



BTC TRADE FOR DEVELOPMENT



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

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CONSUMPTION

Italy is one of the promising EU countries for sports balls producers from developing countries. This chapter provides information on the Italian market for sports balls, fairtrade in Italy and fairtrade/FSC sports balls in Italy. Italian imports of sports balls and the most important distribution channels for sports balls in Italy will also be discussed, together with the most important players on the Italian (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.

> ITALIAN MARKET FOR SPORTS BALLS

Sports play an important role in the lives of Italians. Football is by far the most popular ball sport in Italy (more than one million players). The second and third most popular sports are basketball (370,000 players) and volleyball (320,000 players). Water polo and rugby are also relatively popular in Italy. The most sold sports ball brands in Italy are Nike and adidas.

CODES OF CONDUCT

It is estimated that only 10% of Italian sports balls importers have a code of conduct. The companies that have a code of conduct are either large international operating companies or smaller companies specialised in fairtrade. The existing codes of conduct regarding sports balls are mainly about child labour free certifications.

> FAIRTRADE IN ITALY

Italy lags behind in the acceptance of fairtrade compared to other Northern European countries. However, demand for fairtrade products is increasing rapidly. Sales of fairtrade products in Italy had a value of approximately €43.4 million in 2009. Although the country was severely hit by the economic crisis, sales of fairtrade products increased by 5.1% compared to 2008. Demand is driven by increasing knowledge among consumers and the lobbying of niche organisations like the church, associations and unions. A growing number of governmental institutions also have a policy for tenders that awards points for the level of fairtrade aspects in a proposal.

The vast majority (estimates are more than 85%) of fairtrade products sold in Italy do not have the fairtrade logo. According to the law, you are not allowed to make a profit if you want to be a fairtrade company. This is probably the reason why the official fairtrade logo is not widely used in Italy. Companies selling fairtrade products, but who do not want to carry the title 'fairtrade company', are not subject to this law.

The two largest fairtrade organisations in Italy are Fairtrade Italy and CTM Altromercato. Fairtrade initiatives are mainly concentrated in the north of the country (60%). Coffee, tea and cacao are the most sold fairtrade items in Italy. In the non-food category, glass, pottery and wooden toys are popular items.

> ITALIAN MARKET FOR FAIRTRADE/FSC SPORTS BALLS

Commercio Alternativo is the most important importer of fairtrade sports balls in Italy and imports about 1,400 footballs, volleyballs and

basket balls per year. This number has remained stable over the past three years. So far, a market for FSC sports balls has not been developed in Italy.

The general picture of fairtrade sports balls in Italy is that they are not very well-known, neither by businesses, nor by consumers. Fairtrade Italy is currently promoting sales of fairtrade sports balls through an event featuring famous Italian football players and other celebrities. At the time of research the event had yet to take place.

Puma is the sponsor of the Italian National Football Team. Although Puma has one fairtrade football in its assortment, this ball is not being used by the Italian National Football Team.

EVENTS

Specific fairtrade related events have generated a large increase in the sales of fairtrade products. Fairtrade related events that stimulate demand for fairtrade sports balls are the annual Fairtrade Week in October and Fairtrade Towns related activities.

Most sports organisations in Italy regularly organise events 'for a good cause' and in which a focus on fairtrade sports balls is sometimes integrated. Sport clubs say that it could be an option to include these kinds of events more often.

IMPORTS

In 2009, Italy was a large importer of sports balls, ranking fifth in the EU, behind the UK and Belgium, but ahead of Spain and the Netherlands. Between 2005 and 2009, total import value annually increased by an average 0.5% to €29 million in 2009. In the same period, imports from DCs annually decreased by 1.7% in value. As a result, the total share of DCs in import value decreased from 64% to 58% in 2009. This was caused by a growth in intra-EU imports from Belgium.

