TURNING THE CORNER

General Findings, Observations and Insight from this Year's PAC Participation Study

2011

The Physical Activity Council

A yearly research study conducted by the Physical Activity Council focusing on tracking sports, fitness and recreation participation in the USA. This overview report covers the total participation numbers in 119 different sports and activities during the 2010 calendar year.

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SPORTS MARKETING SURVEYS USA.

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 sports and sporting goods industry.

- Quantitative and Qualitative Consumer Research
- Dealer Studies
- Market Trend Analysis
- Sponsorship Evaluation
- Market Size Evaluations
- New Product Feasibility Studies

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 USA. 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 aged 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.

For more information on the following activities please contact:

- GOLF: The National Golf Foundation (NGF) www.ngf.org P: 561.744.6006
- SNOWSPORTS (Alpine, X-Country, Freestyle, Snowboarding, and Telemark): The Snowsports Industries America (SIA) www.snowsports.org P: 703.556.9020
- OUTDOOR (Bird Watching, Camping, Climbing, Fishing Wildlife Viewing, Hiking Day, Canoeing, Canoeing, Kayaking, Mountain Biking, Trail Running and Watersports) The Outdoor Foundation (OF) www.outdoorfoundation.org P: 202.271.3252
- TENNIS: The Tennis Industry Association www.tennisindustry.org (TIA) P: 843.686.3036
- CLUB/INSTITUTIONAL FITNESS: International Health, Raquet and Sportsclub Association, (IHRSA) www.ihrsa.org P: 617.316.6773
- TEAM SPORTS / INDIVIDUAL SPORTS / GENERAL FITNESS / WATERSPORTS: The Sporting Goods Manufacturers Association, (SGMA) www.sgma.com P: 301.495.6321

2 OVERVIEW AND INSIGHT

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 USA, 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.

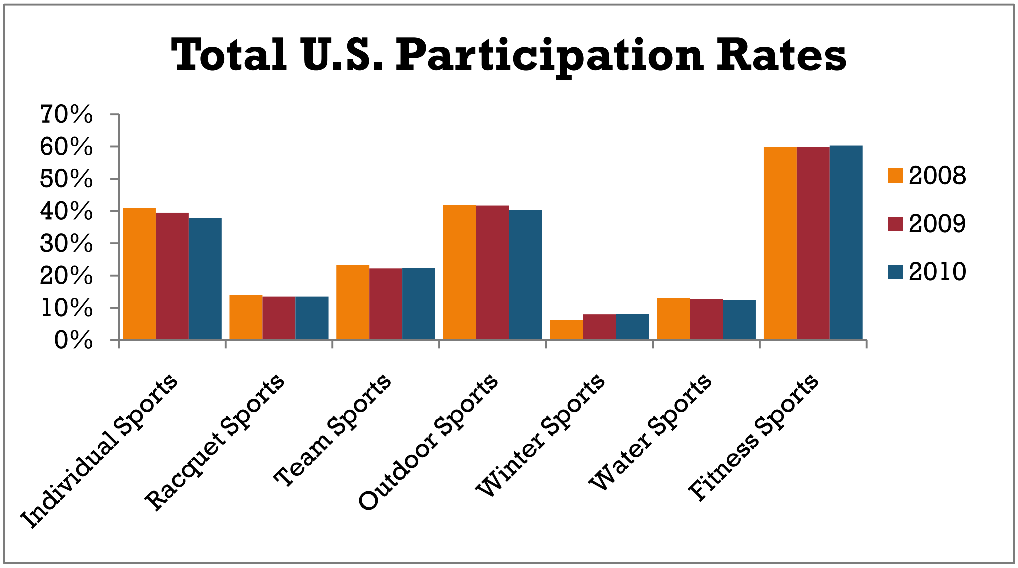
This year's report will also analyze "aspirational activities" for the first time. What is most notable about this is that 5 of the Top 10 "aspirational activities" are fitness oriented with 3 of the remaining 10 coming from the outdoor categories. This means that while many want to get started with 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

