



The Golf Apparel & Footwear Market Executive Summary – Northern Europe

We proudly present here the third and last 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 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 last column of the table are those covered in the third volume, which has been released just now. The volumes for the other two regions came out earlier in 2009.

You can order now the first volume, which is already available, 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 and useful listings of other distributors, agents, retailers and contacts are given at the end of each country report.

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

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VOLUME 3 – NORTHERN EUROPE

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 almost 500 pages full of facts and figures:

	Pages	Interviews	Company profiles
Ireland	69	32	7
Belgium & Luxembourg	58	29	5
The Netherlands	62	37	12
Denmark	54	33	11
Norway	60	18	5
Sweden	78	53	28
Finland	50	10	7
Iceland	24	12	3
Baltics	26	4	3
Total	481	228	81

The list of the company profiles is given further below.

IRELAND

The phenomenal growth of Irish golf in the last years has distinguished Ireland as the country with the highest participation rate in Europe – and the country's wider interest in golf is even more impressive. The country's economic bonanza has enabled many thousands of Irish people to spend more on leisure, but no other sport has benefited as much as golf.

These years brought about a rapid growth in sales of golf apparel and footwear, stimulated by increased tourism, soaring participation and the opening of large off-course golf stores.

As in many other aspects of Ireland's growth, however, at least part of the investment in golf courses and stores turned out to be unrealistic. Once Ireland's economic bubble burst, Irish consumers started balking at the cost of the sport, which had sometimes risen out of proportion in Ireland.

In fact, the Irish golf apparel market has been hit since 2008 by an unlikely conjunction of depressing factors. The economic downturn has been more virulent in Ireland than in nearly all other European countries. It has been affected by the fall of sterling against the euro and declining prices in the United Kingdom, leading to falling prices in the Republic of Ireland, since they are virtually indexed to Northern Ireland. The economic crisis and the weakness of the dollar against the euro further deprived the Irish golf market of a share of revenues generated by American golf tourists, who reduced their bookings for Ireland.

This has triggered a sharp decline in the Irish golf apparel sector and precipitated a shake-out in the country's golf retailing – with two of the three largest off-course specialist chains going under in 2008 and 2009, along with several independent stores.

Another structural issue in the market is that it is still led by a few brands that are either relatively cheap, or issued from the equipment business, or the sports industry. There is little space in the market for the smaller and upmarket international brands – unless they offer an undeniable advantage, such as rain protection.

Irish distributors and retailers are not displaying much optimism about the recovery of their country's golf market. Just as the Irish economy rose to unbelievable heights, so its recession is deeper and is expected to last longer than in many other countries.

However, none of this takes away from the opportunities that are still to be grasped in the Irish market. Its number of registered members has dropped only slightly since the start of the downturn, and interest in golf

remains very high. Some market players are already investing and taking up positions vacated by failed retailers, ahead of the market's pick-up.

It should be added that, for the purpose of this research, we often consider Ireland as a whole – encompassing the Republic of Ireland and Northern Ireland. This is obviously not a political statement but a reflection of the fact that, in golf business matters, the Irish market is very often understood to comprise both sides of the border. The relevance of this approach is illustrated particularly in our chapter on wholesale distribution. In any case, we have striven to always make it clear to which Irish entity we are referring exactly.

GDP per capita

Ireland's GDP per capita has risen to unheard-of levels during the years of economic growth, placing it only second in the European Union by this measure, behind Luxembourg. At the height of the country's economic affluence, in 2007, its GDP per capita even reached more than 150% of the average in the European Union. This declined slightly with the drop in GDP the next year and should recede further in 2009, but is still at a remarkably high level.

Irish GDP/capita as a percentage of EU average

Year	2002	2003	2004	2005	2006	2007	2008
GDP/capita/ EU average	137.9	140.5	142.0	144.1	147.3	150.2	139.4

Source: Eurostat

Golf participation in Ireland is the highest in the world, with sustained growth over the past decade. With over 420 golf courses, Ireland is also a mature golf vacation destination, offering golfers top championship courses, stunning scenery and fascinating history. Overseas visitors who played golf while in Ireland spent an estimated €167.1 million in 2007.

A total of 262,000 golfers are members of clubs in the Republic of Ireland and in Northern Ireland, which have two separate federations for men and women, but both encompassing all Irish counties.

