

## Steve Totzke Transcript

**Steve:** We are celebrating 80 years next year of Mattel. That is generations of trust and credibility built up in our products and our brands, our characters and stories. And that has resonated. You mentioned nostalgia earlier, Matt... There's not someone that I have ever met that doesn't have some kind of Mattel story or Hot Wheels, Barbie, or America Girl. It is incredible. And that's incredibly valuable as a company.

**Matt:** To thrive in a rapidly evolving landscape, brands must move at an ever-increasing pace. I'm Matt Britton, founder and CEO of Suzy. Join me and key industry leaders as we dive deep into the shifting consumer trends within their industry, why it matters now, and how you can keep up. Welcome to The Speed of Culture. Today, we're excited to be joined by Steve Totzke, the President and Chief Commercial Officer at Mattel, where he's been for 22 years and counting. Steve, it's so great to see you today. I'm so excited to dive into all things Mattel.

**Steve:** Matt, it's great to be with you. I'm looking forward to this conversation.

**Matt:** Likewise. So you started at Mattel in really a completely different era in 1995. The internet was not a mainstream consumption habit amongst your consumer target. And we're living in a completely different world where today we're doing a podcast, in two different locations with our computers. As you think about the changes that you've had a front row for at Mattel, what do you think were the most impactful ones as it relates to your role at Mattel's business?

**Steve:** Sure. Well, look, let me start with what's remained the same over those last almost 30 years. When I first started, Mattel was the number one toy company in the US. And 30 years later, it's still the number one toy company in the US. Barbie, is the number one fashion doll. Barbie's still the number one fashion doll. Hot Wheels was the number one vehicle brand. It still is. And Fisher-Price was the number one infant-toddler preschool brand. And it still is. But as you mentioned, Matt, almost everything else, has changed. When I first started, it was all about brick and mortar. You would have your product. You get it on an end cap. You put it in an ad. Saturday morning cartoons. That was your ad buy. And you're off to the races. Today, it is wildly different. Media fragmentation is real. The complexity of demand creation is like never before. There are so many tools for marketers. So everything pretty much has changed other than that. In our category, omni-channel retailing is for real. It's 25 to 30% is now purchased online. So that is much different than it was. You have to make sure your digital assets are relevant sharp and engaging. So everything pretty much has changed in the last 30 years in terms of how we go to market.

**Matt:** That's fascinating because when you talk about those iconic brands and the staying power they've had, I hadn't realized that. What goes behind a type of IP that can withstand so much cultural change? And I know that you've had to, especially with Barbie, really had to massage the brand in ways to make sure it stayed relevant with the changes in culture. But what is it about those brands that have given it such staying power?

**Steve:** Well, let me start with Barbie. This year, we're celebrating Barbie's 65th anniversary. If you think about Barbie, Barbie has not only reflected culture, but many times Barbie has led culture. Last year was the summer of Barbie. Barbie Core was trending everywhere. You could

not go anywhere on the planet Earth last year not being aware of the Barbie brand. And as Lisa Mcknight, our Chief Brand Officer, often says it takes a village to keep this brand as relevant as she is. Barbie's been on the cover of TIME magazine twice. Barbie was a Person of the Year last year. So keeping this brand relevant is a journey for all of us. But it's not just Barbie. It goes beyond that. If you think about Hot Wheels, Hot Wheels is not far behind, almost 60 years. And everything from live events with the Hot Wheels Legends Tour to Hot Wheels Monster Trucks to content on Netflix. It is now everywhere, every touchpoint you want to be. That's what's necessary to keep brands relevant today.

**Matt:** Absolutely. And as we mentioned at the onset, I mean, one thing that has changed is just the impact of technology on the consumer. And ultimately, with toys, the end consumer is younger children. But as we know, the people who are the buyers of those toys are the parents. I guess when it comes to the end consumer, and it comes to the kids who play with Barbie dolls or with Hot Wheels, how has technology impacted the way that they play the way that they interact with toys, and how they spend their free leisure time?

