



# CONSUMER PULSE SURVEY

Outdoor Recreation

October 2022

LAZARD

**CH** Consulting  
Advisors

# THE SURVEY



## Leisure Shows Resiliency

Our 2020 Consumer Pulse Survey on recreation, leisure, and fitness recapitulated consumers' dynamic shift from indoor activities to outdoor activities due to the COVID-19 crisis. Since then, Americans have witnessed a huge fiscal stimulus, Russia's attack on Ukraine, skyrocketing inflation, labor challenges, and continued supply chain disruptions. In many cases within the span of a year, stores flipped from having empty shelves due to consumer hoarding and supply chain hang-ups to having bloated inventory with some empty shelves intermixed due to consumer pullback and continued supply chain issues. Given all the economic volatility, many consumers are experiencing economic whiplash. This whiplash may cause people to reevaluate their dollar spending intentions but not necessarily their time. And as we write this, consumers may have already

changed their mind from what they intended to do last month. Recreation, leisure, and fitness companies' earnings reports continue to convey this mixed bag—alternating between handily beating forecasts to missing estimates with the majority of these earnings reports warning of slower times ahead. To help sort through this volatility, the latest Lazard/CH Consulting Advisors Consumer Pulse Survey focuses on understanding consumers' recreation, leisure, and fitness spending and interest given the uncertain economic outlook.

We surveyed 1,000 Americans on how they are spending their time and allocating their dollars in the category pre-COVID, during the last two years, and, importantly, how they think about the future. Our research shows a good portion of the consumers who, during the last two years, began and spent time and money in outdoor activities will continue engaging and spending in the category. Recently, Dick's Sporting Goods' earnings announcement also noted that consumers have made "lasting lifestyle changes." Industry participants have undoubtedly witnessed outsized demand in many categories. As a result, many in the industry are asking *what is the shape of future demand – will it fall from its heights? Will it stabilize at a higher base?* Our survey suggests that while there has been demand pull-forward, there is still an active core of consumers who will continue to spend in key categories even when faced with a turbulent economic environment.



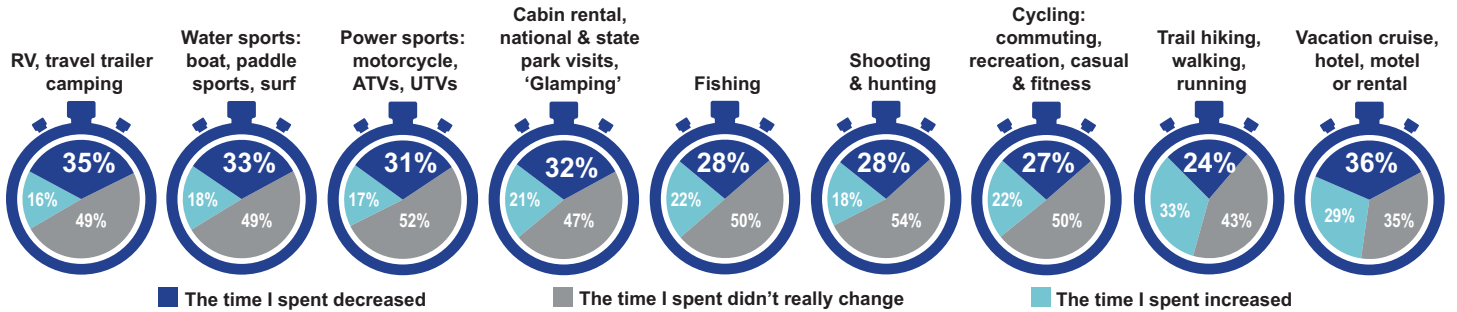
**70%**  
*of Americans purchased  
recreation or outdoor items  
over the last two years*



