

T H E W O R L D ' S  [®]

Premier Toy Brands

Today and Tomorrow.

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Case Summary

What began as a garage workshop in 1945 has now become the world leader in the design, manufacture and marketing of children's toys. Harold Matson and Elliot Handler combined their names and began Mattel. In the early stages, picture frames and dollhouse furniture were Mattel's only products. As time went on, pop culture was influencing the minds behind Mattel and helped create a wide variety of toys. Watching her child play with paper dolls, Ruth Handler came up with an idea that would forever change Mattel. She suggested a three dimensional doll. The name is "Barbie" after their daughter's nickname. Barbie is the major product line for Mattel which accounts for over 50% of their total sales. In 1960, Mattel went public and was soon ranked in Fortune's list of the 500 largest U.S industrial companies. By 1964, Mattel opened its first International sales office in Switzerland.

In 1968, Hot Wheels was introduced. It became the second biggest hit since Barbie. By the mid 1970's Mattel tried to tap into electronic games, but it soon failed because others entered the market at a cheaper price. Mattel changed its strategy and focused on its core revenue, the toys. After this was not profiting, the company decided to refocus on profiting instead of sales volume. They decided to maximize core brands while at the same time identifying new brands with core potential. Another way they did this was through mergers. In 1999, Mattel merged with The Learning Company. The Learning Company produces interactive software for computer games and activities. The idea was to evolve Mattel into a family products company. This idea soon failed and a year later, The Learning Company was dropped. A merger that was successful however was that of the Pleasant Company. This company is the maker of the American Girl collection, which is a series of historical dolls, books and accessories. This merger continues to do well and has American Girl stores in major cities.

Besides looking at strategies, Mattel also need to look at its leadership. From 1997 until 2001, Mattel was lead by CEO Jill Barad. Because she was a female and running a major company, she was constantly in the spotlight. Stock had been declining and many did not approve of her management style. Other areas of the company were deteriorating. Barad resigned and Robert Eckert became CEO. After Eckert's first three years, stock prices were rising, and Mattel was ranked 40th on Business Week's list of top performing companies. Eckert had an agenda of brings stability and predictability to Mattel. He also added new packaging practices which included many languages on them in order to ship from country to country. He also wanted to improve relations with retailers and increase service levels to above 90%.

International sales were also a goal. Even though Mattel was already the largest toy company, Eckart wanted to increase international sales. They ended up doing that by globalizing brands, improving product availability and better alignment of worldwide marketing and sales plans as well as stronger product launches. Mattel took their most recognized product, Barbie, and globalized it. A few countries had a hard time accepting the concept. For example in Islam, the Western influences and characteristics such as makeup, and revealing clothing did not fit their culture. Barbie ended up been pulled from the toy stores there. At the same time, many countries accepted the product and it did quite well.

Another area Mattel strives to exceed in is customer service. Their management philosophy focuses on satisfying customer's needs and wants. They made some modifications to Barbie, so she takes on different roles in order to relate to different segments of the market. They also realized the market wanted more interactive toys so they decided to release new products yearly that were made for more interaction.

Another area which Mattel strives for is good social responsibility. Mattel demonstrates a commitment to economic, legal, ethical and philanthropic responsibilities. They realize their focus is on children and they try and keep that in mind with all decisions. They use technology to communicate with parents about their corporate marketing strategy. They also take business ethics very seriously. They regularly do full ethics audits to ensure no child labor is involved along with any other ethical standards. The company also wants to keep its potential partners, customers, and other stakeholders happy. They have made a serious commitment to insure ethical values.

Another way they have done this is through philanthropic events. The Mattel foundation promotes philanthropy and community involvement among Mattel's employees and makes charitable investments to help children in need. It is funded through mainly pretax corporate profits and helps a variety of children's issues. One of the main goals is to open a Children's Hospital at UCLA. Within the philanthropy is a Mattel Employee Volunteer Program. Employees are encouraged to volunteer and give back to their communities and to continue its commitment to help children.

