CBI MARKET SURVEY

THE TOYS AND GAMES MARKET IN POLAND

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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 Poland. 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 € 266 million at retail prices as estimated by industry sources. There was an average annual increase of 6.3% between 2001 and 2005. Poland is one of the medium-sized markets in the EU, with a share of 2%, and is the largest market in Eastern Europe. Consumption is expected to continue to grow at a similar pace as incomes keep rising.

In 2005, the average expenditure on toys and games per child in the age group of 0-14 years was € 42. This is lower than the EU average of € 168. Polish consumers have a tendency to favour quality products. Nevertheless, toys from China are dominating supply.

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 Poland, though the expensive branded products have a much lower market share. Cheaper imitations mimicking the above trends are highly popular. 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 € 179 million at manufacturer's prices in 2005, an average annual increase of 9.5% between 2001 and 2005.

Based on Prodcom data, figures for the product categories were as follows: other toys (45% share in 2005, +18% average annual change between 2001 and 2005); plush (11%, +14%); outdoor (9.3%, +3.9%); dolls (7.1%, -5.1%); learning (6.5%, +47%); construction sets (6.3%, -6.7%); motorised toys (5%, +14%); animal and fantasy figures (4.8%, -9.5%); games and puzzles (2.5%, +136%). Wooden toys made up 0.5% of the market in 2005, decreasing 17% during the past four years. Similarly, the various plastic toys made up 51%, an annual change of 6.3%.

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 Poland was 6.3 million, an average annual decrease of 3.2% since 2001. As it has 5.7% of the EU youth, Poland is one of the medium-sized member states. The number of kids will fall sharply during the next five years, as the number of kids between 0-5 years is 72% of the number of kids between 10-14 years. This is lower than the EU average of 89%, indicating an even sharper drop in the number of kids than generally in the EU. In recent years birth rates seem to have stabilised, but at a much lower level than before. During 2005, girls accounted for 48.8% of the child population.

Production

Poland does not have a very large industry in terms of value, but significant production of toys does take place. Toys of plastic are the most important product made by Polish toy manufacturers. The industry has seen some difficult years, during the transition from a state-led to a market economy. Many players have been forced out of the market, some have grown, but still, quite a number of small manufacturers exist. Apart from plastic toys, metal and rubber toys are produced and there is a large number of small manufacturers of wooden toys.

Production, according to the Prodcom dataset, reached € 52.7 million in 2005, which is the same level as in 2001.

Based on Prodcom data, figures for the product categories were as follows: other toys (60 % share in 2005); learning (19%); construction sets (9.1%); plush (8.7%); animal and fantasy figures (1.6%); outdoor (1.1%); and dolls (0.8%). Production of wooden toys constituted 4.1% of total production in 2005. The various plastic toys made up 42%.

Opportunities and threats

+ The next three to five years will see a continuing growth in the consumption of traditional toys.
+ Individual product groups with strong growth in consumption were puzzles of wood (+39% average annual change between 2001 and 2005, 0.3% share in 2005); motorised toys - non-plastic (+38%, 0.6%); other construction sets (+34%, 0.2%); toys of metal n.e.s. (+26%, 1.6%); non-mech. toys of plastic (+18%, 29.6%).
- In the longer run, the increase in per capita consumption is going to be offset, at least partially, by a dropping number of children.
- Polish manufacturers offer substantial competition on the local market.

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.

Poland could be served by an agent or importer from Germany, Austria or another central European country. Likewise, because of its proximity and experience, a Polish representative could serve countries like Slovakia, the Czech Republic, Hungary and the Baltic states. Knowledge of these markets is often present.

The many independent toys specialist stores still fulfil an important role in the distribution of traditional toys and games, but are being challenged by quickly growing hypermarkets. Other channels include supermarkets, stores for babies' products, kiosks and stores for paperware.

A large number of distributors operate on the Polish market. The indirect market of supermarkets and kiosks is supplied by a network of small wholesalers who themselves are supplied by small importer/distributors. Mostly unbranded products are sold in this segment.

