IMPORT PROFILE

Investment Opportunities

GOLF CLUBS
(INDIVIDUAL AND SETS)

Pub. No: 32-85 October 1985

Government of Canada
Regional Industrial Expansion

Gouvernement du Canada
Expansion industrielle régionale

Canada

GOLF CLUBS
(INDIVIDUAL AND SETS)

Pub. No: 32-85 October 1985

FOR MORE INFORMATION PLEASE CONTACT:

Market Information and Analysis Division
Market Development Branch
Department of Regional Industrial Expansion
235 Queen Street
Ottawa, Ontario
K1A 0H5
Tel: (613) 992-4446

OR
Leisure Products Division
Food and Consumer Products Branch
Department of Regional Industrial Expansion
235 Queen Street
Ottawa, Ontario
K1A 0H5
Tel : (613) 992-1045

OR

The nearest DRIE Regional Office.
These offices are listed on page 11
of this publication.

REFERENCE SOURCES

Department of Regional Industrial Expansion

Statistics Canada

Revenue Canada

Supply and Services Canada

EXPLANATORY NOTES

Valuation

Imports are generally recorded at the values established for customs duty purposes according to the provisions of the Customs Act. Customs values are identical to selling prices for most transactions between non-affiliated firms, but customs values exceed selling prices for many transactions between affiliated firms. All values are reported in Canadian dollars and do not include duty.

Average Growth Rate

Growth rates are calculated on the basis of annual compounding.

PUB. NO: 32-85
IMPORT COMMODITY CODE - 832-25-20
AND
832-25-30

CANADIAN MARKET OPPORTUNITIES - IMPORT PROFILE

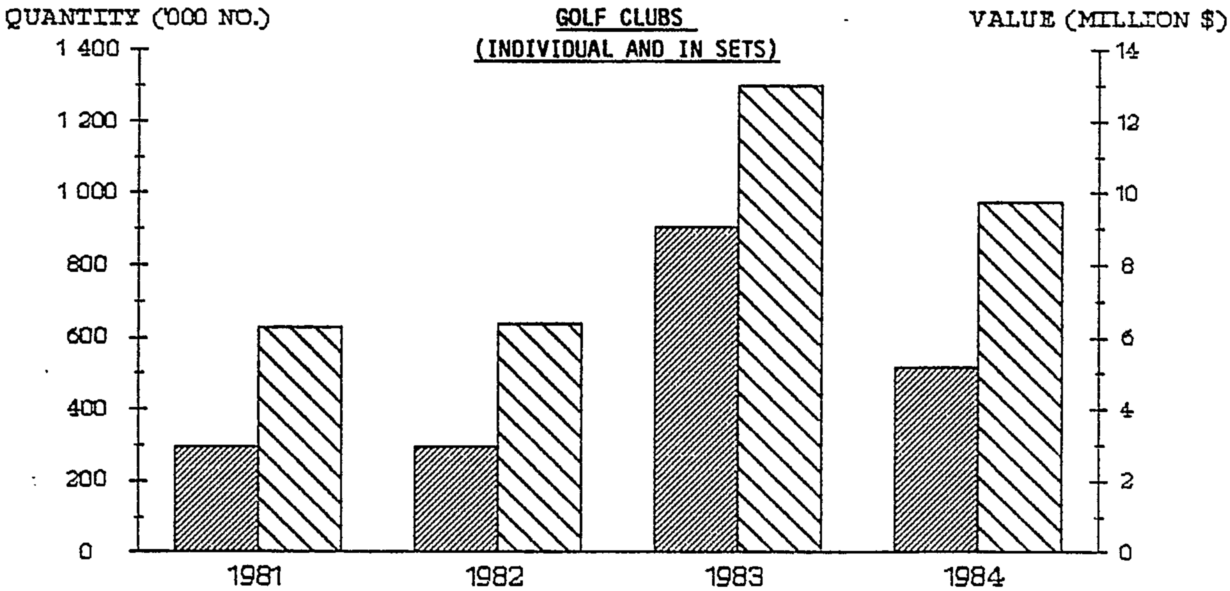
GOLF CLUBS
(INDIVIDUAL AND SETS)

INTRODUCTION AND SCOPE

This report is one of a continuing series designed to increase business awareness of the potential existing in the Canadian marketplace for domestic production and to stimulate Canadian business to explore further potential market opportunities in Canada. It is important to emphasize that this report does not attempt any assessment as to the feasibility of manufacturing or competing in a particular market and should be treated as an indicator or starting point for the manufacturer or entrepreneur.

