

UNDERSTANDING THE EFFECTIVENESS OF PUBLIC RELATIONS  
STRATEGIES USED DURING CONSUMER PRODUCT RECALLS:  
A CASE STUDY AND CONTENT ANALYSIS EXAMINATION OF  
MATTEL'S 2007 RECALL STRATEGY

A RESEARCH PAPER SUBMITTED TO THE GRADUATE SCHOOL  
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS  
FOR THE DEGREE  
MASTER OF ARTS IN PUBLIC RELATIONS

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JULY 2011

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## Chapter 1

### Problem

In the wake of mounting recalls throughout recent years, parents are being constantly inundated with reports of products that have been labeled unsafe for their children's use. Recall after recall has been announced, resulting in overwhelmed consumers and overworked public relations professionals attempting to salvage the company's image. "In 2009, recalls of cribs, strollers, pacifiers, play yards, baby carriers, and other baby products flooded the news and struck fear into the lives of parents and consumers (*PR Newswire*, January 7, 2010)."

Citing "significant increases in the category of Children's Nursery Equipment and Supplies as regulated by the Consumer Product Safety Commission (CPSC)," 2009 was declared the "Year of the Infant Product Recall" by ExpertRECALL, a company who offers comprehensive recall assistance services to manufacturers. "2009 was frightening to parents of infant children, especially towards the end of the year with multiple massive recall announcements. Fortunately, industry leaders and trade associations are proactively addressing product safety concerns" (*PR Newswire*, January 7, 2010). Listed among these changes are updated safety standards and certification for members of the Juvenile Product Manufacturers Association (JPMA).

While new developments toward increased consumer safety are a step in the right direction, the need for communications professionals to remain vigilant in their efforts to proactively deal with consumers is increased. As standards are raised through the work of organizations like the CPSC and JPMA, the bar is also being set higher for companies who fail to meet these safety benchmarks to respond quickly, empathetically and

transparently to their publics. As stated by the Transport Minister of Japan, Seiji Maehara, “I don’t want people to have a negative image about recalls. Instead, I think companies that issue recalls should be seen as acting responsibly as manufacturers, and I’d hope those companies receive positive reactions from the public” (*The Japan Times*, 2010).

Canada, which generally reports fewer recalls than the United States, identified a total of 305 recalls in the year 2009, for an increase of twenty-five percent over the previous year’s statistics. From November of 2009 to March 2010, the United States had already accrued twenty-five recalls involving an estimated eleven million products (Schmidt, 2010). In the category of infant and children’s products, the United States reported a growth of twenty percent included within the steady increase over the past four years. To further illustrate these figures, it is important to note that the number of incidents, defined as “any defect in the product reported by consumers,” from 2009 nearly doubled those of 2007 (*PR Newswire*, January 7, 2010).

“The dizzying pace of recalls begs the question whether cost-cutting manufacturers are simply making more dangerous products, often in a faraway land. Or could it be that government regulators, staring down at more demanding consumers and anxious companies concerned about liability lawsuits, are just ramping up random testing of consumer products” (Schmidt, 2010). Regardless of the origin, it is clear that there is a legitimate cause for concern not only for consumers but also for the reputational impacts of the manufacturing companies.

“Since product recalls continue to make news, consumers are left questioning whether the industry is actually improving its safety efforts. ‘It’s a legitimate concern, but

consumers should know that both manufacturers and retailers are taking precautions as never before to protect the safety of our youngest, and most vulnerable, consumers,' says ExpertRECALL Director Mike Rozembajgier". He further states that, "Over the past few months, we've seen a concerted effort by regulatory agencies to protect consumers from harmful products. Trending data from the past two years suggests that consumer products are getting safer, and despite a potential uptick in recalls resulting from more regulatory guidelines, we expect this trend to continue" (*PR Newswire*, September 28, 2009).

This begs the question--if products are becoming increasingly safer, then what factors can be contributed to the growing magnitude of recalls? A number of sources are pointing the finger at parents who are not taking responsibility in product assembly and routine safety checks, among other concerns. "The danger to infants and young children caused by recalled products is a danger that we as parents and child safety advocates can combat, at least partially, by increasing our own awareness." As such, "parents must regularly check children's products against the CPSC recall list" (*States News Service*, July 20, 2009).

Maclaren, a popular brand among stroller manufacturers, issued a recall in November 2009 citing twelve finger amputations in the United States as the contributing factor. While this story horrified concerned parents, it appears that there was more to the story than was reported to the public. "Turns out the hinge mechanism can pose a risk of fingertip amputation and laceration to the child if the stroller is not fully opened or closed in accordance with the manufacturer's instructions-meaning if a parent tries to collapse the stroller with their child in it" (Schmidt, 2010).

In a similar case, Bumbo initiated a recall after three infants suffered skull fractures resulting from falls out of the infant seat. “Then again, the babies had been placed in the Bumbo on a table, despite the warning to ‘never use on a raised surface,’” states Schmidt. Recall specialist and senior partner at the law firm Ogilvy Renault, Penny Bonner, stated that government agencies such as CPSC have “totally replaced any parental responsibility here” (Schmidt, 2010). *CNNMoney.com* writer Geoff Williams reports, “Product designers have to guard against even the most extreme uses of their creations. ‘Why would somebody place a baby in a bouncer on a table?’ wonders Brenda Berg, CEO of Scandinavian Child in Raleigh, N.C. ‘You don’t expect people to do that, but they do, and so we have to test the bouncers, making sure it won’t move at all.’”

The issue for public relations professionals, then, results in both the need to gain consumer interest in a media already inundated with an excess of recall notices as well as the challenge of maintaining credibility with their customers. *Csnews.com* found in a 2009 study that “one-third of consumers think the government often overreacts to recalls” and further states that “motivating consumers to pay attention is no easy task.” It appears that this ambivalence toward recalls is exempt, however, in the category of infant and children’s products. When Stork craft announced a November 2009 voluntary recall of 2.1 million cribs that dated back to manufacture in 1993, the public grew into an uproar and a media frenzy was created. Drop-side cribs were found to be causing safety concerns in that “plastic hardware can break, deform, or parts can become missing. In addition, the drop-side can be installed upside down,” (*PR Newswire*, November 23, 2009).

“It’s too much, all this fear-mongering,” stated one pregnant parent of three who had no plans to contact the company for replacement parts. “My crib has been just fine for the first three, and I’m sure it’ll do the job for the next one.” While she showed empathy “for the families of the four American infants who died after the crib’s plastic latch on the drop-side mechanism failed because it was improperly installed, the historic recall stirs up parents ‘who are already hyper-sensitive to the idea that something could happen to their little ones. By creating an atmosphere of fear, they end up over-protecting their children and losing a lot of the spontaneous joy of parenthood,’” (Beun, 2009).

From a different perspective on the matter, parent Sasha Heeney “‘tried about 100 times to get through to Stork craft’ and was part of an earlier recall in January to replace a bracket supporting the mattress, believes the most recent recall is either overkill or exposes a system that is failing parents. ‘It’s frustrating because you try to research things as much as possible,’ says Heeney, who has a 14-month-old son. ‘Then you’re stuck with a crib that’s been recalled twice in a matter of ten months. Even the size of the recall makes you wonder. Perhaps they’re trying to be extra cautious, but if you’re recalling cribs going back to 1993, I would have a lot of questions about your ethics,’” (Beun, 2009).

Also showing frustration for the lack of parental responsibility placed upon consumers, children’s retail store owner Rhea Hymes states, “‘I literally had people coming in the stores crying because they were terrified for their babies, but couldn’t afford another crib. The government scared a lot of young parents for no reason at all. They took a very vulnerable market and said ‘you’ll kill your child if you buy this type of crib.’ The truth is that if you don’t put it together properly, you’ll have problems.’” She

further predicts that “this recall will unnecessarily kill Stork craft which is a good Canadian company. There’s nothing to protect the manufacturer who puts the right information out there but everything for people who don’t read instructions properly,” (Beun, 2009).

Also adding fuel to the recall fire is the fact that consumers with decreased expendable cash flow are turning to alternative sources in order to maintain their budgets in the midst of a recession. Research has shown a trend in increased sales from less expensive retail stores compared to past years. “When buying at deep discount stores and second-hand shops, take extra care to watch for recalled goods. Once a manufacturer’s product leaves its primary supply chain, it can be difficult to track and remove goods from the marketplace,” recommends ExpertRECALL in a 2009 *PR Newswire* release. “What also complicates matters is that big ticket nursery items, like cribs and bassinets, are often passed down from one generation to the next without assembly instructions or the appropriate product warnings,” states Rozembajgier. “When using these items, it is critical that consumers take full cautionary measures to ensure the safety of their little ones,” (*PR Newswire*, January 7, 2010).

## **Chapter 2**

### Review of Related Literature

Considering that the CPSC has estimated the cost of recalls to be about \$700 billion annually, it is crucial for companies to act proactively to create a public relations plan that will afford flexibility according to the scenario (Wahl, 2009). Utilizing existing literature that contains details of best practices as well as failed tactics, practitioners are

able to save time and financial resources while learning from real life scenarios within the field. Those who take advantage of these materials and work to adapt successful tactics to their own organization are likely to improve, or at least maintain, public perception of their company in the midst of a recall and in the aftermath that follows.

As readers are reminded by Williams on behalf of *CNNMoney.com*, “at best, a recall is expensive and embarrassing. At worst, it’s fatal. Recalls and withdrawals are often extremely costly, and have in many instances led to bankruptcy for those companies involved.” While a product recall has the potential to wreak havoc on the organization’s reputation, this certainly does not have to be the case. “Having effective recovery strategies for dealing with product recalls efficiently and in a timely manner is imperative. If a firm handles a product recall crisis well, it can be turned into a positive advantage for that company by actually increasing consumer satisfaction beyond where it was before the recall” (*State News Service, 2009*).

“A product recall can significantly affect a company’s bottom line and its reputation, but a swift recall and restitution to purchasers can minimize harm to the company and even improve customer satisfaction” (*State News Service, 2009*). Through the implementation of strong, swift crisis management, organizations can theoretically work to rebuild any trust that may have been undermined during the recall initiation phase. “Reducing the time it takes to recall a product will have a positive effect on consumers’ willingness to purchase other products from the same company and if the recall is handled well, the stock price may recover to the same level as before the incident” (*State News Service, 2009*).

In conjunction with Georgia Tech, the University of Manitoba studied over 500 toy recalls taking place between 1988 and 2007. According to their findings, “effective recovery from a product recall begins with the way in which the company announces the recall. The firm should engage the public and immediately disclose all relevant recall and replacement information as soon as possible. Consumers are forgiving so if a firm apologizes, acknowledges the problem, and doesn’t make the mistake again and again, consumers will continue to be loyal to that brand” (*State News Service, 2009*).

Using the FDA’s previously defined classes of recalled products, manufacturers should be able to determine the severity of the issue and ensure that products are pulled from retailer inventory quickly. In a Class I recall, products have been found to be either seriously harmful or deadly to the consumer. Class II is defined as potentially causing temporary health or medical consequences, while Class III does not necessarily involve bodily harm, but rather concerns such as labeling violations (*Professional Candy Buyer, 2009*).

