

MAJOR TOY FAIRS IN EUROPE

15-19 January 2009

FESTIVITY

Milan, Italy - www.festivity.it

25-27 January 2009

Univers d'enfants

Paris, France - www.univers-enfants.com

28- 31 January 2009

The Toy Fair

London, United Kingdom - <http://www.toyfair.co.uk>

5-10 February 2009

Spielwarenmesse International Toy Fair

Nürnberg, Germany - <http://www.spielwarenmesse.de>

March 2009

FEJU – Fiesta & Navidad

Valencia, Spain - <http://fejufiestaynavidad.feriavalencia.com>



Toy Industries of Europe Facts and Figures

July 2008



Toy Industries of Europe

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Editorial by TIE Chairman

Welcome to the 7th edition of the Toy Industries of Europe (TIE) Facts and Figures brochure.

This year's figures show market stability with the EU representing the second biggest market for toy sales - after the US and before Japan. They also show the industry's capacity for innovation, with 60% of toys representing new products on the market each year.

Above all else, the toy industry recognises the value of play as an integral part of child development. This is what drives our industry, makes us one of the most dynamic business sectors in Europe and will help us to continue to grow in the future. It is particularly encouraging to see a sector which is largely composed of small and medium-sized enterprises demonstrating such dynamism and resilience in a highly unpredictable market.

Despite our continued success, we are nevertheless facing a number of factors that will make toy production over the coming years increasingly challenging. On the one hand, the child population in Europe is shrinking and on the other, we are facing an increasingly uncertain legislative environment.

TIE has always worked closely with decision-makers to ensure clear, consistent and sensible rules are applied across the EU in areas as varied as advertising and marketing, safety, trade and intellectual property. The competitiveness of industry and the safety of consumers depend upon clear and consistent regulations that are inspired by sound science combined with an understanding of our complex industry model. This year, as the EU revises its rules on toy safety, the need for workable and practical legislation which maintains the delicate balance of ensuring a high level of safety for consumers within a framework that is proportionate, balanced and workable for responsible manufacturers – as well as being enforceable by authorities – is more relevant than ever.

Unless we can work with clear legislation and are able to plan for the five or so years it takes from the research to production stage of toy development, then the European industry will not be able to flourish. It is in all of our interests that manufacturers follow the same rules and all European children are safe when playing with toys made and marketed by trusted, respected toy manufacturers.

Christian Iversen
Chairman
Toy Industries of Europe

An Enlarged Market of 27 Member States

- **Total production of toys and games in the European Union:**
Nearly €5 billion (manufacturer's price¹), of which 80% is generated by France, Germany, Italy, Spain, the UK and Eire.
- **The European Union has nearly 2,000 manufacturers working in the toy and games sectors.**
- **The toy industry directly employs nearly 100,000 people in the European Union**, half of whom work in production and half in research and development, marketing, sales, distribution, and many other services.
- **Exports from the European Union to other countries²:**
Total volume: €1.369 billion for toys and games of which traditional toys account for €817 million and video games for €552 million.
- **The United States remains the European Union's leading customer** which accounts for 17.3% of all exports.
- **Imports to the European Union from other countries³:**
€11.600 billion imports of toys and games of which traditional toys account for €6.983 billion and video games account for €4.617 billion.
- **Asia is the leading supplier of toys with 97.6% of the total import.** China accounts for 90.7% of all Asian imports (compared to 88.3% in 2006 and 84.2% in 2005).
- **An overall retail market (excluding video games) in the EU of €14.234 billion⁴** which is stable compared to 2006.

¹ Source: National Toy Associations

² Source: "UBIFRANCE - ALIX studies"

³ Source: "UBIFRANCE - ALIX studies"

⁴ Source: The NPD Group Worldwide

FOREIGN TRADE

Exports to non-EU countries⁵

EXPORTS EU-27 ⁶		VARIATIONS
2006	2007	2006/2007
€1.013 bn	€1.369 bn	+35.2%

In 2007, exports increased by 35.2% compared to 2006. This is mainly due to the fluctuation of the exchange rate between the dollar and the euro. Numbers also continue to be affected by the strategies developed by companies which localise their commercial and industrial entities in a market that is still very international.

