Global Apparel & Textiles

Industry Profile

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Our series of company, industry and country profiles complements our premium products, providing top-level information on 10,000 companies, 2,500 industries and 50 countries. While they do not contain the highly detailed breakdowns found in premium reports, profiles give you the most important qualitative and quantitative summary information you need - including predictions and forecasts.
EXECUTIVE SUMMARY

Market Value

The global apparel and textiles industry shrank by 3.4% in 2008 to reach a value of $1,972.2 billion.

Market Value Forecast

In 2013, the global apparel and textiles industry is forecast to have a value of $2,751.2 billion, an increase of 39.5% since 2008.

Market Segmentation I

Apparel, accessories and luxury goods account for 67.6% of the global apparel and textiles industry's value.

Market Segmentation II

Europe generates 33% of the global apparel and textiles industry's value.

Market Share

Christian Dior accounts for 1.3% of the global apparel and textiles industry's value.
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CHAPTER 1  MARKET OVERVIEW

1.1 Market Definition

The global apparel & textiles industry consists of the total revenues generated through the sale of apparel, accessories & luxury goods, footwear and textiles. The industry is valued at retail selling price. Any currency conversions are calculated using constant 2008 annual average exchange rates.

1.2 Research Highlights

The global apparel and textiles industry generated total revenues of $1,972.2 billion in 2008, representing a compound annual growth rate (CAGR) of 2.9% for the period spanning 2004-2008.

The apparel, accessories and luxury goods segment was the industry's most lucrative in 2008, generating total revenues of $1,334.1 billion, equivalent to 67.6% of the industry's overall value.

The performance of the market is forecast to accelerate, with an anticipated CAGR of 6.9% for the five-year period 2008-2013, which is expected to drive the industry to a value of $2,751.2 billion by the end of 2013.
1.3 Market Analysis

The global apparel and textiles industry declined in 2008. Recovery is expected in 2009 followed by a period of fairly steady growth through to 2013.

The global apparel and textiles industry generated total revenues of $1,972.2 billion in 2008, representing a compound annual growth rate (CAGR) of 2.9% for the period spanning 2004-2008. In comparison, the European and Asia-Pacific industries reached respective values of $649.9 billion and $625.2 billion in 2008.

The apparel, accessories and luxury goods segment was the industry's most lucrative in 2008, generating total revenues of $1,334.1 billion, equivalent to 67.6% of the industry's overall value. The textiles segment contributed revenues of $390.9 billion in 2008, equating to 19.8% of the industry's aggregate revenues.

The performance of the industry is forecast to accelerate, with an anticipated CAGR of 6.9% for the five-year period 2008-2013, which is expected to drive the industry to a value of $2,751.2 billion by the end of 2013.
CHAPTER 2 MARKET VALUE

The global apparel and textiles industry shrank by 3.4% in 2008 to reach a value of $1,972.2 billion.

The compound annual growth rate of the industry in the period 2004-2008 was 2.9%.

Table 1: Global Apparel & Textiles Industry Value: $ billion, 2004-2008

<table>
<thead>
<tr>
<th>Year</th>
<th>$ billion</th>
<th>% Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>1,759.2</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>1,847.2</td>
<td>5.00%</td>
</tr>
<tr>
<td>2006</td>
<td>1,948.2</td>
<td>5.50%</td>
</tr>
<tr>
<td>2007</td>
<td>2,041.8</td>
<td>4.80%</td>
</tr>
<tr>
<td>2008</td>
<td>1,972.2</td>
<td>-3.40%</td>
</tr>
</tbody>
</table>

CAGR, 2004-2008: 2.9%

Source: Datamonitor
Apparel, accessories and luxury goods account for 67.6% of the global apparel and textiles industry's value.

In comparison, textiles account for 19.8% of the industry's value.

### Table 2: Global Apparel & Textiles Industry Segmentation I: % Share, by Value, 2008

<table>
<thead>
<tr>
<th>Category</th>
<th>% Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apparel, Accessories and Luxury</td>
<td>67.60%</td>
</tr>
<tr>
<td>Textiles</td>
<td>19.80%</td>
</tr>
<tr>
<td>Footwear</td>
<td>12.50%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: Datamonitor

### Figure 2: Global Apparel & Textiles Industry Segmentation I: % Share, by Value, 2008

- Apparel, Accessories and Luxury Goods - 67.6%
- Textiles - 19.8%
- Footwear - 12.5%

Source: Datamonitor
Europe generates 33% of the global apparel and textiles industry's value.

Asia-Pacific accounts for a further 31.7% of the global industry's revenues.

