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Dueling Dollies

Upstart Karito Kids are ethnically accurate, dressed down and pricey

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Best-selling Barbie has faced stiff competition in recent years from provocative, heavy-on-the-mascara Bratz dolls created and manufactured by Van Nuys-based MGA Entertainment.

Now, another local toy company is elbowing into L.A.'s crowded doll market – but this time the competition is coming from dolls that are ethnically diverse, wear modest clothing and are pricey.

Headquartered near Los Angeles International Airport, Kids Give LLC is a toy company founded in 2005. It introduced its Karito Kids dolls in July but already they are a hit. The more than 300 stores nationwide that carry the \$100 dolls have ordered thousands of them based on initial response and in anticipation of strong Christmas sales.

The dolls, which are carried at upscale Neiman Marcus, even snagged a coveted window display at the flagship FAO Schwartz toy store in Manhattan.

Meant to promote positive social and moral values, the dolls represent girls from China, Italy, Kenya and Mexico – and have received rave reviews for their ethnically accurate facial features.

In August, they showed up in Oprah Magazine on Oprah Winfrey's O List as one of "A few things I think are just great." They also were hyped by actress Brooke Shields who said she purchased the dolls for her own children. And the dolls have received seven toy awards this year for their design, including FamilyFun Magazine's "Toy of the Year," which Bratz dolls won in 2001 when they were first introduced.

"We are in a lot of great places for a company that has just started. We have already received reorders from stores," said Laura Rangel, chief executive and co-founder of Kids Give. "People told us that Oprah never highlights children's toys, but I think the timing was just right. She was starting her school in South Africa and she was upset that there were no beautiful black dolls on the market."

The dolls have been compared to Mattel's other popular doll line, American Girl, because of their flexible vinyl bodies and the themed books that accompany the dolls. But they have differentiated themselves in several ways.



Kids Give's Karito Kids dolls on display at Neiman Marcus in Beverly Hills.

The Karito Kids are big – several inches taller and thinner than the American Girls, with faces and bodies meant to more accurately portray a real 11-year old girl. Moreover their clothing is also supposed to better reflect the different cultures each doll represents. They are everyday duds as opposed to gowns or other exotic garb.

“We didn’t want to attract attention to or from American Girl,” said Rangel. “We wanted to stand apart from everything out there. Our goal is not to compete with Mattel. They are big players. It’s more about not necessarily capturing or stealing a share of the market, but expanding the share of the market.”

L.A. dolls

The early accomplishments of Karito Kids mean that the L.A. area is home to yet another successful doll manufacturer. Mattel Inc., based in El Segundo, has been manufacturing Barbie dolls for nearly half a century since their introduction in 1959.

And MGA, which makes the Bratz dolls, now boasts more than \$2 billion in annual sales and at one point last year bested Barbie in U.S. sales. (Indeed, it has posed enough of a threat that Mattel sued Bratz designer Carter Bryant in 2004, claiming that he actually conceived of the doll while he was working at Mattel.)

The founders of Kids Give have no ties to Mattel.

Rangel’s background is in marketing. She spent much of her career as a senior vice president of sales and marketing at Catalina Marketing Corp., a St. Petersburg, Fla.-based marketing firm. Her business partner and company co-founder, Lisa Steen Proctor, previously worked as a lawyer and also spent time as a reporter at the Los Angeles Business Journal more than 10 years ago.

They met through their husbands, and both quit their jobs in 2005 to start Kids Give.

“We started with the mission behind the company, and the dolls grew out of that,” Rangel said. “We wanted to show children the beauty of different cultures. When we started doing this we found there were no dolls that were ethnically accurate.”

The founders also are attempting to separate themselves from other companies in the market with a charitable giving component that is tied to the sale of each doll.

Three percent of the retail price is donated to Plan USA, a worldwide children’s charity. Consumers can go on the company’s Web site and enter a unique code found on every product to select which charitable cause the money will be put toward, such as health care, food or schooling.

“We definitely were surprised at how well the dolls were received. We believed in the product but we didn’t know what kind of response we would get,” said Steen Proctor.

Anita Frazier, a toy industry analyst with NPD Group, a New York City-based consultancy, said Kids Give has already achieved a good measure of success just by being allotted shelf space in stores.

“Savvy companies are finding ways to make inroads,” said Frazier. “My first thought was that (Karito Kids) were American Girlish. But as I studied them, I found them to be more modern, and I think charitable giving is a new fresh angle.”

Different appeal

Another local company, Camarillo-based Only Hearts Club is also attempting to break into the doll market through socially and morally conscious dolls.

Its Only Hearts Club dolls are smaller, or Barbie-sized, but also ethnically diverse. Their logo is “Listen to your heart and do the right thing,” and the dolls are accompanied by a line of books that depict the girls making good decisions.

“It is kind of a 180 degree change from what is being marketed to girls, which is a ‘Me, me, bling, bling,’ sense of entitlement,” said President Len Simonian. “The dolls aren’t meant to be goody two shoes. They are meant to be real. But in the end of the books, they do something good for someone else.”

Designed by Chief Executive Rouben Terzian, who previously worked in design at Mattel, sales also have taken off since they were picked up on the shelves of Target last year. Now revenues are doubling annually, Simonian said.

But while Kids Give, MGA and Only Hearts Club have worked hard to differentiate their dolls from Barbie, there is one thing that all four manufacturers have in common: they all make their dolls in China, despite efforts by at least Kids Give to manufacture onshore.

“Actually, there aren’t any other places you can make a high quality doll like ours but in China. We looked for manufacturers in the U.S. who would be able to do it but they had all closed their doors,” Steen Proctor said. “Despite the flack they get, it’s where you can get high quality products.”