



BTC TRADE FOR DEVELOPMENT



***GERMAN MARKET FOR
FAIR (AND SUSTAINABLE)
SPORTS BALLS***

Author: Facts Figures Future, <http://www.3xf.nl>

Managing Editor: Carl Michiels

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CONSUMPTION

Germany is one of the promising EU countries for sports balls producers from developing countries. This chapter provides information on the German market for sports balls, fairtrade in Germany and fairtrade/FSC sports balls in Germany. German imports of sports balls and the most important distribution channels for sports balls in Germany will also be discussed, together with the most important players on the German (fairtrade/FSC) sports balls market. For more information on sports balls consumption on a global and EU level, please refer to chapter 4 Consumption of the main document. For consumption in other promising EU countries, please refer to the separate documents.

> GERMAN MARKET FOR SPORTS BALLS

German consumption of sports goods for team sports had a value of approximately €794 million in 2008. About 15% of the German sporting goods market share consists of football articles. Clothes form the largest group within football articles (65%), followed by shoes (23%) and equipment (12%), including balls. In May 2010, just before the Worldcup Football 2010, the German market share of football articles increased to 24%. This confirms the fact that sales of sporting goods, including balls, are stimulated by major sports events.

There are about 91,000 sports clubs in Germany. About one third of the German population practise sports in a sports club, which are more than 27 million persons. Regarding the number of sports clubs members for ball sports, football has by far the highest number (about 26.5% of total sports clubs members), followed by handball (3.4%), volleyball (1.9%) and basketball (0.8%). Adidas is the most used sports ball brand in the field of professional football in Germany. In German amateur football, Derbystar is the market leader.

CODES OF CONDUCT

About ten years ago interest in ethical produced sports balls increased in Germany. Nowadays, more than 80% of German companies that buy sports balls have their own code of conduct with which sports balls producers need to comply. The most important aspect in these codes of conduct is child labour. The companies that do not have a code of conduct generally are already working for a long time with their suppliers and trust that the working conditions are ethical.

> FAIRTRADE IN GERMANY

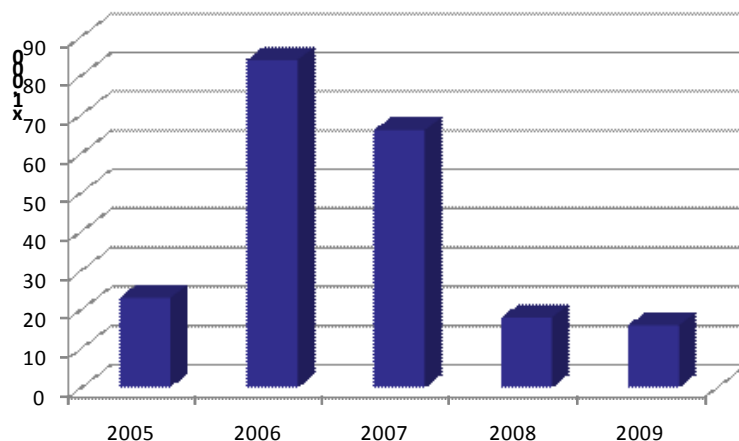
Sales of fairtrade products in Germany showed growth for the sixth consecutive year. In 2009, German sales of fairtrade products had a value of €267 million, a growth of 26% compared to 2008. This increase is especially due to a broader assortment of fairtrade products, more Fairtrade licensed partners and an increasing number of shops where fairtrade products can be bought.

Coffee is the most sold fairtrade product in Germany, followed by flowers, juice and textiles. Textiles, ice and flowers showed the highest growth. Most fairtrade products in Germany are imported from Latin America (about 60%). Other important continents are Asia (25%), Africa (13.6%) and Europe (1%).

> GERMAN MARKET FOR FAIRTRADE/FSC SPORTS BALLS

Sports balls is the smallest product group within fairtrade products in Germany. In 2009, 16,000 official fairtrade sports balls were sold, this is a decrease of 6% compared to 2008. More than 90% of these sports balls were footballs. Figure 1 shows the development of fairtrade sports balls sales in Germany between 2005 and 2009. As can be seen, sales of sports balls peaked in 2006. The main reason for this peak was the Worldcup Football 2006, which was held in Germany that year.

