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Sporting Goods 2025

The new balancing act:
Turning uncertainty into opportunity

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Foreword

The World Federation of the Sporting Goods Industry (WFSGI) and McKinsey & Company are proud to present our fifth annual sporting goods industry report, *Sporting Goods 2025—The new balancing act: Turning uncertainty into opportunity*. Over the past year, the sporting goods industry has persevered through economic volatility, geopolitical tensions, and evolving consumer behavior. Slowing growth forecasts are compelling executives to focus equally on revenue growth and productivity improvements.

Our most recent surveys, research, and analyses identified themes that offer both opportunities and challenges. We see a widening activity gap, with the overall share of inactive people increasing while the subset of active consumers further embraces the active lifestyle as part of their identity. At the same time, the competitive landscape is shifting, with challenger brands outpacing large incumbents in revenue growth and market share. Finally, the resurgence of in-person fitness and the blending of live sports and entertainment, including an increase in live sporting events, offer new avenues for growth.

As we look to 2025, the sporting goods industry faces a shifting landscape. By taking a balanced approach to granular growth and productivity while focusing on consumer engagement and emphasizing authenticity, companies can turn uncertainty into opportunity and thrive in the new landscape.

This report aims to provide the insights and strategies leaders need to navigate these complexities and capitalize on the emerging trends. We invite you to explore the findings and recommendations outlined in this report.

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World Federation of the Sporting Goods Industry



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About the research

This report features insights and perspectives from several research efforts.

WFSGI Sporting Goods Industry Executives Pulse Check, December 2024. To gain a better understanding of how sporting goods executives are approaching 2025, McKinsey partnered with the World Federation of the Sporting Goods Industry (WFSGI) to survey 50 executives regarding their overall sentiment on the state of the industry and the factors that will matter most.

McKinsey Sporting Goods Report Consumer Survey, December 2024. We also surveyed more than 3,600 consumers across Germany, the United Kingdom, and the United States to explore their approach to physical activity, their interaction with live sports and entertainment, and their consumption of sportswear brands. Of this sample, we segmented 1,842 respondents who identified as active consumers.

Additional research and analysis. We augmented our findings by reviewing publicly available sources (annual reports, company publications, and press releases). In addition, we undertook financial analysis on publicly traded companies to evaluate their performance and market shares. Furthermore, we conducted executive and expert interviews to gain deeper insights and validate our findings.

Executive summary

The sporting goods industry faced a difficult environment in 2024. Softer growth prospects, persistent inflation, and cautious consumer spending all tested companies' resilience. Despite these hurdles, the industry managed to sustain a growth rate of 7 percent per annum from 2021 to 2024. The growth outlook for 2024 to 2029 is projected at a slightly more modest 6 percent per annum, driven by a slowdown in the Asia-Pacific, Western Europe, and Latin America regions.

This year's report, *Sporting Goods 2025—The new balancing act: Turning uncertainty into opportunity*, highlights the dual agenda for sporting goods companies—a simultaneous focus on the top and bottom lines. Brands are up to the task. According to a recent WFSGI survey, 44 percent of industry executives are feeling optimistic or rather optimistic about 2025,¹ a signal of their cautious confidence in seizing opportunities amid pervasive challenges. This report explores key themes that will shape the market and highlights consumer trends that could represent paths to growth.

Chasing elusive growth and rethinking the value chain

In the first chapter of this report, we highlight the industry's dual focus on revenue and productivity. With cautious consumers reevaluating their discretionary spending, companies must mitigate the lasting impact of inflation.

The industry has another challenge on the horizon: Eighty-four percent of sporting goods executives expressed concern about the impact of the geopolitical environment on their business.² Potential tariff increases this year could have a significant effect on the sporting goods industry, particularly in terms of pricing and supply chain management. Companies can prepare by accelerating efforts to derisk and diversify their supply chains. For example, they could review their supply chain footprints and inventory management practices as well as boost efficiency through increased automation and digitalization.

Environmental, social, and governance (ESG) and sustainability remain priorities for sporting goods companies, but external factors and business considerations are forcing executives to make difficult trade-offs, leading to a decreased priority compared with last year. For 2025, half of surveyed sporting goods executives stated that sustainability is a priority for their company—down from approximately two-thirds the previous year.³ In addition, the chapter emphasizes the need for supply chain diversification to mitigate risks.

In the remaining four chapters, we drill down into further key themes that will likely feature on executive agendas in the year ahead.

Physical inactivity as the biggest untapped market

Despite the significant benefits of physical activity, the share of adults who are inactive jumped from 26 percent in 2010 to 31 percent in 2022. More alarmingly, this trend could endure in the coming years, with the World Health Organization projecting inactivity levels to reach 35 percent by 2030.⁴

Physical inactivity also presents an existential risk to the sporting goods industry. If levels continue to rise or even remain constant for younger generations, the market related to physical activity will decline. However, converting physically inactive segments is the biggest potential opportunity for the sporting goods industry. The global population that is currently not meeting WHO's recommended levels of physical activity totals 1.8 billion—an untapped market equivalent to twice the size of India's adult population.

The good news is that sporting goods companies have an opportunity to take targeted action to empower sedentary consumers to increase their physical activity levels. They could seek to remove barriers to physical activity for more sedentary segments, focusing on product innovation, marketing campaigns to raise awareness, and enhanced youth engagement. For example, Adidas's Stay in Play product line and Nike's

¹ WFSGI Sporting Goods Industry Executive Pulse Check, December 2024.

² WFSGI Sporting Goods Industry Executive Pulse Check, December 2024.

³ WFSGI Sporting Goods Industry Executive Pulse Check, December 2024.

⁴ Tessa Strain et al., "National, regional, and global trends in insufficient physical activity among adults from 2000 to 2022: a pooled analysis of 507 population-based surveys with 5·7 million participants," *Lancet Global Health*, August 2024, Volume 12, Number 8.

The global population that is currently not meeting WHO’s recommended levels of physical activity totals 1.8 billion—an untapped market equivalent to twice the size of India’s adult population.

modest wear line aim to address specific consumer barriers, while initiatives such as New Balance’s Run Your Way campaign and ASICS’s The Desk Break campaign raise awareness and promote physical activity. Shimano is collaborating with school bicycle clubs to teach children how to ride a bike and raise awareness about cycling.

Active lifestyle as identity

While physical inactivity has reached record levels around the world, there is also a consumer segment that is increasingly active. McKinsey’s latest survey of these active consumers in the sporting goods industry revealed an expanding gap in activity levels, with physically inactive and active cohorts drifting ever further apart.⁵ For those already engaged in activity, exercise has evolved from a casual pursuit into a linchpin of health regimens and a defining element of personal identity. This shift stretches beyond the decade-long athleisure trend, heralding a deeper transformation in which an active lifestyle has become a central touchstone for a growing share of consumers.

This trend presents an opportunity for sporting goods brands to develop products that meet the emotional and functional needs of active consumers and foster long-term loyalty. Understanding the deeper motivations behind consumer choices allows brands to create offerings that resonate on a personal level, enhancing product design and marketing strategies.

Market share reshuffle

Over the past decade, the sporting goods market has witnessed a proliferation of new entrants, including both general apparel players—which have strategically expanded their portfolios to feature activewear—and specialized players, each offering a tightly focused value proposition for segments such as running, yoga, cycling, or gym attire. This specialization has enabled challenger brands to tap more deeply into the identity of consumers that gravitate toward brands that feel more “for me” rather than “for anyone.” Coupled with declining barriers to entry, this specialization has fueled the rise of challenger brands. In a telling sign of industry realignment, these contenders have eclipsed large incumbents Adidas and Nike in revenue growth and hence market share gains. From 2019 to 2024, publicly traded challenger brands expanded at a faster rate than major incumbents; the two largest players ceded three percentage points of market share during this period.⁶

How have newer brands managed to expand their market share so rapidly? At a high level, they have focused on pursuing specific pockets of growth and expanding their reach in several ways: crafting a sharper value proposition, delivering visible innovation with platform potential, tapping into cultural marketing, and harnessing wholesale and selective retail.

⁵ McKinsey Sporting Goods Report Consumer Survey, December 2024 (total n = 3,606; active consumers n = 1,842).

⁶ Euromonitor International Apparel & Footwear 2025 Edition.

This dynamic raises a dilemma for ambitious brands: how best to continue their growth journey and increase market share while retaining the attributes that distinguished them in the marketplace. The report explores two potential archetypes for future growth: stand-alone brands built through successful growth recipes and houses of brands formed through acquisitions. To maintain their competitiveness, sporting goods executives would need to objectively assess their strengths and extend their reach.

Boom of blended live sports and entertainment

The industry is observing a resurgence of in-person fitness as well as live events. This dynamic presents opportunities for sporting goods companies to reassess their business models, marketing strategies, and customer outreach.

Consumers have flocked to in-person fitness options. The McKinsey Sporting Goods Report Consumer Survey found 81 percent of respondents attended in-person fitness classes in the past year—nearly two and a half times as many as those who used online fitness classes. Consumers choose in-person fitness classes to boost their motivation and consistency, to benefit from the group energy, and to increase their sense of community or belonging and meet new people.

After the isolation experienced during the COVID-19 pandemic, the past couple of years have seen a persistent surge in attendance for live events. McKinsey estimates the global live events ticketing market surpassed \$100 billion in 2023 and could reach \$150 billion by 2030. This thirst for live experiences has led to more venues blending sports, entertainment, and retail; new sports formats featuring competition and spectacle; and more sports-based content.

As consumers increasingly seek community-oriented fitness experiences with an entertainment angle, brands that can effectively combine in-person and digital offerings will be well-positioned to thrive. In addition, brands could capitalize on the intersection of sports and entertainment by partnering with other players or producing their own live events, creating unique opportunities for brand engagement and loyalty.



The past year has marked a period of recalibration for the sporting goods industry, with uneven recoveries and persistent challenges. Looking ahead, we believe the most successful brands will innovate to address shifting consumer demands, manage supply chain complexity, and streamline operations. Through efforts in these areas and a sharp focus on execution, the industry will be well placed to continue on its positive trajectory.

Sporting goods at a glance 2025

The *Sporting Goods 2025* report reviews the industry's latest developments and explores how different consumer attitudes toward sport are affecting the industry. This year, we are continuing to emphasize the alarming levels of physical inactivity globally—a problem that private and public stakeholders should strive to address.

1. Chase for elusive growth and rethinking of value chain

**Only
3 in 10**

sporting goods companies were able to deliver revenue growth and margin expansion since 2018.



Sporting goods players are adopting a dual agenda to work on their top and bottom lines as they face a softer market growth outlook and geopolitical uncertainty.

2. Physical inactivity as the biggest untapped market opportunity

31%

of adults globally are considered inactive, five percentage points higher than in 2010 and expected to increase to 35% by 2030.



Physical inactivity represents an untapped market opportunity of 1.8 billion people—double the size of India's adult population—the single largest growth potential.

3. Active lifestyle as identity

1 in 2

active consumers reported that fitness is a core element of their identity.

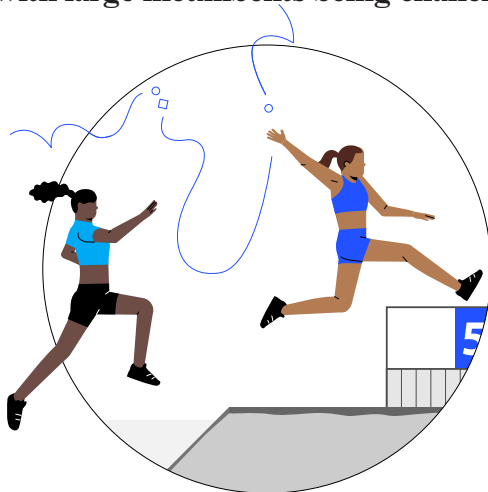


As physical activity is shifting from casual interest to a top priority for health and identity for consumers who are already active, sporting goods players need to sharpen their value proposition and connect with these consumers at an emotional level to be their brand of choice.

4. Market share upheaval with large incumbents being challenged to up their game

3%

of market share has been lost by large incumbents and captured by challenger brands between 2019 and 2024.



The battle for market share will likely intensify in 2025 as more challenger brands win by targeting specific growth pockets and expanding reach. Executives may need to rethink their approach to growth.

5. Boom of live sports and blurring lines with entertainment

\$150 billion

live-ticketing market size value is expected by 2030, up by \$50 billion compared with 2023.



Consumers' hunger for live experiences increasingly blurs boundaries between sports, retail, and entertainment, creating an opportunity for sporting goods players to boost loyalty and engagement and reach new consumers.

Being prepared for an uncertain world

Jack Daly, CEO, TRX

How tough was it for the industry to grow in 2024? How has TRX thrived during market challenges?

From an industry perspective, growth was challenging in 2024 because of a confluence of different trends. We're dealing with a post-COVID-19 hangover in which some consumers still work out at home while others have returned to the gym. This has caused capital to fluctuate and then pause as the industry tries to find its footing. Businesses are hunkering down because we don't know where the growth pockets will be. So the 2024 market was flat for the most part. Also, in a macroeconomic sense, the consumer hasn't been terribly healthy.

A few years ago, people had disposable income. Right now, they seem stressed, so they've tightened their belts. Our high value, low-cost products allow us to thrive in a cost-conscious market by enabling consumers to fit an entire gym in a bag with a TRX Suspension Trainer to do strength, cardio, mobility, yoga, and Pilates.

As a result, companies are creating partnerships versus launching new products. They're also making smart, fiscally conservative moves such as activating their brands. For example, with the TRX Training Summit, we gathered approximately a thousand people in Athens, Greece, for a two-day

workout event. Those are important types of activations for us because they drive excitement for the brand.

We've been fortunate to launch new products by leveraging strategic innovation. For example, in 2023, we acquired YBell, which makes a piece of fitness equipment that is a kettlebell, dumbbell, medicine ball, and push-up stand all in one accessory. We found a product that fits our ecosystem and brought it to the market. We're able to do this on the commercial side as well. For example, Orange Theory is launching YBell right now in its gyms. So we are finding growth not only through brand activations but also through innovative products.

The share of consumers who say that a fitness, wellness, or sports routine is part of their identity is growing every single year. What are you noticing about how consumers are associating with your brand?

I believe that health and wellness will become more important to people over the next five to ten years. There are

'A few years ago, people had disposable income. Right now, they seem stressed, so they've tightened their belts.'



Jack Daly is the owner and CEO of TRX, a leader in functional training equipment. In 2022, he partnered with TRX founder Randy Hetrick to reacquire the company and has since revitalized its brand. Prior to acquiring TRX, Jack was a partner at Goldman Sachs and then at TPG Capital, leading large private equity buyouts in the industrials and services sector.

three components propelling this trend. One is the general public deciding that health and wellness is important to them; the second is the general public becoming more fit; and the third is that people are learning more about healthy living through social media and podcasts. While I'm more focused on North America, I see this shift happening globally. Health, wellness, and fitness have become much more part of the culture not only in the US but also in Europe and Asia, while emerging in the Middle East. Young people are choosing to go to the gym and work out instead of going to a bar. And while the interest from younger people is growing quickly, so is the interest and participation from aging people. There's a 59-year-old Canadian woman, for example, who just posted the women's record for push-ups. So aging people are expecting to be able to stay fit and active, too.

Functional strength training has become more important to offset the muscle loss associated with increasingly popular GLP-1 treatments, which is a significant tailwind for TRX. People also want more than just fitness. They're doing hot and cold training, breath training, meditation, and nutrition services. There are gyms that cater a full suite of services for healthy living. We're seeing these trends becoming part of our global culture. Today's consumers are looking for something far beyond exercise—they want a lifestyle.

What exciting things have customers and trainers done with your brand in the past year? And how does social media play a role?

Let me start with social media, because it plays a crucial role in the relationship between the brand and the consumer right now. Through our millions of followers on our social media platforms, we encourage people to tag each other and talk about not only what they're doing with TRX gear but also innovative ideas for healthy living. For example, Pilates is a hot topic. Customers will post a side-by-side comparison of themselves using a suspension trainer to do their Pilates versus using a \$4,000 piece of equipment such as a reformer.

