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Mattel Strategic Audit
University of Nebraska-Lincoln

An Undergraduate Honors Thesis
Submitted in Partial fulfillment of
University Honors Program Requirements
University of Nebraska-Lincoln

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Abstract

This case study focuses on Mattel, Inc., a prominent company in the toy industry. To complete the case study, we conducted a strategic audit utilizing different theories and principles used in management. We conducted significant research using publicly available information, including the company's website, SEC filings, news articles, industry analysis, and more. The goal of the report is to analyze data and use a real-world company to apply management concepts.

We looked at many factors for Mattel, including industry analysis, external analysis, internal analysis, performance analysis, competitive dynamics, business level strategy, and corporate level strategy to complete the case study. Based on this information, we were able to create a comprehensive audit that focused on Mattel's core competencies and how it leverages these competencies to find success. We also looked at how it interacts with competitors in the toy industry, specifically Hasbro. This strategic audit gives a well-rounded, full account of Mattel's strategy and the methods it uses to succeed within its industry. Information on the overall environment is utilized to determine its effect on the firm, and industry specific information is examined to gain a comprehensive understanding of the firm. Overall, Mattel is well-positioned for success within the toy manufacturing industry due to its resources, brand portfolio, corporate citizenship, and its focus on expansion and growth.

Key Words: Mattel, Inc., Toy Industry, Strategic Management, Strategic Audit, Case Study



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Executive Summary

This strategic audit is for Mattel, a leading company in the toy manufacturing industry. Mattel is focused on creating high quality, imaginative toys and games that can help children enjoy childhood and reach their full potential. The strategic audit analyzes the methods, resources, capabilities, and major decisions that Mattel has made to succeed in this industry. To complete the audit, data was gathered off the company website, SEC filings, databases, and relevant news articles so that the information could be analyzed and applied to the audit. The goal of the report is to gather and analyze data so concepts covered in class can be applied to a real-world situation and company, to continue to learn about the strategic management process. To complete the strategic audit, data was collected in several areas to get an overall, big picture view of the company and industry.

The report begins with a broad analysis of macroenvironmental and industry trends. Information is then scoped in to focus on Mattel, and the individual firm's strategy, resources, core competencies, capabilities, and goals are identified to analyze whether the company has a competitive advantage within its industry.

Financial and non-financial information is considered in this strategic audit. Data collected from the company's financial reports is utilized to analyze the firm's strategy from an economic and monetary point of view. Non-financial information is considered to evaluate the company's strategy, including information on citizenship and non-financial goals.

Mattel's approach to strategy, corporate governance, and organizational structure has positioned it uniquely among other competitors. At a business level, Mattel focuses on a differentiation strategy by creating value for parents and using well-known brands to expand. While Mattel does not focus on cost drivers, its large size makes it necessary and possible to use economies of scale. It competes with a broad market approach, creating a wide variety of toys for all ages.



On a broader scale, Mattel's corporate level strategy is vertical integration of its value chain and dominant business diversification. Mattel is active in all steps of its value chain: Research and Development, Sourcing Raw Materials, Manufacturing, Selling, and Marketing and Sales. Its integration is clearly shown by its continuous improvement of toys through R&D, Responsible Supply Chain Commitment, numerous manufacturing facilities, e-commerce platform "Creations," and involvement in marketing products as an experience. Its dominant business is Toys and Dolls, and most sales come from this area. In the future, it is likely that Mattel will expand its diversification into a related diversification model.

Mattel has pursued a limited number of strategic mergers and acquisitions. While Mattel has not participated in any mergers to date, it has rejected offers. It has acquired two companies since 2015, Fuhu and Sproutling, both of which were technology focused. The acquisition of Fuhu ended in failure due to unforeseen issues arising in competition and supply chain. The Sproutling acquisition, however, was successful and added competencies to Mattel's current capabilities.

To ensure Mattel can properly fulfill its strategic advances in the industry, internal controls are necessary. Currently, Mattel's Board of Directors plays a large role in overseeing the development and effectiveness of many of these controls. The Board consists of 9 independent directors with the CEO, Ynon Kreiz, serving as Chairman.

Overall, the organization of Mattel helps the company succeed in both strategy and corporate governance. There is several Vice Presidents under the executive suite that are responsible for different brands, which is important for their business level diversification strategy. The amount of centralization, however, allows Mattel to still pursue the vertical integration strategy on a corporate level. Finally, the addition of the CEO to the Board of Directors eases the complexities of communication in such a large company with several brands.

This strategic audit gives a well-rounded, full account of Mattel's strategy and the methods it uses to succeed within its industry. Information on the overall environment is utilized to determine its effect on the firm, and industry specific information is examined to gain a comprehensive understanding of the



firm. Overall, Mattel is well-positioned for success within the toy manufacturing industry due to its resources, brand portfolio, corporate citizenship, and its focus on expansion and growth.

Strategic Leadership

Mattel is one of the largest toy manufacturing companies in the world. Founded in 1945, Mattel strives to further its mission by creating products based on quality, safety, and value. This toy company was created based off a collaboration between an engineer and a designer, whose inventions flourished into some of the most well-known toys in the world. As creator of lines such as Barbie, Hot Wheels, Fisher-Price, American Girl Doll, and many other toys, Mattel has been a company in family homes for decades (Mattel, Inc.: Corporate Website Home).

MISSION & VISION

According to the Mattel website, the vision of Mattel is to “empower the next generation to explore the wonder of childhood and reach their full potential” (Mattel, Inc.: Corporate Website Home). Their mission states that they plan to do this by creating “innovative products and experiences that inspire, entertain and develop children through play.” Their main values on the website revolve around trusting their products. They want their products to be safe, have quality, and add value. Internally, they express the importance of collaboration, innovation, and execution to their employees.

BUSINESS MODEL

The principal business model of Mattel is to scale its current toy portfolio, grow its franchise brands, and advance its e-commerce business. The portfolio is broken into four categories – 1) dolls 2) infant, toddler, and preschool 3) vehicles and 4) action figures, building sets, and games. Of these categories, around 46% of net sales come from dolls, so this category is a key contributor to the overall business model. In the future, Mattel plans to further its intellectual property developments to provide more digital experiences for the products they sell, which will broaden this portfolio.

Overall, the business model aligns with the mission statement. Mattel is creating innovative products and experiences for children to continue to develop. For example, they created the American



Girl Doll Hospital where consumers can “admit” their doll and have it repaired. Additionally, Mattel is creating more animated products, such as movies and video games, which aligns with their intellectual property development.

