

# OutdoorNews

Your guide to what's affecting the industry, published by the European Outdoor Group

J U L Y 2 0 0 9

## Any signs of outdoor industry recession?

**In general stores are still slashing prices, and consumers, if they are spending, are enjoying regularly discounted prices. Interest rates are being held at the lowest on record and many reports are surfacing to say we are seeing signs that we are coming out of recession. Given the amounts being put in to the economy by national governments to support major businesses it would be surprising not to see some form of economic stability, the questions is really, is it sustainable.**

At the beginning of May the National Institute of Economic and Social Research stated that the global economy would contract by 0.5% and that world trade would fall by 8.2% this year. From the G7 countries Italy and Japan were seen as potentially suffering the worst effects with a 40% and 15% (respectively) chance of the recession lasting through nine quarters or more.

So OutdoorNews went out to industry specific publications again to see what effect there was on the outdoor sector and it appears that its surprisingly little with both outdoor.markt (outdoormarkt.com) in Germany and Outdoori (Outdoori.com) in the UK reporting positive signs:

### **The German outdoor market still shows no sign of recession**

The Association of German Sports Retailers (VDS) speaks of 11% growth for outdoor products in 2008. And the first results in 2009 released by major German retailers seem to indicate that growth remains stable even after the global recession has hit many other German industries.

'The desire for outdoor activities is higher than ever', Mammut Sports Group CEO Rolf Schmid told outdoor.markt. 'I believe that, especially during the current economic climate, people will prefer to stay at home and go camping for their holiday instead of travelling far. So they are spending their money on equipment instead of on expensive hotels and flights. In addition, there are people who want to flee from all these problems. They just want to head out into nature and get away from it all.' Schmid does not expect any downturn, 'We the outdoor industry are only very, very marginally likely to be affected.'

Investment in the outdoor sector continues and 2009 sees the 25th jubilee for Intersport Germany's involvement in the outdoor market and in combination with brand partners like Odlo, Salewa and Meindl, the association of independent sports-traders is extensively campaigning every week with a special Outdoor-Product themed '25 years of Outdoor-competence - 25 weeks - 25 special offers.'

Sport 2000 has been investing in a new concept of flagship-stores, where the

share of outdoor products is higher than at conventional stores. 'On average, our partners currently have a share of outdoor products of 18%. In our flagship stores the share lies between 22 and 25%', Sport 2000 CEO Germany, Andreas Rudolf explains. At the start of the summer season (April), the members of the organisation recorded a growth of 14.4% in comparison to April 2008.

And the trend seems to continue with shop, catalogue and online retailer Globetrotter finishing its financial year with a plus in turnover of 15%. To ensure further growth, the Hamburg based specialist is currently investing large sums of money into a further, potentially 6,000 square meter, large adventure branch in Munich.

### **UK Outdoor market 'Cautiously Optimistic'**

The general economic uncertainty has impacted on both UK business and consumer confidence leading to a tightening of finances. While the Bank of England has kept the cost of borrowing unchanged at 0.5% in May for a third month in a row, companies continue to reduce investment.

The Bank of England says UK economic recovery is likely to be both slow and protracted. It has cut its growth forecast over the next two years and raised its estimate for inflation. The Bank is also more pessimistic about how quickly growth will recover to normal levels, stating that, 'the prospects for economic growth remain unusually uncertain, reflecting the exceptional economic and financial factors affecting the outlook.' Its projection is for a decline of about 3.5% this year and growth of about 1% in 2010.

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Some economists are however saying the UK has possibly reached or is near the bottom, although welcome the recovery period is similar to that forecast by the Bank of England, long and slow. The biggest impact will come from the growing number of unemployed which is predicted to rise steadily from the current figure of 1.64 million.

Despite this outdoor suppliers and retailers entered 2009 with an air of cautious optimism. Sales have been relatively consistent during the first half of the year, driven by favourable weather conditions, a cold winter and a late Easter plus the growing emphasis for people to stay at home and enjoy the outdoors.

The outdoor sector has also benefited from the weakness of the pound as

tourists from the euro zone holiday in the UK taking advantage of favourable exchange rates. The weakness of the UK's economy also means fewer people from the UK will look to holiday abroad leading to an increase in the number choosing to stay at home or what has been termed a 'staycation' - the economical alternative to the traditional vacation.

