EU Kids Industry Market Research & Worldwide trends

Conclusions

Responsible team

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Introduction

Two different studies with complementary objectives:

EU Kids Industry Market Research

Deliver a comprehensive and aggregated view of the European children's industry, unveiling the full potential of its offer, and giving visibility to its strengths and business opportunities that arise.

Worldwide Kids Trends Study

Provide information on international trends and help EU manufacturing companies to align their products lines to the needs of future consumers, which evolve and change constantly.

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EU Kids Industry Market Research

0. Study’s introduction
1. Games & Toys
2. Child Clothing
3. Child Food
4. Entertainment & Leisure
5. Education & Publishing
6. Childcare Products

Lifestyle & Design Cluster

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Study’s scope

This study includes the detailed analysis of **7 selected European countries** that provide an interesting and **representative sample of the European market**.

By geographical areas, the analyzed countries include:

- **Southern Europe**:
  - Spain
  - France
  - Italy
- **Center & Nordic Countries:**
  - Denmark
  - Germany
- **Eastern Europe**:
  - Poland
  - Slovakia

Changing demographics

Most European countries, such as the ones we have analysed, have **aged populations** and relatively low birth and fertility rates:

- **Italy, Germany and Spain have a significantly older population**.
- Germany has the largest population (83M in 2021), but **France has slightly more children (11,8M) than Germany (11,7M)**
- The **average birth rate** in 2021 for the region is **9,1%** and the **fertility rate is 1,53 children per woman**.
- **France and Denmark have the highest birth rates**, while **Italy and Spain have the lowest birth rates**

With parents **starting their families at a later age** and **having less children**, new **attitudes, roles and priorities have transformed family dynamics**, creating **new needs and opportunities for products and services** across the kid's industry.

Areas of analysis

This report analyses the **different sectors within the kid's industry** that are included in the Kid's Cluster's scope. Both quantitative and qualitative information has been obtained for each of them, **studying their potential at a European level and at the aggregate level** for each of the countries.

The analysed sectors include:

1. **Games & Toys**
2. **Child Clothing**
3. **Child Food**
4. **Entertainment & Leisure**
5. **Education & Publishing**
6. **Childcare Products**

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Key figures for kid's sectors

Europe 50

115,54
Revenue in BEUR 2021

-0,98%
CAGR 2020 – 2022

7 countries analysed

46,77
Revenue in BEUR 2021

40,5%
Contribution to Europe 50

-0,71%
CAGR 2020 – 2022

- The largest sectors in the countries analysed are **clothes** (22B € in 2021) and **toys** (21,8B € in 2021)
- **Germany** and **France** have the highest revenue for all the categories where we have comparable data.

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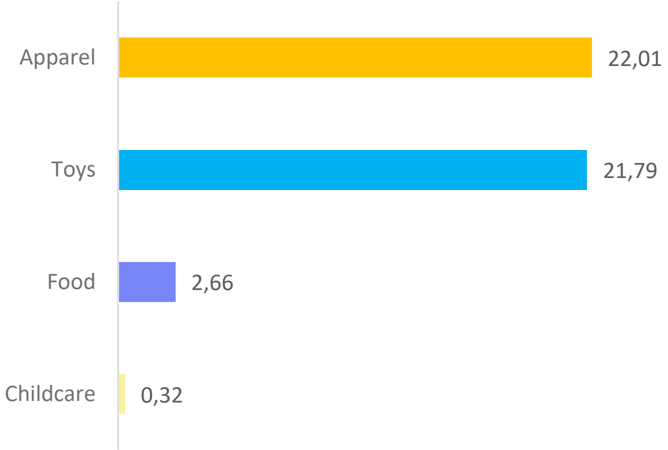
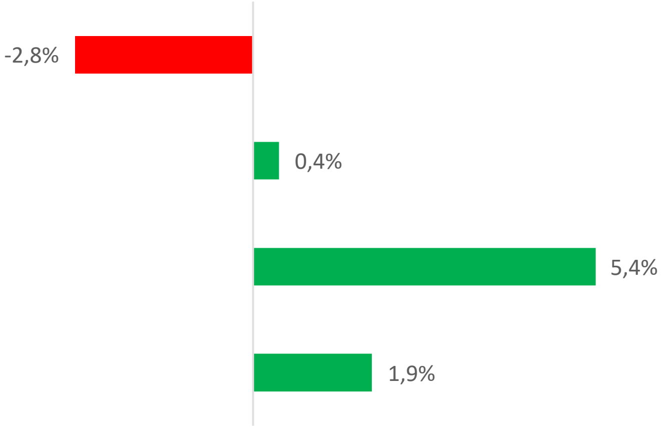
Key figures for kid's sectors

Total revenue by sectors
Spain, France, Italy, Slovak, Germany, Denmark, Poland
Toys & Games, Clothing, Food and Childcare
2021
In billion euros



CAGR 20 - 22
7 countries
Toys & Games, Clothing, Food and Childcare
2021
In billion euros



KID'S CLUSTER CEIV NOVA CHILD Lifestyle & Design Cluster.

