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# **Analysis of Chinese Toy Market in India with special reference to Toy Sellers: A study of Delhi NCR**

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**Abstract---**The study “*Analysis of Chinese Toy Market in India with special reference to Toy Sellers: A study of Delhi NCR*” is an attempt to analyse the impact of Chinese toys available in Indian market on Indian Toy Industry and to discuss the various issues related to the availability of Chinese toys in Indian Market in views of toy sellers in India. India is well known in world market as it has approximately 1250 games and toys exporters, manufacturers, and suppliers. Yet toys made in China have confined by its unique features, techniques and low pricing as over 70 per cent of all toys sold in Indian market are coming from China which is somehow upsetting the Indian traders of toys. China is a big fan of electronic toys and games because they give new ways to teach youngsters while having fun. This is somehow, creating hurdle for Indian Toy Industry in India.

**Keywords---**Indian Toy Market, Chinese Toys, Toy sellers, Kids Health Issues, Indian Government Policies.

**Introduction**

India has approximately 1250 toys and games manufacturers, exporters and supplier and is well known in world market. The worldwide toy market is about \$85 Billion US Dollar and the toy market in India is worth 850 Million US Dollar of the global toy market. The Indian Toy industry is enormous and rising but it requires more structured view to visage the challenges of circulation and marketing at global level. China is a major toy producer and as a major percentage of Indian buyers take cheap, non branded toys and games from retailers basically are non-

grocery retailers. It is estimated that about 75% of toys worldwide is made in China. Therefore, China is able to affect the Indian toy market. Majority of the market is served by Italy and China and only 20% is served by Indian manufacturers.

## **Review of the Literature**

The Indian market and units are adversely affected by made in China products as there huge quantities are put into Indian market. Made in China products not only the local business but also affecting the export market of India. Every segment of Indian market is gradually captured by Made in China products such as, toys, medicines, electronic goods, car components etc. Both India and China have integrated well towards the global economy. China specialises in large exports of low-cost items, whereas India concentrates on specialist markets. (Bensidoun I., Lemoine F., Ünald., 2009). India and China are still a long way from forming the broad economic cooperation that some officials anticipate as a result of the trade tensions triggered by the 2008-09 ban, WTO discussed about ban and anti dumping strategies etc (Wonacott P., 2009). Through H-O Theorem's it is found that India's inflexible labor laws, restricted trade strategies, low labor involvement rate and low productivity of labor have all been the major attributes in amplification of India's relative disadvantage to China related to the below average contribution in the development of entire trade versus China (Malhotra M., 2011). India has strenuous more deeply on services whereas China has targeted greatly on exports of end products. The stagnant trade aspect of expansion in India and China uncared for investment-growth linkage that may intensify the special effects argued in advance research and affect the results (Dimaranan B., Ianchovichina E., Martin W., 2007). India and China's bilateral trade promises to be the most powerful tool for resolving their political differences and facilitating progress in realising their strategic partnership for the future (Singh S., 2005). Indian information technology firms are working to gain direct access to the Chinese market, whereas Chinese manufacturing companies are dominating in India. Both are grabbing market share from in their respective fields but somewhere low quality of Chinese toys are affecting adversely, yet, Chinese toy producers have quickly seized a 70% share of the Indian market (Dawar N., 2010). The toy industry in Hong Kong makes out the core values and major success reasons in premeditated sourcing; also, to observe the importance of tactical sourcing. The planned sourcing in the toy industry in Hong Kong is not effectively implemented and padding behind the level of importance of strategic sourcing. This may be prime concern in the case of Indian toy industry (Chan TCT, Lam K, 2010). The Indian Toy Industry is in its budding stage and requires a bundle of support from government for the enhancement of existing technologies, R & D facilities, Designing Centers, Toxicity issues etc. The role of Toy sector is significant has a significant in education and growth of children and youth who encompasses for more than half of India's population. This side has not been given due identification, and the result of this is a low performance of toy sector in India (DIPP, NPC Delhi). Local Brands and some Imported Brands (Chinese) toys contribute more for sales due to cheaper in price and also contribute more margins to the retail outlets. Branded toys are appreciated owing to their high quality and non-toxicity (Rahman N.A, 2010).

