

Board-Trac®

2008
Size of Market/Trend
Report

Surfing



SAMPLE



- This **Size of Market Report** reflects projections of annual sales volume and units for Hardgoods (endemic) and Softgoods (endemic and non-endemic) based on self-reported survey data from the annual Board-Trac Surf syndicated market research report.



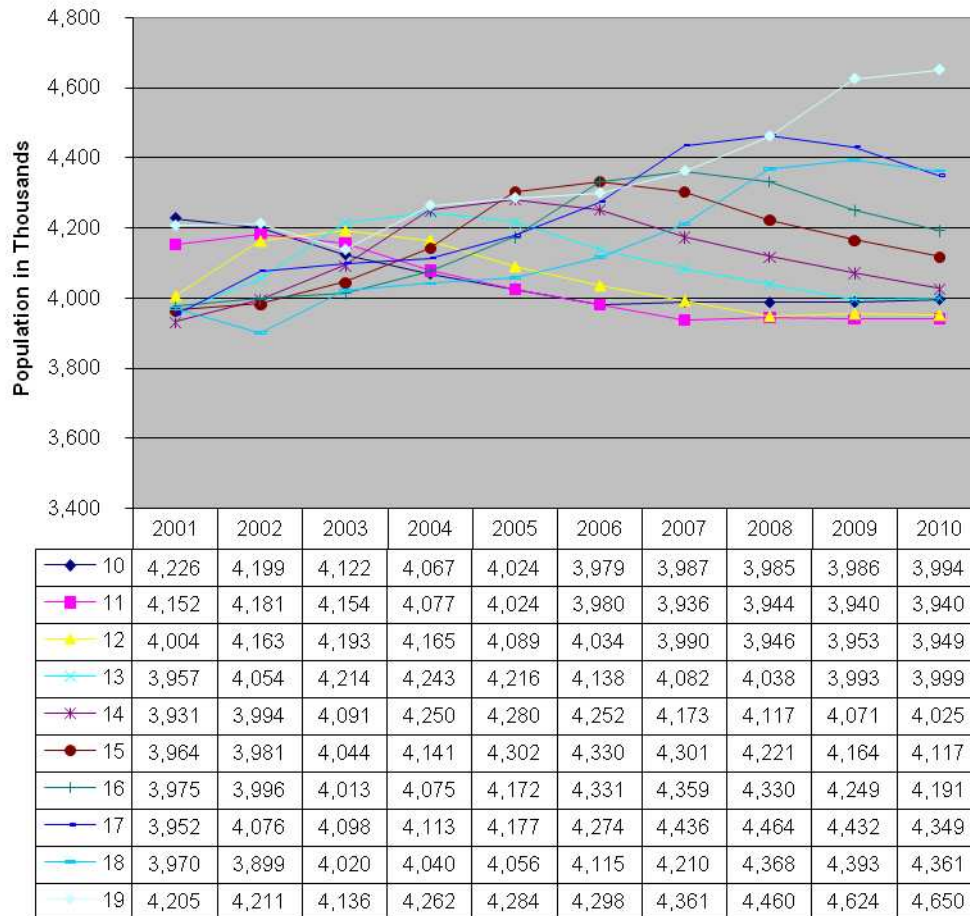
Market Facts

- The following are market facts that may have had an impact on the surf market over the past several years:
 - Male participation has increased 10% from 2006.
 - A definite trend towards older participants (20+) has been developing since 2000.
 - In the last three years, the average amount spent on a shortboard has increased 13% and the average amount spent on a longboard has increased 5%.
 - Over the last three years, most respondents choose surf shops as the most common place to purchase equipment.
 - In the last year, there has been a significant increase in the number of surfers to purchase equipment online.
 - There has been a significant price increase since 2004 in the backpacks, board shorts, jeans, sunglasses and watches categories.



