OUTDOOR INDUSTRY ASSOCIATION

# STATE OF THE OUTDOOR MARKET
# AUGUST 2022


## ABSTRACT

Report on the state of Outdoor market including participation, consumer trends, and economic and social forces impacting Outdoor in August 2022.



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## KEY INSIGHTS

### THE OUTDOOR ECONOMY

Outdoor recreation accounted for 1.8% of the U.S. GDP in 2021 with $689B in gross output and 4.3M jobs.

### INCREASING DIVERSITY

Diversity in age and ethnicity is accelerating in the U.S., but the outdoor participant base is less diverse than the population.

### OUTDOOR GROWTH

New participant entries into Outdoor Recreation are 26% since January 2020. Skateboarding, hiking, kayaking, and surfing had the highest growth rates across outdoor categories.

### POST-COVID EFFECTS

Patterns in how we return to work will affect outdoor participation. Remote work allows many to participate outdoors for the first time, during hours when they would have been in an office or commuting, and across more outdoor activities.

### RISING INFLATION

High inflation, 9.1% in June and 8.5% in July, is likely to reduce spending in the Outdoor market.

### FASHION TRENDS

Several fashion trends are currently red hot including “Cottage Core” and “Coastal Grandmother.” Read about and see images related to these and more hot trends that are likely to impact Outdoor apparel.

# EXECUTIVE SUMMARY

**Outdoor Recreation[1] is a large and growing industry that accounts for 1.8% of the total U.S. GDP, produced $689B in economic output in 2020, supports 4.3M jobs, and is enjoyed by 164M Americans over the age of 6, about 54% of the total U.S. population. The Outdoor industry has always been large, but the Covid pandemic drove growth across the industry. Notably, more than 10M new participants enjoyed outdoor recreation since March 2020.**

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The Outdoor industry has always been large, but the Covid pandemic drove growth across the industry. Notably, more than 10M new participants enjoyed outdoor recreation since March 2020. Limited options for safe activities indoors, especially group activities during the Covid-19 pandemic, especially prior to the delivery of vaccines drove growth in outdoor recreation. The continued growth of the participant base in 2021 indicates that the need for safer places (outdoors) to interact, was not the sole variable driving growth. Categories that attracted many new participants during the pandemic including walking, hiking, car camping, trail running, skateboarding, and birdwatching are some of the most accessible activities and enjoyed continued growth in 2021 after epic increases in 2020.

Demographics are diversifying in the U.S. market. Census data indicate that by 2045, no single ethnic or racial group will hold a majority position in the population. The outdoor industry is far less diverse than the current population; 72% of the outdoor participant base is white, 58% of the overall population is white. The outdoor workforce is 80% white.[2] The lack of diversity, if

[1]The Outdoor Industry Association includes 53 specific categories of activity in outdoor recreation including: Adventure Racing, Archery, Backpacking [overnight], Bicycling [road, BMX, mountain], Birdwatching, Wildlife Viewing, Windsurfing, Camping [car, RV, backyard], Canoeing, Climbing [indoor, sport/boulder, traditional/mountaineering], Fishing [fly, salt, freshwater], Hiking [day], Hunting [bow, handgun, rifle, shotgun], Kayak Fishing, Kayaking [recreational, touring, whitewater], Rafting, Running/ Jogging, Trail Running, Sailing, S.C.U.B.A., Shooting [sport clays, trap/skeet], skateboarding, Skiing [downhill, freeski, telemark], cross country skiing, alpine touring (backcountry), snowboard touring (backcountry), snorkeling, snowshoeing, SUP, Surfing, Target Shooting [handgun and rifle], Triathlon [traditional/road and non-traditional/off road], and Wakeboarding.

[2]2022 Outdoor Industry Workforce Assessment Survey conducted by Oregon State University.

not addressed, could lead to significant revenue loss for businesses in the outdoor market, and potentially less support for conservation of public lands. At the current levels of diversity, the outdoor recreation participant base may lose 10% of its current number (164M) of participants. In fact, the percentage of Americans participating in Outdoor Recreation could slip under 40% by 2060 if a more diversified participant base isn't participating.

High inflation is likely to have a negative impact on the Outdoor market. In May 2022, inflation was running at an annual rate of 8.6%, the highest since 1991. Inflation is likely to put pressure on consumer expenditures; the cost of food (at home) is up 12%, the cost of gasoline is up 49% annually[3]. This economic pressure could have positive impacts on the most accessible (i.e., gear needs are minimal) activities in outdoor but may put pressure on the market for technical gear that casual participants were buying prior to the vast increase in consumer prices. OIA Research will continue monitoring the economic environment considering patterns in participation.

