

CBI MARKET SURVEY

FOOTWEAR:
THE EU MARKET FOR SPORTS FOOTWEAR

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Report summary

This CBI market survey discusses the following highlights for the EU market for sports footwear:

- EU consumption of sports footwear was € 9,935 million in 2006, or 296 million pairs, up 1.9% per annum on average, while production fell by an annual average of 3.9% to € 435 million, or 19 million pairs.
- In 2006, the EU imported sports footwear valued at € 2,905 million, or 239 million pairs. Since 2002 values are down by an annual average of 1.6% and volumes are down by an average annual rate 1.3%.
- The sports footwear trade is characterised by the dominance of large international branded manufacturers, primarily selling through large specialist sports chains. However, there is still channels for sports footwear through conventional footwear retail outlets and other small specialists.
- More than 41% of imports by value (€ 1,208 million) came from developing countries (64% by volume or 154 million pairs). Values and volumes are down, but the share of imports by developing countries is up from 41% in 2002 in value (€ 1,272 million), and up from 64% (161 million pairs) in volume. Consequently, supplies of sports footwear from developing countries have an important impact on the operation of the consumer market in many EU countries.

This survey aims to provide developing-country exporters of sports footwear with product-specific market information related to gaining access to the EU market(s). By focusing on the EU market for one product group, this document provides additional in-depth information, complementary to the more general information and data provided in the CBI market survey 'The footwear market in the EU', which can be downloaded from <http://www.cbi.eu/marketinfo>

Detailed information on the sports footwear is given in appendix A. This survey discusses the EU in general and the following markets in particular: Germany, France, the United Kingdom, the Netherlands, Italy and Spain.

1 Market description: consumption and production**Consumption*****Market size***

The EU market for sports footwear was worth € 9,935 million in 2006, equivalent to 296 million pairs. The UK is the largest EU market, followed by France and Germany.

EU per capita consumption of € 20 or 0.6 pairs is similar to those figures in Germany, Italy and Spain, but below figures in the UK, the Netherlands and France. This represented an average annual increase of 1.9% over the period for the EU as a whole, but the performance in the selected countries was below that. For example, the UK market decreased from its 2005 level. The market is driven by major brands such as Nike and Adidas. They use links with famous sporting and fashion celebrities to build and drive their brands. Smaller brands attempt to emulate this formula.

Table 1.1 Consumption of sports footwear in the EU, 2002-2006, € million / millions of pairs

	2002		2004		2006		Population (million)	Consumption per capita €
	value	volume	value	volume	value	volume		
Total EU	9,200	285	9,560	290	9,935	296	497.0	20
UK	1,731	53	1,805	55	1,880	57	60.4	31
France	1,620	47	1,659	48	1,784	50	63.0	28
Germany	1,668	54	1,710	55	1,681	55	82.4	20
Italy	989	34	1,100	35	1,185	36	58.8	20
Spain	760	31	811	32	910	34	43.8	21
Netherlands	480	14	453	14	488	15	16.3	30

Source: NPD, Keynote, FAZ Institut, Trade Estimates (2007)

As sports footwear is worn as comfortable and fashionable leisure footwear, the market has developed rapidly, especially in the new Member States. However, in some of the developed EU economies, the sports footwear market is starting to slow down. There has been an oversupply of cheaper sports footwear, mainly of multi-sports/general sports footwear (including sneakers) being sold at discounted prices.

For middle-higher priced sports footwear, price competition was avoided by the main players due to ongoing innovation by improved design and new technologies such as high performance footwear, healthy and comfortable footwear (e.g. physiological footwear, which helps to improve your posture), integration with hi-tech devices (e.g. even with MP3 players) and other innovative concepts such as sports footwear on wheels for the younger segment.

Nevertheless, in many parts of the EU, sports participation is increasing and that should stimulate the demand for sports footwear. The latest published research for sports participation in the EU was produced by Eurobarometer at the end of 2004. It painted a picture of increasing levels of participation throughout the EU, but with significant variations between countries. Figures for the six selected countries are as follows (note figures in brackets compare the position with the previous year to indicate a trend):

Table 1.2 Sports participation in the EU, 2004

	3 times a week or more	1 to 2 times a week	At least once a week	1 to 3 times a month	Less often/never/don't know
EU	17% (+2)	21% (+1)	38% (+3)	11% (-3)	53% (-1)
UK	23% (+2)	22% (+1)	45% (+3)	10% (0)	45% (-4)
France	19% (+9)	24% (+2)	43% (+11)	10% (-3)	46% (-10)
Germany	14% (+2)	25% (+5)	39% (+7)	8% (-5)	53% (-1)
Italy	9% (-4)	18% (0)	27% (-4)	6% (-4)	67%(+8)
Spain	21% (+3)	16% (0)	37% (+4)	7% (-3)	57% (-3)
Netherlands	17% (+2)	35% (+7)	52% (+9)	7% (0)	41% (-9)

Source: Eurobarometer (2005)

The **UK** and **Spain** have the highest levels of participation, but **Italy** in particular is well below average, and decreasing. On the other hand, participation in **France** and **The Netherlands** is increasing significantly. These figures will underpin future growth prospects. In whichever sport people are interested, there is usually an accompanying demand for appropriate footwear. For example, demand for football is universal and this underpins demand for football boots. Demand for tennis varies between countries depending on whether there are successful players. Currently the extra popularity of tennis in France, Spain and Belgium will stimulate demand for tennis shoes.

The sports footwear market will continue to be an important part of the overall footwear market in the coming years. Growth rates above the average expectations of the footwear

market as a whole will be experienced. There will be significant variations between countries, as sports participation rates in many of the new member states are expected to rise rapidly. Higher volume than value increases can be expected in the main EU markets, whereas the reverse will be the case elsewhere in the EU.

