

2012/2013 OUTERWEAR MARKET REPORT

# DESIGN FOLLOWS DEMAND

BRANDS BLEND LESSONS AND LOOKS FROM THE PAST WITH NEW TECHNOLOGIES

By Michael Sudmeier



From first descents in Alaska to riding rails in Minnesota, riders are demanding more from their outerwear than ever before. To meet these demands, brands are finding inspiration and technology in sources as varied as duck hunts and alpine expeditions. Fortunately, these stimuli have produced more than down pants with ammo pockets. And after an especially strong shred season last year, retailers are ready to embrace these new products—be they long underwear or outerwear.

Last season was defined by both record snowfall and sales. It “was the most epic year I’ve ever seen,” announces Duke Edukas from his Costa Mesa shop Surfside Sports. “We got the early snow, and things just got magical.” According to SnowSports Industries America (SIA), the magic of the 2010/2011 season brought especially low carryover inventories and \$193 million in apparel sales. While these numbers are solid, they translate to a modest 0.3% growth in dollars sold (including carryover) and a 6.7% drop in units sold compared to ‘09/10.

Nonetheless, retailers have finally cleared their closet racks, ending an era of overproduction. As Sessions President Cindi Busenhart notes, “The beauty of the current position for snow sports is that there isn’t an abundance of inventory in the marketplace.” Brands and retailers are optimistic, yet their optimism is tempered with an acute awareness of production struggles, price increases, and uncertain economic times. Whether it’s new styles and technology, an increased commit-

ment to supporting retailers, or creating meaningful relationships with customers, brands, and retailers are translating this optimism into action.

## FIT ROOTED IN FUNCTION AND SUBDUED STYLES

“The market is calling for more tailored fits,” states Nike Snowboarding Product Line Manager Joe Blecha. Many view this not as a trend, but as a refinement to outerwear.

According to L1 Creative Director Michael Dawson, there is a need “to change the archaic snowboard paradigm that a bigger fit means a better fit. Slimmer styles with technical cuts create an aesthetic that looks better and functions better.” For both men and women, this tailored fit continues to yield pants that are slimmer and jackets that are longer.

Many brands are finding inspiration in workwear, Western wear, military fatigues, and classic outerwear. Westbeach Head Designer Laura Bentley explains, “Streetwear influences on snowboarding clothes are moving into more workwear

inspiration—creating masculine, rustic-looking collections.”

These collections will often be steeped in heritage. “Any brand that has an original, authentic story to tell is doing so by reissuing classic styles that speak to their brand’s heritage,” explains Burton Chief Creative Officer Greg Dacyshyn. “You’ll see nods to our long heritage in snowboarding throughout our 2013 outerwear line—whether it’s a throwback logo, colorway, or cuts inspired by some of our classic styles from past decades.”

This nostalgia is made functional by blending classic fabrics and textures with new technology. According to Bonfire Founder Brad Steward, his brand will offer “classic, strong weaves such as faille, ripstop, twill, and plain weaves . . . complemented by mixing in natural fibers such as cotton and wool. We are integrating our tech twist by laminating waxed cotton canvas and Pendleton wool.” Holden and 686 will unveil new denim technology, while Volcom will debut a washed canvas with a worn, vintage feel.

Although slate, mallard, and mint may be entries in an Audubon field guide, they are also prominent colors from ’12/13 outerwear collections. Solid earth tones dominate, as brands take a cue from nature. Similarly, Holden will offer subtle colorways. “Holden is known for its rich and deep earth tones highlighted by accent colors,” states spokesperson Sonny Zergebel. The brand will “continue to play in the same side of the color wheel, adding a few new seasonal elements.”

This nod to nature also pays homage to the earth tones appropriated by the military-industrial complex. Military styles and colorways are returning—and, yes, even camo is making a comeback. Burton, for example, will tap into this trend with its Generic Surplus collection for women. Not all inspiration, however, will come from the earth or the army. For Special Blend, the “color palette is bright, but has an element of sun-faded, surf inspiration,” offers North American Sales Manager Mark Wakeling. Airblaster, in part, will focus on vivid orange and yellow. In addition to subtle offerings, O’Neill will return to its roots with colorways from its ’80s collections.

