CBI MARKET SURVEY

THE SPORTS AND CAMPING GOODS MARKET IN THE UNITED KINGDOM

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Report summary
This CBI market survey discusses the following highlights for the sports and camping goods market in the United Kingdom (UK):

- The UK consumption of sports and camping goods was € 2.4 billion in 2006, up 3.3% per annum on average since 2002, while production fell to € 566 million, or 20 thousand tonnes in 2005.
- In 2006, the UK imported sports and camping goods valued at € 1.2 billion, or 260 thousand tonnes. Since 2002 values are up by 4.4% but volumes are up by an average annual rate of 14%.
- More than 47% of imports by value came from developing countries (67% by volume). The share of imports by developing countries is up from 37% in 2002 in value, and up from 52% in volume terms.

This survey provides exporters of sports and camping goods with sector-specific market information related to gaining access to the United Kingdom. By focusing on a specific country, this survey provides additional information, complementary to the more general information and data provided in the CBI market survey 'The sports and camping goods market in the EU', which covers the EU market 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
Market size
The United Kingdom market for sports and camping goods was worth € 2.4 billion in 2006. This was the third largest market in the EU, after Germany and France. It was also much larger than the next two countries, Italy and Spain. This market value represented 16% of the total EU market, compared to 15.1% in 2002. Hence this market has increased in importance within the EU, despite the emergence of new and growing member states.

Table 1.1 Consumption of sports and camping goods in the United Kingdom, 2002-2006, € million

2002	2003	2004	2005	2006	Average ann. % change	Population (million)	Consumption per capita €
2,123	2,180	2,284	2,393	2,418	3.3	60.22	40.15

Source: Keynote, Mintel (2007)

Per capita consumption of € 40.15 was well ahead of the EU average of € 30.74. Volume figures were not available for consumption, but this suggests that at least some sectors of sports and camping goods were either more highly priced, or those consumers that were active in this sector were spending more frequently than their average EU counterparts.

The average annual 3.3% increase in value over the period was above the EU average of 1.8%, and with the exception of Spain, higher than the other major EU economies. This is partly explained because the recession that affected much of mainland Europe during this period did not affect the UK to the same extent.

Sport in the UK has received a considerable boost since the UK was awarded the hosting of the Olympic Games in 2012. The encouragement of grassroots sports development is receiving additional government support in the build-up to the Games. The UK market is expected to continue to grow in the next few years, although there are indications that consumer spending will be somewhat lower in the short term at least, as consumers face higher interest charges and higher fuel charges resulting in a reduction in discretionary spending as expenditure focusses on more essential items.

Nevertheless between 2007 and 2011, despite sports participation rates not increasing overall, Keynote forecasts that sports equipment expenditure will increase at a faster rate than expenditure on sports footwear and clothing. Most of the growth will come from existing participants spending more on their equipment to improve their performance. Amateurs are seeking to use professional equipment, thus increasing their average expenditure.

Market segmentation

In the sports and camping goods market, the main basis upon which the market is segmented is by type of sport or activity. There are some generalisations that apply across different sports, but each sport or activity has its own set of users. Within each sport it is also quite common to apply some form of demographic segmentation, either by age or gender. The main demographic point to make is that men account for 52% of expenditure, women 23% and boys and girls together account for 25%. Despite the growing importance of older consumers in this market, it still highlights a strong reliance on younger generations.

UK consumption of sports and camping goods consisted of individual sports 31% (€ 715 million), over 70% of which was golf; outdoor 27% (€ 645 million), of which almost half was camping goods, fishing approximately 27% and horse riding the remainder; team sports 21% (€ 490 million), of which football dominated; fitness equipment 16% (€ 362 million); water sports 3% (€ 75 million); snow sports 2% (€ 38 million), approximately 80% of which was skis and ski equipment, the remainder ski/snow boots.

The outdoor segment is increasing, mainly in the camping sub-segment. This is part of a general increase in outdoor activities, and perhaps part of a trend to take more holidays in the UK. The fitness equipment market also continues to grow, as many UK consumers develop their own personal fitness regimes. However this may not translate itself into more sales of equipment for home use. Most of the growth will come via local authority and private clubs. The purchasing of this equipment is not made via retail outlets. While some team and individual sports are static or declining, the popularity of football continues to grow, due in part to its heavy media coverage.

In terms of sports participation, the most important activities are:

- Walking, swimming and jogging/running. Most people enjoy walking as a recreation, but only half can be termed "serious" walkers. Running continues to be popular with high interest in marathon and half-marathon annual events.
- Fitness training. A growing number of people devote their time to all round fitness by working out at a gym, rather than doing competitive sports. Private health clubs are very popular.
- Team sports. The UK's favourite team sports are football, cricket, rugby, basketball, netball and hockey. Many consumers are finding it difficult to meet the time commitment required of many of these sports.
- Golf is noteworthy as one of the most expensive but most popular participation sports. Golf is in a league of its own in terms of expenditure on equipment.
- Other individual sports are led by racket sports, often treated as a single category, but tennis, badminton and squash are unique sports. Similarly fishing divides into coarse fishing, sea fishing and river fishing, each of which has their own individual equipment requirements.

