



Canada: The Sporting Goods Market

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SUMMARY

U.S. companies that manufacture golf, winter sports or outdoor equipment and ball sports equipment will find a market in Canada's growing sporting goods and recreational market. Canadians have strong U.S. brand recognition and enjoy America's high quality products.

MARKET DEMAND

Canada's climate is characterized by its diversity, as temperature and precipitation differ depending on where you are and the time of year. Other than northern Canada, where it's above freezing for only a few months a year, most Canadian cities are within 200 km of the southern border, where mild springs, hot summers and pleasantly crisp autumns are common. These significant regional variations in climate allow for a wide variety of both indoor and outdoor sports for teams or individuals.

According to a report on Sport Participation in Canada, published by Statistics Canada in 2013 (using 2010 data), the top 5 most practiced sports, in order of popularity, are golf, ice hockey, soccer, baseball and volleyball. However, gender differences do exist when it comes to the choice of sport. Golf, soccer, swimming, volleyball, and downhill skiing are popular among women, while men are mostly attracted to ice hockey, golf, soccer, baseball and basketball.

Most Practiced Sports by Canadians, 2010

Rank	Sport	Total Participation Rate	Male	Female
1.	Golf	20.3	22.7	15.2
2.	Ice Hockey	17.1	23.2	4.4
3.	Soccer	13.6	14.4	11.7
4.	Baseball	8.0	8.9	6.2
5.	Volleyball	7.4	6.4	9.3
6.	Basketball	7.1	8.9	3.2
7.	Downhill Skiing	6.1	6.0	6.4
8.	Cycling	5.5	5.4	5.6
9.	Swimming	5.3	2.5	11.1
10.	Badminton	4.3	4.4	4.1
11.	Tennis	3.7	3.0	5.1
12.	Curling	3.4	3.3	3.6
13.	Softball	3.0	2.9	3.3
14.	Football	2.6	3.5	Unavailable
15.	Ball Hockey	1.9	2.4	Unavailable
16.	Bowling (10 pin)	1.8	1.2	3.0
17.	Snowboarding	1.7	1.6	1.8
18.	Bowling (5 pin)	1.6	1.3	2.3
19.	Martial Arts	1.6	1.9	Unavailable
20.	Squash	1.6	1.9	Unavailable

Education and income levels also greatly influence sports participation. The Statistics Canada report explains that Canadians with higher levels of education tend to have higher participation rates than

those with lower levels of education. This tendency was observed in both sexes, increasingly steadily through to the attainment of a university degree. Similarly, people with higher household incomes are more likely to participate. In fact, one third of adult Canadians with household incomes of CDN\$80,000 or more had a participation rate five times greater than those with household incomes under CDN\$20,000. This is not surprising as participation in sports typically involves considerable outlay on registration fees, equipment, uniforms, etc., and would be dependent on a family's discretionary income.

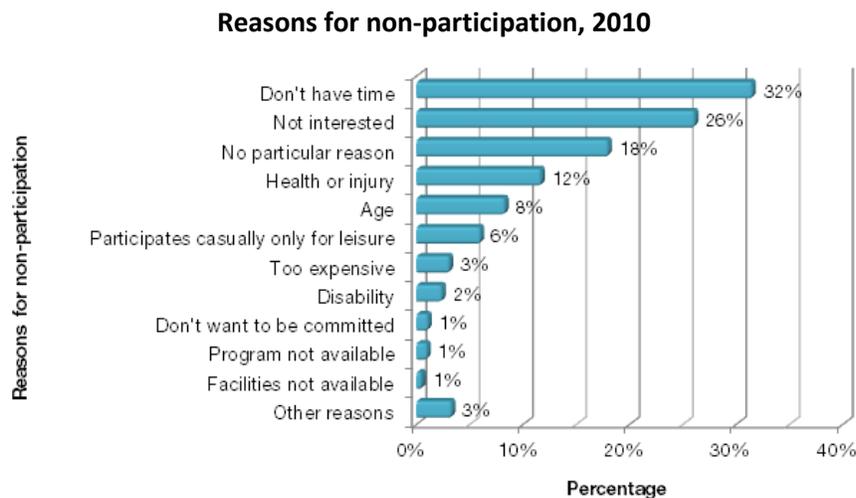
In the younger population, children aged 5-14; soccer has become the choice of sport followed by swimming, ice hockey, basketball and baseball. Parental involvement plays a crucial role in motivating children to actively participate in sports. In the 2010 survey, the participation rate was only 66 percent for children aged 5 to 14 with neither of their parents involved in sport compared to 90 percent if at least one parent was an active participant. When at least one parent helped as an administrator, the children's participation rate jumped to 94 percent.

