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OutDoor
by ISPO



Outdoor Consumer
Report 2021
Deloitte & OutDoor by ISPO

October 2021



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01

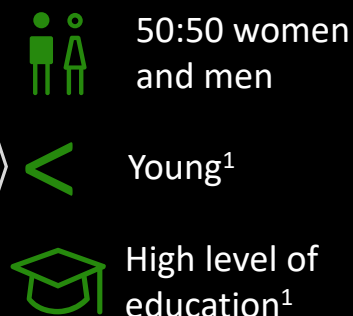
The Report at a Glance



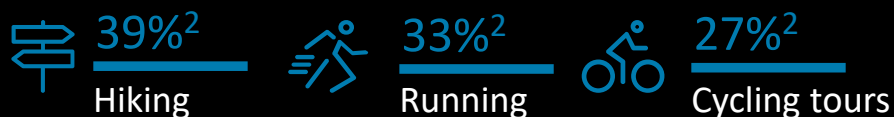
The Outdoor Active & Outdoor Consumer at a Glance

Basis of preparation

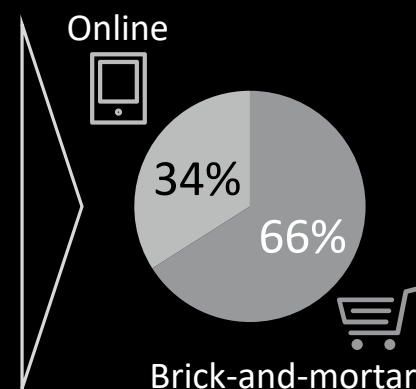
In August and September 2021, 9,500 people from a total of 19 European countries were surveyed on behalf of Deloitte. The samples are representative in terms of age and gender for each individual country. The survey was conducted through an online questionnaire with 500 people per country. The following countries were included in the survey:



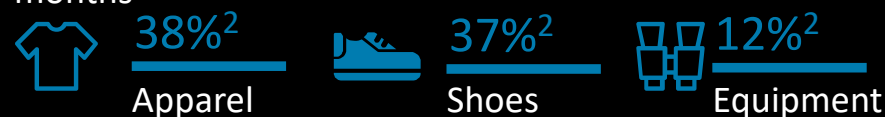
Most popular outdoor activities



Notes: 1) Compared to those that did not do an outdoor activity during the past twelve months; 2) Multiple answers possible.
Sources: Deloitte analysis



Type of outdoor item purchased during the past twelve months



Trends in the European Outdoor Market at a Glance

Sustainability

Share of respondents that considers sustainability criteria in purchasing decision



87%

Willingness to pay a premium for sustainable products

57%



Top 3 sustainability criteria in purchase

70% Durability

33% Environmentally friendly materials

25% Environmentally friendly packaging



Digitalisation

Use technical devices during outdoor activities

78%¹



Use apps for outdoor activities

53%¹



Use online communities for outdoor activities

40%¹



Notes: 1) In percent of those respondents that did an outdoor activity during the past twelve months. Multiple answers possible.
Sources: Deloitte analysis



M&A Developments in the European Outdoor Market at a Glance



European
M&A deals in
the outdoor
industry
since 2016

77



M&A deals in the
outdoor industry
in YTD Sep21

15



Strategic investors

52%



Financial investors

42%



Private investors

6%



Quick stock price
recovery after
COVID-19 impact



Most of the selected
outdoor companies
performed better
than the global
market



02

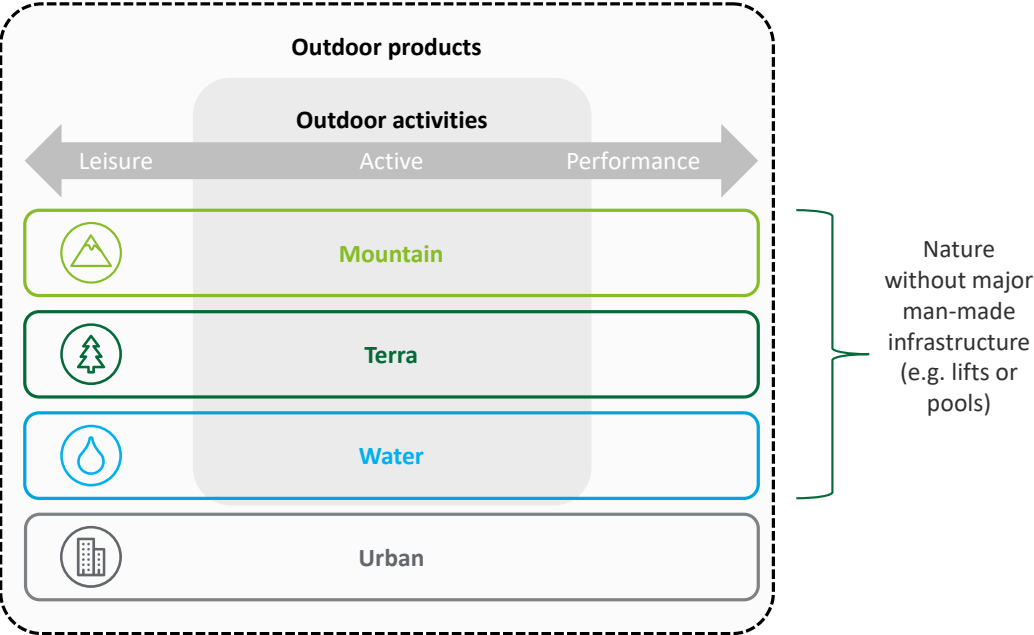
Outdoor Definition and Segmentation



02 | Outdoor Definition and Segmentation

An activity is defined as ‘outdoor’ based on the environment and the degree of intensity of the activity. Consumers not only use outdoor products for outdoor activities but also in urban environments and at all levels of intensity

Fig. 1 – Definition of ‘outdoor’



Sources: Deloitte analysis

An activity is defined as ‘outdoor’ based on the environment and the degree of intensity of the activity

For the purposes of this report, ‘outdoor activities’ are defined as activities conducted in nature with no major man-made infrastructure and at an active intensity.

This excludes both high-performance activities like professional sports and purely recreational activities (e.g. leisurely walking and biking) as well as activities in urban environments/on streets.

‘Outdoor products’ are defined as products primarily used for ‘outdoor activities’

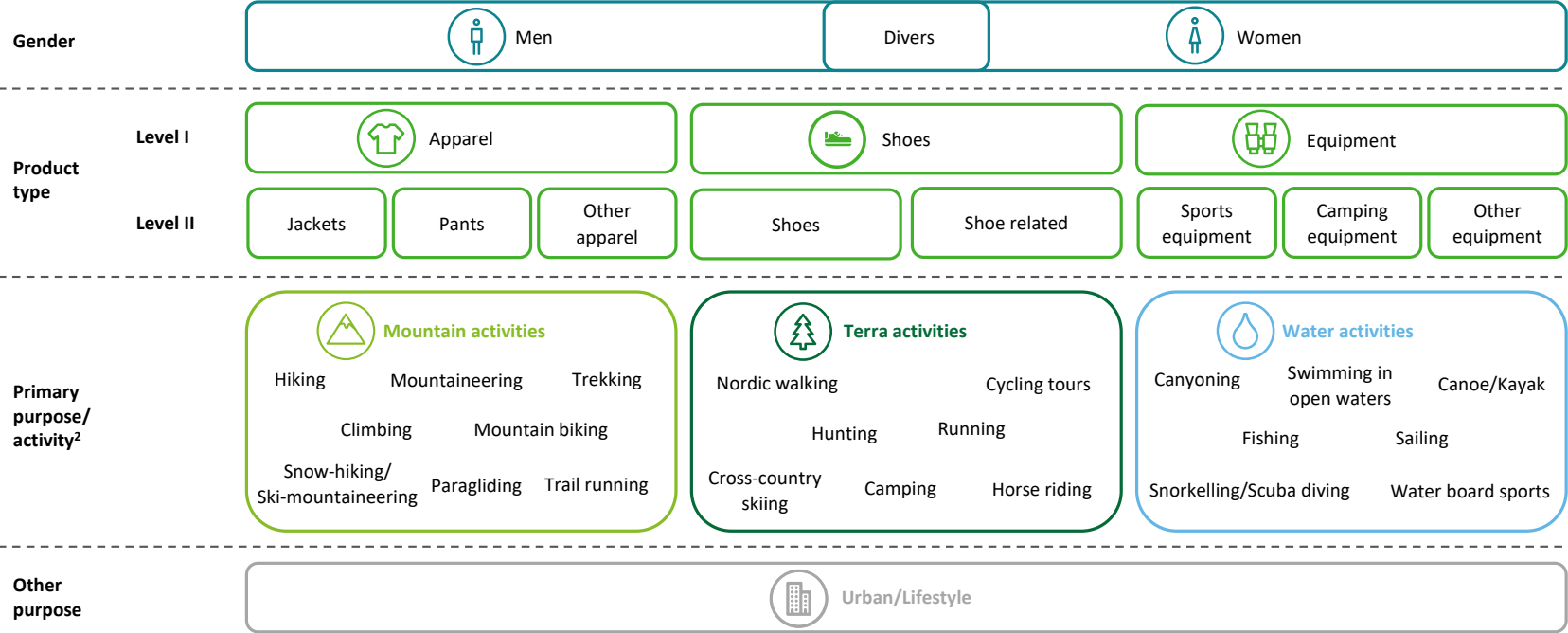
In the scope of this report, ‘outdoor products’ are defined as all apparel, shoes and equipment that are primarily produced to conduct outdoor activities but can also be used for (urban) lifestyle/leisure or performance purposes.



