

Change in Australia's prime ministerial leadership, weak Australian dollar, rising unemployment rate and falling consumer confidence are the key factors currently feeding the national economy. In response to such gloomy conditions, the reserve bank implemented the first rate cut for the year in May to a low 2.75%, hoping to boost consumer spending. The low dollar along with the rate cut has certainly stimulated buyer activity in the housing market though effect on the retail sales is minimal. According to the newly released ABS data, retail sales figure for the month of June was flat versus an expected 0.4% rise, annual sales growth was a mere 1.1%. Most components of the retail market have recorded weak or negative growth except the eating and drinking factor. *Department Stores* and *Other Retailing* recorded the most declines over the year.

According to NPD Australia, the weak consumer spending on toys has been evident throughout the year. Volume sales recorded decline in all months, while value sales was saved by the increased average price as the low price trends (which was strong in the last 2 years) faded.

Looking at the Toy Catalogue period (calendar week 25-30), the rate cut in May appears to have barely had an effect in boosting toy purchases. Volume sales remains low (-14%) along with a flat value growth. Among the 11 categories tracked by NPD, 6 categories saw value growth while the others had volume and value decline. Category Building Sets enjoyed the most increase, unsurprisingly driven by Lego. Categories Plush and Youth Electronics are the next in line for growth; behind the success this year are the Disney Monster University and Despicable Me plush driven by the movie releases, and the interactive Furby toys that continued to do well since being relaunched late last year. Category Infant & Preschool Toys also tracked strong sales though growth was not coming from core brands, in fact driven by licenses Peppa Pig, Disney Minnie Mouse and Disney Jake The Never Land Pirates.

On the negative end, category Vehicles continued to decline for the second year after the Disney Cars peaked in 2011, hopefully Disney Planes with its movie scheduled for release in August 2013 will bring more excitement. Category Dolls had Monster High adding significant value and taking dollars away from ever-green Barbie, whilst small dolls Littlest Pet Shop and My Little Pony continued to track declines going against a strong performance of Lego Friends building sets.

Overall the best performing property during Toy Catalogue this year was Teenage Mutant Ninja Turtles which added \$5.4m to the market, with majority of sales concentrated in Action Figures toys, and also extended to other licensed toy including building sets, outdoor & sports toys, plush and games.

CATEGORIES IN GROWTH	
Building Sets	9%
Plush	17%
Youth Electronics	29%
Infant/Preschool Toys	3%
Outdoor & Sports Toys	2%
Action Figures & Acc	2%

CATEGORIES IN DECLINE	
Games/Puzzles	-6%
Arts & Crafts	-8%
Dolls	-5%
All Other Toys	-18%
Vehicles	-15%

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