

With Under Armour launching its biggest ever footwear advertising campaign and more and more brands reporting increases in footwear sales, we consider why so many companies are putting footwear first.

Brands put footwear first

This summer, US-based performance apparel and footwear brand Under Armour debuted its largest footwear advertising campaign to date. In terms of sales, footwear has not been the brand's shining beacon. Last year, footwear sales declined 7% to \$127.2 million – but in May this year, CEO Kevin Plank promised shareholders to “win in footwear”, with the aim of one day making footwear a greater economic engine for the company than its signature apparel lines. At the end of 2010, research organisation SportsOneSource calculated that Nike and its affiliated brands had a 95% share of the US basketball shoe market. With the release of its Micro G basketball shoe line, however, Under Armour set its sights firmly at the top, with vice president for footwear, Gene McCarthy, saying: “None of us want to be anything but number one. Why enter a category to be number 9? Who does that?”

It would seem that the brand's efforts in footwear are already starting to pay off. During the second quarter of this year, revenue from footwear increased 31% to \$46.9 million, and with the launch of its new advertising campaign, Under Armour is keenly lodging itself alongside its rivals as a major player in footwear.

The new campaign, entitled ‘Footsteps’, showcases the brand's new Split and Charge RC models. It features shots of athletic champions including Tom Brady, Cam Newton and Georges St-Pierre pushing their training limits while, of course, wearing the company's apparel and new shoes.

“The campaign marks an unprecedented step forward for Under Armour footwear, bringing together the highest calibre of talent on both sides of the camera to tell the story of our performance footwear,” said Steve Battista, SVP, Brand, Under Armour. “We've captured athletes in their authentic training environment, showcasing Under Armour's commitment to performance and innovation in a voice that is unique to the brand.”

The running shoes use Under Armour's patented lightweight foam for cushioning and stability, and its HeatGear sweat-wicking material on the upper shoe – the company's



first use of Under Armour apparel technology in its footwear.

“This is our biggest footwear campaign, and when you see it you know immediately that it is Under Armour,” said Steve Battista. “It's a metaphor for athletes tackling their goal.”

According to SportsOneSource, a total of \$22 billion in athletic footwear was sold in 2010, with Nike cornering a 36.4% share. Reebok has a 5.8% share, while Under Armour had just 1.1%. But Under Armour plans to spend \$15 million to \$20 million on its Footsteps campaign, which could see its shares in the athletic footwear market changing significantly.

Across the board

It's not just Under Armour that has noticed the huge potential in the athletic footwear market. Athletic footwear and apparel brand ASICS Europe reported an overall net sales increase of 21% for the first quarter of 2011, saying that the growth was a result of running footwear posting one of the highest sales figures in recent years, with turnover rising by 34%. In June, Nike reported that its fourth quarter footwear sales had increased 19% to \$3.3 billion – showing significantly more growth than its apparel sales (up 8% to \$1.4 billion) and equipment sales (up 5% to \$271 million).

Similar stories can be found in the outdoor footwear market. Outdoor footwear brand Sorel, a subsidiary of US-based Columbia Sportswear, reported in August that its second quarter sales

Under Armour launch the Charge RC running shoe later this year. It will be available in limited quantities from the beginning of October.

 Under Armour

New England Patriots' Tom Brady has just signed a new sponsorship deal with Under Armour.

 Under Armour





Berghaus says that footwear has been its fastest growing category for the last three years, with sales doubling between 2009 and 2010.

 Berghaus

had more than doubled to \$3.7 million, an increase of 106%. Columbia's own footwear net sales showed an increase of 29% to \$50 million.

UK-based outdoor company Berghaus reported recently that footwear has been its fastest growing category for the last three years. From 2009 to 2010, units sold increased by more than 100%, which Berghaus attributes to its signature line of 'Explorer' walking boots, as well as more recent additions. Last year the company hired a new head of footwear, Barry McGeough, who developed a range of new, more technical boots. "Berghaus has focused a lot of effort into developing a strong, complementary collection of low cut performance outdoor footwear, reflecting the increasing popularity and wider market influence of multi-activity shoes," reads a statement from the company. "It is in this latter area that Berghaus has seen the most rapid increase in sales and market penetration, to such an extent that the company recently announced a further broadening of the collection for 2012, to include trail running shoes and sandals."

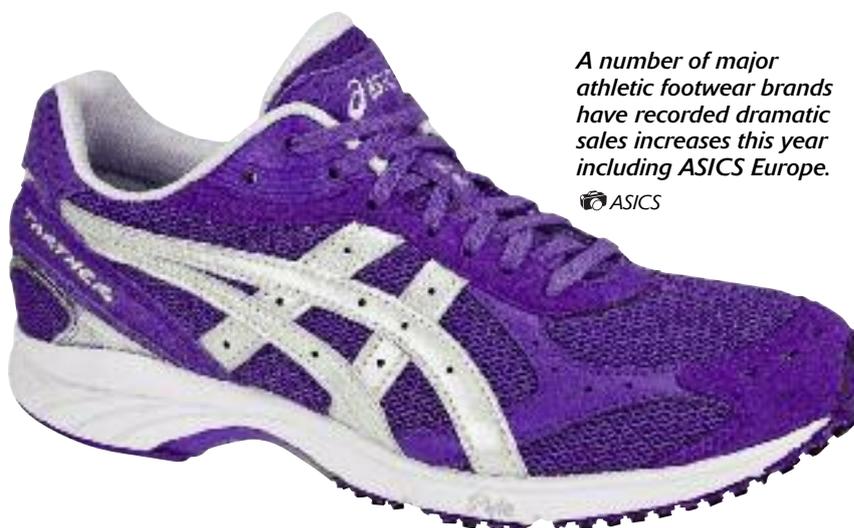
Germany-based footwear company Baltes specialises in workwear shoes, but this year launched its first line of trekking boots at the OutDoor show in Friedrichshafen, Germany. The shoes feature a unique BOS System, combining Baltes' design with Outlast thermoregulation and SympaTex waterproofing technology. They also feature 'WellFoot' shock absorption cushioning tailored to the wearer's specific requirements.

More choice, more sales

So why is it that so many brands are putting their athletic and outdoor footwear offerings first? A major factor seems to be that consumers

have more choice now than ever before and are moving away from the 'one shoe fits all' approach. A pair of trainers that would once have been used for going on a run, walking the dog and maybe even a casual game of tennis no longer have their all-round performance attributes – or rather, they are being outperformed in all areas by shoes specially designed for specific activities. And it's not just that there are more options in the types of shoes available – the options get even more varied depending on the terrain they will be worn on. Road running, running on a purpose-built track or trail running all require a different type of footwear, and there is also a distinction between racing and training shoes.

The more aware consumers are of their different footwear requirements, the more shoes they will buy and the better chance apparel brands such as Under Armour have of taking a slice of the lucrative footwear market.



A number of major athletic footwear brands have recorded dramatic sales increases this year including ASICS Europe.

 ASICS