



ISSN: 2456-0057

IJPNPE 2022; 7(1): 282-285

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www.journalofsports.com

Received: 06-01-2022

Accepted: 07-02-2022

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Sports market in India: an overview

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Abstract

Sports goods refer to equipment and clothes that are required for participating in sports and preventing related injuries. On the other hand, fitness goods are a subset of sports goods, which are employed during workouts. These goods are widely utilized as they aid in maintaining overall fitness, improving flexibility, muscle strength, and cardiovascular and pulmonary health of an individual. The Indian sports and fitness goods market exhibited moderate growth during 2015-2020. Looking forward, India expects the market to grow at a CAGR of 8.6% during 2021-2026. This article addresses questions like: How has the Indian sports and fitness goods market performed so far and how will it perform in the coming years?; What are the key regions in the industry?; What are the popular product types in the industry?; What are the major end use sectors in the industry?; What are the popular fitness goods in the industry?; What are the various stages in the value chain of the industry?; What are the key driving factors and challenges in the industry?; What is the structure of the Indian sports and fitness goods market and who are the key players?; What is the degree of competition in the Indian sports and fitness goods market?

Keywords: Sports Market; Sports Goods; Fitness Goods; Indian Sports and Fitness Goods Market; Sports Industry

Introduction

The Indian sports and fitness goods market exhibited moderate growth during 2015-2020. Sports goods refer to equipment and clothes that are required for participating in sports and preventing related injuries. On the other hand, fitness goods are a subset of sports goods, which are employed during workouts. These goods are widely utilized as they aid in maintaining overall fitness, improving flexibility, muscle strength, and cardiovascular and pulmonary health of an individual. In recent years, with the increasing focus on fitness, various institutions in India are encouraging people to actively participate in physical activities. Due to the rising prevalence of lifestyle diseases, such as obesity, stroke, type 2 diabetes, heart disease and atherosclerosis, individuals in India have started focusing on their wellbeing. As a result, there is a rise in the number of gyms and fitness centers, which in turn is boosting the sales of sports and fitness goods in the country. Social media is acting as another catalyst in driving the growth of the market. Through social media channels, such as Facebook, Instagram and Twitter, sports and fitness product manufacturers are directly communicating with the audience. They are also using these platforms to advertise, thereby informing the potential customers about the specifications and functionalities of their products. Furthermore, the market is increasingly being driven by innovations in manufacturing technologies and domestic as well as international brands are offering a variety of advanced equipment. Some of these products include smart tennis racquets, speed training equipment, motorized treadmills and fitness bands. Looking forward, one expects the Indian sports and fitness goods market to grow at a CAGR of 8.6% during 2021-2026.¹

India's sports goods industry is nearly a century old and has flourished, driven by a skilled workforce. Being labour-intensive in nature, the industry provides employment to more than 500,000 people. India's sporting goods are popular around the world and have made a mark in the global sports goods market. The domestic industry export nearly 60% of its total output. Total toys, games, and sports requisites export stood at US\$ 417.43 million in FY19 and reached US\$ 404.13 million in FY20. The total toys, games, and sports export was US\$ 197.40 million in April 2020 to September 2020. Top ten destinations for export of sports goods in FY19 were US, UAE, UK, Australia, Germany, Netherlands, France, South Africa, Sweden,

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and Canada. Major exported items were inflatable balls and accessories, nets, general exercise equipment, boxing equipment, toys and games, protective equipment, cricket equipment, sportswear, carrom boards and hammock. Indian sports products have been exported for global events. India has emerged as the leading international sourcing destination for inflatable balls and other sports goods for international brands such as Mitre, Lotto, Umbro and Wilson. The Sports Goods Export Promotion Council (SGEPC) promotes the export of sports goods and toys from India. SGEPC represents the leading 200 manufacturers and exporters of sports goods and toys in India. India will have its first toy manufacturing cluster in Koppala in Karnataka and will help in boosting toy manufacturing in India. The toy cluster is expected to attract over Rs 5,000 crore in investments.ⁱⁱ

