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Red Wing Digs In Its Heels

To Fight Chains and Imports, Bootmaker Updates Its Look, But Is Still 'Made in the USA'

By TIMOTHY AEPPEL

NOTHING SAYS blue collar like a pair of Red Wing boots. Factory workers, utility linesmen and farmers all wear them. In recent years, trendy customers have discovered the label—they've become cult objects among European youth who see them as iconic American clothing, like Levi jeans.

Now Red Wing Shoe Co., based in this tiny Minnesota town from which it draws its name, is facing a challenge familiar to growing numbers of U.S. companies. Customers, including a hefty chunk of Red Wing's working-class demographic, are flocking to large discount stores to buy cheaper imports from the bootmaker's competitors. Plus, a steady decline of U.S. manufacturing jobs is shriveling a big slice of Red Wing's customer base.

While other big names, such as Timberland Co., Wolverine World Wide Inc.'s Wolverine label and U.K.-based R. Griggs Group's Doc Martens, have pushed to become fashionable brands, Red Wing has remained truer to its working-class roots. Many designs have been unchanged for decades, including the company's classic "877," a tan leather eight-inch boot with white soles that epitomizes Red Wing's utilitarian image.

"Would I say we're the best-looking boot in the world? No," says David Murphy, the company's president and chief executive. "But we're getting better."

The pressure to update is tremendous: More than 98% of the footwear sold in the U.S. is imported these days, while Red Wing manufactures its classic products in the U.S., where labor costs are higher than many other countries.

"While Red Wing is still dominant in the elite work boot sector, it's seeing its market share eroded by lower-priced products that offer some—or profess to offer some—of the same features," says Marshal Cohen, chief analyst at market researchers NPD Group.

To fight competition, Red Wing is sprucing up many of its 430 stores with new lighting and displays. (About half of the stores are directly owned by the company and the rest are dealers, but all

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Sharon Krie puts final touches on a Red Wing boot (above) at the company's factory in Red Wing, Minn.; Maurice Holman (seated left) and Tom Harder try on boots at Red Wing's mobile shoe store in Plainfield, Ill.



Red Wing sells its boots in mobile shoe stores outside workplaces like Diageo Global Supply, Plainfield, Ill.

Andy King/Film Magic (top photo); Peter Thompson/Film Magic (middle and bottom photos)

Bootmaker Red Wing Updates Look

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carry the Red Wing name.) Red Wing is sold at an additional 4,000 stores—a mix of chains and independent shoe stores.

Some of its key stores have been relocated to upscale strip malls near national chains. Until now, Red Wing stores tended to be tucked in dingy industrial areas—no problem for factory workers who considered it destination shopping, but a big turnoff to the average shopper accustomed to malls.

Red Wing has also hired more designers to help push into new markets, such as women's shoes and motorcycle boots. Plus, it has responded to the changing tastes of its core market. Young blue-collar workers today often balk at wearing clunky boots, so Red Wing and other shoemakers now make steel-toed boots that resemble hiking shoes and sneakers.

The label now has a line known as "Euro Classics," made up of basic Red Wing boot designs adapted with special leathers or stitching that appeal to fashion-conscious consumers in Europe and Japan. About two years ago, its shoes became hot with this niche, the company says. "The reason they sell so well in those places is because we're such a genuine American name; you can't create that—it just is or it isn't," says Mr. Murphy, adding that some Europeans wear Red Wings with suits.

International sales account for about 15% of Red Wing's annual sales of about \$375 million, up from \$350 million two years ago. Red Wing—which is family-controlled—says the company is profitable.

The company makes nearly 200 models of boots, many designed with specific occupations in mind. Ironworkers, for instance, need tough boots with soft soles, so they can feel the edge of steel beams underfoot 40 stories up in the air, whereas oil workers are mainly concerned with slip-resistance. Red Wing makes boots just for utility linesmen (special heels for climbing poles) and farmers in the Southeastern U.S. (soles that grip but don't accumulate the sticky clay that characterizes the terrain in that region).

But sizing is the company's real forte. Red Wing makes some boot sizes in up to eight different widths, allowing retailers to better fit them to different-shape feet. That's one reason the shift in buying patterns—customers purchasing shoes in big box stores rather than traditional shoe stores—is a problem for Red Wing. Without a sales person to fit the shoes, there's no way to show customers the advantages of paying a little more for a better-fitting shoe.

Like several work-boot companies, Red Wing takes its pitch directly to factory gates, operating "shoemobiles" in parking lots outside workplaces. On one recent morning a 26-foot truck with the Red Wing logo emblazoned across its

side was stationed outside the Lincoln Park, Mich., public-works department. The well-stocked shoemobiles are especially effective in places like this, where workers are given vouchers each year to defray the cost of buying work shoes.

Norm Johnson, who has six Red Wing shoe stores in Michigan and Ohio, says his shoemobile is "just an added service to the guy who doesn't want to shop."

It appeals to guys like Aaron Buza, a 24-year-old public-works employee. Sliding into a chair inside the trailer, Mr. Buza points lovingly at his year-old Red Wings, spattered with tar and paint and looking as though they'd been worn for years.

"I tried a lot of other kinds of shoes first, but they fell apart quick," Mr. Buza says. Since he had to replace those cheaper shoes more frequently, he says, he wasn't really saving money. Indeed, he figures he can get another six to nine months of wear out of his Red Wings. But he buys a new pair anyway before his voucher expires. Red Wing boots run anywhere from \$120 to \$225.

Red Wing has been around for 99 years and still dominates life in tiny Red Wing, where the original red-brick factory looms over Main Street and everyone refers to it as "The Shoe." A picture displayed in the company's headquarters shows former President George H.W. Bush lacing up a pair of Red Wing 877s. An employee spotted the picture in a magazine and the company tracked down a copy and asked Mr. Bush to sign it.

The company is reorganizing its production system in an effort to squeeze out more savings. Red Wing owns its tannery, for instance, and has stopped sorting and storing the hides when they arrive at the company's three factories in Danville, Ky., Potosi, Mo., and Red Wing. Now, the hides arrive at the factory only as needed—thus cutting inventory and handling costs.

Red Wing accepts that its profitability will suffer somewhat because it manufactures shoes in the U.S., says Mr. Murphy, the CEO. Yet it's no purist when it comes to being American made. The company imports shoes from China that it sells under other brand names, including the company's Worx line, a low-price alternative sold through discounters and other retailers. And it imports a small portion of the leather uppers from China that are used in Red Wings.

Yet it risks alienating customers if it shifts too much production overseas. Many ardent customers are union employees who like its "Made in the USA" credentials. (Workers in the Red Wing factory are unionized and make about \$16 an hour; employees in the other two plants earn about \$12 an hour.) "We do look beyond pure economics," Mr. Murphy says. "I think most great companies do."