Brand Doctor

Brand Check-up

Vans

As of October 1, 2024

Status: Bleeding

Vans is bleeding sales: revenue fell by a third in two years, led by the Americas, and VF is now resetting wholesale inventory and leadership.

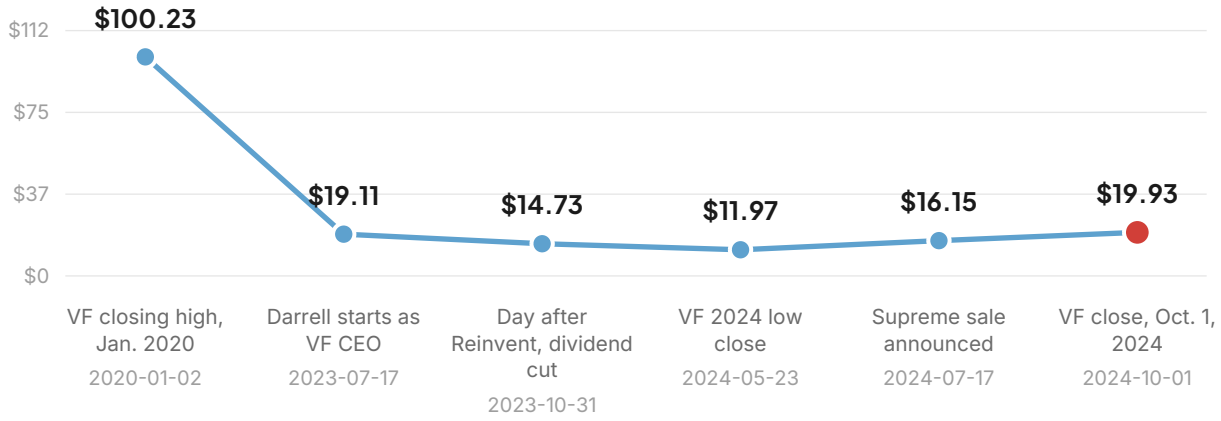
About this check-up

Brand Doctor reviews well-known brands the way we review a client's marketing: symptoms, diagnosis, treatment. This check-up uses public information available on October 1, 2024. It is brand and marketing analysis, not investment advice. Sources are listed at the end.

Vital signs

Share price

USD, at the dates shown [12, 6, 4, 8]



VF share price

$19.93

Close of parent VF Corporation (NYSE: VFC), Oct. 1, 2024; Vans has no shares of its own [12]

VF shares vs Jan. 2020 high

-80%

VF Corporation shares, from the $100.23 close on Jan. 2, 2020 [12]

VF market value

About $7.8 billion

VF Corporation: 389.2 million shares outstanding on July 27, 2024, times the Oct. 1 close [10, 12]

VF revenue, fiscal 2024

$10.5 billion

Year to March 30, 2024; down 10% [2]

Vans revenue, fiscal 2024

$2.79 billion

Down 24%; $3.68 billion in fiscal 2023 and $4.16 billion in fiscal 2022 [2, 3]

Vans revenue, Q1 fiscal 2025

-21%

$581.8 million in the quarter to June 29, 2024; Americas down 25% [1]

Timeline

2004	VF Corporation buys Vans for nearly $400 million including stock options. [14]
2020-12-28	VF completes its purchase of Supreme for a base price of $2.1 billion. [9]
2022	Vans revenue is $4.16 billion in fiscal 2022, about 35% of VF revenue. [3]
2023-02-07	VF cuts its quarterly dividend 41%, from $0.51 to $0.30 a share. [13]
2023-07-17	Bracken Darrell, former chief executive of Logitech, becomes VF president and CEO. [6]
2023-10-30	VF launches Reinvent, cuts the dividend 70% to $0.09 and says Vans brand president Kevin Bailey will step down; Vans revenue fell 21% in the quarter. [4]
2024-05-22	Fiscal 2024 results: Vans revenue falls 24% to $2.79 billion, with the Americas down 28%. [2]
2024-05-30	VF names Sun Choe, lululemon's chief product officer from 2018 to 2024, global brand president of Vans, starting in late July. [7]
2024-07-17	VF agrees to sell Supreme to EssilorLuxottica for $1.5 billion in cash, with closing expected by the end of 2024; VF shares close 13.6% higher. [8, 12]
2024-08-06	First-quarter fiscal 2025 results: Vans revenue falls 21% to $581.8 million. [1]