02 | Outdoor Definition and Segmentation

The market for European outdoor products can be broken down into the segments: gender, product type and primary purpose/activity. Outdoor products may also be used for urban and lifestyle purposes

Fig. 2 – Segmentation of the European outdoor market¹



Notes: 1) Illustrative segmentation of outdoor products. No strict borders between segments as, e.g. products for terra activities may also be used for mountain activities; 2) Overview of activities asked for in the survey.
Sources: Deloitte analysis

03

Interviews with Selected Market Experts | Hans Overduin



03 | Interview with Market Experts | Hans Overduin (1/2)

Consultant in the sporting goods industry - specialised in outdoor and retail



Over the last months, high shares of Europeans have conducted outdoor activities such as running, hiking or cycling tours. What is your perception of the current state of the European market for outdoor goods and how has the global COVID-19 pandemic affected the market?

Hans: The pandemic has had a mixed impact on the outdoor industry. Considering the market as a whole, many activities have gained popularity because people suddenly had to adjust to the lockdown situation. This led many to discover activities they could do outside as their regular go-to locations such as bars and gyms were closed in many countries across Europe. Hence, certain segments of the industry like camping, cycling, water sports, running and boating could benefit from this situation and experienced sales growth despite the pandemic. In contrast, segments related to long distance travelling

and alpine sports were negatively impacted – there were hardly any skis, backpacks as well as travel accessories sold. Of course, if you were a store owner and you did not have any possibilities for ecommerce or pick-up, the lockdown periods were devastating. Taking a long-term perspective, however, the expanded target group might outweigh the negative short-term impacts.

To add to that, what is your view on the industry's digital readiness in terms of ecommerce. To what extent has the industry been impacted by store closures?

Hans: Some stores have had to shut down operations. Traditionally, the offline channel is very strong in the outdoor industry. However, many stores adapted very quickly to the unforeseen situation and, for example, found a way of setting up local Instagram groups with customers they knew. But there were also retailers which tried to simply sit out the situation, many taking a toll on their savings.

What is your outlook for the European outdoor market, short-term and mid-term?

Hans: Again depending on the segment, the next twelve months will be pretty tough for many. The biggest challenge for both, brands and retailers, will be to have the right stock at the right place at the right time because of all the production delays. Depending on the country, government support and financial aids received, another challenge is the financial situation of many store owners. Taking the Netherlands as an example, many shops are still alive because they were supported by the government during these difficult times. Some of the support packages were a “gift”, others extended taxes and only postponed major payments like rents or financial dues. For stakeholders with the latter, the next twelve months might be even more difficult than the last twelve months.

Looking at the next three years, I tend to be positive for the outdoor industry. Considering the megatrends worldwide, especially health and fitness as a way of life, more interest in the outdoors in combination with a sustainable lifestyle, and if played right, there is a huge opportunity for the outdoor industry.



03 | Interview with Market Experts | Hans Overduin (2/2)

Consultant in the sporting goods industry - specialised in outdoor and retail



The number of people using technical devices (e.g. smartphone, smartwatches, GPS tracker) and/or digital solutions (e.g. tracking apps, outdoor communities) during their outdoor activities is soaring. How can retailers benefit from that trend and what innovations do you expect in the coming years?

Hans: In my opinion, there is a large potential especially for retailers and brands to establish a direct connection with the consumer through technical devices and digital solutions. This is particularly true if a community is built around it. It is a big opportunity to interact with the consumers.

According to our survey results, approximately two thirds of European outdoor consumers (still) prefer to purchase their outdoor products in brick-and-mortar stores. On the other hand, ecommerce soared during the pandemic and more and more brands engage in (online) direct-to-consumer business. How can sports and outdoor retailers position themselves in this competition to stay relevant for the outdoor consumer in the future?

Hans: First of all, I think that knowledgeable staff that can advise you and maybe share their enthusiasm with certain products can make the buying process much more fun and informed. Purchasing should not be looked at only in terms of convenience. Retailers should give the consumer the feeling all the research for the best product was done by the retailer as there is a huge number of products and brands out there. Retailers should also communicate their relevance and competitive strengths in a better manner than they were required to do in the past.

Sustainability is becoming more and more important for European outdoor consumers. Across Europe, about 60 percent of consumers stated that they are willing to pay a premium for products with sustainable characteristics. On the other hand, a lot of consumers indicated that they do not fully trust a brand's claims regarding sustainability. How can retailers navigate this balancing act between successfully incorporating sustainability into their business models (which will most likely increase cost) and convincingly communicate to consumers?

Hans: Actions first, then comes the talking. It is always better to point at your historic sustainability achievements than forward to what could be in the future if you want to convince a consumer. Next, transparency is key. It can give the consumer some sort of comfort as it portrays that "you have nothing to hide". Finally, sustainability can also work the other way around. For example, there are multiple companies that donate some of their profits to planting trees. For the consumer, this is easier to understand than complex supply chain processes. Nevertheless, preventing strain on the environment is of course better than having to compensate. All in all, if there is one industry where sustainability should be part of the DNA without any exceptions, it should be the outdoor industry. The broader you live up to sustainability, the more people will believe it.



04

Basis of Preparation



04 | Basis of Preparation

In August and September 2021, 9,500 people from 19 European countries were surveyed on their outdoor activities and outdoor consumption behaviour

Methodology of the survey

In August and September 2021, 9,500 people from a total of 19 European countries were surveyed on behalf of Deloitte. The samples are representative in terms of age and gender for each individual country. The survey was conducted online with 500 people per country.

In addition to this primary research, we have included in this publication a variety of information derived from publicly available and other direct sources. We did not do any additional verification in the preparation of this report, nor did we audit any of the financial information contained in these sources.

Please note that amounts are typically rounded to the nearest whole number in this report, which may in some cases result in sums, shares or growth rates that cannot be recalculated due to the more precise (non-rounded) values used in the underlying calculation.

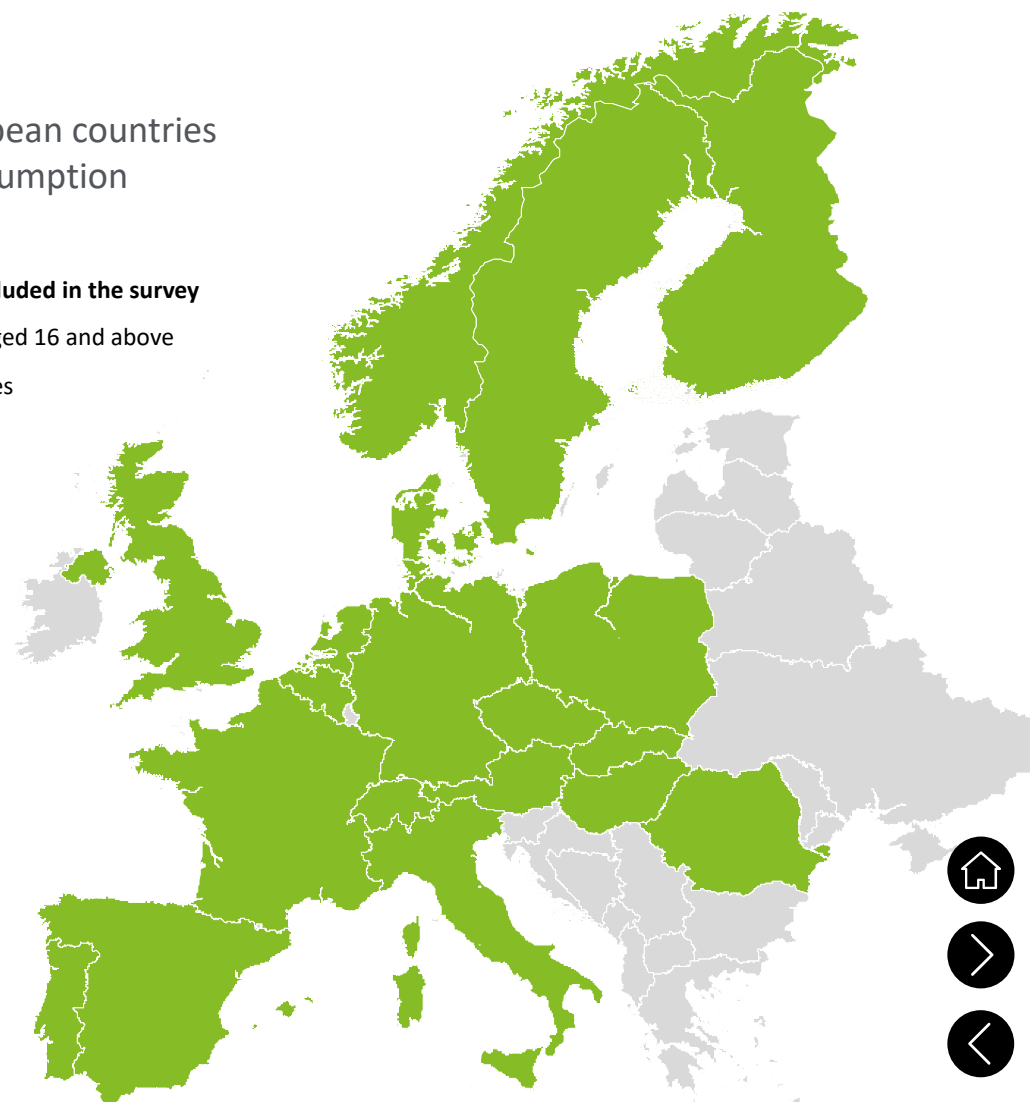
To allow for international analysis and comparison, we have converted all financial figures into EUR where necessary, using the exchange rate from the date of the survey (August 31, 2021). No adjustments were made for differences in local price levels.

