DEICHMANN remains on track for success in its 111th year

Record revenue/growth against the sector trend

Essen, 19.03.2024

In the past financial year DEICHMANN SE generated gross revenue of 8.7 billion euros (net 7.4 billion euros) in 34 countries. Currency-adjusted revenue growth was just over seven percent. In 2023, 184 million pairs of shoes were sold worldwide in the group's stores and online shops (up 1.4 percent versus 2022). On 31 December 2023 the company operated around 4,700 stores (2022: just under 4,600) as well as 41 online shops and it had slightly more than 49,000 employees (2022: approx. 48,000).

"2023 was a challenging year for the DEICHMANN Group, but it was also a successful one," emphasised Heinrich Deichmann, Chairman of the Management Board of DEICHMANN SE. "Our collections and the top brands we retail at convincing great-value prices are exactly what our customers are looking for. They have enabled us to buck the general market trend and achieve growth in the stores and online. Despite difficult market conditions, including high inflation, consumer restraint and shifting customer preferences, the DEICHMANN Group's revenue rose by more than seven percent to 8.7 billion euros last year. Like-for-like revenue, which is revenue at our existing stores, also increased by five percent. This is an outstanding international achievement that we accomplished with the support of our fantastic sales, logistics and administration teams."

Impressive performance in Germany

The family-owned company, which was founded in Essen in 1913 and is still based there, also experienced significant growth in Germany. Gross revenue in Germany increased by around nine percent to just under 2.8 billion euros (2.3 billion euros net/ 2022: 2.5 billion euros gross) in 2023. Like-for-like growth was almost nine percent. Since the company is increasingly focussing on strong top brands to complement its popular own brands, these positive results are a reflection of the higher-priced models in the range, on the one hand, and growth in the number of pairs of shoes sold, on the other. The group sold over 70 million pairs of shoes in around 1,400 stores across Germany as well as online, which represents an increase of almost three percent compared to the previous year. It also continued to achieve growth in the online segment after COVID-19, despite the prevailing negative market trend. DEICHMANN is an attractive place to work and there were new additions to the teams in Germany and abroad in 2023. At the end of 2023, the DEICHMANN Group had around 17,000 employees in Germany (end of 2022: approx. 16,400).

Serving the people for 111 years is a powerful recipe for success

"We stand for continuity and dependability after serving the people for 111 years. It is our clear positioning to offer a comprehensive selection of shoes for the entire family at the best value for money in the market. This appeals to customers even or especially in times of crisis," commented Heinrich Deichmann. DEICHMANN's positioning is reflected in the latest annual ranking by the YouGov public opinion and research company on the subject of value for money, where it is the top-ranked fashion retailer.

Great-value prices, brand diversity and fashion expertise are three DEICHMANN strengths that enable the footwear retailer for the entire family to perform so well in a challenging market environment. Customers know they can always depend on affordable entry-level prices. With its fashionable product assortment and successful campaigns, DEICHMANN appealed to the popular tastes of shoe fans in 2023. It also orchestrated a number of highlights such as the “Fila meets Leni Klum” campaign, the “Back to School” campaign with singer Sarah Connor and a Barbie Collection.

New third-party and licensed brands such as New Balance and Rieker also helped the company to broaden its appeal to a larger target audience. Brands such as Esprit, Crocs, Tom Tailor, Skechers, Bench and Dockers have already been in the range for a while now and the long-established sports brands at DEICHMANN, including Adidas, Puma, Nike and Fila, still have high consumer significance. They complement the own brands in a practical way and have enabled DEICHMANN to support its customers at every step and turn for many generations. “We want everyone to be able to afford good shoes. That’s an aspiration that I share with my father and my grandfather,” emphasised Heinrich Deichmann.

Modern stores and services for an attractive shopping experience

Another reason for the successful year, according to Heinrich Deichmann, is the attractive network of stores with modern designs. “We remodelled over 100 DEICHMANN stores in Germany alone last year. Clearly, the remodelled stores have been very well received by our customers and this aspect is also reflected in the revenue figures.” The new store concept is characterised by a modern look, a spacious feel, soft colour schemes and plenty of room for sporting goods. It is currently being incrementally rolled across Europe.

