U.S. COMMERCIAL SERVICE
United States of America Department of Commerce

# Sports & Fitness Export Resource Guide




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# About the U.S. Commercial Service

### What Can the U.S. Commercial Service Do for You?

*The U.S. Commercial Service is the trade promotion arm of the U.S. Department of Commerce's International Trade Administration. Through its network of trade experts and policy professionals in 78 markets, and all 50 states, the U.S. Commercial Service assists U.S. firms in selling their "Made in the USA" products around the world, advises them on how to use trade deals to their advantage, and helps them overcome obstacles and barriers to international expansion.*

### How we can help your business:

#### Market Intelligence

- *Customized reports analyzing your market potential, alongside your foreign competitors*
- *Briefing materials on export financing, laws, and cultural issues*
- *Background checks on potential buyers and distributors*

#### Business Matchmaking

- *Meetings with pre-screened, vetted potential overseas partners*
- *Introductions for your product or service to prospective buyers at trade events worldwide*
- *Meetings with international industry and government decision makers in your target market(s)*

#### Trade Counseling

- *Guidance on developing effective market entry and sales strategies*
- *Export documentation requirements and import regulations of foreign markets*
- *Background on U.S. government export controls, compliance, and trade financing options*

#### Commercial Diplomacy

- *Direct assistance to overcome trade obstacles in international markets*
- *Government-to-government engagement to protect your company's interests*
- *Advocacy support from the U.S. government for your foreign government procurement bids*

# Introduction

### By Desi Jordanoff, Global Textiles, Apparel, and Sporting Goods Team Leader (2018-2020)

*The U.S. Commercial Service's Sports & Fitness Industry Resource Guide - 2020 Edition is an important tool to assist U.S. companies with identifying new international market opportunities. The Guide provides a detailed analysis of the sports & fitness industry sectors in 10 countries, covering trends, demand, local industry associations, and events. It also includes a chart at the end of each market analysis that shows which sports & fitness subsectors are best prospects for that particular market. These market reports are based on the expert observations of our U.S. Commercial Service Sports & Fitness Industry Specialists worldwide. Please note in the Guide that we have tried to include as much information as possible pertaining to U.S. exports of sporting goods to the featured countries. Some country reports may include more information regarding U.S. exports than others, but all focus on best-prospects for U.S. exporters of sports & fitness goods. Finally, the Global Textiles, Apparel, and Sporting Goods Team would like to acknowledge the contributions of our Commercial Specialists in Australia, Czech Republic, Finland, Germany, Hong Kong, India, Japan, Norway, Sweden, and Thailand. This Sports & Fitness Industry Resource Guide would not be possible without their efforts. Thank you to all our colleagues who contributed to this guide. A special thank you to our Sub-Team Lead for the Sports & Fitness sector, Alexandra Natale for gathering the reports, editing, and formatting the Guide. Thank you all for your hard work.*


# CZECH REPUBLIC

## Summary

At the heart of Europe, the Czech Republic is ideally situated in the geographic center of the European Union. As such, the Czech Republic has traditionally had the strongest trading relationships with its neighbors encompassing Germany, Poland, Austria and Slovakia. Last year, these markets accounted for 37% of total Czech exports and 29% of imports. Germany in particular is the most signficant business partner.

### Czechs and Sports:

Czechs are active people and carry an active self-image. Outdoor activities are particularly popular, with emphasis on hiking and cycling. At least once a month, 70% of Czechs play sports, and at least once a week, 53% of people engage in some kind of physical activity. Of the population, 22% participate in regular exercise with a frequency of at least three times a week or more.

The most popular sport in the Czech Republic is hiking with 48%, while 40% of active Czechs prefer cycling. The imaginary bronze represents swimming, which is preferred by 36 percent of respondents (4th – Running with 24%, 5th - in-line skating with 14%. Sixth and seventh place are shared by winter sports together with yoga and Pilates, which are preferred by 11 percent of respondents).

Regarding team sports, the Czechs, as most Europeans, prefer to play soccer. For sports facilities, outdoor and indoor swimming pools are the most visited. Gyms and the renowned "Sokol" sports halls are also popular.

The Czech Republic is home to many local producers who are very active in the development and production of sportswear and sports equipment for some sports segments like hiking, climbing, cycling, and winter sports.

Last year, Czechs exported nearly $3.5 billion in sporting goods and equipment while total imports were over $2 billion. Exports of sporting goods to the United States were worth $60 million last year, while imports were worth just $10 million.

Value (US Dollars) of U.S. exports to the Czech Republic by Product Category:

Articles and equipment for general physical exercise, gymnastics, athletics, other sports (including table-tennis) or outdoor games, not specified or included elsewhere in this chapter; swimming pools and wading pools; parts and accessories thereof:

- 2015: 2,976,000 (186,238,000 total import from all countries)
- 2016: 2,988,000 (256,193,000 total import from all countries)
- 2017: 3,308,000 (258,912,000 total import from all countries)
- 2018: 3,039,000 (312,640,000 total import from all countries)
- 2019: 3,042,000 (297,229,000 total import from all countries)

Yachts and other vessels for pleasure or sports; row boats and canoes:

- 2015: 594,000 (5,542,000 total import from all countries)
- 2016: 869,000 (10,275,000 total import from all countries)
- 2017: 763,000 (10,635,000 total import from all countries)
- 2018: 1,469,000 (10,620,000 total import from all countries)
- 2019: 998,000 (14,527,000 total import from all countries)

Other sporting, hunting or target- shooting shotguns, including combination shotgun-rifles/Other sporting, hunting or target-shooting rifles:

- 2015: 384,000 (4,573,000 total import from all countries)
- 2016: 531,000 (4,432,000 total import from all countries)
- 2017: 1,437,000 (5,399,000 total import from all countries)
- 2018: 1,240,000 (5,784,000 total import from all countries)
- 2019: 842,000 (4,288,000 total import from all countries)

Tents; sails for boats, sailboards; camping goods of all types of textile materials; umbr. and play tents; rucksacks, napsacks and similar containers sleep.bags, mattresses, pillows incl. their fillings):

- 2015: 250,000 (14,701,000 total import from all countries)
- 2016: 433,000 (18,172,000 total import from all countries)
- 2017: 628,000 22,405,000 total import from all countries)
- 2018: 618,000 (25,634,000 total import from all countries)
- 2019: 537,000 (28,302,000 total import from all countries)





## Market Entry and Barriers

As an EU Member State, the Czech Republic is regulated by EU legislation concerning the import of sporting goods. U.S. firms exporting to the Czech Republic need to comply with both local Czech and European regulations.

There are no major barriers to trade for sporting goods. Products from non-EU countries are subject to import duties. Customs duty rates are updated annually and are harmonized with EU countries. Import duties depend on the specific product and matching HS code.
However, there are certain regulations for items like guns for sport shooting, some electronic devices, and nutrition products for athletes that need to be approved/verified before exporting them to the country.

- Sport guns and ammunition for those guns may be imported into the territory of the Czech Republic only with an import permit.
- CE marking may be necessary for certain electrical appliances, machines and measuring equipment.
- Some additives that are occasionally used in nutrition products for athletes are prohibited in the European Union.

U.S. companies interested in entering the Czech market are encouraged to work with their local U.S. Export Assistance Center in the United States; to find a location near you, see list of U.S. Offices. For information on a specific country see International Offices..

## Current Market Trends and Demand

While in the 1990s sports brands were a symbol of a certain social prestige for the Czechs, they are now a common standard not only in sports but also in everyday fashion. Some brands dominate in specific sports, such as Adidas for soccer clothing or in running shoes.

Czech demand for sporting goods rises in the spring and before Christmas.

Average annual expenditure on sportswear and equipment per capita in the country in 2019 was $290 according to the STEM/MARK market research agency. Total spending for sporting goods was in excess of $3 billion in the country in 2019, of which e-commerce revenue was $550 million (approximately 18% share of sales).

The main sellers of a wide range of sporting goods in the country are local as well as multinational retail chains, for example: Sportisimo, Decathlon, Hervis etc. At the same time, there are stores specializing in a particular sports segment like Rock Point company, for instance, which was founded by a small group of outdoor enthusiasts with equipment they used on their own adventure trips. Major sellers of sporting goods in the country include:

Sportisimo – 105 stores in the country and e-shop

Sportisimo is a Czech chain that grew from a small clothing company founded in 1999. Today it has a total of 183 stores, of which 105 are in the Czech Republic and others are in Slovakia, Romania, Hungary and Poland. In the last financial year, Sportisimo had sales of almost $400 million, approximately 11% more than in the previous year. The company has recently followed a strategy of acquisitions to boost revenues in private label goods. In 2018 it acquired Piccollo, which manufactures outdoor products of the Loap brand and very recently Klimatex, manufacturer of functional sportswear, accessories and footwear.

Decathlon - 24 stores in the country and e-shop

After Sportisimo, Decathalon is the number two retailer on the market with 24 stores in the Czech Republic with goods intended for sports and leisure. Within its range of products, the company mainly sells its own brands, such as Quechua, Wedze, Kipsta or Kalenji among others.

Decathalon is a French group founded in Lille in 1976, struggling with Swiss Intersport for the position of the largest retailer of sportswear and equipment in the world. The company has a total of 1,647 stores in 57 countries. The group owns more than 20 brands and has number of patents
.
Sales of sports equipment, clothing and footwear Decathlon increased sales of goods by almost 34 percent to $144 million in the Czech Republic last year.

Intersport – 31 stores and e-shop

A Swiss retailer, with Czech stores owned and operated by the Austrian subsidiary, Interpsort offers clothes and shoes for sports and leisure. They have 31 stores, 340 employees and an annual turnover of more than $44 million in the Czech Republic. Internationally, they operate in 42 countries and have had a presence in the Czech Republic since 2001.





Hervis Sport – 19 stores and e-shop

Hervis entered the Czech market in 2002 as an Austrian subsidiary of the parent group Spar. The company reported sales of $40 million in the last audited year 2017 and ended up with a loss of $ 1.7 million.

Sports Direct – 11 stores and e-shop

The British network of sports shops started doing business in the Czech Republic in 2012; the stores offer sports equipment, clothing and footwear from brands such as Nike, Adidas and hundreds of others.

Sportsdirect.com Czech Republic s.r.o., which operates Sport Direct stores in the Czech Republic, had revenues of $24 million in the financial year 2017/2018 (1 May 2017 - 30 April 2018).

Martes Sport – 11 stores and e-shop

Polish network of stores, on the Czech market from 2017.

The Martes Sport Capital Group includes companies engaged in the production, distribution and retail sale of sporting goods in Central and Eastern Europe.

E-commerce in sporting goods is growing:

Czechs spent $7 billion last year shopping online, which accounted for an increase of $900 million year-over-year, or roughly 15%, according to Shoptet, an e-commerce platform, which provides the backbone for more than 20,000 e-shops. This record annual turnover was also helped by the growing number of online stores, which grew by 3.5% year on year. Electronics, cosmetics and clothing accounted for the largest shares of turnover, while $550 million was spent online on sporting goods. The recent health crisis has pushed more consumers to online shopping, and figures for internet sales will undoubtedly grow for 2020.

In addition to specialty sporting goods stores, there are several online general shops which also have a selection of sports equipment and clothing (Alza.cz and Mall.cz, for instance).

Downward trends due to the pandemic:

The figures show that the Czech Republic has experienced economic growth in the last few years, however during the COVID 19 pandemic, sales of most goods, including sporting goods, declined in 2020 and beginning of 2021. Retail sales fell sharply in March 2020 and April was the worst, with the situation starting to improve in May 2020. The largest decrease was recorded by sellers of clothing (64.9%). Sales were affected not only by closures, but also the temporary restrictions on consumers from trying on clothing in-store.

Sales continued to be lower year-on-year in the coming months. In addition to freezing the supply of most retailers, demand has also been affected by slightly rising unemployment and fears of future incomes that affect general consumption. Shops, except those with the necessary assortment for life as food, etc. were re-closed at the end of 2020 due to the deteriorating situation (which forced many retailers to quickly adapt their online presence) and have been fully reopened in May 2021, since when it slowly returns to normal.

## Main Competitors

In certain categories, American exporters face import tariffs as opposed to products made in the EU. Also, exporters from EU countries have the advantage of knowing the local environment, standards, regulatory norms and business culture. Asian competition, mainly from China, generally offer goods at significantly cheaper quality and price. On the other hand, American companies have an excellent reputation in technological know-how, constant product innovation and innovative new product categories. Most competitive imports include:

Sportswear/Footwear: Vietnam, China, Indonesia, Austria, Germany, Italy, Belgium

Articles and equipment for sports: China, Germany, Austria, Poland, Slovakia, Taiwan, Spain

Local producers also have a significant presence in some segments of the sports sector (cycling, skiing, sportswear, for instance). Imports from the U.S. are limited.

## Opportunities

Within the codes of the Harmonized System of the World Customs Organization, sporting goods can be divided into several groups based on identical physical characteristics.

- In 2019, the most imported sports goods to the Czech Republic are goods intended for athletics, swimming and outdoor sports. The value of these imported goods exceeded $180 million. This segment has been growing steadily in recent years.
- Sports Footwear - There was a great demand for foreign sports shoes, which were imported for $174 million.
- Tents, Camping goods –This is another segment where native Czech producers (Husky, Hudy Sport among others) are strong.





- In 2019, Czechs spent almost $500 million on bicycles, bicycle accessories, spare parts and servicing their bicycles. More than $300 million was spent on new bicycles, with more expensive e-bikes accounting for an increasing share of the revenue. Then Czechs spent about $120 million on bicycle accessories and spare parts. Bicycle service revenue was $20 million. Up to 350,000 bicycles were sold in the Czech Republic last year, of which 87,500 were e-bikes. While the average price of a regular bicycle was about $650, e-bikes averaged $1,500. Although Czech Republic is very strong in this segment and produces bikes and accessories, last yearimported bikes with all accessories totaled$276 million, while exported bikes with all accessories totaled $ 160 million.
- Golf - The Golfparada.cz website, which tracks the number of golf players in tournaments, confirms a recent declining trend in popularity. In the first decade of the new millennium, the Czech Republic experienced an unprecedented golf boom, with new golf courses cropping up all around the country. However, just over 30,000 golfers took part in official competitions last year, down from 33,000 four years ago signaling a steady decline.
- Winter sports - Czech Republic has a strong reputation in the winter sport segment. According to preliminary CZSO data, the Czech Republic exported more than twice as many skis, snowboards and other equipment for winter sports in 2019 as it imported. Czechs are among the top five European countries with regard toexports of equipment for ski disciplines. However, as with cycling equipment, there is a constant demand for foreign winter sport goods of good quality.
- Other sporting, hunting or target-shooting shotguns, including combination shotgun-rifles/Other sporting, hunting or target-shooting rifles - Sport shooting has a great history in the Czech Republic and is a very popular hobby.
- Fishing rods, fishhooks and all other fishing supplies and equipment – as sport shooting, fishing is also traditionally popular, however the segment is supported by many local and regional producers

Of the other sporting goods, paddleboards are experiencing a boom, with a steady increase in sales. Retailers also report an almost 1000% increase in sales of loading bars, dumbbells and weights for strength training during this spring – coinciding with the closure of gyms and sport facilities due to Covid 19 restrictions.

## Trade Events

Marathon Expo 2021 – Sports equipment fair
Prague Exhibition Grounds
Marathon Expo is a fair of sports equipment, supplies and nutrition, organized in conjunction with the Volkswagen Marathon Prague 2021. Marathon Expo is the largest sports fair in the Czech Republic. More than 120 exhibitors are present with a wide selection from running equipment to healthy eating, prevention and regeneration.

For Boat
PVA EXPO Prague in Letnany – March 2022
The largest domestic exhibition of boats and water sports.

For Fishing
PVA EXPO Prague in Letnany – October 2021
The FOR FISHING trade fair is one of the European leaders among fishing fairs. A total of 211 exhibitors occupied 19,170 m2 of space at the fairgrounds, representing the Czech Republic and 11 other countries. In 4 days, the fair was visited by 38,549 visitors

For Bikes - International Fair for Biking
PVA EXPO Prague in Letnany – March 2022
Next year will mark the 11th event of the largest cycling fair in the country and one of the best trade fairs for bicycles. During the last edition of the fair, there were more than 1,800 exhibited bicycles (including more than 400 electric bikes).

## Resources

- Czech Statistical Office
- Ministry of Industry and Trade – Panorama of the Manufacturing Industry
- World Factbook
- Statistics and Us
- Economic Newspaper
- Mediator
- Nielsen Admosphere
- STEM/MARK





## Market Snapshot

Rating Definitions
1 Little to no probability of success for U.S. exporters
2 More challenges than opportunities
3 More opportunities than challenges
4 Very high probability of success for U.S. exporters

Category Scores:
3 - Sporting, hunting and target-shooting shotguns with one or more rifled bores (other than spring, air or gas guns)
3 - Bicycles and other cycles (including delivery tricycles), not motorized, parts and accessories
3 - Motor boats and motor yachts, for pleasure or sports (other than outboard motor boats),
3 - Sailboats and yachts, with or without auxiliary motor, for pleasure or sports
4 - Articles and equipment for sport and outdoor games n.e.s; swimming and paddling pools
2 - Golf equipment (excl. balls and complete clubs)
3 - Articles and equipment for general physical exercise, gymnastics or athletics
3 - Sports footwear, incl. tennis shoes, basketball shoes, gym shoes, training shoes and the like, with outer soles of rubber or plastics and uppers of textile materials
3 - Snow-Skis& bindings and other equipment; parts and accessories
2 - Tents, Camping goods of textile materials (excl. tents, awnings and sunblinds, sails, pneumatic mattresses, rucksacks, knapsacks and similar receptacles, filled sleeping bags, mattresses and cushions)
2 - Fishing rods, Fish-hooks and other line fishing tackle, fish landing nets and equipment
1 - Tennis, badminton, table tennis rackets, whether or not strung & equipment

***For More Information about exporting to the Czech Republic contact:***

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# FINLAND

## Summary

Finnish people, in general, are sport lovers. Sport and physical activity mean a great deal to Finns, both as a leisure-time activity and as a form of entertainment. In fact, according to the European Commission (Eurobarometer, 2017), citizens of the Nordic-countries take sport the most seriously; with Finland (69%), Sweden (67%) and Denmark (63%) all outstripping the EU average of 44% for people exercising 'regularly' or 'with some regularity'.