Sources: Deloitte analysis

Fig. 3 – Countries included in the survey

n=500 per country, aged 16 and above

■ Surveyed countries



05

The Outdoor Active



05 | The Outdoor Active

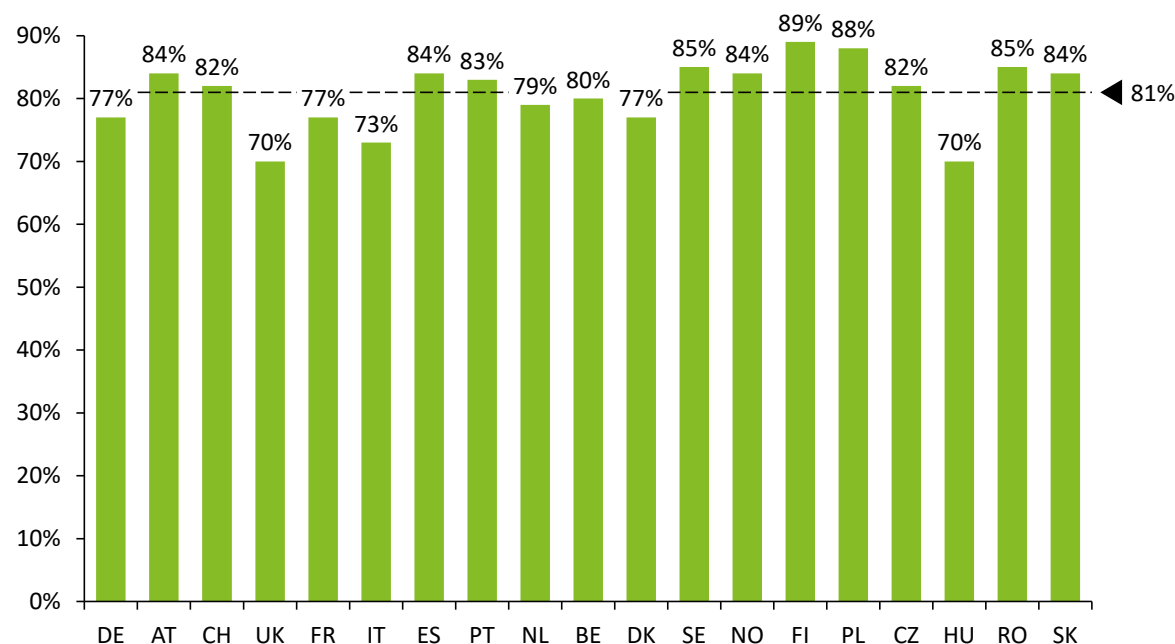
Four out of five Europeans in our survey participated in at least one outdoor activity during the past twelve months, indicating that there is a sizeable target group for outdoor products

High involvement in outdoor activities

On a European average, the share of 'outdoor actives', i.e. the people reporting that they have participated in an outdoor activity during the past twelve months, amounts to 81 percent. This high share is driven in part by the COVID-19 pandemic and the limited options for indoor activities over the past months.

Other Deloitte publications have shown that about 65 percent of Europeans do sports regularly.¹ This discrepancy underlines the broader range of outdoor activities on offer, including activities such as hiking or fishing, compared to general sports activities. For outdoor brands and retailers these results indicate considerably larger target groups.

Fig. 4 – Percentage of respondents who have taken part in an outdoor activity during the past twelve months²
“Have you done any outdoor activities³ during the past twelve months?”; n=9,500



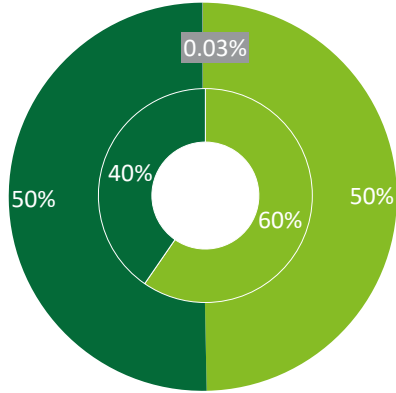
Notes: 1) Deloitte Sports Retail Study 2020, data pre-COVID-19; 2) Country abbreviations: DE=Germany, AT=Austria, CH=Switzerland, UK=United Kingdom, FR=France, IT=Italy, ES=Spain, PT=Portugal, NL=Netherlands, BE=Belgium, DK=Denmark, SE=Sweden, NO=Norway, FI=Finland, PL=Poland, CZ=Czech Republic, HU=Hungary, RO=Romania, SK=Slovakia; 3) The surveyed outdoor activities are presented on p. 9 – Fig. 2.
Sources: Deloitte analysis

05 | The Outdoor Active

On a European average, outdoor actives are equally likely to be female or male. Compared to inactive people, however, outdoor actives are, on average, younger and better educated

Fig. 5 – Gender distribution of outdoor actives (outer circle) vs. those who have not conducted any outdoor activities during the past twelve months (inner circle)

“Please indicate your gender.”;
no outdoor activities: n=1,834;
outdoor actives: n=7,666

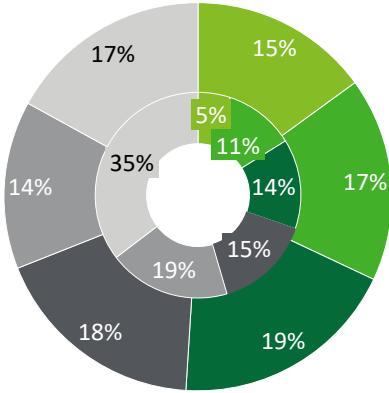


Female
Male
Diverse

Sources: Deloitte analysis

Fig. 6 – Age distribution of outdoor actives (outer circle) vs. those who have not conducted any outdoor activities during the past twelve months (inner circle)

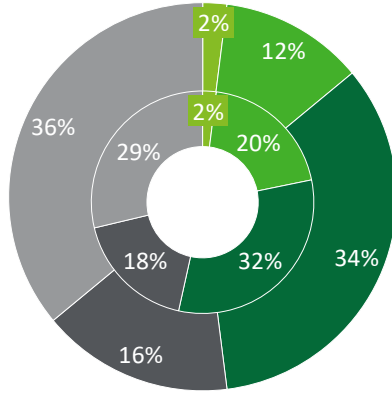
“Please indicate your age.”;
no outdoor activities: n=1,834;
outdoor actives: n=7,666



16-24
25-34
35-44
45-54
55-64
65+

Fig. 7 – Educational level distribution of outdoor actives (outer circle) vs. those who have not conducted any outdoor activities during the past twelve months (inner circle)

“What is the highest level of education you attained?”;
no outdoor activities: n=1,834;
outdoor actives: n=7,666



No degree (yet)
Lower sec. education
Upper sec. education
Post sec., non tert. education
Tertiary education



05 | The Outdoor Active

Hiking and running followed by cycling tours and swimming in open waters are the most popular outdoor activities across Europe. Usually, those activities are done in an informal setting – mostly alone, with the partner or with friends

Day hiking and running are most common activities

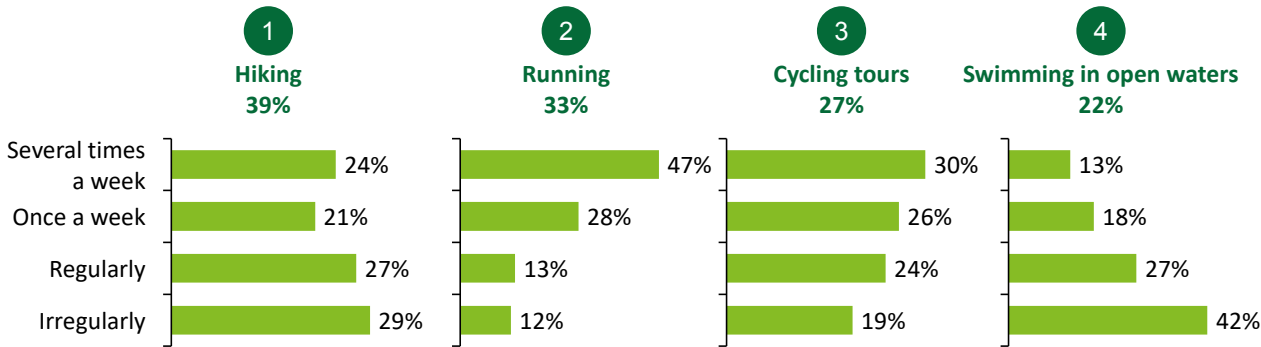
From a large range of outdoor activities, hiking and running are the most popular activities (39% and 33% of all respondents in each case), followed by cycling tours and swimming in open waters. However, there are significant differences in the frequency of these outdoor activities. While running is done with rather high frequency, the frequency of swimming in open waters is rather irregular.

Outdoor activities mostly done in informal settings

According to the survey results, outdoor activities provide many respondents with an opportunity to either spend time on their own (58%), with their partner (44%) or with friends (39%) and family. By contrast, outdoor activities are rarely done in a formal setting, e.g. as part of a club/association (8%), within the work environment (2%) or with a commercial organisation (1%).

Fig. 8 – Top outdoor activities

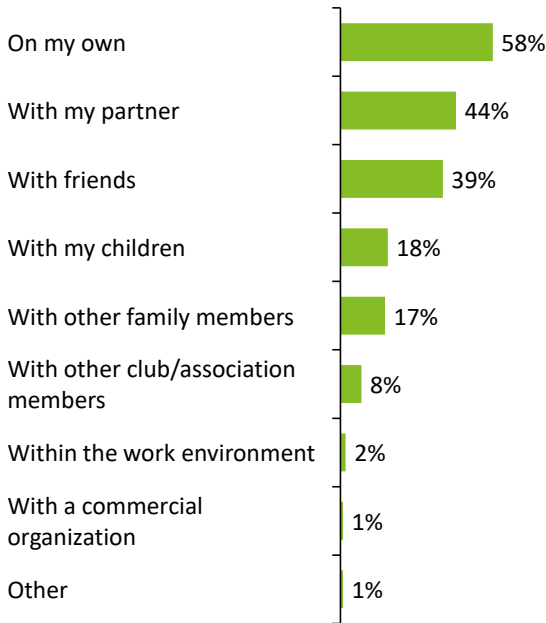
“Which outdoor activities have you done during past twelve months¹ and in which frequency?”¹; n=9,500



Notes: 1) Multiple answers possible.
Sources: Deloitte analysis

Fig. 9 – Social setting for outdoor activities

“In what social setting do you usually do your outdoor activities?”¹; n=7,666



05 | The Outdoor Active

While fewer people expect to engage in short-term activities such as running or day hiking during the next twelve months (cp. to the previous twelve months), more people plan to engage in multi-day activities such as camping and trekking tours

More people expect to be more adventurous in the future

The charts on the right show the outdoor activities with the largest differences in behaviour during the past twelve months vs. expected behaviour during the next twelve months.

