

The strengths of the mattels core brands



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Answer: Yes, every manufacturer of the children's products have special responsibilities. Because being a part of a business organization has the responsibilities to the consumers and the society. Every organization tries very hard to survive in market, by the effective use of factors of production and other facilities of the society. With the help of this process the organization get into an interdependent relation with the community at large, the environment and the target customers. Such interdependence gives rise to a series of broader responsibilities to society and the targeted customers.

According to the business environment theory of Palmer and Hartley, the business organization should act in social responsible manner in two different ways, one philosophic and one pragmatic. The philosophical way includes the model of the organizational requirement and other includes the social values of the society which is very important for an organization to resist in the social market.

Every organization has a responsibility towards the consumers and the society and that particular responsibility is being termed as Corporate Social responsibility, which can be defined as economic, legal, ethical and different expectations that a society has from an organization. The concept of corporate social responsibility means that organizations have moral, ethical, and philanthropic responsibilities.

Previously many organizations opposed consumerism but now most companies have grown to accept the responsibilities towards customers and the society. The philosophy of enlightened marketing says that even the

marketing practices should also be socially responsible which consist consumer oriented marketing and societal marketing which aims at serving and satisfying the needs and wants of the customers and to produce such products which are not only pleasing but also beneficial.

As a manufacturer of the products which are specially designed for the children the, the manufacturer has some special responsibilities to consumers and society, because children often lack the literacy to completely understand how things may work, the toys must be safe in all use including non-intended use in order to protect the children. The manufacturers should not only create the safe toys but they must also be sensitive to the societal concerns on children's rights and privacy.

Manufacturers of the children's product specially have obligations to the consumers. This is in assurance that children continue to have highest levels of protection when it comes to toys. An obligation that manufacturer do is that manufacturers must carry out assessments as it relates to safety and health hazards and add to it technical information on specific such as chemicals, in order to support findings and present accurate information. The warning should be put on certain toys to indicate what the intended age is for use of the toy. Moreover after all testing is done on the toys, if any toy or part is significantly under the standard, then it must be destroyed in order to prevent the public from gaining access to it in any way, shape, or form.

When we talk about Mattel that how Mattel has met the responsibilities then the things are quite clear the Mattel did it by creating such a product that consumers and parents trust and building a successful and positive brand

image. They also integrate this responsibility with their "Corporate responsibility" report in which they state their goals are to ensure product safety, volunteer in communities, and treat colleagues with respect in order to work hard to be a leader in making our communities and the lives of the children better.

The core brands of Mattel are Barbie, Hot wheels, Fisher price, and American Girl. Each brand clearly has its own demography, each brand catering to infants and preschoolers, Girls, Boys and those adults that are still young at heart. One of the strengths of the brand "Mattel" is the rich history of the company. The company began in 1945 out of a small and simple idea that started in a garage workshop. Each brand also has good staying power at the forefront of their market.

The evidences that show the strengths of Mattel in the area of fulfillment of the responsibilities to the customers and the society specially as the manufacturer of children's products are.

Mattel recognizes international environment, different legal systems and cultural expectations, and the use of technology especially with regard to consumer privacy and has taken steps to strengthen its commitment to business ethics and social responsibility.

Mattel recently published its first "Corporate Social Responsibility" report, including a strong statement about its commitment to economic, legal, ethical and philanthropic responsibilities which includes commitment to product safety, volunteering in a community, developing a best practice or even treating colleagues with respect and dignity.

Makers of American Girl collection provided \$449, 500 in grants to support children's projects as environmental education for elementary school children, various cultural programs and a performing arts series for children.

The Barbie brand debuted a worldwide cause related-program called " Barbie Cares: Supporting children in the Arts" dedicated to supporting Arts education for children funded by a \$2 million donation to the Entertainment Industry Foundation.

The weaknesses of Mattel in the same area are.

The Children's privacy- Mattel's attempts to follow their market into the technological realm have included the development of a number of children-friendly websites to accompany their toys. Targeting children with internet sites, however, brings about extra concerns. Mattel must be very careful to protect their legal and moral reputations by respecting the privacy of the children and their families, which is put in jeopardy every time the website asks a minor to provide information.

Lack of total control over business partners-Though Mattel has embarked on the Global manufacturing Principles (GMP) and regular social audits, Mattel cannot intensively monitor the business processes and activities of its partners. There is no guarantee that its business partners will completely comply with Mattel's corporate social responsibility (CSR), ethical business conducts and product safety requirements. Mattel somehow could be facing legal actions and criticisms from various stakeholders around the world.

Q. 2- Comment on the strengths and weaknesses of Mattel's core brands. In looking at Barbie specifically, has Mattel's success with the American Girl collection cannibalized sales from Barbie? Explain.

