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American Recreation Coalition

*Dedicated to the protection and enhancement of everyone's right
to health and happiness through recreation.*

OUTDOOR RECREATION OUTLOOK 2015

**Prepared for ttra
2014 Marketing Outlook Forum**

OUTDOOR RECREATION OUTLOOK 2015

Overview:

Outdoor recreation is a large and varied force in the leisure choices of the American public. Generating more than \$650 billion in annual spending, outdoor recreation is shaped by America's public lands and waters – which cover one-third of the surface of the nation. The outdoor recreation industry is dominated by small, responsive businesses providing a remarkable variety of recreation products and services: campsites and marinas; fishing-guide services and white water rafting trips; world class skiing and mountain bikes. Technology is also a friend of outdoor recreation, with lighter and stronger skis and bikes and new electronic devices, like hand-held GPS units and digital cameras, adding to the fun of the outdoors. Traditionally, participation has been influenced short term by weather and the economy, but longer-term trends – including a growing, increasingly diverse and aging population – and international visitors have also shaped demand. Also making an impact are newer recreation-related programs like scenic byways – 150 designated national byways stretching some 35,000 miles through corridors with rich recreation, historic and cultural offerings – and media attention to the upcoming 100th anniversary of the National Park Service.

National Parks:

The National Park Service's Centennial Campaign is kicking off in the first quarter of 2015 with the "Find Your Park" initiative, urging Americans to find national park units near them. Developed by GREYnyc, the National Park Service campaign will employ advertising, partnerships and social media to expand awareness of the national park system of 401 units, increase visitation and build public support for parks at all levels. The campaign will complement existing park promotion efforts including a series of fee-free days each year and is especially targeted at younger, urban and more diverse Americans. Use of parks to promote visitation to the US will also ramp up in 2015, led by a new large-format film on national parks underwritten by Brand USA and especially designed to reach potential visitors through 1100 IMAX theaters worldwide.

America's National Park System has 401 units, ranging from the best-known destination parks to small historic sites. Many of these sites are rebounding from the effects of national events such as Hurricane Sandy in 2012 and the government shutdown in 2013. Overall visitation to the National Park System is up 2.31% from 2013 levels, an increase of more than 5.2 million visits. Yellowstone recorded its highest ever September attendance in 2014, with almost 572,000 visitors – an increase of 2.48% compared to September 2013. With just a few months left in the calendar year, visitation to Yellowstone has already beaten 2013 levels. Many other sites – such as Blue Ridge Parkway, the Korean War Veterans Memorial and Olympic National Park – have also seen significant attendance increases. However, visitation at fee-collecting Park Service units in September 2014 was down 2.03% from September 2013, and down 0.5% for the year-to-date.

Many of the 280+ million visits to national parks rely upon services of national park concessioners including lodging, food, retail, transportation and guide services. Purchases from concessioners will reach about \$1.2 billion in 2014, generating more than

\$100 million to support park operations and supplemental to Congressional appropriations. Concessioners employ over 25,000 during peak season and are the current leaders in park promotion efforts. Support for the National Parks Promotion Council has unified federal agencies which collectively manage one-third of the nation's surface, state tourism agencies and gateway communities. Most importantly, concessioners are committed to meeting America's needs for healthier lifestyles, for better and lifelong educational opportunities, for strong local and regional economies that sustain and protect our parks, and for connecting all Americans to our parks across differences in regions, ages, income and ethnicity.

Other Federal, State and Local Recreation Sites:

America's State Parks systems contain more than 6,000 units and receive more than 725 million visits a year. Collectively, America's State Parks have a \$20 billion impact on state and local economies. A number of state park systems report increased visitation, perhaps as American families look for value in their leisure spending. North Carolina reported record-level attendance in 2013, with 14.2 million visits. At the same time, state parks in some areas of the country continue to be squeezed by budget concerns. Innovative solutions are being pursued. For example, in an effort to draw in new people and revenue, the California Department of Parks and Recreation is partnering with Google to produce online maps that enable Internet users to virtually explore more than a dozen state parks. Other innovations are being tried as well. An experiment at some state beaches in California enables visitors to pay for parking with smartphones, eliminating the need to feed quarters into expired meters. Architecture students have designed new park cabins for people who wouldn't consider sleeping in a tent, and a firm specializing in data visualization is developing software to make it easier to find outdoor activities around the state.

Winter Outdoors:

The International Snowmobile Manufacturers Association (ISMA) is optimistic about the 2014-15 snowmobile season following above-average snowcover throughout much of North America this past winter. Snowmobile sales in the United States and Canada increased 11% last season, and sales of manufacturer-branded parts, clothing and accessories increased more than 20% from last year. Snowmobilers love cold, snowy weather, and the Farmer's Almanac predictions for a cold, snowy winter are being received with enthusiasm.

Also according to ISMA, manufacturers' snowmobile shows featuring 2015 models reported increases in attendance. In many shows, visitation was up more than 20%. Early orders are up and that suggests a good 2015 sales year. Snowmobile related tourism also increased in North America. Economic impact studies conducted by major business colleges and universities show miles ridden by snowmobilers increased 50% during the 2012-2013 season. This is a result of excellent riding conditions and improved and expanded riding areas and trail systems.

