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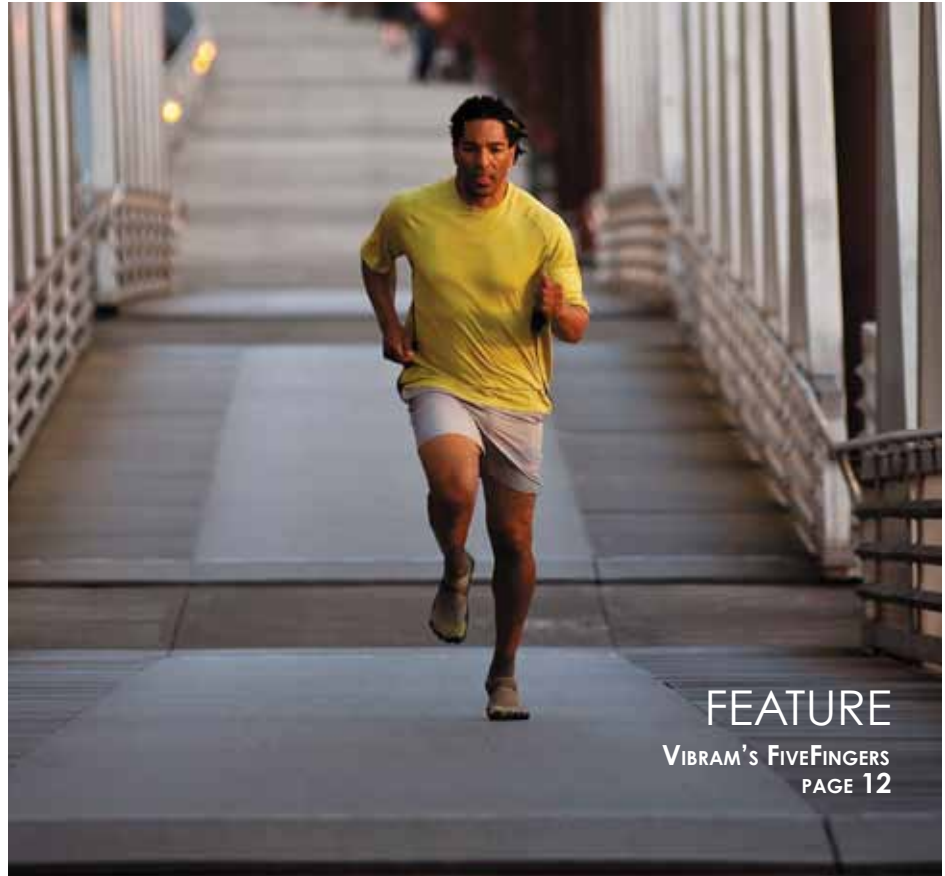
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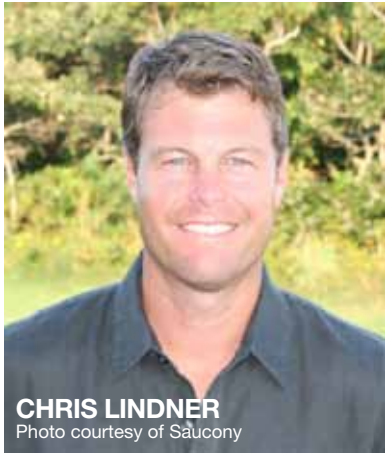
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Cover photo courtesy of Nike



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CHRIS LINDNER
Photo courtesy of Saucony

Saucony has named **Chris Lindner** to the newly created role of senior vice president/ chief marketing officer. Lindner was vice president of global marketing at Converse, a subsidiary of Nike, where he oversaw all marketing execution in North America and the brand's global regions. Lindner will provide strategic development and execution of Saucony's global branding initiatives, including brand positioning, marketing and retail strategies, advertising, general marketing communications and digital strategies. He also worked with Nike Bauer Hockey, Electronic Arts Action Game group and Rollerblade.

Sof Sole has updated its current website - www.sofsole.com. The new site is designed to ease navigation, help consumers educate themselves about technical features and integrate Sof Sole's social media platforms.

Newton Running

co-founder and CEO **Jerry Lee**, a prostate cancer survivor, completed the Ironman Canada triathlon in August, along with 30 other Team Newton members. The team raised more than \$70,000 toward its goal of \$100,000 for the Prostate Cancer Foundation (PCF). Newton raised the money through sales of a limited edition PCF shoe, Team Newton VIP entries to the race, and sponsorship pledges from family and friends of racers. The remaining limited edition Newton Running PCF racers are available online at Newton's website. From the sale of each pair of shoes, \$25 will be donated to the **Prostate Cancer Foundation**.

New Balance is the title sponsor of the new Reach the Beach Relay Series, which includes the 12-year-old, New Hampshire-based fall relay as well as the Massachusetts-based Spring relay event (May 2011), traversing from Mount Wachusett to Horseneck Beach State Reservation. This year represents New Balance's fourth year sponsoring the Reach the Beach Relay event and the tenth time it has sent associates to compete in the race.