### Table 3: Global Apparel & Textiles Industry Segmentation II: % Share, by Value, 2008

<table>
<thead>
<tr>
<th>Geography</th>
<th>% Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>33.00%</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>31.70%</td>
</tr>
<tr>
<td>Americas</td>
<td>25.40%</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>10.00%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

Source: Datamonitor

### Figure 3: Global Apparel & Textiles Industry Segmentation II: % Share, by Value, 2008

Source: Datamonitor
CHAPTER 5 MARKET SHARE

Christian Dior accounts for 1.3% of the global apparel and textiles industry's value.

Nike holds a further 0.9% of the industry's value.

Table 4: Global Apparel & Textiles Industry Share: % Share, by Value, 2008

<table>
<thead>
<tr>
<th>Company</th>
<th>% Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Christian Dior</td>
<td>1.30%</td>
</tr>
<tr>
<td>Nike</td>
<td>0.90%</td>
</tr>
<tr>
<td>Adidas</td>
<td>0.40%</td>
</tr>
<tr>
<td>VF Corporation</td>
<td>0.40%</td>
</tr>
<tr>
<td>Other</td>
<td>96.90%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

Source: Datamonitor

Figure 4: Global Apparel & Textiles Industry Share: % Share, by Value, 2008

Source: Datamonitor
Players within the apparel and textiles industry are the manufacturers of apparel and textile products and buyers are retailers. As a consequence of fashions and the variety of different functional categories, there is a great deal of differentiation within the industry: by brand, styles, fabric, and so on. Brand prestige is highly significant (with exception to textiles market), ensuring that retailers remain obliged to offer end-consumers what they want, thus weakening buyer power. Suppliers are mainly fabrics, dyes, metals, leather etc. providers. Because of the highly labor-intensive character of the business, skilled employees are also required to design, manufacture and market products. The profitability of individual companies depends on operation efficiency and the ability to secure contracts with clothing marketers. Success is largely dependent on end-consumer tastes. There are generally few economies of scale in the manufacture of goods in this industry due to the high labor content of most products. Small companies may be able to compete effectively by specializing in a particular type of manufacture. Possible substitutes exist in form of home made clothes or jewelry as well as counterfeit products. Amongst the largest players, there are: Christian Dior, VF Corporation, Nike or Adidas; their presence boosts the rivalry within the industry, as they are able to benefit from scale economies and compete more intensely on price.
The global apparel and textiles industry consists of three markets: apparel, accessories and luxury goods, footwear and textiles. Manufacturers of such products are to be taken as players, while buyers are considered to be retailers (with the exception of textiles market where players are textile fibers manufacturers while buyers are producers of textile fabrics). The retail market tends to be made of a large number of varying sized companies and its fragmentation level differs depending on country. Bigger concentration of retail market usually strengthens the buyer power as buyer may exert strong bargaining position. With the respect to textiles market, sheer number of buyers generally tends to reduce their power. As a consequence of fashions and the variety of different functional categories, there is a great deal of differentiation in the industry: by brand, styles, fabric, and so on. Brand prestige is highly significant in some markets within the industry (i.e. clothing or shoes markets), ensuring that retailers remain obliged to offer end-consumers what they want, thus weakening buyer power. However, there is a large market for non-designer, lower priced goods. Forward integration by players is possible and especially high within apparel market with some large players owning and operating retail stores. However, backwards integration by a number of retailers is also a growing trend, with a number of retailers developing their own apparel, accessories and luxury good lines; i.e. Walmart’s clothing brands include: Athletic Works, Faded Glory, Life, Metro 7, No Boundaries, Puritan, Simply Basics and others. Buyer power in this industry is assessed as moderate overall.
6.3 Supplier Power

