

RESULTS



Federation of the European
Sporting Goods Industry



FESI SURVEY ON COVID-19

3rd EDITION – June 2021

OUTLINE

1. Major issues
2. Impact on sales and turnover
3. Ski sector
4. Employment
5. Financial support
6. EU Action and recommendations

EXECUTIVE SUMMARY

ABOUT FESI

FESI, the Federation of the European Sporting Goods Industry represents the interests of approximately 1.800 sporting goods manufacturers (85% of the European market) through its National Sporting Goods Industry Federations and its directly affiliated member companies. 70-75% of FESI's membership is made up of Small and Medium Sized Enterprises. In total, the European Sporting Goods Industry employs over 700.000 EU citizens and has an annual turnover of some 81 billion euros.

OBJECTIVES

This study was conducted among FESI members – companies, retailers and national federations (including members of our national federations) – to gather their views and experiences about the impact of COVID-19 related measures on their businesses. It was carried out as a follow-up to a previous **FESI study** conducted last winter, shortly before the implementation of the 2nd series of lockdown in most Member States. One year after the outbreak of the sanitary and ensuing economic crisis, FESI decided to conduct a new survey among its members to take stock of this unprecedented period, which has been marked by numerous tumultuous measures at national and European level, as well as the necessary gradual reorganization of the sector. FESI's study is addressed to all stakeholders in the sport industry, as well as to national and European decision-makers. The objective is to draw up the necessary learnings to help ensure a resilient and sustainable economic recovery in Europe.

METHODOLOGY

This survey was conducted during the month of April 2021, in the middle of the 3rd series of lockdowns in most EU Member States. It covers the entire period of the COVID-19 outbreak until now. This study gathered responses from a critical mass of the European Sporting Goods companies with more than 80% of respondents composed of brands and retailers, 12% of manufacturers, and 8% of suppliers, over a geographical area covering the main outbreaks of the epidemic in Europe. The respondents are composed of 38% of large enterprises (more than 250 employees), 50% of SMEs (between 1 and 249 employees), and 12% of national associations.

A woman with short brown hair, wearing a grey face mask and a colorful beaded necklace, is looking at a piece of clothing on a rack in a store. The background shows shelves with various items.

1. MAJOR ISSUES

COMPANIES' MOST PRESSING CHALLENGES



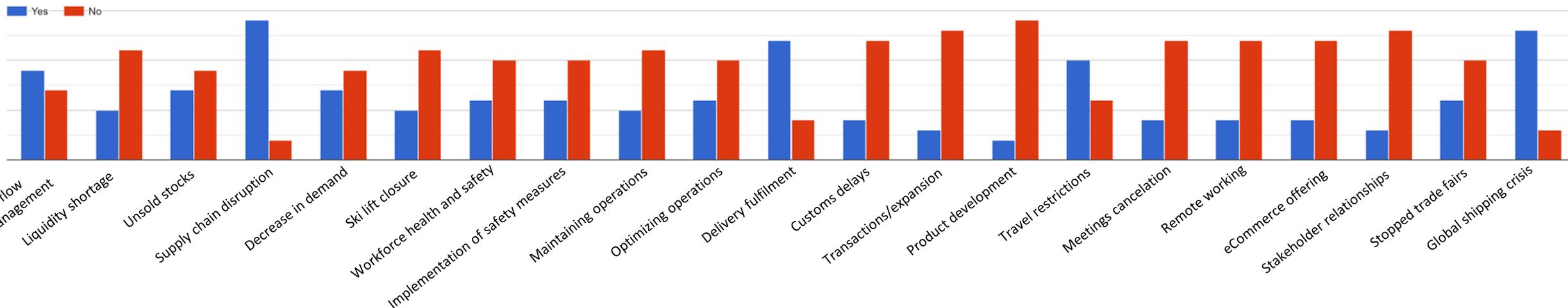
Supply chain disruption
(93%)

Global shipping crisis
(87%)

Delivery fulfillment
(80%)

Travel restrictions
(67%)

Cash-flow management
(60%)



