



Design by Danielle Ternes / Retail Dive; photo by dusanpetkovic via Getty Images

Game-changers: Have women reshaped the sportswear market?

Brands in the space are jumping at the chance to provide female customers with as much performance-based casualwear as they will buy.

By Cara Salpini
September 3, 2019

“Ain’t really trip on the credit, I just paid all of my dues ... quote me on this, got a lot more to prove.”

If you recognize the above quote it’s either from Nipsey Hussle’s “Hussle and Motivate” or because Megan Rapinoe quoted it after winning the World Cup. It’s a telling choice, with a layer of meaning about equality for the careful reader, and it also says a lot about the world of women’s athletics in 2019.

From the U.S. Women’s National Team winning the World Cup to 15 year-old Coco Gauff knocking Venus Williams out of Wimbledon, women’s athletics had some shining moments this year. The retail industry wants in on it.

The women’s sports apparel market in 2018 was valued at \$26.8 billion, according to data from Euromonitor International, compared to \$80.1 billion for the total sports apparel market. That’s led the major sportswear players to shift more focus to the women’s market, which is smaller and represents a greater growth opportunity.

Women are also leading the athleisure movement, which has transformed how many consumers think about athleticwear, and consequently how retailers design their products. While women haven’t been completely ignored by athletics retailers in the past, sportswear was traditionally a men’s market. In many ways it still is.

■

“I think for a long time athletic brands said, ‘We can just shrink it and pink it and that will be good enough for the female consumer.’ And good enough is not good enough anymore.”

Russ Kahn

Senior Vice President of Puma North America Retail

The top three sportswear brands — Nike, Adidas and Under Armour — were also the top three men’s activewear brands in 2018, according to The NPD Group, but the top women’s activewear brands show a different picture.

Nike maintains its top spot in women’s activewear, followed respectively by Lululemon, Victoria’s Secret, Under Armour, Adidas, Athleta, Victoria’s Secret’s Pink and Old Navy. Lululemon grew faster than Nike in the U.S. women’s market in 2018 and if the current trajectory holds, NPD predicts Lululemon will surpass Nike as the top women’s brand, though it’s unclear when.

Perhaps even more telling is that Lululemon ranks 5th overall in Euromonitor International’s list of the top sportswear brands, up from 11th in 2013.

In other words: the female athletics consumer is here, and brands in the space are jumping at the chance to provide her with as much performance-based casualwear as she’s willing to buy.

“What we’re starting to see now is a shift from just blind, put it on the shelf and hope they come, to more deliberate strategies,” Greg Portell, lead partner in the Global Consumer Industries and Retail Practice of A.T. Kearney, told Retail Dive.

For Puma, that means a renewed focus on catering to the female athlete, who was at one point 50% of its business, rather than just adapting male products to fit the female body.

“I think we probably all did a disservice to the female consumer and the woman consumer over the past 10 or 15 years,” Russ Kahn, senior vice president of Puma North America Retail, said in an interview, noting that women were often not treated as athletes in their own right. “I think for a long time athletic brands said, ‘We can just shrink it and pink it and that will be good enough for the female consumer.’ And good enough is not good enough anymore.”

The leggings that shook the world

At the forefront of this wakeup call are a few female-focused brands that have mastered what may seem like basic points: making products that perform well and also happen to be fashionable. Lululemon is perhaps the most successful example of the athleisure movement, having

built a desirable, high-end athleisure brand composed primarily of \$100 leggings.

The brand now watches the rest of the sportswear market from atop a rising mountain of luxury athleticwear, with a spot in the top five athletic brands to prove it.

Similar models have cropped up in athleisure brands like Athleta and Outdoor Voices, both of which rose to prominence under female leadership (though Athleta's Nancy Green left the company this summer for Old Navy) and focus on a consumer that sees athleticwear as a viable, if not alluring, status symbol for everyday wear.

"Health and wellness became like a new luxury for women," Ayako Homma, a fashion and luxury consultant at Euromonitor International, told Retail Dive. "So not only investing in gym memberships, they're also spending more on clothing and footwear as well. I think that female consumers differ from guys in that they're choosing sportswear that features both fashion and comfort for a day-to-day lifestyle. They are looking for clothes that they can wear for many different social occasions from going to the gym or going to make social errands, things like that."

