

CHARACTERISTICS AND PROBLEMS

of the

TOY MANUFACTURER

-by-

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# THESIS AUTHORIZATION

Date February 26, 1947

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Topic Production Problems of New England Toy  
Manufacturers

This is your authority to proceed with the thesis investigation as outlined in your preliminary report. Please return this sheet with the original copy of the finished thesis.

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Signature of the Adviser, indicating completion of a satisfactory preliminary report.

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Adviser

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Signature of the Supervisor, indicating proper registration for credit, and generally satisfactory progress.

HP Tallman  
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May 19, 1947

Professor George W. Swett  
Secretary of the Faculty  
Massachusetts Institute of Technology  
Cambridge 39, Massachusetts

Dear Sir:

In accordance with the requirements for  
graduation, I herewith submit a thesis entitled  
Characteristics and Problems of the Toy Manufacturer.

Sincerely yours,

Norman A. Sas

## Preface

Because the competition is so keen in the toy industry, there is very little valuable data published. Most of the material in this report was obtained from personal interviews and visual inspections. A serious attempt has been made, however, to discard all opinions and biases, and to use only authentic information. I do think that the conclusions drawn are relevant, because all discrepancies were checked as to their validity.

I would like to mention, at this time, that the conclusions drawn do not apply to all toy plants. Due to the wide variety of products and size of the different manufacturers, it would be impossible to make any conclusive statement about the entire toy industry. The statements that were made, however, do apply to the great majority of plants in the industry.

I would like to take this opportunity to thank all the people who have given me their time so generously. Without their help, this report could not have been written. I would also like to thank Mr. James Chabot and Miss Audrey Danforth for their untiring help in the final preparation of this report.

Norman A. Sas

Boston, Massachusetts

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## Introduction

The infant American toy manufacturing industry came to manhood during World War I. Prior to this period, the greatest portion of the toys distributed in America were of foreign make, the large majority being of German origin. The outbreak of the war in Europe in 1914, which was soon followed by an effective blockade of Germany, presented an opportunity that the established American manufacturers were quick to realize; they promptly took steps to extend toy manufacturing in this country. They established new factories in which they developed and produced new products that rightly interpreted the American spirit in playthings. Thus, it was not too long before the public realized the superior quality and educational merit of these American made toys, and the industry gained a hold on the toy market which it never has relinquished.

However, it was not an easy task. The public which was more or less used to the European "gingerbread" toys had to be re-educated by advertising and sales campaigns; new supplies and manufacturing methods had to be developed; for which new designers and skilled workers had to be found. There was also the anxiety about the future when the war ended. The American toy manufacturers of thirty years ago well knew that their comparatively new industry would face many hazards when the foreign manufacturers with their wealth of experience could get back into business. It was mainly with this in mind that they banded together in 1916 and founded a trade association, naming it the Toy Manufacturers of the U.S.A., Inc.. Under the guidance of this organization, the American toy manufacturers built a million dollars worth of goods.

Despite the progress the industry has made since its inception, it is still small compared to other American industries.

However, due to such favorable factors as an increasing birth rate, a change in the attitude of department stores toward toys, an increase in the number of new retail outlets, and the changing concept of the consumer towards toys, the toy industry is expanding and will probably continue to do so.

Although there are a great number of industries in America, the toy industry is in a class by itself. There is, perhaps, no other market that so tangibly demonstrates quick acceptance and rejection. Even the experienced manufacturer does not know exactly how long a popularity will last. The ultimate aim of all manufacturers is to promote an item that will be popular and long lasting. Such items as Monopoly and Erector Set have "made" the men who developed them.

An attempt will be made to present a picture of the entire industry as it is today. Each characteristic with connections and influence on the industry as a whole will be considered. The seasonal nature of the market, the effects of the type of product, and the size and style of present day plants are to be discussed. Intermingled with this discussion are remarks on the problems peculiar to the industry as a result of its distinguishing characteristics.

In the latter portion of the discussion, we will investigate the near future of the industry in the light of past history and present trends.

## Summary

### CHARACTERISTICS OF THE TOY INDUSTRY

#### Widely Variegated.

The toy industry is widely variegated as to product, location, and finances.

#### Seasonal Items.

The industry is essentially a seasonal one, as two-thirds of the total business takes place during the Christmas selling season, and the rest is centered mostly about the various other holidays in the year. This seasonality leads to great fluctuations in the working force of the industry. These fluctuations are in turn responsible for a high employee indoctrination expense and an excess of manufacturing capacity in the physical plant.

#### Style and Fad Items.

Due to the constant need for new ideas, the toy manufacturers are faced with the annoying problem of short runs. Therefore, they cannot realize any mass production economics.

Since there are a countless number of toys that are or have been on the market, it is very hard for a manufacturer to put out an entirely new toy. Because of this, the manufacturer must continually change the styles and designs of his staple items in order to give them consumer appeal.



### Ease of Entering the Industry.

The toy industry is an easy one to enter because there is no minimum required capital. Ease of entering is also facilitated by the use of unskilled workers, standard machines, and the unimportance of trade marks.

Competition is keen in the toy industry as there are a majority of staple items in the field. Therefore, a lot of manufacturers are making basically the same item, thus causing the markets to overlap. This competition more often takes the form of copying rather than price wars.

