

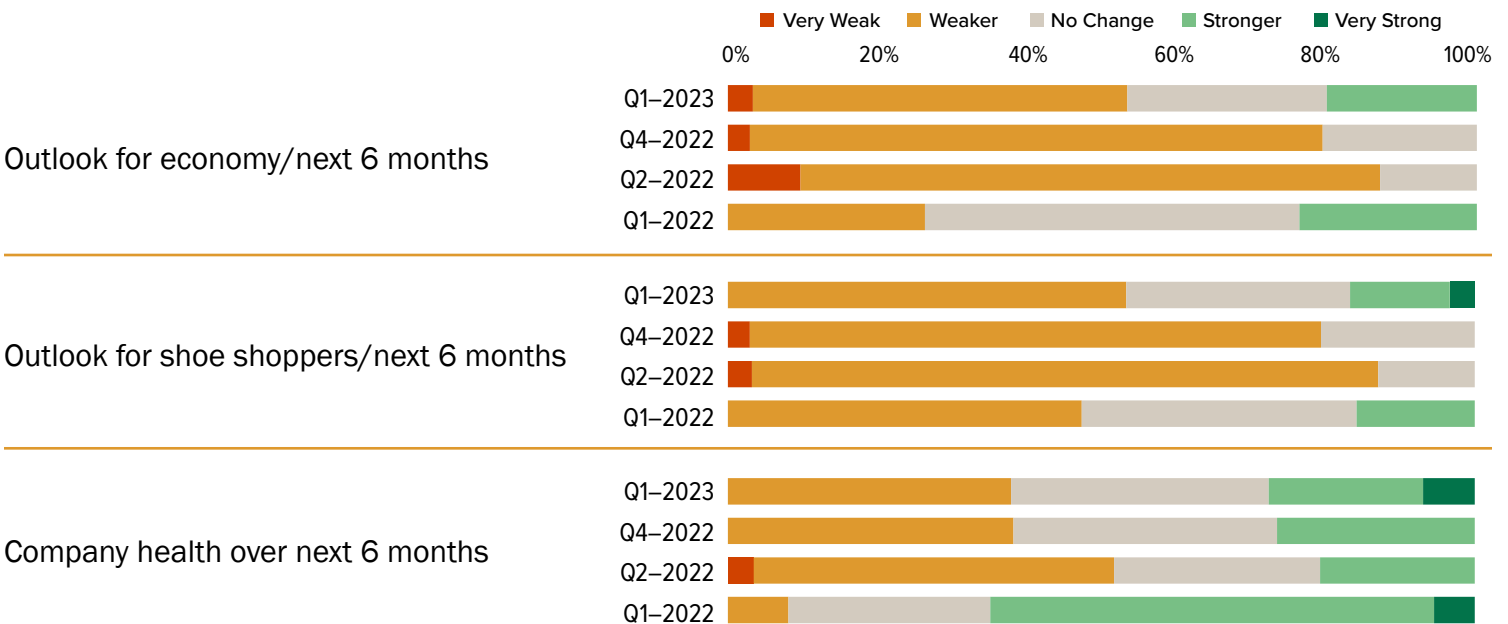
**OBSERVATIONS**

The latest quarterly Executive Sentiment Survey shows cautious optimism spreading across the industry, as respondents turn more upbeat on prospects for the broader economy and shoe shoppers in particular. The outlooks for increased hiring and capital expenditures grew, while expectations regarding rising operating costs, landed costs, and inventories retreated. Respondents expect retail prices may not budge much, but expectations of improved company sales jumped from last quarter.