Mattel is a unique company, and has changed the world in the area of children's toys. It has had many ups and downs in its 60 years of existence. With the changes in the environment (i.e. economy, competitors, and changing trends) it has tried to re-evaluate its strategies. It has made many strides to try and keep up with the current changes. In the future it challenges the rate at which children are growing up and moving away with toys. Ever changing technology and the rate at which consumers purchase are also of concern.

With the change of new leadership, Mattel is in a good spot financially, other than factors out of its control. The low economy, the situation in the Middle East and low customer confidence has definitely made an impact. Analysts predict that Mattel has a great potential to expand in International markets. This will increase cash flow and can be of huge success for the company if they continue to follow their strategies.

This company began out of a garage and has become more than a huge success. Mattel has changed the lives of children throughout the world. More and more competitors are emerging, but Mattel has a great chance of continued success.

SWOT Analysis

Strengths

One of Mattel's most important strengths is the history that it has behind their company. Mattel turns 60 this year, with much of that time spent at the forefront of the toy industry. Staying power such as that, leads to brand recognition: in Mattel's case, this is a positive thing. The brand remains very popular among customers.

This long history has also allowed ample time to develop effective corporate strategies. This includes an integrated focus on the customer. One of the most significant ways this is accomplished is through market research in an attempt to satisfy the market's wants by releasing new products annually. Mattel also follows a code of ethics, as well as requiring ethical actions of their suppliers. Such a move also helps ensure the positive perception of their company continues.

Finally, Mattel contributes to the communities in which it operates, particularly to causes benefiting children. It makes it very easy for stakeholders to support a company that will reciprocate the support.

Specifically, Mattel has a handful of very recognizable brands. The largest, of course, is Barbie, which put Mattel on the map at the beginning, and currently accounts for over half of the firm's revenue. Other products include Hot Wheels and American Girls. Further, Mattel has merged with or struck licensing deals with a number of other established brands, including Disney, Fisher Price, Nascar, and even Microsoft. In addition to diversifying Mattel's product line, working with these successful and popular names will increase chances for success.

Mattel's new management has helped to turn one of the company's former weaknesses into a strength. On time delivery of products to retailers has soared in recent years from 50% to 90%, thanks to improvements in information systems and warehouse facilities. High service numbers have led to happier distributors, a huge plus when considering they are the last contact between Mattel's product and the customer.

Finally, Mattel has been considerably successful venturing into international markets in recent years. International sales account for over one-third of Mattel's revenue, with plans to raise that figure to 50%. There are multiple reasons for the company's international success. First, product availability has been improved in specific markets thanks to collaborative efforts with international firms, specifically Bandai Co. of Japan. Secondly, Mattel has been able to simultaneously cater products to each market's taste, and maintain high flexibility and low costs by simplifying packaging strategies. These, along with a global marketing strategy, are helping to improve Mattel's prospects for continued international expansion.

Weaknesses

Although there are still improvements to be made, Mattel's weaknesses appear to be far fewer than they were just a few years ago. New leadership appears to have righted the ship, but Mattel has had a history of management struggles and uncertainty since the original co-founders, the Handlers, left the company in the 1970's. Many of the decisions that have led to trouble can be attributed to this fact.

One frequently occurring mistake is that of unprofitable mergers and acquisitions. While some mergers, such as that with Fisher Price, have proved profitable, others have cost the company severely. Two of the largest financial disasters are the purchase of Intellivision in the late 1970's, and the Learning Company in 1999, coincidentally both electronic firms. In fact, until the acquisition of Fisher Price, most of Mattel's attempts to expand beyond their primary market of children's toys were largely unsuccessful.

The most concerning piece of news for Mattel, however, must be the slipping popularity of their core product, Barbie. As of 2002, Barbie dropped out of the top five selling dolls. Mattel has been scrambling to recapture market share by expanding the Barbie line to items such as computer software and girl's clothing.

Opportunities

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. This makes for little opportunity domestically for Mattel if they continue with the same product line. Fortunately, ample opportunity exists in Mattel's new primary focus, international

markets. Barbie has become an extremely recognizable brand worldwide, and has been selling very well in the markets it has been introduced to, namely Europe and Latin America.

