

CBI MARKET SURVEY

THE SPORTS AND CAMPING GOODS MARKET IN THE EU

Publication date: August 2007

CONTENTS

REPORT SUMMARY	2
INTRODUCTION.....	4
1 CONSUMPTION.....	5
2 PRODUCTION	13
3 TRADE CHANNELS FOR MARKET ENTRY	17
4 TRADE: IMPORTS AND EXPORTS	24
5 PRICE DEVELOPMENTS.....	33
6 MARKET ACCESS REQUIREMENTS.....	37
7 OPPORTUNITY OR THREAT?	39
APPENDICES	
APPENDIX A PRODUCT CHARACTERISTICS	41
APPENDIX B INTRODUCTION TO THE EU MARKET.....	46
APPENDIX C LIST OF DEVELOPING COUNTRIES.....	47

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Report summary

This survey profiles the EU market for sports and camping goods. Unlike the previous survey, it also includes ski and snow boots, but still excludes cycling and some outdoor products for climbing and hunting. The *sports market* includes team sports and balls, equipment for fitness/gym, equipment for snow sports, ski and snow boots, equipment for water sports, golf, racket sports, skating and table tennis. The *outdoor market* includes camping goods, fishing and horse riding. Camping includes items also required for hiking or climbing.

Consumption

Total EU27 sports and camping goods consumption was estimated at € 15.1 billion in 2006. The average EU consumption per capita was € 30.74. Consumers in Finland, Sweden, France, Denmark and the UK spent most on sports and camping goods. Despite a recession in much of the EU in the early part of this period, consumption grew by an annual average of 1.8% between 2002 and 2006, from € 14 billion.

Team sports and outdoor pursuits are the most important segments in terms of equipment sales, and broadly speaking fitness and water sports equipment sales are increasing, while snow sports and some individual sports are decreasing. The encouragement of greater participation in sport is generating higher levels of expenditure on sports and camping goods equipment, and consequently generating more opportunities for developing country exporters.

In many of the EU15 countries in particular, the market is becoming much more fashion conscious, whereas product performance is still more important than design in the new member states, although this is changing. Future EU sports and camping goods market drivers will be:

- The growing importance of the environment in terms of the sporting activities which are practised, and how consumers buy their equipment.
- Demand for equipment that can be used at work or at home for individual fitness training.
- Recognition of the importance of the media and sponsorship to fuel the development of particular sports.

Production

In 2006, the turnover of the 4,300 companies manufacturing sports and camping goods valued € 3.5 billion. This was on average 3.4% lower annually since 2002, when production was valued at € 3.9 billion. Italy accounted for almost 30% of this as a result of its high levels of ski and snow boot production. The top four producers (Italy, the UK, France and Germany) accounted for over 70% of total production, a slightly higher proportion than 2002, despite overall falls in production.

Production values fell by less than production volumes, but the EU is still an important producer on the global stage, accounting for one third of all production, while Asia produces half of the global market, and this figure is growing. Equipment for team sports accounts for approximately 30% of all EU production of sports and camping goods. There are clear signs that developing country exporters are impacting on EU production in a number of product groups such as skates, balls and rackets.

Trade channels

Most sports and camping goods are supplied through the traditional route, which is from manufacturer to importer/wholesaler to retailer. In southern EU countries and the new EU member states in particular there are many small sports shops.

The non-specialist sector is becoming more important. This is resulting in more sales of sports equipment through department stores and hypermarkets, but this does not apply to all product groups. Fitness equipment sales tend to be strong here, but specialist retailers are also strong in certain types of sport or outdoor activity eg fishing or riding. Internet sales are becoming more important. Hence importers and wholesalers are becoming less influential as

large retailers buy direct from manufacturers, or arrange their own manufacturing. In the middle and northern EU countries many small retailers organise themselves by joining a buying group, which negotiates directly with (overseas) manufacturers. This helps them to remain competitive on price and range.

Imports

The EU is one of the leading importers of sports and camping goods in the world and in 2006 imports were valued at € 7.5 billion, or 1.4 million tonnes. An 8.7% annual average increase in value between 2002 and 2006 compares with an even larger 14.4% annual average increase in the volume of imports, suggesting that import prices have been falling. The UK, France and Germany were the largest importing countries, accounting for over 45% of all imports by value and 48% by volume. Between 2002 and 2006, all EU countries increased their imports of sports and camping goods, especially Romania and Bulgaria, the newest member states, and some Eastern EU member states, notably Slovenia, Slovakia and Latvia.

Fitness/gym equipment accounted for 18.5% of imports (38% by volume), up from € 877 million to € 1,388 million between 2002 and 2006. *Team sports* was the next largest product group, which accounted for 17.7% of the value of imports (23% by volume), compared to 14.9% in 2002. *Snow sports, camping, golf and balls* were the next four product groups by value. All experienced average annual increases in value with the exception of golf.

In 2006, EU sports and camping goods imports from developing countries were valued at € 2.9 billion. This represented 38% of all imports, up from 32.9% in 2002. Between 2002 and 2006, imports from developing countries to the EU rose by 12.8% in value, but they rose by over 20% by volume, further reinforcing the falling prices of imports from developing countries, which fell by more from here than from any other part of the world. Note however that prices are slowly rising since 2004. The leading developing country suppliers are China by some distance, followed by Pakistan, India, Thailand, Vietnam, Malaysia, Philippines, Tunisia and Indonesia. The top three importers from developing countries (UK, Germany and France) account for half of all EU imports from developing countries, down from 56% in 2002. Imports from developing countries by the twelve newest EU member states were valued at € 159 million in 2006, with large increases by Bulgaria and Romania. In 2006, 46% of EU imports came from other EU countries. The leading suppliers to the EU were Germany, Italy and France, as well as suppliers with high re-exports such as Belgium and The Netherlands.

Exports

EU exports increased by 6.8% in value from € 4.4 billion in 2002 to € 5.8 billion in 2006, and by 2.6% in volume from 508 to 563 thousand tonnes, mainly due to increasing intra-EU exports, many of which were likely to be re-exports. France, Italy and Germany were the largest exporters, accounting for almost 44% of all exports by value (38% by volume), yet Belgium actually accounted for more volume exports than any other EU country, due to the extent of their re-exporting. *Snow sports* was the largest product group of exports, accounting for 20% of all exports (€ 1.2 billion), followed by *equipment for team sports* (€ 1 billion) and *fitness/gym equipment* (€ 836 million).

Opportunities for exporters from developing countries

Opportunities exist in this market, particularly in the supply of quality leather products such as balls, gloves or saddlery products at competitive prices. Here it is important to demonstrate quality and stylish production as well as presenting a solution to the environmental and ethical demands of the EU market place. The enlarged EU market will provide more opportunities. Eastern EU markets are less driven by fashion. Buyers in this part of the EU will be more receptive to traditional products. As the EU industry looks for ways to cut its costs, there will be opportunities created by forming working partnerships. The best form of partnership is likely to be with an EU company with a similar outlook to yourself, or one that can provide skills which are complementary to your own, perhaps where there is a transfer of technology to enable lower cost production of modern sporting equipment such as lightweight tents.

Introduction

This CBI market survey profiles the sports and camping goods market in the EU. The emphasis of this survey lies on those products, which are of importance to developing country suppliers. The role of and opportunities for developing countries are highlighted.

This market survey discusses the following product groups:

There are a number of ways to divide this market sector, but broadly speaking there is the *sports market*, which essentially relates to products used in the pursuit or playing of active team or individual sports. This would include team sports and balls, equipment for fitness/gym, equipment for snow sports, ski and snow boots, equipment for water sports, golf, racket sports, skating and table tennis. There is also the *outdoor market*. This would include camping goods, fishing and horse riding (saddlery). Camping would include items also required for hiking or climbing. Hunting is part of the outdoor market, but excluded from this report.

For detailed information on the selected product groups please consult appendix A. More information about the EU can be found in appendix B.

CBI market surveys covering the market in specific EU member states, specific product (group)s or documents on market access requirements can be downloaded from the CBI website. For information on how to make optimal use of the CBI market surveys and other CBI market information, please consult 'From survey to success - export guidelines'. All information can be downloaded from <http://www.cbi.eu/marketinfo>. Go to 'Search CBI database' and select your market sector and the EU.

1 Consumption

1.1 Market size

The global market for sporting goods was estimated to be approximately € 180 billion in 2006, of which € 115 billion relates to sports footwear and apparel. The remaining € 65 billion includes bicycles, which are not included in this survey, but excludes some camping goods. Hence, it is estimated that the global market for the products involved in this sector amounted to approximately € 50 billion. Therefore the EU accounted for 30% of the total market for sports and camping goods. The USA is the leading market, with 42% of sales, followed by Asia (19%), Latin America (4%) and the Middle East and Africa each with 2%. The Olympic Games in Beijing in 2008 are forecast to further boost the Asian market.

The EU market grew by an annual average of 1.8% between 2002 and 2006, from € 14 billion to € 15.1 billion. This average conceals major differences between markets. In the early part of the period there were declines and low growth rates as much of Europe experienced a recession. Sports and camping goods are a discretionary or luxury purchase, so consumers were able to cut back their expenditure on these items if they needed to.

Table 1.1 EU consumption of sports and camping goods, € million

	2002	2003	2004	2005	2006	Average ann. % change	Consumption per capita €
Total EU	14,040	14,147	14,409	14,768	15,088	1.8	30.74
Germany	3,172	2,980	2,920	2,951	3,008	-1.3	36.52
France	2,748	2,830	2,900	2,935	2,965	1.9	48.57
United Kingdom	2,123	2,180	2,284	2,393	2,418	3.3	40.15
Italy	1,465	1,490	1,471	1,502	1,545	1.3	26.43
Spain	1,188	1,230	1,297	1,340	1,381	3.8	31.31
Sweden	533	545	558	566	596	2.8	65.86
Netherlands	510	498	498	502	510	0.0	31.23
Finland	326	333	345	354	364	2.8	69.20
Austria	293	298	303	309	310	1.4	37.67
Belgium	275	280	289	292	298	2.0	28.35
Portugal	252	263	270	278	285	3.1	26.96
Denmark	237	240	245	255	260	2.3	47.88
Greece	197	205	217	230	244	5.5	22.02
Poland	181	195	202	212	222	5.2	5.83
Czech Republic	122	130	134	142	148	4.9	14.44
Ireland	118	123	129	136	142	4.7	33.57
Romania	64	71	77	85	94	10.1	4.34
Hungary	49	54	57	60	63	6.5	6.25
Slovakia	42	46	49	52	53	6.0	9.83
Slovenia	35	38	40	42	43	5.3	21.50
Bulgaria	20	23	25	28	31	11.6	4.02
Latvia	20	22	23	24	25	5.7	10.87
Lithuania	19	20	21	22	23	4.9	6.76
Estonia	18	19	20	21	22	5.1	16.30
Luxembourg	20	21	21	22	22	2.4	47.83
Cyprus	9	9	10	10	11	5.1	13.41
Malta	4	4	4	5	5	5.7	12.50

Source: Mintel, Keynote, FPS, SGI, Trade Estimates (2007)

Detailed statistics for many of these markets and sectors are not readily available, and have been derived from information available from neighbouring countries, and estimates based on other macro-economic data for each country. Although Germany and The Netherlands declined or remained unchanged over the period, all markets are now moving forward and average growth rates are forecast to be slightly higher overall than the preceding five years. See the individual country reports for individual country growth estimates.

The leading five EU markets of Germany, France, the UK, Italy and Spain accounted for 75% of all EU sales in 2006, down from over 76% in 2002. This illustrates that the new member states and some of the faster growing EU economies are becoming increasingly important markets. This trend is expected to continue, particularly as both these economies and levels of sports participation are forecast to increase at rates above the EU average.

With an EU average per capita expenditure on sports and camping goods of € 30.74, this hides some wide variations. Italy is the only major country with expenditure below the average. The countries with the highest expenditure tend to be the Scandinavian countries. This is based on their high levels of sports participation, but also on their high levels of snow sports expenditure, which may fall in future.

Per capita expenditure in the new member states was well below the EU average. It is these markets, many of which also have a strong sporting heritage from their past association with the Soviet Union, where the growth opportunities are perhaps the greatest. Growth here was dependent not only on a growing economy, but also investment in sporting infrastructure such as sports halls, leisure centres and playing fields, as well as more encouragement of sport at schools.

Other key factors that provide an optimistic basis for future market growth are:

- Increasing media coverage and sponsorship of a wider range and numbers of different types of sports in most EU countries.
- Increasing link between sport and celebrity. The well-publicised move by David Beckham to play football in the USA has been heralded as the key event that will make the sport more popular in that country. This sort of publicity also keeps sport in a prominent place in public perception.
- Increasing link between sport and fashion. The wearing of certain sports apparel is seen as a fashion statement. It also acts to encourage young people to participate in sport, particularly some of the newer "street sports" and sports clearly designed for young people.
- Government promotion of sport and a healthy lifestyle. Sport is seen by many EU governments as a means to tackle various issues, eg growing levels of obesity, encouraging young people away from crime, encouraging a more positive outlook on life.
- Older more affluent consumers are playing more sport because they wish to remain more active for longer.
- More hectic lifestyles, particularly in urban areas, are also encouraging people to adopt simpler lifestyles, much of which is expressed in spending more time in outdoor pursuits such as walking and camping.

1.2 Market segmentation

The market for sports and camping goods is quite diverse. While there are some sports, such as football that are universal in their appeal, other sports and outdoor pursuits are geographic in their appeal eg snowsports in cold mountainous areas, water sports in countries with warmer climates and long coastlines. Some sports are traditional and limited to certain countries eg boules in France, and cricket to a lesser extent in the UK.

The most straightforward way to segment this market is by type of sport or outdoor activity. Before discussing how this is approached, a number of market commentators also point to demographic segmentation, which highlights different sports participation between older or younger people, and different participation between men and women, and socio-economic

segmentation, which looks at the differences between different income groups. It is advisable to consider each of these approaches, but segmentation by type of activity is the most illuminating basis.

Different sports and outdoor activities have very different requirements for equipment, depending for example on how each sport is played. Some of the most popular sports, such as swimming have very little requirement for equipment, while some less popular sports require a lot of equipment to participate.

To keep the presentation of information to a manageable size, this market sector has been segmented into six groups, which are based both on clearly identifiable separate activities, and also to relate to the fourteen product groups that are listed in appendix A. The six groups are:

- *Team sports.* This includes all indoor and outdoor team sports such as football, basketball, volleyball, hockey, cricket, rugby. Balls and equipment for use in these sports feature here.
- *Individual sports.* This includes golf, racket sports such as tennis, squash and badminton, table tennis, skating and individual board sports. Cycling is excluded as a sport. Although cycling is a very large market, it is classified separately as a means of transport, rather than a sport. Hence it is excluded from this report.
- *Fitness and gym.* This includes all forms of keep fit activity, such as yoga, aerobics, running. It covers home fitness equipment as well as equipment for activities undertaken in gyms such as trampolining, boxes and climbing frames, and activities in leisure centres such as rowing machines, treadmills etc.
- *Snow sports.* This includes equipment for skiing, alpine and cross-country, snowboarding and other related (mainly winter) sports. This category also includes ski and snow boots.
- *Water sports.* This includes sailing using inflatable boats, kayaks, canoeing, surfing, diving, waterskiing and other more modern sports related to the "beach culture" that has developed recently.
- *Outdoor pursuits.* This is a very wide group. It includes camping equipment, as well as equipment for fishing and horse riding (saddlery). Excluded from this group are climbing equipment and accessories for hunting.

