

CBI MARKET SURVEY

THE SPORTS AND CAMPING GOODS MARKET IN HUNGARY

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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 Hungary. 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 Hungarian market for sports and camping goods was valued at € 63 million in terms of retail sales in 2006.
- Hungarians spent € 6.25 per capita in 2006, which was well below the EU average of € 30.74. This was also quite low compared to some of the other East-European new member states.
- Hungary was the tenth smallest sports and camping goods market in the EU and this small market was somewhat larger than Slovakia, but fell short of Romania, the next largest country.

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

2002	2003	2004	2005	2006	Average ann % change	Population (million)	Consumption per capita €
49	54	57	60	63	6.5	10.08	6.25

Source: Trade estimates (2007)

- Between 2002 and 2006, the Hungarian market increased by an annual average 6.5%. This was well above the EU average of 1.8%.
- Hungarian consumption of sports and camping goods consisted of team sports (33%); outdoor (20%); fitness (15%); individual sports (15%); snow sports (13%); water sports (4%).
- The market in Hungary is expected to grow in the foreseeable future, but at lower rates. Growth will be underpinned by the building of considerable numbers of new gyms, sports halls and stadia in the coming years. There are over 100 fitness centres operating in Budapest alone.
- Football is the most popular sport, followed by fitness, body-building, cycling and tennis. Handball and basketball also have large followings. Riding is traditionally popular in Hungary.
- Sports participation rates in Hungary are low, but increasing. They are the lowest of all the eastern european member states. 60% of Hungarians never do any exercise or practice sport, compared to the EU average of 40%.

Production

- Hungary is a medium-sized producer of sports and camping goods, and it has seen increases, particularly in the manufacture of fitness equipment as some of its western neighbours have transferred some of their own production to eastern member states.
- In 2005, there were 140 companies employing approximately 875 people. This level has slightly increased over the period.

- The production value of € 52 million represented an average annual increase of 16.3% compared to € 33 million in 2002. Note these figures may be understated and exclude confidential figures for production that for competitive reasons were not declared. Production is forecast to increase in coming years.

Table 1.2 Production of sports and camping goods in Hungary, 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			
33	20	53	13	52	12	16.3	140	875

Source: Eurostat (2007)

*: 2006 data not available

- Some of the leading manufacturers include Marosport (<http://www.marosport.hu>), Mountex, that sell outdoor equipment (<http://www.mountex.hu>), and Winner Sport that have a good reputation in the production of footballs, volleyballs and handballs (<http://www.winnersport.hu>).
- Declared production in Hungary in 2005 was as follows: fitness equipment 76%; team sports 11%; camping goods 6%; balls 4%; fishing 2%; table tennis 1%. There are also small levels of production of saddlery items, and undeclared production is also likely to include production of ski boots (€ 18 million of production in 2004), and skating equipment.
- The Hungarian production industry has benefitted from some outsourcing by European and North American companies, but they do not have the same reputation for quality as their Czech neighbours.

Opportunities and threats

- + Opportunities can be found in Hungary because of the general increase in sports participation, and the fact that the fitness industry seems to have connected effectively with young people who are choosing a healthier lifestyle.
- + Competition will come from the domestic industry and other exporters who will also view the Hungarian market with interest.

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

- For exporters from developing countries, it is advisable to use a local wholesaler to reach the independent retail sector. This sector is threatened by the amount of counterfeit products on the market.
- The sporting goods market in Hungary is highly fragmented. There are well over 1,500 outlets selling sporting goods.
- About 70% of the trade is sold through specialist stores, 20% through non-specialists such as department stores and hypermarkets and the remainder via mail order.
- The specialist trade is dominated by small independent retailers, but this is changing as retail chains, most of them with overseas owners, increase their market presence. Many small independents have closed in recent years due to poor business ability and the inability to compete in a more dynamic market. However the stronger ones have survived by retaining the loyalty and support of the local population and offering good service. A number of these small retailers act as agents for small sports clubs.
- Interesting wholesalers to reach this sector include Schell Es Tarsa (<http://www.schellsport.hu>), Vizslay Sport (<http://www.vizslaysport.hu>), VS Distribution (<http://www.vadonsport.hu>), Spinner Sport – specialising in fitness equipment (<http://spinnersport.hu>) and Drenco Sport (<http://www.drenco.hu>).
- Large retailers are changing the structure of sports goods retailing in Hungary. International entrants have come from Austria (Hervis – <http://www.hervis.hu>) and Italy.

Intersport entered the market in 2004. Szinga Sport is the largest sports retail chain in Hungary (<http://szinga-sportkf-c.cegbongeszo.hu/>). Other interesting retailers include Cseke who have 25 outlets (<http://www.csekert.hu>), Divex (<http://www.divex.hu>) and Turulline (<http://www.turulline.hu>).