With the respect to the global apparel and textiles industry, suppliers are mainly fabrics, dyes, metals, leather etc. providers. Because of the highly labor-intensive character of the business, skilled employees are also required to design, manufacture and market products. With respect to the textiles market, suppliers mainly include chemical companies that produce resins for extrusion into synthetic fibers and similar inputs. A number of such suppliers are large, multinational companies (e.g. BASF and DuPont); such companies exert stronger supplier power. Suppliers of raw cotton and wool are also significant for the textile market, especially in the natural fiber segments. While sheep farming itself can be a highly fragmented industry, in some regions wool pools and similar groups exist, and fiber manufacturers may also deal with a small number of wool brokers. Such factors increase supplier power. A number of players use independent contractors who own the raw materials and ship only finished ready-for-sale products. Such contractors have stronger supplier power due to the importance of quality and efficiency in their supplies. Rising prices of petroleum based raw materials, i.e. plastics widely used within this industry, affect players’ revenues and to assure timely supplies contracts may be in place, raising switching cost. Supplier power is assessed as weak overall.
Entry to the global apparel and textiles industry may be achieved by a new company or by an existing company diversifying its operations. Acquisitions and mergers are also in place. The profitability of individual companies depends on operation efficiency and the ability to secure contracts with marketers. Access to distribution channels can be troublesome since brand prestige is highly important in this industry. Success is largely dependent on end-consumer tastes. There are generally few economies of scale in the manufacture of goods in this industry due to the high labor content of most products. Small companies may be able to compete effectively by specializing in a particular type of manufacture. However, large companies possess the ability to build brands in multiple retail outlets, and have greater buyer power when negotiating with suppliers, which allows them to compete more intensely on price. Sluggish market growth, (with the exception of textiles market, where demand for fibers, especially for synthetics is increasing), is not luring for newcomers. Entering some specific markets (i.e. textiles) within the industry requires large investment in production equipment, (i.e. fiber extruders, carders, and ring spinners). Furthermore, the need to maintain reasonably large factory facilities increases fixed costs. Overall, there is a moderate likelihood of new entrants.
6.5 Substitutes

Possibilities of substitution exist within this industry. It is possible to make clothing or artificial jewelry at home, however while this may be a cheaper alternative, it can be time consuming and often not of same high quality. It also requires some manual and designing skills. As footwear is a basic necessity, the threat of substitutes to the market is limited. However, there is a significant degree of substitution between segments of the market. For example, sportswear is often a substitute for other more traditional footwear types. Within the textiles market, if a fiber manufacturer specializes in one market segment, such as woollen yarns, the threat of substitutes is strong. If woollen yarn manufacturers raise their prices, then buyers may reduce their usage of wool and increase production of other fabrics. However, in practice it is common for textile manufacturers to offer products in more than one market segment, which reduces the threat of substitutes. A more viable threat may exist if counterfeit products are taken into consideration. These are usually cheaper and highly resemble original items. However, these can often be of lower quality and not that attractive considering the prestige factor. The threat of substitutes is moderate overall.
6.6 Rivalry

The global apparel and textiles industry is fragmented with a large number of varying sized players competing. Amongst the largest players, there are: Christian Dior, VF Corporation, Nike or Adidas. Presence of such competitors and their sheer size boost the rivalry within the market, as they are able to benefit from scale economies and compete more intensely on price. To ease uncertainty of operating within one sole market, leading players usually manufacture a wide range of products. Christian Dior, for example, is active in a number of segments including wines and spirits; fashion and leather goods; fragrances and cosmetics; jewelry and selective retailing sectors. The company markets and distributes its products through group-owned shops and licensed distributors in Europe, the US, Japan and Asia Pacific. Rivalry is strengthened due to the fact, that success is dependent on anticipating and catering for changing end-consumer tastes. Possibilities of differentiation are numerous. The differentiation that can exist between products can ease rivalry to an extent. Manufacturers also face competition from a number of retailers who have extended their operations to produce their own label products. Furthermore, the abundance of counterfeit goods is adversely affecting the sales of branded products. The degree of rivalry within the textiles market is strong. The need for industry-specific production equipment raises exit barriers. Moreover, in a highly automated industry, with little need for a highly skilled workforce, production capacity can be ramped up quite readily when needed. In the majority of cases, this market is highly important to companies operating within it, which means that competitive stakes are raised. Overall, rivalry is moderate within this industry, however may be stronger within specific markets.
Christian Dior is a French group engaged in the production and sale of luxury goods. The group is active in a number of segments including wines and spirits; fashion and leather goods; fragrances and cosmetics; jewelry and selective retailing sectors. The group operates in France, the UK, the US, Italy, Germany, Asia Pacific, Middle East and Europe.

The group operates through three companies: Christian Dior Couture (100% owned), Financiere Jean Goujon (100% owned) and LVMH (42.5% owned).

The group operates through seven reportable business divisions: fashion and leather goods; selective retailing; wines and spirits; perfumes and cosmetics; Christian Dior couture, watches and jewelry and other and holding companies.

The group's fashion and leather goods division produces and markets premium leather goods under the following brands: Louis Vuitton, Fendi, Celine, Loewe, Donna Karan New York, Givenchy, Kenzo, Berluti, Thomas Pink and Pucci.

The selective retailing division operates a luxury goods distribution network for international travelers with a primary emphasis on the Asia Pacific region. Its primary store formats include DFS Galleria anchor stores, duty-free and general merchandise concessions, boutiques in leading hotels and resorts, and specialty stores.

