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BUSINESS > RETAIL

What's the hot Christmas toy? Whatever your kid wants

Richardson-based Goliath Games made 25,000 Password board games for the holiday, but retailers already depleted that supply after NBC revived the classic game with Jimmy Fallon.





Dallas-based Best Ride on Cars' popular vehicle, the Realtree XD 24V, is sold at Walmart for \$398. Six-year-old Aaron, son of the toy company's CEO, Shahnoor Adam, stands in as a model. (Best Ride on Cars)









By Maria Halkias

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The pandemic gave toy makers and retailers two back-to-back winning years, but the industry isn't expecting the same level of growth in 2022.

North Texas-based toy companies say they're confident about their businesses even though retailers are more cautious about this Christmas and worrying about the prospects of a recession next year.

The annual U.S. toy retail market reached \$38.2 billion last year after increases of 20.6% in 2020 and 14.2% in 2021, according to NPD Group.

While toy sellers aren't expecting another huge spike, consumers can look forward to finding some deals, said Steve Pasierb, president and CEO of The Toy Association.

Major toy shortages aren't expected, but Pasierb warned, there's no hot toy yet. Squishmallows are still popular, he said, but the plush toys that now number 1,000 characters have been around since 2017.

That could change around Thanksgiving when the Toy Association's Peoples' Choice awards come out, he said. "If your children have a toy that their hearts are set on, buy it soon because it could end up being a hot toy later."

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You never know when a viral video on TikTok or some other unexpected boost will make a toy hard to find.

Goliath Games manufactured 25,000 Password board games for holiday orders, but retailers depleted that supply after NBC revived the classic game show Password. The show premiered in August and is hosted by Keke Palmer. Latenight host Jimmy Fallon is a regular player who goes up against a rotating set of celebrity contestants.

"The supply chain has loosened up and we're able to fill orders, but we didn't know Jimmy Fallon was going to start playing Password," said Brian Turtle, director of national sales at Richardson-based Goliath, which is the second largest board game maker behind No. 1 Hasbro. Goliath is privately held by a family based in Holland and makes games, puzzles and outdoor toys. It's been buying other companies and last year purchased Endless Games, which makes the a popular family board game, The Floor is Lava.

"Retailers are buying about the same from us as last year, but that's still at a high level after the big spikes in 2020 and 2021," Turtle said. Goliath's crime, suspense-based board games are trending with college students and young adults who then like to say on TikTok that they've "cracked the case."

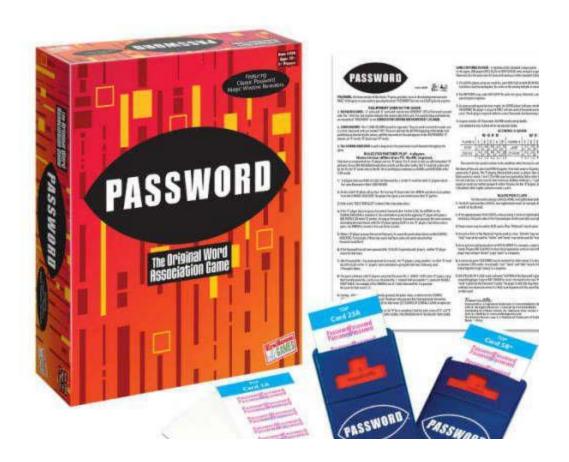
Pasierb and Turtle were at the Toy Industry Association's Toy Fair, the first one held in person in two years. It wrapped up Thursday at the Dallas Market Center, where more than 300 toy companies exhibited and 2,600 industry people attended, including 450 retail buyers there to firm up orders for this holiday season and preview ideas for holiday 2023. The pandemic canceled the last two years of the Dallas show and the industry's bigger Toy Fair that had been held every February in New York for 117 years.

The Dallas trade show attracted major retail toy buyers from Walmart, Target, Amazon, Sam's Club, Costco and Barnes & Noble to smaller regional toy retailers.

