CBI MARKET SURVEY

THE SPORTS AND CAMPING GOODS MARKET IN FINLAND

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Introduction

This CBI market survey gives exporters in developing countries information on some main developments in the sports and camping goods market in Finland. 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 Finnish market for sports and camping goods was valued at € 364 million in terms of retail sales in 2006.
- Finns spent € 69.20 per capita in 2006, which was the highest level in the EU, similar to the expenditure levels also enjoyed in Sweden.
- Finland was the eighth largest sports and camping goods market in the EU and this medium market was similar in size to Austria and Belgium, but behind The Netherlands, which was the next largest market.

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

2002	2003	2004	2005	2006	Average ann % change	Population (million)	Consumption per capita €
326	333	345	354	364	2.8	5.26	69.20

Source: Trade estimates, SGI (2007)

- Between 2002 and 2006, the Finnish market increased by an annual average 2.8%. This was above the EU average of 1.8%.
- Finnish consumption of sports and camping goods consisted of snow sports (27%); outdoor (23%); team sports (19%); individual sports (14%); fitness (14%); water sports (3%).
- The market in Finland is expected to grow in the foreseeable future at the rate of approximately 3% per annum. Individual sports are becoming more popular than team sports. The two biggest growth areas are in gym training, boosted by many gyms now in workplaces, and Nordic walking. Jogging and golf are two other sports enjoying growth.
- Although still popular, football does not have the same level of support or participation compared to other EU countries. Cross-country skiing is still very popular, but of the other leading sports, sports such as in-line skating, floorball and ice hockey are less popular. Participation levels have also fallen in volleyball, alpine skiing and squash.
- The Finns are very enthusiastic sports participants. According to their recent National Exercise Survey, 72% of all adults claim to engage in some form of strenuous physical activity or participate in some kind of sporting activity at least three times a week. This is the highest of all EU member states.

Production

- Finland is an important producer of sports and camping goods, and it has seen the benefits of specialisation and a high quality strategy result in significant production increases in recent years.

- In 2005, there were 165 companies employing approximately 1,050 people. This level has slightly decreased over the period as companies have increased their capacity but decreased their workforce.
- The production value of € 137 million represented an average annual increase of 9.3% compared to € 105 million in 2002. Smaller production increases are expected in future years.

Table 1.2 Production of sports and camping goods in Finland, 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			
105	1	131	1	137	4	9.3	165	1,050

Source: Eurostat (2007)
*: 2006 data not available

- Some of the leading manufacturers include Exel, who produce ski and Nordic walking poles (http://www.exel.fi); Karhu are manufacturers of cross-country skis (http://www.karhu.com); Halti is an important manufacturer in the outdoor market (http://www.halti.com).
- Production in Finland in 2005 was segmented as follows: team sports 45%; fishing 22%; snow sports 16%; fitness equipment 13%; camping goods 1%; saddlery 1% There are also small amounts of balls and sports gloves produced.
- The Finnish production industry has benefitted from high quality specialisation. They compete on a quality platform, and are not particularly in the lower end of the markets in which they feature. They are moving away from snow sports, as they perhaps see less demand here in the future.

Opportunities and threats

+ Fitness is the major opportunity area.
+ Furthermore (despite either static or falling participation levels) ice hockey and cross-country skiing in terms of equipment sales.
+ Some information is not clear-cut in terms of identifying opportunities. For example snowboarding seems to be popular but consumers aren't replacing their equipment, whereas participation in alpine skiing is going down but equipment sales are up. This is explained by new equipment required for variations such as free-ride and free-style skiing.

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 use of wholesalers is the most important channel for sporting goods in Finland, particularly for smaller brands and for exporters from developing countries. Sales agents are also important in Finland.
- Large wholesalers carry many different brands and are often reluctant to commit to large orders from importers unless large discounts are offered.
- Some Finnish wholesalers also supply the Baltic markets and Russia, but this role is now diminishing.
- 15% of all sporting goods (including clothing and footwear) are sold online. This is quite low compared to other sectors in Finland, but higher than most other EU countries.
- There are between 600 and 700 sporting goods stores in Finland, most of which are multi-sport, but there are also some specialists such as fishing or skiing outlets. Over half of the market is distributed through big retail chains. The other half of the market consists of non-specialists such as department stores and hypermarkets, which account for a quarter of the market, and small independents not affiliated to any buying group.

- The main buying groups in Finland for sporting goods are Kesko (http://www.intersport.fi), Sports Group Finland (http://www.elmo-sport.fi) and Sportia (http://www.sportia.fi).
- Interesting wholesalers for developing country exporters include Sultrade (http://www.sultrade.fi), Berner Sport (http://www.berner.fi/sport), Kerko Sport, who specialise in larger items of sports equipment (http://www.kerkosport.com), Viave, who specialise in camping and outdoor equipment (http://www.viave.fi) and Urheilu, who specialise in protective equipment for sports such as ice hockey (http://www.ukpallas.fi).
- Intersport is clearly the largest sporting goods retailer, followed by Sportia. Other important retailers include Partiokaupat, who are particularly strong in outdoor products (http://www.partioaitta.fi). Smaller retailers that may be worth approaching directly include City Sport (http://www.citysport.fi) and Häijään Urheilutarvike (http://www.haijaa.com).
- Throughout the sporting goods trade, different prices and margins apply. Margins are not discussed openly in Finland, but as more companies try to gain larger market shares and control more distribution, the levels of margins earned are reducing, and greater discounts need to be offered to persuade wholesalers to take on new products. The mark-up for retailers of sporting equipment (other than clothing or footwear) is approximately 2 times the wholesale price. Margins have been quoted as 28% for snowboards, 30-32% for alpine skis and 26% for golf equipment.
- Contacts in Finland can be found via sports agents on the website of the Finnish Foreign Trade Agents' Federation (http://www.agenttiliitto.fi/?2;2;700;700;15.html).