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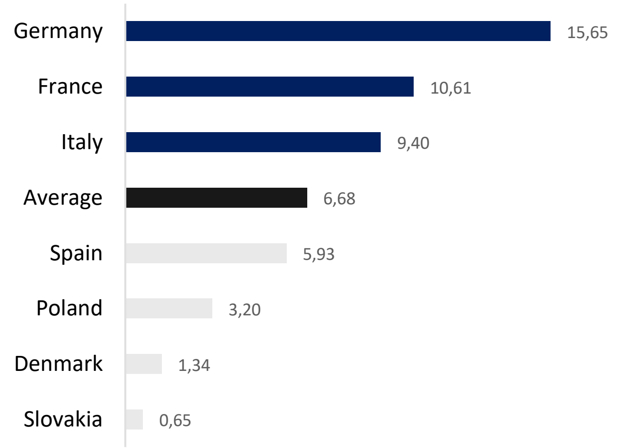
Key figures for kid's sectors

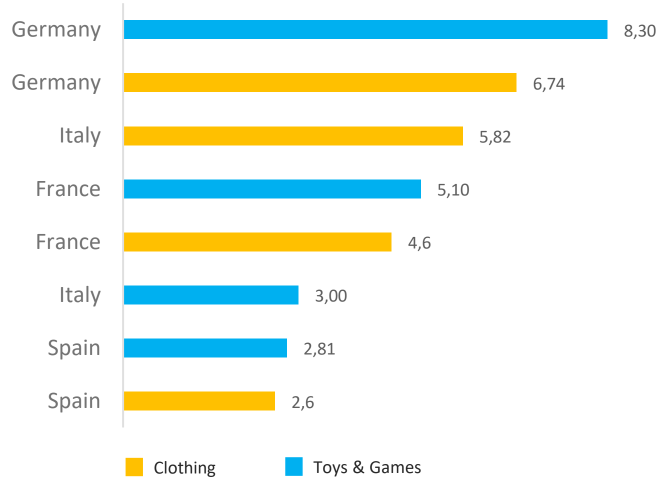
Total revenue by country

Toys & Games, Clothing, Food and Childcare
2021
In billion euros



Countries with the highest revenues

2021
In billion euros



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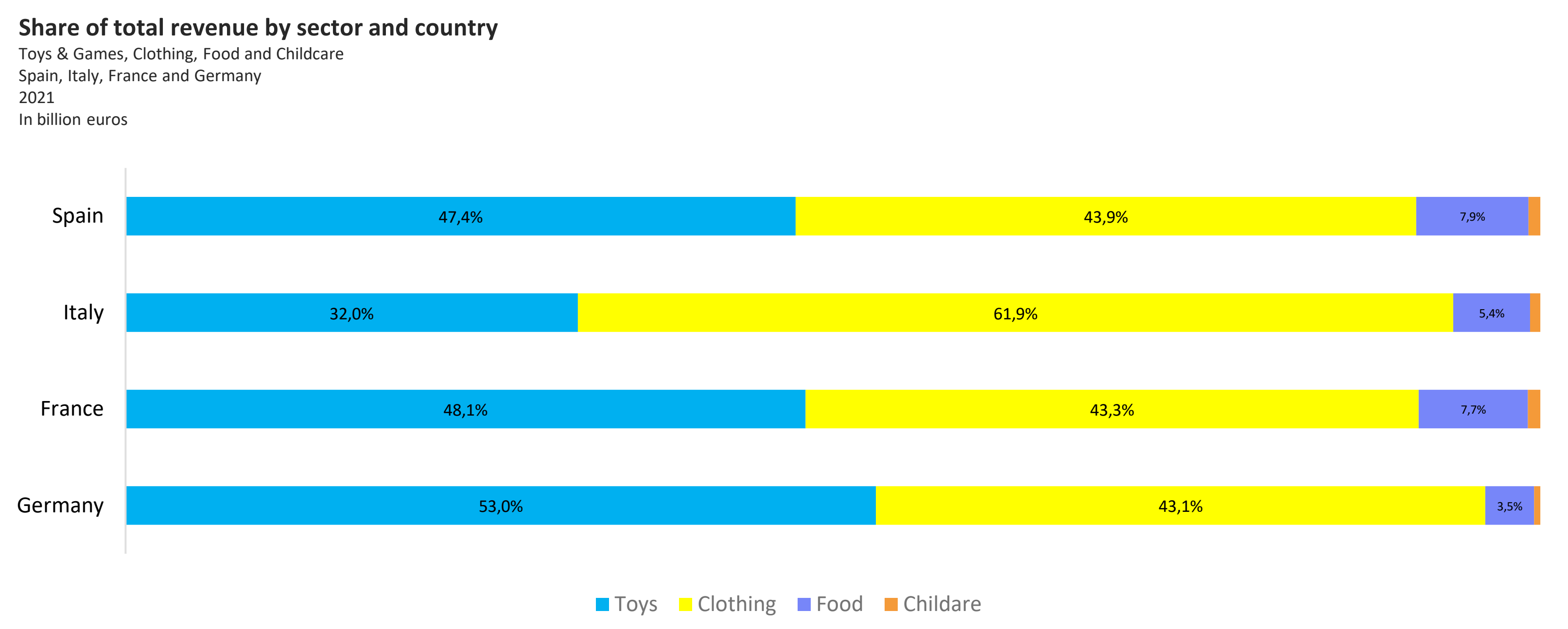
Key figures for kid's sectors



1. Games & Toys

European toy market findings

56,34

Revenue in BEUR 2021

Europe 50

2%

CAGR 2018 – 2023

Europe 50

The **European toy market** is the third region in sales behind North America and Asia. The 7 countries we have analysed in depth represented **almost 40% of the overall European toys market in 2021**.

Most **attractive markets** per consumption:

- While **Germany and France** have the largest markets, **Germany and Denmark's toys markets are larger** with an above average revenue per child.

Most **attractive markets** per expected growth:

- **Poland, Germany and Slovakia** are the countries with the **largest expected CAGR** (4,3%, 3,3% and 3,1% respectively), whereas **France's market is expected to decrease**, with a –0,78% CAGR.

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Gaming: a key sub-category

The highest volume of sales across countries come from **video games consoles**, with **gaming having become a key sub-category** within the industry and with a higher average price.

- There are gamers of all ages, but **children are still a significant consumer segment for videogames**, with up to 73% of games considered suitable for kids under 12 according to the European rating system. 70% of kids between 6 and 8 years old, and 80% of those between 10 and 14, play videogames.

