MAGAZINE
OFFICIAL PUBLICATION OF THE WORLD FEDERATION OF THE SPORTING GOODS INDUSTRY

PRESERVING INTEGRITY:
THE POWER OF SPORT

FIT FOR THE DIGITAL CONSUMER JOURNEY?
HIGH-TECH INNOVATION, ROBOTICS & DIGITALIZATION

2017
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RUN SUPERNova
At the conclusion of my three years as WFSGI President, let me take a few words to reflect and also to start an outlook for our Federation. Three years might sound long, but I also had to learn that certain topics need their time. As an important player in the global sports business, we have achieved quite a bit.

Our political outreach to governments and institutions for free trade has been progressive, and we have clear indications that our goals can be achieved, provided that local governments do not fall back into protectionism.

Fair and clean sports are fundamental to us. We made clear that only the commitment to the values of sport and the fight against both corruption and doping can preserve what sport stands for.

Sustainable and transparent supply chains are our answer to the rising awareness of corporate responsibility. The ‘Responsible Sport Initiative’ and ‘Communication on Action’ have provided significant achievements in keeping our Industry ahead of the game.

In times of political unrest, refugees fleeing their home countries or natural catastrophes, one could argue that society needs other initiatives than sports. However, it is my true belief that sport has the power to change people’s lives. In sport, people commit to common rules, they team up and try to be better than their competitors. Sport can bridge frontiers, sport unites people, and sport is healthy. Consumers are striving for physical activity, and our innovative products, our fashion icons and our ranges meet their highly sophisticated demands.

Reaching out to our sport federation partners has been rewarding, but also not always easy. I was very fortunate that my presidency covered the 2014 Olympic Winter Games, the 2014 FIFA World Cup and the 2016 Olympic Games. As an industry, we have fulfilled my promise that “no athlete will be left behind” by furnishing smaller National Olympic Committees (NOCs) through our Olympic Support Program. I would have liked to see the same common sense when it came to negotiating our advertising rights with the IOC.

Digitalization will play a major role in our industry. We will need to understand our consumers’ journeys. Competition is high, and our consumers are informed to a level which we have not seen in the past. Therefore, we must stay close to them, be active in social media and make sure we do not leave any of them out. Digitalization will also change our industry. There will be new business models, we will apply as yet unknown design and development tools. Our industry was at the forefront of globalization, because our markets and consumers are global. Let us not only fine-tune our existing production and manufacturing processes, but also look to the future. We need to foster cross-industry collaboration, because open source and open innovation will play a much more important role.

It was an honor and a pleasure to be the President of this great Federation. I leave in good faith and with the confidence that we can hand over a house well furnished and maintained, financially stable, ready for growth and a prosperous future.

Thank you all for your support and your commitment. Thanks to the WFSGI staff – each and every one of you has been great about serving our members and their interests. As President, I could always count on your support. Keep up the great work for the sake of our industry and our Federation.

To all members, all those interested in sports and our industry, to my fellow Board members and the WFSGI staff – thank you for three enriching, sometimes challenging, always interesting and all in all very rewarding years.

Frank A. Dassler
WFSGI President
SUSTAINING MEMBERS

The sustaining membership is a complimentary membership. Companies that choose to be a sustaining member demonstrate a strong identification with the WFSGI and its objectives.

GOLD

SILVER

BRONZE

THE WFSGI THANKS ALL ITS SUSTAINING MEMBERS FOR THEIR CONFIDENCE AND SUPPORT!
MESSAGE
SECRETARY GENERAL

Dear WFSGI members
Dear readers

The first Olympics ever in South America were staged in Rio de Janeiro in 2016. The Olympic year was marked by numerous challenges within the Olympic movement around ethics, good governance and controversial discussions on state-supported doping issues. It is regrettable that the good image of sport has to suffer this way, especially when we need positive messages if we don’t want to lose the interest of the next generation to be physically active. Let me remind you that that today’s kids are the least active in history! A fact that will have severe socio-economic impact.

In the meantime, we are aware that many organizations have taken a new and more serious approach to the above matters and are working hard in getting their business back on track. This is also important to our industry as we are closely linked to sport in general and its overall image, at a regional, national and international level. We therefore welcome a fresh wind so we can concentrate on growing the sport again.

On the WFSGI side, we are proud to say that we worked on a unique project where WFSGI, IOC and competitive brands jointly collaborated to support National Olympic Committees (NOCs) and their athletes by providing performance wear for the field of play and to nations in need of support. Together with the IOC, we were able to identify more than 60 NOCs with around 650 athletes that qualified for the program. A big thank you to the IOC and all the brands involved for their support. It is highly appreciated – it was simply a unique and wonderful project.

Another important development is the fact that we can continue to test disk brakes in cycling road racing. This is certainly an important decision for our industry and we thank the UCI, CPA and AIGCP for the close collaboration with the WFSGI to get this working again.

We are also extremely pleased that the first 13 corporate responsibility position papers are ready and can be used on the various company and partner levels. Webinars are organized by WFSGI to educate, encourage and secure the correct implementation of the position papers. This, together with our new and growing Responsible Sport Initiative, allows us to take steps forward in order to make our entire industry more sustainable and ready for the future.

Please allow me to finish by thanking all those who have contributed to the Magazine 2017. It is exciting, interesting and representative of our activities.

In particular, I wish to thank the WFSGI Board, the Committee Chairpersons and all our members who continuously drive the Federation and the industry forward.

I wish you interesting reading and good health and prosperity for 2017. We look forward to seeing you at one of our next WFSGI meetings.

With best personal regards

Robbert de Kock
WFSGI Secretary General
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PRESERVING INTEGRITY – THE POWER OF SPORT
SPORT, A POWERFUL TOOL TO ACHIEVE THE SUSTAINABLE DEVELOPMENT GOALS

By Wilfried Lemke, Special Adviser to the UN Secretary-General on Sport for Development and Peace

Key data: After 15 years of progress with the Millennium Development Goals, which came to a close at the end of 2015, sport has been further recognized as “an important enabler of sustainable development” in the Declaration of the new 2030 Agenda for Sustainable Development and the inception of the Sustainable Development Goals (SDGs) at a United Nations Summit in September 2015. Sport can contribute uniquely to each of the 17 Sustainable Development Goals1.

In the following, I will focus on a few selected SDGs to illustrate sport’s potential in this regard. Sport has consistently been proven to be a cost-effective and flexible tool for promoting peace and development objectives. Harnessing the unique potential of sport, my Office, the United Nations Office on Sport for Development and Peace (UNOSDP)2 has long been bringing people and organizations together through sport, and supporting sport for peace initiatives from mega sport events to the grassroots level.

Sport contributes to the mental and physical well-being of all people regardless of age, gender or ethnicity, its reach is unrivalled. In addition to having a direct impact on physical fitness and combating non-communicable diseases, sport also plays a role in educating communities on sexual and reproductive health, as well as promoting the adoption of active lifestyles. (Goal 3: Good Health and Well-being).

1 An overview of the contribution of sport to the SDGs can be found at https://www.un.org/sport/content/why-sport/sport-and-sustainable-development-goals
2 For more information about UNOSDP, please visit its website at http://www.un.org/sport
Youth benefit tremendously from the practice of physical activity. Integrated into the school curriculum, sport and physical activities can act as an innovative means to provide comprehensive and quality education (Goal 4: Quality Education). For those living in areas of conflict, sport can also offer a welcome distraction by providing a safe environment in which to play and regain a sense of normalcy.

UNOSDP has been running its Youth Leadership Programme (YLP) since 2012, with the aim of training and empowering young leaders from disadvantaged communities. With more than 600 alumni from more than 100 countries, the YLP harnesses the core values of sport, such as dialogue, respect, inclusion and tolerance. In 2014, the Programme invited youth and officials from the two Koreas to the Camp in Gwangju and welcomed six young refugees to its Hamburg camp this year.

Furthermore, sport in its simplest form encourages balanced participation and has the capacity to promote and achieve gender equality within societies (Goal 5: Gender Equality). Through sport and physical activity, women and girls can be empowered, increase their confidence and benefit from the other positive impacts sport has on health and psychosocial conditions.

For example, I recently visited the Diyar Consortium project in Palestine which effectively illustrates sport’s ability to promote gender equality. The project established a sports center that provides an opportunity for women to safely participate in sport in and learn key transferable skills and knowledge for employment.

Through the initiatives of the UNOSDP and its partners, sport contributes to create more inclusive cities and communities (Goal 11: Sustainable Cities and Communities). In April this year, I went to Nepal for the inauguration of the ‘Table Tennis For NepALL’ project, which promotes the inclusion of people with disabilities. It is a great example of how sport can foster social development by changing perceptions about people with disabilities and providing them with a valuable opportunity to participate in sport.

These kind of initiatives have been made possible thanks to a powerful network of partners and stakeholders, such as Member States, the International Olympic Committee, the International Paralympic Committee, international and national sport federations, clubs and the private sector, including sporting goods producers, united with a common commitment to the use of sport for sustainable development (Goal 17: Partnerships for the Goals).

Despite the challenges that sport may face today, it will keep bringing people together, promoting a more inclusive and peaceful world through its universal values and principles. It is, and will continue to be, one of the most cost-effective and versatile tools to promote the United Nations’ values and objectives, in particular in achievement of the SDGs.
Be more human.
Reebok.com/BeMoreHuman
Because it’s 2017

By Sylvia Schenk, Chair of Working Group Sport, Transparency International Germany

Key data: When in November 2015 the newly elected Canadian Prime Minister Justin Trudeau was asked for the reasons that led to his half-female cabinet, his answer was simply: “Because it’s 2015!” He did not need to explain that the time had come for gender equality in politics. In international sport, women are still a rare species in top positions. So if we ask whether and why there should be more women in leadership – is it as easy as that, just “because it’s 2017”? Well, yes and no.

Women’s participation has increased fast in competition sport since the 1990s with all sports at the Olympic Games, even boxing, now open for women, and no national team participating without at least one female athlete. However, there is still a long way to go for comprehensive gender equality in sports.

While the importance of physical activity for a healthy life is acknowledged all over the world, there are still deficiencies with girls and women even prevented in some countries from exercising, thus facing considerable health risks, especially obesity. To empower girls and women is therefore a challenge for the Olympic Movement, naming the “practice of sport” a human right in its Fundamental Principles of the Olympic Charter. Credibility in this can only be achieved only if female athletes as role models are complemented by women having a say at all levels of national and international sport.

In the Olympic Agenda 2020, the IOC aims at 50 percent participation of women in the Olympic Games (Recommendation 11) and stipulates “gender balance” as a criterion in the recruitment process for IOC membership (Recommendation 38). The International Federations and the National Olympic Committees have yet to follow.

To raise the number of women in sport practice and governance all over the world is far more than just a symbolic act or a question of fairness. It will help to further develop the sport business (with increasing marketing opportunities for the sporting goods industry, too). Above all, it will bring new ideas into sport with an impact on its traditionally “male” culture.

Diversity has become an important aspect in the economy. Global players in all industries know that nowadays gender-balanced teams perform much better than homogeneous ones. To include different perspectives helps to develop better...
solutions as the mixture of knowledge and skills increases the understanding of the questions at stake and thus the quality of decisions. This applies even more if it is about a “people’s business” like sport.

Additionally, in the current situation with international sport under high public scrutiny of its ethical performance – from doping scandals to corruption and human rights abuses in connection with major sport events – women are needed urgently in top positions to disturb the “old boy network”, which in some federations has led to an all-time low in trust. Of course, being female does not automatically mean ethical behaviour. But as women up to now have had no or only little power in sport, they play no role in ongoing investigations.

FIFA has realized what women can bring to the future development in its reform process 2015/2016 and approved a quota of at least six women in its new highest body, the Council. The Australian lawyer Moya Dodd initiated a global movement with thousands of emails sent to FIFA to achieve this important first step. More has to follow – in football and beyond.

So it is not (just) because it’s 2017 – sport needs gender equality on all levels to benefit from the knowledge, skills, experience and views of women, and to increase its credibility and quality for the sake of women and men.
MAKING HUMAN RIGHTS
AN INTEGRAL PART OF MEGA SPORTING EVENTS

By John Morrison, Chief Executive of the Institute for Human Rights and Business

Key data: On 13–14 October 2016, a range of athletes, governments, sports bodies, sponsors, broadcasters, community leaders, trade unions and NGOs met together at the Sporting Chance international forum, hosted by the US Department of State, Swiss Federal Department of Foreign Affairs, and global think-tank the Institute for Human Rights and Business (IHRB) to speak about how the world of sport needs to change in order to put people back into the center of what has become a global industry.

Mega Sporting Events inspire humanity and have the power to bring people together under the banner of friendship and mutual understanding. They also have the potential to bring many societal benefits, particularly to the host country. These benefits can include job creation, improved transport and digital infrastructure; urban regeneration and new public housing; increased sports participation and healthy living; and the promotion of positive attitudes with regard to sustainability, diversity and towards excluded and vulnerable groups, including children, women, migrants and refugees, LGBTI individuals, and persons with disabilities.

However, Mega Sporting Events are also complex, with a lifecycle from bidding through to construction and delivery requiring a years-long planning process. As such, these events carry inherent risks, including preventable adverse human rights impacts. Despite their benefits, Mega Sporting Events, virtually without exception and across all hosting countries and continents, have been linked to human rights abuses. These include forced evictions; unsafe working conditions in the construction and infrastructure sectors; migrant worker vulnerability; sweatshop conditions and child labor in merchandise and supply chains; restrictions on freedom of association, peaceful assembly and expression; clampdowns on homeless people and street children; discrimination on and off the field of sport; and corruption and security issues.
To further such efforts, the October Forum launched a set of principles that aim to underpin the common goal of ensuring that Mega Sporting Events showcasing the best of humanity are built on respect for human rights throughout their lifecycle.

Put simply, these principles are:
1. Bidding to host a Mega Sporting Event is open to all
2. All actors respect internationally recognized human rights and labor rights
3. Mega Sporting Events need to take account of human rights at every stage of their lifecycle
4. Affected groups merit a voice in decision making
5. Access to remedy is available
6. Lessons are captured and shared
7. Stakeholder human rights capacity is strengthened
8. Collective action is harnessed to realize human rights

Now, of course, making human rights a reality within the sports industry is easier said than done. Although major sports bodies such as FIFA, the IOC and the Commonwealth Games Federation have all made human rights commitments, implementation will be the biggest challenge over the months and years ahead. There are two critical tests: (i) can human rights become key criteria for future bidding rounds and (ii) can human rights be applied to hosts that have already been selected? FIFA have already committed to making human rights part of its 2026 Bid Book, and we can expect similar moves in relation to the 2026 Winter Olympics, 2026 Commonwealth Games and the 2028 Summer Olympics.

