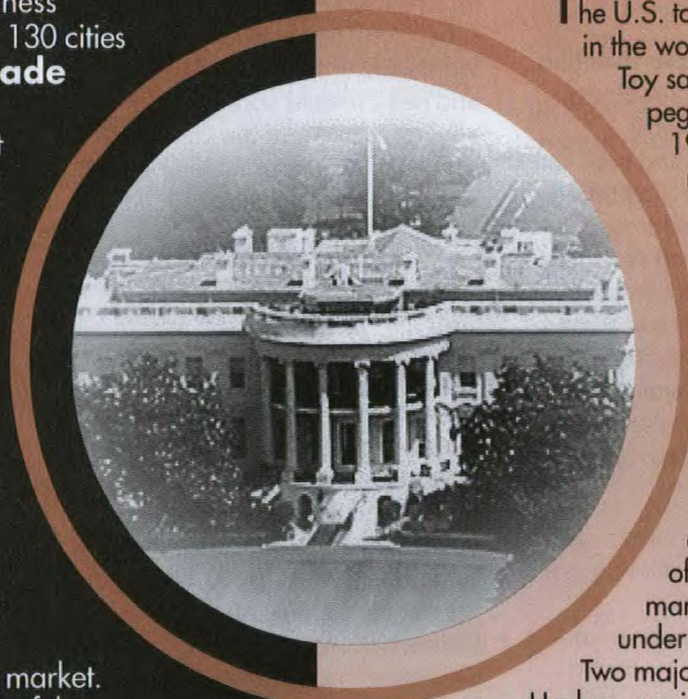


## UNITED STATES

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## The Toy Market

The U.S. toy market is the largest in the world, and getting larger. Toy sales in the United States, pegged at \$35 billion in 1999, are expected to near \$50 billion by 2004. For Canada's part, exports of toys and toy parts to the U.S. totalled \$253 million in 1999 — a figure that could rise dramatically over the next few years.

### Market Overview

The U.S. toy market is dominated by a handful of large companies that market a variety of toys under various brand names.

Two major producers, Mattel and Hasbro, are industry leaders and often acquire smaller companies with innovative product ideas that lack the capacity to meet the demands of the U.S. market.

China holds almost 90% of the U.S. toy import market. Other players include Mexico, Japan, Taiwan, Hong Kong and Canada. The most

successful international companies have strong brand recognition globally, but localize products to meet consumer demands. They are typically large enough and experienced enough to enter the market without difficulty, and rarely form joint ventures to access new markets.

The largest retail sales outlets for toys in the United States are Wal-Mart and Toys "R" Us. Large retailers have come to dominate the market so much that in 1998, the top ten retailers accounted for 60% of all retail toy sales.

### Trends

Analysts predict the trend toward exclusive distribution deals for brand-name and "in-store-brand" products will dominate the market. Currently, the most popular trend in the U.S. toy industry is licensed products that combine toys with characters or events from the entertainment and sports industries. With U.S. children watching as much as 4.4 hours of television per day, the tie-in opportunities between toys and TV/movie characters are significant. The sale of licensed products accounted for 46% or \$11.7 billion of all toys sales in the United States. However, character tie-ins and technology have not yet succeeded in

eliminating traditional toys — those that have been popular for decades — from the top listings. Hot Wheels cars, Operation, and Easy Bake Oven remain in the top 20 toys sold in the United States.

The toy industry acknowledges that "kids are getting older younger," meaning children are abandoning traditional toys at earlier ages. Children between the ages of 10 and 14 spend more time watching television and playing on computers. To recapture part of this market, the toy industry is developing new products to appeal to technologically savvy children.

### Opportunities

There are opportunities for Canadian companies to secure licences to key sports or entertainment personalities, or to movies and TV characters. There are also opportunities for Canadian companies in niche segments of the market, including innovative toys, high-quality learning toys, and new items that help to recapture the age 10 to 14 market. The toy market has



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traditionally applied computer chip technology to toys targeted to boys; however, girls are increasingly showing an interest in high-technology games and toys.

To be successful in the U.S. toy market, Canadian companies must have high-quality products and aggressive marketing strategies. As well, a prominent presence at key industry events throughout the U.S. is essential.

### See Potential?

To learn more about this market, read *An Overview of the Toy Market in the United States*, prepared by the Market Research Centre for the Trade Commissioner Service. This report and hundreds of others are available on-line at [www.infoexport.gc.ca](http://www.infoexport.gc.ca)

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