State of Play: The US Toy Market

Winter 2025

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Market

Overall US Retail Toy sales were flat in 2024, but **Building Sets and Licensed Toys are expected to continue providing a needed boost** to the category in 2025

Consumer

Consumers trends suggest that **price sensitivity, desire for Toys that promote well-being, and non-parent purchasers** will be key factors impacting sales in 2025 and beyond

Customer

The **Value channel** is expected to continue growing in 2025; **Specialty** and **Brand.com** will remain ways to reach loyal consumers, while **Farm & Ranch** may help reach new ones

Products

Recent and upcoming launches demonstrate a focus on **Toys for 'Kidults,' Nostalgia & Retro, Global Influences, and Micro Collectibles** in 2025

Experiences

To capture a slice of "experience" spend, Toycos will be increasingly **diversifying into physical entertainment** in 2025

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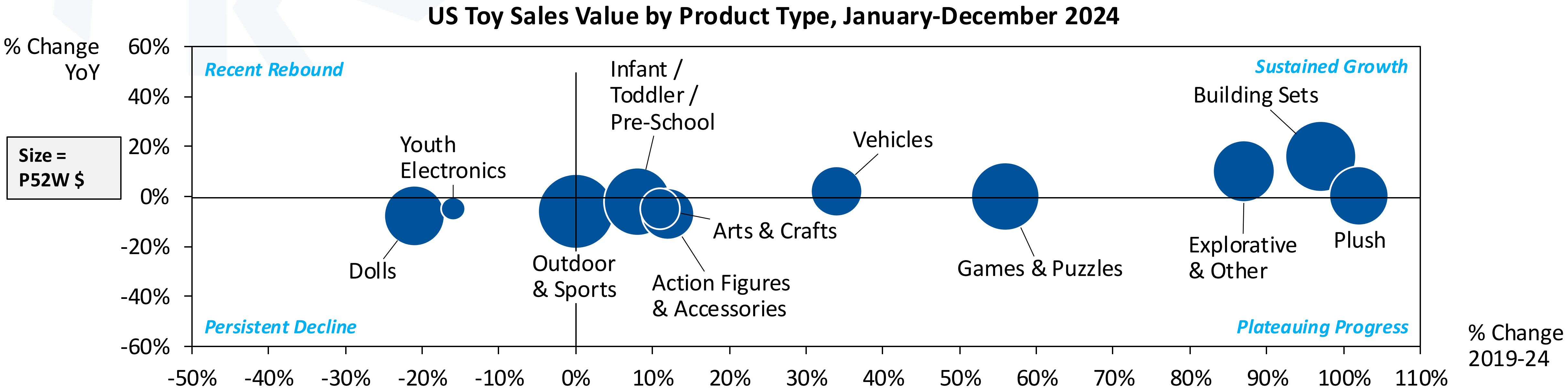

- **Toys generated $28.3 B in 2024 vs. $28.4 B in 2023, reflecting a sustained dip from COVID-era highs of $30.6 B in 2022**
  - However, Building Sets are a bright spot of growth—surpassing Games & Puzzles to become the second largest category by value in 2024
- **Key product tailwinds for 2025 include likely growth in Building Sets and Licensed Toys**
  - Building Sets: Mattel likely to not only steal share from LEGO but also grow the overall category with its highly anticipated May 2025 Brick Shop release
  - Licensed Toys: Grew 8% 2023-2024 despite limited franchise film releases; 2025 movies (Lilo & Stitch, Smurfs, etc.) likely to accelerate licensed sales in 2025
- **Key product tailwinds for 2025 include likely declines in Infant / Toddler / Pre-School Toys**
  - With declining birth rates YoY, there is a corresponding decline in the number of US infants, toddlers, and pre-schoolers—suggesting contraction of this product type

Circana

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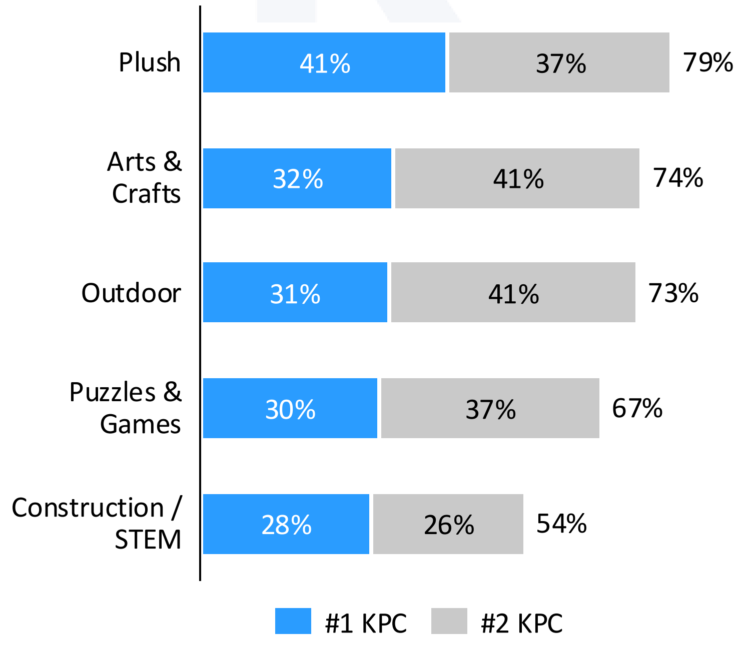
Importance of Price by Product Type[1]



