MARKET STUDY ON EXPORT OPPORTUNITIES FOR CANADIAN-MADE SKATES AND HOCKEY EQUIPMENT IN THE U.S.A. AND SOME SELECTED WESTERN EUROPEAN COUNTRIES

MARCH 1977

VOLUME ONE: SECTIONS 1 TO 6

Government of Canada | Gouvernement du Canada
Industry, Trade and Commerce | Industrie et Commerce

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Prepared for: Department of Industry,
Trade and Commerce,
Ottawa

March 1977

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The information used in the development of the forecasts have been taken from published data and from other sources which we regard as reputable; however, we cannot assume responsibility for such material. Moreover, since forecasts of future events are subject to many uncertainties we cannot represent these projected statements to be accurate presentations of the results which may actually occur.

March 31, 1977 Ernst & Ernst

SECTION ONE

INTRODUCTION

1.1 OBJECTIVES AND SCOPE OF STUDY

The purposes and scope of the study were identified in a letter sent to consulting firms last January 17, a copy of which is included in Annex 1.1.

The working objectives are:

- to define the U.S. and some Western European markets in terms of:
  - trends in marketing, technology, products
  - market demand and environment
  - competition
- to evaluate the relative position of Canadian products in these countries, as compared to "national" and other imported products
- to forecast market growth and competition in these markets
- and, very importantly, to define the major elements of a business strategy for Canadian companies to penetrate or expand their penetration in these markets.

1.2 METHODOLOGY

The following techniques were used to gather data and opinions: literature search, analysis of secondary data from public and private sources, personal interviews, telephone interviews, mailed and telephoned information from Canadian commercial offices and private sources. This data was analyzed and evaluated by Ernst & Ernst personnel.

Sections Four and Five define the U.S. and Western European markets in terms of major variables and trends affecting demand, market competition, marketing strategies, historical data on production and consumption; each of these section also describe the major requirements, constrains and strategy elements for improving or maintaining Canadian shares for the product categories studied. The content of sections Four and Five is based on the data gathered and analyzed, plus Ernst & Ernst opinions and evaluation of opportunities and strategies to benefit from such opportunities.

Section Four presents forecasting data on market demand, by major product lines, when possible. The methodology and assumptions used in preparing these forecasts are defined in this section.

Annex 1.2.A is a bibliography of documentation sources. Annex 1.2.B lists all organizations and individuals interviewed and consulted in North America and Europe.

We wish to mention the significant contribution made to this survey by Canadian Trade Commissioners from many American and European cities in the gathering of official statistics and other market data.

SECTION TWO

SUMMARY AND RECOMMENDATIONS

2.1 Preamble

The tables on the following pages indicate clearly the need for more efforts and better strategies by Canadian firms to maintain and improve their foreign market penetration, mainly in the U.S., but also in some Western European countries.

Total exports have dropped from a level of $25 million in 1973 and 1974 to an annual volume of $15 million in 1975 and 1976.

Hockey sticks exports were, in 1976, at a level still $500,000 lower than in 1970, and the decrease has occurred mainly in the U.S. market.

Total ice skates exported were around $8.5 million in 1976 compared to $14 million in 1973 and $13 million in 1974, and they were also back to the 1970 - 1971 level, the sudden drop coming mainly again in the U.S. market.

The equipment segment is the one where our performance was better, but still experienced a decrease of $1.0 to $1.5 million in 1975 and 1976 vis-à-vis 1973 and 1974.

TABLE 2.1.A

TOTAL SKATES AND HOCKEY PRODUCTS EXPORTS FROM CANADA

FROM 1966 TO 1976

	In $'000					
	1966	1968	1970	1973	1974	1976
Sticks	845	1,526	3,559	4,767	5,398	3,081
Skates	2,400	3,956	8,822	14,149	13,139	7,149
Equipment and accessories	n/a	n/a	n/a	6,195	6,296	4,658
TOTAL	n/a	n/a	n/a	25,111	24,833	14,888

Source: Statistics Canada (#65-004)

TABLE 2.1.B

EXPORTS OF CANADIAN SKATES AND HOCKEY EQUIPMENT

(1973 - 1976) BY COUNTRY

A. HOCKEY STICKS ($'000)

	1973	1974	1975	1976
United States	4,525	4,982	2,576	2,719
Sweden	192	276	118	240
Japan	26	87	74	75
West Germany	7	14	10	23
Switzerland	-	13	29	4
Others	17	26	8	20
TOTAL	4,767	5,398	2,815	3,081

B. ICE SKATES ($'000)

	1973	1974	1975	1976
United States	12,158	10,575	4,581	5,767
Sweden	605	761	952	758
Finland	375	501	431	454
West Germany	173	176	281	266
Japan	161	277	33	199
Switzerland	220	193	192	140
France	58	90	59	112
Italy	56	61	35	76
Czechoslovakia	-	-	-	74
Netherlands	55	10	13	60
Belgium-Luxembourg	17	35	56	45
Denmark	30	61	5	31
Great Britain	16	33	122	20
Others	222	366	389	479
TOTAL	14,149	13,139	7,149	8,481

C. ICE HOCKEY EQUIPMENT ($'000)

	1973	1974	1975	1976
United States	5,616	5,530	3,707	4,119
Sweden	110	241	394	390
Japan	76	117	135	185
West Germany	74	127	112	147
Finland	25	28	43	145
Switzerland	119	94	57	107
Netherlands	9	14	42	55
France	44	19	46	43
Italy	23	19	9	31
Belgium-Luxembourg	5	5	47	10
Others	94	102	66	134
TOTAL	6,195	6,296	4,658	5,366

Source: Statistics Canada (#65-004)

2.2 SUMMARY OF MAJOR FINDINGS AND CONCLUSIONS

2.2.1 U.S. Market

Nature of the Market

The U.S. market is substantially different from the Canadian market. Some of these differences are:

1. There are regional considerations due to such factors as the relative importance of hockey, availability of ice time, and type of retailing predominant

2. Hockey is not historically well established in the U.S. and interest is therefore very volatile

3. Sales are less oriented to professional players and more influenced by the retail sales persons

4. Figure skating is a tremendous market in the U.S., with sales in 1975 of 1.3 million pairs of skates, valued at more than $22 million

5. Liability and safety are extremely important factors in the U.S. due to very high settlements in recent court cases

6. Hockey is a suburban sport rather than urban, probably due to the nature of the U.S. city core

7. Hockey is very expensive in the U.S. due to the high cost of ice time

Number of Players and Rinks

There appear to be opposing trends in ice hockey participation. The total number of players has dropped from 3,263,000 in 1974 to 2,669,000 in 1976, for a drop of 18%. On the other hand, the organized, active, hard core of players appears to be steady at about 700,000, and may increase at 5% per year. This would indicate a decrease in "fringe" players, with a hardening of serious interest in the sport. This trend could result in more attention on better quality merchandise, and less sales of cheaper items.

The number of interior ice arenas is 1669 for 1976, and will increase by about 150 for 1977. Rink building is expected to continue steadily. Federal funding is available for building ice arenas.

Municipal Involvement

There appears to be increasing municipal involvement in both rink building and school hockey programs. Both of these aspects are vital to maintaining the present level of activity, and for future increases.

Penetration of Canadian Goods

Canadian penetration is presently extremely high in protective equipment and hockey skates. The level varies from 75-100% depending on the location and the item.

Penetration is much lower in figure skates (5-10%) and hockey sticks (33%). In hockey clothing, Canadian goods do not appear to even be a factor. Canadian shares are also much lower in the mass merchandising market for lower quality hockey goods.

Competition

U.S. companies are making inroads in hockey sticks, and appear to have about 33% of the market. Aside from the very top line of figure skates, imported from the U.K. mainly and Austria, U.S. manufacturers hold most of the figure skate market.

European competition, mainly Scandinavian, is presently strongest in hockey sticks (veneer types). However, Jofa and Koho are also gaining ground with protective equipment and some hockey skates. Jofa is considered to be a major potential threat to Canadian supremacy in hockey equipment.

At this point, Canadian strength appears to rest on high quality, good design, reputation, broad product lines and good organization.

Marketing Variables

Retailers buy a particular brand of hockey equipment mainly because of reputation, quality, use by professional teams and advertising.

Customers are mostly concerned with price, safety, assistance from retail sales persons, and, for helmets and face masks, A.H.A.U.S. (Amateur Hockey Association of the U.S.) seal of approval.

Retail Market

The retail sales market dropped from a high of $107 million in 1974 to $73 million in 1975. This number is believed to have stabilized now, and will grow slowly (about 5% per year), reaching an estimated $107 million again in 1984, if growth is continuous.

Resale Market

An increase in skate exchanges and passing down of protective equipment is partly responsible for the tremendous drop in retail sales. This is expected to continue to be a factor in the market, and may account for as much as 33% of all skate sales.

Place of Purchase

In 1975, 56% of hockey skates were sold through sporting goods and specialty shops, compared to 26% of figure skates (by units).

The dollar volume percentage is not determined, but would be much higher than 56%, as those stores would be selling higher quality goods. It would appear that the Sporting Goods and Specialty stores are the largest factor in better hockey equipment.

CSA Standards

At this point, the CSA is not considered very important by most people. It is currently being replaced by U.S. standards, which will be a more important factor, due to liability concerns by retailers, manufacturers and customers. This emphasis on U.S. standards poses a threat to Canadian prestige and importance as trend and standard leaders.

Local Manufacturing

There appears to be no strong indication of market penetration benefits in manufacturing in the U.S. for Canadian firms of hockey equipment and skates.

Canadian companies could still explore possibilities of manufacturing in the U.S. This would have to take into account a possible trade-off between lower wages in certain areas of the U.S. and less advantageous economies of scale, as production for the U.S. market only would be small compared to total production in Canada.

2.2.2 Western European Markets

2.2.2.1 General Summary

Viewed globally Western Europe probably ranks immediately after the United States and Japan as an export opportunity area for Canadian manufacturers of ice hockey equipment. While this survey has not been concerned directly with the countries of Eastern Europe, attention is drawn to the enormous popularity of the game in some of these countries and the increasing importance of Czechoslovakia as a major exporter of ice hockey equipment.

Compared to football, ice hockey is a relatively unknown sport in Western Europe. Apart from the Scandinavian countries, Switzerland and recently West Germany, ice hockey enjoys limited public interest and participation is marginal. Some 400,000 to 500,000 people play ice hockey in Europe, but one-half to two-thirds of these are Swedes and Finns (see Table 2.2.2.A, page 52). For most people in Western Europe, ice hockey appears as a sort of "Canadian football-on-ice". If this image of the game, as it is perceived in European eyes, contains overtones of danger and toughness, it also combines the glamour qualities often associated with winter sports in general and ice skating in particular.

There is little doubt that the game enjoys increasing popularity and most of the countries included in this review, show moderate but constant increases in the numbers of people playing the game.

Apart from Finland, and in some respect Sweden and Norway, no Western European country possesses natural climatic conditions permitting hockey to be played regularly outdoors in the same way as an informal game of football can be rapidly mounted. Thus, the development of ice hockey in Western Europe is strongly linked to the number of available artificial ice rinks.

While it is difficult to determine the psychological importance of a wintery atmosphere in stimulating interest in ice hockey, mild winters are hardly likely to create the appropriate ambience generally associated with this sport.

Winter sports for most Europeans mean skiing. The development of "en masse" skiing holidays is largely a postwar phenomenon and still for the most part a middle class sport. This observation naturally excludes the Scandinavians, the Swiss and Alpine inhabitants who have, of course, been skiing for centuries.

The only other major winter sport activity in Europe is ice skating. Here again, apart from Scandinavia and the Alpine regions, ice skating is totally dependent on artificial skating rinks. (Despite picturesque examples to the contrary, Dutch canals rarely freeze over sufficiently long to permit regular ice skating). Ice skating has definitely increased in popularity in Europe and it is for the ice skaters rather than the hockey players that the skating rinks are generally constructed.

The popularity of ice skating in Europe can be attributed to a number of factors: skiing holidays; ice theatricals; the informality and "discotheque" ambience of the new ice rinks and the ice-skating championships which receive enormous media coverage.

Though this increased interest in ice skating, the public and, in particular, the younger generation is certainly developing an "ice-rink" consciousness unknown 20 years ago.

Therefore, ice hockey enjoys a natural popularity in Scandinavia where tradition and climate encourage participation. For the rest of Europe, the game is a novelty taken seriously by a relatively limited though distinctly expanding number of enthusiasts. These enthusiasts are naturally young and the purchase of relatively expensive ice hockey equipment must be weighed against the acquisition of motorcycles, motorcars or new clothes.

It is hardly surprising therefore to find that the less expensive - albeit effective - European and Asian, as opposed to Canadian equipment, is favoured. It is even less surprising to observe the increasing popularity of Czechoslovakian ice hockey equipment as it appears with its highly competitive prices on the Western European market.

While a large number of surveys have been undertaken into the European sports good market, relatively few studies have been made of ice hockey equipment. The explanation for this is obvious: apart from Sweden and Finland, the quantities involved are relatively minor and thus official statistics have tended either to ignore the question altogether or, alternatively, to group ice hockey equipment along with other categories of a similar nature. By and large, ice hockey skates are recorded along with ice skates and even roller skates; while protective equipment is rarely differentiated from general sports clothing and equipment.

A major participant in the market estimated the annual retail value of hockey skates and equipment at $36 to $40 million in 1976, an increase of 20% over 1975; another source put demand for 1977 at around $45 million for another 10-15% increase; neither of them expected these high rates to continue in the coming years.

Other information gathered in our interviews put the annual West European hockey stick production around 850-900,000 units (excluding bandy and street hockey) and total hockey skates around 600,000 pairs.

The market for ice hockey equipment is showing a moderate growth in most countries surveyed. West Germany shows the highest rate of increase, followed by Holland. The larger hockey markets are presently Sweden, Finland and Switzerland, while France, Italy and Norway present some future growth potential. Four minor markets were identified as Austria, Belgium, Denmark and Great Britain.

In fact, in nearly all countries surveyed, there are two very different markets for ice hockey equipment:

- The organized "amateurs"

They represent a minority, but use excellent equipment. These are the players affiliated to clubs and playing in organized leagues. Their equipment is mostly Canadian, Finnish, (and also German and Swedish in certain cases). Canadian firms are very well represented on this market. Their equipment is considered as the best and, of course, the most expensive. One should differentiate between skates, outfits and sticks:

1. Skates

Bauer and C.C.M. skates are the most popular. Canadian skates are facing little competition. Graf from Switzerland, and, to a lesser extent, Jofa, Alviera, Lico, Royal Schuhifabrik and Titan are the main competitors. Most European-manufactured high quality skates have Canadian-made blades, with the notable exception of Jofa.

2. Outfits

Here again, Canadian firms are facing little competition on the Continental European market, but in Scandinavia. The two main outfits manufacturers in Europe are JOFA (Volvo) and Koho. Cooper is certainly number one in Europe, followed by Koho. JOFA is also very well implanted, but its equipment is still not considered of top quality, except its helmets which are particularly good and used by many of the best players.

3. Sticks

There are very few identified Canadian sticks in Europe because they are too expensive in the low and medium quality segments and face a very hard competition in the high quality segment. Koho from Finland is number one concerning sticks, but in the EEC countries and Switzerland they face hard competition from Ambros and Egen (West Germany) and Titan and Montreal (Finland). Some of Egen sticks are of near comparable quality to Koho sticks and less expensive, especially in the EEC countries because of the tariffs on Finnish equipment.

- The occasional players

Because of the mild weather in most European countries, ice hockey cannot become a national sport like soccer. Nevertheless, as soon as the temperature is under 0°C, a bulk of occasional players appear and buy equipment. The equipment they are using is cheap and therefore they will not buy Canadian products, especially because Eastern countries (particularly Czechoslovakia) and Far East countries (Taiwan, South Korea, Japan) are exporting ice hockey equipment of relatively very low quality, but at astonishingly low prices!

These occasional players are by far the most numerous, certainly over 400,000.

Japan, Taiwan and South Korea are mainly exporting ice hockey skates and blades (also Hungary and Poland), but Czechoslovakia is exporting outfits, sticks and skates. They seem to be the most "aggressive" exporters. Their equipment is of better quality than the ones from the Far East countries.

Czechoslovakia is number one manufacturer of pucks in the world. Their sticks are of rather good quality especially Artis sticks and they cost much less than the Finnish sticks.

Concerning the outfits, Czechoslovakia is less aggressive, but present.

On this secondary market, which is considered to be the most important in volume, Canadian firms are facing very strong competition. The popularity of their brand names cannot overcome yet the prices of their competitors.

A special word has to be said on skates. Many non-ice hockey players are using ice hockey skates. In Europe, the ice rinks have the same social role as pubs and nightclubs. They are meeting places for the young. It has become very fashionable to wear ice hockey skates. They symbolize virility and therefore are often bought by skaters.

Other significant facts and opinions gathered on market trends and marketing practices:

- A major tariff-based barrier for Canadian manufacturers has come about due to preferential tariff treatment given to products imported in the EEC countries if they have a minimum content of EEC-made material; for instance, Swiss-made skates with German blades will be imported off-duty in Germany, but the same skates with Canadian blades will pay a 9.5% duty; while such arrangements are still sometimes subject to bi-lateral negotiations between a EEC country and a EEC associate member, it is expected to be generalized throughout Western Europe practically within a few years.

- Bandy is a less physically violent form of ice hockey. It is generally played on frozen football pitches, principally in Sweden and the USSR (around 500,000 players in USSR and Scandinavia). As a game it tends to require more skating and less body contact than ice hockey though the rules are not dissimilar. The style of skating in bandy is such that a longer blade than that used on standard ice hockey boots is required. These skates are made in Sweden and USSR mainly. The Bandy hockey sticks tend to resemble field hockey sticks and while gloves are used, other protective equipment is not so common. One Canadian company is currently experimenting with a special Bandy skate blade which it plans on marketing in Scandinavia. It it doubtful however that this sport will spread in Western Europe due to the fact that it requires very cold climatic conditions.

- The greatest part of advertising budgets is generally spent in point-of-purchase material. Press advertising has never been a major feature in the ice hockey equipment field. Advertising has never been used for encouraging people to play the game.

- Ice hockey equipment represents a high-price/low-turnover market for distributors. By and large they appear to be satisfied with their profit margins which in some cases could be described as generous. If there is one area of dissatisfaction relative to Canadian manufacturers, it is delivery. While the reasons for this are self-evident, some European distributors believe that Canadian exporters consider Europe as more of an "absorption" market rather than an area to be developed for its own sake.

- There is a definite increase in the number of hockey schools in Europe. There are probably more than 20 at the moment, most of which are managed by Canadian and Swedish nationals.

Canadian ice hockey manufacturers derive enormous advantages from the prestige which is associated with ice hockey in Canada. Without doubt, the high quality equipment manufactured in Canada is sought - at almost any price - by the major national and international ice hockey players.

Whether they are from Western Europe, Eastern Europe, or for that matter from Japan or Australia, there is little doubt that the "Made in Canada" tag has become a "necessity" for top class player's equipment.

The reputation which Canadian equipment has acquired is undoubtedly deserved but it has certain drawbacks. Most Canadian equipment is expensive - in some cases extremely expensive - when compared to the cost of similar equipment manufactured in Western Europe.

Thus, by effectively restricting itself to the top end of the market, the potential for Canadian equipment is limited. While accepting that there is increasing interest in ice hockey in Western Europe, the absolute numbers of professional or top league players is small: thus, overall opportunities for rapid sales increases are small. This fact has been clearly recognized by European manufacturers which do not seek to compete with the Canadians at the limited top end of the market, but prefer to sell to the larger middle and bottom ends of the market. Moreover, European manufacturers are not only supplying the ice hockey equipment market but also the much larger, more lucrative, if less quality-conscious, figure skating market. The medium to lower price range market is a major source of competition in Europe; but the participants are either Western or Eastern manufacturers; while the Canadian sit on the sidelines!

In general the prospects for Canadian firms to increase their market share of the European ice hockey equipment market are not too good.

As this sport is not particularly popular, the market for professional equipment, in which the Canadians are the best and have a very high respectability, has no real prospects of growth. Canadian firms are facing harder competition each year. The prices offered by the main competitors are particularly interesting and the Canadian trade-mark cannot offset this competitive advantage.

2.2.2.2 Summary by Country

Finland

- Presently, 15 indoor hockey rinks, plus 13 open artificial rinks of first-class category and hundreds of active natural outdoor rinks.

- Number of players is estimated at 60,000, with about 6 to 8,000 players registered in "major organized leagues"

- 90% of these players are playing in junior leagues

- A total of 70,000 players is envisaged for 1980

- The evolution of total number of players has been and will be the following according to the Ice Hockey Federation:

1970	-	40,000
1972	-	44,000
1974	-	50,000
1976	-	60,000
1978	-	65,000
1980	-	69,000

- Plastic boot skates apparently account for 10% of Finnish and Scandinavian market and could reach 50% by 1980 or so, according to one expert consulted

- As in all European countries, hockey is a rather expensive game, largely "parent supported"

- Ice skates and blades (hockey and other) consumption is estimated at more than 120,000 pairs in 1976, an increase of 8% over 1975

- Hockey sticks consumption is estimated at 275,000 units in 1976, a decrease of about 30% over 1975

- Koho and Titan are two worldwide renowned companies, especially in the quality sticks segment

- Finland is a major exporter of sticks
  Main exports are to:

. Canada	45%
. U.S.A.	30%
. Sweden	12%
. Switzerland	4%

- Because of the EEC tariffs and good German manufacturers, like AMBROS and EGEN, Finland has a small share of the EEC market

- Czechoslovakian and Hungarian skates of lower quality at very low prices are imported in growing quantities

- Blades are imported from Canada (good quality for hockey) Great Britain (good quality for pleasure skates) and Japan (lower quality)

- In 1976, Canadian companies accounted for 36% of imported skates and blades vs 45% for Czechoslovakia, but Canada was still number one by far in value (57%), compared to 23% for Czechoslovakia

- Bauer and C.C.M. hold around 90% of top quality skate sales

- The market for hockey sticks is very much in the hands of national firms such as Koho, Titan, Montreal and Torspo, who probably have between 90 and 95% of the Finland market, while their share of the total West European market is around 60%

- Canadian hockey skate blades exported to Finland are in the $150 to $200,000 range (excluding full skates exported by Canadian manufacturers); these blades (around 15 - 20,000 pairs) are sold to major Finnish manufacturers; present competition is coming from Sweden (Jofa's subsidiary ABC), Mitchell & King (although they concentrate in figure skate blades) and a small Norwegian firm, making less than a total of 300,000 pairs a year; low-cost Japanese blades are also a growing threat, mainly for low-cost "pleasure skates"

- The Canadian products still have the best popularity rating. The Eastern European countries are much less aggressive on the outfit market, but the Canadian firms are facing Finnish competition. No statistics are available concerning outfit and equipment products, but the Canadian share should not exceed 10%

- The Finnish companies presently hold a real technology advantage on Canadian sticks manufacturers, in terms of materials used (better mix of ash and birch) and technology utilized in production and in quality control; the Finns were first to develop techniques to make plywood shafts with as many as 60 laminations

- Finnish market has reached saturation point and will grow with increases in population and hockey facilities

- However, two foreign manufacturers interviewed still consider Finland a "sleeping market" with enormous potential for them to increase their shares and benefit from growth rates of at last 10% a year in most product lines

- In sticks, Koho expects to increase its total production by 25% in 1977 to reach a level of 1.5 million units

- The market will probably continue to be held very largely by the four major national companies, with possible further penetration of low-price imports from Eastern Europe

- In skates, Canadian manufacturers will still see East European countries acquire larger shares with low and medium-priced skates, but will probably continue to dominate Scandinavian competitors in the high quality hockey skates segment

- In equipment, Koho mainly, and to a lesser degree Titan and Torspo, are aiming at the high quality equipment segment and will compete head-on with Canadian firms

- In summary, the sticks and outfits are mainly Finnish, they are well advertised and relatively well priced; it will be hard for Canadian firms to increase their share of these segments and even to maintain their share of the skates market

- Market is strong, second largest presently in volume, but real growth will be limited, while replacement demand will be the major source of sales in the coming years

Sweden

- Presently 225 rinks, expected to reach 250 in 1980 and 300 in 1982, according to some sources

- Total number of players under 15 years old estimated around 180 to 200,000, with no major increase envisaged

- Number of teams is around 7,000 (national, regional, city, etc.), with 294 "senior teams" made up of 4 divisions

- From 1968 to 1973, the number of teams increased, then it began to slow down and even decrease recently, because:

  - hockey is getting too expensive
  - winters were too mild
  - teams with small budgets had to travel too far
  - top professionals are emigrating more and more

- Sport is very popular, but might have reached its saturation point, where growth will come only through increases in population or number of hockey facilities

- Bandy, a milder form of hockey and a much less tough game on ice, is increasing in popularity, as it is in Finland and Russia

- Swedish market is by far the biggest market right now in Western Europe; all other countries put together barely equal this market in most product areas (for instance, Sweden consumes about 60-70% of all Western Europe's sticks)

- Latest figures available on sales value of ice hockey equipment were for 1973 (at manufacturers' prices)

Helmets	-	$ 500,000
Other equipment	-	$1,700,000
Sticks	-	$2,200,000
Skates	-	$3,300,000

- Ice skates and blades (hockey and other) consumption is estimated at 350,000 pairs in 1976, an increase of 25% over 1975

- Hockey sticks (including bandy sticks) consumption is estimated at 900,000 units in 1976, a decrease of about 25% over 1975

- The annual retail value of all ice hockey equipment sales can be roughly estimated at $20 to $25 million

- Jofa is the largest hockey equipment manufacturer in Sweden and one of the major participants in the European market; it is linked to the Leisure Time Division of Volvo

- A large number of foreign companies are operating in Sweden and many are trying to penetrate this still very lucrative market

- Amongst the largest foreign competitors, we find:

  - KOHO and TITAN, from Finland
  - MITCHELL & KING, from Great Britain
  - C.C.M., BAUER, COOPER, LANGE, SHER-WOOD and DAOUST, from Canada
  - LICO, from West Germany
  - GRAF, from Switzerland
  - State-owned companies from East Europe, mainly Czechoslovakia and Hungary

- Jofa holds around 35% of the total hockey skates market in Sweden

- In outfits and equipment, some 60% at least of the market is held by Jofa, which dominates the helmet segment with a minimum 80% share

- In hockey skate blades, Canadian exports to Sweden (i.e. St. Lawrence Manufacturing mainly) are very low (presently less than 10 - 20,000 pairs a year), as most Swedish manufacturers buy hockey skate blades from Jofa's subsidiary ABC and figure skate blades from Mitchell & King mainly

- Market shares in value:

Sticks (excluding bandy sticks)	Value
- Sweden (mainly Jofa)	30 - 40%
- Finland (mainly Koho and, to a lesser extent, Titan)	50%
- Canada (mainly Sher-Wood)	15%
- Others, mainly Czechoslovakia	1%

Skates (only hockey)	
- Sweden	35%
- Canada (C.C.M. and Bauer mainly)	25 - 30%
- Czechoslovakia	30 - 35%
- Others, mainly Hungary	10%

Outfits and Equipment	
- Sweden (Jofa)	60%
- Canada (C.C.M. and Bauer mainly)	30%
- Finland	10%

Export statistics show a definite pattern reflecting "bilateral agreements" (official or not) between the Eastern European countries and Sweden; Sweden's exports of skates into Czechoslovakia has increased from 13% (in 1972) to 37% (in 1976) of its total skate exports, while in Hungary, it has decreased from 19% in 1972 to 2% in 1976; on a value basis, the net trading balance (exports-imports) has been in favour of Czechoslovakia and Hungary.

- Distribution of stick imports by countries (both in quantity and in value) show a definite and strong share for Finland's sticks, with a lower but steady share for Canadian products due in part to Sher-Wood's sales of "white sticks" to Jofa

- Canadian hockey equipment and skates have a reputation of high quality, but also of very high prices

- The performance of the Swedish National Team usually affects both general demand and selective demand for Swedish products, according to one expert interviewed

- The principal technological movement expected in Sweden is the change toward plastic skates. However, they are far from being completely accepted, even if Lange and Jofa are both marketing plastic boots skates right now

- Presently, as in Finland, Canadian skates are about 3 times more expensive than Czechoslovakian skates

- Swedish market is reaching a point of saturation, where future growth will come mainly from significant increases in population and personal disposable income, and changes in environmental factors, some controllable (i.e. number of hockey rinks,) others uncontrollable (i.e. weather conditions)

- Stronger competition from Scandinavian companies is expected, and Canadian firms will have difficulty to obtain a more significant foothold in the market than what they have now, mainly due to their inability to compete head on, on prices with Scandinavian firms, in the medium and medium-high-quality segments, and certainly not with East European and Far East countries in the lower-end segment

- <u>In the sticks market</u>, imports are on a decreasing slope, while exports have and will probably continue to increase significantly, which means an expanding "national production" and a stronger local competition

- Canada's penetration can still be improved, mainly if it can succeed in taking sales away from present competitors, as growth in primary demand will probably be small and as most major needs of the market are being filled

- Market is important, and should serve as a basis for further penetration in other regional and national markets in Western Europe; the Sweden-Finland market can be profitable and success there can help maintain Canada's top quality image and reputation in hockey in Western Europe

<u>Switzerland</u>

- Presently 80 official hockey rinks (20 interior and 60 exterior, all with artificial ice)

- Total number of regular and occasional players is around 50 to 60,000, with some 13,000 players in organized leagues regrouping some 700 teams

- From 1973 to 1975, the total number of members in more than 280 clubs (each with one or more teams) around the country went up by about 8,000

- Switzerland is classified in the "present major market" category because of its present size, which, although it is smaller than the Swedish and Finnish markets, is still very important; it is not however a fast growing market, and looks much like Sweden and Finland in this respect

- Ice skates consumption is estimated at 140,000 in 1976, an increase of 4.5% over 1975

- Ice skates blades consumption is estimated at 218,000 pairs for 1976, an increase of nearly 20% over 1975

- No official statistics were available on hockey sticks, and annual consumption was put around 120 to 150,000 units by two of the experts consulted on the Swiss market

- The number one local manufacturer of skates and some hockey equipment (mainly gloves) is GRAF, the supplier of Switzerland's national team and also of skates to Czechoslovakian teams; the other major manufacturer is Kunzli who makes low quality skates for hockey and "pleasure skating"

- Major Canadian firms active in the Swiss market are: CCM, Bauer, St. Lawrence Manufacturing, and to a lesser extent Sherwood-Drolet

- Other important participants are German and Finnish firms, plus East European companies, mainly from Czechoslovakia and Hungary

- In 1976, Canadian companies accounted for 8% of Swiss imports of skates, but 19% of value, compared to 36% for lower-priced German and Czechoslovakian skates, and 22% of value

- In blades, Canada's share has dropped from 10% of imports in 1972 to 2% in 1976, but still represented about 7% of value (while it is estimated that top quality hockey skates represent about 10-12% of Swiss production)

- Finnish and German companies hold about 75% of medium to high quality sticks market, with Canada's share (mainly Sher-Wood) at around 15%

- GRAF has about 50% to 60% of good quality hockey skates, and Canadian companies (mainly C.C.M. and Bauer) about 40% to 50%

- Cooper mainly and other Canadian companies have more than 60% of medium to high quality equipment market, with Koho second at about 15%

- GRAF markets a full-line of hockey skates, and purchases the majority of its blades for its high quality skates from St. Lawrence Manufacturing and C.C.M.

- Manufacturers' selling prices for imported skates in 1976 were:

Average	$16.46
Canadian	39.92
Czechoslovakian	11.52
Taiwanese	6.58

- Swiss dealers and consumers are, in general, "quality conscious" and thus more receptive to high prices for top products

- Good dealerships are particularly important in this market because the Swiss consumer attaches much importance to after-sale service, timely deliveries, good presentation of products, etc.

