The Golf Apparel & Footwear Market

Executive Summary – Central Europe & Africa

We proudly present here the second volume of the most comprehensive and analytical report ever written about the market for golf apparel and footwear in Europe. Commissioned by the British Golf Industry Association (BGIA) and partly supported by the British Chambers of Commerce Export Market Research Scheme, this report will consist of three volumes covering a total of 31 countries in Europe, plus Morocco and South Africa.

Because of the origin of the funding, which pays for some of the costs and allows us to charge a reasonable price to the relatively few companies involved in the sector, the U.K. market is excluded.

The degree of depth of our research and the size of the individual country reports vary depending on the importance that the country has in terms of local golf participation or the development of golf tourism. With the collaboration of the BGIA, we have divided the countries to be analysed in this report into primary, secondary and other markets.

	Southern Europe	Central/Eastern Europe/Africa	Northern Europe
Primary Markets	Spain	Austria	Denmark
	Italy	France	Finland
		Germany	Ireland
			Netherlands
			Norway
			Sweden
			Belgium/Luxembourg
Secondary Markets	Cyprus	Czech Republic	Iceland
	Greece	Poland	
	Portugal	Russia	
	Turkey	Switzerland	
Other Markets	Bulgaria	Morocco	Estonia
	Croatia	South Africa	Latvia
	Romania	Slovakia	Lithuania
	Serbia	Hungary	
	Slovenia		

The markets listed in the second column of the table are those covered in the present volume. The Southern European report came out in March 2009 and the Northern European report in September 2009..

You can order this volume or all three of them. If you order the whole set, you get a major discount for the package. Prices are listed in the ORDER FORM at the end of this document. As with our other reports, payment is required in advance of delivery.

MARKET SIZE AND OTHER INFORMATION – A UNIQUE METHODOLOGY

This unique series of country reports is intended to help the reader to compare the various markets by exploring the same topics in each of the countries. As shown in the outline provided at the end of this Executive Summary, we start each country report with a review of the general economic and social situation, followed by trends in sports participation in general before we tackle the development of the game of golf among the local residents, of golf courses and of golf tourism. We then analyse production and trade in golf products, going through the major local suppliers of golf clothing and footwear.

The most important chapters, which have required most original research on our part, concern the size of the market for golf clothing and shoes and a description of the supply chain for these products – from the supplier to the retailer, and from the retailer to the consumer. Leading brands, distributors, agents and retailers are profiled. The final chapters discuss fashion trends in golf apparel, branding and pricing issues, marketing and market entry and optimisation strategies. Each country report ends with a series of recommendations on how to optimise market penetration, although some tips are implicitly given throughout the report, in the introductions and in the final remarks.

The determination of the size of the market for golf clothing has proven to be the most difficult part of the whole exercise. In the absence of any consumer research and of any trade statistics on the subject, we have been obliged to extrapolate the data from a number of different sources and on the basis of numerous parameters, including for example the average turnover of the pro golf shops. In general, we have discovered that most local industry officials had no idea of the size of the market in their own countries or that they were under-estimating its size, neglecting sales to golf tourists or sales of golf-inspired fashion clothing that is widely worn on the golf course. Wherever possible, however, we segment the market between pure golf clothing and golf-inspired clothing, and among the different sales channels.

While this is not our focus, the research conducted has allowed us to provide some indications on market size and distribution channels for golf hardgoods in many countries. It also has highlighted the path that the golf market is taking in many emerging markets that have been neglected until now.

The information is not only quantitative, although we provide the actual or estimated turnover of most of the important players in the sector. Thanks to our strong journalistic background – we publish the European edition of Sporting Goods Intelligence, the leading international business and financial publication in the sporting goods sector – we analyse their market penetration strategies, brand positioning, sales structures, logistics and many other issues that are of interest to the companies involved in the sector.

We follow a two-stage process in our research. In the first phase we collect all the available information already published in printed documents and on the internet for each country, mostly relying on local researchers and on Searce, who are experts in statistical analysis. In the second stage we conduct in-depth interviews with selected industry experts and important market operators. For this specific market report we have been aided by researchers stationed in our office and in most of the countries that we have analysed. We have visited many stores and interviewed hundreds of brand owners, distributors, agents, retailers and operators of golf courses in all the countries, plus the export managers of many international golf apparel and footwear brands.

The list of the people interviewed (236 for this volume alone) and other useful contacts are reported at the end of each country report. The listings are tiny in the emerging golf markets, for obvious reasons.

This special methodology of ours has been already applied successfully by us to a series of reports on all the aspects of the sporting goods market that we have published for each single European country since 2005 in cooperation with the Federation of Sports & Play Associations (FSPA), the umbrella organisation to which the BGIA is affiliated. More information can be obtained on this and other publications of ours under www.edmpublications.com.

Eugenio Di Maria

EDM Publications

Publisher of Sporting Goods Intelligence Europe

August 2009

VOLUME 2 - CENTRAL EUROPE & AFRICA

Coupled with an outline of the topics covered through this project, which we provide further below, the following table gives you an idea of the depth and thoroughness of the research conducted in this volume of more than 500 pages full of facts and figures:

	Number of pages	Number of Interviews	Company profiles
Austria	54	32	5
Czech Republic	34	19	4
France	85	46	29
Germany	74	40	9
Hungary	26	15	1
Morocco	40	16	2
Poland	28	17	2
Russia	40	9	3
Slovakia	24	9	4
South Africa	36	16	3
Switzerland	64	17	2
TOTAL	**505**	**236**	**64**

The list of the company profiles is given further below.