- Of the non-specialists, Tesco, Cora and Metro all sell some sporting goods.
- Throughout the sporting goods trade, different prices and margins apply. Margins in general have been falling since international retailers and specialist chains have started to increase their market presence. Wholesale margins are around 30% on average.
- The business directory Kompass has links to sporting goods prospects in Hungary (<http://www.kompass.com> - search `Hungary` and `manufacturing`, then `other manufacturing`, then `sports and camping equipment` to find a list of companies).

3 Trade: imports and exports

Imports

- In 2006, Hungarian imports of sports and camping goods were valued at € 64 million, or 18 thousand tonnes. Out of the 27 EU countries, Hungary was ranked tenth smallest in value and twelfth smallest in volume, and as such is regarded as a small-medium-sized country for sports and camping goods imports.
- Between 2002 and 2006, Hungarian imports grew by an average of 8.1% per annum in value (from € 47 million) and 11.3% in volume. Much of this growth has occurred in the period since 2003 and more was imported from other EU countries such as Germany, Austria and Romania.
- Imports exceeded exports by 19% in value, and by more than double in volume in 2006. Imports are increasing more quickly than exports. The same period has seen recent increases in sporting goods production and an above average annual increase in consumption.
- Around 28% of Hungarian imports, valued at € 18 million, came from developing countries in 2006 (58.2% by volume). This proportion was 26.9% in 2002 (48.8% by volume). China accounted for 77.8% of all developing country supplies by value in 2006, followed by Pakistan (8.3%) and Ukraine (4.1%). India, Malaysia and Thailand were also important suppliers. While China's supplies decreased by an annual average of 4.5% over the period, supplies from Pakistan decreased by an annual average of 2.9%. Supplies from Ukraine and Malaysia increased over the period, but supplies from India were unchanged. Apart from China, most Hungarian imports came from Germany, Italy and The Netherlands.
- By product group, Hungarian imports by value can be sub-divided as follows:
 - Over 30% of all Hungarian imports were for fitness/gym equipment, valued at € 20 million.
 - Other significant import groups were team sports (€ 9 million), fishing (€ 8 million), ski/snow boots (€ 7 million) and balls (€ 5 million).
 - The remainder was taken up as follows: camping goods (€ 3 million), skating (€ 3 million), snow sports (€ 3 million), water sports (€ 1.5 million), saddlery (€ 1.4 million), rackets (€ 1.1 million), table tennis (€ 0.8 million), sports gloves (€ 0.8 million) and golf (€ 0.1 million).

Exports

- Sports and camping goods exports from Hungary were valued at € 54 million in 2006, representing 6 thousand tonnes. This is dominated by fitness/gym equipment.
- Between 2002 and 2006, the average annual increase in exports was 5.6% by value and 1.4% by volume.
- There does not appear to be re-exporting from the Hungarian market, as exports are at a similar level to domestic production.

Opportunities and threats

- + The main growth opportunities for developing country suppliers are in fitness/gym equipment and ski/snow boots. Both have seen impressive growth in recent years.

- + Other notable opportunities are in items for balls and team sports. On the other hand, there have been falls in supplies of rackets, water sports, sports gloves and camping goods.
- + Skating has not grown along with the average growth of imports, but DC exporters may also find other opportunities in fishing or saddlery.

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 Hungary are below the EU average. Although there have been increases at the top of the market, there are still significant sales through street markets, which keep prices lower.
- The website of Hungarian National Statistics (<http://www.ksh.hu>) publishes harmonised indices of consumer prices. Prices in Hungary increased by 7.8% in 2005 but prices for this market sector increased by less than this.
- A useful website comparing sports and camping goods prices in Hungary is <http://www.nextag.com>. Prices can also be found at the websites of some sports retailers in Hungary. 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.
- Average import prices in Hungary are well below the EU average of import prices. Although there was a small increase in intra-EU prices, developing country import prices fell significantly to one of the lowest in the EU. However, they have been slowly increasing since 2004.

Table 4.1 Developments in Hungarian 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	5.55	4.37	4.93	-2.9%
Intra EU	6.73	7.24	6.87	+0.5%
Developing countries	4.74	2.59	2.86	-11.9%

Source: Eurostat (2007)

5 Market access requirements

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

- There is no specific trade association for sporting goods but the Federation of Sports Science has useful information on the sports industry in Hungary. They also publish their own publication, the Review of Sports Science (<http://www.sporttudomany.hu>). The National Sports Associations can be reached at <http://www.nsh.hu> and <http://www.nssz.hu>.
- Shape, the fitness magazine for women is published by Marquard Media (<http://www.marquardmedia.hu>).
- The main sports trade fairs in Hungary are the International Sport and Lifestyle Exhibition (February/March), which is combined with the Hunting & Fishing, Motorcycle & Boat Shows, organised by <http://www.sport.hungexpo.hu>, and the Winter Sports Show which takes place each November in Budapest (<http://www.hoshow.hu>).
- The Hungarian Investment and Trade Development Agency is a good point of contact for doing business in Hungary (<http://www.itd.hu>) as is the Budapest Chamber of Commerce and Industry (<http://www.bkik.hu>).

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