Segmentation by product group in the EU, and in the leading markets for sports and camping goods in 2006 is as follows:

**Table 1.2 Consumption by activity in the major EU markets in 2006,
% value**

	Team sports	Individual sports	Fitness/ gym	Snow sports	Water sports	Outdoor pursuits
Total EU	25%	19%	14%	15%	5%	22%
Germany	27%	20%	14%	13%	4%	22%
France	21%	15%	15%	25%	5%	19%
United Kingdom	21%	31%	15%	2%	3%	28%
Italy	25%	14%	13%	22%	7%	19%
Spain	33%	11%	12%	19%	6%	19%
Netherlands	22%	20%	16%	5%	6%	31%
Belgium	29%	20%	14%	6%	7%	22%

Source: Mintel, Keynote, SGI, Trade estimates (2007)

Table 1.2 illustrates the different sizes of the respective market segments in the major markets, and the relationships between them. The team sports market in Germany is valued at € 800 million, double the size of the Spanish market, despite its share of the total being larger in Spain. Snow sports are very important markets for France and Italy in particular, while they are small markets in the UK, The Netherlands and Belgium. Broadly speaking, the fitness equipment and water sports markets are growing, while the snow sports market is declining. This is in part explained by an increase in renting ski equipment, rather than self-purchases.

More detail on the relative size and importance of each market segment can be found in the individual country reports. A further measure of the relative importance of the different segments is the different participation levels by the major sporting and outdoor activities. The figures which follow in table 1.3 do not directly correlate to the above market segments, but they provide a further indication as to the relative popularity and appeal of these activities in the EU, and in the major markets.

Table 1.3 Participation in the top sport and outdoor activities in the major EU markets in 2006, % participation and numbers of participants in millions

	% playing sport at least once a week	Fitness (gym club member)	Fishing (recreational angler)	Football (club member)	Horse riding (regular rider)	Golf (players)
Total EU	38%	38	23	20	7	4.06
Germany	39%	7	3.3	6.5	1.5	0.53
France	43%	3.47	4	2.2	0.4	0.38
United Kingdom	45%	7.03	4	2	1.8	1.5
Italy	27%	5.52	0.9	1.1	0.2	0.08
Spain	37%	6.58	2	0.7	0.1	0.31
Netherlands	52%	2.71	1.5	1.1	0.2	0.28
Belgium	43%	0.5	0.3	0.5	0.1	0.05

Source: Eurobarometer, International Health, Racquet & Sportsclub Association, European Golf Association, European Anglers Association, International Equestrian Federation (2007)

Finally, another important way to segment the market is to try to find out which sports participants are either the most active or inactive. The argument goes that if you can identify and target the most committed sport or outdoor enthusiasts, you will be finding those who have the greatest use for sporting equipment, and those who spend the most. The COMPASS study which has tried to find a common way to express sports participation by different EU member states has created a segmentation basis along these lines. Table 1.4 indicates the seven different consumer types and highlights the different size of these sectors between some of the countries that have participated in the study.

Table 1.4 Comparison of leading countries by major sporting typologies, % of participants

	Spain	Italy	Netherlands	UK	Sweden	Finland
1. Intensive – competitive & organised	3	2	8	5	12	6
2. Intensive	16	3	8	13	25	33
3. Regular – competitive & organised	1	2	10	4	5	5
4. Regular - recreational	14	3	6	6	17	29
5. Irregular	4	8	25	19	11	6
6. Occasional	1	5	6	20	0	2
7. Non-participant	62	77	37	34	30	19

Source: Uniroma (2000)

1.3 Trends

Some of these trends have been mentioned briefly in the section on market size, but a more detailed description of how they affect market developments follows here:

The joining of sport and fashion

The most notable trend in the sporting goods market is the clear acknowledgement that the sports business is now part of the fashion business. While this trend has perhaps greater implications for sports footwear and clothing, nevertheless for sporting equipment, fashion is also playing an increasingly important role in determining how sporting equipment is designed, and how it looks and fits into the environment in which it is used. As a consequence, the importance of brand names continues to grow. However brand names are not as important for sports equipment as they are for sports apparel and footwear. Nevertheless this is changing, and many of the major footwear and apparel brands are strongly represented in this sector.

This is a clear trend in western and northern Europe, but it will also become more important in eastern Europe as these markets develop. It is also more of a noticeable trend in `newer` sports such as fitness training, water sports and action sports, but this trend is predicted to extend throughout most sports, with the possible exception of very traditional sports with a much older age profile.

This trend has also been behind the prices consumers are prepared to pay for sports equipment. Those who purchase more for leisure and fashion purposes are interested in lower prices than those sporting and outdoor enthusiasts who consider themselves to be specialists or professional sports people. For this group, price is less important.

The changing importance of sports

While football remains clearly the most popular sport, there are trends in how sports are transferring in popularity between countries. For example, floorball, which is very popular in Sweden, is now Europe's fastest growing sport. Similar to hockey, but played with a plastic ball, this game is forecast to have much wider potential.

This is counter to the broad trend of a shift away from team sports to individual sports. This is driven by modern lifestyles, where consumers tend to be short of time. They fit in their exercise when it suits them, and this is behind the growth of personal exercise regimes and individual sports activity. This is not signalling the end of team sports. Team sports benefit from media and spectator interest. If a particular sport becomes fashionable, that will prompt a great increase in participation and significant increases in equipment expenditure.

Team sports are still more important in eastern EU countries, and in countries where participation in sport tends to be lower.

Wearable technologies

The major future product trend relates to the market for technological sports equipment and portable consumer electronics. This is linking sport with current trends in the electronics industry. Examples of this include exercise, monitoring and GPS devices for leisure time and outdoor sports. `Mobile motion tracking` involves the use of movement sensors to record heart rate, pulse, number of steps and movement sequences for exercising. Some technologies and materials have previously been developed for use in outer space, including special materials that can be built into clothing and equipment for use in extreme temperatures – hot or cold.

Coming of age

It is still the case that young people tend to play more sport than older people, but this is changing. It is particularly relevant for equipment manufacturers, as older people (known as `Best Aged` or over 50 year olds) are now generally fitter, have more leisure time and, most importantly, have more disposable income to devote to leisure pursuits than younger people.

It is still the focus of governments to pay particular attention to encourage young people to take up sport at school, and to encourage competitive sports at school. While it is clear that young people taking up sport is the basis for the future market, the fact that older people are continuing to be active, or are taking up sporting activity later in life, is providing a further

impetus and depth to the market. This trend is most apparent in northern and western EU countries, but is expected to become more widespread. A related trend is the numbers of women participating in sport. Women have generally been in the majority as far as health clubs are concerned, but the growth of women's football is also a sign that there are growth opportunities in some team sports, but perhaps from an unexpected source.

Health promotion in the EU

Consumers are being assaulted on many sides by numerous government initiatives and legislation to encourage a healthier lifestyle. Not only is smoking being banned in public places in some countries, but advertising campaigns promoting healthy diets and exercising are visible throughout most of the EU. This is designed to make EU citizens healthier, but also to be a preventative device to reduce the future cost of government health care.

The encouragement of sport at all ages and to all groups is an important part of this strategy. Investment in sporting infrastructure is a pre-requisite to enable more people to play sport. This is something that generally is expected to be funded at a government level. The growth of the sports fashion industry would not be as effective without the development of professional sport. The impact on equipment manufacturers will vary, and some equipment manufacturers will benefit enormously from the building of new sports halls and sports grounds, but ultimately the net effect will be increased demand for more sports equipment.

Ethics and the environment

Some consumers see these issues as related, others do not. The number of consumers that now feel that either one or both of these issues are important or very important determinants of what they buy and in which sport or activity they become involved is increasing at a very high rate.

Consumers increasingly want to know that there has been no child exploitation or unfair trading practices involved in their sporting goods purchases. Bad publicity in the past for how some sports footwear has been produced has had an impact on the purchases of other sports equipment.

The other important trend is environmental. Consumers want to be sure that their sporting activity is not harmful to the environment. This has seen an increase in the number of outdoor holidays and activity. Golf may see a reaction as it is becoming more widely acknowledged about the amount of water used to maintain a golf course. Snow sports are already suffering due to climate change. In addition, there may be a move towards more local purchasing of sporting goods as consumers think they are helping the environment by not purchasing products that have been shipped half way around the globe to reach them.

These trends present some challenges to the market, but ultimately the trends are moving towards a greater encouragement and appreciation of the merits of sport and the outdoors, as well as greater participation and expenditure. This is despite some commentators suggesting that younger people are now more interested in television and computer games, and that this will result in a long term reversal of the market. It is certainly true that consumers in general have more choice in how they spend their leisure time, but despite an increase in other choices, the role of sport is increasing rather than diminishing.

1.4 Opportunities and threats

- + As the EU economy starts to improve after years of stagnation, opportunities will become apparent for exporters from developing countries in both sports and camping goods.
- + People are living longer, and are fitter. This trend is increasing throughout the EU. It is underpinned by EU consumers taking more exercise and participating in more sport, partly for pleasure but also to stay fitter longer.
- + There is significant government focus on sporting activities in much of the EU. This is driven by health concerns. Encouraging additional sporting activity (in conjunction with

improvements in diet) is seen as an important way of improving the general health of the EU population. As a consequence, companies involved in the manufacture of the right sort of sporting and outdoor goods are generally operating in a growing market.

- + More media coverage of sport, and the globalisation of sporting events through the media, will introduce bigger audiences to different sports. Much of this will be as spectators, but there will also be growing number of consumers who take up a sport for the first time, after seeing it on television, and despite the fact that they were aware of it already and may have had opportunities in the past to practice the sport. For example, many school children played basketball when they were younger, but many actively took up the sport after the televising of American basketball.
- + The demand for fair trade products presents a great opportunity for exporters from developing countries. At the moment, the only fair trade products which exist in this sector are sports balls. This could easily extend to leather sports gloves or saddlery items for example. The opportunities for linking fair trade to fair play in sport are very strong.
- + Opportunities exist for equipment manufacturers from DC countries to develop relationships with government agencies, to be part of the broad development of sporting infrastructures. This is particularly the case in new member states where sporting infrastructure is less developed.
- The growing importance of fashion is a threat for those exporters who find it difficult to keep up to date with latest fashion trends.
- The growing market for sports and camping goods provides opportunities for exporters if they can produce at the prices demanded. However there is a danger in becoming too reliant on one part of the market. If you are not able to supply quickly and change production at the short-term whim of what is becoming more of a fashion-driven market, you could find yourself exposed to the dangers of overtrading.
- More equipment has become technologically more sophisticated. Exporters from developing countries need to be sure they can meet these new demands in product quality and expectation.

Each opportunity should be thoroughly assessed in each specific market before proceeding further.

1.5 Useful sources

See CBI market surveys on individual countries for contact details of important sources in individual countries.

- At an EU level, the Federation of Sporting Goods Retailers (FEDAS) is an important contact (<http://www.fedas.com>).
- Information is available from commercial market research companies (either on a pan-European basis or by individual country) including Sports Marketing Surveys (<http://sms.sportcentric.com>), the NPD Group (<http://www.npd.com>), Mintel (<http://www.mintel.com>), Keynote (<http://www.keynote.co.uk>), BBW (<http://www.bbwwmarketing.de>) and Largo Consumo (<http://www.largoconsumo.info>). Information on a number of European sporting goods markets can also be obtained from the Federation of Sports and Play Industries in the UK (<http://www.sportsandplay.com>).
- A regular bulletin on the sporting goods market in Europe is published by Sporting Goods Intelligence (<http://www.sgieurope.com>).
- Some of the European and international bodies representing the principle sports and outdoor activities are listed here:
 - Football – the European Football Association (<http://www.uefa.com>)
 - Fitness - the International Health, Racquet & Sportsclub Association (<http://www.ihrsa.org>); the European Bodybuilding & Fitness Federation (<http://www.ebff.org>)
 - Golf – the European Golf Association (<http://www.ega-golf.ch>)
 - Fishing – the European Anglers Alliance (<http://www.eaa-europe.org>); the European Fishing Tackle Trade association (<http://www.eftta.com>)

- Outdoors – the European Outdoor Group
(<http://www.europeanoutdoorgroup.com>)
- Horse riding – the International Equestrian Federation
(<http://www.horsesport.org>)
- The main trade fair for the sporting goods industry is ISPO Sport & Style, which takes place in Munich, Germany (<http://www.ispo-sportstyle.com>).
- The main trade fair for the outdoor industry is the Outdoor Fair at Friedrichshafen, also in Germany (<http://www.european-outdoor.de>).

2 Production

2.1 Size of production

The EU production of sports and camping goods has fallen by an annual average of 3.4% between 2002 and 2005 to a value of € 3.5 billion. This represents approximately one third of global production, whereas almost half of all sporting goods production is made in Asia, predominantly China and Hong Kong. Production in the USA is half that of the EU. Accurate figures are difficult to provide as there are many examples of partial production in one country, followed by finishing in another. Nevertheless, the trend is clear of a gradual shift to Asia. The explanation for this shift to Asia is primarily lower labour costs, but increasingly the ability of Asian producers to match and sometimes exceed the technological competencies of European manufacturers.

EU production is set to continue this gradual decline as the globalisation of the sports and camping goods market continues. Employment had fallen by 2005, with the sector consisting of approximately 4,300 companies employing 45,000 people in the EU27. Table 2.1 highlights a mixed picture between the different member states in terms of production. The greatest increases were seen in some eastern EU counties, particularly Poland and the Czech Republic. Over 70% of production came from the top four producing countries, a small increase in share since 2002, despite falls in all of these countries, except for Italy.