Swimming (-3 ppt) and running (-2 ppt) are the only outdoor activities that show a significant expected decline in participation, whereas more respondents expect to engage in activities such as camping (+2 ppt), snow hiking (+2 ppt) or trekking (+2 ppt).

With increasing levels of vaccination across Europe, the survey results indicate that demand for such multi-day trips and leisure options will increase.

Fig. 10 – Top 3 outdoor activities with an increase in participation expected over the next twelve months
“Which outdoor activities have you done during the past twelve months/do you expect to do during the next twelve months?”¹; n=9,500

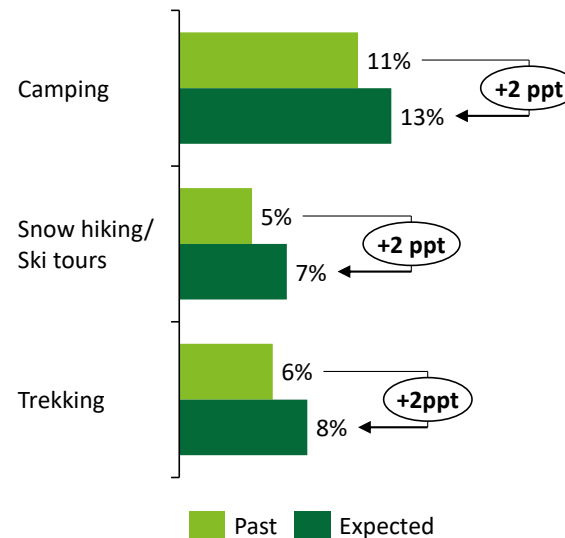
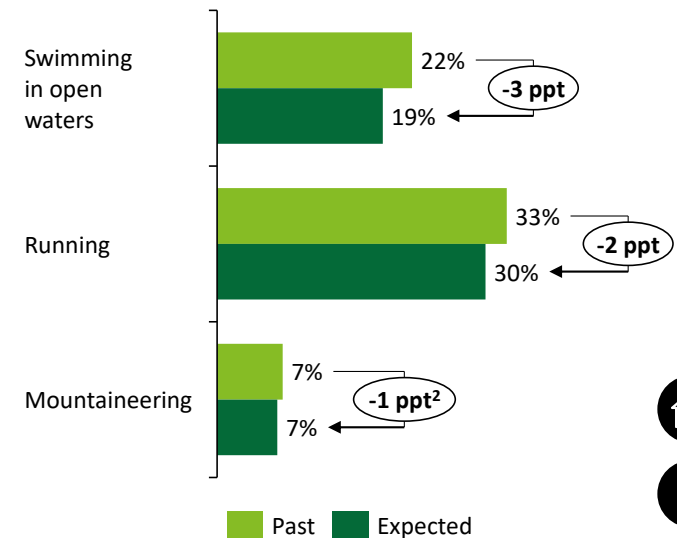


Fig. 11 – Top 3 outdoor activities with a decrease in participation expected over the next twelve months
“Which outdoor activities have you done during the past twelve months/do you expect to do during the next twelve months?”¹; n=9,500



Notes: 1) Multiple answers possible; 2) From 7 percent to 7 percent due to roundings.
Sources: Deloitte analysis

06

The Outdoor Consumer



06 | The Outdoor Consumer

Over the past twelve months, 55 percent of respondents across Europe purchased an outdoor product. The demand is expected to decrease only slightly – 48 percent of respondents plan to purchase outdoor products in the coming months

High conversion of outdoor actives into outdoor consumers

The high frequency of outdoor activity stimulated demand for outdoor products over the past few months. About 55 percent of survey respondents have purchased an outdoor product over the past twelve months.

Fig. 12 – Percentage of respondents by country that purchased an outdoor product over the last twelve months

“Have you purchased any outdoor products during the past twelve months?”; n=9,500



55%

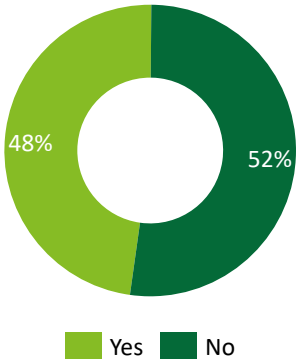
Have purchased at least one outdoor product during the past twelve months

Purchase levels expected to decrease only slightly

The pandemic and the associated high levels of outdoor activity have positively impacted the purchase levels of outdoor products. Nevertheless, consumers expect to maintain a fairly stable level of consumption over the next twelve months.

Fig. 13 – Expectation to purchase outdoor products

“Do you expect to purchase any outdoor products during the next twelve months?”; n=9,500



Sources: Deloitte analysis



06 | The Outdoor Consumer

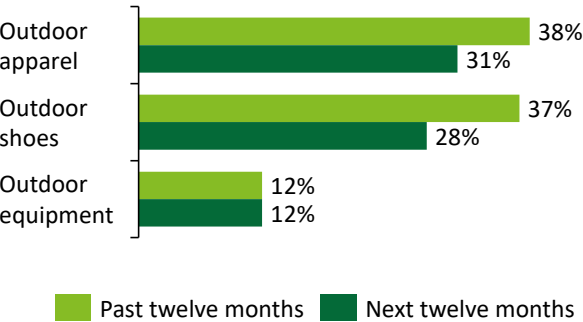
Following the high level of outdoor product purchases driven by the pandemic, a slight decrease in demand is expected over the next twelve months. ‘Outleisure’ is a trend that can further expand the addressable target group

Outdoor apparel and shoes are leading the way

A closer look at the types of products purchased by outdoor consumers portrays a fairly even share of respondents who indicated to have purchased outdoor apparel and respondents who indicated to have purchased outdoor shoes. Especially new outdoor actives can be expected to have purchased their initial set of apparel and shoes and therefore do not plan to re-invest during the next twelve months.

Fig. 14 – Types of products purchased and expectations

“What have you purchased/will you purchase during the last/next twelve months?”¹; n=9,500



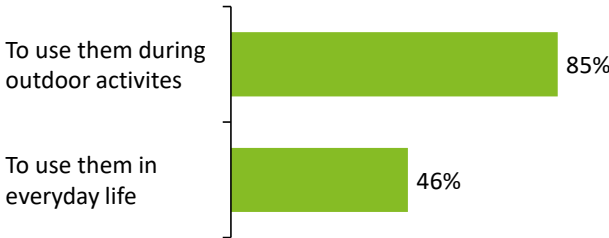
Notes: 1) Multiple answers possible.
Sources: Deloitte analysis

Use of outdoor products goes far beyond outdoor activities

Consumers also use outdoor products in urban environments without any outdoor activity – often referred to as ‘outleisure’. The high share of respondents (46% across Europe) who indicated that they use outdoor products in their everyday lives underscores the importance of the outleisure segment.

Fig. 15 – Purpose of purchase

“For what purpose do you purchase outdoor products?”¹; n=5,257



Quality is the most important factor for consumers

Product quality ranks as the most important criterion for European consumers when buying outdoor products, followed by price. While sustainability is considered important for outdoor consumption (further details are included in chapter 08), it still plays a less significant role compared to economic factors at the moment.

Fig. 16 – Ranking of selected product characteristics

“Imagine you want to buy an outdoor product. When deciding between two different brands/manufacturers, which criteria are most important for you (please rank).”; n=9,500



06 | The Outdoor Consumer

Despite the pandemic and temporary closures in some countries, brick-and-mortar stores remain the preferred purchasing channel of outdoor consumers. Fitting and testing options are most important when purchasing outdoor goods offline

Outdoor consumers continue to prefer brick-and-mortar stores

Although the digitalisation in the retail space accelerated during the pandemic, the majority of consumers (66%) prefers purchasing outdoor products in brick-and-mortar stores.

Brick-and-mortar retailers should focus on fitting and testing options, as this is the most important criterion for consumers when purchasing outdoor products in a physical store.

On the contrary, online shoppers especially value price, convenience and a large assortment in the online store when buying outdoor products online.

Regarding channel preferences, there appears to be no major difference between buying outdoor goods and sporting goods. The Deloitte Sports Retail Study 2020 showed that 67 percent of respondents (pre-pandemic) preferred to purchase their sporting goods in brick-and-mortar stores.