- No major growth expected and the market will remain stationery mainly because the population does not increase anymore and because the building rate of new ice rinks is very slow

- The Canadian firms are faced with hard competition on the skate market especially from Swiss manufacturers. On the outfit market, Canadian firms are still leading and could augment their share

- As in all other European countries, the Canadian sticks are not too popular. Nevertheless, there is still good Canadian potential penetration in the stick market and it could be possible to increase market share, if some price reductions were possible

- Japan and other Far East countries will grow slowly in Switzerland as do suppliers of lower-priced sports equipment in general, mainly due to the quality-conscious characteristic of the Swiss consumer

West Germany

- A very considerable increase is planned for ice rinks; for instance, it appears that plans for twelve to fifteen new "hockey centres" were prepared right after the national team won a surprising Bronze Medal at the 1976 Olympics; presently, there are some 110 artificial ice rinks

- Total number of players is approximately 40,000 to 50,000, with around 7,500 regular league and team players

- The growth rate of the number of players is estimated at 10 to 20% in the next five years

- Growing interest for hockey can be seen by the fact that, in 1977, for the first time, more than one million spectators will have attended first national division games

- West Germany is a big market for ice hockey and is the largest in the EEC. It is expected to grow rapidly. Bavaria is by far the most important region of the country for ice hockey and is without doubt the trend setter for the rest of the country as far as ice hockey is concerned

- Ice skates and blades consumption is estimated at more than 220,000 pairs in 1976, an increase of 10% over 1975

- No import - export statistics were available on hockey sticks, and some trade estimates presently locate the annual consumption between 100 and 150,000 units, while one major distributor was of the opinion that the good "real hockey" sticks market was around 80,000 and that "hobby and street" hockey sticks totaled some 100 to 150,000 other units

- The major local hockey products manufacturer is Link & Co. (LICO), which is a manufacturer mainly of sports footwear, from tennis shoes to football and cross-country shoes and other sport shoes

- Lico manufactures and sells hockey, speed and figure skates and blades plus a special line of "rental skates"; they make a portion of their own blades and import some cheaper blades from East Germany and Hungary and also Taiwanese skating boots; they buy hockey blades mainly from St. Lawrence Manufacturing for two of their "professional skates", including their injected polyurethane model

- Adidas, the worldwide sportswear manufacturer,recently entered the hockey equipment market and is selling two lines of hockey skates of medium quality and some ice hockey outfits, which are manufactured mainly outside West Germany (France, Yugoslavia, Austria)

- The largest distributor, wholesaler and importer of hockey skates and equipment is Balzer, the official supplier of the National German Team; Balzer is a distributor of Titan, Johnson, Tibas, Daoust and Czechoslovakian products; it also manufactures and sub-contracts for its own brands of sticks, skates, hockey outfits (mainly gloves and helmets) and accessories to low-labor cost countries, but apparently also to high quality manufacturers such as Titan (sticks) and Jofa (blades)

- About 80% of the hockey sticks sold in Germany are apparently manufactured by German firms, in particular Egen and Ambros

- Estimates from the trade locate C.C.M. share of the high quality skates segment at 75% or more (retail prices of DM 300 +, i.e. $130 and more), but it is important to observe that the majority of skates sold in Germany range between DM 100-195, while department stores are marketing them at around DM 100

- Once again, we see that Canadian firms dominate the organized players skates market, that they are nowhere in sticks and share the market with the Scandinavian firms for outfits and equipment quality

- Canada is an important participant in the hockey skate blades market, and this is one of the fastest potential growing area for Canadian blades in Western Europe

- Apparent Shares of Sticks Market

Koho	-	30 - 40%
Titan	-	10 - 15%
West German	-	50 - 60%
Others	-	10 - 15%

- Apparent Shares of Top Quality Hockey Skates

Bauer	-	40 - 60%
C.C.M.	-	30 - 40%
Other Canadian firms	-	5 - 10%
Jofa		5 - 10%
Others	-	10 - 15%

- Apparent Shares of Medium to High Quality Equipment

Cooper	-	40 - 60%
Other Canadian firms	-	10 - 15%
Jofa	-	20 - 25%
Czechoslovakia	-	5 - 10%
Others	-	10 - 15%

- Canadian equipment recognized as best available on the market, by most consumers and participants in the market

- Finnish and Canadian sticks are considered very expensive and have lost some share of the market to local manufacturers, or have not been able to penetrate significantly in recent years

- In the sticks market, German companies will apparently continue to make inroads and acquire a bigger share, mainly at the expense of Koho's more expensive sticks

- In skates, high quality skates will probably continue to be "controlled" by Canadian firms, although more competition is expected in this segment from smaller European-based companies (Graf, Lico, Titan and even some Eastern European countries)

- Demand for skates is a function of ice rinks, which are going to increase by about 4 or 5 every year in average in the next 5 years

- Expected increases of players and teams make West Germany one of the best growth potential markets for sticks, along with Italy and France

- West Germany is a key growth potential area for Canadian firms, mainly in the quality skates and equipment segments

- Probably, the priority market in terms of additional and new marketing dollar investment in the next five years or so

<u>Holland</u>

- There are presently 15 indoor ice rinks in the Netherlands

- In 1967, there were no more than 2 or 3 ice hockey rinks

- Total number of regular and "registered" players is 2,200, but the total number of occasional players is estimated between 5 and 8,000, for a total number of 7 to 10,000 players

- The Dutch market for ice hockey equipment is rather important in relation to total population

- People skating occasionally on the frozen canals buy cheap skates from almost every importing country, except Canada

- Ice skates consumption is estimated at over 260,000 pairs in 1976, an increase of more than 140,000 pairs over 1974 consumption (see section 5.2.2.1.(E) for explanations on very low 8,000 pairs consumption in 1975)

- The estimated consumption of sticks was set around 120 to 150,000 units a year, with a relatively small amount of these sticks being of sufficiently high quality for "professional hockey games"

- There are two small local manufacturers of hockey sticks, Kaymans and Schelde International

- Nijdan, which is also an importer, apparently manufactures and subcontracts the manufacturing of a good speed skates line, where sales in Holland and elsewhere in Europe range from a very low volume of 5,000 pairs or less in a bad year (i.e. with mild climate) to as high as 50,000 pairs or more in a good year (i.e. cold climate winter); no confirmation of such production volume and sales by Nijdan could be obtained

- <u>Major Foreign Manufacturers' Estimated Shares of the "Organized Players Market"</u>

  <u>Sticks</u>:

Koho	70%
Egen (W. Germany)	20%
Others	10%

Skates:

Bauer	70%
C.C.M.	10%
Lange	10%
Swiss Skates (mainly Graf)	5%
Others	5%

Equipment:

Cooper	85%
C.C.M.	5%
Jofa	5%
Others	5%

- Major importers of "second quality" hockey skates are apparently Rumania, West Germany, Czechoslovakia, Republic of Korea and Japan

- Ice hockey is often considered too rough by the Dutch, and, coupled with relatively mild weather, this restricts the practice of the sport

- Canadian skate imports in Holland were nil in 1976 and were at 12% of total import 33,000 pairs in 1976, but represented 27% of import value; from 1972 to 1974, Canada's share of skate imports in value ranged from 2 to 6%

- Consumers of Canadian products are "semi-professional" hockey players and people who take the game seriously and want the best quality equipment available

- Importers completely dominate the Dutch distribution system for ice hockey, as they do for almost all other sporting goods items. The more professional equipment, particularly the protective equipment, is distributed directly to the ice hockey clubs, but the cheaper ranges of ice hockey sticks are distributed via sporting goods retailers. These cheaper sticks and skates are not generally used for competition games between league clubs

- Prospects for growth appear to be good since speed skating and figure skating are already very popular in this country

- Canadian and Scandinavian products should continue to dominate good quality hockey products, while fierce competition amongst many importing countries will continue in lower quality lines and all other product lines for ice skating activities and sports, with the Adidas-Borsumij tandem as a major newcomer

- Less interesting than Germany in the fast-growing market category, as figure skating and speed skating, plus bandy and "occasional hockey", are major activities compared to "real ice hockey" for which most Canadian product lines are marketed

France

- There are presently around 120 interior artificial ice rinks in France, not all "perfectly suitable" for hockey, but 95% indoors

- Number of rinks since the 1968 Olympic Games at Grenoble went from 10 to 110 in 1975 and 120 in 1976; some predictions call for 150 by 1982, i.e. a 5 rinks per year increase

- The number of "registered hockey players" is estimated at a total of 5,000 presently, with an additional 30-40,000 "occasional players"

- Snow-related activities are increasing from year to year in the general public, but mainly for skiing and no short-term important change can be foreseen here

- A negative impact on the market is the private ownership of ice rinks, with little incentive for re-investment and little funds available for promotional programs on hockey

- No statistics available on quantities and values of imported hockey outfits

- However, total hockey and skating products market was estimated between \$2.5 and \$3.5 million at retail value

- According to one of the major French manufacturers of skates, hockey skates represent about 20-25% of total skates sold in France

- Consumption of ice skates and blades is estimated at 75,000 blades in 1975, a 70% increase over 1974

- The value of imported skates (at manufacturers' selling price) has been established at:

1972	1.6 million FF
1973	1.2
1974	2.2
1975	2.0

- Hockey sticks consumption can be estimated at around 20 to 25,000 units a year

- There is only one well-known French manufacturer of skates: les Etablissements Rival & Cie, with issued capital stock of \$35,000 and about 40 employees

- There are two French manufacturers of skating boots who assemble blades: Alviera and Les Chaussures Ours (Lutra)

- Alviera markets a complete line of low-medium to medium-high quality skates (figure, speed and hockey, plus rental skates); the Canadian hockey instructor, Pete Laliberté, endorses many of their hockey skate lines

- Nearly all French manufacturers and assemblers buy a high proportion of their hockey blades from St. Lawrence Manufacturing (Giffard, Quebec) and C.C.M.

- Estimates of market shares for hockey products are the following:

<u>Sticks</u>

Koho	50-60%
Jofa	10-20%
Egen (West Germany)	10-15%
Artis (Czechosl.)	5-10%
Others	5-10%

<u>Skates</u>

Canada (mainly C.C.M. and Bauer)	60-70%
Graf (Switzerland)	10%
Alviera	5-10%
Others	15-20%

- In 1975, Canadian companies held a share of 19% of imported skates and blades, but accounted for 29% of value, compared to 20% of Mitchell & King (Great Britain) in quantity and value and 18% (quantity) and 14% (value) for Hungarian imports

- The distribution network is still direct from importers to clubs for almost 80 to 90% of the ice hockey equipment, with the two major importers of quality hockey equipment and skates being Ets. Lelluch and Montana Sports

- New products on the market, with little success so far, are "fiberglass sticks" and "plastic skates"

- An adult can spend up to $500-550 to equip himself with "professional hockey equipment" and between $100 and $200 with "average equipment", while a youngster "fully equiped" will cost around $100-125 to his parents; such a level of expenditures makes ice hockey a very expensive sport in France

- Some price competition exists from local manufacturers in the skate segment, mainly in the low to medium quality ice skates of major French "assembler" (Alviera) still sell around $100

- There are many limiting factors to ice hockey in France (as described in a report prepared by J. Hourdeau, commercial agent at the Canadian Embassy in Paris):

  (1) Mild climatic conditions in the prairies and along the coast, except in the Alpine region

  (2) Long and demanding school programs and hours leave little time at the end of the day; fatigue and lack of transportation facilities do not encourage practice of sports in the winter

  (3) Lack of trainers and coaches, and no professional teams

  (4) High cost of hockey equipment, except for skates, where a certain competition keeps prices in line; retail prices of imported goods are twice as high in France than in Canada

- Canadian firms, as well as Scandinavian firms, are very well represented, often by the same distributor, but competition is increasing from Eastern European and Far Eastern imports. Skates from Taiwan are especially cheap (90FF). This competition will continue to be strong mainly in the "rental skates segment" as ice rinks tend to buy this cheap equipment with a one to two year replacement cycle

- Newcomers in the stick market who have made significant penetration are Egen (West Germany) and Artis (Czechoslovakia)

- Competition from medium and medium-high quality skates (Graf and Lico) from West European countries is expected to increase, as well as the eventual entry in the lower quality end by Adidas and further penetration by Rak from Hungary

- In the quality equipment segment, Koho and Jofa should remain major competitors of Canadian firms

- The small market seems relatively stable right now, although positive general economic indicators, plus good skating facilities and an increasingly high number of young players are key future potential growth factors

Italy

- Four interior and 20 exterior artificial ice rinks, with a number of natural ice rinks in tourists' resorts in the Alps mainly

- Total number of players around 10,000 to 15,000

- Apparently some growth in minor amateur leagues, but difficult to measure

- Lack of facilities is major factor preventing expansion of ice sports equipment market that would otherwise increase noticeably according to Winter Sports Federation of Italy interviewed by the Canadian Commercial Officer in Milan

- Ice skates represent an annual demand of about 100,000 pairs, of which 10 to 20,000 pairs are for hockey skates

- Aside from the assembling of 40,000 pairs of skates, there is no domestic production; these skates are assembled with imported blades, some of which come from St. Lawrence Manufacturing

- No local production of sticks, and the total yearly consumption is estimated at 50,000 units

- There are about 10 to 12 assemblers and/or wholesalers of skates and hockey equipment, including three or four Japanese organizations

- 40% approximately of the total skate market is held by local assemblers selling less than medium quality skates

- France is mostly a supplier of a medium quality "strong figure skates for public rental", mainly through Alviera

- Czechoslovakia is a supplier of low-quality blades and skate, while Lico from West Germany imports medium quality skates

- Canadian companies have apparently lost their share of the skate and equipment market due to high prices (partially because of the 1976 dollar exchange rate with the lira) and high transportation costs

- A number of foreign manufacturers have been considering the possibility (and some have actually done so) of investing locally in new facilities to expand their market penetration in the hockey equipment and skate segments

- Probably very limited growth as Italy's economy is still continuing to experience serious difficulties

- Important local assembly of figure skates and low-priced hockey skates will probably prevent further penetration in these segments for foreign companies with no local production facilities

- Italy is still classified as a growth potential market, due to its total population (which is forecasted to be around 58 million in 1980), its relatively favorable climate in some northern and western regions, and a total demand of some magnitude (approx. 100,000 pairs of skates and 50,000 sticks)

Norway

- The present number of artificial ice rinks is 43, of which only eight are indoor

- According to statistics from the Norwegian Ice Hockey Federation, there are 21,000 "registered players":

9,970	-	over 17 years
11,013	-	17 or under

- Norway is trailing behind Sweden and Finland, but it is still a leading Ice Hockey country in Western Europe, although speed skating is more popular than hockey apparently

- Apparent consumption of ice skates and blades was around 110,000 pairs in 1975, a 21% increase over 1974

- Total skates consumption is quite high in Norway although the majority of these skates is used for pleasure and occasional skating, and also more for speed skating than for hockey

- The approximate value of imported skates (at manufacturer's selling price) has been established at:

1972	-	\$448,000
1973	-	\$392,000
1974	-	\$272,000
1975	-	\$393,000

- Consumption of hockey sticks is estimated at around 50,000 units per year for 1974 and 1975

- Total value of imported sticks was established at approximately:

1972	-	$152,000
1973	-	$172,000
1974	-	$108,000
1975	-	$101,000

- There is one local manufacturer of skates and blades: Elken-Spigerverket (with the Viking and Ballan-Grud brand-names), and three very small manufacturers of second quality sticks

- Viking skates are speed and hockey skates, while Ballan-Grud is the world famous brand of speed skates; they manufacture the majority of their blades

- Almost everyone in Norway has a pair of low price ice skates, but in 1976 only a few hundred pairs of Canadian ice skates were imported into the country

- Canadian sticks are totally absent on the Norway market

- Canadian products benefit from a top quality image and very good reputation in the trade and with the best hockey players

- From import statistics for 1975, a pair of Canadian skates was three times more costly (i.e. $30 at manufacturer's price) than a pair of Czechoslovakian skates (i.e. $11 at manufacturer's price) and, according to some sources, the Czechoslovakian skates are improving steadily in quality

- None of the manufacturers interviewed indicated specific interest to further penetrate the Norwegian market which is seen very often as an "annex" to the big Swedish market

- The local manufacturer, Elken, will maintain his share of the local market in the good quality speed skates and in the low and medium quality "pleasure skates" mainly, and, as such, replace potential inroads by the East European and Far-East skates

- Good sticks sales will remain to Sweden's and Finland's companies, with small local shops servicing the low-end segment of the market

- Norway does not represent a major market presently, but still one of significant magnitude

- It would seem "natural" to service this market well and in relation to the two major Scandinavian markets: Sweden and Finland

Austria

- Presently, 12 artificial and full scale ice hockey rinks, with 8 indoor rinks: Vienna (2), Klagenfurt, Innsbruck, Graz, Kapfenberg, Salzburg and Feldkirch

- Approximate number of players is 3,000, with some 2,000 considered as active and regular league players

- Ice skating and hockey are not considered growth activities and sports

- Hockey is still an "insiders sport" and little, if anything, is being done to further expansion

- Austria has no domestic production of hockey equipment, with the exception of a small volume of ice skating shoes and accessories for figure skating by the Austrian companies of Semperit and Franz Wittman & Co., with the brand-name WIFA

- Competition in the Austrian market is centered around Czechoslovakian, Swedish, Finnish and Canadian suppliers

- Major importers are JOFA (Sweden), and Titan and Koho from Finland; more and more equipment is also imported from Czechoslovakia

- According to the Austrian Ice Hockey Federation, the Canadian share of the market is minimal, because the Austrian consumers (and players) are using less expensive equipment

Belgium

- There are 14 artificial ice rinks (3 outdoors, 11 indoors)

- Hockey is played only on 10 of these rinks, compared to 6 rinks suitable for hockey in 1972

- Approximate number of players in "organized" leagues is 600 to 800, distributed amongst 10 teams in one major league known as "Ligue Royale Belge des Sports de Glace" and junior teams, all operating under the rulings of the Fédération Royale de Hockey sur Glace

- Small market which has shown some growth, although very limited, in the last five years

- Hockey is still very much a sport for "rich people" in Belgium

- Belgium has no domestic production

- Present annual demand for hockey skates is estimated at around 6 - 8,000 pairs, and for sticks at approximately 6 - 7,000; these products are not used only by hockey players, but also by pleasure and hobby skaters

- Total consumption of skates is around 15,000,000 BF or $430,000 for about 20,000 pairs

- For skates, German companies hold about 45% of market, followed by Czechoslovakia at 25%, Canada at 10% and others (mainly France and Far-East) around 20%

- For quality protective equipment, Canada (80%) and Scandivania (20%) share the market

- For sticks, it is Scandinavia (70%) and Germany (30%)

- Quality and prices are the two key variables: quality products at higher prices come from Canadian and Finnish companies mainly and aim at a very small segment, while low quality products at very low prices enter the market, mainly from Taiwan and Czechoslovakia; German products are positioned mainly in the medium quality segment

- It is unlikely that the Belgian market will grow much more

- Canadian firms will continue to face very hard price competition from Czechoslovakian products in the protective equipment segment and from Far-Eastern countries, mainly Taiwanese products, for skates

- Small market which presents little interest, other than being very close to the Netherlands market which is growing at an interesting pace

Denmark

- There are 16 interior rinks, 1 exterior rink being converted into an interior arena and 4 known potential projects for the next 3 to 4 years, with one to be completed in 1977

- Estimates on number of "registerd hockey players" is around 6,000, with an additional 4 to 5,000 "occasional players"

- Danish market is the smallest of the four Scandinavian markets, but still benefits from an overall favourable physical and cultural environment for ice skating and hockey

- Consumption of ice skates is estimated at around 50,000 pairs in 1976, compared to some 25 - 30,000 pairs in 1975

- Consumption of sticks went from 4,500 in 1975 to nearly 4,900 in 1976

- Major local importers, agents and "assemblers" are:

  - Guddi Hoybye - Sportsman
  - Poul Jorgensen and Co.
  - Intersport
  - Sports Goods A/S
  - Select Sport
  - Sportsen - distributor for Koho Products

- Major hockey products manufacturers importing into Denmark are apparently the following:

  - Sweden - Jofa (equipment and skates)
  - Canada - Bauer
    - C.C.M.
  - Finland - Koho (mainly sticks)

- Minor market and not seen as a priority potential for Canadian products

- Its geographical position, between Germany and the two good Norwegian and mainly Swedish markets can probably allow it to be serviced at low costs

Great Britain

- There are 15 ice rinks in England on which hockey is being played in a limited amount of ice time (mainly in the evenings mid-week, as most ice time is taken up by public skating)

- Estimated in 1977 at no more than 1,000 "registered players", all amateurs, with some 1,000 to 2,000 occasional players; in 1974, the total number of registered players was around 500

- An experiment with a London-based professional team in 1974 and 1975 folded very quickly as the team could not attract more than 3 to 4,000 people per game

- According to the Ice Hockey Association of Great Britain, the sport is increasingly popular, and all that is required are more rink facilities and more ice time in present rinks

- Total stick sales are estimated at about 6,000/year and hockey skate sales at about 12 - 14,000/year, as some hockey skates are still purchased by non-hockey players

- Total consumption of skates and blades was estimated at 835,000 pounds in 1974, 1,044,000 in 1975 and 742,000 in 1976, or approximately from 50 to 60,000 pairs

- Major British manufacturer is Mitchell & King which makes skate blades, hockey skates and figure skates

- Mitchell & King is renowned as a quality product manufacturer; their total production varied between 600,000 to 700,000 pairs of skates and blades in 1976, with less than 10% for hockey and the rest for figure skating

- There is one other manufacturer of skates in Britain: John Wilson Mersden Bros. & Co.

- There are two manufacturers who produce small volumes of ice hockey equipment: Bridport-Gundry Ltd. and Frank Bryan Ltd. (in Worcester)

- Koho sells sticks and equipment mainly

- Bauer is the major importer of quality hockey skates

- Cooper is the major importer of equipment and outfit

- Czechoslovakia are now marketing low priced pleasure skates

- Probably low growth, except if new rinks or more ice time is available for hockey

- However, pleasure skating will probably enjoy a slow but steady growth

- Mitchell & King is concentrating on figure skates, leaving the high quality hockey skates segment to Canada, and the low quality segment to Eastern Europe imports

- No new major entries on the market:
  - high quality skates for hockey to Canada
  - high and medium quality skates for pleasure to Mitchell & King
  - low quality skates to Eastern Europe
  - sticks to Finland
  - equipment to Canada and Finland

- Low priority for Canadian companies as market is small and no real significant growth expected

TABLE 2.2.2.A

Approximate Number of Hockey Players in Some Western European Countries

	Total	Registered and Organized League Players
Sweden	220,000	14,000
Finland	60,000	8,000
Switzerland	60,000	13,000
West Germany	50,000	7,000
Norway	40,000	21,000 (3)
France	40,000	5,000
Italy	15,000	1,000
Holland	10,000	2,000
Denmark	10,000	6,000
Great Britain	3,000	1,000
Austria	3,000	2,000
Belgium	2,000	700
TOTAL	513,000	80,700

Notes: (1) Sources of information are Ice Hockey Federations in most of the countries surveyed and/or estimates from experts interviewed

(2) The total column includes "occasional players" which numbers were estimated by experts interviewed and also in relation to the "more official" statistics of "registered players"

(3) However, the "registered players" category does not refer to a standard definition used by all national federations, and thus cannot be used as a precise comparative tool; for instance, the Norwegian registered players nearly equal the Swedish and Finnish registered players, although ice hockey is much more widely practiced in Finland and Sweden than in Norway

TABLE 2.2.2.B

Approximate Number of Artificial Ice Hockey Rinks

(Historical and Projected) in Some Western European Countries

	1970	1972	1974	1976	1977	1978	1980
Finland	n/a	n/a	6	13	15	17	23
Sweden	38	50	62	80	84	90	110
Switzerland	16	17	18	18	20	21	23
West Germany (all indoor rinks, not only ice hockey rinks)	50	70	90	110	115	120	130
Holland	n/a	11	13	14	14	16	18
France (all indoor rinks, not only ice hockey rinks)	20	n/a	110	120	120	130	140
Italy	n/a	n/a	n/a	4	4	n/a	n/a
Norway (total of 43 artificial ice rinks)	n/a	n/a	n/a	n/a	8	n/a	n/a
Austria	n/a	n/a	n/a	n/a	8	n/a	n/a
Belgium	n/a	6	n/a	n/a	10	11	n/a
Denmark	n/a	n/a	n/a	16	17	18	20
Great Britain	10	n/a	n/a	15	15	15	n/a

Notes: (1) Sources of information are Ice Hockey Federations in most of the countries surveyed and/or estimates from experts interviewed

(2) The rinks, unless otherwise indicated, refer to indoor rinks suitable for hockey

TABLE 2.2.2.C

Estimated Apparent Consumption of Ice Skates (With or Without Footwear Attached) in Some Western European Countries

('000 pairs)

	1972	1973	1974	1975	1976
Finland	92	133	111	113	122
Sweden	195	150	245	280	350
Switzerland (skates only)	135	155	149	133	139
West Germany	47	313	288	201	224
Holland (high rate of re-export from Holland not taken out)	364	139	115	8	263
France	57	44	43	74	n/a
Italy	n/a	n/a	n/a	n/a	100
Norway	112	93	91	110	n/a
Austria	n/a	n/a	n/a	n/a	n/a
Belgium	n/a	n/a	n/a	20	20
Denmark	n/a	n/a	n/a	25	50
Great Britain	n/a	n/a	50	60	50

Sources: National Offices of Statistics and Trade Estimates

TABLE 2.2.2.D

Estimated Apparent Consumption of Hockey Sticks in Some Western European Countries

('000 Units)

	1972	1973	1974	1975	1976
Finland	820	670	270	413	275
Sweden	n/a	n/a	864	1,212	900
Switzerland	n/a	n/a	n/a	n/a	150
West Germany	n/a	n/a	n/a	n/a	180
Holland	n/a	n/a	n/a	n/a	120
France	n/a	n/a	15	n/a	25
Italy	n/a	n/a	n/a	n/a	50
Norway	68	82	52	47	n/a
Austria	n/a	n/a	n/a	n/a	n/a
Belgium	5	n/a	n/a	n/a	7
Denmark	n/a	n/a	n/a	n/a	7
Great Britain	n/a	n/a	n/a	n/a	7

Sources: National Offices of Statistics and Trade Estimates

TABLE 2.2.2.E

Major Manufacturers in Western Europe

PRODUCT	NAME	COUNTRY
Hockey skates:	Jofa	Sweden
	Titan	Finland
	Alviera	France
	Graf	Switzerland
	Lico	Germany
	Adidas	Germany
Sticks:	Koho	Finland
	Jofa	Sweden
	Titan	Finland
	Montreal	Finland
	Torspo	Finland
	Egen	Germany
	Ambros	Germany
Blades:	ABC (Jofa)	Sweden
	Mitchell & King	Great Britain
	Elkem	Norway
Outfits:	Koho	Finland
	Titan	Finland
	Jofa	Sweden
Ice Rink Material:	Rolba-Zamboni	Switzerland

2.2.3 Demand Forecast

A retail forecast of skates and hockey equipment (excluding clothing) for the U.S. market estimated the total value at $77 million in 1977 up to $87 million in 1979 and $99 million in 1981, with the following breakdown by product lines:

	1979	1981
Figure and speed skates	$29.3 million	$35.4 million
Hockey skates	$24.2 million	$26.7 million
Protective equipment	$20.8 million	$22.9 million
Sticks	$12.8 million	$14.1 million

There is much disagreement about the forecasted consumption of new hockey equipment in the U.S. According to the opinions of retailers interviewed this consumption will depend on many factors. Among these factors are:

1. Cost of equipment. Substantial increases in the cost of equipment may limit the size of the market.

2. Violence. Due to the excessive, and as yet unchecked, amount of violence in hockey, school hockey programs may be curtailed in favour of less abusive sports. It is understood that there are some efforts being made now to correct this problem.

3. Number of rinks available for hockey playing, and the cost of ice time. More government involvement may ease this problem.

4. Cost and availability of energy, to make and maintain artificial ice, and for automobile transportation to rinks.

5. Success of local professional teams. Interest in playing hockey fluctuates according to the playing record of each local team.

According to one retailer, there is a two year carry over from a successful year, after which interest wanes.

6. Competition from cheaper and better established team sports, such as soccer and basketball.

7. Growth or decline of physical education programs including hockey, in grade schools and secondary schools. This is especially crucial in the U.S. where much of the hockey is centered in school programs.

8. The general state of the economy.

Section 6.1 gives more details on the forecast, the basic assumptions and computational hypothesis for the U.S. market.

A consumption forecast (in quantities) was prepared for the Western European countries surveyed, and indicates the following total consumption of ice skates (with and without footwear attached):

1977	-	1.75 million pairs
1978	-	1.83 million pairs
1979	-	1.93 million pairs
1980	-	2.00 million pairs
1981	-	2.09 million pairs

Sweden, Switzerland, West Germany, Finland and Holland are seen as the major consumers:

	Share of total skates consumption (%)		
	1977	1979	1981
Sweden	21%	21%	21%
Finland	7%	8%	8%
Switzerland	21%	20%	19%
West Germany	14%	15%	16%
Holland	12%	12%	13%
Others	25%	24%	23%

In hockey skates, the three leading countries are Sweden, Finland and Switzerland, but West Germany is seen as a major growing market.

The total sticks consumption (including bandy and "street hockey" sticks) was estimated at 1.8 million in 1977, 2.0 million in 1979 and 2.2 million in 1981, with Sweden, Finland, West Germany and Switzerland remaining the major consumers.

More details, with the assumptions and computational hypothesis, are given in Section 6.2.

2.3 MAJOR RECOMMENDATIONS

These recommendations are prepared from a combination of inputs to the study and our judgment. Some of these suggestions may already be in practice. However, we are not evaluating present programs, but making suggestions for the future. In addition, it is very possible that some of these suggestions would need further research before implementation.

Our recommendations for action on hockey exporting are divided into sections on possible Government actions, and actions to be taken by private enterprises. These actions are again subdivided into actions to stimulate primary demand, and/or to increase penetration in areas where Canadian sales are weak. It is to be noted that many of these actions could have a dual impact: stimulate primary demand and increase sales by Canadian firms. The last breakdown is on the basis of the regional application of these recommendations: general, U.S. only, Western Europe only or a specific region of Western Europe.

2.3.1 Government Actions

2.3.1.1 To Stimulate Primary Demand

(1) Canadian participation in trade shows around the world should be strong, and could be further subsidized by the government.

(2) In addition, a Canadian held, worldwide show similar to the coming EXPO in Minneapolis might serve to demonstrate Canadian leadership in the field of ice hockey. Such a show could feature demonstrations and lectures by noted Canadian experts in hockey.

(3) A campaign of institutional advertising to promote the sport of hockey could be effective in increasing awareness and stimulating increased demand.

(4) Another tool to stimulate primary demand and also assist Canadian firms' marketing efforts could be the establishment of a "World Hockey Institute" in Canada to promote the sport and its techniques, and serving as a worldwide Reference Center on hockey. Such an organization could also sponsor worldwide product quality standards. Presently, one research group is active at Laval University in Quebec (i.e. Groupe de Recherche et de Développement sur le Hockey) and the Canadian Amateur Hockey Association, through its Development Council, has a Research Committee on equipment standards and evaluation, but none of these organizations play an active role in promoting the sport and its Canadian content outside Canada, not only for products, but also for know-how and technology.

(5) In addition to the above suggestions, Government could be involved in the following areas:

- Seminars on private ice rink management.

- Further assistance and subsidies for new product research.

- Cooperation with all private and public parties concerned on eleminating violence from hockey in the U.S. (and in Canada also of course) so that parents will allow and encourage their children to play.

2.3.1.2 To Assist Canadian Firms to Increase their Market Penetration

Government sponsored programs to aid product research could benefit Canadian hockey exports by improving products such as figure skates and hockey sticks that are currently not selling very well in foreign markets. The costs of such research and development could be prohibitive to many companies, but would be encouraged by the presence of government funds; presently, such research work is being conducted through the Centre de Recherches Industrielles du Québec (C.R.I.Q.) on hockey stick technology; more research into the use of synthetic materials for sticks is required and should be founded partially with public funds.

Additional market research, especially in those areas mentioned above, could be beneficial in deriving a particular strategy to increase penetration of the U.S. and Western European markets.

According to some European experts consulted, significant factor influencing Canadian sales in some Western European countries is the prestige and image of Canadian hockey teams performing in International Hockey Tournaments and exhibition games. Any government direct or indirect action which will improve the quality and performance of our international representatives in such tournaments could have a relatively significant impact on the demand for Canadian products in some of these European countries surveyed, mainly in Scandinavia and West Germany.

2.3.2 Private Actions

2.3.2.1 To Stimulate Primary Demand

There are a number of things that Canadian private enterprise can do to stimulate purchases of new equipment, and increase hockey participation. Some of these items are:

- Group advertising could be sponsored by the whole Canadian hockey industry to promote the sport of hockey in general, and Canadian equipment in particular in both the U.S. and selected Western European countries.

- On an individual company level, a change in the frequency and style of advertising in the U.S. could stimulate hockey playing and purchasing. Television and other mass media advertising could be used more frequently to demonstrate unique style and safety features. This might be an effective adjunct to the usual endorsement style of advertising now being used in the U.S.

- Companies could increase promotion to schools and institutions by such activities as sending technical representatives to colleges or high schools to set up or improve hockey programs and encourage the use of Canadian hockey equipment; this suggestion applies primarily to the U.S. market.

- Canadian participation in U.S. trade shows has decreased in recent years according to the National Sporting Goods Association. A high level of visibility at such shows should be maintained for best exposure.

- There are some summer training camps for young hockey players in the U.S. and in Western Europe. We suggest that Canadian firms contribute technically and financially to their expansion, and that other programs such as weekend clinics be developed.

- From evidence of interest in Europe in a milder form of hockey (bandy) and some present developments, it appears that hockey for women in the U.S. and even Western Europe is a virtually untapped market, and could be encouraged.

- Recent evidence has shown that some hockey equipment has alternate uses, such as for skateboarding. Other possible applications could be explored, and modifications made in the equipment to make it suitable. Such new applications would have to be tested and approved before they could be advertised as safe for use in any of the markets studied, mainly in the U.S. market.

2.3.2.2 To Increase Market Penetration in the U.S. Market

For the private company, there are three separate aspects to an increased penetration strategy in the U.S.

These are:

1. To maintain present shares of skate and protective equipment markets in the face of increasing European competition.

2. To increase sales of sticks and figure skates.

3. To expand penetration in other areas, such as the medium to low end of merchandise.

Our suggested strategies can be used in any combination for any or all of the above problems.

The strategy in the U.S. market appears to be presently an "all U.S." type of strategy. We suggest that a regional approach would be more effective taking such factors as available ice time, amount of municipal support, type of retail outlets prevalent, into account in formulating strategies.

This would be tied, naturally, to detailed market research which is beyond the scope of this report, but which is vital to an effective marketing strategy.

For distribution to mass merchandisers or discount stores, we suggest that some form of private labelling, name change or code differentiation be considered, to eliminate the direct competition with Specialty Stores, which do form the heart of U.S. hockey sales.

In addition, there should be a return to more selective distribution for better quality goods. The specialty store retailers are vital in the U.S. market because of their strong influence over customers. They are unhappy with the present Canadian multiple distribution policy. It is crucial to secure and improve present relationships with the Specialty Stores so that it will be more difficult for European competitors to gain a foothold in this vital area.

Present efforts to improve hockey sticks in lightness and strength should be encouraged as much as possible, keeping in mind the need for effective price competition.

Figure skates represent the single largest market studied in the U.S. Some improvement is needed in the area of blades to compete with higher quality English and American blades.

For protective equipment and hockey skates, there are no significant suggestions, except that products should be kept current with safety standards as they are established, and with new design trends.

To effect increased penetration of the lower middle and upper lower ends of hockey equipment, especially skates, more attention could be paid to lower priced goods, in conjunction with private labelling, name change and code differentiation strategies mentioned above.

Most of the promotion suggestions relate to advertising. It appears that Canadian companies have approached the U.S. hockey market as if it were substantially the same as the Canadian market. As discussed above in our summary of findings, there are many differences between the markets.

Based on this and other findings, we suggest the following advertising strategies:

1. More product advertising, possibly in conjunction with endorsement advertising.

2. More mass media advertising, in specific target areas, at peak times such as early fall, and during televised games. This could be on a cooperative as well as an individual basis. Such advertising would feature safety, and significant product features, as well as the benefits of the game itself.

3. Improved presentation of Canadian figure skates, and a strong advertising campaign, stressing Canadian "ice" expertise and tying that to figure skates. This would also necessitate a change in catalogues, with figure skates in a more featured position.

Other suggestions for promotional tools are:

- To continue and increase training for retail salesmen, as these persons have a high degree of influence over the market.

- To improve the quality and frequency of sales representatives in the U.S. Although this area was not specifically in the scope of our study, it did come to our attention that some of the present sales representatives for Canadian companies were not very well thought of by some retailers.

- To increase promotion efforts to maintain public exposure through professional teams. Eventhough this is not as crucial in the U.S. as it is Canada, it is, nevertheless important in order to maintain the image of Canadian superiority.

In Western Europe

Section Five makes, on a country by country basis, recommendations on general marketing strategy elements for Canadian manufacturers.

The following recommendations do apply in general or in particular to some Western European markets.

In most countries studied, the overall strategy should be established around the maintenance of a high quality and good reputation approach, mainly for hockey skates and protective equipment.

The primary market segments for high quality equipment and skates should remain the "organized amateurs" and the "serious players" segments, with the exception probably of Switzerland and France (and possibly some other regional markets to be identified) where the stronger quality-consciousness of consumers seem to prevent a massive penetration of much lower priced items of lower quality from the Far East or Eastern Europe.

Just like in the U.S. market, Canadian firms have interest to concentrate on increasing primary demand for hockey skates and protective equipment, since, as market leaders, they will benefit from a total increase in demand; however, for figure skates and hockey sticks, the strategy should be more to acquire (or re-acquire) market shares by improving specific marketing efforts and programs in specific markets (i.e. better pricing, improved quality, more efficient distribution, etc.)

The formation of an independent non-profit shippers association regrouping Canadian exporters of hockey goods to Europe should be studied as an alternative to reduce costs and delays of shipments to some Western European markets by benefiting of rate reductions and faster delivery associated with carload shipments and bigger volume shipments (either by air cargo or sea transportation).

In the same direction, an increasing use of centralized warehousing in Europe (on a cooperative basis by Canadian exporters) should be studied seriously.