An alliance with an Asian company, Bandai, should also 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.

Another positive signal for international sales is the weakening dollar. This makes Mattel's products more affordable in many of these new markets. Furthermore, the company does not experience the downside to a weak dollar in the form of overseas imports and production, as new corporate strategy has reemphasized in-house manufacturing.

Threats

The most notable threat in the domestic market is the systematic movement away from tangible toys, which account for a majority of Mattel's core products, at an earlier age. 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.

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. To their credit, Mattel has worked extremely diligently to follow the guidelines of the Better Business Bureau's Children's Advertising Unit, and encourage parental supervision.

Other threats include those that have affected most firms in recent years, including the lackluster economy following September 11th. The national recession has led to more frugal spending, and decreasing returns by a majority of companies. Stocks in general have also been more volatile than in the late 1990's. Mattel's stock specifically has lacked stability for years, dropping and rising upwards of \$30 per share in a matter of years. Such instability can lead to wary investors, and the firm could find itself having trouble generating funds.

Finally, the firm has experienced a recent cultural backlash; to some degree here at home, but very dramatically in some locations abroad.

Problem/Decision Statement

Companies compete from day to day within the consumer driven world to have the top selling products in the market. Although Mattel is a well known and reputable company, they are not an exception to this struggle. Mattel will face many challenges in the future, such as: breaking through cultural barriers in order to market their products worldwide, developing products that will receive attention of adolescence as well as the "tweens," and most importantly, to regain market position.

The issue of regaining market share has become very difficult given the development and shifting of societal norms. With the age that children leave tangible toys constantly decreasing, a lot of market research must be done to understand what the target market will respond to. In order to regain market position, Mattel will have to think outside of the box and look into unexplored markets.

In August of 2002, the Mattel's core and most recognized product, slipped in the rankings and was not named one of the five top selling dolls in 2002. In response to this, Mattel launched a "mature" line of Barbies known as My Scene dolls, which would market to a newly introduced age group, the "tweens." Out of "The 100 Best Global Brands," Barbie was the only Mattel product recognized. Research has shown that children leave tangible toys at the young age of seven. Therefore, it is important for Mattel to understand what is prompting this move. Mattel also needs to establish how best to cater to children between the ages of seven and twelve.

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 culture, 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.

By neglecting to face the issues brought to their attention, Mattel could be on a continuous downward slope in the market. One of the greatest pressures a company faces is adapting their products with the constant changing of society. Obsolescence must be avoided, thereby forcing the research and design teams to stay current. If Mattel fails to evolve with the continuously changing society, their products will lose the attention of the consumer and be fatal to the company's existence. More importantly, the company needs to focus on how they will regain the market position that was once possessed. We can blatantly see the implications of the continuous loss of market share. Along with this, if Mattel truly wishes to expand further on a global level, the product packaging will not be the only part that needs adaptation. As stated earlier, Mattel faces many cultural barriers which need to be overcome before market penetration will be successful. By ignoring the proper research and adaptation of products, Mattel will be losing out on a large market that could prove to be extremely prosperous. Without the proper research and understanding of different cultures, Mattel will not have the opportunity to make a great impact on certain areas of the world.

Strategy Alternatives

Strategy #1

The first and simplest strategy for Mattel is to maintain the course of action that it is currently taking. Mattel is a strong company that has strong brand recognition. This might just be a rut that the company is in, and they will pull out on top in the end.

Advantages

The only advantage for this strategy, both short and long term is that they will incur no additional costs. It is very expensive to alter your production and to produce advertisements. This way, they can use the resources they have now, take advantage of the learning curve, and try to compete on price.

Disadvantages

If Mattel decides on this course of action, they may soon find their products on the top shelves of the outlet stores. This will decrease the sales of their products, because they are no longer at eye level. Mattel can also start to see their brand recognition slip if the products are no longer readily visible or available, and consumers will be quick to find substitutes. This will also make it easy for a competitive company to come in and take over the market share that Mattel currently holds.

