



# Outdoor Equipment and Sportswear Retail



## FRESH LOOKS

### OVERVIEW

The opportunity is for the development of a mid to high-end outdoor equipment and outdoor clothing store located on or immediately adjacent to main street. The store needs to carry and service quality bikes, Nordic and touring skis, outdoor camping gear, hockey and team sports equipment. In addition, footwear and sports/outdoor clothing would round out the inventory.

### LOCATION

On or immediately adjacent to main street in Camrose.

### INITIAL CAPITAL "D" INVESTMENT

\$ 463,540

## Market Opportunity

The outdoor retail business opportunity for Camrose is based upon a very simple premise. The city has established itself as a very successful retail hub for the region, particularly for shoppers from Edmonton and the surrounding region and there is therefore an opportunity to add more retailers, thereby increasing the critical mass of offerings and strengthening the already established brand. For a town of 20,000 people, most of whom are very active, enjoying many outdoor pursuits and belonging to multiple outdoor sports clubs, the glaring retail gap is a store that addresses the retail needs of these customers. The reality is also that because Camrose is the educational, health care, recreation and retail hub for much of the south-central rural area of Alberta, thousands of folks from the outlying area visit Camrose on a regular basis for many reasons and end up also fulfilling their retail needs here.

The retail sector in Camrose has been successful for quite a long time. Known for its fashion stores in particular, the table below shows the current list of fashion-related retailers in Camrose and the number of years they have been in business. Despite two of the businesses only being in business for a year or more, the number of years in business of the remaining businesses is a remarkable average of 25 years. Clearly retail in Camrose is a profitable and resilient business to be involved in.

There is clearly an opportunity for a retailer that brings in the types and brands, of outdoor gear not currently being sold in Camrose's Canadian Tire store and for a retailer to expand into outdoor clothing as a fashion option as well as equipment. The key is that the retailer needs to keep the floor space to a reasonable size and most importantly cater specifically to the needs of the key outdoor groups and clubs in Camrose such as the Nordic ski, mountain bike and running clubs. There are no competitive comparators in the surrounding region other than in Edmonton. That said it must be recognized that Edmonton does have several outdoor equipment retailers in the city, and while Edmonton residents visiting Camrose for any reason may shop in the store, it is not reasonable for the Camrose store to think of Edmonton as their primary market.

From a capital perspective this business requires a small investment in terms of the lease and starting inventory. The payroll is the largest cost of significance while the additional inventory required can be bought somewhat incrementally as market demand is proven out.



## The Experience

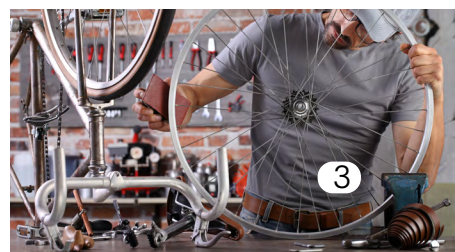
Based upon the market demand, gaps and segments, the following is the recommended business model and corresponding, required infrastructure recommended for the execution of a successful outdoor equipment retail business based in Camrose.

The outdoor equipment retail opportunity is aimed at both residents of Camrose and visitors. The opportunity is based on the retail gap identified by stakeholders, including the ski, bike and trail running group. Stakeholders interviewed identified that there is no outdoor store available in Camrose and that the only option for many shoppers is big box stores like Canadian Tire or travel to Edmonton.

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The PRIZM demographics for the 2-hour driving time catchment for Camrose indicates that **there are 1.162 million age (20–64 years old) and income qualified shoppers with a median age of 38.2 who spend an average of \$314 per year on sports and athletic equipment and another \$610 for sports** and recreation facilities a good sign for a prospective outdoor store.

Financial projections for the retail operation have been adjusted for outdoor sports average sales and based on the real, provided sales experience data and spending trends from a retailer in Camrose and, lastly, extrapolated to capture a six-day per week operation (plus additional days leading into Christmas).





# Financial Projections

## THE SEASON

The financial projections assume a 313-day operating season (6 days per week plus Christmas special hours).

## OPERATING CAPACITY/OCCUPANCY

For the purpose of forecasting sales, analysis of existing sales patterns provided by a Camrose retail operator have been used as a baseline. Sales projections have been set on a monthly basis for the first year and projected for the remaining four years. Monthly sales projections are based on actual monthly Camrose sales percentages reported. Using the provided Camrose data, the baseline projected number of monthly shoppers has been converted to a daily shopper average then projected to a 6-day per week operation. The final projected number of shoppers has been increased an average of 16.75% due to the expected increase in sales due to investment in marketing and improved location.

## RATES

It should be noted that the average spend used for projections is based on the PRIZM demographics for the 2-hour driving time catchment for Camrose indicates that there are 1.162 million age (20–64 years old) and income qualified shoppers with a median age of 38.2 who spend an average of \$314 per year on sports and athletic equipment and another \$610 for sports and recreation facilities a good sign for a prospective outdoor store. Based on this data the average spend in the retail store has been projected at \$225.

There has been no increase in the proposed average spending for the first two years of financial projections, then an increase in the third year for the final three years. Projected average spend is \$225/shopper for years one and two; \$250/shopper for years three to five

## CONSERVATIVE PROJECTIONS

A conservative approach to the financial projections has been utilized, including:

- Growth has been projected at 10% per year for year 2; 8% for year 3; 6% for year 4; and 5% for year 5.
- Operating expenses have been projected to increase 3% annually;
- Bank/credit card charges of 3% on all revenues have been assessed; and
- Generous salaries and wages have been projected and staffing numbers have increased as sales increase.



## CAPITAL COSTS

Equipment	Number	Cost per unit	Total
Storage Racking	12	\$ 200	\$ 2,400
Display Racking Systems	30	\$ 300	\$ 9,000
Office and Associated Equipment	1	\$ 5,000	\$ 5,000
<b>Infrastructure</b>			
Leasehold Improvements	1	\$ 50,000	\$ 50,000
Signage	1	\$ 15,000	\$ 15,000
<b>Inventory</b>			
Initial Inventory Investment	1	\$ 300,000	\$ 300,000
<b>Soft Costs</b>			
Pre-Opening Marketing	1	\$ 40,000	\$ 40,000
10% Contingency			\$ 42,140
<b>Class "D" Capital Budget Estimate Total</b>			<b>\$ 463,540</b>