India's Sports Market: Opportunities and Strategies

India represents a large customer base for sports goods. The population of India in 2017 was around 1.3 Billion which is equivalent to around 18% of the total world population. Moreover, A large share of its current population is represented by the young generation (the age group 15-29 years constitutes more than a quarter of the total population of India) which is the target consumer base for sports and fitness products. Social media has largely grown to encompass a major proportion of the Indian population and is acting as a catalyst in driving the growth of the sports and fitness sector. Through social media, sports and fitness product manufacturers have developed new way of communication with the audience. Popular social media channels such as Facebook, Instagram, Twitter, etc. have dedicated webpages to advertise products by elaborating their specifications and functionalities which increases a consumer's engagement level. This helps in building the brand recognition, affinity and loyalty of customers. Moreover, many sportspersons also use this social media to connect with their fans and endorse their brand affiliations which helps in the promotion of various sports and fitness goods. Moreover, sports franchises in India are taking several initiatives to raise fan engagement, this includes starting a fan page on the official website, arranging a meet up with team players and, organising training camps and talent hunt programmes. Another major trend catalysing the demand of sports and fitness goods is the rising public and private investments in infrastructure development. The government has been upgrading various existing stadiums, parks, clubs and health centers and many new ones are coming up. Private investment in infrastructure have also increased significantly with all major residential societies coming up with clubs, gyms and ample space for doing outdoor sports. The infrastructure in schools, colleges and other institutions are also being upgraded with facilities such as gyms, swimming pools, stadiums, courts, etc. With more and more individuals now having access to such facilities the demand of sports and fitness goods is also increasing. India's economic growth has resulted in a continuous growth in disposable incomes. As a result, consumers have started focusing on personal wellbeing apart from pre-requisites. This has resulted into an increase in the demand for gyms, fitness centres, and other fitness related activities. Consumers are also increasingly engaging in rigorous exercise that aid in weight control, immunity development, and increase in stamina, consequently, improving the overall health of the body. An increasing problem of obesity is also driving consumers towards gyms and fitness centres. The market is highly fragmented with the

presence of numerous small and large manufacturers who compete in terms of prices and quality. The report also provides competitive landscape and the profiles of key players that are operating in this market.ⁱⁱⁱ

India's Sports Market: Future Prospects

Sport is regarded as one of the largest industries globally in terms of employment and revenue. The Business of Sports is a multi-billion-dollar global industry propelled by enormous consumer demand. The sports business means many different things to different people. This is a truly global industry, and sports stir up deep passion within spectators and players alike in countries around the world. But in past, it was just a loss-making affair in India. Now, sport is going to be the next big industry in India. In developed countries, sports contribute around 2 to 4 percentage of total employment. It includes a variety of career profiles such as athletes, coaches, trainers, event managers, public relation officers, Coordinator of sport organizations, Marketing Consultant, Program and Facility Manager, Professional Sport Promoter, Sport equipment and product sales, Sport Event Planner and Manager and Sport Sponsorship Specialist. Today, sport's contribution to India's total employment is just .05%. The great initiatives such as Indian Premier League (Cricket), Hockey India League, Indian Badminton League, Pro kabaddi, Indian Super League (Football) and professionalization of Heritage sports events such as Goti, Gilli Danda, Lagori, Kilithatt, Gatta Gusthi are changing the old face of Indian sports. Once, we believed that only cricket would succeed in India. But the above-mentioned initiatives have shown Indians, a world of sports beyond cricket. These initiatives prove that sports have a future in India as a business. The growth and development of the Indian sport industry is creating opportunities for management professionals in a wide variety of settings. Boosted by initiatives such as professional leagues of developed sports, commercialization of underdeveloped sports, professionalization of heritage sports and increased corporate sector investments, sports industry expects a faster growth in shorter time frame. It has the potential to overtake IT and related industries before 2020 in every aspect. The job opportunities above mentioned initiatives created and going to create are enormous. New sports initiatives require professional human capital to speed up its growth. But in India, availability of professional sports managers is less or minimal. Government of India takes initiatives to make India a sports super power. It will not be realized without professional sports managers. Indian sports industry has an impressive growth prospect even if its fundamentals are not solid. The professional sports managers can only bring a solid foundation to India's sports industry.

The sports goods industry in India is nearly a century old and has flourished due to the skills of its workforce. Being labour-intensive in nature, the industry provides employment to more than 500,000 people. The nucleus of this industry in India is in and around the states of Punjab and Uttar Pradesh. Jalandhar in the state of Punjab and Meerut in the state of Uttar Pradesh account for nearly 75 per cent of total production. Together, the two towns house more than 3,000 manufacturing units and 130 exporters. The sports goods Indian industry also has a presence in the cities of Mumbai, Kolkata and Chennai, albeit at a lower scale. India's share of the global sports goods export market is expected to grow manifold, with the country establishing the credibility of its goods in the international market. Indian

sporting goods are well known around the world and have made a mark in the global sports goods market. The industry exports nearly 60 per cent of its total output to sports-loving people the world over. The sports goods market in India was valued at US\$ 2 billion in 2012-13. The market is growing as 35-40 per cent a year and is expected to reach US\$ 3.6 billion by 2015. The growth is expected on account of increasing awareness about health and fitness in the country. India exported sports goods worth around US\$ 256 million in 2013-14 as compared to US\$ 214.95 million in 2012-13 and registering a growth of about 19 per cent. The major items to be exported during 2013-14 includes inflatable balls, cricket bats general exercise equipment, sports nets and protective equipment for cricket. The most interesting factor is that the land of Sports Engineering, the United Kingdom, is the major importer of Indian sports goods. It shows India's ability to grow as a sporting super power.