Other relevant product categories include **plastic toys, toys for toddlers, construction sets or dolls and stuffed toys**.

Going digital: growth in ecommerce

Although **most toys are sold offline through large retailer department scores and specialized toy stores**, toy shoppers have become more digital by combining purchases in both online channels and physical stores.

All European markets have shown a significant growth in online sales, which accelerated in 2020 due to the COVID-19 crisis. **Currently, 1 in every 4 toys in Europe is sold online.**

- France and Germany have the highest percentage of online toy shoppers (35,5% and 28% in 2021). On the other hand, only 12,5% of Italian shoppers, 16,5% of Poles and 17,5% of Spaniards purchase toys online.
- Online sales grew by 19% in the region due to COVID, but some countries experienced very significant growth: 75% in Spain, 37% in Italy or 30% in Denmark.

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2. Child Clothing

European child clothing market findings

50,18

Revenue in BEUR 2021

Europe 50

1,4%

CAGR 2018 – 2023

Europe 50

The European **children's clothes market** is a **high-value and growing** market.
The 7 countries we have analysed in depth represented **almost 44% of the overall European children's clothes market in 2021**.

Most **attractive markets** per consumption:

- **Germany, Italy and France** have the largest markets in terms of revenue. The size of the **Italian market and the Danish market is significant** in comparison to their population. Their revenue per capita or per child are much higher than the average in the region.

Most **attractive markets** per expected growth:

- **Slovakia and Poland are the countries with the largest expected CAGR** (3,9% and 3,8% respectively), while **the Spanish and Italian markets are expected to decrease** by -1% CAGR 2018-2023.

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Changing needs & attitudes

Price points are consistently growing in the last few years across different product categories in most analysed markets (except Poland), with **manufacturers and new brands increasingly focusing on quality** to compete in a very competitive fast fashion market.

All European markets have shown a significant growth in online sales, which accelerated in 2020 due to the COVID-19 crisis. **Currently, 30% of children's clothes sales in Europe are online purchases** (a higher percentage than other kid's categories).

- France and Germany have the highest percentage of online clothes shoppers (37,9% and 28% in 2021 respectively).
- Online sales grew by 23% in the region due to COVID, but some countries experienced very significant growth: 48% in Slovakia, 40% in Spain or 27% in Poland.

The clothes industry has also been influenced by consumer demands towards more sustainable and eco-conscious values.

- The share of sustainable apparel in the region is 5,4% of the market, with similar figures across the different countries. The countries where consumers are more eco-conscious consumers are Denmark, France and Germany.

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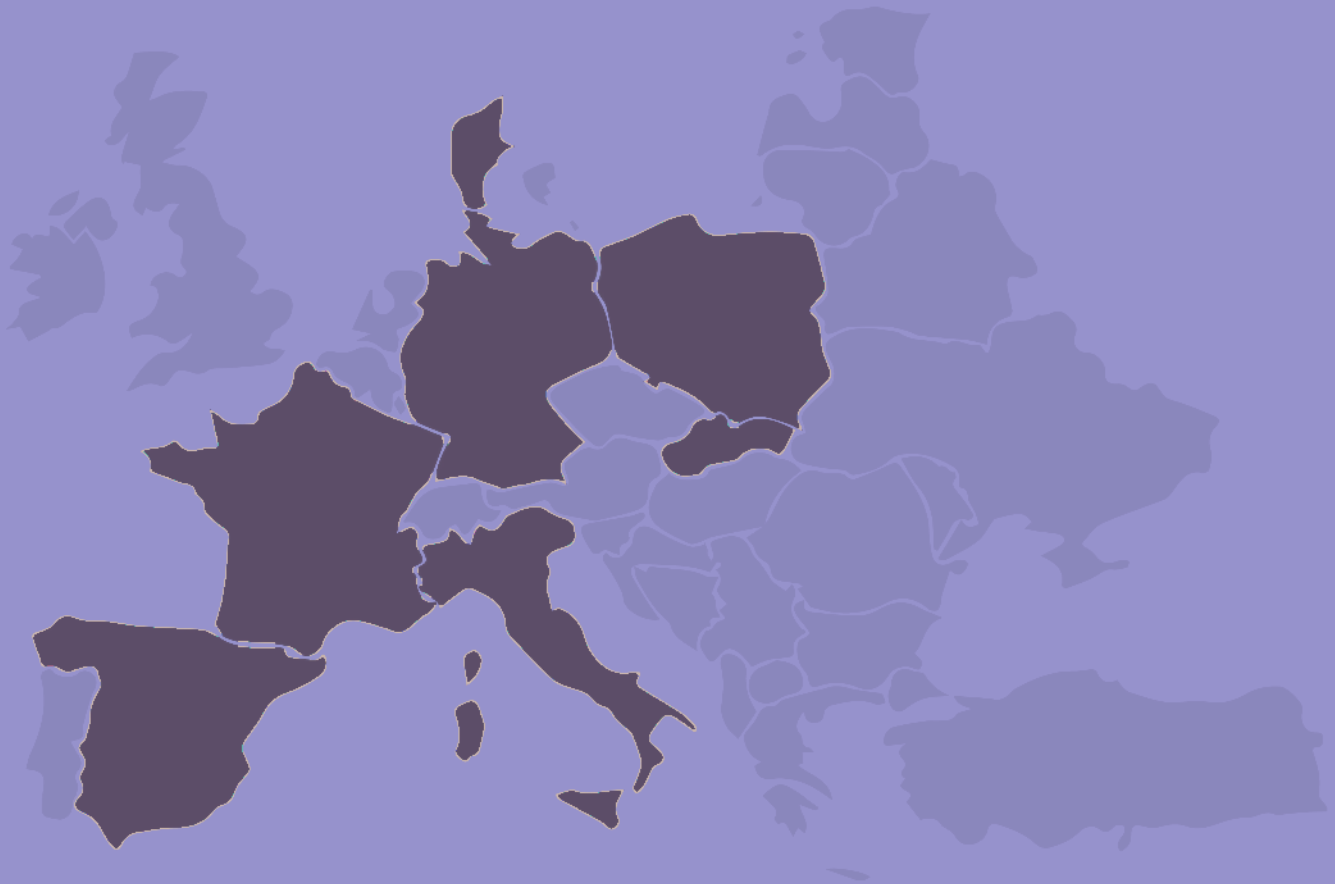
3. Child Food



