

# NEWS ALERT

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ON THE WORLD SPORTING GOODS INDUSTRY!



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#40/2010-10-15

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Dear members,  
Dear readers,

More than a month has gone without your favorite News Alert. We apologize for this period of silence. In September, the communication department of the WFSGI was mainly focused on a smooth hand over of the tasks from Segolene Rouillon to me, officially starting on October 1.

As you have already learned from the press release, Segolene left us to start a new professional challenge and I will be your contact person for all communication and marketing matters within our organization.

After reading this News Alert you will know what New Balance and Heidi Klum do for modern women, which big players are about to in-

vest in e-bikes and why Interbike reversed the decision to change location and date of its fair in the end. Enjoy and stay tuned!

Yours sincerely,

Marius Widmer  
WFSGI Communication and Marketing Manager

## Nike snags NFL contract, predicts big changes

Nike and the National Football League made it official announcing that Nike has been granted the rights to design and manufacture the NFL's on-field apparel. The league's prior ten-year deal with Reebok will expire following the 2011 season.

The five-year deal was first reported Monday afternoon by Sports Business Daily and later confirmed by CNBC. Reebok reportedly paid \$300 million for the 10-year rights in 2001. Representatives from the NFL said the league will split apparel

licenses among seven different companies, including Nike, New Era, Under Armour and G-III.

Financial terms of the NFL's deal with Nike and other apparel makers weren't disclosed, but Matt Powell, Chief Retail Analyst at SportsOneSource, estimates the league's new deals could be valued at around \$1 billion. Adidas CEO Herbert Hainer had already told CNBC that he was prepared to accept defeat.

"We decided how much we were willing to pay," Hainer said. "If somebody bids higher than us then

we'll accept that... So if we lose the NFL, it won't make or break our company."

In an interview with CNBC's Darren Rovell, Nike brand president Charlie Denson said Nike expects to change NFL jersey's "dramatically," similar to what the brand has done recently with numerous college uniforms. Denson went on to say that the NFL has lacked that type of uniform "advancement" in recent years.

Source: SportsOneSource

Sustaining Members



## SRAM opens new European headquarters

It's only a few miles from the 'old' office, but what a difference. SRAM Europe's move – from a very ordinary building, where its staff were scattered over various floors, to a new, modern headquarters, is proving to be a great fit for the evolving needs of this leading supplier of bike components.

After being for about 15 years in Amersfoort, SRAM Europe outgrew its old office. Moving to a new location was also spurred by the need to have the right facility to run a properly equipped dealer service center fitting the goals SRAM has set for itself with its 'Dealer Service Direct' program.

In the new HQ service and warranty support is handled by two mecha-

nicos operating in a state-of-the-art workshop. All SRAM distributors also continue to offer service and warranty. The component maker leaves it to the retailer to decide whom to call, SRAM directly or their local official distributor.

SRAM's second phase of the Dealer Service Direct program is now being addressed in the new European HQ in Nijkerk. Here an ultra-modern technical training facility is at hand. It has a completely fitted workshop for training 12 mechanics at a time. These trainings are supported by LCD screens for showing technical documents or video's on all the SRAM products. Next to this 'classroom' there are presentation

rooms, a lunch room and a showroom.

SRAM's new HQ for Europe is located in Nijkerk, in the heart of the Netherlands. The entire ground floor is dedicated to dealer support. The other 2 floors (including the basement) house the sales, marketing, finance, HR, IT and management personnel, as well as a storage facility for keeping a small inventory of parts and samples. 30 people (excluding temps) are working at SRAM's European headquarter.

Source: Bike Europe

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## Car makers BMW & Mercedes turning to electric 2-wheelers

Almost simultaneously BMW (Mini) and Mercedes (Smart) launched electric 2-wheeler concepts recently. Both are scooters, but in particular the Smart study model stands out as it looks like a very 'light' urban scooter.

It's said that the Smart e-Scooter concept is closer to being a production reality compared to the one from Mini. In particular because it's addressing people that are already targeted by Smart dealers as they

are looking for short-range city transport.

BMW's Mini car division unveiled its stylish electric scooter concept in London last Thursday. Three different versions of the scooter concept were shown which are inspired by the Mini cars. Adrian Van Hooydonk, Senior Vice President of BMW Group Design who heads up the Munich-based design team behind the project, said:

"The Mini Scooter E Concept repre-

sents an electric vision of the future as urban mobility takes a new direction by Mini. The Mini Scooter E Concept is true to our brand values of distinctive design, intelligent functionality and customization and builds further on these characteristics by combining driving pleasure with sustainable technology into the first two-wheel concept of its kind for Mini."

