

The U.S. Footwear Industry Market Drivers

12 months ending June 2018

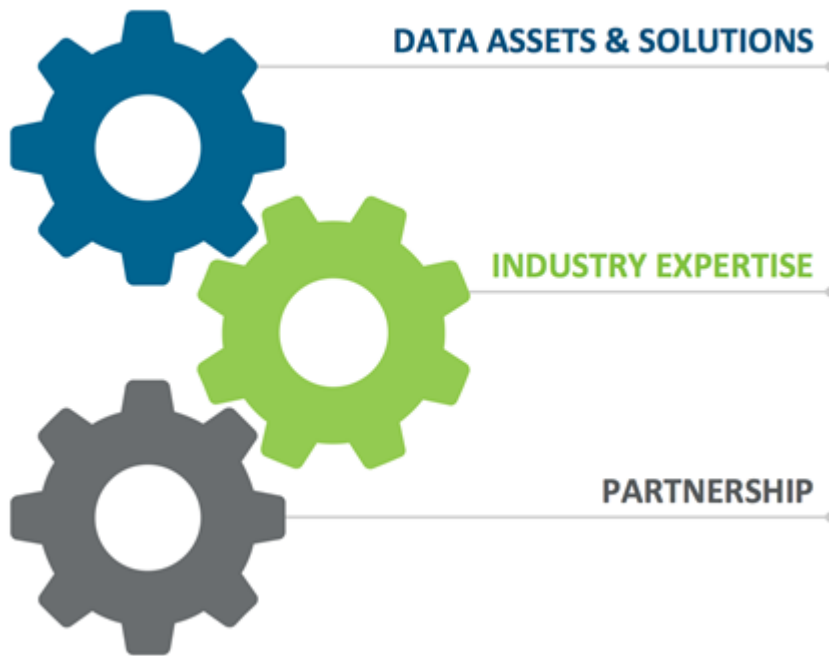
Prepared for FDRA members

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Highlights

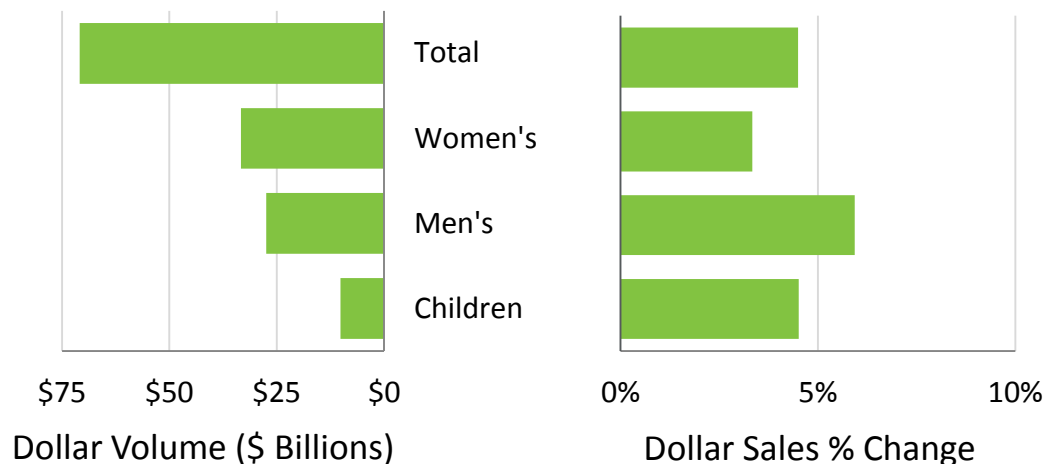
The total U.S. footwear market is estimated at \$71B for 12ME June'18, up +4% YoY.

