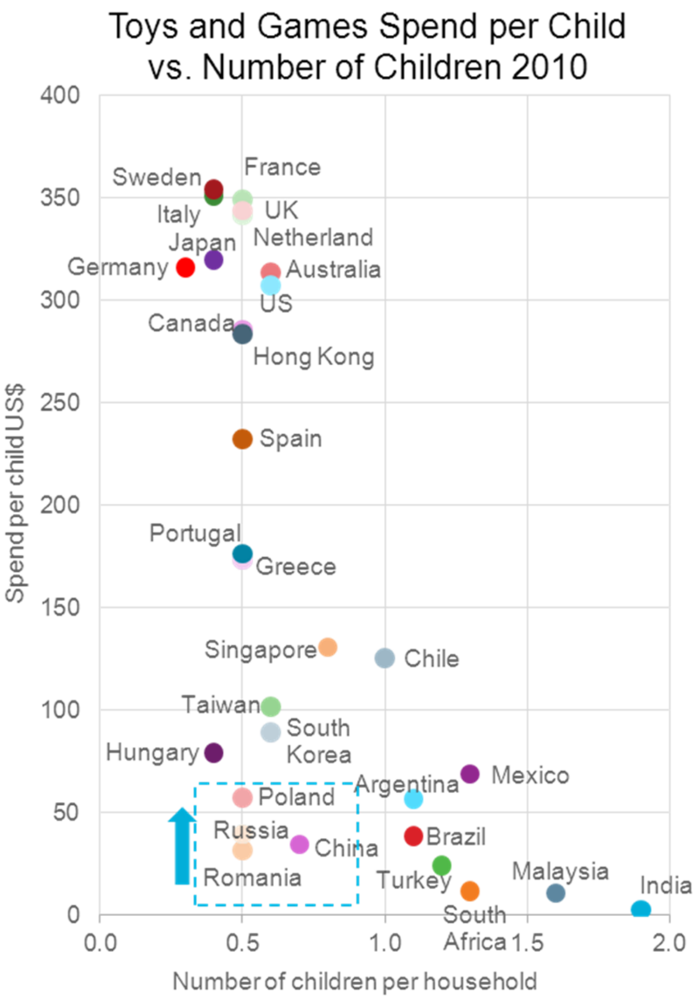
Key findings

Shrinking global child population is a short-lived phenomenon	The global child population has been declining largely due to falling family sizes. However, this is a transitory trend and is set to start increasing again.
Largest 0-14 year-old population	In absolute terms, Asia Pacific and Africa and Middle East have the largest 0-14 year-old populations. Conversely they also have relatively low spend per child.
Spend per child vs. number of children per household	In countries where the average number of children per household is above one, spending on traditional toys and games per child does not exceed US$70 in a given year.
Later families and working women	Overall, the older the average age of women at childbirth the higher the spend on traditional toys and games per child. As modern mothers continue to work, for various reasons, the limits on parental time require products that can fill this gap.
Single parent households	Single parent households tend to be among the poorest, creating a need for cheaper products. Low-priced, high-volume toys tend to find success in markets where single parent households are more common.
Video game console penetration vs. income	Until such time that 70% of households attain an annual disposable income over US$15,000, video game console penetration remains below 15%.
Income by decile vs. video game console penetration	Possession of video game consoles increases in line with the average annual disposable income of the richest 30% of the population.
The over 65s	In the wealthier markets of Western Europe, North America and Asia Pacific this group represents an expanding customer base for toys and games, creating opportunities for gift giving, as well as more hobbies for leisure.

More children means more spend?

