RESULTS:

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

September 2020

PRELIMINARY INFORMATION

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’.

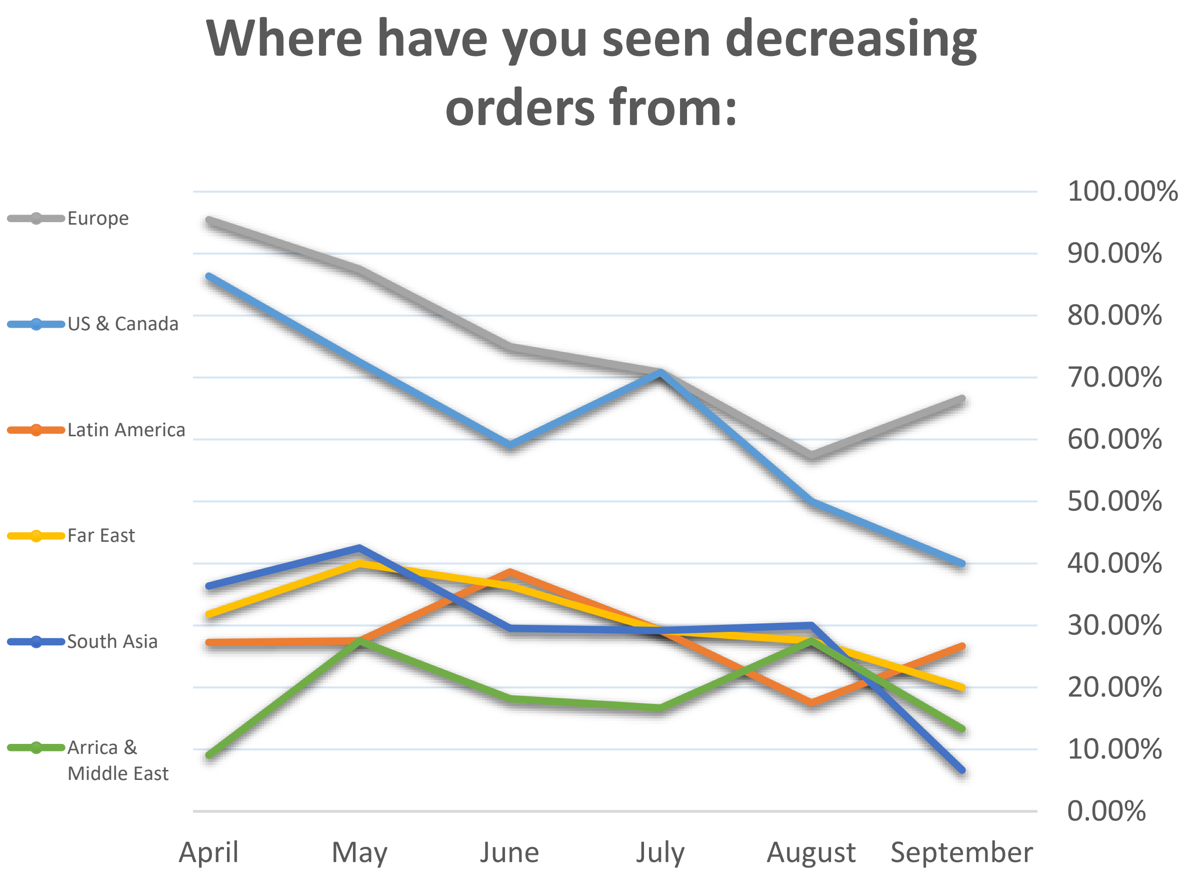
The survey is intentionally divided into specific questions for manufacturers and for brands/retailers to ensure that we can track trends throughout the supply chain. Participation in the survey is confidential and anonymous, the WFSGI will not get any company or participants names.

WFSGI is pleased to share the results of the September 2020 edition:

1. SPORTING GOODS MANUFACTURING COMPANIES

DEMAND: Decreasing orders - Europe tops the list

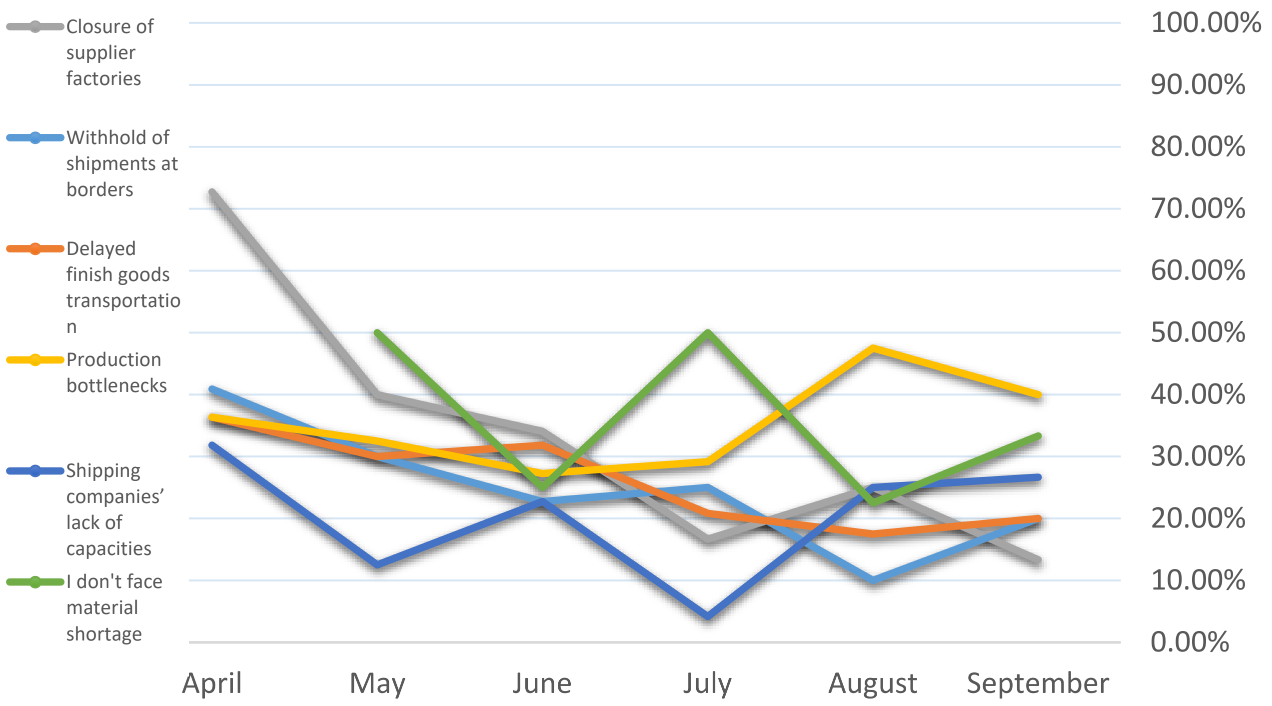
- 20% are not seeing any decreasing order, these are 5% less than last month.
- Close to 70% face order decrease from Europe that is an increase compared to last month.
- Beside Europe, there is only a decrease of orders seen in Africa & the Middle East region.
- For all other regions, participants indicate that there are less decreasing order than last month.