3 PARTICIPATION TRENDS

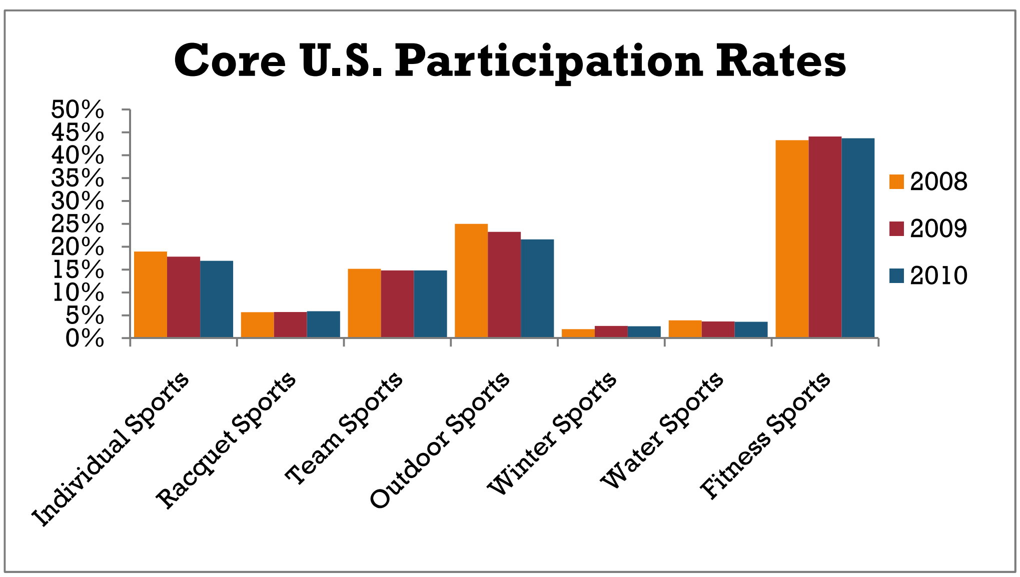
The overall participation trends for sports, fitness and related activity participation shows a slowing of the downward trends that were reported in the previous 2 years' reports. While not back to the participation levels from 2008, the data being reported shows that a vast majority of Americans are getting off the sidelines and back out on the court, gym and fields of play.



The chart to the left shows a 3-year trend in participation by groupings of activities.

This chart also reflects "all" participation levels for the specific grouping.

The chart on the right reflects participation levels among the groupings based on the "core" level of participation. "Core" participation is defined and those people that participate on a regular and frequent basis. This can better be defined by looking at the Topline Participation reports that are available via the member associations.

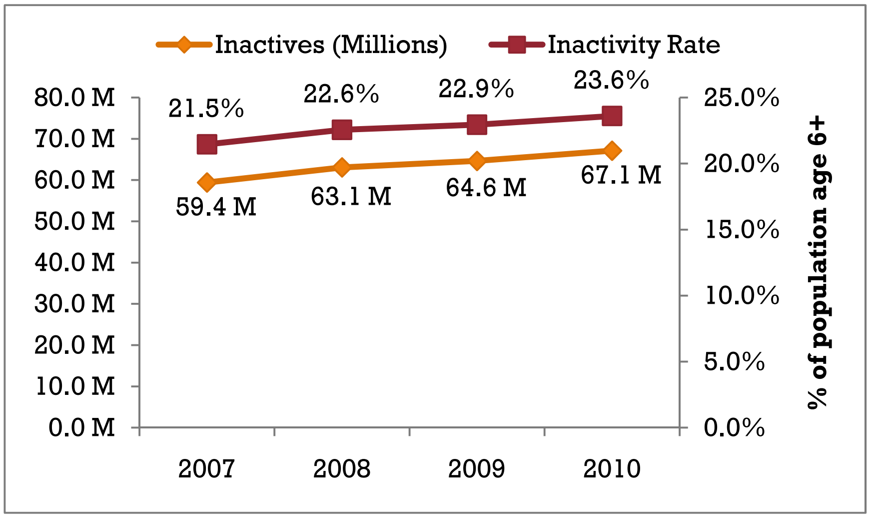


4 ADDITIONAL FINDINGS

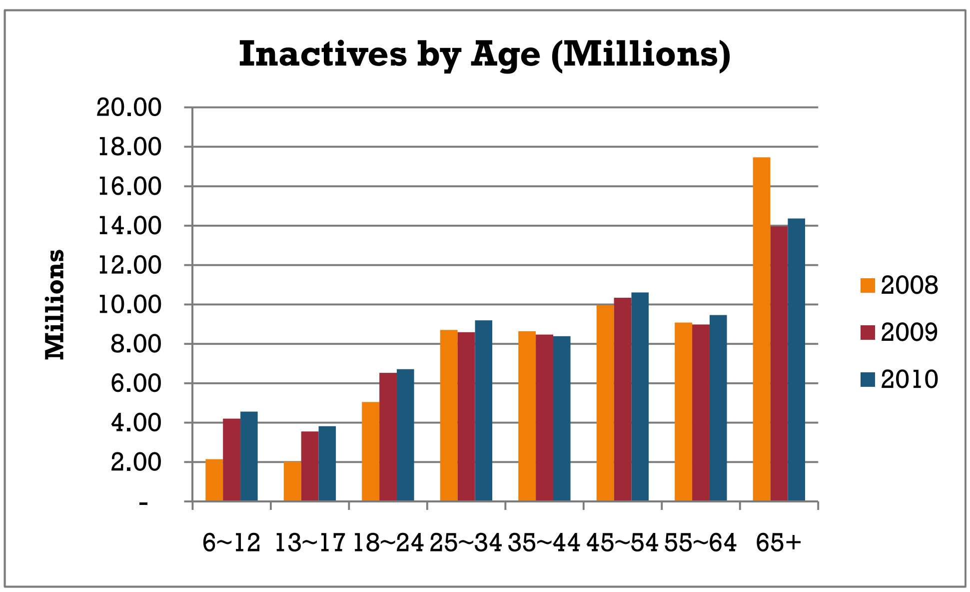
This section examines some of the influencing factors when it comes to participation trends.

