

QUERCETTI FROM ITALY TO THE WORLD

A GLIMPSE INTO THE LIFE OF A TOY SME



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FOUNDER'S INNOVATIVE SPIRIT LIVES ON

Passionate about flying, Alessandro Quercetti started building model aircraft as a child when he took part in many competitions to create elastic-launched flying planes. After having served as a pilot during World War II, the scarcity of jobs led him back to his early interest and he started designing toys. Things got off to a difficult start and were followed by a long path of trial and error but he received much support from both family and friends as well as contacts in the toy sector. His big breakthrough came when he invented a toy horse that was able to run on its own thanks to small wheels. Despite some difficulties at the beginning, the first *Cavallo Galoppa* by Quercetti was a great success during Christmas 1951. In addition to developing new toys, Alessandro also bought the distribution rights for toys in which he recognised great potential. He eventually started producing some of these toys. The well-known *Colorado* pegs (still produced nowadays under the brand *Fantacolor*) came about in this way. His passion for flying continued to influence the company's product range with success stories such as toy rockets and other aeroplane models. This spirit for constant innovation combined with the talent for detecting the potential of others' inventions is still evident at Quercetti now that the second generation of the family has taken over.

Quercetti produces around 200 different educational toys.



COMMITTED TO LOCAL PRODUCTION



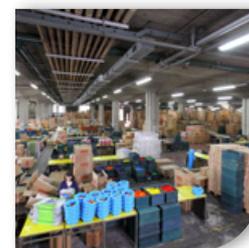
Quercetti has always produced toys in the Province of Turin (Piedmont) and its headquarters has been located in Corso Vigevano since 1970. The fact that all elements of production – from design to packaging – take place on the same site, allows for optimal control of the whole production process. Thanks to heavy investment in automation and new technology, the company was able to withstand increased competition from overseas as well as rising labour and production costs in Italy. 70 full-time employees are now based at Corso Vigevano. Stefano Quercetti, Alessandro's son and current CEO, remains committed to this region and has been an active member of the *Unione industriale di Torino*, a local branch of the Italian employers' federation *Confindustria* since 2011.

In 2012, Quercetti received the *Premio Bogianen* award for its long standing commitment to the Province of Turin.

OPEN TO THE WORLD

Exports account for around 70% of Quercetti's €10 million annual turnover (2013).

Already in the early 1960s, Alessandro Quercetti realised the importance of not relying on just one market and began exporting to Germany. Today, Quercetti toys are sold in more than 50 countries worldwide, with the company's exports accounting for 70% of its annual turnover. The free movement of goods in the European Union's (EU) Single Market has removed barriers to trade that would have prevented Quercetti from implementing such a successful export strategy. However, the company remains convinced of the need for a strong market surveillance system across Europe in order to ensure a level playing field for companies.



Effective controls allow companies like Quercetti, that comply with toy safety rules, to stay in business and not lose market share to rogue traders. Quercetti is one of the few European toy SMEs to export to China. This involves passing a costly annual audit conducted by Chinese authorities. Quercetti is also leveraging the opportunities provided by online sales, which currently represent 10% of the company's revenues and continue to grow steadily.

LEARNING THROUGH PLAY

In line with the innovative spirit of its founder Alessandro Quercetti, the company invests heavily in innovation in order to introduce between two and four newly developed toys every year. Quercetti is convinced that playing contributes to the well-being of children. The company views play as an essential part of children's growing up: it is as fundamental as eating, sleeping or drinking. It believes that children automatically learn important skills through play. All of Quercetti's toys have been developed with children's learning in mind: these educational toys are a fun way for children to learn to count, recite the alphabet, develop dexterity and stimulate their creativity.

Each year, Quercetti releases a number of innovative and carefully conceived toys that contribute to children's development.



COMMUNITY ENGAGEMENT

In addition to its active participation in the economic development of the Province of Turin, Quercetti is involved in the local community through various initiatives and events. For example, in 2013, the company partnered with the *Fondazione Teatro Stabile di Torino* to enable more than 6,000 children to discover the history of the oldest theatre in Turin. Quercetti also sponsors the *Fondazione Theodora Onlus*, which finances the activities of clown doctors, who bring fun and laughter to children's hospital stays.

'Effective market surveillance is essential for a reputable toy company like Quercetti. Increased activities in this domain are needed to ensure a level-playing field for all toy companies operating in the EU.'

Stefano Quercetti, AD



Italy is the fourth largest toy market in the EU with annual sales of €1.1 billion. This represents around 90 million toys. With over 200 toy companies based in Italy, production is mainly concentrated in the regions of Lombardy, Piedmont, Marche and Veneto. Around 23,000 people work in the Italian toy sector. The Italian toy market is very seasonal with more than 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.

Assogiocattoli is the Italian industry association of toys, games, hobbies, childcare articles and Christmas decorations. Quercetti is a member of Assogiocattoli.

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

