

# CHINA SPORTING GOODS INFORMATION

Autumn 2011



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# Meet at the Sports Show and Share the National Games ——2011 Sports Show

On 23<sup>rd</sup> October, hosted by General Administration of Sport, Liaoning Provincial Government, the 12<sup>th</sup> National Games Organizing Committee and China Sporting Goods Federation, organized by Sports Equipment Administrative Center of GAOS, Liaoning Sports Bureau and Council for Promotion of International Trade in Liaoning province, 2011 sports show (winter) closed at Liaoning industrial exhibition hall in Shenyang with the theme of "Meet At The Sports Show And Share The National Games".

78 companies took part in this show involving ice-snow sports and facility industry. During the show, Assistant Minister of GAOS Xiao Min, vice governor of Liaoning province Bing Zhigang, deputy secretary general of Liaoning government Ma Xiangtu and other leaders participated and appraised highly.



## Successful "relocation"

"Air dome building is a solution for land requirements of venues in the future. If large events use air dome building, after the games it can be transferred to other places and applied once again to sport for all." Director of Broadwell (Beijing) Air Dome Co.,Ltd. which presented at sports show for the first time said, it aimed at the opportunity from the 12<sup>th</sup> National Games.

In order to meet the requirements of the 12<sup>th</sup> National Games' equipments and facilities and market development and promoting sport for all, 2011 sports show (winter) transferred to Liaoning. The highlight of this show was products involving added facilities, equipments and sponsors of the 12<sup>th</sup> National Games.

"It is the first time that the sports

show combines with large multi-sport events, which is a exploration to sports show with 18-year history. We hope to find out a joint between sports show and high quality events to improve influence and realize a win-win result." Deputy Director of Sports Equipment Administrative Center of GAOS and vice president of China Sporting Goods Federation Peng Xiaoru said.

## Indicator of ski sports

"Our market shares increase by 15% each year", the market shares of French Solomon ski equipment in China increased year by year.

"Taking Beijing snow resorts for example, every 10000m<sup>2</sup> need a snowmaker. As snow resorts increasing, snowmaker market has a brilliant prospects....." Agent of Canadian M Waily Ice-Snow Equipment Co., Ltd. looked to further increase.

"Ski market has come into high speed

development period in China; it still needs 3-5 years to boom. At present, the key equipments in snow resorts are all foreign brands, but we believe that plenty of equipments with our brands will turn up after 10 years." Chinese agent of German Melchers had confidence.

Sports show (winter) was always a gathering of leading international ice-snow and ski equipments. For exhibitors, the show not only supplied

a stage to display strength, but also supplied a platform to interact and communicate. As the president swallowski from Japan said, though the difference between Chinese and Japanese ski market was 20 times, Chinese market was enlarging when the ones in the west and Japan were getting smaller," the Chinese market is possible to catch up with even surpass that one in Japan in the next 5 or 6 years."

## Customized Service and brand creation

It was said that spectators of 2011 show covered various kinds, especially the person in charge of purchasing facilities and equipments for the 12<sup>th</sup> National Games Organizing Committee who excited the exhibitors. In order to serve exhibitors better and enhance

interaction between exhibitors and spectators, there were a series of activities in the sports show which were popular in participators. Peng Xiao said:" through 2011 sports show (winter), participating companies not only get chance to extend business

to the host and surrounding areas, but promote brands publicity and understand local policies and requirements, which sets up a solid foundation to booming of sporting goods industry."

Source: China Sports Daily

# Highlights of 2011 China Sport Show (Winter)

2011 China Sport Show (winter) kicked off in Shenyang, Liaoning Province on October 20<sup>th</sup>. Many international manufacturers of ski facilities, enterprises around Shenyang specialized in ski venues, fitness & rehabilitation equipment and outdoor clothing, and sponsors & suppliers of 12<sup>th</sup> National Games participated in the Show. This year, China Sport Show (winter) highlighted its own characteristics and expanded the exhibition categories.



New High-tech Product of Mizuno-----Cotton that can generate heat

## High-tech Products

The new high-tech product of Mizuno---cotton that can generate heat---attracted lots of visitors. Some people put the "cottons" on their palms, sprayed a little water mist and clenched their fists, and they really could feel warm. Director from Mizuno introduced that this is called "Breath Thermo", a kind of landmark thermal material that can absorb water given out

from human bodies and generate heat. Different from regular thermal materials using sunshine as heat resources, the hygroscopicity of "Breath Thermo" is better than other fibers.

Can a small wrist strap improve the body's balance, flexibility, coordination and explosive power? This seemingly unreliable concept is being promoted by "Power Balance". NBA superstar

Kobe Bryant and Shaquille O'Neal on the posters are wearing this little magic strap. Some spectators joined the on-site tests and the results of their strength, flexibility and balance before and after wearing the "Power Balance" were significantly different. According to tips from the manufacturer, the effects of "Power Balance" are different for different body functions.

## Products with Distinct Features

The international brand Elan has brought ski boards with different left and right sides, known as the "Flying Leopard technology" being applied in the ski board. With inside edge sticking to the snow and outside edge easy to turn, the skiers will feel like wearing their own shoes. This ski board is designed by Porsche designers, winning 5 global awards. In addition, a special type of ski board

selected by the national skiing team has also been exhibited. The ski enthusiasts can buy the lightest and most flexible ski boards on half of the international average price.

