

Toy Industry Newsletter



July 2010 Edition

I. What is a Viral Video and how can it help your business? By David Fitzgibbons

You waited in line 6 hours at the Apple store and your time has finally come. \$500 later and you are now the owner of a brand new Apple iPad. You take your iPad back to the office and you do the unthinkable...you stick it in a blender and mix, blend, puree and liquefy your iPad into one cup of gray powder. And 7,200,000 people watched you [do it on YouTube](#). \$500 spent and 7.2 million potential customers viewing your product – a blender. Blending the iPad sent droves of visitors to [Blendtec's website](#); including me. I left when I saw the prices of the blenders and realized I don't actually blend anything. The point is that I was aware of the website only because of the viral video.

A viral video is a video that becomes popular through the process of internet sharing; either via a video sharing site (example: www.YouTube.com) or via email. Humor is often a characteristic of viral videos, but not a defining one. A viral video may or may not be professionally prepared. A video becomes "viral" as soon as it is "passed" (electronically) from one person to another.

Some companies see the value sites like YouTube.com offer their company as an opportunity. **Office Max** developed an internet video campaign entitled "[Penny Pranks](#)" where a man attempts to purchase big-ticket items using only pennies. These videos, which became viral, successfully highlighted Office Max's back-to-school product offerings (i.e. pencils, erasers, rulers, etc for a penny).

Your ability to produce a compelling, interesting or just plain funny video can be the difference maker for an otherwise boring product. What could be more boring than blenders and yet **Blendtec lays claim to over 101 million views on YouTube**. Blendtec doesn't even have to pay for advertising time because uploading a video to YouTube is free. Free to you however doesn't mean free to YouTube. A recent report by **Credit Suisse** estimates that the cost of YouTube's bandwidth (the communication channel) costs **Google** (they own YouTube) \$360,000,000 a year; not a bad deal for the up-loader (Blendtec, et al) if you ask me.

The question you may be asking yourself is have the Blendtec "Will it blend" videos really sold any blenders? Since the videos became viral sales have been up 500% and are still climbing. It must be noted that YouTube is a viable means to distribute your message and if properly crafted, your message can generate buzz, inform customers about your products and increase sales. Broadcast viewership for 18-24 year-olds has peaked with those viewers turning to Youtube.com or Hulu.com, etc to get their entertainment. It won't be

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long before that trickles down the kids 8-18. The internet is here to stay...isn't it about time you started using it?

II. Jobs Available

Director of Product Development - LA

- Spec: Able to take a product from *ideation* to completion. Knowledge of electrical (& electronics) is essential. Experience with metal a plus.
- Location: Los Angeles, CA
- Salary: \$100,000 plus full medical and dental, etc.

Product Planner

- Spec: Must be able to keep PD on-time and under-budget.
- Location: Los Angeles, CA
- Salary: \$75,000 plus full medical and dental, etc.



Vice President of Product Development - Miami

- Spec: Must have verifiable exp identifying trends and ideating products. Be prepared for a questionnaire detailing that exp.
- Location: Miami, FL
- Salary: \$100,000 plus full medical and dental, etc.

Vice President of Sales

- Spec: Must have experience with **Preschool** and **Electronics**. Must have experience at **Wal-Mart, Target, K-Mart** and **TRU**– Do Not Apply Without!
- Location: Miami, FL
- Salary: \$100,000 plus full medical and dental, etc.

Brand Manager

- Spec: Must have prior Brand management with a CPG product/company.
- Location: Virginia
- Salary: \$50,000 plus full medical and dental, etc.

If you or someone you know is interested in a position, please have them contact David [via email](#).

III. FREE eBook - Cover Letters by David E. Fitzgibbons

I have been approached by numerous people recently for my thoughts regarding cover letters. Because of those inquires I have decided to offer to all of the readers of the Toy Industry Newsletter a **FREE eBook** on interview getting cover letters. In this FREE eBook you will learn the #1 reason why you aren't getting an interview and what you can do to change that.

You'll learn how to write a powerful, personalized cover letter that will guarantee you will stand out amongst your peers. I cover the philosophy of the cover letter and then break down each paragraph with a detailed explanation on how to approach each section. I also

offer some important "Do's" and "Don'ts" regarding your cover letter and give some real world examples of experiences I have had with cover letters.

You can find the FREE eBook on Cover Letters on the [home page of our website](#), just scroll to the bottom of the page and look for the purple "Featured Job" section; you can view it by clicking on it or right click and save it as a .pdf.

IV. Ask Dave: Industry Insight and Answers

Dear Dave: In your [June Newsletter](#) you wrote about Branding/Advertising and it got me to think that I rarely read about the influence of Digital Video Recorders (DVR's) and the future peril of advertising. As DVR usage mushrooms, how can national TV ads be economically viable in the long run; especially when network ad rates are not being reduced but rather are increasing ever so slightly? **Joe in California**

Dave Says: More Americans do have a Digital Video Recorder (DVR/TiVo, etc) and just like I do, they fast-forward through the commercials. Does this consumer behavior signal the end of advertising as we know it? Are commercials becoming "worth-less"? Could this be the end of "free" (network) television? Is there a "TiVo-effect"; a circumstance where ads that are fast-forwarded through become invisible?