But what about FIFA events in Moscow 2018 or Qatar 2022, IOC events in Pyeongchang 2018, Tokyo 2020 or Beijing 2022 or Commonwealth events in Gold Coast 2018 or Durban 2022? The answer must be, the best possible given the leverage available – no one can afford to wait 10 years before we see human rights on and off the field of play.

The collective action seen at the Sporting Chance Forum needs to deepen during 2017 with specific commitments not just from sports bodies, but also governments, sponsors, suppliers and broadcasters. Martina Navratilova set a challenge to us all, wherever we might sit in the supply chain of sport: “In my experience, great athletes, great role models, great business leaders always have a basis for action. In the face of change and challenges, they must make the tough choices, get involved in correcting injustices, and be accountable for the outcome. They can’t be paralyzed by change or uncertainty – they have to be able to size up a situation quickly and take clear, decisive action.”

If you would like to learn more about the initiative, please visit: https://www.ihrb.org/foocus-areas/mega-sporting-events/
You can follow John on twitter @jomo1966

“I believe that hosting Mega Sporting Events is an honor. It is not a right. If a country wishes to host a Mega Sporting Event, then hosts should be prepared to abide by the expectations of those sport governing bodies who are giving them that honor.” Martina Navratilova
PRESERVING THE INTEGRITY OF SPORT

By Sir Craig Reedie, President of the World Anti-Doping Agency

Key data: Now, more than ever, preserving the integrity of sport is at the forefront of the World Anti-Doping Agency’s agenda. Since 1999, WADA has led the way in preserving the integrity of sport through its many accomplishments, including development of a UNESCO Convention and the introduction of the 2015 World Anti-Doping Code. However, as the world has witnessed over the last two years, there is still a long way to go to educate athletes, their support teams and indeed governments that there is validity in having clean sport.

It is my belief, and all those at WADA, that playing and competing in sport strengthens character, fosters healthy values, and boosts the integrity of those participating and those who take in sport as spectators. A sport movement with integrity as one of its core set of values is one that can be recognized as genuine in its dealings, is forever championing sportsmanship, and most important of all provides a safe, fair environment for all those competing. This core value is at the heart of WADA’s philosophy of fair play in sport.

While some might scoff at our insistence on maintaining such values as an antiquated way of looking at the world, a sport movement that generally displays and adheres to the principals of integrity has a level of trust and public support that has a bottom line effect on the business of sport that should not be underestimated. By holding ourselves to the highest of ethical standards, we have developed policies, procedures and practices that ensure all WADA activities meet that standard of integrity.

Shaping the future for clean sport

Today, the very integrity of sport is at stake and under greater scrutiny than ever before. With every new incident of doping that occurs, sport loses a little morsel of those values that we hope to find in the playing of games. People become hardened and question the core values and integrity that I know exists in clean sport and this is, at its core, the fight that WADA currently finds itself in. It falls to the dedicated members of the anti-doping community to step up to this ever present danger and ensure that the right values are upheld, that sport remains honest, and that athletes never feel like they can’t enter into a competition without sensing the pressure to compromise their health or values to achieve success. The win-at-all-costs mentality should never prevail over honest, fair sport.

Reaching out through education, promotion of research

The Code has outlined this shift toward offering athletes proactive options for improving their performance in a clean way, with WADA increasing its focus on values-based education which empowers youth to reject the notion of doping and embrace fair play and clean sport. Beyond conventional drug testing, and in addition to outreach and awareness programs, values-based education initiatives are essential to the longevity of sport as we have come to know it, and all stakeholders need to urgently invest in these initiatives.

Some of the available (free) programs offered include the Anti-Doping Learning Hub (an e-text book that targets university students in sport programs), the Athlete Learning Program about Health and Anti-Doping (ALPHA) (program targeting elite athletes), the teacher’s Tool Kit (a series of lesson plans that can be used by high school teachers), and the Play True
Quiz (series of online interactive games that have been showcased at all major sporting events) and so much more. Research in the field of science is increasing and improving, and additional funding is being offered in social science research in order to better understand risk factors and why an athlete dopes. WADA has committed more than $68 million to scientific research since 2001. This funding is aimed at helping the anti-doping community in its goal of keeping doping in all its forms out of competition.

The future of clean sport for me is a promising one. Despite the revelations of the 2015 Independent Commission that outlined the widespread, systematic doping in Russian athletics and the subsequent McLaren Report in July of this year that brought to light further evidence of Russian state manipulation of the doping control process across all sports over a period of four years and during the 2014 Sochi Olympic and Paralympic Winter Games, I see this as evidence of a robust anti-doping system doing the job it was created for. When WADA needed to investigate allegations of serious wrongdoing, it delivered on this through two devastating reports.

As disconcerting as these revelations may be, they also provide us with an opportunity to right the wrongs that were exposed. With the world’s attention focused on the anti-doping community, we now have one of our best opportunities in a long time to make the public at large understand the importance of this system and of maintaining the integrity of sport.

The voice of the athlete

One of WADA’s most vocal proponents on protecting the integrity of sports has been our Athlete Committee. Comprising elite athletes from around the world, the Athlete Committee is the recognizable face of our organization and engages with the next generation of athletes and the public in a manner that most can understand. At our board meetings, and in the media, the Athlete Committee is one of the most important voices in raising awareness and promoting the Play True message as it is they that have first-hand experience of the importance of clean sport and the damage that can be inflicted by those that dope. One of the Committee’s key roles has been to help WADA understand the challenges faced by athletes in the field and to advise WADA on how the organization can develop strategies that not only detect instances of doping, but also deter and prevent such activities from taking place. Athlete Committee members are by far the most visibly active members of our committees. They can always be found at major sporting events, promoting and talking to younger athletes about the importance of integrity and clean sport. They also have an active presence on social media through Facebook and Twitter, and on the WADA Talks video series.

Final words

Protecting the integrity of sport is at the core of everything WADA does. Sport is an incredible tool to foster and maintain moral values, develop character and positively shape the body and minds of future generations. It is vital to the existence of clean sport that we continue our work in partnership with the global anti-doping community to protect and honour those values intrinsic in sport.

WADA fosters the next generation of Play True athletes through preventative education and showing to the world that doping never leads to the success that it promises. WADA has built robust systems, in line with the 2015 Code, that are aimed at the protection of clean sport. What is absolutely vital now is ensuring that those tasked with practicing anti-doping rules do so more effectively, since a system is only as good as the players on the pitch. WADA has been under intense scrutiny in recent times; however, this scrutiny has come about because the Agency has done the right thing in prioritizing the clean athletes. Following the path of integrity is not always an easy one to take, but in the end it is always the correct path to take. This is a lesson I hope the sporting world will carry with it as the future of the anti-doping system is strengthened.

WORLD ANTI-DOPING AGENCY

The World Anti-Doping Agency (WADA) was established in 1999 as an international, independent organization equally composed of, and funded by, the Sport Movement and governments of the world. WADA promotes, coordinates and monitors anti-doping in sport in all its forms. The Agency’s primary activity is to ensure compliance with the World Anti-Doping Code – the document that harmonizes anti-doping policies in all sports and all countries. Our other activities include scientific research, education, anti-doping coordination and development, and athlete outreach.
The Committee on International Sports Organizations (CISO) is the sporting goods industry’s consensus voice to all sport federations and organizations. The Committee maintains relations and involvement with International Sport Federations (IFs) and sport organizations on all sporting goods-related issues.

2016 was a busy year for the Committee. Our relations with IFs and the International Olympic Committee (IOC) were extended and the WFSGI had unprecedented engagement and activities at the Rio 2016 Olympic Games. With the growth of the WFSGI, further sports groups were created and new members are on board to engage with their relevant stakeholders to shape the future of the respective sport and events.

Rio 2016 Olympic Games – magical sporting moments and a new level of collaboration

One of the sporting highlights of the year kept the WFSGI and its members on its toes. Leading up to the Rio 2016 Summer Olympics, WFSGI and IOC collaborated closely in regard to Manufacturer Identification Guidelines (Rule 50), Advertisement Guidelines during the Olympic Period (Rule 40), Ambush Marketing, Technical Accreditations, Ticketing and last but not least the new Uniform Support Programme. During the Games, WFSGI was present in Rio and supported its members on site with any issues that occurred. In October 2016, WFSGI and some brands met with the responsible IOC teams for a thorough Rio experiences debrief and discussed identified opportunities to further improve cooperation in future Olympics. Overall, both federations and the brands drew a positive balance and underlined the good cooperation. We wish to thank the IOC for its trust and look forward to the next steps and joint projects.

Rule 50 – in detail

Improvement of the branding guidelines for Rio facilitated the daily work of the brands and ensured in many cases that athletes were able to use the sports equipment they were used to during the season. The substantial changes of the IOC General Principles were a 50 percent bigger logo size (from 20 to 30 sq cm) on clothing and an additional product identification with a maximum size of 10 sq cm; and footwear and sports equipment could carry the manufacturer identification as generally used on products sold through the retail trade six months before the Games. The preparations for the Pyeongchang 2018 Winter Games are underway and WFSGI started its work based on the learnings from Rio. Part of the undertaking is also to protect brands from IP violations at Games Time.

Uniform Support Programme – in short

What a new level of partnership that was! The first Competition Uniform Support Programme at the Rio 2016 Olympic Games set a new milestone for industry collaboration with the IOC and Olympic Solidarity. In July 2016, the WFSGI and IOC officially announced that in this pilot sporting goods brands would outfit more than 600 athletes from 54 National Olympic Committees (NOCs). In total, athletes from 69 NOCs received uniforms (read more on p. 20).

Signed by IOC President Thomas Bach and WFSGI President Frank A. Dassler, the MoC builds on the spirit of the original Code of Conduct, signed in December 1997, and aims to strengthen the relationship between the sporting goods industry and the Olympic Movement.

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DON'T RUN, FLY
DynaFlyte™ with FlyteFoam™
Memorandum of Cooperation (MoC) with the IOC

The MoC is an Olympic recognition of the sporting goods industry and was signed between the IOC and WFSGI on June 2, 2016 at the Olympic Museum in Lausanne. The WFSGI, and its members, play an important role in the Olympic Movement through the outfitting and support of athletes, teams, national federations, NOCs, Organising Committees for the Olympic Games and other sport organizations, and through their commitment towards promoting the highest ethical standards within the sporting goods industries global marketplace.

Badminton Working Group

The Badminton World Federation (BWF) and WFSGI organized the first Badminton Sporting Goods Brands Meeting on May 18, 2016 in Kunshan, China, coinciding with the Thomas & Uber Cups. The full-day meeting consisted of two parts: an internal meeting with the key Badminton sporting goods brands coordinated by the WFSGI (members and non-members) followed by a dialog between BWF and the industry. It was agreed to hold annual meetings to tackle common challenges, develop the sport and grow sport participation.

Aquatics Committee

Officially founded in September 2015, the first official meeting as a Committee took place on June 3, 2016 in Lausanne. The agenda covered how to evolve the swimming sport and to grow participation – not only from the aspect of the benefits of physical activity, but also taking into consideration the life-saving aspect where the brands and their activities contribute significantly with their programs to teach swimming skills. The 2014 WHO Report on Drowning states that “every hour of every day more than 40 people lose their lives to drowning”. Although not the only field of work, the group provided several statements to FINA to improve the collaboration around the FINA submission and approval process. The group’s experts have enormous experience in the field of competitive Aquatic sports. As part of this, WFSGI compiled a short study and issued an Industry Wetsuit Proposal for FINA Open Water
Swimming Events to provide the industry’s feedback on the new obligation for wetsuits due to potential health risks of swimming in cold water (16–18 °C). The group also contributed to the IOC Rule 50 amendments on sport branding guidelines for Aquatic sports. The Committee is currently working on a mission statement to mark the directions and give the group a face to external stakeholders.

Other relationships with IFs and sport organizations
The WFSGI Pledge for the FIFA Quality Program for licensed soccer balls continues on a day-to-day-basis. The WFSGI thanks in particular BWF, FIFA, FIS (International Ski Federation), ITU (International Triathlon Union), IOC, IPC (International Paralympic Committee), WR (World Rugby), and UCI (International Cycling Union) for their good collaboration.
“NO ATHLETE WILL BE LEFT BEHIND” – AN UNPRECEDENTED COLLABORATION ON A UNIQUE SOCIAL PROJECT

By Marc Pinsard, Deputy Senior General Manager Global Marketing Division, ASICS and Stefanie Burkert, WFSGI Senior Manager External Affairs and Strategy

Key data: The first Competition Uniform Support Programme at the Rio 2016 Olympic Games set a new milestone in industry collaboration with the International Olympic Committee (IOC) and Olympic Solidarity. In July 2016, the WFSGI and the IOC officially announced that in this pilot sporting goods brands would outfit more than 600 athletes from 54 National Olympic Committees (NOCs). In total, athletes from 69 NOCs received uniforms.

It all started when WFSGI President Frank A. Dassler and Secretary General Robbert de Kock met the newly inaugurated IOC President Thomas Bach in early 2015 to discuss how the two federations could strengthen their collaboration and contribute to the Olympic Movement.

The WFSGI is officially recognized by the IOC as the industry representative within the Olympic Family and works closely with the IOC on any topics related to the Olympic Games that impact the sporting goods industry. It’s a natural partnership, as sport is the DNA of its members. Be it as a sponsor, long-term partner, equipment developer, promoter, supporter, performance enhancer, etc, the sporting goods brands promote sport and support their athletes every single day.

“The sporting goods industry is working to the best of its ability to ensure that no athlete shall be left behind when it comes to being equipped with the latest state-of-the-art competition apparel at the Olympic Games in Rio de Janeiro,” said WFSGI President Frank A. Dassler.
Without hesitation – despite very short lead times – nine of the world’s leading sports brands committed to provide free competition clothing to NOCs and their athletes who had no sponsorship deal in place at the Rio 2016 Games. The brands were adidas, arena, ASICS, Nike, Orca, Puma, Mizuno, Speedo and Under Armour. A new collaboration, the IOC WFSGI Uniform Support Programme, was born.

This program was filled with life thanks to a great team spirit and effort put in by all involved parties. Working hand in hand, both federations and the brands undertook this endeavor and set off to new shores. The NOCs and brands worked closely together in the months leading up to the Games to design and develop the uniforms, which were distributed to the athletes in the Olympic Village. The IOC provided impressive logistic support and WFSGI brought all ends together. The Uniform Support Programme was an example of collaborative effort between all parties.

The feedback and reactions from NOCs and athletes were overwhelming and at the final count inspiring memories remained. When the buzzing distribution center was closed down at the end of the project, a new partnership was created. In Rio, President Bach invited the participating brands to a reception in the Olympic Club to thank everyone involved for making this project a success. At the same time, he expressed the wish to continue a similar Uniform Support Programme for future editions of the Games – including the Winter Games. This unique social project proved that a lot can be achieved when we work together.

