March 2024. Sector report

The children's product sector in Catalonia

ACCIÓ
Catalonia Trade & Investment

Generalitat de Catalunya

Fem avui l'**empresa** del demà

The children's product sector in Catalonia. Sector report

ACCIÓ
Government of Catalonia

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Carried out by
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ACCIÓ Business Strategy Unit
Cluster Development

Collaboration
Kid's Cluster

Barcelona, March 2024

Contents

1. Products and services for the children’s segment

Definition of the scope of products for children and families

Companies that offer products and services aimed specifically at the population under 18 years of age**, including the** children's and teenage segments**, which can be acquired by their families or from other environments outside the home, including schools and leisure facilities.**

Leisure and entertainment

- Games and toys
- Publishers (literature, parenting, etc.)
- Audiovisuals, digital contents and video games
- Tourism, spaces and leisure experiences
- Museums, cultural spaces and experiences

Lifestyle

- Fashion and accessories
- Habitat

Food

Health, hygiene and cosmetics

Childcare

Education

- Educational learning and leisure services
- School material
- School book publishers
- *Edutech*

Consultants and other specialized suppliers

Target audience

Families

Children's segment

- 0-3 years of age
- 4-6 years of age
- 7-12 years of age

Teenage segment

- 12-18 years of age

Schools and other leisure facilities

Source: *Own production*

Main figures for the children's and teenage populations in the world

0.6 billion

boys and girls
< 5 years old in the world

1.4 billion

boys and girls
5-14 years old in the world

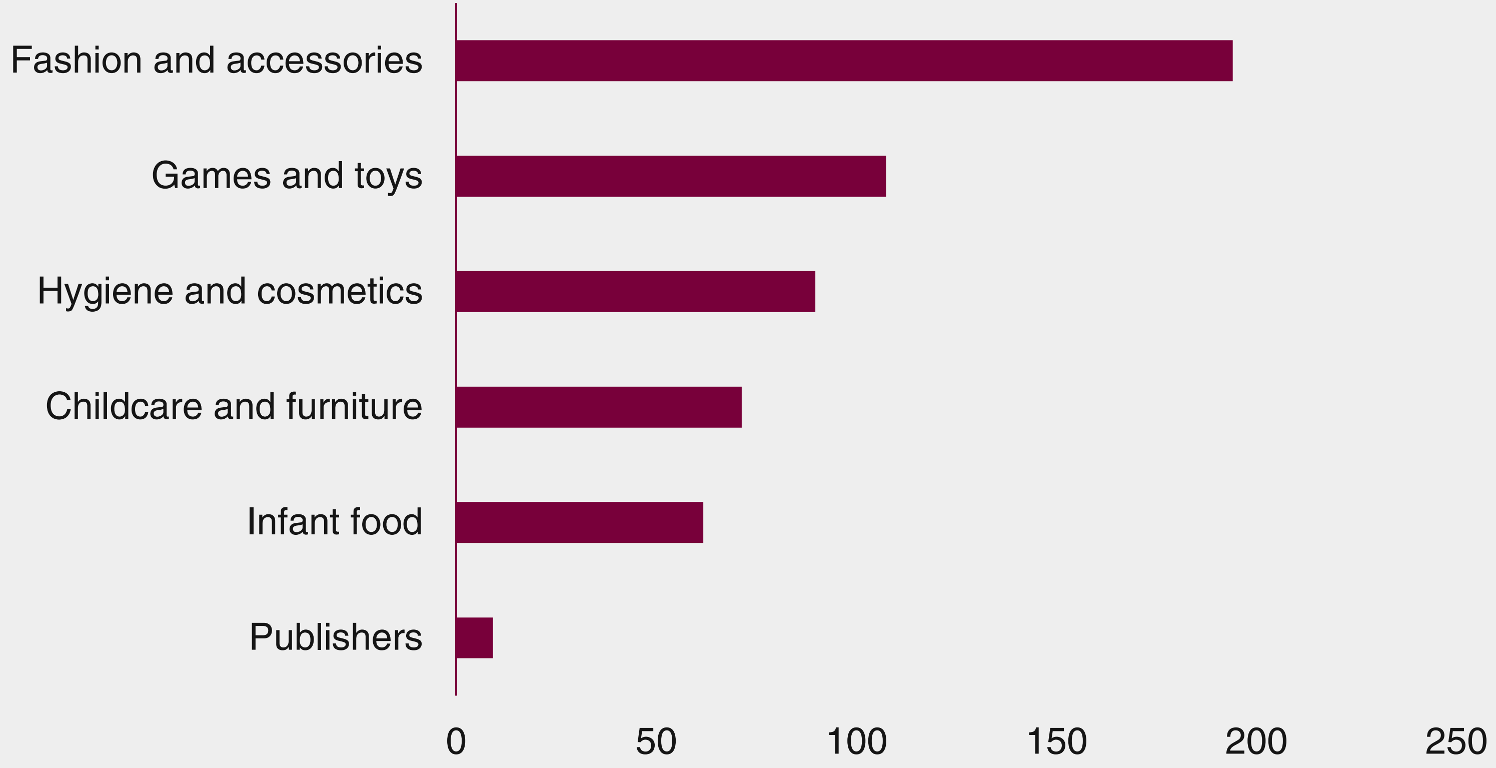
0.3 billion

teenagers
15-18 years old in the world

***Source:** UN Data, Population statistics*

Global data for the field of products for children and families

Figures of the main market segments of children's products in the world (2021-2022, in billions of dollars)



Market totaling +500 billion dollars in the world

Source: *Statista, Business Research Insights, Grand View Research*

China and the USA, the main global markets in terms of turnover

	2018 data	2023 data	2028 data
Children's apparel	USA China India United Kingdom Japan	USA China India United Kingdom Germany	USA China India United Kingdom Japan
Baby food	China USA Russia Indonesia Vietnam	China USA Russia Indonesia Vietnam	China USA Russia Indonesia Vietnam
Baby diapers	China USA India Brazil Japan	China USA India Indonesia Japan	China India USA Indonesia Brazil
Toys for toddlers & kids	USA China Japan France United Kingdom	USA China Japan France United Kingdom	USA China Japan United Kingdom France
Baby & child skin care	China USA India South Korea Russia	China USA India South Korea Iran	China USA India Nigeria Egypt

Source: *ACCIÓ, based on Statista, 2024*

Main companies in the children's product sector on a global scale

Main companies for each of the segments

Children's apparel	carter's FILA H&M SHEIN UNI QLO ZARA adidas balabala Levi's®
Baby food	Nestlé Hero DANONE ONE PLANET. ONE HEALTH Abbott Asahi HiPP MeadJohnson Nutrition KraftHeinz kewpie® 飞鹤 专研大脑营养 聪明宝宝 喝飞鹤
Baby diapers	Pampers Babysec® MamyPoko® HUGGIES® Merries メリーズ moony goodnites moony オヤスミマン トレパンマン
Toys for toddlers & kids	Hasbro MATTEL® MGA ENTERTAINMENT vtech® TOMY Melissa & Doug® SIMBA · DICKIE · GROUP
Baby & child skin care	CeraVe® DEVELOPED WITH DERMATOLOGISTS LA ROCHE-POSAY LABORATOIRE PHARMACEUTIQUE Johnson's® Neutrogena® Aveeno® PALMOLIVE Dove Kiehl's SINCE 1851 NIVEA

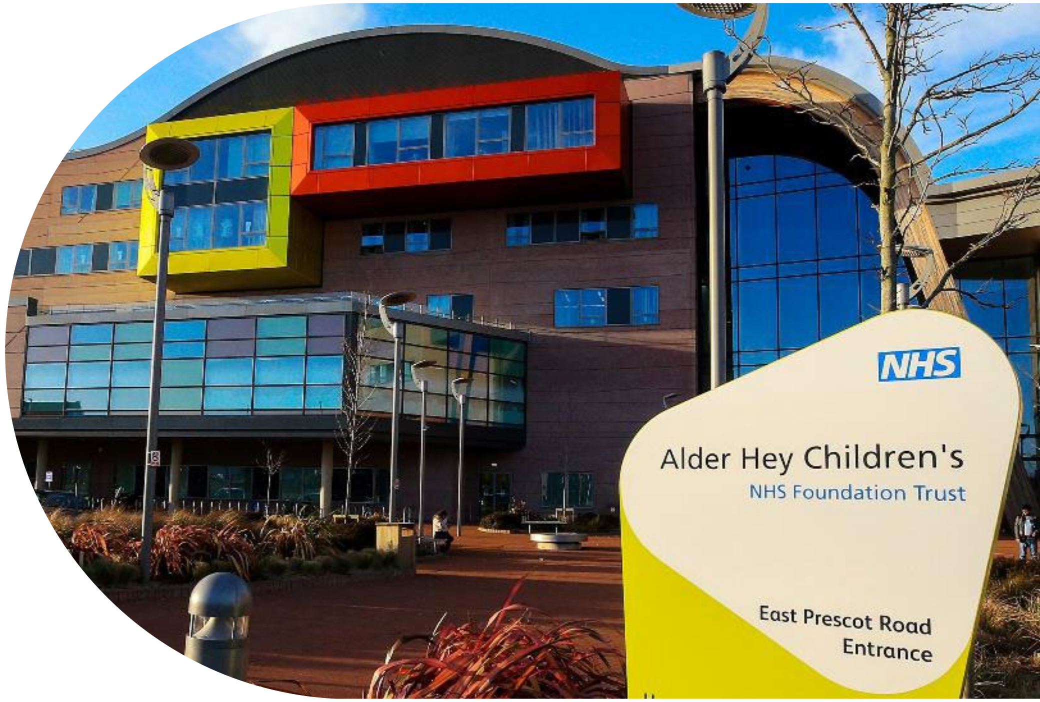
***Source:** ACCIÓ, based on Statista, 2024; Fortune Business Insights, 2023*

Initiatives involving innovation and co-creation in the child and family field (I)

Accelerator specializing in children’s health

- 10-week program aimed at startups based in Liverpool and London: Backup for entrepreneurs in order to develop and test innovative solutions, providing expert support, mentorship and a connection with key healthcare communities.
- Funded by Innovate UK in partnership with the Medical Research Council, working alongside Humant, the health technology consultants, Thinking of Oscar, the children’s health charity, and Alder Hey Children’s Hospital.
- Main areas of work: pediatric oncology, neonatal technologies, minority diseases, remote monitoring, respiratory conditions, obesity and preventive measures.
- Services provided: 1-to-1 mentoring, access to a global network of experts and leading organizations within the sector, a pitch to potential investors for options for funding options from external investors.

UKRI Children's Health Impact Accelerator



Source: *https://foundersfactory.com/accelerator/ukri-children-s-health-accelerator/*

Initiatives involving innovation and co-creation in the child and family field (II)

Initiative focused on children and co-creation

- Former “Capital of Children”, currently CoC Playful Minds.
- Created in 2012 by the municipality of Billund and the LEGO Foundation with a 50/50 distribution on a non-profit basis.
- Board made up of two representatives of each of the owner organizations and an external chairman.
- Local co-creation projects (design of urban spaces, creation of urban art, design of clear paths and routes for children).
- CoC Academy - Specialized training and facilitation services for co-creation with boys and girls. They also share resources, materials and methodologies for the co-creation.
- The annual Billund Builds initiative, focused on different themes, seeks to encourage children and adults to work with creative, collaborative and experimental processes with the aims of developing the qualifications of the future and promoting an inter-disciplinary learning community.

CoC Playful Minds

Source: *https://www.cocplayfulminds.org/*

Initiatives involving innovation and co-creation in the child and family field (III)

Living lab focused on the public space and teenagers

- Living lab located in the Alvalade district in Lisbon.
- Focused on researching the uses and interests of teenagers in public spaces and involving this segment in the co-creation of new spaces through their preferences.
- Objectives:
  - To conduct research into the outdoor and recreational behaviors of teenagers from a social, educational, technological and urban design-related standpoint, among the features of public places, and draw conclusions regarding the inclusion and responsiveness of the public spaces.
  - To apply a research methodology suited to the context of the teenagers.
- The participating entities combine university, institute and part of the public space: Universidade Lusófona R&D Interdisciplinary Research Centre for Education and Development, National Laboratory of Civil Engineering, Padre António Vieira Secondary School, Parish Council of Alvalade.

C3places TEENS' LIVING LAB

Source: *https://c3places.eu/living-labs/lisbon*

2. The children's product sector in Catalonia

Children’s product sector value chain

Public administrations (Ministry Business and Labor, ACCIÓ, Ministry Education, Ministry Culture, ICEC, Barcelona Education Consortium, etc.)

Local entities, fairs and events supporting the sector (Kid’s Cluster, Assoc. Board games, ACELLEC, Dau - Games Festival, Exponadó, etc.)

Knowledge and research

Training
(UB, UAB, UVIC, URL, Pere Tarrés, etc.)

Innovation and research
(HSJD Research Institute, Bofill Foundation, research groups at UB, La Salle - URL, UAB, UVIC, UPF, etc.)

Specialized offer in the children’s and family segment

Leisure, entertainment and culture
- Games and toys
- Publishers (children’s literature, parenting, etc.)
- Audiovisuals, digital contents and video games
- Tourism, spaces and leisure experiences
- Museums, theaters and other cultural spaces and experiences
- Other leisure products

Lifestyle
- Fashion and accessories
- Habitat

Food
- Food
- School canteen services

Health, hygiene and cosmetics

Childcare

Education
- Educational learning and leisure services
- School material
- School book publishers
- *Edutech*

Consultants and other specialized suppliers

Distribution and retail

Specialized wholesalers
- School material
- Games and toys

Specialized retail
- Childcare
- Children’s bookstores
- Toy stores
- ...

