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Challenges Persist, North Face Slows

VF Corp.'s The North Face was hurt by warm weather during FY3Q24 and a cyberattack in December that prevented it from fulfilling last-minute wholesale orders, and Vans and Timberland struggled against weak consumer demand.

- The North Face: U.S. FY3Q24 sales below plan for 4 of 5 buyers (vs. none in FY2Q24) hindered by unseasonably warm weather, inability to fulfill holiday reorders after cyberattack
- Vans: U.S. FY3Q24 sales below plan for 4 of 5 buyers (vs. all 5 in FY2Q24), hurt by weak demand for core styles; Western European sales below plan for 7 of 9 (as in FY2Q24), hurt by lower demand
- Timberland: U.S. FY3Q24 sales below plan for 4 of 6 buyers, met for 2 (similar to FY2Q24), hurt by slow sales of six-inch wheat boots and despite price reduction; Western European sales at least met plan for 4 of 6 (better vs. FY2Q24), aided by rainboot sales

KEY DATA

VF Corp. Sales vs. Plan

(number of buyers)

	VANS				THE NORTH FACE		TIMBERLAND			
	N. AMERICA		W. EUROPE		N. AMERICA		N. AMERICA		W. EUROPE	
	FY2Q24	FY3Q24	FY2Q24	FY3Q24	FY2Q24	FY3Q24	FY2Q24	FY3Q24	FY2Q24	FY3Q24
Exceeded	-	-	-	-	-	-	-	-	-	1
Met	-	1	2	2	5	1	3	2	2	3
Fell below	5	4	7	7	-	4	5	4	2	2

"I tried to place a reorder for The North Face. The at-once catalog was not online, which meant you couldn't place an order. It was pausing at-once orders until the problem was resolved."

U.S. buyer

RESEARCH LEADS

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SOURCES & BACKGROUND

23 U.S. and European buyers representing 3,863 doors

UNITED STATES 12 buyers (9 independent retailers and 3 specialty retail chains) representing 1,524 doors; **WESTERN EUROPE** 11 buyers (5 in Germany, 4 in France and 2 in the United Kingdom) representing 2,339 doors

REPEAT SOURCES 20 (9 U.S. and 11 European buyers) from OTR Global's October report

INTERVIEWS Dec. 11 through Jan. 9

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U.S. BUYERS

Weather, cyberattack hurt The North Face

Sales: VF Corp.'s The North Face FY3Q24 (October–December) sales fell below plan for four of five buyers and met for one, a deterioration after having met plan during FY2Q24. Buyers said an unseasonably warm winter hampered sales of the brand's outerwear. "Weather was the biggest issue. December was pretty much 40 F the entire month. That didn't help sales," one said.

Four buyers also said the cyberattack on the company in December hindered the brand's ability to fulfill last-minute holiday reorders. "I tried to place a reorder for The North Face. The at-once catalog was not online, which meant you couldn't place an active order. It was pausing at-once orders until the problem was resolved," one said. Another said, "We tried for some reorders, but the website was down. We also couldn't send our rep emails because of the cyberattack. The B2B site and its emails are back up and running now."

Despite the warm winter and cyberattack, one buyer for a small chain met plan following good sell-through of The North Face's Nuptse collection. "The North Face wasn't so bad for us. We just bought in the black Nuptse for men, women and kids, and they did OK. But everything else we bought in to test — like the Gore-Tex jackets — didn't do so well," the buyer said.

Purchases: The North Face FY3Q24 purchases remained the same yy for three of six buyers, increased for two and decreased for one, compared with FY2Q24, when purchases increased for four of five and remained the same for one. Buyers said deliveries improved compared to fall 2022 when outerwear arrived in November, two to three months later than normal. "Deliveries were much better than last year. We got everything we wanted and didn't make any changes in season," one said. The buyer whose purchases were down had dropped the brand, reflecting a chain-wide drawback from branded in exchange for private label.

Orders: The North Face orders for the next six months were flat yy for five of six buyers and down for one, compared with being flat for three of five buyers and down or up for one each in October. Buyers said orders for spring 2024 have been cautious because The North Face is regarded as mostly a winter outerwear brand and needs to improve its spring line. "We still have a spring business with them. We're planning orders flat compared to last spring. It's not a ton of new stuff that we like, and it's not a huge season with The North Face for us. Nothing new and exciting makes us think sales are going to go up," one said.

Two buyers said they have more confidence in The North Face's fall and winter 2024 collections because a new design team has helped improve the brand's fall merchandise. "It's a vast improvement compared to last year. It has better designs and more sportswear and fleece options. I have confidence in the brand for fall 2024, but not really in spring," one said.

