

Confidential

Global Fashion Industry Independent Market Research

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May 2023



Scope

■ The project scope is defined as follows:

Research Period

- **Historical Year: 2017 - 2022**
- **Base Year: 2022**
- **Forecasted Year: 2022 – 2027**

Geographic Scope

- **Globe**
- **China***
- **United Kingdom**
- **United States**

Note: For this report, China excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan.

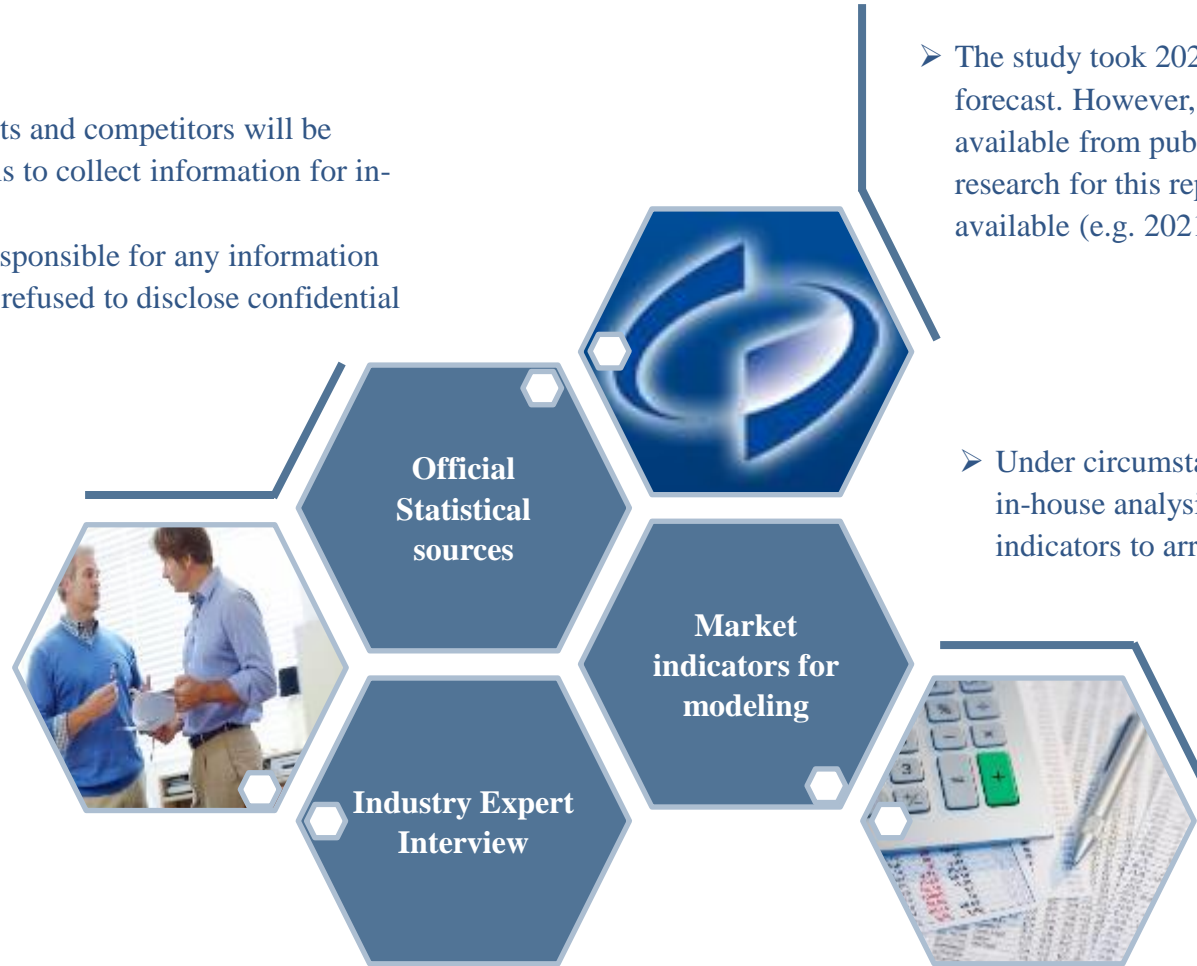
Target Market

- **Fashion Industry**
- **Footwear Industry**
- **Sport-related Industries**

Limitations

■ Source of Information

- Interviews with industry experts and competitors will be conducted on a best-effort basis to collect information for in-depth analysis for this report.
- Frost & Sullivan will not be responsible for any information gaps where Interviewees have refused to disclose confidential data or figures.



➤ The study took 2022 as the base year for analysis and 2022-2027 for forecast. However, some of the figures of 2022 may not have become available from public statistical sources at the time when we conducted research for this report. Frost & Sullivan will use the latest information available (e.g. 2021) or make projections based on historical trends.

➤ Under circumstances where information is not available, Frost & Sullivan in-house analysis will be leveraged using Appropriate models and indicators to arrive at an estimate.

➤ Sources of information and data will be clearly stated in the bottom right hand corner on each slide for reference.

Methodology

■ Methodologies

- Frost & Sullivan is an independent global consulting firm, which was founded in 1961 in New York. It offers industry research and market strategies and provides growth consulting and corporate training. Its industry coverage includes automotive and transportation, chemicals, materials and food, commercial aviation, consumer products, energy and power systems, environment and building technologies, healthcare, industrial automation and electronics, industrial and machinery, and technology, media and telecom.
- Frost & Sullivan performed both primary and secondary research, and obtained knowledge, statistics, information and industry insights on the industry trends of the target research markets. Primary research involved interviewing industry insiders such as leading market players, suppliers, consumers, and recognized third-party industry associations. Secondary research involved reviewing company reports, independent research reports, and data based on Frost & Sullivan's own research database. Frost & Sullivan has independently verified the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan's research may be affected by the accuracy of assumptions used and the choice of primary and secondary sources.
- Frost & Sullivan's Market Engineering Forecasting Methodology integrates several forecasting techniques with the Market Engineering Measurement-based System. It relies on the expertise of the analyst team in integrating the critical market elements investigated during the research phase of the project. These elements include:
 - ✓ Expert-opinion forecasting methodology
 - ✓ Integration of market drivers and restraints
 - ✓ Integration with the market challenges
 - ✓ Integration of the Market Engineering Measurement trends
 - ✓ Integration of econometric variables

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Overview of Fashion Industry

Definition and Classification

Definition

- Fashion industry is the aggregation of apparel, footwear and accessories. This report excludes black market sales (i.e., untaxed, generated within informal retailing), duty-free sales (i.e. travel retail), second-hand/used items as well as antique/vintage clothing and footwear. In terms of customer group, apparel, footwear as well as accessories can be categorized into men, women and children segment.
- Fashion industry operates in two different business models, Direct-to-customer (DTC) which allows brand owner to be in-charge of the distribution activities of their products without the need to engage third-parties, as well as wholesale model which is the selling of brand products in bulk at a discounted price to companies for downstream customers.

Classification



- The garment produced by various fabric, such as wool, silk, knit, cotton and etc., to cover the human body for functional and aesthetic purpose.
- Apparel covers nightwear, sportswear, outerwear, swimwear, underwear and hosiery in terms of product category.



- Wearing apparel worn on the feet, for fashion, protection against the environment, and adornment. Footwear can be made of various materials, such as leather, plastic and etc.
- Footwear covers dress shoes, trainers, boots, pumps, high heels, sandals, slippers and others in terms of product category.



- Articles that supplement one's outfit for decorative, efficient, and useful purposes. Accessories can be made of various materials, including fabric, leather, plastic and metal.
- Accessories covers apparel accessories such as hats, scarves, belts, gloves, sunglasses, ties, bags and luggage, etc. This report excludes watches and jewelry.