The Olympic Games Rio 2016 ran from August 5 to August 21 and featured approximately 10,500 athletes from 205 NOCs, plus the first ever Refugee Olympic Team (ROT).
KEY MOVING: THE POWER OF PHYSICAL ACTIVITY BEFORE SCHOOL AND THE IMPACT ON CHILDREN, YOUTH AND FAMILIES

By Georgia Hall, PhD, Senior Research Scientist at the National Institute on Out-of-School Time (NIOST) at the Wellesley Centers for Women at Wellesley College

Key data: Before-school physical activity programs offer a variety of new physical activity skills, reinforce healthy habits, and emphasize the vocabulary, language, and practices of well-being. Before-school physical activity programs may offer a promising model for how schools, families, and out-of-school programs can work together to increase children’s physical activity and healthy eating, and promote health and wellness within families through the child’s participation.

Across the country, school administrators, educators, and parents struggle to find time for children to engage in physical activity, while still providing enough time in academic instruction. Physical activity among children and youth has decreased markedly over the past few decades, and, among other factors, has led to obesity and mental health challenges as significant health issues for today’s children and youth.1 However, the need to meet accountability standards in schools puts pressure on more “seat time” rather than physical activity time.

Researchers Sattelmair and Ratey2 suggest that the link between learning and physical activity may be strong: students who engaged in a high level of strenuous physical activity exhibited higher test scores than those who did not. They suggest that “physical activity or fitness are not causes per se of enhanced academic performance”, but by enhancing learning, concentration, memory and mood, positions children to be better learners”.

BOKS (Build our Kids’ Success) operates for approximately 45 minutes before school begins each day. Children participate two to three mornings per week and programming includes an average 20 minutes of moderate-to-vigorous activity through interactive games, exercises, running, physical skill building and ends with a quick nutrition lesson. The payoff seems to be multifaceted and research findings suggest that both children and families benefit.
The National Institute on Out-of-School Time (NIOST) at Wellesley College studied BOKS from September 2011 to June 2015 in five Massachusetts elementary schools and three elementary schools in Indianapolis, ID. Previous research recommends that 6–12 year olds achieve more than 10,000 steps each day – 12,000 for girls and 15,000 steps for boys. Sadly, that’s not the case for many kids as PE is not always provided on a regular basis. Children who participated in BOKS averaged 1,807 steps during program time – 15 percent of the daily goals for girls and 12 percent for boys! Gaining this number of steps before school puts less pressure on the in-school hours and families to reach the 10,000 step threshold by day’s end. During the time kids were participating in the BOKS program, BOKS children averaged 17 more minutes per day of moderate-to-vigorous physical activity than non-participating children, making it clear that children who regularly engaged in before-school physical activity were generally more physically active than those that did not.

The findings from the five-year study of BOKS also strengthen the argument that physical activity engagement before school can position children to be more ready and alert for learning experiences. We found that BOKS had the most significant impact on:

- **Working memory** – the ability to remember and manage information; the brain’s “sticky note”
- **Shift** – the ability to transition from one situation, activity, or aspect of a problem to another

Working memory and shift enable children to hold information, complete tasks, carry out instructions, and transition from one task to another. These clearly are important skills for success in elementary school. Participating in physical activity before school has multiple benefits: not only do children get essential moderate-to-vigorous exercise, but they also build skills linked to academic achievement.

Interviews and surveys with families suggest that while the degree to which direct engagement with each family may vary, the child’s participation in the program influences changes on the entire family’s attitudes and behaviors towards physical activity and healthy eating. When parents were asked to consider their family’s current physical activity level since their child began participating in a BOKS, most parents indicated that they are somewhat more (54 percent) or much more (13 percent) physically active. Similar to the changes in family attitudes and behavior regarding physical activity, the survey and interview results revealed positive changes related to nutrition and healthy eating (approximately 40 percent of respondents). Parents reported understanding the value of eating together as a family, thinking more about the effect of dietary choices on health, and greater awareness of negative diets containing unhealthy fat, sugar and processed foods. Parents also told us that when children bring home their own perspectives and share ideas about nutrition and exercise it is beneficial; reinforcing family values about health and wellness. One parent explained that, BOKS “helps strengthen what [her] kids should do…what they should do to have a healthy life”. She further emphasized: “I can tell them until I am blue in the face, but to have an outside resource really helps.”

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Physical inactivity has reached epidemic proportions and is growing at an alarming rate. The World Health Organisation recognizes inactivity as the fourth leading cause of mortality and estimates it costs the global economy more than USD 67 billion in annual health costs.

The WFSGI Physical Activity Committee’s mission is to promote physical activity and sport as a sustainable solution for a healthier society. WFSGI members invest in increasing physical activity and sports participation, and the sporting goods industry has a unique opportunity to help tackle this crisis.

The WFSGI Physical Activity Committee coordinates the industry’s joint response to the global physical inactivity epidemic by focusing on these key areas:

- Supporting global, regional and national level advocacy work to promote physical activity and sport
- Working with the UN agencies and other multilateral organizations to make tackling the physical inactivity crisis a global political priority
- Providing a global forum for WFSGI members to share best practices on approaches that increase participation in sport and physical activity

New leadership

In 2016 the Committee appointed a new leadership team. The new Chair is Vanessa Garcia-Brito (Sr. Director Communications & Partnerships, Global Community Impact, Nike, Inc.). Vanessa is joined by three Vice-Chairs: Kathleen Tullie (Senior Director of Corporate Social Responsibility at Reebok International and Founder & Executive Director of BOKS – Build Our Kids’ Success); Lars Wiskum (CEO and International Strategic Advisor, SportVenture Consulting, Branding, Innovation); and Rob Brown (Head of Corporate Responsibility, Speedo International).

Setting a future agenda

The new leadership team undertook a survey of committee members to assess how the industry has contributed to the promotion of physical activity and to understand opportunities for future collective action. Twenty-seven leading companies (manufacturers, regional federations, trade show organizers and different sectors of the sporting goods industry) participated in the survey. The responses highlighted that physical activity is recognized as a high priority for participating members and that respondents actively promote active lifestyles through a range of initiatives, including engaging clients, employees and the wider public.

The Chair and Vice-Chairs will analyse the findings of the survey and present recommendations to the Committee at its next meeting in February. These recommendations are likely to include improved communications about the scale and scope of industry action on physical activity, improved sharing of good practice and knowledge, and a revised industry position statement to better focus our advocacy work.

On-going advocacy work in 2016

WHO: physical activity as a cost-effective health intervention

The WFSGI has continued to engage in the WHO’s Global Action Plan for the Prevention and Control of Noncommunicable Diseases. The WFSGI submitted evidence in consultation on new guidance on cost-effective interventions for governments, focusing on those designed to promote physical activity. As the research base for physical activity interventions is much smaller than those associated with nutrition and other risk factors, the WFSGI has been advocating for prioritising further research in this area.

UNESCO: global physical education policy

The WFSGI is a member of UNESCO’s Intergovernmental Committee for Physical Education and Sport (CIGEPS). The CIGEPS Committee supports UNESCO in the development of the Sixth World Conference of Ministers of Sport and Senior Officials Responsible for Physical Education and Sport, (MINEPS VI). Since the previous MINEPS Conference in 2013, UNESCO (supported by WFSGI) has made significant progress in reforming PE and Sports Policy. The next conference will take place in Russia in 2017 and is an opportunity to inspire governments to prioritize physical activity, physical education and sport in schools. The WFSGI will continue to support UNESCO and advocate for more emphasis on getting children active in schools around the world.
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PRESERVING INTEGRITY – THE POWER OF SPORT

PROMOTING TRANSPARENCY:
THE WFSGI COMMUNICATION ON ACTION

By Frank Henke, Global Director Social and Environmental Affairs, adidas Group

Key data: To foster greater transparency on how diligently companies manage corporate responsibility practices, the WFSGI encourages its members to establish and apply a regular reporting mechanism called Communication on Action (CoA). The CoA approach is outlined in the following explanation and brief Q&A.

A core role of the World Federation of Sporting Goods Industry (WFSGI) is to support and promote the sporting goods industry on a global level by providing the platform where our members forge the tools of their cooperation, to promote fair trade in order to increase the sport participation in the world and improve the well-being of mankind through the practice of sport.

The WFSGI and its members are committed to fostering a sports industry in which member companies actively build business partnerships with those who share the values of sport and take responsibility for making the values real through active engagement. As members, they declare to adhere to fundamental principles that are outlined in the WFSGI Code of Conduct. The principles are based on international labour standards specified and outlined in the relevant Conventions of the International Labour Organization (ILO).

Although it is acknowledged that companies operate under different legal, economic, social and cultural environments and these differences merit understanding and respect, members must ensure that all activities related to the production of their goods at least comply with all relevant applicable mandatory legal requirements.
The WFSGI highly values and recognizes the substantial efforts taken by its members to manage their business operations in close cooperation with their business partners in a responsible and sustainable way.

**Why has the WFSGI launched this initiative?**

In recent years, we have seen an increased focus on CR/sustainability reporting due to:

- increase in legislation and voluntary initiatives
- demands from investors and other stakeholders
- growing recognition of the role of transparency in building trust in business

The WFSGI wants to support and assist its members to respond appropriately to changing demands. The CoA process is seen as a vehicle to encourage disclosure and to promote Code of Conduct compliance and best practice in sustainability performance management.

**What is the CoA?**

The CoA is a biennial (at a minimum) disclosure in which a member:

- explains how it is implementing the WFSGI Code of Conduct (at a minimum) or other relevant Code of Conduct
- provides information on its CR/sustainability activities

**What is the purpose of the CoA?**

The CoA helps the WFSGI to:

- promote compliance with its Code of Conduct
- promote transparency and best practice in reporting by establishing a common baseline for all members
- support its members to respond to emerging trends and changing demands
- assist members unfamiliar with (increasing) requests for disclosure from other sources

The application of the CoA provides several opportunities for members. It stresses their commitment and actions to ensure they comply with the WFSGI Code of Conduct. Members can benchmark performance and reporting against other members and share best practice. It helps them to identify gaps in programs and target areas for improvement. It also helps improve dialogue with stakeholders and meet requests for disclosure from other stakeholders.

**What are the key requirements of the CoA?**

The core elements of the reporting template are:

- a statement by a senior decision maker expressing support for the Code of Conduct and commitment to its provisions
- description of relevant actions, programs and policies
- description of progress against previously set targets
- outline of goals and targets set by the member to further improve its compliance and sustainability performance

Members are free to use the format of the CoA and use major parts of their corporate sustainability reports developed for the wider stakeholder community. To support member companies in uploading the CoA, the WFSGI has developed a standards template that guides members in providing content. Supplementary guidance materials were issued and webinars.

WFSGI members’ CoA reports will be uploaded to the WFSGI members-only website. Besides WFSGI members can decide to disclose their CoA reports on the public website of the WFSGI.

**What are the CoA timelines?**

- First CoAs are to be submitted by December 31, 2016. This should cover one year’s actions and align with the company’s reporting year.
- Members should at least progress to the WFSGI every two years.
- At the latest, members should submit their CoA to the WFSGI six months after the reporting period is finished.
- Members can adjust their CoA submission deadlines to their reporting cycles by submitting an adjustment request to the WFSGI, indicating the timing of their reporting cycle.
A group of leading bicycle industry brands, suppliers and retailers have come together under the WFSGI umbrella to address Corporate Responsibility in a comprehensive manner for the bicycle industry.

The “RSI – Responsible Sport Initiative” is the product of this collaboration, providing an industry-wide solution based on a common approach as the most effective way forward. By aligning around the WFSGI Code of Conduct as the single unified standard, the RSI allows all participants to drive positive change more efficiently, while reducing the impact of evaluation on suppliers, brands and retailers.

The RSI approach: a joint auditing solution
Members may choose whether to initiate and administrate the audits themselves or outsource the audit administration to the RSI Secretariat.

The unified RSI standard will be audited using a single questionnaire and reports will be shared among customers of the supplier. Further, the RSI has trained a limited number of auditing firms that are now approved to use the auditor protocol for RSI. By streamlining the auditing process and increasing collaboration, work for the suppliers is greatly reduced.

Key data: Cycling is highly efficient, healthy, and environmental friendly. It costs only about 3 kWh per 100 km, it creates zero CO2 emissions, other than the air you exhale, and it keeps you and your community healthy. These benefits create an image that raises high expectations for the industry in Corporate Responsibility. But what does it need for the bicycle industry to align itself with the best Corporate Responsibility efforts in other sectors?
Fair Factories Clearinghouse (FFC) is a nonprofit, membership-based software provider with a mission to improve working conditions. FFC’s model offers three distinct advantages. First, FFC is driven by innovation, not simply financial results. Executive Director, Peter Burrows says: “FFC understands corporate constraints and we’ve proven we can deliver best-in-class platforms while keeping membership dues low.” The second advantage is collaboration. FFC’s platform allows brands to share information (or remain private) about monitoring activities and results, thus expediting change. Third, FFC membership offers a community of practitioners eager to share best practices and solutions for supply chain improvements.

For information on FFC membership, contact information@fairfactories.org.

The remediation process will be aligned and coordinated. Corrective actions will be communicated through a single template, housed on the FFC, and a harmonized remediation timeline will be adopted.

Suppliers may also use the RSI as a platform to showcase corrective actions and communicate proactive commitment. The FFC can be utilized by users as a one-stop shop to communicate with all their business partners throughout their supply chain.

Benefits and implications for RSI users:
- Consistent communication among all involved parties
- Sustainable monitoring approach through broad participation in shared facilities
- Culture of collaboration, continuous improvement and increased leverage through broad industry support
- Systemic change by identifying industry risk issues and working collaboratively to address them
- Joint audits save costs and time, and avoid audit fatigue and duplication

The RSI is open to any interested company or supplier. Please contact the WFSGI without any obligation.

“We believe that we can improve conditions in the bicycle industry by adopting a unified and collaborative approach. Since the initiation of the RSI approach, we have seen the benefit of reduced audits, streamlined communication to suppliers, and greater remediation efforts, as we pool resources and experiences to find sustainable change within the industry.”
Samantha Kuchmak, Mountain Equipment Co-op (MEC)

“From the outset, the adidas Group has been committed to the FFC as an important data platform to enhance sharing and collaboration practices, and to build leverage for raising social and environmental standards in the industry.”
Frank Henke, adidas Group
In 2016, the Corporate Responsibility (CR) Committee published the first position paper issued by the WFSGI. Furthermore, the Committee finalized the Communication on Action (CoA) reporting template. The CoA reporting templates were sent to all WFSGI members in order to launch the first reporting cycle. During 2016, the CR Committee further intensified information exchange with the Manufacturers Committee on subjects of joint interest. The annual meeting in Lausanne was used to liaise with UNICEF and assess the possibility of collaboration.

Position paper on critical CR issues
The CR committee has worked on the first position papers as an outcome of the new communication strategy on critical CR issues. For each paper, the industry position was researched and existing best practices initiatives were mapped and displayed in the position papers. Papers were designed and authored by the external communication agency JUNXION.