'Health, wellness, and fitness have become deeply ingrained in the culture—not only in the US, but also across Europe and Asia, and it is emerging in the Middle East as well.'

Our more than 300,000 certified trainers from around the world will also experiment with equipment and workouts and share their stories, which we'll repost. Our customers and trainers will activate our products and services in a cool, fun way, and then tell everybody about them.

We're in a very different world right now, but that's not necessarily specific to TRX. The entire industry is being shaped by these trends. Health and wellness has become a space where you can adopt whatever works for you. The amount of information out there, the accessibility, and the way people share their lifestyle—they're all making people say, "I didn't even know you could do that."

What's top of mind when it comes to supply chain management for you and your team?

We focus on achieving world-class performance on top KPIs such as on-time delivery. Our supply chain was troubled when we acquired TRX in 2022. Top of mind for our supply chain was fixing what we had and rebuilding it, so we gathered great talent from top brands for their global warehousing and supply chain experience. We moved our inventory into world-class facilities with the right systems and controls in place. We've gone from a mom-and-pop supply chain to one that is robust with enviable metrics by any measure. It's become a competitive weapon for us because it delivers our products on time.

We also looked at where we are sourcing our goods from. There are big-picture

and global security issues to consider, which, over the next couple years, might affect tariffs, ocean rates, or planning routes. When encountering local geopolitical headwinds, you need to think strategically about the way you work with ports and, for example, lock up capacity by going into other ports before any problems start. That way, if you have to pivot, you're prepared. However, in that kind of situation, many companies have taken the products that are available but then suffer from delays and incomplete shipments. If you're doing things the right way, when that port shuts down, you're already diverted to another port, or you've already bulked up on inventory. That's what I mean about being prepared, because the supply chain is, at its core, an uncertain world.

Comments and opinions expressed by interviewees are their own and do not represent or reflect the opinions, policies, or positions of McKinsey & Company or have its endorsement.

Chasing elusive growth and rethinking the value chain





In 2024, sporting goods executives had the unenviable task of adapting business strategy to balance often conflicting trends. Softening growth, increasingly discerning consumers, geopolitical tensions, and sustainability commitments all shaped the landscape. Despite these challenges, some companies charted a hard-won path to growth.

Key insights

- 1. Softer growth outlook:** The sporting goods industry saw an annual growth rate of 7 percent from 2021 to 2024, down from 8 percent prepandemic. Projected growth is expected to soften further to 6 percent annually from 2024 to 2029, driven by slower growth in key regions. Overall, consumer behavior has shifted toward more cautious spending, with a preference for value products and essential purchases.
- 2. Dual challenges on the top and bottom lines:** In response to economic challenges and consumer caution observed in 2024, executives plan to balance efforts between revenue growth and productivity improvements in 2025.
- 3. Geopolitical uncertainty and potential tariff increases:** Heightened geopolitical uncertainties and potential tariff increases pose significant risks for 2025, necessitating strategic adaptations in supply chain management.
- 4. Slowed sustainability progress:** Slowing progress on sustainability commitments highlights the need for renewed focus on sustainable product design, sourcing, and manufacturing practices.

Executive priorities

- 1. Adapt to cautious consumer behavior:** Address cautious consumer spending by offering value-driven products and maintaining flexibility in pricing and retail strategies to retain consumer loyalty and capture discretionary spending in key categories.
- 2. Balance revenue and productivity:** Focus equally on growing revenues and improving productivity to navigate the softer growth outlook, leveraging strategies that enhance both top- and bottom-line performance.
- 3. Mitigate geopolitical risks:** Accelerate efforts to derisk and diversify supply chains in response to geopolitical uncertainties, including potential tariff increases. This involves exploring alternative sourcing regions, investing in local manufacturing capabilities, and building strategic partnerships to ensure supply chain resilience.
- 4. Implement high-impact carbon reduction measures:** Focus on high-impact, cost-effective sustainability measures to reduce carbon intensity using the abatement cost curve logic.

Softer growth outlook and dual challenges on the top and bottom lines

Over the past year, sporting goods players responded to slower growth by following a dual agenda of improving both the top and bottom lines. On the revenue side, the global industry's growth rate softened to 7 percent annually from 2021 to 2024, a percentage point lower than during the prepandemic era of 2017 to 2019 (Exhibit 1). Estimates suggest the outlook for 2024 to 2029 could be even softer—about 6 percent

a year—because of reduced growth in Asia–Pacific, Western Europe, and Latin America.¹ Despite these mixed prospects, 44 percent of sporting goods executives feel optimistic or rather optimistic about the industry in 2025, and approximately 40 percent were neutral.²

How did companies fare in this challenging environment? Our analysis found leaders—those able to excel in both revenue and productivity—were the exception. In fact, since 2018, just three in ten publicly traded sporting goods companies outpaced the market on revenue growth

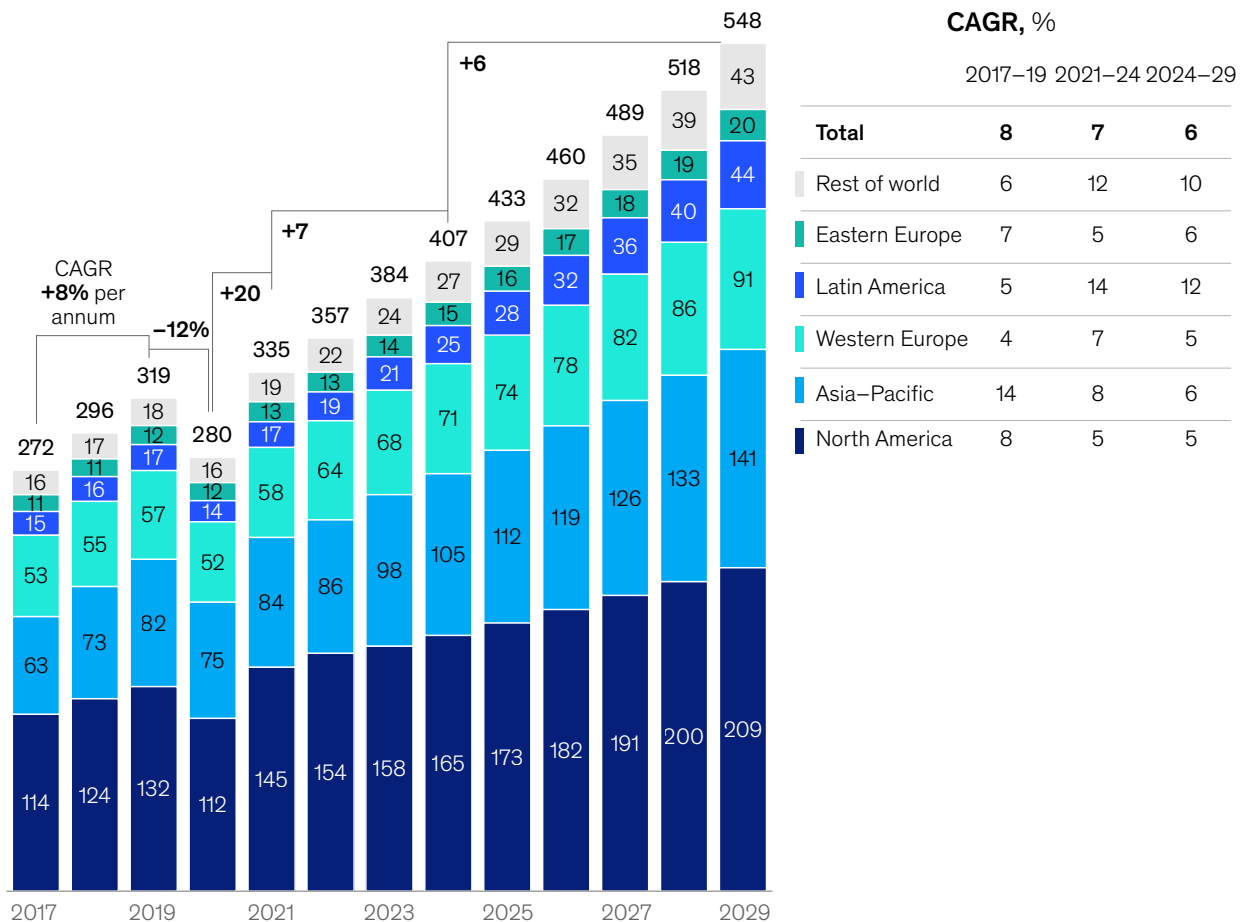
while increasing margins (Exhibit 2). At the other end of the scale, one in three companies trailed the market on growth and experienced shrinking margins.

Looking ahead to the rest of 2025, 50 percent of sporting goods executives plan to focus on raising revenues and improving productivity simultaneously.³ About one-quarter of respondents said they would emphasize the top line, while the remaining one-quarter reported that they are prioritizing improved productivity.⁴

Exhibit 1

The sporting goods industry growth outlook is expected to soften to about 6 percent per annum from 2024 to 2029.

Global sportswear market, retail sales price value, \$ billion



Note: Figures may not sum to 100%, because of rounding. Constant foreign exchange rates. "Rest of world" includes Africa, Australia, the Middle East, and New Zealand.

Source: Euromonitor International Apparel & Footwear 2025 Edition

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¹ Euromonitor International Apparel & Footwear 2025 Edition.

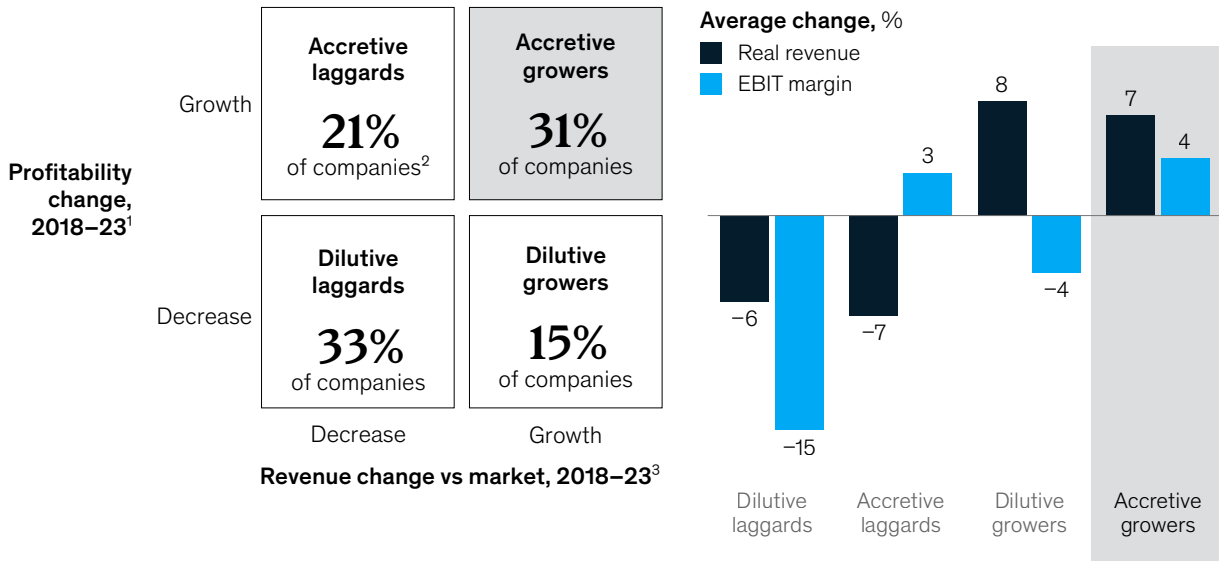
² McKinsey & WFSGI Sporting Goods Industry Report Survey, December 2024, n = 50.

³ McKinsey & WFSGI Sporting Goods Industry Report Survey, December 2024, n = 50.

⁴ McKinsey & WFSGI Sporting Goods Industry Report Survey, December 2024, n = 50.

Only three in ten sporting goods players delivered both revenue growth above market growth rate and margin expansion since 2018.

Change in profitability, average revenue, and margin, by archetype



¹EBIT.

²Publicly traded companies.

³Growers are defined as companies growing revenue faster than the market—ie, at least 5.8% real organic revenue CAGR in 2018–23 (average of global sporting goods players' growth in sample).

Source: Corporate Performance Analytics by McKinsey, data download of Nov 12, 2024; S&P Global; McKinsey analysis; n = 39

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Cautious consumers trading down and purchasing more thoughtfully

Although inflation has recently been falling, its specter still looms large for sporting goods companies and consumers. Two in three executives worry about the lasting impact of inflation on demand.⁵ While consumer confidence is slowly recovering from the decline of 2022, shoppers

remain cautious about their spending and are prioritizing nondiscretionary items (Exhibit 3). The McKinsey Consumer Sentiment Survey found that 25 percent of EU respondents are pessimistic, and 51 percent have mixed feelings about their country's economic conditions.⁶

This sentiment isn't markedly better across the Atlantic. Slightly more than half of US consumers remain wary of

inflation's effects despite its decline. Inflation remains the top concern, prompting consumers to trade down, reduce quantities, or delay purchases.⁷

Economic concerns are also causing consumers to reevaluate where to buy sporting goods. More than eight in ten consumers consider multiple retailers before purchasing. In addition, they are increasingly trading down and shifting

'Looking ahead to 2025, the industry will focus on driving top-line and bottom-line growth, as focusing just on one of the two will not be enough.'

– Celine Del Genes, global chief customer officer, Decathlon

⁵ WFSGI Sporting Goods Industry Executive Pulse Check, December 2024, n = 50.

⁶ Jessica Moulton, Fleur Porter, Gizem Ozelik, and Nadya Snezhkova, "An update on European consumer sentiment: As pessimism grows, what happens to holiday spending?," McKinsey, December 12, 2024.

⁷ Becca Coggins, Christina Adams, and Kari Alldredge, "An update on US consumer sentiment: A boost in optimism amid the holiday spending season," McKinsey, December 11, 2024.

to lower-price retailers or discounters—suggesting a decreased overall level of loyalty toward sporting goods retailers.⁸

Some categories are expected to be more resilient in the face of inflation. For example, apparel and footwear, including sportswear, are among the top five categories in which EU and US consumers, particularly Gen Zers and millennials, report an intent to splurge.⁹

Geopolitical uncertainty and potential tariff increases

The industry has another challenge on the horizon: 84 percent of sporting goods executives expressed concern about the impact of the geopolitical environment on their business.¹⁰

Global trade demonstrated resilience over the past year in the face of geopolitical tensions around the world. According to UNCTAD, it is estimated to have increased by 3.3 percent to a

record \$33 trillion in 2024.¹¹ However, the outlook for the coming year is clouded by the potential of escalating trade wars, international policy shifts, and continued geopolitical conflicts.

Potential tariff increases this year could have a significant impact on the sporting goods industry, particularly in terms of pricing and supply chain management. In addition, consumer spending may be affected even further, especially in discretionary categories such as sporting goods.

Companies can prepare by accelerating efforts to derisk and diversify their supply chains. For example, they could review their supply chain footprints and inventory management practices as well as boost efficiency through increased automation and digitalization.

