

Resilient. Resourceful.

2021 Impact Report

2022



the **toy**
association TM
Inspiring Generations of Play

Letter from the President & Chair

In 2021, The Toy Association was relentless in our pursuit of strategic priorities and actions that protect and promote the broad toy and play community. Undeterred by the cancellation of our trade shows, major meetings, and the resulting financial impacts, the Association staff, hundreds of volunteers who comprise our many committees, and the Board of Directors united in a common focus on service. Resourcefully. Resiliently.

While national toy sales demonstrated a year of extraordinary growth for the U.S. toy industry, we have been vocal about the significant unevenness, with many companies soaring to new heights while others have struggled mightily to regain momentum in a disrupted world. Outrageous increases in shipping costs were just part of a disrupted supply chain that extended from the factory floor to retail shelves and left no toy or children's product company unharmed. The hits kept coming and we kept pushing – from Main Street to state houses to the halls of Congress, the White House, and federal agencies, to the media and national capitols around the world.

Throughout this report you'll see how Toy Association advocacy pushed the government to act on the shipping crisis and drove support of critical legislation tackling the threat of counterfeits sold in e-commerce. A new international membership tier and empowered committee further aligned member needs with staff priorities, tackling dozens of issues in some 40 markets across the world from Europe to Asia to South America. Our team continued to pivot to provide digital and virtual selling opportunities and delivered member value via tools to navigate each challenge that arose, including more than 20 timely webinars, and actionable research into consumer behavior, global markets, financial benchmarking, STEAM toys, and more.

The COVID-19 pandemic has forced an acceleration of all consumer and business trends – both positive and negative. This reality demands we not simply focus on strategy but be strategically agile, constantly sensing and responding to threats and opportunities facing the business of toys. Lead times for factories, ocean shipping, and port congestion will continue to lengthen; steep container costs and global labor inflation persist; retailer purchasing cycles are now at 12 or more months, shifting the calendar; consumer comfort with and reliance on e-commerce is running more than a decade ahead of predictions; retailer buyer contact points have diversified to digital; and the future of trade shows, business meetings, and events demands reimagination. You know, dear reader, these are just the tip.

Even with a bias to action, The Toy Association has been careful to listen, survey, research, and question how we and our offerings must change. It's unfeasible to think that in the maelstrom of disruption and evolution going on in our industry, long-held traditions close to our hearts will not need to be broken. Change is now. Shifts, pivots, and the potential pain that may come cannot stand in the way of the demand to do differently and find new rituals. We fully recognize coming decisions that serve the broadest swath of our fast-changing industry may be contentious but are necessary for the greater good.

While this impact report is a look back, rest assured your Association is focused not simply on the year ahead, rather the many years ahead. Our commitment is to the success of your businesses and the joyful benefits of play for all the children, families, and adults we together serve.



Steve Pasierb
President & CEO



Skip Kodak
LEGO Systems, Inc.
Chairperson, 2021

ADVOCATING FOR YOU

The Toy Association continued to advocate on your behalf in major cities and states, in Washington, DC, and across dozens of capitols around the world. Our blend of pro-business, pro-safety, and pro-child activism stopped misguided new regulations and legislation, while our fight against trade barriers and unwise policies helped further protect the business of toys and play.



STATE

- ❑ **Advocated on an unprecedented number of state bills, and no new legislation specific to children's products passed.**
- ❑ **Formed an Extended Producer Responsibility (EPR) Working Group** to begin developing principles for recycling and materials management to guide the toy industry in increasing sustainability and navigating the emerging patchwork of state packaging regulations.
- ❑ **Acted on chemical regulation bills in 10 states**, securing critical amendments to measures in California and Nevada, and defeating a proposal in Oregon to expand the existing reporting program for chemicals in children's products. We continued our work on regulatory issues in New York, and we will move forward with litigation to resolve regulatory conflicts in Oregon.

