

Toy Industry Newsletter – Toy Fair 2010 Edition

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I. Career Opportunity

It's 7AM and you are just passing the boat house while running Stow Lake in the Golden Gate Park, San Francisco. As a treat to yourself you pick up a Caramel Macchiato at the Starbucks on Irving Street on the way home. You clean up and bike to work before 9AM. In the loft office you spend your mornings evaluating toy and game concepts while surfing the web to get a feeling for what kids are currently doing/thinking. Your afternoons are spent driving sales and reviewing financials. You are the king of this fiefdom and it is your charge to develop the product line and increase sales. You pick the product, get the placement and the rewards will be yours. The only requirement is energy and passion; and an eye for amazing product, some experience with sales and the ability to read a spreadsheet. You can do this.

Small San Francisco-based company is looking for a **Creative General Manager. LOCAL HIRES ONLY! NO CONSULTANTS – DON'T ASK. NoCal CANDIDATES ONLY!**

Base salary is \$85,000 with a potentially unlimited bonus package. Expect to make a serious 6-figure income with this PROFITABLE but small company. Remember, it is YOUR job to make this company bigger with great product and increased sales; you will reap what you sew. Do you have what it takes to grow a company while wearing jeans and a t-shirt? Can you review financials while streaming Pandora? Do you know how much caffeine is in a Red Bull? Two Red Bulls? If you do and want to be the man (or woman) then contact David [via email](#) or directly at 330.867.7725 now!

II. TheGreatToySearch.com

Ann Moore listened when her President (Kennedy) asked for volunteers to join the Peace Corps. Ann was the 33rd person to join the Peace Corps and as a nurse was sent to the West African country of Togo. Ann was impressed with the way Togo women carried their babies swaddled close to their chest wrapped in a unique manner with 8 feet of fabric. Upon returning to the US Ann and her mom sewed some fabric to mirror the concept only in a more “western way”. Ann had just invented and would soon patent the Snugli® baby carrier.

Fritz had just retired from the Police Department due to age and a nasty habit of chewing rocks. Fritz is actually a German Shepherd belonging to Joe Markham. Joe was trying to break Fritz of the rock chewing habit but never could. One day while working on his VW van Joe began tossing used parts at Fritz hoping he would find them to his liking and stop

chewing on rocks. Nothing worked...until Joe tossed Fritz a hard rubber bellows from the suspension. Joe had just invented and would soon patent the Kong® rubber dog toy.

Our website, TheGreatToySearch.com, is currently looking for game changing infant and/or preschool items and pet toys. This year alone we have represented inventors who have sold an entire line of pet toys, the next innovation in collectibles and a pretty cool "whatnot" (no, I can't say yet) so if you have the next great item, whatever it may be, please visit our [site](#) and ask for us to send you a NDA.

III. 2010 Cute AND Cool Design Contest– Grand Prize: Apple Nano

THE WHAT>

CuteOrCool.com is calling all designers to the 2010 Cute AND Cool Design Contest. It is the **Year of the Tiger** and we would like your graphic interpretation of a cute AND cool Tiger.

THE WHY>

Several reasons. First is that your artwork will be judged by leading members of the toy industry and that is a valuable networking tool for you. Second is that the winning design, along with the honorable mentions, will be showcased on the CuteOrCool.com website for ALL of our clients to review and that is another great networking opportunity. Lastly, the winning design will receive a **Grand Prize of an 8GB Apple Nano MP3 Player** (your choice of colors).

THE HOW>

It's easy! Send as many design submissions as you wish (in jpeg form) to David @ searchgroup@mindspring.com. Just make sure your tiger is cute AND cool; you decide on how best to accomplish that. You may NOT have your contact information (name, email addy, website, phone number, etc) on the actual image (for judging purposes) but you can include it in the file name. Your artwork will NOT be used on any product(s), we aren't going to sell it, trade it, barter it or give it to anyone for use. We will showcase the winning, and best, images on our websites for all of our clients to enjoy.