“One of the biggest trends in outerwear,” according to Bonfire’s Steward, “is that kids don’t want to wear outerwear.”

Airblaster Design and Development Director Melissa Grandkoski elaborates: “The biggest trend right now is technical street wear—gear that is between softgoods and outerwear. This category is huge for rail kids, but also important for all-mountain riders for use as technical layering.”

Scott Oreschnick, owner of Cal Surf in Minneapolis, felt the impact of this trend last year. Oreschnick explains, “I sold pants two to one over jackets . . . Riding [tow] ropes and lapping the park, or hiking spots and shoveling stairs keep you plenty warm.”

Consequently, companies like Quiksilver are “taking that streetwear inspired look to our jackets and layering,” notes Director of Snow Merchandising and Design Nadene Wisely, “but adding waterproofing treatments and features that will be sure to keep you warm and dry both on the slopes

and around town.”

**TECHNICAL TIMES**

“Consumers will no longer be willing to sacrifice form for function,” reveals The North Face Specialty Sales Manager for Action Sports Jeff Brusven.

After years of ignoring technical fabrics that the outdoor industry has embraced, “The action sports industry is catching up,” explains DaKine Sales Manager Chico Bukovansky, whose brand is launching an outerwear line for ‘12/13. “There is currently an acute awareness of technical functionality that was previously only found on a broad scale in the outdoor market.”

“We really want to get snowboarders hip to the idea of why breathability is important,” offers Homeschool Creative Director and Cofounder Danny Clancey. “Alpine guys get it, but snowboarders have really focused on waterproofness and that’s only half the story.” To secure this breathability, Homeschool, as well as Bond and High Society, relies on Cocona fabric, which “uses activated carbon from coconut shells to dramatically reduce dry time and increase breathability.”

“The customer continues to be more product savvy, so we will continue to focus on creating innovation both in technology and aesthetics,” states Patrick Field, Volcom’s senior outerwear designer for men. This includes unveiling a Guide Proven Technology (GPT) collection featuring minimalist, three-layer Gore-Tex outerwear.

Burton, Patagonia, Oakley, Quiksilver, and Armada will also be offering Gore-Tex pieces. As brands increasingly embrace technical fabrics, “the lines are definitely blurring between the endemic snowboard market and the outdoor market, which presents exciting new opportunities,” notes Burton’s Dacyshyn, whose brand is exhibiting at OR [Outdoor Retailer] for the first time in 2012. “This is the biggest evolution we’ve seen this past season, and we foresee the lines continuing to blur even more.”

**THE ECOLOGY OF RESPONSIBILITY**

“The snowboard market is maturing, and becoming more responsive to responsible manufacturing and business practices,” notes Pete Sieper, co-founder of Owner Operator. By crafting its apparel in the Garment District of NYC, the company closely monitors its supply chain and aims to reduce its footprint. Other brands are also working to be better stewards of their communities and the environment. Billabong, for example, ensures its supply chain adheres to the standards outlined by Social Accountability International’s SA8000 index and calculates its global carbon footprint to inform efforts to reduce it. Bond partners with Carbonfund.org to offset its emissions. Zimtstern, Patagonia, Holden, and Dakine rely heavily on BlueSign certified textiles. Airblaster, Homeschool, Billabong, Atmosphere, Holden, O’Neill, Fuel, Quiksilver, Bond, Scott, Nike, and others are employing fabrics and insulations derived from recycled plastic bottles, coffee grounds, and other post-consumer content. Brands are quick to assert that responsible stewardship also involves making

goods built to last and not overproducing them.