Generalist retail

Customer/end user

Families

Children’s segment
- 0-3 years of age
- 4-6 years of age
- 7-12 years of age

Teenage segment
- 12-18 years of age

Schools

Source: *Own production, based on the drawing up and analysis of a list of companies related to the children’s and family area*

The children's product sector in Catalonia generates over €4,420 M

488

companies

€4,424 M

turnover

(estimated for the children's and family segment)

Equivalent to 1.73% of the Catalan GDP

21,638

employees

(estimated for the children's and family segment)

Note: *Billing and employee data for the last year available, mostly 2022 and 2021, applying a % of the estimated billing to the children's and family segment for each company identified*

Source: *Own production, based on the drawing up and analysis of a list of companies related to the children's and family area, with data available in the trade register based on the SABI application*

This is a sector with almost 500 companies, mostly located in Barcelona

488 companies

- **20% more companies related to the segment** have been identified with respect to 2016.
- 91.1% of the companies are small or medium-sized enterprises (turnover less than €50 M).
- 75.7% of the companies were established more than 10 years ago.
- 49.6% of the companies conduct activities related to leisure and children's and family entertainment.

Territorial distribution

- 86.9% of the companies are located in the **province of Barcelona**.
- 82% of the total turnover and 78.2% of the total number of people employed in the sector come from companies in the province of Barcelona.

€4.424 M turnover

- The turnover is equivalent to **1.73% of the total GDP** in Catalonia.
- The sector registered a turnover **almost 30% higher** than in 2016.
- **Large companies** (8.4% of the total number of companies) account for 59.6% of the sector's total turnover.

21,638 jobs

- **Family leisure activity and non-formal education companies** account for 29.6% of the employees.
- 65% work in **large firms** (more than 50 employees).

Note: *Billing and employee data for the last year available, mostly 2022 and 2021, applying a % of the estimated billing to the children's and family segment for each company identified*

Source: *Own production, based on the drawing up and analysis of a list of companies related to the children's and family area, with data available in the trade register based on the SABI application*

Sample of companies according to stage of the value chain

Specialized offer in the children's and family segment

Leisure, entertainment and culture

Games and toys

Mattel, Magicbox, IMC Toys, Jumbo Jumbodiset, Devir, Educa, Borras, Panini, londji, Andreu Toys, Benito –Play, Kompan Let's play

Audiovisuals, digital contents and video games

Corporació Catalana de Mitjans Audiovisuals SA, imira entertainment, DeAPlaneta Entertainment, Gameloft, Digital Legends Entertainment

Publishers (literature, parenting, etc.)

Penguin Kids, Planeta, Flamboyant, Libros del Zorro Rojo, Editorial Mediterrània, Edicions Cavall Fort

Tourism and leisure spaces and experiences

PortAventura World Parks & Resort, Tibidabo, Zoo Barcelona, L'Aquàrium Barcelona, Cinesa

Museums, theaters and other cultural spaces and experiences

Museu de la Ciència CosmoCaixa, nat museu de ciències naturals de Barcelona, saT! Teatre, Circo Raluy Legacy

Education

Educational learning and leisure services

Fundesplai, Fundació Pere Tarrés, Kids&Us, Lleure Sport, Rosa dels Vents, Eix Estels, British Summer Experiencias Lingüísticas, English Summer Camps since 1980, Descoberta, 7 i Tria, Game Explorers, MODIband projectes culturals, CET 10, claror, tbkids, codelearn, Mugendo

School book publishers

Vicens Vives, grupo edebé, Editorial Casals, Barcanova Editorial, cruïlla, Nadal Edarca Editorial

School material

Oxford, Jovi, Apli, Staedtler, Alpino, Factis

Edutech

innovamat, Dinantia, planetfactory

Food

Nestlé, Danone, idilia foods, Ordesa, Ferrero, Haribo, Chupa Chups, Frit Ravich, Delafruit, Serhs food, campos estela, Teno, Roca since 1966

Health, hygiene and cosmetics

SJD Sant Joan de Déu Barcelona · Hospital, ISDIN Babynaturals, Chiesi, LETI, ERN, Air Val, albasa, Freshly

Childcare

Jané, playgroup, NUK, Nikidom

Lifestyle (fashion and habitat)

boboli, cwf, Bobo Choses, Cóndor, ROS, Kave Home, Textura, Tinycottons, Stikets

Consultants and other specialized suppliers

Marinva, The Onion Inside, dharma factory, TMKF, imago, Somdocents, mammaproof.org, D'EP

Distribution and retail

Distributors specializing in games and toys

Top Toys, Toy Partner, otc

Retail specializing in leisure, entertainment and cultural products

Abacus, Drim, Tió Sam, Eurekakids, jugarijugar, jugaia, sendak, Al·lots

Retail specializing in childcare

Prénatal, Palacio del Bebé, bebitus

Note: *Examples solely for illustrative purposes*

Source: *Own production, based on the drawing up and analysis of a list of companies related to the children's and family area*

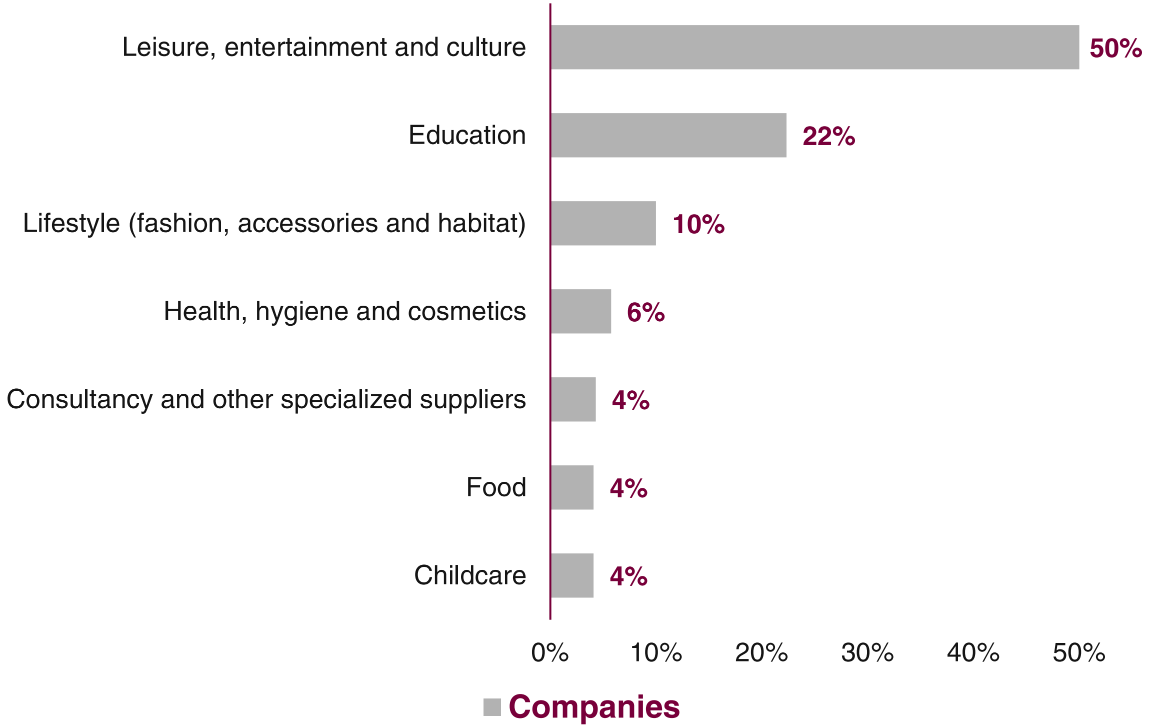
The children's product sector in Catalonia gives work to 488 companies, with more than €4,420 M and over 21,600 employees

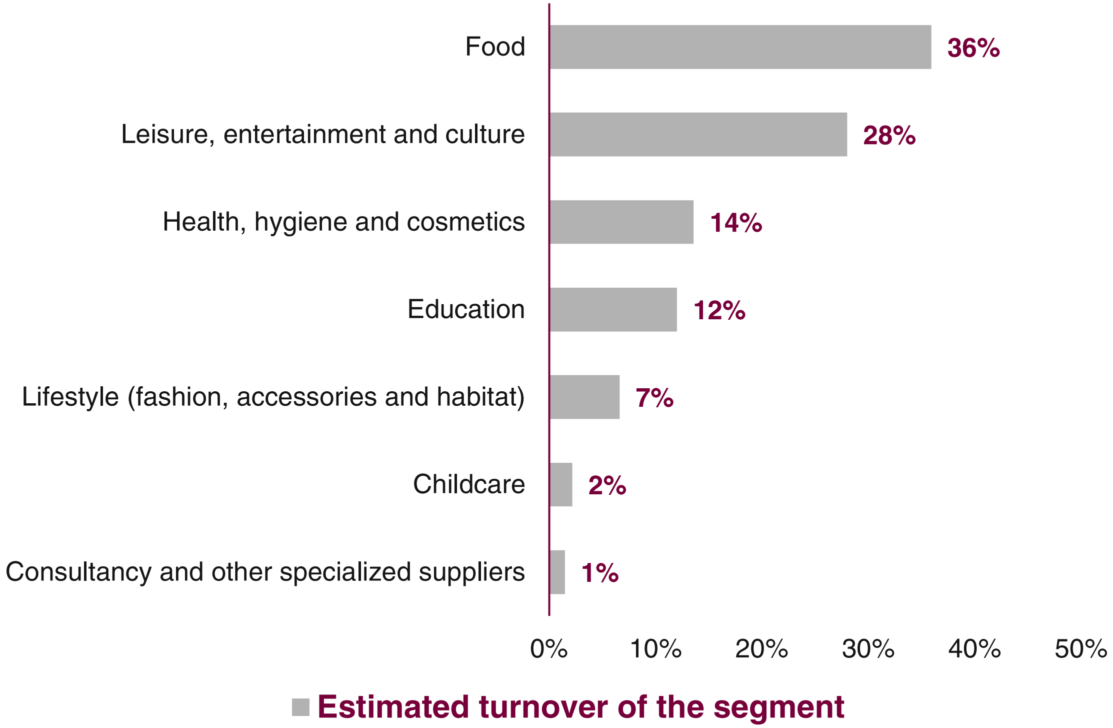
	Companies	%	Estimated turnover of the children's and family segment (€M)	%	Estimated number of employees in the children's and family segment	%
Leisure, entertainment and culture	**242**	50%	**€1,229 M**	28%	**6,142**	29%
Games and toys	69		€453 M		1,129	
Retailers and distributors specializing in leisure products (toys, books, etc.)	59		€222 M		1,280	
Tourism and leisure spaces and experiences	31		€264 M		2,012	
Publishers (children's literature, parenting, etc.)	30		€172 M		409	
Audiovisuals, digital contents and video games	24		€82 M		744	
Museums, theaters and other cultural spaces and experiences	22		€14 M		531	
Other leisure products	7		€22 M		37	
Education	**108**	22%	**€552 M**	12%	**5,270**	24%
Educational learning and leisure services	74		€273 M		3,857	
School material	14		€192 M		520	
Edutech school environment	12		€9 M		183	
School book publishers	8		€78 M		710	
Lifestyle	**49**	10%	**€293 M**	7%	**1,488**	7%
Fashion and accessories	31		€213 M		1,031	
Habitat	18		€80 M		457	
Health, hygiene and cosmetics	**28**	6%	**€600 M**	14%	**2,385**	11%
Health	21		€498 M		1,839	
Hygiene and cosmetics	7		€102 M		546	
Consultancy and other specialized suppliers	**21**	4%	**€65 M**	1%	**900**	4%
Food	**20**	4%	**€1,589 M**	36%	**5,062**	23%
Childcare	**20**	4%	**€96 M**	2%	**391**	2%
Total	**488**		**€4,424 M**		**21,638**	

Note: *Billing and employee data for the last year available, mostly 2022 and 2021, applying a % of the estimated billing to the children's and family segment for each company identified.* ***Source:*** *Own production, based on the drawing up and analysis of a list of companies related to the children's and family area, with data available in the trade register based on the SABI application*

Leisure, entertainment and culture aimed at the children’s and family segment account for 50% of the companies in the sector and 28% of the total turnover

The bulk of the companies focus on leisure, entertainment and cultural products, while food companies are the ones with the highest level of contribution in terms of turnover.





Source: *Own production, based on the drawing up and analysis of a list of companies related to the children’s and family area, with data available in the trade register based on the SABI application*

Note: *Billing data for the last year available, mostly 2022 and 2021, applying a % of the estimated billing to the children’s and family segment for each company identified*

Main changes in the field of products for children and families in Catalonia

Comparing them with the mappings previously drawn up, the segments with the greatest variability are fashion and habitat, childcare, games and educational products and services.

Some companies are closing but their brands are being acquired by other companies in the category.

The categories of educational leisure, games and specialized publishers are growing in terms of the number of companies and business volume, which are also linked to market growth.

Very few companies abandoning the children's segment can be detected, while there are companies that are growing by expanding their offer to other segments, such as teenagers.