Camping is already benefiting from strong demand, best illustrated by the Camping & Caravanning Club who reported a 50% increase in occupancy rates on its 109 UK club sites over the Easter weekend. Demand for camping equipment is the highest for several years with the first quarter sell in (suppliers' goods into retail stores) of family tents showing double digit growth in both volume and value.

In times of uncertainty outdoor products are seen as a sensible investment rather than an expensive luxury. The recent survey by the UK Outdoor Industries Association reported that despite the downturn outdoor enthusiasts don't intend to reduce their spend - only 13% stated that they intend to reduce spending on outdoor products this year. Price however is important as 64% said they will continue to buy the same but will look more closely at price.

The simple truth is that even in times of hardship outdoor enthusiasts might be more inclined to look for a bargain but they won't trade down or compromise on what they purchase. So called performance led product works by delivering user benefits.

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## Brand loyalty – in a recession

Holding on to customers during the current economic crisis can be a real challenge. Competitors in a panic situation may be lowering prices in order to attract new business, and as people start to worry about what the future holds, new customers become scarcer. But there are basic principles which can help to see your company through and hopefully help your company to be the one that grows.

Whatever you call it, brand loyalty, customer retention, stickiness factor - it means the same thing, you have customers who like and trust your brand, building on those relationships, getting closer to your customers is vital. Think about the channels that you use to contact your customers, monitor your response rates and adapt and approach these if they aren't working. Also don't forget to ask your customer if there is a way that they would prefer to be contacted.

### **Understanding your customers and recognising your strengths**

It is said to cost up to six times as much to generate a new customer as it does to sell your product to an existing customer. Interestingly almost 80% of business lost is not usually because of the product, but because the customer didn't feel valued, that they weren't important enough. Both of these figures should make it obvious why it's important to keep existing customers coming back for more.

Why do your customers trust you, why do they buy your products, if you can answer these questions then you should be in a position to ensure that you continue to meet your customers needs. You should also better understand your competitors and what they aren't doing right. All important factors when you start targeting new business.

So you need to know as much as possible about your customer, are there things they dislike about you, about the outdoor industry in general, have you checked how easy it is for them to do business with you, do you maintain regular contact with them, are you up to date on industry developments and are the people selling your products as educated about what they're selling as you'd like them to be.

Don't sit on your lorals, review your processes, ensure that you compare against your competitors, that your processes are robust. Price will always be important but at times of financial difficulty customers may feel that they are not able to afford your product, so provide good reasons for them to spend the extra amounts.

### **Customer loyalty**

If we take it that the above is all accepted practice, it's what you know you should be doing, what else is left to ensure customer loyalty, what can differentiate you from your competitor. We all appreciate that at times of economic disturbance customers are less

loyal, the consumer becomes 'fickle'.

Customer experience – ensuring that at every point of contact the customer has the same experience, top-to-bottom. The key is ensuring that you not only deliver a great experience to the customer but that it's also relevant to them. Websites are now seen as a vital marketing tool, but they must engage the customer and be easy to navigate. Many customers do online research before purchasing a product and yet in a recent report from Forrester Research the consumer is consistently disappointed with website interactions.

Who answers the phone when customers are placing orders? Is that person presenting the same image as your website, are they saying the right things, your customers don't want to know that 'so and so' has had a bad day or had trouble getting to work this morning, they want answers to their questions clearly and if you're going to say you'll call someone back, then it's vital that you do make that call. Bad customer service will put off customers no matter how loyal they are to the product.

If you aim to give a customer a pleasant experience in dealing with you then that will pay dividends, not only will you retain customers through the bad times, but they'll probably tell their friends and colleagues how great your products are and how nice a company you are to deal with. SO you keep existing customers and gain new ones!

# Success in Brussels

## - EOG assists ice tool producers

The workings of the European Commission are sometimes strange and mysterious and our industry has struggled to understand why when ice screws, ropes, harnesses and karabiners are all considered as Personal Protective Equipment (PPE), ice tools are not. Virtually all winter mountaineers would consider their ice tools as the single most important bit of safety equipment, and moreover, one upon which their lives will probably depend, so the failure of the Commission to recognise this has been difficult to understand.

Europe has a long tradition of companies producing world-class ice tools, such as DMM, Petzl Charlet, Grivel, C.A.M.P. and Edelrid and it is mainly representatives from these companies that make up the CEN (European Committee for Standardization) Technical Working Committee. This committee is charged with the responsibility of ensuring that

the EN 13089 standard for Mountaineering Equipment is fully up-to-date and has been arguing the case for the classification of ice tools under the PPE directive in order to provide guaranteed standards of production and with this, guaranteed safety for the user. The refusal of the Commission to accept that ice tools are PPE has held up the publication of the revised EN 13089 standard for over three years.

