

2012 Kellogg Marketing Leadership Summit
Inventing the Future of Marketing

Robert A. Eckert

Chairman of the Board, Mattel, Inc.

“Some Observations”

Egon
Zehnder
International

McKinsey & Company

NORTHWESTERN UNIVERSITY



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Kellogg
School of Management



Mattel's History

from a garage workshop
in 1945....



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to the largest, most
innovative toy
manufacturer
in the world!



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Vision:

**World's Premier
Toy Brands –
Today and Tomorrow**

Brands Tie the World Together



Barbie™



What I Learned in Marketing 101

The definition of marketing is to find out what a public wants & get it to them profitably.

-- Professor John Wieland, University of Arizona

The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself.

-- Peter F. Drucker

The Mystery of Advertising

🗨️ I know that half my advertising is wasted, the problem is I just don't know which half. 🗨️

-- John Wanamaker, considered the father of modern advertising

🗨️ I won't settle for 50 percent of anything. I want 100 percent. 🗨️

-- Don Draper, Mad Men

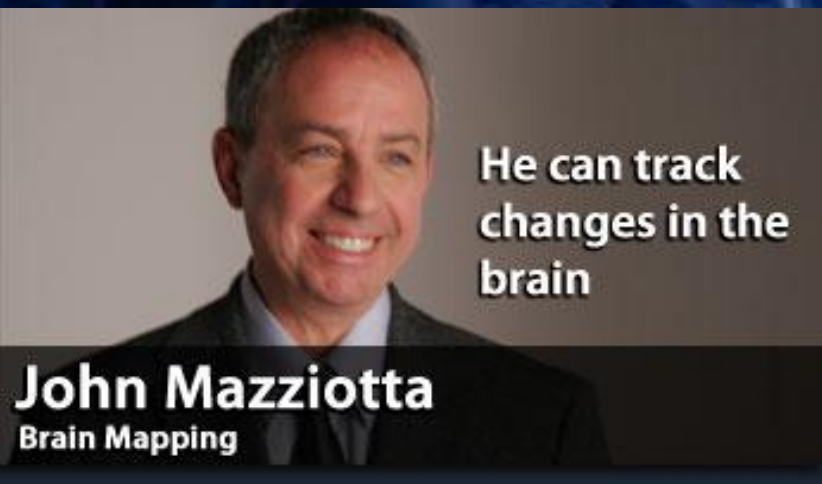




The Next Generation of Marketing

Dr. Mazziotta at UCLA:

- Brain mapping
- Neuroscience is the new science of marketing
- Can predict likes and dislikes