Over the long-term, if Mattel stays on this course of action, then they can be sure that they will eventually lose all or most of their market share. There are too many ambitious companies that want to make money. If Mattel remains on the plateau where they currently stand, they will be overtaken. The end result would inevitably be that Mattel either goes out of business or gets bought out.

Strategy #2

An alternative strategy is for Mattel to expand into the technology market. Mattel tried to penetrate the market in the mid-1970s with a handheld electronics games and a gaming platform called Intellivision. This expansion did not benefit Mattel due to copycat companies that created cheaper imitation products. In 1999, Mattel tried to penetrate the technology market once again with the purchase of The Learning Company. Even though The Learning Company was well known for their computer gaming software, this ended in failure for Mattel similar to the previous business venture. Although Mattel has not had success in the past, we feel that there is still a market to be penetrated within the technology sector, and see an opportunity for Mattel to become a part of this market

Advantages

There are several short term advantages of Mattel entering the technology market. Within a year of Mattel going into the technology market, they will gain publicity from their repeated attempt to enter the technology market. Mattel will be coming out with new products while exploring a new market. In order to be successful, it will be advantageous for Mattel to create an aggressive advertising plan for the new product line. The new product line will create buzz and cause people to once again take note of the Mattel brand name. Another short-term advantage is the cross-promotion that will occur due to the affiliation of the products within the company. If Mattel comes out with a computer game involving Hot Wheels, it will likely increase demand for the actual Hot Wheels. The benefit will also be felt in the opposite direction: if a child likes playing with Hot Wheels, then he will also want to purchase additional Hot Wheels products.

There are some long-term advantages for Mattel to expand into technology. The technology market is a rapidly growing market, making for a large amount of market share to be gained. Children are losing interest in toys at an age as young as five years old. If Mattel does not figure out a way to get into the technology market, they will inevitably continue losing money and market share. Children now want games on the computer or on a gaming system. By gradually coming out with technology products and a proper marketing plan, there is no reason that Mattel cannot reverse its past failures and experience success in the technological market. If Mattel is able to accomplish a successful penetration into this market, they will incur a large amount of growth and as well as greater revenues.

Disadvantages

A short-term disadvantage is the risk Mattel must take in order to pursue such a market. In the past, Mattel has not been successful with technology markets or products. This could be due to Intellivision coming out in the 60s, far before the .com era which has helped to create such strong technological demand. Mattel may have also simply chosen a bad company to merge with in 1999. It could be that The Learning Company was in trouble long before Mattel had ever acquired it. If Mattel decides to make technological toys, it will require a lot of money and man hours to perform the research needed to create a product that will appeal to the appropriate target market, as well as the development of an efficient marketing campaign. This will siphon resources and money away from other key areas in the Mattel Corporation. If the allocation of funds is not properly distributed, Mattel could in turn end up incurring a significant loss.

In the long term, Mattel could be faced with a public that will not accept them as a technology company, which has been the previous response. Mattel has been a toy manufacturer since 1945. Since the technology boom has come and gone, Mattel might be too late to successfully penetrate the market. Mattel may also be too trivial to create computer games that will create demand. Children want exciting action games, not Barbie riding a skateboard down a street. Mattel has very good brand equity; but their reputation may hurt them when it comes to developing technology products.

Strategy #3

Another potential strategy for Mattel is to add-on to and re-innovate their existing product lines. Mattel has made many of the same products nearly since it was established, with the exception of picture frames and doll furniture, which were short lived products. Barbie has changed a little bit, but other than that, the products have remained unaltered. In order to have a competitive advantage, Mattel needs to grow with the market. As of right now, Mattel has four major subsets of their company: Barbie, Hot Wheels, Fischer Price, and American Girls. Mattel may want to consider either expanding on what these sectors make, or developing brand-new sectors to keep their company up to date.

Advantages

The main short-term advantage of re-innovating their products is the hype that Mattel will generate. Mattel is a well known company in regards to their renowned toy manufacturing as well as the respect they have earned among parents for their trusted products. If Mattel produces creative new toys and places their label on them, parents will be inclined to purchase the toys and children will like playing with them.

