CBI MARKET SURVEY

THE TOYS AND GAMES MARKET IN FINLAND

Publication date: August 2007

Introduction
This CBI market survey gives exporters in developing countries information on some main developments in the toys and games market in Finland. 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 € 213 million at retail prices as estimated by industry sources. There was an average annual decrease of 1.2% between 2001 and 2005. Finland is one of the medium-sized EU markets with a share of 1.6%.

In 2005, the average expenditure on toys and games per child in the age group of 0-14 years was € 234. This is higher than the EU average of € 168. This high level forms a problem with regards to future growth of total consumption, and it is likely to sales will decrease further in the next three years, or at best stabilize.

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 Finland. Refer to the CBI survey covering the EU market for a detailed description of trends in the traditional toy market.

Prodcom data show a market for traditional toys of € 72.8 million at manufacturer's prices in 2005, an average annual increase of 4.5% between 2001 and 2005.

Consumption of traditional toys is expected to grow by 1% to 2% in the next two years. Based on Prodcom data, figures for the product categories were as follows: other toys (34% share in 2005, +7.1% average annual change between 2001 and 2005); construction sets (15%, +6.9%); outdoor (10%, -8%); plush (9.3%, -2.4%); dolls (8.3%, +2.3%); games and puzzles (5.8%, +8.1%); models and trains (5.2%, +14%); motorised toys (5%, +4.7%); animal and fantasy figures (3.9%, +9.1%); learning (3.8%, +56%). Wooden toys made up 2.2% of the market in 2005, decreasing -5.1% during the past four years. Similarly, the various plastic toys made up 39%, an annual change of 5%.

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 Finland was 0.9 million, an average annual decrease of 0.6% since 2001. As it has only 0.8% of the EU youth, Finland 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 86% 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 48.9% of the child population.

Production
Production, according to the Prodcom dataset, reached € 6.8 million in 2005, an average annual increase of 8% between 2001 and 2005. Finland is a very small producer of toys and games within the EU

Based on Prodcom data, figures for the product categories were as follows: other toys (50.4% share in 2005, +3.9% average annual change since 2001); games and puzzles (25.4%, +18.5%); learning (19.8%, 0%); outdoor (4.3%, -28%); animal and fantasy figures (0%, 0%). Production of wooden toys constituted 3.6% of total production in 2005, decreasing -15.6% during the past four years. There was no consumption registered for plastic toys.

Opportunities and threats
+ Finland does not have much production. Consumption is therefore mostly covered by imports.
+ Individual product groups with strong growth in consumption were electric trains on scale (+71% average annual change between 2001 and 2005, 0.5% share in 2005); other scale models (+31%, 0.9%); wooden figures (+20%, 0.2%); motorised toys not of plastic (+17%, 0.8%); other puzzles (+16%, 3%).
+ 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.
- Consumption is likely to decrease, or at best, remain stable.

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.

Finland could be served by an agent or importer from other Nordic countries like Sweden or Denmark. Likewise, because of its proximity and experience, a Finnish representative could serve the Baltic states or Russia. Knowledge of these markets is often present. Finnish representatives enjoy a good reputation. Finnish companies in distribution have been especially active in establishing representations in the Baltic states.

Finnish retail is quite fragmented, with many small specialist retailers and hypermarkets competing.

Interesting importers and distributors
- Amo Oy - http://www.amo.fi - large importer and distributor
- Scanditoy - http://www.scanditoy.fi - importer and distributor, subsidiary of the Brio Group
- Top-Toy - http://www2.top-toy.com - owner of Toys 'R' Us and BR Toys head office in Denmark - purchasing located in Hong Kong
- Martinex - http://www.martinex.fi - importer and distributor

Interesting retailers
- BR Toys - 13 shops - http://www.br-lelut.fi - part of Top-Toy Denmark
- Toys 'R' Us - 3 shops - http://www.toysrus.fi - part of Top-Toy Denmark - recently opened.
- Leikkien - http://www.leikkien.fi - toys and babies' products
- Anttila - http://www.netanttila.com - department store - part of Kesko
- Kesko - http://www.kesko.fi - hypermarkets and K-Supermarket brand
- Hobby Hall - http://www.hobbyhall.fi - department store

Contract manufacturing and outsourcing
Finland has only a small toy manufacturing industry. Some possibilities for contract manufacturing could be present with distributors, wholesalers and retail chains. 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%

Toys from China often carry substantially higher margins for the importers, up to 50%.