Sports participation across the country varies between 18.6 percent of the population to 33.6 percent. According to the Statistics Canada Report, Alberta has the highest percentage of residents that participate in sport at 33.6 percent followed by Manitoba at 30.7 percent and Saskatchewan at 28.4 percent. Newfoundland and Labrador along with Quebec had the lowest participation rate at 18.6 percent and 19 percent respectively.

Non-participation in sport increasing

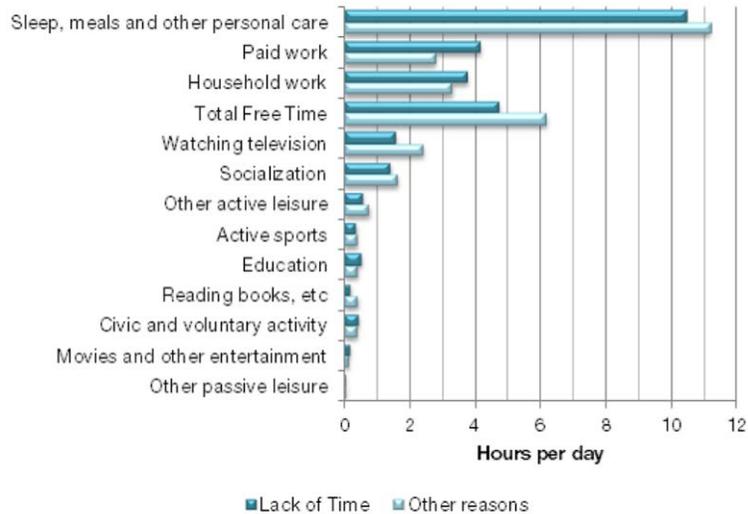
Non participation in sport by Canadians has increased over the years. The number of Canadians 15 years of age and older that reported that they did not participate in some kind of sport, has risen from less than half in 1992, to more than two-thirds in seventy-two percent in 2010.

- 2010: 72%
- 2005: 70%
- 1998: 58%
- 1992: Less than half



Source: Canadian Heritage Sport Participation 2010 Research Paper

Average time spent per day on various activities, by reason for non-participation in sports, 2010



Source: Canadian Heritage Sport Participation 2010 Research Paper

MARKET DATA

The sporting and athletic goods manufacturing industry comprises establishments primarily engaged in the manufacture of sporting and athletic goods, except clothing and footwear. These products fall under the North American Classification System (NAICS) code 33992 – Sporting and Athletic Goods Manufacturing.

The Canadian sport equipment market is heavily trade-dependent. Approximately half of the sporting goods equipment purchased in Canada is imported with the majority of the product originating in China or the United States. The market share of imported sporting goods from the United States has increased for the last five years, from 338 million in 2009 to 447 million in 2013 and China's market has also increased, from 597 million in 2009 to 717 million in 2013.

Canadian Imports, By Country of Origin

Country	2009	2010	2011	2012	2013
China	596,129	703,823	725,414	672,821	716,927
United States	337,700	360,227	355,943	419,071	447,582
Taiwan	49,798	61,492	65,227	67,341	72,988
Thailand	37,798	46,508	48,376	49,964	50,807
Mexico	26,230	22,499	27,849	35,688	28,182
Others	105,605	112,578	119,667	125,637	131,405
Total All Countries	1,215,698	1,378,577	1,428,272	1,450,994	1,525,953

Source: Industry Canada

Canada heavily exports to the United States with 76 percent of all exports going theredestined for that country, with the balance of the goods shipped to the U.K., Sweden, Germany, France and other developed nations.