A few domestic bands of ski boards also highlighted their own characteristics, such as Chinese style design, application of double UV lacquer and utilization of whole blocks of wood. Staff from LIDAKIS, a

domestic ski board brand, introduced: "Using whole blocks of wood can save a lot of glue so to reduce the weight and have good elasticity. Our designs come from annual ski board design competitions." Learning advanced technology from overseas, LIDAKIS is on the rise, but they sell better in overseas markets than in the domestic market.

## Venues and Facilities

The 12<sup>th</sup> National Games will be held in Liaoning in 2013. In accordance with its demand on venues & facilities and competition equipment, related exhibition categories had been added to 2011 China Sport Show (winter). The air-film stadium model of Joton attracted a great many visitors. The outer casing covered on the tennis, badminton court or track field enable people to exercise during four seasons.

Northern China has hot summer, cold winter and a lot of windy & rainy weather, which is the main region for Joton to promote its air-film stadium. Tang Xiaoxuan from Joton said: "The heating and cooling equipment are linked with mechanical units. Through sending warm or cold wind into the stadium, the energy consumption of air-film stadium is only 1/10 of the traditional architecture. The air-film can work under temperatures from -40 degrees to 70 degrees Celsius, and against force-12 wind. Made of combustible and biodegradable polyester, the air-film is eco-friendly.

Will the air condition be good in such as sealed environment? "The frequency of air circulation is higher than traditional architectures, reaching 6-16 times per hour." Tang Xiaoxuan answered.



Source: [www.sina.com.cn](http://www.sina.com.cn)

Air-film Stadium Model of Joton

# 2011 Beijing Marathon Expo

## Launched in October

Hosted by CSGF and China Athletics Association, the 2011 Beijing Marathon Expo was held on the celebration square of Beijing Olympic center from October 14 to 16. Xiao Min, Assistant Minister of the General Administration of Sport, Ma Jilong, Director of Sports Equipment Administrative Center and Vice President & Secretary General of CSGF, Du Zhaocai, Director of Athletics Administrative Center and Vice President of China Athletics Association, attended the launching ceremony.

With the theme of "Run•Fashion", the 2011 2<sup>nd</sup> Beijing Marathon Expo aimed to establish a multi-dimensional platform for exchanges in culture, education and entertainment, trying to provide more comprehensive customized marketing services, organize more stylish carnival activities for the audience and promote healthy lifestyles.

An exhibition area covering 5000 square meters was set up on the celebration square between Bird's

Nest and Water Cube. There were 4 main exhibition categories, including Sportswear, Sports Nutritional Products, Physique Monitoring & Training Equipment, and Fashion Products. Fitness equipment and tourism products were also included in the Expo. Almost all the globally well-known road running brands had participated in the Expo, such as Adidas, Mizuno, New Balance, Li Ning, etc. New products, technologies and concepts were promoted, including Sequence running shoes of Adidas, Minimus series of New Balance, Runlife community of Mizuno, etc. Visitors can experience or buy products at the Expo.

On the first day, over 30,000 Marathon runners from 55 countries came to the exhibition area to get equipment and documents. The organizers expected to attract more than 80,000 visitors and thousands of road running fans during the exhibition period.

A series of "I love•Marathon" theme activities highlighted the whole Expo, with 5 sections of "love knowledge",



"love fun run", "love art", "love city", and "love health", covering every aspect of road running culture.

Ma Jilong, Director of Sports Equipment Administrative Center and Vice President & Secretary General of CSGF, said: "After the success of this single sport expo in 2010, the organizers kept on exploring to create a more professional platform for the road running goods manufacturers and enthusiasts, and add brilliance to the Beijing International Marathon."

## Background

The marathon is a long-distance running event with an official distance of 42.195 kilometers, which is usually run as a road race. The event was instituted in commemoration of the fabled run of the Greek soldier Pheidippides, a messenger from the Battle of Marathon to Athens. The marathon is one of the modern Olympic events, and has a great number of enthusiasts around the world.

The world famous marathon events are as follows:

## [London Marathon]

The London Marathon is one of the biggest running events in the world, which has been held each spring in London since 1981. More than 36,000 runners have joined in the event.

The event has raised over £450 million for charity since 1981, and holds the Guinness world record as the largest annual fund raising event in the world. The London Marathon is generally regarded as a very competitive and unpredictable event, and conducive to fast times.



## [Boston Marathon]

The Boston Marathon is an annual marathon hosted by the U.S. city of Boston, Massachusetts, on Patriots' Day, the third Monday of April. Begun in 1897 and inspired by the success of the first modern-day marathon competition in the 1896 Summer Olympics, the Boston Marathon is the world's oldest annual marathon and ranks as one of the world's best-known road racing events. It is one of five World Marathon Majors.

The event attracts 500,000 spectators each year, making it New England's most widely viewed sporting event. Though starting with 18 participants in 1897, the event now attracts an average of about 20,000 registered participants each year, with 26,895 people entering in 2011.

## [Rotterdam Marathon]

The Rotterdam Marathon is an annual marathon that has been held in Rotterdam, the Netherlands since 1981. It has been held in April of every year since the third edition in 1984, and attracts many top athletes. It has also been ranked as one of the top 10 marathons in the world by Runner's World magazine. The event is the most popular marathon in the Netherlands, followed by the marathons of Amsterdam and Eindhoven.

The Rotterdam Marathon often produces very fast times, as the course is very flat and weather conditions are typically ideal.

