

U.S. CONSUMER FOOTWEAR SURVEY

WHERE TO FOR FOOTWEAR?

Consumer brand loyalty
is being undercut by
retailer oversights

SPRING 2024



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Foreword

Welcome to AlixPartners' spring U.S. Consumer Footwear Survey, in partnership with Footwear Distributors & Retailers of America (FDRA).

Spring is traditionally a time for new spend, as consumers plan around seasonal holidays and warmer temperatures. In order to get a current read on consumer priorities and purchase behaviors, we surveyed over 1,000 U.S. footwear consumers aged 15 and older between March 19 and March 21, 2024. While the data did not show support for a strong 'occasion-wear' comeback, we saw strength in the athletic segment and around sales events that allow customers to stick with preferred brands.

Footwear retailers have known for a few years that consumer expectations require them to finesse inventory and shipping logistics, but they are still falling short. The data as a whole sends the message that there is still room for improvement in the planning and allocation phase—when consumers can't get their preferred brand and size in-store or through rush shipping, the sale is often lost. Our findings also show that when retailers do get shoppers in the door, they need to strategize to make the most of purchase events.

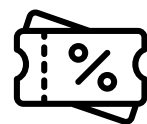
FDRA represents 95% of the footwear industry, working from footwear design through to retail to help the industry evolve and advocate for policies that grow the sector. AlixPartners advises footwear manufacturers and retailers on digital-first retail strategies across the value chain. Together, we have created a report that lays out some of the key steps companies in the footwear industry need to take to meet the consumer where they are in 2024.



Customer loyalty may have taken a hit during the inflation spikes of 2023, but it's back. Consumers are prioritizing the brand they like in 2024, though they're often hamstrung by poor inventory and slower shipping than desired. If they can't get the size or brand they want at a price that suits when they're in-store, they may walk.

We see a trend for purchases built around sales moments when consumers can get their preferred brand; consumers report buying shoes more frequently, only at a lower price point, and 42% of respondents said they would be more likely this year to search for coupons or wait for a sale over last year. There is an opportunity here for companies that can manage the complexity of the supply chain and retail footprint. These realms are not separate: Customers continue to shop both in-store and online, with different preferences in those segments.

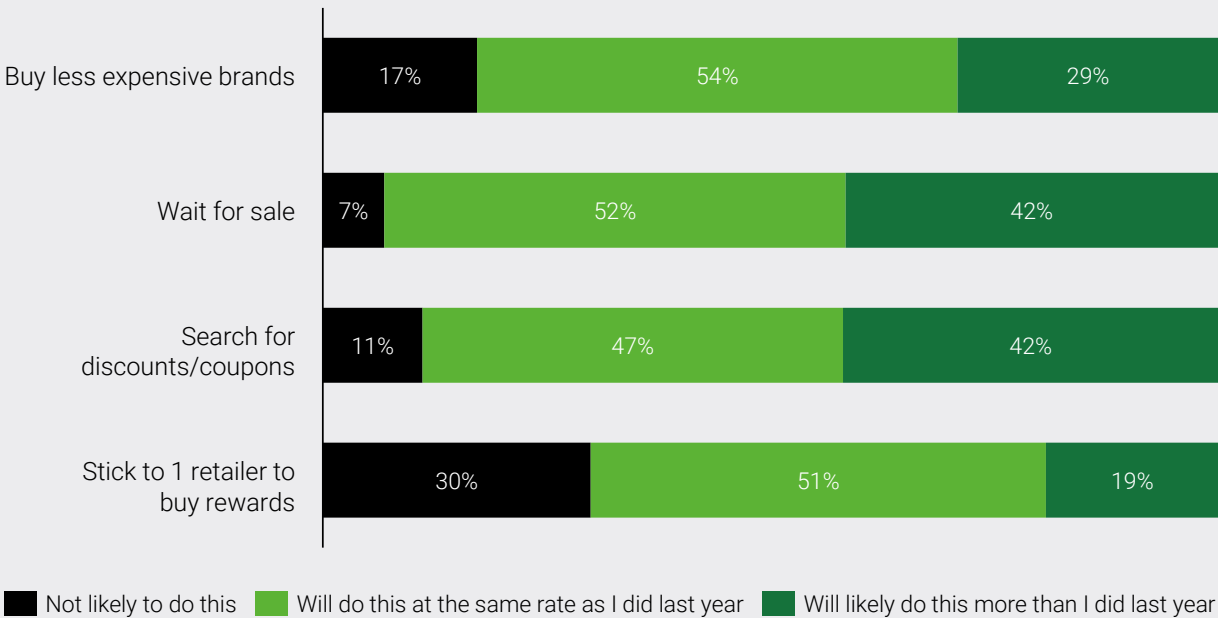
The data shows resilience for the athletic segment, which is the only category showing projected growth—if slight—over 2023. Athletic footwear will drive a higher share of visits to branded stores for purchases than will nonathletic footwear according to forward-looking survey responses. This trend is inverted for online purchases.