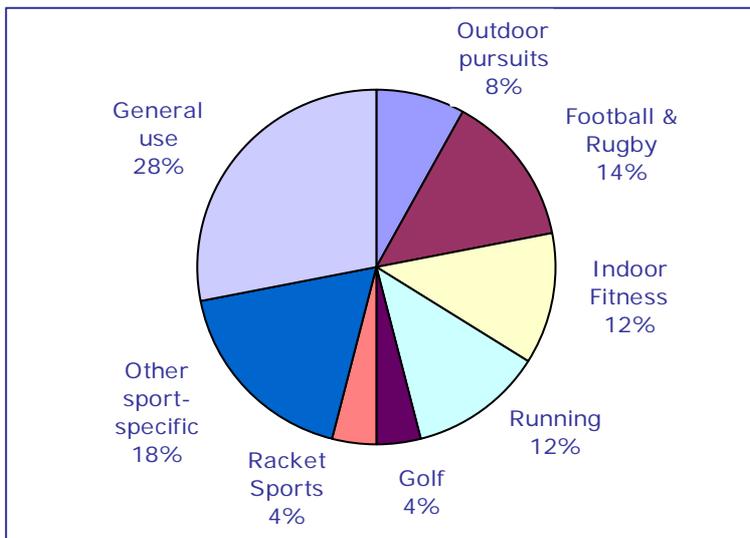
Market segmentation

There are a number of ways in which the sports footwear market can be segmented. One way is to segment by *gender*. Differences can be seen between typical figures for the general footwear market, where women’s footwear tends to be the dominant segment, and the sports footwear market. Figures are not available for the EU as a whole, but a good example is the sports footwear market in France, where according to the French Footwear Federation, sports footwear for men accounted for 43% of the market in 2006; sports footwear for children accounts for 34% of the market, and sports footwear for women 23%. By way of comparison, men’s footwear accounts for just under two thirds of all sales in the UK.

Another way to segment the market is by the *age* of the consumer. According to the NPD Group in the main EU markets, 31% of consumers are under 15; the largest group is 15-35 year olds, accounting for 40% of the market; 35-44 year olds account for just 13% of the market; and 16% are over 45, but this group is growing in importance.

However, the most common way to segment the sports footwear market is by *type of sport*. This again will highlight wide differences between countries. Figure 1.1 highlights this type of segmentation in the UK.

Figure 1.1 UK Sports footwear consumption by main market segments, % value 2005



Source: Keynote (2007)

Outdoor pursuits

This includes mountaineering, hiking, fishing and shooting, and general wear. There has been increasing differentiation between boots that are suitable for several seasons of walking or climbing, and the lighter models that are only appropriate for dry weather. Some products now cross over between the heavier-duty running or training shoes and walking shoes or boots.

Fitness Activities

These are items designed originally for running and indoor fitness. Most runners buy specialist footwear. There is also some overlap with the outdoor pursuits sector. Fell running, cross-country and trail running have produced hybrid shoes for runners, combining qualities associated with lighter walking shoes. Urban “exercise walkers” may also buy running shoes.

Serious runners pay a premium. Cycling is a popular way of keeping fit, but it is only usually competitive cyclists who buy proper cycling shoes.

Football

The football footwear market divides fairly evenly between boots and football trainers, the latter bought for a mixture of play and casual wear. There is a rich heritage in design styles for football boots. This segment benefits from massive media coverage.

Golf

Golf footwear is usually bought for function rather than fashion, although this is starting to change. This is an important market because of the financial investment involved in participation. A relaxation in dress code may ultimately result in less golf-specific footwear being purchased.

Racket sports

Participation has been declining and the use of general-purpose trainers instead of specific tennis shoes or other racket sport-specific footwear is reducing the size of this segment. However, demand still exists for the genuine competitors in these sports.

Other sport-specific

This would include footwear for sports such as cricket, hockey, basketball and netball. Participants using multi-purpose trainers also affect this sector.

General use

This, as the title implies, relates to sports footwear that is primarily used as leisurewear. It is the largest sector in all EU countries.

Market trends

There has been a fall in purchases of high priced sports footwear by young people. This is due to a shift in expenditure by this group to other products related to new technologies, such as more elaborate mobile phones, the latest computer games, new types of music players etc.

There has been a slowdown in purchases of sports footwear for leisure. This represents the larger part of the market. Meanwhile sales of sports footwear for specific sports use have increased by well above the average of the market.

Sports footwear for women, currently about 30% of the market, has had a lower turnover due to higher than average price decreases. However, a notable trend is the increase in the market for style conscious footwear products for women. Colour, fit, cut and technology are important for women. The success of Nike's dance range, which can be used in and out of the gym as a fashion statement, is a good example of this. Female-focussed websites also appeal to women, who choose their sports footwear in a different way to men

Sports specialists are offering more advice as a way of defending their position against the growth of multi-brand sports retailers, which sell primarily on price and brand name. The type of advice is "gait analysis". The retailer spends time with the customer fitting them out with the right shoe. Cushioned, structured and motion-control shoes, for example, can provide support and assist feet problems, such as fallen arches.

Some manufacturers are working with sports medical practitioners to improve understanding and assist in product development. For example, specialist manufacturer Asics has a Biomechanics Academy and attaches great importance to the technical aspects, design and development of sports shoes.

Fashion shoe brands are blurring the boundaries between casual shoes and trainers. These crossover products are becoming more acceptable, with wearers gaining access to bars and clubs where trainers were once forbidden. Fashion brands have developed their own ranges of

sports-style footwear. Some niche brands have appeal by highlighting a person's individuality. Fashion conscious young people are increasingly unwilling to wear sports footwear that has obviously been purchased from a discount retailer.

In addition, within the sports fashion segment, nostalgia is a current trend, with sports footwear brands introducing updated versions of products and designs that were popular and fashionable a number of years ago.

The market for replica sports footwear continues to grow at rates well above the market average in most EU countries. A related trend is the increase in sales of own label sports footwear at low prices and a shift in product styles from high-priced technical products being marketed and sold for fashion use, to lower-priced sport-inspired sports leisure footwear. The effect of this is to devalue the significance of fashion, suggesting more premium type products will be introduced to counter this trend.

Ongoing innovation and product development create demand and these developments become trends. For example, improvements in waterproof fabrics, anti-odour and antiperspirant qualities in sports footwear will always be sought after.

Production
Total production

Sports footwear production accounted for just 2.7% of all EU footwear production in 2006. Although Europe accounts for a high proportion of global consumption of sports footwear, and many of the major brands have European owners, most of the production takes place elsewhere.