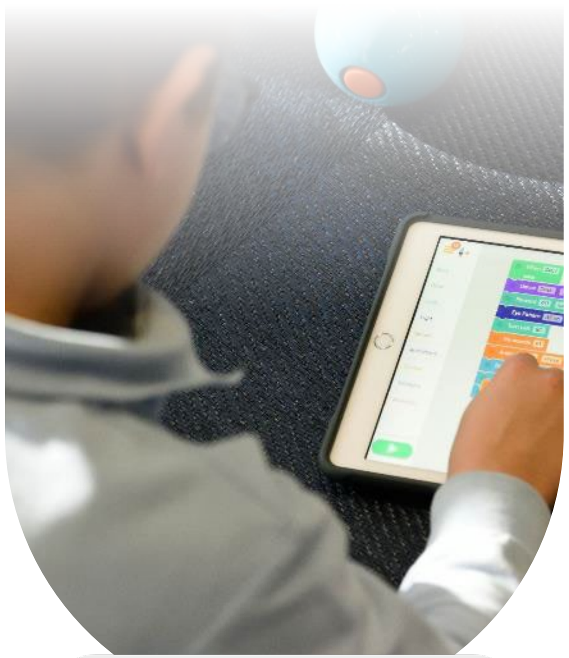
Tourism and companies offering experiences to children and families are gaining relevance by segmenting their offer and seeking to provide varying concepts for the different age groups and family realities.

In categories such as fashion and habitat there are many companies that are closing, although, conversely, new ones with strong brands, large international operations and positioning in the premium segment are being detected.

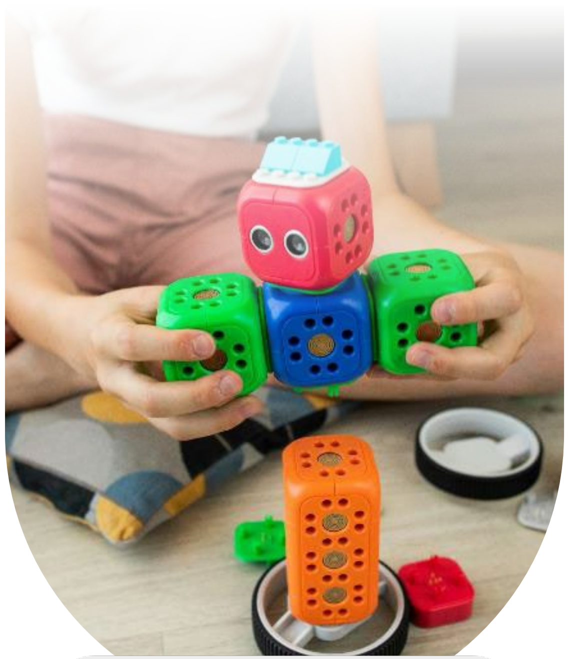
Source: *Own production, based on interviews and the drawing up and analysis of a list of companies related to the children's and family sector, with data available in the trade register based on the SABI application*

The number of companies identified in activities related to tourism and family leisure and education is increasing

Tourism and family leisure



Edutech



Learning services

Educational leisure

Source: *Own production, based on interviews and the drawing up and analysis of a list of companies related to the children's and family sector, with data available in the trade register based on the SABI application*

Characterization of the main activities aimed at the children's segment in Catalonia (I)

Leisure, entertainment and culture

The segment combines game and toy companies, tourism and family leisure experience companies and companies making products typically included in the creative and cultural industries, such as children's literature book publishers, audiovisual and digital content companies, video game publishers and museums, theaters and companies that provide specific cultural experiences for the children's and family segment.

- With regard to games and toys, we should highlight the leadership of companies in areas such as electronic toys, toys from newsagents and collectibles, educational games, jigsaw puzzles and board games.
- In categories such as publishers, the number of specialized labels that only work with children's and youth products is increasing, with the incorporation of content not only aimed at boys and girls, but also at parents, or topics with a more educational or cultural focus.
- Leisure and cultural spaces that provide experiences for families and re-segment the offer to suit not only the different age profiles of the children but also the families' different interests and motivations, as well as the growing interest in sharing activities that are of equal interest to both parents and children.

Examples of companies

Penguin
Random House
Grupo Editorial

Publishing company based in the USA. They manage the Spanish and Latin American market from Barcelona

Up to 11 publishing labels related to the children's segment.

The children's and youth category accounts for more than a third of the business and it's growing in terms of literary content and content related to parenting and education.

PortAventura
WORLD

Amusement park with over 5M visits each year

Growth in the family public, seeking to expand the offer to the target from 0 to 3 years old to enable families to enjoy a shared experience despite the children's youth.

Technology as a key tool for identifying profiles according to ages, interests and the customer journey of families and children.

Partnerships with brands and prescribers to promote visibility and reach audiences much better.

Source: *Own production, based on the analysis of the sector, the interviews carried out and the companies' websites*

Characterization of the main activities aimed at the children’s segment in Catalonia (II)

Education

The segment combines product companies such as publishers specializing in school books, school material manufacturers, companies that offer learning and/or educational leisure services and edutech solution companies. They share the same sales channel and/or target customers, namely schools or customers seeking a learning objective, although they can sometimes also sell in other channels such as retail or provide direct services to families.

- There’s a certain process towards concentration in the field of school book publishers and school material companies, with companies (and their brands) that have been acquired by other companies in the sector in recent years increasing their critical mass and expanding their ranges of products.
- Educational leisure is growing in terms of the number of companies and the business volume, due partly to the post-Covid recovery, although the options are beginning to polarize between those more focused on cost versus those that offer something additional, a more distinctive experience (based on educational contents, criteria such as the digital disconnection and more personalized support for children).
- There are a significant and growing number of companies offering learning services in areas of interest such as languages and robotics, although only a few do so through chained or more organized models.

Examples of companies

JOVI

Company chiefly devoted to materials for writing, modeling and painting with its own manufacturing activity in Catalonia.

40% of international sales, the school channel being one of the important parts of the business.

It constantly incorporates new products and works on actions with prescribers to popularize and give visibility to the products and their potential uses

Eix Estels

Cases de colònies de qualitat

Educational leisure company

Leisure experiences with children always center stage, seeking to provide an educational or training element.

Mainly summer camps for schools, but also developing a family tourism line.

Working in the international market by offering packages aimed at European groups looking for courses for children

Source: *Own production, based on the analysis of the sector, the interviews carried out and the companies’ websites*

Profile of companies focused on the teenage segment in Catalonia

It's difficult to clearly identify a significant number of companies that focus specifically on or specialize in the teenage segment.

On many occasions companies that have a product or service geared towards this segment are barely distinguishable from those aimed at the more adult segment (e.g. school material products vs. hobby products, toys and board games vs. games for *kidults*, video games, food for indulgence and leisure, etc.).

But some of the companies identified excel by having products with marketing strategies and/or commercialization channels that are clearly different from the other segments:

- ▶ 100% digital and more disruptive marketing strategies, complementing them with experiences in`pop-up format points of sale and premises with a dynamic and modern image.
- ▶ Link with brands, entertainment contents and/or well-known influencers in the segment.
- ▶ A certain differentiation from products aimed at the children's segment is advisable, but not essential.
- ▶ The teenager as a future adult (if you can connect with a teenager, there's a greater chance of a bond when he/she's a young adult).

Source: *Own production, based on interviews and the drawing up and analysis of a list of companies related to the children's and family sector, with data available in the trade register based on the SABI application*

Examples of companies targeting the teenage segment in Catalonia (I)

Fashion

NUDE PROJECT® EST. 2019 / +3 €M

Nude Project, la firma española que obsesiona a la Generación Z

Bershka **1,336** million €

PULL&BEAR **1,174** million €

BROWNIE **46** million €

MANGO TEEN **11** stores

Food and catering

VICIO **VICIO, la revolución digital que conquista jóvenes** **+18** million €

idilia FOODS

FRIT RAVICH

Leisure and entertainment

crisàlide Contents for young people and teenagers

CUM LAUDE Student travel agency

School material and educational leisure

HAMELIN

BRITISH SUMMER Experiencias Lingüísticas

Note: *Examples solely for illustrative purposes*

Source: *Own preparation, based on interviews, data from the trade register, news in the press*

Examples of companies targeting the teenage segment in Catalonia (II)

Contents and consultancy for the young and teenage segment

crisàlide

- Products that can connect and understand the needs and interests of young people and teenagers (e.g. the adolescents.cat clinic, where health professionals answer queries regarding sex, food and mental health).
- They seek to define and produce contents for mainstream millennial, generation Z and teenager segments, be they proprietary or created by third parties, constantly introducing a narrative/editorial line (a certain intellectual content among the leisure-related content).
- Knowledge and access to the segment allow the realization of market studies and consulting projects and support for companies to activate and re-direct brands in the youth and teenage segment.
- Key challenge: the incorporation of young talent to rejuvenate products and services.

Company profile

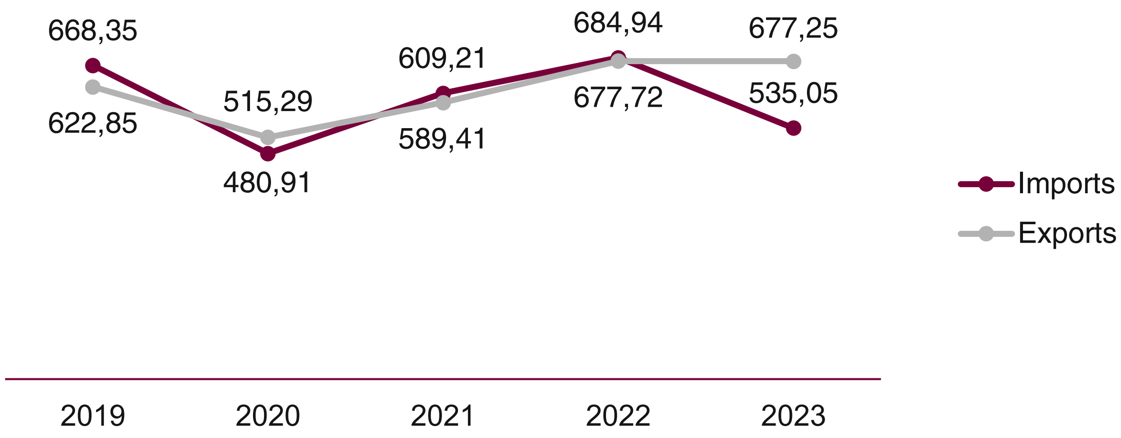
Generation and production of audiovisual content (proprietary or third-party)

Consulting and activation for brands seeking to address the youth and teenage segment

***Source:** Interview carried out as part of the project and company website*

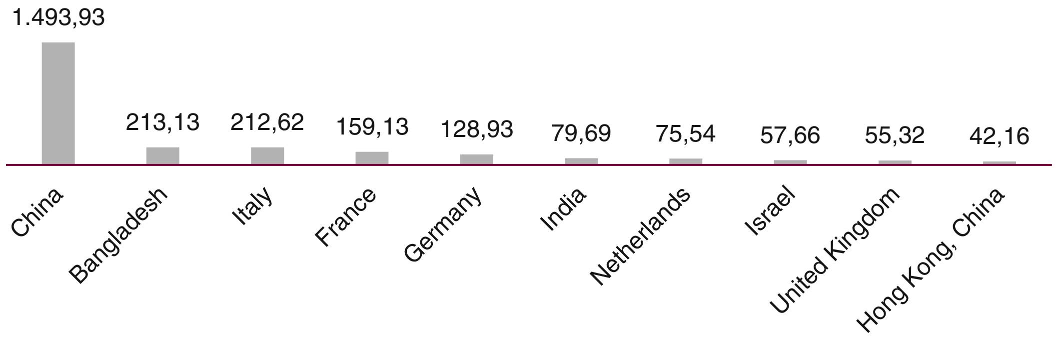
Catalan exports of children's products exceed pre-pandemic levels

Foreign trade of Catalan children's products (€M)

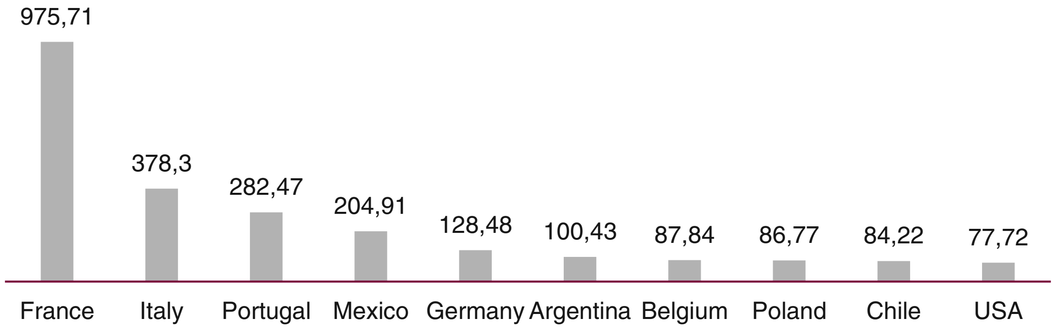


- In 2023, exports from Catalonia accounted for 34.1% of all Spanish exports of children's products. Moreover, Catalan exports of these products grew by 8.7% compared to 2019.
- In 2023, 0.7% of total Catalan exports came from the children's products sector.
- Between 2019 and 2023, publishing products were the subsector with the highest share of exports (42.8%), followed by toys and games (38.3%), childcare products (18.5%) and school supplies (0.4%).
- Between 2019 and 2023, France, Italy and Portugal were the top three destinations for Catalan exports of children's products.