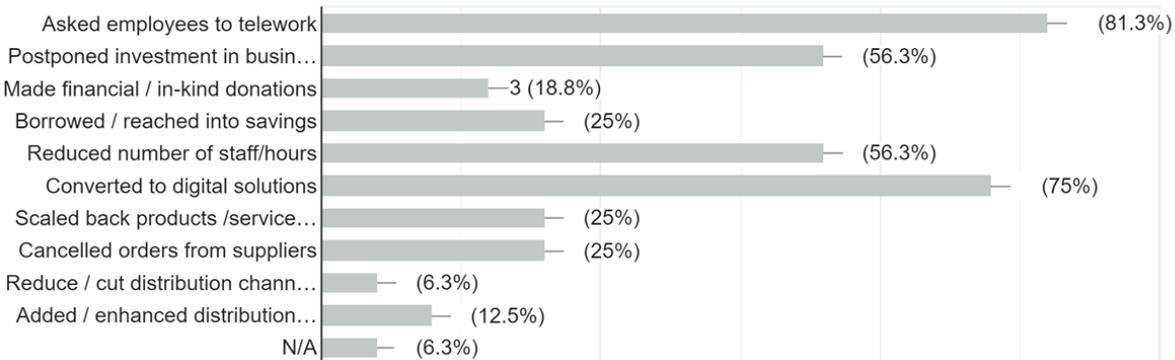
BUSINESS' ADAPATION TO THE CRISIS

What type of actions did your company take since last year to respond to COVID-19?

81% of the responding companies have put in place remote working for their employees and 56% had to reduce their staff hours due to the diminution of the activity and closure of brick-and-mortar stores. Digitalization has been a major driver for the industry, with 75% of companies having successfully switched to digital solutions.

More than half of the respondents had to postpone planned investments for 2020 and 25% had to borrow money or reach into savings.

Despite the difficulties, almost 20% of the respondents were able to make financial and in-kind donations to support the production of masks and vaccines' research.



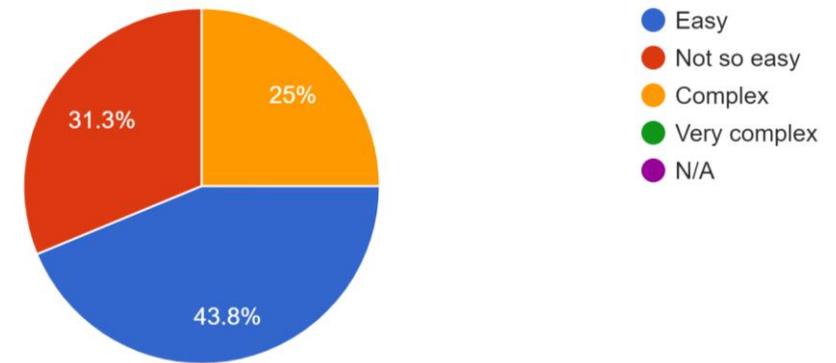
IMPLEMENTATION OF SANITARY PROTOCOLS

Almost half of the respondents considered that the sanitary measures were easy to implement, while only 25% considered it complex.

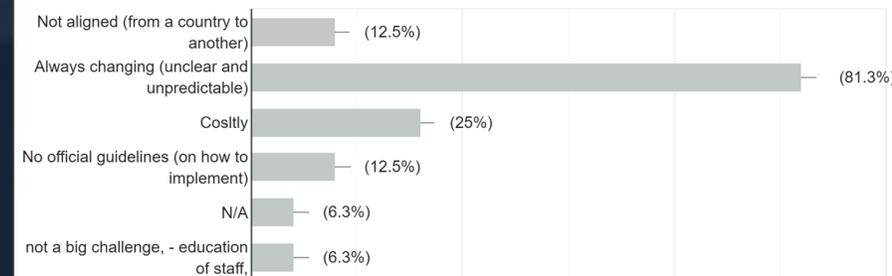
On average, the cost for the implementation of the measures is more than 20,000 euros per company, including large and very small ones.

The main challenge faced by companies is the fact that sanitary measures are in constant evolution, which creates a lack of clarity and predictability. Cost also constitutes a challenge for almost a quarter of the companies. 13% of the companies had to hire special staff to deal with the implementation of the sanitary protocols.

How easy was the implementation of sanitary measures for your company?



What are the main challenges to implement these measures?



