Part 5: Shift to fitness-inspired clothing: The athleisure boom in China

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Key takeaways

• With sports activities and regular exercise trending among Chinese consumers amid the national fitness wave, China’s sportswear sales, including sports-inspired clothing or so-called “athleisure clothing”, posted a double-digit growth of 11.7% yoy to 186.4 billion yuan in 2016.

• As Chinese consumers aspire to upgrade every aspect of their lifestyles, fashion-infused activewear with mixed-function of sportswear and casual wear, has gained immense popularity and seen incremental demand among Chinese consumers, especially the millennials.

• To cash in on the athleisure boom in the country, major activewear brands have become more fashion-conscious and are looking to incorporate stylish elements into their collections. They have either teamed up with well-known fashion designers, celebrities or allied with international brands to launch fashionable sportswear lines, satisfying Chinese consumers’ desire for stylish workout gear.

• Recognizing the promising outlook of athleisure clothing, some non-sports retailers have also rolled out sports-inspired clothing collections to score market share in the lucrative market.

• Fung Business Intelligence believes the athleisure boom will continue to underpin the growth of designer sportswear brands and unisex collections that offer consumers multiple ways of wearing one garment, appealing to more diverse Chinese customers who are leaning towards new lifestyles and longing to express themselves through fashionable clothing. Meanwhile, we foresee that more non-sports brands will jump on the athleisure bandwagon to capitalize on the increasing demand for sports-inspired clothing in China.
Market overview - Strong demand for sports-inspired clothing and footwear

China’s sportswear market, which consists of sports-inspired clothing or so-called “athleisure clothing”, was worth 186.4 billion yuan in 2016, up by 11.7% yoy, according to Euromonitor International (Exhibit 1), of which, the combined sales of sports-inspired apparel and footwear totaled 103.4 billion yuan in 2016, or around 56% of the total sportswear sales in China, indicating the immense popularity and strong demand for sports-inspired clothing and footwear in China. Riding on the fitness wave in the country, the sports-inspired clothing and footwear segments are also expected to continue its growth momentum over the next couple of years, with the combined sales expected to hit 142.6 billion in 2021 (Exhibit 2).

Exhibit 1 Sales of Sportswear in China, 2016-2021e

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (billion yuan)</th>
<th>YoY Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>186.4</td>
<td>11.7%</td>
</tr>
<tr>
<td>2017e</td>
<td>202.2</td>
<td>8.4%</td>
</tr>
<tr>
<td>2018e</td>
<td>218.5</td>
<td>8.1%</td>
</tr>
<tr>
<td>2019e</td>
<td>235.2</td>
<td>7.6%</td>
</tr>
<tr>
<td>2020e</td>
<td>252.3</td>
<td>7.3%</td>
</tr>
<tr>
<td>2021e</td>
<td>269.6</td>
<td>6.9%</td>
</tr>
</tbody>
</table>

Source: Euromonitor International; compiled by Fung Business Intelligence

Sportswear sales by category, 2016

- Performance apparel: 16%
- Outdoor apparel: 8%
- Sports-inspired apparel: 26%
- Outdoor footwear: 3%
- Performance footwear: 17%
- Sports-inspired footwear: 30%

186.4 billion yuan, up 11.7% yoy

The combined sales of sports-inspired apparel and footwear totaled 103.4 billion yuan in 2016, or around 55% of the total sportswear sales in China, indicating the immense popularity and strong demand for sports-inspired clothing and footwear in China.
Exhibit 2 Combined sales of sports-inspired apparel and footwear in China, 2016-2021e

Source: Euromonitor International; compiled by Fung Business Intelligence
What is Athleisure?

Athleisure, a new term comes from athletic plus leisure. It refers to a fashion trend/phenomenon that sportswear, particularly sports-inspired clothing and fashion-infused activewear (e.g. yoga pants, crop tops, sweatshirt, sporty dress), are worn in more ways and settings, not only for sports activities and workouts, but also in offices, schools, social and other causal occasions.

Providing style along with function and comfort, such fitness-inspired clothing, or so-called “Athleisure clothing” has caught on amongst customers around the world, China included.