Fig. 17 – Preferred purchasing channel
“Where do you predominantly buy your outdoor products?”; n=5,257

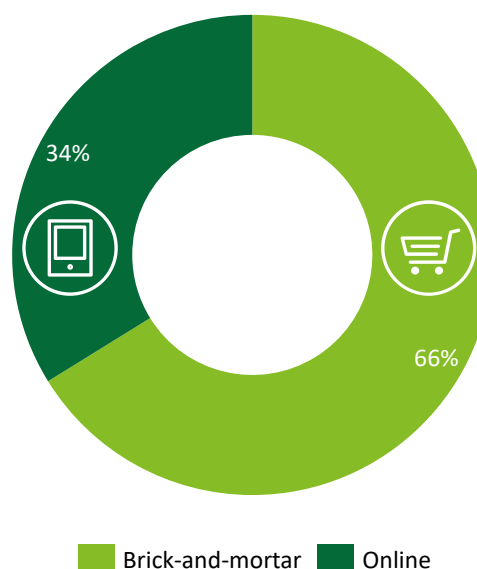


Fig. 18 – Top decision criteria for channel selection
“What criteria are important to you when buying outdoor products in your preferred channel?”¹

Top decision criteria for brick-and-mortar shoppers;
n=3,478

- 1 Fitting and testing
- 2 Price level
- 3 Large assortment

Top decision criteria for online shoppers;
n=1,779

- 1 Price level
- 2 Convenient and fast shipping
- 3 Large assortment

Notes: 1) Multiple answers possible.
Sources: Deloitte analysis



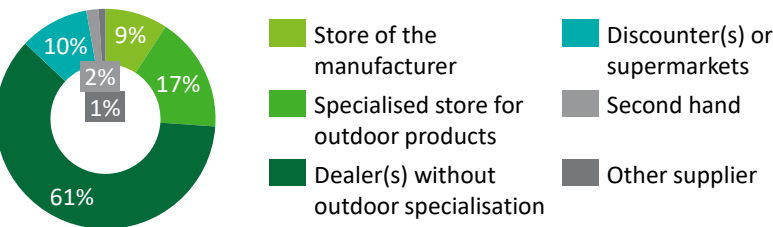
06 | The Outdoor Consumer

Both brick-and-mortar shoppers and online shoppers predominantly purchase their outdoor products at a dealer that is not specialised in outdoor activity. The direct-to-consumer channel is of higher importance online than offline

Greater importance of specialised retailers

At 61%, the majority of brick-and-mortar shoppers predominantly purchase their outdoor products in stores of dealers without outdoor specialisation. One example is Decathlon, which has expanded rapidly throughout Europe in recent years. In second and third place follow specialised outdoor stores (17%) as well as discounters or supermarkets (10%), respectively.

Fig. 19 – Preferred vendor of brick-and-mortar shoppers
“Where do you predominantly buy your outdoor products?”;
n=3,478

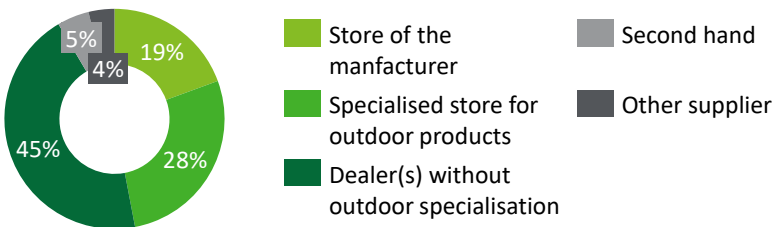


Sources: Deloitte analysis

Top three decision criteria for vendor selection

At 45 percent, online dealers lacking a specialisation in outdoor pursuits (e.g. Amazon) are also the dominant vendor of online shoppers – however, not as dominant as in the brick-and-mortar channel. Almost 50 percent of online shoppers prefer specialised stores, whether ecommerce retailers or directly from the manufacturer. At 19 percent, the direct-to-consumer channel is more important online than offline (9%). At 5 percent, second-hand suppliers (such as eBay) are of little importance for online shoppers today, but are expected to become more significant in future.

Fig. 20 – Preferred vendor of online shoppers
“Where do you predominantly buy your outdoor products?”; n=1,779



07

Interviews with Selected Market Experts | Tim Wahnel



07 | Interview with Market Experts | Tim Wahnel (1/2)

Sport 2000, Head of Division Outdoor



Over the last months, high shares of Europeans have conducted outdoor activities such as running, hiking or cycling tours. What is your perception of the current state of the European market for outdoor goods and how has the global COVID-19 pandemic affected the market?

Tim: The European outdoor market is facing a dynamic situation it has never faced before. During the lockdown period, many people entered the outdoor world and all its different varieties of living an active and healthy lifestyle. The number of people using nature as a source for mental and physical strength is increasing significantly and outdoor is as popular as it has never been before. However, the retail part of the market is still affected by the consequences of the governmental restrictions. Online retail shows enormous growth rates and brick-and-mortar retailers are happy about catching up with

their pre-pandemic turnovers. In contrast to that very positive situation on the demand side, the market has to cope with the topic of product availability and the challenging logistical situation. Those aspects are the bottleneck that the market has to find a way through.

What is your outlook for the European outdoor market, short-term and mid-term?

Tim: Outdoor was a megatrend before COVID-19 and got a boost during the pandemic. The major topic for the next twelve months is product availability. This will probably lead to bullwhip effects along the supply chain. The prevention of negative effects on the market is a challenge all players have to deal with together, for instance by intensifying the B2B communication with regard to forecasts. Another challenge for the market is establishing a level of customer loyalty with those customers that were won during the pandemic.

The number of people using technical devices (e.g. smartphone, smartwatches, GPS tracker) and/or digital solutions (e.g. tracking apps, outdoor communities) during their outdoor activities is soaring. How can retailers benefit from that trend and what innovations do you expect in the coming years?

Tim: The digitalisation of outdoor activities can lead to beneficial effects for retailers in different ways. First of all, having technical devices and – very important – the accessories you need to charge and protect them in the assortment results in sales. Maybe even more important than the direct financial effect is the show of force that goes along with presenting yourself as the relevant contact for the customer during the sales talk. A more strategic chance for the retailer is partnering and cooperating with app providers and local tourism associations. Why not establish labelled tracks, maybe even combined with a finisher token you can get in the store? Retailers need to realise that in the not-so-far future, the first point of contact between retailer and customer will probably be a digital one. Thus, it makes sense to try to gain something like a regional leadership concerning information about outdoor activities.



07 | Interview with Market Experts | Tim Wahnel (2/2)

Sport 2000, Head of Division Outdoor



According to our survey results, approximately two thirds of European outdoor consumers (still) prefer to purchase their outdoor products in brick-and-mortar stores. On the other hand, ecommerce soared during the pandemic and more and more brands engage in (online) direct-to-consumer business. How can sports and outdoor retailers position themselves in this competition to stay relevant for the outdoor consumer in the future?

Tim: Online shopping is not a new phenomenon and it is here to stay. The direct-to-consumer efforts of the brands will not become less. But the retailer as an analogue multi-brand-platform definitely has a chance to stay relevant. A retailer which presents a curated assortment driven by passion, authenticity and quality, sold by motivated and competent sales personnel will be successful. The strategy is quite obvious. Retailers have to invest in becoming a brand for their customers. Having the possibility of

interacting with the customer directly, demonstrating competence, acting as a mixture of a consultant, a host and an entertainer gives brick-and-mortar concepts the chance of establishing a long-term customer relation.

Sustainability is becoming more and more important for European outdoor consumers. Across Europe, about 60 percent of consumers stated that they are willing to pay a premium for products with sustainable characteristics. On the other hand, a lot of consumers indicated that they do not fully trust a brand's claims regarding sustainability. How can retailers navigate this balancing act between successfully incorporating sustainability into their business models (which will most likely increase cost) and convincingly communicate to consumers?

Tim: Sustainability has become an important topic for customers and with new, often younger target groups and the intensifying climate crisis it will become even more important. For the outdoor market, it should be self-evident to put as much effort as possible in taking a leading role in that topic. The basis of our business is provided by nature! The fact that customers mistrust a brand's claims is not surprising – the multitude of labels, certificates and other claims is quite confusing. This is actually a chance for the retailers who, in corporation with the brands, should try to become the

most reliable source of information for the consumers on that topic. Most likely, aspects of sustainability as traceability, usage of recycled materials or durability will be a daily part in sales talks – the same way water columns or other technical product details have been in the past.



08

Market Trends and Drivers



08 | Market Trends and Drivers | Sustainability

Sustainability has become increasingly important in the outdoor industry in recent years. For almost half of respondents sustainability is an important decision criterion when buying leisure products



In harmony with nature

Sustainability has become an increasingly important factor for consumers in recent years. Statista's 2021 global consumer survey showed that 22 percent of the consumers would stop buying a product or brand due to sustainability issues. This makes sustainability a key topic for companies.

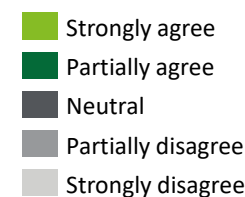
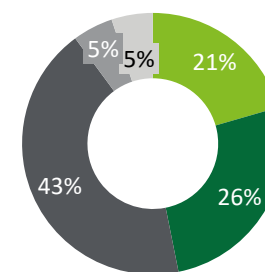
In addition, regulatory requirements (e.g. EU ETS¹, EU Green Deal²) and sustainability rankings also incentivize companies to focus more on sustainability. There is no obligation to participate in popular rankings such as 'S&P Global Sustainable 1' and 'good on you', although investors and customers may consider these rankings when making their investment and purchasing decisions.

Sustainability as driver and developer

The data presented in this section show that consumers are aware of the sustainability criteria for outdoor products and are willing to pay a premium for transparently sustainable products. 47 percent of respondents indicated that sustainability is an important criterion for them when buying leisure products. However, as presented in Fig. 16, when they are asked to rank decision criteria, sustainability places last (for now) behind factors such as quality, price, functionality and design.