Inventory: Inventory of The North Face was too high for three of five buyers and in line with demand for two. "It's a little higher than we want in heavy outerwear because it hasn't been cold," one said.

Promos: Promotions on The North Face remained the same yy for four of five buyers during FY3Q24 increased for one. "The brand had several promotional dates throughout the season that we took advantage of, which did help," one said.

One buyer said that although The North Face has traditionally discounted prices in mid-February, the brand might break prices earlier. "Normally it breaks price mid-February. I heard it could be

North America: The North Face
Purchases YY

(number of buyers)

	FY2Q24	FY3Q24
Up	4	2
Flat	1	3
Down	-	1

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early January, but I haven't heard anything directly from the brand yet. This means it would put past season stuff like the fall 2023 non-carryover styles on sale," one said.

Quotes

"Overall coat sales were down because of the warmer weather. The North Face coats performed better than the category. Sales were OK. The Nuptse jacket was the driving force in men's. Mostly college students are buying it. Women's [sales] were also OK."

"Sales were impacted by the weather being warmer than average. We still have a few racks of parkas, but we have not marked them down. We keep outerwear out on the floor until early to late February, depending on the snowfall."

"We had soft sales in December because of [the] weather. It's been unseasonably warm this winter."

"For fall 2024, I was more conservative with my buy. The merchandise looks much better. It has more colors, and it's a better offering of styles that could have commercial success. The Nuptse looks the same. It's just new styles and better colors outside of that collection."

"We don't buy much for spring. We are basically doing the same things for spring to support the brand. For fall, we're bumping up our women's orders. We will test some hoodies and sweatpants. Bookbags are really strong for The North Face, still."

Vans recovery uncertain

Sales: Vans FY3Q24 sales fell below plan for four of five buyers and met for one, compared with falling below for all five in FY2Q24 findings. A couple of buyers said customers have moved on from Vans and reported being uncertain about when the brand may recover. "I don't think Vans will be relevant for 2024. We aren't buying much, just the core Old Skool styles," one said.

Sales met plan for one new source who said black and white Old Skool styles are still relevant on the West Coast. "In black and white it is a shoe customers will buy the same exact pair over and over again when a pair wears out. A lot of shoes are not like that. It is a core shoe that we keep all size ranges in stock," the buyer said.

Nevertheless, Vans faces easier sales comparisons in 2024, and one buyer who had reduced the brand's inventory said it met plan. "We're starting to see sell through on Old Skool where we want it, but it seems like the Knu Skool is the hot item within the brand. We get it starting in summer," said the buyer.

Purchases: Purchases of Vans decreased yy for four of six buyers and remained flat for two during FY3Q24, compared with FY2Q24, when purchases decreased for four of five buyers and remained flat for one. "Vans is still soft from a demand standpoint — we saw that a while ago. We were able to plan that business down and adjust purchases," one said.

Orders: Vans orders for the next six months were down yy for five of six buyers and flat for one; in October findings, orders declined yy for four of five buyers and remained flat for one. "Vans has lost its identity, and it's not as prevalent in marketing. When things get tough, larger public companies go into conservative mode and they start consolidating and lose creativity. Vans is in that cycle right now," one said.

A buyer planning the brand flat said, "It is an established brand. We aren't growing Vans, just maintaining cores styles and colors."

North America: Vans Purchases YY
(number of buyers)

	FY2Q24	FY3Q24
Up	-	-
Flat	1	2
Down	4	4

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Inventory: Vans inventory was in line with demand for four of five buyers — who have pared down their inventory because of slow sales — and too high for one. “We have too many of the UltraRange hiking boots,” the latter said.

Promotions: Vans promotions increased yy for three of six buyers and remained unchanged for three. Buyers who increased promotions said discounts ranged from 20%–40% off. “We did increase discounts to try to move some of [Vans] merchandise,” one said.

Quotes

“Vans won’t be a big trend for back-to-school.”

“Vans always has a nice piece of business for us. There’s a consumer who loves the brand, and we don’t have to have the latest and greatest to do well with them. But big picture, it’s in an ebb phase.”

“About a year ago, Vans stopped selling to us and about 80% of the urban market. We weren’t doing a ton of volume anyway. I view that brand as a [Genesco Inc.’s] Journeys or [Golden Gate Capital Inc.’s] PacSun brand.”

Timberland’s demand slow

Sales: Sales of Timberland fell below plan during FY3Q24 for four of six buyers and met for two, similar to FY2Q24 trends. Buyers who missed target said Timberland boots were hurt by lack of demand. “Winter boots in general were down, but Timberland was way down. The classic six-inch wheat boot isn’t as popular anymore, and that is the anchor to the brand. Now ... it doesn’t have the popularity it used to — the other styles aren’t really resonating either,” one said.