### Mostly Small Organizations.

The majority of toy plants have not only a small capitalization, but have an insufficient working capital. This fact forces them to be "penny wise and pound foolish."

## RECENT DEVELOPMENTS AND TRENDS.

### Educational Value and Quality of Toys is Now Being Stressed.

The manufacturers of toys are now taking into consideration the changed consumer concept of toys from just something to give a child, to an important influence in the lives of children.

### Becoming an All-Year-Round Business.

Realizing the many advantages of steady production and employment, the industry is trying very hard to work on a fifty-two week a year basis.

### Additional Promotional Efforts Being Made by Manufacturer.

Because of the wide range of lines and items carried by most retail stores, most individual toys are not effectively demonstrated. The manufacturers are trying to offset this disadvantage by making some promotional efforts themselves.

### New Materials.

Toy manufacturers will have, this year for the first time, access to commercial quantities of new materials which were developed during the war, principally in metals and plastics. These materials are expected to play a major part in the production of many toys which will be manufactured this year.

## PRESENT PROBLEMS

### Shortages.

Like most other industries today, the toy industry is faced with the critical problem of shortages.

### Foreign Competition

Now that the war is over, the toy manufacturers are again worried about the possibility of foreign competition. The Toy Manufacturers of the U.S.A. are making every effort to see that the danger is cut down to a minimum.

### General Business Conditions.

Although the industry was geared to increase 1947 production by 20% over 1946 figures, there has been a large drop in sales. The manufacturers blame this on the existing conditions.

## CHARACTERISTICS OF THE TOY INDUSTRY

### Widely Variegated

The toy industry is highly variegated in respect to product, location, and finance. Products vary from an inexpensive plastic baby rattle to very expensive sets of trains. Location varies from Maine to California, and finance varies from current assets and tangible net worth of over \$5,000,000<sup>1</sup> to assets of less than \$500.<sup>2</sup>

There are thousands of different types and kinds of toys, but they all fall under one of the following four major classifications:

Toys

Games

Dolls

Children's Vehicles.

These groups are also classified as to the material they are made of, namely wood, metal, plastic, cloth, or any combination of these.

Although there are toy plants in more than half of the states, the majority of them are in New York, for in this state alone, there are 32% of the game and toy companies, 23% of the children's vehicles plants, and 85% of the doll factories. These figures may be plainly seen from Tables I, II, and III.

The average toy plant does a business of \$200,000<sup>3</sup> which is far below the business done by Louis Marx and Company, Incorporated. The fact is, however, that there are essentially only three very large toy companies in the country, namely Marx, Lionel, and Gilbert. The rest are mostly all small scale organizations.

Despite these variances, the industry, in general, has several similar characteristics which will now be discussed.

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1. 1937 Balance Sheet of Louis Marx & Co., Inc.
2. The Toy House, Medford, Mass., Estimated by author
3. Fortune, January 1946, Louis Marx Toy King, p 122

TABLE I /

GAMES AND TOYS

	<u>Number of Establishments</u>	<u>Proprietors &amp; Firm Members</u>	<u>Persons Reported</u>
United States	343	217	18,251
California	18	21	177
Connecticut	16	5	1,244
Illinois	35	33	2,665
Indiana	6	1	619
Maryland	5	3	142
Massachusetts	20	6	1,552
Michigan	18	8	1,078
Missouri	11	5	234
New Hampshire	5	2	220
New Jersey	16	4	1,892
New York	109	80	2,879
Ohio	22	3	1,059
Pennsylvania	30	38	2,486
Rhode Island	4	2	69
West Virginia	5	1	805
Wisconsin	7	4	235
Others*	16	11	895

\*Alabama, 2 establishments; Georgia, 2; Iowa, 1; Kansas, 1;  
Louisiana, 1; Maine, 1; Minnesota, 2; North Carolina, 1;  
Oregon, 1; South Carolina, 1; Tennessee, 1; Virginia, 1.

.....

/ 16th Census of the United States, 1940

TABLE II \*DOLLS

	<u>Number of Establishments</u>	<u>Proprietors &amp; Firm Members</u>	<u>Persons Reported</u>
United States	84	53	3,471
Massachusetts	3	--	682
New Jersey	6	1	49
New York	71	49	2,099
Others*	4	3	37

\*California, 1; Connecticut, 2; Pennsylvania, 1.

TABLE IIICHILDREN'S VEHICLES

	<u>Number of Establishments</u>	<u>Proprietors &amp; Firm Members</u>	<u>Persons Reported</u>
United States	44	10	4,952
Illinois	5	--	489
Massachusetts	10	--	1,429
New York	10	7	388
Pennsylvania	3	2	28
Others*	16	1	2,616

\*Indiana, 2; Michigan, 2; Minnesota, 2; Missouri, 3;  
New Jersey, 1; Ohio, 5; Wisconsin, 1.

.....  
/ 16th Census of the United States, 1940.



### Seasonal Items

Despite the patient efforts of the toy manufacturers to make the industry an all-year-round one, the fact remains that it is essentially seasonal. Most toys are bought for the various holidays throughout the year with the great majority, two thirds according to Toy Manufacturers of the U.S.A., of the year's sales occurring in the Christmas selling season. Other holidays during which toys are bought are Easter, Halloween, Fourth of July, and Thanksgiving. Naturally, throughout the year there is a steady, but small consumption that is not seasonal.

