

Sporting goods sector: having fun, staying fit

Russia's US\$650-million market

Russians have traditionally been a sports-minded, fun-loving people and now this population of 147 million is driving an unprecedented boom in the Russian sporting goods sector. Sharing a similar climate, Canadian makers of sport and leisure products should have the inside track in an import market that has shot up 29% each year since 1999.

Russians, like Canadians, enjoy the outdoors and share a national fondness for such sports as hockey, soccer, tennis, cycling, snowmobiling and downhill and cross-country skiing. They also play basketball and volleyball, table tennis and billiards and have discovered the pleasures of bowling — in the past five years 20 bowling centres have opened in the Moscow area alone. Add to this the 40 health and fitness centres that have sprung up in and around Moscow and Russians have plenty of ways to have fun and keep fit.

Opportunities

Russian consumers are showing a preference for the high-quality, warranted merchandise that is now available on post-Soviet shelves. According to Russian statistics, the import market for sporting goods (excluding footwear and motorized equipment such as snowmobiles) was worth US\$51.1 million in 2000, up 29% from 1999. In 2001, this figure should top US\$65 million, with industry experts suggesting the actual size of the market may be ten times as great.

Industry observers expect this dramatic trend to continue. In demand will be equipment and accessories supporting a host of indoor and outdoor activities, including "extreme" sports, fitness programs, winter sports, water fun (yachts and water scooters), cycling and billiards. Snowmobiles are also popular — hardly surprising given the climate — however domestic machines tend to be of lower quality and do not meet the standards of Canadian-made models.

Canadian companies offering high-quality, competitively priced

products built to Canadian standards will find themselves in a good long-term position in Russia.

Market access

Moscow, with a population of 12 million, dominates the Russian market. Companies are advised to set up a Moscow base first, and then expand into the regions.

At present, Russian law requires mandatory certification for certain goods, with the list of such goods revised by



the government every six months. However, the majority of sporting goods do not require mandatory certification, but must be accompanied by a certificate of conformity or a "letter of exemption" to be presented at customs.

All sporting goods must also have a valid hygiene certificate issued by Sanepidemnadzor, a body within the Russian Ministry of Health.

Canadian companies interested in the Russian market are advised to start by sending product samples to the Global Assistance Division of the Canadian Standards Association (CSA). The CSA will then act as a broker for the certification process.

The annual International Sport & Leisure Shows held in Moscow (MISS autumn and MISS spring) and St. Petersburg provide excellent opportunities for Canadian exporters to showcase their products, identify potential sales leads and build a contact base for future business.

Major players

Canadian firms entering the field will be joining such popular big-name players

as Adidas, Nike, Kettler and Reebok, firmly entrenched in the Russian market through their offices in Moscow, or through Russian subsidiaries or local/regional distributors. Other corporate heavyweights dominating the sporting goods scene include companies from Germany, the U.S., China, Finland, Taiwan, Turkey and Italy.

Going head-to-head with foreign competitors has spurred Russian manufacturers to begin producing high-quality, price-competitive products of their own. "Hockey" brand equipment is exported to foreign markets, including Canada. However, Russian sporting goods exports are still a small fraction of its imports.

Canadian sporting goods are playing in this competitive Russian environment as well, but in a US\$650-million market there is still plenty of room to manoeuvre.

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