Ans. Mattel's core brands have multiple strengths. Mattel's image overall is one of which parents and consumers trust. The Barbie brand is highly accessorized allowing for multiple products to be marketed and purchased. Other brands such as Hot Wheels and American Girl also have the flexibility to accessorize and customize consumer needs and desires. Some weaknesses that Mattel's core brands may have are the lifespan of their products. As children grow older, they are no longer interested in playing with dolls and cars such as Barbie and Hot wheels and the life span of the product shortens for continual use.

The strengths of the Mattel's core brands are-

Brand Recognition-

1. Barbie is Mattel's flagship brand and its number one seller-routinely accounting for more than 50 percent of Mattel's sales revenue.
2. Barbie was the only Mattel brand that made the list of the 2002 "The 100 Best Global Brand".
3. American Girl is targeted for girls in from 7 - 12 years old. This is due to different taste in different target market.
4. American girl is a well-known line of a historical dolls, books and accessories.

Intense demand of the product-

Barbie- Captured the attention of girls under 7 years old that resulted in high demand. The intense demand seen at the retail stores was insufficiently met for several years.

Barbie- The best-selling fashion dolls in most global market with \$2 billion in worldwide sales annually and more than 1 billion dolls sold in four decades.

Customer Orientation-

Mattel redesigned Barbie to more naturally reflect a normal athletic woman in an attempt to meet the demands for a more realistic doll.

Opening of American Girl Place shops New York, Chicago and Los Angeles. The New York store features three floors of dolls, accessories, and books in the heart of the 5th Avenue shopping district. The store offers a cafe where girls can dine with their dolls and a stage production where young actresses bring American Girl stories to life.

Product variety and differentiation of the product-

Barbie has taken on an extension of different characters, family and friends, and profession.

For Barbie, there are Barbie clothing for children, computers and digital cameras with Barbie theme. This is done to recapture more customers and expand their market to attract girls after the age of 7.

For American girl, they have books, accessories and even a Store that offers a café for girls. This has resulted in an increase the product variety for both brands that generates more revenues.

Product Development-

Mattel introduced the new line of My Scene dolls aimed at “ tweens” with as trendier, young looking and are considered to be more hip for girls of age group above 7.

Other efforts targeted at “ tweens” include the Mystery Squad, a crime-solving crew, and the Barbie Doll as Elle Woods, which is a tribute to the blond character in the MGM Pictures film Legally Blond 2.

The weaknesses of Mattel’s core brands include-

Foreign Market Customization being ineffective-Traditional Barbie has triggered the possibility of banned in Malaysia by the Malaysian Consumers’ Association of Penang, due to her non-Asian appearance and the lack of creativity but it was not success. Some other cases like in Iran, the non-Islamic characteristics of Barbie and western influences resulted in the confiscation of Barbie doll from toy stores. In Russia, it is interpreted as harmful to young minds that awaken sexual impulses and consumerism among infants. This creates a negative brand images that can bring loss to Mattel.

Not only children are leaving tangible toys at earlier ages, but the impact of the global market is affecting the success of Mattel. Mattel’s Barbie is well recognized throughout the global market, but is not considered appropriate

in all cultures which are one of the weaknesses of the core brand of Mattel in the international market.

The problem of limited distribution networks of American girl in the international market is also found to be one of the weakness of Mattel's core brand, it is been seen that American girl is sold exclusively through catalogues and different stores in New York, Los Angeles and Chicago but there is no evidence or details of the product sold in international market. Even though there has been lots of product innovation of the Barbie but its slipping popularity failed it to be the top five selling dolls due to competition in the market.

If we talk about the Cannibalization of American girl's sales from Barbie several points came into light which tells that American girl has outperformed the sales of Barbie as-

1. Barbie successfully catered only to the young girls of 7 years old and below.
2. American Girl has a better image. American Girl dolls have a wholesome and educational image- the antithesis to Barbie. The retro versions of Barbie dolls, feature Hooker Barbie, Trailer Trash Barbie and Drag Queen Barbie are seen less decent than the image of American girl.

These points explains the Cannibalization sales of American girl from Barbie.

Q-3. What are the opportunities and threats that Mattel faces as it looks ahead?

Ans. Mattel has lots of opportunities as it moves ahead with its product in the market. The opportunities of Mattel's product in international market includes its venture into more interactive, educational and technology product line as today children are preferring to spend time with music, movies or on the Internet. The American toy market is becoming increasingly saturated and competitive, along with a downward shift in age of when children abandon tangible toys such as Hot Wheels and Barbie for more interactive and technological products. If Mattel continues with the same product it provides better opportunities to grow ahead in the domestic market.

All of Mattel's core brands are instantly recognizable around the world. Therefore, Mattel has the ability to highly leverage one or all of these brands. Mattel can expand more to international distribution networks apart its reliance on Wall Mart and target hypermarkets like Giant (Malaysia), Carrefour, Cold Storage and local toy distribution network could make Mattel's products highly visible in the international market which would lead Mattel to have a better future prospects ahead.