DVR/TiVo's have no negative effect on television advertising at all.

The answer is a resounding "NO" to all of the above. DVR/TiVo's have no negative effect on television advertising at all so says a recently completed 3-year study by **Duke University**.

This study, to be published next month in the *Journal of Marketing Research*, states "[advertiser's] fears are overstated". First, 95% of all television viewing is conducted "live" – meaning the viewer can't fast-forward through the commercials. Second, even though users of DVR/TiVo's fast-forward through (about 70% of) commercials they are still watching the commercial to see when the show restarts. When a viewer sees a white duck in an office, even at 3X speed, s/he still knows that duck represents AFLAC. In essence, the message is still getting through. The study found that there is absolutely "...no change in people's shopping patterns" when they compared a DVR/TiVo consumer with a non- DVR/TiVo consumer.



Television isn't however standing pat; rather they are fighting back. The "TiVo-effect" has caused the networks to increasingly integrate product placement. **Fox** is well-known for its relationship with **Coke** and its red cups on **American Idol**. Considering a 30-second spot on Idol costs \$750,000, I wonder what Coke has to pay to be on the entire episode? Fox's "24" extensively showcases **Cisco** products within the context of the show and displays their logo prominently. **NBC's** hit show **The Biggest Loser** relies on product placement as an integral part of the show and the weight-loss process with products such as **Ziploc bags, Extra Sugar Free Gum** and **Jell-O**. What confuses me is that **CBS's** hit series **Survivor** showcases the technology of the **Sprint Blackberry** on a jungle island in the South Pacific; not sure how that correlates. Clearly the worst-offender in the fight against the Tivo-effect is the paid celebrity endorser who doesn't appear to be paid. Recently **Drew Barrymore** made the rounds on television talk shows and in every one she not-so-casually mentioned how much she and all her rich Hollywood friends love **Kraft Macaroni and Cheese**. I doubt that Drew and her friends even know what a box of Mac and Cheese looks like much less how to make it.

In addition to product placement and as a unique way to combat the Tivo-effect, some television shows are slipping a 30 or 60 second show segment into a commercial set. This has the effect of slowing the DVR/TiVo before and after the mini-segment and thereby increasing the potential for commercial watching. What the networks fail to realize, and the Duke study points out, is that although 95% of television is viewed "live" most people miss the commercials anyways because they channel surf, get up to eat, go to the bathroom, etc. and stop watching during commercial breaks. That's the way we did it when we were kids.

V. What should we be teaching the toy designers of tomorrow? By Peter Wachtel

Wouldn't it be great to start out old and grow younger as we age? As a Toy designer it seems to happen. Having been in the toy and entertainment field for some time as a designer, inventor and a teacher of toy design I have found that we need to inspire our designers and expand their minds for if they are to last in their career, these are the skills they will need. The designers of tomorrow need to study past toys, understand the present toy and hopefully see the future of toys. "Toys are here for all of us" ever since the beginning. For children to play and learn from and adults to collect and to reflect upon their younger days of fun and wonder - which they hope won't leave as they grow older. **Designers need to learn how to think like a kid, play like a kid, and be a skillful designer with manufacturing, marketing and sales savvy, and still maintain a playful and inventive attitude.**

Teach with imagination for whatever is around you is worthy of exploration. Play with every toy imaginable (you would be amazed what you can learn), think and imagine it as big as it can be, and then engineer it back down to earth for *it is the idea that counts*. Toys help children to unlock their own special uniqueness and teach them ways of manipulation in life,

What I tell my students is to have the imagination and desire and love for what you are doing and make it part of your life, and become a "Child at Heart".

and gives them options and potential solutions to problems. What I tell my students is to have the imagination and desire and love for what you are doing and make it part of your life, and become a "Child at Heart". If you love what you are doing, the skills, experience and wisdom will come. "Learn how to learn, and re-teach yourself". Sometimes it is helpful to teach adults as if they were children in order to understand the creativity and play value in toys. Ask yourself these questions when designing: *Who, What, Why, Where, When and How children play with toys?*

Toys of today will soon be toys of the past. We can learn from the toys of today and take that into the future with us. Observe children playing in schoolyards, playgrounds, and classrooms. Spend time at toy stores. Take trips to museums, art galleries, hobby shows, antique shops, and libraries. Children find that skills are learned, creativity is experienced. "*The creativity of a child is almost equal to the brainpower of an astrophysicist*". The future of toys is pressing towards the combination of the past, present and future, and toys are a "*starter kit for life*". So keep those pencils burning, and the Illustrator & Photoshop twirling.

Peter Wachtel (aka) "KID Toyology" is an award winning creative toy and entertainment designer, inventor and teacher. Peter has designed more than 500 products for the Toy, Entertainment and Design Education industries many of which can be found at www.KidToyology.com.