More information on sports participation in the UK can be found in chapter 1 of the CBI market survey `The EU market for sports and camping goods`.

Market trends

The major brands in this sector spend heavily on advertising. Apart from advertising in specialist press to target professional sports people, the majority of consumer communication is designed with the emphasis on leisure. For example, Reebok have successfully targeted consumers by using rap music. The more important that fashion becomes in this sector, the more this type of communication (tapping into popular culture) will continue.

The success of discount fashion retailers in the UK, such as Sports World, has shown how price driven the market has become. Consumers now expect price reductions. This trend will continue. For example, there are many specialist golf shops in the UK where there are permanent `massive reductions` in price on all equipment. The dominance of price is only avoided in shops that target professional athletes, rather than leisure consumers. In the mainstream market, only the introduction of new products that have either an in-built technical benefit, or that possess a fashionable innovation allow retailers to sell at full margin.

The outdoor market is not subject to the same short-term fashion demands as the sports market. Participation rates (more walking and hiking), general lifestyle changes and more attention being given to the environment, all contribute to a positive outlook for this sector. What was previously seen as boring or old-fashioned is now regarded as part of the lifestyle of the future.

The use of the Internet as a shopping tool in this sector is forecast to grow. Consumers' ability to shop around will result in price-transparency for branded products, forcing retailers to become more price-competitive. Different retailers will respond to the Internet in different ways, depending on their product range and their position in the market. Some retailers use their own Internet sites to complement their retail offering, while others, including those without their own website, try to encourage customers to their stores by offering additional services like professional advice or more exclusive product lines to make the shopping experience more memorable. When retailers are no longer able to reduce prices further, they are forced to improve the shopping experience in other ways. This will result in an increase of niche retailers.

Another notable trend is the changing nature of sports sponsorship. Sponsors are now also looking to niche sports audiences, especially as the Internet can also be used to reach them. This will also help to revive some minor sports. For example, hockey participation has been in long-term decline, but through new sponsorship arrangements, the sport is able to attract new players to the sport, and change the way the sport is perceived.

The government interest in sport, especially with the 2012 Olympics, means that they are giving local authorities more performance indicators to meet. Amateur sports clubs, usually reliant on volunteers, are suffering from declining membership, owing to the increasing use of health clubs. This contributes to the decline in competitive team sports. Nevertheless funding in sport will continue to grow, enabling more participation should consumers wish to take advantage of the facilities available.

Production

Total production

Production of sports and camping goods in the United Kingdom has been decreasing in recent years, especially in terms of volume. The UK is the second largest producer in the EU, close to the value produced by France, but well behind the production value of Italy, the largest EU producer of sports and camping goods. The UK accounted for 15.9% of EU sports and camping goods production in 2005.

The value of sports and camping goods production in the UK in 2005 was € 566 million. As table 1.2 indicates, this is down from € 603 million in 2002, and represents an average annual decrease of 2.1%. These figures may be somewhat understated as they do not include figures for confidential trade. Nevertheless production is expected to reduce in future years as more of the leading manufacturers contract production overseas.

Table 1.2 Production of sports and camping goods in the United Kingdom, 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			
603	78	595	46	566	20	-2.1	525	5,500

Source: Eurostat, Statistics UK (2007)
*: 2006 data not available

According to Eurostat, 35% (€ 197 million) of the UK's declared production was for team sports equipment; 34% (€ 190 million) for golf equipment; 9% (€ 52 million) saddlery items; 8% (€ 47 million) fitness equipment; 6% (€ 36 million) fishing equipment; 3% (€ 18 million) camping goods; 3% (€ 15 million) water sports equipment and 2% (€ 10 million) balls. Over the review period, the major changes have seen the share of fishing, saddlery and balls production fall significantly, while production of equipment for team sports has increased significantly.

Approximately 525 companies, employing 5,500 people were engaged in the production of sports and camping goods products in the UK in 2005. This represents a reduction in numbers since 2002. Sports and camping goods producers in the UK tend to be specialist in particular sports, rather than producing for a wide range of sports. Most of the companies are small, with a turnover of less than € 1.5 million, and they tend to be traditional companies who have been able to survive through the strength of their reputation and specialist skills, or they are small, modern, high-tech companies. Volumes have been falling, and the traditional strength of golf in the UK is being undermined by low cost manufacturers from other countries. Now, much golf production is outsourced, although the design and marketing is still controlled from the UK.

Main players

- Some important manufacturers in the UK are:
  - Gray Nicolls is a traditional manufacturer that still produces most of its cricket products in the UK, although some is now manufactured overseas (http://www.gray-nicolls.co.uk). They now own the rugby company James Gilbert.
  - Another traditional specialist is Harrows Darts, due to the greater popularity of darts in the UK, than other countries (http://www.harrows-darts.com)
  - In fishing, Hardy and Greys are based in the north of England, and although some product is manufactured overseas, there is still some UK production, and all design and development is done in the UK (http://www.hardygreys.com).
  - In the saddlery sector, Riders Equestrian are an important supplier (http://www.riders-equestrian.co.uk).
  - In the golf sector, Dave Hicks Golf is a small manufacturer of golf clubs, with the emphasis on aerodynamic design (http://www.davehicksgolf.com).
- There are many other smaller producers in the UK, but these larger companies, which are represented in most of the product groups in which UK is strong, will be able to provide advice on smaller companies.