There were more than 440 golf clubs affiliated with the Golfing Union of Ireland (GUI) and the Irish Ladies Golf Union (ILGU) in 2008. The 423 clubs affiliated with the GUI in 2008 compares with 272 in 1990, demonstrating the effect of the prolonged economic expansion in the intervening years.

A trend that has emerged in recent years is the rise in long-distance memberships, where residents of the major cities who cannot join a local club, either because of the cost involved or because the clubs are full, join a less-expensive club in another part of the country in order to get a handicap.

Very detailed data are given in the report about the size of the market and its characteristics. The golf apparel market is characterised by its diversity, between the relatively cheap offering at some sports stores and off-course specialists, and the more upmarket, tourist-oriented assortment at the resort courses.

The market is further characterised by aggressive pricing by the off-course retailers. This has been useful for several years to entice more people to try out golf, but is a structural issue for suppliers. This has become all the more apparent in the economic downturn and aggravated by several changes that took place in the distribution of golf apparel brands in Ireland. From Ashworth to Callaway and Ping, several brands either changed hands or changed their licensing agreements in Europe, so that left-over stock from the previous seasons was infesting the Irish market – sometimes dumped there by U.K. distributors.

Between all these negative factors, the market lost an estimated 15% in 2008 but sales fell even more steeply in 2009

The most wide-spread form of distribution for the apparel brands is to deal with an agency based in Ireland. There are a few independent agents dealing with just one or two brands, and a few more influential agencies dealing with a broader range of products. Quite a few of these agencies are based in Northern Ireland: Some of them cover the Republic of Ireland directly from their office in Ulster, while in a few cases they have sub-agents in the south. Many of them are described in the report.

This goes with the fact that there are an estimated 250 pro shops in Ireland selling sizeable ranges of golf apparel, with revenues varying from under €100,000 to more than €1 million. Many of the important pro shops are described in the report. While some have gone under, there are still a few important off-course

specialists such as **McGuirks Golf** and **Halpenny Golf**, and they are reviewed in the report along with sporting goods retailers that offer a major range of golf products, such as **Elverys**.

BENELUX

Benelux distributors

Even though the golf markets in Belgium and the Netherlands have very little in common, quite a few brands still appoint joint distributors for the two countries. Often, the reasoning is that they have a language in common, at least between Flanders and the Netherlands, and that the size of the two countries makes it easy for a single distributor to cover both.

These joint Benelux distributors are usually based in the Netherlands, because this is the larger market. They often handle Belgium with agents based in the country, but sometimes also with their own representatives.

The rationale behind joint Benelux distribution is that the three countries are small, and that they share some features. The Dutch language is spoken in the Netherlands as well as the northern part of Belgium. They have some cultural similarities, again particularly between the Netherlands and Flanders. From a logistical standpoint, it is not complicated for a small sales force to cover all three countries, since a sales representative based in Amsterdam, for example, could easily commute from his office to Brussels in a day.

Then again, it could be argued that there are more divergences than similarities between the Dutch and Belgian markets. Few Dutch sales representatives speak sufficiently fluent French to have seamless technical conversations with Belgian golf retailers. Most of them are based around Brussels, which is predominantly French-speaking.

Furthermore, there is a strained relationship between Dutch and Belgian businesspeople. Without sliding into social and political caricature, it is undeniable that many Belgian retailers resent dealing with Dutch salespeople, whom they often deem tactless in their business manners, if not brash or arrogant. While Dutch people usually adopt a square, business-like approach, their Belgian counterparts expect more flexibility. The two attitudes often come to a head on the subject of payment terms.

When it comes to golf specifically, the structures of the Dutch and Belgian markets are also far apart. The Netherlands have widely embraced pay per play as a means to spread golf as a relatively accessible sport in the last decades, with undeniable success. Meanwhile, most Belgian courses have stuck to their membership structure, which could indicate that the atmosphere and social make-up at Belgian golf courses is far less inclusive. This is one of the reasons the behaviour of Dutch golf consumers differs strongly from the tastes and priorities in Belgium.

As detailed in our Belgian report, this is the reason a significant number of international brands choose to cover the Belgian market, or at least the French-speaking part of it, in conjunction with France. The frictions seen between Dutch and Belgian businesspeople do not apply to French sales representatives, who are deemed more neutral. The evidence gathered for this set of country reports shows that a growing number of golf brands are moving away from joint Benelux agreements handled from the Netherlands.

