

Strategy Case: Deckers - Where should the next consumer investment go?

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Decision scope: Brand-specific allocation of incremental consumer-facing investment between owned direct-to-consumer (DTC) capabilities and wholesale partnerships

Case convention: The planning assignment and alternatives are hypothetical. Company disclosures are historical; this case does not represent an actual management proposal or decision.

The assignment

Deckers Outdoor Corporation's next planning cycle must decide how to direct incremental consumer-facing investment across HOKA and UGG. Should it expand owned DTC capacity for both brands, prioritize one brand while maintaining wholesale reach for the other, or put more support behind wholesale partners while using DTC selectively?

Recommend a brand-specific channel role for HOKA and UGG, the evidence gates that should govern expansion, and the measures Deckers should track. State what additional information you would request and what results would change your recommendation. The public record does not disclose a fixed investment budget, store target, or management instruction to reallocate a named amount. Do not invent one.

A portfolio with two large, different brands

Deckers Outdoor Corporation is the public company and consolidated parent. It reports HOKA, UGG, and Other brands as separate operating segments. For this decision, HOKA and UGG are the central alternatives, but they are not interchangeable.

HOKA's company-described position is rooted in performance footwear, with a stated ambition to extend consumer adoption through innovation and lifestyle appeal. UGG's strategy emphasizes its established franchises, global positioning, category evolution, and consumer experiences. UGG's sales are more seasonal: the company says it historically earns its largest share of annual sales in its third fiscal quarter, October through December. HOKA sales are generally more evenly distributed.

The smaller Other brands segment, primarily Teva, is not a clean comparison group. Its reported results also reflect the phaseout of Koolaburra and AHNU operations. In the latest quarter, Deckers attributed lower domestic Teva sales partly to a refocus of wholesale distribution toward outdoor and premium retailers. Treat these brands as relevant portfolio context, not as interchangeable with HOKA or UGG.

The company's stated priorities

Deckers' July 2026 proxy lists long-term priorities that pull in more than one direction. It aims to increase HOKA's global share through performance innovation and lifestyle appeal, strengthen UGG's global position through franchise evolution and consumer experience, use technology and analytics to improve consumer connection, and expand DTC capabilities.

The company sells through domestic and international retailers and distributors, and directly through e-commerce and company-owned stores. Owned channels may give Deckers more control over assortment, the shopping environment, and its relationship with consumers. Wholesale partners can provide reach, local expertise, merchandising, and access to customers where Deckers has limited owned presence. The company's public disclosures do not measure the net value of those benefits or the response of its retail partners.

The annual and quarterly signals differ

FY2026 results, for the year ended March 31, 2026, showed wholesale revenue growing faster than DTC. In Q1 FY2027, the 13 weeks ended June 30, total reported DTC revenue grew faster than wholesale. The periods differ in seasonality, geography, brand mix, and other factors; neither by itself establishes which channel creates more incremental value.

Exhibit 1. FY2026 reported growth

Measure	FY2026 result	Year-over-year change
HOKA net sales	\$2.587bn	+15.9%
UGG net sales	\$2.739bn	+8.2%
Other brands net sales	\$146.2m	−33.9%
Wholesale net sales	\$3.208bn	+12.3%
DTC net sales	\$2.264bn	+6.3%

Source: FY2026 Form 10-K, MD&A pp. 32 and 36-37; audited channel totals in Note 2, p. F-20. Values are company-reported. The Other brands comparison includes portfolio changes.

Exhibit 2. Q1 FY2027 reported brand and channel sales

13 weeks ended June 30, 2026; USD millions; growth is year over year.

Brand / total	Wholesale	DTC	Total net sales
HOKA	\$446.8 (+2.9%)	\$256.8 (+17.3%)	\$703.5 (+7.7%)
UGG	\$194.2 (+4.5%)	\$83.8 (+5.7%)	\$278.0 (+4.9%)
Other brands	\$25.7 (−20.4%)	\$12.2 (−12.7%)	\$37.9 (−18.1%)
Deckers consolidated	\$666.7 (+2.2%)	\$352.8 (+13.0%)	\$1,019.5 (+5.7%)

Source: Q1 FY2027 Form 10-Q, Note 2 and MD&A, printed pp. 24-25. Amounts are rounded; the filing reports in thousands.

The growth rates are Deckers' reported channel revenue. Wholesale revenue reflects sales to retailers and distributors-sell-in. It is not the retailer's sales to consumers. DTC revenue includes Deckers' e-commerce and company-owned stores; it is not all consumer purchases of Deckers products.

Deckers separately reported that **comparable DTC sales increased 6.8%** for the 13 weeks ended June 28, based on operations open in both periods and stated on a constant-currency basis. That is distinct from total reported DTC revenue growth of 13.0%. The company also reported total unit volume down 1.4% to 14.5 million. Its unit measure spans footwear, apparel, accessories, home goods, and care kits across brands, and the prior-year comparison includes phased-out brands.

At June 30, Deckers had 212 company-owned stores: 68 HOKA and 144 UGG, compared with 191 total one year earlier. Store count does not reveal opening-cohort sales, payback, comparable-store growth, or whether stores added sales to the brand or shifted purchases from another channel.