Buyers said price reductions on the six-inch wheat boots, which took place during September, did very little to help sales. “Sales of Timberland were slow. The lower prices didn’t help. A lot of the guys aren’t buying Timberlands right now,” one said.

One of two buyers whose sales met expectations credited sales of the brand’s hiking boots. “Women’s sales are great. Men’s is a lot better. The Mt. Maddsen is the best shoe in that department,” one said.

Two buyers reported participating in a consignment program through which retailers test products and, if the merchandise does not sell, the brand takes items back for credit. “We did a consignment with Timberland with some styles they wanted us to try to see how consumers would respond. We took the product in, and it didn’t work, so we will return them,” one said.

Purchases: Timberland FY3Q24 purchases were down yy for four of six buyers and flat for two, compared with FY2Q24, when purchases were down for five of nine buyers, flat for three and up for one. The four buyers who reported a yy decrease in purchases said they had excess inventory from winter 2022 because of poor sales and late deliveries. “We had leftover inventory from last fall. It was enough. And we still have the inventory on hand. We still have three or four months, but I haven’t seen any movement. The brand is very slow,” one said.

Orders: Timberland orders for the next six months were down yy for three of five buyers and flat for two, compared with October findings, when orders were down for six of nine buyers and flat for three. Buyers ascribed order decreases to lack of consumer demand for the brand’s spring and summer merchandise and leftover winter merchandise. “We’re not going to order much for spring. For next fall, we will fill in sizes for the single sole construction boot instead of the double sole. We

North America: Timberland Purchases YY

(number of buyers)

	FY2Q24	FY3Q24
Up	1	-
Flat	3	2
Down	5	4

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won't need any sizes for the wheat boot. We might fill in some sizes for the wheat single sole and some chukkas. It will basically be fill-ins," one said.

One buyer who did not place orders for CY1H24 said fall 2024 orders would be down yy because the brand is not resonating with customers anymore. "We're planning it way down next year. It needs a complete brand redesign because it's not as popular anymore. It needs to come up with more relevant styles," one said. Two buyers whose orders were flat yy have limited orders for Timberland's spring and summer merchandise and consider it mostly a winter brand.

Inventory: Timberland inventory was too high for four of six buyers because of slow sales and in line with demand for two. "We had a substantial amount of inventory from fall 2022 that carried us into fall 2023. And we still have inventory to go into next fall. That's how much inventory we have," one said.

Promos: Timberland promotions during FY3Q24 increased yy for four of six buyers and remained the same for two. "We had to discount it. Even so, it didn't work. Customers are not looking for Timberland. It's not a dead item, but it's not the boot that people are looking for. We put it on sale, and we moved some units, but it wasn't enough," one said.

Quotes

"We have a few wheat boots, but no one is buying them. Fraternity guys used to wear them, but now they are all wearing sneakers, mostly **Nike [Inc.]** Air Force 1 or Air Max and some **Adidas [AG]**."

"[Timberland] hasn't really done much new stuff in terms of lifestyle boots. It has hiking boots and other outdoor boots, but when it comes to lifestyle it hasn't really done anything new or exciting in several years. People are just over it."

"There are more off-price opportunities out there. You can go straight to the vendor and order it at discount. We're competing with the brand."

"We brought in less for winter and holiday because of soft sales."

WESTERN EUROPEAN BUYERS

Vans sales challenging

Sales: Vans FY3Q24 sales fell below plan for seven of nine buyers in Western Europe and met for two, mirroring FY2Q24 findings. Sales fell below plan for two of the four buyers in France, all three in Germany and both in the United Kingdom. "Vans is inconsistent, and it remains very challenging for us. Canvas is suffering in general, but the lack of styles outside of a few SKUs doesn't help them at all," a U.K. buyer said.

Two French buyers met plan, crediting healthy sales of the Knu Skool styles. "Vans Knu Skool is selling OK. The large and thick sole, big logo and laces are trendy," one said. A U.K. buyer also had good sell through of the Knu School silhouettes, but said it wasn't enough to make a difference in sales overall. "The Knu Skool has been performing consistently well across men's and women, albeit a small amount. There is some slight improvement there, although overall ... the brand has not changed much since last quarter," one said.

