



**POLISH OUTDOOR
GROUP**

Kraków, 18th April, 2020

POLAND'S OUTDOOR INDUSTRY SENDS SUPPORT TO GLOBAL COLLEAGUES AND APPEALS FOR UNITED RECOVERY AND UNILATERAL SUPPORT FOR OUTDOOR BUSINESS SECTOR

The crisis triggered by the Covid-19 epidemic has currently reached a level beyond comprehension. It has become a global challenge that cannot be successfully managed by governments, healthcare alone with a serious impact on the economic systems of many countries. Obviously, at this moment, the most important issues are the fight for health and limiting the spread of the virus. We are following the news especially from Italy, Spain, France, Germany, UK and USA with great concern, at the same time expecting the main wave of infections to sweep through Poland very soon. We would like to send our solidarity and support to our friends and business partners from other European and all international countries.

While economic challenges remain of secondary significance, it is impossible not to be gravely concerned about economic repercussions that every single day of this crisis brings with it. In Poland entrepreneurs are expecting governmental initiatives and support and the Polish Outdoor Group has submitted its stance to the government and parliament outlining the difficult situation of our domestic outdoor industry. Unfortunately, we are aware that these actions will not be sufficient and many burdens will fall onto shoulders of companies – whatever their size may be.

The Polish outdoor market consists of a few hundred companies – producers, distributors, agents, the vast majority founded on Polish capital. The most important Polish outdoor players are listed below:

- Big Polish companies, such as OTCF (own brands 4F and Outhorn) and Martes Sport with large chain stores and own private labels (Elbrus);
- Big multisport-chains like Intersport, Decathlon, Go Sport with a significant outdoor portfolio and important private labels;
- Enterprises co-operating with key international brands with a different business model like VF Polska (The North Face), Oberalp (Salewa, Dynafit), Columbia, Regatta, Thule Polska, FAM (Jack Wolfskin), MM Sport (Keen), Raven (Marmot, AKU, Smartwool, Kamik, Teva.), Uni Sport (Mammut), Sportimi (Arc'Teryx), Bako Sport (Deuter, Ortovox), Namaste (Camp, Rock Empire, Boreal, Klymit), MFC Tech (Beal), AMC (Petzl);
- Specialized retailers including online shops – 8a.pl, Skalnik, Polar Sport, and smaller ones like Tuttu, Horyzont, Trekker, Bomar/ Alpin Sklep, Alpin Sport, Weld, Taternik, WGL and many others;
- Polish outdoor brands like Brubeck, Milo, Comodo, Lesovik, Fjord Nansen, Rockland or world-famous Polish producers of the highest quality down garments and accessories – Pajak, Aura, Małachowski Alpine Workshop, Cumulus;
- outdoor media (Outdoor Magazyn, 4outdoor Biznes, wspinanie.pl, Góry, velonews.pl), important outdoor b2c events (Krakow Mountain Festival, Ladek Zdroj Mountain Festival), PR agencies (Projekt 77) and marketing & trade fair specialists (VMG, Pro Business Consulting).

Many of these are family businesses that are managed very efficiently. The sports and outdoor retail segment in Poland consists of over one thousand shops – from various size stores located in shopping centres, through shopping chains (franchises), to smaller retail specialists. Some of these independents have operated since the beginning of the 1990s.

The coronavirus crisis has meant consequent governmental closure of the majority of shopping centres (since 14th March all the shopping centres remain closed) and independents, while national park directors have also introduced closures. In order to protect citizens and contain the virus all climbing gyms and mountains chalets have been closed, alongside the cancellation of all festivals, shows, workshops and tourist ventures. These necessary social measures and the drop in retail sales, immediately impacted on orders of wholesale products,



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raw materials, advertising campaigns, professional trainings. It has deprived what was a positively growing and tightly knit industry of all income opportunities practically overnight.

It is already clear that the Polish outdoor market, which is worth approximately 300 million Euros and employs many thousands of people, may very soon suffer similarly to other sectors of the economy. Already in March the Polish outdoor retail has noted the drop in sales of 46% (according to 4outdoor.pl survey) and it was the biggest drop in sales in the Polish outdoor history. Forecasts have to take into account that the outdoor industry does not offer a priority in the process of recovery and the full implications of the current crisis will be felt for at least 12 months after shops re-open.

We are aware that the crisis is affecting the outdoor industry all over the world. Therefore it is even more urgent to appeal for understanding and solidarity among CEOs and managers from companies that co-operate or operate on the Polish market. Development plans, sales targets and budgets, that were conceived in a very different reality, have become unachievable practically overnight. The crisis calls for a new approach to cooperation between contractors, with mutual understanding and constant updates of the situation, alongside a modification of targets.

The Polish market is constantly developing and that growth requires steady investment. With insufficient financial resources and – what has become especially apparent during the crisis – a lack of capital reserves, the dramatic slump of the European economy, may hit Poland's domestic market with double force.

Therefore, we call for allowing flexibility in payments, settlements based on current turnover, if possible quick replenishment of the warehouse with best-selling products, marketing support for non-rotating products. These are only a few suggestions of solutions that for sure have to be individually discussed and agreed between contractors.

Our only hope is that the renowned enterprising spirit and flexibility of Polish companies will allow these businesses to adapt fast to the new conditions. Some have already remodelled to help to meet the demand for protective clothing & masks or others protective accessories during the epidemic. Ultimately, a return to their outdoor portfolio is the target and should be achievable. Of course the rate of growth then will depend largely on the good co-operation between partners in both European and global markets.

So we wish to encouraging outdoor business partners across the world to show solidarity and we are also ready as Polish Outdoor Group to help to achieve this solidarity on Polish outdoor market.

Above all we would also like to wish everyone the best of health as we all work towards victory over the virus and the prospect of a new post-crisis economic reality – hopefully good for outdoor companies worldwide...

With best outdoor regards from Poland.

Board of the Polish Outdoor Group

Piotr Turkot
Joanna Biernacka-Goworek
Maciej Przywecki
Zenon Raszyk
Anna Wróblewska



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Polish Outdoor Group

ul. Rogatka 9/1
31-425 Kraków
POLAND
pog@pog.org.pl

Associated Member of the:

