

# FOOTWEAR INSIGHT<sup>®</sup>

TRENDS, PERSPECTIVE & ANALYSIS • A FORMULA4 MEDIA PUBLICATION

## WHAT WE'LL ALL BE TALKING ABOUT IN 2016

Big Ideas and Key Issues.  
What will drive the discussion  
for everyone in the year ahead?  
See page 24.

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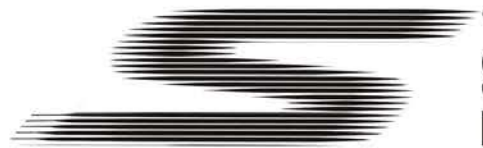
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# FOOTWEAR INSIGHT



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Tailored, tasteful and timeless characterize the best of Fall 16. Call it the Age of Refinement.

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**POSTED BY: FIRST TIME CUSTOMER**

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**LOVE!! LOVE!!**

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# YEAR OF THE MAN

I KNOW IT'S NOT POLITICALLY CORRECT TO SAY THIS, but 2016 will be the year of the man. Now I know more than half of our readers are cringing and saying "every year is the year of the man. They make more money; they have more opportunities and advantages."

But I'm talking shoes here.

And from that perspective, it has not been a man's world for quite some time. Face it; most men do not have a clue on how to dress. We're all in the business, so our immediate work circle doesn't fall under this criticism. But reach out beyond work and you'll see men of all ages and incomes who really don't have a clue how to put together a pants and shirt combination that works, much less accessorize.

The biggest change in fashion over the past 30 years has been the move toward casual dressing, especially in the workplace. That trend has been both a blessing and a curse. Men could pretty much handle the suit and tie thing. It was pretty close to a foolproof uniform. But with those strict guidelines removed and left to our own devices, the results can be... well, let's just say uneven.

Most men have interpreted that to mean jeans or khakis. A hotshot sales associate at a local men's retailer tells me that it's easy to sell shirts and jackets to most of his customers. "If it goes with jeans or khakis, I know they'll like it," he told me (while selling me a blue patterned shirt that goes very well with both).

But men are starting to step out. I don't know if it's confidence or bet-

ter training from our better halves, but in general guys look better than they have in years. The *Wall Street Journal* recently ran a story on how Los Angeles Style is changing for the better. It called Los Angeles "a new style capital," a far cry for a town that historically is known for a mash up of surf and denim where the line between casual and sloppy is often crossed. Jacket and ties are so rare, there are some executives in Hollywood who have

Today, if you want to see the alpha dog in the room, look for the best watch or shoes.

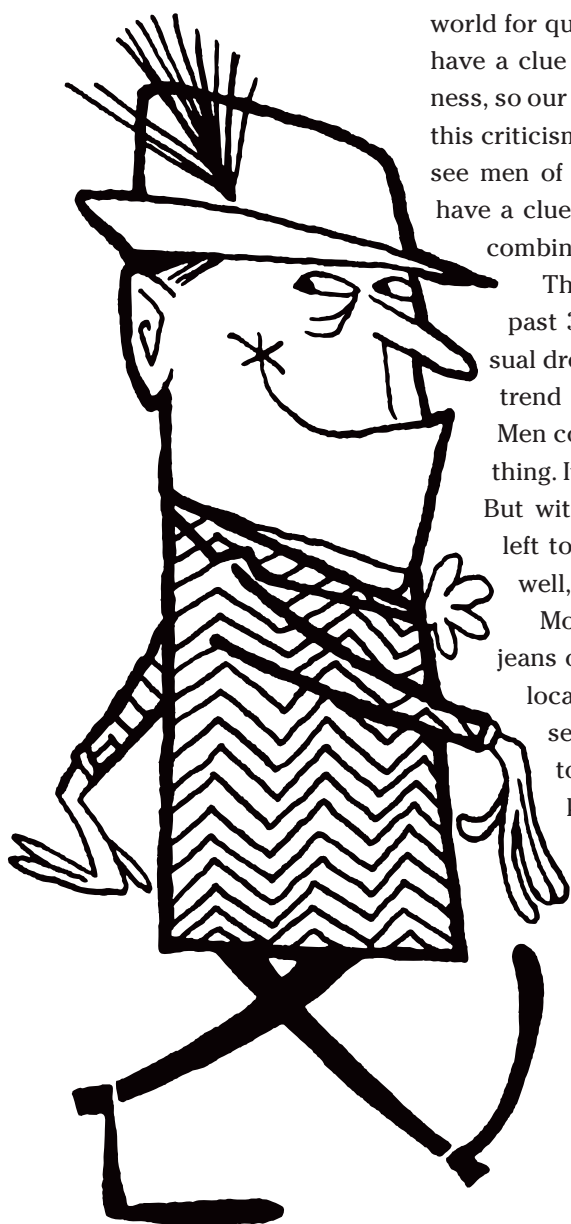
formed a group called The Pocket Squares that meets once a month for lunch with a dress code that includes, jackets, ties and yes, pocket squares.

The *WSJ* article mentioned how surfer Kelly Slater has broken out of his beach bum persona to co-found Outerknown, a new sophisticated surf label.

Even in their casual clothing, guys today are way more tailored and cleaned up than in the past and that impacts their footwear and accessories. Shoes, watches and even those man bracelets which have become so popular are a way for guys to show their taste and individualism. And yes, it's a way to display one of fashion's best friends: status. Back in the day, bosses could flaunt their status with power suits and ties. Today, if you want to see the alpha dog in the room, look for the best watch or shoes.

And if the alpha dog's shoe choice is lacking, send him shopping. Tell him it's the Year of the Man and he needs better shoes. ●

Mark







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DISCOVER NEW GROUND.



NEW COLLECTION

## 361 Degrees Introduces Apparel



Women's apparel from 361 Degrees.

**361 DEGREES**, which introduced its running and fitness footwear line to the United States a year ago, has debuted an apparel line that will begin shipping this June. 361 Degrees classifies the apparel as a “versatile collection of clean and classic styles for men and women suitable for fitness, performance and leisure.”

The men's technical lifestyle collection “361-BFIT” is made for a fit and active male and will include tops, jackets, shorts and pants. The brand will also offer a “361-NX2SKN” base-layer collection with a short and long-sleeved shirt, shorts and pants. In addition, 361 Degrees USA commissioned exclusive fabrics for the apparel line to achieve optimal breathability, reflectivity and articulation in each of the new styles, which will be offered in colors including chi, wheat, gray and black.

The women's “athleisure” collection is designed to transition from workouts to life beyond the gym while balancing the key ingredients of fit, fashion, comfort and performance. All of the styles fall under the “361-STAYFIT” collection and include sports bras, tanks, hoodies, jackets, shorts, capris and tights. An exclusive 361 Degrees USA print “Fantasy Air” featuring a photo of the LA skyline will be available on select styles and additional color options will include violet, wheat, gray and black. The collection will retail between \$25 and \$110. ●





TECHNOLOGY

## A DuraShocks Overhaul

Wolverine's Legend boot.

**WOLVERINE** is overhauling its DuraShocks technology in its Fall 2016 line, saying the new system is a dramatic improvement on the 25-year-old original, which was designed to offer fully integrated energy return and comfort in the brand's work boots. The new DuraShocks system is made up of four components, which the company says work together to deliver comfort and energy return. The Wolverine H-Plate suspension stabilizes while creating four independently responsive quadrants, which the company says "harness the energy of each step." The system also includes shock-absorbing sidewalls that compress to absorb shock and return energy, and a design feature that "optimizes cushioning in the heel and flexibility through each step for superior comfort." The DuraShocks outsole design features chiseled edges and rubber lugs for grip in varied conditions, that also helps shed mud and debris. The new DuraShocks system will be available in key work styles including the waterproof Wolverine Legend and Wolverine Nation, as well as an insulated version of the Wolverine Nation. Wolverine will also introduce DuraShocks into its hunting line for the first time with the Wolverine Claw and Wolverine Fury hunting boots featuring Real Tree camouflage.

BRANCHING OUT

## Xero Feels It

**X**ero Shoes, best known for its minimally-designed sandals with out-soles that look like they are built from car tires, has introduced its first line of close-toed shoes.

Xero's new Hana collection features what the company describes as "a Natural fit with a wide, ergonomic toe box; Natural flexibility with the same 'FeelTrue' rubber soles from the brand's sandals," which founder Steve Sashen says "allow for natural, barefoot-like motion."

The new shoes feature "zero-drop design" and a five millimeter sole that Sashen says lets consumers "connect to the world with just-right protection." Like Xero's sandals, the Hana sole has a 5,000 mile warranty.

The Hana rolls up or packs flat for travel and Sashen says "it's light enough to be a camp shoe, durable enough for a hike or even a run." The shoes will ship for this fall and will retail at \$79.99. ●



Xero's Hana collection features closed toe styles.



# THE FOOTWEAR EYE

TRACTION

## Vibram Gets a Grip

**V**ibram has introduced a new sole technology intent on changing winter footwear. Added traction on icy surfaces is the focus of the new Arctic Grip sole technology that will debut this year exclusively in six Wolverine Worldwide brands—Merrell, Sperry, Wolverine, Saucony, Cat and Hush Puppies. The styles include the Sperry Cold Bay Ice, Merrell Moab FST Ice Thermo and Saucony Razor ICE+.

The Fall 2016 Saucony style is designed specifically for winter running with its fleece-lined neoprene upper, EVERUN heel insert and Vibram Arctic Grip outsole. Available in both men's and women's sizes and color ways, the Saucony Razor ICE+ will hit retail in September with a suggested retail price of \$180.

Michael Gionfriddo, president and CEO of Vibram USA, says the company's aim with Arctic Grip is to "push the bounds of sole technology on icy surfaces." All of the footwear with the technology will feature designated lugs with Arctic Grip sole technology that grips slick, wet ice, as well as thermochromatic lugs, which sense when the temperature drops below 32 degrees Fahrenheit, and change color in cold conditions.