## [Beijing Marathon]

Beijing International Marathon (BIM), organized by the China Athletics Association and approved by IAAF and AIMS, is the highest-level marathon race in China. It was first staged in 1981 and has been held in October annually ever since. It has become an influential and traditional international race, ranking top 10 marathons in the world.

Source: CSGF Secretariat

# National Standards for General Safety Requirements for Outdoor Fitness Equipment Officially Implemented

The GB 19272-2011 National Standards for General Safety Requirements for Outdoor Fitness Equipment were promulgated in China on September 29, 2011 and have been implemented from October 1, 2011.

In compliance with the needs of sport development in China, the Standards serve as guarantee for improving the quality of outdoor fitness equipment

and an important basis for the design, production, quality control, product certification and arbitration of outdoor fitness equipment. The government procurement and usage of outdoor fitness equipment will be further regulated.

Source: National Technical Committee on Sporting Goods of Standardization Administration of China



# On “Twelfth Five-Year Plan” for Sports Development-An interview with Mr. Liu Fumin, General Director of Department of Economy of General Administration of Sport of China

The “Twelfth Five-Year Plan” period is the key period when Chinese society is scientifically and harmoniously developed, and the important phase at which Chinese sports cause is further developed in order to make China a sports super power. Mr. Liu Fumin, General Director of Department of Economy of General Administration of Sport of China, accepts an interview and talks with the reporters about the formulation and implementation of the Plan.

Reporter: this year is the first year of the “Twelfth Five-Year Plan”, please introduce the work emphases of your department during the period based on the general arrangement of sports cause and the related work of your department.

Liu: the first one is to promote innovation mode, make good use of venue resources and further develop sports public service channels, which Mr. Liu Peng, Minister of General Administration of Sport of China, put forward as one of the key questions of the next sports development in the National Sports Bureau Chief Work Meeting. Therefore, it is the work emphasis of our department in 2011. Next, we will research the operation of venue resources all over the China, summarize the experiences and help to make good use of those resources



in order to provide better service for national fitness.

The second one is to continue to carry out Guiding Opinions about Accelerating the Development of Sports Industry released by General Office of the State Council. Together with all provinces and cities, we will make the right policies and take the right measures to promote the development of sports industry.

The third one is to standardize the work procedure, improve efficiency, promote the construction of sports industry bases and enrich the mode of sports industry bases in order to make good use of the agglomerative effect and driving effect of sports industry bases. This year we will unveil new policies about the mode, content, application procedure and evaluation standard of the sports industry base.

Reporter: are there any problems that are left over from the “Eleventh Five-Year Plan” period? How are you going

to solve those problems?

Liu: Seen from the statistics between 2006 and 2008, sports industry annually increases 16%, higher than GDP increase, but it only amounts to 0.52% of GDP, which is much lower than the developed countries. Chinese sports industry is comparatively weak, small-scaled, and at lower level. Its development environment needs to be further improved. Due to the lack of the related policies, bad market behavior can be found from time to time. China lacks elite sports agents, entrepreneurs, high-added-value brand products, well-known enterprises. The integration and exchanges between sports and the related industries need to be further strengthened. We lack the stage for the exchanges of sports industries. The related industry organizations and market intermediary organizations need to be strengthened and promoted. Other related industries like sports tourism need to be further developed.



With the end of WTO transition, Chinese service industries will open to the international market in an all-round way and foreign enterprises will enter Chinese sports market, so Chinese sports industry faces tough challenges. The "Twelfth Five-Year Plan" for sports industry gives a full explanation on the development goal, main tasks and main measures. The added value of sports industry increases over 15% per year; by the end of the "Twelfth Five-Year Plan" period, the added value of sports industry will surpass 400 billion RMB Yuan, more than 0.7% of GDP. We will improve the structure of sports industry, develop sports consumption market, nurture key enterprises, carry out brand strategy, and strengthen the cultivation of sports industry talents.

Reporter: during the "Twelfth Five-Year Plan" period, what are the key points of your department's sports public service? Are you going to pay more attention to the under-developed areas in central and western China?

Liu: there are many goals about sports public service put forward by the "Twelfth Five-Year Plan". According to the Plan, the related departments will strengthen the construction of national fitness facilities, improve national fitness organization network, drive sports venues to open to the public, carry out Youth Sports Activity Promotion Plan, improve Youth's physique, and strengthen the organization and instruction of sports activities for the senior and the disabled.

For years, General Administration of

Sport of China has provided maximum support for the sports development of the under-developed areas in central and western China. For example, the Snow-Charcoal Project benefits migrants from Three Gorges Reservoir Area and residents of the under-developed areas; the People's Health Project is carried out in the regions inhabited by ethnic groups; the Peasant Fitness Project is carried out in rural areas and rural towns. Particularly, to carry out the plan of the CPC Central Committee of providing aid to Tibet and Xinjiang, General Administration of Sport of China has provided strong support in the field of venue construction, talent cultivation and event organization.

Source: China Sports Daily

## Amendment of Law of the PRC on Physical Culture and Sport Accelerated: to Encourage the Opening of Sports Facilities

Recently, the Policy and Regulation Department of the General Administration of Sport of China has been receiving suggestions on the draft of new Law of the PRC on Physical Culture and Sport from some Law science research institutions around the country.

According to Zhang Jian, Director-General of the Policy and Regulation Department, the Draft Amendment to Law of the PRC on Physical Culture and Sport has been preliminarily completed and the next step is to conduct special investigations and demonstrations for key points in the draft.

Some regulations encouraging the development of sports industry and the joint involvement of government and market into sport undertakings have been added to the Draft Amendment, among which encouraging the opening of sport facilities is a key point.

