STATE OF THE INDUSTRY REPORT
2013 ICTI ANNUAL GENERAL MEETING

COUNTRY REPORT FOR

United States of America

June 2013

International Council of Toy Industries

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FOR THE 2013 ANNUAL GENERAL MEETING
COUNTRY REPORT FOR UNITED STATES OF AMERICA

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CONTACT INFORMATION

NOTE: Information included in the chart below will be used to update data on the **Membership page** of the ICTI website.

Association Name	Toy Industry Association
Address	1115 Broadway Suite 400 New York, NY 10010-2803 USA
Telephone	+1.212.675.1141
Fax	+1.212.633.1429
E-mail	info@toyassociation.org
Website	www.toyassociation.org
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Contact E-mail	ckeithley@toyassociation.org mcarroll@toyassociation.org

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PRIORITY ISSUES AND PROJECTS

Please summarize below the two events, issues or projects of 2012 that had the most significant impact on the toy industry in your country (e.g., effect on member companies, toy sales, etc.).

NOTE: The input from each country will be compiled into a single document for use at the ICTI meeting during the *Country Reports on Priority Issues and Projects* discussion on Monday, June 3rd from 10:15 a.m. to noon.

Issue I Challenges during fourth quarter sales season

A multitude of challenges during the critical fourth quarter selling season posed the most significant threats to holiday sales that toymakers had seen in many years. These factors included continuing consumer concern over the looming U.S. (and global) fiscal crisis (dubbed the "fiscal cliff"); infrastructure damages to businesses, manufacturing facilities and transportation systems resulting from a 'super storm' that hit the East Coast at the end of October; and container delivery delays linked to worker strikes at ports in New York and Los Angeles.

Issue II Increased regulatory pressures

Toy companies faced increased regulatory pressures in the areas of chemical management and marketing to children due to the implementation of strict new requirements in the states and at the national level (e.g., California's Green Chemistry regulations, initial implementation of Washington State's chemical reporting requirements, and an announcement by the Federal Trade Commission of new requirements for environmental marketing ("green guides") and online privacy restrictions under the Children's Online Privacy Protection Act).

Looking ahead, TIA's Strategic Plan for 2013-2015 will have a strong focus on **growth** across the following areas:

- **Membership:** Grow membership in all categories by enhancing and clearly communicating the Association's value proposition to the full spectrum of current and potential members.
- **External Affairs:** Enhance TIA's external affairs capabilities to proactively address issues such as globalization, social responsibility and other emerging trends affecting the North American toy industry.
- **Events:** Grow global participation in TIA events and augment their value to all industry stakeholders.
- **Fiscal:** Sustain and strengthen the fiscal health of the Association.
- **Engagement:** Raise the level of engagement of TIA's members in the work of the Association.

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2012 TOY INDUSTRY RETAIL STATISTICS AND FUTURE TOY SALES PROJECTIONS

Rate of exchange as of December 31, 2012 (U.S. dollar/local currency):	US $1 = $1	US $1 = $1

Dollar Share By Channel*	Annual 2011	Annual 2012	Annual 2012 to Annual 2011
Total CHANNEL	**100.0%**		%
Department/Major Chains	3.7%		%
Electronics/Video	0.4%		%
Food/Drug	4.8%		%
Mass Merchant/Discount	54.5%		%
Online/Internet	9.4%		%
Toy Stores	15.6%		%
Other	11.6%		%

Dollar Sales By Category*	Annual 2011	Annual 2012	Annual 2012 to Annual 2011
Total SUPER CATEGORY	**$21.23 B**		%
Action Figures & Accessories	$1.29 B		%
Arts & Crafts	$2.72 B		%
Building Sets	$1.61 B		%
Dolls	$2.66 B		%
Games/Puzzles	$2.14 B		%
Infant/Preschool	$3.21 B		%
Outdoor & Sports Toys	$530 M		%
Plush	$2.77 B		%
Vehicles	$1.32 B		%
Youth Electronics	$1.64 B		%
All Other Toys	$1.33 B		%

*Source: NPD. 2012 data is being compiled by NPD. Once available, this table will be updated and posted to the ICTI site.