*Source: Bike Europe*

## Transparency mechanism for preferential trade arrangements

The Committee on Trade and Development, on 4 October 2010, approved a proposal by Brazil, China, India and the United States to establish a transparency mechanism for preferential trade arrangements. The proposal is to be transmitted to the General Council for adoption.

The transparency mechanism lays out a procedure for the consideration of PTAs in the CTD. To assist the Committee in its consideration of each PTA, the notifying member is to submit detailed information, and the WTO Secretariat is to prepare a factual presentation of the PTA.

Work in the Committee on this mechanism stemmed from a General Council decision in December 2006, which invited the CTD to consider transparency for PTAs.

### Market access for LDCs

Three developing countries—India,

Brazil and China—reported on their programmes to provide duty-free, quota-free market access to least-developed countries (LDCs).

India said that 18 LDCs now benefit from its Duty Free Tariff Preference Scheme for LDCs. It added that it will be organizing a workshop on this scheme for LDCs.

China said that since 1 July 2010, it had been granting zero-tariff treatment on 4,762 tariff lines for products exported by 33 LDCs. It would continue to expand the coverage of this programme.

Brazil said that an inter-ministerial working group has been established to discuss the legal and procedures for its scheme, which it said would eventually cover 100 per cent of tariff lines.

The European Union said that it was working to simplify the rules of origin for its Generalized System of

Preferences (GSP) scheme, which would particularly benefit LDCs.

Zambia thanked delegations that announced measures for LDCs, and urged all members to implement the Hong Kong Ministerial Decision for duty-free, quota-free treatment for LDCs.

### Trade agreements between developing countries

The Committee discussed notifications of the following trade agreements between developing countries: Agreement on Trade in Goods between the Association of Southeast Asian Nations (ASEAN) and Korea, Agreement on Trade in Goods between India and Korea, and the Gulf Cooperation Council (GCC) Customs Union.

*Source: World Trade Organization*

## Proposal to eliminate first sale rule formally withdrawn

U.S. Customs and Border Protection has formally withdrawn a January 2008 proposal that would have eliminated the favorable import valuation methodology available under the First Sale Rule. That proposal would have established a new interpretation of the phrase "sold

for exportation to the United States" for purposes of applying the transaction value method of valuation in a series of sales importation scenario. Sandler, Travis & Rosenberg, which led a broad coalition against CBP's proposal, estimated that it could have resulted in

an 8% to 15% increase in duty liability for all imports. Under provisions in the 2008 farm bill, CBP may not make a similar attempt until Jan. 1, 2011, and then only subject to a number of congressionally imposed standards.

*Source: strtrade*

### Sustaining Members



## Heidi Klum for New Balance collection will launch on Amazon

Supermodel, designer and fashion powerhouse Heidi Klum has created a versatile active wear collection for New Balance perfect for modern women on-the-go called Heidi Klum for New Balance launching this Fall 2010 exclusively on Amazon.

"Busy women, like me, have changed their way of shopping. We now shop online," says Heidi Klum. "I'm proud to announce that I have designed a line of active wear for New Balance that will be sold exclusively on Amazon. I could not think of an easier way to shop than from my bed on my laptop! Our lives as mo-

thers, wives, working women have become so much more than ever before. Whether we are dropping the kids off at school, going out with friends, running errands, running to meetings or swinging by your favorite coffee shop in the morning, we all have one thing in common – we want to be stylish, comfortable and hip!"

Heidi Klum for New Balance will include haute tunics, knits, woven tops, leggings and outerwear pieces, developed to fit every body type and designed with cottons and silks that incorporate hand-woven stit-

ching and intricate details. The line will retail from \$32-168 and will be available in the United States, United Kingdom, Germany & Japan beginning October 7th 2010 exclusively on Amazon.

"Heidi Klum for New Balance combines New Balance's expertise in fit and form with Heidi's commitment to sophisticated style to create a versatile collection for women that is both everyday wearable and luxurious," says Kerry Kligerman, Executive Vice President of Apparel for New Balance.

