Nike Equity Research


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Outlook

Nike Needs Inventory Reset to Support Broader Turnaround: React

(Bloomberg Intelligence) -- RECENT EVENT REACTION: Nike's ability to meaningfully reduce inventory will be key to reigniting direct-to-consumer momentum and supporting a broader turnaround. Fiscal 2Q results still showed improving underlying trends, with wholesale revenue up 8%, well ahead of expectations. Strength in apparel and North America also stood out, while DTC and China remain weak spots. (12/18/25)

Nike Turnaround Underway; Focus Shifts to China: Equity Outlook

THESIS: Nike has made progress lowering unwanted inventory domestically, paving the way for market-share gains with new products and partnerships. Still, China continues to disappoint, needing further strategic direction to stop the sales slide. Executing on CEO Elliott Hill's "Win Now" strategy is even more important there, with a focus on innovation, sports and fresh inventory. Shorter lead times, refined wholesale partnerships, strategic pricing and digital engagement are levers to help Nike capitalize on early demand signals and reduce discounted sales. Headwinds include the impact of tariffs on costs and demand. (12/18/25)

Key Topics Summary

Near-Term Outlook Choppy: A weaker economy and lower direct-to-consumer sales are weighing on Nike, with consensus expecting total revenue to fall by low-single digits in fiscal 2026, with low- to mid-single-digit declines in 1H while sales in 2H could revert to gains. Gross margin might contract on higher markdowns to clear elevated inventory, tariff headwinds and shifts in channel mix, partly offset by price hikes and cost-mitigation efforts.

Regions At Fore: Nike's sales may drop by a low-single-digit percentage in fiscal 2026, based on consensus, as economic weakness and higher markdowns to clear excess inventory crimp sales. Growth is expected to turn positive in 2H. Innovative products can help, but improving wholesale and direct-to-consumer momentum remains key to long-term growth and maintaining the top spot in global sportswear.

Rebalancing Wholesale: Nike's bigger wholesale push leads us to believe its previous direct-to-consumer (DTC) penetration target of 60% of sales is unlikely as it emphasizes meeting customers where they are. Digital remains a focus, and e-commerce sales may rebound when unwanted inventory is cleared, driving higher full-price selling. Better wholesale partnerships with differentiated retailers are catalysts.

Women's Market Opportunity: Nike, already the largest women's athletic brand, has a chance to gain an even bigger portion of the fragmented sportswear market with designs specifically for the segment, along with targeted sponsorships and marketing. The company continues to dominate in sports bras, and its new leggings and footwear offerings could help it capture share.

Sport Endorsements Key: Nike's bet on sponsorships and collaborations with top athletes and coaches could aid market share. Signing players like Giannis Antetokounmpo and Zion Williamson for the Jordan basketball brand, plus a German national team soccer-uniform contract, may boost sales. Building awareness can help drive revenue in less-penetrated markets and categories.

Financial Review

Earnings

Nike's China Drag to Linger, Offsets Better US: Earnings Outlook

Post-2Q Earnings Outlook: Nike's weaker fiscal 3Q guidance and ongoing China softness are offsetting domestic strength and weighing on sentiment. Its 3Q view for a low-single-digit sales drop appears conservative given expectations for modest North America growth, yet reflects persistent pressure in China, with FX-neutral sales likely to mirror 2Q's 16% decline. A China turnaround is key as the market represents one of Nike's biggest sales and margin opportunities. Total 2Q revenue rose 1%, driven by gains of 9% in North America, 8% in wholesale and 4% in apparel, partly offset by declines in China, APLA and direct-to-consumer.

Expanding NikeSKIMS into EMEA and APLA next year and an upcoming Caitlin Clark shoe are potential catalysts. Tariffs could remain a $1.5 billion annual headwind and a net 120-bp gross-margin drag.
(12/18/25)

Highlights From Recent Results:

- FX-Neutral Sales Flat, Reported Up 1%, With FX-Neutral North America Up 9%, EMEA Down 1%, Greater China Down 16% and Asia Pacific-Latin America Down 4%
- Nike Brand Digital Sales Down 14%; Nike-Owned Stores Down 3%, Wholesale Sales Up 8%
- Gross Margin Contracted 300 Bps on Tariffs; 3Q Seen Down 175-225 Bps (315 Bps Hit From Tariffs)
- SG&A Expenses Up 1% on Higher Brand, Sports Marketing
- EPS of 53 Cents Beat Consensus; Fiscal 3Q Sales May Decline by Low-Single Digits

Additional Resources:

- Earnings Release | DOCV »
- Earnings Call Transcript | DOCV »

Long-Term Drivers

Nike's Fiscal 2026 Sales Can Inch Up as Gross Margin Contracts

Nike's sales could rise slightly in fiscal 2026, based on consensus, amid a weaker global economy and efforts to clear elevated inventory, though its focus on sports and a new product pipeline can offset these headwinds. Digital-product innovation and expanding physical-retail concepts can help. Sales in 2Q may drop by low-single digits, based on guidance. Gross margin could decline 300-375 bps, including 175 bps from tariff impacts, due to higher markdowns to clear excess inventory. Longer term, margin may expand as sales recover in China, the company's most profitable region.

The Bloomberg Interactive Calculator uses Bloomberg's detailed consensus estimates to create an integrated three-statement financial model. (10/20/25)

Bloomberg Interactive Calculator (Click to Open)

NIKE Inc
NKE US

Bloomberg Interactive Model V2.1

NIKE Inc

	2024	2025	2026	2027	2028
Key Drivers					
North America					
Footwear	14,537	12,684	12,756	13,521	14,332
Y/Y Change	-2.4%	-12.7%	0.6%	6.0%	6.0%
Consensus - YoY Growth			1.2%	4.8%	4.4%
Apparel	5,953	5,837	5,997	6,416	6,833
Y/Y Change	0.1%	-1.9%	2.7%	7.0%	6.5%
Consensus - YoY Growth			3.2%	5.4%	4.1%
Key Financial Metrics					
Total Revenue	51,362	46,309	46,768	49,851	52,631
Consensus			46,770	49,194	51,727
Gross Margin (%)	44.6%	42.7%	41.8%	43.4%	44.1%
Consensus			41.7%	43.4%	44.0%
Operating Margin (%)	12.3%	8.0%	6.8%	9.6%	11.1%
Consensus			6.5%	9.0%	10.4%
Diluted EPS	3.73	2.16	1.75	2.77	3.45
Consensus			1.68	2.51	3.05

Source: MODL <GO>, Bloomberg Intelligence

Focus Idea

Focus Idea

Nike Revamp Gains Traction; Tariffs Delay Big Payoff: BI Focus

Updating Focus Idea: Nike’s long-term outlook is improving as its turnaround begins to pay off, aided by normalizing inventories, though tariffs and weak consumer sentiment push most of our consensus-topping scenario into 2027. The revamp can bolster consumer engagement through innovation and new products, reviving momentum in running and lifestyle. Fiscal 2026 sales may only modestly exceed analyst expectations, but we project nearly $1 billion in sales upside for 2027. CEO Elliott Hill’s product track record and the Nike-SKIMS launch should help reinforce momentum.

Original Thesis (April 2024): Nike's sportswear lead can dominate the channel through product innovation and sports, which could end more than two years of downward earnings-estimate revisions and drive fiscal 2026 revenue at least $1 billion ahead of consensus. The return of major sporting events, accelerated innovation and expectations for upbeat forecasts at its analyst meeting in 2H are catalysts. (10/06/25)

Product Innovation, Sports Key to Better Sales

Nike's growing focus on innovation can be a catalyst that drives revenue growth in the sports and lifestyle categories. Trends might remain lackluster in the near term as its Win Now strategy takes time to drive a turnaround through a better product pipeline. Until then, the launch of the Pegasus Premium and Vomero 18 running shoes, Kobe Protro, 24.7 apparel collection and expansion of the Air franchise are early signs that the company is making progress freshening its lineup. Expanded involvement in sports around the world and continued initiatives in women and wholesale remain factors that could aid fiscal 2H26 sales and put 2027 revenue above MODL consensus of $48.9 billion. A new brand in collaboration with Skims is an added opportunity.

Economic and geopolitical headwinds remain risks. (10/06/25)

Bloomberg Interactive Calculator

NIKE Inc
NKE US

Bloomberg Interactive Model V2.1

							Interim Driven	Annual Driven	Annual Driven
	2024 FY A	2025 FY A	2026 Q1 A	2026 Q2 E	2026 Q3 E	2026 Q4 E	2026 FY E	2027 FY E	2028 FY E
	May-31-2024	May-31-2025	Aug-31-2025	Nov-30-2025	Feb-28-2026	May-31-2026	May-31-2026	May-31-2027	May-31-2028
Model Summary									
Total Revenue	51,362	46,309	11,720	12,031	11,470	11,547	46,768	49,851	52,631
Consensus				12,130	11,469	11,541	46,466	48,931	51,501
Gross Margin (%)	44.6%	42.7%	42.2%	40.9%	42.0%	42.0%	41.8%	43.4%	44.1%
Consensus				40.9%	42.0%	42.0%	41.7%	43.4%	44.1%
Operating Margin (%)	12.3%	8.0%	7.9%	6.2%	7.6%	5.5%	6.8%	9.6%	11.1%
Consensus				6.3%	7.5%	5.4%	6.4%	8.9%	10.3%
Diluted EPS	3.73	2.16	0.49	0.41	0.49	0.36	1.75	2.76	3.44
Consensus			Calc Output	0.41	0.48	0.33	1.66	2.48	3.03
SEGMENT DETAIL									
Revenue by Region-Category:	**51,362**	**46,309**	**11,720**	**12,031**	**11,470**	**11,547**	**46,768**	**49,851**	**52,631**
North America									
Footwear	14,537	12,684	3,219	3,145	3,163	3,228	12,756	13,521	14,332
Y/Y Change	*-2.4%*	*-12.7%*	*0.2%*	*-2.8%*	*1.0%*	*4.0%*	*0.6%*	*6.0%*	*6.0%*
Consensus - YoY Growth				-2.8%	0.8%	3.8%	-0.1%	4.7%	4.7%
User Input (Growth YoY)			BI Assumptions	-2.8%	1.0%	4.0%		6.0%	6.0%
Apparel	5,953	5,837	1,474	1,657	1,510	1,355	5,997	6,416	6,833
Y/Y Change	*0.1%*	*-1.9%*	*10.7%*	*-2.1%*	*0.0%*	*4.0%*	*2.7%*	*7.0%*	*6.5%*
Consensus - YoY Growth				-2.1%	-1.1%	3.8%	0.9%	6.0%	5.3%
User Input (Growth YoY)			BI Assumptions	-2.1%	0.0%	4.0%		7.0%	6.5%
Equipment	906	1,051	327	252	224	303	1,105	1,166	1,207
Y/Y Change	*18.6%*	*16.0%*	*15.5%*	*0.8%*	*0.8%*	*2.2%*	*5.2%*	*5.5%*	*3.5%*
Consensus - YoY Growth				0.8%	0.5%	1.9%	2.4%	4.0%	2.9%
User Input (Growth YoY)			BI Assumptions	0.8%	0.8%	2.2%		5.5%	3.5%
Total North America Revenue	**21,396**	**19,572**	**5,020**	**5,055**	**4,897**	**4,886**	**19,858**	**21,104**	**22,373**
Y/Y Change	*-1.0%*	*-8.5%*	*4.0%*	*-2.4%*	*0.7%*	*3.9%*	*1.5%*	*6.3%*	*6.0%*

Source: Bloomberg Interactive Calculator, Bloomberg Intelligence

Sales Have Several Catalysts for 2027 Upside

We believe these catalysts could act as important triggers for this idea in coming months. (10/06/25)

Timeline of Key Catalysts:

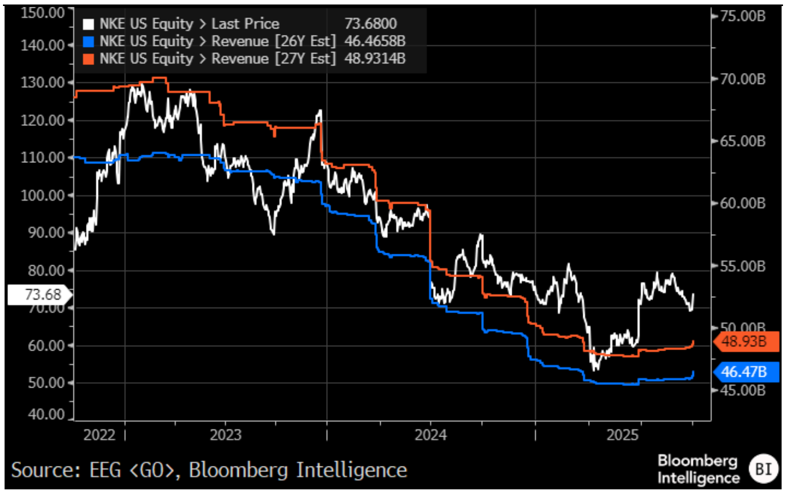
- Summer 2024: Paris Olympics, Euro 2024 Expand Reach, Add Brand Momentum, Product Innovation (Delivered)
- 2025-26: Strategic Partnerships Might Push Fiscal 2030 Wholesale Revenue Target Above $33.6 Billion
- 2026: Postponed Investor Day Could Set New Five-Year Targets Above Consensus
- 2025-27: Nike Likely to Add New Athletes, Teams to Roster
- June 2027: Fiscal 2027 Sales May Top Consensus

Downward Revisions Appear to Be Finished

Years of downgrades have likely come to an end, with the latest projecting a slight gain in fiscal 2026 revenue for Nike, and estimates might start to come up after its stronger fiscal 1Q. The reduced sales consensus looks achievable at a minimum, with innovation and sports events offering potential to boost brand momentum. With downward revisions ebbing, projections can begin to reflect fiscal 2026 improvements. We expect a slight upside to consensus for fiscal 2026 sales on a stronger 2H, while 2027 sales could reach $50 billion. A greater focus on wholesale partnerships, especially with Foot Locker, might improve assortment and spur growth. Its Amazon.com partnership and new NikeSKIMS brand can also fuel sales.