FEDERAL

- ❑ Represented the industry in congressional hearings to promote toy industry leadership in product safety by advocating for battery safety in other consumer products that **models the existing, effective ASTM F963 requirements for batteries in toys**. We also advocated for status quo regarding the CPSC interpretation of age grading for flocked and plush toys.

- ❑ **Secured an exemption for articles in the Environmental Protection Agency Risk Evaluation Fees Rule**, and we secured an extension of the effective date to October 2024 for the EPA ban on PIP(3:1).
- ❑ Continued to monitor congressional hearings on **Children's Online Privacy** and track **new FTC orders** requiring nine social media and video streaming companies to provide data on how they collect, use, and present personal information, their advertising user engagement practices, and how their practices affect children and teens.

INTERNATIONAL

- ❑ **Launched a new International Affairs Committee** to help align staff priorities with member needs. India market access, the Brazil conformity assessment, and various proposals in EU member states were among the issues discussed.
- ❑ **Led an international, multi-stakeholder effort to defeat an ISO proposal** for a standard on marketing to children which would have layered redundant requirements on top of existing, effective regulatory structures.
- ❑ **Successfully convinced several foreign markets to accept ASTM F963**, including Jamaica and Colombia; this will reduce trade barriers and testing costs for members wishing to sell into these markets.
- ❑ **Advocated for a smoother conformity assessment process in Saudi Arabia and GCC countries.** Made significant progress aligning regulator, lab, and industry expectations regarding process, which has eased market access for members.



PUSHING FOR GOVERNMENT ACTION: FROM THE SHIPPING CRISIS TO IP PROTECTION

In 2021, the global shipping crisis delivered the most harmful blow to the toy industry through undue delays and exorbitant, unjustified charges. On the other hand, intellectual property (IP) protection remained a key issue for members. Our team continually prompted the U.S. government to take action on these hot button issues, while speaking out in the media to drive awareness and change.

SHIPPING

- ❑ Urged the U.S. government to take action in response to the shipping crisis and its harmful impact on the toy industry by contacting many congressional offices in support of the [Ocean Shipping Reform Act of 2021](#) as a first step toward address shipping delays, increased costs, and container shortages.
- ❑ Joined a broad coalition of retail industries to [collectively push for legislative and regulatory action](#) and highlight the enormity of the problem.



Steve Pasierb, President & CEO, appears on GMA3 to discuss global supply chain disruptions and to encourage consumers to shop early for holiday toys.

- ❑ [Appeared in dozens of monthly media segments](#) to advance our messaging about shopping early for toys ahead of the holidays – and explained the combined business and consumer impacts of the crisis.

- ❑ Held [educational webinars with port leaders](#) to address the many shipping challenges facing toy companies and to provide insight and advice.

IP PROTECTION

- ❑ Worked with congressional offices and encouraged their [support of the SHOP SAFE Act and the INFORM Consumers Act](#) to address IP protection.
- ❑ Held discussions with key committee staff providing recommendations as they worked to bring the bill to the House floor for a vote.



Joan Lawrence, SVP of standards and regulatory affairs, spoke with News Nation about how to spot the differences between real and fake toys.

- ❑ Advocated and made frequent [national media appearances](#) educating consumers about the risks of purchasing counterfeit toys; for the first time spoke at U.S. Public Interest Research Group's (PIRG) fourth quarter press conference to spread awareness about the dangers of counterfeit toys.
- ❑ Board member Aaron Muderick (of Crazy Aaron's) [testified on counterfeits before the U.S. Senate Committee on the Judiciary](#).

SETTING YOU UP FOR SUCCESS

With every challenge that arose in 2021, there were new opportunities to help members grow and prosper. With every crisis – from the pandemic, to shipping disruptions, to canceled trade events – there was a silver lining; an opportunity to become more resilient and resourceful. We pivoted, again and again, to help you sell products, build connections, and move forward in turbulent times.