When a paper was ready to be published, the WFSGI arranged a webinar together with the external experts and the WFSGI member who had provided a case study for the position paper. During the webinar, the content of the particular paper was introduced and presented to all WFSGI members. Case studies were presented by the respective WFSGI members. The webinars closed with an Q&A session for members. All webinars were recorded and made available to WFSGI members on the website’s members-only area.

In 2016, the following papers were published:
1. WFSGI Code of Conduct
2. UN Guiding Principles on Business and Human Rights
3. Non-financial disclosure
4. Raw material sustainability: assessment and selection
5. Factory closures and downsizing
6. Chemical management
7. Product safety
8. Health & safety issues of concern in the SGI
9. Climate change

The following papers are in the review process:
10. Migrant & foreign workers’ employment standards
11. Living wages
12. Working hours
13. Human rights and sustainability at international sports events

Communication on Action
The CR Committee was mandated by the WFSGI Board to finalize the CoA project targeted to strengthen advanced disclosure practices and to promote the Code of Conduct compliance within the WFSGI constituency.

The template was approved in 2016 and disseminated to all WFSGI members. Members are requested to explain how they are implementing the WFSGI Code of Conduct (at a minimum) and to provide information on further CR activities. The first CoA reports are due to be returned to the WFSGI Secretariat by December 31, 2016. Reports will be accessible only to WFSGI members unless the report owner explicitly requests to openly publish the report on the WFSGI website. A selection of submissions will be peer reviewed by other members.

Outlook 2017
The CR Committee will proceed with the publication of the remaining position papers and hosting the corresponding webinars. In Q1 2017, all members will be invited to provide feedback to the WFSGI on the CoA project, and to suggest improvements for the next cycle. The CR Committee will evaluate the feedback and report back to the WFSGI Board.

With the CR Committee, the WFSGI offers manifold opportunities for companies to learn and share about leading social and environmental practices as applied in the industry; through their collaborative work, members develop common positions and utilize synergies in driving the sustainability agenda.
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Jochen Schaefer
WFSGI Legal Counsel

Marc Magnus
WFSGI Trade and Corporate Responsibility Manager, mmagnus@wfsgi.org
OUTLINE OF A ZARA “CONCEPT TO STORE” PRODUCT CYCLE

Creative departments: three areas, 200+ staff

Samples: prototypes made in-house and by suppliers

Mattress: material for garments is laid out in layers and marked

Cutting: a machine cuts the fabric according to the pattern

Sewing: the fabric is shipped to workshops to be stitched

Finishing: garments are pressed, dressed and quality checked

Delivery: garments arrive in store within 48 hours of ordering

Shipping: from logistics centers to stores, road and air

DESIGN, PRODUCT AND MARKET CYCLE

Final design: 1 day
Manufacture: 3–8 days
Transport: 1 day
Selling: 17–20 days
Total: 22–30 days

WFSGI MAGAZINE 2017
DOMINANT TECHNOLOGY
DRIVERS IN GLOBAL
MANUFACTURING SUPPLY CHAINS

By Edwin Keh, CEO, The Hong Kong Research Institute of Textiles and Apparel (HKRITA)

Manufacturers and suppliers are looking for ways to manage costs, drive down lead times, and become ever more responsive to the fluctuations of our turbulent market places. To achieve these, automation has been introduced to manage costs and improve efficiencies, new systems are implemented to drive down lead times, and the search for new materials is constant.

Up and down the supply chain, there is a quest for new technologies to support and enhance all that we do. It is not only the improvements in physical movement and transformation of materials, but also better management of information and better allocation of resources. There are three key drivers of change in our supply chain. In manufacturing it is robotics and 3D printing. In data and information management, it is analytics and the gathering of much more data (big data) for insights and predictions. In finance and asset management, it is collaborative planning systems and real-time information exchange.

Robots are being used mostly on limited trials. They move materials, load and unload boxes, operate injection-molding machines, and pull uppers from lasts. These are in fabric mills, manufacturers, and component assembly plants. There is by no means a widespread adoption yet, but you get a sense of increasing momentum. Robots and automation in general is driven by rising labor costs and the growing shortage of skilled labor. Since the 1990s, industrial engineers have been talking about the “lights out” factory floor. This is where manufacturing is done in an automated factory, non-stop, 24/7. However, the road to automated manufacturing has been full of bumps. Robots and systems are expensive. They also tend to be inflexible and difficult to program for complex movements.

Foxconn declared in 2011 that it was planning to replace its million assembly workers with a million robots. Foxconn today still has a million workers, but it also has 40,000 robots. By its own estimates, about 70 percent of its mechanical processes and 5 percent of its assembly-line operations are done by robots. Without the addition of its large number of robots, its productivity would be impossible to achieve. With 40,000 robots, Foxconn is already one of the largest users of industrial robots in the world today.

Today, most robots have to work behind safety cages. The development of new types of “collaborative robots” should speed up the automation of product manufacturing lines. These new robots are meant to work safely alongside workers.
They will speed up the pace of the line, improve assembly precision, ease bottlenecks and do the repetitive and monotonous activities.

It is still hard to print soft, flexible, stretchable or elastic materials, but there are already attempts at 3D printed outsoles, closures and trims. 3D printing promises to reduce or eliminate inventory risks by printing to order. Coupled with 3D scanners and digital printing technologies, 3D printing may eventually allow customized and on-demand manufacturing. Variations to 3D printing in apparel and footwear manufacturing already exists today. We are on the cusp of significant disruption to labor-intensive mass production.

How goods are purchased by brands, produced by manufacturers and inventoried by retailers has not changed with the times. Even as we spread our manufacturing across the globe, the guesses and predictions we make for demand are less and less reliable. Using data to gain a better perspective, make better decisions and more accurate predictions is not a new business tool. With the digitization of data, however, we now have access to a lot more data, and we can access it in almost real time.

Social media is a powerful determinant about what is fashionable, popular and how to consume. Peer influence, social comments and the opinions of others means that brands more than ever have to be aware of social opinion, and work hard to interpret trends. Zara famously starts most days with buyers on calls with store managers to get feedback on products, and then quickly uses this information to make production decisions. By responding in real time, we create real business advantages.

Beyond being nimble and responsive, production supply chains need the ability to make increasingly accurate forecasts. The promise of big data is the ability to make connections, predictions, spot emerging trends, and avoid costly mistakes. Trusting partnerships along the supply chain allows sensitive information to be shared broadly, in real time, and used in a disciplined and thoughtful manner.

Managers of production and supply chains must be willing to adopt technologies in the management of their businesses. Management can also use more collaborative planning across the entire supply chain to reduce safety stock, speed up decision making, and eliminate financial risks up and down the value chain. Partnership, trust, and information transparency makes all this possible.

There are also opportunities with the novel integration of existing technologies. Point-of-sale information, integrated marketing planning, real-time production tracking, and working together is a win for everyone in the supply chain. The ability to invest and adopt these technologies will decide who the big winners as manufacturers are in the decade ahead.

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**Room for growth**
Number of industrial robots for every 10,000 workers

<table>
<thead>
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<th>Country</th>
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<th>Other industries</th>
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TOWARDS INDUSTRY 4.0 AND MANUFACTURING TRANSFORMATION:
RECENT ADVANCES IN IOT AND INDUSTRIAL BIG DATA ANALYTICS

By Jay Lee, Ohio Eminent Scholar and L.W. Scott Alter Chair Professor at the University of Cincinnati and the founding director of the National Science Foundation (NSF) Industry/University Cooperative Research Center (I/UCRC) for Intelligent Maintenance Systems (IMS) and Hossein Davari Ardakani, Post-Doctoral Fellow at the National Science Foundation (NSF) Industry/University Cooperative Research Center (I/UCRC) for Intelligent Maintenance Systems (IMS) at the University of Cincinnati

Key data: With the rapid advancement of Information and Communication Technologies (ICT) and the integration of Industrial Big Data Analytics into machines and processes, many industries are facing new opportunities and at the same time challenges of maintaining their competency and meeting the market demands. In order to become more competitive, manufacturers need to embrace emerging technologies, such as advanced analytics and cyber-physical system-based approaches, to improve their efficiency and productivity.

The integration of new ICT with advanced predictive analytics brings about the ability to understand the current and future behavior of the physical systems and increase the transparency, efficiency and productivity in manufacturing industry. The transformation of industry has always been shaped by the driving force of value creation. The first three industrial revolutions dramatically boosted productivity through mechanization, mass production, standardization and automation.

However, the biggest difference between Industry 4.0 and the first three revolutions lies in the fact that productivity requirement is no longer taken as the starting point. Instead, the value brought to the user is considered the starting point of the entire industry chain. Recently, industry’s value chain has shifted from production to consumption and from upstream to downstream. Customized products and services are provided to meet customer demand, and this is taken as the shared goal of the entire industry chain, to realize cooperative optimization of all parts of the industry chain. The essence lies in the change in industrial perspective.

There are three supporting points for the concept of Industry 4.0: first, the value of manufacturing per se. Not only is it necessary to make good products, but it is imperative to minimize waste in the production process and adapt the manufacturing process to design and customer demand. Second, the manu-
facturing process is automatically adjusted, in light of changes in the product and status, to build “self-aware” capabilities on the basis of automation. Third, zero fault, zero worry, zero accident and zero pollution are realized throughout the manufacturing process, and that is the zenith of the manufacturing system.

The three supporting points for the concept of Industry 4.0 is demonstrated in a case study through which a Cyber-Physical System (CPS) was developed for bandsaw machine tools. This case study is performed through establishing five levels, known as 5C: 1) Connection, 2) Conversion, 3) Cyber, 4) Cognition and 5) Configuration. As shown in the figure, in the first level, i.e. Connectivity, data is acquired from the machines through add-on sensors and the machines’ controller. Examples of the data collected include blade speed, vibration, acoustic emission, temperature, etc.

In the second level (Conversion), the raw data is analyzed and transformed into features that represent the condition of the machine. Such features, which are extracted by considering the machines specifications and the nature of the possible failure modes of the machines, are then sent through ethernet or wi-fi networks to a cloud sever where they are managed and stored in a database.

In the third level (Cyber), the cloud server performs an adaptive clustering method to segment the blade performance history into discrete stages based on relative changes of the features compared with the normal baseline. The extracted health condition of the machines is further utilized in the fourth level (Cognition) to make appropriate decisions, and in the fifth level (Configuration) to take the necessary actions to optimize the machines’ performance and productivity.

Implementing such framework for manufacturing systems creates significant value by improving machines’ performance, which equals improved product quality, increased productivity and reduced maintenance costs. CPS, as a bridge that connects the physical space to cyber space, ensures the seamless flow of data to information to knowledge, and provides transparency within factories, which leads to greater productivity, efficiency and resilience of industrial systems. This is the key to staying competitive in today’s dynamic environment in not only the manufacturing industry, but also in other industries, such as energy, transportation, etc.
DISRUPTION AND INNOVATION IN HIGH PERFORMANCE APPAREL

By Janice Wang, CEO, Alvanon

Key data: In order to meet the stringent performance requirements of professional and amateur athletes, performance apparel producers have traditionally been industry innovators in terms of fabric, pattern and construction technologies. Now, a new wave of production ideas is disrupting conventional practice.

The founding stories of the three largest sportswear companies illustrate how a small idea can lead to performance innovation milestones in sport.

• Adolf “Adi” Dassler started adidas by screwing studs into lightweight football boots for Germany, leading them to World Cup victory in 1954.
• Bill Bowerman innovated to make his athletes number one: his first pair of running shoes in 1970 were inspired by a waffle iron, which he thought would be an excellent mold for a running shoe.
• Kevin Plank’s story of Under Armour started with one t-shirt in 1996. He strove to make an undershirt that would wick away moisture and yet keep athletes cool.

Now that we know how these sports companies started, the question is: where are they going? According to Allied Market Research, it is estimated that the world sports apparel market will be worth USD 184.6 billion by 2020. However, increase in demand for performance sports apparel and footwear has resulted in an increasingly long and complex global supply chain that has created its own industry challenges. Every production market has issues. We need to look at disrupting the way we produce the product. Innovation will come from how we source

Please note that although adidas, Nike and Under Armour are clients of Alvanon, the information presented is in the public domain.
sustainably, transparently and quickly. Consumers not only expect this, they demand it. McKinsey & Co. defines “next-sourcing” as sourcing production in proximity to both innovation and the customer. It’s easier to do this if you are a small team, but how are the giants looking at changing their supply chain?

**Nike aims to transform manufacturing**

At Nike’s Innovation 2016 event in New York, Mark Parker, President & CEO, Nike, Inc., explained the company’s new “Era of Personalized Performance”, where products will be customized to an individual’s needs or performance goals. The disruption happens in how we ensure personalized and customized manufacturing is as efficient as mass manufacturing.

In 2015, Nike announced a Manufacturing Revolution Initiative and also partnered with Flex to innovate its manufacturing process. Leveraging laser-cutting technology is one way that Flex is rethinking footwear – it took it six months to improve on the laser-cutting techniques Nike had been using for 20 years. Nike is also transforming its traditional manufacturing. It recently entered into a partnership with private equity giant Apollo Asset Management to buy, transform and operate US manufacturing plants to speed product to market and innovate and personalize product as close to the customer as possible.

**Adidas’s first robot-made trainer**

It’s not only Nike that has worked on this challenge: adidas has launched its first shoe made almost entirely by robots. In Germany, the athletic footwear giant is looking at “Speed Factories”, which will produce up to a half million pair of shoes for its local market with only 150 employees, bringing products to consumers faster while reducing the need for large inventories. Projected to make a pair of shoes in roughly five hours, instead of the current timespan of weeks, the new manufacturing process could spell huge improvements for adidas’ production and sales rates.

**Under Armour’s $5.5 billion plan for Baltimore**

Under Armour, the company that surged past adidas in the US, is not to be outdone. Knowing that it did not have the in-house expertise to develop applications, Kevin Plank bought a series of technology companies – MyFitnessPal, Endomodo and MapMyFitness. He wooed their CEOs into working with him at Under Armour to help ensure a data-centric view of the Under Armour consumer.

On June 28 2016, Under Armour opened UA Lighthouse to kick off local-for-local manufacturing, a state-of-the-art manufacturing facility spanning 35,000 sq ft, next to its new headquarters in downtown Baltimore. From 3D motion-capture body scanning to 3D printing to Alvanon’s fit mannequins, Under Armour has created the prototype factory of the future with the intention of eventually building product locally for local markets all over the world.