There are also different toys manufactured for the four seasons of the year. This problem seems to rest more with the buyers, as most of the toy companies manufacture on orders, promised or actual. Therefore, if a jobber or retailer buys more items of a seasonal nature, then he can sell in the particular season, he stands the loss. It is up to the manufacturer, however, to have several items that would be appropriate for the different seasons. If his products are not sufficiently varied, he further restricts his selling activities. In other words, it would be wise for a manufacturer of sleds to have toys that would sell at other times of the year, unless, of course, he has enough orders for sleds to keep him busy throughout the year. However, I would venture to say this usually isn't the case. The following chart is one of several put out by various organizations to aid manufacturers and retailers alike in the problem of seasonal items.

TABLE 1V

## SUGGESTED LIST OF TOYS BY SEASONS\*

## Spring

Automobiles  
 Balls  
 Balloons  
 Boats  
 Chickens  
 Coasters  
 Dolls  
 Ducks  
 Express wagons  
 Gardening toys  
 Hoops  
 Jump ropes  
 Kites  
 Marbles  
 Rabbits  
 See-saws  
 Slides  
 Stilts  
 Swings  
 Tops  
 Velocipedes  
 Wheelbarrows  
 Windmills

Sand toys  
 See-saws  
 Slides  
 Swings  
 Velocipedes  
 Windmills

## Fall

Automobiles  
 Balls  
 Coasters  
 Dolls  
 Express wagons  
 Jump ropes  
 Kites  
 See-saws  
 Slides  
 Stilts  
 Swings  
 Velocipedes  
 Wheelbarrows  
 Windmills

## Summer

Automobiles  
 Balls  
 Boats  
 Scooters  
 Croquet  
 Dolls  
 Express wagons  
 Kites  
 Metal and wooden pull toys

## Winter

Blackboards  
 Blocks  
 Dolls  
 Electrical toys  
 Games  
 Mechanical toys  
 Moving picture machines  
 Rocking horses  
 Paint boxes  
 Sleds  
 Sleighs  
 Typewriters

.....

\*Toys, Compiled by the Prince School of Education for Store Service,  
 Boston, Massachusetts.

Then again, there are also other periods when certain types of toys are in demand. These periods do not come in any regular order, and are usually the result of general conditions throughout the country. As an example, soon after this country entered the war, a great deal of war toys came out. Such items as the Toy Jeep, Walkie-Talkie, and Commando-Set were instant successes. This is natural, as during a war, children like to play with toys that are actual replicas of authentic war instruments and vehicles. There are, never the less, certain war toys such as tin soldiers and guns that will always be popular. Although there were still a few war toys exhibited at the toy fair this year, the demand for them is rapidly being replaced by the demand for post-war life toys. Such items as prefabricated houses, cars, appliances, stores, and the like were displayed in abundance at the fair.

In normal times, a manufacturer gets a good part of his orders in March, during the toy fair, but these orders usually call for shipment somewhat later in the year. It is for this reason that he usually does not manufacture the particular items at the time of the order, for he does not want to stock this material. His reasons may be several. First, he may not have the room to stock any large order of toys since when packed, the storage space required is generally prohibitive. Second, he often does not have enough liquid capital to pay for the large working force required to produce a large order. Several manufacturers overcome this obstacle by borrowing from the banks. Since they are manufacturing on contracted orders, the banks usually grant them such loans. This and other financial problems of the toy companies will be taken up later in greater detail.

The manufacturers generally produce the toys to fill orders only a short time before the order is due. Though this often causes rushes and heavy production loads, it does guarantee a more steady use of factory facilities. Nevertheless, this is often an inefficient use of production facilities. Yet, this seems to be an inherent characteristic because of an unpredictable market. In the mean time, they might make a few items for stock or work on some new work.

Regardless of what they do, the majority of manufacturers employ more people a few months before Christmas than they do at any other time. This characteristic may be easily seen by examining Table V. Between January and November of 1939, there was a 78% increase of the wage earners in the toy industry. The total growth took place over a period of eleven months, while the largest increments occurred during the latter part of the year. Although there were no figures given for 1940, I think it would be reasonable to assume that there was a working force of 12,000 in January of that year. This would mean that in a period of two months, the toy manufacturers reduced their personnel by 42%. These marked fluctuations are of direct consequence to the manufacturer. First of all, even though there are not too many skilled laborers in the field, the expense and time incurred in continually training new help is quite appreciable. Naturally, all companies have to train new help, but once having done so, they normally do not discharge them a few months later. This is not the case in the toy industry. Secondly, because the average wage earner prefers a steady job, the quality of these temporary workers is not of the best. The manufacturer must be contented with any help he can get during the busy months. I think it is clear that since he cannot afford

TABLE VWage Earners Engaged in Toy Manufacturing by Months\*

	1937	1939
<u>Average</u>	<u>14,608</u>	<u>15,610</u>
January	10,990	11,555
February	12,302	13,257
March	13,250	13,841
April	12,794	13,178
May	13,816	13,280
June	14,689	13,959
July	15,320	14,702
August	16,601	16,495
September	17,465	18,589
October	18,158	19,992
November	17,245	20,681
December	12,669	17,788

.....  
 \*16th Census of the United States, 1940

to offer any regular employment, nor does he make up for this by paying high wages, he will not be able to obtain the best workers. Also, this continual increasing and decreasing of employees in a toy plant does not in anyway help to build up the morale of the personnel involved. It is because of this fact that you do not see too much of a "family spirit" in the majority of toy plants.

