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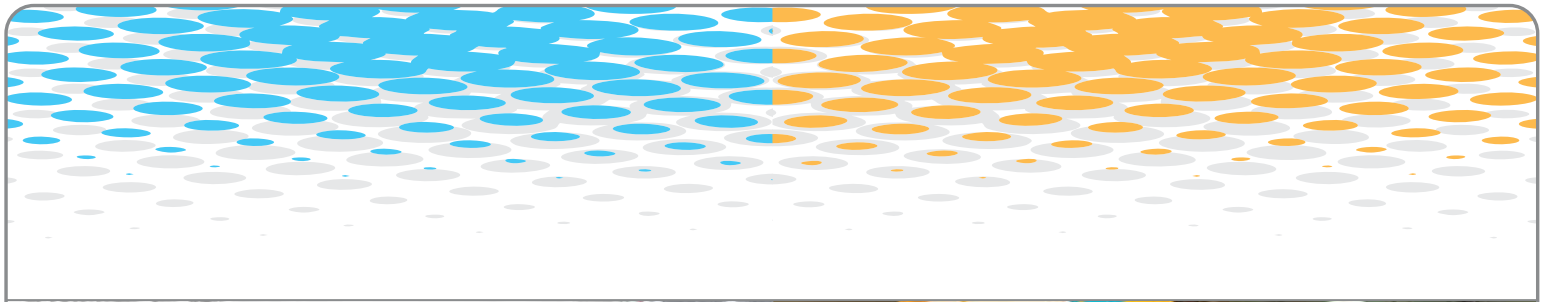


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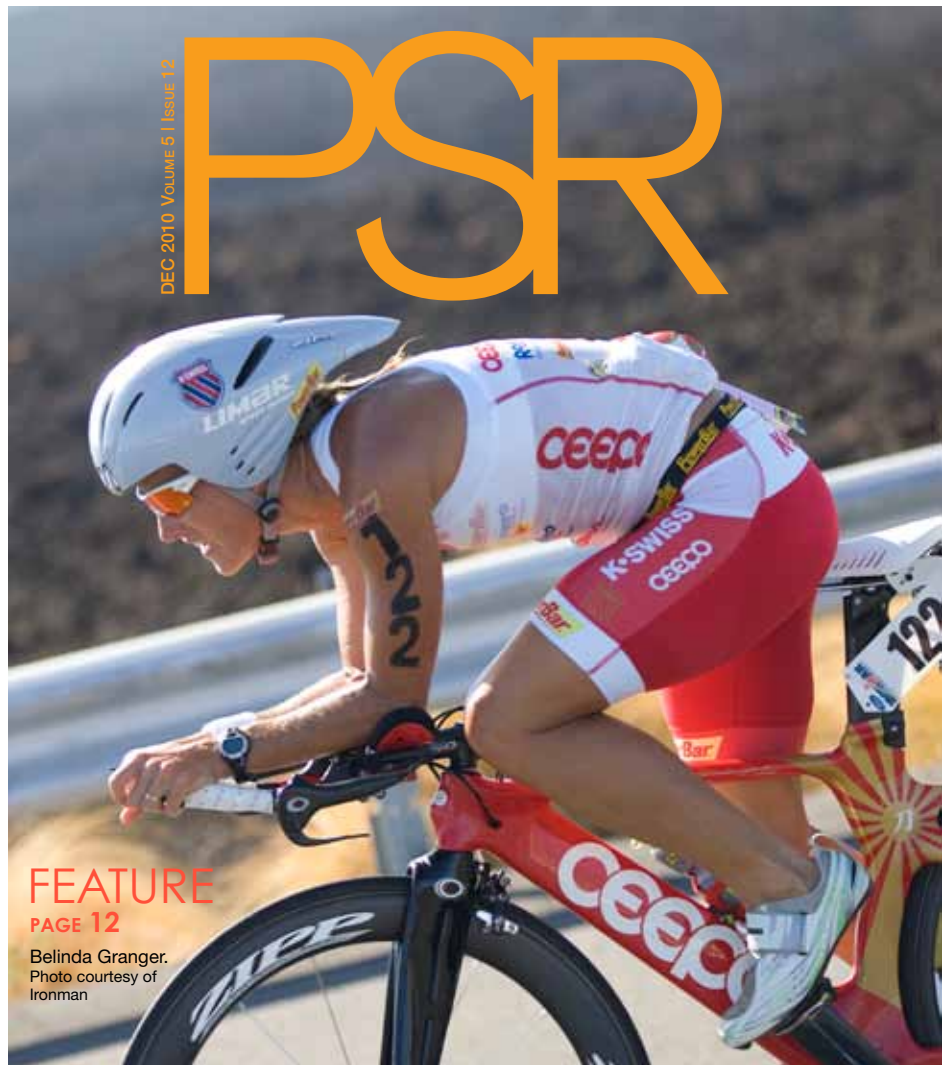
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Belinda Granger.
Photo courtesy of
Ironman

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Cover photo courtesy of Moving Comfort



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ASICS AMERICA CLARIFIES ITS PRODUCT PRICING STRATEGY

Asics America clarified a report published in mid-November in the Japanese press that indicated the running brand was seeking to lower prices to grow sales.

Jim Monahan, vice president of footwear for Asics America, told *PSR* that comments from an Asics official in Japan alluded to an ongoing diversification of its running line that began over six years ago. He said that strategy has resulted in lower prices, which in some cases would better serve more moderate channels. But it has also included additional models and other pricing moves to better serve the runner shopping across distribution channels.

"Five years ago, we had four main products that drove our running sales," Monahan said. "Today we have nine main products in our running line. This occurred by recognizing that our running

Monahan said that the diversification strategy has resulted in a growing business across multiple channels of distribution, including run specialty. While part of the move centered on increasing opening price-point product, Asics increased its offering in mid-to-high price product as well.