AMANI TOOMER
Photo courtesy of Timex



CHRIS QUINN
Photo courtesy of New Balance

New Balance New Balance plans to launch a New Balance Store and Family Shoe Specialist organization as well as a stand-alone Running Specialty Team as part of a reorganization of its specialty sales organization. The moves will be effective Jan. 3, 2011. Chris Quinn, executive vice president of North American sales and retail for New Balance, said the change creates dedicated teams as well as provides career growth opportunities for its sales organization. The moves come after New Balance completed an extensive project that included benchmarking of best-in-class sales organizations in the footwear and apparel industry, extensive interviews of New Balance representatives, customers and associates, as well as a detailed review of territories. Regarding the run specialty channel, Quinn added, "Running has always been a primary focus and strength for New Balance so this reorganization reinforces our dedication to providing our running specialty dealers with industry-leading service."

Super Bowl Champion Amani Toomer

will be the first NFL player in 17 years to run the **2010 ING New York City Marathon** on November 7. Toomer is partnering with Timex, a principal sponsor of the Marathon, to support New York Road Runners (NYRR) youth programs, which serve more than 100,000 children in area schools and community centers. The programs help promote health and fitness, character development and personal achievement. For each runner Toomer beats, Timex will donate \$1 to the NYRR programs. Toomer will also raise money through various fundraising websites, where fans can go to support the charity's efforts.

WTC EXPANDING IRONMAN BRAND

Only a small percentage of triathletes ever attempt to complete a full Ironman race – the all-out triathlete extravaganza consisting of a 2.4-mile swim, 112-mile bike ride and a marathon-length 26.2-mile run.

Enter World Triathlon Corporation, (WTC), which is growing the brand to include shorter races. WTC, best known for its worldwide Ironman and Ironman 70.3 races, plans to add 13 U.S. triathlons to its 2011 lineup. The format, called 5150, will cover only 31.9 miles – the distance used for triathlons in the Summer Olympic Games. The name, in fact, is a reference to the 51.5 kilometer length of the Olympic race.

The series will be the largest international distance triathlon in the world and the first non-drafting international race series of its kind — offering a competitive platform for professional and age group athletes. Additional international race locations in Europe and Asia-Pacific will be announced soon.

The number of U.S. racers grew to 1.2 million triathletes in 2009, an 11 percent jump from 2008 and a 50 percent jump from 2007, according to the Sporting Goods Manufacturers Association (SGMA).

WTC's expansion comes two years after Providence Equity Partners, a private-equity firm, purchased it and set its sights on generating more revenue from the Ironman name.



RAYNOR LED GROUP ACQUIRES PHIDIPPIDES ENCINO

There are changes coming to the Los Angeles retail footwear market. Specialty Retail Development Company, Inc., (SRDC), a multi-store Fleet Feet Sports franchise affiliated with Fleet Feet Sports, Inc., recently purchased Phidippides Encino, a top running shop in Los Angeles. Change of ownership will occur on Nov. 1, 2010.

Established in 1980 by Charlie and Ava Hoover, and Craig Chambers, Phidippides Encino was at the forefront of the first running boom. The retailer continues to set the highest standards in the retail footwear market.

"Phidippides Encino is an icon in specialty retail," Tom Raynor, managing director of SRDC, told PSR. "It will give us pre-eminent presence in the Southern California market, [it] has growth and profitability potential and offers an opportunity to put a proven operator into the store."

Phidippides Encino grew to a nationally recognized brand in part because of the high value placed on expertise, integrity, knowledge, patience and customer care. "[This] extends to everyone who walks in our door, regardless of shape, background, achievements or goals," Charlie Hoover said. "As Ava and I move forward with other endeavors, we trust that the legacy of Phidippides Encino will live on through Fleet Feet."

The SRDC was formed in 2007 by Raynor and a group of investors to purchase existing specialty stores and provide a path to ownership for employees. Following completion of the acquisition, SRDC will have seventeen stores. "The SRDC model is working really well," Raynor said. "This will be our fourth independent acquisition to go with thirteen Fleet Feet stores SRDC owns and operates. Our first two stores are spinning out of the SRDC to individual ownership, Fleet Feet Sports Brentwood, [TN], and Fleet Feet Sports Jackson, [MS], at the end of the year. We plan to acquire one or two stores this year and have about seven we're talking to for the first half of 2011. We have capital to continue expanding as opportunities come our way." "We'll add more stores in markets where we can find qualified owner operators but will focus on internal growth and profitability."

