

*Investing in Portland's Future*

**PDC**

**PORTLAND DEVELOPMENT COMMISSION**

**Economic Development  
Activewear, Footwear & Outdoor Gear  
Target Industry Plan**

Fiscal Year 2005/2006

November 25, 2005

## **Activewear, Footwear & Outdoor Gear**

### **Industry Definition/Summary**

The Portland metropolitan area, along with Oregon, has a long tradition of being home to activewear, footwear and outdoor gear companies. Pendleton Woolen Mills can trace their history back to 1863. Columbia Sportswear was born in 1938; Gerber Legendary Blades in 1939. Nike, born officially in 1972, remains Portland's single Fortune 500 company. Other leading companies have been established by more recent entrepreneurs. The definition of Outdoor Gear includes bicycle and bicycle components, water sports, hiking, mountaineering, skiing, in-line skating, rock climbing, backpacking, camping and related activities. Larger companies provide product and services in multiple categories, directly or through subsidiary ownership, providing design, manufacturing, and distribution services.

The growth of these industries has been fueled in the past 10-20 years by the increasing national popularity of outdoor recreational activities, the development of new fabrics and technologies, and the fusion of outdoor-inspired styles into more general fashion circles.

### **Employment Trends**

While the leadership role of many area firms in these industries has long been recognized, Activewear, Footwear and Outdoor Gear were not specifically called out as target industries in the 2002 city-wide economic development strategy. Corporate feedback to city leadership has contributed to an increased awareness of the requirements and growth potential of many area firms. The arrival of two cycling companies, the successful recruitment of a gear racking business, and the increased level of interest in the region in the past 3 years has also highlighted the regional competitive advantage that Portland enjoys.

Like other industries, it is difficult to determine the total size by employment of Activewear and Outdoor Gear companies by relying on standard industry classifications alone. To begin to make an estimate, the following industries were chosen: Apparel manufacturing, sporting and athletic goods manufacturing, sporting and recreational goods wholesale, apparel merchant wholesalers, clothing design services and industrial design services.

Using these classifications, the number of employees in the 3 county area of Washington, Multnomah and Clackamas counties in 2004 was 6,960. The actual number of employees, however, was certainly higher. For example, Nike alone employs almost 6000 people in Washington county. Its employees are captured in other design and distribution classifications, as are those of other area firms.

The Oregon Employment Department recently completed a study of changes by industry cluster from 2002 to a projected level in 2012. This study encompasses relies upon resources to describe the cluster relying upon more than industrial classifications alone. The report forecasts that the Apparel and Sporting Goods cluster will grow by 12.7% state-wide - from 19,053 to 21,464 workers.<sup>1</sup>

Despite different methodologies, both the Employment Department and the tables included below indicate growth in the Activewear, Footwear, and Outdoor Gear cluster. The PDC study presented here indicates a growth rate of approximately 2% between the years of 2001 and 2004 in the Portland metropolitan region. This growth rate is notable when one considers that overall employment in the Portland region decreased by approximately 1.9%. The two areas of growth were among Apparel and Piece Goods Wholesalers (with an increase of 18%) and industrial design services (with a notable increase of 543%).

### **Wages**

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<sup>1</sup> Rosie Williams, Workforce Gap Analysis, Portland Vancouver PMSA June 2005. Contact Dwayne Stevenson 503 947 1261 for more information.

The average annual wage in these industries in the Portland regional area was \$58,000 in 2004. This was a higher average than the west coast average wage for the same year – approximately \$46,600. The single largest industrial subcategory for both Portland and the West Coast as a whole was Merchant Wholesalers for apparel, piece goods and notions. Please see Table 2.

### **Workforce**

Employment opportunities in this target industry vary considerably. The wage performance table clearly shows this – the average salary for someone employed in a manufacturing capacity was \$24,000 in 2004, while the average industrial design professional earned \$58,000 in the same year. Not surprisingly, the educational and work experience backgrounds for these positions are also varied.

The positive labor supply is a current benefit of the city; however, this lead must be extended and institutionalized. The growing gap and increased demand for industrial designers indicates the need for more professional development opportunities in these fields. Representatives from a number of companies (Adidas, Leslie Jordan, Olakai, and Korkers, among other) have reiterated the need for designers with these professional qualifications. The availability of designers and product development professionals in the Portland metropolitan area is a general strength for the region.