INTRODUCTION TO THE GERMAN SPEAKING COUNTRIES

We start this volume with Germany because it has the largest golf market in the region, although the estimates of the golf apparel market vary depending on the definition of this segment. Together, based on the broadest definition, the three German-speaking countries –Germany, Austria and Switzerland - represent a significant portion of the European golf apparel market, with a combined annual consumption rate of €180 million, of which €125 million is represented by Germany. They are also important as a market for golf shoes.

Estimated size of the golf apparel and footwear markets, 2007

	Apparel market (estimated retail value incl. VAT)	Footwear market (pairs or euros)
Germany	€100-125 million	€25 million
Austria	€30 million	45,000
Switzerland	€22.4 million	€5.6 million

Source: EDM Publications research

Because of a common language and a similar culture, many foreign companies in the broad sporting goods sector view Germany, Austria and Switzerland as a single geographical entity. They will appoint a single distributor for all three countries, or at least for Germany and Austria. Switzerland is sometimes excluded from the deal because it is not part of the European Union, requiring separate customs clearance procedures. The international distributors in turn work directly with key accounts in all two or three countries and through agents with other clients. This is not always the case when it comes to the golf apparel or footwear market, but there are instances of that.

The three German-speaking countries have similar levels of gross domestic product per capita – among the highest in the European Union, and this is highly conducive to a healthy golf market – and all three are going through economic difficulties. The main differences are in the size of the national population: while Austria and Switzerland are very similar, Germany is ten times bigger – the biggest in the European Union, and on top of that the penetration of golf is higher there than in Austria or Switzerland.

Real GDP growth in %

Year	2004	2005	2006	2007	2008	2009	2010

Germany	1.2	0.8	3.0	2.5	1.3	-5.4 (f)	-0.3 (f)
Austria	2.5	2.5	3.5	3.5	2.0	-4.0 (f)	-0.1 (f)
Switzerland	2.5	2.6	3.6	3.6	1.6	-3.2 (f)	-0.5 (f)

(f): Forecast

Source: Eurostat

Population, per capita GDP (purchasing power as a percentage of the average in the 27 EU countries)

Year	Population	2004	2005	2006	2007	2008
Germany	82,050,000	116.3	116.9	115.7	114.8	115.8
Austria	8,355,260	126.7	124.3	123.7	123.9	123.1 (f)
Switzerland	7,700,202	135.5	133.3	136.4	138.8	141.3 (p)

(p) : Provisional

Source: Eurostat

Golf participation

	Registered players (2008)	% of population rounded off
Germany	552,000	1/150
Austria	100,000	1/80
Switzerland	68,000	1/110

Source; European Golf Association and national federations

In the case of Germany, actual participation in golf is estimated at nearly 900,000 people, but the Austrian and Swiss golf courses are relatively busy, too.

While Germany is home to many golfers it is not really a destination for golf tourism. The opposite is true of Austria and Switzerland, where the penetration of golf is lower, but golf tourism is big and strongly developed. This pattern calls for different product ranges and different forms of distribution, with the pro golf shops taking on proportionately more importance in Austria and Switzerland than in Germany.

Germany hosts Europe’s single largest supplier of golf apparel (excluding Décathlon with its Inesis brand). It’s Golfino, an interesting company that we are reviewing in detail and that has built up a network of close partnerships with selected retailers thanks to its unique automatic never-out-of stock system. It claims a 20% share of the German market and 12% of the European market. We cannot say the same thing for Austria and Switzerland, where no golf specialist stands out. Most of the brands are imported, but like in Germany, there are here also a few national niche brands, such as Clover, catering to specific segments of the market.

Looking at the golf retail picture, it is quite varied in Germany, where the Karstadt department store chain and a former property of it, Golf House, have an important position next to two cooperatives such as Golfstore and other more or less important players. Golf products are sold in many large full-line sporting goods stores in the country, on the model of the Karstadt Sports stores. The role of the on-course pro shops is important, but it has been declining.

Because of the tourism element, pro shops have a higher share of the market in Austria and Switzerland. Among the off-course retailers, Golfers Paradise is a very interesting and efficient retail chain with a strong position in the market. Thanks to its buying power, it has managed to obtain special or exclusive deals with many foreign brands. The Migros cooperative does not sell golf products, but it organises many initiatives to popularise the game of golf.

Germany

The German golf business can be described concisely: boring. While the number of active golfers is still increasing, at just beyond half a million it may not impress anybody who compares this number with the size of the total population. Golf participation is similar to the vital Swedish market, but the population of Germany is 10-odd times higher.

Golf in Germany has never been able to overcome its reputation as an elite sport – either among participants or spectators. The coverage of big tournaments, including the Ryder Cup, provided by the big public and private TV stations is quite poor. Golf is usually broadcast by specialty channels such as Eurosport, or by international, business-focused networks such as CNN.