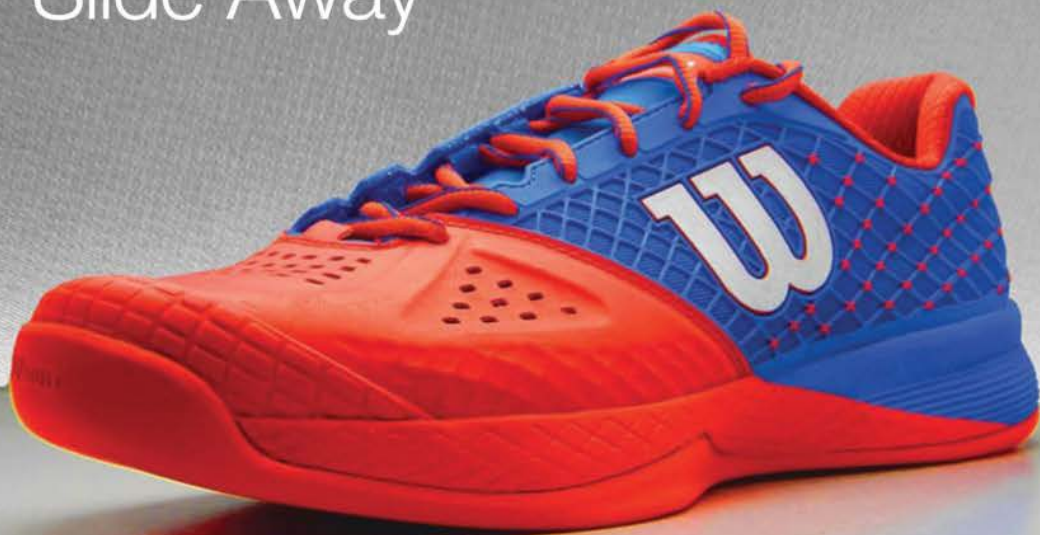
REI is expected to promote the Vibram sole technology within its chain later this year. In 2017, Arctic Grip will be non-exclusive to Wolverine Worldwide and open to more brands. —Bob McGee



Vibram Arctic Grip sole on Saucony's Razor ICE+ shoe.

TENNIS

## Slide Away



The Wilson Glide.

**W**ilson has introduced a new shoe called the Glide, which it describes as "the world's first high performance tennis shoe designed to support, control and enhance how players slide on hard court surfaces."

Sliding is an increasingly popular technique competitive tennis players utilize

to gain speed and agility advantages in match play where points can be won or lost in milliseconds. Wilson Labs, the innovation hub at Wilson, developed the Glide to help tennis players slide more effectively into a shot.

"The Glide is a completely new type of performance tennis shoe and is a direct reflection of how the speed of the game has

changed," says Hans-Martin Reh, Wilson's GM of racquet sports. "In studying how players use sliding, particularly younger players, it was clear current performance tennis shoes are not designed to protect the athlete and accentuate the sliding movement."

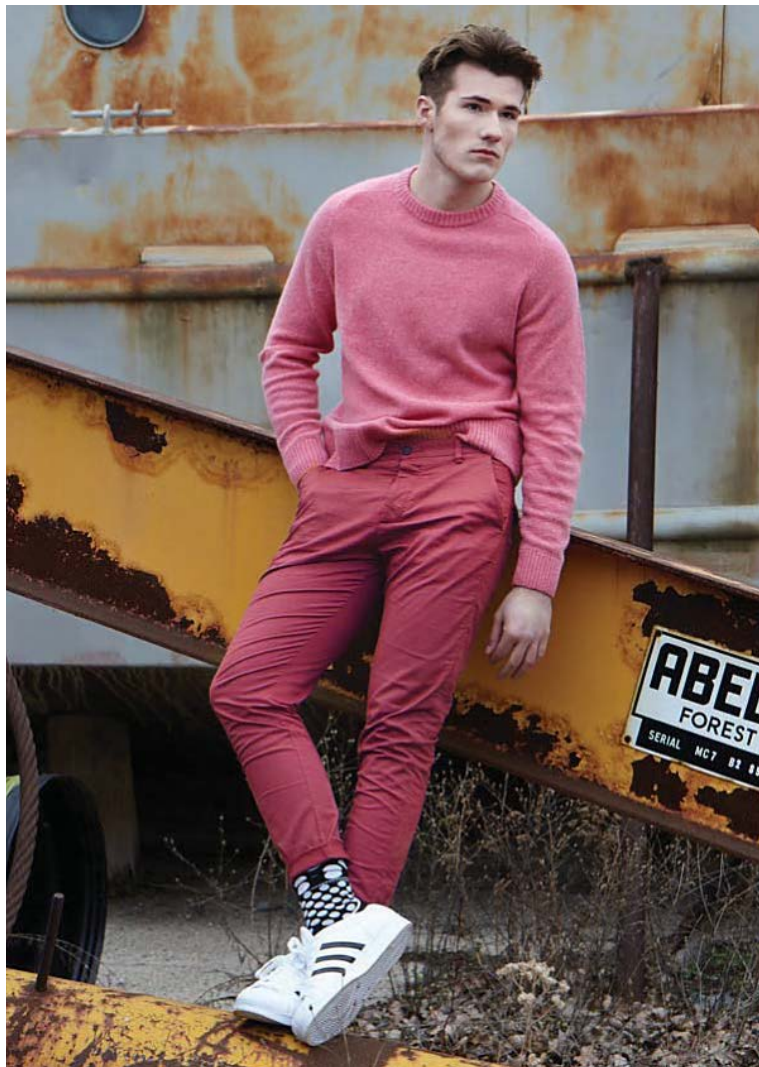
The new shoe is designed to allow players to more precisely control forward and lateral slides on hard court surfaces. In play-testing, the brand says it found that the Glide enhanced players' natural speed, agility and quickness to command shots on the run, even on stretched out wide shots.

Glide plates, made from polyethalyne, have been strategically sized and placed to allow for optimal slide when a player needs it the most. The shoe's sole also features high traction rubber Duralast and the upper has a rubber reinforced toe and inner drag pads that offer a second wall of protection during lateral and forward sliding for increased durability.

The Glide is now available at specialty retailers and select tennis academies worldwide. It retails for \$199. ●



# Black and White World at Wigwam



Moving to capitalize on a trend that is reaching from street style to high fashion runways, Wigwam has introduced a Black and White collection of socks that will begin shipping to stores this spring. The line features men's and women's styles in geometrics, stripes and polka dots. The Black and White collection consists of six styles, each knit with performance Drirelease fiber. Like every Wigwam sock, the line is made in Wigwam's Sheboygan facility and will retail for \$14 a pair.

NOMINATIONS OPEN

## Gold Medal Awards Search Will Start this Spring

THIS SPRING, *FOOTWEAR INSIGHT* WILL BEGIN EVALUATING the top sit and fit shoe stores in the country to determine the 2016 Gold Medal Service Award Winners.

The Gold Medal Service Awards were created last year to recognize the independent shoe stores that offer the best customer service in the country. To merit consideration for the awards, stores need to first be nominated (either by themselves or by industry colleagues). The nominations are then vetted and evaluated and the stores are mystery shopped by a third party merchandising company, Franklin Resource Group.

Franklin rates the stores using 24-step criteria that starts with how promptly the customer is greeted and carries all the way through to the checkout process. The store raters buy shoes during the process in an effort to truly evaluate the

shopping process and service levels.

Different criteria have point values ranging from 1 to 10 points. 100 points is a perfect score. Last year, approximately 100 stores were shopped and evaluated and 34 were awarded Gold Medal Status. Stores can request a copy of the criteria by e-mailing Christina Henderson at [chender-son@formula4media.com](mailto:chender-son@formula4media.com).

The nominated stores will be mystery shopped this spring. Results will be tabulated and published in a summer edition of *Footwear Insight*. Stores that win The Gold Medal Awards will be recognized in that issue and also receive a plaque, window stickers for their stores and a social media toolkit so they can promote the award in their local communities.

The Gold Medal Awards are sponsored by Alegria, Wald-laufer and Vionic. ●



For further details on the Gold Medal Service Awards, please visit: [footwearinsight.com/goldmedal2016.html](http://footwearinsight.com/goldmedal2016.html)



CONFERENCE & TRADE SHOW

## Women's Event Dates Set for Chicago in June

The third edition of The Running & Fitness Event For Women will take place at McCormick Place in Chicago.



The third edition of The Running & Fitness Event For Women will take place June 8-9, 2016 at McCormick Place in Chicago.

This trade show and conference was launched by Formula4 Media, producers of The Running Event and publishers of this magazine, in 2014 to help retailers and brands address the growing women's active business in footwear, apparel and accessories.

The conference this year will feature a keynote from Robyn Waters, the former Vice President of Trend, Design, and Product Development at Target stores, who is credited with helping that chain transform from a small regional discount chain to become a national fashion destination. Business author Seth Godin has called her "the woman who revolutionized what Target sells, and helped the company trounce Kmart."

In addition to Waters, the conference will feature a presentation from Griff Long, VP of Equinox, the high end fitness club which has more than 80 locations under the Equinox, Soul Cycle, Blink and Pure brands throughout the U.S., London and Toronto. Long will discuss fitness trends among his female clientele and what he sees in terms of participation and buying behavior in the retail shops at Equinox clubs.

There will also be a special one-day summit on apparel merchandising presented by the Independent Running Retailers' Association that will take place the afternoon of June 8th and the morning of June 9th. The Apparel Merchandising Summit is free to IRRA members, but attendance is limited.

The trade show will feature leading footwear, apparel and accessory brands, all showcasing their women's product. There will also be a fashion show,

### TR&FE4W AGENDA AT A GLANCE

#### Wednesday June 8

Apparel Merchandising Summit, presented by The IRRA

#### Thursday, June 9

Keynote Addresses

**Robyn Waters**, former Vice President of Trend, Design, and Product Development at Target stores

**Griff Long**, VP of Equinox

Trade Show Opens

Cocktail Reception on Show Floor

#### Friday, June 10

Breakfast Keynote

Trade Show

highlighting Spring 2017 product and several interactive fitness demonstrations. For example, Lole will sponsor a Yoga class on the lawn of The Hyatt McCormick Place hotel open to all attendees.

"Our goal is to educate our attendees and provide an engaging experience that allows them to learn firsthand what is going on with consumers," says Beth Gordon, VP of Formula4 Media and the show director.

The trade show and conference are open to retailers in all categories. "Today's female consumer is a multi-channel shopper and our retail attendance will reflect that," adds Gordon.

This year's show will take place at McCormick Place in Chicago and the official show hotel will be The Hyatt McCormick Place. "It's a great venue for doing business," Gordon says. "It's a great, convenient facility where retailers can get from their hotel room to the trade show floor in less than 10 minutes without ever going outside." ●

*Any brand interested in exhibiting at or sponsoring The Running & Fitness Event For Women should contact Beth Gordon at 949-293-1378 or [bgordon@formula4media.com](mailto:bgordon@formula4media.com). Any retailer interested in attending should contact Mark Sullivan at 646-319-7878 or [msullivan@formula4media.com](mailto:msullivan@formula4media.com) or Christina Henderson at 516-305-4712 or [chenderson@formula4media.com](mailto:chenderson@formula4media.com).*



STYLISH PERFORMERS

## Ahnu's Comfortable Climate



Pacific Heights



Diamond Heights

**A**hnu is launching two new styles for Fall 2016 that aim to deliver comfort and style for any type of weather condition. The Diamond Heights Boot and the Pacific Heights Boot both feature Polartec NeoShell and Polartec Alpha technologies to help keep feet dry and comfortable. The technologies offer a combo of active insulation and waterproof breathable fabrics.

