

OutdoorNews

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

J U L Y 2 0 0 8

Industry figures released



On the first day of the OutDoor Fair the European Outdoor Group (EOG) will present new industry figures at the international press conference. Whilst the full details of the study remain confidential within the EOG, the presentation will cover what has been happening in the major markets and in the major product groups.

New Members

The European Outdoor Group has gained some new members, including leading manufacturer of travel gear Eagle Creek, technical outdoor company Equip Outdoor and performance brand Vango. The Russian Outdoor Group has also recently joined as an Associate member.



UK's Chinagateway



As reported in an earlier edition of Outdoor News the UK's North West is set to become a hive of activity with ambitious plans for a EUR€160 million textile manufacturing hub.

The sale of the brown land site (previously developed land) has been agreed between Wigan Municipal Borough Council and the developers. It is expected that construction of the site will begin by mid-2009, with the first phase, approximately half of the development, possibly completed within 12 months. The site, consisting of 22 hectares, will be developed into a ninety three thousand square meter showcase for

Chinese clothing and textile products. Wigan Council Leader Peter Smith commented 'Our borough was once at the heart of the region's textile industry and I am delighted that we will be once again.' China is recognised as a key market for the North West, both in terms of trade and inward investment. The region exported over EUR€450 million worth of goods to China in 2006, accounting for 11% of the UK's total exports to China and in 2006/07 the North West saw 17 inward investments from Chinese companies. The plan for the site is to have a mixture of manufacturing, marketing, warehousing, research and development, hotel and office facilities.

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OutDoor

The Leading Trade Fair

Whats on?

Thursday 17 July 18.15hrs
Hall A7 Fashion Show Stage

EOG Association for Conservation Projects 2008

This year's winning projects will be announced.

8 organisations have been awarded a total of just under EUR€175,000 and cover forestry, trail, biodiversity and educational projects throughout wider Europe.

Also come along to the stand in the Entrance Foyer West, outside Hall A1 to see how you can get involved with the Association.

Friday 18 July 15.00hrs
Room Austria

Climate Change as a Lifestyle Challenge! Risks and Opportunities

Dr Fritz Reusswig is head of Lifestyle and Consumption Research at the Potsdam Institute for Climate Change, his talk will cover the recent changes in public climate change discourse, the possible social and economic consequences, the possible consequences of climate change for outdoor activities and embedding in lifestyle and consumption trends.

Not to be missed!

The theme of this years OutDoor Fair is 'The Challenge of Sustainability'. Several talks will be given over the first three days of the show and a panel discussion hopes to address some of the key issues faced by the sector. Talks include:

Thursday 17 July 15.00hrs
Room Austria

A North American Retail Approach to Sustainability

Recreational Equipment Inc (REI) and Mountain Equipment Co-op (MEC) are two of North America's leading retail chains. What singles these two retail giants out is that they are both run as membership cooperatives. REI

operates more than 80 stores in 27 US States and MEC boasts over 2.8 million consumer members. Not only this, but they are both at the forefront of the drive to a sustainable industry, both within their own organisations and within the wider industry community. Kevin Myette of REI and Greg Scott of MEC have agreed to present their approach to sustainability - this promises to be a MUST attend event for any retailer or brand interested in the subject.

Movie Nights

Thursday 17 July 18.30hrs
Hall A7 - Fashion Shows Stage

11th Hour

Presented by the EOG Association for Conservation.



Association for Conservation

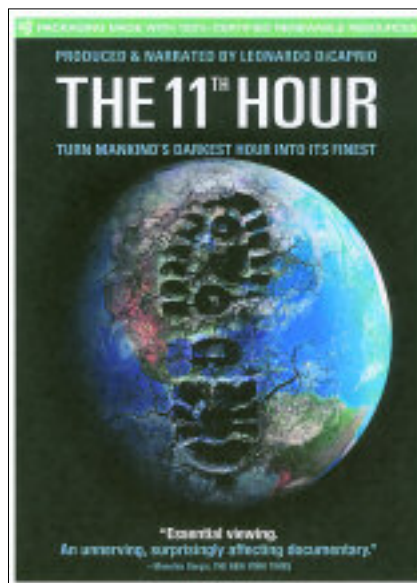


Sponsored by the Mammut Sports Group

English with German subtitle
Food and drinks provided

A new environmental movie with a difference.