"Because our business has grown from a base of business centered around the core runner and those channels where that consumer shops, we have increased opportunities within channels that address a more fitness-orientated runner," he said. "Some are price orientated and some are not. As a company we need to make sure we are providing the right product solutions for the channels where that consumer shops, whether it be one that supports higher retail price points or more modest price points."

At the same time, he said Asics has not wavered from its commitment to running specialty, where many of its highest-priced models are sold. "Asics and running specialty have a shared partnership and we will continue to work to make sure that we deliver the value necessary to support that partnership. We continue to evaluate special programs that allow running specialty to take a unique stand with the Asics brand. These programs will continue to evolve and improve."

collection did not meet the needs of the various distribution channels that exist and the associated pricing strategies required as well as the diversified consumer wants and needs that exist."

"WE ARE NOT SEEKING NEW CHANNELS, WE ARE LOOKING TO GET STRONGER IN THE ONES WHERE WE ALREADY EXIST. A BRAND'S ABILITY TO MAINTAIN ITS RELEVANCE IS BASED ON ITS ABILITY TO INNOVATE AND CONTINUALLY EXCEED CONSUMER EXPECTATIONS."

– Jim Monahan, VP Footwear, Asics America



ECCO ISSUES STUDY ON NATURAL MOTION

In a test of its BIOM Natural Motion approach to footwear, Ecco recently funded a study on natural running by the Sport University Cologne in Germany, one of the leading universities in biomechanics in running. The test focused on three areas: changes in running patterns, changes in joint motion, and changes in neuromuscular loading before and after the six weeks adaptation to the use of its BIOM footwear.

One hundred and twenty experienced runners underwent a biomechanical gait analysis in which they ran barefoot, they wore conventional running shoes and ran in BIOM running shoes.

The study found that six weeks of training in BIOM led to a significant alteration in the running pattern and led runners to adopt a more natural motion running style.

Ecco officials delivered their results to the media at presentations in Munich and New York City (held prior to the New York City Marathon). Among other findings, researchers found that subjects using BIOM shoes decreased stride width and reduced the medio-lateral ground reaction forces in the early stance phase.

Findings concluded that BIOM offers a smaller base of support as well as a lower torsional stiffness, resulting in a lower step width to avoid instability. BIOM also was found to offer the potential for more neuromuscular-control of the ankle (eventually of knee and hip joints) and opened the potential for a more efficient use of the elastic properties of the human body.

"The study confirmed our technologies with scientific proof and also provided us with knowledge to make further advancements while also pointing to the benefits of running in a more natural motion," said Alexander Nicolai, senior global product manager in the sector performance shoe at Ecco.

Ecco was one of the early entrees into the minimalist game at the launch of its BIOM technology in 2009. The first three models of the BIOM series - Run A (for those running 6-minute miles or less), Run B (those averaging 6-to-9.5 minute miles) and Run C (over 9.5 minute miles) - will be joined this year by the BIOM Trainer, a multifunctional fitness shoe ideal for running or gym workouts with a lower-price point.



Ecco Men's BIOM



Ecco Women's BIOM

RUNNING FOOTWEAR CONTINUES SOLID GROWTH TRENDS ON BACK OF LIGHTWEIGHT CATEGORY



Nike Free TR Men's

If a stellar Black Friday and steady sales throughout the fiscal four-week month of November was any indication, consumers have finally returned to the aisles in search of discretionary items – many at deeply discounted prices, of course (SEW_1048, SEW_1049).

The sporting goods market got a helping hand in November as colder (and in some cases, snowy) weather across the U.S. also got people into the stores to stock up on their “need” items for the winter season, including boots, outerwear and handwarmers - all of which posted strong double-digit sales growth versus the year ago period, when warmer weather patterns caused sales growth to moderate for cold weather categories.

It appears that it was the weather instead of a shifting consumer purchasing pattern that drove a “hockey stick” sales spike in the last week of the month, which included Black Friday weekend.

On the specialty side of the business, it appears that consumers are emulating the trends seen in the luxury retail businesses as the “NPR Consumer” started to satisfy some of their “wants” last month by plunking down credit cards on pricier discretionary purchases.

The month also experienced a boost in the sport footwear side of the business as the trend to athletic remained strong - even as weather and some must-have gift items drove the outdoor footwear and winter boots business up strong double-digits for the month.

Based on retail point-of-sales data compiled

by SportScanInfo, a low-teens increase in dollar sales in sport footwear in November this year was rather impressive and exhibited a unique combination of the “need” and “want” factors in consumer purchasing trends. Fashion items like lightweight running along with trendy product like toning and Vibram Five Fingers and weather-related purchase in boots supported a healthy month. Unit sales for the month improved high-singles, yielding a mid-single-digit increase in average selling prices.

Toning, despite some setbacks, posted some strong numbers, as the category begins to anniversary its year-ago surge. Dollar sales improved more than 85 percent for the month while unit sales grew 1.5x. Despite high demand from the consumer, average selling prices in toning footwear declined about 25 percent to \$75 a pair as retailers reacted to an over-inventoried market position. Sales doubled in the family footwear channel (which generates nearly half of all toning sales). Sales in the category grew 3.5x at full-line sporting goods stores as the channel plays catch-up after getting in late to the game last year. Toning at the mall was flat. Skechers (51 percent share) grew by about half while Reebok (37 percent share) doubled. New Balance achieved 6 percent share in Toning and Avia gained 3.5 percent.

While it will take some time for the toning inventory levels to rightsize, it appears consumer demand remains robust.

Running growth slowed a little in November from its torrid fiscal third quarter

pace through October, but still improved by 20 percent in the non-running specialty channels versus the year-ago period. The more seasonably cold weather this year versus a warm November last year was a key reason for tempered growth. Three quarters of the increase in running footwear came from lightweight running styles. Lightweight only represents 15 percent of the total running business, but as brands and retailers ramp up, lightweight will become a significant portion of the running business and should be a catalyst for a strong 2011 in athletic footwear.

