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**Global market review of
lingerie – forecasts to 2020**

2015 edition

Global market review of lingerie – forecasts to 2020

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Executive summary

Product

The scope of this report covers the main lingerie groups, bras, briefs and other lingerie. Other lingerie is composed of daywear, nightwear loungewear and shapewear. The main styling features of bras and briefs are explained, both as constructions and also taking account of changing nomenclature for marketing purposes. No attempt has been made to sub-segment other lingerie because of its diversity. Nor has a market estimate been made in units.

Market

As for most apparel, the sale of lingerie to consumers is either by retail own label or retail sale of brands. Own label involves the retailer taking responsibility for design and product development. Hence buying brands is a simpler task. The purchase of brands is concentrated in the independent boutique and department store sector, and, these days, on the internet.

On the whole, brands retail at higher prices than own label merchandise. Segmenting the lingerie market by pricing bands:

- the three top bands, high, luxury and upper account for XX% of value but only XX% of volume
- the lower brands and top own label band accounts for XX% of value but only XX% of volume
- mass own label accounts for XX% of value but only XX% of volume
- and the bottom (budget) own label band accounts for XX% of lingerie value but an immense XX% of lingerie volume

Consumer

The consumer has been offered a very wide and diverse product mix, more so in the lingerie sector than in most other apparel groups. The consumer is also offered a wider choice of brands and own label retailers selling lingerie than in other apparel sectors. Nevertheless, consumers appear to be staying loyal to brands, which an industry expert attributes to fit and exclusivity.

Chapter 1 Lingerie, the product perspective

Product definitions and lingerie product categories

This is the seventh edition of just-style's report on the lingerie market. The first was ten years ago. Most readers will already be familiar with this product category and its subsets, but some will not. The product offer is composed of three major groups:

- Bras
- Briefs
- Other lingerie, daywear, nightwear loungewear and shapewear

These definitions were originally taken from a Textile Outlook International report which explained the groups as follows:

- bras are garments to support and shape the breasts, in a wide variety of styles
- briefs (in the USA, panties) are garments worn from waist to thighs in a wide variety of styles
- daywear includes camisole tops, skirt slips, and some loungewear
- nightwear is obvious, but will include garments such as bed and bath robes, and some loungewear
- shapewear is intended to firm and shape the body, and includes bodies, teddies, corsetry, and girdles

Bra styling

When it comes to the marketing of bra styling, most of the larger branded catalogues put their bra offerings into one of four generic categories. They are:

- Underwired
- Padded
- Soft
- Sporty

Chapter 2 Lingerie, the market perspective

Different types of lingerie retailer

Across the whole apparel industry, the retail distribution of clothing is composed of two basic approaches:

- retailers who sell manufacturers' brands, although the brand may not do the manufacturing itself (see later Chapters in the report)
- retailers who sell their own label merchandise, under the retailer's own name or a made up name

The fundamental differences between the two approaches are that for own label the retailer has to:

- design the garment
- choose the fabric and source it
- produce illustrations, specifications, and measurement charts against which the garment will be manufactured
- choose a manufacturer and negotiate the price at which the garment is bought
- manage the supply chain and ensure that the manufacturer produces and ships on time and to the required quality

For retailers selling manufacturer brands the tasks are simpler. They merely have to choose the brand, buy what they want from the brand collection at the brand's wholesale price and wait for delivery.

This distinction is approach but also about scale. A single boutique can buy a very small quantity, often as little as forty units, from a brand. A single boutique cannot contemplate forty units of own label. No supplier would be prepared to make the garments in such small quantities. To be in the own label business, the retailer requires a critical mass, which is most easily expressed as a minimum number of branches of the own label chain.

These methods of selling to the consumer also determine the different retail channels through which lingerie is sold:

- Department stores

Chapter 3 Lingerie, the consumer perspective

Lingerie in the wardrobe, fashion and function

Do women buy more lingerie than they need? Clearly they do. If women bought purely what was required to wear as an undergarment, based on wearing life and the washing cycle, they would probably have three bras and five briefs in their wardrobe. The concept of garment consumption ceilings fails to take account of women's emotional reactions to style and colour decisions, such as:

- style; this style looks right under these clothes
- colour; can't wear black briefs under flimsy white skirt

Professionals in the fashion industry know that this concept does not work. For the developed world, lingerie brands have estimated what quantities of lingerie the average woman will have in her wardrobe. It is quite similar for the USA and for Western Europe. The average woman buys two bras and five pairs of briefs per year. She has in her wardrobe between five and eight bras, and ten to fifteen pairs of briefs. Lingerie purchasing psychology influences the numbers of pieces that women with enough personal disposable income will have in their wardrobes.