Golf club imports as described in this report are found under two import classification numbers: 832-25-20 "Golf clubs, individual", and 832-25-30 "Golf clubs, sets". Quantities given are for clubs, whether they were imported individually or as sets. Additional information on golf equipment can be found in profiles number 31-85, Golf Balls, and 33-85, Golf Club Parts.

IMPORT TRENDS
OF
GOLF CLUBS
(INDIVIDUAL AND IN SETS)

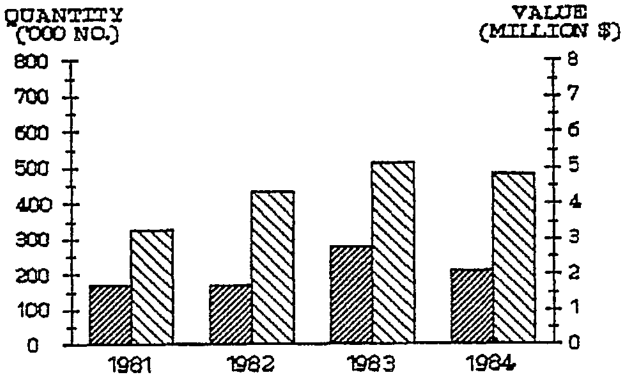


	1981	1982	1983	1984
QUANTITY	294	295	906	519
VALUE	6.3	6.4	13.0	9.8

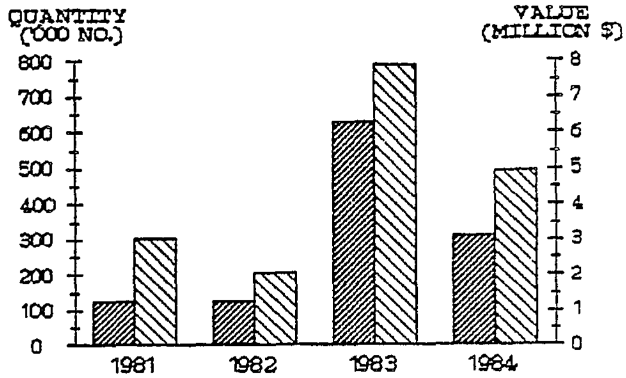
After two very steady years of imports at almost 300 thousand clubs per year, with a value of $6.4 million, the quantity suddenly tripled in 1983 (value doubled), then declined sharply in 1984 to just over 500 thousand units ($10 million). The 1983 jump was accompanied by a sharp decrease in unit price from about $22 to $14. This recovered in 1984 to about $19.

IMPORT TRENDS: INDIVIDUAL CLUBS AND CLUBS IN SETS (CONT'D)

INDIVIDUAL CLUBS



CLUBS IN SETS*



	Individual clubs 1981	1982	1983	1984	Clubs in sets 1981	1982	1983	1984
QTY	168	170	276	208	127	124	629	311
VALUE	3.3	4.3	5.1	4.8	3.0	2.1	7.9	5.0
UNIT PRICE ($ PER CLUB)	19.45	25.44	18.53	23.21	23.92	16.55	12.55	15.90

* Statistics Canada shows total number of pieces, not sets.

Most of the 1982-1983 increase was due to clubs imported in sets, which went from 124 thousand to 629 thousand clubs. In 1983 average unit prices of clubs imported in sets were just over half of what they had been two years earlier, but the total 1983 value more than doubled. In 1984, unit prices firmed to near the 1982 level. Much of the 1982-1983 increase was due to operating decisions made by multinational firms.

Clubs imported as individual units showed some unit price fluctuations but in a much narrower range. Quantity and value both showed a clear but moderate peak in 1983, and the 1984 levels were somewhat higher than those of 1981 and 1982.

IMPORTS BY MAJOR FOREIGN COUNTRY OF EXPORT
(IN DESCENDING ORDER OF 1984 VALUES)
GOLF CLUBS (INDIVIDUAL AND SETS)*

FOREIGN COUNTRY OF EXPORT	1981	1982	1983	1984	UNIT PRICE 1984 $	AVERAGE ANNUAL GROWTH RATE 1981-1984 %	PER CENT CHANGE 1983-1984 %
UNITED STATES							
QUANTITY (NO.)	267 484	263 375	857 032	415 320		16	-52
VALUE ($000)	5 989	6 103	12 635	8 588	20.68	13	-32
JAPAN							
QUANTITY (NO.)	23 866	29 085	29 261	77 070		48	163
VALUE ($000)	289	279	227	890	11.55	45	292
UNITED KINGDOM							
QUANTITY (NO.)	1 102	70	246	12 438		124	4 956
VALUE ($000)	5	4	5	200	16.08	242	3 900
TAIWAN							
QUANTITY (NO.)	1 250	109	12 968	12 443		115	-4
VALUE ($000)	8	2	132	86	6.91	121	-35
OTHER							
QUANTITY (NO.)	701	2 221	6 168	1 754		36	-72
VALUE ($000)	2	9	22	8	4.56	39	-65
TOTAL							
QUANTITY (NO.)	294 403	294 860	905 675	519 025		21	-43
VALUE ($000)	6 293	6 397	13 021	9 772		16	-25
UNIT PRICE ($ PER CLUB)	21.38	21.70	14.38	18.83			

