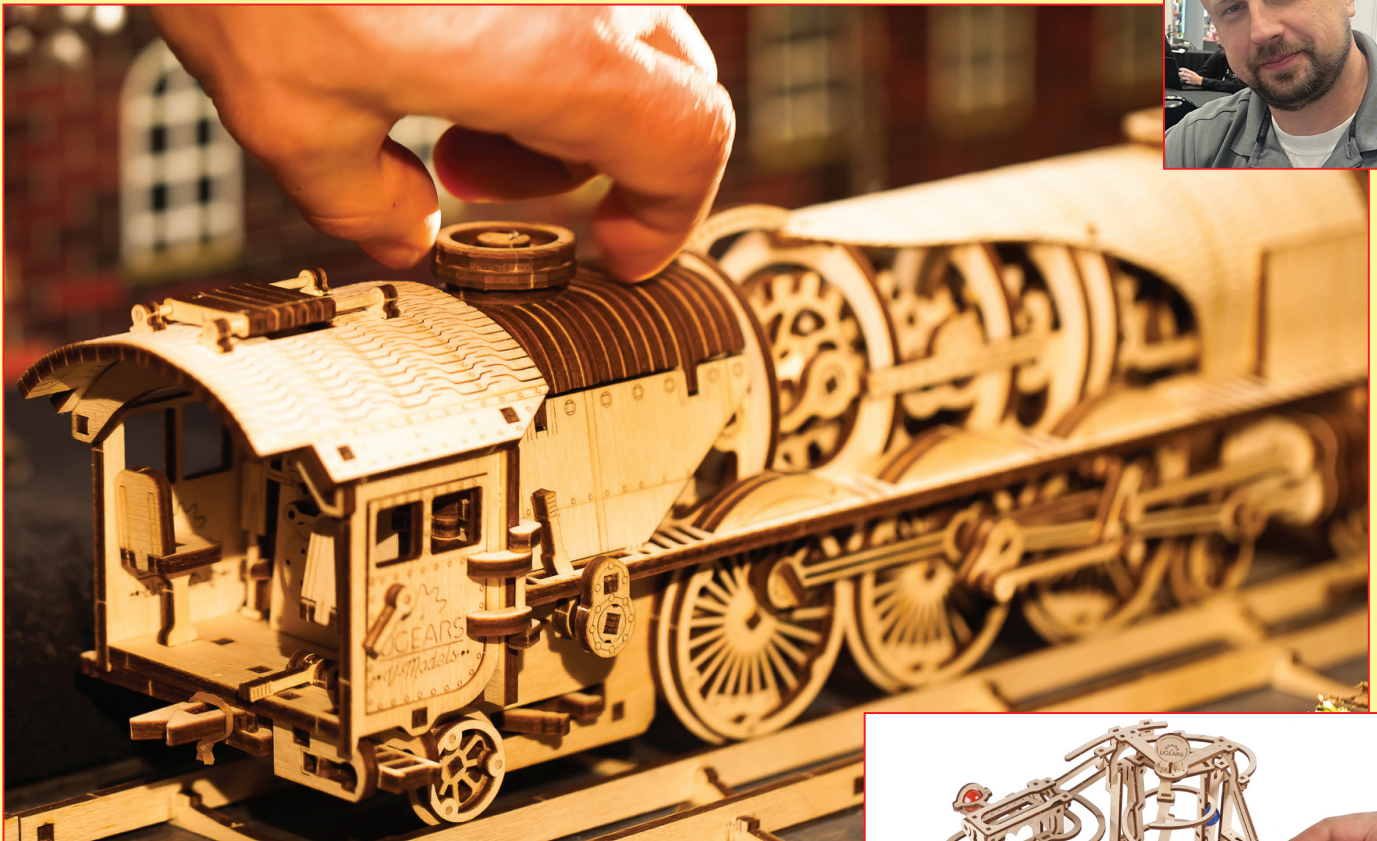


Building on Success

UKIDZ WOWS WITH IMAGINATIVE TOYS

Gary Wollenhaupt



While traveling home to visit family in Ukraine, Dmitriy Zverev received a present for his two-year-old son. The present was a wooden train kit from a local startup, UGears Mechanical Models. It was too complicated for his son, so the gift went on a shelf.

