Dedicated to Helping You:

Grow  Succeed  Innovate
A Word from our President & Chair

For 103 years, The Toy Association has been dedicated to advancing the health and growth of the business of toys. Today, we are a unifying force for our members’ and the entire U.S. toy community’s creativity, responsibility, and global success, advocating for your needs and championing the benefits of play.

We continually and proactively identify and address new and emerging threats, help you leverage opportunities, and spread awareness of the important benefits of safe, skill-building toys and play. The year was filled with many successes that came as a direct result of our volunteer committees, talented staff, partnerships with like-minded organizations, and the active collaboration of our diverse members.

This Progress Report highlights our tireless efforts to protect and promote your businesses. We tackled the pervasive issue of untested and unsafe counterfeit toys sold online by illicit sellers; collaborated with lawmakers on data privacy laws impacting toys and continued to lead the charge in ensuring that children are protected online; and aggressively opposed the escalating threat of tariffs on U.S. company toys manufactured in China. We also prevailed in debates over new and harmful state legislation that did nothing to enhance toy safety, while raising the visibility of toy industry issues at every level of government, both at home and around the world.

The year past will forever be known for the loss of Toys“R”Us (TRU), yet the toy community proved its resilience. In the face of disruption, great products made their debut and business successes were seen across the toy space. Companies innovated and brought delight to children, specialty retailers mobilized to take advantage of channel disruption, and new players entered the toy ecosystem. By helping companies navigate the ever-changing retail landscape, The Toy Association offered actionable information and expert counsel on the TRU bankruptcy and risks at other retailers, while also producing dozens of business-building educational webinars, original research, provocative thought-leadership reports, conferences, and networking events. As these efforts drove our membership to diversify and grow, your Association ended the year 1,113 companies strong, and member engagement increased. By implementing multiple feedback loops, including Net Promoter Scoring across all activity to measure member satisfaction, we now receive immediate diagnostics on how to continually improve our services and satisfy member needs.
The world-renowned Toy Fair New York, together with Toy Fair Dallas and ShopToys365.com, offered companies more opportunities than ever before to connect with buyers, grow their businesses, and expand networks. We also continued to change public attitudes and beliefs about the toy industry by highlighting our members’ incredible products, driving home the industry’s unwavering commitment to product safety, calling attention to the entire toy community’s commitment to philanthropy, and championing the developmental benefits of play via The Genius of Play.

Just as toy manufacturers, importers, retailers of all types, designers, inventors, licensors, sales representatives, service providers, and every other part of our extraordinary industry seek to overcome new challenges and triumph over change, so will The Toy Association. Our own constant evolution and reinvention on your behalf is essential. We remain honored to work for you, look forward to your continual input, and look to our future together with great optimism.

Steve Pasierb  
President & Chief Executive

Bob Wann  
Chairman of the Board of Directors,  
Chief Play Monster, PlayMonster, LLC

A WORD FROM OUR PRESIDENT & CHAIR
Protecting Kids in a Connected World

Keeping kids safe online, and protecting their privacy while playing with connected toys, is paramount. In 2018, we voiced our members’ strong support of the Children’s Online Privacy Protection Act (COPPA) and led the charge in raising awareness about the toy community’s commitment to keeping kids safe in a connected world.

ON YOUR BEHALF, WE:

**CRAFTED IMPORTANT DOCUMENTS** with member input for use in our advocacy efforts: “The Toy Association’s Talking Points on Internet-Connected Toys,” and “The Toy Association’s Five Guiding Principles for Internet-Connected Toys.”

**ENGAGED IN THE PROCESS LEADING TO PASSAGE OF THE CALIFORNIA CONSUMER PRIVACY ACT (CCPA)** – a wide-ranging data privacy law that is now in the implementation process – and other broad privacy and security proposals in additional states. Ongoing work with regulators will ensure that COPPA preemption is recognized and the Association will work to address other compliance issues for toys.

**LED A COALITION** to defeat a worrisome bill in California that would have required a “privacy dashboard” on packages of connected devices.

**PRODUCED AN EXPERT PANEL DISCUSSION** at the Consumer Electronics Show (CES) on technology and policy related to children’s privacy and security.

**HELD DISCUSSIONS WITH CONGRESSIONAL OFFICES**, third-party organizations, and other policymakers to educate them of our industry’s commitments to ensure kids are safe while playing with connected toys.