Imports: source countries, €M (2019-2023)



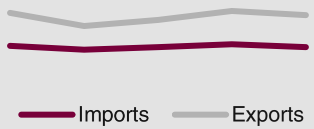
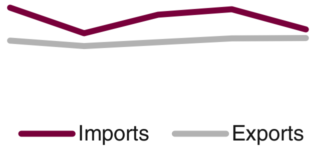
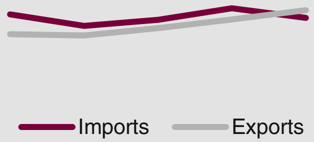
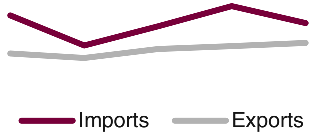
Exports: main destinations, €M (2019-2023)



Note: *ICEX sectors 30303 "Toys and games", 30402 "Publishing products", 30208 "Childcare" and 30302 "Didactic material" have been considered*

Source: *ACCIÓ, based on ICEX*

Publishing products and toys dominate Catalan exports of children's products, accounting for 81.1% of total exports

Product	Exports (€M) 2019-2023	Imports (€M) 2019-2023	Trend 2019-2023	Main markets for Catalan exports	
				Within the EU	Outside the EU
Publishing products	1,319.96 | **42.8%**	501.59 | **16.8%**		**1)** France (32.1%) **3)** Portugal (8.1%) **6)** Italy (3.9%)	**2)** Mexico (17.2%) **4)** Chile (5.5%) **5)** Argentina (4.4%)
Toys	1,180.49 | **38.3%**	1,789.05 | **60.1%**		**1)** France (27.3%) **2)** Italy (18.7%) **3)** Portugal (10.0%)	**7)** UK (2.9%) **11)** USA (1.8%) **13)** Russia (1.2%)
Childcare products	570.39 | **18.5%**	661.54 | **22.2%**		**1)** France (34.0%) **2)** Italy (20.1%) **3)** Germany (12.4%)	**7)** USA (2.5%) **9)** UK (1.7%) **11)** Turkey (1.2%)
School supplies	11.68 | **0.4%**	26.28 | **0.9%**		**4)** Netherlands (8.6%) **8)** Germany (4.8%) **9)** Italy (3.8%)	**1)** Canada (13.0%) **2)** UAE (11.7%) **3)** Mexico (10.7%)

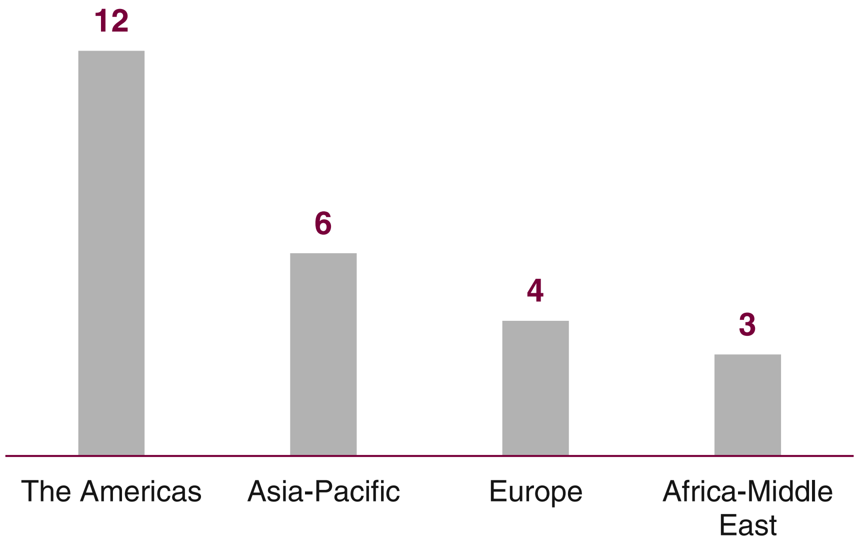
Note: *ICEX sectors 30303 "Toys and games", 30402 "Publishing products", 30208 "Childcare" and 30302 "Didactic material" have been considered*

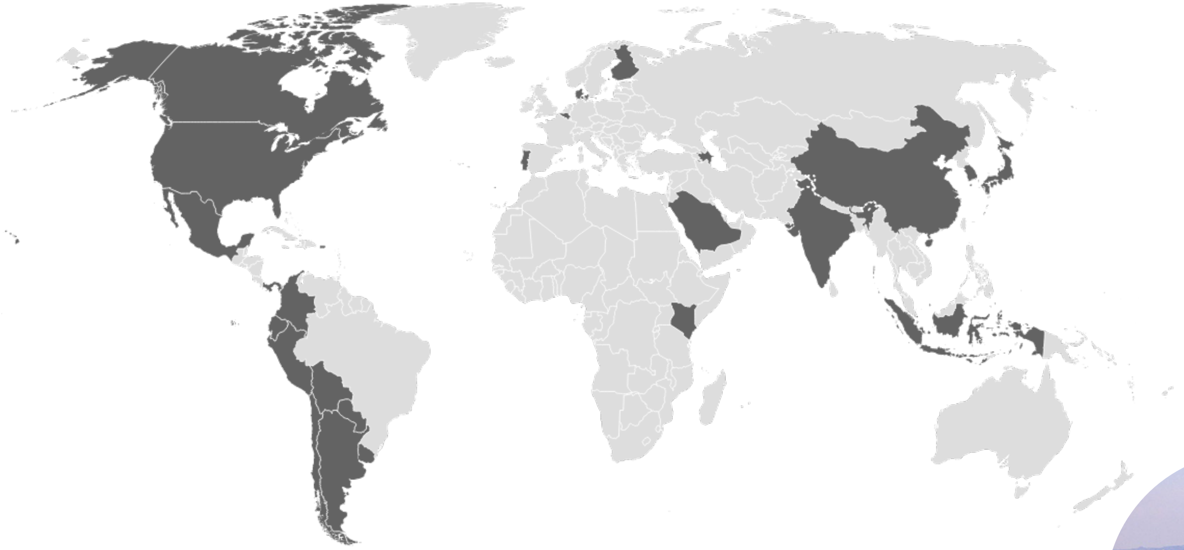
Source: *ACCIÓ, based on ICEX*

International business opportunities in the children’s product sector

ACCIÓ has detected international business opportunities for Catalan companies in the children’s product sector in 25 countries.

Territorial distribution of opportunities (number of companies)





Recommender of international business opportunities.

***Source:** ACCIÓ, based on the 2024 global map of international business opportunities*

3. Changes in the business

Changes in the business: changes in customer/end user preferences

Changes in the customer/end user

- The **child and family demographic structure** is changing
- The **desire of families to be with their children** and offer them a healthy and safe life is growing
- The **experiential format** that allows enjoyment of family time is appreciated
- The **decision-making power of boys and girls** and **prescribers' ability to influence** is increasing
- Evolution of a **new segment of teenagers** with new profiles and new preferences

Changes in the sales channel

- The **online channel** is growing in all the categories
- The volume of **second-hand sales** is increasing

Changes in the industry

- **Opening of new markets** to offset the fall in the child population
- **Use of technology** to get to know consumers better and connect with them
- They're working on hybridizing technologies, products and experiences to **extend the life of the products**

Source: *Own production*

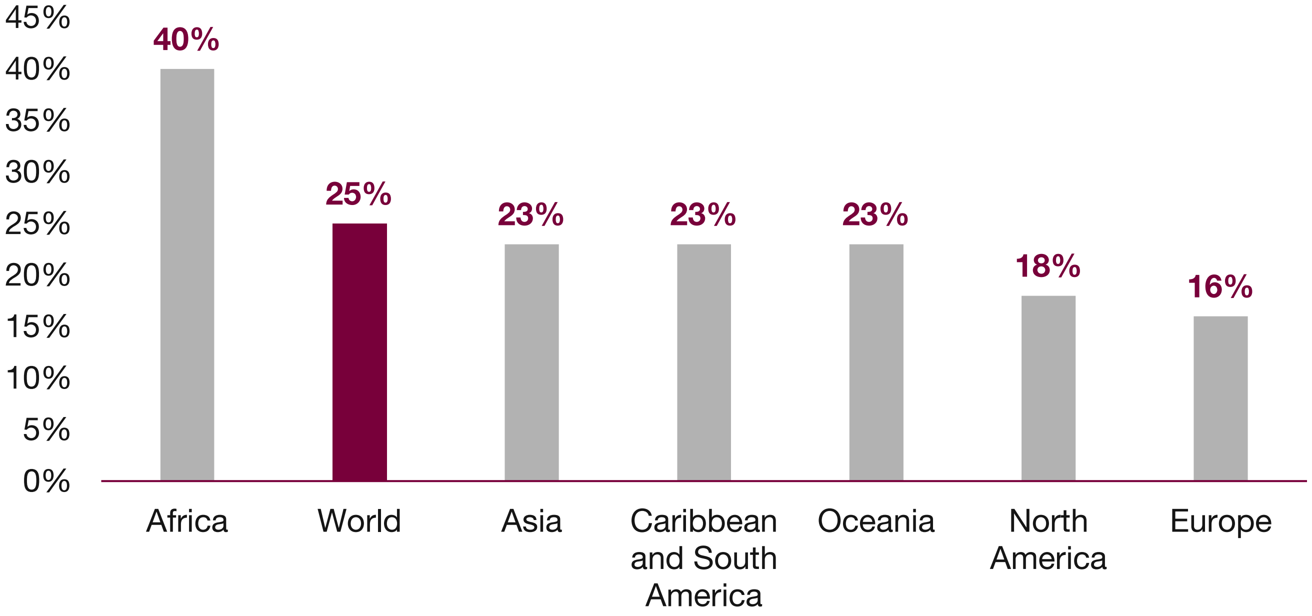
The child population only accounts for 25% of the world's population, and Europe and North America each account for less than 20%

Changes in the customer/end user

The **child and family demographic structure** is changing

- On a global scale, the population <15 years of age accounts for 25% of the total population, with ratios below 20% in areas such as North America and Europe.
- The exception is Africa, where the average is 40% of the total, with the highest fertility rates in the whole world but a very low level of economic development.

% population <15 years of age / total population by major geographical regions, 2023



Source: *Statista*

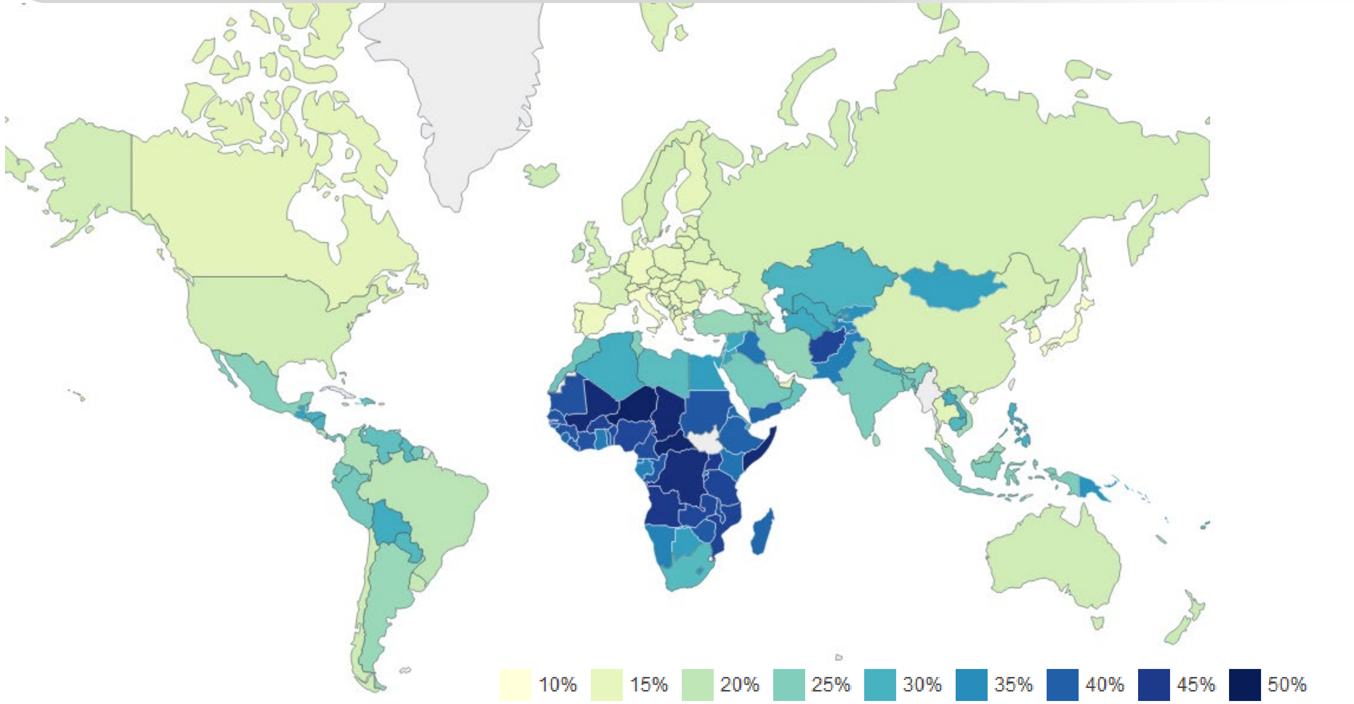
Only Africa has countries with a child population percentage higher than 35%...

Changes in the customer/end user

The **child and family demographic structure** is changing

- Some countries in Africa have as many as half the population made up of children.
- Countries like Bolivia in Latin America and Afghanistan in Asia also stand above the world average, despite being countries with less economic development.