Digital and omnichannel offerings effectively supplement the customer service provided by the teams in the stores. For example, digital foot measuring devices are available in all the new and remodelled DEICHMANN stores. They are used for the fast and accurate measurement of child and adult shoe sizes in less than five seconds, making shoe shopping even easier and more convenient for customers. Up to now, around 200 stores in Germany have been equipped with digital foot measuring devices.

Heinrich Deichmann is aware of what an important role the stores and their staff play, despite the growing significance of online retail. “Our dedicated teams at the stores make an enormous contribution. They are our face to the customer and they do a genuinely fantastic job. I’d like to thank all our employees, including the logistics teams and the staff at headquarters. They are the people who made this successful year possible in the first place,” underlined Heinrich Deichmann.

Strong international positioning

In 2023 the DEICHMANN Group generated around 68 percent of its revenue abroad. The DEICHMANN concept has developed positively in all foreign markets, especially Switzerland, Austria and Turkey. For example, DEICHMANN has made strong expansion progress with eighteen additional stores in Italy, twelve in Poland and eight in the UK.

Sneaker and streetwear retailer SNIPES contributed around 1.8 billion euros to group revenue in Europe and the USA. However, the pace of growth slowed down to some extent in the USA. The American market had a tough time generally in the face of high inflation and high interest rates, which also impacted the DEICHMANN Group. Even the American subsidiary Rack Room Shoes felt the effects overseas. The strategy of SNIPES in particular for 2024 focuses on pushing revenue through

expansion and like-for-like growth. The company currently operates almost 800 stores in Europe and the USA, of which around 350 are in the United States and 150 in Germany. Further stores are located in Italy, Spain, the Netherlands, Poland, France, Switzerland and Croatia.

Changes were also on the agenda in conjunction with the profitability assessment and measures taken to enhance the group's profile. Last year, the DEICHMANN Group announced that it would discontinue the MyShoes retail concept in the German and Austrian markets by the end of 2024 due to long-standing and now significant losses. Despite many years of extensive investments, product range adjustments, profile raising and optimisation programmes, it was decided that the MyShoes business model unfortunately lacks long-term viability. A total of 19 stores of the concept ONYGO, which is exclusively operated in Germany and focusses on young, fashion-oriented customers, are now in the hands of a new owner and nine further stores are to be closed by the end of August at the latest. In the interests of the entire workforce, it is DEICHMANN's entrepreneurial responsibility to discontinue loss-making business models and focus its energies on commercially viable business segments.

New campus at the Essen headquarters

The topping-out ceremony for the new DEICHMANN campus, as a sign of the company's future vision, was celebrated in November 2023. A new light-flooded atrium building with five storeys is the flagship project in this construction undertaking. It was designed by renowned, Hamburg-based architecture firm gmp. "The new building represents our company's positive development over the past decades and is an investment in the future of our corporate group," said Heinrich Deichmann. "We want our employees to have modern workspaces with a pleasant ambience that place emphasis on collaboration and interaction. This reflects our international orientation and our way of working."

In addition to the work on the new campus, existing buildings at the site are being modernised to reflect changing requirements of contemporary workspaces and structures – for example, open-plan offices and modern team and conference areas. When it comes to building technology, the company is focusing on innovative solutions, for example, by installing photovoltaic and geothermal systems in both new and existing buildings. The project is scheduled for completion in 2025. Today, around 1,270 employees work at the headquarters. DEICHMANN has just been named "Top Employer 2024" by the independent Top Employers Institute.

Outlook: embarking on 2024 with the same confidence and courage

DEICHMANN SE is still 100 per cent owned by the founding family. Heinrich Deichmann is pleased with the company's profit figures. "The past few years in particular have encouraged us to continue operating independently as a family business and to pursue a controlled and incremental expansion strategy," said Deichmann.

DEICHMANN also has ambitious plans for 2024 after redefining its brand identity. "We want to emotionally reinforce the DEICHMANN brand as a 'love brand' in the minds of our customers. Everyone can find fashionable shoes, cool trainers and accessories in our stores and online shops," emphasises Heinrich Deichmann. DEICHMANN is manifesting this vision in a multichannel brand campaign with powerful imagery. It appeals to everyone, from the young to the young at heart, from style hunters to sneakerheads – all of whom can always count on getting best value for money. The campaign got off to an impressive start in the spring and there are plans to make it a permanent element of communications in order to reinforce DEICHMANN's position as Europe's number one love brand for shoes.

