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# Toy Maker Stock Booms 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 vacations, the merchants are trying to foresee what will sell best when snow is in the ground.

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

## WARES WELL KNOWN

There was more than passing interest in one such sales exhibit which was brought here this week by the A. C. Gilbert Co., of New Haven, Conn.

You may not immediately recognize the name of the company, but you

at around \$32 a share, the highest price in history.

How come?

"We've been through a significant change," is the explanation given by Benjamin Moats, the company's vice president for marketing.

The change started more than a year ago when Wrather Corp., of Beverly Hills, Calif., bought control of Gilbert. Wrather is an old hand at amusement and leisure-time enterprises.

Its investments include pleasure boats, Muzak background music, the Disneyland Hotel, and such television programs as Lassie, the Lone Ranger and Sgt. Preston of the Yukon.

Last December A. C. Gilbert Jr., whose father founded the toy company in 1909, resigned as president. He retained the post

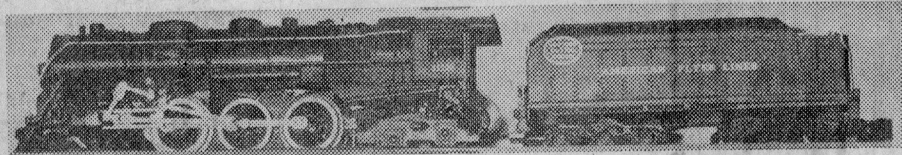
For tiny tots, there is a battery-powered turtle race game, and there are "Dinky Toys" (miniature cars, trucks and buses) manufactured by Meccano Ltd., of Liverpool, England. There's a motor-driven, bat-like device called the "Wing Thing."

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 "Electronic" transistor kit ("Build a working radio in minutes").

## RACES BEST SELLERS

Finally, there is increased emphasis on mechanical auto racing games.

It may be a shock to railroad buffs and a lot of nostalgic fathers, but toy trains don't seem to have



Toy Trains . . . They Are Losing Out to Auto Racers

almost certainly know its old-line products: "Erector" construction kits, "American Flyer" trains, and "Gilbert Hall of Science" chemistry sets.

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

Over-all toy sales at the manufacturers' level rose to \$1.1 billion last year, from \$308 million in 1947. But Gilbert's sales plunged last year to less than \$11 million, after reaching more than \$19 million in 1953.

For the first six months of 1963, sales were 40 per cent below the like period a year earlier.

Profits also skidded. After reaching their recent peak of \$670,000, or \$2.23 a share, in 1959, they dropped drastically. For 1962 the company reported a loss of \$280,000, or 90 cents a share.

## DIVIDEND SLIPPED

For the first half of 1963 (never a profitable period for a toy maker) the loss was \$2.34 a share, even worse than the loss of \$2.11 a share in the first half of 1963.

No dividend was paid last year, for the first time in 15 years.

And yet, 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 L. Quinlan Jr.

A few months after Quinlan took charge (he previously had been vice president of an executive committee) he announced a \$10,000,000 expansion program and some sweeping shifts in policy.

Among other things, the company suddenly discovered, at the age of 54, that about half of the children in America are girls!

For more than half 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' purses) bought the Erector sets, the trains and the chemistry kits.

## NEW TOYS

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

At this week's exhibit in the Sheraton-Cadillac Hotel here, Rowley A. Fallon, central regional manager, told what's new:

For girls, there are sewing machines, both manual and electric. They are made for Gilbert by the Singer Co. and (so the company says) will "actually sew."

There are plastic, hand-cranked food mixers which can be used to prepare such things as cold desserts out of ingredients available in every kitchen. The ingredients are measured with a color-coded scale, and 16 coded recipe cards are included.

the appeal that they once had.

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

There are several reasons for this, according to Fallon and Moats. For one thing, children nowadays seldom see trains, much less ride them. For another, it's much easier for a discount house 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 suitable for such merchants, Gilbert brought in outside consultants on packaging. Most of the products are now in containers which are totally sealed, to make them "pilfer proof," but which have "see-through" plastic fronts so the contents are readily visible.

## TECHNIQUES ALTERED

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

"Previously, we tried to sell what our engineering department produced. Now we try to figure out what the public wants, then try to engineer it."

The field sales force has been doubled and the advertising budget has been tripled, he said.