% Child population / Total population



Source: *UN DATA*

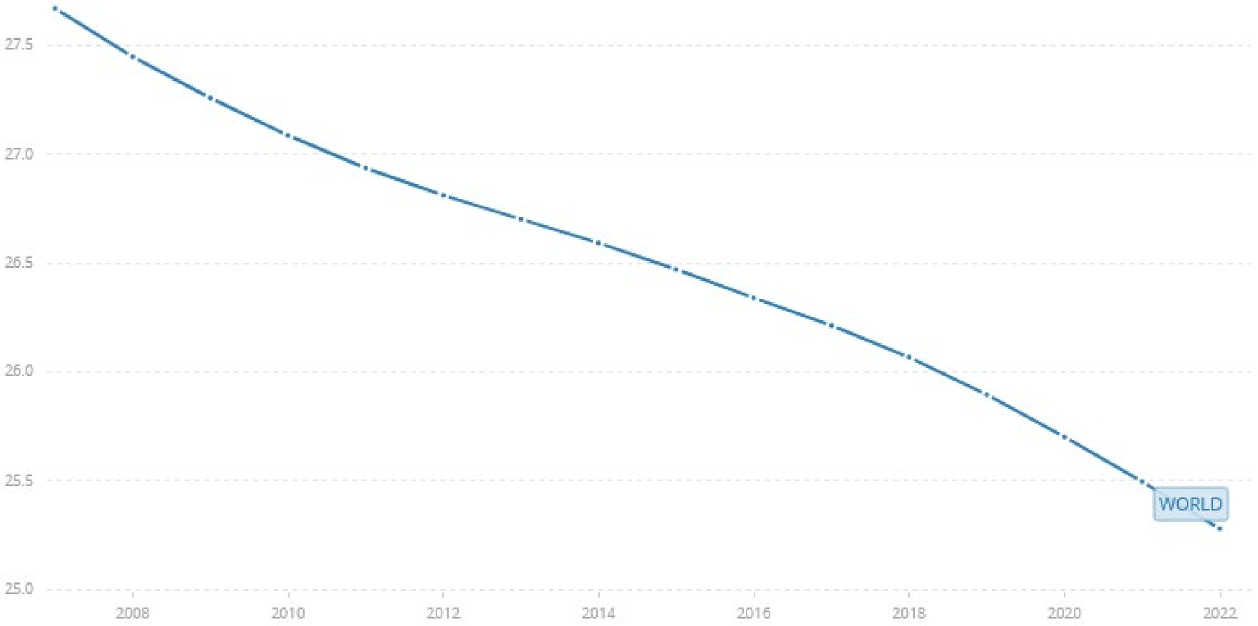
…and the trend is for it to continue falling over the years…

Changes in the customer/end user

The **child and family demographic structure** is changing

- The trend in recent years has been for there to be a fall in the child population worldwide; the global % has fallen by more than 3 points in just 15 years.

Evolution % population <15 years of age / total world population, 2007-2022



Source: *UN Data*

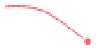
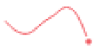
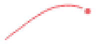
...also in emerging countries such as India and China...

Changes in the customer/end user

The **child and family demographic structure** is changing

- We can find the trend not only in the most developed countries, but also in emerging countries which, despite having high absolute populations, are displaying a clear negative trend, like India and China.

Comparative evolution % child / total population

Country	Child population 2022 (thousands)	Evolution % child population in recent years
India	358,634.25	
China	243,552.72	
Nigeria	94,070.21	
Pakistan	86,230.64	
Indonesia	69,444.21	
USA	59,856.57	

***Source:** UN Data*

...due to a fall in the fertility rates

Changes in the customer/end user

The **child and family demographic structure** is changing

- The phenomenon is occurring due to a decline in the fertility rates, which often lie below the substitution index (2.1).
- South Korea, Hong Kong and Singapore are the countries with the lowest fertility rates, while Europe, Italy and Spain have 1.3 fertility rates and are included in the world ranking. The advanced age of women when they have their first child contributes to the decline of these indexes.
- In Europe, only France has a fertility rate close to 2, but it has also been declining in recent years.

Countries with the lowest fertility rates

Country	Fertility rate
South Korea	1
Hong Kong	1.1
Singapore	1.1
Macau	1.2
Malta	1.2
Italy	1.3
Spain	1.3
Ukraine	1.3
Moldova	1.3
Bosnia Herzegovina	1.3

Source: *UN Data*

Moreover, the childhood stage is getting shorter (and adolescence is getting longer)…

Changes in the customer/end user

The **child and family demographic structure** is changing

KGOY (Kids Getting Older Younger) vs. adolescence stage that is getting longer

- Earlier access to smart phones and the Internet.
- Access to audiovisual contents geared towards adults.
- Aesthetic pressure social on media.
- …

- Greater proximity to parents creates a comfortable environment encouraging extended life in the family home.
- Greater parental control and support is leading to lower levels of autonomy.

Source: *https://www.bbc.com/worklife/article/20220324-kgoy-kids-getting-older-younger*

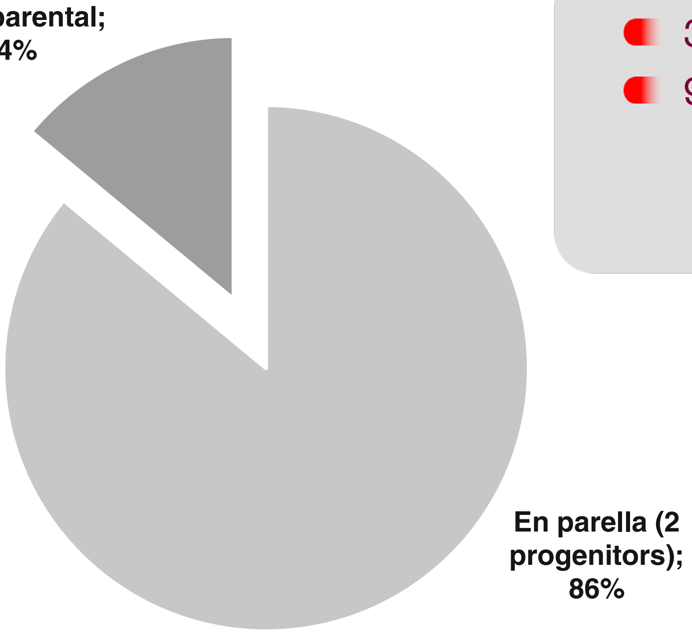
...and the diversity of family models is increasing...

Changes in the customer/end user

The **child and family demographic structure** is changing

Types of families in Spain according to parents, number of children in the family home

- With 1 child: 7%
- With 2 children: 5%
- With 3 or more children: 2%



- 3% live with adopted children
- 9% live with children of other parents
  - ▶ 57% full custody
  - ▶ 43% partial/shared custody

- With 1 child: 36%
- With 2 children: 43%
- With 3 or more children: 7%

Source: *Study drawn up by Gfk for Kid's Cluster, 2023*

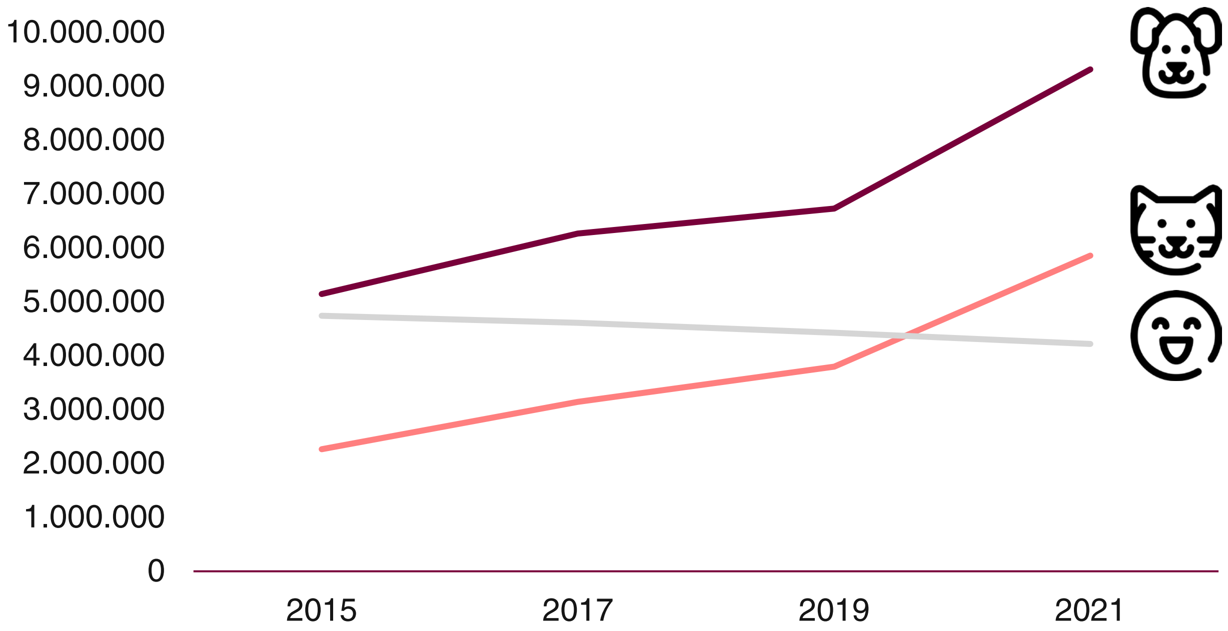
...including an ever-increasing role of pets within families

Changes in the customer/end user

The **child and family demographic structure** is changing

- Growth of pets as a consumption category of families (food, toys, accessories, etc.), but also having a substitutive and complementary effect within the family.

Evolution of the number of dogs and cats and population <9 years of age in Spain, 2015-2021



Source: Data on pets based on ANFAAC and Veteindustria studies and the child population based on the INE

The desire of families to provide the best upbringing for their children is growing...

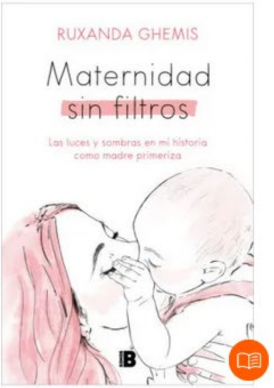
Changes in the customer/end user

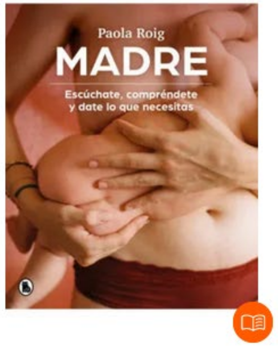
The **desire of families to be with their children** and offer them a healthy and safe life is growing

- From books for the initial stages (breastfeeding, sleep, complementary feeding, etc.) to books on how to educate.
- The level of demand and self-demand, less family support and media that activate family insecurities are increasing the volume of products, services and solutions to accompany parents in the education of their children.
- The number of profiles on social media that discuss parenting and offer coaching and training services is increasing...
- This tendency increases with the age of the children, from babies to teenagers.

23% of millennial fathers and mothers look for advice on how to educate and support their children in books.

31% of millennial fathers and mothers use apps to monitor the parenting of their children.





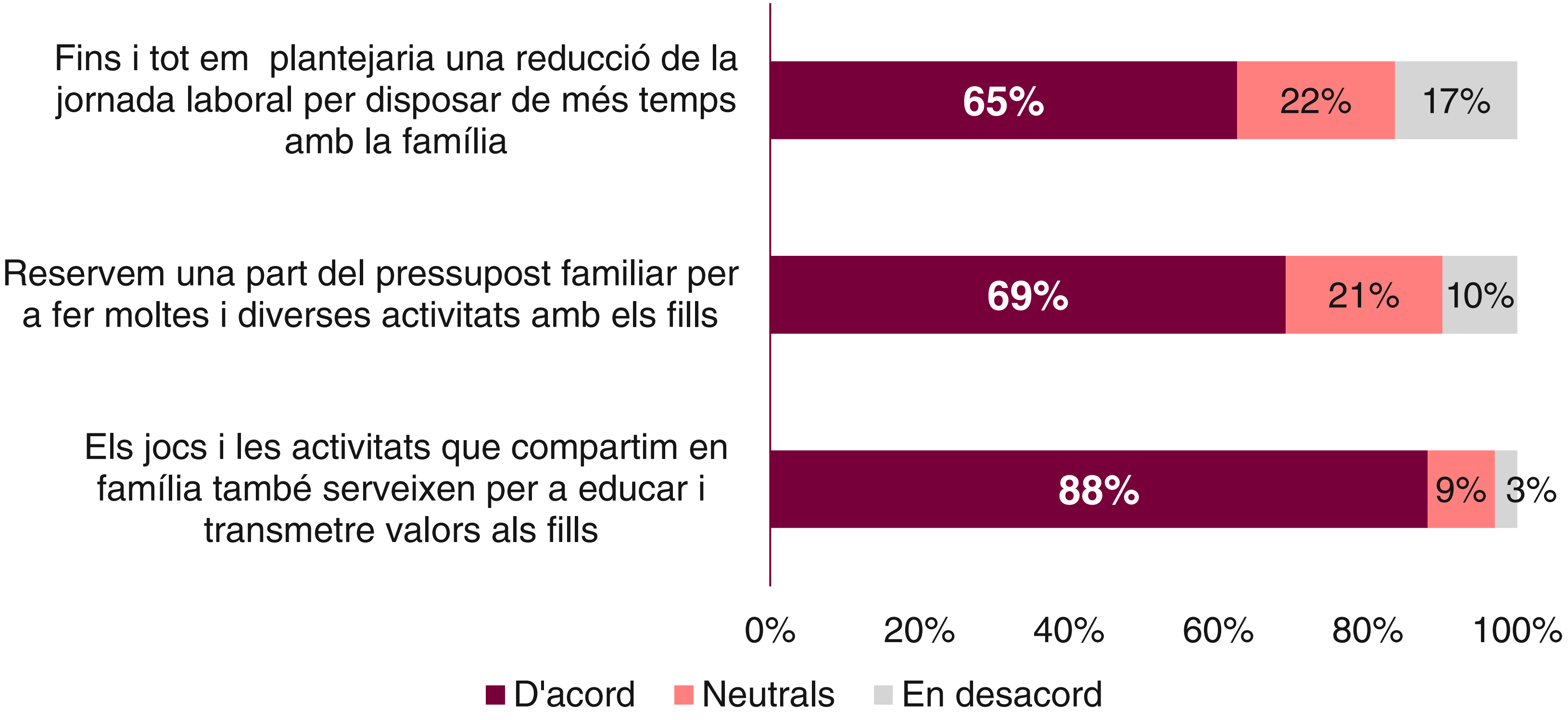
Source: *Kid's Cluster*

…prioritizing spending time with the family more and more…

Changes in the customer/end user

The **desire of families to be with their children** and offer them a healthy and safe life is growing

- Families regard it as key to spend free time with their children and they look for these spaces to add value and contribute to their educational values.
- Time is so important that more than 60% would be willing to reduce their income in order to spend more time with their children.



