No longer just a source of lower-cost manufactured products, China has become one of the most important consumer markets in the world, with the sports and outdoor industry beginning to make a big impact.

Participation on the up in China

Participation in sports and outdoor activities is picking up impressively in China, a consumer market of, potentially, 1.3 billion people. As with the consumption of motor cars, wine, flat-screen televisions and high-end handbags, this consumer revolution happened first in the major cities, the giant metropolises that China calls municipalities, but other parts of the country are becoming involved now too. It is in the biggest cities, such as Beijing, Shanghai and Tianjin, that young, professional Chinese people found they had the time, money and inclination to buy sports apparel, footwear and equipment, not just for fashion reasons, but to wear and use in the great outdoors.

The fashion appeal of sports shoes and clothes is important in every market in the world and has been the driving force behind the success in the Chinese market of big international sports brands, including Puma, adidas and Nike. The panorama in 2010 and 2011 has changed because the number of companies registering the biggest growth figures and attracting affluent young consumers has expanded and the new names on the list are Chinese.

Anta Sports opened a new 1,000 square-metre flagship store in Beijing Capital Indoor Stadium at the end of May, with NBA basketball star, Luis Scola, one of the elite athletes in attendance. The company's executive vice-president, Zheng Jie,

Wang Hao, as of April 2011 the top ranked male table tennis player in the world, is one of a number of high-profile athletes endorsed by Anta Sports.

Anta Sports

361Degrees is one of China's fastest growing sportswear brands.

361Degrees

explained at the event that the Capital Indoor Stadium is an iconic building that "marks the global aspiration of China's sports industry" and also the main training centre for China's elite winter sports athletes. He added: "The location in the bustling Zhongguancun and Xizhimen business district will ensure the store always enjoys heavy traffic. Moreover, its proximity to university campuses also makes it well positioned to capture the attention of our target customers such as university students and the growing ranks of young wage-earners. This will help promote the joy of sports."

His comments back-up the impression that China's upwardly mobile young people are at the forefront of the country's new appetite for outdoor-centred leisure. And there is demand for high levels of functionality and technological advancement in the clothing and equipment this new generation of enthusiasts will choose and use. Chinese sports apparel firm 361Degrees announced in April that it will establish a research centre for designing high-tech sportswear in Beijing. The centre will be supported by the Beijing Institute of Clothing Technology, and will have the specific aim of increasing the levels of technology in the sportswear the company makes. Sales of 361Degrees apparel increased by 42% in the second half of 2010.

Olympic Games boost

There is growth across the board. A report published at the end of March by business intelligence company Research In China shows that the market is growing. It found the domestic market for sports apparel, footwear and equipment had a value of $16.2 billion in 2010 and said the market had grown substantially since Beijing hosted the Olympic Games in 2008.

To give just one example of rising levels of participation, organisers of the 2010 Beijing Marathon had to close registration for four events (full marathon, half marathon, nine-kilometre and 4.2 kilometre mini-marathons) more than three weeks prior to the event because of "heavier than anticipated demand". The original registration deadline was October 10, but 30,000 people had already signed up by the middle of the previous month. "That number is the maximum capacity of Tiananmen Square, where the race begins," the organisers said.

The move inland

As we have said, though, development of the industry and participation are growing away from the capital too. The first outdoor production base in China, the Sanxia Outdoor Industry City Industrial Park, is located in Yunyang, a new town near the municipality of Chongqing, built to house 170,000 immigrants from the Three Gorges Dam construction project towards the end of the last decade. The availability and affordability of labour are greater here than in the now expensive coastal provinces in the south and east. This new production base for outdoor products will involve an investment of $45.6 million and covering 85,000 square metres, will open in September this year. Manufacturers have already signed up to produce there, mostly on behalf of Japanese sports brands at first, but the authorities behind the Sanxia Outdoor Industry City Industrial Park insist these same manufacturers will develop brands of their own for the domestic Chinese market. The demand is there, they believe.

"Consumption of outdoor products, including sportswear and equipment, in the western region of China increased 40% year-on-year in 2010," said Cao Wenhua, marketing director of the facility.

Shoe consumption

On the specific subject of shoes, our sister publication *World Leather* reported in the April-May 2011 issue that previous estimates of the size of the market in China may have been too conservative by a substantial margin. The China Leather Industry Association (CLIA) said in 2010 that it expected footwear consumption in China to double in the next few years, but pointed out that definitive statistics on the size of the domestic market at the moment were hard to put together. CLIA president, Madam Zhang Shuhua, said at the time that she thought an average figure of 1.5 pairs per year for each of China's 1.3 billion people was a fair estimate, giving a total domestic market size of 1.95 billion pairs. This led immediately to debate in the global footwear industry as to how suppliers might be able to keep up with a doubling of this demand, an extra 2 billion pairs of shoes a year.

However, *World Leather* suggests that the size of China's domestic footwear market may already be 3 billion pairs a year. China's two finalists for the 2011 Tannery of the Year competition, which takes place in Shanghai in early September, are both important suppliers of shoe upper leather to the domestic footwear industry, including sports shoe manufacturers.

Both tanneries are involved in rapid expansion programmes and both said they are doing this to keep up with growing demand for shoes among Chinese consumers. Li Chen, president of one of the finalists, Gansu Hongliang Leather, said he believed women in China's major cities may already be consuming an average of seven pairs of footwear a year: three pairs of shoes for spring and summer, and two pairs of shoes and two pairs of boots for autumn-winter.

NBA star Luis Scola makes his mark at Anta's new flagship store in Beijing.

Anta Sports

The CIA Factbook suggests that women living in Chinese cities number more than 270 million. If Mr Li is correct, urban women would account for almost the whole of the current estimate on their own. And if, at a conservative estimate, people in rural areas buy one pair each on average and urban men 1.5 pairs, it would give a total market size at the moment of 3.1 billion pairs a year. Many of these will be fashion shoes to be worn to work or on nights out in clubs and restaurants. But others will be sports shoes, and more and more of these are being put to their intended use now.