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WIRELESS



Toy Markets in the World

2009 Edition

June 2009

- Methodology
- Toy Markets in the World
- Top 10 Countries
- Impact of the GFC
- Evaluating the future
- Summary

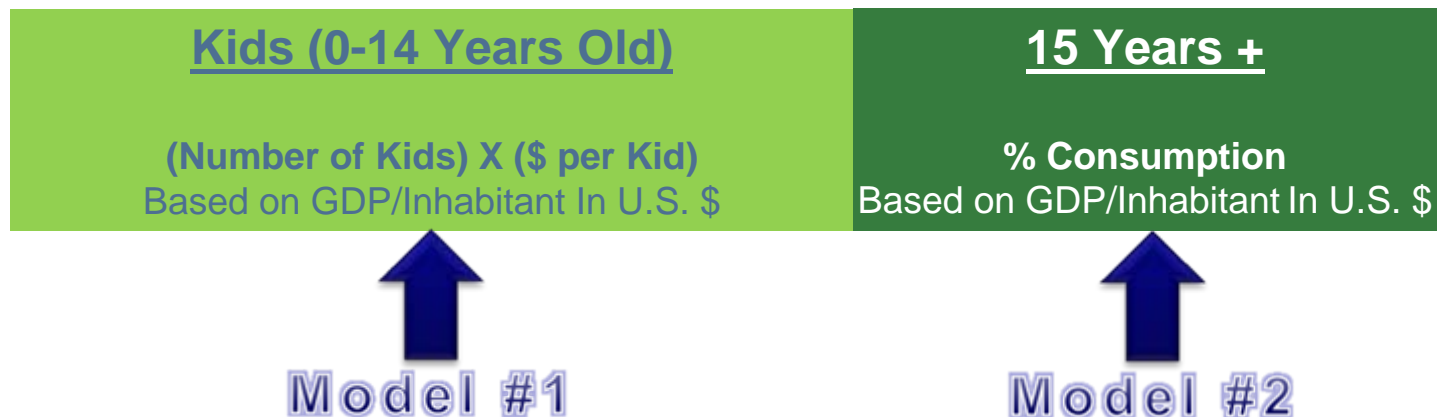
- The main objective of this report is to leverage NPD's knowledge and expertise in the toy industry to provide toy marketers an estimate of the global toy market's size.
- Because The NPD Group already tracks toy sales in more than 12 countries, we have developed a market estimate statistical model based on accurate tracking information. It's a logical place to start, as some of these countries have been covered by The NPD Group for a long period.

- Statistical models from the 12 existing markets in which NPD already operates:

- Toys Consumer Panel: Australia, France, Germany, Italy, New Zealand, Spain, U.K., U.S.
- Toys Point-of-Sale Panel: Austria, Belgium, Poland, Portugal

51%
of the world toys market

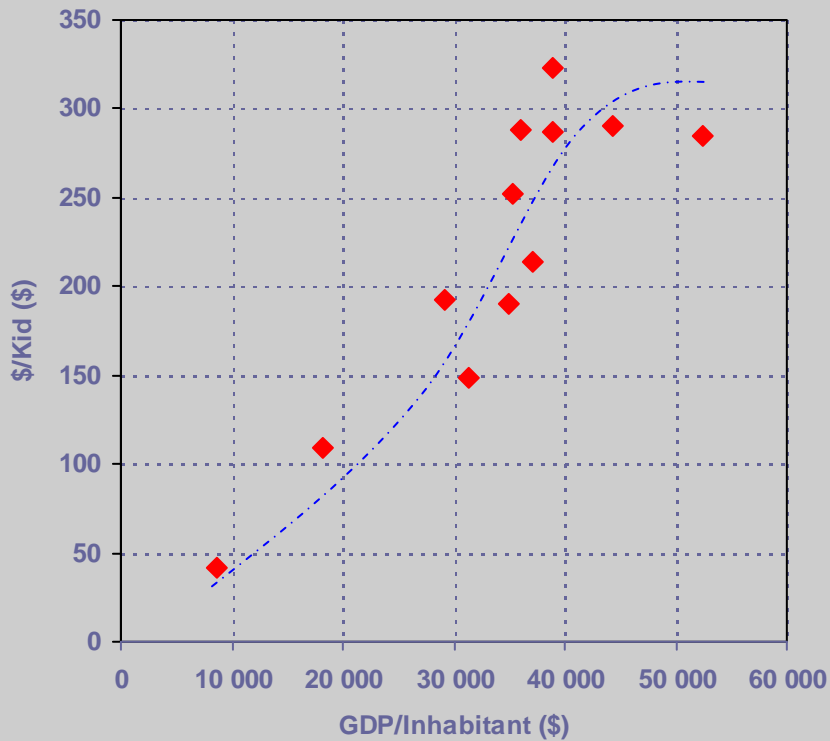
- We divided the toy market into two sections and created two models, based on the GDP/Inhabitant:



Models are based on GDP/Inhabitant

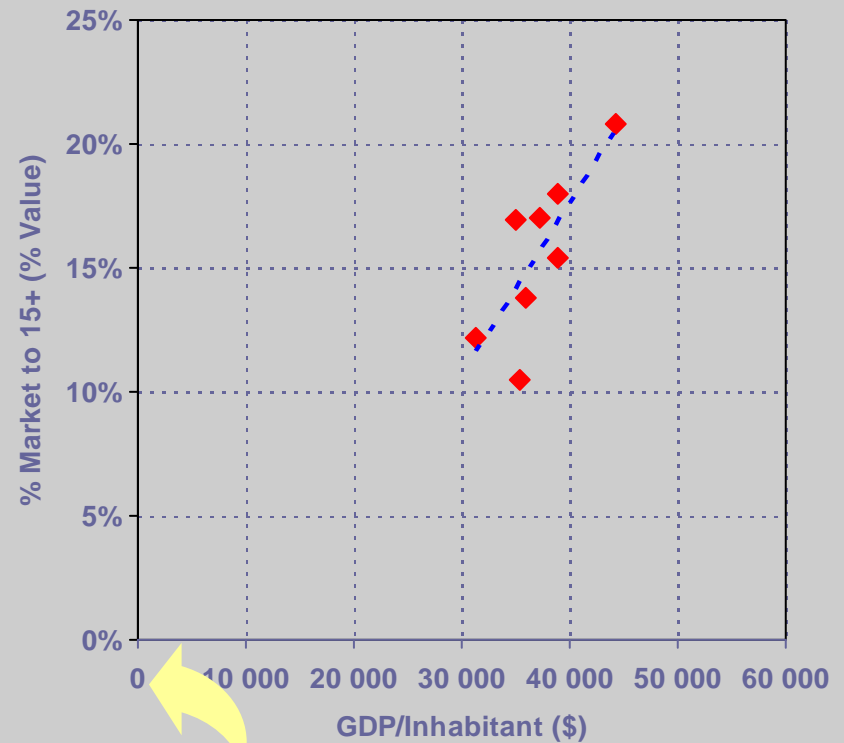
Model #1

\$/Kid by country, based on GDP/Inhabitant



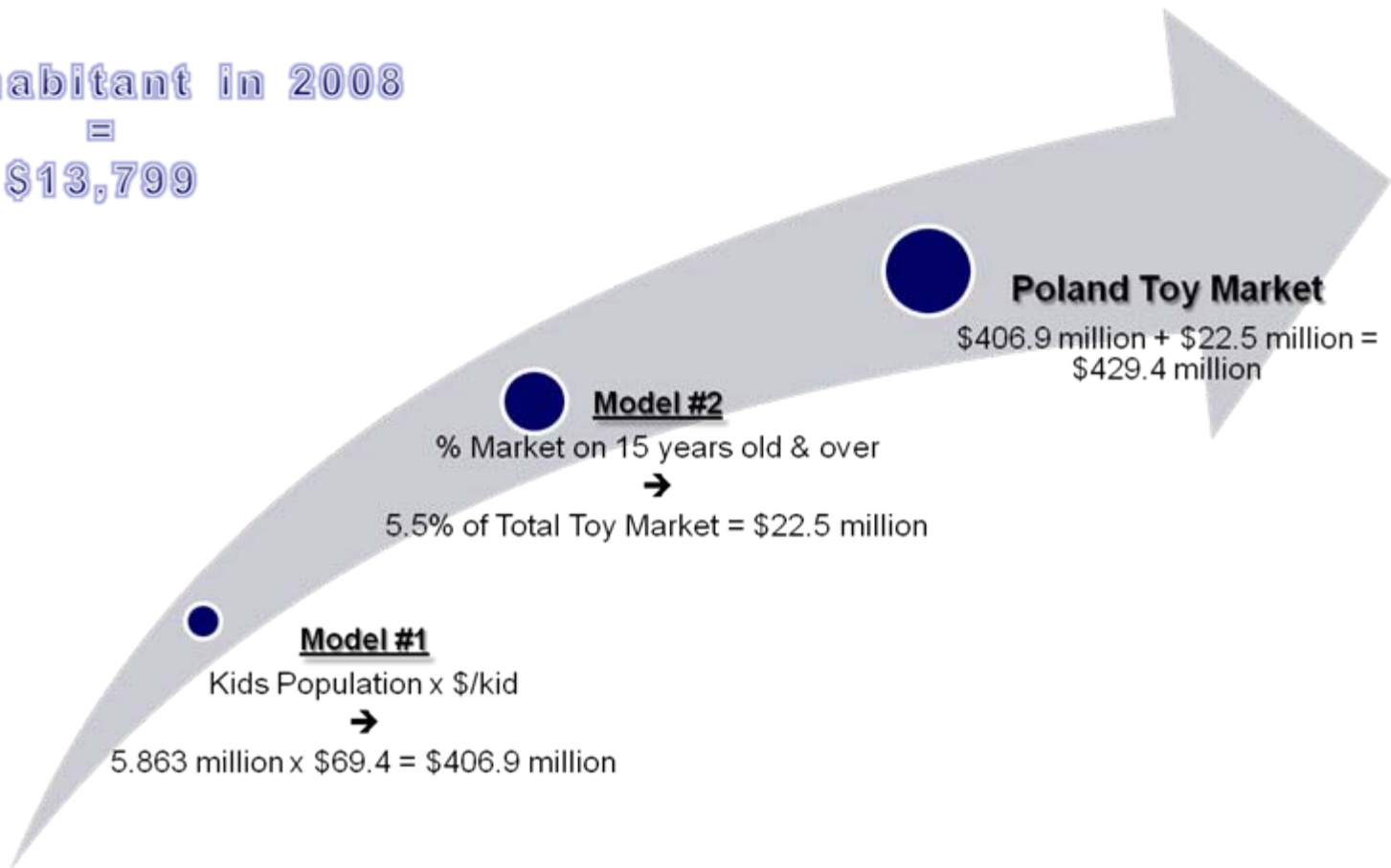
Model #2

% Market to 15 Years old +, based on GDP/Inhabitant



All models start from «0»

GDP/Inhabitant in 2008
=
\$13,799



Population

- World Population, International Database, April 2009 – ***U.S. Census Bureau, International***

Macro-economics

- World Economic Outlook Database, April 2009 – ***International Monetary Fund***

Existing Toy Markets

- Australia, Austria, Belgium, France, Germany, Italy, New Zealand, Poland, Portugal, Spain, UK, U.S.A. - ***The NPD Group***

- All calculations have been made in U.S. \$. Exchange rates are as of December 2007 & December 2008.

In 2008, NPD launched new online panels in Europe. What is the NPD Online Panel?

- A panel of pre-recruited individuals, ages 16 and older, who have agreed to participate in an Internet-based research program in the UK, France, Germany, Italy and Spain.
- Characteristics of the panel:
 - Individuals
 - 2 weeks recall

Advantages of the online panel

- Year-round reporting
- Better coverage
- Larger samples
- Greater depth
- Better projections resulting in better estimates
- Ability to interact with the consumer
 - Ad-hoc questions or follow-up research (pre-qualified sample)



Impact of the online panel launching

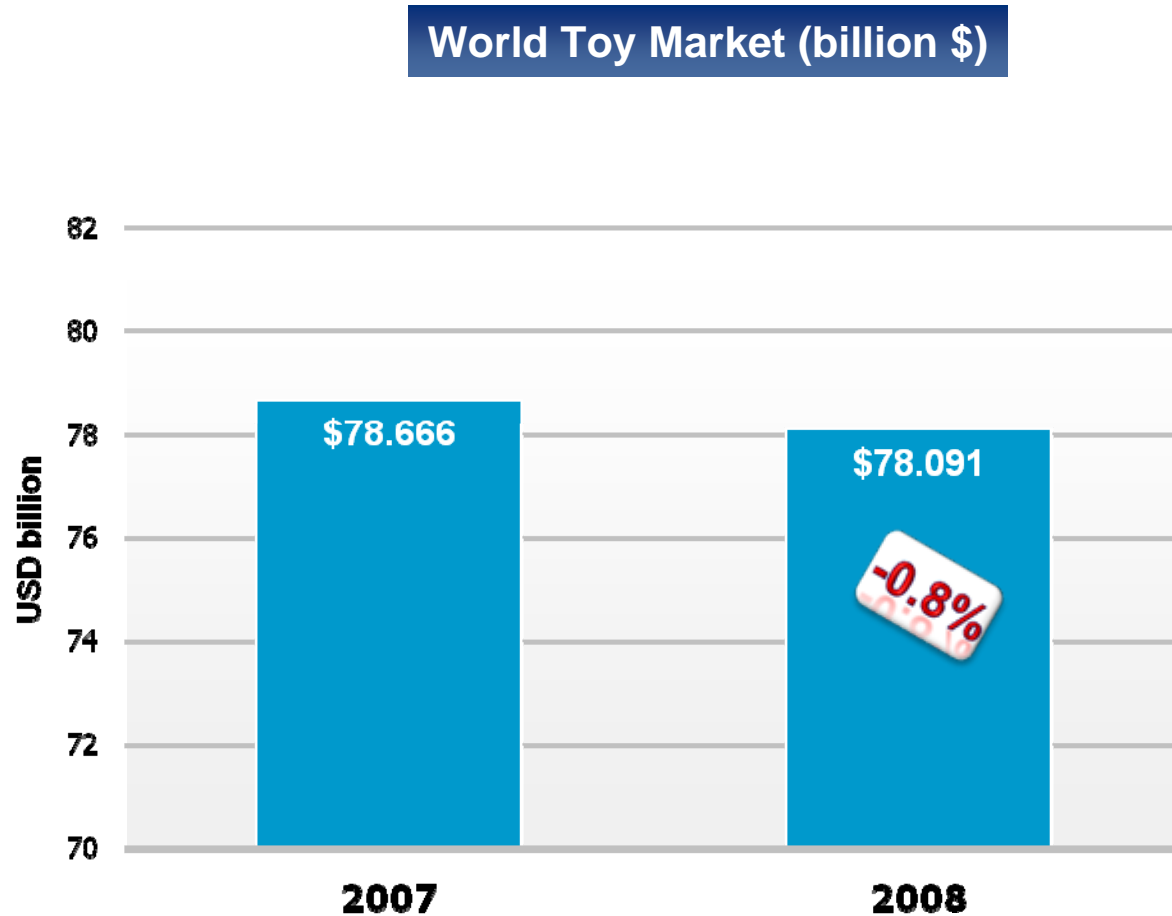
- We can now be certain we reach those people who buy the majority of toys: the core “parent” age groups.
- We also have improved reporting for young people who often purchase for themselves.
- Much better coverage of video games purchases leads to a category estimate of about the same size as Traditional Toys. (These proportions are about the same for the US market.)
- No dramatic changes to the market structure of traditional toys, but we notice some shifts in favour of low price point and fringe categories that tend to be forgotten in a household diary
- Thanks to better representation of HH with children and younger people we see a higher share of purchases by parents and “self”, and less of a grandparent bias
- Generally the top retailers have a less dominating share thanks to improved reporting for all types of outlets, including gift shops, baby stores etc.

