

Marketing Strategy in Action

American Girl Brands

American Girl Brands is a wholly owned subsidiary of Mattel Inc., the world's leading toy company. In 2008, its product line included 9 different character dolls or doll combinations and accessories which are sold online and in company-owned stores in Chicago, New York, Los Angeles, Atlanta, Dallas, Boston, and Minneapolis. This subsidiary is headquartered in Middleton, Wisconsin and was the Pleasant Company before being purchased by Mattel.

Samantha Parkington fights for women's suffrage. Addy Walker escapes from slavery. Kirsten Larson builds a life on the frontier. Characters from a feminist novel? No, these plucky heroines are part of The American Girls Collection, a line of historical dolls that are the darlings of 7- to 12-year-olds. Christmas orders piled up so fast one year that company vice presidents had to pack boxes in the warehouse to get products shipped in time.

Former president Pleasant Rowland, who began the company with royalties she received from writing primary school reading books, knew her vision had to be broad. Simply launching a me-too doll would have meant failure.

Before Rowland got her idea she went shopping for dolls for her two nieces. All she found were Barbies that wore spiked heels, drove pink Corvettes, and looked as if they belonged in strip joints. Though industry sources told her she couldn't sell a mass market doll for over \$40—some Barbies cost less than \$10—Rowland gambled that boomer parents would pay more for one that was fun and educational.

Rowland decided early on not to compete doll to doll on toy store shelves. Defying industry wisdom, Rowland began selling only through her own catalog. She counted on her dolls being so different that word of mouth would take care of sales. She also coddled her customers. She opened a "hospital" for broken dolls, so when brother sticks a pair of scissors through Molly's head, Mom can return her for repairs. For \$35 the company does the surgery, then mails Molly—now wearing a hospital gown and carrying a certificate of health from the house doctor—home to recuperate.

Each of the dolls represents an era of American history and each deals with real world problems. For example, as a New Mexican girl growing up in 1824, Josafina is trying to preserve what is precious after her mother's passing. She is overjoyed when her new mother's sister, Tia Dolores, comes to live on the family rancho, but worries about her new ideas. She tries to welcome change but still remember the old ways. As a girl growing up during a revolutionary time, Felicity believes the American colonies should be free. Others think a king who lives far away is most fit to rule—even Felicity's grandfather and her best friend, Elizabeth. Feeling torn, she must find a way to hold both love and loyalty in her heart. Says Rowland: "We try to give the girls chocolate cake with vitamins."

Parents can also buy historically accurate accessories, clothing outfits, and furniture for the dolls as well as outfits for their children. The 18-inch dolls with a book cost \$90 and with accessories, including \$65 dresses for the doll's owner, the total can exceed \$1,000. Each doll stars in its own series of novels with titles like *Kirsten Learns a Lesson* and *Samantha Saves the Day*. Some of the dolls even have their own movies which after viewing on TV can be purchased as DVDs for \$19.95.

So how is American Girl doing? American Girl Brand operating income increased 2 percent to \$98.5 million in 2007. Apparently, many parents are willing to pay more for an educational play experience for their girls.

Discussion Questions

1. Why do consumers pay \$90 for a Pleasant Company doll when they can buy other dolls much more cheaply at retail stores?
2. Considering money, time, cognitive activity, and behavioral effort costs, are American dolls more or less costly than dolls that can be purchased at retail stores?
3. What recommendations do you have for American Girl to increase sales and profits?

Sources: www.americangirl.com, October 24, 2008; www.mattel.com, October 25, 2008; Brian Dumaine, "How to Compete with a Champ," *Fortune*, January 10, 1994, p. 106. Leah Eskin, "American Girl Place: A Female Theme Park," *Wisconsin State Journal*, August 17, 2003, pp. A1, A10.