In other study findings, it was recommended that exchanges, rather than refunds, are associated with shorter recall times and that “companies fare better if they recall the product and provide a refund through a retailer.” In addition, manufacturing defects, as opposed to design flaws, and “reactive recalls due to an incident, injury, or death were more likely than preventative recalls to result in exchanges” both appear to be proven factors in drastically reducing time spent on a recall (*State News Service, 2009*).

Accepting responsibility for the recall is crucial for companies who wish to maintain a positive public image in addition to preserving positive business relationships with retailers. Failing to do so will likely result in strained interactions throughout the

recall process, let alone lowered sales figures in the future from bitter consumers and retailers. Take for example, the 2008 recall of two different baby beds created by Simplicity. The assets and brand were purchased by SFCA Inc. prior to Simplicity going out of business. This became an issue when over 900,000 bassinets and 600,000 cribs were recalled with no one accepting the blame. “SFCA says it isn’t liable for products made before the acquisition, and it has refused to conduct a recall of the defective goods, which have been linked to several infant deaths. ‘It’s one thing to say you didn’t acquire any of (Simplicity Inc.’s) liability, but another to say you shouldn’t help assist, especially if you want to have a continuing business relationship with us,’ Wal-Mart’s director of recalls Kyle Holifield said” (Trottman, 2008).

Eventually, many retailers obliged the request of CPSC to initiate their own voluntary recall, including any associated costs, stating the safety of their customers was top priority. “Even when an entrepreneur does everything right, the aftermath of a recall isn’t easily overcome. They have to put a flier in their store. It’s kind of like a wanted poster. Then they have to ship the toys back to us, and for them, it’s a huge hassle and a huge embarrassment” (Williams, 2010). While this situation may not have been ideal for retailers, history has shown that proactive measures such as this demonstrating concern for their customers are likely to build even stronger relationships with the public. “Refunds are not required by the federal law. They are the option of the manufacturer or retailer. However, to keep consumers satisfied and encourage repeat business, offering them is a good idea—just as it’s an excellent idea to handle the whole recall process with speed, compassion, and know-how” (*Professional Candy Buyer*, 2009).

A case study of Mattel's multiple recalls in 2007 has much to offer those public relations professionals seeking best practice recommendations in the midst of a crisis. Naming in their code of conduct characteristics such as "transparency, and 'always doing the right thing,' (*PR Newswire*, January 19, 2009) Mattel had their work cut out for them when it came time to communicate with the public. Emphasizing the company's commitment to safety, internal and external materials were released along with the creation of a website that was translated into twenty various languages. Targeting consumers, stakeholders, and the media, Mattel worked towards the goals suggested by agencies such as ExpertRECALL to "protect the public, protect the brand and complete the process as efficiently as possible" (Williams, 2010).

One challenge Mattel faced was that "dealing with so many offices in different time zones posed a host of communications challenges. While we were sleeping in L.A, that doesn't mean journalists were sleeping elsewhere. Because this was a global issue, there were a lot of opportunities for misinformation from the media side. If one person got it wrong, then it would be wrong in the other part of the world in a heartbeat" (*PR Newswire*, January 19, 2009).

Using tactics such as press releases, a satellite media tour, media conference calls, one-on-one interviews, full page ads, a recall website and a video message featuring chairman/CEO Robert Eckert, Mattel launched a comprehensive, proactive crisis plan designed to reach as many consumers as possible. Eckert's messaging "emphasized his concern as a parent and his personal responsibility. Throughout his key message was that the company should be judged not on the issues that had arisen, but rather on how the company was acting responsibly to fix them" (*PR Newswire*, January 19, 2009). In order

to further prove the organization's pledge to engage in corporate responsibility, Eckert participated as the keynote speaker at the Business for Social Responsibility's annual conference where he discussed "the importance of dealing with issues responsibly and transparently to maintain consumer trust" (*PR Newswire*, January 19, 2009). Evidenced by the millions of hits received on the recall website and millions of calls and emails answered using the manufacturer's consumer relations hotlines, Mattel's approach was successful in accommodating customers and driving traffic to its communication methods created solely for the purpose of the recall.

Research has shown that, "consumers are more picky than ever. They're more paranoid about their health and safety, better informed, and have heightened expectations about reasonable care and due diligence" (Williams, 2010). Coupled with the fact that "the CPSC is adding resources and tools to more closely monitor, report, and create awareness of products that present safety hazards" (*PR Newswire*, January 7, 2010), "there may be a case of consumer dullness as a result of overkill. That's a concern. There's always been an issue of how to properly communicate the level of concern to people. I think that too many recalls can become background noise. It's also how do you get the media to take an interest in something in such a way not to have it turn in to background noise? That's a constant challenge" (Schmidt, 2010).

### **Chapter 3**

#### **Method**

This research was conducted using an instrumental case study in which "a particular case is examined mainly to provide insight into an issue or redraw a

generalization. The case is of secondary interest, it plays a supportive role, and it facilitates our understanding of something else” (Denzin and Lincoln, 2005). Case studies have few disadvantages associated with the method, none of which presented overwhelming problems during this study. Because the research focused on a single case study as opposed to multiple accounts, the researcher had ample time to commit to data collection and analysis, yet not producing so much data that researchers necessitated an extended period of time to examine it or had issues summarizing responses. In addition, the case selected was specific enough to the infant and children’s manufacturing field that generalizations were practical to other practitioners within this field.

Using a single, mainstream case such as Mattel demonstrates teaching potential for other public relations practitioners. This study addressed the four essential characteristics of case study research as defined by Wimmer and Dominick. In regards to being particularistic, the case focused on the successful implementation of an organization that was faced with a recall and improved relationships among its public, including retailers, as well as either maintaining or improving business sales. Sharing a detailed account, this descriptive “story of a problem” (Hoag, Brickley, and Cawley, 2001) offers readers a heuristic vision in which they are presented with “new interpretations, new perspectives, new meaning, and fresh insights” (Wimmer and Dominick, 2006). Lastly, the research case offered inductive reasoning in which principles and generalizations emerged that apply to the public relations interests of readers.

Investigating specifically ways in which the study case reacted to issues of parental responsibility, created media impressions, maintained and improved

relationships with both customers and retailers alike and overcame issues associated with a public overwhelmed by recall notices, the research offers organizations the opportunity to learn from both their successes and failures alike. Because a recall executed properly and effectively has the potential to teach problem solving and improve decision making, the case study approach benefits those seeking a generalized method from which they can pick and choose tactics that may apply to their own crisis plans.

In order to increase the reliability and validity of the study, the researchers employed the use of multiple data sources to examine key messages, effective tactics and lessons learned. Compiling generalizations regarding the type of information distributed by the media, along with key wording and messages assists readers in modifying their own recall crisis reaction plans which can save crucial time in the midst of a recall.

To further research the impact of public relations on recall strategies, a content analysis was conducted using popular media articles. LexisNexis *Academic* Power Search was used to search for articles with “mattel recall” as a search term between the dates of January 1, 2007 and January 1, 2008. Index terms “MATTEL, INC.” and “ECKERT, ROBERT A” were also specified. The Source Selected was defined as “All News (English).” As such, the yielded results of 892 articles were then narrowed down to 49 using a Publication Name filter for only those articles originating from “The Associated Press (24 hour delay)”.

Two stories that were not specific to the Mattel recall case were eliminated from the onset. In the case of duplicate stories, the article with the latest date and/or time of publication was selected. This narrowed the study results to forty. Likewise, one result

that contained only a list of recalled toys with no additional detail was excluded, reducing the story count to thirty-nine.

In an effort to increase the sample size, an additional seventeen articles were added to the content analysis phase of the research. Using the same search criteria and timeframe listed above, the category of “Magazines & Journals” was added. Containing a total of twenty-two articles, the sample was then reduced to a total of eleven through the exclusion of one duplicate article and ten articles that proved to be unrelated to the Mattel case. Six additional articles were also coded using the Publication Name “The Associated Press State & Local Wire (24 hour delay).” The search returned twenty-one articles, however, only six of which were considered relevant in that they did not present duplicate data.

Categories for the content analysis were selected using emergent coding which “establishes categories after a preliminary examination of the data based on common factors or themes that emerge from the data themselves” (Wimmer and Dominick, 159). A total of three individuals were used to code data using a single page coding tool. “Standardized sheets are usually used to ease coding. These sheets allow coders to classify the data by placing check marks or slashes in predetermined spaces (Wimmer and Dominick, 163). A number of categories were intentionally identified within the original coding sheet. “Generally, many researchers suggest that too many initial categories are preferable to too few, since it is usually easier to combine several categories than it is to subdivide a larger one after the units have been coded” (Wimmer and Dominick, 161). Each article was examined by two coders in order to increase reliability.

Coders were asked to evaluate the news articles for data such as the type of recall mentioned, sources quoted, cited causes for the recall, recall effects, public relations tactics used, and to gauge the tone of the article in relation to Mattel's image/reputation. In addition, coders were asked to document whether any previous unrelated recalls originating from China were discussed.

### *Research Questions*

The following research questions have been addressed throughout the extent of this study:

1. What best practices can public relations professionals learn regarding maintaining and improving relationships with both consumers and retailers during a recall situation?
2. Which public relations strategies and associated tactics receive the most attention from the media in the midst of a crisis?
3. Does an increase in reported public relations activities as a recall crisis develops increase perceived organizational reputation within the media?
4. Upon which negative effects of a recall are the media most likely to focus?
5. In cases where recalled products were designed and manufactured in two separate countries, does the press coverage differ between the two countries during a recall?

## Chapter 4

### Findings

#### *Case Study Findings*

A good image is a terrible thing to lose! It has been said that thirty years of hard work can be destroyed in just thirty seconds.

-Bill Patterson in *Public Relations Journal*

What is known today as the “world’s largest toy company,” the Mattel organization was founded on humble beginnings in 1945 (*Mattel, 2007, 2008*) by Ruth and Elliot Handler and Harold “Matt” Matson. Located in Southern California, Mattel originally focused on manufacturing picture frames in a garage workshop. “When the company started selling dollhouse furniture made from picture frame scraps, they realized the market potential and decided to switch to toy manufacturing” (*Public Relations Problems and Cases, 2007*).

In 1959, Mattel solidified its place as an industry leader with the introduction of the Barbie doll to the toy market. Time and time again, Barbie has popularity spanning generations, demographics and socioeconomics alike. “Throughout the decades Mattel has continued to create and market popular toys, merge with successful manufacturers, partner with children’s program companies, obtain licenses and rights to manufacture popular lines and acquire other companies” (*Public Relations Problems and Cases, 2007*). As such, the company today produces over 800 million toys each year (*Mattel Recalls 2007*). “Two thirds of these are made in China by either Mattel-owned or other contract toy manufacturers. Wal-Mart, Toys “R” Us, and Target are Mattel’s three largest

customers, accounting together for about 40% of Mattel's annual worldwide sales" (Gilbert and Wisner 2010, 34).

"Since its conception, the Mattel Company has done a lot to make sure it is considered a trustworthy company for children and the community" (*Public Relations Problems and Cases*, 2007). Using tactics ranging from the establishment of a children's charity known as the Mattel Children's Foundation to creating "a framework to ensure manufacturing would be conducted through consistent standards on a global level," Mattel has worked to create and maintain an image associated with corporate responsibility. To reinforce this, the company is committed to donating two percent of its pre-tax profits annually. In 2010, nearly \$10 million dollars worth of toys were donated to over 50 countries. Additionally, one in four employees participated in volunteer activities, helping to further "make a meaningful difference, one child at a time" (*Mattel, Inc.*, 2010).