Symptoms

- Vans revenue fell 24% to $2.79 billion in fiscal 2024, after a 12% fall the year before.
- Revenue fell another 21% in the first quarter of fiscal 2025, with the Americas down 25%.
- The North Face passed Vans as VF's biggest brand by revenue in fiscal 2024.
- VF cut Vans inventory in the wholesale channel as part of resetting the marketplace.
- Shares of parent VF Corporation closed at $19.93 on October 1, 2024, about 80% below the January 2020 high.

Diagnosis

1 Sales fell hardest in the Americas

In VF's second quarter of fiscal 2024, Americas revenue was down 11% but only 3% excluding Vans. Vans fell 28% in the Americas in fiscal 2024 and 25% in the first quarter of fiscal 2025, and VF named the region as the biggest driver of the decline. [4, 2, 1, 10]

2 Too much product in wholesale

VF said its third-quarter and fourth-quarter Vans declines included deliberate actions to right-size inventories in the wholesale channel. Darrell listed resetting the marketplace for Vans as part of the next phase of the plan. [5, 2]

3 The brand lost touch with young shoppers

GlobalData analyst Alice Price, quoted by Retail Dive in November 2023, said Vans was "out of touch with consumers' latest trainer preferences" and looked "outdated and unfashionable in the eyes of discerning young shoppers." VF says its new operating model, which lets brand presidents focus on long-term brand-building and product innovation, is particularly critical at this stage for Vans. It then hired lululemon's chief product officer to lead the brand. [11, 10, 7]

4 A leadership gap during the slide

In October 2023 VF said Vans' global brand president would step down and that its CEO would take a more active role in leading the brand in the interim. Sun Choe started as brand president in late July 2024. Over the same period VF cut its dividend and agreed to sell Supreme to strengthen its balance sheet. [4, 7, 15, 10, 8]

Prognosis

As of October 1, 2024, Vans is still shrinking, but the rate of decline eased from 26% in the fourth quarter of fiscal 2024 to 21% in the first quarter of fiscal 2025. VF has a new Vans president, a cost program aimed at $300 million in fixed cost savings, and $1.5 billion due from the Supreme sale, which it expects to close by the end of 2024. What to watch: whether the Vans decline keeps narrowing in the second-quarter results, whether the Americas stabilizes, whether retailers reorder once inventories are clean, and what new product Choe's team brings to market.

Treatment

- Finish the wholesale reset so Vans sells through at full price before shipping more volume.
- Back the new brand president with a product pipeline built on consumer insight that gives buyers a reason to come back.
- Put brand-building spend behind the brand's most recognizable assets, such as the sidestripe and its creative, skate-rooted identity.
- Report Vans progress by region, starting with the Americas, so teams and investors can see whether the reset is working.

Lessons for growing companies

Break the totals down

Totals can hide one brand's problem. VF's Americas revenue fell 11% in one quarter, but only 3% without Vans.

Channel stock is a brand signal

Too much product with retailers usually ends in discounts. Track sell-through, not just shipments, to protect price and brand.

Give a core brand its own leader

When your biggest brand stumbles, appoint a dedicated leader fast. Vans' new president started about nine months after VF announced the previous one would step down.

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About Brand Doctor

Brand Doctor is a marketing strategy consultancy founded by Cliff K. F. Lin. He has spent 17 years in marketing and managed more than $30 million in spend for SaaS, tech and lead-generation companies.

A Brand Check-up applies the method we use with clients to a well-known brand: the symptoms you can see from outside, the root causes behind them, and the treatment we would prescribe. For your own company, we look at six areas (positioning, messaging, customer journey, channel mix, budget and spend, and measurement) and rank what to fix first.

$30M+	135+	8×	17
In marketing spend managed	Campaigns treated	Growth achieved	Years in marketing

Find out where your marketing is bleeding.

Brand Doctor runs the same check-up on your marketing. Book a free diagnosis at brandmd.ca/contact.

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