Fig. 21 – Importance of sustainability

"To what extent do you agree with the following statement: When buying leisure products, sustainability is an important criterion to me."; n=9,500



Notes: 1) EU ETS=European Union Emission Trading System, a market to trade emissions and a tool to reduce greenhouse gas emissions;
2) EU Green Deal= is a European policy to reduce the greenhouse gas emissions in the European union until 2050 up to net zero emissions.
Sources: CNBC, Statista, Natursport.info, Deloitte analysis



08 | Market Trends and Drivers | Sustainability

While product durability is key to consumers, other ecological and societal criteria are also important. It is crucial for companies to project authenticity, as only 30 percent of respondents trust a manufacturer's sustainability claims



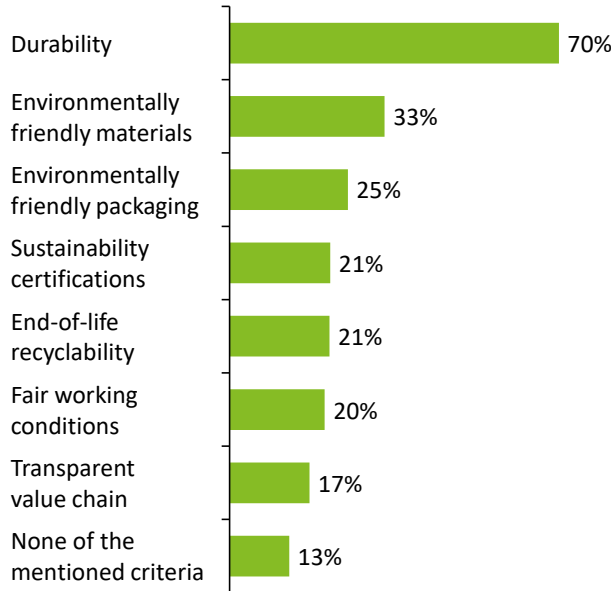
Sustainably active in nature

Outdoor activities belong to and depend on nature. Therefore, European consumers are sensitive to sustainable product criteria. This report's underlying survey shows that the durability of a product is considered by more than two thirds (70%) of consumers when evaluating the purchase of an outdoor product. It is followed by further product characteristics like environmentally friendly materials (33%) and environmentally friendly packaging (25%).

European consumers also consider societal issues such as fair working conditions and a transparent value chain at 20 percent and 17 percent, respectively.

Only 13 percent report that they do not factor any sustainability criteria into their purchasing decisions.

Fig. 22 – Sustainability criteria in decision process¹
“Imagine you want to buy an outdoor product. Which of the mentioned criteria do you consider when making your purchase decision?”; n=9,500

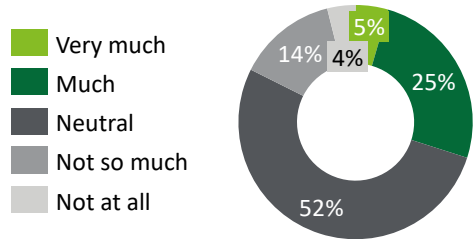


Trust needs to be earned

An increasing number of outdoor companies has acknowledged the importance of sustainability. While some start by launching individual sustainable items or collections, others have already deeply integrated sustainability into their strategy.

However, projecting authenticity is crucial as currently only 30 percent of respondents trust a manufacturer's claims regarding sustainability.

Fig. 23 – Trust in manufacturer's claims regarding sustainability
“To what extent do you trust a manufacturer's claims regarding sustainability?”; n=9,500



Notes: 1) Multiple answers possible.
Sources: CNBC, Statista, Natursport.info, Deloitte analysis



08 | Market Trends and Drivers | Sustainability

The willingness to pay significant premiums for sustainable products shows just how important sustainability is for outdoor consumers. More than 40 percent of respondents are even prepared to pay a premium upwards of 20 percent



Payment in exchange for a clear conscience

The consumer’s willingness to pay a premium for sustainable products is further evidence of the importance of sustainability in outdoor consumer behaviour.

Across Europe, 57 percent of the respondents are willing to pay a premium for eco-friendly hiking boots compared to a similar product with no eco-friendly features.

The price of sustainability

Of those willing to pay a “green premium”, more than 40 percent of respondents are prepared to pay a premium upwards of 20 percent (i.e. upwards of EUR 20 in the given case of EUR 100 hiking boot).

32 percent would be willing to pay premiums between 20 and 50 percent while a share of 12 percent would even be willing to pay a sustainability premium of over 50 percent.

Fig. 24 – Willingness to pay a premium for sustainable products

“If you wanted to buy new hiking shoes worth EUR 100, would you be willing to pay a premium for an identical pair with environmentally friendly materials and produced with sustainable manufacturing?”; n=9,500

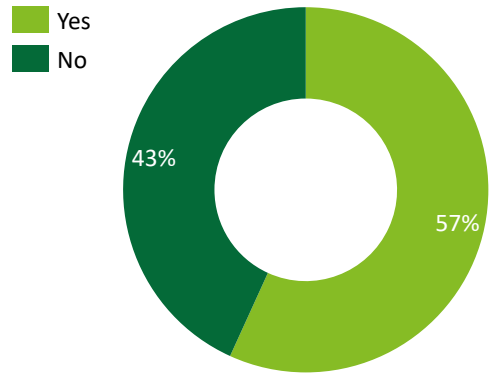
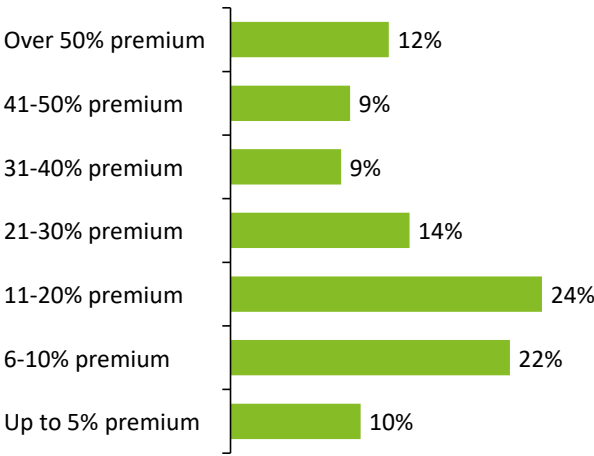


Fig. 25 – Premium prepared to pay for sustainable hiking shoes¹

“What would the maximum premium be that you would be willing to pay for the sustainable pair of hiking shoes?”; n=5,394



Notes: 1) The research did not take different price level of the countries under consideration into account.
Sources: CNBC, Statista, Deloitte analysis



08 | Market Trends and Drivers | Digital consumption

Driven by advances in technology, outdoor actives are increasingly going digital. About 78 percent of outdoor actives usually use technical devices during their activities, in most cases a smartphone



Track, share and connect

Together with sustainability, digitalisation is another megatrend conquering the outdoor space. It satisfies the consumers' desire to stay connected and share their experiences. Over the last decade, smartphones, smartwatches and social media have become increasingly relevant in the lives of many. The survey shows that 78 percent of respondents regularly use a technical device during their outdoor activities.

The most common device used during outdoor activities is a smartphone (85%), followed by a smartwatch (35%). In addition, 8 to 14 percent of respondents report that they generally use outdoor specific devices such as GPS devices, binoculars and compasses.

Fig. 26 – Use of technical devices

“Do you usually use technical devices during your outdoor activities?”; n=7,666

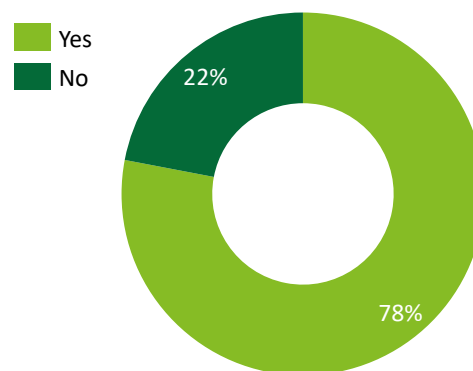
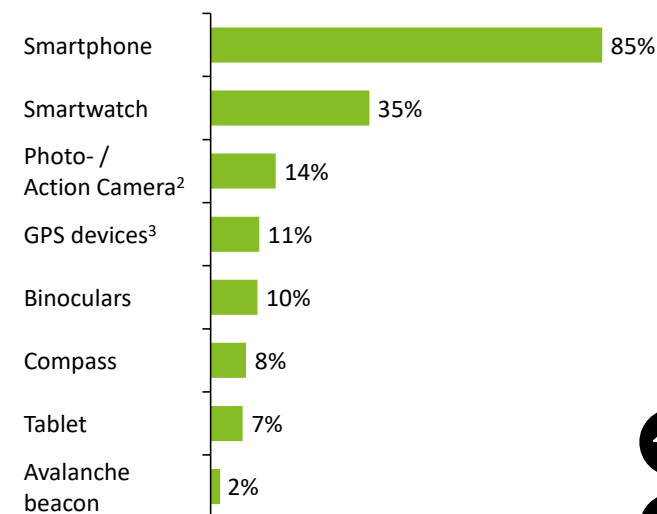


Fig. 27 – Types of technical devices

“Which technical devices do you usually use during your outdoor activities?”¹; n=5,972



Notes: 1) Multiple answers possible.;2) Separate from smartphone; 3) Separate from smartphone/-watch.
Sources: Deloitte analysis



08 | Market Trends and Drivers | Digital consumption

Thanks to smartphones, smartwatches and tablets, 53 percent of outdoor actives generally use apps during their outdoor activities. Keeping track of activities and recording performance data are among the main reasons



Consumers use apps to analyse the own outdoor behaviour

With the spread of smartphones and smartwatches, 53 percent of outdoor actives reported that they usually use an app during their activities. Based on Google Play Store rankings (July 2021), the most popular apps for outdoor activities are Alltrails, Komoot, MapMyWalk and Strava.

Apps can be used for a wide range of purposes. The most common reason outdoor actives cite for using an app (53%) is to track their activities. Tracking additional information such as route (48%), heart rate (37%) or further performance data (32%) has become a common phenomenon among outdoor actives as well.