"In the middle of year 2007, Mattel had to deal with a product crisis, the worst-ever in its history" (*Mattel*, 2007, 2008). "Over a period of 19 months in 2006 and 2007, Mattel recalled approximately 14 million toys. The company was subjected to numerous lawsuits and regulatory actions and suffered severe damage to its reputation" (Gilbert and Wisner 2010, 33). Two separate reasons existed for the recalls according to *Public Relations Problems and Cases*, however:

the fact that both recalls occurred at the same time makes this the biggest recall in the company's history. The first reason toys were recalled was because of the faulty magnets. The design of these toys included parts with high energy magnets—magnets normally used for industrial purposes—that can easily come loose. These magnets pose a threat to young children and infants who could easily ingest the parts and have them bond together along their digestive tract. If several magnets were swallowed they would pull together in the stomach and rip through

stomach tissue. The strength of the magnets combined with Mattel's poor design of the toys made these products a serious hazard for young children.

Mattel made no secret of the issue with its public and took full responsibility for the issue. "A Mattel representative testified before a U.S. Congressional Committee in 2007, stating that the problem with the small magnets embedded in some toys coming loose and subsequently being swallowed by children was fully the result Mattel's poor toy design and not due to a failure to adhere to manufacturing specifications by their Chinese contractors" (Gilbert and Wisner 2010, 35).

While the magnet related recalls managed to thrust the company into a negative light with the public and the media, the situation was far from resolved. In addition, reports were surfacing that alarmingly high levels of lead paint were present in toy shipments received from China. "New federal safety standards in the United States prohibit paint from containing more than 300 ppm [parts per million] lead. In some cases, the Mattel toys in question had surface coatings tested at more than 10,000 ppm lead" (Gilbert and Wisner 2010, 41). Dangers of elevated exposure to lead-based paint for children include serious risks such as "learning and behavior problems, slow muscle and bone growth, hearing loss, anemia, brain damage, seizures, coma, and in extreme cases, death" (*Public Relations Problems and Cases*, 2007).

According to reports, "Mattel had previously given manufacturers in China a list of eight paint suppliers that they could use, but in order to cut costs, subcontractors used unapproved suppliers. In some cases the lead content was over 180 times the legal limit" (*Public Relations Problems and Cases*, 2007). The fact that "specifications provided by Mattel to the manufacturing subcontractors were correct but were not followed by

subcontractors” presented “a very different problem”. “They didn’t perform the testing they should have, and the audit we performed didn’t catch it” (Gilbert and Wisner 2010, 41).

“The business relationship between Mattel and China seemed to be a text-book partnership that started over 25 years ago. Mattel currently does 65 percent of their manufacturing in China, and before this recall was a company others wanted to model in terms of their global manufacturing. Mattel has been criticized for placing too much confidence in their relationship with China and slacking on quality checks at the manufacturing sites” (*Public Relations Problems and Cases*, 2007).

### *Defining a Crisis*

“Crisis management is a business plan of action that is implemented quickly when a negative situation occurs. The Institute for Crisis Management defines a business crisis as a problem that: 1) disrupts the way an organization conducts business and 2) attracts significant new media coverage and/or public scrutiny. Typically, these crises have the capacity to visit negative financial, legal, political, or governmental repercussions on the company, especially if they are not dealt with in a prompt and effective manner” (Hillstrom and Hillstrom, 279).

Prior to the creation and implementation of a crisis management plan, one should be familiar with the difference between a crisis and an incident. “A crisis can be defined as ‘an unpredictable, major threat that can have a negative effect on the organization, industry, or stakeholders’ (Coombs, 217). Likewise, Coombs claims that there are three features that distinguish the nature of a crisis. “First, a crisis cannot be predicted but it

can be expected. Crisis managers know a crisis will hit but cannot say exactly when” (Coombs, 217). On any given day, there could be literally hundreds of realistic threats existing for an organization. By attempting to plan ahead and foresee some of these crises and their respective implications, public relations professionals are provided with ample time and opportunity to react and formulate potential key messages.

In Mattel’s case, the organization benefited from having crisis management materials created ahead of time in regards to recalled toys. Luckily, the nature of both recalls would have easily been anticipated due to the likelihood of human error in design and China’s unrelated but recently reported recalls. “China has had numerous problems with the quality and standards of the products manufactured within the country. Pet food, toothpaste, seafood, tires, and toys are some of the products that had to be recalled from homes in the United States because of serious—and possibly deadly—manufacturing errors” (*Public Relations Problems and Cases*, 2007).

Also foreseeable as potential crisis situations are design flaws of the products themselves. “Even though a design engineer cannot know which parents will purchase toys, or which children will play with them, the engineer can reasonably foresee the harm from easily detachable and hazardous parts in toys designed for young children” (*Public Relations Problems and Cases*, 2007). The fact of the matter is that “children have a right to be safe from injury when they play with toys. Parents have the first duty to assure their safety, but most parents are not capable of judging the safety or danger of a toy designed for their child” (Gilbert and Wisner 2010, 41).

“When Mattel realized their company was facing a very serious problem, they first contacted the federal agency that oversees toy problems and product safety. Then

they opened their 100 page crisis plan” (*Public Relations Problems and Cases*, 2007).

With the advantage of an existing crisis plan, the team was afforded the opportunity to jump into action and avoid delays that could have been viewed negatively by the public and the media. “When federal officials announced the first Mattel recall, 16 public relations personnel immediately called reporters at the top 40 media outlets. They sent out emails with a recall press release, told reporters about a teleconference with executives, and allowed the media to schedule TV appearances or phone conversations with top personnel at Mattel” (*Public Relations Problems and Cases*, 2007).

Best practice in the midst of a crisis dictates that an organization’s reputation will sustain the least amount of damage by “swiftly recalling the product, cooperating fully with regulators, and communicating openly about the issue” (Vogel, 2009). And this is exactly what Mattel did. “The day of the recall, Robert Eckert, the CEO of Mattel, did 14 interviews on television and took 20 calls from reporters. Mattel answered over 300 media requests in the United States by the end of the week. The company took out full page ads in the New York Times and the Wall Street Journal as well” (*Public Relations Problems and Cases*, 2007).

“Second, a major threat has the potential to disrupt organizational operations in some way. A crisis might close a production line or require inventorying the return of defective products. This does not mean operations are always disrupted, just that the potential exists. Quick actions by the crisis management team can prevent the crisis from fulfilling its disruptive potential” (Coombs, 217). “The cost of a recall varies widely by industry and product type” (Williams, 2010).

Unfortunately for Mattel, a perfect storm was created when their prominent company was thrust in the midst of multiple large scale recalls. “The fact that the company name and the individual toys are so widely recognized means that bad news about the company impacts customer opinion and sales of all their products” (Gilbert and Wisner 2010, 34). “In total, Mattel spent more than 50,000 labor hours investigating the toy recalls. By the middle of 2007, Mattel had spent an estimated \$40 million on product recall-related activities and the impact from the 2006 and 2007 toy recalls reduced gross profits in 2007 by an estimated \$71 million” (Gilbert and Wisner 2010, 34).

Lastly, “the crisis can threaten the organization, the industry, or the stakeholders. The crisis can harm any or all three of these entities” (Coombs, 217). A situation which did not meet the above criteria could be classified as a smaller problem known as an incident. “Incidents are fairly easy to cope with and will not disrupt the organizational routine” (Coombs, 217). While an incident could still cause negative publicity for the organization, the potential harm would be far less severe than that expected to be created at the hands of a crisis.

### *Mattel's Crisis Management*

In his writing, Coombs asserts that “crisis management is often mistakenly equated with having a crisis management plan” (Coombs, 217). It is important to recognize, however, that a plan in and of itself is simply not sufficient when taking into consideration the many layers in which practitioners must be involved in crisis communications. “Crisis management is a complex set of factors that unfold in four stages: prevention, preparation, response, and learning” (Coombs, 217). As such, it is

clear that the majority of these steps occur either before or after the event, meaning that practitioners who effectively practice the full realm of crisis management, rather than simply a response tactic, would be more proactive in their approach and would work based upon past lessons learned.

### *Prevention*

Best practice suggests that organizations should invest resources routinely in order to prevent the number of incidents or crises that could potentially harm the business. In minimizing any potential threats, one would naturally limit any of these threats from escalating to crisis status. “Prevention involves attempts to identify and mitigate the risks. Identification involves locating potential sources of risk that could trigger crisis. Mitigation tries to eliminate or reduce the risks. Some risks can be eliminated. Most risks cannot be eliminated” (Coombs, 218). For instance, an organization can work to reduce errors on the part of its employees, but it cannot completely eliminate the threat. In the wake of the recalls, Mattel sought to improve the production process and reduce the room for manufacturing errors. The organization claimed “that although they have very high standards and thorough quality and safety testing procedures, “no system can be perfect” (*Public Relations Problems and Cases*, 2007).

While Mattel did have a safety system in place with well defined expectations of quality, the system as a whole proved to be broken. “When contracting with manufacturers, Mattel specifies quality control checks that must be followed; these steps were not followed by Early Light or its contract manufacturers regarding paint quality”

(Gilbert and Wisner, 35). To combat this, the company created a new plan as detailed below by Mattel CEO Robert Eckert:

We have implemented a strengthened three-stage safety check system to prevent lead in paint. First, we require that only paint from certified suppliers be used and that every single batch of paint at every single vendor be tested. If it doesn't pass, it doesn't get used. *No exception.* Second, we have significantly increased testing and unannounced inspections at every stage of the production process. Finally, finished toys from every production run must be tested for lead to ensure they are safe before reaching store shelves.

What set this new, improved plan apart from past practices? Accountability. Although the toys involved in the lead-based paint related recalls were in the minority of the toys recalled, this was a step in the right direction. It was also a much needed tactic aimed at mending their strained relationship with China. According to Chinese product safety chief, Li Changjiang, "Mattel should value our cooperation. I really hope that Mattel can learn lessons and gain experience from these incidents, [and they should] improve their control measures" (*Public Relations Problems and Cases*, 2007).

"Training and monitoring can be used to reduce the risks that cannot be eliminated. Prevention and mitigation reinforce the need for crisis management. Managers begin to realize what can go wrong in their organization and that they cannot stop many of the risks" (Coombs, 218). It is this type of security that keeps crisis management at the forefront of successful companies. Those who choose to take such proactive measures are afforded with generous time and planning to not only reduce the risks that could potentially harm their operations and reputation, but to improve daily work conditions that otherwise may have gone unnoticed. While this stage mainly relies on the hands of supervisors and management, it is a critical first step in the crisis management process that organizations cannot afford to bypass.

### *Preparation*

“Preparation means the organization is getting ready for a crisis because management realizes one might occur. Preparation is what many people in organizations think about when the term crisis management is used. The essential elements of preparation are a crisis management plan (CMP), a crisis management team, and practicing the crisis management plan” (Coombs, 218). Buy in from top executives and management alike is necessary for the preparation stage to be effective. Unfortunately, some practitioners may have difficulty communicating this necessity and often their warnings go unheeded. “For many executives, a crisis is something that happens to someone else. It is a distant thought that can quickly be relegated to the back of the mind, replaced by concern for profit and productivity.’ But business owners and managers who choose to put off assembling a CMP do so at a significant risk. Indeed, the hours and days immediately following the eruption of a crisis are often the most important in shaping public perception of the event” (Hillstrom and Hillstrom, 280-281).

