

CBI MARKET SURVEY

**THE SPORTS AND CAMPING GOODS
MARKET IN ESTONIA**

Publication date: August 2007

Introduction

This CBI market survey gives exporters in developing countries information on some main developments in the sports and camping goods market in Estonia. The information is complementary to the information provided in the CBI market survey 'The sports and camping goods market in the EU', which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from <http://www.cbi.eu/marketinfo>.

1 Market description: consumption and production

Consumption

- The Estonian market for sports and camping goods was valued at € 22 million in terms of retail sales in 2006.
- Estonians spent € 16.30 per capita in 2006, which was well below the EU average of € 30.74. However, this was the fastest growing market in the Baltic States (well over double that of Lithuania and 50% higher than Latvia), and the highest per capita expenditure of all the new East-European member states.
- Estonia was nevertheless the third smallest sports and camping goods market in the EU and this small market was similar in size to Luxembourg, Lithuania and Latvia, but larger than Cyprus and Malta.

Table 1.1 Consumption of sports and camping goods in Estonia, 2002-2006, € million

2002	2003	2004	2005	2006	Average ann % change	Population (million)	Consumption per capita €
18	19	20	21	22	5.1	1.35	16.30

Source: Trade estimates (2007)

- Between 2002 and 2006, the Estonian market increased by an annual average 5.1%. This was well above the EU average of 1.8%.
- Estonian consumption of sports and camping goods consisted of team sports (37%); outdoor (21%); individual sports (16%); fitness (11%); water sports (10%); snow sports (5%).
- The market in Estonia is expected to grow more rapidly in the future. Despite the linguistic and cultural differences, there are various attempts to treat the Baltic States as a single market. Many consumers are receptive to this, and there is an increase in inter-state sports tournaments between the three countries. The strength of the Estonian market is also due to its proximity to Finland. Estonians are heavily influenced by Nordic trends and fashions.
- Apart from football, the most popular sports are running, swimming, cycling, aerobics, fishing, volleyball and weight training. Skiing is still popular in the winter. The number of sports facilities has increased significantly, including at least 30 private fitness centres.
- 40% of Estonians never exercise or play sport. This is the same as the EU average, but there are signs of increasing levels of sports participation in Estonia. Lack of time is cited as the main reason why Estonians don't practice more sport.

Production

- Estonia is a small producer of sports and camping goods, but despite decreases listed below, it has reasonable production in relation to its size.

- In 2005, there were 15 companies employing approximately 350 people. This level has decreased over the period.
- The production value of € 5 million represented an average annual decrease of 35% compared to € 18 million in 2002. This is almost entirely due to the loss of significant production of ski and snow boots. There also appears to be some confidential trade in camping, snow sports and fishing. Smaller production increases are expected again in future years.

**Table 1.2 Production of sports and camping goods in Estonia, 2002-2005,
€ million / '000 tonnes**

2002		2004		2005*		Average ann. % change	Number of companies 2005	Number of employees 2005
value	volume	value	volume	value	volume			
18	13	5	8	5	6	-35.0	15	350

Source: Eurostat (2007)

*: 2006 data not available

- Viisnurk used to be a significant manufacturer of skis but pulled out of the market a few years ago. Some production is done under contract for Finnish manufacturers such as Rapala (<http://www.rapala.fi>), who produce outdoor products. Falco produce hunting/archery products and some outdoor accessories (<http://www.falco.ee>).
- Production in Estonia in 2005 was segmented as follows: camping goods 42%; team sports 28%; saddlery 22%; ski boots 3%; fitness equipment 2%; sports gloves 1%. There are also small amounts of skiing and fishing items produced.
- Although production has fallen, current levels compare favourably with sports and camping goods production in their Baltic neighbours, Latvia and Lithuania. Inflation has meant production costs are relatively high, so they will be increasingly threatened by lower cost producers in Asia.

Opportunities and threats

- + Leading product segments with opportunities for exporters are outdoor activities such as camping and fishing, and action sports such as skateboards and windsurfing.
- + The general trends in the market are all positive for DC exporters. Despite the small size of the market, the forecast growth rates and the confidence of the Estonian population to become a full partner in the EU makes this country an interesting prospect.

See Chapter 7 of the CBI market survey "The sports and camping goods market in the EU" for more information on opportunities and threats.

