SNEWS® OUTDOOR » retailer survey

SNEWS® ASKED RETAILERS FOR THE GOOD, THE BAD AND THE UGLY OF 2004.

Here it is—the 2004 SNEWS® Retailer Survey. There's a lot of information packed into the survey and plenty of results in which to take pride, as well as to discuss, digest and ponder. Keep in mind that although SNEWS® surveys hundreds of outdoor specialty retailers all over the country, this survey is by no means scientific in its approach. We do believe the results are quite representative of the outdoor specialty retail market as a whole, and those surveyed are consistent from year-to-year, so comparing answers from past surveys presents a useful picture of trends, market conditions and retailer moods.

Methods? Surveys were sent to retailers to fill out in mid-October with a return deadline of Dec. 1. Those returning the surveys represent over $1.75 billion in outdoor specialty sales. At no time do we include sporting goods chains, discounters, department stores or big boxes in our results. The majority of those responding represent businesses with up to three storefronts. Results are representative of the U.S. market in 2004. Every state, with the exception of Hawaii, is represented; Canadian stores were not included in our mailing. Also important to note: SNEWS® only poses the questions and does not predispose retailer answers by providing a checklist of company names or brands. That means the retailers must consciously write down their choices. Finally, while we regularly receive some truly amazing financial offers, which we appreciate, we nevertheless don't disclose who responded to the surveys. That is the promise we make to participating retailers in exchange for their honest answers. For all the cheers and jeers for 2004, read on:

WHO DO YOU RATE AS THE "BEST" SUPPLIER IN THE BUSINESS?

Mountain Hardwear	14%
The North Face	12%
Patagonia	10%
Marmot	6%
Black Diamond	5%
Columbia	5%
Aqua-Bound	5%
Cascade Designs	5%
Chaco	3%
Montrail	3%

Also receiving multiple votes were: Osprey, Confluence, Cloudveil, La Sportiva, Royal Robbins and We-no-nah.

What a difference a year makes! Mountain Hardwear jumps firmly into the No. 1 spot on the strength of having superior product that sells through and, get this, actually delivering on-time what it promises to deliver, plus having a customer service department that retailers called top-notch. Take a look at the No. 2 spot and give The North Face team its full credit. The entire company took the results very seriously from the SNEWS® Retailer Survey for the last three years during which time it led the "most difficult company to deal with" category. That diligence showed this year as it nearly dropped off that list and jumped onto this one. We also applaud Aqua-Bound. It received a few first-place ballots last year, but this year vaulted onto the Top 10 list, becoming the only paddlesports company there. Superior customer service is the reason. Retailers practically gushed with praise for the company, and that deserves recognition. Only 22 companies received first-place votes—the lowest we've had since starting the survey, which is disturbing to us and should be a call to arms for every manufacturer.

WHO DO YOU RATE AS THE "MOST DIFFICULT SUPPLIER TO WORK WITH?"

"Too Many To List"	16%
Old Town	9%
Marmot	8%
Watermark	6%
Crocs	6%
Gramicci	4%
Keen	3%
Confluence	2%
Cascade Designs	2%
The North Face	2%

Also receiving multiple votes were: G3, Kelty and Pyranha.

Join us in being collectively depressed. The fact that "Too Many To List" actually leads the list with a solid and most disrespectful 16 percent of the vote is nothing to be proud of. As manufacturers, you are failing your specialty retailers more and more, and it is getting noticed. Breaking promises, not taking responsibility for your actions or inaction, lying, not delivering, delivering poor quality product, not communicating, not caring and not showing respect are just a *few* of the reasons retailers told us why these companies are listed here. The one lone bright spot to us, and a bright spot that showed up in second place in the best manufacturer to deal with this year, is The North Face. It hurt the company to be listed as the most difficult company to deal with for three years running in the SNEWS® survey, and we were told it became a company mandate to get off the list. Well, TNF team, you're not completely off the list, but you deserve a standing ovation for your effort and commitment—the work has and continues to pay off.

WHAT ARE THE TOP-SELLING HARDGOODS CATEGORIES?

Backpacks	11%
Climbing	7%

Continued...

AT / Tele Skis	5%
Touring Kayaks	4%
Tents	4%
Travel	4%
Sit-on-Top / Rec Kayaks	3%
Sleeping Bags	3%
Paddles	3%
PFDs	2%

Travel works its way onto the list this year, indicating times could be looking up for companies selling adventure travel luggage and accessories. Numbers for tents and sleeping bags slip, while both climbing (new product sure makes a difference) and AT / Tele skis make newcomer appearances this year.

