

OBSERVATIONS

The latest quarterly Executive Sentiment Survey shows mounting concern for the economy and shoe shoppers, prompting more cautious 6- and 12-month outlooks for company sales. Operating costs appear contained and inventories remain on the decline. But the outlooks for increased hiring and capital expenditures dimmed. And a record share of respondents expect inflation will prevent discounting as fast and deep as in the past.

- Q2 respondents' 6-month outlooks on both the broader economy and shoe shoppers eroded from Q1, with over 60% seeing the consumer and economic outlook weakening over the next 6 months.

Even so, respondents' expectations for their company health over the next 6 months improved again to the most upbeat since Q1 2022.

Anticipated 6-month hiring and capital expenditure plans both cooled in Q2, rivaling the least upbeat readings in the 2-year history of this survey.

The shares of respondents pegging operating costs higher from 6 months ago and likely higher 6 months ahead both shrank again in Q2 to the lowest in 2 years.

Similarly, 40.8% expect their landed costs to decrease over the next 6 months, 3x the share a year ago.

Inventories are on the wane. A near-record 56.6% say their inventories are lower from 6 months ago, and 60.5% expect them to fall over the next 6 months.

Retail footwear prices may turn flat to higher. The share expecting higher prices rebounded to 21.1%, while 61.8% look for no changes over the next 6 months.

Hope springs eternal: While a record-low 30.1% see company sales improved from 6 months ago, almost half (45.2%) look for sales to improve over the next 6 months.

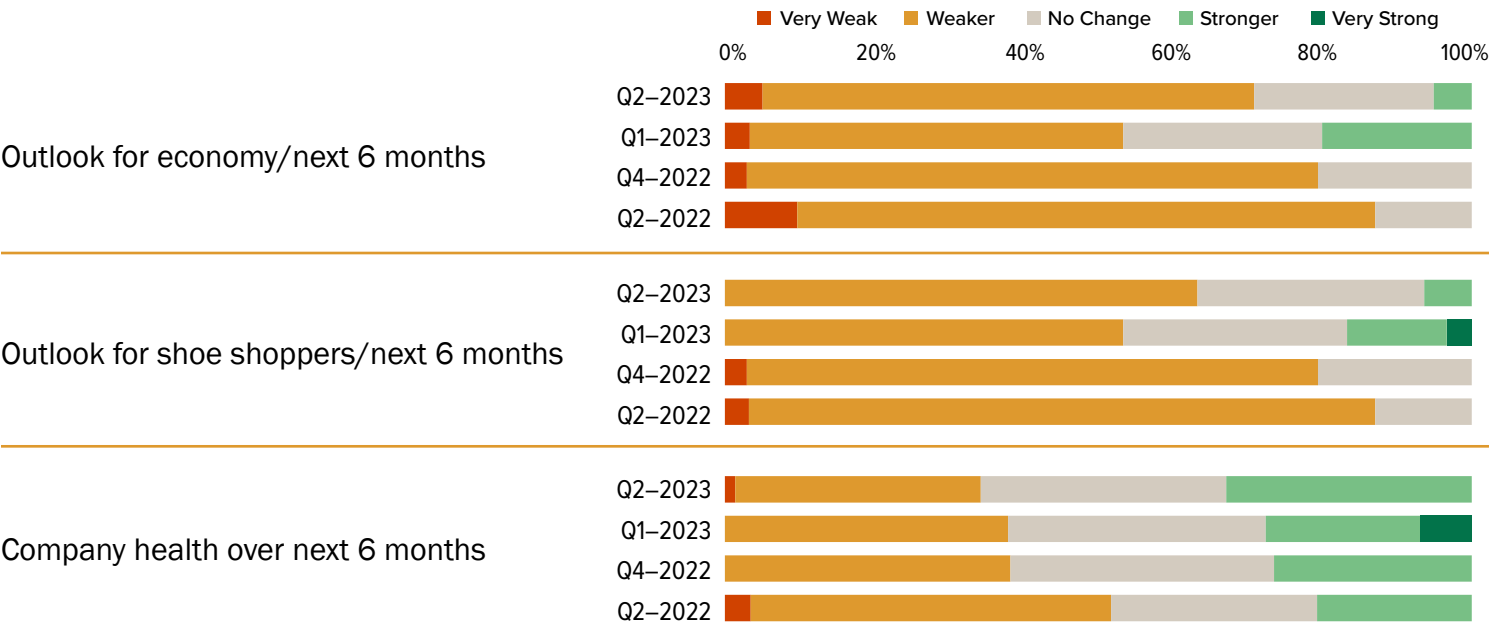
Indeed, a growing share from Q1 sees higher comp sales over the next 6 months. But we caution a declining share from Q1 expects higher comps over the next 12 months.