*Source: New Balance*

## Umbro signs worldwide kit deal with the New York Cosmos

In the November issue of the FourFourTwo magazine, Pelé, one of the most famous players from The New York Cosmos' past and now its Honorary President, speaks about the excitement around the original club, "When we started to win, we had a really big bunch of names in the crowd: movie stars, sports stars, pop stars, politicians, artists' Robert Redford, Muhammad Ali and Mick Jagger all came. Andy Warhol, Elton John,

Henry Kissinger too - every game, there was someone there. It was fantastic."

Trevor Cairns, chief marketing officer for Umbro International commented in a statement: "Umbro was a partner of The New York Cosmos during the 1970s when they were unquestionably the world's coolest football club. It's a great opportunity to once again be involved with the club and we are committed to wor-

king with them to develop world-class soccer players worthy to wear the legendary New York Cosmos crest."

Relaunched in August 2010, The New York Cosmos is committed to helping improve the future of football with significant investment in grassroots and youth football, and providing elite coaching philosophies and training opportunities.

*Source: SportsOneSource*

## Under armour reiterates goal to become number two

With its launch of basketball shoes coming on October 23, Under Armour Chief Executive Officer Kevin Plank in an interview with Bloomberg reiterated the company's near-term goal of becoming the number two athletic company behind Nike over the next few years.

"We wouldn't enter any category unless we could someday be No. 1," Plank added on its launch into bas-

ketball. "There is one company with three brands that controls 90-plus percent of the basketball business. So when you ask me, is basketball as a category, is it growing, is it shrinking? I wouldn't be able to tell you one way or another, and frankly I don't think it would matter. Because when Under Armour does introduce basketball footwear, it is a relatively good opportunity for us and we will take significant market share."

The article noted that Under Armour's annual sales in 2009 were \$856.1 million. Apparel represented 76% of revenue and footwear, 16%. Plank also indicated Under Armour will also be opening its first store in China by the end of the year. Overall, it will have 53 retail outlets in the U.S. by the end of the year.

*Source: SportsOneSource*

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### Sustaining Members



## Shimano & Pro continue with Pro-Tour HTC-Columbia Team

High Road Sports and Shimano will continue as Global Development Partners for the next three years, extending a long and successful working relationship. Shimano and its partner brand Pro supply High Road's men and women on Team HTC-Columbia with industry leading products including the Dura-Ace with Di2 shifting system, Shimano wheel sets and continually advanced bars and stems by Pro.

"The partnership has been very successful producing great results both in athletic achievements and superior products," says Team Owner Bob Stapleton. "The Di2 is what every serious athlete or enthusiast wants and we are proud to work with Shimano to further develop this product as well as the Dura-Ace wheels and the full line of superior Pro products including bars and stems."

Shimano Europe's Sports Marketing Manager Hennie Stamnijder comments: "We are proud to continue our sponsoring of the leading team in the world. The results show that they have chosen the right path. We are looking forward to our continued partnership and count on many more victories in the coming years."

*Source: Bike Europe*

## Dorel increases sponsorship commitment with Liquigas Cannondale bikes becomes co-sponsor

The Cycling Sports Group (CSG) Division of Dorel Industries is significantly ramping up its partnership with Liquigas Sports S.p.A. Effective January 1, 2011 Cannondale will be the Co-Sponsor of the Liquigas Pro Cycling Team. Cannondale has been a Technical Bicycle Sponsor for the past four years and team members have been riding Cannondale bikes since that time. "This additional investment underlines our recognition and respect for the accomplishments of the Liquigas team and is a further meaningful commitment to the Cannondale brand," stated Dorel President and CEO, Martin Schwartz. Liquigas has had a remarkable year.

The Cannondale SuperSix Hi-Mod has powered team members to take the top spot in two of the three major Grand Tours. Ivan Basso won the Giro d'Italia, Vincenzo Nibali recently captured the Vuelta a España. Additionally, Peter Sagan came second in the UCI Grand Prix Cycliste de Montreal.

The SuperSix Hi-Mod is the flagship of Cannondale's outstanding road bike line. As of January 1st, the official team name will be Liquigas-Cannondale; Cannondale will appear prominently on team jerseys, which are being designed by Dorel's SUGOI division.

"Coming off a solid 2010 season, we felt there was no better time for

Dorel to expand its partnership with Liquigas. We are committed to building our bicycle business into a global force and this is an important investment for us as we further this objective. Cannondale sales have grown significantly this year. Our new models have been enthusiastically embraced by consumers and we have increased the number of dealers in the Cannondale network. There remain ample growth opportunities for this premium brand and we will remain highly proactive to ensure that the profitability of this division continues to increase," commented Mr. Schwartz.