Total number of children (in thousands)*	Annual 2010	2010 Male	2010 Female	Projected 2015	Projected 2015 Male	Projected 2015 Female
Ages: Under 5 years	20,201.0	10,319.0	9,882.0	21,051.0	10,763.0	10,288.0
Ages: 5 – 9 years	20,349.0	10,390.0	9,959.0	20,422.0	10,434.0	9,988,0
Ages: 10-14 years	20,677.0	10,580.0	10,097.0	20,508.0	10,475.0	10,033.0
Ages: 15 – 19 years	22,040.0	11,304.0	10,737.0	20,940.0	10,722.0	10,218.0
Birth rate: (Data Shown is 2010)**	Number of births: 3,999,386			Birth rate: 13.0 per 1,000 population		

*Source: U.S. Census Bureau ** Source: U.S. Department of Health & Human Services

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1. **In your opinion, are toy sales in your country:**

   a. _____ Increasing
   b. __x__ Holding Steady
   c. _____ Decreasing
   d. _____ No opinion

2. **To what extent is the increasing volume of e-Connected toys and games (e.g., mobile apps, app-cessories and other non-traditional toys) and other electronic products (e.g., smartphones, iPads, etc.) impacting traditional toy sales in your country?**

   Many studies have been undertaken to analyze the impact of electronic products on traditional toys and games. Though all are finding significant amounts of time devoted to e-connected products, hours devoted to play with traditional toys is remaining strong – at least for several demographics.

   Certain product categories are seeing a shift in how dollars allocated for "playthings" are being spent ... toys with high play value – even if they are accompanied by a higher price point – are still being considered.

   Overall, U.S. toy companies in several different categories have been able to incorporate emerging apps, augmented reality and other emerging technologies into their product lines. In fact, in 2012 TIA announced a new category in its annual Toy of the Year Awards program for "e-Connected Toy of the Year" to honor app-cessories or other physical toys that interact with a smartphone, tablet or gaming device.

3. **What actual or proposed action, activity or involvement was undertaken by <u>your association</u> in 2012 to improve the year-round sales of toys and/or create new selling seasons?**
   (Please comment on the effectiveness of programs listed.)

   In addition to traditional publicity efforts that draw media attention (both through traditional means as well as social media) to product categories, in 2012 TIA began targeted outreach to expectant and new parents with a series of safety tips and product information. New parents will be purchasing toys at different phases of their child's development and not just during regular selling seasons.

4. **What, if any, online resources for consumer promotions, interaction and/or activity were launched by <u>your association</u> in 2012? How effective are these new resources?)**
   (Please provide a complete list of URLs for both new and continuing online programs.)

   TIA re-launched its consumer-facing website, www.ToyInfo.org, to improve the overall user-experience and value being brought to TIA members, consumers, and toy industry stakeholders. A series of product slideshows and videos featuring toy trends and information is updated weekly on ToyInfo.org. TIA also re-launched its holiday toy resource, www.toyawards.org, where consumers can research their holiday toy purchases and vote for their favorite toys.

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TOY SAFETY REPORT

Part I STANDARDS, LAWS & REGULATIONS

NOTE: Please review the list of **INTERNATIONAL STANDARDS** found on the ICTI website and confirm whether any updates are needed for your country.

_____ List is accurate as shown
__x___ Update required (see below for new information)

Please identify:

1. **New or revised toy (or related products) safety standards/laws/regulations implemented in 2012.**
(Include name/designation and brief description of the changes.)

On June 12, 2012 ASTM F963-11, the latest version of the toy safety standard, officially became a mandatory requirement. As of that date, toys subject to the standard must comply and be tested to the 2011 version. The revisions establish limits for soluble heavy metals in substrate material (largely in alignment with current (pre-July-2013) EN-71 and ISO 8124 requirements), outline composite testing procedures, and cover other additional, miscellaneous technical changes. The revised standard is available for purchase on the ASTM website www.astm.org .

On February 8, 2013, the full recordkeeping requirements of the Testing and Certification rule became effective. Details of the testing and certification requirements can be found on the CPSC website http://www.cpsc.gov/PageFiles/128039/certfinal.pdf

For the International Standards page of the ICTI website, the date for ANSI Z315.1 should be changed from 2006 to 2012, reading: ANSI Z315.1-2012 American National Standard for Tricycles - Safety Requirements.

2. **New or revised toy (or related products) safety standards/laws/regulations under consideration or approved but not yet implemented.**
(Include name/designation and brief description of the changes.)

The Subcommittee on Toy Safety is currently reviewing ASTM F963. Potential areas for revision include enhanced labelling for magnets in toys, and labels alerting consumers to the hazard of *leaving* batteries accessible to children. An updated toy standard could be proposed and voted on in late 2013.

Part II 2012 RECALL, DEATH AND INJURY STATISTICS

For the latest timeframe available, please describe:

1. Recall activity in your country

Toy recalls continue to decline. There were 34 toy recalls in 2011, compared to 46 in 2010 and 50 in 2009. Most of the recalls in 2012 were due to small parts, choking hazards, or sharp points. Here is the link to the CPSC page with a list of all toy recalls: http://cs.cpsc.gov/ConceptDemo/SearchCPSC.aspx?SearchCategory=Recalls%20-%20Toys&category=995&subcategory=786

2. Toy-related death and injury statistics

The following is information from CPSC's annual analysis of consumer product-related incident data. Currently, **2011 data** is the most recent data available. 2012 data will not be available until later in 2013. The full CPSC report can be found here.