Fig. 28 – Usage of app

“Do you usually use apps for your outdoor activities?”;
n=7,666

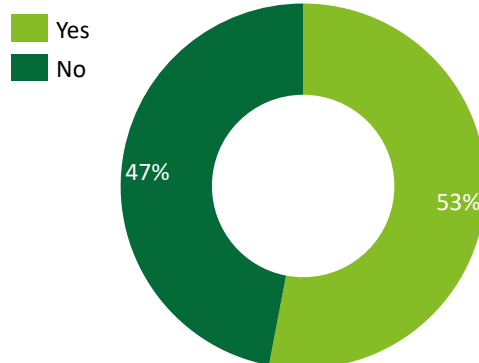
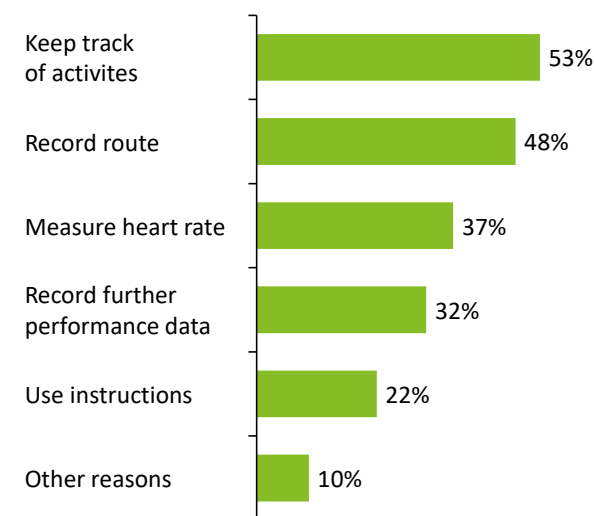


Fig. 29 – Purpose of app usage

“For what purpose do you usually use apps?”¹;
n=4,053



Notes: 1) Multiple answers possible.
Sources: Deloitte analysis



08 | Market Trends and Drivers | Digital consumption

More than a third of all outdoor actives rely on online communities to meet their social and information needs. Outdoor communities represent a highly involved target group for brands and retailers



Outdoor actives use communities to network with friends

As in many other areas, online communities have found their way into the outdoor space. 40 percent of outdoor actives generally use online communities for their outdoor activities. Based on Google Play Store rankings (July 2021), Outdooractive is one of the most popular community platforms, while outdoor actives also use other large social networks such as Facebook.

Outdoor actives rely on online communities to network with friends (53%), to find information on activities (48%) and to meet new people (24%).

23 percent of outdoor actives use online communities specifically to find information on outdoor products. This illustrates just how important online communities are becoming as a channel for brands and retailers to market and commercialise their offerings to highly involved target groups.

Fig. 30 – Use of online communities
“Do you usually use online communities for your outdoor activities?”; n=7,666

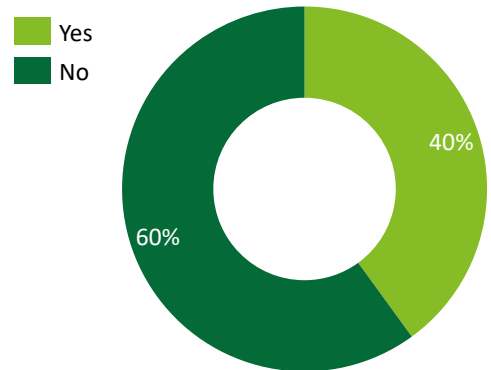
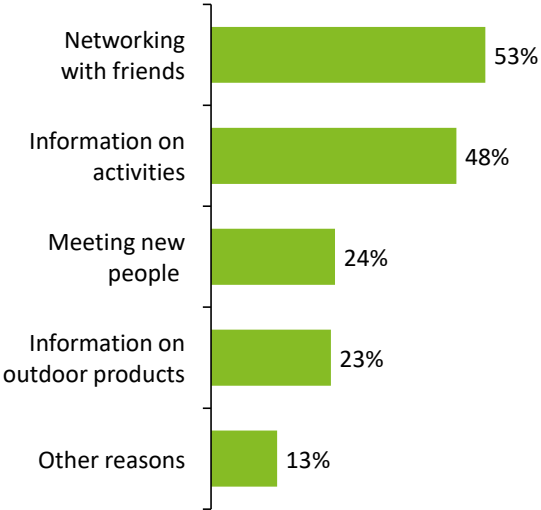


Fig. 31 – Purpose of using online communities¹
“For what purpose do you usually use online communities?”; n=3,055



Notes: 1) Multiple answers possible.
Sources: Deloitte analysis



09

M&A Activities in the European Outdoor Market



09 | M&A Activities in the European Outdoor Market

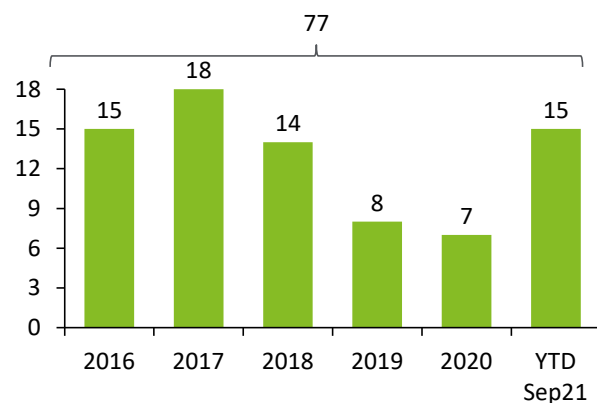
After two relatively quiet years, M&A activity in the outdoor industry has started to pick up once again. There were 15 major deals in the nine months leading up to YTD Sep21



M&A deals are picking up pace again

Although the M&A activity in the European outdoor market was comparatively low in 2019 and 2020, figures for YTD Sep21 show a strong rebound. The high level of outdoor activity during the pandemic is among the factors driving investor demand for outdoor companies.

Fig. 32 – Number of M&A deals in the European outdoor industry from 2016 to 2021¹



Notes: 1) Deals generally selected on the basis of the definition of 'outdoor' used in this report. Only includes European target companies. Includes companies in the areas of outdoor retail, outdoor apparel, outdoor equipment, outdoor apparel & equipment, mountain bike, hunting and board sports. Establishments such as ski resorts and travel-related camping/holiday resorts are excluded. Figures include transactions announced up to 29 September 2021.
Sources: Mergermarket, MAJUNKE Consulting, Deloitte analysis

Fig. 33 – Overview of published M&A deals in YTD Sep21¹

Date	Segment	Target	Country	Seller	Acquirer
Feb21	Hunting	Maxam Outdoor	ES	MaxamCorp Holding	Sofisport
Mar21	Outdoor apparel	Garmont International	IT	n/a	Riello Investimenti
Mar21	Outdoor retail	A.S. Adventure	BE	n/a	PAI Partners et al.
Apr21	Outdoor apparel & equipment	Mammut Sports Group	CH	Conzzetta Holding	Telemos Capital
May21	Outdoor apparel	Finlayson; Makia Clothing; Vallia Interior; Sasta	FI	Innovestor	Manna & Co
May21	Outdoor equipment	Atk Sports	IT	Indulti Family; Amorotti Family	Progressio SGR
Jun21	Outdoor retail	SportPursuit	UK	Scottish Equity Partner et al.	Bd-Capital Partners
Jun21	Outdoor retail	Silva Sweden; Nordic Vehicle Conversion	SE	Karnell	Verdane
Jul21	Outdoor retail	Sport Sperk Deutschland	DE	Ochsner Sport (Deichmann)	Intersport
Jul21	Outdoor retail	Fugam	FR	Centre France	Arts et Biens; Credit ACF; Caisse d'Epargne
Aug21	Mountain biking	YT Industries	DE	Private investors	Ardian
Aug21	Outdoor retail	Snap Outdoor	PL	n/a	Enterp. Invest.
Aug21	Outdoor apparel & equipment	Bergans Fritid	NO	n/a	ON Sunde; Gjølsten Holding
Aug21	Outdoor retail	Trekitt	UK	n/a	Fenix Outdoor Intern.
Sep21	Outdoor equipment	Fairpoint Outdoors	DK	n/a	Capidea Management

09 | M&A Activities in the European Outdoor Market

For the majority of deals identified since 2016, buyers in the outdoor market were either strategic or financial investors. The primary motive for strategic investors was horizontal integration or diversification



Strategic investors dominant, followed by financial investors

The 77 mergers and acquisitions in the European outdoor market between 2016 and YTD Sep21 fall into the following categories: financial, strategic and private transactions. While the sell-side was quite diverse, the majority of buyers were strategic (40 transactions) and financial investors (32 transactions).

Fig. 34 – Outdoor M&A deals by sell-side and buy-side investor type

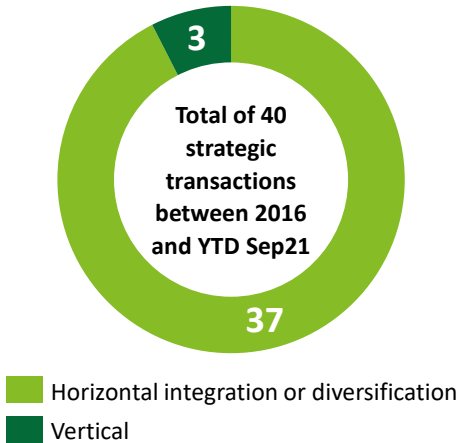


Sources: Mergermarket, MAJUNKE Consulting, Deloitte analysis

Horizontal integration or diversification as the key motives of strategic investors

Over the past five years, horizontal integration of competitors or diversification of the product portfolio were the main motives for more than 90 percent of the mergers and acquisitions pursued by strategic investors. By contrast, vertical integration of the value chain was the chief motivation in only three transactions.