**Steve:** Sure. Well, traditional toys have been growing for the last 50 years. COVID was an accelerator for traditional toys. We had a bit of a dip last year, but we were about 25% above where we were pre-pandemic. And I can tell you, Matt, largely the way children play with toys from zero to five hasn't changed all that much. Certainly in the youngest children, learning and development. But when you get into the five, six, seven-year-old, that hasn't changed too much in the last 25 years. There was an issue, a phenomenon, we used to call it KGOY, Kids Getting Older Younger. And that kind of has already occurred where we no longer have that 11, 12, 13-year-old playing with toys. But the funny and the fastest-growing segment of toys right now is the adult consumer. And the last two years, the adult consumer with toys is the fastest-growing segment. And for us, you can see that in our collector segments, whether it's Barbie Collector or Hot Wheels Collector. But we launched Mattel Creations about three years ago. And that's one of our fastest growing segments of the business to capture that adult consumer.

**Matt:** And is that largely just being driven by nostalgia and people wanting to do what you're doing and kind of showcase something that they feel represents their childhood or their culture? What's driving that growth? It's fascinating.

**Steve:** There's a lot of nostalgia involved. It's a yes. And I can tell you that as a marketing organization, we like to say we're making emotional connections that last a lifetime. And just think of your own life. I travel a lot and wear a hot little shirt. I'll be at the airport. I'll have grown men, 50-year-old men, they'll engage me in conversation. They find out I work for Mattel and they'll start telling their story. And I can see them instantly transported back to their childhood. Sometimes they get emotional. So there's an emotional connection. Even as young as three, you're of a certain age. You think about that Fisher-Price record player. It was a lot of people's first record player was a Fisher-Price record player. You remember these things for a lifetime. So nostalgia is driving some of that. But for Hot Wheels Redline Club, it's a lot of just adult vehicle lovers at every age. And they love our brands and how authentic we are. So it's nostalgia. It's some hardcore collectors. And we like to serve all these audiences.

**Matt:** Yeah. It keeps people young as well. I'm sure. Just anything that harkens back to when you were younger. As we get older, as you know, there are just so many things you have to stress out about and worry about. And there's something peaceful and innocent about going

back to maybe the brands and the things that you loved and enjoyed doing when you were younger.

**Steve:** Yeah, look, the power of play benefits all of us. It certainly benefits us when we're at our developmental age, but it develops all through our teenage and adult years. But the power of play and the importance of play never stops.

**Matt:** Yeah, it's interesting. Going back to like the young consumer and their interaction with technology. So I have a three-and-a-half-year-old daughter. You've probably heard of this product before. It's called the Toniebox. It's like a small startup where you can put different characters on top of it. So she intuitively knows that she can put the character on top of the box. She even knows how to turn it off or turn the volume up, et cetera. And I guess that's where my mind was going in terms of kids who are born learning at a very young age how to swipe the screen on an iPad, et cetera. So it is a different consumer today just in terms of what they observe their parents doing and the technology that's around for them to touch and feel at earlier stages of life.

**Steve:** Yeah, Toniebox, the startup out of Germany, they've become wildly successful. I know the company quite well. And yeah, they have captured audio play. And you're right, it's very intuitive. And as a parent, there's something magical about your child engaging in audio play. As for us, we had the old CNC and some of these products that we've always had. They do just tap into something a little bit more innocent when it comes to the play patterns. And I think you have a great example there with Toniebox.

**Matt:** Yeah. So Mattel looks to innovate moving forward because you have these incredibly iconic brands we talked about, whether it be Fisher-Price Hot Wheels, Barbie, et cetera. But like any company, you need to continue to innovate and come up with new brands, new products, and new stories. What does the innovation process look like? Are you doing direct research with the younger consumers who are interacting with the toys? Are you conversing with the parents? And what does the innovation timeline look like as well?

**Steve:** Well, it's all of that. We have a very large insights group, not just shopper and consumer insights, but a product insights group. We have them on site. They're staffed with doctors and scientists, and we observe how children are playing with our innovations. We make refinements all the time. We then test the market with a wider group. We test the market with mothers. And for the youngest children, that's the best way to see if your product is resonating. The timeline is typically about 18 months. So from kind of concept to show. It's a fairly quick timeline. That's the one thing about the toy industry that's quite beautiful, that you can innovate and have an idea and get it to show sometime in 18 months. If you fast-track it, you can get there even faster.

**Matt:** Yeah, it's fascinating. And I know that your business also has a big licensed business component and you do work with the likes of Disney, where you sell Disney Princess dolls, et cetera. As you look at the mix of business moving forward, do you see the licensed business growing versus developing or leveraging your existing brands as part of your overall portfolio?