U.S. Population

U.S. Population Ages 10 to 19
2001 - 2010

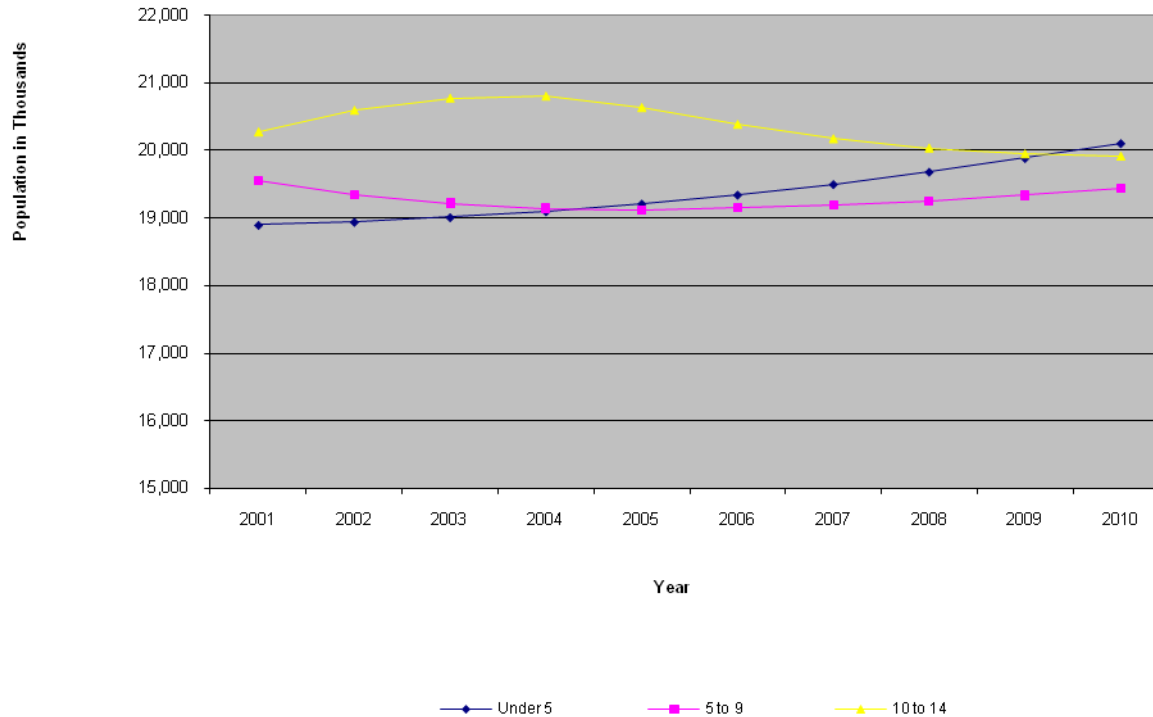


- While most ages show a decline from 2005 to 2010, the number of 17-19 year-olds are on an upward trend. However, these are not primary surfing consumers.
- The key surfing segments, 10 – 14 years of age, have been and will continue to decline over the next several years. This target segment has a significant impact on the market.