NOTE: For the purposes of these reports, balloons, bicycles and tricycles are classified as "toys," although they are outside the usual "toy" definition. "Toy-related" incidents (injuries, deaths) are those in which a toy was somehow *involved*, but do not necessarily indicate causation (i.e. tripping over a toy; drowning when a child enters a swimming pool to retrieve a toy, etc.).

Reported Toy-Related Deaths Among Children Younger Than 15 Years of Age, FY 2011

Type of Toy	Deaths
TOTAL	**13**
Balloons (asphyxiation)	3
Tricycle (drowning)	2
Nonmotorized scooter (motor vehicle involvement)	2
Toy boxes (hanging)	1
Toy baseball bat (choking/impaction)	1
Ball, other (drowning)	1
Crib musical toy (traumatic asphyxia)	1
Inflatable toy (fall)	1
Toys not specified (positional asphyxia)	1

- CPSC staff received 13 reports of toy-related deaths that occurred in the 2011 calendar year among children younger than 15 years old, of whom 12 victims were under 12 years of age.
- Balloons were associated with 3 (23%) of the 13 reported deaths in 2011.
- 4 deaths (31%) involved trikes/scooters where drowning or motor vehicle involvement was a factor.
- In 2011, most toy-related deaths were from asphyxiation (7 deaths, 54%), and drowning (3 deaths, 23%).
- These patterns are similar to reports for 2010, in which 11 of 19 toy-related deaths were associated with asphyxiation, and 5 deaths were from drowning.

Annual Toy-Related Emergency Department-Treated Injury Estimates 2007-2011

Calendar Year	All Ages	12 Years of Age or younger	Younger than 15 years of age	Younger than 5 years of age
2007	232,900	161,200	170,100	80,200
2008	235,300	164,400	172,700	82,300
2009	250,100	177,800	185,900	90,600
2010	251,700	172,000	181,500	89,200
2011	262,300	184,100	193,200	92,200

Estimated Emergency Department-Treated Injuries in Calendar Year 2011

- In 2011, there were an estimated 262,300 toy-related injuries treated in U.S. hospital emergency departments.
- The 2011 estimate is not statistically different from the 2010 estimate, which was 251,700. There is not a statistically significant trend in the estimated toy-related injuries from 2007 to 2011 for all individuals, children younger than 15 years, children 12 years of age or younger, or children younger than 5 years.
- A plurality (44%) of the estimated emergency department-treated injuries is classified as lacerations, contusions, or abrasions. Forty-five percent of the estimated injuries were to the head and face area, the most commonly affected area of the body. Males accounted for 154,800 (59%) of the estimated toy-related injuries in 2011.
- Ninety-six percent of the emergency department-treated, toy-related injury victims were treated and released.
- Of the 262,300 estimated toy-related, emergency department-treated injuries, an estimated 193,200 (74%) happened to children younger than 15 years of age; an estimated 184,100 (70%) occurred to children 12 years of age or younger; and an estimated 92,200 (35%) happened to children younger than 5 years of age.
- For children 12 years or younger or children younger than 15 years old, nonmotorized scooters continued to be the category of toys associated with the most injuries (25% and 26%, respectively) in 2011.
- There is no statistically significant trend in the estimated injuries associated with nonmotorized scooters in the last five years for children in these two age groups.

3. Overall children's death and injury statistics

NOTE: The data below represents the most current data from the CPSC. The full CPSC report can be found here.

In 2010, an estimated 38,573,000 people sought medical attention for an injury related to, but not necessarily caused by, a consumer product. This is an increase of 2,059,000 (5.6%) from the 2009 estimate. The 2010 age-adjusted rate of injury was 12.5 medically attended consumer product-related injuries per 100 people in the U.S. resident population.

(continued)

Injuries related to stairs, ramps, landings, and floors, resulting in large part from slips and falls, accounted for almost 2.7 million (18%) emergency department-treated injuries and more than 7.3 million (19%) medically attended injuries per year. Injuries involving beds, chairs, and basketball (sport or equipment) each accounted for between 1.46 and 1.85 million medically attended injuries per year. An estimated 35,900 deaths related to, but not necessarily caused by, a consumer product occurred in 2008 (the latest year data was available). This is an increase of 1,400 (4.1%) from the 2007 estimate. The 2008 rate marks the eighth consecutive year that has shown an increase from the previous year.

Falls contributed to more than 57% (20,310) of the overall 2008 estimate of annual consumer product-related deaths. Falls involving the elderly are the largest proportion of these deaths. Fires contributed to 8% (approximately 2,800) of the annual consumer product-related deaths. There were approximately 2,100 suffocation deaths annually, with infant (less than one year old) suffocations accounting for 1,010 of these deaths.

