Athleisure strategies in the domestic apparel industry: Are they taking root in Japan?

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Athleisure strategies in the domestic apparel industry: Are they taking root in Japan?

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Abstract

In contemporary society, the apparel market is undergoing commoditization, where products or services initially perceived as high-value offerings become undifferentiated in terms of functionality and quality as market competition intensifies. This paper examines differentiation strategies within the commoditized domestic apparel market, with a particular focus on the effectiveness of the athleisure strategy. It draws on empirical data from an interview survey with marketing and strategy representatives from seven sports apparel manufacturers in Japan. The findings suggest that athleisure holds potential as a strategy for overcoming commoditization. However, the slow adoption of athleisure in Japan is attributed to factors such as limited recognition of the term, ambiguity in its definition, cultural differences in fitness practices, and Japan's distinctive dress code traditions. Despite these challenges, the athleisure strategy is expected to gradually transform Japan's traditionally rigid fashion culture and societal values in the near future.

Keywords: Commoditization, sports apparel, market development, marketing

1. Introduction

The domestic apparel market is home to numerous brands, among which two categories - fast fashion and light fashion - dominate. The role of shopping malls has been crucial in facilitating their expansion. While 'fast' and 'light' fashion can be defined in various ways, this paper defines fast fashion as clothing that rapidly incorporates the latest trends, is offered at low prices, and maintains moderate quality[1)]. In comparison, light fashion is positioned at a slightly higher price range, similarly reflects current trends, and offers somewhat higher quality.

Prominent examples of fast fashion brands include Uniqlo, operated by the Fast Retailing Co., Ltd.; ZARA, managed by the ITX Japan Co., Ltd.; and H&M, operated by the H&M Hennes & Mauritz Japan Co., Ltd. Notable examples of light fashion brands include those operated by the Adastria Co., Ltd. (hereinafter referred to as Adastria) and the brand groups established by the Stripe International Inc. These brands maintain a significant presence in shopping malls across the country.

Fast Retailing holds a 38.1% share of the domestic apparel market, followed by Shimamura with 10.3%, Adastria with 3.5%, and World with 3.4%[2)]. Together, fast fashion and light fashion brands account for more than half of the market share (1). Currently, nearly 60% of the domestic apparel industry follows trend-driven designs[4)], offering medium to moderately high-quality products (2). However, the size of the domestic apparel market has been in decline and has remained stagnant over the past six years (Fig. 1).

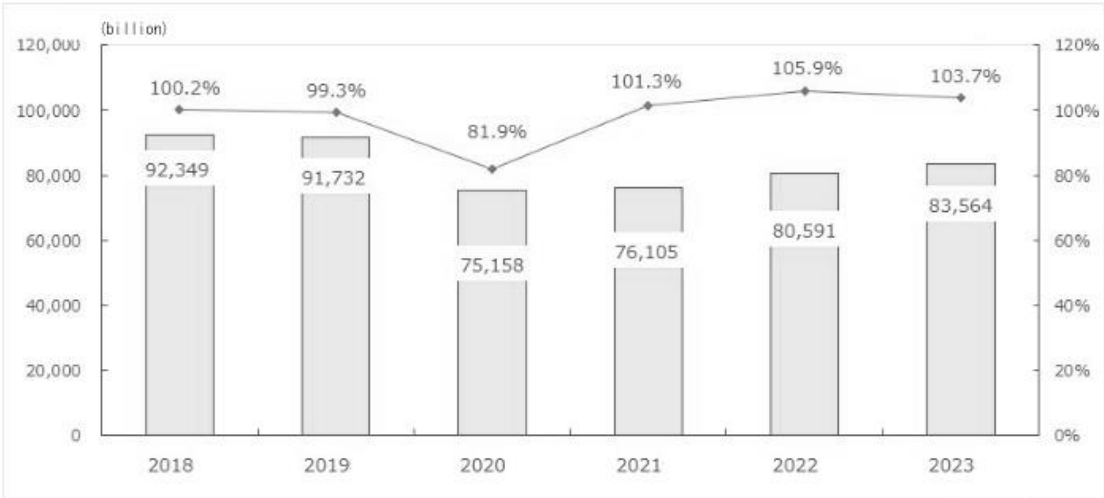

Fig.1 Domestic Apparel (2024) Total Retail Market Size

Source: Prepared by the author based on the same chart (2024) on the official website of Yano Research Institute Ltd.

The concept of "sports mix" fashion, which incorporates sportswear into daily outfits, has existed for some time. However, it had remained merely a fashion trend rather than being explicitly recognized as a distinct market segment. In recent years, this concept has evolved into a commercialized genre known as "athleisure".