LOGISTICS: Production bottlenecks provoke material shortage

- Still a little over 30% of respondents face material shortage.
- Production bottlenecks are the most chosen reason for material shortage (40%).
- Closure of supplier factories is less of an issue but double as many respondents see their shipments being withhold at borders. Other than that the situation might not have changed dramatically.

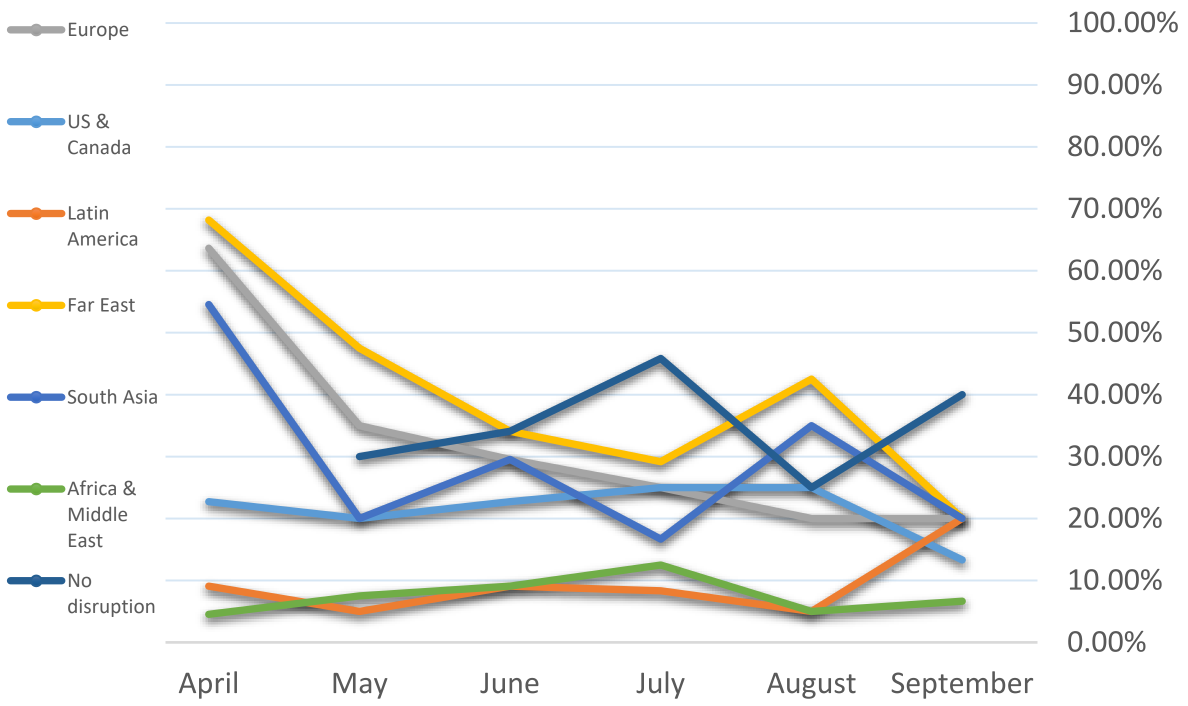
Are you facing material shortage due to:



SUPPLY: the situation in Europe and LATAM remains critical while it improved in all other regions

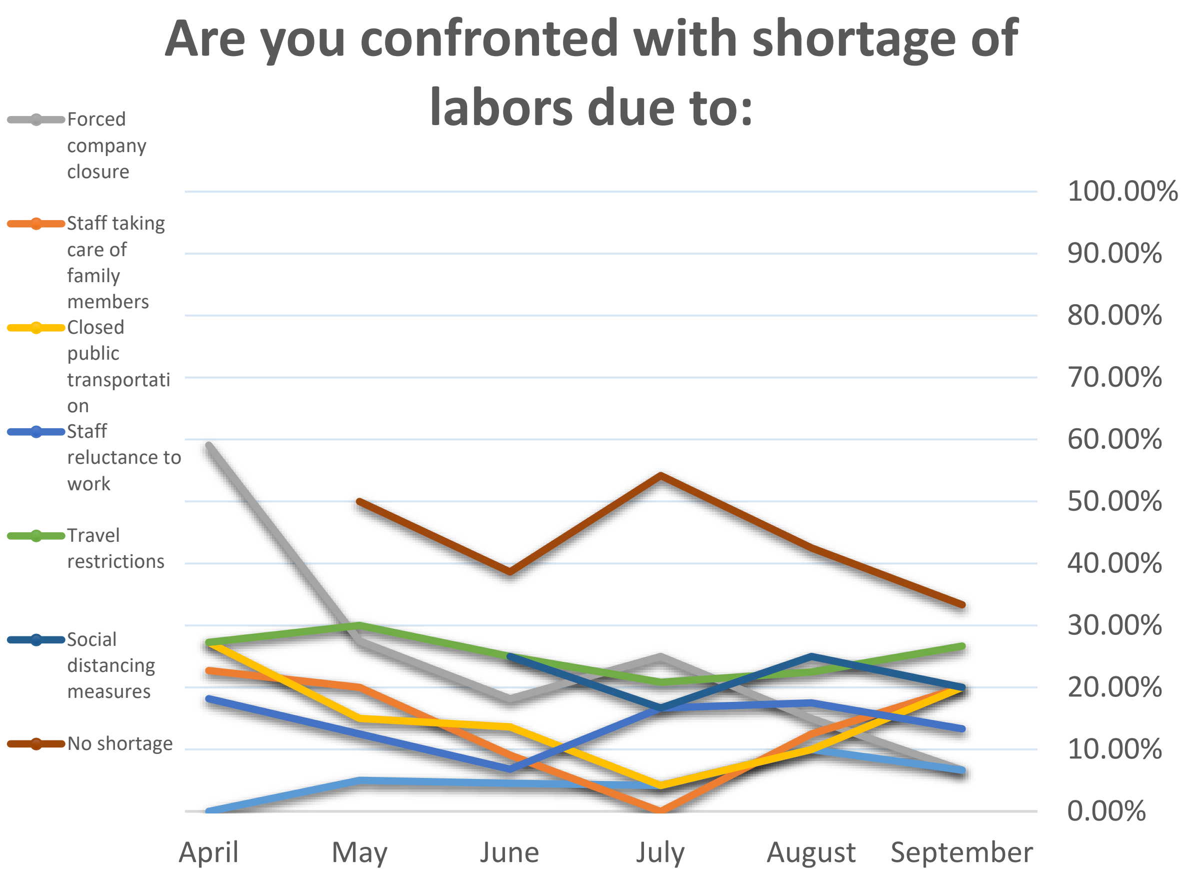
- 40% don’t face any supply shortages which is a positive sign.
- The number of respondents facing disruption in Europe remains important.
- The biggest increase of supply chain disruption compared to last month is seen in LATAM.
- Positive development can be seen especially for Northern America and the whole of Asia.

