CBI MARKET SURVEY

THE TOYS AND GAMES MARKET IN THE UNITED KINGDOM

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Report summary

This CBI market survey discusses the following highlights for the toys and games market in the United Kingdom:
- Consumption of traditional toys and games reached € 2.7 billion in 2005, an annual increase of 4% compared to 2001.
- The UK is the largest market in the EU, with a share of 24%.
- Imports totalled € 689 million, increasing by an annual average of 7.8% since 2001.
- Exports reached € 357 million, an average annual decrease of 0.2% between 2001 and 2005.
- The share of developing countries (DC) was 73%, well above the EU average. DC imports grew by an annual average of 1%. China is the most important DC supplier; its share in total imports increased from 66% to 69%.
- Other DC countries showing growth were Pakistan (1.8% growth) and India (just 0.1%).
- Product groups which offer opportunities are infant and pre-school, early learning and all electronic toys and licensed products.

This survey provides exporters of toys and games with sector-specific market information related to gaining access to the United Kingdom. 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 UK toy market has seen some strong years; consumption grew by an average annual rate of 4%, from € 2.7 billion to just under € 3.2 billion. Consumption in 2006 is expected to have increased further, reaching over € 3.3 billion, with an increase of more than 5%. As such, the UK market was the best performing major market in the EU in that year. Consumption has been stimulated by continued economic growth, increasing birth rates, and the strong competition between retailers. The UK toy market is the largest market in the EU, with 24% of total EU consumption.

Other reasons for this growth were the continued and even increased attraction of licensed characters and electronic toys. Both are present in all categories. Expenditure per kid is one of the highest in the EU, but does not show any sign of falling. In combination with the rising birth rate, this will lead to continued growth in sales in 2007. Thereafter, stabilisation is likely to set in, if not a decline.

Table 1.1 Consumption of traditional toys and games at retail prices, 2001-2004, € million

	2001	2003	2005	Average annual change	UK share 2005	EU share 2005
Infant and pre-school	463	541	607	7.0%	19.2%	19.6%
Dolls	315	379	397	6.0%	12.5%	12.5%
Games and puzzles	340	365	388	3.4%	12.3%	14.5%
Outdoor toys and sports	323	328	379	4.1%	12.0%	10.6%
Vehicles	214	276	236	2.4%	7.5%	9.4%
Arts and crafts	201	226	231	3.6%	7.3%	5.8%
Plush	174	167	173	-0.1%	5.5%	5.7%
Action figures and accessories	219	188	173	-5.8%	5.5%	4.7%
Construction sets	130	151	172	7.2%	5.4%	7.2%
Learning and exploration	64	49	58	-2.3%	1.8%	1.7%
All other toys	227	348	349	11.3%	11.0%	8.3%
Total traditional toys	**2,670**	**3,017**	**3,163**	**4.3%**		

Source: BHTR/NPD (2005/6)

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.

Fertility rates have been rising, from 1.63 per woman in 2001 to 1.80 in 2005. In 2005, the total number of children in United Kingdom was 10.8 million, an average annual decrease of 0.7% since 2001. As it has 10% of the EU youth, United Kingdom is one of the large member states. The number of kids will decrease during the next five years, as the number of kids between 0-5 year is 90% of the number of kids between 10-14 years. This is just better than the EU average of 89%, indicating a slightly lower drop in the number of kids than generally in the EU. During 2005, girls accounted for 48.7% of the child population.

Table 1.2 Age groups 0 - 14 years, 2001 - 2005, thousands

Age group:	2001	2003	2005	Average annual change	Share in 2005	EU average share
0 - 4 years	3,482	3,393	3,439	-0.3%	31.8%	32.1%
5 - 9 years	3,740	3,648	3,554	-1.3%	32.9%	32.6%
10 - 14 years	3,885	3,890	3,814	-0.5%	35.3%	35.4%
Total 0 - 14 years	**11,108**	**10,931**	**10,807**	**-0.7%**		

Source: Eurostat (2007)

Trends

- Electronic toys are a continued success in all categories.
- In 2005, the average expenditure on toys and games per child in the age group of 0-14 years was € 295. This is much higher than the EU average of € 167, and the highest in the whole EU after Luxembourg.
- The fourth quarter accounts for 58% of annual sales.
- The average price of a toy in the UK in 2006 remained at around € 11. Half of sales, however, is realised with toys with a price of € 8 or less.
- Of the top 500 best-sellers in 2006, 291 were new products.
- 51% of toy sales occurred between October and December 2006.

