

MAKING THE

grade

BY TOM PRICE

OUR REPORT CARD ON HOW THE MAJOR TRADE ASSOCIATIONS HELPED, OR HINDERED, THE OUTDOOR INDUSTRY.

With the closing of one year and the start of another, there's no better time to check out how well the major industry trade groups did in representing the industry's interests. We took a look at the big three: Outdoor Industry Association, SnowSports Industries America, and Trade Association of Paddlesports.

OUTDOOR INDUSTRY ASSOCIATION

LOVE IT OR HATE IT, THERE'S LITTLE DEBATE that of all the trade associations we checked in with, none have anywhere near as aggressive an agenda as the recently rebranded Outdoor Industry Association (OIA). It's staked its future on being a major policy player in Washington, D.C., and on turning the outdoor industry into a lobbying powerhouse. If early returns are any indication, OIA is winning that campaign.

"We're doing a lot of work in Washington, D.C.," said association President Frank Hugelmeyer, testifying on issues like forest fires and protection of wilderness areas. On the retail side, its "Businesses for Wilderness" effort has grown from just a handful to more than 600 politically active industry members virtually overnight, all focused on bringing a business perspective to the idea of expanding the inventory of recreation areas while preserving the quality of existing areas.

Flexing those political muscles is beginning to pay off: President Bush has announced a broad-based health-care initiative involving 11 major government agencies, aimed at combating obesity. "When retailers ask how we're going to drive more customers, the answer is working with these 11 agencies," Hugelmeyer said. OIA's relationships with land management agencies will give it an inside track to opportunities to leverage government investment toward member activities "which will drive more customers to stores."

Meanwhile, on the retailing side, OIA has held five regional meetings in the past several months, in places as diverse as San Francisco and Greenville, S.C., to talk shop with 300-plus industry employees.

The association has also been rolling out the research this year, with three major reports completed—Outdoor Recreation Participation Study, Top-Line

Sales Report and the brand-analyzing Distribution Report—and the State of the Industry Report due in early January.

Maybe it's the lobbying, maybe it's the research, maybe it's just the shipping discounts, but clearly something about what it's doing seems to be paying off. Membership numbers are holding steady year to year at around 1,100, a respectable feat considering all the turmoil in retail in the last 15 months.

Not all is rosy, however. There's been some grumbling in the industry about the cozy relationship between Outdoor Retailer-organizer VNU and the association, and questions about whether enough is being done on the retail level.

Hugelmeyer said the VNU/OIA alliance offers a clear benefit for OIA members. "Because of our relationship with Outdoor Retailer, we don't have to focus on hosting a trade show, instead we're talking about how to expand recreation areas, holding regional meetings, market research, meeting with agencies," he said. As for VNU's policy influence at OIA, "we're a member-driven organization, directed by a 28-member board made up of the top leaders in the industry, and just one seat at that table is for VNU."

Looking ahead, Hugelmeyer said lowering health-care costs, not growing the market, is the number one concern of retailers and therefore tops on OIA's agenda. That's why its staff will be spending the New Year, he said, lobbying for a bill to authorize passage of nationally negotiated health plans.

GT VIEW: OIA's marquee partner trade show, Outdoor Retailer, has bounced back after a disastrous relocation to Anaheim forced by the 2002 Olympics, and it's clearly a better use of trade show time for association staff to

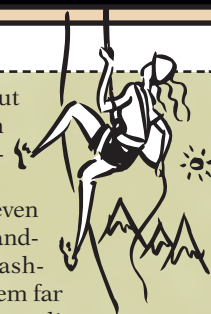
have meetings about markets rather than run around with walkie-talkies placing booths.

On the policy side, even though for the mom-and-pop retail outlets Washington, D.C., might seem far away from their bottom line, a strong case can be made that OIA is smart to make long-term investments in nonpartisan leverage.

Still, there's no shaking that feeling that not enough is being done for the average retailer; Hugelmeyer admits few are turning up for the regional meetings. As well funded as it is, OIA should make sure to actively seek out the perspective of the small shops, if for nothing else than to avoid getting caught up in the blurred view from the beltway. One idea: Bring the top-notch seminars from Outdoor Retailer on the road, either on tour or on video, and publish "lessons learned" from each. OIA also must demonstrate clearly that the association offers real value to a retailer, something the association still has not been able to do. A strong legislative agenda (as good as it is) or mere shipping discounts aren't going to motivate many to join, we have been told.

Too, more than a handful of manufacturers which are current OIA members have opined to us in the last year that other than shipping, they see little "bottom-line" value in what OIA is doing for the industry and continue to keep their membership active simply because their dues are paid for with the shipping discount.

Health insurance, rising insurance costs, an industry resource bank of experts and consultants willing to offer professional services at a discount to OIA members are all topics retailers and manufacturers alike have told us they feel OIA must make a priority.



SNOWSPORTS INDUSTRIES AMERICA



FOR SNOWSPORTS INDUSTRIES AMERICA (SIA), it's been a year of holding on and charging forward, as it struggles to maintain membership levels in a difficult market while moving to reenergize its marquee trade show, set for late January 2003 in Las Vegas.

