

YOUR COMPLIMENTARY COPY

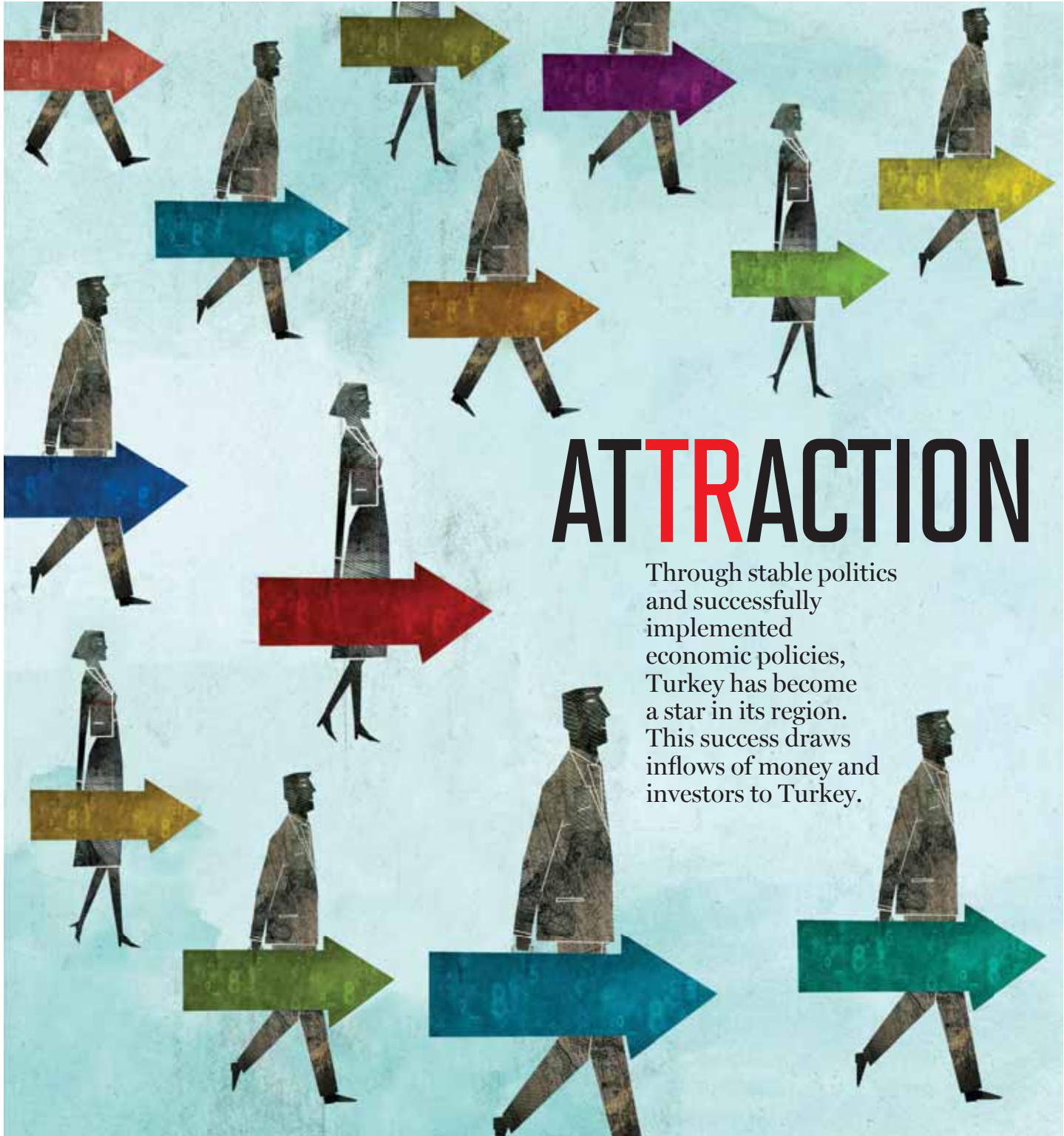
# The Turkish Perspective

SEPTEMBER-OCTOBER 2013 ISSUE 18

ECONOMY | BUSINESS | FOREIGN TRADE | ANALYSIS

## EXCLUSIVE INTERVIEW

The President of the Republic of Turkey Prime Ministry Investment Support and Promotion Agency expresses his views on the investment climate in Turkey.



## ATTRACTION

Through stable politics and successfully implemented economic policies, Turkey has become a star in its region. This success draws inflows of money and investors to Turkey.



According to the International Council of Toy Industries, the toy industry had a volume of \$90 billion in 2012.

## TOYS

# AN INDUSTRY WITH A PROMISING FUTURE: TOYS

The toy market in Turkey exhibited growth of over 6%, with that for branded toys growing by more than 10%.

BY GÜZİN GÜZEY

**WE'VE ALL BEEN** children. The ability for toys to capture the imagination of children and enchant them is hard to deny, and they are universally, indispensably popular with children across the globe, no matter their language, race, or creed. Once toys started to augment—or even replace—traditional games after the industrial revolution, an industry took form and developed to accommodate the ever-increasing demand for a diverse set of toys. Turkey's

toy industry can be traced back far into the past, but it took until the early 1990s for it to be an exporter. Toy exports started flourishing with the sudden deluge of demand after the collapse of the Eastern Bloc. Today, Turkey exports a range of toys to a wide set of countries across the world.