The two new “comfortable climate” styles also integrate rich color with a clean aesthetic and contemporary style. These boots are made to be worn on the trail in the elements, as well as in a ski lodge post-trek.

The boots also feature technologies such as: R-Mat unit, YKK AquaGuard Zippers and Ortho-lite footbeds, as well as Aegis Antimicrobial Technology, Numentum hike technology, waterproof seam sealed construction and waterproof full grain leather uppers. ●

GETTING SERIOUS

## Dansko Mans Up



Dansko Josh

**D**ansko is making what it calls a meaningful push into the men's business. The brand has been showing 16 men's SKUs broken into The Jasper collection, which company execs call “office ready,” and The Vineyard collection, designed for weekend wear.

The shoes will retail for between \$140 and \$175 and are targeted toward premium independent stores and key national accounts that already carry Dansko's women's line.

“Dansko has introduced men's shoes before, but this is the first time we've devoted serious resources to the category,” says Matt DeWitte, the brand's marketing director. DeWitte says the men's line has “Dansko DNA,” which he describes as “uncommon comfort and unexpected style,” which will also be the brand's marketing tagline in 2016.

The men's collection will also be part of The Dansko Upgrade, which DeWitte describes as consumers upgrading their comfort, style and confidence.

DeWitte says Dansko is already working on developing the men's line for future seasons and is manufacturing the shoes in Asia in plants that specialize in producing men's footwear. ●

MAXIMAL

## Ryka Runs for It

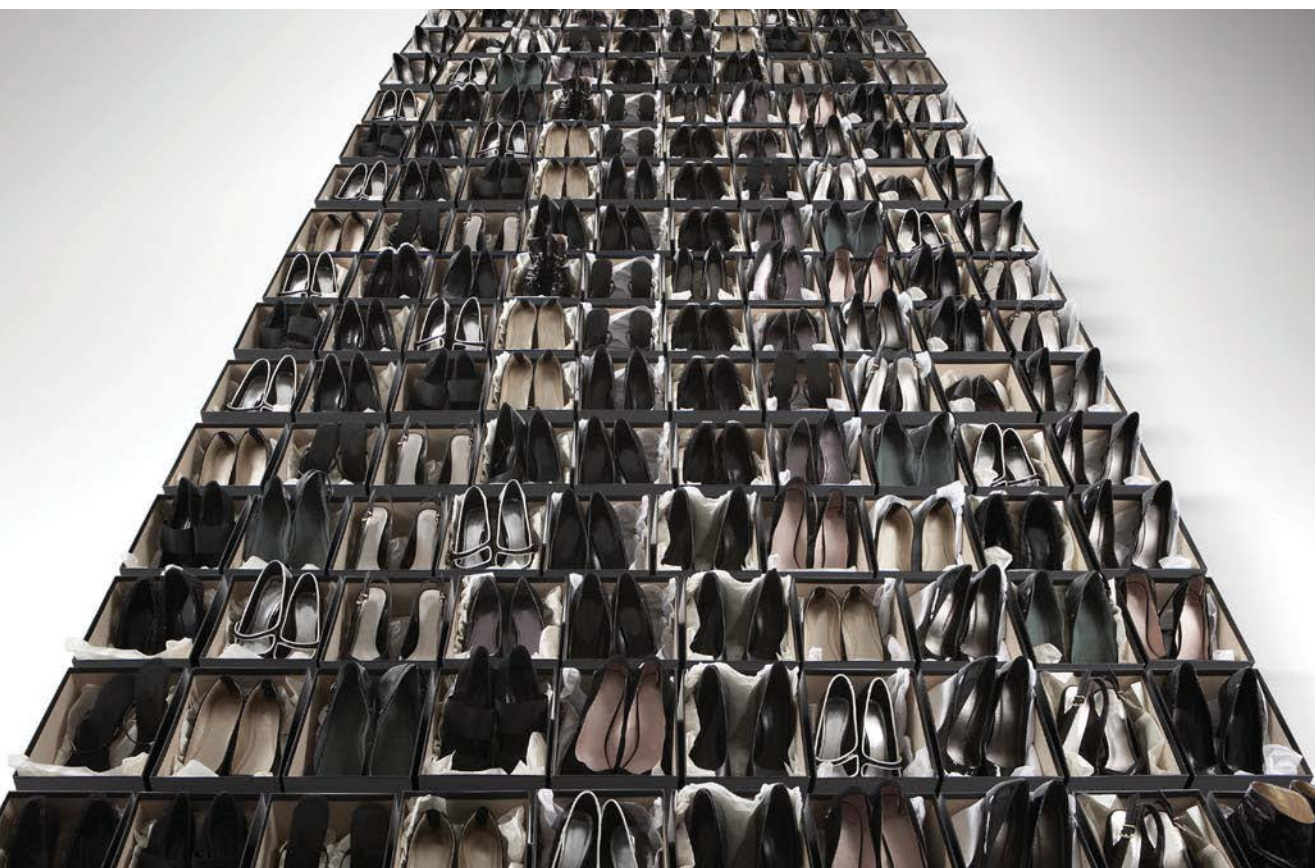


Ryka Nalu

**RYKA** continues its renaissance with the Nalu, inspired by maximal running shoe design. The Nalu is a run/walk hybrid that delivers increased heel cushioning for impact absorption and minimal toe drop for a more natural ride. The tri-density EVA midsole provides targeted support with firm EVA wrapping around the heel from the lateral to medial post for stability and maximal cushion from a soft EVA heel crash pad. MSRP \$75.



## Buyer's Nightmare: Inventory Management



By Ron Menconi

One of the most exciting positions in retail is that of a buyer. Buyers get to see the new products, attend trade shows, follow trends and

are given the challenge of finding ways to grow categories and to be creative in merchandising and promotions. Being entrusted with a department and having the responsibility to grow sales and profitability is really exciting, but managing the inventory can be tricky, at best.

Even the best buyers take some criticism. The buyer picks the brands and assortments, but then can hear from some stores that they do not have the right products for their region. Sales and margins could be up over plan, but management may be more concerned about lowering inventory. There are so many variables, it is virtually impossible to have everything in line all the time.

One of the best measurements of any vendor, category or department is GMROI (Gross Margin Return On Investment). Here is how to calculate it:

1. Find the average inventory at cost.
2. Calculate the gross margin of the item.
3. Divide the gross margin by the average cost of inventory to get GMROI.
4. The result is a ratio indicating the number of times gross margin is earned from the inventory investment.

The good thing about using this measurement is that the focus is not just on Gross Margin or Inventory. They are tied together. If inventory is up you still have a chance at raising your GMROI if margin increases. If inventory is low and turns are up, you can get away with less margin.

With the newest computers, and programs for inventory, purchase order management, sales forecasting, replenishment and markdowns, buyers have tools that drive much of the process. But this does not mean that it is any easier. With real time inventory information, archived history of sales for every item, and built in forecasts, there is more pressure than ever to have the right product, at the right place, in the right quantities at exactly the right time.

These inventory management programs are only as good as the people who work with them day in and day out. All large retailers, most regional chains, and large

independents now have layers of management to run these systems. They are called planners, allocators or replenishment buyers, whose job, along with administrative staff, is to analyze the data, set up new items, manage auto replenishment, allocate shipments to stores, and set service levels for every item.

Difficulties can occur when the middle layer of inventory management and merchandise replenishment do not work as a team with the buyers and merchandise managers. The buyer may be focused on driving more sales with increased purchases with top vendors. The direction the replenishment buyers or planners might have from management is to drive down inventories. This can conflict with what the buyer initially had planned.

In many cases now, the planner may place the order on a new item that the buyer has selected. The buyer passes the information on the new item to the planner, who then decides, based on the system history, on similar items how much is bought, what the allocation is, and service level per store. Sometimes the numbers don't come out the way the buyer forecasted and again, the confrontation begins. Another issue is what the time line is for the item, when it is to be brought in, and when the system says you need to shut off replenishment so your ending season inventory is low. If replenishment is cut off too soon it could really hurt sales.

These buying systems work off item history, usually three-to-five years. If the buyer wants to bring in a new item someone needs to enter it into the system and then decide on an item to pattern it after. When that is done, the system takes the attributes of that item, and copies them to the new item to give you a forecast, season, inventory levels, and more. If it is not patterned after the right item, things can go wrong, resulting in too much inventory or out of stocks. These purchase order systems are very dynamic and take into account quantity discounts, lead time, seasons, promotions, and shipping time. But this information is only as good as the data that goes in at set up and the accuracy of the inventory counts. When something is received and sent to a store, that store is charged for that item. When it is sold, that information adjusts the inventory. When it hits an order point, the system recommends



Ron Menconi was SVP-merchandise and marketing for G.I. Joe's for more than 10 years. He is currently president of Menconi Consulting, which works within the sports and outdoor industries at retail and wholesale. He can be reached at [ron.menconi@gmail.com](mailto:ron.menconi@gmail.com)



more from the warehouse or a purchase order is produced. If the cycle counts do not happen in the stores on a regular basis, if they are done incorrectly, or there is theft that is unaccounted for, the counts may be incorrect, and buyers work off bad information. Sometimes, when there is a new hot item or brand, the planners have nothing to compare it to that is already in the system, and too little is purchased.

For example, when Under Armour came into the sportswear and athletic apparel market, with Heat Gear and Cold Gear, it was new, exciting, and items flew out

of the stores. The system had nothing to compare it to. We wanted to forecast and buy a lot more, and had to do manual overrides to triple or quadruple what we had bought the prior year. This caused all kinds of red flags to go up, and the CIO and the CFO wanted to put a stop to bringing in so much more product without some data to support it. I knew if we wanted to ride this sales wave, and maximize profits, we needed to be aggressive no matter what the system said. We ended up going outside the system placing large orders, and it really paid off in sales and profit. But that did not happen without fighting for it.

These systems work best on solid, predictable, basic merchandise where history is available. Managing footwear, apparel, and seasonal inventories is a lot harder because styles and trends change every season, and item history may not be relevant to the new merchandise.

The buying position used to be a pretty solitary job, looking at new products and replenishing basics. Today, a successful buyer needs to know these systems well, work closely with a team that supports all members, and communicates well, as they all are focused to achieve the department and company goals. ●

The buying position used to be a pretty solitary job, looking at new products and replenishing basics.

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#### ■ STORE CLOSINGS LOOM

## What's Next at Finish Line?

**J**ust as it appears Run Specialty Group is getting its act together with a re-branding effort and a new executive team, its parent company is struggling.