Production

There is only a small amount of production left in the United Kingdom. Industry sources are unavailable, but looking at the Prodcom data, an average annual decrease of 24% is visible in production figures since 2001. Most manufacturing has been outsourced to low-cost regions, mostly China or, to a lesser degree, Eastern Europe.

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

	2001	2003	2005	Average annual change	Share 2005
Outdoor	35	24	10	-26.8%	21.3%
Games and puzzles	15	12	9	-12.2%	18.5%
Models and trains	28	8	5	-36.5%	9.6%
Plush	9	5	4	-18.8%	7.8%
Motorised toys	-	3	2	-	4.7%
Animal and fantasy	3	1	2	-8.7%	4.6%
Dolls	-	-	-	-	0.0%
Learning	-	81	-	-	0.0%
Construction sets	4	3	-	-100.0%	0.0%
Mechanical toys	-	-	-	-	0.0%
Other toys	48	34	16	-24.0%	33.6%
Total traditional toys	**143**	**171**	**48**	**-23.9%**	

Source: Eurostat Prodcom (2007)

Trends

- Production values have fallen dramatically.
- Many toy manufacturers in the UK do not consider themselves to be manufacturers anymore; they are more likely to call themselves toy developer, marketers or designers. Especially the younger, successful companies have a strategy in which all production is contracted to third parties. Examples include Vivid Imaginations and Character Options.

Interesting players

- Vivid Imaginations - € 265 million turnover - http://www.vividimaginations.co.uk - largest UK toy developer and distributor.
- Early Learning Centre - http://www.earlylearningcentre.co.uk - designs and develops toys and early learning products.
- The Character Options - http://www.thecharacter.com - design, development and distribution of licensed toys and games.
- Tomy - http://www.tomy.co.uk

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 a strong economy, the UK market continues to be one of the best performing major markets in the EU. It is unclear, however, how long this trend upward can continue.

\+ Product groups which offer opportunities are infant and pre-school, early learning and all electronic toys and licensed products.

+ 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.
+ Individual product groups with strong growth in consumption were toys of rubber (+72.4% average annual change between 2001 and 2005, 1% share in 2005); playing cards (+53.7%, 0.9%); other toys n.e.s. (+17.1%, 4.1%); plastic scale models (+16.9%, 2.2%); other construction sets (+14.9%, 0.6%).
- Prices have been falling in the past two years. This is not only caused by cheaper imports, but is also the result of strong competition between retailers.
- Video games remain the most important competitor of traditional toys.

Useful sources
- British Toy and Hobby Association (BTHA) - http://www.btha.co.uk
- British Association of Toy Retailer's (BATR) - http://www.toyretailersassociation.co.uk - http://www.toy.co.uk
- UK Statistics - http://www.statistics.gov.uk
- Toy of the Year Award - http://www.toyretailersassociation.co.uk/toty/awards.htm - competition promoting the industry; participation is expensive and only possible for the larger companies. Still, it gives an indication of new products on the market.

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
UK distribution remains quite fragmented, with many small players holding a stake in the market. The UK buying groups do not seem to be able to increase their market share sufficiently in order to become a dominant force like in Germany.

- Playwrite Group - http://www.playwritegroup.com - importer - distributor.
- Impact Distribution Group - http://www.impact-group.co.uk - leading wholesale group.
- ToyStat - http://www.toystat.co.uk - wholesaler and distributor.
- Toymaster - http://www.toymaster.co.uk - member-owned buying group.
- Youngsters Ltd. - http://www.youngsters.ltd.uk - member-owned buying group - store concepts include ToyZone.