Matt Powell, chief retail analyst for The SportsOneSource Group, which manages the SportScanInfo and OIA VantagePoint retail point-of-sale reporting platforms, suggests that the lightweight running business will “easily exceed” \$1 billion in sales in fiscal 2010, and “could go much higher depending on how quickly the marketplace reacts.” Still, Powell cautions that not all sales of lightweight running are accretive to the broader running business. He expects to see some erosion in other running categories from lightweight and barefoot/minimalist product, such as the flattening of trends in the motion control and cushioned categories this year.

Nike had a 54 percent share in overall running in the non-running specialty channels and a 69 percent share in the lightweight category. Nike running sales improved in the high teens. Asics share dipped 100 basis points even as sales grew in the low teens. New Balance (8.7 percent share) saw nice growth while Adidas running lost 100 basis points in share and sales declined in the mid-single-digits. Puma running grew by more than a third and Saucony, Mizuno and Brooks all took share and posted strong gains. Reebok running grew nearly six-fold and now has a 4 percent share in running footwear, led by a 19 percent share in the lightweight category. K-Swiss is starting to make some noise in running while Under Armour (0.7 percent share) saw running sales decline by half.

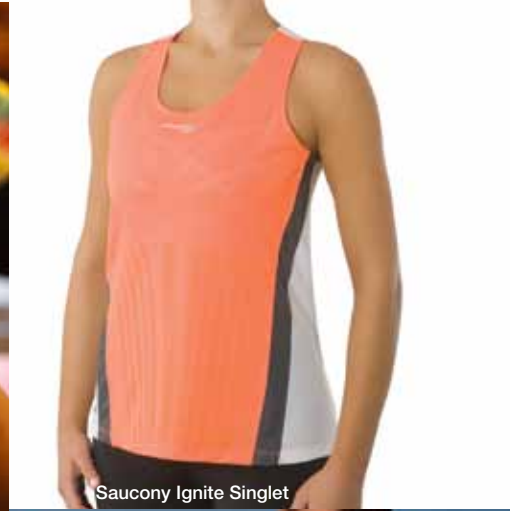
SportScanInfo tracks and reports on weekly retail point-of-sale data across nine trade channels. The web-based reporting platform will make running specialty available for the first time in Spring 2011 with the launch of SportScanInfo 3.0 in February. If you would like to receive the weekly trend reports across all trade channels selling running footwear and apparel, please contact The SportsOneSource Group at 704.987.3450 or e-mail to SportScan@SportsOneSource.com. Weekly data access is free for reporting retail partners. If you are a running specialty shop and would like to learn more about getting access to these valuable reports, please contact Katie O'Donohue at 704.987.3450 or email katieo@sportsonesource.com



Brooks Infiniti Track Jacket



Photo courtesy of Prana



Saucony Ignite Singlet



Photo courtesy of Sporthill



Brooks LSD Lite Jacket



Photo courtesy of Sporthill

SPRING '11 PERFORMANCE APPAREL REPORT

**STYLES ON TRACK WITH BRIGHT
COLORS, TECHNICAL FIBERS AND
STREAMLINE PERFORMANCE**

By Nancy Prichard Bouchard, Ph. D.

This season's performance sports apparel is a celebration of prints, colors and technical fabrics. In 2011, performance sports apparel is expected to exhibit unusual vigor and energy. John L.A. Wilson, president and COO of Wacoal Sports Science Corp., is convinced the performance apparel category is quite healthy, particularly the running segment, where specialty retailers are strengthening apparel offerings, bra walls and hosiery mixes.

"Our overall sales in 2010 through October are up over 35 percent versus 2009, and spring 2011 bookings are up significantly over spring 2010," Wilson says, stating that optimism is highest for 2011 in specialty retail channels such as running and outdoor, where service, environment and technical product selection are critical.

At Brooks Running, Kurt Heimbach, director of apparel merchandising, expects an increase for spring/summer 2011 – driven by a running apparel category that will deliver added performance, with the versatility to be worn beyond just the run.

Today, the category is being propelled by new customers, women and repeat customers looking for performance-enhancing pieces that look good.

John Rogers, owner of Maine Running Co., says women want more styling with technical performance apparel as well as a more organic story with natural fabrications. "Many wear what they run or workout in to do errands, etc., so we're carrying a lot more fashionable, higher tech pieces and specific performance apparel brands you won't find in other channels, such as Craft, Icebreaker, Zoot, Sugoi and CW-X."

At Asics America, vice president of sales Dave Chandler says that along with significant growth in the women's category, innovation, performance and technology are adding to the vitality of the performance sports apparel category. (For the first time, spring 2011 women's business will exceed men's bookings at Asics.)

"Fortunately, we've been blessed with growth throughout the last three years, with an average of 22 percent," says Chandler, acknowledging that footwear sales are only up about 10 percent. He says healthy running apparel sales may be attributed to the category's appeal to an "educated consumer who looks for performance attributes in a product."

While experienced performance sports athletes may already know the product they need, the key to strong sales is educating – and training – new customers. Ken Sung, a co-owner of Michigan-based Gazelle Sports, attributes the performance sports apparel category's growth, in part, to in-store training programs that appeal to new runners and triathletes, as well as events that draw the established performance sports community.

All three of the Gazelle Sports' doors have seen a steady uptick in sales over the past three years. "I think it is getting better," Sung says. "Being in Michigan, we were early adaptors of the downward trend, which we saw in 2000. We continue to see growth in apparel; 2010 was up from 2009, which was up from 2008."

Sung says part of the challenge is wary manufacturers that have been conservative about ordering. "When something goes well, it has been hard to get back into it," he says. "Manufacturers are doing a great job, but, generally, they have taken a very conservative approach. While fulfillment appears to be better for this spring than last – we've missed some opportunities."

For spring/summer 2011, designs that provide better fit, performance and visual appeal promise to excite customers. Wool continues to make inroads into the performance sports category, with Ibex, Smartwool and Icebreaker all solidifying their high-aerobic lines.