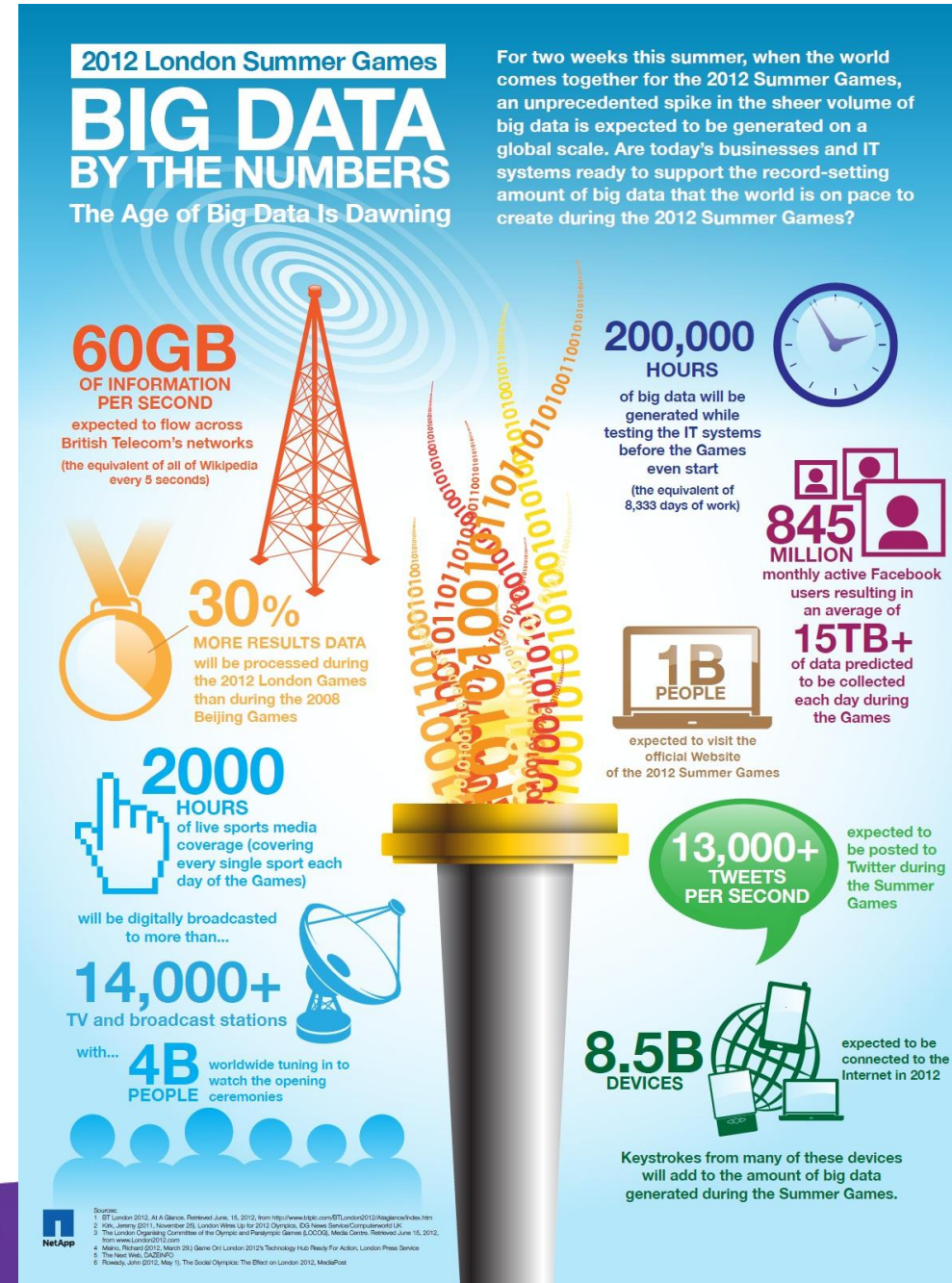


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The World is Changing Quickly

Social connections -- likes, dislikes and opinions travel around the world in an instance, as does a crisis.

