



# Less Shoe, More Sales

**T**he phone has been ringing off the hook at the Cincinnati based running shop Bob Ronker's Running Spot, and about one in three of those calls are inquiries about minimalist or barefoot style running shoes, "specifically Vibram Five Fingers, but others like Newton, Merrell, Saucony, New Balance and Nike as well," according to Chris Reis, store manager at the retailer's O'Bryonville, OH location. Reis, who has been with the company for five years, believes that the recent attention garnered from the minimalist shoe movement is healthy for runners and the running industry alike, and he is not the only one who thinks so.

The minimalist footwear movement has become a nationwide phenomenon, creating unprecedented buzz for the running industry. Boulder, CO based market research company, Leisure Trends Group, has tracked the emerging trend for several years, both in run specialty and at outdoor retail. LTG Retail Analyst Liz Stahura notes, "while Vibram, with its unique story and unmistakable design, has garnered a large share of media attention and retail sales, plenty of other brands have successfully entered the minimalist space in 2011." According to the 2011 Leisure Trends Group Run Specialty RetailTRAK, so far in 2011, at least 19 brands are selling one or more minimalist shoe model at run specialty, up from about 10 last year at this time. Approximately 146 different minimal shoe styles (men's, women's, and junior versions are counted separately) have sold, up from about 70 last year at this time.

In a year full of economic ups and downs, overall run specialty sales were

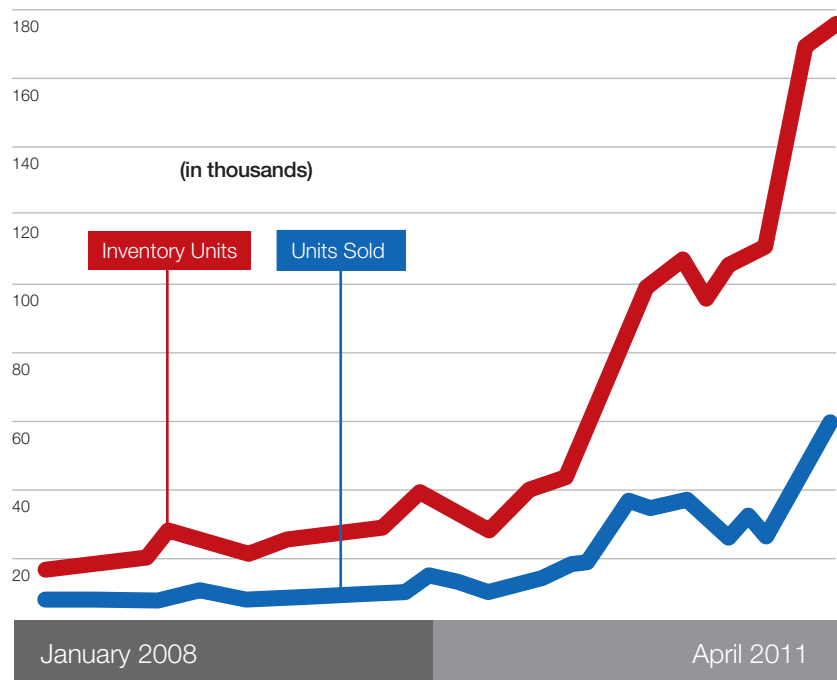
up 9% through the end of April, and Stahura credits buzz around minimalist shoes with spurring sales in an uncertain economy. "The attention around minimalist product is generating not only sales, but also more attention and conversation about running in general. And we believe it is driving new participants to the sport, and new shoppers into run specialty retail," she explains. According to the RetailTRAK sales figures, minimalist shoes generated over \$13M in retail sales for the channel through the end of April, accounting for 8% of all shoes sold and nearly all of the 7% sales growth for the shoe category so far this year. Sales of minimalist shoes were up almost 300%, or \$10M from the same period in 2010, while all other shoes were up less than 1%, or about \$1.2M for the same period. "There is the potential for minimalist footwear to eat into sales from other types of shoes, but the overall category growth is still there," states Stahura.

The high demand keeps minimalist product moving out the door at a rapid pace and allows retailers to maintain better than average margin for the product. So far in 2011, the average margin for a minimalist shoe is 46%, three points above the average margin for all other shoes sold at run specialty retail (43%). While inventory was an issue for retailers last year with many retailers scrambling to get a hold of product, 2011 has seen significant inventory ramp up.

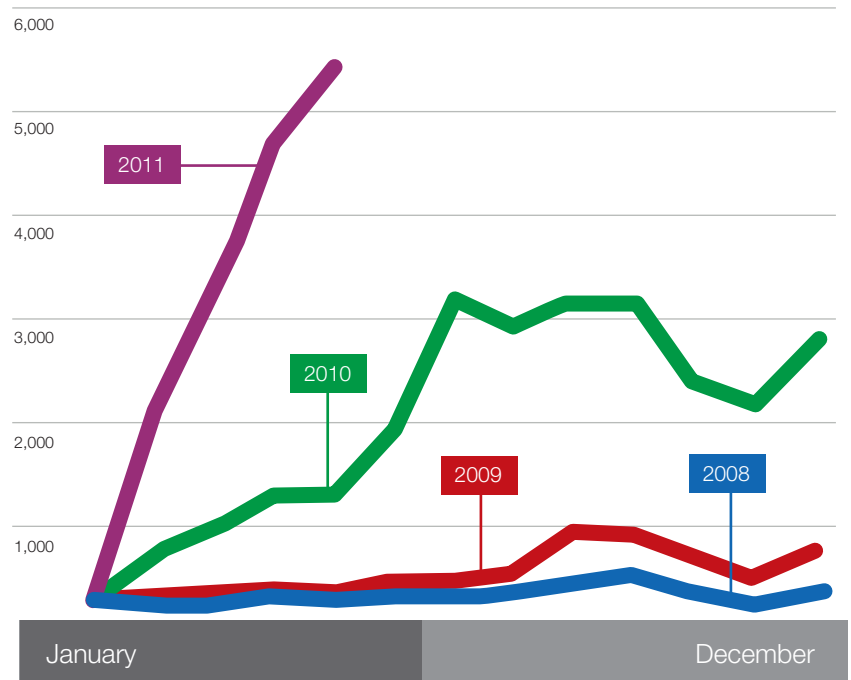
At the end of April, inventory was up over 260% for minimalist, while dropping 2% for all other shoes. Minimalist sales kept pace with increased inventory; sell through was up three points to 68% for the period. Further