Retail
Toy stores lost their lead in the United Kingdom to hypermarkets and 'general merchandise' stores, Argos being especially dominant. Smaller toy shops in particular are hit by the increased competition on the market, as price competition for market share has been fierce. The large chains have been able to maintain or even increase their position. However, compared to other markets, the retail channel is still quite fragmented.

Internet shopping is becoming more popular, Amazon has established itself as a real player on the market. Many existing players now also profit from their online presence.

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

	2001	2003	2005	Average annual change
Toy specialists	27.9%	27.9%	26.9%	1.5%
Hyper markets & supermarkets	6.0%	7.7%	10.6%	15.3%
General merchandise	26.7%	28.0%	27.0%	0.3%
Department stores	4.0%	3.5%	3.3%	-4.7%
Mail order / Internet	6.3%	4.7%	3.5%	-13.7%
Other	29.1%	28.2%	28.7%	-0.3%

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

- Argos - 650 shops - € 1,900 million turnover - http://www.argos.co.uk - general merchandise chain, store and catalogue sales, part of Home Retail Group.
- Early Learning Centre - 215 shops - http://www.elc.co.uk - learning toys and more.
- Toymaster - http://www.toymaster.co.uk - specialist shops.
- Youngsters Ltd. - http://www.youngsters.ltd.uk - specialist shops, i.e. ToyZone.
- Toys 'R' Us - 64 shops - http://www.toysrus.co.uk - toy specialist chain.
- The Entertainer - 41 shops - http://www.theentertainer.com - chain of toy specialists.
- Hamleys - http://www.hamleys.co.uk - toy specialists.
- Mothercare - http://www.mothercare.com - infant and pre-school products.
- Woolworths - http://www.woolworths.co.uk - General merchandise chain.

Contract manufacturing and outsourcing
The United Kingdom does not have an important toy manufacturing industry. However, new toy companies which develop toy products are a possible channel for contract manufacturing. The buying organisations, purchasing departments of retail chains and large distributors and wholesalers could offer further 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. Margins in the distribution chain have been under pressure during the past five years.

	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

- Equitoy - British Toy Importers Association - http://www.btia.org.uk - with membership list.
- Manufacturers' Agents' Association - http://www.themaa.co.uk
- British Association of Toy Retailer's (BATR) - http://www.toyretailersassociation.co.uk - http://www.toy.co.uk
- AliBaba - http://www.alibaba.com/trade/search?CatId=26&IndexArea=company_en&Country=UK&CompanyType=5&SearchText=toys - online market place

3 Trade: imports and exports

Imports

Imports of traditional toys reached € 1.7 billion in 2005, an average annual increase of 0.9% between 2001 and 2005. This makes the United Kingdom the largest EU importer, with 18.1% of total EU imports. The most important suppliers were China, France and Germany. Imports from EU countries grew faster than imports from DC countries.

The share of developing countries of total imports was 73% (€ 1227 million) in 2005. This is higher than the EU average, which was 52% in 2005. The growth of DC imports, at an average annual increase of 1.1% during the past four years, was lower than the EU average increase of 3%.

The main supplying developing countries were China (69%); Thailand (1%); India (0.7%); Vietnam (0.7%); Indonesia (0.6%); Pakistan (0.4%); Malaysia (0.2%); Mexico (0.1%); Sri Lanka (0.1%); and Philippines (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 66% in 2001 to 69% in 2005. DC countries showing growth were Pakistan (1.8% growth); and India (0.1%).

Imports by product group

In 2005, the most important product categories were other toys (share of 36%, +6% average annual growth); plush (12%, -7.8%); models and trains (8.8%, +4.1%); dolls (8.2%, -8.8%).

The imports of all wooden toys increased by 0.3% on average during period covered. At € 22 million, wooden toys imports are now as high as 1.3% of all traditional toys sold. The imports of plastic toys increased by 3.3% on average during period covered. Total imports of plastic toys were € 679 million (40.5%) in 2005.