U.S. Population

U.S. Population by Age Groups
2001 - 2010

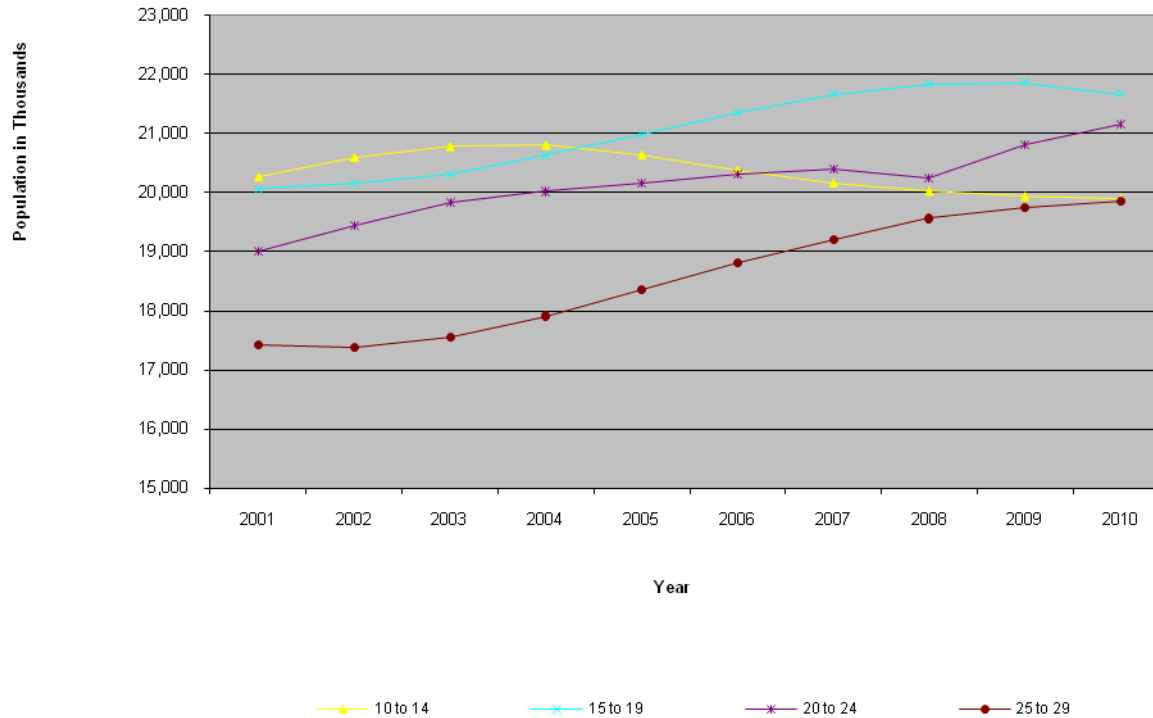


- The 5 to 9 year old segment is growing due to the increase of Under 5 year olds.
- Impact from this demographic on the surfing industry will be felt 2010 and beyond.



U.S. Population

U.S. Population by Age Groups
2001 - 2010



- While there is a surge of 15 to 19 year olds over the next several years, overall we'll see a decline of the 10 – 19 year old segment through 2010.



Size of Market



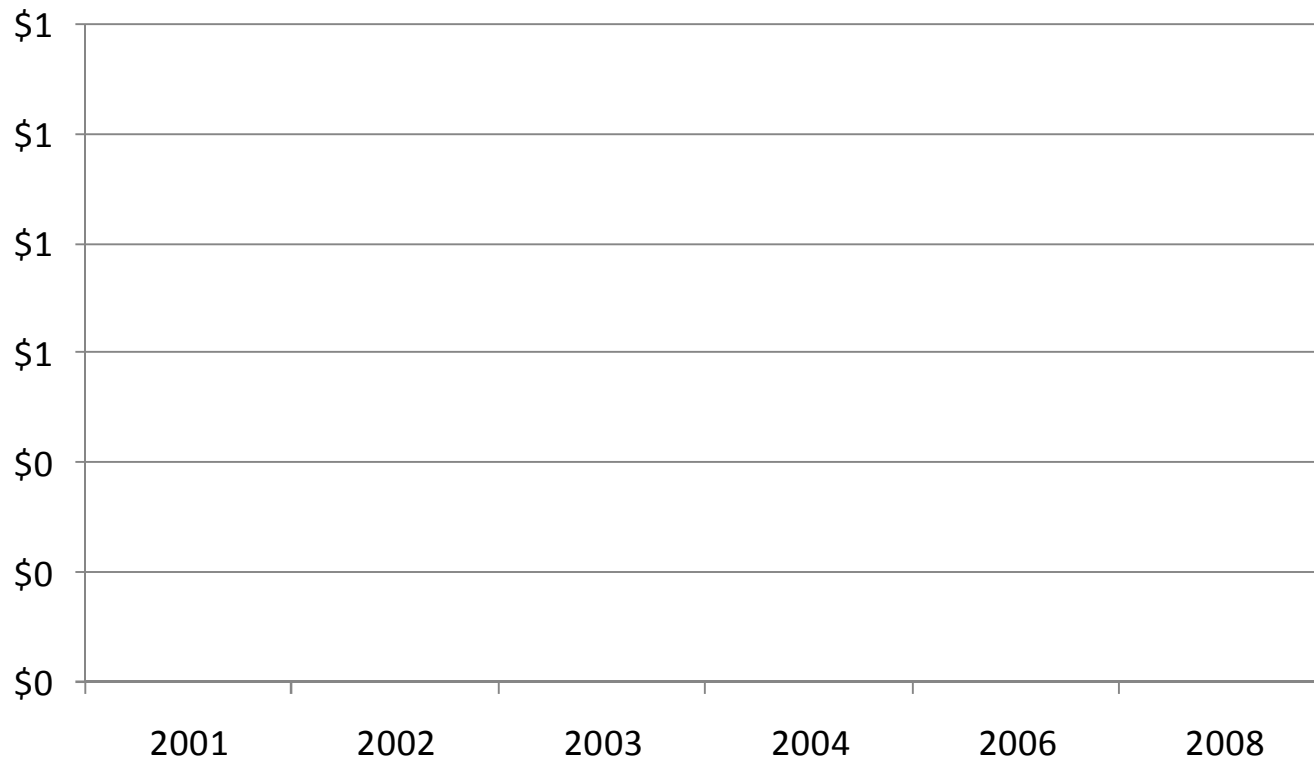
Methodology

- The projections contained within this report are based on the following self-reported data from our consumer studies, not retail sales.
- Participants were asked the following:
 - When was the last time you purchased
 - How often do you purchase
 - How much did you pay
 - Amount purchased in a given year
- This data was then utilized in a Board-Trac proprietary model which also factors in:
 - Estimated number of participants in the sport by frequency of participants which is segmented by very frequent (core); frequent and in-frequent participants.



