

# How will the ‘age of smartphones and tablets’ affect the children’s toy industry?

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## Abstract

This paper aims to answer the question ‘how will “the age of smartphones and tablets” affect the children’s toy industry?’

As it is an analysis about children, questionnaires for two main stakeholders, children and parents, are needed in order to understand their attitudes towards children’s toys. The results will then be analyzed with the reference of consumer behaviour. Due to the limitation of time and resources, it is the only primary research but it gives an insight that both customers and consumers prefer smartphones and tablets mainly because of their multi-function and popularity.

The essay also analyzes how technology changes children’s toys by doing secondary research such as viewing statistics about children’s favourite toys and quoting articles for toy information. They all further support my primary findings and show that the leaders of children’s toy industry, for example, Monopoly and Mattel have already been trying to modify their products to suit peoples’ new expectation, which indicates the importance of changes.

At last, Ansoff’s Matrix will be used to give solid suggestions about how children’s toy industry can adjust their products.

This paper suggests that children’s toy industry should use ‘product development’ as a strategy to survive in the market by giving the real product examples from field research. Firms can either upgrading their old products, producing children’s smartphones and tablets or even designing new technological toys.

Using the recommendation above, with the cooperation of other factors in marketing mix: better pricing strategy, wider distribution channel and more effective promotion, children’s toy industry should be able to overcome the threat of ‘the age of smartphones and tablets’.

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## Introduction

Technology is in our everyday life. We use electrical appliances, for instance, machines and computers, to extract raw materials, manufacture products and provide goods and services. In recent years, the main technological development focuses on smartphones and tablets. It has not only changed the way we use cell phones, but also the way children play toys.

Traditional children's toys have been impacted by the interactivity of smartphones and tablets. For example, some parents prefer those gadgets because 'When you have a screaming toddler in a restaurant or any public area, you want to have something to calm him down with<sup>1</sup>'. Therefore, some researchers conclude that 'Adults are taking advantage of the smartphone's ability to act as a mobile learning or entertainment device for their children<sup>2</sup>'. This simply indicates that both functional and emotional values can be gained from smartphones and tablets. Thus, it is easy to notice that the rise of those gadgets will be a threat to children's toy industry.

Porter's generic strategies<sup>3</sup> suggest that every successful business must have a competitive advantage to prevent being ended by rivals enter the market.

In this case, smartphones and tablets are hi-tech products and there are not many substitutes in market, so they can be more product-oriented, which means to focus on what firms can make instead of what they can sell, compared to children's toy.

The supply of gadgets creates its own demand but demand dominates the market of children's toy industry<sup>4</sup>. Hence, to be a successful toy firm, a competitive advantage is needed to boost the demand of toys from consumers so their market standing can be maintained.

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<sup>1</sup> Parents buying iPad and iPhone toys for their kids, *JOSEPH PISANI, News Limited*, <http://www.news.com.au/technology/smartphones/parents-buying-ipad-and-iphone-toys-for-their-kids/story-fn6viihc-1226215510844>. 2011

<sup>2</sup> Parents using smartphones to entertain bored kids, *Stephanie Goldberg, Cable News Network*, <http://edition.cnn.com/2010/TECH/04/26/smartphones.kids/>. 2010

<sup>3</sup> P. 113, Hoang, P. (2011). *Business and Management*. IBID Press.

Firms often suffer from market myopia<sup>5</sup> which is when businesses become complacent about their product strategy, thereby failing to keep up with market changes. With the arise of smartphones and tablets, a successful toy firm also needs to react to the market changes as soon as possible.

This paper therefore aims to investigate ‘how will “the age of smartphones and tablets” affect the children’s toy industry’, to address how children’s toy industry survive in the new trend.

## Methodology

The history of toys<sup>6</sup> points out that toys were changed overtime due to the progress of civilization and technology. This shows that children’s toy industry is market-sensitive which means toy firms are highly volatile to the news in market. To investigate how children’s toy industry will be affected, we first have to understand what is new in the market.

As parents and children are the customers and consumers of children’s toys, questionnaires for them are effective in assessing about their preference of toys.

Snowball sampling is used as a method to collect data in questionnaire. It is the surveys or interviews carried out with individuals who then suggest to other friends, family members or colleagues to increase the sample<sup>7</sup>. It is the most suitable method as different data about different children can be collected easily given the limited time and resources available. Also, as the target groups are either parents or children, their main social networks should be within other parents and children, snowball sampling is a good way to gain access to wide range of people then.

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<sup>4</sup> Toy, *Wikipedia*, <http://en.wikipedia.org/wiki/Toy>. 2012

<sup>5</sup> P. 115, Hoang, P. (2011). *Business and Management*. IBID Press.

<sup>6</sup> Toy, *Wikipedia*, <http://en.wikipedia.org/wiki/Toy>. 2012

<sup>7</sup> P. 419, Hoang, P. (2011). *Business and Management*. IBID Press.

Consumer behaviour theory and Ansoff's Matrix will be used to analyse the results afterwards. On the other hand, how children's toy industry survives can be investigated by field research of toy companies' and media resources. Lastly, the recommendation for children's toy industry will be provided.

Nevertheless, there are limitations in my research. This methodology is based on assumption and prediction which may be lack of evidence. The high reliance on media sources may decrease the creditability of this paper too. To improve, more research from a wide range of secondary sources would be used to explore the research question.

## **Literature review**

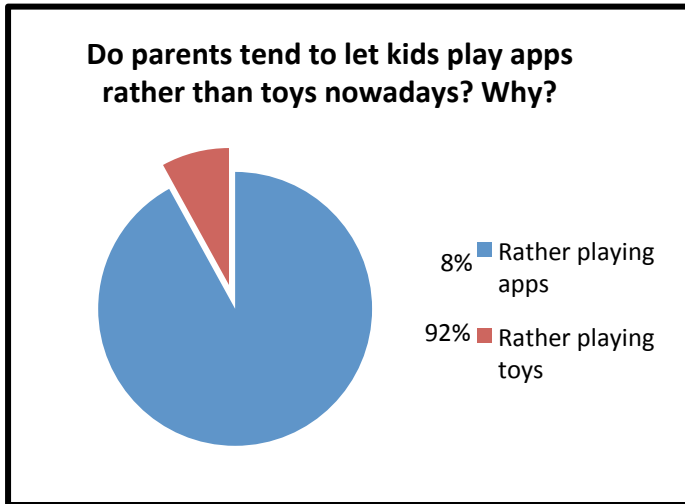
Firstly, newspapers are always cited from American sites. This may not be representative enough to other places. To improve, articles could be taken from more different websites. Second, interviewees may all have similar lifestyles and attitudes under snowball sampling so this may enhance questionnaires bias. To improve, cluster sampling could be used if possible to minimize the inaccuracy of questionnaires.

Thirdly, the questions in the questionnaire may not be thorough and open-ended enough which may not reflect the whole situation of children's toy industry. A set of detailed questions could be used to replace.

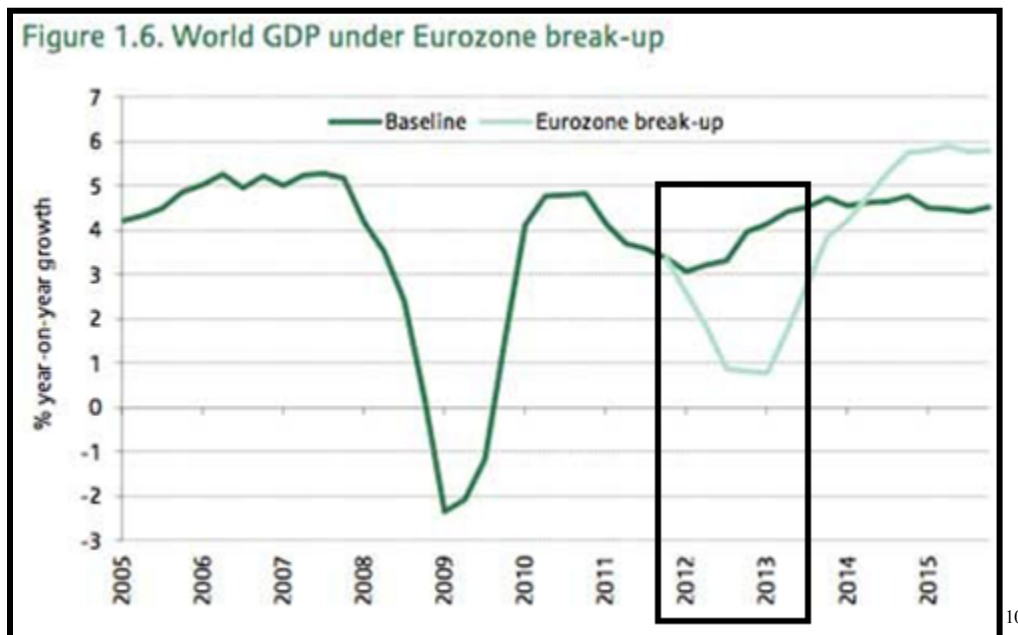
Fourthly, there may be time lag which was not considered. By the time firms use the strategy suggested, the economic situation may be different already. I could suggest more different strategies if I could do further research in future and expand the word limit. Finally, the paper may be lack of quantitative data and so it may be difficult to reach a definitive conclusion. More statistics provided will be more persuasive.

## Problems – Preferences of parents and children today<sup>8</sup>

According to the primary data, most parents tend to let kids playing apps and children rather spend time playing apps nowadays as shown in the graphs.



The research also found most parents like letting their kids playing apps because of cheaper cost.<sup>9</sup>



<sup>8</sup> Appendix A – Questions in questionnaire

<sup>9</sup> Appendix B - Data in questionnaire showing the reasons of parents prefer their kids playing apps or toys

From the graphs above, we can see the global economy is in recession which means people are not willing to spend much money on goods and services. There are even economists described we are in a 'greater depression'<sup>11</sup> which refers to a deeper slump than the one in the Great Depression in 1930s.