Figure 1 Sales of fairtrade sports balls in Germany, 2005-2009, in items



Source: Transfair (2010)

Besides sports balls with the official logo of Fairtrade, another 10.000 sports balls are sold in Germany per year which are produced in a fair way but that do not have the official Fairtrade logo.

According to experts, less than 1% of total sports balls that are sold in Germany are fairtrade. Important factors that impede growth in the use of fairtrade footballs in Germany is the strong commercialisation of football and the fact that Germans are very price sensitive and are generally not willing to pay a higher price for sports balls than is necessary. Another problem for the future is that the newest sports balls are not hand-stitched anymore, but glued. It is expected that demand for glued ball will increase at the cost of hand-stitched fairtrade balls.

An important customer of fairtrade sports balls in Germany are businesses that want to use fairtrade sports balls as promotional material for their company. The use of fairtrade sports balls by professional sports clubs is not expected to happen, as these clubs generally have contracts with big brands like adidas and Nike who do not offer fairtrade balls (yet).

Germany has the highest number of Fairtrade certified sports balls importers in the EU. These importers are Derbystar, Fair Deal Trading, GEPA, Puma and Uhlsport. The Swiss company Tramondi (<http://www.tramondi.com>), specialised in sports articles and promotional items, also supplies fairtrade sports balls to the German market. Fair Deal Trading is the only importer of FSC sports balls.

The German market for FSC sports balls is therefore much smaller than the market for fairtrade sports balls.

WOMEN WORLDCUP FOOTBALL 2011

According to German fairtrade sports balls experts, sales of fairtrade sports balls always increase during large sports events. This is because fairtrade balls are generally heavily promoted during such events by companies that take the fairtrade balls in their assortment as a temporary product. In 2011, the Women Worldcup Football will be held in Germany and sales of fairtrade sports balls are expected to increase significantly during this event.

IMPORTS

In 2009, Germany was a large importer of sports balls, ranking first in the EU, ahead of France and the UK. Between 2005 and 2009, total import value annually decreased by an average 0.5% to €65 million in 2009. Since imports from DCs decreased at the same pace, the total share of DCs in import value remained virtually stable at 74%.

In 2009, leading suppliers to Germany were China, Pakistan, Thailand, the Netherlands and Belgium. Belgium recorded highest growth in the period mentioned (+63% per year; due to relocation of transit trade from the Netherlands to Belgium), followed by China and Thailand (6.8% and 7.1% respectively). Imports from Pakistan declined (-6.3%), as did imports from India (-30%). Imports from Vietnam grew by 4.3% per year. Refer to Table 1 for more information.

Table 1 Imports by and leading suppliers of sport balls to Germany, 2005-2009, share in % of value in 2009

Supplier group	2005 € mln	2007 € mln	2009 € mln	Leading suppliers in 2009	Share
Total	67	66	65		
Intra-EU	15	15	14	The Netherlands (7.4), Belgium (5.8), Italy (3.5), Czech Republic (1.0), Denmark (1)	21
Extra-EU excl. DCs*	3	3	3	Taiwan (2.5), Hong Kong (0.9), Japan (0.7), USA (0.3), Australia (0.2)	4.8
DCs	50	48	48	China (37), Pakistan (27), Thailand (7.8), India (1.4), Vietnam (1.2), Macedonia (0.1), Malaysia (0.1), Brazil (0.1)	74

Source: Eurostat (2010)