Useful sources
- AgentProf - http://www.agentprof.com - website for finding an importer
- Finnish foreign trade agents federation - http://www.agenttiliitto.fi
- Toy directory - list of members of the Finnish Toy Association - http://www.suomenleluyhdistys.fi/english/list_of_member_companies.html

3 Trade: imports and exports

Imports
Imports of traditional toys reached € 70 million in 2005, an increase of 2.8% between 2001 and 2005. This makes Finland one of the small EU importers, with 0.8% of total EU imports. Imports are expected to continue, albeit at a slow pace.

In 2005, imports for the various product categories were: other toys (share of 31% of total imports, +4.6% average annual change between 2001 and 2005); construction sets (15%, +6.4%); plush (10%, -2.9%); dolls (8.8%, +1.6%). outdoor (8.8%, -7%); models and trains (5.8%, +11%); motorized toys (5.3%, +4.6%); animal and fantasy figures (4.6%, +11%); games and puzzles (3.9%, +2.1%); learning (3.2%, +2%); mechanical toys (2.7%, +4.5%). The imports of all wooden toys decreased by -3.9% on average during period covered. At € 1 million, the share of total imports is 2%. The imports of plastic toys increased by 3.6% on average during period covered. Total imports of plastic toys were € 30 million (43%) in 2005.

The share of developing countries in total imports was 30% (€ 21 million) in 2005. This is lower than the EU average, which was 52% in 2005. The growth of DC imports, at an average annual decrease of 1.1% during the period covered, was lower than the EU average increase of 3%.

The main supplying developing countries were China (28%); Pakistan (0.8%); Thailand (0.5%); Malaysia (0.3%); India (0.2%); Vietnam (0.1%); Indonesia (0.1%); and Turkey (0.1%). Imports from China were therefore lower than average in the EU (48%). The share of Chinese imports shows a downward trend, moving from 31% in 2001 to 28% in 2005.

DC countries showing growth were Turkey (216% growth); Sri Lanka (87%); Philippines (43%).

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

Exports
Exports of traditional toys reached € 5 million in 2005, a decrease of 7.1% between 2001 and 2005. Finland is one of the smallest exporters in the EU.

The exports of the various product categories were mechanical toys (29% share in 2005, 0% average annual change between 2001 and 2005); other toys (19%, -6.7%); learning (16%, -1.7%); animal and fantasy figures (9.8%, +39.7%); outdoor (7.9%, -2.2%); plush (6.3%, -11%); models and trains (4.5%, -7.6%); games and puzzles (3.5%, -7.6%); dolls (2.6%, -16%); motorised toys (1%, -4.5%); construction sets (0.4%, -40%).

Opportunities and threats
+ The individual product groups showing strongest import growth were: electric trains - non-scale (+54% annual growth, share of 0.3%); other scale models (+24%, 1%); electric trains - scale (+21%, 0.2%); electric car racing games (+16%, 0.6%); motorised toys not of plastic (+15%, 0.8%).
- The share of imports from DC is low and decreased during the period covered.

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 Finland was -2.9% in 2006 (EU 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 0.9% for imports sourced in the EU, -8.5% for DC imports, and -2.6% for all imports. It is clear that the costs of imports from developing countries are putting prices under pressure.

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 stores for checking prices:
- BR Toys - http://www.br-lelut.fi
- Leikkien - http://www.leikkien.fi

Sources of price information:
- Anttila - http://www.netanttila.com - department store - part of Kesko

5 Market access requirements

As a manufacturer in a developing country preparing to access Finland, you should be aware of the market access requirements of your trading partners and the Finnish 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 Finland 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
- Suomen Leluyhdistys - Finnish Toy Association - http://www.suomenleluyhdistys.fi

Trade shows
- Child - http://www.finnexpo.fi
- Tampere Trade Fairs Ltd - http://www.tampereenmessut.fi
- Arts & Crafts Fair - http://www.finnexpo.fi
- Model Expo - http://www.finnexpo.fi

The Nuremberg Toy Fair is also of great importance to the Finnish toy industry.

Trade press
- Lelukauppias - Toy Trader Magazine - http://www.suomenleluyhdistys.fi

The German trade press is also read in Finland.

Other sources
For more information, on doing business in Finland, visit the following websites:
- Kwintessential - business culture - http://www.kwintessential.co.uk/resources/global-etiquette/finland-country-profile.html
- BuyUSA - doing business in Finland - http://www.buyusa.gov/finland/en/
- Virtual Finland - http://virtual.finland.fi
- Finnish Chamber of Commerce - http://www.chamberbusiness.net/index.cfm?lan=eng + http://www.kauppakamari.fi

This survey was compiled for CBI by VLI

Disclaimer CBI market information tools: http://www.cbi.eu/disclaimer