Benelux agreements are usually handed out to established Dutch companies, which work with several brands and therefore have the means to hire a separate sales representative for Belgium (nearly always Belgian) or deal with a Belgian agent. Examples include such companies as **Golfers World**, which has Benelux agreements for a flurry of golf apparel brands.

The move away from Benelux distribution agreements is paired with the rise of agency agreements for the Netherlands only. Particularly for brands from other EU countries, there are few advantages in working with Dutch distributors, instead of paying lower commissions for agents. Logistics are not much of an issue, and there are very few risks associated with Dutch agents.

Established Dutch distribution companies show flexibility in this respect. They work as distributors for brands that are more comfortable with this structure, but gladly act as agents for EU-based brands that show a commitment to investing in marketing to support their business.

Belgium

The economy in this country has been held back in the last years by unruly governments and the lack of cohesion between the different parts of the country. The same could be said for its golf business, since the Belgian golf federations have failed to expand the sport to a level comparable with neighbouring countries.

There are still only about 0.5% of Belgians who play golf, compared with a rate of more than 2% in the Netherlands. The spread of the sport has been hampered by the relatively conservative policies of golf courses and organisations, and they are not showing any signs of changing their ways.

The numbers of registered players increased again by 3% in 2008, but they started declining in 2009, for the first time in many years. This is attributed to the economic downturn, which is prompting some long-term and more or less inactive players not to renew their membership.

Furthermore, some specialists indicate that the national figure is inflated by the structure of Belgian golf, which is split between two federations, and the fact that some senior Belgians use the golf club for social purposes – a game of bridge and a drink at the clubhouse. The number of active players is placed at closer to 45,000 Belgians.

The country's golf market remains small, with relatively conservative consumers. To make matters worse, it is hard to handle: It may be easy to drive from one end of the country to the other within a few hours, but retailers and consumers are not be approached in the same way – not even in the same language.

This is the reason quite a few brands have attributed their rights for the French-speaking part of Belgium to their French partners, while the Flemish-speaking part is covered from the Netherlands. Only a handful of apparel brands and established distributors focus on Belgium as such.

In this context, it is usually a welcome addition for Belgian distributors that Luxembourg is thrown into their package. With only three specialist stores and the same number of on-course stores, the country's golf market is easy to oversee and has been growing steadily.

Given the low participation rates so far, it appears that there is scope for expansion in the Belgian golf apparel and footwear market. However, much will hinge on the attitude of the golf courses and their willingness to open up the sport. The economic downturn is playing in favour of a more flexible approach, which could draw more players to the sport – but the attitude of Belgian organisations regularly defies logic.

There are 88 golf clubs in Belgium, all but 10 of them attached to golf courses and facilities. Flanders boasts the largest numbers, with 52 clubs in the region, but only four clubs were added in Flanders in the last years, which contributes to the relatively slow growth of membership.

The particular aspect of the Belgian golf membership structure is that it is compulsory to be a member of a golf club in order to obtain membership of the federation – which prevents the rise of independent golfers playing on a greens fee basis. This has been a subject of heated debate in the last years, as some protagonists clamoured for a more open structure to stimulate golf participation.

The report describes some interesting Belgian brands that offer golf clothing such as **Xandres** and **Baleno**.

Distributors and retailers lament that the Belgian market for golf apparel and footwear is flat, due to the fact that there are few golf players coming into the market. Furthermore, Belgian players are becoming increasingly eclectic in their choice of golf apparel, often using brands of leisure wear that are not dedicated to golf.

Due to the relatively low penetration of golf in Belgium, off-course stores are still far and few between. At the time of writing there were fewer than 10 off-course stores specialising in golf in Belgium, and three in Luxembourg. Only a few sports stores sell golf products and these are often accessories, or private labels in the case of Décathlon.

Furthermore, due to the structure that makes it obligatory for Belgian players to be a member of their club, players often have a strong relationship to their club and are eager to buy at the pro shop – particularly when it comes to apparel.

One of the strongest one in the golf segment is **Buva Sport**, which is described in detail, along with a couple of others. In addition to several on-course retailers, the report describes off-course specialists such as **Golf**

Center and **Golfomundo**. However, non-specialists such as **Décathlon** and **Sports Direct** play an important role, too.