Opportunities and threats

\+ The significant investment being put into the UK sports industry, in part related to development and planning of the 2012 Olympic Games, will provide many opportunities for exporters from developing countries, particularly those involved in the supply of equipment for football pitches, sports halls and other infrastructure related equipment.

+ The relative strength of the pound has made imports relatively cheap. Consequently, this continues to provide an opportunity for developing country exporters. However, price is such a dominant feature in the market that may exporters may find that, despite the growing UK market and a very sport and outdoor focussed population, some exporters may not wish to reduce their prices to such an extent.
- There are difficulties for developing country exporters who are trying to enter the UK market at the top or middle segments of the market. Although exporters may be able to supply products to the quality specifications required, they do not have the reputation for design innovation, which is particularly important in a market where fashion is becoming an even more important part. UK buyers will critically assess an exporter's design capability as well as their production resources.

Equally any of these trends can be an opportunity for one exporter, but a threat to another. UK buyers are not always loyal to particular overseas suppliers, so you may lose out to a supplier from your own country or neighbouring country.

See also chapter 7 of the CBI market survey `The EU market for sports and camping goods` for more information on opportunities and threats.

Useful sources
- Details of commercial research organisations that produce market reports can be found in the chapter 1 (section 1.5) of the CBI market survey `The EU market for sports and camping goods`.
- Production information can be obtained from Eurostat as well as UK National Statistics (see later in this report for contact details).
- The Sports Industries Federation changed its name to the Federation of Sports and Play Associations (FSPA) in 2006. It is an umbrella organisation for a range of different sports and the new name recognises the overlap between the play and sports industries. They also produce market reports (http://www.sportsandplay.com).
- There are many sports equipment associations which are affiliated to the FSPA, including the Angling Trade Association (http://www.anglingtradeassociation.com) and the British Golf Industry Association (http://www.bgia.org.uk).
- Other important trade associations include the Fitness Industry Association (http://www.fia.org.uk), the Outdoor Industries Association (http://www.go-outdoors.org.uk) who have produced a report on the UK Outdoor Market, the Snowsport Industries of Great Britain (http://www.snowlife.org.uk) and the British Equestrian Trade Association (http://www.beta-uk.org).
- Details of the main trade fairs and trade press can be found in chapter 6.

2 Trade channels for market entry

Trade channels
Developing country exporters will find the best opportunities with importers and wholesalers who supply buying groups and specialist independents, as well as also targeting some non-specialists such as department stores who look for suppliers of non-branded product that they sell as their own private label, and mail order and Internet companies that try to differentiate themselves from the specialist retailers. Some disadvantages in working with an importer/wholesaler are that their margins are high and they may require the exclusivity for your item in the UK.

Developing country exporters may also attempt to contact buying groups and specialist independent retailers directly. Golf specialists are particularly strong in the UK. Some smaller suppliers have been successful with independent retailers by offering partnerships in promotion, or even sponsorship. This can work if you are supplier in a smaller specialist sport such as hockey, where big brands are not so dominant. The other area essential for success is level of service offered. Information on how to approach buying groups can usually be found on their websites. They need careful preparation and thought before contacting them in order to receive an optimum response.

Agents do operate in the sporting goods sector. However the top agents tend to handle just one or two brands, which typically would generate 80% of their income and are very selective about which other companies to work with. Agents tend to work in sports that are seasonal in nature.

Another potentially interesting channel is via contract manufacturing or outsourcing. Although the UK manufacturing base for this sector is shrinking, opportunities may still be found, depending on the product groups in which you are active. In this channel, you will not have any contact with the retail or wholesale channel, but good possibilities may still exist, particularly if there are strong historical connections with your country. You can find contacts at the Federation of Sports and Play Associations (see chapter 1 for contact details).

The UK market for sporting goods is heavily concentrated and dominated by retail specialist chains. In fact specialist outlets account for three quarters of the market, but the top four retail chains take half of the market. Sports World is now the market leader with 16% share and 200 outlets. This rapid growth has been due to significant acquisitions of smaller retailers and heavy discounting of major branded products (http://www.sportsdirect.com). JJB Sports has a 14% share and 435 outlets (http://www.jjbsports.com); JD Sports has 10% of the market and 370 outlets (http://www.jdsports.co.uk) and Blacks who specialise in camping and outdoor (http://www.blacks.co.uk).

Trends in the retail sector
The two key distribution trends in sporting goods retailing both impact directly on how a developing country exporter should approach this market.

- Firstly, the concentration of retail specialists. This is limiting the opportunities for smaller players in this sector, where only big international brands with major advertising budgets are able to thrive. The drive towards larger outlets is also due to consumers wanting to find everything under one roof.
- The second key trend is the competition being provided by non-specialists. Although sports clothing and footwear is very much dominated by specialist chains, sports equipment offers wider and more varied distribution opportunities

There were 3,500 specialist sporting goods outlets in the UK in 2006. The current UK distribution breakdown is featured in table 2.1.