2011 RACE SCHEDULE AT A GLANCE

- March 13 - Miami International Triathlon - Miami, FL
- May 1 - St. Anthony's Triathlon - St. Petersburg, FL
- May 15 - 5150 New Orleans - New Orleans, LA
- May 22 - Memphis in May Triathlon - Tunica, MS
- June 19 - Washington D.C. Triathlon - Washington, D.C.
- June 25 - 5150 Provo - Provo, UT
- July 10 - Boulder Peak Triathlon - Boulder, CO
- August 7 - Nautica New York City Triathlon - New York, NY
- September 4 - Hy-Vee Triathlon/5150 U.S. Championship - Des Moines, IA
- September 11 - 5150 Lake Lanier - Gainesville, GA
- October 2 - 5150 Lake Las Vegas - Henderson, NV
- October 23 - 5150 Galveston - Galveston, TX
- November 12 - 5150 Clearwater/5150 Series Finale - Clearwater, FL

2011 5150 SERIES (INTERNATIONAL)

- June 5 - 5150 Frankfurt - Frankfurt, Germany
- June 12 - 5150 Klagenfurt - Klagenfurt, Austria
- July 9 - 5150 Zurich - Zurich, Switzerland



TOM RAYNOR
Photo courtesy of New Balance

Fleet Feet's Tom Raynor going to the Hall

Tom Raynor is going to the Hall. The Fleet Feet chairman and CEO will be inducted into the Sporting Goods Industry Hall of Fame Committee next May.

After a brief foray into politics as a press aide to then Governor Jimmy Carter, Raynor worked at Vanderbilt University as the assistant director of housing and as a cross country coach. His sporting goods career started as a sales associate at The Athlete's House in Nashville, TN and later at The Athlete's Foot in Nashville.

During the first running boom, Raynor was involved in running at every level: athlete, coach, shoe salesman and running club co-founder. He eventually served as a rep covering the Southeast for Sig Lee and Associates, whose clients included Nike, Ridgeview and Spenco. His regular reports back to Nike, reflecting the changing market and opportunities for the expansion of running, were a factor in the creation of a national "tech rep" program, the first among major footwear manufacturers.

In 1983, Raynor went to Brooks Shoe Co., where he held a variety of positions, including regional sales manager, promotions manager, marketing manager, and, ultimately, director of marketing and product development. In 1989, he joined Wilson Sporting Goods as general manager of footwear. Raynor returned to the running business in 1992 with Fleet Feet, where he worked on store operations and new store development. The next year, he purchased the franchise company from founder Sally Edwards, along with two Fleet Feet Sports stores in California. The rest, as they say, is history.

Other members of this year's class include Jim Baugh of Wilson Sporting Goods Co. and Ted Stahl of GroupeStahl. The ceremony will be held during the 47th Annual NSGA Management Conference & 13th Annual Team Dealer Summit in Loews Ventana Canyon in Tucson, AZ.

THEY SAID IT



"In a year that many running shoes are embracing minimalist design, our test team found that the Saucony ProGrid Kinvara had the best balance of ultra-low weight while maintaining a remarkably smooth and enjoyable ride. The Kinvara is really an incredible shoe. Our test team absolutely loved it."

— Justin Nyberg, executive editor of *Outside Magazine* on Saucony's ProGrid Kinvara's being named the magazine's "Gear of the Year" award in the Fall/Winter 2010 issue

Did You Know?

Running Footwear dollar sales were up nearly **40 percent** for the month of September

Running Apparel dollar sales were up in the **mid-single-digits** for the month of September

Data Source: SportsScanInfo.com

FLEET FEET BOASTS 11% COMP STORE GROWTH

Things are good at Fleet Feet. The specialty retailer delivered double-digit comp store growth during the first half of the year, while overall sales climbed 12.5 percent in the six months to \$52.6 million, up from \$47.3 million a year ago.

Comp store sales grew 11 percent. While results tracked fairly similarly in the first and second quarter, the growth rate slipped a bit. First-quarter sales were up 13.1 percent overall, with comps up 11.6 percent. Second quarter sales climbed 11.8 percent overall, with comps up 10.2 percent for the period. The first-half revenue gains come on top of comp-store increases of 10 percent in 2009, 12 percent in 2008 and 15 percent in 2007.

Among brands, Brooks has supplanted Asics as the No. 1 footwear brand across its network of stores. Saucony also stood out for its momentum. On the apparel side, Moving Comfort, driven by its sports bra business, moved into a "dead heat" with Nike for franchise market share.

In an interview with PSR, Fleet Feet president, Jeff Phillips, said part of the company's success reflects strength in the overall running category. "We do over 90 percent of our footwear business in running products, so I can't really speak to how healthy running is compared to

other categories. Running as a category and lifestyle is very healthy. The real growth opportunity is creating new running customers. Our franchisees are doing a terrific job of creating a culture of inclusiveness and belonging that inspires people to live a more fit life. We're getting people into motion, from 6-minute milers, to 15-minute-a-mile walkers, to people simply looking for comfort from a properly fitting pair of shoes."

Phillips said training programs continue to deliver new customers. "Our No Boundaries program for beginning runners will attract over 15,000 people this year. We're also rolling out a marketing campaign that captures the inclusiveness of our brand and how each of our locations is building a fitness lifestyle movement in their local communities that's changing people's lives."

