

The Hatchimals Brand Could Launch Spin Master Corp. into Orbit

Description

Spin Master Corp. ([TSX:TOY](#)) is a fast-growing global children's entertainment company that recently took a 6% dip from its all-time high. The company has a diversified portfolio of toys, games, brands, and other products, which continues to get stronger with time. Spin Master has an impressive pipeline of innovative entertainment products that will be a long-term driver of earnings.

Spin Master puts its foot to the growth pedal

Spin Master has four key growth strategies which will allow the company to be a long-term earnings-growth king.

The management team wants to innovate across its portfolio of brands and business segments, increase sales in international markets, develop its evergreen global entertainment properties, and leverage its global platform through strategic acquisitions. Spin Master has been firing on all cylinders and has been executing each growth strategy with its many initiatives, which I believe will send earnings soaring over the next few years.

The company has a top-notch global R&D operation located across five internal locations with a collaborative model to make use of external inventors and designers. Innovation is very strong at the company, and the result will be sky-high demand for many of the products coming out of the pipeline.

Take the Hatchimals brand as an example. The original Hatchimals toy was the final result of the tireless efforts of the R&D team. It was an innovative entertainment product that made good use of technology, and kids could relate to the toy because of the nurturing aspect. This is why the "global demand exceeded [Spin Master's] most aggressive projections."

The Hatchimals toy was recognized for innovation at the 2017 Toy of the Year Awards, and kids are crazy about it, even through the "Hatchimals wouldn't hatch" debacle, which was a huge drag on the company last holiday season.

Spin Master is set to take the Hatchimals brand to the next level with a sparkly Hatchimals 2.0, the new Hatchimals Colleggtibles line of toys.

Spin Master enters the collectibles business

Hatchimals is a fantastic brand that everyone has been talking about lately. In addition to the original toy, the company is taking the brand and expanding it into other toy segments, like collectibles.

Colleggtibles are small collectible toys that kids can hatch in a similar process as the original Hatchimal. The first series of Colleggtibles feature over 70 different figures belonging to 13 families. The egg color will give clues as to which family, but the type of figure won't be revealed until the egg is actually hatched.

The Colleggtible toys are aimed at kids five and up, but I think older kids, tweens, and even adults may be intrigued by the hatching process behind this new line of low-tech collectibles. Colleggtibles will be available in a one pack for US\$2.99, a two pack + nest for US\$4.99, and four pack + bonus character for US\$9.99.

These toys are adorable, inexpensive, don't take up too much space, and are suitable for kids of all ages, including grown-up kids! I think the magnitude of demand could be similar to that of the original Hatchimals. The element of surprise really adds to the excitement of hatching these toys, and I think investors will also be surprised by how much this new line of toys could propel earnings.

I would jump on the opportunity to buy Spin Master on its recent dip because the innovative pipeline of products will eventually send the stock flying.

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