

Insights into Golf Apparel retailing in India



- Premium branded sportswear in India is estimated to be between USD 6-7 Billion in size with international brands like Reebok (50%), Adidas (20%-25%), Nike (15%-20%) and Puma (10%) dominating the landscape. Most international brands are also positioned as a casual/lifestyle product.
- Golf has become popular in India in the last 8-10 years and this period has seen the entry of all the major international brands into India
- The preferred model for most Golf apparel brand initially is to use distributors and on seeing traction in the market to set up own office and in some cases to start procuring domestically.

- With a large number of golf courses in development and focus by international Companies on Junior Golf, Golf is expected to show CAGR* over 20%-25% from the current ~ USD 25 Million market size
- The largest number of patron of Golf in India come from the Indian armed forces followed by Corporate India
- With the catching trend to sell property developments along with a golf course, over 50 new golf courses are coming up in next two years
- Key corporate sponsors of Golf tournaments in India include the likes of Hero Motocorp, Panasonic*, Kohinoor Foods, British Airways, Ernst and Young, Avantha Group*, Louis Philippe, SAIL, SBI and DLF#
- A large number of tournaments are now being held regularly across the country in the men, ladies and juniors category
- Indian golfers like Gaganjeet Bhullar, Jyoti Randhawa, Gaurav Ghei, Jeev Milkha Singh and Arjun Atwal have gained entry into the international circuits and are popularizing the game.
- Apart from the armed forces, Multi National Companies and large Indian corporate have been the supporters of development of Golf in India.

* Compounded Annual Growth Rate

Have called off their sponsorship for 2014 editions citing economic slow down

Current competition in India

Company	Business Model	Name of key Distributor	Comments
Callaway Odyssey Top-Flite	Callaway has an own office in India and the India office is responsible for business development and identifying retailers. Callaway imports apparel from Vietnam and sells directly to retailers and Golf Pro Shops	Own Office	They are the most successful company in India and even though are more expensive to Adidas Golf they have maintained a loyal customer base. A Callaway T-Shirt would retail for about USD 70.
Greg Norman Collection	Greg Norman entered India in 2007 but quit in 2012 in face of competition from Callaway and Adidas Golf. In between they procured from India but too much reliance on a local distributor/partner saw deterioration in quality	BTB India (CEO Rahul Singh)	Relying too much on the Indian partner cost the brand a loss of face in the Indian market
Adidas Golf	Adidas though claims the line to be Golf line, yet it is used more as a lifestyle clothing. Adidas imports fabric and gets stitching done in India and Sri Lanka. Adidas has made the Golf T-Shirt a mass market product	Own office	Adidas T-Shirt retails in the range of USD 25 and USD 60 and Trousers sell for about USD 40 and USD 65. Adidas has 300 stores across the country
Taylor Made	Taylor Made is not permitted by Adidas in India to use own logo for some internal reasons and it seems Adidas is promoting the parent brand in the apparel space. Together with Adidas Golf though would still command the largest market share	Own office	Though preferred by players over Adidas Golf, market feedback is that Taylor Made range is not sufficiently available in the market
Crest Link	Malaysian brand has been in India for last few years and was once endorsed by Gaganjeet Bhullar, a leading Indian golfer	J.A. Holdings and Services	After the initial euphoria on entry, Crest Link has fallen behind

Current competition in India



Company	Business Model	Name of key Distributor/Retailer	Comments
Wilson	Sells through a leading distributor, Planet Sports, which is part of the largest multi brand retail in India, the Future Group	Paracrevetex Limited while Planet Sports also the main retailer	Partnership with Future Group gives Wilson visibility across the 100 stores
Xxio Cleveland Golf US Kids	Use a distributor in India and sell imported apparel	Karma (Owner Rahul Khanna)	Have done fairly well in India
Mizuno	Use a distributor in India	Bhaseen Sports (Owner Zubin Bhaseen)	More focused on equipment
Nike Golf	Use a combination of distributors and retailers.	Zaverchand Sports (Owner Ms. Deepali Shah Gandhi)	A recent entrant into the market
Titleist Footjoy	More focused on equipment and less on apparel. Though have recently planned to launch the apparel range including winter wear	Zaverchand Company (Owner Ms. Deepali Shah Gandhi)	Sponsor to a large number of Indian golfers
Puma	Operate own stores and outlet along with sales through the multi brand retail formats. Puma also sources domestically	Own office	With over 170 stores Puma is among the top 5 sports apparel brands in India. Considered expensive by most players