These stores are located downtown in major cities near hotels and restaurants and in major international airports. Other operations under selective retail include: Sephora, a selective fragrance and cosmetics retail chain; Le Bon Marche, and Miami Cruiseliner, a premiere onboard retailer offering cruise ship passengers luxury brands and exclusive products at tax and duty free savings. As of December 2006, Sephora's global network consisted of 621 stores.
The wines and spirits division produces and markets a range of champagnes, sparkling wines, still wines and other beverages. Moet Hennessy is the main subsidiary of this division. Brands in this division include: Hennessy, Moet, Veuve Clicquot, Krug, Chateau d'Yquem, Newton Vineyards and Glenmorangie. The group offers cognac through its Hennessy brand and provides premium vodka under the Belvedere and Chopin brands.

The perfumes and cosmetics division manufactures and distributes fragrances and cosmetics under the brands: Parfums Christian Dior, Guerlain, Parfums Givenchy, Parfums Kenzo, Make Up for Ever, BeneFit Cosmetics, Fresh and Acqua di Parma.

The watches and jewelry division includes TAG Heuer, a designer, producer and marketer of Swiss sports watches and chronographs. The group's other brands include Zenith, Fred and Chaumet. The group also sells writing instruments under the Omas brands. It also has a joint venture with De Beers (De Beers LV) to market diamond jewelry.

In addition, the group is also indirectly involved in the operations of Desfosses International (DI Group), a publisher of the French daily financial newspaper, La Tribune; and Investir, a publisher of a French weekly financial newspaper and a monthly magazine.

The company is headquartered in Paris, France and employed approximately 74,834 people as of December 31st 2007.
Key Metrics

Table 6: Key Financials: Christian Dior SA

<table>
<thead>
<tr>
<th>Metric</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>18,240.9</td>
<td>19,110.1</td>
<td>21,299.1</td>
<td>23,435.4</td>
<td>25,233.8</td>
</tr>
<tr>
<td>Net Income</td>
<td>1,224.7</td>
<td>2,111.5</td>
<td>2,420.2</td>
<td>3,121.1</td>
<td>3,406.4</td>
</tr>
<tr>
<td>Profit Margin</td>
<td>6.7%</td>
<td>11.0%</td>
<td>11.4%</td>
<td>13.3%</td>
<td>13.5%</td>
</tr>
<tr>
<td>Total Assets</td>
<td>37,754.8</td>
<td>42,968.3</td>
<td>46,764.0</td>
<td>47,972.7</td>
<td>50,761.6</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>18,682.8</td>
<td>28,240.7</td>
<td>29,398.2</td>
<td>28,988.5</td>
<td>30,363.9</td>
</tr>
<tr>
<td>Employees</td>
<td>56,815</td>
<td>61,514</td>
<td>63,683</td>
<td>66,903</td>
<td>71,834</td>
</tr>
</tbody>
</table>

All in $ millions, except for employee numbers and margins

Source: Company Filings

Figure 11: Revenues & Profitability: Christian Dior SA

Source: Company Filings
Nike is primarily engaged in the design, development and worldwide marketing of footwear, apparel, equipment and accessory products. The company sells its products primarily through its retail stores and various distributors and licensees, in over 180 countries across Americas, Europe, the Middle East, Africa, and Asia Pacific.

Nike's operations are supported by manufacturing, sourcing and distribution facilities. The company procures raw materials including natural and synthetic rubber, plastic compounds, foam cushioning materials, nylon, leather, canvas and polyurethane films to make Air-Sole cushioning components used in footwear from Nike IHM, Nike (Suzhou) Sports Company, wholly owned subsidiaries of Nike and independent contractors located in China and Taiwan.

Nike and its contractors and suppliers purchase raw materials for apparel products in the country where they manufacture apparel products for Nike and its subsidiaries. The key raw materials used in apparel are natural and synthetic fabrics, thread, plastic and metal hardware and specialized performance fabrics designed to repel rain and retain heat.

The company operates one footwear factory which accounts for around 6% of the company's total footwear production. Nike also operates an apparel factory, which accounts for about 6% of the company's total apparel production.

In addition to manufacturing, the company procures footwear from contract suppliers located in China, Vietnam, Indonesia and Thailand. Of the total Nike branded footwear the company procured 35% from manufacturers located in China, 31% from Vietnam, 21% from Indonesia and 12% from Thailand. The company has manufacturing agreements with independent factories in Argentina, Brazil, India, Italy and South Africa which manufacture footwear for the company to be sold in those countries.
Nike procures apparel for sale from the US and other international markets from independent contract manufacturers located in 36 countries such as China, Thailand, Indonesia, Malaysia, Turkey, Honduras, Vietnam, Sri Lanka, Mexico, Taiwan, Cambodia, India and Bangladesh.

