

Allison Druin

In the not-so-distant past, in a time perhaps easily forgotten, making educational technology was not the fascination of many. It was a time when there was only a small group of researchers in universities and industry labs that were just crazy enough to think about kids and technology. At this same time, there were small start-up companies dotting the landscape of business. Money was not plenty, but researchers and industry professionals hoped to change the world anyway.

Times have since changed. The newspapers now trumpet headlines such as: "Mattel Buys the Learning Company", "Computer Toys Worth Billions", "Girl Games: Plenty and Pink". Companies are being bought right and left. The world of kids and technology is big business. Those of us who make technologies for children have lots of questions: Where do we fit in? What will become of the world we know? Will these changes make our work easier? Will we have a difficult time being heard?

One place where people have been talking about these industry changes is the CHI-KIDS listserv. Recently, a fascinating thread of discussion was begun that asked—"Where is the Industry going?" I became so interested by these discussions, that I asked a few people if I could include their thoughts in this column. Each agreed to my request. Each are individuals that work in industry. The thoughts of each person follow below. Their discussion does not represent the thoughts of their

companies, but the thoughts of individuals that care about what is happening to their world. They each offer a personal insight into what they see is happening today and what may happen tomorrow:

Subject: Mattel buys The Learning Company - Where is the Industry going?

Date: Mon, 14 Dec 1998 10:23:36
From: Ken Kahn
<kenkahn@toontalk.com>
To: chi-kids@acm.org

Hi all.

First nearly every software company selling kids and educational software was bought by The Learning Company or by Cendant (was CUC). Now TLC is being bought by Mattel. Cendant is selling its software business to a French company. I seem to recall Hasbro buying some kid software companies recently.

I wonder if anyone on this list has some insight into why this is happening and what it might mean for the industry.

Best wishes,

Ken Kahn (www.toontalk.com)

Subject: Re: Mattel buys The Learning Company - Where is the Industry going?

Date: Mon, 14 Dec 1998 20:56:21 EST
From: Cindy Johnson
<cynthj@aol.com>
To: chi-kids@acm.org

This is just the next step in consolidation as the markets continue to mature. The toy industry is having a hard time on its own, so it needs to branch out to other forms of kids products, and edu-

cational/edutainment software is a natural fit.

The Learning Company bought many smaller companies in its fight against Cendant for marketshare. That's what it's all about I believe. Unfortunately that doesn't seem to bode well for education or creative components in the products as the companies just try and make products faster and cheaper to beat the competition for the mass market. But what it can do is spark new ideas as unfulfilled employees leave these companies. But going up against these large companies is such a huge challenge, companies will need to do something different (i.e., internet distribution of products rather than retail distribution) in order to survive.

That's my two cents worth...

Cindy Johnson

Former software producer at The Learning Company

Subject: CHI-KIDS Digest Date: Tue, 15 Dec 1998 17:06:29 -0800
From: Matt Fishbach
<matt_fishbach@broder.com>
To: chi-kids@acm.org

Cindy Johnson's analysis regarding future trends in the education software industry is right on target.

- Scales of economy in development, marketing, and distribution.
- Maturation of market.
- Intense focus on shareholder-based drive for marketshare and profit margin.

These are the elements driving the education software industry into a new future.

Recall the evolution of feature films in the United States. Stage 1 started out as a rag-tag collection of individual

creative groups. Stage 2 involved consolidation into a very small number of hugely powerful and influential Hollywood studios, which shaped and controlled most genres of film for generations. And onward to today, Stage 3, where the power of the studios has spread and waned, leaving film viewers with a variety of experiences to choose from—ranging from esoteric black-turtleneck art films produced on 16mm, to small charming professional-quality films from a range of independent studios, to the traditional explosions and pizzazz of the remaining big-kahuna studios.

Education software, always one step behind the evolution of the entertainment software industry, is leaving Stage 1 and entrenching firmly in Stage 2. It may be some time before the distributed Stage 3 model is reached. The Internet and broad-band cable will aid small development houses in eventually overcoming distribution hurdles and finding successful niches, but don't underestimate the pervasive power (sometimes to a depressing degree) of Brands on the minds of the consumer public.

Any small collection of smart dedicated folk can put their heads together and come up with something clever, perhaps even brilliant. But people buy volume quantities of Palmolive over a trillion other types of soap because, well, it's called Palmolive.

Similarly, with a million web sites to choose from, most people will go to the sites which contain the content/characters/brands with which they're most familiar. And it is currently the big companies like Mattel, Cendant, Hasbro, and Disney Interactive that

are locking up the brands and licenses the public knows, trusts, and enjoys.

Of course, new brands and ideas have to come from somewhere, always leaving an opportunity for small creative group to get rolling. But monster entities like Mattel/TLC are here to stay for probably the next 5-20 years.

Matt Fishbach

Still a Product Design Manager for Carmen Sandiego products at Broderbund Kids Studio...The Learning Company...Mattel...Whatever

Matt_Fishbach@broder.com

Subject: Mattel, TLC, and the future

Date: Tue, 15 Dec 1998 09:22:02

From: Erik Strommen

<erikstr@microsoft.com>

To: chi-kids@acm.org

We spend a lot of time industry watching here at MS, and I am happy to share my observations.

A price war has driven CD-ROM prices so low there is virtually no margin of profit. There is too much in the market, making distribution a problem, and development costs for CD's are very high.

Second, the trend in children's play patterns is such that they are "becoming older younger," as the phrase goes. They are stopping playing with toys at younger ages, and shifting over to interactive games (Nintendo, SEGA, etc.) or the Net or CD-ROMs instead, and also are responding more to TV-driven products than before.

SO WHAT DOES THE FUTURE HOLD?

Consolidation by the big guys. Mattel and Hasbro are buying up small companies to give their big companies an entrance into the interactive field. Hasbro bought Tiger Electronics a couple years ago for the same reason. So the future is going to be a sort of Land Of The Giants, where you can't play in the market unless you have a really big friend like Mattel who will do the "heavy lifting" of distribution, development, and advertising for you. Its dreary, but that is what appears to be happening. Please note that I have left the web out of this entirely. That is a whole separate issue. :)

In closing, if you are interested in continuing this discussion or any other concerning technology and children, please feel free to join chi-kids@acm.org by sending email to listserv@acm.org. In the message area (not the subject area) type: subscribe chi-kids [Yourfirstname] [Yourlastname]

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Allison Druin is a University of Maryland faculty member in the College of Education and the Human-Computer Interaction Laboratory (HCIL). She is editor of the book, "The Design of Children's Technology recently published by Morgan Kaufmann.