

RESULTS



Federation of the European
Sporting Goods Industry

FESI SURVEY ON COVID-19

2nd EDITION – Nov 2020

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 spring, shortly after the start of the first lockdowns resulting in the closure of non-essential brick and mortar stores all over Europe. Six months 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 reorganisation 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 October 2020, a few weeks before the implementation of the 2nd series of lockdowns in some EU Member States. Some of the responses reflect FESI members' perceptions of this period and may therefore be less appropriate in view of the most recent measures. This study gathered responses from a critical mass of the European Sporting Goods Industry with almost 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 62% of large enterprises (more than 250 employees), and 31% of SMEs (between 1 and 249 employees).

A woman with short brown hair, wearing a white sleeveless top and a colorful beaded necklace, is looking down at a piece of clothing on a hanger in a store. The background shows shelves with various items.

1. MAJOR ISSUES

A CHAIN OF DIFFICULTIES

SALES

High decrease in
demand and
unsold stocks

TRAVEL AND CUSTOMS

Long delays and
important transport
restrictions

WORK

Meetings'
cancellation and
partial
unemployment

LIQUIDITY

Important liquidity
shortage

SAFETY MEASURES

Complex to implement
due to the lack of
harmonization
between Member
States. The average
cost is around
€100 000 per
company.



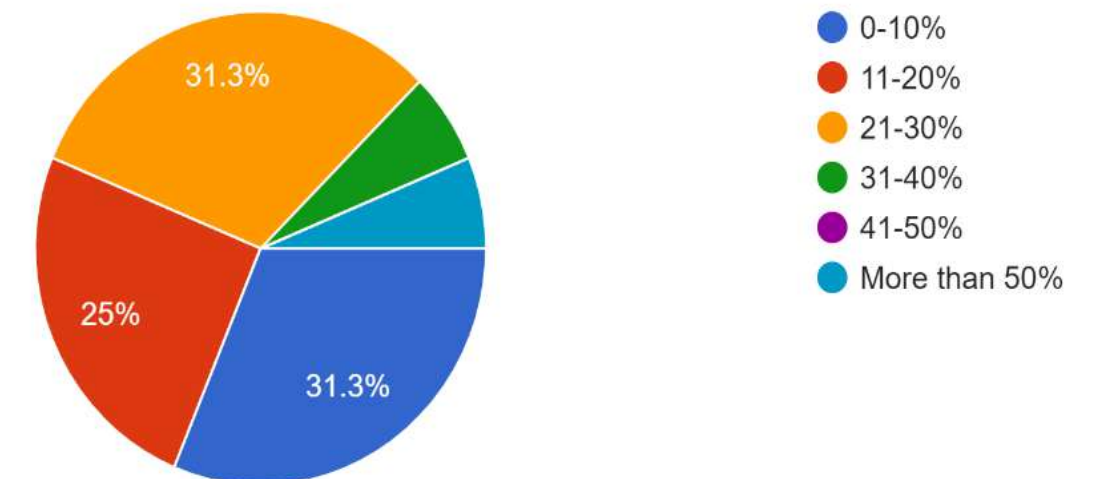
2. IMPACTS ON SALES AND TURNOVER

AN UNPRECEDENTED DROP IN PHYSICAL SALES

More than 55% of the respondents envisage a loss of turnover comprised between 10 and 30% for the whole of 2020, compared to 2019. For 31% of respondents, the estimation is less than 10% of loss.

On average, respondents declared 24% of losses due to the decrease in demand in countries outside the EU and 19% of losses due to the decrease inside the EU. Despite the important decrease in demand during the lockdown due to shops closures, for 31% of respondents, the consumption directly resumed between 75% and 100% after the lockdown.

How do you rate the impact on your turnover between the beginning of 2020 and now?