Consensus sees a low-single-digit sales gain for fiscal 2026 and a mid-single-digit increase in 2027. (10/06/25)

Sales Expectation Fiscal 2026-27, Stock Price

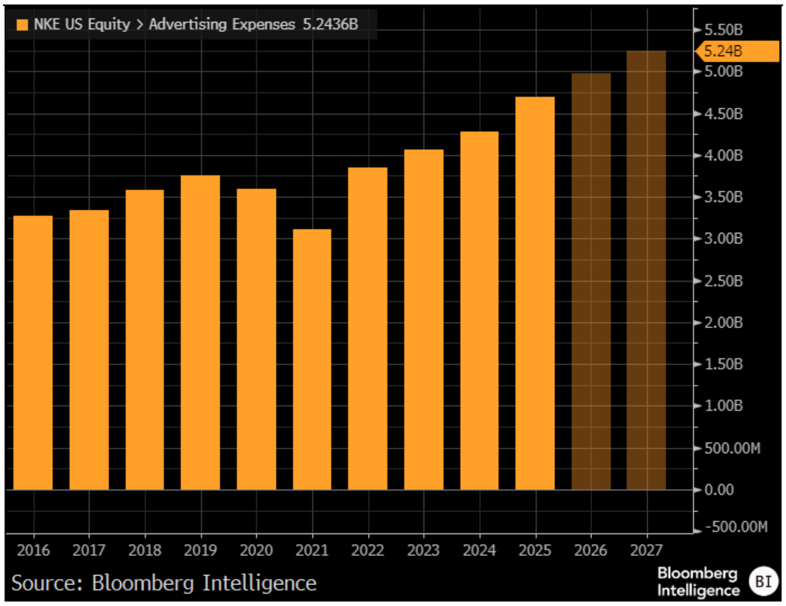


Innovation Push Needed to Jump-Start Sales

Rising expenses to create new products and fuel innovation can help Nike increase brand buzz and drive longer-term sales growth. Such costs as a portion of revenue have started to climb and still top pre-pandemic levels of almost 10%, with fiscal 2025 reaching 10.1%. Early initiatives from the recent launch of the Pegasus Premium and Vomero 18 shoes and expansion of the Air franchise, with a new innovation platform coming in fiscal 2026, can bring newness to the assortment. This is key as the company works to pare its classic franchises as a portion of the total footwear mix by 10 percentage points, with its Air Force One inventory already normalizing.

The new NikeSKIMS collaboration, launched in late September amid tariffs, is a big opportunity to capture share in women's and build sales. (10/06/25)

Demand Creation Expense

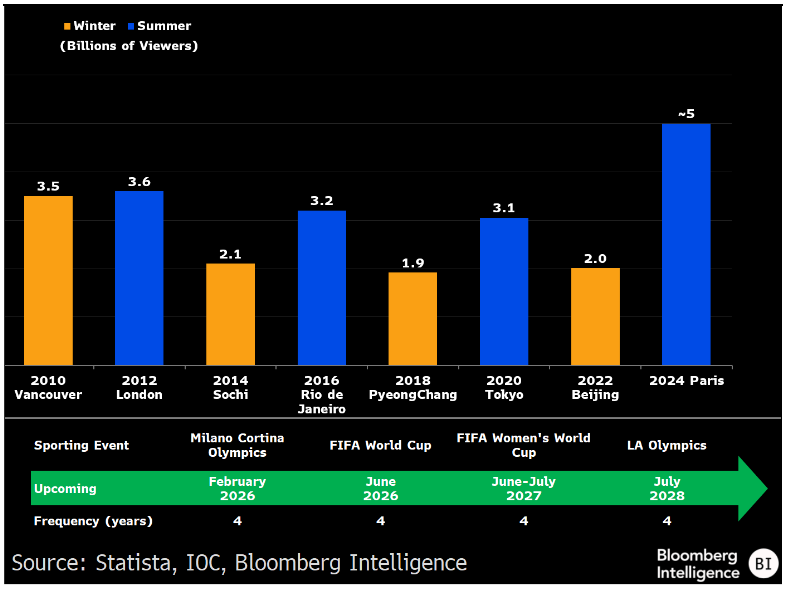


Sporting-Events Pipeline Could Drive Enthusiasm

Though this is a slower sports year, March Madness, the UEFA Women's Euro 2025 and other events have been opportunities for Nike to build momentum and fuel brand buzz, especially after its deal to sponsor USA gymnastics through 2028. In soccer, Nike is losing Liverpool and the Portugal national team but recently signed Germany and continues to sponsor France, along with club teams Chelsea, Paris Saint-Germain and FC Barcelona.

Nike showed its dominance at the 2024 Paris Olympics, sponsoring more athletes and spending more on the games than it had in years past, capturing over 60% of the total share of voice during the games. It also outfitted 13 of the 32 teams in the 2022 Men's World Cup in soccer and the 2023 Women's World Cup. This year, it sponsored six teams in both the UEFA Women's Euro and FIFA Club World Cup. (10/06/25)

Olympic TV Viewership, Key Sports Events



Endorsements, Sponsorships Bolsters Sales Outlook

Nike's use of top athletes and teams to promote products can drive sales. Cristiano Ronaldo's endorsement aids the soccer franchise, while those by Luka Doncic and Jayson Tatum of its Jordan brand boost its already strong hold in basketball. Along with a lifetime contract with LeBron James and the Kobe brand relaunch, these moves reinforce Nike's loyalty and reputation in the sport. Nike also sponsored teams in the Paris Olympics, including the US, and will replace Adidas as the German national soccer team sponsor in 2027.

The company won a 10-year pact in 2019 for all Major League Baseball teams' uniforms and extended its contract with the National Football League to 2028. It secured the National Basketball Association uniform deal in 2017, and that has recently been extended to 2037. (10/06/25)

Select Nike Top-Athlete Endorsements

Tennis	Basketball	Soccer	Football	Running	Golf
Serena Williams	LeBron James	Cristiano Ronaldo	Russell Wilson	Eliud Kipchoge	Brooks Koepka
Naomi Osaka	Kevin Durant	Erling Haaland	Dak Prescott	Sha'Carri Richardson	Michelle Wie
Aryna Sabalenka	Giannis Antetokounmpo	Kylian Mbappe	Saquon Barkley	Christian Coleman	Rory McIlroy
Carlos Alcarez	Paul George	Jamal Musiala	Baker Mayfield	Faith Kipyegon	Nelly Korda
Jannik Sinner	Russell Westbrook	Marcus Rashford		Dina Asher-Smith	Scottie Scheffler
Qinwen Zheng	Zion Williamson	Sophia Wilson		Shelly-Ann Fraser-Pryce	
	Luka Doncic	Alexia Putellas		Sifan Hassan	
	Jayson Tatum	Catarina Macário			
	Shai Gilgeous-Alexander				
	Ja Morant				
	Devin Booker				
	Victor Wembanyama				
	Sabrina Ionescu				
	A'ja Wilson				
	Caitlin Clark				
	JuJu Watkins				

Source: Bloomberg Intelligence

Bloomberg Intelligence BI

Nike Trades at a Premium to Historical Valuation

Nike's multiple of 38x forward price-to-earnings tops its five-year average of 31x, aided by better-than-expected fiscal 1Q earnings and a turnaround plans that's beginning to advance. The company trades at a 92% premium to athleisure peers due to its size and top position in sportswear-industry sales, led by dominance in key sports like basketball and wider reach in US and international markets. Still, deeper markdowns, channel-mix shifts and higher costs from tariffs on imports to the US could crimp margins.

The stock traded near $74 a share on Oct. 1, down 1.9% year to date on weaker consumer sentiment, though shares have jumped since the company reported better fiscal 1Q earnings. New CEO Elliott Hill, a Nike veteran, could help revive sales and earnings, though tariffs are an added hurdle. (10/06/25)

Nike Relative Valuation

vs Comps | Group Dynamics | vs Self

Metric BF P/E — Peers Benchmarked Against Group Average — 3M 6M 1Y 2Y 5Y

	Name	Current Metric	Current vs 5Y Average Historical Premium: Prem	Hist Avg	Diff	# SD	3M Trend	5Y Historical Premium Range: Low	Range	High
	Peer Group Average	19.8x								
1)	Lululemon Athletica Inc	13.6x	-31%	44%	-75%	-2.1		-42%		99%
2)	On Holding AG	32.0x	62%	142% *	-81%	-1.1		55%		483%
3)	Deckers Outdoor Corp	15.6x	-21%	2%	-23%	-1.0		-38%		61%
4)	adidas AG	18.5x	-7%	52%	-59%	-0.8		-21%		443%
5)	Columbia Sportswear Co	17.0x	-14%	-18%	4%	0.4		-36%		9%
6)	VF Corp	17.4x	-12%	-24%	11%	0.5		-59%		36%
7)	NIKE Inc	38.0x	92%	42%	50%	2.3		2%		113%
8)	Wolverine World Wide Inc	17.1x	-13%	-47%	33%	2.4		-70%		1%
9)	Under Armour Inc	38.2x	93%	-5% *	99%	3.2		-44%		125%
10)	Puma SE	204.6x	--	9%	--	--		-54%		244%
11)	Amer Sports Inc	33.6x	70%	--	--	--		-3%		144%

Current ◆ Hist Avg

Source: EQRV <GO>, Bloomberg Intelligence

Bloomberg Intelligence BI

Key Topics

Near-Term Outlook Choppy

Nike's Fiscal 2026 Sales May Drop as It Works to Clear Inventory

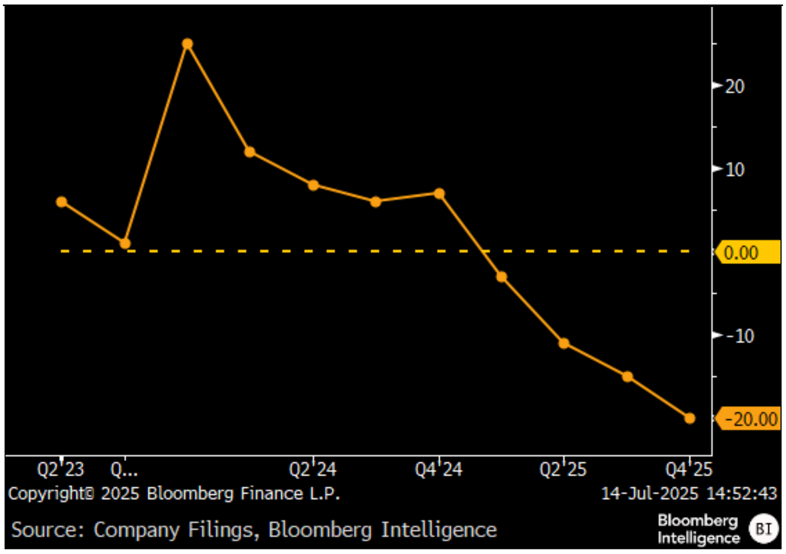
A weaker economy and lower direct-to-consumer sales are weighing on Nike, with consensus expecting total revenue to fall by low-single digits in fiscal 2026, with low- to mid-single-digit declines in 1H while sales in 2H could revert to gains. Gross margin might contract on higher markdowns to clear elevated inventory, tariff headwinds and shifts in channel mix, partly offset by price hikes and cost-mitigation efforts. (07/21/25)

China Sales in Flux on Weaker Economic Backdrop

Sales in China may remain pressured amid economic uncertainty and elevated markdowns to clear inventory. Still, a focus on sports in the region, along with strong digital sales through a partnership with Tmall and hyper-local product launches, can provide a partial offset. FX-neutral sales in China fell 20% in fiscal 4Q yet could improve throughout 2026. Weaker China revenue can also squeeze margins as the nation typically generates the highest profitability among all regions. Operating margin in China fell 628 bps in fiscal 2025. Direct revenue in the region fell 15% in 4Q on a 31% drop in digital and 6% decrease in stores, while wholesale revenue plunged 24%.

Nike has the highest footwear-market share in China and is No. 2 in apparel, with 15% of Nike-brand sales coming from the nation in fiscal 2025. (07/21/25)

Greater China Currency-Neutral Sales Growth

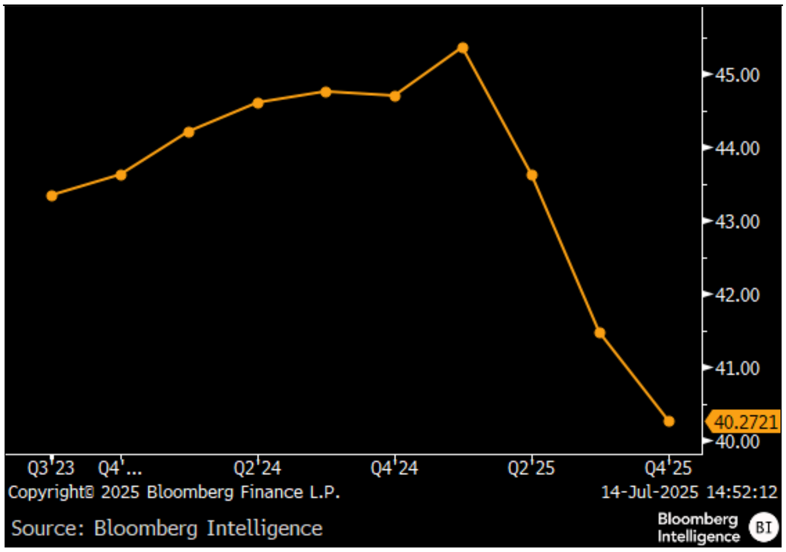


Gross Margin Can Expand in Fiscal 2H

Higher markdowns on direct channel, along with wholesale channel discounts to liquidate inventory, higher product costs and shifts in channel mix weighed on Nike's fiscal 4Q gross margin, which contracted 330 bps from the prior year. With inventories just flat year over year, we need to see management realign inventories more with sales to drive a turnaround. Gross margin in fiscal 1Q could still fall 350-425 bps, with 100 bps of that tied to tariffs. However, as inventory normalizes, with the help of improving wholesale order books, the metric can expand in 2H.