The sporting goods market in Finland consists of about 15 retail chains, each different in size and market strategy. Intersport Finland is currently the largest sporting goods retailer in Finland, followed by XXL Finland and Stadium Finland. The sporting goods market has profited from a shift in consumer fashion preferences towards sporting apparel and sports shoes. Wearing activewear is trendy in Finland, even when not necessarily participating in sport activities. Products such as textiles, sports electronics, and electric bicycles/scooters represent significant growth opportunities for the sporting goods market in Finland. The demand for certain specialized sporting goods is weather dependent, and in recent years Scandinavia's mild winters have resulted in a decline in demand for winter sporting equipment.

Furthermore, the sporting goods market in Finland has sustained an annual growth rate of approximately 2%, with revenue in the sports and outdoor segment expected to hit $322 million in 2020. Looking forward, the sporting goods market is expected to maintain an annual growth rate (CAGR 2020 – 2024) of 5.2%, resulting in a market volume of $395M by 2024. The average revenue per user currently amounts to $350.27, with user penetration at 16.6% in 2020 and is expected to increase to 23.7% by 2024. Recent estimates place the sporting goods market in Finland to around $1.24 million, having a quarter of  the $5.28 million that makes up whole retail sales. (source:Statista)

eCommerce is well established in the sports market, and many of the major retailers are optimizing their operations through online sales channels. In a recent study from 2019 on the sporting goods users in Finland, the consumer gender demographics are quite even (male 54.3%, women 45.7%). In addition, income level did not have a significant effect on spending, as Finland does not have a noticeable wage disparity. While looking at adults over 18 years old purchasing sport related items, the largest consumer age group are 25-34 years old (26.77%) followed by 35-44 years old (26.27%). After that come the consumer groups of 45-54 years old (22.22%), 55-64 years old (15.66%) and lastly the 18-24 years old (9.09%). In the future, it will be interesting to see if these consumer age groups start to differ.



## Market Entry and Barriers

There are no entry barriers for sporting goods, except for equipment which need to have a CE mark. The best way to enter the Finnish market is to find a partner through a local distributor.

## Current Trends and Demands

There are several trends that present opportunities for U.S. companies in the Finnish market. Growing segments in the sports industry in Finland include sport lifestyle products and services related to health and well-being. Sport tourism and sporting events, as well as sport-based communication and entertainment, are growing in demand each year.

The growth of sport trends is driven by the spread of global health awareness and increasing health issues in the West; for example, attaining ideal weight goals or avoiding coronary artery disease. The overall health problem prevention and treatment has a big emphasis in Finland and therefore an athletic lifestyle and goal-oriented training has become a permanent trend among its' population. Similarly, interest in health measurement and health technology has grown. Wearable, bundled technology such as smart watches, heart rate monitors and GPS tracking training devices have been on demand in recent years. Finnish people like 'data' as it encourages them to train more, track their results and promote improvement. It is expected that the demand for these products will continue to rise as the sensor technologies become more affordable and new applications are developed to empower health conscious consumers. These products interest sports enthusiasts as they do not only capture data on athletic performance, but also various health indicators such as sleep quality and stress levels.

Moreover, one new trend is the rising consciousness on sustainability and the demand for ecological sportswear made with fair trade supply chains. Recycled fabrics, as well as transparency on the products origin, are of interest to many. The Finnish people live close to nature and often would rather purchase environmentally friendly products over something that is mass-produced, even if it costs more.

Approximately 70 percent of the sports facilities in Finland are owned by municipalities, which are available to all residents. The Finnish national lottery is the largest individual financer of physical activities and sports in Finland. Some 25 percent of its profits are directed to sports through direct grants to clubs or via the Ministry of education and culture, which supports national sports organizations and municipalities. Other funding for sports clubs comes directly from the athletes or members, sponsors and, to some extent, the private sector. Due to these reasons, sports are popular in Finland, as they are massively supported by the government.





By now it is safe to say that sports clothes for casual wear have become the norm and deemed fashionable across all age groups in Finland. Major sports brands, such as Nike and Adidas, have traditionally dominated this space. However, as the market has become saturated with well-known brands, consumers have sought out new items where quality and personalization are emphasized. This is a competitive advantage for U.S. manufacturers to bring new labels and products to the market for the Finnish consumers.

Finland is a forerunner when it comes to the early adoption of electric mobility. Recently we have seen significant demand for electric bicycles, electric scooters and other forms of electric micro-mobility. This trend is largely driven by improvements in battery technology, but also by urban planning policies that suggest sustainable and eco-friendly alternatives to the car, such as city bike rentals.

* Note on Covid19 – Due to the recent corona virus pandemic the clothing and sporting goods retailers lost €388m in store sales during the crisis, according to data from the Fashion and Sports Commerce Association. The lobby group, which represents clothing and sporting goods retailers and wholesalers in Finland, stated that fashion chains saw sales plummet by 66 percent in April 2020 compared to a year earlier. The corresponding loss of clothing sales for fashion markets and department stores was about 40 percent. However, at the same time when customers were shying (or forced to stay) away from physical shopping, online purchases rose a whopping 120 percent. In sports online stores, sales increased by 32% compared to previous year. The restrictions on travel has had a positive impact on sales of certain sport products, in particular, running shoes, hiking equipment and bicycles – which almost doubled its sales since May of last year. Also racket games such as tennis and golf currently sold exceptionally well. Overall, the global pandemic has had a significant impact on the sporting goods market, with some segments benefitting greatly.

## Main Competitors

The mainstream sports brands are always in style and can be spotted everywhere in Finland, such as Puma, Adidas, Nike, Under Armour, Converse, Skechers and Reebok. However, manufacturers from other Scandinavian countries can easily take on a large market share in Finland, as the styles are very liked and trusted. The most popular of the Scandinavian brands are Helly Hansen, Bjorn Borg, Fjällräven, Peak Performance and Haglöfs. Also, Finland's own brands such as Luhta, Halti, Suunto, Polar, Karhu, Rukka and Reima have a sizable market share. Latest national health innovations, such as the 'Oura' ring, have also gained popularity.

## Opportunities

The most popular sport in Finland is ice hockey. Other popular winter sports are skiing, snowboarding, ice skating and cross-country skiing. Finland's national sport is Finnish baseball (Finnish; pesäpallo), but overall football and floorball are more popular than baseball. Other common hobbies include dancing and gymnastics. In fact, Finland is the current world champion in cheerleading for the second consecutive year.

Running, biking, and Nordic walking are Finns' favorite ways to move during the summer season. Seasonal sailing and boating are very popular during summer as well. Yoga, going to the gym, and new forms of fitness activities like CrossFit have gained more participants during recent years. Motorsports have a massive audience and lots of followers in Finland. The rallies and Formula One (F1) races are followed and discussed by many. Also, swimming (both winter and summer), hiking, and fishing are the sports that many love.

Big name brands and Scandinavian chains dominate the fashion and sports market in Finland. The presence of international retailers has steadily grown in recent years. However, the share of international retailers in Finland is still lower compared to the rest of Europe, and there is great potential for new retailers to enter the largely untapped market. Finns spend a large share of their income on retail and leisure activities. The Finnish retail landscape is dominated by shopping centers. There are currently 101 shopping centers in Finland. The supply of various kinds of entertainment and leisure services, also related to sports, is increasing as areas become more urbanized.

The Finnish market is generally active and environmentally conscious and will seek out products based on branding, quality, and environmental impact rather than on price. There is consumer demand for new products that are eco-friendly and do not compromise on quality or performance.

## Trade Events

Go Expo Sport Fair

Vene Bat International Boat Show

Gymtec & Sportec Expo Fair

Lapsimessut – Child Fair

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## Resources

Fashion and Sports commerce Association - Muoti ja urheilukauppa ry

10 biggest sports federations in Finland:

Finnish Olympic Committee - Suomen Olympiakomitea
Finnish Athletics Federation - Suomen Urheiluliitto SUL
Floorball Federation - Suomen Salibandyliitto
Football Association of Finland FAF - Suomen Palloliitto
Finhockey Federation - Suomen Jääkiekkoliitto
Finnish Golf Union - Suomen Golfliitto
Finnish Gymnastics Federation - Suomen Voimisteluliitto
Finnish Dance Sports Federation FDSF - Suomen Tanssiurheiluliitto
Finnish Basketball Association - Suomen Koripalloliitto
Finnish Ski Association - Suomen Hiihtoliitto

## Market Snapshot

Rating Definitions

1 Little to no probability of success for U.S. exporters
2 More challenges than opportunities
3 More opportunities than challenges
4 Very high probability of success for U.S. exporters

Category Scores:

3 - 6306 Tarpaulins, awnings and sunblinds; tents; sails for boats, sailboards or landcraft; camping goods of all types of textile materials (excl. flat protective coverings of light woven fabrics; umbrella and play tents; rucksacks, napsacks and similar containers; sleeping bags, mattresses and pillows, incl. their fillings)
4 - 6306.9 Camping goods of textile materials
4 - 6403.12 Ski-boots, cross-country ski footwear and snowboard boots, with outer soles of rubber, plastics, leather or composition leather and uppers of leather
4 - 6404.11 Sports footwear; tennis shoes, basketball shoes, gym shoes, training shoes
3 - 8712 Bicycles and other cycles not motorized
3 - 8903 Yachts and other vessels for pleasure or sports; row boats and canoes
2 - 9303.2/9303.3 Other sporting, hunting or target-shooting shotguns, including combination shotgun-rifles/Other sporting, hunting or target-shooting rifles:
3 - 9506 Articles and equipment for general physical exercise, gymnastics, athletics, other sports
3 - 9506.1 Snow-skis and other snow-ski equipment
4 - 9506.3 Golf clubs and other golf equipment
3 - 9507 Fishing rods, fishing hooks and other line fishing tackle


# GERMANY

## Summary

Sports are popular leisure activities in Germany and are increasingly important to the German economy in terms of added value, employment, and consumption. Germany is the largest sports market in Europe, ranking fourth in the world. According to the Federal Institute for Sports Science (BISp) and the Federal Ministry for Economic Affairs and Energy (BMWi), an estimated 27 million Germans participate in regular sports activities: 72% of athletes focus on self-organized sports, whereas 28% of athletes are active in at least one sports club.

Pre-Covid-19, the sports sector was expected to have an average annual growth of 2% over the next few years. However, the Covid-19 pandemic has disrupted the sporting goods industry in Germany, and the market is now in a state of reinventing itself. On March 22, 2020, Germany went into a state of lockdown, restricting nearly all public activities, and slowly began to reopen on April 20, 2020. Due to Covid-19 lockdown regulations, gyms and swimming pools temporarily closed and group gatherings - including exercise - were prohibited. This not only meant lost income for exercise providers, but also radically altered exercise and physical activity behavior for healthy adults. All organized group sports came to a standstill. Subsequently, people turned to online workouts or solo outdoor sports such as jogging and biking to keep healthy and fit. Since mid-June, some indoor sports and group activities have been permitted, but only with strict hygiene regulations in place.

The latest numbers on the sports industry in Germany are from 2016 and published in 2019. They are found within the sports satellite account (SSK) of the Federal Statistics Office. They demonstrate the economic importance of the sports industry in Germany. The SSK collects data on sports-related consumption of the German population, the expenditures of companies for sports-related advertising and sponsorship, as well as the funds flowing into Germany for sports-related media.

- Sports contribute 71.6 billion euros to Germany's Gross Domestic Product (GDP). This corresponds to a share of around 2.3% of GDP.
- In total, sports-related goods and services worth almost 120 billion euros were produced. 24.4 billion euros of sporting goods were imported, while 3.8 billion euros worth of sports products were exported.
- Private households spend almost 70 billion euros on sports-related consumption, more than 80% of expenditures were on sports activities and the rest for sports interests (buying merchandise or tickets to events.)
- In addition to the high level of volunteerism in the sports industry, approximately 1.3 million people are employed in the sports sector.
- The total expenditure for the construction and operation of sports facilities is around 24.5 billion euros.
- Around 4.5 billion euros are spent on sponsorship, media rights, and advertising in the sports industry.

According to the VDS (German federation of sports retailers), sales from sports retailers in Germany grew from around 7.752 billion euros in event year 2018 (Winter Olympics and FIFA World Cup) to almost 8 billion euros in non-event year 2019 (+3.5%). In the individual product groups in German sports retail, the multisport/fitness segment grew 6.5 %, running 5.5%, winter sports, 5%, and team sports 2%. The outdoor sporting goods segment, which accounts for over a quarter of all retail sales, reached a stable 1.5 % growth rate. The service and rent division achieved sales growth of 4%, and racket sports improved 8%. Sales declines were evident in the bathing and beach segment (10%), fun wheel (scooters, boards) (2%), and sport-style (sports-inspired lifestyle collections) (10%).

The Covid-19 pandemic is causing a reorganization of many industry sectors, and it remains to be seen what lasting influence it will have on the sporting goods industry. Sports activities remain a mega trend in Germany, thus offering excellent opportunities for U.S. sports products manufacturers.

## Market Entry and Barriers

The German sporting goods market continues to be dominated by specialty retail stores. A 2018 study by Deloitte showed that the majority of active Germans still prefer to shop in brick and mortar retail stores (60%) where personal consultation is provided and fit and functionality can be tested on site. Conversely, almost 40% of active Germans buy sports-related goods primarily online. Nevertheless, specialty retail stores have encountered a lot of competition-induced turbulence in recent years, resulting in a dramatic fall in the number of these kinds of institutions. Once littered with small and medium-sized enterprises, Germany's inner cities are now the domain of one or two large retail stores. This trend has resulted in a standardization of products, as most large chains carry similar goods. Distribution patterns have also undergone significant changes with the growth and prosperity of online shops. Like any other industry, the sporting goods market must adapt with this new form of competition which does not only allow the consumer to order goods online, but also directly compares prices.

The Covid-19 crisis was a tremendous boost for the sports retail industry in terms of digital transformation and forced many retailers to quickly update their online presence. According to an analysis of online data by Bazaarvoice, online demand for sporting goods rose by 86% in March 2020 and to 220% in April 2020 compared to the same months in the previous year. This demonstrates the need of the consumers to keep fit within their own four walls during the pandemic.





Despite the digitization boom, human relations remain extremely important. German sports retailers want to continue building on their strength of onsite service as communication with customers are becoming increasingly individual. Therefore, an omnichannel approach is needed. Brick and mortar sports retailers have a future in Germany if they can offer their customers multimedia shopping experiences. New retail formats will be required that connect retail and consumers through shared experiences on the premises of the digital world.

### Distribution Channels

The most convenient method of selling in the German market is by appointing a local representative, either on a commission basis or under an exclusive distribution agreement. With Germany being a highly competitive market, it is important to find a distributor with a well-developed marketing network and the ability to provide after-sales services. Buying groups are stronger in Germany than in any other EU country. Two groups dominate the sports retail market: Intersport – (http://www.intersport.com: 900 German members with 1.500 stores) and Sport 2000 – (http://www.sport2000.de: 1000 German members with 1400 stores). The leading sports retailers are Decathlon (80 stores, www.decathlon.de), Sport Scheck (17 stores, http://www.sport-scheck.de, recently purchased by Signa Retail), Karstadt Sports (32 stores, www.karstadtsports.de, part of Signa Retail) and Globetrotter (16 stores, http://www.globetrotter.de). Major market players, among them U.S. brands like Under Armour, Patagonia, Columbia, The North Face, Nike, TREK, Quicksilver, and Timberland often market their individual brands through company-owned stores. Among the non-specialized retailers, the SIGNA Group acquired all shares in the Galeria Karstadt Kaufhof department store group in June 2019. Currently the group runs 172 department stores, but several closures are expected given the new restructuring process. The general retailer amazon.de is the primary choice for buying sporting goods online, followed by bike24.de, decathlon.de, adidas.de and fahrrad.de.

### Market Issues & Obstacles

The import climate for sporting goods is satisfactory in Germany. Import restrictions, such as quotas, do not exist, however, import duties do. German importers must pay a 19% import-turnover tax on the CIF (Cost, Insurance, and Freight) value of imported sports equipment and accessories. This tax is passed on in later distribution stages to the consumer as a value added tax (VAT). Customs duties must be paid when clearing goods through customs. Detailed information on customs issues can be found on the following web pages: http://ec.europa.eu/taxation_customs and http://export.gov/europeanunion/marketresearch/sellingusproductsandservicesintheeu/index.asp.Tariffs

The U.S. introduction of tariffs on sporting goods products manufactured in certain countries outside of the U.S., as well as imported raw products (steel and aluminum), has impacted the price competitiveness of products such as bicycles, footwear, and boats being sold to Europe. At the same time, a study by Deloitte showed the increasing willingness of customers to spend more money on sustainably produced and environmentally friendly products. In their survey across Central Europe, Deloitte discovered that more than half of the customers surveyed paid between 8 and 20 euros more for a qualitatively equivalent, but sustainable product.

