



Should You Take Spin Master Corp. for a Spin?

Description

Spin Master Corp. ([TSX:TOY](#)) is climbing higher as investors forget about the short-term issues a few months ago regarding Hatchimals that wouldn't hatch.

There's no question that the company knows how to innovate. That's why it has won numerous awards over the years. Spin Master has over 82 TIA Toy of the Year nominations with 18 wins across its strong portfolio of products. Hatchimals recently won the U.K. Toy of the Year award this February, and many people believe the Hatchimals success story still has more room to run.

I don't think that the malfunctioning Hatchimal units from last year will hurt the demand for the new and improved Hatchimals 2.0, which will feature glittery eggs.

Hatchimals will be a long-term driver of earnings

Demand for Hatchimals last Christmas was off the charts. The demand surge caught the company completely off guard, and because of this, the company couldn't produce enough units in time for Christmas.

Although there were many defective units, I still think the brand is still very strong and will play a huge part of the company's success for the next few years. The management team will learn from their mistakes, and it's very unlikely we'll see the same issues happening during the next holiday season.

Kids are still crazy about Hatchimals. The updated Hatchimals 2.0 product and the miniature line of collectibles called Colleggtables that will be released this year.

The management now knows the magnitude of demand to expect from a new Hatchimals toy. Hatchimals won Toy of the Year for a reason, and I believe the company has only just scratched the surface with regards to unlocking the true sales potential of the toy. Hatchimals is more than just an egg that a "phygital" (physical and digital) bird comes out of. It's a great brand that will be a driver of sales for the long term.

The Colleggtables line of Hatchimals miniatures is an inexpensive product, but I believe it will be a

huge success and could contribute more to earnings than originally thought. It's a low-tech product, so there shouldn't be any malfunctions, and it's likely that kids will receive them on a more frequent basis when they go shopping with their parents.

You've probably heard of Shopkins, a similar miniature that's an international sensation in the toy industry. The market for miniatures is huge, and the margins are high. I think Colleggtables could be a huge earnings driver that many investors may be overlooking.

If you're looking for huge growth potential at a reasonable price, then it really doesn't get better than Spin Master. Pick up shares now and on any dips going forward, and you'll do very well in a few years from now.

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