

Cents & Sensibility

Dolls find ways to hold heads high in sagging economy

By Pamela Brill -- Playthings, 1/1/2009

New year, new you. Perhaps this could be the mantra of today's dolls, especially given the rather lackluster end to 2008. With a recession officially in place and consumer confidence having been reported at an all-time low, toy retailers have had a lot to contend with in the last year.

And for those stores carrying dolls, times haven't been easy either. While doll sales accounted for \$3.03 billion in 2007, the business shrank 4 percent from the previous year, according to market research firm The NPD Group, Port Washington, N.Y. Whether the culprit was age compression, greater consumer interest in all things tech-based or a combination thereof, it seems dolls haven't exactly been in heavy rotation on girls' play lists.

Now, as retailers plunge into a new calendar year, they are looking to make smart choices on merchandise with strong sell-through. And dolls are one category that suppliers are hoping buyers will turn to.

Oh, baby!

Right up there with a set of building blocks or stacking rings, baby dolls are often a top choice among gift givers. "There will always be a place for baby dolls in the hearts of children, and at retail," says Genna Rosenberg, vice president of communications and investor relations for Jakks Pacific, the Malibu, Calif.-based maker of Cabbage Patch Kids. "It is an evergreen toy and the nurturing play pattern is one that is extremely important to the development of young children."

But despite dolls' status as a certified childhood classic, some manufacturers say they aren't seeing their retail partners embrace this category as strongly as they could. "Unfortunately, retailers aren't focusing enough on bringing in baby dolls for the 0-to-3 market and they are missing a great opportunity," says Jeff Holtzman, president and CEO of the New York-based Goldberger Company. Holtzman has noticed an overabundance of dolls in the marketplace that aren't selling, largely because kids are outgrowing them faster these days. "Right now, we're in the midst of the biggest baby boom this country has seen since the 1950s," he tells Playthings. "Retailers who are not aware might reduce the size of their programs and I think this is a big mistake."

Doll manufacturers are also wrestling with external market factors, including safety and testing requirements, increased cost of labor and materials and the devaluation of the dollar overseas—all of which inevitably add up to higher retail prices. And this doesn't make for the brightest future for the industry. "Toys will go the way of the Hershey bar," believes Holtzman. "Consumers are going to get less for their dollar."

She walks, talks...

Perhaps in an attempt to compensate for this pricing hike and in order to help maintain consumer interest, some manufacturers are adding more features to their dolls. During the recent holiday

season, Mattel offered the technologically advanced Real Loving Baby Gotta Go doll under its Little Mommy brand. Aimed at ages 3 and up, the potty-training doll came with a miniature sink and toilet with realistic flushing sounds.

Interactive special feature dolls also continue to be a strong category for Corolle, says spokesperson Beau James. "The continuation of a high-quality product provides a complete play opportunity," he says.

In 2009, the Grantsville, Md.-based doll maker will introduce Nourrisson, a 17-inch toddler doll for ages 3 and up, along with Bebe Tresor, a 14-inch interactive doll for ages 2 and up. The latter will coo, babble or giggle when rocked and will be available in March.

Back to nature

Other doll manufacturers are adopting a 'less is more' approach to their product development. "Many nurturing dolls in the market have more features than ever before," says Jakks' Rosenberg, "but for the Cabbage Patch Kids, our success has been in keeping with the basic nurturing play patterns ... which makes our acquisition of Tollytots so pertinent in this category."

Under the Tollytots label, Jakks is offering baby doll accessories such as play pens, strollers, high chairs and other role-playing items based on Fisher-Price and Graco licenses. "Little mommies-in-training feel like they are taking care of their baby dolls just like their real grown-up mothers," Rosenberg says.

Goldberger's Holtzman is also seeing more of a back-to-basics trend with baby dolls. "Parents aren't looking for electronic dolls with bells and whistles, which are very often made of materials that are too hard and harsh for young children," he says, adding that moms are looking for natural products that are easy on baby's skin.

