

AVINA SPORTS: A CASE STUDY OF ORGANIC GROWTH

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ABSTRACT

The global market for sports was worth between \$600-\$700 billion. Significant growth prospects in the market were expected because of Socio Political changes, commercialization of sports in developing nations and increased competitiveness.

Indian Sports Goods Industry had a century old history and it prospered due to the skills and expertise of its workforce. The world of sports goods complement the passion India has for sports. The Indian market for sports goods was valued at US\$ 2 billion in 2012-13 and estimated to reach over US\$ 4 billion by 2018.

In 2014–15, the UK, the US, the UAE, Australia, South Africa and Germany were the major export markets for Indian sports goods. France, Poland, the Netherlands, Canada, Belgium, New Zealand and Italy were emerging export destinations.

Avina Sports, a dedicated provider of sports goods, equipments, material to Indian sports players was a part of A & S Group. The annual turnover of A & S Group was approximately Rs. 250 Crores and projected sales turn-over of Avina Sports only for 2017-2018 was about 180 crores.

Avina Sports was one of the fastest growing brands having its presence in all the states of India. It had efficient distribution networks across India. It had planned and achieved organic growth.

Keywords: *Global market, Sports goods, export markets, efficient distribution, organic growth*

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RESEARCH OBJECTIVE & METHODOLOGY

Sports Goods Industry was shifted from Pakistan to India and this research work tried to explore “opportunities and challenges faced by Spots Goods manufacturer in India.”

This research work is a Case Study Research, based on secondary data collected from various sources and primary data collected through schedule-based interview. As firm was not willing to disclose its identity, it is written as Disguised Case.

AVINA: AN INTRODUCTION

Avina Sports, a dedicated manufacturer and supplier of sports goods, equipments, material to Indian sports fraternity was a part of A & S Group. It came into existence in 1935 in Sialkot, Pakistan and later shifted and expanded in Jalandhar, India. The group companies catered to three main categories; manufacturing, distribution and sports infrastructure development. The annual turnover of A & S Group was approximately Rs. 250 Crores and projected sales turn-over of Avina Sports alone for 2017-2018 was about 180 crores.

For the operational efficiency, A & S Group had two verticals: Avina Sports and S. Industries. Avina Sports from a small beginning in the year 1935, over decades, had transformed into a big company having interests ranging from manufacturing of sports goods to sports accessories to sports infrastructures development. The company introduced products which became legendary classics and earned nation-wide popularity for the company in all the sports it participated; be it Football, Volleyball, Basketball, Tennis, Hockey, Badminton or Squash. In 2012, company got its shining star inspected and certified from FIFA and similarly, had many more achievements in other sports goods categories.

Avina Sports was one of the fastest growing brands in India and had its presence across all the states of India. It had an efficient distribution network across the length and breadth of India having around 1400 distribution points. Variety of sports goods were being marketed by Avina Sports through its wide distribution network ranging from all types of ball games to sports footwears to sports accessories and gears under the brand name “Avina”. In the initial phase, the company used to import various designs of footballs having the in-house production but in the later years, the company built its in-house design studio to develop and test different designs of the footballs and other ball games. The company had built up a huge production facility in Jalandhar, India by adopting foreign and innovative technology.

Avina Sports goods were manufactured at Jalandhar, an industrial township famous for sports industry in Punjab. The company also had tied up with many international companies dealing in sports infrastructure development to aid in developing the sports infrastructures in India like indoor stadiums, squash courts, basketball courts, outdoor tennis courts and many more. Backed by generations of sportsmen, AVINA was the true INDIAN Iconic Sports Brand. Keeping the tradition of in house technology development, Mr. Ramesh developed one of the paths breaking technology which helped in reducing the leakages in different ball, thus providing the more advanced Basketballs and Volleyballs to the players.

The company learned and later developed technology by investing hugely to generate the prints for the sports apparel. Similarly, the company was using polyurethane chemical in the manufacturing of football, basketball and volleyball which in turns made the goods more durable and abrasion free.

Strong dedication of Avina Sports for providing superior sports products and the critical feedback from distributors, retailers and sports players had helped the company to become one of the fastest selling sports goods company in India. (Annexure 1)

GLOBAL SPORTS INDUSTRY: AN OVERVIEW

Global sports industry includes infrastructure construction, sporting goods, licensed products and live sports events. Sports industry in the world was commonly ruled by foreign players. The global market for sports was worth \$600 billion to \$700 billion. Significant growth prospects in the market were expected to be boosted by the growing needs and expectations of the sports players due to – fervent fan base, latest trends in sports and international standards. US was the largest market for sports goods which nearly accounts for one-third of the global market. However, the fastest growing markets among the countries around the world were Middle East and Africa. Asian countries were also growing at a higher rate than the global average.