Slowed sustainability progress

Environmental, social, and governance (ESG) factors and sustainability

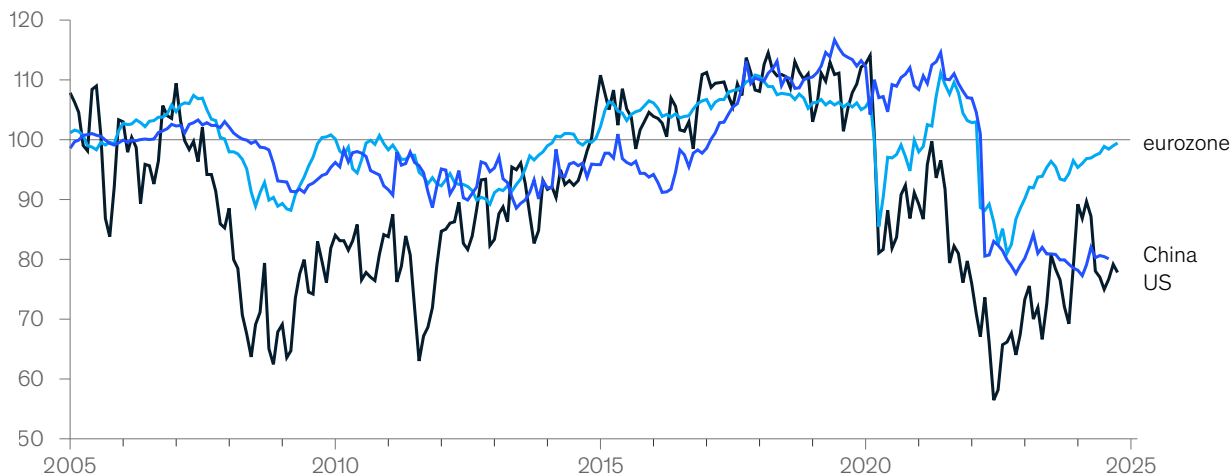
remain priorities for sporting goods companies, but external factors and business considerations are forcing executives to make difficult trade-offs leading to a lower priority compared with last year. For 2025, half of surveyed sporting goods executives stated that sustainability is a priority for their company—down from approximately two-thirds the previous year.¹² Further, 44 percent acknowledge the importance of sustainability but are currently focusing on other business initiatives, an increase of 11 percentage points from 2023.¹³ The reality is that sporting goods companies often have to balance short-term factors such as inflation, inventory levels, and cost of capital with long-term sustainability goals.

Consumers are similarly conflicted. According to McKinsey's research and analysis for *State of Retail 2024—Europe*, just one in three respondents pay attention to the sustainability of the

Exhibit 3

Consumer sentiment continued to strengthen toward the end of 2024 but remains cautious.

Consumer confidence, index (2005 = 100)



Note: Chart reflects data through Aug 2024 for China and Oct 2024 for eurozone and the US. Source: Eurostat; NBS; University of Michigan; McKinsey analysis

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⁸ Becca Coggins, Christina Adams, and Kari Alldredge, "An update on US consumer sentiment: A boost in optimism amid the holiday spending season," McKinsey, December 11, 2024.

⁹ Jessica Moulton, Fleur Porter, Gizem Ozcelik, and Nadya Snezhkova, "An update on European consumer sentiment: As pessimism grows, what happens to holiday spending?," McKinsey, December 12, 2024; Becca Coggins, Christina Adams, and Kari Alldredge, "An update on US consumer sentiment: A boost in optimism amid the holiday spending season," McKinsey, December 11, 2024.

¹⁰ McKinsey & WFSGI Sporting Goods Industry Report Survey, December 2024, n = 50.

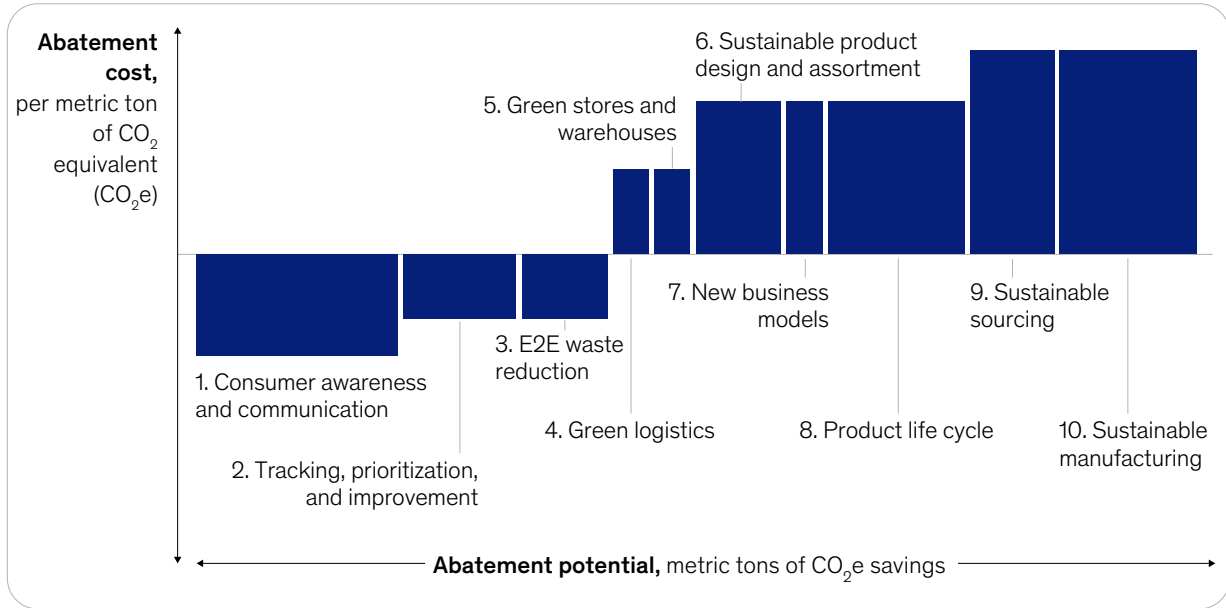
¹¹ Global trade update, UN Trade and Development (UNCTAD), December 2024.

¹² McKinsey & WFSGI Sporting Goods Industry Report Survey, December 2024, n = 50.

¹³ McKinsey & WFSGI Sporting Goods Industry Report Survey, December 2024, n = 50.

We have identified ten impact areas along the abatement curve for sporting goods companies to prioritize sustainability actions.

Set of levers to drive CO₂ reduction, illustration based on estimates



Note: A marginal abatement cost curve presents the costs or savings expected from different opportunities, alongside the potential volume of emissions that could be reduced if implemented.
 Source: Sabine Becker, Gemma D'Auria, Sajal Kohli, and Alexander Thiel, *Sporting Goods 2024: Time to move*, WFSGI and McKinsey, January 30, 2024

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sporting goods products they purchase.¹⁴ This finding is in line with other categories, such as furniture, beauty and personal care, and consumer electronics products.

Despite these complications, sporting goods companies have kept their commitments to net-zero targets, although their progress shows signs of slowing. Overall, 52 percent of surveyed companies have set CO₂ reduction targets, and 22 percent are in the midst of discussions and plan to announce their targets within the next year.¹⁵

Companies are adopting comprehensive strategies to address environmental impact and reduce CO₂ emissions—recognizing sustainability as a critical lever for long-term business success and environmental stewardship. Last year's edition of this report highlighted ten levers sporting

goods executives could pull to reach net-zero emissions by 2050 (Exhibit 4).¹⁶

For this report, we surveyed sporting goods executives to understand which levers they have focused on. According to the survey, the main CO₂ reduction levers for 70 percent of executives were sustainable product design and assortment and sustainable sourcing.¹⁷ Additionally, 60 percent of respondents are concentrating on sustainable manufacturing practices.¹⁸ Approximately 55 percent are focusing on the tracking, prioritization, and operational improvements for emission reductions, as well as adapting the product life cycle to enable circularity.¹⁹

These insights underscore the industry's commitment to integrating sustainability into various facets of their operations, reflecting a holistic approach to reducing

environmental impact and achieving long-term business goals.

In the following chapters, we delve into further key themes shaping executive agendas in the coming year. We explore the untapped market potential of addressing physical inactivity, the subset of active consumers who further embrace an active lifestyle as part of their identity, the competitive dynamics reshaping market share, and the trends influencing the industry, including the resurgence of in-person fitness and the growing demand for live experiences. Each theme presents unique opportunities and challenges, offering valuable insights for industry leaders seeking to navigate the future landscape successfully.

¹⁴ "European nongrocery retail: Transition and transformation," McKinsey, November 28, 2024.
¹⁵ WFSGI Sporting Goods Industry Executive Pulse Check, December 2024, n = 50.
¹⁶ Sabine Becker, Gemma D'Auria, Sajal Kohli, and Alexander Thiel, *Sporting Goods 2024: Time to move*, WFSGI and McKinsey, January 30, 2024.
¹⁷ WFSGI Sporting Goods Industry Executive Pulse Check, December 2024, n = 50.
¹⁸ WFSGI Sporting Goods Industry Executive Pulse Check, December 2024, n = 50.
¹⁹ WFSGI Sporting Goods Industry Executive Pulse Check, December 2024, n = 50.

Innovation in manufacturing

Charles Yang, CEO, Victory Group

What surprised you most about 2024, and what were the biggest challenges Victory Group faced?

We manufacture shoes for multiple brands, and some of the brands that had a big downturn in 2023 surged in demand in 2024. We ended up reopening a facility we closed in 2023 and rehiring its workers so we could rush to meet demand.

Now we can see the competition intensifying among the brands we serve. New sporting goods brands that offer more-innovative products with competitive pricing are coming to the market. So existing brands are trying to defend their turf.

A lot of big brands moved to where they manufacture their products. We saw a surge of companies going into Indonesia and India. So the challenge down the road may be that there will be a huge overbuild in capacity if competition among sporting goods brands

‘We are focusing on automation and digitalization to augment direct workers’ skills.’

intensifies and the market does not grow as expected.

Why is this overbuild occurring?

For footwear or any sporting goods manufacturers, it takes time to build our capacity in one country. It took us four to five years to build up our operations in Vietnam. When we enter a new country, we need to get to know the local infrastructure, local labor laws, and regulations or environmental protections.

We also have to prebuild our capacities before we can work with major

brands and receive more orders. The conventional wisdom was to build capacities once we saw the orders coming in, but because the competition among brands and among manufacturers is intensifying, whoever builds capacity first will get the orders.

A lot of sporting goods brands have overbuilt in Vietnam; 60 or 70 percent of their total orders placed are manufactured in Vietnam. And many other industries are moving their manufacturing there because of Vietnam’s duty-free status with European countries. This also means they’re competing for the same labor pool, so labor costs are driven higher. A lot of brands are now trying to diversify that risk by sending their manufacturers to India or Indonesia.

How are Victory Group and other sporting goods manufacturers preparing to navigate supply chain challenges in 2025?

We are focused on enhancing productivity and quality. We are also diversifying into Indonesia to alleviate the risk of being too concentrated in Vietnam.

Like a lot of manufacturers, we are focusing on automation and digitalization

Charles Yang is CEO of Victory Group, a shoe manufacturer that develops products for several major brands, including Under Armour, Speedo, Crocs, and Skechers. Yang has endeavored to help Victory Group push innovations that help make its supply chain more resilient and circular.



to augment direct workers' skills and help with the labor shortage as well as make sure that all the information across the supply chain is clearly documented and can be transferred to our customers and suppliers to avoid communication disruptions. Lean manufacturing has been key in the manufacturing industry, so we'll be focusing on that as well, especially when we are adopting automation solutions.

Many companies have made ESG and sustainability commitments. What is required from sportswear companies to increase recycling and reduce carbon intensity?

It takes a lot of cooperation across the entire supply chain, from the brand to the manufacturer to the tier-two and tier-three suppliers. The manufacturing industry is quite fragmented. For example, you might have a footwear factory serving different brands and a material supplier supplying different brands and factories. Tracking the footprint of a product is complex, and manufacturers will have to figure out which data they can use and how to create a common platform among their suppliers.

They will also have to figure out how to properly recycle their products. For footwear, for example, you have the upper part of the shoe and the sole, which are glued together. Now we'll have to figure out how to take them apart and de-manufacture things to recycle them properly.

Apparel is easier to recycle and resell than footwear. You can't resell footwear in the same way, especially after it's been worn for several years. A large part of circularity in footwear is in the

disassembly process to separate the parts of a shoe, which will be the biggest challenge because it will require big investments.

What ESG priorities are you seeing brands demand?

Most of the demands are centered on tracking the data as well as making sure that the materials are recycled or can be recycled. There's an initiative called Made to be Remade that is trying to improve recyclability, which requires us to register all the information needed about a product to trace it. More brands are encouraging us to use recycled or green materials, even though they may have to pay more. So on our end, we're focusing mostly on the information tracking aspect of this to source materials.

How can brands progress toward becoming net zero while still addressing other priorities in their business?

Building a common platform on which brands can share data and best practices among manufacturers or brands is important. The cost of maintaining ESG compliance is very high, so if there is some sort of central hub of information that manufacturers and brands can use to learn from, then brands can work together to achieve their goals more easily.

How can the footwear manufacturing industry drive innovation across the value chain?

If we can learn from other industries, such as the auto parts industry, to see how they manage their supply chains and handle, say, used tires and other

recyclable materials, we can apply those techniques to our innovations.

We are also looking at other innovations, such as 3D printing, to use in manufacturing. For example, we could blend recycled materials into 3D printing compounds and make that a means of building products.

Another part of the innovation may come from materials as we try to get away from using petrol-based materials. For example, color selections often become limited when you use recycled materials, which limits the function of the product, so we can find ways to make recycled products beautiful and eye-catching.

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‘We are focusing on automation and digitalization to augment direct workers’ skills.’



Physical inactivity as the biggest untapped market opportunity



Despite the significant and proven benefits of activity, physical inactivity has reached record levels around the world, with 31 percent of adults not meeting recommended activity levels.²⁰ More alarming, this trend appears set to persist and even accelerate in the coming years. The good news is that sporting goods brands have an opportunity to take targeted action to empower sedentary consumers to increase their physical activity levels.

Key insights

- 1. Rising inactivity levels:** 31 percent of adults globally are considered inactive, and the share is projected to increase to 35 percent by 2030, posing significant health, economic, and sustainability risks.
- 2. Untapped market potential:** With 1.8 billion adults—twice the size of India’s adult population—not meeting the World Health Organization’s activity recommendations, physical inactivity presents a massive opportunity for the sporting goods industry.
- 3. Significant intersectoral collaboration needed:** While the sporting goods industry—with its knowledge, resources, and access to consumers—is well positioned to transform global physical activity, the challenge is far broader and calls for governments, educational institutions, employers, and healthcare professionals to further step up and collaborate.

Executive priorities

- 1. Innovate to remove barriers:** Develop products that address specific consumer barriers to physical activity, such as Adidas’s Stay in Play line and Nike’s modest wear.
- 2. Campaign and market to raise awareness:** Use marketing campaigns to promote inclusivity and the benefits of physical activity, similar to New Balance’s Run Your Way and ASICS’s Desk Break.
- 3. Enhance youth engagement:** Support youth and broader community engagement through coaching programs, sports camps and trainings, and accessible equipment to foster a more active lifestyle. Examples include Pentland’s Speedo Swim United initiative and Shimano’s school bicycle program.

²⁰ “Physical activity,” World Health Organization, June 26, 2024.

The wide-ranging benefits of physical activity

The World Health Organization (WHO) defines physical activity as any bodily movement produced by skeletal muscles that requires energy expenditure—such as walking, dancing, cycling, and playing sports. To maintain good health, WHO recommends a minimum of 60 minutes of moderate to vigorous physical activity a day for children and youth and at least 150 minutes of moderate-intensity physical activity a week for adults.²¹

Engaging in physical activity on a consistent basis has benefits in several areas:

Overall health and quality of life. Regular physical activity can avert preventable diseases such as heart disease, stroke, cancer, and type 2 diabetes—all of which can cause premature death. It also helps people manage chronic conditions, improving quality of life as well as reducing the risk of being overweight or obese. In addition, physical activity can help people lower their levels of anxiety, depression, and stress.

Workforce and productivity. Healthier workers are more productive, generate more income taxes, and need less long-term sick leave. The OECD found that companies with workplace health

programs tackling sedentary behavior can achieve a fourfold return on their investment.²²

Sustainability. Shifting transportation and mobility toward more physical activity, including walking and cycling, can provide a dual benefit: improving community health while reducing environmental impact through lower carbon emissions and better air quality.

Rising levels of physical inactivity around the globe

Despite these benefits, physical inactivity continues to rise, and it cannot be explained as a temporary setback or spike in inactivity associated with the COVID-19 pandemic. Global physical inactivity in adults jumped from 26 percent in 2010 to 31 percent in 2022 (Exhibit 5).²³ WHO projects that inactivity levels could reach 35 percent by 2030.²⁴

In addition, 81 percent of youth (adolescents aged 11 to 17 years) do not engage in enough regular physical activity to maintain good health—a potential warning sign of higher levels of inactivity in the future. The youth of today will be the parents of tomorrow, and their sedentary lifestyles could serve as a poor example for their children.

81%

of youth (adolescents aged 11 to 17 years) do not engage in enough regular physical activity to maintain good health.

