## CBI MARKET SURVEY

# THE TOYS AND GAMES MARKET IN ITALY

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### Report summary
This CBI market survey discusses the following highlights for the toys and games market in Italy:

- Consumption of traditional toys and games reached € 1.1 billion in 2005, an annual decrease of 2% compared to 2001.
- Italy is the fourth-largest market in the EU, with a share of 8%.
- Production reached over € 1 billion in 2005, but experienced a decline for the third year.
- Imports totalled € 828 million, increasing by an annual average of 5% since 2001.
- Exports reached € 427 million in 2005, a stabilisation at 2001 levels.
- The share of developing countries (DC) was 71%, well above than the EU average. DC imports grew strongly by an annual average of 7.5%. China is the most important DC supplier, its share in total imports increased from 59% to 66%.
- Other DC countries showing growth were Albania (19.7%); India (14.2%); Indonesia (8.4%); Pakistan (5.7%); and Malaysia (4%).
- Outdoor toys enjoy popularity. Electronic toys and licensed products in all product categories are growing strongly, offering opportunities for exporters.


This survey provides exporters of toys and games with sector-specific market information related to gaining access to Italy. By focusing on a specific country, this survey provides additional information, complementary to the more general information and data provided in the CBI market survey 'The toys and games market in the EU', which covers the EU market 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
The Italian market for toys was estimated at € 1,050 million in 2005, which is an average annual decrease of 2% compared to 2001. Sales remained almost flat from the 2002 level of € 1,080. Italy is one of the larger markets in the EU, with 7.9% of total EU consumption. A rise of just over 2% is expected to have been realised for 2006, indicating a significant improvement. Positive demographic developments in combination with a slight economic upturn are the main causes for this change. It is expected that consumption will continue to grow in 2007 and 2008. No strong indicators are present as yet for later years.

**Table 1.1 Consumption of toys and games at retail prices, 2001-2005, € million**

| | 2001 | 2003 | 2005 | Average annual change | Italy share 2005 | EU share 2005 |
|---|---|---|---|---|---|---|
| Outdoor toys and sports | 47 | 106 | 200 | 43.7% | 19.0% | 10.6% |
| Infant and pre-school | 195 | 191 | 168 | -3.7% | 16.0% | 19.6% |
| Dolls | 212 | 202 | 129 | -11.7% | 12.3% | 12.5% |
| Arts and crafts | 154 | 53 | 121 | -5.9% | 11.5% | 5.8% |
| Vehicles | 121 | 106 | 106 | -3.2% | 10.1% | 9.4% |
| Action figures and accessories | 71 | 43 | 89 | 6.0% | 8.5% | 4.7% |
| Games and puzzles | 120 | 117 | 83 | -8.8% | 7.9% | 14.5% |
| Plush | 65 | 64 | 39 | -12.0% | 3.7% | 5.7% |
| Construction sets | 0 | 64 | 0 | - | 0.0% | 7.2% |
| Learning and exploration | 0 | 21 | 0 | - | 0.0% | 1.7% |
| All other toys | 156 | 96 | 116 | -7.3% | 11.0% | 8.3% |

| | 2001 | 2003 | 2005 | Average annual change | Italy share 2005 | EU share 2005 |
|---|---|---|---|---|---|---|
| **Total traditional toys** | **1,141** | **1,063** | **1,050** | **-2.0%** | | |

Source: Assogiocattoli / NPD (2002/4/6)
*: No data on for these product categories are available for 2001 and 2005.

Dolls were previously always very popular in Italy, but have fallen dramatically to a market share below the EU average. Outdoor toys are the new favourite, achieving 44% growth per year since 2001. This is most likely the result of the good intentions of parents who have overweight kids. It is calculated that Italy has the highest percentage in the EU, with 34% of kids being overweight. This is 70% higher than the number two, the United Kingdom with 20%.

### *Market segments*

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. On average, 27% of toys and games is given to 0-3 year olds; 61% to kids in the ages 4 to 11; and 12% to kids of 12 years and older.

