



A DIFFERENT TRAIL TO CLIMB

The competitive
landscape in the
trail running
market is changing

By Lou Dzierzak

Trail running has been on an upward growth curve for several years. In this year's tough economy, the segment appears to be maintaining that momentum—albeit at a slower pace. While many retailers are suffering in the current economic environment, running specialty retailers are at least maintaining their sales at last year's volume.

John Shults, general manager of Runner's Roost, which has five locations in Colorado, says, "We've been holding steady in 2009. We're not seeing growth, but (we're not seeing) a decline either."

Scott McCoubrey of Seattle Running Company sees a turnaround to the recent downturn. "Overall, we've seen a 15 percent decrease in overall sales," says McCoubrey. "We've seen a softening of the trail market at least in the first quarter. In June it's starting to pick up speed again and I think we are going to crush [previous] June numbers with trail."

Trail running footwear and apparel vendors feel like the specialty running

retail channel will remain healthy. Jonathan Lantz, president of La Sportiva, says the market has been relatively stable considering the economy. "The numbers are down from 2009 compared to 2008, Q1 to Q1, but we're seeing brands that are really core continuing to sell well," Lantz says. "Our sales are on track. What we are seeing is a lot of people who were newcomers to the market are going away or their sales are suffering. It's been a rough first three months, (but) we're seeing sales of our Wildcat roaring back."

Jean-Yves Couput, U.S. marketing director and international outdoor brand manager at Salomon, says trail running

(continued on page 8)

To download a digital version
of this magazine, go to:

www.
performance
sports
retailer.
com

Make **Outdoor Retailer** Part of your Buying Plan
Better Business Yields a Better Bottom-line



Outdoor Retailer
SUMMER MARKET
2009

JULY 21-24, 2009
SALT PALACE CONVENTION CENTER
SALT LAKE CITY, UTAH, USA

OPEN AIR DEMO
JULY 20, 2009
PORT RAMP PROPERTY, SNOWBASIN RESORT, OGDEN, UTAH



Outdoor Retailer
WINTER MARKET
2010

JANUARY 21-24, 2010
SALT PALACE CONVENTION CENTER
SALT LAKE CITY, UTAH, USA

BACKCOUNTRY BASE CAMP
JANUARY 20, 2010
SNOWBASIN RESORT, OGDEN, UTAH

Relationships forged, business done, and the strategic partnerships reinforced during face-to-face interaction at Outdoor Retailer will drive your success in the future year or two!

www.OutdoorRetailer.com

EDITORIAL

Group Editorial Director
Lou Dzierzak (612-618-2780)
lou@sportsonesource.com

Senior Business Editor
Thomas Ryan (917-375-4699)
tryan@sportsonesource.com

Contributing Editors
Nancy Prichard Bouchard Ph.D.,
Kyle Conrad, Emmaline Harvey,
Dr. Paul Langer

CREATIVE

Creative Director, Teresa Hartford
Graphic Designer, Megan Grieser

PRODUCTION

Product Development Manager
Jeremy Noel
jnoel@sportsonesource.com

ADVERTISING

Director, Specialty Business,
Kris Versteegen (704-987-3450 x102)
krivsv@sportsonesource.com

Senior Advertising Sales Manager
Susan Tauster (630-858-1558)
stauster@sportsonesource.com

Advertising Sales Manager
Sam Selvaggio (212-398-5021)
sselvaggio@sportsonesource.com

BUSINESS

Circulation & Subscriptions
Joy Matheny (704-987-3450 x107)
subs@sportsonesource.com

TECHNOLOGY

Chief Information Officer, Mark Fine
VP Research & Development, Gerry Axelrod
Director Information Management, Ruben Desangles
Manager Database Operations, Cathy Badalamenti

BUSINESS DEVELOPMENT

President & CEO, James Hartford
VP Business Development, Bill Bratton
Director, Business Development, Barry Gauthier
Relationship Marketing Manager, Jill Underwood
Research Sales & Marketing, Katie Bolick

OTHER SPORTSONESOURCE PUBLICATIONS

SGB
Outdoor Business
SGD TEAM Business
The B.O.S.S. Report
Sports Executive Weekly
SGB UPDATE
Outdoor Business UPDATE
Footwear Business UPDATE
Sportsman's Business UPDATE
Team Business UPDATE

© SportsOneSource, LLC
2151 Hawkins Street | Suite 200 | Charlotte, NC 28203
704-987-3450 | fax: 704-987-3455
www.sportsonesource.com



JUNE 2009

PERFORMANCE SPORTSRETAILER PSR

A SportsOneSource Trade Publication | www.performancesportsretailer.com



NEWS

- 4 First National Running Day** Sees Strong Start
- 6 Asics America** Revenues Jump 20% in Fiscal 2009
- Mizuno** Fiscal Year Net Dips as Sales Decline
- LaCrosse Footwear** Closes Acquisition of END
- La Sportiva** Mountain Runners Set Course Records
- 7 OrthoLite** Launches First Bio-Based Product
- Running USA** Launches New Website
- Injinji** Named "Official Race Sock" for Western States Endurance Run

FEATURES

- 8 A Different Trail to Climb** The competitive landscape in the trail running market is changing
- 12 Still Thirsty** Hydration brands offer more specialized products to attract runners
- 15 The Right Approach** Running specialty's commitment to service is a competitive advantage

Copyright 2009 SportsOneSource, LLC. All rights reserved. The opinions expressed by writers & contributors to PERFORMANCE SPORTS RETAILER (PSR) are not necessarily those of the editors or publishers. PSR is not responsible for unsolicited manuscripts, photographs or artwork. Articles appearing in PSR may not be reproduced in whole or in part without the express permission of the publisher.