Given the long-standing nature of this debate, the Federation of European Sporting Goods Industries (FESI) called upon the European Outdoor Group (EOG) to intervene and to try and resolve the issue with the Commission's Standing Committee on Personal Protective Equipment. The EOG duly submitted a technical paper on the issue and then addressed the Committee at its recent meeting in Brussels.

Representing the industry were Mark

Held, secretary general of the EOG, Antonio Codega of the producers C.A.M.P. and top mountaineer Alan Hinkes. The arguments centred on the use of ice tools as belay points when correctly buried in suitable névé snow, and to demonstrate this the group showed an instructional video.

**The meeting ended with the Committee accepting the EOG's arguments and re-classifying Ice Tools as PPE Category III.**

Commenting on this outcome, Mark Held said, "We are delighted that this important committee has accepted our arguments and that the industry can now move forward with the right classification of ice tools. The EOG is a powerful voice for the entire outdoor sector and we are happy that we were able to resolve this issue. We trust that this result will now lead to the long awaited ratification of the revised EN 13089 standard."

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## Internet users turn to social media to seek one another, not brands or products

83% of online population, aged 13 to 54, use social media, states a new report from US based Knowledge Networks; 47% participate weekly, but are they there to see adverts or just to contact each other?

Recently published, the new report gives advertisers, marketers and researchers a clearer picture of the motivations and attitudes of social media users – with sometimes-surprising results. The figures using social networks via the internet are high, but less than 5% of users regularly turn to these sites for guidance on purchase decisions in any of nine product/service categories. In fact only 3% were seen to use them for clothes and shoes advice and 4% for travel or travel services. The other surprise is that only 16% of social media users say they are more likely to

buy from companies that advertise on social sites.

The US study report, How People Use Social Media, was produced as part of The Home Technology Monitor, a service that provides highly accurate views of which media technologies people own or have access to, as well as how they are integrating those technologies into their everyday lives. The research was conducted in mid-March, 2009, with 502 members of the KnowledgePanel, the only online panel based on a representative sample of the full US population.

The definition of 'Social media use' for the study was anyone having visited any one of 27 social sites (including Facebook, Twitter, LinkedIn, Bebo, YouTube and Myspace) or having used social features on other sites.

Almost two thirds (63%) of respondents agreed that adverts are a 'fair price to pay' for use of these sites and features; but a much smaller proportion (16%) say they are more likely to buy from advertising brands. 'Staying connected' – to friends and family, as well as meeting new people – is by far what is 'most liked' (54%) about participating in social media.

The report covers such topics as how social media use affects media choice, feelings about advertising on social media, and differences between users and non-users of social media.

'Our findings show that marketers need to be prudent and people-centric in how they approach social media,' said David Tice, vice president and group account director, Knowledge Networks. 'Social media users do not have a strong association between these sites and purchase decisions; they see them as being more about personal connection – so finding ways to embrace that powerful function is key. The fact that they are using social media more now than a year ago is a strong indicator that the influence of these sites and features is here to stay.'

# Sustainability for All

The European Outdoor Group actively seeks to do work on behalf of the whole outdoor sector not just its members. Open to everyone the Sustainability Working Group (SWG) aims to provide a platform for discussion and collaboration in all areas of sustainability. The SWG is currently looking for new members and would welcome anyone from any area of the outdoor industry to participate. It's entirely up to you at what level you would like to be involved, whether purely to receive information, to actively help as a stakeholder or to be part of one of the active committees, which are currently looking at End of Life (Product Life Cycle) and Standards and Regulations. You can join via the website

[www.europeanoutdoorsustainability.com](http://www.europeanoutdoorsustainability.com) once you complete the simple form someone from the Steering Group will contact you and start a dialogue about your involvement with the group.

The website provides a great resource for information about many areas of sustainability and gives information and links to useful sites and articles.

The SWG Steering Group currently has members that represent each part of the supply chain and includes representatives from The North Face, Deuter, Petzl, Salomon, Haglöfs, Mammüt, Odlo, Vaude, Globetrotter, Bever, W L Gore and the European Outdoor Group and is

Chaired by Cortney McDermott from The North Face, with Vice Chairs Anne Girard from Petzl and Kilian Hochrein from W L Gore.