Since its emergence around 2018, the athleisure trend has gained popularity not only in the Uited States but also in various Asian countries. However, it has yet to fully take hold in Japan (Fig.2).

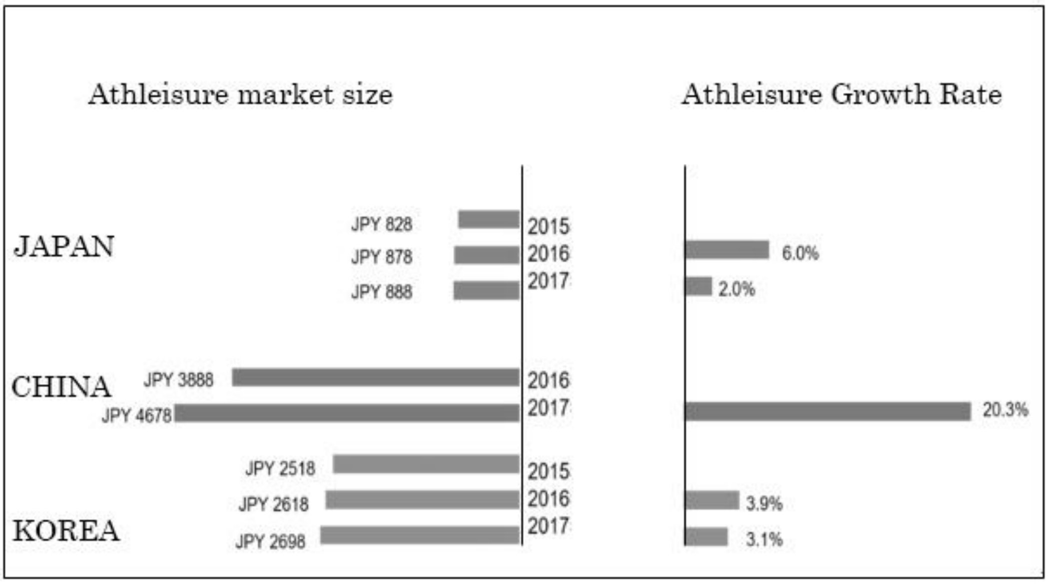

Fig.2 Athleisure Market Size in Japan, China, and South Korea (2018) (Unit: Billion Yen)

Source: Prepared by the author based on the same chart on the official website of NPD Japan K.K.

The market shaping these fashion brands reflect a process of commoditization. According to Onzo (2007), commoditization refers to a market condition in which the technological and product capabilities of companies converge, making it increasingly difficult to differentiate products and services. As a result, consumers perceive little to no significant differences among competing brands. [3]

This paper aims to explore differentiation strategies that can overcome the commoditization of the stagnant domestic apparel market and help establish firms gain a competitive advantage. In particular, the study focuses on the athleisure strategy as one potential approach. The term 'athleisure' is a portmanteau of 'athletic' and 'leisure,' which refers to a fashion style that integrates functional and fashionable sportswear into everyday wear. This paper defines athleisure as a fashion approach aimed at merging performance and lifestyle elements. In the domestic apparel market, athleisure can be considered a new differentiation strategy. The paper investigates how various sports apparel companies are engaging with athleisure - whether they position it as a core product line or as a subcategory, and - how they plan to develop it in the future. By analyzing athleisure from multiple perspectives, this paper aims to assess its effectiveness as a business strategy.

2. The Core Focus of Analysis

This study focuses on seven sports apparel manufacturers as research subjects. Among them, two are comprehensive sports manufacturers, while the remaining five specialize in areas such as clothing, innerwear, footwear, textile products, and camping equipment (Table 1).

These companies differ in terms of business scale and their approaches to sports apparel development. Surveys were conducted with representatives from their marketing and strategy departments. To respect confidentiality requests, the specific company names are not disclosed and are instead represented by the letters A through G.

Table 1 A survey conducted with the seven selected companies

	Business	Date of return of research materials	Net sales (Millions of yen)			Number of Employee s (Person)
			2019	2020	2021	
Company A	General sports manufacturer	June 26, 2021	178,108	169,742	250,419	3,855
Company B	Textile Products	July 2, 2021	undisclosed	undisclosed	undisclosed	14
Company C	General sports manufacturer	July 20, 2021	378,050	328,784	404,082	8,904
Company D	Innerwear	July 21, 2021	194,200	186,800	152,200	20,316
Company E	Footwear	August 3, 2021	undisclosed	undisclosed	undisclosed	2,729
Company F	Clothing	September 10, 2021	872,900	806,800	842,600	38,105
Company G	Camping equipment	September 29, 2021	14,260	16,764	18,391	623

Source: Prepared by the author

A survey was conducted with the seven selected companies, focusing on various aspects such as their awareness and engagement with athleisure, business models, and core strengths. A total of ten questions were developed from multiple perspectives .(Table 2).