A serious improvement in the Canadian penetration of the mass market composed mainly of lower and medium-priced items for occasional players and skaters will most probably necessitate one or a combination of the four following strategies:

(a) developing less expensive equipment, primarily skates, to compete at least with Western European manufactured products;

(b) setting up local manufacturing operations in Western Europe (preferably in an EEC country, through a subsidiary or a licencing agreement with a local manufacturer);

(c) developing offshore facilities - i.e. purchasing from white label Eastern or even Asian suppliers with the objective of a medium priced skate range in Western Europe;

(d) exploring the opportunities for Canadian manufacturers to set up joint venture operations with European companies. The advantages of Canadian prestige and technology in this field could make such a venture of interest to some manufacturers. Ice hockey is a rapidly "ageing" market. While there is little doubt that today's players are largely Canada-oriented, the new, younger players are becoming increasingly used to domestic European equipment thus creating, in the long term, a danger for Canadian manufacturers.

Canadian firms have serious problems in acquiring and keeping good distributors and dealers in some European markets; in the high quality segment, exclusive territory protection with better profit margins for re-sellers should prove to be the best method to "buy good distribution" with more active selling efforts; however, wider distribution networks with easier access to consumers seem required in some big European markets such as in Scandinavia and Switzerland where very often Canadian equipment is found only in major cities and Specialty Goods Stores.

Canadian firms active in Western Europe should promote an active and direct role by National Hockey Federation and the International Hockey Federation in the development and supervision of quality standards and seals of approval for hockey equipment; the high quality Canadian products should benefit from a wide use of such tests and standards.

The reader is referred to Section Five where parts (C) and (D) of the section on "Marketing Strategy Elements", for each of the twelve European markets studied describe briefly the relative importance of each market and possible strategies for Canadian firms.

SECTION THREE

MARKETS STUDIED AND PRODUCTS ANALYZED

3.1 GEOGRAPHICAL MARKETS STUDIED

3.1.1 United States

The U.S. figures are mainly on a national basis, as exact local figures are nearly impossible to ascertain.

The specific areas visited in the U.S. represent areas of particularly heavy concentration of activity in hockey playing and ice skating, and therefore are considered to be the largest retail markets for hockey equipment. These areas are:

1. St. Paul/Minneapolis, Minnesota
2. Chicago, Illinois
3. Boston, Massachusetts
4. St. Louis, Missouri
5. Philadelphia, Pennsylvania

In these areas, interviews were conducted with local retailers, who were identified by several sources as the largest retailers for hockey equipment, and with industry associations that were felt to be most knowledgeable on the subject. In addition, we interviewed the major Canadian hockey equipment manufacturers, in order to gain an overview of the U.S. market, gather specific U.S. market statistics and to be better able to assess their strengths and weaknesses from their point of view.

In addition to these personal interviews, a great number of persons were contacted on the phone. Among these were persons from the U.S. Department of Commerce, Fenton Kelsey, publisher of U.S. Hockey and Arena Biz, and directors of many associations relating to sports and hockey.

3.1.2 Western Europe

The following countries were covered in our research:

Sweden
Finland
Norway
Denmark
West Germany
France
Italy
Switzerland
Austria
Belgium
Great Britain
Holland

The level and volume of information gathered on these various "national markets" was determined mainly by three factors:

- preliminary information and findings on the relative importance of these markets (i.e. more importance given to information gathering in Scandinavia than in the U.K. or Austria)

- availability of official statistics and/or trade sources in these various countries

- time available to conduct the field survey (i.e. less than two months)

Important existing or potential export markets were not included in the terms of reference (due to time and budgetary constrains) and they are amongst others: Japan, China, U.S.S.R., and other Eastern European countries, mainly Czechoslovakia, Rumania, Poland.

Taking into consideration trade agreements and commercial policies with these countries, and the relatively strong domestic competition Canadian firms are or would meet in trying to penetrate or increase their penetration in these markets, it remains that market opportunities exist and that as such future research and marketing efforts should probably be directed to some of these areas.

Some information and opinions gathered on these markets:

- U.S.S.R. and Czechoslovakia produce more than 2,000,000 hockey sticks per year, for about 12 - 15% of worldwide production, and apparently consume more than 2,200,000 sticks per year.

- There are more than 600,000 players in the U.S.S.R. and around 400,000 in Czechoslovakia.

- An important Canadian manufacturer has sold for approximately $400,000 in Japan in 1976 and is budgeting a 10% increase for 1977.

- Czechoslovakia, Hungary, Japan and Taiwan are increasing their penetration of many Western European low to medium quality skate markets.

- Czechoslovakia is producing about 80 to 90% of hockey pucks used in Europe.

- Bandy, a mild form of ice hockey, is a very popular sport in the U.S.S.R. and Scandinavia and might present some potential future market opportunities.

- More than one expert interviewed in Europe mentioned the possibility of trade agreements with Eastern European countries, especially Rumania, Yugoslavia, Czechoslovakia and Hungary.

3.2 PRODUCT LINES ANALYZED

The products studied were those directly relating to ice skating and hockey. Concentration was on figure and hockey skates, hockey sticks and protective equipment, including pants, although opportunities in other areas such as hockey clothing or ancillary equipment were explored when data and opinions were available.

Such products as adhesive tape, rubber bands, garters, weights for skates, skate sharpening machines, shooting targets, ice-making machines, etc., were not studied in detail.

Other products such as training machines (i.e. automatic puck thrower) were discussed only in relation to possible future actions by private companies or assistance by government, but were not analyzed in detail, mainly due to budgetary and time constrains.

Experts interviewed were reluctant or unable to discuss each particular skate or piece of protective equipment, and published data analyzed was also for major categories, so our references will be mainly to the broad categories mentioned above.

3.3 NEW PRODUCTS AND TECHNOLOGIES

There are a number of new products and technologies coming into the market. These relate to improved safety standards, as well as improvements for ease and convenience of use.

3.3.1 New Skates and Blades

The main development recently in skates has been the improvement of the molded plastic boot. There is much controversy about these skates within the industry. Most retailers interviewed feel that the plastic skate is not as good as nylon and leather and some manufacturers claim it is too rigid and too costly because of the petroleum content of plastic; although some said they felt the molded skate was the "skate of the future," because it is flexible, strong, water resistant, has a longer life and requires no breaking in. It does appear to be liked by defensemen primarily. The future appeal of this skate will most likely increase when prices come down from their originally high level, due to increasing manufacturing competition, change in materials and processes and capitalization of original factory costs.

Costs of ice hockey in the U.S. are very high if ice time is considered. In spite of the high costs, however, high quality equipment remains popular. However, most retailers feel that hockey equipment is price sensitive within a certain quality range, and that sales of plastic molded boots will increase as the price goes down, especially since prices of leather and nylon boots are expected to increase steadily. Plastic skates hold 5 - 10% of the market now, and can be expected to increase to 20 - 25% in the U.S. within the next 3 to 5 years.

In Western Europe, some experts interviewed predicted a 50% share also by 1980 or so for the plastic skate boots, compared to approximately 10% right now in the quality hockey skates segment.

Presently, Lange, the pioneer of the product, Bauer, Daoust, Titan (Finland), Lico (Germany), Jofa (Sweden) and Munari (assembled in Italy) are the major marketers of the product.

The nylite blade and its imitators represent the other relatively new development in skate technology. It is also fairly unpopular so far, because of breakage, but is expected to increase in sales due to improved technology and lower costs.

Nylite skate is the trade name for a skate blade being manufactured in the United States (Detroit) by the Canadian American Skate Company.

The manufacturing process of the Nylite blade is revolutionary. The traditional skate blade is manufactured in 87 steps with 7 pieces of steel spot-welded to form a blade. Canadian American Skate uses a steel runner one-eighth of an inch thick to which is fastened injection molded plastic. The advantage of this new blade is its remarkable lightness. The Company claims that the blade is 4 ounces lighter. Studies have shown that this reduction in weight will significantly lessen the player's energy consumption. The plastic blade also has a flexibility of one-eighth of an inch which facilitates turning.

A competitor of Nylite estimates at some 250 - 300,000 pairs the high priced segment and believes that the seven or eight skate manufacturers using them (C.C.M., Lange, Titan and others) will not find this a very profitable venture for a good period of time.

C.C.M. has been a principal pioneer in the nylon skate field. The recognition that leather was rapidly becoming scarcer and more expensive was the principal motivating factor. The "ballistic" nylon skate, virtually shockproof, is an exclusive C.C.M. product. Graf of Switzerland and Royal Schuhefabrik of Germany as well as the Czechs are also manufacturing nylon skate boots. The manufacturers of the nylon boots claim it is more flexible than the molded plastic boot and yet highly protective.

An expert interviewed mentioned a new hockey blade, the TUUK 2000, which he believed will become very popular. This blade is constructed without the traditional "posts" to attach it to the shoe. It is being manufactured in Canada, with a Canadian patent, and will most likely be used on one of the major skates in the near future, possibly by contract with a major skate manufacturer.

"Long blades" also appear to be growing in popularity. They are used in speed skating primarily, and also for the practice of Bandy in Scandinavia and the U.S.S.R.

3.3.2. New Protective Equipment

The main change in protective equipment, aside from face masks, is in the direction of lighter, less bulky materials such as substituting foam padding for felt.

Face masks are now required equipment by A.H.A.U.S. members and all other teams using their regulations.

Face masks are of three types:

1. plastic shield
2. wire
3. combination wire and plastic

Annex 3.3.2 gives a full discussion of the many face masks now available.

A new use for some protective equipment, especially hockey helmets, elbow and knee pads, is for skateboarding, which is one of the fastest growing sports in the U.S. today. This is currently in the low end of equipment, or helmets running $10 - $12 each. This use could, unfortunately, lead to increasing liability suits, in spite of disclaimers now being printed in promotional literature stating that the equipment is for hockey only.

In terms of protective equipment, the European market is several years behind its Canadian counterpart. Ice hockey is not played as roughly in Europe as in Canada. Most helmets manufactured in Europe for example, would probably not be acceptable for the Canadian market.

3.3.3 Sticks

There are a great many new types of sticks being used currently. Some of these are:

1. laminated veneered plywood (these are made with 41 plys for top sticks, 10 plys for normal use);

2. molded fibreglass (a groove in each side of the handle is then covered with a fibreglass strip);

3. tube (these are laminated on 4 sides with inserts on the side of the handle every 1/8", hollow inside);

4. graphite sticks (5% graphite, 95% wood) (these are made with the same process as fibreglass, except that the graphite is added for strength and lightness).

The main trend seems to be to the laminated sticks from Finland, which possesses the only two factories with this type of veneer technology in the world. Efforts are now being made to duplicate this technology in Canada, and, based on the opinions of those interviewed as well as our own research, they should be encouraged. Use of this low cost but durable type of stick may be vital to maintenance of the Canadian share of the export and even domestic stick market. However, a representative from Sherwood-Drolet feels that the fibreglass stick may be even better than the veneer stick when it is consistently produced with high quality and light weight.

Another trend is the manufacture of custom fitted sticks. These sticks would be fitted at the retailers shop to allow for the appropriate stick length and blade curvature for each user.

3.3.4 Other New Items

Hockey-Mate International (a Canadian-owned company, based in Montreal) has introduced an automatic puck thrower for use as a training device. Apparently, it is the most perfectioned machine of its kind, and may be of interest to many organizations and teams. One of the teams interviewed does have one, but apparently does not use it at the present time.

So far, six units have been placed in the U.S. and two in Europe (one in Czechoslovakia and the other in Switzerland). The selling price is $2,000 (plus the cost of batteries at $40/each); the product is manufactured in Ontario (Melcraft Corporation in St. Jacobs). An earlier model, developed in Sweden and tried by the Russians, did not succeed due apparently to manufacturing and design deficiencies (e.g. one speed only) and inadequate marketing. Annex 3.3.4 gives more details on the product.

"Street" hockey appears to be growing in strength in the U.S. Some leagues and tournaments are even being organized in some areas of the country. Some increases in purchasing of sticks and jerseys is attributed to "street" hockey as well. Because players are mostly not organized, it is difficult to estimate how many people are playing street hockey. However, a commercial officer from the Canadian Consulate in Boston did estimate that in the Boston area approximately 75,000 people and in Philadelphia over 200,000 people are playing street hockey. The equipment is somewhat different. The shin pads are lighter and worn on the outside of the pants. Elbow pads and helmets are worn, but are not the same as ice hockey. The sticks are wooden with a plastic blade and the puck is hollow plastic. The equipment is largely manufactured in the U.S.

Women hockey (or ringuette in Quebec) is also a fast growing sport requiring new and modified products.

In Europe, many companies (e.g. Titan, Sirins, Lico, Koho, Jofa) make skates, sticks and protective equipment for a relatively fast growing sport known as Bandy, which is a "milder form of hockey". Sections 2.2.2, 5.1.1 and 5.1.2 give more details on this winter activity. Street hockey and women hockey has not yet attained a wide practice in Western Europe, except in some countries, such as street hockey in Holland.

SECTION FOUR

U.S. MARKET FOR

HOCKEY AND ICE SKATING EQUIPMENT

4.1 INFORMATION ON MAJOR VARIABLES AND TRENDS AFFECTING DEMAND

4.1.1 Number of Ice Skating Arenas and Rinks

A definite relationship between the number of hockey rinks and the number of hockey players was established by many of the knowledgeable sources on hockey. As interest in hockey and ice sports has increased, the total number of ice arenas has definitely increased, although some rinks have been closed, while others opened up. Those that have closed were built mainly during the hockey "boom" of the mid-sixties and have failed to meet their financial objectives. Municipally owned rinks have less pressure to be profitable, and are able to survive, and have increased in numbers. Reasons for this were discussed in an article, in the New York Times, March 6, 1977:

"Ten years ago, when the National Hockey League doubled in size to 12 teams and gained millions of new fans on television, boys across the country began practicing to join the Rangers or Canadiens someday, as they once had the Giants or Yankees. Owners of the 800 or so permanent rinks in the country had trouble accommodating all the new hockey players, and the growing numbers of fans who came to the rinks as recreational skaters."

"The Ice Skating Institute of America, according to Tom E. Hall, executive director, began getting 200 inquiries a year about rink building and by 1974 the country had 1,400 rinks."

"It was not unusual", said Peter G. Martell, the 28-year-old manager of the Sky Rink at 450 West 33rd Street, "for a father who was doing quite well in business, who was looking for a capital investment as a tax shelter and who had a kid who played hockey to get together with three or four other fathers, and the next thing you know, they'd built an ice rink. And, of course, the municipalities jumped on the bandwagon."

"The bandwagon filled and quickly overflowed. Inquiries at the Ice Skating Institute are now down to 30 a year, and in Massachusetts, for instance, 19 commercial rinks have folded in the last three years, according to Jack Mahoney, a private rink owner. He and his colleagues in the Rink Owners of Massachusetts blame the state-owned rinks for the current profit squeeze."

"The organization, along with some taxpayers, filed suit in Superior Court last March alleging that tax subsidies enabled the public rinks to charge lower fees than private ones, making it impossible for the private rinks to compete. The suit, which is still pending, seeks to force the public rinks to charge more for skating time. Mr. Mahoney hopes it can be settled this year "while there are still some private rinks left."

"Indeed, a bit more than half the nation's rinks are owned by state and local governments. Add to these the rinks run by schools and foundations, and 70 percent hold a nonprofit, tax-exempt status, which as the Ice Skating Institute notes, "offers a unique protection in periods of economic uncertainty."

It is difficult to say whether hockey interest increases with more arena space or vice-versa. It would appear to be a combination of both, with interest in hockey playing stimulating construction and consequent availability of space stimulating more interest. Of course, interest is also stimulated by other means such as professional games and advertising.

According to Fenton Kelsey, Jr., editor of U.S. Hockey and Arena Biz, the count for U.S. ice arenas and artificial ice rinks for the past 3 years is:

YEAR	NUMBER OF RINKS	% CHANGE
1974	1084	
1975	1338	+ 23.4%
1976	1427	+ 6.7%
1977	1669	+ 17.0%

This compares to a total of 987 indoor artificial ice arenas in Ontario alone in 1977. The number of natural and artificial outdoor ice rinks is unknown, but could number in the thousands. Growth in ice arena construction has certainly slowed down in the past year, but an estimated addition of more than 150 rinks are expected to be completed by the Fall of 1977. Annex 4.1.1 shows a sample of the many municipalities and private companies in the U.S. that are now contemplating or actually planning construction of new facilities.

The following chart shows the known distribution of ice skating facilities.

TABLE 4.1.1

Known Distribution of Ice Skating Rinks and Arenas in the U.S.

California, Nevada, Utah, Wyoming, Colorado	- 92 artificial
Pacific Northwest - interior	- 20 - 25
- exterior	- 1 - 2
Mid Atlantic (10 new ones planned)	- 22
Upper New York (Buffalo area)	- 90
Massachusetts	- 85
Michigan, Indiana, Toledo, Ohio	- 33artificial
(Not complete)	- 2 natural
Minnesota	- 100 artificial indoors
	- 200 artificial outdoors
	1,000 natural outdoors (estimated)

Source: U.S. Hockey and Arena Biz

There appears to be somewhat of a trend to more government (usually municipal or county) ownership of ice arenas, including University, College and High School arenas. Privately owned arenas have not been entirely successful as money making activities, principally due to the high costs of maintenance, energy shortages, and lack of use during enough hours of the day to pay sufficient income. It is not uncommon to hear of youngsters going to 2:00 a.m. hockey practices. However, demand for ice time, inevitably, appears to diminish if the difficulty of getting more reasonable playing times becomes too great. Several of our interviewees stated that the growth of hockey in the U.S. will depend on government involvement in providing facilities as well as school programs for ice hockey. Specific government programs are discussed in Section 4.1.5.

4.1.2 Hockey Players and Teams

Figures on the number of hockey players in the United States are extremely difficult to acquire. The number of unorganized players, or occasional players, is impossible to guess at, although the excessive cost of artificial ice time, the newness of the sport in the U.S., and the limited locations for natural ice imply that the numbers would be far lower than the high 1 for 1 estimate given for Canadian hockey. (One occasional player for every one organized player).

The following chart shows the number of registered teams for the past four years in the U.S., wherever figures were available. These represent teams playing more than 20 games per year. Each team has an average of 24 players, with a range from 15-43 members per team. A study completed by the National College Athletic Association also mentioned that there are an average of 21.7 players/team in competition, and an average of 20.3 players/travelling team.

TABLE 4.1.2.A

Registered Hockey Teams in U.S.

	1974	1975	1976	1977
A.H.A.U.S. Members *	10,298	10,844	10,685	n/a
College Teams **	104	109	112	114
High School Teams ***	n/a	n/a	n/a	870

* Amateur Hockey Associations of the U.S.

** National College Athletic Association

*** This number was given by A.H.A.U.S.; the National Federation of State High School Athletics Association was contacted and had no knowledge of or interest in Hockey playing in High School

TABLE 4.1.2.B

Estimated Youth Hockey 1976 - 1977

NCAA Varsity and Junior Varsity	3080
University/College club hockey	1250
University/College intramural and varsity hockey	56000
High School hockey under high school control	17000
High School hockey using high school name but independent of school control	25000
AHAUS players on registered teams	280000
Organized (equipped players on park and rec teams, in house, attached to a club which has one or some AHAUS registered players)	300000
	682530

Source: Mr. Fenton Kelsey, editor of U.S. Hockey & Arena Biz

Table 4.1.2 B figures, unfortunately, only represent youth hockey, including college age. An estimate of the growing number of older (approx. over 22 years of age) players does not appear to be possible at this time.

Appendix 4.1.2 shows the number of teams registered in A.H.A.U.S., as far back as 1963-64. The numbers in years 1969-1974 show the tremendous growth (over 25% per year) that occurred during those years. This growth in players has obviously slowed down since 1974. The greatest growth in numbers now is being shown in areas of the country such as Philadelphia, New Jersey and Ohio, where hockey was not primarily well established. There has also been an increase in High School unsponsored club teams. The decrease in the number of teams in 1975-76 has been explained as being because of a consolidation in registrations under a single team.

According to several sources, hockey playing in the U.S. is much more oriented towards school playing and school sponsored programs. This results in team oriented selection of equipment, rather than individual choice. There appears to be less emphasis on "in-house" arena teams and more attachment to schools. Mr. Fenton Kelsey, editor of Hockey & Arena Biz, believes that more municipal support for hockey will strengthen this school-oriented trend in the long run.

According to the recently completed 1976 Nielsen Sports participation survey, the number of hockey players is quite a bit larger than the estimate of Mr. Kelsey. For 1973, the estimate was 3,263,000 players, and for 1976, 2,669,000 players, or a drop of 18%. This number, however, includes occasional or "fringe" players. These players do not represent a large proportion of actual playing time. A representative from A.C. Nielsen stated that heavily involved players may form 20-30% of the total number (which corresponds to Mr. Kelsey's estimate above) but that this small number of heavily involved individuals could account for 60-80% of the actual days of participation in play. It would appear that the "hard core" of players has stabilized, but that the fringe is dropping off.

Table 4.1.2.C shows the relation ranking of ice hockey to other sports, developed in the Nielsen study. It can be seen that, contrary to the popularity of ice hockey in Canada, ice hockey in the U.S. ranks extremely low (25th place) compared to other activities. This ranking includes such activities as camping and billiards.

Table 4.1.2.D and 4.1.2.E, taken from the Michigan study show a similar ranking for the state, but excluding non-sports activities. Shown are rankings for total (male and female) participation and the ranking for males only. For women, ice hockey does not rank in the top 15 sports at all.

TABLE 4.1.2.C

RANKING OF POPULARITY OF PARTICIPATION IN SPORTS MEASURED
(1976 vs 1973 Sports Participation Surveys)

1976 Rank	Sport	Projected Individual Participants (000) 1976	Projected Individual Participants (000) 1973	Percent Change in Projected Participants 1973 vs 1976
1	Swimming	103,503	107,191	- 3%
2	Bicycling	75,015	65,613	+ 14%
3	Fishing	63,901	61,263	+ 4%
4	Camping	58,102	54,435	+ 7%
5	Bowling	44,434	38,218	+ 16%
6	Pool/Billiards	35,805	32,920	+ 9%
7	Boating	35,230	32,629	+ 8%
8	Table Tennis	32,215	33,501	- 4%
9	Tennis	29,201	20,158	+ 45%
10	Softball	27,268	26,362	+ 3%
11	Basketball	25,818	22,129	+ 17%
12	Ice Skating	25,772	24,875	+ 4%
13	Hunting	20,480	19,997	+ 2%
14	Golf	16,568	17,025	- 3%
15	Baseball	15,670	15,216	+ 3%
16	Football	14,911	14,247	+ 5%
17	Water Skiing	14,681	14,021	+ 5%
18	Snow Skiing	10,999	7,721	+ 42%
19	Motorbiking/ Motorcycling	9,734	11,339	- 14%
20	Snowmobiling	9,204	7,753	+ 19%
21	Sailing	7,271	6,978	+ 4%
22	Archery	5,477	5,847	- 6%
23	Handball	5,341	*	*
24	Racquetball	2,723	*	*
25	Ice Hockey	2,669	3,263	- 18%
26	Paddle Tennis	2,516	*	*
27	Platform Tennis	169	*	*

*1976 represents first-time measurement

Source: A.C. Nielsen Company

TABLE 4.1.2.D

THE FIFTEEN MOST POPULAR AGENCY-SPONSORED SPORTS

INDEPENDENT OF AGE AND SEX

SPORT	NUMBER OF PARTICIPANTS IN SAMPLE	PERCENT OF PARTICIPATION	TOTAL NUMBER IN STATE - IN THOUSANDS, ROUNDED TO NEAREST THOUSAND*
Baseball	18,197	20.4	472
Softball	16,604	17.9	414
Swimming	13,766	14.8	342
Bowling	13,659	14.6	338
Basketball	12,752	13.7	317
Tackle Football	7,019	7.6	176
Tennis	6,895	7.4	171
Gymnastics	6,767	7.3	169
Flag (Touch) Football	5,594	6.0	139
Track and Field	4,927	5.3	123
Soccer	4,678	5.0	116
Wrestling	3,965	4.3	99
Ice Hockey	3,594	3.8	88
Weight Lifting	3,441	3.7	86
Figure Skating	3,024	3.2	74

TOTAL N = 93,090

* Based on a total enrollment of 2,313,477

Source: Joint Legislative Study on Youth Sports Programs
State of Michigan, November 1976

TABLE 4.1.2.E

THE MOST POPULAR AGENCY SPONSORED SPORTS

PARTICIPATED IN BY MALES: INDEPENDENT OF AGE

SPORT	NUMBER OF PARTICIPANTS IN SAMPLE	PERCENT OF PARTICIPATION	TOTAL NUMBER IN STATE - IN THOUSANDS, ROUNDED TO NEAREST THOUSAND*
Baseball	15,969	34.3	397
Basketball	8,128	17.4	202
Bowling	7,893	17.0	197
Softball	7,454	15.9	184
Swimming	6,503	13.9	161
Tackle Football	5,929	12.7	147
Flag (Touch) Football	4,235	9.1	105
Tennis	3,303	7.1	82
Wrestling	3,174	6.8	79
Ice Hockey	3,170	6.8	79
Track and Field	2,885	6.2	72
Weight Lifting	2,884	6.2	72
Soccer	2,709	5.8	67
Gymnastics	2,280	4.9	57
Boxing	2,065	4.5	52
Karate	1,995	4.3	50
Golf	1,873	4.0	46

TOTAL N MALES = 46,600

*Based on an enrollment of 1,156,738

Source: Joint Legislative Study on Youth Sports Programs
State of Michigan, November 1976

As Michigan is a northern state, it can be expected that hockey will be relatively more popular there than in the south. Therefore it ranks somewhat better than in the Nielsen survey of the whole country. However, it still ranks far behind the top five sports, including only 3.8% of total participation, and 6.8% of the men. Thus it does not appear to be a very strong sport even in the cold northern states of the U.S.

In addition, the Nielsen survey gave an estimate of 25 million casual ice skaters in the U.S. This number seems astonishly high, but includes people who skate as little as 1 time per year, and should not be used to indicate potential skate sales.

Several people mentioned that women's interest in hockey was growing, as evidenced by new lines from Cooper and others carrying women's hockey equipment. There were no statistics available on the total U.S. numbers of girls and women involved. The Michigan study indicates that in that state approximately 1% of the school girls play ice hockey. This may seem to be indicative of female participation in general. This small number of women do appear to be "making do" with men's hockey skates.

4.1.3 Demographic Variables

There are a number of demographic variables which relate to or affect demand for ice skates and hockey equipment. These are:

1. geographic location
2. annual family income
3. disposable income
4. elasticity of demand
5. education
6. age of population

4.1.3.1 Geographic Location

From an annual study by the National Sporting Goods Association, entitled "The Sporting Goods Market", we took the following statistics relating to the geographic distribution of consumer dollar purchases of ice skates and hockey equipment:

ICE SKATES & HOCKEY EQUIPMENT

1973 Consumer Dollar Purchases

Geographic Region	Ice Skates and Hockey Equipment
New England	23.7%
Middle Atlantic	29.6%
East North Central	25.5%
West North Central	10.0%
South Atlantic	4.0%
East South Central	1.1%
West South Central	1.9%
Mountain	2.4%
Pacific	1.8%
TOTAL	100.0%

1974 Consumer Dollar Purchases *

Geographic Region	Ice Skates	Hockey Sticks	Protective Equipment
New England	19.9%	26.7%	25.5%
Middle Atlantic	28.1%	30.2%	32.0%
East North Central	24.5%	24.2%	20 5%
West North Central	12.0%	12.7%	15.6%
South Atlantic	4.3%	1.7%	.7%
East South Central	1.2%	.4%	1.0%
West South Central	1.3%	1.2%	.3%
Mountain	3.1%	.6%	.8%
Pacific	5.6%	2.3%	3.6%
TOTAL	100.0%	100.0%	100.0%

* The 1974 study broke down equipment by 3 categories

1975 Consumer Dollar Purchases

Geographic Region	Ice Skates and Hockey Equipment
New England	22.4%
Middle Atlantic	27.4%
East North Central	27.7%
West North Central	11.1%
South Atlantic	2.6%
East South Central	.9%
West South Central	1.6%
Mountain	2.0%
Pacific	4.3%
TOTAL	100.0%

A comparison of these statistics shows two important things about purchases of these items. First, that the relative percentage of sales between regions did not change significantly during that period. There were certainly minor fluctuations, which could be attributed to economic conditions, or changes in interest, among other things. However, these do not appear to be indicative of any major geographical shift in interest.

Second, pleasure skating appears to be stronger in the warmer areas of the country than ice hockey, as evidenced in the 1974 study above by the relative percentages of ice skates and hockey equipment purchased. For example, in the chart above, in New England the ice skate purchases were 19.9% and the ice hockey equipment even higher percentages, (26.7% for sticks and 25.5% for protective equipment) indicating that most of the skates bought there are for hockey. In the South Atlantic, however, although 4.3% of the total skate purchases occurred there, only 1.7% and .7% of purchases of sticks and protective equipment respectively occur there. This would imply that the majority of the skating is not hockey, but figure or other pleasure skating.

Annex 3.1.3.1 show the exact geographical breakdown of registered team hockey and players in 1973-74. The total number is now considered to be a very low estimate, due to the large number of unregistered but organized players. However, the geographical distribution should be fairly accurate as an indicative of relative percentages.

In addition to the regional locatin, it was apparent from our interviews that hockey is concentrated in suburban and even rural areas. This is attributed to the need for higher incomes to afford to play, and the requirement for wealthier suburban municipal supprot of ice arenas. The following chart from the Joint Legislative Study on Youth Sports Programs published by the State of Michigan shows the total participation in Michigan by community type of the top U.S. sports, including ice hockey. It can be seen clearly that ice hockey is not nearly as popular as the other leading U.S. sports. It is also one of the few sports with a higher percentage of suburban activity than urban. Based on comments from retailers, it would appear that the relative urban vs. suburban hockey playing in this chart would apply to all areas of the U.S.

4.1.3.2 Income and Elasticity

The following chart demonstrates the annual income of families purchasing ice skates and hockey equipment.

TABLE 4.1.3.2.A

Family Income and Purchases of Hockey Equipment

	1973		1974		1975
	Ice Skates and Protective Equipment	Ice Skates Only	Sticks	Protective Equipment	Ice Skates and Protective Equipment
Under $8,000	13.7%	15.9%	14.8%	17.1%	7.2%
$ 8,000 - $10,999	18.8%	18.3%	19.4%	9.7%	14.2%
$11,000 - $14,999	28.7%	31.1%	28.2%	37.7%	27.0%
$15,000 - $19,999	20.5%	19.1%	19.7%	17.6%	25.8%
$20,000 - over	18.3%	15.6%	17.9%	17.9%	25.8%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%

Source: "The Sporting Goods Market"

It would appear from the chart that there has been some upward shift in income levels of purchases, which could be attributed to a general inflationary rise in income, or an increase in the status of hockey as an accepted sport, or both of these together.

Table 4.1.3.2.B shows the increases in disposable income, and total expenditures on recreation, on a five-year average, from 1948-1972. Disposable income expenditures in recreation, and shipment of sporting goods appear to be steadily increasing, while expenditures on spectator sports are declining. This might indicate a trend towards participating in, rather than watching sporting activities. It might also, as suggested by the Executive Director of the N.H.L., Mr. Brian O'Neil, reflect higher ticket prices.

Table 4.1.3.2.C shows the dollar value of sporting goods sales per household.

The income elasticity of demand for sporting goods is estimated by Morton Research as 1.41. Another estimate by the research firm of Frost and Sullivan is as high as 1.96 in constant dollars. In any case, demand for sporting goods is definitely elastic and will vary greatly with changes in disposable income. The real gains in income achieved up to 1972 would indicate an increase of sporting goods sales of 1.41% for every 1% increase in disposable income. These gains are significant because consumption of sporting goods are acknowledged to be closely tied to real disposable income. According to a report by Frost and Sullivan entitled The U.S. Sporting Goods and Sporting Goods Vehicle Market:

> "Expenditures for recreational and leisure goods and services will be highly dependent on the level and changes in discretionary spending in the U.S. The greater the rise in discretionary income, the greater will be the expenditures for recreational and leisure goods and services."

4.1.3.3 Education

Education level appears to be a significant variable affecting demand for hockey products.

TABLE 4.1.3.2.B

GROWTH OF SPORTING GOODS SHIPMENTS

VS.

INCREASES IN DISPOSABLE INCOME AND TOTAL RECREATION EXPENDITURES

5-YEAR AVERAGES

	Weekly Hours Of Nonsupervisory Workers	Increase in Disposable Income	Recreation Expenditures	Shipments of Sporting Goods	Admissions to Spectator Sports
1948-1952	-0.18%	6.18%	5.52%		
1953-1957	-0.58	5.36	4.88		
1958-1962	-0.04	4.76	5.90	8.14	6.14
1963-1967	-0.36	6.60	7.90	5.10	6.22
1968-1972	-0.44	8.10	9.24	13.14	5.52

SOURCE: Calculated by MORTON RESEARCH CORP.

TABLE 4.1.3.2.C

SPORTING GOODS

SPORTING GOOD SALES PER HOUSEHOLD

	Number of Households (000)	Sporting Good Sales per Household ($)
1958	50.473	$10.30
1959	51,435	11.22
1960	52,799	12.54
1961	53,464	13.89
1962	54,652	12.00
1963	55,189	11.87
1964	55.996	11.82
1965	57.251	12.59
1966	58,092	13.90
1967	58.845	14.21
1968	60,444	15.39
1969	61.805	16.47
1970	62,874	15.62
1971	64.778	17.16
1972	66,676	22.55
1973	68,759	24.82
1980 Est.	75,510	42.80

SOURCE: Bureau of the Census
Estimates by MORTON RESEARCH CORP.

TABLE 4.1.3.3

Education Levels and Purchases of Hockey Equipment

Husband's Education	1974 Skates	1974 Sticks	1974 Protective Equipment	1975 Ice Skates and Hockey Equipment
Less than High School	18.4%	13.9%	11.8%	2.5%
High School	32.8%	36.6%	29.8%	42.9%
Some College	18.3%	14.9%	23.0%	21.9%
College Graduate	21.5%	23.6%	23.8%	27.7%
No Husband	9.0%	11.0%	11.6%	5.0%
TOTAL	100.0%	100.0%	100.0%	100.0%

An upward shift in education level between 1974 and 1975 is apparent. This might have occurred as a result of increasing costs (assuming income is related to education) or because hockey may have become less of a "working class" sport due to the increase in major league teams and the high costs of playing hockey.

