



**OUTDOOR
INDUSTRY**
ASSOCIATION

STATE OF THE OUTDOOR MARKET

FALL 2022

ABSTRACT

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

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KEY INSIGHTS

THE OUTDOOR ECONOMY

According to the U.S. Bureau of Economic Analysis (BEA), the outdoor recreation economy produced a record \$682 billion in economic output, 4.5 million jobs, and 1.9% of the total U.S. GDP in 2021.

RECORD PARTICIPATION

Outdoor recreation hit a record high in 2021, with 164 million participants, roughly 54% of the U.S. population.

FLUCTUATING INFLATION

Inflation is high and is likely to impact holiday shopping spend this year, but the economic pain appears to have peaked in June when inflation hit 9.1%. Inflation has dropped to 7.7% in October.

SHOPPING DESTINATIONS

Outdoor participants are more likely to shop at specialty retail shops, but a significant percentage of their holiday shopping will be done online.

LA NIÑA BENEFITS

La Niña will likely continue through the 2022-2023 winter, featuring colder and wetter weather in the northern U.S. and in Canada. The best seasons in terms of skier visits and snowfall have been La Niña seasons including 2007-2008 and 2010-2011.

SUPPLY CHAINS

Supply chains continue to be disrupted across the globe, but many logistics issues have eased, including an approximately 30% decline in shipping costs.

EXECUTIVE SUMMARY

The outdoor economy is strong, with \$862 billion in gross economic output, 4.5 million jobs, and 54% of the population participating. The outdoor economy produces 1.9% of the total U.S. GDP and puts the outdoor industry on even footing with well-recognized industries including mining and utilities. The economic output of the outdoor industry increased by 21.7% in 2021, and participation increased 2.2% after the initial impacts of the COVID pandemic, which were relatively positive for outdoor activity.

Currently, American consumers are dealing with decades high inflation that is outpacing wage increases. Consider that, despite significant wage gains, the average worker would need a 10% pay increase to maintain the same standard of living in 2023. Disposable income will be scarcer this holiday season, but the mood of shoppers – particularly outdoor shoppers – indicates that they will spend about the same total amount they spent last year; however, they may cross a few names off their lists to save money. Overall, the economy is moving toward a healthier state, with falling inflation that peaked at 9.1% in June and has fallen to a current rate of 7.2%. Sales this holiday season are likely to be flat compared to last year.