The Netherlands

This is one of the European countries that has enjoyed the most spectacular growth in terms of golf participation and business in the last years – partly owing to a determined effort by the federation and golf courses to open up the sport.

The participation rate has reached more than 2% of the Dutch population, and the economic downturn has barely halted the rise so far. Once access became flexible and golf courses started popping up all over the small country, golf turned into the third-largest sport in the Netherlands, in terms of registered players.

The downside, in terms of sales of golf apparel and footwear, is that many of these golfers are irregular players who are not members of a club and do not want to invest much in their sport. They are often set on low prices and not overly concerned about their appearance on the golf course.

In fact, there is talk of over-supply in the Dutch apparel golf market, with more than 60 brands working the business and a smaller consumer base than the numbers suggest. Furthermore, the relative weakness of club structures has affected some on-course stores and paved the way for the rise of fast-growing off-course stores – sometimes working with very tight margins.

Regardless, it appears that the Dutch model has not yet reached its limits. In 2009, as the country went through an economic slump, the federation continued to register growth in the number of registered players.

The brands that have benefited most from this outstanding growth in the last years are those that have adjusted to the specific demands and structure of the Dutch market, in an increasingly competitive environment.

General sports participation has grown faster among women than among men, and in 2007 the female participation rate even surpassed that of men.

Golf is the sport that has enjoyed the fastest growth in the Netherlands in the last years. The number of golfers has more than doubled in the last decade to about 332,000 registered golfers in 2009, although many of them are casual players. Only about 35% have a handicap.

At the end of 2008, there were 187 golf clubs registered with the Dutch golf federation. The list further featured 21 associated clubs that are not members, and 19 virtual clubs, which are members under a separate status.

It is estimated that about 100,000 Dutch players are registered with what is described as a free golf club (registered with a D status by the golf federation) such as ANWB Golf, Golf4Holland and NGV.

The virtual clubs only exist online but enable their members to obtain discounts on greens fees for specific courses. Members of these clubs are the ultimate free golfers, who do not feel any need for a club environment but do want to benefit from advantages of teaming up with other golfers and might want to take part in competitions.

At least 70,000 Dutch golfers make golf trips abroad every year. Several tour operators specialise in golf tourism, and they are described in the report.

There is also some information about some interesting Dutch golf apparel brands such as **Golfjunkie**, **Lemonfield** and **Poodle**.

The Dutch golf apparel market is estimated at about €25.4 million in 2008, at retail level including VAT. This covers golf apparel and other brands sold in specialist golf stores, on-course stores and sports stores, as well as golf brands sold in fashion stores and department stores.

Off-course retailers have expanded fast in the Netherlands, much more rapidly than the on-course business. The last decade saw the emergence of large-scale off-course retailers with different range and price offerings, from discount to a full offer of technical products. When it comes to apparel, however, the on-course business still has a dominant share.

The report describes in detail the distribution strategies for golf apparel and shoes of big players such as **Adidas, Nike, ECCO, Puma** or **Brax Golf, Five Seasons** and **Peak Performance**, and gives extended profiles of distributors such as **Golfers World, Twinhills, Dutch Golf Gear, Monsie**, etc.

It also describes numerous golf retail specialists such as a number of pro shops plus **Golf Plaza, Jumbo Golfwereld** and **Golf USA** and the local operations of foreign buying groups such as **RGI Golf** and **Golfstore**.

It has an interesting chapter on fashion trends on Dutch golf courses and local attitudes towards golf brands.

THE NORDIC COUNTRIES

1. ECONOMY

Nordic economies have enjoyed sustained growth rates in the last years, often driven by growing consumption. Iceland even boasted much faster GDP growth rates than the average in the European Union in the years leading up to 2008. However, the Nordics countries were also among those worst affected by the economic downturn that began to hit most of Europe in the second half of 2008.

Real GDP growth in %

	2004	2005	2006	2007	2008	2009	2010
Denmark	2.3	2.4	3.3	1.6	-1.2	-3.3 ^(t)	0.3 ^(t)
Finland	3.7	2.8	4.9	4.2	1.0	-4.7 ^(t)	0.2 ^(t)
Sweden	4.1	3.3	4.2	2.6	-0.2	-4.0 ^(t)	0.8 ^(t)
Iceland	7.7	7.4	4.5	5.5	0.3	-11.6 ^(t)	1.8 ^(t)
Norway	3.9	2.7	2.3	3.1	2.1	-3.4 ^(t)	0.2 ^(t)

(t): Forecast

Source: Eurostat

GDP per capita in all the Nordic countries remained far higher than the average of the European Union in 2008. The highest score went to Norway with GDP per capita amounting to 190 of the average in the 27 EU countries, partly on account of its natural resources.