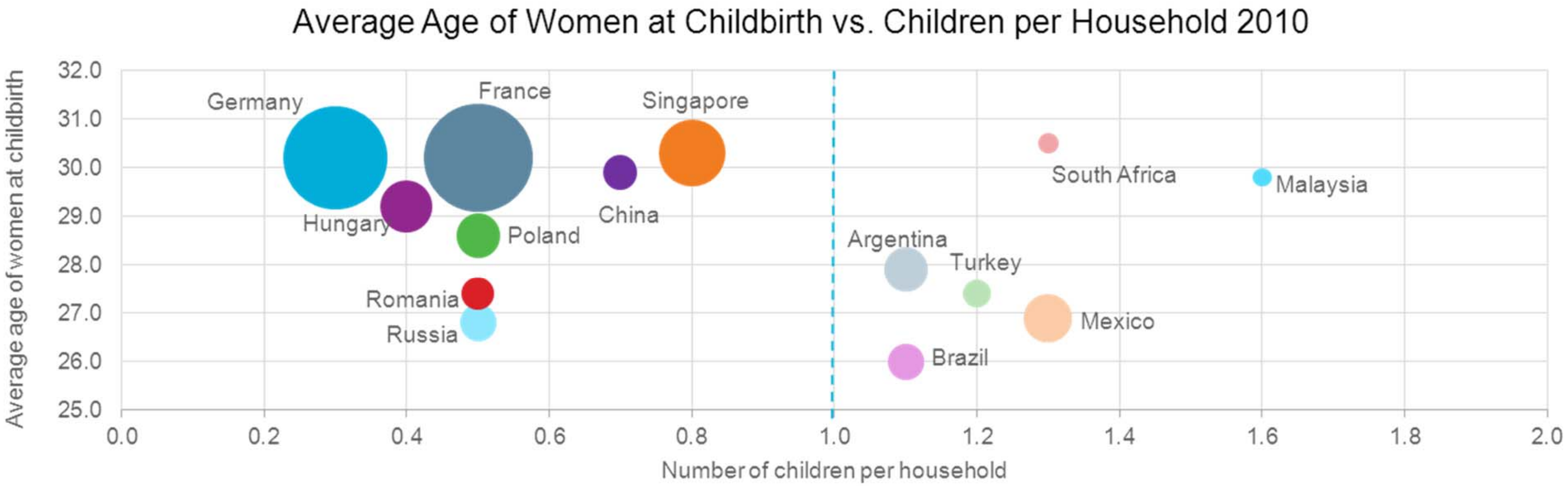
Spend per child is based on total traditional toys and games sales in 2010 divided by the number of 0-14 year-olds

- A high number of children per household typically translates into low spending per child. As might be expected in developed markets, there are fewer children per household on average, but significantly more is spent on each one.
- Most strikingly, in countries where the average number of children per household is more than one, traditional toys and games spending per child does not exceed US$70 per annum.
- Of all the countries where spend per child is less than US$70, Russia, China, Romania and Poland stand out. In these four markets the number of children per household is relatively small, between 0.5 and 0.7, in line with most developed countries. This suggests there is strong potential for future development of toys and games.
- Low spending in China masks the extremes between very wealthy families spoiling their so-called ‘little emperors’ and the much poorer families at the bottom of the pyramid. This compares to South Korea where a complex trend of age compression is playing out and toys are competing with the full range of alternatives even at a young age.



Effects of later families on toys spend

- Overall, the higher the average age of women at childbirth the higher the spend on traditional toys and games per child. Again, there is a market that bucks this general rule. In China, where average age of women at birth is around 30, spending per child is under US$35. This is a market which has its own fairly unique characteristics that creates this situation.
- In contrast, Romania and Hungary, where the average age of women at childbirth is above 28 and spending per child is low, both demonstrate the sort of characteristics that are conducive to longer-term potential.
- In Malaysia, families start relatively late, however, and then go on to have a higher than average number of children, which results in low per child spend.



Note: Bubble size represents traditional toys and games spend per child US$ 2010
Blue dotted line indicates division in countries where there is more or less than 1 child per household

Higher the income higher the video game console penetration

- Generally speaking until 70% of households earn annual disposable income over US$15,000, video game console penetration remains below 15%. The middle ground 10-20% penetration bracket is interesting as there are two group of countries that stand out as exceptions: in Malaysia, Mexico and Hungary, video game console penetration is relatively high, whereas in The Netherlands, Spain and Greece it is relatively low given their household income profiles.
- Spain and Greece initially emerge as countries with good potential since both markets are far from saturation. However, economic uncertainties make them less attractive markets to target. The Netherlands, however, should be the market to watch closely by game console manufacturers.
- Emerging economies such as the BRIC countries have a much higher share of the population earning below the national average than in many developed economies. As a result, the target consumer group for consoles is relatively limited. In order to increase penetration, more needs to be done in terms of price promotions or intense marketing activities.