2015 is Asics sock technologies, including Elite Performance with Pro-Fit Technology. New launches in the category include the Speed Chill Cap, a lightweight stretch performance hat with a foldable and reshapable visor, providing high-powered performance without the bulk, as well as a cooling liner. The advanced FujiTrail Backpack was designed for runners who want to take it off-road without the weight, providing an adjustable, lightweight comfort fit and room to house essentials.

"Asics has always aimed to push limits and boundaries, and our continued success in the running category has only fueled the fire for further advancements across a number of fitness categories," said Shannon Scott, senior director of marketing communications, Asics America. "The 2015 spring collection embodies our heritage in innovation, boasting advancement across running, team sport and studio fitness."



In October, 361° USA will launch its first marketing campaign focused on out-of-home media featuring the NBA's Cleveland Cavaliers All-Star Kevin Love.

361° Readies for U.S. Launch

By Thomas J. Ryan

361° was founded just 11 years ago but already it is the second largest lifestyle and sports brand in China after Li Ning announced its plans to expand into North America. To help with its entry, 361° hired Jim Monahan, former VP of Footwear for Asics America, as president of its North American subsidiary. Rich Bourne, past president and COO of Asics America, is serving as a strategic business advisor as part of its veteran North American team.

361° (pronounced 361 Degrees) was founded in Jinjiang in 2003, launched its eponymous brand 361° in 2004, and went public in 2009 on the Hong Kong Exchange. Its international breakthrough came as the official outfitter of the Chinese men and women's Olympic curling teams during the 2010 Vancouver Olympics. Today, 361 Degrees operates more than 7,800 stores in Mainland China and records annual sales of over 5 billion yuan (U.S. \$800 mm). In the domestic market, its main competitors

are Li Ning, Xtep and Anta. The company is currently launching across Europe, the Middle East, Brazil, and now North America.

The brand's mantra is "One Degree Beyond" and means, "Whether it is performance, innovation, style or service, the brand's mission is to raise the expectation 'One Degree Beyond.'"

In an interview with *SGB Weekly*, Monahan said he and Bourne were presented the opportunity to lead the expansion into the U.S. and Canada by Otto Lin, general manager of the overseas division for 361°. Lin was previously with the Pou Chen group and Monahan and Bourne have known Lin for more than 15 years.

The North American debut will include a soft launch of athletic and lifestyle footwear and apparel for Holiday 2014 at select retailers with a full collection following in Spring 2015.

“361° positioning will be centered on fitness, specifically running and training, and includes footwear and apparel,” said Monahan of the brand’s approach in the U.S. “Training and running allow for a performance focus. The line will evolve into capturing the kids’ market as well as basketball with long term targets specific to team sports.”

361° USA’s launch collections will showcase proprietary technology with its Quick Dynamic Defense (QDD) featuring a three-layer process in the midsole that provides stability, rebound, and comfort while maintaining a lightweight feel.

“The stable of brands that exist in both running and training are better than ever before,” said Monahan. “However, there are some basics that must be addressed and fit and comfort are the leading factors. We believe that we will deliver on both while providing an overall experience that consumers will want to repeat.”



Jim Monahan, 361° President North America with Rich Bourne, 361° strategic business advisor North America.

The initial running, training, trail, and lifestyle line will offer about 160 styles for men and women. Prices will range from \$65 to \$120 on the athletic side and \$50 to \$100 for lifestyle. Key styles will include the 361 Sensation, Chromoso and Impulse.

Distribution will focus on including sporting goods, independents, and family footwear accounts. Said Monahan, “This type of product diversity will allow us to focus on all channels of distribution with a product-specific strategy. At the end of the day, it is important to not only manage distribution but to have a base of customers that will allow for brand growth.”

Despite many other brands in the U.S. market, Monahan believes the consumer in recent years has shown that they are willing to try new brands. He added, “There is a group of early adopters that always want to be on the forefront of what is new.”

In October, 361° USA will launch its first marketing campaign focused on out-of-home media featuring the NBA’s Cleveland Cavaliers All-Star Kevin Love in preparation for the November 1 launch. Long signed with



361° in 2008 coming out of UCLA although the partnership focused on the China market. The partnership is being expanded to the U.S. market.