Brand and own label loyalty in a diverse product market

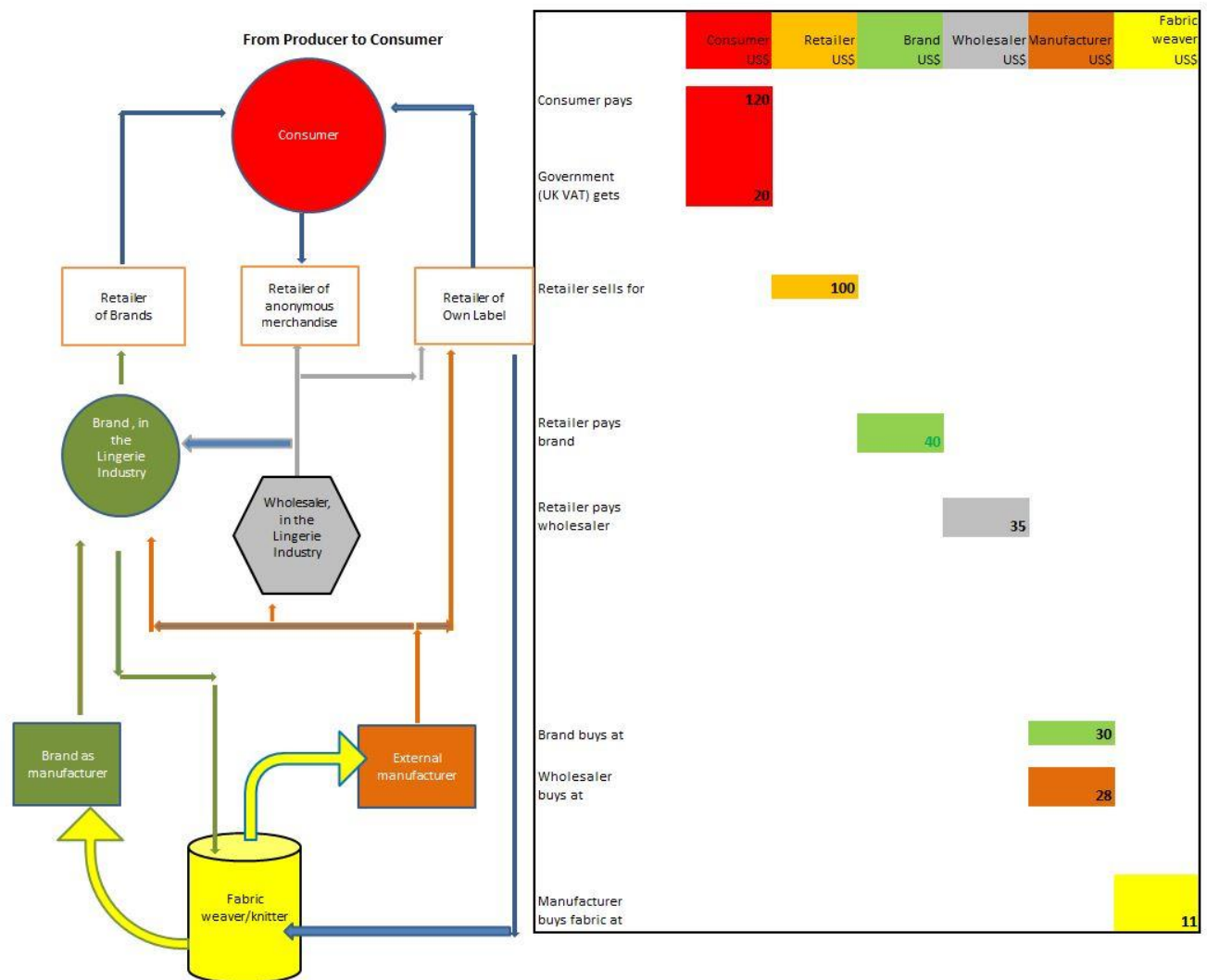
As mentioned in the previous Chapter there are a multitude of brands. They also address different fashionability levels. Because they tend to congregate at specific price points, women mix and match their brand purchases depending on what they are prepared to pay for a garment which may have a short life.

