2010 PREVIEW

U.S. TRENDS IN TEAM SPORTS
FALL 2010

The SGMA’s Annual Report on the Health of Team Sports In America
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concepts To Keep In Mind</td>
<td>3</td>
</tr>
<tr>
<td>To Our Readers</td>
<td>5</td>
</tr>
<tr>
<td>Team Sports Participation Trends – All Participants</td>
<td>7</td>
</tr>
<tr>
<td>Highlights and Insights</td>
<td>8</td>
</tr>
<tr>
<td>Participation in High School Team Sports</td>
<td>22</td>
</tr>
<tr>
<td>Participation in Rec. Sports and Leagues</td>
<td>24</td>
</tr>
<tr>
<td>Participation in NCAA Team Sports</td>
<td>25</td>
</tr>
<tr>
<td>Manufacturer’s Sales of Team Sports Equipment - 2009</td>
<td>28</td>
</tr>
<tr>
<td>Special Report - The Churn Rate and Leaky Bucket Syndrome</td>
<td>32</td>
</tr>
<tr>
<td>About SGMA</td>
<td>35</td>
</tr>
</tbody>
</table>
Concepts To Keep In Mind...

Research by SGMA Research powered by Sports Marketing Surveys

Unless otherwise indicated, all data is from a national online survey conducted for a consortium of trade associations and governing bodies by Sports Marketing Surveys. A panel of more than 41,000 derived from 25,000 individuals and 15,000 households were surveyed during January of 2010.

Participation Frequency. Participants in each activity are grouped into two categories: total participants and core. Core participation consists of those defined as frequent and regular. We focus on core participants because this group contains people most likely to buy equipment & services. These folks have also shown a tendency to pay user fees related to their chosen sport or activity. The number of participation days used to define a regular or frequent participant varies according to the activity and is determined by a statistical process. For example, it takes 100 days of participation for an individual to be categorized as a frequent participant in fitness activities. For some team sports, 52 days are required for frequent participation; in others, 25. All charts and tables remind the reader of these requirements. Additional data on casual participants, regular participants and frequent participants are available in the SGMA Single Sport Reports or as part of a custom report from SGMA Research.

Companies interested in additional consumer data can go back to the survey panelists with follow-up questions. These secondary surveys can produce important insights about such topics as motivation to participate, purchasing habits, purchase intentions, and depth of commitment to a given activity. For additional information please contact Neil Schwartz, Director of Business Development at Sports Marketing Surveys, at neil.schwartz@sportsmarketingsurveys.com or 561-427-0647.

Sample Volatility. All research is subject to sample volatility, also known as sample error. It is the degree to which any survey may differ from the results that would be obtained from a complete census of every person in the U.S. As a general rule, larger sample sizes provide greater accuracy. For an example, sports with about 14 million participants have a standard error of plus or minus 2.9% of participants and those with 2.7 million or fewer participants have a standard error of plus or minus 6.7%. Therefore, caution should be used in dealing with data on smaller sports, especially those with 1 million or fewer participants. The questionnaire and methodology was developed by Sports Marketing Research, located in Jupiter, FL, under the cooperative sponsorship of the Sporting Goods Manufacturers Association (SGMA), the National Golf Foundation (NGF), the Outdoor Foundation (OF), Snow Sports Industries Association (SIA), International Health and Racquet Sports Association (IHRSA), Tennis Industry Association (TIA) and the United States Tennis Association (USTA.) The survey was conducted during late January 2010. Over sampling of minority and specific ethnic groups took place to boost response from groups that typically under-respond to such surveys. A weighting technique was used to balance the data to reflect the total U.S. population ages 6 and older, numbering 279,110,000. The participation estimates for the year 2000 were based on historical year-by-year percentage changes that occurred between 2000 and 2005 as found by previous national studies sponsored by the SGMA. Because the
questionnaire and methodology have changed, readers should not make direct comparisons between this report and data collected prior to 2007. However, we believe trend data continues to be beneficial to determine general trends.