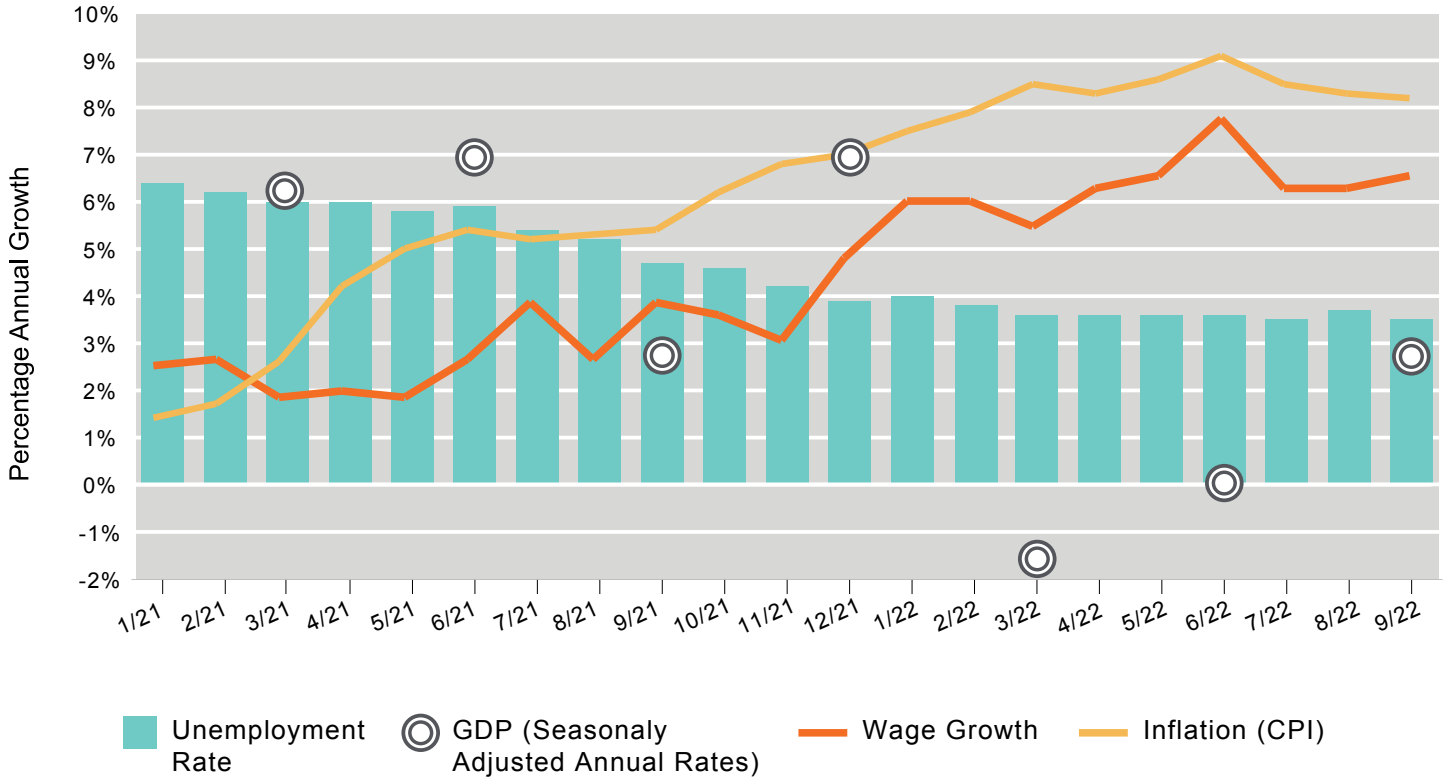
Winter is coming, and this season will feature [La Niña conditions](#) that typically bring colder and wetter conditions to the northern U.S. and to Canada. Some of the biggest winter seasons – in terms of skier and rider visits – in recent history, including 2007-2008 and 2010-2011, were strong La Niña years.

However, weaker La Niña patterns can result in anemic seasons like 2016-2017 and 2017-2018. The upcoming winter season is likely to produce strong La Niña conditions and be a good year for winter outdoor sports, especially for activities that rely on natural snow, including backcountry skiing and riding, snow machine riding, snowshoeing, sledding, and of course, lift-served downhill skiing.

More than half of the skiers and riders on the mountain are now season passholders. Many downhill resorts are offering learn-to-ski and ride packages that are relatively economical and effective at bringing beginners into the snow sports community. However, soaring walk-up lift ticket prices may be discouraging new participants. The data in the coming years will illustrate whether efforts to bring new participants into the snow sports market are effective. Additionally, the data will show how many new skiers converted to reliable participants who will buy passes and gear to enjoy their new sport.

2022 YEAR-TO-DATE

WAGES, INFLATION, UNEMPLOYMENT RATE, AND GDP



Source: Gross Domestic Product - Bureau of Economic Analysis, Wage Growth, Inflation, and Unemployment - Bureau of Labor Statistics.
 Note: the inverse relationship between wages and unemployment shown is known as a "Phillip's Curve."



FALL 2022

OUTDOOR ECONOMICS

The economy is sending mixed signals this fall: Wages are up, jobs are plentiful, and the GDP is growing again, but high inflation lingers and will likely be driving up prices through the holiday shopping season. This season, consumers are paying more for just about everything they buy, and their wages, despite significant increases, are not keeping up with inflation.

Considering low unemployment rates, it's likely that wages will continue to increase as companies compete for workers. Prices will rise as companies attempt to cover the costs of increased wages and inflationary pressures in the supply chain. That leaves Americans with fewer discretionary dollars to spend over the critical holiday shopping season. However, high consumer confidence that jobs are plentiful – and will continue to be for the foreseeable future – may spur holiday spending.