**Table 1**  
**Activewear & Sports Gear Employment in the Portland Metro Region**  
**From 2001 to 2004**

NAICS	Industry	2001 Employment		2004 Employment		Portland Change	Portland % Change	West Coast % Change
		West Coast	Portland region	West Coast	Portland region			
315	Apparel Manufacturing	110,033	1,021	88,819	488	-533	-52%	-19%
33992	Sporting and Athletic Goods Manufacturing	16,024	517	12,520	405	-112	-22%	-22%
42391	Sporting and Recreational Goods and Supplies Merchant Wholesalers	10,733	502	11,105	326	-176	-35%	3%
4243	Apparel, Piece Goods, and Notions Merchant Wholesalers	36,863	4,732	35,967	5,573	841	18%	-2%
541490	Clothing design services	1,651	34	2,785	33	-1	-3%	69%
54142	Industrial Design Services	1,908	21	2,744	135	114	543%	44%
	<b>Active Wear &amp; Sports Gear Total</b>	<b>177,212</b>	<b>6,827</b>	<b>153,940</b>	<b>6,960</b>	<b>133</b>	<b>2%</b>	<b>-13%</b>

Source: Oregon Labor Market Information System covered employment and wages; US Dept. of Labor Bureau Labor Statistics

Note: West Coast includes the states of California, Oregon and Washington

Note: Portland region includes Clackamas, Multnomah and Washington counties

**Table 2**  
**Active Wear and Sports Gear Wage Performance from 2001 to 2004**

NAICS	Industry	2001		2004		Portland region Change	West Coast Change	Portland Region % Change	West Coast % Change
		West Coast Avg Wage	Portland Region Avg Wage	West Coast Avg Wage	Portland Region Avg Wage				
315	Apparel Manufacturing	\$21,119	\$26,150	\$25,883	\$24,439	-\$1,710	\$4,764	-7%	23%
33992	Sporting and Athletic Goods Manufacturing	\$36,754	\$35,970	\$40,456	\$37,991	\$2,021	\$3,702	6%	10%
42391	Sporting and Recreational Goods and Supplies Merchant Wholesalers	\$40,400	\$39,510	\$46,909	\$43,376	\$3,866	\$6,508	10%	16%
4243	Apparel, Piece Goods, and Notions Merchant Wholesalers	\$43,541	\$81,003	\$55,412	\$118,289	\$37,286	\$11,871	46%	27%
541490	Clothing design services	\$41,955	\$52,284	\$46,565	\$53,217	\$933	\$4,611	2%	11%
54142	Industrial Design Services	\$52,167	\$61,191	\$64,483	\$70,905	\$9,714	\$12,316	16%	24%
	<b>Active Wear &amp; Sports Gear Total</b>	<b>\$39,323</b>	<b>\$49,351</b>	<b>\$46,618</b>	<b>\$58,036</b>	<b>\$8,685</b>	<b>\$7,295</b>	<b>18%</b>	<b>19%</b>

## **Implementation**

Portland and Oregon have achieved some measure of a national, and to a lesser extent, international reputation as a testing ground location for a variety of outdoor activities. Some businesses have utilized this reputation in their marketing approaches, referencing the ability to ski on Mt Hood and enjoy the ocean in the same day (Provide example here – such as Airtime Gear). For some brands, particularly those with strong international distribution, this factor has less impact. One set of action items related to Oregon's outdoor environment would be the marketing advantage that this environment affords.

A second and greater resource is the strong local labor market with skills in demand by outdoor companies. In-demand skills include product development, design, sales and marketing knowledge. The strong design and product development talent pool was a primary consideration for then California-based Keen Footwear to decide to relocate to Portland. Another local shoe company was founded by a former Nike employee, who was able to identify and recruit other designers based on professional and personal contacts established while at his former employer. In another example, a local rock climbing company stated that Portland offers a much stronger market for knowledgeable sales staff than Los Angeles.

Identify and promote resources for workforce development - On target industry implementation strategy then could include the identification of resources to promote further professional industrial design expertise and knowledge of the technical fabrics coming to market. This idea should be explored further with industry representatives.