KEY LEADERSHIP



Ynon Kreiz - Chairman and Chief Executive Officer, 2018-Present

-Formerly Chairman and CEO of Maker Studios (acquired by Disney in 2014)

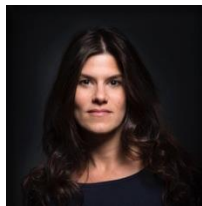
-Co-founder, and former Chairman and CEO of Fox Kids Europe



Jonathan Anshell – EVP, Chief Legal Officer and Secretary, 2021-Present

-Former EVP and General Counsel for ViacomCBS Media Networks post-merger

-Pre-merger, was EVP, Deputy General Counsel and Corporate Secretary for 15 years at CBS



Robbie Brenner – EVP, Executive Producer Mattel Films, 2018-Present

-Over 20 years of experience in the film industry

-EVP of Relativity Media, promoted to President in 2011



Richard Dickson - President and Chief Operating Officer, 2000-Present

-22 years of tenure at Mattel, strong understanding of company's culture

-Helped launch the Mattel Playbook which led to growth of Mattel’s ‘Power Brands’



Anthony DiSilvestro - Chief Financial Officer, 2020-Present

-Former SVP and CFO of Campbell Soup Company.

-Nearly four decades of experience in finance



Catherine Frymark – EVP, Corporate Communications, 2020-Present

- Served as Group SVP of Communications at Discovery
- Held multiple different leadership roles while at Discovery



Sven Gerjets – EVP, Chief Technology Officer, 2017-Present

- Former Chief Information Officer at Time Warner Cable
- Consolidated IT and cybersecurity groups



Roberto Isaias – EVP, Chief Supply Chain Officer, 2002-Present

- Strong knowledge of Mattel’s supply chain from length of tenure in various roles
- Appointed to Chief Supply Chain Officer in 2019



Amy Thompson – EVP, Chief People Officer, 2017-Present

- Chief People Officer for TOMS Shoes prior to joining Mattel
- Previous VP, Partner Resources for Starbucks



Steve Totzke - President and Chief Commercial Officer, 2002-Present

- Has evolved a “digital first” approach at Mattel during tenure
- On the Board of Directors of the Toy Association.

KEY LONG-TERM GOALS

According to their 2022 Proxy Statement, the main two goals of Mattel are to “improve profitability” and “accelerate topline growth” (Kreiz and Dolan 2022). One growth strategy they are encompassing is bringing powerful, name brands back into their portfolio. For instance, the statement



outlines the company's excitement that they will be franchising toys for Disney Princess's once again starting in 2023, after a long break without those rights. More long-term, Mattel has two major goals: 1) sustainability and 2) greater utilization of their IP.

When it comes to sustainability, most of their products are made of recycled material or can be recycled themselves. Additionally, Mattel is launching toy 'takeback' programs in which material from old toys that would be thrown away will be repurposed by Mattel for future toys. In terms of Intellectual Property, they are trying to expound upon their major brand names, particularly into television and movies. We can see this in full force with the upcoming 'Barbie' movie starring Ryan Gosling and Margot Robbi.

Overall, Mattel has a strong vision for the future of their company, and there is a good chance they will continue to see growth for many years into the future.

External Analysis

GENERAL ENVIRONMENT

To gain an understanding of the General Environment surrounding the toy manufacturing industry, a PESTEL analysis is the best way to gauge opportunities and threats. These letters refer to Political, Economic, Sociocultural, Technological, Ecological, Legal, (and Demographic for extra scope.)

POLITICAL- ENVIRONMENTALLY-FRIENDLY LEGISLATION – *Opportunity*. Toy companies have a unique opportunity to reduce their greenhouse gas emissions and create more eco-conscious toys. This could be done through using recycled materials, streamlining their supply chain, and using more energy-efficient fuel sources. Not only will this aid in meeting legislative requirements, it will also be valuable from a PR perspective.



ECONOMIC- LESS SPENDING ON NON-NECESSITIES –*Threat*. As people tighten their budgets, they are less likely to buy non-necessities, meaning they may purchase less new toys if they are not needed.

SOCIOCULTURAL- INCREASE IN DESIRE FOR OFFLINE EXPERIENCES – *Opportunity*. As more people are becoming aware of the pros and cons of digital entertainment, consumers are showing a preference for offline experiences. If parents continue to desire their kids to play with more traditional toys rather than tablets or iPads, the toy industry will benefit.

TECHNOLOGICAL- INCREASE IN REVIEWS ON SOCIAL MEDIA – *Opportunity*. As more people review products on social media, it allows for information about the product to spread rapidly. This could act as another source of advertising, meaning more people are aware of their products, and companies can reach more potential buyers.

ECOLOGICAL – ESG BUSINESS – *Opportunity*. The toy industry will be impacted by the general trend in businesses focusing on ESG (Environmental, Social, Governance) efforts. Companies that are ahead of the curve with making more products out of recycled materials and setting ambitious goals will benefit. Those companies are well positioned to capitalize on this trend.

LEGAL – INTELLECTUAL PROPERTY PROTECTION – *Opportunity*. The toy association is fighting for intellectual property protection and driving support for the Shop Safe Act and Inform Consumers Act. These trends will help protect IP as toy companies continue to develop movies and other intellectual property. Additionally, consumers will be more confident to shop online if these acts are passed.

DEMOGRAPHIC- DECLINING BIRTH RATE IN US – *Threat*. Less children are being born each year, meaning the toy industry’s target market is decreasing (Morse). This could lead to a decrease in sales.

INDUSTRY VALUE POTENTIAL AND TRENDS

The total potential value of the toy and craft supplies wholesaling industry is \$2.1 billion dollars in profit (Lang 2022). Over the next five years, this number is expected to drop as demand slows down and costs rise. Revenue is expected to decrease at a rate of .1% annually for the next five years. One



major reason for this decline is the rising prominence of big box stores such as Walmart and Target when it comes to the toy market. Wholesalers face extra pressure from these companies to keep prices competitive, because they control so much of the market. This means that in addition to demand slowing down, revenues also decrease from wholesale toy manufacturers being forced to lower their prices. Supply chain issues, which were exasperated by the pandemic and are being further exasperated by conflict in Russia, may also contribute to this decline.

INDUSTRY ENVIRONMENT

The Porter's Five Forces Model helps give insight into the industry environment as it specifically impacts major market players. By evaluating each force and its threat level to the industry, firms are better able to predict future trends and make smarter strategic decisions.

INTENSITY OF COMPETITIVE RIVALRY – *Medium threat*. There is a plethora of toy companies that sell products globally, making it a highly competitive environment. Firms compete within the industry by needing to continuously innovate and come up with new ideas, although it is difficult to gauge consumers' preferences.

THREAT OF NEW ENTRY – *Medium threat*. Most of the companies in the toy industry that are well established have signature products/ brands that are challenging to compete with. However, entry barriers and costs are low, making it easier for new firms to enter.

THREAT OF SUBSTITUTES – *Large threat*. The threat of substitutes in this industry is high. The development of new technology has impacted what parents buy for their children, making traditional toys and games more obsolete.

