

APPAREL AND FOOTWEAR IN JAPAN - ANALYSIS

Country Report | Jan 2023

EXECUTIVE SUMMARY

Apparel and footwear in 2022: The big picture

The impact of COVID-19 continued in 2022, but after the quasi-state of emergency which was implemented in major Japanese cities such as Tokyo and Osaka from January to March 2022 was lifted, consumers had more opportunities to go out, and leisure opportunities for travel and events showed a revival. This resulted in a marginal upturn in current value sales of apparel and footwear in the Japanese market in 2022.

Formal and occasion-appropriate men's and women's suits, shirts, ties, hosiery, and business footwear were the most negatively affected by the pandemic, as the Japanese government asked companies to switch employees to remote working after the first state of emergency declaration in April 2020, but the increase in the number of people returning to the office and in-person schooling led to positive performances for these categories in current value terms in 2022. On the other hand, the hybrid style of working or studying at home for half of the week, or the habit of working entirely at home, meant that purchases of such new clothing and footwear were unable to fully recover, leaving sales at a lower level than in 2019. Meanwhile, Y2K fashion has become one of the mainstream trends, especially amongst generation Z. This boosted demand for jeans in 2022, especially for women.

2022 key trends

Continuing from 2021, lower-priced brands such as Shimamura, Nishimatsuya, and Workman maintained or increased their value shares in 2022, indicating that consumers continued to look to save money due to the economic uncertainty caused by the pandemic, the weakening Japanese yen, and announcements of substantial increases in car taxes, mortgage interest rates, and health insurance in 2022.

Shibuya 109 has entered the metaverse for the first time, and XXXX is the first metaverse fashion brand in Japan. It was also the first digital fashion brand in Japan, launched in November 2021. The brand provides digital wear on OpenSea, the NFT marketplace, and payments can be made with cryptocurrency. The concept of its digital wear is in line with the digital age: virtual sneakers that flash in conjunction with social networking notifications, official uniform shoes for the e-sports team Fox, necklaces that report offensive accounts, NFT sneakers, and more. Its collections are recording out of stocks. The line between the real world and the metaverse space is expected to blur, and brands offering digital wear that allows people to have fun in either space are likely to expand.

The introduction of anime/game collaborations was first seen in luxury products, but similar trends are also starting to be seen in more inexpensive apparel products. Shimamura and Chiikawa collaboration products sell out every time, and Uniqlo and Sailor Moon, and Uniqlo and Doraemon collaboration products, have also been selling out one after another.

Competitive landscape

Shein, which is rapidly gaining popularity in Japan, and is increasingly being featured in the media, is rapidly expanding its value share by targeting millennials and generation Z, specialising in web marketing through social networking rather than mass media. Shein has been expanding its business in more than 200 countries in the form of cross-border e-commerce-only, non-store sales, and has been able to provide consumers with a wide variety of new products by efficiently identifying trends using AI and crawler technologies, and by producing a wide variety of products in small quantities through supply chain management efficiency. This enables the company to offer a wide variety of new products, and low prices, which together keep consumers coming back for more. On the other hand, working hours and wages have been pointed out as a problem. Euromonitor.com's How the Chinese Fast Fashion Brand Shein is Conquering the US Market, published on 13 December 2022, also discusses Shein in detail.