PERFORMANCE SPORTS RETAILER, Volume 4, Issue 6, is published monthly by SportsOneSource, LLC. Subscription: one year, \$99.00 (U.S. funds) in the U.S. and its possessions; Canada and Mexico, \$149.00 (U.S. funds); all other foreign delivery, \$249.00 (U.S. funds); Printed in USA. Postage paid at Charlotte, NC and additional locations. POSTMASTER: Send address changes to PERFORMANCE SPORTS RETAILER, 2151 HAWKINS STREET, SUITE 200, CHARLOTTE, NC 28203; (704) 987-3450.

First **NATIONAL RUNNING DAY** Sees Strong Start

Largely driven by grassroots efforts across the country, the inaugural launch of National Running Day on June 3 appears to have delivered a fairly strong turnout. The website dedicated to the event, www.runningday.org, listed 198 formal events planned around the day, but numerous informal events also occurred across the country. As of Friday afternoon, the event's Facebook page counted nearly 7,300 members.

The event represented a unified effort by running organizations across the country to create a day to promote running nationally and locally as a healthy, easy, and accessible form of exercise. Leading partners for the event include Atlanta Track Club, Boston Athletic Association, Chevron Houston Marathon, Chicago Area Runners Association, San Diego's The Competitor Group, Global Athletics & Marketing, Little Rock Marathon, Marine Corps Marathon, New York Road Runners, Oregon Track Club, Running USA, Boulder's Tempo Sports, Twin Cities Marathon, Inc. and USA Track & Field.

Runners were encouraged to go for the run and then log on to the running day website and Facebook page to download a "I'm a Runner/I Ran Today" button and interact with other runners. The website included information on local community events with running clubs and retailers, course-mapping tools and training tips.

"Everyone can run. That's the message of this day," said New York Road Runners president and CEO Mary Wittenberg. "As an industry, we know first hand how great running is. Millions of Americans have discovered that running is an easy way to feel better, look better, and live better."

"This is a day to celebrate the most universal of all sports," said USA Track & Field CEO Doug Logan. "By taking National Running Day into the virtual realm of social networking, we're doing even more to expand that universe. You

might be running toward a goal, running with a purpose, or even just running away from your problems. Any reason is a good reason to run, especially on National Running Day."

Many retailers supporting a running event also saw a sales opportunity:

- Luke's Locker, which is based out of the Dallas, TX market gave shoppers a \$10-off coupon for running on June 3. Road Runner Sports' website ran a 48-hour sale offering 10% off and



free shipping for any orders over \$100. Tortoise and Hare Running & Fitness in Ann Arbor, MI, held a 20% off National Running Day sale.

- The first 150 runners/walkers at Track Shack in Orlando received refreshments and a commemorative towel after finishing a group run late in the afternoon. Snails Pace Running Shop in Pasadena, CA also served refreshments after an early evening run.

- Numerous Fleet Fleet stores (Birmingham, Annapolis, Louisville, Tulsa) held runs, but the majority of events were held by local running and triathlon clubs and schools.

Among the bigger events, Olympian Deena Kastor hosted the Mighty Milers Fun Run/Walk at Icahn Stadium for approximately 1,000 kids from Manhattan

and the Bronx. The Little Rock Marathon hosted a free early-morning National Running Day Fun Run/Walk, followed by continental breakfast. The Marine Corps Marathon hosted a one-mile run on the National Mall, starting and finishing at the Lincoln Memorial. Larger group runs were also held in Atlanta, Chicago, Eugene, Houston, Indianapolis and Minneapolis.

Among vendors, New Balance commemorated the day with a 5K fun run along the Charles River for associates led by Team New Balance runners. Associates at each of the brand's New England facilities received running logs, an "I Ran Today" sticker, as well as nutrition and training tips. New Balance's Facebook fan page included links to share with friends, banner highlights, and an "events" listing for National Running Day to encourage runners to share the day with their friends. New Balance also offered NB-branded "I Ran Today!" buttons/flair for participants to download through its Facebook fan page.

Saucony hosted numerous editors at the indoor track on the day at Chelsea Piers in New York City to experience a biomechanical evaluation from its Saucony Lab Director; participate in running drills with Ironman Triathlon Champion and Saucony athlete Karen Smyers; and learn more about National Running Day from a rep of the New York Road Runner's Club.

Sara Hunninghake, media manager for the New York Road Runners Club, told Performance Sports Retailer that the group of core partners plans to meet in a few weeks to build on the event for 2010, but is pleased with initial results.

"I think we were all pleasantly surprised at how much people embraced the day and made it work for them," said Hunninghake. "This is the first one and it was largely a grassroots event so all in all we all thought the day was a huge success."

retail IQ



1 All Trail Running Footwear sales for May were:

- a. Flat
- b. Down Low-Teens
- c. Up Mid-Single-Digits
- d. Up Low-Single-Digits

4 Fashion Trail Running Footwear sales were down low-single-digits for May.

- a. True
- b. False

7 Average Selling Prices for Running Apparel in May were:

- a. Flat
- b. Down-Mid-Single-Digits
- c. Up Low-Teens
- d. Up Mid-Single-Digits

2 Who had the top selling Fashion Trail Running Footwear product for May?

- a. Asics
- b. New Balance
- c. Nike
- d. Adidas

5 Which brand had the highest Fashion Trail Running Footwear market share for May?

- a. New Balance
- b. Asics
- c. Adidas
- d. Saucony

8 Hydration sales for May were:

- a. Flat
- b. Down Mid-Teens
- c. Up Mid-Teens
- d. Up-Low-Single-Digits

3 Performance Trail Running Footwear sales for May were:

- a. Up Mid-Single-Digits
- b. Down Low-Single-Digits
- c. Up Mid-Teens
- d. Down Low-Teens

6 Which brand had the highest Performance Trail Running Footwear market share for May?

- a. Asics
- b. Columbia
- c. Salomon
- d. Vasque

9 Average Selling Prices of Waist Packs with Bottles in May were:

- a. Down Low-Single-Digits
- b. Flat
- c. Up Mid-Teens
- d. Down Mid-Teens

10 Asics had the top selling Performance Trail Running Footwear product for May.

- a. True
- b. False

Know More. NOW.

