

## INNOVATORS: ANGEL MARTINEZ

He rarely gives interviews, believing that his track-record in the athletic and outdoor footwear sectors speaks for itself, but it's clear from recent comments that Deckers Corporation chief executive, Angel Martinez, still thinks deeply about the best ways to help his footwear brands connect with the changing demands of consumers.

# Shoe man, not show man

**A**ngel Martinez has been a dominant figure in the sports and outdoor footwear sector since the 1980s, having played an important part in developing Reebok, then Rockport, then Keen as international brands. His career has taken him from coast (California) to coast (New England) and back again to his current position as chief executive of Deckers Corporation, a role he took up in 2005. It's a far cry from his native Cuba, which his family left for the US following the revolution in the late 1950s. The move worked out well for young Angel: he went to the University of California at Davis and excelled as a track-and-field athlete. Leaving college for the world of work in the 1970s, his first job was at Carter Hawley Hale department stores, a famous west-coast retail firm, but one that went out of business in the early 1990s. Angel Martinez had left long before then, making a move into sports: he became general manager of Starting Line Sports, a retail and mail order operation specialising in running shoes. His entrepreneurial spirit won through a little later and he decided to launch his own athletic footwear company, Island City Sports, which he ran until joining Reebok in 1980.

### Reebok revolution

Reebok is one of the most recognised sports brands in the world now, but it had run as a small, local manufacturer of running shoes in Bolton in the north of England for nearly 60 years before taking this name. Joseph Foster, the company's founder, is credited with inventing the spiked running shoe around 1890. He passed the company on to his sons, and they to his grandsons, Joe and Jeff Foster. It was the Foster grandsons who renamed the firm Reebok, after a South African antelope, picking

*After decades in athletic and outdoor footwear, Angel Martinez is still fascinated by how to connect brands and consumers together.*

 Deckers Corporation



the name at random from a South African dictionary one of them had won as a prize in a running race. This happened in 1958, which, by coincidence, was the year Angel Martinez was born.

Twenty years later, Reebok was still barely known outside the UK, but a man from Massachusetts by the name of Paul Fireman changed that. He saw some Reebok shoes at a trade show in 1979 and immediately embarked on a deal to distribute the brand in North America, changing Reebok for ever. One of the first things Paul Fireman did was hire Angel Martinez as a sales representative on the west coast and together they spent the next 15 years or so building Reebok up as an international phenomenon and, as the phrase had it at the time, “making sweat fashionable”.

### Fitness movement

Looking back on those years, Mr Martinez believes the highlights of his particular contribution included seeing the business opportunity in designing athletic footwear for women, which he says positioned Reebok “at the forefront of the women’s fitness movement”. He led the team that designed and marketed the Freestyle aerobic shoe and, as vice-president of marketing, introduced basketball shoes, tennis shoes, walking shoes and fitness shoes to Reebok’s collections. He was also the architect of the Reebok Classic line of products, which helped the brand establish a presence in Hollywood, earning it visibility with high-profile celebrities, a phenomenon that continues until today with tie-ups such as the one with singer Alicia Keys for the Grammy Awards. In 1992, Angel Martinez was appointed president of the fitness division, Reebok’s largest, which meant moving with his family to corporate headquarters, which, under Paul Fireman’s

stewardship, had moved by this time from the UK to Stoughton, Massachusetts.

### Rockport catches the eye

One insider suggests that if Paul Fireman was the more dominant figure in helping Reebok take North America and the wider world by storm in the 1980s and early 1990s, what is not in doubt is the importance of the role Angel Martinez played next, in the development of Rockport as, first, a subsidiary brand of Reebok (it acquired Rockport from its founders, Saul and Bruce Katz in 1985) and, later, a prime target, with Reebok itself, for the adidas acquisition team. He became Rockport’s chief executive in 1994 and directed the development and global implementation of a product and marketing programme, dedicated to broadening the brand’s appeal to attract younger consumers.

By the time adidas made its move for the Reebok group, in 2005, Angel Martinez had moved on. He left in 2001 after 21 years with the company and took a break before partnering with Martin Keen to launch Keen Footwear. He was chief executive of Keen from April 2003 until March 2005 and helped the outdoor shoe brand make a strong initial impression with its protective sandal styles, which were immediately popular among enthusiasts of sailing and other outdoor activities around water. Retail co-operative REI named Keen as its vendor partner of the year after only a little over 12 months in business.

### At the helm of Deckers

The chance to lead a much bigger operation at Deckers proved too hard to resist in April 2005 and Angel Martinez remains at the head of the corporation, whose current footwear brands include Teva, Sanuk, Ahnu, Hoka One One, Tsubo, Mozo and, most famously, UGG.

*Until the 1980s, Reebok was barely known outside the UK. Angel Martinez was one of the key people to change that.*

 Reebok



*Deckers feels it is at the cutting edge of recognising and communicating well with consumers, whether in a bricks-and-mortar store or online.*

 Deckers Corporation

He feels much has changed at Deckers during his time there, helped by a large number of former Reebok people who followed him. Deckers' annual revenues in 1993 were under \$20 million, while the figure for 2013 looks certain to have surpassed \$1.5 billion. Twenty years ago, the group had 50 employees; the figure today is 2,500. The group recently celebrated 20 years as a public company, and this has prompted the chief executive to reflect on the Deckers he knew as a competitor. For example, it seems obvious that technical sandal brand Teva's success in and around outdoor activities involving water must have provided part of the inspiration for Keen. But that's not to deny that Teva, too, had need of further development. "In 1993, we had three brands," Mr Martinez says, "and Teva was the flagship. We typically made money in the first half of the year, unless it was a rainy spring, and we would lose money in the back half due to the seasonality of Teva. The business was all domestic, it was all wholesale." At current levels, across the group, direct-to-consumer sales account for 33% of the total and Decker brands are increasingly international, none more so than UGG.

### Luxurious comfort

UGG is a 35-year-old brand, although it has only been on the radar of most consumers, certainly in North America, for perhaps the last decade, Mr Martinez believes. Over the course of that decade, Deckers has grown the value of the brand from \$100 million to more than \$1 billion. But he feels UGG has plenty of scope to grow further because it's competing in a leisure footwear market that Deckers values at \$85 billion, across all brands and all geographies. UGG offers what he calls "luxurious comfort"

and he believes this quality appeals to almost everyone on earth. "It's kind of a human condition," he explains. "We human beings are conditioned to go from discomfort to comfort. And once they've experienced comfort, no one wants to go back to discomfort."

Specifically, he says the men's market offers "a huge opportunity" for UGG. Slippers are what brought most men to UGG, often because wives or girlfriends did the buying. But in the past four years, non-slipper business in the men's category has grown by 70%, helped by a high-profile marketing campaign involving American football star Tom Brady. "Most men thought we were a women's brand, but Tom Brady has changed that," the chief executive says, adding that the involvement of a sports star of Tom Brady's stature "allowed" men to become enthusiastic about UGG, especially as the brand was introducing "more masculine" styles of boots to its collections.

More broadly, Deckers is keen on using new analytical tools to "get closer" to its consumers, recognising them and communicating with them in the same way, whether they turn up at a bricks-and-mortar store or only engage online. "We're very excited about this," the chief executive says. "We know it's an area that's evolving for virtually every vendor in this industry, but we feel we are at the cutting edge of this."

*Hooray for Hollywood. Mr Martinez understood early on the value of engaging non-sports celebrities as supporters of athletic shoe brands, including singer Alicia Keys.*

 Reebok