Table 2.1 EU production of sports and camping goods 2002 – 2005,
€ million / 000's of tonnes

	2002		2004		2005*		Average annual % change in value
	value	volume	value	volume	value	volume	
Total EU	3,935	422	3,681	481	3,549	406	-3.4
Italy	1,033	208	1,057	312	1,055	299	0.7
United Kingdom	603	78	595	46	566	20	-2.1
France	613	20	573	20	505	13	-6.2
Germany	502	13	428	13	409	12	-6.6
Austria	505	26	248	26	252	12	-20.7
Spain	177	13	219	13	203	5	4.7
Finland	105	1	131	1	137	4	9.3
Denmark	68	1	83	1	91	1	10.2
Sweden	84	1	76	1	71	1	-5.5
Hungary	33	20	53	13	52	12	16.3
The Netherlands	60	3	55	3	51	2	-5.3
Portugal	28	1	34	1	26	1	-2.4
Poland	11	7	15	7	25	3	31.5
Ireland	39	1	29	0	25	0	-13.8
Belgium	16	1	20	0	21	0	9.5
Czech Republic	10	1	19	1	20	1	26.0
Bulgaria	14	1	12	2	12	2	-5.0
Romania	4	12	11	13	7	12	20.5
Slovenia	8	0	7	0	7	0	-4.4
Estonia	18	13	5	8	5	6	-34.8
Slovakia	3	0	3	0	3	0	-8.0
Latvia	0	0	1	0	3	0	421.8
Lithuania	0.3	0	0.9	0	2.4	0	100.0
Greece	1	1	4	0	2	0	4.7
Cyprus	0	0	0	0	0	0	0.0
Luxembourg	0	0	0	0	0	0	0.0
Malta	0	0	0	0	0	0	0.0

Source: Eurostat, National Statistics Offices (2007)

*: 2006 data not yet available

A closer look at movements in the production of different product groups can help explain some of these changes. The largest falls in share of production have been in ski equipment and production of other snow sports items, which accounted for over one quarter of EU production in 2002. This had fallen to less than 15% by 2005. This for example would explain the large falls in Austria and France, and Germany to a lesser extent.

Other notable changes are in equipment for team sports, which in 2002 accounted for 24% of production, but this had increased to over 30% by 2005 (representing additional production value of over € 100 million). Spain and Finland benefitted from this in particular, as did France.

In the smaller product groups, large increases were experienced in the production of equipment for water sports (benefitting France in particular) and large decreases were seen in the production of skates (Italy losing out in particular).

It is difficult to generalise in terms of regional groupings. There appears to be a trend of clusters of countries performing differently, which may or may not be related. For example, two of the Baltic States are registering strong increases in production, while the other (Estonia) is experiencing falls in production. Similarly, increases in production throughout eastern EU countries are not shared in Slovakia or Slovenia, where they have experienced decreases. This may be explained by parent companies in the USA or western Europe switching countries where outsourcing is carried out.

Note, volume figures are not considered to be entirely reliable. They have been adjusted in Eurostat to more accurately represent the relationship between volume exports and volume imports. For example, although volume figures show an increase, this can be explained by a single entry in Italy in 2005 for approximately 200 tonnes of production related to balls. Although a similar figure appears in 2004, there is no equivalent entry in 2002. Without this, there would have been a more rapid fall in volume over the period, which is felt to more accurately reflect the true picture. Value figures are considered to be reasonably accurate, despite the absence of some confidential figures, as mentioned specifically in the country reports.

2.2 Trends

The decreasing share of global sporting goods production by the EU is forecast to continue. In many ways the trends seen in sporting goods equipment are to a large extent influenced by trends seen in sports footwear and apparel. In these two larger markets, the transfer of production from the EU to Asia has been taking place over a longer period, and the rate of change has been more rapid. A significant proportion of production in Asia is now for EU/USA companies for supply to the global market, but larger Asian suppliers are starting to challenge the established brands by developing their own products and brands, initially for their domestic markets but also for export. There have been issues in these markets, particularly anti-dumping legislation and counterfeiting, which have affected sports equipment to a lesser degree. However, the affects are similar, as many sports footwear and apparel buyers are the same people who also buy sports equipment.

Outsourcing continues but locations change

This has been and will continue to be an important aspect of the production of sporting goods. According to the World Federation of Sporting Goods Industries (WFSGI), over 80% of most sports goods (including sports footwear and apparel) are outsourced in developing countries, with the exception of snow sports, golf and water sports. The beneficiaries of this are primarily (but not exclusively) in Asia, rather than other parts of the world.

The WFSGI has developed a code of conduct, by which all members must abide. This mainly covers labour conditions for people working in the industry. Not all producers are members of the WFSGI, so they are not bound by the conditions, but high ethical and environmental standards are expected now in all consuming countries. Hence any outsourced destination

must also meet these criteria. WFSGI now have a Corporate Social Responsibility Committee to further develop and enhance its own standards among its members.

There are some signs that outsourcing is moving to other parts of the world, particularly as some Asian countries are becoming more expensive. Some eastern EU countries have benefitted, but now other non-EU countries closer to the EU are benefitting. Countries such as Ukraine, Moldova and other CIS countries, as well as some north African and middle Eastern countries are forging closer links with EU producers. An example would be Turkey, where the EU entry of Bulgaria stimulates even closer trading links and opportunities between the countries. An important reason for this move closer to home is environmental. Some countries are looking to forge links with more nearby countries to reduce transport costs and the associated environmental damage. Some EU producers are prepared to make the necessary investments in time and resource input in these countries to help them reach the required quality standards.

Consolidation and cooperation

The global pressures on production that have seen the EU industry threatened have resulted in a number of mergers and acquisitions. There have been some very high profile mergers, notably the joining of forces of Adidas and Reebok. This is part of a wider trend that has also seen many smaller manufacturers join forces either to gain competitive advantage, or more usually to help their chances of survival in the global market.

Although this trend can be seen as a move to even tougher competition, there are also moves within the industry towards greater cooperation. This primarily is taking the form of working together to improve standards, and also working together to battle against counterfeiters and abuses of intellectual property rights.

Maintaining design and quality control

Modern technology is playing a role in the industry, with designers seeking new fabrics and applications e.g. sun-protecting and reflective fibres with synthetics blended into wool and cotton etc. Manufacturers of sports balls and golf equipment have upgraded the materials used on basketballs, volleyballs and footballs from rubber and PVC to high-end PU. The use of nano-technology in sports apparel is also expected to become more widespread. Apart from new materials, products have been developed with hi-tech devices attached e.g. MP3/ipod sport shoes and pulse timer bras. Furthermore, new sports gear is increasingly designed with the help of the latest sports science, which enhances performance. Equipment for indoor `passive exercise` has been invented e.g. the iGallop.

Many major manufacturers have sourcing agents in countries like Hong Kong, and the production of these new developments may be outsourced, but parent companies are retaining the design expertise and copyrights on new designs. They are also choosing to retain some control over finishing and assembling of products.

With capital intensive products as exceptions, sporting goods are like other consumer goods, where research and development and marketing are the processes with the highest added-value. Thus, leading manufacturers offshore their physical production to China, Vietnam, Indonesia and Thailand etc, while they are focussing their R&D on the use of new materials and design incorporating engineering, bio-mechanics and physiology.

2.3 Opportunities and threats

- + As the EU sports and camping goods industry adapts itself to the global marketplace, this will provide both opportunities and threats to exporters from developing countries. DC exporters need to keep up with new production technologies, and ensure that their own businesses are efficient.
- + While the EU industry defends its domestic markets, it is also attempting to gain new export markets. Many EU consumers are loyal to their own domestic industries and will try

to support them where they can. The part of the market that the EU feels it is in the best position to defend is the quality end of the market. On the one hand, this will make it easier for exporters to enter the lower-end of the market, which is more price driven, but make it harder to gain a foothold in the more lucrative premium end of the market.

- + As the EU industry looks for ways to cut its costs, there will be opportunities created by forming working partnerships with companies who still wish to keep control of their business but who would be prepared to outsource production to a lower cost economy. The best form of partnership is likely to be with an EU company with a similar outlook to yourself, and one that operates in a niche market. This may provide you with the best opportunity to demonstrate your value and distinctiveness.
- + The attitude in parts of the EU to some of the very large importers is quite negative. Many EU consumers are tired of seeing products “made in China”. They also fear the dominance that China is creating for itself and react by avoiding or boycotting their products. Opportunities may exist for suppliers from smaller countries who are seen to be less of a threat. Some buyers may be prepared to switch suppliers if their requirements can still be met by smaller producers.
- + To be in the best position to take advantage of these opportunities, you need to be flexible in your production, to be reliable and meet the demands of short lead times.
- So much of new production developments now are driven by rapidly evolving new technologies requiring high investment in research and development. It is very difficult for developing country exporters to compete with new technology. Advances in technology in many ways can be more powerful than low labour costs. Ultimately consumers will pay for technological advantages in products. This is particularly the case in the professional sports market, where price is not a significant factor.
- The new member states with their own sports and camping goods industries, especially Romania and Bulgaria, represent a threat to developing country exporters. These countries will wish to develop inroads into other EU markets. They would have anticipated this as one of the benefits of joining the EU in the first place. This also applies to the threat posed by a move to more local sourcing of products. DC exporters may lose out to the environmental argument for not using distant suppliers.

2.4 Useful sources

See CBI market surveys covering the market in individual EU countries for specific production information by country and interesting players in each country. Other sources are:

- Production data can be found on the European Union website. Go to <http://epp.eurostat.ec.eu.int> and follow the links as outlined in chapter 4. You will see an option for production alongside external trade.
- The World Federation of Sporting Goods Industries is based in Lausanne, Switzerland and represents the interests of manufacturers worldwide. They can be contacted via <http://www.wfsgi.org>.
- Sporting goods manufacturers in Europe are represented by FESI, the Federation of the European Sporting Goods Industry. There are 1,800 European manufacturers who are members. FESI is based in Brussels, Belgium and can be reached at <http://www.fesi-sport.org>.
- Information on the resolution by the European Parliament on child labour in the production of sports equipment can be found at <http://www.sportslaw.nl>.

3 Trade channels for market entry

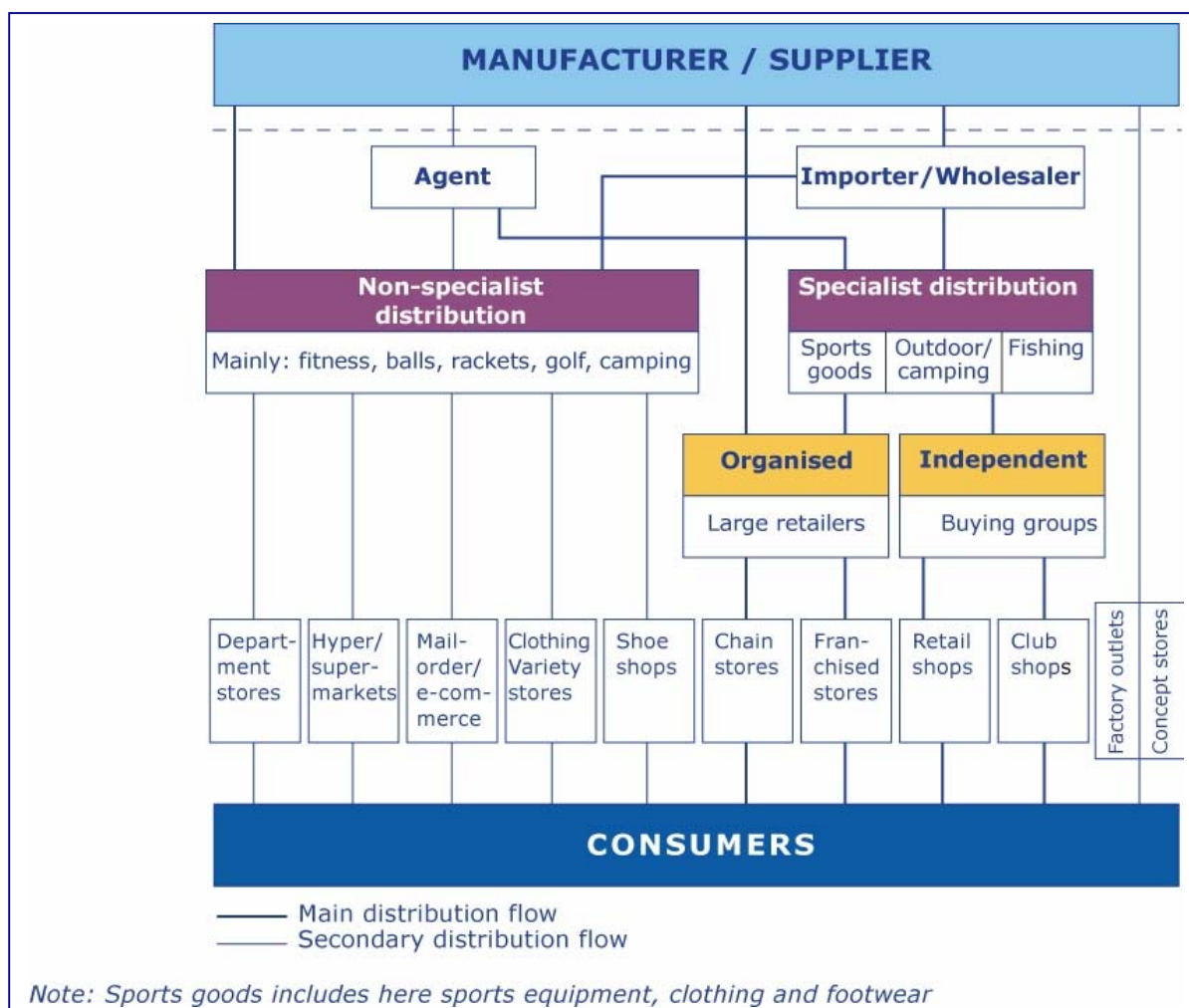
3.1 Trade channels

The route from manufacturers to consumers in the sports and camping goods market is varied. Different types of manufacturers would tend to use different channels. For example, some large manufacturers may have their own distribution networks and either pass directly to consumers, or go by a shorter route than smaller manufacturers. Developing country exporters are more likely to be interested in the various channels used by smaller manufacturers.

Not only are there different channels, the key distinction being between specialist and non-specialist distribution, but there are also differences depending on the products you supply, as the figure below illustrates. For example, manufacturers of large fitness equipment are more likely to be interested in reaching larger retail outlets, even though the small independent specialist sector may initially appear to offer best opportunities. This is because of the simple fact that most small independent outlets would not have sufficient space to stock such products.

In most countries, the traditional route from manufacturer to importer/wholesaler to retailer still dominates, although there are wide variations between countries. Generally speaking, those countries where larger brands and manufacturers dominate the trade are moving away from this traditional model, but it still represents between roughly one half and two thirds of the trade.

Figure 3.1 EU distribution structure



The central determinant of the route to market is size. The general trend has been towards larger manufacturers and larger retailers. As a consequence, the structure of the trade has been changing, squeezing out many operators at all stages of the supply chain who are unable to adapt to the changing environment. Those remaining smaller manufacturers and smaller retailers have to be efficient and imaginative to survive. An illustration of this in the sporting goods market is the strength of buying groups that enable smaller retailers to survive in the face of large chains with much larger resources.

Consumers are now able to buy sporting goods at a much wider range of outlets. There is a much broader choice of products available, but on the downside there are fewer suppliers as the market is gradually becoming less fragmented.

Trade channels

For exporters in developing countries, the physical distribution of some sporting goods can be a constraint. When exporting for the first time, importers or wholesalers are the best channels. They have a good knowledge of the market and provide the safest and most effective method of distribution for exporters from developing countries.