In 2009, leading suppliers to Italy were China, Belgium, Pakistan, France and Thailand. Belgium recorded highest growth in the period mentioned (+75% per year; due to relocation of transit trade from the Netherlands to Belgium), followed by Vietnam (+46%), China (+10%) and France (+9.2%). Imports from Pakistan declined (-7.7%), while imports from Thailand remained virtually stable. Refer to Table 1 for more information.

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

Supplier group	2005 € mln	2007 € mln	2009 € mln	Leading suppliers in 2009	Share
Total	28	29	29		
Intra-EU	10	12	12	Belgium (24), France (9.5), The Netherlands (2.5), Germany (2.0), Spain (1.3)	40
Extra-EU excl. DCs*	1	1	1	Taiwan (1.1), USA (0.4), South Korea (0.2), Hong Kong (0.1)	1.8
DCs	18	17	17	China (27), Pakistan (21), Thailand (5.5), Vietnam (3.5), India (1.1)	58

Source: Eurostat (2010)

*DCs=Developing Countries

DISTRIBUTION CHANNELS IN ITALY

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 Italy can be divided into private consumers, sports clubs and schools. Supermarkets and sports retail chains are the most important distribution channels for sports balls in Italy. The Internet is also an important channel for selling sporting goods, particularly at the lower end of the market. The online sports market was estimated to be worth more than €22 million in 2008 and it is growing fast.

> SPORTS RETAIL CHAINS

Sports retail chains mainly sell well-known sports ball brands such as Nike and adidas, which they often buy directly from these large sports brands. They sometimes also sell their own private label balls, which they order through their headquarters. On average, sports retail chains are prepared to pay around 10 to 15% extra if the balls are fairtrade. Sports retail chains do not only sell to private consumers, but also to sports clubs and schools. In general, sports clubs without an obligation to buy a certain kind of ball, usually purchase their balls directly from a local sports store. When a sports club has more money to spend, it will opt for a brand with more status than a fairtrade ball. Some schools (mostly the ones that buy more than 30 per year) ask for different quotes from retailers before making the purchasing decision. Sports retail chains dominating the Italian market are:

> **Decathlon** - <http://www.decathlon.it> - global player of sporting goods. They are an important supplier to sports clubs.

- > **Intersport** - <http://www.intersport.it> - international sports retail chain, the largest in Italy. They have around 450 shops in Italy.
- > **Sport Alliance** - <http://www.sportalliance.it> - they have around 250 sporting goods stores in Italy and sell sports balls from the bigger brands (Nike, Puma, adidas) as well as their own brand. At the moment they are not selling fairtrade sports balls, however, the balls they currently sell are from factories that have no-child labour and sustainability certifications. Sports Alliance is open to selling fairtrade balls in the future.
- > **Universo Sport** - <http://www.universosport.it> - Italian sports retail chain that is present in Tuscany, Lazio and Lombardia.

> **SPORTING GOODS IMPORTERS/WHOLESALEERS**

Importers and wholesalers in Italy mainly sell to smaller retail chains, schools and sometimes sports clubs. Examples are:

- > **Advanced Distribution** - <http://www.advanced-distribution.com> - large importer and distributor of sports equipment, including sports balls.
- > **Cisalfa** - <http://www.cisalfasport.it> - one of the largest distributors in Italy that owns Intersport Italy.
- > **Diadora** - <http://www.diadorasoccer.com> - global player in sports equipment. Its sports ball production is not located in Italy anymore. Diadora does not have a fairtrade policy.
- > **Gamma Sport** - <http://www.gammasport.com> - large producer and distributor of sporting goods. It does not produce sports balls, but buys them from Italian importers. Schools are one of their customers.
- > **Mondo** - <http://www.mondoworldwide.com> - large producer of sports equipment. Its sports ball production is offshored to Asia and subcontractors are obliged to have a fairtrade policy, but the balls do not carry the fairtrade logo. They mostly sell to large retailers and intermediaries.
- > **Sport Uno** - <http://www.sportuno.it> - large wholesaler of sports equipment, including sports balls.