4.1.3.4 Age Levels

Table 4.1.3.4.A shows the estimates and projections of population age levels from 1970-1985. This chart shows the dramatic changes that are occurring due to the "baby boom" of the late 1940's. This is causing a bulge in the 25-34 age bracket, until 1981, when the bulge will spill over into the 35-44 age group. The number of persons under 20 will actually decrease by approximately 3 million, and then remain fairly steady. This trend may have the following long term effects:

TABLE 4.1.3.4.A

PROJECTIONS OF THE POPULATION BY SINGLE YEARS TO 1985

(Millions of Persons)

Year	Total Population	Age Group: Under 20	20-24	25-34	35-44	45-54	55 and Over
Estimates:							
1970	204.9	77.2	17.2	25.3	23.1	23.3	38.7
1971	207.0	77.2	18.1	25.8	23.0	23.5	39.4
1972	208.8	76.9	18.0	27.1	22.9	23.7	40.0
1973	210.4	76.2	18.3	28.6	22.8	23.8	40.6
Projections:							
1974	212.2	75.7	19.0	29.9	22.7	23.7	41.3
1975	213.9	75.1	19.4	31.1	22.7	23.6	42.0
1976	215.8	74.6	19.8	32.4	22.9	23.4	42.7
1977	217.7	74.1	20.2	33.5	23.4	23.1	43.4
1978	219.8	73.7	20.6	34.5	24.1	22.9	44.0
1979	221.9	73.4	20.9	35.7	24.8	22.6	44.6
1980	224.1	73.2	21.1	37.0	25.4	22.4	45.1
1981	226.4	73.1	21.2	38.3	25.9	22.2	45.6
1982	228.7	73.2	21.1	38.8	27.5	22.1	46.1
1983	231.0	73.3	21.0	39.5	28.7	22.0	46.5
1984	233.4	73.6	20.8	40.2	29.9	22.0	46.9
1985	235.7	74.0	20.4	40.8	31.2	22.0	47.3

Sources: U.S. Department of Commerce

The U.S. Sporting Goods and Sporting Goods Vehicle Market
Frost & Sullivan, Inc. 1975

1. There will be lower growth in team sports (including hockey) as team sports concentrate in the under 25 age bracket. Hockey players, according to a Bauer representative are at least 60% 10-16 years old, and that group is shrinking greatly. The peak of hockey playing activity occurs at 12 years of age. This is common to almost all sports.

2. There may be a trend towards older players, as the popularity of the sport increases, and younger players age into older brackets.

Table 4.1.3.4 B shows a comparison of hockey and other sports' growth rates with regards to relative changes in population age levels.

4.1.4 Other Trends Affecting Demand

There are a number of individual factors which may have an effect on demand for hockey equipment now and in the future.

Annex 4.1.4, taken from a 1974 Frost & Sullivan report, shows several trends which are believed to have a significant effect on sporting good items. From these charts, it is apparent that hockey is not considered to be an extremely high growth sport, based on negative factors of age levels, environmental concerns, increase in land values, closeness to nature, popularity in other parts of the world and adult participation. We have already discussed the negative effects of shifts of age levels. It will, however, be positively influenced by income growth, T.V. stimulation, emphasis on physical exercise and high competitiveness. Some comments were made in our interviews to confirm that T.V. sports viewing and advertising have a large effect on hockey sales and interest.

4.1.4.1 Liability

Liability suits on sporting goods appear to be increasing at an alarming rate. Both manufacturers and retailers are being sued for enormous amounts. Awards are made in nearly every case. According to the January 1977 issue of Selling Sporting Goods, many of the suits are groundless, yet successful ways of extorting large out-of-court settlements with insurance companies.

TABLE 4.1.3.4.B

Growth of Sporting Goods Items Based on Growth of Age Group(s) that are the Predominant Users of the Item

Item	Most Predominant User Age Group	Estimated Growth Compared to Rest of Industry 1975-1985 Due to Population Change
Archery Equipment	20-34	Above Average
Baseball Goods	Under 20	Below Average
Bicycles	Under 20, 20-34	Average*
Billiard and Pool Tables	18-54	Average
Bowling Equipment	All Ages	Average
Firearms and Supplies	16-44	Above Average
Fishing Supplies	Under 20, 25-34, 35-44	Average
Football, Basketball and Boxing Goods	Under 20	Below Average
Other Inflatable Balls	Under 20	Below Average
Golf Equipment	18-44	Above Average
Gymnasium Equipment	Under 20	Below Average
Hockey Equipment	Under 20	Below Average
Playground Equipment	Under 20	Below Average
Motorcycles	18-24	Above Average
Skates	Under 20	Below Average
Snowmobiles	25-34	Above Average
Tennis Equipment	25-34	Above Average
Table Tennis Equipment	All Ages	Average
Winter Sports Equipment	18-34	Above Average
Water Skiis	18-34	Above Average

*Children below average; Adults above average.

Source: The U.S. Sporting Goods and Sporting Goods Vehicle Market
Frost & Sullivan, Inc. 1975

Experts in the industry believe that these suits are going to cause huge liability insurance costs which will eventually be built into the cost of the equipment. The resulting price increases, as well as the adverse publicity could hurt the industry tremendously.

C.C.M. has recently offered a $5,000 guarantee on helmets, as have a number of other helmet manufacturers. One retailer interviewed in the U.S. said that as a result of a suit he was involved in, he will stop carrying helmets altogether.

4.1.4.2 Recession

The recent recession in the U.S., from 1973 to 1975, in addition to gasoline shortages, has had an adverse effect on recreational spending, especially on expensive sports. However, the increased emphasis on nature and physical activity may help counteract that trend.

4.1.4.3 Recreational Skating

Pleasure skating is on an upswing in the U.S., according to most retailers carrying both hockey and non-hockey skates. There is an increase in "Learn to Skate" classes for youths and adults. Figure skates are mainly used for this purpose, and there appears to be an increasing demand for better quality figure skates. This area of the market is certainly expected to have steadier growth than hockey. There is also an increase in "power" skating, especially in the Chicago area.

4.1.4.4 Energy Shortage & Costs

The costs of maintaining an ice arena, and the cost of transportation (gasoline) to get to the arena are certainly inhibiting factors for ice sports.

Parents are certainly looking for activities for their children which do not require such large consumption of gasoline on a regular basis. The more significant energy factor, however, is the cost of freezing ice. Utility bills range from $2,500 to $10,000 per month in various American cities for maintaining an ice rink. These costs result in high cost for the rink user, as reflected in the ice time costs discussed in Section 4.1.6.

4.1.4.5 Violence

The degree of violence occurring in professional hockey games is considered a detrimental factor by many parents. This is especially true with increasing concern about T.V. violence in general. Recent movement to eliminate hockey violence will have to be more successful to keep many parents from pulling their children out of hockey programs. The director of the N.H.L. stated that regulations restricting violence in the play of the game have been enacted and are being enforced.

4.1.5 Governmental Policies

There are several Federal Government programs which may make funds available for building ice arenas. In brief, some of these are:

1. Land and Water Conservation Fund. This fund makes grants available for acquisition and development of public outdoor and some indoor recreation facilities. In order to qualify for this, a program must be sponsored by a State or Municipal government, and meet other State and Federal requirements.

2. Public Works Employment Act. There are Federal grants available to states and local community governments for local public works that stimulate employment. Construction of recreation facilities could fall under that category.

3. The Department of Health, Education and Welfare. According to the December 1976 issue of Hockey and Arena Biz, H.E.W. has programs to assist with the costs of constructing athletic and educational facilities.

According to several sources, government funding will be vital in the future to offset the high costs of building and maintaining rinks and ice arenas. Fenton Kelsey, editor of Hockey and Arena Biz, believes that municipal ownership of arenas will be the trend in the near future. This will allow for lower ice time charges, and hopefully will stimulate more ice skating and hockey playing. Appendix 4.1.5.A from the December 1976 issue of Hockey Biz gives details of the above opportunities. Appendix 4.1.5.B which will be printed in the April edition of Hockey Biz, gives additional details on government funding.

4.1.6 Prices

The excessive cost of hockey in the U.S. has been cited most often as the main factor in limiting the growth of the sport. This is true for both the cost of equipment, and the cost of ice time. Average retail prices for ice skates and hockey equipment are shown below.

TABLE 4.1.6.A

Retail Prices for Ice Skates and Hockey Equipment

1973

	Units (in millions)	Average Price
Hockey and figure skates (pair)	3.4	$16.80
Uniforms	-	-
Protective equipment	-	-
Hockey sticks	4.2	3.50

Retail Prices for Ice Skates and Hockey Equipment

1974

	Units (in millions)	Average Price
Hockey and figure skates (pair)	2,972	$20.62
Hockey sticks	4,000	4.15
Protective equipment	-	-

1975

	Units (in millions)	Average Price
Hockey skates (pair)	746	$30.27
Figure skates (pair)	1,316	17.40
Hockey sticks	-	-
Protective equipment & uniforms	-	-

Source: "The Sporting Goods Market", N.S.G.A.

In addition the N.S.G.A. developed the following statistics on average price:

TABLE 4.1.6 B

Retail Prices by Place of Purchase

1974 Average Price

Place of Purchase	Ice Skates	Hockey Sticks
Sporting goods store and pro shops	$32.91	$5.00
Department stores	$14.62	$3.59
Discount stores	$12.82	$3.19
Catalogs	$15.93	$4.63
Other outlets	$20.21	$3.45
TOTAL	$20.62	$4.15
Purchased as gifts	$17.85	$3.59

Retail Prices by Place of Purchase

1975 Average Price

Place of Purchase	Hockey Skates	Figure Skates
General sporting goods	$34.83	$21.14
Sports specialty & pro shops	$40.90	$35.27
Department stores	$21.36	$13.23
Discount stores	$17.77	$12.09
Catalogs	*	$12.64
Hardware	*	$15.00
Other outlets	*	$32.60
TOTAL	$30.27	$17.40

* Data base too small to show average price.

Unfortunately, these studies were not conducted on a consistent basis, so "Sporting Goods Stores and Pro-Shops" in 1974 became two separate categories in 1975. "Ice Skates" are split in 1975 into "Hockey Skates" and "Figure Skates", and sticks are left out altogether.

In addition, the 1974 figures may be misleading, as figure skates tend to be less expensive than hockey skates. Bauer estimates that the most viable range for hockey skates in the U.S. is $40-$60 retail. The following estimates are for a total outfitting of a youngster:

Young child - $175
Older child - $225

Costs are even greater for older youths and top players. Top quality skates alone can run as high as $150 - $180.

Ice time can be the most expensive item, however, compared to Canadian costs. According to Fenton Kelsey, costs vary greatly, depending on the level of municipal support available to the arenas. Costs per child vary from about $20 per year in a few areas of Minnesota where municipal support is high to $300 per year or more in many other areas. For a child on a travelling team, costs, not including equipment, can be as high as $700 or more. These varying costs compare to a standard nominal fee of as low as $40 for a Canadian child to play hockey.

Increasing prices are apparently sending more and more consumers on the stade-in and used equipment market.

The usual figures mentioned in the U.S are that costs total $300 - $500 per year for ice time and equipment for a youth to play hockey regularly. An additional $100 is required to fully outfit a goalie for play.

Retail Markup

The markup at the retail level varies from 20 - 40%, depending on the area. The markups are higher in the Midwest (33 - 40%) where there is less established competition, and lower in the Northeast where a great many retailers are carrying the major hockey lines.

4.2 MARKET COMPETITION

4.2.1 The Participants in the Market

Appendix 4.2.1 lists all leading manufacturers and suppliers of hockey equipment in the U.S. These are listed by each category. As this list is reproduced from the "U.S. Hockey Skating Arena Buyers Guide, 1976-1977" it also includes a number of items which are not within the scope of this study, such as instruction books and awards.

4.2.2 Apparent Consumption

Figures for U.S. production, separate from Canadian production, are not available. The U.S. Department of Commerce has not broken down production of winter sporting goods, and therefore the U.S. production is buried in with skis and toboggans. What is available are the results of a regular annual census done by Ernst & Ernst on behalf of the Sporting Goods Manufacturing Association. This information, unfortunately, is solicited on a voluntary basis, and therefore does not include such major companies as Cooper and Bauer. The figures, therefore, are very unbalanced, and show very little of the protective equipment. They also do not include skates at all. It would not be feasible to try to ascertain U.S production from manipulating these figures. The 1974 and 1975 figures will be found in Appendix 4.2.2 A. These figures do include street hockey, which from the figures does not appear to be a very large market. However, this study does not include all of the U.S. companies making street hockey equipment.

U.S. exports of hockey equipment are also not obtainable from composite U.S. export statistics of sporting goods. However, they are believed to be negligible, as import figures in the various European markets would indicate.

4.2.2.1 Imports

Appendix 4.2.2.B shows U.S. Customs statistics on Imports to the U.S. by country of origin, for all of 1975 and the first ten months of 1976. A comparison of these figures is shown on table 4.2.2.1.

TABLE 4.2.2.1

U.S. Hockey Goods Imports

Country of Origin	Jan.-Dec. 1975 (in dollars)	Canadian % of Total	Jan.-Oct. 1976 (in dollars)	Canadian % of Total
Hockey equipment and pants (except skates)				
Canada	6,952,868		5,743,638	
TOTAL	10,849,724	64.1	9,135,925	62.9
Ice skates-footwear attached				
Canada	3,893,186		4,273,060	
TOTAL	4,536,760	85.8	4,655,520	91.8
Ice skates-footwear not attached				
Canada	45,592		Less than 40,000	Less than
TOTAL	930,352	5.0	1,009,117	4.0
Ice skate parts, including blades				
Canada	1,151,077		1,042,652	
TOTAL	1,639,425	70.2	1,419,620	73.4
<u>TOTALS</u>				
Canada	12,042,723		11,059,350	
TOTAL IMPORTS	17,956,261	67.1	16,220,182	68.2%

<u>Source</u>: U.S. Customs Statistics

Overall, it would appear that imports to the U.S. have picked up for 1976, although, due to the seasonal nature of sales it is difficult to tell how these years will compare at the end of 1976. This increase can probably be accounted for by the depletion of dumped merchandise from 1974, resulting in a pick-up of total sales.

Hockey equipment and parts (including sticks) are mainly Canadian (including Korean and Barbados production for Canadian companies). Other strong showings are from Sweden and Finland, probably mainly in sticks. In 1975, Finland's share of this category of imports was 15.4% compared to 19.3% for the first 10 months of 1976. In addition, Sherwood Drolet manufactures sticks for Jofa under the Jofa brand. This is estimated at $300,000 in the North American market.

Complete ice skate imports (i.e. with footwear attached) are almost entirely Canadian, with the exception of a quantity from Korea and Taiwan, presumably for the mass merchandising market.

In ice skates without attached footwear, Canada is very far behind as the United Kingdom (i.e. Mitchell & King) and Japan held the following shares:

	1975		(10 months) 1976	
	Units	$	Units	$
U.K.	27%	53%	18%	42%
Japan	70%	42%	73%	46%

However, in the category of ice skate parts (including blades), Canada's share remains very strong (70% in 1975 vs 15% for the U.K. and 9.5% for Japan and 70% in 1976 (10 months) vs 22% for the U.K. and 5% for Japan).

In quantities, the share of total imports obtained by Canadian companies in the "complete ice skates" segment has been the following:

	1975	1976(10 months)
Canada	36%	62%
Korea	33%	-
Taiwan	29%	32%
Others	02%	06%

4.2.2.2 Retail Sales

The following statistics are a composite of several years of "The Sporting Goods Market Survey" of the N.S.G.A.

TABLE 4.2.2.2

U.S. Retail Sales

Year		Total	Hockey Skates	Other Ice Skates	Hockey Equipment	Sticks
			(Millions $)			
1973	predicted	77.0	-	Included in	-	-
	actual	107.9	58.0	hockey skates	35.2	14.7
1974	predicted	140.3	-	Included in	-	-
	actual	107.5	61.3	hockey skates	29.6	16.6
1975	predicted	112.8	-	-	-	-
	actual	73.6	22.6	22.9	28.1	Included in hockey equipment
1976	predicted	77.3				
	actual	*	*	*	*	*

* No figures available yet, but according to an article in The New York Times (March 6, 1977), ice skates represented a $45 million market in 1976 - mostly in New England - while the hockey equipment was estimated at $30 to $40 million

An estimate made by Fenton Kelsey, spokesman for the Amateur Hockey Association, and editor of Hockey and Arena Biz, places the retail sales total for the U.S. closer to $60 million rather then $77 million. This figure probably does not include figure skates.

The sample selected to produce the N.S.G.A. figures could have created an upward bias because a larger percentage of responses might have been sent by those who had actually purchased hockey or some sporting goods equipment than those who had puchased nothing.

Excluding clothing for hockey, the retail market for hockey equipment in North America based on available production and import figures, plus an average 40% mark-up, appears to be approximately as follows:

U.S.	-	$ 70 Million
Canada	-	$140 Million
Total	-	$210 Million

Retailers appear to be extremely pessimistic about the hockey industry, as evidenced by the tremendous drop in sales between 1974 and 1975. However, Hal Trumbull, director of A.H.A.U.S., has suggested that the drop in retail sales was due to saturation of the market, and that some of the equipment now in use is being passed down or resold, cutting into new retail sales. He did not feel that this was due to a similar drop in hockey playing, as membership in A.H.A.U.S. has not declined significantly.

4.2.3 Resale Market

Life of Equipment

Skates vary in potential life, depending on the quality, from 1/2 year for top professionals, to 1-2 years for juniors and college players. Of course, youngsters may grow out of them much more rapidly than that, especially if they buy the correct size for each purchase. We were not able to determine the exact length of life of skates handed down from child to child, or the length of service with each child.

Protective equipment can last any number of years, depending on materials used. Except for the palm of the glove, and plastic face masks, protective items do not wear out easily. Both palms and masks are inexpensively replaced when needed. One manufacturer is now making a glove with a leather palm that can be replaced by the user.

Pucks are constantly replaced as they are lost during the play. Sticks are broken regularly, as often as once a week for a regular player (playing three or more times a week).

Resale and Re-Use

Resale of skates appears to be fairly common, and is growing rapidly in some parts of the country. It is estimated to be from 10% - 30% of the total skate sales in the U.S. One retailer in the Midwest said that the resale business was much more profitable than the new business and was cutting heavily into new sales. An Eastern retailer stated that it was not as popular in the Northeast because retail sales margins are only 20 - 25% (compared to 40% in the Midwest) and people are inclined to purchase more new equipment. One dealer stated that a serious player over 10 years old would prefer not to buy used skates.

Used protective equipment seems to be passed down to friends or family rather than sold formally. There are no estimates on the extent of that "parallel market".

4.2.4 Variables Affecting Demand for a Brand

The manufacturers and retailers interviewed were asked to rate a number of variables with respect to their importance in affecting demand for a particular brand of hockey equipment by re-sellers. Ratings were from 1 (least important) to 5 (most important).

Results were as follows:

TABLE 4.2.4.A

Variables Affecting Selective Demand by Retailers for Hockey Skates Equipment

Rating	Variable
5	Delivery Schedule
	Word of Mouth
	* Reputation/Prestige of Manufacturer
	* Quality
	Advertising
	Price
	After Sales Service
	* Use by Professional Teams
4	Calls by Sales Representatives
3.5	Promotional Material
	Exclusivity
	Credit Terms
2.5	Recommendation by Hockey Associations

* Of all the variables, these were considered the most important

Discussion

As noted above, the three items, reputation, quality and endorsement by professional teams are the most vital to the retailer of hockey equipment. Quality generally refers to the amount of protection or support a piece of equipment gives, as well as its durability. This is not as important to mass merchants and some discount operations, who may be willing to sacrifice some quality for price.

Use by professional teams is somewhat controversial as a vital factor. A few retailers and manufacturers maintain that consumers know that professionals are paid to use, or are at least donated the equipment, and therefore are not influenced by their use in professional games. According to some of the experts interviewed in Canada, including Alan Eagleson, this is not true in Canada, where the use by professional teams is always crucial and retailers have less influence over buyers.

Advertising is considered extremely important, especially by the retailer, who wants his products pre-sold. The quality and type of advertising will be discussed in a later section.

There appears to be significant trade off between price and quality. Where some retailers, as mentioned above, will sacrifice quality for a lower price, many will prefer only the high quality, high priced merchandise, largely for ethical and security reasons, such as better and safer equipment.

After sales, service is extremely important, as these items, especially skates, are relatively expensive. One retailer complained about limited warranties on molded skates because they need, he feels, a radius of the blade to make them usable, and are not accepted back on warranty after this is done.

Delivery is vital to most retailers (although less so in the past few years because they are still working off old inventories). Delivery must normally be in September - October for higher priced items used by organized players, and November - December for lower priced items, which may be impulse items, or Christmas gifts, but are not planned in advance. In some cases, local manufacturing is a factor in a decision to buy a particular brand because of instant availability.

Exclusivity of distribution was ranked low, not because it is unnecessary, but because it is seen as impossible to obtain.

Experts interviewed were also asked their opinions on the variables having the most influence on sales and selection of brands.

Results were as follows (with 5 meaning the most important):

TABLE 4.2.4.B

Variables Affecting Selective Demand by Consumers

Ranking	Variable
5	Price Assistance and Influence from Sales Person Safety Hockey Association Recommendation (helmets and masks only)
4.5	Reputation of Manufacturer Word of Mouth Communication
4	Quality Advertising in Mass Media Use by Professionals
3.5	Wide Choice of Items In-Store Promotion
2	Extensive Availability in Many Stores
1.5	Hockey Association Recommendation (excluding helmets)

Discussion

Because of the tremendous cost involved in outfitting a child for hockey, prices are seen by retailers as extremely important. It should be noted, however, that sales of middle and high priced goods are very strong, and indicate a desire or willingness to pay the high price for safe, durable goods.

According to a study done by the National Sporting Goods Association, 70% of all customers in Sporting Goods stores require the assistance of a sales person. This is confirmed by statements of retailers that because of the need for precise fitting, knowledgeable sales persons are vital to hockey equipment sales. As mentioned above, sales persons seem to have less influence in Canadian sales.

4.2.5 Market Penetration

The present estimated penetration of Canadian products into the U.S. market will be dealt with in two sections: sports-specialty shops (including discounters carrying major brands) and mass merchandisers. The reason for this, as will become obvious, is that the penetration of Canadian goods is much higher in the specialty area than in the mass merchant area because of the price and quality differentials.

The following chart shows the estimated distribution of retail sales, by dollar and number volume, between mass merchandisers and specialty shops.

TABLE 4.2.5

Retail Sales Distribution in the United States

Type of Store	Value	Quantity
Mass Merchants	10-20%	30%
Specialty Stores	80-90%	70%

4.2.5.1 Mass Merchants

Based on our limited survey of the mass merchandisers market, the distribution of product sources appears to be as follows:

TABLE 4.2.5.1

Hockey Products' Distribution in U.S. Mass Merchandising Stores

Type of Equipment	Source	%
Hockey skates	Canadian	30%
	U.S. (may be Asian-made and U.S. distributed)	70%
Figure skates	U.S.	90%
	Foreign	10%
Protective equipment	Canadian	50%
	U.S.	50%
Sticks	Canadian	33%
	U.S.	33%
	European	33%

Discussion

This equipment is mostly in the low to lower-middle range, with the top lines in that range coming mainly from Canada.

The low end protective items and hockey skates are either made in the U.S., or are imported into the U.S. from the Far East, mainly from Taiwan.

There may be a trend toward a reduction of mass merchandisers in the hockey equipment market. According to several Midwestern retailers, some of the large mass merchandisers are dropping hockey lines altogether. In addition, Cooper Canada indicates that they have recently received major contracts from Sears Roebuck and several other mass merchants, which may indicate a shift towards better quality Canadian goods.

4.2.5.2 Sporting Goods Stores

For the purposes of this analysis, sporting goods stores will include Pro Shops and Discount Houses, as those tend to carry better quality name brands. The following chart will illustrate penetration of Canadian and other goods in the U.S. market, by product line, based on opinions expressed by major retailers interviewed during our survey:

TABLE 4.2.5.2

Hockey Products Distribution in U.S. Sporting Goods Stores

Product	Country of Origin	* % of the Market
Hockey Skates	Canada	90 - 100%
	U.S.	10%
Figure Skates	Canada	5 - 10%
	U.S.	85 - 100%
	Foreign	10 - 15%
Head Protectors	Canada	70 - 80%
	U.S.	15 - 20%
	Foreign (Sweden)	5 - 10%
Gloves, Pads & Pants	Canada	80 - 95%
	U.S.	5 - 10%
	Foreign (Finland, Sweden)	5 - 10%
Sticks	Canada	33%
	U.S.	33%
	Foreign (Finland, Sweden)	33%
Pucks	Canada	50%
	Czechoslovakia	50%
Clothing	Canada	10%
	U.S.	90%

* These may add up to more than 100% as they are based on estimates by many experts interviewed on our survey. These figures express the variety of penetration in the various stores that were interviewed.

Discussion

The hockey skate market is acknowledged to be dominated by Canadian prestige and technology, especially the blade technology of C.C.M. and Bauer. The only weak area appears to be, according to one interviewee, in lower priced boys skates, where American skates are gaining ground. One dealer in Minnesota estimated Canadian skates to have as little as 75% of the market (compared to higher percentages cited by most retailers.)

We did not, as part of our survey, speak with any figure skating pro shops selling only figure skates. We were told, however, that the top lines of figure skates are either American, or come from Europe, mainly England and some from Austria. The sporting goods shop owners interviewed stated that there are no problems with Canadian figure skates, except that they are marketed ineffectively (i.e. they appear on the back pages of catalogues and may be mentioned by a salesman as an afterthought).

The helmet market is still fairly well Canadian dominated. The main U.S. competition comes from Mikita, which specializes in unusual or hard to fit sizes.

Cooper still dominates the protective equipment market, having fairly well starved out several would-be American competitors (Wilson, Spalding, and possibly, Rawlings). Our direct contact from Rawlings denied this retail based comment. The main competition appears to be coming in from Jofa, who is competing on price, and penetrating the professional teams.

Sticks represent the steadiest, most reliable market, due to the need for constant replacement. Competition is strong in the U.S. and Finnish veneer technology is making very strong inroads in the stick market (Koho and Titan sticks are increasing their market share). As mentioned earlier, some of the Jofa sticks are manufactured by Sherwood-Drolet.

Pucks are made in the U.S. but are not competitive because of their lack of proper finishing of the edges. The only reasonably successful U.S. company has been Converse, who sells to some High School and College teams, but is rumoured to be going out of business.

Clothes for hockey are Canada's weakest area. Canadian designs are considered superior, but the cost is prohibitive. This is attributed by the retailers to two-way duty charges. This is probably not true, however. There are duty drawbacks for goods re-entering the U.S. as finished goods. Most likely the high prices are just due to higher Canadian manufacturing costs. Only Bauer appears to be successful in selling a quantity of sweaters and socks to the U.S. market.

An additional product is the puck thrower, made by Hockey-Mate International in Canada. So far, only six units have been sold in the U.S., but it is fairly new on the market, and could have substantial potential.

Appendix 4.2.5.2 gives the results of a preference study conducted by Hockey and Arena Biz on behalf of the Amateur Hockey Association of the U.S. These statistics are reflections of opinion preferences and are not indicative of any actual sales volume. The areas studied were Helmets, Skates and Sticks, and ratings were done by a random sample selected from A.H.A.U.S. registered members across the "hockey belt". These statistics roughly confirm the percentages in Table 4.2.5.2, although Canadian hockey sticks might have been over-stated by retailers.

4.2.6 Dealers' Opinions of Relative Strengths and Weaknesses of U.S., Canadian and Foreign Firms

The ten retailers interviewed were asked to compare the strengths and weaknesses of major participants in the market.

Canadian Strengths

Canadian imports are not really considered foreign by most U.S. importers, mainly because of the ease of quoting U.S. prices, and the close distances.

Standards on Canadian goods are tougher. In addition, the design and technological expertise is considered to be far superior to the U.S. expertise in hockey. Canadian manufacturers, led by Cooper and Bauer, are constantly changing and adapting their designs. This is seen as a tremendous advantage of Canadian hockey goods.

The main advantage of Canadian goods appears to be the prestige and quality they bear, because of the popularity of hockey in Canada and the use of Canadian goods by most professional hockey players in the U.S. and Canada.

Other strengths of Canadian hockey equipment are:

1. Excellent rapport with U.S. retailers, some of whom are Canadian originally.
2. Broad product lines in all areas.
3. Eye appeal of products, (especially Cooper).
4. Efficient organizations, (especially Cooper).

Canadian Weaknesses

Canadian weaknesses were described as follows:

1. Quality of sticks is controversial - some dealers say they are not particularly good anymore.
2. No lines in the low end of merchandise.
3. Prices are too high. They seem to have risen too sharply in past years. Clothing is prohibitively priced.

4. Availability is not always good, especially for skates.
5. Delivery is sometimes difficult, mainly due to shipment delays in U.S. Customs.
6. C.C.M. was criticised for sticking too much with old designs, except in helmets, also for being less responsive to dealers' problems and questions
7. Returns can be difficult because of Customs.

There is general dissatisfaction from U.S. dealers on Canadian pricing and even more, on distribution policies. They maintain that Canadian goods have been sold to everyone, making business for the real hockey specialists very difficult. In the East, this has caused low retail margins, and, in the Midwest, people are being fitted in a specialty store and going to a discount house to make the purchase.

U.S. Strengths

The main strengths of the U.S. manufacturers are in the area of hockey clothing, because it is relatively inexpensive; and figure skates, because they are locally available in New England and in the Midwest. U.S.-made sticks are also making gains in market shares, due to better quality.

Another strength in the U.S. is the distribution of low end merchandise made cheaply in the Far East. This merchandise appears to have a significant portion of the market (10-20%) although this may be diminishing over time as mentioned before.

U.S. Weaknesses

U.S. weakness in hockey equipment is (excluding clothing) mainly because of the lack of adequate quality, design and technology. Well designed hockey equipment is technically very complex and requires special knowledge, which seems to be centered in Canada.

European Strengths and Weaknesses

The main strength of Scandinavian products is in the veneer stick technology which is making their sticks so popular both in the U.S. and Canada.

Weaknesses are in delivery and distribution channels, which have kept Scandinavian (mainly Finland and Sweden) protective equipment from making more inroads into the U.S. It is believed, however, that Jofa is making great efforts to mend that, and can be expected to expand in the near future.

Another criticism of European products is that their product lines are narrow in comparison to the much wider Canadian product lines.

4.2.7 Anticipated Competition

The majority of the retailers and manufacturers interviewed feel that, in general, there will be less competition in the hockey market than there has been in the past few years. This is because several companies, such as Wilson, Neston-Johnson, Converse and Spalding, have ceased production of hockey equipment. No new producers of hockey equipment are expected to enter the market in the near future. Close-outs from some of these companies are expected to glut the market for the next year, but after that, buying should return to normal.

The strongest, growing, competition is expected to come from European companies, especially Jofa. This would be mostly in the area of protective equipment. Jofa has not been very competitive up to now because of distribution weaknesses. However, with low pricing, "buying in" to teams, and improved distribution and delivery, they are making inroads into the U.S. market. One U.S. professional team director stated that he could envision a switch over to Jofa when their distribution improves. Sherwood-Drolet indicated that European companies are sometimes using sticks as loss leaders to attract sales of their other equipment.

Sticks remain the strongest area of sales and, therefore, the most competitive market. Many companies are becoming more competitive in this market, from Europe as well as the U.S.

In general, there does not appear to be any unfilled need for hockey equipment in the U.S. Retailers interviewed were divided equally between the following three market situations:

1. That Canadian products already hold nearly 100% of a relatively stable market.

2. That Canadian products can create new demand through better competition and more promotion.

3. That Canadian products can displace competitors in a relatively stable market with better overall marketing strategies (mainly distribution and promotion).

4.2.8 Tariffs

4.2.8.1 Current Duties to U.S.

Duties affecting ice skates and hockey equipment going from Canada to the U.S. are as follows:

Category	Item	Duty
734.80	Ice hockey and field hockey equipment except skates	4.5% ad val.
734.90	Ice skates and parts thereof	5.0%
734.91	Footwear with ice skates permanently attached - pairs	10.0%
734.93 (20)	Other - ice skates without footwear permanently attached - pairs	5.0%
(40)	Ice skate blades and other parts	5.0%

4.2.8.2 Anticipated Change in Tariffs

No changes are expected on these tariff items in the near future. There has been some discussion about raised tariffs or import quotas on shoes, but this is not expected to affect ice skate imports.

There is currently a tariff on the new Canadian puck thrower. As this is an item not made in the U.S., it may be possible for a remission of tariff to be obtained.

Hockey sticks are seen as the most price sensitive item. One retailer mentioned that if there were a change in tariffs on this, sales would turn to U.S. goods.

4.3 MARKETING STRATEGIES

The present section reports the various suggestions made during our personal interviews with U.S. retailers and experts. Section 2.2 (Summary and Recommendations) defines our major recommendations for government and private actions to improve penetration of Canadian-made products in the U.S. and Western Europe.

4.3.1 Product Strategy

There are only a few suggestions regarding improvements or changes in Canadian hockey equipment.

According to the Sporting Manufacturers Association, as well as the majority of retailers, people want quality hockey merchandise. This may be for various reasons, from ego gratification to a genuine interest in quality performance. This is especially true in the Northern "ice belt" where hockey is fairly well established.

One suggestion for improvement is for manufacturers to pay more attention to making sizes of protective equipment and sticks for young players, and specially promoting this equipment. C.C.M. is currently developing a line of custom made sticks which may serve this purpose.

Also, according to a report prepared by S.V.P. Canada, a subsidiary of The Financial Post, average men's sizes appear to differ between the two countries:

Average Men's Shoe Size		
Quebec	-	7
Rest of Canada	-	8-9
U.S.	-	10

Canadian manufacturers should make sure that supplies for U.S. skates are adequate in the right sizes.

4.3.2 Pricing Strategy

There was some general complaint, as mentioned earlier, that price levels are too high on all equipment.

The only specific suggestion made was that some elements of protective equipment are too expensive and are not essential for protection. This Canadian expert on hockey felt that these inessential items could be cheapened. However, indications from retailers at the sporting goods shops are that both the "feel" and the "look" of the equipment is important, and that it should not be cheapened.

Canadian goods do not appear to be more expensive than equivalent U.S. or European goods. There would not be, in that case, much point in lowering present prices, as Canadian goods already hold the majority of the market. More effective strategies might concentrate on other marketing variables such as the distribution channels, and promotional tools to increase the size of the market.

4.3.3 Distribution Strategy

Currently, sales of Canadian hockey goods are conducted in the following manner:

MANUFACTURER

↓

VIA A MANUFACTURERS' AGENT

↓

RETAILERS

Sporting Goods Shops	Pro Shops	Discount Houses (sell middle and high priced goods at a discount)	Mass Merchandisers (lower-middle quality goods forming upper level of mass market sales)

There were a few wholesalers in the hockey business at one time, including Faber Brothers in Chicago, but they appear to be getting out now. A spokesman from Faber Brothers stated that their sales have been dropping at about 50% per year for the last three years and that they are still working off 1974 inventory left over from the "dumping" that took place at that time.

According to the N.S.G.A. survey of place of purchase for ice skates and hockey equipment, the majority of hockey equipment is sold through sporting goods stores and pro shops. This is presumably because of the availability of extensive lines and experienced sales help.

In the Midwest, especially the Chicago area, there appears to be a trend towards pro shops that are attached to a rink. However, retailers in other areas feel that the rink shops are not able to stock enough equipment and are really only valuable for sales of emergency items, such as lost pucks and broken sticks.

The results of the N.S.G.A. surveys are shown on table 4.3.3.A.

TABLE 4.3.3.A

Consumers Purchases of Hockey Equipment by Place of Purchase in the United States

	1973	1974
	Protective Equipment	
Place of Purchase	Percent of Purchases ($)	Percent of Units
Sporting goods stores and pro shops	56.8%	28.3%
Department stores	10.5%	23.8%
Discount stores	16.0%	24.4%
Catalogs	1.4%	7.8%
Other outlets	3.7%	9.3%
No answer	11.6%	6.4%
TOTAL	100.0%	100.0%
Purchased as gifts	38.4%	60.7%

Consumers Purchases of Hockey Equipment by Place of Purchase in the United States

	1975	
Place of Purchase	Hockey skates Percent of Units	Figure skates Percent of Units
General sporting goods	22.3%	17.6%
Sports speciality & pro shops	32.2%	9.1%
Department stores	17.1%	25.6%
Discount stores	16.6%	28.1%
Catalogs	3.3%	5.1%
Hardware	3.3%	6.0%
Other outlets	1.9%	5.1%
No answer	3.3%	3.4%
TOTAL	100.0%	100.0%

The following tables, from the N.S.G.A., show the percentage of total store dollar volume in ice skates and hockey equipment, as well as what percentage of sporting goods stores carry such equipment.