Developing country exporters need to appreciate the hurdles which have to be overcome in order to be accepted by certain different customers, whether they are wholesalers or retailers. In many cases, it is essential to undergo a process to become accepted as an approved supplier. It is not enough to just present your product to someone and they will agree to buy it. Even if a potential customer is interested in your product, your organisation may be inspected to ensure it can meet the quality standards they insist upon. You may be required to undergo annual audits to ensure that your production processes meet their exacting standards. The larger the organisation, the more likely that you will be subject to this rigorous process.

Importers

By buying on his own account the importer takes title to the goods and is responsible for their onward sale and distribution in his country and/or in other EU markets. Those importers who are not exclusively tied to a brand manufacturer usually buy and sell the goods, take care of import/export procedures and hold items in stock. Many importers sell directly to specialist retailers, department stores or sports shops through permanent exhibition centres, while others have their own sales staff that visit retailers on a regular basis and take orders.

The importer has contacts in the local market, knows the trends and can supply considerable information and guidance to an overseas manufacturer. The development of a successful working relationship between manufacturer and importer can lead to a high level of co-operation with regard to appropriate designs for the market, new trends, use of materials and quality requirements. Some importers also act as wholesalers.

Wholesalers

They often supply independent sports shops and play a major role in the supply of sports equipment. They either specialise or carry a wide variety of products or brands. The trend of bigger retailers and buying groups going outside the traditional distribution system, along with the development of parallel imports and brand imitations, has caused wholesalers to reconsider their position in the distribution structure. This has encouraged wholesalers, who were losing part of their business, to operate on a regional basis.

Agents

In your own country there are *buying agents*. These are independent companies that negotiate and settle business on the instructions of their principals and act as intermediaries between buyer and seller. They do not buy or sell on their own account. They work on a commission basis and represent one or more larger manufacturers/suppliers/retailers, although competition is avoided. Often the buying agent has his office in the supplying country.

In the target country there are *selling agents*, which are also (specialised) independent companies. They work on a contract and commission basis for one or more manufacturers. Some of them sell from stock in order to meet their clients' short-term demand, which is on a consignment basis. If an agent builds up his own stock, he is in fact functioning as a wholesaler or distributor.

Buying groups

These groups act as purchasing agents for their individual members (retail shops) and are promoting themselves as an organisation with their own marketing and brand. They also act as financial intermediaries between manufacturers and retailers. They negotiate directly with (overseas) manufacturers and keep items in stock for their members. However there are still buying groups that purchase from importers/wholesalers. Before each season starts, ranges are selected by committees, which are made up of members of the buying group. Buying groups are common throughout the EU. The largest European buying groups for sporting goods are Intersport (Swiss), Sport 2000 (German) and Garant Schuh (German). These groups sometimes trade under different names in different countries.

The objective of the buying group is to make it possible for its members to deal with the growing power of department stores and other non-specialist retailers. As a group, they also have the necessary buying power to obtain greater discounts from suppliers. Larger DC manufacturers may find opportunities with buying groups, but smaller DC exporters may find it difficult to meet the requirements for supply.

Local suppliers

Confronted with rapidly rising production costs and competition from suppliers from lower cost economies, manufacturers are increasingly assuming the role of *local suppliers* or importers. Like importers they look for low-cost sources to produce on a made-to-order basis. The main advantage is that these products can be made according to their own design, quality, private label and other specification. These local manufacturers can offer good opportunities to DC exporters in some instances. It may be in the form of partial supply, but it is an alternative route to the market.

The big brand suppliers

Most of the big brand manufacturers have their headquarters in the USA or in the EU and act as suppliers/sales organisations for powerful international brands e.g. Adidas, Nike, Puma and All Star. These suppliers have their own design, product development, marketing and purchasing departments. They have buyers who operate all over the world and outsource their production mainly outside the EU, especially in China, Vietnam, Indonesia or in other (developing) countries. Sales, marketing, order control, logistics and service are done by their exclusive importers in each EU country.

The physical distribution of sporting goods by these larger suppliers is controlled by a *distribution centre*. Most centres have advanced order control systems and are able to supply product to any EU country within 48 hours. Deliveries can be made to importers/wholesalers, buying groups, large retailers or to their own *single brand stores*, especially common in sports footwear, which are sometimes referred to as concept/*flagship* stores. These stores are strongly represented in France, Italy, the UK and The Netherlands and are expanding in other EU countries. Nike, Quiksilver and Fila are just three examples of many that now exist.

Other terms used

You will hear many other terms used for various actors in the supply and distribution chain for sporting goods. For example, *distributor* is a term to describe someone, some organisation or outlet that has been appointed by a particular brand (manufacturer) to sell or resell that brand. A *licensee* describes someone who has bought the rights to sell a particular brand in a particular sales area. *Factory outlets* are places where local manufacturers sell unsold stock direct to consumers. In many places they threaten the existing retail trade. Although they are important in the sporting goods trade, they tend to mainly relate to sales of sports footwear or clothing, rather than other sporting equipment.

Retailers

As shown in figure 3.1, the structure of sporting goods distribution can be broadly divided as follows:

- **Specialist distribution**, where all retailers specialise in sports goods, or in sub-sectors such as outdoor/camping goods or fishing. The specialist trade accounts for about two thirds of all distribution in the major EU markets. Specialists can be *organised* or *independent*. *Organised* retailers are the large chain stores (eg Decathlon, Go Sport etc), franchised stores or concept stores. *Independent* retailers are smaller shops, more common in southern EU and new member states. Many of these are affiliated to buying groups.
- **Non-specialist distribution** refers to outlets that mainly sell other items, but also include sports goods, eg department stores, hypermarkets, mail order companies etc. This accounts for about one third of sales in the major EU countries. This share is forecast to rise in the future.

Specialist retailers

Chain stores are stores with the same name under central management, many of which operate across international boundaries. Along with the growth of out-of-town shopping centres, sports chain stores are now well represented in most major EU countries. They can also be found in the high street and in location e.g. at winter sports, mountain or water sports resorts, or at golf clubs. The more general type of chain stores (or *megastores*) carry the major brands, have sports-specific sections, offer a broad range and offer additional services e.g. test areas or restaurants. Their main target groups are recreational sportsmen or women. *Déathlon* is the largest chain store operation with huge outlets (sized between 2,000 and 10,000 m²). Decathlon is followed by *Sports World* (UK) *JJB sports* (UK), *Go Sport* (France) and *John David Group* (UK).

The number of smaller *regional chain stores*, operating in a specific area has grown fast in France, Italy and Spain. *Specialised chain stores* in e.g. outdoor/camping, fishing, skating, golf, have also expanded in all countries.

Independent sports shops are distinguished in two categories, each with different product mixes:

- *Single sport shops*, which sell mostly equipment. Nowadays they also stock clothing to attract customers. This type of shop can be also found where the sport is actually played and is fairly common for golf (*pro-shops*), horse riding, tennis, snow sports, skateboards and includes *clubs shops* (football, fitness).
- *Fashionable sports shops*, which have an emphasis on branded sports clothing and footwear. Due to changes in the sports goods market, some of these shops have been forced to sell more sportswear than equipment, while others have reduced their risks by becoming members of a buying group.

Franchised stores are more common in France. Recently they have opted for more specialisation in one particular field of sports e.g. sliding sports (e.g. Quai 30) or fishing (Europêche with 140 outlets).

DC exporters are more likely to find opportunities with independent retailers, rather than chain stores where buying is strictly controlled, and usually there are relationships between the retail owners and brand owners that make it difficult for other smaller suppliers to break into.

Non-specialist retailers

The success of chain stores has stimulated the total sports goods market, which in turn attracted the attention of non-specialised outlets e.g. department stores, hypermarkets and discounters. Increased sales experienced by all these outlets in the past few years illustrates the trend for sport to be increasingly seen as part of the fashion industry. Non-specialists started to sell sports footwear, particularly fast moving items, followed by trainers, replica kits, other popular sports clothing and sports goods (*fitness, balls, rackets, camping goods*).

Non-specialist retailers now account for one third of sporting goods sales.

Department stores are important in the sporting goods market by selling sports equipment and, more recently, sportswear. The German Karstadt (143 stores), Kaufhof (127) and the Spanish El Corte Ingles (62) are leaders in the EU sports goods market. They have sportswear departments and concessions in their stores, including their own brand. Department stores in other countries e.g. Galeries Lafayette (France), John Lewis (UK), Coin (Italy) and V&D (The Netherlands) also carry a wide range of sports goods.

Hypermarkets, supermarkets and discounters have grown in importance. They have had a major influence on the increased price competition in the whole market, with discounters selling at low prices. Like most department stores, they concentrate on fast-moving sports goods and seasonal items, which require minimal advice and service. Some large retail organisations e.g. Carrefour (France), Metro and Aldi (Germany) are integrating manufacturing with mainstream fashion retailing to increase their profit margins.

Mail order and the Internet increased their share in the sports market, especially in the UK. This is primarily due to the growth of the Internet. Catalogues are more fashion focussed and offer the leading brands of sportswear and some sports equipment (outdoor, fitness, golf). Fitness equipment is also sold through television from US manufacturers. Major mail order companies include Argos (UK), Otto, Neckermann, Quelle (Germany) and Trois Suisses, Camif and La Redoute (France). In addition, large sports retailers (Décathlon, Go Sport, Sport Scheck) and specialists in rugby (*Rugby Shop*), tennis (*Tennis Pro*) offer their own mail order services on the Internet. Catalogues can be downloaded from Internet sites, picked up in-store or mailed to consumers. *The Internet* is becoming a significant source of information as well as direct purchase. Mail order companies and retailers have created Internet sites for sportswear and equipment. With technological improvements such as interactive TV, this sales channel will continue to grow.

The non-specialist sector offers opportunities to DC exporters. Many of the larger non-specialists will contract their supply overseas. However, they will usually demand large quantities and short lead times as well as low prices. Perhaps the growing number of niche non-sporting specialists is an interesting channel to pursue. These would include small mail order organisations that concentrate on a narrow range of products that are exclusive to a certain market eg equipment for schools that would also include sports equipment.

Retailers versus suppliers

The increasingly concentrated and powerful retail sector has strengthened its position. This has had a negative impact on suppliers, smaller EU manufacturers, and importers who are being squeezed out in some cases. Large retailers source direct from any country at very low prices. Suppliers compete by offering their own discount policies to different retailers (or buying groups). In addition, suppliers tend to pressurise retailers to order earlier and in large quantities. These developments have created some mistrust between retailers and suppliers. This is a situation from which some smaller suppliers and developing country exporters could benefit.

3.2 Price structure

When entering the target markets, successful pricing is a key topic in the market entry strategy. In fact, pricing is the only area of the strategy that generates revenues for exporters. All other activities are costs.

Price is the first point of comparison in evaluating your product against the competition. Due to the recession up to 2004, oversupply, lower consumer expenditure and intensified competition in this sector, prices have been under greater pressure. Large retailers exert further pressure on prices and margins in the trade channels by purchasing in substantial quantities.

An exporter from a developing country would be better off by concentrating on the exclusiveness of his product e.g. introducing original styles of rackets which meet the style, design, size and comfort needs of a specific target group. In this case, price is less important. Try to avoid being regarded as another cheap supplier from a developing country.

Key issues on price structure

- *The trade channels* with typical mark-ups of each channel and retail category.
- *Retail prices* of competitors' products in your target market.
- *Discount structure* and credit terms offered by local competitors.
- *The production costs, incoterms, import duties, anti dumping levies and VAT level.*
- *Listing fees* which can be up to € 35,000 per year in department stores.
- *Additional costs* for product adaptation, packaging, marketing and promotion etc.
- *The most 'reasonable' or 'tactical' price level* according to some of your local contacts in the field (agents, other exporters from your country, store managers).

In the case of trial orders, which are delivered for the first time, sometimes a discount is given to buyers and freight is prepaid. Once prices have been agreed and the target markets are set, it is important to keep control and avoid too large a difference between prices in each target market, as they are now easier to compare because of the Euro.

Margins

In the price-competitive sports and camping goods market, margin maintenance is vital along with cost control. Nevertheless, margins have been under pressure and have fallen. For retailers it is important not to erode the margin too much when making price promotions. In several EU countries, this has led to some stores being declared bankrupt. Successful retailers have the right balance between cost control, good retail margins and good buying.

Margins at retail level

Due to the variety in product types, the typical mark-up for retailers averages between 60 and 130% - see the price calculation example in table 3.2. This includes value-added tax (VAT), ranging between 15 and 25% depending on the EU country. Actual margins can vary widely around these averages depending on the exclusivity of the product, the level of demand, the type of store, the nature of the product and the handling involved. For example, some products such as balls or rackets are relatively low in price and require little attention in retail (display and selling), so a retailer will ask for a low margin e.g. 70%. On the other hand, margins for fitness equipment, which need much display space, and sometimes need to be demonstrated, will most likely have a higher margin e.g. 120%.

Another factor is the location of the retailer. For example, high street chain stores are often in expensive places, carry a wide range and have many sales staff, all of which is reflected in a higher margin. On the other hand, margins of department stores or large retailers such as *Sports World* are lower, because they often buy direct from manufacturers and have outlets at out-of-town shopping centres.

Margins at importer/wholesale level

Wholesalers and importers calculate their costing on a CIF base. This means that their landed cost is the FOB (Free on Board) plus transport to his warehouse and insurance and possible import duty. The importer/wholesaler mark-ups average between 40 and 70%. Depending on the circumstances, there is also a wide variation around these averages. Basically, importers keep control over the recommended retail prices, but parallel imports, counterfeit products and dumping of cheap items (e.g. balls) have seriously disturbed the situation. Mark-ups as low as 20% and as high as 80% have been recorded.

So try to look carefully at your costing before making your quote to importers, especially if they supply the low end of the market e.g. hypermarkets, discounters etc. This may prove not be an interesting channel for you. Instead you may try to find importers who operate

in the medium to high range part of the market, supplying specialist independent sports stores, buying groups or department stores.

The typical average commission rate for an agent is usually 8 to 15% of sales.

The following table 3.2 indicates the effect of low and high margins on the final consumer price, based on a CIF price of 100 for a tennis racket. The final consumer prices can be compared with the price level of similar items of competitors.

In this example an imaginary mark-up is set, covering overhead costs (e.g. housing, personnel, selling and general expenses, own profit), which is estimated at 35%. Note, the breakdown of the cost price by material, direct labour and other cost is purely for the purposes of illustration here:

Table 3.2 Calculation of final consumer price

	<i>Low</i>	<i>High</i>	<i>Competitor</i>
Material cost (incl. 15% for unsold stock)	25	25	
Direct labour cost (incl. design costs)	25	25	
Other cost (e.g. packaging, promotion, sample shipments)	15	15	
Cost price	65	65	
Mark-up (overhead costs incl. own profit e.g. 35%)	35	35	
Export price (FOB)	100	100	?
Import duties* (e.g. tennis racket 4.7%)	5	5	
Other costs (e.g. transport, insurance, handling, banking)	6	6	
Landed cost or CIF price	111	111	
Importer's/wholesaler's mark up (e.g. low: 40%, high 70%)	44	78	
Importer's/wholesaler's selling price	155	189	
Retailer's mark up (e.g. low 60%, high 130%)	93	246	
Net selling price	248	435	
VAT (e.g. 19% in The Netherlands)	47	83	
Final consumer or retail price	295	518	?
Ratio Export price - Consumer price	3.0	5.2	

* If the GSP tariff is applicable for your country, the import duty can be reduced to zero.