These stories point to one fact: the need to have the best minds work on the most complicated problems. It takes different people, with different skillsets and in different contexts, to create the future. The disruption is not in the technology, but in the collaboration of people and the leaders who allow it to happen.
MODERNIZING THE WAY WE THINK ABOUT FACTORY AUTOMATION

By Tyler Lyman, CEO, MicroBenefits

Employers may view automation as the panacea to their constant worries regarding churn of their young workforce. However, we cannot just retool production lines; we also need to retool the way we think about our employees in an increasingly automated manufacturing environment. Factories strategically planning for automation have realized a disconnect lies between the skillset of their current workforce and the skillset needed to succeed at automation. In fact, the skillsets and mindsets you need in your workforce do not exist anywhere. You have line workers that perform specific tasks. You need specialists who have technical skills, can solve problems autonomously, and are motivated and invested in your company. These qualities do not exist in the current workforce in sufficient numbers to meet the needs of your supply chain.

If you cannot find these workers, then what do you do? Create them. Use your existing workforce. Your workers know your process. They know your rules, culture and understand your brand. Often these things can prove more difficult to instill and teach than even technical skillsets. Automation will naturally take the place of many current jobs, creating in its place jobs that pay more, promote stability and engage motivated individuals who want to learn.

This requires significant investment in your workers to train, upskill and provide opportunities for advancement and

Key data: The global industrial automation market surpassed projected forecasts for 2016, reaching USD 209 billion – a 26 percent increase in growth in merely two years. Buoyed by accelerating global economies, factory automation has become the gateway to productivity, sustainability and efficiency in supply chains. However, we cannot just retool production lines.
leadership. You will want to select your most engaged employees who show aptitude and potential within your organization. How do you identify this type of employee?

More than 80 percent of Chinese migrant laborers own a smartphone, making it a powerful tool for reaching and training this hard-to-reach population. Workers have engaged in over 320,000 hours of training in the past two years – the equivalent of more than 36 years – via MicroBenefits’ mobile platform, which has taught us something about the type of individual with the ability to succeed in an automated factory environment. A key characteristic includes the ability and desire to continually learn. Workers who exhibit a desire to keep learning will stay engaged in their jobs and help their peers do the same, ultimately help the factories for which they work deliver better quality products on time.

“We have a lot of regular skills trainings in our department, but my understanding of operations and sales has been really vague. After taking some of the courses [from MicroBenefits’ mobile app], I feel like I learned more about our organizational structure, where we’re heading as a company and how we set production plans.”

Mu Zhixian, factory operator

Once you identify this motivated group, how do you provide opportunities for them to effectively learn and grow in your organization? Factory workers often face the challenge of limited time for outside activities, precluding them from engaging in meaningful coursework that provide the knowledge and skills to progress in their current jobs.

The more than 750,000 users of our platform have shown us first-hand how gamification of the learning process helps overcome worker fatigue and results in higher retention of material. Data generated via our app corroborates with a recent study by the University of Colorado, which found that participants in gamified learning scored 14 percent higher in skill-based knowledge assessments and 9 percent higher in rates of retention.

Automation will vastly improve how factories operate, creating higher quality products, and generating less waste with less impact on the environment. In addition to these improvements, automation also provides an opportunity to modernize the way we think about frontline workers, and tap into the potential of a workforce that has remained untapped.

References:
MANUFACTURERS COMMITTEE
ACTIVITY REPORT 2016

The Committee is a platform for manufacturers and manufacturing issues to exchange and seize new opportunities. The WFSGI Secretariat supported the activities of the Manufacturers Committee through the organization of webinars, site visits and training programmes on the topics of interest raised by the committee and included in the annual Manufacturers Forum. In addition, the following topics are on the radar:

1. New materials and process innovations to enhance the cost competitiveness of manufacturers.
2. Provision of country risk analysis information for manufacturers to gauge the risk of expansion.
3. Appropriate management team training programs to assist manufacturing members in improving the bench strength of their management team.
4. Support of manufacturing members in alleviating the workload of preparation of the thresholds labor audits and environmental requirements from multiple brand partners.
5. Energy management programs for manufacturing members to engage in clean production and reduce their carbon footprint.

Excellent Lean Production site visit
Following the well-received keynote presentation on the subject of Excellent Lean Production (ELP) by Carsten zur Steege of Bosch Automotive (Thailand) Co., Ltd at the Manufacturers Forum 2015, the WFSGI offered members the opportunity to observe ELP in practice at the Bosch Automotive Amata plant in Thailand and to exchange experiences. This exclusive event was open to Lean Practitioners, specifically leaders and experts working on lean implementation in manufacturing plants of the sporting goods industry.

Webinars
The UK’s Modern Slavery Act
In October 2015, the UK’s Modern Slavery Act came into force, requiring commercial organizations that meet the relevant criteria to prepare a slavery and human trafficking statement for each financial year. Experts explained how to understand the requirements of the law and which companies need to respond, how civil society will act to challenge companies on the subject of supply chain slavery and human trafficking, and the policies and actions companies can put in place.

Sourcing opportunities – Myanmar
Although Myanmar offers new sourcing opportunities, young workers are common in many industries. Business stakeholders need information in how best to understand and engage with young worker issues in Myanmar’s garment manufacturing industry. The webinar presented details of a recently published report that outlines a child rights-based approach to not only manage legal and reputational risk, but also harness the potential for international investment and supply chains to contribute to a better future for Myanmar’s young workers.

WFSGI Manufacturers Forum 2016
For the fourth consecutive year, key decision makers of the sporting goods, automotive and electronics industry convened to discuss the future of the sporting goods industry. The WFSGI focused the topics around high-tech innovation, digitalization and robotics, and examined Industry 4.0, big data management and textile innovation. The two-day forum was held in November 2016 in Taichung/Taiwan and provided an excellent mix of high caliber academic knowledge, practical input and concentrated presentations from industry leaders. The audience discussed how the best companies take

The WFSGI thanks its hosts and partners for their generous support, which made the WFSGI Manufacturers Forum 2016 possible.
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GARMENTS FOR THE 
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FRESH FOAM ZANTE

new balance
advantage of the best technology and how to enable both incremental and disruptive technology-based innovation. Academics gave insights on how brands and manufacturers could change their research, development and delivery activities, what the trends of predictive big data analytics were and how business innovation based on industrial big data can be introduced. From a workforce perspective, experts explained the possible effects of automation on the workers of the future. All participants were invited to visit Mobiletron, a state-of-the-art factory belonging to the automotive electronics manufacturer in Taichung. The Forum was attended by about 200 executives, from more than 20 countries.

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FIT FOR THE DIGITAL CONSUMER JOURNEY?

Source: Q&A 2016
THE CUSTOMER JOURNEY

By John Terra, Retail Research Director Q&A, Dutch member Ebeltoft Group

Key data: Two trends have big impact on the sports retail industry. The digitalization of the customer journey gives more power to the consumer than ever before. Brands going retail gains momentum across the globe. The increasing power of consumers and brands will change the sports retail landscape. Brands will focus on fewer but better locations and make strategic decisions based on scale and added value. For consumers and brands, the future of the multibrand retail environment will be all about efficiency, expertise and experience.

The digitalized customer journey and the dominant position of the brand
The digitalization of retail confronts the multibrand retail environment with major challenges. The increasing power of consumer and brands heavily influences the level of competition within retail. Based on research in the Netherlands, we see that the online development of the customer journey within sports is way above average. Within this journey, the brands hold a very dominant position since nearly all consumers stick to a brand once they start their journey. Good news for the brand, but not for the retailer because a lost sale will often be the result of the right branded item not being available.

The dominant position of the brand in the customer journey weakens the position of the retailer within the total supply chain. Product availability of a particular brand is the key to success for retailers within the sport industry, but is also a major threat to their position in the market. Brands know this and respond to it in their continuous drive to achieve profitable growth via improved market share.

The trend of brands going retail accelerates
Since the inception of Ebeltoft Group 25 years ago, we have worked toward the development and expansion of the world’s best global retail alliance. We continuously investigate important questions within the retail industry. Brands going retail is a significant trend that is gaining momentum and making an impact on the retail landscape across the globe. Although the opening of stores by brands is not new, we observe this trend accelerating across retail markets in mature and developed regions, and this trend is above average in the sports retail industry. The digitalization of the customer journey functions as a big accelerator of direct to consumer strategies. Brands opening brick-and-mortar locations is beyond the early-adopter stage and we anticipate that this trend will continue to grow. Showing a comparable level of development, brands owning an online shop are even expected to outspace the brick-and-mortar strategy, reflecting the attractiveness of this channel as the first entry into a going to retail strategy.

Highest development in fashion and sport
We see this going to retail strategy in many categories, but particularly within product groups where there is a structural tendency to further enhance the product with a lifestyle vision and storytelling around the brand. In other words, the greater the opportunity to elevate the category beyond a commodity, the greater the potential success of retail.

In addition, the traditional level of vertical integration within a category plays a major role in designing the going to retail strategy, as well as the structural development of retail within the country. Together with fashion and shoes, the sports retail industry shows the highest brands going retail development and this will continue to grow over the next three years. >
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We are the professional and passionate companion who enhances the individual capabilities of every athlete by understanding their personality and needs.

sport2000.eu
Why do brands go retail? They want to build the best relationships with their customers. Each going to retail strategy design starts with key objectives. Within the first-level objectives, brands pursuing a retail strategy place a high priority on having total control over the marketing, branding and direct experience of their shopper. The second-level objectives focus on giving the brand the opportunity to sell a broader range to its customers and increase its direct margins. With the influence of big data and the importance of customer information in targeting marketing efforts, it is interesting to note that the collection of consumer data shows surprisingly low importance in the age of technology, information and personalized experiences.

The same is true for the testing and introduction of new products. The value of owned channels is probably underleveraged in this aspect. Selling excess inventory, which was the original impetus of brands going retail through outlet and clearance centers, has diminished as a key driver. An unstated objective is the desire to be independent from retailers. While we sense that this is strategically important, brands may be hesitant to be vocal on this issue, as a way of preserving their existing relationships and channels.

Total sales shrinking in multibrand retail environment
For the future of retail in the sports industry there's enough potential for the multibrand environment, but the impact of brands going retail will be huge. The multibrand environment is still the preferred retail setting for consumers, but this position is decreasing. We expect that this trend will continue when brands put more effort into their direct to consumer strategy. This is especially true with men and the youngest generation, who will continue to buy more and more directly from brands. Furthermore, it's likely that direct to consumer sales of dominant multisport and monosport brands will reach up to 15 or 20 percent within the next five to eight years. A decrease in the overall sales potential of the multibrand retail environment will be the result.

Efficiency, expertise and experience are the future
Historically, brands have followed the strategy of expanding distribution through as many channels as possible that provide direct consumer access, generally through wholesale or licensed relationships. We see a clear shift towards selective distribution because of their direct to consumer strategy. The focus of brands will be on better locations instead of more locations. Brands will make strategic choices between multibrand retailers based on volume and added value. This will put small retailers with small volumes in a very difficult position and probably their only strategy to survive is becoming a member of a retail service organisation.

For brands the future of the multibrand environment is all about the efficiency, expertise and experience a retailer can offer to the customer. Efficiency has a strong relation with volume and has everything to do with offering a wide and deep range to a customer. Expertise is all about the added value a retailer can offer to their customers based on their knowledge, advice, service and exclusive product range. Experience is important for brands because their ambition is to give their customers the chance to see, touch, test and experience the products in an exciting retail environment. Stores that want to remain a relevant place to visit within the digitized customer journey really have to invest in the functions of efficiency, expertise and experience. This applies to both consumers and brands.

Online development customer journey per category
The Netherlands

Brands going retail development per category
Worldwide

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- Fashion
- Shoes
- Sports
- Electronics
- DIY

Online development customer journey per category
The Netherlands

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DIY
Fashion
Shoes
Electronics
Sports
APPLYING OMNI-CHANNEL DISTRIBUTION. OVERVIEW OF THE CHALLENGES AND DEVELOPMENTS ON THE DIGITAL AGENDA AT EUROPEAN LEVEL

By Alain Galaski, Director-General of AIM (European Brands Association) and Kurt Haegeman, Partner at Baker & McKenzie, Brussels

Key data: The sporting goods sector is not a newcomer to the current digital revolution. Every day more brands use the latest digital technologies to highlight the quality of their products online. Digital is not a trend but the playing field that is radically transforming how companies and customers interact. Digital provides consumers with new possibilities to engage with brands, enhancing their purchasing experience, which results in value increase for consumers and the whole supply chain.

Evolution of total and online retail sales in goods, 2000–2014 (EUR billion)

In 2015 the European Commission placed the completion of the Digital Single Market (DSM) at the centre of its strategy to restore growth and jobs in Europe.

On May 6, 2015 the Commission published the Digital Single Market Strategy (DSMS), a set of measures aimed at promoting the use of the internet and digital technologies, as well as tearing down existing online barriers in order to ensure that European consumers are not limited due to geographical considerations such as the location of a purchase.

Brand owners are major digital stakeholders, delivering creative content and distributing their products online. Unfortunately, a number of challenges for companies and society have appeared which hinder our ability to fully grasp the opportunities offered by the Internet.

AIM brands have supported the initiatives contained in the DSMS as an opportunity to boost consumer trust in the digital environment. AIM brands have always been enthusiastic advocates of the Single Market.

However, since some policy makers associate legitimate contractual restrictions, such as geo-customization and price differentiation on the basis of objective macro-economic factors, with geo-blocking practices, brand owners are concerned about the potential business impact of some elements of the DSMS. Lacking a sound approach to geo-blocking practices risks to create unacceptable detrimental effects on the brands’ contractual freedom and may have unintended negative consequences for consumers and online innovation in Europe altogether.

Geo-blocking

Since the launch of the DSMS, AIM and Baker & McKenzie have been co-leading the Brands for Europe coalition, gathering certain sporting goods manufacturers and brand owners in other sectors.

The members of this coalition have been joining forces and getting their views represented in a number of different DSM topics including geo-blocking, competition rules on e-commerce, and the responsibility of online intermediaries and marketplaces against counterfeit products commercialized online. One of the top initiatives the Commission has published under the DSMS was the one on addressing geo-blocking and other forms of discrimination based on customers’ nationality, place of residence or place of establishment within the internal market.

The Commission has proposed a regulation which would prohibit traders from blocking access to their online interfaces to customers in another Member State or from automatically rerouting them to a different website for reasons related to the customers’ nationality, place of residence or place of establishment. Customers in the EU should be offered the same terms and conditions as local customers.

Fortunately, the Commission has not proposed an obligation for companies to sell their products cross-border. Also, it acknowledged that making a black list of unacceptable justifications for geo-discrimination and creating an obligation for companies to deliver everywhere in the EU would be too complex and restrictive.

Yet, the proposal in its current form includes some untested provisions, a ban on automatic rerouting to websites (coupled with an obligation to ask for prior consent before redirecting the consumer from one website to another) and a duty to sell “like at home”. Under this provision, a German consumer would be able to purchase goods on the Spanish website of a sporting goods manufacturer at the same conditions as a Spanish consumer. However, the German consumer would have to provide an address in Spain for delivery. This introduces uncertainty about the applicable consumer law.