The Baltic states, where the economy grew much faster between 2003 and 2007, have been plunged into a deeper recession from which they are not going to recover until after 2010. The situation in these countries resembles to some extent that of the Russian economy, and this goes also for their respective golf markets, which are said to be down by up to 40% this year.

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

	Population	2007	2008
Denmark	5,500,510	120.0	118.3
Finland	5,250,275	115.8	115.0
Sweden	9,059,651	122.2	121.4
Iceland	306,694	121.1	118.7
Norway	4,660,539	178.4	190.0

2. GOLF INFRASTRUCTURE AND PARTICIPATION

Relative affluence in all Nordic countries has made it easier for golf participation to increase in the last years, in a region that enjoys outstandingly high rates of general sports participation. However, nowhere has golf become such a popular sport as in Sweden, where an estimated 6.3% of the population are registered golfers. Golf has grown in that country due to easy access to facilities, making it a part of Sweden's egalitarian society, but participation has reached a peak in 2004 and has been slowly declining since then.

The penetration of golf in Denmark, Finland and Norway has reached between 2.2% and 2.6%, still making it a more popular sport than in many other European countries. Furthermore, participation rates are strikingly

high among some categories of the Nordic population : for example, it has built up to about 10% of the population aged between 60 and 69 years in Denmark.

Golf participation

	Registered players (2008)	% of population rounded off
Sweden	573,523	6.3%
Denmark	145,310	2.6%
Finland	132,393	2.5%
Norway	122,000	2.6%
Iceland	15,800	5.1%

Source; European Golf Association and national federations

It should be added that these figures may be somewhat misleading, since they only take into account registered golfers. In Sweden, for example, the golf federation indicates that the number of registered golfers includes a much lesser number of about 522,000 active golfers, then again about 1.1 million Swedes play golf at least once per year.

Similarly, it is estimated that about 35,000 Icelanders play golf at least from time to time, making it the most popular sport in the country, ahead of football. In fact, Iceland is the country in the world with the largest number of holes per capita.

These participation rates are all the more remarkable since golf remains a seasonal sport in the Nordic countries, due to their climate. The benchmark survey published by KPMG in 2007 showed that there were only about 234 playable days per year in the Nordic countries. The further north you go, the shorter the golf season. Therefore, KPMG estimated that an average of 85 rounds was played per playable day on 18-hole courses in the Nordic countries, including 59 member rounds and 26 greens fee rounds.

This is partly compensated by golf tourism. About half of Danish golfers travel abroad to play golf each year, be it only in Sweden, where there are more and often cheaper courses. Furthermore, it is estimated that about 250,000 Swedish golfers travel abroad to play golf on average 1.5 times a year – amounting to 375,000 golf trips by Swedish golfers each year. This significantly affects the golf market in these countries, since golfers are likely to buy at least one piece of apparel on their travels.

- **3. MARKET SIZE**

Consumption of golf apparel in the Nordic countries is boosted by several factors, ranging from the relatively high average income of the population to the climate, calling for acquisitions of valuable weather-proof apparel. On the other hand, the market is limited by the short playing season, implying less need for renewals.

Even within the Nordic countries there are marked differences in terms of climate, which have a substantial impact on sales. For example, the market for golf apparel is about 30% smaller in Norway and Finland than in Denmark, which is located further south, although all three countries have a roughly similar number of registered golfers.

Furthermore, macroeconomic statistics show that, due to the climate, people in the North spend less on clothing and footwear and more on their homes. While the cocooning pattern has been international in recent years, the Nordic populations spend less time outdoors. However, the wealthier people like to travel to sunnier locations, and golf is one of the activities that they like to practice most when they leave the their countries.

Another factor affecting consumption of golf apparel is the fact that dress habits on golf courses in the Nordic countries are often fairly informal, meaning that players may turn up with jeans and other types clothes that are not designed for golf. Then again, many players in the Nordic countries are set on technical apparel that will enhance their appearance and, supposedly, their play, while protecting them from the cold, the wind and the rain.