**MET WITH COMMISSIONERS** and the acting chair at the Consumer Product Safety Commission (CPSC) to follow up on the CPSC Internet of Things hearing and safety concerns expressed at the hearing.
Tackling the Real Threat of Fake Toys

Far more than simply a financial risk to toy companies, illicit products and sellers threaten the health and safety of children. As our members saw rising counterfeits and relentless rogue sellers online, we dedicated our undivided attention to advocacy and solutions.

ON YOUR BEHALF, WE:

GREW AND STRENGTHENED our Intellectual Property (IP) Committee and IP Steering Committee to tackle the issue of IP infringing and unsafe toys sold via a range of online marketplaces.

DEVELOPED A CHANNEL OF ONGOING AND CONSTRUCTIVE COMMUNICATION between the largest e-commerce sites and manufacturing members.

PUBLISHED FOR WIDE DISTRIBUTION A WHITE PAPER, “The Real Threat of Fake Toys,” which highlights the toy industry’s views on the risks, contributing factors, and possible solutions to the prevalence of knockoff and counterfeit toys on e-commerce platforms.

BROUGHT MEMBERS AND TOY COMMUNITY LEADERS TO WASHINGTON, DC for an industry fly-in focused on risks of counterfeits. Met with congressional staff, representatives from e-commerce platforms, and policymakers from key government agencies.

DROVE IMPACTFUL MEDIA MESSAGING and consumer education about the importance of buying toys from retailers (whether online or offline) they know and trust.
Leading the Ongoing Fight Against Tariffs … And More Advocacy Wins

The Toy Association’s constant advocacy efforts made it crystal clear that tariffs on toys made in China would cause significant harm to U.S. families and children, in addition to quality American jobs in the toy sector. Our external affairs staff targeted the Administration, key government agencies, the U.S. Trade Representative (USTR), and dozens of influential Capitol Hill offices to ensure the toy community’s voice was heard loud and clear through three rounds of escalating tariffs.

ON YOUR BEHALF, WE:

TOOK A LEADERSHIP ROLE together with the National Retail Federation (NRF) to lead a nationwide anti-tariff coalition made up of more than 100 organizations.

HELD CRITICAL ANTI-TARIFF LOBBY DAYS reaching Capitol Hill, federal agencies, NGO groups, and influential Washington, DC media.

PARTICIPATED IN MULTIPLE PRESS EVENTS and interviews to educate policymakers and raise consumer awareness of the harmful effects of tariffs.

DEVELOPED A TOY INDUSTRY-SPECIFIC DIGITAL, SOCIAL, AND NEWS MEDIA CAMPAIGN under the banner, “Don’t Tax Toys,” pushing back on the concept of toy tariffs.

RELEASED A REPORT IDENTIFYING THE ECONOMIC IMPACT of a potential 25 percent tariff on toys made in China.

CONTINUALLY CANVASSED CAPITOL HILL, meeting with House and Senate offices to tell your stories about how tariffs would hurt the toy community.
We worked to defeat and amend harmful legislation and regulations that would not advance safety, while raising the visibility of issues impacting the toy community at all levels of government.

ADDITIONAL ADVOCACY WINS ON YOUR BEHALF:
DEFEATED OR AMENDED ALL HARMFUL LEGISLATION AT THE STATE LEVEL.

REQUESTED AND RECEIVED, ON BEHALF OF INDUSTRY, A CPSC LETTER OF COMPLIANCE enforcement discretion on acoustics to allow time for products to be brought into compliance.

CONTINUED TO WORK WITH THE ENVIRONMENTAL PROTECTION AGENCY (EPA) and Downstream Users Group to assure toy industry use cases are not subject to overly onerous requirements.
Guidance on Retail Disruption & The Evolving Toy Landscape

The destructive liquidation of Toys “R” Us (TRU) sent shockwaves through the toy community. Direct financial losses, the end of the storied retailer, and the rapidly evolving retail environment rewrote (and continue to rewrite) the toy selling playbook. In the face of retail disruption, we were there for you every step of the way, offering financial and legal guidance, interpretation of events, and support.

**ACTIONS WE TOOK TO HELP:**

**CONNECTED YOU WITH ACTIONABLE INFORMATION** and expert counsel regarding the TRU bankruptcy, subsequent liquidation, and risks at other retailers.

**ATTENDED AND MONITORED THE TRU BANKRUPTCY PROCEEDINGS**, issued multiple member alerts, and hosted five town hall conference calls that included guidance from bankruptcy and legal authorities.

**CREATED A DEDICATED ONLINE RESOURCE** to provide the toy community with up-to-the-minute information, court documents, and deadlines on the bankruptcy and liquidation process.
From conferences to online resources and tools, our commitment to helping the toy community navigate a new retail environment and inspire creativity and innovative product development in a shifting toy landscape didn’t end there.