Birth rates have been improving in recent years, which is a positive trend, after a long period of decrease. Still the birth rate is quite low compared to the other old EU member states. In 2004, the total number of children in Italy was 8.2 million, an average annual increase of 0.4% since 2002. As it has 7% of the EU youth, Italy is one of the large member states. The number of kids will decline during the next five years; the number of kids between 0-5 year is 95% of the number of kids between 10-14 years. This is better than the EU average of 89%, indicating a lower drop in the number of kids than generally in the EU. During 2004, girls accounted for 48.6% of the child population.

**Table 1.2 Age groups 0 - 14 years, 2001 - 2004, thousands**

| Age group: | 2001 | 2003 | 2004 | Average annual change | 2005 share | Average EU share |
|---|---|---|---|---|---|---|
| 0 - 4 years | 2,622 | 2,666 | 2,711 | 1.1% | 33.0% | 32.1% |
| 5 - 9 years | 2,694 | 2,655 | 2,672 | -0.3% | 32.5% | 32.6% |
| 10 - 14 years | 2,800 | 2,848 | 2,840 | 0.5% | 34.5% | 35.4% |
| **Total 0 - 14 years** | **8,116** | **8,169** | **8,223** | **0.4%** | | |

Source: Eurostat (2007)

### *Trends*

- The average expenditure on toys and games per child in the age group of 0-14 years was € 127 in 2004. This is below the EU average of € 168, and much below the € 202 average for the older EU member states.
- The fourth quarter accounts for 58% of yearly sales.
- Electronic toys are making strong sales. Licensed products are similarly showing strong increases; together both are driving the traditional toy market.
- In-store distribution is receiving more attention at the cost of media advertising.
- Italy is a regionally divided market, with an urban industrial north and more rural south. The northern region of Italy is significantly richer, money spent on toys is much higher than in the south. The northern region has approximately a market share of 50%. The central region, which is in between the north and south in characteristics, has a share of 20%. The south consumes the remaining 30%.
- Italian kids attend the highest number of birthday parties per year: 13. On average, they spend € 14 on a present. The party bag with small gifts for the guest children is becoming a regular item.

## Production

According to the Italian Association of Toy Manufacturers (Assogiocattoli), production reached a value of over € 1 billion in 2005, which was a 9% fall compared to the previous year. Italy is one of the largest EU producers. According to the Prodcom dataset, production reached € 982.8 million in 2005, an average annual increase of 10% between 2001 and 2005.

There are about 250 members of the Italian Toy Association, mainly small to medium-sized companies. Only few of them have a turnover higher than € 50 million. The Italian toy industry employs about 2,500 workers. One of the prominent regions is Canneto sull Oglio, or the 'toy district'. The leading producer in Italy is Giochi Preziosi, presently the second largest toy company in Europe after Lego. Giochi Preziosi not only manufactures toys, but has important positions in wholesale and retail as well.

The various plastic toys groups made up 39.1%, an annual change of 9.1%. Italy had no registered production of wooden toys.

Individual product groups with strong growth in production were non-mech. toys of plastic (33%, +9.9%); electric trains - scale (2.1%, +8.4%); plush (1.3%, +8.2%); plastic scale models (4%, +7.3%).

**Table 1.3 Production of toys and games (manufacturers' prices) 2001-2005, € million**

| | 2001 | 2003 | 2005 | Average annual change | Share 2005 |
|---|---|---|---|---|---|
| Models and trains | 53 | 247 | 268 | 50.0% | 27.2% |
| Outdoor | 146 | 186 | 142 | -0.8% | 14.4% |
| Games and puzzles | 60 | 56 | 96 | 12.6% | 9.8% |
| Motorised toys | - | - | 20 | - | 2.1% |
| Learning | - | 22 | 18 | - | 1.8% |
| Plush | 10 | 11 | 13 | 8.2% | 1.3% |
| Dolls | 12 | 4 | 1 | -46.4% | 0.1% |
| Construction sets | 18 | - | - | -100.0% | 0.0% |
| Animal and fantasy | - | - | - | - | 0.0% |
| Mechanical toys | - | - | - | - | 0.0% |
| Other toys | 369 | 349 | 425 | 3.6% | 43.3% |
| **Total traditional toys** | **667** | **874** | **983** | **10.2%** | |

Source: Eurostat Prodcom (2007)

### *Trends in production*

- Outsourcing is still important for most Italian toy companies, especially towards countries in Eastern Europe. Italy has always had close connections with Slovenia and Romania.
- The licensing of characters and themes continues to grow in importance. Italy has one of the highest rates of licensed toys in the EU, with more than 25% of toys including some licensed content.

