

# Gore-Tex competitors want a level playing field

By Mike Kessler, *Outside*

The biannual gathering of the gear tribes is typically a magnanimous affair. Held each winter and summer in Salt Lake City's 675,000-square-foot Salt Palace convention center, the Outdoor Retailer trade shows (OR for short) draw some 20,000 industry types—an assortment of hyperfit gear wonks who pal around, show off their wares, and tout their stuff to resellers and the press. At OR, VPs wear Keen sandals and sales guys balance on slacklines; even ambitious young marketers rarely speak ill of the competition.



That's why the banner at last summer's show was so striking. Ten feet tall and 30 feet wide, it was the first thing people saw when they walked through the convention-center doors. Next to an image of a professional climber who'd been Photoshopped to look like someone from a "Faces of Meth" poster—vacant stare, yellow pallor—was the explanation, spelled out in massive, no-nonsense type: "Endured Constant Overheating and Freezing for 12 Years." And below, the payoff: "Liberated by NeoShell." While the message would probably seem cryptic to industry outsiders, everyone here knew exactly what it meant: NeoShell is better than Gore-Tex.

Similar advertisements for NeoShell, a new waterproof-breathable material made by Polartec, the Massachusetts-based fabric manufacturer best known for popularizing synthetic fleece, were suspended throughout the Salt Palace and plastered on billboards around town. They've subsequently appeared on websites and in magazines, including this one. NeoShell, which debuted last fall in top-of-the-line jackets

from the likes of Marmot, North Face, and Mammut, is the company's first-ever waterproof-breathable product. "We did tons of research," Nate Simmons, Polartec's marketing director, told me at the company's booth. "We wouldn't have come into this space unless we were confident we could compete."

While NeoShell was Gore-Tex's most conspicuous new challenger at OR, it wasn't the only one. At the elaborate Columbia booth, staffers were just as determined to upstage Gore-Tex by touting the breathability of their own new proprietary fabric, OmniDry, which the company launched last year with a marketing video vowing to "take down Gore-Tex." Woody Blackford, Columbia's VP of global innovation, was dressed in a white lab coat for theatrical effect. He guided me to a display that looked like something out of a well-funded high school science fair, with two hot plates sitting side by side. Blackford squeezed a drop of water onto each plate, then placed a cutout from a jacket that features OmniDry, among other exclusive technologies, onto one and a swatch of a generic jacket with an ePTFE membrane, the main ingredient in Gore-Tex, onto the other. He then placed a shallow glass cup atop each swatch. Within minutes, the cup on the OmniDry sample had fogged up. The one atop the generic swatch, meanwhile, remained mostly clear. (Several minutes later it was cloudy, too.) The reason the OmniDry cup fogged up so much faster, Blackford explained, is that the fabric is better at passing moisture vapor. In other words, it's more breathable. "If you're going to be out sweating," he asked, "which one would you want to wear—the one that stays wet or the one that gets dry?"

A few years ago, this kind of brazen, taste-test marketing against Gore-Tex would have been unheard of. Over the past three decades, Gore has become one of the most powerful and recognizable brands in the world, transforming its proprietary membrane into a household name, as synonymous with waterproof-breathable as Coke is with soda. That transformation has been

very good for the outdoor industry. Some of the largest companies on the OR floor were literally built through their affiliation with the Gore-Tex brand. According to some estimates, Gore now commands more than 70 percent of a waterproof-breathable outerwear market that didn't even exist before its membrane was developed, a market that now, by some estimates, tops a billion dollars.

Gore-Tex might be a cash cow for gear manufacturers, but you wouldn't have heard a lot of gratitude by surveying last summer's OR crowd. I asked dozens of industry veterans and designers about the unprecedented marketing attacks from Columbia and Polartec, and the first thing I noticed was the fear. Hardly anyone was willing to speak about Gore-Tex on the record. When I asked one manufacturer why people were being so coy, he told me, "Everybody hates Gore, everybody needs Gore, so everybody's afraid of Gore. They can make or break you." He was referring to an open secret among industry insiders: that Gore's licensees are afraid to work with non-Gore technologies, lest the market leader terminate their contracts.

Whispers about Gore's heavy-handed tactics have been circulating for years, but allegations have recently gotten serious enough that both federal and international regulatory agencies are involved. In the fall of 2010, Columbia and its Italian subsidiary, OutDry, a small company that specializes in waterproof-breathable technology, submitted a 55-page complaint to the Commission of the European Union. While the complaint is confidential, the grievances are said to be straightforward. "In order to maintain market dominance," Peter Bragdon, Columbia's lead counsel, recently told me, "W.L. Gore and Associates engages in unfair business practices, intimidating footwear and glove licensees into loyalty and violating antitrust laws by excluding the competition." In other words, Gore is being accused of systematically preventing manufacturers from gaining access to

competing products.

At almost exactly the same time, a “non-public” complaint against Gore was put forth to the U.S. Federal Trade Commission. While the complainant’s name (or names) is confidential under federal law, and no one has publicly taken credit, the grievance was convincing enough for the FTC to launch a follow-up investigation last spring, a fairly uncommon response. “While antitrust complaints are filed at a rate of several hundred per year, only around 10 percent become full-scale investigations,” a former FTC lawyer, who requested anonymity, told me. “The government is picky.” In the meantime, outerwear heavyweights are waging a battle on terms unfamiliar to this crowd, and the otherwise collegial outdoor industry may never be the same again.

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