42%

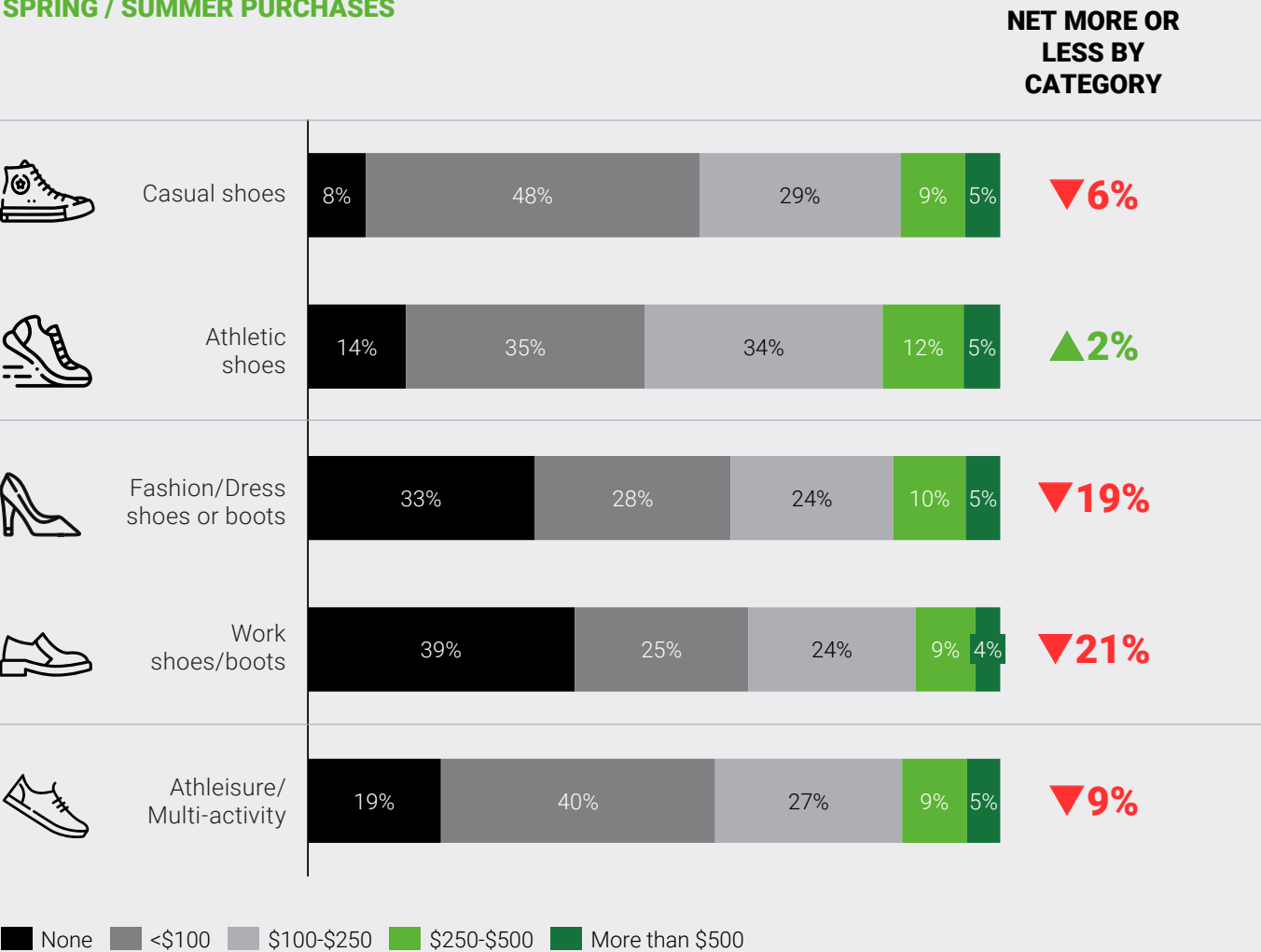
of respondents said they would be more likely this year to **search for coupons or wait for a sale** over last year.