Armed with a crisis management plan, organizations are not left to scramble under pressure in the midst of a crisis. Rather, a crisis management plan provides an outline for expectations during the response stage. “The value of the crisis management plan lies in the pre-assignment of responsibilities and pre-collection of critical information. Time is saved during a crisis when people already know what they are supposed to do. Time is not lost deciding who should do what. Critical contact names and methods of contact have been collected so that time is not lost later on” (Coombs, 218). Mattel VP of corporate communications Marie Bongiovanni is a supporter stating,

“When Jules and I started working at Mattel nine years ago, they didn’t have one, but we put one together. That was the backbone of our plan” (*PR News*, 2009).

While planning is highly recommended prior to crisis emergence, practitioners should be cautioned that it is possible in this case to have too much of a good thing. Plans that are too detailed or too rigid can rarely be adapted to address any contingencies that might arise. Flexibility is key given that no amount of pre-crisis preparation and prevention can identify each and every contingency. A plan that is unable to adapt will essentially render itself useless and leave team members overconfident when, in fact, they will find themselves starting from square one. Mattel’s one hundred page crisis plan proved most useful when crisis struck. The existence of document already formulated for their staff and products allowed the public relations team to spring into immediate action from both an operations and a communications standpoint.

*Preparation: The Vulnerability Audit*

“A severely neglected aspect of crisis communications is crisis prevention. Prior to suffering their first major crisis, few organizations invest the time necessary to take a hard look at their own vulnerabilities except in the context of legally required risk management. A vulnerability audit is a thorough self-inspection designed to identify potential crises before they occur and pave the way for the creation of a crisis communications plan which will allow an organization to avoid, or at least minimize, the negative impact of such crises” (Bernstein 2000, Know). During this step, management should find themselves revisiting the threats previously identified in the prevention stage. Done correctly, this process benefits companies by preventing crises before they happen,

dramatically enhancing crisis response time, correcting operational weaknesses, and reducing the cost of crises” (Bernstein 2000, Know).

In his article, Jonathan Bernstein asserts, “less than five percent of businesses I’ve encountered have undergone the crisis vulnerability audit and crisis plan creation process” (Bernstein 2000, Know). Knowing that this tool has so many proven benefits, it is surprising that to find that it is undervalued and underutilized. This fact, however, does suggest that businesses that are able to successfully complete and utilize a vulnerability audit will have an advantage against their competitors who choose not to partake in such a practice.

To begin the vulnerability audit, practitioners should engage with people “in key information flow positions. Senior executives are not always aware of all of the circumstances which can lead to the birth of a crisis” (Bernstein 2000, Know). Bernstein suggests that interviews be conducted with both blue collar and white collar workers at “various echelons of the company” with a minimum of twenty interviews. In order to accurately gauge the audit and ensure honest responses, participants must be assured that under no circumstances will senior management be told specifics of “who said what”.

“Information gleaned during the interview process includes (1) potentially harmful trends (facts or perceptions reported by multiple sources); (2) significant inconsistencies between answers from different subjects; (3) non-verbal cues that there may be something amiss in certain areas, which then prompts further questioning; and, (4) consensus opinion regarding the probability of certain types of crises” (Bernstein 2000, Know). Using these reports, practitioners should be able to recognize “operational and communications weaknesses which could cause or contribute to a crisis. Every

organization is vulnerable to certain types of crises inherent in the nature of its business, plus others inherent, perhaps, in the nature of its particular style of operating.

Additionally, the vulnerability audit has been known to reveal ‘skeletons’ of which senior management may not have been aware” (Bernstein 2000, Know). Whether it is a shortage of fax machines that might hinder the communication process in the midst of a crisis or identifying an employee who has the potential to cause problems, the thoughts and feedback of many provide a platform in which numerous issues, both obvious and less obvious, are identified and actual crisis scenarios can be anticipated.

Once the results of the audit have been analyzed, the results should be reported both verbally and in writing. This report should include any recommendations gleaned from the audit “which can optimize crisis prevention and response” (Bernstein 2000, Know). In addition to recommended improvements, the audit findings “will lead to a list of ‘most likely’ scenarios with which the client may have to deal in the future. At the in-person presentation of audit results, that list is finalized (which often results in deletion or addition of some scenarios) and then the management team brainstorms both general and audience specific key messages for each scenario” (Bernstein 2000, Know).

For a company as notable as Mattel with infinitely changing product designs, millions of toys produced yearly and a large volume of staff, the vulnerability audit is a crucial step that should not be overlooked. In conducting this practice on a routine basis using the necessary time and resources, Mattel would be provided with information necessary to update the crisis management plan and assure the document was as relevant as possible at any given time. Without doing so, many of the smoldering issues with potential to grow into crisis would likely be overlooked with no regard.

*Preparation: The Crisis Management Team*

“All businesses are vulnerable to crises. You can’t serve any population without being subjected to situations involving lawsuits, accusations of impropriety, sudden changes in company ownership or management, and other volatile situations on which your audiences—and the media which serve them—often focus” (Bernstein 2000, Making). Because of this, it is vital that the organization appoint a predetermined crisis management team of “those people who will enact the crisis management plan and address the crisis. The crisis management team is cross-functional, meaning it is composed of people from different sectors of the organization” (Coombs, 218).

As such, it can be expected that the team will have an appropriate combination of skill sets and knowledge for addressing the crisis. According to Coombs, the typical crisis management team includes representatives from legal for decreasing legal liabilities, operations personnel who are familiar with the details of production, public relations who are valued for their media skills, facilities for knowledge regarding facility layout or structure and security since they “are often the first to learn of a crisis and to reach the crisis scene. They may have firsthand information about the event. Security must also coordinate its efforts with emergency first responders such as fire and medical teams” (Coombs, 218).

“To begin the critical process of communicating with stakeholders and protecting its reputation in the face of adversity, Mattel executives teamed up with agency-of-record Weber Shandwick” (*PR News*, 2009). Working in conjunction with Mattel’s “in-house communications staff of seven,” “face-to-face meetings in the local L.A. office, coupled

with regular conference calls, were essential to fulfilling expectations” throughout this “evolving relationship” (*PR News*, 2009).

*Preparation: The Crisis Management Plan*

“If you’re expecting something serious to come down, you need to have a plan in place so you’re not caught scrambling around with the Yellow Pages” (Davis, 2002). In creating the crisis management plan, it is crucial that, as previously mentioned, the document must remain flexible in nature in order to be applicable to as many scenarios as possible. “A plan like this can be simple—as simple as identifying the attorneys and other professionals with whom you will interact during a crisis, and knowing where to reach them at night and over the weekend. That could also include executives within your own company. Crisis invariably strikes at 5 p.m. on a Friday” (Klein, 21).

“The first component of an effective crisis management plan is a collection of phone numbers” (Davis, 2002). Specifically, the plan should be certain to “include the names of members of the crisis management team and their contact information” (Coombs, 218). At Mattel, the “contact list is updated several times a year” (*PR News*, 2009). “You need to know who in your company to go to get information from. If you don’t know who to call, you’re going to waste precious time,” says Bongiovanni (*PR News*, 2009).

Also important to include are “forms to remind crisis team members of what to do, such as ‘logging’ and responding to outside inquiries about the crisis or documenting actions taken to address the crisis” (Coombs, 218). Compiling this information ahead of time ensures that all details are easily accessible in one place and that the team does not

mistakenly miss the opportunity to document the situation thoroughly, therefore resulting in a more effective response to the crisis.

Other questions that should be addressed within the document include “some of the things you’d need to describe in terms of your response in a crisis” such as “Who handles calls from the press? Is your receptionist going to be the public face of your company? Do your law firm and your PR firm know your company well? Do they know each other? They should at least have met each other and know your company well enough to advise you in a crisis situation” (Klein, 21). When it comes to selecting a company spokesperson, it is preferable that this step be completed as far in advance of a crisis as possible. In doing so, the spokesperson is afforded the time and opportunity to complete the appropriate media training. Companies should be certain to “pick someone who is cool under pressure, credible, good on camera and adept at presenting a positive image for your business” (Hillstrom and Hillstrom, 281).

Also to be included, the public relations team should “prepare positive messages about their operations that can be disseminated to media contacts in the event of a crisis. These messages may include any points you want the public to keep in mind during the negative publicity, such as an impressive safety or environmental record” (Hillstrom and Hillstrom, 281). Multiple messages should be available in order to fit as many scenarios as possible so that the crisis management team will have additional time to respond after the initial positive message is released. Messages can be shaped using the most likely to emerge crisis scenarios found during the vulnerability audit.

Because it is a living document, “a crisis management plan should be revised at least once a year. During the course of the year, the composition of the team may change,

key contacts may change jobs, and the crisis vulnerability may change. An out of date plan is of no value because the advantages derived from saving time are lost” (Coombs, 218). Coombs further asserts that “having a crisis management plan and a crisis management team is pointless if the two are never tested”.

“Only by practicing a crisis management plan can management be sure that there are no large holes in the plan (e.g., important contacts were not included), there are no mistakes in the plan (e.g., a wrong phone number or radio frequency), and that the crisis management team members can work together effectively” (Coombs, 219). In a report from *PR Newswire*, it was found that a mere fifty-four percent of respondents polled had tested their call tree in the past six months, only thirteen percent had tested their call tree sometime in the past year and twenty-five percent had never tested their call tree” (*PR Newswire*, 2005). It is essential that any organization serious about responding quickly and effectively to crisis test the call tree at least one to two times per year. Leadership support for this simple step should be high considering that it could prove invaluable in the long run while taking the least amount of time to finance and execute.

Performing a crisis simulation would allow the company to test both the plan and the team for any weaknesses prior to it being engaged. This drill would theoretically also identify any team members who are unable to perform under the stress of a crisis and need to be replaced. By routinely practicing the crisis simulation, modifications can be tested and any new team members are able to quickly adapt to their role. While the benefits of crisis drills are clearly defined for those in public relations, leadership support for this process is absolutely necessary in order to maintain an effective team and crisis management plan and justify the time taken from staffing in order to perform practice

drills. “Practice is costly because people must take a day or two away from their jobs to be part of a crisis management test. However, without testing, an organization does not know if it has a functional crisis management plan or a functional crisis management team” (Coombs, 219).

### *Response*

“Response is the actual reaction once a crisis does hit. The response encompasses what the crisis management team says and does to handle the crisis” (Coombs, 219). As previously mentioned, practice prior to crisis eruption ensures that the previously outlined plan will be carried out effectively and with fewer flaws. Perhaps most crucial to this step, crisis management teams must act quickly and proactively in their response tactics. Initial communication with the media and the public should be stated in an appropriate tone with key messaging in place that would not require later backtracking of statements. “In the throes of a crisis, effective communication is crucial to a favorable public perception. Actions taken by a communicator during the first moments of a crisis can affect perceptions of an individual or company well after the crisis is resolved” (Hillstrom and Hillstrom, 281).