Forecasted Retail Sales*

000



- Based on self report retail purchases Active and Passive Participants
- **Projected



2008 Overall Size of Market

Active Participants	\$
Passive Participants	\$
Total Estimated Market	\$



	Retail Sales Among Active Participants*	Units	Average Price
HARDGOODS			
Shortboards			\$471.25
Longboards			\$506.25
Wetsuits			\$231.00
Subtotal			
SOFTGOODS			
T-Shirts			\$16.87
Jeans			\$50.15
Shorts			\$37.50
Board Shorts			\$42.60
Shoes			\$47.50
Sandals			\$32.60
Watches			\$86.01
Sunglasses			\$76.55
Backpacks			\$68.74
Subtotal			
Grand Total			

*Based on self-reported survey data, ages 6+ among active participants – surfs at least once a week

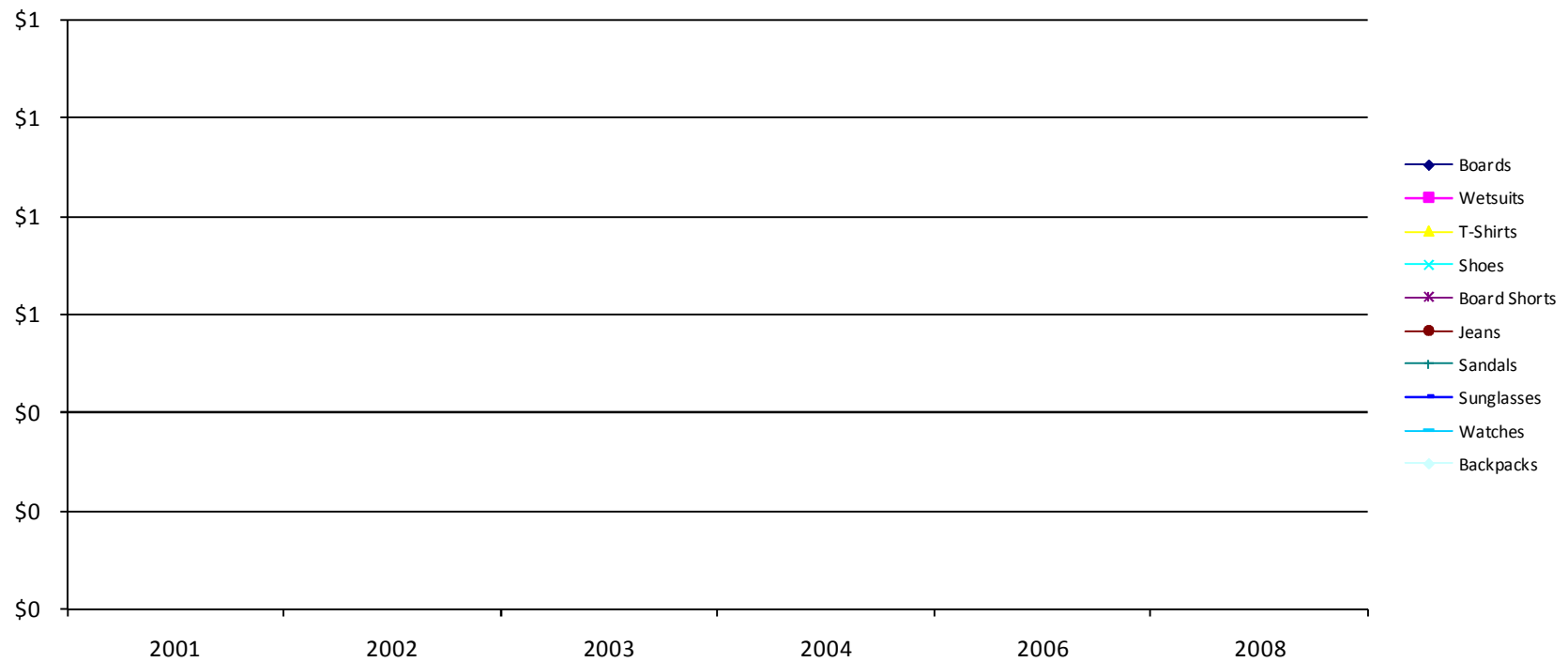


	Retail Sales Among Passive Participants*	Units	Average Price