POWER OF SUPPLIERS – *Low threat*. There are many suppliers within the toy industry, none of which have a huge stronghold on any singular firm or company. The suppliers have low power because there are so many options for toy manufacturers, and prices remain relatively low for manufacturers to purchase supplies.



POWER OF BUYERS – *Large threat*. There are millions of buyers around the world for toys and games manufactured in the toy industry. Consumer preferences dictate what products are desired, and it is difficult for toy manufacturers to always predict these preferences. Low switching costs and a high volume of products give buyers more power.

LIMITATIONS OF INDUSTRY ENVIRONMENT ANALYSIS

The Porter's Five Forces Model uses the current state of an industry to help determine the best strategic actions to pursue. However, it limits the analysis of potential future changes to only a few factors. For example, the Porter's Five Forces Analysis leads us to regard the power of buyers as a low threat. We have previously discussed within the PESTEL framework, however, that declining birth rates and a potential recession are current threats to the industry. If only the Five Forces model was used to develop strategy, a response to an increase in buyer willingness to switch to lesser-known toy brands to save money may be overlooked. In addition, the use of only the Five Forces Model does not consider other potential needs to address stakeholders outside of the five forces. For example, Mattel recently announced plans to make all their toys out of recyclable material by 2030. This strategic decision does not necessarily fall within the five forces but is still a major step for different stakeholders. To get the most out of the Five Forces model, it is important to use the PESTEL framework and determine how threats in the general environment may trickle down to specific industry effects as well as consider additional stakeholder needs.

Internal Analysis

MATTEL'S PERSPECTIVE ON THE EXTERNAL ENVIRONMENT

In general, Mattel views the general industry environment with optimism. Their February 2022 Virtual Analyst presentation provides an idea of how many opportunities the company wants to leverage in upcoming years. Firstly, they talked about opportunities in E-Commerce and Direct-to-Consumer marketing. This is a large opportunity they hope to leverage as they have made it part of their core



business strategy. Mattel found consumer trends in buying toys online as well as engaging with toy brands on virtual and online game websites. Additionally, Mattel is looking forward into the possible recession with a mindset that the industry is “inflation resilient.” Mattel comments on how parents will continue to look for toys for their children and retailers use toys as a reliable income creator. Another opportunity that Mattel has found in the toy industry is the line where entertainment and toys exist. While in the past, different companies have licensed movie characters to create product lines, the industry is seeing more and more movies based on toy brands. Finally, Mattel has noticed an overall industry trend of active engagement and demand for experiences. This is shown by their push for events surrounding their brand, such as their upcoming UNO tournament.

Although not explicitly stated, Mattel does seem to have declining birth rates on their radar. They have begun to push their toy brands in historically “adult” industries such as fashion. They have also found that sustainability is a growing trend and could threaten their company if they don’t respond accordingly.

CUSTOMER BASE

Mattel’s primary customers consist of retailers, wholesalers, toy stores, department stores, and warehouse clubs. According to Mattel’s income statement, their three largest customers, Walmart, Target, and Amazon, accounted for 46% of worldwide consolidated sales during 2021 (Mattel, Inc., 2022). Mattel uses one of its main resources, its factories located around the world, to appeal to these customers. By utilizing its factory resources, Mattel can ship its products in a timely and efficient manner, so that its main customers can get Mattel products in and out of their storage facilities and stores as quickly as possible, which is very appealing to customers.

Mattel’s secondary customers, though just as important, are children. Mattel offers a wide variety of toy selections to appeal to children with all different interests and different ages. Mattel is particularly good at looking at macroeconomic trends in children’s movies, TV shows, and creating toys based off



those characters (About purposeful play). Additionally, Mattel appeals to its customers by continuing to update and make new toys with different abilities, colors, and add-ons (About purposeful play). Mattel strives to continue to leverage its strong brand portfolio, while still innovating and updating the now household names of some of its most iconic brands.

ASSETS & VRIO FRAMEWORK

TANGIBLE ASSETS

As of May of 2020, Mattel owns and operates eight factories which are in Canada, China, Indonesia, Malaysia, Mexico, and Thailand. Mattel also currently employs over 36,300 people and has total assets of 6.168 billion for the quarter that ended on June 30, 2022 (Mattel 10-K).

INTANGIBLE ASSETS

Mattel has been in the Toy industry since the 1940's giving them plenty of time to establish themselves as a company and acquire knowledge while doing so. Mattel also owns brands such as Barbie, Hot wheels, and Fischer-Price which are recognized around the world. Mattel also is establishing a solid reputation by planning to make all of their products out of recycled materials by 2030.

VRIO ANALYSIS

Mattel, owning many of the factories they manufacture their products at, has a competitive advantage over other toy companies that outsource their manufacturing. Not only are their factories valuable, but they allow them to not have to worry about the expensive costs associated with moving factories. Additionally, Mattel having factories on multiple continents aids them in reducing shipping costs. It is becoming increasingly rare for companies today to own the factories they produce their goods at. It would be incredibly expensive for another company to replicate what Mattel has established.

Mattel owning brands known around the world is another major source of competitive advantage. The brands they own are incredibly valuable based off their marketability and cannot be imitated. It has become increasingly more challenging for other companies to enter the industry and compete directly



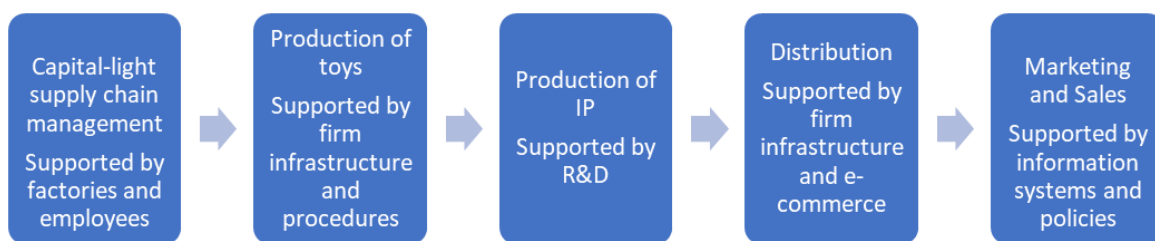
with them as they are so well established in certain areas of the toy market, allowing Mattel to capture the value of these resources.

CORE COMPETENCIES

Mattel’s major core competencies are their established brands, diverse product lines, and efficient supply chain. Mattel is known for many brands such as Barbie and Hot Wheels, which are popular among consumers. In addition to being a strong brand, Mattel has diverse product offerings. Their portfolio consists of dolls, vehicles and action figures, building sets, and games. The combination of many product offerings with a reputable brand behind those offerings creates a competitive advantage for Mattel.

