UMSL Case Study Competition

International Expansion Strategy

2015
The European Dilemma

Tim Heard sits in his office at the headquarters of Brown Shoe in St. Louis MO. He just wrapped up an international strategy session with the CEO and the leadership team. The executive team was pleased by the level of penetration, most notably with its Naturalizer brand, in the Americas, Pac Rim, China and Middle East – but they all continued to struggle and challenge what it needs to do in order to maximize its presence in the European market. “What should we do with Naturalizer? What about Sam Edelman”, he wonders. He gets Michael Kiefer, his Director – Global Operations and Planning International, on the phone and they brain storm ideas.

They first start by discussing the overall European market - a nearly $100B market in 2013 with nearly 3% annual growth since 2009, and yet Brown Shoe’s presence is immaterial. The performance of the market is forecast to accelerate, with an anticipated CAGR of 2.8% thru 2018 bringing the estimated market size to $113.0B by the end of 2018. They ponder what is a viable target to achieve by 2018 – based on current estimated share in Americas and other markets, they estimate a “stretch” target of $60M at retail or $30M at wholesale for its family of brands.

Growth and size of markets aside, Tim and Mike then discuss the various levels of complexity within the diverse European markets most notably caused by the varying cultures and languages across the various countries. Furthermore, the conditions in each country certainly vary (e.g., Germany v. Spain) based on the current and/or projected strength of their respective economies, currencies, trade policies, etc. Recent developments in Greece and the potential ramifications on the European Union and its leading countries, most notably Germany, pose a new set of macro-economic challenges to consider and assess.

Tim tasks Michael with the following: Look at our brands and our European footprint. What are our obstacles to growth? How do we overcome them? What strategies are appropriate for our flagship brands – Naturalizer and Sam Edelman? How do we set in motion a strategy that can achieve over $30M in wholesale volume within 5 years?
Company Introduction

Brown Shoe Company (NYSE: BWS) is a $2.5 billion revenue footwear company, founded in 1878 and based in St. Louis, Missouri, US. The company operates 1,200 stores in the US and Canada, under Famous Footwear and Naturalizer, as well as 14 branded e-commerce sites and a large global wholesale business. Brown Shoe Company’s portfolio of owned and licensed brands includes Naturalizer, LifeStride, Ryka, Franco Sarto, Via Spiga, Dr. Scholl’s, Sam Edelman, Vince, Franco Sarto, Fergie and Carlos by Carlos Santana. According to the company’s annual report (2013), Brown Shoe Company sourced 48 million pairs of shoes from approximately 49 manufacturers, and 91% of the shoes come from China.

Operating Platforms

Brown Shoe Company targets three consumer platforms. Family platform includes Famous Footwear, one of America’s leading footwear retailers based on 1,044 stores that feature a wide selection of brand-name, athletic, casual, and dress shoes for the entire family. Healthy Living platform focuses on customers who search for shoes providing for both wellness and comfort. Contemporary Fashion platform is committed to providing trend-right options across multiple price points for a variety of consumers.

![Consumer Architecture](image-url)
Brown’s Wholesale Business

Brown Shoe Company’s wholesale customers include national chains, department stores, mass merchandisers, independent retailers, online retailers, and catalogs. The wholesale business is consumer-focused and success is dependent upon the ability to strengthen consumers’ preferences by offering compelling style, quality, differentiated brand promises, and innovative marketing campaigns. Brown Shoe Company’s Healthy Living and Contemporary Fashion platforms are comprised of the Dr. Scholl’s, Naturalizer, Sam Edelman, Franco Sarto, LifeStride, Via Spiga, Ryka, Fergie, Carlos, and Vince brands. Through its wholesale brands, it offers customers a diversified portfolio, each designed and targeted to a specific consumer segment within the marketplace.

The Healthy Living category is focused on lifestyle footwear that brings people wellness and comfort. It covers a wide range of causal, comfort and career styles with a price spectrum between $30 and $300. Sales driver brands in Healthy Living platform are Naturalizer and Dr. Scholl’s. While Dr. Scholl’s is only sold in a wholesale basis, Naturalizer has already achieved an international presence. There were a total of 405 Naturalizer stores or shop in shops worldwide in 2013. Of that amount, 282 are in International markets with the balance being concept and outlet stores in US and Canada (Brown Shoe Company operationally defines International as businesses executed outside of North America.)