This is one of the reasons that parents do not want to increase their expenses on non-necessity<sup>12</sup> according to the research about the spending habits of people in recession. Therefore, parents prefer just downloading apps on their phones but not spending lots of money on buying different toys, with the reference of the average prices (in USD) for apps and traditional toys are \$0 and \$8 respectively<sup>13</sup>. Also, parents do not need to bring toys when going out with kids. Instead, they can just use their phones as a 'baby-sitter', as shown in the introduction. This show that apps can save both time and money cost which are very important in modern busy society.

It logically follows that children prefer playing apps too as parents, being the key decision maker in the supply of toy entertainment to their dependent children, provide more apps than toys<sup>14</sup>. They then have more experience on apps so it is usual for them to keep using apps instead of toys. As more children are playing apps, they will influence their peers to choose apps as their 'toy' of choice. Consequently, the 'age of smartphones and tablets' will become a trend in children's toy industry in the coming future.

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<sup>10</sup> Eurozone crisis live: UK would suffer 'deep recession' if eurozone, *Guardian News and Media Limited*, <http://www.guardian.co.uk/business/2012/feb/01/eurozone-crisis-greece-talks-manufacturing>. 2012

<sup>11</sup> The Greater Depression, *Paul Krugman, The New York Times* <http://krugman.blogs.nytimes.com/2012/01/26/the-greater-depression/>. 2012

<sup>12</sup> How people are altering their spending habits as a result of the recession, *Maria Papadopoulou, Helium.com*, <http://www.helium.com/items/1859542-spending-habits-recession-during-recession-save-money-make-lists-look-for-anything-free>. 2012

<sup>13</sup> A Spoiled Kids' Christmas Story: 10 Priciest Toys, *LEAH KONEN, The Fiscal Times*, <http://www.thefiscaltimes.com/Articles/2011/12/09/A-Spoiled-Kids-Christmas-Story-10-Priciest-Toys.aspx#5aWAIDuy6wzD1IZE.99>. 2011

<sup>14</sup> Appendix C - Data in questionnaire showing the reasons of children prefer playing apps or toys



## Analysis of the problem – applying consumer behaviour theory

### Criteria of Consumer behavior: The psychology of marketing

- Trend in the society
- Structure of population
- Selling targets
- Peer pressures
- Reputation and Consumer experiences
- Maturity stage and saturated market
- Consumers' beliefs, feelings and behavioral intentions

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Those criteria above are known as consumer behaviour which Lars Perner, University of Southern California, claimed as the most common psychological manner in marketing<sup>16</sup>. An application of Perner's theories on consumer behaviour will be used to further examine the research question.

To be a market-sensitive business, toy firms should be able to adjust their marketing mix (Production, Price, Promotion and Place) according to consumer behaviour in any time in order to maintain their market place.

Children's toy industry will be used continuously as an example in this case and the analysis of each criterion will be shown at the following paragraphs.

### Trend in the society

First, the trend in society is technological is stated in the introduction. Our reliance on technology

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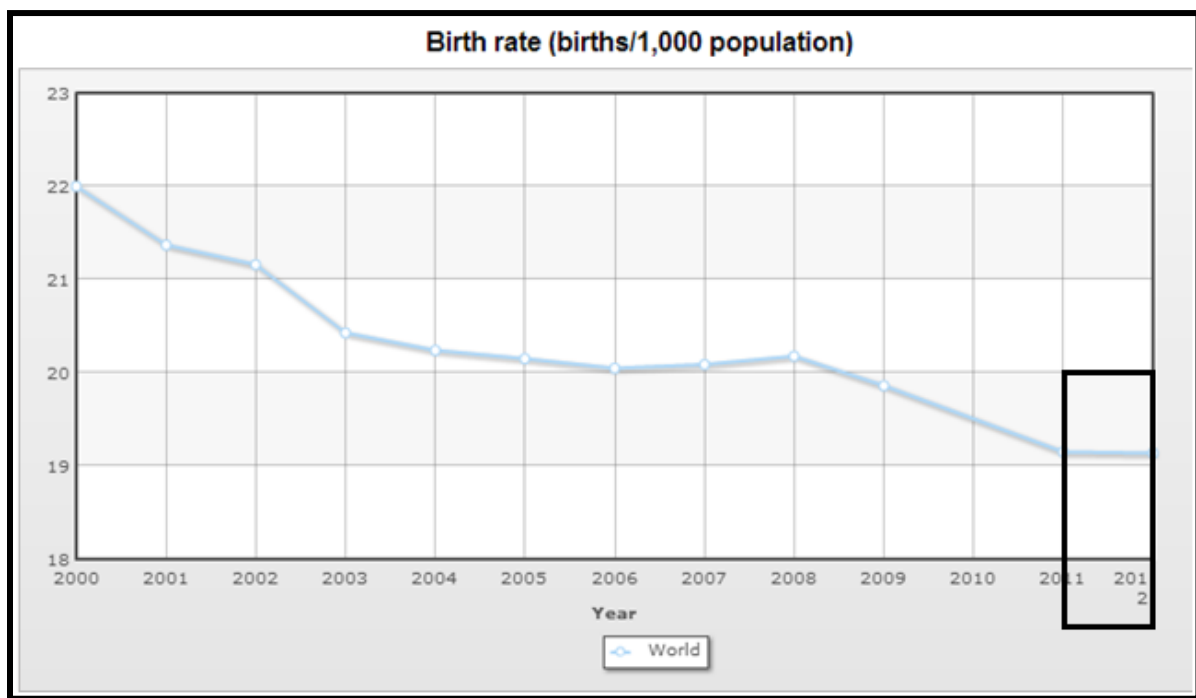
<sup>15</sup> Lars Perner, Ph.D. *Consumer behavior: The psychology of marketing*, <http://www.consumerpsychologist.com/index.html>. 2010