The race still is on for lighter, softer performance fabrics, which are then turned into in-demand items like lightweight packable jackets and flattering tank tops. Expect the trend toward lighter-weight yet multi-benefit fabrics to continue – with added features of UV protection, anti-bacterial properties and of course, increased wicking and drying capabilities. CW-X is shaving off 10 percent with its new LiteStretch fabric for running and triathlon tops, and 14 percent in weight with its new Revolution tights.

SportHill reports unprecedented demand for its proprietary 3SP fabric, a blend of spun polypropylene that is one of the cleanest synthetics on the market – no toxic waste, fluorocarbons or emissions. "We have been trying to simplify performance apparel – shed the layers, while still maintaining warmth," says SportHill founder and president Jim Hill. "Our vision is that you can get by with a lot fewer layers – which is completely opposite of what many stores and manufacturers want – but being a family owned business, we're able to pay close attention to things like closet space, environmental issues, and of course, consumer pocket books."

APPAREL'S FASHION SIDE

In addition to maintaining technical performance advantages, apparel is getting more fashionable. Kurt Heimbach, director of apparel merchandising at Brooks, says that prints are expected to top the trend chart for 2011. "Prints are becoming more popular in women's fashion and they are coming through on performance fabrics in women's running. We're seeing increased demand at the retail level

for engineered prints in lightweight and moisture-wicking mesh material, prints layered behind translucent windproof fabric, prints on fabrics that are lighter in weight and color so you can see the print on both sides of the fabric and prints on splices on sides of tights, capris, and shorts."

Sarah Sheras, marketing coordinator for Prana, says an expanded appreciation of yoga and climbing-inspired apparel should also provide a sales boost for performance sports retailers. "Color is important," she says, adding that bright oranges, teals, turquoises, magenta and chartreuse seem to be the most popular for spring 2011.

While yoga apparel is seeing a "bohemian" influence, more traditional performance pieces are leaning toward floral prints. Interestingly, Prana moved from recycled polyester to nylon, lycra and spandex for performance apparel, due to its superior feel, great shape retention, durability and moisture management, as well as a flattering appearance.

Traditional running shorts (especially the ultra-short ones) are making way for longer pieces with better fit – especially in the women's category. (Somewhat surprisingly, young men are showing signs of reverting to the traditional split shorts with 3-inch inseams.)

Julie Baxter, vice president at Moving Comfort, believes that fitness apparel is becoming more feminine. "It's still working into things that are not as traditional as they once were. For women, the traditional running short has changed. We're seeing Bermudas and capris becoming standard operating wear for people working out at the gym or going for a run."

Baxter reports strong sales of sports bras with the trend toward smaller band sizes coupled with larger cup sizes.

PRICES HOLDING STEADY

While the word on the street is that there's not a significant price resistance for performance sports apparel, most manufacturers have held prices steady for the past several years. One hiccup in the plan may be the expected price increase for materials (experts estimate anywhere from 10 to 20 percent in materials). The increase is due to an uptick in the price of both synthetics and cotton.

At the Eugene, OR-based SportHill, every brand has been challenged from a sourcing perspective, because of consolidation of factories. Hill contends that with the price of synthetics going up—although not as significantly as cotton – companies have to plan out their business in order to compete.

"Good quality factories are booked through 2011 and are starting to book for 2012," he says. And while major brands have their factory partners, smaller brands are getting squeezed to find that quality of manufacturing.

John Rogers, owner of Maine Running Co., and a long-time expert in the performance sports apparel category, sees excellent sell-through with more technical performance apparel, such as Shell Jackets from SportHill and performance base layers from Craft.

In addition to great product, a significant element for success is educating staff to approach and educate customers on the technical merits of apparel. "We are starting to approach apparel just like we do with technical footwear," Rogers says. "Customers want value and when you educate them on the price/value relationship of higher priced items, the consumer will pay for that."

Rogers suggests that in running specialty, it's important to treat apparel with the same importance as footwear. Segmentation, product flow for freshness, staff education, POP product information and call outs are all significant elements of the successful equation. He also cites fixtures, lighting and the way apparel is displayed as critical strategies.

But what's critically important is to view running specialty as a four-dimensional proposition and experience for the consumer with footwear, apparel, accessories and the community all coming into play. Says Rogers, "apparel is a critical dimension for continued growth in our channel, and we can no longer afford to be one dimensional." ■



Maine Running Company



Southern Running Co.



John Rogers, Maine Running Company



Mike Cosentino, Owner, Big Peach Running Co. in Atlanta



Maine Running Company

RUN SPECIALTY EYES ENCORE IN 2011

WHILE THE BAREFOOT DEBATE CONTINUES,
STRONG RUNNING PARTICIPATION IS
EXPECTED TO AGAIN DRIVE THE INDUSTRY

By Thomas J. Ryan



Curt Muson, Playmakers



Ed and Ellen Griffin, Fleet Feet Syracuse



Fleet Feet Syracuse

With Americans finding more ways to incorporate running into their daily lives, run specialty posted another solid year in 2010, with more than a few stores having banner years. And with the economy expected to gradually pick up, gains are forecast to continue into 2011.

Beyond quick sign-ups for traditional road races, overall optimism comes from an ongoing arrival of a stream of beginner runners, witnessed by the success many stores are having by recruiting for their running clubs and training programs. According to interviews *PSR* conducted with several running storeowners, scores of half-marathons and 5Ks are popping up across the country to meet the more

limited goal needs of newbies. Alternative workouts such as yoga or “boot camp” training are also increasing.

On the product side, while debates over the merit and ultimate opportunity of barefoot footwear are expected to continue in 2011, the overall push toward lightweight models is expected at least to deliver some freshness to shoe walls and to stimulate discussion on the selling floor. In accessories, GPS-enabled monitors are expected to grow in demand, while apparel, helped by some stylish takes on reflective gear, could have a breakout year.

With the running category’s recent success, one challenge is more competition from the big boxes. Although financing

for start-ups remains constrained, some areas are seeing more independents crowd the market. Another comes from China. Some stores say product prices already have increased, and higher prices are expected into 2011 due to the triumvirate of rising labor, material and shipping costs. For some, delays have already caused short shipments this year. Although some stores are seeking earlier warnings around delivery snafus, that also may be unlikely with fill-ins going to competitors.