*DCs=Developing Countries

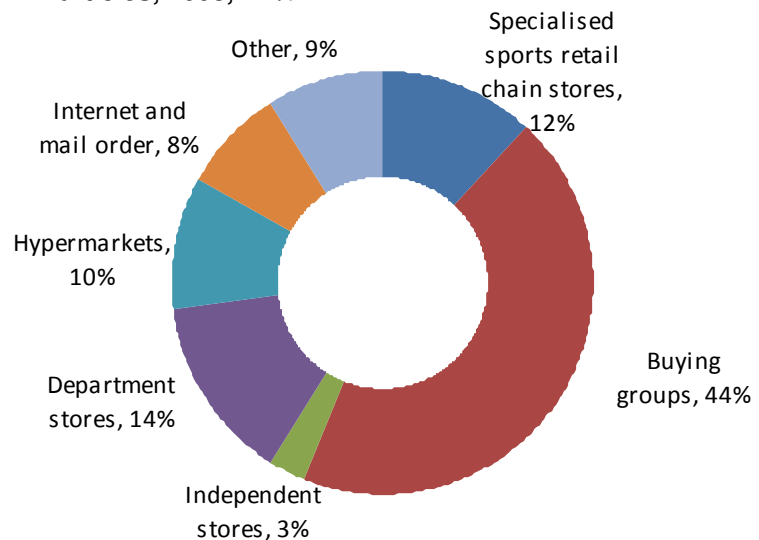
DISTRIBUTION CHANNELS IN GERMANY

The most important distribution channels for sports balls in the EU are multinationals (like adidas and Nike, but also regional brands), sporting goods importers and wholesalers and sports retail chains.

Some non-specialised retail chains, such as supermarkets, hypermarkets and department stores also have sports balls in their assortment. In the case of fairtrade/FSC/sustainable sports balls, specialised fairtrade importers are also an important distribution channel.

Demand for sports balls in Germany comes from professional sports clubs, amateur sports clubs, schools and private persons. Figure 2 gives an overview of market shares of the German sporting goods retail market in 2008. Especially web shops, both of importers and sports retail chains, are becoming an increasingly important distribution channel for sports balls.

Figure 2 Market shares of retail trade channels for sports articles, 2008, in %



Source: VDS (2009)

> SPORTS RETAIL CHAINS

As can be seen in figure 2, the retail German sporting goods market is dominated by specialised sports retail chains (which consist of sports retail chain stores, sports buying groups and independent sports stores). Together they have a market share of almost 60%. German retail sports chains generally sell well-known sports ball brands like adidas and Nike and often import directly from these large sports brands. The main customers of sports retail chains are sports clubs, schools and private persons who purchase sports articles in a local sports retail store or increasingly through web shops of the sports retail chains. Important sports retail chains in Germany are:

- > **Intersport** - <http://www.intersport.de> - international sports retail chain with more than 1,400 establishments in Germany. Intersport does not have fairtrade sports balls in its standard assortment. However, it does have an own code of conduct.
- > **Sport 2000** - <http://www.sport2000.de> - European sports retail chain with approximately 971 shops in Germany.
- > **SportScheck** - <http://www.sportscheck.com> - German sports retail chain with 15 shops in Germany. Sells different types of sports balls, especially through their web shop.

> SPORTING GOODS IMPORTERS/WHOLESALERS

Importers and wholesalers in Germany mainly sell to sports clubs, schools and sports retail chains through their web shops and sometimes also sell to non-specialised retail chains such as department stores and supermarkets. Examples of German importers/wholesalers are:

- > **Adidas** - <http://www.adidas-group.com> - one of the leading international sporting goods brands with headquarters in Germany. Adidas does not sell fairtrade sports balls, but does have its own code of conduct regarding the ethical production of their products.
- > **Ballshop2go** - <http://www.ballshop2go.de> - wholesaler in sports balls of different brands. Does not sell private label balls.
- > **Derbystar** - <http://www.derbystar.de> - specialised importer of different types of sports balls who markets the sports balls under its own brand name Derbystar. In 1998 the company established an own social code of conduct. Since six years Derbystar is a licensed Fairtrade importer of footballs and since 2009 it supplies fairtrade handballs as well. Also other types of fairtrade sports ball (for example volleyball or basketball) can be delivered on demand. The company is market leader in the German market for fairtrade sports balls.
- > **John Toys** - <http://www.john-toys.com> - specialised in toys, including sports balls. From 2011 the company will be Fairtrade certified and sell fairtrade sports balls.
- > **Müsse Sport** - <http://www.muesse-sport.de> - German wholesaler in sporting goods. Mainly supplies sports clubs and schools.
- > **Puma** - <http://www.puma.com> - multinational importer of sporting goods with headquarters in Germany. Puma is since three years a licensed Fairtrade importer and has one fairtrade football in its assortment. It is the second largest player in the fairtrade sports balls market in Germany.
- > **Sport Saller** - <http://www.sport-saller.de> - wholesaler in football equipment. Sells footballs of adidas, Nike and its own brand Saller.
- > **Sportco** - <http://www.sportco.de> - German wholesaler specialised in the equipment of sports halls, including foot, volley, basket, hand and rugby balls. Mainly supplies schools and sports clubs.
- > **UhlSport** - <http://www.uhlSport.com> - importer of equipment for teamsports, including sports balls. UhlSport became an official Fairtrade certified sports balls importer four years ago and offers two types of fairtrade footballs (available in competition, training and junior ball) of their own brand UhlSport.