I also found that the toy plants can easily carry this greater number of employees. This leads to the conclusion that for a good part of the year, if not all the year, the toy manufacturers have an excess of manufacturing capacity in their physical plant. This is not at all desireable as it necessarily means idle machines, idle space, and idle people. This situation, I am inclined to think, is due both to poor planning on the part of the manufacturers themselves and also to the unique problems of the industry itself. At any rate, the companies now have to pay overhead expenses that are greater than their actual needs. In most all cases, I found, this was a matter of circumstances. By that I mean that there are only a few manufacturers who are in the position of building a plant to meet their needs. Most all of them buy a plant that is already extant. Since they very seldom find one that is exactly what they want, and due to the fact that they will not buy one that isn't large enough, they usually purchase or rent a plant that is too large. I found this to be the case in all the toy plants that I visited except Hedstrom, Union, and O.W. Siebert who were both making baby carriages and velocipedes. In both these plants, all space and machines were being utilized.

We have seen that because the market is seasonal and short ranged, the toy industry is burdened with excessive capacity, unusual variations in labor employed and low quality labor. We now can look at the effect of style and fad items.

### Style and Fad Items

A lot of people outside the toy industry think that the majority of toys are style or fad items, but, as a matter of fact, most of them are staple items. A few of the men I spoke to ventured to guess that about 75% of the business consists of staple merchandise such as dolls, balls, trains, wagons, bicycles, rattles, blocks, and so forth. I think this interpretation is a deceiving one as, although there is a great deal of basic staple items, there are many different types in each separate category. Since I haven't got any authentic information, I would not want to make any guesses as to the number of types in the different categories, but some doll manufacturers told me that there were anywhere from fifty to a hundred different types and styles of dolls. Therefore, even if the majority of basic items are staple, there are so many different types of these items and, of course, style and fad items in the toy industry that it has the problem of ever changing designs and styles.

The manufacturers themselves are trying to get away from any standardization in order to fight the ever increasing competition in the toy business. It is because of this competition that there is a constant need for new designs in the industry. These new designs for any particular toy are very important, as very few strictly new toys appear in any year. Most of them are improvements on previous models. Frequently toys which seem to be new are merely undulations in a broad trend.

Every year there is a spotlighting or playing up of certain types of toys, something that catches the consumer's fancy. Jig-saw puzzles are an example.<sup>1</sup> They have been made and sold for .....

1. The following told to the author during an interview at Parker Brothers.

years, but about four years ago, an intense demand developed. Whereas normally four or five companies had been making jig-saw puzzles; at the peak of the demand more than eighty-five companies were in the field. Cheapening, saturation, and consumer turning away came quickly; however, a few companies still enjoy a healthy business in jig-saw puzzles. Of these eighty-five companies making jig-saw puzzles at the height of popularity, more than 75% got into the business too late, or failed to adjust their production to the decreasing demand. As a result many of them took a loss.

Such fads and short-lived fashions are just as common in toys as in any industry. Although there is no way to predict the duration of the cycle of popularity, the Toy Guidance Council recommends that the safest rule to follow is "duration of interest is inversely proportional to its' intensity and rate of acceptance." That is, if a wide interest develops overnight in any particular toy, the possible chances of it lasting more than a few seasons are slight. However, it is not unusual for fad items to run up larger sales figures than the best of staples.

Like some of the popular songs that are nothing more than revivals of old songs, there are also cycles of popularity in many types of toys. Many of these cycles of interest are merely intense revivals of old games, the period of intensity only lasting for a short time, usually a few years, but the broad trend as it has over a period of years. The budget bank put out by the Tudor Metal Products Corporation is a good example of this characteristic. The bank first came out in 1930 and was fairly popular at the time. In 1933 its' sales volume dropped off considerably, but the company still manufactured a few. By 1939, the banks again reached a peak of popularity, even greater than when they first came out. When this



demand began to fall off, the company came out with a few variations of the original bank and although, sales have never reached the height they did in 1939, the company is still doing moderately well with their assortment of budget banks. They now hope that with the addition of the new models, the demand for the banks will increase again in the near future.

Adult game fads are probably the most unpredictable and perilous phase of the toy industry. The demand for purposeful toys which children can use to aid their all round development is now becoming an accepted practice, but even the most seasoned in the toy business find it just about impossible to guess what fad adults will pick next, except to guarantee that it will be different from the last craze. At present, games based on real life situations such as real estate speculation, traffic hazards, football, baseball, and elections are particularly popular, as evidenced by the number of games of this nature presented at the toy fair.

The manufacturer who produces these games must apply the same rule of reason as in any fashion. It is here that the experienced manufacturer distinguishes himself from the amateur, as he takes these cycles as a matter of course. The amateur mistakes them for a potential never-ending source of lucrative return, but soon realizes that all of his potential profit has been dissipated by not anticipating the quick ending of this intense demand.