Tariffs may pose a $1 billion cost, but Nike is working to reduce the amount of goods that come to the US from China, alongside other mitigation strategies like price hikes. Still, tariffs remain a wildcard. (07/21/25)

Gross Margin (%)

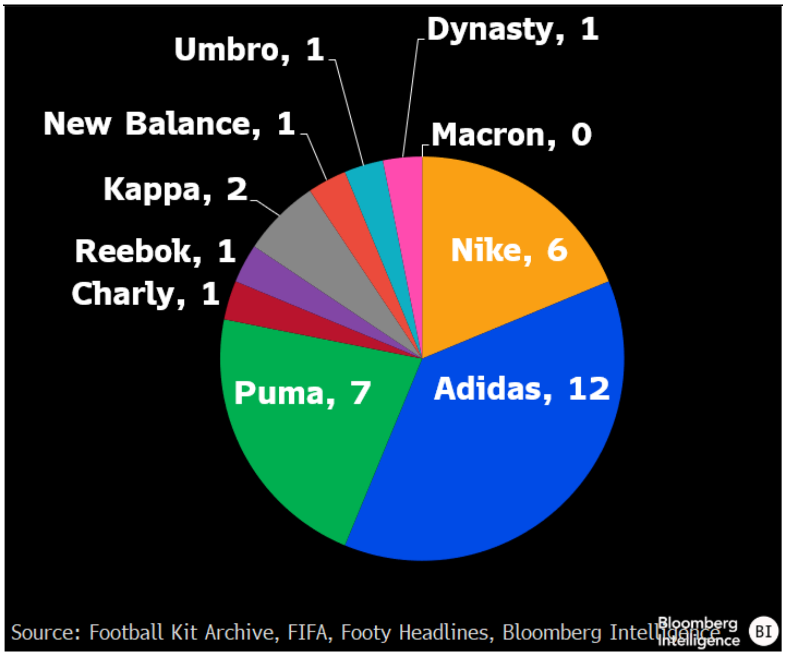


Sports Still a Key Influence

Nike's dominance in sports can keep fostering brand success, given its sponsorship of some of the highest-ranked teams and players in key leagues. During NCAA basketball's "March Madness" in 2025, Nike and its Jordan label sponsored 41 of 68 teams, down from 42 in 2024. It also outfitted six of the 32 teams in FIFA Club World Cup 2025, including the top two teams and six of the 16 squads in 2025 Women's UEFA Euro. The Paris 2024 Olympics last summer helped strengthen the brand, and it recently made a deal to sponsor the USA Gymnastics team through 2028.

Nike also sponsors tennis players Aryna Sabalenka of Belarus, ranked No. 1 in women's, top men's player Jannik Sinner of Italy and Carlos Alcaraz of Spain, rated second. This boosts the company's status at key tennis events like Wimbledon and the US Open. (07/21/25)

FIFA Club World Cup Kit Makers



Regions At Fore

Nike Sales May Fall on Economy, Markdowns; Wholesale, DTC Key

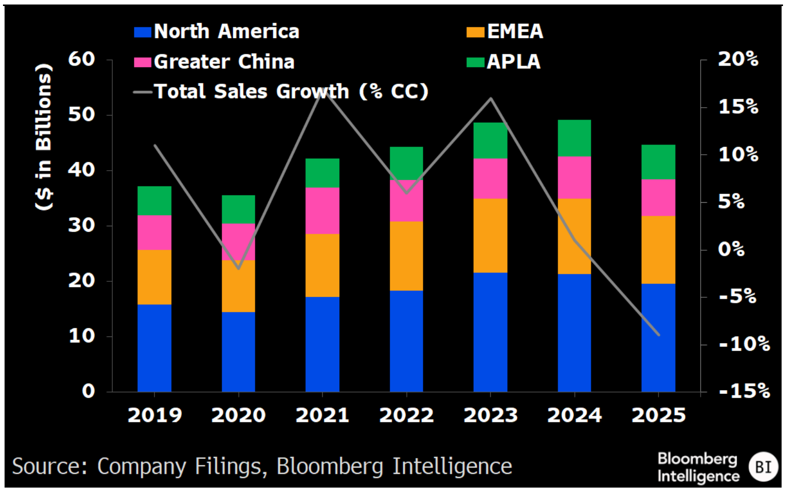
Nike's sales may drop by a low-single-digit percentage in fiscal 2026, based on consensus, as economic weakness and higher markdowns to clear excess inventory crimp sales. Growth is expected to turn positive in 2H. Innovative products can help, but improving wholesale and direct-to-consumer momentum remains key to long-term growth and maintaining the top spot in global sportswear. (07/23/25)

Sales May Stay Muted in Near Term

Nike revenue growth could drop by low-single digits in fiscal 2026, based on consensus, but is expected to turn positive in 2H as the company's reset progresses and inventories normalize. Tariffs remain a concern, though improving order books, with holiday orders up at wholesale, can help. Online revenue may keep falling as the channel mix is reshuffled toward more wholesale, and online offerings are reduced. Gross margin might be pressured amid lower full-priced selling in 1H, but could expand in 2H as initiatives pay off. Innovative product launches remain vital, and coupled with more features on its e-commerce platforms, may spur digital growth over time.

North America is 44% of Nike brand sales, followed by Europe, the Middle East and Africa (27%), Greater China (15%) and Asia-Pacific and Latin America (14%). (07/23/25)

Nike Sales by Region

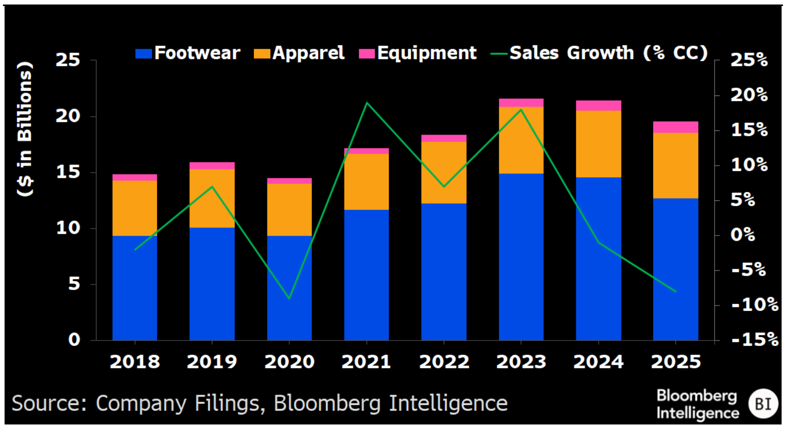


North America Crucial for Further Gains

North America is an important region for Nike, at 44% of sales, and growth will be driven by innovation, speed to market and digital. Footwear may be supported by platform innovations and new products. In apparel, the opportunity is vast and fueled largely by women's, where the company is underrepresented relative to men's. In fiscal 4Q, North America currency-neutral sales fell 11%, stemming from a 25% drop in digital and 8% decrease in wholesale as stores rose 3%. For fiscal 2026, consensus sees a low-single-digit sales decline. Yet wholesale momentum could build longer term and turn positive in fiscal 2026 as the brand reconnects with its partners and improves assortment at these retailers after it gives discounts to liquidate inventory.

New York and Los Angeles are among Nike’s top 12 cities and key to growth. (07/23/25)

North American Annual Sales

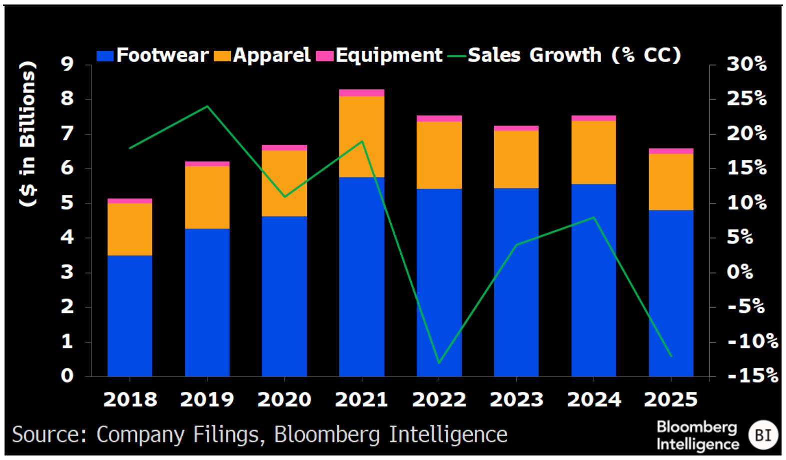


China Is Nike’s Biggest Opportunity Abroad

An expanding middle class, spending power and rising interest in sports are catalysts for Nike's long-term growth in China despite economic weakness and elevated markdowns in the region crimping near-term results. In fiscal 4Q, FX-neutral sales fell 20% as digital dropped 31%, stores were down 6% and and wholesale slid 24%. Returning brick-and-mortar and e-commerce traffic to gains is key to rebuilding momentum, and greater discounts in the region to clear excess inventory can help, with inventory already down 11% in the region in fiscal 2025. Consensus sees China FX-neutral fiscal 2026 sales down by high-single digits.

Investments in an innovation center in Shenzhen and digital and supply-chain capabilities with a new enterprise resource planning system, along with increasing local customization of style and fit, may help. (07/23/25)

Greater China Annual Sales Growth

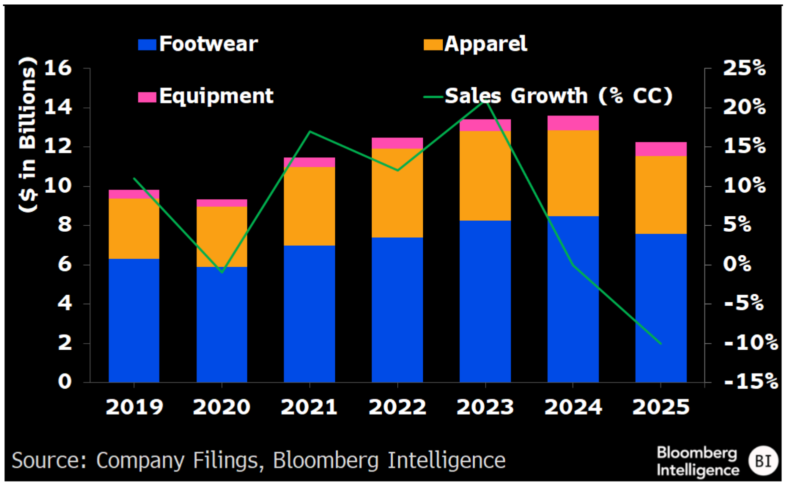


EMEA Matters for Nike, With Five of 12 Key Cities

Nike's EMEA sales may fall by low-single digits in fiscal 2026, based on consensus, amid economic uncertainty and a weaker lifestyle business, but product innovation, strategic wholesale partnerships and Express Lane benefits can partly offset this. A focus on digital is key, as elevated member engagement and buying are needed for long-term gains. In fiscal 4Q, currency-neutral sales fell 10% on a 36% drop in digital and 4% decline in wholesale, while stores rose 5% as new and premium products in running and training and women's footwear helped drive the gain. Building momentum in its new sportswear franchises like the Shox and Vomero 5 can also help.

The region hosts five of Nike's 12 key cities -- Paris, Milan, London, Berlin and Barcelona -- and gains in these locations would be a key driver. (07/23/25)

EMEA Annual Sales Growth



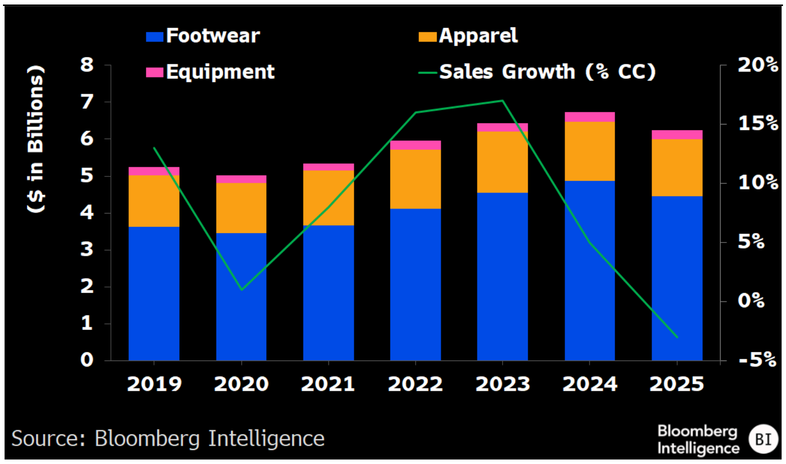
Source: Company Filings, Bloomberg Intelligence

APLA Sales Crimped Amid Digital Weakness

Despite an emerging middle class, Nike's dominance in Asia-Pacific and Latin America (APLA) might not be enough to offset weaker online sales, which could cause currency-neutral revenue in the region to slip slightly in fiscal 2025. Those fell 3% in fiscal 4Q, with Nike Direct decreasing 1% and Nike Digital 6%. Stores revenue was up 4%, while wholesale declined 5% as weaker lifestyle-product sales crimped digital gains across the company. The performance segment in the region returned to growth in the quarter, bolstered by running and training demand. Flipkart and Myntra may continue to help drive brand momentum in India.

Soccer remains a key sport in APLA, and digital is also integral to success through owned and third-party channels like Flipkart and Zozotown. (07/23/25)

APLA Annual Sales Growth



Source: Bloomberg Intelligence

Rebalancing Wholesale

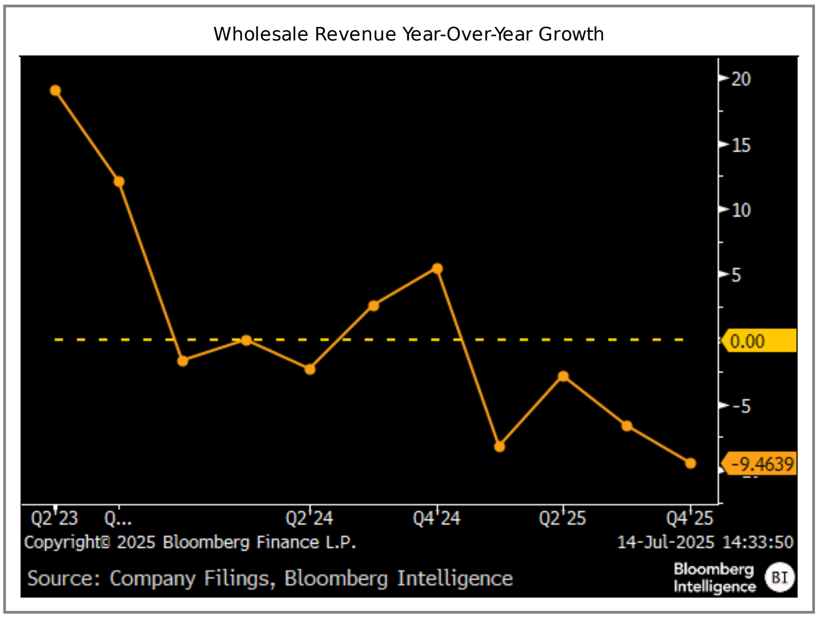
Nike's Wholesale Refocus Underway; Direct-to-Consumer Still Key

Nike's bigger wholesale push leads us to believe its previous direct-to-consumer (DTC) penetration target of 60% of sales is unlikely as it emphasizes meeting customers where they are. Digital remains a focus, and e-commerce sales may rebound when unwanted inventory is cleared, driving higher full-price selling. Better wholesale partnerships with differentiated retailers are catalysts. (07/22/25)

Expanding Wholesale Can Drive Gains

Nike is elevating and revamping its wholesale offerings to differentiate itself and improve assortments in a bid to win mind and wallet share. A greater focus on breadth of products by different business segments can help attract new shoppers and expand the reach of its new innovations. A multibrand basketball concept at Foot Locker, HomeCourt, may help spur Nike and Jordan basketball sales, while an elevated women's fitness concept at Dick's Sporting Goods could draw more female shoppers.