Finish Line, which owns 73 running stores in 16 states in addition to its 617 Finish Line Stores, announced that Sam Sato would be taking over as CEO from longtime boss Glenn Lyon effective February 28, 2016. The announcement came the same day that Finish Line reported a quarterly operating loss of nearly \$37 million on sales of \$382 million. Comp store sales were down 5.8 percent in that period. In a statement announcing the loss, Finish Line blamed “supply chain issues,” saying it had trouble flowing merchandise into stores and fulfilling individual online orders from consumers.

Finish Line also announced it would close up to 150 stores or 25 percent of its brick and mortar retail base over the next four years. The closings will target stores with annual sales of approximately \$1 million, which is said to be less than half of what the average company stores produce.

Although Finish Line said its “supply chain issues” cost it \$32 million in lost sales in the third quarter, the store group is also suffering from issues that plague other big retailers: too much competition from other brick and mortar stores and an increase in online shopping.

Mall-based Finish Line’s main competitor is the powerful Foot Locker, but it also battles Old Navy, Target and Forever 21 for consumer dollars, especially in the “athleisure” category. In the past 90 days, Macy’s announced it was closing 36 doors and Gap said it would close about 25 percent of its domestic store base.

Finish Line executives most likely saw that competition coming four years ago when they diversified into the performance business by purchasing the 18-store run specialty group from New Jersey entrepreneur Gene Mitchell for \$8.5 million. The move set them apart from Foot Locker and also gave the store an opportunity to increase its sales per square foot and diversify its reliance on Nike, which is said to account for nearly 70 percent of revenue in its Finish Line stores.

Over the past four years, The Run Specialty Group has rolled up nearly 60 additional stores including Run On! out of Dallas, Boulder Running Co. of Colorado, Bob Roncker’s Running Spot, Garry Gribble’s Running in Kansas City and JackRabbit Sports of New York. Finish Line has struggled with combining merchandising strategy and operations of the diverse store group and late last year Lyon told financial analysts that RSG is operating at a loss.

This past November, RSG launched a re-branding for its East Coast stores under the JackRabbit Sports name. The



re-branding included a dramatic upgrade for its Manhattan stores and a revamped consumer website. RSG has also brought in several experienced executives to work under its CEO Bill Kirkendall and vendors who have met with the new team say they are impressed.

Now that Finish Line is four years into the run specialty business, pressure will undoubtedly increase on that team to begin contributing to the company’s bottom line. The change at the top of the company was not completely unexpected. Sato, who joined the company in 2007 as executive vice president and chief merchandising, was Lyon’s hand-picked successor and has been groomed for this post for nearly 10 years. Prior to joining TFL, Sato had a 20-year career at Nordstrom. Sato, like Lyon, is a well-regarded merchant. Lyon will continue as executive chairman through the remainder of this year. ●

New CEO Steps Up Amid Plans to Close 25 Percent of Finish Line stores.

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# Playing with a Full Deck

By Bob McGee

It's an atypical Tuesday afternoon in Sin City. A cold rain and wind is battering The Strip, clogged with more-than-usual traffic due to the Consumer Electronic Show being in town.

Inside the Fashion Show Mall, near the Wynn Las Vegas, Venetian and Mirage, shoppers have exited the elements to comb the center's nearly two million square feet that hosts weekly fashion shows on an 80-foot retractable



runway, seven anchor stores and 195 stores and boutiques. The assortment includes 23 stores dedicated to selling shoes, including brand showcases from Camper, Clarks, Skechers and Rockport. There are also seven sports & fitness doors. Among them: Lids Locker Room and Lorna Jane. The General Growth Properties-owned retail center celebrates its 35th anniversary this year.

This is where Dick's Sporting Goods has been testing a new footwear department, developed in conjunction and financially supported by Nike, that may be the future of the full-line sporting goods chain's athletic shoe business, at least in "A" mall locations,

and that will certainly help drive up margins and add-on sales.

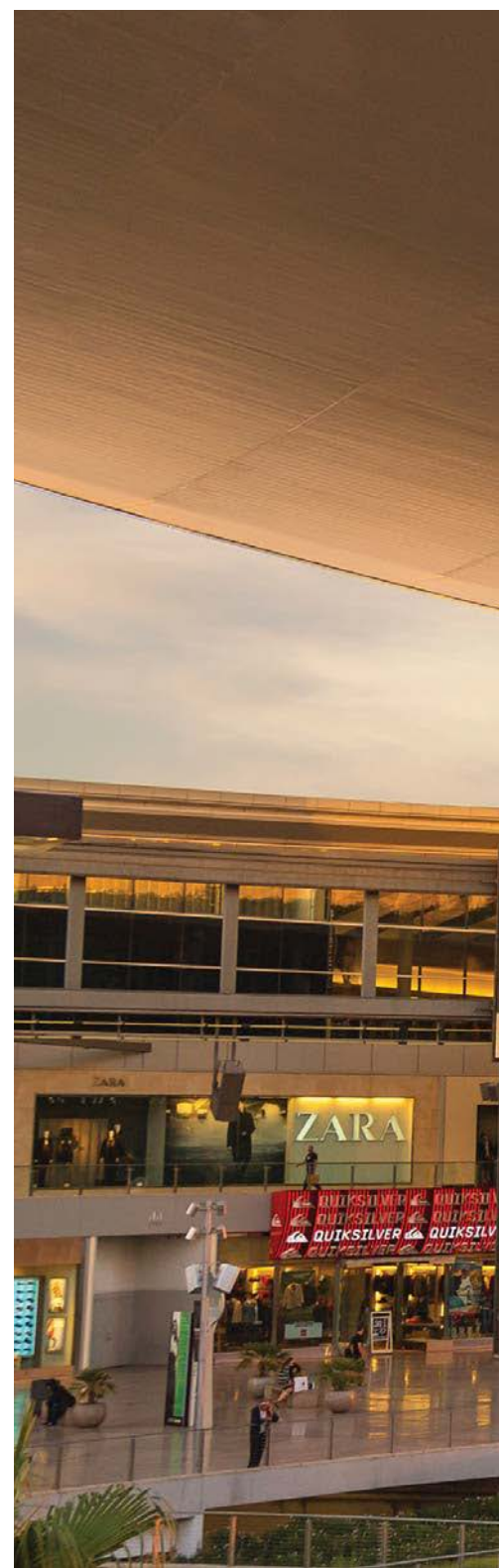
Dick's opened its two-level store in the Fashion Show Mall in 2015, taking over a space that had been vacated by Bloomingdale's Home Store in 2013.

Open for slightly more than three months, the store's re-vamped department features four extensive shoe walls of Nike product, divided by category and gender, complete with embedded athlete imagery. To the naked eye, these shoe walls, which also integrate Swoosh socks on both the men's and women's side, house at least 200 Nike models.

In the department's center, there are internal mini-shoe displays featuring models from the likes of Adidas, Mizuno, New Balance, Under Armour and others. Endcaps on these four-foot high displays house Superfeet insoles, cleaners and other accessories. On the far right, there is a women's section and a young athlete's footwear center offering Skechers' "Twinkle Toes," Reebok and Under Armour footwear styles.

But make no mistake. This is a "Nike-fied" footwear department. Visitors—on this particular afternoon they included a high school runner in search of new cleats, some hotel service workers stopping by before their evening shift at a nearby casino and a couple attending CES looking for more comfortable athletic kicks for their days of walking—are greeted by numerous mannequins. Each is decked out head-to-toe in wear for a particular athletic endeavor from baseball and basketball to running, weightlifting, yoga and a sporty lifestyle outfit. All of the apparel is adorned with the Swoosh.

The well-lit area, serviced by two knowledgeable Dick's associates, who shuttle back and forth from a back room toting proper-sized styles for customers to try on, also has a Sole treadmill for runners who want to wear-test a model before buying. Nearby,

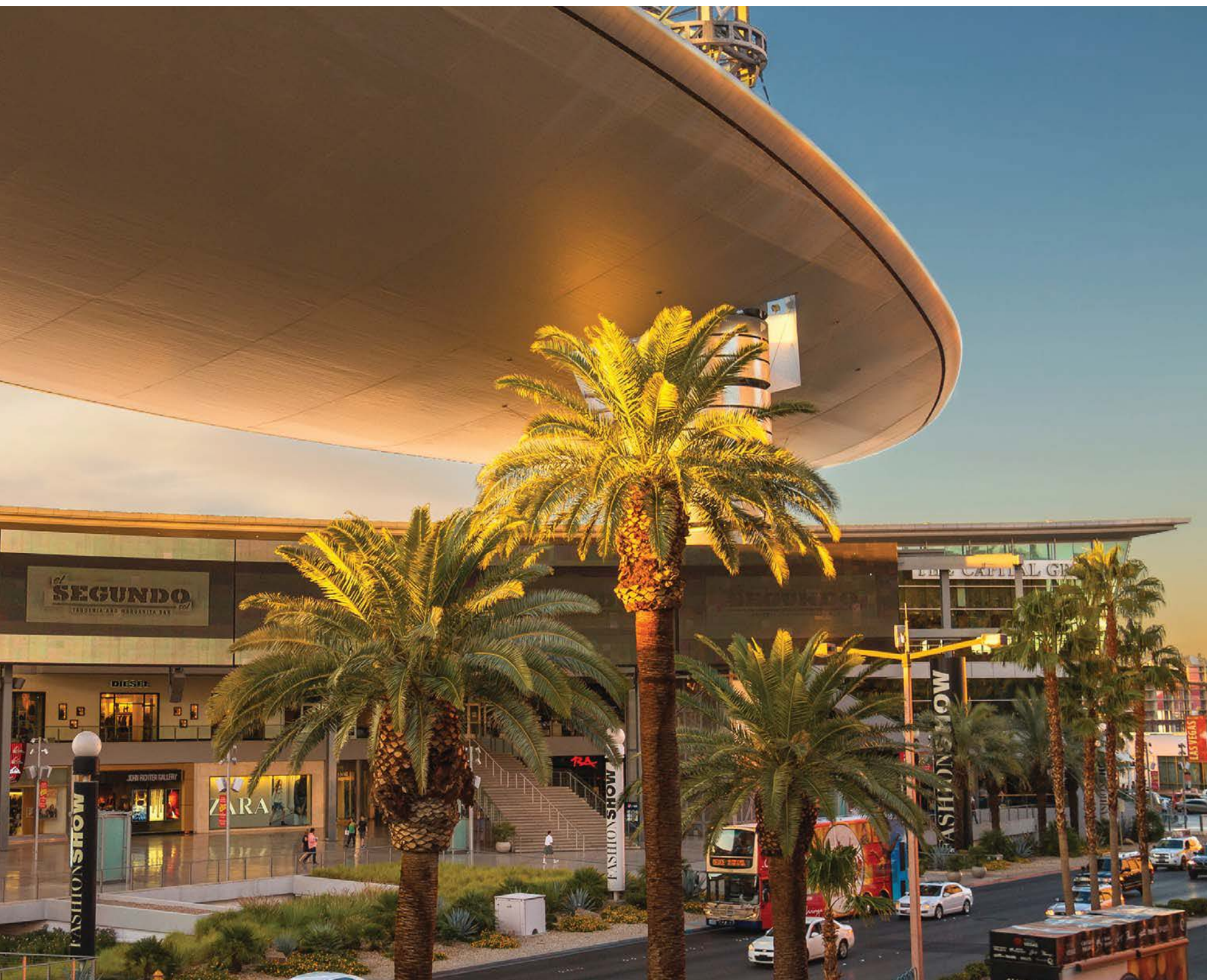


there is a running shoe shelf talker alongside a giant video display. Place one of five styles on the shelf and get an instant features and benefits description displayed on the screen that tells the customer what type of runner is best-suited for the model.