# Leisure Activities: Time vs \$

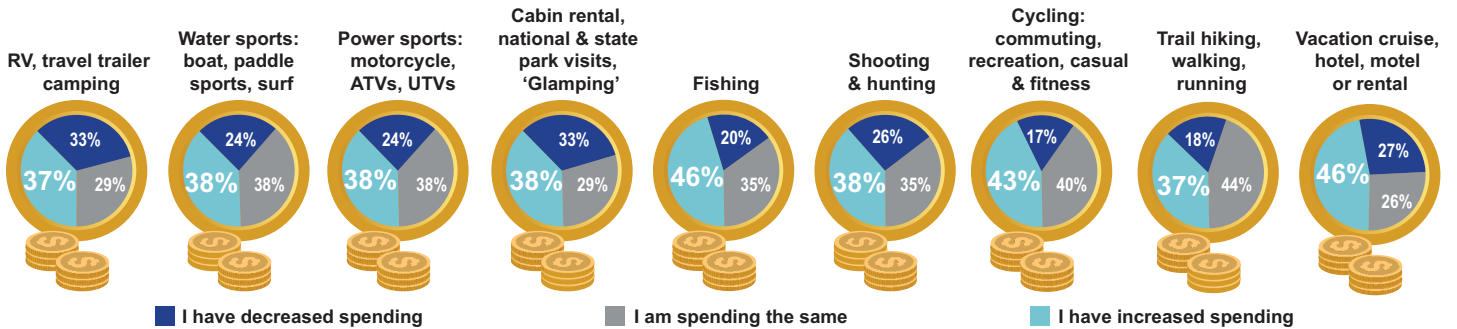
In our October 2020 Pulse Survey, consumer respondents had significantly increased their time and dollar spend on outdoor activities, thanks to the shutdown of indoor recreation (e.g., closed health clubs) and restricted travel. Unsurprisingly, the reopening of offices and indoor public spaces has led to a pullback in time spent on outdoor leisure activities as people return to indoor activities and traditional travel. As shown in Exhibit 1, our latest survey respondents have generally decreased their time spent on outdoor activities across the board. However, more basic activities like walking and biking are experiencing less of a decline than activities like RVing and boating.

**Exhibit 1 - How has your household time allocation on recreational or outdoor items changed over the past year given inflation, interest rates increase, government stimulus reduction, or back-to-office trend?**



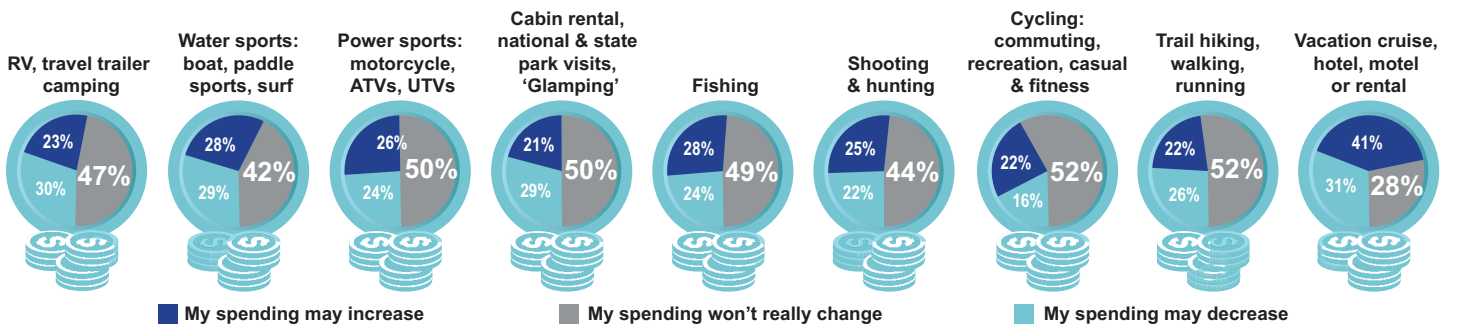
While time spent on outdoor recreation is declining back towards historic levels, spending on outdoor recreation is not being hit as hard. As shown in Exhibit 2, activities like walking have sustained their spending and in general, the decreases in consumer spending are less than the decreases in time spent on activities. Our interpretation is that people enjoyed their increased time on outdoor activities during COVID (compared to pre-COVID) and want to stay engaged in their interests in terms of equipment upgrades, however they are being squeezed for time by work and other (now available) leisure activities.