### *Interesting players*

- Giocchi Preziosi - http://www.gruppopreziosi.it - dominant player on the Italian market with production, distribution and wholesale activities.
- Clementoni - http://www.clementoni.com - games and jigsaw puzzles.
- Globo - http://www.globo.it - a product line with over 1,500 toys.
- Mac Due - http://www.macdueplanet.it - technology games.
- Bburago - http://www.bburago.com - die cast vehicles.
- Plastwood - http://www.plastwood.com - among others SuperMag construction toys.
- Trudi - http://www.trudi.it - plush toys and wooden toys (Sevi brand).

### Opportunities and threats

Trends and market developments offer opportunities and threats to exporters. A given trend can be a threat to some and an opportunity to others at the same time, e.g. the increasing popularity of electronic toys can offer opportunities for manufacturers in that field, but be a threat to producers of plush toys. The following trends should therefore always be analyzed in relation to your specific circumstances. Refer to chapter 7 of the CBI market survey covering the EU for further information.

- \+ Thanks to improved birth rates and improved economic conditions, the mature Italian market is receiving new inputs and is expected to increase.
- \+ Product groups which offer opportunities are outdoor toys, infant and pre-school, early learning and construction sets.
- \+ The Italian manufacturing base could offer opportunities for contract manufacturing, though competition from China and Eastern Europe is strong.
- \- Prices have been falling in the past two years.
- \- Video games remain the most important competitor of traditional toys.

### Useful sources

- Assogiocattolli - Italian Toy Industry Association: http://www.assogiocattoli.it - publishes an annual facts and figures brochure.

## 2 Trade channels for market entry

### Trade channels

The most likely partner is an importing distributor or an importer. Especially in a larger country there are many of these. Typically they can be differentiated in three groups: the top-level importer dealing with recognized international brands; the smaller professional importer/distributor who takes his business very seriously, loves high-quality toys, has many contacts and aims for long-lasting relationships; the small, more opportunity-oriented importers, who take chances as they come and who will only put in an effort if they see a expect a quick profit. Of course, it is dependent on your product characteristics which of these will suit you. The first category will not be of interest. The second category can be of interest if you have a well-defined and well-designed line of products which offers opportunities once established in a market. The last category is the least secure, but will work for you as long as you remain competitive. However, this type of importer is often the one making an initial market entrance possible.

***Distributors - wholesale channel***

- Giocchi Preziosi - http://www.gruppopreziosi.it - dominant player on Italian market with production, distribution and wholesale activities.
- DG - http://www.distributorigiocattoli.it - importer and distributor.
- General Trade - http://www.generaltrade.it - importer and distributor.
- Ita Toys - http://www.itatoys.com - importer and distributor.
- ToysCenter - http://www.toyscenter.it - wholesaler - part of Gruppo Preziosi.
- VEDES gruppe - http://www.vedes.it - part of the German buying group.

***Retail***

The retail structure is still fragmented and the average margin is still quite high in the case of traditional toys, reaching about 50%. Hypermarkets usually deal more in advertised products, such as dolls, soft/plush toys and activity/construction toys. They have a strong position, leading the sales of traditional toys with 39%. They have been able to strengthen their position to the detriment of independent specialist shops. This trend is strongest in the north of Italy. Internet use is quite low in Italy, and e-commerce has not taken off as yet.