*Source: Dorel Industries*

## Taiwan bicycle industry eyeing Indonesia for investments

Minister of Economic Affairs Shih Yen-shiang visited Indonesia last week at the head of a large business delegation, saying the nation held great promise as an investment destination.

"There is room for Taiwan and Indonesia to work together economically especially now that Taiwan and China have signed the Economic Cooperation Framework Agreement

(ECFA). Indonesia is among four countries alongside China, India and Vietnam that Taiwan is targeting for greater investments", said Taiwan's Minister of Economic Affairs Shih Yen-shiang. "Opportunities include bicycles and motorcycle parts."

Taiwanese companies are seen as one of the biggest potential sources of the capital to help the Indonesia reach its growth target of around

7.7 % by 2014. "Taiwan's investment in Indonesia as of June 2010 reached US\$14 billion, and Indonesia represents an important investment country in Southeast Asia for Taiwan. Indonesia will also be an indispensable country for our overseas manufacturing endeavours", said Shih Yen-shiang.

*Source: Bike Europe*

### Sustaining Members



## Outdoor Trade Show 2010 attracts quality and quantity

The Outdoor Trade Show (OTS) from 27th to 29th September recorded a 13% increase in visitors over last year's event with 1427 people attending the event, making it the most popular OTS so far in terms of footfall. The show has grown steadily since its inception in 2006 against a backdrop on economic hardship and despite the fact it emerged as a result of the closure of two failing

shows in Outdoor Preview and Go Outdoors and this year 120 exhibitors hosted over 300 brands compared to the 46 exhibitors that attracted 621 visitors in the event's inaugural year.

Marta Williams, OTS Organiser told OCC Outdoor: "OTS 2010 has been the biggest yet, with 120 exhibitors and 1427 visitors at this year's

event, giving a 13% growth in visitor numbers for the fifth year running. We have had very positive feedback from both exhibitors and visitors which are happy with the show's formula, location and timing and we are encouraged to repeat if not improve the success of the show in 2011."

*Source: OCC Outdoor*

## European Commission: new e-bike category for type approval

The European Commission has published its long awaited proposal for the review of the type-approval legislation for mopeds and motorcycles which includes a new e-Bike category.

One of the key issues which the Commission wanted to address with its proposal was the lack of a legislative framework for vehicles fitted with new technologies. It was exactly in this context that the European Two-Wheeler Retailers Association (ETRA) had taken up the matter of e-Bikes with the Commission.

ETRA argued that e-Bikes could not be classified as mopeds and therefore

needed to be taken into consideration separately. As a result of ETRA's work, e-Bikes are now acknowledged in the proposal and integrated in the new categorisation.

ETRA is pleased with the fact that the proposal is finally out and that it recognises e-Bikes as vehicles that differ from mopeds and motorcycles. However, the proposal still leaves room for improvement. ETRA believes that the particularities of the e-Bike business have not been sufficiently taken into account. Even though the draft contains a new category for powered cycles, this

category does not cater for all types of e-Bikes.

"The importance of this draft Regulation should not be underestimated", announced ETRA in a statement. "It will determine whether in the next few years the e-Bike market will have the possibility to develop to the full. ETRA is now preparing for consultations with Parliament, Council and Commission that should eventually result in a Regulation that will allow the e-Bike business to achieve its full potential."

*Source: Bike Europe*

## adidas AG converts to registered shares

adidas AG today converted its no-par-value bearer shares to registered no-par-value shares (registered shares). Effective October 11, 2010, adidas AG registered shares are traded under the new ISIN DE000A1EWWW0 (previously: DE0005003404) or WKN A1EWWW (previously: 500340) on the stock exchange. The trading symbol remains ADS.DE. The conversion to registered shares is free of charge for adidas AG shareholders.

Registered shares require that a share register be kept, in which adidas AG shareholders are entered, giving their name, date of birth and address as well as the number of adidas AG shares they hold.

It is important for shareholders to be entered in the share register as only those shareholders who are entered in the share register are considered by the Company to be shareholders and are thus authorized

to participate in general meetings and exercise voting rights. The legal position of the shareholders who are entered in the share register will not be affected by the conversion to registered shares. Their holding in the Company remains unchanged. Further, shareholders' rights to sell their shares or purchase shares are not limited or made more complicated.