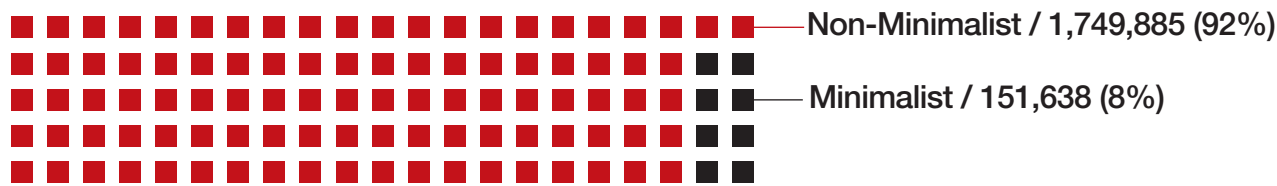
## Minimalist Shoe Unit Sales



## Units Sold at Running Specialty Retail



## Year to Date Run Specialty Shoes Sold



46.0%

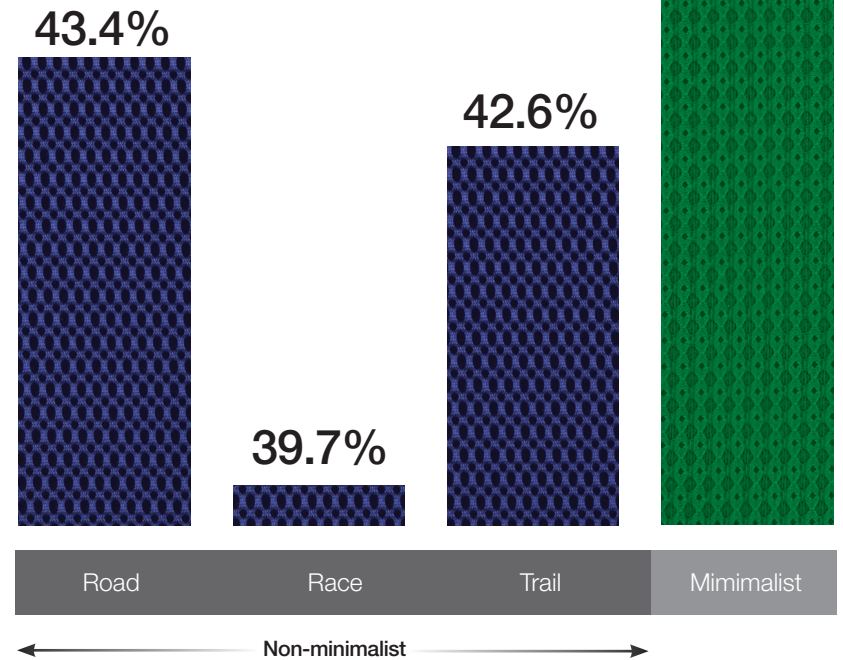
proof that demand is keeping pace with supply: annualized turn jumped from 3.0 last year at this time to 3.7, representing a 25% increase. “The fact that retailers are seeing faster turns along with the significant increase in inventory suggests that demand was outpacing supply in 2010 and remains strong in 2011,” says Stahura.

Reis agrees that the attention is bringing in new customers, and generating interest that reaches beyond their store’s existing customer base. “In many cases they are new to running or not runners at all. We also get calls from out of state, people asking us if we have specific styles or sizes.”

While backlash due to misuse remains a concern, retailers and brands focus on educating their customers to minimize overuse injuries. “Everybody is pushing the education piece, says Reis. “It is almost a liability. I am not sending someone out the door in a pair of barefoot style shoes thinking that they can replace their existing shoes. We tell those that are starting out that these are a supplement to your other shoes – not your only shoes. They are not the only thing you should run in right away.”

Stahura notes that while the minimalist frenzy may not last forever, its positive impact on the run specialty industry has far reaching potential. “We are looking at an opportunity to grow the overall business, generate excitement for the sport, and gain participants which is always a positive,” she says. Reis sums it up perfectly when he comments, “If you get that light bulb to go off for someone and get the form stuff to click – if you can be the store that gets that for them, you will have a customer for life.” ●

## Year to Date Average Margin



Left to Right: Newton Terra Momentus, Brooks Green Silence, Merrell Pace Glove, New Balance Minimus, Puma Faas, Saucony Kinvara and Nike Free.



Percent Shoes Sold	2008	2009	2010	YTD 2011 (Jan-Apr)	
	Minimalist Excluded	99.34%	98.77%	95.25%	92.03%
	Minimalist Only	0.66%	1.23%	4.75%	7.97%
	All Shoes	100%	100%	100%	100%

Actual Shoes Sold	2008	2009	2010	YTD 2011 (Jan-Apr)	
	Minimalist Excluded	4,477,655	4,675,515	5,071,054	1,749,885
	Minimalist Only	29,874	58,318	252,927	151,638
	All Shoes	4,507,529	4,733,833	5,323,982	1,901,523