In addition to organising an open industry breakfast Sustainability Workshop at this year's OutDoor (details can be found elsewhere in this newsletter) the SWG has also been undertaking industry research looking at company's within the outdoor sector and how much time and commitment company's give to sustainability within their organisation. Initial information from the research will be available during the Workshop.

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## 63% increase in global organic cotton market

The Organic Exchange (OE) has recently released the Organic Cotton Market Report 2007-2008 which shows that global retail sales of organic cotton apparel and home textile products reached an estimated USD\$3.2 billion (EUR€2.3 billion) in 2008. This represents a 63 percent increase from the USD\$1.9 billion (EUR€1.4 billion) market in 2007.

The top ten organic cotton-using brands and retailers globally were Wal-Mart (USA), C&A (Belgium), Nike (USA), H&M (Sweden), Zara (Spain), Anvil (USA), Coop Switzerland, Pottery Barn (USA), Greensource (USA), and Hess Natur (Germany).

Despite the current global retail outlook, most brands and retailers selling organic cotton products remain committed to their sustainability plans and upbeat about market growth with plans to expand their product lines 24 and 33 percent in 2009 and 2010, respectively, to result in an estimated

USD\$4 billion (EUR€2.9 billion) market in 2009 and a USD\$5.3 billion (EUR€3.8 billion) market in 2010.

"It is a sign of the times that despite ominous financial forecasts, brands and retailers are standing fast to their commitment to making their product lines more sustainable by ever increasing their use of organic cotton and other organic fibres such as wool, linen, and silk," said LaRhea Pepper, Organic Exchange senior director.

The amount of organic cotton farmers grew worldwide in 2007/08 increased 152 percent, according to OE's Organic Cotton Farm and Fiber Report 2008. OE notes that during 2008, certified organic cotton fibre supplies grew by 95 percent, significantly higher than annual growth rates of 45 percent in 2006 and 53 percent in 2007.

"Farmers who planted on speculation or expanded without market partners may have shifted the market into a

state of oversupply in 2009," says Pepper, who strongly discourages farmers from taking this kind of risk. "Brands may want to explore opportunities for expanding their organic programs with their business partners," she continued, "as for the first time in many years, supplies of organic fibre, yarns, and fabrics are more available than in previous years."

In December 2008, David Bennell was announced as the new executive director of Organic Exchange. David was formerly the director of the Forest Stewardship Council Global Fund and the manager of product research, testing, and environmental affairs at LL Bean.

OE's 7th Organic Exchange Global Conference and Marketplace will take place in Seattle, Washington, October 20-22, 2009.

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## EOG meets with Director General of the EU Trade Ministry to lobby on Anti-Dumping Measures

As part of the Alliance (together with FESI - Federation of European Sporting Goods Industries and the EBFC - European Brown Footwear Coalition) the European Outdoor Group (EOG) recently met with David O'Sullivan the Director General of the Trade Ministry of the European Union. The EOG's Secretary General, Mark Held explained

the frustration felt by the outdoor sector over punitive Anti-Dumping Measures that are negatively impacting the outdoor footwear sector. He commented that 'The previous Trade Commissioner, Lord Mandelson promised the industry that we would see a 'speeded up' version of the expiry review into these unnecessary and

negative measures, yet the Commission seems to be stuck in endless bureaucracy and to be changing the goal posts all the time. What we want to see is common sense prevail and an end to the measures in order that the industry can just get on with its legitimate business.' In a separate move, the European Footwear Alliance

has been engaged in a whirlwind tour of EU member states to discuss the Anti-Dumping Review with National Governments and to explain its opposition to any extension of the duties.

Anti-Dumping Measures that currently add a punitive duty to footwear coming into the EU from China and Vietnam have been in place for the last

three years. The latest situation is an Expiry Review with a call from the unnamed complainants for a continuation of the duty. The Expiry Review involves the European Commission in trying to establish if the price of exported footwear from Vietnam and China is below what could reasonably be expected in terms of domestic prices and as such being unfairly subsidised by the exporting countries. The EOG as

part of the European Footwear Alliance presented its case against the measures at a Commission hearing in early April and as a back-up measure are lobbying to re-classify outdoor footwear to fall within the exemption given to 'Special Technical Athletic Footwear', or STAF classification. The EOG started this action in defence of the principle of free trade, which was agreed by the Group in 2008.