With the exception of a few

Dick's Sporting Goods Tests a Full-service Concept in Vegas.





comments on its last earnings' call, Dick's has not said much about its test foray into the full-service footwear deck or financial arrangements with Nike. When reached by *Footwear Insight*, the retailer declined comment.

So it's not immediately clear how many of these new footwear

decks will be installed in Dick's locations in 2016 and beyond or how they will be financed. However, it's believed the second new footwear deck is being tested at a Dick's store at the Glendale Galleria near Los Angeles.

"We're planning to move to the full-service model," Dick's CEO Ed

Stack told investors during a recent earnings' call. "We think that as we've tested it, the customer has responded very well to it... We'll be able to offer a broader assortment of product with this presentation, and we're moving in that direction at a pretty rapid pace."●

Inside the new footwear department at Dick's Sporting Goods (left), located in The Fashion Show Mall in Las Vegas (above).





# RETAIL RESALE

# THE NEXT DROP

**W**alk into the new Stadium Goods store in downtown Manhattan and the first

thing that draws you in is the “trophy case.” A glass enclosed display, it showcases the most highly coveted sneakers in the store. And the flashiest thing in the trophy case is the price tag.

Stadium Goods is a sneaker reseller. And on any given day you might find a \$9,000 Jordan Air Mag or a \$7,500 LeBron 9. Or a Yeezy Boost for \$1,500. These

are limited edition sneakers sold in mint condition, often at 500 percent and more markups.

The store is bright, well-lit and white walled with hundreds of sneaker styles lining the walls. Those not behind glass are wrapped meticulously in plastic. Nike, Jordan and some Adidas dominate the offerings. But you can find ASICS, New Balance and Saucony, among a few others if you look hard enough.

According to a recent article in the *Financial Times*, sneaker reselling is a billion dollar industry. Flight Club, another

sneaker reseller in New York City, has been operating in a boutique style manner since 2005. Newcomer Stadium Goods, which opened in October of 2015, is hoping to bring the resale business to a new level by not only buying and selling highly coveted footwear, but also by aiming to provide an unmatched level of customer service. This means the retailer hopes to make buying, selling and authenticating easier, and says it hopes to have a retail operation that feels approachable to any level of sneaker enthusiast.

Stadium Goods is the





Shoes are treated like works of art at Stadium Goods.

brainchild of co-founders John McPheters and Jed Stiller, who pulled from their e-commerce, venture capital and hospitality backgrounds. Yu-Ming Wu, creator of *Sneakernews.com* and the convention SneakerCon, is the chief marketing officer at Stadium Goods. A key focus in addition to the slick store is the website, which aims to make each shoe look like a trophy. Its slick design and guarantee of authenticity for the shoes is a highlight.

Stadium Goods offers an inventory of sought-after sneakers, as well as coveted

lifestyle apparel from brands such as Nike, Adidas, Jordan, Supreme, Converse and ASICS – all authenticated, from limited-edition collectibles to timeless classics.

For those looking to sell their goods, the Stadium Goods Market Center, located adjacent to the retail store, is a separate and fully staffed authentication and intake depot for consumers looking to list “curated new and unworn sneakers and apparel.” The experience there is modeled after Apple’s Genius bar, according to the founders.

For consumers, the Stadium Goods Retail Store at 47 Howard

Street has an extensive array of hard to find sneakers in a “luxé” shopping environment.

“The first couple of months since we opened this past October 2015, has been incredible,” says John McPheters, Stadium Goods’ co-founder and CEO. “Having been in the sneaker/footwear industry for over 10 years, the amount of love we’ve been receiving for the brand has been mind-blowing. This past 2015 Holiday shopping season was great and we even surprised ourselves with the number of consumers that have responded so positively to our business model

## Stadium Goods Brings Sneaker Culture to the Masses.

and how we are looking to change the way of re-selling sneakers.”

Adds McPheters, “What we’ve learned the past couple of months is to plan for the unexpected and at the same time not plan for anything at all. We knew there was this huge community of sneakerheads but to anticipate how they shop or behave isn’t an exact science.”

While the majority of the sneakers in the store are Nike and Jordan Brand, much of the buzz this past year has been around Adidas and its Yeezy offerings, in collaboration with Kanye

West. Adidas has been rising strongly among sneakerheads beyond just Yeezy styles, too. “We’ve been surprised with the amount of obsessiveness for Adidas sneaker drops and all of the sneakers they’ve been releasing beyond Yeezys,” notes McPheters.

So far, Stadium Goods has been exceeding its founders’ expectations. “Obviously we want to continue to grow, but ultimately it’s about providing a rich experience both for sellers and buyers,” says McPheters.

To that end, Stadium Goods has teamed up with eBay. In addition to expanding its reach beyond its online e-commerce and in-store brick-and-mortar presence, McPheters, will work with eBay to develop custom sneaker and streetwear content exclusively for eBay.

The engagement between Stadium Goods and eBay will offer resellers access to a larger audience, while Stadium Goods manages all of the back-end buyer interaction, fulfillment and customer service functions. Sneaker sales will be updated across all channels in real time and new sneakers will be added daily.

To date Stadium Goods is home to well over 15,000 pairs of sneakers.

“As we grow, our main goal is to stay as true to our philosophies as possible. This means staying laser focused on the service we provide, while also always innovating both the product we carry but also how we present ourselves to the World,” says McPheters. Of the eBay partnership, he says it “has helped us reach many more customers all the while providing them with the same service level that they can expect from our main channels... an interesting case study of how we can stay true to our brand while still innovating and keeping it fresh.” ●



## Shoes for All Seasons

Brands Are Increasingly Presenting Retailers with Footwear that Is Versatile in More Ways than One.

By Suzanne Blecher

**I**n apparel, it's often the case that it is impossible to find a bathing suit in the summer or snow pants in the winter. In footwear, the same can hold true for sandals and boots. Add in the mixing and matching of footwear across categories – like dress shoes with denim or sneakers with suits – and you have one big blur when it comes to finding the right shoe for the season. So in efforts to meet consumers' needs, brands are bringing more seasonless offerings into the mix.

"There once was a time that consumers had distinct wearing occasions – dress vs. casual vs. sport – but now we see versatility as an important feature in footwear, driven by consumers' desire for all-purpose footwear that can serve many wearing occasions," says Meredith Stewart, vice president of marketing for Genesco Licensed Brands. This year the firm is celebrating the 80th anniversary of the G.H. Bass Weejun, which Stewart refers to as "classic, timeless – the quintessential seasonless item." The penny loafer spans in style from preppy to classic to hipster, and has been updated with a natural sole edge for a fresh twist on the classic.

Alegria has always offered all-season shoes and for Fall 16 is featuring the supportive Glee casual flat with a mixed-media upper. An advantage of presenting this type of shoe "is that we are able to extend the shelf life of our development by just changing the upper colors/materials," explains Luke Chen, COO of Alegria. The key though is to continue to keep offerings fresh to retain interest. "The Internet is seasonless and as more retailers depend on online

sales, the shift towards all-season footwear is here to stay," the exec adds.

Jambu GM David Jonah explains that consumers consider many points in choosing an all-season shoe. "In the quality category, they want comfort, longevity and eclectic fashion. In the quantity category, they want return on investment, so a few pairs that make the transition of day-to-night and work-to-play while not having to worry about the weather report." For women, Fall 16 all-season offerings include the San Fran, Dover and Pilot, all with All-Terra Traction and a memory foam footbed. For men, the waterproof Bedrock is the hero style, with All-Terra Traction, a memory foam footbed and Hyper-Grip sole featuring micro-glass filaments which take on a sandpaper texture for extra traction. "We view the seasonless fashion concept as another adventure in cutting-edge development and design for us. We thrive on it," notes Jonah.

### Function Is Foremost

"A comfortable and seasonless shoe is simply the best all-around value. Customers don't mind spending money on one pair that they know will take them through the seasons and complement their active and diverse lifestyles," notes Bridget Kobor Curtis, national sales manager for Waldlaufer, adding that since the brand's inception over 50 years ago, Waldlaufer's credo has been to produce both versatile and functional shoes including the brand's Hilena and Bailey closed-heel sandals designed for a longer wearing season. For the retailer, this type of offering is a win-win in that "they can carry fewer styles for a longer period of time, take fewer markdowns and increase their gross margin return on

investment," according to Kobor Curtis.

Spenco Medical Corporation VP marketing and global sales, Jeff Antonioli, agrees that a big advantage for retailers is being able to "sell, count and fill," while for consumers, these can be great products for those "who want a good quality shoe that will last," even if that means wearing a pair of sandals year-round.

Millennials are a driver in that they demand products for multiple purposes, in varying conditions and environments. "Millennials want a shoe that performs but is not overly technical. It is a less-is-more attitude," Antonioli notes. So while in the past there was a compromise between weight, cost, breathability and insulation; now there are increased options ticking multiple boxes. Specifically for Fall 16, Spenco's Nomad Lite is a lightweight performance version of the brand's Nomad Moc, its most rugged performance shoe. The Nomad Lite "meets the demands of a hike, but easily transitions from the trail to the town" with water-resistant nubuck leather, a molded toe and soft shell fabric/technical mesh lining for breathability.

Meanwhile, to guide loyal consumers into cooler months, Vans has incorporated All Weather Mountain Edition technology in its Sk8-Hi and Old Skool models, along with kids' sizes. Upgraded Vans Classics are constructed with Scotchguard-treated uppers, warm linings and a heat-retention layer between the sock and outsole. "Sneakers have become a part of the everyday wardrobe, all year round and consumers are wanting to wear them through winter," explains Ashley Ahway, senior category manager for Vans Global Classics Footwear. "We want to be able to provide our classic



Vans Sk8-Hi with All Weather Mountain Edition Technology





Jambu Bedrock (left) and San Fran (right).