**Table 2.1 Retail distribution of toys, share in % per channel**

| | 2001 | 2003 | 2005 | Average annual change |
|---|---|---|---|---|
| Toy specialists | 33.6% | 32.8% | 34.0% | 0.3% |
| Hyper markets & supermarkets | 36.2% | 38.2% | 39.0% | 1.9% |
| General merchandise | 14.5% | 15.0% | 13.2% | -2.3% |
| Department stores | 8.6% | 7.3% | 7.6% | -3.0% |
| Other | 7.1% | 6.7% | 6.2% | -3.3% |

Source: Tie-Toy / NPD (2007 and earlier)

- Giocheria - 316 shops - http://www.giocheria.it - part of Gruppo Preziosi.
- ToysCenter - http://www.toycenter.it - specialist chain, part of Gruppo Preziosi.
- Giocaleria - 60 shops - http://www.giocoleria.it - toy specialist franchises.
- Imaginarium - 22 shops - http://www.imaginarium.it - toy specialist chain from Spain.
- Auchan - 42 shops - http://www.auchan.it - hypermarkets for durable consumer goods.
- Carrefour - http://www.carrefouritalia.it - hypermarket.

### *Contract manufacturing and outsourcing*

Italy has an important toy manufacturing industry with several large and many small toy companies. It is particularly difficult for the latter 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. These companies could offer opportunities for outsourcing. The buying organisations, purchasing departments of retail chains and large distributors and wholesalers furthermore offer opportunities for contract manufacturing of private label products and unbranded toys. See 'production' in section 1 for links or use the useful sources mentioned below.

### Price structure

Margins vary widely. Discount products have lower margins than branded products and 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% |

### Selecting a suitable trading partner

Sources mentioned below offer leads to companies active in the trade of toys and games. Trade fairs are the most common way to get in contact with possible customers and offer the ability to showcase your company and get informed about the competition. The type of organisation which suits your company best is dependent on your product range and target group. For more information, refer to Chapter 3 of the CBI market survey 'Toys and games market in the EU'. It is advisable to make an analysis of the type of trade partners your competitors use and find whether they are suitable for you.

It can be difficult for a small exporter to get into direct contact with one of the larger retail chains or buying groups without have established an export reputation. It is therefore recommended that you focus your initial attention on finding an importing distributor or agent. The higher the quality of your product the better the quality of an interested distributor will be. Be careful in your selection though, for instance, do not commit yourself to exclusivity without being sure about the reputation of the distributor and agreed commitment to the promotion of your products.

**Useful sources**

- Assogiocattoli - Toy Industry Association - http://www.assogiocattoli.it/download/Associati_Assogiocattoli.pdf - list of all the members including importers and distributors, it is also possible to search for members on their website.
- ANARFA - Association of Agents and Representatives of Toys - http://www.infotoys.it/anarga/
- FNAARC, national federation of commercial agents - http://www.fnaarc.it
- USARCI, national federation of commercial agents - http://www.usarci.it
- Italy Business - http://www.italybusinessnet.com - trade leads.
- Association for Supply Chain Management - http://www.ailog.it

## 3 Trade: imports and exports

### Imports

#### *Total imports*

Imports of traditional toys reached € 828 million in 2005, an average annual increase of 5.1% between 2001 and 2005. This makes Italy one of the largest EU importers, with 9% of total EU imports.

The main suppliers to Italy were China, France and Germany. Of the major EU countries supplying Italy, only Belgium saw an increase, but these are most likely to be re-exports. The share of developing countries of total imports was 71% (€ 590 million) in 2005. This is higher than the EU average, which was 52% in 2005. The growth of DC imports was, at an average annual increase of 7.5% during the past four years, higher than the EU average increase of 3%.

The main supplying developing countries were China (66%); Thailand (1.3%); Indonesia (1.1%); Pakistan (0.8%); Malaysia (0.5%); Vietnam (0.3%); India (0.3%); Croatia (0.3%); Albania (0.2%); and Sri Lanka (0.1%) Imports from China were therefore higher than average in the EU (48%). The share of Chinese imports shows an upward trend, moving from 59% in 2001 to 66% in 2005. This is most likely the result of Italian manufacturers importing Chinese toys or parts for toys. Other DC countries showing growth were Albania (19.7% growth); India (14.2%); Indonesia (8.4%); Pakistan (5.7%); Malaysia (4%).

Product categories with an above average supply from developing countries (apart from China) were construction sets; dolls; games and puzzles; motorised toys; outdoor; wooden toys;

#### *Imports by product group*

In 2005, the most important product categories were other toys (share of 24%, +6.9% average annual growth); dolls (12%, +4.8%); mechanical toys (11%, +9.5%); animal and fantasy figures (10%, +13%).

