

Sports Equipment

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China manufacturer profiles

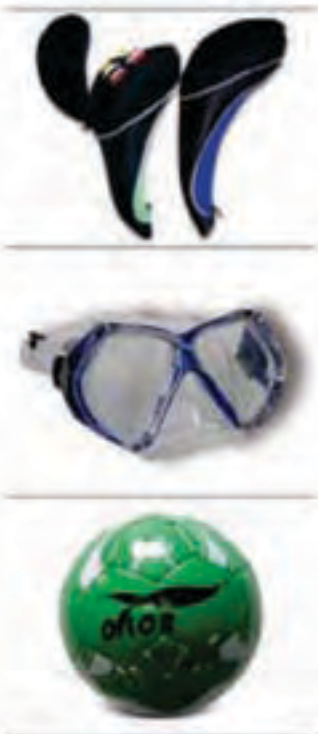
Detailed profiles of 23 verified suppliers and contact details of an additional 12 exporters

Product & price trends

Prices and specifications of 92 top-selling export products

Supply centers & market trends

Coverage of leading and emerging supply centers, plus insight into capacity, output and R&D



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SPORTS EQUIPMENT

Supplier capability in China

EXECUTIVE SUMMARY

China's sports equipment industry has a positive outlook on export sales in the months ahead. Many suppliers are anticipating growth of more than 10 percent by the end of the year, buoyed by strong demand generated by the FIFA World Cup in South Africa and other international events during the first half. Several are also optimistic of global economic recovery becoming more stable, stimulating market interest in the latter months and through 2011.

Customs statistics for the first six months of 2010 support the sector's confidence. During the period, revenue from overseas shipments rose 22 percent to nearly \$2.5 billion. Should earnings continue to accelerate at this rate, it will breach the \$4 billion mark by December.

Nonetheless, while confident that demand will remain on the upswing, many suppliers are concerned that rising costs and other issues may blunt gains during the first half. Consequently, they are implementing various measures to boost sales and reduce risk.

The following are some of the key developments we see in China's sports equipment industry:

- Prices are expected to remain relatively stable, with most companies intending to maintain current quotes as long as there is no significant increase in manufacturing outlay. Some enterprises intend to shoulder additional expenses to keep adjustments to a minimum.

- To insulate their margins from the effects of this pricing scheme, cost control is a key strategy in coming months. Many companies are streamlining operations and minimizing wastage to obtain savings. Some are automating more processes.

- More models will be designed for the midrange. Several enterprises are shifting the sales mix toward higher-value products since they can no longer

sustain margins in the low end amid elevated costs.

- In line with efforts to move upmarket, safer and more environment-friendly designs are in the pipeline, especially those for children. Aesthetics, ergonomics and performance will also continue to improve.

- For added differentiation, several of makers are building up their OBM businesses by promoting in-house brands at international and local trade shows or sporting events.

- North America and Europe will remain the primary target of overseas-bound models. A number of companies will also be expanding their customer bases in South America, Africa and other emerging economies.

The report covers the major types of sporting goods exported from China, namely golf equipment, rackets, skates and skateboards, sports balls, winter and water sports equipment, inflatable boats and protective gear.

Each product category has its own section that provides details on the common features and price determinants of major product lines. The latest trends in terms of design and materials are also discussed.

A description of the supplier base can be found in the sections. Key characteristics of small, midsize and large suppliers are highlighted.

The Industry Overview discusses the issues and market development affecting manufacturing and exports. It also identifies the strategies being implemented at most companies in the face of these challenges and opportunities.

To reflect the industry structure, more than 85 percent of the suppliers interviewed for this report are based in the provinces of Guangdong, Fujian, Jiangsu and Zhejiang. Together, these hubs account for over 80 percent of China's revenue from overseas shipments of sports equipment.