Table 2.1 Share of sporting goods retail distribution in the UK, % value 2006

Outlet type	% share
Specialists	**75%**
Chain stores	60%
Independent stores	2%
Buying groups	13%
Non-specialists	**25%**
Department stores	7%
Super/hypermarkets	2%
Clothing and footwear stores	6%
Mail order/Internet	10%
Total	**100%**

Source: SGI, Mintel, Euromonitor (2006)

Interesting players

- The main sporting goods wholesaler in the UK is Reydon Sports. They are the only wholesaler with national coverage (http://www.reydonsports.com). Cartasport is another important wholesaler (http://www.cartasport.com), as is Newitts (http://www.newitts.com). Ransome Sporting Goods is a good example of a specialist distributor on the UK market (http://www.rsgsport.com). An importer of sporting goods is UK Sport Imports (http://www.uksportimports.com).

- The main buying group for independent retailers is called STAG (http://www.stagbuyinggroup.com). Intersport is also present in the UK, but they are probably not so interesting for developing country exporters. Other buying groups include AIS (http://www.aistores.co.uk), Allied Partners (mailto:peter@batemanssport.co.uk), Foremost Golf (http://www.foremostonline.co.uk) and Tartan Golf International (http://www.tgigolf.com).
- One advantage of working directly with retailers is that you can get a better price than through an importer or agent. However, it will be more difficult to establish a relationship as they often change suppliers. They also restrict the range they stock, so gaining distribution here will be difficult. Another disadvantage is they require special conditions in terms of fast delivery, labelling, packaging (special promotions) or after sales service.
- In the non-specialist sector, the leading department store group is the John Lewis Partnership (http://johnlewis.com). They have a strong reputation in sporting goods. Grattan is one of the leading mail order companies (http://www.grattan.co.uk). An interesting supplier for the growing fair trade and ethical market is http://www.fairdealtrading.com who specialise mainly in balls. The leading non-specialist retailers that also have a strong international presence are Tesco (http://www.tesco.com) and Asda, owned by the American retail giant Walmart (http://www.asda.co.uk).

Price structure

Generally speaking, margins on sporting goods have been falling in the UK in recent years, as a result of intense competition in supply and more price competition between retailers. In each trade channel different margins and prices apply, with multiples of 3 up to 4 of the export (FOB) price.

Table 2.2 Overview of margins in sporting goods

	Low	High
Importers/wholesalers' margins	35%	60%
Agents' margins	10%	15%
Retailers' margins	55%	100%
Multiples Export price - Consumer price	**3.0**	**4.0**

These margins will vary depending on which market segment is being approached. The higher the market segment, the higher the margins that can be commanded. Buying groups ask for large-volume discounts, which are then passed on to their members.

More information can be found in chapter 3.2 of the CBI market survey 'The sports and camping goods market in the EU'.

Selecting a suitable trading partner

This is a very important part of the export process. As important as finding a contact that is suitable for you in terms of the range of products that you can supply is the relationship and empathy you can establish between yourself and your partner. The essential element of any trading relationship is trust. You must satisfy yourself that you will be happy to deal with the organisation in question over a long period. Your own judgement and instincts are most important in this respect.

In relation to how you find a trading partner, the usual trade sources are an important point of contact. The Federation of Sports and Play Associations is an important contact (see chapter 6 in this report for contact details). The best place to meet potential trading partners is at a sporting goods trade fair. Details of the main trade fairs are listed elsewhere in this report.

It would be better to first visit an exhibition a few times before participating yourself. During a visit you can extensively look around at the stands of the main players and get a better idea of the latest fashions. At trade shows you have an opportunity to talk to potential partners on a face-to-face basis and better judge whether you would like to work with them. You could also identify potential partners from the exhibition website beforehand or from a catalogue. When selecting them (e.g. importer or wholesaler) try to find out:

- Which products they sell (focussed on type of sport).
- To which target groups they sell.
- In which areas they are well represented in their country. If they are exporting, to which other EU countries they sell.
- To whom they sell e.g. small or large retailers, department stores, buying groups etc..

You could also find this out by looking at their website or try to find a company profile through other hosted sites e.g. of a local BSO or trading platform, or by finding their company brochure. You can contact interesting trade partners by mail or e-mail and follow up by phone a few weeks later. See also chapter 3.1.3 of the CBI Export manual 'Exporting to the EU'.

Although you may initiate a communication by post or email, it is recommended that there is some personal communication before a trading partner is selected.

You should also do a credit check of your potential trade partner, especially when an investment from your side is involved. This credit check could be done by a specialist company such as Dun and Bradstreet (http://www.dnb.com). A bank usually does not give credit ratings of its customers.

In this regard, you could also contact Business Support Organisations in the UK or the commercial department of your own embassy to see if they have any useful contacts. They may even have some knowledge of contacts you may have made independently. The British Chamber of Commerce could be a good source of general advice (http://www.chamberonline.co.uk). In addition, UK Trade & Investment is a government organisation, which in addition to helping companies exporting from the UK also helps overseas companies do business in the UK (http://www.uktradeinvest.gov.uk).