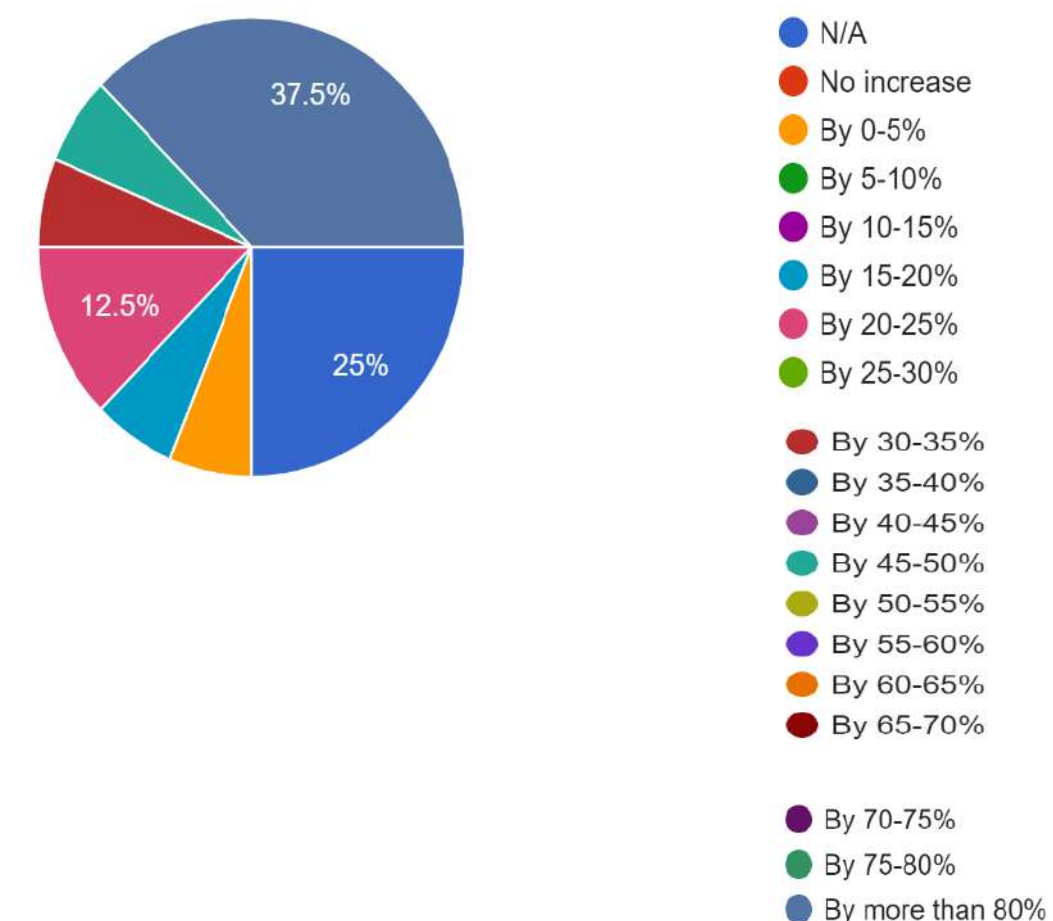


AN EXPONENTIAL BOOM IN E-COMMERCE SALES

The lockdowns have led to an exponential boom in e-commerce sales, with an increase in online sales by more than 80% for 37,5% of the companies concerned. On the other hand, for 31% of the companies, this increase has only made it possible to cover between 0 and 15% of the losses in physical sales due to the closure of brick and mortar shops. For 31% of the companies, however, this made it possible to cover between 30 and 65% of the losses.

Despite the difficulties, none of the companies envisage to go bankrupt either by the end of 2020 or in 2021. 69% of them also are confident of an economic recovery during 2021.

During the time the shops were closed, to what extent online sales increased compared to a month's normal online store sales?





