

# [Trends in toys industry in india marketing essay](https://assignbuster.com/trends-in-toys-industry-in-india-marketing-essay/)

Consumer durables are a category of consumer products that do not have to be purchased frequently because they are made to last for an extended period of time (typically more than three years).

Examples of durable goods are automobiles, home appliances, consumer electronics, furniture, jewellery, consumer electronics, kitchen appliances, sporting goods , toys etc.

## ABOUT INDUSTRY CONSIDERED FOR RESEARCH

The industry considered for study here is ‘ TOY INDUSTRY’.

India has over 800 toys and games manufacturers, exporters and suppliers.

Most of the Toy manufacturers in India are from the unorganized sector.

Toys available in India include soft toys, dolls, electronic toys, metal toys, plastic toys, educational toys etc.

## ABOUT FIRM CONSIDERED FOR RESEARCH

Firm considered for research is into manufacturing exclusively wooden handcrafted Educational toys -‘ Leap n Learn’

The firm has developed a line of educational toys for children that are fun and helps in healthy development of children.

The firm is a prominent manufacturer and exporter of a wide array of simple as well as imaginative Learning Toys as well as teaching & learning aids.

## ABOUT THE FIRM’S PRODUCT

The firm’s range of educational toys include Alphabet toys, Numbers toys, Wooden Jigsaw Puzzle, Shape and Color toys, Eye Hand coordinator Toys, Building Blocks, Wooden Wheel Toys, Educational Globe and many more.

These wooden educational toys are manufactured by using good quality wood and rubber wood employing non-toxic water based paints and are tested and certified to safety standards.

## OBJECTIVE OF THE STUDY

To understand demand & supply and competitive trends in Toys Industry in India

To know the impact of Technology on Toys Industry in India.

To study a firm

Its existing position in the market.

Demand and supply existing.

Existing strategies adopted- Marketing, Financial, Warehousing, Trading etc.

Future plans and prospects of the firm.

## CLASSIFICATION OF PRODUCTS

They are categorized into many types like the major rulers in India are the plastic toys which capture 80% of the toy industry and is said to earn a profit of approximately 10-20% every year.

Another type of toys available in the market are fabric toys, paper toys, and wooden toys, metal toys and DIY toys (containing arts and craft toys) that are manufactured mostly by the cottage industry.

However, out of these the metal toys are considered to be sharp toys which are harmful for children and a hindrance in their safety, that is why these toys are known to be slowly loosing it’s popularity.

Another popular category of toys seen today are educational toys and activity toys which help build the mind and body of the child, then there are soft toys, electronic toys, battery operated toys and board games like chess and monopoly.

## COST STRUCTURE OF TOYS INDUSTRY IN INDIA

As you know, toys and dolls do not possess a strict geometric shape, and they have lots of moving parts, thus complicating the mould designing.

The standard procedures of mould making do not apply to toys industry.

Assembling the imported components and taking advantage of the cheap labour.

Going up fast in the value chain, Indian companies import moulds to manufacture and export toys.

With the cost of moulds increasing constantly, Industry decided to design the moulds ourselves with concepts borrowed from foreign collaborator.

Next step is to make toys for international markets with our own concepts.

## Impact on cost due to presence of China

The toys that are currently imported do not have much content, and don’t face any threat.

Most importers are first-timers and they discard toy imports due to poor margins. Generally imports increase the domestic price points, and they are actually good for companies.

Chinese products may be a threat in the future when toys with good content are imported. But even then margins will not be affected.

## OBJECTIVES OF THE FIRM

Create a profitable company.

Develop innovative, educational toys.

Improve the learning curve for children through the use of interactive toys.

Ensure Best Quality of the product.

Ensure Product safety.

## STRATEGIES OF THE FIRM

## Marketing Strategy for the product

The influx of cheaper supplies from China continues to put pressure on margins as well as expansion of sales. Hence launch large-scale promotions to make consumers aware of advantages of branded kitchenware appliances.

Employ cost-cutting methods to further lower prices especially during recessionary pressure.

Investing more heavily in Research and Development so as to make more innovative products to compete better.

## Distribution strategy for the product

“ Leap n Learn” has decided to sell direct to the consumer instead of using the traditional layered distribution system that uses wholesalers to sell to retailers.

This creates more work for “ Leap n Learn” in terms of generating sales, but it provides better margins.