<table>
<thead>
<tr>
<th>Naturalizer Retail Doors</th>
<th>2013</th>
<th>2014</th>
<th>2015 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Concepts</td>
<td>SIS</td>
<td>Total</td>
</tr>
<tr>
<td>Americas</td>
<td>37</td>
<td>12</td>
<td>49</td>
</tr>
<tr>
<td>Europe</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MENA</td>
<td>34</td>
<td>2</td>
<td>36</td>
</tr>
<tr>
<td>Pac Rim</td>
<td>35</td>
<td>22</td>
<td>57</td>
</tr>
<tr>
<td>China</td>
<td>3</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>109</td>
<td>128</td>
<td>237</td>
</tr>
</tbody>
</table>

Concept = Stand-alone branded Naturalizer concept stores  
SIS = “Shop-in-shops” with 3rd party Department stores and/or malls

The Contemporary Fashion category is fashion-led and occupying the price spectrum approximately between $80 and $800 (concentrated between $150 and $350), or between value and luxury. Sam Edelman is the key volume driver in contemporary category. Sam Edelman footwear is sold primarily through department stores, independent retailers, and online at suggested retail price points starting at $65 for sandals, $90 for flats, $100 for heels, and $200 for boots. Sam Edelman held the No. 2 market share position in the bridge/designer zone within the women’s fashion footwear category across NPD tracked point-of-sale channels at the end of 2013, according to The NPD Group/Retail Tracking Service [NPD]. Edelman is currently embarking on International expansion into Middle East and China. Further, Edelman has flagship stores in NYC and Beverly Hills. Lastly, Edelman launched it apparel line, in partnership with Kellwood, in 2014.

Please see Exhibits E for additional details related to sales and margins for the Naturalizer and Edelman brands specifically.
Sourcing and Product Development Operations

Brown Shoe Company sourcing and product development operations source and develop footwear for Wholesale Operations and Specialty Retail segments. The company has sourcing and product development offices in China, Hong Kong, Italy, Macau, St. Louis, and New York. The majority of footwear sourced is provided by approximately 49 manufacturers operating approximately 61 manufacturing facilities. In 2013, approximately 91% of the footwear we sourced was from third party manufacturing facilities in China.

Brown Shoe Company operates two sample-making facilities to gain greater control over product development in terms of accuracy, execution, and time to market. The design teams for all brands in St. Louis, New York, and China as well as other select fashion locations, including Italy, are responsible for the creation and development of new product styles. They monitor trends in apparel and footwear fashion and work closely with retailers to identify consumer footwear preferences, create collections of footwear and work closely with product development and sourcing offices to convert our designs into new footwear styles.

Regarding the company’s distribution center network, it relies on a combined network in the US with Wholesale Distribution Centers (“DCs”), operated by 3rd party logistic providers (“3PL”), in California and New Jersey. Furthermore, its retail businesses rely on owned DCs in California and Tennessee. Lastly, it leverages a 3PL [a third party logistics and supply chain provider] in Shenzhen China for International and Domestic direct shipping orders (e.g., FOB China orders).

Brief Industry Statistics
The global footwear market has seen steady growth throughout the years. The global footwear market was valued at $258.5 billion in 2013. It has grown at a 3.9% compound annual growth rate (CAGR) in 2013 and a 4.4% CAGR from 2009 to 2013. Of the global market, Americas account for 38.2% of the market value, Europe account for 38.1%, and Asia-Pacific and Middle East & Africa accounts for 19.7% and 4% separately.

In terms of distribution channels, clothing, footwear, sportswear and accessories retailers account for 63.1% of the market’s total value, following with department stores (14.8%) and Hypermarket, supermarket and discounter (7.5%). The rest 14.6% is distributed by other channels.

