RESULTS:

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

November 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 November 2020 edition:
1. SPORTING GOODS MANUFACTURING COMPANIES
DEMAND: orders globally no longer steeply decrease

- For 71% of respondents, orders did not decrease, that’s 43% more than last month.
- The situation has improved for most regions.
- The sharpest drop has been recorded for Europe from where close to 28% less face order decrease and US & Canada with 14%.

Where have you seen decreasing orders from:

- Europe
- US & Canada
- Latin America
- Far East
- South Asia
- Asia & Middle East
42% of respondents don’t face material shortage that’s a slight improvement compared to last month.

The main reason for material shortage for this month’s survey is the production bottlenecks.

No one of the respondents mentioned the closure of the supplier factories as an issue.
28% of industry players did not face supply chain disruption.

The number of respondents facing disruption in Far East remains important.

Supply chain disruption from Europe, US & Canada increased slightly compared to last month.

Only in South Asia the supply disruption has decreased this month.
LABOR: More than half is no longer facing shortage

- 57% are no longer confronted with labour shortage.
- Travel restriction dropped down to 0% together with infected staff.
- The main reason of labors’ shortage this month is Social distancing measures with 28% followed by staffing taking care of family members which seems to be increasing again.

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 moth about 14% more respondents consider themselves not being impacted by regulatory measures.
This month the trend shows that low cash flow is not longer an issue for over 71% of the respondent.

28% are still facing this issue, however this is the lower percentage registered since April.
BUSINESS FORECASTING: no more expectations for business drop for over 71%

• Over 71% declared that they will not see a drop of their business. This is the highest percentage we have registered since April.

• Compared to last month, the number of respondents predicting that their sales will drop is significantly reduced at around 28% (half selected by 20% and half by 50%)

• The most affected region remains Europe however the percentage dropped to 28%. US &Canada, Far East and South Asia are forecasting the drop of 14%.
• 27% of respondents don’t expect any rebound of their business at all this month. This is a clear sign of less confidence in recovery and the highest percentage reached since April.
• the rest of the participants are evenly split in predicting a recovery of the 20, 50, 70, 80 and 100%
• With regard to the time frame necessary for the recovery, 28% think that they will need over 1 one year to recover, however a majority of 42% think that their business will need between 91-180 days.
• The percentage of the people who has not plan at the moment increased to 14% from last month 4%.
• There is a sharp increase of companies that think consolidating production capacity and lean production/waste elimination are the main ideas to sustain operations this month with 57% followed by automation to boost productivity with 25% and government loan assistance with 14%
• No one is planning workers retrenchment for this month.

What would be your ideas to plan to sustain your operations?
2. RESPONSES SPORTING GOOD BRANDS AND RETAILERS
IMPACT MITIGATION: unchanged high support for increasing online sales

- Increasing online sales stays on top of the options chosen with over 83% of respondents.
- All other strategies are this month chosen equally by 16% each. For the focus on fast recovering Asian markets is the lowest percentage registered since April.

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
Since July, there is an alternating of the majority between consolidating the supply base and keeping the supply base but attributing less orders to each supplier.

Deferring payment flows is continuing losing support since August.

**What would be the repercussion of the mitigation strategies to the suppliers?**
Market share and Cash position are both at 50% of respondents setting these priorities but the highest score for this month is Employees Health with 83%.

Supply chain efficiency went back to 0% (last month was 50%) and the Product marketing is reduced to 16% from last month.
• With 100%, the flexibility of suppliers confirm its leading position throughout the beginning of this survey.
• Efficiency was chosen from 16% of the respondents.
• Lean and adaptive supply chain transformation is remaining the most attractive solution with over 66% consent from respondents.

• 33% of the respondents respectively chose being Cost sensitive and Innovative with disruptive solutions, which is slightly a lower percentage since last month.

• Being close to the market, innovation and cost sensitivity is down to 0% for the first time since the beginning of this survey.
With a surge of 80%, the respondents confirmed this month that they do not intend to reframe their sourcing priorities.

Regional centric sourcing remains over 33%.

Local to local and global market centric sourcing are both only selected by a little more than 16%.
MARKET TRENDS: Environmentally Friendly Products remain Ahead of the Rest

- Since May environmentally friendly products is remaining, with over 66% of participants, the most chose trend since June.
- The trends price points centric, fit and comfort driven and functional driven have gained over 33% of votes.
- On the other side, recycle economies is no longer a trend option for this month and reached the 0% since the beginning of this survey.
PREVAILING SPORTS AFTER THE PANDEMIC: Outdoor will prevail the product categories

- Outdoor took back the lead with over 83% as the product category that will prevail after the pandemic followed by Running with over 66%.
- Football, Baseball, Walking, Cycling and Swimming are equally selected from 50% of the respondents.
- Basketball increased from over 4% to 33% this month.
Thank you for your support!

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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