**Exhibit 2 - How much more are you spending on the following compared to last year?**



In terms of future purchase spending levels (Exhibit 3), consumers anticipate stronger spending than in the past year, although still generally negative spending trends.

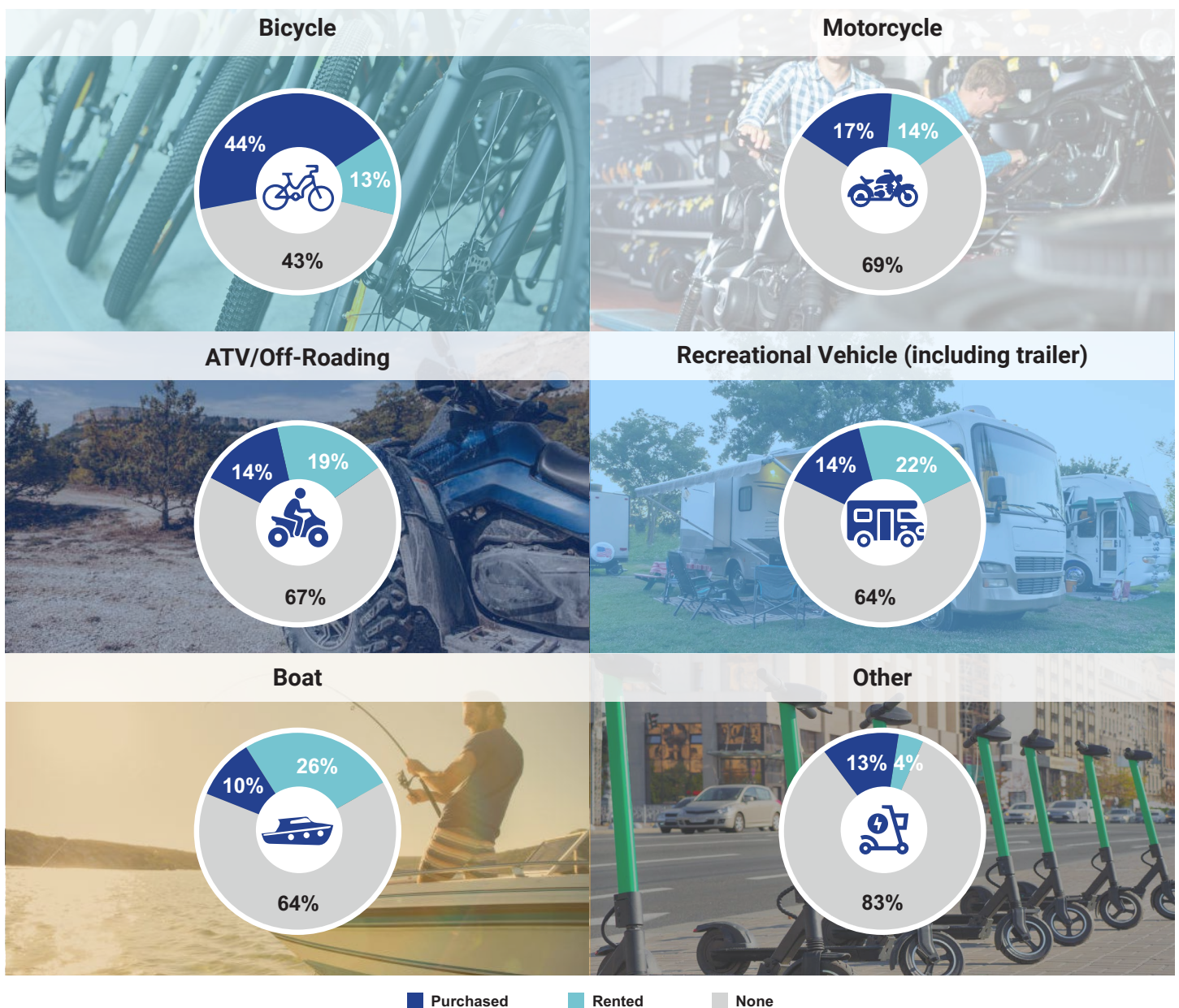
**Exhibit 3 - How do you expect your household spending allocation on recreational or outdoor items to change over the next 12 months?**