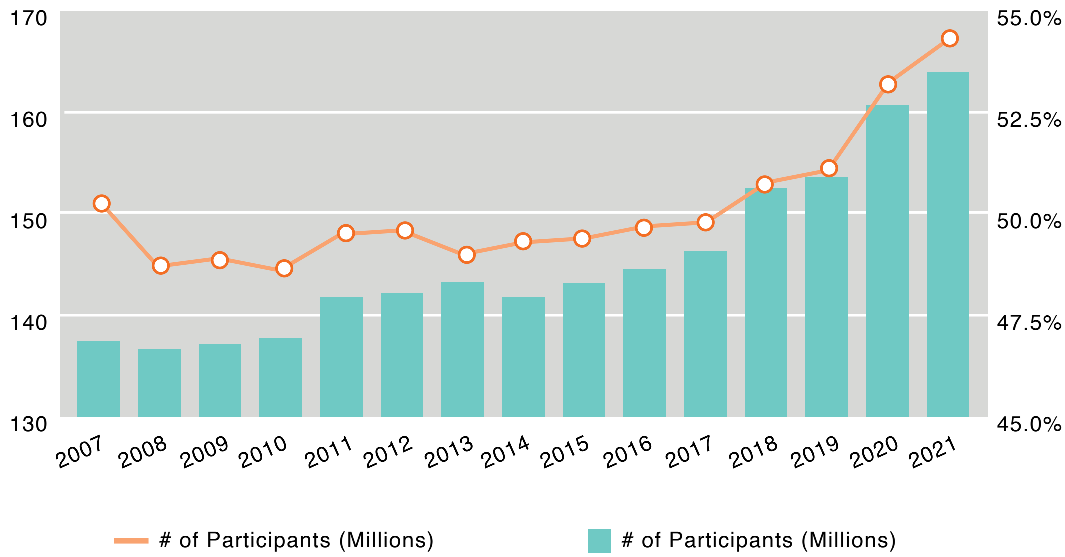
Finally, there are some key trends to watch for their potential impact on the Outdoor market. The first is remote and alterative work, a trend accelerated by the pandemic that continues today. Right, now, in June 2022, 48% of the workforce that can work remotely is working remotely (Gartner 2022). It is unclear whether this trend will continue, expand, or vanish over the next few years. These flexible work arrangements drive participation in Outdoor Recreation, particularly on weekdays when crowds are thinner. On the softer side, consumer trends that center around a simpler existence with eyes on more intangible variables of quality including love, authenticity, and self-reliance are apparent in the market. Trends including boho and cottage aesthetics, coastal-grandmother (Martha Stuart with a glass of wine played by a 25-year-old woman), and the directly Outdoor-oriented "GORPcore" trends could drive sales in our market.

The Outdoor industry is growing but economic conditions could slow revenue in the market while driving participation in the most accessible activities. OIA Research will continue to monitor all aspects of the Outdoor industry and provide members with a complete view of the size of our market, our participant base, and deep consumer intelligence throughout the year.

[3] Bureau of Labor Statistics, May 2022 CPI

# THE OUTDOOR PARTICIPATION BASE

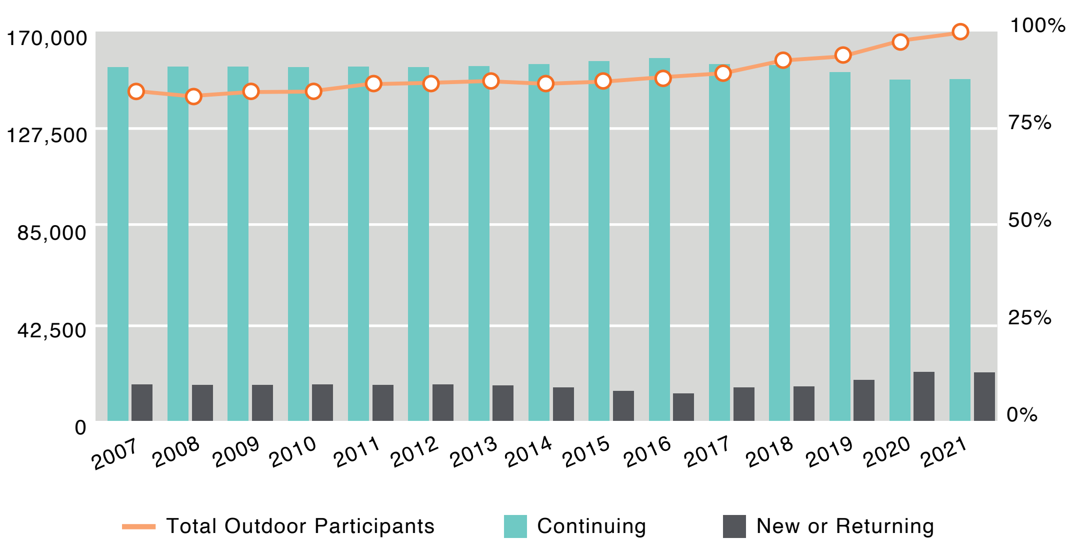
## THE OUTDOOR PARTICIPANT BASE, 2007 TO 2021