European child food market findings

8,31
Revenue in BEUR 2021
Europe 50

4%
CAGR 2018 – 2023
Europe 50

The European **children's food market** is a **smaller in comparison** to other categories analysed but it has been showing **significant growth in the last few years that is expected to continue**. The 7 countries we have analysed in depth represented **32% of the overall European children's food market in 2021**.

Most **attractive markets** per consumption:

- **France** has the largest markets in terms of revenue and is comparatively larger in terms of revenue per child**.**

Most **attractive markets** per expected growth:

- **Slovakia and Poland are the countries with the largest expected CAGR** (7,8% and 6,2% respectively), while **the Italian markets' growth is significantly lower, at only** 1,9% CAGR 2018-2023.

Changing needs & attitudes

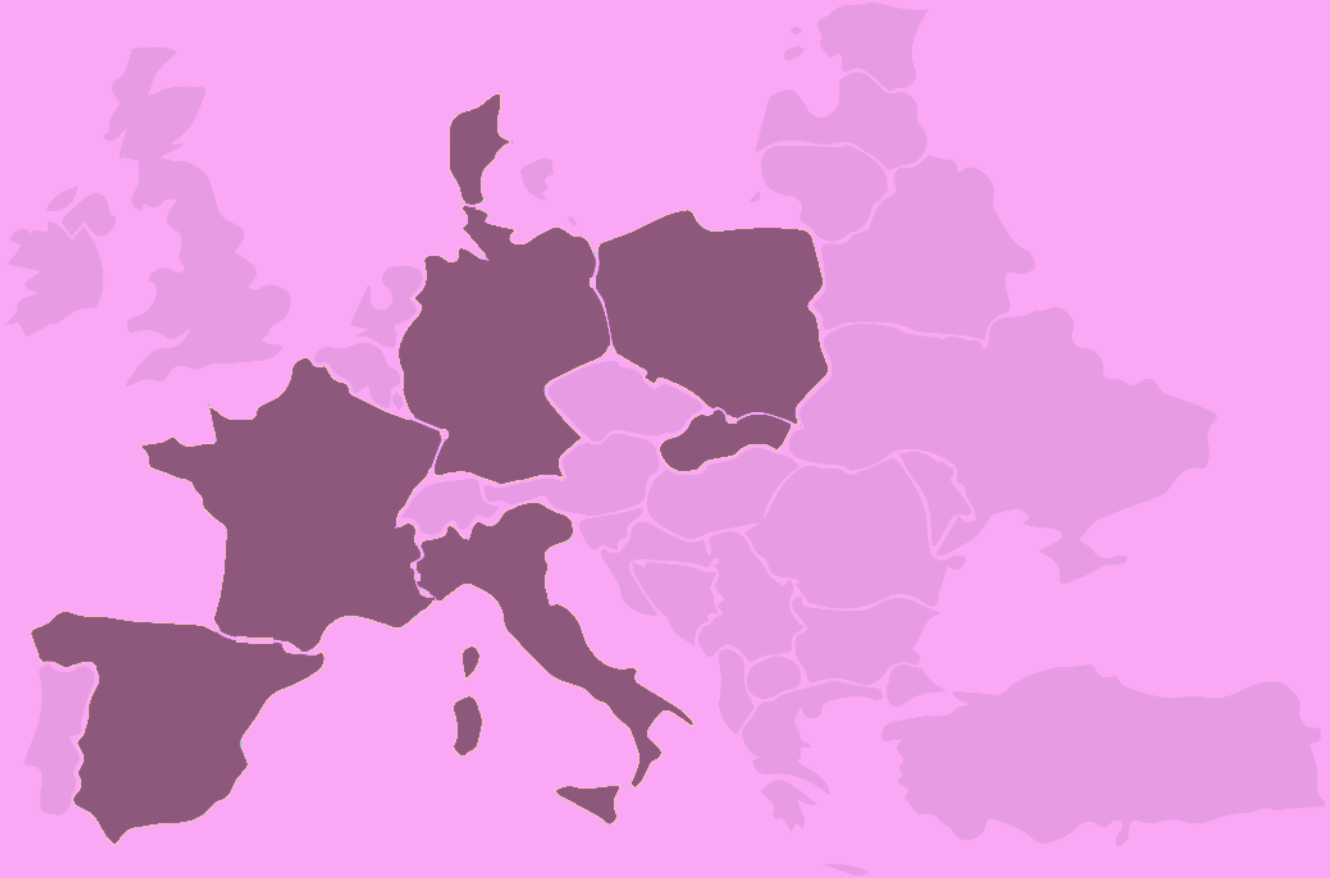
All European markets have shown a significant growth in **online sales**, which accelerated in 2020 due to the COVID-19 crisis, although the share of online channels for food products is smaller compared to other categories. Currently, **3,2% of children's food sales in Europe are online**, with an **expected 19,2% CAGR** 2018-2023.

- Germany, France and Spain have the highest percentage of online children's food shoppers.
- Online sales grew by 30% in the region due to COVID, but some countries experienced very significant growth: 50% in Slovakia, 38% in Germany and France.

The food industry has also been **influenced by consumer demands towards more sustainable and eco-conscious values.**

Consumers' **increasing focus on health is growing demand for minimally processed and nutritionally varied foods**, incorporating trends such as superfoods or plant-based ingredients.

