

Distribution, Retail, and Commerce: Sporting Goods, Toys, and Hobbies Recreational Goods Industry Digest

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SUMMARY

Like most distribution and retail companies, those in the sporting goods, toys, and hobby industries (collectively called recreational goods) have experienced significant market changes in recent years. Shifting customer preferences, global competition for goods, consumer expectations for faster Amazon-like fulfillment, the COVID-19 pandemic, and technological advancements have contributed to a fiercely competitive business climate for distributors and merchants.

Connections with multiple online marketplaces, web storefronts, and brick-and-mortar retail outlets or pop-up stores with point-of-sale capabilities are essential for growing sales. In addition, seamless connections to back-office ERP applications for order fulfillment, shipping, operational analysis, and reporting are paramount.

Companies using legacy ERP or entry-level accounting applications and digitally native retailers looking to expand into pop-up locations struggle to manage omnichannel experiences while synchronizing systems with manual data exports and imports. As a result, information is delayed and inaccurate, resulting in late fulfillment, canceled orders, and unhappy customers. Modern ERP applications connect front-end commerce applications with back-end ERP software for a real-time, bi-directional system to manage every part of the business for a better customer experience and superior order fulfillment.

This Industry Digest provides an overview of the recreational goods industry from a retail and wholesale distribution perspective with insights into industry trends, critical software features needed to compete effectively, and a list of resources for additional information.



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INDUSTRY Overview



The recreational goods market faces evolving customer preferences for sustainable products, modern in-store buying experiences, and omnichannel options for purchases, returns, and exchanges. Whether in-store or online, technology is evolving rapidly with virtual reality (VR) and augmented reality (AR) to simulate and augment the shopping experience. Further, direct-to-consumer (D2C) business models create conflict between manufacturers and downstream distributors and retailers forcing businesses to focus on niche industry segments, expand product lines, and rethink customer service strategies.

The pandemic increased time at home with limited entertainment options, driving demand for home delivery of recreational goods equipment to keep folks in shape and mentally sharp. At the same time, social distancing negatively impacted team-oriented product sales as entire sports seasons were canceled. Further, group-oriented special interest activities such as hobby groups and musical performances were postponed. Despite these setbacks, the sporting goods industry is estimated to grow at a 4% CAGR through 2027.¹ Likewise, the toy and hobby market is projected to grow at 9.9% through 2026.²

Consumers adjusted to supply chain disruptions embracing online sales for sports equipment, entertainment options, musical instruments, and hobby supplies. In fact, an estimated 40% of buyers acquire equipment and supplies online. In addition, smarter retail technologies offer personalized shopping experiences with virtual changing rooms, smart fit technologies, and recommendations based on big data and analytics.

Retail companies in the industry are identified by select SIC Codes within 5551, 5699, 5736, 5932, 5941, 5945, 5946, and 5999. Wholesale distributors are classified by SIC Codes within 5065, 5091-5092, 5099, and 5136-5137. An industry breakdown for US companies by employee size is provided below.³

INDUSTRY SEGMENT	1-20	21-50	51-100	101-250	251-500	501+	TOTAL
Hobbies	16,525	4,007	1,141	910	2,287	431	25,301
Distribution	1,274	1,143	206	51	12	17	2,703
Retail	15,251	2,864	935	859	2,275	414	22,598
Memorabilia and Collecting	6,807	254	53	28	5	12	7,159
Distribution	141	10	6	4	0	0	161
Retail	6,666	244	47	24	5	12	6,998
Music and Musical Instruments	11,337	816	145	63	14	18	12,393
Distribution	268	17	7	2	0	0	294
Retail	11,069	799	138	61	14	18	12,099
Sporting Goods and Recreation	83,256	8,519	4,105	3,963	2,749	618	103,210
Distribution	12,150	1,205	320	170	55	42	13,942
Retail	71,106	7,314	3,785	3,793	2,694	576	89,268
Toys and Games	24,574	1,471	761	2,372	2,473	459	32,110
Distribution	2,699	249	68	34	10	14	3,074
Retail	21,875	1,222	693	2,338	2,463	445	29,036
Video Gaming	5,728	182	681	3,058	2,451	405	12,505
Distribution	131	4	6	8	0	1	150
Retail	5,597	178	675	3,050	2,451	404	12,355
TOTAL	148,227	15,249	6,886	10,394	9,979	1,943	192,678
DISTRIBUTION	16,663	2,628	613	269	77	74	20,324
RETAIL	131,564	12,621	6,273	10,125	9,902	1,869	172,354

1. Source: [Absolute Reports – 2021-2027 Global and Regional Sporting Goods Industry Status and Prospects Professional Market](#)

2. Source: [Mordor Intelligence – Toys and Games Market – Growth, Trends, COVID-19 Impact, and Forecasts \(2021-2026\)](#)

3. Source: [Data Axle 2021](#)

ERP Features



The Acumatica [Retail-Commerce System Evaluation Checklist](#) and [Distribution System Evaluation Checklist](#) provide a starting point to evaluate ERP requirements, including point of sale, eCommerce, accounting, purchasing, sales order, inventory, and CRM. The checklist below provides a shortlist of critical ERP features for sporting goods, toy, and hobby businesses.

