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FINANCIAL LITERACY FOR KIDS

TOY STORY

We trace a toy from its peak popularity to its sudden downfall.

THE RISE AND FALL OF A HOT TOY

Why do trendy toys often fizzle out quickly? We traced the story of one toy to find out.



One evening in August 2010, Cheong Choon Ng came home to find his daughters, ages 9 and 12, making bracelets out of rubber bands. He decided to join the fun.

But his big fingers made it difficult to weave the tiny bands together. To solve the problem, Ng, an engineer, created a loom by arranging pushpins in rows on a wooden board. He and his daughters began looping the bands around the pins to make complicated bracelet designs. The girls took their bracelets to school, and their classmates were hooked.

Ng searched online, but nothing like his loom existed. So he and his wife invested \$10,000 of their savings to turn the toy into a product they could sell. Their investment paid for the manufacture of looms and rubber bands in China. Ng printed the instruction manuals himself. Rainbow Loom was born.

A BIG BREAK

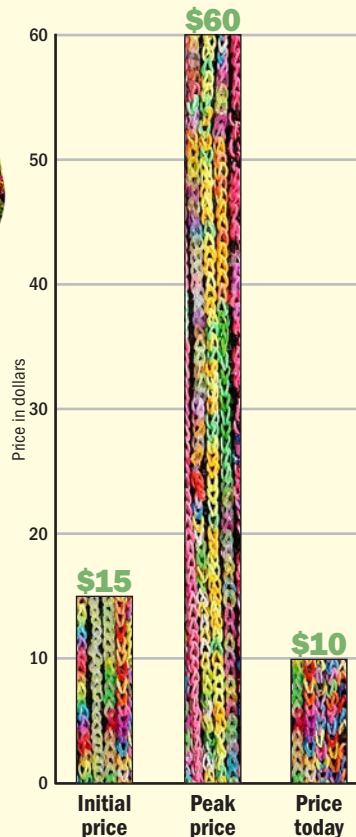
For a year, Ng tried to sell the toy to stores. Most declined. They thought the loom would be too hard for kids to use.

TRENDSETTER

Cheong Choon Ng invented Rainbow Loom, a kit that helps kids make bracelets out of rubber bands. He built the product into a booming business.

RAINBOW LOOM SALES

At its peak demand, Rainbow Loom's price soared to \$60. Was the toy worth the cost?



Ng's daughters saved the day. They made videos of themselves weaving bracelets. The videos went viral. Small online orders rolled in, then a few from local toy stores. In July 2012, a store in Alpharetta, Georgia, placed a \$10,000 order. Ng asked neighborhood kids to help him assemble the order. He paid them in ice cream.

That was the break Rainbow Loom needed. The Georgia store offered bracelet-making lessons. The classes filled up right away. Other stores soon followed suit.

Sales grew by 50% each month for about two years, says Ng. In 2013, more than \$124 million worth of Rainbow Looms were sold, according to the NPD Group, a consumer tracking service. By the middle of 2014, the loom had been shipped to more than 75 countries.

Why did Rainbow Loom **spike** in popularity? Several factors can produce a hot toy. Rainbow Loom had all the right ingredients: online buzz, great word-of-mouth, and the right combination of **supply and demand**.

When the demand for a toy skyrockets and the supply doesn't keep up, the price can double or even triple. The

initial price for Rainbow Loom was around \$15. As demand increased, Ng remembers prices rising to \$20 in some stores and as high as \$60 on Amazon. But if supply increases or demand decreases, prices can fall just as quickly. (So think twice about begging your parents to pay a lot for a hot toy! Be patient. It might not be worth that much, and the hefty price tag might not last long.)

FALL OF A FAD

Supply of the looms increased as copycats entered the market. Competing companies sold cheaper rubber bands. By the end of 2014, the craze started to fade. By 2016, annual sales were \$13.5 million, about a 10th of what they had been at the toy's peak. Today, you can buy a Rainbow Loom for just \$9.95.

Knowing the trend wouldn't last, Ng kept his eye on the future. Now he's inventing toys that teach girls how to code. "We knew [the fad] would go away," he says. "We were prepared for that."

—By Hayden Field



WHAT GOES UP MUST COME DOWN As Rainbow Loom's popularity peaked, stores rushed to stock up. When the trend ended, the kits were deeply discounted.



ALL THE RAGE The brightly colored bracelets can be created in a range of designs and styles.



Power Words

spike *verb*: to undergo a sudden, sharp increase

supply and demand *noun*: the amount of goods available compared with the amount that people want to buy



Family Challenge

Ask a parent if he or she recalls a hot toy from childhood. Why was it so popular? How long did the trend last? Search online to see if the toy is still available. If so, what does it cost now?

FAD OF THE FUTURE?

Remember Hatchimals, last year's holiday must-have? The robotic pets took toy-store shelves by storm. Their popularity surprised even the people who made them. What is this year's hot toy likely to be? Experts gave us their predictions.

Collectible Toys Collectibles like Shopkins will be hot, says Steve Pasierb, CEO of the Toy Industry Association. What else? "Blind packs" with mystery toys that you discover only after opening them.

Science and Tech Toys The popularity of toys with a science or technology twist is on the rise. Plus, parents like them because they are often more educational.

Tie-In Toys What's your favorite new movie? *Star Wars: The Last Jedi*, *Justice League*, or *The Lego Ninjago Movie*? Chances are good the toys that tie in with these movies will fly off store shelves.



SPIN MASTER (2)



GET SMART ABOUT GIFT CARDS!

A gift card is more than a piece of plastic. It's loaded with money that you won't want to waste. Here's how to make the most of your gift card.

Keep the card safe.

About \$1 billion worth of the money on gift cards goes unused each year. Many are lost or forgotten. Put your card in a safe place or ask a parent or guardian to hold onto it. Note its expiration date.

Track the balance. Attach a strip of masking tape to the back of the card. Write the starting balance on the tape. Every time you use it, record the new amount. "Spend your gift card down to the last penny," says Susan Beacham, author of *O.M.G.: Official Money Guide for Teenagers*.

Exchange or trade it. Have a gift card from a store you don't like? Ask your parents to sell the card for cash. They can also trade it on a site like Cardpool.com, ABCGiftCards.com, and CardKangaroo.com for a card you will actually use.

GETTY IMAGES

Ask Jean:



Why do we say that we own a home when we are making monthly payments on it?

—Camille Clark, 10
Blacklick, Ohio

If your family is making monthly payments on a home, they own part of it. A house is a big purchase. It costs so much that it's impossible for most people to pay for it all at once. We take out a loan called a mortgage to make the purchase possible. Every time we make a monthly mortgage payment, the portion of our home that we own, which is called equity, rises. It takes most people 30 years to repay their home loan completely.

Do you have a question? Write to Jean at tfkasks4you@timeforkids.com.

COURTESY JEAN CHATZKY