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ISSUES OF CONCERN TO THE TOY INDUSTRY

For each of the issue areas that follow, please describe activities undertaken by (1) your association and (2) other key stakeholder groups.

Part I CHEMICAL ISSUES

1. **Actual or proposed action, activity or involvement in 2012 by your association regarding any of the following chemical and toys issues:**

   - **BPA**: Each year 20 to 30 U.S. states consider restrictions to BPA in various product categories. This year six states considered bans on BPA in toys, though NONE have passed. At the U.S. federal level, in March of 2012 the FDA rejected a citizen petition seeking a ban on BPA in food containers but also removed the approval of BPA for use in baby bottles and sippy cups. The U.S. Congress will likely continue to monitor the situation and could consider legislation likely to restrict BPA in food contact products.
   - **Cadmium and Heavy Metals:** Each year several U.S. states consider restrictions on certain heavy metals in various product categories. This year five states considered heavy metal restrictions that would have impacted toys. None of these states passed legislation this year.
   - **Lead:** See Heavy Metals discussion above.
   - **Mercury:** See Heavy Metals discussion above.
   - **Phthalates:** Federal restrictions on phthalates under the Consumer Product Safety Improvement Act (2008) have regulated six phthalates in toys. The U.S. CPSC's Chronic Hazard Advisory Panel's (CHAP) has been appointed to study the CPSIA's three interim-banned phthalates (and other phthalates). The CHAP report, which is almost two years behind schedule, is ready to be sent out for peer review and is expected to be made public sometime this summer.

     Each year a few U.S. states consider restrictions on phthalates in toys, but federal regulation has pre-empted these state restrictions from moving forward.
   - **Polyvinyl Chloride:** No specific policy actions have been proposed to restrict or ban PVC.
   - **Styrene:** The state of California had proposed to list styrene on its "Proposition 65" list of chemicals known to cause cancer, birth defects or other reproductive harm, which triggers a labelling requirement to inform citizens about exposures to such chemicals. However, the proposed listing of styrene was rescinded, and it is not currently listed.
   - **Flame Retardants (PBDEs, Triclosan, etc.):** This year five to 10 U.S. states considered restrictions on certain flame retardants in various product categories. TCEP in toys is currently restricted in two states (NY and MD).
   - **Broad Chemical Regulation:** Each year 10 to 20 U.S. states consider broad chemicals regulation bills to require manufacturers to disclose "chemicals of concern" in their products, and authorize states to require "safer alternatives" and ban chemicals. This year 13 states aggressively pushed these proposals. Four states have existing programs from laws passed in 2008.

Additionally, at the federal level, the U.S. Congress is considering reform to the Toxic Substances Control Act (TSCA), which regulates chemicals in commerce and used in products. TIA has been supporting risk-based reform to TSCA with pre-emption of unique state mandates.

2. Activity from other groups in your country regarding the above chemical issues:
(Please respond for each specific stakeholder group.)

- **Government:** The U.S. Congress is considering TSCA reform as described above. Additionally, the U.S. Environmental Protection Agency (EPA) is developing chemical action plans to prioritize and identify potential action on chemicals of concern. Various states have considered chemical restrictions as described above.
- **NGO/Consumer Groups:**
  - **Safer Chemicals, Healthy Families Coalition**: Coordinates state advocate groups pushing for chemicals regulations and advocates for TSCA reform in the U.S. Congress.
  - **Environmental Defense Fund**: Advocates for TSCA reform in the U.S. Congress.
- **Retailers:** Retailers maintain efforts to ensure compliance with existing state and federal chemical requirements. Additionally, some retailers have developed their own restricted substances list and are working with suppliers to take action on "chemicals of concern." Retailers have also been the target of NGO campaigns to remove "chemicals of concern" from toys.
- **Media:** With every study the U.S. media provides significant coverage of "chemicals of concern" in children's toys.

3. Scientific reports issued recently or in progress regarding chemicals or substances found in toys and related children's products.
(Please include author/source and a brief description of report.)

Numerous NGO-based publications were produced in the last year with regard to "chemicals of concern," implicating that they are contained in toys. A major publication and product guide that targets toys is *Healthy Stuff,* located at: http://www.healthystuff.org/get-stuff.php?group-report=Toys

Part II NON-CHEMICAL ISSUES

1. Actual or proposed action, activity or involvement in 2012 by your association regarding any of the following non-chemical issues:

- **Batteries:** Industry and government continue to lead initiatives to reduce instances of battery ingestion. Legislation was introduced requiring that CPSC initiate rulemaking for all consumer products that use button cell batteries; this has not passed. There was some confusion among legislators/regulators and advocates on this issue that toys were part of the problem, which was picked up in the media. More careful analysis of the incident data, however, suggests that most incidents are related to other, non-toy consumer products (remote controls, doorbells, hearing aids, etc.) and not toys. (When toys are "involved'" it seems that the batteries are left out, and are accessible to children either before or after being used in the toy.) ASTM F963 has long had a requirement for locking mechanisms on battery compartments and CPSC considers this an effective, protective standard (and this has been offered as a model for other product categories that do not). Additional labeling is being encouraged by CPSC and considered within ASTM to alert consumers to the hazard of *leaving* batteries accessible to children. The battery industry is exploring new battery technologies to address the issue in various consumer product uses as well.