Through a futures ordering program the company offers its merchandise to retailers in the US and other international locations.

In the US, the company distributes footwear through two destitution centers located in Wilsonville, Oregon and Memphis. Nike distributes apparel and equipment from centers located in Memphis, Tennessee; Tigard, Oregon; and Foothill ranch, California.

The company distributes Nike Bauer Hockey products from Greenland, New Hampshire and Converse products from Ontario and Fontana, California.

Nike operates 11 distribution centers in Europe, Asia, Australia, Africa and Canada from which it distributes to its store in international locations.

Nike's operations can be divided into three product lines: footwear, apparel and equipment.

Nike manufactures and sells footwear for specific athletic use such as running, training, basketball and soccer. It also manufactures and sells sports-inspired urban shoes and children's shoes. In addition, the footwear product line comprises shoes for casual and leisure use.

The company also sells shoes designed for tennis, golf, baseball, football, bicycling, volleyball, wrestling, cheerleading, aquatic activities, hiking, outdoor activities and other athletic and recreational activities. The company offers these products for men, women and children.

Nike offers sports apparel and accessories for athletic activities such as running, training, basketball, soccer, golf, baseball, football and bicycling.

Nike sells sports apparel and accessories for most of the activities for which it offers footwear. Nike's apparel product line comprises sports-inspired lifestyle apparel, athletic bags and other accessory items. The company offers apparel and accessories to complement its athletic footwear products. It also offers footwear, apparel and accessories in collections designed in a similar fashion or for a specific purpose. The company also markets apparel with licensed college and professional team and league logos.

Nike sells performance equipment under the Nike brand name, including bags, socks, sport balls, eyewear, timepieces, electronic devices, bats, gloves, protective equipment and other sports equipment.
The company also licenses the production and selling of Nike branded swimwear, cycling apparel, children's clothing, school supplies, eyewear, golf accessories and belts. In addition, Nike sells a wide range of plastic products to other manufacturers through its subsidiary, Nike IHM.

The company offers athletic company owned branded footwear, apparel and equipment through 254 retail stores in the US. Of these 102 are Nike factory stores which carry primarily overstock and closeout merchandise, 14 are Nike stores which also houses Nike Women stores, 12 are Nike Towns which are designed to shelf Nike branded products and four Nike employee-only stores.

Nike offers its products in other countries though Nike-owned retail stores and through a mix of independent distributors and licensees. The company sells its products to over 25,000 retail accounts outside the US, excluding sales by independent distributors and licensees. Outside the US, the company offers its products through 126 Nike factory stores, 33 Nike stores, three Nike Towns and nine Nike employee-only stores.

In addition, to the above, Nike's other businesses comprise subsidiaries through which Nike sells apparel, footwear and accessories of brands other than Nike. Nike's wholly owned subsidiaries include Nike Bauer Hockey, Cole Haan Holdings, Converse, Hurley International, Nike IHM and Exeter Brands Group.

Nike sells a line of dress and casual footwear, apparel and accessories for men, women and children under the Cole Hann, G series and Bargano brand names through its subsidiary, Cole Haan Holdings.

Converse, a subsidiary of the company, designs and distributes athletic and casual footwear, apparel and accessories under the Converse, Chuck Taylor, All Star, One Star and Jack Purcell brand names. It also offers footwear under the Hurley brand. Converse products are sold by retailers across 160 countries and through 25 company-owned retail locations in the US. Hurley International, a subsidiary of the company designs and distributes a line of action sports apparel for surfing, skateboarding, snowboarding and youth lifestyle apparel and accessories under the Hurley brand.

Nike Bauer Hockey (includes Nike Bauer Hockey and Nike Bauer Hockey USA) manufactures and distributes ice skates, skate blades, in-line roller skates, protective gear, hockey sticks and jerseys, licensed apparel and accessories under the Nike Bauer and Nike brand names. In addition, Nike Bauer offers a wide range of products for street and roller hockey. Exeter Brands, a wholly owned subsidiary of the company, sells athletic footwear and apparels to value-conscious customers.
The subsidiary markets licensed athletic footwear and apparel under the Starter brand and S logo. Nike Golf, a subsidiary of the company, designs and markets golf equipment, apparel, balls, footwear, bags and accessories across several geographies.