The footwear retail market itself is highly fragmented with many niche players, however there are a few large retail groups that hold a significant position in the market and thus also can exhibit more bargaining power over suppliers. Competition is very high in this market, amongst big players and smaller niche players. Most of the footwear sold globally is manufactured and sourced from low-cost manufacturing locations, especially Southeast Asia. The power of the large retailers, in terms of economies of scale and market position, makes it very difficult for small players to grow in size and for manufacturers to participate in forward integration. (Source: Marketline 2014 Global Footwear Almanac).

**Current International Operations**

Currently, the company operates in approx. 60 countries via distributor partnerships with approx. 40 partners. This business is approx. $77M in sales with $10M being in China and the balance being elsewhere in the world. Of this business, the overwhelming majority (approx. $50M) is the Naturalizer brand with the balance spread almost evenly across Dr. Scholl’s [an unrelated third party owns the trademarks and markets products under this brand in Europe], LifeStride and other Contemporary Fashion brands. As Sam Edelman is still early in its growth lifecycle domestically, its business outside of North America is approx. $5M with plans in place to enter the China and Middle East markets. The China market strategy includes a joint-venture for its wholesale operations plus a wholly-owned operation focused on expansion into China’s growing ecommerce market. Additional details on volumes by brand, region, etc. are included in the exhibits to follow.

The existing strategy for the “demand” brands Naturalizer and Sam Edelman is to focus on establishing and building partnerships with a retail focus in each market. A “demand” brand is one that has potential to carry sufficient brand recognition and market demand such that entry into the market can become an “anchor” for further growth from within the company’s brand portfolio. With retail as the central strategy, the brands are able to establish a strong brand presence and control the brand DNA first via the retail store experience and branding. From there and within markets that reach successful penetration, wholesale distribution has and will continue to follow for key markets. This retail and wholesale dynamic is critical component to the strategies in place in key markets today (e.g., UAE, Japan, Australia and Chile).
For additional color and details related to key aspects of the International operations, exhibits A, B and C include the following:

(1) Typical international sales models with descriptions.
(2) Sample of a few competitors and some details regarding their respective International structures and strategies

**European Footwear Market:**

The European footwear market saw moderate value growth over the period 2009-2013. This trend is expected to continue going forward, with the annual rate increasing only marginally.

The European footwear market had total revenues of $98.5B in 2013, representing a compound annual growth rate (CAGR) of 2.6% between 2009 and 2013. In comparison, the German and UK markets grew with CAGRs of 2.8% and 6.5% respectively, over the same period, to reach respective values of $12.0B and $13.9B in 2013.

The performance of the market is forecast to accelerate, with an anticipated CAGR of 2.8% for the five-year period 2013 - 2018, which is expected to drive the market to a value of $113.0B by the end of 2018. Comparatively, the German and UK markets will grow with CAGRs of 2.7% and 2.9% respectively, over the same period, to reach respective values of $13.7B and $16.0B in 2018. (Source: 2014 Marketline Industry Guide – Footwear: Global Industry Almanac)
Snapshots of Key Brands:

THE MAN BEHIND THE BRAND

A creative visionary and legend in the footwear industry, Sam Edelman is a dominant force in fashion, making an indelible impact on some of the most renowned contemporary brands over the past 30 years.

Since the beginning of his career in the fashion industry Sam Edelman has made significant contributions to companies such as Candies with an executive role as assistant to the president and as a co-founder of Kenneth Cole. His first monumental success was building Esprit into one of the most iconic Junior footwear brands of the 1980s. He then parlayed his talents as both brand-builder and shoemaker to evolve his vision again launching his first company and eponymous brand, Sam & Libby, which he created in 1987 with his wife, muse, and lifelong business partner Libby Edelman. The brand was then sold in 1996 so the couple could focus on family and pursue other passions.

Sam Edelman came out of retirement when he recognized a void in the marketplace- fashion-forward footwear at a contemporary price point built straight from the hottest trends and runways around the world. With that inspiration fueling what would become his next greatest success, the Sam Edelman brand was launched in 2004. In 2010, Brown Shoe Company announced its acquisition of Edelman Shoe, Inc. Today, Sam Edelman retains his role as President of the Sam Edelman division and continues to be based in the Manhattan offices and design studios.

