

MAIN FEATURE



## Top Toy Manufacturers in 2008

[By Akbar Ali]

The toy industry has been in the news more often than it would perhaps like in recent months, thanks in large part to the wave of toy recalls and consumer alerts last fall which led to a comprehensive overhaul of production oversight. Of course, few things can sway manufacturers in the way that a series of congressional hearings and scandals in the media can, as witnessed in the admission from Mattel CEO Robert Eckert that “we were let down, and so we let you down” after three significant toy recalls prompted by concerns of poisonous lead paint being used in toys sold to American children.

The recent holiday shopping season suffered from not only a widespread economic downturn but also the fact that there was no “hot ticket” toy this year appearing on every kid’s wish list — no Tickle Me Elmo, Pokémon, or Cabbage Patch Kids craze this season.

Despite recent claims from Eckert that 2008 will be a better year than 2007 for the industry, outsiders maintain that new standards of operation will shake things up among toymakers, particularly those who manufacture most of their products in China, Hong Kong, and other low-cost foreign labor markets. The top toy manufacturers for the fiscal year are expected to be the following:

1. **Mattel:** Mattel is the world’s largest toy company and is responsible for such product lines as Barbie, Hot Wheels, American Girl, Polly Pocket, and Matchbox. Revenues from Barbie products account for a massive 80% of Mattel’s profits. Mattel has had a largely favorable history with regard to employee treatment and wages, implementing its Global Manufacturing Principles in 1997, which were designed to improve worker conditions.

Mattel’s 2007 toy recalls involved nearly 1 million toys manufactured in

China, including the popular *Dora the Explorer* and *Sesame Street* toys, which in some cases were found to possess more than 180 times the limit of lead paint. This led to widespread criticism of Mattel, especially within the industry, prompting several consumer groups and organizations to name Mattel toys as recipients of “bad product” awards. *Fortune* dubbed the Mattel toy recalls of 2007 its “Dumbest Moment” in business of the year.

2. **Hasbro:** Hasbro, the second-largest global toymaker, is renowned for producing several long-lasting toy franchises which have endured since the company began in the 1920s. Among their many successes are Mr. Potato Head, G.I. Joe, Transformers, and My Little Pony, all of which have enjoyed popularity over several decades. It is also responsible for many of the world’s most popular board games, including Monopoly, Candy Land, Scrabble, Trivial Pursuit, and Pictionary. Hasbro recently acquired board game company Cranium Inc. for \$77.5 million.
3. **Bandai:** The world’s third-largest toy manufacturer, Bandai is based in Japan and has produced large numbers of

popular video games for Nintendo, Sega, PlayStation, Game Boy, Wii, and Xbox. Recent video game successes include *Digimon World*, *Zatch Bell*, and *Zegapain*.

4. **Lego:** Home of the eternally popular Lego bricks, the Lego Group has been around since 1934, when Danish toymaker Ole Kirk Christiansen created his first line of wooden toys. From there the company began producing the plastic bricks which are now so pervasive in toy chests across the world. Recently the company has tried to capitalize on popular culture phenomena like Star Wars and Harry Potter by rolling out Lego sets unique to those stories.
5. **Tiger:** This American electronic-toy manufacturer is best known for handheld games and the Furby and Giga Pets franchises. Though it is a subsidiary of Hasbro, it operates as its own corporate entity dealing with lines usually not associated with Hasbro. The company has become the undisputed leader in producing electronic toys for popular lines such as Star Trek, Neopets, Barney, Jeopardy, Who Wants to Be a Millionaire?, and Winnie the Pooh.

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