- **Magnets:** CPSC has recalled high powered magnet desk accessories. Retailers have agreed to stop selling the products at CPSC's request. Media stories have mistakenly referred to these products as "toys." TIA has worked to clarify that the products in question are not toys, are not intended for children, and are outside the scope of ASTM F963, which already regulates magnets in toys. There is discussion within the ASTM Toy Subcommittee regarding potential enhanced labeling on toys that contain magnets related to the hazard of ingestion.

- **Nanotechnology:** TIA continues to monitor increased use of nanotechnology in various consumer product applications and concerns over possible undiscovered hazards.

- **Small Parts Requirements:** A U.S. NGO petitioned CPSC in the fall of 2010 to make the small parts standard stricter. Legislation was introduced into Congress in 2011 but did not pass. Over the years, CPSC has repeatedly reviewed the requirement and found it effectively protective. A CPSC commissioner recently said there was "no agency activity" on this issue.

2. Activity from other groups in your country regarding the above non-chemical issues:
(Please respond for each specific stakeholder group.)

See answers above in #1.

Part III ENVIRONMENTAL ISSUES

1. **Actual or proposed action, activity or involvement in 2012 by your association regarding any of the following environmental issues:**

   - **Product Labeling:** TIA continues to monitor implementation of California Air Resources Board formaldehyde emission and labeling requirements for composite wood products; similar legislation has been enacted at the federal level but implemented regulations do not yet exist. In addition, TIA will closely monitor and attempt to influence the recently-announced effort to reform California's "Proposition 65" labeling requirements; while these are at a very early stage of the legislative process, the governor's objective is to make it more difficult for "bounty hunter" attorneys to file nuisance suits alleging noncompliance, and to make labeling more meaningful for consumers.

   - **Product stewardship (recycling, e-waste, product take back, etc.):** A number of states are considering Extended Producer Responsibility (EPR) legislation, which proponents have hyped as a "free" way to reduce both the waste stream and state/municipal waste disposal costs. TIA has actively engaged on this issue, stating that any such scheme must apportion costs fairly to all supply chain participants (manufacturers, importers, retailers, consumers) and that a legitimate environmental goal must be achieved rather than simply shifting disposal costs from municipalities to manufacturers. TIA has pointed out that many of these EPR programs are, in effect, a hidden tax on consumers since the cost of compliance will need to be included in product cost. TIA has also argued that, although toys seem to have a reputation of being overly packaged and a significant contributor to packaging waste, they actually comprise far less than 1% of the household waste stream, and thus should not be priorities for inclusion in such schemes.

   - **EU Directives (WEEE, RoHS, REACH, etc.):** TIA is monitoring with interest French and EU proposals for environmental footprint labelling of consumer products; there are currently no similar U.S. proposals.

   - **Greenpeace:** There has been no Greenpeace activity recently, but TIA (along with others in the industry) is working with Sustainability Consortium on key performance indicators for several toy categories; the outputs from this process are likely to inform retailer efforts.

   - **Packaging:** Although TIA has not engaged in activity specific to packaging, it is supporting ongoing efforts by several large members to reduce packaging material usage and improve recyclability.

   - **Plastics to energy:** TIA is conducting a pilot project with American Chemistry Council to assess the feasibility of converting difficult-to-recycle toys into synthetic crude oil, which can then be used for organic synthesis or to generate energy.

   - **Climate change:** Activity specific to climate change is currently under consideration by the TIA Environmental/Sustainability Committee.

2. Activity from other groups in your country regarding the above environmental issues:
(Please respond for each specific stakeholder group.)

- **Government:** To date, 34 U.S. states have enacted some form of EPR legislation, with 25 of these specifically focused on electronic recycling mandates requiring manufacturers selling "covered electronic devices" in the state to offer free and convenient recycling of those products ("e-waste" legislation). To date, TIA has been successful in excluding electronic toys from the scope of such mandates. However, as more "electronic toys" are sold into the market, states may consider toys and other non-traditional electronic devices within an expanded scope of e-waste legislation. TIA will remain alert to these possibilities and engage as appropriate. Internationally, the Canadian Province of British Columbia does specifically include electronic toys in the scope of its legislation; mandated collection began July 1, 2012. EPR compliance schemes are also active in 33 European countries (EU member states plus EFTA and EU candidate countries); 26 of these recognize the "Green Dot" collection process. TIA will remain alert in these jurisdictions and engage as appropriate. California is close to finalizing landmark "Safer Consumer Products" regulations; these will mandate (for selected products and chemicals) that companies perform alternatives assessments to determine if safer alternative chemicals can be used. Federal efforts to "reform" the Toxic Substances Control Act (TSCA) continue, with no progress to date.