<sup>16</sup> Lars Perner, Ph.D. *Consumer behavior: The psychology of marketing*, <http://www.consumerpsychologist.com/index.html>. 2010

has expanded to even in toys. Plus, as we assume people are rational decision-maker in business, from our points of view, people usually are not always willing to spend extra time or money and this phenomenon is even more serious during the period of recession, with the reference of spending habits above.

Therefore, if smartphones and tablets can be functioned as a toy for children, people will pick it undoubtedly. The most important is, parents can still use it personally and there are lots of free apps available too. Oppositely, for toys, parents have to pay for things that are not useful to them as well as to spend a lot to buy different kinds of toy, to satisfy children's varied tastes. In short, parents would prefer apps.

### Structure of population



<sup>17</sup> World birth rate, *CIA World Factbook, index mundi*, <http://www.indexmundi.com/g/g.aspx?c=xx&v=25>. 2011

Second, as shown in the diagram above, the global birth rate keeps decreasing. In other words, it is usual to expect that the population of children will decrease in the near future so the demand of toys may not be very high. This signifies a threat of children toy's industry which forces them to carry out changes.

### **Selling targets**

Third, as children are the consumers and parents are the customers of children's toy, successful firms should be able to balance the both side, which means children's toys should be attractive to children but also affordable for parents. At this case, smartphones and tablets take an advantage over children's toy because parents rather spend money on things that are useful to both their children and themselves. Toys therefore should be differentiated in order to avoid the replacement of gadgets.

### **Peer pressures**

Fourth, peer pressures can be also a factor that influence consumers' decision making. People always want to be up-to-date and they are afraid to be left out in trend according to the psychological research<sup>18</sup>. Therefore, if parents see other parents let kids playing apps, they will switch to apps and may even recommend to others and this is known as 'peer-to-peer' effect. Peer pressures are particularly usual among children. In order to establish their self-esteem, they will always want to 'catch up with' their friends by buying the same or even more advanced things. Thus, it is obvious that the probability of children picking smartphones or tablets is higher in comparison.

### **Reputation and Consumer experiences**

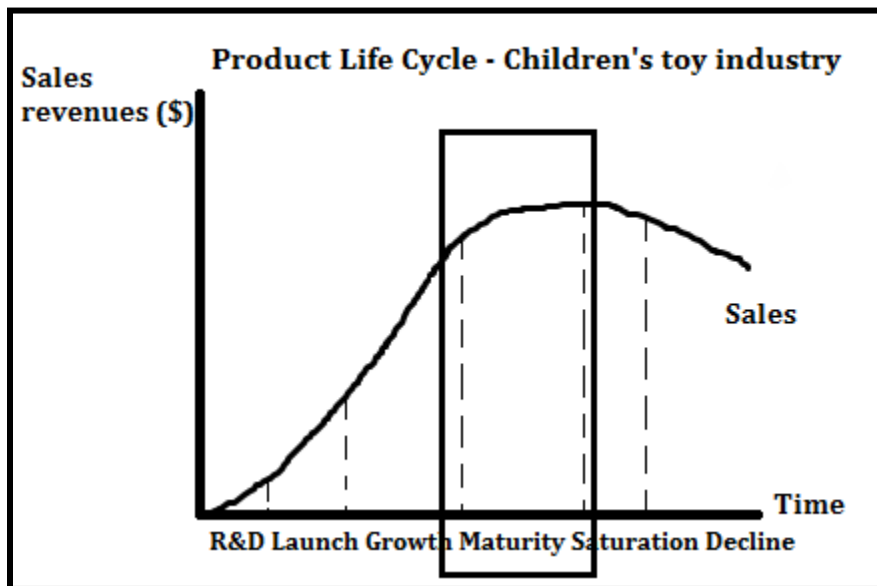
Fifth, reputation of the products (which is considered as word of mouth to some extent) is

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<sup>18</sup> Why Am I So Afraid of Being Alone?, Karyl McBride, Ph.D. <http://www.psychologytoday.com/blog/the-legacy-distorted-love/201109/why-am-i-so-afraid-being-alone>. 2011

important as it affects our desire to purchase the products at the first time<sup>19</sup>. It is also accompanied by consumer's experiences. If the product can satisfy the feel good factor of consumers, they will keep purchasing and promote it to their people around. The target audiences of smartphones and tablets are much wider than toys so apps are easier to spread out and become the trend in society.

