

Mastering Cricket: The rise of South Asian producers within global value chains for sports goods

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Executive Summary

This paper explores the global value chains (GVCs) for sports goods, specifically those associated with the game of cricket. It traces the development of the global value chains led by multinational enterprises (MNEs) that used bat makers located in India and Pakistan and based in three regional clusters to gain entry to the sports goods market. Hitherto producers in the Indian sub-continent had faced a significant entry barrier. The '*permit raj*' in India denied them access to supplies of English willow, the raw material used in the manufacture of cricket bats used by the world's leading players. This changed dramatically with economic liberalisation in India in the 1990s. Now able to upgrade their products to match the quality of English bats, they entered global value chains providing mostly 'fables' MNEs like Adidas and Puma with a 'full package' service supplying finished bats. The MNEs came to dominate the market, largely displacing English brands, several of whom exited the industry.

However, since 2010 another form of upgrading has been present. Several leading bat makers in India and Pakistan engaged in functional upgrading. They moved into high value activities such as distribution, marketing, and product promotion, enabling them to transform from original equipment manufacturers (OEMs) to original brand manufacturers (OBMs). Brands such as SG and SS TON are now used by leading players not only in India but other countries as well. Even in the UK, Indian and Pakistani brands are now widely used at the club level and feature prominently in the retail sports goods market.

Significant it isn't just one firm that has completed this functional upgrading path. Several brands from the Indian subcontinent now rival the global sports brands marketed by the MNEs. While the global chains are still intact, the dominance they once enjoyed is now being seriously challenged. The success of this functional upgrading is not the product of the strategies of one enterprise. Rather we contend that it is the product of significant changes in the institutional context surrounding the game of cricket.

Historically the game of cricket has been controlled from the country where it originated, namely England. In the last two decades this has changed. Cricket is increasingly controlled both professionally and commercially from India, where interest in the game and commercial opportunities are now much greater. Key events in the transition of the institutional context include the launch of short format T20 cricket in India in 2005, the International Cricket Council's (ICC) move from London to Dubai in the same year, India's victory in the first T20 World Cup in 2007. The most significant event was the decision by India's Board of Control of Cricket (BCCI) to launch the Indian Premier League (IPL) in 2008. The 10-year TV rights to this event were duly sold to Sony for US\$ 1.94 billion and within two years the IPL had become the sixth biggest sporting event in the world.