HERE’S HOW WE HELPED:

EVLVED THE ANNUAL CREDIT CONFERENCE into a well-rounded Annual Business Conference for our members, held at Amazon’s headquarters in Seattle, WA. The event covered challenges in e-commerce and brick-and-mortar retail sectors, supply chain logistics, business valuation, freight inspection issues, and a credit risk analysis of key retail accounts, in addition to invaluable networking.

HOSTED A SPECIAL OPEN FORUM prior to PlayCon in San Francisco, CA to share tips for succeeding over bankruptcies, and insight into retail disruption and the changing marketplace. The conference also included critical insights into industry trends, tech and integrated play, and growth drivers from representatives at Facebook, Google, Amazon, Disney, The NPD Group, and others.

PUBLISHED TWO GROUNDBREAKING retail trend studies through our partnership with ProdigyWorks: “The Future Toy Consumer & Toy Retail Ecosystem” and “Toy Manufacturing & Retail Solutions – The Future.”

PRODUCED 21 ISSUE-ORIENTED WEBINARS that engaged more than 2,000 members; delivered to our members 10 Trend Hunter reports focused on new opportunities for the toy community; and compiled the 2018 Toy Industry Compensation and Benefits Study.
Grew our Young Professionals Network (YPN) and fostered networking among industry young professionals by hosting an event at Toy Fair Dallas and an educational event with the International Licensing Industry Merchandisers’ Association (LIMA) called, “Enhancing Your Professional Presence.”

Continued the Toy Association’s commitment to charitable and education endeavors for the betterment and growth of the toy industry, including grants to the Fashion Institute of Technology (FIT) Toy Design Department, the Otis College of Art & Design Toy Design program, and The Strong National Museum of Play.

Successfully developed and implemented the Smart Packaging Initiative Tool in collaboration with Disney to assist all Association members in making products and processes more sustainable.

Took over all financial and back-office support services for Women in Toys, Licensing & Entertainment (WIT) and deepened our collaboration, allowing WIT to increase focus on its mission and member services.
From Toy Fair New York … to Toy Fair Dallas

“Helping more toy companies sell more product more often through more doors” is our mantra. As we continue to strengthen our go-to-market and consumer-facing events, we are breaking attendance records and helping global play professionals do business, preview innovative trends, connect with families, and nurture the relationships that keep our industry strong.

HOW DID OUR EVENTS GROW AND EVOLVE IN 2018?

DELCERED OUR LARGEST-EVER MARKETPLACE EVENT:

The 115th annual North American International Toy Fair (Toy Fair New York), welcomed more than 26,000 play professionals and 8,775 mass and specialty buyers from over 3,900 unique retail outlets.

Buyers and trade guests explored toys from 1,049 companies from 32 countries covering 442,700 net square feet.


STRENGTHENED ALLIANCES WITH LIKE-MINDED ORGANIZATIONS and affiliated partners by providing global services lounge access at Toy Fair New York to: members of the Education Market Association (new), the Canadian Toy Association (CTA), the American Specialty Toy Retailing Association (ASTRA), and LIMA.

Toy Fair New York broke attendance records with more than 26,000 global attendees.
**IMPROVED TOY FAIR NEW YORK’S RANKING** on the Trade Show Executive Gold 100 list, which highlights the largest domestic trade shows in the U.S. that “set the gold standard.” The 2018 show was ranked 35th, up two places from its previous ranking of 37th place.

**CONTINUED THE EVOLUTION OF TOY FAIR DALLAS** (previously Fall Toy Preview) allowing for a more inclusive event open to a broader audience of long-lead buyers and those looking for immediate Q4 sales. More than 2,500 toymakers, licensors, and trade guests from 16 countries booked appointments and participated in the Dallas event, as well as 591 buyers from 195 unique retail outlets including Amazon, Walmart, and Target.

**HIT THE ROAD WITH PLAY FAIR**, the Association’s consumer-facing event for children and families, after receiving overwhelming feedback to visit new cities. Co-located the event with family-friendly Rose City Comic Con in Portland, Oregon, setting the stage for an expansion of events to Washington, DC and New Orleans in partnership with LeftField Media in 2019.

**DEVELOPED AUDIENCES FOR AND EXPANDED OUR B2B E-COMMERCE PLATFORM** – ShopToys365.com – for toy buyers and sellers to engage, create communities, and conduct business online year-round.