## Current Market Trends and Demand

The recent ISPO Re.Start Days conference (https://www.ispo.com/en/ispo-restart-days) demonstrated that even the managers of the sporting goods industry are unclear what exactly the sports industry will look like in the future when considering the impact of Covid-19. In the current situation, there is a need to look from week to week and constantly develop further. The consensus is that the megatrends of health and sustainability are gaining in importance. Digitalization is also one of the growth themes, now intensified by the crisis.

In mid-May 2020, the German Soccer Bundesliga (DFB) was the first major sports league in the world to resume playing. The DFB-organized 3rd Division, the DFB Cup, and the Women's Bundesliga have also been up and running again for some time. The German Basketball Bundesliga BBL followed in early June as the first major indoor sports league. Without fans, professional sports cannot survive in the long run. In order to guarantee the temporary continuation of professional sport in Germany without spectators, the professional leagues in soccer, basketball, handball, volleyball and ice hockey have joined forces to form the interest group "Teamsport Deutschland" and have appealed to politicians for financial support. At the beginning of June, a package of 25 billion euros in bridging aid was passed.

Although professional football leagues are playing again, only about 50 of the more than 80,000 football matches that are normally played every weekend in Germany have taken place. This demonstrates the scope of the impact still underway in a country were the football culture is extremely important.

At the beginning of April 2020, an Intersport dealer survey on sales expectations for 2020 showed a double-digit decrease in sales for the months of March and April alone compared to the previous year. This assessment has been confirmed in real sales. Sales through ecommerce increased significantly compared to the previous period, but the drop-in sales in brick and mortar retail could





not be offset. The reopening of stores after the lockdown at the end of April 2020 indicates that the sales are slowly increasing. Even if recent sales slightly exceeded expectations, they remain lower than the previous year's sales and behind schedule for 2020. Running and fitness are the main sales drivers and account for almost half of all sales. The Intersport analysis shows that the sales of bike and funwheel sports (including inline skates, longboards) benefited disproportionately from the lockdown, while all categories that were prohibited or severely limited during the lockdown, such as team sports or swimming equipment, suffered a significant declines in sales.

## Main Competitors

The market share of U.S. brands in Germany and Europe is significant. U.S. brands are generally very popular in Germany, and U.S. sporting goods manufacturers such as Under Armour, Nike, Patagonia, New Balance, and The North Face are major players in the German market.

Local competition is foremost evident through Adidas and Puma, but there are many other strong German companies such as:

CUBE, bicycle manufacturer, www.cube.eu
Canyon Bicylces GmbH - racing bikes, mountain bikes and triathlon bikes, www.canyon.com
Deuter - sport packs and bags, for hiking, trekking, snow sports and other uses, www.deuter.com
Jack Wolfskin – outdoor wear and equipment, www.jack-wolfskin.com
Kettler - riding toys, leisure gear, patio furniture and exercise equipment, www.kettler.com
Marker International - alpine and touring bindings, helmets, goggles and protection, www.marker.net
Magura -, bike brake manufacturer, www.magura.com
Ortlieb - outdoor equipment, specializes in waterproof bags, www.ortlieb.com
Reusch - sports equipment for football and winter sports, www.reusch.com
Schoeffel - functional outdoor clothing, www.schoeffel.com
Tatonka - backpacks, tents, cooking utensils, luggage/travel accessories, clothing, www.tatonka.com
Uhlsport - sporting goods equipment, specializes in ball sports, www.uhlsportcompany.com
VAUDE – mountain sports equipment and urban wear, www.vaude.com
Völkl Ski International, GmbH – skis, snowboards, outerwear, tennis gear , www.voelkl.com

## Opportunities

Biking

The sales (in pieces) of bicycles and e-bikes in 2019 was 4.31 million units, 3.1% over the previous year. While the sale of e-bikes grew strongly (+39%), there was a decline in bicycles sales by 7.8%. As a result, the market share of e-bikes in the overall bicycle market increased to 31.5%. Sales of bicycles and e-bikes increased to 4.23 billion euros in 2019. This is an increase of around 34%. Combined with the component and accessories area, the total turnover of German bicycle, e-bike, components and accessories industry is approximately 7 billion euros.

According to the German Association for the Bicycle Industry (ZIV), May 2020 was the strongest month the industry has ever experienced. The unexpected sales boom resulted from many people, especially city-dwellers, avoiding public transportation and opting for cycling instead. Covid-19 has shown that bikes are an essential part of modern mobility. Beginner and children's' bikes are extremely sought after, but so are high end cycles and e-bikes.

E-Sport

The absence of in-person sporting events has allowed the digital arena to suddenly pose an interesting alternative to fans. The vacuum left by in-person sports opened the door for new kinds of creativity, as well as the opportunity to spread the awareness of e-sports in the digital world. From 2018 to 2019, the video game market in Germany grew by 6%. An engine of this growth is e-sport, i.e. the competitive playing of games from a sporting perspective. E-sports have been growing exponentially in Germany for years. While the market volume in 2013 was 8.3 million euros, it is expected to reach 144 million euros in 2023. This corresponds to a seventeen-fold increase in the market within eleven years. A great advantage of electronic sports, in times of social distancing, is its digital character. This means that events, tournaments, and competitions can also take place on the Internet. Some of the atmosphere of an event may be lost, but unlike many traditional sports, e-sports can continue with little interruption. For example, the German Football Association (DFB) organized the #WePlayAtHome tournament, in which FIFA World Cup winner Mohammed "MoAuba" Harkous and German FIFA champion Michael 'MegaBit' Bittner took part.

Yoga

Another area that received increased attention during the lockdown was the yoga industry. People were seeking avenues to reduce anxiety and stress. Online yoga classes and clothing were highly sought after during this time as well. Zalando, a European e-commerce company, announced a doubling of yoga related sales on their online shopping sites in 2020, compared to the same time period 2019.





Golf

640,000 Germans are members of the German golf association, with an estimated additional 1.8 million Germans regularly playing golf without membership. Golf associations in Europe have been struggling to retain members, but the German association, the largest in Europe, was able to grow by 0.1% in 2019. According to the latest Golf Datatech study, German golf equipment and apparel sales grew by almost 6% in 2018, exceeding the average global value of 4.1%

Running

The running industry has been bolstered by an increasing activity of consumers during the Covid-19 lockdown. The increased sales of GPS watches, running shoes, and app downloads reflected the need for people to keep active. The magazine, Runners World Germany, showed a 40% increase of online registrations in April, followed by 29% in May 2020. Most of the registrations were from running newcomers. Now it is up to the industry to retain these newfound runners.

Tennis

Following the lockdown, tennis was one of the first organized outdoor club sports allowed to resume in Germany. The nature of the sport allowed for social distancing and introduction of hygiene measures. 1.4 million Germans are members of the German tennis association, making it the largest tennis association worldwide. In addition, there are 5.8 million active tennis players in Germany who are not club members.

Winter Sports

A study completed in 2018 concluded that 27.7 million Germans participate in winter sports. Of these, 23.2 million were regularly active in 2017 for an average of 14.6 days. This results in a value of 339 million "Winter Sports Days" by the Germans, of which 103 million days were attributed to alpine skiing and 92 million days to cross-country skiing (Grundlagenstudie Wintersport 2018). In ranked order, the most popular winter sports in Germany are: Alpine skiing, winter hiking, sledding, cross-country skiing, ski tours, snowboarding and snowshoeing. Normally a very lucrative market, the industry is already starting to think of suitable concepts should the Covid-19 pandemic continue into the colder months. Alpine skiing is likely to face more difficult times. On the other hand, sports such as cross-country skiing or touring, which do not take place in large groups, could become more popular among the population.

## Trade Events

Participating in German trade fairs is one of the most cost-effective ways of testing the market's receptiveness to a product, investigating competitors, and finding customers or potential agents and distributors. Due to their international significance and large attendance, German trade fairs provide an excellent vehicle for introducing new products and for presenting a gateway to the European Union and Eastern European markets. The Covid-19 pandemic has resulted in many events being cancelled or postponed. With special health and safety measures in place, the trade fair schedule in Germany is to restart as of September 2020, many in a "hybrid" format with digital networking as a key component.

The most important trade events for the major sport sectors are listed below:
FIBO 2022 (Fitness): April 7-10, 2022, Cologne, www.fibo.com
EuroBike 2022: July 13-17, 2022, Friedrichshafen, www.eurobike.com
ISPO 2022: January 23-26, 2022, Munich, www.ispo.com/en/munich
OutDoor by ISPO 2022: Summer 2022, Munich, www.ispo.com/en/outdoor

## Trade Events

Trade Associations:
German Sporting Goods Manufacturers Association: www.bsi-ev.com
German Association of Sporting Goods Retailers: www.vds-sportfachhandel.de
European Outdoor Group: www.europeanoutdoorgroup.com
Association of the German Fitness Industry: http://www.vdf-fitnessverband.de
German Golf Association: www.golf.de
German Tennis Federation: https://www.dtb-tennis.de/

## Market Snapshot

Rating Definitions
1 Little to no probability of success for U.S. exporters
2 More challenges than opportunities
3 More opportunities than challenges
4 Very high probability of success for U.S. exporters

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G E R M A N Y

Category Scores:
3 - 9506 Articles and equipment for general physical exercise, gymnastics, athletics, other sports (including table-tennis) or outdoor games, not specified or included elsewhere in this chapter; swimming pools and wading pools; parts and accessories thereof:
3 - 9506.1 Snow-skis and other snow-ski equipment; parts and accessories thereof:
3 - 9506.2 Water skis, surf boards, sailboards and other water- sport equipment; parts and accessories thereof
3 - 9506.3 Golf clubs and other golf equipment; parts and accessories thereof:
3 - 9506.4 Articles and equipment for table-tennis, and parts and accessories thereof
3 - 9506.5 Tennis, badminton or similar rackets, whether or not strung; parts and accessories thereof:
3 - 9506.6 Balls, other than golf balls and table-tennis balls:
3 - 9506.7 Ice skates and roller skates, including skating boots with skates attached; parts and accessories thereof
3 - 9506.9 Articles and equipment for general physical exercise, gymnastics or athletics; parts and accessories thereof
3 - 9507 Fishing rods, fishhooks 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:
3 - 3926.2 Articles of apparel and clothing accessories (including gloves, mittens and mitts)
2 - 4202 Trunks, suitcases, vanity cases, attaché cases, briefcases, school satchels, spectacle cases, binocular cases, camera cases, musical instrument cases, gun cases, holsters and similar containers; traveling bags, insulated food or beverage bags, toiletry bags, knapsacks and backpacks, handbags, shopping bags, wallets, purses, map cases, cigarette cases, tobacco pouches, tool bags, sports bags, bottle cases, jewelry boxes, powder cases, cutlery cases and similar containers, of leather or of composition leather, of sheeting of plastics, of textile materials, of vulcanized fiber or of paperboard, or wholly or mainly covered with such materials or with paper:
3 - 4203.21 Articles of apparel and clothing accessories, of leather or of composition leather, specifically designed for use in sports
3 - 6116/6216 Gloves, mittens and mitts, knitted or crocheted: (con.)
3 - 6306 Tarpaulins, awnings and sunblinds; tents; sails for boats, sailboards or landcraft; camping goods of all types of textile materials (excl. flat protective coverings of light woven fabrics; umbrella and play tents; rucksacks, napsacks and similar containers; sleeping bags, mattresses and pillows, incl. their fillings)
3 - 6306.2 Tents of synthetic fibers/Tents of textile materials
3 - 6306.9 Camping goods of textile materials (excl. tents, awnings and sunblinds, sails, pneumatic mattresses, rucksacks, knapsacks and similar receptacles, filled sleeping bags, mattresses and cushions)
3 - 6403.12 Ski-boots, cross-country ski footwear and snowboard boots, with outer soles of rubber, plastics, leather or composition leather and uppers of leather
3 - 6403.19 Sports footwear, with outer soles of rubber, plastics, leather or composition leather and uppers of leather (excl. ski-boots, cross-country ski footwear, snowboard boots and skating boots with ice or roller skates attached)
3 - 6404.11 Sports footwear; tennis shoes, basketball shoes, gym shoes, training shoes and the like, with outer soles of rubber or plastics and uppers of textile materials
3 - 6506.1 Other headgear, whether or not lined or trimmed: Athletic, recreational, and sporting headgear
3 - 8712 Bicycles and other cycles not motorized
2 - 8903 Yachts and other vessels for pleasure or sports; row boats and canoes
3 9503 Tricycles, scooters, pedal cars and similar wheeled toys; dolls' carriages; dolls; other toys; reduced-size (scale) models and similar recreational models, working or not; puzzles of all kinds

# INDIA

Indian sports, predominately conquered by the game of cricket, are moving towards a collaborative environment, resulting in the growth of viewership, participation and sports-related industries. India's sustainable economic climate, rising disposable incomes and changing outlook towards fitness is fueling an increase in demand for sports-related goods and services. From brand building and infrastructure to niche entrepreneurial ventures, the Indian sports industry has opened a variety of new business opportunities for investors looking at the Indian market. Investment prospects in the sports industry are dispersed across the entire supply chain, ranging from manufacturing and retail of equipment to advertising, talent management and training.

India Sports Market 2018-19:

The growth in the Indian sports market is reflected in the mushrooming of several sporting leagues in the last 5-6 years. League/Franchise owners of multiple sports are taking steps to facilitate extensive grassroots participation that in turn create pathways for young talent to consider sports as a career. Furthermore, the burgeoning fitness industry (with a Compound Annual Growth Rate of 25%) is widening community participation by way of marathons, running/cycling groups, private gyms, in-house fitness centers within offices/residences, artificial sport turfs on roof tops, etc. This continuing trend of private sector involvement is driving the sector growth, creating a direct and relatively easy market access channel for foreign companies in the product or service space.

Government Initiatives:

The Khelo India Program, a large-scale talent scouting program, offers annual scholarships of USD $6600 for 8 years to 2500 talented players (picked up every year from the annual Khelo India Youth Games) to prepare for International Sporting Events. The program also includes development and modernization of sports Infra and building centers of sporting excellence (in public universities) across the country.

In August 2019, Prime Minister Narendra Modi launched the FIT India Movement, a new nationwide campaign, to encourage the country to inculcate physical activity and sports in their everyday lives to counter lifestyle diseases.

A National Sport Development Code is also being inculcated to bring in more transparency and accountability in the National and State Sport Federations. This indicates the industry is moving towards professionalism by incorporating good sport governance structure and practices.



Capital: New Delhi
Population: 1.381 Billion (2020)
GDP: USD 3.202 Trillion (2020)
Currency: Rupees
Languages: Hindi & English

Social Media and Marketing:

Social media is acting as another catalyst in driving the growth of the market. Through social media channels, such as Facebook, Instagram and Twitter, sports and fitness product manufacturers are directly communicating with the audience. They are also using these platforms to advertise, thereby informing the potential customers about the specifications and functionalities of their products. Furthermore, the market is increasingly being driven by innovations in manufacturing technologies with both domestic and international brands offering advanced equipment. Products include such items as smart tennis racquets, speed training equipment, motorized treadmills and fitness bands marketed in creative and engaging ways by present-day influencers whose promotions and campaigns create vast impressions and traction. The future manufacturing prospective for international sporting goods and apparel companies entering or already in the market is that of tremendous growth, with key markers of the industry's progress including:

- Rising labor-intensive economy with over 500,000 people employed in the sports equipment industry and manufacturing sector
- Potential for growth in employment and revenue for firms in this sector -honorary positions at sport federations will be replaced by accountable full-time administrative positions such as a CEO, Marketing Manager, etc. A FICCI report has also indicated the requirement of having 4.5 million professionals work in diverse areas within the sports industry, including sport science, event management, venue manager, sport manager, sport physiotherapist, sport psychologist, etc. Even successful business models such as The Indian Premier League (IPL) - professional Twenty20 cricket league and Decathlon have opened several career opportunities in the sports industry.
- The sports market is developing rapidly in the states of Gujarat, West Bengal, Tamil Nadu and particularly in the city of Mumbai. These are new areas outside of the traditional markets that existed in Punjab and Uttar Pradesh.

## Market Entry & Barriers

The best way for U.S. manufacturers and suppliers to penetrate the Indian market is to take advantage of services and programs offered by the International Trade Administration's Global Market Network of U.S. Export Assistance Center (USEACs, http://www.export.gov/comm_svc/eac.html ) and the U.S. Commercial Service offices in India ( http://www.buyusa.gov/india). Seeking the assistance of a USEAC before exploring an opportunity in this market is highly encouraged.