A fuller list of contacts can be found in the Sports Equipment UK wholesale suppliers directory (http://www.thewholesaler.co.uk/trade/distributor/Sports_goods_wholesalers_in_the_UK/).

3 Trade: imports and exports

Imports

Total imports

In 2006, the United Kingdom imported sports and camping goods valued at € 1.2 billion, or 260 thousand tonnes. This accounted for 16.2% of all EU imports by value, or 19.3% by volume. This represented an average annual increase in value of 4.4% since 2002 (14% in volume). The UK was the largest importer of sports and camping goods by value and by volume. UK imports are quite similar in value to France and Germany.

This growth in imports contrasts with a 2.1% decrease in exports, which are just one third of the value of imports. However, import volumes are ten times larger than export volumes. Production has fallen since 2004 and the consumer market has been showing a 3.3% annual increase over the period.

Around 47% of UK imports by value (€ 570 million) came from developing countries and 66.5% (173 thousand tonnes) by volume. China is the largest supplier (39.1% of total value imports and 60.1% of total volume imports), with supplies valued at € 474 million or 158 thousand tonnes. The next largest supplier is USA (17.9% of total value imports and 10.2% of total volume imports), with supplies valued at € 217 million or 27 thousand tonnes. The next two largest suppliers to the UK are The Netherlands and Italy. The Netherlands has supplies valued at € 60 million, or 4 thousand tonnes (4.9% of value and 1.5% of volume). Italy has supplies valued at € 54 million, or 4 thousand tonnes (4.5% of value and 1.4% of volume).

The share of supplies by developing countries is up from 37.5% in value (€ 383 million) in 2002, and up from 52.2% in volume terms. Supplies from China have increased by an annual average of 12.6% (23% by volume) over the period, while India's supplies are up 3.6% by value, and 11.3% by volume. Supplies from Pakistan and Thailand both decreased, while supplies from Vietnam increased.

Imports by product group

The five selected product groups are shown in this table in detail. Import values of other product groups are mentioned in the text for completeness.

Table 3.1 Imports by and leading suppliers to the United Kingdom 2002 - 2006, share in % of value

Product	2002 € mln	2004 € mln	2006 € mln	Leading suppliers in 2006 Share in %	Share (%)
Total sports & camping goods	184	258	305	Intra EU: The Netherlands (4.9%), Italy (4.5%), Germany (3.6%), France (3.3%), Belgium (3.2%)	25.1
	456	387	339	Extra EU ex. DC*: USA (17.9%), Taiwan (5.0%), Hong Kong (1.5%), Canada (1.1%), Japan (0.9%)	28.0
	383	459	569	DC*: China (39.1%), India (3.1%), Pakistan (1.5%), Thailand (0.7%), Vietnam (0.6%), Philippines (0.4%), Indonesia (0.2%), Turkey (0.2%), Bangladesh (0.2%), Malaysia (0.2%)	46.9
Team sports	50	71	111	Intra EU: Italy (16.8%), Belgium (9.1%), France (5.1%), The Netherlands (3.2%), Germany (2.5%)	43.0
	42	40	41	Extra EU ex. DC*: USA (8.0%), Taiwan (3.1%), Canada (1.4%), Hong Kong (1.1%), Japan (0.8%)	15.9
	55	66	106	DC*: China (33.0%), India (5.1%), Pakistan (1.8%), Thailand (0.4%), Malaysia (0.3%), Vietnam (0.2%), S Africa (0.2%), Mexico (0.1%), Philippines (0.1%), Argentina (0.1%),	41.1
Fitness	19	24	34	Intra EU: Hungary (5.0%), Germany (2.7%), France (2.0%), The Netherlands (1.1%), Ireland (0.9%)	14.2
	119	100	72	Extra EU ex. DC*: USA (15.0%), Taiwan (10.9%), Canada (2.5%), Hong Kong (0.8%), S Korea (0.3%)	30.0
	55	97	134	DC*: China (53.5%), India (0.7%), Malaysia (0.4%), Pakistan (0.4%), Turkey (0.3%), Thailand (0.2%), Mexico (0.2%), Nepal (0.1%), Vietnam (0.1%), Cameroon	55.8
Camping goods	20	43	31	Intra EU: Denmark (7.4%), France (4.9%), The Netherlands (4.5%), Germany (4.1%), Belgium (1.3%)	24.2
	4	3	4	Extra EU ex. DC*: Hong Kong (0.6%), USA (0.6%), Taiwan (0.4%), Canada (0.3%), S Korea (0.3%)	3.2
	68	84	93	DC*: China (66.0%), Vietnam (2.1%), Turkey (1.1%), Bangladesh (1.0%), Indonesia (0.7%), India (0.5%), Pakistan (0.2%), Macedonia (0.2%), Egypt (0.2%), Tunisia (0.1%)	72.6
Balls	12	18	18	Intra EU: The Netherlands (16.7%), Germany (3.0%), Ireland (2.6%), France	26.1