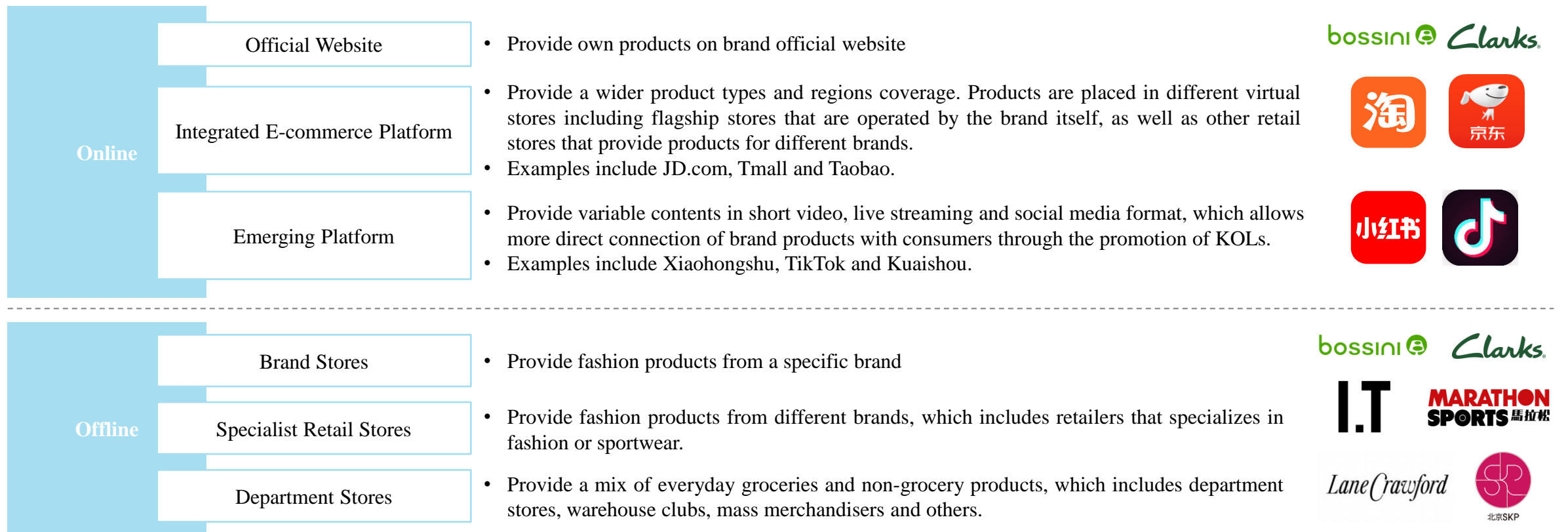
Source: Frost & Sullivan

Overview of Fashion Industry

Sales Channel Analysis

Definition

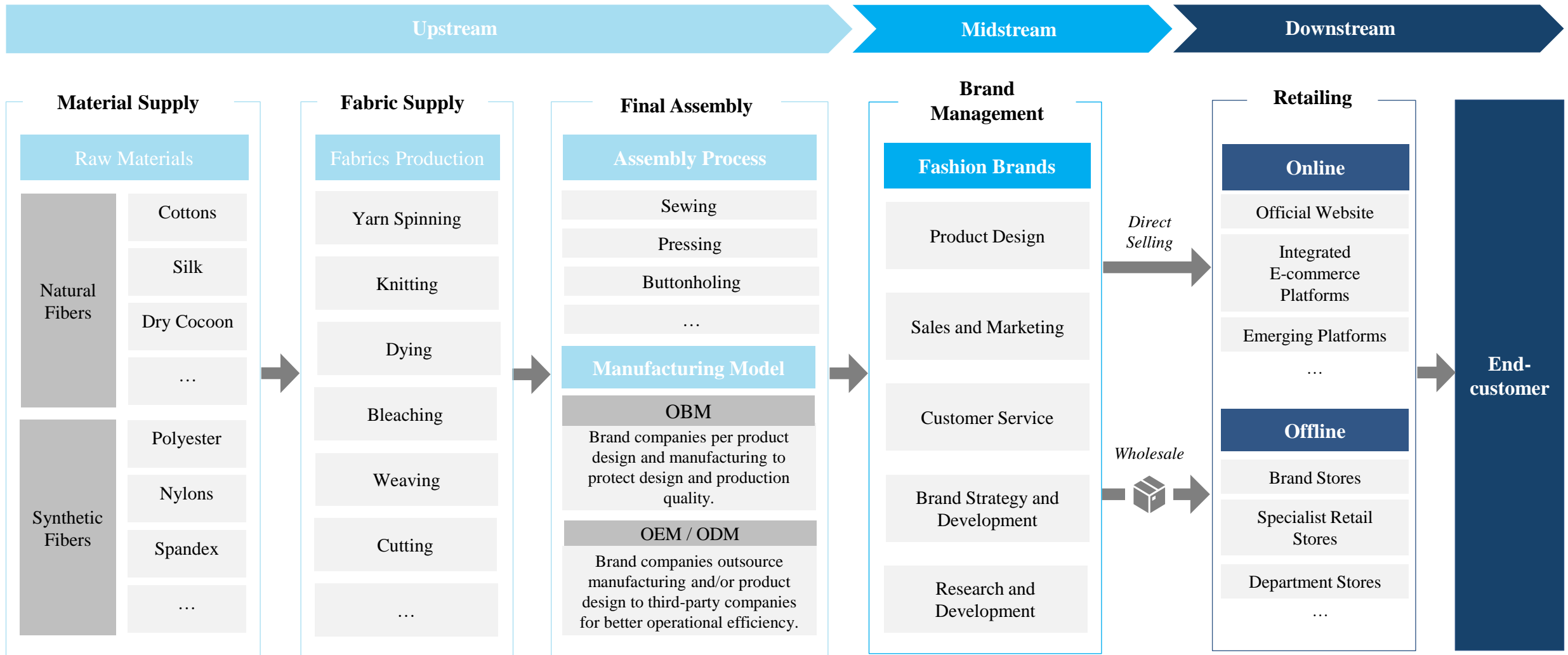
- Sales channel of the fashion industry can be categorized into online and offline channels. Offline channels refer to the physical site such as the store, outlet, selling space and etc., that carries out the purchase activity offline, while online channels refers to the digital platform where customers can make purchases via the Internet that allow enhancement of shopping convenience and efficiency.



Source: Frost & Sullivan

Overview of Fashion Industry

Value Chain Analysis



Source: Frost & Sullivan

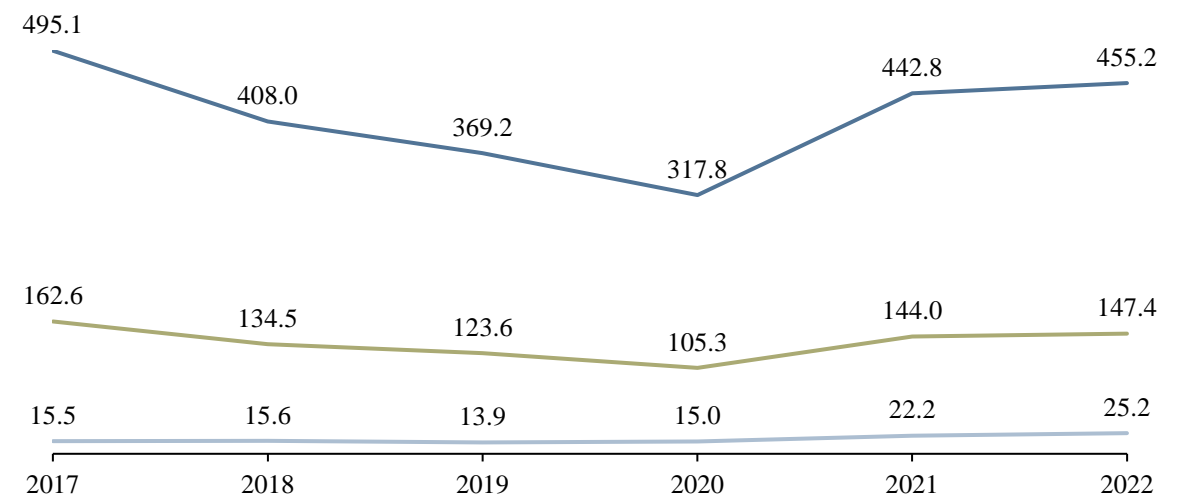
Overview of Fashion Industry

Price Trend Analysis of Raw Materials in China

Price of Major Natural Fibers (China)

Thousand RMB/Tons, 2017-2022

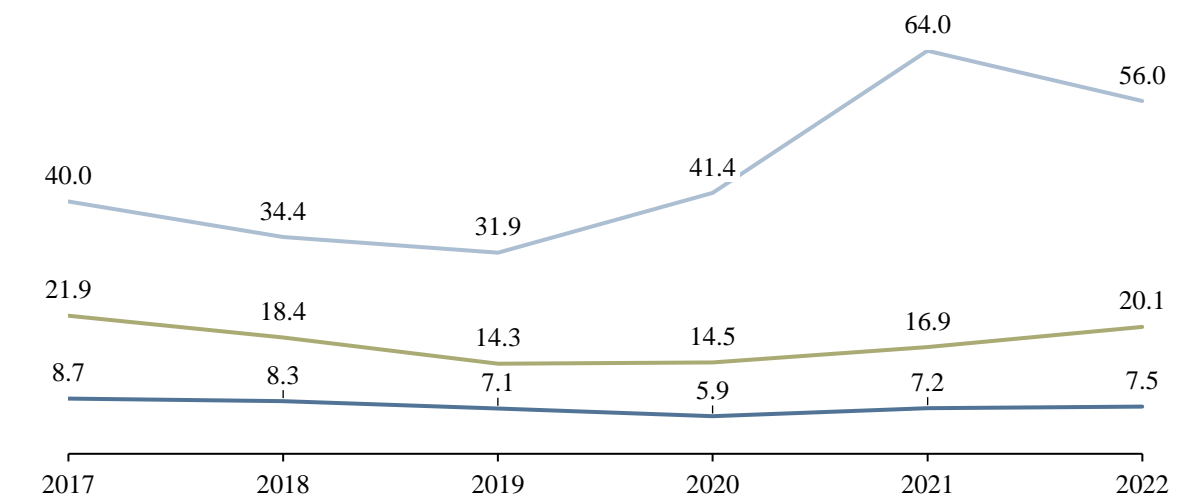
	CAGR	2017-2022
Cotton	10.2%	
Silk	-1.7%	
Dry Cocoon	-1.9%	



Price of Major Chemical Fibers (China)

Thousand RMB/Tons, 2017-2022

	CAGR	2017-2022
Spandex	6.9%	
Polyester	-3.1%	
Nylon	-1.7%	



Key Finding

- Raw materials of global fashion industry can be categorized into 2 types, namely natural fibers and chemical fibers. An analysis of the price trend of raw materials in major manufacturing country in the global fashion industry, China, allows a study on the global trend on the cost of upstream raw material supply of the industry.
- Major natural fibers includes cotton, silk and dry cocoon, and all of these natural materials showed a positive CAGR during 2017 to 2022. Major chemical fibers which includes spandex, polyester and nylon, which showed a more diversified pricing trend. While the price of spandex showed a strong growth with a CAGR of 6.9% from 2017 to 2022, polyester and nylon showed a negative CAGR during the period. Most of the raw material recorded a lowest price point in 2020 due to the outbreak of COVID-19, which has attributed to a shrinking demand for fashion production, prices went up again in 2021 as an indication of pandemic recovery.

Note: Price of raw materials is presented as of the closing value of material in December of each year.

Source: Frost & Sullivan

Overview of Fashion Industry

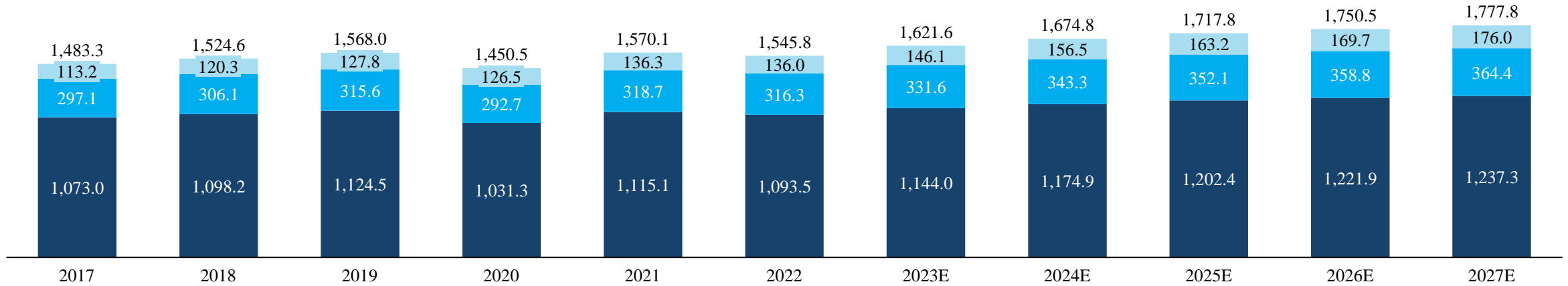
Market Size of Fashion Industry Worldwide

Market Size of Fashion Industry by Retail Sales (Globe), breakdown by Product Categories

Billion USD, 2017-2027E

- Accessories
- Footwear
- Apparel

	CAGR	2017-2022	2022-2027E
Total		0.8%	2.8%
Apparel		0.4%	2.5%
Footwear		1.3%	2.9%
Accessories		3.7%	5.3%



Key Finding

- The global fashion industry showed a slight decline in market size predominately due to the outbreak of COVID-19 pandemic in 2020, which has affected the consumer sentiment on fashion products around the globe. The recovery of economy as a result of anti-pandemic measures and the resumption of normal consumption behavior of people is likely to bring a positive growth to the industry in the next five years.
- Among the three product segments in the fashion industry, apparel is the largest contributor to the market size of the overall industry, while accessories has a highest growth rate throughout the studied period.

