

Getting Smart on Smart Toys

Ten Tips for Spotting The Winners and Losers, by Warren Buckleitner

10 tips

From Tom Edison to Stu Pickles, great inventors have always used kids' toys as a testing ground for their inventions. Edison, for instance, created a talking doll, which used his phonograph technology. Unfortunately, it bombed after just one week on the market. Besides being expensive, the doll's talking mechanism—a steel stylus on a hard wax cylinder—wore out prematurely.



Smart toy "train wrecks" are common even today. Remember when Compaq and Fisher-Price teamed up to create a line of software and toy computer controllers called **Wonder Tools**? The gadgets looked great, but the software never delivered decent play value; not to mention the marketing challenge of getting parents to understand that these new toys needed to plug into a PC. Two years later, Mattel's \$90 **Talk With Me Barbie** also bombed. Like Edison's talking doll, getting Barbie working was too expensive and complex. And of course, there was **Microsoft Actimates Barney**, which confirmed the fact that nothing can get between a kid and his television.

Despite its history, the forecast isn't gloomy for the smart toy market. For one, there's no shortage of them, which seems to indicate that someone is making money. This year at E3, gizmos that plug into computers and game consoles were popping up everywhere. USB ports on computers have helped alleviate some installation hassles, and microprocessors have continued to increase in power while dropping in price.

A SMART TOY PRIMER: HOW TO SORT OUT THE WINNERS FROM THE REST

If you're looking for interactive children's products, it's easy to get confused these days. Increasingly, the distinction between software and toys is blurring. Take one of the largest toy manufacturers, Fisher-Price. "Three years ago, microprocessor-enhanced toys, or the electronic toy category, made up 25% of our line and had their own place at retail," said Jerry Perez, Executive Vice President of Marketing for Fisher-Price. "Today, it makes up 60% of our line." Also clear is that there's plenty of money to be made—or lost—in technology-enabled toys. The difference between winning or losing is determined by how well you know the technology and how well you know kids. Here are some common sense observations on what makes an effective smart toy.

1. The best smart toys complement classic play patterns.

According to LEGO's Helen Shwe, "Our research suggests that children can benefit from smart toys when they are designed to be toys



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first and smart second." Other experts agree. "All the technology in the world doesn't mean anything unless it delivers a valid play experience for the kid," says Chris Byrne, editor of *The Toy Report*. Brian Weinstock, VP of Creative at Trendmasters told us that "technology in toys should always be for one reason only—to be a blast—and that is the very reason toys exist in the first place."

2. Look for balance between the toy and its technology.

Kids love controllers that enable them to drive a car, an airplane or a pirate ship, but are disappointed if the software component of the experience runs short on content. This problem happens most when a developer sinks all the resources into the physical toy, and adds the software as an afterthought. There's a good lesson to be learned from Zowie Entertainment, who attempted to market two computer playsets, including **Redbeard Pirate's Quest**. Kids loved the playset, but soon ran out of places to steer their ship in the accompanying software. **The 3-D Cruiser** from Little Tikes and KB Gear shares the same problem. The controller looks great, but the cars are hard to steer and there's not a lot to do. On the other hand, when there's good chemistry between the toy and the software, the payoff can be huge. Back in 1998, for example, many people doubted the validity of the **Tonka Workshop CD-ROM Playset**, but today there are over 25 different playsets that work in much the same way.



3. Simplicity is genius.

The best designers know that kids don't read or listen to directions. They just want to get started. **Tiger's Hit Clips** come with the batteries preinstalled... just put in the earpiece and push the button. Such ease of use is elegant and a good business practice.

4. Yes, price does matter.

"There are a lot of toys out there that I call Dodge Vipers... crammed with technology and priced out of reach of average people" said Toy Report's Byrne. "Developers need to remember that the average price of a toy is \$9." Byrne cites Hasbro's \$95 **My Real Baby** as an example. Made in conjunction with iRobot Corporation, the doll is real-sized and crammed with motors, sensors, and RAM. But all the technology in the world doesn't mean anything unless it translates into a meaningful play experience for the child. Lisa Mancusco, a researcher at Fisher-Price agrees. "It always comes down to price value. We scrutinize everything and a lot of times we simply don't put the expensive technology in."



5. Kids demand nothing less than power and quality.

Some things just don't go out of style, and quality is one of them. **Music Blocks**, a toy for babies, succeeded last year because it combined ease of use with good quality Mozart. Durability, power, quality—these are essential characteristics of products that make it in the marketplace.

6. "No computer required" is becoming more attractive.

As the cost of RAM and ROM drops, publishers have more options, including the ability to bypass the computer or console altogether. We've heard teachers raving about **Leap Frog's Leap Pad** because it frees them from the computer lab and the complexities of a computer operating system. Other toys use the television set as a display device to deliver the play experience. One of the best of these is the \$50 **Play TV Sports Series** (Radica), which uses a baseball bat (or ping pong paddle, etc.) as the controller.

7. Understand the rechargeable toy.

It's an exciting concept... to download from the web new content or customization features— but this technology is in the very earliest of stages. The Internet/toy connection has to be incredibly simple for parents to effectively use the technology. Keep an eye on LeapFrog's **Leap Link** and Hasbro's **eSPECIALLY MY Barney** to see how these rechargeable toys fare.



8. Child development leads the way.

The companies that know the most about kids' play and play patterns are also the ones making the most successful smart toys. LEGO, Fisher-Price and Hasbro are heavily involved with research on interactive technology and are applying it to traditional toys. Miriam Kelley, Director of Preschool and Design at Fisher-Price, says "We're very aware that technology can enhance the classic things that we know about children's play. For example, we can give them what we call 'finger food' with toys, by letting their actions make elevator doors open and close or lights go on and off. The trick is to put in just enough technology to scaffold the play rather than to channel the play."

9. Kids are smarter than most toy designers think

Too many of the toys we've tested assume children are clueless when it comes to knowledge of colors, numbers, letters and shapes. Some are too passive, forgetting that kids like to be in the driver's seat. The best electronic experiences don't underestimate children and are highly controllable, providing a variety of learning possibilities with precise, instant feedback. An excellent example of this is the Fisher-Price/Microsoft **Intelli-Table**.

10. Remember the Beanie Baby

The fundamental reasons that children come to toys in the first place are to pretend and have fun. "Kids are smarter than the smart toys" said Larry Schwarz, CEO of Rumpus, a company specializing in low-tech toys. "Our toys will be around long after the battery runs out." Keep in mind, too, that the largest per capita spending on any stuffed toy happened during the dawn of the Smart Toy age. In 1998, sales of Beanie Babies hit the billion dollar mark, making Ty, Inc. the leading toy manufacturer of the year. Today, Ty Warner is the 55th richest guy in America— and he did it with no batteries, wires or microchips. ☘

