

Mattel revs up Hot Wheels to new digital generation

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Hot Wheels is ready to zoom into the new century.

So what if it's 19 years after the dawn of the millennium? Mattel is finally ready to give America's best-selling toy a detail job and re-introduction. And it's got Apple, Amazon and Target in line to participate.

Mattel has reinvented the venerable toy line as Hot Wheels id, a physical toy that now connects to video play, via a smartphone and tablet app, as well.

The Apple Store has nabbed an exclusive window of the next 30 days to demonstrate the toy and sell it at retail.

"A burden of a 51-year-old brand is convincing consumers that we have something different for them," says Chris Down, the Chief Design Officer for Mattel. "So having a trial at the Apple Store is a big deal for us, because, there, people can try it out for themselves. It's unconventional for a toy company, and we're thrilled."

After the Apple Store run, the Hot Wheels id sales moves to Amazon, which will sell it during the summer. In the fall, it will enter traditional retail, at the Target big box stores.

The new id is a typical \$6.99 Hot Wheel race car, but it has technology to track its performance. That is, if you're willing to spring for an extra

\$39.99 for the Race Portal accessory. This can connect you to the new Hot Wheels id app (Apple iOS only, at first).

Via the Portal, Mattel can now tell you how fast the car has driven and how it's performed on the old orange race tracks that collectors have been buying for years.

For kids (and parents) who want to see Hot Wheels go faster and have more options, a new digital track is available, the \$180 Smart Track. (The current analog version is only \$39.99)

Both the Portal and Track connect to the new Hot Wheels app, which, when played on a tablet or a smartphone, marries physical play with a video experience of race competitions. (If you buy the Track, you don't need to also purchase the Portal.)

For id, kids will use the cars like Apple Pay. They'll scan the car on a smartphone or tablet to read the imaginary vehicle identification number, and the car gets downloaded to your "garage," or personal collection. From there, this is where in the app you can track the performance of the car.

Both the Portal and the Track come with two free cars. Mattel will produce 51 of them in 2019, miniature recreations of fast cars by Corvette, Aston Martin, Mercedes and others.

The Hot Wheels brand began in 1968 and turned into one of the cornerstone's of Mattel, along with the Barbie doll. Mattel says 2018 was Hot Wheels best performing year ever, selling 500 million toys. All told, Mattel has shipped some 7 billion over the last 51 years.

Mattel's Hot Wheels success comes at a time when the company has been struggling. Pricing and competitive pressures as well as losing the

sales reach of former No. 1 toy outlet Toys R' Us when it shuttered in 2018, found Mattel closing the year with revenues of \$4.5 billion and a loss of \$531 million. This week, rival toymaker MGA offered to buy Mattel, but the offer was rejected.

Mattel has said it would turn the company around with a mix of cost-cutting and increased marketing of its legacy brands.

Hello, Hot Wheels id.

"It's important to drive the category and not follow the category," Down says. "For us not to be playing in this category would be a miss."

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