With the addition of apparel, jewelry, handbags and small leather goods, Sam Edelman has grown into a complete lifestyle brand, dressing the “Sam Girl” from toe to head. In 2012 the Sam Edelman flagship store opened on Spring Street in the heart of Soho’s shopping district followed by the Fall 2014 opening of a west coast flagship location in Beverly Hills.

Season after season, Sam Edelman continues to create imaginative, trend-on, must-have styles that are seen everywhere from the top fashion magazines to the hottest celebrities. Whatever the occasion, Sam Edelman captures the attention of fashionable women worldwide.

Target Consumer: Women who want shoes built from the hottest trends and runways around the world, at a price-point they can afford. See Exhibit D for brand positioning.

Price Points: $60 (sandals) to $300 (boots)

US Doors: 500+ wholesale
naturalizer

In 1927, Naturalizer had the revolutionary idea of creating stylish and comfortable shoes made just for women. For more than 85 years, Naturalizer has understood that a woman’s favorite shoe is the one that delivers both style and comfort. Naturalizer remains committed to designing beautiful shoes that feel as good at the end of the day as they do at the beginning. And because of this commitment, Naturalizer shoes feature our exclusive N5 Comfort system—five essential features that are proven to provide all-day comfort—delivering flexibility, lightness, balance, cushioning and breathability in every step.

Naturalizer is still one of the few brands in marketplace that women can turn to for hard-to-find sizes and widths, and wide shaft boots, because we believe that shoes can only be comfortable when they are a perfect fit. Naturalizer shoes are designed with the best of each season’s trend-right looks, details and materials that women will love. Today, Naturalizer is inspiring women to confidently move throughout their day in more than 60 countries around the world.

*Our Consumer*
Working women age 35-49
College educated
Active, busy lifestyle
Confident and comfortable in her own skin
Knows what she wants and is not willing to spend time compromising
She wants a look that is “pulled together” and effortless, with a sense of style
She’s reached a point in her life were she wants to say no to uncomfortable shoes
She’s not willing to compromise style for comfort

*Price points*
$59 (shoes) to $219 (boots)

*Doors*
2,100+ department stores
3,300+ mid-tier
1,000+ independents
170 US concepts and outlets combined
255 International concepts and shop-in-shops combined

*Case Study Objective:*

Put yourself in Michael Kiefer’s shoes - Develop a comprehensive European expansion strategy for the Naturalizer and Sam Edelman brands with goal of achieving over $30M in wholesale volume within 5 years. The investment plan should achieve a hurdle rate in excess of 15% ROIC and a direct profit contribution (gross margins less direct expenses; excludes any consideration of corporate overhead allocations) in excess of 20%. These return levels are critical to ensuring the strategy is accretive to the overall existing International business from a profitability standpoint.
### Exhibit A

**BWS’s Current Operations – International Models Currently Available (excl. China)**

<table>
<thead>
<tr>
<th>Risk Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Wholly-Owned Subsidiary</td>
</tr>
<tr>
<td></td>
<td>Joint Venture</td>
</tr>
<tr>
<td></td>
<td>Licensee</td>
</tr>
<tr>
<td></td>
<td>Branded Concept</td>
</tr>
<tr>
<td></td>
<td>Distributor + Branded Concept</td>
</tr>
<tr>
<td></td>
<td>Wholesale</td>
</tr>
<tr>
<td>Low</td>
<td>Distributor</td>
</tr>
</tbody>
</table>
Exhibit B