In 2021, 164 million Americans ages 6 and over, 54% of the U.S. population participated in at least one outdoor activity. **The outdoor participant base has grown 6.9% since March 2020.**

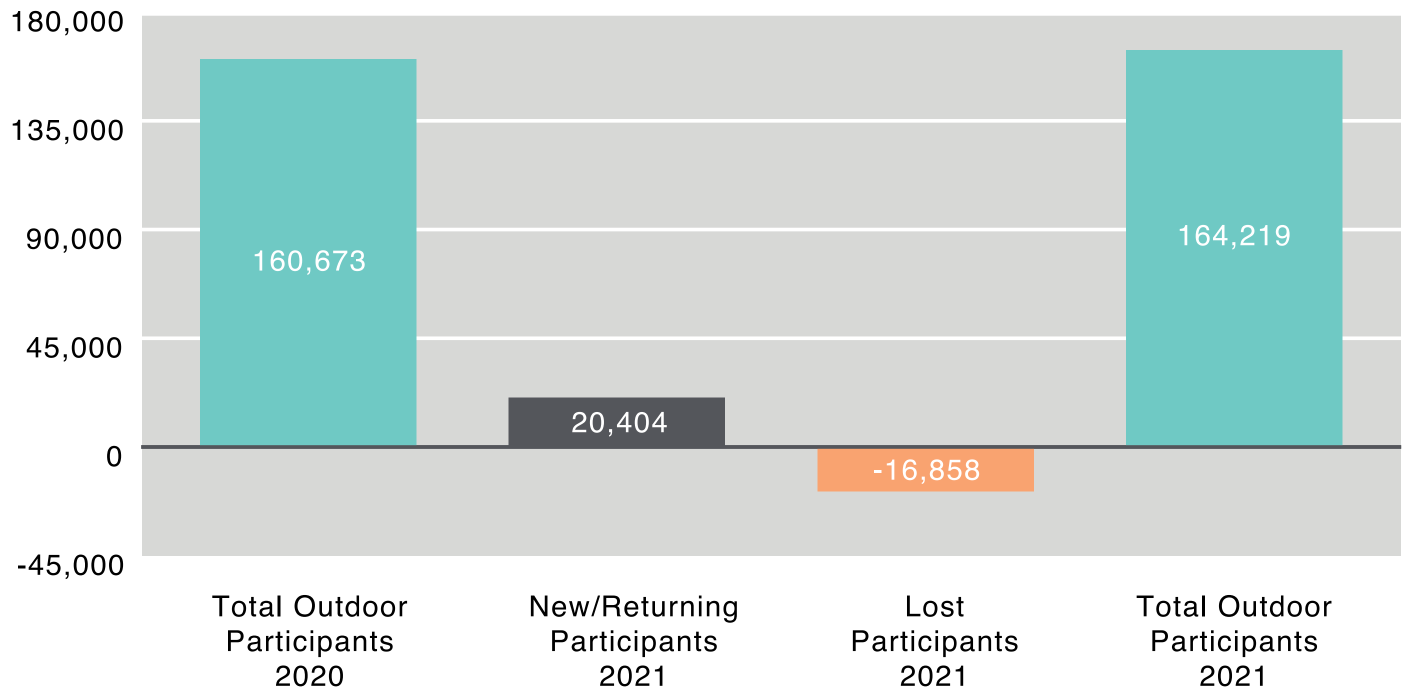
## OUTDOOR RECREATION, 2007 TO 2021

RETURNING AND NEW PARTICIPANT SHARE




The number of new participants into the outdoor space was on the decline until 2017 when the number of new participants suddenly **increased by 22% but was marked by a similarly large number exiting outdoor.**