The fact that golf has not yet managed to develop as expected by some international brands is due to a couple of misunderstandings. Germany, with its high population density, has historically lacked the space necessary for golf courses to pop up in any village, unlike in Scandinavia, Spain or Ireland. Market observers expected that the situation might improve after the unification of the country, which added five new lands with much lower density. The optimists, however, proved to be mistaken due to the disappointing economic development of the East since then.

Another misconception was to assume that golf would grow in popularity because it has been big in the printed media over the past decade or so. It is important to analyse in which publications golf is big: Most of the publicity that golf enjoys is somewhat business-related. Large companies such as BMW run their own tournaments, which get coverage in business newspapers. *Handelsblatt*, the big German daily for information on business and economy, has its own tournament. Two other big dailies, *Frankfurter Allgemeine* and *Süddeutsche Zeitung*, put out colourful supplements on golf from time to time. These initiatives, however, seem to be designed to attract advertising that these newspapers usually do not get in their regular publications, such as fashion and luxury brands of watches, cars and others.

At least, that type of strong coverage helped to create the misunderstanding that golf might be or become a popular sport in Germany and disguised the fact that the green sport continues to be a substantial part of the realm of big business with its elite spirit. The big opinion leaders that target the common people basically ignore golf: *Bild*, the huge tabloid newspaper, continues to run images of barely clothed girls on its front page rather than a picture of Tiger Woods struggling to get the ball out of the bunker.

It is only partially contradictory, however, that the landscape of golf brands that originate from Germany is actually rich and vital. Hugo Boss is in that business because golf perfectly fits into its image as the must-wear brands for male businesspeople. Bogner plays an important role in the local golf sector, which is no surprise: Bogner has always taken care of its image as a high-end brand in the field of ski apparel, and golf apparel is the perfect complement in the summer.

Germany is also the fatherland of two very big players in the global sporting goods market that both are strong in golf or trying to become a major player respectively: Adidas is huge in golf with its own footwear and apparel as well as equipment under the TaylorMade flag. The Three Stripes recently added the Ashworth brand to its portfolio. Puma is significantly weaker in that segment, but is working hard to get a better grip on the green.

Additionally, the country is the home, among others, of two important specialty brands: Brax and Golfino. The latter is most probably the European market leader among the specialty brands of golf apparel. Besides those big and well-established players, there are also new initiatives to offer products that do not cultivate that traditional conservative approach to golf apparel. Smaller brands such as Natural Born Golfers target a definitely younger group of golf enthusiasts. There is also a new special-interest magazine called *Golfpunk*. The name clearly indicates which image and target group the publication is after. All these new approaches to the green business are promising, but still very small.

The retail landscape has seen dramatic changes in the past decade. Ten years ago, golf retailing was easy to describe: One-third of the market used to be controlled by general sporting goods retailers, another third by the combination (at the time) of Karstadt and Golf House, and the rest was in the hands of specialty retailers both on-course and on the high street.

This clear structure is no longer. Most general sports retailers, even big ones such as SportScheck, pulled out of that difficult, service-intense business even though this is mainly for hard goods and to a lesser degree to apparel. Karstadt eventually sold Golf House to save its neck by divesting in smaller retail operations such as golf specialty shops. In summer 2009, Karstadt, still a major player in golf, filed for bankruptcy. Naturally, this move is by no means connected with its investment in golf, but due to management mistakes, positioning problems and the dramatic change in the buying habits of German consumers. The latter factor has also had its impact on the on-course shops, which have lost significant ground in the market.

Where there are losers, one can always find winners easily: The obvious trend in the purchase of golf goods is away from pro shops and sports stores and goes to specialty retailers that are situated off-course, both on the internet and on the high street.

A very recent trend puts additional pressure on the local retailers: purchases abroad due to the strong euro. It is an old story that European consumers made their bargain by buying golf stuff in the U.S. thanks to a lower price level over there and imbalances in currencies. Purchases in America were never really attractive when they were carried out in an official way, i.e. by paying the applying tariff rates. Instead, European consumers bought new stuff on the other side of the Atlantic and then played one round on a course in Florida – just to have equipment that looked used rather than new to get around the customs officers.

The new dimension of currency problems should not be sought in the U.S. but in the U.K., which is part of the European common market where tariffs are a non-issue. Even though the British market is traditionally price-driven, for German customers it did not used to be an issue to buy golf goods in Britain due to the strong pound sterling. The recent poor performance of the pound, however, allows continental customers to get their bargains legally within the European Union.

It is safe to say that this new trend has its biggest impact on equipment – by far more than on soft goods. The impact on soft goods is rather indirect: Weaker sales in equipment bring less money into golf retailers' tills on the continent, and put those dealers who also sell clothing under additional pressure.

INTRODUCTION TO FRANCE & AFRICA

The French market is smaller than the German market, but bigger and very different from those of Morocco and South Africa, so each country in this part of the present volume is preceded by its own introduction.

We have decided to run Morocco after France because of the strong cultural ties between the two countries and the fact that many French golfers go to play in Morocco. South Africa is a totally separate case.

Before analysing the three different countries, we are running here the main indicators for each of them. Like with Germany, we are confronted with a problem of definition for the golf apparel market. As indicated more in detail in Chapter 4 of the French report, it can vary widely depending on its scope.

