



July 11, 2017

**VIA EMAIL AND OVERNIGHT MAIL**

Holly Ohlrich, General Counsel  
The Step2 Company  
10010 Aurora Hudson Rd.  
Streetsboro, OH 44241-1621  
[REDACTED]

Re: Step2's False and Deceptive Made in USA Representations

Dear Ms. Ohlrich:

I am writing to you on behalf of Truth in Advertising, Inc. ("TINA.org"), a nonprofit consumer advocacy organization dedicated to protecting consumers from deceptive advertising.

An investigation of The Step2 Company ("Step2") has revealed that the company is marketing products using deceptive "Made in the USA" representations. Specifically, Step2 markets its product line using the unqualified "Made in the USA" claim despite the fact that 90% of Step2 products are wholly or partially made outside the U.S., with 5% made entirely in China, according to the Step2 website.

Step2 appears to emphasize its "Made in the USA" marketing around patriotic holidays, such as Memorial Day and the 4<sup>th</sup> of July, when Americans – who prefer American-made products over ones made abroad, and are even willing to pay more for them<sup>1</sup> – are focused on supporting the United States. By way of example, days before July 4, 2017, Step2 mailed the postcard below, which includes not one but two U.S. flags together with the unqualified assertion "made in the USA." Moreover, on one side of the postcard a flag and "made in the USA" representation appears to modify the phrase, "over 300 kids toys to choose from," which could lead a reasonable consumer to believe that Step2 has over 300 kids toys that are made in the USA.<sup>2</sup>



WE BRING FAMILY TOGETHER

SAVE  
**15% OFF**  
YOUR PURCHASE

USE CODE S2NV1YZLB5

**STEP2.COM**

HURRY! EXPIRES 7/15/17



MADE IN THE USA

OVER 300 KIDS TOYS TO CHOOSE FROM

SAVE  
**15% OFF**  
YOUR PURCHASE

USE CODE S2NV1YZLB5

**STEP2.COM**

HURRY! EXPIRES 7/15/17



MADE IN THE USA



The Step2 Company  
10010 Aurora-Hudson Rd  
Streetsboro, OH 44241

PRESORTED  
FIRST-CLASS MAIL  
US POSTAGE PAID  
N. READING, MA  
NAVISTONE


\*\*\*\*\*MIXED AADC 021



One-time use only code is valid for 15% off your next purchase at STEP2.com. Code valid through 7/15/2017 11:59pm PST. Not valid on replacement parts, clearance, combos, or special promotions. Cannot be combined with any other offer. Offer only valid within the 48 Contiguous United States. See website for shipping costs. Coupon code must be used at checkout to receive discount. Only one coupon code can be used per order. Prices and availability subject to change. Sales tax will be charged where applicable. Code not valid on previous purchases.



Similarly, around Memorial Day this year, Step2 took to Instagram and Twitter to post images of children playing with red, white, and blue toys while their military parent wearing camouflage can be seen in the background. Each post was accompanied by the claim #madeintheusa, among other hashtags.



thestep2company Follow


thestep2company "Watch me, Daddy!!!"  
❤️👀 #webringfamilytogether #❤️mydad  
#militaryfamilies #photooftheday  
#outdoorplay #coasterrides #militarydads  
#madeintheusa

kablye55 Love this! My hubby is also active military usmc

itsabellazoezy Awwww, LOVE!! (We are USAF!!)

99 likes  
MAY 16

Add a comment...



thestep2company Follow

thestep2company Come ride with me! 🚗  
#madeintheusa #coasterrides  
#outdoorplay #militaryfamilies

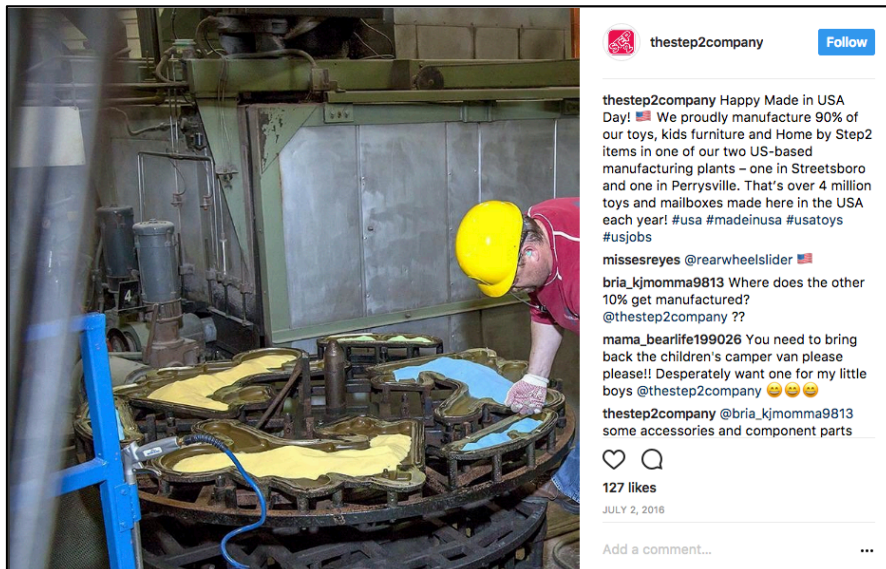
86 likes  
MAY 15

Add a comment...