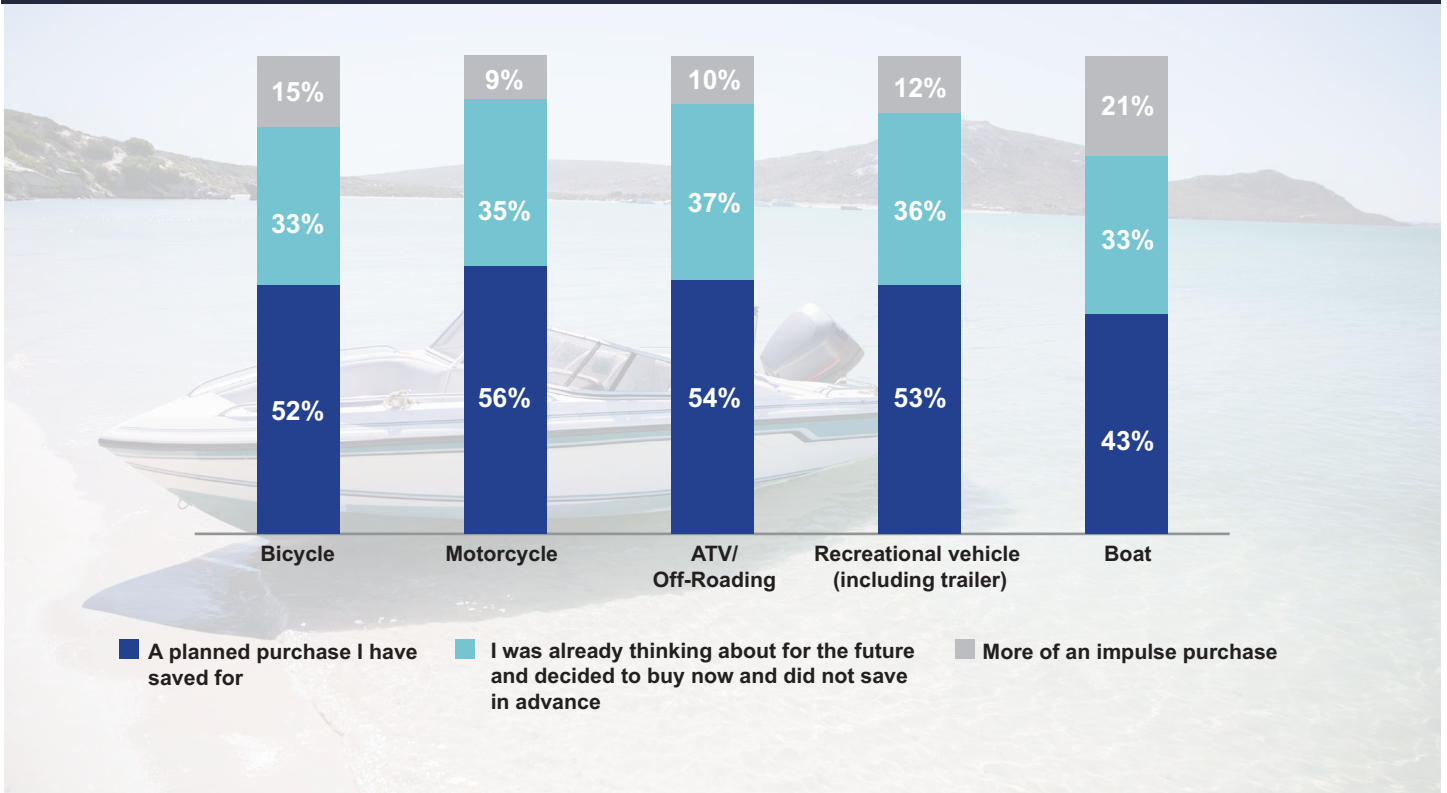
## Recreational Units Purchases: Planned vs. Unplanned Purchases