In fiscal 4Q, currency-neutral wholesale sales fell 9%, with inventory expected to be healthy by the end of 1H amid progress with its wholesale partners. In fiscal 2026, wholesale sales could return to growth and rise by low-single digits, based on consensus. (07/22/25)



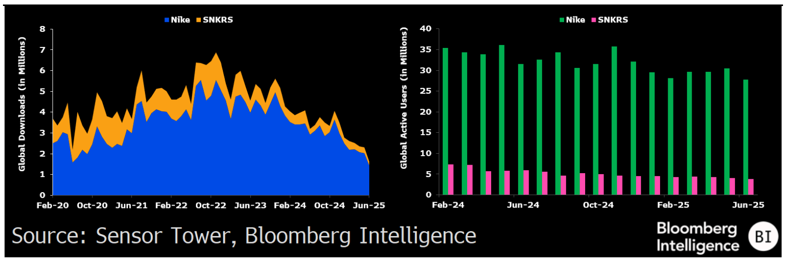
Reigniting Digital Strength Can Help

Nike's home-workout apps may aid loyalty, but its engagement with shoppers through its mobile retail apps is key to driving a higher share of spending and retention. Nike's membership tools create more personalized experiences for consumers on the app, though fiscal 4Q still had softer traffic, with digital sales down 26%. Returning its digital offering to a more premium platform after half of the channel has been promotional is key to longer-term gains. Nike's decision to resume selling on Amazon.com after a six-year absence reflects a strategic effort to recapture market share and broaden distribution efficiency.

The Nike app, along with the SNKRS app, which offers limited, exclusive sneaker styles that often sell out, have recently seen declines in app downloads and active users, based on Sensor Tower data.

(07/22/25)

Monthly App Downloads, Active Users (iOS, Android)

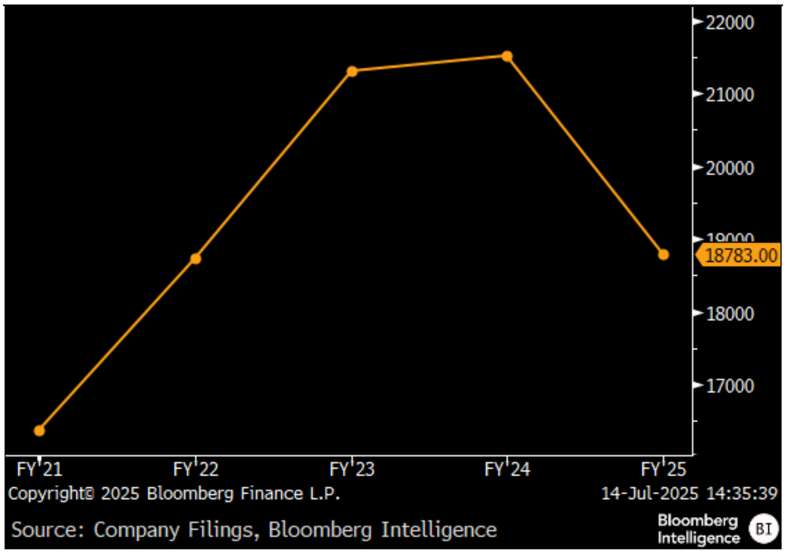


Mono-Brand, Smaller Stores Aid Digital Growth

Nike's investment in smaller, digitally enabled mono-brand stores with integrated online-to-offline capabilities might spur e-commerce sales growth, though it's no longer focusing on reaching its prior direct and digital penetration targets. Its digitally enabled Live, Rise and Unite locations are designed to create premium consumer experiences. The live concept drives inventories from consumer preferences, and digital demand in the surrounding area can help. In fiscal 4Q, Nike-owned store sales turned positive, rising 2%. Nike is continuing to test new retail concepts.

The Jordan World of Flight stores are basketball-focused premium retail concepts where consumers can create social media, test new products and pick up shoes purchased on the SNKRs app. (07/22/25)

Sales Through Nike Direct



Women's Market Opportunity

Nike Has Room to Expand Further in Women's Sports Shoes, Apparel

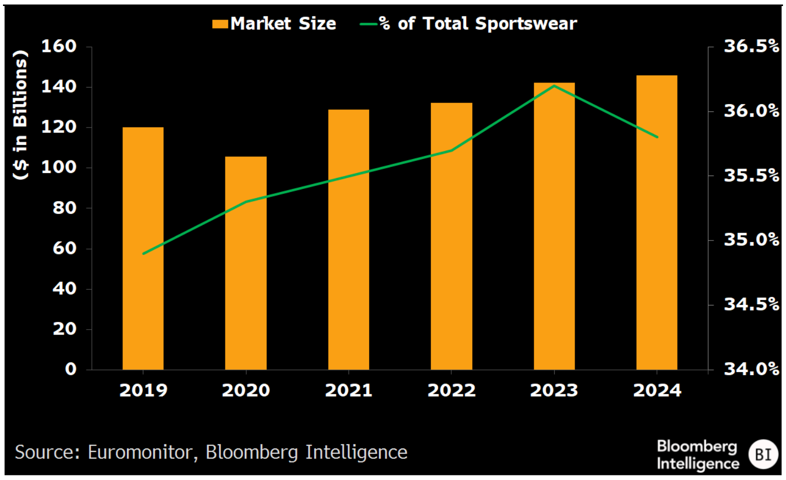
Nike, already the largest women's athletic brand, has a chance to gain an even bigger portion of the fragmented sportswear market with designs specifically for the segment, along with targeted sponsorships and marketing. The company continues to dominate in sports bras, and its new leggings and footwear offerings could help it capture share. (07/24/25)

Room to Build Share in Fragmented Market

Nike's long-term opportunity remains in women's apparel and footwear, and the category can improve after a 6% sales decline in fiscal 2025. Investment in product creation and events like the UEFA Women's Euro 2025 could help expand women's sportswear, with the category making up only 24% of 2025 sales. Women's global sportswear was a $146 billion opportunity in 2024 and 36% of total sportswear sales, based on Euromonitor data. Though Nike is the largest women's athletic brand globally, with about $8.6 billion in revenue, it holds just a 6% share since the category is fragmented.

The company could boost share in sports bras and plus sizes. Its Go, Zenvy and Universa leggings, sold for $100 and up, coupled with its Motiva and Free Metcon shoes, could help. (07/24/25)

Global Women's Sportswear Market

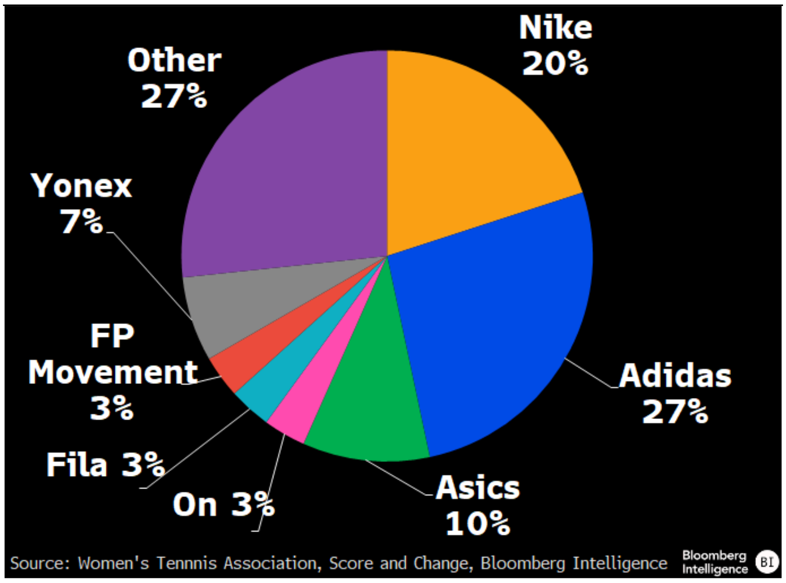


Leading Women Tennis Players on Board

Nike's push to secure leading female athletes could help accelerate visibility in women's sportswear globally, contributing to higher top-line growth. Nike wooed Naomi Osaka from Adidas in 2019 to extend its reach and awareness in women's tennis. She went on to win the 2020 US Open. Sponsoring six out of the top 30 women's tennis players -- all in the top 10, including No. 1 Aryna Sabalenka -- can drive cultural relevance and help gain credibility. Serena Williams and Maria Sharapova remain with the brand, endorsing its products and building awareness globally.

The US Open in August is another chance for Nike to remain top of mind after the other grand slam tennis tournaments this year. (07/24/25)

Tennis Clothing Sponsors of Top 30 Women

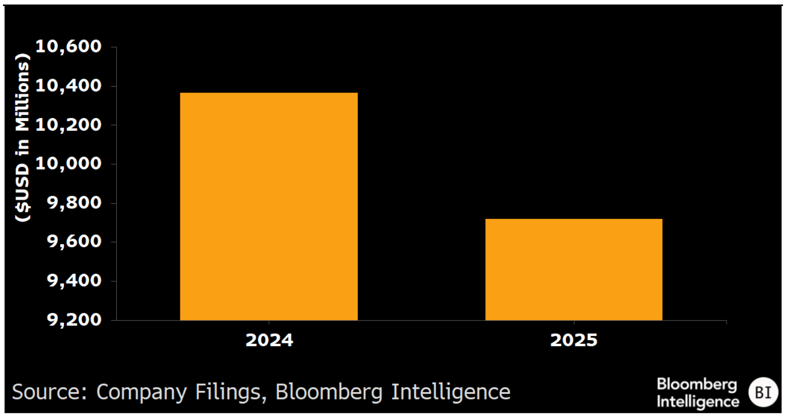


Adding Shoe Endorsements, Product Lines

Nike's momentum in women's wear can build as it expands endorsements and product support. In 2023 the company unveiled its Phantom Luna cleat, designed for women. Its Sabrina basketball shoe with player Sabrina Ionescu has spurred WNBA sales, and the Jordan brand's collaboration with Teyana Taylor, Nike's its new A'One shoe with A'Ja Wilson and a coming shoe with Caitlin Clark can drive gains. Nike could expand women's share in China through events like Sportchella and Nike Super Brand Week with TMall.

The launch of a women's basketball program, along with entering women-led stores like Urban Outfitters and Aritizia, can help extend reach, notably with younger shoppers. Its Go and Zenvy leggings, Motive and Free Metcon Shoes and Alate bras can spur sales as well. Women's basketball sales rose over 50% in fiscal 2025. (07/24/25)

Women's Revenue

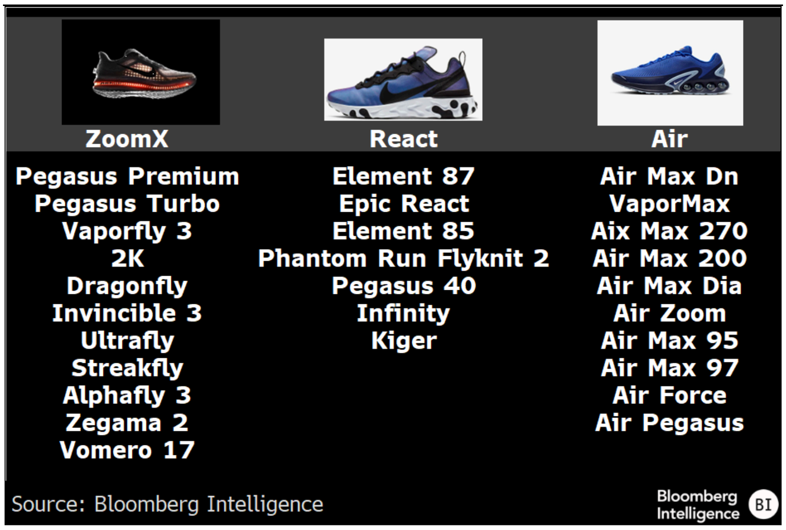


Power Platforms Show Continued Strength

Nike's ability to expand power franchises across lifestyle and performance products, and into women-focused designs, is a sales and margin catalyst. Created initially for performance, Nike Air, React and ZoomX are among its largest power franchises, with the potential to push into other items. Early initiatives from the launch of the Pegasus Premium shoe and expansion of the Air line with Dynamic Air tech, which will be integrated into other Air styles, along with the Air Max Muse launch, have been received well. The Kobe line can keep drawing shoppers.

Nike's Spark Flyknit, with a comfortable dual-density foam midsole, resonates with the need for a lifestyle shoe that can be worn all day. Its Motiva walking shoe has strong sell-through and became a top-five performance style since its May 2023 launch. (07/24/25)

Select Nike Power Platforms



Sport Endorsements Key

Nike's Endorsements, Sponsorships Poised to Build Market Share

Nike's bet on sponsorships and collaborations with top athletes and coaches could aid market share. Signing players like Giannis Antetokounmpo and Zion Williamson for the Jordan basketball brand, plus a German national team soccer-uniform contract, may boost sales. Building awareness can help drive revenue in less-penetrated markets and categories. (07/25/25)

Doncic, Williamson Can Help Boost Jordan Sales

Endorsements of the Jordan brand by Luka Doncic, Jayson Tatum and Zion Williamson, among others, can boost sales and reinforce Nike's loyalty and reputation in basketball. Tatum's shoe launched in 4Q23 and is Jordan's lightest for the sport. Jordan in 4Q21 introduced Williamson's signature model, the Zion 1, which is in its fourth iteration. Shai Gilgeous-Alexander's new signature Converse shoe is another opportunity. Sabrina Ionescu's Sabrina 1 has taken share in the entire US men's and women's basketball market, and the Sabrina 3 is coming soon. A'Ja Wilson's A'One shoe and the signing of Caitlin Clark might also help.

A lifetime contract with LeBron James, Antetokounmpo's endorsement and the fiscal 2024 launch of the Kobe brand also support Nike's basketball lead. (07/25/25)

Select NBA Players Promoting Nike

Athlete	Team	Signature Shoe
LeBron James	LA Lakers	LeBron XXII
Kevin Durant	Houston Rockets	KD18
Giannis Antetokounmpo	Milwaukee Bucks	Giannis Freak 6, Giannis Immortality 4
Paul George	Philadelphia 76ers	PG 6
Russell Westbrook	Denver Nuggets	Jordan One Take 5
Zion Williamson	New Orleans Pelicans	Zion 4
Luka Doncic	LA Lakers	Luka 4
Jayson Tatum	Boston Celtics	Tatum 3
Shai Gilgeous-Alexander	Oklahoma City Thunder	SHAI 001
Ja Morant	Memphis Grizzlies	Ja 2
Devin Booker	Phoenix Suns	Book 1

Source: Bloomberg Intelligence

Teaming With Top Athletes Around World

Nike's use of top athletes to promote running, tennis, soccer and football gear supports market-share gains. The company is building its brand in soccer through a lifetime contract with Cristiano Ronaldo and endorsements by Kylian Mbappe and Marcus Rashford. It backed nine of the 24 teams in the UEFA Euro 2024, four of the 16 in the 2024 Copa America, six in the Women's UEFA Euro 2025 and six in the FIFA Club World Cup 2025. Nike had a strong presence at the 2024 Paris Olympics across an array of sports as the official outfitter for the US Olympic and Paralympic teams.

