CBI MARKET SURVEY

THE TOYS AND GAMES MARKET IN AUSTRIA

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Introduction

This CBI market survey gives exporters in developing countries information on some main developments in the toys and games market in Austria. The information is complementary to the information provided in the CBI market survey 'The toys and games market in the EU', which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from http://www.cbi.eu/marketinfo.

1 Market description: consumption and production

Consumption

Consumption of traditional toys and games in 2005 was € 319 million at retail prices as estimated by industry sources. There was an average annual decrease of 0.2% between 2001 and 2005. Austria is one of the medium-sized EU markets with a share of 2.4%.

In 2005, the average expenditure on toys and games per child in the age group of 0-14 years was € 242. This is higher than the EU average of € 168.

Consumption is expected to show growth, driven mainly by the increase of video games, whereas sales of traditional toys are expected to continue to move down slowly. In 2006, the price-adjusted turnover of toy shops increased by 3.3% compared to the previous year (KMU Forschung, 2007 - http://www.kmuforschung.ac.at/). It was one of the best performing branches during the year.

The main trends in the EU market for toys and games, like the popularity of learning toys, toys with electronics and licensed toys, also apply to Austria. Refer to the CBI survey covering the EU market for a detailed description of trends in the traditional toy market.

Based on Prodcom data, figures for the product categories were as follows: other toys (32% share in 2005, -0.1% average annual change between 2001 and 2005); construction sets (13.7%, +4.1%); outdoor (10.3%, -0.5%); plush (9.9%, -0.2%); dolls (8.5%, +1.4%); games and puzzles (6%, +7.3%); animal and fantasy figures (5.6%, +0.2%); models and trains (5.1%, -22%); learning (3.4%, +40%). Wooden toys made up 3.3% of the market in 2005, increasing 7.7% during the past four years. The various plastic toys made up 37%, an annual change of 0.8%. Learning toys and motorised toys registered strong growth in Prodcom statistics, increasing by an annual average of 40% and 11% respectively between 2001 and 2005.

The most important segmentation in the toy market is by age and gender. Kids play with different toys in different age groups, and there is a clear distinction between toys for girls and toys for boys. In 2005, the total number of children (0-14 years) in Austria was 1.3 million, an average annual decrease of 0.6% since 2001. As it has 1.2% of the EU youth, Austria is one of the smaller member states. The number of kids will decrease considerably during the next five years, as the number of kids between 0-5 years is 82% of the number of kids between 10-14 years. This is lower than the EU average of 89%, indicating an even sharper fall in the number of kids than generally in the EU. During 2005, girls accounted for 48.7% of the child population.

Production

Production, according to the Prodcom dataset, reached € 479 thousand in 2005, an average annual decrease of 66% between 2001 and 2005. However, based on export statistics, there was significant production of models and trains; however a large part of this production was moved abroad after 2005. Accordingly, Austria is one of the small producers of toys and games in the EU. Production is not expected to increase in the near future.

Opportunities and threats

+ The effect of the declining number of youth will be compensated by increased expenditures per child.
+ Educational and learning toys are expected to show continued growth above the market average in the next three years. Wooden toys are showing strong growth as well.
+ Other trends offering opportunities are electronic and motorised toys.
+ Individual product groups with strong growth in consumption were motorized toys not of plastic (+47% average annual change between 2001 and 2005, 0.8% share in 2005); toys of metal n.e.s. (+28%, 0.9%); musical instruments (+18%, 1.7%); other construction sets (+15%, 1.7%).
+ Green consumerism and Fair Trade is still on the rise, offering possibilities for products within that category and fulfilling the requirements posed. For more information, see the CBI market survey covering the EU.

Refer to chapter 7 of the CBI market survey covering the EU for more information on opportunities and threats.

2 Trade channels for market entry

For an overview of the trade structure and important trends in the distribution chain, please refer to Chapter 3 'Trade channels for market entry', of the CBI market survey covering the EU. Distributors, importers and agents are the most common trade channels for developing country exporters in Austria.