Estimated size of the golf apparel and footwear market, 2007

	Apparel market (estimated retail value incl. VAT)	Footwear market (pairs or €)
France	€36-50 million	180,000
Morocco	€900,000 (estimate for both categories)	
South Africa	€15.5 million	€14.5 million

Source: EDM Publications research

Golf participation

	Registered players (2008)	% of population rounded off
France	397,000	1/160
Morocco	8,000	1/4,400
South Africa	155,867	1/310

Source; European Golf Association and national federations

Real GDP growth in %

Year	2004	2005	2006	2007	2008	2009	2010
France	2.5	1.9	2.2	2.3	0.4	-3.0 (f)	-0.2 (f)
Morocco	4.8	3.0	7.8	2.7	5.4	4.4 (f)	4.4 (f)
South Africa	4.9	5.0	5.3	5.1	3.1	3.0 (f)	3.0 (f)

(F): FORECAST

Source: Eurostat, IMF for Morocco, Statistical release P0441, October 2008 for South Africa

Population, per capita GDP in purchasing power standards (as a percentage of the average in the EU 27 European countries)

Year	Population	2004	2005	2006	2007	2008
France	64,351,000	110.0 (b)	110.6	109	108.9	107.3

Morocco	34,859,364	n.a.	n.a.	12.6	12.4	13.1
South Africa	49,052,489	n.a.	n.a;	32.5	32.0	32.8

Source: Eurostat, CIA World Factbook

France

France has by far the largest number of golf courses in southern Europe, after facilities multiplied in the 1990s and many of them opened up to greens fee players. This has strongly stimulated French golf participation, which has steadily risen to nearly 400,000 golfers.

The French golf federation has been particularly active in recruiting young and female players, so that French golf consumers are relatively diverse. Women make up nearly 30% of French golfers and they are strongly stimulating the country's golf apparel business.

Furthermore, the French economy may not have grown as fast as in some neighbouring countries in the last years, but it is proving more resilient than others to the economic downturn – largely aided by state investments.

Yet the French golf apparel and footwear market has been tight in the last few years. Distributors point out that the opening of golf facilities has almost come to a halt, and the growth of participation is slowing down.

There are scores of brands in the business and retailers are increasingly cutting back on their number of partners. This is meant to improve their stock management and to offer more depth in their ranges, but it makes the market harder to penetrate.

Furthermore, the French golf market is coming under mounting price pressure. This applies most strongly to equipment but has begun to spread to apparel and footwear as well – and the economic downturn is only adding to this pressure.

Therefore, several apparel brands that were among the market leaders only a few years ago have turned away from the French market. Some others have altogether disappeared, and a few that have tried to move into it are having a hard time.

This report will provide a detailed picture of the issues faced by distributors and retailers in this tight French business, the structure in which they operate and the opportunities explored by the most established brands, as well as ingenuous newcomers.

Morocco

Morocco has been whetting the appetites of many real estate and golf developers in the last years, as a country that boasts the most open economy in North Africa, with stupendous cultural assets just a few hours away from Europe and a long coast that lends itself to large-scale tourism.

The government itself has placed the development of tourism among its priorities for the last few years, even though highly ambitious plans were slightly revised in 2009 due to the economic downturn. Golf is one of the activities that have received particular support, and the number of golf tourists flocking to the country has multiplied.

Although there are already 19 golf courses around the country, these estimated 70,000 tourists mostly head for Marrakech and Agadir, which have three courses each and both form highly attractive and relatively cheap tourist destinations.
The country's golf business is still geared heavily towards these tourists, but there is a long tradition of golf in the country, strongly supported by the late King Hassan II, who lent his name to the tournament. The golf federation has also been active in supporting the development of the sport among Moroccans, with mixed results.

Still, our research has shown that the Moroccan golf business remains hugely under-developed. Only a handful of agents deal with authentic golf products and there aren't many more retail outlets that sell more than a few T-shirts and accessories.

This explains the extremely weak representation of international golf brands in Morocco. However, many of them are at least considering the country as a potential target for investment, due to the growing numbers of golf tourists who are heading for the country and, above all, the many golf courses that are scheduled to open in the next years.

If all goes well, the number of Moroccan courses could nearly double to about 30 by 2010 and they would form at least two clusters that could qualify as golf destinations. Yet the economic uncertainties that affected the country from the second half of 2008 have cast doubts on at least some of these projects, and the under-development of the golf business infrastructure in the country could be a serious impediment to its development in the next years. Therefore, this report will chiefly aim to evaluate the difficulties of doing golf-related business in the country, and the reality of the opportunities ahead.

INTRODUCTION TO EASTERN EUROPE

This volume on the golf softgoods market in "Central Europe" ends with an analysis of four emerging markets in the eastern part of the continent, starting with four that have recently become part of the European Union.

They are all relatively underdeveloped. The biggest market for golf apparel is the Czech Republic, where the GDP per capital and the penetration of golf are also the highest. Despite their large population, Poland and Russia are proportionately the least developed. The market for golf apparel is worth less than one million euros in Poland as well as in Hungary and Slovakia, where the size of the population and the number of registered golfers is lowest.