This year is off to a strong start, with golfer Rory McIlroy winning the Masters and Jannik Sinner winning Wimbledon in tennis. Tiger Woods' departure may signal a de-emphasis on golf. (07/25/25)

Select Endorsements

Tennis	Basketball	Soccer	Football	Running	Golf
Serena Williams	LeBron James	Cristiano Ronaldo	Russell Wilson	Eliud Kipchoge	Brooks Koepka
Naomi Osaka	Kevin Durant	Megan Rapinoe	Dak Prescott	Sha'Carri Richardson	Michelle Wie
Aryna Sabalenka	Giannis Antetokounmpo	Kylian Mbappe	Saquon Barkley	Christian Coleman	Rory McIlroy
Carlos Alcarez	Paul George	Aitana Bonmati	Baker Mayfield	Faith Kipyegon	Nelly Korda
Jannik Sinner	Russell Westbrook	Jamal Musiala	Josh Allen		Scottie Scheffler
	Zion Williamson	Marcus Rashford			
	Luka Doncic	Rodri Hernandez			
	Jayson Tatum	Erling Haaland			
	Shai Gilgeous-Alexander				
	Ja Morant				
	Devin Booker				
	Victor Wembanyama				
	Sabrina Ionescu				
	A'ja Wilson				
	Caitlin Clark				

Source: Bloomberg Intelligence

Endorsers Help Win US, Overseas Uniform Deals

Nike's visibility through endorsements is key to sealing contracts in the US and elsewhere, amplifying the brand's reputation and increasing sales. Nike won a 10-year pact in 2019 for all Major League Baseball team uniforms and extended its deal with the National Football League by another eight years to 2028. It won the National Basketball Association uniform contract in 2017, which recently was extended until 2037. The company sponsored Team USA's attire for the 2024 Summer Olympics.

Nike replaced Adidas for the German national team's kit for 2027, garnering royalties through athletes in the company's endorsement stable. Nike has renewed its deal as Paris Saint-Germain's uniform provider until 2032. We'll monitor the company's soccer endorsements after it lost Portugal and Liverpool this year. (07/25/25)

US, International Uniform Contract History

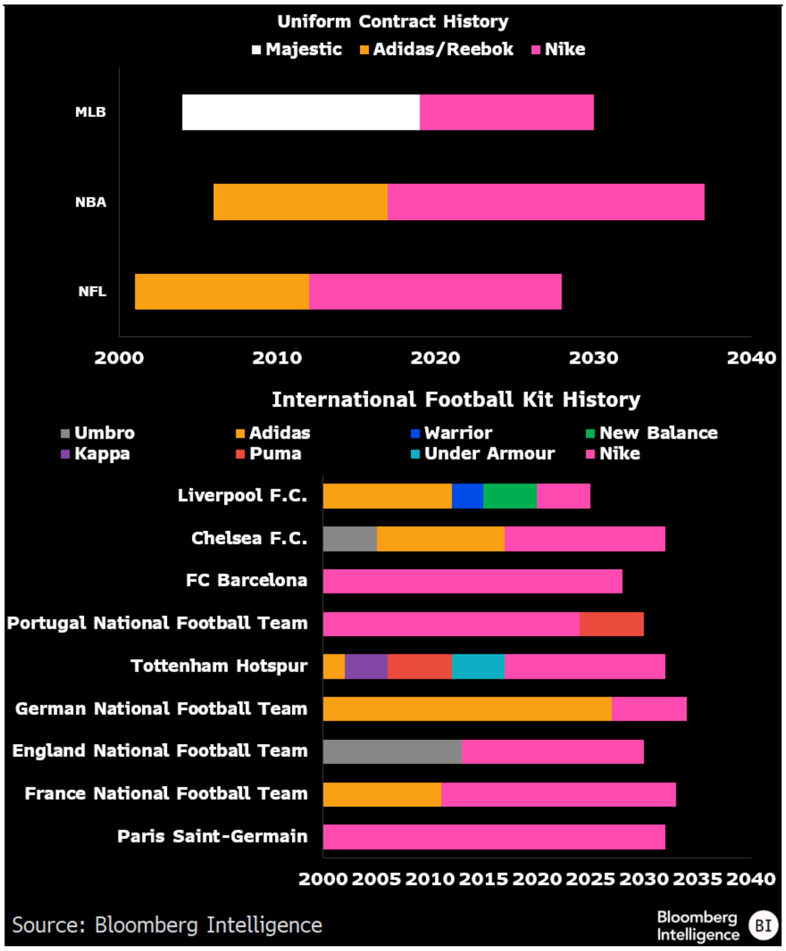


Chart Book

Company

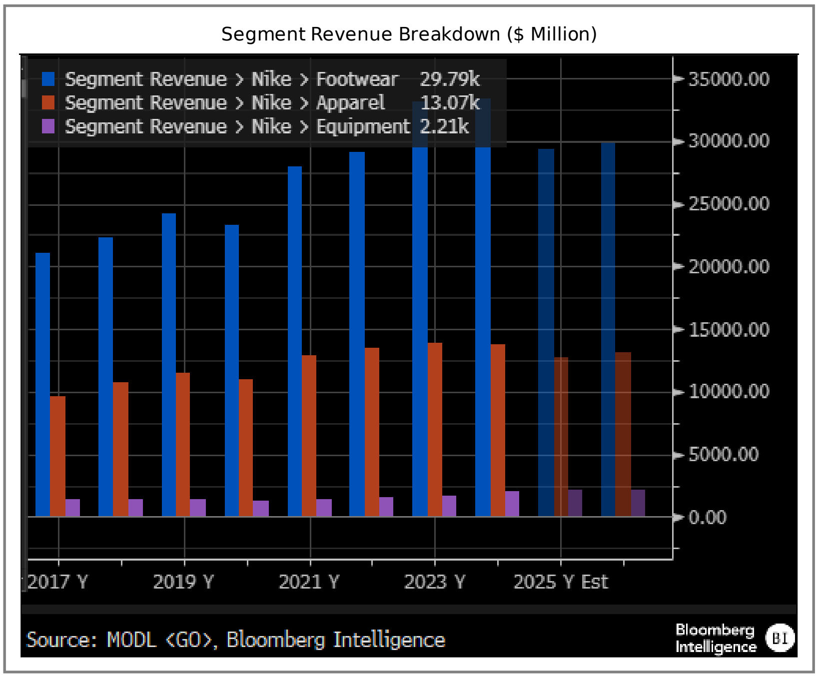
Nike Near Term Weakness Likely Ahead of Fiscal 2026 Turnaround

Nike's sales and margin may continue to struggle in the near term as it works to clear aged and excess inventory, but sales could return to gains in fiscal 2026 as its efforts begin to pay off. North America will remain the company's largest segment, though sales there may fall by low-double digits in fiscal 2025, outpacing expected declines in the Greater China and the Asia Pacific Latin America units. Greater breadth of products at its wholesale partners may boost sales in that segment, which comprises more than half of revenue. Markdowns will likely crimp margin until fiscal 2026 while the brand finishes clearing elevated inventory and drives higher full-price selling.

To access the latest available data or chart, please click on the links below the images. (01/17/25)

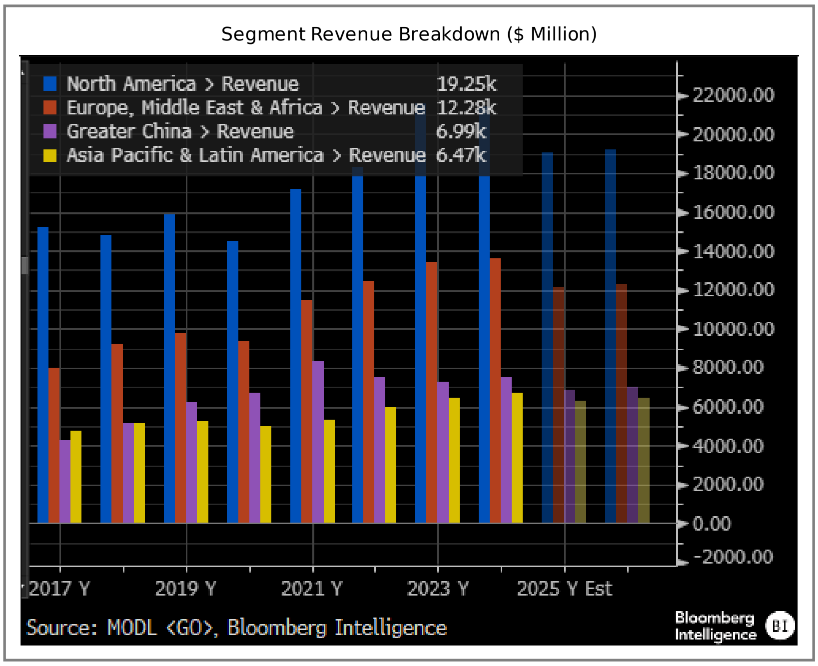
Footwear Generates Over Two-Thirds of Nike Brand Sales

(01/17/25)



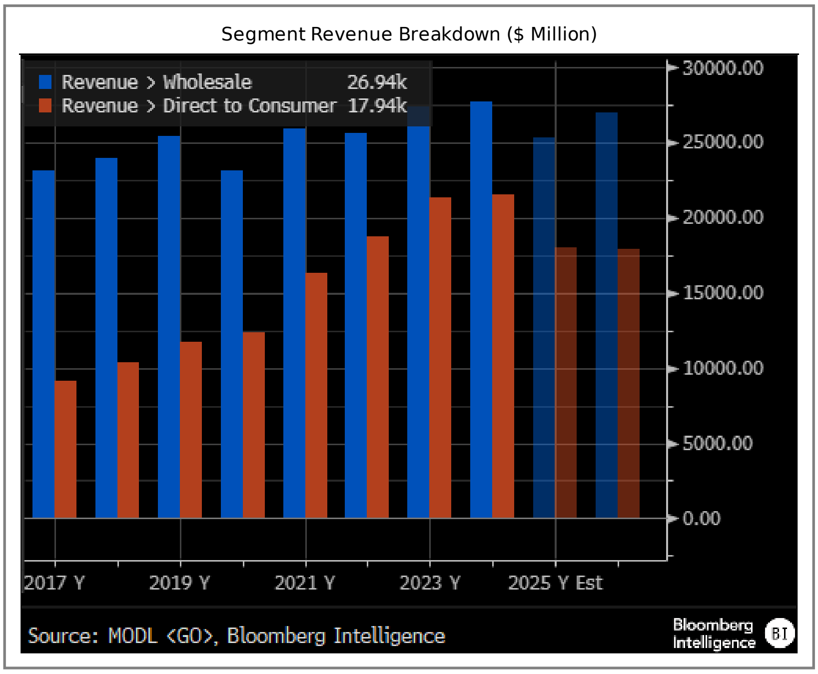
North America to Remain Nike's Biggest Region

(01/17/25)



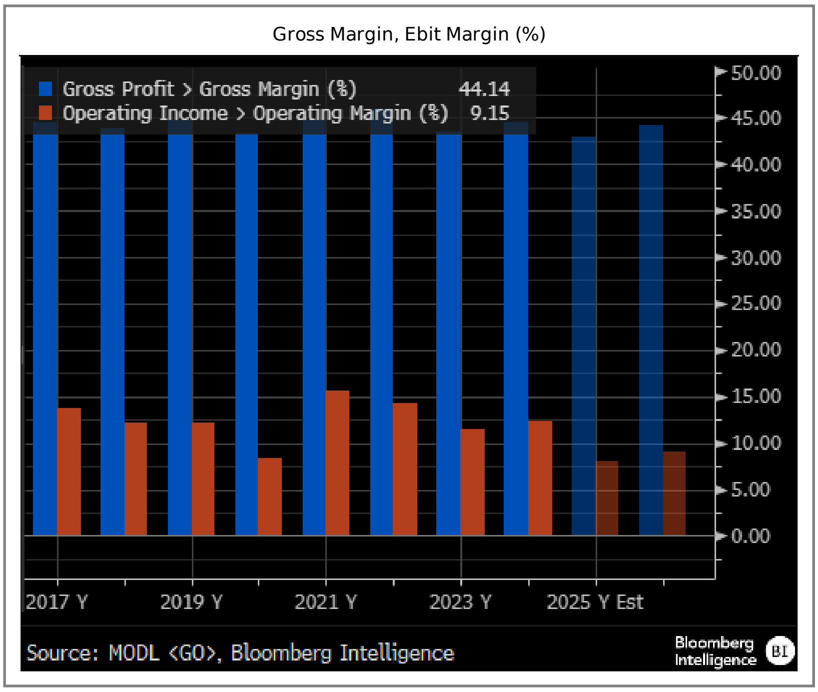
Wholesale Remains More Than Half of Sales

(01/17/25)



Margins to Fall on Discounts, Channel Shifts

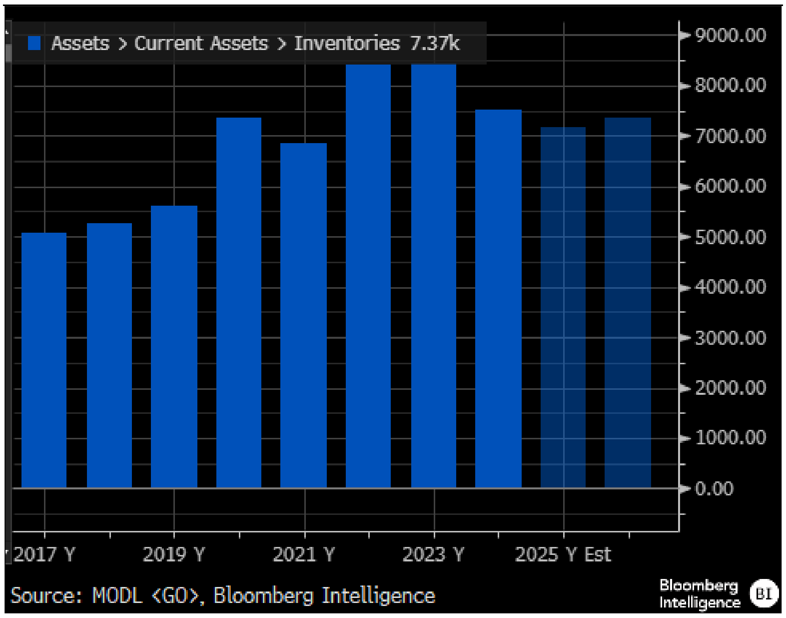
(01/17/25)



Higher Markdowns Can Help Curb Inventory

(01/17/25)

Nike Inventory



Peers

Nike Retains Largest Share Despite Growth Metrics Trailing Peers

Nike's sales growth may trail peers in the near term as it uses markdowns to clear excess inventory, potentially crimping gross margin. The decline in the latter may be partly offset by lower product, warehousing and logistical costs. This could help position the company for a turnaround in fiscal 2026, aided by higher full-price selling and new products. Though Nike's global sportswear market share remains higher than rivals, with Euromonitor pegging it at 15.7%, its refocus on wholesale channels could be a boon, along with its key roster of well-known athletes.