# STYLETRENDS

footwear models in makeups that can take our consumer through the colder seasons without changing the aesthetic of our designs.”

With sneakers, waterproof offerings can be hot to wear, stiff and heavy. “Our goal with eVent DVdryLT technology was to make a waterproof shoe that could be worn (comfortably) for more

than two seasons a year,” notes Chad Kelly, director of sales and product for eVent Fabrics. Topo Athletics’s Hydroventure sneaker features the eVent DvdryLT one piece upper where the waterproof laminate actually forms the upper, eliminating layers, parts of the manufacturing process, reducing weight and improving breathability and thus making them a viable

option for sweat-generating sports like running or cycling.

“I think it is natural as a footwear consumer to want both great season footwear and to have few choices of year round classic that can be worn at any time,” says Tim Engel, Blundstone national sales manager. The same Blundstone leather boot that breathes and keeps the foot cool

in the summer can be outfitted with the brand’s new natural shearling insole for colder months. “In such a competitive retail environment, brands do not want to fall completely off a retailer’s wall after a season,” the exec says, adding, “if you offer a retailer products they can sell year round, you become a better partner in their business. ●



Alegria Glee



G.H. Bass Larson Weejun



Skechers Go Walk 3 Super Sock 3



Skechers On The Go - Breezy



Jambu San Fran



Jambu Bedrock



Spenco Nomad Lite



Topo Athletic Hydroventure



Topo Athletic Hydroventure



Waldlaufer Bailey



Blundstone 1358



Vans Sk8-Hi with All Weather Mountain Edition Technology



Skechers Go Flex Walk



  
**SKECHERS  
PERFORMANCE**



SKECHERS  
**GO WALK**  
3

INNOVATION NEVER FELT THIS GOOD.®



*What we'll all be*

# TALKING

THE BIG TOPICS

*about this year*



*Shoe people love to talk. And today's business environment gives them plenty to talk about. Here's our list of the topics that will drive the most discussions in 2016.*

*By Mark Sullivan*

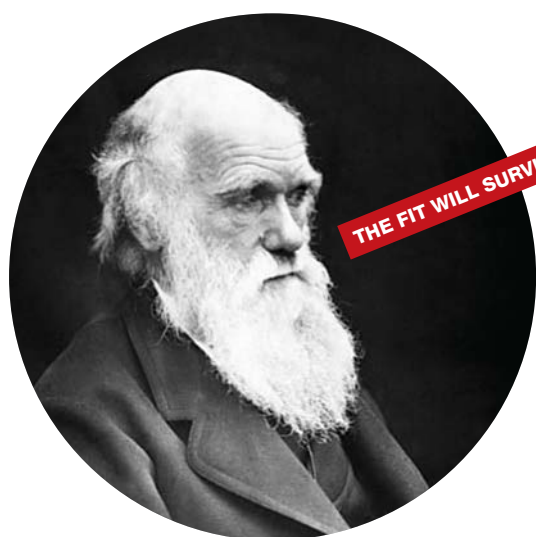


## Will Fewer Stores Mean More Profits?

Finish Line is shutting 150 stores. Macy's is closing 40 doors. Walmart is closing 269. You know what we call that? A good start. There are too many stores out there and too many mediocre stores in B and C locations. How many times have you walked into stores that are devoid of shoppers, a little dirty and certainly well past their prime (if they ever had a prime)? America's retail landscape has been long overdue for this sort of bloodletting. While we're sorry to see people lose their jobs, our prediction is that thinning the herd will allow the remaining cattle to eat much better. If retailers truly marshal their resources, remaining stores should look better and offer better presentations to consumers. For brick and mortar stores to compete against the retailer, they need to offer great looking stores and a high quality in-store experience. Fewer stores give them a better chance of doing that.



Macy's, Walmart and Finish Line will all be closing some stores in 2016.



## Will Fewer Stores Mean Better Service?

If there are fewer stores, the employees in those stores should be the best of the best. That's how it would work if Charles Darwin ran the stores. He would apply his theory of natural selection to your entire employee population and make sure only the best of the species remained. Taking his theory one step further, those remaining employees could breed and create a new generation of super employees: bright, engaging, hard working and able to show up on time every day. While that might cause all sorts of HR problems, a better pool of employees should result in better, more consistent customer service. These employees should also help create a better store culture that should make for a better work environment for all. Despite what Donald Trump may say, it sucks to fire people. But the coming shake-up at retail will help create a rare opportunity to rid yourself of unproductive and unhappy employees. Don't blow that opportunity. Your competitors won't.

## Will Fewer Stores Create More Opportunities?

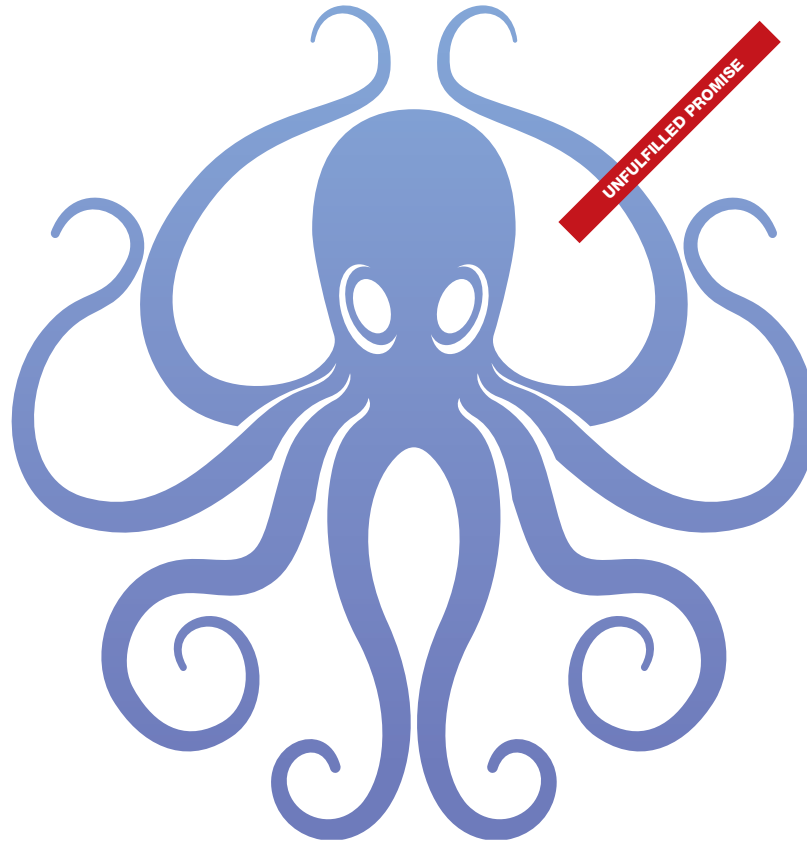
# YES

The door is wide open for inspired retail concepts. And all over the United States, there are stores that are killing it. For 2016 and beyond, retailers can make the choice of whether they want to kill it or be killed.



## *The Omnichannel Myth.*

Is anyone else getting tired of hearing about this? Stores talk endlessly about how they want to develop a seamless experience where shoppers can buy online or in the stores and have the same experience. And we agree that is a wonderful concept, like being able to eat all the dessert you want and not gain any weight. But the truth is that no one is really delivering on that promise. And one of the footwear category's best retailers, Nordstrom, may be one of the worst at it. Nordies' online assortment doesn't synch up with what they have in the store. On a recent visit, we were told that boots we saw on the website were not available in the store. "But we have something similar," the sales associate told us. What a miss!



There we were, money in hand, ready to buy (and pay full-price) and we were sent away empty handed. Omni is a Latin prefix meaning "all" or "every." Does that mean we will continue to be disappointed by retailers "all" or "every" time we try and connect the dots between the digital and brick and mortar worlds? The best marriage of digital and brick and mortar may actually take place when retailers use their websites to "save" a sale. We want that shoe in a green size 9 and they don't have it. But either their warehouse or a neighboring store does. They can locate it and get it to me in 48 hours. We've seen that work. But for the most part, Omni is a concept that retailers are better at talking about than executing.

## *Real Time Inventory.*



RTI has become an essential tool in doing business today. Stores of all sizes need to know exactly what they have in-stock, where it is and how fast they can get it to where it needs to be, whether that is your consumer's front door or your store in Topeka. Consumers today have short attention spans and short fuses. When they pull out their wallets, you can't give them the slightest reason to put it away. Don't have it in stock? Don't know how fast you can get it to them? The box is dented. These are all transaction killers. The biggest opportunity with RTI is that it gives brands a chance to support retailers by helping them save sales on product that is not in stock. A consumer wants the new Brand X Super shoe in a red size 10. Store doesn't have it, but by accessing Brand X's website, you know they do and they can drop ship it within 24 hours, maybe 48. That would be a big win for everyone: your store, the brand and the consumer. Folks need to figure it out quickly before Jeff Bezos' drones start descending upon shoppers dropping red size 10s from the sky.



## An Olympic Boost?

THEY CAN BE HEROES



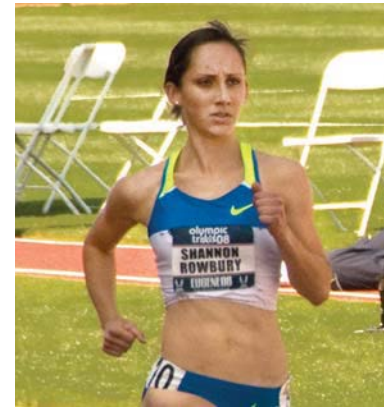
Desi (Davila) Linden



Shalane Flanagan



Hope Solo



Shannon Rowbury

This August in Brazil there will be an incredible spectacle that will last 16 days and span five major cities including Rio, São Paulo, Belo Horizonte, Salvador and Brasília. And we'll also have the Summer Olympics. Every four years it seems the world holds its breath, not just in anticipation of the games but in fear that the host city can actually execute the games. Despite some major concerns about stadiums, hotels and infrastructure being ready in time, it appears that Brazil is on its way to pulling off the games in a credible manner. Now it's time to focus the industry's hopes on the Olympics delivering a series of compelling story lines and a few heroes that can excite consumers and help sell some prod-

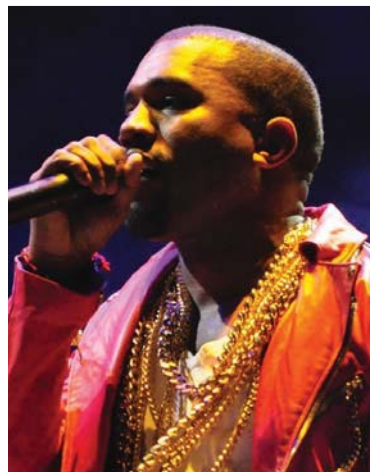
ucts. Business analysts say that the Olympics do little to generate immediate sales, but that the games often plant the seeds for longer term gains. Michael Phelps made kids want to swim. Hope Solo inspired young girls to play soccer. Can Desi Linden, Shalane Flanagan, Molly Huddle, Leo Manzano, Shannon Rowbury, Jenny Simpson, Nicole Tully, Ajee Wilson or any other Olympian inspire young athletes? If the answer is yes that means the Olympics will have delivered. The games will have transcended the hype, cracked through the cynicism and commercialism and actually accomplished something wonderful. And helped stores sell some shoes in the process.

