

# Growth in Skate Begins to Slide

By WAYNE NIEMI

**LOS ANGELES** — The skate business may be headed for slower times, as the youth market feels the sting of the down economy.

“It may be performing a little better than the rest of the market, but it’s not invincible,” said Marshal Cohen, chief industry analyst at The NPD Group.

Cohen said the economic downturn and a sharp reduction in discretionary spending among teens has impacted the market.

“When I sit down and talk to these guys, even the skate dudes are more interested in the right cell phone right now than a new pair of shoes,” he said.

Matt Powell, an analyst at SportsOneSource, said the rapid expansion in the skate arena over the past few years is simply unsustainable and a slowing is to be expected.

“There has been meteoric growth, and you can’t put meteoric growth on top of meteoric growth,” he said. “August is the most important month of the year for skate. To see a slowdown this dramatic in the biggest month of the year does not bode well.”

“It was so popular at one point a couple of years ago that the only place it could go is

down,” said Tim Gavin, VP of marketing for Podium Distribution, which produces the DVS line. “Non-skateboarders may have drifted away a bit, but skate is still healthy, as healthy as it has always been among skaters.”

According to NPD data, for the 12 months ending June 2009, sales of skate shoes declined 13.3 percent in terms of dollars spent, largely due to a lower average selling price of \$31.95, down from \$33.30 for the same period in 2008. By contrast, the total athletic footwear market declined 3 percent, while the average unit price increased to \$37.70, from \$35.05 a year ago.

Still, skate manufacturers said they are adjusting to the current economy and plan to forge ahead as the needs of the skate consumer shift.

At Sole Technology, which markets the

Etnies, éS and Emerica lines, senior product manager Wallace Mills said the economy has proven that basics still rule the market.

“It’s not so much about being conservative as it is about being smart,” he said. “‘Conservative’ seems timid. What’s happening is more thoughtful buying.”

In product, Mills said the focus is on basic black, white and gray colorways. “Crazy prints are gone,” he said. “I don’t mean to say we’re walking totally away from color. Solid color applications still seem to work well.”

For spring, Mills said the firm was going back to its roots and augmenting its vulcanized product mix

with more cup-sole designs.

Nike also is evolving past the traditional vulcanized concept with its \$68 Nike 6.0 Braata style. The shoe incorporates Nike-Free technology for a lighter design.

“While the shoe has the look of traditional

vulcanized, the Braata is constructed with a cold-wrap process, which allows the reduction of material in the outsole for a significantly lighter shoe and the insertion of a true mid-sole for impact absorption, not possible with traditional vulc,” said a Nike spokesperson.

That’s good news for Powell, who said he worried that the skate industry had become over-reliant on vulcanized styles.

“The one takeaway from the Agenda trade show was everyone was showing vulcanized,” he said. “It makes me nervous when everyone gets in the same boat.”

Herb George, art director for Globe, said the company was developing a wide variety of shoes, including vulcanized and technical looks, but its design direction still comes straight from the industry. “Everything we put out there is driven by the team riders and what they want,” he said. “What they ask for is what we make.”

But George said the company also was keenly aware of price pressure on kids. In response, the company is introducing a \$39 vulcanized Cheap Skate model in October. — **With contributions from Jennifer Ernst Beaudry**



From top: Etnies’ Devine Calloway pro model; the Coen Charblu from DVS.

## Retailers Find Bargains at Magic Show

By JOCELYN ANDERSON

**LAS VEGAS** — Retailers were on the lookout for deals — and found plenty of them — at the Magic show held here last week.

Many said 10 percent discounts on orders placed at the show had become the norm, both because of the bad economy and because of an overabundance of product that needed to move. As a result, more retailers were asking for price cuts.

Harbor Footwear Group offered sales on two Giorgio Brutini styles — a croc-print slip-on and a laceup for \$30, rather than the usual \$35 wholesale price.

“We are looking for ways to get customers excited,” said Barry Specht, marketing director for Harbor Footwear Group. “We have not typically offered these show specials before, but everyone’s looking for a deal, and we’re trying to respond to that. People have been conditioned to look for deals.”

Indeed, Chuck Jaeger, owner of Western Designers in Sedona, Ariz., said he thought vendors were selling product for 10 percent to 33 percent less than normal. “Sales are definitely better here [than in the past],” he said.

Pam Lahaye, owner of Apples Ltd., a small department store in Poplarville, Miss., said she knew Magic would be more discount-oriented this season even before she arrived.

“I got postcards in the mail saying that if I came in and brought the postcard, I could have 25 percent off,” she said. “I’ll go look, but that doesn’t necessarily sway me to buy.”

Even larger markdowns could be had for retailers seeking closeouts or fall merchandise. In fact, many vendors were showing just as much fall product during what has traditionally been a time for spring shopping.

“I’ve seen a lot of discounts,” said Taylor Demartino, buyer at Butch Hoffers in Beaumont, Texas. “There are better deals on what’s immediate [for shipping].”

At Donald J Pliner, many retailers were taking advantage of that brand’s open-stock program. “We’re selling a lot more fall product than in the past,” said Jay Clark, head of footwear at Donald J Pliner.

Red Tape EVP Steven Granat said his company was prepared for the late buyers. “We bought extra inventory for fill-ins and last-minute decisions,” said Granat. “In today’s market, you have to be a little proactive.”

At Project, which features contemporary brands, bargains



Magic attendees stroll the floor at last week’s show at the Las Vegas Convention Center.

were few and far between, but buyers still sought them out.

“It’s been a good show,” said Scott Strength, buyer for Journeys. “I haven’t seen any discounts, but maybe that’s because most of the vendors are people we’re already doing business with.”

David Zaken, owner of the David Z stores in New York, said he had not found as many deals at Project as he had at Magic, but would keep trying: “I’m always looking for discounts.”