[Consumer confidence](#) is likely to remain stable until the job market begins to slow; increasing interest rates are designed in part to increase unemployment rates. The Federal Reserve will continue to increase interest rates until the economy cools, which means higher unemployment and flattened growth in both inflation and wage growth.

Inflation is running hot. In September, energy prices were up more than 18%, food prices were up 11%, and total inflation across all categories was at 8.2%, year over year. Although many in the workforce have seen increases in their wages, inflation is stripping away those financial gains.

Younger and less-skilled workers will feel the impact of higher prices most. Considering that one third of the persons in the outdoor recreation participant base are between the ages of 18 and 34, the outdoor market is likely to feel some impact, too, and if the job market tightens significantly, the impact could be heavier. Consumers in these age groups will likely be more intentional about their purchases this fall.



OUTDOOR RECREATION ECONOMIC IMPACT

On November 9 of this year, the Bureau of Economic Analysis (BEA) released the 2022 Outdoor Recreation Economy report that measures the economic impacts of outdoor recreation in the United States in 2021. Outdoor recreation accounted for \$862 billion in gross output (total spending), 4.5 million jobs, and 1.9% of the total GDP. Outdoor recreation gross output grew 21.7% in 2021. Outdoor recreation's contribution to the GDP grew 18.9% compared to the overall economy that grew 5.9% in 2021.

In this comprehensive macroeconomic analysis, BEA breaks outdoor recreation into three general categories: conventional activities like hiking and camping; other core activities such as gardening and concerts; and supporting activities like construction, travel, and tourism.

1. **Boating and fishing with \$27.3 billion** in value added (the largest conventional activity in 27 states).
2. **RVing with \$21.5 billion** in value added (the largest conventional activity in 15 states).
3. **Hunting and shooting sports with \$10.8 billion** in value added (the largest conventional activity in two states).
4. **Snow sports with \$5.2 billion** in value added (the largest conventional activity in four states).
5. **Climbing, hiking, and tent camping with \$5.1 billion** in value added.



SUPPLY CHAINS

Supply chain disruptions brought on by COVID have lessened but have not disappeared, and – as demand softens – new problems are arising, including scarcity of warehouse space in the United States. Demand distortions (the bullwhip effect) are driving up inventories at both suppliers and retailer establishments this fall.

Retailers who ordered based on heavy demand during the pandemic have full inventories, and in some cases, they have nowhere to store items. The [Logistics Bureau reported](#) this month that currently, there is a critical shortage of warehouse space, and smaller businesses that need space are being pushed out of the market.

However, there is some good news on the logistics front; shipping rates are about 30% lower compared with October 2021 according to The Logistics Bureau. Shipping costs are demand-driven, and declining costs indicate slackening demand. While this is good news for U.S. suppliers, it portends a drop in real demand and a decrease in sales to end consumers.



CONSUMER SPENDING

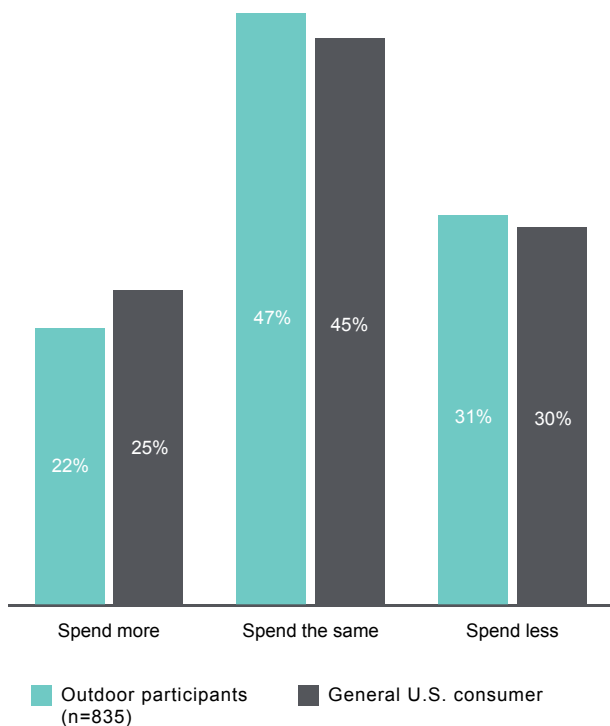
If spending on travel after a pandemic amid decades-high inflation is a valid indicator of how Americans might spend on outdoor recreation, then the outdoor industry should come through this economic conflagration relatively unscathed. According to the International Trade Administration's [Monthly Trade Monitor](#), travel spending inside the U.S. is up 234% to \$7.8 billion compared to the same period last year (January to October).