The imports of all wooden toys increased by 3.5% on average during period covered. At € 7 million, wooden toys imports are now as high as 0.9% of all traditional toys sold. The imports of plastic toys increased by 9% on average during period covered. Total imports of plastic toys were € 426 million (51.4%) in 2005.

The imports of video games increased by a yearly average of 0.9% for the past 4 years. Imports in 2005 equalled € 85 million.

**Table 3.1 Imports of toys and games per product group and leading suppliers 2001-2005, € thousand**

| | 2001 | 2003 | 2005 | Leading suppliers in 2005 | Share 2005 |
|---|---|---|---|---|---|
| Total traditional toys and games | 213.6 | 189.7 | 210.4 | Intra-EU: France (5.4%); Germany (4.9%); Utd. Kingdom (3.9%); Netherlands (3.6%); Spain (2.1%) | 25% |
| | 23.9 | 24.0 | 27.5 | Extra-EU, ex DC*: Hong Kong (0.8%); USA (0.7%); Taiwan (0.6%); Japan (0.4%); Switzerland (0.3%) | 3% |
| | 442.3 | 526.2 | 589.9 | DC: China (66%); Thailand (1.3%); Indonesia (1.1%); Pakistan (0.8%); Malaysia (0.5%); Vietnam (0.3%); India (0.3%); Croatia (0.3%); Albania (0.2%); Sri Lanka (0.1%) | 71% |
| 1-Other toys | 52.4 | 49.7 | 56.7 | Intra-EU: Germany (7.4%); France (6.9%); Utd. Kingdom (3.8%); Belgium (2.3%); Spain (2.2%) | 28% |
| | 3.5 | 4.9 | 5.0 | Extra-EU, ex DC*: Hong Kong (0.8%); Taiwan (0.5%); USA (0.4%); Japan (0.3%); Switzerland (0.2%) | 2% |
| | 98.5 | 116.7 | 140.2 | DC: China (68%); Albania (0.7%); Thailand (0.4%); Sri Lanka (0.3%); Mexico (0.2%); Malaysia (0.1%); Cameroon (0.1%) | 69% |
| 2-Dolls | 14.4 | 14.9 | 10.5 | Intra-EU: Germany (3.8%); Spain (2.4%); France (1.2%); Belgium (1.2%); Utd. Kingdom (0.9%) | 11% |
| | 0.5 | 1.0 | 0.6 | Extra-EU, ex DC*: Hong Kong (0.3%); USA (0.1%); Norway (0.1%) | 1% |
| | 67.4 | 95.4 | 88.3 | DC: China (78%); Indonesia (8.6%); Croatia (1.9%); Thailand (0.1%) | 89% |
| 3-Mechanical toys | 11.5 | 17.0 | 7.8 | Intra-EU: Utd. Kingdom (4.4%); Belgium (1%); Netherlands (0.7%); Germany (0.7%); Romania (0.6%) | 8% |
| | 4.0 | 1.4 | 2.3 | Extra-EU, ex DC*: Hong Kong (1.7%); USA (0.2%); Taiwan (0.2%); Israel (0.1%); South Korea (0.1%) | 2% |
| | 50.1 | 80.0 | 84.3 | DC: China (88%); Vietnam (1.2%); Thailand (0.2%); Turkey (0.1%) | 89% |
| 4-Animal and fantasy | 6.5 | 9.6 | 32.2 | Intra-EU: Utd. Kingdom (15%); Hungary (11%); Spain (2.8%); Germany (2.7%); Belgium (1.6%) | 37% |
| | 1.3 | 1.6 | 2.3 | Extra-EU, ex DC*: Hong Kong (1.9%); Switzerland (0.5%); USA (0.1%); Taiwan (0.1%) | 3% |
| | 45.4 | 31.8 | 52.2 | DC: China (58%); Vietnam (1.2%); Thailand (0.3%); Croatia (0.2%) | 60% |
| 5-Plush | 16.5 | 12.5 | 13.3 | Intra-EU: Netherlands (4.4%); Germany (4.4%); Utd. Kingdom (2.1%); Austria (1.6%); Belgium (1.1%) | 15% |
| | 0.3 | 0.3 | 0.5 | Extra-EU, ex DC*: Hong Kong (0.4%); USA (0.1%) | 1% |
| | 62.5 | 65.9 | 72.8 | DC: China (82%); Indonesia (0.9%); Thailand (0.7%); Sri Lanka (0.2%); Vietnam (0.1%); Philippines (0.1%) | 84% |
| 6-Models and trains | 22.6 | 24.7 | 22.0 | Intra-EU: Germany (11%); France (5.6%); Spain (4.1%); Utd. Kingdom (2.5%); Austria (1.6%) | 28% |
| | 7.2 | 4.3 | 5.9 | Extra-EU, ex DC*: Japan (2.6%); Taiwan (2%); USA (1.1%); Hong Kong (1%); South | 8% |