In this report

- 23 in-depth company profiles
- 12 top-selling export products
- 92 top-selling export products
- Supplier demographics
- Supplier survey
- Industry statistics & charts

METHODOLOGY

To produce this report, Global Sources surveyed a wide range of suppliers. Rather than focus simply on high-profile makers, we compiled a representative sample of large, midsize and emerging manufacturers. All profiled companies are export-oriented professional suppliers that are verified by Global Sources.

Each supplier is confirmed to be authentic with a legally registered business. All companies are visited three or more times to ensure they are export-ready and have real offices and products.

The listed contact person has been verified to represent the registered company. In each case, companies were required to answer specific questions designed to verify their manufacturing and export credentials.

All profiled suppliers participated in a survey designed to provide insight into product and price trends, and challenges facing the industry. All survey questions are single choice.

Suppliers are ranked based on a 6-star ranking system. Companies with a higher star ranking provide more business information and verification reports on their Global Sources online homepages.

Suppliers rated 5 or 6 stars have a Credit Check report from First Advantage or Sino-Trust and a Supplier Capability Assessment report provided by Bureau Veritas online.

The rankings are correct at the time of publication and may be subject to change.

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INDUSTRY OVERVIEW

China's sports equipment industry is seeking to sustain momentum generated by the FIFA World Cup in South Africa and other athletic events in the first half of 2010. Many suppliers are anticipating total overseas earnings for the year to rise more than 10 percent. Demand is also expected to strengthen as the global economic recovery becomes more solid.

The sector looks set to achieve projected growth, with export sales from January to June already having risen 22 percent YoY to nearly \$2.5 billion. The increase is significant for the industry, considering that revenue for the whole of 2009 was down 12 percent from the previous year.

North America was the largest market, generating nearly 40 percent of overseas business. The EU and the Asia-Pacific region were also important destinations, accounting for 26 and 23 percent of sales, respectively.

Among the various categories, golf equipment achieved the highest growth. After declining 18 percent in 2009, revenue from overseas shipments surged 40 percent YoY to exceed \$600 million.

Sports balls were another strong line, posting a 34 percent YoY increase to \$512.2 million during the first half of the year. This is in contrast to the sales for whole of 2009, which slipped 6 percent from 2008. Suppliers of soccer balls, in particular, reported export revenue climbing 20 to 50 percent during the period.

While demand may be on an uptrend, however, the industry still faces a myriad of issues that contribute to some uncertainties. Without another big sporting event in coming months to stoke demand, many makers are wary that these challenges may cause orders to decline and blunt earlier gains.

For one, the labor shortage continues to cripple factories, slowing production time by about one-third. Already, some businesses are rejecting orders due to limited capacity and cost problems. The jump in wages exacerbates the situation, as it pads manufacturing expenses.

Another dilemma is the rise in key raw material costs. Rates have increased at least 5 percent in past months, a trend projected to continue for the rest of the year. Natural rubber, in particular, achieved record highs due to tight supply. In July, spending for the material was 60 to 80 percent higher YoY.

Some companies are also concerned about the yuan's appreciation against the US dollar, as this may affect their pricing edge in key markets.

Product strategies

To close out the year on a positive note and ensure strong sales in 2011, sports equipment suppliers are stepping up R&D efforts in conjunction with relevant strategies meant to improve efficiency and meet growing demand.

Many are looking to expand deliveries to key markets such as North America and the EU. Several are eyeing potential outlets as well, in light of the EU debt crisis.

South America and Africa top lists of alternative destinations, particularly for sports balls, skates and skateboards. The two areas, together with Central America, account for more than 10 percent of sales in the lines.

Most models will continue to be designed for youth recreation. Currently,

Supplier summary

Suppliers surveyed	23
Export sales	\$88.2mn
Export ratio	87%
OEM business	73%
Capacity utilized	69%
Annual R&D spending	\$7.8mn
Full-time employees	8,031

Data: All surveyed suppliers

the professional segment accounts for less than 20 percent of exports.