				(2.2%), Spain (1.2%)	
	4	3	4	Extra EU ex. DC*: Taiwan (1.4%), Hong Kong (1.4%), USA (1.1%), S Korea (0.2%), Canada	7.8
	45	43	47	DC*: China (31.0%), Pakistan (13.3%), India (13.2%), Philippines (6.1%), Thailand (3.0%), Vietnam (0.5%), Indonesia (0.2%), Malaysia (0.1%), Mexico (0.1%), Bangladesh	68.1
Saddlery	5	8	11	Intra EU: Germany (13.9%), Italy (2.8%), Ireland (2.4%), France (1.2%), Denmark (0.5%)	22.4
	9	7	7	Extra EU ex. DC*: Taiwan (6.9%), USA (3.5%), Switzerland (1.4%), Hong Kong (1.2%), S Korea (0.2%)	14.3
	25	29	31	DC*: China (38.0%), India (17.8%), Vietnam (4.7%), Argentina (1.8%), Turkey (0.5%), S Africa (0.1%), Malaysia, Brazil, Thailand	63.3

Source: Eurostat (2007)
*Developing Countries

Team sports
This is the largest of the selected product groups (although golf is slightly larger). Valued at € 258 million in 2006, this represented 21.3% of all sports and camping goods imports to the UK (23.4% by volume). This compares with a share of 14.3% in 2002 (17.6% by volume). Hence this product group is increasing in significance in its value and volume contribution to imports. Intra-EU trade represents 43% of the value supply (24.4% by volume), and this has increased in value from 34.1% in 2002, but decreased in volume from 25.3%. Italy's share has increased significantly from 2002, as has that of Belgium, suggesting re-exports from other (probably DC) countries. Note a fall in supplies from The Netherlands may offset the Belgian increases. The share of imports by France, Denmark and Germany have all decreased.

As far as developing country suppliers are concerned, they represent 41.1% of all imports by value (62.5% by volume), up from 37.7% (€ 55 million) in 2002 (54.8% by volume). China (€ 85 million) dominates the developing country supply of equipment for team sports. However, whereas the value of China's supplies has increased by an average annual 19% over the period, supplies from India have increased at a faster rate, while Pakistan's share of supplies has decreased.

In terms of product groups, Eurostat only separates out equipment for cricket and polo. This represents 4.2% of the group as a whole. This is one of the few countries that has seen an increase in these products.

Fitness
This is the second largest of the selected product groups. Valued at € 240 million in 2006, this represented 19.8% of all sports and camping goods imports to the UK (37.9% by volume). This compares with a share of 18.9% in 2002 (35.1% by volume). Hence this product group is increasing in significance in its value and volume contribution to imports. Intra-EU trade represents just 14.2% of the value supply (6.6% by volume), and this has increased in value from 9.8% in 2002, and increased in volume from 5.5%. German and Italian shares have decreased from 2002, while the Hungarian and French share of imports are up. Other non-DC suppliers which are important are Taiwan and USA, despite them having falling shares.

As far as developing country suppliers are concerned, they represent 55.8% of all imports by value (72.1% by volume), up from 28.5% (€ 55 million) in 2002, and up from 45.8% by volume. China (€ 128 million) dominates the developing country supply of equipment for fitness/gym. China's share is up from 2002 by an annual average 25.5%. Of the other developing country suppliers, values from India, Malaysia and Pakistan have all increased.

In terms of product groups, exercise apparatus with adjustable resistance mechanisms represents 44% of the product group (down from 48% in 2002), while articles and equipment for general physical exercise make up the remainder. This is running against the trend of most other major EU countries.

Camping goods
This is the next largest of the selected product groups. Valued at € 128 million in 2006, this represented 10.6% of all sports and camping goods imports to the UK (13.4% by volume). This compares with a share of 8.8% in 2002 (12.9% by volume). Hence this product group is increasing in significance in its value contribution, but its volume contribution to imports is only marginally increasing. Intra-EU trade represents 24.2% of the value supply (11.7% by volume), and this has increased in value from 21.4% in 2002, and increased in volume from 11.3%. The share of Denmark's supplies has increased, while of the other leading intra-EU importers, supplies from The Netherland's and Germany have decreased since 2002.

As far as developing country suppliers are concerned, they represent 72.6% of all imports by value (86.3% by volume), down from 73.9% (€ 68 million) in value, but slightly up from 85.5% by volume in 2002. China (€ 84 million) dominates the developing country supply of camping goods. Supplies from China have increased by an annual average 7.6% in value since 2002, but significantly more in volume. Of the other developing country suppliers, values from Vietnam have decreased, while values from Turkey and Bangladesh have increased.

In terms of product groups, tents account for 55% of the group (€ 71 million, 88% of which are made of synthetic material); other camping goods are valued at € 19 million, 59% of which are made of textile material (the lowest proportion of all the major EU countries); sleeping bags are valued at € 29 million and pneumatic mattresses € 4 million. There is a move towards tents of synthetic material, particularly away from cotton tents. Conversely, other camping goods made of cotton are increasing their share, again against the trend seen in most other EU countries.

Balls
Balls were valued at € 69 million in 2006. This represented 5.7% of all sports and camping goods imports to the UK (4.8% by volume). This compares with a value of 5.9% and volume share of 6.3% in 2002. Hence this product group is decreasing in significance in its value and volume contribution to imports. Intra-EU trade represents 26.1% of the value supply (18.3% by volume), and this has increased in value from 19.9% in 2002, and also increased in volume from 13%. The dominance of The Netherlands suggests that in fact much of this trade consists of re-exports from other (probably DC) countries. Their share has increased significantly from 2002. The share of imports by Ireland has decreased.