Indeed, Athleta CMO Sheila Shekar Pollak noted that part of that retailer's success is driven by the fact that women "don't have time to change four times throughout the day, nor do they want to." The brand's purpose is heavily

focused on empowering women and girls through athletics, and athleisure feeds right into that.

“We’re at this amazing intersection of a couple of different zeitgeist trends that I think set up Athleta in a really powerful way,” Pollak noted of the trend.

“Athleisure wear became a new norm — it’s not just a trend anymore. It’s everybody’s everyday outfit now.”

Ayako Homma

Fashion and Luxury Consultant at Euromonitor International

Athleisure as a luxury lifestyle is also impacting the product categories and expansions brands feel comfortable pursuing. Lululemon, for example, is testing a membership program that goes for over \$100 and recently announced a self-care line that would sell at Sephora.

Puma, too, has made the move into beauty through a partnership with Maybelline — a sign that athletic brands are taking the athleisure lifestyle to heart and trying to provide the full spectrum of products a consumer would need to achieve it.

Bill Lewis, a director at AlixPartners, says beauty is a “natural adjacency” to the athletics market thanks to the

overall health and wellness movement. Another benefit to entry? Margins.

“The product margins are fantastic. Sometimes in apparel and footwear, the product margins can be a little tougher,” he said. “So if you’re an operator of an apparel footwear company, and you’re looking for a place where you can grow and expand your margins, beauty is a good place.”

While it may still be too early to tell how far the athletic beauty trend will go, the success of athleisure is a good omen, according to Homma.

“Athleisure wear became a new norm — it’s not just a trend anymore. It’s everybody’s everyday outfit now,” she said, noting that as a result, sportswear brands have become a part of consumer’s daily choices. “There is a way for sportswear brands to go into products that women can use every day and I think that the skin care or deodorant type of personal care products could be a good opportunity.”

So far, Athleta and Lululemon have owned the “athleisure as a lifestyle” space, and their businesses are symmetrical in other ways as well. The two brands both expanded to include girls lines, and both also made the larger jump to men’s (Athleta with its separate Hill City brand and Lululemon through the core brand).

Athleta’s Pollak told Retail Dive that keeping the men’s

brand separate was very intentional. The brand wanted to maintain its status as a retailer that “uniquely delivers for women and girls,” but at the same time, executives were hearing calls for a men’s offering.

“We’ve gotten a lot of feedback from our female customers for years saying, ‘When are you going to serve my husband or my brother or my dad?’” Pollak said, adding it was these types of questions that showed them there was opportunity in men’s.

“The question becomes: Is this a category men are looking for?”

Greg Portell

Lead Partner in the Global Consumer Industries

Data that Earnest Research shared with Retail Dive shows Athleta and Lululemon are picking up a decent share of the market, too. Nike held an average 20% of total sales between Q3 2017 and Q2 2019, according to the data, while Lululemon held 10%, Under Armour held 8% and Athleta held 7%. Earnest Research tracks the customer transactions of a brand, but not third-party sales of brands.

For two female-focused brands that have grown well in the space, the men’s market represents a bigger pool of consumers and more long-term growth opportunity. It’s a

sign of a healthy company, though it does pin both brands up against more serious competition, especially with Nike launching its own yoga-focused line.

According to Nike Global Corporate Communications Director Sandra Carreon-John, the yoga collection, “is designed to celebrate the athleticism of yoga, with a clean, distraction-free aesthetic that offers comfort, versatility, support and ease of mobility during common yoga poses and flows.”

While Nike is not usually associated with yoga, Carreon-John noted in an email that Nike’s move into the category is just an extension of its goal “to offer innovative products and services for the entire spectrum of training activities.” Like Lululemon and Athleta, Nike’s collection targets both women and men.

“The question becomes: Is this a category men are looking for?” Portell said of the move into men’s. “If they’re able to create the category, it’s a nice natural extension for them. It would be a stretch to say it’s out of desperation. It’s a natural place to go, the engineering is similar, the product lines are similar. Obviously there are differences, but it’s a natural move to make.”