Our estimates on the size of golf apparel and footwear markets are partly based on the official trade statistics for golf equipment, in the absence of any such statistics for golf clothing and footwear.

While the equipment figures provide an indication of the scope for golf consumption in the Nordic countries, our more detailed estimates for the size of their apparel and footwear markets are based on wide-ranging documentary research, and interviews with leading suppliers, distributors and retailers in each of these countries.

Our estimates add up to sales of golf clothing worth about €80.5 million after VAT in 2008, making the Nordic countries one of the most enticing regional markets in Europe. With nearly 200,000 pairs sold in the region, golf shoes should have generate sales of more than €29 million. The report gives a detailed analysis of market size and growth (or decline) for each country.

Sweden

This is by far the largest golf apparel market in the region and the second-largest in Europe, due to the size of its population and its outstanding golf participation rate. The market size indicated here amounts to a relatively low spending per registered golfer, but it should be added that the number of active golfers is lower, and that the figures are distorted by the existence of a separate market for corporate sales, sometimes used by Swedish players to evade VAT payments.

Another issue for penetration of the Swedish market is that it is led head and shoulders by a spate of Swedish brands. The market has been under pressure in the last years due to the decline in participation, which was intensified by the economic troubles affecting the country since the second half of 2008.

Denmark

The Danish golf market has been growing at an average rate of about 5% a year lately, thanks in part to a gradual increase in the number of members – in contrast with the recent developments in Sweden and Norway. It has flattened lately because of the economic recession and is likely to stay that way in the foreseeable future.

In spite of recent efforts by the Danish Golf Federation to stimulate participation among the younger people, starting at 11 or 12 years of age, golf is not regarded as a fashionable sport by the younger generations, and this is a cause of worry among the operators in the market, who are envisaging a growing battle for market shares.

Norway

While Norway has a smaller number of registered golfers, the average price of a garment bought in the Norwegian pro shops is generally higher than in Sweden, Denmark or Finland, according to industry officials. This is because of a desire to protect the body from the cold, the wind and the rain that is strongly felt in the country, explaining in part the international success of Norwegian outerwear brands such as Helly Hansen or Bergans.

Finland

he number of registered golfers is slightly higher than in Norway, but as also the import statistics for golf equipment show, the Finns tend to spend less on a per capita basis.

Denmark has a higher number of players than Norway and Finland. The differences in market size between Norway and Finland, where the number of golf players is roughly similar, are partly related to the spending power of the population. They are also reflected in the figures calculated by Sporting Goods Intelligence for per capita spending on all kinds of sporting goods in 2008:

Norway	€342.36
Sweden	€283.19
Finland	€191.30
Denmark	€181.29

Iceland

The Icelandic golf apparel market is boosted by its outstanding golf participation rate, but limited by the highly informal dress codes on Icelandic courses. The market declined by an estimated 10%, which is not dramatic given the country's economic situation.

Leading brands

One of the most striking characteristics of the golf apparel market in the Nordic countries is that sales concentrate on brands from these same countries. **Galvin Green** and **Abacus** are leading players across

the region for weatherproof garments and men's golf apparel, while **Daily Sports** leads the way for women's apparel.

This is partly due to the fact that the Nordic climate requires reliable weather-proof garments, and that consumers will more easily rely on one of their home-grown suppliers, or on other Nordic brands, to provide this protection. The same consumer behaviour of favouring Nordic brands is observed with regards to outdoor clothing. In fact, quite a few of the leading Swedish golf brands are issued from the ski and outdoor business, from **Peak Performance** to **Cross Sportswear** and **Five Seasons**.

This leaves very little space for international brands. British, Italian, German and French brands are all poorly represented in the Swedish golf apparel market. Even the heavyweights from the international sports business, **Nike Golf** and **Adidas Golf**, still have only a relatively meagre turnover in Sweden, having a hard time to establish their credibility among golfers. They have more important positions in Finland, Norway and Iceland, where the market is smaller with fewer local players.

The prevalence of Swedish and other Scandinavian brands is further related to consumer preferences for Nordic style. This calls for slim fits and slick cuts, providing a clean and contemporary look for men, with only slightly more details for women. This has strongly played against American brands and even some British brands, which are often perceived as plump. Those offering adjusted ranges for the European market, with a specific eye to Nordic consumers, are faring much better.