Table 1.3 Production of sports footwear in the EU, 2002-2006, € million / millions of pairs

	2002		2004		2006		No. of companies	No. of employees
	value	volume	value	volume	value	volume		
Total EU	511	27	444	20	435	19	420	10,000
UK	0	0	0	0	0	0	0	0
France	49	1	40	1	30	1	8	600
Germany	33	1	26	1	27	1	5	500
Italy	302	16	278	11	292	11	245	3,850
Spain	73	5	60	3	52	3	50	925
Netherlands	0	0	0	0	0	0	0	0

Source: Eurostat, National Statistics (2007)

Production of sports footwear has decreased by an annual average of 4% in value and 8.4% in volume since 2002. This is a trend that has been observed for a number of years, as the concentration of production and the shift of production to lower cost countries, primarily in Asia, continues. This rate of decrease is similar to the total footwear market. It is expected that the downward trend in sports footwear production will continue for the foreseeable future.

According to Eurostat, 52% of the volume and 57% of the value of all sports footwear production was for leather sports footwear, over half of which was made in either Italy or Spain. 19% of the volume and 9% of the value of sports footwear production was for textile sports footwear. Three quarters of all textile sports footwear was produced in Italy. Spain and Germany accounted for most of the remainder. 28% of the volume and 33% of the value was for rubber or plastic sports footwear. Over 90% of this was produced in Italy. Other countries where there is some sports footwear production include France, Romania and Slovakia. Only Romania is showing an increase in production. Increasing values in Italy and Germany are not accompanied by increasing volumes. The increased values can be explained by increasing prices and specialisation on higher value products.

Main players

As the above figures indicate, there are no major producers of sports footwear in the EU. Most of the major brands have outsourced their production to lower-cost economies. Some EU companies still retain market dominance in the production of ski or snow related footwear, but these products are excluded from this report.

- Nike (<http://www.nike.com>) and Adidas/Reebok (<http://www.adidas.com>) are main players.
- Hi-Tec is a respected sports footwear manufacturer, previously a manufacturer of squash rackets (<http://www.hi-tec.com>), as is the running shoe specialist New Balance (<http://www.newbalance.com>).
- The Pentland Group (<http://www.pentland.com>) owns the Berghaus, Mitre and Kickers brands, but production is outsourced. This also applies to Umbro (<http://www.umbro.com>) and Puma (<http://www.puma.com>), who are owned by the French PPR Group, also owners of the retail chain Conforama. Lacoste is a European brand that has diversified and manufactures a range of sports products, including footwear (<http://www.lacoste.com>).
- Other examples of producer consolidation include links between Rossignol and Quiksilver, and Oxbow and Lafuma.

Opportunities and threats

- + The sports footwear market is much larger than that indicated by import, export and production figures. The products as defined by Eurostat are specifically for sports use, whereas the consumer market embraces a whole range of products that are called sports shoes, but in fact are never used for sports. These are leisure shoes. Exporters need to determine whether their expertise is in supplying the leisure market or the specialist sports market. Opportunities exist in both sectors, but the way to approach them is different. Technical expertise is of paramount importance for specialist sports shoes. An understanding of the fashion market is needed for leisure footwear.
- + There may be opportunities with the major brands. If you can demonstrate competence, you may be able to become an important supplier to a major brand.
- + Alongside the major branded market, there is a parallel market in non-branded sports footwear, or own brand footwear for hypermarkets and supermarkets. Although the majority of this product finds itself at the lower end of the market, in the non-specialist sector, it attracts the large percentage of the EU population with no interest in sport.
- + Another area of potential opportunity is if you can provide some new innovation in sports footwear. For example, the success of physiological footwear (based on the way the Masai in Botswana used to walk) demonstrates benefits to posture and joints. This footwear has a rounded cushioned base and has created a distinctive but growing niche in this market. Other innovations recently have seen sports footwear on wheels.

The same development or trend can be an opportunity for one exporter and a threat for another. Exporters should therefore analyse if the developments and trends discussed in this chapter provide opportunities or threats. The outcome of this analysis depends on each exporter's specific circumstances.

More information on opportunities and threats can be found in chapter 7 of the CBI market survey 'The EU market for footwear'.

Useful sources

- There are a number of commercial research organisations that regularly produce reports on the sports footwear market, but these can only be obtained at a cost. They include Mintel (<http://www.mintel.co.uk>) and Keynote (<http://www.keynote.co.uk>). The NPD Group provides a Sports Tracking Service across Europe (<http://www.npd.com>).
- The sports footwear market is often studied alongside the sports clothing market. There are many similarities in the supply and the distribution chain.
- A number of national sports associations occasionally produce reports on the sports market that also includes sports footwear. For example the UK's Federation of Sports and Play Associations commissions research on the sports market around Europe (<http://www.sportsdata.co.uk>).

- Production information can be obtained from Eurostat as well as National Statistics websites of the countries in question.
- For sports footwear, you can find contacts in both the footwear trade and the sports trade. There is information on the footwear industry in the EU at the European Confederation of the Footwear Industry. The Federation of Sporting Goods in Europe is an important contact. Other useful contacts are the European Confederation of Shoe Retailers Associations and the Association of Specialist Sports Retailers (details can be found in chapter 6).
- A publisher in Paris (EDM Publications) produces a regular bulletin on a pan-European basis on both the sports industry and the footwear industry. Shoe Intelligence and Sporting Goods Intelligence can both be reached at <http://sgieurope.com>. Sports Insight magazine provides information on the sports footwear market (<http://www.sports-insight.co.uk>).

2 Trade channels for market entry

Trade channels

Sports footwear can be purchased at most of the main retail outlets that sell general footwear, but as you might expect, specialist sports retailers take a greater share of distribution. See chapter 3 of the CBI market survey "The footwear market in the EU".

Although the sports specialist sector is dominated by large chain formats such as Decathlon and Sports World, there continues to be a strong independent sports specialist sector, where serious athletes of all types continue to prefer to make their sports footwear purchases. Note that independent specialist footwear retailers tend not to sell sports footwear to any great degree.

Sports specialist wholesalers, importers and agents are the best channels for exporters from developing countries to reach this sector. Agents are not used to the same extent as the market is dominated by chains and big brands. Nevertheless, some specialist sports agents continue to operate. For example, in the UK the Association of Professional Sports Agents features a database of sports agents (<http://www.apsa.org.uk>). In France, LPM is a sports agent (<http://www.lpmdiffusion.com>). In Italy, a sports agency group is A.C.C.A. (<http://www.accagency.it>). In Germany, you can find sports agents via <http://cdh24.de/verband/fachverbaende/mode> or <http://en.hv.cdh24.de>.