VI. Business lesson from the "Tipping Point".



Gore & Associates, maker of Gore-Tex products, utilizes the "Rule of 150" to maintain its well-articulated business philosophy of acting like a small, entrepreneurial start-up. The Rule of 150 states that 150 is the maximum number of people with whom a person can have a genuine social relationship with. Gore is a billion dollar corporation with thousands of employees but each business unit is limited to 150 employees. Gore builds factories with just enough room to accommodate only 150 employees including a parking lot with only 150 parking spaces; you'll have to park on their lawn if you visit. By keeping the individual business units small (are you listening **Mattel**) Gore is extremely innovative, fast-acting and is the envy of their industry. Gore makes water-resistant Gore-Tex fabric, Glide dental floss as well as products for the medical, automotive and computer industries.

At Gore, there are no titles, no org charts, no business strategies and no budgets. Budgets, like salaries, are agreed upon collectively. Gore is considered one of the best run companies in the world. Gore has been profitable for 40 consecutive years and enjoys an employee turnover rate one-third of the industry average. Gore is continually looking to make their business units smaller through division and redistribution not through employee reduction (see also Mattel). Gore should be a case study for the larger companies in our industry.

EDITORS NOTE: These insights were gleaned from *The Tipping Point – How Little Things Can Make a Big Difference* by Malcolm Gladwell. ISBN: 0316346624.

VII. Innovation Alert – The Hanging Brush

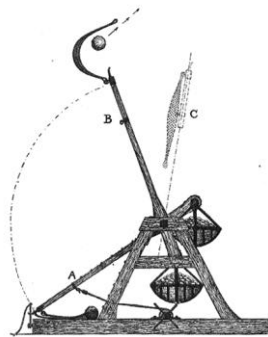


Art is to be shared by all so we always share the art of design when we find it. The **Hanging Brush** is a paintbrush with a hook-shaped handle. This design allows painters to hang it by the rim of the paint can when they need to put it down. Designed by Bang Jun Mo, You In Sik and Yoon Hee Joong. I am always impressed when a designer adds something (a hook) by taking something away (part of the handle). I wish I had one of these the last time I painted the kitchen.

VIII. Parting Shots – The Crazy World of Invention

As the President of [TheGreatToySearch](http://TheGreatToySearch.com) it is my charge to go and search out new product concepts for my clients. It is that charge that led me to Pittsburgh this past month to

[INPEX](#), an Inventors Trade Show. INPEX brings inventors from all over the world, including large contingents from Asia and Europe. I had several appointments to review concepts however I was more excited to walk the floor. Seeing all the concepts being shown is like Christmas morning only all the wrapping paper is off the presents. I was enjoying the unique and creative inventions when "it" caught my eye. "It" was a massive structure taller than me and made of bright shining steel. This steel monolith employed massive "outriggers" to keep it steady on the floor. There were hinges galore and climbers rope dangling from the top and snaking to the floor...the kind of rope you'd see if you ever summit Everest.



My goodness I thought to myself, this man just invented the [Trebuchet](#); the medieval siege machine used to hurl rocks the size of a Prius at the castle walls just prior to storming it and killing everyone inside. But wait...wasn't that invented hundreds of years ago and besides, who wants to lay siege to a castle anymore...now you just plunk down a few dollars for a guided tour? Clearly it wasn't a trebuchet...rather it must have been a one-man piano moving device. It was big enough but who buys an old-fashioned piano anymore; so no - it can't be that. Ah-ha! I now realize this is an emergency towing device. Imagine its winter and your car slides off the road. All you need to do is pull out the 20 lengths of steel, painstakingly assemble them, deploy your outriggers and feed your rope through the device. When you are ready you can begin the process of pulling your car out of the ditch. This works best if you happen to travel with a team of mules - but I digress.

As I got closer I recoiled in shock as I realized my error. The device was not a trebuchet, not a one-man piano mover nor was it an emergency towing device. This monstrosity of steel was indeed a **Piñata Holder!** That's right folks; you know that paper machete donkey you buy for your 5-year-old's birthday at Dollar General for \$5.00? Well this device, which must cost \$150, is ideal for holding it steady for the 39 seconds it takes little Johnnie (41 seconds for little Jane) to bust open that baby and get sick on the cheap candy inside. Clearly, this is what the world has been clamoring for and I was close enough to touch it - it made me proud to be an American.

Unfortunately I didn't think I had a client "appropriate" (read as "dumb") enough to

want to acquire this one-of-a-kind idea so I passed on it. I felt bad for the inventor as he must have been the only guy on the planet who felt the world needed a Piñata Holder and what a lonely feeling that must be. Lonely that is until much to my surprise (and the surprise of anyone who is still reading this) but before my very eyes was none-other than ANOTHER PIÑATA HOLDER! A different Piñata holder to be sure and a "much better design" with "higher-quality of steel" I heard the inventor say to the hoard (okay 1 person) of bystanders. After realizing that TWO inventors created the Piñata Holder I too had a vision...**a desk-top piñata holder!** This would be a great men's fourth-quarter item...I can see it now - I'll be rich! Or maybe not...



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