

Weyco Group looking to expand more into outdoor footwear, continue acquisitions

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After a strong post-pandemic recovery, Glendale-based Weyco Group is looking to expand further into the outdoor shoe market and continue growing through acquisitions.

That was the message CEO Tom Florsheim delivered yesterday to members of the Milwaukee Rotary Club. Speaking at the group's latest luncheon meeting, he said the footwear retailer aims to evolve its various brand offerings to follow industry trends while maintaining its hold on the dress shoe market.

"We really saw this in '21 and '22, where nobody really wanted to be in the dress shoe business because everything was really casual," he said. "We stayed in the dress shoe business, at least with a percentage of our styles, because it was our heritage ... so there's much less competition, which gives us more room to grow."

Weyco Group designs, markets and sells a variety of shoes under brand names including Florsheim, Nunn Bush, Stacy Adams, BOGS, Rafters and Umi. It's largely a wholesale business, with 85 percent of sales in the wholesale market and the other 15 percent in direct retail and e-commerce. The company's design center is located at its Glendale headquarters, but it contracts with manufacturers in a number of overseas markets.

At the start of the COVID-19 pandemic in 2020, demand for dress shoes all but disappeared as formal events and weddings were called off, Florsheim explained. But other brands like BOGS — which offers boots and hiking shoes — performed better as customers looked to the outdoors for recreation.

Once the vaccines started becoming available in the following year, social events began to resume and the dress shoe business boomed once again, Florsheim said. But even as the company saw "incredible demand" for its more formal offerings, supply chain issues led to delivery delays and higher costs.

While the time it took to ship shoes from China to the company's U.S. distribution system tripled to about three months, the price to import each pair quadrupled to nearly \$4, according to Florsheim. As a result of these and other trends, the company's wholesale and retail prices have both risen by about 15 percent, he said.

Still, the challenges of 2021 were followed by "the year of the wedding" in 2022, as numerous marriage ceremonies postponed for much of the pandemic were finally able to be held.

"If I have these numbers right, there were more weddings last year than in any year since 1984 ... the demand continued to be very, very strong last year, and supply chain eased off, so we were actually able to get the shoes in to fill the demand — which was wonderful," he said.

Watch a video of his remarks here:

<https://www.youtube.com/watch?v=ATOWFq-n0lg>

-Alex Moe