TABLE 4.3.3.B

Distribution of Ice Skates in the U.S in Relation to Total Sales by Sporting Goods Store Size (1975)

% Total dollar sales volume	Total store dollar volume $300,000 or less	Over $300,000
25% or more	3.0%	0.5%
20 - 24	2.3%	1.0%
15 - 19	1.7%	2.1%
10 - 14	5.3%	4.7%
5 - 9	7.9%	7.8%
Less than 5%	15.8%	32.8%
Do not carry	52.8%	44.8%
No answer	11.2%	6.3%

How to read table 4.3.3.B: 3% of stores, with a total sales volume of $300,000 or less, sell 25% or more of ice skates as a percentage of total sales while 32.8% of stores, in the "over $300,000 category", sell less than 5% of ice skates as a percentage of total sales.

TABLE 4.3.3.C

Distribution of Hockey Equipment Sales in the U.S. in Relation to Total Sales by Store Size (1975)

% total dollar sales volume	Total Store Dollar Volume $300,000 or less	Over $300,000
25% or more	3.0%	2.1%
20 - 24%	1.7%	1.0%
15 - 19%	2.3%	1.6%
10 - 14%	5.0%	4.7%
5 - 9%	6.9%	8.9%
Less than 5%	11.6%	25.0%
Do not carry	58.7%	49.0%
No answer	10.8%	7.7%

These two tables show that 16% or more of Sporting Goods stores do .5% or more of their business in ice skates, while 18% or more do 5% or more of their business in hockey equipment.

Sales of hockey equipment through department stores or mass merchants is not extremely high; however it does consist of an important and unique segment of the market. Pro Shops and Specialty Shops have specifically requested protection from mass merchandisers and discounters selling name brands. This could reasonably be accomplished in two ways:

1. To private label for mass merchants, or label under a different name.

2. To change the number codes on the merchandise so that items could not be fitted in a pro shop and purchased at a discount elsewhere.

Private labelling would be feasible in a very low end of goods. However, there is some evidence, such as recent major contracts for Cooper Sears Roebuck and Montgomery Ward, that hockey equipment is being upgraded in those mass merchandisers that are retaining any lines at all. One mass merchant stated that "mass merchants do not carry hard hockey lines anymore". Some stores are getting out of hockey equipment altogether. In this case, private branding might be unnecessary and even undesirable, as Canadian prestige is important in hockey sales.

A name change might be more desirable, retaining Canadian identification for promotion purposes. The director of the Sporting Goods Manufacturers Association stated that this is done often in such sports as golf and tennis.

The Canadian manufacturers interviewed stated that due to higher manufacturing costs, and development costs, it would be impossible to compete with the very low end merchandise. They, and the retailers, also feel that the potential loss of prestige would do more harm than good. In addition, the Ice Skating Institute criticized the practice of selling skates "over the counter" as they need to be expertly fitted.

4.3.4 Promotion Strategy

Advertising and other types of promotion are seen by most retailers as the weakest and most crucial area for hockey manufacturers.

Advertising is currently almost exclusively done by endorsement, in magazines and in-store promotion. The little T.V. advertising that has been used was very successful. According to several retailers, recent Cooper ads showing a puck hitting a helmet at 100 miles per hour brought in hundreds of sales the day following the ad. There are several important implications of this:

1. That T.V. ads, especially during televised sporting events are effective in promoting hockey sales.

2. That given the sophistication of children today and their knowledge about why professional players use particular brands of equipment, endorsement advertising is no longer particularly effective. The types of safety and style featured in such ads as Cooper's might prove more effective methods of promotion.

One dealer suggested that cooperative ads tied to local dealers would be effective. Also suggested were more programs to help kids learn hockey. Summer camps do not appear to have been very successful, but perhaps weekend winter clinics might be feasible.

Other, more controversial, methods of promotion have been:

1. Coupons for another item.
2. Leaflets.
3. Dealer training centres, to aid retailers in fitting and selling techniques.

Opinions ranged from very successful to "complete bombs" in these items. Retailers were not very specific about their reasons for these comments.

Appendix 4.3.4 is a brochure on a National Hockey/Arena Expo which will take place in Minneapolis in August, 1977. Such shows are effective ways of presenting and promoting Canadian hockey equipment. Canadian manufacturers could consider expanding their displays at the U.S. shows. They should also consider the possibility of having more shows of the kind here in Canada for foreign buyers, as a tool tying hockey expertise to Canadian hockey.

4.3.5 Other Marketing-related Strategies

4.3.5.1 Canadian Seal of Approval

The response to our question regarding the significance of Canadian Standards was mainly negative. Most dealers felt that any kind of official Canadian approval was unnecessary for the following reasons:

1. It would not be recognized in the U.S.
2. The approval of professional teams and A.H.A.U.S. is more important.
3. Approval would cost money and result in higher prices.
4. It would eliminate lower end products and "therefore hurt the market".
5. The C.S.A. standards are very vague now, and do not seem to be adequate.

One dealer stated that he did emphasize the Canadian standards aspect, with good sales results. It was suggested that an important consideration could be that some sort of approval will be needed to avoid liability suits.

An organization started in 1969 and called the National Operating Committee on Standards for Athletic Equipment (N.O.C.S.A.E.) is presently in the process of forming a task force to do preliminary investigations on hockey helmets, in order to establish standards in the U.S. This organization is independent, and not sponsored by or affiliated with any American manufacturers. According to one officer of the committee, there will be no difficulty in Canadian helmets meeting the standards. He stressed that the formation of this committee was in no way an attempt to shut out imports.

It was suggested that some type of standard or seal of approval was vital for helmets and perhaps skates, but that U.S. standards would be more important than Canadian. One dealer stated that two years ago C.S.A. Standards were very important, but that U.S. standards would change that soon. He did say that "psychologically a (Canadian) seal would help".

A very recent development on this subject has resulted from a meeting sponsored by A.H.A.U.S., including the American Society for Testing and Materials (A.S.T.M.), N.O.C.S.A.E., the C.S.A. and several other interested groups. The results are that the C.S.A. have been encouraged to submit their standards for hockey equipment to N.O.C.S.A.E. for testing. They will then be accredited by A.S.T.M. This decision was reached by general consensus in a mutual agreement to cooperate on safety requirements. Additional details from that meeting will appear in articles in the May 1977 edition of U.S. Hockey and Arena Biz.

4.3.5.2 Local Manufacturing and/or Finishing

None of the persons interviewed felt that there were any particular advantages to manufacturing or finishing hockey goods in the U.S. They did mention, however, that if there were a change in the tariff structure, or if an import quota were imposed, there might be some advantage in U.S. manufacturing.

Bauer is presently manufacturing ice skate boots in Maine, but is not advertising them as American made. There is still more sales advantage in hockey equipment being identified as Canadian.

One further advantage might be the elimination of shipment hold ups at U.S. customs. This, however, is not considered to be a very major problem by most retailers.

SECTION FIVE

WEST EUROPEAN MARKETS FOR

HOCKEY AND ICE SKATING EQUIPMENT

5.1 THE PRESENT MAJOR EUROPEAN MARKETS

5.1.1 FINLAND

5.1.1.1 Demand Analysis

(A) Number of Hockey Rinks

- Presently, 15 indoor hockey rinks, plus 13 open artificial rinks of first-class category and hundreds of active natural outdoor rinks.

- Following additional information was given by Ice Hockey Federation:

	Indoor Hockey Rinks
1974	6
1976	13
1977	15
1979	20
1982	25

(B) Number of Hockey Players and Teams

- Number of players is estimated at 60,000, with about 6 to 8,000 players registered in "major organized leagues"

- 90% of these players are playing in junior leagues

- Only one other country, Sweden, has more players (regular and occasional) than Finland in Western Europe

- The evolution of total number of players has been and will be the following according to the Ice Hockey Federation:

1970	-	40,000
1972	-	44,000
1974	-	50,000
1976	-	60,000
1978	-	65,000
1980	-	69,000

- It is not expected however that the rapid increase of the last three years will continue

- There are 10 "professional" teams in Division "A" and about 240 teams in semi-professional junior and lower-calibre amateur leagues; the total number of teams will grow by about 50 to 60 teams in the next 5 years according to the Finnish Ice Hockey Federation

(C) <u>Some Significant Identified Trends</u>

- Ice hockey is increasingly popular and is becoming, with cross-country skiing, the "national sport"

- Another game enjoying increasing popularity is called BANDY. It is a less rough version of ice hockey, also played by women; skates for Bandy are made in Sweden and the U.S.S.R.; the total amount of Bandy players is apparently 0.5 million for Scandinavia and Russia

- Plastic boot skates apparently account for 10% of Finnish and Scandinavian market and could reach 50% by 1980 or so, according to one expert consulted

(D) Other Facts and Information

- As in all European countries, hockey is a rather expensive game, largely "parent supported"

- The Finnish Government is contributing up to 10% of the Finnish Ice Hockey Federation budget

- Hockey is also a spectators' sport and crowds of 5,000 people are not exceptional at First League Games

- Finnish labour and marketing costs are relatively cheap compared to Canadian costs

- Total imports of Finnish hockey products, mainly sticks, in Canada is estimated at about $2 million in 1976; in 1975, it grossed around $1.6 million, (i.e. more than 85% of all sticks imported in Canada):

473,959	prof. sticks	-	$1,365,059
53,797	"pro-juniors"	-	$ 140,843
45,069	"pro-pee-wee"	-	$ 78,613

- Koho sticks are now dominating in the National Hockey League (North America), according to some of the experts interviewed

- European sticks held a 25% share of the Canadian market in 1976, i.e., $2.8 million

(E) Apparent Consumption

- Ice Skates (with and without footwear attached)

	'000 Pairs				
	1972	1973	1974	1975	1976
Local shipments	16	20	20	30	30
Imports	77	114	94	85	95
Exports	1	1	3	2	4
Consumption	92	133	111	113	122

Notes:
- Sources are trade estimates (gathered in personal interviews) and official import - export statistics
- Import - export statistics were in kilograms and metric tons; a conversion factor of 1.8 kg/pair was used; roller skates were also included in these figures and were taken out, assuming they represented 5% of total imports and exports
- These figures exclude bandy skates made by Titan

- The approximate value of imported skates (at manufacturers' selling price, C.I.F.) has been established at:

1972	-	$0.7 MM
1973	-	$1.1
1974	-	$1.0
1975	-	$1.0
1976	-	$1.1

- These values can be considered quite low (i.e. represent, in 1976, an average manufacturers' selling price of approximately $11.00 only) and reflect the high proportion of cheaper skates imported from East Europe; they also include lower cost of imported blades only which are sold at an average price of $4 - $5.00.

- It is generally agreed that the present market for ice skates is between 100 - 120,000 pairs, at retail prices of $4 to $6 million

- Hockey Sticks

Hockey Sticks	'000 Units				
	1972	1973	1974	1975	1976
Factory shipments	2,020	2,600	2,000	1,800	2,000
Imports	20	20	70	110	25
Exports	1,220	1,950	1,800	1,500	1,750
Consumption	820	670	270	410	275

Notes:

- Sources are official statistics from Finland's National Office of Statistics, and trade estimates

- The 1972 and 1973 export figures are very probably understated, and consumption figures thus overstated; from 1974 to 1976, import figures are probably overstated, partially due to a high level of returns from countries (especially U.S.A.) which had purchased vast amount of sticks

- Conversion factor for total figures given in metric tons was 0.6 kg/stick

- No official figures were available and factory shipments were thus estimated for 1974 to 1976, although they seem more in line with trade estimates than the official 1972 and 1973 figures; the utilization of a factor of 0.8 kg/stick would probably have been more appropriate in earlier years due to the steadily decreasing weight of sticks in the last 4 to 5 years

- Bandy sticks are most probably included in these statistics, although they are quite different from hockey sticks.

- Trade estimates (from personal interviews) establish annual domestic consumption at about 250,000 to 300,000 sticks, and its retail value at $5 to $9 million Finnish Marks or $1.4 to $2.5 million

5.1.1.2 Market Competition

(A) The Participants in the Market

- Local manufacturers are world-renowned:

  Koho
  Sticks mainly, and also small volume of very good quality equipment and accessories for hockey; largest European manufacturer of sticks and it holds 40% of West European sticks market.

  Karhu-Titan
  Sticks and some equipment and accessories, plus hockey skates of medium to high quality; 15% of West European sticks market; total sales in 1975 were around $2.5 million and increased to $3 million in 1976.

  Torspo
  Sticks mainly and wide range of other products; 5% of West European sticks market; 90 employees engaged in production of hockey equipment.

  Montreal
  Sticks mainly: 5% of West European sticks market

- Titan's skates (for hockey and bandy) are mainly for Finnish consumption

- Torspo exports to Sweden, U.S.A., Canada, West Germany and Switzerland; they also make "white label sticks" for Canadian companies

- Finland is a major exporter of sticks
  Main exports are to:
  - Canada 45%
  - U.S.A. 30%
  - Sweden 12%
  - Switzerland 4%

  Because of the EEC tariffs and good German manufacturers, like AMBROS and EGEN, Finland has a small share of the EEC market

- Czechoslovakian and Hungarian skates of lower quality at very low prices are imported in growing quantities

- Major Canadian companies in Finland are: Bauer and C.C.M., followed by St. Lawrence Manufacturing, Lange and Daoust

- Blades are imported from Canada (good quality for hockey) Great Britain (good quality for pleasure skates) and Japan (lower quality)

(B) Market Shares by Product Lines

- Imports of ice skates and blades in quantities are distributed in the following manner:

	1972	1974	1976
Czechoslovakia	34%	38%	45%
Canada	21%	39%	36%
Sweden	19%	13%	8%
Others	26%	10%	11%

- In monetary value, total imports are distributed differently:

	1972	1974	1976
Czechoslovakia	24%	22%	23%
Canada	30%	49%	57%
Sweden	28%	20%	11%
Great Britain	1%	3%	3%
Others	17%	6%	6%

- Imports of hockey skates come mainly from Czechoslovakia (45%), Canada (35%) and Sweden (10%), but in value, Canada is still number one with near 60% approximately of total Finnish marks spent on imported hockey skates, compared to 30% in 1972

- Bauer and C.Ç.M. would acquire around 90% of top quality skate sales

- The market for hockey sticks is very much in the hands of national firms such as Koho, Titan, Montreal and Torspo, who probably have between 90 and 95% of the Finland market, while their share of the total West European market is around 60%

- Imports of hockey sticks in quantities (which was only about 25,000 units in 1976) are distributed in the following manner:

	1972	1974	1975
Sweden	51%	79%	61%
Canada	49%	1%	1%
Switzerland	-	19%	-
U.S.A.	-	-	34%
Czechoslovakia	-	1%	4%

- The sudden appearance and disappearance of Switzerland, and the new entry of U.S.A. sticks in 1975 and 1976, are not seen as "permanent trends" and are probably explainable in good part by the computational methodology of import statistics (i.e. recording of incoming shipments from last port of shipment, plus returns of Finnish exports of previous years)

- It is very probable, according to some trade experts consulted, that a good proportion of American exports were in fact Canadian-made sticks exported through U.S. seaports and airports

- In value, again Canada is doing very well with 15% of the market in 1975 (vs 1% in quantity), while this was probably closer to 40% if we include the Canadian exports going through U.S. ports of shipments

- Canadian hockey skate blades exported to Finland are in the $150 to $200,000 range (excluding full skates exported by Canadian manufacturers); these blades (around 15 - 20,000 pairs) are sold to major Finnish manufacturers; present competition is coming from Sweden (Jofa's subsidiary ABC), Mitchell & King (although they concentrate in figure skate blades) and a small Norwegian firm, making less than a total of 300,000 pairs a year; low-cost Japanese blades are also a growing threat, mainly for low-cost "pleasure skates"

- A major Canadian manufacturer expects its total sales to increase by some 50% in 1977 in Finland, to well above $100,000

- The Canadian products still have the best popularity rating. The Eastern European countries are much less aggressive on the outfit market, but the Canadian firms are facing Finnish competition. No statistics are available concerning outfit and equipment products, but the Canadian share should not exceed 10%

- Entire market is characterized by few suppliers and distributors, and Canadian companies do very well in high quality skates and helmets mainly

(C) Available Information on Present Marketing Strategies, Behaviour of Re-Sellers and Consumers Attitudes

- A complete set of high quality hockey equipment in Finland costs some 1,250 FM or $350, while an average amateur hockey player will spend some $140 - $170, according to one representative of a Finnish manufacturer

- Professional players, Finns other Scandinavian and even Canadian players, have some definite influence on young players' purchasing behaviour

- Typical mark-ups are 30 to 40% by wholesalers, and 40 to 50% by retailers

- Average manufacturer's selling price of sticks is $5.20, with a probable 10 to 15% increase in coming years

- Finnish sticks are more expensive than most other brands, by up to $1.00 to $3.00

- Two key marketing mix variables for sticks marketing are delivery and quality, according to one Finnish manufacturer

- Greater use of graphite in sticks is foreseen to insure a longer lasting life

- Titan and Koho are promoting heavily their "fiberglass blades and shafts"; Titan is holding patent on fiberglass blade (i.e. ABS rocker sole and tip protector in its blades)

- The Finnish companies presently hold a real "technology advantage" on Canadian sticks manufacturers, in terms of materials used (better mix of ash and birch) and technology utilized in production and in quality control; the Finns were first to develop techniques to make plywood shafts with as many as 60 laminations

- Finland has the only two plants in the world with the veneer technology to produce good enough shaft plywood for professional players

- Life duration of skates is about two seasons, while for sticks, it is one or two games (professional team) and 1 to 3 weeks (amateur players), while the duration is longer for younger players (i.e. 2 or 3 sticks per season)

- Titan is using sticks as loss-leaders sometimes to penetrate foreign markets (ie. exported recently 50,000 pairs of skates to U.S.S.R., but gave sticks in large quantity)

- Average retail price of skates (assuming 1.8 kg/pair)

Total	=	\$40 - 50
Canadian	=	\$80 - 120
Czechos.	=	\$30 - 40

5.1.4.3 Future Demand

(A) General Growth Forecast

- According to one important manufacturer, annual increases in total demand for hockey products and ice skates will not be as high as in previous years, but should be around the 10% mark until 1980, although the long term is not as bright

- Finnish market has reached saturation point and will grow with increases in population and hockey facilities

- However, two foreign manufacturers interviewed still consider Finland a "sleeping market" with enormous potential for them to increase their shares and benefit from growth rates of at last 10% a year in most product lines

- Annual growth forecast of population is one of the lowest, not only in Europe but in the world, with total population not expected to pass 5 million before 1985

- However, some forecasts prepared by Predicasts Inc. in 1976 on industrial production and personal consumption expenditures are relatively high and are surpassed only by France and the Netherlands in Western Europe

(B) Expected Competition and Market Shares

- In sticks, Koho expects to increase its total production by 25% in 1977 to reach a level of 1.5 million units

- The market will probably continue to be held very largely by the four major national companies, with possible further penetration of low-price imports from Eastern Europe

- The five Scandinavian firms (4 Finnish, plus Sweden's JOFA) probably control around 95% of the market right now

- In skates, Canadian manufacturers will still see East European countries acquire larger shares with low and medium-priced skates, but will probably continue to dominate Scandinavian competitors in the high quality hockey skates segment

- In equipment, Koho mainly, and to a lesser degree Titan and Torspo, are aiming at the high quality equipment segment and will compete head-on with Canadian firms

- In summary, the sticks and outfits are mainly Finnish, they are well advertised and relatively well priced; it will be hard for Canadian firms to increase their share of these segments and even to maintain their share of the skates market

(C) Demand Forecast

- Hockey sticks market is expected to grow annually by 10 to 15% in 1977 and 1978, according to two experts consulted

- According to two Finnish companies, plastic skate boots account for 10% or so of sales in Finland, and will increase up to 50% by 1980

- Also, these same sources foresee that new blades with nylon holders will gradually displace steel blades holders.

5.1.1.4 Marketing Strategy Elements for Canadian Companies

(A) Tariffs

- The following schedule applies to imported hockey products and ice skates in Finland;

	Duty
Hockey skates	7.5%
Hockey skates and boots	7.5%
Hockey sticks and pucks	7.5%
Protective helmets, face guards	7.5%
Leg, elbow and shoulder pads	
Shin guards, knee pads	
Goalie pads of textile materials or felt	18%
Goalie pads of other materials	16%
Hockey gloves	8%
Hockey pants nylon or cotton	35%
Automatic puck throwing machines	7.5%

Value for duty: Duty is levied on the C.I.F. value
Tax: 12.4% - This tax is levied on the C.I.F. duty-paid value

(B) Non-Tariff Barriers

- For sticks, there exists a very strong local indentity with national manufacturers, as it does for certain type of equipment (i.e. gloves mainly)

- No import quotas or controls

- No other major non-tariff barriers, as language is not a major problem with good local representation

(C) Relative Importance of Market Potential

- Market is strong, second largest presently in volume, but real growth will be limited, while replacement demand will be the major source of sales in the coming years

- Important market to maintain and service well, but not a major source of increased sales for Canadian products in Europe

(D) Possible Strategies for Canadian Companies

- Key marketing mix variables for Canadian firms seem to be:
  - quality/reputation of products
  - use of European players and teams (mainly Finnish and Swedish) as "endorsers"
  - effective and competent agents and dealers

- Distribution networks still too restricted, in a small country like Finland, to major cities and specialized stores; for no additional costs, some further penetration through present dealers should be promoted

- Studies of Bandy market potential needed, but doubtful that profit margins will be interesting due to strong local competition

- Areas of concentration are hockey skates of high quality and most equipment; no future apparent in sticks, but possible market in lower cost figure skates blades, although local production may then be required

- Finland is a market where strategy for Canada is to displace competition, more than to try to create a new demand or to try to fill unsatisfied needs

5.1.2 SWEDEN

5.1.2.1 Demand Analysis

(A) Number of Hockey Rinks

- Presently 227 rinks, expected to reach 250 in 1980 and 300 in 1982, according to some sources

- Historical evolution of artificial ice rinks suited for hockey:

	Indoor	Outdoor
1970	38	138
1972	50	135
1974	62	136
1976	80	141
1977	84	143
1982 (est.)	120	180

- No data available on natural ice rinks in Sweden

(B) Number of Hockey Players and Teams

- Total number of players under 15 years old estimated around 180 to 200,000, with no major increase envisaged

- Organized leagues players (licenced with Swedish Federation) totaled 13,792 in 1976

- Anticipated that the number of licenced players will increase by 3% annually

- Number of teams is around 7,000 (national, regional, city, etc.), with 294 "senior teams" made up of 4 divisions

- All teams are considered "amateurs", but many players are "true professionals"

- From 1968 to 1973, the number of teams increased, then it began to slow down and even decrease recently, because:
  - hockey is getting too expensive
  - winters were too mild
  - teams with small budgets had to travel too far
  - top professionals are emigrating more and more

- Hockey season starts in October and ends in April

(C) <u>Some Significant Identified Trends</u>

- Sport is very popular, but might have reached its saturation point, where growth will come only through increases in population or number of hockey facilities

- The present number of players is not increasing rapidly

- Swedish market's slow growth explainable by:
  - milder winters
  - fact that hockey has become too expensive
  - competition from other "indoors sports" (basketball, volleyball, table tennis)

- For instance, the cost to equip a young boy is around $150 to $175, and, for a league player, it varies between $250 and $400

- Sweden's total imports into Canada is around $150 to $200,000 only

- Bandy, a milder form of hockey and a much less tough game on ice, is increasing in popularity, as it is in Finland and Russia

(D) Other Facts and Information

- Per capita, there is more ice hockey played in Sweden than in Canada

- Government policies on hockey are non-existent, but probably not required as sport is very popular

- Swedish market is by far the biggest market right now in Western Europe; all other countries put together barely equal this market in most product areas (for instance, Sweden consumes about 60-70% of all Western Europe's sticks)

(E) Apparent Consumption

- Latest figures available on sales value of ice hockey equipment were for 1973 (at manufacturers' prices)

Helmets	-	$ 500,000
Other equipment	-	$1,700,000
Sticks	-	$2,200,000
Skates	-	$3,300,000

- Consumption of ice skates (with and without footwear attached)

	'000 Pairs				
	1972	1973	1974	1975	1976
Factory shipments	70	80	90	125	145
Imports	182	155	235	215	270
Exports	57	85	80	60	65
Apparent consumption	195	150	245	280	350

Notes: - Sources are trade estimates (gathered in personal interviews) and official import-export statistics

- Import-export statistics were in kilograms and metric tons; a conversion factor of 1.8 kg/pair was used; roller skates were also included in these figures and were taken out, assuming they represented 10% of total

- The approximate value of imported skates has been established at:

1972	-	\$2.04 million
1973	-	\$1.74 million
1974	-	\$2.69 million
1975	-	\$2.65 million
1976	-	\$2.77 million

- It is generally agreed that the skates market is at 300 to 350,000 pairs for a retail price value ranging from \$10 to \$15 million

- Hockey Sticks

			'000 units		
	1972	1973	1974	1975	1976
Factory shipments	n/a	n/a	450	1,000	672
Imports	600	467	428	263	315
Exports	14	20	14	51	87
Consumption	n/a	n/a	864	1,212	900

Notes:
- Sources are Sweden's National Office of Statistics for import-export figures and trade estimates for factory shipments and consumption figures
- The year 1975 reflects an over-stocking period, just like in Finland
- Conversion factor for total shipments given in metric tons was 0.66 kg/stick
- Bandy sticks and "street hockey sticks" are included

- The present total retail value of all kinds of sticks can be estimated at around \$3.5 to \$5.0 million

- The annual retail value of all ice hockey equipment sales can be roughly estimated at \$20 to \$25 million

5.1.2.2 Market Competition

(A) The Participants in the Market

- Jofa is the largest hockey equipment manufacturer in Sweden and one of the major participants in the European market; it is linked to the Leisure Time Division of Volvo

- They manufacture everything concerning sports and in particular ice hockey equipment: protective equipment, helmets, gloves, sticks, skates. Jofa equipment is not always top quality, especially as far as skates and sticks are concerned. Jofa helmets, on the contrary, have a very good reputation all over Europe

- Jofa's total hockey sales are approximately \$6 to \$6.5 million, with about one-third for skates; sales were increased by around 20% in 1976

- Other much less important manufacturers include:
  - FORMEL PRODUCKTER, producing helmets and outfits mainly
  - MONARK CRESCENT, producing outfits and equipment, plus some skates
  - STIGA, outfits
  - SIRIUS, producing mainly Bandy skates
  - VARNAMO-GUMMI FABRIK, producing plastic outfits, skate guards and pucks mainly
  - GILLBERGS SKRIDSKOFABRIK, producing skates
  - TIBAS SPORT, outfits, mainly hockey pants
  - SPORT-JOHAN, mainly pants

- The major dealers and distributors in Sweden are:
  - CEACO SPORTARTIKELFABRIK AB
  - ISAB
  - JOFAMA RECREATION AB
  - KOOPERATIVA FORBUNDET
  - MAC ARVID SPORT AB
  - AB ELOF MALNBERG, largest importer of sticks from Finland and Canada
  - NORDMARK SCANDINAVIA AB
  - RYONBOLAGET AB
  - AB WALLCO SPORT
  - WORMANCO AB

- A large number of foreign companies are operating in Sweden and many are trying to penetrate this still very lucrative market

- Amongst the largest foreign competitors, we find:
  - KOHO and TITAN, from Finland
  - MITCHELL & KING, from Great Britain
  - C.C.M., BAUER, COOPER, LANGE, SHER-WOOD and DAOUST, from Canada
  - LICO, from West Germany
  - GRAF, from Switzerland
  - State-owned companies from East Europe, mainly Czechoslovakia and Hungary

- A major Canadian firm expects to nearly double its 1977 sales in the Sweden-Norway market as compared to 1976, to bring them not too far from the one million dollar mark; it must be noted, however that the 1976 sales were extraordinarily low due to some over-stocking in general in the industry in 1975

(B) Market Shares by Product Lines

- Jofa holds arond 35% of the total hockey skates market in Sweden

- In outfits and equipment, some 60% at least of the market is held by Jofa, which dominates the helmet segment with a minimum 80% share

- Many pucks are imported from Czechoslovakia

- In hockey skate blades, Canadian exports to Sweden (i.e. St. Lawrence Manufacturing mainly) are very low (presently less than 10 - 20,000 pairs a year), as most Swedish manufacturers buy hockey skate blades from Jofa's subsidiary ABC and figure skate blades from Mitchell & King mainly

- Trade estimates on approximate market shares by product lines in 1976 are the following:

Sticks (excluding bandy sticks)	Quantities	Value
- Sweden (mainly Jofa)	45%	30 - 40%
- Finland (mainly Koho and, to a lesser extent, Titan)	40%	50%
- Canada (mainly Sher-Wood)	10%	15%
- Others, mainly Czechoslovakia	5%	1%

Skates (only hockey)		
- Sweden	25%	35%
- Canada (C.C.M. and Bauer mainly)	10%	25 - 30%
- Czechoslovakia	50%	30 - 35%
- Others, mainly Hungary	15%	10%

Outfits and Equipment (in value)	
- Sweden (Jofa)	60%
- Canada (C.C.M. and Bauer mainly)	30%
- Finland	10%

- Distribution of skate imports by countries (in quantity) show a definite increase for Czechoslovakian skates and a steady share for Canada (except for a drop in 1976, which might be explainable by the eleven month period only covered by available statistics):

	1972	1974	1975	1976
Canada	17%	16%	20%	12%
Hungary	40%	27%	13%	10%
Czechoslovakia	30%	40%	50%	62%
Great Britain	3%	10%	7%	8%
Others	10%	7%	10%	8%

- In value, the distribution shows a definite predominance of Canadian skates in the high quality skate segment, with 39% of total value in relation to a 12% share of total quantity of imports:

	1973	1974	1975	1976
Canada	31%	35%	39%	28%
Hungary	29%	24%	12%	10%
Czechoslovakia	31%	30%	37%	47%
Great Britain	3%	6%	3%	6%
Others	6%	5%	9%	9%

- Export statistics show a definite pattern reflecting "bilateral agreements" (official or not) between the Eastern European countries and Sweden; Sweden's exports of skates into Czechoslovakia has increased from 13% (in 1972) to 37% (in 1976) of its total skate exports, while in Hungary, it has decreased from 19% in 1972 to 2% in 1976; on a value basis, the net trading balance (exports-imports) has been in favour of Czechoslovakia and Hungary, as the following table shows:

Net Commercial Balance of Sweden on Hockey Skates

(in '000 Swedish Kroners)

	1973	1974	1975	1976*
Czechoslovakia	(3361)	(2573)	(3421)	(3283)
Hungary	(2557)	(2572)	(1397)	(596)

* 9 months only

- Distribution of stick imports by countries (both in quantity and in value) show a definite and strong share for Finland's sticks, with a lower but steady share for Canadian products due in part to Sher-Wood's sales of "white sticks" to Jofa:

In units

	1972	1974	1975	1976*
Canada	8%	25%	26%	17%
Finland	64%	57%	60%	75%
Czechoslovakia	26%	17%	12%	6%
Others	2%	1%	2%	2%

* 9 months only

In value

	1972	1974	1975	1976*
Canada	11%	29%	26%	19%
Finland	79%	65%	67%	78%
Czechoslovakia	9%	5%	5%	2%
Others	1%	1%	2%	1%

* 9 months only

(C) Available Information on Present Marketing Strategies, Behavior of Re-Sellers and Consumers' Attitudes

- Usually the clubs buy the equipment for league players. They always buy the sticks. Usually the player buys his own skates

- Canadian hockey equipment and skates have a reputation of high quality, but also of very high prices

- Purchases made by professional hockey teams have a major influence on individual purchasing decisions

- The performance of the Swedish National Team usually affects both general demand and selective demand for Swedish products, according to one expert interviewed

- Wholesale mark-up is around 40%, and retail mark-up around 50%

- The principal technological movement expected in Sweden is the change toward plastic skates. However, they are far from being completely accepted, even if Lange and Jofa are both marketing plastic boots skates right now

- Sweden imports raw materials and/or parts and/or mainly "white sticks" to sell under Swedish trade names
  - Sher-Wood (Quebec) makes for Jofa under Jofa brand-name; around $400,000 for Sweden and $300,000 for North America in 1976

- Presently, as in Finland, Canadian skates are about 3 times more expensive than Czechoslovakian skates

- Best sticks retail between $10 and $15; Finnish and Canadian sticks are more expensive than local made sticks

- Titan has not met with much success with its "semi-plastic" sticks in Sweden

5.1.2.3 Future Demand

(A) General Growth Forecast

- Swedish market is reaching a point of saturation, where future growth will come mainly from significant increases in population and personal disposable income, and changes in environmental factors, some controllable (i.e. number of hockey rinks), others uncontrollable (i.e. weather conditions)

- Sweden's total population of 8.3 million is not expected to grow very rapidly, and a forecast prepared in 1976 by Predicasts Inc., a U.S. research house, predicted an annual growth of 0.4% for Sweden's population between 1972 and 1985, when total population should then approach 9 million

- The growth in Personal Consumption Expenditures is not forecasted at a very high rate, i.e. 3.7% between 1972 and 1985, to reach U.S. $50 billion by 1985

(B) Expected Competition and Market Shares

- Stronger competition from Scandinavian companies is expected, and Canadian firms will have difficulty to obtain a more significant foot-hold in the market than what they have now, mainly due to their inability to compete head on, on prices with Scandinavian firms, in the medium and medium-high quality segments, and certainly not with East European and Far East countries in the lower-end segment

- Czechoslovakia is expected to increase its share of the total skate market mainly due to further in-roads in the lower-end segment, in which Canadian companies are not competing

- In the sticks market, imports are on a decreasing slope, while exports have and will probably continue to increase significantly, which means an expanding "national production" and a stronger local competition

(C) Demand Forecast

- One Swedish expert consulted predicted a growth of 5 to 7% in all product lines

- No other specific forecast rates and figures are available, but general agreement was in favor of a low but steady growth from 1978 on

5.1.2.4 Marketing Strategy Elements for Canadian Companies

(A) Tariffs

- The following schedule applies to imported hockey products and ice skates in Sweden:

Commodity	Duty
Hockey skates	4%
Hockey skates and boots	4%
Hockey sticks (wood)	2.5%
Hockey sticks of other material	6%
Protective helmets	8%
Face guards	6%
Leg, elbow and shoulder pads, shin guards, goalie pads	
• of textile materials	13%
• of other materials	7%
Hockey gloves	11%
Hockey pants	
• of synthetic textile fibres	13%
• of cotton	13%
Automatic puck throwing machines	5%

Value for duty: duty is levied on the C.I.F. value

Tax: 15% (V.A.T.) This tax is levied on the C.I.F. duty-paid value

- Tariffs are lower than in Finland on most items, except gloves, but the sales value added tax is higher 15% vs. 12.4% in Finland