Market barriers for international brands include:

- Fragmentation- market with many local and international brands
- Increased competition from local sporting goods makers who have started to diversify from cricket and football sports into athletics, gym wear and high-end fitness equipment.
- For a lesser known international brand, marketing becomes critical and entails huge investments. Even if the brand chooses the ecommerce route for market entry, significant digital marketing efforts are required to drive traffic

However, with growing demand for sportswear and sports equipment, as well as the sustained government and corporate push to promote sports in India, the sports retail segment continues to have untapped potential. Most manufacturers and retailers in India predominantly focus on equipment and apparel for cricket. However, with the advent of new sporting leagues, this sector is seeing an increase in demand for other sports-related goods such as badminton, football, and hockey as well as fitness wear and equipment.

Case Study - Decathlon in India:

French sports company Decathlon, the world's largest sporting goods manufacturer and retailer, were the first multinational corporation (MNC) entrant into the sports retail market in India. Decathlon India incorporated in 2004 and had one of the early bird licences under the Indian Government's new foreign investment policy which allowed 100 percent foreign funding of single-brand retail stores, provided 30% of value of goods had to be procured from India as part of the local sourcing requirement. However, a sourcing relief was introduced last year wherein all procurements made from India by a single-brand retailer for that brand shall be counted towards local sourcing, irrespective of whether the goods procured are sold in India or exported. Luckily, Decathlon had already started its manufacturing activity in India in 1999 to cater to Decathlon stores worldwide. They also leveraged the new FDI and relaxed sourcing norms when they started opening stores in India in late 2000's. Their ultimate objective was to achieve 80% Made in India products by 2023. Decathlon has set up 60 stores across India, and up to 30 percent of 5,000 products sold under their brand are sourced from Indian manufacturers. As first movers into this emergent market, they enjoy a dominant position and large revenues.

## Current Market Trends & Demand

The ongoing development of major sporting leagues, such as the Indian Premier League (IPL) for cricket or the Indian Super League for football with their enthusiastic fan base, shows a promising future for sports and affiliated sectors.

Mainstream subsectors like manufacturing and promotion are bound to grow due to the increasing demand for quality sporting goods coupled with India's emerging appetite for varied sporting events creates budding options for investments into sports technology, services, marketing, and broadcasting.

Increasing private sector presence is shaping investment and collaborative practices in the Indian sports sector, which was too unorganized in the past to allow simple investment strategies. Foreign firms such as the Chinese technology company, Vivo, and sports retail giants Nike and Adidas, are developing interest in niche sports like kabaddi, hockey, and football through sponsorships and funding – in turn leveraging brand recognition and advertising opportunities.

Owing to immense potential in Indian sports, the National Basketball Association (NBA) launched the very first NBA India Games 2019, where Sacramento Kings and Indiana Pacers played on October 4th & 5th 2019 in Mumbai, India. The NBA has seven academies in the world and India is one of them.

Future investors entering the Indian sports market will find navigating this sector easier due to federal incentives within the industry as well as established working models and practices created by first-mover companies.

A major trend catalyzing the demand of sports and fitness goods is the rising public and private investments in infrastructure development. The infrastructure in schools, colleges and other institutions are also being upgraded with facilities such as gyms, swimming pools, stadiums, courts, etc.

Growing awareness about personal health among the Indian population has led them to join health clubs and gyms or actively participate in different sports and unconventional fitness activities like Zumba, kickboxing and aerobics. Fitternity, an aggregator, has 25,000 gyms and related activity studios registered on its platform.





Athleisure wear (sportswear which doubles up as a casual wear) is the fastest growing category for men, women, and kids and is witnessing a 20-25% annual growth rate with roughly a US $8 billion market in India (US Athleisure market is US $83 bn).

Performance wear (UV protection, anti-odor technology, compression to avoid injuries, moisture management)is another rising category. Local brands are making the most impact in this space because their products are specifically designed to fit the Indian lifestyle, weather conditions and pricing.

Athletes and Bollywood celebrities like Hrithik Roshan (HRX) and Virat Kohli (WROGN, One8) have started their own sports brands and are gaining moderate traction.

New local, home-grown brands (Athlos, Heelium) are developing sustainable, eco-friendly products.

The Decathlon model has created a new retail trend of high level customer engagement and an enhanced buying experience with dedicated activity zones. Following on this trend, another French retailer, GO Sports have also entered the market. This model is also attracting international brands that are unique to India such as North Face, Aptonia, Domyos, Artengo, etc.

The confluence of social media and ecommerce has led to the growth of sportswear sales in second and third tier cities and towns. Brands like Asics, Puma, Under Armour, and Adidas have reported 30-35% sales coming from this market through the ecommerce route.

Growing concerns around lifestyle diseases have helped wearables to gain traction for weight control and physical activity monitoring. GoQii offers personalized remote fitness coaching by tracking and monitoring the customer via a wearable fitness band and a mobile app. Their user base equates to 4.5 million.

With the mushrooming of sporting leagues following the IPL model, high sports tech products for athlete high performance,sports injury detection, monitoring and recovery have gained traction. Companies such as HUDL (USA), Catapult (Australia), CEP (Germany), Statsports (UK), VALD (Australia), Tecnobody (Italy), have entered this area.

At present, balls represent the most popular product type, owing to the growing popularity of sports such as squash, hockey, cricket, tennis, bowling, table tennis, football, volleyball, basketball, dodge ball and handball. In addition to this, upcoming international sports events in India, such as Men's and Women's Hockey World League, and Women's World T20 cricket, (a short form of cricket in which each team is permitted to play a maximum of 20 overs), will further bolster the market growth.

The Sports and Fitness Industry of USA in India:
The USA has been playing a key role directly and indirectly in the growth of the Indian Sport and Fitness industry. This is an opportune time to capitalize in further leveraging the strong presence of companies/brands active in the Indian market such as Nike, NBA, Disney, ESPN (via partnership with SONY Corporation), Snap Fitness, Golds Gym, Life Fitness, Gatorade, ACSM (American College Of Sport Medicine), Wasserman Group and more. India has been attracting international interest, with the U.K. and Australia bringing regular trade delegations in the last two years. Besides the U.K. and Australia who have been actively promoting trade and diplomacy of sport, there are others like Japan, the Netherlands and most recently Korea who have agreed to memorandums of understanding with the Ministry of Sport.

## Main Competitors

The Indian sports market is highly fragmented with the presence of numerous small and large manufacturers who compete in terms of price and quality. Some key sports manufacturing and production companies in India include:

- Indian companies: Cosco (India) Limited, Nivia Sports Private Limited, Bhalla International, Sareen Sports Industries, Sansparelis Greenland Private Limited.
- Competitor countries for sports good imported internationally include, China, the U.K. and U.A.E.

## Opportunities

At a broader level, there are opportunities in sports education and related vocational training in areas such as sports science, sports management, and physical education. The roles vary from the delivery of content to developing/reviewing content customized as per regional dynamics and requirements. The second vital area is developing sports infrastructure and improving access to sport facilities for the diverse socio-economic strata of the Indian society. The Indian Premier League and other Indian sporting leagues have been inspired from the business models of American sporting leagues and will continue to look to the likes of the NBA, the NFL and the MLB for ways to build long term





sustainable league loyalty and fan followings. Consumerization of sports is fast growing in India by way of expansion in sports retail, fitness clubs, digital and TV content. Growing involvement of women in sport is also a rising phenomenon in the Indian market.

## Trade Events

Event name: 5th Edition -India International Sports Goods Show 2020 IISGS
Date: August 2020 (postponed)
Venue: Pragati Maidan, New Delhi, India
Exhibition on sports goods, sportswear & accessories, fitness, gym & rehabilitation equipment, sports flooring and technology, golf, adventure & amusement, motor sports, toys, sports wellness & beauty, raw materials & sports goods manufacturing machineries sport medicine.

Event name: 10th Edition - Sports Expo India
Date: 30th July to 2nd August 2020 (postponed)
Venue: Hyderabad, India
Exhibition on sports equipment manufacturers, infrastructure developers, fitness equipment sports leagues & events, medicine, nutrition & wellness, sportswear & fitness apparel, fitness & leisure clubs, sports & wellness tourism, centres & gym software companies sports academies & training institutes, sports federations & associations, trade associations, books, media & publications, rehabilitation centres, eCommerce companies and yoga trainers/centres

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# JAPAN

## Summary

Japan is open to imported sporting goods and its distribution system is relatively simple. U.S. exports of sporting goods to Japan have been steadily increasing for the past 5 years. In 2019, the U.S. exported $444.8 million worth of sporting goods and it is about 8% of the entire U.S. sporting goods exports. Consisting of golf clubs, balls and other golf related parts, approximately 20% of U.S. golf products are exported to Japan.

In general, Japanese customers appreciate the value of high-quality and stylish products. However, they are very concerned with product safety. Generally, products that are used to eat and drink or food/water containers must go through rigorous inspections. Also, e-bikes and gas-powered equipment, such as outdoor cooking stoves have to adhere to specific safety standards.

Like everywhere in the world, the impact of COVID-19 is huge, and it is affecting people's lifestyles. Leisure and outdoor activities, such as hiking and camping, are preferred to indoor activities. Individual sports may be favored as opposed to team sports. Bicycles and e-bikes are expected to be an alternative to crowded commuter trains. In addition, people are encouraged to work out of their homes, as a result, small-sized personal exercise equipment may sell well.

The Tokyo Olympic Games, now scheduled in 2021, should help expand the sporting goods market in Japan. If Japanese athletes win medals, people will likely start playing those sports, catalyzing a demand in more sport related products.

Commercial Service Osaka, Japan promotes U.S. sporting goods in Japan. We carefully watch the market trends and share the latest information with high quality U.S. sporting goods exporters. Please let us know if you are interested in the Japanese market.

## Market Entry and Barriers

Market entry is simple and depends on the marketability of the product. However, some products must meet Japanese regulations and industry standards, such as water bottles/hydration systems, dishes, cutleries, gas equipment and e-bikes. In many cases, each style and color of the same product must pass inspections and meet safety standards for the relevant regulations.

## Current Market Trends and Demand

According to Yano Economic Research, a private market research institute, the size of the Japanese sporting goods market is estimated at $14,412 million at wholesale in 2019. The largest segment in the Japanese sporting goods market is athletic shoes, followed by golf equipment and outdoor goods and equipment. The athletic wear segment shows steady growth as well. Other segments include fishing equipment, baseball/soft ball equipment and soccer/football equipment.

To reduce the risk of being infected by COVID-19, the Government of Japan (GOJ) introduced "new norms" and encourages citizens to avoid the 3 Cs (Closed space, Crowded places, Close-contact settings.) Baseball and football are quite popular sports in Japan, however in this current environment, the individual sports equipment market likely has greater potential than team sports equipment. Outdoor activities, such as hiking and camping, personal training equipment for home and bicycles, including e-bikes, may also have potential as consumers are forced to stay home.

The Tokyo Olympics is now scheduled for the summer of 2021. Usually, the sporting goods market grows in the Olympic year. As Japanese athletes play well and win medals, the sports in which Japan shows success increases the number of players in the country pursuing that sport and demand for related equipment grows.

Japanese Sporting Goods Wholesale Market 2019 (Unit: $ Million)

Golf Equipment - $2,475
Fishing Equipment - $1,279
Athletic Wear - $1,799
Outdoor -$2,408
Athletic Footwear - $2,920
Baseball/Softball - $657
Cycle Sports - $400
Football/Futsal - $537
Fitness - $161
Total - $14,412
Source: Sporting Goods Market Report prepared by Yano Economic Research Institute





## Main Competitors

Major competitors for sporting goods include companies from Japan, Taiwan, and European countries such as Germany, Italy, and France. China is the largest supplier of sporting goods, athletic apparel and footwear, however, U.S. and European branded products compete well.

## Opportunities

Outdoor

Traditionally, hiking and camping have been popular leisure activities in Japan. With the new norms to prevent the spread of COVID-19, the market for outdoor leisure activities may grow. Avid hikers of the Japanese alps area, appreciate high quality goods, seek elite functionality, and are willing to pay the higher price such premier goods merit. Value is appreciated and technically advanced features are sought after, particularly in light of long distance, severe weather, and extreme terrain. Moreover, in Japan, many young families enjoy camping as an alternative to leisure travel. Recently, the number of campers, who enjoy solo camping is increasing. These campers enjoy bonfires and cooking among camping activities, and seek specialized products and goods to support those interests.

E-bikes

As the GOJ encourages people to walk or ride bicycles as part of their commute so as to avoid crowded commuter trains, a surge in growth of the e-bike market is anticipated. This follows a recent steady growth in the e-bike market in Japan. In 2019, almost 700,000 e-bikes were sold at wholesale1, a 13.3% increase compared to the number sole in 2017. Although some modifications are needed to meet the Japanese safety standards, e-Cross, e-MTB, e-Road show market promise. CS Japan has prepared a series of e-Bike Market Opportunity reports for Japan. Please let us know if you are interested in exploring this opportunity.

*Note 1: No. of e-bikes shipped - Source: Yearbook of Current Production Statistics Machinery by Ministry of Economics, Trade and Industry

Fitness

Fitness clubs were required to close with the pandemic to avoid the spread of COVID-19. At the time of report drafting, Japan is reopening these facilities, meanwhile encouraging people to work out at home. Therefore, home use exercise equipment has increased sales prospects. However, to accommodate the smaller house and apartment size in Japan relative to the U.S., the equipment should be compact and storable.

Golf Clubs and Balls

The golf equipment market is the largest segment in the sporting goods market and remains one of the most important export destinations for the U.S. golf industry. The U.S. exported $95 million worth of golf clubs, balls and other accessories to Japan in 2019. This represents 20.2% of the entire U.S. golf related exports for 2019. Authentic, hand-made in the U.S. golf clubs and putters may sell well.

## Trade Events

SPORTEC West and SPORTEC
December 1-3, 2021
Intex Osaka, Osaka, Japan
https://www.sports-st.com/en/hfj/outline/
This show features sporting goods, fitness equipment and health related products and services.

Japan Golf Fair
March 11-13, 2022
Pacifico Yokohama, Kanagawa, Japan
https://www.japangolffair.com/
This is the only golf related trade show in Japan. It's a 3 day show and 1 day is for businesses and the rest will be open to public.

Japan Sports Week
March 11-13, 2022
Makuhari Messe, Chiba, Japan
https://www.sportsexpo.jp/en-gb.html
This show features goods, equipment and services related to sports business, such as arena equipment, training equipment, fitness club solution, fan engaged goods and services.

## Local Resources

Sporting goods trade associations in Japan include:
JASPO (Japan Sporting Goods Manufacturers Association) https://jaspo.org/
Japan Golf Goods Association (JGGA) https://www.jgga.or.jp/





## Market Snapshot

Rating Definitions
1 Little to no probability of success for U.S. exporters
2 More challenges than opportunities
3 More opportunities than challenges
4 Very high probability of success for U.S. exporters

Category Scores:
4 - Hiking and Camping Equipment
3 - E-bikes
3 - Golf Equipment
3 - Athletic wear
3 - Fitness Equipment

## Additional Resources

Market Intelligence: Japan Camping and Hiking Equipment

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# N O R W A Y

## Summary

The sporting goods market in Norway consists of about 25 retail chains, each different in size and market strategy. XXL is currently the largest sporting goods retailer in Norway, however it is the smaller retailers that are reporting higher margins and growth rates. It remains trendy to be sporty in Norway. The sporting goods market has profited from a shift in consumer fashion preferences towards sporting apparel and sports shoes. Norwegians spend on average 30 percent more on sporting goods than the European average per citizen (source: https://sportsbransjen.no/no/nyhetsarkiv/sportsbransjen-vokste-med-66-i-fjor). Products such as textiles, sports electronics and electric bicycles represent significant growth opportunities for the sporting goods market in Norway. The demand for certain specialized sporting goods is weather dependent, and in recent years mild winters have resulted in a decline in demand for winter sporting equipment.

The sporting goods market in Norway has sustained an annual growth rate of approximately 5% with revenue in the sports and outdoor segment expected to hit $423m in 2020. The sporting goods market is expected to maintain an annual growth rate (CAGR 2020 – 2024) of 5.2%, resulting in a market volume of $519m by 2024. The average revenue per user currently amounts to $360 with user penetration at 21.7% in 2020 and expected to increase to 32% by 2024 (source: https://www.statista.com/outlook/dmo/ecommerce/toys-hobby-diy/sports-outdoor/norway#market-users). Recent estimates place the sporting goods market in Norway around 15 billion NOK, or 1.6 million USD (2017 est.).

Moreover, eCommerce is well established in the sports equipment market in Norway and most of the major retailers are optimizing their operations to online sales channels. There is not a dominant ecommerce platform utilized which allows for smaller online stores to capture market niches for specialist equipment. There are approximately 100 online stores that sell sporting goods in Norway, many of which specialize their stock to reach their target audiences.

## Market Entry and Barriers

The best way for U.S. manufacturers and suppliers to enter the Norwegian market is to combine the benefits of the network services and programs of U.S. Export Assistance Centers (USEACs, http://www.export.gov/comm_svc/eac.html.) with the extensive knowledge, industry contacts and services of the U.S. Commercial Service at the U.S. Embassy in Oslo, Norway.



## Current Market Trends & Demand

Note on COVID19 – the global pandemic has had a significant impact on the sporting goods market, with sales figures for Q1 2020 down 12 percent compared to Q1 2019. However, the restrictions on travel have had a positive impact on sales of certain products, in particular; bicycles, running shoes and hiking equipment ( https://www.abcnyheter.no/penger/forbruker/2020/05/26/195680097/kraftig-nedgang-i-salget-av-sportsutstyr).