To access the latest available data or chart, please click on the links below the images. (01/21/25)

Sales Growth Lags Athleisure Peers Amid Nike Weakness

(01/21/25)

Athleisure Sales Growth

In Millions of USD 12 Months Ending	Y 19	2020 Y 12/31/2020	2021 Y 12/31/2021	2022 Y 12/31/2022	2023 Y 12/31/2023	2024 Y 12/31/2024	2025 Y Est 12/31/2025	2026 Y Est 12/31/2026	2027 Y Est 12/31/2027
Brand Revenue									
NIKE Inc	00	38,254.00	46,306.00	49,107.00	51,542.00	48,978.00	45,940.17	47,847.26	49,688.27
YOY Growth	5%	-6.20%	21.05%	6.05%	4.96%	-4.97%	-6.20%	4.15%	3.85%
Converse Inc	00	1,850.00	2,352.00	2,389.00	2,305.00	1,905.00	1,817.23	1,866.57	2,056.36
YOY Growth	5%	-6.99%	27.14%	1.57%	-3.52%	-17.35%	-4.61%	2.71%	10.17%
ANTA Sports Products Ltd	39	5,152.10	7,648.48	7,978.26	8,805.70	9,492.30	10,517.86	11,614.37	12,717.67
YOY Growth	3%	4.88%	48.45%	4.31%	10.37%	7.80%	10.80%	10.43%	9.50%
Anta Brand	57	2,284.87	3,723.14	4,122.60	4,279.71	4,613.32	5,072.17	5,531.36	5,785.33
YOY Growth	5%	-9.57%	62.95%	10.73%	3.81%	7.80%	9.95%	9.05%	4.59%
Fila Brand	54	2,531.65	3,383.58	3,200.61	3,544.96	3,651.25	3,919.76	4,206.21	4,492.94
YOY Growth	5%	18.38%	33.65%	-5.41%	10.76%	3.00%	7.35%	7.31%	6.82%
Li Ning Co Ltd	17	2,097.42	3,499.91	3,837.14	3,897.36	3,840.95	4,064.45	4,330.87	4,566.70
YOY Growth	3%	4.44%	66.87%	9.64%	1.57%	-1.45%	5.82%	6.55%	5.45%
Lululemon Athletica Inc	30	4,401.88	6,256.62	8,110.52	9,619.28	10,530.66	11,274.39	12,238.69	13,178.63
YOY Growth	1%	10.62%	42.14%	29.63%	18.60%	9.47%	7.06%	8.55%	7.68%
adidas AG	74	22,656.52	25,114.90	23,710.39	23,174.03	23,787.33	26,185.93	28,703.97	30,646.63
YOY Growth	4%	-14.39%	10.85%	-5.59%	-2.26%	2.65%	10.08%	9.62%	6.77%

Source: Bloomberg Intelligence

Bloomberg Intelligence BI

Gross Margin Trails; Higher Full-Price Selling May Help

(01/21/25)

Athleisure Peers Gross Margin (%)

In Millions of USD 12 Months Ending	Y 19	2020 Y 12/31/2020	2021 Y 12/31/2021	2022 Y 12/31/2022	2023 Y 12/31/2023	2024 Y 12/31/2024	2025 Y Est 12/31/2025	2026 Y Est 12/31/2026	2027 Y Est 12/31/2027
Gross Margin % - Median	07	48.90	51.15	47.25	48.38	50.23	50.63	50.91	51.47
NIKE Inc	00	43.10	45.90	42.90	44.60	43.60	44.05	44.88	45.21
YOY Growth	5%	-2.05%	6.50%	-6.54%	3.96%	-2.24%	1.04%	1.89%	0.73%
Lululemon Athletica Inc	90	56.00	57.70	56.20	58.60	58.91	58.80	58.87	59.06
YOY Growth	7%	0.18%	3.04%	-2.60%	4.27%	0.53%	-0.19%	0.13%	0.31%
adidas AG	00	49.66	50.70	47.30	47.50	50.40	50.95	51.51	52.05
YOY Growth	9%	-4.50%	2.08%	-6.70%	0.42%	6.11%	1.09%	1.09%	1.05%
Deckers Outdoor Corp	08	56.96	52.30	53.00	58.70	56.45	57.05	56.42	56.84
YOY Growth	2%	5.33%	-8.18%	1.34%	10.75%	-3.83%	1.05%	-1.10%	0.75%
ANTA Sports Products Ltd	00	58.15	61.64	60.20	62.60	62.99	63.23	63.52	65.50
YOY Growth	7%	5.74%	5.99%	-2.33%	3.99%	0.62%	0.39%	0.46%	3.13%
Show All Peers									

Source: Bloomberg Intelligence

Bloomberg Intelligence BI

Inventories Drop More Than Peers as It Clears Excess

(01/21/25)

Athleisure Peers Inventory Growth (%)

In Millions of USD 12 Months Ending	Y 19	2020 Y 12/31/2020	2021 Y 12/31/2021	2022 Y 12/31/2022	2023 Y 12/31/2023	2024 Y 12/31/2024	2025 Y Est 12/31/2025	2026 Y Est 12/31/2026	2027 Y Est 12/31/2027
Inventories - Median	45	784.25	877.06	1,225.94	1,099.60	1,158.32	1,210.55	1,381.03	1,572.90
NIKE Inc	00	6,090.00	6,506.00	9,326.00	7,979.00	7,981.00	7,745.32	7,732.70	7,394.76
YOY Growth	5%	-1.76%	6.83%	43.34%	-14.44%	0.03%	-2.95%	-0.16%	-4.37%
Lululemon Athletica Inc	51	647.23	966.48	1,447.37	1,323.60	1,506.06	1,616.51	1,706.56	1,876.05
YOY Growth	3%	24.82%	49.33%	49.76%	-8.55%	13.78%	7.33%	5.57%	9.93%
adidas AG	05	5,375.33	4,564.65	6,397.68	5,006.46	4,578.33	4,853.28	5,192.33	5,612.41
YOY Growth	0%	17.19%	-15.08%	40.16%	-21.75%	-8.55%	6.01%	6.99%	8.09%
Deckers Outdoor Corp	95	305.30	550.75	723.36	538.96	615.51	677.89	817.09	800.88
YOY Growth	9%	-16.57%	80.40%	31.34%	-25.49%	14.20%	10.13%	20.53%	-1.98%
ANTA Sports Products Ltd	54	840.51	1,202.63	1,230.71	1,015.31	1,158.32	1,210.55	1,381.03	1,437.19
YOY Growth	5%	32.86%	43.08%	2.33%	-17.50%	14.08%	4.51%	14.08%	4.07%

Source: Bloomberg Intelligence

Bloomberg Intelligence BI

Industry Themes

BI Survey

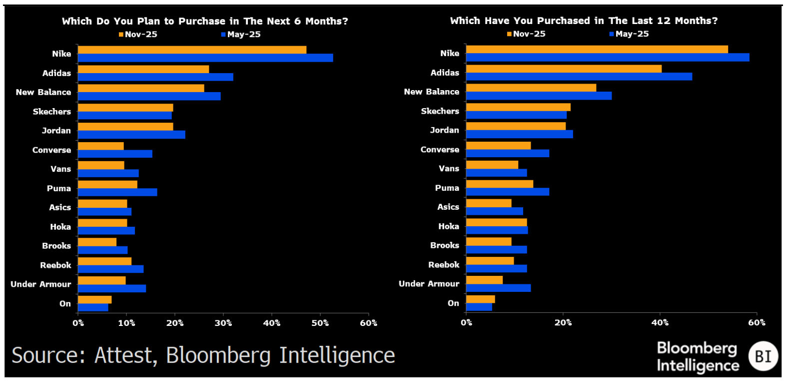
Nike Maintains Sneaker Dominance, Young Generations Power Demand

Tariffs and macro headwinds are tempering sneaker spending and intent, yet Nike retains its lead in BI's latest athleisure survey. Almost half of consumers in our survey plan to buy Nike shoes in the next six months, ahead of Adidas. Shoppers, though, are purchasing less. Millennials and Gen Z drive demand, while older buyers turn to Skechers for comfort and value. (11/18/25)

Nike Maintains Global Lead Despite Rising Competition

Nike remains the undisputed leader in the global footwear market, even with softer performance since the pandemic and a loss of market share in the past few years. The company's scale, brand strength and consumer loyalty underpin its dominance over the history of our surveys. Nike was most frequently cited in our latest survey as the go-to brand for both athletic performance and everyday lifestyle footwear in the US. It also ranked first among respondents' future purchase intentions, with almost half planning to buy Nike shoes in the next six months, compared with 53% in May. Likewise, 54% of respondents said they had purchased Nike shoes in the past year, down from 59% in May, suggesting consumer spending pressures, notably tariff concerns, have slightly tempered activity, in line with overall sneaker sentiment. (11/18/25)

Which Shoes Have You Bought or Plan to Purchase?

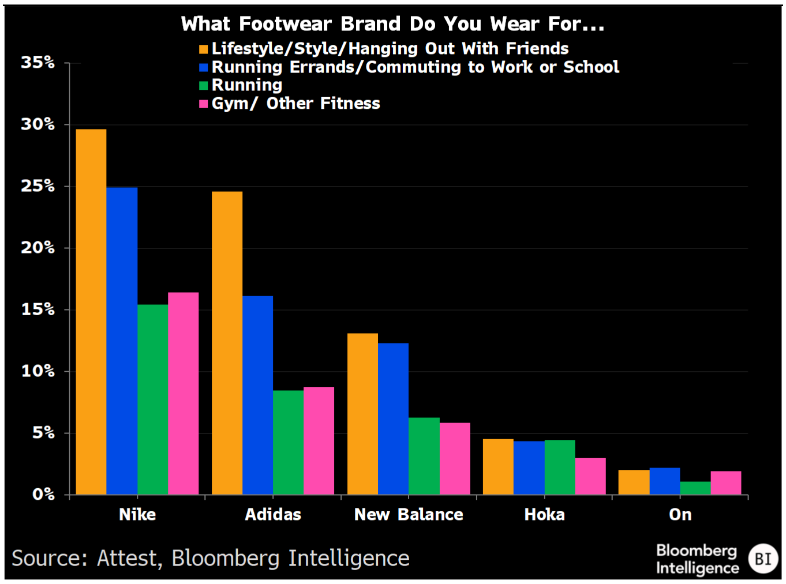


Adidas Still No. 2 to Nike; Hoka, On Make Inroads

Adidas has regained momentum, rebuilt trust and restored relevance since CEO Bjørn Gulden's appointment by refining strategy, refreshing product lineups and reigniting consumer interest. The brand holds a strong No. 2 rank in BI's survey, with 40% of respondents reporting purchasing the company's sneakers in the past 12 months, while 27% intend to do so in the next six. Nike was at 54% and 47%, respectively. Adidas shoes were most often used for lifestyle and hanging out with friends, reflected in the success of its popular lines such as Samba and Gazelle shoes.

Hoka and On, though still small, tap into consumer demand for comfort, advanced cushioning and technical design. Their focused positioning and growing brand loyalty have helped carve out share in a crowded market. (11/18/25)

Footwear Worn (Select Brands)

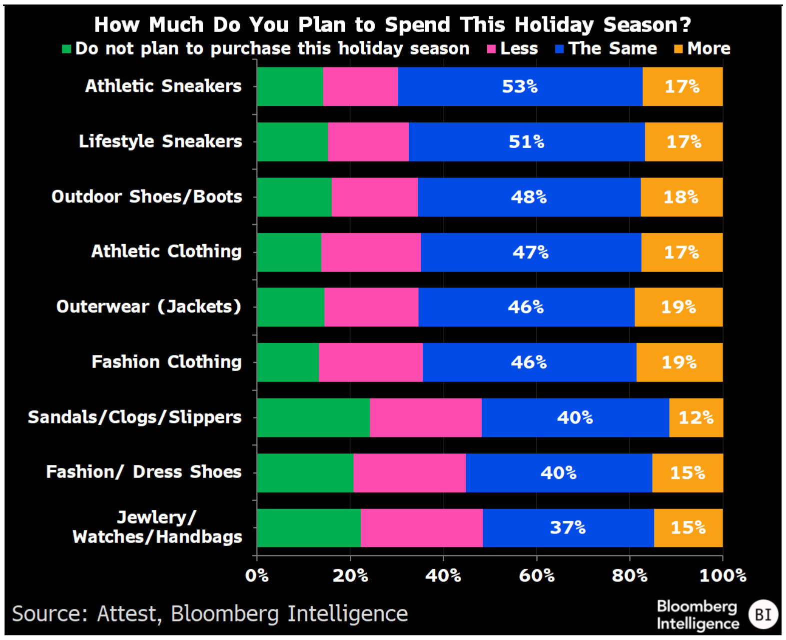


Uneven Macro May Not Deter Holiday Sneaker Interest

An uncertain macroeconomic outlook, tariff-led inflation and geopolitical tensions may continue to dampen consumer sentiment and are likely behind weaker holiday forecasts, but the November BI sneaker survey shows that many shoppers are still expecting to spend the same amount on sneakers as they did last year, led by innovation and deals. More than 50% of respondents plan to spend the same on lifestyle and athletic sneakers, based on the survey. Fashion clothing, and outerwear all had about a fifth of respondents planning to spend more on these items over the holidays, compared with just about 17% planning to spend more on lifestyle and athletic sneakers.

US holiday sales may increase in low-single digits (about 2.9-4.2%), based on industry forecasts, with online sales continuing to outpace store gains. (11/18/25)

How Much Do You Plan to Spend This Holiday Season?