CHANGES IN BEHAVIOR BASED ON INFLATION
SPRING / SUMMER PURCHASES



Consumers expect to spend more on athletic shoes than other categories, 51% expect to spend over \$100. Spend is expected to decline for all other categories

ESTIMATED SPEND BY CATEGORY
SPRING / SUMMER PURCHASES



We found that customers structure purchases around the brand they like, waiting for a better price over purchasing a more affordable alternative—affectionately referred to as a 'dupe' by consumers—and head in-store to make sure the fit is right (the ability to try on shoes is the top reason to shop in-store, cited by 76% of respondents). Again, this is particularly clear for athletic shoes.

Cost (cited by 66% of respondents) and lack of the correct shoe size in stock (60%) were the top reasons for abandoning a sale; the cost of shipping also factored in (for 42% of respondents).

Footwear companies that can find a way to deliver on customer preferences and expectations will see gains; we advise market participants to invest in top-of-funnel activities to bring shoppers in and boost units per sale, as well as improve planning and allocation activities to ensure customers can get the product they want when they want it.



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BRAND STILL MATTERS—ESPECIALLY IN THE ATHLETIC SEGMENT—ALONGSIDE SALES AND FAST SHIPPING

Through the entrance of new direct-to-consumer (DTC) brands, higher inflation, and other disruptions, legacy brands have managed to retain consumers through their own DTC models and omnichannel strategies to ensure quality and fit. The U.S. Consumer Footwear Survey found that brand is ever more important to the consumer—the third-most-important driver of purchases—especially when it comes to athletic footwear. We also found that 46% of respondents said a sale would be their top driver this year.

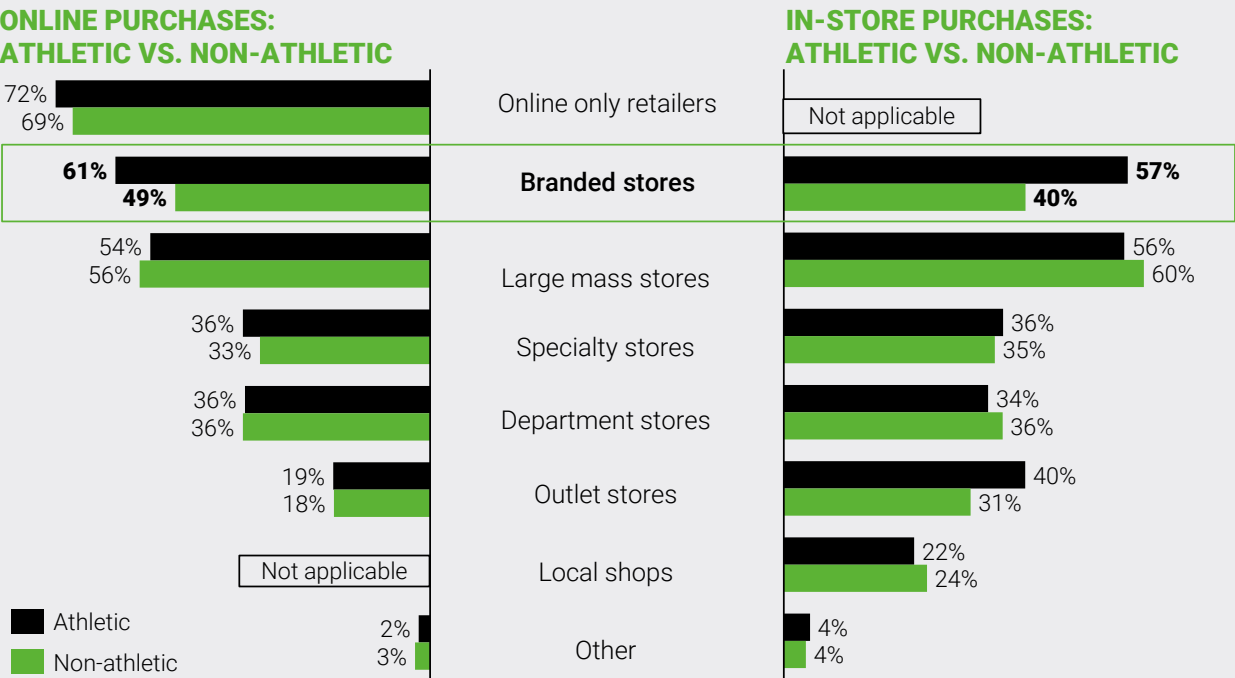
Sales and free three-to-five-day shipping are important drivers of consumer purchases, but offerings must be brand-right. Consumers aren't driven to purchase 'dupe' products.