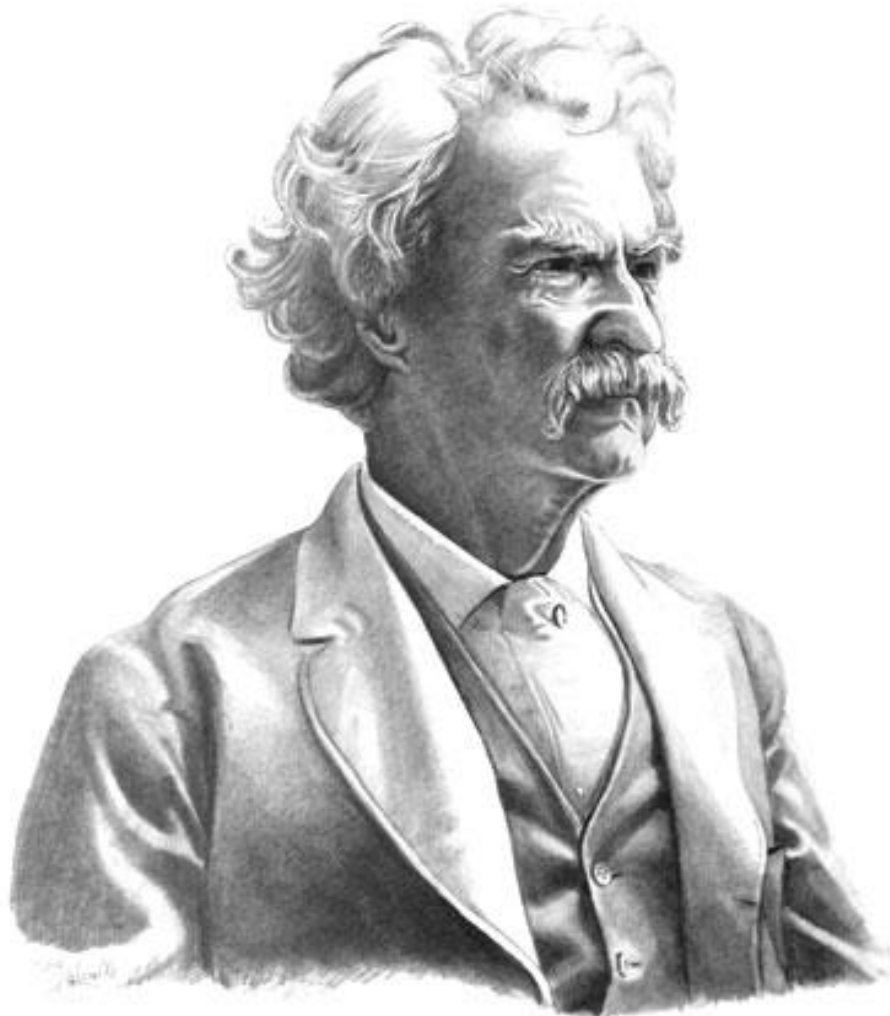


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How simply have
you communicated
what needs to be
done?

In the Words of Mark Twain ...



I wrote you a long letter because I didn't have time to write a short one.

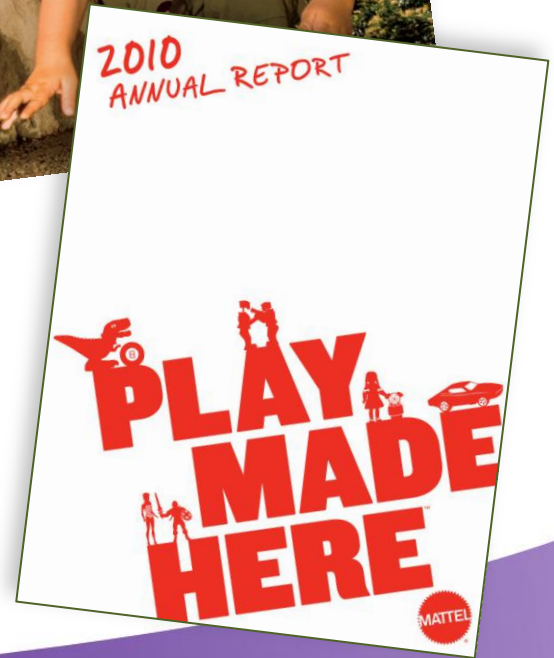
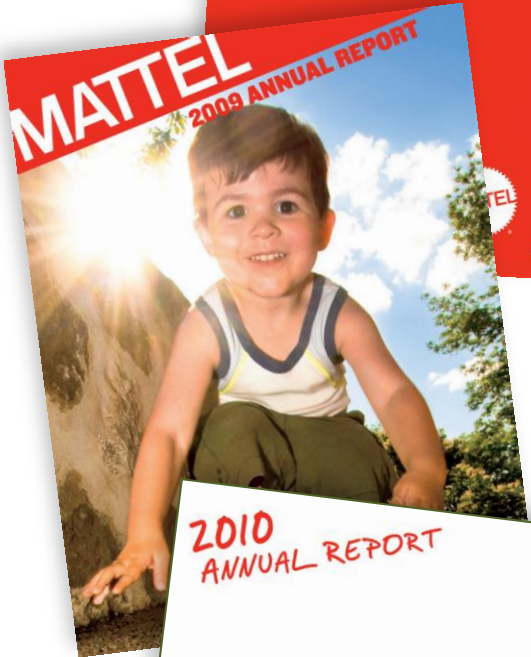
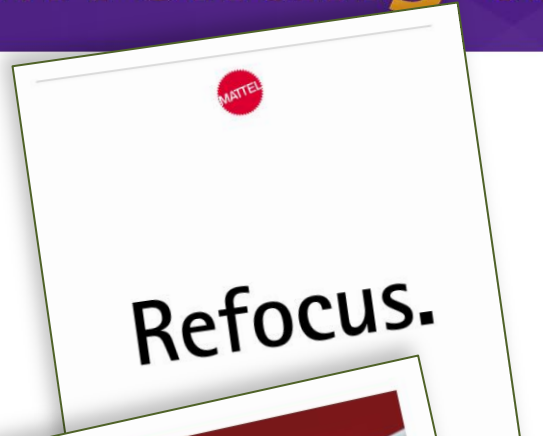


Mark Twain



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Are you paying
people to do what
you want done?