- **NGO/Consumer Groups:** In light of minimal TSCA revision progress at the federal level, numerous initiatives at the state level, driven by NGOs, have focused on consumer "right-to-know" and chemical reporting statutes.

- **Retailers:** Wal-Mart has implemented a supplier scorecard, using Sustainability Consortium-developed metrics, to survey and eventually rank environmental performance of suppliers.

- **Media:** There have been numerous articles, usually concerning the presence of allegedly toxic materials in toys, as well as significant coverage of flame retardant toxicity.

Part IV INTELLECTUAL PROPERTY RIGHTS/COPYRIGHT PROTECTION/ANTI-PIRACY

1. Are IPR issues (counterfeiting, piracy, etc.) of concern in your country? If so, what statistics are available to document the frequency of occurrence and impact on toy companies?

At members' request, staff is monitoring IPR issues occurring globally. No significant issues of concern were identified domestically in 2012.

2. Actual or proposed action, activity or involvement in 2012 by your association regarding IPR issues:

Two educational webinars were presented to provide members with information about protecting their intellectual property. Ongoing involvement on IPR issues, however, was limited to monitoring and occasionally reporting if developments become significant. The U.S. Congress and White House are at times active on IPR legislation and TIA will continue to evaluate proposals for their possible impact on TIA members.

3. Actual or proposed action, activity or involvement in 2012 by the government regarding IPR issues (e.g., new or changed rights or enforcement).

- The Foreign Counterfeit Prevention Act, proposed to enhance Customs & Border Patrol (CBP) enforcement at the U.S. Border, is an example of measures proposed by Congress to strengthen IP protection domestically and internationally. Various states have considered the right to sue in state court for intellectual property infringement, an issue that involves the U.S. Congress and White House.

- The second China-US International Cooperation Forum on Intellectual Property Rights was hosted by China's Ministry of Commerce in Washington, DC in September 2012. China's current Development Plan (2011-2015) stresses the need to "improve relevant legislation to help strengthen the creation, application, protection and management of intellectual property." The U.S. continues to urge China to crack down on IP theft, an issue that involves the U.S. Congress, White House and U.S. Department of Homeland Security.

Part V MARKETING, ADVERTISING AND COMMUNICATIONS TO CHILDREN

1. Actual or proposed action, activity or involvement in 2012 by your association regarding any of the following marketing to children issues:

As the interest and involvement of legislators and regulators increases, so does the impact on the day-to-day operations of toy companies and their supporting vendors. Of key concern are proposals that will limit a company's ability to obtain necessary data to analyze their digital offerings and improve content; impede the access of children to personalized, but anonymous, online experiences; and hinder a marketer's ability to offer targeted advertising on e-commerce and other sites focused on consumers over the age of 13.

- **Children's Online Privacy (data protection):**
  Children's Online Privacy is the current "hot button" for U.S. issues related to marketing to children. Two TIA members-only publications were developed assist members in understanding the ever-expanding array of laws and regulations, policy initiatives, self-regulatory standards, and reports addressing various aspects of privacy and data security:

  The Changing Privacy and Data Security Landscape: From Mobile Apps to OBA, provides background on issues and a status report on significant U.S. and international laws and policy developments.

  The *Checklist for Mobile Apps and Promotions* provides a framework for toy companies to examine and evaluate the risks and opportunities related to their app initiatives.
- **Mobile Apps:**
  In early 2012, the Federal Trade Commission released a report suggesting that privacy policies are inadequate or lacking in kid-directed apps. It urged short, effective disclosures and use
- **Online Behavioral Advertising:**
  Leaders of the Congressional Privacy Caucus, have proposed the "Do Not Track Kids Act," legislation to ban the tracking of kids and expand privacy protections for teens. General Do Not Track legislation has also been introduced.
- **Food and Toys:**
  In the U.S., there was considerably less attention given to this topic than in previous years. In certain jurisdictions, proposed legislation to ban toy 'incentives' with fast food meals was overturned.
- **Toy Gun Bans:**
  As a result of several horrific incidents related to shootings in schools and other public places, considerable attention was given to toy guns and violence. TIA engaged several third-party experts on this topic to respond to media inquiries.

2. **Activity from other groups in your country regarding the above marketing to children issues:**
(Please respond for each specific stakeholder group.)