Two major factors driving the athleisure boom in China

1. Strong demand for fitness-inspired casual wear

Strong desire for mixed-function of sportswear and casual wear is one of main reasons for the athleisure boom in China. Along with improved fabric and design, sportswear nowadays becomes more versatile, fashionable and comfortable and can be worn everyday as causal fashion clothing, appealing to a larger group of consumers. Fung Business Intelligence conducted four focus groups in Shanghai and Wuhan in late August and early September 2017 to better understand Chinese millennials’ apparel shopping journey and identify the key brand attributes important to them. We also asked them their views on athleisure.

Who do Chinese millennials think about athleisure?

In general, respondents in the focus groups thought athleisure apparel combines functional and ready-to-wear elements to create styles that are trendy and comfortable.

- “I like to wear athleisure apparel because they are comfortable. I prefer loose-fitting clothing. My favorite brands are Nike and Adidas.” (Male, younger millennial, Wuhan)
- “I like the convenience nature of athleisure – I can wear one outfit to the gym, the office and after-work activities. (Male, mature millennial, Wuhan)

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1 Four focus groups were conducted in Shanghai and Wuhan; two groups per city (one younger group with respondents aged 18-25, and one older group with respondents aged 26-35). There were six respondents in each group. For more details, please refer to our report Chinese middle-class millennials’ apparel shopping journey – Preliminary insights: focus group findings (https://www.fbicgroup.com/sites/default/files/CCS_special01.pdf).
Athleisure reflects a change in lifestyle. It goes hand-in-hand with an increased health consciousness and participation in sport activities.

- “Athleisure is an important element in street fashion. It is largely sports-inspired.” (Female, young millennial, Shanghai)

- “Athleisure is more than a trend, it is a lifestyle.” (Female, mature millennial, Shanghai)

- “My favorite brands are Nike, Adidas and Fila... they are all big-name, all-encompassing sports brands that include the elements of sports, leisure and trendiness.” (Female, mature millennial, Shanghai)

Source: Fung Business Intelligence
The preliminary findings of the focus groups also indicated that four major apparel brands, namely I.T., Nike, Adidas and Zara are well-liked by the respondents. Key common attributes of these brands include trendy and fashionable, value for money, high product variety and great customer experience. The respondents stressed that they particularly like their “young and trendy, leisure as well as sporty styles.”

- “I think I.T. is trendy, stylish and avant-garde, suitable for young people. It provides a large variety of apparel brands under one roof.” (Female, young millennial, Wuhan)

- “Nike is a professional sports brand… it is young and fashionable. The brand has frequent product refreshment cycle and its products are of good quality and are durable. Staff are responsive, providing me with good in-store experience.” (Male, young millennial, Wuhan)

- “Adidas is a brand for people like me, young and fashionable! It launches cross-over items with different brands, and spokespersons chosen are hipsters and influential e.g. Angelababy. It is a brand with a sporty element and is usually fashionable… its apparel items can easily be mixed and matched due to good design and craftsmanship, suitable for different occasions.” (Female, young millennial, Wuhan)
2. Changing lifestyles and increased sports participation

The rising demand for sportswear due to changing lifestyles and increased participation in sports activities among Chinese consumers has also given rise to the athleisure boom in China. Rapid economic growth over the past few years has significantly raised the living standards in China. Chinese consumers are shifting towards lifestyle of overall health and well-being and participating in more sports activities.

According to the Personal Health Index of the Chinese HNWI 2017 by China-based market research agency Hurun and the Shenzhen Catic Wellness Group, affluent Chinese consumers are spending about a fourth of their family’s budget each month on healthcare and fitness categories, covering sports equipment, fitness courses and healthcare goods and services. Moving towards a health-conscious lifestyle, Chinese consumers, in general, are willing to pay more for healthcare-related goods and services. Their increased participation in sports and outdoor activities has fueled the demand for quality workout pieces fused together functionality of sport gear with trending fashion styles.

A survey by Hong Kong Trade Development Council (HKTDC) found that middle-class consumers in China have paid more attention to regular exercise, with 68% of surveyed middle-class consumers saying that they were exercising more, and regular exercise has become part of their daily life (Exhibit 3). They were buying more professional sporting equipment and hungry for sportswear that can keep them comfortable, active and stylish. 45% of the survey respondents purchased professional sporting equipment in 2016, while 20% of respondents admitted they were buying more frequently than before.