“We are fortunate to have Kevin Love as part of our team,” said Monahan. “He truly embodies our ‘One Degree Mantra.’ His performance on the court as well as off is something that we are proud to be a part of.”

361° will be looking for other player endorsements that represent “the right marriage of athlete and brand,” Monahan said.

Marketing will also include traditional, grassroots, and digital initiatives as well as a long list of strategic partners and brand ambassadors as part of an aggressive attack on the performance running and training communities. A specific focus will be placed on in-store presentation and social media with its platform being activated on October 15.

“In both [performance running and training] markets, you have to bring the product to the consumer,” said Monahan. “These markets are very tough to crack. Our efforts will be centered on building the trust for our product...that it fits and functions for the activity in which they are participating.”

Joining Monahan and Bourne at 361° USA, which is based in Irvine, CA, is Ed Goldman who heads up marketing. Goldman was formerly marketing director for American Sporting Goods (Avia, And1 and Ryka). Pat Perry, who will oversee product, has worked on the retail side as well as for brands like Asics and K-Swiss. Kristen Hart, who is heading up demand planning, has over 20 years of experience in this area with Asics and American Sporting Goods. Several hires have already been made for its team of independent sales reps.

Monahan also noted that unlike some other Chinese brands such as Li Ning, Peak and Anta that have struggled gaining traction in the U.S., 361° is establishing a separately operated segment for the American segment.

“361°’s headquarters recognized that the overseas business was an entirely separate animal,” said Monahan. “The overseas division was created to function independently from the headquarters with a separate product creation engine that focuses on the consumer in the specific market we are doing business, in this case it is the United States.”

361°’s product creation engine is housed in Taiwan, handling sourcing, design, engineering, and costing. Our product team here creates the concepts for the U.S. customer and works hand-in-hand with the designers and developers in Taiwan and the factory.

“We are building a brand in the U.S. from the inside out,” said Monahan. “Our goal is to build quality performance product through extensive research and development while paying attention to the demands of the consumer. Our success in the United States will contribute to 361° becoming a Top 5 global sports brand in the future.” ■



Impulse



Can Wearables Save Sports?

By Thomas J. Ryan

SFIA's second-annual Industry Leadership Summit again probed the many challenges facing the sporting goods industry including declining sports participation, early specialization in sports, general inactivity, and the threat of technology.

For a change, however, a chunk of time was given to the promise of technology, and especially the hype over fitness trackers and overall wearables.

The technology challenges were highlighted in part by a panel on cyber threats underscored lately by front-page headlines of the credit-card breaches at Target, Home Depot, and others but also posing many other risks in protecting sensitive data. Another tech threat is the strong appeal of video games, social networks, and numerous other digital devices and preoccupations that are taking kids away from playing fields and courts.



Dr. Mark Emmert, President of the NCAA

“Your competitors are not each other,” Dr. Mark Emmert, president of the NCAA, said during his presentation to the roomful of sporting goods executives in Chicago, “Your competitors are people who make big screen TVs and who make really cool video games and help convert people into coach potatoes when we need them to be more

involved in sport and fitness activities.”

On a more inspiring note, Eric Maddox, the Army interrogator credited with finding Saddam Hussein, gave a keynote speech around leadership and determination, and Larry Miller, president, Jordan Brand at Nike, Inc., talked about the ability of sports to alter young lives. The SFIA, working with PHIT America, also launched an ambitious fundraising program to get 1 million children active by 2020.

But a highlight of the event was a presentation by Dr. Shawn DuBravac, chief economist and senior director of research for the Consumer Electronics Association (CEA). In January 2015, SFIA will



Larry Miller,
President, Jordan
Brand at Nike, Inc.

launch the Sports Tech Marketplace, a showcase highlighting the latest in sports technology in Las Vegas as part of the Consumer Electronics Show (CES) that’s owned and produced by the CEA.

His talk, “The Intersection of Sports & Technology,” explored the potential of fitness trackers and wearables - a timely topic given Apple’s announcement the



Dr. Shawn DuBravac, Chief
Economist and Senior Director
of Research for the Consumer
Electronics Association

prior week of its plan to launch the Apple Watch to mark its entry into the wearables space. His basic message was “You ain’t seen nothing yet!”