SPORTSCANINFO

A Service of The SportsOneSource Group

www.SportScanInfo.com

For more information about SportScan/INFO contact
704.987.3450 SportScan@SportsOneSource.com.

Answers: d, b, a, a, a, c, b, b, c, b

NOTE: Answers are for trade channels covered by SportsScan/INFO only. Does not reflect running specialty, better department stores, Walmart or Target.
All questions and answers are for the retail fiscal first quarter from 2/1/2009 through 5/2/2009.

Asics America Revenues Jump 20% in Fiscal 2009

Asics Corporation posted a 7% increase in net consolidated revenues for the fiscal year ended March 31, helped by continued gains in Japan and the U.S., but offset a bit by negative trends in Europe. Net income was down slightly for the year, as a strong bottom line gain in Japan was offset by double-digit profit declines in the U.S. and Europe.

Asics Corp. consolidated net sales rose 7.0% to ¥241.9 billion (\$2.4 bn) for the 2009 fiscal year ended March 31, compared to ¥226.2 billion (\$2.0 bn) for the prior year. Sales in Japan increased 9.9% to ¥102.7 billion (\$1.0 bn) from and sales in the U.S. market increased 5.4% to ¥52.9 billion (\$529 million). In U.S. dollar terms, sales increased 20% for the year. In Europe, sales declined 10.1% in yen terms to ¥63.9 billion (\$639 mm) for the year.

Consolidated gross margins were down 120 basis points to 42.6% of sales, while SG&A improved by 20 basis points to 33.2% of sales for the year. Net income was down 0.1% to ¥13.1 billion (\$131 mm).

For the fiscal fourth quarter, posted ¥3.36 billion (\$36 mm) in consolidated net income on net sales of ¥57.3 billion (\$614 mm). Net sales declined 4.7% for the period versus the year-ago quarter.

Looking ahead, Asics sees consolidated net income of ¥4.0 billion on net sales of ¥108.5 billion for the first half the current fiscal year and net income of ¥10.0 billion on net sales of ¥224.0 billion for the year.

Mizuno Fiscal Year Net Dips as Sales Decline...

Mizuno reported that total consolidated net sales declined 6.9% to ¥162.0 billion (\$1.62 bn) for the fiscal year ended March 31, compared to net sales of ¥174.0 billion (\$1.53 bn) in the prior year. Operating income fell 63.0% to ¥2.91 billion (\$29 mm) in the most recent year, compared to ¥7.86 billion (\$69 mm) in the previous year. Net income dipped 0.3% to ¥2.41 billion (\$24 mm) for the year ended March 31, 2009 from ¥2.42 billion (\$21 mm) in the prior year period.

On a regional basis, Mizuno saw revenues in Japan dip 3.9% to ¥117.0 billion (\$1.17 bn) for the year, while Europe revenues fell 16.3% to ¥11.03 billion (\$110 mm) and Asia revenues, which includes China, Taiwan and Australia,

etc... decreased 11.1% to ¥11.46 billion (\$115 mm) for the year. Full-year revenues in the Americas, which includes the U.S. and Canada, declined 13.8% in yen terms to ¥22.50 billion (\$225 mm), or a 1.8% dip when measured in U.S. dollar terms.

For the fiscal fourth quarter, Mizuno posted ¥2.26 billion (\$24 mm) in consolidated net income on net sales of ¥38.9 billion (\$416 mm). Net sales fell 11.5% for the period versus the year-ago period.

Looking ahead, Mizuno sees consolidated net income of ¥1.3 billion on net sales of ¥80.0 billion for the first half the current fiscal year and net income of ¥2.5 billion on net sales of ¥160.0 billion for the year.

LaCrosse Footwear Closes Acquisition of END

LaCrosse Footwear, Inc. has completed closing of its acquisition of certain assets of Environmentally Neutral Design Outdoor, Inc., or END, a performance footwear company focused on product innovation and sustainability. Through the agreement, LFI acquired substantially all the assets comprising END's footwear business, including inventory, intellectual property, and other assets.

END began shipping product in late 2008 to provide everyday athletes

with high performance footwear that follows responsible design, and is innovative and technical. END footwear has already received the honors of "Best Trail Running Shoe Debut" from Runner's World magazine in their April 2009 issue and "Best Road Running Shoe Debut" in their June 2009 issue. The company will debut its Spring 2010 line at upcoming shows including the Outdoor Retailer Summer Show.

La Sportiva Mountain Runners Set Course Records

La Sportiva N.A. said team runners Leor Pantilat and Caitlin Smith set course records at the Ohlone 50k. Pantilat finished in 4:29.47 shaving nearly 10 minutes off the previous course record and Smith became the first woman to finish in 5:04.50. Their first place finish at Ohlone makes this the third 50k in 2009 that both La Sportiva athletes finished 1F and 1M respectively.

At the Rock2Rock 10k in Asheville, NC, La Sportiva's Megan Kimmel dominated the woman's race and took 4 minutes off of Meadow Tavres's course record, finishing in 52:17. Keri Nelson took third place rounding out the women's podium with a strong La Sportiva presence. Fellow team member Jason Bryant placed third in the men's division.

OrthoLite Launches First Bio-Based Product

OrthoLite, the supplier of open cell foam insoles in the performance footwear category, launched its first bio-based offering, OrthoLite Eco Series. The company opened a new company-owned factory to manufacturing the Eco Series formulation.

OrthoLite Eco Series uses a bio-oil, from a non-food source, as a substitute for traditional fossil fuel-based raw materials. The bio-oil will replace 20% of the petroleum traditionally used in urethane foams, making the formula part of a clean, renewable resource and reduce the company's carbon footprint.