GAME CHANGERS

## Enduring Endorsements.



Meb Keflezighi



Kanye West



LeBron James



Taylor Swift

The athletic shoe business used to be so simple. Sign an athlete. Make a shoe. Sell the shoe. Repeat. In a world where sports are ubiquitous and the most expensive media properties on the market, athletic endorsements have lost their luster as a major marketing vehicle. With the exception of LeBron James and Derrick Rose in basketball, the days of the Golden Endorser appear to be over. Too much can go wrong. Guys get hurt, they get into trouble. Brands, especially in running, still maintain a strong stable of athletes for credibility and product testing. But the fact of the matter is that it is rare when athletes are game changers for brands. Meb Keflezighi's deal with Skechers is a rare example of an athlete making a difference to a brand in today's cluttered world. Celebrities are looking like a better value for shoe companies.

Keds pays Taylor Swift more in one year than most companies pay their entire roster of athletes for that same period. And her buddy Kanye West has helped sell more shoes for Adidas in the past year than its entire track and field roster. Increasingly, companies with money to spend are looking at events. Skechers signed up for naming rights to the Skechers Performance Los Angeles Marathon. And New Balance, which for years spent little or no money on endorsements, has inked a deal to sponsor the New York City Marathon starting in 2017. Media reports estimate the value of the deal at as much as \$8 million annually. The ambitious deal covers a year's worth of activations with the New York Road Runners group in New York City including several locations that will sell New Balance product.



## Acquiring Minds.

Burp. That's the sound of big companies digesting their acquisitions of the past five years. VF is now five years into owning Timberland; Wolverine is four years into its purchase of Collective Brands. Deckers, which bought Hoka One One three years ago, is attempting to bring that brand into the corporate fold. New Balance and Berkshire partners are showing signs of progress in integrating Rockport into its Drydock business. Acquisitions always look good on paper, but integrating people and cultures and ways of doing business is not easy and we see evidence of that every day. The big challenge for companies that make acquisitions is to translate the efficiencies of their deals to the retailers. If Company A buys a brand and can save money behind the scenes by reducing their operating costs, that's wonderful for shareholders. But what's in it for the retailers? Are they getting better products and services? Are any of the margin savings being passed on to them? For retailers to get excited about big companies getting bigger, they need to see some real benefit. Having said that, we expect M&A activity to continue in 2016 at a more measured pace. There are a few factors that will cause a slowdown. First of all, some of the previous acquisitions have not exactly been home runs. Doubles off the wall maybe, but not dingers. Secondly, the availability of low cost money is starting to slow down. Companies that can fund acquisitions from cash flow will have an advantage over those who need to borrow money. And we'll likely see smaller strategic acquisitions, rather than big mega-deals.



## Breaking the Supply Chain.

Most everyone who reads this magazine has benefitted financially from China's power as a giant shoe factory and its ability to deliver low cost footwear to the United States, especially in the athletic category. But that factory is slowing down, or to be more precise, shoe making is moving to other parts of the world. China's footwear imports to the United States peaked in 2010, according to the American Apparel & Footwear Association at 2,061,491,301 pair. And while China still accounts for 65 percent of all the dollar volume on shoe imports and almost 80 percent of the pairs, its imports to the United States have been in steady decline for the past five years. Imports from Vietnam, Indonesia, Cambodia and India are all increasing and those countries combined now account for more than 23 percent of all imports to the U.S. This trend will continue over the coming decade as China changes its factories over to produce higher value consumer goods and countries such as Bangladesh and Nicaragua build the necessary infrastructure to become meaningful shoe producers. Last year's dock strikes also underscored the fragile nature of the footwear supply chain. China has productive factories and high speed freight trains to get the product to ports. The United States is beholden to several key ports and slowdowns there can severely impact timely delivery of product. Speed to market will be a distinct advantage for brands and retailers in the coming years. And those who can master that will win the battle at the cash register.



## Who Owns the Consumer?

### BRANDS VS. RETAILERS



The footwear industry has always been idiosyncratic in that brands have sold directly to the consumer through their own stores. The brand store was the domain of the bigger brands that had the resources to pull it off, but now the Internet has made it possible for even the smallest brand to sell and market directly to shoppers. That begs the question of who owns the consumer relationship. Is it the brand that sends all these wonderful “come hither” e-mails and speaks to shoppers directly via social media and whose website offers every SKU in every color? Or is it the retailer who gets down on his or her hands and knees and caresses the shopper’s feet as they try on the brand’s latest creations? This is an issue that will be widely debated and played out in 2016 and beyond. Bigger brands have the resources to interact directly with consumers by creating content and consumer outreach events. Smaller brands do the same thing, sometimes in creative, wonderful, grassroots ways because they lack the money to do so on a broad scale. All this puts the retailer in a tough spot. They love to sell the brands that consumers want, but don’t like the sense of being in competition with their vendors on the sale of every pair.

## Nothing Lasts Forever.



### HIGH STAKES FASHION

There have been some great runs by great brands over the past decade, but alas even great things come to an end or at least a slowdown. For most of the past 10 years, UGG has been a fourth quarter ATM for retailers who were sufficiently fortunate to have the inventory. Whether they did it intentionally or not, UGG mastered the supply and demand equation and their limited supply helped fuel incredible demand, which made consumers willing to pay top dollar for the boots. But as UGG’s retail distribution grew and the product became more available, sales growth inevitably slowed, especially in core styles. The same has occurred in the apparel business now that every teenager in America owns a fleece top from The North Face. Both of these brands will be just fine over the long term. They are owned by great companies, Deckers and VF Corp. respectively, and run by solid executives. But retailers need to be careful about staying at the casino too long with hot brands. Fashion is a high stakes crap game and eventually your luck will run out. In 2016, retailers would be wise to put some chips in their purses to bet on the next hot brand and product. The fashion business has two true-isms: Nothing lasts forever. And there’s always something new around the corner.



## Talented Teams.

FOLLOW THE LEADERS



Kasper Rorsted, Adidas



Mark Parker, Nike



Rob DeMartini, New Balance

Warren Buffet, who has made a few dollars in the shoe business, once said: "There is no shortage of great ideas. However there is a shortage of people who can make great ideas happen." That is the dilemma facing the shoe category in 2016 as the industry battles with other businesses for the top talent available. Consumer Product executives have had a mixed track record in the shoe business. Hotshots from CPG companies burst onto the scene, give their interviews to the trade and then within a year collect their severance pay and move on. Other executives are recycled from one company to the next. They fail at one company and then get a better job at the next. They are like sports coaches, who are run out of one town and greeted as conquering heroes in another. The shoe business needs new blood at all levels. Children of long time shoe store owners are being taught the business through a mentoring program offered by the National Shoe Retailers Association. Nike's Mark Parker clearly has the reins of the industry's most important company. Adidas finally appointed a successor to Herbert Heiner, Kasper Rorsted, who comes from the package goods industry. Diane Sullivan is changing the culture at Brown Shoe, heck she even changed the name of the company. Rob DeMartini, who came from packaged goods, has dramatically revamped New Balance and done so with a team made up of long time veteran executives. The companies that will be most successful in 2016 will do so because of the leadership of their executives, regardless of where these folks used to work.

WE ARE DIVIDED

## Will the Election Scare Us or Make Us More Angry?



It doesn't matter which way you lean politically, the 2016 presidential election is shaping up as noisy, cantankerous and ornery. And it's only February. Imagine nine more months of commercials and thousands of speeches about the fate of the country hanging in the balance. Voters are angry at Washington and justifiably concerned about the economy and their safety from terrorism. The country is divided and most likely 45 percent of the electorate will wake up on Wednesday, November 9th unhappy with the results. This environment is not conducive to shoppers going out and dropping \$200 on a new pair of suede loafers. It is more hospitable to selling \$25 bottles of wine. Lots of them. The upside, of course, is optimism. We could elect a president who will usher in a new level of peace and prosperity. Or at the very least, that's what consumers will feel after November 9th. Our counsel? Sell a lot of shoes between Election Day and Inauguration Day. ●





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2016



# MAKING MAGIC

## NEW TECHNOLOGY HITS THE TRAIL FOR FALL '16

It's all about materials in the trail running shoe category for Fall 2016. Upgrading waterproof/breathable technology and increasing traction underfoot are two key technology trends that perpetually pervade the trail shoe market. For Fall 2016, you can add the "perfect ride" to the mix. Brands are honing in on midsole tech, upper materials, and enhanced traction on the sole as trail shoes are primed to reach new heights in the year ahead.

**Altra Lone Peak 3.0 Neoshell Mid**  
The mid-height style is Altra's first ever extended upper trail shoe. It features Altra's signature FootShape toe box and Zero Drop platform. It is designed for hikers, thru-hikers and backpackers, too. Made using Polartec's Neoshell fabric, it has lightweight, breathable waterproof capabilities. Also available will be Neoshell gaiters using Altra's clever Gaiter Trap.  
**MSRP \$160**

Lightweight, breathable and waterproof







All-terrain traction

**Hoka One One Challenger ATR 2**  
For 2016, the versatile Challenger ATR 2 has been updated with a more supportive fit through the midfoot and increased comfort across the top of the foot for those looking to run both road and trail. The four millimeter lugs give all terrain traction. The oversize EVA midsole provides lightweight cushioning. A good option for running on all surfaces.  
**MSRP \$130**



Sticky rubber sole offers excellent traction

**Brooks Mazama**  
This is the first Brooks shoe with a sticky rubber sole. Combined with multidirectional lugs for controlling the downhill and powering up steep inclines, sticky rubber makes for excellent traction. The lightweight shoe lives in the brand's "Propel Me" bucket of footwear and is built to feel fast. A decoupled midfoot gets the runner from foot strike to toe-off quickly and a propulsion plate offers protection as well as responsiveness.  
**MSRP \$140**



Versatile, multisport approach

**Adidas Terrex Trailmaker (Gore-Tex version)**  
Designed for versatility with lightweight cushioning and a Continental rubber outsole with lugs that take inspiration from multifunction bike tires. The idea was to create a perfect all-around trail running shoe — good for a nice run in the forest but also on gravel road, or for doing winter training. Aims to capture a multisport approach — one pair of shoes that you can use for different activities.  
**MSRP \$140**



# TRAILRUNNING

## Merrell All Out Crush Shield

All-over protection keeps water out so feet stay dry when the going gets gnarly on late-season trail runs. A durable, water repellent TPU coated mesh upper offers protection, with traditional lace closure and reflective details for increased visibility in low light. TrailProtect pad offers under foot protection. Five millimeter lug height on the sole.