HARDGOODS			
Shortboards			\$471.25
Longboards			\$506.25
Wetsuits			\$231.00
Subtotal			
SOFTGOODS			
T-Shirts			\$16.87
Jeans			\$50.15
Shorts			\$37.50
Board Shorts			\$42.60
Shoes			\$47.50
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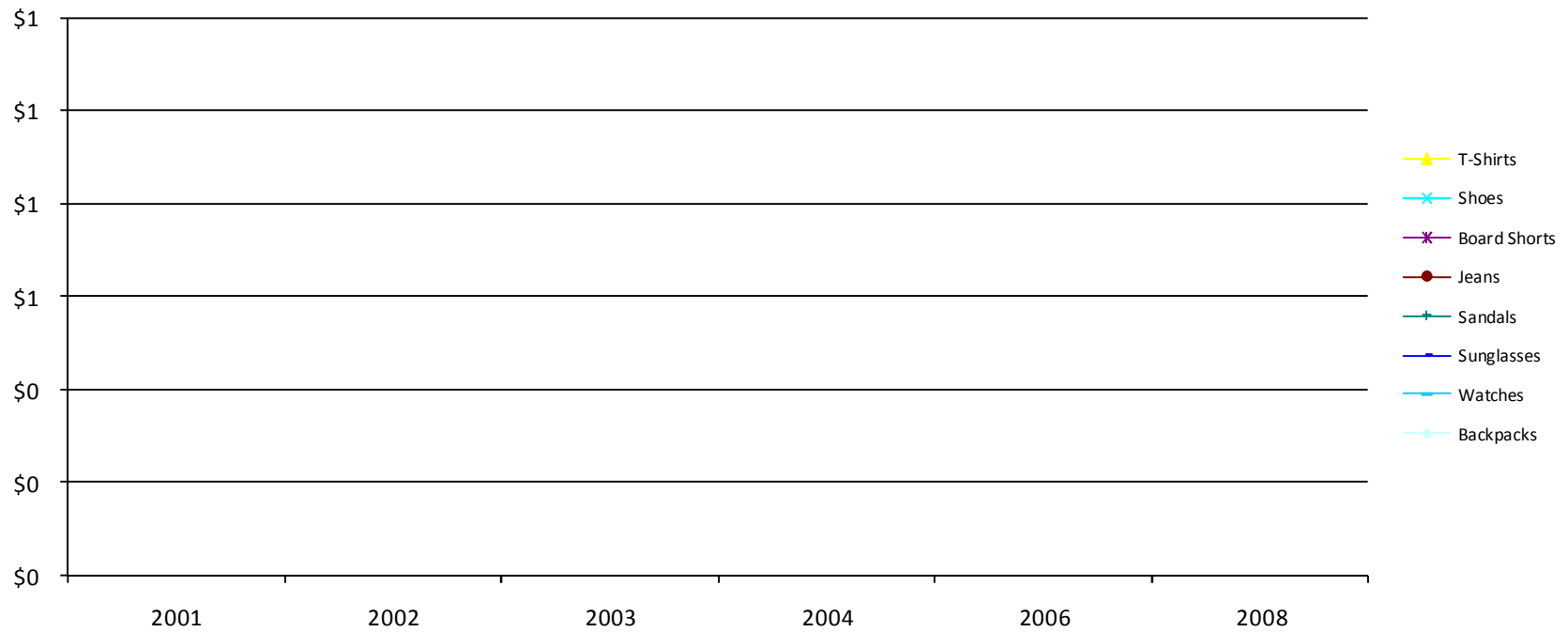
*Based on self-reported survey data, ages 6+ among active participants – surf less than once per week



Average Unit Pricing



Average Unit Pricing



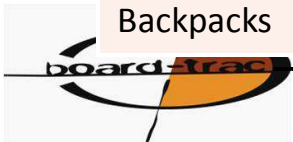
Estimated Units Sold

000

	2001	2002	2003	2004	2006	2008**
Short Boards						
Longboards	Note Units for longboard is only 2006 & 2008					
Wet Suits						
T-Shirts						
Shoes						
Board Shorts						
Jeans						
Sandals						
Sunglasses						
Watches						
Backpacks						