The company is using its capabilities to continually gain competitive advantage. This is evidenced by Mattel’s expansion into digital gaming and filmmaking. Mattel is leveraging its already established brands to create new ways for consumers to enjoy those brands. This will enhance consumer satisfaction and, thus, increase Mattel’s competitive advantage. In their 2022 Virtual Analysis meeting, Mattel CEO Ynon Kreiz spoke on 2021 performance. In his opinion, 2021 “...was also a year where, in spite of major global supply chain disruption and significant retail closures, we demonstrated the strength and resilience of our operations and global platform.” He goes on to explain the major improvements made to their supply chain that lent to this success. By taking a capital light approach, driving performance in all parts of the chain, and taking an all-channel approach, Mattel has made its inner workings a core competency in making profit during the aftermaths of the global pandemic.

ACTIVITIES TO DELIVER VALUE PROPOSITION





SWOT ANALYSIS

<p>Strengths</p> <ul style="list-style-type: none">• Diversification of products.• Franchising deals with large, popular brands.• High CEO approval and seemingly positive internal culture (Glassdoor).• Brand awareness, both for the Mattel name and the brands they own (Barbie, Fisher-Price.)• Global reach. Mattel products are available in 150 countries.• Increasing annual revenues. Mattel revenue increased to \$5.46B in 2021, a 19% raise over 2020. (Google Finance).	<p>Weaknesses</p> <ul style="list-style-type: none">• Business is highly seasonal. Sales during the holiday season are much higher than the rest of the year, making revenue predictions difficult.• High levels of debt. As of EOY 2021, Mattel had \$2.57B in debt (Mattel 10-K). If debt increases, concerns that Mattel might not be able to meet interest payments could arrive.• High stock volatility. Since its IPO, Mattel stock has been extremely volatile. This could make it difficult to attract equity holders or indicate a higher level of risk (Google Finance).
<p>Opportunities</p> <ul style="list-style-type: none">• Utilizing IP in new areas (e.g., the new Barbie movie) for growth outside.	<p>Threats</p> <ul style="list-style-type: none">• High competition in the industry. Could lead to loss in revenue/market share and can cause franchising rights to become more expensive (Mattel 10-K).



<ul style="list-style-type: none">• Integration of toys with new technology. Potential to collaborate with technology companies.• “Purposeful Play.” Investing in toys that help children’s learning and development. Fisher-Price executes this well, but other Mattel brands could do so as well.	<ul style="list-style-type: none">• Political instability in China, where many of Mattel’s manufacturing plants are located.• Potential for earthquakes disrupting facilities. Mattel has many locations (including corporate headquarters) near major fault lines. (Mattel 10-K).
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Performance Analysis

2021 PERFORMANCE

Mattel exceeded expectations in 2021 and saw an increase in net sales of 19% in addition to their operating income being up 95%. Mattel attributes their success in 2021 to their products such as Barbie, Hot Wheels, Fisher Price, and Thomas & Friends resonating with their customers at levels they have not witnessed in years. Mattel also credits their growth to their Optimization for Growth program which is forecasted to reach \$250 million in savings by 2023. Mattel's growth in 2021 was also aided by them pursuing a role in the entertainment industry through partnerships with Universal, Microsoft, and many others. Overall, Mattel sees themselves as being in growth mode as a new revitalized company which is broadening its horizons and expanding into new industries (2021 Annual Report, Mattel).

MEASURING FIRM PERFORMANCE – METHODOLOGY

Mattel takes a holistic perspective when evaluating performance. The company focuses on financial metrics to help evaluate business success, giving quarterly financial updates to its shareholders and interested users. Mattel sets financial goals for net sales, operating income, net income, EPS, and



more, and evaluates its progress against these goals (Zbojniewicz and Frymark). Mattel also focuses on organizational goals to evaluate its performance. Mattel currently has outlined strategies and goals in areas such as sustainable design and development, responsible sourcing, and production, and creating thriving and inclusive communities (Citizenship: Mattel, Inc.). These goals are grouped into categories of “What we do,” “How we do it,” and “Those we impact” (Citizenship: Mattel, Inc.). This shows a more holistic approach because Mattel focuses on both financial metrics and accomplishing its citizenship goals.

MATTEL’S COMPETITIVE ADVANTAGE

Mattel has a competitive advantage in the market, evidenced by the company’s recent financial performance. For example, Mattel’s net sales increased by 18% in 2021. However, the toy wholesaling industry in the U.S. experienced growth of only 10.19% in 2021. Mattel executed the “Mattel Playbook” where the company combined brand purpose, design-led innovation, cultural relevance, and executional excellence. Leveraging these core competencies enabled Mattel to achieve above-average revenue growth. In addition to revenues, Mattel had an adjusted gross margin of 49% in 2020 and 48.2% in 2021, while the industry average was 29.8% and 30.1%, respectively. Since gross margin accounts for the cost of goods sold, this statistic speaks to Mattel’s capital light supply chain approach, which is a competitive advantage. Finally, Mattel is significantly less levered compared to the rest of the industry, as they only had a 2.6 leverage ratio in 2021 while the industry had a leverage ratio of 11.2. Therefore, they have significantly less debt than other companies. Overall, these metrics show that Mattel has a competitive advantage in the market.

COMPENSATION MODEL – ATTRACTING AND RETAINING THE BEST

The compensation philosophy for Mattel’s top management team is “pay-for-performance” (Proxy Statement, 2022). For ‘named executives,’ (e.g., Chief Operating Officer), this means a substantial percentage of pay is based on company performance, and then further impacted by an assessment of their



personal performance completed by the CEO, Ynon Kreiz. Additionally, Mattel utilizes an ‘Independent Compensation Committee,’ an ‘Independent Compensation Consultant,’ and ‘Peer Group Review’ to help determine levels of pay. Lastly, each year Mattel compares their executive compensation to “peer” companies to help determine whether they are compensating at similar levels. While base pay is relatively stable, these committees play a substantial role in determining stock compensation.

In a high-growth year, base salary for an executive will only make up a small portion of their pay. For instance, in 2021, CEO Ynon Kreiz’s pay was 11% base salary, 16% cash incentives for performance, and the remaining 73% were long-term incentives (awards of stock and stock options). Kreiz’s total compensation came out to \$16.1 million in 2021 (Fidelity 2022). On average, for the rest of the named executives, pay was 23% base salary, 19% cash incentive, and 58% long-term incentives. While there is clearly much opportunity to earn beyond base pay, this salary is the only pay guaranteed, and remained the same in 2021 as it was in 2020. Due to strong revenue growth in 2021, Mattel executives received most of their compensation from performance.

Competitive Dynamics

DEGREE OF CONCENTRATION

The degree of concentration is 40.34% when including Hasbro, Funko, and JAKKS Pacific. The two largest firms, Hasbro and Mattel, make up 85.76% of the entire industry market share and 87.8% of the four-firm concentration (Mergent). This implies that the industry is concentrated mostly around two large firms, creating an oligopoly situation.

