

Toy makers hit it big with Burger King deal

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Two small toy companies hope the small hands digging through Burger King Corp.'s Kids Meal bag this month will remember the toys they find inside -- and bug their parents to buy more in stores long after the burgers and fries are gone.

In the current promotional television spot for Burger King Kids Meal, toy cars and tiny dolls share the spotlight, representing an unprecedented marketing and branding opportunity for Jada Toys Inc. and Manhattan Toy Co. Jada Toys of City of Industry, Calif., makes collectible car toys and sells an urban line called Chub City aimed at boys ages four to 12. Minneapolis-based Manhattan Toy sells Groovy Girls, a line of soft dolls for preteen girls.

Both companies got a big boost with licensing deals when fast-food giant Burger King decided to feature miniaturized plastic versions of their products in its global Kids Meal program, which runs from Feb. 12 to March 18. The branding bonanza also includes outdoor advertising, downloads of screensavers and wallpaper, and in-restaurant merchandising, including tray liners. Burger King says close to 18 million of the toys will reach kids' hands in about 7,000 North American restaurants and 3,000 abroad.

The deals, a year in the making, represent a major coup for the two small businesses, because most fast-food chains typically work with movie studios, television networks or large toy companies to promote characters and items from popular movies like "Spider-Man," television's "Pokémon" or Mattel Inc.'s Barbie doll.

Such global brand building can take a small player's products to stratospheric levels of recognition in a short time. But navigating this licensing landscape requires companies to carefully monitor how the restaurant version of their toy is designed and marketed so it doesn't dilute the image of its more expensive, mainstay product in stores.

"From a marketing perspective, it's an enormous boost for these companies because all of a sudden you get your products into the hands of people all around the country," says Tim Calkins, clinical professor of marketing at Northwestern University's Kellogg School of Management in Evanston, Ill. "It also is a little scary because you become very dependent upon the partner to boost the brand." He adds that the challenge is "to turn the one-time bump into a sustainable business. This makes follow-through incredibly important."

The firms say it is too early to tell if the licensing deal is having an impact on sales of their bigger, mainstay products.

The Pitch

For a small company, getting into a fast-food kids' meal is as much a work of pursuit on the part of the firm as trend-spotting on the part of the fast-food company. Third-party marketing agencies, which are hired by the big fast-food companies to be on the lookout for new collaborations or new promotional opportunities, are often crucial to securing the deals.

Jada Toys pitched the Chub City line to Equity Marketing of Los Angeles, one such firm that has worked with Burger King for almost 20 years. Manhattan Toy, meantime, was approached by both Burger King and McDonald's Corp., which had seen the Groovy Girls products at the annual Toy Fair in New York.

Burger King saw that both products had a history, albeit short, of proven success in the retail market. Chub City, launched in August 2005, already is in major mass-market retailers such as Wal-Mart Stores Inc., Target Corp. and Kmart. To date, the Chub City line of customized luxury toy vehicles has recorded more than \$12.5 million in world-wide sales since the line's debut. The Groovy Girls dolls line was introduced in 1998, mainly to boutique toy shops. Word of mouth landed it in Target stores in January 2005 and it is now in other stores in more than 60 countries. Manhattan Toy declined to say sales figures for the Groovy Girls line.

"What we liked about these properties was that they weren't oversaturated, that they had tremendous equities unto themselves that they had created that we admire," says Brian Gies, Burger King's vice president of marketing impact. He says both companies' products appeal to kids who want to be empowered and meshed with Burger King's "Have It Your Way" maxim -- boys with vehicles and wheels in motion and girls with dolls that have unique personalities and are associated with friendship and fun.

Once a toy company is brought in, a contract is drawn up, allowing its properties' designs, logo and trademarks to be used in the meal campaign. The heavy-lifting is done by the fast-food companies and agency involved, including marketing and the overseas production of the toys, while the small players generally are only sought for final approvals. Toy makers typically get paid for their participation.

While Burger King did a lot of the major work, the toy companies did have a role in the creation of the toys themselves. Jada Toys had a hand in the toys' design for the different countries and the different languages, and in the styling of the wallpaper and screen savers for the Burger King Web site, www.bk.com/myway. The company also worked to ensure that Burger King maintained the correct color palettes of the products in marketing materials.

Marlene Cuesta, Jada Toys' vice president of licensing, says she pitched Chub City to two other fast-food chains, and they expressed interest, but Jada Toys wanted an international audience as well as a sales boost.

Manhattan Toy eventually sided with Burger King because it was able to offer a global program. McDonald's only offered a North American campaign. The company worked with Burger King to make two exclusive versions of its Groovy Girls doll as 4.5-inch soft dolls named Vanessa and Britta, as well as two bendable Groovy Girl Minis dolls called Reese and Yvette.

Success Story

Children's menus have been around for decades, and the free toy has become more elaborate over time. The first one was the Circus Wagon Happy Meal in June 1979 by McDonald's. Burger King started its program in the mid-1980s.

One of the most successful kids' meal collaborations was between Alexander Doll Co. of New York and McDonald's, which has featured tiny replicas of Madame Alexander dolls every year since 2002. The dolls were a hit with kids and collectors, who paired the miniature versions with the real ones, which can go for hundreds of dollars. The company saw its dolls marketed everywhere from TV commercials to magazine ads.

The 84-year-old doll maker recently renewed its contract with McDonald's to provide an exclusive toy each year until 2009. "We renewed because we benefited financially and image-wise," says Gale Jarvis, president of Alexander Doll, declining to give specific numbers.

"This frenzied picture far outreaches the ability we have as a small company to spend that type of exposure advertising on our own business," she says.

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