

The U.S. Footwear Industry Market Drivers

12 months ending September 2017

Prepared for FDRA members

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Introduction

The NPD Group provides market information and advisory services to help our clients make better business decisions. We help companies develop and offer the right products and get them in the right places at the right prices for the right people in order to grow their businesses.

Highlights

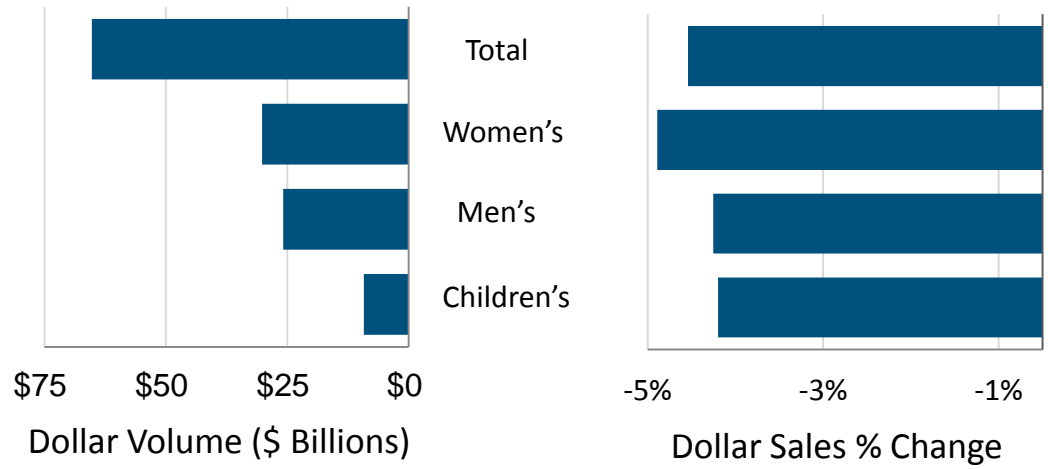
The total footwear market is estimated at \$65B for 12ME September'17, down -4% YOY.

- The total footwear market is down -4%, each gender segment decreased approximately -4%.
- The online business, while 27% of the total footwear volume, posted growth of just +1%. However, we might see this improve heading into holiday. As Fashion Footwear & Accessories Industry Analyst Beth Goldstein noted in *NPD's 12 Shopping Predictions for Holiday 2017*, "Online is expected to be the #1 footwear purchasing destination this season. But consumers will expect the convenience of free shipping and returns, as well as in-store pick-up and return options."
- Casual and Performance accounted for 60% of the dollar sales, but saw the biggest declines. Combined, the two categories made up over three-quarters of the loss, or -\$3.4B total sales. Sport Leisure continues to grow, up +16%. In his blog, *Sneakernomics: Third Quarter Sales Results for U.S. Athletic Footwear and Apparel*, NPD Sports Industry Analyst Matt Powell noted that "Once again, the performance category struggled while sport leisure had a strong increase. Sport leisure, the largest category, grew its sales in the mid-teens, fueled by the modern runner trend."
- The sneaker remains the largest segment with \$26.7B in dollar sales, but was down -4% vs. LY. Slippers grew slightly (+7% vs. LY) as they become more of an all year round silhouette and blur with sandals.
- The 25-44 age group was the only segment to show growth in the footwear market. Older Millennials (25-34) generated the most incremental dollars, gaining over +\$571M vs. LY. Spending on footwear for consumers under 35 outpaced spending for those 35+ by \$7.8B.
- Consumers within the income range of \$100-\$150K increased their footwear spending by +4%, or approx. +\$600M.
- White consumer spending continues to decline, down -2% vs. LY, but remains the largest consumer segment at 59% of the total market. The Hispanic market is the second largest segment at 19%, and continues to slow, down -7% in the period.
- The West North Central and the East South Central divisions were the only divisions to grow, at +7% and +1%, combined generating \$279M in incremental sales.