And last year, two days before July 4<sup>th</sup>, Step2 posted the following image on Instagram claiming,

We proudly manufacture 90% of our toys, kids furniture and Home by Step2 items in one of our two US-based manufacturing plants . . . That’s over 4 million toys and mailboxes made here in the USA each year! #usa #madeinusa #usatoys #usjobs



These representations were made despite the fact that only 10% (or 19 Step2 products listed for sale on Step.com) meet the legal definition for made in the USA according to the Step2 website.

Similarly, when celebrating July 4<sup>th</sup> in 2014, Step2 represented that “90% of our products are PROUDLY made here in the USA #July4 #USA #Ohio #madeinUSA.”



Despite making these unqualified made in the U.S.A.<sup>3</sup> claims in its marketing materials, 170 out of 189 (or 90%) of Step2’s individual product webpages on Step2.com indicate that the products contain foreign components or are entirely made in China.<sup>4</sup>

Step2 – on its webpage entitled ‘Made in U.S.A.’ Labeling<sup>5</sup> – also lists 89 products as “Made in U.S.A.”<sup>6</sup> However, only 18 of the listed products – less than a quarter – are actually labeled as fully made in the United States according to the individual product pages. The other 71 listings contain imported parts.

Example:

Corvette® Dresser™

Little racers will love getting organized with this Step2 Dresser™! It is the perfect addition to a Corvette® themed playroom or bedroom. This storage dresser will teach your child how to put away their toys, clothes and books. This storage dresser makes organization fun for children while teaching responsibility. **Made in the USA** of US and imported parts.

- Realistic Corvette® decals and molded-in shelves
- Maximum shelf weight: 50 lbs (22.68 kg)
- Surfaces wipe clean easily this car themed dresser
- This product is a GM Official Licensed Product 99-23412-51184
- Coordinates with the [Corvette® Toddler to Twin Bed™](#), [Corvette® Storage Chest™](#), and [Corvette® Room Organizer](#)(all sold separately)
- Minimal adult assembly required
- Also available as a [combo](#)

**RECOMMENDED AGE:** 2 and up  
**PRODUCT NUMBER:** 828200  
**DIMENSIONS:** 31.50 H 31.50 W 16.25 D  
**WEIGHT:** 30.5 lbs

In short, Step2's Made in the USA marketing is deceptive, and therefore in violation of the Federal Trade Commission's standards for making U.S.- origin claims, as well as Section 5(a) of the FTC Act. Accordingly, we intend to notify the FTC of these USA marketing issues, unless, by July 17, 2017, you show us that Step2 has corrected the issues described above and has enhanced its compliance system to ensure that all future statements about origin are accurate.

Sincerely,



Laura Smith, Esq.  
Legal Director  
Truth in Advertising, Inc.



Bonnie Patten, Esq.  
Executive Director  
Truth in Advertising, Inc.

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<sup>1</sup> Nov. 15, 2012 Press Release, "U.S. and Chinese Consumers Willing to Pay More for Made in USA Products," <https://www.truthinadvertising.org/wp-content/uploads/2015/07/BCG-Press-Release-U...or-Made-in-USA-Products.pdf>; Knowing Which Products are Truly Made in America: How to know which flag-waving products are true red, white, and blue, Consumer Reports, February 2013, <http://www.consumerreports.org/cro/magazine/2013/02/made-in-america/index.htm>.

<sup>2</sup> Contrary to the statement that Step2 has over 300 kids toys to choose from, as of July 10, 2017, there were only 189 unique items for sale on the Step2 website.

<sup>3</sup> See Federal Trade Commission's *Complying with the Made in USA Standard*, available at <https://www.ftc.gov/tips-advice/business-center/guidance/complying-made-usa-standard>.

<sup>4</sup> Step2 products are inaccurately identified as Made in the USA on other websites as well, including, but not limited to, Walmart.com and Target.com. See TINA.org's investigations in Walmart and Target, <https://www.truthinadvertising.org/walmart-made-in-usa/> and <https://www.truthinadvertising.org/target-summary-action/>.

<sup>5</sup> <https://www.step2.com/made-in-usa/>.

<sup>6</sup> Note that some of the 89 products listed under the "Made in U.S.A." heading at <https://www.step2.com/made-in-usa/> are listed more than once, and that some of the listings are not individual products, but rather combo sets that combine products.