Mattel Lead Paint Crisis
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Introduction:

Mattel Inc., an American toy manufacturing company, produces some of the most popular toy brands in the United States including Barbie, Hot Wheels, Polly Pocket, American Girl, Fisher-Price, and more. Since its foundation in 1945, Mattel has been a trusted brand, dedicated to achieving its vision: “Creating the future of play” (corporate.mattel.com, 2014). Mattel has built its brand over the years through the establishment of a children’s charity, the Mattel Children’s Foundation; the creation of Global Manufacturing Principles, a framework for global manufacturing standards; and a $25 million multi-year donation to the UCLA children’s hospital (Carando, 2007). However, starting in November 2006, Mattel experienced a number of recalls relating to safety threats of various toys. Since the ensuing investigation, Mattel recalled millions of toys, severed ties with some of its most trusted international associates, and faced having to rebuild its damaged reputation and regain the trust of its stakeholders.

Summary:

In 2007, Mattel faced the biggest recall in the history of the company. Two major safety hazards were identified: faulty magnets that if ingested would rip through stomach tissue of children and also high levels of lead-based paint in some toys that, in extreme cases, may cause death. When these issues became apparent, Mattel began an investigation at the factory producing the toys. The results of the investigation found millions of products that did not correspond with safety standards. From August to September 2007, Mattel recalled over 150 models and 20 million toys due to high levels of lead-based paint and faulty magnets. Initially, Mattel was unaware of the use of lead-based paint. With 65 percent of its manufacturing done in China, Mattel had given its Chinese manufacturers a list of specific paint suppliers they could use in production. However, after the investigations Mattel discovered its Chinese subcontractors
had used unapproved suppliers in order to cut costs (Carando, 2007). While China was responsible for the lead-based paint recalls, they were not involved in the production of toys with the faulty magnets. However, much of the blame was placed on China by global media. Chinese media retaliated, pressuring Mattel to take responsibility for the crisis and not use China’s manufacturers as a scapegoat. On September 20, 2007, Mattel issued an apology to China, admitting ownership for the faulty magnet, but mentioning nothing regarding the lead-paint recalls (Mattel case study Mattel recalls, 2010).

Crisis Type:

Not all crises fall neatly into a specific crisis type. To some degree, the type of crisis was malevolence as Mattel’s Chinese subcontractors knowingly utilized unregulated suppliers to produce its products. As for the production of toys with faulty magnets, Mattel was responsible but was unaware of the issue at the time of production. This can be classified as technical-error product harm. This error affected the organization both internally and externally, and had a high impact on all of Mattel’s stakeholders.

Key Players:

Many stakeholders were involved in this crisis, including Mattel employees and executives, Chinese manufacturers, federal product safety agencies, parents and children, toy stores and suppliers, competitors, and advertisers. In particular, Mattel Inc.’s CEO Robert Eckert played a major role in the management of the crisis. As soon as the recalls were announced, Eckert and Mattel staff sent out a recall press release, scheduled media appearances and phone calls, placed full-page advertisements in the New York Times and Wall Street Journal, and posted a link on their webpage to their crisis response website, which was continually updated (Carando, 2007). In an interview following the recalls, Eckert said, “Anyone from the media who
wanted to talk to us, we talked to that day. That’s when I understood this was different from anything we’d done before. This wasn’t just another product recall” (Yang, 2008). Mattel was proactive in informing its publics of the facts right away instead of keeping quiet and letting the media take control over the situation. Mattel’s executives recognized this crisis was within their control and utilized their crisis management plan in order to regain order (Carando, 2007).

Other key players in the crisis were Li Changjiang, the Chinese product safety chief, and Mattel’s executive vice president for worldwide operations Thomas A. Debrowski. Debrowski gave the formal apology to China, stating, “Mattel takes full responsibility for these recalls and apologizes personally to you, the Chinese people, and all of our customers who received the toys” (Carando, 2007). Changjiang accepted, hopeful that American consumers would soon regain their confidence in “made in China” products.

Crisis Resolution:

Following the recalls, the crisis was gradually resolved through Mattel’s use of the media and transparency throughout. Mattel’s formal apology to China was essentially the end to the immediate crisis; however Mattel, as well as other stakeholders, would continue to be affected. Following the crisis, toy stores experienced a drop in sales, whether they carried Mattel products or not. Many parents began staying away from purchasing products with the label “made in China.” Lead-testing kit sales increased, and some of Mattel’s partners such as Sesame Street and Nickelodeon implemented their own additional tests on already finished products and toys. As for Mattel, the company tightened its regulations for testing products as well as set higher standards for other toy production companies (Levick, 2007).