The United States has consistently been the dominant supplier and, in the 1983 surge, accounted for 95 per cent of the Canadian import market (quantity), up from about 90 per cent in the preceding years. The United States' share declined in 1984, but still dominated at 80 per cent. Japan did not share in the 1983 surge, but achieved 9 per cent of the 1984 quantity. The United Kingdom and Taiwan each had about 2.4 per cent of the 1984 quantity, but the former had more than twice the latter's value.

* For imports of individual clubs, see page 6.
For imports of clubs in sets, see page 7.

IMPORTS BY MAJOR FOREIGN COUNTRY OF EXPORT : (CONT'D)
(IN DESCENDING ORDER OF 1984 VALUES)
INDIVIDUAL GOLF CLUBS

FOREIGN COUNTRY OF EXPORT	1981	1982	1983	1984	UNIT PRICE 1984 $	AVERAGE ANNUAL GROWTH RATE 1981-1984 %	PER CENT CHANGE 1983-1984 %
UNITED STATES							
QUANTITY (NO.)	160 154	159 556	243 987	163 003		1	-33
VALUE ($000)	3 200	4 283	4 894	4 294	26.34	10	-12
JAPAN							
QUANTITY (NO.)	4 634	8 629	19 583	27 701		81	41
VALUE ($000)	50	42	122	342	12.35	90	180
UNITED KINGDOM							
QUANTITY (NO.)	1 102	52	246	5 958		76	2 322
VALUE ($000)	5	3	5	112	18.80	182	2 140
TAIWAN							
QUANTITY (NO.)	1 238	13	9 085	9 160		95	1
VALUE ($000)	7	1	88	63	6.88	108	-28
OTHER							
QUANTITY (NO.)	701	2 210	3 355	1 754		36	-48
VALUE ($000)	3	8	11	8	4.56	39	-27
TOTAL							
QUANTITY (NO.)	167 829	170 460	276 256	207 576		7	-25
VALUE ($000)	3 265	4 337	5 120	4 819		14	-6
UNIT PRICE ($ PER CLUB)	19.45	25.44	18.53	23.21			

Overall, individual clubs stayed at a relatively steady import level both in quantity and value. The Japanese market share moved smoothly from three to 13 per cent in quantity, but very low unit prices in 1982 and 1983 held down Japan's market share by value.

IMPORTS BY MAJOR FOREIGN COUNTRY OF EXPORT : (CONT'D)
(IN DESCENDING ORDER OF 1984 VALUES)
GOLF CLUBS IN SETS*

FOREIGN COUNTRY OF EXPORT	1981	1982	1983	1984	UNIT PRICE 1984 $	AVERAGE ANNUAL GROWTH RATE 1981-1984 %	PER CENT CHANGE 1983-1984 %
UNITED STATES							
QUANTITY (NO.)	107 330	103 819	613 045	252 317		33	-59
VALUE ($000)	2 789	1 820	7 741	4 294	17.02	15	-45
JAPAN							
QUANTITY (NO.)	19 232	20 456	9 678	49 369		37	410
VALUE ($000)	239	237	105	548	11.10	32	422
UNITED KINGDOM							
QUANTITY (NO.)	-	18	-	6 480		N/A	N/A
VALUE ($000)	-	1	-	88	13.58	N/A	N/A
TAIWAN							
QUANTITY (NO.)	12	96	3 883	3 283		549	-15
VALUE ($000)	1	1	44	23	7.01	184	-48
OTHER							
QUANTITY (NO.)	-	11	2 813	-		N/A	N/A
VALUE ($000)	-	1	12	-	-	N/A	N/A
TOTAL							
QUANTITY (NO.)	126 574	124 400	629 419	311 449		35	-51
VALUE ($000)	3 028	2 060	7 901	4 953		18	-37
UNIT PRICE ($ PER CLUB)	23.92	16.55	12.55	15.90			

N/A - Not applicable

* Statistics Canada shows total number of pieces, not sets.