When asked specifically, outdoor recreators say they are slightly more likely to spend less this holiday season than they spent during the holidays in 2021. This is where we expect inflation to show up in the data, and it unfortunately didn't disappoint. Consumers' perceptions prior to

holiday shopping are critical to understand. This year, they have signaled that they plan to spend less than they did last year.

Outdoor participants are slightly more likely to say their spending will remain the same as last year compared to U.S. consumers overall.

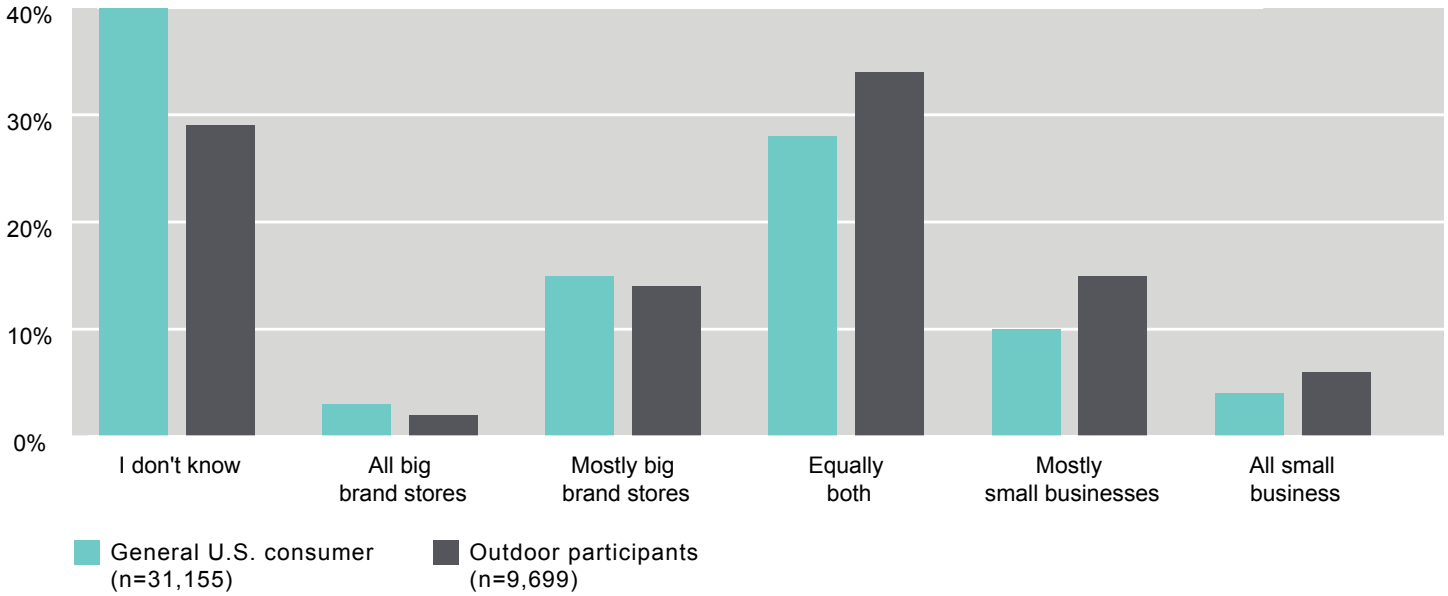
SPENDING THIS HOLIDAY SEASON COMPARED TO LAST HOLIDAY SEASON



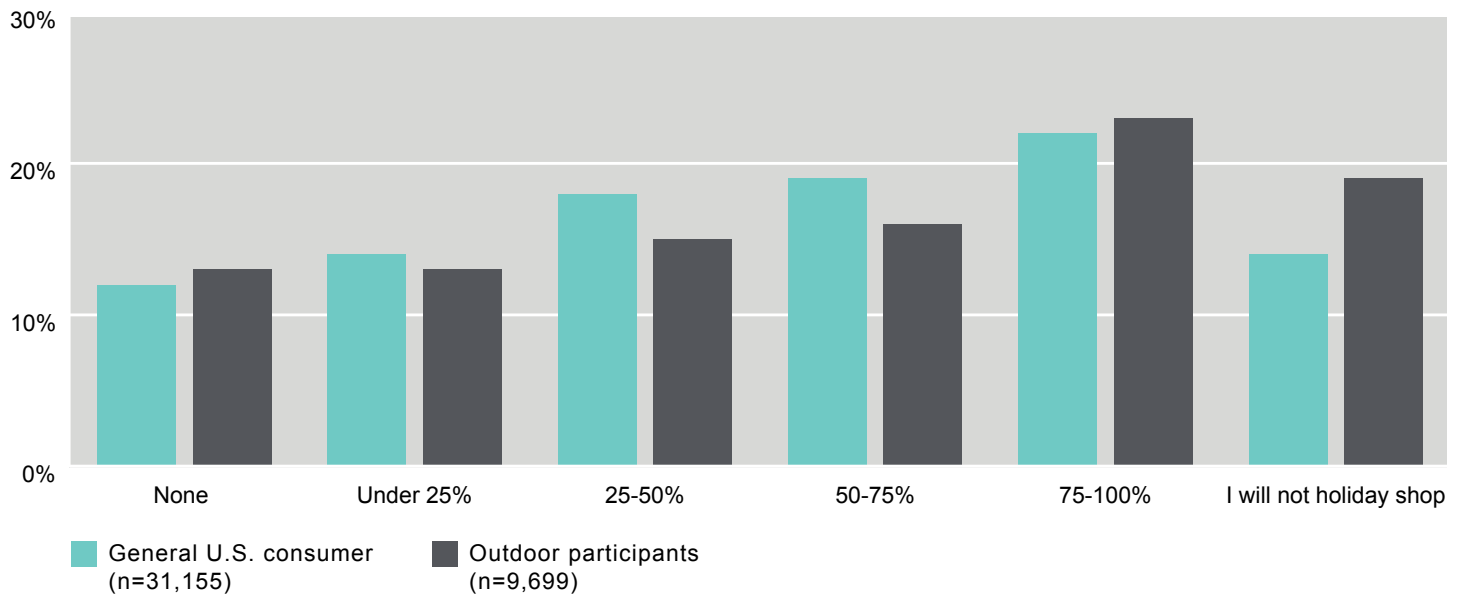
Outdoor recreators are more likely to say they will spend in specialty shops this holiday season. Keep in mind that the question they answered was about holiday shopping, in general, and not outdoor products, specifically. Early in the holiday season, more than 1 in 3 consumers do not know where they will shop, so marketing and advertising can influence this group until very late in the season. Specialty shops where outdoor enthusiasts spend on themselves can help customers, especially those in their customer database, find the perfect outdoor gifts for loved ones.

Spruce up your website and make sure your eCommerce is working well; whether consumers are buying from a retailer or directly from a brand, they are shopping online. While shopping online isn't quite as popular with outdoor participants as it is with the general public, more than one in five outdoor participants will do most of their holiday shopping online this holiday season.

PERCENTAGE OF HOLIDAY SHOPPING AT SMALL BUSINESSES VERSUS BIG BRAND STORES



PERCENTAGE OF HOLIDAY SHOPPING ONLINE THIS YEAR



PREVIEW TO WINTER 2022-2023

More than half of downhill skiers and snowboarders at lift-served resorts are now season passholders. In their report to investors on the third fiscal quarter, Vail Resorts stated that season pass sales for the upcoming 2022-2023 North American season increased approximately 9% in units and 11% in dollars sold compared to the same period the prior year when pass sales were discounted 20%.