The above literature helped in reviewing India-China bilateral trade relation for toys. Feeling the urgency of such research based on threats and opportunities generated in Indian market due to availability of Chinese toys, the present research titled "*Analysis of Chinese Toy Market in India with special reference to Toy Sellers: A study of Delhi NCR*" took place.

### **Objectives of the study**

The following are the objectives of this study paper:

- To analyze the strategies in the context of availability of Chinese toys in India at very low price.
- To investigate why, despite having a large labour force and ranking first among service providers, India remains incapable to compete with China in the toy industry, much alone the domestic market.
- To study the views of sellers against China labelled toys offered in Indian Market.
- To analyze the impact of made in China toys available in Indian Market on Indian Toy Industry.

### **Hypothesis**

The analysis will be done on the basis of following hypothesis:

**Null Hypothesis ( $H_0$ ):** The null hypothesis is established by assuming that Indian toy industry may not compete with Chinese toy industry even in its domestic market.

**Alternative Hypothesis ( $H_1$ ):** The alternative Hypothesis is established by assuming that being labour abundant country by using its skills and upgrading technical knowledge, Indian toy industry may compete with china not only in domestic market but in third country also.

### **Research Methodology**

The study primarily focused over competition of Indian toys with Chinese toys (the import and sale of Chinese products in India at lower price). For this, the coverage of the study was as follows:

**Universe:** The present study is focusing over the availability of Chinese Toys in Indian market. The universe for this study was taken as Delhi NCR.

**Sampling:** The research was concentrated on Firms, Agencies, Suppliers and Retailers associated in the trade of Chinese Toys available in Delhi NCR. 300 sellers were identified who were dealing in ten (10) specific types of toys were selected as Soft Toys, Educational Toys, Electronic Toys; Wooden based toys, Metal Toys, Plastic Toys, Dolls, Activity toys, toys for infants, Ride on Toys as sample from different market of the Delhi NCR.

**Data collection:** This study drew on both primary and secondary data sources. A standardised questionnaire was used to obtain primary data from toy vendors in Delhi, Haryana, and Uttar Pradesh. 300 toy sellers were targeted to get interviewed whereas 322 sellers were contacted but the data and information

collected from 78 sellers did not provide complete data. Hence completed, genuine and relevant data collected through structured questionnaire from 244 sellers were included in this research. The secondary data was collected from various published sources like session report, annual report of councils, institutions and associations, research journals, periodicals, Government documents and research reports. The secondary data supplemented the primary data.

### Data Analysis

The collected data was analyzed and processed through computer by using SPSS packages. To frame inference of the study, various statistical tools like Mean, t-test, correlation and regression etc. were used and an attempt was made to achieve the objectives and test the hypothesis.

<b>Descriptive Statistics (Sellers)</b>		
	<b>Mean</b>	<b>Std. Deviation</b>
style_toy_mostly_preferred	1.22	.418
customers_prefer_purchase	917.93	3084.879
customer_purchase_influenced_by_cartoon character	1.19	.396
choice_important	1.68	.628
purchase_influence_by_toy_brands	1.40	.548
parents are having awareness about the various toy brands	1.45	.498
purchase_influence_by_toy_brands	1.40	.548
toys_prefer	2.72	1.400
toys_better_asper_knowledge	2.11	1.285
Chinese_products_capturing Indian Market	1.62	.840
Indian_products_expensive_no_margin	1.70	.820

### *Beta and T-test (Sellers)*

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Sellers					
Constant: aspect_influence_customer	-3052.390	1632.032	.414	-1.870	.067
Dependent: which_cartoon_character	1514.040	457.795		3.307	.002
Constant: see_manufacturing_	.889	.107	.420	8.306	.000
Dependent: customers_about_toxics	.451	.063		7.125	.000
Constant: toys_prefer	1.010	.110	.376	9.157	.000
Dependent: Chinese_products_capturing_Indian_Market	.226	.036		6.252	.000
Constant: needed_targeted	1.281	.102		.287	12.578

Dependent: cost_over_taste	.239	.052		4.577	.000
Constant:					
Indian_products_expensive_nomargin	.784	.056	.659	13.923	.000
Dependent: motivate_parents_earn_margin	.402	.030		13.482	.000
Constant:					
seek_guaranties_warranties_aftersale	.064	.050	.814	1.271	.205
Dependent: provide_guaranties_warranties_after sale	.968	.045		21.535	.000