**MSRP \$110**

Durable and water-repellent



## New Balance 910v3 (Gore-Tex version)

For the trail runner who is seeking a more form fitted feel. Delivers underfoot cushioning and protection in a lightweight and responsive ride. The 910v3 Gore-Tex has a waterproof membrane. The sole is designed to protect from rocks underfoot, and the upper aims to make it a go-to running shoe for the cold, wet winter months.

**MSRP \$135**

A form fitting feel



## Salomon S-Lab Speedcross

The new S-Lab Speedcross is stripped to the essentials, weighing 280 grams. A close-to-foot fit and comfortable feel prevents internal slippage using Salomon SensiFIT and endoFIT technologies. The Premium Wet Traction Contagrip compound with lugged outsole offers premium traction. Also has a more minimalistic heel-to-toe drop, newly designed upper mesh with TPU film overlays and a beefy toe cap.

**MSRP \$180**

Stripped down to the essentials





ICEBUG  
ICEBUG  
ICEBUG



Emphasizes comfort and traction

**Icebug DTS2  
BUGrip GTX**

A stable, cushioned everyday trainer with outstanding traction on slippery surfaces. Emphasizing comfort, the DTS features soft collar padding and a wide, ergonomic last. The ripstop nylon, laminated micro suede and Gore-Tex upper is designed to be both durable and water repellent. A fully cushioned Ortholite midsole and BUGrip outsole allow the runner to maintain a natural, relaxed stride.

**MSRP \$219.95**

361 DEGREES  
361 DEGREES  
361 DEGREES  
361 DEGREES



Breathable and supportive

**361 Degrees  
361-Santiago**

The upper is made of a breathable air mesh exo-skeletal wrap for durability and support. The insole is a molded blend of the brand's Quickfoam for comfort and support. The upper also features a higher side wall of Quickfoam to maximize cushioning and maintain flexibility. The outsole features a tire-like lug pattern for increased traction.

**MSRP \$129**



Protects from the elements

**ASICS GEL-  
FujiEndurance**

Features the new, patented PlasmaGuard technology to protect shoes from rain and mud without sacrificing breathability and flexibility. PlasmaGuard is a durable water repellent coating that aims to provide protection from the elements, while enabling fast drying effects. The shoe also features the brand's I.G.S (Impact Guidance System) technology, a trail specific outsole, a rock protection plate and a rearfoot GEL cushioning system.

**MSRP \$180**



# TRAILRUNNING



For alpine trails

**Salomon S-Lab XA Alpine**  
The S-Lab XA Alpine combines the fit of the brand's S-Lab Sense 5 Ultra with the protection needed for alpine trail running. Featuring a weather-resistant, yet breathable integrated gaiter, Wet Traction Contagrip with outsole climbing zone and carbon chassis for midfoot integrity. Weighing in at 345 grams (men's size 9).  
**MSRP \$250**



High-performance winter shoe

**The North Face Ultra MT Winter**  
Fully decked out with an upper shroud, Vibram Ictrek outsole and a heel that uses sailcloth material (a feature inspired by The North Face's mountaineering boots), the style is designed for "the hardcore snow runner" as well as winter athletes and Gen X consumers who want the most high-performance shoe around.  
**MSRP \$170**



Good for icy surfaces

**Saucony Razor ICE+**  
Features Vibram Arctic Grip, the new sole technology that is designed to offer added traction on icy surfaces. The Saucony Razor ICE+ is made specifically for winter running with its fleece-lined neoprene upper, EVERUN heel insert and super-grippy outsole.  
**MSRP \$180**





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# Cool Runnings

Classic and Modern Running Styles Continue to Heat Up at Retail.

By Jennifer Ernst Beaudry

**T**he running footwear “look” may have hit critical mass. After a year of solid sales gains and steadily increasing penetration in boutiques, the classic sneaker silhouette is poised to dominate sales in the wider market. And retro models, lightweight running and running-inspired styles will benefit.

Deon Point, general manager and buyer for Boston-based boutique Concepts, said that while running is a perpetual favorite, it has seen its popularity swell. “Retro has never lost its footing. Casual has been garnering more attention as well, especially timeless classics that work well with any dress code,” he said.

“Running has been trending and basketball has slowed down,” noted Susan Boyle, owner of sneaker shop Rime in Brooklyn, NY. “It’s been a tremendous shift.”

That’s born out by the numbers, according to research analyst Matt Powell.

“The running business overall has been decent for [the past] year, up in the mid-single digits, but when you look at just the athletic specialty retailers, the technical segment is down in low teens, but the casual lifestyle piece is up about 60 percent, and retro is up substantially as well,” he said.

New York-based giant Foot Locker said in the retailer’s third quarter earnings call that running had driven sales gains and even outpaced basketball—while basketball saw sales up in the mid-single digits, running gained in the mid-teens.

“We have developed a leadership position in lifestyle running in the U.S., and in fact, all of our markets, including Max Air, Roshe and Huarache from Nike and ZX Flux from Adidas. Meanwhile, we continued to build bigger lifestyle programs with Puma, New Balance, Saucony and ASICS,” Foot Locker president and CEO Dick Johnson told analysts.

And he reiterated that in a recent interview with *Footwear Insight*.

“The consumer has said, maybe we’re going to move over to lifestyle running: there are some treatments that are very cool, there are some lifestyle casual running shoes that we like right now,” he said.

And the same held true at beleaguered Finish Line, where Sam Sato called casual and retro runners bright spots in a bad quarter.

“We did have success with some hot items including several casual and retro-inspired products such as Roshe Run, Max 90, Air Max Huarache and Juvenate from Nike, ZX Flux by Adidas and 574s by New Balance,” Sato told analysts.

In Adidas’ Q3 earnings, outgoing CEO Herbert Hainer said the running category had seen gains in almost every market globally, rising nine percent overall and double-digits in North America. And, he said, the Boost franchises — which have seen major social media and sneakerhead play thanks to its inclusion in Kanye West’s Yeezy line — have sold almost eight million pair, driving double-digit revenues in footwear for the quarter.

Rime’s Boyle said she’s seen success with retros like Nike’s Air Huarache family and Adidas’ modern lifestyle take Ultra Boost — “they’re on fire, I can’t keep them in the door.” Looking into 2016, she said the return of Nike’s Sock Dart and Presto silhouettes should continue to push sales in the category, as well







# RUNNINGLOOKS



Clockwise from top left: Adidas Ultra Boost, Adidas NMD, Nike Air Max 95, Nike Roshe, New Balance 990v4, New Balance 320, Brooks Beast and Brooks Chariot.

as some of the premium offerings from New Balance.

New releases like Adidas' new NMD sneaker, which the brand characterizes as "a technical runner realized as a lifestyle sneaker," could also spur sales.

Performance brands with heritage to tap into are benefitting, as well.

Brooks launched its classics-based Heritage Collection in 2014 to coincide with the brand's 100th birthday, and the category has been a small but growing segment, CEO Jim Weber said.

Under the leadership of Shane Downey, the brand has reissued

some of its most iconic styles, including the Chariot, Vanguard and Beast shoes, reinvented in new colorways and materializations.

"We have a toe in the water," he said. "But it gives us a cool factor and it will be a business for us down the road."

ASICS, which relabeled its archive business ASICS Tiger last year, has seen success both in collaborating with key retailers like Kith, St. Alfred and Packer Shoes on performance silhouettes from the past and has launched newer hybrid styles that marry classic uppers with sleeker lifestyle outsoles that let it leverage both

aspects of the trend.

Clyde Edwards, who oversees creative direction and buying for Miami's Uptown and Addict shops, said ASICS and New Balance have both leveraged their running history with great collabs — and have been infusing the results into their broader offering.

Rime's Boyle said fashion trends and the inherent ease of the style is giving people a reason to shop.

"There's a comfort there that people really like experiencing," she said. "And with athleisure, everyone's wearing some kind of jogger and leggings, and these styles work with that, too."







Edwards said that economics plays a role, too. “Prices are driving it,” he said. Compared to some of the elevated prices for marquee basketball product or limited-edition retros, he said, runners have the advantage, and other brands are taking share.

“A customer can go get an Adidas Tubular for \$95,” Edwards said. “They’re giving other brands space in their closet because of price.”

Powell said the ever-quickening fashion cycle has a lot to do with it.

“The fashion cycles are going faster than they’ve ever gone, peaking up higher and falling down sooner,” he said. And after three

years of basketball being the go-to silhouette, he said, trends are shifting.

But the preferences of the powerful millennial shopper — especially at the mall channels — is another reason, he said.

“The consumer is approaching fitness in a different way than they used to,” Powell said.

“Millennials are serious about fitness, but they’re not serious about a single activity like running. The approach is much more light-hearted and social and consequently, they don’t need as serious shoes as they have been selling people.”

This shift to what Powell calls “light performance” is driving a shift to the lighter weight, less structured and sleek-lined lifestyle runners, he said — easy to wear, good for a variety of gym activities and a no-brainer hookup to the athleisure looks that are dominating fashion.

All in all, Powell feels the category represents a big opportunity.

“Every channel can find a way to benefit here — I don’t think it’s exclusive to one channel,” he said. “Maybe the athletic specialty guys have the fast lane, but everyone should be participating.” ●





LINES**WE**LIKE

# *The Age of Refinement*

Tailored, tasteful and timeless characterize the best of Fall 16. The shoes are designed to sell and it is their details that will push customers to purchase something they don't exactly have in their closets.



- 1. Birkenstock** Gilford in dark brown leather, MSRP \$190. **2. Rockport** Total Motion Kalila Cut Out Shootie, MSRP \$140. **3. Aetrex** Skyler ankle boot with stacked heel, MSRP \$185. **4. Birkenstock** Timmins in black leather, MSRP \$195. **5. Merrell** Stowe, MSRP \$110. **6. Aetrex** Berries Lace Up with faux fur, MSRP \$165. **7. Arcopedico** eco-friendly Mitrus Low, MSRP \$145. **8. Vionic** Faros with fabulous fringe. **9. Arcopedico** R63 leather ankle boot, MSRP \$155.



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