Toy Maker Stock Bags
Despite Dismal Earnings

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Christmas shopping seems remote to most people these days, but not to buyers for Detroit's big stores. While others are thinking about fishing and vacation plans, the buyers are trying to forecast what will sell best when snow is in the ground.

All summer long, representatives of major manufacturers have been coming here with samples of their wares.

WARES WELL KNOWN

There was more than passing interest in one such sample in 1953, which was brought here this week by the A. C. Gilbert Co., of Newtonville, Mass.

You may not immediately recognize the name of the company, but you almost certainly know its old-line products: "Erector" construction sets, "American Flyer" trains, and "Gilbert Hall of Science" chemistry sets.

Considering the expanding population and the general prosperity of the times, you might think Gilbert toys have been selling at a record pace. But they haven't.

Over-all toy sales at the manufacturer's wholesale level rose to $1.1 billion last year, from $308 million in 1947. But these figures, which dropped last year to less than $1 million, after reaching more than $19 million in 1953. For the first six months of 1954, sales were down 10 per cent below the like period a year earlier.

Profits also declined. After reaching their recent peak of $700,000, or $2.23 a share, in 1949, they dropped drastically. For 1952, the company reported a loss of $245,000, or 99 cents a share.

DIVIDEND SLIPPED

For the first half of 1963 (over a profitable period for a toy maker) the loss was $2.34 a share, even worse than the $2.67 a share in the first half of 1962.

The dividend was paid last year, for the first time in 15 years. And despite all those dismal figures, Gilbert's common stock has been booming in recent weeks. It is now trading on the American Stock Exchange of chairman, but was succeeded as working boss by William Macfarlane.

A few months after Quinlan took charge (he probably would have been vice president of an executive committee) he announced a $15,000,000 expansion program and some sweeping shifts in policy. Among other things, the company suddenly discovered, as a result of a survey of 54 per cent of the children in America are girls!

For more than a century Gilbert had aimed its sales at a small and specialized group — boys aged 9 to 15. They were the ones who (through their parents' eyes) bought the Erector sets, the trains and the chemistry kits.

NEW TOYS

Now Gilbert is shooting for the entire market, both boys and girls, from the age of three up.

At this week's exhibit in the Sheraton-Cadillac Ho-

del, A. A. Fallone, central regional manager, told what's new:

"Girls are in, girls are out, the sewing machines, both manual and electric. They are made for girls by the Singer (so the company says) will "actually sew." There are plastic, hand-cranked food mixers which can be used to prepare such things as cookies and desserts out of ingredients available in every kitchen. The ingredients are measured with a color-coded scale, and 16 coded recipe cards are included.

For tiny tots, there is a battery-powered turtle race car and there are "Dinky Toy" (miniature cars and buses) manufactured by Meccano Ltd., of London, England. There's a motor-driven, bar-top device called "The Wing Thing." The old-line toys are still there, but they have been modernized. The chemistry sets have "17 new components, including black light." There is an "Erector" truss kit "(Built for working radio in minutes)."

RACES BEST SELLERS

Finally, there is increased emphasis on me-
chanical auto racing games.

It is, of course, a shock to railroad buffs and a lot of nostalgic fathers, but toy trains don't seem to have the appeal that they once had.

Gilbert's biggest sellers are no longer trains, but rather auto-racing sets. Whereas 27 different train sets were produced a few years ago, there are only six sets now.

There are several reasons for the trend. In the first place, Fallone and Moats. For one thing, children nowadays seldom like trains, much less ride them. For another, it's much easier for a discount store to sell a race game than a train, with all its tracks and assorted equipment.

More and more, toys are being sold in discount houses and other self-service centers.

To make its products more salable to such merchants, Gilbert brought in outside consultants on packaging. Most of the products are now in containers which are totally sealed, to make them "childproof," but which have "see-through" plastic fronts so the contents are readily visible.

TECHNIQUES ALTERED

"We've shifted from straight merchandising to a total marketing approach," Moats said.

"Partly, we tried to sell what our engineering department produced. Now we try to come out with what the public wants, then try to engineer it." The sales force has been doubled and the advertising budget has been tripled, he said.