

HELESS GmbH

COMBINING TRADITION WITH INNOVATION

A GLIMPSE INTO THE LIFE OF A TOY SME



A TEACHER'S ADVICE

Heless' story began when the Dresden-based rubber company owned by Helga Hess' parents was nationalised by the German Democratic Republic at the end of the 1940s. Helga and her family then moved to Schwetzingen, a town near Heidelberg in Baden-Württemberg. Later, at the age of 21, she followed a former teacher's suggestion to produce toys, which were forbidden during World War II and thereby very scarce. In 1949, Helga generated a small starting capital by selling her puppies, which enabled her to become self-employed and produce her first dolls' accessories such as pacifiers and bottles. The family experience in the rubber industry helped her. The new company, which was named after her, has grown steadily and since 1981 current CEO Beate Becker is working in her mother's company. She further extended Heless' product range, which focuses primarily on a unique collection of clothes for commercial sized dolls. In addition, Heless offers a wider range of dolls' accessories and accessories to aid role play as doctors, nurses, cooking, and washing as well as a series for bathtub play.

After World War II, Helga Hess invested DM 1,000 to create a toy company specialised in dolls' accessories.



TRADITION AT THE CORE OF INNOVATION



The development and design of Heless' products take place directly in the company's office in Schwetzingen and production is outsourced to specialised companies in Germany and China. A small, creative team develops innovative ideas, which are based on the latest trends. Heless keeps a close eye on the latest fashion in clothes for children and young people to identify trendy colours and cuts, for example. Initial ideas are converted into layout and concrete prototypes before being tested and adjusted to meet quality and safety requirements as necessary. Heless is committed to producing high quality and safe products even though these requirements have major financial and practical implications for the company. For instance, they restrict

the choice of materials that Heless can use in its products. In order to comply with the multitude of requirements, the company relies on the resources and expertise of external laboratories to, for example, certify the compliance of products through chemical tests.

As a small toy company, Heless relies on innovation to stay competitive in the toy sector.

MARKET PROXIMITY

Heless relies on a strong network of specialised regional and international toy shops and bigger department and chain stores. In this way the company regularly receives timely and first-hand information about children's latest wishes, which is useful for product development. Maintaining such a close link with retailers and consumers as well as efficient decision-making processes and very fast reaction times give Heless an essential competitive advantage in order to continue to offer toys that meet children's ever-changing desires.

GLOBAL APPROACH

One third of Heless' annual turnover results from international sales in countries as far away as Japan and Mexico.



In order to avoid depending on one market for its success, Heless actively pursues an internationalisation strategy. Around one third of its turnover is generated outside Germany, primarily in other EU countries but also in Japan, South Africa and Mexico. However, trading internationally can be challenging and costly. For example, Heless is not present on the US market because it implies significant insurance costs for a small company that are much higher than the anticipated sales. In order to continue to grow globally, it is important for Heless to present its latest products at the largest international toy fair in Nuremberg each year. Active participation since the beginning of this fair allows Heless to strengthen its relationships with existing clients and create new contacts.

DECLINING PLAY TIME

Heless firmly believes that play is a fundamental part of growing up and enables children to develop important skills for life. Heless' products are mainly for children aged 3 to 8, who generally like to play with dolls. This type of play is essential for children as make-believe play – for example, when involving dolls in their stories – stimulates their emotional, social and psychological development. Playing with dolls also teaches children about care, responsibility and affection. However, the company is concerned that, despite the widely recognised benefits of play, play time is constantly being challenged by other multimedia leisure alternatives and the increased focus on school readiness.

Heless is worried about the negative impact of increasingly limited play time on children's development.



'Safety is, of course, the primary concern of reputable toy companies like Heless. However, the proliferation of often unnecessary legal requirements inevitably limits the innovation opportunities of our company.'

Beate Becker, CEO



Germany is the third largest toy market in the EU with annual sales of €2.7 billion. This represents more than 230 million toys. With over 670 toy companies based in Germany, production is mainly concentrated in the southern regions of Bavaria and Baden-Württemberg. More than 40,000 people work in the German toy sector. The German toy market is very seasonal with one in four toys bought during the Christmas period.

The **European Union (EU)** is the largest toy market in the world (27% of global sales), meeting the diverse and evolving demands of its 79 million children. Over 99% of the almost 5,000 toy companies operating in Europe are small and medium-sized enterprises (SMEs). With over 220,000 people working in the sector in the EU, toy companies play a key role in Europe's economic fabric. The toy industry is highly international and is one of the most dynamic business sectors in Europe: around 60% of toys on the market each year are newly developed. The sector is also highly seasonal, with consumers making the majority of purchases during the Christmas period.

The **Deutscher Verband der Spielwarenindustrie e.V (DVSI)** represents the interest of 230 companies in the German toy sector towards politicians, authorities, other economic sectors, academics and the media. The DVSI represents more than 80% of toys in Germany. Heless is a member of the DVSI.

Toy Industries of Europe (TIE) is the trade association for the European toy industry. Members include companies and national associations from across Europe, including the DVSI.