Against the backdrop of the current economic situation, extensive investments totalling around 374 million euros are also on the agenda for 2024, for example in modern stores with attractive designs and omnichannel services. A total of around 450 new and remodelled stores are currently planned across the group in 2024, including around 120 outlets in Germany.

Investments are also being made in the further digitalisation of processes, product development optimisations, the modernisation of IT systems and the growing e-commerce business. For example, DEICHMANN is moving forward in the transformation of its online and omnichannel business with the SCAYLE enterprise shop system. This shared omnichannel platform is being successively rolled out and is already in use in ten countries.

Logistics is another area in which further investments are being made. The first logistics investment project involved the Swiss subsidiary and the construction of an additional, modern online distribution centre.

There are plans to open the first stores in Bahrain this year with the AZADEA Group as franchise partner. The DEICHMANN brand was launched via the AZADEA Group last year, with branches in Abu Dhabi, Saudi Arabia, Kenya and the Ivory Coast.

“DEICHMANN moves” purpose initiative

DEICHMANN is more than just a footwear retailer. The Essen-based family-owned company has always followed the guiding principle of: The company must serve the people. DEICHMANN is determined to improve the lives of its customers – with good quality, affordable shoes – as well as the lives of its employees and people in need in many parts of the world.

This is a purpose that DEICHMANN pursues both internally and externally. “DEICHMANN stands for change as a company that is socially committed, modern and for everyone. We intend to lead the way and contribute to improving the people’s lives whenever we can make a positive difference. We aim to make an impact that gives people direction,” explained Heinrich Deichmann. For those reasons, leading by example, standing up for people in society who are weak or in need and giving role models a platform are intrinsic to the company’s mission.

DEICHMANN moves! is the name of the latest purpose initiative with a focus is on combating child poverty. By running campaigns such as “Germany’s fittest primary school”, “Heart’s Desires” and “DEICHMANN Mutmacher (Trailblazers)”, the company hopes to play an active role in bringing about change in society.

As a family business, DEICHMANN is especially committed to supporting the youngest members of society. The “Germany’s fittest primary school” campaign is an initiative launched by DEICHMANN to help counteract the lack of exercise and motivate children to be more active. The World Health Organisation (WHO) is also currently encouraging people to exercise more and warns of increasing secondary diseases caused by sedentary lifestyles. In the “Germany’s fittest primary school” initiative teachers are provided with an exercise programme that was specially developed by experts. The schools can compete for the title of “Germany’s fittest primary school” in a nationwide competition and win cash prizes of up to 7,000 euros.

The Essen-based footwear retailer also creates moments of joy for children in the “DEICHMANN Hearts’ Desires” initiative, which makes wishes come true for children affected by poverty – such as a visit to the zoo or the chance to watch a match at their favourite football club.

Role models inspire, motivate and shape the future. DEICHMANN not only aspires to be a role model

itself, but also to provide other role models with the platform they deserve. These values are deeply rooted in the DEICHMANN organisation and embraced by its committed employees and they are the basis for the third initiative. Every month “DEICHMANN Mutmacher (Trailblazers)” pays tribute to employees who support community projects. The projects that the employees support also receive publicity and financial support.

Heinrich Deichmann: “I’m exceptionally proud of our people. Many of them support community projects in a variety of ways. They’re really setting an example and showing just how special the DEICHMANN DNA is!”

Community involvement with the DEICHMANN Foundation

DEICHMANN’s guiding principle is: The company must serve the people. DEICHMANN aspires to improve the lives of customers, employees and people in need, reflecting the Deichmann family’s commitment to the Christian view of humanity. The DEICHMANN Foundation has been supporting large-scale development and aid projects at home and abroad for over 50 years.

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DEICHMANN SE, which is headquartered in Essen, Germany, was founded in 1913 and is still a wholly owned family company. It is the European footwear retail market leader and active in 31 countries worldwide. The company has over 48,000 employees and operates more than 4,600 stores, as well as 41 online shops. In addition to the DEICHMANN stores the company owns the MyShoes chain, Dosenbach, Ochsner Shoes and Ochsner Sport in Switzerland, vanHaren in the Netherlands and Belgium and Rack Room Shoes in the USA. It also owns the SNIPES Group with stores and online shops in Europe and the USA.