

Demand for new technology and access to new markets has sparked a number of acquisitions in recent weeks.

Acquisition trail

Columbia Sportswear

The parent company of Swedish outdoor footwear and equipment brand Haglöfs has agreed to sell its shareholding to Japanese sports brand Asics.

Haglöfs, which specialises in shoes and boots for hiking, trekking and offroad activities, will now become part of the Asics group of brands, subject to clearance from the relevant competition authorities. The Japanese company is the third-largest sports shoe company in the world.

After announcing the development, the chief executive of the much smaller Swedish company, Mats Hedblom, commented: "Joining Asics enables Haglöfs to become a true worldwide leading outdoor brand."

According to Haglöfs marketing and sales director, Nicolas Warchalowski, the move will be positive for all concerned. He says the Swedish company will continue with its focus on the outdoor sector and that there is no intention of attempting to merge the distinctive cultures of the two brands.

"They are running, we are premium outdoor," Mr Warchalowski explains. "This deal is an opportunity for the Asics Group to have a presence in outdoor, but it is we who will continue to pursue outdoor opportunities. There has never been the intention to merge. And the deal makes sense because it's outdoor and running that are the only two sectors [in the sports footwear and clothing industry] that are growing."



Columbia Sportswear's acquisition of OutDry will allow it to offer head-to-toe waterproof breathability to outdoors and sports enthusiasts.

Columbia Sportswear

As the chief executive has intimated, one effect that the acquisition will have on Haglöfs is that it should speed up the Swedish company's programme of becoming more global. Although its footwear, jackets, shirts, T-shirts and backpacks have been available outside Sweden for decades and have been distributed in Asics' home market, Japan, for 18 years Mr Warchalowski says it is now three-and-a-half years since the company entered a new market. He shares the view that the pace of international expansion needs to pick up. He also anticipates gaining some benefit from synergies that may arise in sourcing, technology and other aspects of business that the two brands share.

"Asics have said that they will let us take what we want from their toolbox but that they will not force anything on us," he continues. "They approached us with a lot of respect and have listened to us very carefully. Asics has never made an acquisition like this before and the announcement created a lot of talk at industry events over the summer, such as the Outdoor fair in Friedrichshafen. Our customers have been congratulating us. They think this will be beneficial for our brand, and we think so too."

In pursuit of waterproof breathability

Within weeks, the outdoor footwear industry had another acquisition announcement to digest. During the Outdoor Retailer Summer Market exhibition in Salt Lake City in August, Columbia Sportswear said it had reached an agreement with Nextec to acquire the Italian company's waterproof, breathable OutDry technology for use in apparel and accessories collections across its family of brands (Sorel, Montrail, Mountain Hardwear and, of course, Columbia). In making the announcement, the senior management team at Columbia spoke in glowing terms about OutDry and about Nextec founders, brothers Matteo and Luca Morlacchi. They were far less complimentary in their comments about other waterproof breathability options available on the market at the moment.

The group's chief executive, Tim Boyle, said: "We view OutDry's proprietary construction methods, under development since 1998, as the gold standard for producing waterproof, breathable footwear and gloves that outperform products still relying on the 25-year-old method of internal booties and bladders. We intend to deploy OutDry across our portfolio of outdoor brands, as well as to market it to select leading brands within and beyond the outdoor industry."

OutDry's patented and patent-pending construction methods bond a waterproof, breathable membrane directly to the inside of the outermost layer of a shoe or glove, thereby preventing water or dirt from penetrating to internal airspaces and fabric layers. The technology, therefore, can improve waterproof, breathable performance, reduce water-weight gain, maintain insulation capacity, and improve the fit of a shoe.

The decision to acquire the technology and use it across the Columbia product range prompted its vice-president for footwear, Mark Nenow, to say: "OutDry finally delivers the waterproof breathable innovation that outdoor consumers have been asking for. This is groundbreaking, waterproof, breathable footwear innovation for the mountaineer, the hiker, the multi-sport athlete, the trail running enthusiast, the road runner and any consumer that wants waterproof footwear without having



The Haglöfs Grym (left) and Stroll (right) boots. The outdoor market is one that athletic footwear brand Asics is keen to get into.

Haglöfs

to sacrifice performance, fit, lightness in weight and comfort."

Luca and Matteo Morlacchi will serve as chief executive officer and general manager, respectively, of OutDry Technologies and will keep their headquarters in Italy, operating as a wholly owned subsidiary of Columbia Sportswear.

In the family

Matteo Morlacchi says that this deal was five months in preparation and that he and his brother went through "an intense time" but are happy with the outcome. "We understand why it takes time," he says. "Columbia is a big, listed company and needs to make sure a decision like this is right. So there has been a lot of going back and forward to presentations, meetings with lawyers and so on. But we were ready for this and we are pleased because Columbia is a family company; we're happy to be part of that family now."

He feels OutDry was ready for a move like this because the technology has already been through a number of battles to protect and strengthen its patents and to win recognition in the market, often in the face of the fiercest possible opposition. He says Nextec did come close to giving up the fight once or twice, but took encouragement from successful implementations of OutDry, such as those with Italian outdoor footwear brand Scarpa this year and with Columbia brand Mountain Hardwear for gloves two years ago. It was the success of this Mountain Hardwear application that first brought OutDry seriously into play for Columbia, but the Portland-based brand did not have the field entirely to itself. The Morlacchi brothers had two offers for OutDry, the other from a big-name Italian footwear brand.

"We felt in the end it was best for us to go with Columbia," the general manager says. "We're going to be Columbia employees from now on, but we are still free to talk to other clients too. In fact, Columbia is enthusiastic about OutDry going more and more into high-end brands. Plus, when we have new ideas to try out—putting OutDry into apparel is the most obvious example—we now have a product development team right on hand to work with."

It is possible that these acquisitions are indications of the market settling down after the financial disruption of the last two years. Big brands want innovation and growth and are, once again, confident enough to put the funding together to achieve these goals, in part at least, through acquisitions. Perhaps more deals will follow.



Colour budgerigar green and azure blue Roc Legend hiking shoes from Haglöfs.

Haglöfs