The snowmobile industry forecasts an increase in snowmobiling activity this winter over last year. Tens of thousands of miles of public snowmobile trails, maintained by snowmobile clubs across the country using funding from registration fees and gas taxes, are in better shape than ever. With new grooming equipment and techniques available,

the trail systems will be enjoyed by hard-core enthusiasts and a growing number of those who rent snowmobiles at winter resorts. The industry is looking forward to a great year in 2015

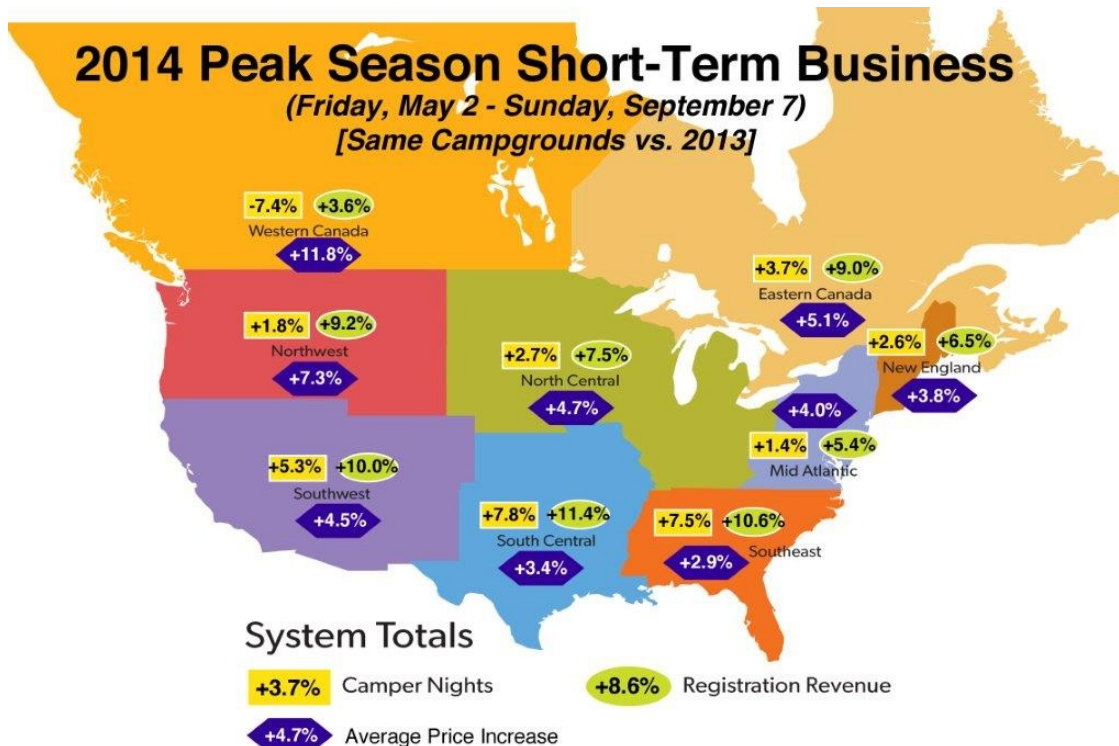
The ski industry retail market finished the 2013/2014 season with \$3.6 billion in sales, up 4% in units sold and up 7% in dollars sold compared to 2012/2013. The season was defined by extraordinary weather patterns that included severe drought in the Sierras alongside polar vortex events that brought arctic cold as far south as Texas and truly excellent snow conditions in the Rocky Mountains.

Participation in most regions was healthy, particularly in the mid-Atlantic and the Rocky Mountains where conditions were excellent for snow sports this winter. However, the lack of snow in the Sierras in California dragged down participation numbers in that region. Season pass sales are up in all regions except California which given the snowfall patterns of the last three years is understandable. Destination lodging reservations are very strong in the Rocky Mountain region particularly Colorado and Utah.

Heading into the 2014/2015 season, the National Oceanic and Atmospheric Administration's meteorologists are predicting El Nino conditions in the West, and continued polar vortex events that bring abnormally cold temperatures to the Deep South and the East Coast. Retailers had very clean inventories at the end of 2013/2014 and started the 2014/2015 season with a higher proportion of in-season equipment on the floor.

Private & Public Campgrounds:

KOA Reports a Very Strong 2014 Summer Season



Peak season short-term business was up substantially from 2013 levels according to Kampgrounds of America (KOA), the largest network of private campgrounds in the nation. Camper nights across the country were up 3.7% from last year. KOA prices were up 4.7% from 2013, contributing to strong revenue growth of 8.6%.

State campgrounds also experienced heavy demand in 2014. Camping was also aided by five Capital Campouts – governors hosting youth and urban families for widely-reported on overnight stays at locations in state capitals which highlighted nearly opportunities, the fun and value of camping vacations and the “learn to camp” programs many states offer. For 2015, Capital Campouts and other promotional efforts by governors will reach an estimated 30 states.

