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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 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. So Ng created a loom. He arranged pushpins in rows on a wooden board. He and his daughters began looping the bands around the pins to make fun bracelet designs. The girls, ages 9 and 12, took their bracelets to school. Their classmates were hooked.

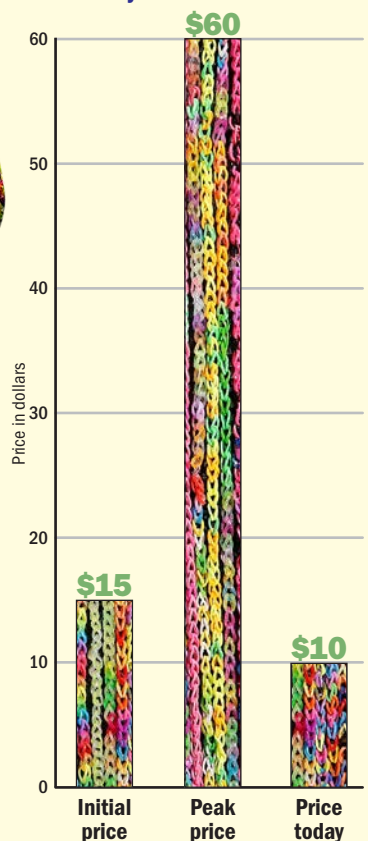
Ng and his wife used \$10,000 of their savings to turn the toy into a product they could sell. Their investment paid for the manufacture of looms and rubber bands in China. Ng printed the instruction manuals himself. Rainbow Loom was born.

## A BIG BREAK

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

### RAINBOW LOOM SALES

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



#### TRENDSETTER

Cheong Choon Ng invented Rainbow Loom. He turned the toy into a booming business.

hard for kids to use.

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.

That was the break Rainbow Loom needed. The Georgia store offered bracelet-making lessons. The classes filled up quickly. Other stores 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.

Why did Rainbow Loom rise in popularity so quickly? 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**.

Sometimes, demand for a toy rises, and the supply doesn't keep up. The price can double

or even triple as a result. The price for Rainbow Loom started at \$15. As demand increased, Ng remembers prices rising to \$20 in some stores. On Amazon, the price ran as high as \$60.

But if supply increases or demand decreases, prices can fall just as quickly. (So don't beg your parents to pay a lot for a hot toy! It might not be worth the money. Be patient. The price may drop.)

## FALL OF A FAD

Copycat looms sprang up, and supply increased. Competing companies sold cheaper rubber bands. By the end of 2014, the craze started to fade. By 2016, annual sales fell to \$13.5 million. Today, Rainbow Loom sells for just \$9.95.

Ng kept his eye on the future. He started inventing new toys. "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 rose, stores rushed to stock up. When the trend ended, the kits were deeply discounted.



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

### Power Words

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

**viral** *adjective*: quickly spread online from person to person

### Family Challenge

Ask a parent if he or she remembers 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, how much does it cost?

## 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 will this year's hot toy turn out to be? Experts gave us their predictions.

**Collectible Toys** Collectibles like Shopkins will be hot, says Toy Industry Association CEO Steve Pasierb. He also predicts that shoppers will buy up "blind packs." These are mystery toys that you discover only after opening.

**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*? The toys that tie in with these movies are likely to 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 cards.

### Keep the card safe.

About \$1 billion worth of the money on gift cards goes unused each year. Many cards are forgotten or lost. Ask a parent or guardian to put your gift cards in a safe place. Note their expiration dates.

**Track the balance.** On the back of each card, attach a strip of masking tape. Write the starting balance on it. Record the new amount after each use. "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 for a card you will actually use. Go to [Cardpool.com](http://Cardpool.com), [ABCGiftCards.com](http://ABCGiftCards.com), or [CardKangaroo.com](http://CardKangaroo.com).

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

When a family makes monthly payments on a home, they are buying it up little by little. A house is an expensive purchase. It costs too much for most people to pay all at once. So we take out a loan called a mortgage. This allows us to pay back the loan month by month. Every time we make a mortgage payment, we own a little more of the home. It takes most people 30 years to pay off the loan and own their home completely.

Do you have a question? Write to Jean at [tfkasks4you@timeforkids.com](mailto:tfkasks4you@timeforkids.com).