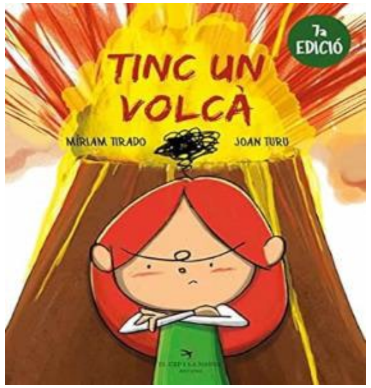
***Source:** Study drawn up by Gfk for Kid's Cluster, 2023*

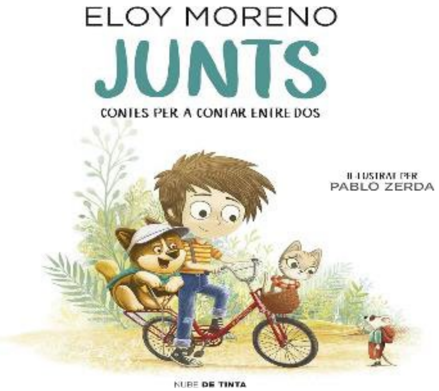
...choosing products and experiences to share spaces with them... (I)

Changes in the customer/end user

The **desire of families to be with their children** and offer them a healthy and safe life is growing

Products and experiences that succeed because they create **shared spaces for parents and children**.





Source: *Interviews*

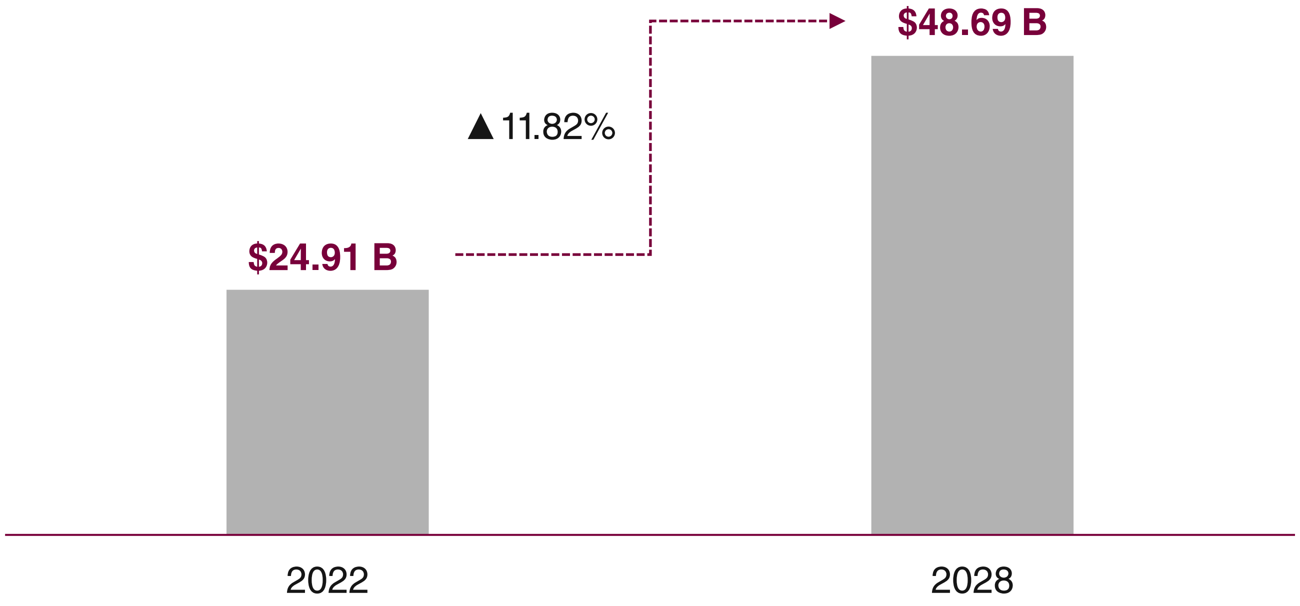
...choosing products and experiences to share spaces with them... (II)

Changes in the customer/end user

The **desire of families to be with their children** and offer them a healthy and safe life is growing

- Growth of the board games category, linked to *kidults* as a screen-free experience and shared family time.

Global board game CAGR, 2022-2028



Source: *Statista*

…choosing products and experiences that provide them with educational elements

Changes in the customer/end user

The **desire of families to be with their children** and offer them a healthy and safe life is growing

- Categories related to products and services that offer a more comprehensive education to children (such as educational games and healthy eating) are growing…

Source: *Interviews*

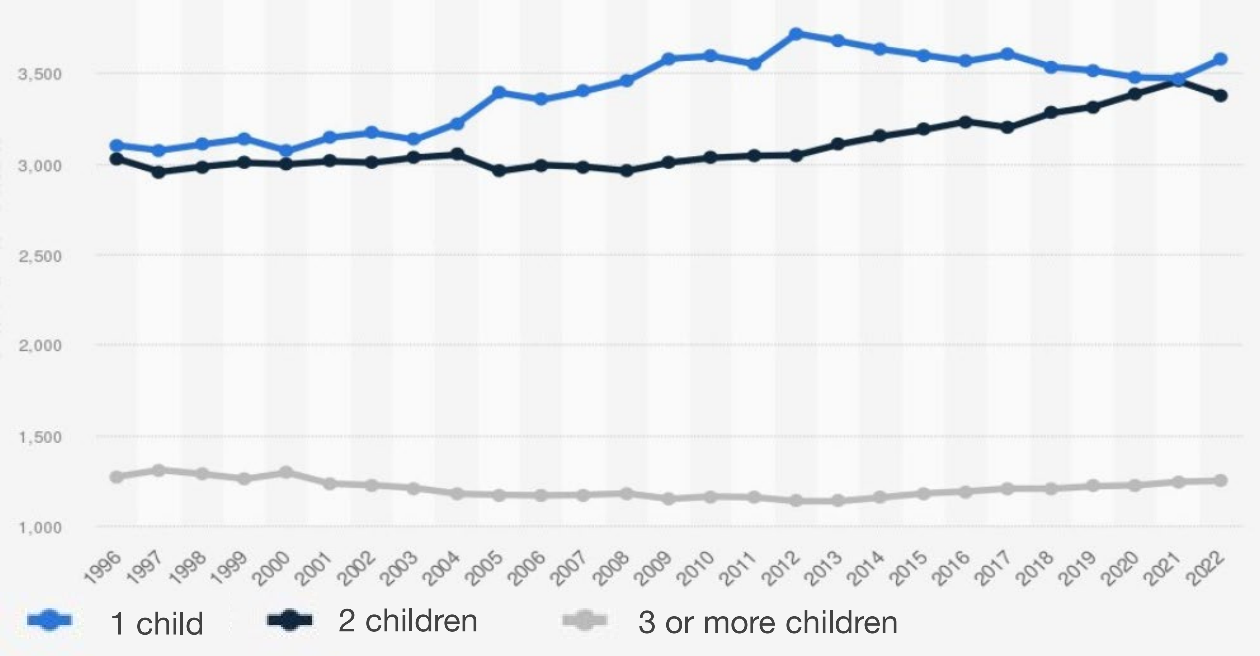
The parenting is focusing more and more on a single boy or a single girl...

Changes in the customer/end user

The **decision-making power of boys and girls** and **prescribers' ability to influence** is increasing

- Families have fewer children but they devote more time and a greater budget to them.
- The number of families with only one child is growing, with the parenting focusing on this boy or girl.
- In countries such as the United Kingdom, families with only one child are now the most common model, accounting for 44% of all families with children.

Distribution of families by number of children in the United Kingdom (number of families in thousands)



Source: *UK National Statistics*

ACCIÓ Catalonia Trade & Investment · Generalitat de Catalunya

Fem avui l'**empresa** del demà

...to whom they end up devoting a greater proportion of their expenditure

Changes in the customer/end user

The **decision-making power of boys and girls** and **prescribers' ability to influence** is increasing

- I increasing spending in proportion to families with only one child years ago.
- Although not enough to offset the decline in the child population.

The case of Germany

Average monthly expenditure for 1 child = 763 euros

▶ Increase in spending 16% vs. 2013

Average monthly expenditure for 2 children = 1,276 euros

Average monthly expenditure for 3 children = 1,770 euros

Source: *https://babyundjunior.de/*

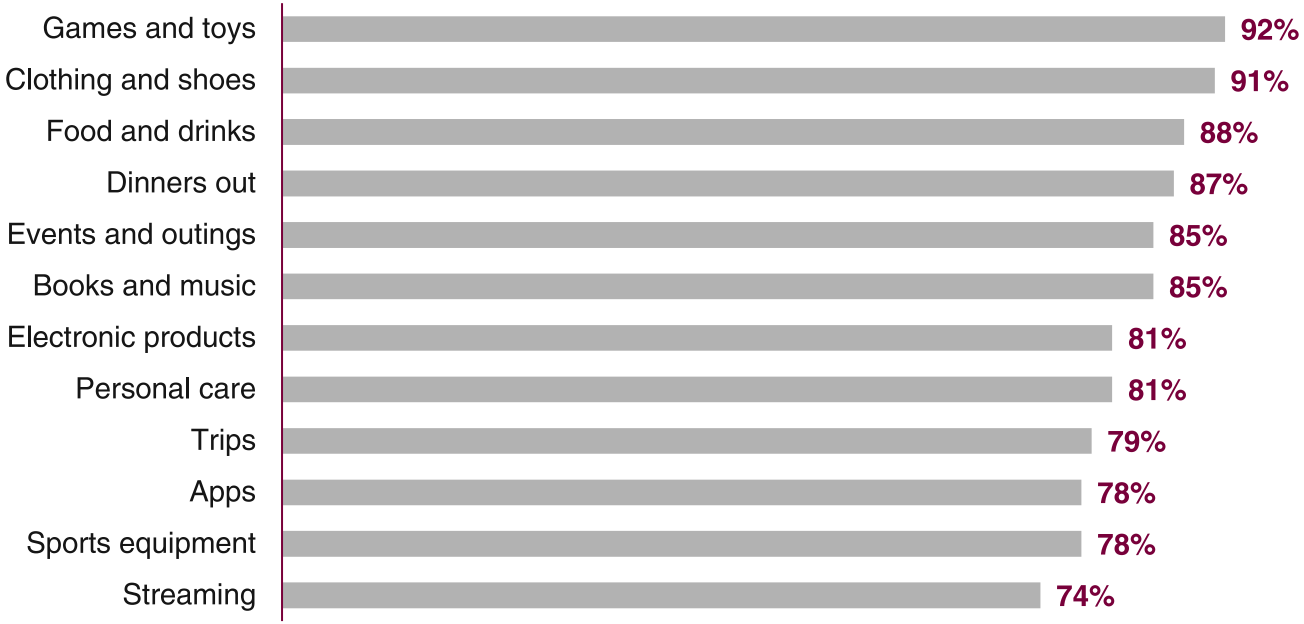
Trends and changes in the business (I)

Changes in the customer/end user

The **decision-making power of boys and girls** and **prescribers' ability to influence** is increasing

- 90% of parents in the USA declare that their children influence their purchasing decisions, especially in categories such as toys and clothing and even food.
- 72% of parents in the USA involve their children in the purchase process from the outset, allowing them to research or take into account ads or recommendations that they've seen online.