FIRM-TO-FIRM COMPARISON

A major company that Mattel competes with in the toy industry is Hasbro. Each company is unique in the kinds of products that they produce, however, they have similar resources to do this. One of Mattel’s and Hasbro’s main resources are the factories and manufacturing facilities that the companies own and lease. Mattel owns warehouses throughout the United States and manufacturing facilities in



Indonesia, Malaysia, Mexico, and Thailand (Mattel, Inc., 2022). Hasbro utilizes third-party factories in countries like India, Japan, China, Ireland, the United States, and Vietnam (Consumercare).

The location of these warehouses and factories enables both Mattel and Hasbro to develop an extensive, global supply chain with connections to multiple countries. Hasbro and Mattel compete in the same product market for toys and games, digital games and video games, and entertainment like TV and films. Mattel and Hasbro are the two main players in the toy wholesaling industry, accounting for a combined 15.5% of revenues in the toy industry, and market caps of 6,963 M and 9,821 M respectively (Toy and Craft Supplies Wholesaling in the US; Mattel, Inc.: Competitors). Hasbro and Mattel compete in the same geographic areas including North America, Asia, Australia, Europe, and Latin America (Hasbro, Inc., 2022; Mattel, Inc., 2022). Hasbro and Mattel are direct competitors for all the reasons listed above; the companies use similar resources, are the biggest players in the toy industry, compete for market share, and have the same target consumers.

RECENT STRATEGIC ACTIONS

One recent move being made by a plethora of companies in the toy manufacturing industry is an increase in social media marketing, particularly on TikTok. As of Q1 2022, there are over a billion active monthly users, and it's predicted this number will almost double by the end of 2022 (Ruby 2022). While Mattel as a company does not have their own TikTok page, they have capitalized on this trend through creating pages for their most popular brands. The 'Barbie' brand has its own page on TikTok with nearly 500,000 followers (TikTok 2022). Fisher-Price also has an official, verified TikTok page, but has no posted videos and a following of under 200 (TikTok 2022). To continue capitalizing on this trend, Mattel will need to strengthen their social media presence across multiple brands.

Secondly, a strategic move being made by the toy wholesaling industry is being more efficient with inventory (Campbell 2022). Specifically, increasing inventory-on-hand during holiday times, and decreasing at others, will help make sure toy wholesaling firms can remain on the top of their game.



Mattel is practicing this by implementing just-in-time inventory practices, ensuring that they will have the necessary stock on hand (Form 10-K).

BUSINESS LEVEL STRATEGY

OVERALL BUSINESS STRATEGY

Mattel has done a phenomenal job adjusting to market conditions to pursue a differentiation strategy. Mattel has not strayed away from its original goal of creating high quality products and the company has been able to maintain a customer base that is enthusiastic about its products. Focusing on quality has helped Mattel develop a great reputation, which is another reason why it can pass on the increase in input prices to its customers. Additionally, Mattel creates innovative products with unique features like Barbie cars that can move by themselves and Hot Wheels tracks that attach to the wall, creating value for consumers.

Mattel's differentiation strategy has also retained customers by creating many different accessories and complements for its various brands. Hot Wheels offers tracks that only work with Hot Wheels cars, which essentially locks customers in from finding a cheaper substitute. The Barbie brand has Barbie dreamhouses, cars, clothing and accessories, and pets that can be purchased in addition to the doll itself. Additionally, Mattel has created a smaller, niche community around the American Girl Doll brand, in which consumers collect dolls and clothes. Consumers of American Girl Doll might even take their doll to brunch at the branded storefront, or to the doll hospital, which further differentiates this product.

DIFFERENTIATION

Most toy companies promote the importance of playing with toys for fun. Mattel agrees with this, but also promotes the positive learning effects of playing with toys and helping children develop. This strategy is not pursued successfully by competitors.



Playing is vital for the health and development of children (Nidirect 2022). Children need to be able to play freely in an unstructured way to develop good life skills and have good physical and mental health.

Mattel understands these needs and differentiates its products by creating value for parents as well. Fisher-Price provides learning opportunities for children which extends their value beyond the child's entertainment. An example of this is the Rock-A-Stack baby toy (first launched in 1961). This toy allows children to start developing hand-eye coordination through the stocking of rings onto a post that is on an unstable base. In addition to helping children develop hand-eye coordination, the Rock-A-Stack also teaches kids the concept of relative size as they have to sort the rings from largest to smallest (Mattel Shop).

When advertising, Mattel promotes the enjoyment children will experience when playing with its toys, while also depicting learning and developmental benefits. This is especially valuable, as parents are ultimately the ones who need to be sold on the toy purchase. Mattel reinforced their dedication to aiding in the development of children by teaming up with a team of neuroscientists from Cardiff University to investigate the benefits of playing with Barbie for children. The neuroscientists found that playing with dolls activates the regions of the brain associated with empathy and social information processing. Mattel further utilized this information to make an online hub that provides resources for parents and children to aid them in their social processing skills. Rather than focusing on advertising the quality of their products, Mattel focuses on advertising the benefits of their products for children (Mattel).

In addition, Mattel differentiates itself by creating value around the brands the company owns. Developed in 1959 (Mattel), Barbie has been a staple of the toy industry for the last seventy years. Capitalizing on its success with the Barbie product line, Mattel used this to expand into the movie industry. Mattel's main purpose for expanding into the movie industry was to become a player in the intellectual property space to expand its reach beyond toys. Mattel has previously released 43 animated films featuring 'Barbie' and plans to release a live-action version on July 21, 2023. The film has been



called a cultural event by Mattel's CEO, Ynon Kreiz, as it brings in high-value stars Margot Robbie and Ryan Gosling (Hur). In addition to Barbie, Mattel has also released films under the brands Monster High, American Girl, and Hot Wheels.

COST LEADERSHIP

Mattel does not pursue a cost-leadership position as it focuses on providing high quality, highly branded and marketed toys. Beginning in a garage in 1945 (Mattel), the company's goal was to cause a permanent change in the way kids play. Mattel did this by establishing quality brands that have stood the test of time and not decreased in value.

Mattel's toys are priced to reflect the brand value. There are many lower-priced, lower-quality dolls, cars, etc. on the market, but none provide the brand value and longevity that Mattel products do. For instance, a parent may buy their child an off-brand doll, but it does not capture the same value and world-building of the Barbie brand. Barbie has a personality—she was created to send the message that little girls can do anything, and even “went to the moon” in 1965 (Mattel). Other lower-priced options do not create a story behind their dolls.

MARKET APPROACH

Mattel has a broad approach to the market as it focuses on making quality products with unique features, while containing costs. Mattel does not aim to focus on a niche portion of the market. Rather, it makes products that all kinds of consumers can enjoy. Mattel's scope of competition is broad as well. While Mattel is largely focused on producing products for kids, and it has brands that cover a wide range of children's interests, Mattel also offers products that are enjoyed by people of all ages such as UNO and Apples to Apples.