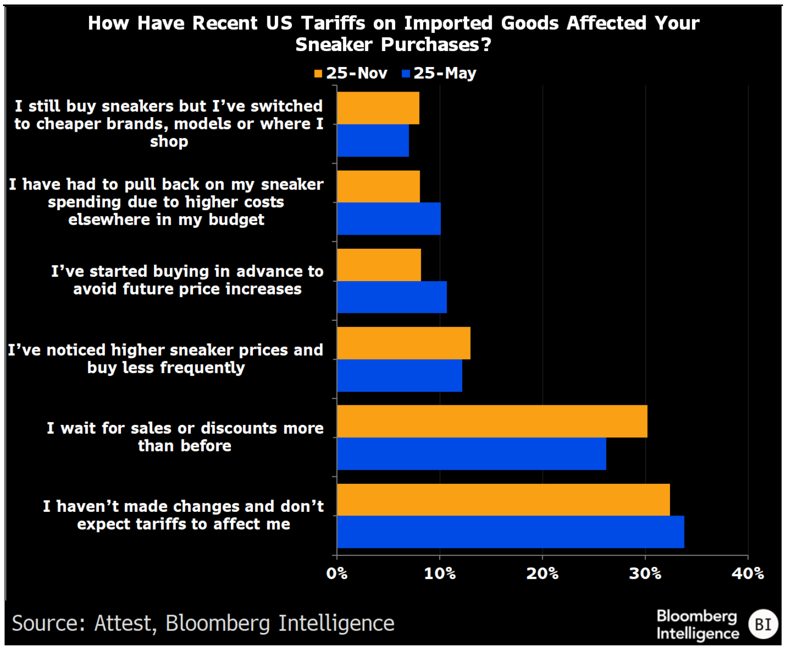


Tariffs Still Aren't Affecting Much of Sneaker Buying

About a third of consumers haven't changed how and why they buy sneakers, yet with our November survey showing increased caution on future spending vs. May, we're seeing signs of growing cost sensitivity influencing shopping behavior. According to BI's athleisure survey, 32% of respondents say they're unaffected by the levies, while 30% are awaiting more discounts and 13% said they buy less frequently due to higher prices. Additionally, 8% are shopping in advance to avoid potential price hikes, have reduced spending amid broader budget pressure and shifted to cheaper brands or retailers.

These early signs of caution cut across income levels and generations. Notably, 20% of Gen Z is buying less because of higher prices and 39% of boomers are waiting for deals. (11/18/25)

How Have Tariffs Affected Your Sneaker Purchases?

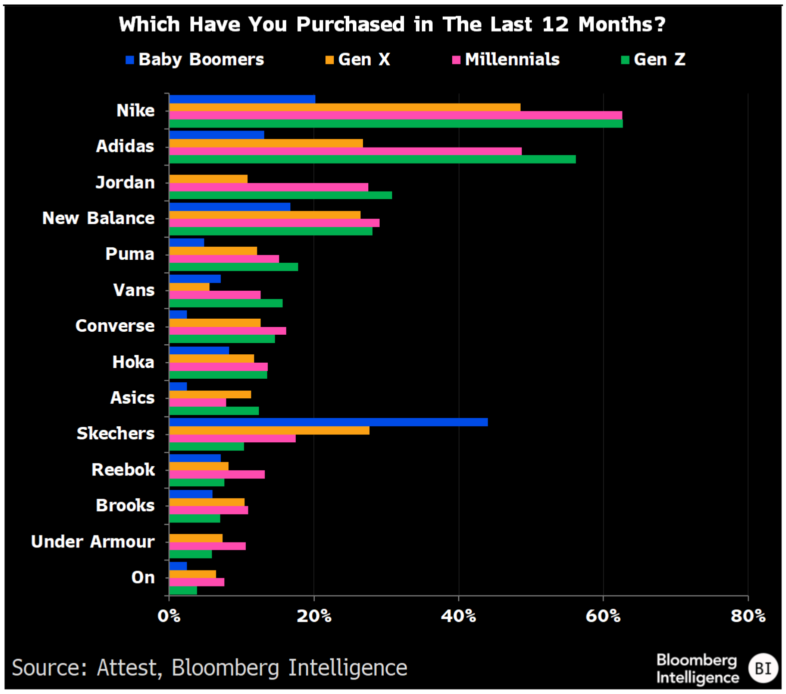


Younger Generations Lead Sneaker Trends; Boomers Want Utility

Millennials led sneaker-purchase volume in the past 12 months, with strong preference for Nike (63%) and Adidas (49%), followed by New Balance, Jordan and Skechers. Gen Z is No. 2, engaging most with Nike (63%) and Adidas (56%), followed by Jordan (31%), New Balance (28%) and Puma (18%), reflecting an affinity for trend-driven, expressive styles. Gen X and baby boomers buy fewer sneakers, but when they do, they seek comfort and value, leaning toward Skechers and New Balance. Newer brands such as Hoka and On have a larger millennial base.

The reasons for purchases vary among generations. Comfort is the top priority across all groups, with price and value the second-most ranked, except for Gen Z, where price and value is tied for second with style and aesthetics. Brand perception and exclusivity rank low. (11/18/25)

Sneaker Brands Purchased

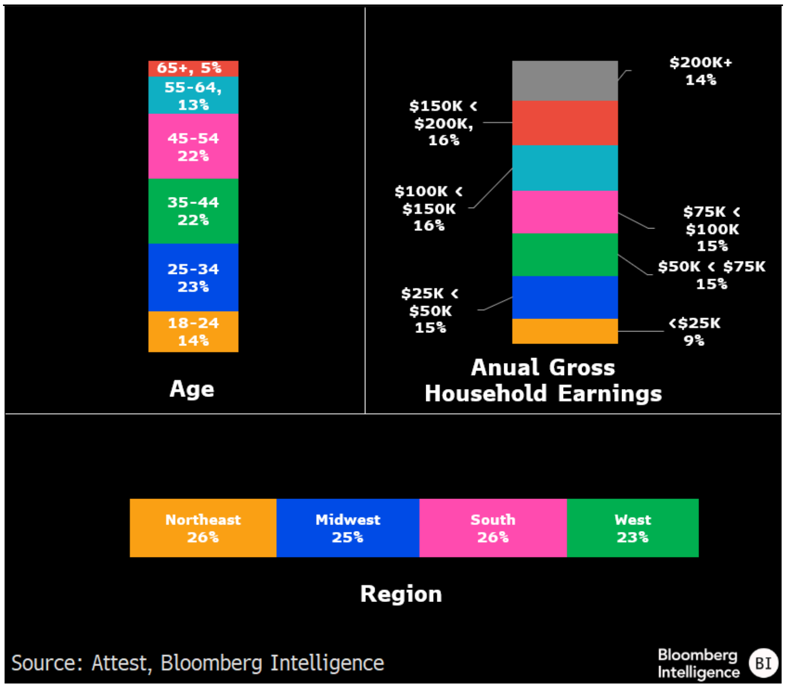


Methodology and Data Collection

BI's survey of athleisure footwear purchasing and wearing behavior among US consumers, conducted jointly with Attest on Nov 3-7, had a sample size of 1,206, of whom 675 purchased athletic sneakers in the past 12 months and 432 bought lifestyle shoes. Factors such as geographical location, gender and age were controlled to keep sample averages similar to US demographics. About 14% were 18-24 years old, 23% were 25-34, 22% were 35-44 and 40% were 45 and over. Women made up 51% and men 49%.

The survey's goal was to capture a comprehensive understanding of sneaker-buying behavior and future purchasing intent across a broad consumer base. (11/18/25)

BI Survey Audience Demographics



The Tariff Threat

Tariff Tensions Persist for Retailers, Even as Pressure Eases

China's reduction of reciprocal tariffs to 20% from the initial 145% suggests that 2026 margin drag for retailers will persist but should be more manageable through pricing and mitigation efforts. Ending the de minimis exemption hits Temu, Shein and AliExpress hardest. Luxury brands' healthy margins and Amazon.com's diversified mix, including AWS, help absorb levies. (11/19/25)

Three Keys for Tariff Effects on Retail

(11/19/25)

Key Drivers

Tariff Tension May Escalate	De Minimis Exemption Loophole Close	Shifting Production to US Is Difficult
BI View:	**BI View:**	**BI View:**
As a net importer, US exposed brands and retailers will continue to face higher costs from tariffs, pressuring margin, notably in 1H. Select price increases, AI efficiencies and mitigation efforts will offer a partial offset.	Eliminating and scaling back the de minimis exemption may help level the playing field for US retailers that have lost market share to companies like Temu and Shein, but also creates challenges for online marketplace sellers that rely on direct shipping of goods to shoppers.	Reciprocal tariffs will raise costs, and bringing production back to the US at scale will be difficult, particularly for apparel and footwear and Europe-made luxury goods, watches, jewelry and fragrances, given a lack of skilled labor and infrastructure.
Companies:	**Companies:**	**Companies:**
SHOO US, ELF US, DLTR US, MAT US, AMZN US, HMB SS, CFR SW, UHR SW, RMS FP, MC FP	AMZN US, PDD US, BABA US, GAP US, WMT US, M US, URBN US, KSS US, ASC LN, DEBS LN	LULU US, ONON US, HD US, LOW US, DECK US, NKE US, URBN US, HMB SS, RMS FP, CFR SW

Source: Bloomberg Intelligence

China’s Lower Tariffs Ease Strain, Don't End It

China's 20% reciprocal tariff -- comparable with many trading partners -- offers modest relief to retailers after prior rates of up to 145%. The lower rate narrows cost disparities, but levies still pressure margins and supply chains. India's 50% duty is a growing concern for companies with greater sourcing exposure. Vertically integrated retailers are most vulnerable due to limited cost sharing, while large brands and online platforms may better absorb added costs given their size, efficiency and diversified sourcing.

Tariffs can still fluctuate, leaving retailers cautious with guidance amid persistent uncertainty. Some may still have to selectively raise prices to offset higher import costs. (11/13/25)

% of US Apparel, Footwear Imports (2024)

	% of US Imports			% of US Imports	
	Apparel	Footwear		Apparel	Footwear
China	24%	33%	Peru	1%	0%
European Union	5%	11%	Nicaragua	2%	0%
Vietnam	15%	34%	Norway	0%	0%
Taiwan	1%	0%	Costa Rica	0%	0%
Japan	0%	0%	Jordan	2%	0%
India	9%	2%	Dominican Republic	1%	0%
South Korea	1%	0%	United Arab Emirates	0%	0%
Thailand	1%	0%	New Zealand	0%	0%
Switzerland	0%	0%	Argentina	0%	0%
Indonesia	4%	10%	Ecuador	0%	0%
Malaysia	0%	0%	Guatemala	1%	0%
Cambodia	4%	3%	Honduras	2%	0%
United Kingdom	0%	0%	Madagascar	0%	0%
South Korea	0%	0%	Myanmar (Burma)	0%	0%
Brazil	0%	1%	Tunisia	0%	0%
Bangladesh	7%	1%	Kazakhstan	0%	0%
Singapore	0%	0%	Serbia	0%	0%
Israel	0%	0%	Egypt	1%	0%
Philippines	1%	0%	Saudi Arabia	0%	0%
Chile	0%	0%	El Salvador	1%	0%
Australia	0%	0%	Côte d'Ivoire	0%	0%
Pakistan	4%	0%	Laos	0%	0%
Turkey	2%	0%	Botswana	0%	0%
Sri Lanka	2%	0%	Trinidad and Tobago	0%	0%
Colombia	0%	0%	Morocco	0%	0%

Source: OTEXA, Bloomberg Intelligence

Bloomberg Intelligence BI

Athleisure Brands Can Outrun Higher Tariffs

Contributing Analysts Abigail Gilmartin (Retail)

Footwear and athleisure companies' bigger production exposure to South Asia, particularly Vietnam, puts their margins slightly at risk from reciprocal tariffs. Yet added costs can be partly offset through supplier negotiations and modest price hikes. Nike sources about 50% of its footwear from Vietnam, while On relies on the country for more than 90%. Steve Madden and HeyDude, which get over half of their supply from China, also face potential pressure, but might quickly adjust supply chains.

Ending the de minimis exemption for China could level the playing field by targeting low-cost sellers like Temu and Shein, which may have to raise prices. Bulk shipping via PDD and Alibaba can offset some effects. Retailers like Lululemon could be negatively affected, given its distribution centers in Canada.
(11/13/25)

Sourcing, US Sales Exposure

								2024 Sales Exposure to:		
Sourcing Exposure	China	Vietnam	Cambodia	Bangladesh	Indonesia	Germany	Other	Americas	North America	US
Nike									43%	
Footwear	18%	50%			27%		5%		28%	
Apparel	16%	28%	15%				41%		12%	
Adidas									22%	
Footwear	14%	39%			32%		15%			
Apparel	16%	18%	23%				43%			
Accessories	23%						77%			
Puma	30%	26%	13%	12%	5%		14%		24%	
On								64%		
Footwear		91%			9%		0%			
Apparel/Accessories	7%	61%					32%			
Birkenstock						95%	5%	52%		
Crocs										
Crocs	10%	51%					39%		56%	
HeyDude	58%						42%			
Steve Madden	58%									81%
Skechers	40%	40%					20%			38%
Allbirds Footwear		100%					0%		76%	
Wolverine Worldwide	22%	53%	10%	8%	8%		0%			54%
Lululemon		40%	17%	7%	11%		25%		61%	
Columbia										61%
Footwear	20%	75%					5%			
Apparel		40%		20%	15%		25%			
Deckers	Low	Majority			Some					67%
VF Corp								52%		

Note: Deckers does not disclose specific sourcing but noted it has moved most of its footwear sorucing from China to Vietnam and is starting to diversify into Indonesia; Skechers stats from 2Q24 EC, Steve Madden from 4Q24 EC;Puma & Wolverine stats from 2023

Source: Company Filings, Bloomberg Intelligence

Bloomberg Intelligence BI

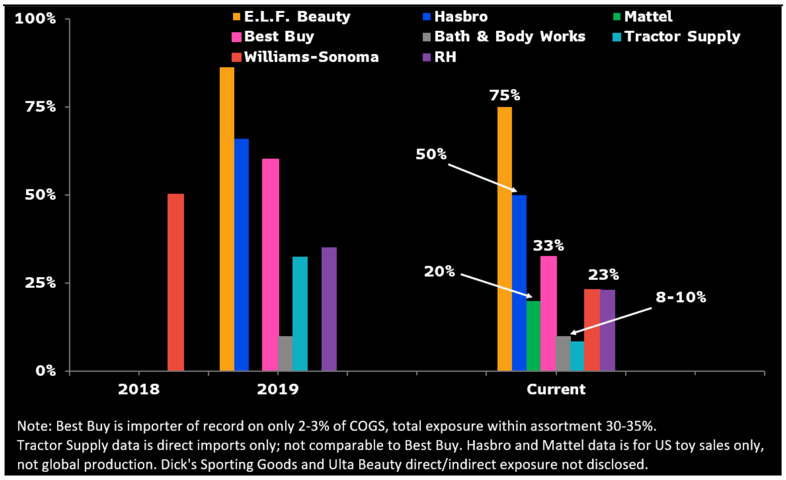
E.L.F., Hardlines Face Margin Pressure, Even With Price Hikes

Contributing Analysts Lindsay Dutch (REITs, Consumer Hardlines)

E.L.F. Beauty is the most vulnerable to tariffs on Chinese imports in our coverage, with 75% of its supply chain tied to the country. Toymakers Hasbro and Mattel, which continue to cut exposure to China, are better positioned but will still face margin pressure into 2026 -- even with higher prices and production shifts. Exposure to other countries is mostly lower across the group.

