

Toy Industry Newsletter



I. The Sweet Smell of Marketing by David E. Fitzgibbons, CPC

Marketing is the art of persuasion. Marketers want us to think of their product at the right time in the right place. Marketers aim to be top of mind in a world that is getting more cluttered with visual and audio cues via TV, Radio, internet, cell phone, etc. With so much clutter, it might be time to consider an overlooked aspect of marketing, the use of scents. Scents, or odors, alter people's brain-wave activity according to Neurologist and Psychiatrist Dr. Alan Hirsch who has studied the power of scents on the brain.

Hirsch and his team performed a scientific experiment to determine if scents have the ability to affect a purchase and if so how. Hirsch and his research team placed identical Nike athletic shoes in two identical rooms. In one room the air was infused with a floral scent, the other room was odor free. The 35 test subjects, ages 18 – 69, were asked to review the Nike shoes from both rooms and answer questions about the shoes. The study showed that 84 percent of the test subjects said they preferred the Nike shoes in the scented room (although they were identical to the Nike shoes in the unscented room) and in addition, those subjects said they would pay an additional \$10.00 for the Nikes in the scented room. Hirsch proved that odor can influence a shopper's opinion and increase perceived value.

Hirsch notes that "*the portion of the brain that controls smell is located in the part of the brain that also controls emotions. The quickest way to change emotions is with smell.*" The company [Scent Air](#), a provider of commercial scent solutions, states on its website that they "create millions of enduring impressions every day" in the hospitality, retail, healthcare, and entertainment arena. Scent Air pumps the smell of baby powder in the baby department at **Bloomingdales** and coconut into their swimwear section. They pump white tea fragrance into **Westin Hotels** and citrus and vanilla into **Sony Style Stores**.

The impact of smell is not isolated to the sales process; it can impact your employee's performance as well. Experiments have shown that exposure to pleasant fragrances significantly enhance work-related tasks. Arousing scents like peppermint increase alertness. Lavender helps with relaxation. Jasmine increases alertness. One Japanese company uses citrus scent to stimulate its workers at the start of the day, floral scents to boost concentration in the late morning and early afternoon and the scents of cedar and cypress to relieve lethargy at lunchtime and in the late afternoon.

If you have to give bad news or communicate unwelcome information you may wish to scent the air with vanilla which has been shown to reduce the startle-reflex and relieve stress and anxiety. I can see where this may have an opposite effect. Imagine whenever an employee is fired at your company the supervisor scents the room with vanilla beforehand. One day you come into your office smelling vanilla and expect to be fired only to find out someone in the office ordered a vanilla latte from Starbucks! Unfortunately, I cannot smell anything at all so I guess I won't know when I am going to be fired.

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II. Management Theory – How to Foster Creativity in a Creative Business



Ed Catmull is the President of **Walt Disney Animation Studios** and **Pixar Studios**. Ed recently talked about how Pixar fosters creativity and how those lessons can be applied to the toy industry.

How do you foster creativity?

"You have to **empower your creative people**. Give your creative people control over every stage of idea development. Additionally you need to **create a peer culture**. You should encourage people throughout your company to help each other produce their best work. At Pixar, daily animation work is shown in an incomplete state to the whole crew. This process helps people get over any embarrassment about sharing unfinished work – so they become more creative. You also have to **free up communication**. Within Pixar members of any department can approach anyone in another department to solve problems, without having to go through proper channels."

What is creativity?

"People tend to think of creativity as a mysterious solo act, and they typically reduce products to a single idea. However, in filmmaking and many other kinds of complex product development such as toys, creativity involves a large number of people from different disciplines working effectively together to solve a great many issues. In filmmaking, the director and the other creative leaders of a production don't come up with all of the ideas on their own; rather, every single member of the company, hundreds of people, makes suggestions. Creativity must be present at every level of every artistic and technical part of the organization."

*"Smart people
are more
important than
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Ed Catmull

"To support this, we as executives have to resist our natural tendency to avoid or minimize risk, which, of course, is much easier said than done. In the movie industry, and I am sure the toy industry, this instinct leads executives to choose to copy successes rather than create something brand new. That's why you see so many movies or products that are alike. It also explains why a lot of product isn't very good. If you want to be original, you have to accept the uncertainty, even when it is uncomfortable, and have the capability to recover when your organization takes a big risk and fails. What's the key to being able to recover? Talented people!"