Table 2 Interview Survey Items

【STP analysis of each company】 (1)Causal relationship between popular products and health consciousness in Japan (2)How do you select the main target? (3) Competitors and what are their strengths and what hit products have been accepted by the market. (4) Impact of the Corona Disaster on the Business Model
【About each company's athleisure initiatives】 (5) In recent years, there has been an increase in the trend of using sportswear for town use and the change in your company's sales. (6) Awareness of and commitment to athleisure and Source: Prepared by the athleisure for its introduction (7) Lineup of athleisure products developed (8) What's Next for Athleisure

(9) The spread and strategy of athleisure overseas and the spread and battle of athleisure in Japan Are there any differences in abbreviations or noteworthy features?

Source: Prepared by the author

In addition to the responses to the predefined interview questions, the companies also shared insights into their strategic thinking and other key messages, which were also incorporated into the analysis.

The university faculty to which the author belongs maintains a close relationship with several sports apparel manufacturers. Moreover, the author has established strong personal connections with these manufacturers, enabling direct access to marketing representatives.

These close ties with the research subjects greatly facilitated the investigation of athleisure strategies within the broader context of brand differentiation in the apparel industry.

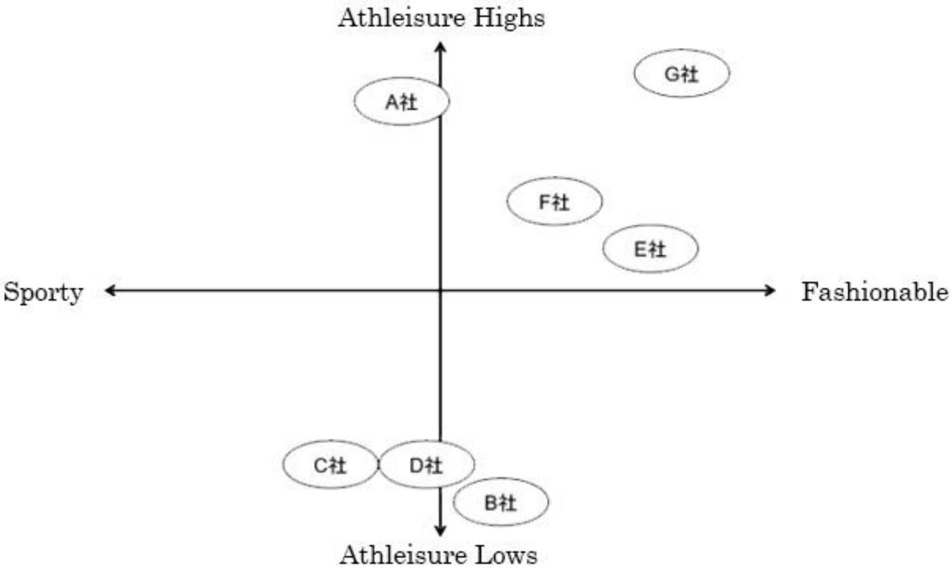

Fig.3 Positioning map of the seven selected companies

Source: Prepared by the author

In Fig.3, the vertical axis represents the level of engagement with athleisure, while the horizontal axis indicates the degree to which a company exhibits sports-oriented or fashion-oriented characteristics. For example, Company A appears to have a high level of awareness of athleisure, as evidenced by both the number of athleisure products it offers and its interview responses. In contrast, Company C, despite being a comprehensive sports manufacturer, demonstrated a lower level of awareness, as indicated by the interview findings. This framework has proven useful in facilitating more in-depth analysis.

Regarding the scales of the vertical and horizontal axes, the positioning was determined based on a comprehensive evaluation of factors such as fashionability and functionality (sporty aspects), as informed by the research findings. The resulting positioning map indicates that none of the companies are exclusively specialized in sports-oriented products. Instead, all companies blend both sporty and fashionable elements or place a stronger emphasis on fashion.

3. Survey Findings

This study first examined company's awareness of athleisure. All companies, from Company A to Company G, had already begun developing products that allow sportswear and outdoor wear to be used as everyday clothing.