In Asia, countries like China and India had a large consumer base and simultaneously, the consumption patterns of sports goods and other sports accessories across Asia were also growing day by day. Despite this trend, in developing countries like India, the per capita consumption of sports goods was very low. The major reasons behind this issue in comparison to developed nations was low per capita purchasing power; the sports is treated as a luxury commodity; the general public don't see any future in sports and they play sports only for fun sake and last but not the least, central and state governments do not give priority to develop sports and sports infrastructure, rather they pay more emphasis on providing basic amenities to the common people.

SPORTS INDUSTRY – INDIA

Indian goods sports industry had a long history and because of the skills and the expertise of its workforce, it had prospered and reached the present levels. The word sports goods complement the passion India had for sports. The Indian market for sports goods was valued at US\$ 2 billion in 2012-13 and it was estimated to reach over US\$ 4 billion by 2018. The market was growing as 35-40 per cent on Y-O-Y basis. With a population base of over 1.25 billion along with ever-changing consumer preferences, India had a huge opportunity in sports goods industry and in one of its allied industry i.e. apparel industry as the same was showing impressive and resilient growth.

The growth in sports industry was also gaining momentum because of increasing awareness about health and fitness in the country. Indian sports industry was labor-intensive in nature as it was providing employment to more than 500,000 people. The heart of this industry in India is in and around the states of Punjab and Uttar Pradesh. Jalandhar in the state of Punjab and Meerut in the state of Uttar Pradesh accounted for nearly 75 per cent of total production.

In 2014–15, UK, USA, UAE, Australia, South Africa and Germany were the major centers of export for Indian sports industry. In the last few years, France, Poland, the Netherlands, Canada, Belgium, New Zealand and Italy, were also emerging as the major export destinations for the Indian sports industry. Jointly, the two towns (Jalandhar and Meerut) house more than 3,000 manufacturing units and more than 130 exporters. Inflatable balls, cricket bats & leg pads, rugby balls, sports nets and gymnasium & athletics equipment accounted for more than 35 per cent of the total sports goods exports, in 2014–15. Nearly 60 per cent of the sports goods manufactured in Jalandhar consisted of different kinds of inflatable balls. Albeit at a lower scale, the Indian sports goods industry also had a presence in Mumbai, Kolkata and Chennai.⁵

With changing lifestyle of Indians (especially youngster) and with more disposable incomes, the Indian and primarily, the youth had become more health conscious. Thus, they had integrated sports and sportswear as a part of their daily routine resulting in greater spending on sportswear and sports goods. Owing to this ever-changing phenomenon of tastes and preferences among the younger generation, many international sports brands (Nike, Adidas, Wilson, Dunlop sports and Reebok) had

made their presence felt in the Indian sports goods and apparels industry.

Only few Indian brands like Jonex, Cosco, Avina sports were there to give some sort of competition to these brands. The Indian brands were able to outperform these International brands with their breakthrough technologies and innovative products but since, they were lacking in marketing activities, they provided chance to these international brands to make their presence felt in the Indian sports industry.

RESEARCH OBJECTIVE & METHODOLOGY

Before the partition of India in 1947, the present Pakistan was the main manufacturing hub of sports goods industry and after the partition took place, many manufacturers from the present Pakistan shifted their manufacturing bases to India and more precisely, they established their bases in Punjab and Uttar Pardesh. This research work tried to explore the “opportunities and challenges” faced by Sports Goods manufacturer in India with special reference to Avina Sports.

This research work is a Case Study Research, based on secondary data collected from various sources and primary data collected through the scheduled-based interview. As the firm was not willing to disclose its identity, the present case was written as a Disguised Case.

BUSINESS IDEA

The company was founded as A & S Group. The brand name “AVINA” was given by Mr. Ramesh who came out with the idea to launch sports products across the country to shape the sports industry. With employee force of more than 2000, AVINA sports has a 1400 strong dealer network spreading to the length and breadth of India.

DISTRIBUTION NETWORK

Among the ‘four Ps’ of Marketing Mix, the P for place is related with the distribution. The main nucleus of channels of distribution is delivery. The distribution network covers the channels, through which distribution of public and private goods and services can be made available to the end users for consumption. Marketing channels have many marketing intermediaries such as retailers, wholesalers, agents and brokers etc.

“Channel of distribution is a path traced in the direct or indirect transfer of the title to a product as it moves from a producer to ultimate consumers or industries users” EW Cundiff and RS Stil.

“A channel of distribution or marketing channel is a structure of intra-company organization, unites and intra-company agents and dealers and retailers through which a commodity product or service is marketed” American Marketing Association

In the first year only with the help of only few initial supporters, Avina Sports started the distribution of sports goods. In the initial years, the distribution of sports goods was restricted only to Punjab and later, the company extended its reach to various parts of UP. And from there on, there was no looking back as the company spread its wings to every corner of India with a strong distribution channel of more than 1400 distributors and dealers and in the present scenario, even making its presence felt in the modern retail formats. The company had distributors in both urban and rural areas so that the Avina products could reach the last mile.

