



# OUTDOOR & RECREATIONAL PRODUCTS MANUFACTURING

## WHITE PAPER

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# STUDY APPROACH & ACTIVITIES

The industry analysis of the ORPM sector was completed by ResearchFDI in 2021 to aid in attracting investments from high growth outdoor and recreational product manufacturing (ORPM) companies. The analysis included research into the ORPM industry's outlook and trends and the development of a target company database.

The industry report completed by ResearchFDI is a systematic examination of the Outdoor and Recreational Products Manufacturing (ORPM) Sector and potential business recruitment opportunities.

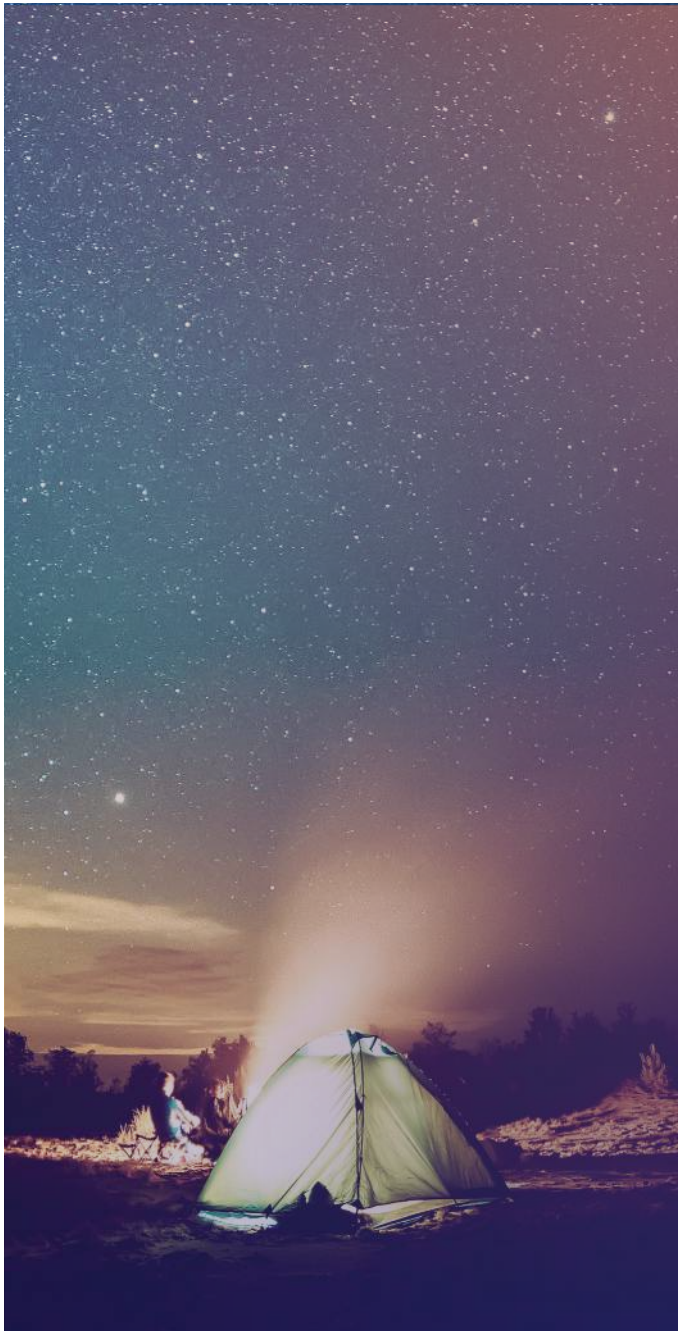
## Primary Activities:

- ▶ Provide an overview of the Outdoor and Recreational Products sector
- ▶ Analyze key segments within the industry
- ▶ Provide market size information
- ▶ Describe key trends, drivers, and challenges
- ▶ Identify promising FDI source markets
- ▶ Review opportunities for reshoring



# SECTOR OVERVIEW

## Outdoor and Recreational Product Manufacturing (ORPM)



The Outdoor and Recreational Product Manufacturing (ORPM) sector is a large, diverse, and growing industry globally. It benefits from several socio-economic trends and, in turn, provides multiple knock-on benefits to manufacturing and other sectors.

