

CBI MARKET SURVEY

THE SPORTS AND CAMPING GOODS MARKET IN ROMANIA

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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 Romania. 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 Romanian market for sports and camping goods was valued at € 94 million in terms of retail sales in 2006.
- Romanians spent € 4.34 per capita in 2006, which was the lowest of all EU member states, with the exception of Bulgaria. This is expected to increase significantly in coming years as higher disposable incomes and improved living standards will follow as the country integrates fully into the EU.
- Romania was the seventeenth largest sports and camping goods market in the EU and this small-medium market was larger than its East-European neighbours Hungary, Slovakia and Slovenia, but lagged well behind the next largest countries, Ireland and the Czech Republic.

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

| 2002 | 2003 | 2004 | 2005 | 2006 | Average ann % change | Population (million) | Consumption per capita € |
|------|------|------|------|------|-------------------------|-------------------------|-----------------------------|
| 64 | 71 | 77 | 85 | 94 | 10.1 | 21.67 | 4.34 |

Source: Trade estimates (2007)

- Between 2002 and 2006, the Romanian market increased by an annual average 10.1%. This represented the second highest growth rate over the period of any of the 27 member states. Only Bulgaria performed better, albeit from a lower base position.
- Romanian consumption of sports and camping goods consisted of team sports (35%); snow sports (24%); individual sports (14%); outdoor (13%); fitness (11%); water sports (3%).
- The market in Romania is expected to grow in the future at rates well above the EU average. The growing retail sector and greater penetration of international brands will provide much of the stimulus. Team sports will continue to remain popular, but most growth will be in the fitness market.
- The most popular sporting activities in Romania are football, then followed by some distance, tennis, basketball, rugby, handball, athletics, martial arts, wrestling and karate. Winter sports also have a good following.
- Romania is well below the EU average in its levels of sports participation.

Production

- Romania is a small producer of sports and camping goods, although it may benefit from EU membership as some of its western neighbours transfer some of their own production to eastern member states.

- In 2005, there were 50 companies employing approximately 1,000 people. The number of companies has increased, but the number of employees has decreased, indicating improvements in efficiency.
- The production volume was 12 thousand tonnes in 2005 and represented a sales turnover of € 7 million, an average annual increase of 20.5% compared to € 4 million in 2002. Note these figures exclude confidential figures for production that for competitive reasons were not declared.

Table 1.2 Production of sports and camping goods in Romania, 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 | | | |
| 4 | 12 | 11 | 13 | 7 | 12 | 20.5 | 50 | 1,000 |

Source: Eurostat (2007)

*: 2006 data not available

- Some of the leading manufacturers include Focus Sport, who produce accessories for team sports (<http://www.alpex.ro>), Veb, who amongst other products are involved in water sports and table tennis (<http://www.vebimex.ro>), and Sand-Sport (tel/fax +40 263 212906).
- Declared production in Romania in 2005 was as follows: ski boots 58%; team sports 15%; fitness equipment 15%, camping goods 12%. There was previously significant saddlery production, but none was declared in 2005. Note also that export values are greater than the combined figures for production and import values, which further suggests an understatement in production figures.
- Despite the opportunities provided by EU membership, the Romanian sporting goods industry needs to modernise in order to meet the challenges of the global market place in future years. Neighbouring countries will only relocate to Romania if they feel the technical competence exists.

Opportunities and threats

- + Romania must be viewed as one of the major EU prospects for developing country exporters. It has a very strong sporting heritage and economic improvements will drive greater use of fitness equipment.
- One threat is that other exporting countries will also view the Romanian market as an opportunity.

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

- Wholesalers and agents are the best channels for exporters from developing countries to access the Romanian market. Many importers act as wholesalers and some wholesalers also act as retailers.
- The sporting goods trade in Romania is dominated by a large number of small independent specialist retailers, many of which specialise in specific types of sport eg fishing, outdoor, team sports. Many of these small retailers have been based in markets, bazaars and kiosks.
- As more European retailers have launched operations in Romania, this picture is slowly starting to change, particularly in Bucharest. There are no figures for the number of outlets selling sporting goods, but the trade is consolidating at the same time that the market is growing.
- Interesting importers and wholesalers include Sports Games (<http://www.sportsgames.ro>), Anastasia Sport who import balls (<http://www.anastasiasport.ro>), Spelema who import outdoor equipment (<http://www.spelema.ro>), the Daro Group (<http://www.darosport.ro>)

and the Gipo Group who specialise in outdoor and camping equipment (<http://www.gipo.ro>).

- There are no external sporting goods specialist retail chains. Intersport is looking to enter the market, managed from their Athens office. There are some small domestic retail chains such as Abitare Sports with eight outlets (<http://www.abitaresports.ro>), Sport Zone in Timisoara with three outlets (<http://www.sportzone.ro>) and Explorer, also with three stores (<http://www.explorersport.ro>).
- There are also some sales through the non-specialist sector, including the hypermarket Carrefour that has five outlets in Romania.
- Throughout the sporting goods trade, different prices and margins apply. Although the trade is still unstructured, indicating the possibility of high margins, there is some illegal trade, which mainly goes through market stalls, that keeps margins lower. It is difficult to provide an accurate review of margins due to the wide variety of products involved in this sector.
- You can find wholesale prospects by accessing <http://www.romanian-companies.ro>. A list of sports goods agents (and other companies involved in sporting goods) can be found by going to <http://www.bizoo.ro/firme/1663/agenti-produse-sportive>.