Mattel can also have an alliance with an Asian company, Bandai, which can prove very beneficial as numerous eastern countries open their markets to western goods. This market has been left largely untapped, and offers a huge increase in customer base.

Finally, Mattel must address is that of selling its products in foreign markets. An important aspect of going global is being able to adapt to different cultures and to break down cultural barriers. Mattel has done a little bit of

this with the changing of the product packaging, and some of their Barbie lines. However, there are still some countries that are boycotting Mattel because they are offended by some of their products that are being sold. While Mattel is expanding their product lines, they need to take into consideration the message each of their products is conveying.

By conducting market research, Mattel can find out what values are important in foreign markets. If Mattel neglects to customize to all of their markets, their new products can fail overseas, and therefore the company as a whole will not be able to expand.

The threat that Mattel faces as it looks ahead is that the market is shifting away from tangible toys, which account for a majority of Mattel's core products. Children are adopting more interactive and electronic toys earlier in age today, eroding Mattel's primary market of children under the age of 10. This has already forced Mattel to enter, and may force Mattel to further their involvement in the technological realm, a product category in which the firm has performed very poorly. Young customers have less time spending on traditional toys today and the same is expected in the future.

Intense competition from other toy-makers like Bratz has slowed down the sale of the Mattel's product Barbie worldwide and the realization of Mattel for its product distribution mainly on Wal-Mart and Target diminishes its pricing power.

Mattel has also experienced problems breaking into foreign markets due to cultural barriers. The Chinese found it offensive that the Barbie doll did not represent people of their cultures, the Russians believe that the doll

promotes adolescents to think in a promiscuous fashion at a young age, and the Islamic countries find that the doll goes against their religion with regards to the role and image of women. The foreign market will be very prosperous for Mattel if they can structure their entry into the market appropriately.

Q-4. If you could make only one recommendation to Mattel, what would be it?

Introduction

According to the case, we find that Mattel in the United States, Europe and Latin America market growth is more and more slow, even appear saturation sign, although they try to enter into Iran and Russia market, but due to without considering the cultural differences lead to sales were almost forced to withdraw from there. So our proposal is in full consideration of cultural and religious differences influence, produce to accord with other local culture habit of products, continue to develop and enter into the emerging market, such as Asia's China and Africa, which support the company's globalization strategy, and realize the great-leap-forward development.

Recommendation

Through the Mattel in Iran market failure we recognize that if a company would like to sell their products to abroad, it must pay attention to the product whether will conflict with local customs and culture, once things happen, be sure to adjust. As is known to all, the Barbie doll is Mattel's most famous product, which is fashion and filled with the western world liberal breath. But in Iran, such as makeup and revealing clothes, are not wanted in

a society where women must wear head scarves in public and men and women are not allowed to go to the pool or beach together (page 484 of case study). So if Mattel want to re-enter Iran market in the future, must adjust their products style, below is Iran's own doll can be used as Mattel's reference.

C: UsershpDesktopuntitled. bmp

On the other hand, in order to expand the market, increase sales, Mattel should seize the opportunity into some of the good prospects for emerging markets, especially Chinese market, which is a toy production country, it is estimated that China toy enterprise has more than 6000, about 75% of the toys made in China over the world. The toy market size of mainland has the rapid development. In children's toys market as an example, toy sales from 2.13 billion RMB in 2001 to 4.44 billion RMB in 2006, which raised by 108%, with an average annual growth rate of 15.8%. The mainland toy market rise space is enormous. From toy joint network industry report, China's per capita consumption in toy only 20 - 30 RMB (2.4-3.6 dollars), far lower than per capita consumption in Asian children toys \$13 and children all over the world in per capita consumption level of \$34 toys. If they reach the Asian average level, children's toys market scale is expected to will exceed 30 billion RMB. (Long long, M. 2006)

In the business strategies, because China's toy productions are mostly applied in the low-standard level, breed is monotonous, mainly plush and wooden material. However, the mainland local toys and international brand compared with large price gap, so the low-standard market has a strong

competitive power, the general basic monopoly wholesale market and vendors, and other sales pipeline. So Mattel should positioning in high-end, give full play to their own advantages, for example, in a Barbie doll legend marketing history story, telling the story is always the conventional methods. They sell toys as well sell a way of life. According to Mattel's design, Barbie have their own lives, thoughts, need a friend, like to dress up, have belong to him " fairy tale world". Make good use of this advantage, the company entered into the China market is no longer a dream. (Li, L. 2011)

Conclusion

Like many foreign brands to enter the Chinese market, Mattel need pay enough time and patience. After all, in China's such a big Oriental country, want to get common identity is not a simple matter. But one thing is sure, respect local culture and customs is very important and necessary.