THE HOW LONG>

The contest runs until April 30th. All entries must be emailed prior to midnight EST on April 30th, 2010. Winning design will be announced no later than May 30th, 2010.

For any questions please contact David E. Fitzgibbons, CPC of ToyIndustryJobs.com at searchgroup@mindspring.com. Your submission acknowledges acceptance of the contest rules. [Click here](#) for complete contest rules.

IV. Looking for a company to purchase

2010 is expected to be the year of the Merger and Acquisition and it seems to be so far. The Executive Search Group knows of an investor who is looking to acquire a small company, or invest in a small to medium sized company up to a one million dollar investment.

If your company is looking to acquire some much needed working capital and/or would like to partner with one of the brightest members of our industry please let us know. The investor is interested in any/all opportunities in or related to the toy industry. Please contact David [via email](#) regarding this opportunity.

V. Ask the Licensing Expert – Jerry Kapner

Dear Jerry: What are the companies/industries who are best served by the Olympics license; and why does it not translate well to toys?

Jerry Says: Olympic Games licensing and merchandising is not child's play. It is serious business, with major worldwide revenue implications. Media exposure and TV ratings for the Olympics have no rival. Total retail sales of officially licensed Olympic product during the past several Olympic event periods have ranged from \$500 million to just shy of \$1 billion for each event.

Olympic licensing programs seem to have four distinct components:

-Commemoratives and Collectibles: These tend to be limited edition collector products including coins, plates, posters and prints, publishing, videos, non performance apparel and accessories etc., and most importantly for some reason, pins. (Pins actually serve as currency within the Olympic villages, with the trade market being very active).

-Souvenir ("I was there"): Essentially imprinted sportswear such as T-Shirts, fleece, caps, tote bags and other items sporting the Olympic logo. By the way, you don't necessarily have to be there, to buy your way into advertising the fact that you were. Think about it!

-Replica product: This is the marketing of the actual clothing, accessories and equipment worn and used by the athletes themselves during the Olympics. Whether the on-court warm up suits styled by the Basketball teams; the shoes worn by track stars; high-tech performance sportswear/gear used by swimmers, skiers or rowers; or even the fashionable "Roots" berets modeled during opening ceremonies, each gets an extended life via retail licensing arrangements. This year's hit has been **Hudson Bay's** Maple Leaf red mittens (\$10). Hudson Bay expected to sell 1 million units but instead has expected sales of 3.4 million units.

-Premium and promotional product: Official sponsors always need to merchandise their involvement in order to maximize their opportunity. Millions of dollars worth of product is distributed as tie-ins.

I would actually take issue with the assertion that there is no room for the Toy industry within this framework. Immediately coming to mind are plush representations of the various mascots and of course Mattel's series of "Olympic" Barbie (complete with gold medal). I had the opportunity to kick it up a notch, while representing a gold medal winning Olympic skater, by licensing fashion doll rights to her likeness and persona as an Olympic champion.

The question does raise an ongoing and interesting dilemma for the Toy Industry. The demographics of the toy buying public have been narrowing year by year. Kids stop wanting traditional toys at younger ages than ever before. Instead, these dollars are going to video games, electronics and "real" sporting goods...all with viable Olympic licensed potential (among other branding opportunities). As toy companies redefine themselves as entertainment conglomerates, perhaps they will once again be able to effectively exploit what many consider to be the biggest, baddest periodic worldwide event on the planet.

Jerry Kapner, President Kapner Group, a licensing, retail merchandising and brand development consulting firm.

VI. David 60-Second Book Review: Click-What millions of people are doing online

Bill Tancer is the General Manager of Global Research at **Hitwise**, an online competitive analysis intelligence service. Tancer's book "Click – What millions of people are doing online and why it matters" is an insight into your customers. We in the toy industry need to be aware of internet trends. I personally know of a toy company who generated tens of millions of dollars launching a product based on an internet search. The company in question mined some data from Google and YouTube and one of last years hits was born. Tancer doesn't address any company in particular rather he mines data and shares with us his thoughts on how that data can be useful.