Because of the foregoing characteristics, the toy manufacturers are faced with several problems. Naturally, there is always the one of keeping up with the times, if not ahead, in order to be able to manufacture toys that will appeal to the consumers current demands. This problem is obviously the most important as if a manufacturer can't put out a toy that will gain the public's

favor, he might as well go into some other business.

Another important problem that is a direct result of the necessity of ever changing styles is manufacturing in small lots. Since a manufacturer is hardly ever sure from time to time just how his products are going to sell, he does not want to take the risk of producing a great deal more of the particular items than he can possibly sell. He therefore, usually makes only a few more than he has orders for and then starts on another product. If more orders come in, he must again set up his machines to do the required work. This situation is responsible for the extra expense of continually setting up and breaking down machine setups. If he could get away from manufacturing in batches, he not only would save time and money, but if the volume is great enough, he might be able to use some line production techniques which have many advantages for mass production companies. One might think that the toy industry will never be a mass production industry, but the fact is that the bigger firms, although a very small minority, are now manufacturing on line production methods. One notable exception to this problem of short runs is the game manufacturers. Since most games use mostly all standard parts, they manufacture for stock and use whatever method of production they deem best for their purposes. As you all know, most all games consist of a folding board with the pattern for the particular "game" pasted on it, pieces of wood or plastic that are moved around the board, and some method of playing the game, such as dice, cards, spinners, etc.. Now the only thing that radically changes is the "game" itself. Since this is just a piece of paper with the "game" printed on it, there is not too much trouble involved in its production. As an example, Parker Brothers has three standard sizes of boards, about twenty standard "pieces", and several different "motivating" items. They manufacture

all these standard pieces in large economical lots and then store them in their warehouse until they are to be used. Of course, they have the advantage that none of these pieces take up much room. When a new game is to be manufactured all they do is determine the size of the board, type of "piece", and method of motivation, print the "game", paste it on the board, pick the different parts into a box, and then ship. They only manufacture on orders, as once the game is packed in a box, it takes up a great deal of room. They hardly ever stock games for more than a week.

Most all game manufacturers have the foregoing advantage but in general, most of the other toy plants have the more annoying problem of short runs.

### Ease of Entering the Industry

The toy industry is an easy one to enter because there is no minimum required capital. Due to the fact that some toys can be produced with even as simple a thing as a carving knife, the industry is unusually easy to enter on a small scale. The availability of market and capital are the two primary considerations in determining the intensity or magnitude of operations, but because of the type of product, this industry is one of the few that can be entered with a home shop and with any hope of success.

Because it requires the least capital, a wood toy plant is the easiest to start with. Two of the companies I visited (Templeton Wood Products, and the Toy House) were private homes where the "plant" consisted of a work shop equipped with a wood lathe, circular saw, and a few wood tools. Both of these places made little wooden novelties. Firms of this type are definitely in the minority though. The larger wood plants haven't much equipment either. Their greatest expense is incurred in processing the raw wood. This requires dry kilns, straight line edges, (used to cut up and match up wood) and cutting machines. Once the wood is processed, they use automatic planners and formers, railing machines, saws and drills to fabricate it.

The metal toy plants require more expensive and a greater number of machines, while the plastic toys and doll making plants usually require expensive special purpose machines. However, the majority of plants do not start out as toy making plants. In fact, a great number of them still do not make only toys. Fifty percent of the plants I visited made toys mostly as a sideline. One might ask why they bother to make toys at all. The answer is easy-profit.

There is a high margin of profit on most successful toys; in fact, some manufacturers said they made as much as 35% on some of their items. You might now ask how can the competition be very keen if such high margins of profits exist. This question brings out a unique characteristic of the industry, which is that most all toy manufacturers like to figure on a large profit for all their items so that if a few of them are not successful, the loss won't be too great. This is generally accepted, and therefore, competition usually doesn't take the form of price wars but shows itself in the form of copying. From this, it can be seen that the manufacturer who can produce all successful toys will realize a more than substantial profit. Every year there are a lot of manufacturers who start to make toys with the hopes of making a large profit, but the number of failures are far greater than the number of successes.

Three plants listed under toys in the 1947 Directory of New England Manufacturers have already given up. In each case, they were losing money. One of these, a small stamping company figured it would cost them five cents to manufacture a toy airplane, but when they started to make them, it cost them thirty-five cents. They shudder now when you even mention toys.

Although it is easy to enter the toy industry, due to small capital requirements, standard machines, unskilled labor, and such, it is a hard one to stay in, as so much depends on judgment and experience with regard to toys. These prerequisites come only with time, therefore, the new man is greatly handicapped. As mentioned in the previous section, there is a constant need for new designs, and this need requires a wide knowledge, not only of consumer interests, but of distribution practices and channels. Because of this, although many people think they have invented a great toy very few

new toys appear in any one year. Mr. H.D. Clark, Assistant Director of the Toy Manufacturers of the U.S.A., is the man to whom amateur toy makers send their hopes and models. He stated that 99% of these ideas have been on the market for years in a basic form or else were commercially impractical.

Also, as mentioned in the last section, there are cyclic, fad, seasonal, style, staple, and other items in the toy field.

The problems involved in understanding the value of these various items was already discussed, but I think it worth mentioning again that they are by no means easy to solve and that the manufacturer who is just entering the field would be better off if he had an outstanding idea for a toy or game, then to make slight variations for toys already on the market. The fact that competition is very keen in the industry will also make it hard for a new manufacturer to make "his mark". This factor will now be discussed in the following section.

