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What can other retail categories learn from sneaker sales?

Article

2023 has been a rocky year for retail, with layoffs, inflation, and a potential recession. Despite all that, footwear sales are doing quite well.

- Deckers Brands saw a 13.3% YoY increase in revenues in its last quarter for a total of $1.35 billion.

- Much of Deckers Brands' success was bolstered by Hoka, which had a 90.8% increase in sales YoY.
- Fellow Deckers property Ugg had a 1.6% decrease in sales, but has made recent headlines for being back in fashion with Gen Z and celebrities like Kylie Jenner.
- Skechers beat expectations in Q4 2022 with a 13.5% YoY increase in sales to hit $1.88 billion. The footwear win comes even with a 23% sales drop in China.

What can we learn from footwear's success?

1. Fill a consumer need

"People wear shoes. That's as simple as that," said Romy Samuel, founder of digital sneaker marketplace Common Ace.

While people may hesitate to purchase new gadgets or even clothes, shoes are a necessity. For other categories, this translates to communicating urgency and necessity to consumers. Determine the need a product fills and adopt messaging to meet that need.

2. Don't shy from social or influencer marketing

The sneaker industry has moved away from celebrity marketing to some extent after the fallout from adidas' partnership with Ye (Kanye West). Trends are driven less by celebrities and more by consumers, Samuel said.

For better or worse, Samuel said TikTok is "where it's at" for marketing footwear, as well as partnering with influencers.

- This year, US influencer marketing spend will increase by 23.4% to hit $6.16 billion, according to our forecast.
- We predict 63.7% of influencer marketers will use TikTok this year.

3. Focus on what people really want

For sneakers, consumers are looking for smaller brands, said Samuel, who noted "people want something different."

Samuel said big fashion players are looking for smaller brand collabs, arguing Nike and adidas have "had their turn."

The favor for smaller brands may not translate across all retail categories, but the focus on consumer-driven trends does. With cost-conscious consumers and a glut of products, large fashion companies need to follow consumer preferences rather than dictate what people should buy.

4. Beware of oversaturation

An overwhelming number of options not only overwhelms consumers, it cheapens higher-end brands. For sneakers, Samuel said brands "went too crazy" over the past few years by offering extensive colorway and style options.

Following consumer-driven trends does not mean offering infinite products. Releasing many versions of the same product is a fast-fashion technique that makes more expensive brands look cheap and results in decision fatigue from consumers.

5. Invest in sustainability and resale

US retail sales growth hit 17.9% YoY in 2021, then slowed to 8.7% in 2022. But this year, growth will slow to 2.9% for a total of $7.346 trillion dollars, according to our forecast.

With consumer spending projected to grow slowly over the next few years, consumers may trend toward buying less or buying products that last longer and are more environmentally sustainable.

Brands increasingly need to communicate sustainability messaging to consumers. "It's not just through marketing and PR," says Samuel. "It's the way they do everything," like moving away from wasteful manufacturing processes.

Shoeboxing it all up: Fashion retailers and celebrities are no longer in the driver's seat. Social media trends and consumer interests are driving buying habits. Samuel says, "brands are going to have to listen."

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