- **Government:** A new edition of the Children's Online Privacy Protection (COPPA) guidelines was approved by the Federal Trade Commission in December 2012, imposing new obligations on websites and online services that may collect information from children under 13. The final amended Rule will go into effect on July 1, 2013; non-compliance is expected to result in severe penalties.
- **NGO/Consumer Groups:** Considerations are being given to a wide range of issues: advertising restriction, commercialization of childhood, gender stereotyping, obesity (relationship between the toy and food industries), and online privacy/data protection. The general appropriateness of targeting someone who, some argue, may be less able to distinguish or understand marketing also continues as a recurring discussion point.
- **Retailers:** Retailers have been relatively quiet on this topic; most of the attention is focused on the toy companies and the promotional activities related to their brands rather than on the retailer.
- **Media:** *See comment on NGO/Consumer Groups shown above.*

3. **Is there an industry-led, self-regulatory organization in your country?**
If so, to what degree does your association interact with/ participate in its activity?

The Children's Advertising Review Unit (CARU) is the children's arm of the advertising industry's self-regulation program and evaluates child-directed advertising and promotional material in all media to advance truthfulness, accuracy and consistency with its Self-Regulatory Guidelines for Children's Advertising and relevant laws. CARU promotes responsible children's advertising as part of a strategic alliance with the major advertising trade associations through the National Advertising Review Council.

TIA is a member of the CARU Supporter's Council and is an active participant (and sponsor) of CARU programs. To this end, TIA encourages its member toy companies to adhere to advertising and marketing self-regulation programs across all applicable channels of communication, and to monitor data protection best practices and to identify how they apply to emerging technologies, such as mobile apps.

4. **To what degree have any industry-led marketing to children programs been effective in changing public perception, placating NGOs or mitigating legislative action?**

In the case of online data privacy, COPPA includes a component that allows companies to participate in recognized "safe harbour" programs approved by the Federal Trade Commission (FTC), including the CARU program described above.

TIA signed onto a joint industry letter to Congress advocating reliance on self-regulation.

TOY FAIRS

Please list information regarding trade fairs in your country/region for toys & children's related products.

NOTE: All events shown below will be added to the **ICTI Industry Events Calendar**.

Event Information	2013	2014	2015
Name of Event	American Intl. Toy Fair	American Intl. Toy Fair	American Intl. Toy Fair
Dates	Feb. 10-13, 2013	Feb. 16-19, 2014	Feb. 8-11, 2015
Location	Javits Center New York, NY	Javits Center New York, NY	Javits Center New York, NY
Website	www.toyassociation.org	www.toyassociation.org	www.toyassociation.org
Contact Information	Marian Bossard VP Meetings and Events mbossard@toyassociation.org	Marian Bossard VP Meetings and Events mbossard@toyassociation.org	Marian Bossard VP Meetings and Events mbossard@toyassociation.org
Name of Event	Fall Toy Prevew	Fall Toy Preview	Fall Toy Preview
Dates	October 1-3, 2013	October 7-9, 2014	TBD
Location	Dallas Market Center Dallas, Texas	Dallas Market Center Dallas, Texas	TBD
Website	www.toyassociation.org	www.toyassociation.org	www.toyassociation.org
Contact Information	Marian Bossard VP Meetings and Events mbossard@toyassociation.org	Marian Bossard VP Meetings and Events mbossard@toyassociation.org	Marian Bossard VP Meetings and Events mbossard@toyassociation.org
Name of Event	PlayCon	PlayCon	PlayCon
Dates	May 6-8, 2013	May 7-9, 2014	TBD
Location	Hyatt Gainey Ranch Scottsdale, Arizona	Westin Kierland Scottsdale, Arizona	TBD
Website	www.toyassociation.org	www.toyassociation.org	www.toyassociation.org
Contact Information	Marian Bossard VP Meetings and Events mbossard@toyassociation.org	Marian Bossard VP Meetings and Events mbossard@toyassociation.org	Marian Bossard VP Meetings and Events mbossard@toyassociation.org

SUPPORT FOR CHILDREN'S CAUSES / PHILANTHROPY

1. Describe any actual or proposed action, activity or involvement in 2012 by your association to support children's causes in 2012.

The Toy Industry Foundation (TIF) is the philanthropic arm of the Toy Industry Association (TIA and the North American toy industry. As a charitable organization, the Foundation relies on contributions of toys from companies in the industry as well as monetary donations from individuals, toy companies, and TIA.

The Toy Bank™, TIF's signature program, broke records as it distributed more than 1.8 million toys to children in need in 2012. In addition to providing toys through national partnerships, The Toy Bank™ made play possible through a network of local children's charities with the help of Kids in Distressed Situations (K.I.D.S.).

