

The 15/16 Season: A perfect storm that will change the snow sports industry



For much of the country the start of the 15/16 season has been tough. There has been some snow in the Pacific Northwest (finally!!!) and the Rockies but as of this writing, much of the Midwest and the East are still basking in October temps.

And that's not the bad news.

There are three developments in the snow sports industry that could change it forever:

1. Amazon is now a snow sports retailer. If you have not checked lately, go to Amazon.com and search for your snow sports clothing brands. Amazon is now selling many of the prominent snow sports clothing and accessory brands in the industry. This is not third-party retailers selling on Amazon, this is Amazon selling on Amazon. These are the same brands that were built by specialty snow sports retailers. It is ironic that while these brands say they are committed to the specialty snow sports retailer they are aggressively supporting the largest disruptive force in the history of the snow sports industry.
2. It appears that for some vendors MAP is dead or, at the very least, optional. So far this year, both clothing vendors themselves and online retailers seem to have forgotten vendor MAP policies. It's up to us to remind our vendors.
3. The first prominent ski/boot vendor has announced that it is going consumer direct for 2016/17. Many consumer brands owned by public companies have b2c strategies. However, there are many consumer brands that do not have b2c strategies and instead rely on a network of specialty dealers to serve and support their end consumers. Those brands realize that if their dealers aren't strong and healthy, their end consumer will suffer. On the one hand, public companies that own snow sports brands have every right to determine what they feel are their best channels of distribution. On the other hand, every retailer has the right to determine if the channels of distribution their vendors choose are compatible with their own business model. Considering the beating that retailers have taken by softgoods brands that have implemented b2c strategies, it will be interesting to see how the clash of these two strategies plays out.

Add to the above the list of the "usual" problems that specialty retailers face. Lost market share to vendors that sell direct. Competition from e-commerce sites that trade in closeout and liquidated inventory. Vendors making pro sales direct to pros. I think it's fair to say that some of our vendors suck at partnering.

So what should snow sports retailers do about it?

1. Ask your vendors what *all* their channels of distribution are. Supporting vendors whose business model dictates that they move into the mass channel pretty much guarantees that you will continue to be the showroom for online sellers. Those are tough, tough battles to win.
2. Seek out vendors that support specialty retail. Specialty snow sports retailers were responsible for building every prominent brand in the industry. For some retailers, it may be time to start that process over again by finding vendors that are in the beginning of their life cycles. The SIA show is the place to find new brands that have business models that support specialty retailers.
3. Look for new "Internet proof" opportunities to serve your customer base and your community. Example: Ten years ago, I decided to become a CPed; a Certified Pedorthist. At the time, one of my vendors told me I had no idea how big the athletic and general footwear orthotic industry was, compared to the ski industry. I can tell you now that he was right; we do many more orthotics for athletic and general footwear than we do for ski boots, and we do *a lot* of orthotics for ski boots! One of the observations I took from going through the training is that snow sports retailers have *no idea* how good their bootfitters are! In my entire CPed class I was the only student that had ever built an orthotic, and like me, good bootfitters have built hundreds of them! Today our pedorthic business is larger than our softgoods business. If you have an interest in learning more about this you can contact me at brad@hitempo.com.

In the early days of snow sports, vendors were owned by individuals, who took the long view on the health of the industry. The success of their businesses depended on it. As we all know, many of these same vendors are now owned by corporations or private equity firms, whose definition of the long view is the next quarter. Specialty retailers would be well advised to carefully consider the wisdom of partnering with an entity that has a different agenda and increasingly many of our vendors have different agendas.

Lastly, Einstein's definition of insanity is continuing to do what you are already doing and expect different results. To succeed in a disruptive market place specialty retailers need to:

- Stop wishing for how things were;
- Be willing to change;
- Hold yourself and your business accountable;
- Pick vendor partners with synergistic and complementary business models
- Pick battles you can win. If the 1,000-pound gorilla is zigging, you damn well better be zagging.

*Happy Holidays,
Brad Nelson*

P.S. Save the Date! Join us on Thursday, January 28, at 5:30 PM when we'll discuss these and other topics confronting the retail community at the NSSRA annual meeting, which will be held in Room 505 of the Colorado Convention Center.