Source: Frost & Sullivan

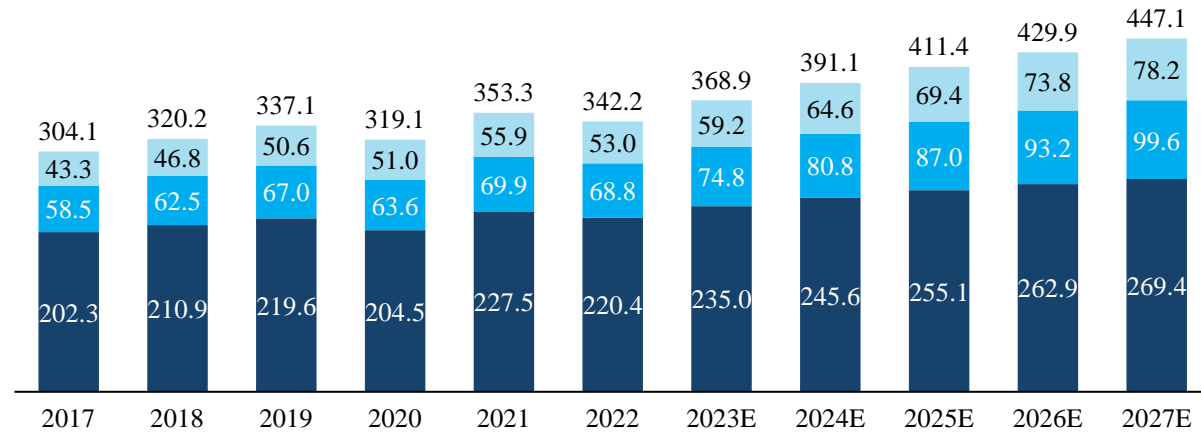
Overview of Fashion Industry

Market Size of Fashion Industry in China

Market Size of Fashion Industry by Retail Sales (China), breakdown by Product Categories

Billion USD, 2017-2027E

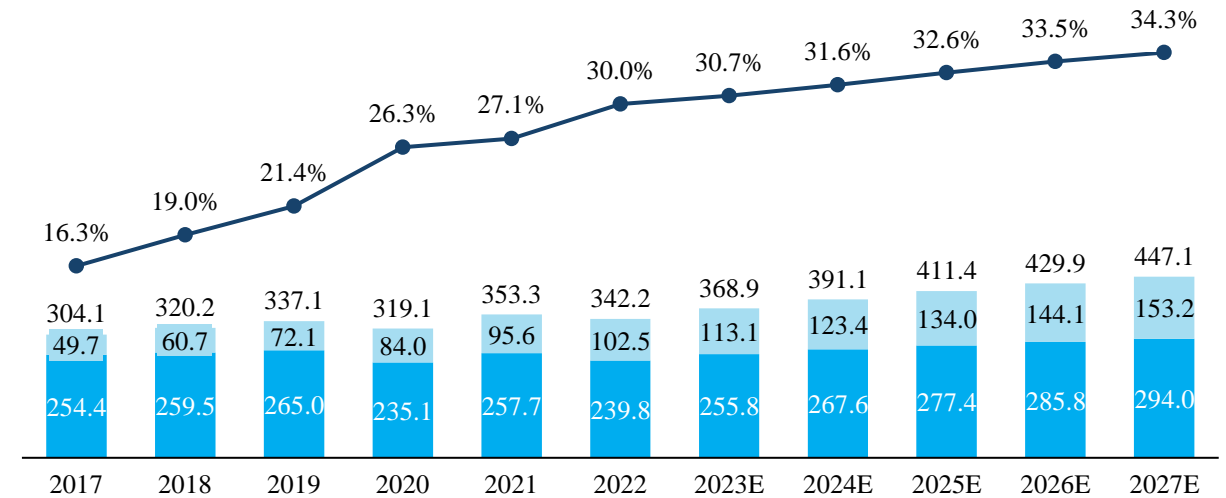
CAGR	2017-2022	2022-2027E
Total	2.4%	5.5%
Apparel	1.7%	4.1%
Footwear	3.3%	7.7%
Accessories	4.1%	8.1%



Market Size of Fashion Industry by Retail Sales (China), breakdown by Sales Channels

Billion USD, 2017-2027E

CAGR	2017-2022	2022-2027E
Total	2.4%	5.5%
Online	15.6%	8.4%
Offline	-1.2%	4.2%



Key Finding

- The fashion industry in China is characterized by its rapid expansion driven by the strong economic growth and the rising consumption power of citizen in the country. Being an important manufacturer and exporter of the world, China plays a key role in the global fashion industry.
- China has a the largest fashion market around the globe and the market is expanding at a significant growth rate. Although a slight decline in market size is observed in 2020 due to the outbreak of COVID-19 pandemic, the market regains momentum and continue to rise with the alleviation of pandemic outbreak. Apparel segment is the largest portion of the fashion industry, and will remain the largest throughout the studied period. Accessories and footwear, on the other hand, is growing at a faster rate than the apparel segment. Offline sales channels remain the larger contributor to the market size of the industry, while online sales channel is growing at a higher rate and will continue to gain market share from offline retails.

Source: Frost & Sullivan

Overview of Fashion Industry

Growth Driver Analysis

Rise of New Generation

- The new generation of consumers is becoming the main consumer group for the fashion market. The new generation of consumers, namely the millennials and Generation Z (Gen Z), pays more attention to self-expression and individuality, values quality, and brand reputation which constitute the main consumer group dominating fashion trends worldwide. The global fashion industry is witnessing a rise in fashion awareness and style diversification, which drives the growth and development of the industry. Moreover, as the young consumers enter the workforce and become financially independent, their expenditure on fashion are expected to further increase, generating strong demand for the global fashion market.

Optimization of Brand Portfolio

- The top companies in the fashion industry in China are developing their brand portfolio to attain synergistic effect by strategically creating and expanding multiple brands for different groups in terms of age or consuming preference in their target customer base. A diversified and comprehensive brand portfolio with a distinct brand personality could help the companies to connect to various target consumer groups, initiate cross-promotion events with different brands, meet diversified demands from consumers and thereby gain more loyal customers and expand their market shares in a relatively fragmented market.

Digital Transformation

- The emergence of online channels and data intelligence drives digital transformation. Popularization of online shopping has accelerated worldwide during the COVID-19 outbreak due to different lockdown regulations and other anti-pandemic measures. Empowerment of digital technology together with the requirements of social distancing during the pandemic contributed to the gradual shift of consumers' shopping habits from traditional offline to online channels. Despite of the fluctuation of online sales caused by supply chain and logistics disruptions during the recent lockdowns in China, the integration of digital technology becomes imperative for fashion brands, and the optimization brought about by digital transformation provides a strong drive to the industry.

Diversification of Consumer Demand

- With an uneven wealth distribution between metropolis and less-developed areas in a country, consumers' demand has been varied. When urban consumers in developed areas tend to seek more personalized products with a higher price range, consumers in less-developed markets tend to be more price-sensitive when purchasing fashion products. On the other hand, consumer demand could be different across countries as fashion is highly influenced by transition and culture of a region. In an increasingly bifurcated global market, fashion suppliers could benefit from developing a multiple brands strategy and provide differentiated products in different price range to meet the demands of various consumer groups.

Source: Frost & Sullivan

Overview of Fashion Industry

Future Trends Analysis

Application of Omni-channel Strategy

- Consumers of new generation pay more attention to shopping experience than their previous generation, retailers are seeking ways to enhance their omni-channel capabilities to improve customer satisfaction during the consumption journey. In recent years, the boundary between offline and online purchase became more blurry due to the integration of social media advertisement and online payment technology into the offline shopping experience of consumers at physical stores. Omni-channel capability is one of the essential strategy to capture sales opportunity from young consumers for fashion brands.

Emergence of DTC Retailing

- fashion brands has traditionally been relying on intermediate channels, such as third-party platforms and wholesale retailers, to reach the consumer market. Under the DTC model, also known as Direct-to-Consumer model, fashion brands are allowed to use their own channels to communicate with consumers directly, operate sales and marketing strategy, as well as facilitate direct purchasing activities. Being able to reach end-consumer directly allows brands to gave greater flexibility and higher speed-to-market capability to capture sales opportunity and response to market dynamics. The DTC model is becoming a new growth engine for the fashion industry.

Increased Brand Acquisition

- To meet diversified consumers' demands, fashion brands are extending their portfolio to include differentiated products and launch multiple brands or sub-lines to expand their potential consumer group. As development a new business line could be time-consuming and require large initial investment, financially sound brand owners consider acquiring compatible targets in order to expand brand portfolio and increase their market share in an increasingly diversified market. Fashion brands are increasingly adopting a multi-brand operator model in order to cater to increasingly diverse consumer needs and also capture timely market acquisition and consolidation opportunities.

Athleisure Style and Regional-Specific Consumer Preferences

- The fashion products of athleisure style are welcomed by global consumers. The increasing sports consumption and popularization of healthy lifestyles around the world propel athleisure style to become increasingly on-trend among consumers. The fashion products of athleisure style, which incorporate the elements of sportswear into daily casual wear, are expected to gain a significant stake in the market.
- Apart from athleisure style, China in particular is experiencing a “China-Chic” revolution, which is characterized by rise of the country’s native fashion brands and design. This is similar to the “Brit Style” in the United Kingdom, in which consumer preference on fashion trend is defined by the country’s unique cultural elements. With the emergence of new generation consumers, leading fashion markets, such as the United States, are also shifting toward an increase of sub-culture elements including animation and game in fashion design to capture demand from the Gen-Z consumers.

Source: Frost & Sullivan

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Overview of Footwear Industry

Definition and Classification

Definition



- Footwear refers to wearing apparel worn on the human feet, for fashion, protection against the environment, and adornment.
- Footwear can be made of various materials, including textile, leather, rubber, plastic, and other natural or petrochemical-derived materials.
- Footwear products can be made for various consumer groups, including women, men, and children.

Classification

Classification	Category	Description	Classification	Category	Description	Examples
Wearing Purpose	Fashion and Casual Footwear	<ul style="list-style-type: none"> • Fashion and casual footwear products are designed for everyday wearing. Fashion and casual footwear excludes footwear that is design for specific functional purpose and athletic activities. 	Product Category	Dress Shoes	<ul style="list-style-type: none"> • Dress shoes refer to shoes to be worn with formal clothing. 	
	Athletic Footwear	<ul style="list-style-type: none"> • Athletic footwear products specifically designed for a sporting activity and constitute part of athletic gear along with clothing and equipment. They provide sports-specific levels of cushioning, flexibility, stability, traction, and durability. 		Trainers	<ul style="list-style-type: none"> • Trainers refer to shoes to be worn for running or other sports activities. 	
				Sandals	<ul style="list-style-type: none"> • Sandals refer to shoes with soles fastened to the foot by straps 	
				Slippers	<ul style="list-style-type: none"> • Slippers refer to low-cut and light shoes that can be slipped easily on and off. 	
					