Categories boys and girls have the most influence on or those on which they can spend their money



Source: *https://porchgroupmedia.com/blog/marketing-to-the-generations-kids-influence-purchase-decisions/*

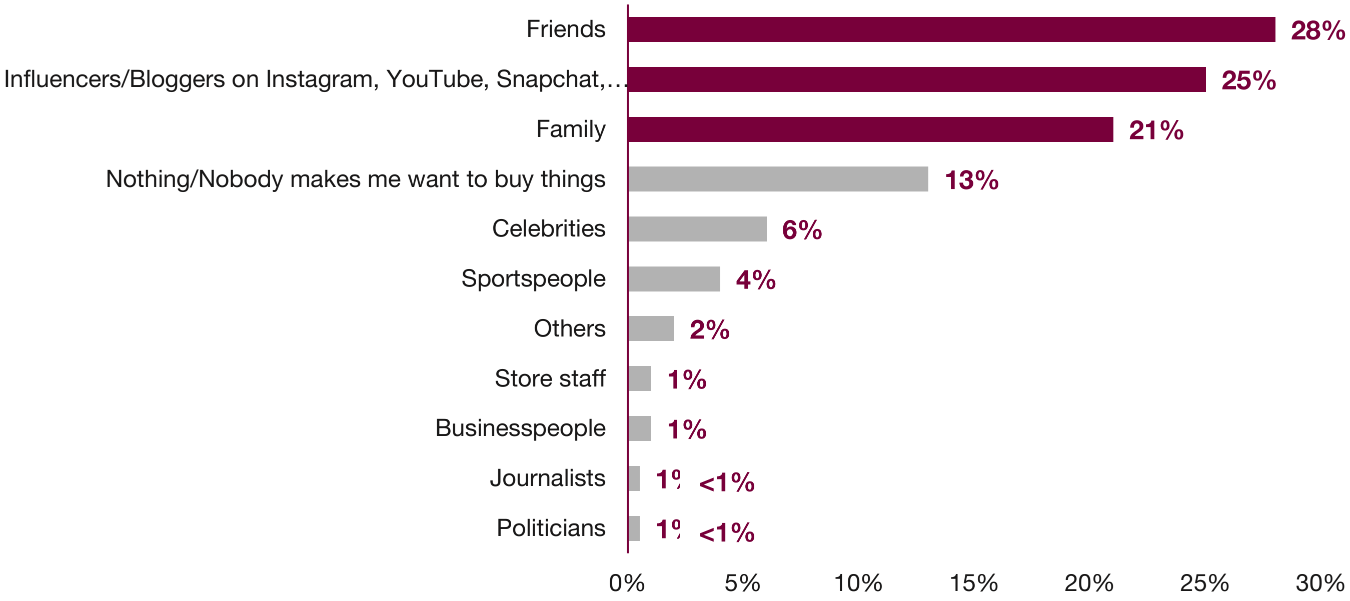
Trends and changes in the business (II)

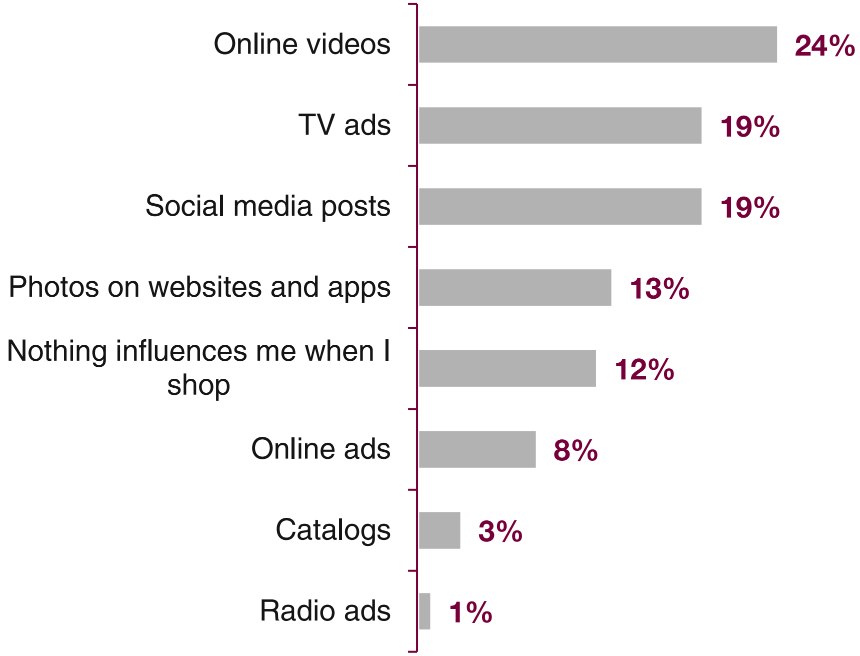
Changes in the customer/end user

The **decision-making power of boys and girls** and **prescribers' ability to influence** is increasing

The children of the **alpha generation**, born after 2010, are mostly influenced by friends and the family, but also by influencers, celebrities and contents seen on social networks and online.

Who influences you the most when you buy products?





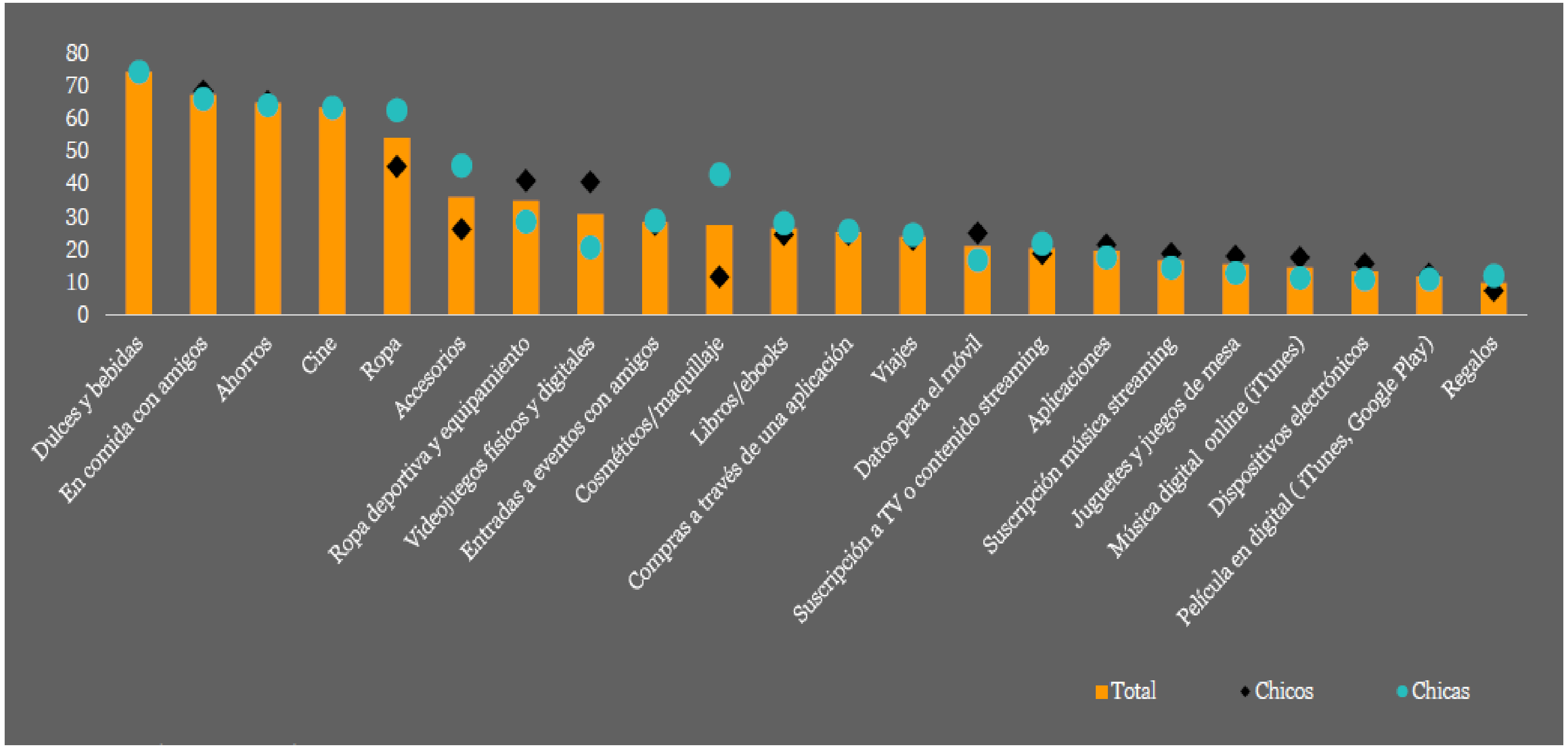
Source: *https://porchgroupmedia.com/blog/marketing-to-the-generations-kids-influence-purchase-decisions/*

The teenage segment often buy on the Internet and searches for information before making a decision...

Changes in the customer/end user

Evolution of a **new segment of teenagers** with new profiles and new preferences

- They have access to their own resources to save too, with an average of around €42 a week in Spain.
- Most of the spending is assigned to food, leisure and clothing.
- They're very skilled at looking for information (66% in Spain) and buying on the Internet.



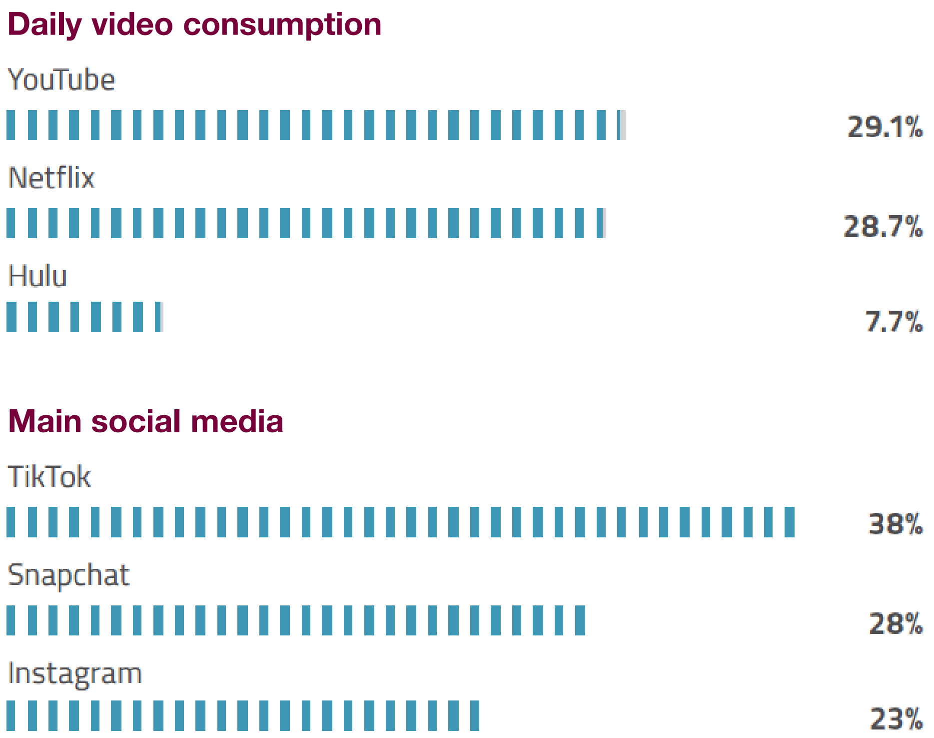
Source: *Report on teenagers. Live Panel*

…they make great use of social media…

Changes in the customer/end user

Evolution of a **new segment of teenagers** with new profiles and new preferences

- With high consumption of social media, but with a different distribution from previous generations and differentiated usage habits (less connected, with greater awareness of the need for privacy).



Source: *Piper Sandler research*

…with clear preferences for brands and purchase channels…

Changes in the customer/end user

Evolution of a **new segment of teenagers** with new profiles and new preferences

Main online shopping websites

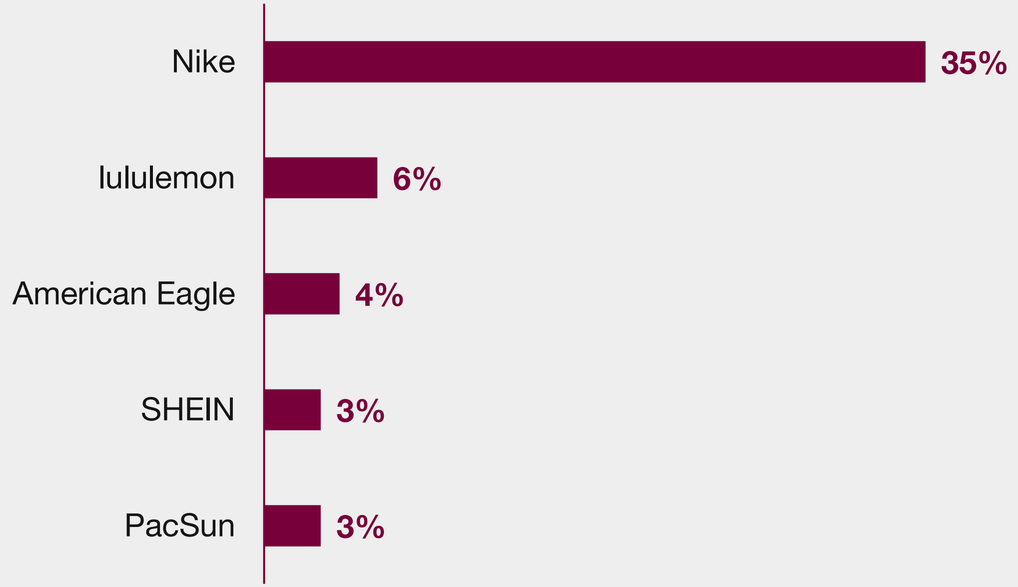
55%
Amazon

12%
SHEIN

7%
Nike

2%
GOAT

Favorite clothing brands



Source: *Piper Sandler research*

…and with marked preferences and concerns, although inconsistent choices may occur…

Changes in the customer/end user

Evolution of a **new segment of teenagers** with new profiles and new preferences

Main online shopping websites

55% Amazon	**12%** SHEIN
7% Nike	**2%** GOAT

18% care about the environment, the main social cause among the segment.

…but at the same time, it has less importance than available resources and following fashions.

Source: *Piper Sandler research*

…because there are general values they look for in products and services and also at work

Changes in the customer/end user

Evolution of a **new segment of teenagers** with new profiles and new preferences

- Freedom
- Loyalty (vs. faithfulness)
- Craftsmanship, differentiation but with an impact on the volume
- Sustainability
- Immediacy, convenience
- Transparency
- Ability to project

When it comes to choosing products and services…

...and in the future when it comes to choosing work or professional projects.