In which regions do you see your supply chain disrupted:



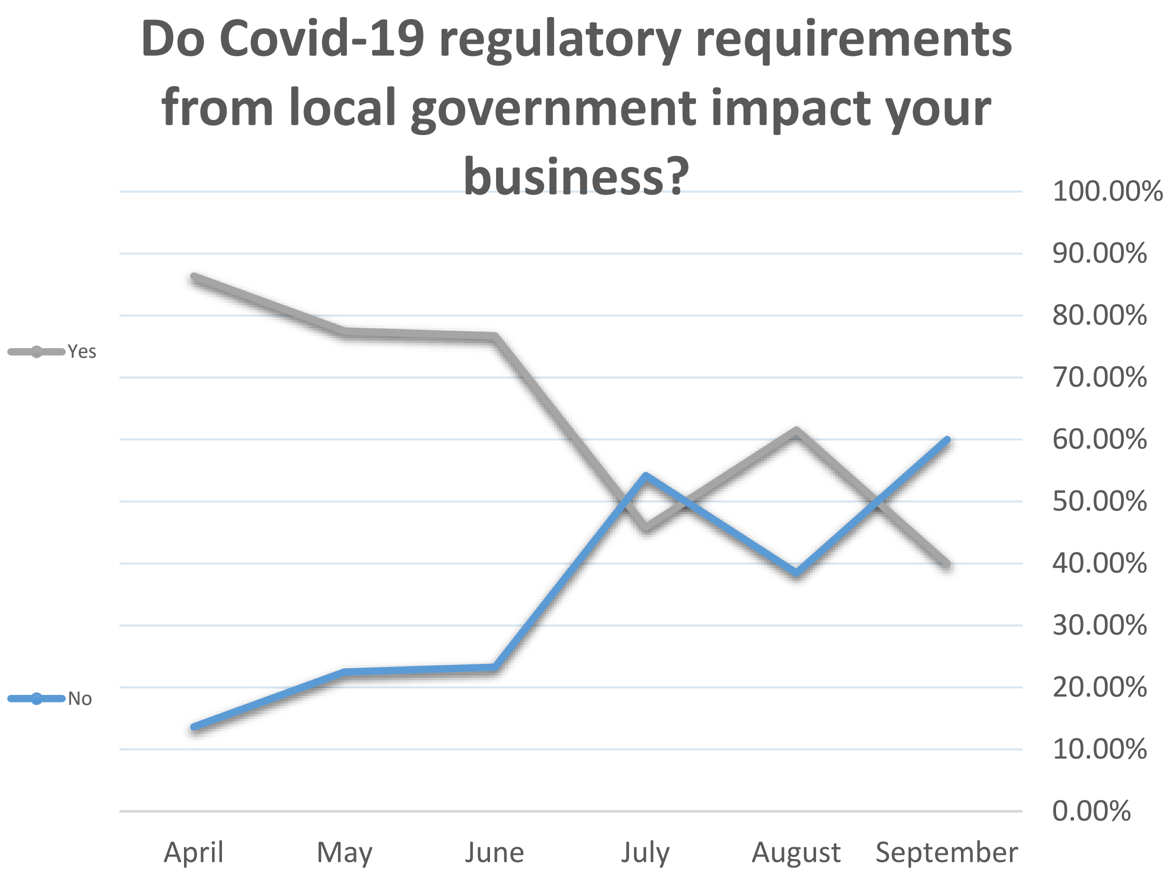
LABOR: Travel restrictions, closed public transportation, care taking of family members impact labor availability

- Since now three months labor shortage is decreasing.
- There is also a clear trend showing that forced company closure is less of an issue.
- The level of infected staff impacting business remains over the average this month with close to 7% of respondents indicating this as an issue.
- Also, the staff taking care of infected family members is again up to 20%. This number is as high as during the lockdown period in April. As a reminder, 0% of respondents chose this option in July. The same development is seen with closed public transportation and travel restrictions due to the pandemic.



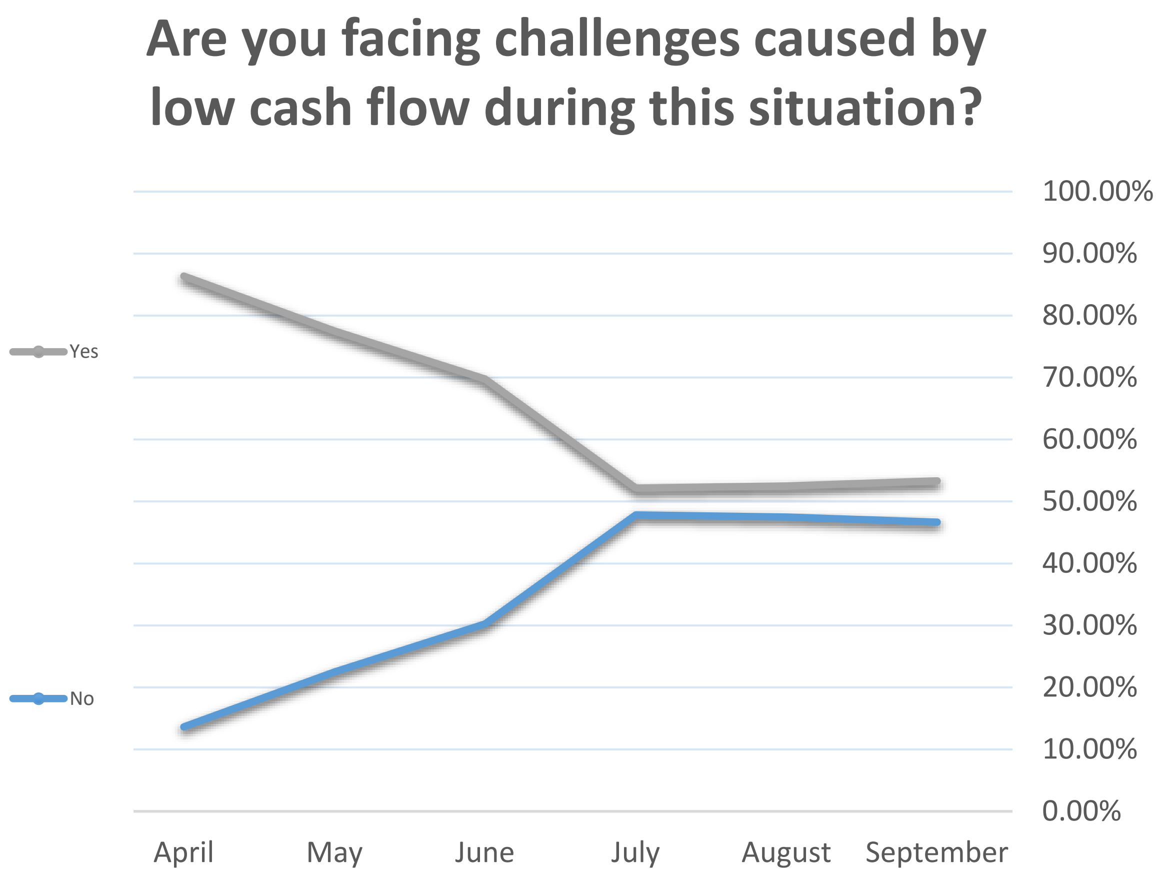
LEGAL: Positive situation as less impact is faced

- Again, less respondents are impacted by legal measures. There is no clear trend to be detected, rather an up and down development.



