CBI MARKET SURVEY

THE SPORTS AND CAMPING GOODS MARKET IN GERMANY

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Report summary
This CBI market survey discusses the following highlights for the sports and camping goods market in Germany:

- German consumption of sports and camping goods was € 3 billion in 2006, down 1.3% per annum on average since 2002, while production decreased to € 409 million in 2005.
- In 2006, Germany imported sports and camping goods valued at € 1 billion, or 200 thousand tonnes. Since 2002 values are up by 4.1% but volumes are up by an average annual rate of 8.4%.
- More than 46% of imports by value came from developing countries (65% by volume). The share of imports by developing countries is up from 42% in 2002 in value, and up from 58% in volume terms.

This survey provides exporters of sports and camping goods with sector-specific market information related to gaining access to Germany. By focusing on a specific country, this survey provides additional information, complementary to the more general information and data provided in the CBI market survey 'The sports and camping goods market in the EU', which covers the EU market in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from http://www.cbi.eu/marketinfo.

1 Market description: consumption and production

Consumption

Market size

The German market for sports and camping goods was worth € 3 billion in 2006. This was the largest market in the EU, ahead of France and the UK. This market value represented 20% of the total EU market, a share which has fallen from over 22% in 2002. Hence despite its large size, this market has diminished in importance within the EU.

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

2002	2003	2004	2005	2006	Average ann. % change	Population (million)	Consumption per capita €
3,172	2,980	2,920	2,951	3,008	-1.3	82.37	36.52

Source: VDS, Mintel, SGI (2007)

Per capita consumption of € 36.52 was above the EU average of € 30.74. Note also that the per capita consumption figure was higher than this four years ago. Volume figures were not available for consumption.

The average annual 1.3% decrease in value over the period makes Germany the only country to register a decrease. The growth in the last two years, however, has been encouraging after two years of decline.

The shoots of recovery being witnessed in the German market is expected to continue in the next few years, slowly at first, based on expectations that the German economy will continue to grow, and expenditure on sport will benefit as personal disposable incomes increase again.

Market segmentation

In the sports and camping goods market, the main basis upon which the market is segmented is by type of sport or activity. There are some generalisations that apply across different sports, but each sport or activity has its own set of users. Within each sport it is also quite common to apply some form of demographic segmentation, either by age or gender. Geographic segmentation is sometimes used in Germany. There used to be wide differences, particularly economic, between East and West Germany, but the differences are less noticeable. The practising of sport is equally strong in both parts, although for different reasons originally.

German consumption of sports and camping goods consisted of team sports 27% (€ 850 million), of which football dominated; outdoor 22% (€ 700 million), of which 40% was camping goods, over 30% horse riding and fishing the remainder; individual sports 20% (€ 650 million), over 40% of which was golf; fitness equipment 14% (€ 425 million); snow sports 13% (€ 415 million), approximately 80% of which was skis and ski equipment, the remainder ski/snow boots; water sports 4% (€ 135 million).

Football is extremely popular in Germany. They hosted the World Cup in 2006, and the European Championships are being held in neighbouring Austria and Switzerland in 2008, so the sport continues to enjoy a high profile. This in itself will keep expenditure on team sports high. Floorball is the latest team sport predicted to become big in Germany. Already popular in Sweden, Finland and the Czech Republic, floorball is similar to hockey in the way it is played.

Of the other segments, the outdoor segment is the fastest growing in the recent year, due in large part to the popularity of walking and trekking. Running and Nordic walking are increasingly popular with older Germans, overtaking racket sports such as tennis. Riding is also very popular in Germany. Sports that require skills that are expensive to pursue are declining, with the exceptions of golf and sailing. Golf equipment has become less expensive, and more courses are being built so that is encouraging more take up of the sport. A warm winter slowed the snow sports market in 2006.

Sports participation in Germany is close to or just above the EU average. The ten most popular sports in Germany in terms of participation are football (6.3 million), gymnastics/keep fit (5.1 million), tennis (1.7 million, but down since 2003), athletics (0.9 million), handball (0.83 million), riding (0.76 million), fishing (0.67 million), table tennis (0.65 million, but down since 2003), skiing (0.65 million, but down since 2003), volleyball (0.49 million, down since 2003), closely followed by golf (0.48 million). More information on sports participation in Germany can be found in chapter 1 of the CBI market survey `The EU market for sports and camping goods`.