- The total footwear market was up +4% vs. LY. Growth was seen across all wearer segments, with Men accounting for 50% of that growth, adding +\$1.5B incremental dollars.
- Although online footwear sales continue to drive the market, up +\$2.4B vs. LY, in-store sales have slightly rebounded after experiencing declines last year, up +1% for this time period, driven by Millennial consumer.
- Sport Leisure accounted for almost 30% of the dollar sales, but over 80% of the dollar growth. Performance was the only category to experience declines, down -2%, or -\$338MM. *“Athletics-inspired, non-performance footwear has driven most of the growth in the sport leisure category. Athleisure has taken over the athletic footwear market, and I do not expect the performance categories to improve anytime soon,”* stated NPD’s Senior Industry Advisor, Matt Powell, as quoted from a recent Footwear News article.
- Fashion returned to growth as well. The top growth drivers here have been sandals with comfort elements as well as lower-heeled silhouettes such as mules/clogs. *“‘Comfort’ is no longer a bad word. In fact, consumers today are reluctant to compromise on comfort and the definition is evolving,”* said [Beth Goldstein](#), fashion footwear and accessories analyst, The NPD Group in a recent press release.
- Sneakers continue to dominate as the largest segment in footwear, accounting for about a third of the dollar growth, right behind Sandals, which contributed almost 40% of the dollar growth.
- Millennials currently account for the most dollar sales and growth within the footwear industry, contributing +\$2.4B incremental dollars. The second largest generation is Gen Z, one of the only generations to experience declines, besides the Silent Gen. Gen Z may be prioritizing spend on tech, travel, and education over footwear.
- Consumers with an income between \$50K- \$100K contributed to over 50% of the dollar growth, adding +\$1.7B combined incremental dollars.
- While the White consumer base continues to contribute the most to dollar sales and drove about 50% of the growth, Hispanics consumers have also seen an uptick in spending, up +6%, accounting for 25% of the growth. Dollar growth was seen across all regions and divisions, specifically being drive by Sport Leisure in the West and Central regions.

Footwear Market Sales Drivers 12ME June'18

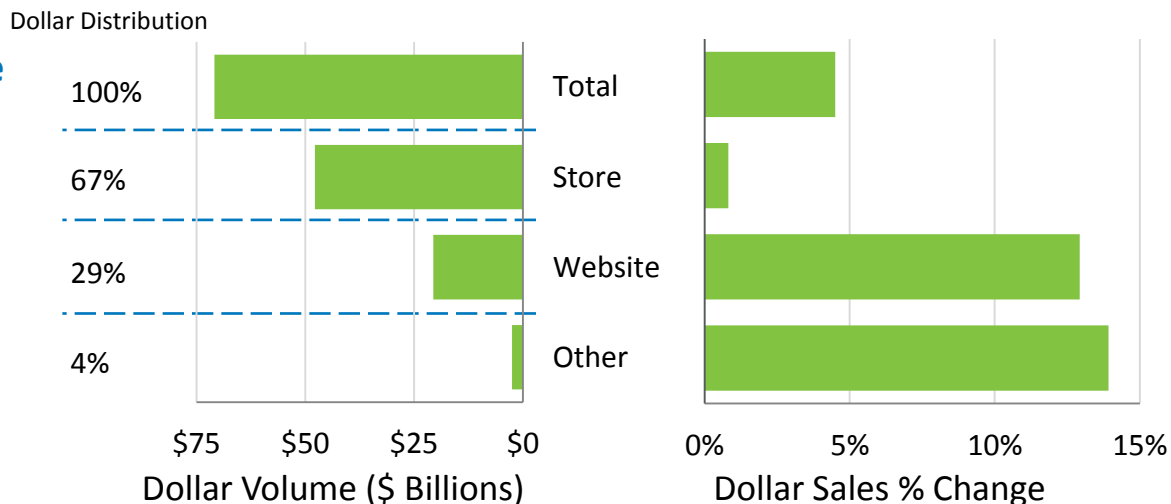
Total Footwear Market by Gender

- The total footwear market is estimated at \$71B for the 12 ME June'18, up +4% vs. LY. Growth was seen across all wearers, with Men's accounting for half of the total growth.