The major 1983 increase in quantity and value of clubs in sets was due largely to United States imports. Over the other three years Japanese imports accounted for about 16 per cent of the quantity, and eight to 11 per cent of the value, but 1983 saw a major one-year drop in Japanese imports in quantity, value and market share. Overall, unit prices for clubs in sets were almost halved from 1981 to 1983, but were recovering in 1984.

IMPORT MARKET CONCENTRATION

Shares of firms with largest volumes of imports (cumulative per cent of total 1984 value).

Top 6	Importers	60%
Top 10	Importers	74%
Top 20	Importers	90%
Top 55	Importers	94%

(Note: "Top importers" are the importers with the largest imports by value in 1984.)

TYPE AND LOCATION OF THE 55 TOP KNOWN IMPORTERS -1984
(94% OF TOTAL IMPORT VALUE)

	IMPORTER TYPE							
	MANUFACTURERS		WHOLESALERS		RETAILERS		TOTAL	
IMPORTER LOCATION	NO. OF IMPORTERS	VALUE ($000)	NO. OF IMPORTERS	VALUE ($000)	NO. OF IMPORTERS	VALUE ($000)	NO. OF IMPORTERS	VALUE ($000)
Ontario	7	564	14	6 109	9	425	30	7 097
Quebec	3*	167*	4	518	6*	71*	9	667 (1)
Western Provinces			6	1 326			16	1 458 (1)
Atlantic Provinces	-	-	-	-	-	-	-	-
TOTAL OF ABOVE	10	731	24	7 953	15	496	55	9 222
Per cent of 1984 Total Value		7%		81%		5%		94%

(*) Quebec and Western Provinces aggregated to preserve confidentiality.

(1) Includes six importers not classified as manufacturers, wholesalers or retailers, all located in Quebec and the Western Provinces. Value of imports of this other group $43 000.

The bulk of imports go to wholesalers in Canada: 81 per cent by value, or almost $8 million. Manufacturers import some $700 000 worth of clubs, and retailers $500 000. Ontario firms predominate, with 72 per cent of the import values. That province dominates for each type of importer although western wholesalers import over $1 million worth of clubs. None of the 55 largest-value importers is in the Atlantic region.

CANADIAN PRODUCTION

With few exceptions the industry is characterized by manufacturers engaged to a high degree in final finishing and assembly operations. Most of the parts are imported in a rough or semi-finished state, and are subsequently shaped, sanded, welded, polished, plated, etc., for final assembly. Canadian producers shipped clubs of their own manufacture for a value of $11 million in 1983 and an estimated $15 to $16 million in 1984. It is estimated by the Department of Regional Industrial Expansion that there were 11 or 12 manufacturers/assemblers in Canada in 1984.

EXPORTS

Most of the major Canadian manufacturers are United States' subsidiaries. To some extent, this has benefited Canadian exports to the United States because of the wide gap between Canadian and the United States' currency values. Several manufacturers also engage in limited offshore export, but the high value of Canadian currency and increasing competition from locally-established manufacturing operations are limiting factors on potential opportunities for export.

CANADIAN TARIFFS, 1985

TARIFF ITEM	DESCRIPTION	% OF TOTAL IMPORT VALUE (1984)	TARIFF TREATMENT: BRITISH PREFERENTIAL TARIFF(1) %	MOST FAVOURED NATION TARIFF %	GENERAL TARIFF %	GENERAL PREFERENTIAL TARIFF %	U.K. AND IRELAND %
51100-01	Racquets and racquet frames; baseball bats; hollow practice golf balls; balls of all kinds for use in sports, games or athletics, n.o.p.; finished parts of golf clubs	100	13.5	13.5	35	9	13.5
Related Products:							
51103-01	Shafts of steel, including golf shafts enumerated in tariff item 44609-01, for use in the manufacture of golf clubs		Free	Free	35	Free	Free
51104-01	Finished grips for use in the manufacture of golf clubs		Free	Free	30	Free	Free
51106-01	Shafts, composed wholly or in part of graphite, for use in the manufacture of golf clubs		Free	Free	35	Free	Free

(1) Excludes U.K. and Ireland

n.o.p. - Not otherwise provided for

Tariff Arrangements and Foreign Countries of Export:

MOST FAVOURED NATION: UNITED STATES, JAPAN, TAIWAN
MOST FAVOURED NATION OR U.K. AND IRELAND: UNITED KINGDOM

ENQUIRIES CONCERNING TARIFFS SHOULD BE DIRECTED TO THE NEAREST CUSTOMS AND EXCISE OFFICE OR TO:
TARIFF PROGRAMS
REVENUE CANADA
CUSTOMS AND EXCISE
OTTAWA, ONTARIO
K1A 0L5
TEL: (613) 996-9491

Pub. No:. 32-85

MARKET SUMMARY

Between 1976 and 1981 public participation in golf was estimated to have increased by 32 per cent. Recent surveys have indicated that golf ranks in the top 12 in recreational activity popularity. According to the Canadian Golf Foundation it is estimated that in 1985 there are 1.5 million Canadians playing 15 rounds or more a year, with an additional 300 000 casual golfers. Of this total about 77 per cent are male.

