

# To Infinity...and Beyond!

RobotGalaxy launches a national kiosk program that promises to be out of this world.

Beth Mattson-Teig

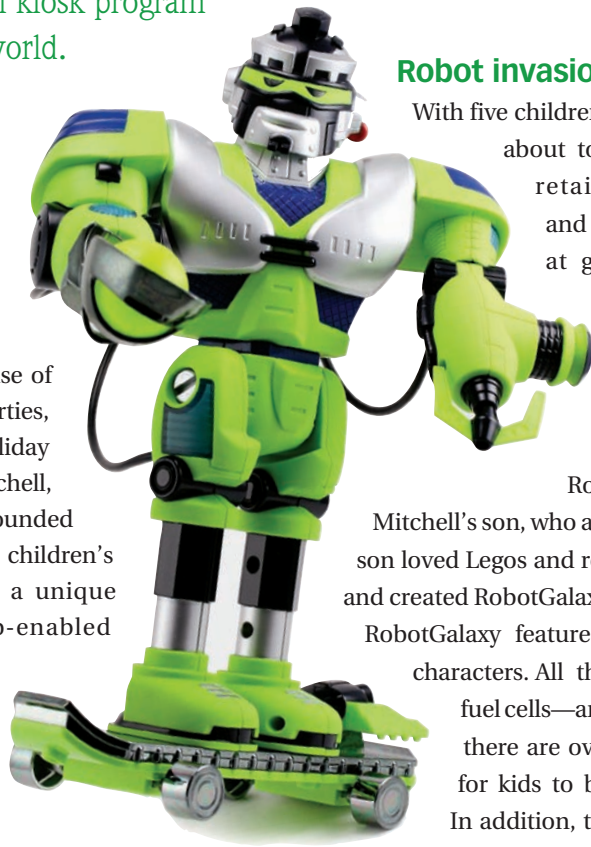
New York-based RobotGalaxy is preparing to make a major Earth landing as it rolls out its new kiosk-licensing program.

"We see a big opportunity in the mall cart and kiosk business, not only because of the event-driven sales from birthday parties, but we also believe fourth quarter holiday sales could be huge," says Oliver Mitchell, RobotGalaxy founder and president. Founded in 2006, RobotGalaxy is an interactive children's entertainment concept that combines a unique Build-A-Robot retail experience, a web-enabled toy and a virtual world.

The concept was initially launched through traditional mall stores, specifically with locations that opened in 2007 at the Palisades Center Mall in West Nyack, NY and Freehold Raceway Mall in Freehold, NJ. As the economy began to turn in 2008, Mitchell realized that the company needed to shift its business model accordingly to a more cost-effective format. So instead of continuing to open additional 2,000-sq.-ft. mall stores, the company's third store was a 500-sq.-ft. store-within-a-store at Toys R Us in New York's Times Square. The Toys R Us location displays the same merchandise as the mall stores—it is just a much more efficient model, Mitchell notes.

Going forward, RobotGalaxy's growth strategy is two-fold. The company is working to expand its wholesale distribution network with in-store sales at Nordstrom stores across the country, as well as targeting growth via cart and kiosk licensing.

RobotGalaxy launched its first pilot kiosk in a Carvel ice cream store in Philadelphia last October. "It's been very successful there," Mitchell says. In addition to strong robot sales, the licensee is also delighted by the increased sales in ice cream at RobotGalaxy birthday parties, Mitchell says. This increase is especially valuable in the slow winter months, he adds.



## Robot invasion

With five children, Mitchell knows a thing or two about toys. He noticed that popular retail outlets like American Girl and Build-A-Bear were targeted at girls, while the options that would interest boys were more limited. Being an entrepreneur, Mitchell decided to do something about that gap. The idea for RobotGalaxy can be credited to Mitchell's son, who at the time was five years old. "My son loved Legos and robots. So, I put the two together and created RobotGalaxy," he says.

RobotGalaxy features eight different talking robot characters. All the parts—such as arms, legs and fuel cells—are interchangeable, which means there are over 1,000 different combinations for kids to build their own colorful robots. In addition, the characters are part of a story line, and the robots can connect in an online world similar to a Webkinz or Club Penguin. "So whatever character you build in the store, that becomes your online avatar in the games," Mitchell says. As kids play online, they continue to get new downloads, such as sound effects or phrases, for their robots. RobotGalaxy also has mobile phone apps for use on Smartphones and the iPod Touch. There is even an alarm clock app that can be downloaded. "So the toy is constantly refreshing itself," Mitchell says.

Although the company is barely five years old, it has made significant inroads in building brand awareness. Its main product is the 13-inch Build-A-Robot that sells for between \$24.99 and \$54.99 depending on functionality. RobotGalaxy also sells 12 collectible mini-bot keychains for \$4.99. RobotGalaxy products have been carried for the past two years at all Nordstrom stores. In addition, the company is expanding its toy line to include apparel such as sleepwear and T-shirts. "We hope to soon announce something very exciting in the entertainment world, which would support all of those licensing efforts," Mitchell says.

# To Infinity...and Beyond!



## Expanding via kiosks

RobotGalaxy sees a big opportunity for its kiosk models in shopping malls, as well as inside restaurants or food venues that cater to birthday parties.

"About 30% of our business comes from birthday parties," Mitchell notes. The birthday parties are modeled after Build-A-Bear—here kids build their own robots and accessorize them.

And while RobotGalaxy represents Mitchell's first foray into toys, he is no stranger to mall kiosks. He was a founding member of AmeriCash, which was one of the first companies to place ATMs in mall locations. The company was later sold to American Express.

The RobotGalaxy kiosk is a 4 ft. x 3 ft. fixture similar to a double-door refrigerator. The kiosk opens up to expose all the different

Build-A-Robot parts. There are two touch screens on the outside for programming robots to talk. For example, the talking robots can be programmed to say the child's name or other catch phrases.

A licensed partner of the RobotGalaxy brand can create the same robots from a kiosk that can be created in one of the mall inline store locations. Another benefit of the kiosk is that it is relatively inexpensive at a cost of about \$10,000 for the initial set-up, which includes the cost of the kiosk fixture, computer equipment and inventory. Afterwards, the licensee commits to at least \$2,500 of inventory purchases each month, as well as additional licensee and computer maintenance fees.

"We've made a very concerted effort to focus on licensing and wholesale distribution," Mitchell says. That strategy allows RobotGalaxy to focus on providing the best support to its licensees, whereas expanding via traditional mall stores would be costly, and would compete with those kiosk and distribution outlets. "We see this as a national kiosk opportunity," he adds.

For more information, visit [robotgalaxy.com](http://robotgalaxy.com).

Beth Mattson-Teig is a freelance business writer based in Minneapolis, MN. She specializes in covering the national commercial real estate industry.

