

**CBI MARKET SURVEY****THE TOYS AND GAMES MARKET IN ROMANIA****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 Romania. 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 € 61 million at retail prices as estimated by industry sources. There was an average annual increase of 12.6% between 2001 and 2005. Romania is one of the small EU markets with a share of 0.5%.

Prodcom data show a market for traditional toys of € 21.6 million at manufacturer's prices in 2005, an average annual increase of 37.8% between 2001 and 2005.

Based on Prodcom data, figures for the product categories were as follows: other toys (22% share in 2005, +69% average annual change between 2001 and 2005); dolls (15%, +95%); outdoor (13%, +22%); motorised toys (11%, +42%); construction sets (8.1%, +52%); animal and fantasy figures (7.8%, +35%); learning (6.1%, +73%); games and puzzles (5.6%, +29%); and models and trains (3.2%, +11%). Wooden toys made up 5.3% of the market in 2005, remaining at the same level during past four years. Similarly, the various plastic toys made up 30%, an annual change of 68%.

In 2005, the average expenditure on toys and games per child in the age group of 0-14 years was € 11. This is the lowest in the EU, at less than 10% of the EU average of € 168.

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 Romania, 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.

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 Romania was 3.4 million, an average annual decrease of 3.6% since 2001. As it has 3.1% of the EU youth, Romania is one of the medium-sized 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 a sharper fall in the number of kids than generally in the EU. During 2005, girls accounted for 48.8% of the child population.

Over 70% of sales is recorded in the fourth quarter of the year. Next to Christmas, Romania celebrates the festival of Saint Nicholas in early December.

## Production

Romania has a toy manufacturing industry which consists of a large number of medium-sized companies which are active internationally, and a large number of smaller companies. Industry sources estimate Romanian production of traditional toys at € 75 million or more.

More than 50 wooden toy manufacturers are present in the Transsylvania region, and though sales to other EU countries are growing, most of these are very small companies. A significant share of this production is ecological, which is in demand in the EU. Other production concerns mostly plastic toys, doll and games, both educational as well as board games.

It is expected that toy production will grow in the next ten years. While a number of the smaller companies will probably disappear, it is likely that some will grow bigger. Low-wages in combination with the Romania's history of toy-making will lead to investments by international companies.

## Opportunities and threats

- + Bulgaria's entry into the EU this year has led to an influx of money and is expected to be followed by higher incomes. This, in turn, will lead to higher spending on toys and games.
- + Individual product groups with strong growth in consumption were doll carriages (+158% average annual change between 2001 and 2005, 0.4% share in 2005); ride-ons (+129%, 2.4%); playing cards (+51%, 3.1%); toys of rubber (+48%, 3%); motorised toys of plastic (+46%, 10%).
- The number of kids will fall sharply during the next ten years. This will offset the growth in consumption per kid.
- Disposable income in Bulgaria is one of the lowest in the EU, resulting in low per capita consumption of toys.
- Romanian manufacturers offer significant competition, especially in the field of wooden toys.

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.

Only a few specialist stores exist in Romania. Most toys are sold in hypermarkets, supermarkets, kiosk and general merchandise stores. The past ten years have seen an influx of international hypermarkets, which are aggressively and successfully competing for market share. According to Euromonitor, their growth is mostly limited by the shopping habits of many people, who, as a result of low incomes, only tend to shop for small amounts, instead of filling a big cart in a hypermarket.

## Interesting importers and distributors

A total of 26 importers is active on the Romanian market.

- UBISOFT - <http://www.ubisoft.ro> - hardware, multimedia, video games import and distribution
- Amiva - <http://www.amiva.ro> - importer
- Eurotoys - <http://www.eurotoys.ro> - importer
- RHS Company - <http://www.roy.ro> - importer

### Interesting retailers

- MiniBlue - <http://www.miniblu.ro> - babies' products and toys
- ToyZone - <http://www.clip-trade.ro> - specialist shops with internet site
- Metro Cash & Carry - <http://www.metro.ro> - hypermarket
- Billa - <http://www.billa.ro> - hypermarket
- Carrefour - <http://www.carrefour.ro> - hypermarket
- Selgros - <http://www.selgros.ro> - hypermarket
- La Fourmi - <http://www.lafourmi.com/ro> - hypermarket
- Mega Image Supermarket - <http://www.delhaizegroup.com> - hypermarket
- Penny market XXL - <http://www.pennyromania.ro> - hypermarket

### Contract manufacturing and outsourcing

Possibilities for contract manufacturing could be present with the large retail chains and with certain manufacturers, though Romanian production is quite competitive. Romania is even interesting for China, as is shown by the large amount of Chinese direct investment in the country, until 2005 this reached € 200 million, funding over 9,000 companies. This concerns for instance a bicycle manufacturer and a cigarette factory.