Total Footwear by Method of Purchase

- Online sales continue to drive the overall footwear market, accounting for 29% of the market, up +\$2.4B vs. LY. In-store sales have experienced a slight recovery after seeing declines last year (up +1% or +\$386MM vs. LY), driven by Millennial consumers.

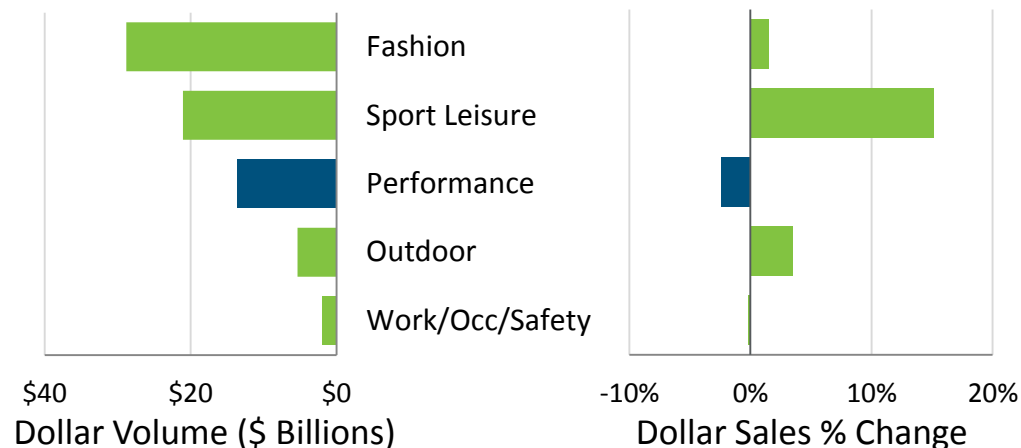


Source: The NPD Group/Consumer Tracking Service
 *All measures adjusted for Retail 2017 53rd Week

Footwear Market Sales Drivers 12ME June '18

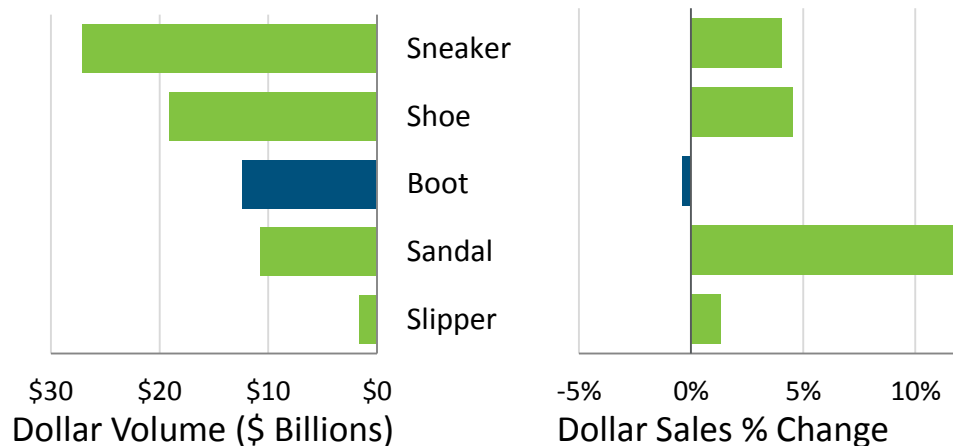
Total Footwear by Category

- Sport Leisure accounted for almost 30% of the dollar sales, but over 80% of the dollar growth. Performance was the only category to see declines, down -\$338MM vs. LY. Outdoor footwear grew +4%, driven by Cold/All Weather Boots and Outdoor/Water Sandals. Fashion returned to growth as well, driven by comfort.



Total Footwear by Type

- Sneakers remain the largest segment, accounting for 38% of the footwear sales, and drove about a third of the growth, up +\$1.0B. Sandals represented 15% of dollar sales, but drove almost 40% of the growth, up +\$1.2B vs. LY.