The other key factor about supplying the sport specialist segment is the importance of buying groups. Many specialist sports retailers have joined large buying groups in order to obtain more competitive prices when buying stock. Leading buying groups operate in many EU countries. Check their websites to find out where. Intersport (<http://www.intersport.com>), Garant Schuh + Mode Fair Play International (<http://www.garantschuh.com>) and Sport 2000, part of the German Buying Group Ariston Nord West Ring (<http://www.sport2000.de>) are the leading groups. Euretco Sport of the Netherlands is taking over Bakkersport this year (<http://www.euretco.com>).

Buying groups tend to be stronger in Northern Europe, while wholesalers still tend to predominate in countries such as Spain and Italy. There are a number of interesting importers and wholesalers for developing country exporters. See the footwear individual country reports for contacts in the general footwear sector.

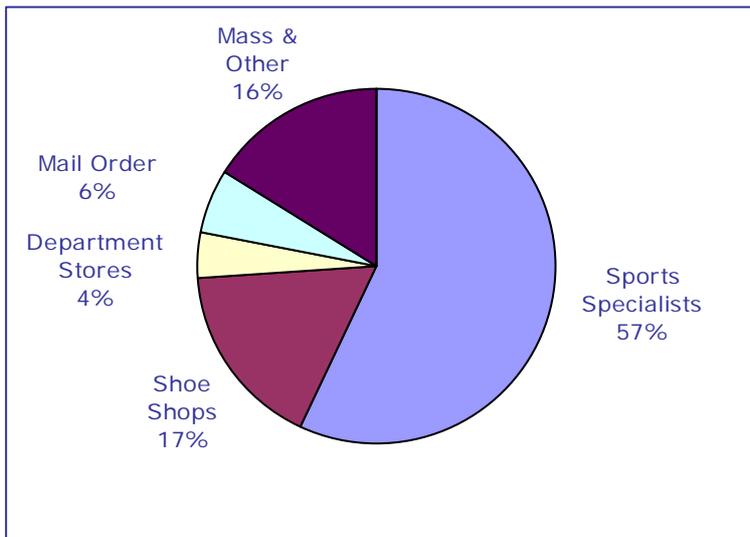
In addition, there are a number of other sport-specific wholesalers and importers that may be of interest. For example, in France, LAPA Distribution includes sports footwear in their portfolio (<http://www.dvsshoes.com>). In Germany Beeb Caillou specialise in climbing footwear (<http://www.beeb-caillou.de>). Cadin Sport is based in Trento, Italy and supplies a wide range of sports footwear (<http://www.cadinsport.it>). Piri Sport in the Netherlands deals in sports footwear (<http://pirisport.nl>). An interesting Spanish importer is Norlan, based in Madrid (<mailto:norlansl@norlan.e.telefonica.net>). Reydon Sports is one of the main sports wholesalers in the UK (<http://www.reydonsports.com>).

Retail trade

As Figure 2.1 indicates, sports specialists dominate the market with 57% share of all sports footwear sales in the EU. Within this segment, specialist chains such as Decathlon (<http://www.decathlon.com>), which operates in each of the main EU markets; Go Sport (<http://www.go-sport.com>), which is strong in France and Poland; Sports World (<http://www.sports-world.com>) and JD Sports are the leading UK specialists (<http://www.jdsports.co.uk>). Important sports footwear retailers also include Sport-Scheck in Germany (<http://www.sport-scheck.de>), Aktiesport in the Netherlands (<http://www.aktiesport.nl>) and Calderon Sport in Spain (<http://www.calderonsport.com>). This trend of retail consolidation is continuing. In addition, the importance of brands for sports footwear and the power of advertising are all important determinants for how well a product is distributed.

Non-specialists such as hypermarkets and supermarkets are selling increasing amounts of sports footwear. They are also putting pressure on specialist retailers by selling major brands such as Nike and Adidas at discounted prices. They are also an important channel for non-branded or branded footwear with a low awareness. As many consumers are familiar with leading brands, they are increasingly turning to the Internet for their purchases. This channel will become more important in future for this product group.

Figure 2.1 Sports footwear distribution in the EU by different channel, % value 2006



Source: NPD Group (2007)

Price structure

Footwear margins have been falling in the EU in recent years, as a result of intense competition in the supply end and an intensification of competition between retailers. There are now signs that margins are stabilising and prices are slowly starting to increase again. Although there are some national differences, footwear is a global business and margins tend to be similar in most markets.

In each trade channel different margins and prices apply, with a total mark-up (including VAT) of 2.6 up to 3.1 of the export (FOB) price.

Table 2.1 Overview of margins in footwear

	Low	High
Importers/wholesalers' margins	30%	40%
Agents' margins	10%	15%
Retailers' margins	55%	75%
Multiples Export price - Consumer price	2.6	3.1

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.

Margins for sports footwear have come down more than the general footwear market. Discounting has been a major feature of sports retailers' trading environment for some time. There have been a number of high profile retail casualties as a result of this competition. The major brands such as Nike and Adidas have been unhappy to see their products discounted so heavily.

More information can be found in chapter 3.2 of the CBI market survey 'The footwear market in the EU'.

Selecting a suitable trading partner

This is a very important part of the export process. As important as finding a contact that is suitable for you in terms of the range of products that you can supply is the relationship and empathy you can establish between yourself and your partner. The essential element of any trading relationship is trust. You must satisfy yourself that you will be happy to deal with the

organisation in question over a long period. Your own judgement and instincts are most important in this respect.

In relation to how you find a trading partner, the usual trade sources are an important point of contact. See the CBI market surveys on the individual countries for contacts in specific countries. The best place to meet potential trading partners is at a footwear or sports trade fair (see chapter 6 for contact details). It would be better to first visit an exhibition a few times before participating yourself. During a visit you can spend time looking 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:

- What sports footwear they sell (focussed on sports activity, leisure or fashionable).
- 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 Business Support Organisation 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. In this regard, you could also contact Business Support Organisations in EU countries 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.

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.