(B) <u>Non-Tariff Barriers</u>

- There is no known regulations (governmental) pertaining to importation of skates and hockey equipment and no changes are envisaged

- Real barriers are really "marketing barriers" based on penetration costs in certain product lines and strong local appeal of Scandinavian-made products in other lines

- Canada cannot, most of the time, compete on a price basis in the low and medium ends of the market, without establishing local production facilities in Sweden

- Like in some other European countries, mainly West Germany and Finland, the reputation of Canadian professional players has somewhat deteriorated in recent years, due to more international hockey meetings, and this could present a new "barrier" to further penetration in the market; however, two persons interviewed expressed the opinion that this would not have a long-term impact after a few years of bad publicity and some adverse consumers' reations towards Canadian products

(C) <u>Relative Importance of Market Potential</u>

- Sweden is the biggest and major market right now

- Canada's penetration can still be improved, mainly if it can succeed in taking sales away from present competitors, as growth in primary demand will probably be small and as most major needs of the market are being filled

- Market is important, and should serve as a basis for further penetration in other regional and national markets in Western Europe: the Sweden-Finland market can be profitable and success there can help maintain Canada's top quality image and reputation in hockey in Western Europe

(D) Possible Strategies for Canadian Companies

- Canadian companies cannot at the same time ease their prices and promote a high quality image; such a policy would perhaps "work" in the short term to increase their share of the market, but would probably not be profitable in the long term, both because of costs and because consumers would tend to lower their opinions on quality and reputation of Canadian products

- Three over-all market strategies can be envisaged:
  - high quality - high prices with emphasis on reputation, image, etc. of Canada as a hockey world leader
  - price competition in certain product lines, with different brand names than for high quality products, but still promoting the quality aspect (i.e. "A Canadian product at a good "reasonable" price")
  - mix of the two strategies depending on product lines and in accordance with local competition

- Local production, through a subsidiary or a licencee, could enable better market penetration by Canadian firms in some lines, especially for lower-priced items

5.1.3 SWITZERLAND

5.1.3.1 Demand Analysis

(A) Number of Hockey Rinks

- Presently 80 official hockey rinks (20 interior and 60 exterior, all with artificial ice)

- According to Swiss Ice Hockey Federation, there are always one or two rinks added every year

- Historical Data on number of hockey rinks:

1970	-	64
1972	-	67
1974	-	73
1976	-	80

- Many other skating rinks and natural ice rinks for pleasure skating and "occasional hockey"

(B) Number of Hockey Players and Teams

- Total number of regular and occasional players is around 50 to 60,000, with some 13,000 players in organized leagues regrouping some 700 teams

- Statistics available from Swiss Hockey Federation:

Organized League Players

	Seniors	Novices
1970	8475	n/a
1972	9565	1762
1974	9977	2680
1976	9862	3015

Number of Teams (1976)

National League "A"		8
National League "B"		16
First League		40
Second League		92
Third League		238
Espoirs:	Elite	24
	Inter	35
	Juniors	59
	Novices	94
	Mini	72
Veterans		13
		691

(C) Some Significant Identified Trends

- From 1973 to 1975, the total number of members in more than 280 clubs (each with one or more teams) around the country went up by about 8,000

(D) Other Facts and Information

- Switzerland is classified in the "present major market" category because of its present size, which, although it is smaller than the Swedish and Finnish markets, is still very important; it is not however a fast growing market, and looks much like Sweden and Finland in this respect

- Between October 1974 and February 1975, nearly 900,000 fans attended hockey games of the National League (Division "A")

- The Swiss like to play hockey and they love to watch it, with the Bernese probably the most vociferous fans. Their 16,000-seat stadium is usually sold out weeks in advance and when the home team is on the ice it sounds a lot like Saturday night at the Montreal Forum. Many Swiss hockey teams have Canadian coaches, including the champions from Berne

- Switzerland is certainly the biggest non-Scandinavian ice hockey market in Europe. The number of organized players is larger, and by far, from the West German number

- Like in most Scandinavian countries Switzerland has two types of markets: "organized amateurs" and occasional players

- In common with many other countries, sales are very much affected by the weather

- The Swiss government provides no assistance to the Ice Hockey Associations or the National Federation

(E) Apparent Consumption

- Ice Skates (with footwear attached)

	'000 Pairs				
	1972	1973	1974	1975	1976
Factory shipments	114	126	126	111	110
Imports	32	54	39	25	35
Exports	11	26	16	3	6
Consumption	135	155	149	133	139

Notes:
- Import - export statistics were broken down in "full skates" and "blades only" by the National Office of Statistics

- Roller skates were estimated at 10% of total imports of skates

- Local production was estimated at a level of 100 to 120,000 pairs for 1976, and a relation of 60% was established with the imported number of pairs of hockey blades (as discussed later on) for the years 1972 to 1975

- It is felt also that the 1975 and 1976 figures for exports are underestimated, as Graf is selling, although in limited quantities, to France, Czechoslovakia and West Germany

- The total approximate value of imported skates (at manufacturers' selling price) has been established at:

	In Million Swiss Francs
1972	1.3
1973	2.0
1974	1.5
1975	1.1
1976	1.4

Rate: $Can = 2.43 FS (1976)

- Ice Skates (without footwear attached)

	'000 Pairs				
	1972	1973	1974	1975	1976
Imports	190	210	210	185	224
Exports	1	1	3	2	6
Apparent consumption	189	209	207	183	218

Notes:
- Sources are official statistics on import-export
- Zero local production is assumed

- Roller skate "wheels" were estimated at 20% of total imports

- Total imports of blades are seen as very high in relation to local skates production, and, according to one expert consulted, might reflect policy to overstock by Swiss manufacturers

- Re-exporting of skate blades are also surprisingly low according to the same expert

- Approximate value of imported skate blades was established at:

	In Million Swiss Francs
1972	1.6
1973	1.7
1974	1.8
1975	1.5
1976	1.8

- No official statistics were available on hockey sticks, and annual consumption was put around 120 to 150,000 units by two of the experts consulted on the Swiss market

5.1.3.2 Market Competition

(A) The Participants in the Market

- The number one local manufacturer of skates and some hockey equipment (mainly gloves) is GRAF, the supplier of Switzerland's national team and also of skates to Czechoslovakian teams; the other major manufacturer is Kunzli who makes low quality skates for hockey and "pleasure skating"

- A Swiss firm, Rolba-Zamboni in Zurich, is a very large manufacturer of ice rink material in Europe (i.e. ice-making machine)

- Other smaller Swiss companies included the following:

<u>Manufacturers of Sticks</u>

Amrein & Weber
Attenhofer (also hockey equipment)
Authier
Seiler AB

<u>Wholesalers/Distributors</u>

Bruhlmanm & Grassli
Christen & Co. (C.C.M. agent)
Hinnen, Otto, Sportgerate
Lutz, Albert AG
Montana Sport
Gribi & Co.
Sporting Goods AG (Koho and Cooper distributor)
Anterskate AG
Muller AG

- C.C.M. European offices have been located in Berne up to now

- Major Canadian firms active in the Swiss market are: C.C.M., Bauer, St. Lawrence Manufacturing, and to a lesser extent Sherwood-Drolet (with about $80,000 to $100,000 sales of sticks)

- An important Canadian firm in Switzerland expects its total sales to increase by more than 80%, to a level well above $125,000 in 1977

- Other important participants are German and Finnish firms, plus East European companies, mainly from Czechoslovakia and Hungary

- Some figure skates are imported from Austria

(B) Market Shares by Product Lines

- The Swiss market is dominated by Graf, Koho, C.C.M. and Cooper Canada

- The apparent shares of imported skates have been the following from 1972 to 1976:

In quantities

	1972	1973	1974	1975	1976
Austria	7%	13%	20%	28%	34%
Czechoslovakia	25%	36%	31%	26%	21%
West Germany	35%	4%	6%	5%	15%
Canada	9%	7%	11%	13%	8%
Taiwan	--	11%	21%	23%	12%
Others	24%	29%	11%	5%	10%

In values

	1972	1973	1974	1975	1976
Austria	10%	14%	22%	28%	47%
Czechoslovakia	15%	25%	20%	18%	15%
West Germany	25%	4%	7%	3%	7%
Canada	32%	25%	32%	39%	19%
Taiwan	--	4%	7%	8%	4%
Others	18%	28%	12%	4%	8%

Notes:

- These shares were computed on total imports of skates, including roller skates

- Most probable that Austrian imports are in good parts, either roller skates or imported products made in other countries

- It is evident again from these shares that Canadian products are maintaining their share of the high-price high-quality segment, while Taiwanese and Czechoslovakian skates are concentrated in the low-end segment of the market

- The apparent shares of imported skate blades have been the following from 1972 to 1976:

In quantities

	1972	1973	1974	1975	1976
West Germany	28%	27%	38%	37%	49%
Great Britain	31%	32%	32%	43%	38%
Japan	23%	24%	19%	13%	--
Canada	10%	6%	2%	1%	2%
Others	8%	11%	9%	6%	11%

In values

	1972	1973	1974	1975	1976
West Germany	26%	29%	41%	39%	50%
Great Britain	29%	30%	26%	34%	32%
Japan	24%	22%	20%	16%	--
Canada	13%	7%	4%	4%	7%
Others	8%	12%	9%	7%	11%

Note: . These shares were computed from total imports of blades, including roller skates wheels

- It is again evident that although Canada's share has drastically declined (i.e. one supplier of blades lost a major Swiss skate manufacturer as a client in 1973 and 1974), its share of the high quality hockey blades market remains good (i.e. 7% of value of imports, while it is estimated that top hockey skates represent about 10 - 12% of Swiss production)

- Estimated 1976 Market Shares for Hockey Products of Medium to High Quality:

Sticks

• Finland (mainly Koho, but also Titan and Montreal)	60 - 70%
• Germany (Ambros, Egen)	10 - 15%
• Canada (mainly Sher-Wood)	10 - 20%
• Others	5 - 10%

Skates

• Graf	50 - 60%
• Canada (C.C.M., Bauer mainly)	40 - 50%
• Others	5 - 10%

Equipment/Outfits

• Canada (mainly Cooper, C.C.M.)	50 - 70%
• Koho	10 - 20%
• Others	20 - 30%

(C) Available Information on Present Marketing Strategies, Behaviour of Re-Sellers and Consumers Attitudes

- GRAF markets a full-line of hockey skates, and purchases the majority of its blades for its high quality skates from St. Lawrence Manufacturing and C.C.M.

- Its skate line includes:

Brand Names	Suggested Retail (without T.V.A.) List Prices
709 Star	$ 41.39
708 Standard	47.13
700 Montreal	47.54
712 Winnipeg	75.82
716 Canada	81.55
719 Canada 1000	138.52
800 Attack	140.16
721 Canada 3000	175.40

- The Attack model is their "plastic boot" skates, while the Canada 300 line is used by many players in Canada, Russia and Czechoslovakia, according to GRAF's trade advertising

- Manufacturers' selling prices for imported skates in 1976 were:

Average	$16.46
Canadian	39.92
Czechoslovakian	11.52
Taiwanese	6.58

- Canada and Canadian players are popular in the Switzerland hockey environment, certainly more than in Scandinavia and West Germany, and this is due in good part to the Canadian players and coaches active in the Swiss National Leagues and other Divisions

- Swiss dealers and consumers are, in general, "quality conscious" and thus more receptive to high prices for top products

- Good dealerships are particularly important in this market because the Swiss consumer attaches much importance to after-sale service, timely deliveries, good presentation of products, etc.

5.1.3.3 Future Demand

(A) General Growth Forecast

- No major growth expected and the market will remain stationery mainly because the population does not increase anymore and because the building rate of new ice rinks is very slow

(B) Expected Competition and Market Shares

- The players affiliated to clubs are and will still use Canadian and Finnish equipment. The others will probably keep using much cheaper equipment coming from Czechoslovakia and Sweden. JOFA is apparently considered as a second class manufacturer, apart from their helmets which are of the best quality

- Graf should keep a good market share in the skates segment

- The Canadian firms are faced with hard competition on the skate market especially from Swiss manufacturers. On the outfit market, Canadian firms are still leading and could augment their share

- As in all other European countries, the Canadian sticks are not too popular. Nevertheless, there is still good Canadian potential penetration in the stick market and it could be possible to increase market share, if some price reductions were possible

- Japan and other Far East countries will grow slowly in Switzerland as do suppliers of lower-priced sports equipment in general, mainly due to the quality-conscious characteristic of the Swiss consumer

(C) Demand Forecast

- A 3% growth in all major product lines was anticipated by an expert consulted for the Swiss market

5.1.3.4 Market Strategy Elements for Canadian Companies

(A) Tariffs

- The following schedule applies:

	Duty (Swiss Francs per 100 kg.)
Hockey skates (not fitted to boots)	40
Hockey skates c/w boots	150
Hockey sticks, pucks	80
Protective helmets, face guards	80
Leg, elbow and shoulder pads, goalie pads, knee pads	150
Hockey gloves weighing more than 250 grams per pair	300
Others	700
Hockey pants of synthetic textile fibres	1300
Hockey pants of cotton	330
Automatic puck throwing machines	Rates range from 8 Francs per 100 kg. to 30 Francs per 100 kg. depending upon the weight of the machine

Value for Duty: Duty is levied on the C.I.F. value

Tax: 8.4% This tax is levied on the C.I.F. duty-paid value

- These rates are thus a little bit higher than in most EEC and Scandinavian countries, except for blades and some equipment

- A major tariff-based barrier for Canadian manufacturers has come about due to preferential tariff treatment given to products imported in the EEC countries if they have a minimum content of EEC-made material; for instance, Swiss-made skates with German blades will be imported off-duty in Germany, but the same skates with Canadian blades will pay a 9.5% duty; while such arrangements are still sometimes subject to bilateral negotiations between an EEC country and an EEC associate member, it is expected to be generalized throughout Western Europe practically within a few years

(B) <u>Non-Tariff Barriers</u>

- No import quotas and controls yet in existence

- Less local competition, even in hockey skates where Graf is still not a major company compared to C.C.M., Bauer and Cooper

- Costs of entry and servicing the Swiss market are relatively low in comparison to Scandinavian markets

(C) <u>Relative Importance of Market Potential</u>

- Switzerland is an important market, the third in importance in Western Europe

- Canadian firms must take measures to maintain their present strong position, and could use Switzerland as the basis of their operations in Central Western Europe, due to its proximity to the German, French and Italian markets

(D) Possible Strategies for Canadian Companies

- Further penetration in medium to high quality skates is possible, with supplying of blades to local manufacturers and increase of present shares by Canadian manufacturers, as competition is much less fierce than in other European countries, and because of the general consciousness of the Swiss consumer

- The strong position in the equipment segment is one to maintain, with good representation and dealerships and adequate pricing policies allowing possible price reduction in medium quality lines, when needed to protect against potential competitor from Scandinavian and local and regional (i.e. Germany) companies

- In hockey sticks, it is doubtful that much in-road can be made unless Canadian-made sticks become price competitive, as local and German manufacturers cover the low-end segments and Scandinavian firms hold the biggest share of the medium and high-quality segments; there exist possibilities of penetrating high-quality segment with good distribution and adequate pricing vis-à-vis Koho and Titan's prices which are still relatively high in Switzerland

5.2 <u>THE FAST GROWING MARKETS</u>

5.2.1 WEST GERMANY

5.2.1.1 Demand Analysis

(A) Number of Hockey Rinks

- A very considerable increase is planned for ice rinks; for instance, it appears that plans for twelve to fifteen new "hockey centres" were prepared right after the national team won a surprising Bronze Medal at the 1976 Olympics

- The number of artificial ice rinks has apparently doubled since 1970:

1970	- 50
1972	- 70
1974	- 90
1976	- 110
1980 (est.)	-130 to 140

(B) Number of Hockey Players and Teams

- Total number of players is approximately 40 to 50,000, with around 7,500 regular league and team players

- The growth rate of the number of players is estimated at 10 to 20% in the next five years

- Estimated evolution since 1970 of the number of "regular league players" is the following:

1970	- 3,600
1972	- 4,630
1974	- 5,660
1976	- 7,000
1980 (est.)	- 9 - 10,000

- There are 270 teams in various semi-professional and organized amateur leagues

- Some efforts are apparently being pursued to create a professional league

- Two Canadian teams (from the Canadian Forces) are playing in the top German League

(C) Some Significant Identified Trends

- Growing interest for hockey can be seen by the fact that, in 1977, for the first time, more than one million spectators will have attended first national division games

- The German market is thus growing rapidly, but even though interest in the game is increasing, the number of hockey players has not increased as rapidly as might have been anticipated.

(D) Other Facts and Information

- Ice hockey is practiced mainly by young people (8 to 20) and few players are above 30 years old right now

- There are no official government policies concerning ice hockey in West Germany

- West Germany is a big market for ice hockey and is the largest in the EEC. It is expected to grow rapidly. Bavaria is by far the most important region of the country for ice hockey and is without doubt the trend setter for the rest of the country as far as ice hockey is concerned.

(E) Apparent Consumption

- A 1972 study conducted by Harpers/MWS Services of London produced the following conclusions on consumption:

  (1) Total Ice Hockey Equipment Market estimated between \$480 - \$600,000 at retail prices (Can \$ 1972)

  (2) Breakdown is the following:

Ice hockey skates	- \$240 - 300,000
Protective equipment	- \$240 - 300,000
Sticks	- \$120 - 144,000

  (3) In units, total consumption was estimated at 4 - 5,000 for skates and 20 - 25,000 for sticks

  (4) From 1969 to 1972, average annual growth rate was about 15%

  (5) The West German ice hockey market was expected to be one of the fastest growing ice hockey markets in Europe during the next five years - reaching \$1,200,000 to \$1,440,000 by 1977

- Consumption of ice skates (with and without footwear attached)

			in '000 pairs		
	1972	1973	1974	1975	1976
Factory shipments	80	80	100	100	120
Imports	222	460	433	222	264
Exports	253	227	245	126	160
Apparent consumption	47	313	288	201	224

Notes:
- Sources are trade estimates (gathered in personal interviews) and official import - export statistics
- Import - export statistics were in kilograms and metric tons; a conversion factor of 1.8 kg/pair was used; roller skates were also included in these figures and were taken out, assuming they represented 40% of total imports, and 20% of total exports
- 1976 figures are estimates based on 11 months results
- It must be assumed that a very high volume of imported skates are re-exported in other European countries as West Germany would act as major trading center for European skates sales
- The variance from the real value can be as high as 30 to 40% for these market estimates, because of the unknown quantities of roller skates and of the high volume of re-exporting

- The approximate net value of ice skates consumption (at manufacturer's selling price, C.I.F.) has been established at:

1972	-	$ 520,000
1973	-	$3,440,000
1974	-	$3,170,000
1975	-	$2,810,000
1976	-	$3,130,000

- However, it was generally agreed from experts interviewed that the present total market for ice skates of all kinds was ranging from 180 to 240,000 pairs, and between $4.5 and $6 million, at manufacturer's prices

- No import - export statistics were available on hockey sticks, and some trade estimates presently locate the annual consumption between 100 and 150,000 units, while one major distributor was of the opinion that the good "real hockey" sticks market was around 80,000 and that "hobby and street" hockey sticks totaled some 100 to 150,000 other units

- One estimate obtained on national production was for about 100,000 sticks a year

- Egen's production is exported at about 60%, which represents some 40 - 50,000 sticks

- No quantitative estimates were available for hockey equipment and outfits

5.2.1.2 Market Competition

(A) The Participants in the Market

- The major local hockey products manufacturer is Link & Co. (LICO), which is a manufacturer mainly of sports footwear, from tennis shoes to football and cross-country shoes and other sport shoes

  Lico manufactures and sells hockey, speed and figure skates and blades plus a special line of "rental skates"; they make a portion of their own blades and import some cheaper blades from East Germany and Hungary and also Taiwanese skating boots; they buy hockey blades mainly from St. Lawrence Manufacturing for two of their "professional skates", including their injected polyurethane model

- Other lines are hockey sticks of low to medium quality, and accessories (bags, skate guards, pucks, etc.), plus a skate blades sharpener

- LICO also imports hockey products from East Europe, and thus acts as a distributor-agent for these countries

- Some estimates of their total sales of skates are ranging between 180 to 200,000 pairs, although a high proportion of these skates are sub-contracted out of the country, and also a high proportion is exported in Italy, France, Austria, Benelux and mainly Switzerland

- Other smaller local manufacturers are:
  - Polar Werke, hockey skates,blades, and skating boots mainly
  - Richard Weigan, skates
  - Paul Ambros, good quality sticks mainly
  - Markus Egen, sticks only
  - Fritz Pilz, sticks
  - Richard Mitschke, sticks
  - Hudora, blades
  - Montan, skates and outfits
  - FESL, Royal Spezial Schuhfabrick (good quality figure and hockey skates - approx. 20 to 30,000 pairs)
  - Schuldenzucker & Edem K.G. outfits and protective equipment
  - Scansport, sticks
  - Gloria, low-priced figure skating blades
  - EMA, low-price hockey and figure skate blades

- Adidas, the world-wide sportswear manufacturer,recently entered the hockey equipment market and is selling two lines of hockey skates of medium quality and some ice hockey outfits, which are manufactured mainly outside West Germany (France, Yugoslavia, Austria)

- The largest distributor, wholesaler and importer of hockey skates and equipment is Balzer, the official supplier of the National German Team; Balzer is a distributor of Titan, Johnson, Tibas, Daoust and Czechoslovakian products; it also manufactures and subcontracts for its own brands of sticks, skates, hockey outfits (mainly gloves and helmets) and accessories to low-labor cost countries, but apparently also to high quality manufacturers such as Titan (sticks) and Jofa (blades)

- Other important importers and wholesalers are:

  - Franz Widmann & Sohn, agent and distributor of C.C.M. outfits and equipment, and also of JOFA, Cooper and Montreal products

  - Borsumij, the very large Dutch importer and distributor

  - EURO - Sport

  - Ambros, distributor of Cooper products and also a manufacturer

  - Leksell Sport, distributor for Koho

  - Intercontact

- Major foreign competitors are from:

  <u>Canada</u>

  - C.C.M., skates and equipment
  - Cooper, equipment mainly
  - Lange, skates
  - Daoust, skates
  - Bauer, skates mainly
  - Sher-Wood, sticks
  - St. Lawrence Manufacturing, hockey skate blades

Scandinavia

- Koho
- Titan
- Jofa (which has an important marketing and sales subsidiary in West Germany)

Czechoslovakia

- Artis
- Prago export, major agent and distributor

Other countries

- Hungary, skates mainly
- Taiwan, skates
- Japan, skates
- Great Britain, figure skate blades from Mitchell & King

- An important Canadian manufacturer expects its total sales to double over 1976 to more than $150,000 in 1977

(B) Market Shares by Product Lines

- About 80% of the hockey sticks sold in Germany are apparently manufactured by German firms, in particular Egen and Ambros

- A large proportion of the protective equipment segment is held by Canadian firms, mainly Cooper and C.C.M., although Koho is very strong in the gloves sub-segment and Jofa in the helmets sub-segment

- Estimates from the trade locate C.C.M. share of the high quality skates segment at 75% or more (retail prices of DM 300 +, ie. $130 and more), but it is important to observe that the majority of skates sold in Germany range between DM 100-195, while department stores are marketing them at around DM 100

- Once again, we see that Canadian firms dominate the organized players skates market, that they are nowhere in sticks and share the market with the Scandinavian firms for outfits and equipment quality

- As with most European countries, the top players and the organized players are using Canadian skates which are considered as the best, but the bulk of occasional players buy much cheaper skates. On this market, apart from Czechoslovakian, Taiwanese and Japanese skates, you find two German firms: LICO and ADIDAS

- Canada is an important participant in the hockey blades market, and this is one of the fastest potential growing area for Canadian blades in Western Europe

- A study already quoted in section 5.2.1.1 (E) estimated 1972 market shares in the following way:

Sticks (exlcuding "hobby and street sticks")

Koho	70%
Canadian Manufacturers	10%
W. German Manufacturers	20%

Hockey skates (best lines)

Bauer	55 - 60%
C.C.M.	30 - 35%
Others	5 - 15%

Protective equipment

Cooper	50 - 55%
Jofa	20%
Koho	20%
Others	5 - 10%

- Information gathered in interviews and through import statistics permit to make the following estimates for 1976:

Sticks

Koho	30 - 40%
Titan	10 - 15%
West German Firms (Egen mainly)	50 - 60%
Others, mainly Canada Czechoslovakia	10 - 15%

Hockey Skates

	Top Quality	All Lines
Bauer	40 - 60%	
C.C.M.	30 - 40%	8 - 12%
Other Canadian Firms	5 - 10%	
Jofa	5 - 10%	1%
Others	10 - 15%	10 - 15%
Czechoslovakia and Hungary	-	25 - 35%
Japan	-	10 - 15%
Taiwan	-	10 - 15%

Note: for the top quality lines, all countries, except Canada and Sweden, are included in the Others category

Hockey Equipment (medium to high quality lines)

Cooper	40 - 60%
Other Canadian Firms	10 - 15%
Jofa (nearly all helmets)	20 - 25%
Czechoslovakia	5 - 10%
Others	10 - 15%

- The great majority of hockey pucks is apparently imported from Czechoslovakia, around 75 to 80% according to some of the sources consulted

(C) Available Information on Present Marketing Strategies, Behaviour of Re-Sellers and Consumers Attitudes

- Three major foreign suppliers of German teams are C.C.M, Bauer and Jofa

- Canadian equipment recognized as best available on the market, by most consumers and participants in the market

- Life duratiôn of ice skates was estimated between 2 and 3 years by German manufacturer

- Mark-up from wholesalers to retailers is estimated around 40%, and from 45 to 50% from retailers to consumers

- Finnish and Canadian sticks are considered very expensive and have lost some share of the market to local manufacturers, or have not been able to penetrate significantly in recent years

- A major West German distributor expressed the opinion that Canadian equipment and skates are doing very well in West Germany because they are renowned as best quality products and because there are very few European manufacturers that can match them; this same person believes that tariffs and transport costs make it impossible for Canadian firms to compete in low and medium price segments

- Adidas' two lines of skates (with Mitchell & King blades) are selling for $112 and $75 at retail value

- Adidas' main marketing tools will be its trade-mark, its reputation and strong advertising; some American and Czechoslovakian teams are experimenting with them; opinions of competitors and experts are that these skates are of relatively poor quality and will not break into the professional and quality segments

- Sales of a major West German distributor have increased by 35% in 1976-1977 compared to 10% in 1975-76, in part due to very good weather conditions for hockey

- New fiberglass sticks are not very popular in the market; too hard and stiff and difficult to handle, according to some experts interviewed

- Use of best players' names is becoming a profitable promotional tool

- Retail price ranges for sticks:

Average	-	\$5.00 - \$ 7.00
Koho	-	\$7.00 - \$10.00
Titan	-	\$6.00 - \$12.00
Balzer	-	\$2.50 - \$ 5.50
Goaler stick (Balzer)	-	\$12.50
Goaler stick (Titan)	-	\$12.50

- Retail price ranges for hockey skates:

Average	-	\$60 to \$100
Balzer (Garant)	-	\$22 to \$33
Top Profi	-	\$44
Rival	-	\$39 to \$48
Nedo (Czechosl.)	-	\$74
Titan	-	\$127

Retail prices for figure and speed skates:

Women's (Balzer and Hudora)	-	\$25 to \$44
Men's (Balzer and Hudora)	-	\$26 to \$45
Men's Speed Skates (Balzer)	-	\$30 to \$33

- Retail prices for gloves:

Balzer	-	\$26 to \$49
Titan	-	\$77 to \$131
Balzer Power Play	-	\$103 to \$131
Balzer Special	-	\$87

- Retail prices for helmets

Balzer	-	\$8.50 to \$17
Johnsons	-	\$37 to \$39

- Retail prices for pants

Balzer	-	\$20 to \$64
Tibas	-	\$52 to \$51

- Retail costs to equip an average player is around \$450 to \$500

- The 1972 Harpers/MWS study concluded:

  " Few, if any, of the 2,500 - 3,000 sports goods retailers in West Germany stock ice hockey equipment. Over 90% of all equipment is sold directly to clubs

  No major foreign companies have their own West German sales subsidiaries

As in all the other countries surveyed in this report all foreign manufacturers of ice hockey equipment distribute their products in West Germany via sole distributors. Among the major distributors of ice hockey equipment in West Germany are:

- Franz Widmann & Sohn – Munich
- Balzer – Lauterback

Buying groups indicate that they may start to distribute ice hockey equipment in West Germany more widely during the next three to five years;

About 20% of the 2,500 - 3,000 West German sports retailers, are members of buying groups and some of these can be expected to sell ice hockey equipment as the sport develops

There are four major buying groups in West Germany which together have about 450 retail members. These are:

- Intersport
- Zentrasport
- Munchner Sport-Einkaufs Genossenschaft (MSE)
- G.D.S.

These buying groups purchase all over the world and import directly for their members

- Members are not forced to purchase through these groups although they usually pay a flat fee at the beginning of the year for the privilege of belonging to the group. In return they are able to purchase their requirements at 5-10% below the regular trade price

- The trend is for the buying groups to establish their own warehouses, and act as wholesalers for their members"

5.2.1.3 Future Demand

(A) General Growth Forecast

- The West German economy will probably not entertain the high growth it benefited from in the late 60's and early 70's; however long-term prospects are generally considered good, and although its population of over 60 million should probably not reach 65 million before 1982 or 1983, forecasts for industrial production and personal consumption expenditures are relatively good, and the level of personal consumption expenditures is the highest in Western Europe and the third largest in the "Free World" at approximately $230 billion, right after Japan at $250 billion

(B) Expected Competition and Market Shares

- Adidas share of the medium hockey skates segment will probably increase to a significant level within the next 3 to 5 years

- In the sticks market, German companies will apparently continue to make in-roads and acquire a bigger share, mainly at the expense of Koho's more expensive sticks

- In skates, high quality skates will probably continue to be "controlled" by Canadian firms, although more competition is expected in this segment from smaller European-based companies (Graf, Lico, Titan and even some Eastern European countries)

- More and more competition, mainly on prices, is also expected in the low to medium quality equipment and outfit segment

(C) Demand Forecast

- Over-all, an increase of about 10% in all product lines was predicted by two of the experts consulted on the German market

- Demand for skates is a function of ice rinks, which are going to increase by about 4 or 5 every year in average in the next 5 years

- Expected increases of players and teams make West Germany one of the best growth potential markets for sticks, along with Italy and France

- Ice hockey equipment will continue to increase at a rate of 5 to 10% a year according to one of the largest distributors in West Germany

5.2.1.4 Marketing Strategy Elements for Canadian Companies

(A) Tariffs

- No tariffs for EEC members or associates

- Duties hereunder apply to products from all countries which are not members nor associated with the EEC:

	Rate of duty
Ice skates	9.5%
Hockey skates	9.5%
Hockey sticks	9.5%
Ice skate blades	9.5%
Hockey helmets	9.5%
Shoulder, elbow and knee pads	9.5%
Hockey pants	17%
Hockey gloves	11%
Training machines	6%

Value for duty purposes

Duty is levied on the C.I.F. value. The C.I.F. value of the goods is the cost, insurance, freight and all charges and expenses up to:

(a) on importations by sea - the port in which the goods are discharged or trans-shipped;

(b) on importations by air - the point at which the goods cross the Community frontier

- In addition to the duty shown above, imported products are subject to a 11% sales tax which is calculated on the duty-paid value, ie., the C.I.F. value plus the amount of the duty. (Domestic production is subject to the same rate of tax).