## Launch of Consumer Research Programme

The European Outdoor Group (EOG) has commissioned the first in a series of in-depth outdoor consumer research projects, designed to assess the habits and attitudes of outdoor consumers in relation to participation and spend; brand choice and loyalty; and sustainability and the environment. The initial phase of the research is taking place in Germany, in partnership with leading outdoor magazines Outdoor and Klettern.

Using an online survey, the EOG is asking a broad range of questions in order to build a better understanding of the opinions of consumers and their changing plans and intentions for 2009. A similar survey is also being undertaken in Switzerland, in partnership with EOG member the Mammüt Sports Group.

Following the publication of the research results for Germany, the EOG will embark on a programme of PR activity, focusing on both the trade and consumer outdoor press and the wider media. Key findings from the research will be used to promote the outdoors, the outdoor industry and the work of the EOG, across Germany and internationally, delivering valuable media coverage and profile. It is expected that the range of topics covered by the research should deliver enough variety in the results to sustain a communications campaign that can benefit both EOG members and the whole outdoor industry. The main areas of focus for research include: Changing attitudes of consumers in light of the economic situation; Travel / holiday destination intentions; Gear buying patterns; and Reaction to matters of sustainability and the environment.

The results and initial analysis from Germany will be presented during OutDoor, with a full report due later in the year. The survey for Switzerland will be completed soon after and the results will be communicated to EOG members and the wider industry as soon as possible.



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# The best time to save the world - 08.30

**Sustainability is so important to our sector that we're starting early**

Friday 17th July, 08.30am, Room Berlin, East Foyer.  
Breakfast, sponsored by **Globetrotter.de** Ausrüstung included!

## SUSTAINABILITY WORKSHOP REACH • End of Life

for the outdoor sector  
**You need to be there**  
**Everyone is welcome**  
Simultaneous translation

Put forward ideas, shape the future

Organised by the EOG's Sustainability Working Group  
[www.europeanoutdoorsustainability.org](http://www.europeanoutdoorsustainability.org)

*The power of innovation is the driving force behind the outdoor industry. Many technical innovations have emerged to firmly take a place in the everyday lives of outdoor enthusiasts. With its new theme "Innovation and Technology", the 16th edition of the OutDoor trade fair in Friedrichshafen will put the rapidly growing outdoor lifestyle trend at centre stage, while featuring sustainable products that explicitly include prospective technologies.*

#### Where to find EOG members at the show:

Adidas	B4 300
Aku	A6 301
Arc'Teryx	B2 300
Bergans	A1 305
Berghaus	A1 405
Black Diamond	B2 400
C.A.M.P.	B2 402
CamelBak	B1 100
Cascade Designs	A3 404
Columbia	A1 304/ 400
Deuter	B1 400
Eagle Creek	B1 201
Equip Technologies	A1 404
Ferrino	A1 208
Fjällräven	A5 200
Haglöfs	A1 303
Helly Hansen	A1 206
Jack Wolfskin	B1 103
Kamik	A6 100
Komperdell	A1 501
Lafuma	A1 402
Leki Lenhart	A6 200
Lowa	A6 300
Lowe Alpine	B1 300
Mammut	A3 400
Marmot	A1 403
Meindl	A6 400
Merrell	A3 303
Nikwax	A1 413
Nordisk	B1 301
Odlo	B4 500
Ortlieb	B1 200
Osprey	A1 406
Patagonia	B2 200
Petzl	B2 302
Regatta	A3 201
Salewa	A3 200
Salomon	A1 409 / 506
Schöffel	A3 300
Tatonka	B3 400
Vango	B3 502
Vaude	B2 305



**FRIDAY, 16.00HRS**  
New lively discussion forum the '**OutDoor Innovation Lab**' will present international speakers from throughout

the supply chain to discuss with the audience how to innovate and how to keep ahead of the market by innovating. Innovation is all about solving problems, the ability to create out of the ordinary solutions at different points of the supply chain.

*Moderator:* Mark Held, European Outdoor Group

*Panel:* Thomas Lipke, Globetrotter

Roddy Darcy, Haglöfs

W.L. Gore

Steve Brindle, International Brand Futures, International Fashion Institute

## OTHER PRESENTATIONS

At 14.00hrs on Thursday 16, 2009, a presentation by BBE Retail Experts titled '**Retailing in Europe**' will provide insight into developments and outlooks for the retail trade.

This will be followed later in the afternoon at 16.00hrs, by a presentation to be given by the Zukunftsinstitut (Future Institute) titled '**Innovation in Difficult Times**' which will outline the social and consumer trends that lie behind the outdoor boom, and provide a profile of future outdoor customers.