While many fitness trackers currently focus on measuring steps, heart rate, distance traveled, etc., the bigger opportunity is more metrics being developed and the merging of diverse data sources to induce customized behavior change.

As an example, DuBravac offered how the process of selecting a movie to download from Netflix might drastically change. With a fitness device on your wrist, movie suggestions could arrive based on how stressed you are, whether you’re excited or not, the temperature, and a number of other factors. With a sensor on your TV, suggestions can further be narrowed down based on how many people are in the room or whether you’re lying down or sitting up. Said DuBravac, “Suddenly, the movie recommendations I’m starting to get are much more specific to me.”

As another example, DuBravac pointed to how researchers at the Northwestern University of Chicago have been working on suicide and depression prevention apps using GPS technologies to measure whether you’ve left home and accelerometers to indicate whether you’ve gotten out of bed or not, then offering recommendations on whether to call a friend or calling them for you.

After stepping on a scale and gauging other biometric measures, your refrigerator might make a suggestion on what to eat. Incorporating data tied to your calendar and noticing a weight gain every Monday night, suggestions might arrive to compensate for those night’s splurges. Said DuBravac, “We’re digitizing our physical environments and we’re letting that data spread to one another and then ultimately creating curation.”

For sports and fitness, the big opportunity is around “inducing behavior.” Serious athletes are already “digitizing” their physical experience to gain customized feedback to help them better perform. A surfer with a sensor on his board can learn about his speed, height, and acceleration to determine whether he’s catching a wave too early or too late. Adidas’ smart soccer ball, as well as a sensor-laden basketball from 94Fifty, can measure speed, arc, spin, and other metrics in real time. Training applications are also arriving for golf, tennis, and baseball.

Protection monitoring for athletes can also be enhanced with sensors on helmets and mouth guards already arriving that measure force. The extent of possibilities is shown by a water bottle with a sensor that can tell you if you’re dehydrated and how much water you drank throughout the day.

Access to a myriad of such metrics can revolutionize training. DuBravac noted that a connected toothbrush that launched at January 2014’s CES tells a person how frequently they’ve been brushing and flossing and even where in the mouth they’ve been brushing. Accompanying downloadable data helps dentists become “data scientists,” specifically advising how patients should change their brushing habits. In the same way, coaches and trainers will soon be able to look at a variety of metrics in conjunction with historical guidelines they’ve long used to make more scientifically-rich recommendations. Said DuBravac, “The physical trainer of the future is going to be part physical trainer that we’ve known for hundreds of years and part data scientist looking at those metrics trying to make more systematic recommendations.”

The more widespread opportunity is reaching the legions of non hard-core athletic/fitness enthusiasts and helping them overcome the inhibitors to exercising - not feeling motivated, feeling too tired, and not having enough time. DuBravac admitted that many of the current fitness metrics on wearables - measuring steps, heart rate, distance traveled, etc. - will not likely convince the end-user to overcome these exercise barriers although a whole suite of applications are in development to address them. Other challenges the wearables category faces are:

- » Developing a wearable’s component market to expand the range of specified end-use applications;
- » Standardizing metrics and creating common terminology so that, for instance, measuring sleep patterns on one device are comparable to another device. This is especially important to “enable interoperability,” or being able to use sleep metrics, for example, to work with heart rate and other metrics to make customized recommendations;
- » Creating a use-case scenario. A high 65 percent of consumers in a recent CEA survey said they’ll “never own” a wearable body monitor and 64 percent said the same for a fitness watch with tracking capabilities. The same reluctance was seen early on in the product life of HDTVs and digital cameras so the hope is that consumers will become more open to try wearables as they experience the technologies;
- » Improving replacement demand. A relatively high number of people who have owned the device - 24 percent for wearable body monitors and 29 percent for those owning a fitness watch with tracking capabilities - don’t plan to buy another one. Similar to the user-case scenario, that figure may improve with continued experimentation and innovation extending the measure of metrics that bring more uses to the devices.

Overall, DuBravac said 2014 is "shaping up to be the year of the wearable." CEA expects 22 to 28 million wearable devices will ship globally in 2015, presenting 50 to 80 percent growth. Revenues are expected between \$4.5 and \$9 billion, with growth between 55 and 200 percent; however, DuBravac admitted it might reach the lower end of that estimate with Apple's plan to not introduce its Apple Watch until January 2015.