Mattel does have a more focused differentiation strategy when looking at some of its specific brands. For example, American Girl and Barbie are targeted at a wealthier portion of the market, and it makes some products that are collected by people with niche interests.



ANALYSIS OF BUSINESS STRATEGY

POSITIVES:

One positive for Mattel's differentiation strategy is that since Mattel differentiates itself by creating high quality products that last for years, it can continue to produce add-ons for and spinoffs of the original product. For example, Mattel produced the original Barbie doll in 1959, and it has been able to make spinoffs of the doll, like Malibu Barbie, Olympic skier Barbie, Superstar Barbie, and many more. Mattel also expanded their Hot Wheels brand into the non-fungible token market, and they were the first major toy brand to do so (Whitten).

Mattel's brands are recognized around the world, which demonstrates the company's success in maintaining a good reputation and that their business strategy has been successful as well.

NEGATIVES:

Mattel owns many brands and if it continues to acquire new brands, the company may lose sight of its initial focus on quality and potentially jeopardize some of its brands that drive growth. While differentiation is key for growth, it is also important that Mattel sticks to its roots of creating high quality, highly branded toys.

Mattel's products come at a price premium. If Mattel strays away from its mission of creating quality products for its customers, it could see a drop in revenue in the event of a recession as people may be more likely to find substitutes.

CORPORATE LEVEL STRATEGY

MATTEL'S VALUE CHAIN

Mattel is vertically integrated, as it operates in multiple parts of the toy industry value chain.

STAGE 1: RESEARCH & DEVELOPMENT



Mattel engages in research and development to enhance its product offerings and develop innovative strategies. For example, Mattel leverages 3D printing to facilitate its research, design, and development activities. Additionally, Mattel has developed a strategy that expands into other types of businesses, such as digital gaming and filmmaking (ex: the Barbie movie). By using its R&D capabilities to design high quality toys and expand into other industries, Mattel is creating value by enhancing its current product offerings and using those products and brands to innovate in other areas.

STAGE 2: SOURCING RAW MATERIALS

Next, Mattel sources raw materials from strategic partners. Through its ethical sourcing strategy, Mattel creates a stronger brand value and reputation (Mattel Corporate). The company created a Responsible Supply Chain Commitment that establishes expectations for factory working conditions, environmental protections, and social compliance for both its own manufacturing and that of its supply chain partners. Following this commitment enables Mattel to compete in a business climate that emphasizes environmental and social governance (ESG). Therefore, the way Mattel sources its raw materials should increase the company's brand value.

STAGE 3: MANUFACTURING

After sourcing raw materials, Mattel manufactures many of its products, owning and operating eight manufacturing facilities worldwide (Mattel 2020). This strategy differs from competitors such as Hasbro, which outsources manufacturing. Producing products in-house gives Mattel the ability to quickly react to market changes and efficiently test prototypes.

STAGE 4: SELLING

To sell its products, Mattel uses both a direct-to-consumer strategy and a wholesaling strategy. Mattel developed its own online e-commerce platform called "Creations" to enrich customer engagement and direct-to-consumer sales. Mattel also sells products to companies such as Walmart, Target, and Amazon to generate additional profit through wholesaling. While Mattel's contribution margin is lower when wholesaling, it eliminates some inventory and marketing costs.



STAGE 5: MARKETING AND SALES

Mattel uses traditional approaches such as TV and magazine advertising and an online presence. Mattel provides detailed product features on its website for each of its offerings, which increases sales online and offline. Finally, Mattel has now focused its marketing efforts on providing entertainment and teachable moments for children instead of simply selling a product. Marketing the products as more of an experience will make its toys more appealing to consumers.

LEVEL OF DIVERSIFICATION

Mattel uses a dominant business strategy to compete. According to its 2021 10K, at least 87% of sales revenue comes from the sales of toys and dolls. To have a dominant business structure, a firm must generate between 70 and 95 percent of its revenues from a single business. In this case, Mattel generates most of its revenue from selling its tangible toy products (a single business). Mattel also pursues other business activities to account for the remainder of its revenue, and these activities relate to its primary business.

STRATEGY VALUE CREATION

In future years, Mattel's revenue will likely shift further towards other business activities, turning its strategy towards a more related diversification model. For example, Mattel has developed intellectual property through the creation of movies and digital gaming. This is evidenced by the creation of the Barbie movie and mobile games centered around UNO and Phase 10. This intellectual property enhances the experience of Mattel's toys, its dominant business. Therefore, Mattel hopes to generate value through its quality tangible products while creating new and exciting experiences for consumers through its digital products.

MERGER AND ACQUISITION STRATEGIES

MERGERS



Mattel has not participated in any mergers in the past five years or had any acquisitions since 2015. In 2019, Mattel rejected a merger offer from MGA Entertainment, a rival in the toy industry, stating that “it was not in the best interest of Mattel or its shareholders” (Mattel rejects renewed merger bid from rival MGA Entertainment). Since then, there have been no other reports of merger deals on the horizon.

FUHU AND SPROUTLING ACQUISITION

ACQUISITION OVERVIEW AND STRATEGY

Mattel acquired Fuhu, a tablet maker, and Sproutling, a wearable baby monitor company, in December 2015 and January 2016 (With its 2015 sales up, Mattel acquires Fuhu & Sproutling). Mattel stated that the purpose of the acquisitions was to take steps towards “positioning the company as the global leader in play, learning, and development” (With its 2015 sales up, Mattel acquires Fuhu & Sproutling). Fuhu produced Nabi learning tablets, making it a competitor to Mattel prior to the acquisition. Sproutling is a leading technology company in wearable baby products, and it was a competitor to Mattel as well.

EFFECTS ON STOCK VALUATIONS

The stock prices for Fuhu and Sproutling could not be found. However, in Fuhu’s case, Mattel bought the company for \$21.5 million after the company filed for bankruptcy, which is a steep discount from the \$1 billion valuation Fuhu was hoping for should it have participated in an initial public offering (Paresh). Mattel’s closing stock price on December 1, 2015, before acquiring the companies was \$24.83. The closing stock price on February 1, 2016, after the acquisitions of both Fuhu and Sproutling, was \$26.76. Mattel’s stock price increased by almost two dollars after the acquisitions. However, the increase in stock price is not necessarily correlated with the acquisitions. When looking at the same period in later years, from 2016 to 2022, Mattel’s stock price was sometimes higher in December and lower in January but was also lower in December and higher in January. Overall, the toy maker’s stock price around the holiday season can experience volatility.