**As a result, we re-stated the year 2007
for the Toy Markets in the World Report**

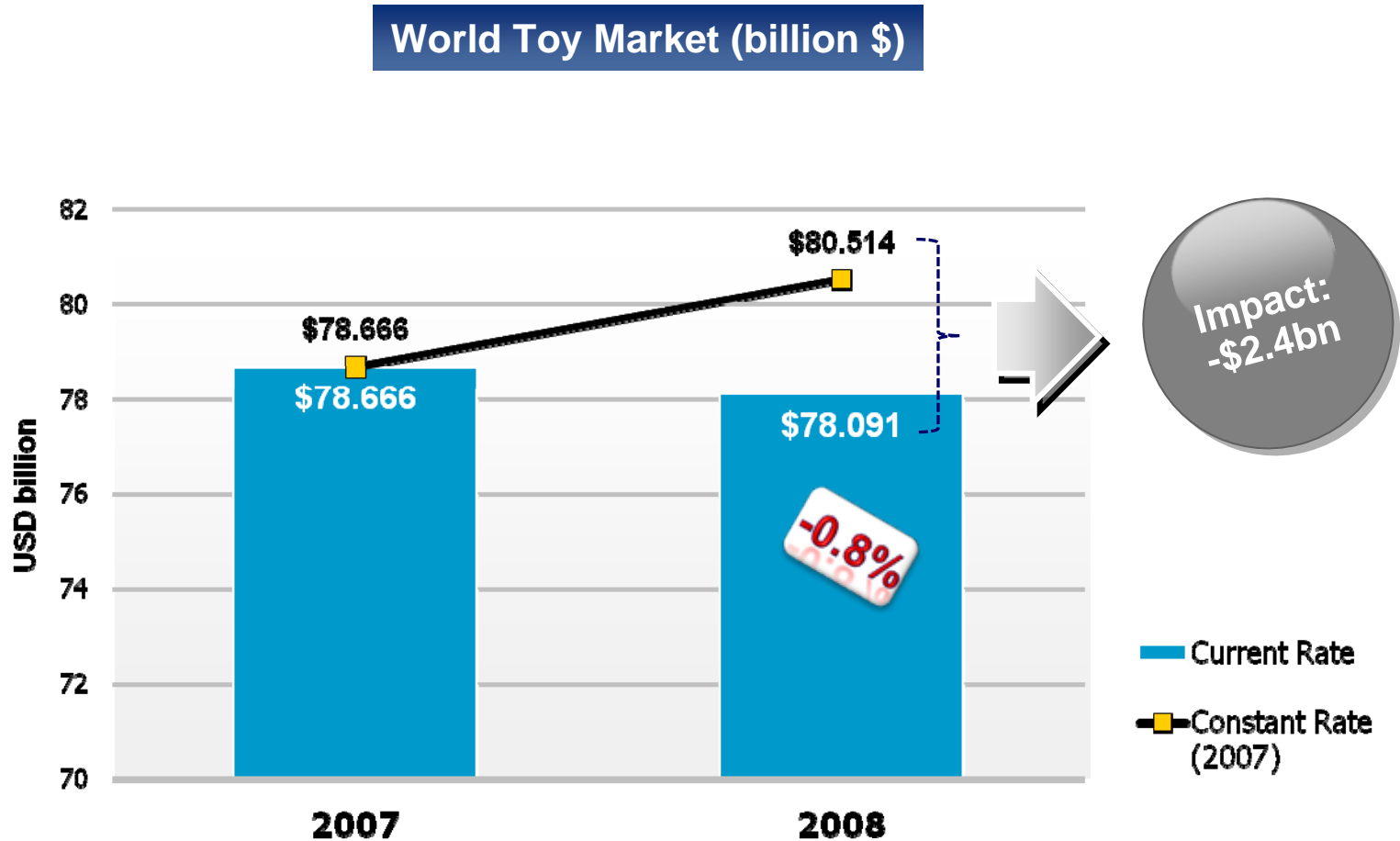
Toy markets in the world



Worth \$78 billion, the world toy market is slightly declining



Impact of the exchange rate fluctuations



Impact of the exchange rate fluctuations : Summary

- In 2008 USD, the world toy market adds up to:

	2007 <i>(2008 Exchange rates)</i>	2008
World Toy Market	\$76.299	\$78.091 bn +2.3%

- In 2007 USD, the world toy market adds up to:

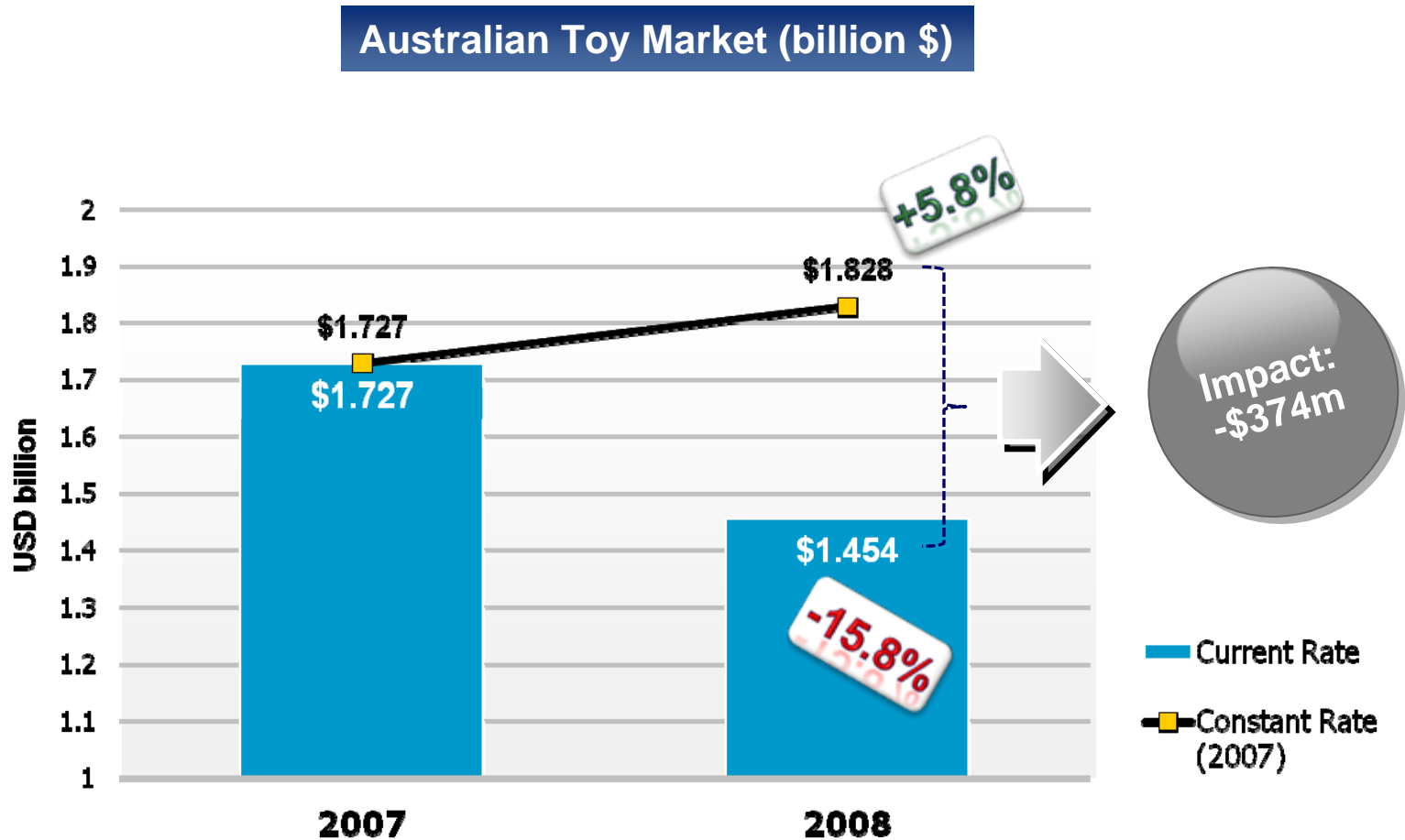
	2006	2007 <i>(2006 Exchange rates)</i>
World Toy Market	\$78.666	\$80.514 bn +2.3%

- In Current USD, the world toy market adds up to:

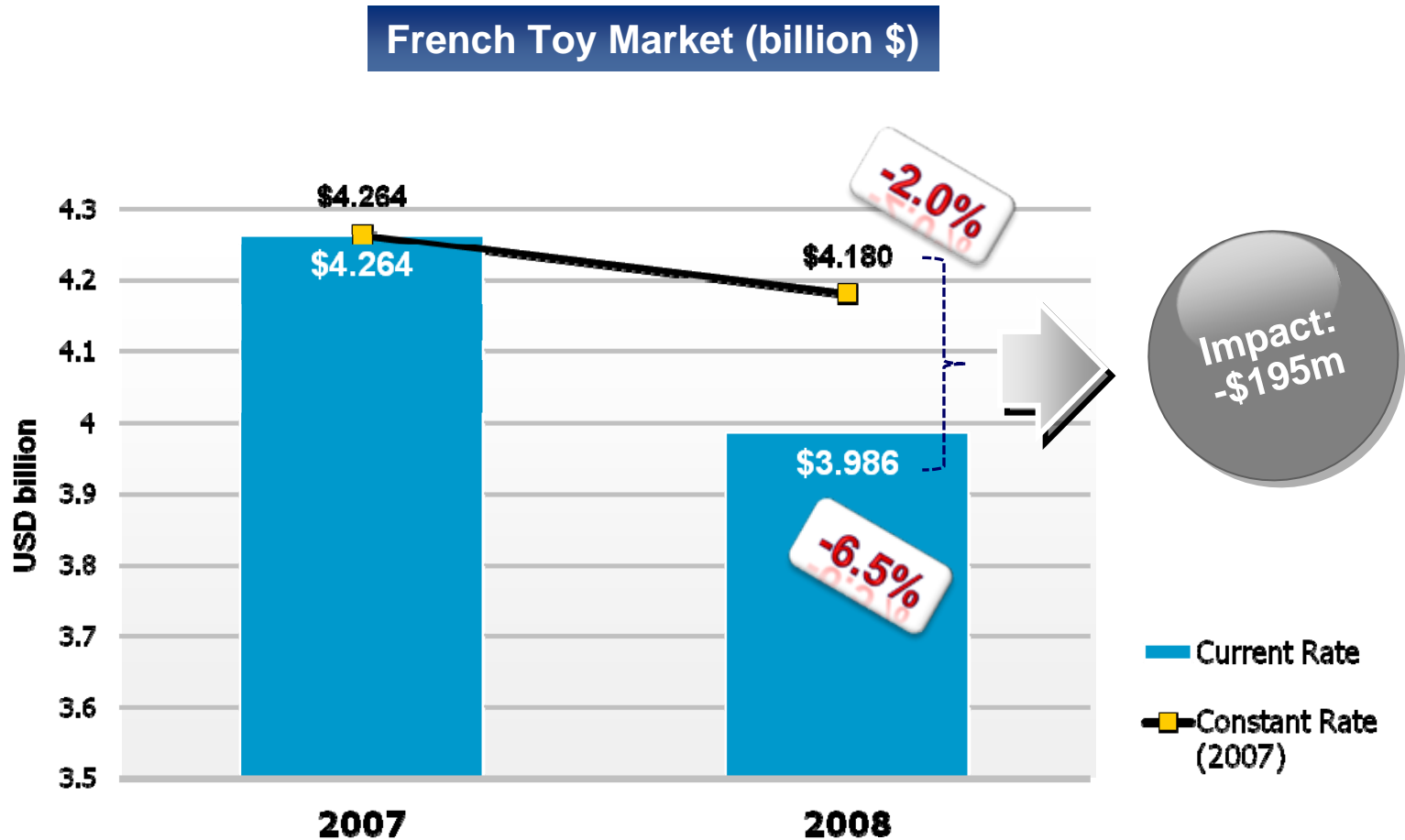
	2007 <i>(2007 Exchange rates)</i>	2008 <i>(2008 Exchange rates)</i>
World Toy Market	\$78.666	\$78.091 bn -0.8%

Impact:
-\$2.4bn

Impact of the exchange rate fluctuations: local situations are different



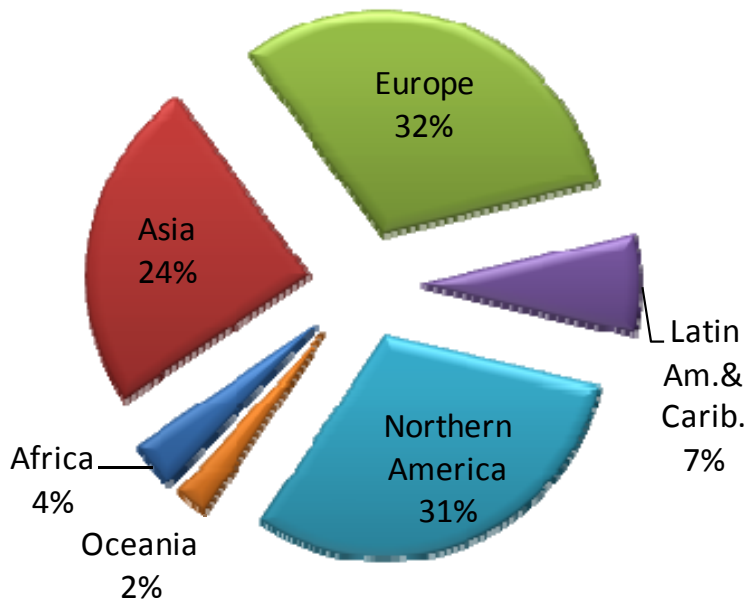
Impact of the exchange rate fluctuations: local situations are different