WHAT ARE THE TOP-SELLING SOFTGOODS CATEGORIES?

Fleece	11%
Sportswear	11%
Rainwear ($150 and under)	9%
Merino Wool	7%
Technical Outerwear	6%
Base Layers	5%
Insulated Outerwear	5%
Socks	5%
Footwear	5%
Soft Shell	4%

Say hello to Merino wool! From barely a breath of notice last year to fourth on the top-selling softgoods category this year, it is clear that shirts, underwear and sweaters from Icebreaker, SmartWool, Ibex and more have made an impact. We'd expect this number to only increase for next season. Insulated outerwear also makes the list, and consumers have turned their attention toward more stylized down-filled jackets and sweaters, as well as other insulated tops filled with Primaloft.

WHAT ARE THE TOP-SELLING ACCESSORY CATEGORIES?

Nalgene Colored Water Bottles	12%
LED Headlamps	10%
Socks	7%
Sunglasses	5%
Watches / Wrist-Top Computers	4%
Energy Bars	3%
Trekking Poles	3%
Paddles	3%
Travel	3%

Yet again, colored Nalgene remains the story, as do LED headlamps. Sigg bottles and other metal flasks also garnered multiple best-selling votes, but not enough to eclipse the 2 percent they achieved last year. Socks are on fire, making the top-selling list in both the softgoods and accessory lists. No wonder more companies keep churning out socks for the outdoor market. What was interesting is GPS didn't get one vote, not one single mention, as a best-selling accessory. Perhaps retailers are no longer considering it an accessory?

WHAT WERE THE FASTEST-GROWING PRODUCT CATEGORIES?

Kayaking (anything but whitewater)	14%
Fleece	9%
Sandals	9%
Travel	7%
Soft Shell	5%
Electronics (watches, altimeters, radios, etc.)	5%
Insulated Outerwear	5%
Crocs	5%

As in years past, a product actually becomes a category because it is so popular. First it was Precip, now we have Crocs. However, unlike Precip, Crocs clearly was not prepared for the demand. Retailers report exceptionally poor delivery and a customer service staff that more than one retailer told us was actually belligerent. That trend needs to change if we expect to see Crocs move up on this list next year and not up on the "worst company to deal with" docket. Insulated outerwear makes the list too, largely on the strength of down-filled and Primaloft-filled sweaters and vests that offer fashion along with function.

WHAT ARE THE BEST-SELLING PACK BRANDS?

Osprey	19%
Gregory	13%
The North Face	9%
Dana Designs	7%
Kelty	6%
Arc'Teryx	6%
Lowe Alpine	5%
Deuter	4%

No disrespect to Osprey intended, but this result had us a little puzzled. We know Osprey has been coming on, but have a hard time believing that it is outselling Gregory. Still, this is what the vote revealed. Read into it what you will. We welcome Deuter to the top-selling list—proof positive that Pat Loomis and team have been doing things correctly for this quality German brand.

WHAT ARE THE BEST-SELLING TENT BRANDS?

Mountain Hardwear	20%
The North Face	20%
Sierra Designs	15%
MSR	13%
Kelty	8%
Marmot	5%
Black Diamond / Bibler	4%
Hilleberg	3%

Mountain Hardwear's percentage slips again, but it retains the top spot as it has for the past few surveys. The North Face is wriggling its way up the list, as is MSR. New to the list is Hilleberg and, as with Deuter, it proves that taking care of your specialty retailers makes a difference: Great tents, great margins, superb service, nice people. Little wonder it made the best-selling list.

WHAT ARE THE BEST-SELLING SLEEPING BAG BRANDS?

The North Face	19%
Mountain Hardwear	18%
Marmot	16%
Western Mountaineering	10%
Kelty	8%
Sierra Designs	6%
Moonstone	6%
Lafuma	4%

The North Face inches past Mountain Hardwear, while every other brand retains basically the same positions as last year. We are happy to see Moonstone back on the list. It is also interesting to see yet another foreign brand making good—Lafuma. Taking better care of its retailers, as well as working harder to market its products has paid off for this brand, which offers good price-point product with good margins.

WHAT ARE THE BEST-SELLING MEN'S TECHNICAL OUTERWEAR BRANDS?