ELEMENTS THAT WOULD DRIVE A CONSUMER TO PURCHASE SHOES RANK: SUM OF TOP 2



When it comes to athletics, branded stores become significantly more important

STORES WHERE CONSUMERS WILL SHOP FOR FOOTWEAR: SPRING & SUMMER



Brand preference stands out in the athletic segment, with 61% of respondents planning to shop for athletic shoes this spring and summer in branded online stores and 57% in branded brick-and-mortar, against 49% and 40% for non-athletic shoes in the same respective venues. We also saw stronger sales intent for athletic shoes in outlet stores (40% of respondents) against non-athletic (31%). Taken together, there is strong support for brand awareness activities, though the market environment has seen a decrease in focus on top-of-funnel activities.

As organizations are under pressure to deliver profitable growth in a challenging environment, marketing budgets are often under scrutiny and being cut or pressured to be ever more efficient. Higher levels of scrutiny have driven a shift to performance-driven marketing, which is easier to measure and has clear returns on investment. We advise that efficiencies are not an either/or proposition, but can boost lower-funnel marketing activities and overall selling, general, and administrative (SG&A) expenses, freeing up budget for brand building and awareness.

IN-STORE VISITS ARE DRIVEN BY A DESIRE TO TRY ON ITEMS AND GET PRODUCTS THE SAME DAY



Consumers expressed a higher likelihood to shop in-store as compared to other categories, due to the ability to try on before purchase (76% of respondents) and get the product immediately (69%). Yet, the second-highest reason for purchase abandonment is size out of stock.

Customers can't buy what you don't have; plainly, planning and allocation accuracy are ever more important. Improvements to planning and allocation processes are key to capturing lost sales and will likely pay off directly with incremental demand capture. Companies that have seamless omnichannel integration will benefit the most, since we see customers moving between the online and in-store sales environments.

Consistent with other categories, in-store purchases are driven by a desire to try the items on before purchase and being able to get the products the same day

REASONS CONSUMER CHOSE TO SHOP IN-STORE VERSUS ONLINE SPRING / SUMMER PURCHASES



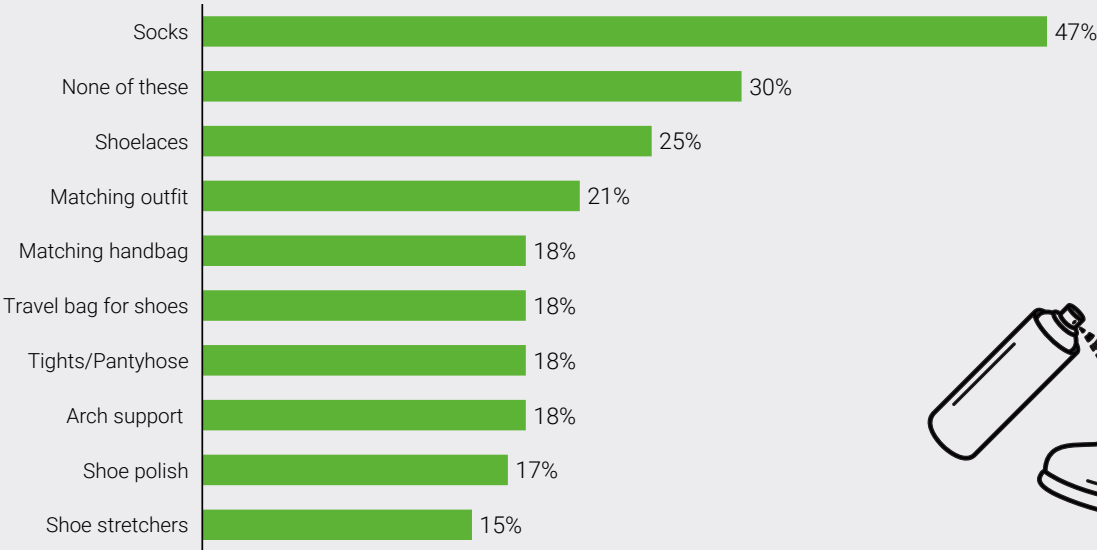
New AI capabilities can help companies optimize inventory levels at individual stores as well as across stores and in the e-commerce portal, while reducing out-of-stock moments and limiting excess inventory across sizes. Investments to improve forecasting, planning, and allocation processes will pay off more than ever through direct demand capture.