Market trends

Sport and fitness training in schools and for individuals is now increasingly promoted and endorsed by official bodies and the industry. Concern is increasing that the health of the population is seen to deteriorate, especially in the area of obesity.

The fitness market continues to grow. There are now over 6,000 fitness clubs in Germany, compared to 225 in 1980. The growth is being driven forward by the increasing range of activities on offer in the clubs, ranging from aerobics, dancing, skipping and stretching to embrace the latest technological developments in bigger fitness equipment.

Although there are signs of a trend to individual sports, particularly with the convenience of going to the gym at whatever time it suits you, and the number of people who go running or jogging on their own, the counter trend to this is that, although people may go to the gym on their own, they are with other people enjoying the same sort of exercise, and there is a sociable atmosphere. The same applies to the growth of running and walking clubs, also individual activities that can be enjoyed by people in groups.

The other main trend is towards outdoor, as opposed to indoor sports. This has resulted in a reduction in the number of people playing sports such as volleyball and badminton. The main driver of this trend is not the sport itself, but the acknowledgement that whatever the activity, it is healthier to enjoy it outdoors. The implications of these trends in terms of the changing requirements for equipment can be seen.

The use of the Internet as a shopping tool in this sector is forecast to grow. Consumers' ability to shop around will result in price-transparency for branded products, forcing retailers to become more price-competitive. When retailers are no longer able to reduce prices further, they are forced to improve the shopping experience in other ways. This will result in an increase of niche retailers.

Production

Total production

Production of sports and camping goods in Germany has been decreasing in recent years, especially in terms of value. Germany is the fourth largest producer in the EU, close to the value produced by France and the UK, but well behind the production value of Italy, the largest EU producer of sports and camping goods. Germany accounted for 11.1% of EU sports and camping goods production in 2005.

The value of sports and camping goods production in Germany in 2005 was € 409 million. As table 1.2 indicates, this is down from € 502 million in 2002, and represents an average annual decrease of 6.6%. These figures may be somewhat understated as they do not include figures for confidential trade, nevertheless production is expected to reduce in future years as more of the leading manufacturers contract production overseas. Production fell most rapidly in the 2003 period, which was at the height of the recession in Germany.

According to Eurostat, 39% (€ 161 million) of Germany's declared production was for fitness equipment; 36% (€ 148 million) for equipment related to team sports; 13% (€ 52 million) saddlery items; 7% (€ 27 million) camping goods; 3% (€ 11 million) snow sports equipment; 2% (€ 7 million) fishing equipment and 0.4% (€ 2 million) water sports. Over the review period, the major changes have seen the share of snow sports production fall significantly, while production of balls also appears to have ceased (€ 28 million in 2002).

Table 1.2 Production of sports and camping goods in Germany, 2002-2005, € million / '000 tonnes

2002		2004		2005*		Average ann. % change	Number of companies 2005	Number of employees 2005
value	volume	value	volume	value	volume			
502	13	428	13	409	12	-6.6	240	4,500

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

Approximately 240 companies, employing 4,500 people were engaged in the production of sports and camping goods products in Germany in 2005. This represents a significant reduction in numbers since 2002. Sports and camping goods producers in Germany tend to be specialist in particular sports, rather than producing for a wide range of sports. For example, they are the world's leading producers of saddlery equipment, as this is such an important sport in Germany. Product safety is a particulary important issue in Germany, especially in the production of fitness equipment. TUV Rheinland is an important company that is involved in testing (http://tuv.com).

Main players

- The main manufacturers in Germany are:
  - Adidas is now one of the leading international sporting goods brands, but its origins are in Germany. Its global expansion included the purchase of Salomon, which was then re-sold to the Finnish company Amer. More recently, Adidas has completed the

  purchase of Reebok, one of the other internationally respected names in sporting goods production. 25,000 people work for Adidas worldwide, over 2,000 of which are in the German headquarters (http://www.adidas-group.com).
  - Schnell produce a range of fitness equipment products for both sport and rehabilitation (http://www.schnell-online.de).
  - LMT are responsible for the Cybex brand of fitness and sporting equipment (http://www.lmt.eu). Another important producer in this field is Nautilus (http://www.nautilus.com).
  - In the saddlery sector, Stuebben are an important manufacturer of saddles (http://www.stuebben.de), as are Sommer.
  - A more general producer of sports equipment is Universal Sport (http://www.universal-sport.de).
- There are many other smaller producers in Germany, but these larger companies, which are represented in most of the product groups in which Germany is strong, will be able to provide advice on smaller companies. Puma is a well-known German sporting goods brand, although it is predominately involved in sports footwear.