Mountain Hardwear	24%
The North Face	22%
Marmot	17%
Patagonia	12%
Arc'Teryx	8%
Cloudveil	5%
Columbia	3%
Moonstone	3%

Pretty much the same as last year.

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** All answers have been rounded to the nearest .5 percent, and since we don't name every single company name with a percent, the percentages may not total 100%.*

WHAT ARE THE BEST-SELLING MEN'S SPORTSWEAR BRANDS?

Patagonia	20%
The North Face	17%
Royal Robbins	11%
Prana	9%
Columbia	6%
Ex Officio	5%
Mountain Hardwear	4%
Woolrich	4%
Kavu	3%
Gramicci	3%

Pretty much the same as last year.

WHAT ARE THE BEST-SELLING MEN'S FOOTWEAR BRANDS?

Montrail	14%
Vasque	11%
Merrell	10%
Chaco	9%
Asolo	7%
Salomon	7%
Lowa	6%
La Sportiva	6%
Keen	5%
Teva	5%

Montrail holds onto its top billing, a spot it achieved last year for the first time. Chaco and Keen have begun mixing it up with the big boys, though, and that's increasing the competition for the mid-pack spots. Asolo, Salomon and Lowa all gave up percentage points as the new kids moved in.

WHAT ARE THE BEST-SELLING WOMEN'S TECHNICAL OUTERWEAR BRANDS?

The North Face	23%
Patagonia	20%
Marmot	17%
Mountain Hardwear	15%
Arc'Teryx	4%
Cloudveil	3%
Columbia	3%
Moonstone	3%

The North Face hangs onto the first-place position it took from Mountain Hardwear last year, as MH continues to get pushed down the list. Patagonia and Marmot both move up.

WHAT ARE THE BEST-SELLING WOMEN'S SPORTSWEAR BRANDS?

Patagonia	19%
Royal Robbins	13%
Prana	11%
Horny Toad	11%
The North Face	10%
Columbia	6%
Ex Officio	4%
Woolrich	4%

Continued...

Horny Toad is the big story here. It appeared for the first time on the best-selling list last year with 4 percent. It garnered 11 percent this year largely because of great sell-through and superb customer service. Nicely done.

WHAT ARE THE BEST-SELLING WOMEN'S FOOTWEAR BRANDS?

Montrail	15%
Chaco	14%
Merrell	11%
Keen	10%
Salomon	7%
Vasque	6%
Asolo	5%
Lowa	3%
Teva	3%

Top three remain basically the same. Keen's addition has served to push Asolo, Lowa and Salomon down, as it did with the men's category.

THE CLIMBING DEPT.

Forty-six percent of the stores responding to the survey told us they did not carry climbing equipment—basically the same as last year. We wondered last year what impact Montrail's influence on the climbing shoe market would be, and now we know (see third question in this category). Five Ten and La Sportiva maintain their dominant lock at the top, but Montrail has now moved into a solid No. 3. Scarpa has been pushed down, Mad Rock remains strong, and Red Chili has been bumped.

WHAT ARE THE BEST-SELLING CLIMBING HARDWARE BRANDS?

Black Diamond	32%
Petzl	29%
Metolius	11%
Blue Water	5%
Trango	5%
Climb High / Mammut	5%
Omega Pacific	4%
CAMP USA	3%

WHAT ARE THE BEST-SELLING CLIMBING APPAREL BRANDS?

Prana	37%
Patagonia	17%
The North Face / A5	10%
Stonewear Designs	8%
Gramicci	7%

WHAT ARE THE BEST-SELLING CLIMBING SHOE BRANDS?

Five Ten	31%
La Sportiva	30%
Montrail	13%
Mad Rock	13%
Scarpa	11%

THE NORDIC SKI DEPT.

Fifty-five percent of the stores responding to the survey told us they did not carry snowsports equipment—about the same as last year. In pondering who was going to pick up the gap left by TUA, we should have known it would be split between K2 and Atomic, with Fischer and Karhu moving up.

In the snowshoe category, a category that continues to be dominated by the K2-owned brands, Atlas and Tubbs, the "bloom" may be fading from the market-growth "rose" a bit, at least at the specialty level. Some of this may be the fault of the retailers themselves (see our snowshoe mystery-shopper story on page 54). However, an increasing number of retailers responding to our survey told us they have dropped out of the snowshoe market or reduced the number of snowshoes they carry simply because they believe the market is over-saturated and every big sporting goods retailer and big box is now carrying the same brands, too.