Some trade publications may also be useful (see chapter 6). In the classified section you may sometimes find names of agents and distributors who are looking for a supplier.

3 Trade: imports and exports

Imports

Imports of sports footwear into the EU were valued at € 2,905 million in 2006 (239 million pairs), an average annual decrease of 1.6% since 2002 from € 3,094 million (1.3% decrease by volume from 251 million pairs). The share of intra-EU imports increased from 53% (29% by volume or 74 million pairs) in 2002 to 55% (33% by volume or 79 million pairs) in 2006. This is explained by the dominance of Belgium in particular, suggesting that there was a considerable amount of re-exporting and many of these imports may in fact have originated in the developing world.

Imports from developing countries increased from 41% (64% by volume or 161 million pairs) in 2002 to 42% (64% by volume or 154 million pairs) in 2006. China was the dominant supplier, with imports valued at € 712 million in 2006 (105 million pairs), unchanged in value since 2002, and a 0.4% increase in volume from 103 million pairs in 2002. Imports from Vietnam increased by 0.9% in value from € 288 to € 298 million and by 3.6% in volume from 27 million pairs to reach 31 million pairs in 2006.

In 2006, EU production of sports footwear was valued at € 435 million or 19 million pairs, much of which was made of leather. This continues a downward trend in production volume. Export values were approximately two thirds the value of imports, but export volumes accounted for just over one third of import volumes. Consumption has been flat in 2006, which makes the fall in imports in 2006 somewhat difficult to explain. Perhaps the trade has been holding high levels of stocks.

Sports footwear with textile uppers

This was the largest sub-group, with imports valued at € 1,465 million in 2006 (119 million pairs), an average annual decrease of 5.3% over the period from € 1,825 million (2.7% annual decrease in volume from 133 million pairs). Sports footwear with textile uppers accounted for 50% of all sports footwear imports in 2006 (50% by volume), down from 59% in 2002 (53% by volume). Hence this product group was decreasing in significance in imports.

Intra-EU supplies accounted for 54% of supplies in 2006 (32% by volume or 38 million pairs). This was a decreasing share, accounting for 56% in 2002 (32% by volume or 42 million pairs). Belgian and Dutch shares were both lower than in 2002. Nevertheless, they were the dominant sources of intra-EU supply. It is likely that many of these supplies originally came from developing countries, due to the large proportion of re-exports that pass through these countries.

Developing country supplies of sports footwear with textile uppers accounted for 45% (67% by volume or 79 million pairs). This was a lower value, but an increasing share, accounting for 41% in 2002 (64% by volume or 85 million pairs). China dominated with supplies valued at € 414 million (53 million pairs), down in value from € 437 million but up in volume from 50 million pairs. Vietnam's supplies valued € 177 million in 2006 (18 million pairs), up from € 169 million (16 million pairs) in 2002.

Sports footwear with leather uppers

This was the next largest sub-group, with imports valued at € 825 million in 2006 (50 million pairs), an average annual increase of 1% over the period from € 794 million (0.8% annual increase in volume from 48 million pairs). Sports footwear with leather uppers accounted for 28% of all sports footwear imports in 2006 (21% by volume), up from 26% in 2002 (19% by volume). Hence this product group was increasing in significance in imports. Intra-EU supplies accounted for 62% of supplies in 2006 (47% by volume or 23 million pairs). This was an increasing share, accounting for 51% in 2002 (35% by volume or 17 million pairs). Italian supplies were down, but supplies from Germany were up proportionately over the period. Developing country supplies of sports footwear with leather uppers accounted for 31% (46% by volume or 23 million pairs). This was a decreasing share, down from 35% in 2002 (52% by volume or 25 million pairs). China dominated with supplies valued at € 149 million (14 million pairs), up in value from € 120 million and up in volume from 12 million pairs. Vietnam had supplies valued at € 53 million in 2006 (5.1 million pairs), down from € 80 million (6.3 million pairs) in 2002.

**Table 3.1 Imports and leading suppliers of sports footwear to the EU
2002 – 2006, share in % of value**

Product	2002 € mln	2004 € mln	2006 € mln	Leading suppliers in 2006 Share in %	Share (%)
Total sports footwear	1,637	1,605	1,602	Intra EU: Belgium (21.4%), The Netherlands (7.9%), Germany (6.0%), Italy (5.3%), UK (3.1%)	55.1
	185	138	95	Extra EU ex. DC*: Romania (1.9%), Hong Kong (0.3%), USA (0.2%), Bulgaria (0.2%), Taiwan (0.2%)	3.3
	1,272	1,305	1,208	DC*: China (24.5%), Vietnam (10.3%), Indonesia (3.7%), Thailand (1.2%), Bosnia Herzegovina (0.6%), Croatia (0.6%), Brazil (0.1%), India (0.1%), Pakistan (0.1%), Tunisia (0.1%)	41.6
Sports footwear with textile uppers	1,015	875	784	Intra EU: Belgium (26.1%), The Netherlands (7.7%), Germany (3.9%), France (3.8%), UK (3.1%)	53.5
	55	31	21	Extra EU ex. DC*: Romania (0.7%), Hong Kong (0.2%), USA (0.1%), S Korea (0.1%), Taiwan (0.1%)	1.4
	755	702	660	DC*: China (28.6%), Vietnam (12.1%), Indonesia (2.4%), Thailand (1.7%), Pakistan (0.1%), Honduras (0.1%), Brazil (0.1%), Cambodia (0.1%), India, Croatia	45.1
Sports footwear with leather uppers	406	424	508	Intra EU: Germany (12.9%), Italy (11.0%), The Netherlands (10.8%), Belgium (6.3%), Spain (5.0%)	61.6
	109	87	58	Extra EU ex. DC*: Romania (4.6%), Bulgaria (0.6%), USA (0.5%), Taiwan (0.4%), , Hong Kong (0.4%)	7.0
	279	281	259	DC*: China (18.1%), Vietnam (6.5%), Indonesia (2.7%), Croatia (1.3%), Thailand (1.1%), India (0.3%), Brazil (0.2%), Ethiopia (0.2%), Tunisia (0.2%), Bosnia Herzegovina (0.2%)	31.4
Sports footwear with rubber or plastic uppers	215	306	309	Intra EU: Belgium (30.2%), Italy (4.7%), The Netherlands (4.5%), France (2.6%), Spain (2.2%)	50.3
	23	21	16	Extra EU ex. DC*: Romania (1.4%), Hong Kong (0.3%), USA (0.2%), Taiwan (0.1%), Bulgaria (0.1%)	2.6
	238	322	289	DC*: China (24.2%), Vietnam (11.1%), Indonesia (8.2%), Bosnia Herzegovina (2.4%), Croatia (0.7%), Thailand (0.1%), Cambodia (0.1%), Brazil (0.1%), Turkey (0.1%), Serbia (0.1%)	47.1