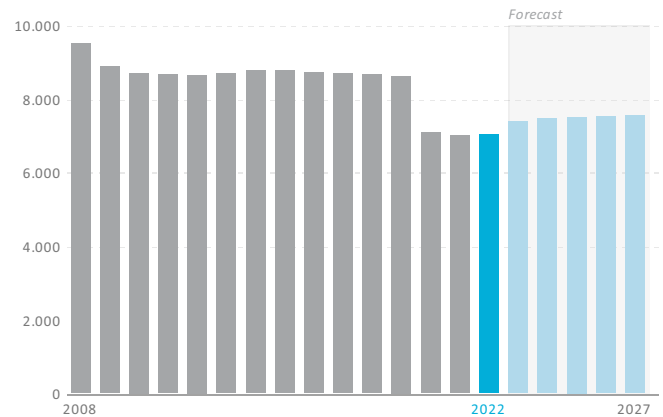
Due to soaring raw materials prices and the weak Japanese yen, Uniqlo announced a price hike for its mainstay autumn/winter products, while Workman kept the prices of its mainstay private label products unchanged, and Alpen even announced price cuts for its mainstay private label products, showing the differences in pricing strategies amongst the various companies. Consumers in Japan, where there is a wide variety of apparel brand choices, have a strict preference for lower prices, and brands fear that increasing prices has the risk of losing customers. On the other hand, brands that offer a large number of sizes and colour variations have chronic inventory problems, so there

Market Sizes

Sales of Apparel and Footwear

Retail Value RSP - JPY billion - Current - 2008-2027

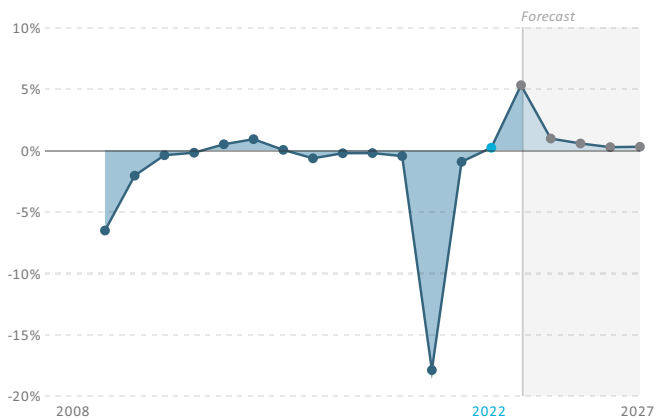
7.015



Sales Performance of Apparel and Footwear

% Y-O-Y Retail Value RSP Growth 2008-2027

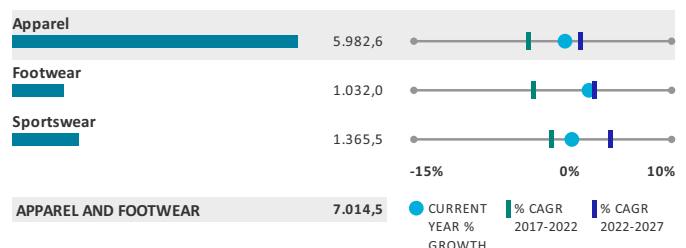
0.2%



Sales of Apparel and Footwear by Category

Retail Value RSP - JPY billion - Current - 2022

Growth Performance



is a benefit in selling more at thinner margins, except amongst luxury brands.

Retailing developments

Physical outlets are no longer necessarily the place to sell products. For example, Shein's first physical store, Shein Tokyo, and ZOZOTOWN'S first permanent store, nialab by ZOZO, both opened in 2022, but aim to provide services such as exhibitions or personal styling, rather than selling products. Meanwhile, D2C (direct to consumer) brands are opening permanent outlets to provide the experience of creating products from materials. For example, KAPOK KNOT, a D2C fashion brand derived from tree nuts, opened its first permanent outlet in September 2022. There, customers can also experience the process from raw material to finished product in a workshop. Until 2021, the brand provided customer service in a temporary showroom, spending 30 minutes with seven groups a day to introduce the brand and product concept. As a result, 50% of customers purchased products on the spot. The brand's sales have been strong, doubling in 2022 compared with 2021. E-commerce was its main channel, but in the future the brand plans to place more emphasis on communication with customers and actively open new stores.

What next for apparel and footwear?