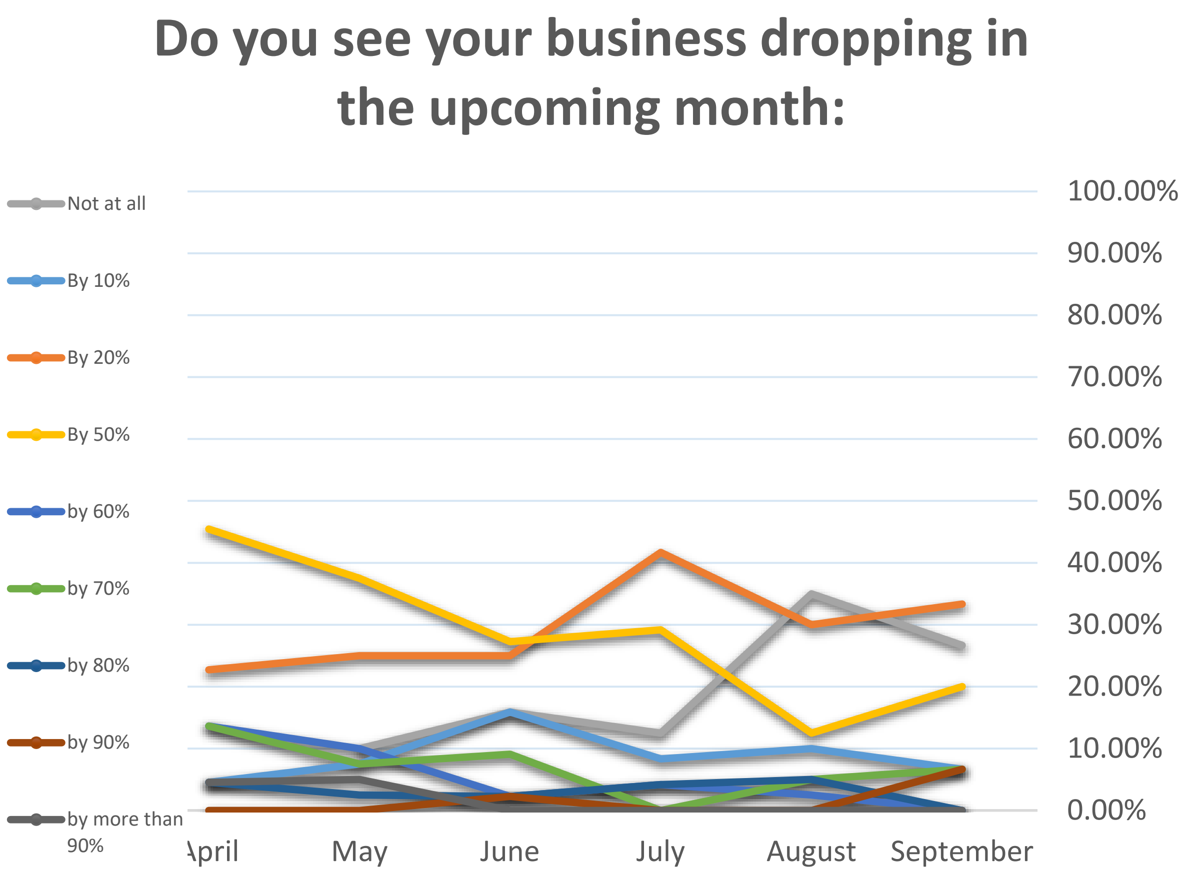
FINANCE: trend goes on, close to no changes at all

- There is close to no change compared to the last two months and still just a small majority of respondents face cash flow challenges.



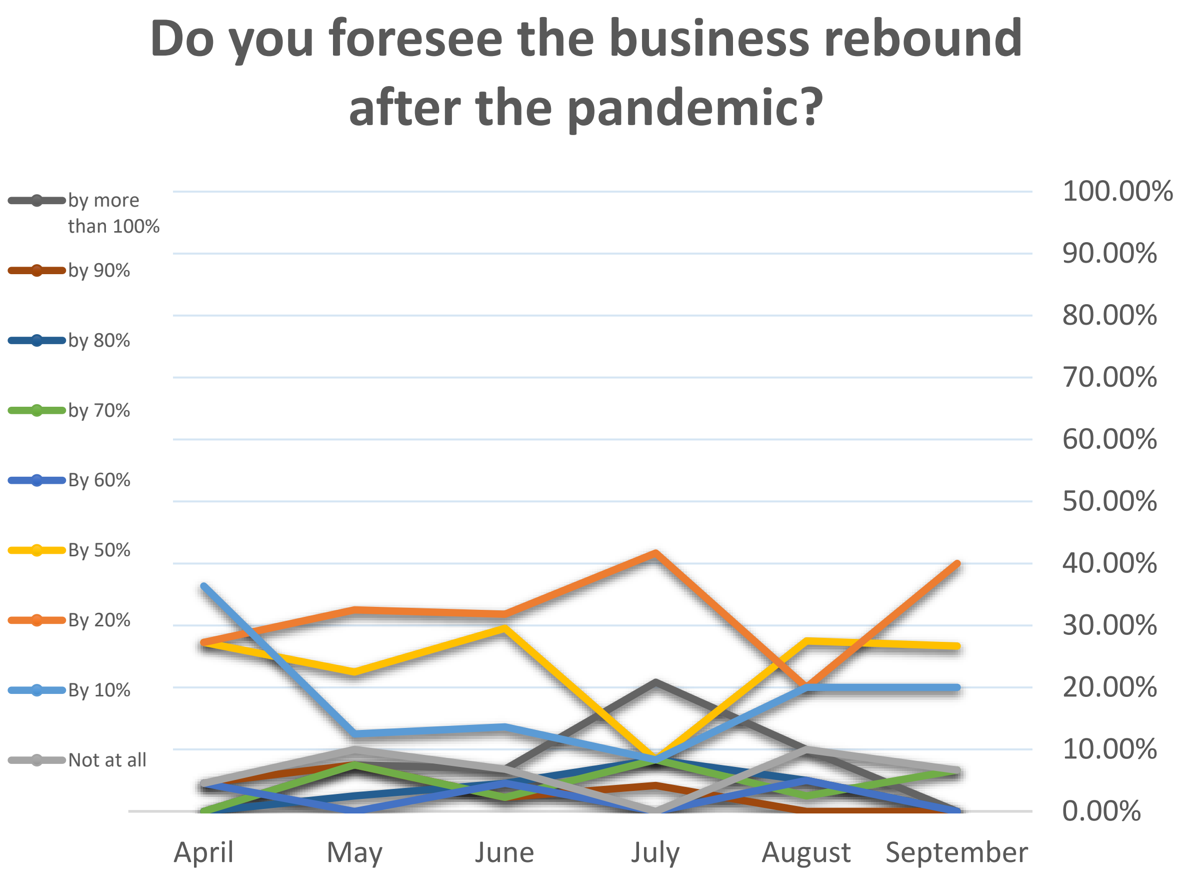
BUSINESS FORECASTING: Roughly same situation as last month

- A little less than 75% of respondents see their business being impacted by COVID-19. Last month still 65% saw an impact.
- Most respondents see a business drop by 20% (33% of respondents) and a decline of 50% (20% of respondents). This shows roughly the same overall balance as last month.
- The most affected regions remain Europe where over half of respondents see their business drop. Followed by Northern America and Far East.



