

From underwear to sports fashion

For older generations, Björn Borg will always live on in memory as one of the best and most stylish tennis players of all times. Younger generations however grew up associating Bjorn Borg with the colourful underwear brand. Henrik Bunge, who was appointed as the CEO of Bjorn Borg AB in 2014, is now looking to revive the company's heritage in sports. His ambition is to re-focus on 'fashionable sports gear', and to inject more performance-driven features into their products.

The Björn Borg brand was established in the Swedish fashion market in the first half of the 1990s. Bjorn Borg AB's predecessor company, World Brand Management (WBM), was given an exclusive trademark license for the name Björn Borg in 1997. The company bought full rights to the trademark at the end of 2006 and listed on Nasdaq Stockholm a year later. Mr. Bunge was appointed as Björn Borg's new CEO in August 2014. His job has been to get the underwear manufacturer back on track, as the publicly company had been struggling both in terms of turnover and profitability.

Mr. Bunge studied law at the Uppsala University and strategic sales management at Harvard. He had worked for Swedish clothing chain Peak Performance up until October

2013, after spending six years at Adidas as the responsible for the eight Northern markets. Prior to that, he was sales and marketing director at sleep comfort chain Hästens. Industry analysts concluded upon his appointment that Björn Borg brought Mr. Bunge to the company because he had managed to increase volumes and profitability rather quickly with his previous employers.

He seems to be living up to his promise: since he took over, all financial quarters have gone in the right direction. "We're on track, executing on our strategy called Northern Star," he explains. "We're aiming for 1 billion kronor in sales by 2019 and an operating margin of 15 percent." In 2014, sales were about 539 million kronor and the margin 10.4 percent.



The key objective of the Northern Star strategy is to transition the brand in a new arena. "For a long time we were heavily focused on underwear," Mr. Bunge explains. "That market is fairly saturated and we see more growth potential for a broader product range with sports gear. The popularity of health and fitness continues to increase. And additionally, fashion plays an increasingly important role in sports." Bjorn Borg knows fashion: the brand is known for its colourful designs, aimed at an urban, fun-loving target group. "Putting an age bracket on your target group is a thing of the past, in my view," Mr. Bunge emphasises.

He readily admits that the market for sports gear, while huge and still growing, is as competitive, and arguably even more competitive than that for underwear. But he feels that the brand's origins give it a unique identity. "While some of the younger generation may



not know Bjorn Borg the tennis player, we do have a unique story to tell.” Interesting in that regard is that Bjorn Borg the tennis player was not only known for his many achievements (the Swede won 11 grand slam titles including 4 Wimbledon titles), but also for his distinctive style and appearance. Building on his enormous popularity, he became the first tennis player to make more money in endorsements than out of prize money. In a similar vein, the brand Bjorn Borg is positioned to have both style and performance appeal, with technical fabrics for example, and workout gear that people would happily wear outside the gym. From consumer surveys in all its northern European markets, the company concludes that this combination is what people buy into, and it is confident that consumers want to buy sports fashion from Bjorn Borg. “We want to be known for our fashion appeal but also for well-fitting clothes and high functionality,” says Mr. Bunge.

The increasing focus on sports gear means the company has to broaden its distribution base with specialist sports retailers in its main markets, Scandinavia and the Netherlands. The company is also restructuring some of its distribution. It recently announced it has terminated the distribution contract for the Netherlands, Belgium and Luxemburg with the aim of running the distribution of Björn Borg products in the region in-house. Current distributors will hold the distribution rights during the four-year term of notice, unless the parties agree on an earlier takeover. The termination does not impact the distribution agreements the company has in place in Scandinavia. “We already have operations at every



level from branding to consumer sales but ideally we'd like to become an even more vertically integrated operation, and not just for cost reasons,” says Mr Bunge. “We're happy with the way our Dutch distributor has positioned the brand in the Netherlands, but believe that by cutting out the middle man, we'll be able to respond quicker to market developments and ever changing consumer trends.” He believes that overall, regional distributors are a thing of the past. “We live in a globalising world in which people can buy online from retailers all over the world. The

new generation of consumers sees no regional limits. The world is changing, and so should we.”

BJÖRN BORG 

Bjorn Borg AB
Tulegatan 11
SE-113 53 Stockholm
Sweden
Website: www.bjornborg.com