

Mattel employees are also encouraged to participate in a wide range of volunteer activities, including Team Mattel, a program that allows Mattel employees to partner with local Special Olympics programs. Employees serving on boards of local nonprofit organizations or helping with ongoing nonprofit programs are eligible to apply for volunteer grants supporting their organizations. Mattel employees contributing to higher education or to nonprofit organizations serving children in need are eligible to have their personal donations matched dollar for dollar up to \$5,000 annually.

Mattel Looks Toward the Future

Like all major companies, Mattel has weathered its share of storms. In recent years, the company has faced a series of difficult and potentially crippling challenges. During the wave of toy recalls, some analysts suggested that the company's reputation was battered beyond repair. Mattel, however, has refused to go quietly. Although the company admits to poorly handling recent affairs, it is attempting to rectify its mistakes and to prevent future mistakes as well. The company appears to be dedicated to shoring up its ethical defenses to protect both itself and its customers. Mattel's experiences should teach all companies that threats could materialize within the marketing environment in spite of the best-laid plans to prevent such issues from occurring.

With slowing demand for toys and the most recent economic recession, Mattel may be in for slow growth for some time to come. Today, Mattel faces many market opportunities and threats including the rate at which children are growing up and leaving toys, the role of technology in consumer products, and purchasing power and consumer needs in global markets. The continuing lifestyle shift of American youth is of particular concern for Mattel. The phenomenal success of gaming systems, portable music players, text messaging, and social networking sites among today's youth is a testament to this shift. Children and teens are also more active in extracurricular activities (for example, sports, music, and volunteerism) than ever before. Consequently, these young consumers have less time to spend with traditional toys.

Despite these concerns, Mattel has a lot to offer both children and investors. Barbie remains the number one doll in the United States and worldwide. And Barbie.com, the number one website for girls, routinely gets over 50 million visits per month. Furthermore, all of Mattel's core brands are instantly recognizable around the world. Hence, the ability to leverage one or all of these brands is high. A few remaining issues include Mattel's reliance on Walmart and Target (which lessens Mattel's pricing power), volatile oil prices (oil is used to make plastics), and increasing competition on a global scale. However, analysts believe Mattel has a great growth

Questions for Discussion

1. Do manufacturers of children's products have special obligations to consumers and society? If so, what are these responsibilities?
2. Comment on the strengths and weaknesses of Mattel's core brands. In looking at Barbie specifically, what actions would you recommend to stem Barbie's sales decline? Should Mattel accept the fact that the brand will never regain its former sales status? Explain.
3. To what extent was Mattel responsible for issues related to its production of toys in China? How might Mattel have avoided these issues?
4. What opportunities and threats does Mattel face as it looks toward its future?

Sources

The facts of this case are from "About Us: Philanthropy," Mattel (<http://www.mattel.com/about-us/philanthropy/>), accessed October 6, 2009; American Girl website, <http://www.americangirl.com>, accessed October 6, 2009; Bannon, Lisa and Carla Vitzhum, "One-Toy-Fits-All: How Industry Learned to Love the Global Kid," *The Wall Street Journal*, April 29, 2003 (<http://online.wsj.com/article/SB105156578439799000.html?mod=googlewsj>), accessed October 6, 2009; Barboza, David, "Scandal and Suicide in China: A Dark Side of Toys," *Iht.com*, August 23, 2007 (<http://www.iht.com/articles/2007/08/23/business/23suicide.php?page=1>), accessed September 8, 2009; Barboza, David, and Louise Story, "Toymaking in China, Mattel's Way," *The New York Times*, July 26, 2007 (<http://www.nytimes.com/2007/07/26/business/26toy.html?pagewanted=1&r=3&hp>), accessed September 8, 2009; "Bratz Loses Battle of the Dolls," *BBC News*, December 5, 2008 (<http://news.bbc.co.uk/2/hi/business/7767270.stm>), accessed October 6, 2009; Adam Bryant, "Mattel CEO Jill Barad and a Toyshop That Doesn't Forget to Play," *The New York Times*, October 11, 1998; Nicholas Casey, "Mattel Prevails Over MGA in Bratz-Doll Trial," *The Wall Street Journal*, July 18, 2008, pp. B-18, B-19; Nicholas Casey, "Mattel to Get Up to \$100 Million in Bratz Case," *The Wall Street Journal*, August 27, 2008 (<http://online.wsj.com/article/SB121978263398273857-email.html>), accessed October 6, 2009; Shu-Ching Chen, "A Blow to Hong Kong's Toy King," *Forbes*, August 15, 2007 (http://www.forbes.com/2007/08/15/mattel-china-choi-face-markets-cx_jc_0815auto-facescan01.html), accessed October 6, 2009; "Children's Foundation," Mattel (<http://corporate.mattel.com/about-us/philanthropy/childrenfoundation.aspx>), accessed October 6, 2009; Bill Duryea, "Barbie-holics: They're Devoted to the Doll," *St*