BUSINESS FORECAST: Less confidence in recovery goes on

- Still 7% of respondents don't expect any rebound of their business at all.
- Most respondents expect a recovery of 20%; followed by a recovery of 50% and 10%.
- This is a slightly more pessimistic outlook than in the past month.
- With regard to the time frame necessary for the recovery, a majority of 60% think that their business will need more than one year (last month 45% opted for this answer).



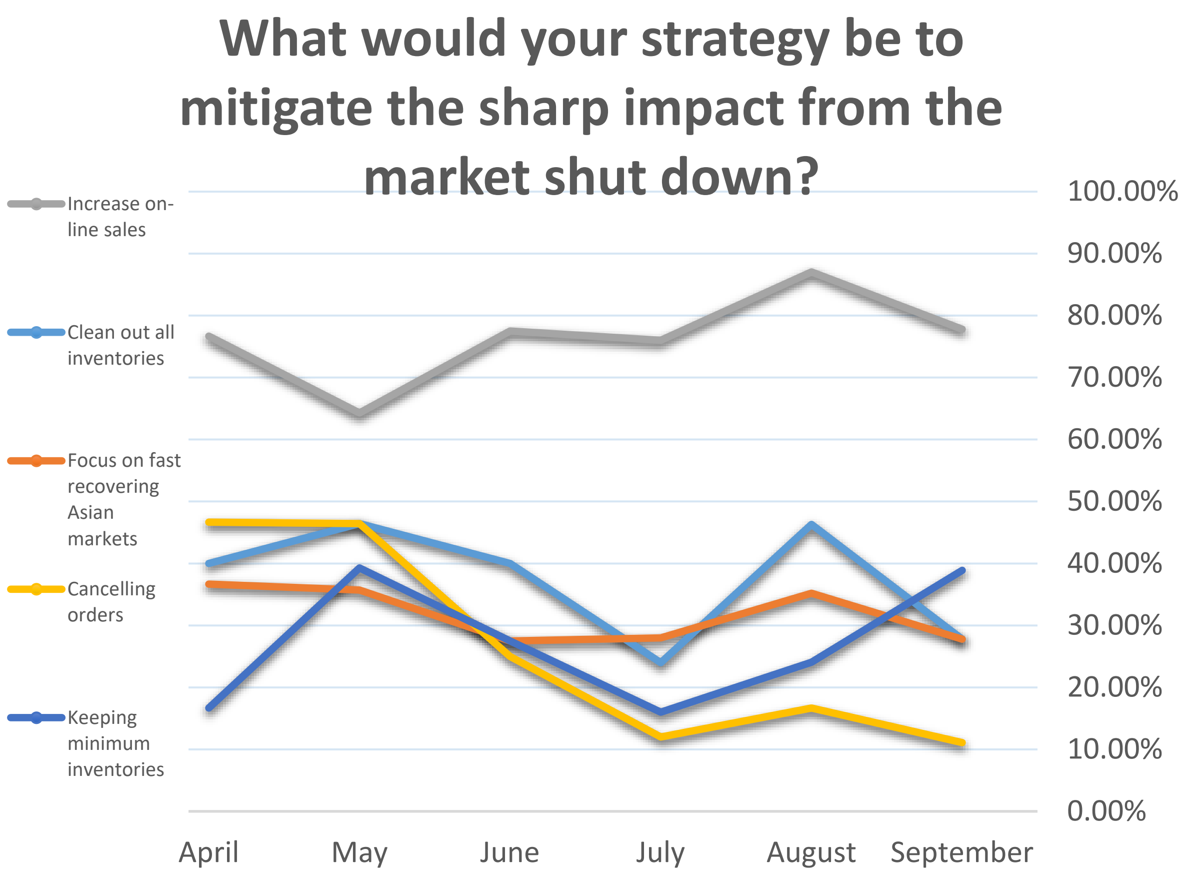
MEASURES TAKEN: one quarter has no plans for measures

- Close to 27% have no plans to sustain operations. That‘s by far the highest number ever registered since the survey was launched in April. Last month only 7% had no plans.
- There is a sharp decline of companies consolidating production of 25%.
- Still 20% of respondents are turning towards governmental support.
- The number of respondents considering lean production and worker retrenchment remains high at 26% both.

2. RESPONSES SPORTING GOOD BRANDS AND RETAILERS

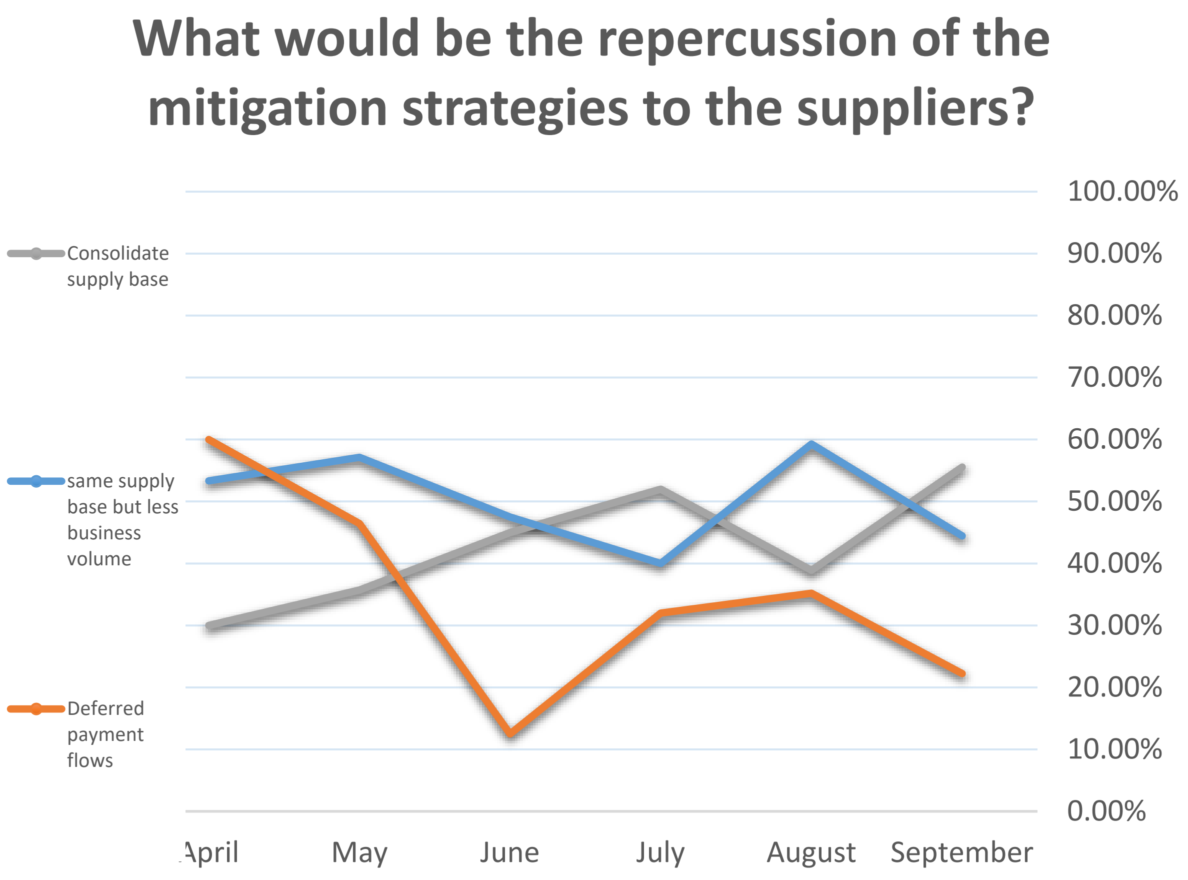
IMPACT MITIGATION: Increasing online sales and keeping minimum inventories

- Even though increasing online sales has lost a little support (-10%) it remains unchanged the most chosen option to mitigate the impact of the pandemic.
- While focusing on recovering markets, cancelling orders and clean out inventories have seen a drop, keeping minimum inventory is increasingly important.