**Steve:** Well, look, our strategy is to be a grower IP-driven toy business and expand our entertainment offering. When it comes to our in-licensing, we always want to partner with the best and be the best partner. That's been our mantra for many years. We famously lost the

Disney Princess business six or seven years ago and got it back a couple of years ago. That was a huge moment of pride for us. But whether it's Disney Universal or Warner Brothers, we have a decade-long relationship with these companies. And they love to partner with Mattel. When we have that IP, we treat it like it's our own. And we honestly believe that we improve their IP with our global reach. But internally, we have such a library of IP, probably one of the best family and children's IP vaults in the world. And so we have been going to that vault to relaunch. Four or five years ago, we relaunched Polly Pocket. It's been wildly successful. Masters of the Universe with a Netflix series. And now we've just greenlit a movie with Amazon. Monster High, we partnered with Nickelodeon to bring two series and a movie to life. And that's been wildly successful. So Mattel's IP is deep. It's well beyond our power brands. And you can expect to see more of that. Varney is the next one up. We announced it. I can't believe the fanfare and reaction to Varney. Matt, you talked about nostalgia. The reaction to ONE Instagram post with Varney with the hard hands. It was incredible.

**Matt:** To be able to tap into those super fans and influencers within that category and that brand, I'm sure, is a huge unlock for you when you do roll out new products and you surprise consumers with new announcements.

**Steve:** Absolutely. That's part of the beauty of social media today. You can even just test it. You can put things out there into the world. You can gauge the response. And if the response is kind of overwhelming, you can start to move to the next step. This is one area where it's become a lot more affordable just to kind of gauge the interest, what's out there in society.

**Matt:** We'll be right back with *The Speed of Culture* after a few words from our sponsors. So you mentioned earlier, Steve, just omnichannel strategies and the overall channel outlook for the toy business. Toys R Us is where I went as a kid to get toys, and they famously filed for bankruptcy, I guess, three or four years ago. But then apparently they're back in some iteration. But what does the retail landscape look like for toys? How important are channels like Amazon versus traditional big box retailers and then kind of the local toy stores that still exist in many markets?

**Steve:** First of all, they're all important. We have an all-channel growth strategy. We like to design and develop a channel. Every channel is slightly different. Just think about a Costco or a club versus a CVS or your local pharmacy. How our brands show up there is wildly different. So we need to design and develop our product with intention from the beginning in close partnership with our retailers. The toy category is incredibly important. For research and in partnership with our retailers, the toy shopper shops more. They shop more often. They spend more. They travel throughout the store more frequently. We track all this with our partners. So the toy shopper, it's the lifetime value. You just think about it intuitively. It's young families with young children. So if they can capture that shopper and move them through, it's very important for retailers.

**Matt:** I'm sure. One interesting thing I saw just in doing research for this podcast, Steve, is if you're on the Mattel site and you try to shop, you have your entire inventory there, but then you're sending the consumer to a third-party retailer. And you're sending them to Target or Walmart or a variety of other stores. You can even locate a store, which I thought was cool. So wherever you want to buy, where Mattel is sold, you can buy from there. In the quest for many brands to acquire first-party consumer data, which you don't necessarily get when you're

sending the consumer to the big box, has there been any discussion or are there any plans to have a direct-to-consumer channel to sell your toys directly to the customer?

**Steve:** We do have one of the largest direct-to-consumer channels in the toy business, and it's through two areas. One is American Girl, which is part of Mattel, which is 100% direct-to-consumer, or pretty close, about 95% direct-to-consumer. Mattel Creations, which we just set up three years ago, is growing rapidly. And that is all, that is 100% direct-to-consumer right now. So yeah, we do have millions and tens of millions of data points. But beyond that, right now, our plans are like partnering with our retailers. When they come to our site, we allow them to shop on our main line, and that's when we send them to convert to our core customers. We like that strategy for now, and there are other ways where we can obtain data. We do believe precision marketing is quite important for this category, for sure.

**Matt:** Yeah, and of course, one of the benefits of first-party data is your ability to harbor stronger ties and loyalty with your customer, I'm sure. Like any other business, repeat customers are a lot easier to drive revenue from than buying new customers. What are some of the ways that you've seen Mattel over the years, and more recently gain that loyalty with consumers? So they're going back to Mattel when they're purchasing toys for their children versus other competitors.