4. Entertainment & Leisure



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Kid's entertainment shifts to on-demand

Generic TV is still a significantly larger market in Europe compared to streaming VOD services, but streaming grows significantly:

Traditional TV and Home Video	Streaming Services
81,2 Revenue in BEUR 2021 (Europe 50)	**7,2** Revenue in BEUR 2021 (Europe 50)
-1,5% CAGR 2018 – 2023 (Europe 50)	**10,8%** CAGR 2018 – 2023 (Europe 50)

Netflix is the leading streaming service in the region, followed closely by Amazon and Disney (with some differences depending on the market).

2.2.5. Education & Publishing

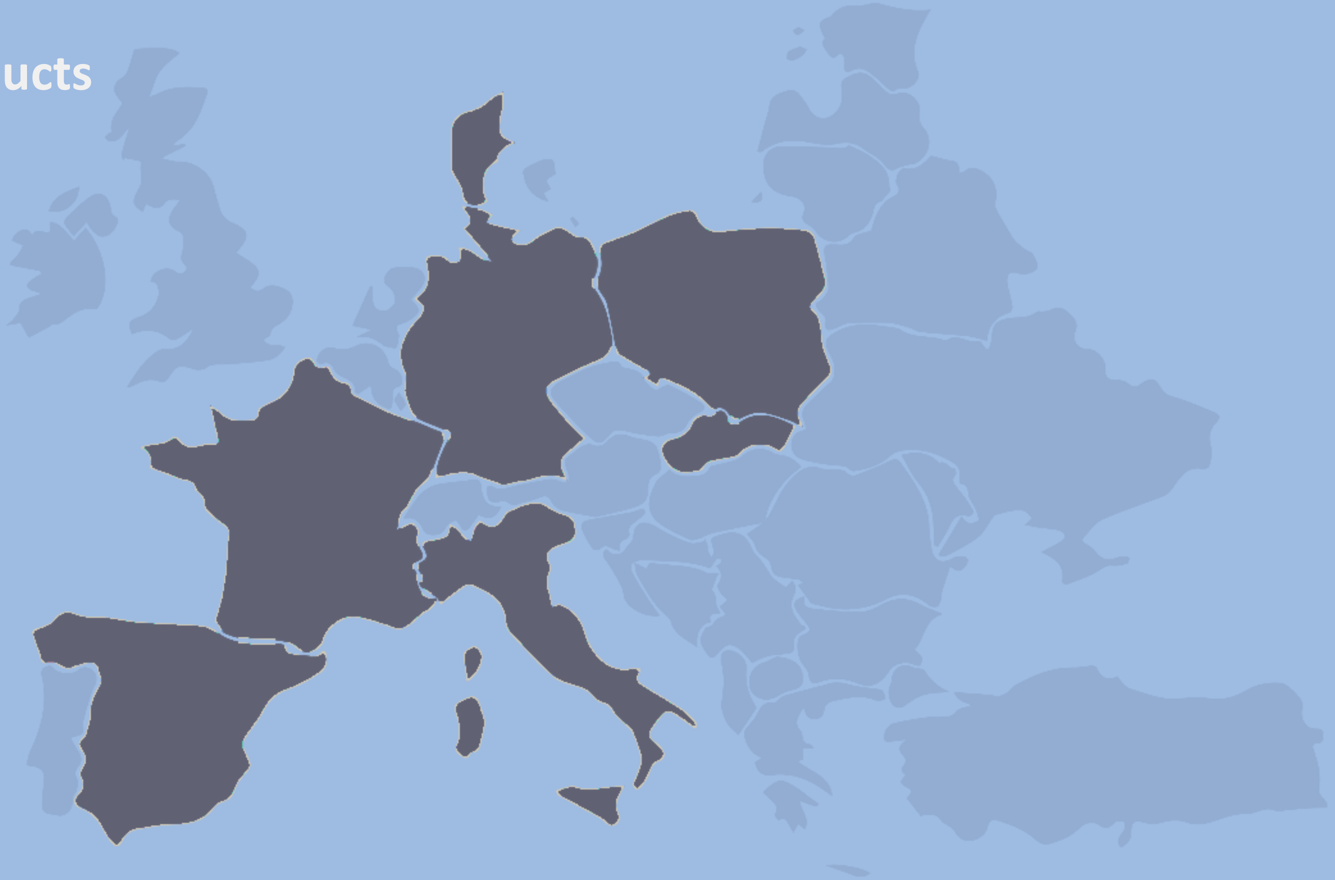
Kid's publishing is a relevant category

The **publishing industry seems to be growing in most European markets, and especially those categories aimed at children**, as we can gather from several recent studies in different countries.

Books seem to still be purchased mainly in specialised physical stores.

Despite competition from screens, reading is still a relatively common habit for many.

2.2.6. Childcare Products



Kid's skincare European market findings

710

Revenue in MEUR 2021

Europe 50

1,1%

CAGR 2018 – 2023

Europe 50

The European **kid's skincare sector** is much **smaller in comparison** to other family-focused sectors analysed but it shows steady **growth in the last few years that is expected to continue**. The 7 countries we have analysed in depth represented **almost 45% of the overall European childcare market in 2021**.

Most **attractive markets** per consumption:

- **France** has the largest market in terms of revenue
- The market is comparatively more significant in Slovakia, with an average revenue per child that is twice as high than the average for the countries analysed.

Most **attractive markets** per expected growth:

- The countries analysed have grown almost 1 point above the whole of the European region in 2021
- **Germany and Poland are the countries with the largest expected CAGR** (2,9% in both of them), while **the Italian market is actually expected to decrease, at –**0,1% CAGR 2018-2023.

