

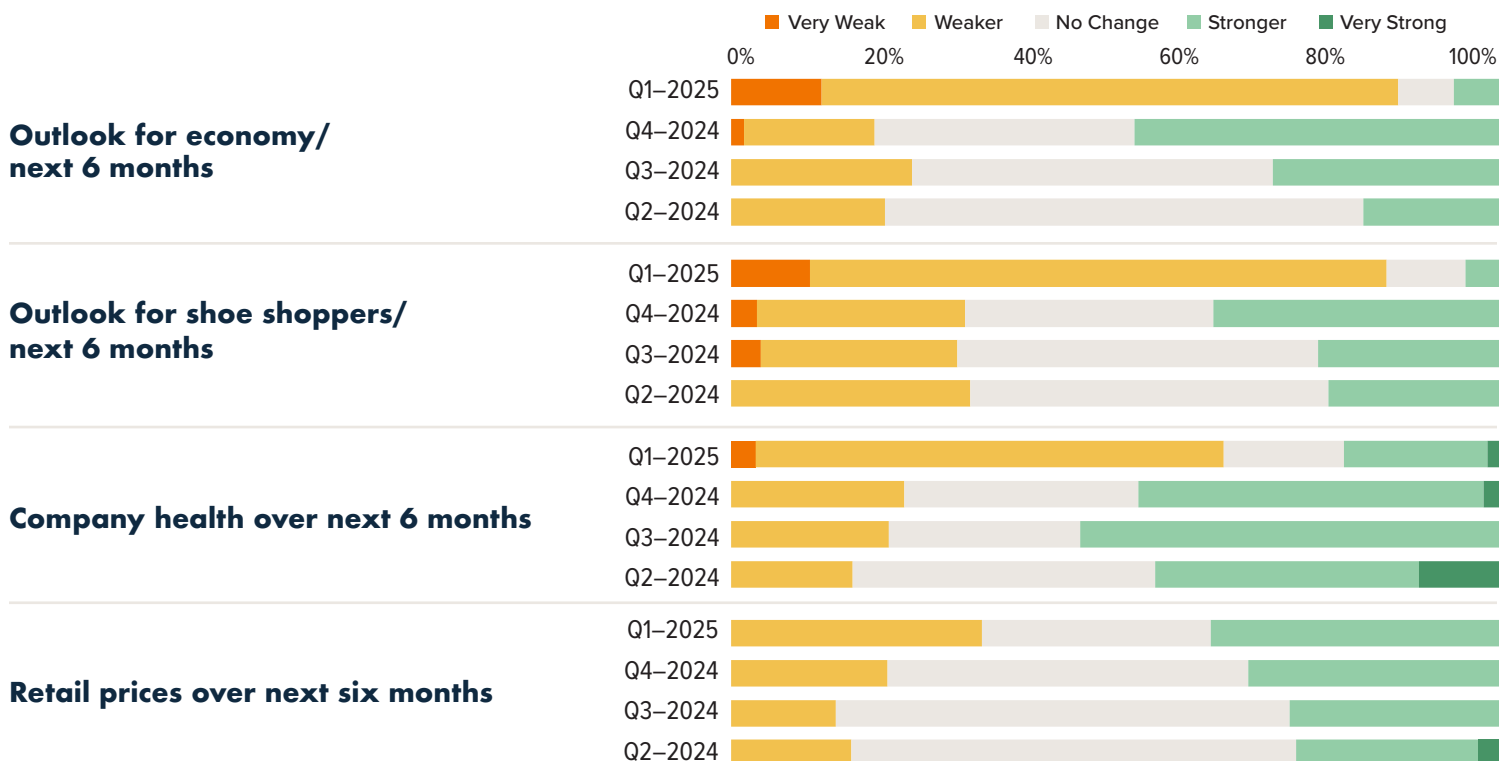
OBSERVATIONS

The latest Quarterly Executive Sentiment Survey reveals that under the specter of new and higher tariffs, sentiment has darkened markedly for the footwear industry, with most seeing costs—due to tariffs—jumping as the economy and shoe shopping weaken, contributing to declining sales.