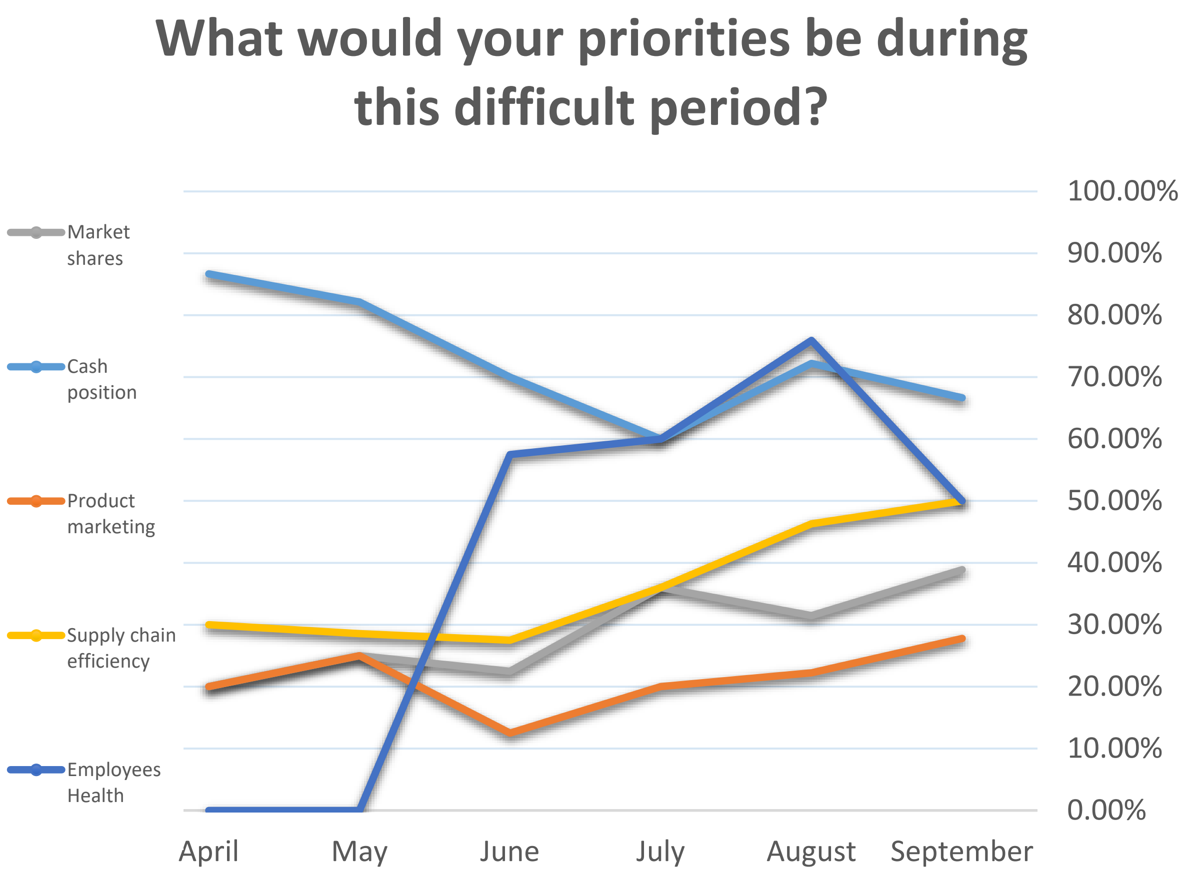
REPERCUSSION: Over 50% opt for consolidating the supply chain

- Consolidating the supply chain is back on the top of the list.
- Deferring payment flows has lost support after it gained importance during months.



PRIORITIES: Primary focus on cash position

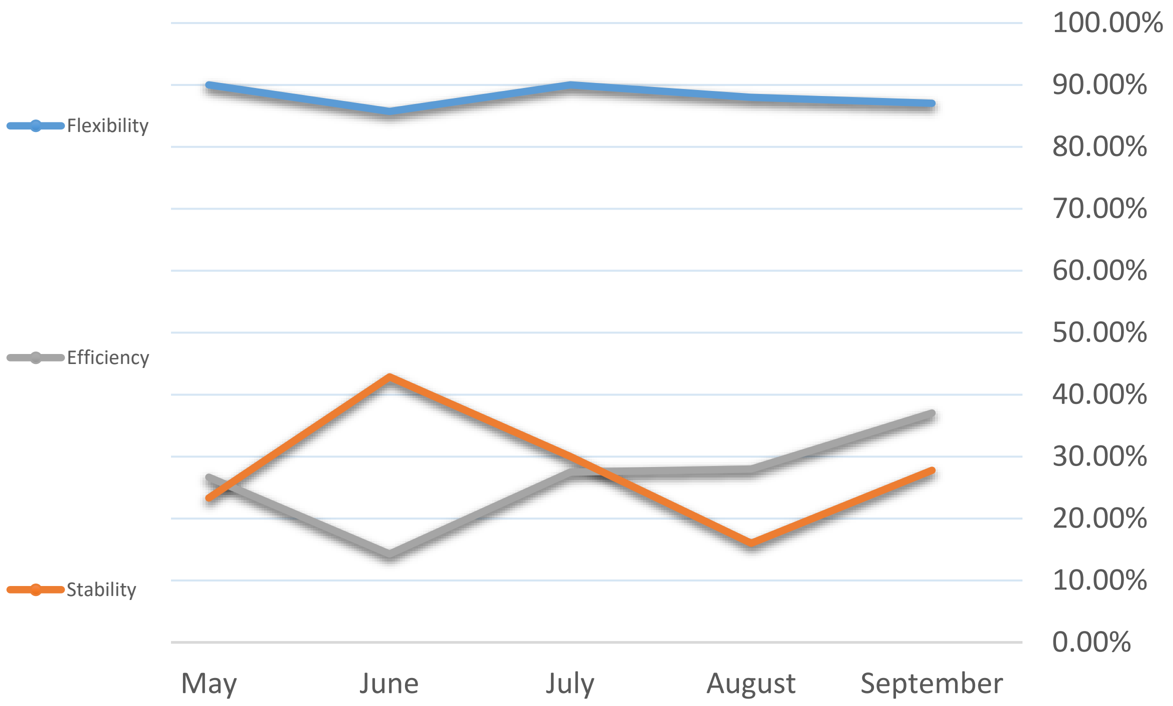
- Cash position and employees' health are less important this month after that they both gained in importance last month.
- Supply chain efficiency, market shares and product marketing are further gaining importance.