Rather than doom and gloom, the film aims to inspire action in time to make a difference,



offering visionary and practical solutions for restoring the planet's ecosystems.

A movie of three parts:

Climate change
Environmental issues

The Future – solutions and product development

The movie features ongoing dialogues with 50 scientists, visionaries and leaders, who discuss the most important issues that are affecting our planet. The movie also explores solutions for creating a sustainable future.

Your opportunity to see some of the world's greatest visionaries including:

Janine Benyus – solutions from nature (*Biomimicry* author)

William McDonough – sustainable design (*Cradle to Cradle* author)

Paul Hawken – environmentalist
(*Natural Capitalism: Creating the Next Industrial Revolution* author)

Bruce Mau – sustainable design
(*Founder Institute without Boundaries and Massive Change* author)

Stephen Hawking – physicist
(*A Brief History of Time* author)

David Suzuki – geneticist and sustainable ecologist

Andy Revkin – climate change

Friday 18 July 18.30hrs
Hall A7 - Fashion Shows Stage

Planet Earth

English with German subtitles

An unforgettable journey through changing landscapes and seasons. The movie shows the daily struggle for life across planet earth from rarely seen stunning landscapes to the smallest details of the earth's best beloved, wildest and most elusive creatures.

Saturday 19 July 17.30hrs
Hall A7 - Fashion Shows Stage

Preservation & Conservation of the Alpine Environment

Presented by the EOG Association for Conservation



NEVER STOP EXPLORING™

Sponsored by The North Face International Alpinist Conrad Anker shares tales of wild adventure woven into a message of conservation. In Conrad's own words 'the wild places we so love are more than just playgrounds – they are the body of our planet.'

As adventurers we need wild places to "get primal". By conserving these places we contribute to the health of our planet.'

Conrad Anker's speciality is climbing the most technically challenging terrain in the world. This quest has taken him from the mountains of Alaska and Antarctica to the big walls of Patagonia and Baffin Island and the massive peaks of the Himalaya.

In 1999 Conrad was a key member of the search team which located the remains of legendary George Mallory on Everest. The disappearance of Mallory and Sandy Irvine on their summit bid in 1924 remained a mystery, but Conrad's discovery and the analysis of the find has shed new light on the pioneering climbs of the early expeditions.

This 'Pre-Party' event is free of charge, open to everyone - beer and snacks will be available!

Other events:

OutDoor Industry Awards -

A display of the winning products will be available throughout the show in the Entrance Foyer West, the Awards ceremony will take place on Thursday July 17 on the Fashion Stage in Hall A7 at 17.30 hours.

OutDoor Party – Saturday

July 19 in the Open Air Ground

Sponsored by Polartec, the Party as usual is all-inclusive, with free food and drinks.

Entry ticket available during the show

in the West Entrance. EUR€15 gets a wristband and party t-shirt.

Once the night ends a free of charge shuttle bus service will take you to neighbouring towns and various hotels. Shuttles will leave from the West Entrance at midnight.

Where you can find EOG members at the show:

Aku	A2 303	Jack Wolfskin	B1 103	Patagonia	B2 200
Arc'Teryx	B2 300	Kamik	A2 200	Petzl	B2 503
Bergans Fritid	A1 304	Komperdell	A1 407	Rab (Equip Outdoor)	A1 102
Berghaus	A1 405	Lafuma	A1 302	Regatta	A3 201
Black Diamond	B2 400	Lowa	A2 302	Salewa	A3 200
CamelBak	B1 100	Lowe Alpine	B1 300	Salomon	A1 410/411
C.A.M.P.	B2 304	Macpac	A6 500	Samsonite Outlab	A5 100
Cascade Designs	A3 404	Mammut Sports Group	A3 400	Schöffel	A3 300
Coleman	B3 300	Marmot	A1 402	Tatonka	B3 400 FG B103
Columbia Sportswear	A1 303	Meindl	A2 201	The North Face	A1 401
Deuter	B1 400	Merrell	A3 303	Vango	B1 411
Eagle Creek	B1 201	Nike ACG	A1 404	Vaude	B2 504 FG B101
Ferrino	A1 208	Nikwax	A5 405		
Fjällräven	A5 200	Odlo	A4 302		
Haglöfs	A1 207	Ortlieb	B1 200		
Helly Hansen	A1 206	Osprey	A1 305		

European Outdoor Group gains new image

The European Outdoor Group (EOG) has recently launched a new visual image and website.