- Respondents' prospects for the economy reversed course to the most downbeat in the four-year life of this survey, with 87% seeing the 6-month outlook weaker or very weak, 4 times as much as last quarter.
- Similarly reversing course, a near-record 85% of respondents now expect a weaker or very weak shoe shopper over the next 6 months.
- As a result, a record 50% expect lower sales over the next 6 months, while about a third plan for lower comp sales over the next 6 and 12 months, the highest shares in a year.
- Little surprise then that the share expecting to curb hiring over the next 6 months tripled from last quarter to a record 43%.
- We're from the government and here to help: A record 3 in 4 peg government interference—i.e., tariffs—as their company's biggest issue over the next 6 months, nearly four times the share before the election.
- Little surprise: A whopping 97% expect their landed costs to rise over the next 6 months.
- 31% say these costs will rise as much as 10%, 45% say 11–20%, and 6% expect >20%. For comparison, only 3 times in 35 years have annual average landed costs risen more than 10%.
- Related: Most expect their operating costs to rise over the next half year, similar to last quarter.
- A growing share will have to raise retail prices in 2025. About 27% look for footwear prices up 1–5%, 36% expect 6–10% increases, and 12% say >10%. Not once in more than 4 decades have footwear prices risen more than 5% in a year.
- More belt tightening: Facing higher landed costs and a weaker shoe shopper, a record one third of respondents are set to cut back on CAPEX over the next 2 quarters.
- On balance, a record share of more than 3 in 5 forecast their company health weaker or very weak over the next 6 months, nearly triple the share witnessed last quarter.