Opportunities and threats

\+ Germany is a large market and the population are very predisposed to sport and outdoor activities. After such a prolonged recession, opportunities are bound to start appearing. This is particularly the case as domestic production has been contracting and imports have been replacing them.

\+ There is a new generation of young people coming through, which will provide new opportunities in sports such as inline skating, `fun sports` and skateboarding, beach and outdoor sports. Golf has been singled out by a number of commentators as a good opportunity for exporters.

\- There are difficulties for developing country exporters who are trying to enter the German market at the top or middle segments of the market. Although exporters may be able to supply products to the quality specifications required, they may not have the after sales service which is so important in the German market, not to mention the safety requirements, which are more stringent in Germany than most other EU markets.

Equally any of these trends can be an opportunity for one exporter, but a threat to another. German buyers are not always loyal to particular overseas suppliers, so you may lose out to a supplier from your own country or neighbouring country. It is important to appreciate how your specific situation will apply to this market.

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

Useful sources

- Details of commercial research organisations that produce market reports can be found in the chapter 1 (section 1.5) of the CBI market survey `The EU market for sports and camping goods`.
- Production information can be obtained from Eurostat as well as German National Statistics (see later in this report for contact details).
- The Union of Sporting Goods Retailers (http://www.vds-sportfachhandel.de) is the main market focussed trade association in Germany.
- Other important trade associations include The German Association of Fitness Studios (http://www.dssv.de), the Outdoor Group (http://www.fachgruppe-outdoor.de), the German Football Association (http://www.dfb.de), the German Sports Fishing Association (http://www.vdsf.de), the German Ski Association (http://www.ski-online.de), the German Equestrian Association (http://www.pferd-aktuell.de) and the Golf Association (http://www.golf.de)
- Details of the main trade fairs and trade press can be found in chapter 6.

2 Trade channels for market entry

Trade channels

Germany is a large market and many opportunities exist for exporters from developing countries to access the market. Importers and wholesalers tend to generalise in whom they supply, although there are some sports specialists. This is the best channel to reach non-affiliated independent sports specialists, despite the fact that their numbers have been falling in recent years. Many wholesalers have now become importers in their own right. It is also an important channel to reach smaller mail order companies and other non-specialists. Some disadvantages in working with an importer/wholesaler are that their margins are high and they may require the exclusivity for your item in Germany.

Traditional sports specialists represent 60% of distribution in Germany, but this is dominated by buying groups, which are stronger here than in any other EU country. Intersport (http://www.intersport.de) with 1,500 outlets and Sport 2000 (http://www.sport2000.de) with 966 outlets dominate the market. Information on how to approach buying groups can usually be found on their websites. They need careful preparation and thought before contacting them in order to receive an optimum response.

Another potentially interesting channel is via contract manufacturing or outsourcing. Although the German manufacturing base for this sector is shrinking, opportunities may still be found, depending on the product groups in which you are active. In this channel, you will not have any contact with the retail or wholesale channel, but good possibilities may still exist, particularly if there are strong historical connections with your country. You can find contacts at the Association of Sporting Goods Industries (see chapter 6 for contact details).

Another important player in the German sporting goods market is Karstadt who run a chain of sports superstores. They also have sporting goods departments in their chain of department stores (http://www.karstadt.de), as well as supplying sporting goods through their mail order companies, Neckermann and Quelle, which are moving more towards electronic commerce. Other important retailers are Globetrotter, for outdoor products (http://www.globetrotter.de) and Sport-Scheck (http://www.sport-scheck.de).

Commercial agents are important in Germany but there are different specialist agents. Exporters from developing countries need to identify those agents specialist in accessing the independent retail sector, rather than those who act on behalf of buying groups and larger operations.

Other opportunities also exist for developing country exporters in some non-specialist channels. Many of the larger non-specialist retailers operate on a multi-national level, hence their importance will grow. One of the most important non-specialist retailers is Metro (http://www.metro.de). Some department stores or hypermarkets may be interested in buying product that they can sell under their own private label, subject to assurances on quality.