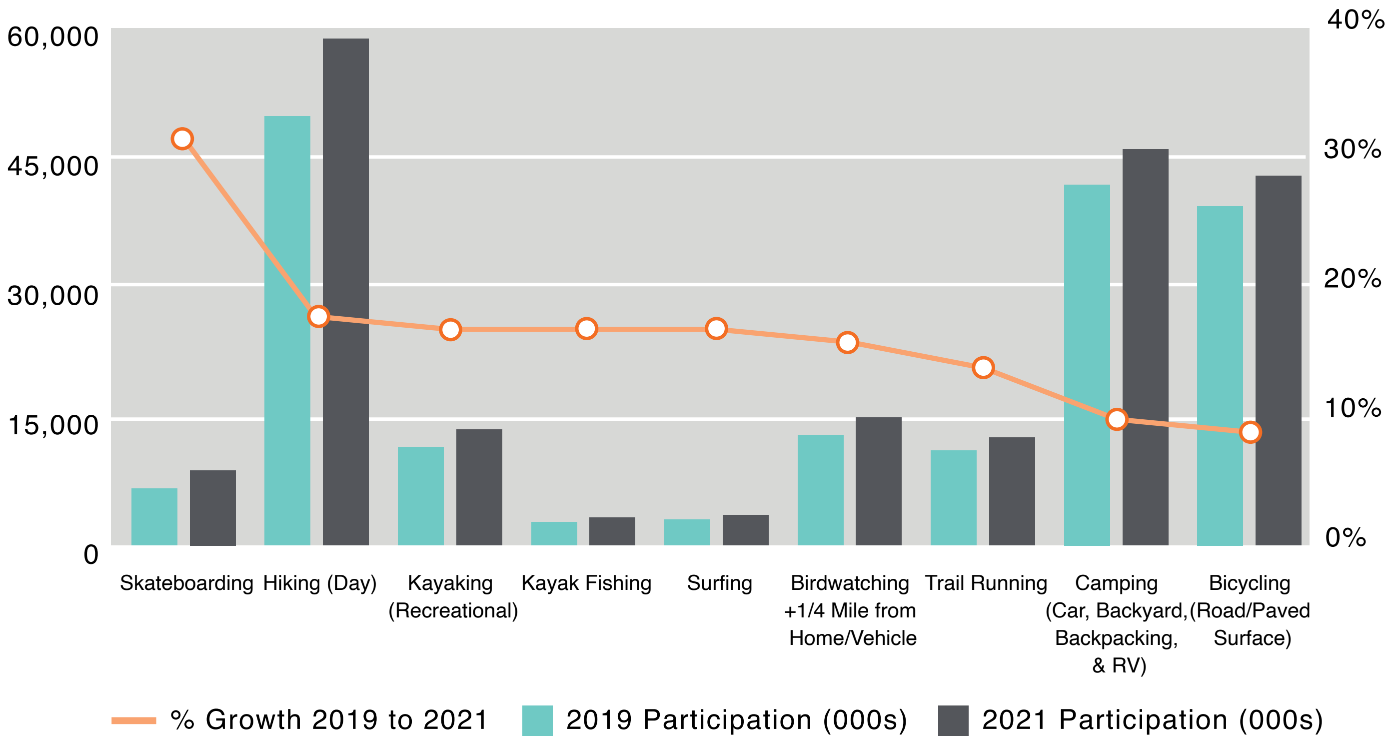
## TOTAL, NEW/LAPSED, AND LOST PARTICIPANTS




Since the Covid-19 pandemic was declared in March of 2020, we have seen **26% growth in new or returning [lapsed] outdoor participants.** The growth in new participants 2020 to 2021 was small at 1.8% but growth continued through the pandemic. There was an expectation that during 2021, the second year of the Covid-19 pandemic that outdoor participation would return to 2019 levels as restrictions on indoor activity including dining, sporting events, and fitness centers/gyms reopened. **The 2021 data indicates that participation in outdoor recreation is "sticky;" once someone begins to participate, they are likely to continue to participate in outdoor recreation.**

The participant base grew in aggregate 2.2% in 2021 to 164M participants, and has grown nearly 7% since the Covid-19 pandemic began in early 2020. During the past two years (2020 and 2021), about half of the 53 outdoor categories grew. **Over the course of the pandemic, Outdoor recreation gained more than 10.6M participants.** The top ten growth categories list is topped by skateboarding with 32% growth. Hiking, camping, and bicycling made the top ten list for growth during the pandemic and are among the largest outdoor recreation categories.