The *Play Comforts* program, in partnership with Boys and Girls Clubs of America Military Services, grew in its third full year to reach even more sons and daughters of our nation's troops. TIF provided toys throughout the year to children at 35 U.S. military bases across the nation and abroad, and granted $105,000 in funding to make this program possible.

With the My Stuff Bags Foundation, TIF provided 109,000 toys for children in crisis shelters and foster care. In addition, the Foundation granted $50,000 in funding to help My Stuff Bags provide duffel bags full of these toys and other necessities to children across the country. Finally, we organized toy industry volunteers to assemble 5,000 of these duffels during a day of service, providing hope, joy, and comfort to many rescued children.

In 2012 TIF announced a new national partnership with Court Appointed Special Advocates (CASA) for Children through a grant of $200,000, which will fund specialized training to volunteers who serve as one-on-one advocates, mentors, and dependable adults for children in the foster care system. In addition, TIF pledged to provide tens of thousands of toys in the coming year.

Also in 2012, TIF continued the *Play Connects* community grant program. Each member company of TIA was given the opportunity to nominate a community-based children's charity for a one-time grant from TIF. In total, more than two dozen local nonprofits were nominated for consideration, and four worthy organizations received $10,000 each in grant funding for programs to impact young lives.

Through national partnerships, the *Play Connects* program, and other grant initiatives, the Foundation distributed nearly $400,000 in grant funding across the country to improve the lives of children in need through play.

VALUE OF PLAY INITIATIVES

1. **Describe any actual or proposed action, activity or involvement in 2012 by your association regarding any national "Value of Play" initiatives:**

   During TIA's Strategic Planning meeting for 2013 there was support for a broader industry effort to engage in a *Value of Play* campaign that will not only highlight all the benefits of play, but also leverage the positive impact of the toy industry on the lives of children and their families. TIA staff have been developing a list of key players and determining what the messages, audiences, and objective of such an effort would be. A comprehensive *Power of Play/Benefits of Play* campaign would have multiple stakeholders and several distinctive – but aligned – objectives: to generate industry sales by fostering a year-round demand for playthings; create goodwill with consumers; facilitate relationships with other advocacy groups; and further foster positive relationships with key policymakers in the U.S.

2. **Describe any activity from other groups in your country regarding the "Value of Play" initiatives:** (Please respond for each specific stakeholder group.)

   - **Government:** The U.S. First Lady's "Let's Move" Campaign has included elements of active play as ways to combat obesity and promote active lifestyles.
   - **NGO/Consumer Groups:**
     - **Kaboom:** A U.S. non-profit that works to build outdoor play spaces is exploring broader advocacy and community engagement around all forms of play.
     - **Partnership for a Healthy America:** A U.S. non-profit devoted to working with the private sector to ensure the health of U.S. youth by solving the childhood obesity crisis. There are elements of active play included in their "Active Schools" campaign.
     - **Healthy Schools Campaign:** A U.S. non-profit with an agenda to bring recess and play back to inner-city schools that no longer have recess time or play spaces.
     - **NFL PLAY 60:** The National Football League has a campaign to encourage kids to be active for 60 minutes a day in order to help reverse the trend of childhood obesity. The campaign focuses on active play elements.
   - **Retailers:** None specifically note efforts to promote the value of play beyond normal seasonal product promotions.
   - **Media:** Nickelodeon will celebrate its 10th Annual World Wide Day of Play in October of 2013 with a full day dedicated to healthy and active play. Nickelodeon broadcasts the day to inspire kids around the world to get out and go play.

3. **To what degree have any industry-led "Value of Play" initiatives been effective in improving the toy industry's image, changing public perception and/or improving toy sales?**

   TIA is still in the early stages of determining messages, audiences, and key partners that might be aligned on promoting the value of play. TIA is developing plans for initial advocacy activity in 2013 to promote the value of play and leveraging existing communications avenues with messages on the value of play.

PERCEPTION OF TOYS AND THE TOY INDUSTRY

1. **Describe the perception and/or sentiment regarding toys and the toy industry in your country/region.** (Please respond for each specific stakeholder group.)

   - **Government:** Reports from the federal government's U.S. Consumer Product Safety Commission acknowledge that toys are safer today than they have ever been.
   - **NGO/Consumer Groups:** Many consumer groups, such as the Public Interest Research Group (PIRG), have also acknowledged that toys are safer today than they have ever been.
   - **Retailers:** The toy industry has been relatively flat over the past few years, when many other consumer product categories have experienced double digit drops. Toy sales have remained stable.
   - **Media:** The toy industry continues to make progress in enhancing its reputation with the media (which directly affects perception with consumers and other stakeholders). Philanthropy, safety awareness and education initiatives are the main tools used in reputation enhancement efforts.

OTHER

Provide any additional information that you believe will be of interest to the ICTI membership: