

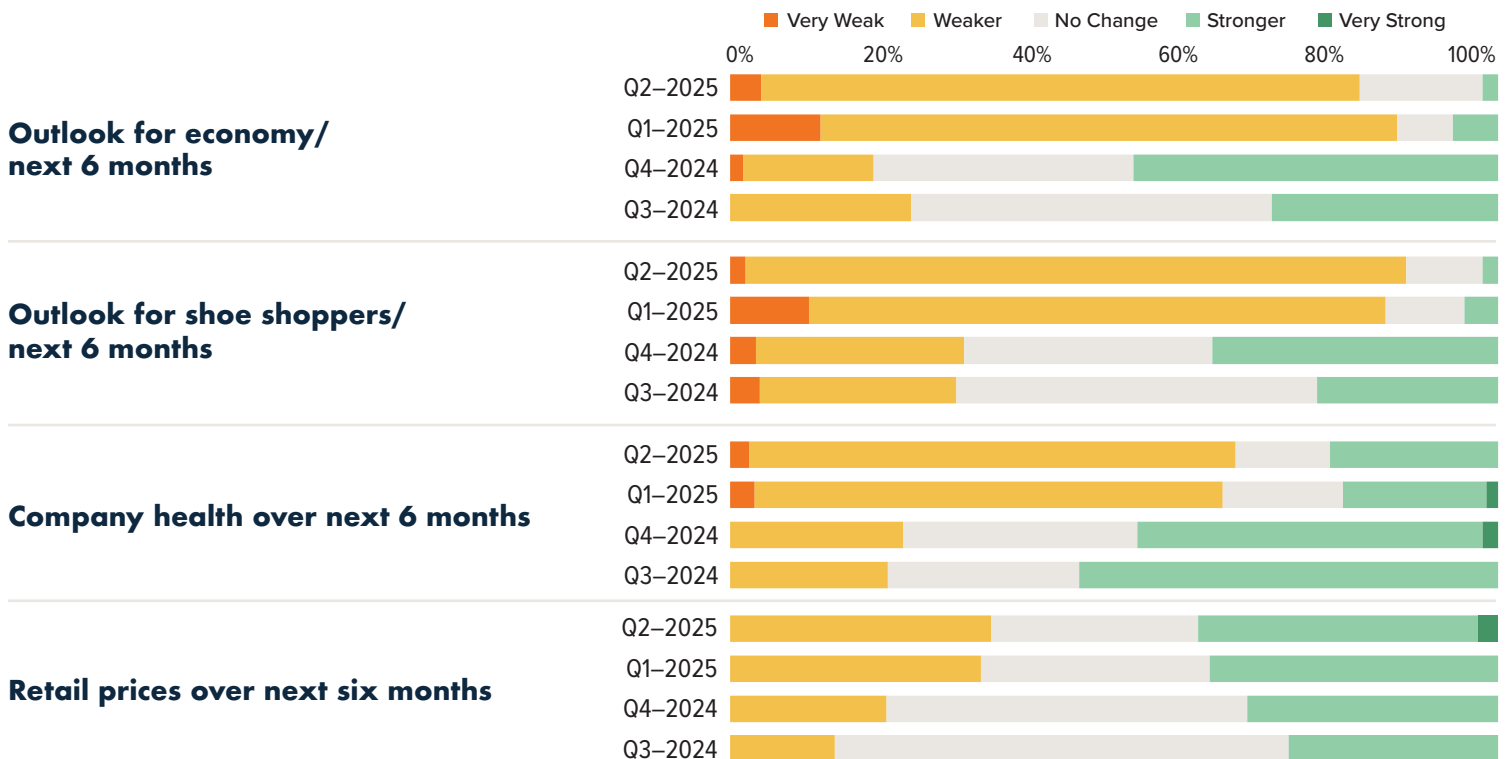
OBSERVATIONS

The latest Quarterly Executive Sentiment Survey reveals that under the new and evolving tariff regime from Washington, footwear industry sentiment remains downbeat, with most expecting costs and retail prices—due to tariffs—to jump over the second half of the year as the economy and shoe shopping weaken, weighing on companies' health.

- More than 6 in 10 report their company sales are lower than 6 months ago—a record share—and another record share have cut their operating costs from 6 months earlier.
- *Future Shock*: Respondents' prospects for the economy are comparably pessimistic from the prior quarter, with 82% seeing the 6-month outlook weaker or very weak.
- Similarly, a record 88% of respondents now expect a weaker or very weak shoe shopper over the next 6 months.
- As a result, a near-record share anticipates lower sales over the next 6 months, while a record 49% fear lower comp sales over the next 6 months.
- *To the moon, Alice*: A near record 94% look for landed costs for footwear to rise over the 2nd half of the year, with 60% expecting a double-digit surge. For comparison, only 3 times in 35 years have annual average landed costs risen more than 10%.
- *Up, up, and away*: In turn, retail footwear prices are poised to jump, with 3 in 4 anticipating prices rising more than 5% this year. Not once in 40+ years have annual footwear prices risen so fast.
- *We're from the government and here to help*: About 58% point to government interference—i.e., tariffs—as their company's biggest issue over the next 6 months, more than 3 times the share before the election.
- *Applicants aplenty*: Only 14.0% report difficulty in finding workers to hire, tied for the lowest share on record.
- *More belt tightening*: Record shares of respondents plan to decrease hiring, curb spending on CAPEX, and pare their operating costs the balance of the year.
- 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 2 quarters ago.
- *Back to the Future*: Looking further ahead, a record low 22% are planning for increased comp sales over the next year.