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

The imports of video games increased by a yearly average of 5.6% for the past 4 years. Imports in 2005 equalled € 412 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	269.4	298.1	291.5	Intra-EU: France (4.1%); Germany (3.4%); Netherlands (2%); Italy (2%); Spain (1.5%)	17%
	173.2	181.3	156.6	Extra-EU, ex DC*: Hong Kong (3.2%); USA (2.7%); Taiwan (1.6%); Japan (0.5%); Canada (0.4%)	9%
	1,172.9	1,137.3	1,227.2	DC: China (69%); Thailand (1%); India (0.7%); Vietnam (0.7%); Indonesia (0.6%); Pakistan (0.4%); Malaysia (0.2%); Mexico (0.1%); Sri Lanka (0.1%); Philippines (0.1%)	73%
1-Other toys	71.7	80.8	88.0	Intra-EU: Germany (3.7%); France (3.3%); Italy (1.8%); Ireland (1.5%); Netherlands (1%)	15%
	44.1	67.0	57.5	Extra-EU, ex DC*: USA (3.2%); Hong Kong (3.2%); Taiwan (1.4%); Canada (0.5%); Japan (0.4%)	10%
	355.6	394.0	450.1	DC: China (73%); Thailand (1.2%); Mexico (0.3%); Vietnam (0.3%); Indonesia (0.2%); Malaysia (0.2%); India (0.1%); Sri Lanka (0.1%)	76%
2-Plush	8.9	9.8	10.9	Intra-EU: Germany (1.8%); France (0.8%); Poland (0.7%); Ireland (0.7%); Spain (0.5%)	5%
	5.6	8.0	8.1	Extra-EU, ex DC*: Hong Kong (2.3%); USA (1%); South Korea (0.4%); Taiwan (0.1%); Japan (0.1%)	4%
	264.6	218.5	182.9	DC: China (84%); Vietnam (3.6%); Indonesia (2.1%); Sri Lanka (0.4%); Thailand (0.2%); Philippines (0.1%); Lebanon (0.1%); India (0.1%)	91%
3-Models and trains	19.4	30.6	34.1	Intra-EU: Germany (8.3%); France (7.3%); Spain (2%); Italy (1.9%); Netherlands (1.3%)	23%
	29.2	28.1	25.3	Extra-EU, ex DC*: USA (4.4%); Taiwan (4.3%); Hong Kong (3.4%); Japan (2.6%); Switzerland (1.6%)	17%
	76.3	82.9	87.3	DC: China (55%); Thailand (2.3%); Malaysia (1.1%); Vietnam (0.7%); Philippines (0.1%); Sri Lanka (0.1%)	60%
4-Dolls	21.9	14.5	8.7	Intra-EU: Spain (2.1%); Ireland (1.2%); Germany (1%); Netherlands (0.8%); France (0.6%)	6%
	11.9	7.2	5.7	Extra-EU, ex DC*: Hong Kong (2.3%); USA (1.1%); Japan (0.5%); South Korea (0.1%); Taiwan (0.1%)	4%
	165.6	110.3	123.3	DC: China (87%); Indonesia (2.1%); Vietnam (0.3%); Thailand (0.2%); India (0.1%); South Africa (0.1%); Sri Lanka (0.1%); Philippines (0.1%)	89%
5-Outdoor	37.9	46.5	32.1	Intra-EU: Germany (6.6%); Spain (5.8%); Netherlands (5.7%); Italy (3.6%); France (3.3%)	29%
	18.5	12.0	7.3	Extra-EU, ex DC*: Taiwan (4.1%); Hong Kong (1.1%); USA (1%); Israel (0.1%); U.A. Emirates (0.1%)	7%
	58.4	44.0	71.5	DC: China (50%); India (6.3%); Pakistan (6.1%); Thailand (1.3%); Mexico (0.3%);	64%