Apparel and footwear is expected to see a strong current value rebound in 2023, followed by slower and more stable growth for the rest of the forecast period, with growth across all categories. Forever 21, American Eagle, and Eddie Bauer, casual brands that withdrew from the Japanese market some time ago, announced their re-entry into the Japanese market one after another. Since the pandemic, the Japanese apparel trend has become more casual and low-priced in terms of fashion orientation; however, these brands are expected to face stiff competition from Uniqlo, which competes with them in terms of price position and brand value. In addition to Uniqlo, Workman and Shimamura are gaining share at similar price points, and e-commerce sites such as Shein are also rapidly increasing their sales in the Japanese market. In addition, sportswear and footwear brands such as adidas, Nike, and Asics are launching products that combine high functionality and high fashion design at a slightly higher price point than Uniqlo, and are also gaining support amongst younger consumers. Therefore, the competition amongst casual brands is expected to intensify further in Japan in the forecast period.

Corporate commitment to sustainability is expected to continue to accelerate. Against the backdrop of the extremely large environmental impact of clothing production, which has become an international issue, it is expected that the number of Japanese apparel brands offering sustainable products or activities will continue to increase. Japan Sustainable Fashion Alliance (JSFA), formed by a group of fashion-related companies running businesses in Japan, celebrated its one-year anniversary in August 2022. The number of member companies is increasing, and it is expected that the fashion industry as a whole will promote initiatives to address environmental issues, with a review of mass production and mass disposal and a commitment to recycling and utilisation.

DISCLAIMER

Forecast closing date: 12 December 2022

Report closing date: 16 January 2023

Analysis and data in this report give full consideration to consumer behaviour and market performance in 2022 and beyond as of the dates above. For the very latest insight on this industry and consumer behaviour, at both global and national level, readers can access strategic analysis and updates on www.euromonitor.com and via the Passport system, where new content is being added on a systematic basis.

SOURCES

Sources used during research include the following:

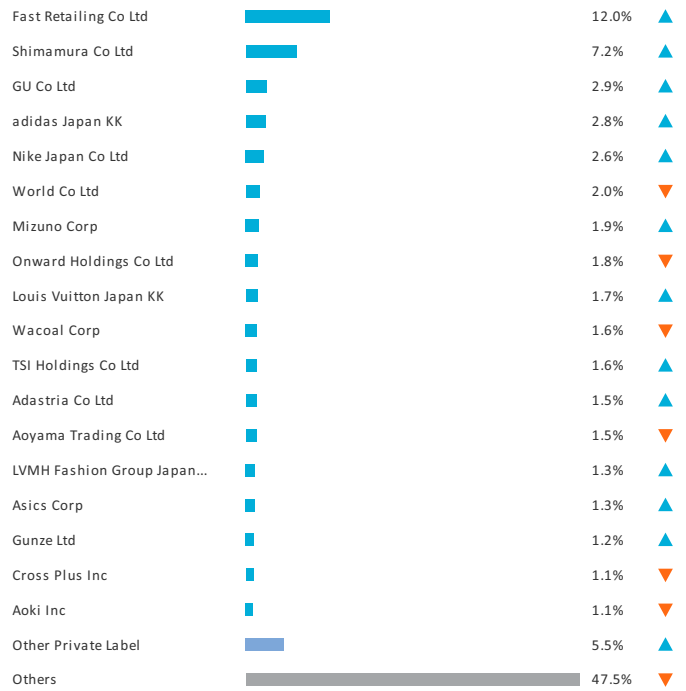
Summary 1 Research Sources

Official Sources	METI Household Survey
	Ministry of Economy, Trade & Industry
	Ministry of Education, Culture, Sports, Science & Technology
	Statistics Bureau, Ministry of Internal Affairs & Communications
Trade Associations	All Japan Apparel Industry Council
	All Japan Kimono Promoting Association
	All Japan Laundry & Dry Cleaning Association
	All Japan Leather Costume Association
	All Japan Leather Shoe Industrial Federation
	All Japan Yarn Handicraft Knitting Education Association
	Asakusa Footwear Association
	Association of Japan Textile Dyers & Finishers
	Association of Total Fashion