#### Maturity stage and saturated market



Sixth, children's toys are in maturity stage in Product Life Cycle as the market is saturated by lots of different types of toys<sup>20</sup>. If the products are in this stage, it is appropriate for them to improve their products as a strategy for product extension to avoid falling in decline stage. It is because consumers can easily switch to other products as the elasticity of demand is high. However, keeping price low is not a possible long-term solution as companies cannot bear the low profit margin for a long period of time. Thus, it is believed that toy companies should improve their products to maintain their market standing.

<sup>19</sup> Importance of Word of Mouth Marketing, *Bimlendu Roy, eHow.com*, [http://www.ehow.com/facts\\_5796882\\_importance-word-mouth-marketing.html](http://www.ehow.com/facts_5796882_importance-word-mouth-marketing.html). 2012

<sup>20</sup> Toy and Game Industry: Market Research Reports, Statistics and Analysis, *Reportlinkers.com*, <http://www.reportlinker.com/ci02218/Toy-and-Game.html>. 2012

### Consumers' beliefs, feelings and behavioural intentions

Last but not least, it is more about personality and habit of people which is difficult to change. Depend on the mission of company; products are made according to the objectives of firms. An example of smartphones and tablets industry will be used as a reference.

Apples and Samsung are rivals in the mobile industry but they both use different methods to penetrate the market successfully. For Samsung, they tend to follow the attitude of consumers. They have recently promoted a smartphone (Galaxy S III) and its slogan is 'designed for humans'<sup>21</sup>. It may be used as a reference to children's toy industry which means they can make toys according to what consumers want.

On the other hand, for Apple, there was a famous quote from Steve Jobs: 'you can't just ask customers what they want and then try to give that to them. By the time you get it built, they'll want something new'<sup>22</sup>. From their points of view, the attitude of consumers can be always changed so firms should make products that can change their attitudes instead. Children's toy industry may take it as an example that is to enhance the brand loyalty by designing differentiated toys.

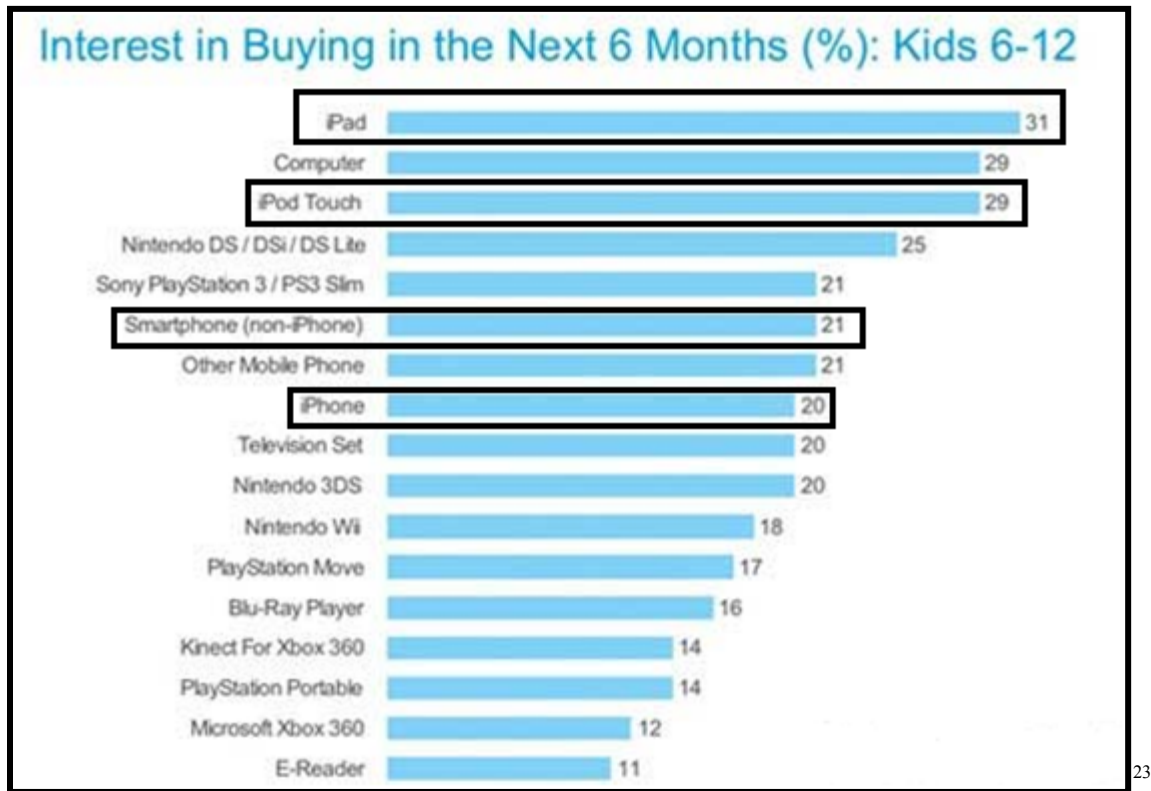
In short, from the consumer behaviour above, it can be concluded that improvements or changes of toys are inevitable in order to fit the technological trend in society. The technological trend among children will be addressed next.