*Note: new modeling was used

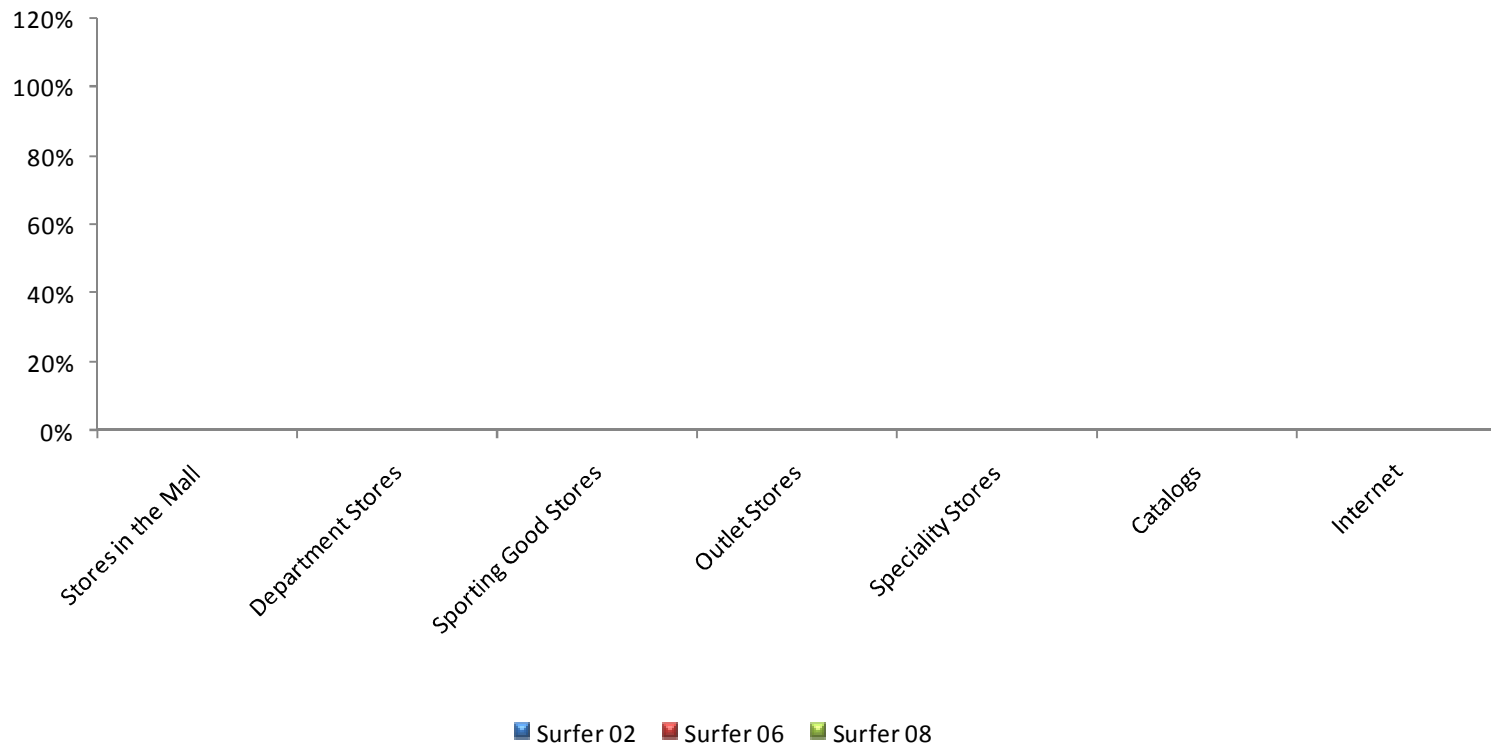
**Projected , based on self reported purchases or planned purchases.