Competitive Landscape

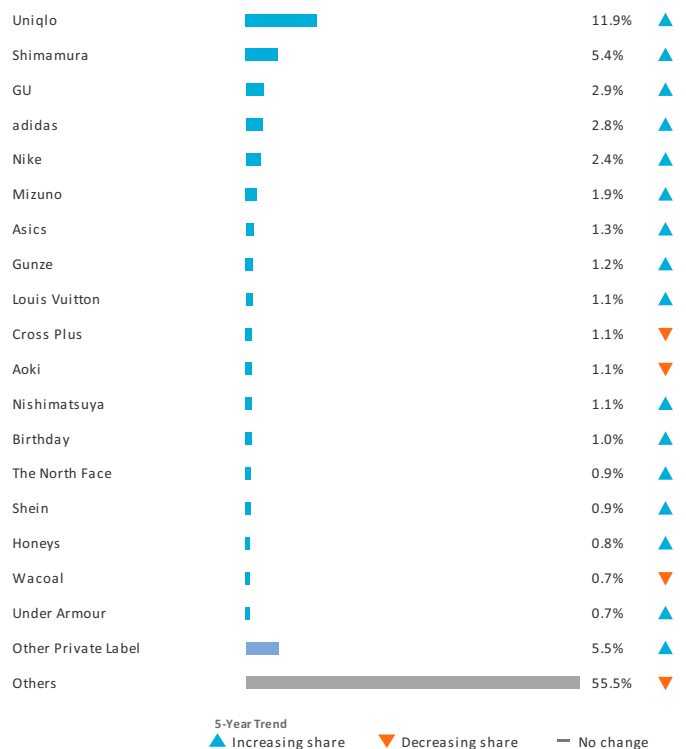
Company Shares of Apparel and Footwear

% Share (NBO) - Retail Value RSP - 2022



Brand Shares of Apparel and Footwear

% Share (LBN) - Retail Value RSP - 2022



Official Sources	METI Household Survey
	Cloth Industry Association
	Footwear & Health Association
	Japan Apparel Belt Association
	Japan Apparel-Fashion Industry Council
	Japan Body Fashion Association
	Japan Chemical Shoes Industrial Association
	Japan Department Stores Association
	Japan Dyers Inspection Institute Foundation
	Japan Fashion Association
	Japan Federation of Shoe Wholesaler's Organization
	Japan Formalwear Association
	Japan Gloves Industry Association
	Japan Jeans Association
	Japan Leather & Leather Goods Industries Association
	Japan Leg Knit Wholesalers Co-op Association Union
	Japan Rubber Footwear Manufacturers Association
	Japan Shirts Association
	Japan Shoe Manufacturers Association
	Japan Silk Lining Association Union
	Japan Society of Hosiery
	Japan Socks & Stockings Manufacturers Association
	Japan Textile Color Design Center
	Japan Textile Products Quality & Technology Centre
	Japan Textiles Importers Association
	Japan Twisted Yarn & Sewing Thread Inspection Institute Foundation
	Japan Universal Fashion Association
	Japan Women's & Children's Wear Manufacturers' Association
	Japan Woolen Goods Wholesalers Industry Association
	Japan Workclothes Retailers Co-op Association
	Japanese Association for Clothing Studies
	Kyoto Costume Institute, The
	Kyoto Textile Products Association
	Men's Fashion Unity
	Men's Inner Fashion
	Necktie Cooperated Association of Tokyo
	Tokyo Hat Association
	ZOZ Inc
Trade Press	Apparel Magazine
	Asiarling Inc
	Centre for Comparative Labour & Social Security Law
	Diamond Inc
	Fashion Press
	Footwear Press
	F-Works
	Golf Digest Online
	Nihon Keizai Shimbun
	Nikkei MJ
	Reuters
	Ryutsu News
	Senken Shinbun
	Toyo Keizai Inc
	Tsuhan Shinbun

Source: Euromonitor International