- Juno - <http://www.juno.ro> - manufacturer of construction sets and games, importer
- D-Toys - <http://www.dtoys.ro> - manufacturer of Deico Toys and importer-distributor of puzzles and educational games
- Aradeanca - <http://www.aradeanca.com> - manufacturer and importer of dolls
- Adeline - <http://www.adeline.ro> - wooden toys
- Noriel - <http://www.noriel.ro> - manufacturer and importer
- Condor - <http://www.condorstyle.ro> - manufacturer of plush toys

### 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.

### Useful sources

- ICEX - Spanish Export Promotion Council - [http://www.icex.es/FicherosEstaticos/auto/0806/Nota%20de%20mercado%20del%20juguete\\_20333\\_.pdf](http://www.icex.es/FicherosEstaticos/auto/0806/Nota%20de%20mercado%20del%20juguete_20333_.pdf) - market study including useful information on distribution and a list of manufacturers and importers, in Spanish.

## 3 Trade: imports and exports

### Imports

Imports of traditional toys reached € 57.3 million in 2005, an increase of 12.5% between 2001 and 2005. This makes Romania one of the small EU importers, with 0.6% of total EU imports. Imports are expected to grow during the next three years as incomes and consumption per capita are increasing.

Around 55% of imports originates in developing countries. This is above the EU average of 52%. China is the dominant supplier with a share of over 50% of total imports. Other countries include Indonesia (2%); Pakistan (0.4%). China's share of imports is higher than the EU average of 45%.

In 2005, the most important product categories were models and trains (share of 28%, +4.2% annual growth); other toys (16%, +23%); mechanical toys (15%, +7.4%); animal and fantasy figures (13%, +6.2%).

## Exports

Exports of traditional toys reached € 64.2 million in 2005, a decrease of 2.2% between 2001 and 2005. This makes Romania one of the small EU exporters, with 0.7% of total EU imports.

In 2005, imports for the various product categories were: mechanical toys (share of 32%, -2.2% annual growth); models and trains (25%, +2.3%); animal and fantasy figures (16.7%, +7.4%); other toys (12%, +15.7%); outdoor (8.6%, -23%); plush (2.8%, +194%); dolls (1%, -30%); construction sets (0.8%, -24%); games and puzzles (0.3%, +11%); motorised toys (0.2%, -26%); learning (0.2%, +38%).

## Opportunities and threats

- + Imports are expected to increase during the next three years.
- + The individual product groups showing strongest import growth were: toys of metal n.e.s. (+120% annual growth, share of 2.4%); puzzles of wood (81%, 0%); wooden figures (62%, 0%); construction sets of wood (+54%, 0.1%); playing cards (+51%, 1.2%).

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 Romania was 3.1% in 2006 (EU 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 store for checking prices:

- Clip-trade - <http://www.clip-trade.ro> - online shop of Toy Zone

## 5 Market access requirements

As a manufacturer in a developing country preparing to access Romania, you should be aware of the market access requirements of your trading partners and the Romanian 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 Romania 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. For more information, on doing business in Romania, visit the websites below:

Romania does not partake in the euro. The average interbank exchange rate during 2006 was: 0.00003 leis for 1 euro. See <http://www.oanda.com> for current exchange rates.

### **Trade associations**

- RomToys - Association of manufacturers of toys, games and ornaments - [romtoys@yahoo.com](mailto:romtoys@yahoo.com) - telephone: +40-01 2555995 (Castil)

### **Trade shows**

- Baby Expo - Bucharest - <http://www.babyexpo.ro> - general public show
- KidEx - Bucharest - <http://www.kidex.ro> - general public show, aimed at kids 0-5 years and their parents

### **Trade press**

Romania does not have a magazine aimed at the toy professional.

### **Other sources**

- TradeRom - <http://www.traderom.ro> - Romanian trade promotion centre

This survey was compiled for CBI by VLI  
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