

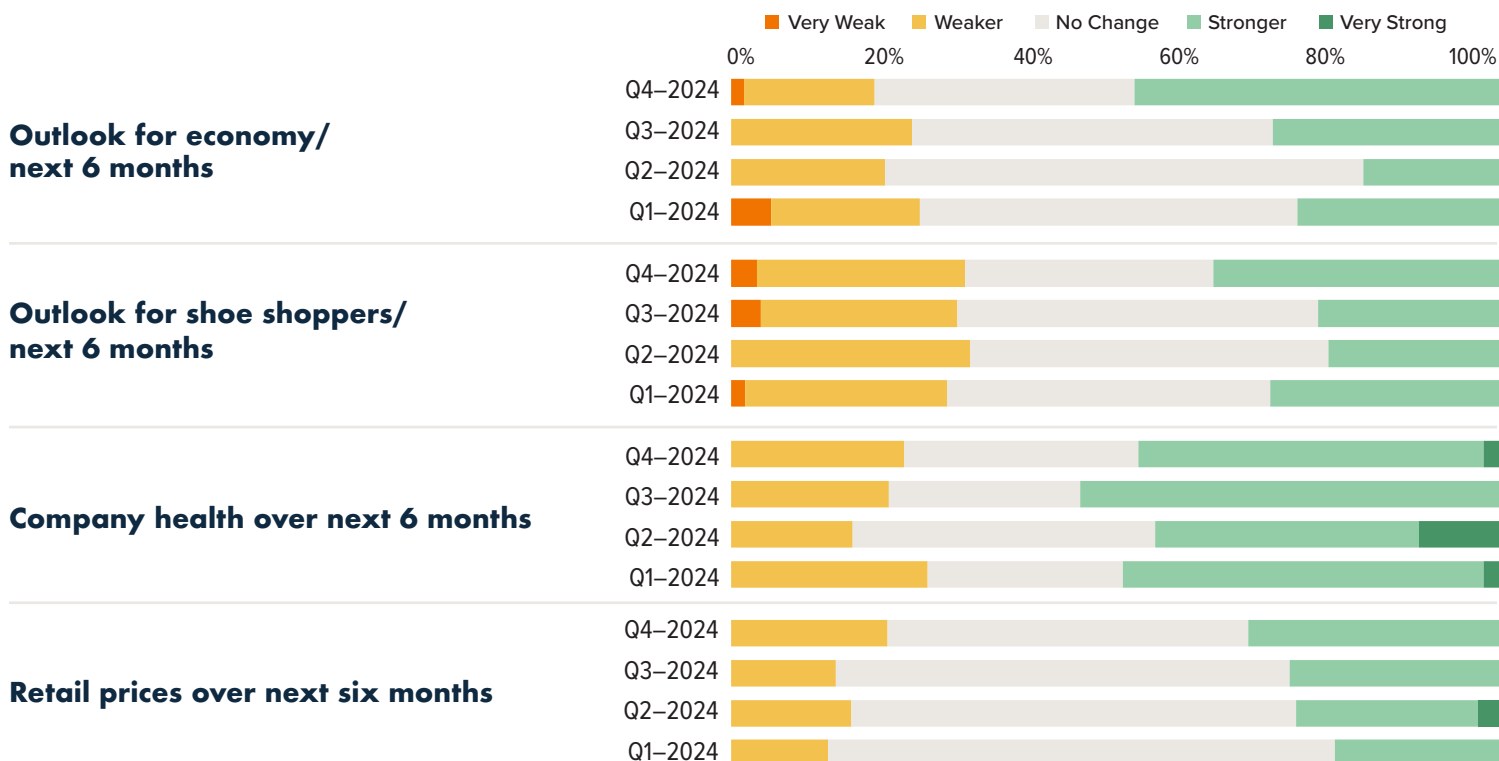
## OBSERVATIONS

The latest Executive Sentiment Survey shows improving outlooks for the economy and shoe shoppers. Most respondents expect higher operating costs over the first half of 2025, with a dramatic surge anticipating higher landed costs, resulting in most expecting higher retail prices in the new year. Much of this cost pressure may be attributable to a record share of respondents pegging government interference via taxes, regulations, and in particular duties as their biggest issue over the next 6 months.