A main long-term advantage is that it will create a larger target market. Mattel already has established toys for young children. However, if they re-innovate for the tweens market, then they will gain more market share. Children will be inclined to use Mattel products for a longer span of time. Mattel can also gain share in the adult market. There are adults that have a childlike impulse in them. This being said, if Mattel were to advertise collector versions of both Barbie and Hot Wheels, they could also reach the adult market. If the new products are successful and kids cannot get enough of the toys, Mattel will once again become a popular family name and a preferred brand. This also creates the opportunity for Mattel to strengthen their foreign market. At the moment, there is controversy over some of Mattel's toys that are sold overseas because they do not coincide with the customs or religion in other countries. There is a huge market to be tapped if Mattel can find the wants and needs in each of those countries. By identifying

these needs, Mattel will break down cultural barriers and have the advantage over other non-indigenous competitors.

Disadvantages

There are some disadvantages to expanding and re-innovating the product lines. Anytime you alter an already successful or once successful product line, there is always some risk. The main risk that the company will face is the initial rejection of the product by the consumers due to change. Also, when it comes to new product lines, they may not be accepted into the market due to the possibility of Mattel misreading the market's needs and wants. They could create toys that have no demand, or neglect to create toys that do meet the current demand. Money is also a huge factor. It costs a great deal of money to not only create new products, but also to change old ones. If too much money is put into this project, it can hurt other areas of the company financially.

In the long-term, Mattel will find out if their products will fail. In today's world, the highly saturated toy market is constantly changing and evolving. In order for a product to do well, it needs to be very innovative and create a lot of buzz. Therefore, Mattel has their work cut out for them to create a product that will have customers.

Strategy # 4

The final strategy is for Mattel to strengthen its advertising efforts in their main product lines. Children's advertising is under a lot of scrutiny in today's culture, so Mattel needs to be careful implementing this strategy. However, it has been awhile since Mattel has come out with a truly memorable advertising campaign. They need to once again create great demand for their products. The parents are no longer deciding which toys the child will play with, the children themselves are voicing their opinion of what they want their parents to buy at the toy store.

Advantages

Within a year, this strategy will help put the Mattel name back in the minds of its consumers. It will show everyone that they are still here and how their toys ignite creativity in children, a trait few electronics games can provide. This in turn will help reinforce their brand image. In America, Mattel has a very good brand image. Fisher Price is one of the most trusted product lines on the market for baby necessities. This will also help relay that brand image to their toys as well. The advertising has to relay enjoyment and excitement in their new toys. It also has to remind parents that Mattel is the brand they trusted when their children were babies, so why isn't it the brand they trust today?

In the long run, the advertising campaign will help to create demand, not just for the new products, but for the original products as well. The advertisement will help remind both parents and children how much fun they had with their toys when they were little, and attempt to reintroduce those products to the consumers that once played with them. However, Mattel must be cautious that the marketing division and the production division are in sync with each other. Demand does nothing for a company unless it can be met.

Disadvantages

The main short-term disadvantage for increasing advertising is that it is costly. The price tags on commercial spots are skyrocketing. If Mattel does not have the resources to pay for these spots, then this strategy will be very hard to implement. Again, this strategy will also be taking money away from other

areas in the company. Another disadvantage is that the marketing campaign could potentially be pulled from the media due to new restrictions and regulations being placed on the marketing to children. Due to the strict requirements on commercials for children in today's world, it is very difficult to stay within the delegated restrictions that are appropriate. If the marketing campaign does not fall within the regulated requirements and is pulled from the media, this will prohibit the use of the campaign along as well as harm Mattel's brand image.

The long-term disadvantages are as follows. In the end, it could turn out that the advertising campaign does absolutely nothing for demand and ends as a complete waste of money for Mattel. Since the entertainment/toy market is so saturated, it is difficult to stand out from the others. This increases the difficulty of a resurgence for Mattel, who has been losing market share in a growing market for the past couple of years. There are millions of potential consumers in the world, but if Mattel cannot figure out a way to reel them in and create demand, they will have to make some major cutbacks.