**PRICEPOINTS, VALUE, AND THE NEW CALENDAR**

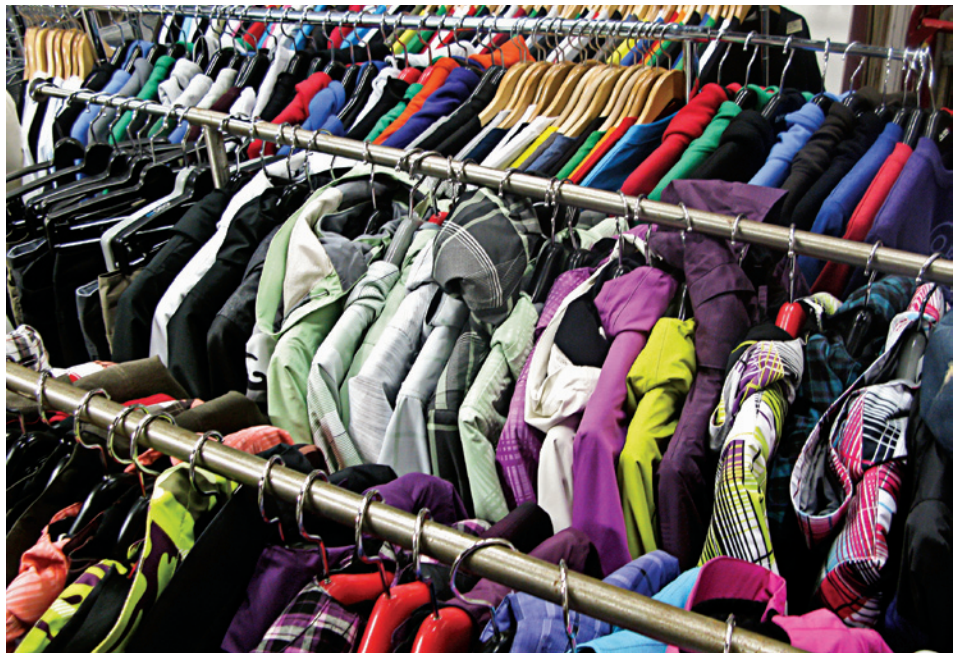
From logistics to production, costs continue to rise. According to Westbeach’s Bentley, pricepoints are “the biggest challenge we face right now. Everybody wants the traditional pricepoints met in their own markets with no drop in features or quality. At least the global increases in labor and fabric costs are level for everyone. No one brand is having this discussion with its customers in isolation.”

Brands are also noticing the rise of a new consumer, one who doesn’t equate low prices with value. DaKine’s Bukovansky emphasizes consumers

“expect value now more than ever. Not inexpensive product, but value. They understand that quality is not cheap, so they expect us to deliver great, functionally designed, quality product at a competitive price.”

Retailers increasingly expect more from brands. Bonfire National Sales Manager Rob McCutcheon explains, “We are held to much closer metrics on margin, carryover, and selling off inventory.”

This accountability goes beyond numbers, as retailers look for brands that offer the support needed to drive sales. “At DC, we’ve done our best to get on the road and experience the retail landscape for ourselves and to view the post-recession



**THE GOODS AT A GLANCE**

**FIT DRIVEN BY FUNCTION** Tailored fits continue to yield pants that are slimmer and jackets that are longer.

**CLASSIC STYLING** Classic styling and subdued color palettes are prevalent in outerwear as brands find inspiration in workwear, military garments, and classic outerwear.

**TRADITION WITH A TWIST** To offer both style and protection from the elements, brands are pairing new technology with traditional weaves and fabrics, such as wool, denim, and canvas.

**ANTI-OUTERWEAR** Riders are embracing streetwear with technical features, giving birth to this new product category that includes sophisticated hoodies, lightweight shells, and button-ups.

**TECHNICAL FABRICS** Brands are taking a cue from the outdoor industry, incorporating advanced technical fabrics into their outerwear and paying greater attention to breathability.

**MINIMAL IMPACTS** Recycled fabrics and insulations, accurate sales forecasts, and streamlined production and logistics are helping brands reduce their footprint.

**VALUE** Riders are seeking value-driven outerwear and are prepared to spend more for goods that deliver substance and enduring style.

**REWINDING THE CALENDAR** To ensure on-time production and delivery, brands are showing their lines and booking sales sooner.

**THE NEW DIALOGUE** Whether it’s educational campaigns, movie premieres, or social media, brands and retailers are looking for new ways to engage and interact with their customers.



snow market through our retailer's eyes," states Director of Snow Sales Dave Kozak.