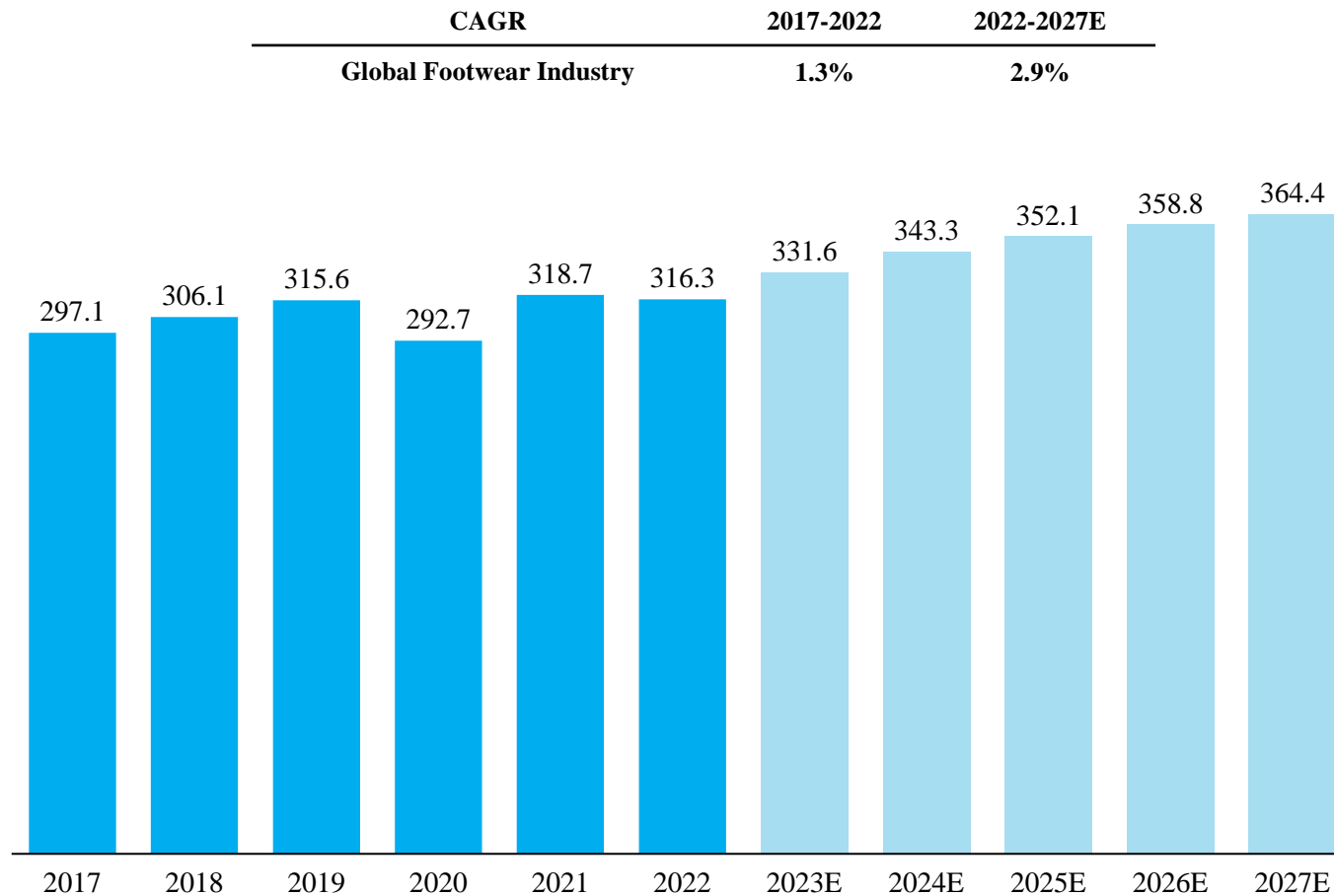
Source: Frost & Sullivan

Overview of Footwear Industry

Market Size of Global Footwear Industry by Retail Sales

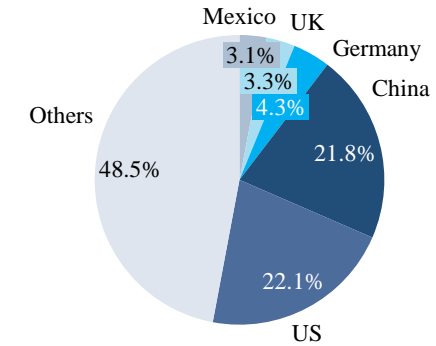
Market Size of Footwear Industry (Globe), by Retail Sales

Billion USD, 2017-2027E



Market Share of Footwear Industry by Country

%, 2022



Key Finding

- The market size of global footwear industry rose moderately at a CAGR of 1.3%. Due to the impact of Covid-19 pandemic, the market saw a temporary decline, taking the market size to USD292.7 billion in 2020. In 2021, the market rebounded robustly by 8.9% to USD318.7 billion .
- With the gradual recovery of economy, global footwear industry is set to increase moderately at a CAGR of 2.9% over the forecast period, from USD316.3 billion in 2022 to USD364.4 billion in 2027.
- In 2022, the sum total of China, the United States and United Kingdom market takes up nearly half of the global footwear market, with China and the United States taking share of 21.8% and 22.1% respectively, and the United Kingdom of 3.3%.

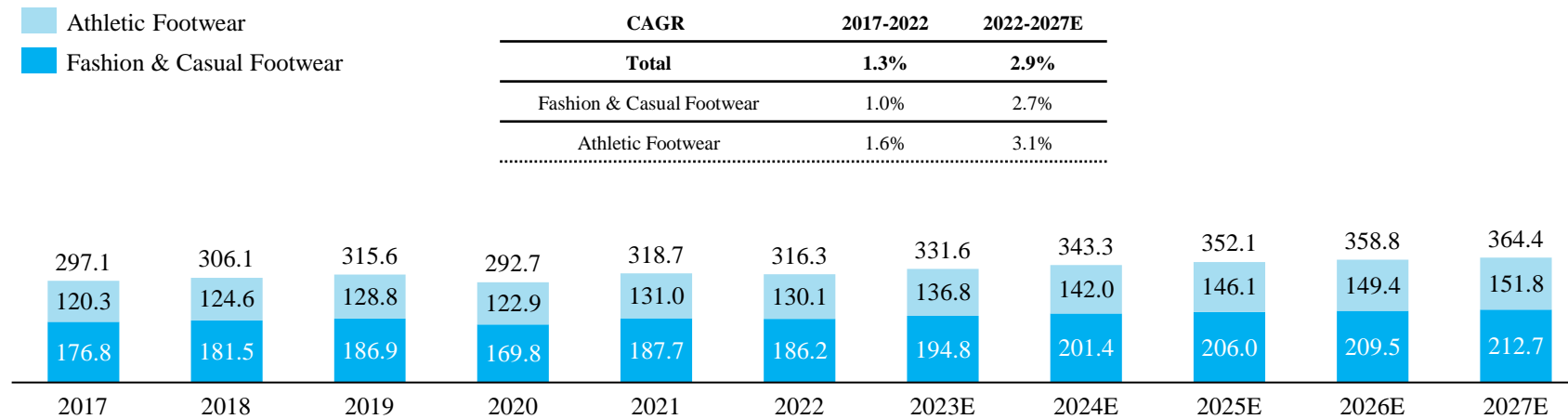
Source: Frost & Sullivan

Overview of Footwear Industry

Market Size of Global Footwear Industry by Retail Sales, Breakdown by Wearing Purpose and Sales Channel

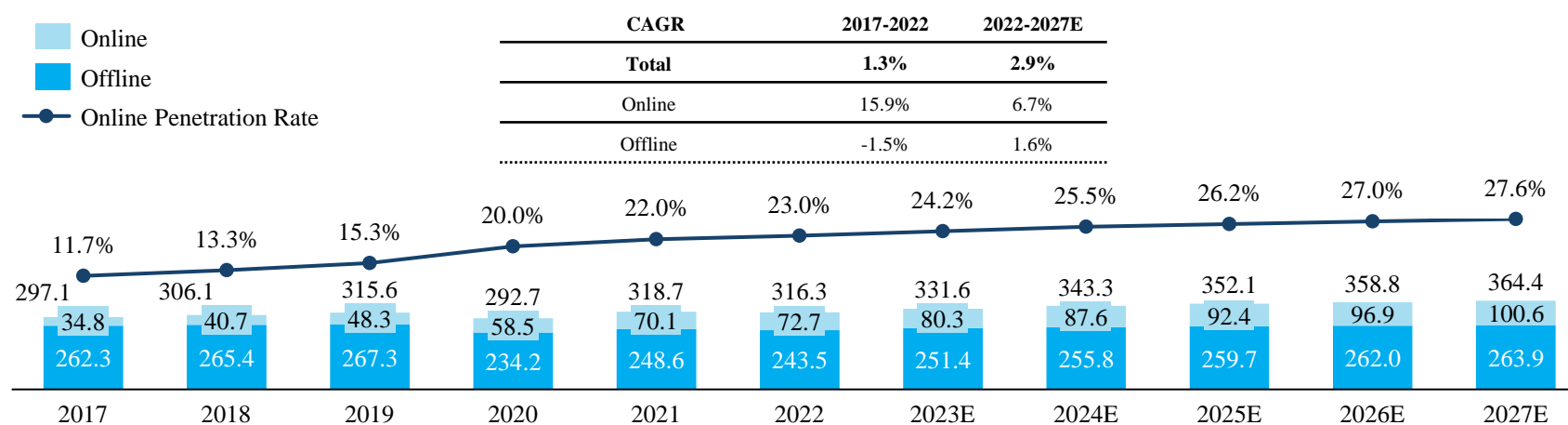
Market Size of Footwear Industry (Globe), by Retail Sales, Breakdown by Wearing Purpose

Billion USD, 2017-2027E



Market Size of Footwear Industry (Globe), by Retail Sales, Breakdown by Sales Channel

Billion USD, 2017-2027E



Key Finding

- The global footwear market saw a strong expansion of digitalization due to the change of consumer behavior and lifestyle during the pandemic.
- With the popularization of sports activities, athletic footwear has entered a period of higher growth. From 2017 to 2022, its market grew at a CAGR of 1.6% while fashion and casual footwear registered a moderate growth of 1.0% due to a sharp decrease in social activities in the pandemic. As social life back to normal, fashion and casual footwear is set to rebound by a CAGR of 2.7% from 2022 to 2027.
- The global pandemic has catalyzed the accelerated growth of online sales channels of footwear products. The sales of online channels rose significantly from USD34.8 billion in 2017 to USD72.7 billion in 2022, trailing a CAGR of 15.9% while offline sales recorded a decline of 1.5%. Over the forecast period, the sales of online channels is projected to further rise to USD100.6 billion in 2027, with a CAGR of 6.7%.