Trends in the retail sector

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

- Firstly, despite the strength of buying groups, the growing importance of chain specialists. This is diminishing the signicance of specialist independent retailers. The number of traditional independents now surviving without the support of a buying group is very small.
- The second key trend is the increasing range of non-specialist outlets that now sell sporting goods. This exerts greater pressure on specialist retailers, who have to improve their performance to remain competitive. The growth of Internet sales is a further example of this trend.
- According to Mintel, over 8,000 outlets sell sporting goods in Germany. The current German distribution breakdown is featured in table 2.1.

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

Outlet type	% share
Specialists	**60%**
Chain stores (inc single brand stores)	11%
Buying groups	45%
Independent stores	4%
Non-specialists	**40%**
Department/variety stores	14%
Hypermarkets	9%
Mail order/Internet	7%
Others (inc clothing & footwear shops)	10%
Total	**100%**

Source: VDS (2006)

Price structure

Generally speaking, margins on sporting goods have been falling in Germany in recent years, as a result of intense competition in the supply chain, and fierce competition between retailers who have been fighting for market share during a long economic recession. In each trade channel different margins and prices apply, with multiples of 3 up to 4 of the export (FOB) price.

Table 2.2 Overview of margins in sporting goods

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

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

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

Interesting players

- Interesting wholesalers or importers for developing country exporters include Arnold Sports (mailto:arnold-sports@t-online.de), Deproc Freizeitartikel (http://www.deproc.de), Häuser der Konfektion (http://www.woehrle-handelsvertretungen.de), Lettmann, who supply water sports (http://www.lettmann.de) and Vista Sport (http://www.vistasport.de).
- There may be value in approaching some small specialist retailers who are currently still unaffiliated to a buying group. These retailers may appreciate personal service or an offer of some promotional or sponsorship support to help provide them with a point of difference from the specialist chains. Such retailers include Bittl Schuh & Sports (http://www.bittl.de), Dresdner Laufsportladen (http://www.dresdner-laufsportladen.de), Maass Sports, based in Berlin (http://www.maass-sports.de) and Sport Haselbach (mailto:info@sport-haselbach.de).
- One advantage of working directly with retailers is that you can get a better price than through an importer or agent. However, it will be more difficult to establish a relationship as they often change suppliers. They also restrict the range they stock, so gaining distribution here will be difficult. Another disadvantage is they require special conditions in terms of fast delivery, labelling, packaging (special promotions) or after sales service.

- Ascher Sports is an agent (http://www.ascher-sports-gmbh.com). You can find names of other sporting goods agents at the National Federation of Commercial Agents and Distribution (http://en.hv.cdh24.de/ or http://cdh24.de/verband/fachverbaende/mode).
- In the non-specialist sector, Kaufhof is an important retailer with its Sportarena chain (http://www.galeria-kaufhof.de).

Selecting a suitable trading partner

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

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

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

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

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

Although you may initiate a communication by post or email, it is recommended that there is some personal communication before a trading partner is selected. You should also do a credit check of your potential trade partner, especially when an investment from your side is involved. This credit check could be done by a specialist company such as Dun and Bradstreet (http://www.dnb.com). A bank usually does not give credit ratings of its customers.

In this regard, you could also contact Business Support Organisations in Germany or the commercial department of your own embassy to see if they have any useful contacts. They may even have some knowledge of contacts you may have made independently. The Association of German Chambers of Industry and Commerce (http://www.diht.de) could be a good source of general advice. In addition, the main Business Insitute for doing business with Germany can be reached at http://www.ehi.org

3 Trade: imports and exports

Imports

Total imports

In 2006, Germany imported sports and camping goods valued at € 1 billion, or 200 thousand tonnes. This accounted for 14% of all EU imports by value, or 14.8% by volume. This represented an average annual increase in value of 4.1% since 2002 (8.4% in volume). Germany was the third largest importer of sports and camping goods by value (after the UK and France), but second largest by volume after the UK. They all have similar levels of imports, but UK volumes are much higher.

This growth in imports contrasts with a 6.5% growth in exports, which are approximately 40% lower than imports. However, import volumes are almost 2.5 times as big as export volumes. Production has fallen in Germany and the consumer market has been showing a 1.3% annual decrease over the period.