There are several trends that present opportunities for U.S. companies in the Norwegian market. Health and wellness are global trends that have played a significant role in the Norwegian market. Health conscious consumer behavior is a driving factor in the development of 'Athleisure' textile sales. It is trendy to be sporty, or at least to look sporty. Sports clothes for casual wear have become the norm and fashionable across all age groups. Major sports brands have traditionally dominated this space. However, as the market becomes saturated with known brands, consumers seek out new items where quality, personalization and brands that project values are in demand. Sustainability is another important trend where environmentally conscious consumers choose brands with sustainable supply chains and environmental policies.

In addition, digitalization is another major trend in the Norwegian sporting goods market. Products like smart sports watches and mobile phone applications are enabling consumers to gather and analyze data on their performance in ways that previously were only accessible to professional athletes. These products not only capture data on athletic performance, but also various health indicators such as sleep quality and stress levels. We can expect demand for these products to continue rising as the sensor technologies become more affordable and new applications are developed to empower health conscious consumers.

Norway is a forerunner when it comes to the early adoption of electric mobility. Recently we have seen significant demand for electric bicycles, electric scooters and other forms of electric micro-mobility. This trend is largely driven by improvements in battery technology, but also by urban planning policies that incentivize alternatives to the car. The impact of Covid-19 and social distancing measures have restricted the use of public transportation and consequently, the sale of bicycles and especially electric bicycles have doubled in 2020 ( https://www.abcnyheter.no/penger/naeringsliv/2020/05/21/195678804/coronakrisen-forer-til-eksplosjon-i-sykkelsalget). The electric bicycle is ideally suited to the commuter cyclist and with





mountain biking enthusiasts. The functionality of electric bicycles enables manufactures to experiment with new bicycle styles and bring in new customers.

According to the Norwegian Federation of American Sports, which is the governing body for American football, cheerleading, disc sports, and lacrosse in Norway, U.S. sports in Norway are increasing in popularity. Major sports retailers now stock equipment for American sports and several online stores specialize in equipment and personalization for different sports teams. There is a competitive advantage for U.S. manufacturers that have attained brand recognition as these sports continue to grow in Norway.

## Main Competitors

Major competitors in the sporting goods market for Norway are manufacturers in China that can compete on price, as well as manufacturers in Scandinavia and the UK that are in closer proximity to the Norwegian market and offer cheaper shipping costs.

## Opportunities

The sporting goods market in Norway is somewhat unique compared to other counties in that sporting goods stores carry a broad variety of products in the sports and leisure category for both summer and winter, with a wide selection of brands. This is perhaps due to the four seasons in Norway with significant variations in temperature and weather conditions. In addition, a recent poll by the Norwegian Environmental Agency shows that 90 percent of the population actively enjoy outdoor activities; ranging from hiking, hunting, fishing, skiing, boating, and outdoor swimming. With that level of activity comes a large appetite for new products and technologies that present a great opportunity to U.S. manufacturers of sporting goods.

The Norwegian market is generally comprised of environmentally conscious consumers that will seek out products not based on price, but rather on quality, branding, and environmental impact. Several companies have successfully communicated their sustainability focus and have become leading sports brands in Norway, particularly in outdoor sports such as running, hiking, skiing, kayaking, biking, fishing, hunting, and sailing. There is demand from consumers for new products that are environmentally friendly without compromising on quality or performance.

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Capital: Canberra, A.C.T.
Population: 25.6 million
GDP: USD1,450 billion
Currency: Australian Dollar
Languages: English

# AUSTRALIA

## Summary

With a geographical size equivalent to that of the United States, Australia's outdoor leisure experiences are wide ranging and cover beaches, coral reefs, rivers, mountains, snow, desert, rainforests and bushland. Participation rates in fitness-related activities is generally higher than in many other countries, with market potential adjusted to take account of Australia's relatively small population.

The Australian sporting goods market is valued at approximately USD1.25 billion. Local Australian production is estimated at USD150 million with exports from Australia totaling USD15 million. Imports to Australia are USD1.1 billion and meet close to 90 percent of total domestic demand. In 2019, import demand declined by two percent following strong growth in 2018. Imports are anticipated to fall between 2-5 percent in 2020 before rebounding again in 2021. With participation rates continuing to trend upwards, Australia remains an important and receptive market for sporting goods.

## Market Entry and Barriers

American-made sporting goods are entering the Australian market via three main channels:

- Independent distributors representing overseas suppliers.
- Retailers purchasing goods directly from manufacturers.
- Australian consumers through local and overseas e-commerce sites and platforms.

Several retail sub-sectors exist that cater to different sporting goods. These include surf and action sports; outdoor camping and hiking; fishing; snow sports; boating and marine; cycling; and sporting goods. These retail sub-sectors are particularly relevant at the premium end of the market. At the low or discount end, products tend to be sold through discount department stores.

A handful of well-established independent distributors exist in the market. There are 5-6 distributors capable of selling into the mass market. An even smaller number exist that specialize in selling sporting goods to schools and clubs. There are other importers and distributors that focus on various sub-sectors or product specializations.

Furthermore, there are relatively few independent distributors, in part, because the sub-sectors are characterized by an either medium or high level of retail concentration with varying degrees of retail consolidation experienced over the last 10 years.

There are three discount department stores in Australia - Target and Kmart (both owned by Wesfarmers) and Big W (owned by Woolworths Group). There is one dedicated retail sports store chain – Rebel (owned by SRG). Up until a few years ago, SRG also owned the Amart Sport retail chain but in 2017 those stores were merged with Rebel.

Additionally, most of the other dedicated national sporting goods stores primarily stock footwear and apparel and are usually part of a franchise or buying group. There are few independent stores in the market. A relatively high level of retail concentration also exists for camping and outdoor products. The main retail chains are Kathmandu, Anaconda, Paddy Pallin, BCF, Mountain Designs and Macpac. The last three companies are owned by SRG.

Behind the United States, Australia has the second largest square footage of retail space per capita in the world. This has led some distributors to consider the Australian market to be oversupplied. While niche opportunities always exist for high end items, distributors advise that Australia's temperate climate means that exporters may need to anticipate relatively smaller sales volumes of high-end items.

## Current Market Trends and Demand

In 20211, Sport Australia released a comprehensive 2020 survey on sport and physical activity participation rates. The survey found that 65 percent of those interviewed were involved in sport or physical activity at least three times per week compared to 63 percent in 2019. This, overall participation rates have increased.
https://www.clearinghouseforsport.gov.au/research/ausplay/results

The survey also found that the most popular activities by participation were: recreational walking (47%); fitness/gym (37.4%); running/athletics (19.8%); swimming (17.1%); cycling (14.3%); bush walking (8.6%); yoga (6.9%), football/soccer (5.5%); golf (5.4%) and tennis (5%).

Australian adults spend approximately USD23 million per year on recreational walking while they spend USD3 billion on fitness and gym activities.

Golf is one of the few activities that shows an increasing participation rate with age. More than half of all adult golfers are aged 55 and over with peak participation occurring at 65 plus years of age.





Participation rates have increased for non-organized activities at the expense of organized activities due to the restrictions placed on community gatherings. These activities were either accessible in a COVID-19 environment or able to be performed socially distanced.

Consumers are becoming less attached to the ownership of goods and are more frequently renting or sharing services through peer-to-peer platforms.

Consumers expect instant gratification through the rise of on-demand services built upon speed and accessibility.

eSports is a significant contributor to the sports sector in Australia like it is around the world.

Australia has an ageing population with 14 percent currently over the age of 65. By 2056, this segment might represent 25 percent of the population. This group will expand by 0.7 million over the next decade.

## Main Competitors

Australia imported approximately USD1.1 billion worth of sporting goods in 2019. Imports satisfy close to 90 percent of total domestic demand. Australia is known for its local manufacturing capabilities around fishing rods and related fishing equipment as well as boards and SUPs. At least 70 percent of all sports apparel is imported from China and Bangladesh. Sports footwear is mainly sourced from China and Vietnam.

## Opportunities

Australia's ageing population means that the retiree market is changing with post-war baby boomers taking over that demographic. This group will expand by 0.7 million over the next decade. As a result, "glamping" style products are growing in demand.

Australia's generation Ys are entering the young family stage and looking for affordable options. Over the next decade, this group will grow by half a million people.

Furthermore, growth in gyms and number of personal trainers has increased the demand for products aimed at general fitness and strength. Retailers are more open to exploring new product segments as a strategy to differentiate and compete, and distributors are looking for complementary products that can allow them to tap into non-traditional channels such as supermarkets and pharmacies.

## Trade Events

Outdoor Retailer Australia is the main sporting goods-related trade show in Australia. It is scheduled for May 29- June 1, 2022 in Melbourne, Victoria. The show is owned by the Snow & Outdoor Trade Association, which is a not-for-profit association run solely to provide a trade exhibition to the outdoor industry in Australia and New Zealand. Exhibition is restricted to companies with operations in Australia. At the time of writing the show was not open to international exhibitors.

## Market Snapshot

Rating Definitions
1 Little to no probability of success for U.S. exporters
2 More challenges than opportunities
3 More opportunities than challenges
4 Very high probability of success for U.S. exporters

Category Scores:
3 - 9506 Articles and equipment for general physical exercise, gymnastics, athletics, other sports (including table-tennis) or outdoor games, not specified or included elsewhere in this chapter; swimming pools and wading pools; parts and accessories thereof
2 - 9506.1 Snow-skis and other snow-ski equipment; parts and accessories thereof
2 - 9506.2 Water skis, surf boards, sailboards and other water- sport equipment; parts and accessories thereof
4 - 9506.3 Golf clubs and other golf equipment; parts and accessories thereof
1 - 9506.4 Articles and equipment for table-tennis, and parts and accessories thereof
1 - 9506.5 Tennis, badminton or similar rackets, whether or not strung; parts and accessories thereof
1 - 9506.6 Balls, other than golf balls and table-tennis balls
3 - 9506.7 Ice skates and roller skates, including skating boots with skates attached; parts and accessories thereof
4 - 9506.9 Articles and equipment for general physical exercise, gymnastics or athletics; parts and accessories thereof
3 - 9507 Fishing rods, fishing hooks and other line fishing tackle
1 - 3926.2 Articles of apparel and clothing accessories (including gloves, mittens and mitts)





3 - 6306 Tarpaulins, awnings and sun blinds; tents; sails for boats, sailboards or landcraft; camping goods of all types of textile materials
2 - 6306.2 Tents of synthetic fibers/Tents of textile materials
4 - 6306.9 Camping goods of textile materials
1 - 6404.1 Sports footwear; tennis shoes, basketball shoes, gym shoes, training shoes and the like
2 - 8712 Bicycles and other cycles not motorized
3 - 8903 Yachts and other vessels for pleasure or sports; row boats and canoes

## Local Resources

Snow & Outdoor Trade Association
http://www.outdoorretailer.net.au/home

Australian Sporting Goods Association
https://asga.com.au

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# SWEDEN

## Summary

Despite its relatively small population of 10.2 million, over 30 percent of Swedes are estimated to participate in sports [1]. The relatively high percentage of active Swedes is likely due to a long and accessible tradition of outdoor/recreational activities with origins in the "Right to Public Access" (Allemansrätten) as well as the founding of the Swedish Sports Federation in 1903. The Right to Public Access is an old Swedish principle stating that everyone has the right to responsibly roam freely in nature. It also teaches the importance of nature to children, contributing to early environmental awareness among consumers. In the 1950-60's, sporting facilities previously run by associations were taken over by municipalities. This resulted in the municipalities becoming the largest donors to the Swedish sports movement [2], allowing anyone interested to participate. As a result, an active, sustainable and environmentally friendly lifestyle is important to most Swedes, which is reflected in not only the number of sports activities, but also in sales of sporting goods and outdoor supplies and equipment.

According to Statista [3], revenue in the Swedish sports and outdoor segment is expected to hit $507 million in 2020. The sporting goods market is expected to show an annual growth rate (CAGR 2020 – 2024) of 4.2 percent, resulting in a market volume of $599 million by 2024. The average revenue per user currently amounts to $230 with user penetration at 21.8 percent in 2020 and expected to increase to 32 percent by 2024.

There are many sporting goods retailers in Sweden and competition is fierce for the broader sport traders due to strong brands, specialist, and discount stores. Moreover, eCommerce is well established in the sports market and many major retailers optimize their operations through online sales channels. The five largest retailers online in the Swedish sporting market include Sportamore.se, XXL, Stadium, Adidas and Intersport [4]. These companies focus on sport accessories and to a great extent on sports apparel and shoes. Stadium, Intersport and XXL also carry sport equipment. A recent report shows that among the most common products to shop online in Sweden, sport and leisure are at 6th place with 14% eCommerce growth in 2019 [5].

Additionally, Sustainability is important to Swedes, where environmentally conscious consumers choose brands with sustainable supply chains and environmental policies. 21 percent of Swedish eConsumers of sports goods have sustainability as their top priority [6].



In general, Swedes enjoy the outdoors, adventure, challenging themselves and having a story to tell. They particularly enjoy activities that give a sense of well-being and long-term sustainability of individual health and finding a balance between exercising, recovery and stress management.

## Market Entry and Barriers

In Sweden, English is widely spoken, and English is the language used for business communications. While Swedish markets are generally quite open to foreign competition, they are also highly competitive. The best way to enter the Swedish market is to find a local distributor. To break into the market, products and services must be globally competitive and usually customized for the Swedish market:

- Demonstrate a clear competitive advantage (i.e., price, quality, branding).
- Evaluate prospective partners carefully and choose an experienced, well-established distributor.
- Be flexible and adjust expectations to the scale of the market. Although Sweden is the size of California, its population is only 10 million.
- Express commitment to the market with a long-term perspective. Visits are important since Nordic partners want first-hand assurance of a partner's reliability and commitment.

There are no entry barriers for sporting goods, except for equipment that requires CE marking, see https://ec.europa.eu/growth/single-market/ce-marking_en.

## Current Market Trends and Demand

*Note on Covid-19 – the global pandemic has had a major impact on the Swedish sporting goods market. According to the Swedish Trade Association (HUI), sales figures for the sports industry declined by 1.6 percent for Q1 2020 compared to Q1 2019, and in March alone sales declined 12.6 percent [7]. A significant portion of the population consumes less sports and leisure products than usual (-23%) and online consumption has decreased marginally (-1%) [8].

According to the Swedish Sports Federation, the most popular sports in Sweden, based on number of participants, are European football (soccer), horseback riding, golf, floorball, and ice hockey [9]. Other popular sports/hobbies include running, camping, hiking, hunting, fishing, skiing, boating, swimming, cycling and increasingly different forms of time-effective fitness workouts that present tough challenges such as high-intensity interval training (HIIT), top hiking, and trail running. There is a great demand for new products and technologies in these categories. Portable technologies previously only used by professional athletes continue to be used to a growing extent to measure individual performance (heart rate, times, steps, sleep, recovery, etc).





In a Nordic eCommerce report, 43 percent of Swedish consumers feel uncertain about if goods from the United States live up to Nordic regulations regarding environmental consideration [10]. While the U.S. is among the top five countries that Swedish eConsumers purchase from [11], the weak Swedish currency, longer delivery times, and the addition of Swedish importation fees and VAT result in a higher total cost. This in turn makes ordering directly from U.S. websites a less interesting option for Swedish eConsumers.

## Main Competitors

Major competitors in the sporting goods and outdoor market for Sweden are manufactures in China that can compete on price, as well as manufacturers in Europe that are in closer proximity to the Swedish market and able to offer lower shipping costs.

Some of Sweden's most well know sporting and outdoor brands include Björn Borg, Fjällräven, Haglöfs, Houdini, Lundhags, Salming, and Peak Performance.

## Opportunities

There are several sporting and outdoor trends that present opportunities for U.S. companies in the Swedish market. Categories that have increased in (U.S. export) value 2018/19 include textiles, camping goods including tents (50%), footwear (49%), (non-motorized) bicycles (159%), sport/target shotguns (89%) and fishing supplies/equipment (18%). While exports of some winter goods have also increased, recent mild winters and lack of snow led to a decline in winter sports equipment sales in 2019.

<u>Camping</u>

Camping in Sweden is on the rise. The number of guest nights spent on Swedish camping grounds has increased by 6 percent from 2017-2019 [12]. U.S. exports of textile camping supplies such as tents increased by 67 percent over the last 5 years, and by 50 percent from 2018-29.

<u>Cycling</u>

This is also increasing in popularity in Sweden. According to the Swedish Cycling Federation, the memberships within their organization have increased from 30,000 members in 2014 to more than 60,000 members in 2019 [13]. This is an opportunity for U.S. companies wishing to enter the market, as imports of U.S. bicycles increased by 60 percent over the last 5 years, and by 159 percent from 2018-2019.

Shooting

Sweden is a nation that has been successful in receiving many Olympic, World Cup and European Championship medals. The Swedish Archery Association has about 100,000 members which is an indication of how popular shooting as a sport has become in Sweden [14]. U.S. exports of sports/target shotguns and rifles increased by 123 percent over the last 5 years, and by 89 percent from 2018-29.

Golf

Between 2018 and 2019 the number of Swedish golfers increased by 43 percent, which reflects the largest growth in all major sports categories [15]. Today, more Swedes play golf for pleasure, rather than for competition. According to the Swedish Golf Association, the number of golf rounds played during the pandemic has increased by 39 percent to date, thanks to the sport being an "infection safe activity" as well as benefitting from good weather [16].