The retailer also made Inc. Magazine's list of the 5,000 fastest-growing private companies in the United States for the fourth consecutive year. Ranking 2,697, the article calculated Fleet Feet's three-year growth at 64 percent. Revenues, consisting of royalty income, reached \$4.2 million in 2009, up from \$2.6 million in 2006. Fleet Feet Sports has 90 locations nationwide.

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1937



TODAY



Over 70 years ago, our founder, Vitale Bramani invented the first rubber sole ever used on mountaineering boots. It was an invention that changed outdoor sports forever. To this day, most of the best footwear brands in the world use Vibram soles.

Today, we find ourselves the leaders of an exciting new movement in running and fitness, as our Vibram FiveFingers have become the catalyst of the natural footwear revolution. We don't know what the future will hold, but we're pretty confident that whatever it's wearing on its feet will have a Vibram logo.

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THE QUEST FOR NEW CONCEPTS

Stores and vendors continue to experiment with new store formats to better connect with customers

By Thomas J. Ryan



The hunt for the next hot retail concept never ends, and with the ongoing vibrancy of the running footwear category backed by strong demographics around the activity, many of these concepts are aimed at the run specialty consumer.

The poster child for success is Lululemon, which burst onto the scene in 1998 as a yoga-themed concept. It wound up opening a gusher of a void, reaching an active woman looking for a more sophisticated shopping experience. In its second quarter, sales-per-square-foot at the Vancouver-based retailer reached an astonishing \$1,530 (U.S.), with same-store sales surging 31 percent on a constant-dollar basis. It ended the quarter with 130 stores and plans to open 20 to 25 new stores in 2011. Along with core yoga items, its running apparel collections have driven its outsized growth --- despite prices fetching up to \$86 for running sweats and up to \$158 for running jackets.

On its second quarter conference call, Sheree Waterson, Executive VP, General Merchandise and Sourcing Manager for Lululemon, said "there is some great news about running." "We have key items emerging that are really driving revenues and allowing us to get our arms around some consistent foundation for that business, as well as the fact that we are also introducing some line extensions quarterly so that we can see other new trends in the technical business."

Matt Powell, analyst at SportsOneSource, says many of the newer concept stores are similarly looking to bring more of a premium selling experience to sporting goods retail, whether via brand quality, more appealing store layouts, or an upgraded customer experience.

"Look at what's done well during the recession," remarks Powell. "It's the specialists such as the tech running shops and outdoor specialty stores. Retailers and brands that are close to the aficionado are always going to do well."

But Powell also noted that for every Lululemon, there's a bunch of lemons.

"There are MANY more failures than successes," observes Powell. "Retailers must have a real understanding of who their customer is and how to attract them. But we definitely need fresh ideas and some of these concepts may work to create a whole new chain."

One of the more ambitious is S.A. Elite, a new concept from The Sports Authority that opened its first door in August at the Cherry Creek Shopping Center in Denver. The concept ranges from 12,000 to 15,000 square feet - about a third of a typical TSA location - and targets more affluent, active customers seeking premium brands. Emphasizing performance apparel and footwear, the concept came about after the retailer analyzed purchasing patterns of its customers across its stores.

"We found that there were holes in the basket," says Jeff Schumacher, executive vice president, chief marketing officer and chief strategy officer at Sports Authority. "For example, the customer would buy the skis from us but they wouldn't buy the ski pants or jacket. Or they would buy the shoes from us but they wouldn't buy the apparel and vice versa."



Schumacher says the smaller size enables customers “to get in and get out.” Skewing toward premium products, the mix is about 50 percent different than the traditional TSA store, and that’s expected to expand as high as 70 to 80 percent as the concept evolves.

“S.A. Elite’s mission is to discover the best performance products from around the world for active lifestyles” says David Campisi, CEO. “Elite’s focus is to showcase those products through the ultimate personal shopping experience.”

Other differences are that instead of men’s and women’s sections, the store is assorted in a European style by brands, with boutiques for Nike, Under Armour, The North Face, Burton, and other labels. Footwear departments are full-service, whereas most of its big boxes are self-serve. It also features elevated lighting fixtures, large format graphics, and knowledgeable store associates.

The Denver store will be followed by the opening of a store in Highlands Ranch, CO, in November, and four additional stores before year-end. More are anticipated in 2011. Indeed, with its smaller size, management sees the potential for hundreds of S.A. Elite stores if expectations continue to be met.

“This concept really resonates with what the customer has asked for,” says Schumacher. “We think when the customer walks in, they feel they’ve found that elite store that can provide the product they want at the price they want, and more importantly, the service model that they need.”

Given its dominance of sporting goods retailing, many are paying even closer attention to Nike’s retail efforts. In May, the first Nike Running store opened in the Stanford Shopping Center in Palo Alto, CA. Beyond a larger selection of running shoes and apparel, the store features services like product trials, Nike Run Club, a community board, and a Runners’ Studio highlighting Nike+ and the NIKEiD customization program. Converting many former Nike full-price mall locations, the company now has at least eight Nike Running shops. These include locations in Newport Beach, Emeryville and Los Angeles, as well as stores in Eugene, OR; Farmington, CT; Atlanta, GA, and White Plains, NY.