With many stores not fully capitalizing on the running party in 2010 due to weakness in their region, the dicey economy will be on the top-of-mind for many.

A Snails Place in Southern California generated vibrant growth in fall 2009 and spring 2010, but sales slowed in the middle of 2010. Today, the four-store chain expects flat sales overall for 2010. While more “skeptical,” co-owner Eddie Johnson remains “pretty optimistic” regarding 2011, he expects consumer confidence to improve with the mid-term elections now over and some stabilization in the housing market. Road races are also increasing in his area, with many selling out quickly.

Johnson also says that while barefoot running “is not for everyone and it may not be healthy for everyone, there’s a place for it.” As such, his stores are bringing in “Good Form Running” programs to support the trend and bringing in many of the new minimal launches. Combined GPS with heart rate monitors are also expected to be strong sellers in 2011. Among brands, Asics remains “very strong,” with Brooks close behind. And as Saucony continues to gain ground, Johnson is also encouraged by Nike’s renewed effort around run specialty, especially since he says, “they can really push the needle.”

More bullishly, after a solid 2010, **Jack Rabbit Sports** expects to have a “very strong” 2011. The New York City-based chain plans to add a new store, and for the first time will launch a consumer show featuring running and yoga gear in a 30,000 square-foot expo space at the Metropolitan Pavilion on 18th Street in Manhattan.

“Our sales have been up pretty significantly this year,” says owner Lee Silverman. “We’re in a position that we’re gaining market share in the New York City market and I don’t want to lose that momentum. I want to accelerate the momentum.”

While many felt the exposure to Wall Street would wreck the New York region, unemployment has remained lower than in other areas of the country. Silverman believes this is because the city continues to attract the “energetic and ambitious” from other parts of the country. For Jack Rabbit, the bigger benefit is that these new city dwellers tend to include running as part of their lifestyle.

“New York City continues to be a Mecca for running,” he says, citing scores of long and short runs across the boroughs. Jack Rabbit also just signed on to sponsor three new triathlons in the area.

On the product side, he believes while the barefoot trend remains a “very small opportunity to a very vocal group of people,” hardcore runners are “very intrigued” by the conversation. As such, Jack Rabbit’s stores are marketing the minimalist product more like a training tool. “It’s not something we’re going to push on people since barefoot running is really only applicable for such a small group of people. We look at it as part of an overall

workout plan. As in, ‘Adding some barefoot work or some Vibram work might be something worthwhile to add to your routine.’”



Bob Roncker's Running Spot



Bob Roncker of **Bob Roncker's Running Spot** in Ohio says his four-store chain will end up having a “very good year” in 2010. With the health benefits and relatively inexpensive entry fee, he’s encouraged that many new runners are coming to the sport, particularly women.

Roncker also welcomes the growing conversation around proper running technique stemming from increased chatter around the barefoot option. In the near term, he says only about 10 percent of runners will jump on the barefoot/lightweight movement. He believes a “very gradual” approach is needed. “I suspect a lot of people are going to injure their calf muscles and Achilles tendons because of the Terrible Twos – too much, too soon, too fast.”

On the other hand, he likes the Hoka thick-soled shoe, which offers some of the same promises of natural running and could end up being “a great recovery day shoe.” Roncker is concerned that rising racing fees may limit the number of new people, particularly younger ones, from trying the sport. He also remains “cautiously optimistic” about 2011, given the economy. “Too many people are hurting and I keep waiting for that to affect us.”

Chet James, owner of Seattle’s **Super Jock ‘n Jill**, says his store seems to adeptly manage downturns. He believes it’s because people “may not make the big purchases but put more effort into shopping with companies that they trust and find a large return in value.” He also believes more consumers look to run specialty for solutions on relieving stress and feeling better about themselves – factors reflected in the growing number of participants in marathons, half-marathons and walking events.

On the product side, James likes the minimal push. Over the past 10 to 15 years, his store has been trying to eliminate the “added features” of running shoes through the guise of “cushioning” or “support.” And while he’s somewhat concerned that the first generation of “lighter is better” shoes are not likely to be fully developed, he’s excited to see each brand approach. “This ‘less’ trend will be interesting to see how things play out and see who manages this ‘less’ trend the best.”

At **Gazelle Sports** in Grand Rapids, MI, Ken Sung, manager and co-owner, is “very optimistic” about 2011. He’s particularly enthused by the increased participation numbers at local running and multi-sport events, along with the rising numbers in his training programs. “This is definitely the ‘newer’ runner who’s coming into the sport, hopefully discovering the service and selection of product at our stores, and then telling others about their experience.”

While Sung also views an ongoing thrust toward “less substantial” footwear, the “top” key drivers continue to be models such as the Asics 2000 Series and Brooks Adrenaline.

“I think talking about alternative to those everyday shoes has definitely opened the door to people wanting to rotate their daily shoe choices,” Sung says. “Thus, as we continue to work to build our interaction with our communities, we have been able to secure growing our business at a sustainable steady rate.”

Curt Munson, co-owner of **Playmakers**, says his store in Michigan is having its “best year ever” and expects 2011 to be a really strong year, despite the state’s challenging economy.”

As more people focus on fitness and look for stress relief during tough times, Munson believes the run industry is “more insulated” than other sectors. But what excites Munson even more is the barefoot movement. New styles such as New Balance’s Minimus, the over-sized Hoka, Vibram’s Five Fingers, and other launches will continue to drive a healthy debate around proper running form.

Munson, a former perennial over-striker, says he’s “never felt better” running. The store’s “Good Form Running” sessions have

been heavily attended and are being adopted by others. While his staff continues to gain a "heightened awareness" about proper form and fit, he is excited about the various approaches to minimum coming in the future.