**EOG VIP Lounge** – This year the EOG VIP Lounge has moved to the new East Entrance at OutDoor, situated on the first floor, access to the Lounge is for members and their guests only.

## SUSTAINABILITY WORKSHOP

**The best time to save the world - 08.30**

**Sustainability is so important to our sector that we're starting early!**

• **Friday 17th July, 08.30am, Room Berlin, East Foyer.**

**Breakfast, sponsored by Globetrotter, included!**

The Sustainability Workshop will cover REACH, End of Life and all aspects of sustainability for the outdoor sector.

You need to be there - Everyone is welcome

(Simultaneous translation)

Put forward ideas, shape the future

Organised by the EOG's Sustainability Working Group

[www.europeanoutdoorsustainability.org](http://www.europeanoutdoorsustainability.org)

## PARTY

The OutDoor Party will take place from 18.30 hrs on Saturday, 18 July in the Open Air Grounds. The party is once again sponsored by Polartec and will also support the EOG Association for Conservation.

## CONSERVATION AT OUTDOOR 09

The EOG Association for

**Conservation** will have displays of new and past projects that have received funding in the West Foyer outside Hall A1, information about how to join the Association will also be available – don't forget that membership is open to everyone working within the outdoor sector including suppliers, retailers, manufacturers, brands, publishers, sales organisations and service providers.

This summer the Association has lots of events going on:

- Fundraiser: '**Something for Conservation**' Make a donation, pick up some great gear, and help support conservation! - 14.30hrs Thursday, Friday and Saturday, 10.30hrs Sunday, Stand Foyer West, outside Hall A1. *Also unique Association water bottles from CamelBak Hall B1- 100.*
- **The Age of Stupid** movie as part of the Movie Nights with FREE BEER, sponsored by Pertex, Thursday 16 July, 18.30hrs Hall A2. (with German subtitles)
- Beware the **Bread&Butter Theatre Company** – a duo of wacky street performers who will be doing walkabouts during Thursday and Friday to entertain and amuse. Sponsored by Pertex and Lowe Alpine.
- Pick up your free **Matchstick Garden** – take them home and watch them grow! – sponsored by the Mammut Sports Group.
- **Announcement of new projects** including short talks from some of the projects awarded for 2009. Friday 17 July, 13.00hrs Room Berlin, Foyer East (simultaneous translation).
- **"Live for the moment"** a talk by Timmy O'Neill about his recent ascent of El Capitan with his paralyzed brother - sponsored by Patagonia, free beer. *Saturday 18 July, 17.00hrs Room Switzerland, Foyer West.*

Look out as you walk around the fair for stickers indicating members who support the EOG Association for Conservation.

Did you miss the European Outdoor Group's online Newsletter? Don't forget that its free for everyone, you just need to go to the website to sign up to receive it:

[www.europeanoutdoorgroup.com](http://www.europeanoutdoorgroup.com)

Some stories you may have missed that were published in the online newsletter:

### Are we seeing an economic improvement?

In the last 6 months, the worldwide recession has taken hold and spared few countries. While the downturn clearly originated in those countries whose banks lent and citizens borrowed too recklessly, it is primarily exporting countries such as Japan and Germany who have so far taken the greater hit of the major economies.

As exporting and prudent countries felt less responsibility for the causes of the recession and presumed less susceptibility, so they have been less quick to enact stimulus. However it is precisely these countries that need to do most to stimulate internal demand. Citizens and governments of already indebted countries such the UK and the US have far less capacity to borrow further, and will be punished by markets if they choose to do so.

One lesson that might be learned from the economic imbalances that ultimately could not be sustained would be the need for greater self-sufficiency. It will inevitably become visible that there is no preferred direction of trade imbalance - all imbalances endanger.

Countries can not forever rely on a constant stream of imports and a negative trade balance. It is far better to correct imbalances before markets dislocate and enforce correction in a damaging fashion. However, this should not be seen as a lurch to protectionism, but as a suggestion that economies need to be balanced and varied. One-dimensional economies, perhaps dominated by construction or high-value technology, are vulnerable to severe retrenchment in industries as a result of economic shocks. Diversify the economy, and spread the risk.

Determined to signal protectionism was off the agenda, the G20 met recently in London. This was more of a chance to show a united front than to arrange policy - governments will always arrange policy out of perceived national interest.