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<sup>21</sup> Samsung Galaxy S III – 'Designed for Humans', *GEORGE TINARI, intomobile*, <http://www.intomobile.com/2012/05/03/samsung-galaxy-s-iii-designed-humans/>. 2012

<sup>22</sup> The Entrepreneur of the Decade, *Bo Burlingham and George Gendron, Mansueto Ventures LLC*, <http://www.inc.com/magazine/19890401/5602.html>. 1989

## The technological trend



From the chart, smartphones and tablets are now become one of the American kids' favourite toy. In addition, the statement in the article taken from CNBC also supports the technological trend happened in children's toy industry, 'Enter the biggest trend at this year's American International Toy Fair: toys that are either based on apps, or can be used with tablets and smartphones. Some toymakers are using physical toys to interact with smartphones and tablets, while others are using apps to strengthen their brands by carving out a space for them in the virtual world<sup>24</sup>'. Those provide solid evidence that some toy firms have already taken part in fitting the trend 'the age of smartphones and tablets'.

<sup>23</sup> Android Smartphone Exceed iPhone to Be American Kids' Favorite Toy, *Syche, DownloadAtoZ*, <http://mobile.downloadatoz.com/news/941,android-smartphone-exceed-iphone-to-be-american-kids-favorite-toy.html>. 2010

<sup>24</sup> Hottest Tech Toys for Kids, *Christina Cheddar Berk, CNBC.com*, <http://shine.yahoo.com/parenting/hottest-tech-toys-kids-173000884.html>. 2012

The following paragraph gives an example on how leading toy firms playing their role in change.

Monopoly, one of the best-known toys in the world, promoted its iPad version of monopoly game<sup>25</sup> to the market recently. Players have to use their iPad for money exchange or property transfer which is totally different compared to the paper card before. Though Monopoly is a unique board game, it still needs to remain its competitiveness by catching up with on the social trend.

The other example is Mattel which is famous in manufacturing Barbie dolls. ‘In addition, tablets and smartphones provide the platforms for brands like Barbie to never have to become “mature” ever again<sup>26</sup>’. Not only dolls are already in the saturation or even decline stage in the Product Life Cycle<sup>27</sup>, but there may also be people who are tired of Barbie as she has appeared in the toy market for fifty years. Thus, it is essential for Mattel to add new factors to the products (Barbie on tablets and smartphones in this case), so it can be likely to prevent its decline and even reach another peak.

By looking at the approach of these two leading toy firms, it further supports the importance of adjustments of children’s toy, in order to be well-prepared for the market changes brought by ‘the age of smartphones and tablets’.

To give detailed suggestions about how children’s toy industry can change, Ansoff’s Matrix will be used to support the explanation.

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<sup>25</sup> Appendix D - A newspaper showing new version of Monopoly assisted with iPad

<sup>26</sup> Mattel: Barbie's Future in the Digital Age, *Jane Genova, The Motley Fool Blog Network*, <http://beta.fool.com/janegenova/2012/04/18/mattel-barbies-future-tablets-smartphones/3730/>. 2012

<sup>27</sup> Toy and Game Industry: Market Research Reports, Statistics and Analysis, *Reportlinkers.com*, <http://www.reportlinker.com/ci02218/Toy-and-Game.html>. 2012

## Strategies for the future – applying Ansoff's Matrix

	Existing market	New market
Existing product	<b>Market Penetration</b>	<b>Market Development</b>
New product	<b>Product Development</b>	<b>Diversification</b>

28

Ansoff Matrix is a marketing planning tool which can give business direction and help to determine its product and market growth strategy by suggesting the growth strategies on using new or existing products in new or existing markets<sup>29</sup>.

### Market Penetration

Firstly, market penetration is where the business focuses on selling existing products into existing markets<sup>30</sup>. It is used mainly for achieving three objectives. One is to maintain or increase the market share of current products which can be achieved by using competitive pricing strategy, advertisement and sales promotion. It also aims at driving competitors out of the market which can be achieved using a much more aggressive promotion such as predatory pricing strategy or customer loyalty programs.