Overall Activity Levels

- The PAC survey measures participation in 119 sports, fitness and recreational activities. 76% of Americans, ages 6 and over, took part in at least one activity (216.6 million people). This leaves 67.1 Million people who are inactive according to even this broadest definition of activity.



- Inactivity rates, even using this broadest definition of activity, have increased over the last three years.

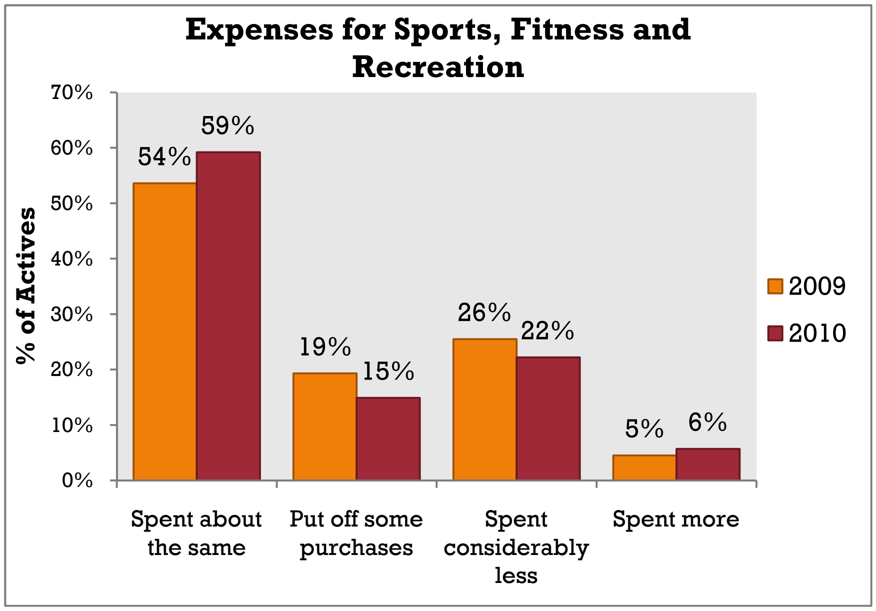


36% of all inactives are under the age of 34. In the case of this chart, the smaller bar represents the positive. So if we look at the 6-12's and the 7-13's, in both cases we see that the number of inactives in those two youngest age groups have grown from 2008 to 2010. There are now over 4 million inactives just between the ages of 6 and 12. Given all of the publicity we just can't seem to get younger people more active. The one bright spot is that while the number of inactive young people is up, the increasing trend shows signs of slowing down!