(B) Non-Tariff Barriers

- No import quotas or controls

- The "not too good reputation" of Canada in international hockey can apparently have a stronger negative impact in Germany and in some Scandinavian countries than elsewhere, although this is difficult to measure and quantify

(C) Relative Importance of Market Potential

- West Germany is a key growth potential area for Canadian firms, mainly in the quality skates and equipment segments

- Probably, the priority market in terms of additional and new marketing dollars investment in the next five years or so

(D) Possible strategies for Canadian Companies

- Canadian firms here also must build on quality and reputation, combined with good distributorships to maintain their strong share of the quality skates segment

- Canadian companies should encourage strongly the organization of better quality hockey leagues and teams, and the possible launching of "professional hockey" in Germany

- In some specific sub-segments (ie. protective helmets dominated by Jofa), it will be possible for Canadian firms to compete directly with the identified leaders on a total marketing mix basis (ie. trying to get additional share through better selling and distribution, more adequate pricing, special promotional campaign, improved quality or through any other "tactical move" or strategy identified by further market research and market intelligence work)

5.2.2 HOLLAND

5.2.2.1 Demand Analysis

(A) Number of Hockey Rinks

- There are presently fifteen indoor ice rinks in the Netherlands

- In 1967, there were no more than 2 or 3 ice hockey rinks

- According to the Ice Hockey Federation, the number of ice rinks suitable for hockey, has and will evolve in the following way:

1973	-	13
1977	-	14
1978	-	16
1979	-	17
1980	-	18

(B) Number of Hockey Players and Teams

- Total number of regular and "registered" players is 2,200, but the total number of occasional players is estimated between 5 and 8,000, for a total number of 7 to 10,000 players

- There are no professional teams in Holland

- The number of organized amateur clubs is estimated at 24, with one or more teams per club

(C) Some Significant Identified Trends

- Increasing penetration from East Europe and Far East products, mainly cheap hockey skates

- Growing interest for hockey, but still mainly a skating and "pleasure hockey market"

(D) Other Facts and Information

- The Dutch market for ice hockey equipment is rather important in relation to total population

- People skating occasionally on the frozen canals buy cheap skates from almost every importing country, except Canada

- Weather plays an important role; in a sudden cold period in 1975, Borsumij sold 100,000 pairs of skates to wholesalers, dealers and retailers

(E) Apparent Consumption

- Total volume of ice hockey equipment was estimated between $450 and $600,000 at retail value by one of the experts interviewed

- A 1972 study by Harpers/MWS of London estimated the 1972 market for ice hockey equipment around $240 to $300,000 at retail value, and predicted an annual growth rate of 15 - 20% in real terms in the following years

- The 1972 breakdown was apparently the following:

	In '000 $	In '000 Units
Ice hockey skates	$100 - $120	1.7 - 2.0
Protective equipment	$ 96 - $120	n/a
Sticks	$ 36 - $ 60	10

- Import - export statistics give the following picture for the 1972 - 1976 period for all types of ice skates:

	'000 Pairs				
	1972	1973	1974	1975	1976 (11 months)
Imports	421	212	171	33	295
Exports	57	73	56	25	32
Apparent consumption	364	139	115	8	263

Notes: • Source is Central Bureau of Statistics, The Hague

• Although a local firm (Nijdan) apparently makes or sub-contracts manufacturing of speed skates, no data available on national production of skates

• The 1972 and 1976 figures appear as over-estimation of real consumption, but it is difficult to evaluate in magnitude, while the 1975 consumption can only be explained by previous years' over-stocking and the sudden disappearance of Japanese skates (i.e. 87,000 pairs in 1974 and 60,000 in 1976, but 0 in 1975)

• A disruptive factor in these statistics is the high rate of re-exportation (mainly to West Germany) from Holland which acts as a major port of entry for many importers of skates

- The estimated consumption of sticks was set around 120 to 150,000 units a year, with a relatively small amount of these sticks being of sufficiently high quality for "professional hockey games"

5.2.2.2 Market Competition

(A) The Participants in the Market

- There are two small local manufacturers of ice hockey sticks, Kaymans and Schelde International

- Nijdan, which is also an importer, apparently manufactures and sub-contracts the manufacturing of a good speed skates lines, where where sales in Holland and elsewhere in Europe range from a very low volume of 5,000 pairs or less in a bad year (i.e. with mild climate) to as high as 50,000 pairs or more in a good year (i.e. cold climate winter); no confirmation of such production volume and sales by Nijdan could be obtained

- There are many importers, wholesalers and agents established in Holland which is an important port of entry, mainly in Rotterdam and Amsterdam, for hockey products in Europe

- Some of these intermediaries established in Holland are:

  - STACEY SKATING SUPPLIES, a specialist in hockey, but also bandy and street hockey sticks

  - BORSUMIJ SPORT, a very big wholesaler and importer of sport articles covering the entire European market; distributor of Adidas in Holland

  - Other major importers: G & M SPORTS, WINNWELL, NIJDAN (KOHO, COOPER) and CANADA TRADING (DAOUST)

  - Major agents: ALTNEER - SPORTVELDEN, MENTORA, RUCANOR, OMNISPORT

  - Other wholesalers: JANSSEN & FRITSEN, METZ, PINGUIN SPORTS, STOLIA SPORTS, KROES EN ZN, RUCANOR, MENTORA

- Foreign competition is coming from many countries: Canada, Czechoslovakia, Rumania, West Germany, Finland, Sweden, Switzerland, Korean Republic, Japan, Taiwan

(B) Market Shares by Product Lines

- The 1972 Harpers/MWS study estimated market shares for Holland:

Estimated Share of Dutch Market (1972)

	Ice Skates	Protective Equipment	Sticks
Cooper	-	70 - 75%	-
Bauer	60%	-	-
Koho	-	10%	70%
C.C.M.	35%	5 - 10%	20%
Jofa	-	10%	-
Other	5%	-	10%
	100%	100%	100%

- Trade estimates seem to position Canadian skates still in a relatively strong position in the top quality skates and equipment, but with decreasing position in the sticks segment:

- Major Foreign Manufacturers' Estimated Shares of the "Organized Players Market"

Sticks:

Koho	70%
Egen (W. Germany)	20%
Others	10%

Skates:

Bauer	70%
C.C.M.	10%
Lange	10%
Swiss Skates (mainly Graf)	5%
Others	5%

Equipment:

Cooper	85%
C.C.M.	5%
Jofa	5%
Others	5%

- Major importers of "second quality" hockey skates are apparently Rumania, West Germany, Czechoslovakia, Republic of Korea and Japan

- Imports (in quantity) of ice skates:

	1972	1973	1974	1975	1976
Canada	0.5%	3%	0.3%	12%	-
Korean Republic	14.0%	26%	19.0%	27%	-
Czechoslovakia	5.0%	5%	9.0%	7%	10%
West Germany	4.0%	5%	5.0%	25%	15%
Rumania	13.0%	6%	7.0%	-	37%
Japan	54.0%	38%	51.0%	-	21%
Others	10.5%	17%	8.7%	29%	17%

- Imports (in value) of ice skates:

	1972	1973	1974	1975	1976
Canada	3%	6%	2%	27%	-
Korean Republic	17%	33%	27%	17%	-
Czechoslovakia	12%	10%	17%	15%	15%
West Germany	8%	7%	10%	17%	26%
Rumania	7%	2%	2%	17%	27%
Japan	36%	21%	31%	-	8%
Others	17%	21%	11%	7%	24%

(C) Available Information on Present Marketing Strategies, Behaviour of Re-Sellers and Consumers' Attitudes

- Ice hockey is often considered too rough by the Dutchs, and, coupled with relatively mild weather, this restricts the practice of the sport

- Average manufacturers' prices for imported skates in 1976 are the following:

Average imports	$ 6.60
Taiwanese skates	$ 8.82
Czechoslovakian skates	$ 9.66
Rumanian skates	$ 4.75
Japanese skates	$ 3.83
Canadian skates	$25.56 (1975)

- Consumers of Canadian products are "semi-professional" hockey players and people who take the game seriously and want the best quality equipment available

- Importers completely dominate the Dutch distribution system for ice hockey, as they do for almost all other sporting goods items. The more professional equipment, particularly the protective equipment, is distributed directly to the ice hockey clubs, but the cheaper ranges of ice hockey sticks are distributed via sporting goods retailers. These cheaper sticks and skates are not generally used for competition games between league clubs

- Quite a large number of sticks are sold to teenage children in Holland who are not serious hockey players but are interested in the sport. These players do not generally buy skates specifically designed for ice hockey, but instead use speed or figure skates

- Prices to distributors (without VAT) are on average 50% of prices to consumers (with VAT)

5.2.2.3 Future Demand

(A) General Growth Forecast

- Prospects for growth appear to be good since speed skating and figure skating are already very popular in this country

- The total Netherlands population is around 14 million and is not expected to grow to more than 15 million before 1985, which still represents one of the fastest growth rates amongst Western European countries

- The increase in Personal Consumption Expenditures was forecasted by Predicasts Inc., a U.S.-based research house, at a rate of 5.0% per annum from 1972 to 1985, a rate surpassed by no other country in Western Europe

(B) Expected Competition and Market Shares

- Canadian and Scandinavian products should continue to dominate good quality hockey products, while fierce competition amongst many importing countries will continue in lower quality lines and all other product lines for ice skating activities and sports, with the Adidas-Borsumij tandem as a major newcomer

- Czechoslovakia is entering the market with low-priced sticks in Holland and will compete probably more and more with Koho and Egen

(C) Demand Forecast

- An overall increase of between 4 - 5% is anticipated in the sale of all ice hockey skates and protective equipment in the 1977 - 1978 season

- However, sales of all ice skating activities and sports are expected to increase at a faster pace

- Sales of a major wholesaler/importer in Holland experienced a 20% increase in 1976, and are expected to do nearly as well in 1977

5.2.2.4 Marketing Strategy Elements for Canadian Companies

(A) Tariffs

- Duties shown hereunder apply to products imported into member states from all countries which are not members, nor associated with the EEC

	Rate of duty
Ice skates	9.5%
Hockey skates	9.5%
Hockey sticks	9.5%
Ice skate blades	9.5%
Hockey helmets	
Shoulder,.elbow and knee pads	
Hockey pants	17%
Hockey gloves	11%
Training machines	6%

Value for duty purposes: Duty is levied on the C.I.F. value. The C.I.F. value of the goods is the cost, insurance, freight and all charges and expenses up to:

a) on importations by sea - the port in which the goods are discharged or trans-shipped;
b) on importations by air - the point at which the goods cross the community frontier

- In addition to the duty shown above, importations of these products are subject to a sales tax of 16% which is calculated on the duty-paid value, i.e., the C.I.F. value plus the amount of the duty. (domestic production is subject to the same rate of tax)

(B) Non-Tariff Barriers

- No import controls or quotas

- No other specific barriers for Canadian products, except, as in most countries, the cost of transportation from Canada

(C) Relative Importance of Market Potential

- Less interesting than Germany in the fast-growing market category, as figure skating and speed skating, plus bandy and "occasional hockey", are major activities compared to "real ice hockey" for which most Canadian product lines are marketed

- Not an European market where increased efforts should be invested, in comparison to Scandinavia, Switzerland and West Germany, and possibly even France and Italy

(D) Possible Strategies for Canadian Companies

- Only real potential other than concentrating in top quality hockey lines are the high volume segment of non-hockey skates (speed and figure), although Canadian prices could probably not compete with other imported skates

- However, when a relatively small market is just beginning to grow, active predictions of future growth rates are not possible and therefore suppliers and potential suppliers need to watch market conditions closely (as mentioned in Harpers/MWS study in 1972)

5.3 FUTURE POTENTIAL FAST GROWING MARKETS

5.3.1 FRANCE

5.3.1.1 Demand Analysis

(A) Number of Hockey Rinks

- There are presently around 120 interior artificial ice rinks in France, not all "perfectly suitable" for hockey, but 95% indoors

- Number of rinks since the 1968 Olympic Games at Grenoble went from 10 to 110 in 1975 and 120 in 1976; some predictions call for 150 by 1982, i.e. a 5 rinks per year increase

- The "Fédération Française de Sports de Glace" expressed the following opinions:

  - a rink requires a population of 150,000 people within a radius of 10 kilometers to be profitable

  - sizes of rinks are 56m x 26m and 61m x 31m, but the Federation recommends rinks of 58m x 28m in the future, more suitable for hockey

- No data available on non-artificial outside rinks, but some are used mainly in winter resorts

(B) Number of Hockey Players and Teams

- The number of "registered hockey players" is estimated at a total of 5,000 presently, with an additional 30-40,000 "occasional players"

- The French Federation supervises 20 teams in the top Senior Categories (i.e. 1ère Série A et B); there are 8 other leagues in France, which regroup the regional sport committees; there are 77 hockey clubs/associations and the 100-120 teams from these clubs are categorized in the following way:

• Moustiques	from 5 to 9 years old
• Poussins	10 to 11
• Benjamins	12 to 13
• Minimes	14 to 15
• Cadets	16 to 17
• Juniors	18 to 19
• Seniors	19 and +
• Vétérans	over 35 years old

- The clubs/associations are distributed in the following regions:

Paris	15
Alpes Provence	15
Sud	8
Centre (Lyon)	2
Nord	5
Est	6
Sud Ouest	6
Bretagne	2
Normandie	2

(C) Some Significant Identified Trends

- Growth of rinks and facilities has been higher than growth of players and skaters since the 1968 Grenoble Games

- However, if we compare the information reported on the two previous pages with the following extract from the Harpers/MWS 1972 Survey (already referred to in section 5.2), we can see that some definite growth has taken place, at least in terms of interest for the sport of hockey:

  "France has (in 1972) few ice rinks of sufficient size on which ice hockey can be played. In total there are four/five ice hockey clubs in France located in the Paris and Alpine regions. The sport is therefore very regional in character and in total there is estimated to be under 1,000 players. Since the number of rinks has not increased in recent years likewise the number of players has not increased substantially. Currently, however, there are two ice hockey rinks under construction."

- Snow-related activities are increasing from year to year in the general public, but mainly for skiing and no short-term important change can be foreseen here

(D) Other Facts and Information

- Total number of registered members of French Federation of Ice Sports is 16,000, of which 6,200 are in figure skating and 4 to 5,000 in hockey

- Most hockey games are held in the Paris and Rhones-Alps regions, plus certain "provincial cities" such as Caen, Lille, Tours

- A negative impact on the market is the private ownership of ice rinks, with little incentive for re-investment and little funds available for promotional programs on hockey

- Government has no specific policy on ice hockey

- The practice of Bandy and "ringuette" has not really started yet in France.

(E) Apparent Consumption

- The 1972 Harpers/MWS Survey gave the following estimates for the French market:

	Units	Retail Value '000
Ice hockey skates	600-800	$36-48,000
Protective equipment	N/A	36-48,000
Sticks	3-4,000	12-24,000

- No statistics available on quantities and values of imported hockey outfits.

- However, total hockey and skating products market was estimated between $2.5 and 3.5 million at retail value.

- According to one of the major French manufacturers of skates, hockey skates represent about 20-25% of total skates sold in France.

- Ice skates (with and without footwear attached)

	'000 units			
	1972	1973	1974	1975
Factory shipments	50	55	60	60
Imports	38	28	23	48
Exports	31	39	40	34
Apparent Consumption	57	44	43	74

Notes: - Sources are official statistics for import-exports, and trade estimates for factory shipments.
- Roller skates were estimated at 75% of total exports, and 25% of total imports, except in 1974 when exports of roller skates were estimated at 85% of total exports.
- Conversion factor was 1.8 kg/pair, as quantities are given in metric tons.

- The value of imported skates (at manufacturers' selling price) has been established at:

1972	1.6 million FF
1973	1.2
1974	2.2
1975	2.0

- Hockey sticks consumption can be estimated at around 20 to 25,000 units a year; because official statistics include these sticks with golf clubs and other similar products, it is difficult to make reliable estimates of imports and exports of such products; however, a total import figure of 15 metric tons (15,000 kgs) from Finland in 1974 was probably hockey sticks from Koho and Titan, and at 0.66 kg/stick, they would correspond to some 10,000 units.

5.3.1.2 Market Competition

(A) The Participants in the Market

- There is only one well-known French manufacturer of skates: les Etablissements Rival & Cie, with issued capital stock of $35,000 and about 40 employees.

- There are two French manufacturers of skating boots who assemble blades: Alviera and Les Chaussures Ours (Lutra)

- No official production figures were available on these firms, although trade estimates were ranging from 30,000 to 60,000 units produced in France.

- Alviera markets a complete line of low-medium to medium-high quality skates (figure, speed and hockey, plus rental skates); the Canadian hockey instructor, Pete Laliberté, endorses many of their hockey skate lines.

- There are two manufacturers of skate sharpening machines: Snow Belle S.A. and Dupon S.A. ($45,000 issued capital stock and 30 employees), and one importer of such equipment: Lelluch.

- Hockey goals and nets are produced in France by three firms: Sté Fitep S.A., G.E.S., and Nouansport.

- The major importer-distributors of hockey and skating products are the following:

• Ets. Lelluch 21, rues des 4 Cheminées 92100 Boulogne-Billancourt	Agent for: Cooper (Canada) Ltd. Bauer Koho - Finland Rival - France Lutra - France
• Montana Sport 69, rue R. Ridel 92250 La Garenne-Colombes	Importer for: CCM
• Radier Sport 20-22, rue Albert Thomas 94500 Champigny	Agent for: Daignault & Rolland, Mtl. Distributes CCM products Agent for: Titan (Finland) Daoust Lalonde Mtl.

. Plihal S.A 33, rue Beaurepaire 75010 Paris	Agent for:	Union (R.D.A.)
. Borsumij Sports S.A 69, rue R. Ridel 92250 La Garenne-Colombes	Agent for:	Freetime (Japan/Holland), but sells very little hockey equipment right now and even little skating equipment at all
. Jeanneau & Cie 6, rue J-P. Timbaud 75011 Paris	Agent-importer	
. Liepanmn & De Massini 19, route Nationale 32 60300 Chamant-Senlis	Agent for:	Mitchel & King (U.K.) (skates M.K.)
. Eumarcom Nord 50, rue Stendhal 75020 Paris	Agent for:	Polar Werke (R.F.A.)
. Eumarcom-Sud 12, rue Rivarot 30000 Nimes		

- A more complete list is given in appendix 5.3.1

(B) <u>Market Shares by Product Lines</u>

- The 1972 Harpers/MWS survey of the French market concluded the following on market shares:

" Foreign manufacturers control 100% of the French market for ice hockey equipment

The largest supplier of ice hockey sticks to the French market is Koho International from Finland, which is estimated to have 75-80% of the existing market

Copper (Canada) Ltd. has 70-75% of the market for protective equipment, followed by Koho and Jofa, each with about 10% of the market. C.C.M. also sells small amounts in this market

As in West Germany, Bauer and C.C.M. together control about 90% of the market for ice hockey skates "

- However, since 1972, cheaper East European skates (mainly Rak from Hungary) have made in-roads into the market and French manufacturers/assemblers have also made some progress

- Nearly all French manufacturers and assemblers buy a high proportion of their hockey blades from St-Lawrence Manufacturing (Giffard, Quebec) and C.C.M.

- Estimates of market shares for hockey products are the following:

<u>Sticks</u>

Koho	50-60%
Jofa	10-20%
Egen (West Germany)	10-15%
Artis (Czechosl.)	5-10%
Others	5-10%

<u>Skates</u>

Canada (mainly CCM and Bauer)	60-70%
Graf (Switzerland)	10%
Alviera	5-10%
Others	15-20%

Equipment and Outfits

Cooper	50-60%
Koho	10-15%
Jofa	10-15%
Titan	3- 5%
Others	5-15%

- Distribution of imported skates and blades

	% of total units		
	1973	1974	1975
Canada	14%	19%	19%
West Germany	30%	19%	see others
U.K.	see others	40%	20%
Hungary	see others	see others	18%
Others	56%	22%	43%

	% of total value		
	1973	1974	1975
Canada	28%	38%	29%
West Germany	34%	24%	see others
U.K.	see others	23%	20%
Hungary	see others	see others	14%
Others	38%	15%	37%

Note:
- These shares are estimates based on same breakdown and hypothesis as used for apparent consumption in section 5.3.1.1(E)
- West Germany shares (i.e. Lico skates mainly) are most probably over-estimated, and so is Hungary in 1975.

(C) Available Information on Présent Marketing Strategies, Behaviour of Re-Sellers and Consumers Attitudes

- Ice rinks are frequented by the very young kids in the morning and mainly by school children and students in the afternoon, and adults in the evening

- The Ministère de l'Education Nationale imposes on school principals at least two hours a week of sport activites in stadia, swimming pools and rinks; however, according to ice rink managers, very few continue to skate after their schooling days; furthermore, no specific sport is imposed on rinks, and, according to rink managers, the young ones go in circles all day, instead of practicing hockey

- Apparently, the French Federation and rink managers are trying to attract more and more Canadian professional teams to tour the country once a year to promote the sport in the mass media; according to these executives, attendance usually increases at ice arenas after a televised hockey game

- The distribution network is still direct from importers to clubs for almost 80 to 90% of the ice hockey equipment, with the two major importers of quality hockey equipment and skates being Ets. Lelluch and Montana Sports

- Even in France, according to some trade experts, the equipment used by First Division players does have some effect on sales, although more limited than in other countries

- New products on the market, with little success so far, are "fiberglass sticks" and "plastic skates"

- An important importer-distributor expressed the opinion that Canadian products are too heavy vis-à-vis Swedish equipment, although choice and range of products is much better for Canadian products

- An adult can spend up to $500-550 to equip himself with "professional hockey equipment" and between $100 and $200 with "average equipment", while a youngster "fully equiped" will cost around $100-125 to his parents; such a level of expenditures makes ice hockey a very expensive sport in France

- A good number of very occasional players and "pleasure skaters" still purchase some hockey equipment, mainly sticks and gloves

- Some price competition exists from local manufacturers in the skate segment, mainly in the low to medium quality lines, although skates of major French "assembler" (Alviera) still sell around $100

- The retail price range (excluding top quality skates) varies from $20 to $100

- Some 1976 prices for skates:

1. Mitchell & King (Radier-Sports) (wholesale prices)	- $14. to $77. with 7 lines over $34.
2. LICO (R.F.A.) (retail prices)	- $21. to $49. for figure skates, and $36. to $41. for hockey skates
3. OURS (assembled in France) (manufacturer prices)	- $19. to $26. (without tax) for figures skates, and $27. to $34. for hockey skates
4. WIFA (Austrian boots, no blades) (wholesale prices)	- $31. to $78.

5. CCM (wholesale prices) - $48. to $158. (Super Tacks)

6. Daoust (wholesale prices) - $49. to $115. (for National 300-301)

- Some 1976 wholesale prices (without tax) for sticks:

1. Koho	$5.25 to $13.30
2. Titan	$5.00 to $10.20
3. Cooper	$7.00 to $15.90

- Some 1976 wholesale prices for equipment:

Gloves	
Koho	$18.00 to $70.00
Cooper	$ 9.00 to $98.00

- Hockey is not yet a "parent supported" activity in France.

- The main advantage of Canadian products are effectively their label "made in Canada" which is reputed as meaning "best quality".

- Rental of skates is a lucrative market, and all ice rinks are renting equipment, mainly skates.

- Good quality skates for rental usually last 3 to 4 years, although Tawainese skates, usually much cheaper, are often used for rentals and present dangers for serious accidents and can have a negative impact on the practice of the sport.

Knee Pads

Koho	$7.00 to $34.00
Cooper	$5.00 to $54.00

Shoulder Pads

Koho	$11.00 to $27.00
Cooper	$ 4.00 to $31.00

Helmets

Cooper	$ 5.00 to $22.00
Titan	$22.00

- Manufacturers' selling prices are usually doubled by the time they reach the consumer, while wholesale prices (without tax) equal about 50% of suggested retail prices (with tax).

- Mark-up from distributors to retailers varies around 40% to 50% for hockey products.

5.3.1 Future Demand

(A) General Growth Forecast

- There are many limiting factors to ice hockey in France (as described in a report prepared by J. Hourdeau, Commercial agent at the Canadian Embassy in Paris):

  1) Mild climatic conditions in the prairies and along the coasts, except in the Alpine region.

  2) Long and demanding school programs and hours leave little time at the end of the day; fatigue and lack of transportation facilities do not encourage practice of sports in the winter.

3) Lack of trainers and coaches, and no professional teams

4) High cost of hockey equipment, except for skates, where a certain competition keeps prices in line; retail prices of imported goods are twice as high in France than in Canada

- General long-term growth forecasts for the French economy are relatively good, although the political situation, and the possibility of a leftist parlimentary majority in 1978 might apparently have a negative impact on the shorter term; the Predicasts forecast of 1976 put the growth of the French population at a net increase of 4 million between 1975 and 1985, up to 57 million, and predicted an average annual growth of 5% for Personal Consumption Expenditures between 1972 and 1985, a rate equal only by Holland in Western Europe

(B) Expected Competition and Market Shares

- Canadian firms, as well as Scandinavian firms, are very well represented, often by the same distributor, but competition is increasing from Eastern European and Far Eastern imports. Skates from Taiwan are especially cheap (90FF). This competition will continue to be strong mainly in the "rental skates segment" as ice rinks tend to buy this cheap equipment with a one to two year replacement cycle

- Newcomers in the stick market who have made significant penetration are Egen (West Germany) and Artis (Czechoslovakia).

- Competition from medium and medium-high quality skates (Graf and Lico) from West European countries is expected to increase, as well as the eventual entry in the lower quality end by Adidas and further penetration by Rak from Hungary

- Canadian firms are expected to maintain high shares in top quality skates, but with increasing competition from Jofa mainly and also from Graf

- In the quality equipment segment, Koho and Jofa should remain major competitors of Canadian firms.

(C) Demand Forecast

- From 1970 to 1972, the ice hockey equipment market growth rate was estimated at less than 5% per year.

- Another conclusion on growth by the Harpers/MWS 1972 survey was the following:

  "There are no signs that the growth rate of the French market is likely to increase substantially over the next five years. Nevertheless, as in all markets, future developments should be watched by potential suppliers so that they might take advantage of any new developments. Future growth is completely dependent on new ice rinks, but in spite of two new rinks under construction, it is unlikely that the French market will grow at more than 5-7% per year in the immediate future".

- Weather has and will continue to have determinant effect on market demand.

- Sales of ice skates were expected to grow by 5 to 10% annually in the next two years by one of the distributors interviewed, while another one predicted a growth of 8 to 10% for both sticks and hockey skates.

5.3.1.4. Marketing Strategy Elements for Canadian Companies

(A) Tariffs

- Tariff schedule for non EEC members:

	Rate of Duty
Ice skates	9.5%
Hockey skates	9.5%
Hockey sticks	9.5%
Ice skate blades	9.5%
Hockey helmets	9.5%
Shoulder, elbow and knee pads	9.5%
Hockey pants	17%
Hockey Gloves	11%
Training machines	6%

Value for Duty Purposes

- Duty is levied on the C.I.F. value. The C.I.F. value of the goods is the cost, insurance, freight and all charges and expenses up to:
  a) on importations by sea - the port in which the goods are discharged or trans-shipped;
  b) on importations by air - the point at which the goods cross the Community frontier.

- In addition to the duty shown above, importations are subject to a 20% added value sales tax, which is calculated on the duty paid value, but domestic production is subject to the same rate of tax.

- As of July 1977, most hockey and skating products from Austria, Finland, Norway, Sweden and Switzerland will be duty-free.

(B) Non-tariff Barriers

- No import controls or quotas yet

- No significant barriers, except costs of transportation and difficulty to break in the distribution network which is relatively limited, not very aggressive vis-à-vis the promotion of hockey product lines and is usually selling more than one or two competitive lines

- Added value sales tax is one of the highest (with Italy) in Western Europe

(C) Relative Importance of Market Potential

- Not a major market potential right now, but still one area to be followed closely in Western Europe

- This small market seems relatively stable right now, although positive general economic indicators, plus good skating facilities and an increasingly high number of young players are key future potential growth factors

(D) Possible Strategies for Canadian Companies

- French market should be closely followed as a potential high growth market

- Canadian firms benefit from a very good quality and prestige image, combined with a good receptive climate from consumers and distributors due in part to historical and cultural links between France and Canada

- There exist some good potential returns on investments for Canadian firms to promote hockey in France and thus contribute to increase in the primary demand for hockey products

- Meanwhile, Canadian manufacturers should concentrate in medium high and high quality lines, especially for skates where price competition will get stronger in the medium and lower quality lines and will not permit penetration by Canadian products

- Better and more cooperative distributorships is one area to look at, as many agents and dealers work with many competitive companies; possible investments in the distribution network (either through better margins for distributors or more promotional expenditures) should be seriously considered

5.3.2 ITALY

5.3.2.1 Demand Analysis

(A) Number of Hockey Rinks

- Four interior and twenty exterior artificial ice rinks, with a number of natural ice rinks in tourists' resorts in the Alps mainly

(B) Number of Hockey Players and Teams

- Three major amateurs' teams, but no national divisions

- Plus an indefinite number of occasional players

- Total number of players around 10 to 15,000

- Apparently some growth in minor amateur leagues, but difficult to measure

(C) Some Significant Identified Trends

- No information gathered or available from literature or interviews, nor from research work carried out by Canadian Consulate General in Milano

(D) Other Facts and Information

- Lack of facilities is major factor preventing expansion of ice sports equipment market that would otherwise increase noticeably according to Winter Sports Federation of Italy interviewed by the Canadian Commercial Officer in Milano

- Roller skating is as much, if not more popular than ice skating in Italy

- Climatic conditions not favourable to practice ice hockey which is not a popular and widespread activity in Italy

- No government policies on hockey and ice skating activities

(E) Apparent Consumption

- Ice skates represent an annual demand of about 100,000 pairs, of which 10 to 20,000 pairs are for hockey skates

- Aside from the assembling of 40,000 pairs of skates, there is no domestic production; these skates are assembled with imported blades, some of which come from St. Lawrence Manufacturing from Quebec City (St. Lawrence had three clients with a total volume of less than 15,000 blades in 1976)

- No local production of sticks, and the total yearly consumption is estimated at 50,000 units

- Other hockey equipment is all imported and in limited quantities

5.3.2.2 Market Competition

(A) Major Participants in the Market

- There are about ten to twelve assemblers and/or wholesalers of skates and hockey equipment, including three or four Japanese organizations

- Lange has a small volume of his injected molded skate boots assembled in Italy for European distribution

- A major assembler of ice skating shoes is Risport S.A.S., while there exist a certain number of ice skating clothes manufacturers, amongst which Sanrival S.R.L.

(B) Market Shares by Product Lines

- No hard data or trade estimates were gathered

- 40% approximately of the total skates market is held by local assemblers selling less than medium quality skates

- 60% are good quality imported skates mainly from France, Finland and Canada

- France is mostly a supplier of a medium quality "strong figure skates for public rental", mainly through Alviera

- Czechoslovakia is a supplier of low-quality blades and skates, while Lico from West Germany imports medium quality skates

- Canadian companies have apparently lost their share of the skates and equipment market due to high prices (partially because of the 1976 dollar exchange rate with the lira) and high transportation costs

- For a major Canadian Hockey Skates and Equipment company, total sales in Italy are budgeted at $15,000 in 1977 out of a total budget of $1.4 million for Western Europe, i.e. 1% of total sales

(C) Available Information on Present Marketing Strategies, Behavior of Re-Sellers and Consumers Attitudes

- Imported high quality skates retail at approximately $70

- A number of foreign manufacturers have been considering the possibility (and some have actually done so) of investing locally in new facilities to expand their market penetration in the hockey equipment and skates segments

- The distinction between low and high quality ice skates is much more definite than the distinction between skates for hockey and other ice skates

5.3.2.3 Future Demand

(A) General Growth Forecast

- Probably very limited growth as Italy's economy is still continuing to experience serious difficulties

- However, some forecasts are optimistic and predict a recovery in the next decade; a forecast prepared by the U.S.A. based firm of Predicasts Inc. puts at 4.5% the annual growth of Personal Consumption Expenditures between 1972 and 1985 (vs 3.7 in Sweden, 4.2 in West Germany, 2.4 in U.K. and 5.0 in Holland and France).

- No general growth forecast on hockey product lines were available

(B) Expected Competition and Market Share

- No significant information available except that low-priced products, either imported from Eastern European countries, mainly Czechoslovakia, or produced locally, will continue probably to make in-roads in the skates segment

(C) Demand Forecasts

- No forecasts available on product lines studied

- Demand probably stable in coming years

5.3.2.4 Marketing Strategies Elements for Canadian Companies

(A) Tariffs

- No duties for EEC member-countries

- Other countries pay 9.5% duty on the C.I.F.value for all hockey products, except pants (17%), gloves (11%) and "training machines" (6%)

- In addition to the duty shown above, imports are subject to a sales tax on duty-paid value of 20% (domestic production is subject to same rate of tax)

(B) Non-Tariff Barriers

- No import controls or quotas

- Important local assembly of figure skates and low-priced hockey skates will probably prevent further penetration in these segments for foreign companies with no local production facilities

(C) Relative Importance of Market Potential

- Italy is still classified as a growth potential market, due to its total population (which is forecasted to be around 58 million in 1980), its relatively favorable climate in some northern and western regions, and a total demand of some magnitude (approx. 100,000 pairs of skates and 50,000 sticks)

(D) Possible Strategies for Canadian Companies

- Review of present marketing policies and programs, mainly for insuring good distribution and promotional exposure, to maintain and improve share of market in the high quality-higher priced segment of hockey skates and equipment

- However, local and foreign competition goes against any major investments by Canadian firms to penetrate further the market segments of figure skates and sticks

- Further penetration in skate blades is possible although Canadian-based manufacturers of blades are not in a strong competitive situation for figure skate blades which are the ones being assembled now in Italy; Czechoslovakia blades are cheaper, and Mitchell King figure skate blades (U.K.) are of better quality and also cheaper due to the tariff situation

5.3.3 NORWAY

5.3.3.1 Demand Analysis

(A) Number of Hockey Rinks

- The present number of artificial ice rinks is 43, of which only eight are indoor

- There are apparently few plans for further construction

(B) Number of Hockey Players and Teams

- According to statistics from the Norwegian Ice Hockey Federation, there are 21,000 "registered players":
  9,970 - over 17 years
  11,013 - 17 or under

- No estimates were available on "occasional players", but they probably can be estimated around 20 to 30,000

- The present number of clubs is 71 (each having one or more teams in various categories, with an average of six per club)

- There are no professional teams in Norway, and the Norwegian National Team is a good and strong contender in the "B" Group at World Championships

(C) Some Significant Identified Trends

- It seems that hockey is becoming again increasingly popular after a period of relative stagnation, and it has, with skiing, the status of a "national sport"

(D) Other Facts and Information

- Norway is trailing behind Sweden and Finland, but it is still a leading Ice Hockey country in Western Europe, although speed skating is more popular than hockey apparently

- There are no particular government policies in respect to ice hockey in Norway

(E) Apparent Consumption

- Ice Skates (with and without footwear attached)

	'000 Units			
	1972	1973	1974	1975
Factory shipments	42	38	63	75
Imports	80	59	36	38
Exports	10	4	8	2
Apparent consumption	112	93	91	110

Notes:
- Sources are official statistics on imports and exports, for 1972 to 1975,and production value for 1972 to 1974

- Quantity estimates for 1972 to 1974 were computed from production values available and assuming an average manufacturers' selling price of 50 N.Kr.

- Roller skates exports were assumed nil, while roller skates imports were assumed as 15% of total skates imports

- Total skates consumption is quite high in Norway although the majority of these skates is used for pleasure and occasional skating, and also more for speed skating than for hockey

- The approximate value of imported skates (at manufacturer's selling price) has been established at:

1972	-	$448,000
1973	-	$392,000
1974	-	$272,000
1975	-	$393,000

- Hockey Sticks

	'000 Units			
	1972	1973	1974	1975
Factory shipments	10	15	15	15
Imports	60	67	37	32
Exports	2	--	--	--
Apparent consumption	68	82	52	47

Notes: - Sources are official import - export statistics

- Factory shipments are estimated volumes for the very small "artisan shops" producing for local consumption

- Conversion factor used was 0.60 kg./stick

- Total value of imported sticks was established at approximately:

1972	-	$152,000
1973	-	$172,000
1974	-	$108,000
1975	-	$101,000

- No estimates of total market for hockey and skating products were available

5.3.3.2 Market Competition

(A) The Participants in the Market

- There is one local manufacturer of skates and blades: Elken-Spigerverket (with the Viking and Ballan-Grud brand-names), and three very small manufacturers of second quality sticks

- Viking skates are speed and hockey skates, while Ballan-Grud is the world famous brand of speed skates; they manufacture the majority of their blades

- Wholesalers and distributors of hockey products are the following:

  Bimex A/S
  Berstad A/S, J
  Fjelland & Co, A/S
  Gresvig A/S
  Guldvik and Son A/S, (distributor of Koho and Canadian products)
  Helgeland A/S
  Maskinhuset A/S
  Sports-Industri A/S
  Svalastag & Overbo A/S
  Tommestol A/S Chr.
  Wallendahl & Son A/S

- Major importers are apparently the following companies and countries: Jofa, Koho, Titan, Czechoslovakia, Hungary, the Netherlands (probably Nijdan and other distributors of speed skates) and Canada

(B) Market Shares by Product Lines

- Almost everyone in Norway has a pair of low price ice skates, but in 1976 only a few hundred pairs of Canadian ice skates were imported into the country

- Despite some "near-dumping competition" in skates, it seems that Canada's share of imported skates has remained at its 1972 level

- Canadian sticks are totally absent on the Norway market

- Market shares for skates, established from import and apparent consumption figures, are apparently the following:

Ice Skates and Blades (all kinds) - in Units

	1973	1974	1975
Elken (Norway)	36%	60%	61%
Sweden	40%	24%	23%
Czechoslovakia	8%	9%	10%
Hungary	4%	4%	3%
Canada	2%	1%	2%
Others	10%	2%	1%

Ice Skates and Blades (all kinds) - in Value

	1973	1974	1975
Elken (Norway)	53%	64%	57%
Sweden	28%	19%	20%
Czechoslovakia	8%	9%	12%
Hungary	2%	2%	3%
Canada	3%	2%	4%
Others	6%	4%	4%

- Even if these shares cover all skates, not only hockey skates, it is doubtful that Elken holds such a high share of the market, mainly in value, and it is possible that production values available and assumptions used in estimating the total local production give an over-value to Viking's production; it was not possible to obtain confirmation on Viking's production volume

- In hockey sticks (all kinds, from professional to "pleasure hockey sticks"), small local manufacturers seem to capture, in 1974 and 1975, shares of 29% and 32% of the total market estimated at 52,000 in 1974 and 47,000 units in 1975; the distribution of hockey stick imports by countries is the following:

	1974	1975
Finland	64%	32%
Czechoslovakia	27%	37%
Sweden	9%	26%
Others	-	5%

(C) Available Information on Present Marketing Strategies, Behaviour of Re-Sellers and Consumers Atitudes

- Canadian products benefit from a top quality image and very good reputation in the trade and with the best hockey players

- From imports statistics for 1975, a pair of Canadian skates was three times more costly (ie. $30 at manufacturer's price) than a pair of Czechoslovakian skates (ie. $11 at manufacturer's price), and, according to some sources, the Czechoslovakian skates are improving steadily in quality

5.3.3.3 Future Demand

(A) General Growth Forecast

- The outlook on the Norwegian economy is relatively very good

- Like other Scandinavian countries, the Gross Domestic Product per Capita will remain one of the highest in the world, while total population remains small, just over 4 million and forecasted around 4.5 million in 1985

- The average annual growth rates from 1972 to 1985 predicted by Predicasts Inc. in 1976 for Personal Consumption Expenditures and Industrial Production Index were amongst the highest in Western Europe, at 4.7% and 5.0% respectively

(B) Expected Competition and Market Shares

- None of the manufacturers interviewed indicated specific interest to further penetrate the Norwegian market which is seen very often as an "annex" to the big Swedish market

- The local manufacturer, Elken, will maintain his share of the local market in the good quality speed skates and in the low and medium quality "pleasure skates" mainly, and, as such, replace potential in-roads by the East European and Far-East skates

- Good sticks sales will remain to Sweden's and Finland's companies, with small local shops servicing the low-end segment of the market.