**EXPORT OPPORTUNITIES ABOUND** Plastic toys make up the majority of Turkey's toy exports. According to data provided by the International Council of Toy Industries, the toy



*The Turkish toy industry, whose top export customer is Germany, is worth around TRY 1 billion.*

industry was worth roughly \$120 billion in 2012, and average toy spending per child worldwide was \$175. The Turkish toy industry, whose top export customer is Germany, is worth around TRY 1 billion. Domestic production accounts for a volume of TRY 100 million, with imports being responsible for the remaining TRY 900 million. The industry's export was worth around \$30 million. In 2013, to date, Turkey's toy exports total \$98.44 million, a figure that represents an increase over 2012. The toy



industry is a dynamic one for Turkey. Authorities in the field are of the view that the industry could yield a great opportunity for exports with some work. Ahmet Alioğlu, Chairman of the Toy Makers' Association (OYDER), believes R&D especially deserves investment priority. According to Alioğlu, so long as new products continue being developed and that world-class quality and aesthetic appeal is retained, exports can be expected to grow indefinitely. Manufacturers should identify gaps in the market and invest in products to address them, states Alioğlu. Not only would this enable manufacturers to reap the profits of their investments more swiftly, but it would also help them build up a stronger, more attractive collection of products for export.

According to Designnobis founder Hakan Gürsu, PhD, the toy industry is not to be dismissed as a plaything, and to do so would demonstrate a profound lack of understanding of the industry. Toys today comprise a dynamic, R&D-based industry, states Gürsu, who is of the view that Turkey, with large domestic and international market potential, is highly attractive to the toy industry. Should Turkey be able to reach a certain level in patented products, branding, and originality in design, its potential export capability would correspondingly increase, he declares. The experts unanimously agree that the establishment of brands in the toy industry is of high necessity, and they await the arrival of investors who believe in the strength of the manufacturing base and can make use of the incentives the state makes available in this area.

*Educational toys play important roles in many areas throughout childhood development.*

### TOP TEN

The top ten countries in the industry hold 68% of the toy market.

- |          |             |
|----------|-------------|
| 1 USA    | 6 GERMANY   |
| 2 JAPAN  | 7 BRAZIL    |
| 3 CHINA  | 8 INDIA     |
| 4 UK     | 9 AUSTRALIA |
| 5 FRANCE | 10 CANADA   |





## AN EXPERT OVERVIEW OF THE INDUSTRY

The experts believe 2013 will turn out as a productive year for entering new markets.



**AHMET ALIOĞLU**

Chairman, Toy Makers' Association (OYDER)

The higher valuation of foreign currency proved beneficial for Turkish toy exporters in the first half of 2013. We could call 2013 a more productive year in terms of entering new markets, too. R&D is a priority matter for investment. Another of the most important factors is that we must develop the toy-related auxiliary industries, which support toy manufacturing. After this, once we raise capable designers, we could find the chance to further develop the toy industry in the years ahead.



**HAKAN GÜRSU**

CEO, Designnobilis

As is the case for many industries in our country, positive developments are occurring in the toy industry, too. Additionally, we have many highly successful design companies that continue to bring worldwide awards in the field of toys back to Turkey. The appetite of the market in Turkey, which has a young population, is at the level where it could support the toy industry, but we have not yet been able to attain the same success we have shown in design in the field of manufacturing.



**SERTAÇ ERCAN**

General Manager, Neva Toys

The size of the toy market in Turkey has surpassed \$1 billion. Toys are one of the most dynamic markets in Europe and the US. In Turkey, the industry accounts for more than \$500 million in imports, compared to \$24 million in exports. Local makers have an estimated \$100 million share in the market. By a very rough estimation, the wooden toy market in Turkey has grown to a size of ten million dollars. We expect this market to grow beyond \$50 million in the next five years. Per capita annual toy spending in Turkey is \$110.



**MURAT ÜSTÜNBAŞ**

Product Manager, Pal Games and Toys

The selection of toys for children who are in the play stage affects both their educational lives and how they develop. Experts point out that toys bought for children should have the quality of supporting mental, physical, psychosocial, and emotional development while also informing children about their native cultures. During the play stage, the parents are responsible for providing the requisite environment and equipment according to the child's developmental qualities.

## OPPORTUNITY IN NUMBERS

There are 6.2 million children aged 0–4 and 6 million aged 5–9 in Turkey.

**\$30**

Average toy spending per child in Turkey is \$30 annually.

**\$175**

Average toy spending per child worldwide is \$175 annually.

**\$2 BILLION**

Annual toy spending totals \$2 billion.

Data: OYDER

## AIMING FOR \$50 MILLION IN THE WOODEN TOY MARKET

Changing awareness of health and the accompanying lifestyle transformations it brings is changing the landscape for all fields of commercial activity. Heightened consumer consciousness is affecting purchase decisions in toys, too. Wooden toys have enjoyed increased market shares worldwide because of this, says Neva Toys General Manager Sertaç Ercan. “Interest in high-quality, healthy toys, in contrast to cheap Chinese-made toys, is increasing. By a very rough estimation, the wooden toy market in Turkey has grown to a size of ten million dollars. We expect this market to grow beyond 50 million dollars in the next five years. As society becomes more aware of the issues, a shift toward the natural—to the past—is taking place in all areas.” The emergence of consumer consciousness regarding toys, which play a considerable role both educationally and in mental development, has become an opportunity for production and investment in this area.