At the opposite of Europe, exchange rates will lower the decrease in the Japan Toy Market, when expressed in USD

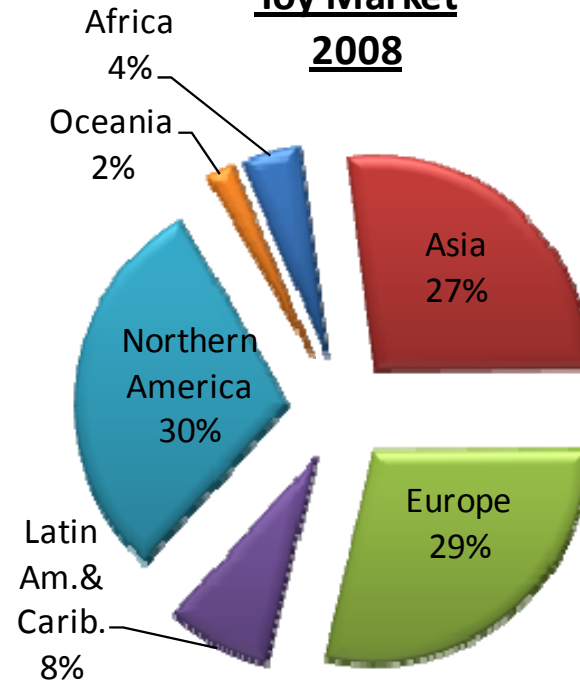
World Toy Market by Region (share comparison)

**Toy Market
2007**



Size: US\$78.666bn

**Toy Market
2008**



Size: US\$78.091bn




Top 10 Countries

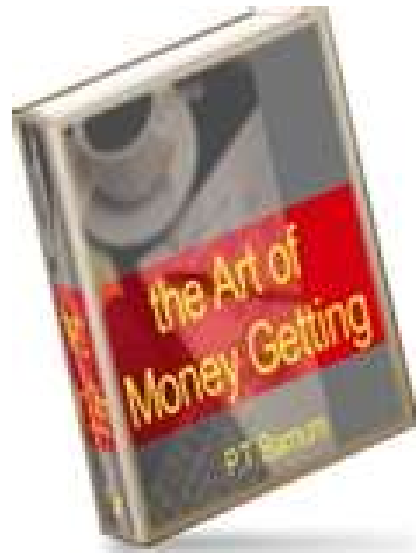
China, India and Mexico move up in the list

2008 Summary Table for countries ranked 1-10

Country Rank		Country	Toy Market Size - 2008	Country in World Toy Market		Spending per Kid	Kids Population	Market to 15 years old +
2008	2007		2008 (million \$)	2008	2007	2008 (\$)	2008 (million)	2008
1	1	United States	\$21,650.83	27.7%	28.4%	\$281	61.6	20%
2	2	Japan	\$5,823.62	7.5%	7.6%	\$286	17.4	15%
3	5	China	\$4,527.07	5.8%	4.5%	\$17	267.4	1%
4	3	United Kingdom	\$4,127.57	5.3%	7.3%	\$348	10.3	13%
5	4	France	\$3,985.74	5.1%	5.4%	\$293	11.9	13%
6	6	Germany	\$3,189.37	4.1%	4.2%	\$223	11.4	21%
7	7	Brazil	\$2,091.94	2.7%	2.5%	\$38	52.9	3%
8	9	India	\$1,939.60	2.5%	2.3%	\$5	361.4	0%
9	12	Mexico	\$1,794.85	2.3%	2.2%	\$53	32.6	4%
10	10	Italy	\$1,703.22	2.2%	2.2%	\$185	7.9	14%

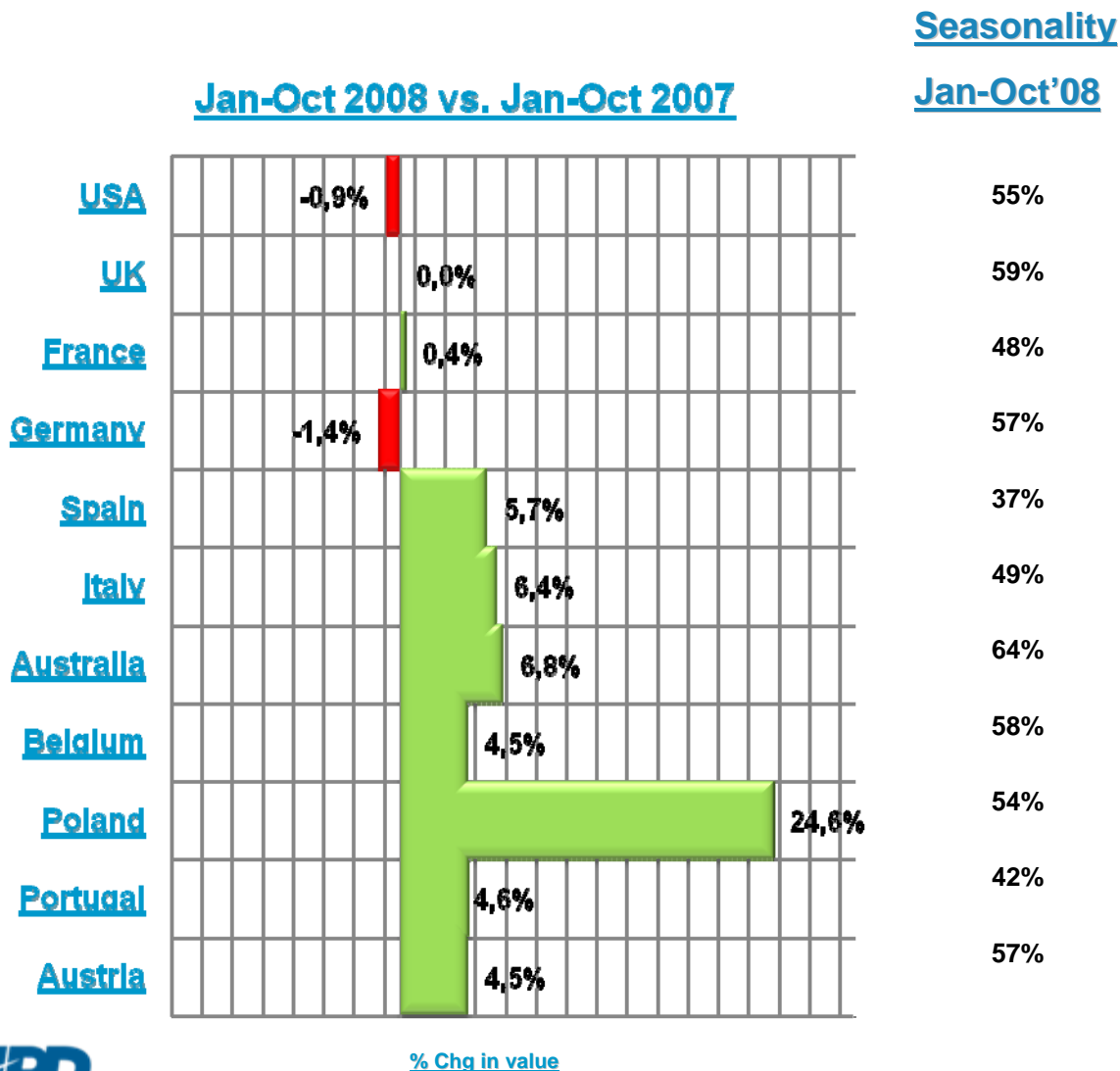
 → Indicates the presence of a tracking service from NPD