| | 2001 | 2003 | 2005 | Leading suppliers in 2005 | Share 2005 |
|---|---|---|---|---|---|
| | | | | Korea (0.5%) | |
| | 23.7 | 39.7 | 49.3 | DC: China (61%); Malaysia (0.9%); Thailand (0.7%); Philippines (0.7%); Ukraine (0.3%) | 64% |
| 7-Outdoor | 13.9 | 15.5 | 17.6 | Intra-EU: France (11%); Netherlands (7.7%); Spain (4.4%); Germany (2.3%); Belgium (1.7%) | 28% |
| | 3.5 | 1.6 | 0.9 | Extra-EU, ex DC*: Taiwan (0.6%); Israel (0.3%); USA (0.2%); South Korea (0.1%); Japan (0.1%) | 1% |
| | 56.2 | 52.5 | 43.2 | DC: China (43%); Thailand (12%); Pakistan (10%); India (4%); Vietnam (0.8%) | 70% |
| 8-Motorized toys | 2.9 | 3.4 | 4.4 | Intra-EU: Germany (5.4%); France (1.5%); Utd. Kingdom (0.8%); Belgium (0.3%); Czech Rep. (0.2%) | 9% |
| | 0.4 | 3.1 | 3.6 | Extra-EU, ex DC*: Taiwan (2.4%); South Korea (2.1%); Japan (1.3%); USA (1%); Hong Kong (0.5%) | 7% |
| | 20.1 | 27.9 | 41.3 | DC: China (78%); Malaysia (5.7%); Thailand (0.2%); Philippines (0.1%) | 84% |
| 9-Games and puzzles | 46.4 | 11.5 | 23.7 | Intra-EU: Netherlands (58%); Belgium (7.2%); Germany (5.5%); Utd. Kingdom (5.3%); Spain (1.7%) | 80% |
| | 2.5 | 3.0 | 3.5 | Extra-EU, ex DC*: USA (10%); Taiwan (1%); Canada (0.4%) | 12% |
| | 2.2 | 1.5 | 2.4 | DC: China (7.2%); Malaysia (0.4%); India (0.3%); Thailand (0.1%) | 8% |
| 10-Construction sets | 22.8 | 28.4 | 20.3 | Intra-EU: France (55%); Romania (5.4%); Spain (3.2%); Germany (2.6%); Belgium (2.1%) | 73% |
| | 0.5 | 2.7 | 2.4 | Extra-EU, ex DC*: Switzerland (4.6%); Canada (3.1%); Israel (0.2%); USA (0.2%); Japan (0.2%) | 9% |
| | 5.2 | 5.7 | 5.1 | DC: China (16%); Thailand (1.8%); Belarus (0.2%); Indonesia (0.1%) | 18% |
| 11-Learning | 3.6 | 2.3 | 2.0 | Intra-EU: Germany (5%); Spain (3.3%); France (1.7%); Belgium (1.7%); Utd. Kingdom (1.4%) | 15% |
| | 0.2 | 0.1 | 0.5 | Extra-EU, ex DC*: Hong Kong (2.5%); Switzerland (0.6%); Singapore (0.4%); Taiwan (0.1%); USA (0.1%) | 4% |
| | 10.9 | 9.0 | 10.8 | DC: China (78%); Thailand (2.6%); India (0.1%) | 81% |

Source: Eurostat (2007)

**Exports**
Exports of traditional toys reached € 427 million in 2005, which was a decrease of 6.4% between 2001 and 2005.