- Although about half of Q1 respondents see the outlook on the broader economy and shoe shoppers weakening over the next 6 months, this marks the lowest share in a year
- Respondents again boosted their 6-month hiring and capital expenditure plans to the most likely in a year
- Growing shares of respondents see their operating costs easing vs. 6 months ago and likely easing further over the next 6 months
- Only 41.4% expect these costs to rise in coming months, the smallest share in the 2-year history of this survey
- A record-low 13.8% expect their landed costs to rise over the next 6 months, hardly 1/7<sup>th</sup> the share a year ago
- While most (55.2%) say their inventories are higher from 6 months ago, 34.5% peg them lower, the largest share since Q3 2021
- 72.4% of respondents look for inventories to wane over the next 6 months, off modestly from the 76.5% Q4 record
- After surging to 90.9% 5 quarters ago, the share of respondents expecting higher retail footwear prices has fallen to just 6.9%, a record low share, while 79.3% look for no changes over the next six months
- On company health: 27.6% see a “stronger” or “very strong” outlook over 6 months, little changed from Q4
- Hope springs eternal: While a record-low 34.5% see company sales improved from 6 months ago, about half (48.3%) look for sales to improve over the next 6 months, nearly double the Q4 share & the most in a year
- Expectations for planned comp sales turned more upbeat from a 6-month outlook to a 12-month horizon
- A record 72.4% indicate inflation won’t change shoe retail price strategy; discounting will continue, with companies likely seeing less margin
- A record 31% of respondents peg inventory and/or retail pricing as their company’s biggest issue over the next 6 months, a share growing steadily over the last few quarters