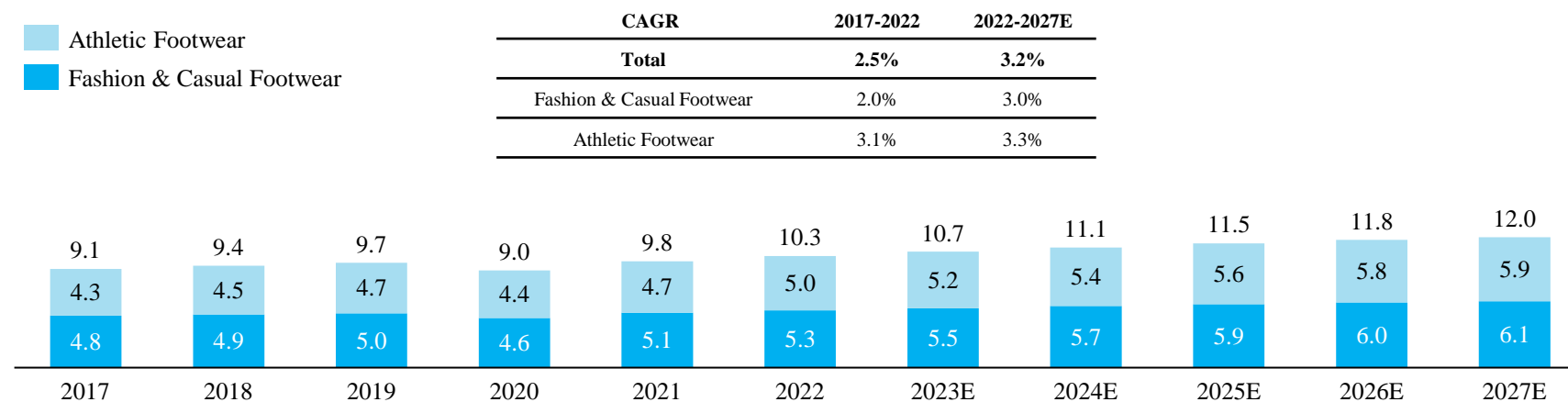
Source: Frost & Sullivan

Overview of Footwear Industry

Market Size of Footwear Industry in the United Kingdom by Retail Sales, Breakdown by Wearing Purpose and Sales Channel

Market Size of Footwear Industry (United Kingdom), by Retail Sales, Breakdown by Wearing Purpose

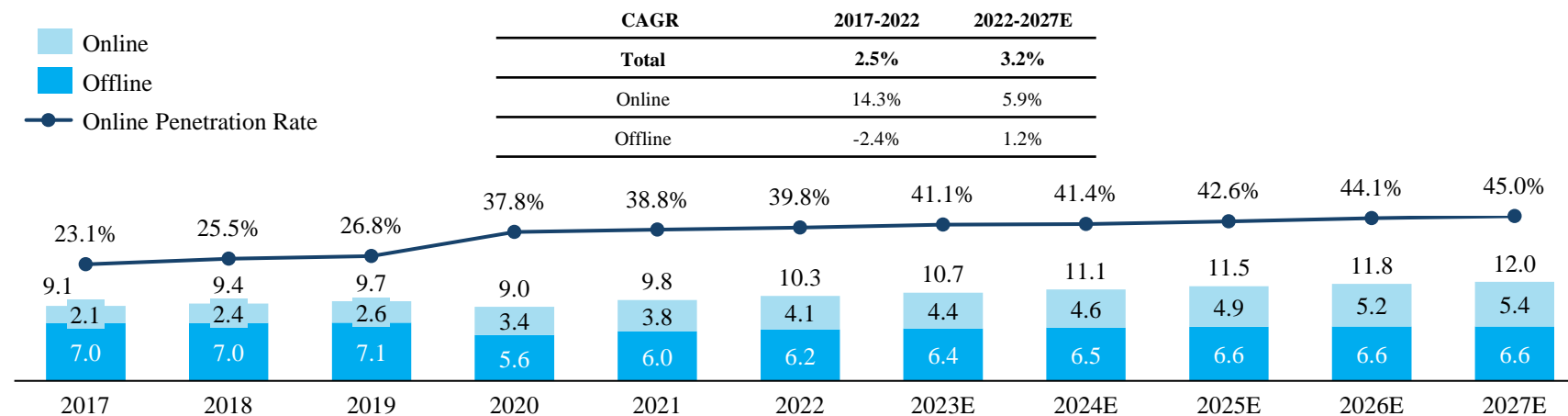
Billion USD, 2017-2027E



CAGR	2017-2022	2022-2027E
Total	2.5%	3.2%
Fashion & Casual Footwear	2.0%	3.0%
Athletic Footwear	3.1%	3.3%

Market Size of Footwear Industry (United Kingdom), by Retail Sales, Breakdown by Sales Channel

Billion USD, 2017-2027E



CAGR	2017-2022	2022-2027E
Total	2.5%	3.2%
Online	14.3%	5.9%
Offline	-2.4%	1.2%

Key Finding

- As domestic Covid restrictions were lifted since July 2021, the normalization of social life contributes to a resurgence of fashion and casual footwear in the United Kingdom.
- The footwear market saw a moderate rise from USD9.1 billion in 2017 to USD10.3 billion in 2022. With economic restoration, the market is anticipated to grow moderately at a CAGR of 2.5% from 2022 to 2027.
- From 2017 to 2022, fashion and casual footwear market in the United Kingdom grew from USD4.8 billion in 2017 to USD5.3 billion in 2022 while athletic footwear grew from USD4.3 billion to USD5.0 billion. With social life back to normal, fashion and casual footwear market is projected to rise to USD6.1 billion in 2026, trailing a CAGR of 3.0%.
- The sales of online channels rose from USD2.1 billion in 2017 to USD4.1 billion in 2022, trailing a CAGR of 14.3% while offline sales declined by a CAGR of 2.4%. Over the forecast period, the sales of online channels is projected to further rise to USD5.4 billion in 2027, with a CAGR of 5.9%.

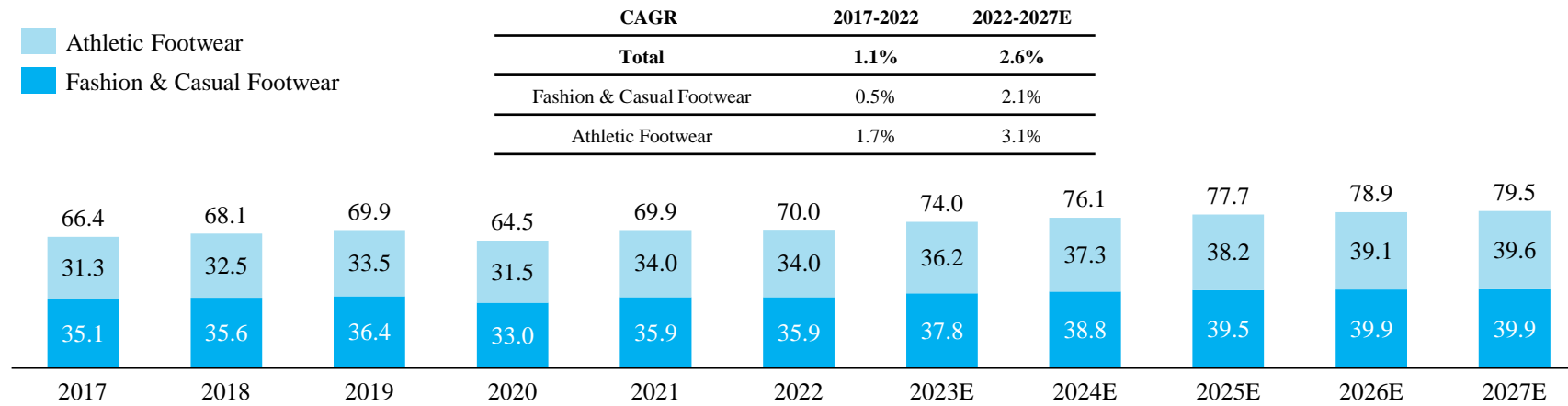
Source: Frost & Sullivan

Overview of Footwear Industry

Market Size of Footwear Industry in the United States by Retail Sales, Breakdown by Wearing Purpose and Sales Channel

Market Size of Footwear Industry in (United States), by Retail Sales, Breakdown by Wearing Purpose

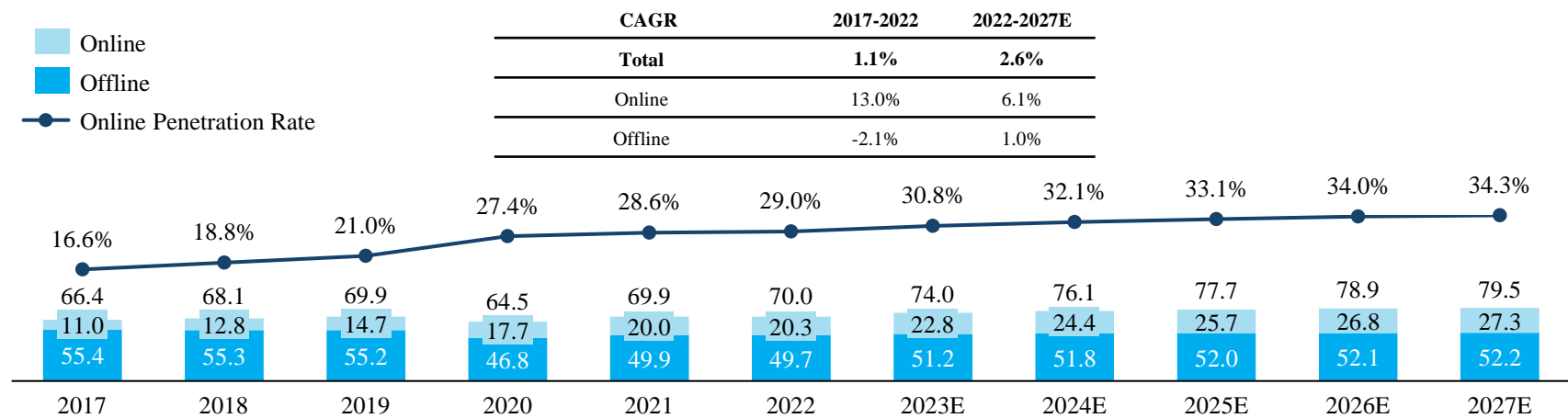
Billion USD, 2017-2027E



CAGR	2017-2022	2022-2027E
	Total	1.1%
Fashion & Casual Footwear	0.5%	2.1%
Athletic Footwear	1.7%	3.1%

Market Size of Footwear Industry (United States), by Retail Sales, Breakdown by Sales Channel

Billion USD, 2017-2027E



CAGR	2017-2022	2022-2027E
	Total	1.1%
Online	13.0%	6.1%
Offline	-2.1%	1.0%

Key Finding

- With the popularity of outdoor sports and increase of leisure time during the pandemic, the footwear market in the United States saw an expansion and diversification of sports and athleisure footwear products.
- The market saw a moderate increase by a CAGR of 1.1%. With the post-pandemic economic restoration, it is anticipated to grow at a CAGR of 2.6% from 2022 to 2027.
- The fashion and casual footwear market rose from USD35.1 billion in 2017 to USD35.9 billion in 2022 while athletic footwear grew from USD31.3 billion to USD34.0 billion. As social life back to normal, fashion and casual footwear market is projected to rise to USD39.9 billion in 2027, trailing a CAGR of 2.1%.
- Catalyzed by lockdowns and store closure in the pandemic, the sales of online channels rose from USD11.0 billion in 2017 to USD20.3 billion in 2022, trailing a CAGR of 13.0% while offline sales declined by a CAGR of -2.1%. The online penetration rate reached 29.0% in 2022. Over the forecast period, the market size of online channels is projected to further rise to USD27.3 billion in 2027, with a CAGR of 6.1%.

