

Toys and Games Global Industry Overview

July 2020

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Scope

Examining top trends shaping the toys and games industry COVID-19 themes: Cross-industry consumer shifts COVID-19 impact on the toys and games industry

THE INDUSTRY PRE-CORONAVIRUS

Positive growth globally for the industry in 2019 Toys and games eighth largest among consumer goods industries globally Video games continues to dominate global toys and games landscape US and China are main contributors to toys and games absolute growth Developing regions support growth as technology drives innovation China sees strong demand for blind collectibles Education and technology spending go side by side STEM: Aligning innovation with shifting school and job market demands Asia Pacific largest video games market, with most significant growth E-sports industry surges ahead US is the largest e-sports market, tripling in size over 2017-2019

European E-sports: Strengths in gaming sales and sponsorships Surge in toys and games e-commerce in 2019 driven by video games COVID-19 disruption led to increased reliance on e-commerce channels

LEADING COMPANIES AND BRANDS

Market still fragmented, and smaller players emerge as competitors Video games companies dominate the overall industry landscape Digital entertainment shapes competitive dynamic and innovation Accelerating shift from "toy makers" to "entertainment providers" LEGO: Innovation and customer engagement on multiple platforms Epic Games creating entertainment and socialising opportunities Ravensburger : Successfully beating at-home boredom during COVID-19

TOP TRENDS SHAPING THE INDUSTRY

Understanding key broad COVID-19-driven themes Examining the top trends shaping the toys and games industry Further digitalisation of pastime habits in largest video games markets Government and education agencies encourage modern STEM education Licensing strategies evolve and crosses multiple entertainment platforms Developing markets support growth, with various local trends

GLOBAL OUTLOOK

Post-COVID-19 recovery and positive growth through to 2024 Video games reaping the benefits of " hometainment " in 2020 Gaming helps friends and family stay connected during home seclusion Video games will continue to post positive growth over the forecast period AR/VR technology and gaming: Opportunities in emerging technologies Traditional toy categories re-energised by hometainment in 2020 Robust omnichannel approach key to success of future retail strategies

MARKET SNAPSHOTS

Global snapshot of traditional toys and games Global snapshot of video games Regional snapshot: Asia Pacific Regional snapshot: North America Regional snapshot: Latin America Regional snapshot: Western Europe Regional snapshot: Middle East and Africa Regional snapshot: Eastern Europe Regional snapshot: Australasia

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