Chapter 4 Lingerie, the supply chain perspective

The standard routes to market

Until fairly recently, there was a well understood, and religiously followed, approach to delivering apparel, including lingerie, to the consumer. It is shown graphically in Figure 3.

Figure 1: Producer to consumer supply chain



Source: just-style

It has previously been mentioned (Chapters 2 and 3), that lingerie has remained more a preserve of brands than most other apparel categories. In the developed world, the percentage of lingerie by

Chapter 5 The world lingerie market, 2015

Approach to quantifying the lingerie market

Lingerie is sold to female consumers through retail shops, and increasingly these days, through internet sales. Consequently, the standard method of quantifying the market is to value it at retail prices, the price the consumer pays.

Also as is normal just-style methodology, all figures are quoted in US\$ (dollars). The exchange rates used are those applying according to the London Financial Times on Tuesday 19th May 2015. They are given below as Table 2.

Table 1: Exchange rates

	US\$	Euro (€)	GBP (£)	China (CNY)
US\$	X	0.89	0.64	6.25
Euro (€)	1.12	X	0.72	7.14
GBP (£)	1.55	1.38	X	10.02
China (CNY)	0.16	0.14	0.1	X

Source: Financial Times

As this is the seventh edition of just-style's report on lingerie, the figures for retail sales in 2015 are based upon reviewing and adjusting the previous edition. Forecasts have been made up to 2020, which are those believed to be the most likely at the point of writing.

Geographical world regions

Some changes have been made to the manner in which the world has been divided geographically. All previous editions considered not just the geography, but the manner in which consumers behaved, their wealth and therefore their propensity to consume. So, for instance, Japan and South Korea were treated as a separate region from the rest of Asia. As wealth, disposable (spending) income and attitudes to what are fundamentally Western female garments change, it becomes necessary to change geographic regions.

The changes to the regions are:

- North America: no change. Although Mexico is officially part of North America, for economic, culture and fashion reasons, it has been placed in South America

Chapter 6 The world lingerie market in millions of units, 2015

World retail headline bras and briefs sales in units, 2015

It is important to reiterate that the lingerie market is not homogenous. It is not possible to aggregate unit sales of bras, briefs and other lingerie categories which have completely different average prices from each other. So, therefore, in the tables in this Chapter, it is just the world bras and briefs markets which are quantified in millions of units for the current year of 2015.

The lingerie market in 2015 is worth US\$XX, of which:

- Bras comprise US\$XX, and account for XX units
- Briefs comprise US\$XX, and account for XX units
- Other lingerie (daywear, shapewear, loungewear, nightwear) comprises US\$XX and accounts for somewhere between XX and XX units. just-style cannot be more precise than this, because of pricing extremes between garments

World retail bra market sales figures in units, 2015

In Table 8, the world bra market is broken down from US\$ billions value for the current year of 2015, into millions of bra units.

Table 2: 2015 world bra market value and volume by region (US\$bn, m's units)

	World total	North America	Europe and Turkey	Asia	South America	Rest of the World
US\$bn						
Average US\$ retail price						
Units ms						

Source: just-style

The bra market is worth US\$16.41bn at retail values. This is 55.6% of the lingerie total. Historically the value of the global bra market has been a little more than half of the lingerie total. Of that total:

- Europe is the largest continent by value, but the second largest in unit terms. Western Europe has the highest prices, but the addition of Eastern Europe and Turkey depresses the average price to US\$XX

Chapter 7 The world lingerie market, 2010

World retail headline lingerie sales figures, 2010

In Table 11, the world lingerie market is quantified in US\$ billions value for 2010. The world total of US\$XX is virtually unchanged from the just-style 2013 edition.

Table 3: 2010 world lingerie market value by region (US\$bn)

	World total	North America	Europe and Turkey	Asia	South America	Rest of the World
US\$bn						

Source: just-style

In 2010, Europe and North America combined accounted for XX% of the world total. By 2015, this had fallen to XX%. In macro-economic terms, this is quite a significant change.

World retail bra sales figures, 2010

In Table 12, the world bra market is quantified in US\$ billions value for 2010.