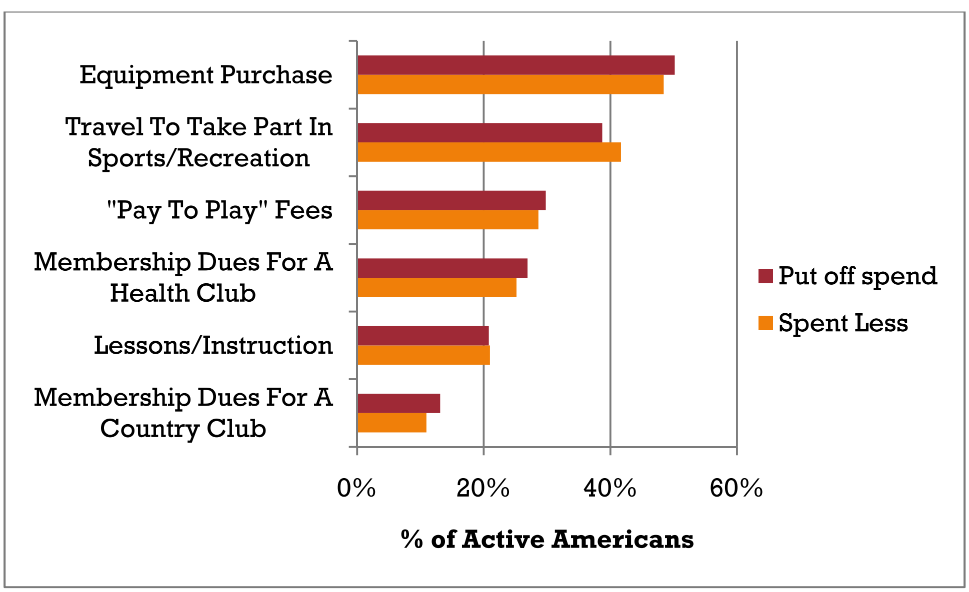
Overall Impact of the Economy

- The economy in 2010 had a major impact in spending on sports, fitness and recreation activities. However, there were some signs of improvement over the data reported in 2009. Fewer active participants said they had spent considerably less and fewer had put off some purchases, but both those categories completely out number those who had spent more.

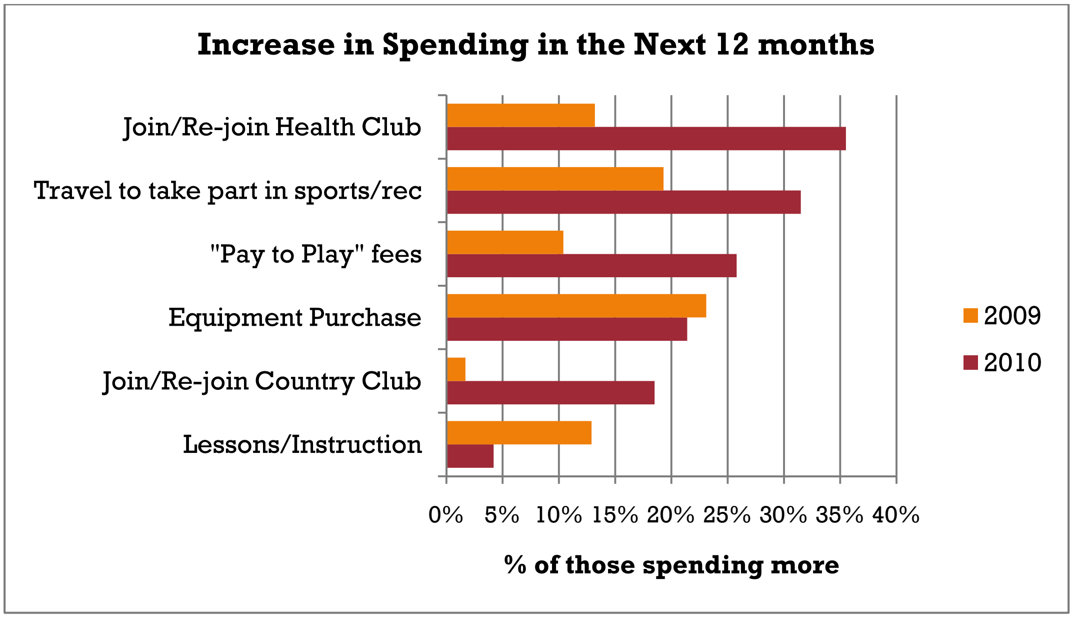
- Only 6% of active participants said they had spent more in 2010 than in 2009. (note: % of actives = those Americans age 6+ who took part in at least 1 of the 119 activities).



- The main impact of reduced spending and delayed spending was felt in sports equipment purchases:

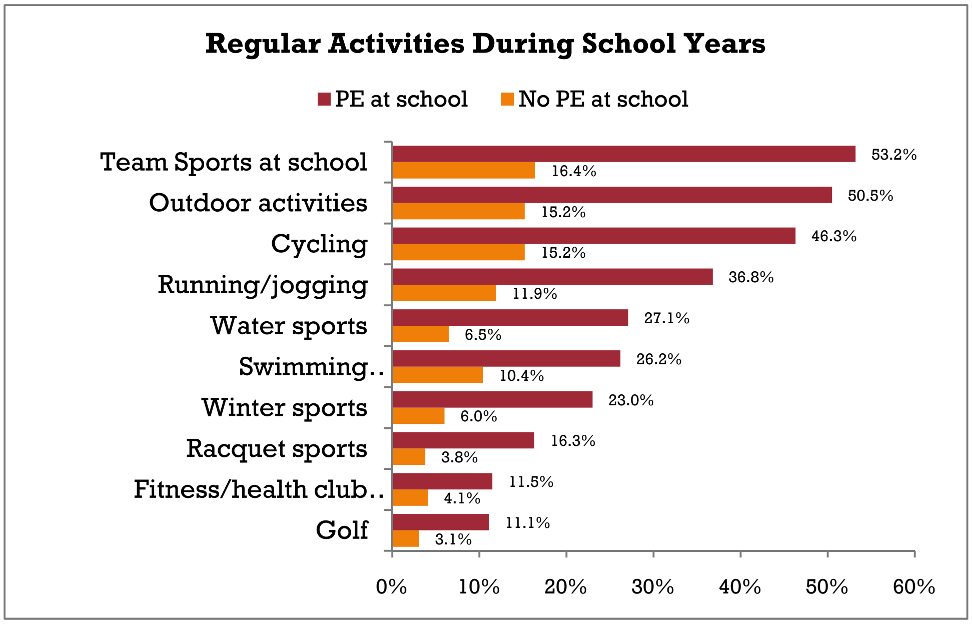


- Looking forward, there are positive signs for 2011 with significant numbers of active participants set to increase spending. The leading increase as reported in this year's survey is for joining or re-joining a health club followed by increased spending on travel to take part in sports and recreation. As the economy starts to get better, we will see equipment purchase intentions start to pickup also. The trend over the past 2 years has been to delay the purchase of new sports equipment and extend the replacement cycle. As this gets stretched out and products become worn, replacements will be purchased.