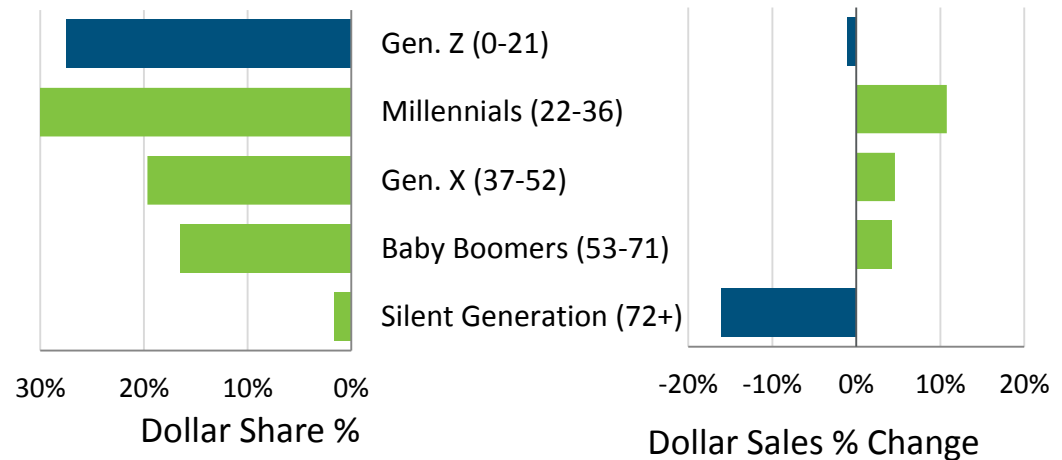
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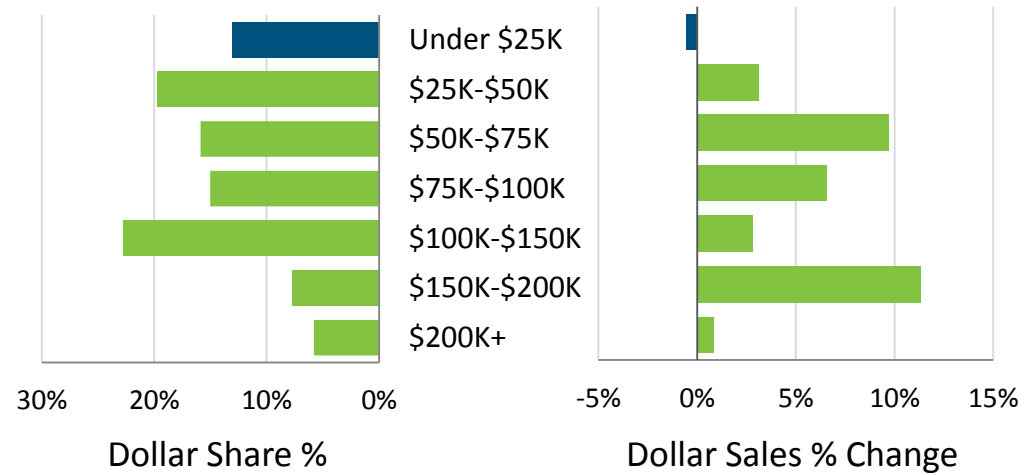
Total Footwear by Age of Wearer

■ Millennials continue to hold the most purchasing power, accounting for 35% of sales, and drove nearly 70% of the growth, up +\$2.4B vs. LY. The second largest generation, Gen Z, continues to show declines, down -\$212MM, with losses across all categories except for Sport Leisure.



Total Footwear by Income

■ Consumers with income between \$50K- \$100K contributed to over 50% of the dollar growth, adding +\$1.7B combined incremental dollars. The only segment to see declines were consumers with an income of Under \$25K, down -1% or -\$51MM vs. LY.