The proposal is now following the regular decision-making process in the European Parliament and the Council of Ministers. AIM will call on the European co-legislators to improve the proposal.

Competition inquiry in e-commerce

E-commerce competition rules exist to ensure a level playing field between the various players in the e-commerce activity: brand owners should be able to ensure that their products are sold in a manner that reflects their brand image and with an adequate level of customer service, and online marketplaces and retailers should be able to sell products over the internet to consumers everywhere in Europe. The European Commission is the main body that enforces these rules across Europe, helped by the national competition authorities, who see to it that the rules are respected in their own countries.

In November 2015, the Commission launched an e-commerce sector inquiry to assess the level of respect companies give to competition rules online. In its preliminary conclusions published on September 15, the Commission stated that it “does not consider [absolute] marketplace bans to constitute hardcore restrictions”. Likewise, whereas the Commission considers ‘price’ as being the most
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Finally, the interim report anticipates the announcement of antitrust cases based on specific practices soon. Following the public consultation on the preliminary report that the Commission launched at the end of 2016, the Commission plans to publish its Final Report during the first semester of 2017.

The Brands for Europe coalition will ensure that the voice of brands is heard in this debate, so that brand owners will continue to have sufficient flexibility to protect their brands and ensure a high standard of customer service.

Responsibility of online intermediaries

AIM has also been advocating more responsibility for online intermediaries as the best way to boost trust between retailers, consumers, and manufacturers. Each actor carries the responsibility to take proactive, proportionate and reasonable measures to ensure that its operations do not cause harm to others; e.g. through the sale of counterfeits, which account for more than 5 percent of EU imports, according to OECD figures.
WHEN SPORT BECAME SOCIABLE

By Rafael Ferraz Vazquez, Associate Legal Officer, Copyright Law Division, Copyright and Creative Industries Sector, World Intellectual Property Organization and
Carole Croella, Senior Counsellor, Copyright Law Division, Copyright and Creative Industries Sector, World Intellectual Property Organization

Social media: a new gameplay
2016 has been an intense year for sport fans. With the closure of the Rio 2016 Olympic Games, national and international sport competitions once again populate the calendar, television screen and social media. Following the trend of previous years, sport continues to be prime content in attracting TV viewers, as broadcasting revenue continues to increase with, for example, NBC Universal paying as much as USD 1.2 billion for the exclusive right to broadcast the Rio 2016 Olympic Games in the US. National leagues also enjoy remarkable funding from the negotiation of their broadcasting rights; the English Premier League football recently achieved an impressive GBP 5.13 billion (approximately USD 7 billion) deal for the broadcasting rights over the next three years.

Another important source of income for professional sport is sponsorship. Together with broadcasting revenues, sponsorship comprises 90 percent of the International Olympic Committee’s (IOC) revenue. The importance of those two elements, broadcasting and sponsorship, may be better explained by the fact that television advertising and direct sponsorship are the core ways in which companies can reach the supporters making them consumers. Nonetheless, from the selected list of 12 Olympic partners in 2016 for example, none is a company from the sporting goods industry. Such a small list shows that only a few selected companies are able to afford such mainstream advertising tools. So, for those companies that are not able to secure prime television advertising time or premium sponsorship deals, how can they reach the public?

With as many as 85 percent of viewers estimated to have used second-screen devices during the Rio 2016 Olympic Games,
social media is an extremely interesting tool for companies to gain the attention of sport consumers, a public that not so long ago was reachable only through expensive TV advertising or sponsorship deals. Sports fans already generate heavy reactions on social media. Some research indicates that 35 percent of football supporters follow their team on Twitter, and 48 percent of users like or follow a brand online because they support their team.

The content
Significant social media activity related to sports is accompanied by images or short videos (“the content”). That is not a peculiarity of sports but rather a recognized trend as “social media will increasingly revolve around video content”⁵. Such content, which plays a key role in attracting users’ attention and generating reaction in social media, might enjoy protection through copyright or other exclusive rights that limit its unauthorized use by third parties. For that reason, some basic requirements have to be taken into consideration by companies that want to use third-party content through social media:

Protection
While sports events per se usually do not attract copyright protection, under many jurisdictions around the world audiovisual recordings of those events are likely to fulfill the requirements for copyright protection. The recording may also attract protection of related rights recognized in some jurisdictions to film producers over that recording and broadcasting organizations with regard to their broadcasting signal.

Type and purposes of use
In the case of protected content, the type and purpose of use can be relevant in cases where no direct authorization from the rights owner has been obtained. In such cases, limitations and exceptions to exclusive rights may allow the use of content under specific requirements and purpose of such a use as news reporting, journalistic and informational uses deemed legitimate or justified by national laws.

Rights owner
Each rights owner chooses its own approach concerning the enforcement of rights. While the sporting event organizer may be interested in having related content disseminated on social media, a broadcaster that has acquired exclusive rights or an official sponsor may inversely want to have as much control as possible over the exclusive content. The diversity of approaches reflects the level of enforcement that right owners will undertake over their exclusive content on social media.

Sharing is easy, what about controlling?
It is estimated that video will consume 80 percent of internet traffic by 2019⁸. Rights owners around the globe wonder how to identify and control a massive traffic of content, and also on how to promptly avoid that third parties make use of their exclusive content. Additionally, users might not always understand the conditions under which they are allowed to use the content they consider as freely available. Alongside ubiquitous and ephemeral uses of protected content on social media, the current situation poses a number of challenges to exclusive rights owners and also to potential lawful users of a particular protected content. Such a reality has led to some criticism in the sense that “rights packages need to be rebooted for the social media area, particularly in the area of exclusive content”⁹.

In the absence of legal certainty, either from national legislation or soft-laws it is not surprising that cases relating to the use of protected content on social media are brought before the courts more and more frequently. As an example, a recent case in the UK had to assess whether making available an eight-second video of a match either infringed or not the copyright and related rights of the exclusive owner of such video¹⁰.

With no clear-cut legal answer existing for uses on social media, the lawfulness of each use will be addressed taking into account the concrete circumstances of each rights owner and user, possibly requiring further care before companies extensively use third-party content on social media. The rules of the game are not easy.

¹ http://www.telegraph.co.uk/investing/business-of-sport/social-media-in-sport/
² For the Rio 2016 Games, the following companies were listed as part of the Olympic Partner Programme: Coca-Cola, Atos, Bridgestone, Dow, GE, McDonald’s, Omega, Panasonic, PSG, Samsung, Toyota and Visa. https://www.olympic.org/sponsors
³ https://wallahub.com/blog/olympics-fun-facts/22356/
⁴ IMG Consulting Study, 2015
⁶ See, for example, a declaration from the NBA Executive in the Washington Post on October 13, 2015 available at: https://www.washingtontopost.com/sports/sports-video-clips-are-now-ubiquitous-on-social-media-can-the-nfl-put-the-genie-back-in-the-bottle/2015/10/13/e986f34c-71c9-11e5-8248-98e0f5a2e830_story.html
⁷ See comments from representatives of the English Premier League and BBC available at: http://www.bbc.co.uk/newsbeat/article/28796590/premier-league-warns-about-posting-goal-videos-online
⁸ Cisco Virtual Networking Index, 2016
¹⁰ Royal Courts of Justice, English Cricket Board and Sky UK LTD. vs Tixdaq Limited and Fanatix Ltd., Case No: HC-2015-002993, March 18, 2016
2016 was a very productive and successful year for the Legal Committee with, inter alia, substantial efforts devoted to the preparation and development of concrete solutions to tackle the legal challenges ahead, and with the underlying desire to give all WFSGI members a helping hand in their everyday business life. It is a matter for rejoicing since the committee has taken off extremely rapidly, and is currently a vibrant beehive of activity based on the unwavering and full support of our deeply involved legal experts/members.

On the occasion of WFSGI’s bi-annual meetings, the Legal Committee met on June 1, 2016 in Lausanne, Switzerland, to review the progress of its activities over the preceding year and assess future prospects.

**WFSGI global labeling database**

By way of a reminder, the WFSGI is planning to create a database of worldwide labeling requirements (i.e. with global geographical coverage comprising initially 49 countries, including the US, Japan, China, Korea, the EU and other individual European states), for seven product categories (apparel, footwear, bicycles, toys, sporting equipment, personal protective equipment and electronics). WFSGI members expressed a great interest in making such a shared platform available, in particular due to the fact that this database will facilitate their daily work and lead to significant time and cost savings.

**Intellectual Property Rights (IPR) protection**

*WFSGI Online Brand Abuse & Anti-Counterfeit Project*

The specialist company Convey is successfully pursuing its objectives by assisting WFSGI members to remove online brand abuses. Currently, 47 WFSGI brands are participating in this program, representing 62 percent from the bicycle industry and 38 percent from the generic sports footwear and apparel sector (including soccer, rugby and other sponsored teams). Specifically through this partnership, more than 265,000 counterfeit offerings/links/images have been taken down, about 37,000 shops/websites/accounts have been closed, and more than 520,000 sales have been blocked, corresponding to a turnover of approximately EUR 16 million (facts and figures as at March 31, 2016).

*WFSGI IP contacts database*

With the support of the Legal Committee members, an online database referencing – per mid 2016, 24 trusted worldwide IP enforcement companies and entities – has been developed and is updated on a regular basis.

The intention is to allow WFSGI members to share information about trusted investigators around the globe, develop confidence and trust in this network, and ultimately provide an efficient channel of cooperation for future enforcement operations with the objective of further expansion of the database in the future. Access to the database is restricted to in-house legal experts at WFSGI member level.

*Close collaboration with the World Customs Organization*

In order to better protect its members against IPR violations, WFSGI is forging a strong partnership with the World Customs Organization to enable its members to interact directly with official customs authorities and bring a halt to the counterfeiting of WFSGI members’ products, as an important additional tool at operational company level.

*Industry sector-specific dialog with key players/organizations*

Additionally, a regular dialog on the IPR theme is maintained with key players and organizations, such as the World
Task force for anti-bribery and anti-corruption
A task force has been formed by the Legal Committee to work on the anti-bribery and anti-corruption subject, which continues to be very much a live issue.

WFSGI-FESI Joint Working Group on the EU Digital Single Market Strategy (DSM)
On May 6, 2015, the European Commission released its strategy to create a single market throughout Europe for digital goods and services. This initiative is one of the 10 key priorities of the Commission and could well have significant adverse effects on all sporting brands operating in Europe; for example, through interference in the distribution schemes of branded sporting goods products, or restraints on the calculation and determination of sales prices at B2B level throughout Europe. Consequently, on September 30, 2015 the WFSGI Board members formally expressed their willingness to join forces with the Federation of the European Sporting Goods Industry (FESI), and form a working group to address this specific issue.

Monthly co-webinars have been organized to prepare the working group’s advocacy plan with a special focus on two priority topics: 1) the legislative proposal to address unjustified geo-blocking and communication on the role of online platforms. This joint working group met in Brussels on July 12, 2016 and keeps track of all significant developments in this area. WFSGI member companies are strongly encouraged to actively participate, in view of the potential very significant commercial impact the EU’s DSM program could have on sales, marketing and distribution of sports products in the foreseeable future.

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WFSGI LEGAL COMMITTEE
TRANSLATE CONSUMERS INTO SPORT PARTICIPANTS

By Li Feng, Vice President, Alisports

Compared with the several companies that already have a great reputation, Alisports is only a beginner: it was established in September 2015 and has been exploring a path of development that is totally different from others in order to build the base platform of the Chinese sports economy.

Alisports, a subsidiary company of the Alibaba Group, the largest online and mobile commerce company in the world in terms of gross merchandise volume, aims to provide the entire range of services from ticketing and broadcasting rights to rights management under one roof. The utilization of internet-based technologies will play a decisive role in the transformation of the sports industry in China.

The construction of the digital economy base platform of Alibaba in e-commerce has been wide ranging and successful, covering logistics, big data, cloud computing, digital marketing and other aspects, according to Zhang Dazhong, CEO of Alisports. So Alisports needs to think about how to combine this e-commerce with sport.

The sports industry is a typical capital-intensive industry. With policy liberalization, capital intervention and consumption upgrade, China’s sports industry has unprecedented opportunities for development. China’s population makes it the world’s largest consumer in the sports industry. Alibaba has more than 400 million active buyers per year and annual GMV of more than RMB 3 trillion. The number and the trend of sports consumption has given the industry a clear guide. The population of sports goods purchase on Tmall and Taobao is rising year by year, from less than 200 million in 2013 to 300 million in 2014 and 400 million in 2015. Also, the growth rate of sports products sales is considerable, from RMB 60 billion in 2013 to RMB 73 billion in 2014 and RMB 90 billion in 2015.

Key data: The Chinese government announced plans in 2014 to develop the country’s sports industry and raise the sector’s annual output to RMB 5 trillion (USD 814 billion) by 2025. Sport is aiming to become a major force of sustainable social and economic development in China. With such a background of favorable macroeconomic policies, a large number of sports companies have emerged over the past two years.

Sources: Alisports
Meanwhile, we can analyze people’s preferences through the consumption data on these two e-commerce platforms. In 2015, the most popular sports were outdoor, running and basketball. Soccer, which is much favored by sports industry investors, ranked 10th. Although soccer is now a very hot topic, from the perspective of the industry involved in terms of the whole people, there is still a lot of room for development.

Here, it is necessary to mention some of the new sports that have been added to the Tokyo Olympic Games 2020. Sport climbing, roller skating and surfing will be included together with karate and baseball/softball. In the past, we thought that these new sports did not meet a very wide range of interest groups in China. However, through consumer data, we found that our understanding was not accurate. We can see that these sports are not only popular with young people in China, but in fact are not as narrow as we imagined.

On the online platforms Tmall and Taobao, consumption of sport climbing is listed in the top 10, roller skating ranks 11th and surfing ranks 28th. Looking at the age groups, sport climbing and roller skating interested consumers of very different ages. The top three age groups in sports climbing is 26–35 years, 41–50 years and 31–35 years. Surfing is mostly favored by the age group of 26–30 year olds. As for gender, unexpectedly the share of male and female interest is balanced.

These figures in terms of consumption may be able to provide some guidance to our investment. For Alisports, all the operations are carried out under the guidance of big data. Alibaba has provided a base platform for a wide range of services, which is an important platform to lead China into the future and contribute to the country’s economy. According to CEO Jack Ma, Alisports will build the base platform of China’s sports economy. The company aims to absorb the resources of Alibaba Group; for example, by using and connecting the existing infrastructure of the sports industry to serve people all over China.