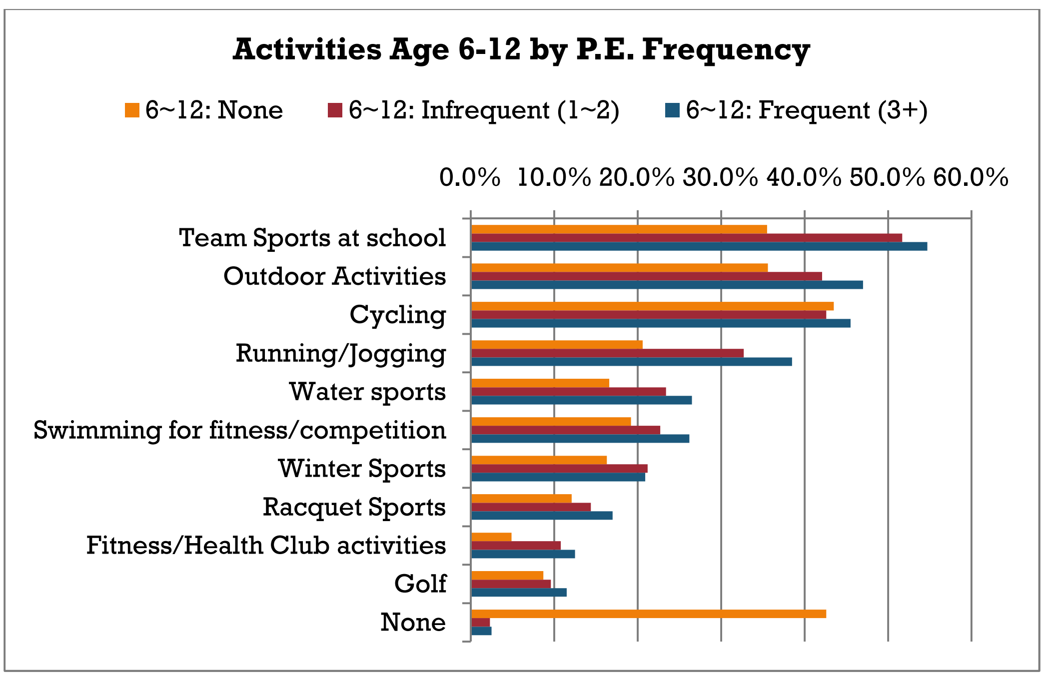


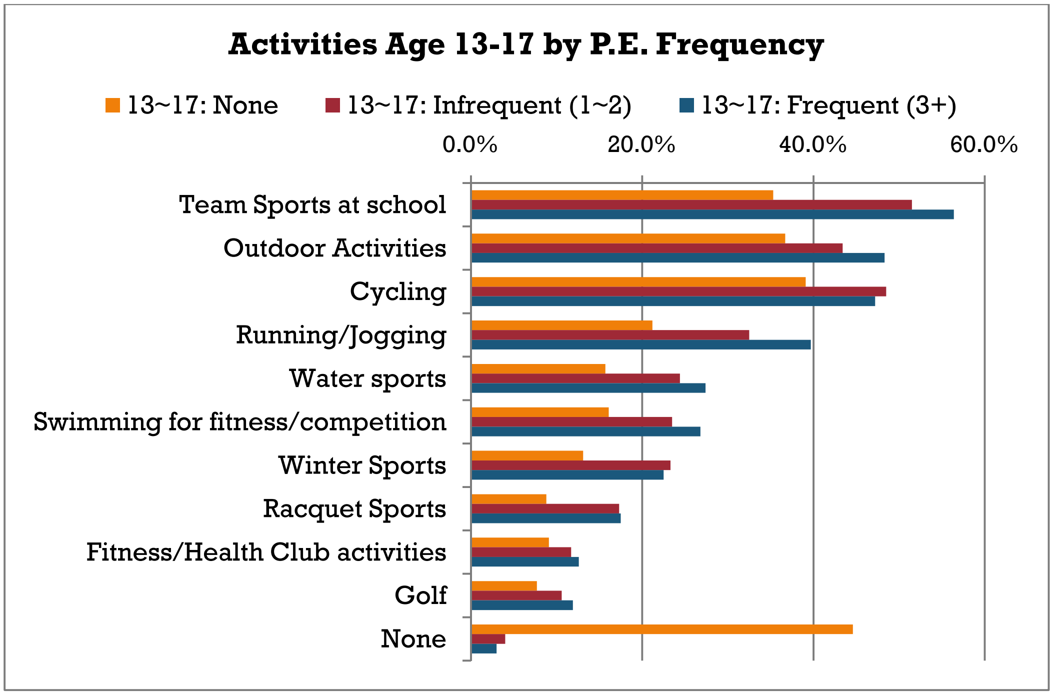
5 ACTIVITIES AT SCHOOL AGE…THE P.E. PATHWAY

- As we have been reporting in the past 2 years, P.E. is the pathway to all the activities listed. For example, you are 3.2 times more likely to take part in team sports if you have P.E. than if you don't have P.E. Outdoor activities, cycling, running/jogging and all the activities listed show similar increases in activity among those who have P.E. at school.



Further, the more frequently children have P.E. at school, they are even more likely to be active during their school years as well as other activities and as an adult.

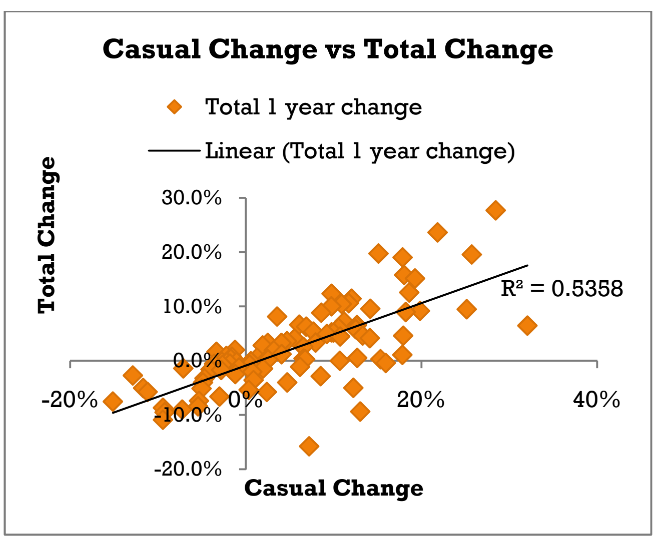


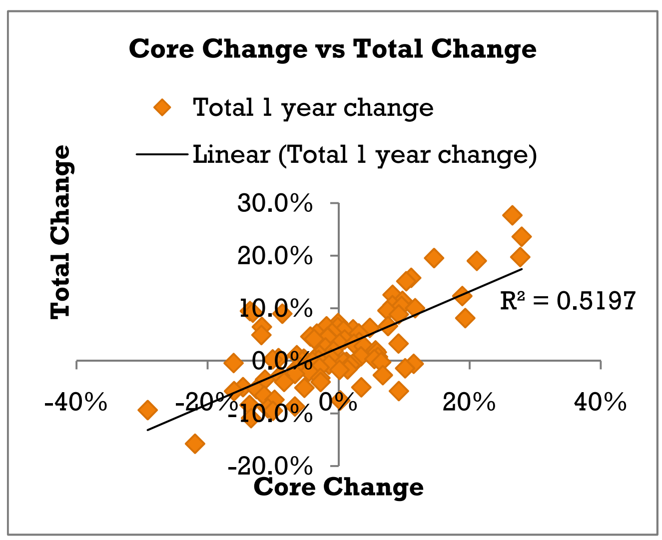


6 PATHWAYS TO PARTICIPATION – CASUAL SPORTS

Another of the key pathways to frequent participation is casual sports participation. While the days of heading to the playground are all but gone, parents and community leaders have to find ways to get the kids away from their computer and TV screens and out playing sports. It is casual sports participation that leads to school participation and that will only lead to more active adults later on in life.