The combination of COVID and its associated stimulus programs proved to be a boon to recreational unit manufacturers. RV and boat sales hit records, and bicycles were out of stock everywhere during COVID lockdown. Was the sales boom a pull-forward of planned purchases, or was it spontaneous demand? To elucidate this question, we asked consumers about their recent recreational unit purchases. Exhibit 4 shows the percentage of respondents purchasing a vehicle. 44% of respondents bought a bicycle while 14% bought an RV. We asked those who had purchased a recreational unit whether the purchase was planned. As revealed in Exhibit 5, only half of those purchasing big-ticket vehicles had saved in advanced for the purchase. Those people could be considered “pull-forward” customers who merely accelerated planned purchases due to the circumstances provided by COVID. The other half either had thought about a purchase previously but had not saved for it or were spontaneous in their purchase. Boats were particularly likely to be impulse purchases. Those purchases might not have happened without the trigger of COVID-driven time out of the office.

**Exhibit 4 - Did you buy or rent a vehicle in 2020 - 2021 that you didn't plan for before the COVID crisis?**

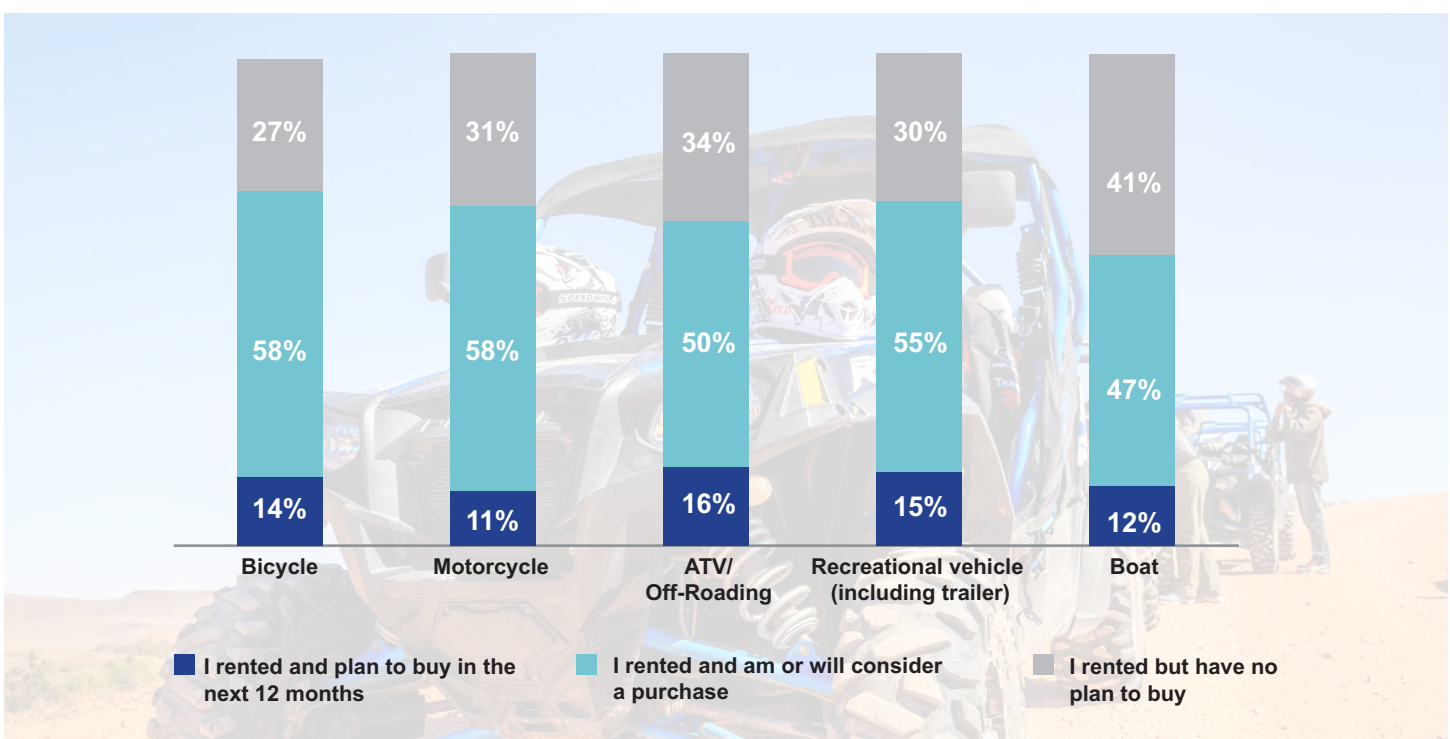


### Exhibit 5 - With respect to buying recreational units, which best describes the rationale?



A considerable number of people renting recreational units are also likely to convert into future purchases. Exhibit 6 shows the purchase expectations of those who rented recreational units during COVID. The vast majority seem likely to stay in the outdoor activity by buying, whether in the next twelve months or some extended timeline.