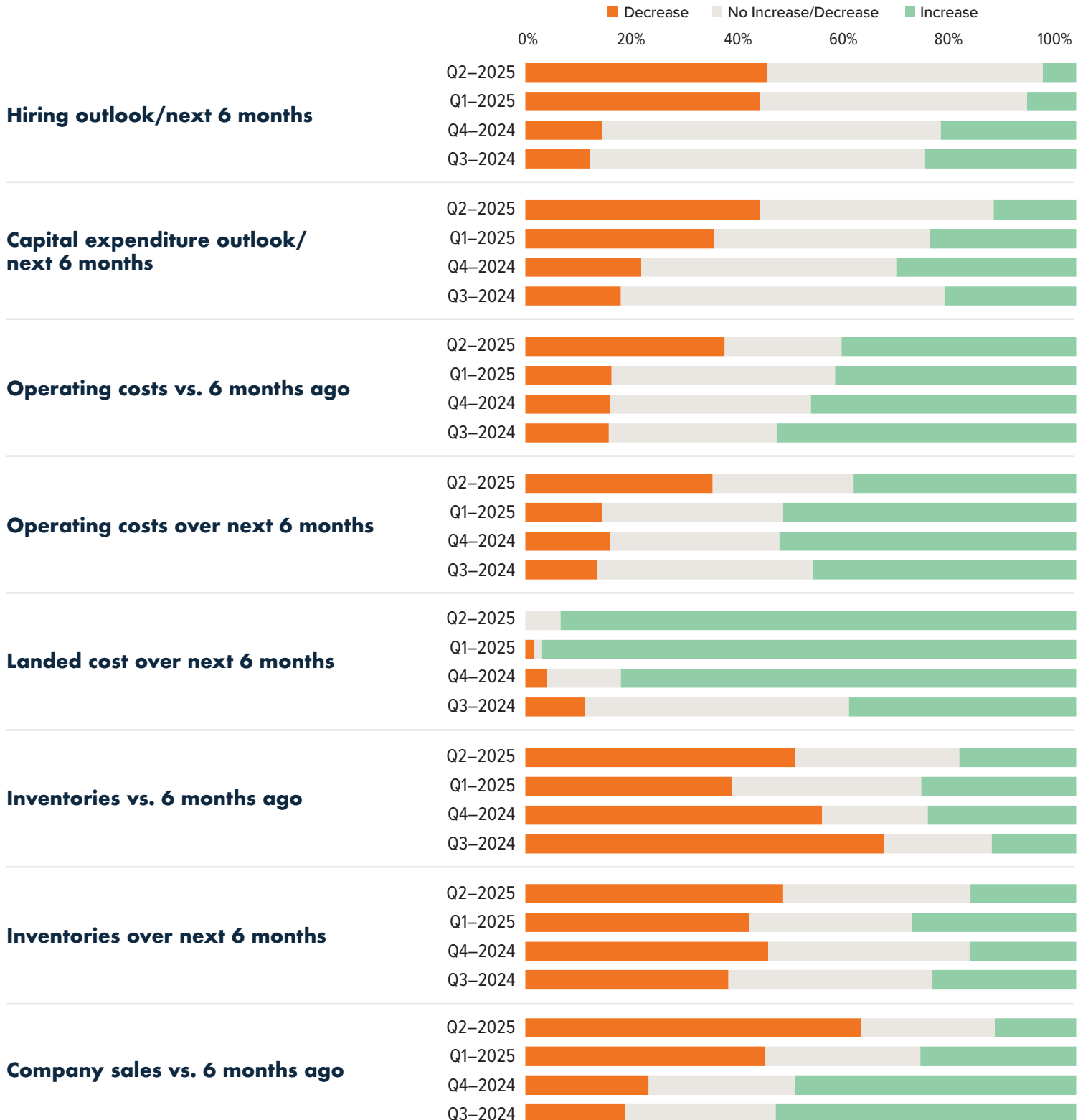
QUESTIONS

RESPONSES & SHARES



QUESTIONS

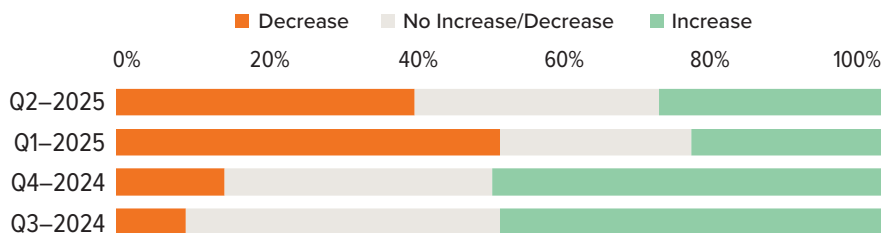
RESPONSES & SHARES



QUESTIONS

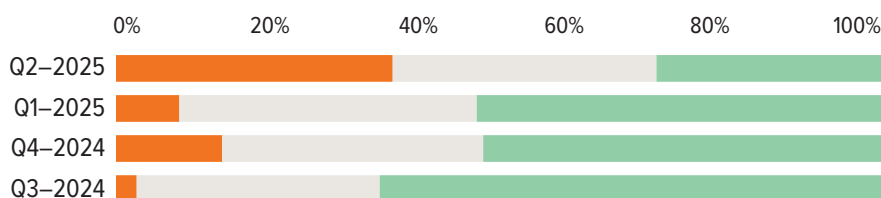
RESPONSES & SHARES

Company sales over next 6 months

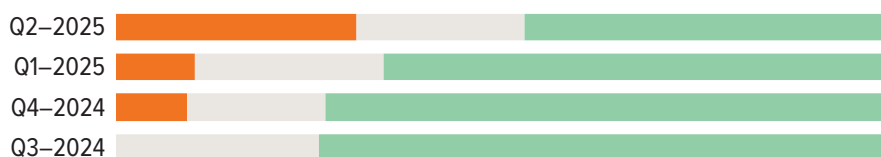