GO-TO-MARKET OPPORTUNITIES

- ❑ **Pivoted to provide opportunities via Toy Fair Everywhere, which opened as a year-round online platform in February** to provide sellers a way to reach buyers quickly and conveniently on a global scale in the absence of live events. Sellers included Djeco, eeBoo, Fat Brain Toys, Good Banana, Insect Lore, Learning Resources, and Pink Poppy, among others. The first “pavilion” operator joined, highlighting 13 French companies.



- ❑ **Hosted Retailer Private Previews amid pandemic related travel restrictions**, connecting sellers with retailers like ALDI, Amazon, Claire’s, Family Dollar, Indigo, Office Depot, QXH, Target, Toys”R”Us Canada, Toys”R”Us at Macy’s and Urban Outfitters.



- ❑ **Conducted intensive work on the Toy Fair Reimagination Project with a strategic partner to gain a deeper understanding of the show’s significance and audience needs.** Toy Fair timing, location, in-show experiences, branding, and content were examined via a detailed brand audit, multiple focus groups, member surveys, and interviews. A new fall timeline for the show has been established, with the next Toy Fair taking place September 30 to October 3, 2023 in New York City.

- ❑ **Forged deeper partnerships** with Mojo Nation and Brands Untapped (focusing on inventors, designers, creators, and licensors); expanded our relationship with Solving for Tech (to explore the implications of the Metaverse); and added Carlos Mendoza, art director at Spirit Halloween, to the Creative Factor Advisory Board, as we continued strengthening Toy Fair’s future position with the artist and illustrator community.



MEMBER RESOURCES

- ❑ **Proudly represented hundreds of member companies**, with our manufacturer members accounting for 93% of U.S. toy and game sales, driving the annual \$38.2 billion U.S. domestic toy market.
- ❑ **Welcomed 63 new members**, including licensor Moonbug Entertainment and toy manufacturer Lovevery.
- ❑ **Rolled out an international membership category** to address the needs of companies doing substantial business outside of North America; 20 companies joined in 2021. These members receive direct guidance on global issues and participate in the International Affairs Committee.

- ❑ **Provided tools to help members navigate the global shipping crisis**, including an online resource center with direct access to webinars, news, and advocacy efforts on the issue.



- ❑ **Held 21 webinars, with the cumulative number of registrants totaling 2,350.** A range of timely subjects were covered, including insights and guidance on the shipping crisis; Amazon's toy safety requirements; China e-commerce opportunities; diversity and inclusion in the toy industry; toy and consumer trends research; IP rights at U.S. Borders, and more. Net promoter surveys to measure member satisfaction averaged a score of 50 (considered excellent in terms of satisfaction).

- ❑ **Launched a new on-demand content portal in the fourth quarter of 2021.** This tool allows members to access the content they may have missed.



- ❑ Offered new **trend and market data** to members from The NPD Group, Kidz Global, TrendHunter, and more, as well as a 2021 Toy Industry Financial Operating & Benchmark Study and a 2021 Economic Impact of the Toy Industry report.

- ❑ **Launched the industry's first STEAM Accreditation Program** to provide toy companies with the opportunity to have their products accredited as STEAM toys, with the Good Play Guide as the official accreditation partner. More than 60 products have been successfully accredited, receiving the special **"STEAM Stamp of Approval"** to display on packaging and in promotions.



- ❑ Released a **"STEAM Toy Assessment Framework,"** which includes a checklist for toy companies to guide product development.

- ❑ **Continued to sustain the Canadian Toy Association (CTA).**

- CTA's Toys for the North program delivered \$185,000 in toy donations to nearly 4,000 children in need in the most remote parts of Canada.
- At CTA's annual general meeting, a special panel of experts was convened from Toys"R"Us Canada, The NPD Group Canada, and Indigo Kids. They shared their learnings from doing business during the pandemic, including how to reopen and rebuild and what the future will hold.