Discounting may persist, but moderate. While a majority (51.3%) expect discounting will continue with companies likely seeing less margin, a record 27.6% expect higher prices to prevent as much discounting as in the past.

While inventory, retail pricing, and shifts in consumer behavior dominate companies' biggest issues over the next 6 months, with the debt default looming, a record 9.6% of respondents point to governmental issues as their biggest issue.

QUESTION

RESPONSES & SHARES



21,506.88

↑ 132.05

78%

FDRA

SHOE EXECUTIVE Business Outlook Survey

Q2 2023



21,506.88

132.05

78%

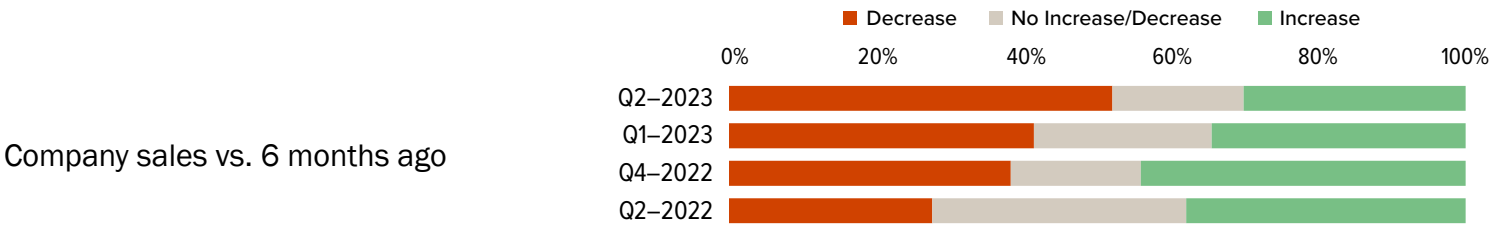
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SHOE EXECUTIVE Business Outlook Survey

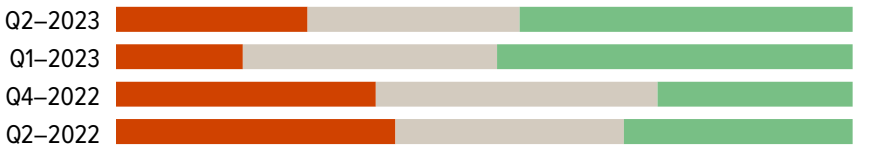
Q2 2023

QUESTION

RESPONSES & SHARES

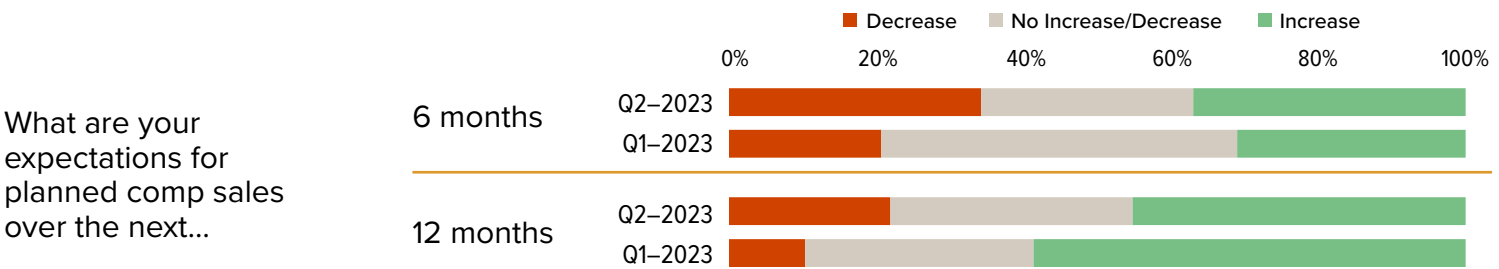


Company sales over next 6 months



QUESTION

RESPONSES & SHARES



YOUR COMPANY’S BIGGEST ISSUE OVER THE NEXT 6 MONTHS