Footwear Market Sales Drivers 12ME September '17

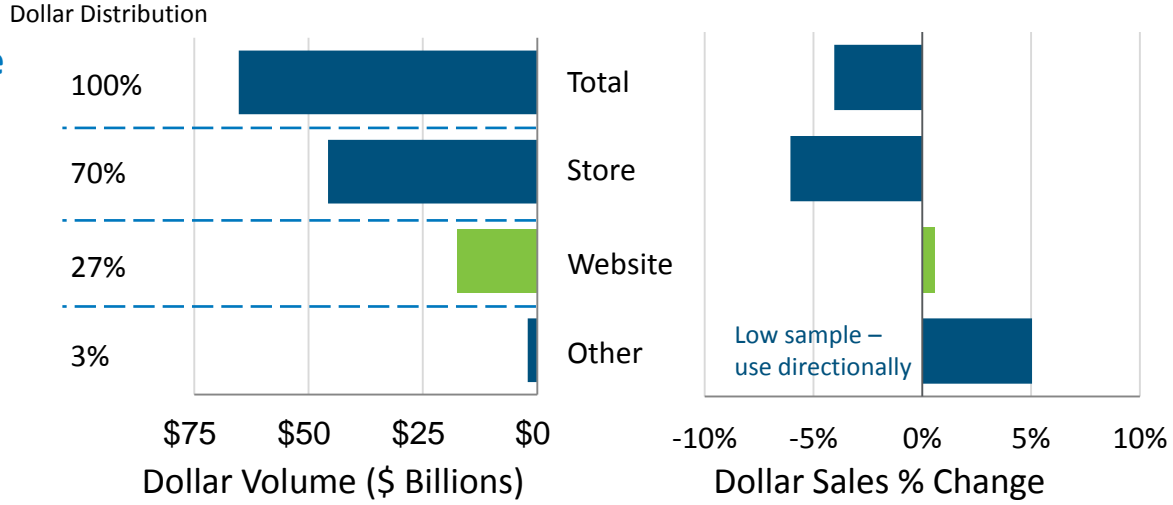
Total Footwear Market by Gender

- The total footwear market is estimated at \$65B for the 12 ME Sept '17, down -4% vs. LY. Each gender segment decreased approximately -4%.



Total Footwear by Method of Purchase

- The trajectory of the online business, which represents 27% of sales, has slowed. Growth of just +1% was not able to offset the decline of store sales, down -6% vs. LY, which represented a -\$2.9B loss for the period.