"The Kenyans learn by running barefoot and then run more naturally in conventional running shoes," he says. "I think the whole barefoot thing is teaching us how to run properly and I think the industry is kind of reinventing itself."

Westchester Running Co. in White Plains, NY, expects revenues to be flat this year and remains cautious regarding 2011. The reason is high unemployment and mortgage problems, says Andy Kimerling, president. He still believes his business is doing better though than others in the area, partly because running is viewed as a stress reliever.

Race participation has also been growing for much of the past decade, as more people are either running to support a charity or looking to do a half or full marathon as part of their "bucket list." One area he expects to see continued growth in 2011 is GPS-measurement devices, which attract both serious and less serious runners.

Nonetheless, Kimerling believes much of the growth he saw from the minimal/lightweight movement came at the expense of sales gains in more stability-type shoes. His store also couldn't get Vibram Five Fingers since a competitor gained an exclusive in the area.

While minimalism is proving to be "terrific" for a few runners, he says his years of coaching leads him to believe that trying to force a runner's stride only leads to other injuries. "Too many people who just read the hype, wind up with injuries," joking, "it's giving the podiatrists and orthopedists in our area a good business."

At **Big Peach Running Co.** in Atlanta, footwear has done generally well throughout the downturn, while apparel and accessories have shown a noticeable rebound. "A lot of the apparel business is really driven by desire more than necessity so that's a good sign," says owner Mike Cosentino.

Beyond healthy sign-ups in running races, activities such as boot camps and CrossFit are supporting the sport. On the product side, demand for reflective apparel, along with better fit and touches such as special pocket add-ons, are sparking the apparel category. GPS-monitors have also been a strong seller, although Cosentino is concerned that a newfound mobile device app quickly closes the opportunity.

With other minimal models launching, Cosentino expects a "more sophisticated conversation" in 2011 over natural running prod-

ucts and philosophies. One risk is that with likely only about 10 percent of customers able to handle the leanest barefoot models, some stores may quickly find themselves with too much lightweight inventory, he says.



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Still, barefoot may offer the opportunity to sell a second pair to some runners for training purposes as well as options for those who have had problems with conventional shoes. At the same time, Cosentino doesn't want to encourage customers to move away from conventional models that have long served them and risk a bad experience. Overall, though, he admires the discussion since it plays to run specialty's strength.

"Our channel should be the industry leader on product knowledge," he says. "If it was price or color, that's not our forte. But if we can't over-product knowledge the big boxes or mall specialty, we've got a problem."

Maine Running Company continues to see double-digit increases this year and expects continued growth in 2011. Owner John Rogers believes people continue to invest in their health and well being despite economic uncertainties while favoring the run specialty channel because of its commitment to service and community activism. He also believes the sport of running "has never been healthier with a major focus on health, well being and social opportunities."

In particular, training programs for the beginner or couch-to-5k runner is driving newbies to the sport. Growth in tri also is feeding opportunities in nutrition, compression, tri-clothing and accessories and, in some cases, wet suits.

Rogers also believes the natural running trend has spurred innovation across the sector. "There has never been a greater focus by brands, on developing great product and investing in the run specialty channel, then there is now."

He also says the industry must focus more on product outside of footwear. "We have to integrate the dimensions of apparel, accessories and community into our store environments to provide a complete and higher level of in-store experience for our customers."

Fleet Feet Syracuse has seen outsized gains this year because the store moved into a new facility. Owner Ed Griffin says the Syracuse region is somewhat buffered from the "highs and lows" of the national economy. He believes people don't drop running like they do gym memberships during difficult times. The success of the store's training programs and racing sign-ups also is showing that people are gravitating toward running.

Strong sellers have been GPS-technology and nutritional supplements but more stylish, reflective apparel has particularly been a hot seller. "People want to be visible but they don't want to look like a construction worker," Griffin says.

He expects to see more lighter shoes that will "come to the middle" between being a complete barefoot model and the conventional stability shoe. At the same time, Griffin believes the industry is in a precarious state as one unbiased report confirming the trend's benefits could vault the movement to another level while a negative one could vanquish it. "There's no real proof one way or the other."

While **Southern Running Co.** in New Orleans has recovered from Hurricane Katrina, the oil spill continues to weigh the city down due to the loss of offshore drilling jobs, says president George Owen. It also seems to be one of the few areas that is witnessing a decline in attendance at its main marathon, The Crescent City Classic. Nonetheless, Owen is pleased his business was outperforming some other businesses in the city. "I'm not eating filet, but I'm also not eating hamburger."

He is optimistic about 2011, hoping a cold snap can drive some sales of winter goods. Southern Runner also continues to invest in the business, adding a new computer system to track inventory and orders and doubling the size of their location last year.

On the product side, he's encouraged that Nike appears to be putting greater emphasis on the category with successes such as the Lunar series and that Adidas appears to be regaining some ground in running. But Owen wasn't as enthused as some others about the potential for barefoot shoes, noting a rise in injuries in his region. "They work for some people but it's a very small percentage."

And while the store will be stocking some of the new minimal shoe styles, associates plan on being careful that they're right for each customer. Says Owen: "We not making our customer a guinea pig." ■

DEFINING THE BOOMING TRIATHLON BUSINESS

By Mackenzie Lobby

The term “triathlete” doesn’t just identify an individual’s recreational muse, but rather, it signifies a lifestyle. Triathletes are triathletes 365 days a year, whether they sign up for two annual events or 20, whether they are a professional or a middle-of-the-packer. “Triathletes put the Ironman logo bumper sticker on their cars, the tattoo on their calves, and they name their kids things like “Kona.”

“That’s how powerful and life changing that brand is,” says Erik Vervloet, vice president of sports marketing at K-Swiss.

While a recent survey conducted by the Active Network puts triathletes above average in annual income earnings (half report to earn more than \$100,000) and age (average is 40 years old), people in the business say they come from all walks of life. “You have doctors, lawyers, nurses, housewives and construction workers who are all triathletes,” says Gary Wallesen owner of Athletes Lounge, a multi-sport shop in Portland, OR.