Athletics retail: A street party

While athleisure brands are running the show in some ways, Lululemon and Athleta are not the top two sportswear brands. Nike and Adidas still own much of the conversation, as well as Under Armour, though the latter has faced challenges recently.

Some blame Under Armour's recent struggles on its performance focus, but executives have nevertheless doubled down on that strategy, and recently introduced a five-year turnaround plan that hinges on more innovation and product drops.

“If you’re struggling, it’s probably a sign that you’re not connected to your customer in the ways that you should be.”

Bill Lewis

Director at AlixPartners

In the second quarter, Under Armour execs highlighted fewer excess inventory problems and an emphasis on selling full-price items, but questions remain on how far Under Armour can catch up to Nike and Adidas when the prevailing trends in the space are against it.

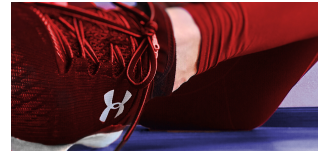
“As with anything, if you’re not performing well, you’re going to try to sell off the product that you have,

ALSO IN THIS SERIES

whether in an outlet or to an off-price retailer, and quickly get back the product that's more desirable," Lewis said. "But it should be a telltale sign if you're struggling in an environment that's experiencing high growth and expansion in a lot of ways. If you're struggling, it's probably a sign that you're not connected to your customer in the ways that you should be."

However, Lewis noted that the problems at troubled retailers are usually not isolated to one segment of the business (e.g. women's or men's) but both. The problem, at least for Under Armour, is that athleisure and its cousin streetwear seem to be popular across the board right now, which means brands like Adidas, Reebok and Puma are thriving on retro styles and fashion-forward athletic wear.

"Adidas, their strength is that they're doing well in partnerships and collaborations. I think that's the key for Adidas' success in the women's market," Homma said,



Is Under Armour's focus on performance wear losing it the game?

By Cara Salpini •
Sept. 3, 2019

Under Armour remains a retail powerhouse in the athletics space, but challenges have cropped up on all sides.

[Read more →](#)

citing brand ambassadors like Selena Gomez, Rita Ora, Beyoncé and Jen Welter, the first female coach in the NFL. “They know how to attract women through their partnerships and collaborations.”

In fact, an emphasis on celebrity partnerships and streetwear collections was part of the brand’s comeback a few years ago, as it worked to claw back its second place positioning from Under Armour. Other streetwear-centered brands have gone with similar strategies, choosing pop culture icons rather than solely professional athletes as brand ambassadors.

“We had really left our sport roots and that left us in a precarious situation where we really weren’t focused on athletics and the sport market, and we really lost sight of our female consumer.”

Russ Kahn

Senior Vice President of Puma North America Retail

Puma partnered with Rihanna in 2014 as a creative director, named Jay-Z its creative director of basketball in 2018, and has since launched collections with Selena Gomez and Cara Delevingne. According to Kahn, the brand searches for ambassadors that are not only talented, but are also “far out there on the fashion scale” and are athletes in their own right as well.

He talks about Puma's strategy as "owning where the gym meets the runway," but acknowledged that the brand lost its way under the Kering Group, which spun it off a year and a half ago to focus on luxury.

"We had really left our sport roots and that left us in a precarious situation where we really weren't focused on athletics and the sport market, and we really lost sight of our female consumer," he said. After the spinoff, Kahn said the brand reexamined its strategy with a mind to taking back market share.

"We really needed to look at what we'd done in the past to be successful, and one of the big cornerstones of that was winning with the female consumer," Kahn said.

In the early 2000s, women made up about 50% of Puma's business, Kahn said, but that number shrank to "probably around 30%" at the brand's lowest point. Now, Kahn says, it's approaching 50% again, which he attributes to the brand repositioning to focus again on the space where athletics meets fashion.

Getting into makeup via Maybelline is just another way for Puma to reach the "perfect combination of fashion and sport," and not only does Kahn expect the partnership to continue, he says it's also getting front billing at the brand's New York flagship, which opened in August.