- While Quality is the top Toy Key Purchasing Criteria (KPC) overall, **price is a top 1 or 2 concern** for 50%+ across product types[1]
- With uncertainty and rising inflation in the US, consumers are **likely to be even more cost conscious in 2025**

Parents' Purchasing Considerations[2]

1. Promotion of Mental, Emotional, and Social Health
64%

2. Sustainability
50%

3. Highlight Different Races, Cultures, Identities, and Abilities
46%

- As parents focus on well-being, Toys must build **emotional intelligence,** encourage **active play,** and stimulate **creativity**
- These desired attributes are in line with broader trends **prioritizing quality time and connection outside of screens**

Non-Parent Toy Purchasers[3]

19% Of Toys sales are to grandparents[3]

43% Of adults bought a Toy for themselves in the past year[3]

65% Of end-users of Puzzles and Games are adults[1]

- The power of Toy **purchasers outside of parents** is growing
- As a result, **having strategies and products in place to reach other adults** is key to succeeding in 2025 and beyond

[1]Baird Toy Products Consumer Survey, October 2023; [2]Toy Association 2024 Survey of 1,000 U.S. Parents; [3]Circana

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Value

- Toy brands are beginning to focus more on the Value channel as **a way to reach cost-conscious consumers**
- As the channel continues to grow and mature, chains such as Dollar General are **starting to carry higher quality products**
- In particular, evergreen IP-based **seasonal and party items** from Toycos are resonating with Value channels shoppers

Specialty

- **New and emerging IP** in games, puzzles, and exploratory Toys are particularly focused on the Specialty channel as means to **cultivate a loyal customer base**
- Selling into specialty Toy and hobby stores requires **knowledgeable sales reps** who build relationships with store management to **understand specific retailer needs**

Brand.com

- Brand.com E-Commerce allows brands to own the full purchase journey, extending from product presentation, brand messaging, and packaging— particularly **relevant as major retailers slip on in-store execution**
- The channel is also particularly **relevant for young parents and 'kidult' buyers**, as brands can leverage exclusives and limited drops to drive consumer excitement

Farm & Ranch

- In addition to traditional farm and agricultural Toys, Farm & Ranch retailers have been expanding offerings across Toy subcategories, **particularly with holiday displays and activations**
- While Farm & Ranch has a very small share of Toy sales (0.25% in 2023), the channel has **grown sales 24% YoY**[1]—suggesting it may be worthy of consideration by Toycos

[1]*Circana, 12 Months ending September 2023*

Recent and upcoming launches demonstrate a focus on Toys for ‘Kidults,’ Nostalgia & Retro, Global Influences, and Micro Collectibles in 2025

Toys for ‘Kidults’

jELLYCAT LONDON

LEGO

March 2025

- ‘Kidults’, or consumers ages 12+, are responsible for a **durable boost in Toy sales** since COVID-19
- Toy makers and retailers are using collector-oriented lines, social-media driven Plush trends, and advanced building sets **to draw in ‘kidult’ buyers**

Nostalgia / Retro

Playmates TOYS

August 2024

Hasbro

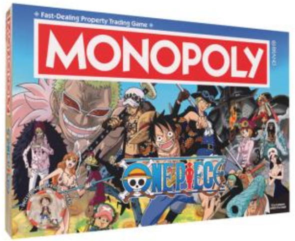
Spring 2025

- Nostalgic releases show **no signs of slowing in 2025**, as the trend remains a focus of consumers and brand licensing strategies alike
- **Adult buyers** largely fuel the market for nostalgic Collectibles
- Similarly, **millennial and Gen Z parents are reviving heritage IPs** by sharing classic Toys with their children

Global Influences

headStart IN FRONT FOR FUN!

Animaki Spring 2025



the op GAMES

May 2024

- **Accessible streaming platforms (e.g., Crunchyroll)** have brought Anime and Manga into the global mainstream
- Accordingly, **Anime and Kawaii** are influencing the aesthetics of multiple new Toy releases
- Toycos are also developing Plush, Collectible, and Apparel products to appeal to **multi-cultural** audiences

Micro Collectibles

ZURU

July 2024

Funko

Q3 2025

- In the face of price sensitivity, there is **higher demand for ‘pocket money’ Toys**—supporting sales for Micro Collectibles and Games
- Sales of Micro Collectibles were up **7% in value and 18% in units** in 2024[1]
- Micro Collectibles are often **sold in blind / mystery boxes**, driving unboxing content on social media

[1] *Circana*

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Toys for 'Kidults'

18+

LEGO

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Physical Entertainment

Second Mattel Adventure Park, Opening in Kansas City in 2025

Monopoly Tea Tour, Launched January 2025

'Furby Wuz Here' Immersive Activation, New York City, July 2024

- **Toycos are focused on building physical touchpoints for fans via amusement parks, retail experiences, restaurants, immersive campaigns and activations, and more**
  - Since the pandemic, consumer spending on experiences has increased by 65% (from 2019-2023)[1] with 93% of consumers planning to visit attractions at the same or greater level in the next year[2]
- **These experiences allow Toycos to bring their creative mindsets to reality—enhancing fan engagement and diversifying revenue streams while simultaneously supporting sales in Retail**

[1]*Mastercard Travel Industry Trends Report;* [2]*IAAPA Leisure Consumer Trends Report 2023 findings*

Learn More

Connect with Kaiser's Consumer & Retail Leaders

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