Sustainability continues to be one of the most important social issues for Swedish consumers and thus for companies. An opportunity for U.S. companies, aiming to export within the sport industry to Sweden, is to use their online presence and ecommerce channels to position themselves as a sustainable option on the market. eCommerce within the sporting industry offers major opportunities for providing information about the product and how it is sustainable. It is also an opportunity to provide transparency, which is another factor that Swedish consumers are very interested in [17].

Within the sporting segment, 70 percent of Swedish buyers make conscientious choices when they shop online and 54 % of all Swedish consumers find the ability to see the product's impact on the environment to be of importance. Products with high environmental, health and functional requirements without compromising on quality or performance have a competitive advantage in the Swedish sporting goods market.

## Trade Events

Swedish Bicycle Show, Stockholm, Nov 6-8, 2020
(http://www.cykelmassan.se/app/netattm/attendee/page/78537)

Fitness Festival, Stockholm, Dec 4-6, 2020 (www.fitnessfestivalen.se)

Dive Fair, Gothenburg, March 20-21, 2021 (www.dykmassan.se)





Eurohorse, Gothenburg, March 31-April 4, 2021 (https://en.eurohorse.se/)

Falsterbo Horse Show, Falsterbo, July 10-18, 2021 (https://falsterbohorseshow.se/en/)

Sports Summit, Gothenburg, March 22-24, 2022
(https://en.traffpunktidrott.se/?_ga=2.109154882.655172195.1593438895-832811695.1593438895)

## Local Resources

Swedish Sports Federation (www.rf.se)

## Market Snapshot

Rating Definitions
1 Little to no probability of success for U.S. exporters
2 More challenges than opportunities
3 More opportunities than challenges
4 Very high probability of success for U.S. exporters

Catergory Scores
4 - 9506 Articles and equipment for general physical exercise, gymnastics, athletics, other sports
2/3 - 9506.1 Snow-skis and other snow-ski equipment
3 - 9507 Fishing rods, fishhooks and other line fishing tackle
4 - 9506.3 Golf clubs and other golf equipment
3 - 6306.9 Camping goods of textile materials
4 - 6404.11 Sports footwear; tennis shoes, basketball shoes, gym shoes, training shoes
4 - 8712 Bicycles and other cycles not motorized

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# THAILAND

## Summary

For more than a century, sports between countries grew and prospered to create a variety of businesses such as sports equipment, apparel and shoes, sports stadium business, sports TV channels, sport tourism and E-sports businesses. Sport is not just about exercising for health, but has become products and fashion. In addition to the process of converting sports competitions into products (commodification), television helps many sports to become international phenomena, where the whole world is an audience to these sporting events.

The rapid economic growth of Thailand from the late 20th century to present has led to many opportunities for foreign investment, especially in the consumer goods sector.

## Current Market Trends and Demand

.Nowadays, most Thai people are increasingly interested in health, which has caused the sports business to grow rapidly, both for manufacturers of sports equipment and sports service providers. The Department of Business Development of the Ministry of Commerce in Thailand reported that in the past year there were more than 200 registered sports and sporting goods companies. The overall sports business market in 2019 is worth over US$3.2 billion and growth is 4% to 5% each year.

The clothing and sports equipment market has good growth potential not only for fitness groups, but sporting goods have also become a fashion trend for new generations. Customers often spend 2,500-3,000 baht (almost US$100) per receipt and will buy replacement products every 3-to-6 months.

To help American suppliers tap into this growing potential, this report will focus on the current and future opportunities available in the sporting goods market of Thailand based on available data. Because of its broad scope, the sporting goods market will be broken down into the following categories:

- o Team Sports
- o Exercise/Fitness
- o Golf
- o Outdoor Adventure
- o Cycling & Biking
- o Sports Apparel
- o Sports Electronics

Team Sports

Thailand and Southeast Asia in general have long enjoyed playing team sports in both traditional and western forms. The country participates in the SEA Games, Asian Games, Olympic Games Summer and Winter, Paralympic, and Many Tournament Games. Many of the events at these competitions include team sports such as badminton, volleyball, taekwondo, sepak takraw, baseball, softball, basketball, soccer, futsal, gymnastic, field hockey, netball, water polo, and rugby. In recent years, Thai teams have performed very well and have inspired younger generations and amateur athletes to play competitively and for recreation across Thailand. While some sports have a long history in the country, many like baseball and basketball are relatively new. Thais look to American brands to gain a competitive edge or obtain higher quality equipment.

Basketball is an example of a western sport that is experiencing meteoric growth in the country. The Thailand Basketball League began in 2012 and has both men's and women's teams. The league, modeled after the NBA, is growing wildly in popularity and now has a total of 17 teams. There are also lesser divisions of teams, and the sport is played in schools throughout the country.

Interest in foreign leagues and superstars in sports like basketball and baseball is permeating Thai popular culture and is bringing with it a growing demand for memorabilia and equipment associated with these sports.

Thailand's market potential for the team sports category includes licensed merchandise and memorabilia, team sports equipment, and training gear.

Exercise & Fitness

Thanks to government-sponsored public health campaigns, Thailand's population is becoming more interested in regular exercise and fitness. Exercise facilities are opening throughout the country and patronage is increasing rapidly. While western standards for facilities are met at many of the urban locations, the rural gyms still use crude, poorly made equipment, such as blocks of concrete in cans for weights and rough-cut wooden boards for benches. These homemade solutions may have met the demand in the past, but Thais and foreign patrons are increasingly demanding safer, professionally made equipment that will stand up to use and not injure anyone in the process. This modernization is opening big opportunities for gym equipment providers wishing to play a part in raising standards across the country.





Other potential avenues lay in the cardio and low impact forms of exercise. Aerobics groups are very popular among both men and women and often take place in parks and open spaces throughout Thailand. Yoga and Pilates activities are also growing in popularity in urban areas of the country and just like in the west, can be found in many different forms and styles. Influenced by social media, magazines, films and movies, the Thai market is rapidly exposed to products that are enjoyed in other countries, and demand is growing accordingly. Both Thais and non-Thais in the country are demanding better equipment and accessories to better suit their fitness routines.

Running and jogging are other popular forms of exercise that are enjoyed by many Thais and non-Thais in Thailand. Just like in western countries, participation in this activity ranges from leisurely short jogs to marathons, triathlons, and races. Organized marathons are held in towns and provinces throughout the country, and thousands participate. Charity runs are also becoming more popular, as Thailand, as a Buddhist country, holds merit-making and helping others in high esteem. Runners, however, need the right equipment, and only recently has it become easier to obtain the foreign brands they crave. Improved logistics and intellectual property protection efforts are opening doors for name brands to finally make a push into the modernizing economy.

Thailand's market potential for the exercise and fitness category includes weightlifting and strength training equipment, yoga and Pilates accessories, running and jogging accessories, athletic apparel, and footwear.

Golf

Being a tropical country with a thriving tourism industry, Thailand has built up a solid reputation as a golfer's paradise. An estimated 250 golf courses and over 200 driving ranges exist throughout the country with more being built every year, most of which are built to international standards. Thai and non-Thai golfers alike are taking advantage of the climate and world-class courses are bringing a lot of attention to the sport. Golf's popularity is also getting a boost thanks to several professional Thai golfers' international success and an overall increase in disposable incomes across the country.

Professional tournaments held every year in Thailand bring in big names in corporate sponsorship and prestige. As Thais take to the sport, the demand for golf equipment and accessories is rapidly increasing. While current market size for the Thai golf market is around $50 million, growth is expected to be around 5-10% for the next 5 years. Currently, most of the golf equipment entering the Thai market is imported from the U.S. or Japan. Furthermore, the Thai Golf Association, the authority for golf in Thailand, works hard to promote the sport with male and female amateurs, junior amateurs, world amateurs, professionals, and the Thailand national team.

Thailand's market potential for the golf category includes golf clubs, balls, and bags, shoes and apparel, golf related electronics and accessories, and licensed merchandise and memorabilia.

Outdoor Adventure

Thailand currently has 69 forest parks and 127 national parks (which includes 22 marine national parks). The country has approximately 2,000 miles of coastline and possesses wide variances in topography with an overall climate that is tropical and warm year-round. Originally, Thai people's sports were outdoor sports. At present, Thai people have adapted outdoor sports from foreign countries with Thai topography, such as hiking, camping, rock climbing, snorkeling, scuba diving, boating, yachting, beach volleyball, parachuting, gliding, skating, mountain bicycle, water sports and even skydiving. Adventure sports options are popping up across the urban environment as well, with indoor rock climbing and bouldering facilities, skate parks, and other adventure sports complexes scrambling to meet the demand of the young and vibrant culture. Paddle sports are growing popular on the coasts and rivers, and fishing, which has long been part of the Thai culture, is modernizing with the advent of new products and technologies.

American suppliers of outdoor adventure sports equipment will find strong demand for their products and services in Thailand as its industry modernizes and its population demands better and more sophisticated gear.

Thailand's market potential for the outdoor adventure sports category includes equipment, supplies, and accessories for the following activities: camping, hiking, climbing, hunting, fishing, archery, paddle sports and water sports, and military or tactical gear.

Cycling

In 2015, a popular sports trend in Thailand was cycling. It began with the cycling trend from King Rama 10 in two bike projects called "Bike for Dad" and "Bike for Mom" that made the cycling popular. There were more than 3 million cyclists in that year.





Public and private sectors and Tourism Authority of Thailand continued the cycling trend and created many cycling projects that also result in many small and large bicycle shops. Later, many bicycle shops closed and almost reached a critical point because the trend of exercise changed to running. The running trend began from a Thai singer who ran to collect donations for Thai hospitals. Even so, there are many athletes who like cycling. Most riders are in moderate incomes positions and not attached to brands, but they are looking at value. Most bicycle are imported from China, Taiwan and Japan.

The bicycle business in 2018 has a total value of 7.5 billion-baht (US$241 million), divided into 4.5 billion-baht (US$145 million) in bicycles and 3 billion baht (US$96 million) in equipment. In 2019, the bicycle business still had good signs due to the popularity among cyclists who like technology and innovation of new bikes, with a total value of 7.8 million baht (US$251 million). The popularity of the Thai bicycle market is growing again. The main growth factor comes mainly from bicycles in the triathlon and mountain bike groups. There are many leading brands that developed an electric bike with good design including accessories that enhance cycling safety.

In 2020, the Bicycle Sports Association has organized a spinning project in which the application "Zwift" can be used through smart phones, iPads and notebook computers. The consumer must have equipment like smart trainers to fully integrate the technology with existing bikes. In response to Covid-19, a new trend started with riders to create a new motto, "Can Spin in the House".

Thailand's market potential for the cycling and biking sports category includes standard, electric, foldable, and specialty bikes, parts and frames, add-ons and upgrades, helmets, clothing, and electronics.

Sports Apparel

Thailand is a global hotspot in clothing manufacturing as well as a thriving market for finished product sales. Major brands have set up manufacturing facilities in the country as the cost of labor is low and available investment incentives are attractive. The population is also acutely aware of popular trends and brand names, and the young urban population is anxious to get the latest apparel. Many athletic brands such as Nike and Adidas have established licensing agreements in Thailand, and more are quickly negotiating their impending market entry.

Most apparel and sports equipment businesses are located in Bangkok (49%), then the central region (20%) and others (31%). In Thailand, 2,110 apparel and sports equipment businesses have a capital value of 14.8 billion baht (US$477 million), and most of these businesses operate as a limited company. Apparel and sports equipment businesses have been growing for the last 3 years. For example, the statistics of imported sports shoes in the period of 2017 to 2019 increased in value by 5.3 billion baht (US$170 million) or around 53.95%.

Thailand's market potential for sports apparel includes all licensed merchandise for a full range of sports and training.

Sports Electronics

The market for sports electronics in Thailand is robust. As outlined in the specific sectors, Thais who wish to gain a competitive edge in their sport are anxious to obtain sports electronics. An estimated 80% of the Thai population own smartphones due to decreasing prices and increasing incomes. Sports electronics are marketed as health monitors, trackers, and recorders, especially ones that can be interfaced with smartphones or computers because Thais have become more health conscious.

E-Sports, a sport that competes through electronic devices and developed as online games, are becoming more popular. Thus, Thailand has seen a new profession as players work as game casters and voice actors. However, E-Sports are electronic and focuses on computer equipment, but many still prefer to use sportswear and fashion clothing in team competitions. Therefore, sportswear is still a business opportunity that should not be overlooked in the future.

Thailand's market potential for sports electronics includes electronics for a full range of sports and training, as well as wearables and health monitors.

## Market Entry

Thailand's current Most Favored Nation (MFN) tariff rates on sporting goods range from 10% to 35% depending on the item and are set at a 7% sales tax.

A distributor/agent typically purchases products from a U.S. manufacturer and adds a 30-60% markup to cover commissions, credit risk, and the cost of carrying a local inventory to meet small orders. Value Added Tax (VAT), along with customs duties, is usually paid by distributors. Thai distributors will often request exclusive contracts. Since Thailand is a single market, the





appointment of multiple distributors results in competition amongst them and tends to confuse customers. The profit margin and services will be reduced, and some distributors may wind up going out of business or lose the market to other competitors. It is important to select a good distributor who is completely in tune with your company's goals and objectives to ensure profit.

The U.S. Commercial Service at the U.S. Embassy in Bangkok helps U.S. businesses in Thailand via trade counseling, business matchmaking, market intelligence, and commercial diplomacy.

It is highly recommended that any U.S. business work with reputable local agents who can provide immediate access to established marketing networks and supply-chains and who possess in-depth knowledge of regulations. Local agents can better develop close personal relationships with facilities, government agencies, and manufacturers to ensure smooth transitions and strategy implementation. An agent's role includes not only marketing of the technologies but also handling product registration with appropriate Thai government agencies prior to importation and after sales/support services.

## Market Issues and Obstacles

Although Thailand has long been known as a popular destination for foreign investors due to its government-sponsored incentives and western-friendly attitudes, there are certainly challenges to doing business in the country. Policy and procedures may not be as transparent as in America. The process to obtain such intelligence and propose suitable solutions can also be challenging. Furthermore, the Thai government has experienced occasional instability issues which may affect certain market sectors more than others. U.S. companies will need to work with local partners, whether that be consultants, agents, or distributors, to limit contingencies. Background checks on potential local partners are recommended. Thai buyers are increasingly more open to suppliers from Asia since their products are typically cheaper. Competitors can often provide cheaper, yet often lower quality, pirated, or counterfeit goods that skip official channels of distribution. Local manufacturers and dealers may have a well-established network and are therefore more familiar with the market trends. Finally, by law, U.S.-based firms need to adhere to the Foreign Corrupt Practice Act (FCPA) requirements, whereas some of their non-U.S competitors may not.

## Trade Events

Upcoming trade events to be announced...





Asia Fitness Conference and Expo
Description: This event is for the fitness & health community to be inspired by world-renowned fitness educators, to network with regional leaders, to share ideas and experiences as well as to celebrate being part of the growing and prospering health and fitness industry.
Date: April 2-4, 2021
Venue: BITEC, Bangna, Bangkok
Website: https://www.facebook.com/asiafitconference/

Thailand Game Expo
Description: E-Sport and Games
Date: January – February 2021
Venue: BITEC, Bangna, Bangkok

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# TURKEY


## Summary

The sporting goods market, encompassing products used in all types of sports from soccer and basketball to skiing,golf and biking, is estimated as 3.2 billion USD in Turkey (2019). The sporting goods categories with the highest consumer demand are sports footwear, apparel and sports tech equipment. Overall, the sporting goods market in Turkey is growing 7-10% annually, with the most popular categories being outdoors sports products, bicycles and related equipment, golf, tennis, gym and fitness equipment, fishing equipment and parachutes showing over 20% annual growth in the last five years.

In 2019, there were 5.1 million licensed athletes in all types of sports. Although there are thousands of sports clubs in Turkey, a great majority of the sports clubs focus on football, as football (soccer) is Turkey's national sport played and watched everywhere.

According to the Ministry of Health figures, only 3.5% of the population does regular exercise/physical activity. The city municipalities across Turkey are trying to encourage a more active lifestyle in the population by establishing workout areas in city parks with exercise machines made of composite materials. Since 2005, thousands of machines, including cross trainers, stationary bicycles as well as machines for arm, shoulder and back exercises, have been installed in parks. The city municipalities are also making major investments to add bikeways. The Turkish Ministry of Health has distributed 300,000 free bicycles to students between 2015-2018 to increase interest in the sport of cycling.

## Current Market Trends and Demand

The technologic innovations in sporting goods are not only enabling increased pricing for sports gear but are also creating new demand and expanding the market size. Aside from safety features, athletes and sports lovers are ready to pay more for better performance in equipment. One good example is the use of composites in sporting goods, usually in hybrids with other fibers. Composites are replacing many other materials such as wood and metal as they are lighter, stronger and durable against corrosion. In more than half of the products used in outdoor sports today, from tennis rackets to fishing rods to golf clubs to skis and snowboards, composites are the preferred choice of material.

Wearable devices offering many benefits to all kinds of athletes and fitness/health consumers is another example of technologic innovation in sporting goods. Smart watches collecting physiological data, heart rate monitors, and GPS trackers are some of the wearable devices offering athlete safety assessment tools, workout injury prevention, metrics of physical conditioning and performance, sharing of information with other users for competitions and games, and online trainings working in sync with sports/gaming apps. Apple, Fitbit, Samsung, Xiaomi, Garmin, Polar are some of the wearable technology brands available in Turkey.