Mexico GDP/Capita is expected to drop by 25% in 2009



Impact of the GFC

Pre-fall was strong → hopes for Christmas



Weekly Sales - Total Toy Market - % Value Change in 2008 vs. 2007

	Week 44	Week 45	Week 46	Week 47
UK	↑ 2.0%	↓ -3.0%	↓ -12.8%	↓ -16.3%
France	↓ -10.0%	↑ 2.7%	↑ 4.9%	↓ -8.1%
Germany	↓ -5.0%	↑ 14.0%	↑ 0.0%	↓ -4.0%
Spain	↓ -2.2%	↑ 14.7%	↑ 20.2%	↓ -13.8%
Belgium	↓ -21.8%	↑ 6.0%	↓ -1.9%	↓ -17.2%
Italy	↓ -7.7%	↓ -9.7%	↓ -14.8%	↓ -12.5%
Portugal	↓ -42.2%	↑ 16.0%	↓ -15.0%	↓ -16.2%
Australia	↓ -2.1%	↑ 2.2%	↑ 10.9%	↓ -2.9%

↑
Cut in
Cash Interest Rates:

Toy markets suffered on the Christmas season: low consumption until the last week!

Weekly Sales - Total Toy Market - % Value Change in 2008 vs. 2007

	Week 44	Week 45	Week 46	Week 47	Week 48	Week 49	Week 50	Week 51	Week 52
UK	↑ 2.0%	↓ -3.0%	↓ -12.8%	↓ -16.3%	↓ -8.1%	↓ -6.1%	↓ -6.4%	↓ -17.2%	↑ 62.3%
France	↓ -10.0%	↑ 2.7%	↑ 4.9%	↓ -8.1%	↓ -9.6%	↓ -8.8%	↓ -6.3%	↓ -10.7%	↑ 69.1%
Germany	↓ -5.0%	↑ 14.0%	↑ 0.0%	↓ -4.0%	↓ -3.0%	↑ 7.0%	↓ -2.0%	↓ -6.0%	↑ 111.0%
Spain	↓ -2.2%	↑ 14.7%	↑ 20.2%	↓ -13.8%	↓ -6.7%	↓ -14.0%	↓ -16.6%	↓ -12.5%	↑ 15.7%
Belgium	↓ -21.8%	↑ 6.0%	↓ -1.9%	↓ -17.2%	↓ -12.8%	↑ 28.2%	↓ -6.1%	↓ -13.8%	↑ 41.5%
Italy	↓ -7.7%	↓ -9.7%	↓ -14.8%	↓ -12.5%	↓ -9.9%	↓ -1.5%	↑ 10.0%	↓ -0.7%	↑ 116.8%
Portugal	↓ -42.2%	↑ 16.0%	↓ -15.0%	↓ -16.2%	↓ -12.9%	↓ -6.4%	↓ -11.5%	↓ -14.2%	↑ 154.6%
Australia	↓ -2.1%	↑ 2.2%	↑ 10.9%	↓ -2.9%	↓ -4.2%	↓ -2.1%	↑ 14.9%	↑ 4.3%	↑ 93.9%

**AU\$10.4bn
Bonus Pack** →

Week 52/2008 had 2 more selling days prior to Christmas than W52/2007

Retailers offered large discounts

Payez vos jouets de Noël l'année prochaine avec King jouet

Noël approchant à grands pas, il est temps de profiter des **bonnes affaires de Noël**. King jouet, le spécialiste de la vente de jouets en ligne vous propose de bonnes affaires qu'il serait bête de rater. Si vous commandez les **jeux de Noël** de vos enfants avant le 30 novembre, votre facture ne sera débitée qu'à partir de janvier prochain. Pas mal non. ? Et en plus on vous prévient suffisamment à l'avance pour que vous ayez le temps de faire voter choix parmi la vaste gamme que vous propose King jouet ; mais bon, ne tardez pas trop quand même :-). Alors, vite rendez-vous sur www.king-jouet.com

Biggest Free Shipping Event Ever

on 5000+ toys, including just-her-style picks.*

[Shop All Girls' Toys >](#)
[Shop These Top Toys >](#)
[Shop the Free Shipping Toy Store >](#)



Discount Corner

Fisher-Price **New Markdowns!**
Popular items just put on sale! >>

Barbie **Save up to 50%**
Huge savings on kids' favorites >>

HOOKED ON PHONICS **Save up to 80%**
Deep discounts on great toys >>

Disney **Save up to 30%**
Brands you know, toys they want >>

Discount: **The Toy Shop offers VAT FREE Toys**

Code: [Click here to use this discount](#)

Note: The Toy Shop offers all Toys VAT Free. For a limited time only. No voucher code needed.

Expires: December 24, 2008

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The Toy Shop

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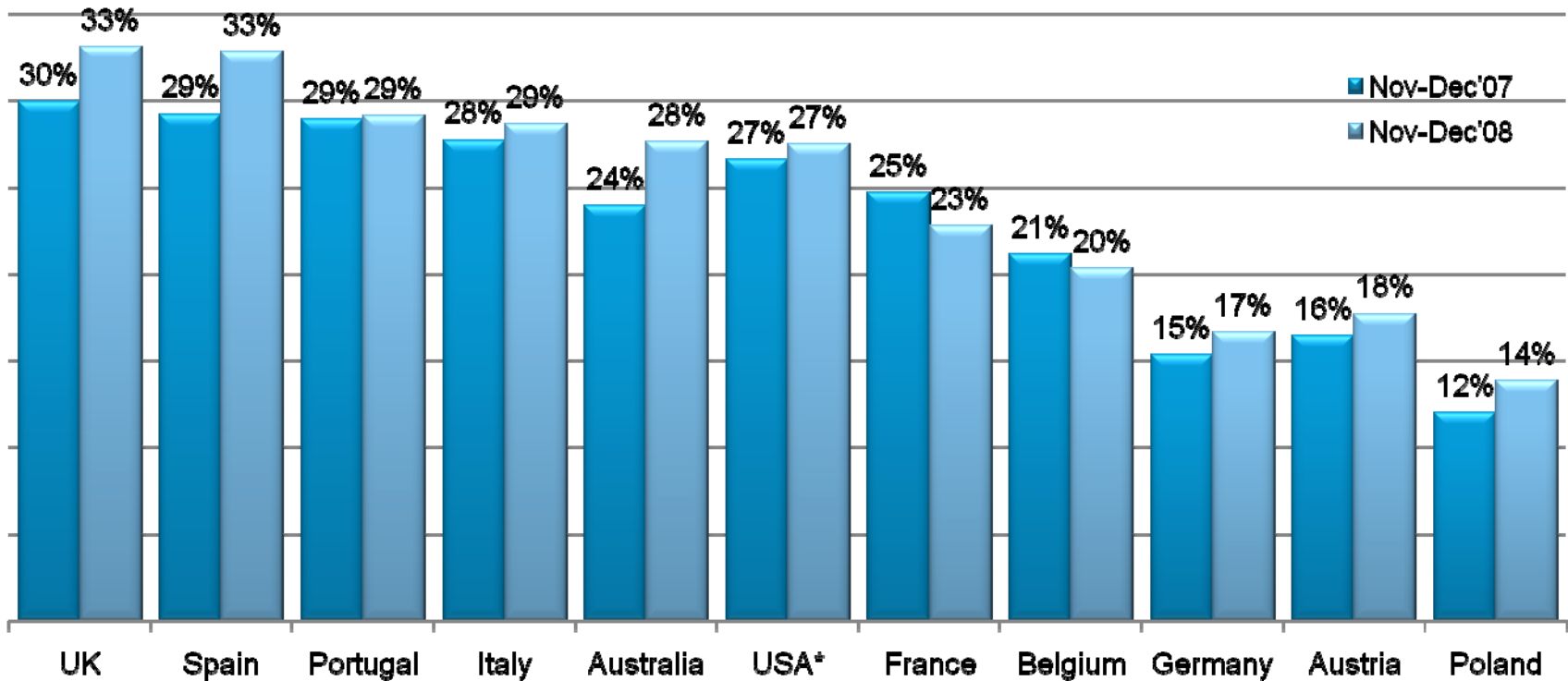
Behind Every Business Decision