COUNTRY	EXPORTS (%)	
	2006	2007
OTHER EUROPEAN COUNTRIES	34.4	34.4
Switzerland	17.0	16.6
Norway	12.0	12.2
Croatia	1.6	1.6
ALENA / NAFTA	24.2	21.0
United States	20.2	17.3
Mexico	2.3	2.6
Canada	1.7	1.2
ASIA / OCEANIA	17.4	18.1
Hong Kong	2.7	6.0
Japan	5.4	3.9
Australia	3.8	3.7
South Korea	1.6	1.5
CEI / CIS	7.9	9.8
Russia	6.0	7.6
Ukraine	1.1	1.2
MIDDLE EAST COUNTRIES	8.1	9.5
United Arab Emirates	1.8	3.1
Turkey	2.7	2.7
CENTRAL AND SOUTH AMERICA	2.1	2.1
Argentina	0.7	0.7
Brazil	0.2	0.3
OTHERS	5.9	5.1
TOTAL	100.0	100.0

Traditional toys accounted for 59.7% in 2007 compared to 66.1% in 2006.

Video games accounted for 40.3% in 2007 compared to 33.9% in 2006.

Imports from non-EU countries⁷

IMPORTS EU-27 ⁸		VARIATIONS
2006	2007	2006/2007
€8.400 bn	€11.600 bn	+38.3%

The growth experienced in 2007 is due to both a rise in toy imports, mainly video games, and the exchange rate between the dollar and the euro.

COUNTRY	IMPORTS (%)	
	2006	2007
ASIA / OCEANIA	96.7	97.6
China	88.3	90.7
Hong Kong	2.7	2.1
Japan	1.1	1.5
Taiwan	1.1	0.7
Thailand	1.0	0.7
ALENA / NAFTA	1.8	1.4
United States	1.5	1.2
Canada	0.2	0.1
Mexico	0.1	0.1
MIDDLE EAST COUNTRIES	0.5	0.4
OTHER EUROPEAN COUNTRIES	0.7	0.3
Switzerland	0.6	0.2
CENTRAL AND SOUTH AMERICA	0.1	0.1
CEI / CIS	0.1	0.1
OTHERS	0.1	0.1
TOTAL	100.0	100.0

Traditional toys accounted for 60.2% in 2007 compared to 74.5% in 2006.

Video games accounted for 39.8% in 2007 compared to 25.5% in 2006.

⁵ Source: "UBIFRANCE - ALIX studies". This study includes video games and uses as standard for the 27 Member States of the European Union the following official Eurostat nomenclatures (Codes CN 2007): 95 03 00 10, 95 03 00 21, 95 03 00 29, 95 03 00 30, 95 03 00 35, 95 03 00 39, 95 03 00 41, 95 03 00 49, 95 03 00 55, 95 03 00 61, 95 03 00 69, 95 03 00 70, 95 03 00 75, 95 03 00 79, 95 03 00 81, 95 03 00 85, 95 03 00 95, 95 03 00 99, 95 04 10 00, 95 04 40 00, 95 04 90 10, 95 05.

⁶ The change in nomenclature, which is now more precise, has led to the deletion of certain products which can not be considered as toys, including sports and casino articles. This explains the difference in figures compared to previous years.

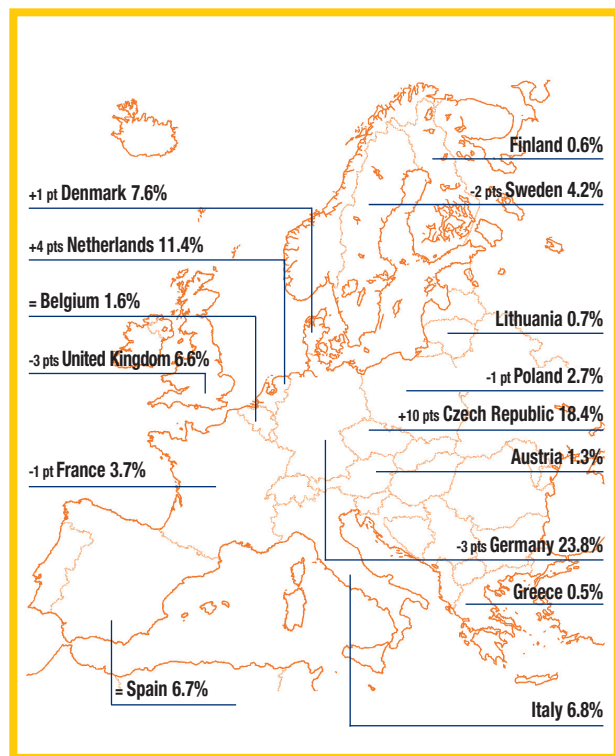
⁷ Source: "UBIFRANCE - ALIX studies"

⁸ Cf. note 6

FOREIGN TRADE

Exports to non-EU countries: €1.369 billion in 2007⁹

Between 2006 and 2007, exports have increased by 35.2%. Germany is still leading the way with 23.8% of all exports in 2007, whilst the Czech Republic is the country that has experienced the most important growth with a 10% increase since 2006.