One thing all triathletes share is a deep desire to be better at their sport. What makes them especially appealing customers is that they are early adopters when it comes to gear and equipment and will try just about anything to improve performance (within reason of course). As the assistant manager of Nytro Multisport in Encinitas, CA, Danielle Gordon, says, “all triathletes that consider themselves competitive want the latest and greatest.”

PRODUCT PREFERENCES OF THE TRIATHLETE

The triathlete demographic is a good customer for anyone who wants to market a product. “If they like you, they will tell everybody,” Vervloet says. “It’s really great from a brand standpoint because they are so passionate about it; they want the world to know.”

Dimity McDowell Davis, USAT’s *Triathlon Life Magazine’s* contributing product writer, says, “entering an Ironman costs over \$500 for the entry fee alone. If you’re going to lay out \$3000 to get to the

race, you’re probably going to have the equipment to compliment the lifestyle.”

When it comes to making purchasing decisions, the triathlete tends to look at two main aspects of a product: style and technology.

STYLE

Made apparent by the recent release of Asics’ Gel Noosa Tri 6, a lightweight triathlon shoe, the fashion sense of triathletes differs greatly from other endurance athletes. “They tend to like brighter colors and designs that stick out,” says Mike Drury, owner of Pulse Endurance Sports, a shop in Chula Vista, CA. Asics’ Noosa’s neon-splashed design follows the trend of brands such as Newton, which is known for its eye-catching colors.



Asics GEL Noosa Tri 6

Geoff Shaffer, global marketing director for Pearl Izumi, says the company always is adapting to the styles sought by the triathlete customer. “We use bolder graphics in our triathlon apparel. We can take a little more risk there,” he says.

While tri-couture certainly appeals to this community, they also look for functionality. “Triathlon gear is a blend of fashion meets function,” *Triathlon Life Magazine’s* Davis says. “Brands like Zoot, Sugoi, and TYR are making clothing that performs as well as flatters.”

Athletes Lounge’s Wallesen says functionality is still hugely important. “If you’re going to get a customer to pay \$150 for a pair of shorts, it has to be made of high quality material and have the right pockets for nutrition products.”

TECHNOLOGY

Jim Monahan, vice president of footwear at Asics, says triathletes are a very cutting-edge group when it comes to technology. Technology definitely drives the buying decisions of this demographic. In short, if it will help improve training or racing, they want it.

Whether it’s a power meter or a GPS watch, triathletes tend to be well versed in techie speak and are open to new gadgets. “They are very performance driven,” *Triathlon Life Magazine’s* Davis says. “They love to analyze data, slice it, dice it, and keep track of it.”

Pulse Endurance’s Drury says that if it might make them faster, they are willing to try it.

Nytro Multisport’s Gordon says that in the triathlon industry, technology comes in many forms. “From the manipulation of carbon lighter stiffer bottom brackets that generate greater pedal power, to compression in tri apparel that helps muscles recover faster and perform better, to the latest in nutrition.”

By nature, triathletes are willing to try new things. This leads many companies to unveil new technology in their tri shoes and apparel before introducing it in other sports. New technology has led to more aerodynamic fabrics, shoes with drainage holes in the midsoles, and special closure mechanisms in footwear, all equating to faster and lighter, which any triathlete can get on board with.

SPEAK THEIR LANGUAGE

Employing a knowledgeable staff is perhaps the greatest key to success in the triathlon business. Having top-of-the-line equipment, but no one who can talk about it leads to lost sales. Gordon says of Nytro Multisport: “Our employees work here because they have a passion for the sport that translates into a greater understanding of what today’s triathlete needs.”

“Without a doubt, it is important to have experienced employees,” says *Triathlon*

Life Magazine's Drury, who has done 18 Ironmans himself. "There's a big difference between knowing what it's like to ride with aero bars and doing an entire Ironman with them. Employees need to know what it feels like to ride in 80-degree heat and then have to go run. I can't tell you how important it is to have been in that position before."

Athletes Lounge's Wallesen says he focuses on hiring employees well versed in each discipline. With everyone from bike specialists, to collegiate swimmers, and runners on staff, he knows who to divert specific customer questions to. "I look for very focused employees who speak the language and understand the mindset of the triathlete walking through the door. The triathlete customers come in with many intelligent questions," he says.

Another avenue many multi-sport shops have found to connect with customers is through involvement in the local triathlon community. In addition to having a sharp staff, sponsorship and support of area events gives local operations street cred. "It's about promoting the lifestyle," Drury says. "It's important to be involved in the community and increase awareness of endurance sports."

Nytro Multisport engages in similar involvement around Encinitas. "Nytro has a great presence in local triathlon events," Gordon says. "It is important to support our local athletes both pro and beginner. We want athletes to know we are here in the community to help them grow their passion for the sport."

Wallesen's Athletes Lounge is the only tri store in Portland, which makes it the go-to shop for events around the Northwest. The store provides assistance through financial sponsorship and bike tech support. "I need to give back to my community as much as they give to me. It's also a very good marketing plan to build your business," he says. "Ours is an active sport. It's not like football where you just watch the pros. It is an involved sport. All the fans of the pros are also the athletes, so you have to be active in the community."

Indeed, the self-identification of the triathlete makes for a customer who expects personalized equipment, gear and service. They want to be able to walk into their local shop and chat with the owner, and then compete alongside him on the weekend. Perhaps Vervloet sums up the triathlete consumer best: "This customer is incredible; they are very high achievers who are lifestyle oriented. When it comes down to it, the triathlete is always looking for that edge to make the impossible dream a little more possible." ■



Miranda Carfrae. Photo courtesy of K-Swiss



SETON CLAGGETT

Trisports.com Retail Store
Tucson, AZ

Long before he tried his hand at the triathlon business, Seton Claggett was an experienced triathlete. Entering his first competition in a Boy Scout triathlon at Lake Mead, AZ, in the late '80s, Claggett caught the bug before the sport's boom. Interested in providing a better resource for triathlon gear and merchandise, he and his wife, Debbie, started Trisports.com in 2000. While the venture began online, they opened a showroom attached to their warehouse in Tucson in 2002, which quickly turned into a traditional retail operation. Interesting note: The Trisports.com staff has completed more than 500 triathlons and counting, proving that when it comes to triathletes, you have to be one to know one. *PSR* tracked down Claggett to learn his tricks of the trade.