8

Mattel Bonus Structure



2000

“NOPAT-CC”

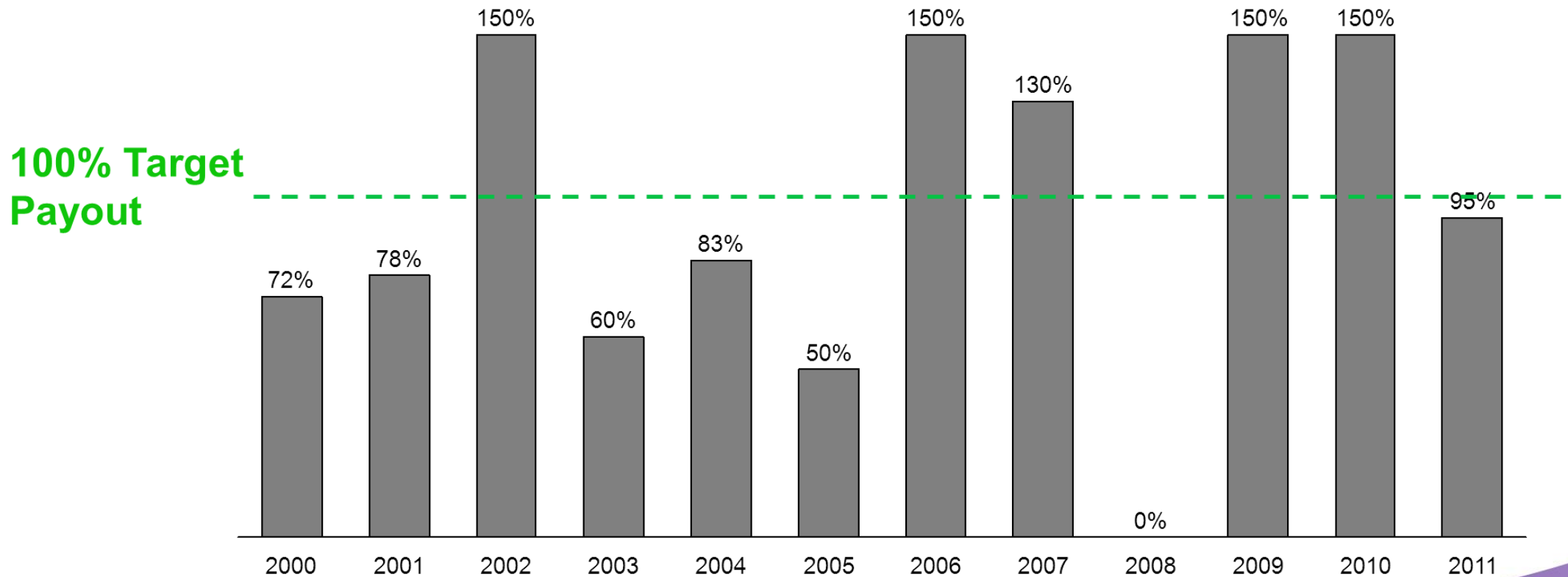


2008

**Gross Margin
Kicker (50%)**

Is Variable Pay (Bonus) Truly Variable?

Mattel Incentive Plan Payout History



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Illinois Tool Works

- Company is **100** years old
- **825** decentralized business units
 - Designs and produces an array of highly-engineered fasteners and components, equipment and consumable systems
- **Uber-focused on the 20%**



Do You Practice the 80/20 Rule?



Is the juice worth the squeeze?