The background of the slide is a photograph of a bicycle shop. Several bicycles are displayed on the floor and on a wall-mounted rack. The lighting is soft, and the overall color palette is muted, with a dark blue overlay on the right side of the image.

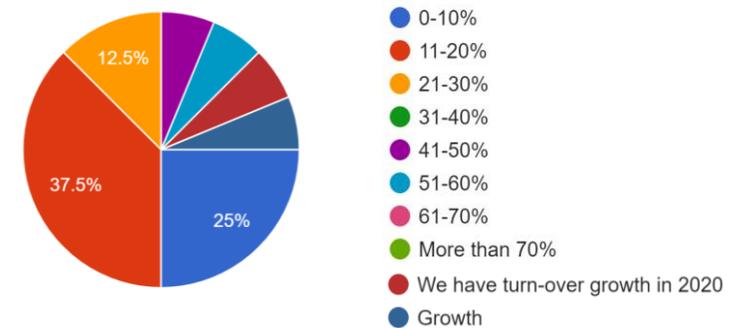
2. IMPACTS ON SALES AND TURNOVER

UP TO 30% LOSS OF TURNOVER IN 2020

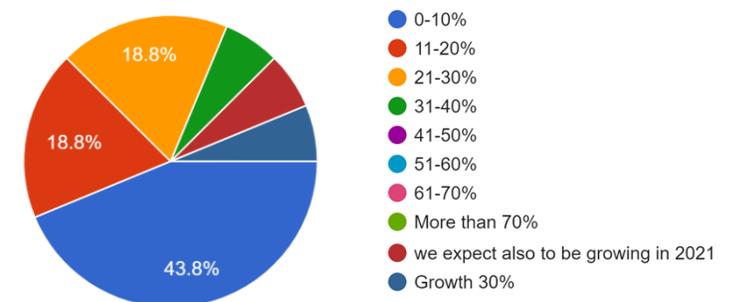
75% of the respondents recorded a loss of turnover of up to 30% in 2020 as compared to 2019. For 12,5% of the respondents, the loss of turnover was comprised between 21% and 30%. 13% of the companies registered growth in 2020, due to the expansion of individual and outdoor sports (cycling, running, hiking...etc).

A positive trend, however, is that almost half of the companies envisage a smaller impact on their turnover for the year 2021, not exceeding 10%. 13% are even envisaging a growth of their turnover.

How do you rate your company's loss in turnover for the whole year 2020 ? (as compared to 2019)



What is your forecast of your company's loss in turnover for 2021?



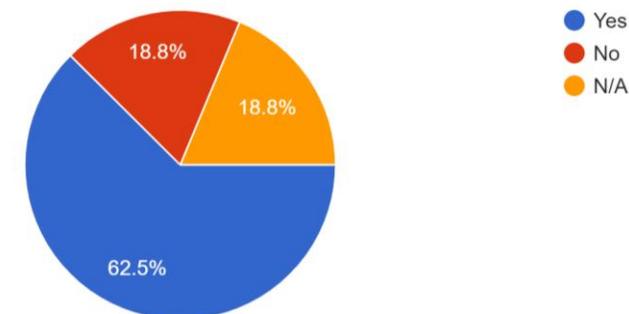
THE EVER-GROWING IMPACT OF E-COMMERCE

62% of the respondents had to shut down their brick-and-mortar stores due to the sanitary measures.

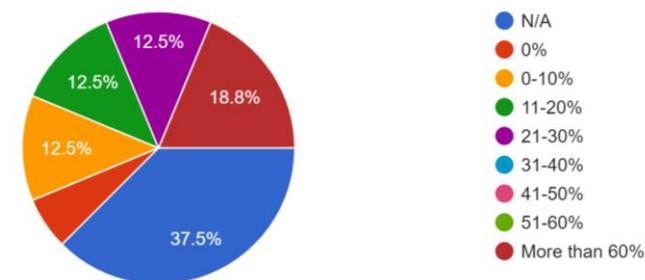
During this period, 25% of the respondents saw an increase in their online sales by more than 60%. For 44% of the other respondents the online sales' increase still was significant, from 20% to 40%

For almost 20% of the respondents, online sales covered the loss of revenue from in-store sales by more than 60%. However, 18% of the respondents, mostly SMEs, do not have an online store and therefore have not been able to benefit from the online sales boom.