**QUESTION**

**RESPONSES & SHARES**



21,506.88 +132.05

78%

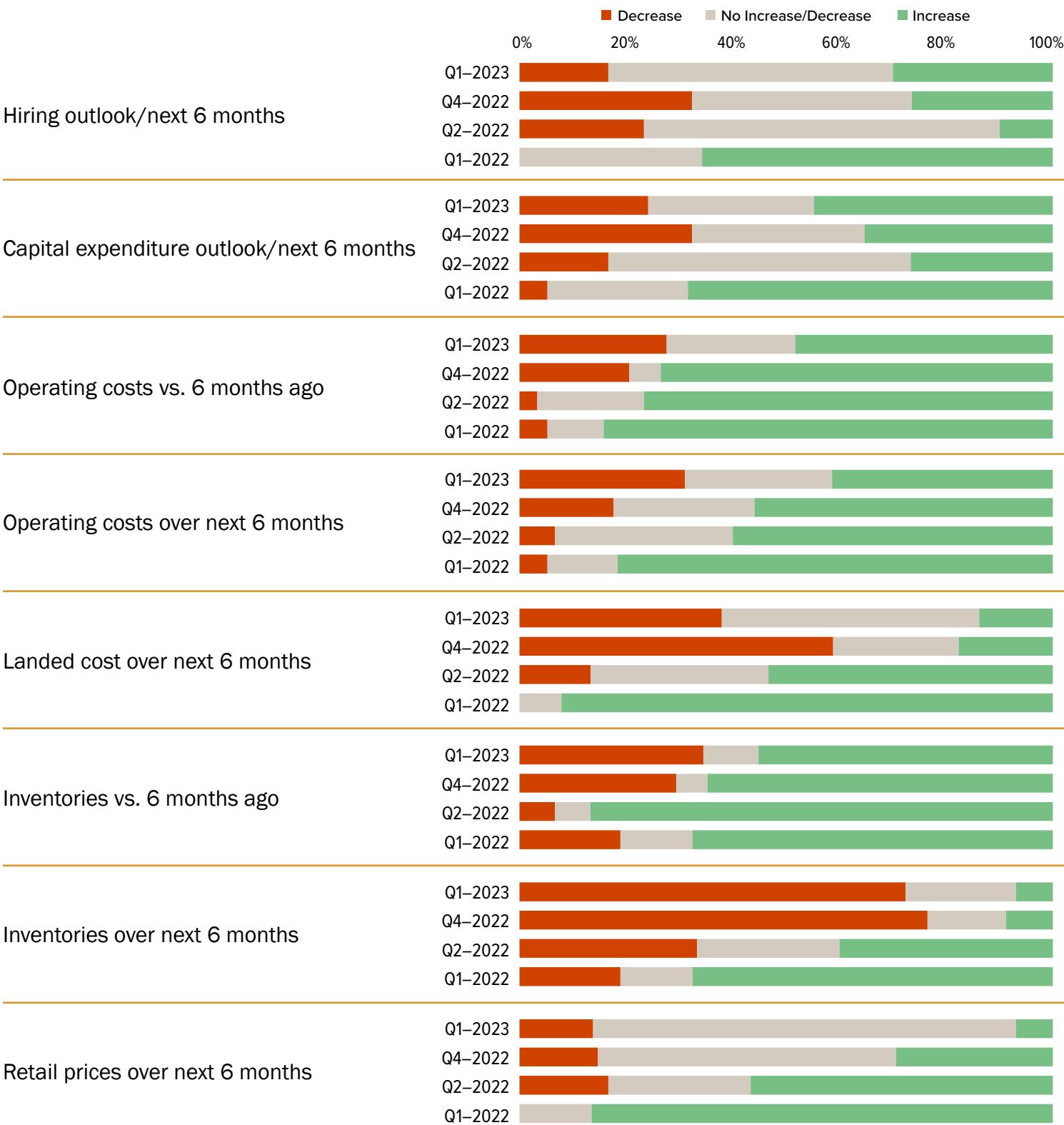
**FDRA**

**SHOE EXECUTIVE Business Outlook Survey**

**Q1 2023**

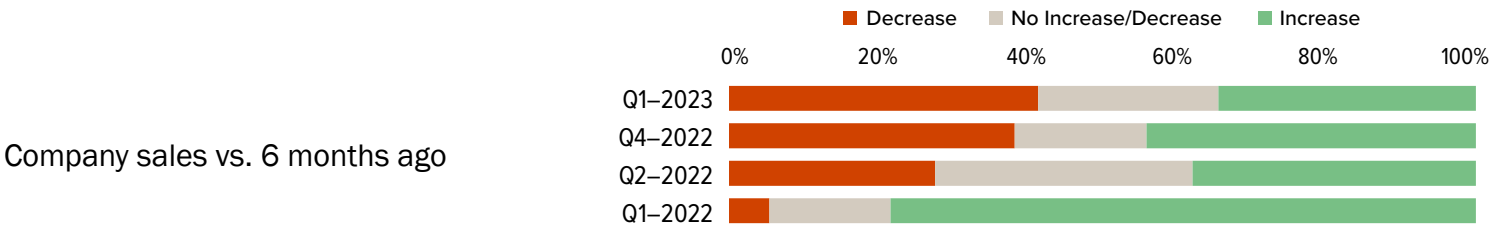
**QUESTION**

**RESPONSES & SHARES**

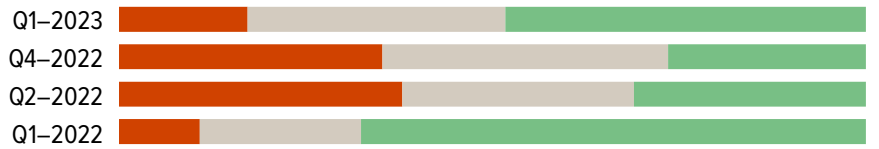


**QUESTION**

**RESPONSES & SHARES**

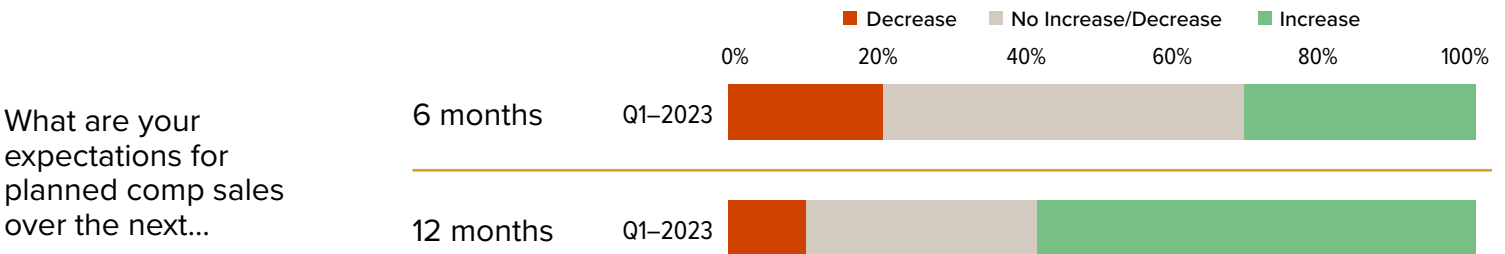


Company sales over next 6 months



**QUESTION**

**RESPONSES & SHARES**



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