Later, he looked for Ukraine-related toys and books for his family and came across UGears again. The company was gearing up with a Kickstarter campaign, and he recognized the company name. The U in UGears stands for Ukraine.

"I pulled the kit out of the closet, and as an engineer, I was amazed at the design and ingenuity of it," Zverev said. He took it to work, and the other engineers wanted to know where they could buy the kits. At the time, there was no U.S. distribution.

So, Zverev contacted the company in Ukraine and launched UKidz LLC as the exclusive U.S. distributor in 2016. He ordered three pallets of kits that were delivered to his garage.

"I started literally from scratch with no experience and not much of a plan," he said.

So, he began going to fairs and trade shows, selling directly to consumers. Then people suggested he sell to retailers instead. He figured out how to set up wholesale distribution and learned by doing.

"Anytime anyone suggested something, I would explore it to see if it's feasible," he said.

He was invited to the HobbyTown franchise convention, and someone there suggested he attend the NRHSA Convention and Table-Top Expo.

He left his engineering job about four years ago to work full-time at UKidz.

"I wasn't able to handle both at the same time, so I had to make a choice, and I think I made a wise one."

He's recently experimented with adding brands to the distribution network and has settled on two additional lines: Once-Kids and Pixio. Once-Kids is a line of sustainably sourced wood building bricks compatible with other major brands, which also includes figures and

Many UGears wooden models offer sophisticated engineering for a fun building experience, and rubber-powered movement for repeat play value.

building sets. Pixio is a line of magnetic blocks for imaginative building. "You can make Mine-craft-style, pixelated figures and designs," Zverev said. "I've been playing with those a lot because you can build so many different objects out of them."

Today, he attends about 20 trade shows a year, reaching a variety of retail categories.

"All three brands fit well into hobby shops as well as souvenir shops, theme parks and anything with gifts, toys and hobby items," he said.

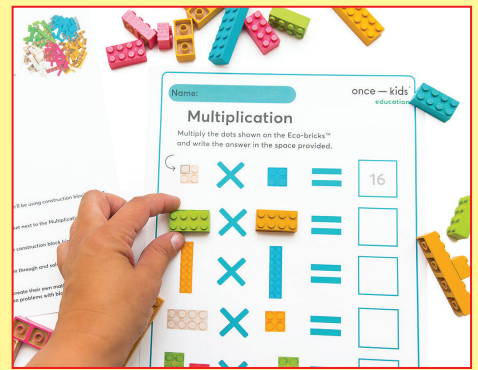
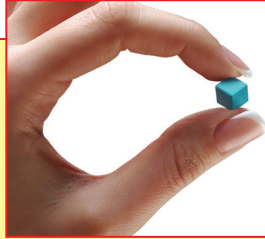
Since the UGears brand has been available in the U.S. for over eight years, it has a lot of name recognition with customers. For retailers, Zverev recommends investing in enough inventory to get a free display stocked with top sellers.

"It's a no-brainer because you don't have to convince the customers to buy it," he said.

The manufacturer has a strong part replacement service, so customers don't have to return products. Overall returns are very low, Zverev noted.

There are three levels of packages for dealers to start carrying the brands, with incentives such as free shipping and displays. For example, the orders can be combined within the three brands to get free shipping.

Retailers can order directly from UKidz or the network of manufacturers' representatives that are assigned to regions of the



Play kits allow imaginations to roam free. UKidz has expanded its offerings for green alternatives to plastic-based toys.

U.S. The distribution center is located near Chicago, so shipping to either coast only takes a few days.

Production in Ukraine was shut down for several months while the city of Kyiv was under attack, but it has since reopened. Zverev has consolidated shipments from once a month to every two or three months, but product flow remains steady.

In Ukraine, UGears has a team of designers developing new product ideas. A model takes six to nine months to go from conception to production, so the new product plan is mapped out a year ahead.


New products in all three brands are coming later this year, and the catalogs will be refreshed in the second or third quarter. One hotly anticipated update is a line of UGears dinosaurs, starting with a T-Rex.

"There are a lot of new and exciting models coming out, not only with UGears but with all the brands," Zverev said. HM

UKIDZ

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