According to the National Ski Areas Association, over the past decade, the percentage of visits by season passholders has increased from 36% to 52.3% in 2021/2022. The average number of season passholder visits has increased from 7,495 per resort in 2013-2014 to an average of 19,870 for the 2021-2022 season. Extra-large ski areas drove the trend, increasing from an average of 16,329 to 54,474 between the 2013-2014 season and the 2021-2022 season. Considering the average cost of a walk-up lift ticket on a weekend day was \$164.96, the rational choice for anyone planning to access lifts four or more times in a season is to purchase a season pass like the Epic local for \$669.

Many resorts, including the largest, offer “learn-to-ski or ride” packages that include lessons, passes to beginner terrain, and rental equipment for \$100 or less per day. Some ski areas offer beginner packages with multiple lessons and incentives to upgrade to a season pass after an average of three lessons/days learning to ski or ride.

Concerns that high walk-up prices and high costs for lessons and rental equipment may place more barriers to entry in a market already littered with barriers may be mitigated by incentives designed to move new skiers and riders through the critical learning journey. According to the NSAA Kottke End of Season and Demographic Report, the number of beginner lessons provided has been declining over the long term, which foreshadows a drop in the in the number of participants over the next decade.

SIA participation data suggest that this is already happening: The downhill lift-served participant base is shrinking, but the average number of participation days is increasing. Growing the participant base in lift-served downhill skiing may require more focus on beginner packages that incentivize new skiers and riders with discounted rates and to move to a season pass when their skill level advances.

WEATHER

The 2022-2023 season will feature La Niña conditions that typically bring cooler and wetter weather than average to the northern half of the U.S. and to Canada.

The La Niña pattern is characterized by colder-than-average temperatures in the surface waters of the equatorial Pacific ocean. Historical data indicate that colder water temperatures tend to bring more snow to the northern U.S. and to Canada.

Many of the biggest North America winter seasons recorded have been La Niña seasons, including 2007-2008, which set records for snowfall (44% above average) and 60.5 million skier/rider visits, and 2010-2011, when snowfall was 24% above average, there were 60.54 million skier/rider visits, and the season lasted 124 days.

This season, watch for average surface water temperatures that are 1 degree or more cooler than average. Weak La Niña seasons like 2011-2012 when the season ended with just 51 million skier visits after 116 days featured water temperatures that were .6 degrees below average. As of November 8 this year, the average temperature in the surface waters of the equatorial Pacific Ocean is 1.1 degrees below average, and the potential for better-than-average snow this season is moderate to high, but it doesn't take much to turn a La Niña dream season into a nightmare. As always with the weather, stay tuned.