At its annual analyst meeting in May 2010, Nike’s management set a goal of opening 250 to 300 new Nike-branded stores worldwide by 2015. In the U.S., one focus would be on the “Category Experience” stores ranging from 3,000 to 6,000 square feet and focusing on certain sports. This format includes Nike Running as well as a soccer shop that will spring up in Manchester, England this year. The other format, “Brand Experience,” represents stores ranging from 12,000 to 20,000 square feet in “A” locations in key markets and featuring upwards of eight categories of product. So far, a 20,000-square-foot store in Santa Monica, CA and a 14,000-square-foot store in Roosevelt Field, NY have opened under this model. These larger stores feature the Nike+ Run

Club that lets users test Nike footwear while using Nike+. iMac stations and wireless connectivity in the store enables runners to sync up their run at NikePlus.com and gain printable custom routes.

Another notable trend has been retailers making renewed efforts to upgrade their in-store shopping experience. Not surprisingly, Nike is also driving much of these changes.

For instance, Finish Line in September announced it was rolling out its Nike Track Club in-store shops concept chain-wide. The concept had been piloted since the start of this year. The retailer currently has seven. Depending on the store size, the shops cover two four-wall enclosures, two wall-to-wall men’s and women’s sections with apparel fixtures, as well as three shoe-panel callouts. Its larger stores feature T-shirt customization stations.

“We can’t stand still from a store design standpoint,” says Sam Sato, Finish Line’s chief merchandising officer. “We have to continue to invest in an environment that intrigues the customer and we are always looking for ways to enhance and exploit our leadership position in running.”

In the same vein, Dick’s Sporting Goods has installed five Nike Fieldhouse in-store shops, ranging from 4,700 to 6,000 square feet and covering six categories. The sporting goods retail giant plans to add about 20 over the next two years. Nike Evolution Plus Shops, covering some 3,000 square feet, will open in approximately 55 of Dick’s smaller



COMPETITIVE THREATS

Additional larger retailers eye the active enthusiast

- **Foot Locker, Inc.** in August this year opened its second RUN by Foot Locker store in the Menlow Park Mall in Edison, NJ. Their first location was opened in February on 14th Street in Manhattan. While exploring a potential rollout of run-themed, stand-alone concept stores, management is looking at the "Run" store concept for insights on how to better sell running footwear at its other store locations.
- **Famous Footwear** is testing a new fitness concept focusing on toning, running, outdoor and fitness footwear. Five Mind Body Sole stores, averaging 2,000 square feet, will open in November.
- **Finish Line** is piloting a new store design at one of its stores that "will clearly distinguish Finish Line with a look and shopping experience that is fully aligned with our premium brand and shouts relevance to our customers," says Glenn Lyon, Finish Line's chairman and CEO, on the company's second-quarter conference call. He also says a team, led by himself and chief administrative officer Gary Cohen, will look for growth opportunities outside its core business.
- **Road Runner Sports**, quietly heading east, now has three stores in New Jersey (North Brunswick, Paramus and Shrewsbury) and one each in Naperville, IL; Columbia, MD; Columbus, OH, and Falls Church, VA. About 70 percent of its 22 stores are on the West Coast.
- **Running Room** recently opened its first store in the city of Montreal as part of a strategy to open more downtown locations. The push also includes exploring opening stores in U.S. cities such as Boston. In the U.S., it has seven stores in Minnesota and one in Iowa. The rest of its 92 corporate-owned stores are in Canada.
- **Lucy**, the 65-unit women's activewear chain, has underperformed since being acquired by VF Corp. in 2007. With success opening stores with its Vans and The North Face brands, VF last year reassigned Lucy to its Outdoor Coalition. In May 2010, Shaz Kahng, Nike's former global director of business development of women's training, became Lucy's president.
- **Title Nine** this year opened two stores in the Chicago market, marking its first stores in the Midwest. The openings bring the 21-year-old women's activewear direct mail and retailer's store count to 18 nationwide. Most of its stores are in California, the Pacific Northwest and Colorado, but it recently opened stores in Madison, WI; Edina, MN; and Austin, TX.
- **Athleta**, acquired by The Gap, Inc. in September 2008, opened its first store this past May in Mill Valley, CA. A second store for the women's active apparel, direct mail firm is set to open on Fillmore Street in San Francisco.

doors over that same time frame. On its second quarter conference call, CEO Ed Stack described the early results of Nike Fieldhouse as "spectacular."

Overall, Nike plans to invest \$500-\$600 million in capital over the next five years to develop direct-to-consumer business and build capabilities to support both owned and wholesale retail productivity and performance.

At the analyst meeting, Nike's CEO, Mark Parker, cited the need to create "more surgical go-to-market strategies" that could include Nike-owned concepts, mono-brand stores, multi-brand executions and new strategies with retail partners.