The average consumer is influenced by several purchasing factors, with price, function and versatility being the most important. While many consumers do not feel the need to have the best outdoor gear on the market, durability, quality, and comfort are product attributes consumers are willing to pay more for.

Companies in the ORPM industry require a variety of very distinct skill profiles from their employees to be commercially successful. The demand for advanced technical outdoor apparel, footwear and equipment drives innovation and entrepreneurship.

The industry employs product developers, marketing specialists and other professionals. There are jobs for highly skilled workers in a variety of fields including technology, product design, manufacturing, sustainability, and global trade. Lower-wage employment opportunities are also emerging in manufacturing, logistics and wholesale.

The sector connects in various ways to its local socioeconomic environments and the maintenance of land and water infrastructure is key to enduring commercial success. As such, companies commonly initiate trends, such as tree planting or the increased use of recycled materials.

# INDUSTRY SEGMENTS

## Overview

The global Outdoor and Recreational Product Manufacturing (ORPM) sector comprises very distinctive activities on land, in the water and the air. While making a universally applicable distinction between the segments and separation from other industries is difficult, certain broad categories can be defined.



### Camping and trail sports

The Camping and trail sports segment comprises a diverse range of outdoor equipment most directly associated with land-based activities such as hiking, backpacking, trail running, camping, and mountaineering.



### Hunting and fishing

The recreational fishing equipment and hunting equipment industry, as part of the global leisure products industry, involves both fishing/hunting for competition and pleasure. The industry is segmented by product based on function.



### Motorized and unmotorized wheel sports

The motorized and unmotorized wheel sports segment contains different wheel-based sports. This industry segment is dynamic as it includes new technologies such as eclectic motors.



### Winter sports

The winter sports industry comprises all sports performed on snow or ice rinks, which are typically played both as individuals and in team disciplines.



### Water sports

The water sports gear and equipment industry include any sports activity conducted in water, underwater and on water. Modern technology has allowed this industry to develop more complex and technical water sporting equipment and gear.

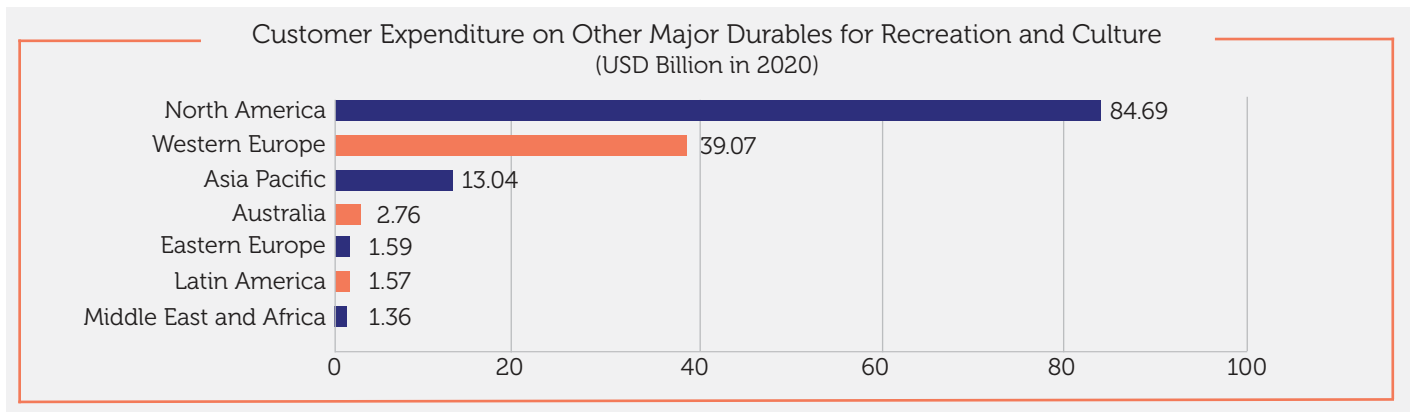


### Wildlife viewing

The wildlife viewing segment includes activities such as bird watching and viewing wild animals. The wildlife viewing equipment industry is segmented by product based on function.

# MARKET SIZE

The outdoor and recreational products manufacturing (OPRM) sector is one of the largest industries in the developed countries and is also catching up in other parts of the world.



North America is the largest consumer market for the ORPM industry, with Europe following as the second largest as well as fastest growing market. The sub-segments in the ORPM industry can also be analyzed individually, in which the consumer markets may differ slightly.