WHAT ARE THE BEST-SELLING TELEMARK SKI BRANDS?

K2	31%
Atomic	25%
Black Diamond	14%
Fischer	8%
Karhu	8%

WHAT ARE THE BEST-SELLING TELEMARK BOOT BRANDS?

Garmont	41%
Scarpa	28%
Alpina	10%

WHAT ARE THE BEST-SELLING CROSS-COUNTRY SKI BRANDS?

Fischer	35%
Alpina / Madshus	28%
Karhu	15%
Atomic	13%
Rossignol	8%

WHAT ARE THE BEST-SELLING SNOWSHOE BRANDS?

Atlas	36%
MSR	31%
Tubbs	20%

* All answers have been rounded to the nearest .5 percent, and since we don't name every single company name with a percent, the percentages may not total 100%.

WHAT ARE THE BEST-SELLING CROSS-COUNTRY SKI BOOT BRANDS?

Alpina	32%
Fischer	26%
Salomon	24%
Karhu	6%
Rossignol	6%

THE PADDLESPORTS DEPT.

Forty-three percent of the stores responding to the survey told us they did not carry paddlesports equipment. No huge surprises in any of the results really. The only real stunner is that Dagger garnered 4 percent of the best-selling vote for canoes, especially since the brand exited the canoe market in 2003. We can only surmise retailers were finally selling old stock—or they're still dreaming of sales once made.

WHAT ARE THE BEST-SELLING CANOE BRANDS?

We-no-nah	27%
Old Town	27%
Mad River (Confluence)	22%
Bell	6%
Dagger (Watermark)	4%

WHAT ARE THE BEST-SELLING WHITEWATER KAYAK BRANDS?

Dagger (Watermark)	21%
Necky	18%
Wave Sport (Confluence)	13%
Liquid Logic	13%
Perception (Watermark)	11%

WHAT ARE THE BEST-SELLING OCEAN KAYAK BRANDS?

Perception (Watermark)	24%
Wilderness Systems (Confluence)	19%
Dagger (Watermark)	17%
Necky	12%
Eddyline	6%
Current Designs	5%

WHAT ARE THE BEST-SELLING PFD BRANDS?

Kokatat	19%
Stohlquist	16%
Extrasport	15%
Lotus	15%
MTI Adventurewear	13%
Astral Buoyancy	8%

WHAT ARE THE BEST-SELLING PADDLE BRANDS?

Aqua-Bound	20%
Werner	18%
Bending Branches	16%
Harmony (Watermark)	12%
Seven2	7%

STORE DEMOGRAPHICS

WHAT IS THE AVERAGE AGE OF YOUR CUSTOMER?

18 to 24	3.8%
25 to 34	19.2%
35 to 44	56.4%
55 and over	0%
We have no idea	11.5%

Yet again, the picture remains the same. The vast majority of sales are going to that 35-to-44 age group. However, we continue to be stunned, and we do mean really stunned, that more than 10 percent of retailers responding to our survey continue to answer this question by indicating they have no idea what the average age of their customer is. This seems like a major disconnect with the customer to us. We'd suggest, gently, that

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this year those of you who really have no idea what your customer demographic is, make a huge effort to find out! You might actually see your sales go up as a result of better information which could lead to more educated marketing and product purchases.

WHAT IS YOUR TOTAL SALES VOLUME YEAR-TO-DATE?

Less than $250,000	6.4%
Less than $499,999	7.7%
$500,000 to $1 million	16.7%
$1 million to $2 million	24.4%
$2 million to $3 million	15.4%
$3 million to $4 million	2.6%
$4 million to $5 million	6.4%
$5 million to $7 million	5.2%
$7 million to $10 million	2.6%
Over $10 million	12.6%

HOW ARE YOUR SALES THIS YEAR COMPARED TO LAST YTD?

Up between 1% and 10%	55.1%
Up between 11% and 20%	15.4%
Way Up! (over 50% up)	5.1%
Down between 1% and 10%	10.3%
Down between 11% and 20%	2.6%
Even	11.5%

Clearly, a much better year than last year—almost returning to 2002 numbers where 61 percent reported sales up 10 percent or more. In 2003, 45 percent reported sales were up. This year, 75 percent were reporting numbers were up, with 20.5 percent saying sales were up over 11 percent. Even better news can be found by looking at those who reported sales were down. In 2002, 29 percent reported sales down. In 2003, that number inched up to 31 percent. This year, however, only 12.9 percent reported sales were down. In keeping with the trend from last year, stores also reported margins were inching up by fractions of a percentage point. All of this indicates retailers are doing a better job of managing inventories, selling products at full price more often, and selling more of what they have.