Other Brands in Golf apparel in India include Cobra, Bent Bass, Lacoste, Ping and J.Timberland

It must also be noted that Winter sports is also a potential though small market and is currently dominated by Nordica from Italy

- Maximum sales of Golf apparel and accessories is through the Golf Pro Shops
- The major multi brand stores retailing golf apparel in India include Planet Sports, Lodhi Sports, Golf Planet, ITC Wills, Golf Studio, Primus Sports and World of Golf & Sports.
- Online retailing of Golf accessories and apparel is not, though buying online from US websites is popular
- Affordability is not a major constraint as Golf is still a rich man's game in India and for a quality product there is no price too high
- Retail presence across the Golf Pro Shops and the seven major cities (Mumbai, Kolkata, New Delhi, Chennai, Hyderabad, Bengaluru and Ahmedabad) is a must to cover a significant part of the market
- Brand building can be through hiring of sports journalists, sponsorship of golfers, tournaments and junior golf event

- The Distributor's margin varies from 100% to 150% while the retail margin varies from 35% to 40%
- The usual credit terms offered to the retailers by both Company's own office (As in case of Callaway or Adidas) or a master distributor is 45-60 days which is usually further relaxed for good retailers with increasing sales.
- Retailers prefer dealing with Company directly (as in case of Callaway) versus the master distributor due to better transparency (Distributors are focused on their margins) and also Company officials are able to give insights on the future price of imported lots (Which vary due to change in USD/INR or Euro/INR volatility)

The estimate on number of golf courses in India varies from 225 to 250. Another 50 will become operational in next two years as there is a trend among the real estate developers to charge higher prices if sold with a 9/18 hole golf course.

The number of active golfers in India is estimated to be between 400,000 and 500,000 of which 50% belong to the armed forces.

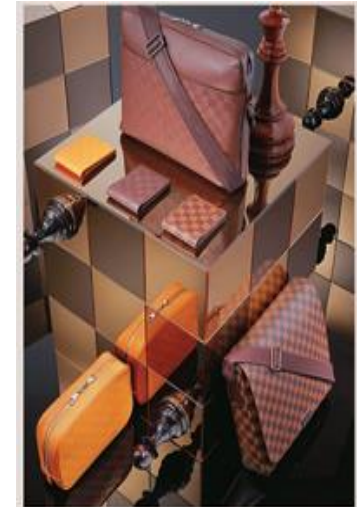
Brands endorsed by major golfers include Callaway(60%), Taylor Made (20%), Titleist, Crest Link and others though the brand in most cases provides equipment only.



Base Price		100
	Rate	Duty
Basic Customs Duty (BCD)	10%	10
CVD	12%	13.2
CVD Education Cess	3%	0.40
Customs Education Cess	3%	0.71
Special Additional Duty (SAD)	4%	4.9
Total Duty		29.3
Effective Customs Duty (%)	29.28%	
Price with Customs Duty		129.3
Effective Sales Tax	4.20%*	5.4
Distributor's price		134.7

* varies across states

- High retail prices and the requirement to source 30% of the value of good purchased domestically (In case of 100% owned single brand retail) has kept LVMH's growth slow in India.
- LVMH through L Capital has however acquired stakes in Indian home grown fashion brands
- "In Mumbai, because there's nothing available, we are in hotels. We don't want to go to hotels just to have a presence. The visibility and footfall are lower in hotels than malls. If you get 10 clients here, you get 1,000 in malls." LVMH India employee.



Louis Vuitton
opened its
first store
in India in 2003.
Today, it has **five**
stores across the
country

- If CLIENT is further interested, Sparrow Advisory would be happy to act as X-BOINIC's trusted advisor on India entry strategy.
- We can do a more detailed market study on Golf and other segments of the market CLIENT may be interested in. Post the study we propose CLIENT managers come to India with us on an exploratory trip and we introduce CLIENT to several parties including:
 - Golf course owners
 - Officials at Professional Golf Tour of India
 - Key Distributors
 - Potential manufacturers for CLIENT
 - Retailers
 - Major Golfers from India
 - Corporate sponsors of Golf events in India
 - Brand agencies

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