\$10 Deals of Christmas

10 deals in 10 days only \$10

Without some strong licenses, trend would have been worse

Importance of Licenses in the Total Toy Market (% Value)



Why this delayed and low consumption?



No commonalities in the top selling items across the countries

Top 5 Selling Items Ranked in Value



Kidizoom Camera	Vtech
Fur Real Biscuit My Lovin Pup	Hasbro
Ben 10 15Cm Action	Bandai
Baby Annabell Doll	Zapf Creation
Kid Tough Digital Camera Asst	Mattel



Kidizoom Digitalkamera Ab 4J	Vtech
Playmobil Christmas	Playmobil
Grosser Gelaendewagen	Lego
Wer War S	Ravensburger
R C Bulldozer Mit Motor	Lego



Mickey Clubhouse Playset	Famosa
Mack Mega Camion Aventuras	Mattel
Nenuco Peluqueria C Nenuco Ni	Famosa
Reloj Omnitrix Dx	Bandai
Gormiti 2 Atomic - La Isla	Giochi Preziosi



Digital Camera	Vtech
Pyramide	Playmobil
V Smile Pocket	Vtech
Manege	Playmobil
V Smile Jeux Educatifs	Vtech



Ciccibello Bua	Preziosi-Gig
Samby - San Bernardo	Preziosi-Gig
Barbie Forever II Camper	Mattel
Baby Amore Pipi Popo	Preziosi-Gig
Mylife Console New Pack	Preziosi-Gig



Computador Noddy	Lexibook
Barbie Muses In Training Asst	Mattel
Boneca Nenuco Escola C 2 Bone	Famosa
Nenuco Peluqueria C Nenuco Ni	Famosa
V Smile Consola	Concentra



Scrabble Original	Mattel
Zab Mlp Kucyk Interakt R Owy	Hasbro Toys
Bar.Pawdz.Domek Barbie J9507	Mattel
Kubu Interaktywny	Imc Toys
Bionicle Mistika 08	Lego



Razor Ripstik Casterboard	Funtastic
Elmo Live	Mattel
Intex Pool Frame Set 15ft	Hunter Over.
Round Trampolin 8Inch	Action Sports
Ben 10 Alien Force Dx Omnitrix	Jnh

The main answer: No blockbusters!

1. No commonalities in the top selling items across the countries
2. Some manufacturers / brands are highly successful (Lego, Ben 10) across ALL countries
3. Units per selling items decreased from 2006 to 2008, with the lowest level in 2008
4. Consumers purchased late in the season, and took advantage of the discounts / promotions (issue with the perception of the price?)
5. Consumption in other categories is strong (Video-Games ...)

So the impact of the GFC?



Global Financial Crisis

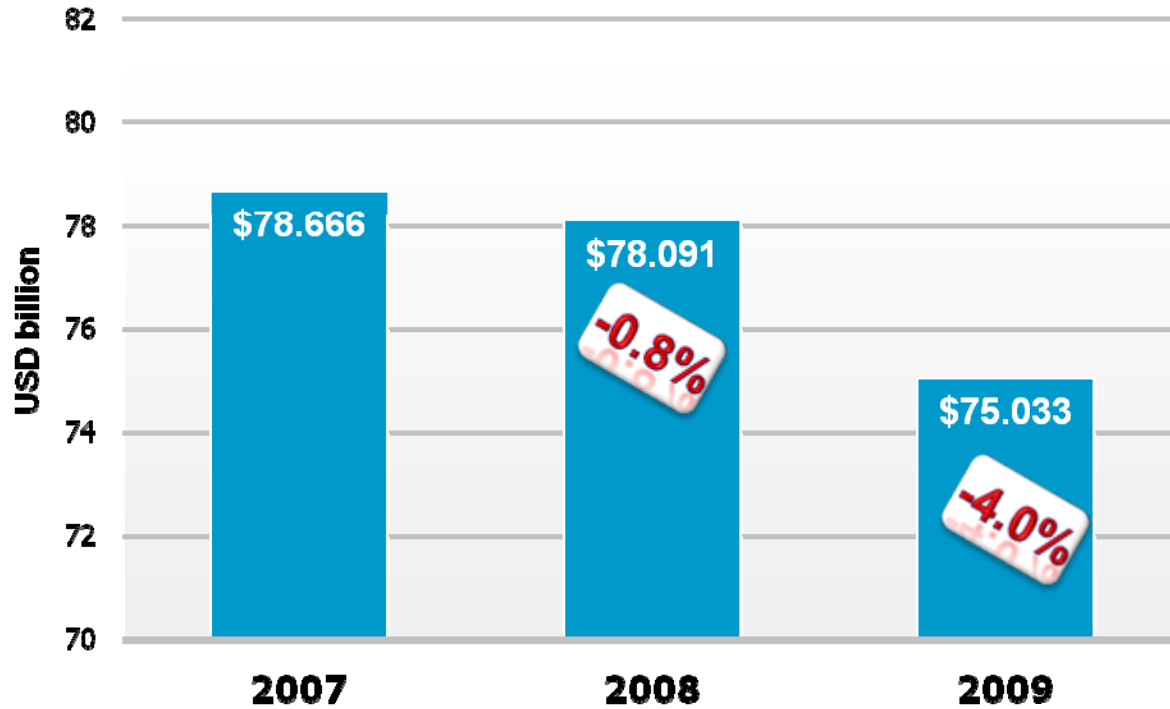
- There is no doubt the GFC played a role in the decrease of the overall toy market, as the total market size has been impacted by the strong changes in exchange rates (due to the GFC)
- On the consumption side, not much of the decrease could be attributed to the GFC; but more to the lack of hot products, pushing purchasers in the stores, especially at the beginning of the season



