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## THE WALL STREET JOURNAL

### Corporate News: As Barbie Sales Slow, Mattel Looks to Simplify Its Iconic Line

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668 words

22 April 2008

The Wall Street Journal

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English

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For Mattel Inc. and its flagship icon Barbie, chasing the ever-changing tastes of American girls is turning out to be more difficult than expected.

Amid a rare quarterly loss reported Monday, the El Segundo, Calif., company reported flat world-wide sales for the Barbie brand. That reflects a 12% decline in the U.S., repeating a pattern the company struggled with last year, when domestic Barbie sales declined as foreign sales increased.

Mattel's struggle to breathe life back into the buxom blonde, more than a year after problems in its Barbie business surfaced, shows the ongoing challenge the toy industry faces in attracting the fickle attention of young girls. In many of last year's Barbie lines, for example, the company sought to modernize the doll with more electronic features.

"We're seeing an ever evolving and changing girl," said Chuck Scothon, senior vice president of Mattel's girls division. "I think there's more competition for girls' attention," he said, citing items like consumer electronics.

Yet some of Mattel's attempts to address the competition posed by iPods and other electronic items has only confused its young customers. The recent Magic of the Rainbow, a fantasy doll marketed under the Barbie brand, doubled as a remote control, came with a CD-ROM game and featured wings that fluttered at the push of a button. "Girls asked -- is this a doll?" said Mr. Scothon. "We put too much in."

This year Mattel abandoned the remote control concept along with the fluttering wing feature. Mariposa, the next in the fantasy line, more clearly resembles a doll, the company says, and will be key to its "back to the basics approach."

Mattel is looking to make Barbie over with a series of changes to simplify. "We're looking for a simple doll and a better aesthetic as opposed to being overly innovative," said Mr. Scothon.

Mattel's quest for perfection in the design studio -- where engineering timelines for new products range between six months and two years -- may be proving an additional burden when it comes to rolling out Barbie merchandise that adapts to children's tastes. And the company faces a dilemma about how to transform a highly popular social networking site into a for-profit venture.

Wooing young girls is an unfamiliar trial for Barbie, the doll that dominated wish lists for nearly 50 years, only recently facing a serious challenge from a competing hip-hop doll brand called Bratz from MGA Entertainment Inc.

Fighting for Barbie's reputation is still important for Mattel. Despite the flattening sales, the brand remains the No. 1 name in girls' toys according to market research firm NPD Funworld, a unit of NPD Group Inc. that tracks toys.

Mattel also is hoping to find a rainmaker in its Web site, BarbieGirls.com, a meet-and-greet online world that has attracted 11 million users. So far the company has struggled to convert the free site into an active source of revenue. A \$60 MP3 player that unlocked additional online features proved a disappointment at retail, and Mattel is phasing it out.

This year, the company says it will begin charging a subscription fee -- so far undisclosed -- to BarbieGirls.com users. Mr. Scothon said he is "confident" that the new model will prove fruitful for the brand that he says maintains a strong following among girls eight to 12 -- a group that traditionally shies away from

doll play.

Mattel this year is targeting girls five to nine years old with a product called iDesign, a software-based game that allows users to design Barbie outfits from their computer and host virtual fashion shows.

Mixing traditional dolls and more tech-based play is a good move and "obviously a part of the future," says Sean McGowan an analyst at Needham & Co. "The brand itself is not dead."

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