Therefore, it suggests that toy firms maintain what their products and markets but using different promotional campaign. As the firms are focusing on markets and products that they are familiar

<sup>28</sup> Ansoff's Matrix, *tutor 2 u*, [http://tutor2u.net/business/strategy/ansoff\\_matrix.htm](http://tutor2u.net/business/strategy/ansoff_matrix.htm). 2012

<sup>29</sup> Ansoff Matrix, *Jim Riley*, [http://www.tutor2u.net/business/strategy/ansoff\\_matrix.htm](http://www.tutor2u.net/business/strategy/ansoff_matrix.htm). 2012

<sup>30</sup> Ansoff Matrix, *Jim Riley*, [http://www.tutor2u.net/business/strategy/ansoff\\_matrix.htm](http://www.tutor2u.net/business/strategy/ansoff_matrix.htm). 2012



with, it is believed that they have good information on competitors and on customer needs. However, this strategy requires much investment in doing new market research. Also, toy firms may not be able to overcome the threats of ‘the age of smartphones and tablets’ because they still use the old products to sell in the same market.

### **Market Development**

Secondly, market development is where the business seeks to sell its existing products into new markets<sup>31</sup>. Possible approach may be to export the product to a new country, to set up new distribution channels or to use different pricing strategies to attract different customers in different market segments.

Toy firms should be able to increase the demand of their products as they can expand their customer base with this strategy. For example, Groupon, which is an e-commerce website that features discounted coupon for buying products from local and national companies, may be used as a market development strategy for children’s toy industry as it is a brand-new market for toys. Though, it again requires a huge amount of money to do market research in order to enter a new market which means small toy firms cannot improve their problem by implementing this strategy.

### **Diversification**

Thirdly, diversification is where a business markets new products in new markets<sup>32</sup>. This is a risky strategy because the business is moving into a market where it has almost no experience or information. Therefore, if toy firms want to adopt this strategy, they must have a huge amount of money and be well prepared for bearing risk.

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<sup>31</sup> Ansoff Matrix, *Jim Riley*, [http://www.tutor2u.net/business/strategy/ansoff\\_matrix.htm](http://www.tutor2u.net/business/strategy/ansoff_matrix.htm). 2012

<sup>32</sup> Ansoff Matrix, *Jim Riley*, [http://www.tutor2u.net/business/strategy/ansoff\\_matrix.htm](http://www.tutor2u.net/business/strategy/ansoff_matrix.htm). 2012

## Product Development

At last, product development is where a business aims to introduce new products into existing markets<sup>33</sup>. This strategy requires investment on market research and development but it is the most common strategy that current toy firms adopted<sup>34</sup>. It is proved to be suitable for the market change, in addressing the effect of globalization. It is because the taste and culture are interflowed with different countries nowadays and people tend to share the same preference<sup>35</sup>. With the arise of gadgets, it is believed that smartphones and tablets can reduce the demand of toys and this effect will be spread out easily because of globalisation.

As a result, new factors for toys are needed to be added from the above investigation. Market penetration is eliminated due to the use of old products. Market development and diversification are not suitable because of the high cost or the high risk involved. Therefore, Product development is a recommended strategy for children's toy industry to alter their products for survival, regarding the popularity in market.

The following shows a group of real examples about how product development in the field research of toy companies.

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<sup>33</sup> Ansoff Matrix, *Jim Riley*, [http://www.tutor2u.net/business/strategy/ansoff\\_matrix.htm](http://www.tutor2u.net/business/strategy/ansoff_matrix.htm). 2012

<sup>34</sup> Toy and Game Industry: Market Research Reports, Statistics and Analysis, *Reportlinkers.com*, <http://www.reportlinker.com/ci02218/Toy-and-Game.html>. 2012

<sup>35</sup> Globalization, National Geographic, [http://education.nationalgeographic.com/education/encyclopedia/globalization/?ar\\_a=1](http://education.nationalgeographic.com/education/encyclopedia/globalization/?ar_a=1). 2012

## Examples of technology influenced toys in the toy market today

Vtech's Alphabet Learning Pal



Mattel's Barbie B Pad



SMARTPHONE



They are a blackberry, iPad and iPhone<sup>36</sup> for children on pictures above. Toys are designed for children to experience what their parents use so it should be attractive and able to satisfy children's curiosity. It is also more affordable to parents compared to buying a smartphone or tablet. For instance, the Alphabet Learning Pal can be used as an educational tool for children and this can save the costs for parents buying exercises etc. Those products are unique as well as the apps inside are tailored for children which is more preferable too.

<sup>36</sup> Jailbroken iPhone Toy Will Sure Make Your Kid Happy, *Sebastien Page, iDownload Blog*, <http://www.idownloadblog.com/2011/01/04/jailbroken-iphone-toy/>. 2011

LeapPad



LeapPad Gel Skin



It is another iPad for children and there are many 'educational apps' on the tablets. It can attract children because it is a more 'realistic' tablet compared to the previous examples. Also, it can attract parents because of the low price and the educational games provided. The company provides a case for the little tablet too. Consumers who purchase the LeapPad will need to buy the specialized case to protect their toys.

Therefore, the company can act as a loss leader to sell the tablets in a low price but also be able to recoup the cost from 'complementary product'. It is a great idea as firms can establish their market places and 'sell more in low margin profits' to cover their costs in research and development quickly.