Brands are also offering more favorable terms, dating, and incentives in their efforts to court retailers. Yet with production woes in Asia, perhaps the best incentive brands can offer is a history of shipping products on time. Brandbase Partner Trent Bush reveals that at Nomis, "Cost used to be the biggest factor for our accounts, but [now] that

*"The beauty of the current position for snow sports is that there isn't an abundance of inventory in the marketplace."*

— Sessions President Cindi Busenhart

pricing is pretty consistent in the market, timely delivery is key." To work toward this, brands are streamlining their offerings. Bush explains, "Because of the complexity and long lead times of the production process, we've really tried to plan our line to reduce SKUs to the absolute minimum needed to be successful."

As brands work to ship products on time, retailers will need to make purchasing decisions much sooner. "Lead times with factories are not getting any shorter so you will continue to see order deadlines pushed up. This will lead to earlier sales meetings and early line presentations," states Dave Rosenberger, Quiksilver/Roxy vice president of sales.

According to US Sales Manager Shawn Penrod, sales forecasting at Ride "basically started a month earlier."

#### SELLING THE STORY

For brands and retailers, success also relies on effective communication. "A company needs to tell a good story and adapt to changing conditions to retain or grow its business," states DC's Kozak.

For Oakley Global Category Manager for Technical Outerwear Urs Egli, "Stories become more relevant than ever. We do not sell products. We do sell experiences, and they are told via stories." As an example, Egli cites the "authentic collaboration" between the company and its riders, which yielded the brand's Pro Rider Series.

The way these stories are told continues to evolve. "With the growth of communication technology and social media, brands have been able to reach a much broader level of interaction and communication with customers at both the retail and consumer levels," explains Turbine Mid-Atlantic rep Chris Yeaton. "Retailers have to choose their partners wisely... and companies need to actively check the pulse of their supporters to continue to provide products ahead of the curve."

"Trends come and go," states 686 Vice President of Sales Jono Zacharias, "but in the long run you have to do what works for you and your customer." As technology accelerates the pace and depth of communication between brands, retailers, and customers, all parties have a better understanding of what each has to offer and what each wants. Needless to say, brands and retailers are more prepared than ever to meet the needs of their customers.

## OUTERWEAR SALES TRENDS

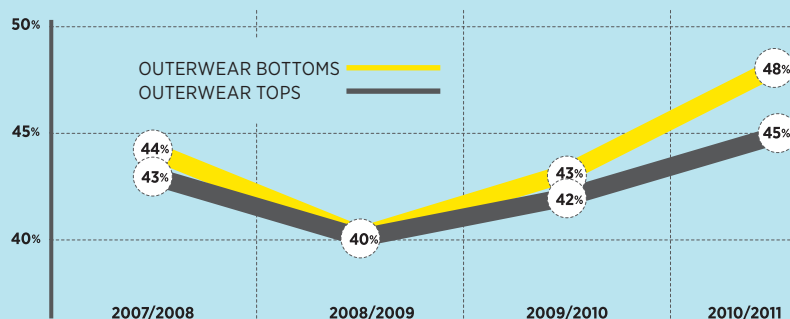
2008/2009		
UNITS SOLD	DOLLARS SOLD	INVENTORY UNITS
11.4%	5.9%	39.2%
2009/2010		
UNITS SOLD	DOLLARS SOLD	INVENTORY UNITS
-6.1%	-4.2%	-18.7%
2010/2011		
UNITS SOLD	DOLLARS SOLD	INVENTORY UNITS
-6.7%	0.3%	-20.4%

While dollars sold stayed steady for outerwear last year, sales should pick back up this year as inventory levels slid to a four-year low.

Note: Includes all channels—inventory and carryover included for specialty only.

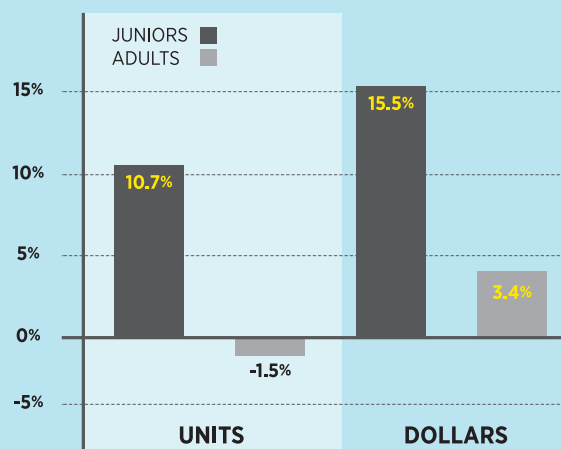
## OUTERWEAR MARGINS

Margins gained serious steam last season, padding the previous year's uptick. Jackets broke the 45% mark while inline pants are pushing keystone.