### Exhibit 6 - With respect to renting recreational units, which best describes the rationale?

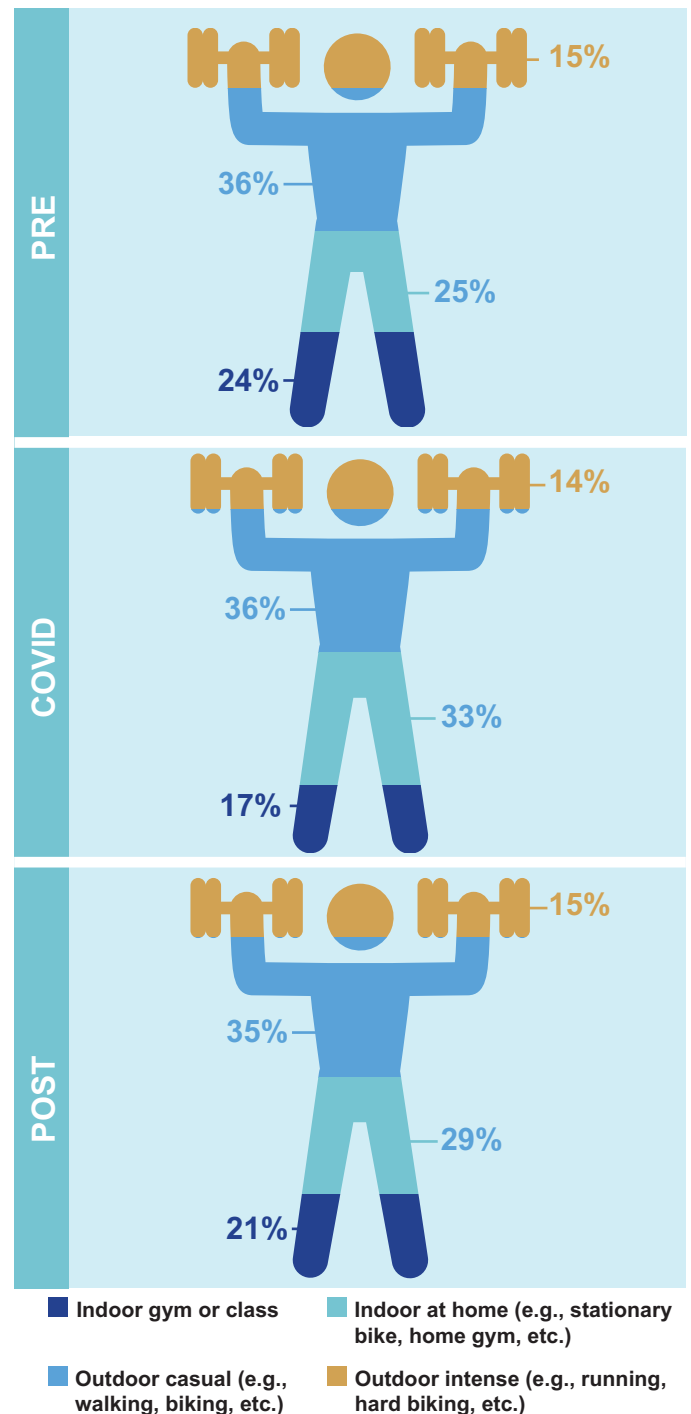




## Indoor vs Outdoor

Was COVID the death of health clubs? In our October 2020 survey, surveyed consumers predicted their post-COVID indoor exercise participation would return to around 80% of its pre-COVID levels. Exhibit 7 shows what those surveyed reported as their pre-, during and post-COVID participation in indoor classes and health clubs. However, reported post-COVID indoor class and health club use has regained only around two-thirds of what was lost during COVID. That number could improve as things normalize, but it is clear that the indoor exercise industry will likely incur some kind of modest-but-permanent hit from COVID, if the survey holds true to consumer intentions. The elimination of health club fees from consumer budgets during COVID clearly freed a huge amount of consumer spending that could be redeployed to outdoor recreation during COVID. Much of that consumer spending appears to have been allocated towards big-ticket items, especially bicycles. So while the return of indoor recreation may see a normalization of big-ticket outdoor recreation units, consumer spending on smaller ticket items may be more easily sustained. Illustrating this point: nearly 60% of our survey respondents indicated that they had reached a point in their bicycle ownership in which they were willing to invest more whether it be through upgrading (31%), buying a second bike (15%), or buying additional accessories (14%).