Provide Seminar on off-shore manufacturing - A central issue for many footwear and activewear companies is the establishment of foreign manufacturing partners. As in other sectors, companies increasingly rely upon their overseas partners for production, particularly in Asia, and specifically in China. A sample of local companies has specifically suggested that one or more seminars on the identification of manufacturing partners would be of value.

A certain percentage of companies may not desire to grow to the point where off shore production is warranted. However, the volume of product that warrants such manufacturing is becoming increasingly smaller. Companies choosing to continue manufacturing in the United States may use this to their marketing advantage.

Yet another consideration is the need for venture capital to support growing companies. Portland's ability to attract capital is clearly important among all of the state and metropolitan area suggested target industries. The final section of this report provides a list of suggested action items to address these and other ideas.

### **Action Items for Activewear, Footwear & Outdoor Gear**

A review of the action plan by the Advisory Committee will help shape activities in the current and future fiscal years. The listed items below will be further discussed and implementation strategies will be developed in accordance to the recommendations.

- Lead the development of the Footwear/Activewear/Outdoor Gear "break-out" session at the Oregon Leadership Summit on January 9, 2006.
- Promote Portland and Oregon at Outdoor Retailer Winter Show (January 2006) and Outdoor Retailer Summer Show (August 2006). Promotions will include a printed article in the daily paper distributed to all tradeshow attendees, and an Oregon company reception.
- Provide pilot seminar on the development of product prototypes and the establishment of foreign production partners with the intention that this ultimately develops as a full-fledged industry focused seminar series. Event will take place in March 2006.

**PDC Staff Contact for Activewear, Footwear & Outdoor Gear**

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**Activewear, Footwear & Outdoor Gear Plan Participants**

This document was reviewed by the following organizations:

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**InSport International**

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Beaverton, OR 97006 - 4850

**Nike**

One Bowerman Drive  
Beaverton, OR 97005

**Esatto Custom Footwear**

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**Adidas**

5055 N Greeley Avenue  
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**Solstice Mountain Wear**

2120 NE Oregon Avenue  
Portland, OR 97232

**Appendix A**  
**Top 50 (by revenue<sup>2</sup>) Activewear/Footwear Companies**

<b>Business Name</b>	<b>Industry</b>
Nike	Rubber and Plastics Footwear
Columbia Sportswear USA Corp	Men's and Boy's Clothing, Nec
Adidas International	Footwear
Dr Martens Airwair USA LLC	Footwear
All-Sports LLC	Sporting and Recreation Goods
S R Smith	Sporting and athletic Goods, Nec
Insport	Women's and Misses' Outerwear, Nec
Custom-Mayd Inc	Sporting and athletic Goods, Nec
USIA	Sporting and athletic Goods, Nec
Royal Manufacturing Company	Men's and Boy's Clothing, Nec
Savier Inc	Footwear
Forresters Inc	Waterproof Outerwear
Nomad International	Sporting and Recreation Goods
Shedrain Corp	Manufacturing Industries, Nec
Kinco International Inc	Men's and Boy's Clothing
Pro Active Sports	Sporting and Recreation Goods
Kakadu Traders Australia Inc	Men's and Boy's Clothing
Jkp Sports Inc	Sporting and athletic Goods, Nec
Jantzen Inc	Women's and Misses' Outerwear, Nec
OH Shoes LLC	Footwear
Eiser Inc	Girl's and Children's Outerwear, Nec
Featherlite Enterprises LLC	Footwear
Andersons Western Sales & Sup	Men's and Boy's Clothing
Solstice Inc	Men's and Boy's Clothing, Nec
Steve Reinhart	Footwear
Betty Rides	Men's and Boy's Clothing, Nec
Australia Originals	Women's and Children's Clothing
Rld Co Inc	Sporting and athletic Goods, Nec
Hatchbacks Inc	Footwear
Dehen Knitting Company	Knit Outerwear Mills
Thinc Actionwear Inc	Men's and Boy's Clothing
Pastime Sports Inc	Sporting and athletic Goods, Nec
Oregon Tackle Manufacturers	Sporting and athletic Goods, Nec
Brindar	Men's and Boy's Clothing
Center Line	Sporting and athletic Goods, Nec
Petticord Leisure	Women's and Misses' Outerwear, Nec
Cals Phrm Sktbards	
Snowboards	Sporting Goods and Bicycle Shops
Gorge Performance Inc	Sporting Goods and Bicycle Shops
Amj Pacific Company	Men's and Boy's Clothing
Pacific Shores Intl LLC	Women's and Children's Clothing
Mackenzie Bag	Sporting and athletic Goods, Nec
ASAP USA Corp	Footwear
Core Distribution USA LLC	Footwear
Kings Company Enterprise	Women's and Children's Clothing
Repcon Northwest	Men's and Boy's Clothing
Charters & Associates Inc	Men's and Boy's Clothing
Fishing Gearcom	Sporting and athletic Goods, Nec
Niska Sportwear	Men's and Boy's Clothing, Nec
McIntosh and Seymour	Men's and Boy's Clothing, Nec
Bijoux Luck Inc	Women's and Children's Clothing

