RESULTS:

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

October 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 October 2020 edition:
1. SPORTING GOODS MANUFACTURING COMPANIES
DEMAND: Decreasing Orders from Northern America

- For 28% of respondents orders did not decrease, that’s 8% more than last month.
- The situation has improved for most regions except for Northern America and South Asia.
- The sharpest drop has been recorded for Europe from where close to 20% less face order decrease.

Where have you seen decreasing orders from:

- Europe
- US & Canada
- Latin America
- Far East
- South Asia
- Africa & Middle East
• 36% of respondents don’t face material shortage that’s a slight improvement compared to last month.

• For the first time since the initiation of the survey, delayed finish goods transportation is the main reason for material shortage.

• All other reasons for material shortage have experienced a decline this month.
SUPPLY: Strong Shift of Concerns Regarding Supply from South Asia and Far East

- The number of industry players facing supply chain disruption has slightly increased to 64% this month.
- Supply from South Asia and Far East has been increasingly disrupted compared to last month.
- For all other regions a positive development has been recorded as the supply disruption has decreased there.
Over 60% are no longer confronted with labor shortage. That’s nearly double as many as last month and especially the absolute most promising result since the initiation of the survey.

Travel restriction remain constantly an issue for around 30% of respondents.

All other issues causing labor shortage have seen a drop in importance for the industry.

Are you confronted with shortage of labors due to:

- Forced company closure
- Infected staff
- Staff taking care of family members
- Closed public transportation
- Staff reluctance to work
- Travel restrictions
- Social distancing measures
- No shortage

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A clear trend is detected since the summer: there is an alternating very low difference between sporting goods members being impacted by legal requirements or not. This month 4% more respondents consider themselves being impacted by regulatory measures.
Since July it is the first time that 4% more respondents are forced to handle cash flow issues. However, there is a clear trend showing since the last summer that the industry is nearly equally divided in a part having cash flow issues and one without such challenges.
Compared to last month, the number of respondents predicting that their sales will drop remains stable at around 70%.

Most respondents see a business drop by 20% (36% of respondents) and a decline of 50% or 10% (20% of respondents).

While 4% expect a decline of 60% or more, it is positive to note that nobody predicted a drop of more than 60%.

The most affected region remains Europe where 60% of respondents see their business drop. Followed by Northern America with 56%.
• Only 4% of respondents don’t expect any rebound of their business at all this month.

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

• Since the summer months, it’s the first time that some respondents expect business recovery of 70% and above.

• With regard to the time frame necessary for the recovery, a stable 44% think that their business will need more than one year (which does not deviate from the trend over the past months).
MEASURES TAKEN: Over 95% Have a Plan to Sustain Operations

• Only 4% have no plans to sustain operations. That’s a significant drop compared to last month when 27% had no plans.
• There is a sharp increase of companies consolidating production, close to 30%.
• 40% of respondents are focusing on lean production.

What would be your ideas to plan to sustain your operations?

- No plans
- Workers retrenchment
- Consolidate production capacities
- LEAN production/waste elimination
- Government loan/financial assistance
- Automation to boost productivity

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2. RESPONSES SPORTING GOOD BRANDS AND RETAILERS
IMPACT MITIGATION: Unchanged High Support for Increasing Online Sales

- Increasing online sales is back on top of the options chosen with a surpassing support of close to 90% of respondents.
- All other strategies are this month a tiny little bit more considered by respondents, except keeping a minimum inventory which has been chosen by over 10% less this time.

What would your strategy be to mitigate the sharp impact from the market shut down?

- Increase online sales
- Clean out all inventories
- Focus on fast recovering Asian markets
- Cancelling orders
- Keeping minimum inventories
Since June, every month the top position of the most chosen repercussion has changed between consolidating the supply base and keeping the supply base but attributing less orders to each supplier.

Deferring payment flows is furthermore loosing support since August.
• Cash position and employees health are topping the list with over 60% of respondents setting these priorities.
• Supply chain efficiency has gained for the first time 50% of votes from respondents.

What would your priorities be during this difficult period?
With over 80% of respondents expecting flexibility of suppliers, this option remains throughout the year the most important answer provided.

Efficiency and stability have changed position but remain nearly equally important with around 35% of respondents’ support.

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

- Efficiency
- Flexibility
- Stability
For the third consecutive month all participating industry players do not plan to keep their supply chain unchanged.

Lean and adaptive supply chain transformation is remaining the most attractive solution with over 60% consent from respondents.

Being close to the market, innovation and cost sensitivity are dead even around 40%.
SOURCING PRIORITIES: Regional Sourcing Gaining Ground

- The trend continues upwards for respondents who are not reframing their sourcing priorities at all (over 40%).
- Regional centric sourcing is gaining ground with the consent of over 36%.
- Local to local and global market centric sourcing are both only selected by a little less than 20%.

How do you want to reframe your sourcing priorities after the pandemic?

- No change
- Local for local sourcing
- Regional centric sourcing
- Global market centric sourcing
MARKET TRENDS: Environmentally Friendly Products Ahead of the Rest

• Since May environmentally friendly products is increasingly getting support with over 80% of participants choosing that trend this month.
• The trends price points centric and recycle economies have gained over 20% of votes.
• On the other side fit, comfort and functional driven trends have lost significant support.
Running is for the first time since May as important as Outdoor with close to 80%.

Cycling is just getting 5% less votes and Walking is still chosen by close to 55% of respondents.

After these sports there is a huge gap and all other sports are meant to prevail after the pandemic for less than 15% of survey participants.
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/PKFJD3X

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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