CONCLUSIONS ON SUCCESS

Mattel's acquisition strategy for each company was different. Mattel bought Fuhu after Fuhu filed for bankruptcy due to declining sales, disputes with suppliers, and internal issues stemming from top leadership (Paresh). Once Mattel acquired the Nabi tablet maker, other problems surfaced, including a sharp increase in competition from companies like Apple, and Mattel discontinued the Nabi tablet line in 2019. This acquisition strategy was not a success because Mattel ultimately boarded a sinking ship. The company was not able to increase sales and it inherited many problems associated with the Nabi tablet and Fuhu.

On the other hand, Mattel's acquisition strategy for Sproutling was a success. Mattel's strategy for acquiring Sproutling was to buy a company to inherit its capabilities, rather than spending time, money, and resources to develop those capabilities itself. The Sproutling brand is still sold under Mattel. Additionally, Sproutling works with Mattel to develop and design products for other brands under Mattel's portfolio. This acquisition allowed Mattel to utilize its resources and inherit Sproutling's technological capabilities to further develop the company.

COMPOSITION AND STRUCTURE OF THE BOARD

Mattel has nine independent members on the board. The board has some gender and ethnic diversity, specifically 30% of the board are non-white and 40% are woman. The CEO, Ynon Kreiz, is also the Board Chair causing the company to have CEO duality. Mattel, however, envisions the downfall of CEO duality to be offset by a strong independent Lead Director, Michael Dolan. This does help offset the influence of Kreiz because Dolan sets the agenda and approves information being sent to the board. Below are some highlighted features of the most recent elected Board of Directors:

Composition of 2022 Mattel Board of Directors

BOARD COMMITTEES

In addition to the general board, directors participate in at least one of six different committees: Audit Committee, Compensation Committee, Executive Committee, Finance Committee, Governance and



Social Responsibility Committee, and Stock Grant Committee. Each of these committees contribute to Mattel’s internal controls by overseeing different aspects of corporate governance.

AUDIT COMMITTEE

Audit Committee assists the board in overseeing quality and integrity of Mattel’s financial reports, with authority to decide the independent registered public accounting firm. They largely oversee the collaboration of Mattel with the independent accounting firm in the process of their annual audit and communicate any changes in GAAP to management. They also facilitate reviews of Mattel’s effectiveness in their compliance and ethics programs.

Board Members	Relevant Skills
Diana Ferguson (Chair)	<p><u>Relevant Experience:</u> Served on Audit committee for Sally Beauty Holdings, Invacare Corporation, and TreeHouse Foods</p> <p><u>Relevant Skills:</u> Financial Expert, Accounting and Financial Reporting</p>
R. Todd Bradley	<p><u>Relevant Experience:</u> Served on audit committee for Spartronics</p>
Roger Lynch	<p><u>Relevant Skills:</u> Finance, Accounting and Financial reporting</p>
Dominic Ng	<p><u>Relevant Skills:</u> Financial Reporting</p> <p><u>Certifications:</u> CPA</p>



COMPENSATION COMMITTEE

The compensation committee approves the compensation program for all executives subject to Section 16 of the Exchange Act. They are in charge of assessing risk in relation to the compensation systems in place and make recommendations for any. Changes potentially needed in executive and board compensation. They also evaluate the CEO’s performance in relation to corporate goals to determine appropriate payment in accordance to the current systems.

Board Members	Relevant Skills
Michael Dolan (Chair)	<u>Relevant Skills:</u> Finance, Accounting, and Financial Reporting.
R. Todd Bradley	<u>Relevant Experience:</u> Served on compensation committee for Eastman Kodak Company and Commvault Systems, Inc.
Dr. Judy Olian	<u>Relevant Experience:</u> Serves on compensation committee at United Therapeutics Corp.

EXECUTIVE COMMITTEE

The executive committee is able to exercise all powers of the board between board meetings, within the limitations of law.

Board Members	Relevant Skills
Michael Dolan (Chair)	<u>Relevant Skills:</u> Industry, Operations, Finance
Diana Ferguson	<u>Relevant Experience:</u> Served on Sally Beauty Talent Committee <u>Relevant Skills:</u> Senior leadership, human capital management, industry, supply chain, finance
Dominic Ng	<u>Relevant Skills:</u> Accounting <u>Certifications:</u> CPA, operations, industry
Ann Lewnes	<u>Relevant Skills:</u> Senior Leadership, technology, operations



FINANCE COMMITTEE

The Finance Committee is largely responsible for making recommendations concerning the use of capital, debt, and equity. This committee also makes recommendations to the board during mergers, acquisitions, dispositions, and other strategic transactions.

Board Members	Relevant Skills
Dominic Ng (Chair)	<u>Relevant Skills:</u> Senior leadership
Roger Lynch	<u>Relevant Skills:</u> Finance
Soren Laursen	

GOVERNANCE AND SOCIAL RESPONSIBILITY COMMITTEE

The Governance and Social Responsibility Committee plays a large role in identifying potential board members according to qualifications agreed upon in previous board meetings. They make recommendations and assist the board in reviews regarding sustainability, corporate citizenship, environmental health, and other social responsibilities. They also oversee any philanthropic activities and work closely with the CEO to ensure Mattel is being governed effectively and efficiently.

Board Members	Relevant Skills
Ann Lewnes (Chair)	<u>Relevant Skills:</u> Corporate Citizenship/ESG
Michael Dolan	
Adriana Cisneros	<u>Relevant Skills:</u> Corporate Citizenship/ESG
Soren Laursen	<u>Relevant Skills:</u> Corporate citizenship/ESG
Dr. Judy Olian	

STOCK GRANT COMMITTEE



The Stock Grant Committee approves stock grants to employees not covered by Section 16 of the Exchange Act. This committee’s powers are limited by the Board and Compensation Committee.

Board Members	Relevant Skills
Ynon Kreiz	<u>Experience:</u> Previously CEO and chairman of the board at Marker Studios, Inc., Endemol Group, and Fox Kids Europe N.V.

COMPENSATION SYSTEM

Mattel compensates its board annually with a base amount dependent on meeting attendance, and an additional amount for holding chair positions. Mattel provides a mix of both stocks and cash, with a slightly heavier weight on stocks. Additionally, they allow stockholders to approve an annual total limit on cash and stock compensation. Each year, Mattel reviews its compensation to non-employee directors using independent consultation. Below is a table describing compensation given to board members from Mattel’s 2022 proxy statement:

Mattel uses a separate strategy for employee directors, namely Ynon Kreiz. Kreiz receives a base salary with additional benefits based on performance. They use annual cash incentives (as potential performance-based pay) to motivate their strategic leader to achieve short-term objectives. Secondly, Kreiz can also earn stocks according to his performance to motivate him on long-term objectives. The goal is for 11% of his salary to be his base pay, 16% to be cash incentive, and 73% to be stock based incentives.