However, according to the results of the interview survey, Companies B, D, E, and G stated that they do not specifically develop products with athleisure in mind. Nonetheless, many cases were observed in which companies, despite not explicitly marketing their products as athleisure, had developed items that could be categorized as such . The low levels of awareness and recognition of athleisure among these companies can be attributed to two main factors: the limited dissemination of the concept of "athleisure" and the ambiguity surrounding its definition.

Currently, Workman Co. Ltd is the only company actively using the term "athleisure" in its product development. Other companies tend to adopt their own unique terminology, which limits both the recognition and adoption of the term "athleisure" in the domestic market. In Japan, various terms - such as sports mix - have been used to describe the style of incorporating sportswear into everyday fashion. This has led to confusion, with few consumers clearly understanding the distinctions between these terms, which may further contribute to the low level of awareness surrounding athleisure.

As of August 2023, Instagram hashtag data reflects this lack of recognition. While the term *sports mix* had nearly 100,000 posts, the Japanese term for athleisure had just under 43,000 posts. In contrast, the English term athleisure had approximately 2.5 million posts, highlighting its significantly greater recognition on a global scale.

A search for the term "SPORTSMIX" on Instagram yielded around 20,000 results, indicating that "SPORTSMIX FASHION" has not gained significant traction internationally. In contrast, the term "athleisure" is widely recognized across global markets. This suggests a stark contrast in awareness levels, with athleisure being roughly 60 times more prevalent worldwide than in Japan. These findings highlight the significantly lower level of recognition that the term athleisure holds within the Japanese market.

Regarding the definition of athleisure, the survey results revealed that no clear or consistent definition has been established within the domestic market. As a result, many companies reported difficulty in explicitly classifying their own products as athleisure.

As noted earlier, athleisure is defined as the incorporation of sportswear, which combines functionality and fashion, into everyday attire. However, a web search reveals a range of interpretations, indicating that a clear, universally accepted definition has yet to be established.

Company F is one of the leading giants in the fashion industry. If a company of this scale were to take the lead in defining athleisure and actively promoting it in the market, it could significantly enhance the visibility and widespread adoption of the concept. Table 3 summarizes each company’s responses regarding their future approaches to athleisure. Companies A and C, as comprehensive sports manufacturers, plan to leverage the technologies developed through sportswear production to create highly functional apparel suitable for everyday clothing.

Table 3 Excerpts from Questions: Summary of Each Company's Responses on Their Future Approaches to Athleisure

	Future Approaches to Athleisure
Company A	Planned expansion: Developing and expanding a product line of comfortable and stylish sports apparel.
Company B	No response.
Company C	Planned expansion
Company D	No plans to develop athleisure products, but the company will continue developing sporty yet casual, everyday-wearable products.
Company E	No plans to develop athleisure products
Company F	The term "athleisure" is not used, continue developing products under its own branded category series
Company G	No response.

Source: Prepared by the author from this interview survey

Company B stated that it is not currently developing athleisure products and did not provide a response regarding its future plans. Company C, while offering fewer athleisure products compared to other sports manufacturers, does plan to continue developing such products; however, its primary focus will remain on performanceoriented products. In contrast, Companies D and E indicated that they have no plans to develop athleisure products in the future.

Company D aims to develop boundary-free products targeted at individuals who enjoy sports as a leisure activity. Meanwhile, Company E plans to continue expanding its sneaker line, offering footwear and apparel that combine the functionality of sports shoes with everyday usability.

Company F will continue developing products under its own branded category series without explicitly using the term "athleisure." Company G did not provide a response and is not currently engaged in product development, specifically categorized as athleisure.

However, Companies B, D, E, and G indicated that they have no plans to specifically develop athleisure products, although they frequently offer highly functional and sporty products that align with the definition of athleisure used in this study and can be worn as everyday clothing.

Based on the analyses presented here, it can be inferred that all of the surveyed companies will continue to develop products that, in some form, fall within the athleisure category. Prior to conducting the interview survey, it was hypothesized that the athleisure market would experience growth and become more firmly established as sports brands expanded their everyday wear offerings. However, the findings indicated a more complex reality, suggesting that the market remains in a relatively immature stage of development.

Furthermore, it was found that not only sports brands but also a wide range of apparel-related manufacturers, including general apparel companies and those specialising in outdoor and camping gear, have high expectations for expanding their product offerings into high-performance casual sportswear that can be categorized as athleisure .(Fig.4).