“When a crisis hits, an information vacuum is created. Stakeholders and people in the organization do not know what happened but want to know” (Coombs, 219). In this case, the crisis management team works to gather the necessary details such as “what happened, what was the cause, who was or might be affected, where did it occur, and how much damage was sustained” in order to distribute the appropriate facts to stakeholders (Coombs, 219). Because many stakeholders will take it upon themselves to

contact the organization for this information, it is important that the team works quickly in anticipating this and releasing a statement.

*Response: Spokespersons*

“The absolute first rule is to restrict who can speak to the press and in what circumstances—and to communicate these directives to the entire staff, not just the lawyers. Not only can this save the firm potential embarrassment, but it will also safeguard against ethics violations” (Davis, 2002). Despite the fact that there is likely more than one member of the crisis management team, only one spokesperson should be chosen to speak with the media. “Only one story must come from the company, and it must always be consistent. When you have several people talking to the media during a crisis, several versions of what happened usually end up in the media. This confuses the public, often leading them to believe what you are saying is untrue” (Hillstrom and Hillstrom, 280-281).

While the company spokesperson would be the only officially authorized staff to communicate with the media, “that doesn’t prevent your secretary, an intern or a junior executive from giving their version of the facts to family members, friends, PTA members, golfing buddies and anyone else they know” (Bernstein 1999, Inside). It is not unusual for employees to be less informed than a public stakeholder which is unfortunate. “Internal audiences are as important, if not more, than external audiences during a crisis, and yet those who aren’t actually on the crisis response team often receive the least consideration when stuff hits the fan” (Bernstein 1999, Inside).

Because of their affiliation with the organization, these people are likely to be asked questions by outsiders regarding the crisis. Bernstein recommends four tips for organizations in need of internal communication in the midst of a crisis. Failure to do so, he asserts, will undermine any external strategy and prevent key messaging from reaching its potential longevity and intended audience.

First, “develop one to three key messages about the situation that are simple enough for everyone to understand, remember and use in their day-to-day affairs” (Bernstein 1999, Inside). When Domino’s was showered with negative backlash after a video of two employees contaminating food was posted on YouTube, the company turned to social media to remedy the situation. In addition to creating their own Twitter account and YouTube video response, the company “asked its employees to use their own Twitter accounts to tweet a link to it, which helped the company get its side of the story out” (Rugless, 17). In this case, informed employees were able to lend a hand to the company and the situation was quickly resolved because of it.

Secondly, the crisis communication team should “brief all employees in person about what’s happening and keep them informed on a regular basis” (Bernstein 1999, Inside). While it is possible to inform employees via written word, verbal methods are more effective at communicating that the company cares about its employees. Likewise, creating a “rumor-control system” provides a platform in which employees can “ask questions and get rapid responses. And it’s important to also have an anonymous means of asking questions, such as a locked drop box, combined with a bulletin board for answers” (Bernstein 1999, Inside).

You can designate certain trusted individuals (white and blue collar) as ‘rumor control reps’ who field questions and then obtain answers from someone on the crisis response team” (Hillstrom and Hillstrom, 281). Maintaining open communication with internal audiences and decreasing the risk of rumor circulation further enhances the response and maintains a solid key messaging system. “Projecting a consistent message should also be a vital component of a firm’s communication strategy. This allows a firm to seem cohesive while limiting the amount and type of information entering the public domain. ‘If reporters know they won’t get a different answer by going up the firm ladder, you will create a climate where they will rely on you for information rather than going to other firm sources” (Davis, 2002).

Lastly, taking the time to “identify your best ‘unofficial spokespersons’ and your ‘loose cannons’” can pay off for practitioners (Bernstein 1999, Inside). Loyal employees who are admired by their coworkers and are level-headed enough “to know when to speak and when to keep their mouths shut” make great unofficial spokespersons because “if they feel that they’re receiving accurate information and being cared for, they’ll pass that feeling on to others along with the key messages you’ve shared” (Bernstein 1999, Inside). On the other hand, loose cannons are often the staff whose feelings hinder them from making appropriate comments. Whether they are “disgruntled, disloyal or zealously loyal,” they tend to communicate rumors and innuendo rather than key messages that advance the crisis management plan (Bernstein 1999, Inside). Bernstein recommends that, once identified, loose cannons are either counseled about communicating appropriately or isolated from information that is sensitive in nature.

“In crisis situations, employees can very often make the most effective brand ambassadors. At Mattel, the company CEO constantly kept staffers regularly apprised of goings-on during the toy recalls” (*PR News*, 2009). According to Jules Andres, Mattel corporate communications director, “He kept people in the loop. He was sending out emails. Our employees probably own more Mattel toys than the average consumer. They want to know what’s going on” (*PR News*, 2009).

In Mattel’s case, CEO Robert Eckert was chosen as the company spokesperson. In this role, he was charged with emphasizing “his concern vis-à-vis the toy recalls as both a parent and an industry leader” (*PR News*, 2009). “As a father of four, I am intimately aware of the expectations of parents—they want safe toys, and they want assurance that those toys have been tested to make sure they’re safe” (Muhammad, 8). “It is my sincere pledge that we will face this challenge with integrity and reaffirm that we will do the right thing. We will embrace this test of our company and the opportunity to become better” (Muhammad, 10).

Above all, the goal should be to “communicate quickly and transparently to your target audience. Parents wanted to know from leadership what we were going to do to solve [the] crisis. It was fast moving communication from the top,” said Bongiovanni (*PR News*, 2009). Using Eckert as the face of the company, Mattel managed to bring a sense of concern and humanity to communication efforts. According to Gilbert and Wisner:

Issues such as loose magnets or excessive lead paint in toys lend themselves to sensationalism. It is easy to summarize the result as huge, careless, greedy corporations making profits at the expense of injured children and their distraught parents. Almost any product failure can be cast in this light, if the villain is a large company and the victim is sympathetic. The reality of these situations is much

more complex. At least some of Mattel's executives and product designers and quality control inspectors have children. More than likely, these children play with Mattel toys. The executives and product designers and quality control inspectors are normal individuals. It is likely that none of them would aspire or admit to being unethical and proud of it.

Thanks to successful messaging combined with Eckert's ability to connect with the public and media using an open transparency, "Mattel had been judged by its response to the safety issues instead of the issues themselves" (*PR News*, 2009).

*Response: Dealing with the Media*

"Perception is truth and even though most executives don't like it, the media establishes the perception of your organization" (Hillstrom and Hillstrom, 281).

Unfortunately, because the media has the ultimate say in what is reported during the midst of a crisis, practitioners should familiarize themselves with best practices when working with journalists. "There are two things you should not assume on the part of any journalist-knowledge and perspective. Do not assume they know the facts. Tell them the facts. And if they know the facts, do not assume they know what the facts add up to" (Hillstrom and Hillstrom, 281).

One strategy that can be useful to an organization prior to a crisis is media training. "Playing with the media is a game you can't afford to lose. At worst, your reputation's at stake. At best, you forfeit a chance to build important relationships which can benefit you, your firm and your clients. Reporters may make the rules, but media training helps you to learn to play the game to your advantage" (Bernstein 1999, Learning). As another step in preparation for a crisis, media training familiarizes a practitioner or spokesperson with the basics of interviewing such as how to prepare,

getting across key messages, personalized training on how to improve skills and standard media rules to follow. By videotaping the trainee in a series of mock interviews and studying the playback, feedback can be given that will ensure more effective interview communication.

“Media training teaches you to let your agenda direct an interview in a manner that still gives a reporter what he or she is looking for—newsworthy information—while reducing the chances of inaccurate facts and quotes being used. You can eliminate inaccurate quotes by not giving the interview. Then the reporter just gets quotes from someone else, facts from less-accurate sources and directly or indirectly implies that you’re hiding something” (Bernstein 1999, Learning).

Simply stating that the company has “no comment” may appear as an easy solution when the media becomes overwhelming, however, this typically translates to “I’ve done something wrong and don’t want to talk about it” (Bernstein 1999, Trial). “Saying ‘no comment’ is the worst thing you can say to the press. It’s just as easy to say, ‘We are aware of the problem, we apologize for any harm we’ve caused, and we’re taking steps to rectify it’” (Klein, 21). The statement may not be extremely forthcoming with information, however, it sends a much more sympathetic message than a harsh, “no comment” implies.

In the case where the media seemingly ignores the facts provided by the spokesperson or repeatedly misquotes a reputable source, one option the organization can utilize is the strategy of placing an advertorial via print or air time. Studies have found that despite the “advertising” wording within the advertorial, the public reads them “as readily as they do the news coverage. And *you* control the message. By simply increasing

the positive and accurate DIRECT communication with key audience members about a crisis situation you balance out the inaccurate negativity in the press” (Bernstein 2000, Media).

According to *PR News*, Mattel also recommends the use of:

various vehicles to convey messaging. In addition to social media the Web, the Mattel team also relied on traditional methodologies such as audio conferencing, often utilized during a product launch, to answer questions about the company’s response to the recalls. Because Mattel’s CEO was not able to talk to every reporter, audio conferencing was used to tape a press conference between Mattel’s CEO and the media. Reporters who missed the conference were given a ‘replay number’ to call and listen to it. The audio was also posted on the company Web site.

Additionally, social media use allowed the company to reach their global stakeholders, regardless of their location or time zone:

In this 24/7 Web 3.0 universe, this tenet is critical to crisis communication and management. “I think this is why our Web communication was so successful,” Andres says. “We took three different videos of our CEO talking to consumers [about the recalls] and posted them on our site. I think people really appreciated that. They wanted to feel that connection with us.”

### *Post Crisis: Lessons Learned*

“Experts agree that the best learning experience for crisis management is a real crisis. Therefore, an organization must do all it can to learn from its own crisis experience” (Coombs, 220). Using a postmortem, a study is conducted to evaluate the actions of the crisis management team. “Postmortems are stressful because people fear management is looking for a scapegoat. It is critical that postmortems are not a search for blame but a search for information” (Coombs, 220). Using these results, the team should be critiqued on its strengths and weaknesses and use this information to modify their next

mock crisis and improve performance. The postmortem analysis itself should be stored away for future reference where it can be retrieved as necessary.

“The crisis management process is actually a circle. Learning can inform any of the other three stages. Lessons from the crisis may help in prevention (e.g., how to reduce some risks), preparation (e.g., how to improve the crisis management plan), or response (e.g., how better to deal with the news media)” (Coombs, 220). Understanding that crisis management does not simply mean creating a plan or a phone list in an emergency is necessary for an organization who wishes to be taken seriously in the midst of a crisis. Enlisting the support of top executives, management and employees alike, practitioners are able to create and maintain a well rounded process that would “monitor risks that could become crises, revise existing procedures, and practice current crisis management plans with crisis management teams” (Coombs, 221).

One of the key lessons learned by Mattel surfaced as a best practice tactic. “Act responsibly when the crisis situation erupts. By doing this, you are inspiring and maintaining the confidence of two very important constituent bases—consumers and stakeholders. ‘This can be a little scary and painful, admits Bongiovanni, ‘but it’s doing the right thing every time” (*PR News*, 2009). By communicating in an open, honest, prompt and proactive manner, organizations are afforded the ability to change public perceptions of their company with their response and messaging tactics.

It is evident that the benefits related to conducting this process greatly outweigh the time and resources dedicated to rehearsing and perfecting performance. The inevitable nature of a crisis itself and the intensely growing availability of information via print, television and social media strengthen the need for crisis management. Using this

platform, public relations professionals have the ability to prove their worth and skills to various audiences while helping businesses maintain reputation and profit alike. As best practices continue to surface and are routinely tested, crisis management will remain in the forefront as a crucial service, without which an organization could not survive.