"We are going to grow Nike brand direct-to-consumer in all of the geographies and will double by 2015. More importantly, it's the type of growth, better assortments flowing in a more timely manner, locally relevant with stores that operate more efficiently and gives us the tools to help our partners become better retailers as well," said Jeanne Jackson, Nike's president, direct-to-consumer.



STRIKING A CHORD



Vibram's marketing manager Georgia Shaw discusses the wild success of FiveFingers and why the natural running phenomenon is here to stay

By Thomas J. Ryan

WHY HAS FIVEFINGERS BEEN SUCH A HIT?

It was a new and innovative product in a lot of ways. It's unique looking and didn't offer the cushioning or support of a traditional shoe, which was contrary to most people's preconceived notion of "proper" footwear. As a company founded in the sole business, we know there's circumstances where you need a boot or a shoe, whether it's for environmental or thermal protection or other reasons. But if you're always casting your foot in a boot or a shoe, and you're not allowing it to move in a natural way, you're preventing muscle stimulation, full range of motion and proprioception. Our consumers had an immediate and visceral reaction to this. There's something that happens when you try them on – it's a liberating and playful feeling. In addition, the health benefits of allowing your foot to move and work naturally has really helped a wide range of athletes, runners and fitness enthusiasts gain strength and potentially avoid injury. The product reached people on a deeper level. We've seen sales triple every year. This year we'll probably see sales grow by five times.

SO IT'S BEEN LARGELY CONSUMER-DRIVEN?

We're lucky to have a strong, passionate group of FiveFinger evangelists. Once they experience FiveFingers, they have that "ah-ha" moment. This often leads them to spread the word and introduce the concept to their peers. I think other brands have recognized this. It has created a new category — minimalist or natural footwear. So ultimately, it's not just our product that's consumer driven, it's the entire category.

TALK ABOUT VIBRAM'S PARTNERSHIP WITH MERRELL AND NEW BALANCE ON BAREFOOT STYLES.

For the success of the category, it's imperative to have participation from other premium brands. This adds credibility to the minimalist concept and allows us to leverage our expertise in this area to support some of our best customers. We're now working with Merrell and New Balance to create minimalist platforms for their "barefoot" lines. Ultimately, this validates the concept for the consumer and gives them a wider range of natural options to choose from.

WHAT DO YOU THINK OF OTHER BRANDS COMING OUT WITH MINIMALIST OR BAREFOOT-TYPE STYLES?

I think it's a good thing. It's giving people more options as to what to put on their feet -- whether they want protection or to move more naturally. Life is all about options, and it's important for the outdoor industry to connect with the earth in a meaningful way. FiveFingers enables you to do that in a way that's truly unique to our brand. Having other people join us in that category with different options strengthens the category itself. It's exciting to watch our product, which was originally received with some chuckles and raised eyebrows, inspire other footwear brands.

MORE ARTICLES ARE QUOTING PODIATRISTS THAT SAY PEOPLE ARE GETTING BAREFOOT INJURIES. WHAT'S VIBRAM'S TAKE?

I think there's an injury risk when rushing into any activity — regardless of what you're wearing. People have been getting injured in traditional running shoes since they started running for recreation and fitness. FiveFingers isn't necessarily going to be the cure all. What it can do is help strengthen your feet and lower

legs, and encourage you to land in a way that's less impactful for your lower body. When you begin running in this way, you're using different muscles. If you don't ease into it, you're going to experience repetitive stress or overuse injuries. I'm not familiar with what injuries podiatrists have seen, but it's perfectly reasonable to think that if someone runs eight miles a day in shoes, and then starts running eight miles a day in FiveFingers, there's going to be an injury. You must start with extremely low mileage. It's vital that people pay attention to that. That being said, it's hard to tell runners and athletes to ease into anything. Ultimately, people must listen to, and take care of, their bodies by respecting this gradual transition.

THE OTHER CRITICISM IS THAT IT ONLY WORKS FOR ELITE ATHLETES AND LEANER BODY TYPES?

Absolutely not. If you're running in a less impactful way, strengthening your feet and improving your balance and range of motion — you'll benefit no matter what size you are. I don't think there's research out there that says only an elite runner can run this way. We were all born barefoot, and we were all born with the capability to run. It's all about discovering your capabilities and limitations in a fun and healthy way. FiveFingers isn't meant to be a tool only for the elite athlete; it's just allowing you to use your own anatomy in an authentic way — anyone can do that.

WHAT'S NEW FOR SPRING 2011?

There's an updated version of our running specific models called the Bikila LS. It features an off-center speed lacing system. It allows wider feet and higher insteps to step more comfortably into the Bikila. We're also offering footwear for indoor and outdoor fitness enthusiasts — people participating in CrossFit, strength and conditioning, or group fitness. The first model is the KomodoSport. It's designed for the high intensity, aggressive athlete. The other models — the Jaya and Jaya LR — celebrate women's-specific fitness. They're extremely lightweight and can be worn for a variety of indoor and outdoor fitness activities that require balance, agility and power. We're also offering shoes for kids for the first time. This is an exciting step in the evolution of our brand and will make a lot of parents happy. Children's footwear has been our No. 1 request over the past couple of years.