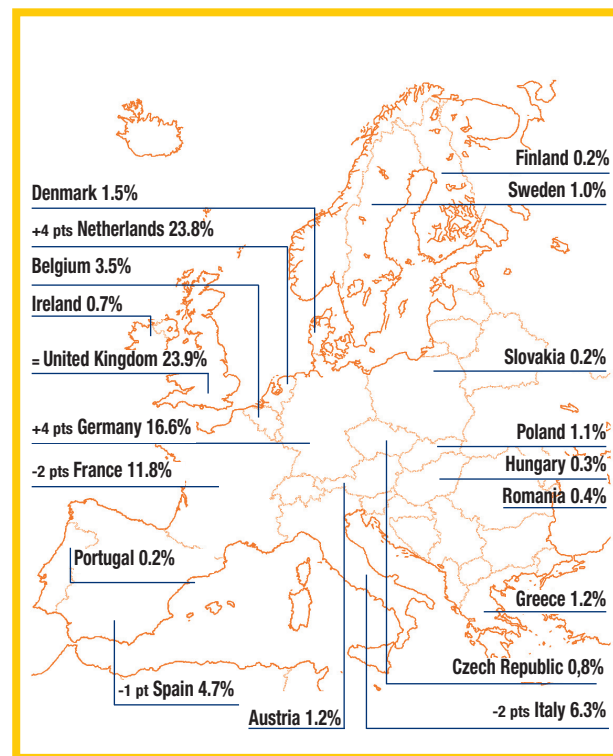


In 2007, other countries included: Malta: 0.5%; Romania: 0.5%; Slovenia: 0.5%; Slovakia: 0.4%; Portugal: 0.4%; Hungary: 0.4%; Bulgaria: 0.2%; Ireland: 0.2%; Latvia: 0.1%; Estonia: 0.1%; Luxembourg: 0.0%; Cyprus: 0.0%.

⁹ Source: "UBIFRANCE - ALIX studies", including video games.

Imports from non-EU countries: €11.600 billion in 2007¹⁰

Imports have substantially increased in 2007. It is interesting to note that 7 countries account for more than 90% of the total of the EU imports. The Netherlands still has a high share in imports due to the fact that they hold a major transport hub on their territory and therefore are the entry point of toys imported to the EU. These products are then circulated within the community market.



In 2007, other countries included: Bulgaria: 0.1%; Slovenia: 1.0%; Lithuania: 0.1%; Cyprus: 0.1%; Latvia: 0.1%; Malta: 0.0%; Luxembourg: 0.0%.

¹⁰ Source: "UBIFRANCE - ALIX studies", including video games.

CONSUMPTION IN 2007¹¹

Retail prices

In the EU-27, the market for traditional toys has remained stable between 2006 and 2007, accounting for approximately €14 billion. Licensed characters, linked to successful movies, are a key driving force. Their share of the total market has increased from 20% to 25%. In addition, there has been an increase in traditional toys incorporating electronic elements.

Total traditional toy market¹²: €14.234 billion in 2007
€14.187 billion in 2006

COUNTRY	MARKET SHARE (%)	
	2006	2007
UK	23.8	22.4
France	18.4	18.7
Germany	15.7	15.7
Italy	7.7	8.0
Spain	7.4	8.0
The Netherlands	5.7	5.5
Poland	1.5	1.8
Others	19.8	19.9
TOTAL	100.0	100.0

The market division has been stable for the past few years, led by the five main European markets: the United Kingdom, France, Germany, Italy and Spain.

Other main countries in 2007 included: Austria: 2%, Belgium: 2.7%, Denmark: 2.4%, Finland: 1.6%, Greece: 1.3%, Ireland: 2.1%, and Sweden: 2.9%.