Fig. 35 – Strategic outdoor industry investors by type

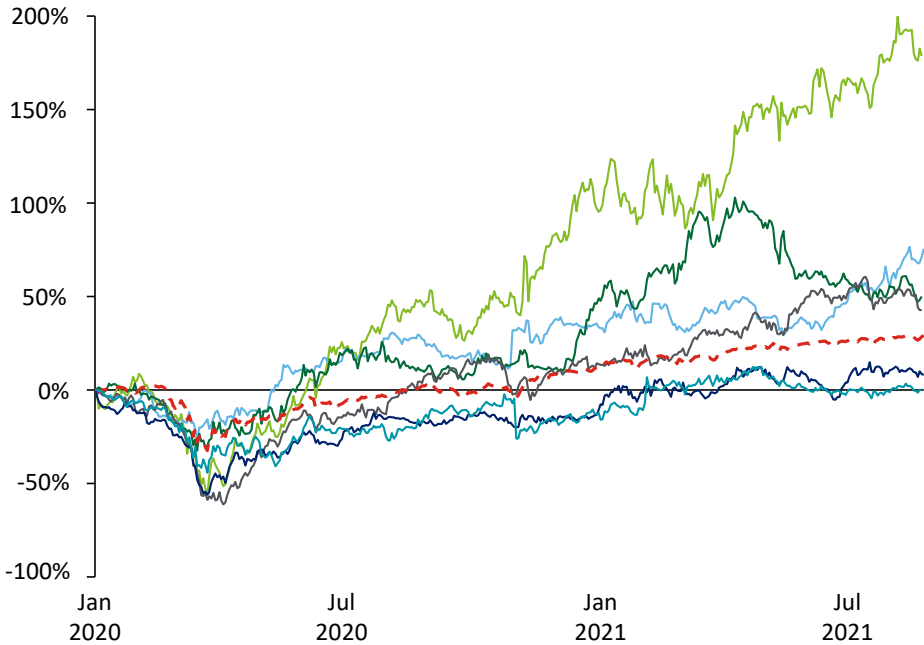


09 | M&A Activities in the European Outdoor Market

The European outdoor market was able to quickly recover from the financial impact of the first pandemic wave, with overall stock prices showing a positive trend across 2020 and YTD Aug21



Fig. 36 – Indexed stock price development of selected companies¹ since January 2020²



Mixed stock price development of selected listings in the global outdoor market during the pandemic

Although selected publicly traded outdoor companies also saw a drop in stock prices at the beginning of the pandemic, the industry has quickly recovered. As of Aug21, all of the outdoor companies in our select set saw their stock price improve compared to Jan20 (with the exception of Columbia Sportswear whose share price remained approximately stable during this period).

Most of the selected outdoor companies performed better than the global market (represented by the S&P Global 1200 index). Yeti Holdings, a designer, marketer and direct-to-consumer distributor of a range of outdoor products increased its stock price by nearly 200% during the time frame under consideration.

- Columbia Sportswear Company
- Dometic Group AB
- Fenix Outdoor International AG
- Johnson Outdoor Inc.
- - S&P Global 1200 (Benchmark Index)
- Shimano Inc.
- Yeti Holdings Inc.

Notes: 1) Companies selected based on representativeness for the outdoor industry (i.e. no or few operations in other markets); 2) Index baseline refers to the respective share price as at 01 January 2021.
Sources: Yahoo Finance, Seeking Alpha, Deloitte analysis



10

Interviews with Selected Market Experts | Imanol Muñoz



10 | Interview with Market Experts | Imanol Muñoz (1/2)

TERNUA GROUP, OUTDOOR Sales&Marketing Director



Over the last months, high shares of Europeans have conducted outdoor activities such as running, hiking or cycling tours. What is your perception of the current state of the European market for outdoor goods and how has the global COVID-19 pandemic affected the market?

Imanol: From the consumers' perspective, having been for several weeks confined at home has created (in some cases) or increased (in others) the appetite to be outdoors and practice outdoor activities. Part of this activity increase has come to stay while part of it has been or will be reduced when other leisure activities have been and will be reactivated. But overall, the COVID-19 pandemic has improved the perception of the health benefits of outdoor activities and increased the amount of participants. With regards to retailers, the COVID-19-driven challenges in 2020 caused the closure of stores which could not make it through the crisis – mainly the ones who

were not prepared to digitally transform parts of their sales to their direct-to-consumer platforms. Online business grew strongly and has not been negatively affected when stores were re-opened again. In general, it can be said that the outdoor market now has an opportunity to keep its attractiveness and utilise the additional activity levels and consumers for the post-pandemic situation.

What is your outlook for the European outdoor market, short-term and mid-term?

Imanol: In the short term, the outdoor market will continue to benefit from the additional consumers coming from the pandemic. Initially we will see sales growing and there will be a strong demand of mid- and low-level products for new market entrants. Of course, existing outdoor actives will increase their activity level and intensity with appetite for more technical products. But we expect the base of the pyramid to grow first. In this initial period, online sales will continue to grow very strongly, with a “buy by myself” trend. After a certain time, the education and knowledge level in outdoor products and outdoor activities will grow among new market entrants and people will be demanding high quality products, fairly made with sustainable materials and processes for the specific activities. It is our responsibility as the outdoor market to educate the consumers, both in

how they should practice outdoor with respect for the environment, and how they could help to preserve nature and our planet by choosing brands and products that are produced ethically and under sustainable criteria.

The number of people using technical devices (e.g. smartphone, smartwatches, GPS tracker) and/or digital solutions (e.g. tracking apps, outdoor communities) during their outdoor activities is soaring. How can retailers benefit from that trend and what innovations do you expect in the coming years?

Imanol: The evolution of technical devices and the better accessibility (i.e. lower prices) for a higher number of consumers is one of the engines of the the growth in outdoor activities. In the past, people would have been more prudent or scared to go outdoors in places they didn't know. Today, with just a smartwatch and apps like wikiloc you could plan an outdoor activity for the next day anywhere in the world with a very high probability of success. Routes, previous experiences at the place, weather forecasts, etc. are just one click away. Outdoor brands will benefit from this trend, but we own a responsibility to educate consumers about understanding the difficulties and risks of certain outdoor activities. The adequate level of activity and the necessary outdoor gear is crucial for safety and satisfaction. We initially expect to see a



10 | Interview with Market Experts | Imanol Muñoz (2/2)

TERNUA GROUP, OUTDOOR Sales&Marketing Director



growth of accidents, rescues, etc. due to the higher accessibility and low experience of newcomers. At a certain level of activity, technology should never substitute what a professional mountain guide could offer and the professional advice of a technical retailer for technical gear should never be replaced by a “done by myself” online purchase. Apart from that, the product and brand information available online would need to be regulated to help consumers understand and filter what brands and products really offer in terms of quality and sustainability.

According to our survey results, approximately two thirds of European outdoor consumers (still) prefer to purchase their outdoor products in brick-and-mortar stores. On the other hand, ecommerce soared during the pandemic and more and more brands engage in (online) direct-to-consumer business. How can sports and outdoor retailers position themselves in this competition to stay relevant for the outdoor consumer in the future?

Imanol: A lot of customers got used to buy online during the pandemic including new age groups who were not doing so before. Outdoor and sport retailers should adapt to that situation by creating attractive purchase environments in and around their stores to build a positive and differential buying experience. In addition, they should add omnichannel solutions because “the stock at the place and moment in store” can be a cause of an incomplete sale. There is a new scenario of cooperation between brands and retailers, a higher level of understanding each other’s problems and limitations, a sharing of business risks, and many opportunities to offer creative solutions to the consumer in order to close a potential purchase.

Sustainability is becoming more and more important for European outdoor consumers. Across Europe, about 60 percent of consumers stated that they are willing to pay a premium for products with sustainable characteristics. On the other hand, a lot of consumers indicated that they do not fully trust a brand’s claims regarding sustainability. How can retailers navigate this balancing act between successfully incorporating sustainability into their business models (which will most likely increase cost) and convincingly communicate to consumers?

Imanol: Outdoor brands will need to improve transparency and make fair claims about their products and process. The education of consumers with regards to sustainability will grow, the conviction that every purchase has a certain impact on the environment will become clearer, and consumers will take more care of what they choose. The European Union will need to have a leading role in regulating what brands can claim. There will be a unification of criteria and certificates and, hopefully, showing how fair and ethical you do things will not be related to the size of your company or the amount of money that you could dedicate to communication and certification. In the best case scenario, the decision of consumers will be determined by transparent and homogeneous claims on products (e.g. A-B-C-D as in energy), certified by the EU so that all companies speak the same language.



11 Appendices



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About OutDoor by ISPO

About ISPO

ISPO is the world's leading sports network for business professionals and consumer experts. The platform was launched in 1970 and brings together an integrated range of industry-related analog and digital services under the ISPO family brand name. This includes the world's largest multisegment trade fairs ISPO Munich, ISPO Beijing and ISPO Shanghai as well as OutDoor by ISPO, the online news portal ISPO.com, and the business solutions ISPO Digitize, ISPO Brandnew, ISPO Open Innovation, ISPO Award, ISPO Academy, ISPO Textrends, ISPO Job Market and ISPO Shop. With its far-reaching mix of innovation promotion, industry networking, know-how and editorial insights, ISPO works 365 days a year to support companies and sports enthusiasts, and to foster passion for sport worldwide.

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About the Sports Business Group of Deloitte Germany

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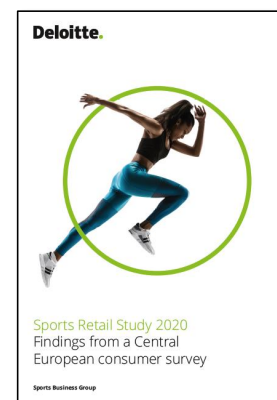


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Outdoor Consumer Report 2021

Authors: Stefan Ludwig, Felix Mutter, Christian Rump, Tatjana Lietz, Tim Seibert

Publication date: October 2021



Sports Retail Study

Presents the current development of sports consumption and analyses the behaviour of sports product suppliers as well as consumers. In addition, provides information about sport participation in order to examine its interplay with the financial development of the sports retail industry. The last version was published in 2020. The next edition will be published in the beginning of 2022.





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