	2001	2003	2005	Leading suppliers in 2005	Share 2005
				Vietnam (0.3%); Malaysia (0.1%); Philippines (0.1%)	
6-Animal and fantasy	6.5	9.3	6.6	Intra-EU: Germany (2.2%); Netherlands (1%); Italy (0.9%); Ireland (0.6%); France (0.5%)	6%
	4.4	9.3	12.6	Extra-EU, ex DC*: Hong Kong (8.2%); USA (1.9%); Japan (0.5%); Taiwan (0.4%); Canada (0.2%)	11%
	89.8	85.4	90.9	DC: China (79%); Thailand (1.5%); Indonesia (0.9%); Vietnam (0.3%); Philippines (0.1%); Sri Lanka (0.1%)	83%
7-Motorized toys	12.3	11.9	11.3	Intra-EU: Italy (3%); Germany (2.9%); Netherlands (1.3%); Ireland (1.3%); Spain (1.2%)	11%
	7.7	10.1	11.5	Extra-EU, ex DC*: Taiwan (4.3%); Hong Kong (3.9%); USA (1.4%); Japan (0.7%); Australia (0.2%)	11%
	69.9	98.8	84.2	DC: China (77%); Thailand (1.1%); Malaysia (0.6%); Philippines (0.3%)	79%
8-Construction sets	52.3	45.6	45.3	Intra-EU: France (38%); Denmark (5.7%); Spain (3.8%); Italy (2.8%); Ireland (1.8%)	56%
	16.3	9.8	7.7	Extra-EU, ex DC*: Canada (4.4%); USA (2.2%); Switzerland (1.1%); Hong Kong (0.9%); Taiwan (0.4%)	9%
	5.7	15.5	27.8	DC: China (34%); Malaysia (0.1%); Thailand (0.1%)	34%
9-Mechanical toys	6.5	9.1	18.6	Intra-EU: Denmark (8.1%); Ireland (5.3%); Belgium (4.5%); Italy (3.2%); Netherlands (2.3%)	26%
	7.0	6.6	4.8	Extra-EU, ex DC*: Hong Kong (2.4%); USA (1.9%); Israel (1%); Taiwan (0.8%); Singapore (0.3%)	7%
	35.7	47.9	47.3	DC: China (67%); Thailand (0.3%)	67%
10-Learning	13.4	14.2	10.6	Intra-EU: Italy (7.9%); Spain (3.6%); Poland (2.4%); Ireland (1.2%); Germany (0.9%)	17%
	17.5	11.1	6.3	Extra-EU, ex DC*: Hong Kong (5.9%); USA (1.4%); Singapore (1.3%); Switzerland (0.8%); Australia (0.3%)	10%
	37.3	26.1	44.3	DC: China (66%); India (4.5%); Thailand (0.8%); Malaysia (0.2%); Argentina (0.1%); Indonesia (0.1%); Philippines (0.1%); Mexico (0.1%)	72%
11-Games and puzzles	18.5	25.8	25.3	Intra-EU: Netherlands (24%); Belgium (6.4%); Germany (5.9%); Czech Rep. (5.5%); Ireland (2.2%)	48%
	11.0	12.1	9.7	Extra-EU, ex DC*: USA (12%); Hong Kong (3.3%); Taiwan (1.3%); Japan (0.4%); Canada (0.3%)	18%
	14.0	13.9	17.9	DC: China (30%); Thailand (1.5%); India (1%); Brazil (0.3%); Vietnam (0.2%); Sri Lanka (0.2%); Indonesia (0.1%); Malaysia (0.1%); Libyan Arab Jamahiriya (0.1%)	34%

Source: Eurostat (2007)

Exports
Exports of traditional toys reached € 357 million in 2005, a decrease of 0.2% between 2001 and 2005.

The exports of the various product categories were other toys (28.3% share in 2005, +0% average annual change between 2001 and 2005); plush (15.1%, +4.2%); animal and fantasy figures (12.6%, +3.1%); models and trains (11.5%, +1.5%); dolls (6.5%, +1.5%); learning (6%, -12%); motorised toys (5.5%, +8.3%); games and puzzles (4.7%, -17.5%); mechanical toys (4.2%, +26.1%); outdoor (2.9%, -5.5%); construction sets (2.7%, -13.1%).

Exports of wooden toys were € 5 million in 2005, a decrease of 12.9% between 2001 and 2005. Exports of the various plastic toys reached € 116 million in 2005, an increase of 6.4% between 2001 and 2005.