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Worldwide Kids Trends Study

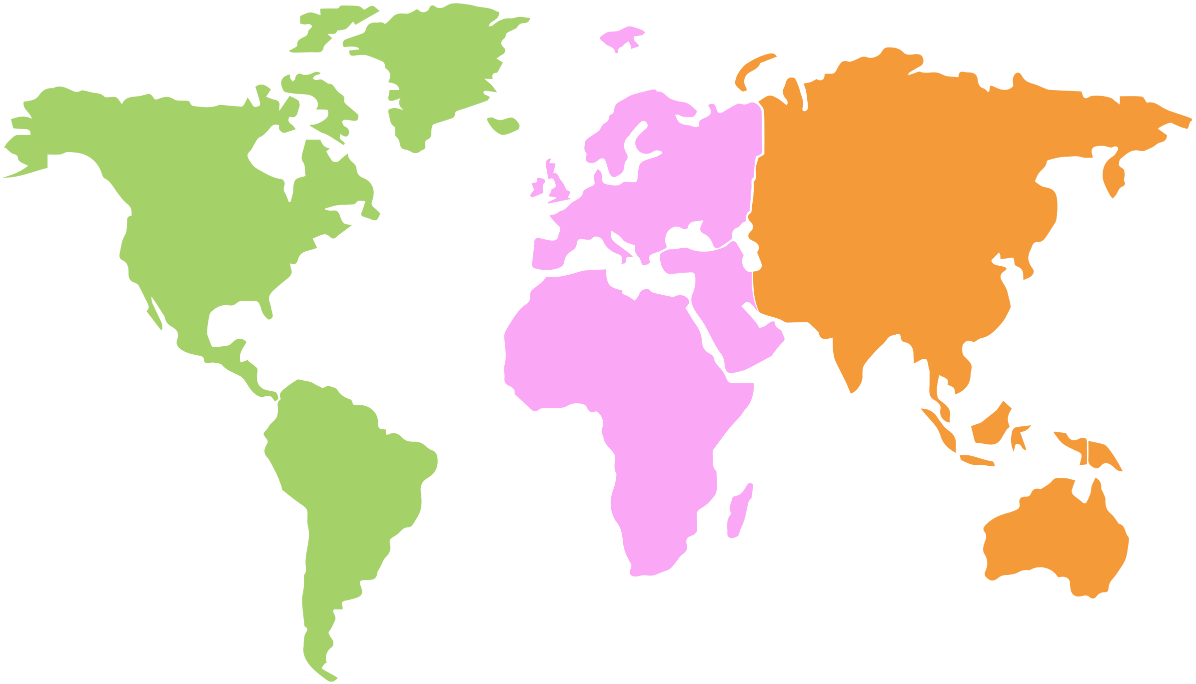
0. Study's introduction
1. Connected & smart
2. New demands & new models
3. Keeping them safe
4. For everyone and for all
5. Global trends with local flavour

Study's scope

This study has been carried out based on trends and case studies at a global level. In this way, the trends identified have influence at across all regions.

In order to show an overview of how the trends apply across regions, the case studies linked to each trend are separated into 3 large geographical blocks:

- **1.** America (North and South America)
- **2.** EMEA (Europe, the Middle East and Africa)
- **3. Asia**



Macrotrends

Based on a global analysis of the most relevant and most impactful macrotrends at the business, market or technological level that are transforming our reality, **the four areas of greatest impact for Kids sector & family audiences have been identified:**

4.1.DIGITALIZATION

New technological developments make it possible to increase the value of products and services, inviting parents and kids to connect and interact.

4.2. SUSTAINABILITY

Consumer awareness of the climate crisis leads to new demands and concerns that require companies to take action for environmental protection.

4.3. WELLBEING

Parents and families need confidence and security in parenting, to protect their health and overall wellbeing with solutions tailored to their lifestyle and values.

4.4. INCLUSION

The inclusive design of products and services ensures their attractiveness and access for all consumers, regardless of gender, status or abilities.

Areas of analysis

Below are the sectors and categories within the kid's industry in which each trend has the most significant impact. Throughout the document, case studies will showcase the application of these trends in each sector:

4.1.DIGITALIZATION

- Childcare
- Education & Publishing
- Games & Toys

4.2. SUSTAINABILITY

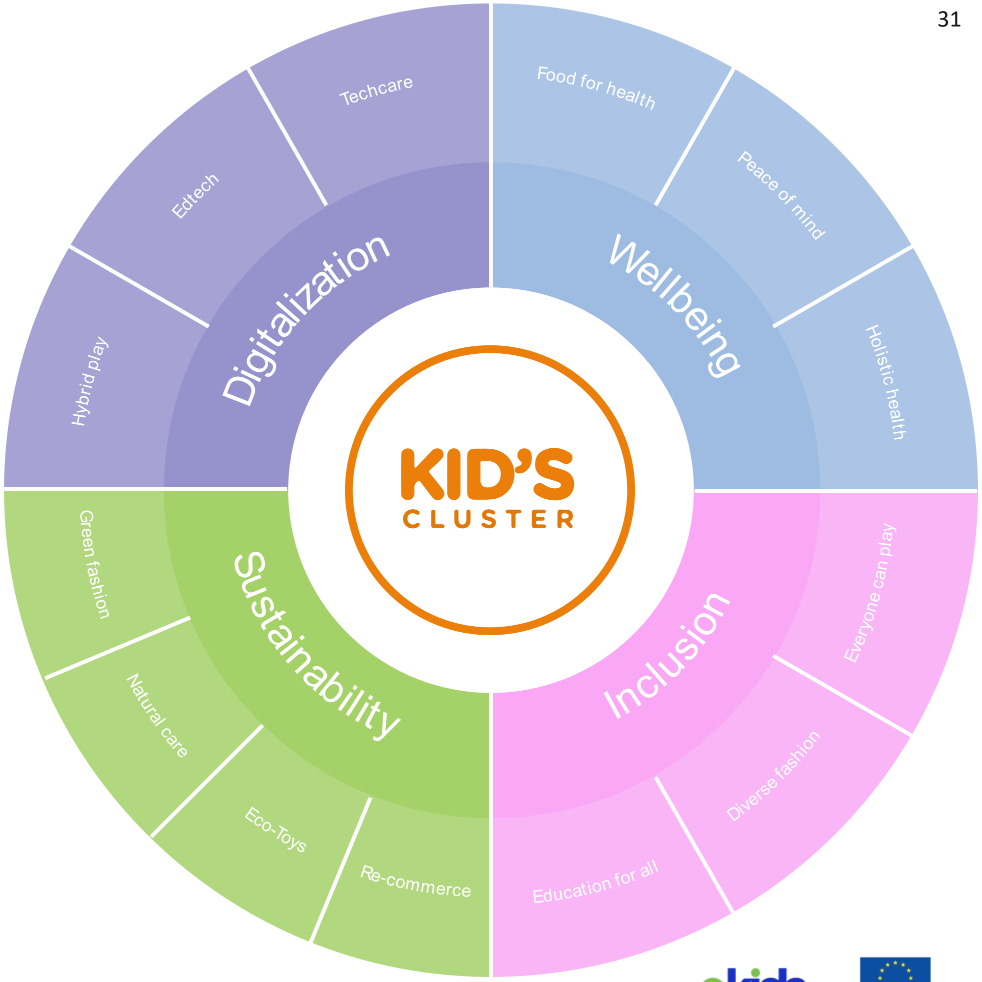
- Games & Toys
- Childcare
- Child Clothing