As far as developing country suppliers are concerned, they represent 68.1% of all imports by value (75.7% by volume), down from 73.4% (€ 45 million) in value and down from 80.3% by volume in 2002. This is largely explained by the significant increases in supplies from The Netherlands (see above). China (€ 21 million) is the leading value supplier, having overtaken Pakistan since 2002. Of the other leading developing country suppliers, India's share has caught up with Pakistan, although significantly higher volumes suggest significantly lower prices.

In terms of product groups, inflatable balls account for 45% of the group (€ 31 million, 90% of which are non-leather); tennis balls are valued at € 8 million, and other balls are valued at € 13 million, of which cricket or polo balls are valued at almost € 3 million.

Saddlery
Saddlery items were valued at € 49 million in 2006. This represented 4% of all sports and camping goods imports to the UK (2% by volume). This compares with a share of 3.8% in 2002 (2.6% by volume). Hence this product group is marginally increasing in significance in its

value but decreasing its volume contribution to imports. Intra-EU trade represents 22.4% of the value supply (12.2% by volume), and this has increased in value from 12.1% in 2002, and increased in volume from 8.8%. The German share of imports has increased, while the Italian share has also increased. Outside the EU, the Swiss share has reduced.

As far as developing country suppliers are concerned, they represent 63.3% of all imports by value (77.4% by volume), unchanged from 63.1% (€ 25 million) in value and up from 74.1% by volume in 2002. China (€ 19 million) is the leading developing country supplier of saddlery items, followed by India. China's share is increasing while India's share is decreasing. The position of the other two leading suppliers, Vietnam and Argentina, is broadly unchanged.

Eurostat does not separate this group into smaller sub-groups.

Other product groups

The value of other product groups not selected are as follows: golf (€ 268 million), water sports (€ 118 million), fishing (€ 72 million), rackets (€ 24 million), skates (€ 22 million), snow sports (€ 11 million), sports gloves (€ 11 million), ski/snow boots (€ 6 million) and table tennis (€ 6 million).

Exports

In 2006, the UK exported sports and camping goods valued at € 406 million, or 27 thousand tonnes. This represents an average annual decrease in value of 2.1%, but an average annual increase of 4.1% in volume since 2002. This was the only major EU country to register a fall in export values, implying reducing export prices.

The UK was the sixth largest exporter by value after France, Italy, Germany, Austria, Belgium and The Netherlands, but eighth largest by volume (also after Spain and Austria). 74.9% of UK exports by value were intra-EU (75.5% by volume), the majority of which were to Ireland, Germany and France. Outside the EU, USA and Switzerland were the main export destinations.

In terms of product groups, golf accounted for 49.3% by value (€ 200 million), down from 52.7% in 2002. The main destinations were Germany, Ireland and France. The next largest group of exports were equipment for fitness/gym, which accounted for 10.8% of all exports (€ 44 million), up from 7.2% in 2002. Ireland and Germany were the main destinations.

Team sports represented 10.1% of all exports (€ 41 million). This is up from € 30 million in 2002. Saddlery was the next largest at 8.1% (€ 33 million). Germany, France and Ireland are the largest destinations for saddlery items.

The remaining groups of exports were as follows: fishing (€ 27 million), water sports (€ 20 million), camping goods (€ 14 million), balls (€ 13 million), snow sports (€ 4 million), ski/snow boots (€ 3 million), then rackets, skates, table tennis and sports gloves in descending order.

Opportunities and threats

+ The UK is an interesting market for exporters from developing countries. It should be noted that for many products, the UK also acts as a gateway into the Irish market, which has been very buoyant in recent years. Local production is quite large but falling somewhat recently. Exports of camping goods and saddlery items are falling, suggesting potential opportunities in these areas for DC producers. Developing country shares of imports have been increasing.
+ The fact that the value share of imports from developing countries is up over the period while the volume share is up even more indicates downward pressure on prices. Exporters should take care not to trade at a loss or with unsustainably low margins over a prolonged period. This may be justifiable for a limited period to gain market entry, but it is neither advisable nor feasible to trade in this way in the long run.
+ There are varying differences in the performance of the various different product groups. Most of the groups selected are enjoying good growth rates, but at present the best

opportunities for developing country exporters appear to be presenting themselves in the team sports and fitness sectors.

It is also important to note that an opportunity for one developing country can also be a threat to another. Many EU countries switch country sources purely for competitive advantage, rather than moving supplier because of changes in demand for other reasons. Exporters should read carefully the trends and developments outlines on other parts of this survey before establishing whether the UK offers a genuine export opportunity.

See also chapter 7 of the CBI market survey `The EU market for sports and camping goods` for a more general analysis.