FEATURE	BENEFIT	PRIORITY	Acumatica		
Inventory Management	Perpetual inventory with lot/serial tracking, physical inventory, transfer orders, and bins.		✓		
Matrix Items	Create product families using size, style, color, and other attributes. Create orders using matrix views.		✓		
Kitting	Create kits and disassemble kits into components.		✓		
Up-Sell/ Cross-Sell and Substitutions	Designate higher-cost items for up-sell and complementary products for cross-sell. Establish substitute items to show when an item is out of stock.		✓		
Warehouse Management	Native mobile WMS with barcoding for pick, pack, and ship with directed paperless picking.		✓		
Prior Sales	Create orders based on the customer's sales history.		✓		
Stock Reservations	Reserve inventory for specific orders for fulfillment.		✓		
Shipments	Create drop-shipments directly from vendors to customers. Create shipments with packaging details, packing slips, and connections to shipping systems.		✓		
Commerce Connectors	Native connectors for Shopify, BigCommerce, and Amazon storefronts with bidirectional integration for inventory items, customer data, and order processing.		✓		
Personalization	Collect information such as names, monograms, and special instructions from buyers to personalize their products before shipping.		✓		
EDI Transactions	Connected EDI applications for invoices, purchase orders, advance ship notices, and other transactions.		✓		
Demand Forecasts	Native inventory replenishment formulas predict period demand using sales history and seasonality.		✓		
CRM	Embedded CRM for marketing and sales automation.		✓		
Omnichannel	Back-office order management, eCommerce storefronts, and brick-and-mortar retail sales with omnichannel returns and exchanges.		✓		
Pricing and Promotions	Flexible pricing and promotions, including customer pricing, volume discounts, and date-specific promos.		✓		
Purchasing	Manage procurement with purchase orders, blanket purchase orders for long-term contracts, and native purchase order requisitions with vendor bidding.		✓		
Order Entry	Flexible order entry from SO screens, online storefronts, point of sale apps, imports, and EDI.		✓		
Point of Sale	Native point of sale with connected cash registers, scanners, receipt printers, and credit card terminals.		✓		
Financials	Streamline and automate financial reporting with a full suite of native accounting applications.		✓		
Business Intelligence	Gain real-time insights with role-based dashboards, robust business analytics, reports, and inquiries.		✓		

“By tracking and authenticating asset movement in the supply chain and in the warehouse through use of technologies such as RFID and blockchain, order verification is automated, minimizing errors and our customers can have much more confidence that the goods they’re purchasing are authentic, not counterfeit.”

INDUSTRY Resources



Resources are provided below to aid recreational goods distributors, retailers, and etailers in their digital transformation projects. Attend industry trade shows, read about ERP software and technologies in trade media and industry analyst reviews, network with peers in associations, and access Acumatica resources to learn more about ERP software to automate and streamline business and sales operations.

INDUSTRY EVENTS



- ASD Market Week ([Link](#))
- ATA Archery Trade Show ([Link](#))
- Athletic Business Show ([Link](#))
- Big Gear Show ([Link](#))
- CABDA Regional Bicycle Shows ([Link](#))
- Chicago Toy & Game Fair ([Link](#))
- Great American Outdoor Show ([Link](#))
- NASGW Expo ([Link](#))
- NRHSA Expo ([Link](#))
- Nation's Best Sports Markets ([Link](#))
- Outdoor Retailer ([Link](#))
- Paddlesports Show ([Link](#))
- Shot Show ([Link](#))
- Sports Tailgate Show ([Link](#))
- Surf Expo ([Link](#))
- Teams Conference + Expo ([Link](#))
- Toy Fair NY ([Link](#))
- ToyFest West ([Link](#))

INDUSTRY ASSOCIATIONS



- American Specialty Toy Retailing Association ([Link](#))
- Archery Range and Retailers Org. ([Link](#))
- Archery Trade Association ([Link](#))
- Assoc. of Golf Merchandisers ([Link](#))
- Billiard & Bowling Institute of America ([Link](#))
- Board Retailers Association ([Link](#))
- Canadian Sporting Goods Assoc. ([Link](#))
- Craft Industry Alliance ([Link](#))
- Game Retailers Association ([Link](#))