Interesting importers and distributors

- Akces - http://www.akces.poznan.pl - part of Bruder Germany
- Brimarex - http://www.brimarex.pl
- HH Poland - http://www.hhpoland.com.pl
- Hit Bis zo.o - http://www.hitbis.rzeszow.pl

- Impuls - http://www.impuls-famosa.pl
- Mistral - http://www.zabawki.pl
- Roxi - http://www.roxi.pl

Interesting retailers
- Moneks1 - http://www.moneks1.com.pl - toy specialists
- TM Toys - http://www.tmtoys.pl - former Brio stores, sold top TM Toys
- Miki - http://www.miki.com.pl - toy specialists
- Rik - http://www.rik.com.pl - toy specialists
- Tesco - http://www.tescocorporate.com - hypermarket
- Carrefour - http://www.carrefour.com - hypermarket
- Leroy Merlin - http://www.leroymerlinsourcingportal.com - hypermarket

Contract manufacturing and outsourcing
Poland has only a small manufacturing industry, which has had difficult times adjusting to market forces. Many companies producing toys are of small size, and will face a struggle in the future. This could create opportunities for co-operation, especially if the Polish companies have either strong designs or a strong trade network. Further possibilities for contract manufacturing are present with retail chains, and large distributors and wholesalers.

Manufacturing companies in Poland include:
- Wader Wozniak - http://www.wader-wozniak.pl - plastic toys
- Hemar - http://www.hemar.com.pl - plastic toys
- Pallas - http://www.pallas.bt.pl - production co-operative

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

Useful sources
- ICEX - Spanish Export Promotion Council - http://www.icex.es/servicios/documentacion/documentoselaborados/icex/pdfs/estudiojuguete.pdf - old market study from 2000, but containing useful information on distribution and a list of manufacturers and importers, in Spanish.

3 Trade: imports and exports

Imports
No trade statistics are available for 2001-2003. Imports of traditional toys reached € 178 million in 2005, an increase of 10% between 2004 and 2005. This makes Poland one of the medium-sized EU importers, with 1.9% of total EU imports.

In 2005, imports for the various product categories were: other toys (share of 33%, +3.7% growth); plush (11%, +17%); outdoor (10%, -1.7%); dolls (8%, -8.9%); models and trains (7.5%, +18%); mechanical toys (6.2%, +18.4%); animal and fantasy figures (6.1%, -5.4%); games and puzzles (5.8%, +68%); construction sets (5.7%, +25%); motorised toys (5.2%, +57%); and learning (2.1%, +5.4%).

The share of developing countries in total imports was 46.3% (€ 82 million) in 2005. This is lower than the EU average, which was 52% in 2005.

The main supplying developing countries were China (43%); Pakistan (1.4%); Vietnam (1.1%); Thailand (0.3%); India (0.2%); Indonesia (0.2); Turkey (0.1%); Malaysia (0.1%); Ukraine (0.1%); and Belarus (0.1%). Imports from China were therefore lower than average in the EU (45%).

Product categories with an above average supply from developing countries (apart from China) were construction sets; models and trains; and outdoor.

Exports
Exports of traditional toys reached € 61 million in 2005. No statistical data were available for earlier years in the Eurostat database.

The exports of the various product categories were other toys (38% share in 2005); models and trains (169%, 0%); games and puzzles (9.4%); plush (6.9%); animal and fantasy figures (6.5%); construction sets (5.8%); outdoor (5.5%); mechanical toys (5.5%); learning (3.5%); dolls (3%); and motorised toys (0.5%).

Opportunities and threats
+ The individual product groups showing strongest import growth were: other scale models (+35% growth in 2005, share of 0.9%); playing cards (+35%, 0.6%); other doll accessories (+32%, 0.7%); other construction sets (+24%, 0.4%); and puzzles of wood (+22%, 0.4%).

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 Poland was -0.2% in 2006, which indicates less inflation than in the EU on average (-2.7%).

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:
- Moneks1 - http://www.moneks1.com.pl
- Rik - http://www.rik.com.pl/sklep/

5 Market access requirements

As a manufacturer in a developing country preparing to access Poland, you should be aware of the market access requirements of your trading partners and the Polish 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 Poland 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.

Poland does not partake in the euro. The average interbank exchange rate during 2006 was: 0.25748 zlotys for 1 euro. See http://www.oanda.com for current exchange rates.

Trade associations
- Polish Toy Association - http://www.toys.pl

Trade shows
- Child's World - Poznan - http://www.mtp.pl/en/
- Mother and Baby - Warsaw - http://www.motherandbaby.pl/

Trade press
- Swiat Dziecka - 'World of Kids' - http://www.unit.com.pl
- Swiat Zabawek - 'World of Toys' - http://www.unit.com.pl

Other sources
- Duracell - http://www.duracell.com/toys%5Feurope/results_poland.asp - toy consumption characteristics by Duracell and NPD
- BuyUSA - doing business in Poland - http://www.buyusa.gov/poland/en/doing_business_in_poland1.html
- Polish Chamber of Commerce - http://www.kig.pl/english/index.php

This survey was compiled for CBI by VLI
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