Miscommunication:
While Mattel was not entirely responsible for its Chinese counterparts utilizing unapproved suppliers, it failed to communicate with its subcontractors regarding routine factory and toy checks for lead paint. Mattel had a policy that required its foreign vendors to submit lists of the subcontractors used so Mattel could visit the factories to oversee their work. However, investigations have revealed Mattel workers failed to comply with the visitation procedures. A number of companies whose factories Mattel had never visited may have had a hand in making the toys that were shipped around the world (Story, 2007). While complying with these procedures would not have prevented the production of faulty magnets, it may have prevented lead-based paint toys from leaving the factory and prevent a large-scale crisis.

Crisis Management: PR & Media Involvement:

Mattel exemplifies the importance of having a strong, updated communication management plan. When the crisis hit, CEO Robert Eckert was ready with a 114-page crisis management plan, enabling him to react quickly and efficiently. Mattel was praised by the media and in Congressional hearings for “facing the crisis with speed, honesty and a laudable lack of corporate denial or defensiveness” (Hurley, 2012).

Throughout its crisis communication measures, Mattel maintained open communication with the media and its primary stakeholders in order to gain back the publics’ trust. Mattel not only publicly apologized, but publicized the actions it took to resolve the crisis so people knew they were taking responsibility for it.

Mattel’s first steps in confronting the crisis were identifying the factory that produced the toys and stopping production, as well as launching an investigation to determine further threats. Mattel strategically fired some of its workers and created a senior vice president of corporate responsibility position to oversee the inspections that had been neglected. Additionally, Mattel
severed ties with four of its subcontractors with whom it had outstanding relationships (Hurley, 2012). All of these actions showed the public that Mattel was serious about upholding its quality safety standards.

Mattel recognized the scale of the crisis and did not attempt to downplay its seriousness. Instead, Mattel used public relations specialists and the Consumer Product Safety Commission (CPSC) to conduct an external media blitz and contact the media to let the public know they were facing and handling the crisis head on (“Mattel Case Study, 2010). When federal officials discovered some of Mattel’s products were contaminated, Mattel’s public relations professionals immediately notified reporters, news outlets, and sent out press releases to inform the public of the recall. The recalls were also advertised in full-page advertisements in newspapers such as the New York Times and Wall Street Journal. Furthermore, Mattel’s PR practitioners scheduled press conferences, appearances and phone calls with Eckert to create a face for the crisis that people could identify (Briguet, 2013).

Mattel primarily wanted to maintain the trust of parents. Eckert issued a video apology on August 16, 2007 directed at parents. In his video apology, Eckert emphasized he is a parent as well and understands nothing is more important than the safety and well-being of children. He addressed the recalls and outlined specifically how the company already implemented stricter safety procedures. Also, Eckert pledged to address any future recalls quickly and candidly (Mediacurves, 2007).

One of the ways Mattel excelled in crisis communication was it utilized all possible media outlets. It used external media as well as an online campaign that consisted of a crisis response website with updated recall information. Consumers were fully informed and were given a link to information direct from the company (Briguet, 2013). Mattel’s transparency was
essential in proving to its stakeholders it had nothing to hide and was ready to own up to its mistakes. “Mattel’s communication helped retailers and parents feel the company truly understood it had violated trust and that it was determined to make it right. Mattel sought the help of regulators in making genuine change rather than stonewalling them” (Hurley, 2012). Eckert recognized the key to crisis management in any situation is telling the whole story and made sure it was Mattel that told the whole story first.

While overall Mattel exemplified effective crisis management and communication, it reportedly utilized some bad public relations tactics to shift some of the blame away from the company. Though Mattel realized the crisis was serious, according to the “Mattel Case Study” 2010, Mattel delayed reporting to the CPSC for one and a half months after the recalls. Additionally, as stated earlier, Mattel tried shifting blame for the contaminated toys to China instead of taking full responsibility. Mattel later remedied this by publicly apologizing to Changjiang, the Chinese product safety chief. Mattel also used diminishing tactics, saying the media and government overly magnified the crisis. Despite these flaws, the company’s internal surveys reveal 75 percent of the public agrees Mattel did a good job addressing the problem through thorough communication, PR, and the media (“How Mattel Regained,” 2012).