**Special thanks**

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For more information about team sports and the sporting goods industry visit: [www.sgma.com](http://www.sgma.com) - Copyright © SGMA, September 2010
To Our Readers:

In 2009, we reported a decline in activity for the SGMA’s team sports participation data. Consequently, based on our interviews with key team equipment manufacturers, we predicted a similar decline in the sales volume for the team sports companies in 2009.

Unfortunately, with respect to participation numbers, we are reporting declines in total participation for most of the team sports tracked in this report. Only gymnastics, ice hockey, lacrosse, rugby, fast pitch softball and beach volleyball showed increases in participation. The four team sports considered the foundation for all team sports: football, baseball, basketball, outdoor soccer all show decreases in participation over the past year.

The team equipment business was almost four billion dollars at wholesale in 2009, which is comparable to sales in 2006-08.

Fortunately, we are able to report that the predicted decline in sales, with the exception of team footwear did not materialize. Team sports equipment sales held steady and uniform sales were strong. The team equipment/apparel/footwear business is almost four billion dollars at wholesale. The industry executives interviewed for this report all believe 2010 and 2011 will be positive for sales.

In the case of team sports participation, these are the relevant trends that stand out:

- We see a sharp reduction over the past three years in casual/pickup play.
- The emphasis on organized youth and inter-scholastic sports remains strong.
- There is a trend that is coming forth of forcing young athletes to specialize in a single sport.
- The trend in team sports participation by women is slowing somewhat after 5 years of solid growth due in part to Title IX initiatives.
- The size of the American population does not grow in the under 17 age group for the next thirty years.

Playing sports for the fun of it still isn’t as popular as it once was. For many participants they are pursuing the possibility of earning a college scholarship or even a professional sports career as their main reason for participating. This situation is changing the entire dynamic for team sports participation.

In 2009, we saw all major organized youth sport groups report participation increases in league play. These reports, when viewed alongside our measured declines in participation can only indicate the level of play in casual/pickup play continues to decline dramatically.
Consolidation of the team dealer channel of distribution continues in 2009 as smaller local and regional team dealers combine to create larger, national organizations. The team industry must deal with tightening school budgets and product regulatory issues in 2009. Some new issues that equipment manufacturers will be facing in 2010 include: revised bat standards, increasing cost for product testing, parental and medical issues concerning concussions, primarily in football; although this situation is extending into other sports. Business concerns focus on the change in channels of distribution and a trend to the development of school focused internet sites created by startups like, Buy My Gear. These companies create custom websites for schools where their students can purchase ‘player packs’, related equipment and fan gear.

Over the past 18 months, factories both here and offshore closed numerous production lines, or entire plants due to the reduction in orders from team brands in 2009. Brands are now increasing factory orders, but factories are not reopening closed production lines or opening new facilities, choosing instead to charge higher prices for production capacity. This lack of capacity and raw material availability will result in higher prices which will be passed on to the consumer.

School administrators and booster clubs are challenged to provide new opportunities to pay for the youth sports in their communities. In many communities, they have been forced to adopt a “pay for play” model as a way to continue funding for many team sports. The American team sports industry continues to innovate along with team dealers and sports retailers in providing the best possible equipment for athletes of all ages and skill levels.

With all the challenges the team sports industry faces, team sports continues to be the backbone of sports participation in America. “Friday Night Lights”, March Madness, Little League, Pop Warner and Saturday afternoon tailgating parties really do exist in America. With apologies to Chevrolet, team sports really is “the athletic heartbeat of America.”

We hope you find this report valuable and we welcome your comments.

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SGMA Research, powered by Sports Marketing Surveys is the sole provider of marketing research and analysis for the Sporting Goods Manufacturers Association (SGMA). This partnership places SMS at the forefront when it comes to marketing research for all things sport, sports participation and current trends in sports. Sports Marketing Surveys has been in business since 1985, providing quantitative and qualitative marketing research and information for many of the leading manufacturers and retailers in the sports products industry.

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