



DISPLAYING THE NEW 2010 TENT COLLECTION



EXPLORATORIUM THIS WAY

slightly different markets, realizing that we might compete, but for the majority of the time, we're really not. It's not typical for consumers and retailers to put Mountain Hardwear and Columbia together in a competitive set.

**OU:** Given the economic downturn, what are your impressions of the outdoor industry in the U.S. at this particular time?

**MW:** My single word for the market is "unpredictable." In being unpredictable, January was okay—relatively even. In February, the sales in the market com-

on the web than they are in their stores.

**OU:** What is the strategy for the new Mountain Hardwear retail stores?

**MW:** The first overlying element would be that if you are looking to be a major global brand or major brand in any market as substantial as the United States, a retail strategy has to be part of it. For North Face, Patagonia and a number of other brands both here and in various markets around the world, retail is part of the total comprehensive plan.

Any new brands that have started up recently all have direct web selling capabilities, and many of them have also started to open their own retail stores. For example, the brand Nau and its corporate partner Horny Toad look simultaneously at retail, wholesale and Internet.

So Columbia's identified that retail should be part of what they do to grow their brand. They've had one store in Portland, but they're looking to grow the number of full price brand stores in addition to the outlets that they have. It's exciting for Mountain Hardwear to get the opportunity with the support of the Columbia retail division to start our own stores.

The first reason for having our own retail store is to represent the brand the way we feel it should be represented to the consumer. So when you walk in, you see it, you feel it, you understand it. In a typical retail store, the consumer doesn't get the impact of what a particular brand stands for and how much product it makes.

The second reason is that we get to learn a lot about retail. We're learning about what's driving consumer purchase, what we need to do to try to communicate with consumers on a regular basis, and that is also informing what we need to do to support our wholesale retailers. In order to understand how to work with retailers better, we're finding that it's helpful to be a retailer, too.

**OU:** Has opening up Mountain Hardwear retail stores created any conflict with your wholesale retailers?

**MW:** No retailer in the market will ever say, "Wow, that's great! You're opening a retail store!" But I think that North Face and Patagonia have shown that the brand stores and the wholesale accounts live together. I wouldn't say that North Face opening up a store in Manhattan reduced North Face's impact as a brand in New York City. There's more North Face available in more retailers now after the brand store opened. You see a similar thing in multiple markets around the country.

The goal is that we're raising aware-

ness for the brand in total in the market. As brand awareness grows, then there's more consumer opportunity to purchase the product. That seems to be working in practice. That works in the fashion industry, as well. You'll see somebody like a Hugo Boss have their own retail stores, but then on any major shopping street, you'll see Hugo Boss stores as well as Hugo Boss represented in brand shops within the department stores. So they tend to work in concert with one another.

**OU:** How would you describe Mountain Hardwear's international presence?

**MW:** Right now just under 70% of our sales globally are here in the U.S. The other 30% around the world is fairly evenly split between Canada, Europe and the Asia Pacific market. Of the Asia Pacific market, Korea's definitely the largest. And of course, there's Japan, and we're growing in China, Australia and New Zealand. Our dominant player in the European market is within the U.K. Following the U.K., it's a very even combination of Spain, France, Germany and Italy.

One of the fastest growing markets has been the Eastern Bloc. The Czech Republic has now become our third largest market within the European combined market area. We are seeing great growth right now in South and Central America. Our distributor of the year for the Mountain Hardwear brand is our distributor group out of Panama that's opened up two Mountain Hardwear stores within the combined Panama-Columbia market. That's one of the major shopping markets in the world, and the Mountain Hardwear brand is getting to be pretty well known there, too.

We have wholly owned subsidiary in Geneva, Switzerland, in Seoul, Korea, in Tokyo, Japan and in Canada. So those are all direct markets. Then our distributor markets are everywhere around the world and in between, whether it's Russia, China, Taiwan, Hong Kong or the Philippines. Those are all separate distributor markets that are then serviced regionally by some of our subsidiaries. So we'll work with our subsidiary office in Europe to cover our European based distributors in that area.

## A More Waterproof Glove: Mountain Hardwear Partners with Nextec



MHW'S OUTDRY GLOVE

When Mountain Hardwear's R&D team members put their heads together with Nextec, the goal was to create the best waterproof glove possible. Nextec, based in Italy, is the maker of OutDry, a patented laminate membrane technology for gloves and footwear. OutDry is used by many European outdoor/sport companies, including Lafuma, Trezeta and Gronell, but Mountain Hardwear is the first major American outdoor brand to develop a product based on the company's unique technology.

Prior to its partnership with Mountain Hardwear, Nextec had primarily worked with footwear manufacturers. "OutDry had done some golf gloves," says MHW Director of Merchandising Ted Ganio, "but golf gloves are a bit easier. The challenge was to do a mountaineering glove. It has a very three-dimensional shape unlike a flat golf glove."

According to Ganio, the technology for a waterproof glove used to be taping the seams. "There are a lot of seams in a glove," explains Ganio, "so it doesn't really work, and the end product is that you can't feel anything because there's so much tape in the fingers." Now gloves use a waterproof bladder that's inserted in the glove and sewn in place. This prevents the water from getting to the hand, but water can still get between the glove and the bladder.

So Mountain Hardwear, Nextec and the makers of OutDry's laminate (who are based in Japan) got together to try to make a waterproof glove that is truly waterproof.

"The evolution and innovation that we brought with OutDry," says Ganio, "was to take that bladder, inflate it inside the glove and stick it there so it becomes glued to the outer glove. The beauty of this solution is that we can make the outer glove out of anything—leather, silk, etc.—and water will never get in."

This system not only creates a more waterproof product but also reduces "wet weight" and improves comfort and dexterity. The technology reduces the need of additional water protective coating, which normally inhibits the glove's breathability, and has very high water vapor permeability.

"It took Asia, Europe and the U.S. to bring this together," says Ganio. "We struggle today to think of any better way to make a glove."



Outdry Membrane