HOW DO YOU SEE THE NATURAL RUNNING TREND VIBRAM EVOLVING?

We're excited about the movement becoming as strong as it has. This concept has struck a chord with people and they now feel empowered to explore new ways of running and moving. I don't see this going away. Natural running celebrates our natural technology and our body's amazing capabilities. It's not a trend, just a new way to think about our bodies. We're also excited about the evolution of Vibram as a brand - soling/components and FiveFingers. It's important we utilize the strengths of both parts of the business to leverage and support each other. We've introduced new and younger audiences to the soling/component business through the success of FiveFingers. And we've used our expertise on technical and performance soles to perfect the FiveFingers product. It's all about recognizing the brand as a whole as being the leaders of innovation in the footwear industry. Whether we're talking about the first rubber sole on a mountaineering boot or a five-toed glove for the foot, it references the insight and innovation that is synonymous with the Vibram brand.

I AM PSR

A photograph of two men, Bob Kennedy and Ashley Johnson, standing in a running store. Bob Kennedy is on the left, wearing a red polo shirt, and Ashley Johnson is on the right, wearing a dark blue jacket over a white shirt. They are both smiling. The background shows shelves and racks of running gear, including jackets and shorts.

BOB KENNEDY CO-OWNER, RUNNING COMPANY

Bob Kennedy (left) with Ashley Johnson, his partner at Running Company

Bob Kennedy along with Ashley Johnson founded Running Company in 2000 and now operate four locations in Central Indiana and one in Louisville, KY. Though retired from competitive running, he held the American record in the 3000 and 5000 meters, and competed in the 1992 and 1996 Summer Olympics in the 5000 meters.

WHEN DID YOU GET THE “RUNNING” BUG?

My Dad, a good high school and college runner, made me aware of the sport. And when I went out for the 7th grade track team, I had a blast. My performances were average at best, but that didn't matter because I really liked it. An epiphany might have been when I progressed from an Honorable Mention All-Conference cross country runner as a freshman in high school, to the Ohio State Championship runner-up as a sophomore. That was a pretty big leap. I thought maybe we had something here.

WHAT DID YOU WANT TO BE WHEN YOU GREW UP AS A KID?

In high school I wanted to be an orthopedic surgeon. However, as my running career progressed, an entrepreneurial spirit began to take hold. I began to learn that it is possible to accomplish things that seem out of reach. I began to learn that with a clear vision, strong assets, great planning and executing with discipline day-in-and-day-out, good things happen. And in the end, running taught me that what I most enjoyed was the journey. So far the very same approach has served us well in business.

WHAT DROVE YOU AND ASHLEY TO GET INTO RETAIL?

Ashley was also an elite runner. We realized that the most important things running gave us were not victories or medals or fast times, but rather a sense of accomplishment, a strong self-esteem and the confidence to go tackle anything we set our minds to. As we talked about this, we realized that running can also deliver these things to others regardless of their experience or ability level. Run one second faster or one step farther. Stick to your running program for three

months, six months or a year. However you define success, it can deliver a fulfillment that is meaningful and lasting. Opening a running store that has a mission to deliver happiness to people's lives through running and walking seemed a perfect fit. So that's what we did.

WHAT DO YOU DO FOR FUN THESE DAYS?

Play with Legos and watch cartoons. Ok, I'm doing these things with my two kids, but have you seen the cool things they have for kids today? I'm just glad, at 40, I have an excuse to play with Legos and watch cartoons.

HOW DOES BEING A DAD COMPARE TO TRAINING FOR A BIG RUN?

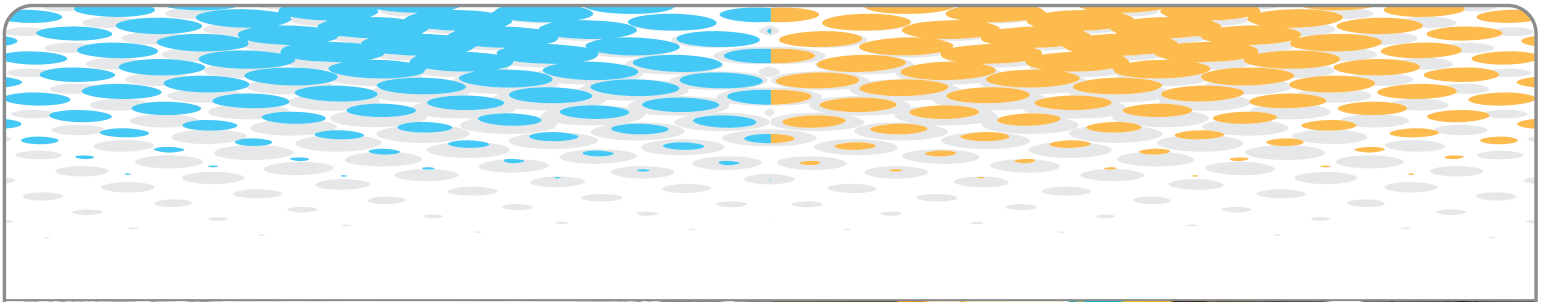
Melina and I have been married for almost 18 years. As an attorney, environmental scientist, deputy mayor, and so on, she is definitely the brains of our family. But the day our twins were born, all the medals and records meant nothing. I went from feeling like I was in control of everything to feeling like I knew nothing. I stopped the car to check on them four times during the 15 minute drive from the hospital to our home because the nurse told me to make sure their heads didn't roll forward. Being a dad has been the hardest and most rewarding thing I've done in my life.