Maintaining membership levels—which besides bankrolling the show, covers the creation of a dozen or so reports per year, examining market trends, market audits and ongoing analysis of chain and specialty retailing—is a struggle, as it faces the twin pressures of consolidation and diversification. For example, where companies like Dynastar, Lang and Look were once three members, they're now one. Conversely, K2 was once just a ski company “and would call us 20 times a year,” said SIA head David Ingemie, but is less focused on snow sports since branching into inline skating and bicycles, there's less need. Add to that all the snowboard companies that have since folded after being funded on little more than daddy's AmEx, and one would expect SIA's membership numbers to be going south. It's a testament then to the value offered that membership since 2000 has dipped only slightly, from 743 to a projected 680 this year.

Meanwhile, things are also looking good on the trade show side, with pre-registration numbers for buyers up 30 percent from a year ago this time last year. That's welcome news, but with SIA's trade show moving to the Mandalay Bay's new convention center—scheduled to open (yikes!) just days before the show begins—the pressure is on again to deliver a top-notch show.

The backdrop for all this is the nagging question of how to grow the sport, whose numbers have been, to put it politely, soft. Ingemie thinks the place to focus is on retention. He points out that in the demographic sector of the typical skier, the expectation for service is set high, something the industry doesn't often reach. “I'm not sure the recreation biz pays attention like these other industries. If you get an oil change at Jiffy Lube, a \$19 operation, they call you back in six months for a reminder. We should be able to do the same thing.” Toward

that end, SIA owns a company called Customers First, trying to explore data mining operations aimed at greater retention. “We're making headway. Are we setting the world on fire? No. We're doing OK, it's an education.”

Of course, retaining someone means getting him or her to try it in the first place. SIA has a limited outreach program called Snow Tracks, which brings Nordic ski gear to 55 New England schools for a three-hour program, and in the past it's bankrolled a program for fifth graders to try alpine skiing, but beyond that it's up to individual resorts to solicit new riders.

GT VIEW: Scheduling conflicts between SIA Vegas and Outdoor Retailer Winter Market aside, and with SIA's forward-again-back-again show date waffling of the last year now solved, SIA is doing a great job in some areas—its trade show is top notch, as is its research into the marketplace. It's troubling, however, that its outreach programs are so limited, and aimed at such a young demographic. In surf mad Australia, for example, ski areas have carved out a growing niche by offering “have a go” packages at all resorts, bundling lift tickets, lessons, even clothes rentals into one loss-leading package—what's keeping the same thing from happening here?

Then there's the 800-pound gorilla issue of climate change: the jury is no longer out on this issue, and given both its total dependence on cool weather and the higher-than-average political influence of its customer demographic, it's unfortunate that SIA appears to remain mired in an early 1990s “well, it may not be happening and anyway what can we do” mentality.

As for growing the membership and involving the entire snowsports industry, SIA is attempting to make a strong case for the retail community to support the association through membership. Like OIA, though, SIA is going to have to demonstrate to the retail community that the association can offer tangible benefits that play directly to a retailer bottom-line—beyond shipping discounts and subscriptions to newsletters such as SNEWS, etc.

TRADE ASSOCIATION OF PADDLESPORTS



FINDING A NICHE IN A CROWDED ADVOCACY MARKETPLACE, then developing it, is the challenge facing the Trade Association of Paddlesports (TAPS). Born 19 years ago out of an annual sea-kayaking symposium it still sponsors, TAPS for many years was indistinguishable from the event, but has recently begun to define a new role for itself.

Developing and defining that role has fallen to Chris Mitchell, who two years ago took over as executive director of “a weak org, with a mission to promote paddlesports, but whose focus was to put on events,” said one board member. Perhaps that's not surprising. After all, TAPS owns the West Coast Sea Kayak Symposium, arguably the largest such event in the United States.

According to Mitchell, some 30 percent of the association's efforts is directed at promoting the annual event in Washington state, and by all accounts it continues to be a success: 1,557 registered attendees and 17,000 people passed through in 2002, versus 1,200 and 14,950 in 2001. Mitchell has also, in the words of one board member, cleaned up the “flea market” aspect of past events, eliminating sales to focus on demoing new products.

All that's great if you're in the Pacific Northwest, but it doesn't do much for sales in a Tennessee Valley paddle shop, which perhaps explains why TAPS is holding steady at some 500 members, and is now in a “rebuilding and refocusing process.”

Mitchell has revised the membership dues structure, and is being proactive in connecting with retailers struggling through tough times. His advice is to push members away from selling in big-box stores, where consumers are likely to get spotty service, and back toward fewer, higher-end dealers. Not only would it increase value for customers, he argues, it also would provide insurance against discounted products being dumped on the market by large chains, hurting everyone's wallet.

Beyond advising on marketing, Mitchell is exploring the launch of two promising TAPS programs: a hangtag program adding a dollar per paddlesport item sold to be donated to TAPS, and a labeling program. The hangtags would create a more stable funding base for TAPS, allowing it to expand marketing and research efforts on behalf of retailers. Meanwhile, the labeling program would allow establishment of standards for appropriate and suitable products.

What remains to be seen: Can Mitchell generate the required buy-in from one of the more unorganized outdoor industry sectors? Time will tell.

GT VIEW: Here's a chance for TAPS to really make the case for itself. Creating sources of funding besides membership is a smart move, and pushing standards is a way to both help increase safety and define its role as an advocate for manufacturers and retailers.