Canadian Exports

Country	2009	2010	2011	2012	2013
United States	317,348	302,514	322,271	267,864	270,598
United Kingdom	7,899	6,530	9,438	9,319	8,275
Russia	3,644	3,649	6,769	6,188	6,437
Netherlands	2,144	5,441	3,141	3,332	6,289
Germany	6,986	5,816	9,615	6,461	5,928
Others	36,669	37,583	48,692	46,098	35,454
Total All Countries	399,457	389,088	427,115	362,519	354,758

Source: Industry Canada

BEST PROSPECTS

Growth continues to be strong in the following sports and recreational activities: golf, hockey, camping, hiking, snowboarding & skiing, fishing, and soccer. Domestic manufacturers have established niche segments in the areas of skate and ice hockey equipment, exercise and gymnasium equipment, bicycles and parts, ski and snowboard equipment, swimming pools and fishing lures. However, U.S. companies who specialize in all other sporting goods equipment including hiking, camping, golf and ball sports will find opportunities in the Canadian market for their products.

The most active group of people aged 15 and over, is both males and females between the ages of 15-18., have This group had an average participation rate of 54 percent in 2010. Participation in sports has continued to decrease from 2005 to 2010. In 2010, only 26 percent of Canadians aged 15 and older participated regularly in sports where as in 2005 the average participation rate was 59 percent.

U.S. firms who specialize in products for the aging population may also find a market for their products in Canada as age plays a large role in sports participation. By the time Canadians are 55 years and older, only 17 percent of people are still involved in sports dropping 1% from 2005. Low impact, low cardio sports, such as golf, are of particular interest to the aging population in Canada.

KEY SUPPLIERS

Leading companies in this sector include:

- Adidas AG (Germany)
 - Adidas
 - Reebok
 - TaylorMade-adidas Golf
- FGL (The Forzani Group Ltd.) – acquired by Canadian Tire in 2011
 - Sport Chek
 - Coast Mountain Sports
 - National Sports
- Mountain Equipment Co-Operative (Canada)
- NIKE, Inc. (USA)

PROSPECTIVE BUYERS

In general, Canadian consumer behavior with sporting goods tends to follow the U.S. model. The average Canadian consumer is becoming more demanding, seeking high performance and attractive styling in their equipment while at the same time getting a safer product. Canadians are also looking for

excellent value for money as they experience a crunch for their leisure dollar. The U.S. influence on the Canadian sporting goods market is very strong and U.S. firms will benefit from strong brand recognition.

MARKET ENTRY

Canada's distribution and sales channels for Sporting Goods equipment and related accessories are similar to those in other industrialized countries. Large multinational firms dominate the Canadian market. Sales of sporting goods equipment and related accessories to Canadian companies are handled through relatively short marketing channels and in some cases, products move directly from manufacturer to end-user. While some manufacturers choose to sell directly to clients with their own sales force and distribution operations, others use different combinations of distributors, general sales agents, and manufacturers' representatives. Canada is an exceedingly large country and demographics; culture and language requirements vary greatly from one coast to the other.

The three leading metro markets in Canada are Toronto, Montreal and Vancouver.

Sporting equipment retailing has undergone major changes in recent years. The continued rollout of large franchised stores and chains of stores has seen the range of stock and associated costs spread across a number of network stores. With these types of stores having greater buying power, the independents are expected to face increasing competition.

DISTRIBUTOR/SALES AGENT

In most cases, distributors sell to the retail sector. The three leading retail outlets for dollar sales and unit sales are Canadian Tire, SportChek and Wal-Mart however; sporting goods can also be purchased through athletic specialty shops, discount stores, and department stores. Distributors almost always choose their product lines from sporting goods trade shows, such as the Outdoor Retailer Shows.

When setting up a distribution network in Canada, U.S. manufacturers should strongly consider establishing representation in different regions of the country. The U.S. Commercial Service can work with U.S. companies to identify potential distributors of sporting goods equipment across Canada.

