

business acquisitions. In January 1997, Jill Barad took over as Mattel's CEO. Barad's management style was characterized as strict, and her tenure at the helm proved challenging for many employees. Although Barad had been successful in building the Barbie brand to \$2 billion near the end of the twentieth century, growth slowed rapidly after that time. Declining sales at outlets such as Toys "R" Us and the mismanaged acquisition of The Learning Company marked the start of some difficulties for the toy maker, including a dramatic 60 percent drop in stock price under Barad's three-year stint as CEO. Barad accepted responsibility for these problems and resigned in 2000.

The company soon installed Robert Eckert, a 23-year Kraft veteran, as chairman and CEO. During Eckert's first three years on the job, the company's stock price increased to over \$20 per share, and Mattel was ranked fortieth on *Business Week's* list of top-performing companies. Implementing techniques used by consumer-product companies, Eckert adopted a mission to bring stability and predictability to Mattel. He sold unprofitable units, streamlined work processes, and improved relations with retailers. Under Eckert, Mattel was granted the highly sought-after licensing agreement for products related to the *Harry Potter* series of books and movies. The company continued to flourish and build its reputation, even earning the Corporate Responsibility Award from UNICEF in 2003. By 2008, Mattel had fully realized a turnaround and was recognized as one of *Fortune* magazine's "100 Best Companies to Work For" and *Forbes* magazine's "100 Most Trustworthy U.S. Companies."

Mattel's Core Products

Barbie

Among its many lines of popular toy products, Mattel is famous for owning top girls' brands. In 1959, Mattel made the move that would establish them at the forefront of the toy industry. After seeing her daughter's fascination with cutout paper dolls, Ruth suggested that a three-dimensional doll should be produced so that young girls could live out their dreams and fantasies. This doll was named "Barbie," the nickname of Ruth and Elliot Handler's daughter. The first Barbie doll sported open-toed shoes, a ponytail, sunglasses, earrings, and a zebra-striped bathing suit. Fashions and accessories were also available for the doll. Although buyers at the annual Toy Fair in New York took no interest in the Barbie doll, little girls of the time certainly did. The intense demand seen at the retail stores was insufficiently met for several years. Mattel just could not produce the Barbie dolls fast enough. Today, Barbie is Mattel's flagship brand and its number one seller—routinely accounting for approximately half of Mattel's sales revenue. This makes Barbie the best-selling fashion doll in most global markets. The Barbie line today includes dolls, accessories, Barbie software, and a

introduced from the mid-1960s on. The Barbie line has even seen a disabled friend in a wheelchair: Share a Smile Becky. Barbie's popularity has even broken stereotypes. Retrofitted versions of Barbie dolls, on sale in select San Francisco stores, feature "Hooker" Barbie, "Trailer Trash" Barbie, and "Drag Queen" Barbie. There are also numerous "alternative" Barbies, such as "Big Dyke" Barbie, but Mattel does not want the Barbie name to be used in these sales. Redressed and accessorized Barbies are okay with Mattel as long as no one practices trademark infringement.

Barbie's Popularity Slips Although Barbie remains a blockbuster by any standard, Barbie's popularity has slipped over the past decade. There are two major reasons for Barbie's slump. First, the changing lifestyles of today's young girls are a concern for Mattel. Many young girls prefer to spend time with music, movies, or the Internet than play with traditional toys like dolls. Second, Barbie has suffered at the hands of new and innovative competition, including the Bratz doll line that gained significant market share during the early 2000s. The dolls, which featured contemporary, ethnic designs and skimpy clothes, were a stark contrast to Barbie and an immediate hit with young girls. In an attempt to recover, Mattel introduced the new line of My Scene dolls aimed at "tweens." These dolls are trendier, look younger, and are considered to be more hip for this age group who is on the cusp of outgrowing playing with dolls. A website (<http://www.myscene.com>) engages girls in a variety of fun, engaging, and promotional activities.

Barbie's Legal Battle with MGA Entertainment Since 2004, Mattel has been embroiled in a bitter intellectual property battle with former employee Carter Bryant and MGA Entertainment, Inc., over rights to MGA's popular Bratz dolls. Carter Bryant, an on-again/off-again Mattel employee, designed the Bratz dolls and pitched them to MGA. A few months after the pitch, Bryant left Mattel to work at MGA, which began producing Bratz in 2001. In 2002, Mattel launched an investigation into whether Bryant had designed the Bratz dolls while employed with Mattel. After two years of investigation, Mattel sued Bryant. A year later MGA fired off a suit of its own, claiming that Mattel's My Scene dolls were an attempt to copy the Bratz line. Mattel answered by expanding its own lawsuit to include MGA and its CEO, Isaac Larian.

For decades, Barbie had reigned supreme in the doll market. However, Bratz dolls gave Barbie a run for her money. In 2005, four years after the brand's debut, Bratz sales were at \$2 billion. By 2009, Barbie's worldwide sales had fallen by 15 percent, although Bratz was not immune to sluggish sales either once consumers began to cut back on spending during the 2008–2009 recession.

Much evidence points toward Bryant having conceived of Bratz dolls while at Mattel. Four years after the initial suit was filed, Bryant settled with Mattel under an