

ANIVERSARY PERSPECTIVE: 20 YEARS ON

This is the second of two special WSA anniversary articles in which we examine what has happened to the sportswear and performance markets over the past two decades. Here, **Renaud Vaschalde**, Paris-based lead analyst of the global sports sector for market research group NPD, gives his perspective.

Merging of athleisure into everyday wear

It's interesting to examine if levels of participation in sports activities and the type of sports activities that people take part in have changed in the last 20 years.

There is nothing as entrenched in national identity as the local sports culture. To simplify, North America is still very much into basketball, American football, baseball and ice hockey. Europe, Africa and Latin America are still into football (soccer) with Europe having, on top of this, an appetite for hiking and walking.

Asia is influenced by a variety of sports, either inherited from local traditions (such as table tennis, martial arts in China, Sumo in Japan) or inherited from other countries that have had an influence in local government or local life

(badminton in China, baseball in Korea and Japan, cricket in India, and so on). Other sports have grown in Asia simply because local people have become fascinated by western sports culture, such as has happened with basketball and football.

This geographical distribution of influential sports has not really changed in the last 20 years. However, the nature of sports practised by

All you need is... running has become popular in our increasingly urbanised world because you can do it anywhere.

 Decathlon/Kalenji



the population has evolved and is shaped constantly by aspirations and constraints.

On the aspirational side, running is booming (with a compound annual growth rate above 6% globally in the last eight years). This growth is driven by the fact that running is convenient and cheap. All it requires is (usually) a good pair of shoes and an hour's free time, including time to shower after the run. It can also be a good way to control weight, which is an obsession for a great number of people. All activities that you can carry out in a gym are also in demand for the same reason. On the aspirational side, sports participation is increasing in middle-income countries with global popular icons seen on TV playing basketball or football.

On the constraints side, with urbanisation at 53% of global population in 2014, according to the World Bank, and space at a premium, sports requiring a lot of real estate (such as football), high maintenance costs (such as swimming in pools, golf and so on) are expanding at a lower rate than basketball, running and gym and other fitness activities.

Casual use of athletic footwear and apparel

Globally, one of the key changes we have observed since the 1990s is that we see more and more athletic footwear worn at school, for leisure activities and even at work. Athletic footwear has acquired the status of a fashion accessory. In a way, sneakers are to both genders what a handbag can be to women: an essential rather than an optional accessory, a status symbol. The casual use of branded sports apparel is also on a rising trend, though it is increasing at a lower rate than athletic footwear.

In 2014, from a global activewear and athletic footwear sector with production valued at \$14 billion combined, 40% of products were declared by consumers as intended for sports use. In 60% of cases, consumers said the products were primarily for everyday and leisure use.

Brands and innovation

Looking back at the end of the 1990s, we can highlight a few compelling product stories that have helped shape the global sport market, allowing brands to appear in the marketplace for the first time or helping existing brands to regenerate themselves. In footwear, we see Puma impacting the market in the early 2000s with its Mostro style, or Nike impacting in the 2010s with Flyknit technology. These are just two examples of product innovation that resulted in significant market share changes across the world that NPD was able to measure.

When we look at the brands that were around 20 years ago and the ones that are new, it seems that the brand landscape has changed, but not dramatically. We can point to brands that seem to



Product innovations such as Nike Flyknit can help shape the market.



have faded out with the sports they are most clearly associated with. For instance Fila, strong in the 1980s, has almost disappeared and tennis in general, the main focus for the brand, has lost momentum over this time. Under Armour, (which now has annual revenues above \$3 billion) is a newcomer to highlight. It is a recent significant example of a new brand popping out of thin air with one innovation, compression apparel. But as well as having a creative line of products, Under Armour took advantage of the huge and dynamic US domestic market.

Finally, we need also to mention the business of the brands that sports and activewear manufacturing and retail group Decathlon runs. These brands have become strong in southern Europe and now account for more than \$4 billion of the group's overall revenue, and this from almost nothing in the early 1990s. Decathlon brands' success has come about because of a mix of retail know-how, its large assortment covering hardware, apparel and footwear for all sports in all seasons, and a reputation for offering good value for money.



Under Armour, a brand that has grown 20% in the past 20 quarters.