Estimated size of the golf apparel and footwear market, 2007

	Apparel market (estimated retail value incl. VAT)	Footwear market (pairs or €)
Czech	€5,000,000	n.a.
Slovakia	€850,000	€750,000
Hungary	€300,000	600
Poland	€500,000	700
Russia	€3,500,000	1,000

Source: EDM Publications research

Golf participation

	Registered players (2008)	% of population rounded off
Czech	41,400	1/250
Slovakia	5,300	1/1,000
Hungary	3,000	1/3,300
Poland	2,100	1/18,200
Russia	15,000	1/9,300

Source; European Golf Association and national federations

Real GDP growth in %

Year	2004	2005	2006	2007	2008	2009	2010
Czech	4.5	6.3	6.8	6.1	3.0	-2.7 (f)	0.3 (f)
Slovakia	5.2	6.5	8.5	10.4	6.4	2.6 (f)	0.7 (f)
Hungary	4.7	3.9	4.0	1.2	0.6	-6.3 (f)	-0.3 (f)
Poland	5.3	3.6	6.2	6.6	5.0	-1.4 (f)	0.8 (f)
Russia	n.a.	6.3	7.6	8.1	5.8	-6.0 (f)	n.a.

(f): Forecast

Source: Eurostat

Population, per capita GDP (purchasing power as a percentage of the average in the 27 EU countries)

	Population	2004	2005	2006	2007	2008
Czech	10,467,542	75.1	75.9	77.6	80.3	80.4
Slovakia	5,412,254	57.1	60.2	63.5	67.0	71.9 (e)

Hungary	10,031,208	63.1	63.2	63.5	62.8	62.9
Poland	38,135,876	50.6	51.3	52.3	53.7	57.5
Russia	140,041,247	n.a.	n.a.	46.5	49.7	51.8

(e): Estimated value

Source: Eurostat, CIA World Factbook

According to KPMG, the number of golf courses in Central and Eastern Europe grew by nearly 80% to 141 between 2002 and 2007. The number of registered players in the region jumped to 51,566 golfers, up by 124% from 2003. In 2007, more than 35,000 of the region's players were registered in the Czech Republic. The region, however, still lags behind the European average. The number of players per course averaged 365, about half of the continent's average.

The construction of new golf courses has been in full swing in most of these countries – either to cater to the newly rich or to inbound tourists. It has been very dynamic in the Czech Republic in particular. However, the global economic crisis has placed many new projects in standby. Its effects on the golf market have been particularly severe in Russia.

In most of these countries, retailers double up as wholesalers as well. Partly because of the limited size of their national market, many distributors in the Czech Republic and Slovakia hold the distribution rights for many brands also for Hungary or Poland or both. Some brands run their operations in Eastern Europe out of an office in Austria. Slovakia is preferred to the other countries by some brand because it belongs to the Eurozone.

The retail picture in the Czech Republic, Slovakia and Hungary has been gone through a revolution with the arrival of Golf USA as a franchisor. While golf is not one of its priorities in these countries, Décathlon is already established in Poland and Hungary and is coming to the Czech Republic.

Poland

Measured against the size of the country and its population, the Polish golf apparel and footwear market is the most under-developed in Eastern Europe. The slow pace of development has caused disappointment among investors, and there are not many signs that the situation is improving.

Since Poland joined the European Union in 2004, its economy has enjoyed faster growth rates than most of its neighbours, and it continued to expand by 4.8% in 2008. Disposable income has increased and a Polish middle class is starting to emerge.

However, with a population of about 38 million, Poland still has only about 2,000 registered golfers, and the figure has been stagnant for several years. Very few golf courses have opened in the last years and some of the existing courses are almost private playgrounds, with just about 20 members.

Therefore, the country’s golf footwear and apparel market is small and unattractive. Some companies that have acquired distribution rights for Poland do not even bother to use them.

Some of the handful of specialist distributors in the Polish business are enjoying growth, but this is achieved with considerable effort and investment, and starting from a very low basis. It does not help that there are only about six serious pro shops in the country, and no off-course specialist retailers.

This report will provide a picture of the dynamics of what little market there is. But perhaps more interestingly, it will strive to provide explanations for the under-development of the market and to analyse its prospects for the coming years.

Hungary

About two decades after Eastern European countries opened up to golf investment, the slow development of Hungary’s golf infrastructure could be regarded as a major disappointment Hungarian golf investors are avidly watching the growth of the golf business in the neighbouring Czech Republic, and so far failing to emulate it.

Hungarian golf was wiped out under communist rule and has undeniably seen something of a rebirth in the past decade. Yet there are still only seven international-standard 18-hole courses open, and a dozen other facilities. The golf federation counts just over 2,000 registered players in a country of about 10 million people, and there are only about 4,000 participants.

The country's economic woes are not stimulating the business, either. Hungary was one of the countries that received massive financial support from the International Monetary Fund and the European Union in October, as its economy took a plunge and heavy currency swings threatened millions of car and home owners.

Austerity measures have been the order of the day for several years and the country's new prime minister promised nothing else. The purchasing power of average Hungarians has already been affected in the last years, and the fresh cutbacks will probably not help the golf federation spread golf beyond the most privileged parts of the population.

However, the efforts deployed by the golf federation and the Hungarian tourist organisation are most encouraging. Although there have been many delays, five projects for courses of international standard are under way, and they should contribute to the country's attraction as a golf destination.