Purchases: Vans FY3Q24 purchases decreased yy for seven of eight buyers and were up for one, compared with FY2Q24, when purchases decreased for eight of nine buyers and were flat for one. Buy-

Western Europe: Vans Purchases YY
(number of buyers)

	FY2Q24	FY3Q24
Up	-	1
Flat	1	-
Down	8	7

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ers decreased purchases of Vans because of less demand and excess inventory. “We did not expect much demand for Vans and, in the end, sales were even weaker than expected,” a German buyer said.

Orders: Vans orders for the next six months were down for five of nine buyers, flat for three and up for one, a slight improvement compared with October when orders were down for seven of nine buyers and flat or up for one each.

Orders decreased for both U.K. buyers, who said there is not enough demand for Vans to merit an increase. “Our orders will be down [yy], and I can’t see that changing anytime soon. We basically stripped our orders back to styles that are black and white, and we don’t order outside of that because that’s the only color that sells,” one said.

Orders decreased for two of four French buyers, who reported slow Vans sales, and were flat or up for one each, who said the brand is facing easier sales comparisons. “Orders are up strongly too because of easy comps. We will order more Knu School and see how it goes,” one said.

Orders remained flat yy for two of three German buyers and decreased for one. “We retained flat orders. I don’t think the brand will decline any further. The Knu School was, so far, only modestly successful, and at the moment it is not difficult to reorder, so we are not taking any risks,” one said.

Inventory: Vans inventory levels were too high for demand for six of nine buyers and in line with demand for two, slightly better compared with FY2Q24, when inventory was too high for seven of nine buyers and in line with demand for two. “With Vans, we keep inventory very tight because the marketplace can be very promotional,” a U.K. buyer said.

Promotions: Vans promotions increased yy for four of eight buyers and remained the same for four. “We increased promotions in line with other retailers, as well as Vans themselves,” a U.K. buyer said.

Quotes

“We will keep orders flat [yy]. This is really on low volumes.” *France*

“Knu Skool is somewhat popular but quite small.” *France*

“We will not stock many Vans next year. We had already much less this year and, even with that smaller amount, we fell below plan.” *Germany*

“The whole sneaker business has suffered because it’s constantly rained. If you take December, the rain has been unbelievable.” *United Kingdom*

Rain aids Timberland sales

Sales: Timberland FY3Q24 sales at least met plan for four of six buyers and fell below for two, compared with two of four meeting plan and two falling below in FY2Q24. Buyers who at least met plan said Timberland boot sales were aided by cool and rainy weather. “Timberland has easily been a top seller. With the constant rain, its waterproof boots have [flown] out. [Sales] beat our expectations. Demand has been crazy,” a U.K. buyer said.

Sales fell below plan for one buyer in France and one in the United Kingdom. “Despite colder temperatures in November, sales did not improve. The boots are too expensive and not really in demand,” the French buyer said. The U.K. buyer said unseasonably warm weather during the first half of FY3Q24 hurt Timberland boot sales. “The weather has been a big problem because it’s been very mild in Europe. There has been some pick-up in demand recently, when the weather has become colder, but that’s not [Timberland’s] only challenge. There’s been a move away from hiking and construction boots. Instead, consumers are wanting something different, like the winterization of sneakers,” one said.

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Purchases: Timberland FY3Q24 purchases were flat yy for three of six buyers and up for three, compared with FY2Q24, when purchases were flat for three of six and down for two. Purchases were flat yy for two buyers in France and one in Germany, who said they brought the brand on similar levels as last year because of tepid demand.

Two buyers in the United Kingdom and one in France increased purchases, and the latter expanded the brand's selection. The U.K. buyer said, "We have a very small increase [in purchases] as we expanded some ranges."

Orders: Timberland orders for the next six months were flat yy for five of six buyers and up for one, an improvement compared with October, when orders were up for three of six and flat for two. Orders were flat yy for most buyers because Timberland is mostly regarded as a winter brand. "We won't increase spring and summer orders for Timberland because women aren't buying into summer wear because the styles just don't generate enough demand. In men's you've only got boat shoes in spring, so it's pretty uninspiring until we get to winter," a U.K. buyer said.

A German buyer increased orders of Timberland's sandals. "We decided to stock some more of their spring and summer sandals and lighter shoes. I see some more advertising, and this may help, so we will give it a try," one said.

Inventory: Timberland inventories were adequate for demand for three of six buyers and too high for two. Buyers who reported high inventories attributed it to slow sales of its winter boots; a U.K. buyer who reported low inventories pointed to unexpectedly high demand caused by cold and rainy weather.

Promotions: Promotional levels during FY3Q24 remained the same yy for five of six buyers and increased for one U.K. buyer who offered discounts on the brand to move excess inventory. "We had to increase promotions. It's not ideal, but that's just where we ended up along with lots of other retailers," the buyer said.