"My conviction is that smart people are more important than good ideas. I believe in the primacy of people over ideas: If you give a good idea to a mediocre team, they will screw it up; if you give a mediocre idea to a great team, they will either fix it or throw it away and come up with something that works. Our philosophy is: You get great creative people, you bet big on them, you give them enormous leeway and support and you provide them with an environment in which they get honest feedback from everyone."

Everyone has to work together!

"Getting people from different disciplines to treat one another as peers is just as important as getting people within disciplines to do so. But it is much harder. Barriers include natural class structures that always seem to arise in organizations. There always seems to be one function that considers itself and is perceived by others as the one the organization values the most. These barriers are impediments to producing great work, and therefore we must do everything we can to tear them down. One way we did it was with our building design; most buildings are designed for some functional purpose. But ours is structured to maximize inadvertent encounters. At its center is a large atrium, which contains the cafeteria, meeting rooms, bathrooms and mailboxes. As a result, everyone has a strong reason to go there repeatedly during the workday. It is hard to describe just how valuable these chance encounters are."

III. Coming Soon – Big Brother to a Store Near You! By David E. Fitzgibbons, CPC



You may soon see these signs as you enter your local **Best Buy** (or insert name here) store: “**YOUR MOBILE PHONE IS BEING TRACKED TO IMPROVE YOUR SHOPPING EXPERIENCE – PLEASE TURN IT OFF IF YOU DO NOT WISH TO BE MONITORED**”. That is easier said than done for most of us as we need our phones for work and family reasons. Just as we need our phones, the retailer needs your phone so they can track you cell signal throughout the store and glean from that customer data that will help them sell you more products. With the addition of RFID chips in products the stores will be able to tell for example that you picked up 3 different kinds of oatmeal, studied each one for 14 seconds and then settled on the pricier cold-rolled steel-cut oats from the indigenous people of Katmandu (an excellent choice by the way). What will be doubly helpful is that they will know you passed on the oats from the lower shelves because they are too hard to reach.

While this technology is all the rage in Europe, and working quite successfully, due to privacy concerns it hasn’t yet been implemented in the US. **JC Penny** tried it for one day but received so much backlash they quickly suspended the program.

The technology has provided important information worth noting. While manufacturers fall over themselves to get end-cap space it turns out that the highest sales volume occurs in the middle of the aisle; which is the same place I like to park my cart and peruse the wares.

Until mobile phone tracking establishes itself in the US, retailers will have to settle for shopper tracking from security cameras. **RetailNext**, a retail consulting firm, aims to help retailers better understand shopper behavior by taking store video surveillance and feeding it through their proprietary software to determine customer sales data. RetailNext claims it represents 40 retailers with another 20 in testing. The net effect of shopper-tracking is increased sales of up to 20 percent. With continued European success it won’t be long before we see cell phone tracking in many US retailers.



IV. The Future of Packaging and POS by David E. Fitzgibbons, CPC

If you aren’t using a QR code, Microsoft TAG or Social Snap Tag on your packaging or POS material, you should be. Every item of stock has a bar code, which is a two-dimensional optical machine-readable representation of data. A QR code or MS tag is no different save for the fact that you can put information into the hands of the customer via their smart phone or mobile device right at the point of sale. When the customer scans the code/tag they can watch a video on your product, learn about features and benefits, visit your website, or have access to a coupon/discount on the product all of which can help convert the sale right from the aisle.

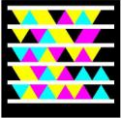


Which Code/Tag should I use?

QR codes were invented by Toyota subsidiary, **Denso Wave**, in 1994 to track vehicles in the manufacturing process. Denso Wave deliberately didn’t enforce the patent and now everyone has the opportunity to create their own codes. QR Codes are “open source” which means that any code reader should be able to read a QR code. Additionally, QR codes are free and will always remain so. You can make a QR code in just a few minutes and populate it with any information you deem appropriate. Realtors have been placing large QR codes in front of houses for sale so that a prospective buyer can walk by, capture the code, and take a virtual tour of the home and learn all the details of the property at their convenience.