### Industry dilemma

An expert who participated in the revision of the Law said, the sport development in the cities has been having some trouble, such as the local governments' unwillingness to provide land for construction of

sport facilities, a large number of sport stadiums being unused, etc.

According to the recently issued "Twelfth Five Year" Plan for Sports Industry, the added value of Chinese sports industry will grow at an annual rate of 15% during the "Twelfth Five Year" period and exceed RMB

400 billion in the end of the period, accounting for over 0.7% of GDP.

The industry will have more than 4 million employees at that time and become an important growth point of national economy. And each link of the sports industry chain embodies huge opportunities, said Liu Jun, President of

China Sports Industry Group.

For the first time, this Draft Amendment clearly defines the concept of sports industry, including its key industries such as sporting goods industry and its related industries such as sportswear and sports sponsorship, etc.

The construction of sports facilities is facing with the problems like insufficient land and funding. According to concerning standards, the average sporting land should be 169-54.9 square meters per one thousand people for cities with over 1 million populations. But the actual figure is only about 23 square meters for many cities.

Many local governments consider the construction of sports facilities as burdens and just throw them to the developers. But developers without experience usually get through these tasks carelessly.

As the current Law of the PRC on Physical Culture and Sport stipulates, local governments are totally responsible for the construction and management costs of sports facilities in cities. Some local finances are also overwhelmed.

### Private capitals encouraged to participate

By defining the concepts of sports industry and sports undertakings, the Draft Amendment to be submitted to the State Council encourages local governments to include the sports industry into local economic planning, attract enterprises to participate in sports development by adopting fiscal and financial policies supporting sports industry, and include the construction of sports facilities into the general land use planning of cities.

It is found in the investigations that sports industry has promising prospects. Some network and real estate companies begin to invest in sports-related industries.

Chen Huai, Director of Policy Research Center of the Ministry of Housing and Urban-Rural Development, said: "The development of sports real estate such as Olympic Garden or other major sports venues results from the segmentation of real estate industry. These facilities will be public welfare resources of our cities."

Liu Jun introduced that China Sports Real Estate proposes a whole new concept: to develop real estate through dividing different sports functions and promote joint development of related industries based on the operation of sports facilities, thus to improve the functions of cities ultimately.

During the past decade, China Sports Real Estate Group had participated in a number of city construction projects, and gradually into the establishment and operation of urban sports venues. The combination of constructing sports facilities and developing surrounding sports real estate is a key issue facing local

governments.

An official from Chong Qing said, under the guidance of the government and with the support of enterprises, the market can effectively solve a series of problems concerning the funding and operation of sports centers.

However, the long development cycle, big investment and insufficient land reserve of urban sports real estate projects constitute major restrictive factors for the sports real estate enterprises.

To solve these problems, China Sports Real Estate Group has initiated the investment league and development league of China urban sports real estate to integrate the upstream and downstream industry resources of real estate, so as to guarantee the overall quality of sports real estate and reduce its development costs.

A dozen of provinces and municipalities such as Jiangsu, Hubei, Yunnan, have worked out their implementation opinions and development planning on sports industry. Local governments have provided support through a series of tax and financial policies, actively explored the cooperation opportunities with enterprises and social capitals on the construction of sports facilities, and ensured the allocation of land for sports venues.

Source: 21<sup>st</sup> Century  
Business Herald





# TSporting Goods Show Is Gradually Detailing and Sports Industry Expects Breakthrough

In recent years, with the development of sports cause and the increase of sports fans, Chinese marathon events are becoming popular. 30,000 people register for 2011 Beijing Marathon in five days. Because market demand for running equipments increases, Beijing Marathon Expo 2011 comes into being with two modes of B2B and B2C.



## Obvious Trend of Detailing Sporting Goods Show and Good Promise of Running Market

With the professionalization of sporting goods show, it is necessary for hosts to hold a specific sporting goods show. In general, the development of sports, participation rate, marketization, and

the distribution of industrial clusters all influence sporting goods industry. So far, there have been outdoor goods shows, venue facilities shows, and golf goods shows.

Seen from the development trend of

running goods market, running goods market will be a very important part of sporting goods terminal consumption market.



## The “Close Relationship” among Participants and the Advantages of B2C Mode

There are 30,000 participants and over 2 million audiences in 2011 Beijing Marathon, which include professional athletes, running club members and fans.

According to the statistics of some related departments, 77% of participants are young people aged no more than 30 years old. 87% of participants and 79% of audiences are at least college graduates. 40% of participants and 33% of audiences' monthly income is over 5,000 RMB Yuan. Besides, non-professional participants are mainly from multinational companies, colleges, and running clubs. Therefore, participants and audiences mainly consist of well-educated and high income young people.

Moreover, there exists a kind of “close relationship” among participants. 35% of participants register for the event together with more than two friends. 26% of audiences cheer for friends and 17% for families. These people will directly get in touch with exhibitors, so they will be the main target consumer group.

As an exhibition with B2C mode, Beijing Marathon Expo 2011 arranges not only the exhibition of products, but also the program of consumer experience. Those products use more and more technologies which meet consumers'

demands.

In this way, Beijing Marathon Expo 2011 is a kind of win-win mode for not only events and participants, but also enterprises and consumers.



## Sports Industry Expects Breakthrough

The year of 2011 is the first year of the “Twelfth Five-Year Plan” for sports cause and sports industry. It is very important to improve the development structure of sports industry.