With a cleaner fresher look, the new logo provides the European Outdoor Group with a modern, stronger visual representation. To retain continuity and some recognition within the industry the blue of the old logo has been retained.

The selected logo was influenced by the European Outdoor Group's single community approach to the industry.

Originally founded in 2003 by nineteen of the world's largest

outdoor companies the European Outdoor Group currently has 46 members, including the largest outdoor brands in the world. The combined strength of the member brands, and a close cooperation with national outdoor associations, provides an extremely powerful force to represent the European outdoor industry in a constructive and positive manner.

The new website allows the European Outdoor Group to interact with its members easily and effectively, providing a single point of contact for

everyone working within the outdoor sector. For non-members the new website offers an information point and the opportunity to sign up to receive the EOG's newsletter, Outdoor News.



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New report - best practice for eco-labelling

The industry and the consumer are currently faced with a plethora of labels making various claims about the social and environmental attributes of products.

For the consumer this can be confusing. Which issues are most important? And which labels can they trust?

For companies the issue of communicating the social and environmental attributes of products can be just as complicated. What issues should they be highlighting? How do

they communicate to consumers? And how can they ensure that eco-promises align with broader business objectives?

A new report from Forum for the Future, the UK-based sustainable development charity, and Business for Social Responsibility (BSR), the global business membership organisation that specialises in corporate responsibility, aims to answer these questions.

The report, Eco-Promising: communicating the environmental credentials of your products and

services, provides an invaluable how-to guide and examples for companies wanting to make environmental claims about products and services. The report also reviews the history of eco-promising and highlights the challenges facing companies in communicating their efforts – including the rising possibility of a consumer backlash due to confusion.

The report is available to download from www.forumforthefuture.org.uk and www.bsr.org

NAU disappears and reappears

Nau was launched in August 2006 with a new business philosophy, model and defectors from Nike, Patagonia, Lowe Alpine and The Body Shop. Its president and CEO was Chris Van Dyke, the son of US entertainer Dick Van Dyke, its materials researcher Jamie Bainbridge, apparel innovator Mark Galbraith and corporate sustainability advocate Jil Zilligen. Their aim was to develop a company that from the ground up was committed to sustainability and positive change, these aims became the grounds for Nau's bylaws. In May this year they started to wind down the company and the following was posted on the home page of the website.

"In the current highly risk-averse capital market, we simply could not raise the necessary funds to continue to move forward. We believe this is not so much a reflection of the viability of our business, but the result of an unfortunate confluence of events. Just as we could not

have predicted the sudden groundswell of environmental consciousness that blossomed at the time we launched our business, we did not foresee the current crisis in the capital markets. At this time, investors are loath to invest in anything; especially, it appears, a company like Nau that has the audacity to challenge conventional paradigms of what a business should be."

The business model of Nau was interesting, and in less than one year of business, they donated over USD\$223,000 through a customer-directed giving program, Partners for Change. Nau's aspirations were to blend economic, environmental and social factors with the aim of having 150 doors and a USD\$250 million turnover by 2010. It sold direct to consumers via the web and self-service kiosks in brick and mortar webfront stores. Nau started with just 4 kiosks with the aim in 2008 to take numbers up to 20. Customers were

encouraged via a 10% discount on product and free shipping to try on the garments in store but have product delivered directly to home – a model that is about 40% more efficient than traditional retail operations; lowering costs due to smaller retail space and therefore reducing environmental impact.

Nau set out to show the world that business can be a force for positive social and environmental change. Although their financial obstacles proved to be insurmountable, it does not mean the ideas associated with Nau are unattainable.