*Source: adidas*

**Any questions?** Contact **Marius Widmer**, WFSGI Communication & Marketing Manager  
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### Sustaining Members



## Web sales grow 7.8% in September - retail overall is mixed

E-commerce sales growth picked up modestly from August, a modest increase from 7.2% growth in August, MasterCard Advisors reported. Online apparel sales registered the highest growth among e-retail categories, at 13.4%. Total apparel sales, online and offline, were up 3.8%, following a 2.6% gain in August, according to the monthly SpendingPulse report from MasterCard Advisors, a consulting arm of payment card network MasterCard Inc. "Overall, September continued the pattern we have observed of consumers spending selectively and leaning towards non-discretionary ra-

ther than discretionary items," says Michael McNamara, vice president of research and analysis for SpendingPulse. "The strong performance of the financial markets, which often helps the higher-end sectors, did not appear to do so in September. The month benefited from late back-to-school shopping, with some apparel shopping pushed back from August to September as parents postpone fall and winter purchases until the cooler weather arrives." Besides total apparel, children's apparel and family apparel grew by more than 10%, according to MasterCard, which did not provide de-

tail on growth in those sub-categories. In other online categories, footwear sales rose 9%. Looking at overall retail sales by merchandise category, footwear grew 0.7%, consumer electronics was up 4.7% and appliances increased by 2.4%. The MasterCard SpendingPulse estimates include purchases made with all forms of payment, including cash, checks and payment cards of all brands. MasterCard did not provide an estimate for total retail sales growth in September.

Source: SportsOneSource

## SGMA identifies America's fittest cities

While a significant percentage of Americans - from Maine to Hawaii - are utilizing home gyms and health clubs to exercise in order to stay fit, the largest concentration of 'fitness-oriented' Americans is in the 'Sun Belt.' According to Sporting Goods Manufacturers Association's (SGMA) Tracking the Fitness Movement (2010 edition), eight of the ten 'fittest' cities in the U.S. are located in the southern section of the country.

The figures in the charts below indicate the percentage of residents in each city which participate in at least one fitness pursuit at the 'core' level, which is at least 50 times a year.

### The top ten 'fitness-oriented' cities in the United States

Rank / City / percent of 'Core' Fitness Participants:

1. / San Diego, CA / 54.5%
2. / Charlotte, NC / 50.5%
3. / Miami/Fort Lauderdale., FL / 50.2%
4. / Phoenix/Prescott, AZ / 49.3%

5. / Los Angeles, CA / 49.0%
6. / Raleigh/Durham, NC / 48.9%
7. / Las Vegas, NV / 48.1%
8. / Dallas/Fort Worth, TX / 47.7%
9. / Cincinnati, OH / 46.5%
10. / Portland, OR / 46.1%

"In 2009, 124 million Americans were 'core' participants in at least one fitness activity," said SGMA President Tom Cove. "It is our objective to increase the number of people that are active. If we can 'move the needle' in the right direction, obesity levels and obesity-related health issues that are plaguing this country will drop."

### People have lost tons of weight

"We sponsor a wellness & prevention program called Live Well-Carolinas, which encourages people to re-focus their behaviors as they relate to exercise and nutrition," said Russ Guerin, executive vice president of business development and planning, Carolinas HealthCare System, which is based in Charlotte. "Our program, which is affiliated with the network of local YMCAs, has completely transformed the

lives of many people who have lost tons of weight and many inches around the waistline."

In this study which identified the top 50 'fitness-oriented' cities in the United States, the bottom ten cities in this list tended to be located in the northern part of the country and the 'Rust Belt:'

### Bottom ten (out of 50) 'fitness-oriented' cities in the United States

Rank / City / percent of 'Core' Fitness Participants:

41. / Houston, TX / 40.6%
42. / San Antonio, TX / 40.4%
43. / Philadelphia, PA / 40.3%
44. / Cleveland/Akron, OH / 40.1%
44. / St. Louis, MO / 40.1%
44. / Grand Rapids/Kalamazoo/Battle Creek, MI / 40.1%
47. / Harrisburg/Lebanon/York, PA / 39.6%
48. / Pittsburgh, PA / 38.7%
49. / Indianapolis, IN / 38.4%
50. / Columbus, OH / 36.1%

Source: Sporting Goods Manufacturers Association (SGMA)

### Sustaining Members



## Arena Group acquired by PE Firm

Arena Group, the Italian swimwear company, has been acquired by The Riverside Company, a private equity firm. Riverside bought Arena from Italian fund BS Private Equity using cash from Riverside Europe Fund IV. Arena's management invested alongside Riverside in the buyout. Terms were not disclosed.

