



Toys Take To The Web

TOYS, INTERNET, CHILDREN, GAMES

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Your child's toy box can now be found on the Web.

As kids spend more time online, toy makers are moving their brands to the Web by selling physical toys at stores that come with passwords used to unlock virtual worlds where the toy comes to life.



Ganz

Webkinz (pictured above) is credited with starting the trend of toy companies marrying their physical toys with the Internet.

"Kids are spending a lot of time on the Internet," says Anita Frazier, toy and video games analyst at NPD Group, "So a prime competitor to toys for kids' time and attention is the computer. So in the vein of 'if you can't beat 'em, join 'em,' toy manufacturers are starting to marry the power of the Internet with their physical toys."

Sales of toys in the U.S. reached \$22.1 billion in 2007, according to the NPD Group, a consumer and retail information company. According to the same report one of the fastest growing toy brands last year was Webkinz.

Webkinz -- created by **Ganz**, a private toy and gift company based in Canada -- are plush animals that come with passwords allowing kids to log on to a website, webkinz.com, and enter a virtual world where their toys come to life. Webkinz, which launched in April of 2005, has seen a boost in sales over the last year.

The popularity of Webkinz has made many other toy makers pay attention; larger companies like Mattel, Hasbro and Jakks Pacific are jumping onto the Web-based play trend.

Web-based toys "keeps kids engaged," says independent toy analyst Chris Byrne, and "immerse the children in the character."

Byrne says that kids who are playing in a virtual world and are invested in characters there are likely to buy other physical toys of the same character.

Mattel launched barbiegirls.com in April 2007, a Web site where girls can design virtual Barbie fashions, socialize with friends and play games. Mattel added a physical component in July, selling a Barbie-branded MP3 player that also connects to computers through a USB port unlocking exclusive access to the barbiegirls.com virtual world. The company says the site has over 10 million registered users.

Mattel's Chief Barbie Girl, Rosie O'Neill, says barbiegirls.com helps extend the brand to "older girls" in the eight to fifteen year-old age groups.

Looking to also target boys, Mattel plans to introduce Hot Wheels Turbo Driver this fall. It features a controller that connects to a computer's USB port. Cartridges, which double as regular cars, are inserted into the controller, connecting kids to the site. Each car cartridge opens new racing levels on hotwheels.com.

Jakks Pacific has started to sell stuffed animals for neopets.com. Launched in 1999, the site is a well-established brand with over 45 million registered users. Neopets.com was bought by **Viacom** in 2005, and Jakks is creating stuffed animals that will all have passwords facilitating online play. Jakks introduced the toys for a soft launch at Target stores over the past couple of months and will introduce more Neopets stuffed animals nationwide for this fall.

Hasbro is expanding its web-play line of **Littlest Pet Shop VIP** stuffed animals after releasing five stuffed animals in the New York metro area. Eleven more pets will be introduced nationwide.

One collectible toy making a big transition to the web is Ty Inc.'s Beanie Babies. Scott Wehrs, the company's COO, says all Beanie Babies of the previous generation have been retired, and only new Beanie Babies will be Web enabled via ty.com.

Besides Ganz, other small toy companies have also gone into the Web-play industry. **Hidden City Games** has found success with Bella Sara, a line of collectible cards featuring types of horses. A set includes seven cards (or horses) and a password. The more cards a child gets the more horses a user has in their virtual stable. Users then take care of their horses by feeding them, cleaning them and dressing them on bellasara.com.

Going forward, analysts say that one of the issues toy companies will face is keeping kids hooked to these virtual worlds. "The market is relatively new," says Byrne, "but already crowded."

With the number of Web-play toys on the shelf of stores increasing, there's some question about how many virtual worlds a kid can take on. Byrne, for one, believes "two or three" is realistic.

Adds Frazier: "Not all of these [Web-play toys] will work, many will simply be 'me too'" copy cats that ultimately fall off of kids' radar.

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Hidden City Games
Each Bella Sara card comes with a password that brings the horse pictured to life on the web.