

Emerging markets climb

A recent report from Global Industry Analysts suggests that various emerging markets will play a key role in growing the global sporting goods market in the coming years. The report, entitled 'Sporting Goods: A Global Outlook', also states that there has been a growing interest in outdoor pursuits such as rock climbing, hiking, camping and backpacking. A number of sporting goods companies supplying technical textiles, apparel, footwear and equipment claim to have noticed a surge in popularity for these kinds of pursuits from emerging markets. There are many explanations for this growth ranging from better economic conditions in the countries to a desire for greater freedom.

Different strokes for different folks

Umberto Valeri, marketing director at Spanish technical outdoor apparel firm Grifone, has noticed that many people in Asia are displaying a growing interest in outdoor activities. He explains that Korea and Taiwan are the company's main target markets in Asia and describes how demand from its customers in these countries differs from demand from other areas in which it operates. "Here [in Korea and Taiwan], Grifone's consumers are oriented to light trekking, preferring multi-purpose garments (not so technical) that can be used even in everyday life," he says.

Mr Valeri also reports that the company has been experiencing higher demand from certain

areas in Eastern Europe. Again, he points out the ways in which demand is different compared with demand from other European countries as well as from emerging markets in Asia. "Where Grifone is present (Poland, the Czech Republic and Ukraine), there is an increasing interest in mountaineering disciplines, viewed as hard activities in hostile environments," he says.

He suggests that Eastern Europe could be a positive prospect for manufacturers of highly technical fabrics, apparel and accessories that focus on providing functionality rather than simply producing products that are pleasing to the eye. "Final consumers of Grifone's garments [in these countries] are generally interested in technical features and expected performances of the products, and they ask for the higher level ones," he claims. "On the other hand, they are not so interested in aesthetic features (colour trends, colour combinations, etc) or in 'cool' design."

Purchasing power

Eastern European countries are also an important target for Italy-based outdoor equipment manufacturer Lowe Alpine. According to marketing executive, Luca Feltrin, a number of emerging markets "are growing up quickly and considerably in climbing and outdoor". While he lists South American countries such as Peru, Chile, Ecuador and Argentina as

Italian outdoor goods producer Lowe Alpine has named various emerging countries in Eastern Europe as prime targets for growth in the near future.

John Norris/Lowe Alpine





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 Berghaus

important new markets for the company, he explains that its main focus is on countries such as the Czech Republic, Russia, Poland, Ukraine, Slovenia and Croatia.

"In my opinion, the reason is that in these countries, activities like climbing and outdoor sports were not so much experienced, if compared with the west countries," says Mr Feltrin. "Now, the process of experiencing these kinds of activities is growing, and also the economical situation, that is constantly increasing, is helping this process too."

Growing demand from China

Meanwhile, Nextec Srl, the Italian company behind the OutDry laminated waterproofing technology, has particularly noticed higher demand from China. While the company's research and development director, Matteo Morlacchi, believes several of the emerging markets will show growing interest in outdoor pursuits in the near future, he sees China as a key market. He explains that the company has set up a new technical centre in Guangzhou (Guangdong province) and has established a partnership with China-based climbing and outdoor apparel specialist Shehe. Shehe distributes in 300 sales outlets and has several flagship stores in major cities such as Beijing and Shanghai.

"We have mainly focused on the Chinese market which we consider as very promising. For this reason, we support our traditional partners to enter this market but also local partners like Shehe," says Mr Morlacchi. He describes China as a "very important and high priority market for climbing and outdoor".

While he partly attributes this to the fact that Mount Everest is so close by on the border of Nepal and Tibet, he adds that China itself "is a great place for walking and trekking". He says the company has noticed a growing interest in outdoor pursuits, and that this has been fuelled by exhibitions such as ispo China.

"They like outdoor, they have a good environment," Mr Morlacchi explains, adding that part of the appeal of climbing and other activities is that they are so inexpensive; once the basic equipment has been bought, there is no fee involved. "It's a very interesting activity for young Chinese people, they like to explore," he says. He also points out that people in China have more freedom to move about these days and that outdoor activities give them the perfect excuse to travel to, and explore, new regions.

China offers a number of benefits compared with other emerging markets, according to Mr Morlacchi. He explains that Russia, for example, has a history of climbing and outdoor activities, so there is more competition and the market is more mature. "In China, outdoor was unknown until a few years ago," he says. "It was seen as a bad thing because of living conditions for farmers." He adds: "For outdoor it is really good news because it is completely new; this is something that is happening now." Most importantly, he concludes that: "There is real curiosity about innovation and there has been good feedback from the market."



Activities such as climbing are becoming increasingly popular in regions where outdoor pursuits have not previously been well established.

 John Norris/Lowe Alpine

Adopting the right strategy

UK outdoor brand Berghaus is thinking along similar lines, although its strategy involves a broader spectrum in Asia. Brand president, Richard Cotter, believes Asia is "the most interesting market" into which the company is expanding. He has high hopes for expansion in many countries in the region. "Korea is possibly now the fifth biggest outdoor market in the world and its emergence gives an indication of just how big China is going to be," he says. "At the same time, Japan is also a strategically important territory." The brand has signed various agreements with partners in Japan and Korea in the last two years, but its most recent deals have been signed with partners in China, Taiwan and Hong Kong.

"We have also opened Berghaus Asia in Hong Kong, a self-sufficient division involved in supply chain management and product development," Mr Cotter says. "Staff numbers there are expected to grow to 20 during 2009. We are aiming to open up to 400 stores over the next five years, including 200 in China, and we already have about two dozen mono-brand stores in South Korea." This all fits into the company's plan to become "one of the top five outdoor brands in the world".

According to Mr Cotter, there are two fundamental reasons why this ambitious goal is attainable. The first is that "true global brands" are now emerging. "The outdoor sector in the past was characterised by very strong domestic brands, so Berghaus equivalents existed in every major European market which have developed over a similar time scale and background and are comparable in scale," he relates. "Due in no small part to its scale, there were probably three such brands in the American market, while in Asia two or three brands have established themselves, but without the history of the European brands.

"Now, brands from different backgrounds are all trying to trade successfully in these markets around the world. Asia is a case in point, where the outdoor market is relatively young, but developing very fast. Major brands recognise the potential opportunity and are working hard to build a base there."

Mr Cotter's second reason is that "the user base is starting to mushroom" as people become more active and start to explore new avenues. "The days of the outdoor market purely serving committed outdoor consumers with the right functional kit for climbing or walking are well and truly over," he claims. "Those users are still there and we supply them, but you only have to go out on the weekend and you will see a broad nucleus of people of all ages doing all kinds of different activities. They are exploring the outdoors as families or on their own, as a form of recreation, to satisfy a desire for adrenaline activities or even to compete in events.

"For many, the outdoors offers all of this, sometimes all in one weekend. There is a massive and growing global interest in participation in outdoor activity or the associated lifestyle messages, and all of these consumers want to buy outdoor products. Looking at those two dynamics, if you want to be a major player you have to have a clearly defined global strategy."

With so many climbing and outdoor brands recognising the potential in emerging markets across the globe, it will be interesting to see how market share will be divided up in the years to come. It will be important to tailor products to suit demand in different regions, as Mr Valeri points out, as well as providing the latest in terms of technical innovation. 