Tancer shares a plethora of interesting nuggets of mined data. Here are a few random nuggets...and I mean random:

- Engagement rings searches – and sales – spiked after 9/11 and Hurricane Katrina.
- Searches for wedding dresses spike at Valentine's Day (obviously), June (start of the wedding season) and January 2nd (due to Christmas and New Years Eve proposals).
- Pornography is most actively searched for on Friday night (date night); in the Midwest; and during winter months. The slowest porn day of the year is Thanksgiving.
- A top search every prom season is "Plus Size Prom Dress" and those searches come exclusively from Mississippi, Louisiana, North Carolina and Georgia.
- "How to" is the most common search phrase with "how to tie a tie" #1 in that search.
- Top 3 searched drugs: Alli (weight loss), Lexapro (depression) & Viagra (go figure).

Tancer writes "...we can learn a lot about ourselves [customers] through our internet behavior" and we agree. Perhaps your firm will leverage internet trend data like someone in our industry did and generate tens of millions of dollars in sales. Tancer's book might be the first step in that process.

CLICK-WHAT MILLIONS OF PEOPLE ARE DOING ONLINE AND WHY IT MATTER – Bill Tancer ~ ISBN: 1401323049

VII. Rep Firm looking to purchase a Rep Group

Established rep firm is looking to acquire another rep firm. The acquiring company is looking to purchase a firm, preferably located in the Mid-West, with total sales of around \$20MM annually. The acquiring firm is currently successful in toy and seasonal items and would consider any consumer packaged goods for sale.

If you have a firm, or know of someone who does, and would like to learn more, please contact [David via email](#) regarding this opportunity.

VIII. Parting Shots – Operation Acoustic Kitten

Editors Note: What you are about to read is entirely true as even I couldn't make up something this bizarre. This information recently came to light thanks to the Freedom of Information Act.

It's 1961 and the CIA is having a brainstorming session on new ways to spy on known Russian Agents operating in the US. In a brainstorming session no idea is considered to ridiculous or too radical. This meeting's stenographer was a little old lady, a spinster who lived alone with a house full of cats. Although not a participant in the meeting she mentioned that cats are really smart, and sneaky, and would make great spies. The group listened, agreed and thus began **Operation Acoustic Kitten**.

From 1961 until 1967 the CIA poured \$15MM dollars into Operation Acoustic Kitten; that is a whopping \$110,000,000 in 2009 dollars. Here is how it worked. CIA scientists recruited a smart and athletic yellow and white tabby male cat to be an agent. His name is still CLASSIFIED so we will call him "Agent Meow". Agent Meow was trained to be stealthy and to move without being noticed - duh...he's a cat. Agent Meow also endured SEVERAL operations where CIA veterinarians installed transmitting equipment, batteries and even an antennae in his tail. As crazy as this seems, the technology worked; the cat was sound (no pun intended).

The problem was that Agent Meow acted too much like a cat and not enough like a spy. During training missions, Agent Meow would often get bored, fall asleep, get hungry or just arbitrarily quit training altogether. Like most highly trained agents, Agent Meow was very temperamental. Worse yet was that on some training mission, Agent Meow would end up spying on birds, rodents, tree leaves - anything other than his target assignment (ostensibly Russian Agents).

4 years of training were over and finally, it was time for a real mission for Agent Meow. Agent Meow was well fed, he was rested and there were known Russian Agents meeting at an outdoor café in Washington DC. Agent Meow was dispatched with a team of handlers in a specially-equipped listening van. The van parked across the street from the café and Agent Meow was shown a picture of the Russians and released from the van to accomplish his mission.

Agent Meow left the van, crosses against the light and was run over by a DC taxi. There went 5 years, \$15,000,000 and one well-trained cat. When Agent Meow died so did Operation Acoustic Kitten - thankfully. Luckily I wasn't yet paying taxes in the 1960's but if I was, I would certainly be very unhappy my money went to a secret agent cat. Geez...and I thought we wasted a lot of money on the space program.

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