See also the CBI market surveys covering the market in individual EU countries and Chapter 3.1.4 of CBI's *Your guide to market research* for more general information on pricing.

3.3 Useful sources

It is useful to contact specific operators in each of the distribution channels. To get a good idea as to how they operate, or to find advice, it is recommended you talk to other people you know who have looked into exporting sports and camping goods to the EU.

- There is an umbrella organisation, called FEDAS (The Association of Specialist Sports Retailers in Europe) that represents the interests of sporting goods retailers in Europe. You can visit their website at <http://www.fedas.com>
- EDM Publications publishes a directory of retailers and wholesalers of sporting goods, called "The SGI Europe Directory". They can be reached at <http://www.edmpublications.com>
- Agents or trade representatives can be found through local trade associations, chambers of commerce, fashion centres and trade directories.
- Names and contact details for the major players in each of these distribution channels can be found in the CBI market surveys covering the market in individual EU countries.

4 Trade: imports and exports

Trade statistics in this Chapter are taken from Eurostat. Eurostat bases its statistics on information from the Customs and EU companies that is given on a voluntary basis. Not all transactions are registered, particularly intra-EU trade such as those by smaller countries and transactions from non-EU sources. Consequently intra-EU trade tends to be understated. On the other hand, figures for trade between the EU and the rest of the world (extra-EU) are accurately registered, and therefore more precisely presented in these statistics. Nevertheless they must be treated with extreme caution and are only intended to give an indication of trade flows in the international sports and camping goods market.

4.1 Total EU imports

The EU is among the largest importers of sports and camping goods in the world. EU imports in 2006 were valued at € 7.5 billion, or 1.4 million tonnes. The 8.7% average annual increase in value compares with a much larger 14.4% annual increase in volume. As well as demonstrating the increasing importance of imports in the overall market, this also indicates downward pressure on prices.

Table 4.1 EU imports of sports and camping goods 2002-2006,
€ million / 1,000 tonnes

	2002		2004		2006		Average annual % change in value
	value	volume	value	volume	value	volume	
Total EU, of which from	5,364	790	6,574	1,211	7,486	1,351	8.7
Intra-EU	2,157	224	3,066	362	3,481	399	12.7
Extra-EU	3,207	566	3,508	849	4,005	952	5.7
Developing countries	1,766	390	2,223	673	2,861	811	12.8

Source: Eurostat (2007)

This growth rate in large measure is accounted for by larger increases by some of the new member states, rather than significant increases in the traditional EU major markets (see country reports for more detail). The major source of increases in imports is from developing countries, which although they represent 38.2% of total EU imports by value, they now represent 60% of the market by volume. Intra-EU trade accounts for 46.5% of the value of imports, but at current growth rates, developing countries will in the next few years catch up. They already represent double the volume of intra-EU trade.

These increases in imports can be attributed to increased demand in the EU. However, overall market sizes have been increasing at a lower rate than imports, but there has been a mixed picture in production in the EU as a result of competition from lower-priced imports. Between 2002 and 2005, sports and camping goods production has been falling at an average of 3.4% per annum in value, but has fallen by 1% by volume. However, while there has been a regular and constant fall in value over the period, the figures indicate fluctuating volumes.

4.2 EU imports per product group

This sector is very diverse. It is broken down into fourteen separate product groups. For the purposes of this survey, we have highlighted five of these groups, which are of potentially greater interest and opportunity for developing country exporters, partly due to the size of the groups, but also because of the greater relevance of some of the products within the groups.

To put these five product groups in context, the following table summarises imports for all products included within the sports and camping goods sector, to more readily appreciate the importance of the product groups we have selected.

Table 4.2 EU imports of sports and camping goods by product group 2002-2006, € million / 1,000 tonnes

	2002		2004		2006		Average annual % change in value
	value	volume	value	volume	value	volume	
Total EU	5,364	790	6,574	1,211	7,486	1,351	8.7
Fitness/gym	881	293	1,126	412	1,388	513	12.0
Team sports	800	165	1,116	294	1,329	317	13.5
Camping goods	498	105	607	169	690	179	8.5
Balls	349	47	414	63	536	78	11.3
Saddlery	237	19	253	26	304	30	6.4
Snow sports	495	26	716	41	791	33	12.4
Golf	598	35	593	40	565	40	-1.4
Fishing	403	23	434	33	488	37	4.9
Ski/snow boots	249	18	370	25	415	21	13.6
Water sports	312	31	378	44	407	38	6.9
Skating	250	28	282	35	266	32	1.6
Rackets	192	10	174	13	184	13	-1.1
Sports gloves	57	2	58	3	65	3	3.3
Table tennis	43	9	51	13	59	19	8.2

Source: Eurostat (2007)

The main product groups for sports and camping goods are shown in the next five tables. The product groups selected are fitness/gym, team/field sports, camping goods, balls and products for horse riding (saddlery). These five groups between them represent 57% of all sports and camping goods imports by value and 83% by volume in 2006. Note that imports per product group by individual member states are given in the CBI market surveys on individual countries.

Fitness/gym

Fitness represents the largest product group, as shown in table 4.2, accounting for 18.9% of the imports by value (38.5% by volume). The lower value reflects the lower prices paid for these products compared to other sports and camping goods. Within this group, articles and equipment for general physical exercise accounts for 55.9% of the value of this group. These have been increasing at 12.5% year on year over the period, compared with the sector as a whole that has been increasing at the rate of 12% per annum.

38.3% of the imports of this product group are supplied from within the EU, although these have been increasing at the rate of 17.8% per annum over the period, compared to 12% for the product group as a whole, and 21.7% per annum for imports from developing countries. Italy and Belgium are the largest EU suppliers to the EU, although a significant proportion of the latter will be for re-export. Over the period, extra-EU supplies (excluding developing countries) have decreased by 5.1% year on year.

China is the largest supplier of fitness/gym products, with supplies of € 553 million in 2006, up on average 23% each year, from € 242 million in 2002. Indonesia was also the second largest supplier in 2002 (€ 8.5 million). Their import value was € 9 million in 2006. Supplies from Pakistan and India have increased over the period but supplies from Thailand have fallen. Of the non-Asian suppliers, Argentina and Ukraine are on the increase, along with Turkey, while the value of supplies from Mexico is falling.

Table 4.3 EU imports and leading suppliers for fitness/gym 2002 - 2006, share in % of value

	2002 € mln	2004 € mln	2006 € mln	Leading suppliers to EU in 2006 Share in %	Share (%)
Total EU, of which from Intra EU	881 276	1,126 416	1,388 531	Italy (7.5%), Belgium (7.5%), Germany (6.1%), The Netherlands (4.7%), France (2.8%)	38.3
Extra EU ex. DC*	340	289	276	Taiwan (9.2%), USA (8.1%), Canada (1.0%), S Korea (0.4%)	19.9
DC*	265	423	581	China (39.9%), Indonesia (0.6%), Pakistan (0.4%), India (0.2%), Turkey (0.2%), Vietnam (0.1%), Thailand (0.1%), Ukraine (0.1%), Argentina, Mexico	41.8

Source: Eurostat (2007)

*Developing countries

Team/field sports

Team/field sports represents the second largest product group, as shown in table 4.2, accounting for 18.1% of the imports by value (23.8% by volume). 52.3% of the imports of this product group are supplied from within the EU, although these have been increasing at the rate of 17.1% per annum over the period, compared to 13.5% for the product group as a whole, and 18.1% per annum for imports from developing countries. Belgium and France are the largest EU suppliers to the EU, although a significant proportion of the former will be for re-export. Over the period, extra-EU supplies (excluding developing countries) have decreased by 2.4% year on year.

China is the largest supplier of team/field sports, with supplies of € 404 million in 2006, up by the equivalent of 19% each year from € 199 million in 2002. India was the second largest supplier in 2006 (€ 16 million), followed by Pakistan (€ 13 million). Supplies from Pakistan and India have increased over the period but supplies from Indonesia have fallen. Of the non-Asian suppliers, Argentina and Brazil have increased significantly, while the value of supplies from Ukraine and Turkey are also increasing.

Table 4.4 EU imports and leading suppliers for team/field sports 2002 - 2006, share in % of value

	2002 € mln	2004 € mln	2006 € mln	Leading suppliers to EU in 2006 Share in %	Share (%)
Total EU, of which from Intra EU	800 370	1,116 553	1,329 695	Belgium (8.8%), France (7.1%), Germany (6.9%), Italy (6.1%), The Netherlands (4.9%)	52.3
Extra EU ex. DC*	195	205	177	USA (5.4%), Taiwan (2.0%), Canada (1.5%), Hong Kong (0.9%), Switzerland (0.6%)	12.3
DC*	235	358	457	China (30.4%), India (1.2%), Pakistan (1.0%), Mexico (0.3%), Thailand (0.3%), Vietnam (0.2%), Ukraine (0.2%), Turkey (0.2%), Indonesia (0.1%), Brazil	34.4

Source: Eurostat (2007)

*Developing countries

Camping goods

This is quite a large and diverse group, which increased by an annual average of 8.5% between 2002 and 2006 (14.5% by volume over the same period). The DC share has remained broadly constant over the period at 59%, but the intra-EU share has grown by an annual average of 17.7% over the period, largely at the expense of other extra-EU suppliers. Much of this will be as a result of more trade between new and existing EU member states.

Camping products represent 9.2% of all sporting goods imports by value and 13.2% by volume. The camping product group includes tents, accounting for 50.7% of the total group in 2006, valued at € 351 million. 86% of this total was tents made of synthetic material. The next largest sub-group is other camping goods, valued at € 165 million, 84% of which were made of textile material. The other sub-groups are sleeping bags (€ 140 million) and pneumatic mattresses (€ 33 million, 82% of which were made of textile material).

Large supplies from The Netherlands and Belgium indicate a high proportion of re-exporting involved in this product group. This means that extra-EU and developing country supplies are likely to be understated. China is the largest supplier of camping products, with supplies of € 372 million in 2006, up by the equivalent of 9% each year from € 260 million in 2002. Vietnam was the second largest supplier in 2006 (€ 12 million), followed by Bangladesh (€ 6 million). Supplies from Bangladesh and India have increased over the period but supplies from Vietnam have fallen. Of the non-Asian suppliers, Turkey has increased, while the value of supplies from Brazil and Tunisia have decreased.

Table 4.5 EU imports and leading suppliers for camping goods 2002 - 2006, share in % of value

	2002 € mln	2004 € mln	2006 € mln	Leading suppliers to EU in 2006 Share in %	Share (%)
Total EU, of which from Intra EU	498 138	607 238	690 265	The Netherlands (5.9%), Germany (5.8%), Belgium (5.4%), France (4.9%), Denmark (2.9%)	38.4
Extra EU ex. DC*	68	35	18	USA (0.6%), Switzerland (0.3%), Hong Kong (0.2%), S Korea (0.2%), Taiwan (0.1%)	2.6
DC*	292	334	407	China (53.8%), Vietnam (1.7%), Bangladesh (0.9%), Turkey (0.4%), Brazil (0.4%), India (0.3%), Tunisia (0.2%), Colombia (0.1%), Pakistan (0.1%), S Africa (0.1%)	59.0

Source: Eurostat (2007)

*Developing countries

Balls

Balls represent 7.2% of the imports of sporting goods into the EU by value (5.8% by volume). In fact the intra-EU share has increased from 33.5% to 39.6% between 2002 and 2006. This has been at the expense of both DC and other extra-EU suppliers. However, this can be explained by intra-EU increases as a result of more trade between existing and new member states, but also because there is such a high proportion of re-exports from The Netherlands and Belgium, which is most likely understating the DC figure.

Within this product group, inflatable balls (excluding leather balls) accounts for 66% of the group, valued at € 356 million (compared to 60.7% in 2002). This group includes plastic footballs, rugby balls, volleyballs, handballs etc. This group of balls, primarily imported from China is growing at the expense of stitched leather balls, primarily imported from Pakistan. Tennis balls are valued at € 78 million (€ 57 million in 2002), followed by other balls (€ 65 million in 2006 but € 47 million in 2002), inflatable leather balls (€ 33 million), a diminishing share compared to 2002, and cricket or polo balls (€ 4 million).

China is the largest supplier of balls, with supplies of € 119 million in 2006, up by the equivalent of 17% each year from € 63 million in 2002. Pakistan was the second largest supplier in 2006 (€ 104 million), having been overtaken by China in 2005. Supplies from Thailand, India and Philippines have increased over the period but supplies from Indonesia have fallen. Of the non-Asian suppliers, Colombia has increased while Mexico has decreased.

**Table 4.6 EU imports and leading suppliers for balls 2002 - 2006,
share in % of value**

	2002 € mln	2004 € mln	2006 € mln	Leading suppliers to EU in 2006 Share in %	Share (%)
Total EU, of which from Intra EU	349 117	414 164	536 212	The Netherlands (15.3%), Germany (6.8%), Belgium (5.7%), Italy (2.7%), France (2.7%)	39.6
Extra EU ex. DC*	20	21	26	USA (1.9%), Taiwan (1.4%), Japan (0.6%), Hong Kong (0.4%), Australia (0.2%)	4.8
DC*	212	229	298	China (22.1%), Pakistan (19.4%), Thailand (5.2%), India (4.0%), Philippines (3.2%), Indonesia (0.9%), Vietnam (0.3%), Colombia (0.1%), Malaysia, Mexico	55.6

Source: Eurostat (2007)

*Developing countries

Saddlery

Saddlery items account for 4.1% of the sports and camping goods imports in 2006 by value (2.2% by volume). This would suggest that average prices for these products are higher than some of the other selected product groups. Eurostat does not provide any breakdown of the relative sizes of the individual products within this group.

This group has increased by 6.4% over the period, but the rate of increase has been much higher since 2004. The intra-EU share has also been decreasing over the period, while the DC share has been increasing even more quickly as there have been even greater reductions in share of imports from other extra-EU countries. Re-exporting is not a feature of this product group. The leading importers all have significant markets for horse riding products.

China is the largest supplier of saddlery items, with supplies of € 77 million in 2006, up by the equivalent of 25% each year from € 32 million in 2002. India was the second largest supplier in 2006 (€ 54 million), up 7.5% each year since 2002. Supplies from all major importers have increased over the period, particularly from Tunisia and Ukraine. Supplies from Vietnam were broadly unchanged.