Q-5. How can Mattel reverse the decline in Barbie's sales? Should Mattel give up on Barbie and accept that fact that the brand will never regain its former sales status? Explain.

Ans. Mattel, Inc. (" Mattel") designs, manufactures, and markets a broad variety of toy products worldwide which are sold to its customers and directly to consumers. Mattel's vision is " creating the future of play." Mattel's objectives are to grow its share in the marketplace, sustain gross margins of about 50%, leverage its scale to deliver cost savings and lower its selling and administrative costs, and create long-term stockholder value.

Barbie doll happiness concept is based on human sensibility, through happiness brand image and happy shopping experience to satisfy consumer

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demand happy emotion, so that consumers will be product or brand with the happy feeling together, then will be happy with the product or brand linked, to stimulate consumption desire and to promote the marketing concept of consumers' purchasing behavior.

Body part:

The concept of " Barbie" has not only toys, and became an immortal symbol of American culture. Until now, the business of " Barbie" bigger and bigger, not only toys, books, clothing, cosmetics, movies and electronic games. Even today, see any one of the two in standard, sexy blonde doll, almost all of people were not consciously known as " Barbie" whether this doll is not Mattel produced. This is also proved " Barbie industry is how success. As a result of population, technology and social change, Mattel is undergoing modernization, Mattel, in my opinion, cannot reverse the decline of Barbie sales. Although there are still to be improved, Mattel weakness seems to be far less than they were just a few years ago.

Specifically, the Mattel Inc. has some very famous brand. The largest is Barbie doll, and now accounts for more than half of the company's revenue. However, the most interesting news for Mattel declining popularity rate of its core products Barbie doll. As of 2002, Barbie doll fell out of the top five best-selling. Mattel Inc. subsequently has been undertaken to reclaim market share items, such as computer software and the girl's clothing line of Barbie doll. Barbie has tried to fight back. Internet becomes another weapon to reverse the sales decline in 2007; Mattel launched a brand new Barbie Girls.com site where kids can create their own virtual Barbie, and placed in a virtual commercial buildings can also directly involved in product design. The

girls also can have around Barbie's virtual community space, this was considered a breakthrough attempt, also let Mattel in sales for 7 consecutive years after the decline appeared to pick up. Mattel is also faced with many cultural barriers, these need to overcome the market penetration strategy will be successful. Lack of understanding of cultural replacement, the brand awareness of self-protection is too strong, the Barbie doll isolated in new era outside, so that the target consumers become more and more narrow. Unresponsive market, the Mattel have not been able to guide the trend, the competitors took the opportunity to split its market share. And in the occasion of Mattel Barbie doll become fashionable rage, the former Mattel CEO Jill Barad made a series of mistakes and expensive acquisitions, to make the world's largest toy manufacturer long-term stock price in a slump. In addition, Mattel in new product launch, behave not just as one wishes, the new design style also no expectation. These are all Mattel's malpractice.

Conclusion:

Sweet chocolate, eat more will be tired. Barbie's decline has a deep-rooted cultural factors and the impact of social thought, to give people a profound inspiration. We can see that the United States of America culture is moving toward a diversified ethnic culture, to encourage the pursuit of self-direction stride, and popular culture trend change quickly. Mattel ignore this value orientation, or excessive protection is of brand ego blinded their vision, do not have a proper understanding of the mind of the public, lost the lead market opportunities. After opponents successfully host, Mattel still did not take timely measures, wait for the opponent create a certain threat after to

respond but too weak. Finally, caused the market share to be cut, the lesson is painful.

Careful observation of the leader in the market, we will find their commonness - rapid response, countermeasure in time, they will not be trend guide, but to guide the trend. It is simple and easy to know.

Pacifying the interior before resisting foreign aggression. The first thing Mattel need to do is solve the inner problem, straighten a relation, in order to solve the problem of providing external guarantee. For the external development of Mattel, the problems which should be paid attention to, not in order to cope with the market competition and to launch new products with the opponent, but in the consolidation of existing customers on the Barbie dolls loyalty. They are supporting the Barbie dolls core strength, so that through interaction and understanding of their needs, provide their satisfaction with the program to maintain this part of customers. In order to consolidate the customer base, and prevent competitors directly off the market share.

With the development of computer and networks, such as Face book and Twitter applications, Barbie doll will be able to control its sales decline. This is a very expensive to change their production and advertising means. The only advantage of this strategy, both short-term and long-term within, they will not bear any additional costs. In this way, Mattel can use their own resources, make full use of social networking technology environmental advantage in price, and try to participate in the market competition. Having the correct marketing strategy and innovative products Barbie doll product

line, will become more interactive and educational products, Mattel can still create the market to meet their needs. Also around the world set up Barbie doll flagship store, experiential marketing, will drive the Mattel sales market, strive for the biggest market share.