In general, new product and technology innovations in sporting goods originate from the US and Europe, with production centers of the major sports brands located in the Far Eastern countries. The global athletic lifestyle megatrend is fueling the demand for athleisure and fashionable sports apparel which can be worn for a variety of occasions. High tech, light, comfortable, performance focused functional products with technical textiles are increasingly in demand with the consumers. Sports apparel and shoes as well as outdoor apparel in Turkey are used 40% for sports purposes and 60% for daily wear, whereas the same numbers are 70% active sports and 30% for daily wear in Europe. US and European sports apparel and shoes brands such as Nike, Under Armour, New Balance, Adidas, Puma, Salomon, Skechers, the North Face, Patagonia, Timberland, Columbia Sportswear are overall leading the market in popularity.

In 2019, Turkey's sports apparel imports of US and European brands were 121 million USD. The top three suppliers to Turkey in sports apparel are China, Bangladesh, and Vietnam. Sport shoes imports, including tennis, basketball, gym, athletics shoes of US and European brands totaled 73 million USD. The top three exporters to Turkey in sports shoes are Vietnam, Indonesia, and China, with about half of the imports from Vietnam amounting to 34 million USD.

Fitness & Gyms

The Turkish gyms, health & fitness clubs market generates a total revenue of 970 million USD. Turkey's fitness market size grew over 30% in 2018, making it the highest growth market in Europe, along with Russia. Still the market penetration of 2.6% is way below the U.S. and European average of 15-20%, showing the potential for continued strong growth. Across Turkey, 7,000 gym establishments have a registered membership of around 2.1 million. Only 20% of the registered members are estimated to visit the gyms regularly.

There are more than 20 gym studio chains operating, with Mac Sports and Mac Fit chains leading the market, commanding 6% market share. My Gym (children's fitness) and F45 Training are among the U.S. gym studio brands operating in Turkey, which have entered the market through franchising.

According to the Turkish Statistical Institute figures, Turkey's imports for fitness, gym, athletics, yoga, and general sports products amounted to 54 million USD in 2019. About half of the imports were from China.





In sports balls imports, China was the leading supplier with 18 million dollars of imports, followed by Pakistan with 6 million USD and Thailand with 2.3 million USD of imports.

Outdoor Sports

Turkey's geography is suitable to all types of outdoor sports, with four bordering seas, long mountain ranges, diverse rivers, and lakes and seven climate regions. The country is becoming popular as an outdoor adventure tourism destination. Trekking and mountaineering, trail running, boating, yachting, rafting, scuba diving, windsurfing, kiteboarding, skiing, snowboarding, fishing & hunting, and paragliding are available with instruction courses and schools in these sports were established in the last decade, frequented by both locals and foreigners.

The Turkish outdoor sports market, including apparel and footwear and the cross over segment (those that can be used outdoors as well as daily life) has grown by 50-fold since 2010. In addition to global and national brands, there are many no-name products available in the outdoor sports market. The sales in 2019 are estimated at 300 million USD.

Outdoor apparel, gear and footwear for women is expected to grow over 25% annually in the next five years as women are becoming more aware and interested in outdoors sports activities, which they can participate in groups.

Biking

In 2019, 1.4 million bicycles were sold in Turkey, with the total market valued at 100 million USD. The market size has grown over 20% annually in 2016, 2017 and 2018. Folding bikes, which allow the bicycles to be carried on public transport and electric bikes, with battery powered electric motors, are starting to gain market share over traditional bicycles. In many European countries electric bikes already have 30% market share, whereas in Turkey, the market share is around 7%, showing the strong potential for growth.

Turkey is a sizeable manufacturing hub for sporting goods, in particularly for bicycles, with international and national brands using the country's logistical advantages to supply the markets in the region, particularly in Europe. In 2019, bicycle exports from Turkey to Europe was 60 million USD.

Golf

There are 23 golf facilities of international standards in Turkey catering to about 200,000 players Turkish and international golf players. The Belek area in the Mediterranean city of Antalya is known as the golf capital of Europe, with an international airport, fifty 5-star hotels and 18 golf facilities all located within a 30-kilometer radius. The golf equipment market is estimated as 80 million USD. The popular brands for golf clubs and other equipment are from the U.S. and Europe, with imports shipping from China, U.S., Taiwan, U.K., and Japan.

## Market Entry and Barriers

Distribution Channels

In 2018, the turnover of specialized sporting goods retailers in Turkey was around 900 million USD. These specialized retailers include stand-alone national team stores, outdoor retail stores, sports apparel and footwear stores, sports tech equipment stores and bicycle retailers. The leading sports retailers in Turkey include Decathlon, Sportive, SPX, Fin Spor, Intersport, Boyner Sports and Ender Sports. 25 percent of the specialized sporting goods revenues are from licensed soccer team fan merchandise. Team stores offer 600 different products from jerseys to hats and keychains to watches and perfume.International soccer fan merchandise is also popular in Turkey, with over half of the sales realized through e-commerce.

E-commerce is growing in importance as a sales channel in Turkey. The average annual growth rate of e-commerce was around 35% in the last five years. Sporting goods suppliers focused on digital transformation and e-commerce will have increasing opportunities in Turkey. Spurred by the Covid-19 pandemic, Turkey's e-commerce volume surged 64% year-on-year in the first half of 2020, hitting 14.2 billion USD. The share of e-commerce in the country's total trade reached 14.2% in January-June 2020, up from 8.4% in the same period in 2019.

The top e-commerce sites for buying sporting goods online include amazon.com.tr (Amazon Turkey), trendyol.com (Ali Baba Turkey), gittigidiyor.com (eBay Turkey), decathlon.com.tr (Decathlon), hepsiburada.com, and n11.com (SK Group).

Standards and Labeling

Turkey follows European Union standards and labeling for sporting goods. Most sports, recreational and playground facilities and equipment are in line with the EU Directive on General Product Safety (2001/95/EC). CE marking is required for sporting goods and equipment as well as PPE, such as helmets.





Market Issues & Obstacles

Turkey is often listed among countries where counterfeiting activities are relatively high, mainly due to Turkey being a transit point for goods entering the European Union. In particular, the mainconcern is the use of bad faith trademarks (i.e. deceiving consumers by using a company trademark or one that is confusingly similar to it). These IPR infringements are mainly found in the apparel, footwear, leather goods and accessories, cosmetics, and food sectors.

The high customs duties and other taxes in Turkey is a barrier to enter the market. Turkey applies customs duties of 10-50% on sporting goods, including sports apparel and footwear since August 2014. In addition, with the Covid-19 pandemic, effective April 21, 2020, numerous industrial products and equipment as well as consumer goods, including sports apparel and footwear are subjected to temporary additional duties, ranging between 8-35%. These measures are aimed at protecting the domestic industry and to tackle Turkey's widening current account deficit. The estimated retail price of an imported sports product is calculated as 4 times the FOB cost, adding the related duties, freight & insurance costs, 20% Special Consumption Tax, wholesaler margin, retailer margin and 18% VAT.

## Trade Events

ATRAX – Amusement-Attraction, Parks-Recreation Exhibition, Istanbul
https://atraxexpo.com/en/home/

Outdoorist, Istanbul
http://www.outdooristfuari.com/

Outdoor Fest Turkey, Istanbul
https://www.outdoorfestturkiye.com/

Motobike Istanbul
https://motobike-istanbul.tr.messefrankfurt.com/istanbul/en.html

## Local Resources

Republic of Turkey, Ministry of Youth and Sports https://en.gsb.gov.tr/

Turkish Tennis Federation https://www.ttf.org.tr/

Turkish Golf Federation https://www.tgf.org.tr/en/

United Brands Association http://www.birlesmismarkalar.org.tr/en/

Bicycle Industry Association http://bised.org.tr/

## Market Snapshot

Rating Definitions:
1 Little to no probability of success for U.S. exporters
2 More challenges than opportunities
3 More opportunities than challenges
4 Very high probability of success for U.S. exporters

Category Scores:
3 - 9506 Articles and equipment for general physical exercise, gymnastics, athletics, other sports (including table-tennis) or outdoor games, not specified or included elsewhere in this chapter; swimming pools and wading pools; parts and accessories thereof
4 - 9506.1 Snow-skis and other snow-ski equipment; parts and accessories thereof
3 - 9506.2 Water skis, surf boards, sailboards and other water- sport equipment; parts and accessories thereof
3 - 9506.3 Golf clubs and other golf equipment; parts and accessories thereof
2 - 9506.4 Articles and equipment for table-tennis, and parts and accessories thereof
3 - 9506.5 Tennis, badminton or similar rackets, whether or not strung; parts and accessories thereof
2 - 9506.6 Balls, other than golf balls and table-tennis balls
3 - 9506.7 Ice skates and roller skates, including skating boots with skates attached; parts and accessories thereof
1 - 9506.9 Articles and equipment for general physical exercise, gymnastics or athletics; parts and accessories thereof
3 - 9507 Fishing rods, fishhooks 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





3 - 3926.2 Articles of apparel and clothing accessories (including gloves, mittens and mitts)
2 - 4202 Trunks, suitcases, vanity cases, attaché cases, briefcases, school satchels, spectacle cases, binocular cases, camera cases, musical instrument cases, gun cases, holsters and similar containers; traveling bags, insulated food or beverage bags, toiletry bags, knapsacks and backpacks, handbags, shopping bags, wallets, purses, map cases, cigarette cases, tobacco pouches, tool bags, sports bags, bottle cases, jewelry boxes, powder cases, cutlery cases and similar containers, of leather or of composition leather, of sheeting of plastics, of textile materials, of vulcanized fiber or of paperboard, or wholly or mainly covered with such materials or with paper
2 - 4203.21 Articles of apparel and clothing accessories, of leather or of composition leather, specifically designed for use in sports
2 - 6116/6216 Gloves, mittens and mitts, knitted or crocheted: (con.)
3 - 6306 Tarpaulins, awnings and sunblinds; tents; sails for boats, sailboards or landcraft; camping goods of all types of textile materials
3 - 6306.2 Tents of synthetic fibers/Tents of textile materials
3 - 6306.9 Camping goods of textile materials (excl. tents, awnings and sunblinds, sails, pneumatic mattresses, rucksacks, knapsacks and similar receptacles, filled sleeping bags, mattresses and cushions)
3 - 6403.12 Ski-boots, cross-country ski footwear and snowboard boots, with outer soles of rubber, plastics, leather or composition leather and uppers of leather
3 - 6403.19 Sports footwear, with outer soles of rubber, plastics, leather or composition leather and uppers of leather
3 - 6404.11 Sports footwear; tennis shoes, basketball shoes, gym shoes, training shoes and the like, with outer soles of rubber or plastics and uppers of textile materials
3 - 6506.1 Other headgear, whether or not lined or trimmed: Athletic, recreational, and sporting headgear
3 - 8712 Bicycles and other cycles not motorized
3 - 8903 Yachts and other vessels for pleasure or sports; row boats and canoes
3 - 9303.2/9303.3 Other sporting, hunting or target-shooting shotguns, including combination shotgun-rifles/Other sporting, hunting or target-shooting rifles:
3 - 9503 Tricycles, scooters, pedal cars and similar wheeled toys; dolls' carriages; dolls; other toys; reduced-size (scale) models and similar recreational models, working or not; puzzles of all kinds
3 - Winter sports - equipment for resorts, management services, sporting facilities
3 - Outdoor/indoor recreational parks
3 - Ziplines

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Capital: Hong Kong
Population: 7.45 million
GDP: US$362.7 billion
Currency: Hong Kong dollar
Languages: English, Cantonese, Mandarin

# HONG KONG

## Summary

Hong Kong's imported US$1.4 billion worth of sporting goods and sports equipment in 2019. China was the largest source of imports (68%) in 2019, followed by Italy (9%,) Japan (5%,) Taiwan (4%,) the U.K (2%,) and the U.S. (2%).

The U.S. exported US$60 million worth of sporting goods and sports equipment to Hong Kong in 2019. Major U.S. products were golf and gym equipment, skateboards, wakeboards, snow skis, ice skates, rowing machines, canoes, tenpin bowling balls, accessories for billiards, and bicycle parts.

Badminton, soccer, basketball, swimming are the most popular sports in Hong Kong. Golf, windsurfing, wakeboarding, skateboarding, ice-skating, rowing, canoeing/kayaking, cycling, exercise/weight-training, yoga, billiards, fencing, snow-skiing, snowboarding are increasingly popular in Hong Kong and present export opportunities for U.S. suppliers in some of these sports categories. Hong Kong consumers of U.S. sporting goods and sports equipment trust the quality and performance of U.S. brands and consider them well designed and would continue to buy U.S. brands even if the equipment is not 100% U.S. origin.

Sports participation in Hong Kong is expected to decrease with the current economic recession and the economic hardships in the rest of 2020 and in 2021, but this is not expected to dampen expenditures on sporting goods and sports equipment significantly. Only the low-spending and non-spending sports participants in Hong Kong will curb their participation in sports in an economic downturn. In 2020, U.S. exports of sporting goods and sports equipment should increase marginally, by high-spending participants who will continue to spend in an economic downturn, though at a slower rate.

U.S. exported US$60 million worth of sporting goods to Hong Kong in 2019, a slight increase compared with 2018. The major categories of sporting goods that the U.S. exported to Hong Kong includes golf equipment, gym, athletics, indoor rowing equipment, and physical exercise equipment, scuba diving equipment and articles, skateboards, polo equipment, boats, canoes and vessels for water sports and parts for bicycles.

## Market Entry and Barriers

The best way for U.S. manufacturers and suppliers to penetrate the Hong Kong and Macau market is to combine the benefits of the network services and programs of U.S. Export Assistance Centers (USEACs, http://www.export.gov/comm_svc/eac.html.) with the extensive knowledge, industry contacts and services of the U.S. Commercial Service at the U.S. Consulate General Hong Kong ( http://www.export.gov/hongkong). Seeking the assistance of a USEAC before exploring an opportunity in this market is highly encouraged.

For new-to-market U.S. exporters, we recommend the initial appointment of either an agent or distributor.

There are no tariffs on imported sports goods and equipment. The electrical voltage required for gym and fitness equipment is 220. Sports equipment and sporting goods retailers buy their merchandise from the local distributors/agents. Some specialty retailers and distributors visit U.S. and European international trade shows to buy products directly from the exhibitors.

## Current Market Trends and Demand

The Hong Kong SAR Government's Role in Sports Promotion and Development:

The Home Affairs Bureau of the Hong Kong SAR Government coordinates the government's policies on sports, and the Sports Commission helps the government formulate policies relating to sports. The Leisure and Cultural Services Department (LSCD) is the executive arm of the Home Affairs Bureau develops and coordinates the provision of recreational and sports facilities such as water-sports centers, playgrounds, swimming pools and beaches, holiday camps, sports centers, and organizes a variety of sports programmes to promote community sports, identify sporting talent, and raise the standard of sports performance. The LSCD also works closely with district councils, the national sports associations, and schools to promote sports. The department issues licences for the 54 billiard establishments, six public bowling alleys, and 5 public skating rinks.

There are two large stadiums in Hong Kong for outdoor sporting events, with a third being developed. The Kai Tak Sports Park is scheduled for completion in 2023 and will be the biggest sports venue in Hong Kong. It will include a 50,000-seat stadium, a 10,000-seat indoor sports center, a 5,000-seat sports ground.

LSCD currently manages 25 sports grounds, 44 swimming pools, 41 bathing beaches, 100 sports centers, 82 turf pitches, 233 hard-surfaced mini-soccer pitches, 525 basketball courts, 252 tennis courts, and 292 squash courts. They are also responsible for managing hockey pitches, horse riding schools,





golf driving ranges, five water sports centers, holiday camps, and the two stadiums.

The Sports Commission advises the government on all matters relating to sports development, and overseas committees on community sports, elite sports, and major sports events.

The Hong Kong Sports Institute Limited identifies sports talent and has state-of-the-art facilities to train high performance athletes through coaching, sports science and sports medicine, and offers academic qualifications in the field of sports training. The Institute sponsors elite athletes and train them as full-time employees, based on their talent and potential to achieve good results in international sports events. Under the government's Elite Vote Support Scheme, achievements of athletes at major international competitions will be used as the selection criterion to identify high performance sports that will qualify for the HKSI's financial support for four years. A review will be conducted every two years. The Sports Institute was the site of the 2008 Summer Olympics equestrian event

The Institute's Elite Training Program is currently supporting 20 Tier A sports (athletics, badminton, billiard sports, cycling, equestrian, fencing, gymnastics, karate do, rowing, rugby sevens, sailing, skating, squash, swimming, table tennis, tennis, tenpin bowling, triathlon, windsurfing, and wushu). It also supports athletes in 13 Tier B sports: contract bridge, dance sports, dragon boat racing, golf, judo, kart, lawn bowling, lifesaving, mountaineering, orienteering, roller sports, shuttlecock and taekwondo.

Football or soccer is the unofficial national sports in Hong Kong by virtue of the second most number of spectators, and the high level of grassroots participation (horseracing has the most number of spectators) Since 2015-2016, the Hong Kong Government has been supporting the development of football through its annual funding of US$3.2 (HK$25 million) for five years to the Hong Kong Football Association.