THERE IS ROOM TO BOOST ADD-ON PURCHASES

More than 70% of consumers indicated that they intend on buying additional items at the same time as their footwear purchase. Socks and shoelaces make an easy add-on, with 47% and 25% of respondents intending to make those purchases during spring and summer footwear shops, but matching outfits, accessories, tights, and arch support also appeal to shoppers.

With foot traffic on the decline, brands and retailers need to make the most of every visit to their stores and websites. Consumers are more judicious with their time spent shopping and are open to larger baskets when making a store visit.

WHAT ELSE CONSUMERS WILL PURCHASE WITH THEIR SHOES SPRING / SUMMER PURCHASES



It's critical to have a structured plan and set of integrated activities that are aimed at basket-building behavior, including introducing improved product recommendation engines rooted in machine learning and customer segmentation, developing promotional strategies for add-on products, and providing performance incentives for associates that can build add-on sales.

While we understand that these growth drivers do not come cheap, it's important to understand what the consumer cares about and what they don't care about.



70% of consumers indicated that they intend on **buying additional items** at the same time as their footwear purchase.

CUSTOMER EXPECTATIONS GO BEYOND INVENTORY TO SHIPPING COST, DELIVERY TIMES

Footwear consumers have higher expectations when it comes to ship times for free shipping than the rest of the retail market. On average, footwear consumers are 2 percentage points more likely to expect a package within two days and 4 percentage points more likely to expect within two days. Further, 15% of respondents said they expected next-day delivery on footwear, while just 3% of footwear companies are targeting that service level.

Service levels need to be assessed to ensure retailers and brands are working towards meeting consumer expectations. However, two of the top reasons consumers abandon purchases are related to the cost of the item and whether it is on sale. Managing pricing, sales, and overall trade are critical to consumers finalizing a purchase.

This requires a full assessment of your supply chain, including fulfillment locations and contracts with delivery providers.

Both item and shipping costs play a role in why consumers abandon purchases, along with size in-stock rates

REASONS CONSUMERS ABANDON A PURCHASE SPRING / SUMMER PURCHASES



Consumer expectations around free shipping are higher than the average service level targets executive teams are trying to hit