RUMOR HAS IT YOU DID YOUR FIRST TRIATHLON USING A 1974 SCHWINN WORLD VOYAGER. ARE YOU SURPRISED BY HOW MUCH THE TRIATHLON INDUSTRY HAS CHANGED SINCE YOUR FIRST RACE IN 1989?

My parents still have that bike with the original Dura-Ace components. I wouldn't say I've seen a lot of change in the industry until the past couple of years because the sport is going a bit more mainstream. I will put on my futurist cap and say we will look back at this time period (2008-2012) and call it the real Renaissance of the industry.

WHO WAS YOUR INSPIRATION?

As a kid, I was inspired by the usual suspects, Pigg, Tinley, Riccitello, Scott, Allen, etc. On the business side, most of my mentoring has

come from outside the industry; however, I definitely value the opinions of our suppliers and partners. In particular is Scott Montgomery (Montgomery is leaving Scott Bikes but hasn't said where he is going). I really think he's one of the few people in the industry that has a clear 30,000 foot view of what's going on, especially regarding bikes.

TRISPORTS.COM SPONSORS 80 ATHLETES AND MORE THAN 60 EVENTS WORLDWIDE. WHY IS THAT TYPE OF INVOLVEMENT IMPORTANT FOR YOUR BUSINESS?

The obvious answer is branding and marketing. But at the end of the day, we do it because we want to. The dynamics of business are changing so rapidly. Welcome to the Shift Age. There are other places we could put that money into and see a much higher ROI; however, we know these sponsorships are good for the sport and we are an integral part of the symbiosis of the sport.

WHAT TYPE OF EMPLOYEES DO YOU LOOK FOR?

You definitely have to hire folks in the retail store who have a passion for the sport. Having someone on the floor that hunts as his sport won't do the customer or us any good. We actually find that having newbies on the floor is better than the experienced athlete because they tend to be more hungry for information and can absorb it more effectively in order to transfer it to the customer.

WHAT SETS TRIATHLETES APART FROM OTHER ENDURANCE ATHLETES?

They are always looking for the next thing to make them faster or more comfortable.

WHAT IS THE MOST IMPORTANT LESSON YOU'VE LEARNED IN BUSINESS?

You better have stuff in stock.

HOW IS TRISPORTS.COM IMPORTANT TO CUSTOMERS?

Our core customers value the intangible things we do, the philanthropic and environmental aspects of our business. We just installed the largest private sector water harvesting system in Arizona (36,000 gallons), we sponsored a marathon in Iraq for the troops, and we are helping sponsor a half marathon on the deck of a helo (helicopter) carrier. We do many things every month both locally and globally.

biom

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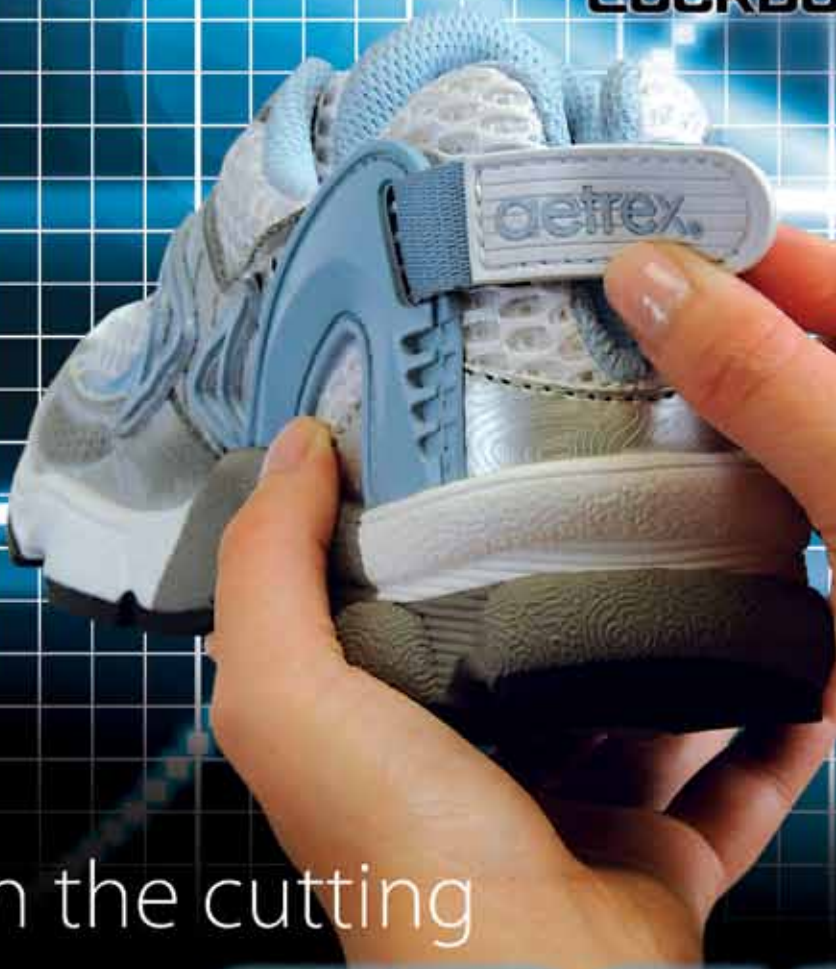


If you believe, as we do, that form should follow function, then you will appreciate this shoe. Developed on the principles of natural motion, BIOM TRAINER increases the benefits of all forms of training. Whether the wearer is running, working out, or simply doing errands, ECCO natural motion helps strengthen the muscles of the feet and lower legs — all the while delivering outstanding comfort and performance.

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