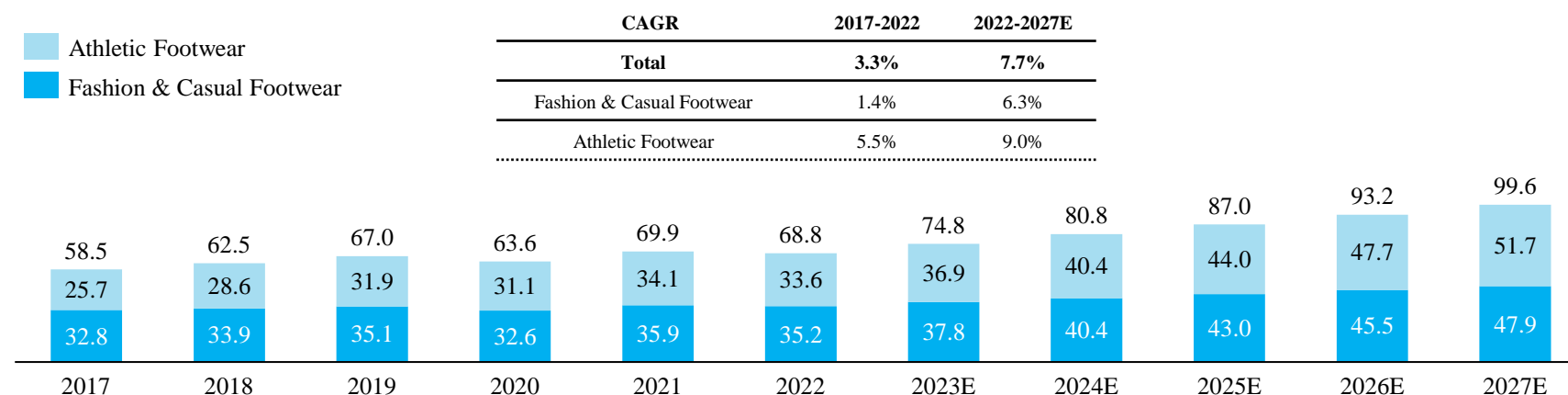
Source: Frost & Sullivan

Overview of Footwear Industry

Market Size of Footwear Industry in China by Retail Sales, Breakdown by Wearing Purpose and Sales Channel

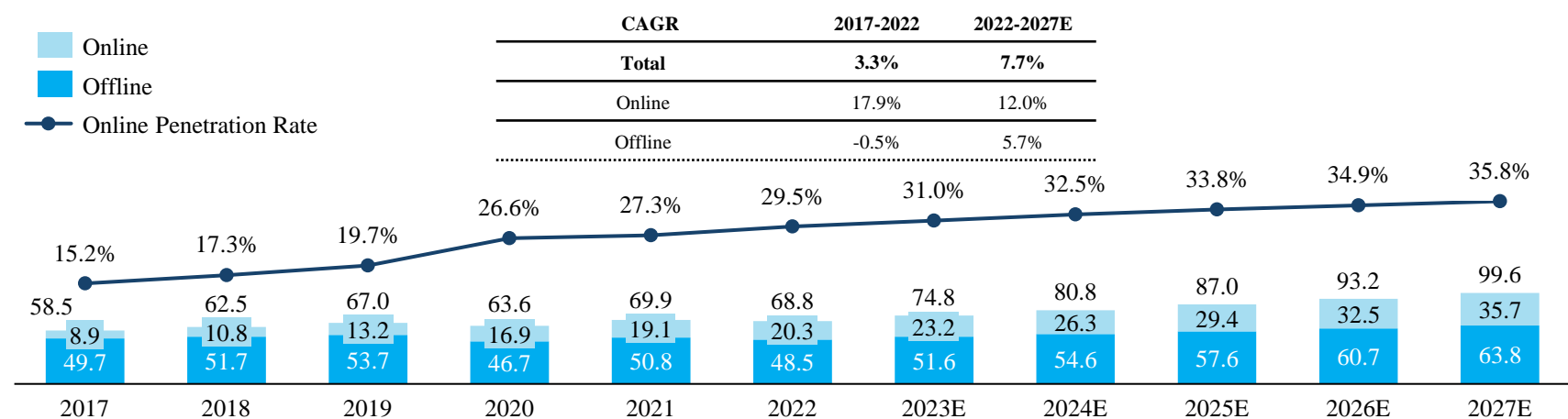
Market Size of Footwear Industry (China), by Retail Sales, Breakdown by Wearing Purpose

Billion USD, 2017-2027E



Market Size of Footwear Industry (China), by Retail Sales, Breakdown by Sales Channel

Billion USD, 2017-2027E



Key Finding

- The economic development and increase of per capita disposable income has fostered a strong growth of footwear industry in China that outperforms the global market.
- From 2017 to 2022, fashion and casual footwear market in China grew from USD32.8 billion in 2017 to USD35.2 billion in 2022, despite a decline in 2020 due to the pandemic. With the popularization of sports activity, athletic footwear grew from USD25.7 billion to USD33.6 billion from 2017 to 2022. Over the forecast period, fashion and casual footwear market is projected to rise a CAGR of 6.3% from 2022 to 2027.
- Propelled by the application of digital technology and shift of consumer behavior, the online sales channels for consumer goods in China has seen a rapid growth. The sales of footwear via online channels rose from USD8.9 billion in 2017 to USD20.3 billion in 2022, with an online penetration rate reached 29.5% in 2022. Over the forecast period, with the ongoing digitalization of retail, the market size of online channels is projected to further to USD35.7 billion in 2027, trailing a CAGR of 12.0%.

Source: Frost & Sullivan

Overview of Footwear Industry

Market Drivers

Global: Disruption in International Supply Chain

- With the long-lasting impact of the pandemic and Russia-Ukraine Conflict, global supply chain and shipment are subject to an unprecedented disruption. The imposition of Covid restrictions and shortage of transportation workers resulted in a backlog of international transportation orders. The supply chain crisis poses a significant challenge for small- or mid-size enterprises which are lack of capacities to build a resilient supply chain network, causing an increase in the cost of their production and transportation.

United Kingdom: Impacts of Brexit on Transportation and Import

- As the cost of product transportation between the United Kingdom and the European Union has increased after Brexit, the exporters of EU may have to take on extra freight costs when they deliver their products to the United Kingdom. Local brands who set their distribution centers in the United Kingdom could benefit from saving the extra cost generated by international transportation. Also, the landscape of import to the United Kingdom could be altered under the influence of changes in trade policy. Although tariffs are yet to be introduced between the United Kingdom and EU, policy shifts might happen as either opt to change the rules.

United States: The Fluctuation of Consumer Demand Caused by Surging Inflation

- In 2022, the consumer-price index has risen to over 8.0%, a 40-year high, in the United States. Under the heightened inflation, the prices of all consumer goods, including footwear products, are rising significantly. The increase of prices could lead to a fluctuation of consumer demand for consumer good. For consumers with lower income, a reasonable price might become a key factor that shapes their consuming behavior.

China: The Ongoing Consumption Upgrade of Urban Consumers

- With the economic and social development and the increase in disposable income, urban consumers of the first and second-tier cities in China are driving an ongoing consumption upgrade. Instead of cost efficiency and functionality, they are now focusing more on the product quality, as well as the style and identity that associated with a certain brand when they choose footwear products. The footwear brands with strong quality management capabilities and distinct brand positioning could take up more market shares.

Source: Frost & Sullivan

Overview of Footwear Industry

Entry Barriers



Brand Building and Operation Expertise

- As a soft fashion good, footwear lies between an essential good for consumers' everyday wearing and a decorative garment that define their own styles. With distinct fashion consciousness associated with footwear products, footwear brands have to identify changing consumer preference and adjust their brand building and operation strategy accordingly. Footwear brand operators with branding building expertise can enlarge their consumer base and enhance synergy effect by developing multi-brands portfolio.



Product Development and Supply Chain Capabilities

- The consumers are showing a greater interest in innovative products in footwear industry for both functional purposes and environmental awareness. To meet consumer demand and improve their competency in the market, leading footwear brands have cultivated their strength in design and product development by building their own R&D department, establishing partnerships with external product development talents and constructing their agile supply chains.



Sales and Marketing Network

- With accelerating digitalization after the Covid-19 pandemic, leading footwear brands are able to better integrate their online sales and marketing channels with their offline locations to improve the efficiency of omni-channel operations. With the accumulation of sales data via online channels, leading brands can promptly get access to consumers' feedback and make adjustments to their in-store display and inventory plannings to improve their in-person shopping experience.



Data Intelligence and Consumer Insight

- The leading market participants of footwear industry are likely to gain access to a greater scale of consumer data through their past operational experience and generate insights on consumers' attitudes and behaviors by analyzing those data. A better understanding of constantly shifting demand of their target consumer group may help the footwear brands refine their marketing and promotional strategies to improve the repurchase rate of their existing customers and reach more potential customers through specific targeted campaigns.

Source: Frost & Sullivan

Overview of Footwear Industry

Future Development Trends

Globe: Top Brands Leverage Strong Control over the Supply Chain

- Facing the challenge of global supply chain disruption, leading market participants in the footwear industry are leveraging their agile supply chain network built around the world to gain more competencies in a globalized market. The leading market players who accumulated abundant supply chain operation experience have already develop a stable partnership with their manufacturing and logistics suppliers to deal with the uncertainties in the supply chain. Their resilience in business operations and ability to meet consumer demand would help them achieve a growth in a fluctuating market.

United Kingdom: The Accelerated Growth of Online Channels

- The Covid-19 pandemic catalyzed the further popularization of online retail channels in the United Kingdom, driving many traditional offline retailers to accelerate the digitalization within the footwear industry. Year 2020 witnessed a significant increase of the share of online sales in the total retail sales of footwear industry. As the digitalization goes on, market participants of footwear industry are seeking to expand their exposure to online channels by experimenting new digital approach such as social media and live streaming, and integrating online browsing and payment with in-store shopping experience to enhance their omni-channel capabilities.

United States: Footwear Brands Re-position in Response to Changing Consumer Demand

- As income level and inflation rate experienced severe changes under the influence of the pandemic in the United States, the consumer demand for footwear products is fluctuating. To respond to those transformation on the demand side, leading market participants of footwear industry are adjusting their brand strategy by identifying the demand of their major consumer groups and re-evaluating their own comparative strength. A distinct brand positioning may help footwear brands improve the efficacy of marketing and potentially increase the sales of their products.

China: The Expansion and Localized Operation of Foreign Brands

- As China's footwear market continues to outperform the global market and most developed markets, a lot of foreign brands seek to break into China's market. Since the consumer base is becoming increasingly diversified and its consuming behavior is constantly transforming, foreign brands are seeking to fit in an increasing localized and complex market in China. While foreign brand operators used to transfer their overseas operation experience to China's market in the previous decade, recently they instead opt for a collaboration with experienced local brand operators to develop a localized branding and marketing strategy to expand their business in China.

Source: Frost & Sullivan

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Overview of Sports-Related Industry

Definition and Classification

Definition



- Sport industry is an industry in which people, activities, business, and organizations are involved in producing, facilitating, promoting, or organizing any activity, experience, or business enterprise focused on sports, and including eSports. It is the market in which the businesses or products offered to its buyers are sports related and may be goods, services, people, places, or ideas. The Chinese sports sector includes not only companies and individuals, but also includes the government and public institutions.
- Ultimately, value created by the sports industry comes from the general public.