**Exhibit 7 - Think about how often you exercised before the COVID crisis, what percentage of your exercise was in each applicable area?**



Despite 73% of consumer respondents negatively feeling the impact of the current economic environment and shifting their dollar spend from recreation, when asked, "If you were to spend more money, in what areas are you or would you likely spend more?", nearly 70% of consumers would direct their dollars towards accessories (24%) or soft goods (46%).

## E-Bike: The Next Spending Wave

One outdoor vehicle that has come of age during the COVID crisis has been the e-bike. The e-bike has evolved over the last 3 years from a heavy, unwieldy oddity to a sleek, practical mainstay. Exhibit 8 relays that around a quarter of bike owners have e-bikes, while Exhibit 9 shows that those e-bikes are used frequently. Furthermore, e-bike purchasers encapsulate a much more broadly motivated group than the traditional stereotype of spandex-clad athletes (Exhibit 10). We anticipate a huge uptick in e-bike purchases as prices fall and word-of-mouth on their use case expands.

Exhibit 8 - What type of bike do you use?

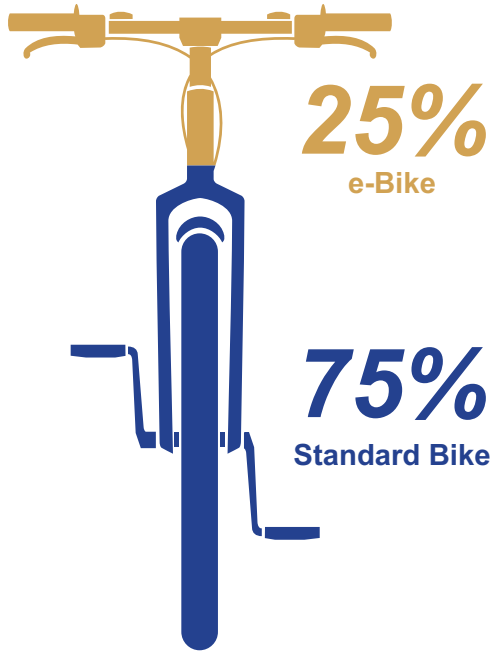


Exhibit 9 - How often do you use it?