The firm is having limited customer base and hence as customers are aware of the product and are familiar with Leap n Learn’s outstanding product line they continue to make purchases.

## Sales Forecast

The first three months will not see any sales as the organization will be ramping up production and establishing sales channels.

The first year is forecasted to have a fairly slow sales forecast because of the fact that “ Leap n Learn” is a start-up organization.

Growth for year two and year three should be fairly steep.

After year four it is forecasted that growth will continue, but at a more sustainable rate than during the second and third year.

## Marketing Strategy

” Leap n Learn” will use advertisements and direct mailings to prospective customers.

‘ Leap n Learn’s ‘ website will be used as the key marketing tool to distribute the products. It will be an inexpensive and effective method of distributing information regarding “ Leap n Learn” and its products. The website marketing strategy is simple and straightforward. Include the URL on all printed material as well as reference it in communications with customers. In order for as many people as possible to find it, “ Leap n Learn” will submit the site to a wide range of search engines so even if a perspective customer is not aware of “ Leap n Learn” but knows about the product category, they will still be directed to Leap n Learn’s site.

Online purchase will ensure increase in demand for the products and ultimately increased sales.

Setting up stalls in Exhibitions will also create awareness and give and impetus to latent demand.

## KEYS TO SUCCESS

“ Leap n Learn” has identified three keys to success that are instrumental in the sustainability of the business.

The need to develop creative, educational, engaging toys.

To adopt strict financial controls.

The need to listen to customer, effectively creating a feedback mechanism for product improvement.

Growing disposable income

Growth of playschools

Large Population of children

Change in people’s perception

Increasing awareness of quality issues

Developing mall culture

## COMPETITORS

The small niche educational toy industry is comprised of two market leaders and several smaller, primarily regional manufacturers.

The two main competitors are:

Jump Frog Enterprises and Knowledge Universe. They have a wide product range similar to – ‘ Leap n Learn’.

## FUTURE PLANS

“ Leap n Learn” will bank on its two competitive edges (educational and engineering expertise) to produce educational toys that are fun to use and at the same time successful at building important skills for youngsters.

The major threat faced by the firm is the influx of low substandard toys from Chinese manufacturers, moreover these toys are available cheaply. They have a wide range of electronic toys which are to some extend a cheap substitute for the firm’s product range. Customers are attracted to the aesthetic value of these products and moreover they are available cheap. To regain the lost market share and capture newer markets the firm has to develop their products so that they can compete with the Chinese product – pricewise and utility wise.

## CHANGING TRENDS

Preference among parents towards educational toys and games.

Movies and Cartoon Character Toys

Entry of major foreign players.

## Why Vinyl Is A Leading Material for the Toy Industry

For close to 50 years, the world’s toymakers have been using vinyl to make some of the best known and most popular toys and children’s products. There’s a good reason for that choice: vinyl – otherwise known as PVC or polyvinyl chloride – is one of the most thoroughly tested, well-researched plastic materials on the market today.

## MARKET ANALYSIS

The market for educational toys can be divided into two distinct segments:

(I) DOMESTIC MARKET

Individual consumers:

This group is parents or grandparents who are purchasing the toy for a specific child.

Wholesale purchasers:

This segment is play groups, schools, daycare centers, etc., commercial businesses that are buying the product for their clients to use.

Specific Clientile

The firm also manufactures wooden educational toys as per client’s specifications & designs.

(II) Exports

These Learning Toys are exported to European, South East Asian and many other countries of the world.

## Market Analysis

Year 1

Year 2

Year 3

Year 4

Year 5

Potential Customers

Growth

CAGR

Individuals

8%

3, 354, 430

3, 622, 784

3, 912, 607

4, 225, 616

4, 563, 665

8. 00%

Wholesale

10%

102, 335

112, 569

123, 826

136, 209

149, 830

10. 00%

Total

8. 06%

3, 456, 765

3, 735, 353

4, 036, 433

4, 361, 825

4, 713, 495

8. 06%

## MARKET SHARE IN 10 YEARS

## Drivers

Growing disposable income.

Growth of play schools.

Large population of children influenced.

Change in people’s perception.

Increasing awareness of quality issue.

National program for development of Toy Industry.

## Challenges

Large scale imports of toys from China.

Old technology and obsolete design.