15TH ANNUAL

MICCSR CASE

IF THE SHOE FITS....



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MILGARD SCHOOL OF BUSINESS

CENTER FOR LEADERSHIP & SOCIAL RESPONSIBILITY

IF THE SHOE FITS....

Athletic footwear and apparel

The global athletic footwear and apparel industry is a large and growing market driven by increased health awareness, lifestyle trends, and the blurring of lines between performance and athleisure wear. Key players include, but are not limited to, Nike, Adidas, Puma, Lululemon Athletica, and Under Armour, with market growth projected to continue due to rising disposable incomes, expanding e-commerce, and greater female participation in sports. Other popular emerging brands in athletic footwear include Hoka and On.

Industry Size and Growth

Market Value:

The global market for athletic footwear was valued at approximately $144 billion in 2025 and is forecast to reach over $210 billion by 2032.

Growth Drivers:

Increased consumer focus on health, fitness, and the trend of wearing sportswear for casual activities (athleisure) are significant growth drivers.

E-Commerce:

The flourishing e-commerce sector provides easier access for consumers, increasing competition and affordability in the market.

Key Trends

Blurred Lines:

The distinction between performance-oriented athletic wear and fashion-driven lifestyle (athleisure) products is diminishing.

Product Innovation:

Brands are developing products with advanced cushioning and technologies for enhanced comfort and performance.

Sustainability:

Sustainability is generally a growing focus within the apparel and footwear industries and may be a future driver of growth.

CSR Issues

Over the years, the industry has come in for criticism over a number of issues in the corporate social responsibility arena related to its business practices.

Sweatshops and strikes

Several athletic footwear and apparel companies have come under criticism for the poor working conditions in their contract factories in countries such as China, India, Indonesia, Malaysia, Mexico and Vietnam. These conditions are facilitated by the fact that these factories are mostly owned and run by contractors who frequently violate minimum wage and overtime laws. This in turn has often resulted in strikes by the workers. In 2014, there was a huge strike at the Yue Yuen Industrial Holdings Dongguan shoe factory in China which manufactured products for Nike and Adidas among others. There have been similar problems in Indonesia at Adidas' subcontractors including PT Kizone and Panarub. Poor working conditions were also a problem at factories of Puma's subcontractors in Cambodia and China.

Child labor

Another problem area related to the athletic footwear and apparel companies has been the recurring use of child labor. Despite repeated criticism, the industry continues to contract its production to entities that operate in areas where inadequate regulation and monitoring make it difficult to prevent the use of child labor in the manufacturing process. The media has done exposes of the use of child labor in Cambodia, Pakistan and elsewhere.

Labor and sourcing issues related to Uyghurs in Xinjiang

There have also been multiple allegations against 82 major brands about the use of forced Uyghur labor in factories manufacturing their products via subcontractors in Xinjiang, China. In 2021, the European Center for Constitutional and Human Rights (ECCHR) filed a criminal complaint related to this in a Dutch court. In 2023, the Canadian Ombudsman for Responsible Enterprise opened an investigation to probe allegations of forced Uyghur labor in Nike's supply chain. There were similar accusations in the European parliament about the exploitation of Uyghur workers in China by the Anhui Huamao Group in its production facilities. There has also been criticism related to forced labor of Uyghurs in the cotton fields of Xinjiang which supplies more than 20 percent of the world's cotton. Human rights groups have charged that the major western brands that use cotton grown in Xinjiang in their products are complicit in the forced labor problem.

Toxic chemicals

Workers in footwear factories in Thailand were found to be exposed to toxic chemicals such as isocyanates. In addition to inhalation, dermal exposure was the biggest problem resulting in allergic and asthmatic reactions.

NIKE

Perhaps one of the most recognizable brands on the planet, thanks to the 'Swoosh' logo and "Just Do It" slogan, Nike is the world's largest supplier and manufacturer of athletic shoes and apparel, as well as a major supplier of sports equipment. Nike, Inc. is the owner of a number of brands, including Nike, Converse, and Jordan, and the company is headquartered in Beaverton, Oregon, United States. Some of the other big players within the industry are Adidas, Puma, Lululemon Athletica, and Under Armour.
A short introduction to Nike
The company that named itself after the Greek goddess of victory, markets several products under its own brand, including, but not limited to Nike Pro, Nike+, Nike Blazers, Nike Dunk, as well as Air Max, Air Jordan, Phantom. Globally, Nike sponsors many high-profile athletes, as well as soccer clubs such as Athletico Madrid, FC Barcelona, Inter Milan, and Paris Saint-Germain, among many others.