> OTHERS

Other distribution channels for (fairtrade) sports balls in Germany are specialised fairtrade importers and non-specialists like department stores, hypermarkets and the Internet. Mail order is also an important trade channel in Germany. Examples of these other channels are:

- > **El Puente** - <http://www.el-puente.de> - specialised importer of fairly produced products. Also sells foot and volley balls which are produced in a fair way, but that do not have the official Fairtrade logo.
- > **Fair Deal Trading** - <http://www.fairdealtrading.de> - specialised importer of fairtrade and FSC certified foot, volley and hand balls of the brand Ethletic and its own brand Fair Deal. Mainly sells through its web shop.

- > **GEPA** - <http://www.gepa.de> - specialised importer of fairly produced products. Also sells foot and volley balls which are produced in a fair way, but that do not have the official Fairtrade logo. GEPA sells its sports balls mainly to worldshops in Germany. In case of large sports events such as the Worldcup Football, GEPA triples its sales of sports balls.
- > **Karlstadt** - <http://www.karstadt.de> - German chain of department stores that also sells sporting goods, including sports balls. During the Worldcup Football 2006, which was held in Germany, Karlstadt temporary had Derbystar fairtrade soccer balls in its assortment.
- > **Lidl** - <http://www.lidl-info.com> - European supermarket chain with headquarters in Germany. During the Worldcup Football 2006, Lidl temporary sold fairtrade footballs.
- > **Otto** - <http://www.otto.de> - one of the leading mail order companies in Germany that also sells sports balls, including a fairtrade soccer ball of Puma.
- > **Sport-Thieme** - <http://www.sport-thieme.de> - mail order company specialised in sporting goods. Its main customers are sports clubs and schools. Sells sporting balls of large brands like adidas, but also markets its own private label balls of Sport-Thieme.

> HOW TO DO BUSINESS IN GERMANY

German companies generally prefer a local contact person. It is therefore recommended to have a local representative. Examples of sources to find contacts in the area of sporting goods in Germany are the National Association of German Commercial Agencies and Distribution (<http://www.cdh.de>), the German German Sports Association (<http://www.dosb.de>) and Sports Contacts (<http://www.sports-contacts.de>), a B2B portal to find business partners in the German, Austrian and Swiss sporting goods industry. For more information on how to do business in Germany, please refer to <http://www.kwintessential.co.uk/etiquette/doing-business-germany.html>.

> USEFUL SOURCES

- > **Eine Welt Zentrum Herne** - <http://www.ewz-herne.de> - religious organisation that organises among others seminars about and campaigns for fairtrade. During the Worldcup Football of 2006 and 2010, the organisation organised campaigns to buy fairtrade balls and published an article about fairtrade sports balls with a list of fairtrade sports balls suppliers in Germany.
- > **Fairtrade Germany** - <http://www.transfair.org> - information about fairtrade products, fairtrade figures and fairtrade research.
- > **Fairtrade Towns** - <http://www.fairtrade-towns.de> - information about German municipalities, sports clubs, churches and schools that are involved in fairtrade initiatives.
- > **Federation of German Sporting Goods Retailers** - <http://www.vds-sportfachhandel.de> - provides figures and research data on the sporting goods market in Germany.
- > **Forum Fairer Handel** - <http://www.forum-fairer-handel.de> - network of German fairtrade organisations. Links to fairtrade related organisations in Germany and information about fairtrade research.
- > **German Association of Sporting Goods Industries** - <http://www.bsi-ev.de> - provides links to different sporting goods suppliers in Germany, including sports balls.
- > **German Football Association** - <http://www.dfb.de>.
- > **German Sports Association** - <http://www.dosb.de> - provides information about sports participation in Germany.
- > **Statista** - <http://de.statista.com> - provides statistics about sports participation in Germany.