Kerala is a major sporting state of India. But the sports industry is not yet developed in Kerala. We have a great prospect in sport industry due to various factors like sports loving people, highly educated workforce, and availability of basic infrastructures like electricity and raw materials and scope of MSEs. If Kerala government can support sports industry like IT sector, Kerala can compete with Jalandhar and Meerut in a big way. Moreover, the opportunities in sports never restrict to sports goods manufacturing.^{iv}

The sports goods Indian industry has expended to include the areas of Meerut (Uttar Pradesh) and Gurgaon (Haryana). Most of India's sports goods are exported to the United Kingdom, the United States of America, Germany, France and Australia. The sports goods industries in India have witnessed a phenomenal growth over the past five decades and now occupies a place of prominence in the economy in view of its massive potential for employment, growth and exports. It is situated about 85 Kms. from Delhi. Sports manufacturing units are mainly concentrated in and around Meerut and Jalandhar in India.^vThe last 11 years have been the most dynamic for the sports industry in India with some fundamental changes. Sports not only provides an active branding and marketing opportunity to investors but has also created value for fans all across. Addition of various sporting leagues in India have invited tremendous support and presence of corporate sector. The country's sports sector is going through a significant transition. In February 2016, the government accorded an industry status to sports infrastructure, which is expected to attract investments from the private sector, thereby not limiting its role to just Corporate Social Responsibility (CSR) activities and non-profit organisations.

No doubt, the Indian sports sector is experiencing a sea change with all-round developments initiated by the government, the private sector as well as non-profit organisations. Increasing viewership, sponsorship and participation in sports other than cricket, a rising number of sports start-ups and the growth in rural viewership numbers are key trends driving the growth of this sector in India. Major encouraging aspects of sports landscape in India include:

- Indian sports viewership (TV) numbers grew 30 per cent over the two-year period between 2014 and 2015
- In 2015, the Indian sports sponsorship market grew 6.7 per cent y-o-y to INR5,190 crore

The market size of the sports industry across India was over 91 billion Indian rupees in 2019. The majority of the media consumption in the sports industry in the country was from

the Indian Premier League. Recently however, other domestic leagues like Pro Kabaddi and the Indian Super League have gained popularity.^{vi}

Conclusion

Sports consumption in India is on the rise with leagues as well international sports garnering strong support across multiple platforms. While India is a late comer in adopting the league concept, it is rapidly covering ground. Regional games packaged in interesting league formats have been successful in garnering rural viewership as well. The key issues facing the sports ecosystem in India range across segments of governance, sports events, and infrastructure development among others, while offering recommendations to tackle these problems. India has a long way to go before it emerges as a serious player in the world of sports. The country is facing a moment of truth after its performance at the 2016 Rio Olympics. To initiate a strong foundation for the development of sports in India, the country needs to focus on three major aspects — improving governance and infrastructure, building a sporting culture and deploying a focused approach to winning medals. The early success achieved by league-based events across multiple sports indicates a strong potential for Indians to consume sports other than cricket. This growing popularity of the league format in India resonates across the report. The league culture is still in its nascent stages in India, in comparison to the U.S. and Europe. IPL established a successful model for packaging and marketing a league in India. Past few years saw the emergence of some potentially successful leagues, including PKL, ISL, IPTL and CTL. These are encouraging trends for the future of sports. However, the business of leagues requires high investments and has long gestation periods. In order to drive team success in leagues, the report suggests significant focus on fan engagement and marketing, celebrity influence, geographic location and better overall management apart from on field performance. India has a long journey ahead on its path to developing a strong sports culture. It needs to begin at the base, and that is what will build the future.^{vii}

In nutshell, the Indian Government has made improving sports outcomes a strategic priority. Greater sports participation is critical to the future health and productivity of India's large population. This is driving demand for better sports systems, facilities and inputs. Demand for sports training, sporting goods and sponsorship money is also growing thanks to India's burgeoning consumer class.^{viii}

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