The exports of the various product categories were other toys (42.5% share in 2005, +0% average annual change between 2001 and 2005); outdoor (15.8%, -13.6%); mechanical toys (10%, -8.4%); models and trains (8%, -20.3%); motorised toys (6.1%, +15.5%); construction sets (4.6%, +8.8%); learning (3.8%, -15.7%); games and puzzles (3.2%, -0.9%); plush (2.6%, -6.4%); animal and fantasy figures (1.8%, -21.6%); dolls (1.5%, -8.5%).

Exports of wooden toys were € 8 million in 2005, a decrease of 7.7% between 2001 and 2005. Exports of the various plastic toys reached € 213 million in 2005, a decrease of 0.4% between 2001 and 2005.

The product categories showing the strongest growth of exports were motorised toys (+15.5% average annual growth between 2001 and 2005, 6.1% share in 2005); construction sets (+8.8%, 4.6%); other toys (+1.4%, 42.5%); games and puzzles (-0.9%, 3.2%).

**Opportunities and threats**

+ The individual product groups showing strongest import growth were: other construction sets (+42% annual growth, share of 0.3%); electric car racing games (+37%, 0.8%); motorized toys not of plastic (+22%, 0.7%); wooden figures (+21%, 0.4%); and motorized toys of plastic (+20%, 5.3%).
- It will be difficult to compete with China. Imports from China have been increasing strongly and now make up two-thirds of all Italian imports.

**Useful sources**

- EU Expanding Exports Helpdesk
  http://export-help.cec.eu.int → go to: trade statistics
- Eurostat - official statistical office of the EU
  http://epp.eurostat.cec.eu.int → go to 'themes' on the left side of the home page → go to 'external trade' → go to 'data - full view' → go to 'external trade - detailed data'

## 4 Prices developments

Inflation in Italy was 2.7% in 2006, which was lower than the EU average. The change in harmonised consumer prices for games, toys and hobbies in Italy was -0.6% in 2006, which indicates a lower decrease in prices than in the EU on average (-2.7%).

The above figures are in line with the development of the cost per tonne of imports found through Eurostat. It is noteworthy that Italy is one of the few countries, where price developments of imports from EU countries and developing countries are not that far apart. Table 4.1 shows the average import values offset by import volumes. The resulting cost per tonne per category, gives an indication of the average import prices for a category. DC imports tend to be much cheaper than intra-EU imports. It is also clear that the costs of imports from developing countries are decreasing quite sharply, while prices of imports sourced in the EU25 are increasing. There are fundamental differences for price variations and developments for the individual product groups. A comparison between countries is given in chapter 5 of the CBI market survey 'The toys and games market in the EU'.

**Table 4.1 Cost per tonne and change of value of import volumes per product category, 2005: € per tonne, 2001-2005: % change**

| | Import cost per tonne in 2005 | | | Change of import cost 2001-2005 | | |
|---|---|---|---|---|---|---|
| **Value/Volume** | **Total** | **From EU25** | **From DC** | **Total** | **From EU25** | **From DC** |
| Animal and fantasy figures | 6,909 | 8,641 | 6,118 | 1.9% | 16.7% | -1.2% |
| Construction sets | 9,113 | 10,720 | 4,836 | -6.4% | -11.3% | 2.8% |
| Dolls | 6,745 | 8,287 | 6,198 | 1.7% | -0.1% | 1.7% |
| Games and puzzles | 5,286 | 5,806 | 3,314 | -14.3% | -13.7% | -6.2% |
| Learning | 4,180 | 4,396 | 4,064 | -5.4% | 3.2% | -6.9% |
| Mechanical toys | 5,347 | 6,903 | 4,685 | -5.3% | 15.0% | -8.1% |
| Models and trains | 9,520 | 11,949 | 7,516 | 8.3% | 31.6% | 2.1% |
| Motorised toys | 6,649 | 9,874 | 5,771 | 1.7% | -2.3% | 1.2% |
| Outdoor | 5,217 | 6,626 | 4,486 | -0.5% | -5.0% | -1.0% |

| | | | | | | |
|---|---|---|---|---|---|---|
| Plush | 7,836 | 9,624 | 7,407 | -5.8% | -19.0% | -2.0% |
| Other toys | 5,478 | 7,045 | 4,618 | 2.4% | 6.2% | 0.9% |
| **Total traditional toys** | **6,307** | **7,857** | **5,335** | **-0.6%** | **0.7%** | **-0.7%** |