# KEY DRIVERS, CHALLENGES, AND TRENDS

## Drivers

- ▶ A general rise in household income
- ▶ An increasing awareness of the benefits of a healthy lifestyle
- ▶ Government initiatives to promote outdoor activities
- ▶ Growth in online sales
- ▶ New technologies and product customization

## Challenges

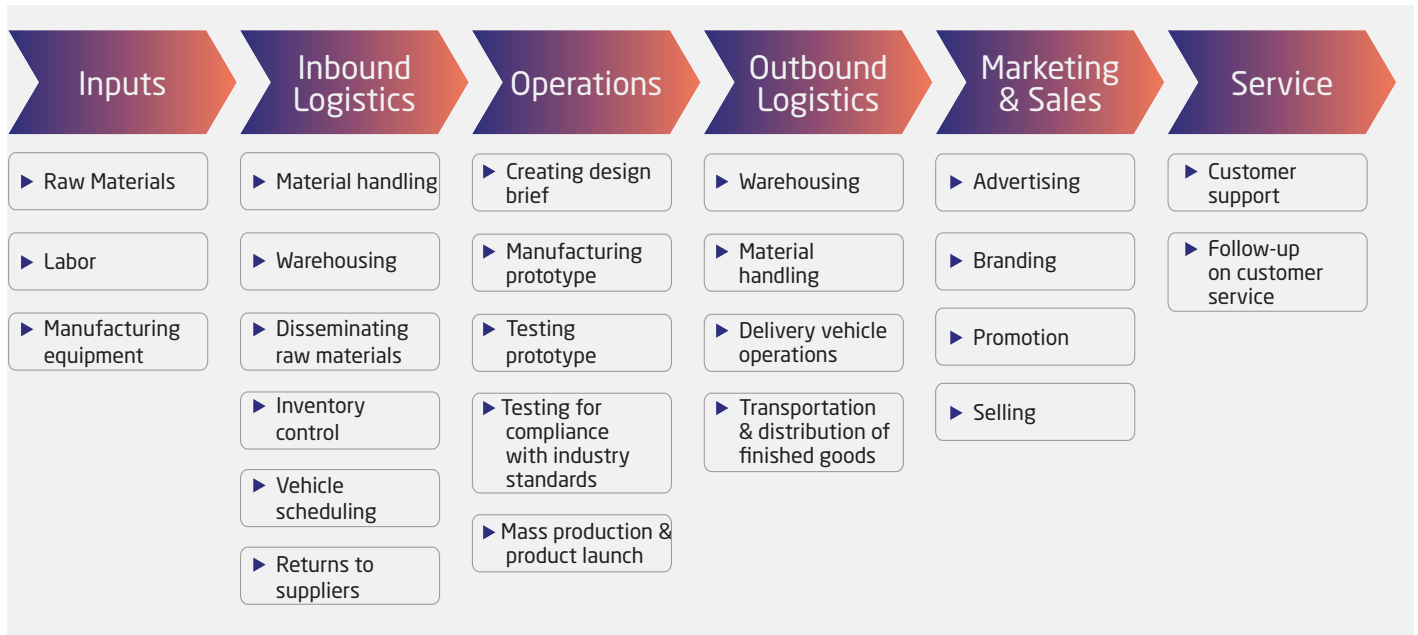
- ▶ The threat of counterfeit products and substitutes
- ▶ The rise of rental services
- ▶ Trade barriers and regulation
- ▶ Dependence on weather conditions
- ▶ The effects of climate change

## Trends

- ▶ The increasing importance of sustainability
- ▶ Higher customer engagement
- ▶ The growth of artificial outdoor experiences
- ▶ A rising need for innovation
- ▶ Integrated marketing

# VALUE CHAIN ANALYSIS

The value chain of the Outdoor and Recreational Product Manufacturing industry includes the following components:



## MANUFACTURING IN THE USA

North America continues to be the main global market for a growing outdoor and leisure industry. In coming years, depending on the industry segment, between 40% and 85% of a multi-billion-dollar global production will be sold to customers in the US or Canada. This contrasts the current situation in the supply chain and production of gear and equipment.