Development History



Source: Frost & Sullivan

Overview of Sports-Related Industry

Definition and Players of Sport Venues Operation and Management

Definition



- Sport Venues Operation and Management refers to the management and operation of arenas, stadiums, or other facilities that is used primarily as a venue for sporting and athletic service for the general public. Operators generate revenue from multiple sources such as public fund subsidies, sales of entrance tickets, venue rental, providing training courses, sales of products within the venues, etc. It should be noted that Commercial Sport Venues Operation and Management falls into a for-profit enterprise.
- Major Sports Venues operators in China include Government-affiliated Institutions (事业单位), Villagers' Committee (村委会), Residents' committees (居委会), Institutional units (机关单位), Enterprises (企业), Private non-enterprise units (民办非企业单位) and other non-organizational institutions(其它非组织机构).

Types of Players in the industry



Government-affiliated Institutions (事业单位)	<ul style="list-style-type: none"> • Government-affiliated Institutions (事业单位) refers to institutions set up by the state for social welfare purposes, organized by state organs or other organizations using state-owned assets. • Government-affiliated Institutions operate about 42.7% of total sports venues in China, measured by area. 	Institutional Units (机关单位)	<ul style="list-style-type: none"> • Institutional units (机关单位), by its nature, refer to administrative institutions of the state, including governments, courts, police, etc. • Institutional units operate about 3.9% of total sports venues in China, measured by area.
Villagers' Committee (村委会)	<ul style="list-style-type: none"> • The villagers' committee (村委会) is a grassroots mass autonomous organization for self-management, self-education and self-service for villagers in the countryside Mainland China. • Villagers' committees operate about 19.9% of total sports venues in China, measured by area. 	Enterprises (企业)	<ul style="list-style-type: none"> • Enterprises (企业) by its nature, refers to for-profit entities that buy and sell goods and services to make a profit. • Enterprises operate about 16.0% of total sports venues in China, measured by area.
Private non-enterprise units (民办非企业单位)	<ul style="list-style-type: none"> • Private non-enterprise units (民办非企业单位) by its nature, refer to social organizations that engage in non-profit social service activities with using non-state assets. It can be set up by enterprises and institutions, social groups and other social forces and individual citizens. • Private non-enterprise units operate about 1.8% of total sports venues in China, measured by area. 	Residents' committees (居委会)	<ul style="list-style-type: none"> • The residents' committee is a grassroots mass autonomous organization for self-management, self-education and self-service for residents in cities in Mainland China. • Residents' committee operate about 11.2% of total sports venues in China, measured by area.

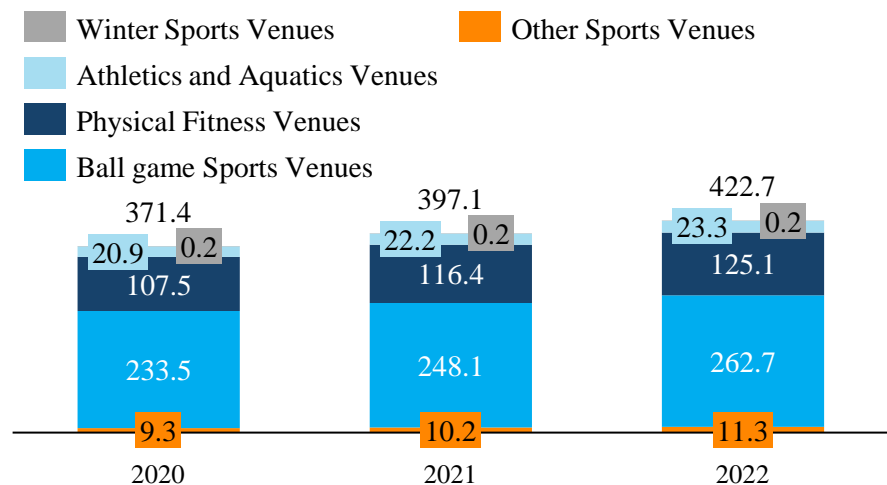
Source: Frost & Sullivan

Overview of Sports-Related Industry

Sports Venues in China

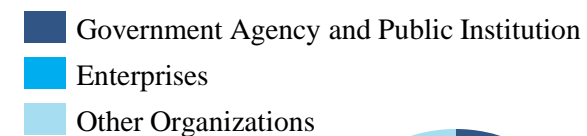
Number of Sports Venues (China)

Thousand, 2020-2022



Total Area of Sports Venues, by Types of Organization (China)

Million Square Meter, 2022



Distribution of Number of Sport Venues, in terms of types(China)

Thousand, 2021-2022

Sport Venues in China	No. of Venues in 2022 (Unit: thousand)	No. of Venues in 2021 (Unit: thousand)
Sport Venues in China	422.68	397.14
Athletics and Aquatics Venues	23.34	22.17
Athletics Venues	19.74	18.92
Aquatics Venues	3.6	3.25
Ball Game Sport Venues	262.66	248.1
Soccer Fields	13.59	12.65
Basketball Venues	110.28	105.36
Volleyball Venues	10.12	9.68
Ping-Pong Venues	93.53	88.48
Badminton Venues	24.61	22.59
Other Ball Game Venues	10.53	9.34
Winter Sports Venues	0.25	0.23
Ice-Staking Rinks	0.16	0.15
Ski Field	0.09	0.08
Physical Fitness Venues	125.09	116.41
National Fitness Route	98.02	92.93
Gymnasium	14.29	12.89
Fitness Trails	12.78	10.59
Other Sports Venues	11.34	10.23

Source: General Administration of Sports in China, Frost & Sullivan

Overview of Sports-Related Industry

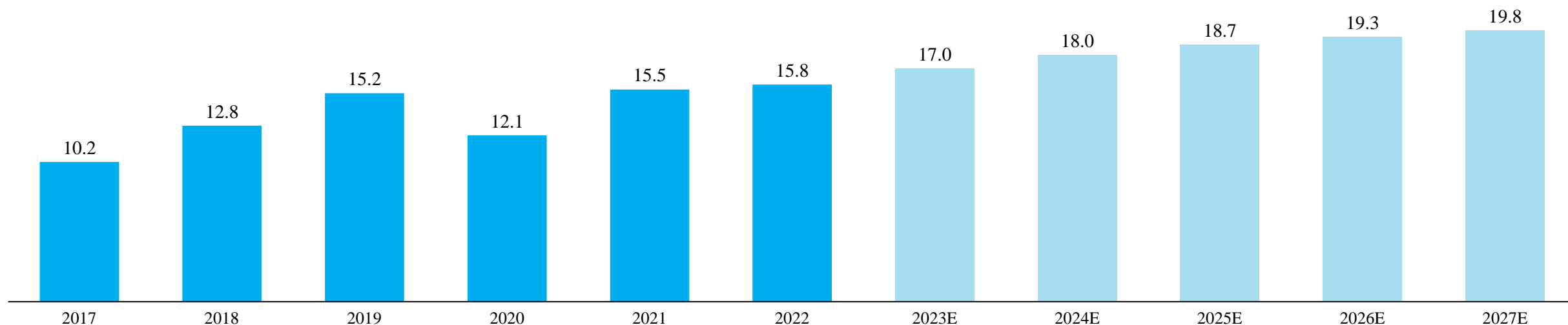
Market Size of Sport Venue Operation and Management Industry in China, by Revenue

Market Size of Sports Venue Operation and Management Industry, by Revenue (China)

Billion USD, 2017-2027E

■ Sport Venue Operation, by Revenue

	CAGR	2017-2022	2022-2027E
Sport Venues Operation and Management		9.2%	4.6%



Key Finding

- Sport Venue Operation and Management is an industry closely related to public service, and only a small proportion of the venues are really for-profit. Around 66% of sports venues in China are owned or operated by schools and universities and many others are operated by non-commercial entities, and enterprises only operate around 17% of total sports venues measured by area. Commercial Sport Venue Operation and Management refers to those sports venues that are operated by enterprises and are for-profit.
- The market took a series hit from COVID-19 outbreak in 2020, and recovered for a small amount in 2021. Yet due to the lockdowns in early 2022, it's estimated that the commercial sport venues market will face another decline before it finally recovers to the original level before COVID-19.

Source: General Administration of Sports in China, Frost & Sullivan

Overview of Sports-Related Industry

Definition and Players of Sport Marketing Solution

Definition



- Sport Marketing Solution refers to the marketing activities that aims to promote branding via sports activities or among sports audience. Sports Marketing Solution would connect brands with sports IP resources to provide a marketing platform for branding. Sports Marketing Solution also helps to design and execute marketing project for brands.
- Major Sport Marketing Solution in China include brand sponsorship to sports clubs, brand sponsorship to sports tournaments, athletic star merchandise endorsement, and others.

Types of Players in the industry



Brand Sponsorship to Sports Clubs

- A significant part of revenue to sports clubs are brand sponsorship to sports clubs. With such sponsorship, advertisement of the team and star players would make it public that they are collaborating with the brand so as to promote the publicity of the brands.
- **Brand sponsorship to sports clubs takes about 33% of total sports marketing solution in China.**



Brand Sponsorship to Sports Tournaments

- Brands would also provide sponsorship to sports tournaments to promote brands. High level of sports tournaments could attract a significant number of audience, which could in turn generate a significant flow of traffic and viewership of advertisement and publicity.
- **Brand Sponsorship to Sports Tournaments takes about 29% of total sports marketing solution in China.**



Athletic Star Merchandise Endorsement

- Athletic stars enjoy the media coverage and appreciation from the general public, and therefore their publicity is a good way to monetize their fame. Brands could tie their products with the star so as to enjoy the publicity as well.
- **Athletic Star Merchandise Endorsement takes about 7% of total sports marketing solution in China.**

Source: Frost & Sullivan

Overview of Sports-Related Industry

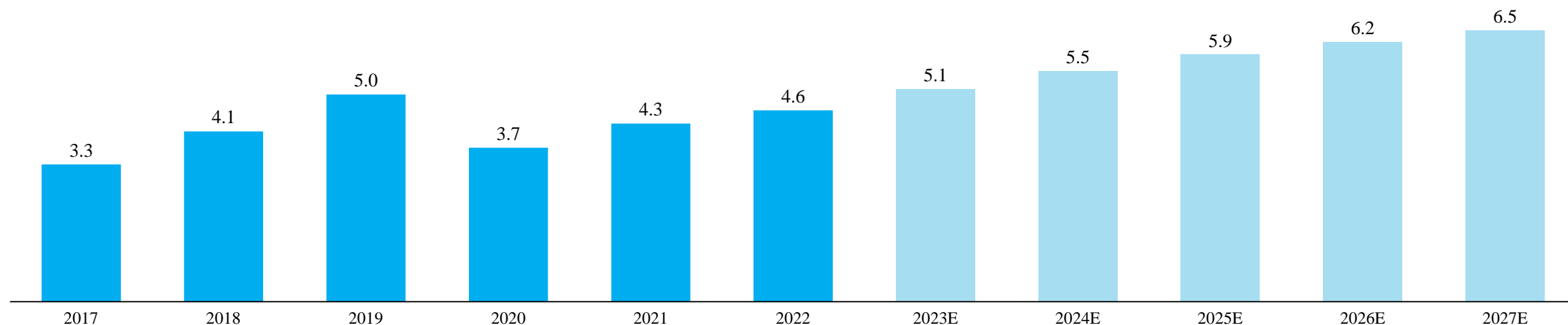
Market Size of Sport Marketing Solution Industry in China, by Revenue

Market Size of Sport Marketing Solution Industry, by Revenue (China)

Billion USD, 2017-2027E

■ Sport Marketing Solution

	CAGR	2017-2022	2022-2027E
Sport Marketing Solution		6.9%	7.2%



Key Finding

- The commercial value of sports has long been verified, and advertising on sports is a good marketing channel for many brands. By business model, there are two types of sports marketing firms in China: one that connects brands with sports IPs and brands and assist with the maximization of interest for both parties; Another one that delivers marketing plannings for brands in the sports marketing channels, aiming to attract sports audience.
- COVID-19 has hit the Sport Market Solution industry as well because of the pause and delays in sport tournaments and frequent lockdowns. As China recovers from the COVID, it's estimated that the sport marketing Solution industry will soon resume growing.