Share of main toy categories¹³

TOY CATEGORY	MARKET SHARE (%)	
	2006	2007
Infant/Preschool	20.6	20.9
Games / Puzzles	14.1	13.9
Dolls	12.6	12.5
Vehicles	9.5	10.0
Outdoor and Sport Toys	10.7	9.8
Building Sets	7.0	7.2
Arts & Crafts	5.4	5.4
Plush	5.2	5.0
Action Figures & Accessories	4.5	5.3
Youth Electronics	3.9	3.9
Others	6.5	6.1
TOTAL	100.0	100.0

In most European countries, there are some common trends that show an increase in demand for products such as infant-preschool toys, action figures and building sets.

¹¹ Source: The NPD Group Worldwide

¹² Traditional toy is the official term used by NPD for its classification, it refers to classical toys and excludes video games.

¹³ Includes data for Austria, Belgium, France, Germany, Italy, Poland, Portugal, Spain, and the United Kingdom.

CONSUMPTION IN 2007

Distribution channels for traditional toys

The evolution of the retail sector is locally driven and therefore situations differ widely from one country to another. Consequently, it is difficult to identify common trends. For example, toy specialists have a large presence in Spain, France and Germany. Another characteristic common to France, Spain and Italy is the importance of the mass merchant and discount stores. In the UK, the general merchandise segment has a higher share than in the other countries.

Distribution channels by country in 2007¹⁴

TRADITIONAL TOYS (%)						
	France	Germany	Spain ¹⁵	Italy	UK	TOTAL
Toy Specialists	48.3	40.0	39.0	29.4	29.7	37.5
Mass Merchant/ Discount Stores	40.4	14.0	26.0	44.2	13.7	25.2
General Merchandise	1.6	4.0	21.0		22.1	9.1
Department Stores	1.2	15.0	11.0	6.2	3.0	5.8
Mail Order	5.3	6.0	2.0		3.2	4.1
Others	3.2	21.0	1.0	20.2	28.3	18.3
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0

Distribution channels by market share

TRADITIONAL TOYS (%)		
	2006	2007
Toy Specialists	36.3	37.5
Mass Merchant/Discount Stores	24.8	25.2
General Merchandise	10.1	9.1
Department Stores	5.9	5.8
Mail Order	4.1	4.1
Others	18.8	18.4
TOTAL	100.0	100.0

¹⁴ Distribution channels are defined as follows:

Toy Specialists: Toy chains and toy shops, e.g. Toys'R'Us, La Grande Récré, Toys Center;

Mass merchant/Discount stores: Hypermarkets, Discounters, e.g. Carrefour, Auchan, Tesco;

General Merchandise: Urban non-toy specialists (book shops, CD shops, generalists), e.g. Woolworths;

Department Stores: Includes stores such as El Corte Ingles, Karstadt, Galeries Lafayette;

Mail order: Includes companies such as Quelle, La Redoute;

Others: Non-toy specialists, catalogue showrooms, markets, others e.g. Argos.

¹⁵ Regarding Spain, the data have been provided by the Spanish toy association, AEFJ. All other data have been provided by the NPD Group Worldwide.

OUR CHILDREN¹⁶

Demography is a key factor for a sector such as the toy industry. The situation is very diverse within the EU-27 with some countries (e.g. Eire, France, UK) experiencing population increases and others (e.g. Germany, Austria, Italy and most of the new EU Member States) experiencing a decrease in birth rates. As such, the demographic situation has an impact on the dynamism of the toy market in the individual countries.

Births in the European Union

	NUMBER OF BIRTHS	BIRTH RATE
2007	5,238,924	10.6 (per thousand)

Child population in the European Union (%)

The EU-27 includes 78.2 million children under the age of 14, which in 2007 were divided as follows:

	2007
0-4 years	25.5
5-9 years	25.7
10-14 years	27.0
TOTAL	78.2

Less than 5 years	32.7
Between 5 and 9 years	32.8
Between 10 and 14 years	34.5

¹⁶ Source: Eurostat

Child demographic size of countries (%)

COUNTRY	2007
France	15.0
Germany	14.6
United Kingdom	13.7
Italy	10.7
Spain	8.3
Poland	7.7
Netherlands	3.8
Hungary	2.0
Czech Republic	1.9
Bulgaria	1.3
Others	21.0
TOTAL	100.0

In the EU-27, the average toy expenditure per child was €158. However, the average varies substantially between the twelve newest members and the former EU-15. Thus, in 2007 the average spent in the EU-15 was €188 in 2007 as compared to €41 in the new EU-12.¹⁵

¹⁵ Source: The NPD Group Worldwide

About TIE

TIE is an action group that promotes the value of toys and play in the psychological, physical and social development of children. It is the representative voice of the European toy industry to stakeholders. TIE fully supports the European Union's objective to harmonise the single market.

