

Footwear Stocks Slide on Toning Concerns

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Posted THURSDAY SEPTEMBER 9, 2010

From [FOOTWEAR NEWS](#)



A women's Shape-Ups style.
Photo By Robert Mitra

Footwear stocks had a rough day on Thursday.

Manhattan Beach, Calif.-based Skechers USA Inc. saw its stock hit its lowest level of 2010, after Susquehanna Financial Group released a research note downgrading the stock from positive to neutral.

Skechers' share price hit a low of \$22.67 just before 3 p.m. It closed at \$23.02, down 12.6 percent from the day before. It previously hit its 52-week high of \$44.90 on June 21, 2010.

Susquehanna analyst Christopher Svezia said Skechers saw a "significant increase in Shape-ups discounting unfolding over Labor Day weekend," and unit volumes have fallen off in August, showing that "trends have clearly slowed."

"Given increasing promotions, we believe early fall sell-through was not meeting original expectations. As a result, we would look for continued promotional activity through fall with potentially some cancellations of fourth-quarter delivery," added Svezia.

"Skechers was really was the first one to take toning product to the volume channel. But since then, we've seen others enter the marketplace and take market share, and at some point, the growth of the toning market is going to slow," said Jeff Van Sinderen, analyst at B. Riley & Co.

Out of 53 publicly listed retail companies tracked by Footwear News, only 18 posted gains in Thursday's trading.

Crocs Inc. slid steadily throughout the day, finally closing down 15.9 percent at \$11.63. Phoenix Footwear Group Inc. tumbled 14.3 percent to close at 30 cents, and Deckers Outdoor Corp. fell 5.3 percent to \$45.85.

"These stocks tend to trade in groups, so if one gets hit, the group gets hit," said Van Sinderen.