Source: Frost & Sullivan

Overview of Sports-Related Industry

Overview of esports club and esports influencer commercialization

Definition



- Esports Clubs are esports players in a team that participates in the eSports tournaments. Consisting of professional high level eSports players, they team up to compete in tournaments to win prizes and public exposure for further commercial value. Esports Clubs generate revenue primarily through tournament prize, commercialization and others such as the sales of eSports-Related Merchandise.
- Esport influencer commercialization refers to the eSport-focused MCNs that works with multiple channels and affiliated eSport influencers. They sign contracts with influencers like broadcasters to provide a series of services to increase their popularity. And then they offer services like audience development, content creation, commercial collaborations, etc. to live-streaming platforms, social medial platform, and advertisers. And in the return, MCN receives a portion of revenues generated through its service in accordance with the term and conditions set forth in their contract with these platforms and advertisers. Revenue sources of eSports Commercialization include virtual gifts from live-streaming audience, content payment from platforms, commercialization fee from advertisers, and others.

Monetization Method



Tournament Prize



- A significant source of revenue for eSports clubs is tournament prize. For top tournaments such as LPL, the prize for winning the first place could be as high as millions.

Live-Streaming and Short-Video Content



- eSports Clubs would interact with fans on live-streaming platforms and short-video platforms. And they could also generate revenue from such activities.
- Revenue from live-streaming platforms ultimately attributes to virtual gifts made to broadcasting channels. Live-streaming platforms would keep a proportion of revenue generated from purchase of virtual gift, and the rest would be paid to MCNs or independent influencers. MCNs uploads their self-produced video clips content to short-video platforms, and MCNs would receive incentive fee from short-video platforms.

Sponsorship and Advertising



- eSports Clubs would receive sponsorship and endorsement business, they would receive endorsement revenue from such activities.
- Influencers will provide advertising service via live-streaming, social media and offline activities according to the arrangements of MCNs. MCNs would participant in designing the advertisement and negotiating price with advertisers. MCNs could also generate advertising agent fee via their network with live-streaming platforms and short-video platforms.

Source: Frost & Sullivan

Overview of Sports-Related Industry

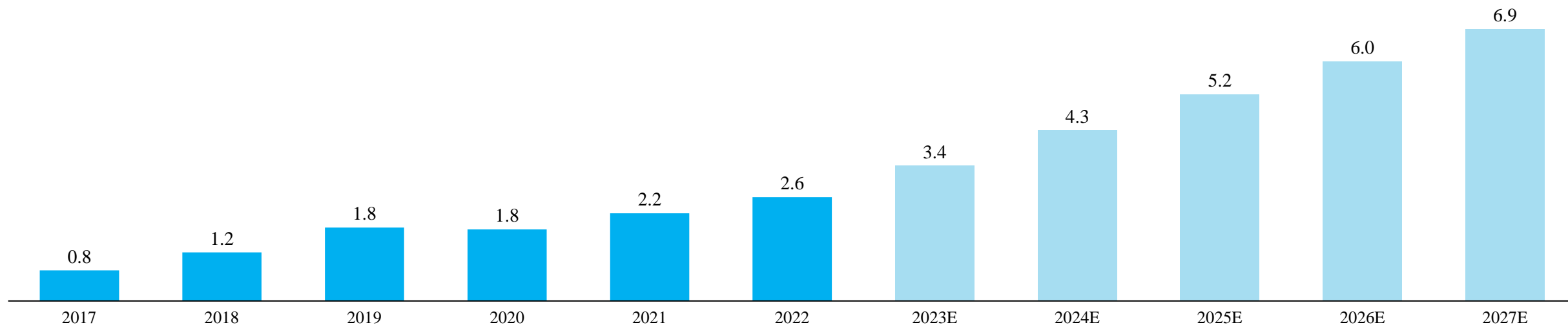
Market Size of eSport Club and eSport Influencer Commercialization Industry in China, by Revenue

Market Size of eSport Club and eSport Influencer Commercialization Industry, by Revenue (China)

Billion USD, 2017-2027E

■ eSport Club and eSport Influencer Commercialization

	CAGR	2017-2022	2022-2027E
eSport Club and eSport Influencer Commercialization		27.8%	21.2%



Key Finding

- More and more people has accepted eSport as a new form of sports, and the commercial value of this new form of sports is being excavated by businesses. The commercialization of eSports clubs and eSports Influencers have all generated significant growth in recent years.
- eSports Clubs generate revenue primarily through prize received by winning eSports tournaments, commercialization (including live-streaming, sponsorship and advertising) and others such as sales of eSports-Related Merchandise. Players of eSports influencer commercialization industry include eSports MCN Agencies and individual influencers. And the market size of eSports influencers includes live-streaming content (including payments from live-streaming platforms and virtual gifts from audience), payment received from social media content, and revenue from advertisement.

Source: Frost & Sullivan

Overview of Sports-Related Industry

Growth Driver Analysis

Favorable Policies for Sport Venue Operation and Management Industry

- In the last five years, both central and local government of China have issued favorable policies to encourage the general public to do more sports, so far the policies has facilitated the development of the sport venue operation and management industry in China. For example, in July 2021, State Council Gazette issued ‘the National Fitness Program (2021-2025)’, which stated that the supply of sport venues and facilities will be increased and doing sports will be encouraged.

Increasing Public Awareness on Health and Well-being

- With rapid economic development and improvement in living standards, public awareness on health and well-being have been increasing. Given the concern for health and wellness, willingness to spend and consume health and wellness related goods and services has seen a steady growth in the past few years, and will remain increasing in the foreseeable future.

Hosting of International Sport Events in China

- Many important international sports events, such as the 2008 Beijing Summer Olympics and the 2021 Beijing Winter Olympic and so on, have been hosted by China. Chinese government are keen to host more sport events as it would boost consumption and tourism. Frequent sport events, especially international sport events with wide media coverage could bring growth opportunities for Sport Marketing Solution providers in China.

Favorable Policies for eSports Industry in China

- In recent years, both central and local governments have issued policies to encourage the growth of eSport industry, such as promoting eSport education, hosting eSports events, even offering direct subsidies. As esports arises as a new industry, It would provide employment for the society, foster new business models, and cultivate new businesses. Therefore, several cities have issued policies aiming to make themselves a regional or even a national center for esports. For example, Beijing has issued ‘Medium and Long-term Plan for Beijing to Promote the Construction of National Cultural Center (2019-2035)’, which stated that Beijing position itself as Capital of esports’.

Source: Frost & Sullivan

Overview of Sports-Related Industry

Future Trends Analysis

Rise of Private Operators in Sport Venues Operation and Management

- Governments have issued policies to encourage private capital to investment in the sport venues operation and management industry to improve the quality of sports-related services. It can be expected that such investment would be a great opportunity for private operators to expand their business as they are more experienced and efficiency-driven. The policies are most likely benefit the top private operator with strong operational capabilities.

Increasing Popularity for One-Stop Sports Complex

- A new business model of one-Stop Sports Complex has achieved substantial success within the sport industry and the popularity of such complex is increasing among the general public. The One-Stop sport complex integrates multiple services into one complex building or a park, so customers could fulfill their demands in one place. It can be expected that such park or complex will soon gain its fair share of the market.

Development of eSports-Related Merchandise

- As eSports have draw lots of attention from the general public, especially young generations such as Gen-Z and Millennials, eSports-related merchandise has become a stable source of income for eSports games and eSports club as the authorization of name and logo would bring a considerable premium. It also helped to bring fans and audience closer to clubs and games, fostering a greater loyalty and attachment.

High Growth in eSports Industry

- The eSport industry has achieved a high growth period in China. As the world's largest eSports consumer market with the largest number of e-sports participants in the world, a full industry chain has been successfully cultivated. From game development and authorization to tournament operation, and further to content production and distribution. The eSports industry will thrive and every participant will benefit from it.

Source: Frost & Sullivan

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Competitive Landscape

Ranking of Top 5 Fashion and Casual Footwear Brands in the United Kingdom, by Retail Sales

Ranking of Top 5 Fashion and Casual Footwear Brands in the United Kingdom, by Retail Sales (2022*)

Ranking	Brand Name	Retail Sales (2022)	USD Million	Market Share
1	Clarks	773	773	14.6%
2	Brand A	265	265	5.0%
3	Brand B	244	244	4.6%
4	Brand C	230	230	4.3%
5	Brand D	198	198	3.7%

The Market Size of Fashion and Casual Footwear in the United Kingdom by Retail Sales in 2022 was USD5.3 Billion.

Key Finding

- Clarks ranked the 1st place in fashion and casual footwear brands in the United Kingdom with a retail sales of USD773 million in 2022 accounted for a market share of 14.6%, which far surpassing the 2nd player's retail sales of USD265 million and market share of 5.0%.
- The fashion and casual footwear industry in the United Kingdom is relatively concentrated, with the top 5 brands taking up 32.3% of the total market.

Note: It refers to the calendar year which started from January 1st to December 31th, 2022.

Source: Frost & Sullivan

Competitive Landscape

Ranking of Top 10 Fashion and Casual Footwear Brands in the United States, by Retail Sales

Ranking of Top 5 Fashion and Casual Footwear Brands in the United States, by Retail Sales (2022*)

Ranking	Brand Name	Retail Sales (2022)	USD Million	Market Share
1	Brand D		4,128	11.5%
2	Brand E	2,616		7.3%
3	Brand F	2,581		7.2%
4	Brand H	1,842		5.1%
5	Brand G	1,474		4.1%
6	Brand J	1,142		3.2%
7	Brand I	836		2.3%
8	Clarks	649		1.8%
9	Brand K	522		1.5%
10	Brand L	339		0.9%

The Market Size of Fashion and Casual Footwear in the United States by Retail Sales in 2022 was USD35.9 Billion.

Key Finding

- Clarks ranked the 8th place in fashion and casual footwear brands in the United States with a retail sales of USD649 Million in 2022 accounted for a market share of 1.8%. **Clarks ranked the 19th place in footwear brands in the United States in 2022 and accounted for a market share of 0.9%.**
- The fashion and casual footwear industry in the United States is relatively concentrated, with the top 5 brands taking up a market share of 35.2%.

Note: It refers to the calendar year which started from January 1st to December 31th, 2022.

Source: Frost & Sullivan

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● Thank You