*Play Fair, held during Rose City Comic Con, brought characters and brands to life for fun-loving fans of all ages.*
Global Advocacy to the Benefit of All

The Toy Association is increasingly called upon the world stage to help address barriers to trade and intellectual property issues, fight new regulations that do nothing to advance safety, provide training, and assist in a range of challenges and opportunities facing toy companies doing business in existing and emerging markets.

HERE’S HOW A “GLOBAL PERSPECTIVE” GUIDED OUR WORK ON YOUR BEHALF:

ADVOCATED ON MORE THAN 25 REGULATORY ISSUES
around the world and raised visibility of toy issues at the World Trade Organization (WTO). Secured wins in international regulatory advocacy in Brazil, Colombia, Ecuador, European Union, Jamaica, Canada, and several others. Coordinated with our fellow global toy trade associations on regulatory issues in India, Kazakhstan, the Gulf Cooperation Council countries, Brazil, Indonesia, and beyond.

PARTICIPATED ON THE UNITED NATIONS Chemicals in Products Steering Group, preventing onerous chemical disclosure requirements.

WORKED WITH THE CANADIAN TOY ASSOCIATION AND HEALTH CANADA to reinvigorate efforts to align U.S. and Canadian toy standards.
DEVELOPED TWO NEW SERVICES to help members ensure their products comply with global safety requirements: a Safety Education Program (to help groom the next generation of toy safety experts in an online format) and an international database of standards and regulations for toys (a desktop reference to the regulatory landscape in key markets). (Both launched in 2019.)

PUBLISHED TWO NEW GLOBAL MARKET ENTRY STUDIES on doing business in France and Germany; commissioned The NPD Group to complete insight reports for our members on the 2018 Global Toy Market and the U.S. Toy Collector.

ASSUMED LEADERSHIP POSITIONS within the International Standards Organization’s (ISO) Toy Safety Technical Committee.

ACTED AS A SPEAKER ON STANDARDS AND COMPLIANCE TOPICS at Hong Kong Toy Fair and in CPSC-led industry training sessions in China and Vietnam, at the International Consumer Product Health and Safety (ICPHSO) Symposium, and other venues throughout the year.

CONTINUED A SUSTAINING PARTNERSHIP with the Canadian Toy Association and secretariat support for, and membership in, the International Council of Toy Industries (ICTI); collaborated with and provided grant funding for the ICTI Ethical Toy Program; and maintained secretariat duties for the International Toy Industry CEO Roundtable.
Keeping You In the News

We take seriously our role as the toy and play industry’s voice in front of media and consumers – whether we are disseminating factual information about our industry’s commitment to safety, promoting our members’ skill-building toys and games, or championing the childhood developmental benefits of play.

TAKE A LOOK AT HOW WE SPREAD GOOD NEWS ABOUT THE INDUSTRY – IN NATIONAL AND INTERNATIONAL BROADCAST SEGMENTS, IN NEWSPAPERS, ON SOCIAL MEDIA AND INFLUENCER SITES, AND EVERYWHERE IN BETWEEN:

AGGRESSIVELY PROMOTED THE TOY INDUSTRY’S POSITIVE TRACK RECORD FOR PRODUCING SAFE TOYS, helping to significantly reduce the credibility of false NGO “toxic toy” reports in Q4: overall media coverage related to these fear-mongering reports dropped by more than 30 percent year-over-year. When the media did cover NGO claims, The Toy Association’s perspective was included in 73 percent of coverage for WATCH (World Against Toys Causing Harm) (up from 63 percent year-over-year) and 21.5 percent of coverage for U.S. PIRG (up from 20 percent).

GENERATED 60.5 MILLION IMPRESSIONS via online influencers and social media partnerships, and received coverage on the front page of USA Today (circ: 726,906), of our trustworthy facts about toy safety, safe play tips, and the newly revamped PlaySafe.org consumer website.

PROMOTED 450 PRODUCTS (up 143 percent year-over-year) from member companies in TV segments and global trade and consumer articles. 166 companies (+100 percent) were featured in print; 85 companies (+49 percent) were included on broadcast segments. Toy industry trends and products were also promoted in front of influencers, media, and retailers attending Toy Fair New York, Clamour, the ASTRA Marketplace & Academy, and The Biggest Family Shower Ever.