Further, the company operates four Nike employee-only stores, 95 Cole Hann stores that house factory and employee stores, 20 Converse stores that house factory and employee stores and seven Hurley stores. Outside the US, the company operates 61 Cole Hann stores. In addition to the physical retail store channel, the company also offers its products across various countries through the websites, nike.com, nikestore.com and nikewomen.com.

The company is headquartered in Beaverton, Oregon and employs about 30,200 people.
Key Metrics

Table 8: Key Financials: NIKE, Inc.

<table>
<thead>
<tr>
<th>Metric</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>12,253.1</td>
<td>13,739.7</td>
<td>14,954.9</td>
<td>16,325.9</td>
<td>18,627.0</td>
</tr>
<tr>
<td>Net Income</td>
<td>945.6</td>
<td>1,211.6</td>
<td>1,392.0</td>
<td>1,491.5</td>
<td>1,883.4</td>
</tr>
<tr>
<td>Profit Margin</td>
<td>7.7%</td>
<td>8.8%</td>
<td>9.3%</td>
<td>9.1%</td>
<td>10.1%</td>
</tr>
<tr>
<td>Total Assets</td>
<td>7,891.6</td>
<td>8,793.6</td>
<td>9,869.6</td>
<td>10,688.3</td>
<td>12,442.7</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>3,109.9</td>
<td>3,149.4</td>
<td>3,584.4</td>
<td>3,662.9</td>
<td>4,617.1</td>
</tr>
<tr>
<td>Employees</td>
<td>24,667</td>
<td>26,000</td>
<td>28,000</td>
<td>30,200</td>
<td>30,200</td>
</tr>
</tbody>
</table>

All in $ millions, except for employee numbers and margins

Source: Company Filings

Figure 12: Revenues & Profitability: NIKE, Inc.

Source: Company Filings
VF Corporation (VFC) is a manufacturing and marketing company in the US, offering branded apparel and other related products. The company operates in the US and Europe.

The company's business is divided into six business segments: jeanswear, outdoor, imagewear, sportswear, contemporary brands, and others.

Jeanswear and related casual products are marketed in the US and international markets. The company offers shorts, casual pants, knit and woven tops and outerwear. Lee and Wrangler are the company's largest brands in this segment. In addition to these brands, Wrangler Hero, Rustler, and Riders are the other brands marketed in the US. VFC also markets cotton casual pants under the Lee Casuals, Timber Creek by Wrangler, and Wrangler Khakis brands.

Lee products are sold through department stores, national chain stores, and specialty stores. Wrangler western wear is marketed through western specialty stores. The Wrangler Hero, Rustler, and Riders brands are marketed through wholesale and regional discount chains.

The company also market Lee and Wrangler products to mass market and specialty stores in Canada and Mexico, as well as to department stores and specialty stores in Asia and South America. In international markets, Lee, Wrangler, and H.I.S brands are sold through department stores and specialty stores, while the Hero by Wrangler, Maverick, and Old Axe brands are sold through hypermarket and discount stores. Lee products are also manufactured and marketed through a 50%-owned joint venture in Spain and Portugal.

The products offered by the outdoor segment include outerwear, sportswear, footwear, equipment, backpacks, daypacks, luggage and accessories. The North Face brand consists of outerwear, snow sports gear and functional sportswear and footwear for men, women and children.
North Face products are sold in North and South America, Europe and Asia. These products are marketed through outdoor and sporting goods stores in the US, Canada, and Europe.

Eastpak and JanSport backpacks and luggage are sold through department stores, sports stores, and college bookstores in the US and Europe. VF outdoors manufactures and markets Vans casual footwear and apparel for skateboarder's bicycle motocross (BMX), surf and snow sports participants and enthusiasts.

The company's Eagle Creek products include luggage, daypacks and accessories. These products are sold through department and specialty stores throughout the US and Europe.

Napapiji products are primarily sold in Europe through specialty shops such as sport stores and fashion boutiques. Kipling handbags, shoulder bags, backpacks, luggage and accessories are sold through specialty stores in Europe, Asia and South America. The Reef brand's products include sandals, apparel, shoes and accessories marketed to surf shops and department and specialty chain stores.

Through the imagewear segment VFC produces work wear, and career and safety apparel.

The segment's products are sold under the Red Kap, Bulwark, The Force and Chef Designs brands in North America. Products include work pants, slacks, work and dress shirts, overalls, jackets, and smocks. The segment also markets corporate image uniforms and casual apparel. VFC operates catalog websites for major business customers and for governmental organizations.