REASONS CONSUMERS ABANDON A PURCHASE SPRING / SUMMER PURCHASES

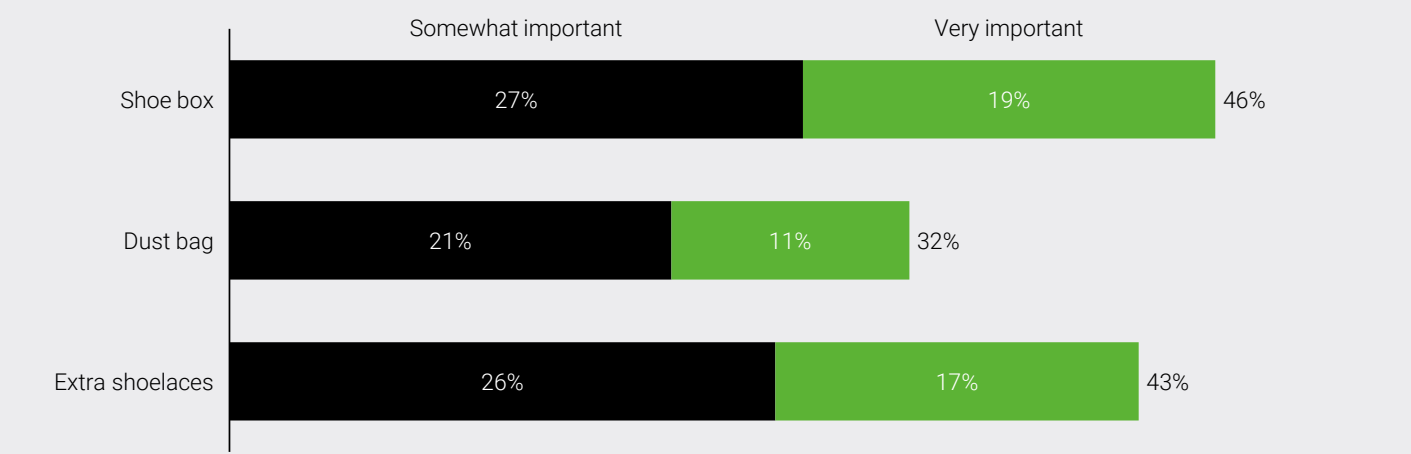


THE BEST PART OF THE UNBOXING IS... HAVING THE SHOES IN HAND, REGARDLESS OF PACKAGING

Over half of consumers don't think a box and extra laces are important items to be included in their purchase; it has little-to-no impact on purchase decisions. Reassessing packaging could be coupled with sustainability initiatives to both reduce costs and create goodwill with consumers, since we know that environmental conscientiousness is growing.

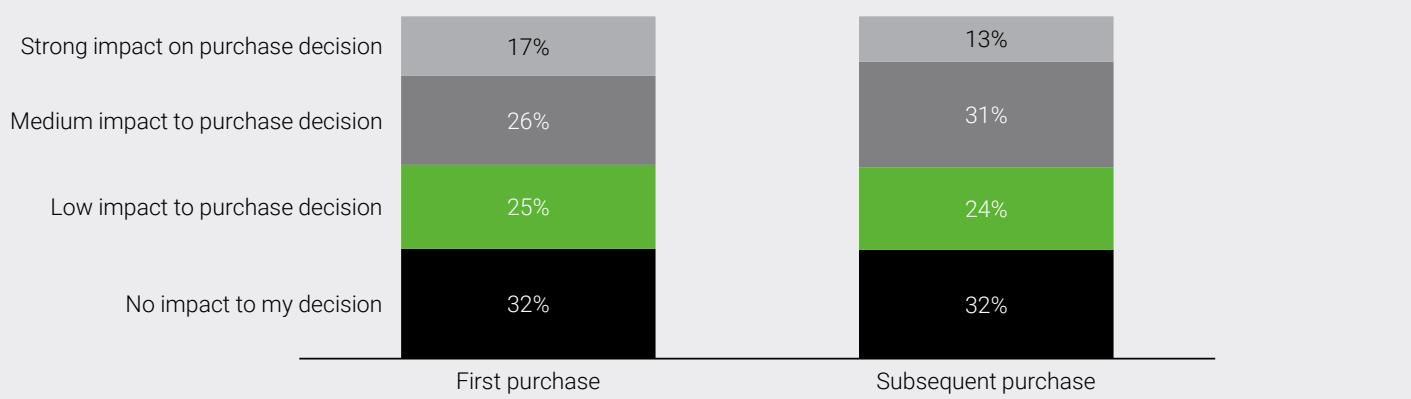
IMPORTANCE OF ADDITIONAL ITEMS INCLUDED WITH PURCHASE

IMPORTANT & VERY IMPORTANT



PACKAGING INFLUENCE ON PURCHASES

SPRING / SUMMER PURCHASES



Consumers make their purchase decisions without seeing a box; reducing both the complexity of packaging design and quantity of materials used, including 100% recycled materials, and limiting or eliminating extras that go along with the item (papers, stuffing in shoes, extra laces) can free up resources for improvements to ship times, investments in marketing, and investments in technologies to improve inventory allocation.

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ABOUT US

For more than 40 years, AlixPartners has helped businesses around the world respond quickly and decisively to their most critical challenges – circumstances as diverse as urgent performance improvement, accelerated transformation, complex restructuring and risk mitigation.

These are the moments when everything is on the line – a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA – so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done, and only measure our success in terms of the results we deliver.

Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.

FDRA

The footwear industry's business and trade association. At over 95% of the entire industry, the Footwear Distributors and Retailers of America (FDRA) is the largest and most respected footwear trade association in the U.S. It represents and serves the entire footwear industry from small family-owned footwear businesses to global footwear companies, as well as domestic manufacturers, importers, and retailers. In all, it supports more than 250 companies and over 500 brands designing, producing, and selling great footwear to consumers all over the globe.

DISCLOSURE

Survey included 1,001 respondents and was conducted online between March 19 and March 21, 2024. Respondents were 15 years of age or older.

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