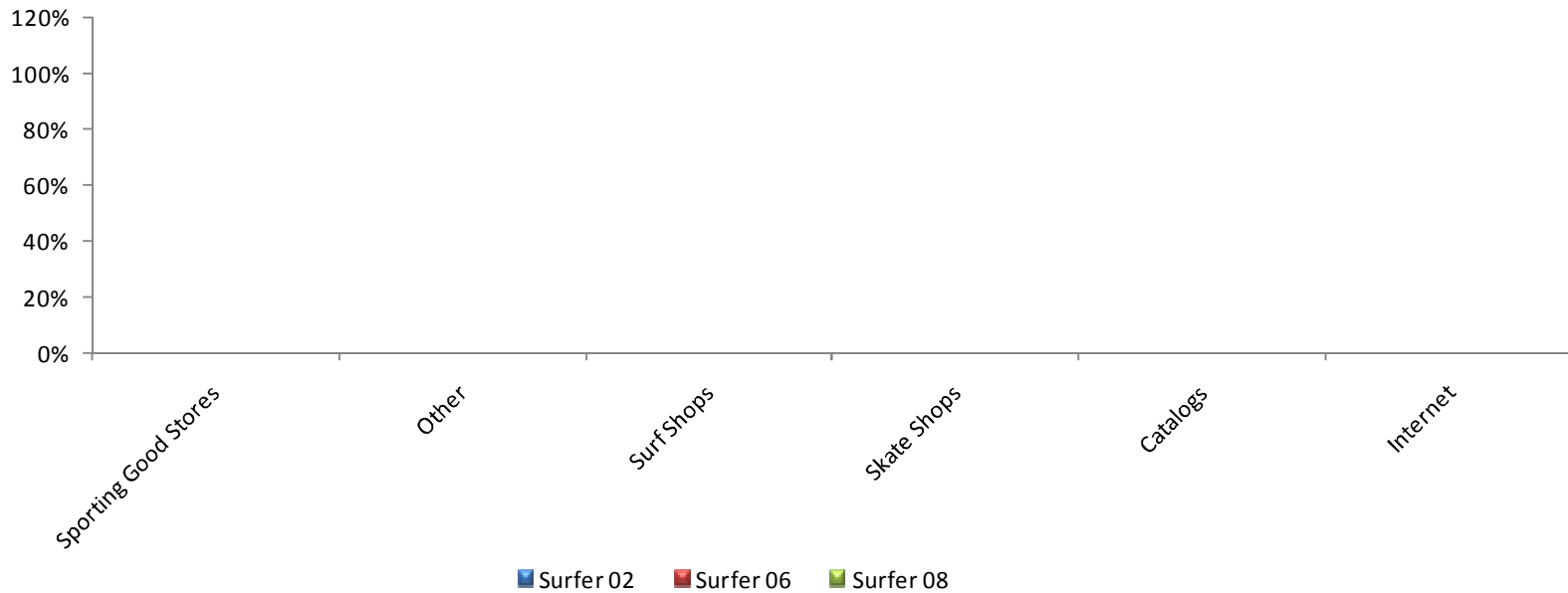
Purchase Habits by Distribution Channel



Typically Shop for Clothes/Shoes/Accessories



Typically Shop for Equipment



Board-Trac Waveriding Studies
Multiple response question

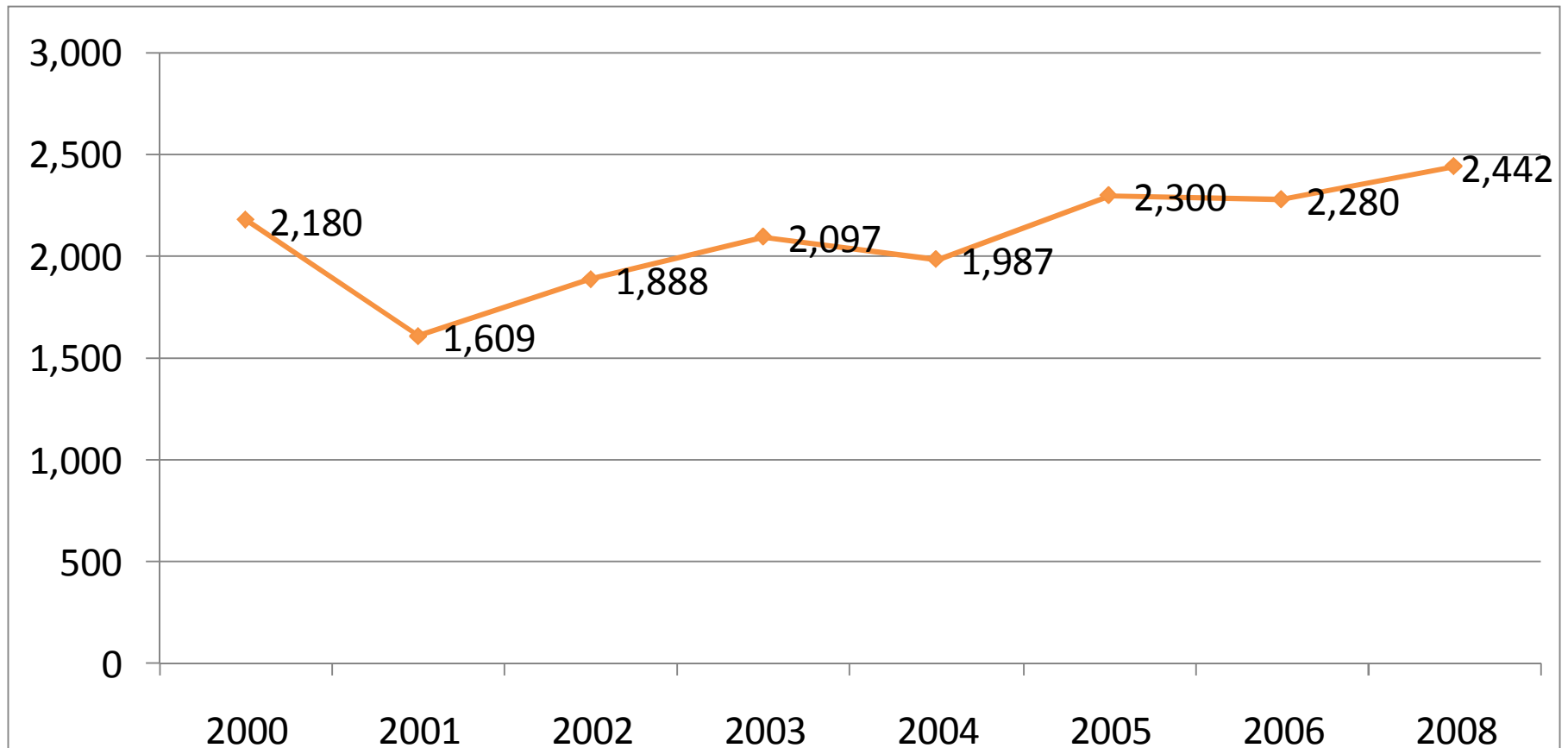


Participation/Demographics



Surfing Participation

(000)



6+ years of age that surfed once or more within year

2008 is based on the number of participants as of 12/31/07



Demographics

2008

- Surfing
 - Surfing: 2,442,000
 - Male: 71.4%/Female: 28.6%
 - Surfers: 6 – 24 years of age: 952,380 or 39%
 - Active Surfers (52+ per year): 1,377,288
 - Male: 76.7%/Female: 23.3%
