



INDIAN MARKET OF SPORTS EQUIPMENT

Source: Taipei World Trade Center in Chennai, India

Over the last decade in India, sports equipment in the eyes of ordinary customers is a kind of product for males to train their muscles, or for a specific group such as athletes, fitness coaches or actors, etc. In comparison, Indian women prefer dancing or aerobic exercise. Now because of economic growth and the rising average income, higher consumption power, rising health awareness and more modern diseases like diabetes, cholesterol, obesity, etc., the Indian sports equipment industry has been booming. With the changing modern lifestyle, more and more Indians would like to spend money on beauty, fitness and health. Thus, all the factors bring up the sports equipment market.



According to the survey provided by Marketresearch.com, in 2014 the market value of Indian fitness equipment industry is about 7.5 billion US dollars. The compound annual growth rate is about 25%. Estimated in 2015 the market scale is 9.3 billion US dollars. Marketresearch also indicates under the increasing average income, the Indian, apart from work for living, would be able to have more time and expense on entertainment and health-related activities. Besides, there will be more and more people like to buy fitness equipment and do sports or other health programs. Dr. Vikram, CEO of Snap Fitness India, expresses that the Indian sports equipment industry over the past few years has had an explosive growth. The lifestyle of the ordinary people has changed

evidently. In the past, very few Indians went to do sports at a fitness center. However, there are a great number of customers would go to gym and workout more than 3 times a week. The fitness market is booming at the moment.

In India, there is no specific industrial cluster among many Indian industries. However, sports equipment industry is developing throughout India. Based on the relevant statistic, only 25% of the sports equipment industry in the entire India belong to the planned industrial clusters. Most of them are located in the first 5 major cities including New Delphi, Mumbai, Bangalore, and Chennai. The rest features the small-and-

medium family-running small stores. The major equipment come from the Indian local retail industry, or from China, Taiwan or high-end sports equipment manufacturing countries like the European and American countries at high prices.

The changing lifestyle brings tremendous potential of sports equipment

Mr. Sarbjit Singh, the acting chair of Indian association of Health and Fitness (IAHF) expresses that there is a great health and fitness market in India with high-level development potential. In addition, under the changing lifestyle, processed food and the popularity of the fast food industry attribute to the quick increasing modern diseases, such as obesity. According to the statistic, obesity is regarded as a severe global disease. India is not exceptional. Based on the 2014 investigation, India is ranked as the 3rd fattest country around the world, just behind the United States of America and China. As calculated, the obese population in India is about 300 million people in 2013, that is, 15% of the obese people in the whole world. The major reasons are food and living habits. Thus, it is expected that the sports equipment market is growing with a promising future.

A survey in 2014 shows that the fitness population

in New Delhi, Mumbai and Bangalore is about 4.8 million. Mr. Sarbjit Singh expresses that due to the high-priced sports equipment, it is a question if the ordinary people can afford it or not. Nevertheless, Indian people are willing to do sports at a fitness center, which creates another type of market, fitness centers. Currently, there is no sports association or organization to take charge over the regulations on sports equipment, the usage and safety standards. The future challenges for the Indian government include how to integrate all the fitness centers with systematical licenses or operation certificates, coach licensing institute as well as developing industrial clusters.

In consideration of convenience, buying sports equipment requires not only enough consumption power to afford high prices but also space for placement. Therefore, many Indian consumers turn to fitness centers where they provide weight-losing consultancy, weight control, and other various kinds of fitness programs so as to increase revenue. For example, Trueweight, a fitness company in Bangalore, provides weight-losing, food and nutrition programs etc. The average expense is about 3-month 18,000 Indian Rupees, that is, about 9,000 NT dollars.

Besides, embracing the intelligence era where people use smart phones and the internet all the time, smart Indian entrepreneurs turn to mobile

applications and integrate them with fitness centers so that users can install the applications and check the fitness centers in all regions and further they can choose to register and pay to join the fitness class. One famous app developer in Mumbai called Fiticket. It integrates 450 fitness centers. Its software is on the testing stage (Beta Version). In the first few months, they received more than 500 applications very quickly. At present, this company receives more than 1500 registrations every month. The fixed fees on this platform is 2500 Rupees, that is, 1250 NT dollars. Accordingly, we can see the software is getting popular among the locals.