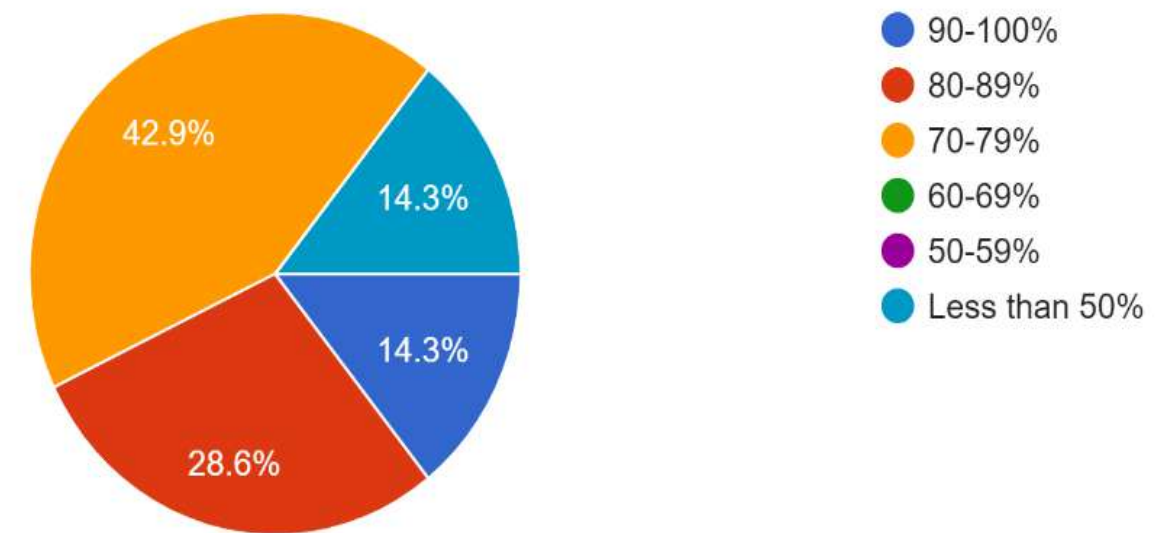
3. IMPACT ON THE SKI SECTOR

STRONG IMPACT ON SALES AND FUTURE UNCERTAINTIES

85% of the respondents estimate that more than 70 % of the ski resorts will manage to open for the 2020-2021 winter season (NB: The survey was conducted before the announcements of the 2nd lockdowns wave late October).

Despite the reopening, 57,1% of them expect a strong negative impact on ski sales for the upcoming season.

How many ski resorts in Europe will be able to open this winter?





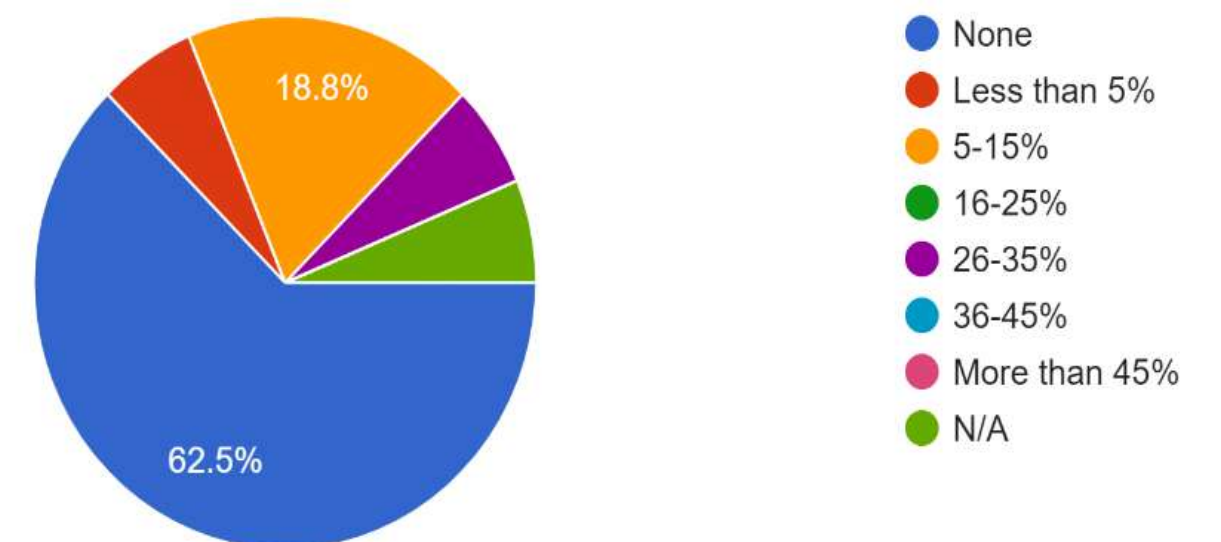
4. EMPLOYMENT

IMPACT ON WORKERS

Only ¼ of the companies have faced shortage of workers since after the lockdown. 31% of the companies had or will have to dismiss employees due to the extremely difficult economic situation. However, for most of them, the proportion of dismissed workers remains below 15%.

Almost all companies (87%) have put in place teleworking where possible and 69% consider it a viable solution in the short term for their company.

How many employees your company had or will have to dismiss?