Source: Eurostat (2007)

**Useful sources**
- Ciao - http://www.ciao.it
- Ebay stores - http://stores.ebay.it
- Kelkoo - http://www.kelkoo.it - search for 'giochi'.

## 5 Market access requirements

As a manufacturer in a developing country preparing to access Italy, you should be aware of the market access requirements of your trading partners and the Italian government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns. You need to comply with EU legislation and have to be aware of the additional non-legislative requirements that your trading partners in the EU might request.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at http://www.cbi.eu/marketinfo, 'select toys and games' and Italy in the category search, click on the search button and click on market access requirements.

For information on packaging, marking and labelling applicable, please refer to the CBI market survey 'The toys and games market in the EU'. Additional 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 Doing business

General 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) can be found in CBI's export manuals 'Export Planner' and 'Your image builder'.

More specific information regarding the toy industry in CBI's 'From survey to success: Guidelines for exporting toys and games to the EU'. Section 4 of this publication focuses on export marketing tools.

Trade fairs continue to be the most important place for business, in Italy the most important one is the Nuremberg Toy Fair in Germany, and furthermore the other important international trade fairs. Only in special cases will your first visit be an success. Often it takes several years to establish relations and start serious business. For that reason, it is worthwhile to visit the trade fair a couple of years, building up contacts, before reserving an expensive booth for yourself.

It is necessary to have an update portfolio of products and, if applicable, production skills and possibilities. Without such documents your company will not be considered seriously by EU companies.

It can be worthwhile to try contacting EU companies directly, for instance by mail with your product catalogue and a special offer, though this must be followed by personal communication afterwards, and companies need to be selected carefully on matching product ranges and target groups. Otherwise these efforts will be wasted. Local companies can be found through the websites listed in this survey below.

Having made contact with parties in Europe, it is vital to remain in contact with them. Good communications are essential for doing business, this includes the initial stage of building a relationship, as well as later, having established a trade, in order to keep the other partner committed.

***Trade organisations***
- Assogiocattoli - Italian Industrial Association for Christmas Decorations, Toys, Games and Hobbies, Child Care Articles - http://www.assogiocattoli.it

***Trade fairs***
- Enada Primavera - Rimini - http://www.enadaprimavera.it
- Giosun - Rimini - http://www.sungiosun.it - outdoor toys.
- Toy Show - Piacenza - http://www.aigec.it - collectibles.
- The large international trade fairs are also of great importance to the Italian trade, these include Nuremberg, Hong Kong, Shanghai and, to a lesser degree, Paris and New York. See the market survey covering the EU for details.

***Trade press***
- Giochi & Giocattoli - mailto:mario.vespucci@sferagroup.it - bi-monthly - 6,200 copies.
- Toysblog - http://www.toysblog.it
- ToyStore - http://www.e-duesse.it/riviste.asp?idSR=3
- GamePress - http://gamepress.it
- GDOWeek - http://www.gdoweek.it - trade magazine about retailing.

**Useful sources**
Cultural awareness is a critical skill in securing success as an exporter.
- Information on cultural differences in the EU can be found in chapter 3 of CBI's export manual 'Exporting to the EU'. This manual can be downloaded from: http://www.cbi.eu/marketinfo → go to search publications.

Websites providing practical tips on business culture and etiquette in Italy:
- http://www.buyusa.gov/italy/en/
- http://www.kwintessential.co.uk/resources/global-etiquette/italy-country-profile.html

Babelfish - http://babelfish.altavista.com - online translation of Italian into English and other languages.

This survey was compiled for CBI by VLI
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