COMMUNICATING THE POWER OF PLAY

While COVID continued to shake up our world, children and adults turned to play more than ever, leading to double digit growth in toy sales in otherwise turbulent times. Through our impactful safety communications, toy promotions, and the consumer-facing Genius of Play initiative, we were able to reach millions of families, offering play tips for learning, skill-building, and de-stressing during the pandemic, while highlighting our members' incredible toys in TV segments across the nation.

TOY & PLAY PROMOTIONS

- ❑ Created the "Once Upon a Playtime" podcast featuring high-profile guests, including author and speaker Simon Sinek, actress Alicia Silverstone, world-renowned LEGO sculptor Nathan Sawaya, and more. The show immediately resonated with the target audience, generating over 11,000 downloads in less than 3 months since launch and achieving a 5-star rating on Apple Podcasts.
- ❑ Evolved The Genius of Play to better integrate with the toy industry through a new "Play Ambassador Program" that recruited 75 toy professionals to share Genius of Play content in hundreds of LinkedIn Posts. Also launched a series of "play recess" virtual events for professionals in partnership with Women in Toys to highlight the importance of play for all ages.
- ❑ Recorded the strongest year ever for Genius of Play PSA campaigns, generating \$35 million in donated media value. The "Worldwide Headquarters of Play" campaign got special recognition by winning a Telly Award.
- ❑ The GeniusofPlay.org had its strongest year, driving 1.2 million visits to the site.



- ❑ Unveiled the Toy of the Year (TOTY) finalists via online influencer video reveals, which generated more than 24 million social impressions. Nearly 90,000 consumer votes were cast at ToyAwards.org. Additionally, more than 200 member products and Toy of the Year finalists were featured in giveaways on Facebook and Instagram.
- ❑ Continued to act as a thought leader in the toy & youth entertainment trend space, offering the industry both full-year and mid-year trend forecasts in a virtual format, available on YouTube.



Trends Specialist Jennifer Lynch visits Good Day Philadelphia to share some hot holiday toys.

- ❑ Promoted member products in the media, acting as a trusted voice on toy & play trends:
 - 76 unique companies and 118 unique products were featured on TV segments in markets across the country, from Los Angeles and Sacramento to Chicago, Philadelphia, Phoenix, and more.
 - 81 unique companies, and 117 unique products were featured in press articles.

YEAR-ROUND SAFETY COMMUNICATIONS

Did you know that The Toy Association helped develop the industry's first comprehensive safety standard more than 40 years ago? Providing families with safe toys and games remains our members' top priority, and our team is dedicated to communicating this every day of the year - not just during the holidays. Whether we are educating parents on how to avoid purchasing dangerous counterfeit toys sold online, informing legislators about our members' commitment to product safety, or debunking toy safety myths perpetuated by NGOs, our goal is to ensure widespread awareness of how safety is built into every legitimate toy during every step of the production process.



Looking to Snag a Hot Toy this Holiday Season?

Remember, if a deal looks too good to be true, it probably is. Counterfeit toys have the potential to be unsafe – so steer clear of them by following these tips:



The infographic features a central image of a woman with curly hair and glasses, wearing a pink sweater, looking at her smartphone. Surrounding her are five colored boxes, each containing a tip. The tips are: TIP 1 (blue box) - Shop only from reputable brands; TIP 2 (yellow box) - Make sure the brand or company has a professional-looking website; TIP 3 (blue box) - If online reviews are negative or if there aren't many, it's a clue the product could be fake; TIP 4 (grey box) - Poorly photoshopped pictures, typos, and spelling errors in the online description are another clue that the product could be illegitimate; TIP 5 (red box) - Can't find a toy on your child's wish list? Wait for a trusted retailer to restock the product. Buying a fake toy is never worth the risk. At the bottom, there is a red banner with the text "Visit www.PlaySafe.org for more toy safety advice you can trust." and the PlaySafe logo.

Visit www.PlaySafe.org for more toy safety advice you can trust.