- Respondents' 6-month outlooks for the economy improved from last quarter to the most upbeat in 13 quarters.
- Similarly, the share of respondents seeing stronger prospects for shoe shoppers over the next 6 months also rose to the highest in 13 quarters.
- Over half see their company sales higher from 6 months ago and likely to rise further over the next 6 months.
- Even so, fewer than last quarter are as upbeat on sentiment for their company's health over the next six months, owing to cost pressures.
- Labor isn't much of a factor, as more than 3 in 5 don't expect to increase or decrease hiring, and a record 75% aren't having difficulty finding workers to hire.
- Neither are Middle East tensions—growing shares don't see this issue impacting their global shipping strategy or costs.
- But over half expect their operating costs to rise over the next half year, the highest share in 8 quarters.
- These higher cost ideas are due in part to higher landed costs, as the share expecting these costs to rise *doubled* from last quarter to 82%, the most in 2.5 years.
- Surging in step with the growing anxiety about higher landed costs, the share of respondents pointing to the government as their company's biggest issue over the next 6 months *tripled* from last quarter to a record.
- In fact, about 3 in 5 respondents see anticipated higher tariffs raising both landed costs and retail prices in 2025.
- More specifically, about 37% see their retail prices climbing more than 5% next year. We caution that not once in more than forty years have annual retail footwear prices risen that fast.