Just Do It
Nike is one of the most valuable apparel brands, boasting a brand value of almost 30 billion U.S. dollars. In other words, Nike is not just the world's leading sports clothing brand, it is also one of the most valuable apparel brands overall. The company also has a very strong financial record, generating over 50 billion U.S. dollars in revenue during 2023 and 2024. However, the financial year 2025 saw a dip in revenue to just over 46 billion U.S. dollars. Nike generates its sales from three main product segments, namely, footwear, apparel, and equipment. The largest segment, footwear, led the way in terms of sales revenue, bringing in approximately 29 billion U.S. dollars in the fiscal year ended May 2025.

Nike's 2025 revenue is nothing to scoff at even though it was lower compared to the previous two years. The tariffs imposed by the United States on imports are expected to have a big impact on the revenue of many retail companies, including Nike. However, even with the effects from tariffs, Nike is likely to remain a go-to brand among consumers.

In 2025, Nike's stock price dropped from $75.67 to $63.71 – a decline of 15.81%.

ADIDAS

Adidas AG is the largest sportswear manufacturer in Europe and is second only to Nike worldwide. Adidas is a multinational corporation, founded and headquartered in Herzogenaurach, Germany, which designs and manufactures footwear, apparel, and accessories. The sporting goods company also owns a share of the German football club Bayern Munich. The Adidas logo found on all of the company's products consists of three stripes and is one of the most instantly recognizable logos in the world. Adidas sponsors many of the world's major soccer clubs including Arsenal, Juventus, Liverpool, Manchester United, and Real Madrid.

Adidas among competitors

As of 2024, Adidas stood among the top ten largest apparel brands in the world, with a brand value of almost 14.5 billion U.S. dollars. As such, it comes as no surprise that the company is also the second highest-earning athletic footwear, apparel, and accessories company in the world. Both Adidas and Nike are well liked by consumers in the United States. Depending on the year, Adidas even surpassed Nike in terms of customer satisfaction.

Key figures of Adidas Group

Adidas employed around 62,000 people worldwide in 2024. The organization's global net sales amounted to about 23.7 billion euros that year, which was an increase compared to the previous year and the highest the company has ever seen. In recent years, the company’s net sales have seen more fluctuation likely due in part to economic instability caused by COVID-19 and inflation.

Currently, North America and China are some of Adidas' most important markets, as these regions combined accounted for approximately 35 percent of the company's annual retail sales. In comparison, just over 30 percent of the company's sales were from Europe. Apparel and footwear are the Group's biggest segments and unsurprisingly generate the bulk of the company's sales. When it comes to new developments, Adidas is not showing any signs of slowing down, investing significantly more in R&D in 2024 than in the last five years. This signifies the company’s plans to continue evolving and producing new lines which are essential to the success of any business.

In 2025 Adidas’ stock price dropped from $121.77 to $98.86 – a decline of 18.81%.

PUMA

Puma is another renowned name in the sneaker and sportswear industry. It is a German-owned multinational sports apparel company with headquarters in Herzogenaurach, Germany. Founded in 1948, the company is engaged in the design and manufacture of both casual and athletic footwear, apparel, and accessories. Since its foundation, the company has grown to become one of the biggest athletic footwear and apparel companies in the world with sales exceeding 8.8 billion euros in 2024.

As stated earlier, the Puma brand, like its major competitors, is also comprised of three primary product segments: footwear, apparel and accessories. The footwear segment accounts for more than half of the company's consolidated sales, generating a record amount of over 4.7 billion U.S. dollars in 2024 which was a big year for sponsorships as the Olympics took place in Paris. It sponsors soccer clubs such AC Milan, Borussia Dortmund, Manchester City, and Olympique de Marseille.