Explanation of International Selling and Operating Models

<table>
<thead>
<tr>
<th>Description</th>
<th>Distributor</th>
<th>Distributor + Retail</th>
<th>Branded Concept</th>
<th>Licensee</th>
<th>Joint Venture</th>
<th>Wholly-Owned Subsidiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exclusive region contracted with one partner for wholesale sales of brands into retail</td>
<td>Distributor with exclusive rights to sell products to 3rd party retail while also operating its own branded retail</td>
<td>License brand to partner who is responsible for store openings, operations, etc. of our branded concepts within their assigned territory</td>
<td>License to partner rights to manufacture and sell products within their territory</td>
<td>Partner with third-party with complimentary competencies to operate entry into new market</td>
<td>Establish owned operation physically within territory with dedicated mgmt and staff operating accordingly</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pricing</th>
<th>Wholesale Margin</th>
<th>Margin + Retail Royalty</th>
<th>Margin + Retail Royalty</th>
<th>Royalty</th>
<th>Profit Sharing</th>
<th>NA</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Other Footwear</th>
<th>Weitzman, Vince Camuto, Nine West</th>
<th>Weitzman</th>
<th>Weitzman, Steve Madden, Ugg</th>
<th>Tory Burch, Kate Spade</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Pros</th>
<th>Attractive in less established markets</th>
<th>Same as Distributor</th>
<th>Partner with established retail operators</th>
<th>Enables entry into high barriers to entry markets (e.g., Brazil)</th>
<th>Staged investments</th>
<th>100% control of operations and strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No inventory risk</td>
<td>Joint incentive for partner to execute broad brand building</td>
<td>Joint marketing and brand building objectives</td>
<td>No inventory risk</td>
<td>Low risk early on</td>
<td>Very costly and resource intensive</td>
</tr>
<tr>
<td></td>
<td>Consistent margins via 1st Cost</td>
<td>Concepts key to establishing brand in strategic markets</td>
<td>Concepts key to establishing brand in strategic markets</td>
<td>Royalty stream flows to bottom-line</td>
<td>Opportunity to test markets</td>
<td>Brings potential inventory risk into play</td>
</tr>
<tr>
<td></td>
<td>Seasonal sell-in calendar (minimal at once opportunities)</td>
<td>Requires oversight of brand efforts</td>
<td>Requires oversight of brand efforts</td>
<td>Less control of brand essence and product</td>
<td>Split upside with partner(s)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Minimal risk mitigation via diversified partners</td>
<td>No control over retail performance</td>
<td>No control over retail performance</td>
<td>Fixed duration</td>
<td>Do not have full control</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Risk Level (Low to High)</td>
<td>Risk Level (Low to High)</td>
<td>Risk Level (Low to High)</td>
<td>Risk Level (Low to High)</td>
<td>Risk Level (Low to High)</td>
<td>Risk Level (Low to High)</td>
</tr>
<tr>
<td></td>
<td>Low</td>
<td>Low</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
<td>High</td>
</tr>
</tbody>
</table>
Exhibit C

Examples of Competitor Operating Models

<table>
<thead>
<tr>
<th></th>
<th>Wolverine</th>
<th>Nine West</th>
<th>Skechers</th>
</tr>
</thead>
</table>
| **Est. Size ofIntlBiz** | Europe/Mid East/Africa - $360M  
Canada - $170M  
Other - $180M  
**TOTAL** = $710M | Wholesale - $330M  
Retail - $390M  
**Total** = $720M*  
*Includes Jones Group apparel | Subsidiaries: $355M  
Distributors: $125M  
**TOTAL**: $480M |
| **International Biz Model** | Combination of:  
(a) Owned operations in Canada, UK and parts of Europe  
(b) Sales to 3rd party distributors  
(c) Income from network of 3rd party licensees and distributors  
(d) JVs in Colombia and India | (1) Appears nearly all Intl operations (outside of the few doors listed below) are serviced by Licensed Distributors in major markets. Distributors also operate majority of retail locations.  
(2) Weitzman - children's footwear licenses in Mexico, France, Germany, Switzerland, Hong Kong and Indonesia.  
(3) GRI is exclusive licensee partner in Asia. | (1) Subsidiaries in:  
• England  
• Switzerland  
• France  
• Germany  
• Spain  
• Netherlands  
• Italy  
• Brazil  
• Chile  
• Japan  
(2) 50% JV in China  
(3) Minority Interest JV in Hong Kong  
(4) 50% JV in Singapore  
(5) Licensees and distributors (>30 in over 100 countries) |
| **Additional Comments** | Reasoning for each model as follows:  
• Owned operations in markets that ownership provides strategic advantage  
• Licensees and distributors allow it to minimize capital required  
• JVs applied in faster growing markets and provide meaningful ownership stake | Distributed in over 70 countries  
4 Nine West Concepts in UK  
7 Weitzman doors in Europe  
57 Kurt Geiger doors in UK/Ireland  
UK eComm site  
www.shoeaholics.com outlet site  
164 Kurt Geiger Concessions in Europe  
# of licensed retail doors not disclosed | From Q2 '14 earnings call: "We believe our international SKECHERS retail stores opened by our distribution partners are both profitable marketing tools and an essential ingredient to building a substantial business around the globe"  
• Intl door count as of end of Q2 '14 - 524:  
  • 337 distributor-owned/licensed  
  • 153 in JV countries  
  • 54 licensed doors in countries where subsidiaries distribute wholesale  
  • 60-65 more JV or licensed doors planned by end of 2014  
• Operates 490k sq ft. DC in Belgium  
  • Planning upgrade with added capacity by end of 2014 |