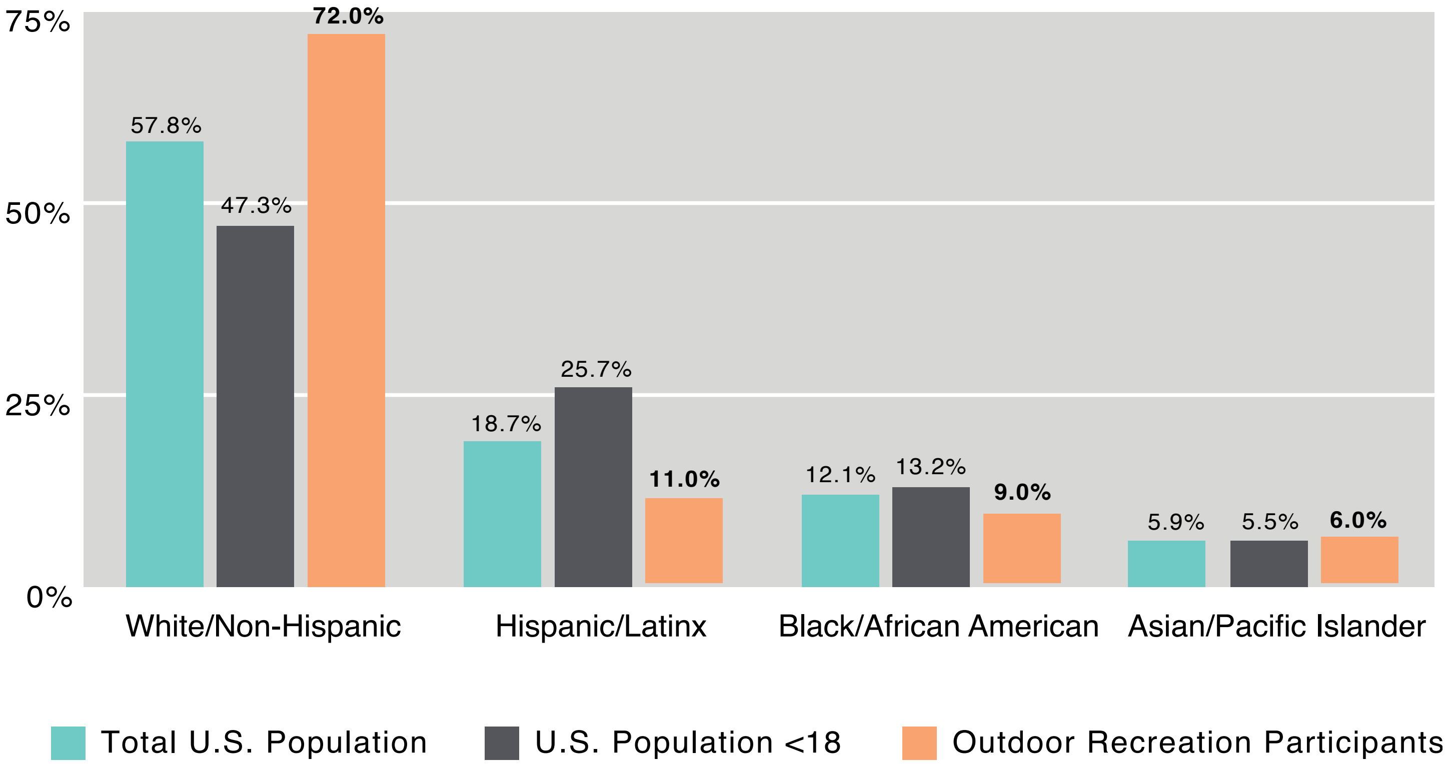
## TOP TEN GROWTH CATEGORIES
IN OUTDOOR PARTICIPATION, 2019 TO 2021




Growth in 2021 slowed from the unprecedented growth between 2019 and 2020 fueled by the pandemic. Compared to 2020, 14 categories of outdoor recreation participation grew, two were flat, and 38 categories declined. **Despite slowed growth, outdoor recreation gained 3.5M participants overall in 2021 compared to 2020.**

## 2020 OUTDOOR RECREATION PARTICIPANTS AND U.S. POPULATION

BY RACE/ETHNICITY AND AGE




Despite slight increases in diversity across outdoor recreation, the current participant base is less diverse than the overall population, and significantly less diverse across younger age groups. **The lack of diversity, if not addressed, could lead to significant revenue loss for businesses in the outdoor market, and potentially less support for conservation of public lands.** At the current levels of diversity, the outdoor recreation participant base likely lose 10% of its current number (164M) while the population overall grew from 330M to a projected 419M.