Fitness trackers and smart watches are both estimated to surpass \$1 billion in sales in the U.S. in 2014. The significant upside is evidenced by data showing that only two percent of U.S. adults own smart watches, five percent own wearable body monitors, (i.e., activity trackers), and the same 5 percent own fitness watches. At the same time, 60 percent of adults indicated they plan to purchase a fitness consumer electronics device for themselves in the next year.

The reasons the devices are being bought include keeping themselves motivated, to progress towards a goal, to monitor fitness activity generally, and to increase the enjoyment of exercise. Reasons given for encouraging existing device owners to use their devices even more include gaining positive reinforcement, competition, (competing with yourself or others), gamification (turning activities into a game that keeps score), and social networking (opportunities to discuss progress with close friends).

DuBravac said both wearables and fitness trackers remain "very discretionary products" but that's likely to change as the devices gain significantly more applications. "It's really just the tip of the iceberg with much more to come," he said. "If there's a valid reason to measure it and monitor it to provide recommendations from that data, it will be digitized."

Also exploring the promise of technology at the Industry Leadership Summit were presentations on e-commerce by Keith Anderson, VP strategy

at Profitero, Inc. and in social media, Nat Hampson, head of sports brands and sport retailers, Facebook. But many of the presentations dealt with the challenges and payback of getting people active.

Dr. Risa Lavizzo-Mourey, M.D., president and CEO, Robert Wood Johnson Foundation, discussed her organization's



Nat Hampson, Head of Sports Brands and Sport Retailers, Facebook

commitment to building a 'Culture of Health' across communities and the key roles that business leaders - especially those in sports and fitness - can play in creating this national movement. One goal is creating "a society where promoting health is as important as treating illness."

Besides technological threats, the NCAA's Emmert spoke about

the challenges around demographics, noting that participation in college sports is "very, very low" among Hispanics, Latinos and Asians.

He also addressed several misperceptions around college sports. Overall, colleges count over 460,000 student athletes across 19,000 teams. The games "you see on TV" - representing about 65 football teams and about 100 men's basketball teams - represent just three percent of all college athletes. Yet that three percent pays for the remaining 97 percent of sports played at college level. Only 20 schools out of 1,100 in 2013 recorded positive cash flow. Emmert said calls to pay student athletes would cripple budgets for a wide variety of the non-watched sports including many supporting the country's future Olympic athletes.

In overall participation, Emmert railed against the trend toward specialization that is leading many kids to enter college with repetitive stress injuries. It also impacts their psychological development by encouraging them to give up sports if they can't fully commit to one. He said, "We need to have kids not worry about whether they are going to specialize in a sport when they're eight. We need them to play all sports."

Safety and health issues also need to be addressed. While concussion and repetitive-strain issues are serious problems, equipment, playing rules, and officiating can help. But the preponderance of negativity around playing sports across the media is scaring kids and their parents away from participation. Said Emmert, "We need to find ways to encourage families to tell their youngsters to play and to encourage them to get outside and be part of sports and fitness. Not to go to McDonald's and get a cheeseburger."

Finally, Emmert said while the big games bring entertainment, the core benefit of college sports is "developing better citizens, not athletes." Beyond the leadership, teamwork, perseverance, and other skills athletes gain, college student athletes graduate at a higher rate than non-athletes at nearly all campuses across the country. Said Emmert, "The notion that you can be either good in school or good at athletics is a complete misnomer."

Outlining SFIA's "attack plan to help reverse the 'inactivity pandemic,'" Tom Cove, SFIA's president & CEO, introduced the SFIA Increase Participation Plan, the biggest initiative the sports and fitness industry has launched to increase participation.

He noted that major vendors such as Nike and Adidas have the capacity to fund "Get Fit" programs at schools by themselves. But the trade organization had heard since its last conference the frustrations other members with more limited resources were facing supporting initiatives to help communities get more active.