This report describes the difficulties encountered by distributors in the Hungarian golf business, from the small size of participation to the lack of retail opportunities. But it also provides some insights that should make it easier to penetrate the market once it takes shape.

Russia

Golf rhymes with wealth and status in Russia, a country where some members of the oligarchy have avidly adopted the sport in recent years, investing in new golf courses and in expensive club memberships. As the word "oligarchy" suggests, the numbers are still relatively small, however. As an example, Oleg Deripaska, the famous 41-year-old aluminium czar, has his own private 18-hole golf course, where he invites only the people he wants to let in. (He also has his own private jet, a spectacular yacht and numerous nicely furnished homes.)

However, the economic and financial crisis has impacted him – he was the ninth-richest person in the world, with a fortune estimated at $28 billion, but now he is only in 164th place, according to Fortune, with personal worth of $3.5 billion – as well as many other Russians who play golf or may consider playing golf. In addition to the global credit squeeze, the country has had to endure a major drop in prices of raw material, which still represent the main source of livelihood for the country's economy, and a sharp drop in the value of the rouble. Because of the devaluation of rouble, the price of a golf shirt in Moscow, which was previously high by international standards, has increased even more on the local market.

The Russian government has not been very kind to the oligarchs. It has refused to refinance their huge liabilities. In a symbolic gesture that was widely publicised on Russian television, Prime Minister Vladimir Putin enjoined Oleg Deripaska last June to clean up one of his cement factories near St. Petersburg and to pay the overdue wages of its employees. A rich businessman committed suicide.

Imitating Putin, oligarchs and other relatively rich Russians switched from cross-country skiing to alpine skiing in the boom years after the economic crisis of 1998, and the passion for the sport trickled down to the upper middle class, which embraced it as a symbol of newly gained status. But the newest economic crisis has prevented any democratisation of the development of golf.

Retail sales of golf products were estimated at around €7 million in Russia in 2007, including €3.5-4 million for golf apparel and shoes, but the market began to deteriorate in 2008, and through August 2009, the market has collapsed by between 40% and 50%, industry officials say.

Several projects for new golf courses are still under construction, but people are no longer in the mood to play golf, let alone to buy new golf clothing or equipment. According to a golf industry official in Moscow, only between 20 and 25 people a day per club were playing golf during the recent month of July. As an indication of the current state of affairs, the organisers of the Russian Open were forced to cancel the 2009 edition of the tournament, which was due to be held from 6-9 August, because its main sponsors refused to dish out the required prize money. The Russian event has been on the calendar of the European Tour since 2003. Its 2008 edition was played out in the picturesque Moscow Country Club and was won by Mikael Lundberg from Sweden.

As in other domains, the official figures given for golf in Russia don't reflect the reality, but there has undoubtedly been a lot of enthusiasm for the development of the game of golf in the last years, albeit stymied by the recent economic woes. According to the Golf Association of Russia, the number of registered golf players has tripled since 2005 to 15,000, and its goal is to reach 100,000 memberships by the year 2014.

There are currently 14 golf courses in operation in Russia (excluding the private property of Oleg Deripaska), up from six five years ago. The Golf Association of Russia says 50 more are on the drawing board and the total number should reach 100 by 2014. Many feel that this is wishful thinking, but while many plans are on standby, the momentum is there, so it may only be a question of the timing.

The harsh climate in the populated northern part of Russia is a serious obstacle to the development of golf, but there are many projects for new courses in the southern regions. Besides, some Russians have been playing a new sport, called "ice golf," and we feel that it could become an interesting new category to pursue for golf tour operators and manufacturers of golf apparel and shoes.

PRODUCTS COVERED BY THE RESEARCH PROJECT

The project focuses in particular on the following four types of golf apparel:

- Technical golf clothing
- Leisure-oriented golf clothing
- Traditional styles of golf clothing
- Golf footwear
- Other types of softgoods used for golf

OUTLINE OF THE RESEARCH

All the following topics are developed in some detail for the “primary markets.” Fewer topics are covered in the other markets

SOCIAL AND ECONOMIC SITUATION IN THE COUNTRY SINCE 2004

Basic data on currency exchange rate, type of government, VAT rate etc.

Statistics on the population, demographic trends, geographical spread and life expectancy

Latest and projected growth rates GDP and GDP per person

Evolution of average wages, working schedules and unemployment

Consumer spending levels and patterns, with details on trends for durable items (automobiles, housing) and fast-moving items including apparel, footwear and other relevant purchases, inflationary trends

Factors that are likely to influence the growth and the golf market and the consumption of golf clothing in the future

GOLF PARTICIPATION

General statistics on sports participation, where they exist, possibly broken down by age and gender, providing historical quantitative information wherever possible.

General statistics on golf participation, where they exist, possibly broken down by age and gender, providing historical quantitative information wherever possible.

Gender issues (e.g. discrimination against women)

Number of clubs and dynamics of memberships (registered and not registered players). Analysis of membership fees

General statistics on golf tourism.

Statistics on the number, development and characteristics of golf courses, with a description of some of them in certain countries where it may be unusual or significant.