**THE PERCENTAGE OF OUTDOOR RECREATION PARTICIPANTS IN THE POPULATION COULD SLIP UNDER 40% BY 2060.**

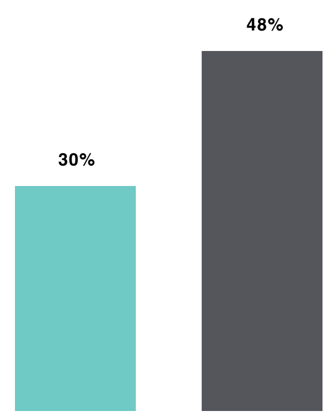
# DRIVERS OF OUTDOOR PARTICIPATION

**Two of the perennial drivers of outdoor participation are health and recreation (things done for fun). More and more scientific evidence supports the positive physical, mental (and to a less degree empirically) spiritual health. Additionally, our typical work schedules used to dictate when we could recreate, creating generations of "weekend warriors." The evolution of alternative work schedules is driving more outdoor recreation across weekdays. Flexible work schedules and environments appear to a trend that will stick around as we exit the Covid-19 pandemic that it normal for more than half of the U.S. workforce.**

The science on the correlation between outdoor recreation and positive health outcomes is clear, recreating outdoor is good for our bodies and our minds. In fact, according to the National Institutes of Health, " Regular physical activity (PA) provides extensive health benefits in adults, including reduced risk of depressive illness, cognitive impairment, and functional limitations [1]. Additionally, outdoor recreation has positive impacts on mental health and overall cognition. In an article published in April 2019 by Current Directions in Psychological Science, Kathryn Schertz and Marc Berman conclude that "Overall, there is compelling evidence to support the advice of Thoreau and Murray to spend time in nature.

Exposure to natural environments has been shown to improve performance on working memory, cognitive-flexibility, and attentional-control tasks. These results come from studies conducted using a variety of simulated environments (e.g., images, sounds, virtual reality) as well as real-world environmental exposure (Schertz et al., 2018; Stenfors et al., 2019; Stevenson et al., 2018)." Health and wellness will continue to drive participation in outdoor recreation.
Flexible and remote work arrangements have a significant impact on outdoor recreation. Remote work did not start during the pandemic, but the pandemic accelerated the trend. It is unclear exactly how the typical work arrangement might look in five years, but right now, about half of the of the workforce continues to work remotely at least some of the time. This trend allows workers to participate in outdoor activity during the week and on weekends. Consider the positive impact of weekday skier visits to resorts who previous operated Mondays to Thursdays at a loss. This also allows for better dispersion of the outdoor base – everyone isn't crowding the trail head on Saturday and Sunday for their one chance to hike, run, or bike the trails.

### REMOTE WORK




Source: 2022 Gartner Future of Work Trends Post Covid

# THE ECONOMIC IMPACT OF OUTDOOR RECREATION

**In 2020 outdoor recreation generated $689 billion in gross economic output, accounted for 1.8% of the GDP, and created 4.3 million jobs nationwide. Gross output is the value of the goods and services produced by the nation's economy. It is principally measured using industry sales or receipts, including sales to final users (GDP) and sales to other industries.**

The outdoor recreation economy accounted for 1.8% of the total GDP in 2020. Gross domestic product or value added is the value of the goods and services produced by the nation's economy less the value of the goods and services used up in production. GDP is also equal to the sum of personal consumption expenditures, gross private domestic investment, net exports of goods and services, and government consumption expenditures and gross investment.

The outdoor industry supports a total of 4.3M jobs, total compensation for jobs in outdoor recreation totaled $202.8B or 2.9% of total wage and salary compensation in the U.S. economy.

**Conventional** Outdoor Recreation that includes Bicycling, Hunting, Fishing and Boating, Hiking, Camping, Climbing, RVing, Snow Sports and other conventional outdoor activities made up 16.8% of the total contribution/value added to GDP by outdoor.

**Other** Outdoor activities including amusement parks, festivals, concerts, sporting events, field sports, and guided tours represented 37.4% of outdoor recreations total contribution to the GDP declined by 34.6%.

