

IMAGETOYS FROM THE DRAWING BOARD TO THE PLAYROOM

A GLIMPSE INTO THE LIFE OF A TOY SME



AWARD-WINNING INNOVATION

In 2008, ImageToys received the Gazelle Virksomhed award from the Danish business newspaper *Boersen* for having doubled its turnover in just four years.

In 2000, Mette Hill Laerkesen and her husband, Kim Laerkesen, established Image Original Gifts in Roskilde, which specialised in commercial gifts such as pencils, USB sticks and mobile phone covers. As Mette had experience in the toy sector, the company also included a toy division: ImageToys. The company primarily distributed German wooden toys in Denmark before expanding to cover the whole Nordic market. In 2005, Mette and Kim noticed consumer interest in toys designed with Nordic children in mind. Soon afterwards they began producing their own wooden toys for children up to eight years old as well as a line of handmade soft toys for toddlers. This has proven to be a wise decision as the company continues to enjoy increasing success in the Nordic countries and across Europe.



COSTLY AND CHALLENGING BUSINESS



Beginning to produce toys implied significant initial investment for ImageToys. Despite limited capital, the company decided to remain independent from external financial investors. ImageToys also dedicated significant time and resources to understanding the legislation relevant to producing toys and placing them on the market. This is a continuous challenge due to the frequent and sometimes unnecessary changes to safety rules. Such changes involve adjustments in the production process and other additional costs without always advancing consumer protection. Due to the various local interpretations of existing rules within the European Union (EU), ImageToys' external testing expenses now make up around 8% of the company's total revenue.

The company now employs 14 staff at its offices in Roskilde, on the island of Zealand, and has a trusted relationship with several Chinese companies that produce safe and high quality wooden toys.

ImageToys concentrates exclusively on the European market, as exporting to countries such as the USA imply significant additional compliance costs.

THE COUNTERFEITING ISSUE

Innovation is of paramount importance for ImageToys' competitiveness. However, the costs of protecting its inventions and the increasing number of fake copies are huge barriers to the company's expansion.

A substantial amount of ImageToys' 850 toys is newly developed every year. Innovation and creativity are essential for the company to ensure its competitiveness and anchor its presence on the European toy market. Intellectual Property Rights (IPR) are therefore very important to ImageToys as they enable it to protect its inventions, continue to invest in innovation and take action against companies that copy its products. ImageToys regularly sees copies of its toys but unfortunately does not have sufficient resources to dedicate to addressing this unfair practice outside the EU. Understanding how different IPR protection systems work in certain countries is also a challenge.

ImageToys is very concerned that counterfeit toys can present a danger to children's safety. This phenomenon misleads consumers into believing that the fake copy is of the same quality as the genuine product. It also gives rogue traders an unfair advantage over companies that develop the product and bear the cost of innovation.

ONE STITCH AT A TIME



As a fast-growing company, ImageToys constantly searches for new opportunities. In 2013, it joined a local programme called 'Grow Africa' in order to manufacture its textile toys in Kenya. This cooperation proves to be beneficial for both the company and the employees in a Kenyan village. ImageToys produces colourful high quality handmade toys

while the workers earn a decent salary, which offers them a higher quality of life.

BUILDING THE FUTURE

ImageToys designs products with children's development and well-being in mind and also supports various organisations dedicated to children's welfare.



The company is not only dedicated to children and young people in terms of the products it develops but it also supports various charities and social actions. For example, it provides financial support to *Børn, Unge & Sorg*, a Danish organisation that helps children confronted with a tragic situation such as a relative's death or severe illness. The company also created an internship programme to enable students to gain an interesting insight into the business world and prepare for their future career.

'Counterfeit toys and parasitic copies are a great concern for ImageToys because they mislead consumers into believing that they are buying a genuine, high quality toy. Rogue traders also do not bear the cost of innovation.'

Mette Hill Laerkesen, CEO



With around 0.9 million children under 15 (17% of the population), annual toy sales in **Denmark** reach around €265 million. The main toy region is based in Southern Denmark.

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 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.

Legetøjsbranchen (LEG) is the Danish association for the toy industry, including retailers, importers and manufacturers. Legetøjsbranchen represents the interests of the industry towards politicians, authorities and the media. ImageToys is a member of LEG.

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