Did you have to shut down some shops in some countries?



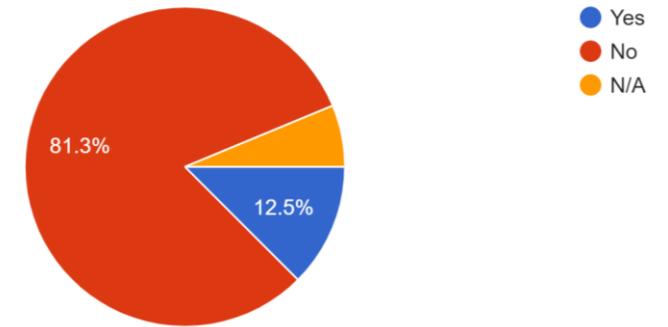
To what extent the additional online sales are covering the loss of in-store sales ?



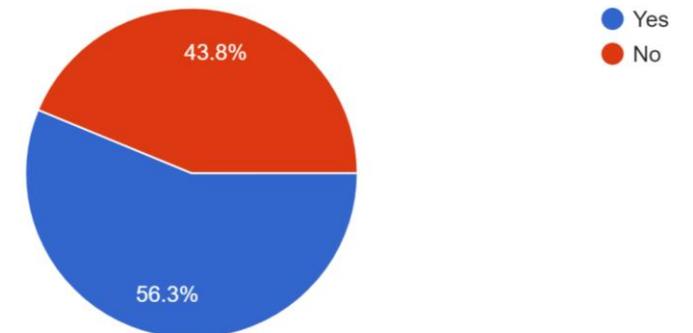
POSITIVE EXPECTATIONS FOR THE NEAR FUTURE

Despite the strong impact on their turnover, more than 80% of the respondents do not plan to go bankrupt in 2021. 56% are even confident that the economic activity will recover in 2021. For the remaining 44%, they are more likely to anticipate an economic recovery in 2022 or 2023.

Do you think your company could go bankrupt by the end of 2021?



Do you envisage an economic recovery for 2021?

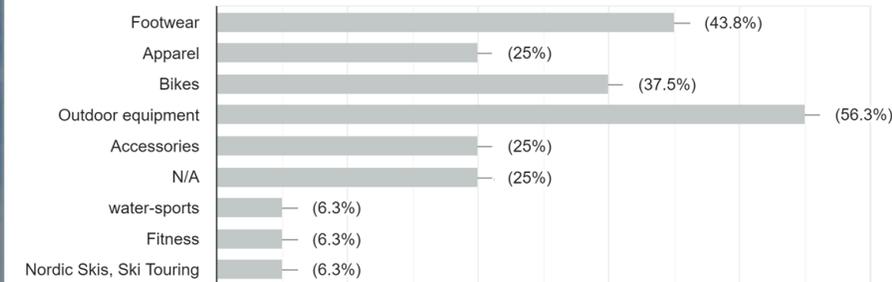


AN INCREASED DEMAND IN OUTDOOR ACTIVITIES

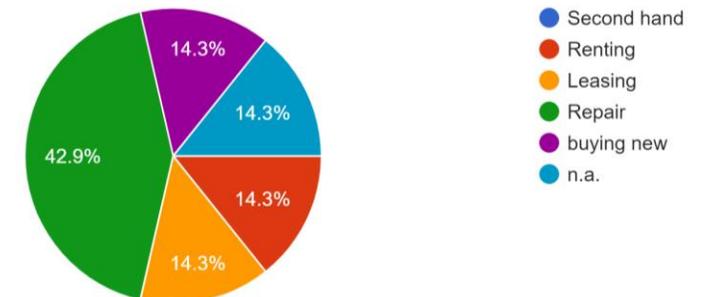
With the restrictions on indoor sports, demand in outdoor equipment has jumped, with over 55% of respondents reporting increases in sales. Almost 44% of the respondents have also seen an increase in the demand for footwear, followed by bikes at 37%.

Consumption patterns also shifted during the pandemic, with consumers moving more towards repairing, rather than purchasing new products. An increase in leasing, renting and second-hand buying has also been observed.

Which product categories have seen an increase in purchase?



Which business models have improved?