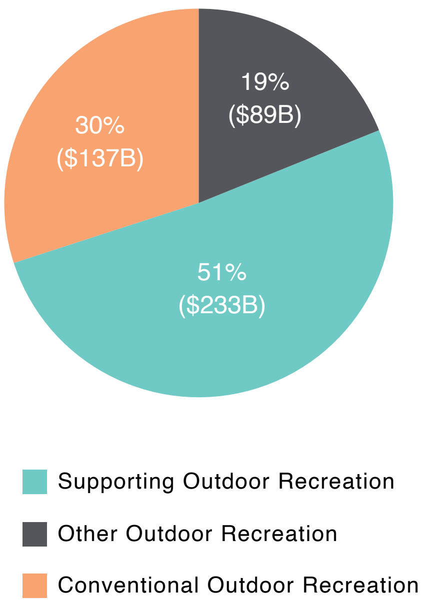
**Supporting** Outdoor Recreation activities including construction, travel, lodging, food and beverage, and government expenditures that accounted for 45.8% of outdoor recreations total contribution to the GDP declined 23.8% in 2020.

Conventional outdoor activities economic impact declined less than 1% 2019 to 2020 while other outdoor recreation activities economic impact dropped 34.6% And supporting outdoor activities impact dropped by 23.8%.

Boating/fishing was the largest conventional activity at $23.6 billion in current-dollar value added. This was the largest conventional activity in 30 states and the District of Columbia and the second largest activity in 11 states. Florida ($3.3 billion), California ($2.0 billion), and Texas ($1.7 billion) were the largest contributors to U.S. value added.

## MAJOR OUTDOOR RECREATION CATEGORIES

NOMINAL VALUE ADDED
% TOTAL VALUE ADD ($374B)




RVing was the second largest conventional activity nationally at $18.6 billion in current-dollar value added. This was the largest conventional activity in 10 states and the second largest in 22 states and the District of Columbia. The largest contributors were Indiana ($3.4 billion) and Ohio ($646.3 million).

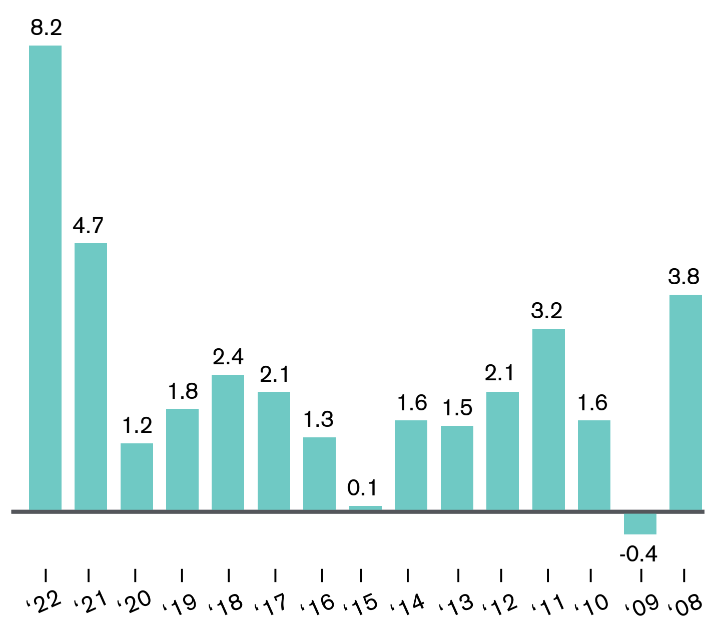
Snow activities was the largest conventional activity in Colorado ($1.7 billion), Utah ($666.3 million), Vermont ($286.9 million), and Wyoming ($147.5 million) in current-dollar value added. At the national level, snow activities was the sixth largest conventional activity at $6.3 billion.

## THE IMPACT OF INFLATION

The impact of inflation rates over 8% in 2022 has predictable and unpredictable impacts. Economists agree that inflation reduces spending power, hurts the poor disproportionately, and lifts economic growth and employment. We do not have any trend data that suggests a correlation between high inflation and declines in participation, but inflation is likely to damper spending on outdoor recreation in the near term simply because participants have less disposable income. In fact, data from the PAC participation study for 2008-2010, the last period of significant economic disruption including a small dose of inflation showed growth between 2008 and 2010 from 135M6M participants to 138M participants.