The effects of macro-economic, cultural and other trends on participation in golf

The perception and status of golf, particularly as a lifestyle, and new trends in golf participation, especially by age and gender

The initiatives of governmental and non-governmental institutions in favour of golf participation and golf tourism

Development policies and programmes for the construction and management of golf courses. The role of private and public operators. The existence and development of easy access policies for these facilities.

Private, national and local governmental initiatives aimed at promoting golf, especially junior golf.

Private, national and local governmental initiatives aimed at developing tourist destinations for golfers.

The role and development of tour operators in the organisation of inbound or outbound golf tourism.

TRENDS IN MANUFACTURING AND TRADE FOR GOLF APPAREL

Statistical information on annual production (where it still exists), exports and imports of various kinds of softgoods for golf since 2004, in terms of volume and value, if they are relevant for softgoods for golf

Production or customisation of golf apparel, notably through embroideries

Import figures and their analysis

Description of major national manufacturers and brands of various types of golf clothing, including profiles of selected companies that have a significant place in the local or international market or an interesting development strategy.

MARKET SIZE

Best possible estimates for the size and the growth of the golf apparel market in volume and value, particularly at the retail level. Comparisons with the previous study made in 2003 for the BGIA, with an in-depth analysis based on multiple sources and on different parameters

The estimated shares taken by various types of golf apparel, providing a breakdown wherever possible for some specific segments and indicating the market leaders in these product categories

The estimated market shares taken by the different sales channels (especially on-course retailers, specialist off-course retailers

STRUCTURE AND DEVELOPMENT OF THE CHAIN OF DISTRIBUTION FOR GOLF CLOTHING AT THE WHOLESALE STAGE

Structure and forms of distribution for softgoods for golf (sales subsidiary, distributorship, agency) that are most common in each region and in each country covered by the Project, illustrated by a few significant examples of successful market penetration by foreign companies

The development of the various functions and roles assumed by the different types of companies and individuals involved in the supply chain over time (distributors, agents, wholesalers, retailers)

The sales and distribution structures and policies adopted by the major golf softgoods brands in each country or region. Data or estimates about their sales, their growth, their market shares or rankings of these brands. Information about their market positioning and their marketing activities

The sales and distribution structures and policies adopted by other national or international brands in each country or region

Profiles of some major national and regional distributors and agents of foreign brands. Ways in which they operate. Examples of successful or unsuccessful market penetration by certain brands

Trends in distributor discounts and agents' commissions

Recent changes in distribution resulting from mergers, acquisitions, divestitures and major changes in trade flows (e.g. accession to the European Union)

The use of consignment policies and trends in the proportion of re-orders made by retailers for certain sports items and related logistic issues

Methods of payment adopted by national sports goods vendors and distributors with retailers, and ways of securing the payment of invoices

STRUCTURE AND DEVELOPMENT OF THE CHAIN OF DISTRIBUTION FOR GOLF APPAREL AT THE RETAIL STAGE

General consumption patterns, the growth or decline in total retail sales, and the place taken by golf clothing in this pattern

Internet usage and effect on sales golf products, including golf apparel, equipment and accessories

The structure of retailing for softgoods for golf. Estimated shares of different types of retail channels trading in these products (e.g. on-course retailers, off-course specialists, generalist sporting goods stores, boutiques, department stores, mail order, internet, etc.)

The major retail players in the market for softgoods for golf and profiles of some of them. Their estimated market shares. The way in which they position themselves against their competitors in the market. The presence of international retailers or suggested reasons for their absence

The role and evolution of buying groups, if any

The role, evolution and scope of the private label programmes developed by the retailers and by the buying groups. Price differential with branded products

Trends in retailers' mark-ups and pricing for different types of products and in different circumstances. Dynamics in the evolution of average selling prices since 2004 and macro-economic and micro-economic factors influencing these trends

CONSUMERS' ATTITUDES TOWARDS GOLF CLOTHING

Fashion trends affecting the consumption of golf apparel.

General fashion trends and their effect on the consumers' choices of various types of golf clothing, especially traditional and avant-garde. The use of golf clothing as a fashion statement or as protection against the cold or the rain and as casual sportswear at work or for leisure

Attitudes of consumers towards the golf brands as compared to the fashion and casual brands, and related dynamics

Factors that influence the consumer's decision-making process as far as golf-related purchases are concerned

Perception of golf as an elite sport, a competitive sport, a "green" sport, a way to keep fit etc.

Popularity of golf as a spectator sport, especially on TV

Some major golf players who appeal to local consumers.

Brand awareness for golf brands and banners: The difference in the importance of global and other brands. Big brands versus lower prices for little known brands or unbranded item

Grounds for consumers' preferences for certain types or brands of golf apparel among different age group and other socio-cultural-economic groups including the price, the look, the technical features, the brand name and their relative importance

The importance of the issue of counterfeited products for consumers in the less developed markets and the basis of distinctions made by them between authentic and counterfeited products. Estimated extent of the counterfeiting process in the sports goods sector. What the brands are doing about this

MARKETING

Exhibitions for trade operators and consumers in the country and relative importance of international trade shows

Other sources of information about the sports goods industry used by trade customers and end users: publications, websites, etc.