### Competition Very Keen

Competition is keen in the toy industry as there are a majority of staple items in the field. Therefore, a lot of manufacturers are making basically the same items, thus causing the markets to overlap. There are, of course, many different styles and forms of these items, but the fact remains, they are the same. If a manufacturer wants to sell his product, he has to make sure that he can give the best product for any given price. In order to do this, he must offer one or several of the following: a unique or new design on a staple item; a new feature or addition; high quality; a very reasonable price; usefulness; or, even an entirely new item that will gain the public's favor. Of course, most important of all is fun value. This is still, and always will be, the main idea of any toy.

The price a manufacturer asks for his toy is important as the demand is elastic in the higher price range where larger savings can be made. By that I mean, if the price of a bicycle were cut in half, more would be sold whether they sell for a dime or nickel. Therefore, the problem of the manufacturer is to ask a price, taking into account the margins given to the different middle man, that will enable him to obtain the greatest return. Naturally this is no easy job, but the seasoned manufacturer usually knows within narrow limits at what price his toy would be most popular. This is another problem a new man in the field would have to overcome.

One advantage a new manufacturer would have, however, is the fact that trade marks are not too important in the industry.

In a few lines such as Lionel trains, Eff an Bee dolls, and Gilbert Chemistry sets, they are quite important. In general, however, a manufacturer doesn't have the additional worry of fighting a nationally known brand of toys. One can easily see the advantage of such a situation. If a manufacturer does plan to enter one of the fields where a trade mark is important, he should do so very cautiously and do as much marketing research as possible to see if his product has enough new features to enable it to compete with well-known toys.

A lot of competition in the toy industry takes the form of copying. If any one manufacturer puts out some new idea on the market that becomes quite popular, there are usually a few other manufacturers who bring out similar toys. An example would be the "walkie-talkie" put out by Tudor Metal Products. It proved to be quite a success and almost immediately there followed a plastic copy of it, and another metal copy. When putting out any new item it is important to get it out before anyone else has an idea similar to it, and give the consumer the best product you possibly can for their money.

It is because of this wide spread copying in the toy industry that manufacturers are becoming increasingly conscious of the need for originating and protecting ideas. The toy industry is essentially an "idea" industry, and for that reason, its' merchandising practices and profit are more susceptible to piracy than the average industry. Those acquainted with industry in general are well aware of the fact that there are few, if any, lines of merchandise which do not have relatively few creators and many imitators. I think it may be safely concluded, however, that the progress of an industry upward or downward as to standards, profit, and prestige



is almost entirely dependent upon the relative number of leaders, originators, and creators in comparison with copiers. When the ratio of "hangers-on" is high, the risk of putting money into new ideas, new equipment, and new creations discourages new capital, and the industry deteriorates. Although the ratio of "hangers-on" is appreciable in the toy industry, it is not high enough at the present time to be anything more than annoying.

### Mostly Small Scale Organizations

In 1941, the last normal toy year, there were some 600 toy manufacturers in the United States doing an annual average business of \$200,000.<sup>1</sup> Of the 600, there are three, Marx, Lionel, and Gilbert, that account for 1/3, if not more, of the total business. Although no figures are published due to the highly competitive nature of the toy industry, it is generally believed that Marx alone did something like \$20,000,000, that is 1/6 of the grand total.<sup>1</sup> Since these three companies were naturally taken into account when the average business was calculated, I think it can be easily seen that actually the "average" plant would have a business of less than \$200,000 annually. Taking into consideration that there are a few large plants, such as the Keystone Manufacturing Company that only manufacture toys as a side line, I think the conclusion may be drawn that the majority of plants have not only small capitalization, but have an insufficient working capital. It is this inadequency of capital that handicaps the toy manufacturer in many ways.

As mentioned before, the toy industry is mainly an "idea" industry. To be successful, a manufacturer must be able to initiate some new ideas into his toys or put out an entirely new toy that will meet with the consumer's approval often involves great expense. It is not unusual for Louis Marx, who puts out several very successful new toys each year to spend as much as \$100,000 on their development.<sup>1</sup> Obviously, a small manufacturer cannot afford research of that magnitude. It is, therefore, not unusual for a small concern to have some new ideas for toys which they cannot possibly give the warranted research for development and production of

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1. Fortune, January, 1946, Louis Marx - Toy King pp 222, 223



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it, because of their lack of capital. What they do in such cases is to put as much money into the development of the new idea as they possibly can. A lot of times they put out a good toy, but many manufacturers feel that if they could have worked on a certain item just a little more before putting it in production, they could have had a much better item. Feeling this way, they usually make improvements later after they have had a chance to accumulate some more money. One of the plants I visited proved to be an excellent example of this tendency. This particular company developed a toy baby grand piano about a year ago. At the time, they spent a considerable sum for development, dies, and tooling. The item proved to be a source of profit. However, they recently, at a very small expense, thought of a new way to make the piano which would not only reduce the manufacturing costs, but which also greatly improved the appearance of the item. This improvement was a very simple one, and if the management could have spent a little time and money on the development originally, I am sure that they would have thought of the better way in the first place.