As the guiding and serving brand of sports industry, sporting goods shows need forward thinking, original ideas and breakthrough measures in order to become world class sports service brands.

On the basis of China Summer Sport

Show and China Winter Sport Show, Beijing Marathon Expo strengthens the team of Chinese sporting goods shows and enriches the contents of Chinese sporting goods shows. It provides B2C mode for the future development of Chinese sporting goods shows.

Therefore, Beijing Marathon Expo is favorable for the improvement of the development structure of sports industry.

Running is the most convenient and effective way of fitness, so running

industry plays a very important role in the development of Chinese sports industry. It is proved by the fact that all international first class sports brands launch various running products. Now it is necessary for Beijing Marathon Expo to strengthen the influences of its brand and its marketing operation.

Source: China Sporting Goods Information

# Re-segmenting the Fashion Sport Market and the Enterprises' Pursuit for Positions

In Chengdu China Sport Show, Feike Cup China Sports Model Contest was held. This shows that Feike Company re-positions its brand. It will mainly promote its sailing series and golf series products and establish itself as a commercial fashion sports brand with American culture.

Besides Feike, other fashion sports brands like Yalide, Bage and Qi'anda begin to re-segment the fashion sport market. For example, Yalide introduces Chinese national apparels which not only keep sports quality, but also have classic fashionable and leisure styles.

How do new brands re-position themselves? Can they get their first fortunes in the new market? How can they establish an effective and fast feedback system in order to lead the fashion? These questions need to be solved.

## Re-segmenting the Fashion Sport

Now Feike updates its logo and uses a keen hawk image. It uses English homophone to replace Chinese characters, which gives the logo a kind of structure beauty. Being different from Xtep and K-bird, Feike not only shows sports, fashion and personality, but also emphasizes confidence and taste.

Mr. Dong Wei says, "With the background of one brand culture, we show fashions through our yacht series and polo series products. We hope to bring business culture into our brands, so we introduce American city culture series products. In this way we target more consumer groups. At present many fashion sports brands target youth group."

Meanwhile, Yalide announces that its brand is changed into fashion sports. Bage and Qi'anda also enter fashion sports market.

Experts believe that only unique brand position can impress consumers most. Chinese national fashion sports market is big. Many brands segment the market with street style, business culture, leisure style and public life.

Buzba brand chief believes, "During the post-Olympic era, the gap between

first-line Chinese brands and second-line and third-line Chinese brands is becoming bigger and bigger. The developing sports brands can not surpass Nike or Adidas in professional sports. In Quanzhou, Anta is dominant in professional sports. There are so many brands in fashion sports and leisure sports that we need to make a breakthrough in the market."

Yalide brand chief believes, "The post-Olympic era is the era when the public learn the original meaning of the Olympic Games and the essence of sports. The original meaning of the Olympic Games is fighting, participation, challenging oneself and pursuing peace. The essence of sports is to enjoy the pleasure sports bring. When the Olympic heat is down, the profit declines and the contradiction between market operation cost and profits stands out. Chinese sporting goods industry is going the way of showing sports in fashion."

## Implement Product Differentiation

Experts believe that if the brand differentiation is acceptable, the products will be acceptable for consumers, particularly in sports

shoe industry which focuses on brand building and marketing. For example, besides function and comfort of products, Xtep also pays attention to fashion and integrates fashion elements into product design. It has also been the boldest in using strong colors and bright tones.

As an expert, Mr. Chen Shixin thinks that these brands should not only continue to show their fashion personality, but also distinguish themselves from professional sports brands and leisure brands. They should guide people's life with fashion culture and pass consumers the brand spirit with products.

Besides putting forward a concept, it is more important for these brands to create the brand contents, brand value and a complete market strategy with the concept. They should focus on how to establish a market feedback system in detailed ways.

As a marketing expert, Mr. Hu Baoming believes that these brands should first analyze the enterprises' core culture, value proposition and brand personality. These brands should reflect consumers' life attitudes. In this way, they can attract consumers and become popular in the market. They should establish and improve the systems on enterprises' concepts, organization

structure and management process. They should re-organize enterprises' interior and exterior resources and make enterprises develop a higher level with the scientific systematic standard

management system. Secondly, they should establish flat organization structure. In this way the enterprises can keep convenient communication channels, precise order

flow, and good control of management fees. Moreover, they can make a fast feedback to the market.

Source: Jinjiang Economic News

## International High-end Sports Brands Enter Low-end Market

### Famous Brands Enter Middle-end and Low-end Markets

Famous brands like Nike and Adidas begin to enter middle-end and low-end markets. In a wholesale market of Beijing, reporters find that many famous brands have entered the market at a discount.

In fact, this has become a trend. Reporters have found Nike and Adidas in many large-scaled wholesale markets.

This is only part of depth distribution of

the famous brands. Nike and Adidas have become the signing brands of Tianlan Leftover Goods and entered the Tianlan stores in Beijing. Due to the low discount, the famous brands are very popular.

Large sports agents like Faya Sports and Dynamic 96 think that sporting goods market is close to saturation and then comes to the phase of depth distribution because new brands

continue to enter the market.

Faya Sports possesses over 200 sale sections in Beijing, Shanxi and Inner Mongolia with more than 600 million RMB Yuan annual sales revenue. Dynamic 96 is the main agent of Kappa. Besides traditional marketplaces, many famous sports brands also settle in online mall like Letao and Taobao due to the price advantage and convenience.