Table 4: 2010 world bra market value and volume by region (US\$bn, m's units)

	World total	North America	Europe and Turkey	Asia	South America	Rest of the World
US\$bn						
Average US\$ retail price						
Units ms						

Source: just-style

The bra market was worth US\$XX at retail values. By 2015, it had only risen to US\$XX. Its percentage of the total lingerie market in 2010 was XX%. By 2015 it had fallen to XX% as a result of two factors:

- the growth of the Asian market which is skewed towards briefs
- the decline of bra purchases as developed country populations age

Chapter 8 The world lingerie market, 2020

World retail headline lingerie sales figures, 2020

Naturally, just-style readers will be more interested in what will happen to the world lingerie market, than what has happened historically. So, in this Chapter the crystal ball is taken out, dusted off, and given its opportunity to predict the future of the lingerie industry to 2020.

In Table 16, the world lingerie market is quantified in US\$ billions value for 2020. The world total of US\$XX represents a welcome return to value growth of 3.8%

Table 5: 2020 world lingerie market value by region (US\$bn)

	World total	North America	Europe and Turkey	Asia	South America	Rest of the World
US\$bn						

Source: just-style

By 2020, the percentage share held by Europe and North America combined will be XX% of the total. The decline of the developed world will continue.

World retail bra sales figures, 2020

In Table 17, the world bra market is estimated in US\$ billions value for 2020.

Table 6: 2020 world bra market value and volume by region (US\$bn, m's units)

	World total	North America	Europe and Turkey	Asia	South America	Rest of the World
US\$bn						
Average US\$ retail price						
Units ms						

Source: just-style

The bra market will be worth US\$XX. In 2015, it was worth US\$XX. But its percentage of the total lingerie market will continue to decline. In 2010 it accounted for XX%. By 2015 it had fallen to XX%. By 2020, it is predicted to be XX% as a result of the two factors mentioned earlier:

- the growth of the Asian market which is skewed towards briefs consumption

Chapter 9 Timelines and growth percentages between key dates

Timeline

As is just-style's normal practice, a timeline has been produced for all the intervening years between the key dates for this edition of 2010, 2015 and 2020. These timeline estimates are in US\$ values, and are further sub-analysed between the continent regions.

The timeline is shown in Tables 21 to 24, which split up the lingerie total into:

- World bra market in US\$bn, Table 21
- World briefs market in US\$bn, Table 22
- World 'other lingerie' market in US\$bn, Table 23
- World total lingerie market in US\$bn, Table 24

Table 7: World bra market value by region, 2010-2020 (US\$bn)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
World total											
North America											
Europe and Turkey											
Asia											
South America											
Rest of the World											

Source: just-style

Table 8: World briefs market value by region, 2010-2020 (US\$bn)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
World total											
North America											
Europe and Turkey											
Asia											
South America											
Rest of the World											

Source: just-style

Chapter 10 Branding and own label issues in lingerie

Historical brand and own label shares for lingerie

In a previous edition of just-style's lingerie report, the author interviewed Pamela Scott, the long serving editor of Underlines, part of the European Network Dessous Group of trade magazines. At that time, she made a strong defence for the argument that branded lingerie stood a better chance of surviving against own label chains than many other apparel merchandise categories.

Up to a point, she was correct. Table 27 shows the just-style estimate of brand, own label, and anonymous (no label) apparel merchandise for 2008, 2010 and 2015.

Table 9: Branded, own label and anonymous apparel retail value market shares by region, 2008-2015

All apparel		% share of value				
	Sales method	North America	Europe and Turkey	Asia	South America	Rest of the World
2008						
	Brand					
	Own label					
	Anonymous					
2010						
	Brand					
	Own label					
	Anonymous					
2015						
	Brand					
	Own label					
	Anonymous					

Source: just-style

The lessons to be learned from these estimates are that:

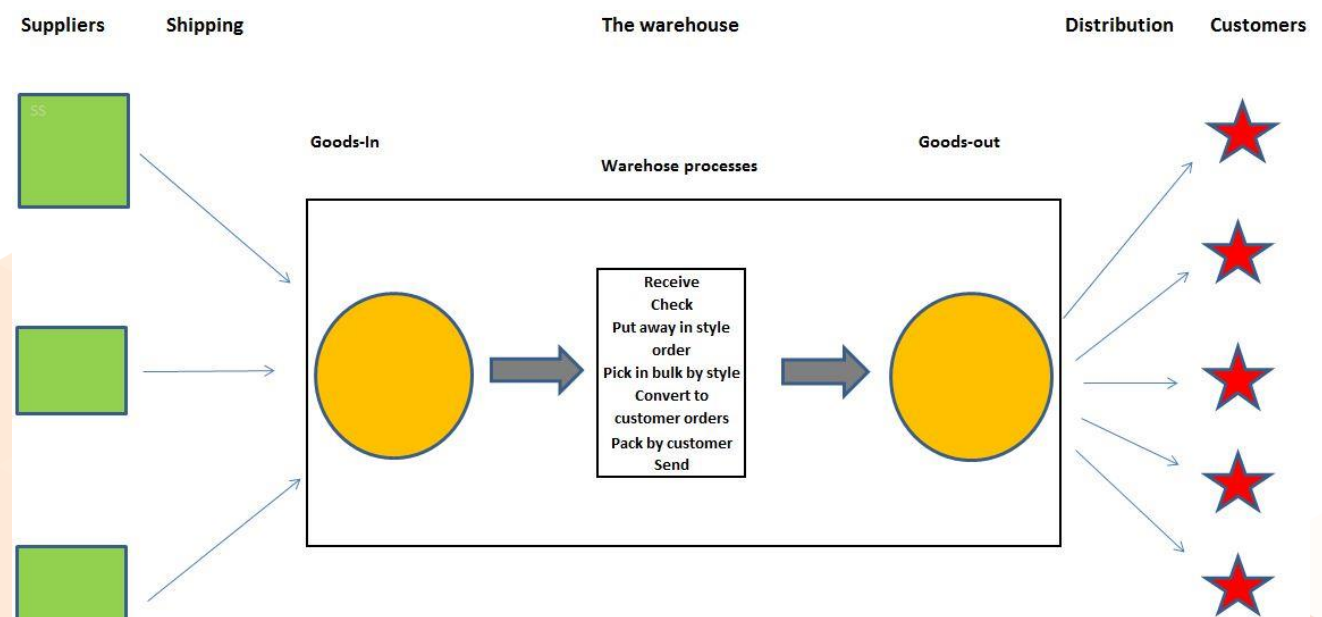
- brand shares are static or declining in the developed world
- brand shares are growing in the other regions
- own label is growing everywhere
- anonymous is declining everywhere, as organised retail grows

Chapter 11 Distribution issues, including the internet, in lingerie

Simple distribution model, brands

The advent of the internet, plus the addition of selling on more than one platform, often referred to as multi-channel, has radically altered the role of distribution. This applies to lingerie in exactly the same manner as to any other merchandise category. The changes can be explained, by first looking at a traditional distribution model, and then adding the extra complexity.

Figure 2: Traditional branded lingerie distribution



Source: just-style

The Figure is explained as follows:

- suppliers, anywhere in the world, manufacture the lingerie for the brand
- the lingerie is packed in cartons each of which contain a quantity of units of one style in one colour in one size
- shipping is arranged from the supplier to the brand's warehouse

Chapter 12 Supply chain issues in lingerie

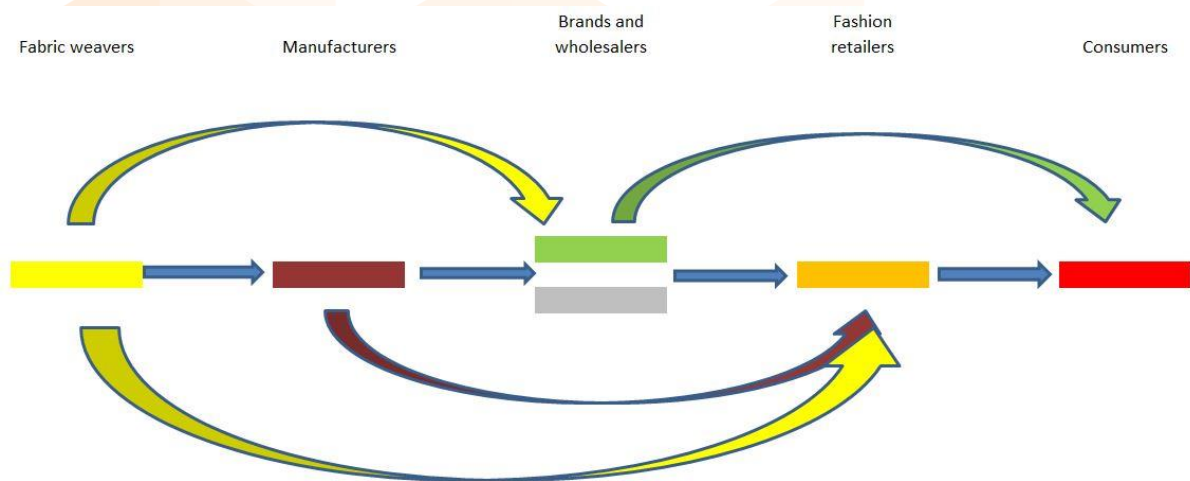
Modern derivatives of the standard routes