Overnight stays in national park campgrounds, though, continue to decline. In some cases campgrounds are full during peak seasons – but sites are occupied by smaller numbers of people. In other cases, the lack of camper-desired offerings, including modern bathrooms, WiFi, campstores offering basic supplies and food, campsites for extended families and more, are causing a decline in overnight campground stays. Camping advocates are helping NPS understand that its campgrounds are low-hanging fruit in efforts to increase park visits and relevance.

Recreational Vehicles:

According to the Recreational Vehicle Industry Association (RVIA), the RV market strengthened during the first half of 2014. Total RV wholesale shipments reached 192,065 during the first six months of 2014, an increase of 9.8% over the same time period in 2013.

The RV industry continues to respond to consumer demand with a large number of lower-weight and redesigned units. Towable RV shipments, representing 87.8% of all RVs manufactured, led the way with an increase of 8.6% during the first six months of 2014 compared to the same time period in 2013. Shipments of conventional travel trailers, fifth wheels and motor-homes all grew as well. Sales continued to improve in the fall, with demand for some categories reaching peak pre-recession volumes. Dealers reported solid retail trends in motor-home sales, up about 25%. Also noteworthy is that the RV rental industry has continued to report very strong demand, both from U.S. and international markets.

The RV and other vehicle-based recreation activities have been aided by continued expansion and improvements in the National Scenic Byways System. The popularity of these routes – from the Blue Ridge Parkway to California Highway 1 through Big Sur – continues, and designation as a National Scenic Byway or All-American Road draws visitors.

Not to be left out, recreational use of on- and off-highway motorcycles, ATVs, and ROVs is also growing. The industry contributes nearly \$109 billion in direct spending to the U.S. economy annually and over 1.5 million jobs. Recreational off-highway vehicles (also known as side-by-sides) are becoming increasingly popular and are the fastest growing segment of the powersports market. Nearly 30 million Americans ride motorcycles on and off-roads, and ATV ridership is some 35 million annually.

Boating & Marinas:

2015 is expected to be an exciting year for recreational boating according to the National Marine Manufacturers Association (NMMA). Reasons include new innovations in boat design, efficiency and technologies and boaters' passion for the water. And the industry's Discover Boating national awareness program indicates upward trends in boater spending and pre-owned sales. Americans are discovering boating as a new way to enjoy time with family and friends. According to NMMA President Thom Dammrich, the industry continues to see healthy growth with retail expenditures increasing 3.2% in 2013 to \$36.9 billion. At the 2014 International BoatBuilders Exhibition & Conference, Dammrich predicted anticipated good times ahead for boating, saying, "Americans are taking to the water in record numbers, and we're anticipating continued steady growth of 5-7% in new powerboat sales through 2014. Now is the time for marine innovation."

Boats continue to be a big force in the recreation business, in part because some 75 percent of all recreation occurs very near to the land/water borders of our coastlines, rivers and major lakes.

Adventure Sports:

Outdoor recreation in the adventure sports arena continues to grow, but still faces challenges.

A report by the America Outdoors Association a national trade association representing the interests of over 550 professional companies that provide a wide range of outdoor recreation services and outdoor equipment shows that 67% of its members saw growth in revenue in 2014 over 2013. Inclement weather and drought conditions had created challenging conditions for outdoor recreation travel in 2013. Most industry segments continue to see growth in 2014 as demand for new experiences continues to increase.

Fishing:

The lure of recreational fishing remains strong. According to the 2014 Special Report on Fishing released by the Recreational Boating & Fishing Foundation (RBFF) and the Outdoor Foundation, the sport continues to grow with 8.6 million newcomers to fishing in the last two years alone. These numbers have significantly increased from 2011, and it's a trend the industry is hoping will continue in 2014. Additionally, women, children and Hispanics all show increases in participation. Almost 42% of first-time fishing participants are female. Fishing participation as a child has a powerful effect on future participation – 83% of adult anglers fished as a child. And, Hispanic fishing participants average 24.4 days on the water per year, almost five days more than the average for all fishing participants.

Fishing remains one of, if not the most social and spontaneous outdoor activities. Over 83% of fishing trips involve more than one person, and 79% of fishing trips are spontaneous or planned within a week of the trip. Unfortunately, 27% of fishing participants (of license-buying age) are not buying fishing licenses, which means revenue which would be used for conservation is being lost. The industry is also looking to do a better job at retaining anglers, an area that continues to be challenging. Efforts to increase voluntary fishing license compliance, as well as reaching a diverse new audience are underway.

"We're happy to see newcomers are taking up fishing at historically high rates, and pleased that we continue to see a more diverse audience participating in the sport," said RBFF President and CEO Frank Peterson. "These numbers fortify our initiatives to engage and retain first-time and Hispanic anglers, and validate our overall efforts to increase fishing license and boat registration sales, which are key sources of funding for state fish and wildlife conservation efforts."

Summary:

Recreational activities continue to be a mainstay of the American lifestyle. Most components of the recreation industry reported significant gains in 2014 and the general outlook for the outdoor recreation industry in 2015 is optimistic. Our conclusion in the comparable forecast last year was that recreation activities will increase as more people seek "high value" vacationing. Then, and even more now, we see America's Great Outdoors as a perfect fit for this desire.

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