3. IMPACT ON THE SKI SECTOR

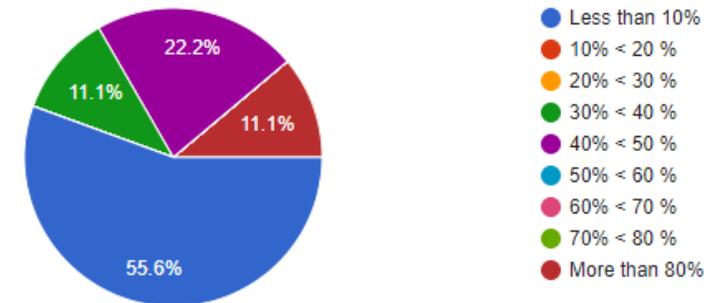
STRONG IMPACT ON THE ACTIVITY AND TURNOVER

89% of the ski companies recorded an activity loss of up to 50% due to the closure of ski lifts for the 2020-2021 winter sports season. 11% registered an activity loss of more than 80%. Even in the countries where ski lifts were open, 67% of the companies have observed a strong decrease in the number of visitors.

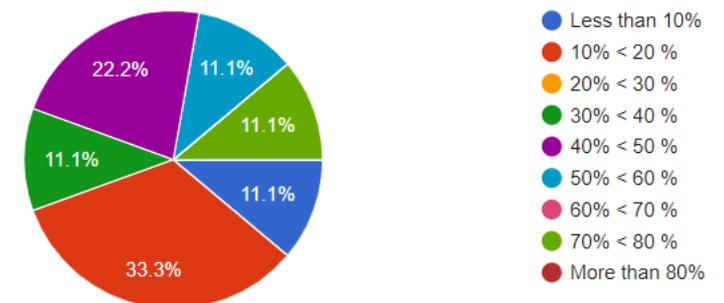
For 67% of the respondents, the winter sports season represents at least between 10% and 50% of their company's total activity.

Some ski companies received state aids to compensate for the damages suffered due to the restrictive measures introduced to limit the spread of COVID-19. However, for more than 55% of the companies concerned, it only helped them cover less than 10% of their activity loss.

What is the impact of the ski lifts' closure on your company's activity loss for the 2020-2021 season?

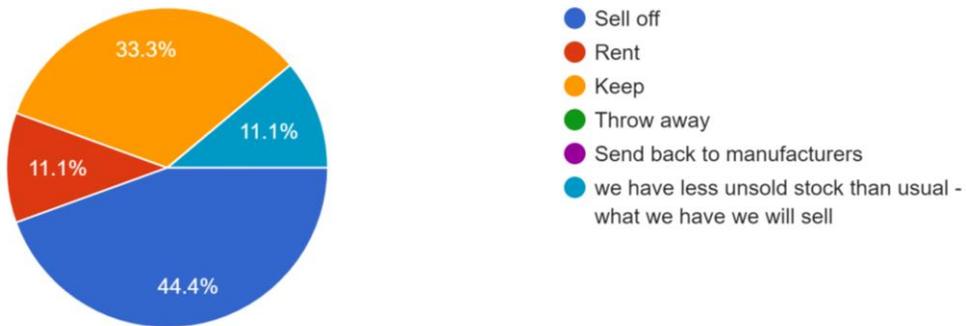


What percentage of your company's total activity does the winter sports season represent?



UNSOLD STOCKS AND NEW TRENDS

What do you envisage to do with your
unsold stock?



Despite the accumulation of unsold stock during this white season, none of the respondents anticipate having to throw any away or to send it back to the manufacturers. 55% of the companies intend to sell it and 11% will rent it.

As sales of ski kits are historically low, retailers have noted more demand for cross country ski touring boots and bindings and 44,4% of the respondents were able to benefit from this new trend.

A man with brown hair, wearing a green t-shirt, is shown in profile, working on a black sports helmet. He is in a factory or workshop setting, with other helmets visible in the background. The image is overlaid with a dark blue background on the right side.