Quotes

"We met Timberland plan despite lower traffic, probably helped by cold and rainy weather."
Germany

"Sales are OK — slightly up yy, which is OK. The brand has its few fans who still like it, but it is a small brand these days."
France

"Another challenge we face with Timberland is that we're really struggling with the women's category. It's become, all of a sudden, a very male-orientated category."
United Kingdom

"Timberland has been extremely disappointing. All of the business that we're getting out of Timberland right now [is] promotional."
United Kingdom

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Western Europe: Timberland**Purchases YY**

(number of buyers)

	FY1Q24	FY3Q24
Up	1	3
Flat	3	3
Down	2	-

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North America

1. Did The North Face orders for the next six months increase, remain the same or decrease yy?

	OCTOBER	JANUARY
Up 1%–5%:	-	-
Up:	1	-
Flat:	3	5
Down:	1	1
Down 11%–15%:	-	-
Not applicable:	5	6

2. Did The North Face FY3Q24 purchases increase, remain the same or decrease yy?

	FY2Q24	FY3Q24
Up 1%–5%:	2	-
Up:	2	2
Flat:	1	3
Down:	-	1
Not applicable:	5	6

3. Did The North Face FY3Q24 sales exceed, meet or fall below expectations?

Exceeded:	-	-
Met:	5	1
Fell below:	-	4
Not applicable:	5	7

4. Are inventory levels for The North Face too high, just right or too low for demand?

	OCTOBER	JANUARY
Too high:	-	3
Just right:	5	2
Too low:	-	-
Not applicable:	5	7

5. Did The North Face FY3Q24 promotions increase, remain the same or decrease yy?

	FY2Q24	FY3Q24
Increased:	1	1
Remained the same:	4	4
Decreased:	-	-
Not applicable:	5	7

6. Did Vans orders for the next six months increase, remain the same or decrease yy?

	UNITED STATES	FRANCE	GERMANY	UNITED KINGDOM	EUROPE
Up:	-	1	-	-	1
Flat:	1	1	2	-	3
Down:	5	2	1	2	5
Not applicable:	5	-	2	-	2

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7. Did Vans FY3Q24 purchases increase, remain the same or decrease yy?

	UNITED STATES	FRANCE	GERMANY	UNITED KINGDOM	EUROPE
Up:	-	1	-	-	1
Flat:	2	-	-	-	-
Down:	4	3	2	2	7
No response:	-	-	1	-	1
Not applicable:	5	-	2	-	2

8. Did Vans FY3Q24 sales exceed, meet or fall below expectations?

Exceeded:	-	-	-	-	-
Met:	1	2	-	-	2
Fell below:	4	2	3	2	7
Not applicable:	6	-	2	-	2

9. Are inventory levels for Vans too high, just right or too low for demand?

Too high:	1	3	3	-	6
Just right:	4	1	-	1	2
Too low:	-	-	-	1	1
Not applicable:	6	-	2	-	2

10. Did Vans FY3Q24 promotions increase, remain the same or decrease yy?

Increased:	3	1	2	1	4
Remained the same:	3	2	1	1	4
Decreased:	-	-	-	-	-
No response:	-	1	-	-	1
Not applicable:	5	-	2	-	2

11. Did Timberland orders for the next six months increase, remain the same or decrease yy?

Up:	-	-	1	-	1
Flat:	2	2	1	2	5
Down:	3	-	-	-	-
Not applicable:	6	2	3	-	5

12. Did Timberland FY3Q24 purchases increase, remain the same or decrease yy?

Up 1%–5%:	-	-	-	1	1
Up:	-	-	1	1	2
Flat:	2	2	1	-	3
Down:	4	-	-	-	-
Not applicable:	5	2	3	-	5

13. Did Timberland FY3Q24 sales exceed, meet or fall below expectations?

Exceeded:	-	-	-	1	1
Met:	2	1	2	-	3
Fell below:	4	1	-	1	2
Not applicable:	5	2	3	-	5

14. Are inventory levels for Timberland too high, just right or too low for demand?

Too high:	4	1	-	1	2
Just right:	2	1	2	-	3
Too low:	-	-	-	1	1
Not applicable:	5	2	3	-	5

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15. Did Timberland FY3Q24 promotions increase, remain the same or decrease yy?

	UNITED STATES	FRANCE	GERMANY	UNITED KINGDOM	EUROPE
Increased:	4	-	-	1	1
Remained the same:	2	2	2	1	5
Decreased:	-	-	-	-	-
Not applicable:	5	2	3	-	5

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