The global population that is currently not meeting WHO's recommended levels of physical activity totals 1.8 billion people—an untapped market opportunity equivalent to twice the size of India's adult population.

²¹ "Physical activity," WHO, June 26, 2024.

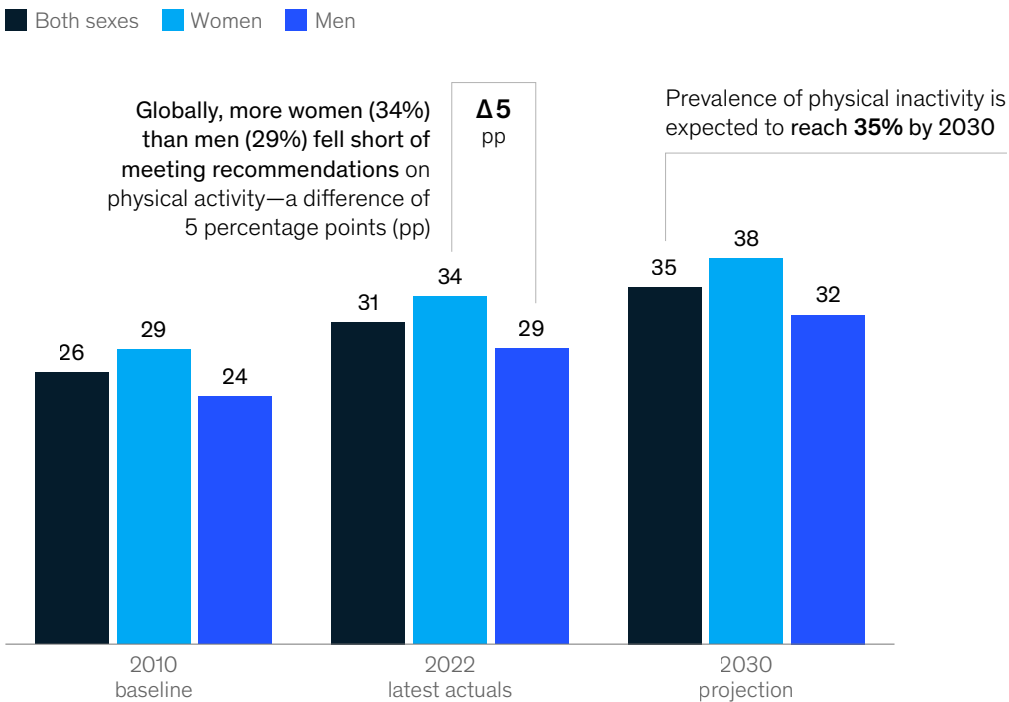
²² *Promoting health and well-being at work: Policy and practices*, OECD Health Policy Studies, November 22, 2022.

²³ Tessa Strain et al., "National, regional, and global trends in insufficient physical activity among adults from 2000 to 2022: A pooled analysis of 507 population-based surveys with 5.7 million participants," *Lancet Global Health*, August 2024, Volume 12, Number 8.

²⁴ Tessa Strain et al., "National, regional, and global trends in insufficient physical activity among adults from 2000 to 2022: A pooled analysis of 507 population-based surveys with 5.7 million participants," *Lancet Global Health*, August 2024, Volume 12, Number 8.

Physical inactivity continues to rise, and it is not a temporary setback or a spike in inactivity associated with the pandemic.

Global prevalence of physical inactivity, %



Source: Tessa Strain et al., "National, regional, and global trends in insufficient physical activity among adults from 2000 to 2022: A pooled analysis of 507 population-based surveys with 5.7 million participants," *Lancet Global Health*, Aug 2024, Volume 12, Number 8

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Hence, fostering a more active lifestyle among today's youth is essential to prevent further decline.

The price tag of inaction is significant. According to WHO estimates, current physical inactivity levels could cause 500 million new cases of preventable health conditions by 2030, translating to a cost of \$300 billion to public healthcare systems globally.²⁵ As a result, funding that could be spent on preventive measures to reduce physical inactivity would instead go to managing and treating chronic conditions.

Physical inactivity also presents an existential risk to the sporting goods

industry. If the younger generation does not become more active, the market related to physical activity will decline. At the same time, people who are physically inactive represent the biggest untapped market for the sporting goods industry. The global population that is currently not meeting WHO's recommended levels of physical activity totals 1.8 billion people—an untapped market opportunity equivalent to twice the size of India's adult population.²⁶

Physical inactivity among adults varies by country and is influenced by socioeconomic factors, lifestyle, and policy initiatives:

Gender. Since women (34 percent inactive) are less active compared with men (29 percent inactive), increasing women's activity levels could have a multiplier effect. Consider that women are expected to control 75 percent of purchasing decisions by 2028, especially when it comes to discretionary spending such as sporting goods.²⁷ They often purchase not only for themselves but also for their children, partners, or elderly family members.

Geography. Physical inactivity varies by geography, with the highest levels observed in the eastern Mediterranean

²⁵ "Physical activity," WHO, June 26, 2024.

²⁶ "Nearly 1.8 billion adults at risk of disease from not doing enough physical activity," WHO, June 26, 2024.

²⁷ Sandy Carter, "Who runs the world? Women control 85% of purchases, 29% of STEM roles," *Forbes*, March 7, 2024.

and Southeast Asia regions (ranging from 40 to 48 percent).²⁸ As these regions become economic powerhouses with higher disposable incomes, establishing sports participation and activity as a desirable lifestyle will be critical.

Age. Physical inactivity rises rapidly at age 60 and above, a trend that poses a substantial challenge in a world with an aging population. At the same time, 81 percent of young people (aged 11 to 17 years) do not engage in enough regular physical activity to maintain good health—a potential warning sign of higher levels of inactivity in the future.

How brands can help reverse the trajectory

Sporting goods companies could unlock a substantial opportunity by removing barriers to physical activity for more sedentary consumers. Three approaches hold promise, and some brands have already gotten started.

1. Innovate to remove barriers: Gear the product innovation engine to address specific consumer barriers

Brands have an opportunity to mobilize consumer segments that may have been overlooked or underserved in the past. One strategy is to develop products that directly address the needs of

specific segments. Adidas, for example, developed the Stay in Play product line to help women stay active. Products include period-proof tights, maternity bras, and trainers tailored to female foot characteristics. Similarly, Nike launched a line of modest clothing designs, including a swim hijab, to enable women to participate in sports activities while respecting cultural and religious customs.

2. Raise awareness: Employ marketing and campaigns to change perceptions and attract consumers to activity

Directly targeting consumer segments that may be hesitant to become more active has proved effective. New Balance, for example, launched a cross-platform marketing campaign, Run Your Way, that positions running as an inclusive sport while raising consumers' awareness of, and conversion to, the New Balance brand. For example, followers of @newbalancerunning on Instagram grew 34 percent in 2024.²⁹ ASICS's Desk Break campaign encourages people to step away from their desks and move to support their mental health. It has garnered more than 50 million views, reaching in excess of two billion people through media channels and leading thousands of workers around the world to take a #DeskBreak on World Mental Health Day.³⁰

3. Enhance youth engagement: Improve access through coaching support and community activation

Increasing youth participation is critical to improving physical activity levels. Several sporting goods companies have employed their knowledge and resources to improve accessibility.

Adidas runs the Breaking Barriers Academy, a free, online gender-equity training program for coaches and physical education teachers. The academy aims to increase the chances that youth will have early positive experiences, which can translate into ongoing physical activity. To date, 1,500 users have engaged with the academy, and the numbers continue to rise.³¹

Nike has teamed up with Dove, the personal-care brand owned by Unilever, to give coaches tools to build confidence in girls, addressing one of the main reasons girls drop out of sports at a rate six times that of boys. Body Confident Sport is a first-of-its-kind, evidence-based set of coaching tools that use sports to help build body confidence in girls ages 11 to 17. It is currently available in seven languages. Since its digital platform launched about 12 months ago, 115,000 coaches have used it, with more than 12,000 coaches trained digitally or in person.³²

Sporting goods companies could unlock a substantial opportunity by removing barriers to physical activity for more sedentary consumers.

²⁸ *Global levels of physical inactivity in adults: Off track for 2030*, WHO, 2024.

²⁹ New Balance via WFSGI, January 2025.

³⁰ ASICS via WFSGI, January 2025.

³¹ Adidas via WFSGI, January 2025.

³² Dove and Nike via WFSGI, January 2025.

Pentland's Speedo Swim United initiative has launched two pilot programs in the United Kingdom to teach children to swim. One offers intensive swim lessons in local pools, and the other provides lessons in pop-up pools brought to schools. The school-based program had 742 students participate in three weeks, and 36 percent of children who couldn't swim before the program were able to swim 25 meters upon completion.³³

Shimano is collaborating with school bicycle clubs to teach children how to ride bikes, raise awareness about cycling, and spread this awareness to extended families through the children. The company provides bicycles for training sessions, spare parts, tools for repair and maintenance, and helmets. The Pedalanka Bicycle School collaboration in Izmir, Turkey, trained more than 3,200 people over the past three years.³⁴

The sporting goods industry is well positioned to play its part in transforming global physical activity. It has in-depth knowledge of consumer behaviors,

wields powerful influence across many sections of society, commits significant investment, and, perhaps most important, has a direct incentive to foster a more active population. In June 2024, private sector sporting goods and fitness industries came together to sign a joint statement calling for urgent, coordinated action to address the growing physical inactivity crisis. The statement was signed by leading sporting goods players and members of WFSGI as well as other sporting goods, retail, and health and fitness federations. WFSGI continues to play an important role in aligning the sporting goods industry to tackle physical inactivity.³⁵ The industry is already taking the lead on this issue, using its global platform and powerful collective voice to raise awareness—for example, at the World Economic Forum's Annual Meeting in Davos.

But the challenge is too large for the industry to tackle alone. Increasing physical activity will require governments, educational institutions, employers, and healthcare professionals to further step up with significant intersectoral collaboration.

³³ Pentland Brands via WFSGI, January 2025.

³⁴ Shimano via WFSGI, January 2025.

³⁵ *Adult physical inactivity levels reach all-time high*, WFSGI, June 26, 2024.

Active lifestyle as a value and an identity

Rachel Acheson, SVP of enterprise strategy and futures innovation, Lululemon

Given the evolution of the athleisure market, where are companies focusing for growth?

Over the past 25 years, we've moved from creating the market to developing and expanding it. Now, brands are in a new phase, where they need to think about fighting commoditization—or rather, how to position against it. Meanwhile, consumers are reassessing their discretionary spending. People have a lot of choices, so companies have to deliver products that consumers want and that are the best quality.

The market's growth and composition are forcing players to redefine their offerings. When it comes to brand strategy, it's important to distinguish between premium and luxury. Premium goods have a higher price because you're getting more utility and function. Luxury products have a

higher price because of the brand and the impression and feeling its goods confer to consumers.

Lululemon has historically been a combination of those two things in our own way. We believe we command a price premium because our products are better. At the same time, we represent an active lifestyle that is aspirational for many consumers.

We could deconstruct our products and put them back together with the same attributes and utility, and we're still creating an incremental willingness to pay among consumers. That's driven by the brand. I think it's the combination of honing our purpose and having a distinct point of view that elevates people. Making products that no other brand offers or has conceived of reinforces Lululemon's promise. If more people come into the

market and we are the best product, we will disproportionately take market share and grow as a result.

How are you balancing the pursuit of growth with profitability in times of cost inflation?

Lululemon is at its best when it is on its front foot, so we embrace a dual agenda. The future is created through growth, but you have to have an eye on margins. Stakeholders want both, so it's about making trade-offs. On the first point, we are a growth-driven company. The market rewards growth, and we hire people who thrive in growth and are rewarded for it.

Yet we obviously value the bottom line. Emphasizing productivity, especially in an uncertain economic environment, is critical. The key is to be relentlessly efficient across the organization where you can be. Spending should be focused

‘Today, an active lifestyle is an element of identity. Your ability, performance levels, choice of activity, and health become an indicator of who you are and what you value—more than the car you drive, where you live, or the phone you have.’

‘In recent years, society has increasingly prioritized health and well-being, primarily by enhancing mindfulness, stress relief, and athletic performance.’



Rachel Acheson is the senior vice president of enterprise strategy and futures innovation at Lululemon, a leading athletic apparel company known for its commitment to elevating human potential through the power of movement. At Lululemon, Rachel spearheads strategic initiatives and innovative futures, driving the brand’s mission to inspire and enable people to live their best lives.

on innovation and creativity, which will deliver the growth. However, there are only so many years you can cut only costs. Personally, I am more focused on growth because if you grow revenues with an efficiently running business, it will reflect positively on your profit.

How has consumer interest in an active lifestyle informed your engagement strategy?

Today, an active lifestyle is an element of identity. Your ability, performance levels, choice of activity, and health become an indicator of who you are and what you value—more than the car you drive, where you live, or the phone you have.

At Lululemon, our purpose is universally relevant. Who doesn’t want to feel their best all the time? That translates to all facets of life. Whatever your activity—whether it is being a parent or sitting on a board or running a marathon—feeling your best is aspirational.

For brands, it is an opportunity to connect with the customer on an emotional level—in part by promoting all the values, principles, and attributes that are wrapped up in products and what they enable consumers to do. It is not only about functionality and how one looks in a product; it is ultimately about how a product makes you feel.

The age of GLP-1 is changing the nature of health and well-being. How do you see the industry adapting?

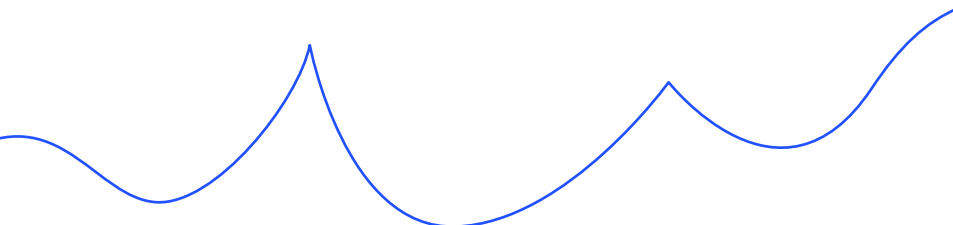
In recent years, society has increasingly prioritized health and well-being, primarily by enhancing mindfulness, stress relief, and athletic performance. Traditionally, yoga has been one of the most effective tools for achieving these goals. GLP-1 represents a potential shift; it essentially gives the world a way to improve their physical appearance and lose weight or address other dimensions of well-being. We at Lululemon believe in physical, emotional, and social health

and well-being—critical dimensions that we will remain committed to so that they can coexist with the prioritization of weight loss.

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Active lifestyle as identity





While physical inactivity has reached record levels around the world, there is also a consumer segment that is increasingly active. McKinsey's latest survey of these active consumers in the sporting goods industry revealed an expanding gap in activity levels, with physically inactive and active cohorts drifting ever further apart.³⁶ For those already engaged in activity, exercise has evolved from a casual pursuit into a linchpin of health regimens and a defining element of personal identity. This shift stretches beyond the decade-long athleisure trend, heralding a deeper transformation in which an active lifestyle has become a central touchstone for a growing share of consumers.

Key insights

- 1. Widening activity gap:** The gap between physically active and inactive people is growing. While 31 percent of adults are inactive, one-third of those who are active are exercising more regularly than one year ago.
- 2. Increasing cultural relevance of fitness as core identity:** Health, wellness, and fitness have become integral to consumers' lifestyles globally, with almost one in two active consumers and a significant portion of Gen Zers and millennials viewing fitness as their core identity.
- 3. Growing number of 'super active' consumers:** Active consumers are becoming more active, with one in four exercising six or seven times a week.

Executive priorities

- 1. Enhance product design and marketing:** Develop products that meet the emotional and functional needs of active consumers, emphasizing both technical benefits and lifestyle alignment.
- 2. Foster brand–consumer connection:** Create deep personal connections with consumers by aligning brand values with their active lifestyles and engaging with communities to build loyalty.
- 3. Leverage 'super active' consumers as ambassadors:** Develop targeted marketing campaigns and community-building initiatives that resonate with these consumers' active lifestyles, encouraging them to promote products through their networks and social media platforms.