Austria could be served by an agent or importer in southern Germany. Likewise, because of its proximity and experience, an Austrian representative could often serve countries like the Czech Republic, Hungary, Slovakia and Slovenia. Knowledge of these markets is often present. Austrian representatives enjoy a good reputation. Austria has some important distributors, which have expanded strongly in the new EU member states like the Czech Republic, Slovakia and Slovenia.

Interesting distributors and importers

- Stadlbauer Marketing & Vertrieb - http://www.stadlbauer.at - distributor
- Mattel GES - http://www.mattel.de - distributor
- A. Haberkorn & Co GmbH - http://www.haberkorn-linz.com - distributor

Interesting buying organisations and wholesalers

- Spielzeug Ring - part of German Vedes buying organisation - http://www.spielzeugring.at
- Kölbesberger GesmbH & CoKG - wholesaler - http://members.aon.at/koelbesberger/page_2_1.html - http://www.annaclubplush.com
- Hausmann - importer and wholesaler - http://www.hausmann.at
- A. Haberkorn Großhandel - wholesaler - http://www.a-haberkorn.at

Interesting retailers

- Toys 'r us - http://www.toysrus.at
- Spielwaren Heinz - http://www.spielwarenheinz.com
- Trio - http://www.triospiel.at
- Karlimax - http://www.karlimax.at

Contract manufacturing and outsourcing

Austria has only a small toy manufacturing industry. It is very difficult for a manufacturer in a small country to compete on the extremely competitive international market. Companies are being squeezed between the heavily marketed products of multinationals and the cheap imports from China. Model toys, trains especially, is one of the main categories which have been able to survive. Some possibilities for contract manufacturing could be present with buying organisations, retail chains and large distributors and wholesalers. Please see above for links.

Margins

- Margins vary widely. Imports from China often have higher margins than branded products from multinational companies. Retailers aiming at large volumes have lower margins than specialist shops, still the following are some general indications. The total mark-up from manufacturer's price to final consumer price including VAT can easily reach 400%, especially when taking into account costs of logistics.

	Average margin
o Agent	2-5%
o Importer / distributor	15-25%
o Wholesaler	30-40%
o Retail	50-100%

Useful sources

- Federation of wholesalers and retailers - http://www.handelsverband.at
- WKO Handelsagenten, association of agents - http://www.commercial-agent.at/index.phtml?en=en

3 Trade: imports and exports

Imports

Imports of traditional toys reached € 245 million in 2005, an average annual increase of 4.5% between 2001 and 2005. This makes Austria one of the medium-sized EU importers, with 2.7% of total EU imports. The increase in imports follows the increase in consumption. Given the low total production in Austria, changes in the level of production do not have a significant impact.

In 2005, imports for the various product categories were: other toys (share of 31.3%, +4% annual growth); models and trains (16%, +10.3%); construction sets (10%, +4.3%); plush (8.3%, -4.5%); outdoor (7.9%, +3.2%); dolls (6.9%, +3.4%); motorised toys (5.2%, +16%); animal and fantasy figures (4.5%, +0.6%); games and puzzles (4.5%, +7.5%); learning (2.9%, +6.5%); mechanical toys (2.3%, +4.7%).

The imports of all wooden toys increased by 6.8% on average during period covered. At € 9 million, wooden toys imports are now as high as 3.7% of all traditional toys sold. The imports of plastic toys increased by 5.5% on average during period covered. Total imports were € 82 million in 2005.

The share of developing countries in total imports was 14.5% (€ 36 million) in 2005. This is lower than the EU average, which was 52.3% in 2005. The growth of DC imports, at an average annual increase of 9% during the period covered, was higher than the EU average of 3%.

The main supplying developing countries were China (13%); Malaysia (0.4%); Pakistan (0.3%); Sri Lanka (0.2%); Mexico (0.2%); Thailand (0.2%); Indonesia (0.1%); Turkey (0.1%); and Philippines (0.1%). Imports from China into Austria were therefore lower than average in the EU (48%). The share of Chinese imports shows an upward trend, moving from 11% in 2001 to 13% in 2005.

DC countries showing growth were Mexico (44% growth); Turkey (39%); Philippines (31%); Indonesia (13%); Malaysia (6.7%).