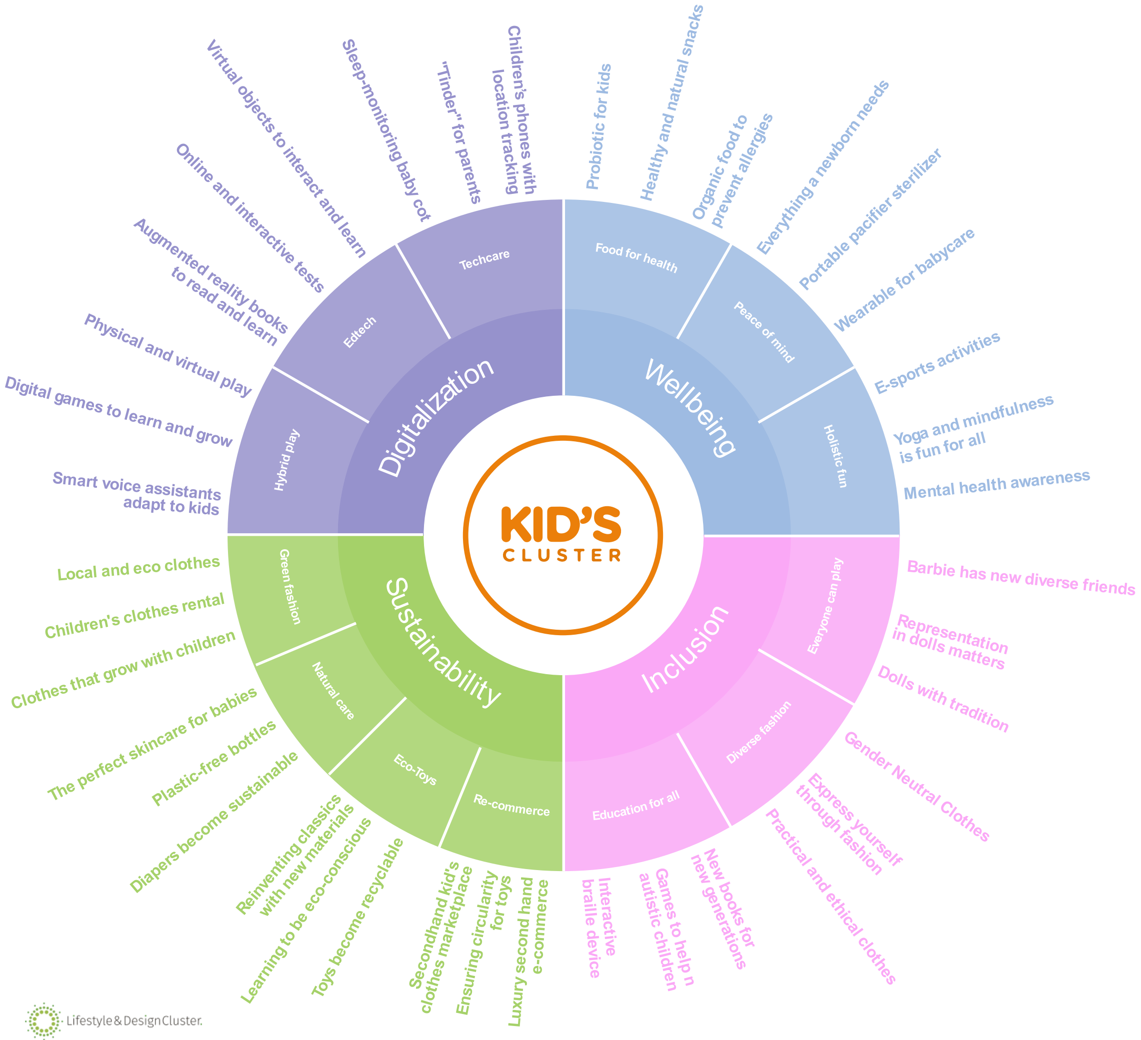
4.3. WELLBEING

- Child Food
- Entertainment & Leisure
- Childcare

4.4. INCLUSION

- Education & Publishing
- Child Clothing
- Games & Toys




KID'S CLUSTER
Digitalization
Techcare
Edtech
Hybrid play
Virtual objects to interact and learn
Sleep-monitoring baby cot
"Tinder" for parents
Children's phones with location tracking
Online and interactive tests
Augmented reality books to read and learn
Physical and virtual play
Digital games to learn and grow
Smart voice assistants adapt to kids
Wellbeing
Food for health
Peace of mind
Holistic fun
Probiotic for kids
Healthy and natural snacks
Organic food to prevent allergies
Everything a newborn needs
Portable pacifier sterilizer
Wearable for babycare
E-sports activities
Yoga and mindfulness is fun for all
Mental health awareness
Inclusion
Everyone can play
Diverse fashion
Education for all
Barbie has new diverse friends
Representation in dolls matters
Dolls with tradition
Gender Neutral Clothes
Express yourself through fashion
Practical and ethical clothes
New books for new generations
Games to help n autistic children
Interactive braille device
Sustainability
Green fashion
Natural care
Eco-Toys
Re-commerce
Local and eco clothes
Children's clothes rental
Clothes that grow with children
The perfect skincare for babies
Plastic-free bottles
Diapers become sustainable
Reinventing classics with new materials
Learning to be eco-conscious
Toys become recyclable
Secondhand kid's clothes marketplace
Ensuring circularity for toys
Luxury second hand e-commerce

1. Connected & smart

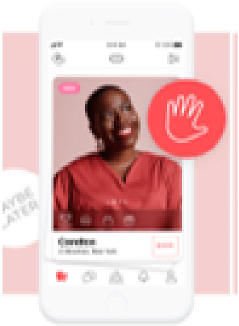
Digitalization has already **transformed** families lives and opened **new horizons to children's play and learning** through infinite possibilities thanks to interactive and connected toys and educational solutions.

New and **advanced digital technologies** (IoT, wearables, AI, etc.) bring an enormous opportunity to **add intelligence** to child care products and services, **increasing their convenience, their safety, their effectivity and their value**.

Social digital platforms also enable opportunities to develop services that **connect families into communities** that empower them and help them **share knowledge and resources**, and **exchange goods and services.**

Physical & virtual play.
Osmo (America)

Augmented reality books to read & learn. ARPedia (Asia)



"Tinder" for parents.
Peanut (EMEA)

Sleep monitoring baby cot.
Cradlewise (America)

2. New demands & new models

With the current climate emergency, **sustainability** has become one of the **most important values for consumers across market s and industries**. The impact is **very significant in kids' sectors** e specially for categories, such as toys or clothes, that generate a l ot of waste when children outgrow them.

New demands require solutions that **transform every part of th e product cycle**, from the sourcing of materials, to the manufact uring process, to packaging, to what happens to it when it is no l onger needed or usable.

Local and global digital communities have also enabled re-commerce opportunities in kid's sectors, effectively elevating hand-me-downs and parenting groups into **a circular economy based on peer-to-peer business**

Clothes that grow with children.
BeyaMade (America)

Plastic-free bottles.
Philips Avent Natural (EMEA)

Second hand kid's clothes marketplace. Kidizen (America)

Reinventing classics with new materials.
Eco-Gundam (Asia)

3. Keeping them safe

Peace of mind about their children's wellbeing has been a universal concern for millennials that remains **at the top of parent's priorities**. Changing lifestyles raise **new worries** such as those related to unsafe or excessive use of **technology** or toxic and unsafe products that come in close contact with children **affecting their health**.

In the context of a rapidly changing world, and having lived through successive economical, social, environmental and health crises, Millenial parents think of their children's wellbeing from an **increasingly holistic perspective**. Concerns include everything from health and nutrition, to personal development and self-expression, to mental wellbeing and happiness.

Smart digital solutions that allow families to monitor what's going on and new **sustainable and safer products** answer to these new needs as well as more **inclusive educational and playful value propositions** that guarantee that no child will be left behind.

Yoga and mindfulness is fun for all. Cosmic Kida (EMEA)

Organic food to prevent allergies. Apple Monkey (Asia)

Portable pacifier sterilizer. Duccio (EMEA)

E-sports activities. Kids in the game (America)

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4. For everyone and for all

The concept of what constitutes a traditional family has been completely **transformed**, including **expectations, roles and behaviours**. Evolving discourses on identity and growing acceptance for lifestyles that diverge from the norm has resulted in **new social values** that are transmitted from parents to their children.

Today's families have increasingly **high expectations** on brands to **guarantee inclusivity and representation**, helping parents raise their children with **empathy** and promote **equality**.

Digitalization has also enabled **access for everyone** and facilitated **personalization**, making it possible for education, care and leisure propositions that can **better adapt to each child and family's specific needs**.

New books for new generations.
Diverse books (America)

Representation in dolls matters. Toli Moli (EMEA)

Gender neutral clothes.
Or.basics (America)

Dolls with tradition.
Ish Dolls (Asia)

5. Global trends with local flavour

Consumer demands for families have become more global as the world has become increasingly inter-connected, with key trends applying similarly across regions, with **cultural differences becoming less and less significant when it comes to child-rearing.**

There are some **differences** mainly **related to sector and market maturity** that differ across regions.

In **tech-forward America**, digitalization trends applying in toys and educational products and services are more mature.

In **Europe**, eco-conscious value propositions are very significant, especially driven by local small brands with very innovative concepts in sustainable clothing, toys and food, some of which have become regional and even global phenomenon.

Meanwhile in **Asia**, telec om & device-based products and services are better represented.

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Have it all

Families will not compromise on their values and expectations,
demanding products and service value propositions that are:

...fun, playful and experiential.

...convenient & easy to fit into their lifestyles.

...safe, caring & trustworthy.

...accessible for everyone & adapted to their needs.

...always with an educational aspect.

...and without compromising on design and quality.

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