Such an interest was the inspiration for Goldberger's 2009 Seedlings line, a family of natural fiber dolls made from cotton fabrics that are free of chemicals and dyes. The new collection comes on the heels of the company's Sensitive Baby line for children with allergies and asthma. Certified by the Asthma and Allergy Foundation of America, those dolls are manufactured with materials that are designed to not accumulate high levels of household allergens when specific care guidelines are followed.

A push for properties

Still other manufacturers have found success in licensing, relying on both new and evergreen brands to bolster their portfolio in the mass retail market. "Much of the success of the Cabbage Patch Kids is based on the equity of the 25-year-old brand," says Rosenberg. "With sales of 118 million dolls, it is an iconic brand that continues to appeal to multiple generations." The company also has a Fancy Nancy line at Target.

Players in the specialty space, however, don't see licensing as having a tremendous impact on doll sales. "I don't see it as an important factor," notes Corolle's James. And Goldberger's Holtzman believes that licensing might actually be detrimental in that market.

“A licensed product may seem to be a better product to the consumer, but with that license comes an additional cost,” Holtzman tells Playthings. “Since we are in a recession, cost is certainly going to play a large part in people's purchasing power.”

Is soft still hot?

Soft dolls are a natural progression, picking up where baby doll playing leaves off. For a category that was fueled by the launch of the Groovy Girls line from Manhattan Toy and followed up by a host of similar soft dolls from several other new or established companies, it would be natural to think that segment of the doll market could be reaching maximum capacity. Players in this area, though, believe the popularity of soft dolls hasn't cooled off yet.

Melanie Corpstein, president of Adorable Originals in Phoenix, lauds soft dolls for “their huggability factor, but also for the absence of toxic chemicals.” She believes sales in this category remain quite strong and are continuing to grow.

Laura Rangel, president and co-founder of Los Angeles-based KidsGive, makers of the Karito Kids dolls, sees things a bit differently. She describes the soft dolls market as going through “a bit of transition,” pointing to recent concerns over safety, phthalates and lead paint, as well as strong retail and consumer emphasis on going green. To embrace the latter trend, Rangel envisions a basic rag doll with a somewhat different style—one that is eco-conscious specifically through its design and materials choices.

While Rangel wouldn't classify dolls as a dying breed, she wouldn't say it's an expanding area either. “I think it is about reinventing itself, taking a look at the traditional and coming up with a unique twist,” she says, noting that “consumers are more introspective, redefining their values about what is important. This new environment will propel social conscious trends...and will become evident through more meaningful purchases and gifting.”

Retailers ready

As toy buyers prepare themselves for next month's American International Toy Fair, a handful of them shared their thoughts on how the doll business has been shaping up as of late.

O'Doodles of Philadelphia has seen a slight downturn in doll sales over the last year—by about 8 percent, according to president Fran O'Donnell. “It seems consumers are more non-gender driven,” he tells Playthings. “An increase in plastic prices has made some dolls pricey also.”

When looking for new dolls to carry, O'Donnell says he focuses mainly on price point and play value. “We don't want a doll that is a collector's item,” he says. Right now, his store is doing well with Corolle, although he is concerned that price increases may move them out of the affordable play doll category. To boost business, O'Doodles has partnered with a local tea bar to offer dolly tea times. “It's really simple and the kids love it,” says O'Donnell, adding that the events are also a hit with customers and their teddy bears.

In At Once All Agog in Limerick, Maine, owner Candace Gooch has seen an increase in doll sales over the last two years, thanks to keen merchandising.

“I decided to make more of a statement with Corolle dolls,” she tells Playthings. Building upon the interior design of her toy shop—a turn-of-the-century dry goods store— she uses the original wooden drawers and shelving to showcase higher-priced dolls, doll clothing and accessories.

“Demonstration dolls are on the floor and children are allowed to carry these dolls around in their arms or push them in a doll stroller or carriage,” Gooch says. Kathë Kruse soft dolls, such as Baby It's Me, Mini It's Me and Waldorf dolls, are intermingled with Corolle Calin, Tidoo, Lila, Chouquette, Lia and Maria dolls. “I have invested in a wider variety of doll clothing, which does not sell as often,” she notes, “but customers prefer to buy a doll knowing they will be able to buy accessories for it at a later date.”

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