Instead the impression of international cohesion was key to improving the confidence of markets and consumers who have feared the sort of disunity that worsened the 1930s era. But did the G20 really achieve anything, certainly it was hailed as 'historic' with even Germany's Angela Merkel acknowledging that it was a 'triumph' and the instant reaction on the markets was one of a global lift.

It is maybe still too early to say if any of the measures agreed will actually have much of a long term effect, or even what form the 'action' will take. Being sceptical there is the question of how much of the US\$1trillion pledged is really new money – US\$250 billion has been earmarked to go to the IMF, and a further US\$250 billion has been committed to help

global trade, but the upfront contributions appear to be only around the US\$3-4billion level.

There is bad news still to come now that the real economy has started to respond, with unemployment the next issue for governments. Further countries may go to the IMF following its increase in reserves. However the rapid rate of deterioration has been slowed and things look slightly better than six months ago.

### A US perspective on trade show

SNEWS®, the leading trade news service for the US outdoor and fitness market ([www.snewsnet.com](http://www.snewsnet.com)), recently published an interesting review of the US trade show market's status in early 2009. We are excerpting it with permission, below. The full story, "2009 trade shows still draw a buying and selling crowd, albeit smaller ones" is available at [www.snewsnet.com](http://www.snewsnet.com) to SNEWS subscribers.

The outdoor, fitness and sports industries are not alone in commiserating about trade shows and declining attendance and exhibitor numbers. In 2008, the exhibition industry, including all types of trade shows and conventions, declined 3.1 percent, marking the first annual decrease in business since 2002, according to the Center for Exhibition Industry Research ([www.ceir.org](http://www.ceir.org)).

Overall, four key industry metrics saw declines in 2008, with net square footage for shows dropping 2 percent, the number of exhibitors dropping 2.6 percent, attendance decreasing by 4 percent and revenue slipping 3.5 percent.

"Most trade show sectors are down," Michael Hart, editor-in-chief of Tradeshow Week Magazine, told SNEWS. "The most significant problem has been attendance. It's not that companies aren't going, but where they used to send 10 people, they're now sending two or three." Hart added that smaller exhibitors are withdrawing from shows, while larger exhibitors are using smaller booths.

Hart said that the recession has hit some types of shows more than others. For market segments with multiple shows, the main shows are faring well, while smaller shows serving that particular market are hurting. "Some smaller shows have to cancel completely," he said. This holds true for trade shows serving certain sports markets.

### By the numbers

Manufacturers and retailers are making hard choices and participating in fewer events for their particular market, which is why large, annual shows continue to do relatively well because they offer buyers the sole opportunity to reach a respective channel. Here is a review of some key shows in the first quarter of the year:



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## Current Members

adidas Outdoor  
 Aku  
 Arc'Teryx  
 Bergans Fritid  
 Berghaus  
 Black Diamond  
 CamelBak  
 C.A.M.P.  
 Cascade Designs  
 Coleman  
 Columbia Sportswear  
 Deuter  
 Eagle Creek  
 Ferrino  
 Fjällräven  
 Haglöfs  
 Helly Hansen  
 Jack Wolfskin  
 Kamik  
 Komperdell  
 Lafuma  
 Leki Lenhart  
 Lowa  
 Lowe Alpine  
 Marmot Sports Group  
 Marmot  
 Meindl  
 Merrell  
 Nike ACG  
 Nikwax  
 Nordisk  
 Odlo  
 Ortlieb  
 Osprey  
 Patagonia  
 Petzl  
 Rab  
 Regatta  
 Salewa  
 Salomon  
 Samsonite Outlab  
 Schöffel  
 Tatonka  
 The North Face  
 Timberland  
 Vango  
 Vaude

- Snowsports Industries America (SIA) reported buyer attendance dropped 5 percent for this year's January 2009 SIA show in Las Vegas.
- Nielsen reported attendance at the 2009 Outdoor Retailer Winter Market show in Salt Lake City in January dropped about 10 percent.
- WSA, a twice-annual shoe show, saw declines at its February show of 18 percent in overall attendance, which covers all attendees from retailers to exhibitors to media.
- Also suffering, the January 2009 ASR show (Action Sports Retailer) in San Diego, California, was noticeably smaller this year, with 100,000 net square feet, compared to 131,000 net square feet in 2008, or down about 24 percent. Also, this year the show included 100 fewer brands than the previous year or about a 20-percent drop from 500 to 400 brands.
- Not as bad as some nor as good as others, the IHSA commercial fitness show in mid-March reported declines in attendance of about 15 percent, plus a drop in exhibitors and in the show's square footage of about 20 percent.
- Shows outside the boundaries of North America weren't immune although some have fared better. At the winter ispo sporting goods show in Munich, Germany, in early February, early attendance figures showed a drop of about 5 percent and exhibitor numbers were down less than 4 percent.