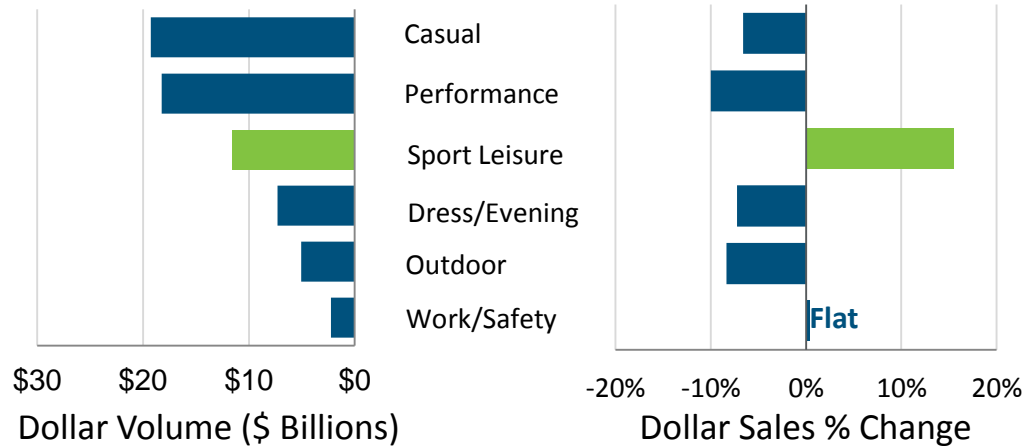


Source: The NPD Group/Consumer Tracking Service

Footwear Market Sales Drivers 12ME September '17

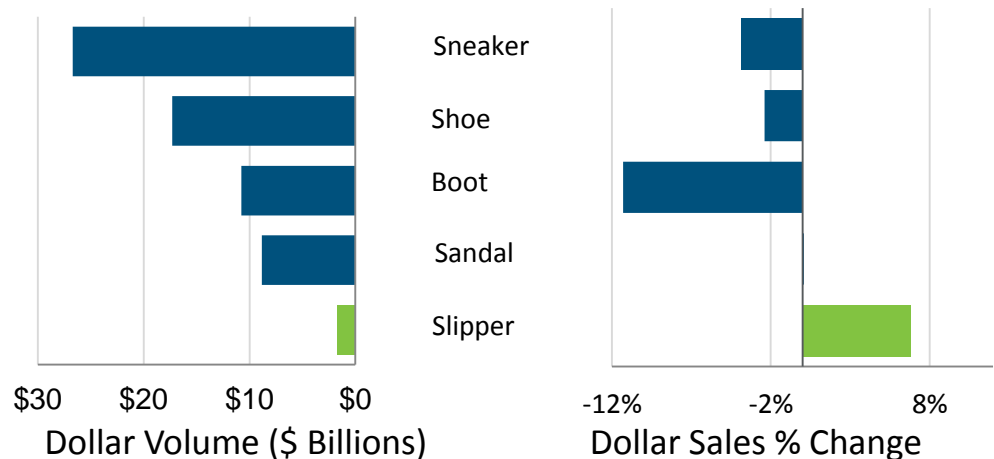
Total Footwear by Category

- Casual and Performance accounted for 60% of the dollar sales, but saw the biggest declines. Combined, the two categories made up over three-quarters of the loss, or -\$3.4B in sales. Sport Leisure continues to be the only growth category.



Total Footwear by Type

- Sneakers remain the largest segment with \$26.7B in dollar sales, but were down -4% vs. LY due to the softness in performance. Slippers grew (+7% vs. LY) as they become more of an all year round silhouette and blur with sandals.

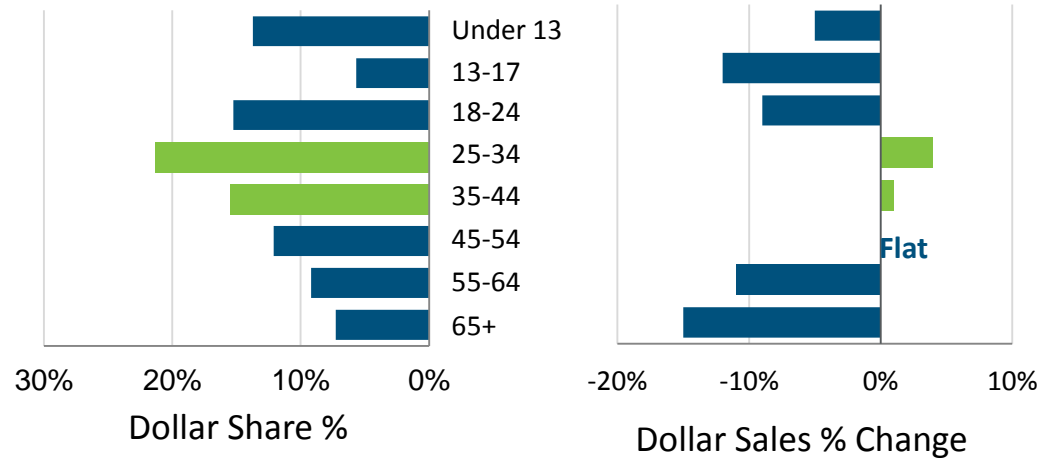


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Footwear Market Sales Drivers 12ME September '17

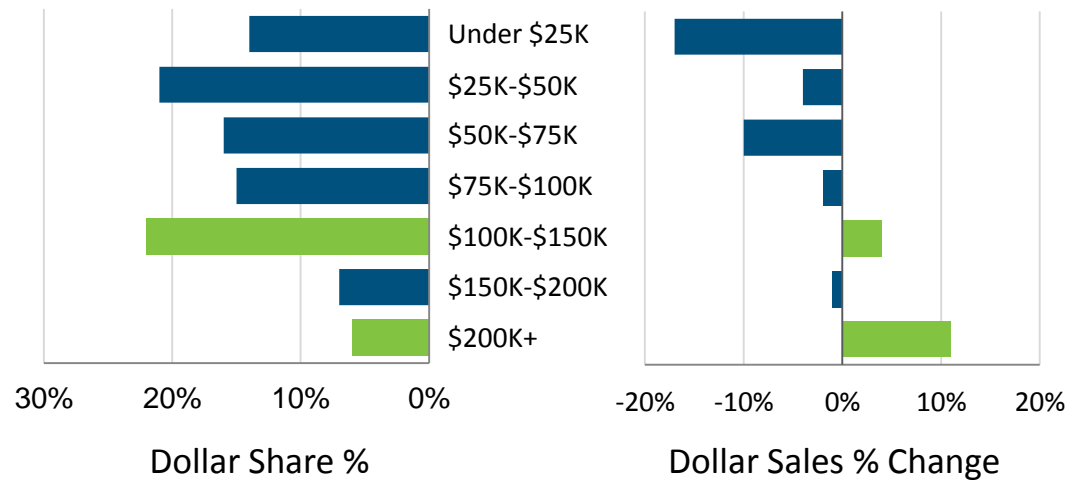
Total Footwear by Age of Wearer

- The 25-44 age group was the only age group to show growth. Older Millennials (25-34) generated the most incremental dollars, gaining approx. +\$570M vs. LY. Spending on footwear for consumers under 35 outpaced spending for those 35+ by \$7.8B.



