The Authentic Brands Group (ABG) version of Reebok is starting to take shape. US group ABG has become a major fashion and lifestyle player on its market in relatively short period of time, and will complete the acquisition of Reebok from Adidas in Q1 2022.

ABG, founded by Jamie Salter in 2010, is a marketing specialist that licenses the production and distribution of its brands across multiple markets. In the last few years, the group has built an impressive portfolio by acquiring, either single-handedly or with partners, brands like Forever 21, Volcom, Brooks Brother and Nautica. ABG's main coup was the acquisition of Reebok for €2.1 billion.

The way ABG is working to relaunch the British-born and Boston-based brand is inevitably arousing interest, after Reebok was the property of German sports giant Adidas for 15 years. And ABG’s moves are a clear indication of its ambitious plans. On Monday December 20, ABG announced the signing of an agreement with UK sport retail group JD Sports, which will distribute Reebok in Europe and the USA via the approximately 2,850 stores of its JD, Finish Line, DTLR, Shoe Palace, Size?, Sprinter and SportZone chains. The deal covers both footwear and apparel and is non-exclusive, but it denotes Reebok's ambition to be considered a major sportswear player alongside the likes of Nike, Adidas, Puma and New Balance.
“Reebok is an iconic global lifestyle brand with strong resonance across all JD channels and we are thrilled to partner with ABG to introduce new and exciting products to our legacy customers and JD’s growing Gen Z audience,” said Peter Cowgill, executive chairman of JD, in a press release. “Reebok fits squarely into our sports and active lifestyle verticals, and we look forward to maximizing Reebok’s potential by building on the brand’s incredible heritage,” added Cowgill.

The deal will become a reality in the next Fall/Winter season. JD will have access to products developed by the Reebok Design Group, supported by SPARC (Simon Properties Authentic Retail Concepts), a company founded last year by ABG in association with US retail distribution specialist Simon Properties. SPARC handles brand strategy development, technical design, specialised distribution and marketing, and it also oversees sourcing, manufacturing and retail operations, whether physical or digital.

It already works with several brands belonging to ABG, such as Nautica, Aeropostale, Lucky Brand, Forever 21, Eddie Bauer and Brooks Brothers. ABG is tapping SPARC to launch the Reebok Design Group (RDG), which will take on Reebok's product design on a global scale. ABG seems keen to preserve Reebok’s identity, not only by keeping the brand's long-established Boston headquarters, but also by continuing to place its confidence in Brand President Matt O'Toole. Todd Krinsky, vice-president in charge of products, will also remain in office.

“Preserve and maintain the brand's heartbeat and unique DNA”

“Reebok is the most monumental acquisition in ABG's history,” said Salter, the group's founder and CEO. “Because of the global reach of Reebok's activities, a key element of the strategy was to preserve the brand’s centre and its role in supporting a global network of partners, in order to preserve and maintain the brand's heartbeat and its unique DNA. Beginning with SPARC in the USA, we are building a network of strategic operational partners around the world committed to supporting [Reebok’s] innovation drive, integrity and brand values. We are delighted with the expertise RDG will continue to infuse into Reebok’s future," added Salter.

In early 2022, SPARC will also take control of Reebok's retail distribution in the USA. In parallel, ABG has teamed up with a number of partners with which to develop Reebok's presence in other regions.

It will work with the Falic Group in Latin America (excluding Mexico, Brazil and Argentina), with Accent Group Limited in Australia and New Zealand, with long-standing Reebok partner MGS in Israel, and with Aditya Birla Fashion and Retail Limited, already a partner of Forever 21, to expand Reebok's presence in India and South-East Asia.

ABG will have to deal with well-established Reebok subsidiaries in some markets, as well as with long-term partners. In the next few months, it must identify the best options for the brand to maintain a global presence. For the time being, ABG has not revealed what kind of organisational structure Reebok will deploy in Europe in 2022, knowing that some of the staff is still rubbing shoulders with Adidas’s in countries where operations were combined.

In 2020, according to the results published by the Adidas group, Reebok generated revenue of €1.4 billion, with a gross margin of 44.8% and a net operating loss of €38 million. One of ABG’s challenges will be to redeploy globally a brand that has a European focus. Last year, Reebok’s sales were worth €636 million in the EMEA region, €397 million in North America, €86 million in China, €162 million in the rest of Asia-Pacific and €125 million in Latin America.

By Olivier Guyot
Translated by Nicola Mira

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