### Large Agents Take Advantage of Little Agents

Famous sports brands enter the third and fourth-tier Chinese cities, which not only make themselves get more revenues, but also let their partners, those large agents, find new source of income.

At present, famous sports brands continue to expand their distribution channels, so they need large agents' help. However, large agents take root in

first and second-tier cities and can not operate the low-end market at the same time. Due to the lack of capital, little agents can not become famous brands' partners.

Therefore, little agents get products from large agents instead of famous brands. One chief of some large agent says that if they stock at 50% discount from Nike or Adidas, they will add about

5% at price and then sell products to little agents. This revenue has reached 40% of the company's whole income.

Beijing Olympic Games has led sports brands into a golden age and many powerful enterprises enter the sports market, so the first and second-tier markets are close to saturation. Those large agents who can attract more little agents will take the edge in the market.

### Fierce Competition for Distribution Channels

In fact, Nike and Adidas' actions shuffle the sports consumption market in Chinese third and fourth-tier cities.

It is believed that although Chinese brands such as Li-Ning, Anta, Xtep, 361°, Hongxing Erke, Xdlong and Peak have a certain reputation in the first-tier cities, their main distribution channels

are still in middle-sized and small cities. In Chinese third and fourth-tier cities, these Chinese brands like Anta and Hongxing Erke are very popular among consumers.

Commercial experts think that one reason is that these Chinese brands have a certain reputation; the other reason is that international brands do

not enter these markets.

Therefore, there will be fierce competition in the sports consumption market in Chinese third and fourth-tier cities.

Source: Beijing Business Today



# Post-80s and -90s Generations Become the Main Consumers of Sportswear

Recently, AdChina and Nielsen jointly released the Report on Consumption Habits of Sportswear in 2011. Consumers aged less than 40 years account for 85% of the total, among which nearly half are post-80s and -90s generations, according to the Report. The consumers are widely distributed in Beijing, Shanghai, Guangzhou and third or fourth-tier cities of coastal areas. They are well educated, 58% of them having college diploma or above, with average monthly income of 3850 yuan. Compared to foreign brands, domestic brands are relatively weak in the brand awareness and positioning. However, some domestic brands such as Lining and Anta have eye-catching performances in terms of brand loyalty, obtaining a group of loyal consumers.

From the perspective of communication channels, television (76%) and Internet (70%) are the two main channels for consumers to gain information about sports brands and sporting events. The consumers who choose the

internet prefer to log onto general news channels, sports channels of portals and professional sports websites.

Source: <http://www.xmnn.cn/>



(Data source: AdChina and Nielsen)

## Official Product of London 2012 for China Press Conference Held in Beijing



Launch ceremony of official product of London 2012

On 24<sup>th</sup> August 2011, a press conference on the Official Product of London 2012 for China was held by the Chinese Olympic Committee at the headquarters of the General Administration of Sport of China (GASC) in Beijing. More than 100 guests witnessed that it was the first time in the Olympic history that official products of an Olympic host country were sold in other countries,

including Yu Zaiqing, deputy director of General Administration of Sport and vice chairman of Chinese Olympic Committee and vice chairman of International Olympic Committee, Song Luzeng, secretary general of Chinese Olympic Committee, Ma Jilong, director of market development committee of Chinese Olympic Committee, Brian Gallagher, commercial counselor of British Embassy, Cheng Fei, 2008 Olympic Games gymnastic woman team champion and other related directors from GASC and centers/associations and representatives from official product companies.

Yu Zaiqing addressed that the introduction was an exploration and innovation for COC licensed program, and it was the first time in the modern Olympic history that official products are sold synchronously in other countries. It initiated Olympic international license and laid a foundation for COC license in the future. Timo Lume, market president of IOC, sent a message of congratulations. Brian Gallagher congratulated for official product of London 2012 landing in China and wished it a complete success; he also expressed the aspiration to enhance



A display of the various official products of London 2012



Vice director Yu Zaiqing visited official products of London 2012



China's deputy sports minister Yu Zaiqing spoke at the press conference

the cooperation between China and GB.

Official product of London 2012 debuted in the conference and attracted deep attention of representatives and media.

Source: Sports Equipment Administrative Center

## Difference between Domestic and Foreign Sports Brands behind Opportunities from Li Na

On 4<sup>th</sup> June, Li Na won the French Open. At that night, Nike distributed Li Na's posters to her hometown fans as special gifts. It was said that the cooperation between Li Na and Nike began in 1997. When Li Na was 15, Nike helped her go to tennis academy in Texas of America. Nike had a complete system for selecting players and service. Like

Li Na, with the result of 13.34s Liu Xiang drew Nike's attention when he was 18 in the Universiade.

Insider said; "there were few companies as Nike continued to sponsor one spokesman and pay off in the 14<sup>th</sup> year." Zhang Qing said; "entrepreneurs who admire Nike's sponsor resource need to know that it is important to make full use of your cards. Look at what Nike do

every time. From theme T-shirt wore by Li Na and her team to newspaper and advisements, from Li Na's micro blog before the games which expressed expectation to good performance which players sponsored by Nike achieved to theme explanation in press conference after the games, if there was no long-term personal service supplied by professional team and effective

integration, it would be very difficult to achieve success."

Professional said: "Li Na's victory and Nike's quick reaction make us find the gap with counterpart. Nike can perfectly integrate 'brand-marketing-terminal', however, there is few counterparts can do well."