To differentiate their products in target geographic and user segments, a number of makers are advancing their OBM business, mainly to emerging markets and the home front. Under this effort, several are participating in domestic and international trade shows and sponsoring sporting events.

As regards R&D, suppliers are focusing more on midrange lines. With manufacturing outlay on the rise, most find it difficult to maintain or obtain better margins from low-end models. Product development and related tasks will generally remain in-house functions, but a few enterprises are consulting overseas-based design houses, national sports teams or leading athletes for ideas.

Ergonomics, visual appeal and performance continue to be key considerations in R&D. Additionally,

Major customers

Company

Easepal	Target, Cabela's, Bass Pro, Menards (US); AutoZone (Mexico); Carrefour, Casino (France)
Elans	Diadora (Italy)
Logo Emblem	Hard Rock Café (US)
Ltsourcing	Tesco (India, UK), Molten (Japan)
New Time	Target, Disney (US)
Xiamen KingQueen	Bremel (Austria); Dragon Marine (the Netherlands); Ray Frost, BCF (Australia); Vigeland (Norway)
Xiamen Xinhuaobao	MTC-DITEMS (the Netherlands), Dwyer (US), ABB (Italy)
Zhejiang Jinbang	Tesco, Wal-Mart, Argos, Asda, K-mart, Auchan (UK)

Domax International Group Ltd



Hong Kong-based Domax generated \$5.6 million or 12 percent of its total sales last year from sports equipment. Averaging 150,000 pieces each month, output in the line included golf balls, rackets, skates, diving goggles, inflatable boats and protective gear.

Ninety percent of the turnout was sent overseas, with the EU, the Middle East and North America absorbing about 90 percent. Products were also shipped to non-EU countries and the Asia-Pacific region.

Designs bearing the in-house Domax brand accounted for 40 percent of

exports. The balance consisted evenly of OEM and ODM orders.

The company invests more than 5 percent of annual sales in R&D. It has a team of 20 specialists handling related tasks.

Production is carried out in three factories, one in Zhejiang and two in Guangdong province. Occupying a total area of 30,000sqm, the plants are equipped with bladder-processing, vulcanizing, laminating, plastic-injection, heat-sealing, cutting and sewing machines. Mold making and surface treatment are done in-house.

Company facts

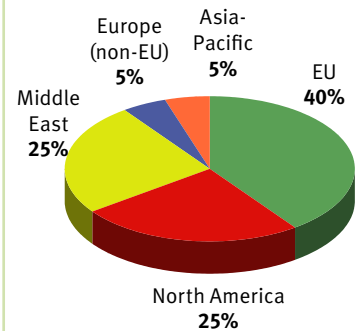
Year established	1995
Business type	Manufacturer
Company ownership	Hong Kong-invested
Head office location	Hong Kong
Number of factories	3
Factory location(s)	Shaoxing (Zhejiang), Guangzhou (Guangdong)
Total factory area	30,000sqm
No. of full-time employees	150
No. of R&D/design staff	20
No. of QC staff	30
Annual sales (all products)	\$45.0mn
Annual R&D spending	\$2.5mn
ISO certification	Yes

Sales & output: Sports equipment

Annual sales	\$5.6mn
Share of total sales	12%
Annual export sales	\$4.5mn
Total monthly capacity	150,000 units
Average monthly output	150,000 units
Capacity utilized	100%
Average monthly exports	135,000 units
Export ratio	90%
OEM % of exports	30%
ODM % of exports	30%
OBM % of exports	40%
Other products made	Fitness equipment; fragrance; makeup; skincare & hair care products