Source: Eurostat (2007), *Developing Countries

Sports footwear with rubber or plastic uppers

This was the smallest sub-group, with imports valued at € 614 million in 2006 (70 million pairs), an average annual increase of 6.6% over the period from € 476 million (0.2% annual decrease in volume from 70 million pairs). Sports footwear with rubber or plastic uppers accounted for 21% of all sports footwear imports in 2006 (29% by volume), up from 15% in 2002 (28% by volume). Hence this product group was increasing in significance.

Intra-EU supplies accounted for 50% of supplies in 2006 (24% by volume or 17 million pairs). This was an increasing share, accounting for 45% in 2002 (22% by volume or 15 million pairs). Belgian supplies were up, but supplies from Italy were down proportionately over the period.

Developing country supplies of sports footwear with rubber or plastic uppers accounted for 47% (74% by volume or 51 million pairs). This was a decreasing share, down from 50% in 2002 (73% by volume or 51 million pairs). China dominated with supplies valued at € 148 million (37 million pairs), down in value from € 154 million and down in volume from 41 million pairs. Vietnam had supplies valued at € 68 million in 2006 (8 million pairs), up from € 39 million (4.8 million pairs) in 2002. Meanwhile, the selected countries had different developments of importing sports footwear over the period, as indicated in Table 3.2:

Table 3.2 Imports and leading suppliers of sports footwear to the selected countries, 2002 – 2006, share in % of value

Product	2002 € mln	2004 € mln	2006 € mln	Leading suppliers in 2006 Share in %	Share (%)
United Kingdom	301	208	247	Intra EU: Belgium (31.5%), The Netherlands (8.8%), Germany (7.2%), Italy (3.0%), France (2.2%)	57.4
	25	14	12	Extra EU ex. DC*: Hong Kong (0.8%), Taiwan (0.6%), USA (0.4%), S Korea (0.3%), Canada (0.2%)	2.8
	206	181	171	DC*: China (20.9%), Vietnam (11.1%), Indonesia (6.0%), Thailand (0.8%), India (0.3%), Pakistan (0.3%), Brazil (0.2%), Cambodia, Jordan, Kenya	39.8
Italy	251	275	180	Intra EU: Belgium (26.6%), France (4.7%), The Netherlands (2.7%), UK (2.5%), Spain (2.4%)	44.0
	49	70	55	Extra EU ex. DC*: Romania (12.1%), Bulgaria (1.4%), Japan (0.1%), S Korea, USA	13.7
	152	160	166	DC*: China (21.3%), Vietnam (9.8%), Bosnia Herzegovina (4.0%), Croatia (2.4%), Indonesia (2.0%), Ethiopia (0.5%), Tunisia (0.5%), Moldova (0.1%), Serbia (0.1%), Cambodia (0.1%)	41.4
France	342	333	265	Intra EU: Belgium (26.8%), The Netherlands (18.3%), Italy (9.8%), Germany (8.1%), Spain (6.9%)	74.4
	7	2	3	Extra EU ex. DC*: Romania (0.1%), Switzerland (0.1%), USA (0.1%), Hong Kong, Taiwan	0.9
	68	81	88	DC*: China (19.4%), Vietnam (4.3%), Morocco (0.3%), Thailand (0.3%), Brazil (0.2%), Indonesia (0.1%), Pakistan, Tunisia, India, Bangladesh	24.7
Germany	129	159	166	Intra EU: Belgium (15.4%), Italy (8.6%), The Netherlands (6.6%), Austria (4.2%), UK (3.4%)	47.0
	35	12	7	Extra EU ex. DC*: Romania (1.2%), S Korea (0.2%), USA (0.1%), Taiwan (0.1%), Hong	2.0

Product	2002 € mln	2004 € mln	2006 € mln	Leading suppliers in 2006 Share in %	Share (%)
	150	152	180	Kong (0.1%) DC*: China (34.1%), Vietnam (10.1%), Indonesia (4.6%), Croatia (1.7%), Cambodia (0.2%), Thailand (0.1%), Turkey (0.1%), India, Pakistan, Malaysia	51.0
Spain	104	139	146	Intra EU: Belgium (25.7%), The Netherlands (13.4%), France (10.5%), Italy (5.5%), Portugal (2.2%)	59.7
	23	14	1	Extra EU ex. DC*: Hong Kong, S Korea, Taiwan, USA, Japan	0.3
	114	139	98	DC*: China (25.1%), Vietnam (10.6%), Indonesia (3.2%), Thailand (0.5%), Brazil (0.4%), Belarus, India, Bangladesh, Pakistan, Argentina	40.0
The Netherlands	131	48	109	Intra EU: Belgium (30.9%), Germany (7.8%), UK (4.3%), Spain (2.6%), Italy (1.5%)	48.2
	18	8	5	Extra EU ex. DC*: Hong Kong (0.7%), Romania (0.4%), Taiwan (0.4%), USA (0.2%), S Korea (0.1%)	2.2
	106	135	112	DC*: China (30.8%), Vietnam (10.5%), Indonesia (7.7%), Thailand (0.2%), India (0.1%), Turkey, Bangladesh, Cambodia, Pakistan, Croatia	49.6

Source: Eurostat (2007)