3 Trade: imports and exports

Imports

- In 2006, Romanian imports of sports and camping goods were valued at € 38 million, or 10 thousand tonnes. Out of the 27 EU countries, Romania was ranked eighth smallest in value and tenth smallest in volume, and as such is regarded as a small-sized country for sports and camping goods imports.
- Between 2002 and 2006, Romanian imports grew by an average of 36% per annum in value (from € 11 million) and 29.4% in volume. Much of this growth has occurred in the period since 2004 and more was imported from other EU countries such as France and Italy, particularly as they have just joined the EU.
- Exports exceeded imports by over three times in value, but by 40% in volume in 2006. Imports are increasing at a faster rate than exports. The same period has seen recent increases in sporting goods production and a significantly above average annual increase in consumption.
- Around 37% of Romanian imports, valued at € 14 million, came from developing countries in 2006 (59% by volume). This proportion was 28.6% in 2002 (58.3% by volume). China accounted for 85% of all developing country supplies by value in 2006, followed by Pakistan (6.5%) and Thailand (2.2%). Ukraine, India and Turkey were also important suppliers. While China's supplies increased by an annual average of 46.6% over the period, supplies from Pakistan increased by an annual average of 42%. Supplies from Thailand, Ukraine and India increased over the period. Apart from China, most Romanian imports came from France, Italy and Germany.
- By product group, Romanian imports by value can be sub-divided as follows:
 - Over a quarter of all Romanian imports were for snow-related items, with equipment for snow sports valued at € 10 million, and ski/snow boots valued at € 1 million.
 - Other significant import groups were fitness/gym (€ 6 million), team sports (€ 5 million), balls (€ 4 million), fishing (€ 4 million) and camping goods (€ 3 million).
 - The remainder was taken up as follows: skates (€ 2 million), table tennis (€ 1 million), water sports (€ 0.7 million), rackets (€ 0.7 million), saddlery (€ 0.4 million), sports gloves (€ 0.4 million), and golf (€ 0.1 million).

Exports

- Sports and camping goods exports from Romania were valued at € 117 million in 2006, representing 14 thousand tonnes. This is dominated by ski/snow boots and snow sports equipment.
- Between 2002 and 2006, the average annual increase in exports was 11.4% by value and 11.1% in volume.

- There appears to be some re-exporting from the Romanian market, as exports are significantly higher than domestic production.

Opportunities and threats

- + Significant import growth has been seen for snow sports, but much of this may be re-exported.
- + Aside from this, the main growth opportunities for developing country suppliers are in team sports and balls. Both have seen impressive DC growth in recent years.
- + Other notable opportunities are in items for outdoor activities, particularly fishing and camping. Most product groups have seen import growth as you might expect from a rapidly developing economy.

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 Romania have broadly been rising in recent years.
- The website of Romanian National Statistics (<http://www.insse.ro>) publishes harmonised indices of consumer prices. Non-food prices in Romania increased by 15% in 2004, but prices in this market sector increased by less than this.
- Prices can also be found at the websites of some sports retailers in Romania. See chapter 2 for contact details.
- Rising consumer prices runs parallel with a trend of increasing import prices, as the following table 4.1 indicates. This is counter to the predominant (but changing) trend in the EU of decreasing import prices. These trends should be interpreted with care, as changes in imports do not reflect the demand. However, Romania is a new member state and prices are expected to continue to increase in the coming years.
- Compared to most other EU countries, average import prices have been increasing. However, it should be noted that they fell between 2002 and 2004, but started to increase after that. This is understandable as stated above, perhaps also indicating an increase in the quality of imports.

Table 4.1 Developments in Romanian 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 | 3.11 | 2.38 | 3.79 | +5.1% |
| Intra EU | 4.75 | 3.54 | 6.84 | +9.5% |
| Developing countries | 1.52 | 1.25 | 2.17 | +9.3% |

Source: Eurostat (2007)

5 Market access requirements

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

- There is no trade association for sporting goods, but the National Sports Institute (<http://www.gov-sport.ro>) and the Faculty for Physical Education and Sport (<http://www.sport.uaic.ro>) have links to other sports associations.
- The General Association for Sports Fishing can be contacted via <mailto:agvpsrom@pcnet.rom>
- The main trade fair for sports goods is the Sport and Leisure Show (<http://www.exposport.ro>), occurring twice a year (March and October) in Bucharest.
- Sports information online in Romania can be found at <http://www.onlinesport.ro> and <http://www.prosport.ro>.
- The Romanian Trade Promotion Centre may be a useful contact (<http://www.traderom.ro>), and also the Romanian Business Digest (<http://rbd.doingbusiness.ro>).

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

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