Around 47% of German imports by value (€ 492 million) came from developing countries and 65% (130 thousand tonnes) by volume. China is the largest supplier (36.8% of total value imports and 58% of total volume imports), with supplies valued at € 386 million or 116 thousand tonnes. The next largest supplier is The Netherlands (10.1% of total value imports and 11% of total volume imports), with supplies valued at € 106 million or 22 thousand tonnes. Many of these supplies will have been re-exported by The Netherlands from other (probably DC) countries. The next two largest suppliers to Germany are Austria and Italy. Austria has supplies valued at € 93 million, or 6 thousand tonnes (8.9% of value and 3.2% of volume). Italy has supplies valued at € 68 million, or 6 thousand tonnes (6.5% of value and 3.2% of volume).

The share of supplies by developing countries is up from 41.6% in value (€ 372 million) in 2002, and up from 58.5% in volume terms. Supplies from China have increased by an annual average of 7.8% (11.3% by volume) over the period, while Pakistan's supplies have increased by an average of 7.5% per annum by value and 11.6% by volume. Supplies from Thailand and India are up in value and in volume. Meanwhile, supplies from France and Poland are also up.

Imports by product group

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

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

Product	2002 € mln	2004 € mln	2006 € mln	Leading suppliers in 2006 Share in %	Share (%)
Total sports & camping goods	308	483	459	Intra EU: The Netherlands (10.1%), Austria (8.9%), Italy (6.5%), France (5.0%), Poland (3.1%)	43.8
	214	139	98	Extra EU ex. DC*: USA (3.1%), Taiwan (2.5%), Switzerland (1.1%), Hong Kong (0.5%)	9.3
	372	413	492	DC*: China (36.8%), Pakistan (3.4%), Thailand (2.0%), India (1.9%), Vietnam (0.5%), Malaysia (0.5%), Bangladesh (3.9%), Philippines (0.2%), Sri Lanka (0.1%), Mexico (0.1%),	46.9
Fitness	30	61	56	Intra EU: The Netherlands (14.6%), Italy (10.1%), Hungary (1.5%), France (1.3%), Belgium (1.1%)	32.9
	67	36	28	Extra EU ex. DC*: Taiwan (8.4%), USA (6.0%), Switzerland (0.8%), S Korea (0.3%), Japan (0.3%)	16.5
	78	92	86	DC*: China (46.9%), Malaysia (2.1%), Pakistan (0.5%), Thailand (0.4%), India (0.2%), Ukraine (0.1%), Turkey (0.1%), Sri Lanka (0.1%), Philippines (0.1%), Mexico	50.6
Team sports	39	72	68	Intra EU: The Netherlands (7.8%), Austria (5.7%), UK (5.1%), Belgium (4.5%), France (4.5%)	45.3
	35	29	19	Extra EU ex. DC*: USA (4.2%), Switzerland (2.7%), Taiwan (1.9%),	12.7

	33	47	63	Canada (1.4%), S Korea (0.9%) DC*: China (38.3%), Pakistan (1.2%), India (0.5%), Philippines (0.5%), Malaysia (0.5%), Thailand (0.3%), Mexico (0.2%), Turkey (0.2%), Serbia (0.1%)	42.0
Camping goods	16	45	65	Intra EU: Poland (16.1%), The Netherlands (15.3%), Belgium (3.6%), Czech Rep (2.6%), France (1.9%)	43.9
	17	6	3	Extra EU ex. DC*: Switzerland (1.3%), USA (0.4%), S Korea (0.2%), Hong Kong (0.1%), Taiwan	2.0
	69	71	80	DC*: China (48.0%), Bangladesh (2.6%), Vietnam (0.7%), Brazil (0.7%), Colombia (0.5%), Indonesia (0.3%), Thailand (0.3%), Pakistan (0.2%), Turkey (0.2%), India (0.1%)	54.1
Balls	12	26	32	Intra EU: The Netherlands (21.0%), Italy (3.7%), Czech Rep (2.7%), Denmark (0.8%), France (0.7%)	30.5
	4	3	3	Extra EU ex. DC*: Taiwan (1.2%), Taiwan (0.4%), Hong Kong (0.4%), Japan (0.3%), Canada	2.8
	45	43	70	DC*: Pakistan (28.7%), China (27.2%), Thailand (5.8%), India (3.3%), Philippines (1.0%), Vietnam (0.4%), Indonesia (0.4%), Malaysia, Bangladesh, Guatemala	66.7
Saddlery	7	10	13	Intra EU: The Netherlands (4.8%), Italy (3.8%), Romania (3.3%), Poland (2.9%), France (2.8%)	21.3
	19	13	11	Extra EU ex. DC*: USA (5.7%), Taiwan (4.8%), Switzerland (3.1%), Hong Kong (1.1%), S Korea (0.2%)	18.0
	22	32	37	DC*: China (27.4%), India (21.8%), Vietnam (4.6%), Argentina (3.0%), Paraguay (1.5%), Pakistan (0.8%), Thailand (0.7%), S Africa (0.3%), Turkey (0.3%), Serbia (0.2%)	60.7