Recommendation

Strategies 2 & 3: Expand into the technology market /Add-on and Re-innovate Their Product Lines

Mattel, Inc. is known to many as the leading manufacturer, designer and marketer for children's toys. They have accomplished brand recognition throughout the world, and have established offices in over 36 countries. However, Mattel still is faced with the threat of new entrants. Competition in the toy industry is primarily based on price, quality and play value. In order to reside as an industry leader, Mattel must use their leadership skills to take advantage of current market opportunities within their corporation.

Within our fast paced world, come children moving further and further away from toys at an early age than ever before. Although toys such as Barbie have shown previous success, new toys must be established to keep the attention of the older children. Toys have been replaced by more technological products like video and computer games. The age gap has narrowed, and the window of time to sell certain toys is shrinking. With this in mind, Mattel has the opportunity to re-innovate their current toys and add-on to particular product lines in order to maintain the attention of their target market. By combining our second and third strategy, we recommend the creation of a more technological segment with the objective of catching the attention of the older market. Hasbro, a large competitor of Mattel, has already aggressively pursued the teen market. Unless Mattel does the same, they may see further decreasing revenues in the future.

Not only are children 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. This controversy opens a window of opportunity for the Mattel brand. We also recommend the re-innovation of existing product lines, enabling acceptance within other cultures. Market research should be utilized in order to grasp the culture within a particular country.

Strategy 4: Increase advertising within main product lines, was not recommended because it does not offer long term success. High costs would be implemented and there is no guarantee that it will result in high returns. Changing demographics within the market have led to decreasing revenues for popular Mattel toys. We do not believe increasing advertising expenses for current product lines provides the best potential returns for Mattel.

Strategy 4: Maintaining current course of action was not recommended because it simply is not feasible. The market is always changing; if Mattel ignores that fact, they will be left behind. Globalization is a reality, and without alterations to current product lines, Mattel will miss out on opportunities to gain a piece of the market.

Implementation Issues

Costs

There are many issues that need to be addressed before the strategy alternative can be implemented. The first concern is cost. The creation of new product lines, and the adjustment of others, demands significant financial backing. Mattel not only needs to allocate funds to the research and design, raw materials, overhead and production costs, but they also need the managerial capacity to oversee the entire process. Although we did not choose to implement an increased advertising budget on current lines, advertising will be necessary for the new product lines. Mattel will have the choice to either keep the budget they currently use for advertising and re-allocate the funds among products, or increase the budget altogether.

Past Failures

Going into the technology market is very risky for Mattel because of their past experience with both The Learning Company and Intellivision. This may be the greatest issue, because it forces Mattel to come to terms with its past failures. To overcome this and prevent a similar fate, Mattel must merge with a successful technology company and create an appropriate marketing plan. It is imperative that Mattel select a healthy company. They cannot be so desperate as to buy-out a failing company with the intent of turning it around. A merger would also be preferred over an acquisition due to the practice of specialty. Mattel is very successful at making toys for children. They do not have the experience running a technology company. Therefore, Mattel should merge with a company that they can trust to carry out their same values. This way, both will benefit from each other's strengths. This will also help Mattel financially. Not only will they have another company to share the financial burden with, but they will also attain an established market. Mattel will not have to contribute as much money as they would to advertise an unknown electronics partner's products because their partner company will already have a following. This in turn will bring in greater revenue for Mattel.

Customizing to Foreign Markets

The final issue Mattel must address is that of selling 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.

and this will lead to more marketing efforts and hopefully some new target audiences. This is good because the target audience for Barbie and Hot Wheels is shrinking.

All of the issues stated are over come able with the proper research, and the ability to make it happen. With the culture issues being addressed prior to entering there should be minimal resistance. Cost will be covered by the increasing revenue for the updated product lines and marketing campaigns. Letting the new acquired companies run as they were will help cut down on management issues. This will all make the transition into expanded product lines, new marketing effort, and entering new cultures mush easier.

What is this crap at the end?