

COVID-19: German down and feather industry exemplary in terms of hygiene

- **Update on the economic situation of the industry**
- **Delivery capability secured for the next half-year**
- **Online trade is gaining in the crisis**

Sector survey of the Association of the German Down and Feather Industry VDFI and the Traumpass e.V. in the context of the Corona crisis

The Corona pandemic not only poses great challenges to each and every one of us, but also to our business enterprises as an industry. The decisions of the federal government and the federal states to close down stores and to restrict freedom of movement have severely impacted the down and feather industry, the majority of which is made up of small and medium-sized enterprises, via its trading partners, and not only on the sales side. The falling demand was compounded by the industry's international dependencies within the supply chains, since both the filling material, the covers and the packaging materials are largely imported. The closure of the borders within Europe and the overall tense global logistics situation contributed significantly to the worsening of the situation.

In the last few days, the federal and state governments have been making careful attempts to relax the ban on contact and to revive the economy with caution. The opening of retail stores and the continuation of business activities prompted the down and feather associations to conduct an extensive survey to determine the status quo of the industry.

Although the companies reported significant losses in turnover, they still got off relatively lightly compared to other sectors. Two-thirds of the companies reported up to 25% sales losses due to the corona crisis. Approximately 17% reported a decline of up to 50%, while an equal percentage was affected much more severely with a decline of up to 75%.

The industry statement issued by the association on the occasion of the Heimtextil fair in January 2020 had still described the position of the specialist retail trade as stabilised from the point of view of bedding article manufacturers: By expanding the range of services offered, such as the cleaning of down and feathers or the refilling of existing bedding articles, the local store had increasingly become a point of contact for consumers. Supporting the advisory competence and the deployment of sleep experts had had an effect. This picture has changed significantly as a result of the contact ban:

The clear loser in terms of demand in the various sales channels was, due to store closures, the stationary trade: 92% of the manufacturing companies surveyed registered falling demand for the retail trade, 90% for the furniture trade and 80% for specialist stores. Even for the discounters, whose opening hours were not affected, 33% noted a decline in demand; 44% considered the demand situation to be unchanged. The winner in the crisis was the online trade, although perhaps to a lesser extent than expected: 45% of German down and feather producers recorded an increase in demand, 36% considered the level to be unchanged.

In terms of supply capability, the industry in Germany considers itself well-positioned: Two-thirds do not see any shortages regarding the fulfilment of existing contracts within the next three months, and the majority has free capacities beyond that. And 55% even guarantee this ability to deliver for the next six months, including the satisfaction of additional requirements.

While 2019 was a year of consolidation for the German down and feather industry, and after difficult months with sharply increased raw material prices a stabilization on a high level prevailed, good results of the previous year were continued and partly even increased, the estimates for 2020 are much more pessimistic.

As far as the pricing situation for the coming autumn/winter season is concerned, the member companies were correspondingly cautious in their forecasts. The unresolved and in part very fragile situation in the supplier countries does not allow for reliable statements to be made at present. At the earliest by late summer, a well-founded view can be obtained. Especially since 45% of the companies expect to be confronted with requests for price reductions.

The down and feather industry is a professional when it comes to hygiene. Down and feathers are subject to the highest cleanliness requirements: Before being used as filling material, they must be cleaned by thorough water washing and dried at a temperature of at least 100°C, usually higher. This ensures that bedding meets the hygiene requirements of European Standard EN 12935, reliably killing bacteria, viruses and other germs. In addition to the applicable standards, the companies have taken additional precautions to protect employees, trade partners and consumers.

In addition to intensive workplace and hand disinfection, which all producers increased, the companies concentrated particularly on balancing the workforce. 73% designed home office workplaces for employees outside production, 45% introduced strict shift separation, two thirds shifted working hours and changed the use of communal spaces in order to have as few employees as possible in the company at the same time and thus minimise the risk of infection. At the same time, many companies started the production of oronasal masks and made their sewing facilities available for this purpose. A list of the manufacturing companies is available via the Association of the German Down and Feather Industry VDFI e.V.

The German government had announced extensive financial aid when the lockdown began, which focused on bridging payment gaps for small businesses, loans, short-time working and tax deferrals. For small and medium-sized enterprises, adjustments had to be made. In recent weeks, the industry has not primarily concerned itself with bridging loans or reducing the interest burden; emergency aid in the form of financial support and non-repayable grants was also only of interest to one third. The majority of the association members concentrated on measures to secure liquidity (45%), tax deferrals and the suspension of advance payments of VAT (73%) as well as the changeover to short-time work (73%) and the accelerated processing and granting of short-time work compensation (45%). Two-thirds also wished to see binding statements on the easing of the contact ban and on the reactivation of the economy.

An update of the industry survey is planned for late summer 2020.

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