Alisports hopes to translate its nearly 500 million users into sport participants and to utilize the strengths of e-commerce to facilitate their participation in sport. Alisports would like to give all the Chinese people a spirit of sportsmanship; that is, marching forward courageously, not afraid of challenges, unyielding and with team spirit.
THE SPORTING GOODS INDUSTRY: TOWARDS INCLUSIVENESS AND POSITIVE ACTION

By Marina Carvalho, President, APICE (Brazilian Association for Sporting Goods Industry and Commerce)

Key data: When thinking about the sporting goods industry, one probably can not even conceive of the number of opportunities that may arise from the value-added spectrum of this production chain. This sector is not only labor-intensive, but filled with sustainable processes and environmentally friendly standards. Additionally, the technology embedded in sporting products turns them into a good parameter for other sectors to benchmark on the ways and means of increasing automation during production.

One of the great challenges for most sectors is to include small and medium enterprises (SMEs) within the chain, especially if global companies comprise the sector. An important condition for inclusion of SMEs in the chain of production of a sector such as sporting goods is to have a sustainable means of production. Sustainable not only in terms of the cost of production and technology, but also in terms of quality and environmental and labor standards. At the same time, it is the responsibility of global companies to try to develop SMEs towards global value chains (GVC).

Global value chains imply that services and raw materials will be sourced or operated from those territories that are most suited to maximize efficiency, while at the same time minimizing any environmental/labor impact. SMEs can boost their inclusiveness in GVCs by taking simple and easily achievable measures, such as improving the manufacturing environment by implementing automation and lean manufacturing systems, and improving the working environment by focusing on energy efficiency programs and waste water treatment systems that allow a reduction in both costs and adverse environmental impact. Coordinated work between companies of the chain may be another way to build the path to inclusiveness. It is important that global companies have an open dialog with SMEs in order to identify inputs, products
and services that may be supplied. Technical specifications and the cost structure of inputs should be openly built with SMEs in order to make their production processes adaptable to the requirements of global companies. The chain must work together in a supportive manner, using capacity-building methods to increase productivity.

At the same time, GVCs need to be supported by appropriate global policies. When it comes to trade, for example, SMEs may face additional difficulties in adapting their products to different markets. While global companies with sufficient resources can deal with the complexity of international trade, for many SMEs overcoming the issue may be extremely difficult or even impossible. Free trade agreements were supposed to be accessible to all, but some rules can be difficult to apply. The complexity of Rules of Origin (RoO) is one of the key reasons for low utilization of Free Trade Agreements (FTAs), resulting in, for example, potential higher duties, different RoOs for different purposes, and different rules applied to each specific preferential agreement the SME’s country may have signed.

When it comes to the inclusion of SMEs into sporting GVCs, there are other important policies to which countries should pay attention, such as the protection of intellectual property rights (IPR) and the establishment of adequate digital rules. Countries need to have an established and effective system in place to protect IPR. Global companies in the sporting goods sector invest heavily in research and development, and they will prioritize working with those SMEs based in countries that will help them protect their valuable intellectual property assets. Effective IPR protection must consist of two elements: the opportunity to proactively register the IPR (including patents, designs, trademarks and copyright), and a defensive mechanism for prosecution of infringement of these rights. Moreover, an effective IPR framework must be well defined with a clear and understandable set of laws designed to protect all forms of IPR, and with a judicial system equally applicable to all parties and rights holders. Developing countries should be encouraged to establish or enhance their existing IPR frameworks if they want SMEs to become part of GVCs, and global companies should share best practices, provide local training on law enforcement systems, and direct available resources to support the economic growth in developing countries.

Finally, the digital market is an environment still open for debate and the creation of a new set of rules. The increased usage of the internet results in vast amounts of information available for online consumers, which makes it extremely challenging to find the right information and make the right decision in choosing the product. Countries have a difficult issue in regulating how the digital market can be friendly and open to SMEs, while at the same time offering the proper level of protection to consumers and global brands.

The volume of information available on the internet and the lack of certainty over its accuracy triggers the risk that consumers will buy counterfeit products without even being aware that specific models shown online may not be available in reality. Currently, there are various different approaches towards e-commerce regulations and numerous views on distribution strategies from companies. A good start would be to create these sets of rules through public consultation and constructive dialog jointly with SMEs, global companies and governmental authorities.
Throughout 2016, the WFSGI Trade Committee has continued to pursue its efforts to advocate for free and fair trade for the sporting goods industry. These endeavors comprise the annual internal information exchange on international trade measures of relevance to the sporting goods industry and also hosting again a session at the WTO Public Forum “Inclusive Trade”. Of significance, two trade cases that targeted footwear imports in Brazil and Columbia have been concluded.

Brazilian anti-dumping measures against Chinese footwear imports: The Trade Committee has been actively engaged in organizing members to participate in the five-year sunset review conducted by the Brazilian government. The Brazilian authority CAMEX concluded the review in March 2016 and reduced the duty from USD 13.85 to USD 10.22 per pair. Subsequently, ABICALÇADOS – the local Brazilian footwear manufacturers’ association – filed an administrative appeal, based on public interest, questioning CAMEX’s decision to reduce the AD duties applied to imports of footwear from China. This appeal was rejected and thus the duty remains at USD 10.22/pair.

The Brazilian authorities applied a novel approach in anti-dumping with regard to the normal value calculation: they considered the brands and their suppliers to be related parties and therefore rejected the actual reference prices. This finding gave discretion to the investigating authority to construct the normal value and export price, resulting in massively inflated dumping margins.

The efforts of the WFSGI Trade Committee in the Brazil case demonstrate the industry’s readiness and willingness to jointly advocate free and fair trade by actively engaging in specific trade cases. In so doing, the committee aims to strengthen the position of the industry in future trade cases and highlight that the sporting goods industry opposes measures that impede free trade of sporting goods.

Colombia anti-dumping measures against Chinese footwear imports: The WFSGI Trade Committee has been represented by a local law firm in Bogota since the beginning of the anti-dumping investigations, which started in June 2015.

The Colombian Ministry of Trade, Industry and Tourism decided in July 2016 not to impose anti-dumping duties on the import of footwear from China, despite the existence of dumping. The reason was that the causal link between the dumped imports and the injury of the domestic industry, as one of the requisites to enact such duties, was not met.

WFSGI representation during the WTO Public Forum “Inclusive Trade”

For the third consecutive year, WFSGI also took the opportunity to host a session at the forum to highlight the inclusive nature of the sporting goods industry – an inclusiveness based on both local and global integration of SMEs in the industry’s global value chains, and the digital revolution. The WFSGI was pleased to have the following speakers on the panel:

- Kristine Marvin – Vice President and General Counsel, Timberland (VF Corporation)
- Ingrid Persson – Manager International Trade EMEA Government and Public Affairs, Nike, Inc.
- Aster Kamp – Manager Regulatory & Ethical Affairs/ Compliance Officer EMEA, Asics
- Marina Carvalho – President, APICE (Association for Sporting Goods Industry and Commerce, Brazil)

Outlook 2017

The WFSGI Trade Committee will put some effort into investigating how the Harmonized System nomenclature codes for footwear can be changed. The objective is to have separate headings for athletic footwear. The Committee will also work to ensure that the custom authorities are aligned and up to date with the product development of the industry.

The WFSGI Trade Committee will continue to monitor entry into force and implementation of different free trade agreements in order to evaluate their impact on the sporting goods industry. Also, the Committee will assess any possible upcoming trade cases and evaluate how the industry can proactively engage, considering the experience of the Brazil AD case.
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VICE-CHAIR

Karl Sedlmeyer  
VP Global Government Affairs, adidas Group

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VP & General Counsel, Columbia Sportswear Company

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Tom Cove  
President & CEO, SFIA – Sports & Fitness Industry Association – USA

Frank Dassler  
General Counsel, adidas Group

Wilfried Hauenstein  
Director Global Logistic Distribution, Puma

Li Hua  
Vice-President, CSGF – China Sporting Goods Federation

George Hong-Chih Liu  
Executive Director, Yue Yuen Industrial Holdings Ltd.

John Larsen  
President Emeritus, New Balance Athletic Shoe, Inc. & Director New Balance UK & WFSGI Past President

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Senior Director of Corporate Social Responsibility and Senior Counsel, Under Armour

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COO, Pentland Brands

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THE CHANGING DYNAMICS OF SPORTS CONSUMERS

By Glenn Lovett, Co-Managing Director, Nielsen Sports

The past 12 months have seen two significant and game changing shifts in the global sports market. China has finally emerged as a major global force, particularly in football where a string of teams and agencies have been acquired, and OTT and direct-to-consumer services have really started to take hold.

Disney’s investment in Major League Baseball Advanced Media (MLBAM), and the J-League’s recent deal with Perform Group’s internet TV service, DAZN – dubbed a ‘Netflix of sport’ – provide the latest evidence that this is the future of sports content distribution. Within sport and the wider entertainment space, the amount of content generated is increasing and so are the ways in which it can be consumed.

Competition for the attention of a viewer or fan has never been so intense and the continuing fragmentation of the media landscape, driven by the development and adoption of new technologies, is presenting both new challenges and potentially golden opportunities for rights holders and their partners. The National Football League’s (NFL) decision this year to sell a package of rights to Twitter, which has resulted in Thursday night games being tri-cast live on a traditional broadcast network, the league’s own network and a major social media platform, is a prime example of how leading rights holders in sport are actively exploring new avenues to retain viewers, attract new viewers and develop viable new revenue streams.

Key data: Sport’s top-line metrics continue to point in the right direction. Global sponsorship spend is forecast to reach more than USD 62 billion in 2017, while global media rights spend is expected reach USD 45 billion next year. But this is also a period of rapid change.

Be it premium broadcast rights, new digital assets or the intellectual property itself, sports content has never been more prized. Two of the year’s biggest sports transactions, the sale of Formula One to Liberty Media and the acquisition of Ultimate Fighting Championship (UFC) by WME | IMG, offer a multi-billion dollar indication of how the ownership of assets and IP is seen as increasingly important.

Based on our research, 50+ types of fan stories can be activated and monetized.
Nielsen Sports monitors all these trends and more on an ongoing basis, and in the social and digital space it is clear that leading rights holders are unlocking revenue through close collaborations with partner brands and the major social media platforms. They are doing so in several ways: a partner can ‘own’ a particular category of online content – a ‘fan story’ – generated by a rights holder; for example, behind-the-scenes training ground footage or live event commentary.

Alternatively, a rights holder can work closely with a social media platform in the creation of new assets, such as Facebook stickers or emoji sets that integrate the partner. And digestible, shareable video is now nothing short of essential in delivering maximum impact online, and again the best rights holders have been able to successfully integrate commercial partners.

The ability to carve out new broadcast opportunities via a live video streaming service, such as Facebook Live, adds another dimension for the innovative rights holder, all to the ultimate benefit of the fan. Even richer and more immersive experiences are on the way as virtual reality takes hold, while the Philadelphia 76ers’ announcement that it is to acquire two professional e-sports teams hints at another avenue of opportunity for rights holders.

High quality content, with the right level of integration between rights holder and partner brand, can enhance the experience and generate revenue, either through shared revenue models with social media platforms or by driving fans back to an official team or event website that offers e-commerce and membership opportunities.

To be most effective, however, rights holders and, increasingly, brands require a fundamental understanding of the fan or consumer – who they are, their preferences and purchasing habits, how they behave and what makes them tick. This knowledge can be used to tailor content to specific pockets of fans – targeted communications and marketing to micro-segments of a fanbase, which can yield greater returns for all parties. In an omnichannel environment, accurate measurement and then optimization of the return on major investments is more essential than ever.

For more information about Nielsen Sports, please email contactspor ts@nielsen.com or visit www.nielsensports.com.

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### Which of these platforms do people in China use to follow sports?

<table>
<thead>
<tr>
<th>Platform</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Tencent</td>
<td>39%</td>
</tr>
<tr>
<td>Sina Sports</td>
<td>17%</td>
</tr>
<tr>
<td>CCTV5 Website</td>
<td>16%</td>
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<tr>
<td>Sohu Sport</td>
<td>12%</td>
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<tr>
<td>Phoenix Sports</td>
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<td>Le Sports</td>
<td>7%</td>
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<td>Youku Sports</td>
<td>5%</td>
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<tr>
<td>Netease Sports</td>
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<tr>
<td>Hupu Sports</td>
<td>3%</td>
</tr>
<tr>
<td>PPTV Sports</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: Nielsen China
INNOVATE OR DIE

By Mark Cote, Head of Integrated Technologies Specialized Bicycle Components

Key data: Aero is everything – The wind. Sometimes it’s your friend; other times nothing would give it greater pleasure than to push you and your bike into a ditch. Computational Fluid Dynamics (CFD), on-bike Racing Data Acquisition (DAQ), and the WinTunnel. These are the instruments and systems used to collect data, crunch numbers, test theories, and take some very sensitive measurements. You can have access to all the aerodynamic technology in the world, but the data and testing is only as good as the interpretation and application of the data.
Specialized has a mantra – *innovate or die*. The company is known for investing and working to further innovation and drive technology within the cycling industry. Today’s data-connected athlete is driven through using the information that comes off of their equipment, environment and body, which ultimately drives their performance. At Specialized, we have been investing very heavily in data acquisition to best analyze and understand each of the following aspects: equipment, environment and human. By better understanding these individual components, the team can have a more complete understanding of rider performance.

**5 minutes**

The most recent development of a comprehensive rider performance package is our most complete package for speed we have ever developed at Specialized. We launched this as our 5-Minute campaign. This campaign unveiled the launch of five very fast and very data-driven products, these product by working with the human and the environment will save a rider five minutes over a 40 kilometer distance. The products included in this package are the S-Works Evade Helmet, S-Works Evade Skin Suit, S-Works 6 Road Shoe, and S-Works Venge ViAS Disc. This saving is true for all riders, from an everyday rider all the way to a top professional athlete such as Peter Sagan. This manifested itself even in the heat of Doha, Qatar, as the Venge ViAS Disc won a World Championship with rider Peter Sagan. The whole idea, is if you understand all the metrics, it’s a pretty straight forward equation to look at performance and straight line speed. That comes down to looking at key components of what speed comes back to – which is the power output of the rider which is then balanced by the resistance they have to overcome. Whether going up a hill, which is due to weight, rolling resistance, which is due to tire deformation and the bearing friction of the wheels, drive-train friction, and the biggest thing holding the rider back, which is aerodynamic drag. 80 to 90 percent of a rider’s resistance on the road comes down to aerodynamic drag.

**The WinTunnel**

By understanding the impact of aerodynamic drag for all riders, the team at Specialized invested in the WinTunnel at headquarters in Morgan Hill, California. The WinTunnel was opened in May 2013 and was designed specifically for human-powered speeds, unlike most of the wind tunnels available for testing today. The whole goal was to fundamentally understand all the key components of speed and be able to literally test each individual component. The Specialized WinTunnel is about four times more sensitive than any wind tunnel we could rent prior and allows us to measure something as sensitive as the drag of cable routing or whether or not an athlete is wearing a watch. This type of understanding provides us with amazing fidelity to add up the 20 little things that can lead to a huge difference. It’s all of these components that lead to the better times for the digital athlete on platforms like Strava. For those looking to the top of the leaderboard, there’s no way to ignore the benefits of a focus on aero. #aeroiseverything.