4. EMPLOYMENT

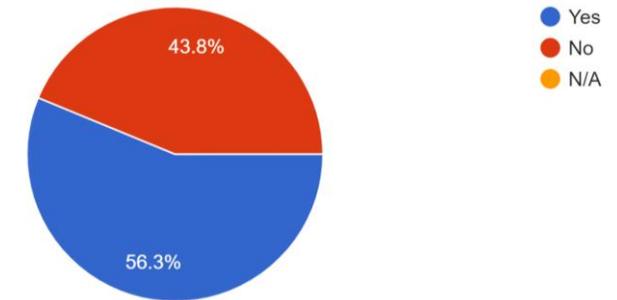
IMPACT ON WORKERS

Currently, all the responding companies are operating. 44% are fully on site, while 31% do so remotely and 25% partially on site.

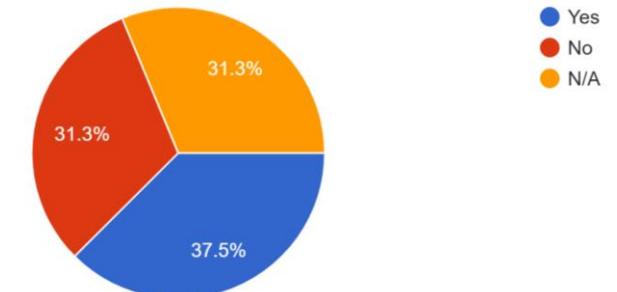
56% of the responding companies had or plan to reduce their staff due to the pandemic. However, for 31% of them, the number of workers released is below 10%.

37% of the companies declare being aware of teleworking having a negative impact on their employees' physical and mental wellbeing.

Did your company reduce or is planning to reduce staff due to COVID-19?



Are you aware of teleworking having a negative impact on your company's employees' physical and mental wellbeing?



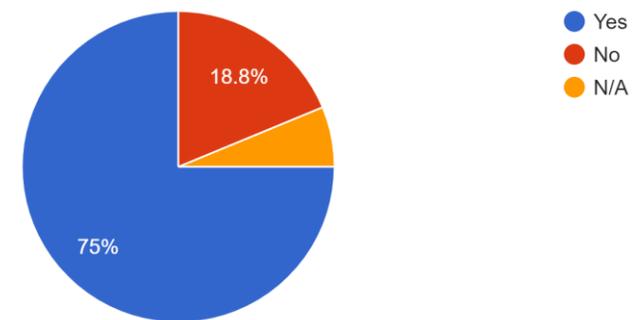
5. FINANCIAL SUPPORT

BUSINESSES WELCOME PAYROLL AND LIQUIDITY SUPPORT

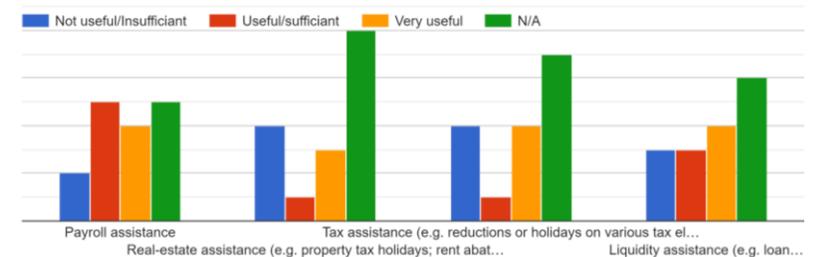
75% of the respondents used their own funding or managed to access external funding sources to cope with the crisis.

Among the external sources of financial support, payroll and liquidity assistance (loan and grants) were considered very useful by 50% of the respondents. On the other hand, 50% found the real-estate and tax assistance were either not useful or insufficient.

Did your company have own funding or access to alternative/external sources of funding to help the business recover?



If yes, could you evaluate the external financial support received by your company?



The background of the slide features a photograph of several European Union flags flying on tall poles in front of a modern building with a glass facade. The scene is captured in a slightly desaturated, blue-toned style.

6. EU ACTION AND RECOMMENDATIONS

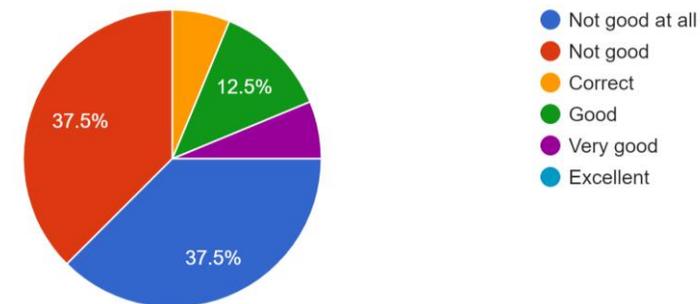
MORE IMMEDIATE ACTION NEEDED AT EU LEVEL

75% of the respondents were negative regarding the EU's action.