INTERNET

Canadian consumers rely increasingly on the Internet to place orders online. For the past decade, Internet consumer sales have risen at a far higher rate than traditional retail sales. Most Canadian retail firms have adopted new wireless technologies and Internet based systems in order to improve B2B and business-to-consumer relations. Canada's e-commerce infrastructure is highly developed and closely integrated with that of the United States. Broadband Internet access is offered throughout Canada using much of the same equipment as in the United States. Information flows freely across the border, and without difficulty. U.S. companies do not need to set up a separate website. Many U.S. companies have integrated Canadian transactions into their current websites.

PRINT MEDIA

The print media is an exceptionally powerful method of marketing products in Canada. SBC Media Group, a Toronto based publisher, represents ten magazine titles within action sports lifestyle media and reaches two million youth and young adults. The proximity of Canada to the United States allows for recognition of U.S. products through U.S. print and television as well. The Canadian Marketing Association and the Direct Marketing News are two leading sources of information about direct marketing in Canada. In general, Canadian audiences are targeted using the same techniques that are used in the United States.

MARKET ISSUES & OBSTACLES

U.S. companies should verify in advance of doing business in Canada, whether their products are subject to Canadian regulations or certifications. The leading Canadian authority for recreational and sports products is Health Canada. U.S. companies should verify in advance of doing business in Canada, whether their products are subject to Canadian regulations or certifications. Two examples of products requiring certification would be helmets and tents. Specifically, all face protector and hockey helmets sold in Canada must meet safety standards set by the Canadian Standards Association (CSA). Tents and tent-like products must meet the Hazardous Products Regulations. U.S. companies should also be aware of other issues when entering the Canadian market.

U.S. businesses are encouraged to localize content and labeling, thereby "Canadianizing" their products. For example, U.S. companies should utilize Canadian English and Quebecois French when marketing products in Canada. The Canadian federal government's Consumer Packaging and Labeling Act requires consumer product packaging to be in both official languages, English and French. For detailed information on packaging and labeling requirements, review the Consumer Packaging and Labeling Guide on the Competition Bureau's website: <http://www.competitionbureau.gc.ca/epic/site/cb-bc.nsf/en/01248e.html>. U.S. companies should also be aware of the different labeling requirements for goods sold in the province of Quebec. All products, services, warranty certificates, and directions must be provided in French, and French must be given at least equal prominence as other languages on any packaging. For further information on language requirements for the province of Quebec, contact the Office Québécois de la langue française at <http://www.oqlf.gouv.qc.ca/english/charter/index.html>. U.S. exporters are encouraged to work with a local distributor or major retailers to meet these requirements and ensure proper French-Canadian language usage.

Under the North American Free Trade Agreement (NAFTA), no customs duties or tariffs are levied on qualified U.S.-made products entering Canada. To get duty-free status under the NAFTA rules of origin, a commercial NAFTA import over CDN\$2,500 must be accompanied by a NAFTA Certificate of Origin; while a commercial import less than CDN\$2,500 only requires a statement of origin from the exporter that the product is U.S.-made. Canada looks at the origins of the component parts of an item and whether they are transformed in the process of manufacture into another category to determine whether a product is entitled to NAFTA treatment. This can be quite complex; therefore, U.S. companies should consult the U.S. Department of Commerce's NAFTA Certificate of Origin Interactive Tool at <http://www.xmarks.com/s/site/web.ita.doc.gov/ticwebsite/ticit.nsf/>.

The Canadian Goods and Services tax (GST) of 5 percent on a value-added basis is assessed by Revenue Canada at the time of import, and at each subsequent resale level. Importers are entitled to partially offset their GST payments by collecting and retaining GST payments received from their customers.

TRADE EVENTS

[Snow Show-Toronto](#)

October 15-18, 2015

Mississauga, Ontario

[Toronto International Boat Show](#)

January 9-17, 2016

Toronto, Ontario

[Toronto Sportsmen's Show](#)

January 28-31, 2016

Toronto, Ontario

[Toronto Sportsmen's Show](#)

January 28-31, 2016

Toronto, Ontario

For More Information

If you would like further information, please contact our National Sector Coordinator for Sporting Goods, Louise Doré at: louise.dore@trade.gov; Phone: 613 688-5217 or visit our website www.buyusa.gov/canada.

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