The purchase represented the buyout firm's first step into the Italian market and its fourteenth acqui-

sition so far this year. Arena Group (Arena) had 2009 net sales of roughly 100 million Euros (\$140 million). "We are very thankful to BS Private Equity for the strong support given to Arena in the development of the brand and the business," said Cristiano Portas, Arena Group CEO. "We are also extremely confident towards the future, as we truly believe that Riverside will be an outstanding partner, able to support Arena in its further growth aiming at becoming

the global leader in the waterwear sports market."

Riverside Partner Tomasz Glowacki said: "Arena is an attractive investment opportunity for Riverside thanks to its strong brand position, its image among top athletes and millions of water sport lovers all over the world, a very successful track record, and a huge growth potential."

*Source: SportsOneSource*

## Interbike reverses decision to change location and date

Just over three weeks ago Interbike's show management published a new schedule and location for the 2011 edition which caused a lot of discussion within the industry. Interbike today announced the 2011 edition of the show will return to Las Vegas and will be held from September 12-16.

"The announcement that we were moving the show dates and location elicited a very real response that surveys and discussions alone couldn't accomplish," said Andy Tompkins, Interbike show director.

"Due to the overwhelmingly positive response to this year's show and the countless conversations we have personally had with exhibitors and

retailers regarding the future dates and location of Interbike, we are reversing our earlier decision to move the 2011 show to Anaheim in August. We are hearing loud and clear that, at this time, the industry prefers September dates and the convenience of Las Vegas."

The indoor portion of the show will be held September 14-16 at the Sands Convention Center, with the OutDoor Demo being held in Bootleg Canyon September 12-13. The 2012 show also will be held at the Sands in Las Vegas September 19-21 with the Demo September 17-18.

"The attention brought by news of moving the show to August allowed the entire industry to examine how

it utilizes Interbike, what the show means to the marketplace, and helped solicit real and frank opinions from every sector of the industry. Based on this feedback and the success of Interbike 2010 the show will move back to September in Las Vegas."

"Interbike has always been and will continue to be the industry's show," continued Tompkins. "We have heard the market's passion and commitment to this event and we want you to know that we are listening. We believe the new direction will best serve the current needs of the marketplace."

*Source: Bike Europe*

## Niche team sports growing in the U.S.

According to the Sporting Goods Manufacturers Association (SGMA), overall participation in the top seven team sports in the U.S. declined in the last year but participation in seven 'niche' team sports is on the rise. Those seven 'niche' team sports which had respectable gains in participation since 2008 are fast-pitch softball (up 13.8%), ice hockey (up 12.2%), rugby (up 8.7%), beach volleyball (up 7.3%), lacrosse (up 6.2%),

indoor soccer (3.7%), and gymnastics (3.6%).

Those top seven team sports which had drops in participation in 2009 are basketball, baseball, outdoor soccer, touch football, slow pitch softball, court volleyball, and tackle football.

Those findings were collected in the association's annual participation study on team sports -- U. S. Trends in Team Sports (2010 edition).

"I am noticing that female athletes are getting more specialized in their athletic careers," said Wayne Ryan, the athletic director/girls basketball coach at Summers County High School (Hinton, WV). "There are simply more opportunities for female athletes to be competitive in their favorite sport throughout the calendar year."

*Source: SportsOneSource*

### Sustaining Members



## UEFA appoints INTERSPORT official shop for EURO 2012 & 2016

As was the case for the UEFA EURO 2008™, INTERSPORT will be the Official Sports Shop of Licensed Products also at the UEFA EURO 2012™ and 2016™ following a signed agreement with UEFA & adidas. In more than 800 INTERSPORT stores in over 20 countries INTERSPORT will install dedicated UEFA EURO areas. The first product range will be available in the host cities 18 months prior to the event. Furthermore INTERSPORT will be operating onsite sales in the stadia and Fan Zones exclusively. In the frame of a long-term Strategic Football Cooperation until 2017 adidas transferred these rights to INTERSPORT International Corporation. The co-operation covers 20 European countries, including the respective host countries of Poland and Ukraine in 2012 and France in

2016.