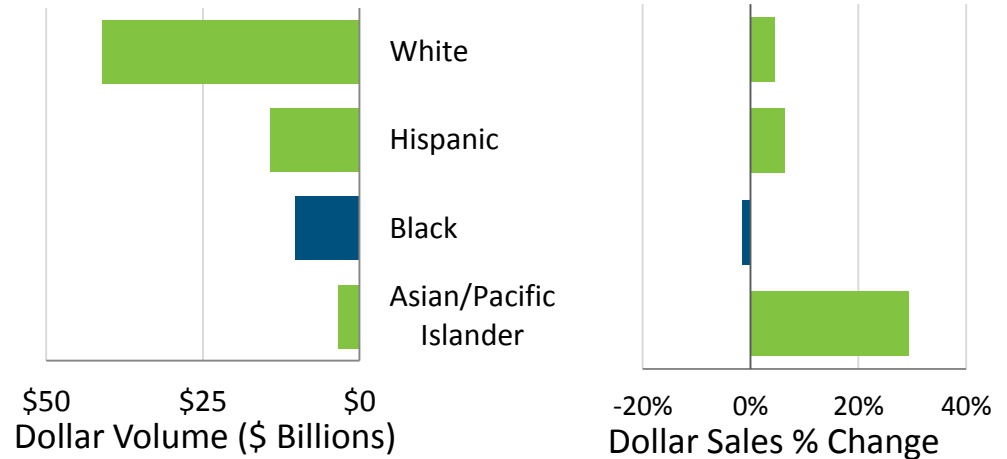
Source: The NPD Group/Consumer Tracking Service

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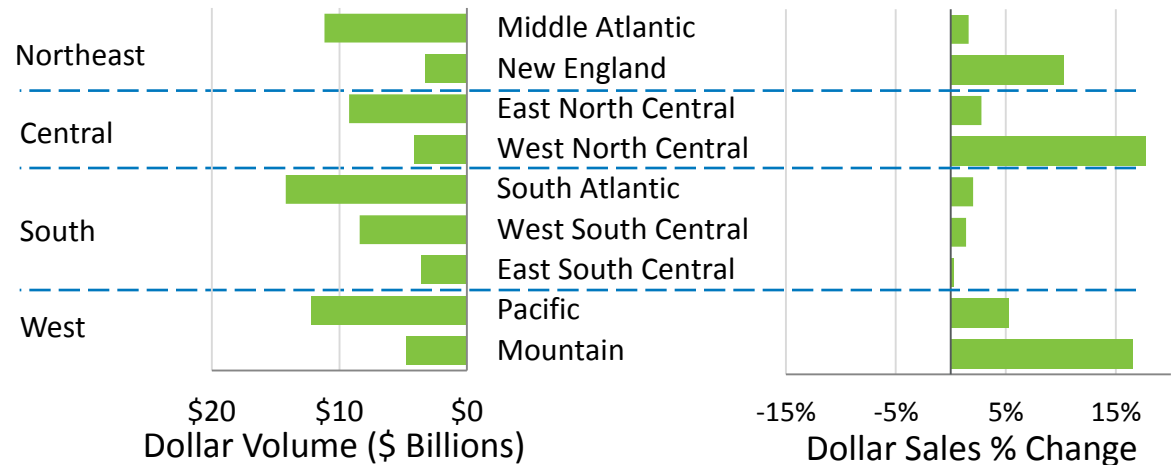
Total Footwear by Ethnicity

- While the White consumer base continues to be the largest segment, accounting for 58% of the market dollars and fueling about 50% of the dollar growth, Hispanic spending has started to grow again, accounting for a quarter of the dollar growth, up +6%, or +\$849MM vs. LY.



Total Footwear by Region

- Positive momentum was seen across all regions, with West and Central accounting for 70% of the dollar growth, driven mainly by Sport Leisure.



Source: The NPD Group/Consumer Tracking Service

*All measures adjusted for Retail 2017 53rd Week

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