for the outdoors

2007 ANNUAL REPORT

OUTDOOR INDUSTRY ASSOCIATION
To make the world a better place. For the outdoors.

IT’S A BOLD OBJECTIVE

But it is from this broad platform that our organization focuses on making our members more successful.

- Our role as a trade association allows us to transform competitors into a community — one that works to solve some of the industry’s most pressing problems.

- From our headquarters in Boulder, Colorado, our research program provides information to help retailers and manufacturers make smarter business decisions.

- In Washington, our work has two ends: We ensure that Americans have high quality “places to play,” and we streamline trade policy to foster innovation and make products for outdoor recreation more affordable.

- At the same time, our foundation is inspiring a new generation of outdoor enthusiasts.
With you by our side, 2007 was a year of significant strides toward our goal of making our members – and the industry – more prosperous.

Our research is helping OIA members understand and adapt to changing demands. In Washington, Congress is taking note of our industry’s important economic and ecological footprint. And in 2007, we took the lead in assisting the industry’s development of sustainable business practices.

As we enter a time of economic uncertainty, the overall number of Americans participating in outdoor activities continues to grow, and this expansion of markets is matched by even more rapid changes in consumer preferences. At OIA, we work to help our members embrace and stay ahead of these changes. Part of our strategy is fulfilled by our youth-focused nonprofit, The Outdoor Foundation, which saw inspiring results in 2007.

Looking ahead toward what promises to be an exciting future, I appreciate the confidence that our valued members have placed in our organization. While we keep our sights on the growth and success of the industry, it is inspiring to be surrounded by people who have the foresight and energy to pursue a vision that will benefit the industry for years to come.

Our organization addresses issues like conservation, best business practices, youth inactivity and use of public lands – all in pursuit of long-term dividends that go beyond the balance sheet. Our interest in these topics will ensure that quality outdoor experiences are available for our children and grandchildren. It is this unique foresight and energy that gave us the title of this report. As I have said before, I genuinely believe our best days are ahead of us. I’m confident in the future of our industry because OIA members demand an organization that’s not just for the bottom line. But one that’s for the outdoors.

Frank Hugelmeyer, President and CEO
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In the first year of our trade program, OIA achieved significant trade victories for our industry:

In the closing hours of the 109th Congress, the House and Senate passed trade legislation containing several OIA-crafted provisions that would eliminate import tariffs on certain kinds of athletic footwear.

The twelve footwear tariff relief measures apply to certain footwear that incorporates a laminated or coated textile fabric. Ten measures eliminate tariff rates on these products, some as high as 37.5 percent, while two additional measures will reduce tariff rates to 12.8 and 15.2 percent.

Because of this tariff relief, manufacturers and retailers of outdoor performance footwear can look forward to substantial savings and remaining competitive when developing and launching new innovative products.

Throughout 2007, our work focused on reducing outdated tariffs on performance outerwear, jackets and pants. The high tariffs in question have remained unchanged for decades, despite significant technological advances in performance outerwear manufacturing. For example, high-tech ski pants are currently classified in the same general category as polyester dress slacks while high-performance jackets are taxed in the same category as generic windbreakers.


The report, titled Certain Textile Articles: Performance Outerwear, has paved the way for the Government Affairs team to work with Members of Congress to correct what amounts to a regressive tax on the outdoor industry and introduce the Recreational Performance Outerwear Apparel Act of 2008 (H.R. 6483 and S.3439). This new bill aims to create new classifications for specific types of high performance recreational outerwear, makes those specific products duty free and invests in U.S. technologies and jobs that focus on sustainable, environmentally conscious manufacturing and streamlined supply chains.
Places to Play

Close to Home Recreation

In our view, every child in America should live within 15 minutes of quality parks and trails. That’s why the stateside Land and Water Conservation Fund (LWCF) is at the top of our legislative agenda. The LCWF stateside programs have helped states fund over 41,000 projects that create bike paths, parks, facilities and trails. In 2005, after being whittled away for years, the Bush administration threatened to eliminate the fund entirely. OIA was able to keep this from happening, and by 2007 our advocacy helped to attain $30 million for LCWF. For the first time we were also able to secure a small, dedicated funding stream for the program.

Despite this strong record of success, our nation’s need for recreation infrastructure is estimated at $15.6 billion. OIA will continue to ensure this program remains a priority for members of Congress.

Public Lands

OIA also works to ensure that our public lands receive necessary funding and are managed to protect and expand quality recreation experiences on public lands. In 2007 and continuing into 2008, the OIA Government Affairs team will focus on:

The Forest Service: While recreation generates the greatest use of Forest Service lands, the Recreation Program continues to be chronically under-funded. OIA is working to reverse that trend and ensure that campgrounds, trails and waterways receive needed funding.