- Hobby Manufacturers Assoc. ([Link](#))
- Independent Running Retailer Association ([Link](#))
- Independent Sporting Goods Retailers Assoc. ([Link](#))
- International Art Materials Assoc. ([Link](#))
- National Assoc. of Sporting Goods Wholesalers ([Link](#))
- National Bicycle Dealers Assoc. ([Link](#))
- National Entertainment Collectibles Assoc. ([Link](#))
- National Model Railroad Assoc. ([Link](#))
- National Retail Hobby Stores Assoc. ([Link](#))
- National Shooting Sports Foundation ([Link](#))
- National Ski & Snowboard Retailers Assoc. ([Link](#))
- National Sporting Goods Assoc. ([Link](#))
- Outdoor Industry Association ([Link](#))
- Running Industry Association ([Link](#))
- Snowsports Industries America ([Link](#))
- Sports & Fitness Industry Assoc. ([Link](#))
- Toy Association ([Link](#))
- World Federation of Sporting Goods Industry ([Link](#))

TRADE MEDIA AND ANALYSTS



- Angling Trade ([Link](#))
- Archery Business ([Link](#))
- Arrow Trade ([Link](#))
- Art Materials Retailer ([Link](#))
- Athletic Business ([Link](#))
- Bicycle Retailer and Industry News ([Link](#))
- Club Industry ([Link](#))

- Creative Play Retailer Magazine ([Link](#))
- Fishing Tackle Retailer ([Link](#))
- Game Trade Magazine ([Link](#))
- Global Toy News ([Link](#))
- Golf Retailing ([Link](#))
- Hobby Merchandiser ([Link](#))
- Inside Archery ([Link](#))
- Model Retailer Magazine ([Link](#))
- National Fitness Trade Journal ([Link](#))
- Outdoor Retailer ([Link](#))
- Outside Business Journal ([Link](#))
- Paddling Business Magazine ([Link](#))
- Parks & Recreation Business ([Link](#))
- Pool & Billiard Magazine ([Link](#))
- SGB Sporting Goods Business ([Link](#))
- Shooting Industry ([Link](#))
- Shooting Sports Retailer Magazine ([Link](#))
- TD Monthly ([Link](#))
- The Toy Book ([Link](#))
- Toy Industry Journal ([Link](#))

ACUMATICA RESOURCES



Access the Resource Center to learn about Point of Sale, Acumatica Commerce Connectors, Inventory, Sales Order, and Purchase Order Management.

[RETAIL-COMMERCE
RESOURCE CENTER >](#)

[DISTRIBUTION
RESOURCE CENTER >](#)



Discover How Wholesale Distributors Grow with Acumatica

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ACUMATICA Benefits



Recreational goods retailers and distributors prosper with Acumatica Cloud ERP. Manage omnichannel orders through back-office ERP applications connected with B2B and B2C eCommerce storefronts and point of sale applications for in-store sales. Manage inventory and item data inside Acumatica with bidirectional connectivity with commerce and retail systems for order management, returns, and exchanges.

ACUMATICA FOR THE RECREATIONAL GOODS INDUSTRY

Acumatica's robust inventory management application supports matrix items to create and manage large product families based on item attributes. eCommerce, point of sale (POS), and field service applications extend Acumatica for businesses that sell online (B2B, B2C, and D2C) or provide on-site services. Leverage automation, workflows, and document management to connect data and processes across departments for improved service, retention, and growth. With Acumatica, recreational goods business executives can:

- **Boost sales** with flexible pricing, promotions, up-sell and cross-sell suggestions, and integrated CRM for marketing and sales automation.
- **Simplify inventory** management with lot and serial tracking, kitting, native warehouse management, and configurable unit of measure conversions.
- **Optimize stocking levels** with robust inventory replenishment to avoid rush orders and stock-out situations with increased inventory turns and lower carrying costs.
- **Delight customers** with inventory stock reservations, omnichannel orders and returns, faster order processing, and streamlined fulfillment.

Attract and keep customers for life with Acumatica's Retail-Commerce or Distribution Edition, business management solutions that readily integrate your eCommerce web store with a native point of sale solution, and robust applications for order management, fulfillment, inventory planning, and purchasing. Connect your storefront with a flexible back-office system that grows with your company, offers unique customer experiences, and provides valuable insights into your business.

“Acumatica helps us better analyze our sales and gives us the ability to analyze more categories with much more clarity. We have a lot more real-time visibility into what other entities are doing, which allows me to be more effective and keep better tabs on what's going on and helps us make more strategic financial decisions.”

– FRANKLIN SHIRAKI, CFO, FIREWIRE SURFBOARDS

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ABOUT ACUMATICA

Acumatica Cloud ERP provides the best business management solution for digitally resilient companies. Built for mobile and telework scenarios and easily integrated with the collaboration tools of your choice, Acumatica delivers flexibility, efficiency, and continuity of operations to growing small and midmarket organizations.

Business Resilience. Delivered.

Learn more about how Acumatica can work in your business by visiting us online at www.acumatica.com.

