

## THE IMPORTANCE OF SMES

The almost 5,000 toy companies in Europe's toy sector combine both small and medium-sized enterprises (SMEs) and large companies. However, over 99% of all companies are SMEs, which play a key role in Europe's economic fabric, particularly in rural areas where most toy companies are located. Approximately 88% of toy companies in Europe are micro enterprises with less than 10 employees.

## AN IMPORTANT EMPLOYER ACROSS THE EUROPEAN UNION

With approximately 220,000 people working in the toy sector in the EU's 27 Member States, toy companies generate employment at a local level and therefore growth within the local economy.

## PRODUCTION VALUE GENERATED BY TOY COMPANIES

Europe is home to some of the best-known and most successful toy companies in the world. Although a large proportion of manufacturing currently takes place in China, a substantial number of toys are also manufactured in European countries. Even when core manufacturing takes place abroad, activities such as research and development (R&D), design, testing and marketing are primarily carried out in Europe. The value of all goods produced and services performed by toy companies in Europe is approximately €5.6 billion.

## THE LARGEST TOY MARKET IN THE WORLD

With total consumer spending of €16.5 billion in 2011, the EU is the largest toy market in the world, followed by the United States (15.6 billion euro), Japan (4.3 billion euro), China (3.9 billion euro) and Brazil (2.2 billion euro).

Europe accounts for approximately 27% of all toy sales (in value) worldwide. The European countries in which most toys are sold are France, Germany and the UK.

Toy Industries of Europe (TIE) is the trade association for the European toy industry. Members of TIE include companies as well as national associations from Bulgaria, France, Germany, Italy, the Netherlands, Spain, Sweden, the UK and the Nordic region. TIE membership is open to both companies with a presence in Europe and national associations from European Union Member States (including candidate countries).



# THE EUROPEAN TOY INDUSTRY: FACTS AND FIGURES

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The toy market in Europe is the largest in the world, meeting the diverse and evolving demands of the European Union's (EU) 78 million children.

Toy companies produce an immense range of products. They invest substantial time and resources in making safe, high quality, affordable and fun toys.

## KEY FACTS

- **Number of companies:** almost 5,000
- **Amount of SMEs:** over 99%
- **Employment:** 220,000 jobs
- **Production value:** €5.6 billion
- **Sales:** €16.5 billion
- **Import and exports:** €5.5 billion and €1.1 billion respectively
- **Value added:** €8.1 billion
- **National governments revenues:** €7.3 billion
- **Spending on goods and services:** €3.1 billion
- **A very seasonal sector**
- **A highly innovative industry**

The European toy market has continued to grow over the past years by 3-6%, despite a decline in some southern European countries. However, the European market as a whole seems to have stagnated in 2012.

***'The European toy sector is resilient and innovative and has a very positive impact on the European economy. Toys make a substantial economic contribution throughout the whole value chain, from suppliers of raw materials, to the toy companies themselves, to those who market and sell our products.'***

John Harper, Chairman of TIE

## INTERNATIONAL PLAYER

The EU exported toys worth €1.1 billion to countries outside the EU in 2011. Toys worth €5.5 billion were imported in 2011, with the majority of these coming from China. All toys sold in the EU, whether manufactured in Europe or abroad, must comply with the stringent EU toy safety rules.

## HIGH SEASONALITY

The toy business is highly seasonal, with consumers making the majority of purchases (50-60%) during the Christmas period (November and December). Seasonality is more marked in southern European countries. For example, almost 50% of all toys in Spain are sold in December alone.

## A HIGHLY INNOVATIVE SECTOR

The success of the toy sector is dependent on satisfying customer needs. As children's wishes for toys change rapidly, the industry needs to constantly introduce new products to meet these changing desires. The toy industry invests heavily in market analysis, R&D and the protection of intellectual property.

The toy industry is one of the most dynamic business sectors in Europe: approximately 60% of toys on the market each year are newly developed products. In 2011, more than 90% of toy companies operating in Europe put new products on the market. This compares to less than 40% in other industry sectors.

## MAIN TOY CATEGORIES

Infant/preschool toys are the most popular toy category on the European market followed by dolls, outdoor and sports toys, and games and puzzles. Together these categories comprise over half of all toy sales in the EU. However, national variations are evident: for example, dolls are the most popular toy category in Italy and Spain.

## DISTRIBUTION CHANNELS

Across Europe, most toys are sold in traditional retail outlets such as specialised toy stores, which often account for 40% of toy sales, and supermarkets. However, the market share of online sales is increasing. National differences do, however, exist. For example, while online sales already account for almost 16% of toy sales in Germany, only 0.5% of toys are sold online in Spain.

## KEY CHALLENGES FACED BY THE INDUSTRY

- The economic downturn
- Increasing safety and environmental legislation
- Intensified competition from illegal and fake products

Despite enjoying continuing growth over the past years, the economic recession is beginning to have an effect, with some southern European countries recording a decline in 2011. The European market as a whole seems to have stagnated in 2012.

The safety of the children who play with our toys is of primary importance to the toy industry. Although new legislation brings significant burdens such as increased testing and/or administrative costs, especially for SMEs, the sector puts great efforts into ensuring that safety is incorporated into every stage of the product development process. To guarantee safe toys, substantial work goes into toy design, development, testing, production and delivery. In order to provide optimal protection for our children, it is imperative that the rigorous toy safety legislation agreed at EU level is consistently implemented in all EU Member States.

More efforts also need be put into market surveillance so that counterfeits and sub-standard toys cannot pose dangers to our children's health and safety.

*Note: The figures in this brochure come from an independent study, which was carried out by Regiplan Policy Research on behalf of Toy Industries of Europe (TIE) in 2012.*