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i The report covers findings of a survey of 500 wealthy individuals in 11 major Chinese cities whose average personal fortune is 24 million yuan.

ii The survey was conducted in January 2017 in eight mainland China cities where a total of 2,000 consumers were polled by online questionnaire.
In addition, the survey also noted that a greater number of Chinese consumers in the 25-30 and 31-36 age groups have spent more on fitness club membership for regular exercise and workout. The increasing popularity of fitness clubs, especially among the post-80s generation who are more open to new lifestyle trends and eager to express themselves through fashion, has also underpinned the growth of fashion-infused sports clothing.

**Exhibit 3 Change in lifestyle of middle-class consumers in China**

- **68%** Exercising more, with regular exercise has become part of daily life
- **48%** Dining at western eateries more than before
- **45%** Keeping track of information about foreign technology
- **42%** Keeping track of information about foreign trends
- **29%** Diet becoming more westernised
- **26%** Watching professional stage performance (e.g. concerts, operas) more often

*Source: Hong Kong Trade Development Council; compiled by Fung Business Intelligence*
Major activewear brands become more fashion-conscious, looking to incorporate more stylish elements

Chinese consumers, increasingly discerning and sophisticated, opt for brands that are able to mix fashion with fitness. To appeal to Chinese consumers’ desire for stylish workout gear, many major sportswear players have become more fashion-conscious and are seeking to incorporate function and fashion for an active lifestyle, capitalizing on the fitness boom in the country.

Pair up with renowned fashion designers/celebrities to launch fashionable lines

- **Nike** showcased a high-end athleisure collection “Football Nouveau” in its Shanghai flagship store NikeLab in June 2016. The collection, focuses on eight types of garments and four types of sneakers under Nike’s football lines Mercurial, Magista, Hypervenom and Tiempo, was created in collaboration with Olivier Rousteing, the creative director of French fashion house Balmain.

NikeLab x Olivier Rousteing: Football Nouveau collection

To appeal to Chinese consumers’ desire for stylish workout gear, many major sportswear players have become more fashion-conscious and are seeking to incorporate function and fashion for an active lifestyle, capitalizing on the fitness boom in the country.

*Photo source: Nike.com*
• **Adidas** launched the 2017 autumn/winter collection “Adidas X Moussy” in China in September 2017. The collection, co-developed by Adidas and Japan’s womenswear fashion brand Moussy, features chic sports-inspired clothing, targeting women who seek personal style and have an active lifestyle.

2017 autumn/winter collection of Adidas X Moussy

![Photo source: Moussy](image)

• **Puma** rolled out its fashion-infused sportswear collection Fenty X Puma fall/winter 2017 in China in September 2017. The line, with a focus on back-to-school style, carries provocative preppy style fashion pieces, including unisex and chunky hand-knit sweaters, tracksuits, a varsity tennis dress and mascot bear bag. It was jointly developed by Puma and international pop star Rihanna, who was also announced as the spokesperson and creative director for Puma.

Fenty X Puma fall/winter 2017 collection

![Photo source: Puma's Weibo](image)
• **Under Armour** introduced its new “UA Athlete Recovery Sleepwear Powered by TB12” line in China in June 2017. The new line, described as a super-comfy active leisure wear by its users, was developed in partnership with American Super Bowl star Tom Brady⁴.

**UA Athlete Recovery Sleepwear Powered by TB12 collection**

Photo source: Under Armour.cn
Allying with international brands

- **Anko Sports**, a wholly-owned subsidiary of Chinese leading sportswear brand **Anta Sports**, established a joint venture company with South Korean peer Kolon Sport in February 2017. The new company, equally owned by both parties, is mainly engaged in exclusive marketing, sales, and distribution of products under the Kolon Sport brand in China. As Kolon Sport is famous for its K-fashion infused activewear, the partnership has brought more versatility to Anta’s merchandise mix.