In its simplest linear form, the standard route is a straight line in which:

- consumer buys from retailer
- retailer buys from brand or wholesaler
- brand/wholesaler buys from manufacturer
- manufacturer buys from fabric supplier

This is shown graphically in Figure 6.

Figure 3: Fashion industry supply chain



Source: just-style

Sometimes suppliers “jump-over” the linear progression:

- fabric suppliers deal directly with a brand, or own label retailer (yellow arc)
- manufacturers go directly to own label retailers (burgundy arc)

Chapter 13 Commercial and merger & acquisition issues

Brands in the global lingerie market

There are hundreds (possibly thousands) of lingerie brands around the world. Most of them are relatively small. It is quite difficult to build up a large and international brand because the marketing costs of product and customer development are substantial. The lingerie industry is affected by the management theories of Michael Porter. His main contribution to strategic management teaching was the five forces theory.

What the five forces theory argues is that there are some industries where entry and exit barriers are low. It is easy and cheap to enter. It is also easy and cheap to exit if the business is unprofitable or performing poorly.

The opposite is the case for the lingerie brand industry. It is expensive to enter because, although design is relatively cheap, marketing costs are high. It is also expensive to exit, because of the productive, financial and intellectual capital assets that have been built up. This means that the other two elements of Porter – buyer and supplier power – come into play, encouraging merger and acquisition activity.

Mergers and acquisitions

As a result of the above, larger brands are rarely created from scratch, especially not in the economic climate that has prevailed since the financial crisis of 2007-2008. The most significant examples of company buying and selling in the last twenty years have been:

- the addition by Sara Lee (the cakes to hosiery conglomerate) to its stable of US brands of which Hanes was the largest, of no less than six European brands between 1996 and 1999. They were Dim, Gossard, Berlei, Lovable, Elbeo and Nur Die
- the divestment by VF Corporation (once upon a time the lingerie specialist Vanity Fair) of its entire Intimates Division. The buyer was Fruit of the Loom, part of Warren Buffet's investment giant, Berkshire Hathaway
- the sale by Sara Lee in 2007 of its European brands (see bullet one above) to a private equity company Sun Capital Partners

Chapter 14 Trends to 2020

What can retailers, brand marketers, supply chain specialists and financial entrepreneurs learn from this report to inform their future business decisions? just-style suggests the following.

Product and marketing

Retailers, except the lingerie specialists, can and should keep their ranges narrow. They should concentrate on being good as something, be it comfort, up to date fashion, sport or sexy glamour, rather than be average or poor at everything.

Brands have little choice but to continue to offer a plethora of either sub-brands or themed ranges to cope with the consumers' expectations, as outlined earlier in the report.

Branding and own label

Unlike most other apparel sectors, it will be possible for brands and branded retailers to survive the onslaught of the own label giants. The weapons to be employed are range breadth (see above) fit and brand loyalty.

The internet

If you are not already on it, you have missed the boat. If you are, you need to address very carefully the order taking and fulfilment processes and their efficiencies. The industry now knows how to do multi-channel. It does not know how to do it well.

Supply chain

It is rapidly becoming not a matter of where you source, but how you source. This is well illustrated by a recent (Monday 18th May 2015) remark from Leonie Barrie, Managing Editor, just-style:

“New insight suggests that instead of focusing on where their products are made and moving production to lower cost countries and regions, companies should instead pay more attention to how they are made.”