Media Coverage:

Media coverage of the crisis ranged widely. The recall naturally made headlines as it concerned the immediate safety of children. The media took many different angles, ranging from solely criticizing Mattel, placing blame on China, and also applauding Mattel for its exemplary crisis management. The criticisms that arose from this crisis were predominantly from one of Mattel’s primary stakeholders—parents. Mattel was faced with an outpouring of criticism from bloggers, industry analysts, and parents of young children. After Eckert’s video apology, other
clips from bloggers emerged on YouTube mocking the company and the CEO’s efforts. A parent of four, Kevin Nalty, referenced “tickle me lead-mo” in one such video (Nalty, 2007).

Criticisms from much of the global media were directed at China’s industry. In an interview with CBS News, Arianna McRoberts, a mother of two, praised the apology from Mattel: “It's unfortunate China got the bad rap, but I also think China needs to pay attention a little more carefully to their standards so they comply with American standards.” Many parents were more concerned about purchasing toys that were made in China, rather than Mattel products themselves. In an interview with USA Today, Melissa Niesen stated her concerns with further toy shopping, “Every time you look at a toy, the doubt is there. I wonder: Am I giving this kid a piece of poison?” (Carty, Farell, & Horowitz, 2007).

While much of the blame was placed on the toy industry in China, many still concentrated their angst solely toward Mattel. Parents and congressmen criticized the company for failing to discover the contaminated paint sooner. In a congressional hearing, Illinois State Representative Jan Schakowsky spoke on the crisis. “Mattel chose to gamble with our children’s health, apparently for a few extra dollars,” said Schakowsky. “The company has forfeited the right to expect any parent to trust them, (Friedman, 2007).”

According to USA Today, it was this kind of reaction from consumers that Mattel executives feared most. Having 65 percent of the company’s toy products made in China, Mattel wanted to discourage consumers from boycotting toys produced abroad (Carty, Farrell, & Horowitz, 2007).

Evaluation:

A crisis is defined as “the perception of an unpredictable event that threatens important expectancies of stakeholders and can seriously impact an organization’s performance and
generate negative outcomes” (Coombs, 2012). A major element of this definition is unpredictability and the violation of stakeholders’ expectations. Firstly, while crises are categorized as unexpected, they are also predictable. While Mattel had no reason to believe in 2007 it would experience the largest product recall in the history of the company, it was prepared with a lengthy 114-page crisis management plan. Creating a crisis management plan is an essential component of preparation under crisis management. As a toy company, Mattel recognized there were some risks involved in production of toys for children. Diagnosing these vulnerabilities and translating them into a sound crisis management plan armed them with essential tools in dealing with a crisis should it occur.

Although Mattel was prepared with a detailed communication management plan, it failed to perform signal detection. Mattel was extremely reactive in responding to the crisis, but could have been more proactive. Being proactive involves seeking crisis warning signs and taking measures to prevent those warnings from developing into a full-fledged crisis. Mattel did not do this when employees neglected to perform their regular checks on Chinese manufacturing companies. Had Mattel performed regular checks on all its factories, it may have detected a lack of compliance with safety standards and could have stopped the production of the contaminated toys before reaching the shelves.

The second part of the definition of a crisis—violation of stakeholders’ expectations—directly affects a company’s reputation. As stated earlier, Mattel had the reputation of being a trusted and charitable brand. Mattel sought to uphold this reputation during the development and resolution of the crisis. Mattel effectively applied its crisis management plan to a real-life situation.
Crisis response involves both form and content. Form refers to a quick, consistent, and open response (Coombs, 2012). As articulated earlier, Mattel’s transparency and efficient response led it to resolve the crisis more effectively. Content of the crisis response is also important because clear and direct information is “the key to preventing or minimizing damage, maintaining operations and repairing reputational damage” (Coombs, 2012). Coombs explains the three categories of crisis response content: instructing and adjusting information and reputation management.

Mattel effectively used instructing tactics by informing publics about the recalls so parents and children could protect themselves. The CPSC was notified of the recalls and Eckert released a business continuity plan outlining what the organization would do from that point forward to restore and maintain the safety of its products. Likewise, Eckert issued adjusting information through public apologies by expressing concern over the situation.

As discussed in class, communication response strategies involve both those both verbal and non-verbal. During this crisis Mattel fully embraced the saying “actions speak louder than words.” Mattel remained consistent in its apologies to the public and its actions to improve the safety standards of the organization.
References