What are your expectations for planned comp sales over the next...

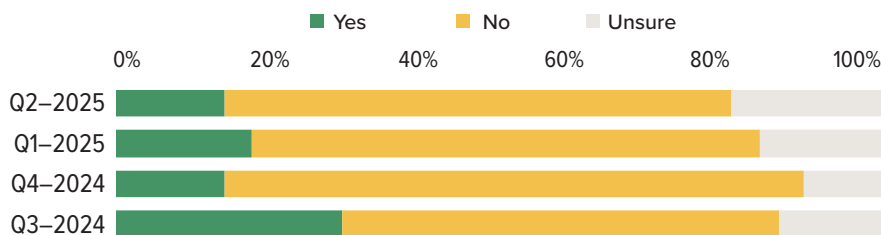
6 months



12 months

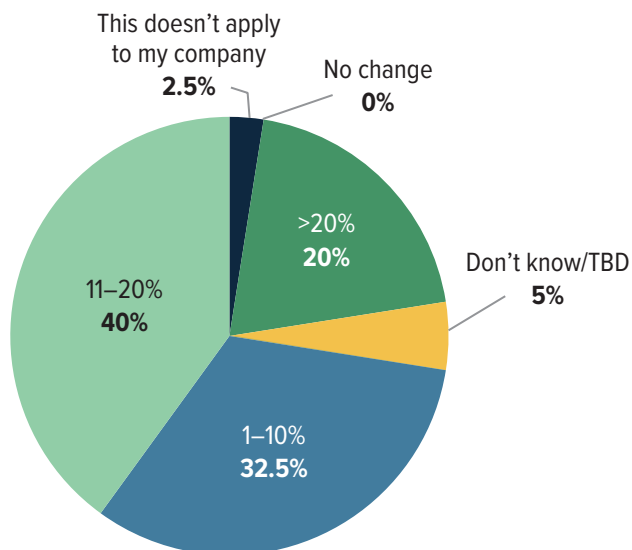


Difficult to find workers to hire?

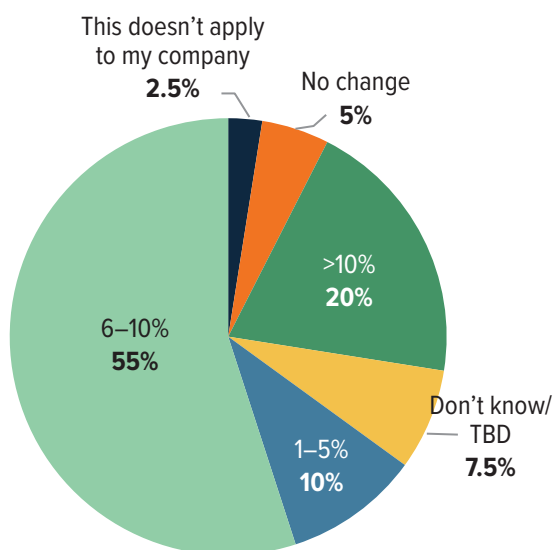


QUESTIONS

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