"OrthoLite Eco Series is pushing the boundaries of environmentally-conscious footwear technology," said Glenn Barrett, OrthoLite's chief executive officer. "OrthoLite Eco Series bio-based foam is safer for the environment than recycled foam and does not sacrifice the comfort or performance of the insole."

OrthoLite, headquartered in Amherst, MA, said its open cell foam insoles can be found in more than 70 million shoes each year including Asics, Nike, Oakley, New Balance, Merrell and Timberland.

Running USA Launches New Website

Running USA has redesigned its website to build "an online public library for running and its industry." On the home page, visitors can see the latest wire stories, recent industry press release topics, upcoming running events, U.S. records finder, national website links for race results and best sources for training programs.

A Programs section features Running USA's activities including the annual Running USA Conference for the Industry and a description of the youth initiative which includes Running USA's other website, launched last summer, RunningRocks.com.

The member companies and organizations of Running USA have their own Members-Only section which includes a more detailed list of members and their contact information, access to the informative weekly Industry E-News and in the near future, complete results of the National Runner Survey.

When complete in June, the Statistics section will feature all State of the Sport reports, Largest U.S. and World Races of 2008 by distance and state and the Largest Running Festivals of 2008. This section also hosts the World Road Running Records, U.S. Running Single Age Records and 2008 U.S. Road Runner Rankings compiled with the help of the Active Network, event timers and more than 5,000 U.S. races.

Injinji Named "Official Race Sock" for Western States Endurance Run

Injinji Footwear Inc. announced that its patented Performance Toesock will be the "official race sock" of the Western States Endurance Run, one of the oldest ultra trail events in the world. Held June 27-28, the 100-mile run starts at Squaw Valley, CA and ends in Auburn, CA. Its famous for its steep ascents, tasking racers with a 2,550-foot vertical climb in the first 4.5 miles.

Each Western States race participant will receive a pair of Injinji Performance Series Toesocks. Injinji had also provided many Western States racers with Toesocks last year, but the 2008 event was cancelled due to wildfires affecting the race course.

"An endurance race of this caliber demands a sock that offers superior performance capabilities and protection," said Jason Battenfield, CEO of Injinji. "Our Performance Toesock not only enables runners to fully utilize the agility, balance and dexterity associated with each individual toe, but its patented design also helps prevent friction and moisture build-up, keeping blisters and hot spots at bay."

To download a digital version of PSR go to www.performancesportsretailer.com

Free Sample* **Powerstep**
Pinnacle

Try a free sample of Pinnacle, the most advanced foot orthotic yet for exceptional relief from heel and arch pain.

Pinnacle features a unique 4-step system for unexcelled comfort:

1. Prescription level support with spring for comfort
2. Life-long resilient cushioning
3. Hypurcel EVA
4. Stabilizing heel contours

3. Anti-slip fabric for dryness

- Eliminates excessive inward rolling motion of the foot
- Relieves heel and arch pain
- Reduces ankle, knee and back pain

Contact Us for your free sample:
Toll-free: 1-888-237-3668
Email: info@Powersteps.com

**Limited to new Pinnacle retail customers*



In its third year of sponsoring trail racing, The Vasque PROJECT 2009 event series includes 45 trail races in 12 states. Vasque has also launched PROJECT Thanks, a philanthropic effort to support nonprofit organizations involved in trail conservation and preservation. At events, runners are encouraged to donate money in support of their local causes. Vasque, in turn, raises money for the organization through a website promotion.

Photo courtesy of JMKphotography.com

(continued from cover)

still has untapped potential. "Trail running is still growing," Couput says. "Trail runners are interested in being closer to nature and being in the environment - one of our missions is to invite more people to the trails."

Looking ahead, Brian Hall, senior product manager at Vasque, says he continues to see trail running competition expand with increased opportunities. "For certain players, it's a robust business," he says. "There's business to be had with the right product. It's a market segment that has a lot of potential. You see a lot of road brands coming in and making headway, more than they have had in the past."

THE SHIFTING NATURE OF THE TRAIL RUNNING CUSTOMER

Reports from specialty retailers and footwear brands suggest the definition of the trail runner is changing. "I think there is a broader base, especially in the entry and intermediate level," McCoubrey says. "Initially, it was primarily the adventure/outdoor/ultra person, but in the last 3-4 years we're seeing more of the 5k and 10k runners. We are seeing more mainstream runners subscribing to the use of trail running for training. Its becoming more accepted that trail running minimizes the repetitive stresses on the body."

Hall notes that race events continue to attract first-time runners. He says,

"We're seeing a broader spectrum of runners coming to trail running. Usually the majority of the people showing up are coming from the road running side and racing in road shoes."

At Rock/Creek Outfitters in Chattanooga, TN, Mark McKnight reports similar experiences, "We do a straw poll before our trail races. At times we find its up to 25 percent of people who are running their first races. More people are spreading the word."

Lantz suggests that people who are into trail running are entering more races - specifically more ultra-distance and larger endurance challenge races. "Those are filling up faster," he says.

“People seem to be focusing on that ultra market. Because of that you are seeing a lot more products coming out that are geared to the ultra races.”

Predictably, Lantz says first timers usually arrive at events with lots of questions that need to be addressed. “When you see people at the races in road shoes, they ask ‘why do I need this trail running shoe?’,” he says, “You explain it to them and they came back after the event and say ‘I get it now.’ They need something more stable and that gives you more protection from rocks and roots.”

a wide range of brands, but before they pick the footwear, they should decide between two competing fundamental design philosophies. On one hand, retailers can continue with the familiar road shoe brands that are expanding into a new product category. On the other hand, iconic climbing and mountaineering brands are transferring their hiking boot experience to trail running.