The company also designs and markets decorated sports apparel under licenses granted by the four American professional sports leagues. The imagewear segment manufactures College GameDay brand apparel.

The sportswear segment's brands include Nautica, John Varvatos, and Kipling. The Nautica Jeans brand features jeanswear and tops for male consumers. Other product lines sold under the Nautica brand include men's outerwear, underwear, and sleepwear; and women's sleepwear. Nautica products are sold through outlet stores in the US. John Varvatos brand is a luxury apparel and accessories collection for men, including clothing, sportswear, leather accessories, and footwear. Kipling bags and accessories are sold through departmental stores and VFC operated retail stores.

The contemporary brands segment is focused on lifestyle brands. It is composed of the 7 For All Mankind and lucy brands. 7 For All Mankind brand consists of luxury denim jeans and related products, including knit and woven tops, sweaters, jackets and accessories for women and men.
The lucy brand of women's lifestyle apparel is marketed through approximately 60 lucy branded retail stores across the US and through the Internet.

The other business segment includes the company operated retail outlet stores, VF Outlets, which primarily sell VF apparel products. The company also sells non-VF products in these stores.

The company is headquartered in Greensboro, North Carolina, and employs 54,200 people.

**Key Metrics**

<table>
<thead>
<tr>
<th>Metric</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>5,083.5</td>
<td>5,218.1</td>
<td>5,654.2</td>
<td>6,215.8</td>
<td>7,219.4</td>
</tr>
<tr>
<td>Net Income</td>
<td>-154.5</td>
<td>474.7</td>
<td>506.7</td>
<td>533.5</td>
<td>591.6</td>
</tr>
<tr>
<td>Profit Margin</td>
<td>-3.0%</td>
<td>9.1%</td>
<td>9.0%</td>
<td>8.6%</td>
<td>8.2%</td>
</tr>
<tr>
<td>Total Assets</td>
<td>3,503.2</td>
<td>4,245.6</td>
<td>5,171.1</td>
<td>5,465.7</td>
<td>6,446.7</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>1,845.3</td>
<td>2,294.2</td>
<td>2,362.9</td>
<td>2,200.5</td>
<td>2,889.9</td>
</tr>
<tr>
<td>Employees</td>
<td>52,300</td>
<td>53,200</td>
<td>52,300</td>
<td>45,500</td>
<td>30,200</td>
</tr>
</tbody>
</table>

All in $ millions, except for employee numbers and margins

Source: Company Filings

Source: Company Filings
7.4 Adidas AG

Adidas is one of the largest companies in the sporting goods industry. The group has divided its operating activities by major brand into three divisions: Adidas, Reebok and TaylorMade-adidas Golf. The group operates through more than 150 subsidiaries in Europe, the US and Asia, each focusing on a particular market or part of the manufacturing process.

The focus of the Adidas brand is on sports. The Adidas brand offers footwear, apparel and hardware in three divisions, including sport performance, sport heritage and sport style. The sport performance division develops sports products, focused on running, football, basketball, tennis and training. The sport heritage division concentrates on sports lifestyle and casual wear. The sport style division is focused on fashion-conscious consumers and includes collections like the ‘Y-3’ designed by Yohji Yamamoto.

The focus of Reebok brand, meanwhile, is more on style. It offers sports, fitness and casual footwear, apparel and equipment under the Reebok brand. The TaylorMade-adidas Golf brand offers a range of golf clubs, accessories, footwear and apparel. It also includes Maxfli brand, which designs and develops golf balls.

Most of the group's products are manufactured by third party independent manufacturers. During 2007, the group sourced products from 377 independent manufacturing partners, of which 71% were located in Asia, 17% were located in Europe, and 12% in Americas.

The group undertakes research and development activities on a global scale. Research and development activities within the Adidas group are decentralized, with each brand having its own research, design and development operations across several countries.

The group markets its products through an extensive distribution channel. The group has 542 concept stores, 317 factory outlets and 142 concession corners worldwide.
Adidas has concluded several endorsement contracts with several sportsmen and women. Sportsmen under contract include David Beckham (soccer), Kevin Garnett and Tim Duncan (basketball), Ian Thorpe (swimming), Maurice Greene and Haile Gebreselassie (athletics) and Sergio Garcia (golf). It also provides the team kit wear for the French football team and clubs such as Real Madrid, AC Milan, Bayern Munich and the New York Yankees.

The company is headquartered in Herzogenaurach, Germany and employed about 31,344 people as on 31 December 2007.

