Aerosoles explores options including sale of shoe retailer

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U.S. women’s shoe company Aerosoles Group is exploring several options including a debt restructuring or sale of the company, as it struggles to adapt to fast-changing consumer tastes, according to people familiar with the matter.

Aerosoles, known for its affordable flats and wedges, has hired investment bank Piper Jaffray Companies and financial advisory consultant Berkeley Research Group to carry out the strategic review, three sources said Thursday.

The sources asked not to be identified because the deliberations are confidential.

Aerosoles, Piper Jaffray and Berkeley Research Group did not respond to requests for comment. Palladin Consumer Retail Partners, the investment firm which acquired Aerosoles in 2014, also did not respond to a request for comment.

Aerosoles has faced fierce competition from other shoe retailers. Once part of Kenneth Cole Productions Inc, Aerosoles has found it challenging to lure shoppers to its stores and website with unique products.
The Edison, New Jersey-based company also faces the same headwinds as other brick-and-mortar retailers, as e-commerce companies such as Amazon.com Inc become more popular with shoppers looking for the cheapest price.

The shoe company has about 80 stores in the United States and more than 300 around the world, including in China, India and Peru, and is also sold in stores including J C Penney Company Inc, Kohls Corp and DSW Inc. Some of the shoeseller's competitors, such as discounter Payless ShoeSource Inc and trendy label Nine West Holdings Inc, have also undergone debt restructurings.

Payless filed for bankruptcy earlier this year with plans to close hundreds of stores, and Nine West hired an advisor to find ways to bolster its balance sheet. Nine West also sold its comfortable line that competes with Aerosoles, Easy Spirit, last year.

Private equity firms acquired both Payless and Nine West in leveraged buyouts that burdened them with heavy debtloads. Aerosoles does not disclose its debt burden publicly.

Aerosoles named Denise Incandela as its CEO in April, replacing R. Shawn Neville who became executive chairman of the company's board. Incandela joined Aerosoles from Ralph Lauren Global Digital, and previously worked at Saks Fifth Avenue.

Palladin's other investments include women's apparel line Nic+Zoe and sports medicine company KT Health LLC.