



Can we work this out?: An examination of the US activewear industry through the lens of the COVID-19 pandemic

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Introduction: Over a year into COVID-19, most are familiar with the stay-at-home and work-from-home movements of the pandemic's early stages. Ordinary people translated all aspects of their life to home living, including lounge, work, play, and working out. As staying home does not require people to dress up below the shoulders, the activewear/loungewear industries have a unique opportunity to succeed and thrive. Although activewear, work-from-home, and online shopping are trends that have already been expanding pre-pandemic, the pandemic acted as a catalyst to explode the impact of these trends. The number of yoga products in the market expanded by 85% from January 2019 to 2020 (Marci, 2020), WGSN predicted the idea of home as sanctuary for 2021 before COVID-19 existed (Varga, 2019), and the so-called retail apocalypse has been studied for the past several years leading up to the global pandemic. This study aims to examine trends in the US activewear industry throughout the duration of the COVID-19 pandemic from both the retail business side and the consumer perspective in order to identify best practices for business and predict future momentum of these trends.

Methods: This study consists of two phases: Phase I Market Research and Phase II Consumer Behavior. Phase I includes an analysis of relevant reports and articles and a financial analysis of five large activewear brands. Phase II was an online survey on personal style, shopping behaviors, and workout habits over the course of the pandemic as well as thoughts/opinions on activewear. Young women aged 18-25 were selected for this study as they are influential in the marketplace and have been known to purchase more clothing and shop online more frequently than older generations (Simpson, 2019). Market and Financial Analysis. In order to evaluate the industry from a business perspective, relevant articles were read and examined. Articles were compiled and organized by date in order to visualize the progression of the pandemic through articles on activewear and new/emerging activewear brands. A financial analysis was also conducted through quarterly reports of five large activewear brands, focusing on the year-over-year (YoY) revenue growth and e-commerce growth. Survey. An online Qualtrics survey was distributed from December 2020 to January 2021 with approval of the Institutional Review Board, in order to evaluate changes and shifts in the industry from a consumer perspective. The survey consists of demographics, personal style, style effort level, wardrobe and shopping, workout habits, and activewear and tracks self-reported responses of how participants acted and felt during pre-pandemic (defined as before March 2020), lockdown (defined as March-May 2020), and re-opening (defined as June 2020-) periods.

Results: Market and Financial Analysis. One sector that has seen massive growth, especially in early stages of lockdown, is at-home/online workouts. Since people could not go to the gym, they had to transition this part of their lives to be done at home. Additionally, there were a number of brands that emerged, broke into activewear, or buckled down/expanded upon previous lines. The financial report analysis extracted and compiled information from the five most popular companies from the consumer survey: Lululemon, Nike, Adidas, Athleta (Gap Inc.), and Aerie (American Eagle). Across the brands, YoY revenue was positive for Q4 2019, negative for

Q1, neutralized for Q2, and had strong growth in Q3 that turned into moderate growth for Q4. Online and direct-to-consumer sales showed a strong increase across the entirety of 2020, peaking at Q2. Survey Results. Of 133 female respondents, 91.73% are young women between the ages of 18 and 25 and best reflect the ideas and timeline of the northeastern US. In terms of personal style, participants classified their style under seven categories. Most categories reported fewer responses under lockdown and saw recovering re-opening numbers. The exceptions to this are “classic/casual”, where the number of responses remained fairly consistent, and “sporty/streetwear”, which saw a reverse pattern with most responses during lockdown. In terms of their wardrobe, loungewear jumped up from 3rd most prevalent pre-pandemic to 1st for both lockdown and reopening, while activewear went from 6th to 2nd under lockdown and 3rd upon reopening. Purchases followed similar patterns. Online shopping became the primary mode of shopping, nearly doubling under lockdown. Workout habits categorized themselves into three general levels, with participants working out less under lockdown and the same amount upon reopening. **Discussion/Conclusion:** Comparing financial reports to survey results shows some disconnect. The survey suggests that people wore more activewear/loungewear during the lockdown period and started reverting back to previous styles upon reopening, while the reports show an initial dip in activewear sales recovering fully over two fiscal quarters. This report delay continues into online sales. From the survey, 83.33% of purchases were online under lockdown and 64.71% upon reopening. According to financial reports, online sales growth was strongly positive across all 2020 quarters, showing strongest during Q2, or early stages of “reopening”. As customers can make purchasing decisions based on a brand’s reaction to the pandemic, brands need to make sure their actions are perceived as being globally focused over sales driven. Global actions are those made in order to better the world, while sales actions are made to maintain company success/survival. Comparing the sales-driven to global focus score of brand actions, the revenue growth does align with the survey results. The most sales-driven actions according to the consumer survey were those made by Lululemon and Nike, who saw lower growth across all pandemic quarters than both Athleta and Aerie. That being said, companies should be mindful of their actions and try to be as globally focused as possible to the public. Although it is hard to control public perception, this is part of developing a strong and genuine brand image.

As activewear saw a relatively quick turnaround between the negative impact of the pandemic and immense growth, this sector shows incredible promise. Rather than acting as a complete reversal of everything the industry was doing before the pandemic, it served to enhance and develop pre-existing trends in the market. It is impossible to say how this will progress in the upcoming months and years as vaccines are being rolled out at an accelerating rate and the nation is increasingly optimistic about returning to normal. However, many companies have seen benefits of working from home, and it is predicted that at-home workouts will continue to complement gym memberships rather than replacing them (Ell, 2020). The need and demand for comfortable and practical apparel to wear at home will not go away once people fully go back to their lives, and activewear will maintain its strong presence in the market. In order for brands to achieve and maintain their success, they need to make sure that their actions and business decisions are well-perceived by the market and maintain a sense of innovation to stay relevant.

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