WHAT DO YOU MISS ABOUT COMPETITIVE RUNNING?

I retired at the end of 2004. I miss the competition the most. Business provides a partial outlet for competition because you have to have a clear vision, create a plan and execute the plan with discipline. What you don't get in business is race day.

WHAT WOULD YOU BE DOING IF YOU WERE NOT DOING YOUR JOB?

Coaching high school cross country at an urban public school. I would love the opportunity, through running, to teach the lessons of success and failure that I learned.



“Outdoor Retailer offers an unparalleled opportunity to meet with the movers and shakers within our industry, and to find new and exciting products to offer to our customers.”

– **Doug Davis, River City Canoe & Kayak**
(New retailer & 1st time attendee - Summer Market 2009)



OutdoorRetailer

WINTER MARKET

2011

JANUARY 20-23, 2011
 Salt Palace Convention Center
 Salt Lake City, Utah, USA

All Mountain Demo
JANUARY 19, 2011
 Wasatch Range, Utah, USA

OutdoorRetailer

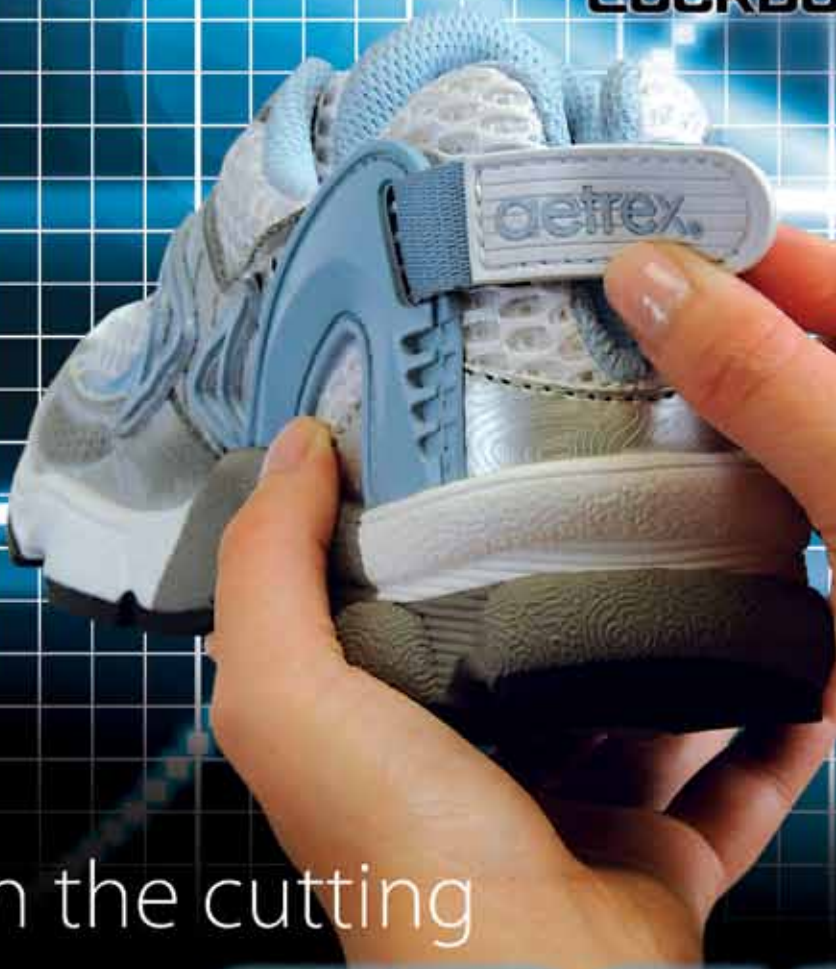
SUMMER MARKET

2011

AUGUST 4-7, 2011
 Salt Palace Convention Center
 Salt Lake City, Utah, USA

Open Air Demo
AUGUST 3, 2011
 Wasatch Range, Utah, USA

INNOVATIVE ADJUSTABLE
LOCKDOWN™ HEEL STRAP



On the cutting

EDGE

of performance & technology

The ground breaking Aetrex **Edge** Runners offer extraordinary performance and comfort. The exclusive adjustable Lockdown™ Heel Strap provides customized stability and fit and allows you to set the rearfoot control to your particular needs. The state-of-the-art Cobra™ Support Pod and Heel Cradle Midsole ensure the support and stability needed for long runs.



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