JUNIOR FASHION IN 2022-2023

Notes by Centro Studi di Confindustria Moda for

The balance sheet for 2022

In 2022, childrenswear (understood as fabric and knit clothing for children in the 0 to 14 age range, including intimate apparel and accessories) was affected by a positive dynamic, although the pace of growth was weaker compared to 2021. Thanks to an increase of + 4.3%, the sector turnover was almost 3.2 billion euros, surpassing the pre-Covid level of 2019..

In 2022 junior fashion was affected by a positive dynamic, equal to +4.3% on an annual basis, a variation which brings the sectorial turnover to 3,184 million euros

Similarly, the value of production (which, it should be remembered, attempts to estimate the value of Italian production activities net of the commercialization of imported products) presented a positive variation of +2.2% compared to the previous year.

Once again, Junior fashion mainly took advantage of its favorable situation on international markets; the domestic market, which continues to be predominant for the sector, following a 2021 which was characterized by double-digit recovery, experienced a slowdown in growth (+4.6%).

Table 1 – The Italian Junior fashion industry (2017-2022) (*)
(Millions of Euros at current value)

	2017	2018	2019	2020	2021	2022
Fatturato	2 861	2 980	3 100	2 643	3 051	3 184
Var. %		*4,2*	*4,0*	*-14,7*	*15,5*	*4,3*
Valore della produzione	969	943	930	795	929	950
Var. %		*-2,8*	*-1,4*	*-14,5*	*16,8*	*2,2*
Esportazioni	1 102	1 196	1 275	1 100	1 305	1 465
Var. %		*8,5*	*6,6*	*-13,7*	*18,6*	*12,2*
Importazioni	1 787	1 974	2 117	1 780	1 977	2 720
Var. %		*10,4*	*7,2*	*-15,9*	*11,1*	*37,5*
Saldo commerciale	-685	-777	-842	-679	-672	-1 255
Consumi finali	4 236	4 155	4 105	3 361	3 853	4 030
Var. %		*-1,9*	*-1,2*	*-18,1*	*14,6*	*4,6*
Indicatori Strutturali (%)						
Esportazioni/Fatturato	38,5	40,1	41,1	41,6	42,8	46,0

Fonte: Confindustria Moda su dati ISTAT, Sita Ricerca, Indagini interne
(*) Abbigliamento ragazzo/a in maglia e tessuto 0-14 anni, intimo ed accessori inclusi

Pitti Immagine srl
Via Faenza, 111 – 50123 Firenze
T +39 055 369 31
F +39 055 369 32 00
www.pittimmagine.com

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Looking at foreign trade, Junior Fashion exports recorded an increase of +12.2% on an annual basis, a dynamic which resulted in overseas sales of around 1.5 billion euros. The average incidence of foreign sales on the overall turnover therefore rose to 46.0%. Sector imports reported a very lively pace (equal to +37.5%), for a total of around 2.7 billion euros.

Junior fashion exports recorded an increase of +12.2%, imports +37.5%

Considering the aforementioned trend of foreign trade, the commercial sector balance sheet showed a deficit of -1.255 million euros.

In 2022, exports of infant clothing alone (for which it is possible to isolate the pertinent customs data and, therefore, foreign trade flows on a country-by-country basis) – after steady growth, equal to +18.8% in 2021 – underwent a trend reversal: with reference to the whole year, foreign infant fashion sales registered a decrease of -6.2%, amounting to around 159.6 million euros.

In 2022 infant fashion exports underwent a trend reversal, registering a decrease of -6.2%

With regard to commercial outlets, it should be emphasized that both EU and non-EU areas recorded a fall for the sector (-7.2% and -5.0% respectively). The average incidence of exports to EU markets on the overall turnover was 54.9%, while sales outside the EU accounted for the remaining 45.1%.

The sector data was affected by the dynamics of the main European partners which, in 2022 recorded a negative trend. Switzerland, Spain and France, the top three destination countries for infant fashion, all showed a decrease, respectively of -4.9%, -7.1% and -5.6%. In fourth position was Germany which, in contrast to the average figure, showed growth of +8.1% and absorbed 6.1% of the infant fashion. It was followed by the United Kingdom (-5.6%), Romania and Greece, with the latter two recording even worse variations (falling by -26.4% and -19.2%). The United Arab Emirates, which had grown by over +113% in 2021, lost -35.4% in 2022.