Once having developed an idea, the problem of producing it arises. Because of the small capitalization of the average toy plant, it is moderately mechanized. Most all machines used are standard. Of the twenty-seven plants I visited, only two of the larger ones had special purpose equipment, namely Cass and Parker Brothers. I might add though, that in general, even if a toy manufacturer could afford to buy special purpose machines, he would seldom need them. This is particularly true of the metal plants. However, they could often use special purpose dies to do their stamping work, but since most of the plants cannot afford to have experienced die makers, who are in great demand today, they usually use

simple dies and send out for special dies only when they really need them. Also, because of their limited capital, I found that most of the toy manufacturers purchased a great deal of second hand machinery. He can easily do this because his needs are most always confined to standard machines. One might seriously question this practice, as in the long run, second hand machines would probably prove more expensive as the maintenance costs will be higher than for a new machine. Often these machines must be replaced before any return on them has been realized. Practices such as these, however, are a "necessary evil" in the toy industry as the manufacturer, having only a limited supply of capital at any one time, cannot afford to make any large expenditures during any one period. He must make temporary savings even though in the long run, it would be less expensive to buy new equipment, special purpose dies, or what have you. In conclusion, the toy manufacturer is forced to be "penny wise and pound foolish".

Toy manufacturers cannot afford to buy a plant that would best fit their needs. They do not have the money to investigate all possible methods of production in order to find the method that would be best for any particular plant. Their limited finances do not permit them to conduct any marketing researches or surveys. Naturally, these problems are faced by most all small scale industries, but that doesn't solve their problems.

As the toy industry is chiefly an "idea" one, it is important to advertise in order to promote any new product, but only a few of the large plants can do this. The manufacturer is almost entirely dependent on the appeal of his product to the public and on the individual efforts made by the salespersons in the stores where his toys are sold. Promotional efforts made by the manufac-

turer himself will be discussed later in the report.

If a small manufacturer does bring out a new idea, he is always worried that it will be copied by some of the larger companies. Even if it were patented, there isn't too much he could do as he could not afford the expenses of a patent suit. It is because of problems such as this, and those mentioned before, that the toy industry is becoming more organized. Such organizations as the Toy Manufacturers of the U.S.A. and Toy Guidance Council are doing a lot to help the industry in general solve some of their problems. Subsidized by contributions from the individual plants, they publish various pamphlets with pertinent information on the various promotion and production methods used by the toy manufacturers, the sponsoring of lectures, talks on various means of promotion, and general research work on the promotion of toys. From this you can see that these two organizations are interested mainly in the promotional problems of the toy manufacturer. The Toy Manufacturers of the U.S.A. sponsor the annual Toy Fair held in New York sometime in March. This is the greatest single factor in selling toys by the manufacturer. For two weeks an intensive selling program is conducted by about 600 manufacturers for an average attendance of 8,000 buyers from all over the world. The manufacturers call in their selling organizations to meet these buyers. This is a great advantage to the small firms as they are able to contact the buyers with a minimum of expense and time. In cases where the manufacturer himself does the selling, he is able to present his line and write off his business, in the least possible time, leaving him free to spend the balance of his time on production and other such important matters.

The Toy Fair not only helps the manufacturers to present

and sell his line, but helps to determine new styles and trends.

It is here that the fate of new items become known. A manufacturer can be "made" during the Toy Fair if he has hit upon an acceptable new idea.

Let us now discuss some of the recent developments in the toy industry, many of which are directly traceable to the effort of the Toy Manufacturers Association and the Toy Guidance Council.

RECENT TRENDS AND DEVELOPMENTS



### Educational Value and Quality of Toys Being Stressed

The manufacturers of toys are now taking into consideration the changed consumer concept of toys from "just something to give a child" to an important influence in the lives of children. The manufacturer and even more so, the buyers, are beginning to realize that "children find fun only with toys they can understand, toys they can enjoy, toys that they can manipulate with success. Playthings which are beyond the child's ability to comprehend often discourage the child. They are, therefore, likely to cause unhappiness through a false sense of inferiority."<sup>1</sup>

According to Ruth Millard, of the Toy Manufacturers of the U.S.A., every child from bassinet age through teens will find playtime happier and more profitable by receiving playthings which are suited to his age and chosen to stimulate all-round development. It is this philosophy of choosing the right toys for the right age that is the heart of an increasing number of research programs by American toy manufacturers designed to contribute fun value and purposefulness to children's play. At this year's Toy Fair this trend was evidenced by the use of informative labels on nearly all toys, explaining the purpose and age interest of the individual toys.

It should be remembered that toys are often realistic miniatures of adult possessions which prove very beneficial, as they are designed to teach the child to learn by doing. This educational value of a toy makes it well worth its' price. Another fact that manufacturers are now realizing is that the more a child can do with a toy, the more fun he has, and the more he learns. Every child should have toys which supply active, creative, dramatic, and

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1. Melvin Freud, President, Toy Guidance Council

social play. Although, there are no hard and fast rules about childrens' play interests, as the aptitudes and interests of individual children vary widely, the Toy Guidance Council has published a practical guide as to toys best suited for the various age groups. This list works itself up from an infant to ten years and over in two year periods. This list is more of an aid to the sales people, though, than to the manufacturer, as his problem is to make a well rounded toy, while it is up to the salesperson to see that the toy is bought for a child that is of the age that he will appreciate it.