Other forms of marketing and communication used for the promotion of sports goods including various types of advertising, sales promotion, direct marketing, merchandising, PR, sports sponsorships, etc.. Actions and methods that have worked well for certain vendors or retailers

The effect of various forms of discounting

WAYS OF ENTERING THE MARKET AND OF OPTIMISING BRAND PENETRATION

Attitudes of those involved in the distribution of softgoods for golf towards foreign products, particularly those of British, Swedish or Italian vendors (to be done through the planned survey of visitors at Golf Europe).

Main handicaps in doing business in the country

Ways of finding golf apparel suppliers used by distributors and retailers. Problems and practices in establishing contacts and relations with them

Customs and logistics issues

Recommendations for programmes and measures that the British Golf Industry Association could undertake to improve the success of British industry abroad.

OUTLOOK AND FINAL REMARKS

General Conclusions and Outlook

Commission History – Illustration of the different stages of development of the research process.

Methodology – Details on the methods used, the subjects interviewed and the problems encountered in the process.

APPENDICES

List of all the companies, associations and governmental bodies interviewed in the country
List of other major distributors of golf products in the country
List of other major distributors of sports goods in the country
List of other major retailers and buying groups for sports goods in the country
Contact details (name and address) of top government officials responsible for programmes aimed at raising sports participation in the country
Other useful contacts in the country, including lawyers, shipping agents, etc.
Magazines, newspapers, market studies, websites and other primary sources of market information used in the country report

COMPANY PROFILES IN VOLUME 2

AUSTRIA

Golftech
Golfzone
Masters Golf Fashion by Alaska Sport-Dress
Pink Ribbon Golf by Dasuco
Sportalm

CZECH REPUBLIC

Intermedia Grexim
Petr Tomasel
Reda Golf
Sprint Sport – Tomas Sevcik

FRANCE

Adidas Golf
Blue Green
Chervo
Chiberta
Croquet & Golf
Crossways
Décathlon
Footjoy – Acushnet France
Formule Golf
Gaïa
Go Sport
Golf Plus
Golfasshion
Golfino
Hi-Tec
Inesis
Intersport
La Tradition du Golf
Lacoste
Marie Valois
Mizuno
Multigolf – Glenmuir
NGF
Nike golf
Nuni
Peter Fleming
Piguy Sport
Puma Golf
US Golf

GERMANY

First European Golf Purchasing Federation
G6
Galeria Kaufhof – Sportarena
Golf House
Golfstore
KArstadt
K-Way Deutechland
WB Compagnie

HUNGARY

Golf USA

MOROCCO

Golf Plus
Styletex

POLAND

MM Golf
SAT

RUSSIA

Eco Group
Golf Profi
Teta Sports

SLOVAKIA

Golf Centrum
Golf Universe
Golf USA
Profi Golf

SOUTH AFRICA

Birdi
The Golfers Club
The Pro Shop

SWITZERLAND

Clover
Golfers Paradise

ADDITIONAL VOLUMES TO PURCHASE:

- Volume 1: **Southern Europe**
  Bulgaria, Croatia, Cyprus, Greece, Italy, Portugal, Romania, Serbia, Slovenia, Spain, Turkey.

- Volume 3: **Northern Europe**
  Belgium/Luxembourg, Denmark, Estonia, Finland, Iceland, Ireland, Latvia, Lithuania, Netherlands, Sweden.

PRICES

- **Full Report (All three volumes)** **€5,000**
- **Individual Volumes** **€2,000**
- **Individual Countries** **Depending on Size**

- British Golf Industry Association (BGIA) Members receive a **50% discount** on these prices

BGIA GOLF APPAREL & FOOTWEAR RESEARCH ORDER FORM

SOUTHERN EUROPE, CENTRAL & EASTERN EUROPE, NORTHERN EUROPE

- ❑ I would like to order copies of all three volumes **(Southern Europe, Northern Europe, and Central & Eastern Europe)** of the BGIA's study into the European golf apparel and footwear markets **at the price of €5,000 (€2,500 for BGIA members)**

- ❑ I would like to order a copy of the following volume...................... **(please enter which volume)** of the BGIA's report into the European golf apparel and footwear markets **at the price of €2,000 (€1,000 for BGIA members)**

- ❑ I would like to order copies of the following individual countries.. **(please indicate which)** of the BGIA's report into the European golf apparel and footwear markets **price TBC due to varying size (50% discounted for BGIA members)**

Name...
Company...
Full Address..
....
Postal Code...................................... Country..
Email Address...
My company is a member of the BGIA: ❑ YES ❑ NO
Phone...
Fax...
Date.. Signature...

If you wish to pay ***by credit card,*** *please fill out the form below. You will be charged in euros and you will get an invoice and payment receipt.*
Please charge my credit card *(tick one):* ❑VISA ❑MasterCard ❑Eurocard

Cardholder Name: *(please print):* ……………………………………………………………………….

Card Number: ………………………………………………….. Expiration Date: …………………….

Security No: ………………………… Cardholders' Signature: …………………………………………..

PLEASE COMPLETE AND RETURN BY FAX TO BGIA AT +44 2476 414 990

For more information please contact Milly Durrant at the BGIA:
Tel: +44 2476 414999 ext 204 **Email:** milly@sportsandplay.com

Prices are before VAT where this tax is applicable. Credit card payments are welcome. Payment by cheque, bank