The demographic characteristics of the United States and Canadian golfers are very similar. Most are university educated and have household incomes exceeding $35 000 per year. In Canada, 81 per cent of those who golf are age 20 or over.

There are strong indications that the golf club market will continue to show gradual sustained growth. This is attributable to several factors, such as general aging of a substantial portion of the population incorporating the characteristics to which golfing would appeal; an improving economy; increasing leisure time; and greater emphasis on recreational activities.

Successful selling at the mass market level is dependent on major and expensive promotional activity by the suppliers. In general, most of the clubs sold through the mass merchant/retail sporting goods outlets tend to be internationally recognized golf club brands. However, there is also a substantial number of smaller and/or custom-oriented manufacturers who are selling successfully through pro and specialty shops.

The production process, aided by several duty-free import tariff items for components, has helped to maintain finishing and assembly operations in Canada.

At the product level, changes are taking place which may provide a variety of challenges and/or opportunities. Although still inconclusive, there are initial indications that metal woods, as currently manufactured, will end up being positioned in the lower price range as real woods appear to be making a comeback. However, with the constant developing and testing of new materials and alloys, this situation could quickly change. In irons, castings are being positioned farther up the line although forgings are still expected to dominate, at least in the short term, in the very high end and some professional custom clubs. Golf club sets purchased to replace starter sets tend to be of much higher quality than previously.

The movement back to real woods, a growing and ageing populace, upgraded equipment demands, and an improved economy indicate that the golf club market in Canada contains dynamic factors which should be continually scrutinized for opportunities.

In 1984 the apparent Canadian market for golf clubs was estimated to be in the range of $24 to $26 million at the distributor cost level. Import share was estimated at 40 per cent.

This report was prepared by:

The Market Development Branch of
the Department of Regional Industrial Expansion
in collaboration with the Department's
Food and Consumer Products Industries Branch

Pub. No: 32-85

For more information please contact nearest DRIE Regional Office

Newfoundland
P.O. Box 8950
Parsons Building
90 O'Leary Avenue
St. John's, Newfoundland
A1B 3R9
Tel: (709) 772-4884

Prince Edward Island
P.O. Box 1115
Confederation Court Mall
134 Kent Street, Suite 400
Charlottetown, Prince Edward Island
C1A 7M8
Tel: (902) 566-7400

Nova Scotia
P.O. Box 940, Station M
1496 Lower Water Street
Halifax, Nova Scotia
B3J 2V9
Tel: (902) 426-2018

New Brunswick
P.O. Box 1210
Assumption Place
770 Main Street
Moncton, New Brunswick
E1C 8P9
Tel: (506) 857-6400

Québec
C. P. 247
Tour de la Bourse
800, Place Victoria, Bureau 38
Montréal (Québec)
H4Z 1E8
Tel: (514) 283-8185

Ontario
P.O. Box 98
1 First Canadian Place, Suite 4840
Toronto, Ontario
M5X 1B1
Tel: (416) 365-3737

Manitoba
P.O. Box 981
330 Portage Avenue
Room 608
Winnipeg, Manitoba
R3C 2V2
Tel: (204) 949-6182

Saskatchewan
Canada Building
6th Floor, 105-21st Street East
Saskatoon, Saskatchewan
S7K 0B3
Tel: (306) 975-4400

Alberta
Cornerpoint Building
10179 - 105th Street, Suite 505
Edmonton, Alberta
T5J 3S3
Tel: (403) 420-2944

British Columbia
P.O. Box 49178
Bentall Postal Station
Bentall Tower IV
1101 - 1055 Dunsmuir Street
Vancouver, British Columbia
V7X 1K8
Tel: (604) 661-0434

Yukon
Suite 301
108 Lambert Street
Whitehorse, Yukon
Y1A 1Z2
Tel: (403) 668-4655

Northwest Territories
P.O.Bag 6100
Precambrian Building
Yellowknife, Northwest Territories
X1A 1C0
Tel: (403) 920-8568 or 920-8571

Pub. No: 32-85