(C) Demand Forecast

- No data available and/or gathered on growth rates and sales forecast for hockey products

5.3.3.4 Marketing Strategy Elements for Canadian Companies

(A) Tariffs

Commodity	Duty
Hockey skates	7.5%
Hockey skates & boots	12.5%
Hockey sticks, pucks	7.5%
Protective helmets, face guards	7.5%
Leg, elbow and shoulder pads,	
Shin guards, goalie pads, knee pads	
of leather or composition leather	4 Kr. per k.g.
of other materials	20%
Hockey gloves	16%
Hockey pants of synthetic textile fibres	30%
Hockey pants of cotton	20%
Automatic puck throwing machines	10%

Value for duty: Duty is levied on C.I.F. value

Tax: 20% (V.A.T.); this tax is levied on the C.I.F. duty-paid value

(B) Non-Tariff Barriers

- No import quotas or controls on hockey products and skates

- No other barriers identified, except high transportation costs for Canadian manufacturers

(C) Relative Importance of Market Potential

- Norway does not represent a major market presently, but still one of significant magnitude

- It would seem "natural" to service this market well and in relation to the two major Scandinavian markets: Sweden and Finland

(D) Possible Strategies for Canadian Companies

- Canadian firms have a very small share of a market where the practice of hockey is well established, although not growing very rapidly, and where ice skating is a popular winter sport

- The market segment presenting most room for profitable growth by Canada remains protective equipment and top quality hockey skates

- There does not appear to be room for Canadian skates in the low and medium quality segments (because of price competition) and not much either in the speed skating segment (i.e. Bauer's Speed Skates) because of Elken's local reputation

- The basic Norwegian strategy should be the same as for the other two big Scandinavian markets, with the important difference however that, because of the presently low penetration of Canada-made products, the first Canadian companies that will move in or will try to increase their penetration will have the opportunity to be the first to benefit from the apparent "room" still available to Canadian products in the top quality hockey products segment

5.4 THE PRESENT MINOR MARKETS

5.4.1 AUSTRIA

5.4.1.1 Demand Analysis

(A) Number of Ice Rinks

- Presently, twelve artificial and full scale ice hockey rinks, with eight indoor rinks: Vienna (2), Klagenfurt, Innsbruck, Graz, Kapfenberg, Salzburg and Feldkirch

- Approximately 25 natural, open air ice rinks; however, this number can be partially discounted because they are rarely used, mainly due to climate conditions, and cannot be relied upon for any regular sporting activity

- No major construction planned for the immediate future

(B) Number of Hockey Players and Teams

- Approximate number of players is 3,000, with some 2,000 considered as active and regular league players

- There are 7 Provincial Hockey Associations and 60 Clubs

- The Federal League (First Division) consists of 7 clubs and the National League (Second Division) of 6 clubs

(C) Some Significant Identified Trends

- No such trends reported, except a growing penetration of Czechoslovakian products of lower quality and price on the market

(D) Other Facts and Information

- Ice hockey is not a very widespread and popular sport in Austria, Skiing is the national sport

- The game has no particularly large following. The number of spectators attending a "big game" is very rarely over 2,000

- Ice skating and hockey are not considered growth activities and sports

- Hockey is still an "insiders sport" and little, if anything, is being done to further expansion

- However, due to the 1976 Olympic Games in Innsbruck and the World Championship in Vienna in 1977, which had and will have wide Austrian TV coverage, it is expected that sales of hockey skates and equipment might slightly increase

(E) Apparent Consumption

- Austria has no domestic production of hockey equipment, with the exception of a small volume of ice skating shoes and accessories for figure skating by the Austrian companies of Semperit and Franz Wittman & Co., with the brand-name WIFA

- No detailed statistics are available on imported and exported articles and they are lumped together with other articles in "basket items" reported by the Austrian Federal Bureau of Statistics

5.4.1.2 Market Competition

(A) Major Participants in the Market

- Competition in the Austrian market is centered around Czechoslovakian, Swedish, Finnish and Canadian suppliers

- Major importers are JOFA (Sweden), and Titan and Koho from Finland; more and more equipment is also imported from Czechoslovakia

- According to the Austrian Ice Hockey Federation, the Canadian share of the market is minimal, because the Austrian consumers (and players) are using less expensive equipment

- Total CCM sales in Austria are estimated at around $10,000

- Nine other Canadian companies have representatives and agents in Austria, but very little volume is accounted for; the same agent represents Lange, Cooper, Tease Knitting and Canadian Hockey Industries

(B) Market Shares by Product Lines

- No significant and reliable information available

(C) Available Information on Present Marketing Strategies, Behavior of Re-sellers and Consumers Attitudes

- Pricing is the key marketing variable for sales of skates and hockey equipment, as consumers, mainly non-regular hockey players, purchase on a price basis mainly

- Czechoslovakian products are particularly very low priced

- No major manufacturer considers this market with much interest

- However, the coming World Hockey Tournament will bring in some "exceptional" prestige and image competition amongst major manufacturers

5.4.1.3 Future Demand

(A) General Growth Forecast

- Because of the relatively stable number of players and with very little growth expected, the prospective market development is very low

(B) Expected Competition and Market Shares

- No significant information available, except that Czechoslovakian products should continue to enter the market and compete with finished products

(C) Demand Forecast

- No specific or even general demand forecast available from any of the sources consulted

5.4.1.4 Marketing Strategy Elements for Canadian Companies

(A) Tariffs

- There are no duties for products imported from country-members of the European Free Trade Associaiton (Spain, Portugal, Greece, Austria, Sweden, Finland, Norway)

- The duties for EEC countries are the following:
  - 2.4% for all products except the following:
  - 40% for skate sharpeners and jerseys(synthetics)

- 5.0% for silk jerseys
- 3.8% for all other jerseys

- The duties paid by Canadian exporters are the following:

Commodity	Duty
. Hockey skates	12%
. Hockey skates and boots	12%
. Hockey sticks, pucks	12%
. Protective helmets, face guards	12%
. Leg, elbow and shoulder pads Shin guards, goalie pads Knee pads of leather,	12%
of materials	15%
. Hockey gloves	12%
. Hockey pants - men's of synthetic textile fibres	34% (but not less than 11,000 Schillings per 100 kg.)
of cotton	33% (but not less than 4,800 Schillings per 100 kg.)
. Automatic puck throwing machines	14%

- Value of Duty: Duty is levied on the c.i.f. value

- Tax: 18% tax is levied on the c.i.f. duty-paid value

- As of July 1977, the EEC duties will be abolished

(B) Non-Tariff Barriers

- No import quotas for these products

- The Value Added tax amounts to 18% on the duty paid price

- Canada has a relatively neutral image in Austria and consumers are more or less indifferent to the "prestige image" of Canadian hockey products

(C) Relative Importance of Market Potential

- Very low priority for Canadian manufacturers

- Chances of increasing the minimal share already held are very low and "not worth the efforts"

(D) Possible Strategies for Canadian Companies

- Canadian firms are already well represented

- Competition is getting tougher

- Only strategy which seems to present some limited profit potential is to limit efforts to high quality items at high prices for a very small quality-conscious segment of the market

5.4.2 BELGIUM

5.4.2.1 Demand Analysis

(A) Number of Ice Rinks

- There are 14 artificial ice rinks (3 outdoors, 11 indoors)
- Only one new ice rink is presently in constructon in the Western Flanders region
- The ice rinks are located in the following regions: Anvers (4), Brabaut (2), Hainaut (2), Flandres/occidentale (2), Limbours (2), Liège, Namur
- Hockey is played only on 10 of these rinks, compared to six rinks suitable for hockey in 1972

(B) Number of Hockey Players and Teams

- Approximate number of players in "organized" leagues is 600 to 800, distributed amongst 10 teams in one major league known as "Ligue Royale Belge des Sports de Glace" and junior teams, all operating under the rulings of the Fédération Royale de Hockey sur Glace
- By far the largest number of players are very occasional players, whose number is estimated around 1,000 to 1,500
- The total number of players is not increasing, according to the Fédération Royale de Hockey sur Glace

(C) Some Significant Identified Trends

- Small market which has shown some growth, although very limited, in the last five years

- No other significant trends reported

(D) Other Facts and Information

- Hockey is still very much a sport for "rich people" in Belgium

- Starting age for most Belgian skaters and occasional hockey players is around 12 years old

- Hockey comes very far behind the national sports of football and cycling which are practiced 8 - 10 months a year

- There are no government policies and programs related to ice hockey

- Hockey is practically non existant in Belgian schools and colleges

(E) Apparent Consumption

- Belgium has no domestic production

- Present annual demand for hockey skates is estimated at around 6-8,000 pairs, and for sticks at approximately 6-7,000; these products are not used only by hockey players, but also by pleasure and hobby skaters

- No estimated figures could be obtained for protective equipment

- The total annual stick market is estimated at around 350,000 FB

- The following official statistics on skates cover both Belgium and Luxembourg:

	1974		1975		(10 months) 1976	
	Pairs	000's FB	Pairs	000's FB	Pairs	000's FB
Imports	n/a	20,400	39,875	20,551	22,909	11,477
Exports	n/a	5,400	19,875	5,619	8,696	2,582
Consumption	n/a	15,000	20,000	14,932	14,213	8,895

Note: the 1974 ice skates figures are estimates based on total volume of skates (ice and roller skates)

- Like other EEC countries (mainly Germany and Holland), Belgium is re-exporting skates and blades

- In 1972, the market was estimated between $100,000 (U.S.) and $150,000, with the following breakown:

	Units	$'000 U.S.
Skates	800 - 1,000 pairs	48 - 60
Sticks	4,000 - 5,000 "	20 - 24
Protective equipment	n/a	36 - 60
		104 - 144

Source: Harpers/MWS Services S.A.
London, England
December 1972

- This same study was predicting a total market demand for 1977 of no more than $180,000 (in 1972 U.S. dollars), ie., a growth of 25% to 75% over the last five years.

- Comparisons between this study and official statistics seem to show that the growth in skates was much stronger than expected and that demand has apparently multiplied by 20 times in the last five years (from 1,000 pairs to 20,000); however probably the 1972 survey considered only hockey skates, but even there underestimated the total demand.

5.4.2.2 Market Competition

(A) Major Participants in the Market

- The bulk of ice skates sold in Belgium comes from Germany (60%), Czechoslovakia, Finland, France, and, for quality skates, from Canada mainly.

- Major distributors are:
  - Maple Leaf Sports (KOHO distributor)
  - Carol Sports (major Canadian equipment dealer, covering about 50% of the market)
  - Borsumij Sports (distributor for Daoust and Artis)
  - Lakens (Anvers)
  - Josysport (Bruxelles)

(B) Market Shares by Product Lines

- Approximate market shares (in pairs) by countries of origins for skates:

	Trade estimates	Institut national de statistiques
Germany	50%	36%
Balzer		
Lico		
etc.		
Czechoslovakia	30%	15%
Artis		
Kouopol		
Canada	10%	13%
Others	10%	35%

- Protective equipment:

Canada	80%
Scandinavia	20%

- Sticks:

Scandinavia	70%
Koho (50-60%)	
Titan (20-25%)	
Germany	30%

- Hockey players in the senior Belgian Hockey League are using, in a proportion of 80 to 90%, Canadian Skates

(C) Available Information on Present Marketing Strategies, Behavior of Re-Sellers and Consumer Attitudes

- Quality and prices are the two key variables: quality products at higher prices come from Canadian and Finnish companies mainly and aim at a very small segment, while low quality products at very low prices enter the market, mainly from Taiwan and Czechoslovakia; German products are positioned mainly in the medium quality segment

  Prices are high and range from:
  - Sticks: from 150 FB to 600 FB
  - Skates: from 650 FB to 6,500 FB

- Over 90% of ice hockey equipment is sold direct to clubs and teams by distributors and agents, not by retailers who stock very little quantity of hockey products, except low priced skates and sticks

- Some Belgian clubs employ Canadian players as trainers and teachers, and these players strongly influence the products and brands selection

5.4.2.3 Future Demand

(A) General Growth Forecast

- It is unlikely that the Belgian market will grow much more
- Ice hockey is too expensive and is not aided by lack of government policies, by mild winters, by weakly organized teams, by a relatively large quantity of "competing leisure activities"
- Possible favoring factors:
  - colder climate, ex. in 1975, a "melden freez" had a definite impact on demand for skates
  - increase in number of ice rinks

(B) Expected Competition and Market Shares

- Canadian firms will continue to face very hard price competition from Czechoslovakian products in the protective equipment segment and from Far-Eastern countries, mainly Taiwanese products, for skates

(C) Demand Forecast

- No specific product lines or general hockey products forecast available

5.4.2.4 Marketing Strategy Elements for Canadian Companies

(A) Tariffs

- Import duties for non-EEC members are 9.5% ad valorem on the C.I.F. value, except hockey pants (17%), gloves (11%) and training machines (6%)

- Also an import sales tax of 18% is levied on the duty-paid value, just like domestic production would be subject to the same rate of tax

(B) Non-Tariff Barriers

- No import quotas for these products

- No other barriers seem to exist other than the tariff and value added taxes, except for higher transportation costs for Canadian goods

(C) Relative Importance of Market Potential

- Small market which presents little interest, other than being very close to the Netherlands market which is growing at an interesting pace

- Very low priority

(D) Possible Strategies for Canadian Companies

- The following comment is extracted from a short report received from the Canadian Commercial Officer in Brussels:

  " Canadian suppliers have taken advantage of the growing demand during the past years, and have established a good reputation for their products here. We feel that by working through suitable agents, they will be able to maintain their position and satisfy future demand which, as mentioned above, will not increase dramatically within the next few years."

- Only valid strategy for Canadian products in face of strong price competition is to concentrate in the high quality-high price small market segment of hockey players in the senior Belgian League and "prestige-conscious", higher income classes who can afford ice skating and ice hockey as an "occasional hobby"

5.4.3 DENMARK

5.4.3.1 Demand Analysis

(A) Number of Hockey Rinks

- There are sixteen interior rinks, one exterior rink being converted into interior arena and four known potential projects for the next 3 to 4 years, with one to be completed in 1977.

- No specific data available, but many exterior rinks (not all suitable for hockey) exist throughout the country.

(B) Number of Hockey Players and Teams

- Estimates on number of "registerd hockey players" is around 6,000, with an additional 4 to 5,000 "occasional players".

- There are no professional team and the Danish National Hockey Team is of low calibre (Group C at last World Championship Tournament).

- Number of organized hockey clubs is 24, usually regrouping more than one team in each club or association

(C) Some Significatnt Identified Trends

- No information available other than the opinion of the Danish Ice Hockey Federation that the market is growing slowly but with increasing interest

(D) Other Facts and Information

- Danish market is smallest of the four Scandinavian markets, but still benefits from an overall favourable physical and cultural environment for ice skating and hockey.

- The 1976 World Hockey Championship (Groupe "C") was held in Copenhagen.

- No government regulations or legislation on ice hockey.

(E) Apparent Consumption

- Ice skates (with and without footwear attached)

	'000 units and dollars			
	1975		1976	
	Pairs	Value	Pairs	Value
Factory Shipments	N/A	81	N/A	363
Imports	28	257	41	416
Exports	14	137	N/A	N/A
Apparent Consumption	more than 25	201	more than 50	more than 420

Notes:
- Source is data supplied by the Canadian Trade Commissioner in Copenhagen (and taken from the National Office of Statistics publications)
- Production is believed to be boots less blades
- 1976 figures are for the January-September period
- Conversion factor used was 1.8 kg/pair.

- Consumption of skates and blades has apparently more than doubled from 1975 to 1976, from around 25,000 pairs to more than 50,000 pairs

- Ice Hockey Sticks

	units and '000 dollars			
	1975		1976	
	Quantity	Value	Quantity	Value
Factory Shipments	Nil	Nil	Nil	Nil
Imports	4,560	57	4,920	54
Exports	60	1	60	1
Apparent Consumption	4,500	56	4,860	55

Notes:
- Source is data supplied by the Canadian Trade Commissioner in Copenhagen (and taken from National Office of Statistics publications)
- 1976 figures are for the January-September period
- Conversion factor was 0.66 kg/stick

- Statistics gathered on other Outdoor Sports Equipment (including Protective Hockey Equipment, but not clothing) are the following:

	in '000 dollars	
	1975	1976 (9 months)
Imports	$1,528	$2,324
Exports	568	715
Consumption	960	1,609

5.4.3.2 Market Competition

(A) The Participants in the Market

- Major local importers, agents and "assemblers" are:
  - Guddi Hoybye - Sportsman
  - Poul Jorgensen and Co.

- Intersport
- Sports Goods A/S
- Select Sport
- Sportsen - distributor for Koho Products

- Major hockey products manufacturers importing into Denmark are apparently the following:
  - Sweden - Jofa (equipment and skates)
  - Canada - Bauer
    - C.C.M.
  - Finland - Koho (mainly sticks)

(B) Market Shares by Product Lines

- No trade estimates available.

- See previous section (A) on participants in the market.

(C) Available Information on Present Marketing Strategies, Behaviour of Re-Sellers and Consumers Attitudes

- No significant data collected on these subjects.

5.4.3.3 Future Demand

(A) General Growth Forecast

- Denmark's population is quite stable around 5.2 million, and no significant growth is expected (around 0.4% average yearly growth from 1972 to 1985 is predicted)

- Forecasts for Personal Consumption Expenditures were along with forecast for the lowest in an analysis prepared by the U.S.-based firm of Predicast Inc. in 1976

- Denmark can definitely be classified as a slow growth economy

(B) Expected Competition and Market Shares

- No data gathered on this question, but status quo can probably be expected.

(C) Demand Forecast

- No data gathered on hockey products and markets future growth as such.

5.4.3.4 Marketing Strategy Elements for Canadian Companies

(A) Tariffs

- No tariffs for EEC countries, nor EEC associated countries

- On skates, skate blades, sticks and protective pads - 9.5%

- On hockey gloves - 15%

- On hockey clothing - 18%

- In addition to the duty shown above, importations of these products are subject to a 15% sales tax which is calculated on the duty-paid value, i.e., the C.I.F. value plus the amount of the duty. (Domestic production is subject to the same rate of tax)

(B) Non-tariff Barriers

- No import controls or quotas.

- No identified non-tariff barriers, except relatively high transportation costs and small existing distribution network.

(C) Relative Importance of Market Potential

- Minor market and not seen as a priority potential for Canadian products.

- Its geographical position, between Germany and the two good Norwegian and mainly Swedish markets can probably allow it to be serviced at low costs.

(D) Possible Strategies for Canadian Companies

- No particular strategy to consider for now.

- Small market, with some recent growth, might allow however a high degree of concentration in high quality product lines.

- No significant new investment in distribution network is recommended, but some direct sales, or dealers' supported sales, to hockey organizations might show some profit potential.

5.4.4 GREAT BRITAIN

5.4.4.1 Demand Analysis

(A) Number of Hockey Rinks

- There are 15 ice rinks in England on which hockey is being played in a limited amount of ice time (mainly in the evenings mid-week, as most ice time is taken up by public skating)

- There are some 20 other rinks not suitable or not available for ice hockey

- Between 1970 and 1976, the number of ice rinks increased from 36 to 37

(B) Number of Hockey Players and Teams

- Estimated in 1977 at no more than 1,000 "registered players", all amateurs, with some 1,000 to 2,000 occasional players; in 1974, the total number of registered players was around 500

- There are some 30 teams and, for the first time in many years, Britain has sent a team of 20 men to the 1976 World Championships in Copenhagen (Division "C")

- In all countries of the U.K., the total number of players is around 5,000 to 6,000, although since 1974, the number of registered players has apparently decreased slightly

- An experiment with a London-based professional team in 1974 and 1975 folded very quickly as the team could not attract more than 3 to 4,000 people per game

(C) Some Significant Identified Trends

- According to the Ice Hockey Association of Great Britain, the sport is increasingly popular, and all that is required are more rink facilities and more ice time in present rinks

- British market is still very small, but growing at some interesting rate, according to one major dealer and distributor of hockey equipment and skates

- Major private owners of ice rinks (e.g. Mecca which also owns dance halls) make more revenues with pleasure skating than hockey games

(D) Other Facts and Information

- Scotland and North of England are the hockey regions in the U.K.

- No government policies and programs on ice hockey

(E) Apparent Consumption

- Total stick sales are estimated at about 6,000/year and hockey skate sales at about 12 - 14,000/year, as some hockey skates are still purchased by non-hockey players

- The 1974 consumption of skates (with and without footwear attached) was estimated at 835,000 pounds or approximately $2 million (1974 $)

	'000 pounds
Shipments by U.K. Mfgrs.	2,157
Imports	92
Exports	1,414
Consumption	835

Source: Financial Times, London

- Assuming a 5% yearly increase in 1975 and 1976 shipments of U.K. companies and fourth quarter figures equivalent to second quarter import-export figures, the total Great Britain consumption of skates and blades can be estimated in the following way from 1974 to 1976:

	'000 Pounds		
	1974	1975	1976
Local shipments	2,157	2,265	2,378
Imports	92	124	148
Exports	1,414	1,345	1,784
Apparent consumption	835	1,044	742

5.4.4.2 Market Competition

(A) The Participants in the Market

- Major British Manufacturer is Mitchell & King which makes skate blades, hockey skates and figure skates

- Mitchell & King is renowned as a quality product manufacturer; their total production varied between 600,000 to 700,000 pairs of skates and blades in 1976, with less than 10% for hockey and the rest for figure skating

- Mitchell & King exports 95% of its figure skates and blades and 90% of its hockey blades: 60% or so of its figure skates and blades (i.e. 350,000 to 400,000 pairs) are exported in North-America and the rest in Europe mainly, but also Australia and the Far-East.

- There is one other manufacturer of skates in Britain: John Wilson Mersden Bros. & Co.

- There are two manufacturers who produce small volumes of ice hockey equipment: Bridport-Gundry Ltd. and Frank Bryan Ltd. (in Worcester)

- Foreign competition comes mainly from Canadian, Finnish and Czechoslovakian firms

- Koho sells sticks and equipment mainly

- Bauer is the major importer of quality hockey skates

- Cooper is the major importer of equipment and outfit

- Czechoslovakia are now marketing low priced pleasure skates

- Some of the companies (Canadian and European) interviewed were not particularly interested in the U.K. hockey market

- Other Canadian exporters to U.K. are G.C. Knitting from St. Hyacinthe (small quantities of sweaters), Stanley A. Grant (Emblems) and National Pro Industries (skate guards for approximately $17,000 in 1976)

- The only major dealer in ice hockey equipment is W.H. Fagan & Sons Ltd.

(B) Market Shares by Product Lines

- Hockey Skates

Canada (mainly Bauer and Lange)	=	60%
Czechoslovakia & Hungary	=	30%
Mitchell & King and others	=	10%

- Hockey Equipment

Cooper	=	50%
Koho	=	40%
Jofa	=	5%
Others	=	5%

- Hockey Sticks

  Koho = 90%

  Others = 10%

- Other Skates

  Mitchell & King = 70%

  Others, mainly
  from East Europe = 30%

(C) Available Information on Present Marketing Strategies, Behaviour of Re-Sellers and Consumers Attitudes

- Mitchell & King is not getting into plastic-base for figure skates; according to them there is no economical alternative to steel skates yet; they will follow closely the present experiments of plastic holders for hockey skates

- John Currie's performance at Innsbruck in 1976 has apparently had a definite impact on consumers' attitudes vis-à-vis figure skating and has had a positive impact on sales

- Canadian manufacturers are definitely perceived by the trade as high quality producers of hockey skates and equipment, just like Mitchell & King is number one in figure skates and blades

- Retail mark-up for skates and protective equipment is usually 50%

5.4.4.3 Future Demand

(A) General Growth Forecast

- Probably low growth, except if new rinks or more ice time is available for hockey

- However, pleasure skating will probably enjoy a slow but steady growth

- The economic outlook for the United Kingdom is not very bright however and even with its population of more than 55 million, the market potential for winter leisure goods in general is quite limited

- A forecast of Personal Consumption Expenditures prepared in 1975 by Predicasts Inc., a U.S.A. research firm, positioned the U.K. at the very bottom of the list of selected countries in terms of average annual growth rate between 1972 and 1985 (i.e. 2.4% vs. over 3.5% for all other Western Europe countries)

(B) Expected Competition and Market Shares

- Mitchell & King is concentrating on figure skates, leaving the high quality hockey skates segment to Canada, and the low quality segment to Eastern Europe imports

- No new major entries on the market:
  - high quality skates for hockey to Canada
  - high and medium quality skates for pleasure to Mitchell & King
  - low quality skates to Eastern Europe
  - sticks to Finland
  - equipment to Canada and Finland

- No other data was obtainable

(C) Demand Forecast

- No specific demand forecasts by product line or for all hockey products and skates were available

- Status Quo is expected by most experts consulted, with possible small increases in figure skating products

5.4.4.4 Marketing Strategy Elements for Canadian Companies

(A) Tariffs

- No duties for EEC members

- Other countries pay 11.6% for all skating and hockey-related products, except pants and gloves which are at 17.6%

- Canadian goods benefit from the Commonwealth Preferential Rates:
  Skates and sticks at: 7.6%
  Articles of apparel at: 13.6%
  (gloves, pants)

- In addition to the duty, a sales tax of 10% is levied on the duty-paid value (also applicable to domestic production)

(B) Non-Tariff Barriers

- No import controls or quotas

- No other non-tariff barriers identified, except present market conditions and strong local production in pleasure and figure skates and blades

(C) Relative Importance of Market Potential

- Low priority for Canadian companies as market is small and no real significant growth expected

(D) Possible Strategies for Canadian Companies

- Strategy is to keep present shares in high quality products, mainly hockey skates

- Should continue to rely on present dealership network

- Not possible to compete in low-end segment with subsidized companies from Eastern Europe and not profitable to try to displace Finnish companies in sticks

SECTION SIX

DEMAND FORECASTS FOR

SKATES AND HOCKEY PRODUCTS IN THE UNITED STATES AND

SOME WESTERN EUROPEAN COUNTRIES

The information used in the development of the forecasts have been taken from published data and from other sources which we regard as reputable; however, we cannot assume responsibility for such material. Moreover, since forecasts of future events are subject to many uncertainties we cannot represent these projected statements to be accurate presentations of the results which may actually occur.

Ernst & Ernst

6 DEMAND FORECAST

6.1 U.S. DEMAND FORECAST

Quantitative forecasts for total apparent consumption were not prepared for any of the product lines studied due to the unavailability of statistical data on U.S production and exports, as most hockey items are included in wider sporting goods categories. However, a retail dollar forecast was prepared based on:

- historical data available from past surveys of the National Sporting Goods Association and reported in section 4.2.2.2.

- favorable and unfavorable factors described and discussed below

There is much disagreement about the forecasted consumption of new hockey equipment in the U.S. According to the opinions of retailers interviewed this consumption will depend on many factors. Among these factors are:

1. Cost of equipment. Substantial increases in the cost of equipment may limit the size of the market.

2. Violence. Due to the excessive, and as yet unchecked, amount of violence in hockey, school hockey programs may be curtailed in favour of less abusive sports. It is understood that there are some efforts being made now to correct this problem.

3. Number of rinks available for hockey playing, and the cost of ice time. More government involvement may ease this problem.

4. Cost and availability of energy, to make and maintain artificial ice, and for automobile transportation to rinks.

5. Success of local professional teams. Interest in playing hockey fluctuates according to the playing record of each local team. According to one retailer, there is a two year carry over from a successful year, after which interest wanes.

6. Competition from cheaper and better established team sports, such as soccer and basketeball.

7. Growth or decline of physical education programs including hockey, in grade schools and secondary schools. This is especially crucial in the U.S. where much of the hockey is centered in school programs.

8. The general state of the economy.

Other important indicators are:

1. Ticket sales for professional games are down. Games are often not sold out anymore, as they were at hockey's high point. This depends, however, on the success of the local team, according to the National Hockey League. Sales are generally down by 5% in numbers of tickets sold. This is true, however, for all sports except baseball.

2. Sales of actual new merchandise is down 20-25% from previous year across the country, as mentioned above. However, we believe much of this is due to increased resale rather than a decline in actual participation.

3. Change in the distribution of the population, as mentioned before in the "demographics" (section 4.1.3.)

The retailers who were interviewed are mostly rather pessimistic about the future of hockey sales. They feel that interest is declining and that resale will become increasingly important. They do feel, however, that, when the dumping is worked off, and some of the mass merchants get out of the hockey business, sales at the sporting goods stores will return to a more normal 5%-10% (probably closer to 5%) per year growth. This suggested growth rate is confirmed by Canadian manufacturers interviewed, by ice arena construction statistics and by A.H.A.U.S. membership statistics.

Pleasure and speed skating are considered to be a separate market from hockey. Growth in this market has been steady, and is expected to average about 10% per year in the future.

TABLE 6.1

Projected Retail Value of Ice Skating and Hockey Equipment in the United States from 1977 to 1981

	$Million				
	1977	1978	1979	1980	1981
Figure and speed skates	24.2	26.6	29.3	32.2	35.4
Hockey skates	22.0	23.1	24.2	25.4	26.7
Hockey protective equipment (excl. clothing)	18.9	19.8	20.8	21.8	22.9
Hockey sticks	11.6	12.2	12.8	13.4	14.1
TOTAL	76.7	81.7	87.1	92.8	99.1

Notes: (1) 1976 retail values were established at the following levels see section 4.2.2.2)

Figure and speed skates	$22 million
Hockey skates	$21 million
Equipment	$18 million
Sticks	$11 million

(2) Growth rates used were 10% for figure skates and 5% for all other product lines

(3) An approximate manufacturers' selling price value forecast could be derived by dividing the retail value by 1.7 (i.e. assuming a total 70% mark-up by the distribution network)

6.2 WESTERN EUROPE DEMAND FORECAST

Forecasts on Western European countries consumption of sticks and skates were based on apparent consumption figures developed in Section Five of the present report. No quantity forecast could be prepared on hockey protective equipment due to the unavailability of past and present statistics on quantity and dollar values.

The following projections must then be seen and used more as indicators of relative market size than precise figures, and variance from actual values could be easily as high as 30 to 40% in some cases.

Other forecasting data can also be found in the appropriate sub-section on Future Demand for each one of the countries studied in Section Five.

TABLE 6.2.1

Projected Consumption of Ice Skates in Some Western European Countries from 1977 to 1981

	'000 Pairs				
	1977	1978	1979	1980	1981
Sweden	367	385	404	416	428
Finland	130	139	149	156	164
Switzerland	360	371	382	393	405
West Germany	244	266	290	310	332
Holland	212	225	238	250	262
France	86	92	97	102	107
Italy	102	104	106	108	110
Norway	113	116	119	123	127
Austria	10	11	11	11	12
Belgium	20	20	21	21	22
Denmark	51	53	55	57	59
Great Britain	51	53	55	57	59
TOTAL	1,746	1,835	1,927	2,004	2,087

Notes: (1) Skates refer to all kinds of ice skates and include units with or without footwear attached; it is assumed that estimates of national production figures excluded skates already counted in as imports (i.e. blades) in order to avoid "double-counting", but due to the unavailability of recent official production figures, this cannot be ascertained to reflect the situation for major producing skate countries such as Germany, Switzerland and Sweden.

(2) Computational Hypothesis:

- Sweden: 5% per year from 1977 to 1979, and 3% in 1980 and 1981;

- Finland: 7% yearly increase in 1977, 1978, 1979, and 5% in 1980 and 1981;

- Switzerland: 3% per year from 1977 to 1981, including purchases of skate blades by Swiss producers of skates;

- West Germany: 9% annual increase for next three years, 7% in 1980 and 1981, including consumption of blades by German manufacturers;

- Holland: 6% from 1977 to 1979, 5% in 1980 and 1981; present level put at 200,000 pairs for projection purposes;

- France: Present level estimated at 80,000, with an annual growth rate of 7% in 1977 and 1978, and 5% afterwards;

- Italy: Present level of 100,000 pairs estimated to grow at 2% for next 5 years;

- Norway: Present consumption estimated at 110,000 pairs with growth rate of 3% over next 5 years;

- Austria: Estimates of 10,000 pairs, with increase of 3% in 1977 and 1% over the following four years;

- Belgium: Estimates of 20,000 pairs, with increase of 1% per year;

- Dennmark: 50,000 pairs with projected increase of 3% per year;

- Great Britain: 50,000 pairs with a projected increase of 3% per year.

TABLE 6.2.2

Projected Consumption of Hockey Sticks in Some Western European Countries from 1977 to 1981

	'000 Units				
	1977	1978	1979	1980	1981
Sweden	856	916	962	1,010	1,060
Finland	275	302	326	346	367
Switzerland	154	158	162	166	170
West Germany	198	218	233	247	262
Holland	125	130	135	140	146
France	28	31	33	36	39
Italy	51	52	53	54	55
Norway	46	47	48	49	50
Austria	12	13	13	13	14
Belgium	8	8	9	9	10
Denmark	8	8	9	9	10
Great Britain	8	8	9	9	10
TOTAL	1,769	1,891	1,992	2,088	2,193

Notes: (1) All sticks included (including bandy sticks)

(2) Computational Hypothesis:

- Sweden: 7% in 1977 and 1978, 5% from 1979 to 1981; 1976 consumption of hockey sticks is estimated at 800,000;

- Finland: Annual consumption estimated at 250,000 units (excluding bandy sticks), growth rate of 10% in 1977 and 1978, 8% in 1979 and 6% in 1980 and 1981;

- Switzerland: 2.5% per year increase over next five years, and a level of 150,000 sticks was assumed for 1976;

- West Germany: 10% in 1977 and 1978, followed by 7% in 1979 and 6% for 1980 and 1981; present level estimated at 180,000;

- Holland: Present level established at 120,000 units, with an annual growth rate of 4%;

- France: 25,000 units in 1976, and a growth rate of 10% in 1977 and 1978, and 8% over the following three years;

- Italy: 50,000 units expected to grow at 1% per year over the next 5 years;

- Norway: 45,000 units, expected to grow at 2% per year over the next 5 years;

- Austria: 12,000 units expected to grow by 3% in 1977 and 1% afterwards;

- Belgium, Denmark and Great Britain: Present consumptions were estimated at 7,000 each, with a growth of about 5% per year.