While many major brands and retailers prefer a mix of in-house production and outsourcing of manufacturing, general and industry-specific trends are pushing companies to bring more of their production home to the US. This is being influenced by factors such as rising labor costs in offshore markets, trade tensions, the imposition of tariffs and a change in “Made in America” requirements.

Other external factors including the COVID-19 pandemic, the blockade of the Suez Canal and threats of armed conflict are also influencing manufacturers to relocate to the U.S. to make their supply chains more resilient.

# TOP SOURCE REGIONS FOR INVESTMENT

Based on the analysis of the top 100 companies in the global outdoor retail and leisure manufacturing industry, ResearchFDI found that the United States and the APAC region (China, Indonesia, and Pakistan) lead the industry in terms of operating revenue.

The APAC region are some of the highest net exporters. While they have a high volume of companies located in the region, the majority of the production facilities in these countries operate as contract manufacturers for overseas companies. This can be attributed to the high rivalry in the industry, which pushes product prices down and results in firms moving production to low-cost locations to maintain profit margins. Due to the large presence of contract manufacturing in the APAC region the US is considered the dominant source region for industry investment.

## Middle East & Africa

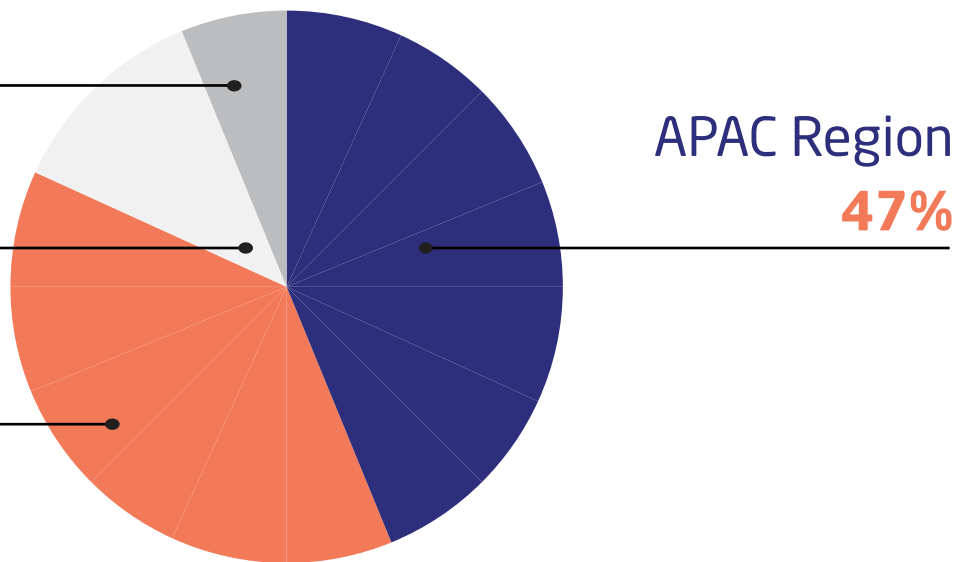
7%

## Europe

11%

## North America

35%



From this analysis, ResearchFDI found the most attractive source regions for additional investments for the target location are the US and Canada, as well as Northern and Central Europe. These areas offer a larger number of relevant companies with strong growth prospects. These areas also offer cultural similarities in production and in consumer preferences which further facilitates investment attraction to the target location in these regions.



# INDUSTRY ASSESSMENT RESULTS

ResearchFDI's market research and lead generation expertise combined to identify key markets and potential investors for the region to inform the outreach campaign.

In the first phase of ResearchFDI's industry assessment, the industry report utilized extensive research carried out by ResearchFDI to provide background information on the ORPM industry.

In the second phase of the assessment, ResearchFDI developed a database of high-growth companies aligned the target sector. The database included a company list drawn primarily from the top countries/regions identified as having the highest potential for investment, 200 promising companies were identified for the target area.

## Key results:

- ▶ Well-structured understanding of the global Outdoor and Recreational Products Market
- ▶ Comprehensive knowledge of key developments in the market and their consequences for investors
- ▶ A detailed list of 200 potential target candidates for investment attraction

*ResearchFDI is a specialized market research firm that works with economic development organizations and regional promotion agencies to identify and capture direct investment opportunities. Whether your goal is to learn more about existing trends, promote your region's strength or secure new corporate investment, ResearchFDI has the solution for you.*

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