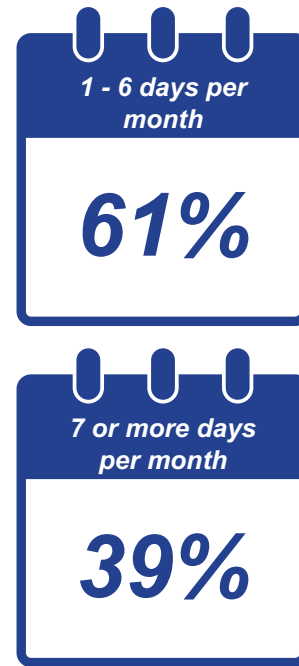
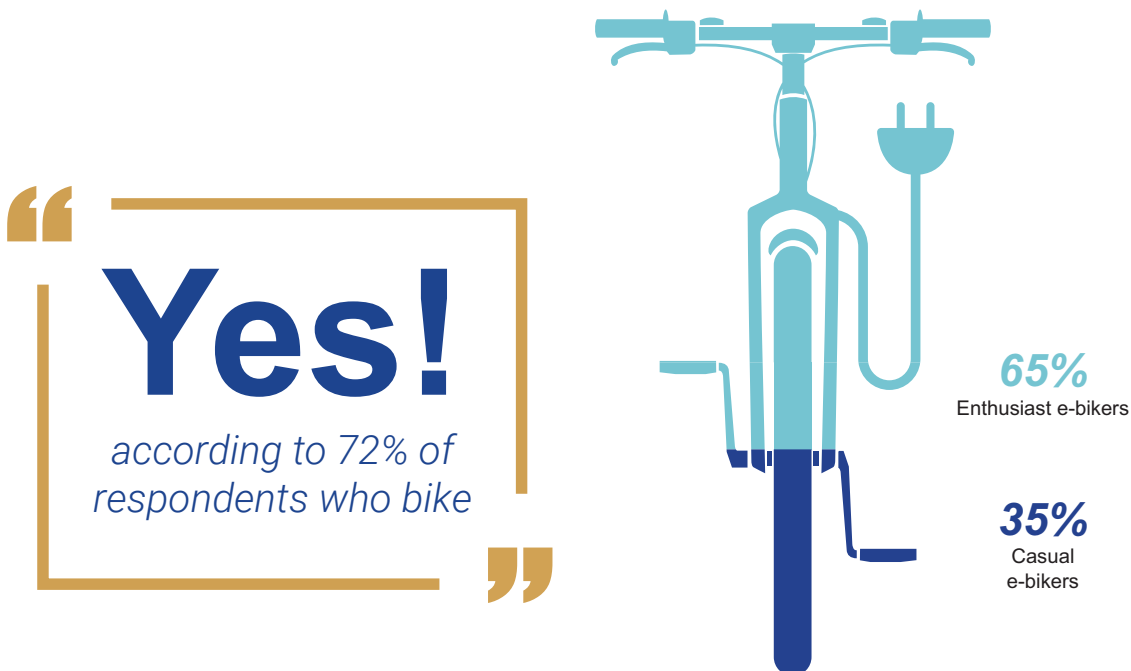


Exhibit 10 - Have you purchased an e-Bike in the last 18 months?



## Potential Implications For Investors and Manufacturers

Was the COVID boom the baseline for a continued boom or a temporary blip? COVID clearly generated trial or expanded engagement for a wide range of outdoor recreation activities. Our research suggests the long-term impact likely varies by activity. Simple, low-cost activities like walking appear to have greatly expanded their participation with no pullback in sight with the return to the new normal. On the other hand, big-ticket activities like RVs and boating clearly enjoyed some pull-forward of planned purchases as well as impulse buys. While new recreational unit purchases are likely to return to historic levels, engagement in the activities remains high. This could bode well for non-big-ticket accessories as well as services like boat storage and RV parks. Biking boomed during COVID and may continue to thrive thanks to e-bike growth.

Outdoor recreation will likely lose the temporary inflow of increased spending it enjoyed during COVID from the redeployment of health club fees, as there will always be a consumer who prefers the social and convenience advantages of indoor classes/clubs, especially in dense urban areas. COVID did generate favorable trial for outdoor recreation activities, so the industry challenge is winning the continuing battle for “share of leisure” against other activities as consumers get more time- and income-pressed in a post-COVID, inflationary environment.

Our research can be tailored to provide insight into your company's unique situation. We would be delighted to explore how consumer sentiment will affect your business and what the implications are for financing, valuation, transactions, strategy, and priorities.





# ABOUT LAZARD

## LAZARD

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We welcome the opportunity to share our views on consumer, food and retail M&A trends, your specific business attributes, and potential strategic alternatives in this dynamic market place. We are available to connect at your convenience.



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# ABOUT CH CONSULTING ADVISORS

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