Adrienne Appell, toy trend spokesperson, promotes some of our members’ top Halloween toys on WGN-TV in Chicago.
GENERATED MORE THAN 400 MILLION AUDIENCE IMPRESSIONS,
and more than $16 million in donated PSA media value, for The Genius of Play, the toy community’s impactful initiative to change attitudes and behaviors related to play, based on its vital role in child development. Media coverage surpassed 1 billion impressions via AP, USA Today, Chicago Tribune, among myriad others. TheGeniusofPlay.org visits increased by more than 42 percent, with traffic from organic search rising 125 percent. “Tag, You’re It!,” a social media contest for consumers, received more than 2,500 user-generated images on Instagram and Twitter. Overall, social media engagements surpassed 1.5 million.

GARNERED 52.6 MILLION ONLINE AND SOCIAL MEDIA IMPRESSIONS
for influencer videos unveiling the 2019 Toy of the Year (TOTY) Award nominees, shining a positive light on toys during the critical fourth quarter shopping season. Thanks to these efforts, as well as feature TV segments in Charlotte, NC; Chicago, IL; Dallas, TX; Washington, DC; and San Francisco, CA, 103,000+ consumer votes were cast at ToyAwards.org – the second highest number ever.
**Ready … Set … Play!**

Bringing smiles to children through the joy of toys and play is what we’re all about. Our Genius of Play initiative educates families on play’s importance and conducts research to support the countless benefits of play. And The Toy Foundation (TTF), the philanthropic arm of the toy community, sees to it that children in need are given the much-needed opportunity to play.

**HERE’S HOW WE ELEVATED, COMMUNICATED, AND SHARED THE POWER OF PLAY:**

**SUCCESSFULLY INFLUENCED MOTHERS’ POSITIVE PERCEPTIONS OF PLAY:** research measuring the impact of The Genius of Play campaign showed that moms who recalled our messages intended to spend 44 percent more on toys ($631 vs. $439), and shop for them more often, than those who did not recall the campaign.

**EXPANDED THE GENIUS OF PLAY’S REACH AND IMPACT** by establishing partnerships with the Consumer Electronics Show (CES), Learning Express Stores, National Afterschool Association, Scholastic, The Smithsonian Institution, and the National Association for the Education of Young Children.

**GENERATED $22 MILLION IN TOY BANK DONATIONS** from members via The Toy Foundation, which were distributed to more than 1.6 million children in need in 40 states.

**ADVANCED A TOY FOUNDATION PARTNERSHIP** with Nemours Children’s Health System to explore the impact of trauma-informed patient care and the role of play in helping children heal and cope while in the hospital. Provided $825,000 investment to date and completed research that will be used to develop an innovative play “kit” and program that will be tested in 2020. Also developed a training curriculum which will prepare providers to more effectively communicate with families the importance of utilizing play for healing.
EXPANDED THE TOY FOUNDATION’S PLAY YOUR PART EVENT SERIES, bringing more than 400 toy industry employees together in Los Angeles, Chicago, and Boston to stuff gift bags with donated toys, write heartfelt notes of support, distribute toys to disadvantaged children at the events, play with kids at toy company-sponsored activity stations, and so much more.

MAXIMIZED THE TOY OF THE YEAR AWARDS (TOTY) FINALISTS’ PROGRAM with our partners at Amazon by expanding it to also feature TOTY nominees. This highly successful initiative contributed significant financial support to Toy Foundation programs in 2018.
ASSETS
Cash and investments $31,345 $31,770
Trade show, dues and other receivables, net 114 123
Prepaid expenses and deposits 1,664 1,684
Property and equipment, net 2,418 2,858
TOTAL ASSETS $35,541 $36,435

LIABILITIES & NET ASSETS
Accounts payable and other liabilities $2,314 $2,178
Trade show, dues and other deferred income 15,579 15,154
Investment Deficit in Play Fair, LLC 186 186
TOTAL LIABILITIES 18,079 17,518
UNRESTRICTED NET ASSETS 17,462 18,917
TOTAL LIABILITIES AND NET ASSETS $35,541 $36,435

SUMMARY STATEMENTS OF ACTIVITIES Years Ended December 31, 2018 and 2017
Program revenue 20,838 20,132
Program expenses 16,764 15,977
Administrative expenses 3,986 3,639
OPERATING SURPLUS 88 516
Non-operating income (1,543) 2,861
(DECREASE)/INCREASE IN NET ASSETS ($1,455) 3,377

2018 Program Revenue
- Membership 28%
- American International Toy Fair 63%
- Fall Toy Preview 7%
- Other 2%

2018 Program Expenses
- Membership 8%
- North American International Toy Fair 26%
- Fall Toy Preview 7%
- PlayCon 3%
- External Affairs & Technical Activities 27%
- Marketing Communications & Research 19%
- Other Meeting and Events 3%
- Charitable Support 6%
- Canadian Toy Association Support 1%
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