Commenting on the signing of the agreement Franz Julen, CEO of INTERSPORT International said: "Football is and remains a key category of almost every INTERSPORT store. The co-operation with UEFA and adidas enables us to further differentiate from the competition and to continue strengthening our position as the world's biggest football retailer."

Roland Auschel, Chief Sales Officer of adidas, is seeing the close partnership with INTERSPORT as a great platform to achieve the set goals: "We are pleased to further intensify our strong collaboration with INTERSPORT. adidas is the global market leader in the football category and INTERSPORT with its wide reach and high competence is the right

retail partner for us to successfully market our exciting innovations around the upcoming UEFA EURO 2012™ and 2016™."

David Taylor, CEO of UEFA Events SA, commented on the signing by saying: "The EURO championships are a highlight of the football calendar for many football fans. It is important for them to have easy access to merchandise for these tournaments in which their national teams compete."

With a turnover of over EUR 9.2 billion and more than 5'290 specialist sports stores in 39 countries, the INTERSPORT Group has further strengthened its position as the leader in the world's sporting goods market.

*Source: INTERSPORT*

## Eurobike 2010 reports 6% rise in attendance Bosch to invest in e-bikes

Attendance at the recently concluded Eurobike 2010 trade show in Friedrichshafen, Germany reached 41,482, up 6% from last year, according to show producer Messe Friedrichshafen.

An additional 22,300 cycling fans attended the show Sept. 4, when it is opened to the public. An estimated 1,732 journalists from 35 countries were also present.

This year's show was dominated by talk of how e-bike innovations and

price hikes of 5 to 10% would impact the 2011 season. German automotive and appliance giant Bosch made a big splash when it noted it would invest €440 million in developing e-bike drive trains and other components. The company will supply e-drive components to at least 14 bike brands next spring, including Cannondale. Bosch told media at the show that the company expects to produce between 70,000 and

80,000 e-bike kits for the 2011 model year.

Messe Friedrichshafen recently said it would produce an Asian version of the show in Nanning China. That show will take occur alongside the Asia Outdoor show, which is also produced by Messe Friedrichshafen and drew 16,326 visitors and 359 visitors to the Nanning Nantex International Exhibition Center.

*Source: SportsOneSource*

## Trade likely to grow by 13.5% in 2010, WTO says

Following faster than expected recovery in global trade flows so far in 2010, WTO economists have revised their projection for world trade growth in 2010 upwards to 13.5%. Director-General Pascal Lamy said: "This surge in trade flows provides the means to climb out of this pain-

ful economic recession and can help put people back to work. It underscores, as well, the wisdom governments have shown in rejecting protectionism."

Merchandise exports of developed economies are predicted to expand

by 11.5% in volume terms while the rest of the world (including developing economies and the Commonwealth of Independent States) is expected to see an increase of 16.5% for the year.

*Source: World Trade Organization*

### Sustaining Members



**SPECIAL****WFSGI HANDBOOK 2010 EXTRACT****Development of sports retail in China**

*By Alan Cheung, Chief Executive Officer, Sport100 International Holdings Limited*

**China Sporting Goods Market**

**1. Growing much Slower (CAGR dropped half) but retain Fast Growth Trend (compared to the developed market)- - In line with the general retail sales growth, 2009 full year sports market is forecasted to grow 15% from 2008 to US\$11.2 Billion**

From 2003 to 2008, China's sportswear market experienced an estimated CAGR of 33.6% in growth. According to ZOU Marketing Limited, the market is expected to reach approximately RMB 107.1 billion (US\$15.7 billion) by 2011, representing a three-year CAGR of around 17.3% from 2008, and further surge to RMB149.1 billion (US\$21.8 billion) in 2013.

**2. Post Olympic Period-2nd tier International Brands continue market share losing trend to stronger National Brands**

The 2008 Olympic Games held in Beijing significantly enhanced the recognition of major sportswear brands in China through vast marketing promotions and sponsorships. An increase in acceptance of local brands in first-tier cities, market leaders, like Nike and Adidas might have started losing market share in the short term to local brands. Second-tier international brands, like Mizuno, Asics, Reebok, are the ones who suffer more than the local

brand competition, as much as they are not very well represented in first-tier cities.