## Quality vs. quantity

Even when attendance drops, it does not always mean that the show is suddenly a waste of a company's time and attention. Experts agree that exhibitors and attendees remain happy as long as the show continues to draw a quality crowd. As long as exhibitors can interact with influential buyers and fewer tyre-kickers, they find real value in the gathering.

"Over the last six recessions, we've trended key performance indicators like the buying influences of attendees," said Joe Federbush, vice president of sales and marketing for Exhibit Surveys ([www.exhibitsurveys.com](http://www.exhibitsurveys.com)). "We've found that the amount of square footage and number of attendees goes down, but the quality of the audience remains pretty strong." He said companies may be sending fewer people, but they're sending more of the final decision makers. "The value of the trade shows is still there for the attendees and the exhibitors."

Nevertheless, Federbush said that these days exhibitors and attendees are demanding more detailed information on their ROI -- the return they get from investing in a show: "The show organisers really have to be proving the value to attendees and exhibitors," said Federbush. "More now than ever they need to be leveraging their registration data to come out with some more solid numbers. They need to be surveying the quality and quantity of attendees."

## What's next?

While the trade show industry is doing OK now, the big question is what things will look like later this year or next year. Hart said that many trade shows did not change in size and scope because exhibitors were locked into binding contracts sealed the previous year. Many of those exhibitors are likely scrutinising their

budgets and considering whether or not they will attend in 2010, or to what extent they will participate – either to conserve spare dollars or as a hedge on the economy. "If your business is having trouble, you might not make a commitment to go next year," said Hart. "Of course, that could change if the overall economy picks up in the third and fourth quarters."

In any case, Hart and others do not think we're going to see the death of trade shows anytime soon. "Even if business is bad," said Hart, "trade show producers are not flipping out."

To read the rest of this story, go to: [www.snewsnet.com/cgi-bin/snews/Trade\\_shows\\_still\\_draw\\_buyers\\_sellers\\_but\\_smaller\\_crowds\\_2009.html](http://www.snewsnet.com/cgi-bin/snews/Trade_shows_still_draw_buyers_sellers_but_smaller_crowds_2009.html). Access is available to subscribers only. However, EOG members based in Europe can activate a free subscription to SNEWS by going to: [www.snewsnet.com/SNEWSFreebie/EOG.html](http://www.snewsnet.com/SNEWSFreebie/EOG.html). Subscriptions will be activated once approved by SNEWS circulation services.

## Corporate CSR performance fails to convince employees

A new study by Krauthammer has looked at the employees experience of their organisations CSR practices, comments from the employees state that "Organisations should practice the belief that the economy and the ecology are one thing." And yet, of those surveyed, only 26% of companies seem to agree. The study reports that in general around 50% of organisations are operational or even exemplary when it comes to CSR practices related to the triple perspectives of Planet, Profit and People, employees claim. The other half display a reactive or inactive CSR policy. Or alternatively, they are failing to inform their own people about what they are doing.

The study, the result of a survey, conducted in collaboration with experts from the Rotterdam School of Management, the University of Amsterdam and the Erasmus University of Rotterdam, examines the employees' point of view on their organisations' CSR practices - what do employees expect and how well are those expectations met?

"This survey is a resounding call to those with the power, the skill and resources to be pro-active – or at the very least consciously active when it comes to CSR. And, given the turbulence in the economic and ecological climate, failing to identify and grasp 'low hanging fruit' such as resources efficiency, is simply incomprehensible!" comments Ronald Meijers, Co-chairman of the Board of Krauthammer. "I see an overall demand for reliability and consistency in the CSR arena. Quite simply the message to organisations is - do what you say and say what you do!" he concludes.

Examining 16 specific areas of CSR practice, the survey shows that there are gaps between what employees seek and their actual experience. Far from being passive observers, employees are already taking an active role in PSR (Personal Societal Responsibility).

A copy of the study is available for download at: [www.krauthammer.com/Docs/Content/File/VRB20/corporate-societal-responsibility-in-brief.pdf](http://www.krauthammer.com/Docs/Content/File/VRB20/corporate-societal-responsibility-in-brief.pdf)