> **OTHERS**

Other distribution channels for sports balls are specialised importers and general retail chains, such as supermarkets. Examples are:

- > **Commercio Alternativo** - <http://www.commercioalternativo.it> - imports around 1,400 fairtrade sports balls per year, which it mainly sells to world shops. Additionally, it imports fairtrade sports balls for a football club in Rome.
- > **Conad** - <http://www.conad.it> - large Italian supermarket chain that has an active sustainability policy.
- > **Coop** - <http://www.e-coop.it> - one of the biggest supermarket chains in Italy. It sells fairtrade sports balls and has an extensive sustainability policy. It is also socially active in fairtrade events and campaigns.
- > **Despar** - <http://www.edespar.it> - a large chain of smaller supermarkets in Italy. Has a sustainability policy. In the past it sold fairtrade sports balls, but recently it made the decision not to sell them anymore.
- > **World shops** - Italy has the largest volume of world shops in Europe and almost none of them sell sports balls. Some world shops have sold sports balls in the past, but problems with suppliers have made them put a halt to sales. Importers for world shops are

spread throughout Italy, but many world shops have direct contacts with manufacturers. They could become the commercial outlet for fairtrade sport balls in Italy.

> HOW TO DO BUSINESS IN ITALY

Italians are relatively open to international business, although their English is not always up to standard. Purchasing managers are generally very busy, but it is possible to contact them by e-mail or by phone. Always prepare thoroughly before contacting them. For more information about how to do business in Italy, please refer to <http://www.kwintessential.co.uk/etiquette/doing-business-italy.html>

> USEFUL SOURCES

- > **Altreconomia** - <http://www.altreconomia.it> - monthly magazine on fairtrade, sustainability and international business.
- > **Associazione Botteghe Del Mondo** - <http://www.assobdm.it> - one of Italy's world shop associations. You can contact them for a list of distributors in Italy.
- > **Associazione Italiana Calciatori** - <http://www.assocalciatori.it> - Italian Football Association for professionals and amateurs. They have a few charity related campaigns every year which also include fairtrade sports balls. A couple of years ago they had a large event to promote fairtrade sports balls in collaboration with a large Italian fairtrade organisation.
- > **Centro Sportivo Italiano** - <http://www.csi-net.it> - Italian sports centre. They have 13,000 sports clubs members divided over 72 kinds of sports. They organise various tournaments (around 800 per year, activities and projects, also in developing countries).
- > **Federazione Italiana Pallacanestro** – <http://www.fip.it> - Italian basketball association.
- > **Federazione Italiana Pallavolo** - <http://www.federvolley.it> - Italian volleyball association.
- > **Federugby** - <http://www.federugby.it> - Italian rugby union (different sport from rugby league).
- > **FIRL** - <http://www.firl.it> - Italian rugby league (different sport from rugby league).
- > **Sportivi** - <http://www.sportivi.it> - a leading publisher of sports goods magazines.
- > **Top Sport** - <http://www.topsport.it> - published monthly (10 times per year) by the trade association and spread among professionals in the Italian sports goods industry.

The most important importing organisations in Italy for fairtrade goods are:

- > **Equoland** - <http://www.equoland.it> - large importer of fair trade goods, currently no sports balls.
- > **Equo Mercato** - <http://www.equomercato.it> - importer of fair trade goods, currently no sports balls.
- > **CTM Altromercato** - <http://www.altromercato.it> - largest FT organisation in Italy and leading importer with 65%. They have a network of around 114 members (associations and cooperatives) that manage 264 world shops in Italy (without the official fairtrade logo). They also distribute fairtrade goods to supermarket chains and other retailers. They develop, produce, import, distribute and give information on fairtrade.
- > **Fairtrade Italia** - <http://www.fairtradeitalia.it> - also called: Transfair Italia. Italian fairtrade labelling organisation. They provide fairtrade label statistics and campaigns and run 500 fairtrade shops.