2 Trade channels for market entry

- The Estonian market is small and relatively undeveloped. Much of the sporting goods trade is done on a pan-Baltic basis, where manufacturers may use just a single distributor to supply all of the Baltic countries. In the case of Estonia in particular, many sporting goods on the market are supplied from Finland.
- As the market is relatively small, developing country exporters may be tempted to approach retailers directly. Some retailers also act as wholesalers. Although the market can be described as fragmented, it is relatively concentrated in comparison to many of the other new EU member states.
- Jalajalg is an important wholesaler (<http://www.jalajalg.ee>), and is a significant shareholder in the leading sporting goods retail chain in Estonia, Sportland. Other wholesalers of interest, depending on your product speciality, are Citysec (<http://www.citysec.ee>), Spoleman who are particularly interested in developing golfing products (<http://www.spoleman.ee>) and Marsten (<http://www.marsten.ee>).
- Sportland is the main retailer in Estonia for sporting goods. They are also strongly represented in Latvia and Lithuania, as well as expanding in Russia. They also plan to open outlets in Finland. Their 30+ outlets use the Sportland and Netosport fascia

(<http://www.sportland.ee>). Note there are about 90 sporting goods shops in the whole of Estonia.

- Other important specialist sporting goods retailers are Spordi Agent, trading also as West Sport (tel +372 6515 099; fax +372 6515 080), Hawaii Ekspress and Extreme Sports. The department store Kaubamaja also sell a wide range of sporting goods (<http://www.kaubamaja.ee>).
- Although a high proportion of Estonian households are connected to the Internet, mail order of sporting goods is undeveloped. Many Estonians are probably not aware that they could buy competitively priced sporting goods from online retailers in neighbouring countries.
- Throughout the sporting goods trade, different prices and margins apply. Wholesale margins are said to be around 35%, with variations between products.
- The business directory Kompass gives contact details for the main players and prospects in Estonia (<http://www.connectus.ee/est/tab/tab123.htm>).

3 Trade: imports and exports

Imports

- In 2006, Estonia's imports of sports and camping goods were valued at € 22 million, or 3 thousand tonnes. Out of the 27 EU countries, Estonia was ranked sixth smallest in value and fourth smallest in volume, and as such is regarded as a small-sized country for sports and camping goods imports.
- Between 2002 and 2006, Estonian imports grew by an average of 11.1% per annum in value (from € 14 million) and 15% in volume. Most of this growth occurred in the period since 2003 and more was imported from other EU countries such as Finland, France and Germany.
- Exports exceeded imports by over 70% in value, and by 50% in volume in 2006. Imports are increasing more quickly than exports. The same period has seen a decrease in sporting goods production and an above average annual increase in consumption.
- Around 12% of Estonian imports, valued at € 2.8 million, came from developing countries in 2006 (32.1% by volume). This proportion was 24.1% in 2002 (50% by volume). China accounted for 82% of all developing country supplies by value in 2006, followed by Thailand (6.4%) and Ukraine (4%). India, Pakistan and Malaysia were also important suppliers. While China's supplies decreased by an annual average of 4.3% over the period, supplies from Thailand decreased by an annual average of 4.2%. Supplies from Pakistan and Malaysia decreased over the period, while supplies from India increased. Apart from China, most Estonian imports came from Finland, France and Germany.
- By product group, Estonian imports by value can be sub-divided as follows:
 - The largest group by some distance was fishing valued at € 9 million, representing over 40% of all imports.
 - Other significant import groups were fitness/gym (€ 2.6 million), snow sports (€ 2.4 million), team sports (€ 2.1 million) and camping goods (€ 1.6 million).
 - The remainder was taken up as follows: water sports (€ 1.2 million), ski/snow boots (€ 1 million), skates (€ 0.6 million), saddlery (€ 0.6 million), balls (€ 0.5 million), rackets (€ 0.1 million) and sports gloves (€ 0.1 million).

Exports

- Sports and camping goods exports from Estonia were valued at € 38 million in 2006, representing 4 thousand tonnes. Fishing dominated these exports.
- Between 2002 and 2006, the average annual increase in exports was 2.4% by value and 3.2% by volume.
- There may be some re-exporting from the Estonian market, as exports significantly outweigh domestic production.