### SilverLit's Blue Sky Heli



### SilverLit's Porche



Different than the examples above, it is a more technological advanced product. People have to use their smartphones or tablets to control the toy helicopter and toy car above. Different to the examples above, it is more technological advanced. The firm improved their old products by adding new factors on it. Users can then control the car or helicopter with tablets or smartphones. It is an experience that cannot be gained from only tablets or smartphones so people are attracted to purchase it even they might own gadgets already.

### Animal Planet Radio Control Giant Flying Clown Fish



Finally, walking around the toy stores, there are toys with QR code (quick response code)<sup>37</sup> as some toy firms improve their old products in a different way. Children have to use their smartphones and tablets to scan the QR code for extra information or game assistance, which is a way to improve firms' old products in a more technological way.

To sum up, with the reference of the real examples above, children's toy industry should consider the adjustments of their products as soon as possible to avoid the danger of technology in a better way. The ultimate recommendation for children's toy industry is the application of product development which can help the toy firms to create a competitive advantage to suit the market.

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<sup>37</sup> How QR Codes are Making a Difference this Holiday Season, *Andrew Humme, Christianity Today*, <http://www.christianitytodayads.com/2011/12/06/qr-codes-holiday-advertising/>. 2012



## Conclusion

In answering the question ‘how will “the age of smartphones and tablets” affect the children’s toy industry’, this paper clearly outlines the threat of technology to children’s toy industry by using questionnaire, criteria of consumer behaviour and articles. Further strategies for the future were recommended via Ansoff’s Martrix and field research.

From this paper, children’s toy industry is encouraged to change in order to adapt the trend of ‘the age of smartphones and tablets’. It suggests that children’s toy industry should use ‘product development’ as a strategy to survive in the market. Firms can upgrade their old products, produce children’s smartphones and tablets or design new technological toys. There are leaders in children’s toy industry such as Monopoly and Mattel already using ‘product development’ as a change. It highlights the usefulness of the strategy and the direction of children’s toy industry.

Using the suggestion above, with the consideration of other factors in marketing mix: better promotion strategy, more attractive pricing and broader distribution place, children’s toy industry should be able to overcome the problem of ‘the age of smartphones and tablets’. It is hopefully to help toy firms to maintain or even to increase their market share in children’s toy industry in order to survive in the technological society nowadays.

To conduct further research, more information about how children’s toy industry will be affected by smartphones and tablets such as sales forecasting the may be needed for prediction. Also, more business tools could be used to justify what change is needed for toy firms, for instance, Lewin’s force field analysis which is a useful model that helps for decision-making by analyzing the factors for and against the change suggested<sup>38</sup>.

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<sup>38</sup> Force Field Analysis, *Mind Tools Ltd*, [http://www.mindtools.com/pages/article/newTED\\_06.htm](http://www.mindtools.com/pages/article/newTED_06.htm). 2012

Plus, as how children's toy industry survives is the main concern in this paper, further suggestion such as evidence on what the toy's industry needs to estimate the trends may be needed to increase its effectiveness.

One major unresolved problem is that parents may be nostalgic about their childhood and like to buy toys for children that are the same as the toys the parents enjoyed in their childhood, for example, Twister and Cabbage Patch Dolls<sup>39</sup>. Therefore, since parents are the key decision maker and influencer of the toys played by children today, product development may not be appropriate in this case. A variety of Ansoff strategies should be used instead in order to have a wider range of product mix.

Nonetheless, this paper does give an insight and basic idea about how children's toy industry overcomes its decrease of demand of toys successfully.

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<sup>39</sup>Old favourites still getting played: Twister, cabbage patch dolls and Lego sets all feature on 2012 wishlist to Father Christmas, *TONI JONES, Mail Online*, <http://www.dailymail.co.uk/femail/article-2225861/Father-Christmass-2012-wishlist-Old-favourites-Twister-cabbage-patch-dolls-Lego-getting-played.html>. 2012



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## Appendices

### A. Questions in questionnaire

For Parents	For Children
Age	Age
Gender	Gender
Do parents tend to let kids play apps rather than toys nowadays? Why?	Do children spend time playing apps rather than toys nowadays? Why?

### B. Data in questionnaire showing the reasons of parents prefer their kids playing apps or toys

Rather playing apps?	Rather playing toys?
Convenient	Using smartphones or tablets too often will hurt their eyes
Not expensive compared to buying lots of toys	Easy to cause addiction
Kids can play themselves	Tangible toys can provide an opportunity for children to 'touch' real things
Free apps available	More different kinds of toys available

### C. Data in questionnaire showing the reasons of children prefer playing on apps or toys

Playing apps more?	Playing toys more?
Parents do not often buy toys	Parents do not own a smartphone or tablet
Parents do not always have time to play toys with them	Parents do not let them use smartphones or tablets
Children can choose and download what free apps they like on smartphones or tablets without making their parents pay	
Their friends play apps	

### D. A newspaper showing new version of Monopoly assisted with iPad