DO YOU SELL FITNESS/CROSS-TRAINING/YOGA PRODUCTS?

Yes	56%
No	44%

Of those who responded "yes," Prana is absolutely the dominant brand name. Hugger Mugger, Stonewear Designs, The North Face, Patagonia, Hind, Moving Comfort and Fitter all received a healthy number of mentions too. Considerably more stores than last year were adding yoga mats, stability balls and balance boards to the product mix, with mixed results. It appears that stores that cross-merchandised well, and didn't bury the products on a back rack or tuck the new "fitness/cross-training" department into a corner, discovered solid sales. For those that brought in the product for a test run with no real merchandising or sales plan in place, results were predictable—only so-so.

ARE YOU AN OIA MEMBER? WHY OR WHY NOT?

Yes	27%
No	59%
I have no idea	14%

For those who said "yes," the vast majority wrote on the survey that they appreciated OIA's advocacy for wild places and its stance on legislative issues important to our industry—and that they wanted to see more of it. For those that said "no," more than 50 percent of them said they had no idea what OIA was or why they should even consider membership—ouch. Others on the "no" side of the fence stated they did not feel OIA had yet provided a convincing reason for them to join, expressing the need to know the association was going to help the industry by providing for health insurance benefits, retirement planning, business services and more.

WHAT PRODUCT CATEGORY HAVE YOU ENTERED OR EXITED IN THE LAST YEAR? WHY DID YOU TRY OR LEAVE IT?

EXITED:

» Kid's merchandise: You can't make any money at it. Too fickle. Trends and styles change too rapidly. Colors are never right. Customers are never happy.

» Backcountry skiing: No margins. Too hard a category to be successful in when you are farming snow that never comes. Sold one pair, mounted 60—end of story.

» Snowshoes: Big-box discounting. Oversaturation of product.

ENTERED:

» Yoga products: Good margins. Easy to merchandise. Meshes nicely with our product mix. Fast-growing market we want to be a part of.

WHAT DO YOU WANT TO TELL MANUFACTURERS ABOUT WHAT THEY COULD DO BETTER TO HELP YOU AND THE INDUSTRY BECOME MORE SUCCESSFUL?

» The biggest problem is vendors courting big boxes. Smaller specialty shops can do everything right, but if a big box cancels an order, the marketplace gets flooded. It doesn't have to be, if everyone would hold onto inventory. But, we've all gone after fashion and function, so we are at fashion's whim.

» We are the one's getting new people into our activities safely and for a lifestyle—listen to us. Give us the same time and consideration as the bigger accounts—pricing, terms, discounts and protected distribution where appropriate.

» How do we know what is going to be successful until the season we are in is over? It is too easy to make poor choices when manufacturers keep pushing us to place orders for next year's season before this year's season is over.

» Stop being so greedy! Have a market perspective in terms of years, not quarters. Be authentic and don't lose your funk. Oh, and keep your fly zipped in public, if you have a fly.

» Stop giving preferred treatment to big-box companies!

» Tell Gore to get out and start really fighting Precip!

» Step up to the technology table and make more product information available in computer files and on websites.

» Stop being rude to small business owners!

» Hold a full-margin price structure throughout the marketplace.

» Stop cheapening products. Lower quality and lower prices are not doing us (the specialty industry) any favors. For example, Crazy Creek chairs have gone down significantly in price, yet our sales have stayed the same and we make less money. Price is not what drives new customers into our stores.

» Sell specialty products only to specialty stores, not the entire world.

» Don't lie to your dealers!

» Fulfill preseason orders to those who book them, not just to the largest accounts or accounts with the most doors.

» Deliver what is ordered when it is ordered. Retailers get penalized for making changes or canceling orders, but then manufacturers don't seem to want to take any responsibility if they mis-ship, ship late or don't even ship at all.

» Adhere to principles and integrity, rather than selling out to short-term vision and the quick buck.

* *All answers have been rounded to the nearest .5 percent, and since we don't name every single company name with a percent, the percentages may not total 100%.*