RESULTS:

WFSGI Pulse Survey- Covid-19 Impact on Sporting Goods Industry & Key Market Trends

August 2020
WFSGI is conducting a confidential monthly pulse survey of sporting goods companies to obtain general information related to COVID-19's impact on their business and the steps they are taking to mitigate this. In return, the industry will get access to a monthly anonymous report with the consolidated results of this industry exercise.

The reports aim to: uncover the true global impact of COVID-19 on the Industry, provide key insights on the actions of Industry leaders to manage the crisis, and track the key trends of the Sporting Goods Industry as the world progresses through the COVID-19 lockdown and the easing of restrictions into the ‘new normal’.

The survey is intentionally divided into specific questions for manufacturers and for brands/retailers to ensure that we can track trends throughout the supply chain. Participation in the survey is confidential and anonymous, the WFSGI will not get any company or participants names.

WFSGI is pleased to share the results of the August 2020 edition:
1. SPORTING GOODS MANUFACTURING COMPANIES
• Compared to last month the demand from the US and Canada has significantly dropped by 20%.
• For Europe a decrease of the demand of 13% has been recorded. This clearly shows a negative trend that persists since the beginning of the pandemic.
• 25% don’t face any decreasing orders at all, that’s exactly the same percentage as last month.

Where have you seen decreasing orders from:
LOGISTICS: Material shortage again more of an issue

- Compared to last month double as many respondents face material shortage.
- Delayed finished goods transportation and withhold of shipments at borders are continuing to be less of an issue.
- The positive trend shown in the past month for production bottle necks and closure of supplier factories has abruptly stopped this month as both are increasingly a challenge for the industry.
SUPPLY: significant improvement

- The number of respondents facing disruption has dropped by significant 20%, that’s so far the most important decrease recorded.
- The positive trend for Europe and Latin America continues.
- The numbers for Northern America remain stable.
- For Far East, Africa and Middle East and South Asia an increasing number of respondent face disruption again.
LABOR: Globally increasing infections cause labor shortage

- 12% more respondents that last month face again labor shortage.
- The number of respondents having staff being infected by Covid-19 has more than doubled. Also, the staff taking care of infected family members is again up to 12% whereas it was 0% last month. This development mirrors the global trend of countries reporting increasing number of infections.
- Also more than double as many respondents as last month face closed public transportation causing labor shortage. In addition, close to 10% more than last month are challenged by social distancing measures in place.
- The numbers for travel restrictions and staff being reluctant to return to work are remaining stable.
The positive trend of the past months has been interrupted. Again, more respondents are impacted by legal measures taken by the local governments.

Do Covid-19 regulatory requirements from local government impact your business?

- Yes
- No
There is close to no change compared to last month and still just a small majority of respondents face cash flow challenges.
• Only 65% of respondents see their business being impacted by COVID-19. This is by far the most promising result so far since April. Last month still 87,5% saw an impact.

• Most respondents see a business drop by 20% (30% of respondents) and a decline of 50% (12,5% of respondents).

• The most affected regions remain Europe and Northern America where around 50% expect less business.
Whereas in July the first time 0% of respondents didn’t expect any rebound, this month we are back to 10%. Also, only 10% expect a full recovery which is half as many as in July.

Most respondents expect a recovery of 50%; followed by a recovery of 20% and 10%.

There are less respondents expecting a recovery over 50% this month: 5% expect a recovery of 60% respectively 80% and only 2,5% expect their business to bounce back to 70%.

With regard to the time frame necessary for the recovery, the trend is not showing any significant change: 45% think that their business will need more than one year (last month 50% opted for this answer). 32,5% still guess that 91-180 days are necessary for their company to rebound.
The trend for automation has shifted the first time as less people opt for that measure this month (only 25% compared to 37.5% last month) most popular options are adopting lean production and automation. The latter was only the second last option chosen in June.

There is a sharp decline of companies consolidating production last month has been countered by an increase of over 10% of respondents opting for that measure again this month.

Also, a little over 10% more respondents are turning towards governmental support this month compared to July.

The number of respondents considering lean production and worker retrenchment has slightly decreased.
2. RESPONSES SPORTING GOOD BRANDS AND RETAILERS
IMPACT MITIGATION: Increasing online sales and cleaning out inventories are key

- Increasing online sales (87%) remains unchanged the most chosen option to mitigate the impact of the pandemic, there is a clear trend detectable that this measure has gained support over the past months.

- Focusing on the recovering market, cancelling orders and keeping minimum inventories have all gained a little more support as last month.

- Clean out inventories has been chosen by nearly double as many respondents as last months (46,3%).
For the first time since April consolidating the supply chain has not gained in importance but there was a drop of over 10%.

Nearly 20% more respondents opt for keeping the same suppliers but decreasing the business volume.
PRIORITIES: Primary focus on cash position and staff’s health

- Cash position is further loosing importance and employees’ health is of the same importance.
- Supply chain efficiency, market shares and product marketing are gaining importance.
• Flexibility remains key as it is chosen by close to 90% of respondents.
• Both, efficiency and stability have become more important with an increase of around 10% of respondents choosing these answers.

What would be your expectations to suppliers during this difficult period?

- Flexibility
- Efficiency
- Stability
SUPPLY CHAIN TRANSFORMATION: Sharp increase of transforming supply chains by moving closer to the market

- Lean and adaptive supply chain transformation is remaining the most attractive solution despite the fact that it decreased by 10% compared to last month.
- Being close to the market is for the first time the second most popular transformation with nearly 50% of respondents opting for this solution.
Most of the respondents (37%) are not at all reframing their sourcing priorities, this is again an upwards trend.

All other answer options have seen a slight decrease in respondents opting for them.

Regional centric sourcing remains the most chosen reframing option.
MARKET TRENDS: Environmentally friendly products trend stays ahead of the rest

• Environmentally friendly products are still topping the list with 65% of respondents supporting this trend.
• While price points centric trends was the least important trend last month, it moved up to the second most chosen trend this month.
• All other trends are loosing support of more than 5% more respondents compared to July.

What would be the emerging market trends after the pandemic?
• The sports topping the charts are seeing the highest increase of support this month: outdoor, running, cycling and walking are all chosen by over 60% or respondents.
• All other sports remain at a low level but see a very weak increase as well..
Want to support us by filling in the next survey edition? It takes you less than 3 minutes, many thanks!

https://www.surveymonkey.com/r/HYNYPN3

ANYTHING WE CAN DO FOR YOU IN THESE TROUBLED TIMES? Please contact us at any time!

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KEEP SAFE & HEALTHY

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