

Growth Models for the Outdoor Industry

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The outdoor industry needs new models for growth.

The pandemic structurally increased outdoor participation levels across a wide variety of activities and categories here in the US.

But top-line revenue growth has since waned, bringing back the low-growth paradigm that has more typically defined the outdoor industry.

BCE believes there are five underleveraged growth opportunities within the outdoor industry:

EMBRACING TRADITIONAL FASHION

#1

LEGACY OBSTACLES

The outdoor industry has historically eschewed “fashion” as antithetical to product development and the broader culture.

FUTURE BENEFITS

Embracing traditional fashion should facilitate new kinds of both product innovation and category innovation opportunities.

WELCOMING NEW TYPES OF CONSUMERS

#2

The industry has come across as being elitist, expensive, exclusive, and experienced through a “conquer” (not “enjoy”) lens.

Being more inclusive – (defined broadly) should reinvigorate participation growth and create more on-ramps to the outdoors.

BLENDING OUTDOOR AND ATHLETIC

#3

Outdoor brands and retailers can (and should) leverage more of the tactics used by athletic brands to grow.

Very few – if any – outdoor brands are using these tactics today. Applying them should capture some low-hanging fruit.

ADAPTING TO A WARMING CLIMATE

#4

Warmer weather will continue to whittle down sales across the cold weather-dependent outdoor industry.

Either preserving the business we have today, or – better yet – finding innovative/new ways to show up as an industry.

BUILDING DESIRE RATHER THAN GADGETS

#5

Product and marketing has been focused on features and benefits at the expense of creating emotional connection.

Tapping into the psyche of outdoor consumers – through product, marketing, and experience – will create long-term value.

[Embracing traditional fashion]

We need to expand what “Outdoor” fashion means



#1 COLLABS

Invigorate the assortment with non-traditional fashion brand partnerships (print, color, silhouette).



#2 VIZ TECH

Embracing the role of technology more from a fashion point of view.



#3 NEW DISTRIBUTION

Gaining access to more fashion-first customers with outdoor styles/silhouettes through fashion doors.

[Welcoming new types of consumers]

We must make the tent as big and inclusive as possible



**SMALL TENT
CONSUMER IDEAS**

- *Outdoor*
- *Older*
- *Expensive*
- *Purist*
- *Extreme*
- *Techy*

Celebrates the pinnacle aspects of outdoor activities/experiences; Occurs deep in nature; Glorifies “product features and benefits” (i.e., tech-heavy)



**BIG TENT
CONSUMER IDEAS**

- *Outside*
- *All Ages*
- *Value*
- *Re-Use*
- *Welcoming*
- *Joy*

Celebrates the small, everyday moments of being outside; Occurs anywhere and for any reason; Emphasizes the ways being outside makes you feel and the associated benefits

[Blending outdoor and athletic]

We can learn from how bigger athletic brands operate

#1. LIMITED RELEASE

Making product more special by using a “drop” approach (where possible)

- *Jordan brand limited edition drops*

#2. ENDORSEMENTS

Much bigger / splashier partnerships with athletes and celebrities

- *Wilson + Caitlin Clark*

#3. MAX CHANNELS

Both proliferating and maximizing wholesale partnerships

- *Less than half of the top outdoor brands are currently selling through non-outdoor retailers*

#4. EVERGREEN MERCH

Taking a “seasonless” approach to product creation

- *‘Classic’ styles are the best-sellers for Nike, Adidas, New Balance, and PUMA*

[Adapting to a warming climate]

We need to change the product development paradigm

FROM

WARMTH

Developing products that meet a set of warm/warmer/warmest use cases

DEDICATED

One product, limited consumer use-cases (e.g., insulated, waterproof parka)

SEASONAL

Product relevance is driven by “how cold it is outside” (literally)

TO

THERMOREGULATION

Developing products that better-manage temperature across cold and warm climates

VERSATILE

One product, many possible use-cases (e.g., 3-in-1 jacket, or something that embodies this spirit)

EVERGREEN

Product relevance is driven by “how it makes me feel” (literally and figuratively)

i.e.,

“Intelligent” textiles that adjust to body temperature

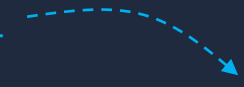
“3-in-1” concepts, more broadly applied

Products that embrace the aesthetic of the outdoors or provide everyday utility regardless of weather

[Building desire rather than gadgets]

We need to create emotional connection with consumers

Architecting emotional connection starts at the intersection of consumer attitudes and a brand's commercial activities



		CONSUMER		
		Motivations	Values	Behaviors
BRAND	Product	<i>What need will your product fulfill?</i>	<i>Why are consumers trying to fulfill that need?</i>	<i>Where/When/How will the product be used?</i>
	Channel	<i>How can channel support that need?</i>	<i>What do they care most about when purchasing?</i>	<i>Is it easy or difficult to acquire/ buy the product?</i>
	Experience	<i>How can experience help activate against the need?</i>	<i>Does experience deepen the connection?</i>	<i>How enjoyable is it to use that product?</i>

These themes are equally relevant across companies in the outdoor industry:

		EMBRACING TRADITIONAL FASHION	WELCOMING NEW TYPES OF CONSUMERS	BLENDING OUTDOOR AND ATHLETIC	ADAPTIING TO A WARMER CLIMATE	BUILDING DESIRE NOT GADGETS
PRODUCT	Apparel	✓	✓	✓	✓	✓
	Outerwear	✓	✓	✓	✓	✓
	Footwear	✓	✓	✓	✓	✓
	Equipment		✓	✓	✓	✓
STAKEHOLDER	Brands	✓	✓	✓	✓	✓
	Retailers	✓	✓		✓	✓
SIZE	Large enterprise	✓	✓	✓	✓	✓
	Small enterprise	✓	✓		✓	✓

Questions to ask as a result:

1. Embracing traditional fashion

- a) What fashion and/or design partners are right for your brand (both product development and distribution)?
- b) What benefit(s) should a partnership like this produce for your brand (e.g., new category entry, new customer acquisition, etc.)?
- c) How can you shorten lead times to cash in on valuable fashion trends?

2. Welcoming new types of consumers

- a) Do you have consumer insights that bring these new consumer groups to life in the context of your brand?
- b) Are you making channel, product, and/or experience decisions with these groups in mind?
- c) What on-ramps are you creating for new consumers (product, channel, price/value)?

3. Blending outdoor and athletic

- a) Which existing products are good candidates for “drops” / limited release? Seasonless / always on selling approach?
- b) Where can partnerships (i.e., fashion) help create drop/limited release opportunities?
- c) Who can endorse the brand at huge scale, and what are the economics of those deals?

4. Adapting to a warming climate

- a) How is your assortment weighted in terms of “coldest” weather gear/equipment?
- b) What is the role of “coldest” weather gear/equipment in your assortment?
- c) What is the role of ingredient brands versus in-house technology to achieve “protection?”
- d) How is your brand addressing the broader question of sustainability in a credible way?

5. Building desire rather than gadgets

- a) What are consumer motivations/use cases in your category?
- b) What are consumer values/attitudes/beliefs?
- c) In what ways does your brand/assortment authentically align to those motivations and values?
- d) How does a product make a consumer feel?
- e) What does a product let a consumer do? With whom?
- f) In what way(s) does a product serve as an outward expression of what that customer stands for?
- g) How can the brand amplify and legitimize that product to increase desire for it?

Questions? BCE's Retail & Apparel team:



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