5. FINANCIAL SUPPORT

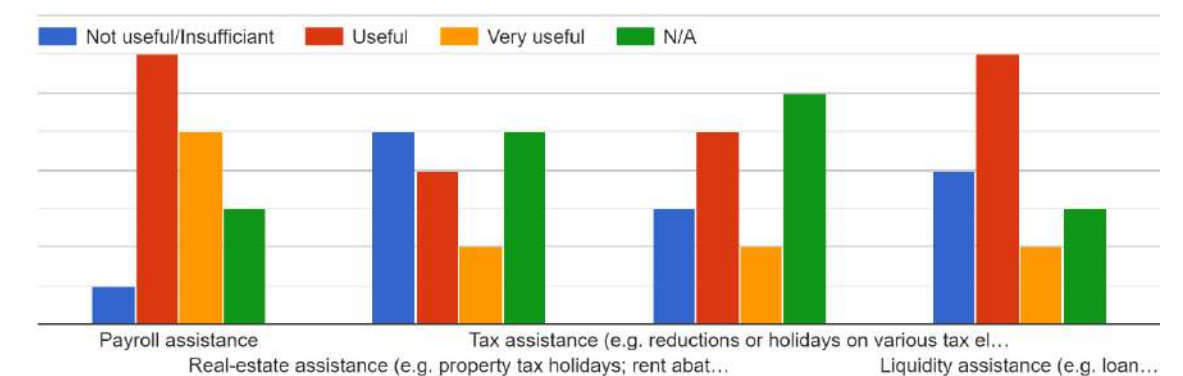
A MIXED REACTION TO NATIONAL SUPPORT MEASURES

Payroll, liquidity assistance and public loans were considered the most useful support measures for almost half of the companies (44%). Assistance for real estate (rent..etc) was considered not useful or insufficient by 31% of the respondents.

Countries where it was the most difficult for companies to get financial support were :

- France (19% of respondents)
- Italy (19% of respondents)
- Slovakia (12% of respondents)
- Hungary (12% of respondents)
- Austria (12% of respondents)
- Germany (12% of respondents)
- United-Kingdom (6% of respondents)
- Croatia (6% of respondents)
- Czech Republic (6% of respondents)
- Spain (6% of respondents)

Could you evaluate the financial support that you have received for your company?





6. EU ACTION AND RECOMMENDATIONS

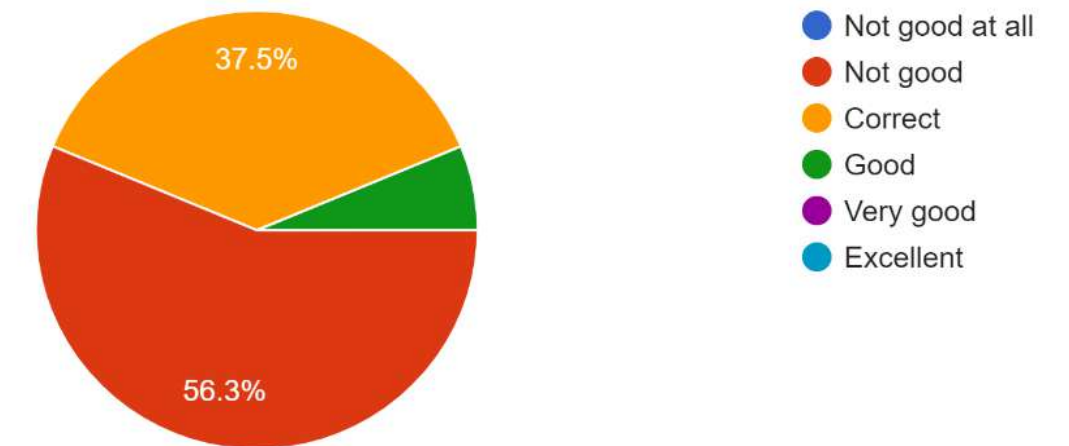
A LACK OF COORDINATION AT EUROPEAN LEVEL

Respondents were mixed with regards to EU response: while 45% estimate the EU response appropriate, 56% estimate it was not good enough.