### Correlation Analysis

The analysis with the help of Correlation of the information collected from sellers of toys thorough structured questionnaire with seven possible combinations is as follows:

- Correlation between variables named **style\_toy\_mostly\_preferred** and **customers\_prefer\_purchase** is negative with -0.199, which means customers preferences are not based on the specific style of toys available in the market. They just focused only over the good appearance and look like cartoon character as seen in TV.
- Correlation between variables named **customer\_purchase\_influenced\_by\_cartoon\_character** and **which\_cartoon\_character** is also negative (-0.168), which means customers are influenced by cartoon character but not with specific character. The survey revealed that mainly ChotaBheem, Doremon, Micky Mouse, Tom & Jerry, Ben 10, MotuPatlu, Hanna Montana and similar character based toys are in high demands which are available as made in China.
- Correlation between variables named **Ways\_choice\_important** and **purchase\_influence\_by\_toy\_brands** is positive with +0.466, which means purchase of toys are influenced by toy brands. Kids generally focus on good brands available for toys like Barbie, Lego, Funskool, Playskool, Disney, Fisher-price, Hot-wheels etc.
- Correlation between variables named **parents\_are\_having\_awareness\_about\_the\_various\_toy\_brands** and **purchase\_influence\_by\_toy\_brands** is positive with +0.693, which means kids as well as parents have good awareness about the toy brands available and they primly purchase the branded toys (as per the income position of parents).
- Correlation between variables named **toys\_prefer** and **toys\_better\_asper\_knowledge** is positive with +0.519, which means there is an impact of toys made in India or China as parents generally focus on attractive and low cost toys rather durable.
- Correlation between variables named **toys\_prefer** and **Chinese\_products\_capturing\_Indian\_Market** is positive with +0.376, which means that the preference of toys are primly of those goods which are Chinese, it helps Chinese toys to capture Indian market.

- Correlation between variables named **Indian toys expensive no margin** and **Chinese products capturing Indian Market** is positive with +0.685, this clearly shows the actual position of Indian market and the approach of Indian traders of toys that Indian made toys are quite expensive and provide very less margin whereas Chinese toys are quite cheap and provide handsome margin which push most of the traders to sell Chinese toys in comparison to Indian toys. This provides huge opportunity to Chinese toys in Indian market.

### **F-Test Analysis (Interpretation)**

**Between aspect\_influence\_customer and which\_cartoon\_character:** The calculated significant value of F is  $0.002 < 0.05$ . Because of this, it may be analysed that significant difference is found between the mean numbers of variables 'aspect\_influence\_customer and which\_cartoon\_character'. The 1514.04 B value is the precise difference between the two means, adding it to the constant yields the mean for which cartoon character.

**Between see\_manufacturing\_details and customers\_about\_toxics:** The significant value of F is  $0.001 < 0.05$ . As a result, it is found that there is a substantial difference in the mean number of variables 'see\_manufacturing\_details and customers\_about\_toxics'.

**Between toys\_prefer and Chinese\_products\_capturing\_Indian\_Market:** The significant value of F is  $0.002 < 0.05$ . It has now been determined that there is a statistically significant difference between the mean numbers of variables 'toys prefer and Chinese products capturing Indian Market'. The 0.226 B value is exactly the difference between the two means, so that adding it to the constant produces the mean for Chinese\_products\_capturing\_Indian\_Market.

**Between needed\_targeted and cost\_over\_taste:** The significant value of F is  $0.001 < 0.05$ . There is a considerable difference in the mean numbers of variables 'needed targeted and cost over taste', according to the analysis. The 0.239 B value is the precise difference between the two means, thus adding it to the constant yields the cost over taste mean.

**Between Indian\_products\_expensive\_no\_margin and motivate\_parents\_earn\_margin:** The significant value of F is  $0.000 < 0.05$ . It is analyzed that there is significant difference between the mean numbers of variables 'Indian\_products\_expensive\_no\_margin and motivate\_parents\_earn\_margin'. The 0.402 B value represents the difference between the two means, adding it to the constant yields the mean for motivate\_parents\_earn\_margin.

**Between provide\_guaranties\_warranties\_aftersale and seek\_guaranties\_warranties\_aftersale:** The significant value of F is  $0.000 < 0.05$ . The conclusion is that there is a significant difference in the mean number of variables 'provide\_guaranties\_warranties\_aftersale and seek\_guaranties\_warranties\_aftersale'. The 0.968 B value is the precise difference between the two means, and adding it to the constant yields the mean for provide\_guaranties\_warranties\_aftersale.