EXPECTATIONS TO SUPPLIERS: Flexibility cannot be overstated

- 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.

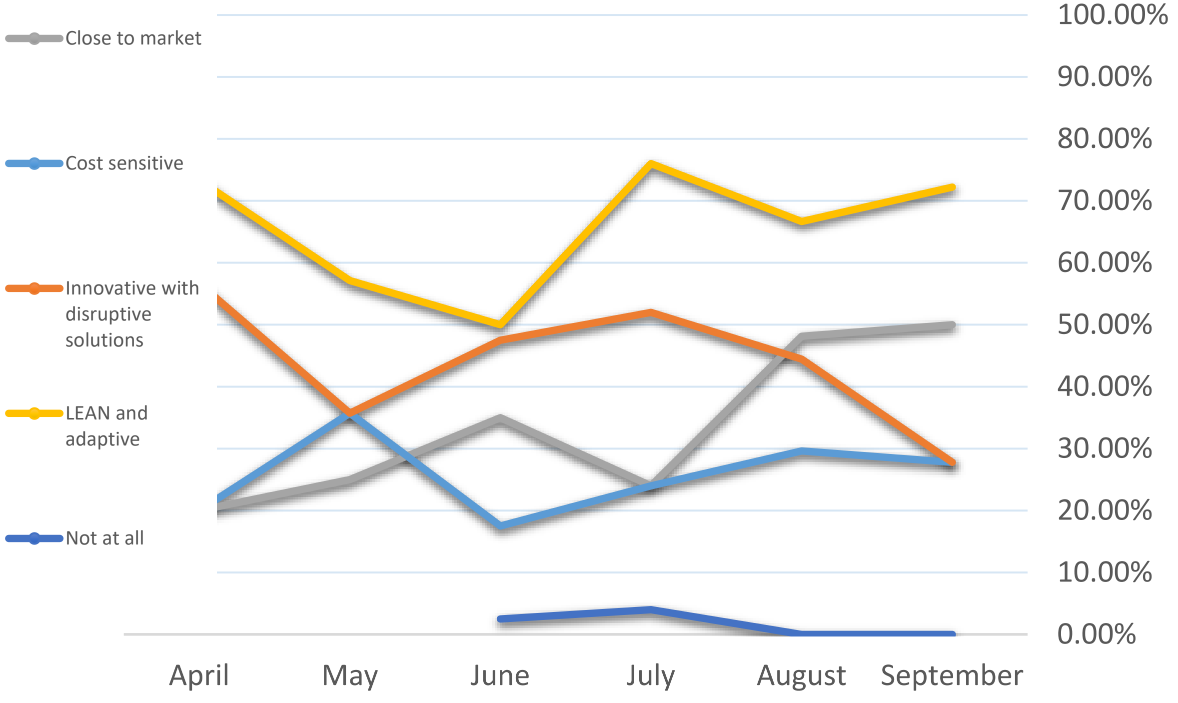
What would be your expectations to suppliers during this difficult period?



SUPPLY CHAIN TRANSFORMATION: Remaining increase of transforming supply chains by moving closer to the market

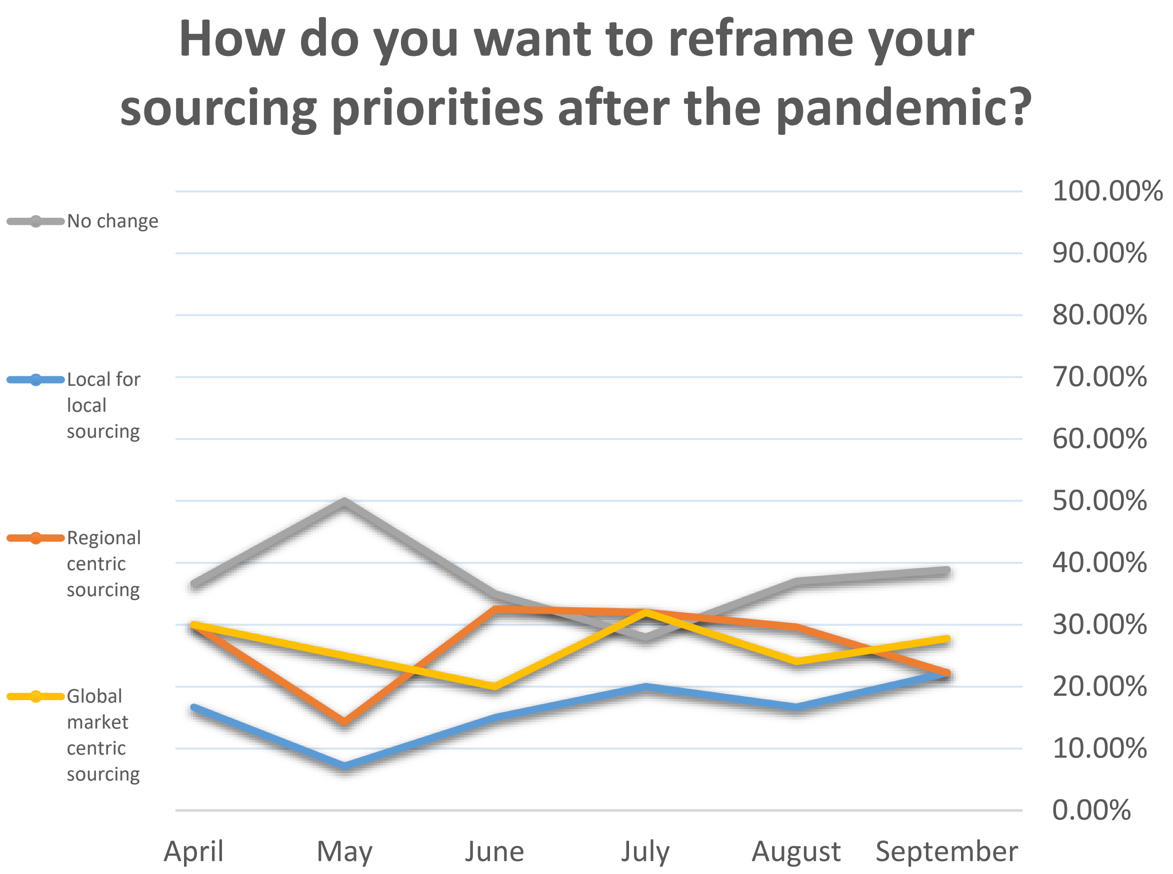
- Lean and adaptive supply chain transformation is remaining the most attractive solution after a small drop last month.
- Being close to the market keeps it importance while innovation is loosing attractivity.

How would you like your supply chains be transformed after the pandemic?