## AVERAGE ANNUAL INFLATION RATE 2008 TO PRESENT

(2022 AVERAGE IS THE MEAN OF JAN TO MAY INFLATION RATES)

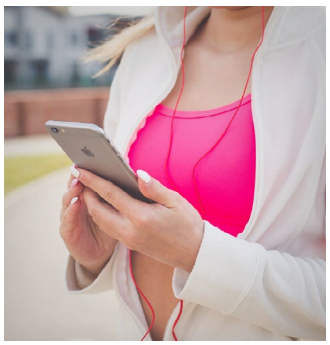



Source: Bureau of Economic Analysis

# CONSUMER TRENDS TO WATCH

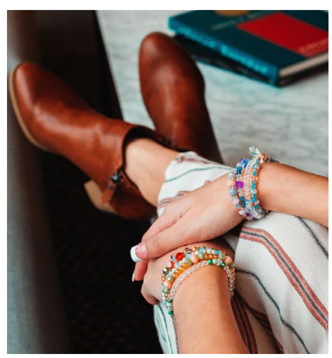
**One of the more fun tasks of the Research department is scanning for interesting consumer trends that are likely to show up in the Outdoor market. We spotted four consumer trends of interest:**

## GORPCORE



Picked up its moniker from “Good Ol’ Raisins and Peanuts” or Trail mix, in other words. The past few years have seen a massive influx of technical clothing into the wardrobes of street wear enthusiasts, but more recently, it’s been outdoor brands that have broken into the high-fashion market.

## BOHO AESTHETIC

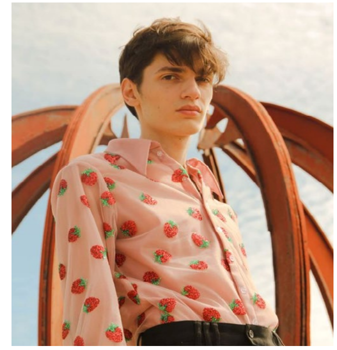


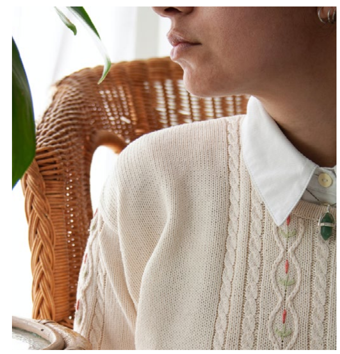
Boho style incorporates an eclectic mix of colors, patterns, and textures. The relaxed, global-inspired aesthetic bends traditional design rules to create a layered, personalized look. Colors include neutral and earthy tones, floral prints and geometric patterns, sustainable textiles, and flowing style. Vintage elements, metallic accents, fringe, and feathers complete the style.

## COASTAL GRANDMOTHER

This aesthetic is based on the clean and classic style of middle-aged, wealthier women living in luxurious oceanfront properties, similar to that of Diane Keaton in the Nancy Meyers movie, Something's Gotta Give, set in the Hamptons. Younger women are adopting this style that has an unmistakable connection to aspirations of drinking wine outdoors.

## COTTAGECORE





A style movement hearkening back to agricultural life, skills, and crafts, is on the rise. "As a concept, it embraces a simpler, sustainable existence that is more harmonious with nature. Aesthetically, it's a nod to the traditional English countryside style, romantic and nostalgic," says Davina Ogilvie, founder of Wovn Home.

**Trends are transient and abundant; some are global, and others are local so we will continue to track and sample trends that are pertinent to Outdoor consumers. Past trends like the Urban Woodsman or "Lumbersexual" had vast positive impacts on outdoor. Right now, being self-reliant and keeping things simple are a common thread across these trends. We will keep track of the ever-shifting world of trends and look for common threads to determine what is driving current consumer trends like "Coastal Grandmother."**

# CONCLUSION

**The Outdoor consumer base includes more than half of the population and has room to grow, especially by diversifying the workforce and the participant base. More people recreating outside means growing revenues for outdoor brands, expanded market opportunity, and potentially more support for issues including conservation, sustainable production and consumption, and waste reduction. Inflation, currently running at an annual rate of 8.6%, the highest since December of 1981 will reduce spending by limiting disposable income.**

The good news is, this is unlikely to have an impact on participation in some of our largest categories that happen to be most accessible including walking and hiking. Activities that require more technical gear with steep price tags can expect fewer conversion of casual participants which make up about 75% of all outdoor participants and a majority of participants in most categories. It is possible that soaring prices and ongoing issues with Covid could drive more consumers to outdoor. The pressures consumers are under will drive them in some predictable patterns. OIA Research will continue to track those patterns and how they impact, or potentially could impact the Outdoor consumer and the Outdoor industry.

For more information about Outdoor Industry Association membership and Research, please contact:

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[4] Bureau of Labor Statistics, May 2022 CPI

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