1 year of COVID-19:
Turnover of the German down and feather industry stable at only slightly reduced level

- **Short-time work and tax deferrals**
- **Winners in the crisis: online sales channels**
- **Survey update on the economic situation in the industry**

2nd Industry survey by the Association of the German Down and Feather Industry VDFI e.V. and the Traumpass e.V. on the occasion of the COVID crisis

One year of the COVID-19 pandemic and the end (not) in sight? After the first economic survey of the down and feather associations during spring 2020 concerning the economic situation of the bedding and bed feather industry, the VDFI e.V. together with the Traumpass e.V. followed up: What is the current economic situation of the companies after one year of crisis?

In terms of turnover, the participating companies seem to have got off lightly and much better than expected: On average, the majority reports turnover declines of up to 10 % percent at most for 2020 – there are individual exceptions both upwards (plus 20 %) and downwards (minus 20 %). This means that the estimates from the spring of last year have not continued: In April 2020, two-thirds of the companies stated that they had lost up to 25 % of their turnover due to the COVID crisis. Approximately 17 % put the decline at up to 50 %, and a same percentage had been affected much more severely with a decline of up to 75 %. Over the course of the business year, the negative development could largely be compensated for.

Regarding the question on the changed importance of sales channels, the winners in 2020 are unsurprisingly online trade and the companies' own online shops: Here, 67% and 50% respectively attest to the increased importance of these sales channels, thus confirming the statements made in April. The retail and furniture trade, as well as the factory outlets, are still considered to be of stable importance as sales channels, but in individual cases, the retail and specialist stores are losing points. In the first survey, 92 % of the manufacturing companies surveyed had registered falling demand for retail, 90 % for furniture retail and 80 % for specialist stores. In the ranking of the most important sales channels overall for the year 2020, many of the companies surveyed gave pole position to online retailing, followed by furniture retailing and specialist stores.

However, even the feather and bedding industry did not survive the first year of the crisis without state aid, short-time working schemes or other financial instruments to mitigate the effects of the pandemic: Almost all companies (86 %) had to switch to short-time work, 43 % used tax deferrals or the suspension of advance VAT payments. Loans and non-repayable financial aid, on the other hand, played a rather subordinate role. What the industry clearly missed on the political level was a nationally coordinated approach as well as financial and economic regulations that would have taken better account of the special requirements of medium-sized enterprises (SMEs).

In terms of delivery capacity, the industry in Germany is very well positioned: Almost every participating company sees no bottlenecks for the fulfilment of concluded contracts within the next six months and also still has capacities available for the satisfaction of additional demand. In April, only 55 % were similarly positive. Supply chains are currently intact; border closures and difficult import conditions in the first half of 2020 have not had a destabilising effect on product availability.

When it comes to making predictions on price developments, however, the decision-makers struggle: around half of the respondents state that they are currently unable to give a well-founded assessment of the prices for ready-made bedding products. The remaining participants expect increases of 5 to 15 %. This is also reflected in the prices for raw materials: Down and feathers, casings and packaging. A narrow majority forecast rising prices of plus 5 to 15 % for all three areas as well. The producers' fears from spring 2020 that they would be increasingly confronted with requests for price reductions from the trade so far have not come true.

The down and feather industry is a professional when it comes to hygiene: the highest purity requirements are placed on down and feathers: Before they are 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 means that bedding articles meet the hygiene requirements of the European standard EN 12935. Bacteria, viruses and other germs are thus reliably killed. In addition to the applicable standards, the companies have taken additional precautions to protect employees, trading partners, and consumers.

In addition to intensive and increased workplace and hand disinfection, which all companies increased, the companies concentrated particularly on deconcentrating the workforce: 71 % each introduced a strict separation of shifts and designed home office workplaces for employees outside production. In addition, 57 % of the participating association members shifted working hours and shifts in order to have fewer employees in the company at the same time.

It remains to be seen to what extent the situation of non-food retailers, which also include the specialist and retail traders in the bedding industry, will change for the better after the lockdown, which has been extended until the 28th of March. The same is true for the question of when a return to the familiar shopping behaviour of consumers in stationary retail will be possible instead of Click and Collect and Click and Meet. Until then - and probably further into the future - the online sales channel will continue to grow.

Mainz, März 2021

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