Ron Sargent, CEO Staples

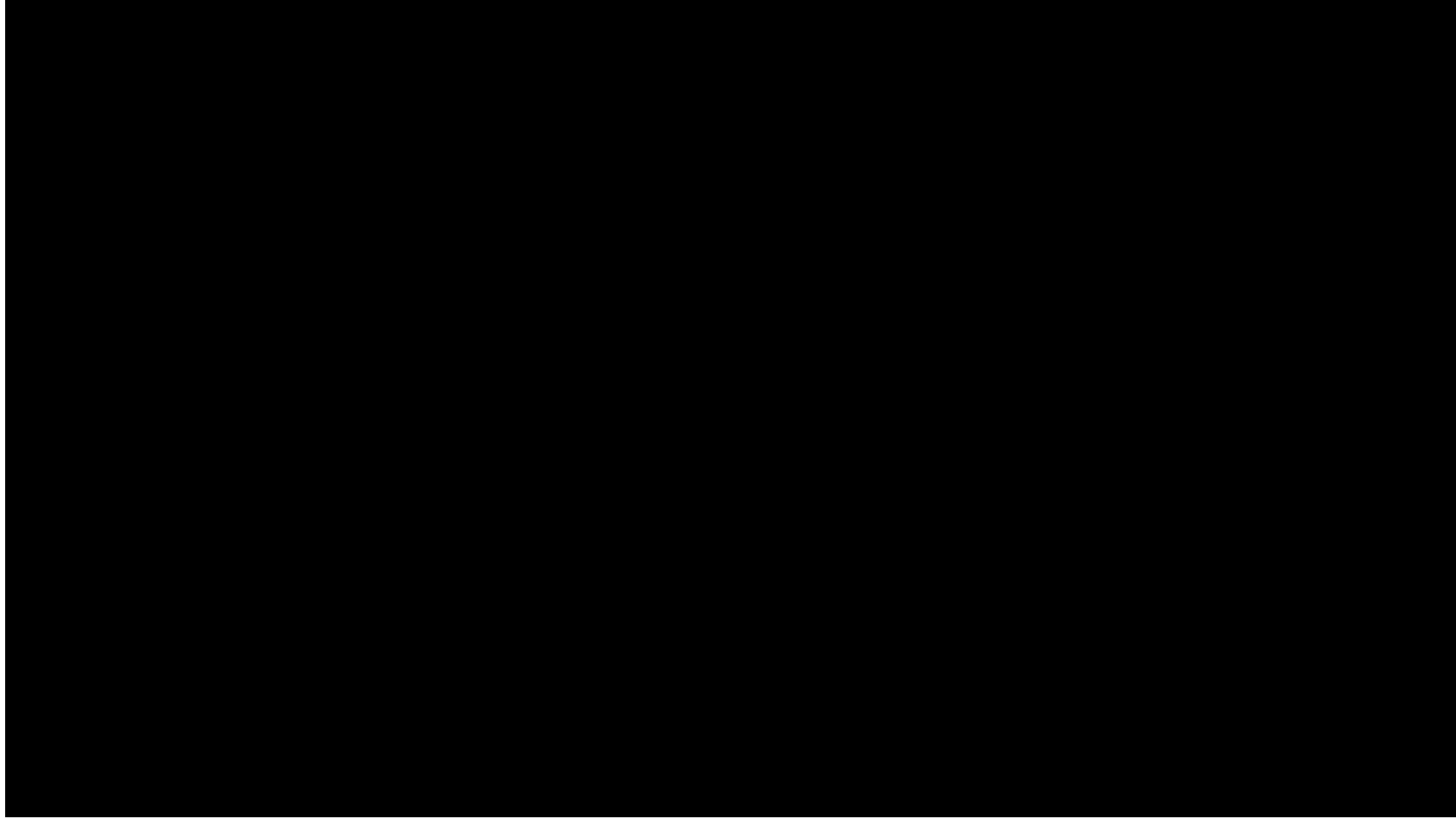


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Great product ideas can transform a company.

Great brands can sustain a business.

What's next?