### *Content Analysis Findings*

Based on the recommendations of Wimmer and Dominick, multistage sampling was utilized completing a content analysis (Wimmer and Dominick, 156). Consequently, the first step was to “take a sampling of content sources” followed by the next step of narrowing results by selecting a date range (Wimmer and Dominick, 157). The sample size of fifty-six results has proven to be adequate in regards to media content analysis. In past research, “Stempel (1952) drew separate samples of 6, 12, 18, 24, and 48 issues of a newspaper and compared the average content of each sample size in a single subject category against the total for the entire year. He found that each of the five sample sizes was adequate and that increasing the sample beyond 12 issues did not significantly improve sampling accuracy” (Wimmer and Dominick, 157).

Of the fifty-six articles that were analyzed, twenty-four strictly referenced the lead paint recalls, one was written in regards to the magnet recalls and thirty-one articles mentioned both the lead paint and the magnet recalls within the context. Forty-six articles suggested China was responsible for the recalls, one blamed Mattel’s design flaw, five attributed faults to both China and Mattel and four articles did not address a cause for the recall. Previous recalls of products originating from China, including dog food, toothpaste and toys, were referred to in twenty of the fifty-six articles. Twelve articles did

not include any direct quotations, while eleven quoted Eckert, thirty quoted a source other than Eckert and three quoted both Eckert and at least one other source.

Reported effects of the recalls were revisited throughout the analysis. Seventeen articles addressed the profit drops experienced by Mattel. Two-thirds of the articles, thirty-seven, mentioned the fact that there were multiple recalls. Six articles cited injury statistics, eight did not allude to any effects for Mattel and eight were categorized as other in which they referenced a lawsuit or projected price increases. Allegations of Mattel delaying their report of the recalls to CPSC were addressed in nine of the stories.

Mattel's public relations and operational strategies showed a more diverse range of mention. The apology Mattel extended to China was only cited in four articles, although their public apology received more recognition and was addressed in seven of the articles coded. The full page ad that was utilized to reach the public was pointed out in seven articles. The authors wrote about the conference calls intended for the media a mere four times. Customer surveys that were conducted received no mention throughout the sample. Increased safety was discussed to the greatest extent, totaling seventeen instances. Strategies to provide replacement products were written about in five articles, while corporate responsibility was only remarked upon in a staggering three stories. Seven tactics were addressed within the category of other, defined as a consumer call center, a recall website, refunds and press releases. Twenty-one of the sampled items did not include any reference to tactics or strategies that were utilized.

## Chapter 5

### Summary and Conclusion

It is important to note that approximately one third of the articles analyzed were unable to be classified for connotation of tone due to disagreement between coders. Future research into this potential trend would provide useful insight into the study of public relations. Because the perceived tone is subjective in nature, it is crucial that the coding terms are described to the fullest extent possible. Although this study's results are relevant with a reliability of eighty-one percent using Holsti's intercoder reliability formula, the data suggests that this study lacked a strong classification at the onset, hindering the ability to draw more solid conclusions in this category. The statistic of eighty-one percent was not altered with the addition of seventeen articles lending credibility to Stempel's theory that media content analysis is unlikely to vary based on a sample size greater than twelve items.

Perhaps one of the most interesting observations of this research is in regards to the magnet recalls. While "85 percent of all the toys recalled were the ones with the design flaw-not the lead-based paint," the vast majority of articles analyzed focused their efforts in writing on the paint (*Public Relations Problems and Cases*, 2007). Granted, numerically, there were more lead based paint recalls in total, however, the fact that Mattel's design flaw was perceived as a cause in a mere six articles is astounding. Had the media focused more upon the fact that Mattel's human error in creating the product was to blame for all of the reported injuries and all but fifteen percent of the total volume recalled, Mattel's corporate reputation could have been greatly damaged. Instead, the

focus shifted to China as a scapegoat and China's reputation as a manufacturing entity ultimately took the hit.

Unsurprisingly, Mattel's efforts to increase safety, including their new three point safety check system, were the tactics referenced to the most throughout the sample. While many of the other tactics employed seemed to fade in usage as time progressed, safety improvements proved to be longitudinal as a recurring theme. It is interesting to note, however, that Mattel's efforts to improve processes and prevent recalls of this size and nature in the future resulted in the creation of a corporate responsibility division within the organization, however there were only three mentions of all fifty-six articles in which any type of corporate responsibility was even cited. Prior to this research, one might have assumed this strategy would draw considerable attention and praise from both the public and the media.

It appears in this case, the best practice public relations professionals can learn regarding maintaining and improving relationships with both consumers and retailers is to focus efforts on eliminating the source of the perceived problem. Insufficient safety, whether in regards to design or a lack of quality controls, was essentially responsible for the errors causing the recalls. By improving processes and decreasing the potential for error, Mattel succeeded in answering the call for action and reassuring their consumers and retailers. As such, they were able to continue to maintain business operations with only a slight decrease in profits at the onset of the recall crisis. Their dedication to the stakeholders was readily illustrated by their swift actions and efforts at improvement.

The public relations strategy receiving the most attention from the media in the midst of the crisis was the improvement of safety strategies. Although not closely, this

tactic was followed with a tie between Mattel's apology to their public and the full page advertisement. Although appreciated by media sources and viewed as highly successful, the conference calls intended for journalist questions and concerns were addressed in less than ten percent of the sampled articles. Some of the least amount of attention was dedicated to Mattel's apology to China in which the company took blame for the recalls as well as their efforts to create an environment of corporate responsibility. Both tactics only called attention in seven and five percent of the research, respectively.

The study suggested no correlation between the perceived reputation of the organization and an increase in reader exposure to public relations activities throughout time. The month of August boasted the greatest number of tactics listed (thirty-six) although it also had the highest reported instance of articles with a perceived negative tone, coded at eight articles (thirty-one percent). September showcased another twenty-three tactics and reduced the negative perception articles to four (twenty-four percent). October included sixteen tactics and hosted four articles (thirty-three percent) with a negative tone.

The recurring negative effect on which the media placed the most focus was the fact that Mattel had issued multiple recalls. Sixty-six percent of the stories included reference to the fact that recalls had taken place on a repeated basis due to one issue or another. Unfortunately for Mattel, this meant that readers were being inundated with constant reminders that there had not only been one recall, but many. Thirty percent included references to Mattel's decrease in profits, reminding stakeholders of the financial affect the organization was facing as a result. Interestingly, a mere eleven

percent of the items addressed injuries which could perhaps be attributed to the fact that physical harm to consumers in this case was minimal.

Using the thirty-five articles that coders agreed upon in terms of perceived tone, the results suggested no increase in negative articles the further the dateline was from Mattel's headquarters. New York, Los Angeles and Beijing all had two articles classified as negative, lending no credence to the notion that articles stemming from China would portray Mattel in a more negative light. Again, these results could differ if conducted in future research based on the fact that twenty-one articles were unable to be classified due to differences in coding.

### *Limitations*

While generalizations can be drawn from the Mattel case, it is difficult to conduct a content analysis based upon inconsistencies within the recall timeline. Depending on the source, dates and recall totals appear to vary. In addition, skeptics believe that Mattel may have illegally delayed reporting the initial recall to the CPSC, however there is limited data in the media regarding this suggestion. According to regulations, "companies must report a defect/recall within 24 hours of discovery" (*Mattel Recalls*, 2007). The *Wall Street Journal* reports that "in at least three major cases since the late 1990s, including last month's recall of nearly 18 million play sets studded with potentially dangerous magnets, took months to gather information and report it to the agency. Since 2001, the CPSC has twice fined the world's largest toymaker for 'knowingly' withholding information regarding potentially hazardous problems with its products" (*CNNMoney.com*, 2007). In June of 2009, Mattel was ruled to pay \$2.3 million dollars in

a civil suit penalty for selling over 900,000 toys and importing 1.1 million products containing lead based paint (CPSC, 2009). No clear mention of the deadline to report ruling was found during the course of this research, although it is important to mention that “in agreeing to the settlement, Mattel and Fisher-Price deny that they knowingly violated federal law, as alleged by CPSC staff” (CPSC, 2009).

Despite investigations by the CPSC, the alleged delay on Mattel’s part in reporting the recalls was found in only sixteen percent of the articles. The fact that the media did not further investigate this charge in the midst of a crisis is surprising to say the least. Once more, had the media pursued this storyline and brought the claims to public interest, Mattel could have experienced irreparable damage to their image. While they did demonstrate early attempts to improve processes and protect consumers, this accusation could have undermined their image repair and destroyed the trust of retailers and consumers alike.

### *Recommendations for Further Research*

With little existing research available in regards to the effectiveness of public relations on consumer recalls, there is much room for future practitioners to fill the void. By creating a more educated, aware consumer public and through the use of proven methods of communicating recalls, public relations practitioners will be better afforded the opportunity to continue driving the field toward success and continuing to prove their worth to the organization.

Corporate social responsibility is a growing trend gaining momentum. As this philosophy continues to emerge, it is likely to become an *expectation* rather than a nicety.

Those organizations that work to proactively incorporate these approaches into their existing practices will have an advantage over their competitors and maintain a positive image in doing so. While not addressed within this research, the following questions are relevant to the field and, once addressed, would aid in ensuring consumer safety through the use of well rounded public relations efforts.

1. In what ways can organizations rise above contributing factors which are out of their control (i.e. hand me down products, improper use or assembly, consumers who ignore recalls, etc)?
2. What methods are proven most successful in getting recall information to the public using the media in the wake of seemingly constant recalls?
3. How can public relations professionals combat the desensitization of the public in regards to recalls?