© all images: Specialized Bicycle Components
FIT FOR THE DIGITAL CONSUMER JOURNEY?

A NEW PLAYBOOK FOR BICYCLE RETAIL

By Matthijs Rosman, Partner at RevelX, realizing growth and Chairman of Omnichannel Expert Panel of E-Commerce Europe

Key data: Our world will never again change as slowly as it has done in past years. There is no better time to start shaping your digital consumer than today!

Selling bicycles has become complicated
In the past, selling bicycles was easy. However, the present day consumer feels lost in the traditional retail landscape. Brand loyalty falls victim to raging price wars. Online players with endless aisles of products offer unparalleled transparency and attractive fulfilment services. They take over the market by storm. In addition, a new type of consumer knocks on your door: the millennial consumer. Digital-savvy and difficult to engage. In short, selling bicycles (profitably) has become a lot more complicated.

Are you among the fittest who can survive in this competitive turmoil?

Traditional distribution models have to change
Although 92 percent of all retail still takes place in physical stores, the rise of the online channel is undeniable. In travel and insurance, more than 80 percent of all sales takes place online. A recent expert survey of the bicycle industry indicates that within the next five years, 30 percent of the traditional bike retail will be gone. We also see an insurgence of cross-border retail. In 2015, 16 percent of online shoppers purchased goods from sellers outside their country of residence.

Pure players threaten the industry
The rise of online retail in the bicycle industry is fueled by wide availability, low prices, convenience in fulfillment services and high comparability. Online retailers offer unbelievable discounts, particularly in the lower price segment. As a result of their low cost, no overhead operation, they carve out a huge chunk of the market. We see online offering of bikes at 25 to 30 percent below the manufacturer list price.

The millennial consumer is no longer attracted by our models
The millennial generation has been born into a digital world. And this is the influencing factor in how to sell to this generation. We see many industries – and specifically retail – struggling to stay relevant. The millennial does not fit our traditional purchasing funnels. They are faced with an explosion of touchpoints, products and digital channels.

Bicycle brands and retailers have lost control over the consumer, as giants such as Facebook, Amazon and Google take over our role in the consumer experience. Two thirds of the touchpoints in the active evaluation phase of the consumer are outside our control.
Refocus on the consumer
What should be your answer? The same millennial consumer who trades loyalty on a dime is also looking for experiences. This is the forte of brands. Brands need to play this card more aggressively, and with conviction and credibility. The consumer must have a reason to believe. Therefore, the industry must refocus on the consumer. Adopt a relentless obsession for the consumer. We have to approach the consumer journey as a directed play; influencing everything a consumer sees, feels and experiences while interacting with your brand.

Two key areas
Winning brands focuses on two key areas: rich experiences and consumer data. The digital era presents unprecedented opportunities to create rich experiences. Engaging content can be produced on amazingly low budgets. Interactivity is the norm and a real possibility. Brands must take advantage of these possibilities and move away from transaction orientation. Move beyond the product into the consumer relationship.

The other area to focus on is consumer data. There is so much data available. However, brands need to be aware of what data is relevant for them and how this data can be captured. Consumers are willing to trade data for value. Having access to consumer data allows brands to design consumer journeys on steroids.

Take the first steps!
Are you ready to compete? Ask yourself the following questions:
1. How well do I know the consumer?
2. Have I designed a consumer experience that is engaging and persuasive?
3. Am I leveraging the power of my distribution network to deliver on that experience (off and online)?
4. Do I have a consumer data mindset that moves beyond transactions and market share?
5. Have I attracted the right digital skills to my business?

Having doubts? Take action! There is no better time to start shaping your digital consumer than today!
The collaboration with the UCI on various projects continued to be the major task of the WFSGI Bicycle Committee in 2016. The intense exchange with the UCI, and also the teams and rider representative organizations AIGCP (Association International des Groupes Cyclistes Professionnels) and CPA (Cyclistes Professionnels Associés), on the topic of disc brakes in road racing fostered the position of the WFSGI as the main industry representative organization and even enlarged the field of cooperation with other associations. For the first time, the four organizations AIGCP, CPA, UCI and WFSGI also jointly organized a meeting on a rest day during the Tour de France, which worked as an exchange platform for the different parties.

**Disc brakes in road racing**

The official introduction season of disc brakes in road racing was paused in April 2016 after a request by two UCI stakeholders following an incident with a rider who claimed that disc brakes had injured him during the Paris-Roubaix race. The Bicycle Committee made a great effort by initiating reconstruction of the accident and a general risk analysis of disc brakes together with the UCI. Following an intense collaboration with several stakeholders, the decision was taken to restart the testing of disc brakes in professional racing in January 2017.

**Wheel Committee**

The new wheel impact test, developed by WFSGI members in collaboration with the UCI, was finally implemented on January 1, 2016. The new approval procedure, which includes self-certification, not only better qualifies wheels in terms of safety, it also saves the industry considerable costs for each wheel model tested in comparison with the former procedure. The first feedback from both sides, industry and UCI is very positive, but the Committee continues to improve the situation in a direct exchange with the UCI. The final goal of the process will be to include the impact test into the international bicycle standard ISO 4210, in order to abolish completely an additional UCI test procedure.

**Saddle Committee**

The main purpose of the WFSGI Saddle Committee was determined to be the changes in the UCI saddle length and tilt regulations. These goals were achieved by the change of the rules for both regulations by January 2016. The exemplary collaboration between most competitors in the field of bicycle saddles led to a great result that helps the entire industry. In order to keep the good relationship going, the group has already started on the change of the saddle setback regulation and a project on the unification of saddle reference points and sizes as the next challenges.
TOOLS. NOT JUST TIRES.

WWW.SCHWALBE.COM/TOOLS
Working group ‘aerodynamics and weight limitation’
The UCI will remove the 3:1 ratio regulation for frames and forks as of January 2017. This is just the first step in the goal of more freedom and opportunities for innovation in terms of bicycle design. The WFSGI working group, which collaborates with the UCI on frame and fork aerodynamics and a new solution for the current UCI weight limitation, met twice in 2016. The scope of the discussions was very wide and the group will continue to work on a first proposal that should be presented to the UCI by March 2017.

Liaison with ISO TC31, TC149 and CEN TC333
The WFSGI was represented again at several meetings of ISO TC149 and CEN TC333 in order to get an update on the latest developments in the creation of new standards and norms for bicycles. The WFSGI shared this information with its members afterwards in order to keep them updated. In addition to the two bicycle committees at a European and global level, the WFSGI also requested liaison status for ISO TC31 SC10 WG16. This new working group was assigned the task of implementing new guidance for the proper interaction of bicycle tires and rims. The WFSGI requested this additional liaison on behalf of its wheel and tire members.

Outlook 2017
The Bicycle Committee will continue its collaboration with the UCI on the development of rules and regulations in the best interests of the industry. The restart and evaluation of road races with disc brakes will be one of the major topics again in 2017. In addition, work on a proposal in the aerodynamics and weight limitation project group will need some further effort on the part of the WFSGI.

The development of RSI (Responsible Sport Initiative, the agreed CSR approach for the bicycle industry) and the continuation of the fight against counterfeit products are also high on the agenda of the bicycle committee in the interests of the bicycle members of the WFSGI. In addition, new initiatives, such as the Authentication Project, are in progress.
**WFSGI BICYCLE COMMITTEE**

### CHAIR WHEEL COMMITTEE

- **Tim Gerrits**
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  - Innovation Officer, PON Bicycle Group

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- **John Koo**
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- **Roman Arnold**
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- **John Koo**
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ISPO THINKS CONNECTED AND IS ABLE TO BE A PARTNER TO COMPANIES AT ALL DEVELOPMENT STAGES ON THE GLOBAL SPORTS MARKETS. ALL YEAR ROUND.

The internet is changing how we communicate, learn and shop. Traditional boundaries are becoming blurred, with retailers now selling their own brands and brands opening their own stores. There is a new interplay between online and retail stores, and these two industries will become increasingly interlinked.

ISPO pre-empted these changes in the market, making its services available online from a very early stage. The services on offer today go far beyond renting out exhibition space for the four days of the trade fair. ISPO aims to give its partners expert support they can rely on and ensure maximum availability of the international network. This means that it provides services and platforms 365 days a year tailored perfectly to the requirements of industry stakeholders, and which focus on current themes, predict trends and demonstrate ways in which the industry can increase its turnover.

The ISPO ACADEMY ensures that retailers and sellers remain on the ball all year round and are well equipped to face future challenges. It offers seminars, conferences and conventions for further training all over the world. It also provides virtual training sessions, known as webinars, which can be completed online at any time. In the current webinar, “Black Box Online Shopping”, participants can learn more about the consumer purchasing behavior of internet users.

Thanks to the internet, consumers today are better informed than ever about the world of retail. Their self-image is changing too. Consumers want to know that their opinion matters and to be able to offer their knowledge and experience to help with product development. This is why ISPO uses the independent platform ISPO OPEN INNOVATION, which allows companies to communicate with their customers and work with them to develop products.

In the medium term, ISPO OPEN INNOVATION will become the leading platform for the development and introduction of new products and services within the sports industry and set new standards. Companies such as Dachstein, Haglöfs, Kari Traa, Ternua, Toray, and X-BIONIC have already used this service successfully.

And that’s not all the ISPO COMMUNITY has to offer. With the new service, users will be able to help companies perceive new trends in the industry through regular surveys. These consumer insights allow trends to be identified much more quickly than with traditional market research methods.

ISPO has always been instrumental in starting successful careers and placing candidates in exciting jobs. This service is being expanded to the digital world with the new ISPO JOB MARKET. The international career platform unites jobseekers and employers within the sports industry. Internationally renowned companies such as adidas, Intersport, The North Face, and Quiksilver have already benefited from ISPO’s support.

Anyone who wants to receive industry updates should check the ISPO.COM online news portal, as the editorial team publishes relevant industry news every day. This portal covers all the hot topics within the world of sports, featuring everything from background reports to interviews.

The digital revolution will continue to be a factor in both industry and retail, providing opportunities and challenges for the sports industry. ISPO meets these demands and works in a fully networked way, providing reliable support online and offline, and acting as a full service partner for the industry.
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7 For all mankind (VF Corporation)
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Accell Bisiklet (Accell Group)
adidas Group
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AeroDesign
Akay International
Alberta Sports (PVT) Ltd.
Ali Trading Co., (Pvt.) Ltd.
Anomaly Action Sports
Anta Sports Products Limited
Apache Footwear Ltd.
Aravon (New Balance)
Arena Italia SpA
Argon 18
Asics Corp.
Atala SpA (Accell Group)
Augusta Benelux BV (PON Group)
Austgrow Intl. Group Ltd.
Bad Boyz Ballfabrik
Batavus (Accell Group)
Bellwether
Berghaus (Pentland)
Bike Parts (Accell Group)
Bladerunner (Tecnica)
Blizzard Sport (Tecnica)
BMC Switzerland AG
Bontrager (Trek Bicycle Corporation)
Boxfresh (Pentland)
Brasseur (Accell Group)
Breezer (Advanced Sports)
Brine (New Balance)
Brooks Sports Inc.
Budget Sport (Intersport)
Bulwark FR (VF Corporation)
Butterfly (Pentland)
Caloi (CSG)
Campagnolo SA
Cannondale (CSG)
Canterbury (Pentland)
Canyon Bicycles GmbH
Capital Sports Corp. (Pvt.) Ltd.
Carraro Cicli (Accell Group)
Cervèlo Cycles (PON Group)
Charge Bikes (CSG)
Chi Hung Co. Ltd.
Chingluh Shoes Co Ltd
Chung Ah Athletic Wares Fty.
Chung Jye Shoe Co. Ltd.
Cicli Pinarello Spa
Cobhills (New Balance)
Colnago Ernesto E.C. Srl.
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Comet Sports (Pvt.) Ltd.
Converse (Nike)
Corima
Cosco (India) Ltd.
Craftsman Ltd.
Currie Technologies (Accell Group)
Cycling Sports Group (Cannondale, Dorel Industries)
Dayton Industrial Company Ltd.
Dean Shoes Company Ltd.
Decathlon
Delux Sports Company
Derby Cycle (PON Group)
Descente Ltd.
Diamondback (Accell Group)
Dolomite (Tecnica)
Dong Luc Joint-Stock Company
DT Swiss AG
Dunham (New Balance)
Dynatour (Intersport)
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Eastpak (VF Corporation)
Edco
Eclat BMX (CSG)
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Ellesse (Pentland)
Emirates Sports Stores
Energetics (Intersport)
Enkay (India) Rubber Co., (Pvt.) Ltd.
Enve Composites
Esprime Ltd.
etirel (Intersport)
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FINIS
Firefly (Intersport)
Forward Sports (Pvt.) Ltd.
Freesport Corp.
Freewill Sports Pvt. Ltd
FSA (Fullspeadahead)
Fuji (Advanced Sports)
Fuse Protection (CSG)
Gazelle (PON Group)
Ghost (Accell Group)
Giant Manufacturing Co. Ltd
GMA Accessories, Inc.
Gravity (FSA)
GT Bicycles (CSG)
Haglöfs (asics)
Haibike (Accell Group)
Head Sport GmbH
Hirdaramani Int. Exports (PVT) Ltd.
Horace Small (VF Corporation)
Hunter (Pentland)
Hurley International LLC (Nike)
HWA Seung
Igi Srl (Agla)
Iconix Brand Group
IIC-Intersport International Corp.
International Brand Partners LLC
Iron Horse Bicycles (CSG)
ISM Saddles
Jansport (VF Corporation)
Juncker (Accell Group)
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| KangaROOS (Pentland) | Lapierre (Accell Group) | Lucy let’s go (VF Corporation) |
| Kestrel (Advanced Sports) | Laser Sports (Pvt.) Ltd. | Magura |
| KÉZMŰ Nonprofit Kft. | Le DD (Lotto Sport) | Madrigal Sports (Pvt.) Ltd. |
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| Kipling (VF Corporation) | LK International AG – Kjus | Marker Völkl (International) GmbH |
| Knight Composites LLC | Loekie (Accell Group) | Mavic SAS |
| Koga (Accell Group) | Look Cycle | McKinley (Intersport) |
| KTC Limited | Lotto Leggenda (Lotto Sport) | MEC – Mountain Equipment Co-op |
| L&amp;E International | Lotto Sport Italia SpA | Metropolis (FSA) |
| | Lotto Works (Lotto) | |</p>
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CSGF – China Sporting Goods Federation

FESI – Fédération Européenne du Sport et de l’Industrie
JASPO – Association of Japan Sporting Goods Industries
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FIFA – Fédération Internationale de Football Association

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