Microsoft Tags, created by none other than **Microsoft**, operate the same way as do QR codes however Microsoft TAGS are “closed source” which means you can only create and scan TAGS using a Microsoft platform. It is free to create the TAG and download the reader and Microsoft promises the platform will remain free at least until 2015.



While QR and TAGS fight it out for early adopters and ultimate supremacy The **Social Snap Tag** has entered the fray. The Snap Tag is unique in that it doesn't require a (free) reader on your smart phone to view the tag. Rather, you simply “snap” a picture of the tag and send it via SMS to the company in return for opt-in mobile marketing. You will gain access to offers, content, promotions and information until you opt out of the text message based offers. The benefit is that while only 35% of US mobile phone subscribers have a smart phone nearly everyone with a phone today has the ability to use SMS. The Snap Tag also allows the company to place their logo right in the middle of the snap ring for automatic visual recognition. Unlike QR and TAGS however, Snap tags are not free to create or utilize.



Codes and tags offer an extremely cost-effective and very powerful way to get your marketing message directly into the hands of the customers. Those that aren't taking advantage of this low hanging fruit are doing their company a disservice.

V. Looking for Investment in Profitable Business

A well-established, small and profitable company is looking for investment to grow the business. This US-based company has an excellent product line (including games and much more) with mass market and specialty distribution. Please contact [David](#) to discuss this investment opportunity.



VI. Ask David ~ Career and Employment Advice



Dear David: During a recent interview I was asked how much I made at my previous position, is that a legal question? If it is illegal couldn't I just make up a number and tell them that?

David Says: Not only is the question legal it is very valid. Frankly I am surprised this question has not been asked of you before. Asking this question helps the interview process for both parties make sure they are in the same ballpark and mitigates surprises. A VP of Sales position for example, depending on company size, can range in pay from \$100,000 – \$300,000 so obviously it is important for both parties to know what ocean they are swimming in. As for making up a number for your prior salary, I wouldn't recommend it. I have represented numerous clients that would offer for example a 20% pay increase to entice you to joining their firm. The caveat was you had to bring in your W2 to prove your prior salary. It would be very uncomfortable for you to bring in a W2 with \$85,000 on it when you claimed you were making \$125,000. Even without the W2, a background/employer reference check could turn up that kind of information.

Dear David: I just finished the best interview of my life and I am dying to get this job. As you know I have been out of work for almost a year. What should I do now and how fast should I call the company back to find out if I am their man?

David Says: At the close of your interview you should have addressed a few issues with them. First, you needed to determine what the next stage of the process will be and their time frame. Then you needed to ask them when **you** can call. Don't leave it up to them to call you; rather you should initiate the call. Timing is essential as this may have been their first interview and the process may be many more months. You have to know when the appropriate time to follow up is or you'll hurt yourself and seem feckless by calling too early, too often or too much.

You should have also asked for and received the names and contact info for all the people you spoke/interviewed with. This is important both for your thank you email/letter and eventually your follow up call. Your thank you note should follow within 24 hours and be brief, upbeat and offer a (very) few words on how you can help the client increase their business (or other appropriate verbiage). If references were asked for and provided make sure you reach out to each reference to prepare them for the call. Be brief with them as well and let them know the name of the person and company who will be calling them so they can take the call and "get it over" thereby speeding up the process for you. Additionally, send a thank you note to each of your references thanking them for their time and effort on your behalf; that note could go a long way to improving their recollection of your abilities and that could be a big help.

Lastly, relax, don't wait by the phone and continue looking for other opportunities. The hiring process moves at a glacial rate and there is little in life more emotionally debilitating than waiting for important news. Move forward with your job search and seize the day.

VII. CuteOrCool.com Design Contest Winner – Sam Bock



We are proud to announce the winner of our latest design contest, sponsored by our design website www.CuteOrCool.com. The mission, if you accepted it, was to design a cute AND cool penguin. The prize was an **Apple iPod Touch**. We received incredible entries and appreciate all of your hard efforts.

*And the Apple iPod touch goes to...toy industry freelancer **Sam Bock!** You can see Sam's winning penguin below this story. Along with being a toy designer and illustrator, Sam is a classically trained ballet dancer who is into fitness and design and will be listening to her iPod while doing freelance toy work and working out! Well done Sam!*

If your company is looking for freelance toy designers please visit www.CuteOrCool.com. New artists are added weekly!



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Sam's Winning Penguin



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