*Developing Countries

- The United Kingdom** was the largest EU importer, with imports valued at € 430 million in 2006 (34 million pairs), an average annual decrease of 5.2% over the period from € 532 million (1.7% decrease in volume from 36 million pairs). The share of developing country imports increased from 39% in 2002 to 40% by value in 2006, but from 62% or 23million pairs to 63% or 21 million pairs by volume. Imports from China increased by an annual average of 1.1% to € 90 million.
- Italy** had imports valued at € 401 million in 2006 (36 million pairs), an average annual decrease of 2.9% over the period from € 452 million, and a volume increase of 1.9% from 39 million pairs. The share of developing country imports increased from 34% in 2002 to 41% by value, but from 67% or 26 million pairs to 70% or 25 million pairs by volume. China's imports increased by an annual average of 2% to € 85 million.
- France** had imports valued at € 356 million in 2006 (28 million pairs), an average annual decrease of 3.9% over the period from € 417 million, and a volume decrease of 0.2% from 28 million pairs. The share of developing country imports increased from 16% in 2002 to 25% by value, but from 36% or 10 million pairs to 44% or 12 million pairs by volume. China's imports increased by an annual average of 15% to € 69 million.
- Germany** had imports valued at € 353 million in 2006 (27 million pairs), an average annual increase of 4% over the period from € 314 million, and a volume increase of 5.2% from 22 million pairs. The share of developing country imports increased in 2002 from 48% to 51% by value, but from 60% or 13 million pairs to 73% or 19 million pairs by volume. China's imports increased by an annual average of 3.6% to € 120 million.
- Spain** had imports valued at € 245 million in 2006 (29 million pairs), an average annual increase of 0.4% over the period from € 241 million, and a volume decrease of 1.3% from 31 million pairs. The share of developing country imports decreased from 47% in 2002 to 40% by value, but from 72% or 22 million pairs to 71% or 21 million pairs by volume. China's imports decreased by an annual average of 4.2% to € 61 million.

- **The Netherlands** had imports valued at € 226 million in 2006 (15 million pairs), an average annual decrease of 3% over the period from € 255 million, but a volume increase of 0.7% from 14 million pairs. The share of developing country imports increased from 42% in 2002 to 50% by value, but from 65% or 9.4 million pairs to 71% or 11 million pairs by volume. China's imports increased by an annual average of 0.4% to € 70 million.

Exports

Exports of sports footwear were falling, as can be seen from Table 3.3. The decrease in volume was greater than the decrease in value. However as EU production of sports footwear in 2006 was just € 460 million, it would appear that 75% or more of all exports were in fact re-exports. The UK and France have increasing export values and volumes, while Italy's exports were falling sharply. Textile sports footwear accounted for 46% of exports (50% of volume) and leather sports footwear was 34% of exports (25% of volume).

Table 3.3 Exports of sports footwear 2002 – 2006, € million / millions of pairs

	2002		2004		2006		Av annual % change in value
	value	volume	value	volume	value	volume	
Total EU, of which from	2,071	98	2,017	95	1,975	85	-1.2
Italy	424	21	410	18	348	12	-4.8
Germany	181	7	164	8	168	8	-1.8
The Netherlands	151	9	238	14	155	9	0.7
United Kingdom	88	5	93	5	125	6	9.2
Spain	139	6	108	6	120	7	-3.6
France	78	3	106	5	108	5	8.5

Source: Eurostat (2007)

Opportunities and threats

- + The EU presents a mixed picture of opportunities and threats for exporters of sports footwear from developing countries. It has a growing domestic retail market, combined with the fact that local production is relatively insignificant in this sector. Imports have not been increasing in recent years despite competitive pressures keeping import values down, but the continuing decline in local production will provide opportunities for exporters. Falling exports are indicative of reducing levels of re-exporting as well as falling production.
- + The fact that the value share of imports from developing countries and the volume share are both relatively unchanged indicates little overall change in import 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.
- + The greatest product opportunities have been seen in sports footwear with leather uppers, which has experienced both value and volume increases. Value increases have been seen with rubber or plastic footwear. Sports footwear with textile uppers have not offered the same level of opportunity.
- + The main sports footwear suppliers have consolidated their hold over the market, but there will always be niche opportunities for other producers, particularly in a market as large this. Fewer opportunities were experienced in the UK, followed by Italy, whereas Germany presented most opportunities as their market appears to be growing once more.

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 outlined in other parts of this survey before establishing whether a genuine export opportunity exists.

See also chapter 7 of the EU survey “The footwear market in the EU” for a more general analysis.

Useful sources

- EU Expanding Exports Helpdesk
→ <http://exporthelp.europa.eu/>
→ go to: trade statistics
- Eurostat – official statistical office of the EU
→ <http://epp.eurostat.ec.europa.eu;>
→ 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’
- Understanding eurostat: Quick guide to easy comext
→ http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20080117.pdf

4 Price developments

The falling price of sports footwear, driven largely by the heavy discount practices of the major sporting goods retailers, has been one of the explanations for falling prices in the footwear market generally. Anti-dumping duties, which have been imposed on some Chinese and Vietnamese sports footwear, are having the effect of slowing down, or even ending the period of falling prices. The following table highlights the variety in prices of branded sports footwear (men’s running shoes) in the selected countries. Note many retailers that operate in different markets will often provide different model numbers for the same shoe to make price comparison difficult. The prices listed are full price (excluding discounts or promotional offers, and including VAT). A number of them were also available at a significant discount. The Decathlon website in Spain and Italy shows the same products, but the Decathlon website in the UK and France are different. The Dutch and German Decathlon websites have the same products but German prices are very marginally lower.

Table 4.1 Upper and lower prices of branded sports footwear, € different retailers, 2008

Country/retailer	Nike	Adidas
United Kingdom		
Sports Direct	74.24 – 114.68	37.79 – 67.49
Decathlon	53.93 – 114.68	67.43 – 94.43
JD Sports	40.49 – 148.49	67.49 – 101.24
France		
Decathlon	50.00 – 65.00	80.00 – 100.00
Go-sport	na	60.00 – 110.00
Germany		
Sporscheck	69.95 – 159.95	84.95 – 134.95
Karstadt	74.00 – 129.95	49.95 – 154.95
Decathlon	49.90 – 129.90	59.90 – 109.90
Italy		
Decathlon	50.00 – 130.00	60.00 – 110.00
The Netherlands		
Perry Sport	79.00 – 129.99	114.99 – 149.99
Decathlon	50.00 – 130.00	60.00 – 110.00
Spain		
Decathlon	50.00 – 130.00	60.00 – 110.00
El Corte Ingles	39.90 – 145.00	39.90 – 105.00

Source: Retailer websites. Note UK prices exchange rate £1 = € 1.35

Price differences should be treated with care between countries. Retail prices tend to be set to local market conditions. For example football boots would be discounted at the end of the

football season. This would take place at different times in each country. Whenever there is a major sporting event in a country, it would be unlikely that sports footwear for the particular sport would be discounted. The sports footwear products highlighted here are designed for sports enthusiasts and less variation would be expected than for leisure-style sports footwear. These would tend to adhere more closely to the trends of the broader footwear market.