**Table 4.7 EU imports and leading suppliers for saddlery items 2002 - 2006,
share in % of value**

	2002 € mln	2004 € mln	2006 € mln	Leading suppliers to EU in 2006 Share in %	Share (%)
Total EU, of which from Intra EU	237 86	253 87	304 102	Germany (11.6%), Italy (4.6%), France (3.1%), UK (3.0%), The Netherlands (2.4%)	33.6
Extra EU ex. DC*	54	39	36	Taiwan (4.3%), USA (3.3%), Switzerland (1.7%), Hong Kong (0.6%), S Korea (0.3%)	11.8
DC*	97	127	166	China (25.3%), India (17.7%), Vietnam (3.4%), Argentina (2.4%), Ukraine (1.4%), Tunisia (1.1%), Morocco (0.8%), Pakistan (0.5%), S Africa (0.5%), Turkey (0.4%)	54.6

Source: Eurostat (2007)

*Developing countries

4.3 The role of developing countries

The role of developing countries in supplying sports and camping goods to the EU has become increasingly important. In 2002, 32.9% of all sports and camping goods imports by value (49.3% by volume) to the EU came from developing countries. By 2006, 38.2% by value (60% by volume) of all EU imports came from developing countries. Note that imports by product group for individual member states can be found in the CBI market surveys covering the market in individual countries.

As shown in table 4.8, imports from developing countries to the EU increased by an annual average of 12.8% by value (20.1% by volume) to reach € 2.9 billion in 2006. This average increase hides significant differences between countries.

**Table 4.8 Imports of sports and camping goods from developing countries
2002-2006, € million / 1,000 tonnes**

	2002		2004		2006		Average annual % change in value
	value	volume	value	volume	value	volume	
Total EU	1,766	390	2,223	673	2,861	811	12.8
United Kingdom	383	81	459	139	570	173	10.4
Germany	372	85	413	119	492	130	7.2
France	232	50	298	93	358	96	11.5
The Netherlands	149	35	237	76	333	84	22.3
Belgium	146	36	166	60	236	89	12.8
Italy	158	35	167	46	215	57	7.9
Spain	87	20	100	31	136	40	11.9
Austria	68	11	80	16	105	20	11.4
Sweden	64	13	81	21	100	26	11.6
Denmark	48	10	72	19	74	21	11.6
Czech Republic	29	6	40	12	49	14	13.9
Poland	0	0	40	14	41	14	1.2*
Finland	21	4	27	7	40	11	18.2
Greece	15	5	19	7	31	10	19.4
Ireland	9	1	14	5	26	8	31.6
Hungary	20	4	22	8	18	6	-3.1
Romania	3	2	7	6	14	7	36.0
Portugal	9	2	11	3	11	4	5.6
Bulgaria	2	1	5	2	9	3	39.2
Slovenia	7	1	6	2	8	3	4.3
Slovakia	9	2	7	2	6	2	-10.2
Latvia	2	0	2	1	4	1	20.5
Lithuania	4	1	3	1	3	1	-6.0
Estonia	4	1	3	1	3	1	-5.4
Cyprus	3	0	2	1	3	1	3.3
Malta	1	0	1	0	1	0	3.0
Luxembourg	0	0	0	0	0	0	18.9

Source: Eurostat (2007)

*: 2004 vs 2006

The top four importers (UK, France, Germany, The Netherlands) accounted for 61.3% (59.6% by volume) of all EU imports from developing countries, down from 64.3% (64.4% by volume) in 2002. The Netherlands increased its imports by more than these other three countries. The UK has been the leading value importer for some time, but since 2003 it has also been the leading volume importer and that gap is widening.

Imports by the twelve newest member states were valued at € 136 million (43 thousand tonnes) in 2006, 4.8% of the total by value and 5.3% by volume. This compares with € 79 million (15 thousand tonnes) in 2002, 4.5% of the total by value and 3.8% by volume. Note these figures are slightly understated as no data was available for Poland in 2002.

The largest increases were experienced by the newest member states, Bulgaria and Romania, which is perhaps to be expected. However large increases were also experienced by four of the EU15 member states, Ireland, The Netherlands, Finland and Greece. These increases (apart from The Netherlands) are explained by increases in their domestic market, but also due to the fact that their economies have performed generally better than many other EU countries over the period. The Dutch increase is in large part explained by increases in re-exporting.

Several of the new member states experienced falls in their imports from developing countries, or growth rates that were lower than the growth rates for the market as a whole. Although this may appear to be counter to the more general trend, it must be seen in the context of these new member states rapidly expanding their trade with the original member states, and their economies integrating into the EU as a whole. Only Latvia appeared to register strong growth.

There are some countries, such as Portugal, Cyprus and Malta whose low growth rates cannot be obviously explained.

China dominated the supply from developing countries, accounting for over 79%. This represented an annual increase of almost 15%. Pakistan (5% of supplies) registered a 4% annual increase. India (less than 4% of supplies) registered a 7% annual increase. Thailand (3% of supplies) registered an increase of almost 10%. Vietnam, Malaysia and Philippines each represented supplies of approximately 1%, but their rates of increase were low. Tunisia was the leading non-Asian DC supplier. It is clear that the dominance of supplies from China is increasing.

Table 4.9 indicates the relative importance of the different product groups for developing countries. Figures in brackets indicate the proportion of the total that developing countries represent.

Table 4.9 EU imports from developing countries of sports and camping goods by product group 2002-2006, € million / 1,000 tonnes

	2002		2004		2006		Average annual % change in value
	value	volume	value	volume	value	volume	
Total EU	1,766	390	2,223	673	2,861	811	12.8
	(33%)*	(49%)	(34%)	(56%)	(38%)	(60%)	
Fitness/gym	265	138	423	253	581	325	21.7
	(30%)	(47%)	(38%)	(61%)	(42%)	(69%)	
Team sports	235	68	359	143	457	170	18.1
	(29%)	(41%)	(32%)	(49%)	(34%)	(54%)	
Camping goods	292	77	334	120	407	138	8.7
	(59%)	(73%)	(55%)	(71%)	(59%)	(77%)	
Balls	212	32	229	44	298	51	8.9
	(61%)	(68%)	(55%)	(70%)	(56%)	(65%)	
Saddlery	97	10	127	17	166	20	14.4
	(41%)	(53%)	(50%)	(65%)	(55%)	(67%)	
Snow sports	31	2	56	4	100	7	34.0
	(6%)	(8%)	(8%)	(10%)	(13%)	(21%)	
Golf	87	7	95	9	113	11	6.8
	(15%)	(20%)	(16%)	(23%)	(20%)	(28%)	
Fishing	162	12	187	20	226	22	8.7
	(40%)	(52%)	(43%)	(61%)	(46%)	(59%)	
Ski/snow boots	16	2	21	2	31	3	18.0
	(6%)	(11%)	(6%)	(8%)	(7%)	(14%)	
Water sports	96	13	129	23	153	21	12.4
	(31%)	(42%)	(34%)	(52%)	(38%)	(55%)	
Skating	135	18	132	23	155	25	3.6
	(54%)	(64%)	(47%)	(66%)	(58%)	(78%)	
Rackets	85	7	77	9	112	10	7.1
	(44%)	(70%)	(44%)	(69%)	(61%)	(77%)	
Sports gloves	38	2	35	2	42	2	2.5
	(67%)	(100%)	(60%)	(67%)	(65%)	(67%)	
Table tennis	14	2	14	4	18	4	6.5
	(33%)	(22%)	(27%)	(31%)	(31%)	(21%)	

Source: Eurostat (2007)

*: all %s relate to percent of the total product group that developing countries represent

4.4 Exports

EU imports are now 30% higher by value (2.4 times higher by volume) than EU exports. In 2002 they 20% higher in value terms (1.5 times higher by volume). As indicated in table 4.10, exports from the EU are increasing year on year, especially since 2003, but this is primarily reflected in a falling share of exports outside of the EU. Exports of sports and camping goods within the EU are increasing faster than to any other part of the world, including developing countries. The major explanation for this is extra trade between EU member states as a result of EU enlargement.

**Table 4.10 EU exports of sports and camping goods 2002-2006,
€ million / thousands of tonnes**

	2002		2004		2006		Average annual % change in value
	value	volume	value	volume	value	volume	
Total EU , of which:	4,438	508	5,271	538	5,771	563	6.8
Intra-EU	2,689	274	3,645	399	4,111	419	11.2
Extra-EU	1,749	234	1,626	139	1,660	144	-1.3
Developing countries	200	24	223	27	292	33	10.0

Source: Eurostat (2007)

In 2002, intra-EU exports accounted for 60.6% of all exports by value (53.9% by volume). This had increased in 2006 to account for 71.2% of all exports by value (74.4% by volume). Although extra-EU exports fell by an annual average 1.3% in value, there was an annual average volume fall of 11.4% over the same period, particularly exports to South Korea.

4.5 Opportunities and threats

Imports into the EU have been rising ahead of the growth in EU consumer markets, and increases in imports from developing countries have been increasing well above that.

- + The key long-term trend that will provide an opportunity for DC exporters is the slow decline in production in the EU and the transfer of production to low-wage economies overseas. The issue for many DC exporters is as much one of competing with other DC exporters, as one of finding new EU markets. What is an opportunity for one exporter becomes a threat for another. The import figures show quite clearly how patterns of trade seem to shift between countries. For example, there seems to be a relationship between Tunisia and Morocco, where on occasion one country has increasing supplies to the EU while the other has falling supplies. Other examples of this are also apparent within Asia.
- + From a product perspective, all of the selected product groups are growing, and imports from developing countries are growing at a faster rate than the market as a whole. The fitness and team sport markets offer opportunities from the sheer size of the market and their recent and forecast continuing growth, driven by more EU consumers using gyms and purchasing equipment for home use. Nevertheless developing country exporters need to take care that their already strong volume position is not exploited further by EU buyers, who may view certain DC suppliers purely as a source of low cost imports. This is especially true for manufacturers of camping goods. Here DC exporters already dominate volume imports, but their share of value imports is unchanged.
- + While China dominates DC supply in most product groups, there are still opportunities for high quality suppliers of particularly leather-made sporting goods, such as balls and saddlery items. Although there has been a lot of pressure on these products from lower priced products made of other materials, EU buyers always appreciate high quality. Some smaller product groups such as sports gloves have seen DC exporters of leather sports gloves losing out to manufacturers who use high-tech synthetic materials.

- + Other markets where there still appear to be opportunities are rackets. These have been traditionally strong for DC exporters, but racket sports are losing out to other sports. Despite this, exporters should maintain an interest in the market.
- + Water sports should also be another area of opportunity for DC exporters. This is a dynamic area, with many new board sports appearing, along with the associated product requirements.
- + Opportunities and threats can also be seen in the relative position of DCs in each of the EU member states. The newest members, Bulgaria and Romania, as you might expect have shown the greatest level of increases in imports from DCs. The Greek and Irish economies have been booming and have been taking in many more imports to support their growing domestic demand. The new Eastern EU countries have not on the basis of the figures shown good opportunities for DC exporters. However, more sports participation is being encouraged in these countries and that should eventually feed through to increased demand for sporting goods. The other major positive sign is large increases in imports again from Germany, the largest EU economy.
- There will always be opportunities for those exporters who can demonstrate their ability to work to the standards demanded by EU importers, whether this is in the form of a developing partnership or as an ad hoc supplier. However, those suppliers who do not demonstrate their ability to supply the EU to the increasingly higher standards demanded will lose out.

4.6 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'

5 Price developments

5.1 Price developments

Consumer prices

As mainland Europe has emerged from recession, there are signs of price increases in certain sectors, driven in part by factors such as increased fuel and energy prices, that feed into higher transport and production costs. Intense competition in most consumer markets is the main factor that is restraining price increases from being larger. There is a high priority given by most EU governments to keep inflation to a low level. Nevertheless, prices of sporting goods tend to be classified as leisure/non-essential purchases, rather than items such as food and clothing, which are viewed as essential purchases. Margins have been falling in sports and camping goods, but there is pressure in the trade to increase them as consumers have generally more disposable income. Consumers however are reluctant to accept higher prices.

The relationship between consumer prices and import prices should be noted upon. There is a large difference between import prices and retail prices, to the extent that changes in import prices can have a minimal impact on consumer prices, due to the other additional costs that make up the retail price (notably distribution, advertising, management and retail overheads). 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.

Different consumer prices in different markets

The sports and camping goods market is broad-based, so the existence of different market segments has led to different marketing strategies, each of which has resulted in different pricing strategies. For instance, for products such as camping goods, the volume discount end of the market, which now includes some supermarkets is where downward pressure on prices is greatest, and where greatest competition exists.

However at the higher end of the market where price is less important, consumers pay for service and top brand names. The size of the market is such that you will also find prices along this price spectrum at other mid-market outlets. Nevertheless, the mid-segment is being squeezed by market pressure and the market is polarising to a certain extent into the top and bottom segments.

As far as prices in EU countries are concerned, prices for sports and camping goods are generally:

- *Higher* in Finland, Sweden, Austria, Belgium, Denmark, Ireland, Italy and Cyprus.
- *Average* in Germany, The Netherlands, Greece, France, Slovenia, United Kingdom, Czech Republic and Estonia.
- *Lower* in Spain, Hungary, Portugal, Slovakia, Poland, Bulgaria and Romania.

Import prices

Prices of sports and camping goods in the EU have been on a downward trend. The key elements that determine prices are material and labour costs. Table 5.1 shows how average import prices have decreased between 2002 and 2006, especially from developing countries, which have been falling at double the rate of intra-EU imports. This illustrates why production has been shifting away from the EU, and as a consequence prices have been falling relatively. An important and recent trend is that import prices fell rapidly until 2004, but average import prices have been slowly increasing since then. These trends should be interpreted with care, as changes in imports do not reflect the demand in these countries. Imports can change abruptly because of re-exports to neighbouring countries, building up stock by distribution centres for the following year, the establishment or departure of manufacturers or large retailers in a particular market etc...

Table 5.1 Developments in EU average import prices

	2002	2004	2006	ave. annual % change
	ave price per '000 tonnes	ave price per '000 tonnes	ave price per '000 tonnes	
Total EU imports	6.79	5.43	5.64	-4.5%
Intra EU	9.65	8.47	8.72	-2.5%
Developing countries	4.53	3.30	3.53	-6.0%

Source: Eurostat (2007)

Table 5.2 highlights the average prices of the selected product groups. It shows that average saddlery prices are double the average price, whereas the price of fitness equipment is lowest. There have been average price falls across every selected product group. In just two of these groups (saddlery and fitness) the rate of decrease by developing countries was lower than the decrease for the group as a whole. The greatest difference in price between DC average prices and intra-EU average prices was with fitness equipment and camping goods, indicating lower returns for DC exporters in these product groups.