³⁶ McKinsey Sporting Goods Report Consumer Survey, December 2024 (total n = 3,606; active consumers n = 1,842).

Rising cultural relevance of fitness as core identity

Interest in health and fitness has soared, elevating physical activity from a casual pursuit to a defining pillar of many active people's daily lives and identities (Exhibit 6). Among active consumers who responded to the McKinsey Sporting Goods Report Consumer Survey, 54 percent prioritize exercise and 51 percent regard fitness and an active lifestyle as essential to their identity. Among Gen Zers and millennials, the numbers climb higher still: 55 percent say that an active lifestyle is fundamental to who they are, and 60 percent exercise to bolster their self-image. These results highlight the increasing cultural

relevance of fitness as a core identity of active consumers.³⁷

As TRX Chief Executive Officer Jack Daly observes, "Health, wellness, and fitness have become deeply ingrained in the culture—not only in the US but also across Europe and Asia, and it is emerging in the Middle East as well."

Growing number of 'super active' consumers

As a result of the increased emphasis on fitness, some consumers have adopted healthier routines with greater dedication. Our analysis reveals that already-active individuals are ramping up their efforts (Exhibit 7). Notably, 84 percent of active

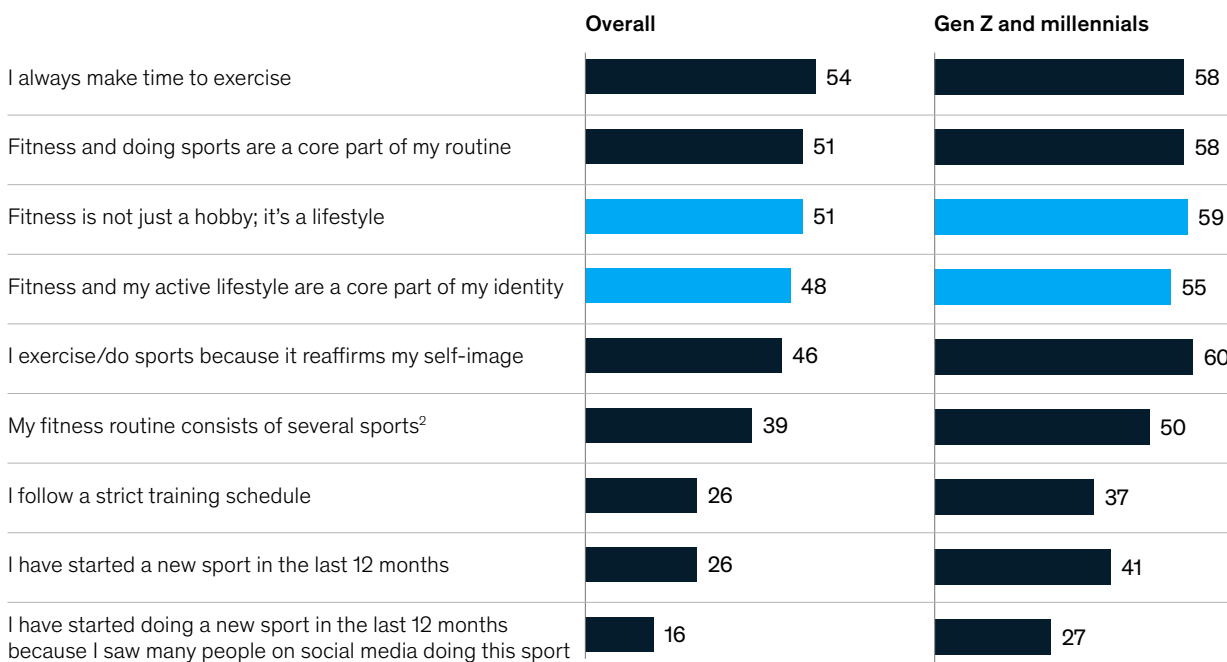
respondents are exercising as much as, or more than, they did 12 months ago, with one in three engaging in physical activity more frequently than a year ago. In addition, 59 percent of these active consumers work out at least three times per week, and one in four exercises nearly every day. More than a quarter of them adhere to a strict training schedule. This trend highlights that a rising number of consumers are "super active" individuals and underscores the significance of fitness in their daily lives.³⁸

Several factors are motivating people to be physically active, according to the McKinsey survey. Foremost is a desire to improve health and longevity, cited by 72 percent of respondents as the top

Exhibit 6

Physical activity and fitness have become so culturally relevant that they are a core part of many active consumers' identities.

Attitudes of active consumers toward physical activity, % of active consumers who strongly agree or agree¹



¹Question: Please indicate how strongly you agree or disagree with each of the following statements.

²For example, going to the gym, doing Pilates, or running.

Source: McKinsey Sporting Goods Report Consumer Survey, Dec 2024 (total n = 3,606; active consumers n = 1,842)

³⁷ McKinsey Sporting Goods Report Consumer Survey, December 2024 (total n = 3,606; active consumers n = 1,842).

³⁸ McKinsey Sporting Goods Report Consumer Survey, December 2024 (total n = 3,606; active consumers n = 1,842).

84%

of active respondents are exercising as much as, or more than, they did 12 months ago.

motivating factor to be physically active. A further 59 percent say they pursue fitness goals—such as building muscle, staying in shape, or losing weight—while others seek to boost mental well-being, relieve stress, or simply unwind.³⁹

For now, the majority remain committed to their physical health, with two-thirds planning to devote even more attention to exercise in the next two or three years, and one-third expecting to stay the course (Exhibit 8).⁴⁰

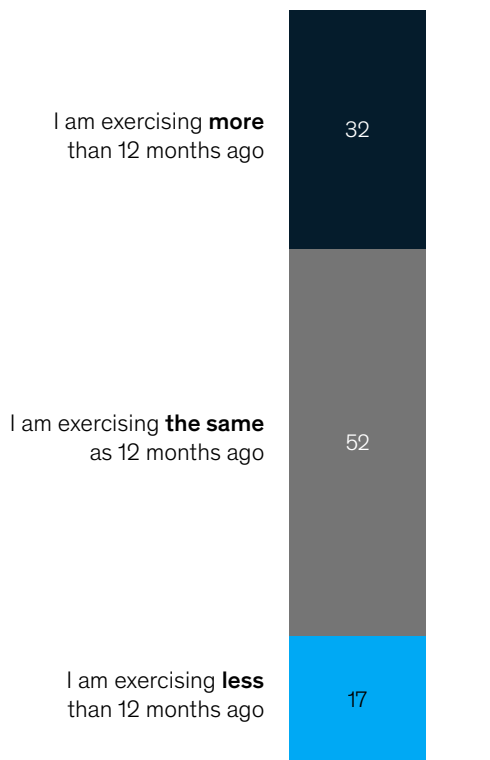
A preference for sportswear as daily attire

Sport has become an increasingly potent vehicle for self-expression, with many consumers regarding an active lifestyle as part of their identity.⁴¹ This trend presents an opportunity for sporting goods brands to enhance product design and marketing by developing products that meet both the emotional and functional needs of active consumers, emphasizing both technical benefits and lifestyle alignment.

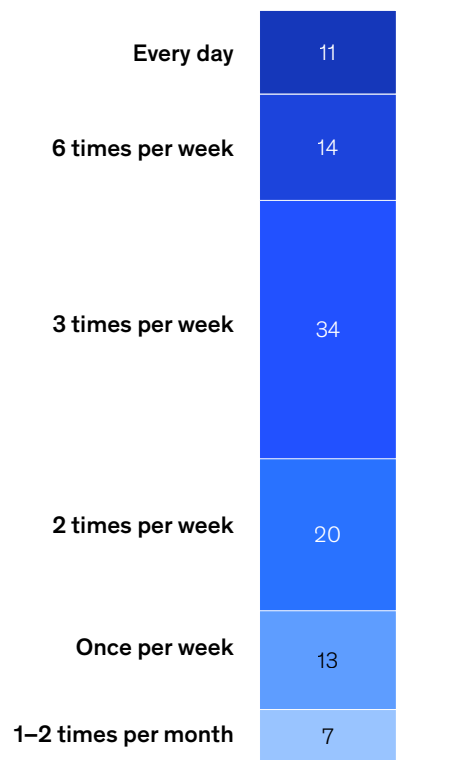
Exhibit 7

For active consumers, physical activity has shifted from a casual interest to a priority, indicating a growing number of super active consumers.

Physical activity levels in 2024 compared with 2023,¹ %



Frequency of physical activity in 2024,² %



Note: Figures may not sum to 100%, because of rounding.

¹ Question: Which of the below best describes your exercise/sports habits over the past 12 months?

² Question: Overall, how frequently do you do sports, work out, or train?

Source: McKinsey Sporting Goods Report Consumer Survey, Dec 2024 (total n = 3,606; active consumers n = 1,842)

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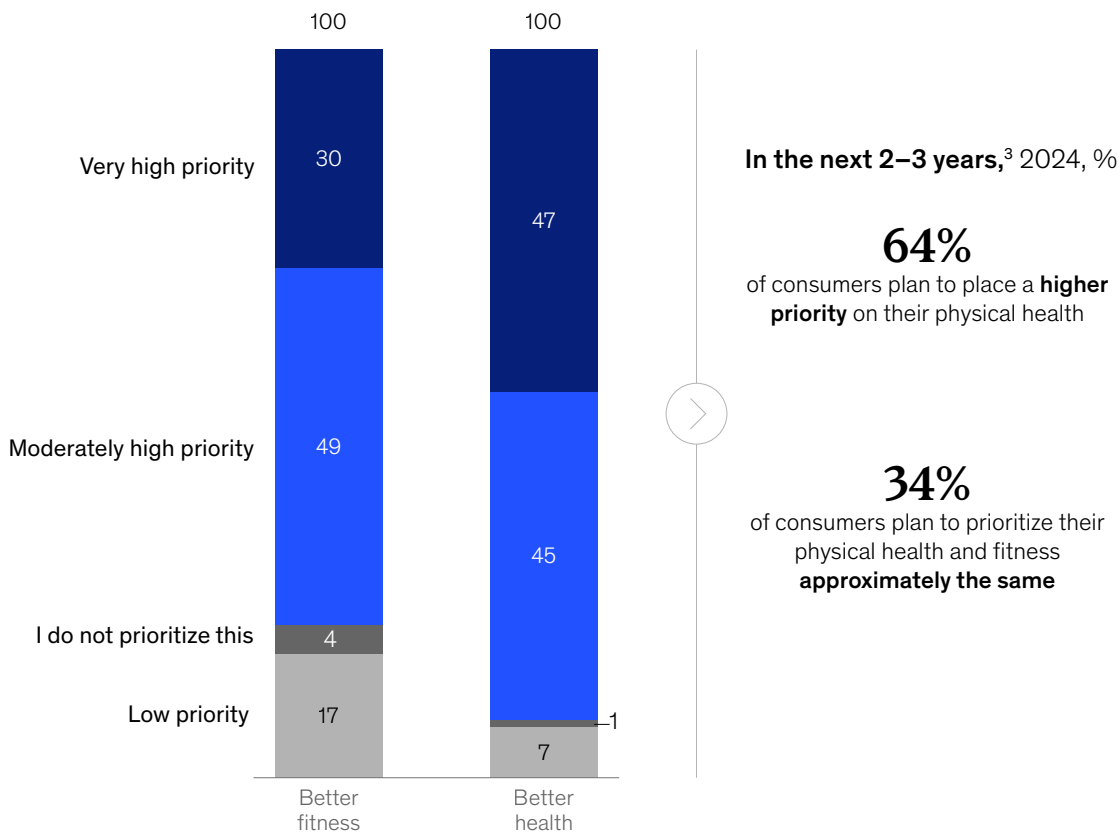
³⁹ McKinsey Sporting Goods Report Consumer Survey, December 2024, (total n = 3,606; active consumers n = 1,842).

⁴⁰ McKinsey Future of Wellness Survey, December 2024.

⁴¹ McKinsey Sporting Goods Report Consumer Survey, December 2024 (total n = 3,606; active consumers n = 1,842).

Consumers prioritize their physical health and fitness and plan to prioritize them even more over the next two to three years.

Prioritization of better fitness¹ and better health,² 2024, %



¹Question: How high of a priority do you place on better fitness?

²Question: How important is better health to you?

³Question: How do you think your priority level for physical health and fitness will change over the next 2-3 years?

Source: McKinsey Future of Wellness Survey (China, Germany, UK, and US), Dec 2024

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Sport has become an increasingly potent vehicle for self-expression, with many consumers regarding an active lifestyle as part of their identity.

By tapping into deeper consumer motivations, brands can forge propositions that resonate on a personal and emotional level.

McKinsey's *State of Fashion Report 2025* highlighted that sportswear has grown more rapidly than non-luxury fashion around the world and could continue this trajectory.⁴² In 2025, it is expected to outpace the rest of the fashion market by two to three percentage points in Europe and the United States and five to six percentage points in China.⁴³ Several forces are fueling this surge: blurring boundaries between fashion and activewear, rising health consciousness across every age group, and broader access to sports-related media and events.

Two-thirds of millennial and Gen Z consumers wear athleisure multiple times per week.⁴⁴ To ensure their active lifestyle identity is recognized, many consumers communicate it by posting on social media. In fact, nearly one-fifth of consumers reported that they engage in sports and then share their activities online.⁴⁵ Tapping into these “super active” consumers as brand ambassadors can

be a powerful strategy for sporting goods brands. This strategy consists of developing targeted marketing campaigns and community-building initiatives that resonate with active lifestyles and encouraging consumers to promote products through their networks and social media platforms.

Establishing an emotional connection with consumers

Sport as an identity now stands as a lifestyle in its own right, heralding a significant shift in consumer behavior. This trend offers sporting goods brands an opportunity to become indispensable to their consumers' daily lives—but it demands a fresh perspective.

Consumers, particularly those who embrace an active self-image, increasingly wear sports apparel and footwear in everyday settings. To seize this moment, sporting goods makers must cultivate

a nuanced grasp of the emotional and functional requirements of their target market, using these insights to refine product design and marketing while preserving the unique technical qualities that define their brand. By tapping into deeper consumer motivations, brands can forge propositions that resonate on a personal and emotional level.

Equally important are the emotional dimensions that appeal to niche segments. Here, brands seek to establish an intimate connection, presenting themselves as a mirror for the customer's values and way of life. Building and engaging communities can strengthen this sense of belonging, while consistently aligning brand values with those of consumers fosters long-term loyalty.

⁴² *The State of Fashion 2025: Challenges at every turn*, McKinsey, November 11, 2024.

⁴³ *The State of Fashion 2025: Challenges at every turn*, McKinsey, November 11, 2024.

⁴⁴ Ben Butling, “Luxury meets athleisure: Emerging trends in designer activewear,” GWI, November 22, 2023.

⁴⁵ McKinsey Sporting Goods Report Consumer Survey, December 2024, (total n = 3,606; active consumers n = 1,842).

The sports car of road cycling

Nicola Rosin, CEO, Colnago

Looking back at 2024, what are your main takeaways?

From Colnago's perspective, it was amazing. Almost four years ago, we decided to strategically focus on our strengths of our heritage and identity instead of trying to be everything in the bicycle industry. We kept our focus specifically on road bikes and the growing segment of gravel bikes. Being attentive and dedicated to a specific group of consumers is coherent with our story and allows us to put all our efforts in one basket. At the end of the day, it pays off.

More generally, however, the cycling market and the sports market are clearly suffering. The COVID-19 pandemic has been tough on companies. I had predicted that the industry would be out of this negative cycle sooner, but that hasn't been the case. Consumers are more conscious about what they're buying. A lot of families now have financial issues that they didn't have a few years ago. Despite these challenges, many companies are still trying to be everything for every consumer instead of focusing on their strengths. My suggestion is that companies return to the core of their business to realign with what their customer really wants.

What has been the result of staying true to the core of your business?

At the end of 2020, Colnago was acquired by an investment fund from Abu Dhabi. We had many opportunities to distinguish ourselves from big market players, which offer products and services at all price points. We decided to focus on high-end drop bar bikes. We wanted to be number one in this niche, and day by day, month by month, we started to see the results. Our consumers are more engaged because we are authentic to our brand. We are specialists in the road-cycling segment and its customer base. That's the truth of our company, and our consumers respond positively to it.