Others indicated: "we need to check our process and rationality. Maybe we should ask ourselves, do domestic sports brands truly love sports or just see it as business? We just put sports spirit into advisement or practice in all over the business?"

It was said that "fewer but better" was the commercial sponsorship criterion which IMG selected for Li Na. Eisenbud, the agent of Li Na and Sharapova from IMG kept working day and night during the French Open, "he replied hundreds

of letters, there were too many brands wanted to sponsor Li Na. "an employee from IMG said.

When foreign brands focused on Li Na, many Chinese companies also showed strong interest towards Li Na. Through micro blog, one company declared that it wanted to invite Li Na as spokesman with 10 million yuan.

Why brands signed with Li Na were all foreign brands? "The reasons were: first, domestic companies were lack of methods to seek gifted people like foreign companies; second, Li Na's niche IMG set was facing multinational corporations, so few opportunities left for domestic companies" Chen Jun who engaged in marketing said.

It was a long-term strategy of Nike and other foreign brands to pay attention to sports events and stars. "They can

seek the gifted people earlier, but domestic companies just pay a short-term attention to sports stars." Zhang Qing said.

During the domestic brands, TCL had a three-year sponsorship agreement with Chinese woman tennis team before Beijing Olympic Games. Zhang Qing explained: "TCL sponsored Chinese woman tennis team for the reason of 2008 Olympic Games and achieved great success. Given the acceptance of customers, TCL turned the direction of sports events marketing to basketball and other more popular games after a period."

Source: National Business Daily





# Sports Lottery Sales in Xiamen Reached 431 Million RMB Yuan and Sporting Goods Manufacturing Developed Quickly



On July 2<sup>nd</sup>, 2011, Xiamen Statistic Bureau released 2010 Xiamen sports industry situation which revealed that sports lottery sales in Xiamen reached 431 million RMB Yuan last year.

2010 sports and related industries that accounted for 0.89% of GDP valued 1.828 billion RMB Yuan, of which sports and related manufacturing valued 1.337 billion RMB Yuan, sporting goods sales reached 165 million RMB Yuan, sports service reached 326 million RMB Yuan. Xiamen had 1097 sports industry units and hosted 261 sports meetings,

with 2318 outdoor fitness gardens or squares, 136 indoor fitness centers and 1089 sports grounds. Xiamen sports and related industries had reached some degree and set a foundation for development of sports industry.

It should be noticed that there were 211 sports manufacturing companies in last year, of which 50 companies reached scale and had annual production value 5.284 billion RMB Yuan.

At present, there were 3 bases for sporting goods manufacture in China (Pearl River Delta, Yangtze River Delta and south Fujian region), among

them Xiamen fitness equipment manufacturing had the quickest development and became the biggest fitness equipment export base whose products were sold to over 20 countries and areas. 2010 sporting goods export value reached 4.28 billion RMB Yuan, which became one of the most important export goods of Xiamen. Sporting goods manufacturing had turned to be the cornerstone industry in sports and related industries.

Source: [www.fjsen.com](http://www.fjsen.com)

# National Standards for “Outward Bound Sites” Released

As the living standard rising, people were keen on fitness. Because outward bound could improve teamwork spirit, which met the goal organizations set, outward bound drew their attention and more and more organizations delivered outward bound to their staff.

Outward bound was an emerging activity integrating indoor and outdoor to benefit physical fitness, expand personal potential, enhance teamwork spirit, improve personality and realize completely development through experience, including outward bound in a field and field survival training and others. So-called “experience” was to put participators in some physical or psychological extreme condition briefly and relatively by simulating and pretending, so individuals or groups could reach potential to settle problem and improve themselves.

Outward bound was a dangerous activity requiring technology, and it needed to improve safety awareness, equipment and technology. Compared to other climbing activities, outward

bound need 2 more kinds of technical workers: program designer and security officials. Due to practicing in the field, program designer needed to investigate, design and combine. While safeguard was the essential work to ensure outward bound develop healthily, and security officials were indispensable staff in this activity and competition. Thus no safeguard could not deliver outward bound.

“Outward bound sites” were emerging in most of China and lack of administration experience and standards, with shortage in software and hardware. When this activity brought happiness to fans, it also brought potential safety hazard even casualty accidents because of weak operation. If casualty accidents happened, customers and operators often went to court as a result of no national standard, which led to harm interest of both sides.

Permitted by Standardization Administration of China, Mountaineering Administrative Center drafted the national standards for “outward bound sites”. 《the 19<sup>th</sup> part of sports

places open condition and technical requirements: outward bound sites》was launched by Administration of Quality Supervision Inspection and Quarantine and Standardization Administration of China on 1<sup>st</sup> June 2011. The whole technical content was mandatory, including qualification for employees, requirements for places and facilities, safety equipments, supporting facilities, sanitary conditions, safeguard and so on.

Li Shi, secretary general of facility and equipment committee of Chinese Mountaineering Association, was the main draftsman for 《the 19<sup>th</sup> part of sports places open condition and technical requirements: outward bound sites》and also the main draftsman for mountaineering dynamic ropes national standards and “bungee jumping sites” national standards. He said it was the first time in the world to release “outward bound sites” national standards, China walked at the front of the world in this area.

By Zhang Shuguang



# Windproof and Moisture Permeability Technology from Li-Ning Benefited “Walk Free” Greatly



Following the theory of “driven by sports, design for life”, Li-Ning launched 2011 spring-autumn new products of UrbanSports range, which supplied comfort, flexibility with fashion and fitness and met the requirements of urban young consumers pursued “multi-function and any occasions”.