Useful sources

- EU Expanding Exports Helpdesk

http://export-help.cec.eu.int/ ➔ go to: trade statistics

- Eurostat – official statistical office of the EU

http://epp.eurostat.cec.eu.int ➔ go to 'themes' on the left side of the home page ➔ go to 'external trade' ➔ go to 'data – full view' ➔ go to 'external trade - detailed data'

4 Price developments

Sports and camping goods prices in the UK are slightly below, but close to the EU average. The price index in the UK has increased by 2.5% in the last year, while prices in the recreation and culture sector have decreased by 0.8%. Within this broad category, prices for sporting equipment were 1.2% lower than in 2005, but increased by 1.2% in 2006.

The UK is like most EU countries that have seen prices fall in recent years. This long-term trend is may continue at least in the near future. The greater choice in the market, and more demanding consumers all continue to exert this downward pressure, but it is not a sustainable position. The sales channel has an important bearing on price developments in this sector. Prices have remained strong at the top end of the market, but prices have come down in all other sectors. It has been particularly tough for retailers who operate in the mid-market. Their customers are often price sensitive and they see much lower prices in supermarkets and mail order catalogues. These lower prices are often accompanied by noticeable increases in the quality of the products, hence an increase in their relative value.

Consumer price indices are published on the UK national statistical website (http://www.statistics.gov.uk). Information on broad price changes can also be obtained from the Bank of England (http://www.bankofengland.co.uk). Prices of sports and camping goods in the UK can also be found by visiting the websites of sporting goods retailers. See chapter 2 for contact details. A good link to wholesalers and wholesale prices in the UK is the Wholesale Suppliers Directory, which lists outdoor suppliers and sports equipment suppliers (http://www.thewholesaler.co.uk/trade/distributor/Outdoor_Goods/ and http://www.thewholesaler.co.uk/trade/distributor/Sports_goods_wholesalers_in_the_UK/).

Import prices to the UK are over 8% lower annually than in 2002, but this hides the fact that they fell to 2004, and they have been broadly unchanged since then. Import prices fell faster here than most other EU countries, and are below the EU average for developing country import prices. These trends should be interpreted with care, as changes in imports do not reflect the demand in these countries. If import prices are now starting to rise, there is also little room for retailers to cut their overheads further, making it more likely that consumer prices will inevitably rise. This applies particularly to branded products, but also to non-branded products to a lesser extent. It is also clear that large retailers increasingly control pricing decisions.

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

	2002	2004	2006	ave. annual
	ave price per '000 tonnes	ave price per '000 tonnes	ave price per '000 tonnes	% change
Total imports	6.62	4.66	4.66	-8.4%
Intra-EU	10.25	6.68	8.70	-4.0%
Developing countries	4.76	3.31	3.29	-8.8%

Source: Eurostat (2007)

5 Market access requirements

As a manufacturer in a developing country preparing to access the United Kingdom, you should be aware of the market access requirements of your trading partners and the UK government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns. You need to comply with EU legislation and have to be aware of the additional non-legislative requirements that your trading partners in the EU might request.

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 United Kingdom in the category search, click on the search button and click on market access requirements.

Information on eco-labelling and packaging legislation is also included in the CBI market information database. Market access requirements are broadly consistently applied across the main EU member states.

Additional 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
General 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) can be found in CBI's export manuals 'Export Planner' and 'Your image builder'. Furthermore cultural awareness is a critical skill in securing success as an exporter. Information on cultural differences in the EU can be found in chapter 3 of CBI's export manual 'Exporting to the EU'. These manuals can be downloaded from http://www.cbi.eu/marketinfo - go to search publications.

Useful sources
There is information on the sporting goods industry in the UK at the website of the Federation of Sports and Play Associations (http://www.sportsandplay.com). Some manufacturers featured may be looking to develop relationships with developing country exporters. Other useful contacts are:

- UK Sport (http://www.uksport.gov.uk)
- Sport England (http://www.sportengland.org)

Developing a relationship
The most important ways to develop a business relationship are to either exhibit at one of the main sporting goods trade fairs, or to make a direct approach to wholesalers or major retailers. In the UK, many business people still prefer a formal style of communication, both in the way a presentation is put together, and in the way contact is made. A very aggressive price driven approach will not be effective, although price is very important in the UK market.

Trade fairs
The main trade fairs for the sporting goods industry in the UK are Slide UK in Manchester for Action Sports (http://www.slide.co.uk), the Outdoors Show in Birmingham in March (http://www.theoutdoorsshow.co.uk) and the Outdoor Trade Show in Warwickshire in October (http://www.outdoortradeshow.com).

Promotion
Advertising in trade magazines can sometimes be an effective means of reaching a small target group. The main trade publications are Sports Insight, published 10 times a year (http://www.sports-insight.co.uk), SGB UK (http://www.connectingsport.com), Sport Business (http://www.sportbusiness.com) and OE Retailer (http://www.targetpublishing.com).

DC exporters are unlikely to have a large budget to engage in some of the above activities, so making intelligent use of limited resources is essential. The key question to ask yourself is whether you are making a general communication to the industry at large to find customers, or whether you are engaging in marketing activity to support a specific customer or prospect. The more targeted you can make your communication activity, the more cost efficient and effective it is likely to be. More details on promotional techniques can be found in chapter 4 of CBI's `Guidelines for Exporting Sports and Camping Goods to the EU`.

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