“I think it is going to be an incredible addition to what we already sell to give the female consumer everything she wants to look great whether she’s in the gym or going out,” he said.

If the future is female, why are execs living in the past?

As with any major initiative, talking the talk is one thing, but walking the walk is a piece of the puzzle athletics retailers don’t seem to have mastered yet.

While just about every retailer in the space has championed its support of women in one marketing campaign or another, the reality is more complex. Take Nike, for example. The company grew its women’s business by double digits in 2019 and won serious kudos for its support of the U.S. Women’s National Team at the 2019 Fifa Women’s World Cup.

And yet, the retailer was swept up in a detailed class action suit claiming sex discrimination last year and weathered the departures of a slew of top executives after a culture review revealed a boys club atmosphere at its corporate offices. Since then, the retailer has also been slammed in media reports for how it treats pregnant athletes.

Nike wasn’t alone. Under Armour was called out in December for a

ALSO IN THIS SERIES

practice that allowed executives to charge strip club visits to corporate cards, followed by a recent lawsuit alleging a male-dominated culture, and Adidas has been called out for its lack of diverse leadership (though this has mainly centered around complaints about racial diversity).

Women-focused brands have had issues, too. Lululemon CEO Laurent Potdevin was ousted in February of 2018 for misconduct and the brand's founder, Chip Wilson, made widely criticized comments about which women should or shouldn't wear the brand's clothing.

These issues risk putting brands at odds with their own marketing messages. They also point to a concern that there aren't enough women in executive or board positions.

“I think these companies are finally waking up and realizing, ‘Oh,



‘Behind closed doors:’ The friction between the Nike brand and its corporate culture

By Cara Salpini •
Sept. 3, 2019

For the past year, there have been two sides to Nike: the brand it advertises and the company culture behind it.

[Read more →](#)

ALSO IN THIS SERIES

women spend money too and maybe we should actually have some employees that know how they think,” Susan Anderson, managing director and senior equity research analyst with B. Riley FBR, told Retail Dive.

The issue isn’t confined to the sports retail world — corporate America as a whole has far fewer female executives than men — but the #MeToo movement has brought more accountability to some industries, and retailers who don’t adjust could find themselves in a difficult position in the future, especially with the female shopper they are so actively pursuing.

“If you don’t change your corporate culture and your representation of women within your corporation, and even at the higher levels, then you’re really just going to be out to lunch in 10 or 20 years,” Anderson said.



Benchwarmers: What a decade of data says about gender equality at sportswear brands

By Cara Salpini •
Sept. 3, 2019

Seven. As of July, that’s the total number of new women CEO’s in the entire retail and consumer goods industry in 2019, according to Challenger, Gray & Christmas.

[Read more →](#)

Already, pieces of this future are manifesting. Despite issues at the corporate level, brands are more consciously catering to the female customer base, including through specialty lines like Reebok's maternity collection, and women-led brands are taking bold stances against the sportswear giants who have traditionally owned the space.

That is perhaps most clear through Athleta's signing of Allyson Felix as its first sponsored athlete — one of several women who criticized Nike for how she was treated while pregnant. She'll be showing up in Athleta's relaunched Power of She campaign next year and will also collaborate with the brand on product.

"We're 96% women at Athleta," Pollak said of the brand's decision to sign her. "Many of us are athletes and fitness enthusiasts, and many of us are also moms. So it just resonated very, very personally and we immediately picked up the phone to call her."

Homma notes that Nike, at least, has made efforts to change, and is actively trying to adjust its internal structure and invite more female executives in.

Carreon-John said in an email to Retail Dive that the brand has been "championing female athletes for more than 40 years, and we continue to see incredible momentum for women in sport as athletes — elite and everyday. We are more committed than ever to leverage our brand as a

catalyst, celebrating athletes, supporting sports and building the best products for her.”

Homma is cautiously optimistic about the way things are progressing: “Smaller startups are owned and run by more females,” she said, noting that things in the industry are changing. “We are speaking up.”

2019 feels a lot like the tip-off of a great game in athletics retail — and women may play a key role this time.