Fig.4 Athleisure Market Becoming a Red Ocean (2024)

Source: Prepared by the author

The fundamental reason the athleisure style has not yet taken root in Japanese fashion, as indicated by this study, may be attributed to differences in fitness culture. When comparing international fitness participation rates, Japan ranks 30th with a participation rate of 3.3%, whereas the United States ranks first at 20.3%, and South Korea ranks 20th at 7.29%. [5)]

In Japan, gym culture has not yet become as deeply ingrained as it has in other countries. The athleisure style originally gained popularity abroad due to its advantage of allowing individuals to transition seamlessly from the workplace to the gym. Given that gym culture is not as well established in Japan, it is understandable that the athleisure style has not spread as widely.

However, since the COVID-19 pandemic, public health awareness has increased, leading to a rise in gym attendance. As Japan's fitness culture continues to evolve, it is possible that the athleisure style will become more widespread. Additionally, Japan has a distinct dress code culture in which suits are traditionally worn for work, and sportswear is reserved for exercise.

This cultural norm may also be a factor hindering the widespread adoption of new fashion styles such as athleisure in Japan. In summary, the findings of this research indicate that the limited recognition of the term 'athleisure,' ambiguity in its definition among manufacturers, differences in fitness culture, and Japan's unique dress code traditions all contribute to the slow adoption of athleisure in the country. It is essential for leading companies in the apparel industry to first establish a clear definition of athleisure and then actively promote this fashion genre to consumers. By increasing awareness and understanding of the term, the athleisure market in Japan is to gain greater recognition and experience subsequent growth.

4. Conclusions

This paper has examined differentiation strategies within the commoditized domestic apparel market, with a particular focus on the effectiveness of the athleisure strategy. Specifically, it explored whether the introduction of athleisure products by domestic apparel manufacturers and sports-related companies could serve as a means to escape commoditization. The investigation was guided by the hypothesis that such a strategy could lead to successful outcomes, similar to that of Workman, which effectively differentiated itself and overcame commoditization at an early stage. Although recognition of athleisure as a term and category varied among companies, interviews conducted with the selected firms suggest that athleisure holds at least some potential as a strategy for overcoming commoditization. The findings indicate that athleisure can, to a certain extent, function as a viable approach for differentiation within the domestic apparel market.

An analysis of product lineup trends among the surveyed companies revealed a clear shift toward sporty and highly functional offerings across all firms. However, fundamental challenges persist, including the limited number of comparable companies, largely due to the impact of the COVID-19 pandemic during the period of the study.

Additionally, discrepancies were observed between the definition of athleisure used in this study and that employed by the Yano Research Institute, which served as a reference point for data analysis. For instance, ambiguity remains regarding whether styles that incorporate sportswear purely as a fashion element—such as those popularized by K-pop artists—should be classified as athleisure. This lack of clear boundaries further complicates the definition and classification of athleisure across different research and market contexts.

As previously mentioned, the definition of athleisure remains ambiguous, and it has not yet been clearly defined in the domestic market. This has allowed Workman, which was among the first to categorize athleisure, to maintain a dominant first-mover advantage in the athleisure market.

Currently, the domestic apparel market is highly saturated with companies offering low-cost yet fashionable products, making it an unmistakable red ocean. In other words, commoditization in the domestic apparel industry has advanced significantly, and many companies are now seeking strong differentiation strategies to break free from this commoditized market landscape. For example, in recent years, the brand Niko and..., developed by Adastria, has focused on sportswear and camping gear that can also be worn in outdoor and camping settings.

The store interiors are also designed to enhance the appeal of outdoor products, effectively differentiating the brand from competitors in the same market segment.

The case of niko and... demonstrates that in Japan’s commoditized apparel market, the development of sporty and highly functional products can serve as an effective differentiation strategy.

Furthermore, in the domestic apparel market, Uniqlo, the brand with the highest market share, has been steadily increasing its offerings of sports apparel each year. The growing number of athleisure-style products, along with promotion strategies incorporating athleisure-focused themes in television commercials, highlights the brand’s strong interest and strategic emphasis on the athleisure market.

The findings of this study suggest that not only large corporations like Uniqlo but also small and medium-sized enterprises are leveraging their unique core competencies to tap into new customer segments by incorporating athleisure elements. Looking ahead, it is possible that in 15 to 20 years, the development of athleisure products will become a standard practice in the domestic fashion market, resulting in a transformation in Japan’s fashion culture.″

Athleisure fashion is highly functional as workwear while also maintaining a strong sense of style for everyday use. Since it can be worn during physical activities, it has the potential to gradually weaken Japan’s rigid dress code culture, which dictates that business attire must be a suit or that specific fashion styles are appropriate for certain occasions. This shift could act as a catalyst for Japan to move toward a society that, like many other countries, places greater emphasis on individual expression. In other words, by adopting athleisure strategies, domestic apparel manufacturers may help transform both societal structures and fashion culture in Japan.

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