Retailers like Best Buy have less direct control than manufacturers over inventory sourced from China or other countries. Still, tariffs and resulting price hikes will pose headwinds for profit through at least 1H, even as indirect exposure to China has dropped to 30-35%. Bath & Body Works' domestic platform faces the least risk. (12/09/25)

Exposure to China (Manufacturing or COGS)



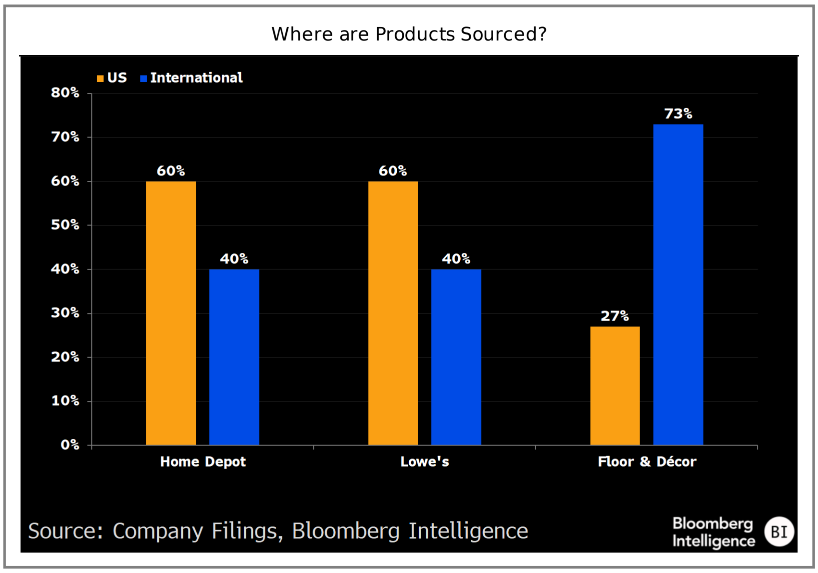
Source: Company Filings, Bloomberg Intelligence

Home Depot, Lowe's Well Positioned to Navigate Tariffs

Contributing Analysts Drew Reading (Homebuilders)

Home Depot and Lowe's size and sourcing diversification in the past several years have them positioned to navigate tariff uncertainty. Home Depot sources a majority of its products from the US and no single country will account for more than 10% of purchases in the next year. Lowe's gets 60% of products from the US, with China accounting for roughly 20% of purchasing volume. Both retailers will keep diversifying, while taking a portfolio approach to pricing.

Floor & Decor has also diversified away from China, with 18% of products sold coming from the country vs. 50% in 2018. It plans to reduce this to mid- to low single digits by year-end. Still, 73% of the retailers products are from outside the US, creating greater risk to profit. Management believes it can mitigate most of the effect. (11/12/25)

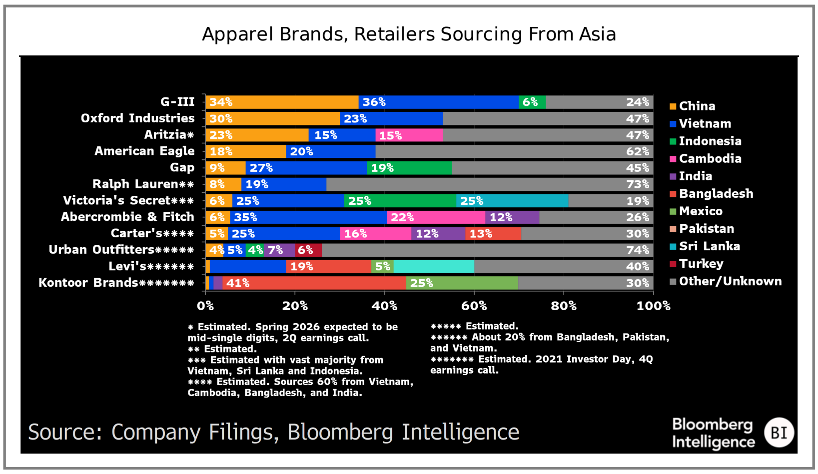


Tariffs Hit Retail Apparel Margin in 2H, 2026

Contributing Analysts Mary Ross Gilbert (Retail)

Most apparel brands, including Gap, Abercrombie, Victoria's Secret, American Eagle and Ralph Lauren, are shifting production away from China, where tariffs dropped to 20% from 30% effective Nov. 10, toward lower-cost regions such as Vietnam (20%), Cambodia (19%), Indonesia (19%) and Bangladesh (20%). These moves will influence margins through the rest of 2H and into 1H26, even after mitigation. Ralph Lauren stands out, as stronger sales and higher average prices more than offset tariff pressure.

A 50% levy on India-made goods could pressure apparel margins. Abercrombie may be most exposed, with India, Vietnam and Cambodia making up 69% of sourcing, potentially cutting margins by over 200 bps this year. Gap, which sources 46% from Vietnam and Indonesia, expects a $150-$175 million hit (100-110 bps) after mitigation. (11/12/25)



Tariffs Mostly Passed On, Hit Swiss-Made Most in Top-Luxury Rank

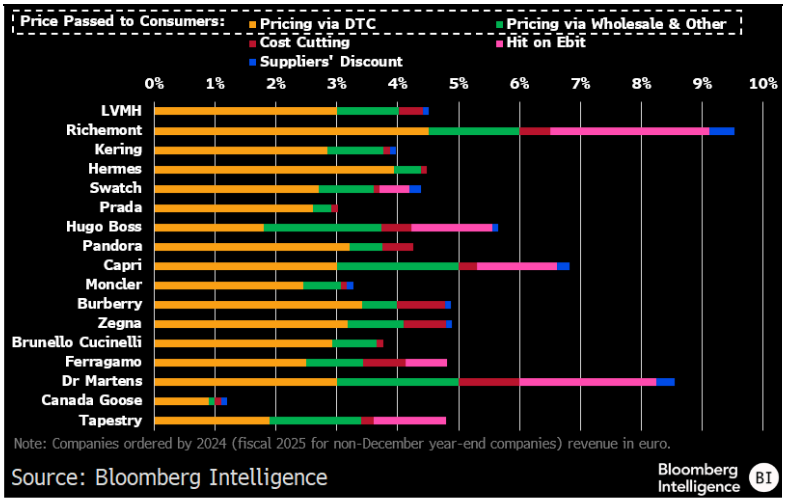
Contributing Analysts Deborah Aitken (Consumer Products) & Andrea Ferdinando Leggieri (Consumer Products)

High gross margins among heritage luxury made-in-Europe brands Hermes, Prada and Brunello Cucinelli make them well placed to absorb US tariffs, with their low cost-of-goods structure limiting the price hikes needed for high-spending consumers. Our scenario suggests mid-single-digit US price hikes are sufficient to offset the levies. By contrast, the likes of Burberry, Ferragamo, Hugo Boss, Pandora and

Zegna are leaning on more cost cuts as a partial offset. Swiss-based watchmakers Richemont, Rolex and Swatch face steep tariffs for now, and with escalating precious-metal costs will need to share greater pricing exposure, pressuring margins.

Ebit at aspirational brands Capri, Dr. Martens, Hugo Boss and Pandora -- more exposed to higher made-in-Asia tariffs -- is also likely to be hit, given limited pricing flexibility. (11/13/25)

BI Scenario: Price-Hike Split to Offset US Tariffs

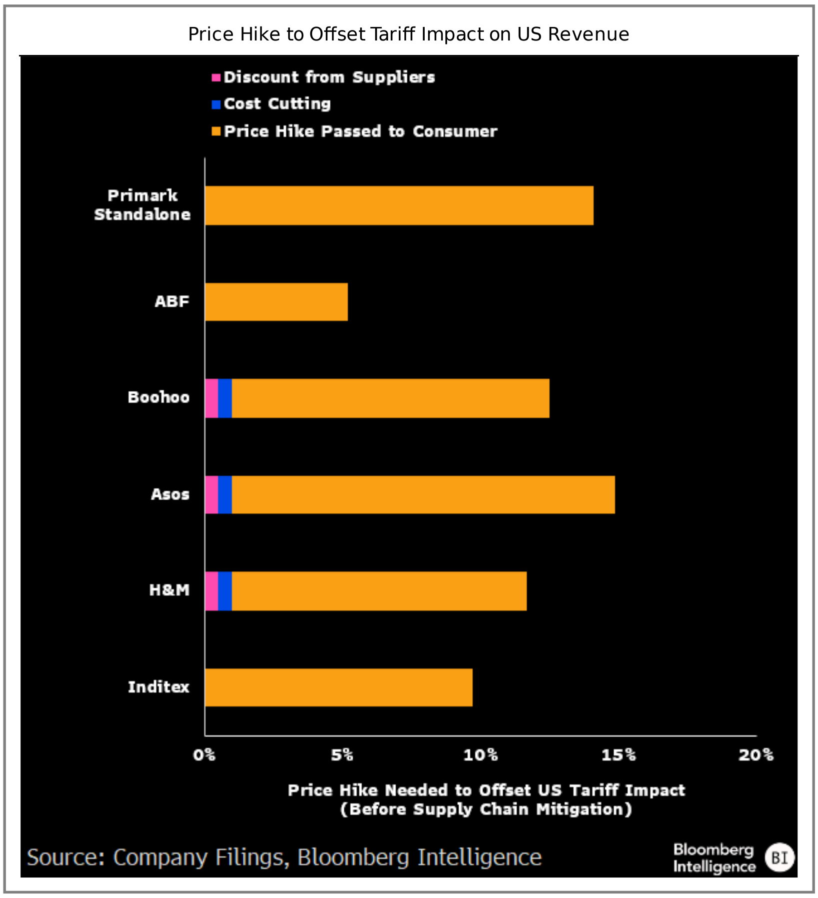


Retailers' Cautious Price Hikes Fall Short of 10-15% Needed

Contributing Analysts Tatiana Lisitsina (Retail)

European retailers have only recently begun to raise prices in response to US tariffs, and margin recovery will likely be partial. Many will prioritize volume stability over full tariff recovery. Our analysis suggests price increases of roughly 10-15% would be required to offset the earnings drag from current tariffs before any supply-chain shifts. Primark began lifting US prices in September, aiming merely for cash-cost recovery, while H&M is adjusting more cautiously to preserve competitiveness, expecting taxes to weigh on 4Q and 2026. Boohoo's earlier price increases have already led to weaker US demand, reinforcing elasticity concerns. Inditex reiterated stable gross-margin guidance on the back of proximity sourcing.

Management tone remains cautious, signaling the tariff hit is building and not yet peaked. (10/22/25)

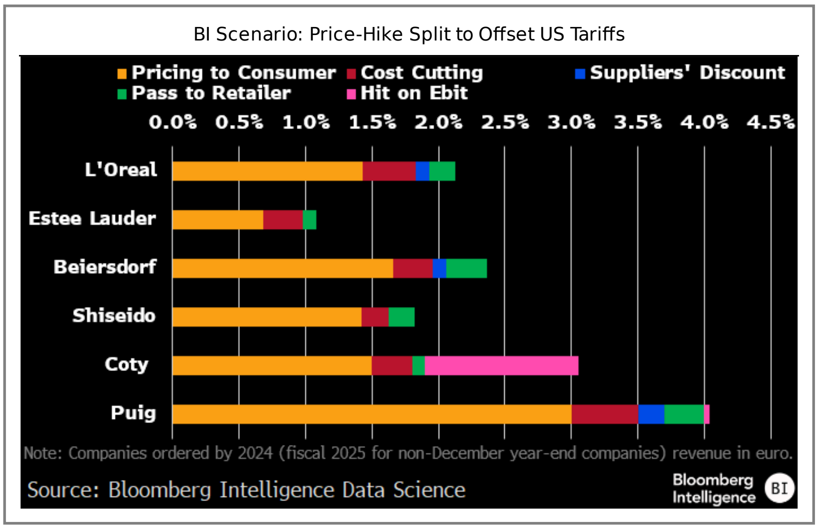


L'Oreal, Estee Local-Made Softens Tariff Hit, Puig Pricing Helps

Contributing Analysts Deborah Aitken (Consumer Products) & Andrea Ferdinando Leggieri (Consumer Products)

Beauty companies have raised prices globally to offset tariffs by a low single-digit percentage --- plus 1-3% in the US -- without denting volume, helped by localized production and the solid launch pipelines of new innovations (led by fragrance and derma skincare). Estee Lauder and L'Oreal's 70%-plus gross margins, fed by low cost-of-goods models, explains their smaller hikes. Puig faces a larger mismatch, given its greater mix of high-end fragrances imported from Europe, but has stronger pricing power vs. most other categories. Coty has struggled to rely solely on pricing, due to weaker US mass-market demand and its launch-pipeline gaps. Cost-cutting could help, but Ebit stays pressured.

Premium brands with market-share leadership have bargaining power to pass on some tariff costs to suppliers and retailers, if required. (11/13/25)



Credit Primer

Credit Primer

Nike: Credit Outlook

Contributing Analysts Mike Campellone (Credit) & Tatiana Bellometti (Credit)

THESIS: Spreads for Nike's $8 billion of index-eligible bonds across the curve are wide of equally rated retailers, a trend that doesn't properly reflect the company's superior credit metrics, scale and liquidity. Despite tariff-related and execution-risk headwinds in fiscal 2026, which we view as temporary, Nike's solid credit profile and low leverage relative to retail peers provide a foundation for its credit ratings (A1/A+), attributes that are unlikely to reverse over the near- to medium-term. (07/22/25)

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