That said, there are some subtle differences among golfers in the Nordic countries. For example, the preferences of the Danes lie somewhere between those of their Swedish and German counterparts. Norwegians tend to go for higher price levels and more technical features.

Footwear

FootJoy is the market leader in the Nordic countries, but its market share is lower than in many other European countries. **Adidas Golf** has made rapid strides with footwear sales in the last year, overtaking **ECCO** in Sweden, for example, and becoming Number One in Iceland. **Nike** is particularly strong in Norway. That still leaves space for several other brands in the Nordics, from Nike Golf to Etonic and Callaway Golf.

4. PRODUCTION AND DISTRIBUTION

There are producers of golf clothing in Sweden, Denmark and Finland, but none in Norway. Some distributors of golf apparel or footwear have also their own lines of golf equipment. This is the case, for example, with Chrisco Sport in Norway, which also has a line of footwear, and the younger House of Sport in Denmark.

The smaller the market, the easier it is for the major generalist brands to have a strong position in the country, thanks to the big weight of their organisation and broad range of other products in their catalogue. This facilitates their negotiations with major retailers and the logistic follow-up. Thus, Nike is said to be the biggest brand of golf products all-around in Norway, while Adidas claims to be the largest brand of golf shoes in Iceland and the second-largest one in Finland and Norway. This can depend very much on the human element involved rather than on the business model being pursued.

Thus, pure golf brands can do wonders, too, especially if they find the right distribution partners or hire the right salesmen. Some examples of that are given throughout the report.

Scandinavia is often handled as a regional market, in which Sweden takes the lead, due to its larger size. A few brands have started strengthening their business in Scandinavia by setting up a sales office in Sweden, which then supervises distributors and agents in neighbouring countries. The prevalent model is that its partners in Denmark and Finland are agents, whereas Norway is more often covered by a distributor, due to customs issues related to the fact that Norway is not (yet) a member of the European Union.

Another factor that favours this model is that quite a few of the leading brands in the Scandinavian golf apparel market are Swedish. As a consequence, there are few distributors of golf apparel in the Swedish market, and most of them carry several brands of equipment along with apparel.

There aren't many subsidiaries of international brands in Sweden either, other than brands selling equipment and golf ranges belonging to larger international sporting goods companies. For example, Nike, Adidas and Puma all have subsidiaries in Sweden, which supervise the Nordics region and may be used for their golf ranges in terms of infrastructure and sometimes even partly shared management.

There are some exceptions to the Swedish dominance in the region. Capitalising on the geographical position of Denmark as a bridge between the European Continent and the Scandinavian region, some entrepreneurial Danish importers have contracts for more than one country.

As another example of a diverging model, Acushnet has decided to organise the management of its regional sales by brand, and not by country. For example, the manager in charge of FootJoy sales throughout Scandinavia is based in Denmark, not in Sweden.

However, it should be pointed out that only a few agencies or distribution companies, even in Sweden, do have rights beyond their own countries. This is due to language differences, the specific aspects of each of the countries, their distinct currencies and the status of Norway and Iceland outside of the European Union. Furthermore, as detailed below, there are few overlaps in customers among any of these countries, with possible exception as the pro shops affiliated with Golfstore.

5. RETAILING

Retailing of golf apparel and footwear in the Nordic countries is still led by on-course stores, and they are supported by some influential buying groups in Sweden and Denmark. However, there has been a marked shift in the last years towards stronger off-course retailers in every country except in Norway. In both Norway and Finland, multi-sport retailers such as **G-Sport** and **Intersport** play an important role in the market.

The only golf retailer with a presence across most of the Nordic countries is **Golfstore**, a Swedish-based buying group for on-course stores. Sales of its members reached about 550 million SEK excluding VAT in 2008, comprising 116 members in Sweden, 31 in Denmark, 21 in the Netherlands, 10 in Austria, 83 in Germany and another 16 in Norway, which Golfstore started exploring in 2008. Just over 20% of its sales are derived from apparel, including rainwear.

The rise of the off-course retailers is epitomised in Sweden by **Dormy**, a Swedish chain of large-scale stores that doubled its network to six stores in 2008. Its sales reached 160 million SEK in 2008, but bearing in mind that half of its stores were opened towards the end of the year and that it has since acquired a huge outlet in Gothenburg, Dormy stands to further widen its market share in 2009. Furthermore, Dormy has attracted growing number of consumers from Denmark and other Nordic countries in 2008, due to the currency situation.