National Park Service: In 2007, OIA worked with a coalition to increase the National Park Service budget by $200 million. The spotlight will continue to be on our National Parks as we prepare to celebrate the Centennial in 2016. The time is ripe to invest in our parks and attract the next generation of visitors to the wonders they offer.

The Bureau of Land Management: Our desert landscapes attract millions of hikers, climbers and stargazers each year. In 2007, OIA worked to pass a bill that will give permanent congressional recognition to these desert jewels.
The right information at the right time can advise your most important business decisions. For years, our research products have helped members evaluate their success against industry-specific benchmarks. As we enter a time of wavering consumer confidence, our continually expanding library of reports is helping our members find innovative ways to grow.

Authority by Numbers

When our Government Affairs team heads to Washington, they are equipped with our Active Outdoor Recreation Report (April 2006), a document that covers the industry’s $730 billion contribution to the nation’s economy – and the direct impact of the $289 billion in sales and taxes of our products. The report breaks down these imposing sums into information that’s clear and meaningful to government officials. Specifically, when Americans participate in outdoor recreation, they generate jobs, taxes and purchases of outdoor gear, equipment and services.


Overall, both reports have become potent tools in establishing the economic footprint of the industry while compelling support for our issues.

Benchmarks

Last year, OIA launched the Specialty Retailer Operational Report (August 2007), a product that provides detailed information about sales in specialty stores. This first-of-its-kind report enables independent retailers to analyze their businesses in new ways while informing important planning decisions. In 2008, we will continue to expand our benchmarking data with the release of our first operational report specifically for manufacturers.
Sales Intelligence

In this competitive climate, industry suppliers, manufacturers and retailers demand new, more relevant market research to advise their business decisions.

In July 2007, OIA released the U.S. Specialty Outdoor Market Study. It presents a multi-dimensional picture of the retail marketplace and practical information that can help increase sales. Specifically, the report offers data that can guide strategies like line-extension, exploitation of price segments and increased shelf-space. It also quantifies how the adjustment of policies related to inventory, delivery and distribution can improve your bottom line.

A smart guide for determining product mix, this study also offers insight on brand penetration and sales of specific brands parsed by store type and region for outdoor product subcategories.

On a broader level, the study showed that in 2007, sales growth over the previous calendar year was strong in the West (16.8%) and South (14%), while the Midwest (4.4%) and Northeast (1.4%) posted more modest sales gains. The West now represents 39% of the specialty outdoor market with California’s $960 million in specialty outdoor sales leading the way.

The study also reveals sales growth by product category over the past year and since the last study.

Each month, we track national sales trends and release the data in our Monthly Online Topline Retail Sales Report, a tool that allows OIA members to benchmark their own transactions against their competition and national averages. The report is released about five weeks after month end. The online format includes a topline market summary with an overview and analysis, tables for a quick glance at monthly and yearly comparisons and topline dynamic cubes that allow members to analyze four years of sales figures.

Trends

From the emerging Millennial Generation to the aging-but-adventurous Boomers, more Americans are making active outdoor recreation a part of their lives. But as the market becomes larger, staying ahead of consumer wants and needs becomes more complex. These continually evolving preferences are the reason our research department tracks consumer trends. In 2007, we launched the report, The Next Generation of Outdoor Participants. Over 60,000 young people were interviewed about their participation in more than 114 activities.

The insight from this and other reports reveals best practices to increase youth participation. It also provides an analysis that can guide decisions about product mix, merchandising and marketing to help our members’ businesses become more appealing to young consumers.
Consumer preferences continue to evolve at a swift pace. For manufacturers and retailers alike, understanding market research can translate new ideas and information into smarter business decisions.

**Knowledge Networking**

At educational sessions held across the country, OIA is working to stimulate thinking across the industry. For top-level executives, our annual Rendezvous™ gives perspective to broader business issues. In 2007, the event provided information and inspiration about sustainable business practices. In 2008, the 13th annual Rendezvous will feature prominent keynote speaker sessions to inform and inspire on broad issues relevant to the industry.

During breakout sessions, experts on specific topics will share experiences and strategies to apply new methods to business practices.

Our retail-focused programs, the Retailer Seminar Series and Outdoor University®, bring management skills and the latest thinking in marketing and merchandising to thousands each year.

**Publications and Website**

Whether online or in print, OIA produces dozens of e-mails, web updates and reports to help our members stay informed about trends and emerging ideas.

In January of 2007, the organization launched its current website. With a cleaner, easier-to-navigate design, the site is now an even stronger tool for finding research and resources, events, industry news and job postings. The site’s new Customer Center allows members to update their contact information, customize their communication preferences and register for upcoming OIA events.
Our role as a trade association allows us to transform competitors into a community, one that works to solve some of the industry’s most pressing problems.

**Working Groups**

OIA Working Groups bring competitors together to solve problems shared across the industry. Labor practices, manufacturing standards, and the streamlining of data exchanged along the supply chain are a few examples.