 - Surfers: 6 – 24 years of age: 483,000 or 35.1%



Demographics

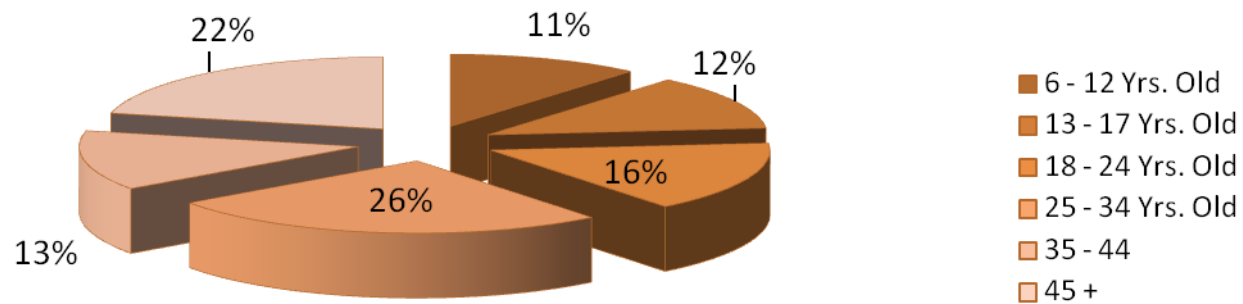
2008

- Cross-over:
% of surfers who participate in:
 - BMX: 3.2%
 - Wakeboarding: 18.2%
 - Snowboarding: 34.4%
 - Skateboarding: 33.0%
 - Mountain Biking: 22.6%
 - Bodyboarding: 18.2%
 - Skimboarding: 12.3%



Age

Surfing



Surfer Profile

- Rides shortboards and longboards
- Is 29 years old on average
- Surfs at least 3 times a month
- Started surfing at the age of 17
- Also likes to skateboard and snowboard
- Listens to Rock and Reggae
- Spends 6 hours a week online, mainly with e-mails



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