Lack of regulations in the Indian sports equipment industry

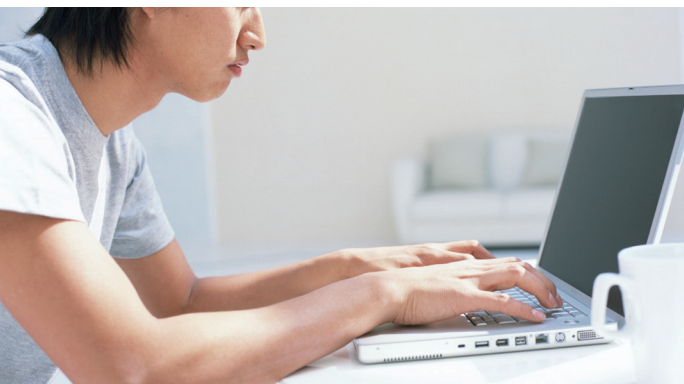
Due to there is no specific or related regulations of fitness centers, many Indian entrepreneurs express

that there is an importance of foreign company. The main reasons are these foreign enterprises including European and American or Taiwanese companies have clear certificate, a whole production procedure and safety regulations and so on. Therefore when the enterprises enter the Indian market, they can establish a model for the local companies. When the enterprises expand the Indian market, they shall know if the local enterprises know about these equipment and the local sales as well as the usage conditions of the local consumers, etc. Thus they can uplift the product image.

Let's take S&T Welcare as an example. This company sells sports equipment which mainly come from Taiwan. This company indicates that the quality of Taiwan sports equipment is sound and fine; the prices are also very competitive. Taiwanese manufacturers have not only the all-around manufacturing logistics and certificate. Additionally, they also provide complete educational training on products so that distributors and consumers can better understand the usage of products and safety, etc.

Indian sports equipment industry lacks of regulations. Moreover, there is no industrial cluster and the Indian government imposes no strict control. Therefore, though the sports equipment market in India is booming very quickly. In contrast, lots of problems occur, including no strict certificate of producing certificate, the fitness trainers or





professionals without license or certificate. The most common case is that manufacturers want to save cost, they save materials or skip certain processed section. There is no professionals to watch over the whole producing process. It becomes common that the products are found defective in India. In the sports industry, numerous fitness centers hire trainers without license. A great number of entrepreneurs promote sports consultancy or weight-losing programs. Nevertheless, they cannot demonstrate their professionalism. It happens all the time that they open large fitness centers but they cannot find professional trainers. Many owners express that the current situations of the Indian fitness market, it shall be the Indian government to establish a certificate institute with public trust or to invite an international fitness organization to issue the certificate which should be another good solution.

The cost to establish a fitness center on the early stage is too high

Although the Indian Prime Minister, Mr. Narendra Modi, promotes the development of health and fitness industry. In his policies, there will be a number of promising industries which include beauty, health and sports and so on. The government will provide comparative preference tariff. However, the sports equipment market in India is mainly focus on the consumption power of the middle and high class. The high-end users only put eyes on home-use equipment so their purchase items are rather limited. The middle consumers would rather go to fitness centers. The fitness centers on the early stage need invest much more than beauty health enterprises. Usually these fitness centers need to pay high rent and fitness equipment. The number of professionals are not sufficient. Comparatively, there are enough professionals or experts in the beauty industry. Beauty products have become daily supplies so they can recover the cost rather fast.

According the investigations, the initial investment to establish a fitness center in India shall be at least 100 billion Rupees above, that is, 150,000 US dollars. In addition to the space, the unceasingly soaring rent in India, the owner must afford to buy considerable fitness equipment for normal operation. These are the reasons which many investors hesitate. There are

a few questions like how to promote the fitness center and how to attract clients to register plus the chaotic sports equipment industry in India, etc. Most of the centers are run by private investors. There are seldom large-scaled chained fitness centers. The information is not transparent and the membership fees vary widely without rules. Until the recent years, the development of mobile app improves such a messy situations. Mr. Dhanpal Jhaveri, the spokesman of Everstone Capital Advisor that is an Indian consulting corporate, says that the first consideration to establish a successful fitness center in India is location. It shall be in the city center. However, the stores in the center city have high rent. Any interested enterprise who plans to open a sound and safe fitness center need to prepare from 200 to 300 billion Rupees, that is, from 300,000 to 450,000 US dollars for the initial investment cost. And it takes 4 to 5 years to recover the cost. Small-and-medium companies usually do not take this risk.

Mr. Dhanpal Jhaveri expresses that though the initial cost is high and the fitness industry is in disorder, it also indicates that the powerful competitors are limited. Now the consumption power is rising in India. In the long run, it is analyzed that there will be a great huge room for developing the sports equipment industry and profits in India. For the small-scaled enterprises, they have their own operation mode. In comparisons, there are other possibilities to develop the fitness centers in the future.

The predictable development of the sports equipment industry in India

The sports industry in India is rising with the economic growth. Indians gradually have better income and well informed with modern technology, they become aware of health. More and more people care for their health and physical conditions. Promisingly there will be more attention and development of the Indian sports industry in the near future.

Though the percentage of well-organized sports equipment enterprises in India is not high, the developing speed is fast and the middle and high consumers are catching up with the sports trend. It is believed that with the help of modern technology to establish fitness centers in an alliance to enhance publicity, Anytime Fitness, an international company taken as an example, already open 2400 branch fitness centers throughout India. 95% of the fitness centers are franchises. In addition, a lots of operators also say that the Indian market is full of chances to make profits. As predicated, the number of fitness centers will multiply in the next two years. And the development will move towards franchises.