Source: Dunn and Bradstreet, August 2005

<sup>2</sup> Companies listed are those solely tracked by Dun & Bradstreet and has not been independently verified by PDC. It is recognized that some major employers are missing from this list. Does not include indoor weight/cardiovascular machines, hunting gear. .

**Appendix B**  
**Top 50 Activewear/Footwear Employers**

<b>Business Name</b>	<b>Industry</b>
Nike	Rubber and Plastics Footwear
Adidas International	Footwear
Columbia Sportswear USA	Men's and Boy's Clothing, Nec
Fiskars Brands Inc	Cutlery
Royal Manufacturing	Men's and Boy's Clothing, Nec
OS I Compaction	Service Industry Machinery, Nec
All-Sports LLC	Sporting and Recreation Goods
Lacrosse Rainfair	Waterproof Outerwear
OSI	Finishing Plants, Cotton
Jantzen Inc	Women's and Misses' Outerwear, Nec
S R Smith	Sporting and athletic Goods, Nec
Custom-Mayd Inc	Sporting and athletic Goods, Nec
Dr Martens Airwair USA LLC	Footwear
Demarini Sports	Sporting and athletic Goods, Nec
Empire Co The	Men's and Boy's Clothing
Shedrain Corp	Manufacturing Industries, Nec
Dehen Knitting Company	Knit Outerwear Mills
Blount Outdoor Sports Group	Miscellaneous Fabricated Wire
Epic Snowboard Technologies	Sporting and Recreation Goods
Jkp Sports Inc	Sporting and athletic Goods, Nec
Eiser Inc	Girl's and Children's Outerwear, Nec
Insport	Women's and Misses' Outerwear, Nec
Straight Line Sports LLC	Sporting and athletic Goods, Nec
Nomad International	Sporting and Recreation Goods
Kinco International Inc	Men's and Boy's Clothing
Aip Inc	Men's and Boy's Clothing
Settleliers Jackets & Logos	Men's and Boy's Clothing, Nec
Oregon Tackle Manufacturers	Sporting and athletic Goods, Nec
Forresters Inc	Waterproof Outerwear
Weiser Designs Ltd	Apparel and Accessories, Nec
Pro Active Sports	Sporting and Recreation Goods
Kakadu Traders Australia Inc	Men's and Boy's Clothing
Apparel Manuf. Group (AMG)	Pleating and Stitching
Pro Sports Systems Inc	Fabricated Rubber Products, Nec
Mackenzie Bag	Sporting and athletic Goods, Nec
Brindar	Men's and Boy's Clothing
Savier Inc	Footwear
Patagonia Inc	Men's and Boy's Clothing, Nec
Rld Co Inc	Sporting and athletic Goods, Nec
Andersons Western Sales	Men's and Boy's Clothing
Northwest Imports	Sporting and athletic Goods, Nec
Mixx	Women's and Children's Clothing
Cals Sktbards/Snowboards	Sporting Goods and Bicycle Shops
Fishing Gearcom	Sporting and athletic Goods, Nec
Niska Sportswear	Men's and Boy's Clothing, Nec
Center Line	Sporting and athletic Goods, Nec
Montane	Sporting and athletic Goods, Nec
Petticord Leisure	Women's and Misses' Outerwear, Nec
Pacific Shores Intl LLC	Women's and Children's Clothing
Featherlite Enterprises LLC	Footwear
Australia Originals	Women's and Children's Clothing

Source: Dunn and Bradstreet, August 2005