Playsafe : Counterfeit Toy Safety Tips

SAFETY

- **Strengthened our safety messaging with the first-ever “Toy Safety Awareness Month” in November**, appearing in TV and radio segments to warn shoppers of the dangers posed by counterfeit toys and how to avoid them, reaching upwards of 11 million viewers and listeners.
- **Conducted a survey of 2,000 U.S. parents regarding the difficulties they run into while toy shopping for their kids** and their opinions on counterfeits; results were converted to an infographic and press release disseminated at the start of Q4 in alignment with the holiday shopping season.
- **Invited to speak at NGO U.S. PIRG’s “Trouble in Toyland” press conference for the first time ever**, providing a new platform to get our messaging out about safety and counterfeit toys.



The banner for the 36th Trouble in Toyland Event, held on November 11th at 11am ET on Facebook, features four speakers: Hannah Rhodes (Consumer Watchdog Associate, U.S. PIRG Education Fund), Dev Gowda (Assistant Director, Kids in Danger (KID)), Dr. Jerri Rose (Emergency Medicine Pediatrician, University Hospital Rainbow Babies & Children's Hospital), and Jennifer Gibbons (Senior Vice President, The Toy Association). The U.S. PIRG Education Fund logo is prominently displayed at the bottom right.

Jennifer Gibbons, SVP, Government Affairs joins the discussion “Trouble in Toyland”.

- **Saw a continued decline in media coverage of the NGO holiday “toy safety” reports**, proving that our proactive year-round safety communications have degraded their credibility overall.
- **Reported a 169% increase in traffic at PlaySafe.org**, our safety resource for families, compared to the same Q4 period in 2020.

DELIVERING JOY TO CHILDREN IN NEED

The Toy Foundation, a 501(c)3 nonprofit, continued to act as a beacon of philanthropy by enhancing programs to directly help more children while amplifying the broader toy industry's deep generosity and commitment to children in need. As the pandemic affected the health and well-being of millions of kids and families, the Foundation addressed this crisis through a partnership with the Children's Hospital Association and provided pandemic related grant-funding to a number of additional organizations.

2021 HIGHLIGHTS

- ❑ **Provided nearly \$375,000 in play grants to 18 hospitals** as part of The Toy Foundation's Play Grants Program with the Children's Hospital Association.
- ❑ **Provided nearly \$300,000 in pandemic grant-funding** to organizations including Playworks, Save the Children, Arts Ed Newark, The Strong Museum, First Book, and ThinkGive.
- ❑ **Provided \$3 million in toys to nearly 150,000 children in need**, despite many toy manufacturers struggling to get products into the U.S. and onto shelves.
- ❑ Established a **Diversity, Equity, and Inclusion (DEI) Charter/Committee** whose guiding principles represent all the communities the industry serves. Most recently, The Toy Foundation funded the Black Inventors Hall of Fame and the Geena Davis Institute on Gender in Media as it builds the DEI initiative.



FINANCIALS (\$ in Thousands)

STATEMENTS OF FINANCIAL POSITION as of December 31

ASSETS	2021	2020
Cash and investments	\$41,399	\$35,177
Trade show, dues and other receivables, net	109	144
Prepaid expenses and deposits	1,873	724
Property and equipment, net	1,251	1,601
TOTAL ASSETS	\$44,632	\$37,646
LIABILITIES & NET ASSETS		
Accounts payable and other liabilities	\$3,141	\$3,402
Trade show, dues and other deferred income	15,784	6,552
TOTAL LIABILITIES	18,925	9,954
UNRESTRICTED NET ASSETS	25,707	27,692
TOTAL LIABILITIES AND NET ASSETS	\$44,632	\$37,646

SUMMARY STATEMENTS OF ACTIVITIES

Years Ended December 31, 2021 and 2020	2021	2020
Program revenue	\$7,791	\$20,916
Program expenses	10,627	14,926
Administrative expenses	2,898	2,914
OPERATING (DEFICIT) SURPLUS	(5,734)	3,076
Non-operating income	3,749	2,992
DECREASE/(INCREASE) IN NET ASSETS	\$(1,985)	\$6,068



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