“The athletic industry invented trail running with the New Balance 800 series, then Nike jumped in,” Duffy says. “Along the way, the outdoor industry jumped

with the running product. For specialty running, trail running is still a relatively small segment of their business. They have solid relationships with the road running brands they are already working with. They have open arms but there’s also a limit to how much they will be able to partner with us right away. It’s something to build within their stores.”

Lantz says, “At running specialty, it’s definitely easier for those [road running] brands coming up to the mountain. The consumer is just more familiar with the fit of their shoes. Brooks for instance,

SPORTSCANINFO

FAST FACT: Sales of performance trail running footwear are up in the low teens for the 2009 year-to-date period compared to the YTD period in 2008. Sales of all running footwear are up in the mid-single digits over the previous year for the same time frame.

Duffy says that trail running is traditionally a wide-ranging term that tends to be a “catchall” for all outdoor running activities. “...it’s starting to find its own silos,” Duffy says. “You have the hardcore outdoor person who is buying footwear like LaSportiva, The North Face, Salomon and Merrell. They are more in tune with the outdoors. They run because it is a fitness activity. They are outdoor people first and look to the location that brings them happiness to train in. The bulk of where the trail business is being sold is to people who aren’t running hardcore trail but are outside. It’s hard when you are hearing statistics because for this active trail running group hitting a bike path, going through the woods is a trail run.”

Duffy adds that he is seeing the market slowly divide itself into separate segments. “The brands that are playing in the trail market are going to have to get smarter about who they are segmenting towards,” he says. “In the past, I don’t think people really knew. The natural leveling off will be helpful to the trail business. Brands are going to understand that the segmentation of who their customers are. Call them hardcore, trail light, racer and endurance runner.”

MOUNTAIN HERITAGE VS. ROAD EXPERIENCE

Running specialty retailers can select which trail running shoes to carry from

on it to extend their product offerings. They both have their merits. The outdoor industry understands the mentality of that runner. The athletic side of it knows how to make running shoes.”

Cody Hill, general manager of Boulder Running Company in Colorado, estimates the current split between mountain and road footwear sales is fifty-fifty. He describes an historic shift in the design approach to trail running shoes. “From 2000-2005, the majority of our trail shoes were from North Face, Salomon, Montrail and Vasque, Hill says. “The shift is now to the road companies who are offering the hybrid shoes like the Brooks Adrenaline Trail and the Nike Structured Triax Trail. Some people don’t need a heavily-lugged, Vibram-outsole shoe. In fact, most can get into a shoe that’s very similar in weight and flexibility to their road running shoe with added traction and a more durable material on the upper. For the trails they are running those are perfect for them,”

Although mountain-oriented brands may have high awareness levels at outdoor specialty, this loyalty doesn’t necessarily translate to run specialty. “That side of the business doesn’t necessarily know Vasque, so there’s some education about where we’re from,” says Hall. “Trail running brands that come from the mountain side are starting to be much more sophisticated

is the number one brand in running specialty in trail footwear. That’s because they have that reputation with their road shoes. People know the fit. It’s working for them.”

LaSportiva is making inroads, as well. “We are seeing increased sales at running specialty coming down the mountain,” Lantz adds, “Once people get into the sport and we get our shoes on them, they realize our mountain heritage with our stickier rubber, bigger lugs and more precise fit really appeals to them. We get a lot of retailers telling us the shoes are flying off the wall for (them) once you communicate the story to them. There’s a cool appeal of the mountain brand that appeals to the consumer that helps move the product through running specialty.”

Duffy believes there’s room for both athletic and mountain brands to thrive. He says, “Both have benefited from hiring someone from the other side. There’s room for both. Each industry has a reason to go after the others. The outdoor industry wants to tap into those running numbers. Specialty running needs to diversify. Where are they going with their specialty model to stay special?”

SUPPORTING SPECIALTY RETAILERS

LaSportiva seeks out partnerships with local running specialty and outdoor specialty retailers at every event the brand appears at. In addition to

FEATURE



Trail running continues to draw new enthusiasts. Running specialty retailers report as many as 25 percent of trail race event entries are competing for the first time.

Photo courtesy of JMKphotography.com

(continued from page 9)

providing demo shoes for race entrants to try on, LaSportiva ties that in with local retailers by offering promotional purchase discounts.

In addition to sponsoring the Vasque Project race series, Vasque has also launched Project Thanks, a philanthropic effort that matches dollars the race directors are putting into trail community and conservation efforts. Hall explains, "We are trying to build community around each one of these retail partners in the trail community. It's more than giving money and putting our name on banners. Every race director already has some sort of giving back element. The Project Thanks program reinforces that and is basically doubling their efforts."

Merrell is also supporting specialty retailers, but their approach falls a little closer to home. "We have restructured our pricing structure to benefit the retailer," Duffy says. "We've introduced keystone pricing that offers retailers

additional margin. From what we hear they are extremely happy about it."

In addition to the support Runner's Roost receives from vendors, Shults works to maintain his trail running customer's loyalty. A large part of his customer base, Shults says, belongs to a running club or group and receives loyalty discounts. "We know our customers like the ability to find a trail shoe that compliments a running shoe that they may have already been fitted in," he says. "They also recognize that the fitting process utilized on road shoes also applies to a great fit for trail shoes. We have not offered a package deal nor specific advertising targeting just trail running, but a good deal of our signage and print ads include trail runners."

As summer of 2009 rolls on, running specialty retailers and trail running footwear brands are doing their best to keep their sales on track.

head to head

RUNNING AND OUTDOOR SPECIALTY RETAILERS NOW COMPETE AGAINST EACH OTHER FOR TRAIL RUNNING ENTHUSIASTS

By Louis Dzierzak

John Shults, general manager at Runner's Roost in Colorado, describes the symbiotic relationship his store has with nearby outdoor specialty retailers. "REI [Recreational Equipment Inc.] refers customers to us and we refer customers to them," Shults says. "If we know they have the product the customers want and we don't carry it, we'll refer them to the outdoor retailer. We hear from customers that come into our shop that the outdoor retailers do the same."

That cooperative spirit is changing significantly as trail running footwear turns once-cooperative business owners into head-to-head competitors.

At Seattle Running Company, owner Scott McCoubrey sees a shifting competitive landscape. "One of our biggest competitors for our trail wall is REI," he says. "A lot of trail runners who are buying their trail shoes at our store also buy their outdoor gear at REI. If they see a sale on trail shoes there, it becomes competition."

Since outdoor and running consumers tend to be loyal store patrons, something has to give. "If they are a climber and runner they are going to have to make a choice to go to their climbing store or to us as their running store," McCoubrey continues. "Wherever they are spending the most time, that's where they are going to buy that trail shoe."

In Colorado - a hotbed for backcountry trail running opportunities and enthusiastic participants - Cody Hill, general manager at Boulder Running Company, acknowledges the potential competitive threat but says he isn't very concerned. "I don't think we lose a lot of business to them," he says. "We still sell a ton of trail shoes and I can't imagine that if REI up the street went out of business I would increase sales 50 percent."

At Rock/Creek Outfitters in Chattanooga, TN, marketing director Mark McKnight describes the experience of an outdoor specialty store crossing over into running. "We used to be located right next to a specialty running store. We had a symbiotic relationship that was more complementary than competitive. That's changing. With [trail running oriented] apparel and accessories, we found our customers wanted to buy those products with us."

Brands like Vasque, Merrell, Oboz and LaSportiva are working with both types of retailers to expand their sales.

Jonathan Lantz, president of La Sportiva, says each type of shop requires a different strategy. "It's a much easier sell to the stores that carry our mountain boots and climbing shoes," he explains. "The store employees are much more familiar with the brand. At running specialty, there's a lot more education going on, explaining who we are (and) where we come from..."

Merrell's footwear line includes trail running and road running models. Gregg Duffy, Merrell's product line director for running, says, "The harder battle is for the outdoor guys. We are going into run specialty and getting segmented on to their trail wall. I think we are the only outdoor brand that is offering road running shoes as well. That's the disadvantage of Salomon, Vasque or Montrail - they have a very small portion of the trail wall."

Brian Hall, senior product manager at Vasque says, he has seen the outdoor specialty retail base find success by bringing in road product. "That wasn't happening a few years ago," he

says. "We have more competition than ever from road brands and the really good specialty outdoor running brands."

Lantz says, "It's tough because they [specialty running] tend to be smaller accounts. At the same time, they have real technical knowledge of running shoes, so you end up answering a lot more questions. In the end, if you make that investment, it really appears to pay off"

McKnight adds that Rock/Creek started off with Vasque boots but has now crossed over to the running specialty side.

"We are still doing well with the traditional [outdoor] brands but we've definitely seen growth on the Saucony and Brooks side," McKnight says.

McKnight notes that dialing in the right product mix to attract trail runners can take time for retailers who aren't used to buying that type of product. McKnight says Rock Creek has expanded inventory selection to cover trail running categories like hydration and trail-specific sports.

Duffy believes outdoor retailers can learn from the experiences of their new competitors. "Independent running specialty has taken years to figure out their model," he says. "They have it down pretty good right now. Outdoor still has a little bit to learn. If they look at the model of service that specialty running has, I think they will be in good shape."

The dog days of summer are fast on their way and the rivalry between outdoor and run specialty promises to get just as hot as retailers they fight to attract new and experienced trail runners to their stores.



Size Us Up!

The fact is that all athletes are not alike. At Cho-Pat, we understand people are different and that is why our American-made supports are available in a range of sizes. The choice is yours!



www.cho-pat.com
1-800-221-1601



Beijing Olympic Marathoner Magdalena Lewy-Boulet is wearing a Nathan Speed 3R waist belt.

STILL THIRSTY

HYDRATION BRANDS OFFER MORE SPECIALIZED PRODUCTS TO ATTRACT RUNNERS

By Lou Dzierzak

Photo courtesy Bryce Thatcher

QUOTE WE FIND THAT IT IS A PERSONAL PREFERENCE. SOME FOLKS DON'T WANT TO CARRY ANYTHING IN THEIR HANDS. SOME PEOPLE MAY DROP BOTTLES ON AN OUT AND BACK RUN. OTHERS MAY CARRY TWO LARGE HANDHOLDS BECAUSE THEY DON'T WANT ANYTHING ON THEIR WAIST. THERE ARE NO RIGHT OR WRONG ANSWERS.

JOHN SHULTS, RUNNER'S ROOST

A decade after Camelbak introduced the first hydration system, the market for easy-to-use hydration continues to thrive. Aside from a pair of properly fitting performance running shoes, a runner's best asset is proper hydration. According to point-of-sale data compiled by SportScan*INFO*, sales of hydration systems and water bottles increased nearly 20% for the year-to-date in 2009 versus the same period in 2008.

"The market's definitely still growing," says Jonathan Austen, director of product management for Camelbak. "Runners are more serious (about) training and fitness runners are becoming more aware of the benefits of hydration. They now understand the performance benefits of hydration. Awareness is continuing to grow and that's driving sales."

Vinu Malik, founder of Fuel Belt, agrees and points out that running specialty retailers are driving much of the growth because they understand their local markets so well. "The run channel continues to be incredibly strong, elastic and rather recession proof," he says. "Specialty retailers are succeeding while other channels are struggling. I think the retailers have exceptional understanding of who the top companies are, what the top brands are and what their customers' needs are."