Bucking the general trend, among the top 15 infant fashion "clients" were, in addition to Germany, the United States, which rose to eighth position, with an increase of +26.6%, and South Korea in eleventh position (+17.0%). For Russia it was possible to note – unexpectedly given the Russia-Ukraine conflict which is still in progress - a favorable dynamic (+6.9%): it should be remembered that, for years, the Russian market was the top outlet for Italian childrenswear.

Moving on to analyze foreign imports to Italy, again with reference to infant clothing alone, it is possible to see a lively increase of +34.8%. The positive dynamics concern all top 15 supplier countries: China was confirmed in first place with an incidence on total sector imports of 21.5%, showing a positive variation of +30.6%; Spain, in second place, gained +52.7%; it was followed by Bangladesh, with growth of +36.7%. In fourth place was France,l a rise of +13.0%, ahead of India, which recorded +35.0%. The flow from the Netherlands

In 2022 infant fashion imports grew by +34.8% and China was confirmed as the top supplier with a sector incidence of 21.5%

increased by +75.7%, becoming the sixth sector supplier with an incidence of 6.2% on the total amount imported. Consistent growth was also recorded for Germany (+55.4%), Bulgaria (+48.1%) and Hungary (+206.0%), although the import quota of these countries is less than 2.5%.

Looking at the Italian market, in the 2022 calendar year, the sell-out levels of junior fashion, according to data collected by Sita Ricerca on behalf of SMI, showed a recovery of +4.6% in value and of +2.8% in volume. With regard to the product profile, in particular, in terms of expenditure, the ‘boy’ segment gained +4.8%, the ‘girl’ segment, structurally predominant, +5.3% and, finally, the infant segment, +2.0%.

Despite this recovery, there was still a gap with respect to the levels for 2019 (in the order of -1.8% for the total Junior fashion industry): all three segments were below pre-Covid levels (-0.9% for ‘boys’, -1.4% for ‘girls’, -5.2% for ‘infants’).

From a temporal viewpoint, 2022 began favorably, with the first two months showing growth of +5.0%; S/S 2022 (March-August 2022) also recorded an increase of +6.8%: in that period, ‘boys’ presented a variation of +7.7%, ‘girls’ of +7.1%, while ‘infants’ marked +4.8%. Contributing to this seasonal result was the vigorous bounce in the March-April period calculated at +30.9%, the only bimester in the season to record growth. In fact, it was followed by another two bimesters which recorded drops but were unable to reverse the seasonal trend: the May-June period fell by -3.7% and July-August by -2.8%. Similarly, the September-October bimester also displayed a contraction (-5.3%), while 2022 closed with a return to positive territory: in fact, the last bimester recorded growth of +7.6%. The favorable trend has continued into the beginning of the current year which opened with the first two months presenting an increase of +6.7%. F/W 2022-23 (September 2022-February 2023) closed, therefore, with an average increase of +3.3% in value (+1.3% in volume). In terms of segment, in the fall season, contrary to what emerged in S/S, there was a more positive variation for ‘girls’, i.e., +4.5%; ‘boys’ rose by +3.3%, while ‘infants’ bucked the trend and fell by -0.4%.

Analysis of sell-out levels according to channel highlighted the evolution of the purchasing choices of consumers with reference to Junior fashion. Based on the statistics collected by Sita Ricerca for SMI (in this case referred to the period from Spring/Summer 2022 to Fall/Winter 2022-23), chain stores were confirmed as the top channel for intermediate sell-out with an incidence of 48.9% of the total (compared to 46.8% for the S/S 2021 - F/W 2021-22 period) and closed the period being examined with an increase of +9.6%.

Large-scale distribution grew overall by +6.3% and accounted for 29.9% of the market. Of the three main “actors”, only large department stores and large commercial areas experienced favorable performances: the former, with a quota of 15.4%, increased by +7.6%; the latter, with 10.9% of the share, by +8.9%. Conversely, the food channel (3.6% of the quota) experienced a drop of -5.0%.