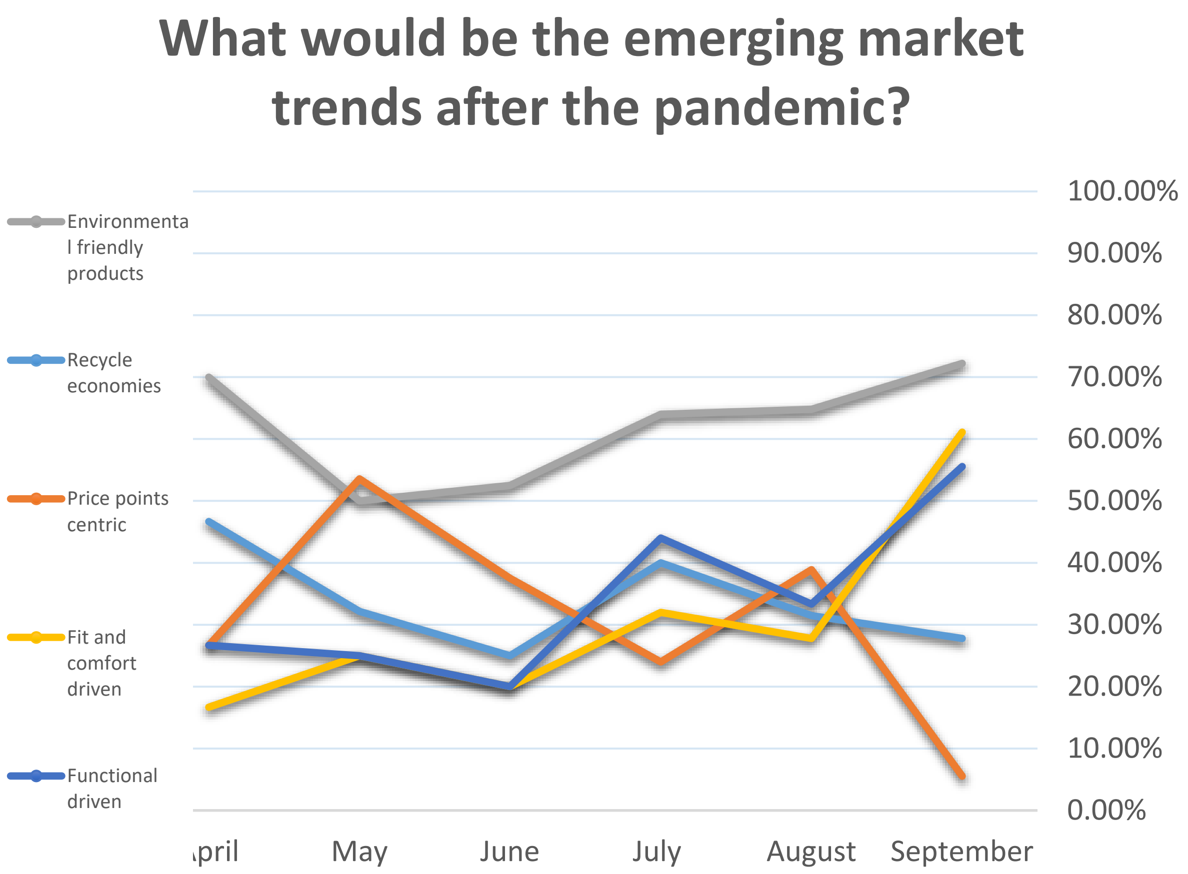
SOURCING PRIORITIES: Less support for change

- Most of the respondents are not at all reframing their sourcing priorities, this is again an upwards trend.
- While regional centric sourcing looses support, people seem to rather focus on local to local and global market centric sourcing.



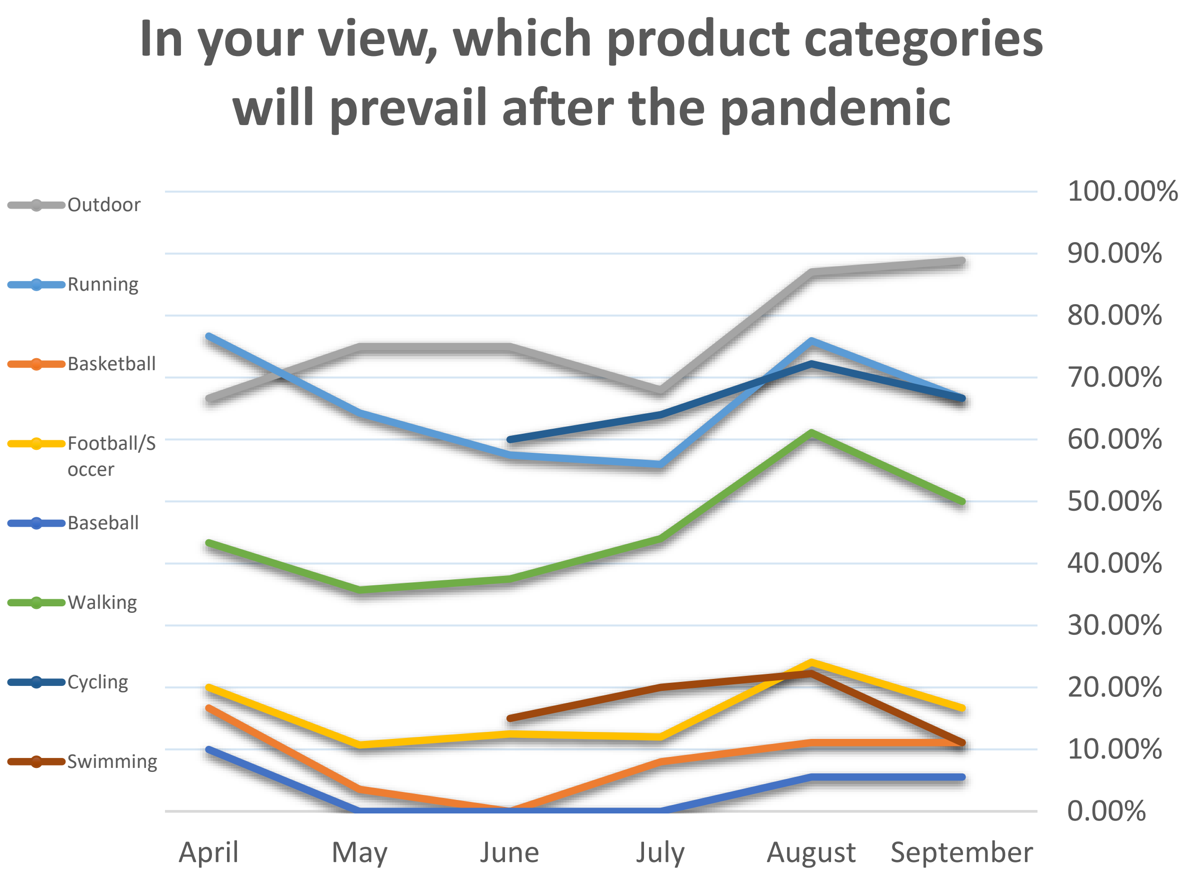
MARKET TRENDS: Environmentally friendly products, fit, comfort and functional driven trends stay on top

- The environmentally friendly products option is further gaining importance and is chosen by over 70% of participants this month.
- While price points centric trends was the second most chosen trend this month it is again on the very bottom this month.



PREVAILING SPORTS AFTER THE PANDEMIC: Outdoor the only sport gaining support

- Outdoor is still on top of the list.
- While all other sports have seen decreasing number of respondents selecting them, outdoor is the only option chosen by more participants this week.



NEXT SURVEY SEPTEMBER 2020

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/P2CP3CX

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

covid19support@wfsgi.org

KEEP SAFE & HEALTHY

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