Sport is becoming an ever-increasing part of people's identity. What's your view on the consumer's need for your brand?

People have become more fragmented and disconnected from each other because of influences such as social media and the pandemic. People don't necessarily have a place to go for guidance and support anymore. They feel lost. They want help shaping their sense of identity and finding a community. I'll give you an example. In Italy, we used to have playgrounds near the churches. Whether you went to church or not, you

were allowed to go on this playground where you could talk, socialize, and play every kind of sport. However, like many other types of communities, this doesn't exist anymore. So people must now find ways to fulfill this need for community and have started looking to brands and companies for guidance on their identity and lifestyle. Companies started to realize that their success lies in becoming that community. When our customers start connecting with each other, whether because they're a road cyclist or just love the brand, they start using the brand to shape how they think about themselves. Brands such as Ferrari or Apple have understood and internalized this for a long time. Our story and community are very important because they give our consumers a sense of identity and purpose. We recognize we have a responsibility to supply much more than a product.

Where are you looking for growth, and where do you think the broader cycling industry could find growth now?

An area of growth we focus on is how we can define Colnago as an exclusive brand rather than a high-end road brand. If you are exclusive and focused on your core business, you can extend beyond it. In our case, it looks like services such as

‘My suggestion is that companies return to the core of their business to realign with what their customer really wants.’

‘An area of growth we focus on is how we can define Colnago as an exclusive brand rather than a high-end road brand.’

Nicola Rosin is the CEO of Colnago, a renowned Italian manufacturer of high-end bicycles. He has been instrumental in positioning Colnago as a premium brand, and his vision is to make Colnago “the most desirable bicycle brand in the world.”



organizing and selling a very high-end cycling trip or creating a partnership to offer other exclusive products while staying within our specialization. We have an amazing opportunity to explore outside our core product because we are successful in a super-high-end market. We are the number one company selling bicycles for more than €15,000.

Regarding the broader cycling business, there are big opportunities in the online space. We have consumers who are ready to buy a superpremium bicycle online. This shows me that with the right product, attitude, and presentation, online channels could be very interesting to pursue.

The other opportunity is R&D on our core business. When we can focus on our strengths and create better products, the consumers will always be there, especially in sports, where a product can improve performance or comfort. People will go for products that really give them benefits: a more comfortable saddle or tire, a more

aerodynamic frame. You can grow by focusing on creating better solutions for a very demanding sportive consumer.

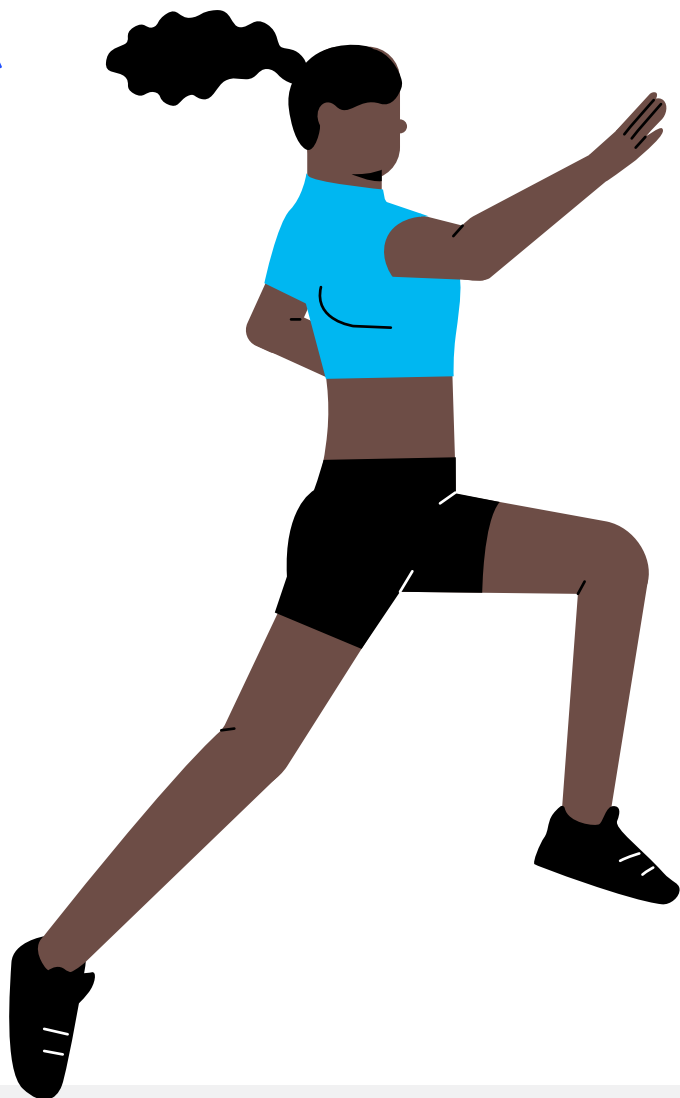
When you look toward 2025, what are your concerns, and what gives you hope and inspires optimism?

I am concerned for Colnago and for the industry because of the ongoing macroeconomic and geopolitical climate. We are affected by these issues daily. You can be the best brand and CEO with the best bicycle in the world, but if your supply chains are compromised or you are facing some geopolitical issue, you're going to struggle. I don't know when it's going to end, if ever, and that can be scary. We're living in uncertain times, and that's a big topic for CEOs in this era.

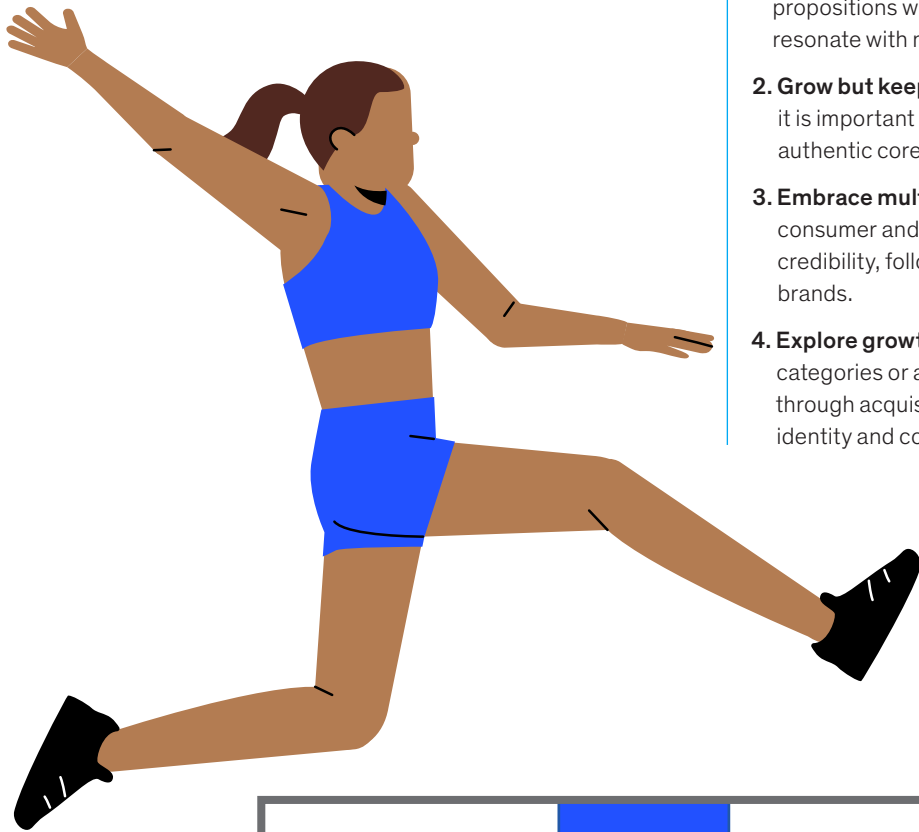
At the same time, I am very optimistic for my company because we achieved the dream that we had four years ago: to be one of the most desirable brands in cycling.

Comments and opinions expressed by interviewees are their own and do not represent or reflect the opinions, policies, or positions of McKinsey & Company or have its endorsement.

Market share upheaval with large incumbents being challenged to up their game



Competition between large incumbents and challenger brands will likely intensify and is currently benefiting competitors that are more sharply positioned. These brands have been successful by implementing strategies to reach specific consumer segments. In this new landscape, the path to success likely lies in preserving their value proposition or developing a mindfully curated house of brands.



Key insights

- 1. Intensifying competition:** The competition between historically large incumbents and smaller and challenger brands is intensifying as the latter outpace incumbents in revenue growth and rapidly gain market share. As a result, challenger brands captured three percentage points of the market from large incumbents between 2019 and 2024.
- 2. Strategic focus:** Smaller and challenger brands succeed by crafting sharp value propositions tailored to specific segments, leveraging visible innovation, and tapping into cultural marketing.
- 3. Distribution and manufacturing advantage:** The shift has been driven by factors such as easier access to distribution channels through strategic wholesale partnerships (vacated by the large incumbents) and a well-developed network of third-party manufacturers of smaller and challenger brands.
- 4. Increasing investor interest:** Investors are increasingly favoring up-and-coming sportswear brands, highlighting the need for incumbents to refresh their strategies to stay competitive.

Executive priorities

- 1. Innovate and differentiate:** Incumbents need to enhance their value propositions with visible innovations and emotional connections to resonate with niche markets and maintain competitiveness.
- 2. Grow but keep authentic core:** For smaller and challenger brands, it is important to maintain the growth trajectory by keeping their authentic core and focusing on their niche segments.
- 3. Embrace multichannel strategies:** Ensure a mix of direct-to-consumer and wholesale strategies to expand reach and build brand credibility, following the successful models of smaller and challenger brands.
- 4. Explore growth archetypes:** Consider expanding into adjacent categories or adopting a house-of-brands model (for example, through acquisitions) to scale effectively while retaining brand identity and consumer loyalty.

The landscape has shifted—substantially and rapidly

Over the past decade, the sporting goods market has witnessed a proliferation of new entrants, including both general apparel players that have strategically expanded their portfolios to feature activewear and specialized players offering a tightly focused value proposition for segments such as running, yoga, cycling, or gym attire. This specialization has enabled challenger brands to tap more deeply into the identity of consumers who gravitate toward

brands that feel more “for me” rather than “for anyone.” Coupled with declining barriers to entry, this specialization has fueled the rise of challenger brands.

Factors including easier access to distribution (via both wholesale and direct-to-consumer channels), a mature ecosystem of third-party textile manufacturers, and abundant venture capital and private equity funding have enabled many fledgling players to scale rapidly. Consider On: Founded in 2010 and driven by R&D and innovation, On secured early investment, expanded through

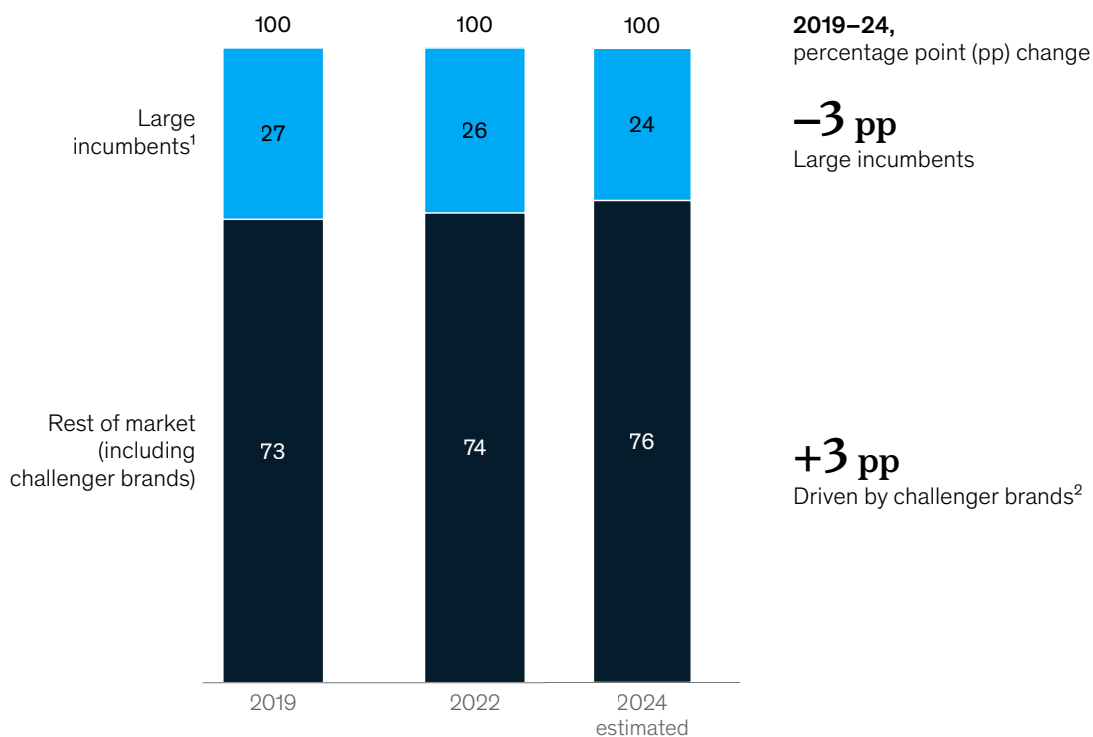
wholesale and a targeted retail strategy, went public in 2021, and was on track to surpass \$2.53 billion in revenue by 2024.⁴⁶

In a telling sign of industry realignment, challenger brands have eclipsed large incumbents Adidas and Nike in revenue growth and hence market share gains.⁴⁷ From 2019 to 2024, publicly traded challenger brands expanded at a faster rate; the two large incumbents ceded three percentage points of market share to challenger brands during this period (Exhibit 9).⁴⁸

Exhibit 9

The two largest incumbent brands lost about three percentage points of market share between 2019 and 2024.

Market share evolution of sportswear market, 2019–24



¹Large incumbents are Nike and Adidas.

²Including both older already scaled challenger brands such as Lululemon and On as well as newer smaller challenger brands such as Arc'teryx and Hoka. Source: Euromonitor International Apparel & Footwear 2025 Edition

McKinsey & Company

⁴⁶ Dylan Kelly, “On Running expects to make more than \$2.6 billion USD this year,” Hypebeast, November 13, 2024.

⁴⁷ Euromonitor International Apparel & Footwear 2025 Edition.

⁴⁸ Euromonitor International Apparel & Footwear 2025 Edition; *The State of Fashion 2025: Challenges at every turn*, McKinsey, November 11, 2024.

Increasing investor interest

Investors have taken note. In the past year, share prices of challenger brands and companies such as Amer Sports (parent company of Arc'teryx), On, and Deckers (parent company of Hoka) registered substantial gains (Exhibit 10). Such results highlight the need for incumbent brands to reconsider their strategies if they hope to stave off growing competition.

Private capital has also flocked to emerging names. An illustrative example is the \$825 million investment led by General Atlantic and Stripes in Vuori, a California-based challenger brand whose offerings bridge fitness and everyday wear. Founded in 2015, Vuori was valued at \$5.5 billion in 2024.⁴⁹

Exploring the recent success of challenger brands

How have newer brands managed to expand their market share so rapidly? At a high level, they have focused on pursuing specific pockets of growth and expanding their reach in several ways.⁵⁰

Crafting a sharper value proposition. Large incumbents cast a wide net, hoping to maintain a strong presence across multiple sports. By contrast, challengers focus on specific segments and overlooked demographics to build a sharp value proposition. Lululemon started its journey in women's athletic wear and has successfully expanded from there. Arc'teryx has concentrated on outdoor enthusiasts, offering functionality and positioning its brand as the go-to choice for high-performance, durable gear tailored to extreme conditions and adventurous pursuits. The company's offerings come with an emotional payoff for consumers who see activewear as a vehicle for self-expression. In these "cool" segments, shoppers often pay a premium for brands that reflect their identity.

