

WORLDFOOTWEAR



It has taken Helly Hansen one hundred and twenty-six years to make the decision to enter the footwear market. What makes a successful multi-specialist clothing brand risk entering the cut-throat world of footwear?

Expansion underfoot

It may seem suicidal at such a mature stage in a brand's history to make a radical departure from its core competence into an extremely competitive new market, yet for the Norwegian company Helly Hansen it was a simple and natural move to make. The decision to enter the footwear market was taken at the same time as a project was completed to refocus the company on the platform upon which the brand is built and to relaunch it in the marketplace.

This brand platform states that Helly Hansen makes action utility wear for survival, work and sport, focusing on the needs of professionals, core athletes and enthusiasts. Given this brand context, as well as clear market demand from its consumers, moving into footwear became simply a matter of extending the brand offer so that complete collections that met the performance and protection needs of its customers, could be offered to retail partners.

Choosing a category

Which category to enter within the footwear market and how to ensure success was far trickier than the decision to go into footwear as a general

principle. In the end, a market was chosen that was perceived to be weak and where a leading position in regard to innovation could be immediately taken. In addition, it had to be a market where the company already had a strong existing customer base.

The Watersports footwear market had been stagnant in innovation and design for a good twenty years, so bringing in new technology and progressive design became the mantras in launching the programme. The company wanted to surprise end users in what to expect from a sailing shoe as well as emphasise its legacy of helping hundreds of people survive at sea in its bright orange survival suits. It therefore created a bright orange, progressively designed and technically innovative first shoe called the Hydrator. The blend of authentic substance, genuine legacy with progressive design and trendy styling created a product with a unique look.

Having started with a small number of specialist water-borne models early in 2004, the intention is to hit every leisure activity from hard-line water sports through street-wear, sandals and low-level hiking to trail work. The overriding identification notches up twenty-two

models but each has a sub-range of several specifications and colour schemes to bring the total on offer to well over a hundred options.

Entry strategy

Managing controlled growth is a key part of a footwear market entry strategy, especially in the case of a premium brand such as Helly Hansen. Having a clear distribution strategy, developed globally and tweaked locally, is vital to ensuring success. The decision was made that for year one footwear would only be sold to existing customers who already had a strong degree of specialisation in footwear. By confining distribution to channels where there was already a strong customer base, a considerable buzz was created in the sailing market. Retailers sold through, customers had to join a waiting list and the company had a success story.

Having successful sell-through and consumer demand have now made some of the bigger, more general accounts sit up and listen. The next stage has seen meaningful dialogue with many major footwear retailers though, once again, a patient strategy is called for. At this stage, small trials with wide assortments



are far more important than all-store item business if you want to be in the game for the long haul. The last thing a retailer wants is a new brand that doesn't sell through.

Selecting the right team

If a clear consumer concept, solid distribution strategy and unique design language are crucial for an effective sell-in and sell-through, what goes on behind the scenes is the most fundamental step in the long term success of a move into footwear. Helly Hansen hired a team with a combined one hundred years and 100 million plus pairs of footwear experience covering sales, product management, product development and sourcing. With this team and a strong network in place, the most decisive deal was to form a partnership with a strong footwear manufacturer.

Having a dedicated source in the start-up phase has played an essential part in the successful launch into footwear. If a new footwear entrant uses agents and looks for factories every season, their business will always

be the last in line. There is the strong possibility of poor pricing, uneven quality and, most serious of all, being last in the production planning schedule and thus failing to fulfil all the orders received.

As a new player in the market, it is impossible to offer supplier factories big volumes in the first years, so there needs to be a high level of co-operation, an acceptance of open pricing and the factory must be able to see the benefits of working with your brand. In the case of Helly Hansen a carefully planned product portfolio will enable its supplier factory to branch out from a soccer and running shoe background, into high price performance and lifestyle products.

Careful management

As a direct result of this manufacturing partnership, all production is within one factory. The company has its own QC inspectors at the end of each line, as quality is such an integral part of the brand. There is also a development team that has been fully integrated into the

factory's way of working.

In addition, some unusual financial decisions have proved highly successful. Rather than amortise mould costs over multiple seasons, the decision was made to pay for moulds up front. This resulted in discounted mould costs, increased gross margins for sales companies to offset high supplier factory prices caused by relatively small volumes and no risk of hefty bills if full amortisation is not achieved.

There are many who will say that the world-wide footwear market is already heavily over populated in terms of brands and sub-brands. Entering footwear is no easy game but it is definitely achievable provided the apparel brand concerned has sufficient substance and realises that it takes time, requires considerable investment and acquires the necessary level of experience of the footwear business to make it happen. In Helly Hansen's case, however, it means the consumers can purchase all the equipment for their chosen activity from one shop. That does make sense. 