In May of 2007, our Eco Working Group held its inaugural meeting. 70 representatives from 34 manufacturers started developing standards that will measure the environmental footprint of our industry’s products.

**Building Relationships**

With so much of our organization’s work focused on changing business conditions, it’s reassuring to know that one feature of business will always remain essential: networking. Through our Outdoor University program and Rendezvous, OIA helps its members build new alliances, share mutual support and discover best practices. On an individual level, new connections provide inspiration and networking to help advance business and professional interests.

**Members Unite, Lobby**

In April, the annual OIA Capitol Summit brought 40 executives from the industry’s top companies to Washington. We worked to educate members of Congress and policy makers about the outdoor industry, its contribution to the US economy and our legislative interests. At this event OIA also presented the 2007 Friends of the Outdoor Industry award. Recipients included Dirk Kempthorne, Secretary of the Department of Interior; Senator Ken Salazar (D-CO); Senator Lamar Alexander (R-TN); and Senator Tom Carper (D-DE).
DIRECT BENEFITS

Much of our work intends to expand markets and guide business decisions. While both of these objectives build long-term value, OIA also offers benefits with direct and immediate advantages to the bottom line.

Discounts

Our impressive portfolio of discounts saves each member an average of $11,400 annually. In 2007 we expanded our offering of cost savings benefits.

- Special credit card processing rates from Chase Paymentech
- Increased freight discounts, up to 67%, for less-than-truckload shipping from YRC Regional
- Special pricing on office supplies and copy services from OfficeMax
- Travel discounts with Continental and Frontier airlines
- Savings on cell plans, phones and accessories through our Wireless Center
- Freight companies like FedEx, Yellow and Roadway continue to offer substantial savings to our members.

Career Center

In 2007, OIA launched the Outdoor Industry Career Center. Located on the OIA website, employers and job seekers have access to a centralized resource for finding candidates and job listings focused on the outdoor industry.

Building the Best Tradeshow on the Planet

Through our relationship with Nielsen Business Media, we are working together to create a productive and high value Outdoor Retailer show for the members of our industry that will continue to contribute to the long term health of the industry.

Looking forward to 2008 and beyond, OIA members will realize increased savings on their exhibit space.
In a time when inactivity and obesity are bringing about widespread health problems, we asked ourselves: What can the industry do to increase participation in outdoor recreation?

The Outdoor Foundation is approaching this problem through its focus on America’s young people. Created in 2004, The Outdoor Foundation is already providing groundbreaking research and giving thousands of teens outdoor experiences.

Research

With nearly a dozen specialized reports, the Foundation’s research identifies trends in youth activity. In 2007, The Outdoor Foundation released its most extensive report to date, *The Next Generation of Outdoor Participants* interviewed over 60,000 young people about their participation in more than 114 activities.

The insight from these reports reveals best practices to increase youth participation. In turn, this information helps The Outdoor Foundation to identify and fund programs with a strong chance of increasing youth participation.

Grants

In 2006, the Foundation partnered with the Asheville Parks & Recreation Department to create a pilot program called Teens Outside. Its initial success led to a significant expansion. In 2007, The Outdoor Foundation partnered with the National Recreation and Park Association to expand Teens Outside to 21 communities. 3,600 young people were introduced to activities like hiking, camping, biking, climbing and paddling.

For 2008/2009, The Outdoor Foundation is working to identify three to five outstanding programs that together will advance the primary objective of the Foundation: a massive increase in outdoor recreation in America.

Ideal programs are sustainable, replicable, and likely to have a true impact. We search for programs that have a mentoring component and, of course, focus on outdoor activities.

Working together, these programs will impact significant numbers of young people, offer a proven return on investment, and make a real difference in the youth activity crisis.

Convening Industry and Nonprofit Leaders

Going forward, The Outdoor Foundation is working to create an annual summit to bring together leaders from industry and youth organizations who share an interest in connecting young people with the outdoors.
2007 Summary

2007 was a solid year for OIA. With strong support, guidance and participation from our members, OIA continued a steady growth rate in 2007 and invested more than $3.3 million in programs to benefit the industry. OIA is putting those funds to good use to assure that outdoor businesses have the tools and resources necessary for a positive environment to conduct business.

In 2007, OIA Total Assets exceeded $2 million and Net Assets (our members’ equity) reached $1.5 million. A strong operating principle, to operate with a surplus and strong board-driven strategic planning, will help ensure a financially healthy association in order to maintain, grow, and add important member services as we look to the future.

Membership
total: 1090

2007 Revenues
total: $3,382,806

2007 Expenses
total: $3,308,104

* Includes sponsorships and royalties for utilization of OIA names and marks and endorsements of other corporate products, services and events, including member cost saving benefit alliances programs.
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