**3. Inventory back-logged in the hands of both the principals and the retailers-resulting wide-spread aggressive discount at store level**

The principals and retailers had been too optimistic about the sales in the Post-Olympics period and didn't expect the sudden hit of global financial crisis, stocks piled-high as a consequence. One year after the Beijing Olympics, inventory problem is still very common among retailers. Aggressive discount is widely seen in the sports market.

**4. Product Category Development: Functional-(ever-growing), Fashion & Lifestyle-(fast growing & popular) and Outdoor-(emerging)**

Functional products keep on growing, on the other hand, fashion and lifestyle products are gaining more and more popularity. Chinese sportswear consumers are more discerning nowadays. Besides functionality, they also value the embedded elements of fashion. To grip the huge growth potential, more brands are now repositioning themselves as fashion-sport brands. All brands, particularly Kappa, Puma, including Adidas and Nike, are either adding fashion line to their existing mer-

chandise portfolio or develop separate line of stores to capture the fashion trend.

Besides increasing popularity for fashion sportswear, outdoor brands are gaining more popularity among consumers. Following the changing lifestyle and improving living standards, Chinese consumers become more health awareness, they start to do outdoor exercise & try "new sports" like skiing, hiking, exploration, mountaineering, endurance running and trail running.

Outdoor brands are rushing to tap into the emerging sector. Other than international brands such as The North Face, Columbia, La Fuma, Solomon, Patagonia and Vaude; local brands like Tread, Ozark, Columbo are popping up and expanding in the lower-priced range market.

**5. High flying results from National Brands**

Amid the double negative impact from the Post-Olympics and economic turmoil, all national brands showed very strong results in the first half of 2009. Sales growth was 25-40% while profit growth was mostly in 40-60% range.

**6. National brands, local market, but investing heavily in International marketing campaign (to elevate local market profile)**

**Sustaining Members**

Sponsoring international athletes, leagues and events is also common for national brands. For instance, Peak, listed recently in both Hong Kong and China stock market, has been sponsoring 7 NBA Players & the NBA Euro League. Lining sponsored Spain and Argentina National Basketball Team in 2008 Beijing Olympics, Russian Yelena Isinbayeva. Anta is a partner of Houston Rocket Team as well.

According to ZOU Marketing Limited, China's branded sportswear market has experienced double-digit annual growth since 2000, and the approximate market size in 2008 is RMB 66.4 billion (US\$9.7 billion).

As indicated from the above pie chart, first-tier international brands like Nike and Adidas are still the leaders in China's sporting goods market. Second-tier international brands, however, like Mizuno and Rebook are losing significant market share to domestic brands. Lining, Anta and Kappa are the top three local brands. They grew notably during and after the Olympics period. In 2009 and 2010, this trend will likely to maintain as the first nine months have indicated.

**Retailers' Performance**

China's sports retail is dominated by mono-brand stores and run by numerous regional retailers. The retailer performance in 2009 is basically in line with the brands and tier of cities that they are operating in!

- 1st & 2nd tier international brand retailers (whose major business lies in higher tier cities) has been experiencing same store sales drop, inventory turnover days increase, and profit crunch.

- National brand retailer (who based in smaller cities) sees sales growth

(in lower rate), continue to open new stores in high street and expand to smaller cities.

**Strategies Ahead**

**1. Keep Opening Stores**

National brands keeps fast-growing pace; 1st & 2nd tier international brands will resume store opening pace after consolidation of distributor and channels.

**2. Acquire New Brands, Develop New Category, and Open New Distribution Channel**

National brands are trying every means to gain market shares by acquiring new brands, going into new product category, expanding into different sales channels.

**Conclusion**

Disregarding sports market recent fluctuations, the market is still at its growing stage on the long development path.

Consensus view in the industry shows that market growth is expecting a 17% CAGR for the next 5 years. Even the short term consolidation and de-stocking is still taking place in order to pursuit better margin, we are still very optimistic in the long term.

All international brands, including Nike, Adidas and other will face severe competition from national brands. The changing competition landscape will force all brands and retailers to evolve into different marketing channel and retail store format.

**The follow market trend will likely to continue & accelerate:**

- 1. Functional product category

rization will become more important to differentiate the sports focused brands from the peers.

- 2. Fashion / lifestyle segmentation will continue to develop further in parallel with the functional sector.

- 3. New channel and store format will be gradually accepted and gaining popularity.

*Remark:*  
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