2011 PREVIEW

The Sporting Goods Manufacturers Association

Sports, Fitness & Recreational Activities Topline Participation Report 2011

SGMA POWERED BY Sports Marketing Surveys RESEARCH

Table of Contents

The Sporting Goods Manufacturers Association (SGMA), the #1 source for sport and fitness research, is the leading global trade association of manufacturers, retailers, and marketers in the sports products industry. SGMA helps lead the sports and fitness industries by fostering participation through research, thought leadership, product promotion, and public policy. More information about SGMA membership and SGMA's National Health Through Fitness Day can be found at www.SGMA.com

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1 METHOD

This Overview Report is produced by a partnership of seven of the major governing bodies and trade associations in U.S. sports and leisure. Each partner produces more detailed reports on their specific areas of interest but this Overview Report summarizes "topline" data about levels of activity. The overall aim of this report is to establish levels of activity and identify key trends in sports, fitness and recreation participation in the U.S. For more detailed results, please contact the relevant partner, listed below.

During January 2011/early February 2011 a total of 38,742 online interviews were carried out with a nationwide sample of individuals and households from the U.S. Online Panel operated by Synovate. A total of 15,086 individual and 23,656 household surveys were completed. The total panel has over 1 million members and is maintained to be representative of the U.S. population. Over sampling of ethnic groups took place to boost response from typically under responding groups.

A weighting technique was used to balance the data to reflect the total U.S. population ages 6 and above. The following variables were used: gender, age, income, household size, region, and population density. The total population figure used was 283,743,000 people aged 6 and above.

The 2011 participation survey sample size of 38,742 completed interviews provides a high degree of statistical accuracy. All surveys are subject to some level of standard error—that is, the degree to which the results might differ from those obtained by a complete census of every person in the U.S. A sport with a participation rate of 5% has a confidence interval of plus or minus 0.21 percentage points at the 95% confidence level. This translates to plus or minus 4% of participants.

The Physical Activity Council is made up of the following industry leading organizations:

- GOLF: The National Golf Foundation, (NGF)
- SNOWSPORTS: The Snowsports Industries America, (SIA)
- OUTDOOR : The Outdoor Foundation, (OF)
- TENNIS: The Tennis Industry Association, (TIA)
- CLUB/INSTITUTIONAL FITNESS: International Health, Raquet and Sportsclub Association, (IHRSA)
- TEAM SPORTS / INDIVIDUAL SPORTS / GENERAL FITNESS / WATERSPORTS: The Sporting Goods Manufacturers Association, (SGMA)

2 OVERVIEW AND INSIGHT FROM THE PAC REPORT

This year's PAC report for sports and recreational activities really tells a tale of 3 separate stories. In the wake of the poor economic conditions that have been front and center for the past 2 years here in the U.S. many of the sports and activities are experiencing a slow comeback with respect to participation volume and trends. Other activities that were flying high over this period have cooled off as trends move in their typically cyclical patterns. Third, there are a number of sports and activities that have found their footing and are soaring in terms of their general interest and participation.

This year's report will also analyze ''aspirational activities'' for the first time. What is most notable about this is that 5 of the Top 10 "aspirational activities" are fitness oriented with 3 of the remaining 10 coming from the outdoor categories. This means that while many want to get started with their fitness goals, they just don't know how to get started. These aspirations are backed up by the fact that consumers plan to spend more money this year in 4 of the 6 categories that we look at with respect to consumer spending habits for sports participation, fitness and related fees. In 2011 many consumers appear to want to put their money where their heart is and get back out there and get off the sidelines. While it is clear that consumers want to get out there, what they plan to do and how they plan to do it appears to be taking on a new trend and pattern.

In summary, we feel very optimistic based on a variety of factors that are measured in this year's PAC study.

- Increased participation among a number of key sports and activities
- An expressed desire to increase the amount of travel done for participation in favorite sports and recreational activities
- "Aspirational activities" show a desire and demand to participate in the coming year
- An expressed desire to participate in favorite sports and recreational activities however, spending habits will change as result of the economic conditions
- Niche sports continue to find new participants and look to continue their growth trends
- Growth and development of the Generation Y consumer base

9 PARTICIPATION DATA NEWS AND NOTES

Team Sports

- After 2 years of negative participation growth for most of the mainstream team sports, this past year we are starting to see a turnaround in participation for sports like Tackle Football, Soccer, Basketball and Baseball. All are up in the low single digits with respect to both total and core level participation.

- Lacrosse and other niche team sports like Rugby and 2 of the 3 versions of Volleyball are experiencing continued strong growth with Lacrosse leading the way with 33% growth among the core participants. Given their growth trajectory, Lacrosse is likely to go over the one million core level participants mark in next year's report. Rugby is another of the niche team sports that is also growing with just over 20% growth.

- After 2 years of strong participation performance, indoor team sports like Ice Hockey and Indoor Soccer have cooled off. Both sports are very dependent on facility availability and given the participation growth of the past 2 years, the ice time and court time may not be available to accommodate any new growth at the current time.

Fitness

- Class based fitness and exercise programs like Zumba continue to drive the positive participation performance for these types of fitness activities.

- Group cycling continues its rapid growth rate as the younger fitness enthusiasts embrace this high performance group exercise activity.

- For most age groups, swimming for fitness or weight training are the 2 most frequently mentioned activities that people indicate <u>they would like to participate in.</u>

- While Pilates has shown an awesome 10 year growth trend, the past 2 years have seen a decline in Pilates participation. Maybe some of those participants went over to Yoga as participation in Yoga is up across all levels of participation for the year. Yoga is more class based while Pilates is more of an individual activity. The Gen Y fitness participants are showing a higher propensity to go with group oriented programs.

- Running and Walking for Fitness continue to show strong and consistant growth. Running is up almost 13% overall while walking comes in at almost 4% year/year growth.

Individual Sports

- Indoor individual sports/activities like Bowling, Darts, and Billiards are showing small declines across most levels of participation.

- Racquet sports including Tennis, Table Tennis, Squash and Badminton are all showing positive growth numbers in participation from the low single digits for Tennis and Table Tennis to double digit growth for Squash and Badminton. Racquetball is up very slightly for all participation but down in the low single digits when it comes to core level participation.

SGMA Research, powered by Sports Marketing Surveys USA 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 USA has been in business since 1985, providing quantitative and qualitative marketing research and information for many of the leading manufacturers and organizations throughout the industry.

- Quantitative and Qualitative Consumer Research
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