The company had a well-established organizational structure which was the main ingredient for every firm’s consistent growth and acts as a source of competitive advantage. To further boost its sales, AVINA was adopting push promotional strategy which involved "Taking the product to the customer"

either by negotiating with retailers or doing promotion in trade shows or getting the feedbacks from the players or showcasing its latest offerings in different tournaments.

In the year 2005, A & S Group became one of the first companies to start a new channel of sales and distribution (modern retail format) i.e. the introduction of AVINA brand in “Metro Cash and Carry”, the B2B channel. The company was understanding the changing needs of the customers and to keep abreast with the changing tastes and needs of the customers, Avina was introducing variety of sports goods in different categories at different price points. The company was offering sports goods in 12 different sports categories having the widest product range to cater to the different needs of the customers. Having an eye on the ever-changing requirements of the sports persons and to leverage its brand AVINA, it extended its brand in to sports apparel category and cricket gears category. Avina was earning reasonable profits in the domestic market and was serving the Indian sports industry by fulfilling its needs and requirements.

Since the target audience of the Avina was youth who were either players or occasional sports lovers or health conscious people, the company also made its presence on the online platforms Snapdeal and Flipkart. The target audience of the company was loving the availability of their products online. The company had a unique feature of reaching to the end users of the products through its sales personnel. The sales personnel would visit the players and coaches on regular basis to have their feedbacks on the already launched products and how new innovations could be brought in the existing products.

This feedback mechanism had proved to be a backbone for the growth of the company as the company was in direct contact with the end users and influencers of end users. Only because of this mechanism, the company introduced many innovative products through innovative techniques. The distributors cater to the needs of different zones wherein they had their own dealers and the company was also serving its own dealers through its dedicated team of sales personnel.

The company had a dedicated team of sales personnel catering to every division of A & S Group, wherein one sales team was focusing on Balls and Footwear section, the other team on Gym accessories and latest team was focusing on Sportswear as the sportswear segment was introduced only in 2014. Every sales personnel were provided with a very detailed sales plan wherein his movements were already known to him as well as to the company and through the advanced GPS system, his movements and orders were properly tracked.

THE BRAND EXTENSION

Brand extension or brand stretching is a marketing strategy in which a firm marketing a product with a well-developed image uses the same brand name in a different product category. Similarly, Avina was able to leverage its brand in sports apparel and cricket gear segment as it was able to make good inroads in the sports apparel and cricket gear segments. Avina core product categories were football, volleyball, basketballs and the accessories related to these ball games. But, now it had extended its brand name to sportswear, tennis equipment and accessories, footwear (sports as well as general), fitness equipment, travel bags and many more categories related to different sports.⁷

General manager said that brand extension helped in enhancing brand image, availability of variety of sports goods helped meet demands of varied customers and the company also had labelling and packaging efficiency.

CONCLUSION

AVINA was the India's leading sports brand actively involved in promoting sports in the country. Avina Sports was one of the fastest growing brands having its presence in all the states of India. It had

efficient distribution networks across India. Avina planned and implemented its strategy of brand extension and strategy of organic growth very well making it the leading sports goods manufacturer of India. The company with its huge success in home market company can expand overseas by entering the new market by exporting. When a business venture would decide to enter an overseas market, there would be variety of options open to it. There would be many factors which must be considered while entering the overseas market like cost, risk and the degree of control which could be exercised over them. If company would expand through exports, the company could expect profit from both domestic as well as overseas market.

Questions to be discussed:

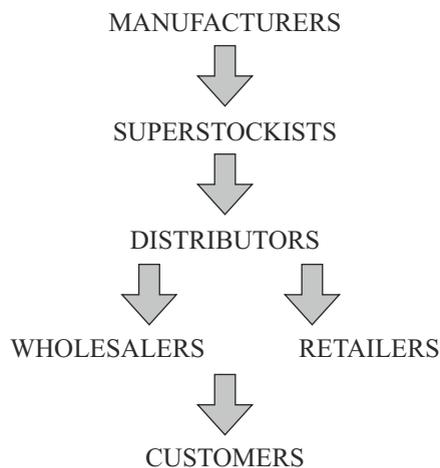
1. Analyze micro environment of India and its influence on Indian Sports Good Industry.
2. Write a note on strategy adopted by Avina.
3. Suggest a promotion mix for Avena specifying promotional budget.
4. What is Organic Growth? Discuss various factors related to it.

ANNEXURE 1: LEADING SPORTS MANUFACTURER IN INDIA

Avina Sports
Tracer
Cosco
Globe Sports
Jonex Sports

Source: Discussion with industry expert

ANNEXURE 2: DISTRIBUTION SYSTEM OF AVINA SPORTS



Source: Discussion with General Manager

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