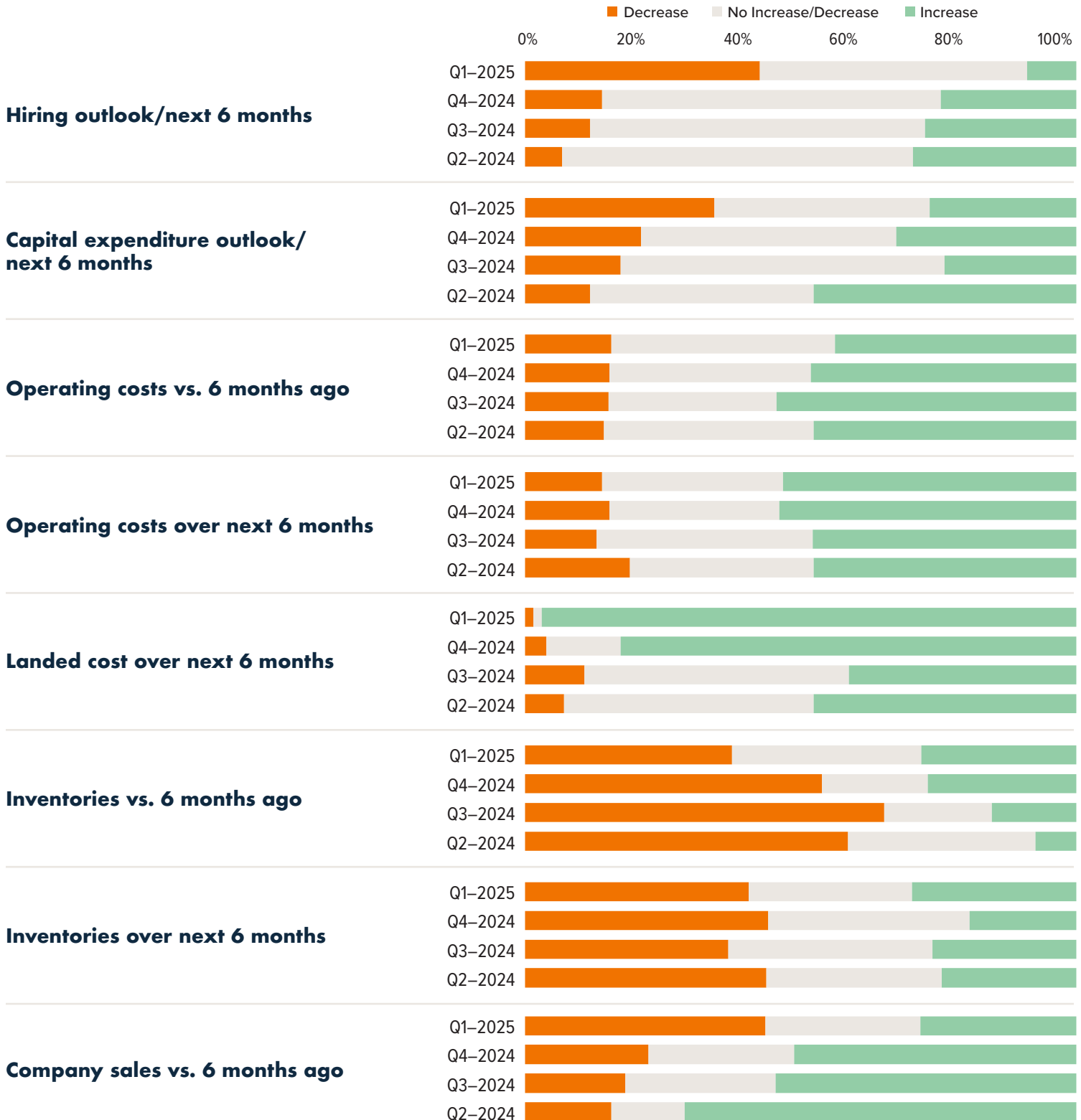
QUESTIONS

RESPONSES & SHARES



QUESTIONS

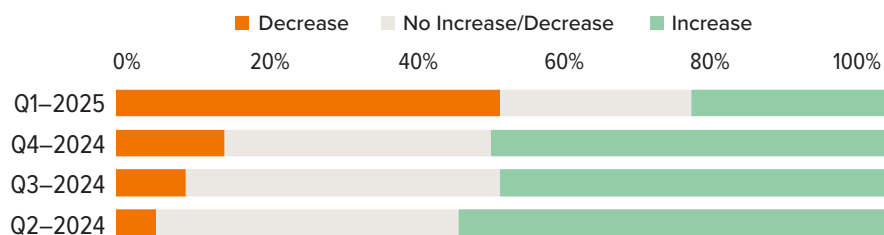
RESPONSES & SHARES



QUESTIONS

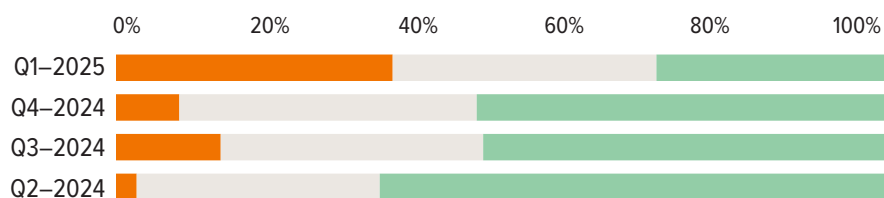
RESPONSES & SHARES

Company sales over next 6 months

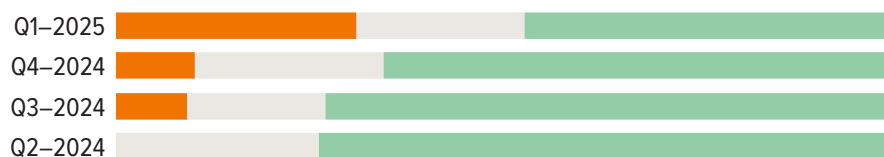


What are your expectations for planned comp sales over the next...

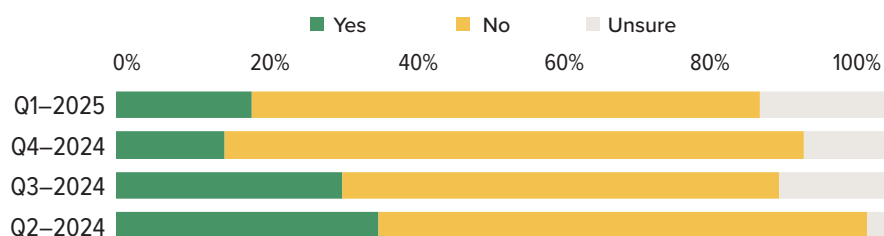
6 months



12 months

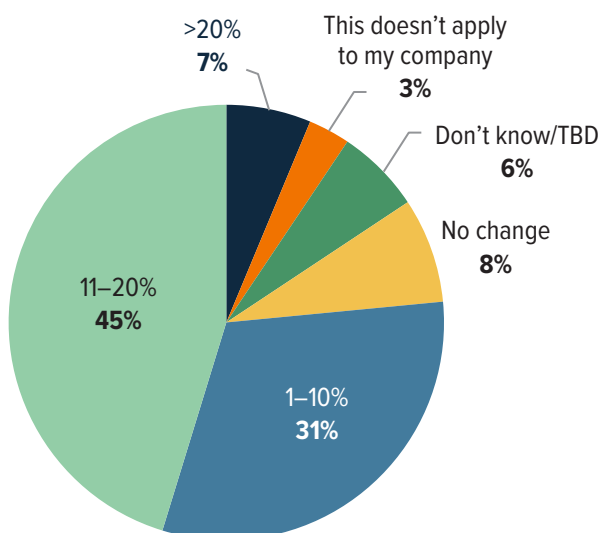


Difficult to find workers to hire?

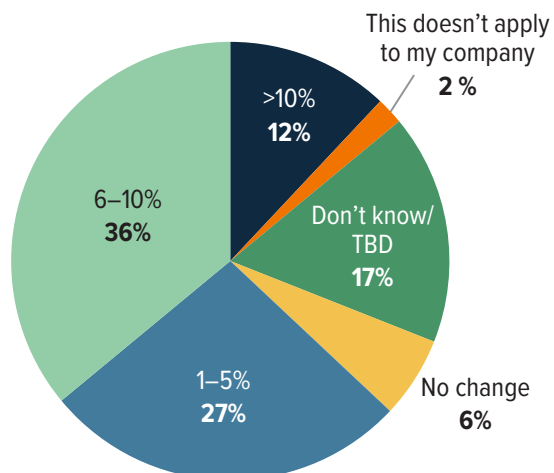


QUESTIONS

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