MATTEL CODE OF CONDUCT

Mattel does have a code of ethical conduct split into four main sections: conflict of interest, corporate opportunities, responsibilities to stakeholders, and how to raise concerns. Mattel first outlines examples and guidelines to determine if a conflict of interest exists, as well as next steps. Then they describe corporate opportunities and how employees and directors should not use company resources or knowledge to make personal profit. The largest section describes what responsibilities Mattel feels it has



towards several stakeholders including consumers, shareholders, business partners, communities, and the government. They also outline their responsibility to maintain fair competition in the industry. Finally, Mattel provides resources to raise concerns about any actions that go against the code of conduct.

MAJOR STOCKHOLDERS

Insider trading of Mattel stock is low, consisting of only 1.26% of their shares. Currently, the largest institutional shareholders are:

- Primecap Management Co
- EdgePoint Investment Group Inc.
- Vanguard Group Inc
- BlackRock Inc.
- VPMCX - Vanguard PRIMECAP Fund Investor Shares
- AGTHX - GROWTH FUND OF AMERICA Class A
- Capital Research Global Investors
- Ariel Investments, Llc
- Price T Rowe Associates Inc
- Southeastern Asset Management Inc

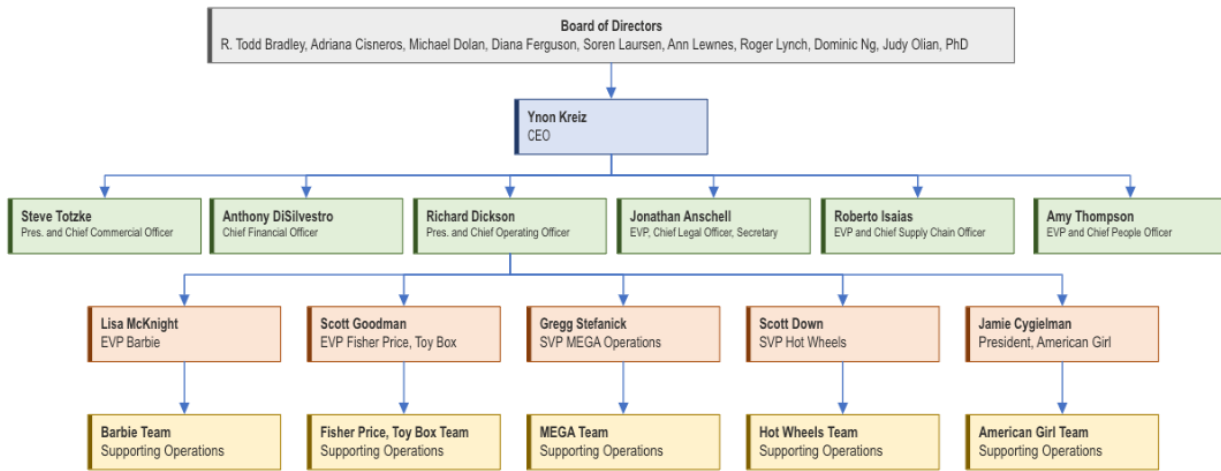
RECENT GOVERNANCE CONCERNS

The following agenda items were listed in Mattel's 2022 Proxy statement for vote:

- Election of directors
- Ratification of selection of registered public accounting firm
- Approval of executive officer compensation
- Approval of amended long term equity and compensation plan
- Stockholder meeting bylaw proposal



Elections for the directors and approval of the compensation program affect the governance of the firm the most. First, the election of directors largely influences who will oversee the corporate governance of the firm and ensure adherence to policies and procedures. In addition, the executive officer compensation programs is important in ensuring executive goals align better with corporate goals and preventing agency problems.



****Note:** The sources used to create this organizational chart are as follows, and the full citation can be found in the Works Cited Section:

- Mattel 2021 Annual Report
- American Girl: Careers
- Executive Officers, Mattel
- Mattel, Inc. Executive Team, *Comparably*

Certain assumptions had to be made regarding the chain of command past the corporate executive team due to lack publicly available information. For instance, the Barbie team highlights that their EVP's report to the COO of Mattel, so this was expanded to other Mattel brands.

ORGANIZATIONAL STRUCTURE



Mattel has a unique organizational structure due to the vastness of the brands it owns (Figure 1). Some employees are housed under Mattel directly and may have more general roles in IT, procurement, operations, and other positions that operate for the Mattel brand (Comparably 2022). Beyond that, many Mattel employees work for a specific brand. The Barbie team has its own leadership and employees specializing in various aspects of the brand such as marketing, design, and brand strategy (Barbie Media). The same applies for other brands such as Fisher Price, MEGA, Hot Wheels, and more.

The Board of Directors and executive leadership all have preview over Mattel. Large, strategic decisions are made at this level, indicating a high level of centralization within the firm. However, because of the firm's size and plethora of brands, day-to-day decisions are housed within the individual brand teams. Specialization, both with a specific brand, and with roles within that brand is high. For instance, Hot Wheels has its own design team which specifically focuses on creating vehicles that mimic real life cars (Blackstock 2022). American Girl hires specifically for roles across brand, development, logistics, IT, and more (American Girl). While some roles at the corporate level operate more broadly, overall, Mattel is a highly specialized organization.

REVIEW OF STRUCTURE APPROPRIATENESS

Mattel pursues a differentiation strategy at the business-level, meaning each of its brands needs to stand out from competitors. To do so, it is crucial that each brand has its own team that can provide the best design, branding, and day-to-day operations. As a result of this, Mattel's specialization structure is highly appropriate.

From a corporate-level view, Mattel pursues vertical integration of its value chain from design, manufacturing, wholesaling, and marketing. This is where Mattel's level of centralization becomes key, as large supply-chain decision making can happen at higher levels within the corporation to ensure consistency across brands. Mattel outsources some of its manufacturing, while producing other products in-house, and one factory may produce multiple brands for Mattel. Because of this, it is crucial that leadership at the corporate level oversee the manufacturing side of the firm's products, while the individual brand teams can focus on the design and marketing of their products.



EVIDENCE OF CONTROL SYSTEMS

Mattel views firm performance in a variety of ways—specifically, financial and ESG performance. According to its Q3 Financial Results publishing, Mattel monitors their financial performance through key metrics in the financial statements. Mattel utilizes over a dozen metrics, but a few key ones are EBITA, Free Cash Flow, and Earnings Per Share. Additionally, Mattel has recently implemented an “Optimizing for Growth” plan which aims to reduce overall costs in the firm by \$250 million by EOY 2023 (2021 Annual Report). A firm restructuring that involved trimming down the workforce compensates for a large part of the cost-savings.

Additionally, when it comes to ESG performance, Mattel’s Governance and Social Responsibility Committee works to ensure the company is not only responsible, but also proactive in their actions (Kreiz 2022). In addition to the board committee, Mattel also has an ESG Executive Council that meets monthly to direct positive momentum towards the company’s goals.



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