Puma brand apparel and accessories

Like its competitors, Nike and Adidas, Puma has invested in expanding its apparel and accessories lines in recent years. Since 2016, sales from the apparel segment have doubled, and they exceeded the two billion-euro-mark for the first time in 2019. Just three years later, the brand had already reached roughly 2.9 billion euros of annual apparel sales. In 2024, the segment generated about 2.81 billion euros. Puma-branded accessories have also contributed significantly towards group sales, with the segment reaching its highest ever value in 2024.

Sneakers have always been popular and continue to be so. Similarly, sportswear is not just popular for working out but has become a fashion trend, especially popular among younger generations. This means that many companies are trying to make a name for themselves in the sports and athleisure sector but as Puma is such an established company it is not facing the same challenges as smaller new brands.

In 2025, Puma's stock price fell from $4.53 to $2.55 – a decline of 43.71%.

LULULEMON ATHLETICA

For a long time, the global sportswear market has been primarily dominated by brands from the United States and Germany. That is until a Canadian challenger entered the ring and became one of the biggest names in the industry. Lululemon Athletica Inc. is a manufacturer and retailer of yoga-inspired athletic apparel based in British Columbia, Canada. With annual revenue figures of about 350 million U.S. dollars back in 2008, Lululemon's global sales have grown consistently and reached over 10.5 billion U.S. dollars during its 2024 fiscal year. This is more than double the amount generated just four years earlier. Although the company is predominantly known for its up-market women's leggings and yoga pants, Lululemon also markets a menswear range, swimwear goods, and yoga equipment.

Recently, Lululemon even launched its first footwear products. Unlike Nike, Adidas and Puma, the vast majority of Lululemon's revenues come from the apparel segment. Athletic footwear is a relatively recent addition to its product line and contributed under 10 percent of its total revenues in 2025. Sports personalities sponsored by Lululemon include Lewis Hamilton, Jordan Clarkson, Min Woo Lee and Francis Tiafoe.

In 2025, Lululemon's stock price fell from $382.41 to $207.81 – a decline of 45.66%.

UNDER ARMOUR

Under Armour started with a simple plan to make a superior T-shirt that provided compression and took perspiration off your skin rather than absorb it. A shirt that worked with your body to regulate temperature and enhance performance. Under Armour is the originator of performance apparel - sportswear engineered to keep athletes cool, dry, and light throughout the course of a game, practice, or workout. Over the years since, the company has grown and expanded significantly, generating a total of over five billion U.S. dollars in global net revenues in its 2025 fiscal year.

From humble beginnings to one of the major players

Under Armour, Inc. is an American sporting goods manufacturer that supplies athletic and casual apparel, as well as footwear. Although it was founded in 1996, and is therefore much younger than established athletic apparel market leaders Nike and Adidas, Under Armour generated the sixth highest revenue of athletic footwear, apparel and accessories companies globally, making it one of the most valuable sports business brands in the world today. As of 2024, Under Armour employed an estimated 15,000 people and had locations all over the world. Many of the company's factory house stores were located in the United States. At just over three billion U.S. dollars' worth of net revenue in fiscal year 2025, this is also where Under Armour generates the majority of its sales. The manufacturer's most lucrative product category is its apparel segment, which represented approximately two-thirds of Under Armour's total sales. Footwear, on the other hand, only accounted for about a quarter of the company's net sales, which is a contrast compared to some of the company's main competitors. Prominent athletes endorsed by Under Armour include Stephen Curry, Jordan Spieth, Breanna Stewart, and Neymar.

Trade policies and tariffs make it difficult to predict what the next year will look like for many companies, including Under Armour, however the company did undergo some restructuring in the fiscal year 2025 and this could put the company in a stronger financial position in 2026.

In 2025, Under Armour's stock price fell from $8.25 to $4.97 – a decline of 39.98%.

ASSIGNMENT

You are the Chief Investment Officer (CIO) at Evergreen Investment Fund and are looking to invest in the athletic shoe and apparel industry. Based on your assessment of the performance of the major players in the industry -- from both a financial and a corporate social responsibility perspective -- and their future prospects, select one company you would you invest in.

Explain your decision.