What management says is behind the quarter

For HOKA, Deckers attributed sales growth to higher global sales through both channels and diverse product adoption in DTC. It said international wholesale sales were lower because of planned shipment-timing differences, primarily associated with the transition of a European third-party logistics provider in the prior period. This is management's explanation of reported sales; the filing does not quantify the timing effect or independently verify consumer demand at retail partners.

For UGG, management said growth was largely balanced across channels, with international sales leading and domestic growth supporting, and attributed the increase to key franchises in year-round product offerings. The filing does not measure consumer-level adoption or isolate the effect of an individual campaign.

Deckers' gross margin increased 60 basis points to 56.4% in Q1 FY2027, while operating income decreased 6.0% to \$155.3 million and operating margin fell 190 basis points to 15.2%. Management listed favorable channel mix among several gross-margin drivers, together with product mix, UGG full-price selling, foreign exchange, and close-out management. SG&A increased 12.7%, with disclosed cost increases including payroll, HOKA retail staffing, marketing, technology/commission costs, and rent and occupancy tied primarily to HOKA retail investments. Deckers does not provide brand-by-channel contribution margins or the marginal cost of added stores.

The company's FY2027 guidance, published July 23, was \$5.86-\$5.91 billion of net sales, with expected low-double-digit HOKA growth and mid-single-digit UGG growth; it raised diluted EPS guidance to \$7.35-\$7.50. These are forward-looking company expectations, not realized results or a channel-specific forecast.

On September 22, UGG announced North American fall activations, including events in New York on September 26-27. That announcement provides an example of UGG's use of consumer experiences. The public release available by the cutoff does not provide campaign results or a comparison that would isolate their effect.

What research can-and cannot-tell the team

Independent research gives Deckers useful questions rather than a company-specific answer. A field study of one German cereal brand's entry into owned stores found lower online sales and higher supermarket sales relative to synthetic comparison areas; the effect differed by channel. It also found that top-line sales gains did not guarantee store profitability. The product, company, store format, market, and retail partners differ from Deckers' footwear businesses, so its percentages and margin thresholds cannot be transferred to HOKA or UGG.

A separate study develops six dimensions of brand-extension fit: feature, function, resource, use occasion, target market, and image. These dimensions can structure questions about HOKA's lifestyle offerings and UGG's category extensions. Its survey responses and stated purchase intentions do not establish actual Deckers purchases, retailer acceptance, or investment returns.

The planning choice

The team must decide what to test and where to place the next increment of consumer-facing capacity. Three constructed approaches are available for analysis:

1. **Expand owned DTC for both brands.** Build stores, digital capabilities, and consumer experiences for HOKA and UGG while preserving a substantial wholesale presence.
2. **Prioritize by brand.** Give one brand the larger share of incremental owned-channel investment, while using wholesale and existing owned capacity as the principal route for the other. The priority could differ by market or initiative; students must explain the basis.
3. **Strengthen wholesale first and use DTC selectively.** Concentrate more incremental support on retail and distribution partners, while adding owned-channel capacity only where customer, market, and store evidence supports it.

These approaches can be combined or staged, but a recommendation should say how HOKA and UGG differ, what gets funded or tested first, and what results would trigger expansion, pause, or redesign. Public data do not settle the choice. Relevant missing information includes consumer sell-through and partner inventory by brand and market; store-cohort economics; channel contribution after fulfillment, returns, labor, rent, marketing, and technology costs; cross-channel customer behavior; and retailer response.

Discussion questions

1. What is Deckers deciding, and which parts of the planning assignment are hypothetical rather than company-announced?
2. How do the FY2026 and Q1 FY2027 channel signals differ? What can and cannot be inferred from that difference?
3. How should HOKA's performance-to-lifestyle strategy affect its channel choices? How might UGG's category expansion and seasonality change the answer?
4. Which measures would distinguish incremental DTC demand from channel switching, shipment timing, store growth, or market mix?
5. What evidence would you require before expanding owned stores or DTC investment? What role should wholesale partners have?
6. Which brand-level, financial, customer, and partner outcomes would cause you to change the plan?

Selected sources

- Deckers, [Q1 FY2027 Form 10-Q](#), filed July 30, 2026; quarter ended June 30.
- Deckers, [Q1 FY2027 earnings release](#), July 23, 2026.
- Deckers, [FY2026 Form 10-K](#), filed May 22, 2026; year ended March 31.
- Deckers, [2026 definitive proxy statement](#), filed July 24, 2026.
- UGG, [fall campaign announcement](#), September 22, 2026.
- Van Crombrugge, Breugelmans, Breiner, and Scheiner, "[Assessing the Multichannel Impact of Brand Store Entry by a Digital-Native Grocery Brand](#)", *Journal of Marketing* 88(3), 2024, pp. 88-109.
- Deng and Messinger, "[Dimensions of Brand-Extension Fit](#)", *International Journal of Research in Marketing* 39(3), 2022, pp. 764-787. The full text reviewed was an early-version author PDF; its version limitation is documented in the research package.