Source: Eurostat (2007)
*Developing Countries

Fitness
This is the largest of the selected product groups. Valued at € 170 million in 2006, this represented 16.2% of all sports and camping goods imports to Germany (34.2% by volume). This compares with a share of 19.6% in 2002 (41.9% by volume). Hence this product group is decreasing in significance in its value and volume contribution to imports. Intra-EU trade represents 32.9% of the value supply (20.2% by volume), and this has increased in value from 17.4% in 2002, and also increased in volume from 12.2%. The Netherland’s value and volume share has increased from 2002. The share of imports by Italy and France have increased, while of the other leading intra-EU importers, the Belgian share of imports is down.

As far as developing country suppliers are concerned, they represent 50.6% of all imports by value (72.5% by volume), up from 44.7% (€ 78 million) in 2002, and up from 62% by volume. China (€ 80 million) dominates the developing country supply of equipment for fitness/gym. China’s share is up from 2002 by an annual average 2.5%. Of the other developing country suppliers, values from Thailand and Pakistan have decreased while values from Malaysia and India have increased.

In terms of product groups, exercise apparatus with adjustable resistance mechanisms represents 57% of the product group, while articles and equipment for general physical exercise make up the remainder. This is down from two thirds in 2002.

Team sports
This is the second largest product group. Valued at € 150 million in 2006, this represented 14.3% of all sports and camping goods imports to Germany (20% by volume). This compares with a share of 12% in 2002 (17.1% by volume). Hence this product group is increasing in significance in its value and volume contribution to imports. Intra-EU trade dominates the value supply (45.3% by value and 41.5% by volume), and this has increased in value from 36.7% in 2002, and increased in volume from 39.7%. The Netherland's value share has increased from 2002. The share of imports by Austria, the UK and Belgium have increased, while of the other leading intra-EU importers, the French share of imports is down.

As far as developing country suppliers are concerned, they represent 42% of all imports by value (52.3% by volume), up from 31.4% (€ 33 million) in 2002 (31.6% by volume). China (€ 57 million) dominates the developing country supply of equipment for team sports. However, whereas the value of China's supplies has increased by an average annual 18.4% over the period, other developing country suppliers account for less than 10% of DC supplies. Of the other developing country suppliers, values from Pakistan and India have increased while values from Malaysia have decreased.

In terms of product groups, Eurostat only separates out equipment for cricket and polo. This is a negligible part of the group as a whole. Despite this, the share of cricket and polo equipment has reduced over the period.

Camping goods
This is the next largest of the selected product groups. Valued at € 148 million in 2006, this represented 14.1% of all sports and camping goods imports to Germany (21.1% by volume). This compares with a share of 11.4% in 2002 (16.9% by volume). Hence this product group is increasing in significance in its value and volume contribution to imports. Intra-EU trade represents 43.9% of the value supply (34.1% by volume), and this has increased significantly in value from 16% in 2002, and also increased in volume from 11%. Poland's value and volume share has increased from 2002. The share of imports by The Netherlands and Belgium have also increased, while of the other leading intra-EU importers, the Czech share of imports is down.

As far as developing country suppliers are concerned, they represent 54.1% of all imports by value (64.7% by volume), down from 67.5% (€ 69 million) in value, and down from 80.6% by volume in 2002. This decreasing share is primarily due to China (€ 71 million), who still nevertheless dominates the developing country supply of camping goods. China's share is down from 60% in 2002. Of the other developing country suppliers, values from Vietnam have decreased while values from Brazil and Bangladesh have increased.

In terms of product groups, tents account for 40% of the group (€ 59 million, 90% of which are made of synthetic material); other camping goods are valued at € 60 million, 91% of which are made of textile material; sleeping bags are valued at € 22 million and pneumatic mattresses € 7 million. There is a major move towards tents of synthetic material, particularly away from cotton tents. The same applies to a move away from other camping goods made of cotton.