Sources:  
2013 10-Ks (Wolverine, Skechers)  
2012 10-K (Jones Group for Nine West data)  
Skechers Q2 '14 earnings call transcript
Exhibit D

Sam Edelman Brand Positioning
Exhibit E

Key Sales and Margins:

### Channel Breakouts

<table>
<thead>
<tr>
<th>Channel</th>
<th>Total International</th>
<th>$</th>
<th>Margin %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td></td>
<td>77.5</td>
<td>32.8 %</td>
</tr>
<tr>
<td>Direct to Retail</td>
<td></td>
<td>15.0</td>
<td>35.2 %</td>
</tr>
<tr>
<td>Wholesale Distributor</td>
<td></td>
<td>25.9</td>
<td>28.9 %</td>
</tr>
<tr>
<td>Branded Retail</td>
<td></td>
<td>4.6</td>
<td>36.8 %</td>
</tr>
<tr>
<td>Licensor</td>
<td></td>
<td>2.6</td>
<td>100.0 %</td>
</tr>
</tbody>
</table>

### Regional Breakout

<table>
<thead>
<tr>
<th>Region</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pacific Rim</td>
<td>213</td>
<td>210</td>
<td>215</td>
<td>215</td>
<td>0%</td>
</tr>
<tr>
<td>Middle East / North Africa</td>
<td>7.1</td>
<td>3.1</td>
<td>3.1</td>
<td>3.1</td>
<td>8%</td>
</tr>
<tr>
<td>Americas</td>
<td>26.3</td>
<td>21.7</td>
<td>22.8</td>
<td>22.8</td>
<td>-7%</td>
</tr>
<tr>
<td>China</td>
<td>12.8</td>
<td>15.7</td>
<td>11.4</td>
<td>11.4</td>
<td>6%</td>
</tr>
<tr>
<td>Europe</td>
<td>3.6</td>
<td>2.8</td>
<td>1.3</td>
<td>1.3</td>
<td>-39%</td>
</tr>
<tr>
<td>Total</td>
<td>71.2</td>
<td>57.0</td>
<td>67.1</td>
<td>67.1</td>
<td>-3%</td>
</tr>
</tbody>
</table>

### Current 2015 Proforma

<table>
<thead>
<tr>
<th>Brand</th>
<th>Naturalizer (1)</th>
<th>Sam Edelman</th>
<th>Other Brands (2, 3)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>GP</td>
<td>22.0</td>
<td>4.5</td>
<td>2.2</td>
<td>28.6</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>13.2</td>
<td>2.8</td>
<td>2.0</td>
<td>18.1</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>8.8</td>
<td>12.7%</td>
<td>11.4%</td>
<td>20.6</td>
</tr>
</tbody>
</table>

1. Includes China which is (a) JV for wholesale and (b) China eComm operation.
2. Includes Lifestride, Dr. Scholl’s, Via Spiga and Franco Sarto.
3. Includes $19M of royalty on dormant wholesale brand.