Source: *Report on teenagers. Live Panel*

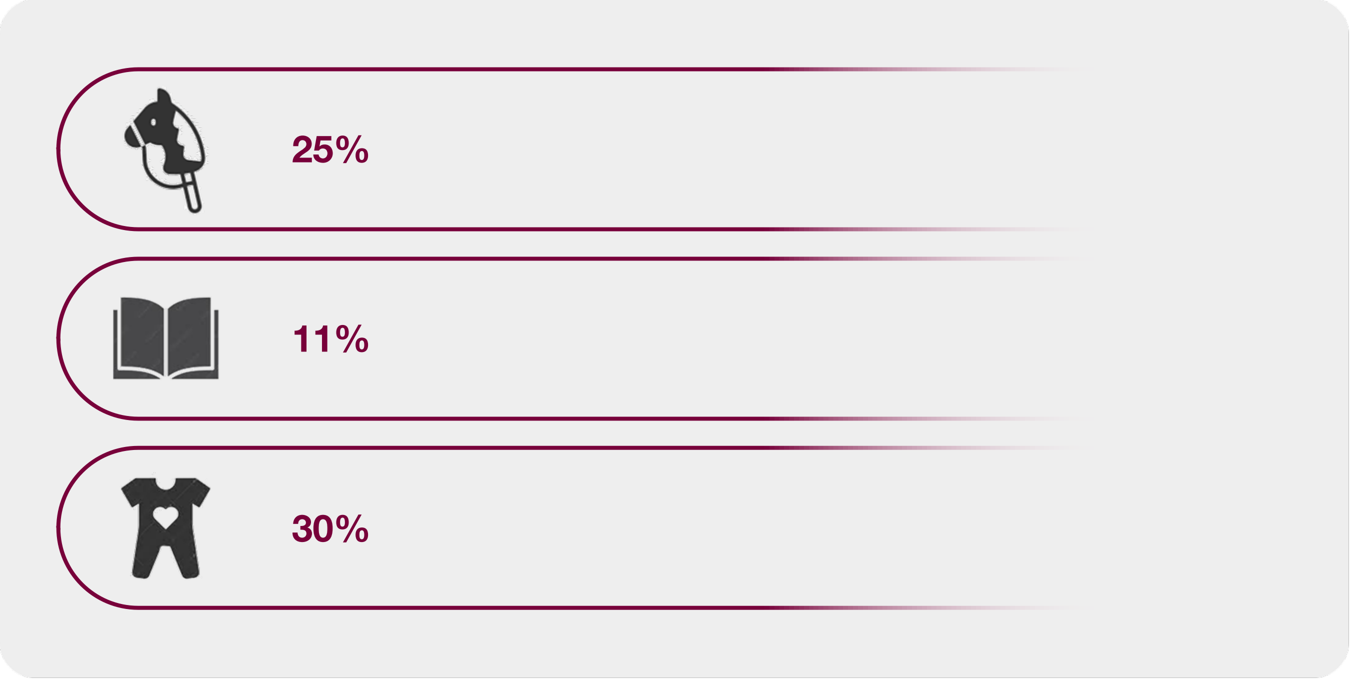
In some categories the online channel accounts for over 25% of total sales

Changes in the sales channel

The **online channel** is growing in all the categories

- The influence of the online channel on the main markets is linked to the development of the online channel of the most generalist category, not only that of children.
- There are categories in which the influence of the online channel has clear importance, such as toys, with specialized online pure players and players like Amazon, as well as fashion, especially brands that have been born digital and online branches of large fashion companies that have a children's line.

% online channel in the main world markets for children



Source: *Statista*

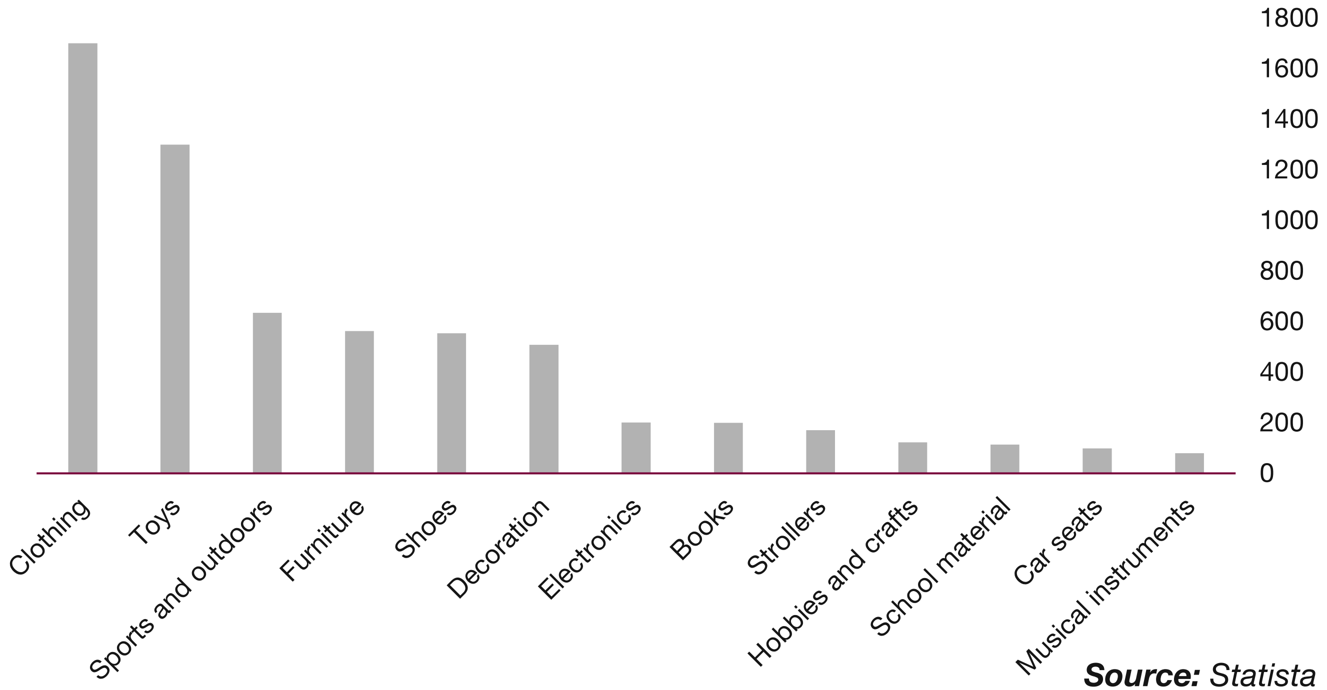
In the USA, the second-hand market for children’s products is now worth $1.8 M

Changes in the sales channel

The volume of **second-hand sales** is increasing

- The second-hand sales channel is growing in multiple categories, especially toys, childcare and clothing.
- In the USA, total second-hand sales related to children were estimated at over 5,000 million dollars in 2021.
- Parents shop via platforms like Wallapop and Vinted, second-hand stores as well as new business models focused on formats such as rental or and subscription.

Second-hand sales market volume of children’s products in the USA, 2021 (in $M)



Source: *Statista*

Companies are seeking to open new market segments such as the one for teenagers...

Changes in the industry

Opening of new markets to offset the fall in the child population

Source: *Interviews, company websites*

...and even in the more adult segment, focusing on *kidult* profiles...

Changes in the industry

Opening of new markets to offset the fall in the child population

The ***kidult* segment** now accounts for more than 25% of global toy sales and it's the fastest-growing segment, according to NPD, leading to improved profitability, as product prices are much higher on average.

Source: *https://www.cnbc.com/2022/12/19/kidults-biggest-sales-driver-toy-industry.html*

...to completely new but clearly-growing segments

Changes in the industry

Opening of new markets to offset the fall in the child population

The increase in the **number of pets** makes this a growth category and a potential avenue of diversification for some business categories such as toys.

LANCO®

BARCELONA·1952

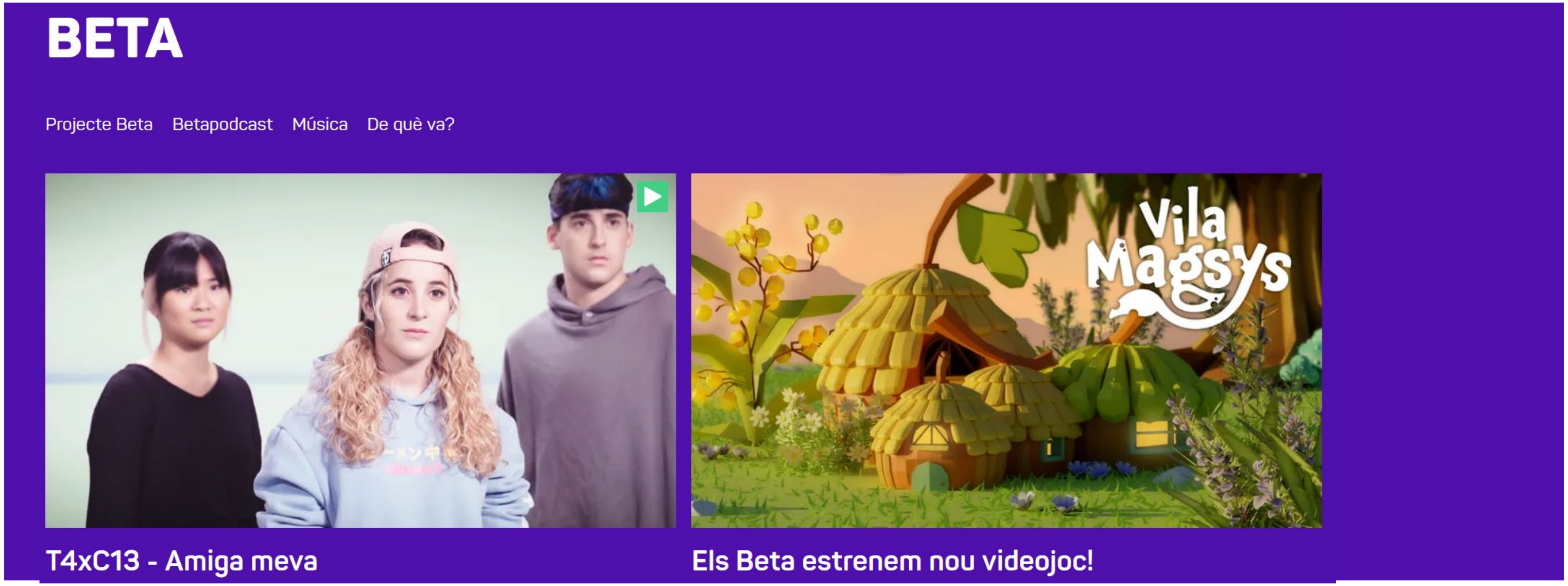
Source: *Company website*

Companies are seeking to extend the products' lives and expand their business and profitability options under a single IP - content

Changes in the industry

They're working on hybridizing technologies, products and experiences to **extend the life of the products**

Transmedia contents from the outset, e.g. Beta: fictional series, video blog episodes, podcasts, music and video games.



T4xC13 - Amiga meva

Els Beta estrenem nou videojoc!

Source: *CCMA*

4. Challenges and recommendations

Main challenges

Innovation and development of new products and services

Development of new market segments and new geographical markets

Digitization and technology - big data and AI

Attraction, management and training of talent

Sustainable products, services and models

Source: *ACCIÓ*

Main challenges and potential areas of work (I)

Innovation and development of new products and services

New products and services that lead to:

- Greater connectivity solutions
- Products and experiences shared by the family
- Security - reliability vis-à-vis parents - family
- New market segments (teenagers, *kidults*, pets, etc.)...

Co-creation between companies in the chain (manufacturer - space experience).

Sustainable products, services and models

- Rethinking products, services and the organizational structure from the standpoint of decarbonization.
- Applying eco-design principles to products aimed at the segment.
- Offering new business models that encourage more circular consumption formats (rental of materials, purchase and sale of refurbished second-hand products, etc.)
- ...

Attraction, management and training of talent

- Attracting young talent as a key strategy to develop and co-create new products and services.

Source: *ACCIÓ*

Main challenges and potential areas of work (II)

Development of new market segments and new geographical markets

- Opportunities in the teenage market segment.
- Opportunities in the *kidult* market segment.
- Opportunities in the pet segment.
- Second-hand sales channel opportunities.
- Non-formal education business development channel.
- Leisure business and family tourism development.
- Opening of new geographical markets in areas of influence and growth (Latin America).
- Opening of new geographical markets in growing countries in the segment (Africa).
- ...

Digitization and technology - big data and AI

- Hybrid models - games with online add-ons / digital content add-ons.
- Development of transmedia contents from the outset and adaptability for distribution on different platforms and social media.
- Business intelligence solutions, user knowledge and use of applications.
- AI solutions in digital contents, *edutech* apps...
- ...

Source: *ACCIÓ*

5. Annex: Methodology for the mapping and interviews

Methodology for the mapping of the children’s product sector in Catalonia

- Integration of previous databases linked to the child and family segment in Catalonia or related sectors.
- Research and incorporation of companies with sector codes or keywords related to the sector in Catalonia (children, family, teenagers, etc.).
- Research and incorporation of startups related to the children and family segment (ACCIÓ startup directory).
- Downloading of the data of all the companies with available data and some from the last 4 years via the Sabi Online application.
- Analysis and estimate of the turnover assigned to the segment of the downloaded companies to categorize the activity and segment to which the company in question belongs.
- Data used and invoice data processing:
    - Invoice year: 2022, provided that the data for that year are available. If they aren’t, the latest available data are used.
    - Estimated data not available (n.a.) in all cases.

List of interviews conducted as part of this project

Companies	Contact person interviewed	Company activity
Hamelin Brands	Anna Pla	School material
Marinva	Imma Marín	Consultancy
Penguin Random House	Anna Gago	Children’s publisher
Port Aventura	Choni Fernández	Entertainment
Eix Estels	Jaume Ramos	Out-of-school activities
TV3	Vanesa Hernández	Children’s media
Danone	Antonio Torres	Food
Hosp. Sant Joan de Déu	Jaume Pérez Payarols	Children’s health
Jovi	Javier Díaz	School material
Abacus	Àlex Pérez	Retailer
Jané	Joan Forrellad	Childcare
Crisàlide	Jordi Font	Audiovisual production and consultancy - Teenagers

Thank you!

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