Surrounded by the sea, watersports are among Hong Kong's most popular activities. From snorkeling and scuba-diving, fishing to windsurfing, Hong Kong has many water-sports facilities, and clubs. The Hong Kong Underwater Association has more than 25,000-35,000 certified divers but estimates that only about 5,000-8,000 are active. There are about 1,500 active canoeists/kayakists in Hong Kong.

The popularity of windsurfing increased with Hong Kong's winning of a gold medal in the 1996 Olympics. Windsurfing was among the sports activities accorded 'elite sports" status by the then Hong Kong Sports Development Board in 1999 and again in 2001 and is also currently accorded the elite status. There are about 5,000 active windsurfers in Hong Kong. Owing to the lack of big waves in Hong Kong, many surfers turned to wakeboarding. Several Canto-pop stars turned to wakeboarding and their fans are following their pop-icons' footsteps.

The Hong Kong China Rowing Association is responsible for the development and promotion of rowing in Hong Kong. At the time of its incorporation in 1978 it had only five affiliated clubs. As more people participated in rowing, there are now 31 affiliated clubs with 2,500 registered rowers, of which nearly 800 are long-term active rowers. Indoor rowing is also very popular in Hong Kong. To encourage more participation in rowing, the Association sends coaches to schools, and this together with increased funding and support of the LCSD, rowing will continue to be a popular sports activity in Hong Kong. The completion of the International Rowing Center at the Kai Tak Sports Park will also be able to help boost participation in rowing.

The LCSD has established five water-sports centers in Hong Kong where residents can hire various types of recreational crafts such as kayak/canoes, sailing dinghies, and windsurfing boards. Training courses for canoeing/kayaking, dinghy sailing and windsurfing are also available at these centers. The most popular watersports in Hong Kong are snorkeling, kayaking, rowing, skimboarding, windsurfing, dinghy sailing, canyoning, and wakeboarding.

Baseball, softball, field hockey, and ice sports have relatively low participation rates among Hong Kong residents. Hong Kong has five public ice-skating rinks and all are small-sized. Industry sources cite the lack of government financial support and facilities for the low participation rates. Ice hockey tends to be played among a small group of expatriates and locals, young and old, while field hockey tends to be played among the 4,000 Pakistani and Indian population, and the British expatriates, and students.

Tenpin bowling, more of a leisure activity than a sport, has not seen any upsurge in participants in the past few years. The lack of space in shopping malls suitable for building bowling alleys and the high retail rents deter bowling centers operators from opening new ones. There are six public bowling alleys in Hong Kong.

The number of active fencers has been increasing in Hong Kong in the past 15 years as more local and international schools conduct fencing classes.

Hong Kong, a former British colony, has a long tradition of cricket and rugby. Cricket has always been played mostly among western expatriates, Indians and Pakistanis living in Hong Kong. The Hong Kong Cricket Association, however, has tried to change the elitist image of cricket and its image as an obscure sport for expatriates only; they have been actively promoting the sport among young local Chinese. Rugby continues to be a sport dominated by western expatriate players. More local Chinese are participating, however, at the junior level. Hong Kong's hosting of the annual Rugby Sevens Tournament since 1976 popularized the sport.





Badminton is a favorite past-time in Hong Kong, played by the young and old alike. There are many free outdoor public courts throughout Hong Kong and indoor courts are available for hire from the LCSD.

Exercise, weight training, kick-box, Brazilian jiujitsu, mixed martial arts, cross-fit, yoga, and Pilates has seen increased participation in the past 15 years. Some fitness chains and yoga centers closed in the past 10 years as operators tried to undercut fees to increase memberships. Some operators of fitness centers have also resorted to very aggressive promotional efforts and tactics to lure residents to sign up for expensive memberships for several years. The high retail rents in Hong Kong has also made it difficult for operators to stay afloat in their business. Those that have managed their operations well have been expanding the number of studios and there is room for more fitness and yoga centers. The trend is towards more customized and private one-on-one classes or boutique studios for small group classes. Private recreational clubs, residential apartments, hotels, and government departments also operate their own fitness centers. The latest available estimate of the number of gyms in Hong Kong was 743 in 2010, and only 4% of the Hong Kong population had a gym membership.

Golf is still booming in Hong Kong. Although there are four private golf clubs and 10 public golf courses, most of Hong Kong's over 150,000 golfers play in the 30-odd golf courses in neighboring Guangdong province in Southern China. Young Chinese professionals are increasingly participating in what they perceive to be a sophisticated sport and more are joining golf clubs in Southern China. The Hong Kong Golf Association operates a handicapping service for its more than 15,000 subscribers, and it has seen an increase in demand for its services.

Shooting is a popular sport among the government disciplinary services, such as the Hong Kong Police, Correctional Services Department and Fire Services and Customs and Excise Department. Industry sources estimate that there are now about 7,000 active participants. Participation in this sport decreased following the departure of the British forces in 1997.

Skateboarding, paintball shooting, cycling, basketball and soccer are popular among Hong Kong's teenagers. Hong Kong has more than 5,000 skateboarders. Hong Kong has one of world's highest number of basketball courts in the world in terms of square footage of courts.

The Hong Kong Cycling Association, subvented by the LSCD, organizes all forms of competitive cycling. Activities include road racing, track racing, BMX racing, artistic indoor cycling and cycle ball. In recent years the Association has branched out into mountain bike racing and youth and children's racing. At the 2018 Hong Kong Cycleton about 5,400 amateur and professional cyclists participated. It is also one of the more successful sports in Hong Kong with cyclists qualifying for several Olympics.

Paragliding was introduced to Hong Kong in 1992 and by 2016 there were over 100 qualified pilots in the territory, and about 50 are active. There are currently only eight approved paragliding sites and these are inaccessible by road and paragliders have to hike or walk for a long time to get to the sites with their equipment.

A consultancy study, "Sports for All – Participation Patterns of Hong Kong People in Physical Activities' that the Sports Commission conducted in 2008 revealed that over 60% of the respondents indicated that they have participated in sports for at least once during the three months of the survey period. This is an improvement of the sports participation rate of 37% from a 1999 survey that the Hong Kong Sports Development Board (now dissolved.) Another survey from the Hong Kong Census and Statistics Department conducted in 2010 revealed that 20% of the sports participants in Hong Kong chose "jogging and running" as the top sports in terms of participation. Qualiwalk (15%), badminton (9%), swimming (8%), and hiking (8%) were the other types of sports activities that enjoyed higher participation rates.

The sports participation rate is expected to decrease in 2020. Past sports participation surveys revealed that the participation rate is directly related to the health of the economy; when there is a downturn in the economy, the sports participation rate declines. On the one hand the slowdown in the Hong Kong economy brought about by the ongoing social unrest and protests and the onset of CoVid-19 will result in less people participating in sports but on the other hand, some people will be spurred to participate in sports more frequently to boost their immunity to protect themselves against the virus.

About 80% of the sports goods and equipment in Hong Kong are imports. Domestically manufactured sporting goods and equipment are mostly OEM products for overseas companies or products made under license to well-known brand names and these are mostly exported.

<u>Imports</u>
Hong Kong's imports of sporting goods and sports equipment amounted to US$1.4 billion in 2019. China (68%) was the largest supplier, followed by Italy (9%), Japan (5%), Taiwan (4%), UK (2%), and the U.S. (2%). Importers estimate that 70% of the imports were re-exported to neighbouring countries, particularly to China, and India.

Golf equipment were the largest category imported sports equipment in Hong Kong in 2019 (US$622 million.) Vessels for pleasure and sports, canoes and rowing boats accounted for 14% or US$198 million of Hong Kong's total imports of sports equipment. The other significant categories of imported sports equipment were bicycle parts, sports goods such as skateboards, polo equipment, snowshoes and sleds.





Imports of sports equipment registered an increase of less than 1%. The products that registered significant increase in imports in 2019 were parachutes, articles for billiards, and airguns, and rifles. Following the outbreak of the Covid-19 pandemic, Hong Kong consumers have taken an even greater interest in participation in sports activities. Sports goods and sports equipment retailers have been experiencing increased sales as consumers exercised at home thereby requiring more equipment like weights, dumbbells, yoga mats, exercise straps, yoga blocks, and home gym equipment. Sporting goods and equipment importers expect sales to increase for the rest of the year and the year ahead.

<u>End-User Analysis</u>
There are two types of end-users, the general public and the institutions – hotels, private recreational clubs, gyms, fitness centers, and government departments.

According to sports goods and equipment retailers, higher-end Hong Kong sports participants generally choose a brand of equipment for their performance, quality and durability rather than price. U.S. brands rand highly among those high-end sports participants. For the lower-spending sports participants, price would determine the brand they would buy and these would usually be products from China, Taiwan or Korea.

Retailers are selling more treadmills, and stationary bicycles to higher-income households in Hong Kong. Internet sites have popularized the use of small, foldable home-use or travel use exercise equipment such as steppers, crunches, and 'buns and thighs' equipment, and hand-held muscle-tightening and firming devices.

Individual end-users purchase their sports goods and equipment at department stores (Yue Hwa, Sogo), or from sports goods and equipment specialty stores (Royal Sporting House, Decathlon, Giga Sports) and through online websites. There are also many small retailers specializing in wakeboards, surfboards, skateboards, snow-skis, golf equipment, mountain bicycles, softball and baseball, and paragliding, fencing equipment.

Institutional users would include the fitness centers chains (Pure Fitness, Fitness First), the fitness centers in 4 and 5-star hotels, private apartment-blocks, private recreational clubs, the National Sports Associations, the Government's LCSD, the Hong Kong Police, and the recreational clubs of other government departments. The Hong Kong Police have 30 sports and arts clubs, with some for shooting or for water sports, and fitness training

The Hong Kong Government's LCSD purchase sports equipment through public tenders, but in the next six months there are not expecting any major procurement of sports equipment or supplies. The National Sports Associations can also procure their own sports equipment independently of the LCSD. The National Sports Associations will procure sports equipment through tenders. Most of the submissions for tenders are from local distributors. The associations will usually select the brands based on their performance in international competitions and the quality and reliability of the products. The other institutional users tend also to buy their sports equipment through the local agents and distributors. Some larger fitness chains sometimes have a special arrangement with leading U.S. suppliers of fitness and gym equipment to procure directly from the manufacturer, bypassing the local agent. The local agent, however, provides the after-sales servicing.

## Main Competitors

Domestic production of sports equipment in Hong Kong is negligible. Almost all Hong Kong manufacturers run their production out of China. Hong Kong-owned factories in China produce OEM products or products under licence for overseas brand names, comprising tennis, badminton, and squash rackets; golf products, skateboards, and in-line skates. Only a few Hong Kong manufacturers in the sports equipment industry developed their own designs or models, notable among them is Neil Pryde windsurf sails, and windsurfing accessories. The other major competitors are suppliers from China, Italy, Japan, Taiwan, and the U.K.

Third country imports

Imports from China accounted for 68% of Hong Kong's imported sporting goods and equipment in 2019. 57% of imports from China in 2019 comprised golf equipment. The other major categories of sports goods and equipment imported from China included parts and accessories for bicycles, lawn tennis balls, articles for table tennis, and other balls, and other equipment for general physical exercises, and fishing rods, hunting /shooting requisites.

95% of the imports from Italy in 2019 were pleasure boats, as Hong Kong's tycoons are known to own super yachts and other yachts that are mostly made in Italy. The Italian brand of rowing boats, Filippi are also used in Hong Kong.

Imports from Japan were mostly golf equipment and fishing rods, hunting /shooting requisites, while imports from Taiwan comprised golf equipment, pleasure boats and bicycle parts. The U.K. was the fifth largest source of imports with 89% comprising mostly pleasure boats and they dominate in the supply of dinghies, and some kayaks are imported from the U.K.





Japanese-made golf clubs, being shorter, are more suitable for Hong Kong Chinese than the longer, U.S.-made clubs. Japanese expatriates living in Hong Kong, and other Asian visitors are the other buyers of Japanese golf equipment. Japan is also a major source of fishing rods and equipment for Hong Kong fishing enthusiasts. Well-known Japanese brands in Hong Kong include Prince, Yonex, Head, Mizuno and Shimano (fishing rods and bicycle parts.) Mizuno supplies most of Hong Kong's softballs and baseballs.

Imports from Taiwan comprised largely golf equipment, rackets, skates, gym equipment, and bicycles. Taiwan was a major supplier of canoes to the Hong Kong Canoe Union when the Union introduced canoe-polo. However, owing to the need for better quality canoes, the U.S., U.K., and Hungary have replaced Taiwan as canoe suppliers to Hong Kong.

## Opportunities

Rating Definitions
1 Little to no probability of success for U.S. exporters
2 More challenges than opportunities
3 More opportunities than challenges
4 Very high probability of success for U.S. exporters

Category Scores
4 - Water sports equipment
1 - Balls
4 - Golf equipment
4 - Accessories for billiards
4 - Commercial & home-use gym, weight training & fitness equipment
2 - Parachutes, paragliding equipment
2 - Fencing equipment
3 - Ice-skates, roller skates, skateboards
4 - Snow-skis and snow-boarding equipment
4 - Bicycles

Water-sports equipment, pleasure boats, row boats
U.S. exports of water-sports equipment increased 79% to US$12.7 in 2019 compared with 2018. The increasing popularity of wakeboarding, kiteboarding, wake surfing, skimboarding, dinghy sailing, canoeing, kayaking and rowing in Hong Kong drove this increase. In recent years, the Hong Kong China Rowing Association has been buying row boats mostly from the U.S. and Australia. Brands from the U.S. are preferred as they are the brands that the World Rowing Federation use for their competitions. The U.S. also supply most of the Association's indoor rowing machines. Hyperlite, CWB, Byerly, and CTRL are some of the popular American brands of wakeboards in Hong Kong. The U.S. also supply some of the kayaks used in Hong Kong, brands such as Current Designs, and Dagger.

The U.S. dominates the scuba diving regulator market. The most popular brands are Aqua Lung and Scubapro. Divers are familiar with U.S.-made apparatus and use them for their reliability. Italy, Hungary and Taiwan supply most of the fins and other rubber diving equipment, as U.S.-made rubber diving products are not price-competitive.

In windsurfing, there are few U.S. brands used in Hong Kong as Hong Kong's own Neil Pryde brand dominates in the supply of sails. Surf boards used are mostly from Thailand as their prices are competitive.

Balls
In this category of sports goods, the U.S. strength lies in ten-pin bowling balls. AMF and Brunswick are the dominant brands in the market. Softballs and baseballs used in Hong Kong are mostly Japanese (Mizuno). Nike soccer balls though not made in the U.S. are popular for their designs. Hong Kong soccer players, however, prefer Adidas balls for overall performance and durability.

Golf Equipment (clubs, balls)
Though many well-known U.S. brands of golf equipment are manufactured in China, Taiwan and other Asian countries, they are usually exported to the manufacturer in the U.S. before they are shipped to distributors in Hong Kong. American brands like Cleveland, Gallaway, Odyssey, Titleist, Maxfli, MacGregor, Wilson, King Cobra, and Ping are desired for their high performance, particularly among the experienced Hong Kong players.

Accessories for billiards
Hong Kong has 49 licensed billiard and snooker establishments. Following the success of a few Hong Kong players in Asian and international competitions, snooker has been growing in popularity especially among women and children. A Hong Kong resident became the top ranked woman in the





world in this sport in 2015. The U.S. is one of leading supplier of snooker and billiard tables and accessories. This sport will continue to grow in popularity especially among women in the next few years, and there are opportunities for U.S. suppliers to increase their exports to Hong Kong.

Commercial and home-use gym, weight training and fitness equipment
American brands dominate the fitness and gym equipment market in terms of design and quality. Leading American brands used in Hong Kong's gyms include: Cybex, StairMaster, Vectra, Balanced Body (pilates reformers) Gyrotonic, Tuff Stuff, Precor and Reebok. Competitors in this market include Schwinn (Germany), Technogym (Italy), Monark (Sweden), Tunturi (Finland), and Gyro (UK). There is room for growth of more gyms and fitness centers, and with more attractive retail rents in the next few months. As people become more aware of the need for living healthily in the aftermath of the CoVid-19 pandemic, there will be a growth in gym membership, and hence more demand for gym and fitness equipment.

Parachutes, paragliding/hang-gliding equipment and supplies
Currently most of the paraglides, reserve parachutes, harnesses used by Hong Kong paragliders are European brands. The U.S. supplies some helmets, small accessories and variometers.

Fencing equipment
Fencing equipment used in Hong Kong is mostly from Germany and France. The U.S. brand, "Blade", is manufactured in China but it is not as popular as the European brands.

Ice-skates, roller skates and skateboards
U.S. skateboards (brands: Darkstar, Carver, Globe, Hamboards) are some of the most popular as they are considered well designed and skateboarders trust their quality. Most ice-skaters use skates from China or France but skaters who go for quality and comfort choose U.S.-made ice-skates such as Harlick, SP Teri, and Jackson. Prices of U.S. roller-skates are not competitive in Hong Kong compared with those from Taiwan, China, and Italy.

Snow-ski and snow-boarding equipment
Snow-ski equipment imported into Hong Kong from the U.S. are mostly for re-export to China. However, as more Hong Kong residents travel to Japan and Korea to ski annually, there is increasing demand for snow-ski equipment. Active skiers in Hong Kong are now purchasing their own ski equipment instead of renting at the ski resorts overseas. For ski supplies in Hong Kong, European brands tend to be more popular. U.S. snowboards, are however, popular in Hong Kong with brands like Jones, Burton, and Nobaday.

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