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Franchise Model

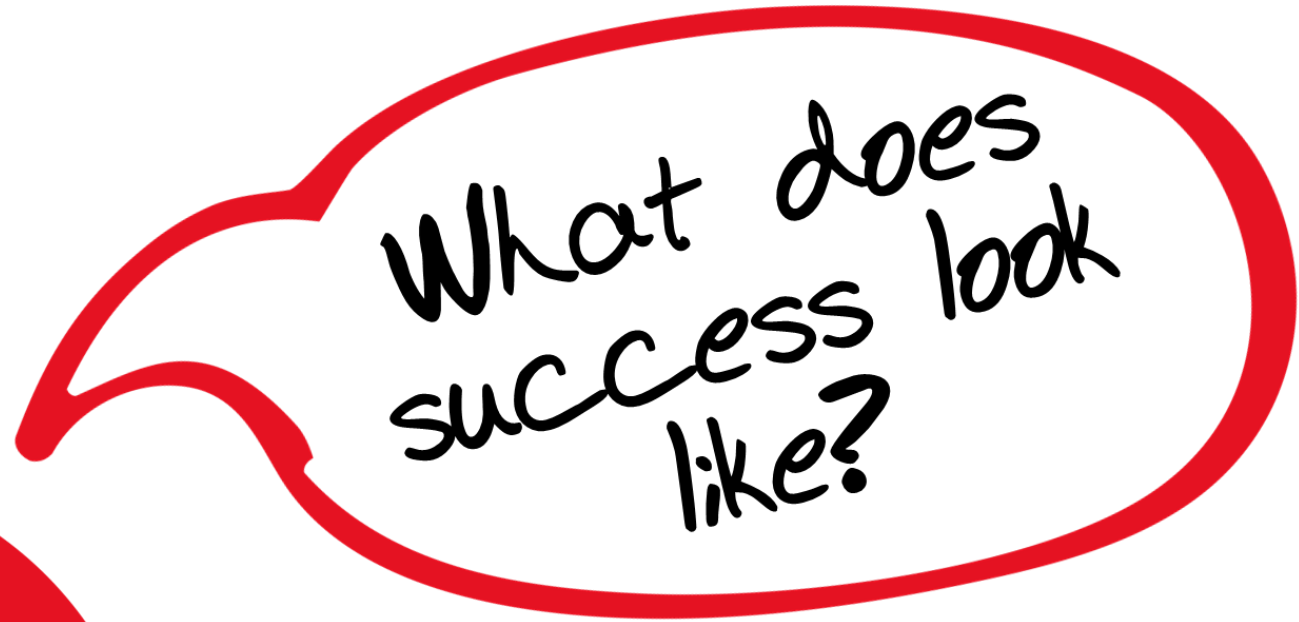
MONSTER HIGH



nickelodeon.



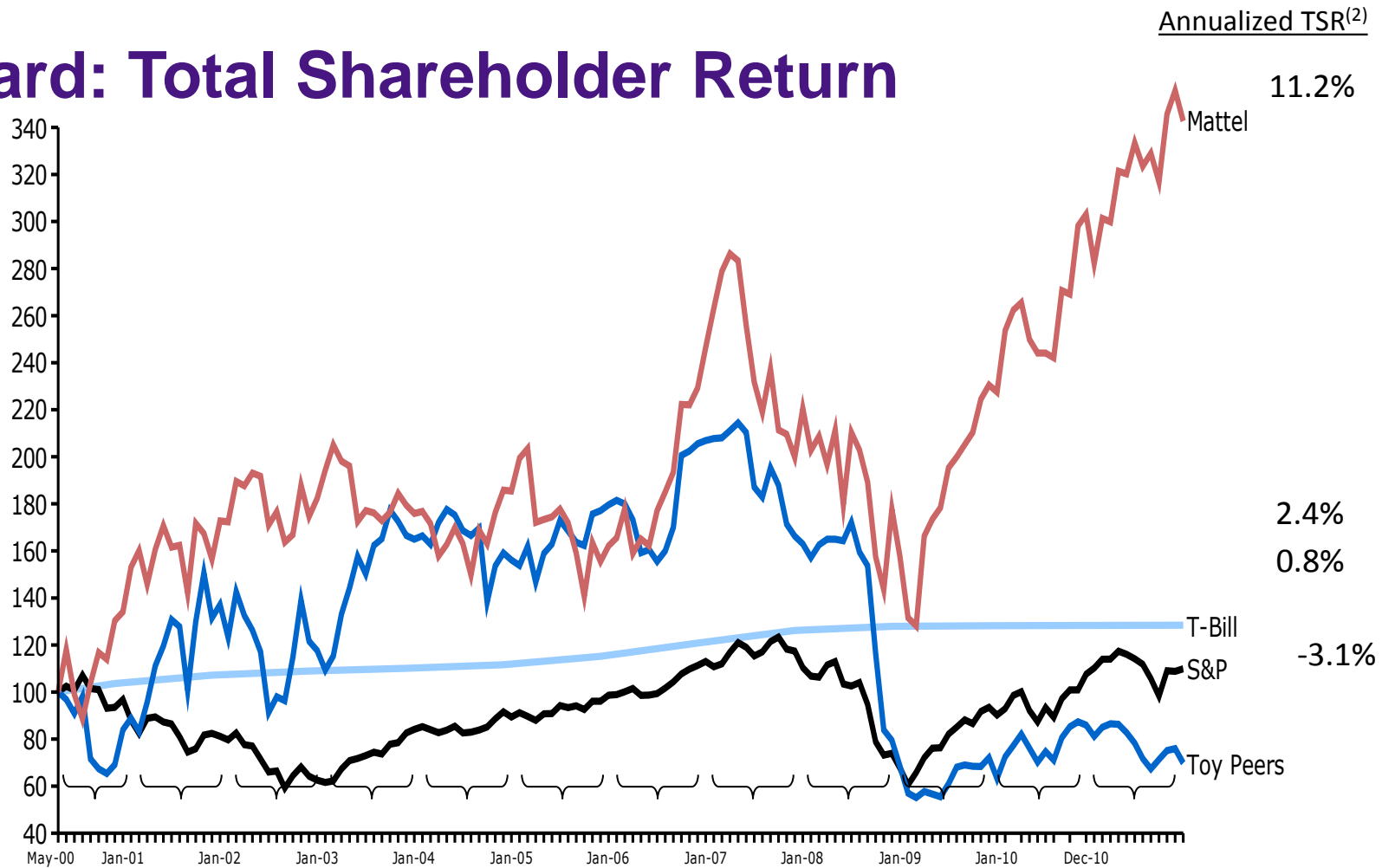
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Report Card: Total Shareholder Return



