

The new Nike Air Force One Foamposite shoe. Footwear companies know they have to keep innovating to make sure their brands remain in the public eye.

CREDIT: NIKE



Tough times for top brands

The last two years have been less than kind to athletic footwear brands, especially in the US, the market that did so much to create the global craze for sports shoes in the first place.

The footwear market is shrinking across the board in the US, according to Peter Mangione, managing director of consultancy company Global Footwear Partnerships. His calculation is that the 2009 value of the market there—including all types of shoe—was \$60 billion at retail, with retailers selling 2.2 billion pairs. He says this works out at 6.7 pairs per person on average, a decrease from 2006 and 2007 when the average was eight pairs per person. The figure may get back to seven in 2010, but it won't reach eight, he insists.

Within this, there is no disguising the importance of athletic shoes. Peter Mangione says 45% of shoe sales

The challenging economic climate of the last two years has affected the big athletic footwear brands, but they still command an important share of the overall shoe market in the US.

in the US in 2009 were in this segment, adding: "Athletic shoes are still by far the most important category in the US footwear market, but if you want to increase your market-share these days, you have to take it from someone else. The competition is ruthless, and consumers demand quality and price, and they don't care if you don't like them, so the only way to grow is to steal business from someone else."

The implication of his estimated figures is that consumers in the US bought around 990 million pairs of athletic shoes last year, but the recent experience of specialist retail groups such as Foot Locker emphasise that times have become tougher. Foot Locker is the reason you won't find any Nike stores in shopping malls of the US; Nike has its own presence in outlet retail parks, but not in the malls, where it sells through Foot Locker instead. "Foot Locker sells 10% of all Nike shoes sold in the world," Peter Mangione explains. "Nike has models of shoe that it only sells through Foot Locker. Some of the retail group's recent initiatives, such as specialist collections for women and children, have been fabulously successful. But its main strength is repeat customers, the real athletic shoe junkies. A short time ago, those customers were buying ten pairs a year. Now they're buying fewer shoes and that's why Foot Locker lost \$100 million in 2008."

Mr Mangione, former president of the Footwear Distributors and Retailers of America, has compiled lists of the top ten most popular athletic and outdoor footwear brands among US consumers. The lists are based on the market-share each brand commanded in 2008, the most recent period for which full-year figures were available when he put the data together at the beginning of 2010. The companies on the lists are on the right in tables one and two.

All the names will be familiar to a global footwear industry audience, although perhaps this applies slightly less to Avia (maker of the IBurn Double Rocker sole shoe) in the athletic section, and trail running and hiking boots specialist Vasque in the outdoor section. The Jordan brand, a subsidiary of Nike, and Reebok, a division of adidas, appear on the lists in their own right.

Mr Mangione observes that very few of the names on the two lists (Asics, Ugg, adidas, Puma) are non-US companies, and the importance of having prominent US athletes endorse their names is not lost on the overseas brands that want to compete. The US brands are strong, he says; they devote their energy to brand-building and, for the most part, they don't do manufacturing, leaving that side of the supply chain firmly in the hands of carefully selected outsource partners. "New Balance does make some shoes," he continues, "but it's an exception, and otherwise these companies are laser-focused on building up their brands."

If this emphasis on brand identity makes it easier for footwear companies to scale down their orders at partners' factories or their retail presence in difficult economic times, the reverse must also be true, and with the economic recovery continuing, it's perhaps no surprise that 2010 is proving to be a year of more announcements of new products and new store-openings. The athletic and outdoor footwear market is flexible and fast moving, as well as lucrative. 🌀



Athletic footwear junkies have been buying fewer shoes.

CREDIT: NIKE

TABLE ONE

Top Ten Athletic Footwear Brands in the US:
Nike
Brand Jordan
New Balance
Adidas
Reebok
Asics
Puma
Avia
K-Swiss
Skechers

TABLE TWO

Top Ten Outdoor Footwear brands in the US:
Ugg
Merrell
Timberland
Keen
Nike
Adidas
Columbia
Skechers
New Balance
Vasque



Athletic footwear is of huge importance in the US market, with 45% of all shoes sold falling into this category. CREDIT: ADIDAS