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## Appendix

Coder: \_\_\_\_\_

**A. Document #** \_\_\_\_\_ **B. Word Length:** \_\_\_\_\_ **C. Section:** \_\_\_\_\_

**D. Title:** \_\_\_\_\_ **E. Dateline:** \_\_\_\_\_

**F. Recall Mentioned**

1. Lead Paint
2. Magnets

**G. Source Quoted?**

1. Eckert
2. Other (list) \_\_\_\_\_

**H. Cause Mentioned**

1. China
2. Design Flaw

**I. Effect Mentioned**

1. Profit Drop
2. South American Import Ban
3. Multiple Recalls
4. Injuries (#) \_\_\_\_\_
5. Pending lawsuits
6. Other (list) \_\_\_\_\_

**J. Public Relations Tactics Mentioned**

1. Apology to China
2. Apology to Public
3. Full Page Ad
4. Conference Call
5. Customer Survey
6. Corporate Responsibility
7. New Safety Check System (3 point system)
8. Other (list) \_\_\_\_\_

**K. Tone of Mattel's Image/Reputation**

1. Positive
2. Neutral
3. Negative

**L. Miscellaneous**

1. Mention of Previous China Recalls

**M. Notes:**

Figure 1.0 Coding Sheet Template

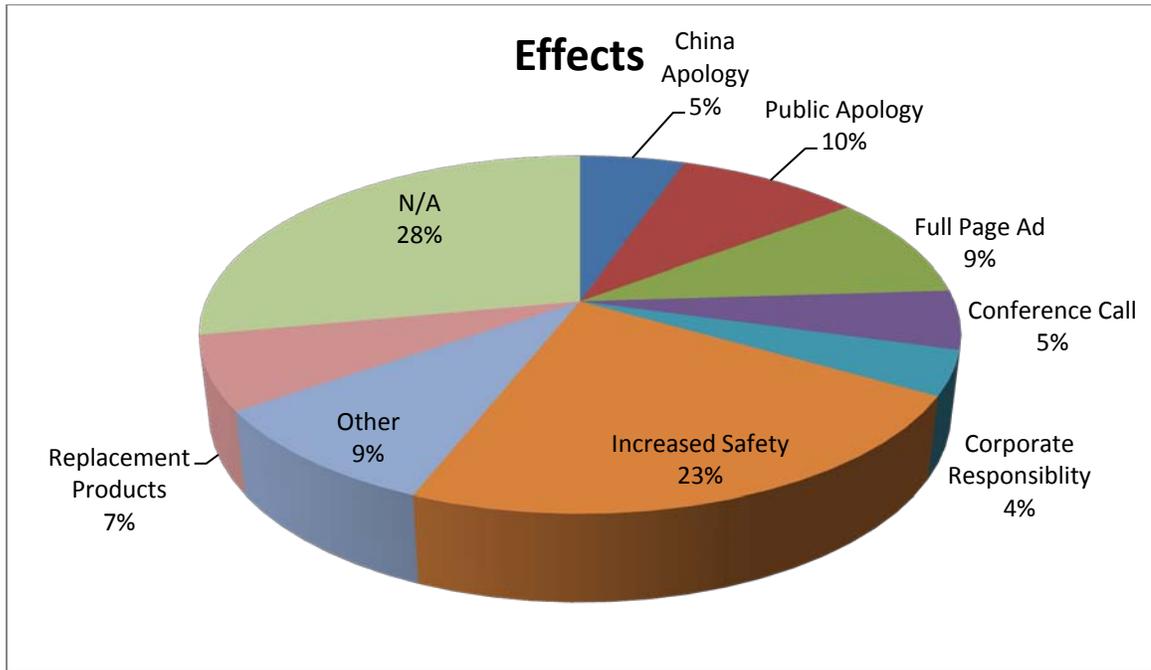


Figure 2.0 Effects of Mattel Recall Sorted Independently

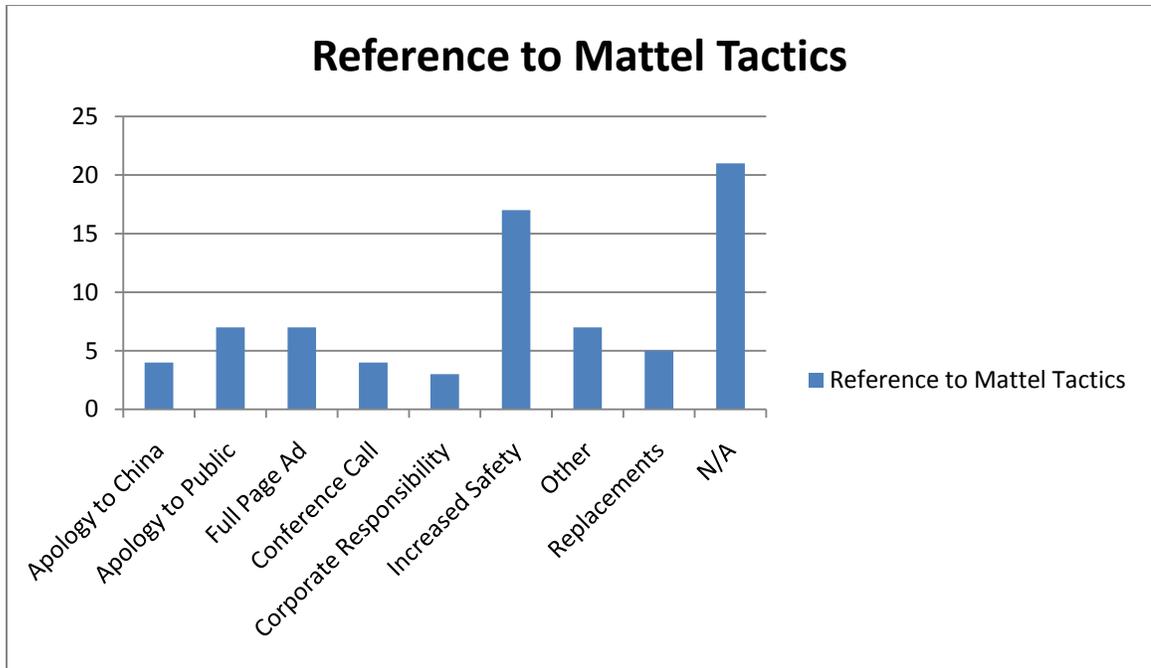


Figure 3.0 Reference to Mattel Tactics Sorted Independently

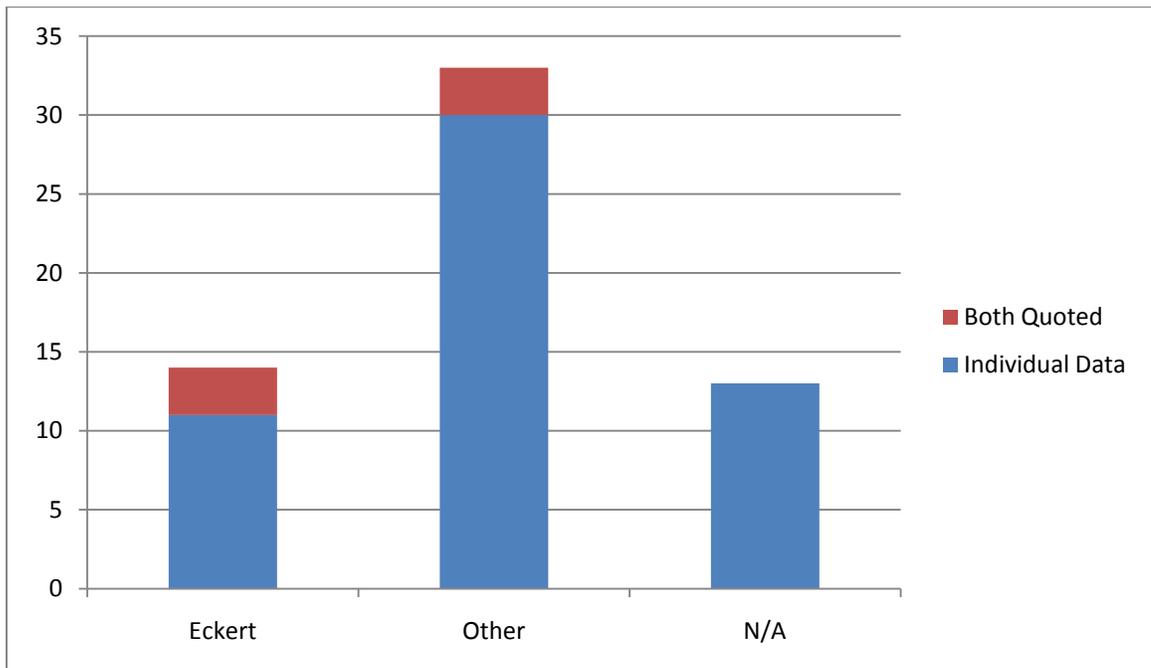


Figure 4.0 Quantified Sources Quoted Within Stories for Analysis

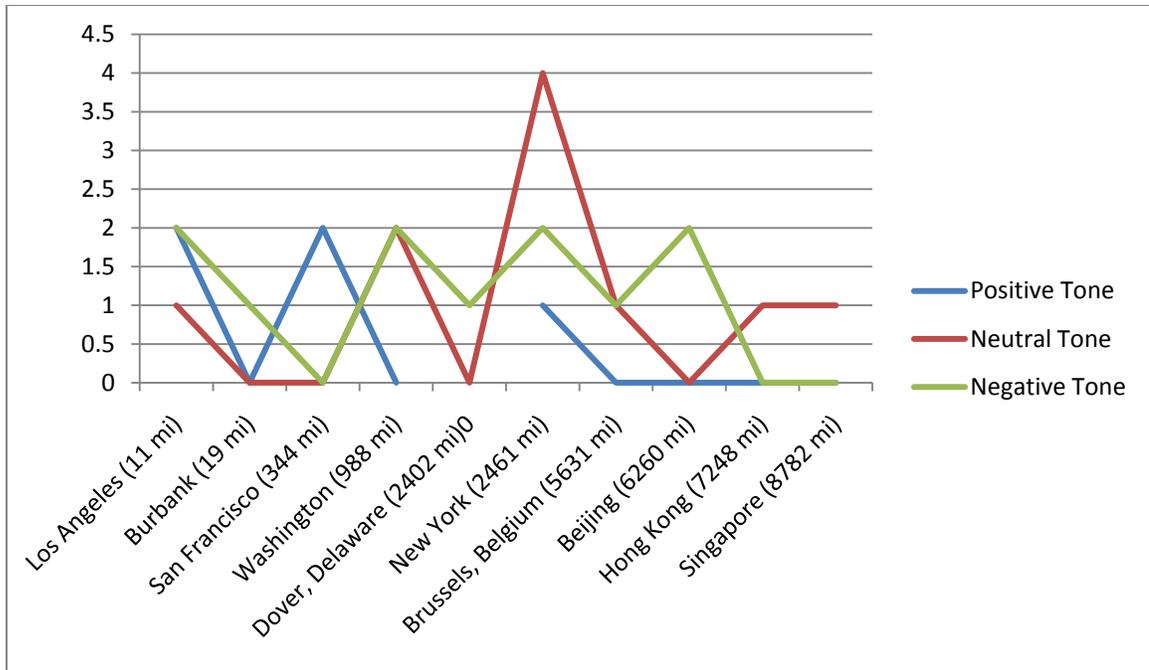


Figure 5.0 Perceived Article Tone According to Distance from Mattel Headquarters

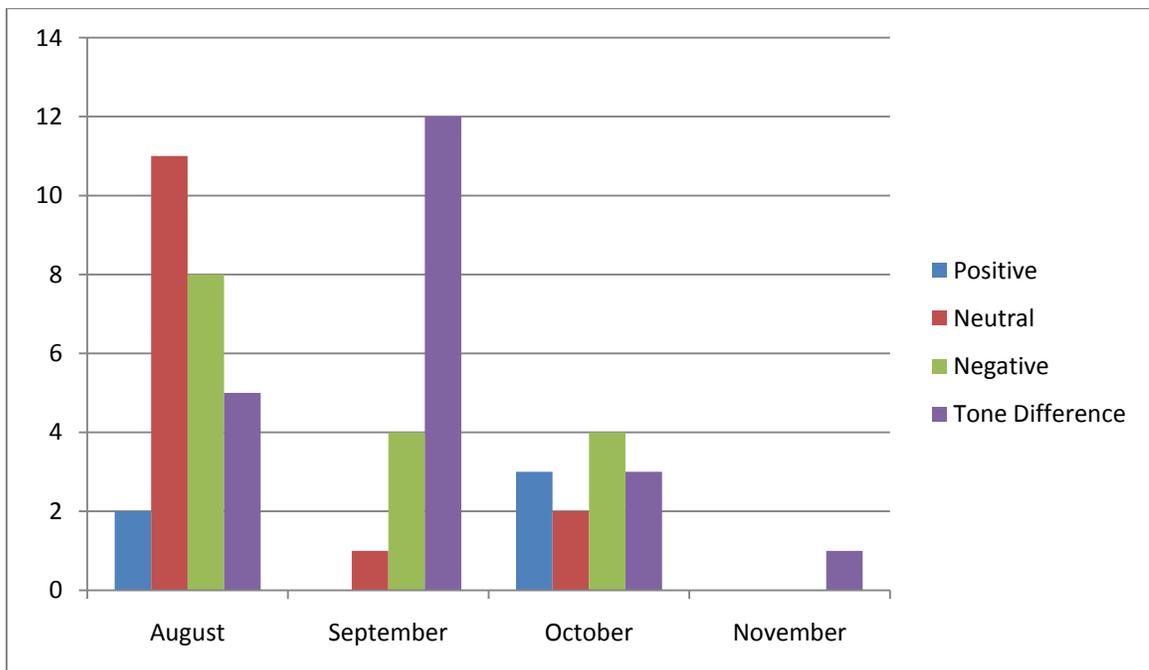


Figure 6.0 Perceived Article Tone by Month

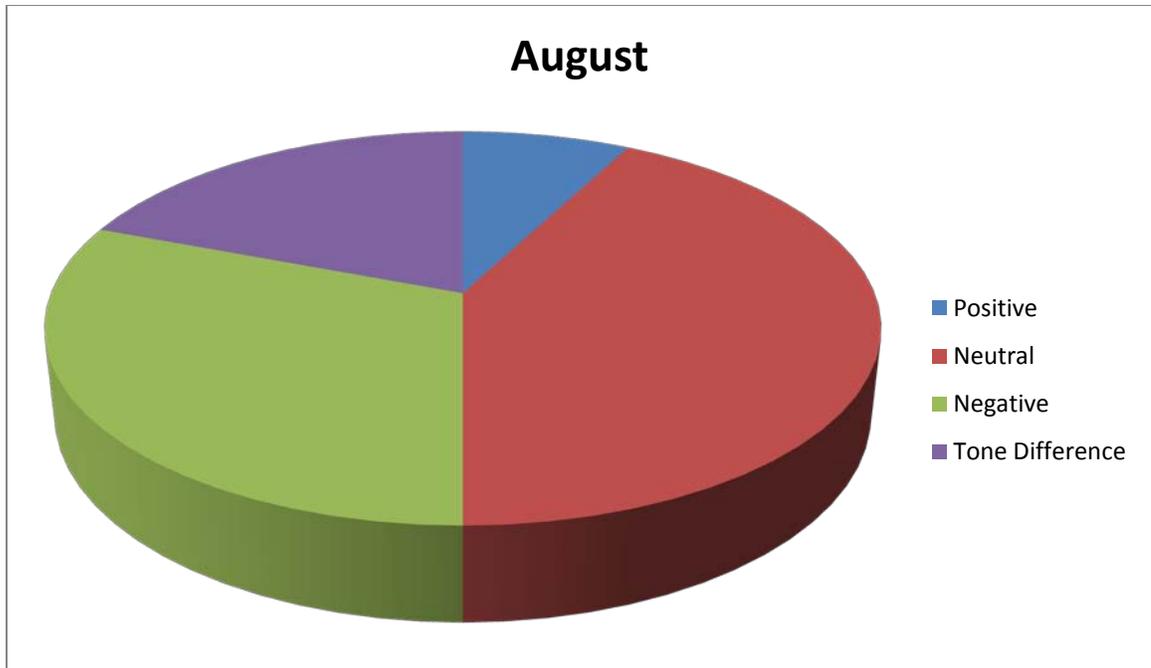


Figure 6.1 Perceived Article Tone for August 2007

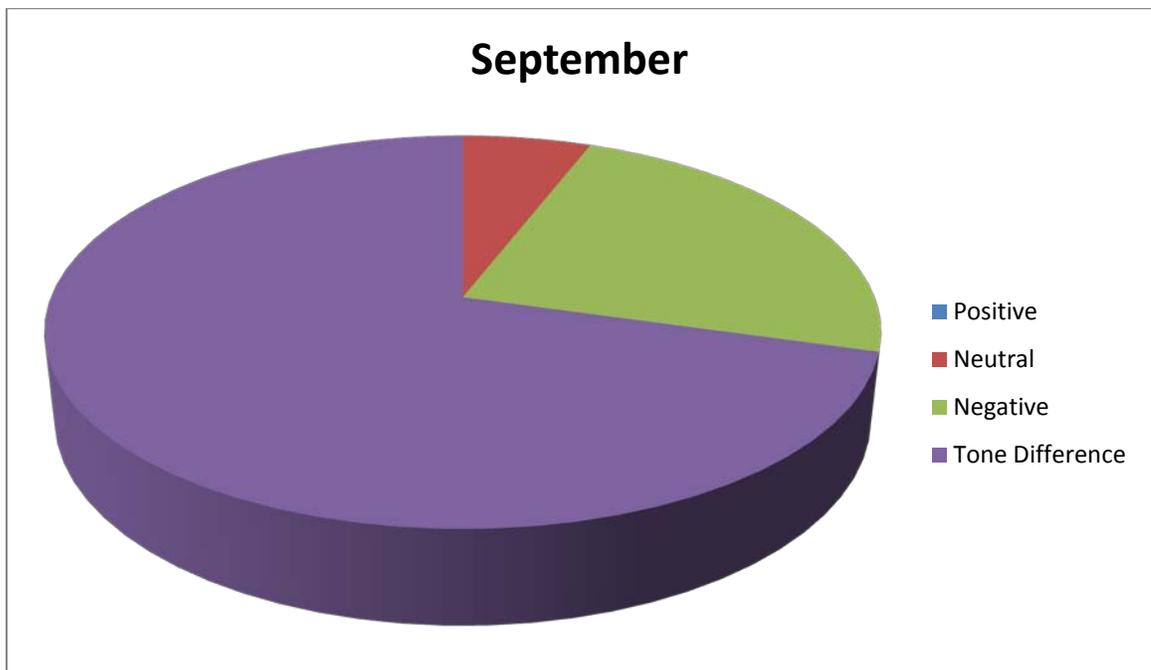


Figure 6.2 Perceived Article Tone for September 2007

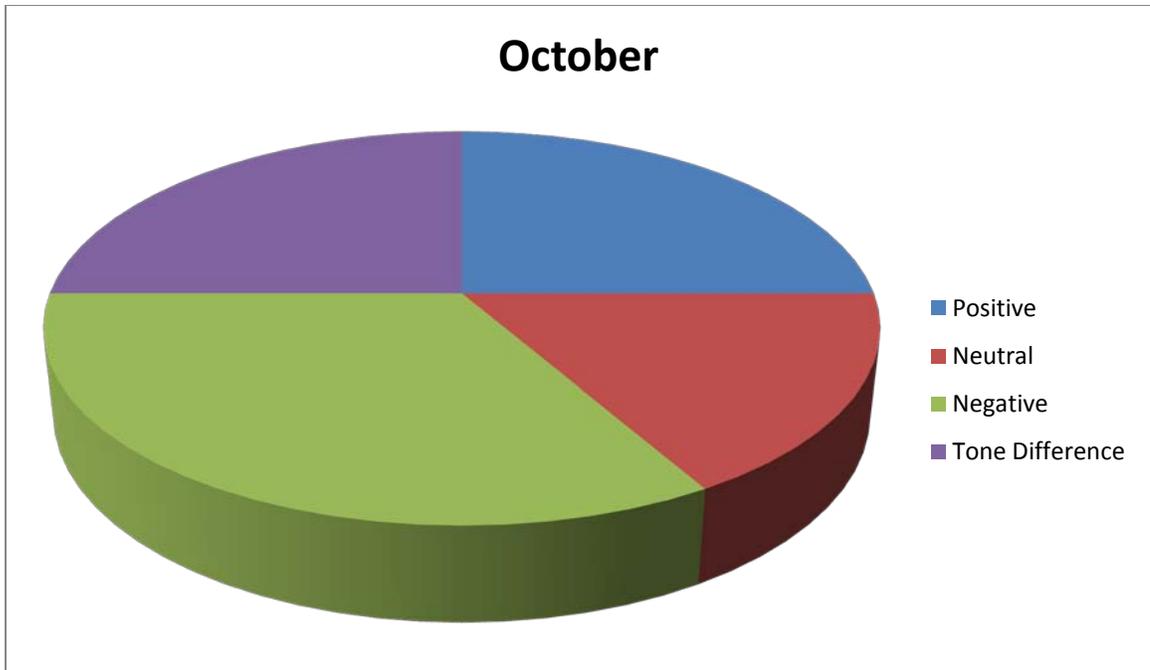


Figure 6.3 Perceived Article Tone for October 2007

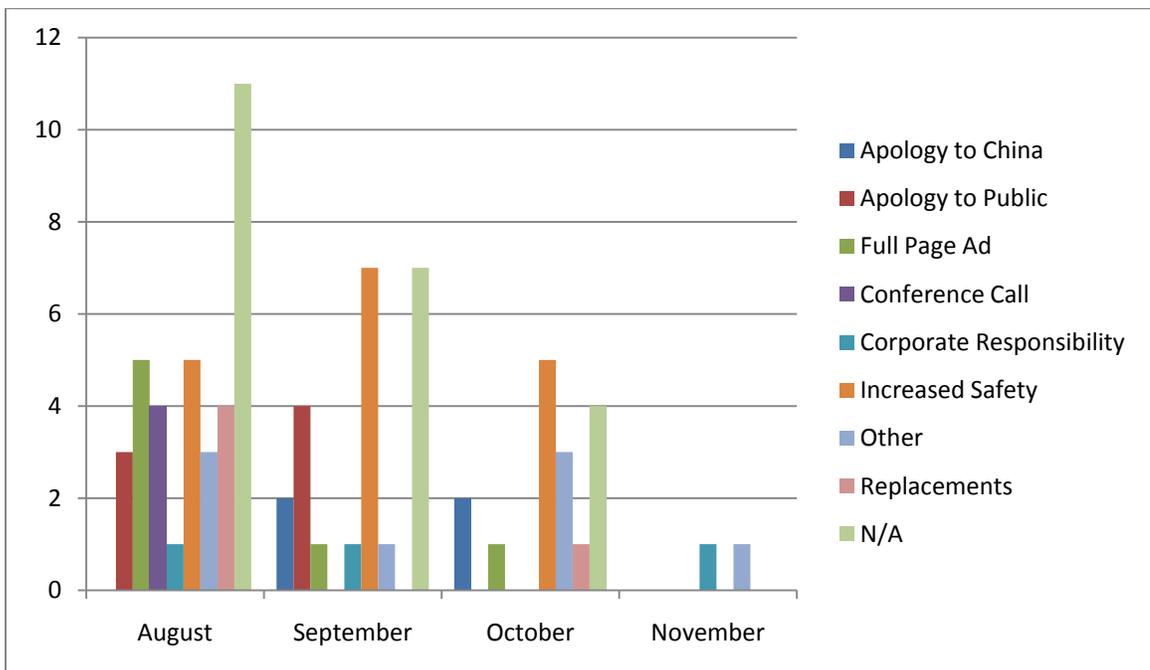


Figure 7.0 Media Attention to Tactics Sorted by Month