Li-Ning UrbanSports range put forward idea of “walk free” to lead a trend of urban fitness walking and change the repeatable exercise methods of busy citizens. Walking was a good and easy exercise; people could stride anytime and anywhere and make it to be a part of life.

Freewalker could be described as a highlight among the new products. Freewalker shoes used Energy Return principle, it could reduce energy loss of forefoot joint, restore energy and enhance kinetic energy, through the “∞” structure added in the sole. In addition, Freewalker used soft and high elastic

EVA in the insole improved comfortable; unique hot glue stick technology applied in the upper fabric improved perceived fluency and quality.

The most important principle contributed to Freewalker’s performance was EnergyReturn, which was put forward in 2011 as a result of research on action directions of ankle and pelma main tendon group and pressure position of pelma finished by Li-Ning Sports Science Research Center. There were 3 steps when walking: heel landed, the whole foot supported and pedaled and stretched. The “∞” structure made by rubbery and high elastic plastic could improve stability and stress, store energy as the arch and forefoot landing and feed back as pedaling, thus it reduced energy loss brought by forefoot joint redundant transformation and supplied power.

The new products of 2011 Li-Ning UrbanSports range were comfortable

and flexible as well, meeting the requirements of “walk free” equipments. Design details were also excellent. For instance, when you were on holiday and didn’t want to take too many things, you could keep telephone and wallet by multi-pocket design from Li-Ning UrbanSports range which reflected function and fashion; it was easy to wet the clothes in summer outdoor activities, ATdry™ technique applied by Li-Ning UrbanSports range could dry fit immediately; friction between body and sportswear was possible to influence performance and comfort, Li-Ning UrbanSports range’s three-dimensional cut and other techniques facilitated comfort and reduced friction; temperature difference between morning and night was big in autumn, ATproof™ technique could bring about windproof and moisture permeability and benefit “walk free” greatly.

Source: Sina sports



## Deerway Won the Title of “500 Most Valuable Chinese Brands”

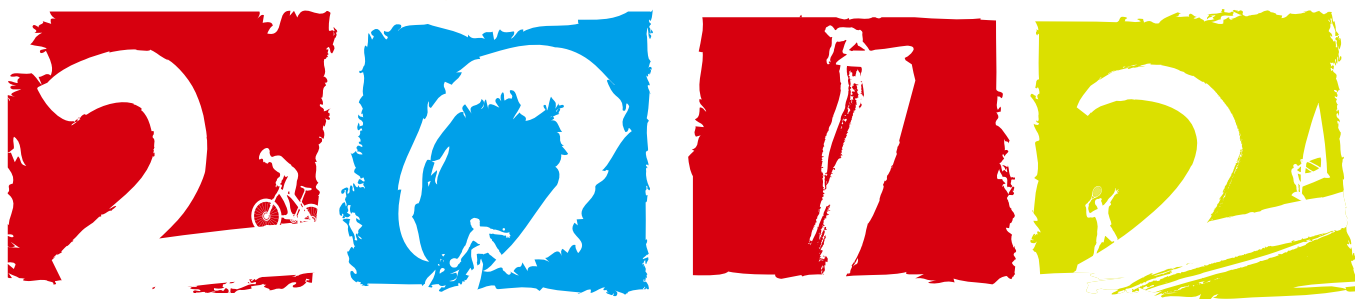


The 8<sup>th</sup> World Brand Summit and 2011 (8<sup>th</sup>) 500 Most Valuable Chinese Brands presentation was held in Beijing, international authority brand accrediting agency—World Brands Lab released 2011 (8<sup>th</sup>) 500 Most Valuable Chinese Brands list. As a member of China Quality Inspection Association, it was the 8<sup>th</sup> time that “Deerway” brand was on the list with 6.078 billion yuan brand value, ranking 207<sup>th</sup> among all brands and 4<sup>th</sup> among sports brands. Compared to 4.279 billion yuan in 2010, Deerway increased brand value 1.799 billion yuan.

As professional brand research agency, World Brands Lab kept close watch on Chinese companies and estimated those companies which contributed to the industry greatly or increased brand value clearly, from financial analysis, customer behavior analysis, to brand power analysis. Based on differentiation brand operation and stable development, Deerway turned up on the list for 7 straight years. Following the industry trend of sports lifestyle, Deerway reflected spirit of freedom, vigor, challenge and exceeding and wanted to be a fashion

brand in Chinese sports lifestyle area through extreme sports. After becoming rare “CCTV Sports Events Live Program Partner” and renewing with Zhou Jielun, Deerway went hand in hand with Asian top extreme sports—X GAMES Asia and signed with “parkour No.1 of China” Du Yize as spokesman, which helped the formation of extreme sports marketing as running the brand successfully.

Source: <http://www.caq.org.cn/>



Cycling  
Outdoor  
Sportswear  
Ball Game  
Stadium & Gym



Overseas Area  
Fitness  
Rehabilitation Equipment  
Skates & Boards  
Racket



# Largest <sup>In</sup> Asia

## Pacific region



### Sponsors

China General Administration of Sport  
All-China Sports Federation  
Chinese Olympic Committee

China Sporting Goods Federation  
China Sports Science Society

### Organizer

Sports Equipment Administrative Center of China General Administration of Sport  
China Glory Sporting Goods Promotion Company

New China International Exhibition Center Beijing ,China  
May 17 - 20, 2012

[www.sportshow.com.cn](http://www.sportshow.com.cn)