

Hot GPS Sales Keep Retailers Moving in the Right Direction

Position Yourself with Confidence



Global positioning technology is both a natural fit and an increasingly necessary product category for the outdoor retailer. This constantly evolving category offers campers, hikers, runners and even urban explorers the safety and fun of knowing exactly where they are and how to get where they want to be. GPS at outdoor retail now encompasses everything from hand-held units for backpackers to wrist mounted speed and distance training tools, hybrid units that work as well on the road as they do on the trail and, now, satellite messengers that send help to those needing rescue.

The category grew significantly in 2010 thanks largely to expanded product offerings, more features and slightly lower prices. Leisure Trends Group's Outdoor RetailTRAK reports that unit sales of GPS systems in the core outdoor channels (specialty, chain and internet) surged 25 percent in 2010 to bring in \$30 million at retail and wrist-based GPS units grew 21 percent over 2009 to capture \$17 million. "GPS growth is not just an issue of rebounding from weak 2009 sales, the category is at its highest level in four years," says JJ Rudman, retail analyst at Leisure Trends Group.



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GPS is not just practical; it is "cool," too. According to Leisure Trends Group's annual Holiday Survey, GPS technology tied for first as the "coolest gift to give or receive this Holiday season," even beating out vacations and snow sport equipment. That trend was reflected at retail as GPS system unit sales increased a solid 10 percent this December, which is by far the largest month for GPS at outdoor retail. Wrist-based GPS units rose 8 percent. The survey results reinforce that, even as smartphone penetration increases and more GPS-related apps become available, Active Americans recognize that their smartphones, albeit great multi-taskers, just don't have the battery life, interface, reception, durability etc., of many stand-alone GPS systems or wrist instruments.

The manufacturers keep luring in new fans (aka purchasers) with new features and lower price points. As with most new technologies, prices shift down and features improve. "Think about that fancy cell phone you bought last year and how the next generation will do more for the same price or less," states Rudman. In 2010, GPS systems at outdoor retailers had an average retail-selling price of \$240, \$22 less than in 2009. GPS wrist instruments had an ARSP of \$268, \$9 less than 2009.

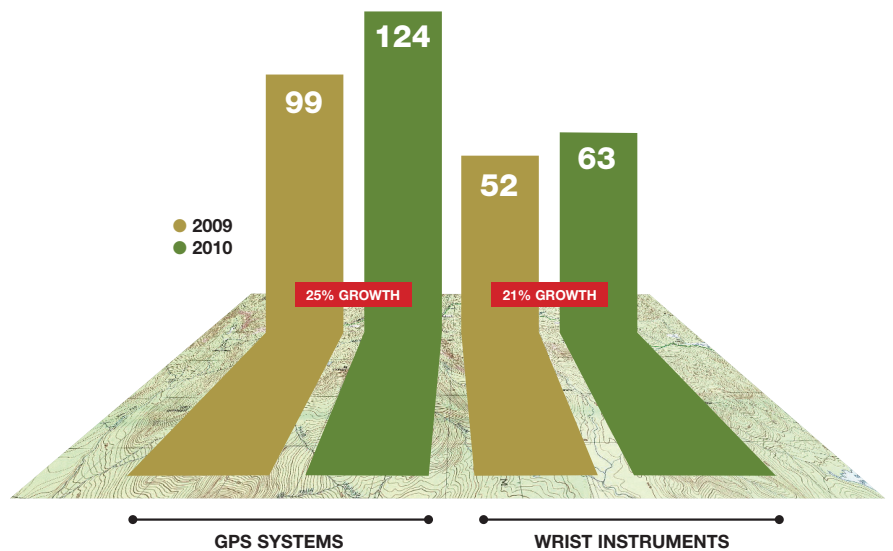
Retailers should keep a broad product mix to appeal to the wide variety of GPS users. In 2010, the single best-selling GPS system was the handheld Garmin GPSMAP 60CSX, perfect for on or off trail use. In second place was the SPOT 2, an emergency satellite messenger and the third best seller was a rollup of several of Garmin's Nuvi models, many of which are as comfortable on the dashboard as in the backcountry.

Never forget the add-on sale. Retail margins tend to be slim for this category but GPS can still be profitable for the retailer. Average retail-selling prices for systems dropped slightly in 2010 but specialty retailer margins still managed to increase one and a half points to 21 percent. That

translated to about \$51 of retail profit per average system sold. It is also important to remember that a GPS sale means potentially greater sales than just the original purchase. GPS accessories, averaging 45 percent margins, brought in an additional \$26 in retail profit per add-on sale. And then there are the batteries, or better yet, solar rechargers, and all the other products (rain gear, bug spray, sun screen) that make a day geocaching all the more enjoyable and rewarding.

The Leisure Trends Group predicts that the entire outdoor market will grow into a \$6.6 billion dollar market by 2015 and GPS products will continue to be a piece of this market. Outdoor consumers will only become more tech savvy so it is imperative that GPS technology, across all its iterations, continues to be prominently displayed at outdoor retail. ●

GPS Unit Sales (in thousands)



GPS Dollar Sales (in millions)

