

# SELECTA SPIELZEUG FAITH IN WOODEN TOYS

A GLIMPSE INTO THE LIFE OF A TOY SME



## FOCUS ON WOOD

In the late 1960s, Tilmann Förtsch and Günther Menzel recognised the huge growth potential of high quality, educational, wooden toys. They acquired a company specialised in the production of wooden furniture and began manufacturing wooden toys. Since its foundation in 1968, Selecta Spielzeug's range of products expanded to include wooden toys as well as educational games, memory games and puzzles for instance. Matthias Menzel,

**25% of Selecta Spielzeug's turnover of €6 million is spent on raw material: wood.**

the son of the company's founder, Günther Menzel, is now at the helm of the company. In 2010, he decided to return to his father's initial philosophy by re-focusing on the production of wooden toys for toddlers due to the significant development costs and quite unpredictable success of children's games. However, Selecta Spielzeug still produces popular children's games such as the tactical catching game *Viva Topo!* and the dexterity game *Ladybugs' Costume Party*, for which the company received the German award for the children's game of the year twice in a row. A look at the company's catalogue shows the success story of this family business: from 20 references at its beginning, Selecta Spielzeug now proposes around 350 different products.



## PRODUCED UNDER ONE ROOF



Selecta Spielzeug is based in Upper Bavaria, east of Munich. The original production plant in Kirchseeon continues to manufacture one third of Selecta's Spielzeug products, while the rest are produced in a new high-tech and eco-friendly facility in Edling bei Wasserburg, where the warehouse and the head offices are also based. This set-up allows for optimal internal safety and quality controls since the whole production process from design to packaging occurs under the same roof. It also contributes to timely delivery and greater flexibility to better adapt the production and marketing of its toys to customers' needs.

**In 2009, Selecta Spielzeug invested €2 million in its new production plant in Edling bei Wasserburg.**

## NEED FOR INNOVATION

**The creation of unique products and leveraging the potential of exports and online shopping are key for Selecta Spielzeug's continued success.**

The company's 51 employees develop and produce new, fun and educational toys that account for around 40% of the company's catalogue each year. Around 20 toys are removed from the product range each year because they no longer fully meet children's latest desires. Selecta Spielzeug invests a lot of time and resources in creating innovative toys that meet the diverse and evolving wishes of children, in Germany and across the world.

## INTERNATIONAL PRESENCE

Due to the demand abroad for German educational toys, Selecta Spielzeug embarked on international trade shortly after its foundation. It is vital for SMEs like Selecta Spielzeug not to rely solely on one market. Nowadays, 60% of Selecta Spielzeug's turnover results from sales in Germany, while the rest is equally divided between other European Union (EU) countries and international trade, especially in Japan. As 50% of the company's international sales takes place in EU countries apart from Germany, a well-functioning European internal market together with effective and harmonised market surveillance activities are essential for the growth of small companies such as Selecta Spielzeug. In 2008, the German company withdrew from the US market because of the financial



The burden of mandatory third party testing was a factor in Selecta Spielzeug's decision to withdraw from the US market.

burden of mandatory testing by accredited third parties as well as costs such as those linked to the exchange rate and to product liability insurance. This example shows that internationalisation can be a real challenge for SMEs in the toy sector.

## GIVING BACK TO THE LOCAL COMMUNITY



Selecta Spielzeug is very involved in its local community and has partnered with the Stiftung Attl – a foundation that provides services for disabled people – for more than 25 years to ensure that everyone gets an opportunity to work. Through this partnership, the company engages disabled people in the production of wooden toys such as the *Cucina* kitchen set. In 2010, the Bavarian State Ministry for Labour and Social Affairs awarded Selecta Spielzeug with the *exzellente.cooperation* for this project. In addition, the company employs a disabled person on a full-time basis as it acknowledges that having a disability should not affect a person's right to work.

**'Common interpretation of toy safety requirements by market surveillance authorities throughout the EU is essential to avoid extra administrative burden for SMEs.'**

Matthias Menzel, 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. Selecta Spielzeug 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.