Opportunities and threats

- + This period has seen a fall in imports from developing countries, but this is believed to be as a consequence of Estonia joining the EU. The proportion of DC imports is forecast to increase again.
- + The main growth opportunities for developing country suppliers are in team sports and fishing. Both have seen impressive growth in recent years. Other notable opportunities are in items for golf and saddlery. On the other hand, there have been falls in supplies of rackets and balls.
- + Camping goods has not grown along with the average growth of imports, but DC exporters may also find other opportunities in water sports products.

See Chapter 7 of the CBI market survey “The sports and camping goods market in the EU” for more information on opportunities and threats.

Useful sources

- EU Expanding Exports Helpdesk - <http://export-help.cec.eu.int/>
- Eurostat – official statistical office of the EU - <http://epp.eurostat.cec.eu.int>

4 Price developments

- Prices of sports and camping goods in Estonia have broadly been increasing in recent years, but the rate of increase is slowing. In a recent survey in Estonia regarding increases in prices on joining the EU, and further anticipated price increases on joining the Euro, it is forecast that sporting goods prices will increase at a much lower rate than increases in other products.
- The website of Estonian National Statistics (<http://www.stat.ee>) publishes harmonised indices of consumer prices. The Bank of Estonia also provides information on price movements (<http://www.eestipank.info>).
- A useful website comparing sports and camping goods prices in Estonia is <http://www.nextag.com>. Prices can also be found at the websites of some sports retailers in Estonia. See chapter 2 for contact details.
- Rising consumer prices compares with a trend of decreasing import prices, as the following table 4.1 indicates. These trends should be interpreted with care, as changes in imports do not reflect the demand.
- Average import prices in Estonia are above the EU average, although developing country prices are below the average. This may indicate a market with wide price variations, where developing country suppliers may in effect be subsidising other sectors of the market that depend on higher priced suppliers.

Table 4.1 Developments in Estonian average import prices, 2002 - 2006

	2002	2004	2006	ave. annual % change
	ave price per '000 tonnes	ave price per '000 tonnes	ave price per '000 tonnes	
Total imports	9.06	7.91	7.89	-3.4%
Intra EU	14.33	11.54	10.29	-7.9%
Developing countries	4.38	3.55	3.11	-8.2%

Source: Eurostat (2007)

5 Market access requirements

As a manufacturer in a developing country preparing to access Estonia, you should be aware of the market access requirements of your trading partners and the Estonian government. For information on legislative and non-legislative requirements, go to ‘Search CBI database’ at <http://www.cbi.eu/marketinfo>, select sports and camping goods and Estonia in the category search, click on the search button and click on market access requirements.

Detailed information on packaging can be found at the website of ITC on export packaging:
<http://www.intracen.org/ep/packaging/packit.htm>

Information on tariffs and quota can be found at <http://export-help.cec.eu.int/>

6 Doing business

Information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) and cultural differences can be found in CBI's export manuals 'Export Planner', 'Your image builder' and 'Exporting to the EU'. These can be downloaded from <http://www.cbi.eu/marketinfo> - go to search publications. For more information on doing business in Estonia, visit the following websites:

- There is no specific trade association that covers sporting goods in Estonia. Information on sports in Estonia can be found at the Estonian Olympic Committee (<http://www.eok.ee>) and the Estonian Sports Association (<http://www.eestikalev.ee>).
- Inreko Press is the main sports publisher. The two main titles are Sportitüht (<http://www.sportitaht.ee>) and Ärielu (<http://www.arielu.ee>). The Baltic Times is a useful information source for Estonia (<http://www.baltictimes.com>)
- The main organisers of trade fairs in Estonia are Estonian Fairs (<http://www.fair.ee>). There is no specific fair for sporting goods, although there is an annual Boat and Recreation Show each March (<http://www.meremess.ee>).
- The Estonian Traders' Association reflects the interests of Estonian retailers (<http://www.kaupmeesteliit.ee>). It is connected to the Estonian Chamber of Commerce (<http://www.koda.ee>).
- The Estonian Trade Council is a useful source of information (<http://www.etc.ee>), as is Enterprise Estonia (<http://www.investinestonia.com>).

This survey was compiled for CBI by **Searce**

Disclaimer CBI market information tools: <http://www.cbi.eu/disclaimer>