And as we went to press Horny Toad made the announcement that they have stepped in and bought most of Nau's remaining assets and hired a small talented team from the original Nau who will continue to create incredible product and keep alive the core philosophies. They are calling the new Nau Version 2.0 and it will launch August 1, 2008.

Sustainable products move into consumer mainstream

As we are all very well aware today's consumer is even more aware about what they buy, how it's made, what it's made from, how far it's travelled and how it's packaged. Economic, regulatory and consumer pressures are set to bring a wave of innovation and action by retailers and consumer goods companies, according to research carried out by PricewaterhouseCoopers LLP (PWC).

Consumers want to buy more sustainably but are restricted by price, patchy availability and contradictory messages and in order to capitalise on sustainability, retail and consumer goods businesses need to bring more sustainable products to the shelves at a lower or zero premium to standard items and/or to better justify the premiums that do exist. Consumers have reached the point where they increasingly expect sustainable attributes to be an inherent part of the products and services they buy.

Issues surrounding economic pressure in food, fuel and utility prices and seeing increased volatility in global and local weather patterns have led to a more acutely aware consumer; also influenced by the explosion of media coverage, with the number of articles on sustainability appearing in the mainstream press increasing ten-fold over the past decade.

Although the focus of the report has been to look at the food penetration into the market the figures make interesting reading - Fairtrade food penetration has grown from 20% of shoppers 3 years ago to 50% now, and organic food buying has increased from 22% to 43%.

Mark Hudson, UK retail and consumer leader, PWC, commented: "Sustainability is a now business imperative for retail and consumer goods companies. This is about securing business for the future. Unlocking the demand – and the willingness to pay a premium – will require innovation, improved communication, bold strategic moves and greater clarity.

"The best run companies will become the most sustainable, and ultimately the most successful. Those moving first and fastest are creating resilient models for the long term, changing the rules of the game and generating commercial advantage."

Price is the number one inhibitor preventing consumers from buying more products that are better for the planet or the people who make them, according to the research. Almost 50% of consumers are either unwilling or unable to pay the premium associated with more sustainable goods - respondents said they are only willing to pay a premium of around 20%.

Availability of alternative products is another key barrier, with 20% of consumers saying it is a key reason for not buying more sustainable goods. Nearly 60% of respondents buy less than they would like. Sustainable alternatives do not currently exist for all product categories, particularly alternatives that address the issues consumers care most about – climate change and packaging.

Consumers want to make sustainable choices, but are hampered by unclear messages. Confusion, coupled with high prices, leads to a lack of trust among shoppers. Only 9%-16% said they trust retailers and consumer goods companies in the area of sustainability. Yet over 50% stated they trust Non-Governmental Organisations (NGOs), such as Greenpeace. Nearly 20% of consumers say they are confused about the social and environmental trade-offs of their purchases.

At the same time consumers are looking to retailers for action and information. Packaging seems to be a major issue to consumers with more than 6 in 10 thinking that reducing the amount of packaging on products is the most important action retailers or consumer goods companies could take to help the environment.

Consumers are now at the point where they increasingly expect sustainable attributes to be an inherent part of the products and services they buy. The best companies are investigating which technology investments can reduce their cost and regulatory exposure.

The USA

In 2007 The Hartman Group released a study exploring the relationship between consumers and sustainability, and the first thing they looked at was how do consumers define sustainability. For 2008 Hartman are taking the issue further, Sustainability Outlook 2008 will be the definitive roadmap plotting consumer behaviour and purchases in this new, evolving culture of



sustainability. It will examine how consumer perception of companies, brands, products and practices affect consumer behaviour.

A purchase is not just a purchase when consumers believe they are "voting" with their dollars. Approximately 30% of U.S. consumers believe their purchases have greater impact on society than their votes. While 93% of American consumers desire to live sustainably, the majority struggle with how to do so. Further complicating the picture, companies face challenges in understanding what factors consumers base their sustainability purchases or behaviours on.

According to the 2007 study the word sustainability is still an industry term - "sustainability is not a household word" - just over half of the consumers interviewed had familiarity with the term and most could not define it upon probing.