Table 5.2 Developments in EU average import prices by product group

	2002	2004	2006	ave. annual % change
	ave price per '000 tonnes	ave price per '000 tonnes	ave price per '000 tonnes	
Total EU <i>team sports</i> imports	4.86	3.80	4.20	-3.6%
Intra EU	5.81	5.08	5.68	-0.6%
Developing countries	3.47	2.52	2.69	-6.2%
Total EU <i>fitness</i> imports	3.26	2.73	2.70	-4.6%
Intra EU	4.84	4.61	4.14	-3.8%
Developing countries	1.93	1.68	1.79	-1.9%
Total EU <i>balls</i> imports	7.55	6.65	6.90	-2.2%
Intra EU	9.79	10.25	9.34	-1.2%
Developing countries	6.64	5.22	5.79	-3.4%
Total EU <i>camping</i> imports	4.79	3.58	3.85	-5.3%
Intra EU	7.12	5.54	6.83	-1.0%
Developing countries	3.84	2.79	2.95	-6.4%
Total EU <i>saddlery</i> imports	12.39	9.75	10.14	-4.3%
Intra EU	15.67	13.46	14.03	-2.7%
Developing countries	9.38	7.58	8.08	-3.7%

Source: Eurostat (2007)

Table 5.3 shows that the average price developments are different by each importing EU country. Average prices decreased particularly in Ireland, Belgium, the UK, Sweden and Finland. There are different explanations. Belgium had the lowest average price of any major EU country, but its position as a transit country for onward exports to other countries is an important reason. Price falls in Scandinavian countries can be explained partly because they were higher to start with, so there is a process of convergence bringing them closer in line with other countries. Price falls in the UK and Ireland can be explained by intense price competition in the consumer markets in these countries. Interestingly prices in the new member states from eastern Europe are not materially different from the established western EU economies. The only price increases were seen in Romania and Bulgaria, the newest members. This was to

be expected, as their prices will rise in the next few years as their economies converge with the EU average.

Table 5.3 Developments in average import prices from developing countries in selected EU countries

	2002	2004	2006	ave. annual % change
	ave price per '000 tonne	ave price per '000 tonne	ave price per '000 tonne	
Germany	6.16	5.09	5.24	-4.0%
Italy	7.22	6.32	6.75	-1.7%
France	6.69	5.68	6.16	-2.0%
United Kingdom	6.62	4.66	4.66	-8.4%
Spain	6.77	6.03	6.24	-2.0%
Netherlands	6.70	4.69	5.51	-4.8%
Belgium	5.29	4.20	3.67	-8.7%
Denmark	7.54	5.89	6.44	-3.9%
Sweden	8.98	7.11	6.52	-7.7%
Finland	10.10	8.68	7.41	-7.5%
Austria	9.21	8.34	7.51	-5.0%
Ireland	11.91	6.54	6.73	-13.3%
Greece	5.98	5.11	4.72	-5.7%
Portugal	6.76	5.98	5.75	-4.0%
Poland	4.94*	4.94	5.29	3.5%*
Slovakia	6.71	4.91	6.20	-2.0%
Czech Republic	7.82	6.23	6.15	-5.8%
Hungary	5.55	4.37	4.93	-2.9%
Slovenia	7.53	7.27	6.63	-3.1%
Cyprus	5.89*	5.89	4.74	-11.3%*
Estonia	9.06	7.91	7.89	-3.4%
Romania	3.11	2.38	3.79	5.1%
Bulgaria	3.25	3.91	4.13	6.2%

Source: Eurostat (2007)

* 2004 figures/comparison 2004/2006

5.2 Useful sources

There are a number of ways to find out about EU sports and camping goods prices, depending on whether you want to find out about wholesale or retail prices:

- You can find out about wholesale prices at one of the major trade fairs, or alternatively by contacting a wholesaler. They may not always be prepared to discuss prices openly but looking at both sets of prices will also give you an idea of margins. However, you should always ensure that you are comparing the same thing. Some products may appear to be similar but there may well be very sound reasons why their prices differ.
- A good link to wholesalers and wholesale prices in the UK is the Wholesale Suppliers Directory (http://www.thewholesaler.co.uk/trade/distributor/Outdoor_Goods/ and http://www.thewholesaler.co.uk/trade/distributor/Sports_goods_wholesalers_in_the_UK/).
- You can find prices in mail order catalogues, but the main source now is the Internet. There are many Internet websites providing retail prices for sports and camping goods. Many of them are country specific. The main contacts in this sector are <http://www.argos.co.uk>, <http://www.laredoute.fr> and <http://www.otto.de>.
- Even though some major retailers are represented in more than one country, it is not easy to compare products and prices between different countries for sports and

camping goods, as they do not stock the same products. Note it is relatively easy to compare sports footwear and clothing prices between countries because of the dominance of the major brands. This is not the case for sports equipment or camping goods. Nevertheless, it is worth looking at the websites of the main retailers, such as Sports World (<http://www.sportsdirect.com>) or Sport-Scheck (<http://www.sportscheck.com>).

- Prices can also be found at leading department stores around Europe, such as El Corte Ingles in Spain (<http://www.elcorteingles.es>) or John Lewis in the UK (<http://www.johnlewis.com>).

6 Market access requirements

As a manufacturer in a developing country preparing to access EU markets, you should be aware of the market access requirements of your trading partners and the EU governments. 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 the EU in the category search, click on the search button and click on market access requirements.

Packaging

Deliveries from developing countries generally have a long distance to go, so care must be given to the packaging of products, particularly with regards to changes in temperature, rough handling and theft. Depending on the value of the items, some are individually packed in boxes, then re-packed in cartons, others are packed in bulk.

- Pack each item, or set of items, in a solid cardboard box, to prevent damage.
- Mention the article or set-number and the colour on the box.
- Make sure that the contents of the box is protected by a plastic bag in order to avoid damage from rain or moisture.
- Give each box a successive number.

Importers usually want to know long beforehand how you are packing your shipment. Some importers may have specific requirements about packaging. For example, information about the order printed on the boxes (order number, box number, name department or contact person etc.), or mentioning specific promotion details on the package.

Apart from the safety aspects and protection against damage, the focus of packaging is definitely on environmentally friendly transport. This means, among other things, that it should be considered whether returnable systems could be used on a much greater scale than before.

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

Guarantee

In some EU member states (e.g. Germany, Sweden) there is a two-year period for consumers to complain if they are not satisfied with the performance or quality of sporting goods. If it can be proven that the malfunction is the mistake of the manufacturer, the consumer can get compensation, which he usually asks for from the retailer. Many retailers insist on including a clause in the contract or supply agreement in order to put all responsibility on the importer. But even if the importer is held responsible it is recommended that you become familiar with such regulations and know what to do when there is a complaint.

Labelling

There is a genuine label for products made of leather, with the purpose of informing consumers that the product is made of real leather. Although it mainly applies to leather clothing and accessories, it can also be applied to leather-made sporting goods such as balls, saddlery items and sports gloves. Further information about this label can be found at <http://www.cotance.com>.

In addition, there is a fair trade label that can be applied to sports balls. This social label is becoming increasingly important in the EU and can provide a distinct market advantage in some cases. Further information can be obtained from http://www.fairtrade.net/sports_balls.html.

Tariffs

Up-to-date information on import tariffs and an updated list of least developed countries can be obtained from the Customs authorities in Rotterdam, The Netherlands, through their online system, known as the Integrated Tariff of the European Communities (TARIC) at (<http://www.douane.nl>). Click on 'Business' and on 'Imports' where you can find your product according to the HS code of the sports or camping goods item concerned; a detailed list of HS codes can be found in Appendix A. Other sources of information are the European Commission, trade associations and importers.

You can download information on requirements on tariffs and quotas in specific EU markets from the website of the European Commission on http://www.europa.eu.int/comm/taxation_customs/index_en.htm or at the EU export helpdesk at <http://export-help.cec.eu.int/>.

Anti-fraud policy

The EU has increased anti-fraud investigations and actions against fraud intended to:

- Benefit illegally from preferential treatment such as that under RGSP
- Cheat consumers (claiming EU origin for products produced elsewhere)
- Profit from counterfeiting and piracy (copying exclusive designs and models without permission of the owner).

7 Opportunity or threat?

An overview of the general opportunities and threats are given at the end the chapters 1, 2 and 4 in this EU survey. Specific opportunities in each EU market can be found in the Chapters 1 and 3 of the CBI market surveys covering the market in individual EU countries. However, to make the opportunities more realistic, it is important to know the trends. It is particularly important to be aware of trends when they change quickly. Although some trends are slow moving, others are very rapid, hence highly risky. Developing country exporters need to be in a position to anticipate and react quickly to these developments. Once the trend is clear it is important to know which target group in which country is involved.

Knowing the trends

- There is much information available on trends and you can find some of the main trends in this survey. Fashion trends in CBI fashion forecasts (<http://www.cbi.eu/marketinfo>) are also increasingly relevant in the sports industry.
- In order to understand the trends, i.e. where they come from and how long they will last, try to recognize the underlying demographic changes and consumer lifestyles. Try to identify a trend that may be suitable for your product, for example the increase in particular types of sports participation, or changes in patterns of how people spend their leisure time, or whether there is an increase in active or outdoor holidays.
- You should be aware that not everybody follows trends. For every trend there is a counter trend that presents untapped growth opportunities as well as potential threats. For example, there is an increase in the number of people who choose to purchase fashionable and highly technologically sophisticated sporting equipment, designed to show off their sense of style to others, and to make their enjoyment of the sport more rewarding. On the other hand, there is another growing group of people who are choosing a more simple and traditional way of enjoying their free time, or taking exercise, even in the high-income groups. The former trend may require quite expensive sports equipment, the latter may require none at all.
- It is important to know the trends that already are seen in Western and Northern EU Member States. The new member states lag behind the others in terms of the adoption of new innovations. However their integration into the EU has meant that this process will be speeded up.

Knowing your target group

- Trends are about people, so you have to relate them to a target group. For example, as an exporter of sports and camping goods you can further segment consumer groups given in chapter 1.2 or relate them to their buying habits. Try to find which groups would be interested in your camping equipment, why and when they will buy, and if they are open to other cultures. For instance if you are an exporter of tents you could differentiate your product range as follows:
 - Small tents for individual campers.
 - Large tents with fun designs for families with young children.
 - Heavy duty tents for people who require protection from extreme weather conditions.

Identify your opportunities and threats

- Once you have selected and understood a trend, and when you have defined the target group who may be interested in your product, you are able to make the opportunities given in this survey more specific to your situation.
- It is important to note that an opportunity for one developing country can also be a threat to another. For example, if you are a smaller company specialising in leather footballs, this is a popular item, there is a growing demand and there is an opportunity to export to e.g. Hungary or another new EU country, where people are starting to spend more on sports equipment. Here it would be best to work with a Hungarian importer, who also makes the same style for his market. Once your footballs are selling well in the Hungarian market,

there may be a threat that the same importer, who wants to expand his business, will look for other exporters. If he finds a competitor in your country who is larger and who can supply at a lower price, you may lose out, despite the investments you have made. Many EU countries switch country sources purely for competitive advantage.

- Try to find out which EU countries really offer an export opportunity. For example, if there is an opportunity to sell weights in Germany, as a result of the increasing popularity of fitness training at home, there may be potential there. Even if you are relatively far from Germany e.g. in Pakistan, there may be opportunities if you can supply at a low price e.g. to German department stores. But be aware that there are also many other exporters of similar products, who are closer to Germany (e.g. Morocco, Ukraine, Turkey etc.), who are eyeing the upturn in the German economy and who are able to deliver similar weights more quickly at similar or lower prices. Here the opportunity for these exporters can be a threat for your business, as you may lose out due to a tough price competition. See also Chapter 2 of 'From survey to success – export guidelines' for this sector.
- Therefore try to analyse if the developments and trends discussed in the previous chapters provide opportunities or threats.
- Instead of just focussing on a few large EU markets, it would be better to summarise all opportunities and threats you have found in this sector survey (23 countries) on matters such as: market development, your target group, market niches, trends in popularity of different sports, design, production trends, trade flows, price developments, and last but not least, tariffs and quotas. Once you have recognised your opportunities, you will have an idea of which are the best EU countries to approach.

Identify your strengths and weaknesses

- The result of this analysis depends on your specific situation e.g. proximity to the EU market, small or large company, flexibility, overhead costs, knowledge of your export market etc..
- The next step is to look into your own strengths and weaknesses. Topics to be assessed include: your specialty, your product range, design capabilities, product standards, production capacity, flexibility, logistics, sales force, financial strengths and the capabilities, experience and commitment of your company to approach overseas markets.
- For example, if you are trying to enter the Italian market at the top or middle segments of the market, your own capabilities are crucial for success. Style is highly regarded in Italy so as a new supplier you must be able to provide your customer access to a quality design team that understands the rapidly changing trends and styles. This is as important as production skills and capacity.
- If you are able to do this you have a good opportunity. But as Italian styles change rapidly, buyers are not always loyal to particular overseas suppliers, so you may lose out to another supplier from your own country or neighbouring country. This is a major threat, especially when you already have made some initial investment.

So here try to optimise your strengths and see how to overcome weaknesses in the future and how to deal with threats in the market place. This analysis will be crucial for your decision whether or not to start exporting to the EU.

Appendix A Product characteristics

Product groups

The products covered in this survey are hardware articles used for active sports (individual and team sports), snow sports, water sports, fishing, horse riding, camping and outdoor activities (e.g. trekking). Larger items of equipment usually bought by institutions (e.g. sports schools), such as fitness equipment, are also included, although many of the figures available only show sales to consumers. All these hardware articles, mostly referred to as *sports goods*, are categorised into the following groups:

Product groups	Sports goods/equipment
Fitness/gym	exercise bikes, treadmills, steppers, elliptical trainers, dumbbells, free weights, stomach exercisers, AB Toners, rollers, exercise mats) and resistance equipment (small wrist, hand, thigh exercisers, chest expanders)
Racket sports	tennis, badminton and squash rackets
Table tennis	bats, balls, nets, tables
Balls	leather/non-leather, inflatable/non-inflatable; tennis, football, hockey, cricket, volleyball, basketball etc.
Team/field sports	equipment and accessories for cricket, polo and most other <i>team sports</i> such as hockey sticks, baseball or cricket bats, equipment for basketball (nets and stands), handball, volleyball, rugby etc; including goals, disc cones, dome markers, whistles, starting blocks protectives or any other team sports-related specialised equipment. Also included are equipment for swimming and paddling pools
Skates	ice skates, roller skates, in-line skates, skateboards, kickboards, wakeboards, carveboards
Golf	clubs, balls, accessories, carriage (trolley, carts and bags)
Snow sports	skis, bindings, boots and accessories;
Ski/snow boots	ski boots and cross country ski footwear, snow boots
Water sports	sailboards, waterskis, surfboards, diving, snorkelling, spectacles, swimming caps etc.
Sports gloves	gloves used for baseball, cricket, ice hockey and other sports;
Camping goods	tents, airbeds, mattresses, sleeping bags, camping accessories, climbing equipment, other equipment for recreational outdoor activities (cooking gear, lanterns etc.)
Fishing tackle	rods, hooks, reels, nets
Horse riding	saddlery and animal harnesses and accessories such as leads, knee pads, muzzles, saddle cloths, saddle bags and similar items

This classification of products differs slightly from the consumer segmentation basis used in chapter 1. Note that team sports can be played indoors and out. Note also that outdoor equipment used for recreational outdoor activity differs from equipment for outdoor sports. Consequently, in this survey and in trade statistics, this type of outdoor equipment falls into the category of camping goods. Categories which may appear to belong to the outdoor market, such as snow sports and water sports are featured separately. The consumer segmentation is summarised here again:

- *Team sports* - all indoor and outdoor team sports such as football, basketball, volleyball, hockey, cricket, rugby. Balls and equipment for use in these sports feature here.
- *Individual sports* - includes golf, racket sports such as tennis, squash and badminton, table tennis, skating and individual board sports.
- *Fitness and gym* - includes keep fit activity, such as yoga, aerobics, running. It covers home fitness equipment as well as equipment for activities undertaken in gyms such as trampolining, boxes and climbing frames, and activities in leisure centres such as rowing machines, treadmills etc.