Product categories with an above average supply from developing countries (apart from China) were games and puzzles; motorised toys; outdoor; other toys; and plastic toys.

Exports

Total exports amounted to € 101 million in 2005, an average annual increase of 10% during the past four years. A significant part of these, over a quarter of total exports, can be considered to be re-exports to Central European countries by Austrian distributors and importers.

Opportunities and threats

+ Austria has a considerable import surplus, indicating a dependency on imports from other countries to satisfy its demand.
+ Total imports increased substantially during the period reviewed.
+ The share of DC imports increased strongly.
+ The individual product groups showing strongest import growth were: electric car racing games (+53% annual growth, share of 3%); motorised toys - non-plastic (+31%, 0.6%); metal miniatures models (+18%, 2.4%); musical instruments (+18%, 1.3%); and motorised toys of plastic (+15%, 4.6%).
- Most of the imports are sourced in other EU countries. Extra-European imports primarily come from China, making it difficult for other suppliers to compete on the market.

Refer to chapter 7 of the CBI market survey covering the EU for more information on opportunities and threats.

Useful sources

- EU Expanding Exports Helpdesk - http://export-help.cec.eu.int/
- Eurostat - http://epp.eurostat.cec.eu.int - official statistical office of the EU
- Eurostat Prodcom and trade data - http://fd.comext.eurostat.cec.eu.int/xtweb - data can be accessed through the Internet directly using the Prodcom or HS category numbers as detailed in the CBI market survey covering the EU.

4 Price developments

The change in harmonised consumer prices for games, toys and hobbies in Austria was -1.1% in 2006, which indicates a lower decrease in prices than in the EU on average (-2.7%). The average annual price changes between 2001 and 2005, for traditional toys based on the costs of import volumes in tonnes, were 3% for imports sourced in the EU, -7.4% for DC imports, and -1.4% for all imports. This confirms the price pressure as a result of Chinese imports.

Due to the large number of different products, it is not possible to give an overview of prices which offers a general insight into pricing. It is advisable to search the Internet or directly call wholesalers and retailers for individual prices.

Online sources of price information:

- Sicher Einkaufen - http://www.sicher-einkaufen.at - list of online retailers, with toys section, by Handelsverband
- Toys 'R' Us - http://www.toysrus.at

5 Market access requirements

As a manufacturer in a developing country preparing to access Austria, you should be aware of the market access requirements of your trading partners and the Austrian government.
For information on legislative and non-legislative requirements, go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select toys and games and Austria in the category search, click on the search button and click on market access requirements.

Detailed information on packaging can be found at the website of ITC on export packaging: http://www.intracen.org/ep/packaging/packit.htm.

Information on tariffs and quota can be found at http://export-help.cec.eu.int.

6 Business practices

Information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) and cultural differences can be found in CBI's export manuals 'Export Planner', 'Your image builder' and 'Exporting to the EU'. These can be downloaded from http://www.cbi.eu/marketinfo - go to search publications.

Trade associations

- There is an Austrian federal economic chamber of which all companies have to be a member; the section relevant to toys and games is:
  WKO Leather goods, Toys and Sports articles -
  http://portal.wko.at/wk/startseite_dst.wk?AngID=1&DstID=6401

Trade shows

- Creativ Salzburg - http://www.hb.creativsalzburg.at - Messezentrum Wien - held twice annually in February and September - the show is primarily aimed at a professional audience.

The Nuremberg Toy Fair is the most important trade fair for the Austrian toy industry.

Trade press

The German trade press is read widely in Austria.

- Spielzeug International - from Germany - http://www.spielzeuginternational.de
- Pbs&hobby - http://www.springer-sbm.at/front_content.php?idcat=65 - trade magazine for toys and crafts.
- Spieletest - http://www.spieletest.at - online magazine testing toys.

Other sources

- Austrian Trade - http://www.austriantrade.org
- Kwintessential - Austrian business culture -
  http://www.kwintessential.co.uk/resources/global-etiquette/austria-country-profile.html
- BuyUSA - Austrian business culture -
  http://www.buyusa.gov/austria/e-ustrian_business_culture.html

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