Megan Russell, VP of marketing and sales, Penguin Brands, Inc. (parent company of Nathan Performance Gear) agrees about growth trends but notes that consumers still need more education about hydration systems. "Hydration is growing and it's far from a mature market," Russell says, "There's still a lot of education needed. People still need to fully understand how important hydration is to exercising. There's still that old mentality of 'no pain, no gain' and you are supposed to be uncomfortable when you are working out. The mindset has to be changed to a belief that carrying hydration on a run makes you feel so much better and speeds recovery."

John Shults, general manager at Runner's Roost, which has five locations in Colorado, notes that the hydration market is becoming more specialized. "Hydration continues to sell well," Shults says. "The hydration products we sell tend to be different for those (who) are looking for trail vs. road. The road runner tends to be more minimalist and (doesn't) see the need to carry as much as those runners on trail."

SPECIALIZATION

Hydration brands have significantly broadened their product lines to offer runners options for every situation. Today, hydration systems can carry different volumes of water in handheld bottles, waist belts, vests and lightweight backpacks with many creating specialized products for trail running, ultra running or road running.

While combined sales of hydration systems and water bottles are up for the year, certain specialized products are performing better than others. SportScan*INFO* POS data shows that waist packs with water bottles are performing strong while hydration system sales have declined in 2009. Also, sales of insulated



The Ultimate Direction Cruz waist belt offers an outside bungee to secure a jacket and an inside organization pocket with a key clip. Angled water bottles improve access and enclosed bottle holsters are large enough to accommodate small items like gloves below the bottle. SRP \$46.



(LEFT) The Nathan Speed 3R waist belt features molded holsters for quick, one-handed Flask access. Three 7 oz. Nutrition Flasks with Race Caps are placed for intuitive access without interfering with arm swing. The canted wait allows the pack to sit low on the hips without riding up. SRP \$50.



(ABOVE) CamelBak introduces the breakthrough concept of wearable hydration with the RaceBak, designed for cyclists, endurance athletes and triathletes. The RaceBak fits under a jersey and has an aerodynamic and stable compartment for a 72 oz reservoir. Both men's and women's styles are available in 5 sizes. SRP \$100.

QUOTE THE COMPANIES THAT ARE COMMITTED TO THE SPORT WILL STEP UP. GET THE VENDOR INVOLVED WITH YOUR EVENTS, YOUR STORE, DEDICATE A SECTION TO HYDRATION AND COMMIT TO THE LONG TERM GOAL OF MAKING THIS A SUCCESSFUL DIVISION OF YOUR FLOOR PLAN. YOU NEED TO CARRY THE MOST WANTED PRODUCTS. IF YOU'RE NOT SEEING REGULAR TURNOVER, YOU ARE WORKING WITH THE WRONG VENDOR. VINU MALIK, FUEL BELT

water bottles are very strong this year, likely due to product innovation from a number of brands in the category.

"I think it's great that we are all offering different packs for different people," Russell explains. "Serious athletes are trying out different packs for different applications; a training pack, a short run pack, a long run pack. They are finessing the products to their experience. The ideal end-result is that more people are enjoying their exercise and their sport. Having a variety of choices is ideal."

Camelbak, known for its bladder hydration systems, is branching out into handheld systems as well. "The product offerings have grown along with increased awareness," Austen says. "The lines have become broader in terms of the number of products and more specialized in terms of applications. For running, triathlon and trails, waist belts and handhelds continue to be the most popular products on the market. They are the most versatile in terms of distance and time. We are also seeing the popularity of lightweight hydration packs growing particularly for trail running where access to water for refilling may be limited."

Retailers note that runner's preferences cross all hydration delivery methods. Shults comments, "We find that it is a personal preference. Some folks don't want to carry anything in their hands. Some people may drop bottles in an out and back run. Others may carry two large handhelds because they don't want anything on their waist. There are no right or wrong answers."

At Snail's Pace, Pastrana says, "We sell handhelds the most. That's the most popular category for us. Belts with single and

two bottle configurations are also popular. From a function standpoint, runners are satisfied with 'the simpler the better.' They are coming in (and) asking for products they have seen their friends wear in competitive events."

Shults notes that Runner's Roost customer needs are being met by current product offerings. He says, "We don't hear our customers talking about (the) lack of choice or product innovation."

At the Runner's Roost, hydration products are merchandised by category to help consumers evaluate options. Shults says, "It's common for people to grab two or three brands and try them on. Our belts are together so they can compare them side by side."

Pastrana says Snail's Pace uses a specific section of the store for hydration products. However, she cross merchandises to keep hydration visible throughout, with hydration products added to window displays used to promote new footwear and apparel. She says, "There's a hydration section at each store. That's definitely a 'go-to' section of the store. Each vendor's product assortment is displayed separately so consumers can see options and try them on. We try to touch it in multiple parts of the store."

Hydration brands are working to provide running specialty retailers with marketing tools to promote their products. Ellen Cassidy, communications manager, Penguin Brands Inc., describes the support Nathan offers. She says, "We partner with our retailers at events. We offer in-store hydration clinics, provide hydration information sheets and arrange for sponsored athletes on site to host Q&A sessions." Nathan uses a

FEATURE

product-seeding program to get products into sales people's hands for personal experience.

Nathan also provides educational materials, samples and sales incentives to help retailers address the needs of beginning runners. "Hydration is really important to beginning athletes," Cassidy explains. "They can get discouraged because they get cramps the next day or feel uncomfortable when they are running. If they stay properly hydrated before and during their exercises, the excuses (as to) why they don't like to exercise go away pretty quickly."

Fuel Belts' sales team hosts hydration clinics on-site at both retailers and expo events. The company also sponsors more than 800 events throughout the year through product support. Malik notes that Fuel Belt is the exclusive distributor of Gatorade's Endurance Formula Powder. To support its retailers, Fuel Belt is launching a new merchandising and sales support program at the end of June.