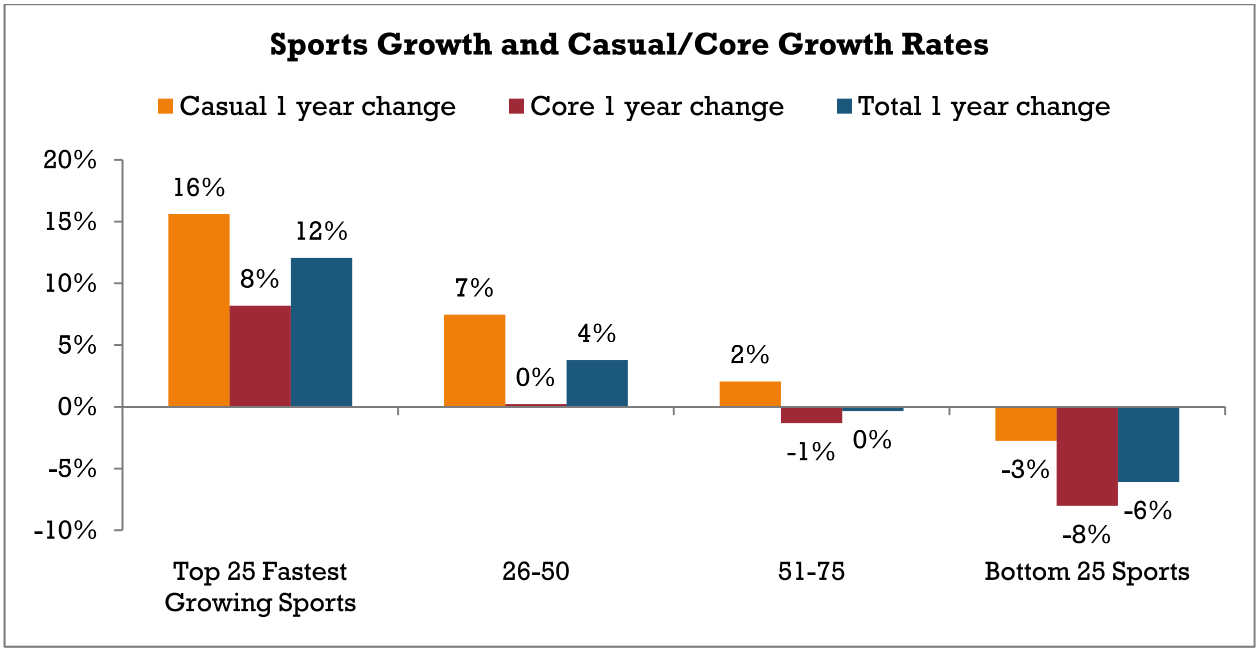
The following 2 charts plot change in casual and core participation against change in total participation. There is an equally strong relationship in each chart, demonstrating the casual participant is equally important as the core participant for driving increases in participation.





An analysis of growth/decline rates in terms of core and casual participants reveals increasing casual participants goes hand in hand with increasing core participants for the fastest growing sports. For the sports that are declining, the loss of Core participants is the main driver.

For the top 25 fastest growing sports, the casual participants had increased by 16% and the core participants by 8% for an overall growth of 12%. The bottom 25 sports by comparison, the casuals had declined by 3% but the core had declined by 8%.



Note: for the above analysis we removed some of the smaller sports and outliers to work with a base of 100 sports