For the other countries, we could mention growing medium-sized off-course golf retail chains such as **Golf Experten** in Denmark or **Golf Center** in Finland; They are all reviewed in the respective country reports. The same goes for **Spoleman** in the Baltic states, which is both the leading wholesaler and retailer there.

While Sweden's on-course stores are well organised, still making up an estimated 60% of the country's golf apparel market in 2008, they are sometimes struggling to compete with the wider offer of Dormy and other off-course retailers. These include **Stadium**, the country's largest sports retailer, which has failed to expand as a golf specialist with the Golf Stadium banner, but still has a sizeable golf department in more than half of its 110 stores. Stadium has a smaller presence in the Danish and Finnish golf markets.

Anyhow, the national borders are to some extent symbolic in Scandinavia. Many golfers, especially in Norway, shop over the internet to get the lowest possible prices and to overcome the long distances that separate them from the bigger golf stores where they can find a sufficiently large assortment of products. The fact that Norway doesn't belong to the European Union doesn't prevent Norwegian golfers, especially those located in the Oslo area, to look for bargains across the border in Sweden, where prices are very competitive right now because of the recent devaluation of the Swedish kroner. Similarly, shoppers in Copenhagen have been used to crossing the bridge into the Swedish city of Malmö to buy golf products at the huge Dormy store in the city.

Despite the competition from foreign retailers and from e-commerce operators inside and outside the country, at least 80% of the Norwegian market for golf products is still in the hands of regular brick-and-mortar retailers.

In contrast with all the other mature markets, there are no major off-course specialists in Norway. The business is largely split between a few large sporting goods stores, operating for the most part within the Oslo metropolitan area, and about 90 pro shops situated in golf courses all over the country. The number of pro shops has increased in the last few years, and they account for about 70% of the total Norwegian market for golf products in general, including clothing and footwear.

Kesko in **Finland** and **Gresvig** in Norway are the major retail operators in their respective countries, and they both have a relatively important position in the golf market. This is particularly the case with Kesko as the licensee of Intersport in Finland.

In all the Nordic countries, more and more golfers are buying their equipment over the internet, and this is also happening to some extent for golf shoes, but they still prefer to buy golf clothes in brick-and-mortar stores. The better specialist golf retailers prefer to sell golf clothing because it gives them higher mark-ups and makes it more difficult to draw comparisons with the prices offered on the internet.

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 3

IRELAND

Premium Golf Brands
Fade Agency
Douglas Bailie Group
International Golf Collections
PR Golf Distribution
McGuirks Golf
Halpenny Golf

BELGIUM

Xandres Golf
Baleno
Buva Sport
Golf Services
CVR

THE NETHERLANDS

Golfjunkie
Lemonfield
Poodle
Golfers World
Twinhills
Dutch Golf Gear (DGG)
Monsie
Van Turenhout
Toema
Golf Plaza
Jumbo Golfwereld
Golf USA

DENMARK

ECCO Golf
Golf Copenhagen
BackTee
Acushnet Denmark
Golf Kompagniet
OutDoor Sport
Golf in Denmark
House of Sport
GolfExperten
Golfstore
PGA Golfshop

NORWAY

Outlook Sport Norge
Chrisco Golf
Golfsko.no
Golfstore Group
G-Sport

SWEDEN

Galvin Green
Daily Sports
Lanner Socks
Abacus
Röhnisch
Peak Performance
Casall
J. Lindeberg
Five Seasons
Didriksons
Cross
Oscar Jacobson
Lobster Golfwear

Ivanhoe
Hahnenkamm
2117
FootJoy
Lyle & Scott
Adidas Golf
Nike Golf
Puma Golf
Cutter & Buck
Sports Scandinavia
Professional Back Up
British Golf Brands
Dormy
Golfstore Group
PQ - Pro Quality

FINLAND

Rukka
Halti
Peak Performance
Golf Ace
Sultrade / Catmandoo
Golf Center Oy
Intersport / Kesko

ICELAND

Cintamani
Zo-On
66° Norður – 66° North

BALTIC COUNTRIES

Spoleman
Golfera
GolfLife Shop

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