S/S 2022 alone grew by +6.8%

While independent retail recorded a positive variation in the period between S/S 2021 and F/W 2021-22, equal to +24.7%, in the seasons being examined, independent retail showed a loss of -6.0%, thus falling to quota 11.6%. Contributing to this result were mainly the 'boy' and 'infant' segments, respectively down by -12.9% and -9.6% in this channel. There was a favorable performance for 'girls' which increased by +2.3%.

The first two months of 2023 closed at +6.7%

Chain stores were confirmed as the leaders (48.9% of the market) growing by +9.6%

Independent retail showed a loss of -6.0% and fell to quota 11.6%

Sell-out levels of digital channels, equal to 6.4% of the market, remained in negative territory, as already highlighted for S/S 2021 and F/W 2021-22: in the months analyzed here e-commerce fell by -1.4%. Looking in more depth at the analysis of this data, for the 'infant' segment there was a strong contraction (-27.5%); the 'girls' segment also fell, but it was decidedly more modest (-1.9%); on the contrary, 'boys' grew by +3.5%.

On-line sales dropped by -1.4%, but still accounted for 6.4% of the total market

After the strong growth experienced in 2021, outlets returned to negative territory registering a tendential double-digit drop (-35.7%).

Figure 1 – Junior Fashion: sell-out trends by *channel* (S/S 2022 – F/W 2022-23)
(% var. of consumption in value)

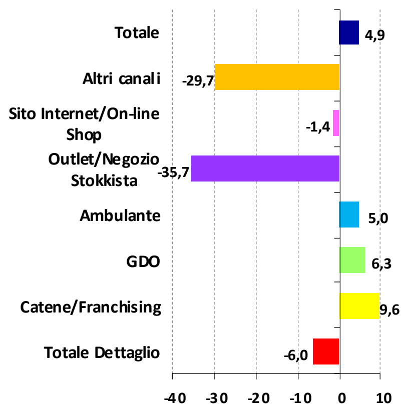
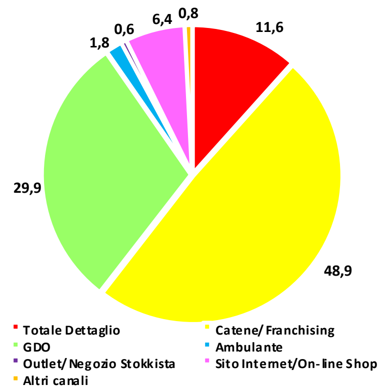


Figure 2 – Junior Fashion: distribution structure (S/S 2022 – F/W 2022-23)
(% on consumption in value)



Source: Confindustria Moda on Sita Ricerca data

Coming to the current year, according to the ISTAT data available today with reference to the infant segment only, in the first two months of 2023, exports returned to positive

2023 opened with favorable trade performances: from January to February exports of infant fashion grew by +9.0%, while imports accelerated by +16.2%2023 opened with favorable trade performances: from January to February exports of infant fashion grew by +9.0%, while imports accelerated by +16.2%

territory and displayed growth of +9.0%. The main markets presented contrasting trends: Spain, in first position, grew by +11.8%; followed by the United Kingdom and France, both of which fell: the former lost -6.9%, the latter -14.3%. Germany experienced a bounce (+13,8%), but it should be noted that the performance of the United States grew by +194.5% assuring 5.7% of sector exports. Sales to China were also characterized by a very lively pace (+506.8%, 3.1% of exports). Conversely, Switzerland dropped by -19.2% and slid down to sixth position; the trend was similar for the United Arab Emirates which fell by -21.5%. Passing on to an analysis of incoming flows, 0-3 year clothing imports showed an acceleration in growth of +16.2%. The top four suppliers alone represented almost 65% of sector imports. Goods from Spain grew by +69.3% and surpassed China which, conversely, fell by 24.8%; there was also a drop for Bangladesh (-9.3%). Imports from France instead increased by +94.0%. There was a lively dynamic, equal to +79.7%, for the Netherlands as well, the traditional entrance point for goods mainly originating from Asia.

Florence, 21 June 2023