### Testing of Hypothesis

The alternative hypothesis was set by assuming that being labour abundant country by using its skills and upgrading technical knowledge, Indian toy industry may compete with china not only in domestic market but in third country also.

### Result

Accepted, Indian retailers and manufacturers lack the scale, skill, and speed to compete on a global scale. China's producers prepare toys for the entire globe while keeping their needs in mind; this aids in conquering the world's 70% toy market.

### Findings

The study has the following findings:

- Study says that Chinese goods are comparatively not costlier, easily available at large scale and give large earnings to the merchants.
- Some toy producers in India are importing made in China products and selling under their own label.
- Retailers do not have any issue of the manufacturing; the focus is mainly on what the customer wants.
- As per the sellers, Chinese toys are having a variety and quality of products and margin is more in Chinese toys as compared to Indians.
- More preference of toys are generally put by the child as per the needs.
- Guaranties & warranties are very less required in toys.
- Sellers are having perception that there is no variety of Indian toys in market.
- For places like rural, lack of awareness is a serious issue as they are not able to judge about and brand.
- Retailers' focus is on sales and margin, irrespective of toys 'Made in India' or 'Made in China'.
- The import tariff on raw materials is substantially greater than on finished toys, which has demotivated toy manufacture in India as well as persuaded trading and importing products.
- Technology gap is the major problem faced by Indian Toy Industry.
- 50% of the toy market in India is of Electronic toys & games and battery functional toys and this is missing in India, due to this reason they are being imported primarily from China.
- Lack of variety in toys and launching of new products due to low scale of production and operation and high investments.
- The toys makers are in a great call for external proficient design support for designing new toys.
- To offer new products and development of innovative cum novel toys, unique research is required.

### Review of Data Collected From Retailers

The response and data collected from Sellers / Retailers are analyzed as follows:

- Children are now more focused on modern toys rather than on traditional toys.
- All types of toys are preferred by customers whereas Soft toys and activity toys are mostly preferred.
- *Generally, toys last for 6 months to 1 year some toys have long span while some takes very less time to last.*
- There is a mixed influence seen in TV advertisement catalogue and internet. Retailers also don't have a concern on this section and even they don't bother to ask all such questions.
- Cartoon characters are major influencer for children for buying toys.
- Generally all cartoon character influenced purchase decisions of toys, china takes the advantage of this and launch toys linking with such cartoon characters.
- Children choice is more important now a day that is why they are mainly focused by retailers for the purchase.
- Appearance of toys plays the most important role in purchasing a toy.
- People are having awareness about the brands of toys in the market.
- Toys brands are having influence on general purchase decision.
- Manufacturing dates and details are not the major concern for majority of buyers and some toys even not have such dates printed on them.
- Customers do not care about the country name where the toy has manufactured but some of them preferred to buy the toys made in India.
- Although very few individuals are sensitive to toxics knowledge, the study found that most people are unaware of toxics that may affect their children.
- According to retailers, Chinese products are better as these have wide variety, and they are more preferred by parents and other customers.
- Retailers stated that Chinese toys are not only capturing Indian toys share but capturing the whole market in India.
- Indian toys are having fewer margins as compared to Chinese toys that is also the reason, they are more focused by the shopkeepers and retailers.
- Sellers think children are to be targeted more but majority thinks both parents as well as child need to be targeted.
- Cost of the Chinese toys is having influence over taste when it comes to purchase.
- Majority retailers motivate parents because of the margin whereas others don't think for margin there is need to motivate them.
- Very few customers seek guarantees, warranties & after sale services for the toys, hence move towards Chinese toys.

## Conclusion

With an increase in the availability and accessibility of Toys and Games in the market, as well as an increase in the individual's disposable income, typical household expenditure on Toys and Games has been growing in India. Indian toy producers are always attempting to meet the expectations of parents and children for lookalikes. In India, manual labour strength is accessible in huge number but ways to make money are dropping. India ought to look into its organization to reduce the import of Made in China toys. To protect the conjugal firms from the Chinese toys there is a straight necessity to change the strategies and to add



duties. Apart from this, India critically needs to work on its infrastructure and proficient use of natural resources to contend at cost level and superiority.

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