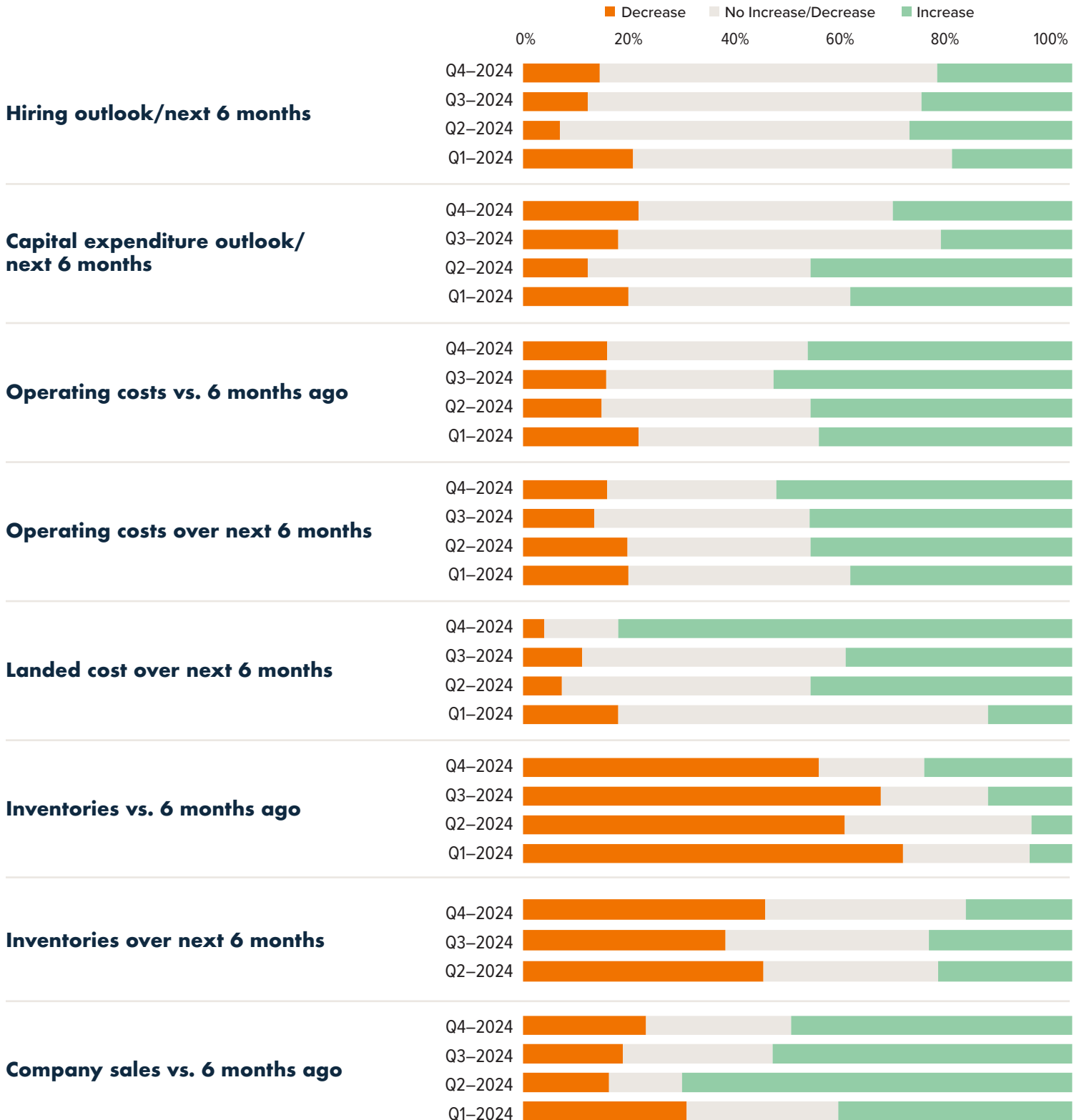
## QUESTIONS

## RESPONSES &amp; SHARES



### QUESTIONS

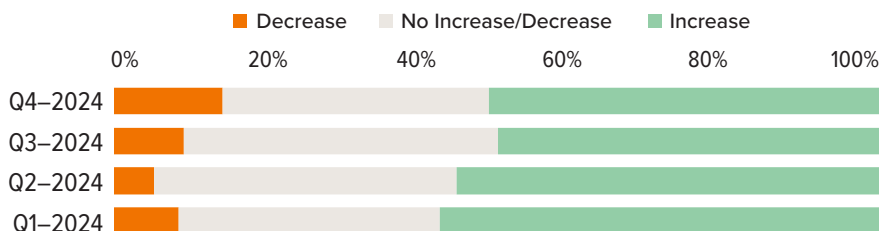
### RESPONSES & SHARES



### QUESTIONS

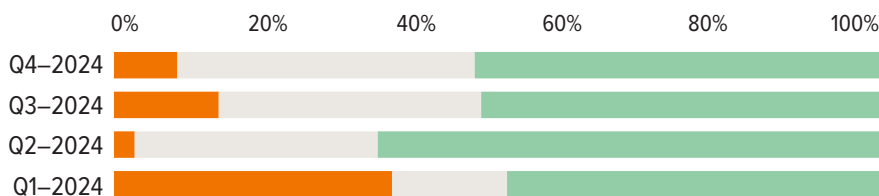
### RESPONSES & SHARES

Company sales over next 6 months



What are your expectations for planned comp sales over the next...

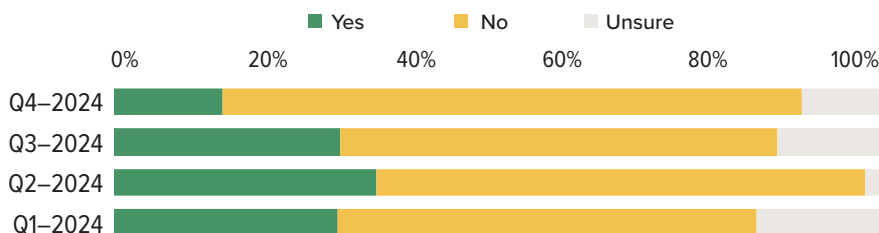
6 months



12 months

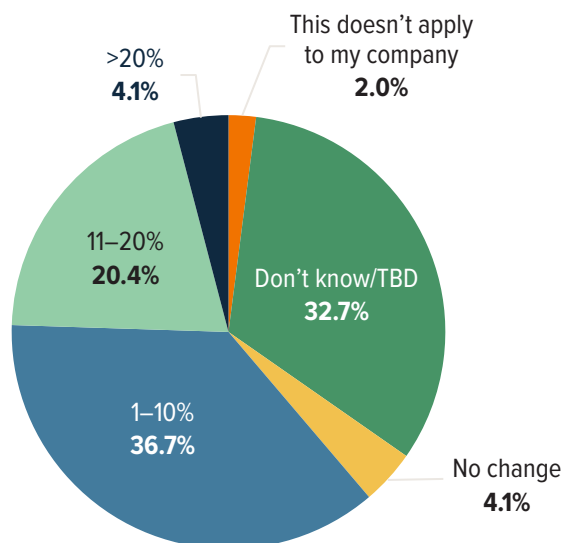


Difficult to find workers to hire?

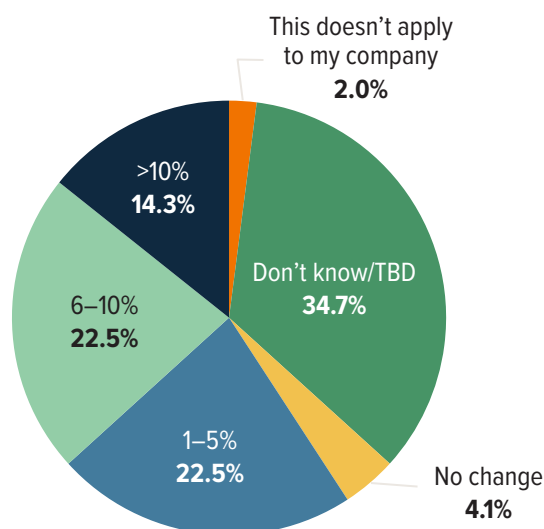


### QUESTIONS

In anticipation of higher tariffs on footwear, how much do you expect your average landed cost will rise in 2025?



In anticipation of higher tariffs on footwear, how much do you expect your average retail price will rise in 2025?



### YOUR COMPANY'S BIGGEST ISSUE OVER THE NEXT 6 MONTHS