Total Footwear by Income

- Consumers within the income range of \$100-\$150K increased their footwear spending by +4%, or approx. +\$600M. The under \$25K and \$50-\$75K saw the largest losses, combined attributing to over 80% of the decline or \$-3.0B. This may be partially a result of the tax credit delays earlier this year.

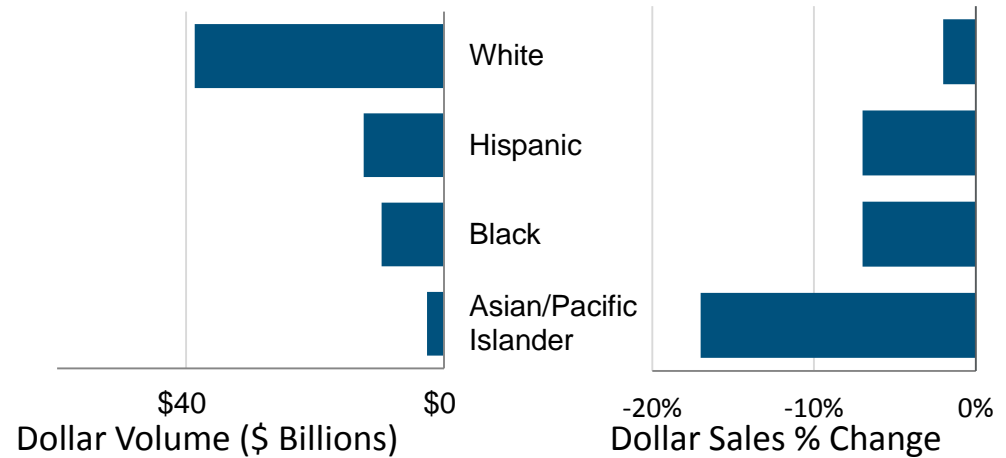


Source: The NPD Group/Consumer Tracking Service

Footwear Market Sales Drivers 12ME September '17

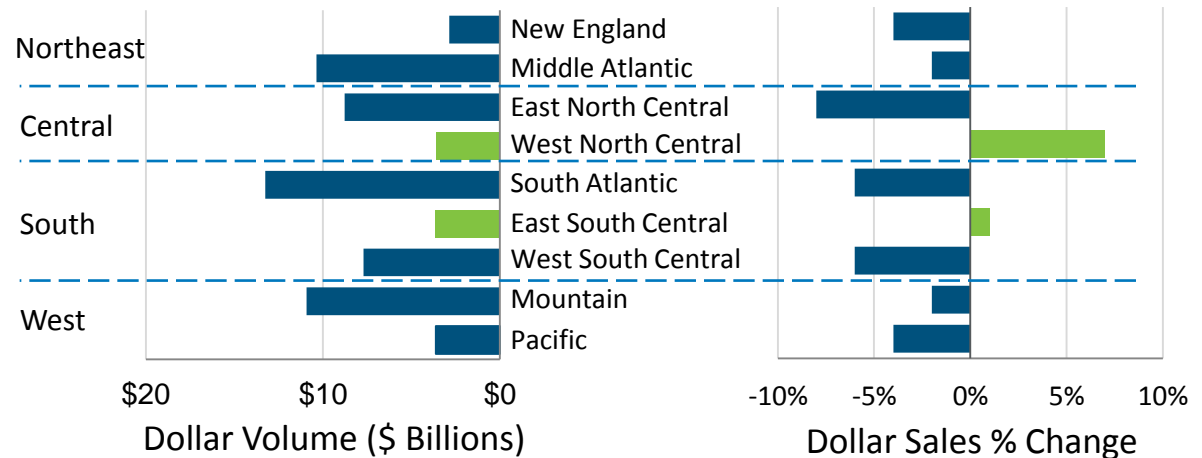
Total Footwear by Ethnicity

- White consumer spending continues to decline, down -2% vs. LY, but this remains the largest consumer segment at 59% of the total market. The Hispanic market is the second largest segment at 19%, and continues to slow, down -7% in the period.



Total Footwear by Region

- The South Region generated nearly 40% of the dollar sales, but accounted for over 40% of the losses. The West North Central and the East South Central divisions were the only divisions to grow, at +7% and +1%, combined generating +\$279M in incremental sales.



Source: The NPD Group/Consumer Tracking Service

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