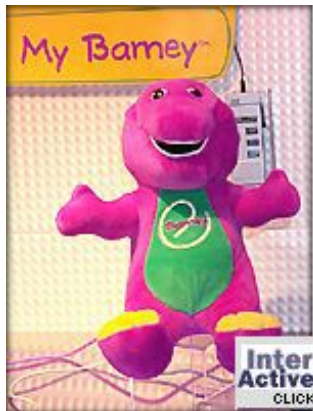


My Toy, My Friend



Barney is just one of the popular toys to go interactive. Click for a slideshow of some other offerings.

Will Interactive Toys Be All The Rage For Kids This Year?

By [Catherine Valenti](#)
ABCNEWS.com from [TheStreet.com](#)

Feb. 23, 2000 — If today's kids face a shortage of friends, they've got nothing to fear.



click to go to [TheStreet.com](#)

A whole slew of interactive toys is hitting the market this year, and some of them are so lifelike they could make children forget all about their fellow human beings.

That could also bring happy faces to the toy business itself, which already saw sales grow a healthy 8.8 percent, to \$16.9 billion in 1999.

"If we get some hip products among the crop, that could easily lift the industry," says Jill Krutick, toy analyst with Salomon Smith Barney, who's looking for "fairly modest" growth in the industry this year.

More Affordable Toy Experiences

That technology-driven toys will be the buzz in the industry this year was readily apparent at this month's American International Toy Fair in New York. Toy industry leaders Hasbro and Mattel, along with other toy firms, showcased a host of new interactive toys and dolls using technological touches to breathe life into older lines.

"It's not just a change in society, but the bigger reason is that the ability to deliver these kinds of experiences has become more affordable," says Sean McGowan, toy industry analyst at Gerard Klauer Mattison & Co. in New York.

The cost of producing the toys is so low that many of the interactive offerings shown at the toy fair will retail for under \$100.

But while many toy industry analysts say the new technologically enhanced items are promising, it remains to be seen whether or not they will be enough to end the woes of beleaguered toymakers Hasbro and Mattel.

Both firms have been plagued by a wave of negative news. Poor financial performance led to Mattel CEO Jill Barad's resignation earlier this month, while Hasbro announced a massive restructuring in December that will cost the company \$141 million.

Cute, Cuddly and Chatty

Perhaps the most eerily lifelike products shown were baby dolls that move and sound like real infants. At the Hasbro showroom, a product demonstrator cuddled the company's new "My Real Baby" doll, which responded with gleeful giggles as the woman tickled the "baby's" feet.

"Hello baby! Who's a happy baby?" she cooed to the doll as slightly uncomfortable journalists and potential buyers looked on.

Mattel showed a similar product called "Miracle Moves Baby," which responds to noise and movement and even knows when it's day or night. While the dolls are meant to give little girls a virtual experience of motherhood, thankfully neither toy stays up all night crying.

For the more mature girl, Mattel has introduced Diva Starz, interactive talking teen dolls that talk to each other, and like a true diva, have a hissy fit if they don't like the outfit you've put on them.

Barney Goes Online

Interactive dogs were another big item at the Toy Fair this year, with Hasbro subsidiary Tiger Toys and Mattel presenting different mechanical versions of man's best friend. Tiger's "Spike" and Mattel's Fisher-Price Robotic Puppy play, do tricks and respond to their master's

"It's not just a change in society, but the bigger reason is that the ability to deliver these kinds of experiences has become more affordable."

Sean McGowan, Toy Industry Analyst at Gerard Klauer Mattison & Co.

While many say the new toys are promising, it remains to be seen whether or not they will be enough to end the woes of beleaguered toymakers Hasbro and Mattel.

Around 80 percent of Fisher Price's new items this year incorporate some form of technology, according to an executive.

voice just like regular dogs.

Even Barney is going interactive this year. Hasbro has linked up the sickeningly sweet purple dinosaur with the Internet to create eSPECIALLY MY BARNEY.

Parents can personalize the plush Barney doll by downloading information from the mybarney Web site into the doll. Barney can then chat to the child about his favorite hobbies and even wish him a happy birthday.

High-Tech Toys Teach Toddlers

Toymakers are also developing interactive products for younger and younger children. Mattel's Fisher Price unit and Microsoft joined forces this year to develop the Intelli-Table, an educational stand-up learning toy for ages 9 to 36 months. The table has three different rings that incorporate sounds and lights to teach basic skills like counting and the alphabet.

"This is the youngest age we've ever developed a toy for," says Erik Strommen, who developed the IntelliTable for Microsoft's Interactive Toy Group. "We're trying to go through existing categories of toys and look at how technology can be added in an educational manner."

Around 80 percent of the unit's new items this year incorporate some form of technology, says Jerry Perez, executive vice president for marketing at Fisher Price, who stresses the company's commitment to educational products.

"It's a great example of how technology can enable a stronger learning toy," says Perez.

And analysts agree that toy companies will be more successful if they use technology to serve an educational purpose or enhance a child's play experience.

"Some of the products appear to offer interactivity for its own sake and not all of the ideas are good," says McGowan. "If the technology doesn't make the product more fun and more desirable, people won't buy it." ■

See TheStreet.com's full site for more of its unique insider perspective on Wall Street.

Copyright 2000 ABCNEWS.com from TheStreet.com. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.