**Steve:** Well, there's two ways. One way is not to keep going on this collector component, but for Barbie Collector and Hot Wheels Collector, we have deep, sometimes decades-long relationships with these consumers. We have people who have been in the Barbie Collector Club for over 25 years. We have fan conventions. We know them. They know us. They know our designers. It is truly like it's a family. It's an environment. They are true fans, similar to Hot Wheels. When it comes to, I would say, the core consumer, it's Mattel's reputation. We are celebrating 80 years next year of Mattel. That is generations of trust and credibility built up in our products and our brands, our characters and stories. And that has resonated. You mentioned nostalgia earlier, Matt. There's not someone that I have ever met that doesn't have some kind of Mattel story or Hot Wheels, Barbie, or American Girl. It is incredible. And that's incredibly valuable as a company.

**Matt:** Absolutely. So shifting gears a little bit, Steve, to you and your career and your current role as President and Chief Commercial Officer at Mattel. Very high-profile, iconic American company that you have a pivotal role. How do you spend your time, prioritize what's most important, and how do you look at building a team and making sure that you're grooming the next generation of leaders at Mattel?

**Steve:** I feel very privileged to be in this role. As you mentioned, Matt, I've been at this company, I took a couple of years off to go to a small startup for 28, or 29 years. So it has been a lifelong love affair with Mattel. And how I spend my time today, I would say I spend 50 or 60% with my team or with our external partners. There's a lot more internal time these days in this position, as you can imagine, with the management team, with our strategy team, team, thinking about earnings and the rest of it. But I still try to make sure that I stay as externally focused as possible. I think that's critical when it comes to any level of senior managers to make sure you stay externally focused and don't fall into that trap. When it comes to succession planning and grooming next-level leaders, I mean, the higher you get, the more critical. That's a big part of your role. And quite frankly, that's the most enjoyable part of the role quite often.

**Matt:** And what are some of the skill sets that you see increasingly being needed at a company like yours for the next generation of talent to succeed? Because there's so much being thrown at younger professionals these days in terms of learning AI and learning management, learn and negotiate these things. What are the core things that you've seen, I guess, attributes that make the markings of a successful professional at a company like Mattel?

**Steve:** First and foremost, the ability to manage complexity, I think, is a skill set that is even more important to me than it's ever been. But I've always had four or five key traits that I see, whether it's in my own company or any time I deal externally. One is persistence. Persistence to me is, I see it whether it's entrepreneurs people in the film industry, or people at retailers. Persistence is a cornerstone. Staying curious and being open to ideas. This is the idea of complexity, being willing to do hard things, take on hard challenges, and fail. And then finally, I'm a big believer in the power of personal accountability. I have a solution orientation. These are kind of traits that I see that are consistent in high performers. And how you hone those traits, I think, will be important to how you advance in any organization. That's why I always love this idea of mentorship. Not really, it can be an official mentorship. But as you get up, you've got almost a responsibility. I benefited greatly from excellent mentors. And you try to pay that forward. And when you get into any organization, I think finding some mentors will be critical to your success.

**Matt:** Yeah, I mean, I agree with everything you said. One thing you said that, frankly, we don't hear as much on the podcast as I think we should is perseverance. I think we live in a world right now where the younger generation grew up with Instagram and they see all these, what they think are instant successes. As you and I know, there's no such thing. And you have to persevere in anything you do. And the saying that every no gets you closer to yes, in my opinion, couldn't be more true. And I think it's a skill that can easily be lost in this day and age. One that I agree, the most successful people I've encountered in my career are just that, they persevere and don't give up.

**Steve:** 100%. You've seen it time and time again. And you're right. It's not as obvious these days. People don't highlight their failures. You know, when everyone's successful, they blast it out. But there's so much failure that goes behind that final success. And it's the old cliché. You learn so much more in failure than you do in success. And you just apply that forward.

**Matt:** Absolutely. So looking ahead to the future in the toy category, Steve, and where things are going, I mentioned AI a couple of minutes ago in terms of, obviously, it's on the tip of everyone's tongues these days that are in the advertising, marketing, or consumer product space. Do you see AI being inside some of your toys moving forward? Do you see younger children playing with robots in their homes? Where's all this going five, or 10 years from now, given the rapid leaps in innovation and technology we've seen in the last couple of years?

**Steve:** Look, AI is everywhere. And first of all, we're using AI right now quite a lot in our design and development enhancement. It's quite incredible how it can add to that. Everything from storyboards to packaging execution to fast-tracking images. So that is one area that we're utilizing AI. When it comes to marketing, it's amazing how you can take content and it can cut it down from 30 seconds to 15 seconds to six seconds. These things used to take a lot longer and cost a lot more. Now it is almost instantaneous and close to free. Everything from language translations. If you're a global company, you used to have large external third parties that would do translations for you. These things are much faster now. When it comes to product, this is an

area where you need to tread a little more carefully. You have to make sure you're compliant, it's safe, etc.