Balls
Balls were valued at € 105 million in 2006. This represented 10% of all sports and camping goods imports to Germany (6.8% by volume). This compares with a share of 6.9% in 2002 (4.6% by volume). Hence this product group is increasing in significance in its value and volume contribution to imports. Intra-EU trade represents 30.5% of the value supply (18.4% by volume), and this has increased in value from 20.4% in 2002, and also increased in volume from 15.9%. The dominance of The Netherlands suggests that in fact much of this trade consists of re-exports from other (probably DC) countries. Their share has increased from 2002. The share of imports by Italy and the Czech Republic have also increased.

As far as developing country suppliers are concerned, they represent 66.7% of all imports by value (79.1% by volume), down from 73.6% (€ 45 million) in value but up marginally from 78.5% by volume in 2002. Pakistan (€ 30 million) is the leading developing country supplier of balls, but they are soon likely to be overtaken by China. Of the other leading developing country suppliers, Thailand and India have increased supplies.

In terms of product groups, inflatable balls account for three quarters of the group (€ 80 million, 91% of which are non-leather); tennis balls are valued at € 15 million, and other balls are valued at € 10 million, of which cricket or polo balls are negligible. There is a trend away from leather balls.

Saddlery
Saddlery items were valued at € 61 million in 2006. This represented 5.8% of all sports and camping goods imports to Germany (2.9% by volume). This compares with a share of 5.4% in 2002 (2.3% by volume). Hence this product group is marginally increasing in significance in its value and volume contribution to imports. Intra-EU trade represents 21.3% of the value supply (14.7% by volume), and this has increased in value from 15.4% in 2002, and also increased in volume from 10.1%. The Dutch and French share of imports have increased, while the Romanian and Polish shares have fallen.

As far as developing country suppliers are concerned, they represent 60.7% of all imports by value (75.1% by volume), up from 46% (€ 22 million) in value and 57.8% by volume in 2002. China (€ 17 million) is the leading developing country supplier of saddlery items, followed by India. China's share is up from 11.6% in 2002, while India's is down from 22.8%. Argentina has seen its supplies increase significantly.

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

Other product groups
The value of other product groups not selected are as follows: snow sports (€ 141 million), ski/snow boots (€ 56 million), skates (€ 54 million), water sports (€ 51 million), fishing (€ 46 million), golf (€ 33 million), rackets (€ 19 million), table tennis (€ 7 million) and sports gloves (€ 6 million).

Exports
In 2006, Germany exported sports and camping goods valued at € 734 million, or 83 thousand tonnes. This represents an average annual increase in value of 6.5%, and an average annual increase of 7% in volume since 2002.

In 2006, Germany was the third largest exporter by value after France and Italy, but second largest by volume after Belgium. Re-exports are a feature of the German market, as exports exceed domestic production. 66% of German exports by value were intra-EU (68.7% by volume), the majority of which were to Austria and France. Outside the EU, USA and Switzerland were the main export destinations, as well as sizeable exports to Russia and Japan.

In terms of product groups, snow sports accounted for 20.3% by value (€ 149 million), down from 24.4% in 2002. The main destinations were Austria, USA, Italy and France. The next largest group of exports were fitness/gym equipment, which accounted for 17.2% of all exports (€ 129 million), down from 20% in 2002. Switzerland, Austria, France and The Netherlands were the main destinations.

Team sports represented 12.4% of all exports (€ 91 million). This was up from 11.6% in 2002. Saddlery was the next largest at 11% (€ 81 million). The USA is the largest destination for these products.

The remaining groups of exports were as follows: camping goods (€ 68 million), balls (€ 45 million), table tennis (€ 33 million), water sports (€ 32 million), fishing (€ 30 million), ski/snow boots (€ 25 million), then skates, rackets, golf and sports gloves in descending order.

Opportunities and threats

- + Germany is an interesting market for exporters from developing countries. Sports participation is high, combined with the fact that local production is in decline in recent years. Germany is a big market, and also offering opportunities as it comes out of a relatively long period of recession. Imports are an increasingly important part of the market.
- + The fact that the value share of imports from developing countries is up over the period while the volume share is up even more indicates downward pressure on prices. Exporters should take care not to trade at a loss or with unsustainably low margins over a prolonged period. This may be justifiable for a limited period to gain market entry, but it is neither advisable nor feasible to trade in this way in the long run.
- + There are wide differences in the performance of the various different product groups. All the groups selected are enjoying good growth rates, but at present the best opportunities for developing country exporters appear to be presenting themselves in the camping goods, balls and saddlery sectors.