"Major retailers may be doing some deep discounting. They're wanting to position themselves as fighting inflation," Pasierb said. "There really weren't big sale promotions the last two years, and the toy industry hasn't seen inflation that other categories have."

The average toy today costs \$10.30, up from \$10 eight years ago, he said.

Toy Fair 2022 In Dallas





[1/8] Password board games have been flying off the shelf since NBC brought back the classic TV game show Goliath Games, manufactured 25,000 Password games for its holiday orders, but people have been buying up holiday season. The show is hosted by Keke Palmer and features celebrity regular player Jimmy Fallon who go celebrity contestants. (Goliath Games)

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Price sensitivity was a theme of negotiations, said Curtis McGill, co-founder in 2015 with inventor Scott Houdashell of Amarillo-based toy maker Hey Buddy Hey Pal.

The big box retailers are worried about price competition online from Amazon, McGill said, "but it's also easier to sell to brick-and-mortar retailers after we've already proved an item by selling 10,000 units on Amazon." The company has a

new Halloween game called Stack-o-lantern selling on Amazon now that's doing well.

Two of Hey Buddy's popular toys — Cake and Bake, a board game that's inspired by food challenge TV shows, and Gift Box, an ornament decorating kit — are priced slightly higher online to help stores compete, he said.

"We are seeing a little pullback on orders. Most stayed the same, and one order spiked 30% with a new item," McGill said.

Shahnoor Adam, CEO of Dallas-based Best Ride on Cars, which she co-founded with her husband Alex Damanwalla, said the pandemic years doubled the business they started in 2012 to annual sales of more than \$10 million.

Walmart placed a bigger order after it decided to add the company's products to its stores after previously selling the brand online only.

The company's ride-on toys range in price from \$99 to \$399, Adam said. "By putting it in stores, Walmart is helping the customer feel and see the value."

Adam said her Dallas warehouse is well stocked for the holiday season and early next year.

Emmy Grimes, co-founder of Dallas-based Once Kids, said the company is moving some production to Dallas to help smooth out any future supply chain issues.

Once Kids, which makes wooden building blocks that are compatible with Lego and Mega Bloks plastic pieces, was a popular stop at the Toy Fair.

Retailers are all looking for toys to appeal to parents seeking eco-friendly selections, Grimes said.

The company started out in 2014 with building block sets sold at Neiman Marcus and has expanded its list of retailer customers to include Pottery Barn Kids, Barnes & Noble, and museum and zoo gift shops. It's added wooden heroes and villains action figures with stories about the trees they're made from. All the

Shahnoor Adam, 32, CEO and cofounder in 2012 with her husband Alex Damanwalla, of...

products can be personalized with colored pencils, markers or crayons.

Prices range from \$10 for a 4-inch action figure to \$250 for larger play sets.

The privately held company declined to give annual sales. Grimes said "we've had our ups and downs," but the business has doubled in the last two years.

Shahnoor Adam, 32, CEO and co-founder in 2012 with her husband Alex Damanwalla, of Dallas-based Best Ride on Cars. (Best Ride on Cars)

This week at Toy Fair, "we were able to see the retailers we wanted to see," Grimes said. "People showed up. The show was popping."

Need help shopping for toys?

Walmart put out its <u>top toy list</u> in August with 55 must-haves it identified from Lego, Cocomelon, Jurassic World, Paw Patrol, L.O.L. Surprise, Magic Mixies and others. More than half of the list is toys priced under \$50 with many under \$25.

The Toy Insider published its <u>Hot 20 toys</u> during the Toy Fair in Dallas this week. The industry trade publication lists its top toys by age. It also published top 10 stem toys and a dozen toys under \$20.

The industry's Toy Association overall Toy of the Year and People's Choice award winners in various categories will be announced Nov. 21, in time for Thanksgiving weekend shopping. The Toy of the Year is determined by a panel of expert judges. Voting for the People's Choice Award, which is decided by online consumer votes, will remain open through Nov. 11. Members of the public can cast votes at toyawards.org.

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