Annual TSR ⁽²⁾	5/2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Mattel	30%	20%	12%	3%	4%	-16%	47%	-13%	-11%	30%	31%	13%
Toy Peers	-31%	90%	-7%	37%	-4%	11%	16%	-19%	-52%	-9%	19%	-19%
S&P500	-6%	-12%	-22%	29%	11%	5%	16%	5%	-37%	26%	15%	2%
3-Month T-Bill	3.6%	3.5%	1.6%	1.0%	1.4%	3.2%	4.9%	4.5%	1.4%	0.2%	0.1%	0.0%

Notes:

(1) Peer group includes: Clorox, Coca-Cola, Colgate-Palmolive, Hasbro, Kraft, Liz Claiborne, Nike, PepsiCo, Procter & Gamble and VF Corp.
 (2) TSR for Peers and S&P is from May 31, 2000 through End of Year 2010, TSR for Mattel is from May 16, 2000 through End of Year, 2010; May-Dec '00, TSR not adjusted for annualization
 Source: Yahoo Finance, Standard & Poor's
 (3) Average Annual 3-month T-bill yields <http://www.ustreas.gov/offices/domestic-finance/debt-management/interest-rate/yield.shtml>

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Best Place to Work 5 Years in a Row



Leading Global Corporate Citizen



Will Rogers

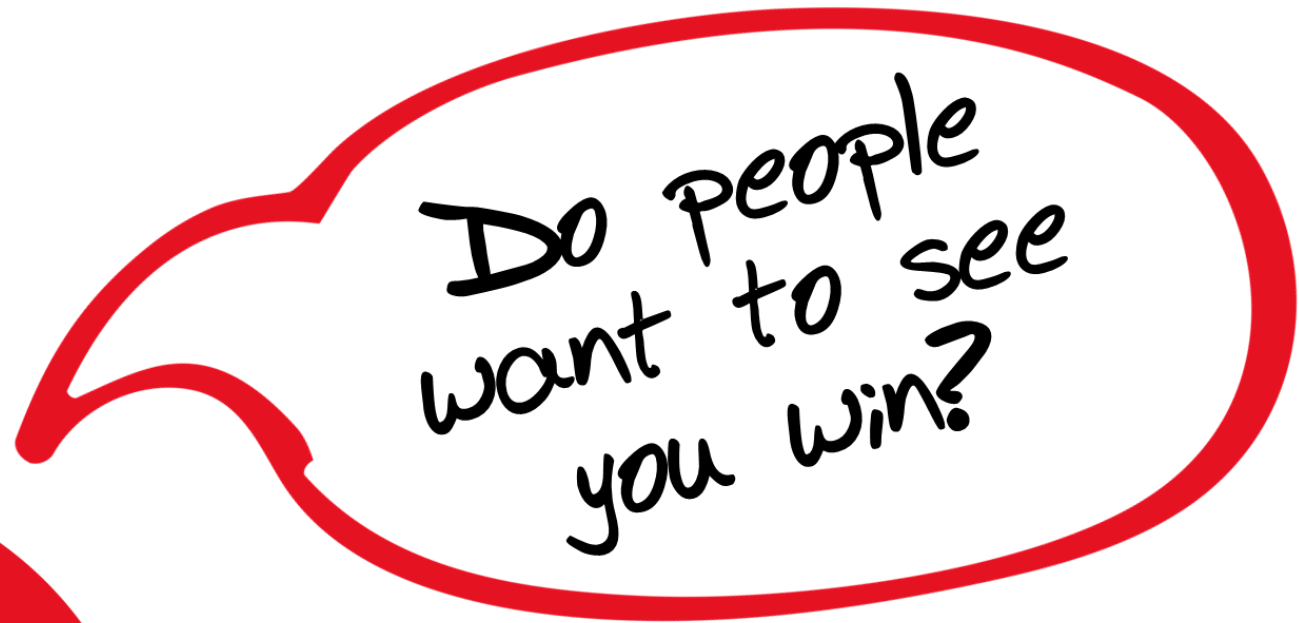


**Even if you're
on the right track,
you'll get run
over if you just
sit there.**

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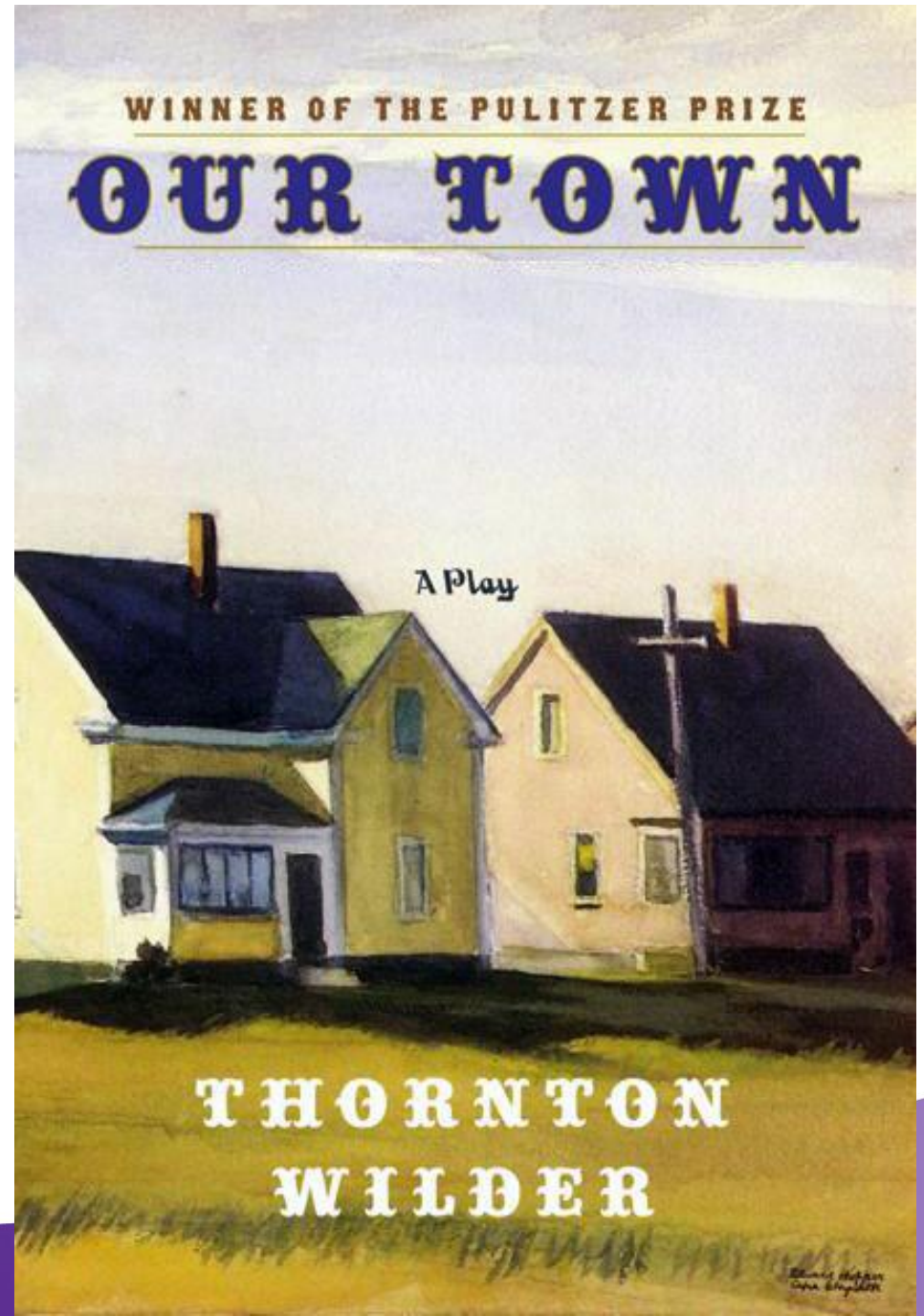
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Do What Matters



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