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

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

Useful sources

- EU Expanding Exports Helpdesk

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

- Eurostat – official statistical office of the EU

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

4 Price developments

Sports and camping goods prices in Germany are below the EU average. The price index in Germany has increased by 2% in the last year, while prices in the recreation and culture sector have increased by just 0.8%. This average figure incorporates much larger price decreases in the sports discount sector, while higher up the market, prices are rising closer to price movements in the country as a whole.

Germany is like most EU countries that have seen prices fall in recent years. This long-term trend seems to be starting to change. A recent increase in the cost of VAT in Germany is likely to impact on prices, and they may start to increase in the future. Although the German economy is improving after a number of poor years, this is more likely to result in higher expenditure on goods and services, including sports and camping goods, rather than significantly rising prices.

Consumer price indices are published on the German national statistical website (http://www.destatis.de). Information on broad price changes can also be obtained from the German National Bank (http://www.bundesbank.de). Prices of sports and camping goods in Germany can also be found by visiting the websites of sporting goods retailers. See chapter 2 for contact details.

Import prices to Germany are 4% lower annually than in 2002, but this hides the fact that they fell even further up to 2004, and they have been rising slowly since then. Developing country import prices have been falling at a rate lower than the EU average, but intra-EU prices are falling at a faster rate than average. This may be explained by high levels of purchases from The Netherlands and Belgium, where many of the purchases may have been made in third countries. These trends should be interpreted with care, as changes in imports do not reflect the demand in these countries. If import prices are now starting to rise, there is also little room for retailers to cut their overheads further, making it more likely that consumer prices will inevitably rise. This applies particularly to branded products, but also to non-branded products to a lesser extent. It is also clear that large retailers increasingly control pricing decisions.

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

	2002	**2004**	**2006**	**ave. annual**
	ave price per '000 tonnes	ave price per '000 tonnes	ave price per '000 tonnes	**% change**
Total imports	6.16	5.09	5.24	-4%
Intra-EU	10.42	7.62	7.60	-7.6%
Developing countries	4.39	3.47	3.80	-3.4%

Source: Eurostat (2007)

5 Market access requirements

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

For information on legislative and non-legislative requirements, go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select sports and camping goods and Germany in the category search, click on the search button and click on market access requirements.

Information on eco-labelling and packaging legislation is also included in the CBI market information database. Market access requirements are broadly consistently applied across the main EU member states, although product safety is of particular importance when accessing the German market.

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

Information on tariffs and quota can be found at http://export-help.cec.eu.int/

6 Doing business

Information

General information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) can be found in CBI's export manuals 'Export Planner' and 'Your image builder'. Furthermore cultural awareness is a critical skill in securing success as an exporter. Information on cultural differences in the EU can be found in chapter 3 of CBI's export manual 'Exporting to the EU'. These manuals can be downloaded from http://www.cbi.eu/marketinfo - go to search publications.

Useful contacts
There is information on the sporting goods industry in Germany at the website of the German Association of Sporting Goods Industries (http://www.bsi-ev.de) and the Union of Sporting Goods Retailers (http://www.vds-sportfachhandel.de). Some manufacturers featured may be looking to develop relationships with developing country exporters. Another useful contact is:

- The German Sports Federation (http://www.dsb.de)

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

Trade Fairs
There are more sporting goods trade fairs in Germany than any other EU country. The main trade fair for the sporting goods industry in Germany is called ISPO and takes place twice a year in Munich. The summer fair has been renamed ISPO Sport and Style to reflect to increasingly closer links between sport and fashion (http://www.ispo.com). Additional fairs in Germany include SPOGA (Sporting, Camping and Garden Products) in Cologne (http://koelnmesse.de), FIBO, the fitness products fair in Dusseldorf (http://www.fibo-messe.de) and the Outdoor Fair at Friedrichshafen (http://www.european-outdoor.de).

Promotion
Advertising in trade magazines can sometimes be an effective means of reaching a small target group. The main trade publications for the sporting goods industry are the monthly Saz Sport (http://www.saz.de) and Sport und Mode (http://www.spomo.de). The specialist magazines for the fitness industry can be reached at http://www.fitnesstribune.com and http://www.bodylife.com. It is also possible to advertise in the German Sporting Goods Directory (http://www.kern-verlag.de).

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

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