Opportunities and threats

+ Imports have increased steadily during the past four years, as a result of growing consumption.
+ The individual product groups showing strongest import growth were: motorized toys not of plastic (+38% annual growth, share of 1.1%); toys of rubber (+32%, 1.1%); electric trains on scale (+16%, 1.4%); other toys n.e.s. (+15%, 4.4%); plastic scale models (+15%, 2.1%).
+ Most British toy companies see themselves as developers and marketers of toys and games, while actual production is contracted to low-cost countries.
- Price competition is fierce.
- Only Pakistan and India seem to be able to compete with China.

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 the United Kingdom was 1.5% in 2006, which was lower than the EU average. The change in harmonised consumer prices for games, toys and hobbies in the United Kingdom was -4.1% in 2006, which indicates an even stronger deflation than the EU average (-2.7%). This is the result of fierce competition between retailers, which are aggressively pursuing market share.

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. The UK is one of the few countries in which imports from EU countries are falling considerably. There are fundamental differences for price variations and developments for the individual product groups. The price level of total imports is 10.3% lower than the EU average. In 2005, the cost per tonne of imports from DCs was 94% of the cost per tonne for imports from EU25 countries. 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	6,611	9,777	6,303	-6.7%	1.8%	-7.6%
Construction sets	6,349	8,194	5,095	-7.5%	-5.2%	-6.2%
Dolls	6,770	8,642	6,656	-3.9%	-3.1%	-4.0%
Games and puzzles	2,883	2,407	3,006	-15.9%	-20.5%	-8.6%
Learning	3,259	2,852	3,336	-8.8%	-1.0%	-11.6%
Mechanical toys	5,998	7,436	5,619	-2.7%	5.0%	-6.8%
Models and trains	8,201	9,475	7,036	-6.9%	-9.6%	-6.5%
Motorised toys	6,596	12,540	5,950	-7.4%	3.4%	-9.0%
Outdoor	4,508	5,880	4,073	-2.6%	-3.2%	-6.1%
Plush	7,317	9,589	7,187	-8.6%	-10.5%	-8.8%
Other toys	5,361	6,002	5,174	-3.5%	-0.7%	-3.8%
Total traditional toys	**5,660**	**5,864**	**5,514**	**-6.1%**	**-5.2%**	**-7.0%**

Source: Eurostat (2007)

Useful sources
- Amazon - http://www.amazon.co.uk
- Argos - http://www.argos.co.uk
- Kelkoo - http://www.kelkoo.co.uk
- Pricerunner - http://www.pricerunner.co.uk
- Toy.co.uk - http://www.toy.co.uk

5 Market access requirements

As a manufacturer in a developing country preparing to access the United Kingdom, you should be aware of the market access requirements of your trading partners and the UK 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 the United Kingdom 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 the United Kingdom the most important the London Toy Fair, and, secondly, the German Nuremberg Toy Fair. 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
- British Toy and Hobby Association (BTHA) - http://www.btha.co.uk
- Nursery Guide - http://toys.nursery-guide.info

Refer to the previous sections for other trade organisations.

Trade fairs
The large international trade fairs are also of great importance to the UK trade; these include Nuremberg, Hong Kong, Shanghai, and New York. See the market survey covering the EU for details.
- The Toy Fair - London - held annually in London - http://www.toyfair.co.uk - UK's main professional trade fair, the next edition will be held in January 2008.
- Brand Licensing - London - http://www.brandlicensingexpo.com - the largest European licensing show.
- Asia Expo - London - http://www.kenfair.com
- Christmas & gift - Harrogate - http://www.harrogatefair.com
- International Spring Fair - Birmingham - http://www.springfair.com

Trade press
- Toys 'n' Playthings - http://www.toysnplaythings.co.uk - monthly - 4,000 copies - the UK toy trade's no.1 magazine.
- Toy News - http://www.toynewsmag.com - the UK's highest circulation toy magazine.
- Briefing - mailto:david@btha.co.uk - monthly - 400 copies.
- British Toys and Hobbies - admin@btha.co.uk

- Licensing Reporter - Published by A4 Publications Ltd. - telephone: +44-1384 440591 - monthly newsletter covering information, data, updates and news in the worldwide licensing industry.

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 the United Kingdom:

- http://www.executiveplanet.com/business-etiquette/United+Kingdom.html

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

This survey was compiled for CBI by VLI
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