TIE interfaces with the EU institutions and other stakeholders on behalf of the toy industry, advocating its position on key issues such as toy safety, advertising and marketing, international trade and intellectual property.

TIE is the representative organisation of the European toy industry. Members comprise national trade associations of Member States as well as major toy companies from across Europe. Membership is open to all companies with a registered office in Europe, whose activities cover the manufacture, development, marketing and selling of toys, games and related products.

TIE organises its policy work thematically through an efficient system with a Board providing strategic direction and guidance to the association and its four working committee.

The Board is now composed as follows:

- Christian Iversen, Chairman (LEGO Group);
- John Harper, Vice-Chairman (Hasbro);
- Bryan Ellis, President (Hasbro);
- Carlo Cossalter, Vice-President (Assogiocattoli);
- Peter Broegger, Treasurer (Mattel);
- Daniel Aboaf and Susan Ols, Chairs of Industry Development & Member States Committee and Membership Sub-Committee (FJP; Hasbro);
- Peter Dorscht and Michael Loveland, Chairs of Legal, Intellectual Property & Trade Committee (Zapf Creation; Bandai);
- Chair of Marketing & Communications Committee (TBD);
- Peter Trillinggaard, Chair of Safety, Environmental and Technical Committee (LEGO Group).

The four working committees are as follows:

The **Safety, Environmental and Technical Committee (SET)** works in partnership with officials and others to ensure that appropriate standards are set and enforced for toy safety. In addition, it works to ensure that toy manufacturers' environmental obligations are both balanced and practicable.

The **Marketing and Communications Committee (M&C)** supports the ability of toy manufacturers to market their products in a responsible way to children and works to build an understanding among key EU decision-makers of the positive role of self-regulation within the toy industry's marketing and communication strategies.

The **Legal, Intellectual Property and Trade Committee (LIT)** works with legislators and enforcement officers in the fight against counterfeit toys and promotes global free trade in toys.

The **Industry Development and Member States Committee (IDMS)** acts as a liaison between national toy associations in order to exchange best practices and foster communication at Member States level on European issues.

TIE members

CORPORATE MEMBERS

ARTSANA

www.artsana.com

BANDAI

www.bandai.com

FERRERO GROUP - SOREMARTEC S.A.

www.ferrero.com

GIOCHI PREZIOSI GROUP

www.giochipreziosi.it

HASBRO EUROPE

www.hasbro.com

HORNBY

www.hornby.com

THE LEGO GROUP

www.lego.com

MATTEL EUROPE

www.mattel.com

SCHLEICH GmbH

<http://www.schleich-s.de>

VTECH ELECTRONICS EUROPE S.A.S.

www.vtech.com

ZAPF CREATION AG

www.zapf-creation.de

NATIONAL ASSOCIATIONS

ASOCIACIÓN ESPAÑOLA DE FABRICANTES DE JUGUETES (AEFJ)

www.aefj.es

ASSOCIATION OF DANISH TOY MANUFACTURERS

www.legetojsfabrikanterne.dk

SWEDISH TOY ASSOCIATION (SWETOY)

www.swetoy.se

ASSOCIAZIONE ITALIANA IMPRESE ADDOBBI E ORNAMENTI NATALIZI, GIOCATTOLI, GIOCHI E MODELLISMO, ARTICOLI DI PUERICULTURA (ASSOGIOCATTOLI)

www.assogiocattoli.it

BRITISH TOY & HOBBY ASSOCIATION (BTHA)

www.btha.co.uk

DEUTSCHER VERBAND DER SPIELWAREN INDUSTRIE (DVSI)

www.toy.de

FÉDÉRATION FRANÇAISE DES INDUSTRIES JOUET-PUÉRICULTURE (FJP)

www.fjp.fr

ORGANISATIE VAN NEDERLANDSE SPEELGOEDLEVERANCIERS (ORNES)

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POLISH TOY ASSOCIATION

<http://www.toys.pl>