Delivering visible innovation with platform potential. Incumbents generally rely on incremental performance gains

that may go unnoticed by everyday customers. Challenger brands, however, unveil eye-catching features that resonate with consumers and define products. Hoka touts its oversize midsoles, while On leverages its distinctive CloudTec soles and has expanded into 3D-printed footwear—tactics that spark consumer interest and sustain an air of innovation.

Tapping into cultural marketing. Alo Yoga and New Balance have turned to celebrity endorsements and cultural ties to elevate their brands, while Gymshark, Hoka, and Vuori nurture authenticity through grassroots marketing and community building. Such moves can attract new consumer segments and underscore values such as well-being.

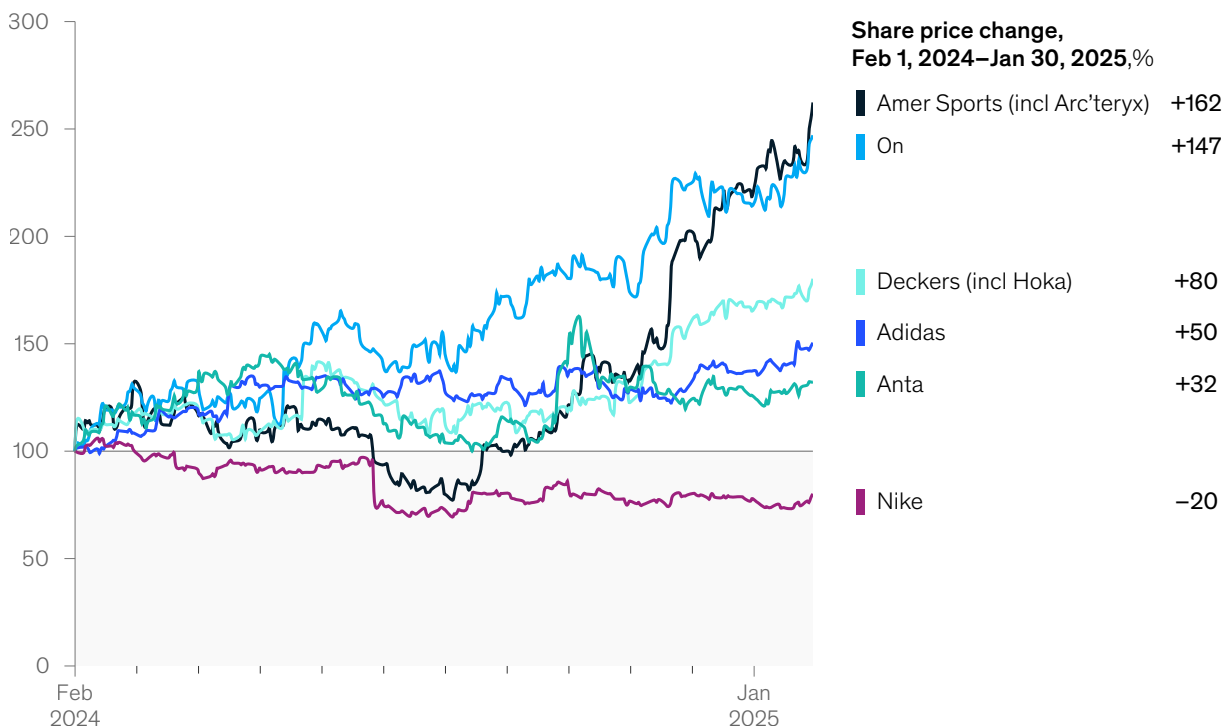
Large incumbents cast a wide net, hoping to maintain a strong presence across multiple sports. By contrast, challengers focus on specific segments and overlooked demographics to build a sharp value proposition.

⁴⁹ Daphne Howland, "With latest investment, Vuori's valuation hits \$5.5B," Retail Dive, November 11, 2024; "Vuori announces \$825 million investment led by General Atlantic and Stripes," General Atlantic, November 8, 2024.

⁵⁰ The following section draws on *The State of Fashion 2025: Challenges at every turn*, McKinsey, November 11, 2024.

Several publicly listed challenger brands reported gains in share price since February 2024.

Share price evolution of select sportswear players, Feb 1, 2024–Jan 30, 2025, index (Feb 1, 2024 = 100)



Source: McKinsey Value Intelligence

McKinsey & Company

Harnessing wholesale and selective retail. When Adidas and Nike pivoted toward direct-to-consumer channels in the late 2010s, challengers stepped into the vacuum.⁵¹ They adopted wholesale-first strategies, teaming up with specialist retailers to gain credibility and expand their footprint. Once these emerging players reach critical mass, they are often well positioned to experiment with their own flagship stores in prime locations, further reinforcing brand identity.

Two potential archetypes to achieve scale

Sporting goods brands with sharp value propositions and strong emotional connections have proliferated. This dynamic raises a dilemma for ambitious brands: How can they continue their growth journey and increase their market share while retaining the attributes that distinguished them in the marketplace?

Future large incumbents will likely fall into one of these two archetypes: an overarching, stand-alone brand emerging from a successful growth recipe, or a mindfully curated house of brands.

New incumbent stand-alone brands built through successful growth recipes

Brands that excel in a particular category often seek to capitalize on their success by branching into adjacent product lines, addressing broader sporting disciplines,

⁵¹ *The State of Fashion 2025: Challenges at every turn*, McKinsey, November 11, 2024; "Nike, Inc. is accelerating a consumer-led transformation to ignite its next phase of long-term growth," Nike, October 25, 2017; "Adidas presents growth strategy 'Own the Game' until 2025," Adidas, March 10, 2021.

How can ambitious brands continue their growth journey and increase their market share while retaining the attributes that distinguished them in the marketplace?

or catering to diverse consumer groups. Lululemon and On are two examples of this strategy. As companies pursue such expansions, it is critical for them to preserve the core value proposition rooted in their existing brand and to focus on truly iconic designs. These designs not only uphold technical excellence but also forge the emotional bond needed to sustain consumer loyalty over the long term.

House of brands formed primarily through acquisitions

Sporting goods firms might also consider a strategy of acquisition, with the ambition of becoming a “house of brands.” This business model—long a

staple in luxury, beauty, and personal care—allows each label to preserve its distinct identity and value proposition while harnessing synergies from the collective. Shared capabilities can accelerate global expansion and channel development, enable cross-brand innovation, and improve efficiencies in areas such as procurement, logistics, and business support.

Over the next few years, more sporting goods brands are poised to surpass the \$5 billion revenue threshold. To reach these heights, executives must take a hard look at their existing strengths and decide how best to extend their reach.

Those willing to think creatively about acquisitions and synergy building may well find themselves leading the industry’s next wave of expansion.



Forever a challenger

Samuel Wenger, COO, On

What surprised you most about the market in 2024? What aspects did you find to be the most challenging?

Overall, the sporting goods market had a surprisingly good year. We headed into 2024 with some uncertainties, but the spending and interest in sport stayed high, especially in the premium sporting goods industry that we operate in. People are willing to spend on high-quality sports products—maybe even more so than before.

On is present in some of the largest sporting goods markets: running and sportswear. How do you think about growth as a challenger to some of the biggest incumbents?

The sportswear market is one of the largest markets you can play in, and running as a participation sport is the largest single-sport market out there. Both markets are experiencing healthy growth, and On is perfectly positioned to capitalize on this momentum. Our innovative product pipeline, with performance at its core, sets us apart. Additionally, we've managed to not only lead through performance technology but also combine it with a unique design and sustainability, which resonate very well with consumers. This allows us to also focus on the trends of infusing sports into lifestyles and people being more health-conscious in general and bringing sportswear into everyday life.

As a challenger brand, On has not only captured a significant portion of the overall market growth—we've also gained market share from established players. You see, the running shoe industry had stagnated when it comes to innovation prior to our arrival in 2010. Consumers were craving something new, and we

'If you have a core of innovation and the underlying technologies, you will always have a reason to exist.'

were ready to shake things up. We differentiated ourselves through our revolutionary CloudTec technology and through credible product adoption and storytelling that made our brand relatable for the everyday consumer and not only for the high-performance race segment. That combination led to fast growth.

Our ultimate goal is to inspire people to move, so we try not to get caught up in comparisons with our competitors. Instead, we focus on telling our own story and sharing our beliefs authentically. I trust that by staying true to our DNA, we'll continue to unlock new opportunities and pathways to growth.

How do you guard against disruption from small, nimble actors that are entering the market—not dissimilar to almost 15 years ago?

Being a challenger and an innovator is deeply ingrained in On's identity. For us, performance needs to come from innovation. And we see endless opportunities to innovate, not just in running shoe technology but also in the materials we use, our sustainability initiatives, our efforts toward circularity, and our apparel. We foster a culture of innovation and excellence throughout On. So innovation needs to come from everywhere, and our teams need to be adaptable to make quick decisions, make

quick moves, and quickly go to markets so we can bring that innovation to the consumer swiftly.

Of course, trends will always come and go, but we never want to rely on the zeitgeist of what is in and out of fashion now. If you have a core of innovation and the underlying technologies, you will always have a reason to exist.

Ten years ago, the athleisure movement blurred the lines between sport and everyday apparel. How has On seen its customers change how they connect with the brand and their identity?

Looking back at the post-COVID-19 landscape, we saw the public's growing health consciousness and desire to move. The pandemic really highlighted the importance of movement, both for our physical and mental health. We saw a surge of people embracing outdoor activities and finding new ways to stay active. Now, we see the next level of manifestation with active lifestyle becoming a part of people's identity, which they express in daily life and daily wear.

At On, we're passionate about showing our customers how their sport can be brought into everyday life. By exploring a wider range of activities beyond just running or tennis, we can connect with a

broader audience that might be less aware that movement comes in many forms.

At On, you're growing not only geographically but also in terms of category and customer appeal. How do you expand while staying true to your core values and the identity you've built?

On has always been deeply rooted in performance. Our mission—to ignite the human spirit through movement—guides everything we do. We strive to be the leading premium performance sportswear brand, built on innovation, design, and sustainability. This drives our expansion.

As we expand into new areas, such as tennis, weight training, and other forms of movement, our approach remains consistent. We first build the best-performing, pinnacle gear for our athletes, then from there create products more suited to everyday sports and lifestyles. This process allows us to achieve a level of authenticity that resonates with consumers. By collaborating with top athletes and cultural influencers, we build credibility and trust. This authentic connection is something we deeply value and prioritize in everything we do.

How does On connect with its customers?

A big part of our mission is raising awareness. Many people are inactive, either because they're unaware of the benefits of movement or they feel too intimidated to get started. We believe in breaking down those barriers by providing education and access.

Take running, for example. We've seen a massive movement of people embracing run clubs and identifying with running culture. Running has become an expression of their lifestyle. We've hosted Clubhouse Nights that hundreds of people attend, and they leave with new styles that they integrate into their everyday lives.

The most important thing is that people can relate to something—that's where the power comes from. People need to connect with what we're doing. Our collaborations with celebrities and professional athletes have been incredibly successful in this regard. When you have athletes or cultural influencers credibly or almost organically adopting On products and you're able to tell the story of the people using them, it builds trust and strengthens our brand narrative. It goes beyond just the product itself; it's about connecting with our mission and values.

While some consumers prioritize pure performance metrics, especially for our high-performance gear, many are drawn to the On brand and what it represents. For many consumers, the more important consideration is the brand, what it stands for, and how they relate to it. They might feel more inclined to adopt the everyday product over the pinnacle race product.

Looking at the market ahead, what makes you optimistic, and what could be potential challenges?

While there's always some uncertainty about the future, especially heading into 2025, we're incredibly confident in our direction. The increased desire of people



Samuel Wenger is the COO of On, a premium global sportswear brand with origins in Switzerland. With On, Wenger leads the mission to ignite the human spirit through movement.

to move and the willingness to pay for premium products are enduring trends. As long as people want to move, we'll be there to support them with innovative products and inspiring experiences.

When we look to 2025, we're coming out of the past couple of years feeling quite positive and reinforced in the belief that our mission to ignite the human spirit through movement will always be there.

There will inevitably be some disruption, but we've learned to live with it and be nimble and even turn it into an advantage. We also have very strong relationships with our partners—they want to make us successful, too. We're confident in the consumer and in those strengths.

'We're incredibly confident in our direction. The increased desire of people to move and the willingness to pay for premium products are enduring trends.'

Boom of live sports and blurring lines with entertainment



The years following the height of the pandemic have seen a rise in the popularity of live, in-person activities. Some sports are enjoying greater levels of popularity than ever before. This dynamic presents opportunities for sporting goods companies to reassess their business models, marketing strategies, and customer outreach.



Key insights

- 1. Resurgence of in-person fitness and events:** In-person fitness classes are highly popular; 81 percent of consumers participate, driven by motivation, group energy, and community connection. Additionally, the popularity of sports events has increased, with significant growth in attendance and engagement. The global ticketing market for live events surpassed \$100 billion in 2023 and is estimated to reach \$150 billion by 2030.
- 2. Blending sports and entertainment:** The demand for live experiences is blurring the lines among sports, retail, and entertainment, creating new opportunities for brand engagement and loyalty.
- 3. Strategic partnerships and events:** Sporting goods brands are leveraging community events, mixed-use stadiums, and high-experience-value events to enhance brand visibility and consumer engagement.

Executive priorities

- 1. Enhance in-person and digital offerings:** Develop a balanced approach to cater to both in-person and remote fitness audiences, maximizing growth opportunities by blending live and digital experiences. For example, enhance digital events through virtual reality to create customized, live-like experiences in the future.
- 2. Leverage community and live events:** Invest in community-driven events and partnerships with fitness studios, gyms, and sports clubs to create unique, engaging experiences that foster brand loyalty.
- 3. Innovate retail spaces:** Transform retail spaces into experiential hubs that host events. Blend sports, entertainment, and retail to attract and engage consumers, driving foot traffic and sales.

Resurgence of in-person fitness and events

Consumers have flocked to in-person fitness options. The McKinsey Sporting Goods Report Consumer Survey found that 81 percent of respondents attended in-person fitness classes in the past year—nearly two and a half times as many as those who used online fitness classes.⁵² Fitness consumers reported increasing their spending on boutique studio classes and fitness club memberships in the past 12 months, a trend that is poised to continue in the next year and beyond.⁵³ Boutique studio classes particularly benefited from this trend; almost one in two consumers spent more in the past year, and one in three consumers plans to continue spending more, indicating an even higher demand in the future.⁵⁴

Consumers choose in-person fitness classes primarily to boost their motivation and consistency: 65 percent of

respondents cited the draw of exercising around others, and 40 percent reported liking the group atmosphere and energy. Slightly more than one-third found in-person classes to be more challenging than training alone.⁵⁵

However, many consumers are also looking to fitness for connection with others: Approximately one-quarter of consumers participated in group fitness classes to increase their sense of community or belonging and to meet new people.⁵⁶

The interest in connecting with a like-minded community explains the rapid rise in social exercise clubs. Brands have started to capitalize on this trend to boost awareness of their products and promote innovations. For instance, On holds weekly run clubs that are free to the public at more than ten flagship locations around the world, giving participants the opportunity to test shoes. Nike is opening

a network of studios offering three types of group fitness experiences—functional strength and conditioning, running, and weightlifting—supported and enhanced with connectivity through its Studios app.

How will the demand for in-person versus remote fitness evolve? In an interview for this report, TRX CEO Jack Daly said he expects consumers to maintain their preference for in-person workouts while the convenience of remote fitness will keep digital solutions relevant. Sporting goods players need to cater to both audiences to maximize their growth opportunities.

Blurring boundaries among sports, retail, and entertainment

The isolation of the COVID-19 pandemic led to pent-up demand for live events, and the past two years have seen a persistent surge in attendance. According to McKinsey estimates, the ticketing market for global live events surpassed \$100 billion in 2023 and could reach \$150 billion by 2030 (Exhibit 11). Sporting events account for about half of this total and enjoy growing popularity. For instance, the Union of European Football Associations (UEFA) reports that in-person attendance at European football matches in the 2023–24 season reached approximately 221 million people—a 7 percent jump over the previous season.⁵⁷

As a result of this demand for live experiences, more venues are blending sports, entertainment, and retail.