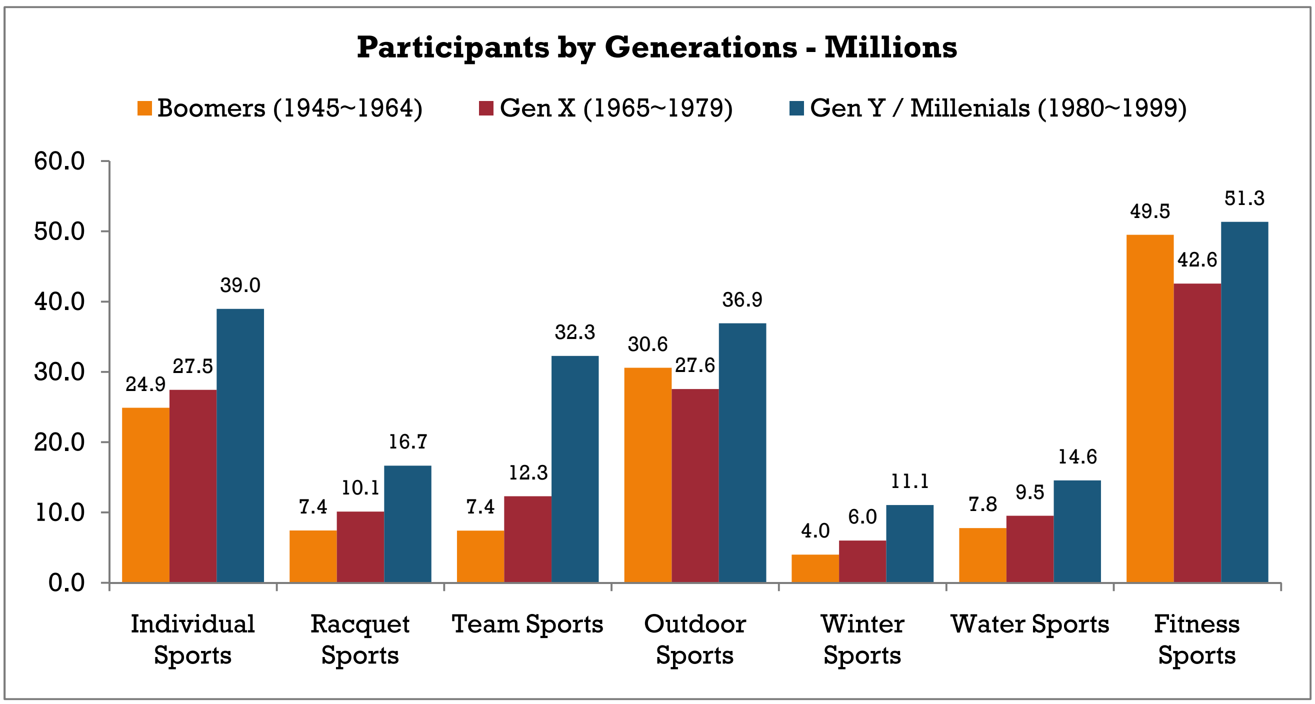
The key message here is:

- Core AND Casual participants are critical to sports growth.
- Drive the casual and grow the core!
- Retaining the Core participants is critical to maintaining that growth.

7 PARTICIPATION AMONG THE GENERATIONS

Much is written about boomers, but the 76 million Generation Y or Millenials are essential to the sports economy especially for team sports (32.3M – see below), racquet sports (16.7M), individual sports, water sports and winter sports. Generation Y are twice as likely to take part in team sports than Generation X. Although much is explained by the age difference, the psychological tendency of Generation Y is more positively disposed to team sports than their Generation X predecessors who are more "individual" in nature. Generation Y are also more "social" in their interactions in terms of:

- The way they play (gravitating towards team sports)
- The way they exercise (including a tendency to participate in group exercise)
- The way they communicate (Social Networking, Facebook, Twitter)



8 INTEREST AMONG NON-PARTICIPANTS

For the first time this year the survey asked non-participants in which sports they would be interested in participating. The following tables show the Top 10 most "aspirational sports" for a number of different age groups. So an activity placing in the Top 10 means there are significant numbers of non-participants representing unfulfilled demand.

Some key findings:

- Fitness sports are "aspirational" for all groups with Swimming and Weight Training being mentioned most often.
- Martial arts places 4th among 6-12 year olds.
- Basketball is the only team sport in the Top 10 for 13-17 year olds.
- Camping, hiking and fishing make the Top 10 for 6-12 year olds.
- Outdoor sports and activities account for 4 of the Top 10 aspirational sports for 55-64s.

	6~12	13~17
1	Swimming For Fitness	Working Out With Weights
2	Bicycling	Swimming For Fitness
3	Camping	Working Out Using Machines
4	Martial Arts	Running/Jogging
5	Running/Jogging	Camping
6	Soccer	Bicycling
7	Hiking	Basketball
8	Basketball	Fitness Classes
9	Fishing	Hiking
10	Working Out Using Machines	Martial Arts

	25-34	35-44	55-64
1	Working Out Using Machines	Working Out With Weights	Bicycling
2	Working Out With Weights	Swimming For Fitness	Working Out Using Machines
3	Swimming For Fitness	Bicycling	Swimming For Fitness
4	Fitness Classes	Working Out Using Machines	Hiking
5	Running/Jogging	Hiking	Fitness Classes
6	Bicycling	Fitness Classes	Working Out With Weights
7	Hiking	Camping	Camping
8	Camping	Running/Jogging	Birdwatching/Wildlife
9	Trail Running	Canoeing	Fishing
10	Backpacking	Backpacking	Canoeing