Evaluating the Future

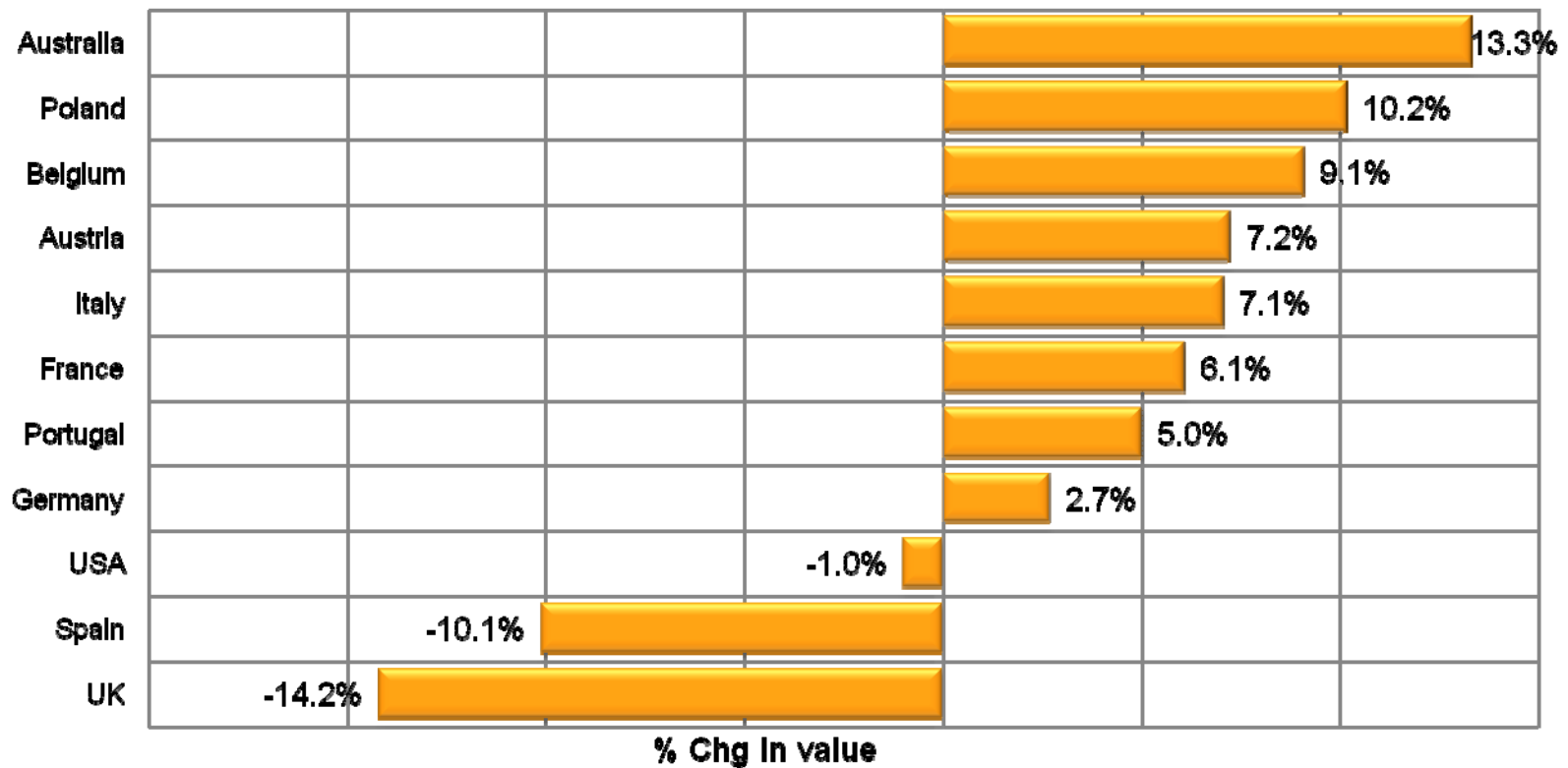
The Toy market is expected to decrease in 2009!

World Toy Market (billion \$)



Although most of the markets record an increase in 2009, rates are lower than in 2008

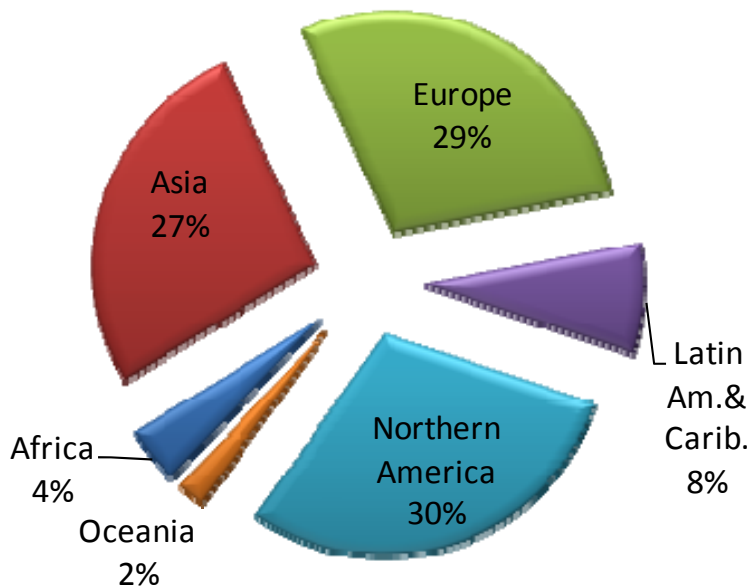
Toy Markets In the NPD World Jan-April'09 vs. Jan-April'08



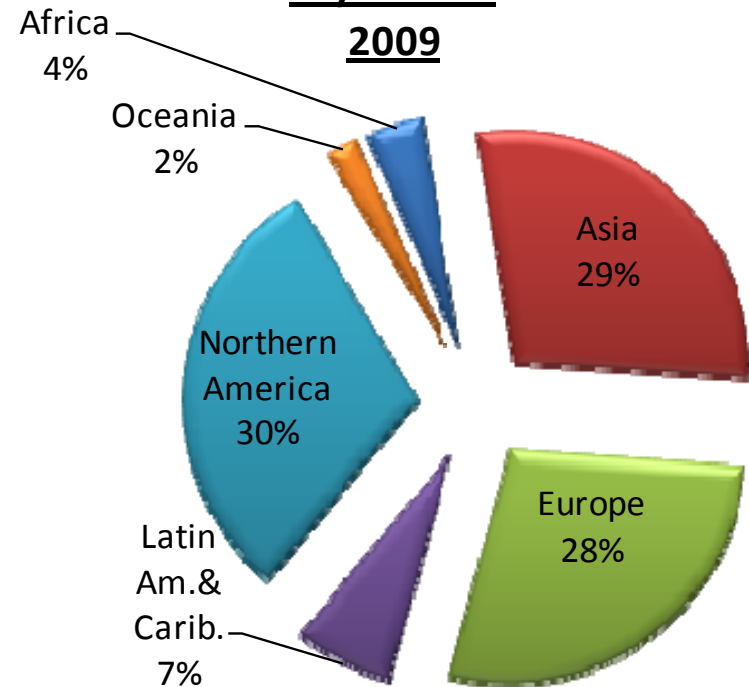
Asia will continue to grow in 2009

World Toy Market by Region (share comparison)

**Toy Market
2008**



**Toy Market
2009**





Summary

4 Key Challenges in the World of NPD

Proposing true new products (takes time and never sure of the result).

One of the direction could be to keep registering the Toy Industry in the technology path. Another direction could be to maintain a « retro » shelf-space, to keep timeless aspect of Toys. This will also anchor Toys in Grand-parents/Parent's world



Develop event based sales (retailer catalogue, in-store promotion ...)

especially at the beginning of the season.

One other option could be to link Easter sales to Christmas sales



Develop the collection effect

The text demonstrates how your own text will look when you replace the placeholder text.



The ultimate challenge ...

... is to sell toys at full price at Christmas while containing the cost of goods





Thank You!

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Behind Every Business Decision