Retail spaces as venues for community events

Sporting goods brands are pursuing innovative approaches to cater to the thirst for live, unique experiences. For instance, Adidas has experimented with pop-up stores and dedicated events at flagship locations, airports, and fan zones (areas near sports stadiums), to promote hyperlocal products. These initiatives not only create exclusive experiences for consumers through selective campaign extensions at local physical events but also

The interest in connecting with a like-minded community explains the rapid rise in social exercise clubs. Brands have started to capitalize on this trend to boost awareness of their products and promote innovations.

⁵² McKinsey Sporting Goods Report Consumer Survey, December 2024 (total n = 3,606; active consumers n = 1,842).

⁵³ McKinsey Future of Wellness Survey, December 2024.

⁵⁴ McKinsey Future of Wellness Survey, December 2024.

⁵⁵ McKinsey Sporting Goods Report Consumer Survey, December 2024 (total n = 3,606; active consumers n = 1,842).

⁵⁶ McKinsey Sporting Goods Report Consumer Survey, December 2024 (total n = 3,606; active consumers n = 1,842).

⁵⁷ *The European club talent and competition landscape*, UEFA, 2024.

enhance brand loyalty and driving sales. The results are notable: 50 percent of Adidas customers say they feel more loyal to the brand, in part because of its community-driven and hyperlocal events.⁵⁸ Adidas views these events as an opportunity to increase foot traffic and attract new visitors as well as generate extra buzz on social media.

Mixed-use stadiums to attract a broader audience beyond sports fans

New stadiums are being designed as multipurpose complexes, creating vibrant hubs around stadiums by blending live

sports, entertainment, and retail. These venues generate additional revenue streams by hosting both sporting and entertainment events on a year-round basis. Increasingly, the plans for sports venues include space for retail, dining, and entertainment. These facilities are also becoming more digitalized, creating an attractive experience that increases the amount of time visitors spend on their premises (on game days and off days), enhances community engagement, and boosts local economies.

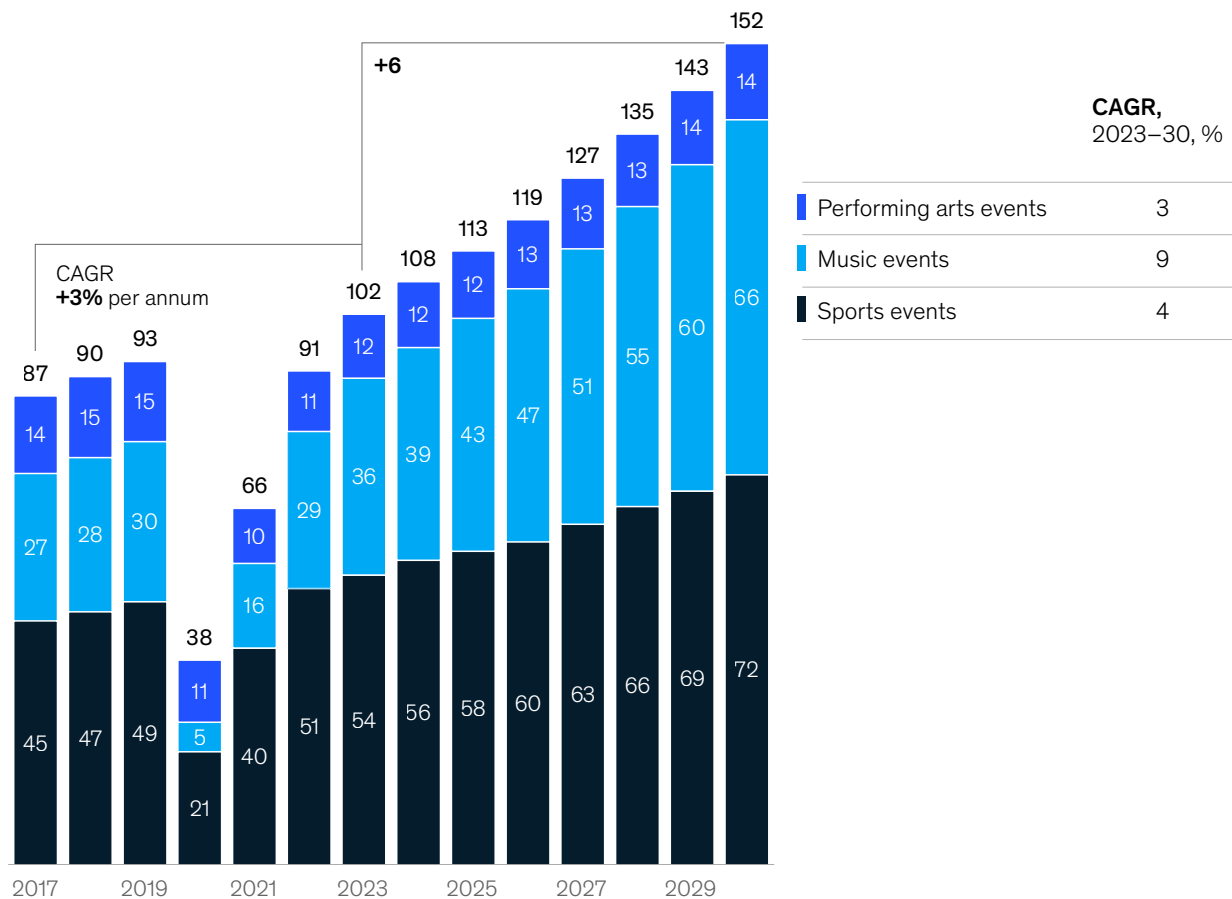
84%

of respondents attended in-person fitness classes in the past year.

Exhibit 11

The ticket market for global live events surpassed \$100 billion in 2023 and is estimated to reach \$150 billion by 2030.

Global events ticket revenue, \$ billion



Note: Includes primary and secondary tickets. Figures may not sum, because of rounding. Source: GMR; Goldman Sachs; OD5359: *Live performance theaters*, IBISWorld, February 2023; *Global Entertainment & Media Outlook 2024–2028*, PwC, July 2024; Omdia; Statista; Technavio; McKinsey analysis

McKinsey & Company

⁵⁸ "How Adidas innovates customer experience (CX) with personalized shopping and sustainability initiatives," Renascence, September 7, 2024.

New stadiums are being designed as multipurpose complexes, creating vibrant hubs around stadiums by blending live sports, entertainment, and retail. These venues generate additional revenue streams by hosting both sporting and entertainment events on a year-round basis.

Notable examples show the wide range of opportunities to meet consumer demand for experiences. The Tottenham Hotspur Stadium in London, which opened in 2019 and was built for £1 billion, is a state-of-the-art facility that hosts various sporting events as well as concerts, corporate events, parties, and other large-scale events.⁵⁹ Similarly, the redevelopment of the former Tsukiji fish market in Tokyo is a \$5.8 billion project that spans 20 hectares.⁶⁰ The future complex will include a stadium to host sports competitions, live events, and trade shows, serving as a major hub combining commerce, leisure attractions, hospitality properties, and transport.

New sports formats featuring competition and spectacle

Amping up the entertainment factor in traditional sports leagues has broadened the appeal and audience for such offerings. For instance, the Kings League in Spain and the Baller League in Germany play new formats of football that combine traditional games with new rules (such as six players a side). In 2024, the Kings League and Baller League reached 1.4 million and 207,000 peak viewers, respectively.⁶¹ Sporting goods brands such as Adidas have been early supporters and sponsors as these formats succeed in reaching new audiences.

⁵⁹ "Tottenham's new stadium finally opens its doors," Football Ground Map, accessed February 5, 2025.

⁶⁰ Kazuaki Nagata, "Tsukiji 2030s: A stadium, culinary center and transportation hub," *Japan Times*, April 22, 2024; Kathryn Wortley, "Tokyo's former Tsukiji Fish Market to be transformed into mixed-use hub," TTG Asia Media, May 23, 2024.

⁶¹ "Kings League," Esports Charts, accessed January 24, 2025; Dmytro Murko, "Baller League inaugural season results," Streams Charts, April 11, 2024.

The success of television shows about sports, such as Netflix's *Drive to Survive* for Formula 1 and *Tour de France: Unchained* for cycling, highlights the growing preference for entertainment-focused sports content. These shows offer a dramatized, behind-the-scenes look at the sports, making them more accessible and engaging to a broader audience. *Drive to Survive* has significantly boosted Formula 1's popularity in the United States, attracting new viewers and helping expand viewership to nearly 30 million across ESPN platforms during the 2024 Formula 1 World Championship season.⁶²

Harnessing the power of live experiences to enhance in-person and digital offerings

The resurgence of in-person fitness, driven by the desire for motivation, accountability, and social connection, is reshaping the fitness landscape. As consumers increasingly seek community-oriented fitness experiences with an entertainment angle, brands that can effectively combine in-person and digital offerings will be well positioned to thrive.

Blending sports and entertainment through live events has proved a

lucrative strategy even for brands in industries outside sporting goods. In 2012, Red Bull produced the Stratos event, which involved Austrian skydiver Felix Baumgartner free-falling from the stratosphere, breaking the sound barrier in the process.⁶³ The company has established a niche that not only reinforces its brand identity but also generates substantial revenue through sponsorship and advertising, merchandising, and content monetization (for example, revenues from YouTube, documentary sales, and TV streaming). This strategy continues to be successful to this day.

Sporting goods players can follow this example by partnering with other players or operating their own live events. For instance, Puma, Red Bull, and Weltklasse Zürich collaborated to host an event featuring a head-to-head 100-meter race between track-and-field champions Mondo Duplantis and Karsten Warholm. This event demonstrated how to captivate audiences and elevate brand partnerships. By bringing together two iconic athletes from different disciplines, the event not only showcased the athletes' talents but also attracted global attention, providing a unique platform for Puma and its partners

to strengthen their connections with fans and the sports community.⁶⁴

To build on this success, companies can develop a balanced approach to cater to both in-person and remote audiences, maximizing growth opportunities by blending live and digital experiences. Enhancing digital offerings through virtual reality can create customized, live-like experiences in the future.

⁶² Andy Hall, "Formula 1 telecasts on ESPN platforms reach nearly 30 million fans in 2024," ESPN Press Room, December 10, 2024.

⁶³ Matt Majendie, "Felix Baumgartner on Red Bull Stratos: The day the black sky turned blue," Red Bull, October 13, 2022.

⁶⁴ "Karsten v Mondo: World record holders confirm epic 100-meter clash," Puma, August 14, 2024; "Karsten Warholm vs Mondo Duplantis: 100m Sprint Showdown," Red Bull, September 4, 2024; "Duplantis and Warholm plot 100m showdown in Zurich," Diamond League AG, August 14, 2024.

Ready to play? Decathlon is!

Celine Del Genes, global chief customer officer, Decathlon

What were the main trends and challenges you saw in 2024?

Several developments stand out. The first was the success of sport in terms of engagement with fans. The Olympics had a huge impact across Europe, in part because our society needs uplifted. The Games were a positive confirmation of the power of sport. Second, the geopolitical situation we live in is extremely complex, and that has an effect all along the value chain—production, transportation, freight, and consumption. The third development is climate change. Its trajectory is having a greater effect on sporting goods. Winter sports, for example, are already suffering significantly. We have a robust plan to do our part, but the sporting goods companies need to determine what collective role we are going to play in addressing this challenge.

Which markets and customer segments are you prioritizing for growth in 2025?

Decathlon is focused on mature and less-mature markets alike. Each market brings its own dynamics. If you think about the Middle East, Africa, and Southeast Asia, for example, sports are less federated, organized, and business-driven than in

other regions. Those markets could be poised for growth, so we're adapting our approach to meet those customers where they are in their journey.

We'll achieve our twin goals of growth and profitability by continuing to modernize the experience across channels. Since we are a retailer and a brand, we will maintain a strong focus on stores while investing in innovation for products in key categories.

Similarly, we're mindful of tailoring our offerings to different segments. We are continuing to embrace more-specialized brands, which often target consumers with higher purchasing power. We are building brands such as Van Rysel and Kiprun that have been enjoying rising popularity in recent years. We'll also market to consumers in the entry price point segment, who have felt increased pressure on their discretionary spending. We think the answer is to push for sustainability, circularity, repair, and subscription models.

As a company, you have given yourself highly aspirational sustainability objectives. How has Decathlon incorporated sustainability into its strategy?

It's critical to find ways to embed sustainability and circularity into

our business. Sustainability has two primary components: reducing CO₂ and reassessing the business model. We take our role to protect nature very seriously. Even though we are a growing business, we are decreasing our CO₂ footprint by changing how we design and manufacture products.

We are also investing in circularity. Customers can go to Decathlon and rent a bike for their child. That means that as the child grows, families don't need to throw the bike away or keep it in the garage. Renting ensures the child always has the right bike. At the same time, those bikes are in continuous use, which is much better for nature. To support this offering, we've added ateliers in our stores to repair bikes and guide customers.

We believe we're shifting the industry's perspective on sustainability, but it's not easy logistically. We now provide wraparound services, such as repair and maintenance, and buy back items—all while ensuring consistent quality. Those elements are transforming the way we're engaging with consumers.

In 2025, we aim to continue building out our circularity strategy, including expanding our repair and subscription offerings. We'll also adapt our practices to address sustainability. It will be critical to bring customers with us on that journey—and value will be a key element of this strategy. Customers demand value and appreciate the link to sustainability, but it's not value at all costs; that's an important distinction. Products must deliver good value for money, but they can't be cheap, because goods made in poor conditions have an impact on the world. Value and sustainability will be more and more intertwined.

'We'll achieve our twin goals of growth and profitability by continuing to modernize the experience across channels.'



Celine Del Genes is the global chief customer officer at Decathlon, a global leader in sporting goods and active-lifestyle products. Celine is dedicated to enhancing customer experience and driving the company's mission of making sports accessible to all, ensuring that every customer feels inspired and empowered to embrace an active life.

Do you see rising physical inactivity levels across the world as a threat, and how is Decathlon responding?

Physical activity is a key element in Decathlon's engagement strategy. We launched Ready to Play? to make sports less intimidating and performance-oriented. For us, sport is about the joy of physical activity. That's a more inclusive sentiment for the masses than the elite; not everyone can be Messi or Ronaldo.

The rise of newer sports—such as pickleball in the US and urban street sports such as skating—and the popularity of table tennis in the Olympic Games offer opportunities. They are more community-driven and accessible; it's cheaper to do paddleball than tennis because you split the court with four people. Those lower barriers and the social aspect can draw new participants. We developed a product offering that lowers the cost barrier, making sports more accessible to everyone. Beyond that, we run programs worldwide to encourage people to explore sports or use them as a means to transform and enhance their lives. For example, the Vitalsport program enables families to try a variety of sports, serving nearly half a million people across more than 30 countries.

I also believe the notion of health and wellness will continue to develop. The more stress you have from work or the geopolitical environment, the more you need to find an escape. And that escape,

in my opinion, is twofold. One is health and wellness—yoga, Pilates, meditation, all those elements—and one is nature—hiking, running, biking, and any activity people can do to enjoy the outdoors. I expect those types of activities to grow in popularity.

Decathlon takes a distinctive approach to community engagement and live events. What are the ways you bring it to life?

Our marketing, programming, and physical stores all play a part. In regard to marketing: For this year's Olympic Games, we concentrated our involvement not on the athletes but on the volunteers to celebrate the ones who actually make the Games happen. I think that's distinctive in the world of sport because no one paid that much attention to the volunteers before. We treated them like the heroes of the Games—because they are.

Second, we launched programs that seek to connect people with their local community. This approach came from the recognition that many people are settling for virtual experiences through their phones rather than interacting with the physical world. We already have an annual event called Vitalsport, which is all about discovery. It creates a link between local sport organizations, our stores, and customers. Bringing those elements together supports community building and engagement.

Last, we've always been anchored on the experience we create in our physical stores. A lot of customers know that if they come with their family, their kids can play in our stores. We don't stop people from shooting a ball in the store. That's what sport is about—trying, testing, and having fun.

Our teammates play a key role: They are the pride of the company as well as a magnet for attracting people to our stores. When you come to a Decathlon store, you don't speak to a salesperson; you speak to someone who's passionate about their sport, just like you are. They know about the community. That's the role our stores have to play in engaging with customers and creating a bond.

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