Key Metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>9,169.9</td>
<td>8,574.6</td>
<td>9,710.1</td>
<td>14,755.4</td>
<td>15,070.0</td>
</tr>
<tr>
<td>Net Income</td>
<td>380.6</td>
<td>459.8</td>
<td>560.4</td>
<td>706.7</td>
<td>806.3</td>
</tr>
<tr>
<td>Profit Margin</td>
<td>4.2%</td>
<td>5.4%</td>
<td>5.8%</td>
<td>4.8%</td>
<td>5.4%</td>
</tr>
<tr>
<td>Total Assets</td>
<td>6,127.8</td>
<td>6,478.5</td>
<td>8,413.7</td>
<td>12,260.6</td>
<td>12,181.6</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>4,143.9</td>
<td>4,095.6</td>
<td>4,445.4</td>
<td>8,110.8</td>
<td>7,758.2</td>
</tr>
<tr>
<td>Employees</td>
<td>15,686</td>
<td>14,254</td>
<td>15,935</td>
<td>26,376</td>
<td>31,344</td>
</tr>
</tbody>
</table>

All in $ millions, except for employee numbers and margins

Source: Company Filings

Figure 14: Revenues & Profitability: Adidas AG

Source: Company Filings
8.1 Market Value Forecast

In 2013, the global apparel and textiles industry is forecast to have a value of $2,751.2 billion, an increase of 39.5% since 2008.

The compound annual growth rate of the industry in the period 2008-2013 is predicted to be 6.9%.

Table 13: Global Apparel & Textiles Industry Value Forecast: $ billion, 2008-2013

<table>
<thead>
<tr>
<th>Year</th>
<th>$ billion</th>
<th>% Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1,972.2</td>
<td>-3.40%</td>
</tr>
<tr>
<td>2009</td>
<td>2,117.8</td>
<td>7.40%</td>
</tr>
<tr>
<td>2010</td>
<td>2,265.5</td>
<td>7.00%</td>
</tr>
<tr>
<td>2011</td>
<td>2,420.8</td>
<td>6.90%</td>
</tr>
<tr>
<td>2012</td>
<td>2,584.0</td>
<td>6.70%</td>
</tr>
<tr>
<td>2013</td>
<td>2,751.2</td>
<td>6.50%</td>
</tr>
</tbody>
</table>

CAGR, 2008-2013: 6.9%

Source: Datamonitor

Figure 15: Global Apparel & Textiles Industry Value Forecast: $ billion, 2008-2013

Source: Datamonitor
9.1 Methodology

Datamonitor Industry Profiles draw on extensive primary and secondary research, all aggregated, analyzed, cross-checked and presented in a consistent and accessible style.

Review of in-house databases – Created using 250,000+ industry interviews and consumer surveys and supported by analysis from industry experts using highly complex modeling & forecasting tools, Datamonitor’s in-house databases provide the foundation for all related industry profiles

Preparatory research – We also maintain extensive in-house databases of news, analyst commentary, company profiles and macroeconomic & demographic information, which enable our researchers to build an accurate market overview

Definitions – Market definitions are standardized to allow comparison from country to country. The parameters of each definition are carefully reviewed at the start of the research process to ensure they match the requirements of both the market and our clients

Extensive secondary research activities ensure we are always fully up-to-date with the latest industry events and trends

Datamonitor aggregates and analyzes a number of secondary information sources, including:
- National/Governmental statistics
- International data (official international sources)
- National and International trade associations
- Broker and analyst reports
- Company Annual Reports
- Business information libraries and databases

Modeling & forecasting tools – Datamonitor has developed powerful tools that allow quantitative and qualitative data to be combined with related macroeconomic and demographic drivers to create market models and forecasts, which can then be refined according to specific competitive, regulatory and demand-related factors

Continuous quality control ensures that our processes and profiles remain focused, accurate and up-to-date
9.2 Industry Associations

American Apparel and Footwear Association (AAFA)
1601 N. Kent Street, Suite 1200, Arlington, VA 22209
Tel: 1 703 524 1864 800
Fax: 1 703 522 6741
www.apparelandfootwear.org

American Apparel Producers Network
PO Box 720693, Atlanta, Georgia, USA, 30358
Tel: 1 404 843 3171
Fax: 1 413 702 3226
www.usawear.org

9.3 Related Datamonitor Research

Datamonitor Industry Profiles
Global Apparel, Accessories & Luxury Goods
Global Hotels, Restaurants & Leisure
Global Household Durables
Global Leisure Products
Global Photographic Products
Global Leisure Equipment & Products
Global Automobiles
Global Consumer Durables & Apparel
Global Leisure Facilities
Global Restaurants
Global Housewares & Specialties