Respondents listed a series of recommendations to improve the EU response to COVID-19:

- Reopening the stores and resuming sport activities in compliance with safety guidelines
- Ensuring more coordination and alignment between Member States
- Ensuring vaccines delivery and the harmonization of vaccines certificates to make travel possible again
- Accelerating the distribution of financial aids under the EU recovery plan

How do you consider the EU response to COVID-19?



CONCLUSION

FESI stands at the full disposal of the European institutions and other interested parties to discuss these results and to reflect together on concrete and useful proposals for the economic recovery of the sporting goods industry. This survey exercise will be regularly repeated to provide the most up-to-date data and conclusions.

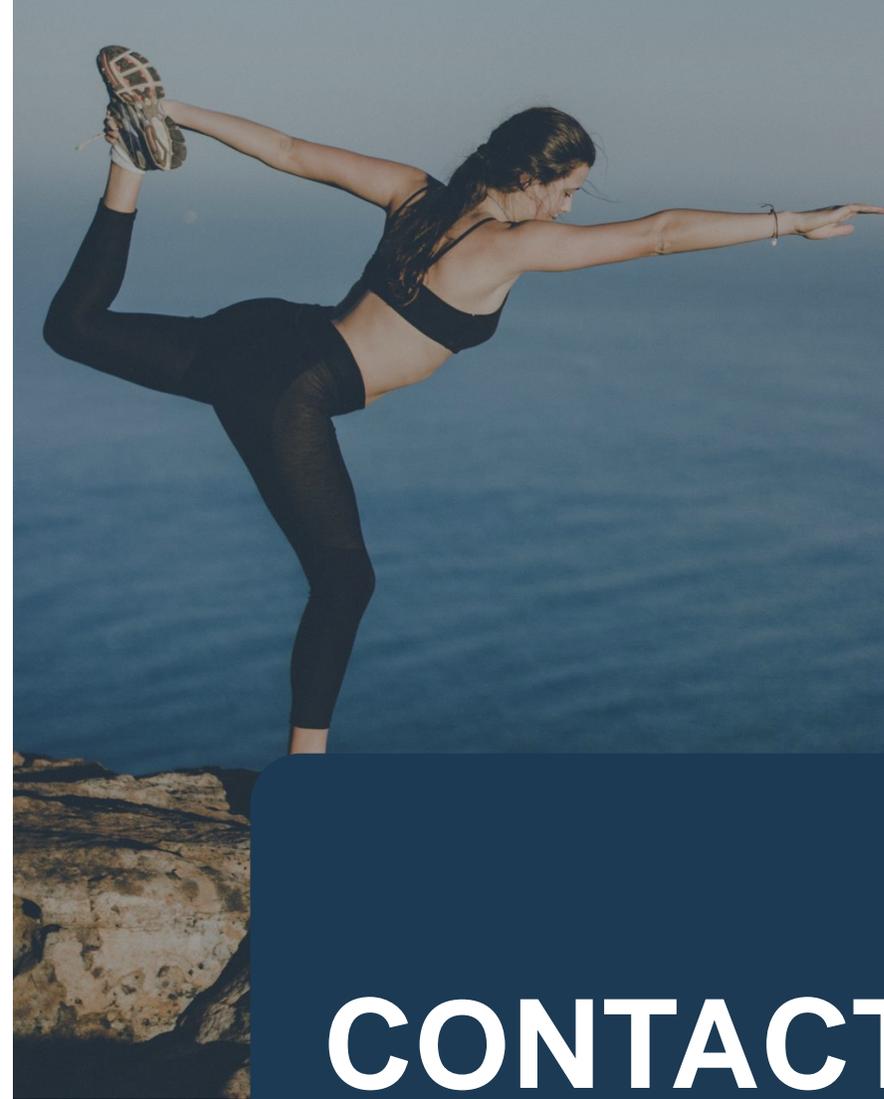
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