- *Snow sports* - includes equipment for skiing, alpine and cross-country, snowboarding and other related (mainly winter) sports, as well as ski and snow boots.
- *Water sports* - includes sailing using inflatable boats, kayaks, canoeing, surfing, diving, waterskiing and other more modern sports related to the "beach culture" that has developed recently.
- *Outdoor pursuits* - is a very broad group. It includes camping equipment, as well as equipment for fishing and horse riding (saddlery). Excluded from this group are climbing equipment and accessories for hunting.

Bicycles, motorbikes, motor boats, sailing boats, yachts, caravans, campers, sports bags, sports clothing and sports footwear (excluding ski or snow boots) are not covered in this survey. In some cases, reference is made to *sports clothing* and *sports footwear*, which were two fast growing sectors in the sports market in the 1990s. As sportswear is increasingly used as leisurewear, most specialist sports stores in EU countries emphasise sports clothing and footwear in their product range. This has been at the expense of the sales of sports equipment. Detailed information on sports clothing can be found in the CBI market survey 'The EU Market for Outerwear', whereas information on sports footwear is given in the CBI market survey 'The EU Market for Footwear'.

Sports & camping goods product groups according to HS and Prodcom codes

	HS code	Description	Prodcom	Description
Snow sports	950611	Skis for winter sports		
	95061110	Cross country skis	36401133	Cross-country skis
	95061120	Downhill skis, inc monoskis	36401135	Snow skis (excl cross-country skis)
	95061121	Monoskis and snowboards		
	95061129	Downhill skis excl monoskis and snowboards		
	95061180	Skis for ski-jumping		
	950612	Ski bindings	36401137	Ski-bindings, ski brakes and ski poles
	950619	Ski equipment for winter sports (other then skis, fastenings and bindings)		
	64021210	Ski boots and cross-country ski footwear, with rubber or plastic outer soles	19302110	Ski boots, cross-country ski footwear and snowboard boots with rubber or plastic uppers
	64021290	Snowboard boots with rubber or plastic outer soles & uppers		
	64031200	Ski boots, cross-country ski footwear and snowboard boots with leather uppers	19302150	Ski boots, cross-country ski footwear and snowboard boots with leather uppers
Water sports	950621	Sailboards	36401200	Waterskis, surfboards, sailboards and other watersport equipment
	950629	Waterskis, surfboards, sailboards and other water-sport equipment (other than sailboards)		
	890310	Inflatable vessels for pleasure or sports	35121233, 35121234, 35121235, 35121237	Inflatable vessels for pleasure or sports (various sizes)
Golf	950631	Golf clubs, complete	36401430	Golf clubs and other golf equipment, incl golf balls
	950632	Golf balls		
	950639	Golf equipment (except balls and complete clubs)		

	95063910	Parts of golf clubs		
	95063990	Golf equipment (excl. balls, clubs and parts thereof)		
Table tennis	950640	Articles and equipment for table-tennis	36401450	Articles & equipment for table tennis, incl bats, balls & nets
	95064010	Bats, balls and nets for table tennis		
	95064090	Articles and equipment for table tennis		
Rackets	950651	Tennis rackets, whether or not strung	36401463	Lawn tennis rackets
	950659	Badminton and similar rackets, whether or not strung	36401465	Badminton, squash & similar rackets
Balls	950661	Tennis balls	36401480	Balls (excl golf, table tennis, medicine and punch balls)
	950662	Inflatable balls		
	95066210	Inflatable leather balls		
	95066290	Inflatable balls (excl. of leather)		
	950669	Other balls		
	95066910	Cricket and polo balls		
	95066990	Balls (excl. inflatables, golf, table tennis, tennis, cricket & polo)		
Skates	950670	Ice skates and roller skates, including skating boots with skates and rollers attached		
	95067010	Ice skates incl. skate boots with skates attached	36401153	Ice-skates (inc boots with skates attached)
	95067030	Roller skates incl. Skate boots with rollers attached	36401155	Roller skates (inc boots with skates attached)
	95067090	Parts and accessories for ice skates and roller skates	36401157	Parts and accessories of ice skates and roller skates
Fitness/gym	950691	Articles and equipment for general physical exercise, gymnastics or athletics or other sports	36401300	Gymnasium or athletics articles & equipment
	95069110	Exercising apparatus with adjustable resistance mechanisms		
	95069190	Articles & equipment for general physical exercise, gymnastics		
Team/field sports	950699	Articles and equipment for indoor and outdoor sports, swimming and padding pools	36401490	Other articles & equipment for sport & open-air games
	95069910	Cricket and polo equipment (excl. balls)		
	95069990	Other articles and equipment for sport and outdoor games		
Sports gloves	420321	Special sports gloves, of leather and composition leather	36401410	Leather sports gloves, mittens and mitts
Horse riding	4201	Saddlery & harness for any animal, incl traces, leads, knee pads, muzzles, saddle cloths, saddle bags, and the like of any material	19201100	Saddlery & harness for any animal made of any material
Camping goods	630621	Tents of cotton	17402230	Tents
	630622	Tents of synthetic fibres		
	630629	Tents of textile materials		
	630641	Pneumatic mattresses of cotton	17402270	Pneumatic mattresses & other camping goods

	630649	Pneumatic mattresses of textile materials		
	630691	Camping goods of cotton (excl. tents, awnings and sunblinds, sails, pneumatic mattresses, rucksacks, knapsacks and similar receptacles, filled sleeping bags, mattresses and cushions)		
	630699	Camping goods of textile materials (excl of cotton, tents, awnings and sunblinds, sails, pneumatic mattresses, rucksacks, knapsacks and similar receptacles, filled sleeping bags, mattresses and cushions)		
	940430	Sleeping bags, whether or not electrically heated	17402430	Sleeping bags
Fishing tackle	9507	Fishing rods, fish-hooks and other line fishing tackle; fish landing nets, butterfly nets and similar nets; decoy "birds" (other than those of heading 9208 or 9705) and similar hunting or shooting equipment; parts and accessories thereof		
	950710	Fishing rods	36401530	Fishing rods, hooks & reels
	950720	Fish-hooks, whether or not snelled		
	95072010	Fish-hooks, whether or not snelled, unmounted		
	95072090	Fish-hooks, whether or not snelled, mounted		
	950730	Fishing reels		
	950790	Line fishing tackle, fish landing nets, butterfly nets and similar nets; decoys and similar hunting or shooting requisites	36401550	Line fishing tackle, fish landing nets, butterfly & similar nets

Statistical product classification

Prodcom and Combined nomenclature (CN)

In this survey two different sets of statistical data are used. Both sets have been provided by Eurostat, the statistical body of the EU.

The first set is derived from Prodcom. The term Prodcom is derived from PRODUcts of the European COMMunity. This is a survey based on products whose definitions are standardised across the EU to allow comparability between the member states' data. Prodcom covers some 4,800 products that are assigned to some 250 industries (subclasses) as defined by the Standard Industrial Classification (SIC). Prodcom data contains production, imports and exports. Based on this data apparent consumption can be calculated as follows: apparent consumption = production + imports - exports.

The second set is the trade data based on the Combined Nomenclature. The abbreviation CN stands for Combined Nomenclature. This Combined Nomenclature contains the goods classification prescribed by the EU for international trade statistics. The CN is an 8-digit classification consisting of a further specification of the 6-digit Harmonised System (HS). HS was developed by the World Customs Organisation (WCO). The system covers about 5,000 commodity groups, each identified by a six-digit code. More than 179 countries and economies use the system.

Statistical data: limitations

Trade figures quoted in CBI market surveys must be interpreted and used with extreme caution.

In the case of intra-EU trade, statistical surveying is only compulsory for exporting and importing firms whose trade exceeds a certain annual value. The threshold varies considerably from country to country, but it is typically about € 100,000. As a consequence, although figures for trade between the EU and the rest of the world are accurately represented, trade within the EU is generally underestimated.

Furthermore, the information used in CBI market surveys is obtained from a variety of sources. Therefore, extreme care must be taken in the qualitative use and interpretation of quantitative data. It puts limitations to in-depth interpretation of relations between consumption, production and trade figures within one country and between different countries.

The HS classification given differs from the product groups and products mentioned in the paragraphs above, this puts limitations to in-depth interpretation and of the possible relations between import and export figures on the one hand and consumption and production figures on the other hand.

Appendix B Introduction to the EU market

The European Union (EU) is the current name for the former European Community. Since January 1995 the EU has consisted of 15 member states. Ten new countries joined the EU in May 2004. In January 2007 two more countries – Bulgaria and Romania - joined the EU. Negotiations are in progress with a number of other candidate member states. In this survey, the EU is referred to as the EU27, unless otherwise stated.

Cultural awareness is a critical skill in securing success as an exporter. The enlargement of the EU has increased the size of the EU, and also significantly increased its complexity. With more people from culturally diverse backgrounds, effective communication is necessary. Be aware of differences in respect of meeting and greeting people (use of names, body language etc.) and of building relationships. There are also differences in dealings with hierarchy, presentations, negotiating, decision making and handling conflicts. More information on cultural differences can be found in chapter 3 of CBI's export manual 'Exporting to the EU (2006)'.

General information on the EU can also be found at the official EU website http://europa.eu/abc/governments/index_en.htm or the free encyclopaedia Wikipedia <http://en.wikipedia.org/wiki/Portal:Europe>.

Monetary unit: Euro

On 1 January 1999, the Euro became the legal currency within eleven EU member states: Austria, Belgium, Finland, France, Germany, Italy, Ireland, Luxembourg, The Netherlands, Spain, and Portugal. Greece became the 12th member state to adopt the Euro on January 1, 2001. Slovenia adopted the Euro in 2007. Cyprus and Malta are scheduled to adopt the Euro in 2008 and Slovakia is scheduled for 2009. Since 2002 Euro coins and banknotes replaced national currency in these countries. Denmark, United Kingdom and Sweden have decided not to participate in the Euro.

In CBI market surveys, the Euro (€) is the basic currency unit used to indicate value.

Table 1 **Exchange rates of EU currencies in €, average yearly interbank rate**

Country	Name	Code	2006	Aug 2007
Bulgaria	Lev	BGN	0.515	0.512
Cyprus	Pound	CYP	1.74	1.71
Czech Republic	Crown	CZK	0.035	0.036
Denmark	Crown	DKK	0.134	0.134
Estonia	Crown	EEK	0.064	0.064
Hungary	Forint	HUF	0.004	0.004
Latvia	Lats	LVL	1.44	1.44
Lithuania	Litas	LTL	0.29	0.29
Malta	Lira	MTL	2.34	2.33
Poland	Zloty	PLN	0.254	0.261
Romania	New Lei	ROL	0.285	0.308
Slovakia	Crown	SKK	0.027	0.029
Sweden	Crown	SEK	0.108	0.106
United Kingdom	Pound	GBP	1.48	1.47

Source: Oanda <http://www.oanda.com/> (Aug 2007)

Appendix C List of developing countries

OECD DAC list - January 2006

When referred to developing countries in the CBI market surveys, reference is made to the group of countries on this OECD DAC list of January 2006.

Afghanistan	Gabon	Nepal	Uruguay
Albania	Gambia	Nicaragua	Uzbekistan
Algeria	Georgia	Niger	Vanuatu
Angola	Ghana	Nigeria	Venezuela
Anguilla	Grenada	Niue	Vietnam
Antigua and Barbuda	Guatemala	Oman	Wallis & Futuna
Argentina	Guinea	Pakistan	Yemen
Armenia	Guinea-Bissau	Palau	Zambia
Azerbaijan	Guyana	Palestinian Admin. Areas	Zimbabwe
Bangladesh	Haiti	Panama	
Barbados	Honduras	Papua New Guinea	
Belarus	India	Paraguay	
Belize	Indonesia	Peru	
Benin	Iran	Philippines	
Bhutan	Iraq	Rwanda	
Bolivia	Jamaica	Samoa	
Bosnia & Herzegovina	Jordan	Sao Tome & Principe	
Botswana	Kazakhstan	Saudi Arabia	
Brazil	Kenya	Senegal	
Burkina Faso	Kiribati	Serbia	
Burundi	Korea Rep. of	Seychelles	
Cambodia	Kyrgyz Rep.	Sierra Leone	
Cameroon	Laos	Solomon Islands	
Cape Verde	Lebanon	Somalia	
Central African Rep.	Liberia	South Africa	
Chad	Libya	Sri Lanka	
Chile	Macedonia	St. Helena	
China	Madagascar	St. Kitts Nevis	
Colombia	Malawi	St. Lucia	
Comoros	Malaysia	St. Vincent & Grenadines	
Congo Democratic Rep.	Maldives	Sudan	
Congo Rep.	Mali	Suriname	
Cook Islands	Marshall Islands	Swaziland	
Costa Rica	Mauritania	Syria	
Cote d'Ivoire	Mauritius	Tajikistan	
Croatia	Mayotte	Tanzania	
Cuba	Mexico	Thailand	
Djibouti	Micronesia, Fed. States	Timor-Leste	
Dominica	Moldova	Togo	
Dominican Republic	Mongolia	Trinidad & Tobago	
Ecuador	Montenegro	Tunisia	
Egypt	Montserrat	Turkey	
El Salvador	Morocco	Turkmenistan	
Equatorial Guinea	Mozambique	Turks & Caicos Islands	
Eritrea	Myanmar	Tuvalu	
Ethiopia	Namibia	Uganda	
Fiji	Nauru	Ukraine	

CBI countries – January 2007:

CBI supports exporters in the following Asian, African, Latin American and European (Balkan) countries:

Albania
Armenia
Bangladesh
Benin
Bolivia
Bosnia-Herzegovina
Burkina Faso
Colombia
Ecuador
Egypt
El Salvador
Ethiopia
Georgia
Ghana
Guatemala
Honduras
India
Indonesia
Jordan
Kenya
Macedonia
Madagascar
Mali
Moldavia
Montenegro
Morocco
Mozambique
Nepal
Nicaragua
Pakistan
Peru
Philippines
Rwanda
Senegal
Serbia
South Africa
Sri Lanka
Suriname
Tanzania
Thailand
Tunisia
Uganda
Vietnam
Zambia