

lion on-site sales, with anticipated follow-up sales of \$26.3 million. The Canadian companies appointed 31 agents during that show. ISPO Fall '82 drew 17 Canadian exhibitors (eight companies participated for the first time), where sales amounted to \$682,000, and follow-up sales are estimated at \$11.5 million. Ten agents were appointed during the fair.

The federal government has also assisted sporting goods manufacturers through incoming buyers' missions to the annual Canadian Sporting Goods Association Convention and Trade Fair in Montreal.

Canadian Success Stories

In the vanguard of Canada's sporting goods successes have been the world famous hockey equipment firms. Shipments from CCM, Cooper, the Warrington group, Daoust-Lalonde, Orbit and St. Lawrence Manufacturing have made extensive inroads into the German market, with exports increasing from \$400,000 in 1975 to more than \$3.5 million in 1980.

Bodybuilding and physical fitness are among the fastest growing sectors in sporting goods. Success in Germany has been achieved by Weider Sports Ltd., the world's largest manufacturer of bodybuilding equipment, and Global Gym, which features sophisticated, multi-station equipment for institutions.

In non-hockey recreational areas, exports have grown from under \$200,000 in 1975 to \$1.6 million in 1980. Canadian camping supplies, backpacks and tents are entering the German market through the marketing efforts of Johnson Diversified, Reliance Products and Coughlan's Ltd. Strong future development potential remains to be exploited in this area.

Market Considerations

The German market is fiercely competitive, with traditional sources of supply and a capable domestic industry. Well known brand names are favoured and quality at a competitive price is often a key factor. In some cases, the manufacturer must be sensitive to design or style variations necessary to satisfy the tastes of German consumers.

Although not strictly required by law, official approval by a testing institute such as the TÜV can be an important factor in securing buyer approval for many sports equipment products. The normal range of costs for TÜV testing is from \$1,000 to \$2,000, and processing the application takes approximately six weeks. The Canadian exporter must expect to absorb these costs as part of his market development strategy. A reliable local agent has often proven to be an essential expeditor to ensure that the Canadian application receives prompt handling.

The EEC Common External Tariff structure applies to Canadian exports. In most cases, the duty levied adds an appreciable, but not prohibitive, element to the delivered cost of sporting goods.

i) Distribution Channels

Agents, importers and distributors play a vital role by supplying about 32 per cent of the market. Ten per cent of goods are channelled to retailers by the three main centralized purchasing organizations. Because of the changes occurring in the distribution structure for sporting goods, the Canadian supplier must be careful in selecting a strong local presence. The first contacts with importers-buyers should be made from December to mid-January for winter goods, and from August to the beginning of September for summer and year-round articles. The major purchasing decisions are made before the trade fairs take place, although immediate sales on a purely sample scale can still occur with striking new items.

ii) Trade Fairs

Presence at appropriate fairs is obligatory for any exporter, established or new, since it demonstrates a commitment to the market. The fall edition of ISPO is clearly the best show for indoor and summer sporting goods and summer sportswear. The spring edition of ISPO is the strongest show for winter goods, skiwear, etc. SPOGA appears to be evolving as predominantly a garden, equestrian and camping fair. Previous participation at ISPO and SPOGA sponsored by the Canadian government has brought commercial success for most exhibitors.

The Competition

In addition to the sizeable production capacity in the F.R.G., the major competition for Canada comes from Italy, Austria, France, the U.S. and Scandinavia. While the United States emphasizes summer and year-round equipment, the others offer winter equipment. The Far Eastern and East Bloc countries dominate the lower price range for many of these items, including skates. All of Canada's major competitors participate in the ISPO and SPOGA trade fairs with government-sponsored national stands and have extensive trade networks throughout Europe.

The Action Plan

Marketing efforts focus on the Spring and Fall ISPO shows. Winter sportswear is an additional area that has been identified and should be pursued vigorously at the Spring ISPO.

A number of specific actions are identified:

- a) Pursue an active publicity program in conjunction with participation in major trade fairs such as ISPO. Advertising without linkage to the company presence at the German trade fair(s) will be largely ineffective, since those elements are complementary. Most German trade magazines provide, free of charge, editorial space equal to the advertising space taken; (Munich/EFCP*)
- b) Invite journalists from the leading sports trade magazines to Canada to write feature articles related to Canadian capabilities; (Munich)