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

- More coordination between Member States and faster decisions to avoid strong disparities between countries are needed: alignment of sanitary and travel measures (common criteria for risk categorization), clear objectives and targets, harmonisation of track and tracing apps
- Complete shut-down (shops, borders, sport) should be avoided
- Stronger guidelines from the EU to harmonize Member States decisions and bring support to countries facing the most difficulties
- Need to recognize the importance of sports/physical activity from a health perspective as well as from a societal perspective (mental and physical wellbeing, preventive tool against diseases, help to cope with depression during lockdowns...etc)

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.

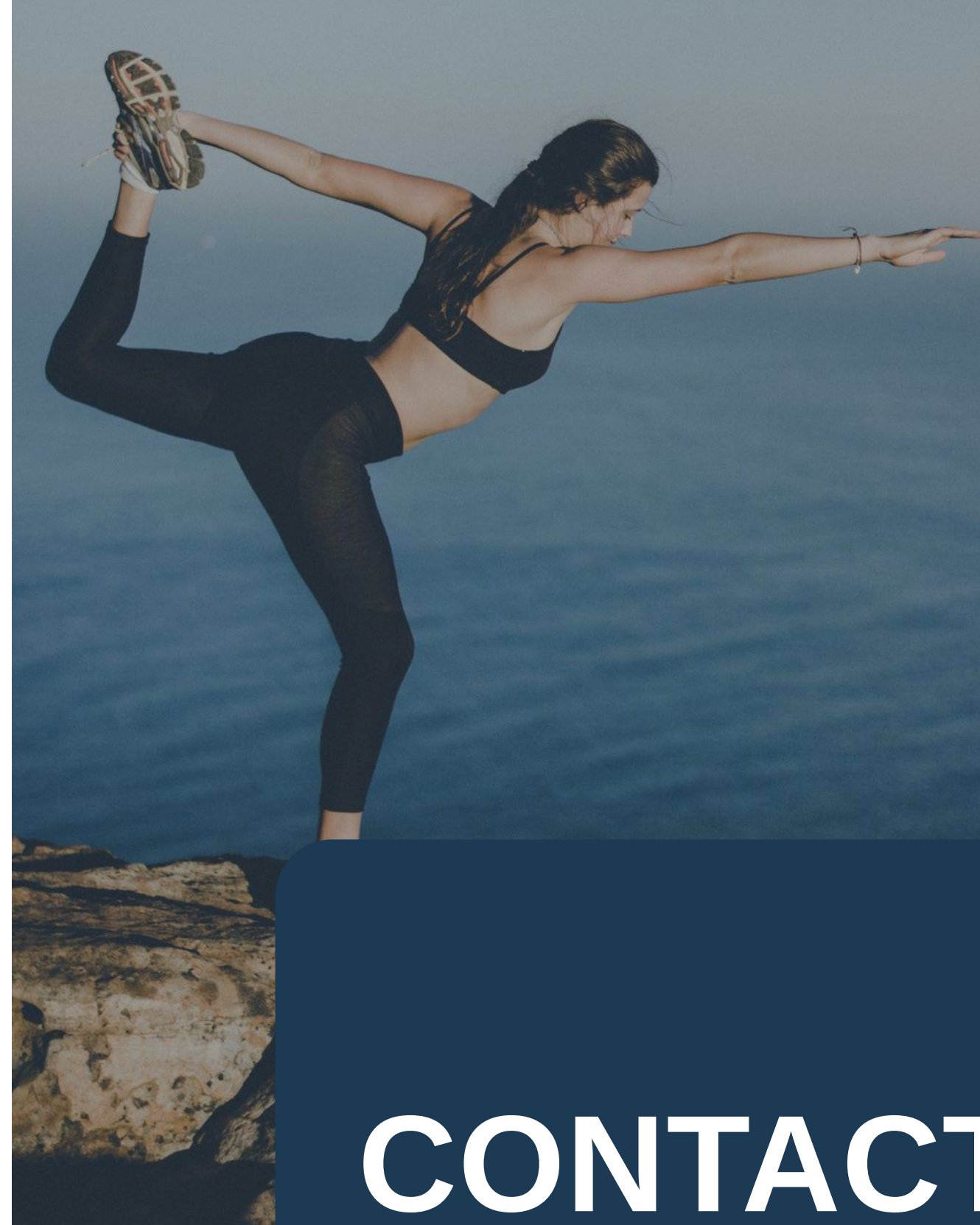
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