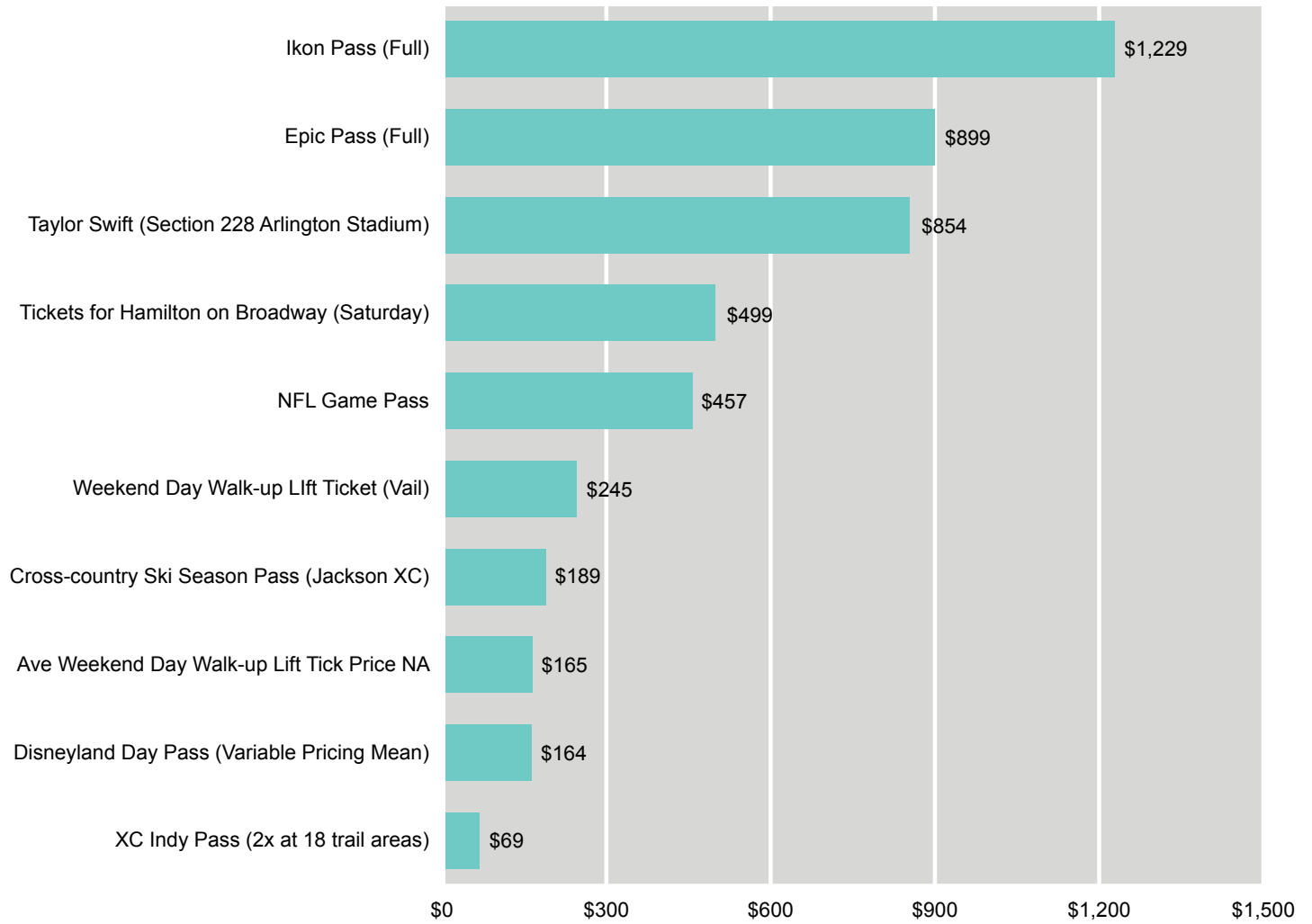
Good snow is especially important to the nearly 5 million cross-country skiers and more than 2 million backcountry skiers and riders who depend on natural snow for a good season.



Cross-country ski areas are beginning to add snow making to their repertoire, but 90% of cross-country trails are groomed natural snow. The pandemic increased trail visits, according to the Cross Country Ski Areas Association, and cross-country ski areas and gear suppliers are working to keep those participants who gravitated to the trails as a safe activity during the pandemic.

Cross-country skiing is also gaining participation and new participants as an alternative to crowded lift-served downhill resorts. Cross-country tends to be more accessible economically than downhill; many season pass options sell for less than \$100.

PRICE COMPARISON FOR A SATURDAY EXPERIENCE 2022



CONCLUSION

The outdoor economy is strong, and participation in outdoor is at historical highs in terms of the number of participants (164 million) and the participation per capita (54%). While the outdoor industry is experiencing record-breaking economic impact and participation numbers, the overall economy has slowed.

Outdoor participants report that they plan to spend this holiay season, and outdoor participants are more likely to shop specialty rather than big box. They plan to do a significant amount of their holiday shopping online, and about a third have already started shopping by early November. Opportunities are ripe to encourage customers to buy gifts that help them share their love for outdoor pursuits.

When the snow begins to fall in earnest in the next few weeks, season passholders will descend on lift-served mountains, but skiers and riders who plan to purchase walk-up lift tickets may be surprised by the price and availability of day passes. Beginners may seek out more economical learn-to-ski and -ride packages that allow them to try out these new activities more economically. The data indicate that the season pass will increasingly become the norm for the majority of downhill skiers and snowboarders.

Watch for the Winter State of the Market Report to be released in January 2023.

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

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A photograph of three people camping in a forest at sunset. A man in a grey hoodie and beanie is talking to a man in a brown quilted jacket and a woman in a dark jacket. They are standing near a campfire. In the foreground, there is a silver thermos, a white cloth, and a backpack.

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