The SFIA Increase Participation Plan is looking for sponsors within the industry to support "Mini PEP Grants," or \$2,000 to \$5,000 sums that will complement the existing PEP grants that are distributed by the U.S. Department of Education through its Carol M. White Physical Education Program (PEP). Cove said that with 68,000 public elementary schools, only a few ever get a PEP Grant and an "active child" can be supported for less than \$40 a child. A portion of the money raised would also support the launch of a campaign to pass the PHIT Act by 2016.

Overall, 70 percent of the funds will be distributed to in-school programs through the Mini PEP Grants; 20 percent will support SFIA's lobbying efforts to pass the PHIT Act; and PHIT America will use 10 percent for its administrative costs and day-to-day operations to support its mission of increasing physical activity and fitness.



Keith Anderson, VP Strategy and Insights, Profitero, Inc.



Tom Cove, SFIA's President & CEO



Dr. Risa Lavizzo-Mourey, M.D., President and CEO, Robert Wood Johnson Foundation

“Our goal is to get 1 million children active by 2020. We can do it,” said SFIA Chairman and Mizuno, USA President, Bob Puccini. “Every company or organization which believes in the broad-based values and benefits associated with active kids needs to step up to grow participation through these programs.”

While Nike is a big supporter of Michelle Obama’s “Let’s Move” campaign to combat inactivity, Miller still believes what drives Nike and the overall industry is “inspiring athletes to try to do better and try to be better.” Much of that focus is supported by “innovation and desire,” he added.

He noted how Michael Jordan’s own “desire to perform better and desire to innovate” drove him to success after being cut by his high school team and facing challenges overcoming the Detroit Pistons to lead the Chicago Bulls on his first NBA Championship.

In the same way, Jordan partnered with Nike designer Tinker Hatfield to innovate on the performance side to come up with the first Air Jordan. The two further innovated around style over the years including the Air Jordan 11 that featured patent leather and the use of carbon fiber that dramatically changed the design of shank plates. Further innovation came with the “It’s The Shoes” campaign with Jordan and Spike Lee.

The biggest challenge the Jordan Brand faced was continuing after the basketball legend’s retirement. Facing many skeptics both inside and outside Nike, Jordan has evolved through ongoing innovations as a logo and a brand to “come to represent something more than Michael Jordan on a basketball court; it’s come to represent excellence, dedication, and things that the consumer is inspired by.”



SFIA Chairman and Mizuno, USA President, Bob Puccini.

But Miller also noted that not just stars like Michael Jordan inspire, just playing sports does as well. Admitting he was veering off his originally planned topic, he offered an experience that only happened the prior day at a Chicago high school.

Miller said he often talks to young people in urban communities to share his experience and hopefully motivate them. But this school was grieving from the death the prior day of one of its popular students, the first death at the smaller-specialized school. Miller began his regular talk around life lessons with 20 of the more influential boys at the school and he noticed their interest perked when he talked about Jordan and perked further when Miller said Nike may be able to support them in creating their first basketball team. Said Miller, “I started to talk basketball and I saw this shift in hope and inspiration that hadn’t been there before. We started to talk about participation and it really changed their whole perspective.”

The incident reminded him again that the data shows “active kids doing better, living better lives – those things are real.” More critically, it reinforced to him how the industry can influence young people and “have a real positive affect on their lives.”

While noting Nike “is a big company and can do a lot” and growing sales and profits are important for everybody, Miller urged the industry executives in the audience not to forget the importance of sports to society.

“We want to sell more Jordan’s but at the end of the day it’s about more than that,” said Miller. “It’s about helping to inspire kids. It’s about providing hope and the aspiration to help kids who are in some pretty dire situations. Anything that Nike and Jordan can do to help, we’re going to do it. And I would encourage others in the room to get these kids involved in sports and fitness because it actually affects their lives going forward.” ■

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OCTOBER

7-9 OIA Rendezvous
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NOVEMBER

3-5 NBS Fall Athletic Market
Ft Worth, TX

15-16 A.D.A. Fall Show
Palm Springs, CA

23-25 Sports, Inc. Fall Team Dealer Show
Las Vegas, NV

DECEMBER

2-4 EORA Southeast Market
Asheville, NC

9-10 EORA Southeast Market
Ellicott City, MD

10-11 Atlanta Fashion Shoe Market
Atlanta, GA

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8-12 Worldwide Spring Trade Show
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