**Matt:** Data privacy and all that, especially with the younger consumer.

**Steve:** All of that. We launched a product last year, Pictionary versus AI, which had an AI component. AI was writing the title. It was mildly successful, but when we started going back to consumers to pull what they thought about it, some people were off-put by the fact that there was AI in there, and they were wondering, what are you capturing for me? So I think it's one to kind of tread very carefully.

**Matt:** Completely makes sense, especially in the category that you play in. So I'm glad you elaborated on that. So to wrap up here, Steve, I mean, you've had a great run at Mattel, and it seems like you're by no means wrapping up. You're just getting started in a lot of ways in terms of your vision for the future and where things are going. If you had to point to some of the things you think that you've done right, particularly your run at Mattel that has enabled you to start from your humble beginnings there to get to the seat that you're in today, what were some of those things that you think you did right?

**Steve:** Thank you, Matt, for that. You're right. I started at the most entry-level position in Canada. They didn't have the position. That's how entry-level it was. It was the smallest brand on the smallest account. So what I try to do is, number one, as I said, take on hard things. If some projects or brands or customers seemed to be very hard, I felt it was a no-lose situation. Either I would go in and put the effort in and be successful, and that would make me stand out. Or if I failed, I would just be like, it wasn't expected to fail. Staying curious, as I said, has been a cornerstone of my career. For me, in this company, being mobile, I do believe getting into another country or another culture, another environment, there's nothing better from a learning standpoint than getting out of your comfort zone. That's when all kinds of great learning happens, in my opinion. And then just to kind of finish where we started on this conversation is persistence. And when you fail you will fail, especially in this industry. You fail a lot more than you succeed. Just take those learnings, move forward, apply them the next time, and just continue to refine them. And then finally, and this is nothing new, just make sure you network. It's amazing when you find the power of people, the power of connection, the power of mentors. It just will enhance your career and enhance your life, quite frankly.

**Matt:** Couldn't agree more, I think, especially at times of transition or times when you need help, your network is who you lean into. And I think a lot of people overlook that. The most important time to build that network is earlier in your career because you can form career-long relationships that can be mutually beneficial along the way.

**Steve:** Absolutely. Some of the people I met in this company almost 30 years ago are still some of my best friends and advisors to this very day. So I think you hit it on the head there, Matt.

**Matt:** Fantastic. So to wrap up, is there a quote or mantra that you live by, that you think, sums up well your professional journey to date?

**Steve:** I thought you're the one that I talked to my team a lot about. When you're in a fast-moving business that gets pretty intense, I like to say, let's keep a calm sense of urgency. I like everything that happens well usually with a sense of purpose or urgency. But being calm

about it is, I think, the key, especially in leadership. Nobody wants to see you freak out. So keeping a calm sense of urgency has been a mantra for me and my team for many years.

**Matt:** I love that, especially given your industry where, ultimately you guys are just to make people happy and give them joy in their lives. So I think having a calm sense of urgency makes all the more sense, especially for a role in a company like yours.

**Steve:** Absolutely.

**Matt:** Well, Steve, thanks so much for joining us today. It's been a great chat. It's been awesome to hear about your journey. And I can't wait for our audience to listen as well. So I appreciate the time.

**Steve:** Matt, it's been an absolute pleasure talking with you today. Thank you very much and hope to see you soon.

**Matt:** Likewise. On behalf of Suzy and the Adweek team, thanks again to Steve Totzke, President and Chief Commercial Officer of Mattel for joining us today. Be sure to subscribe, rate, and review The Speed of Culture podcast on your favorite podcast platform. Until next time, see you soon, everyone. Take care. The Speed of Culture is brought to you by Suzy as part of the Adweek Podcast Network and Acast's Creator Network. You can listen and subscribe to all of Adweek's podcasts by visiting [adweek.com/podcasts](https://adweek.com/podcasts). To find out more about Suzy, head to [suzy.com](https://suzy.com). And make sure to search for The Speed of Culture on Apple Podcasts, Spotify, and Google Podcasts, or anywhere else podcasts are found. Click follow so you don't miss out on any future episodes. On behalf of the team here at Suzy, thanks for listening.