A HOT FORECAST

Russell believes running specialty retailers should commit resources to the hydration category. She says, "It's an excellent add-on sale. As the athlete grows and becomes more competitive and branches into trail running or triathlons, it's an excellent opportunity to get them coming back for more."

She adds, "We would like to see more retailers take advantage of the seeding program. We're easy to work with. We have the same goal they do, (and) that's to get more people running and to help the independent specialty retailer survive."

Shults sees a sustainable long-term market. "I expect the category to grow directly in-line with running trends. As running continues to grow, hydration will follow along. The companies out there will continue to advance their products as far as making them lighter weight, comfortable and easier to use. I believe those innovations will continue. I don't think there are any major gaps in innovation."

"The market is growing - and at an exponential rate," Malik adds. "Retailers see the value in this category and pay more attention than ever to hydration and nutrition as opportunities."

The summer of 2009 is still young and the hottest temperatures are still to come. Running specialty retailers still have an opportunity to quench the customer's thirst.

FIVE STEPS TO SELL MORE HYDRATION PRODUCTS

- 1 Dedicate a section to hydration:** By simply committing to a long-term goal and adding hydration to the floor plan, sales in the category will increase. Carry the products with the highest demand. If you're not seeing regular turnover, you are working with the wrong vendor.
- 2 Take advantage of the sponsored athletes:** Brands make athletes available to host in-store clinics and pre-race parties and product information seminars.
- 3 Create a ratio of footwear-to-hydration sales:** Every time a pair of shoes sells, think of hydration and safety items. For every five shoes sold, try to sell one hydration pack.
- 4 Pay attention to what's happening in triathlon and multisport:** Most of the innovative products that are recently popularized in the run channel actually originated in the triathlon channel. Triathletes are an excellent demographic for product testing (and) early adoption of new technologies and they are not afraid to invest in their sport.
- 5 Work closely with vendors:** This is true with every specialty running category and it increases the opportunity to see tangible revenue growth. The vendors that are committed to the running specialty channel will work more closely with retailers on marketing, events and promotions.



The Right Approach

By Paul Langer, DPM

RUNNING SPECIALTY'S COMMITMENT TO SERVICE IS A COMPETITIVE ADVANTAGE

I know I'm preaching to the choir when I write a column about customer service for the readers of Performance Sports Retailer, but the independent running and triathlon retailers are reminded daily that their survival is dependent on their ability to offer better service and expertise than their competitors. Every business owner has stories about difficult situations with customers and the unavoidable dilemma of balancing service with competitive pricing, but I had an opportunity to observe an enlightening situation recently while talking to the owner of a successful running store in the Midwest.

As the owner and I stood chatting in the back of the store, an obviously agitated man approached and interrupted our discussion, stating that he wanted to speak to the owner. The owner - who is always congenial and laid-back - obliged him and asked what was on his mind. The man prefaced his reply by stating that he was a dentist (which seemed a little odd and irrelevant but he obviously thought it important) and that he had just been at the front counter of the store and had asked for a price adjustment on the shoes he had purchased last week because he had seen them for sale for a lower price at a competing store. The employee had replied that it was not store policy to offer price adjustments. This had led to the man's current state of agitation and his decision to seek out the owner regarding his complaint.

The owner reiterated that yes, it was in fact the store policy not to offer price adjustments on shoes and then immediately asked the man if he felt he had gotten good service when he purchased the shoes. The man responded that yes, he had received good service. The owner then asked if the customer liked the shoes he had purchased and again, the man responded affirmatively. The owner then said in a respectful manner that this was all he needed to know. As long as the man had received good service and he was happy with shoes, the staff had done their job and he would not be able to offer him a price adjustment. He explained that he could not control the prices that other shops charged, that his prices were competitive and that he was pleased that the man was happy with the service and

the shoes. Expectedly, this response did not seem to satisfy the man and he became angry, stating as he stomped toward the door that he thought this was no way to run a business and that he would never be back.

I was just an observer in this situation so it wasn't my place to say anything, but I couldn't help but think how misguided this guy was and that if I ever needed a new dentist I would make sure to avoid his practice. The similarities of running a shoe store and a dental practice are obvious to anyone thinking rationally. Both offer services and products to people who are motivated to maintain their health. Likewise, neither business could compete without offering a high level of service and building a loyal following and a solid reputation in their respective communities. In a competitive market, discounting is an issue that a dentist has to deal with as much as any retailer. I haven't shopped dental prices recently but I'm sure that there are significant price ranges on dental services and products. I wanted to ask the dentist, 'if I had a filling done with you and then heard about another dentist offering the same service for less, would you refund the difference to me if I went back and asked?' I'm ninety percent sure he would not and if he did I would then have to ask myself 'Do I want to see the cheapest dentist or the dentist who offers the best service?'" Like most of our running customers, I'm happy to pay for the service.

The owner never wavered on the pricing issue with this customer. In fact, he never engaged this customer in a discussion of price. Instead he confidently focused on the service aspect of his business and made it clear that that was his highest priority. I know the owner well enough that if this customer had said that his service was poor or he was unhappy with the shoes, he would have offered something to win him back as a satisfied customer. But this man had made it clear that good service and the right running shoe meant very little to him. He just wanted the cheapest shoes. Period. The owner didn't look even the slightest bit affected as the guy left the store. Despite losing a customer, the integrity of his staff and his business philosophy had been affirmed.

ABOUT THE AUTHOR Paul Langer is a podiatrist and serves as a clinical faculty member at the University of Minnesota Medical School. He is a member of the Clinic Advisory Board of the American Running Association and is the author of *Great Feet For Life: Footcare and Footwear For Healthy Aging*.



Aetrex Offers You a Different Way of Doing Business



Aetrex Integration Programs

Substantially Increase Sales & Margins Per Customer • Dramatically Elevate Your Service
Differentiate Your Business Through Technology • Provide a Unique Experience for Your Customers

800.526.2739 | www.aetrex.com