3 Trade: imports and exports

Imports

- In 2006, Finland's imports of sports and camping goods were valued at € 146 million, or 20 thousand tonnes. Out of the 27 EU countries, Finland was ranked twelfth largest in value and thirteenth largest in volume, and as such is regarded as a medium-sized country for sports and camping goods imports.
- Between 2002 and 2006, Finnish imports grew by an average of 8.3% per annum in value (from € 106 million) and 17% in volume. This growth has occurred evenly over the period and more was imported from other EU countries such as Sweden, Germany and Austria.
- Imports exceeded exports by almost 50% in value, and by more than double in volume in 2006. Imports are increasing more quickly than exports. The same period has seen an increase in sporting goods production and an above average annual increase in consumption.
- Around 28% of Finnish imports, valued at € 40 million, came from developing countries in 2006 (54.3% by volume). This proportion was 19.6% in 2002 (36.2% by volume). China accounted for 81% of all developing country supplies by value in 2006, followed by India (4%) and Mexico (3.6%). Pakistan, Ukraine and Thailand were also important suppliers. While China's supplies increased by an annual average of 21.8% over the period, supplies from India increased by an annual average of 11.3%. Supplies from Pakistan, Ukraine and Thailand increased over the period, but only marginally. Apart from China, most Finnish imports came from Sweden, Germany, Austria and Estonia.
- By product group, Finnish imports by value can be sub-divided as follows:
  - One quarter of all Finnish imports were snow-related. The largest group was snow sports (various skis/snowboards etc) valued at € 25 million. Ski and snow boots were valued at a further € 11 million.
  - Other significant import groups were fitness/gym (€ 26 million), team sports (€ 23 million) and fishing (€ 15 million).
  - The remainder was taken up as follows: saddlery (€ 10 million), skates (€ 10 million), camping (€ 7 million), golf (€ 7 million), balls (€ 4 million), water sports (€ 4 million), sports gloves (€ 2 million), rackets (€ 1 million) and table tennis (€ 0.2 million).

Exports

- Sports and camping goods exports from Finland were valued at € 99 million in 2006, representing 9 thousand tonnes. Fitness and team sports dominated these exports.

- Between 2002 and 2006, the average annual increase in exports was 1.3% by value, but a decrease of 0.5% by volume.
- There does not appear to be re-exporting from the Finnish market, as exports are less than domestic production.

Opportunities and threats

+ The main growth opportunities for developing country suppliers are in team sports and fitness/gym equipment. Both have seen impressive DC growth in recent years.
+ Other notable opportunities are in items for saddlery and snow sports. On the other hand, there have been falls in supplies of fishing, golf, balls and rackets.
+ 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 Finland are among the highest in the EU, but they have broadly been falling or remaining unchanged in recent years.
- The website of Finnish National Statistics (http://www.stat.fi) publishes harmonised indices of consumer prices, which includes the culture and leisure sector, of which sports and camping goods are part. Inflation is running at approximately 2%, but prices in this section are increasing at a slower rate.
- A useful website comparing sports and camping goods prices in Finland is http://www.nextag.com. Prices can also be found at the websites of some sports retailers in Finland. See chapter 2 for contact details.
- Consumer prices are underpinned by 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. There is also little room for retailers to cut their overheads further, making it more likely that consumer prices will eventually rise. This applies particularly to branded products, but also to non-branded products to a lesser extent. Large retailers increasingly control pricing decisions.
- Although average import prices in Finland are still well above the EU average, due in part to a large trade with other high-priced Scandinavian neighbours, they have actually been falling at a rate well above the average. This possibly suggests some convergence of prices with other EU countries.

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

	2002 ave price per '000 tonnes	**2004** ave price per '000 tonnes	**2006** ave price per '000 tonnes	**ave. annual % change**
Total imports	10.10	8.68	7.41	-7.5%
Intra EU	14.55	14.52	12.31	-4.1%
Developing countries	5.45	4.00	3.78	-8.7%

Source: Eurostat (2007)

5 Market access requirements

As a manufacturer in a developing country preparing to access Finland, you should be aware of the market access requirements of your trading partners and the Finnish 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 Finland 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 Finland, visit the following websites:

- The Sports and Leisure Goods Importers and Wholesalers Association can be reached at tel. +3589 441651 and fax +3589 43156302. The Finnish Sports Federation can be reached at http://www.sporttisaitti.com or http://www.slu.fi.
- Most trade fairs in Finland take place at the Helsinki Fair Centre. There are a number of fairs related to different sports such as Skiexpo Finland, Health & Wellness Expo and the Helsinki Boat Show. Information can be found at http://www.finnexpo.fi. There are also a number of sports trade fairs in Tampere, such as Sportec, Gymtec (March) and Sports 'N Fun (April). Details can be found at http://www.tampereenmessut.fi.
- The main trade publication for sports goods is Sporttimyyjä (http://www.sporttimyyja.fi). Other sports titles can be found via the website of the Finnish Periodical Publishers' Association (http://www.aikakaus.fi).
- More general information on doing business in Finland can be found at http://www.finpro.fi and the Chamber of Commerce at http://www.keskuskauppakamari.fi.

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