Note that the market research company NPD has estimated that 60.4% of all sports footwear was sold at a reduced price in 2006. This increased from 55.2% in 2005 and from 52% in 2003.

It is interesting to compare retail prices above, with import prices in the following two tables. It demonstrates that import prices are between ten and twenty percent of retail prices. Import prices to the EU have been falling up to 2004, but rising thereafter, as Table 4.2 indicates. Contrary to the trend in other footwear, intra-EU prices have been falling most. This may be explained by the fact that they are approximately three times more expensive on average than developing country import prices. Import prices from developing countries were virtually the same in 2006 as they were in 2002, suggesting perhaps that the continuing fall in footwear prices may be coming to an end. Please note that these trends should be interpreted with care, as changes in imports do not reflect the demand in the EU. There are a number of reasons why prices can apparently change, for example major buyers changing suppliers, changes in the composition of supply etc.

Table 4.2 Development in the EU of average import values/prices, 2002 - 2006

	2002	2004	2006	ave. Annual % change
	ave price	ave price	ave price	
	per pair	per pair	per pair	
Total imports	12.31	10.94	12.18	-0.3
Intra-EU	22.12	20.76	20.38	-2.0
Developing countries	7.92	6.89	7.87	-0.2

Source: Eurostat (2007)

The position of prices varies between countries, as Table 4.3 demonstrates. It is interesting to note that Germany, the country which had positive import growth over the period, is also the country which registered the biggest decrease in import prices, despite the fact that prices were higher than the other selected countries with the exception of the Netherlands. Hence, although the average EU developing country import prices are fairly consistent, quite wide variations in import prices can be seen between countries. Spanish import prices are half those of Germany and the Netherlands. This may be partly explained by differences in the type of sports footwear imported into each country.

Table 4.3 Developments in average import prices from developing countries in major EU countries

	2002	2004	2006	ave. Annual % change
	av price	av price	av price	
	per pair	per pair	per pair	
Netherlands	11.28	9.25	10.65	-1.4
Germany	11.45	8.71	9.28	-5.1
UK	9.12	7.48	8.09	-3.0
France	6.87	6.54	7.28	1.5
Italy	5.85	5.08	6.52	2.7
Spain	5.19	4.08	4.77	-2.1

Source: Eurostat (2007)

Consumer price indices, including the clothing and footwear sector, are published on National Statistics websites (see individual country reports). In 2007 prices in the EU were higher than the previous year, but sports footwear prices have risen by more over the same period. Sports footwear prices can also be found by looking at websites of major sports footwear stockists (see table 4.1). You can also compare Nike and Adidas products across different EU countries (see <http://www.nike.com> and <http://www.adidas.com>).

5 Market access requirements

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

Information on packaging and footwear sizes can be found in chapter 6 of the CBI market survey 'The footwear market in the EU'. 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://exporthelp.europa.eu/>

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. See also the CBI market survey "The footwear market in the EU" for general information on doing business, including methods of payment, and terms of delivery.

Developing a relationship

The most important ways to develop a business relationship are to either exhibit at one of the main footwear or sports trade fairs, or to make a direct approach to wholesalers or major retailers. There are different preferences in different countries within the EU, but 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 a very important element in the marketing mix. The main materials you will need to support this are a colour brochure showing clear photographs and specifications for your products, and probably most importantly a user-friendly and professionally constructed website.

Trade Fairs

The main trade fair for the footwear industry in the EU is probably in Germany. Contact <http://www.gds-online.com>. The GDS (International Shoe Fair) in Düsseldorf takes place twice a year in March and September. The main trade fair for sporting goods is also in Germany, twice a year in Munich (<http://www.ispo.com>).

Promotion

Advertising in trade magazines can sometimes be an effective means of reaching a small target group. Each EU country has their own trade publications for both footwear and sports. See the individual country reports for details. One publisher in Paris (EDM Publications) produces a regular bulletin on a pan-European basis on both the sports industry and the footwear industry. Shoe Intelligence and Sporting Goods Intelligence can both be reached at <http://sgjeurope.com>.

Useful contacts

For sports footwear, you can find contacts in both the footwear trade and the sports trade. There is information on the footwear industry in the EU at the European Confederation of the Footwear Industry (<mailto:cec@vidac.be>). The Federation of Sporting Goods in Europe can be reached at <http://www.fesi-sport.org>. Some manufacturers featured may be looking to develop relationships with developing country exporters. Other useful contacts include the European Confederation of Shoe Retailers Associations (<mailto:Peter.Zeitler@wko.at>) and the Association of Specialist Sports Retailers (<http://www.fedas.com>).

See the CBI market survey "The footwear market in the EU" for more general information on doing business.

Appendix A General product description

The product groups used for this survey are classified according to the material used in their manufacture when looking at production figures, imports and exports. However when looking at sports footwear consumption, the names of products generally relate to the sport for which they are intended. For example, football boots, hockey boots, tennis shoes etc. As such a large proportion of sports footwear is not purchased for sporting use, the generic term “trainers” has come to represent fashion or leisure footwear for most people, although sports enthusiasts would still tend to use the term for running shoes.

This product survey does not include ski boots or other snowshoes. These products are considered to be sporting equipment rather than footwear.

The following HS and Prodcom codes have been used for this survey:

HS Code	Description	Prodcom	Description
64021900	Sports footwear with outer soles of rubber or plastic	19302310	Sports footwear with outer soles and uppers of rubber or plastic
64031900	Sports footwear with outer soles of rubber, plastic, leather/composition leather, and uppers of leather	19301370	Sports footwear with rubber, plastic or leather outer soles and leather uppers
64041100	Sports footwear, including tennis, basketball, gym, training shoes etc, outer soles of rubber or plastic and uppers of textile material	19302240	Sports footwear with rubber or plastic outer soles and textile uppers

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