## ADULT & JUNIORS' OUTERWEAR SALES TRENDS

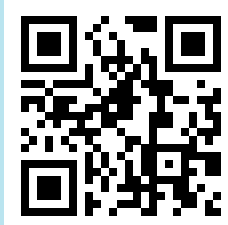
2010/2011 VS. 2009/2010



While the number of adult pants and jackets fell last season, kids gear saw double digit growth in both units and dollars, marking a solid trend for the future.

Note: Does not include carryover sales.

For all the latest looks and insight on outerwear, softgoods, and accessories head over [twsbiz.com](http://twsbiz.com) or just scan:

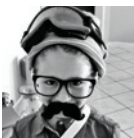


Source: SIA

# SNOWBOARD SALES TRENDS

BUYERS FROM ACROSS THE COUNTRY SHARE WHAT'S TRENDING AND WHERE THEY'LL FOCUS PREBOOK DOLLARS.

By Michael Sudmeier



**HERB GRIGNON**  
Snow Buyer, Eastern Boarder  
Massachusetts and New Hampshire



**EDWARD M. "DUKE" EDUKAS**  
Co-owner, Surfside Sports  
Costa Mesa, California



**JON EASDON**  
Owner/Operator, Blindside  
Colorado Springs, Colorado

## What category's sales surprised you last year and why?

**GRIGNON:** Last year was an anomaly—we sold everything. If I had to pick one, it would be higher end boots. The average price for boots has jumped in the last two to three seasons; last year we had a ton of higher priced special orders. I [also] can't believe how much cyan outerwear we sold.

**EDUKAS:** Last year was the most epic year I've ever seen. If a store couldn't sell snow product last year, they simply weren't doing a good job. Two things really stood out: First, GoPros blew my mind! Second, Burton came back strong, really strong, in almost every category.

**EASDON:** We experienced an insane sell-through on socks. We order a very high quantity on prebooks, but we had to go back and reorder several times. Definitely a strange category to explode, but it did just that.

## How have early season sales been this year?

**GRIGNON:** Smaller brands are doing well, and some of the specialty pieces.

**EDUKAS:** Technical fleece has been doing surprisingly well with AG leading the pack. We've been selling quite a bit of hardgoods for this early in the season—Burton Meat Eaters and Restricted snowboards and bindings, Never Summer and Lib Tech boards, and tons and tons of *The Art Of Flight*.

**EASDON:** Some categories are dipping, while others are trending upwards. Outerwear, first layering, and tees in particular are starting off slow. Some of the technical softshells and hoodies are gaining at

a good clip.

## Over the past year, have brands changed their level of support for your shop?

**EDUKAS:** There is less competition out there—those of us remaining are the “cream of the crop.” The brands we carry recognize this, I think, and support us 100%. Being a snow retailer isn't easy, but we have been given tools from some of the vendors that make it a little easier. Things like limited distribution from brands like Never Summer and brand segmentation like Burton does. Some brands are making super special SMUs only for our single store. What more can I ask? That they come here and help us sell the product on the weekends? Don't laugh, actually, some of them do that too!

## At SIA, what do you think you'll be watching closely? What do you think you'll load up on?

**Grignon:** Looking for smaller brands, the next “cool” company; they're only cool for a year, so you have to capitalize!

**EDUKAS:** I think the term “load up” is what got us in so much trouble in the past, so hopefully nobody loads up on anything. We will responsibly analyze the reports we generate, and pray to God that the manufacturers don't start overproducing again.

**EASDON:** We will be watching all products that are technically set apart. Technology advancement in the industry is pretty interesting right now. Now, more than ever, items with a legitimate story are selling themselves. No matter the retail price, if customers can see the value and benefit, they are purchasing them.