

APPAREL & ACCESSORIES



APPAREL & ACCESSORIES OVERVIEW

The apparel and accessories industry tends to be characterized by short product life cycles due to the cyclical nature of fashion trends coming in and out of style; some fashion trends linger longer than others, while some pieces of apparel and accessories are known as "staples", which are pieces that remain desirable despite the fashion trend at the time. For the scope of this report, apparel and accessories are broken down into three segments: women's, men's, and children's clothing and accessories. Women's apparel has historically accounted for 51% of total industry revenues, with men's accounting for 33% and children's accounting for 16%. In 2021, the apparel and accessories industry is on track to generate over \$1.7 trillion in revenue worldwide.

APPAREL & ACCESSORIES TRENDS

Consumer spending trends largely impact the apparel and accessories industry, but more specifically, the ability for companies to implement processes or products that cater to consumer spending trends is what largely impacts the industry's performance. Some of the latest consumer spending trends include emerging economies spending, second-hand shopping, and consumers making purchases from a variety of outlets. Each of these consumer spending trends creates opportunities for retailers to capitalize on, whether it be by targeting new demographics, implementing a new "buy-back" program to facilitate second-hand selling, or exploring alternative advertising avenues.

OPPORTUNITY #1

Emerging Economies:

It is becoming increasingly important for companies to adapt their target demographic to include emerging economies, as consumer spending in emerging economies increases at a faster rate than in industrialized countries. In 2020, half of industry revenue occurred outside of Europe and North America. Emerging markets to target include economies in Asia, Eastern Europe, the Middle East, Africa, and Latin America.

OPPORTUNITY #2

Sustainability:

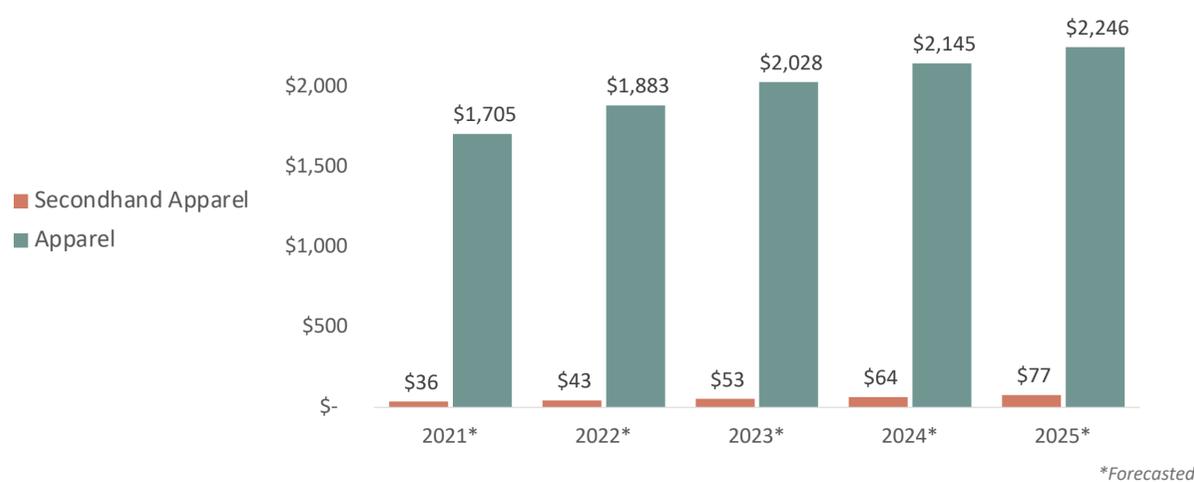
33% of consumers care more about wearing sustainable apparel now than before the pandemic. 18% of consumers in ten countries purchased second-hand clothing over the last twelve months. Companies can capitalize on this trend by refining their manufacturing processes to be more sustainable, implementing a branded buy-back/trade-in program, or facilitating branded reselling through their channels.

OPPORTUNITY #3

Diversifying Sales Channels:

Companies can no longer survive by maintaining a brick-and-mortar presence; it is necessary for corporations to develop omni channels through which their products and services can be sold. Different channels can include paying online to pickup in-store, promoting loyalty programs to better serve online customers, establishing social media marketplaces, outlets that contain discounted garments, etc.

PROJECTED MARKET VALUE IN BILLIONS, 2021-2025



CONCLUSION

The changing priorities and spending habits of consumers create a unique position for apparel and accessory companies to begin developing and implementing strategies to better suit these needs. The ability of companies to effectively expand their reach, both demographically and through their variety of selling channels, in tandem with their ability to participate in sustainable business practices, will determine the future of corporate retail existence. By 2025, the market value of apparel and accessories is projected to reach \$2.2 trillion, growing at a CAGR of 4.1% year over year.

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