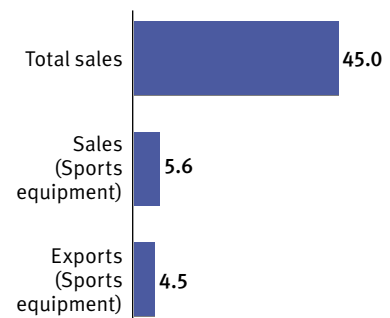
Profile

Export markets



Sales

\$mn/yr



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Capability

Production checklist

Makes molds in-house	Yes
Bladder-processing machines	100
Vulcanizing machines	50
Laminating machines	50
Plastic-injection machines	35
Heat-sealing machines	50
Cutting machines	50
Sewing machines	250
In-house surface treatment	Yes

Exports by product

Golf equipment	15%
Rackets	10%
Skates & skateboards	20%
Sports balls	—
Winter sports equipment	—
Water sports & diving equipment	20%
Inflatable boats	15%
Protective gear	20%
Other sports equipment	—

Exports by market

North America	25%
European Union	40%
Europe (non-EU)	5%
Asia-Pacific	5%
Middle East	25%
Other	—

Survey

- **Export prices**
Increased
- **Export price increase**
Less than 5%
- **Export sales**
Increase 10-20%
- **Target market**
Europe (non-EU)
- **Capital expenditure**
No increase
- **Major challenge**
Price competition
- **Export capability**
Increase staff training
- **R&D focus**
Value-added functions

Popular export models



Skates

Model	SC001
MOQ	60 pairs
Packaging	Colored box
Delivery	35 days
Price	•

Description: Inline skate; aluminum alloy, spandex, PU; PVC wheels; PP and PE shell; sizes sizes S to L; CE



Water sports & diving equipment

Model	LGD-411
MOQ	10,000 pairs
Packaging	OPP bag
Delivery	30 days
Price	•

Description: Diving goggles; UV-protective PC lenses; rubber belt; black, silver or blue; ASTM F963, EN 71, GB 6675



Golf equipment

Model	LGW-409
MOQ	1,000 pieces
Packaging	Colored box
Delivery	30 days
Price	•

Description: Golf ball; synthetic rubber core; CE; 12 pieces per colored box

• Information not disclosed

PRODUCT GALLERY

Golf equipment



Domax
(profile page 34)
Model: LGB-409
MOQ: 1,000 pieces
Packaging: Colored box
Delivery: 30 days
Price: •
Description: Golf ball; synthetic rubber core; CE; 12 pieces per colored box



Gostar
(profile page 40)
Model: GB-64
MOQ: 100 pieces
Packaging: PE bag
Delivery: 45 days
Price: •
Description: Golf bag; PU; 35x31x90cm; in various designs and colors; embroidered logos on request



Gostar
(profile page 40)
Model: HC-102
MOQ: 10,000 pieces
Packaging: PE bag
Delivery: 45 days
Price: •
Description: Golf club head cover; nubuck; 32x15x12cm; in various colors; embroidered logos on request



Gostar
(profile page 40)
Model: CGL-66
MOQ: 2,000 pieces
Packaging: PP bag with paper card
Delivery: 45 days
Price: •
Description: Golf glove; tanned cabretta; 22x9cm; in various designs and colors



Jaxy
(profile page 44)
Model: WM05
MOQ: 200 pieces
Packaging: Soft pouch, gift box
Delivery: 10 days
Price: \$8.00
Description: Golf scope; optical glass lens; 8x magnification; 21mm objective diameter; 36ft at 1,000yd or 122m at 1,000m field of view; 7-degree angular field of view; 11mm eye relief; 3m close focus; ASTM F963, CE, EN 71 Parts 1, 2 & 3, HR 4040



Jaxy
(profile page 44)
Model: WM049B
MOQ: 200 pieces
Packaging: Soft pouch, gift box
Delivery: 10 days
Price: \$8.00
Description: Golf scope; optical glass lens; 7x magnification; 18mm objective diameter; 420ft at 1,000yd or 140m at 1,000m field of view; 8-degree angular field of view; 12.4mm eye relief; 3m close focus; 8x3cm; 50g; ASTM F963, CE, EN 71 Parts 1, 2 & 3, HR 4040

• Information not disclosed

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