The US findings closely resemble those of PWC and identified that there are 3 types of consumer:

- The core consumer is every brands evangelist. These consumers' opinions and shopping habits are very important as they are the most influential with the mid-level and core consumers. Their key purchasing criteria are authenticity, transparency, partnership, and the greater good.
- The midlevel consumer is more middle-of-the-road. When making a purchasing decision they look for personal product knowledge, expert opinion, and experience. They are often not willing to spend more on green products unless they feel it is truly worth it.
- The periphery consumer is concerned about price and convenience, and personal benefits. They will only make a green purchase if the product is of equal quality, convenience, and price.

The Hartman Group Sustainability Outlook 2008 study will be available in the fourth quarter of 2008.



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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
Lowa
Lowe Alpine
Mammut Sports Group
Marmot
Meindl
Merrell
Nike ACG
Nikwax
Odlo
Ortlieb
Osprey
Patagonia
Petzl
Rab
Regatta
Salewa
Salomon
Samsonite Outlab
Schöffel
Tatonka
The North Face
Timberland
Vango
Vaude

Supporting Conservation

The European Outdoor Group as a sign of its commitment to the environment and conservation is pleased to announce that it has recently become the latest member of the ever growing EOG Association for Conservation.

Although the European Outdoor Group has supported the Association since before its launch in 2006 it now feels that the time is right to become a member.

Rolf Schmid, President of the European Outdoor Group commented that 'The European Outdoor Group and CEO of the Mammut Sports Group is fully aware that there has been confusion in the industry about the relationship between the two organisations. By becoming a member of the EOG

Association for Conservation we hope that this will act as a signal that it is a separate entity and that, and maybe this is the key point, membership is open to anyone involved in the outdoor sector. The EOG Association for Conservation presents a fantastic opportunity for everyone to participate in helping protect the environment and supporting conservation projects.'

The EOG Association for Conservation is a registered not-for-profit entity, to become a member you need to be seen to be involved in the outdoor sector (yes it really is that simple). That means that if you're a retailer, a supplier a manufacturer, a sales organisation, a service provider, a publisher or of course a brand then you can become a member.

Challenging times for any company doing business in the US

No country is immune from periodic challenges as global economies shift and change with market ebbs and flows. And the US is now finding that out most acutely, although in a way that its consumers and manufacturers have never faced before.

A weak housing market means consumers have little equity left to spend on other items. In June, the Mortgage Bankers Association announced that 1.1 million homes were in foreclosure - a new record for the country. At the same time, US consumers face quickly escalating prices for energy and food. In addition, there is a weak employment picture, as in many other countries. The billions of dollars in economic stimulus payments the government mailed in May have not helped.

Adding to this gloomy picture are the weak dollar, the soaring cost of foreign oil, and dramatic changes in the Asian manufacturing sector. In the past, US companies have been able to keep the prices of their products low by sourcing materials in Asia and by taking advantage of cheap labour in China and other Asian countries. But the cost of doing business has increased remarkably due to inflation in countries such as China and Vietnam.

This means outdoor product prices are going up and that might lead to consumers spending less. Already, price increases of 10 percent to 20 percent for 2009 have been announced that will affect footwear, clothing, climbing gear, and other outdoor equipment. While retailers generally accept the reality of higher prices, they are still worried. With customers being squeezed by the cost of fuel and food and a collapsed housing market, it's hard to predict how

customer behaviour and spending may change. "Consumers are trading down, so high-end stores are suffering, as well as stores in the middle market," said economist Rosalind Wells, noting that today's economic conditions are particularly affecting middle- and low-income groups.

Economic experts told SNEWS it's a good bet people who frequent outdoor speciality stores will spend more cautiously. "There are different types of high-end shoppers," said Wells. "The really high-end may not be affected. But the 'aspirational' high-end shoppers will have to cut back."

Others note that outdoor retailers have one thing going in their favour: People will still buy the things they really love although they may only buy boots instead of boots, a pack and a tent.

Retailers in the United States hope if you gaze across the outdoor landscape, you will see signs that Americans will shift their plans from exotic resort vacations or a long drive to a distant tourist sight. Instead, the hope is, they will head toward less expensive recreational opportunities closer to home, some of which will include outdoor adventures and nights out under the stars.

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