- Meanwhile, **Kolon Sport**, targeting customers aged 25-35 in China, has also named Chinese fashion designer Masha Ma as the brand’s executive creative director, in charge of Kolon Sport’s 2018 spring/summer collection. The new collection will have 60% of products focusing on leisure workout pieces and athleisure clothing for everyday wear.

Collections by Kolon Sport

*Photo source: Kolonsport.cn*
Apart from being a joint investor for Kolon Sport, Anta is also the distributor of Italian sportswear brand **Fila** in China. Anta mainly distributes three core Fila lines in China, including Classic in vintage Italian style, Red for performance sports and Fila Ginny H for casual to light business. Positioned as a high-end sports fashion clothing brand, Fila helps Anta capture share in the high-end market and reach out to younger consumers who look for stylish workout gear for their everyday wardrobes.

*Fila Heritage Footwear and Ginny H collection*

*Photo source: Fila.cn, Fila.newsmarket.com*
Luxury players embrace the athleisure trend

Capitalizing on the promising development of athleisure clothing in China, some luxury retailers have also rolled out athleisure collections in partnership with fashion designers.

- Recognizing Chinese consumers’ shifting emphasis towards wellness and sports, luxury department store Lane Crawford China has introduced an extensive range of international boutique sportswear brands and collections in its stores, from American lifestyle fashion brand Live The Process and London’s designer brand Stella McCartney to French performance wear brand Perfect Moment and leading sportswear brand Adidas.

- In May 2016, Lane Crawford China also set up the Fit Room, a fitness apparel section of the department store, carrying trendy athleisure collections. In August 2017, the Fit Room launched two wool athleisure collections under the theme of Fitness x Fashion. The new collections, mostly unisex, were jointly created by Chinese designers Helen Lee and Particle Fever in connection with Australian textile producer The Woolmark Company.

Particle Fever’s wool athleisure collection
Helen Lee’s wool athleisure collection

Photo source: The Woolmark Company
Online luxury retailer Net-a-Porter has also launched a sport section on its Chinese e-commerce website. Featuring sportswear fused with fashion and function, the sport section houses a wide range of upscale performance labels for different sports and outdoor activities, including tennis, running, skiing, swimming and surfing, yoga and dance as well as gym and cross training.

The sport section of Net-a-Porter’s Chinese e-commerce website

Photo source: Net-a-Porter.cn
Comments and conclusion

Shifting emphasis towards wellness and regular exercises among Chinese consumers have spurred the demand for sportswear in China. As Chinese consumers, especially the millennials, have been trading up and attached more importance to personal style, they are looking for brands that mix sportswear with stylish fashion trends, bringing more versatility to their everyday wardrobe. Such new tastes and preferences have fueled the growth of athleisure clothing in China.

Recognizing the promising outlook of athleisure apparel, major sportswear players have incorporated more stylish elements in their collections. Some have even partnered with renowned celebrities and fashion designers to vie for a bigger pie in the lucrative market, while non-sports retailers have also developed sports-inspired clothing to cash in on the wave.

Fung Business Intelligence foresees that more non-sports brands will jump on the athleisure bandwagon to capitalize on the increasing demand for sports-inspired clothing in China. The athleisure boom will continue to underpin the growth of designer sportswear brands and unisex collections that offer the wearer multiple ways of wearing one garment, appealing to more diverse Chinese customers who are paying more attention to new lifestyle trends and longing to express themselves through fashionable clothing.

All in all, we think the athleisure clothing market in China is set to become even more competitive with the increased enthusiasm for apparel brands and retailers to tap the market.

The athleisure boom will continue to underpin the growth of designer sportswear brands and unisex collections that offer the wearer multiple ways of wearing one garment, appealing to more diverse Chinese customers who are paying more attention to new lifestyle trends and longing to express themselves through fashionable clothing.
References


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Contacts

Asia Distribution and Retail

Teresa Lam
Vice President
E: teresalam@fung1937.com

Tracy Chan
Senior Research Analyst
E: tracychansy@fung1937.com

Fung Business Intelligence
10/F LiFung Tower
888 Cheung Sha Wan Road
Kowloon, Hong Kong
T: (852) 2300 2470
F: (852) 2635 1598
E: fbicgroup@fung1937.com

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