The foregoing concept does not and should not in anyway conflict with the manufacturing and selling of toys for their play value and gift-giving significance. The "fun" value will always be the chief buying incentive and nothing should be allowed to interfere with this buying motive. The purposeful concept is merely an additional incentive which already has found acceptance in the minds of a considerable number of consumers, and it is a buying incentive which should not be neglected.

The Toy Guidance Council recommends three different points to consider in evaluating all types of toys: 1.-Dollar Value; 2.-Fun Value; 3.-Practical Value. All three are becoming an important concern of all toy manufacturers. The dollar value must be adjusted in accordance with experience; according to economic conditions of the time and place; and by actual comparison with similar, available products. Fun value and practical value may be effectively recognized by use of the simple "Evaluation Chart" put out by the Toy Guidance Council, New York City. The chart is as follows:

### FUN VALUE

1. Must Afford Amusement-- either through Action, Humor, Fascination, Imitative Play or Competition.
2. Must Be Safe For Play--  
For Pre-School Age, by having smooth edges, having harmless finishes and being of an appropriate weight.  
For Intermediate Ages and Above, by being electrically and chemically harmless, if used with ordinary caution.
3. Must Be Durably Built--by being capable of fulfilling the play purpose for which it is intended, even though it may be subjected to normal childish abuse.

### PRACTICAL VALUE

1. Will Aid Mental Development, by:  
Providing knowledge,  
Encouraging alertness,  
Inspiring determination,  
Demanding resourcefulness,  
Suggesting creative action

or

Requiring concentration.

2. Will Aid Physical Development, by:

Exercising the body,

Inducing muscular co-ordination, or

Encouraging outdoor activities.

3. Will Aid Social Development, by:

Promoting thrift,

Encouraging group association,

Teaching poise,

Preparing for future life,

Inducing co-operation

or

Inspiring kindness.

4. Will Aid Vocational Development, by:

Promoting interests in crafts

and hobbies as well as the

sciences of electronics and

chemistry.

Many of the toy manufacturers are trying to develop toys that will contain most, if not all, of these characteristics.

### Becoming an All-Year Round Business

Even though the majority of the plants I visited still work on a seasonal basis, the industry as a whole is gradually becoming a fifty-two-week, year, round business. A few of the very small plants only make toys part of the year and do other work the rest of the time. The majority of the plants work all year round on toys, but are continually laying off and rehiring help in the slack and busy seasons. One plant I visited in New York had over 250 people working for them a few months before Christmas, and employed a little more than 50 people the first few months of the year. Then again, a few of the large plants like Parker Brothers, Lionel, Gilbert, and Marx keep the same number of employees throughout the year. I might add though, that Lionel, Gilbert, and Marx are the biggest and largest toy manufacturers in the country, and Parker Brothers is the largest game manufacturers in the country. Therefore, having a tremendous volume of sales, they not only can afford, but find it necessary to have a large working force throughout the year. Despite the fact that there are many manufacturers who work on a seasonal basis, the present situation is a great improvement over the conditions that existed ten years ago. At that time, there were hardly any manufacturers who worked all year round making toys.

Although manufacturers still ship around 35% of toy production in September, October, and November, (Christmas still the peak sales period), toy production and promotion is now rapidly becoming an all-year-round business. One of the contributing factors to this development is the change in the attitude of department stores toward toys, and the number of new retail outlets that took

on toys during the war when their regular lines of merchandise were cut off. Prior to the war, day-to-day sales of toys were made chiefly by the neighborhood candy and stationery stores, variety chains, drug stores, and the like. Department stores, as a rule peaked their promotion and sales efforts on toys around the Christmas season. When the war created shortages of virtually all types of merchandise, more and more department stores began to feature toys the year round--first on a small scale and then expanding their operations as they found a steady increase in demand. Department store buyers were surprised and favorably impressed by the extent of consumer response at all seasons of the year. As a result, department stores are now giving toys a more intensive all-year-round promotion. Also, chain outlets that took toys on during the war found them a good volume builder, and from what I could gather, there is no indication that they plan to drop them.

Another reason, as mentioned in the previous section, for the year-round activity of the toy department is the changing consumer concept of toys. Of course, the consumer demand for toys throughout the year is directly responsible for the change of attitude of the department stores. The advantages of steadier, non-seasonal production have become increasingly evident to many manufacturers. Though conscious of these advantages, the efforts of small and medium plants to alleviate irregular production have been slight. The market is inherently seasonal, yet, the production of large plants is not contingent upon this fact. Slowly, the smaller plants are assimilating the large plant's methods of stabilizing employment and production. At present, however, the industry is predominately seasonal with immense possibilities of improvement.

### Additional Promotional Efforts Being Made by Manufacturer

Because of the wide range of lines and items carried by retail stores, all toys cannot be effectively demonstrated by anyone salesperson, but what they will do, how they are to be used, and their play value can be in most instances effectively shown by their layout and display. The development of more effective display value and display units is the joint responsibility of manufacturers and retailers. Manufacturers are beginning to realize that because of the wide variety of products carried in the toy department, the buyer will be favorably inclined, other things being equal, toward the product that does more for itself, as far as self demonstration is concerned.

Realizing that because of the wide number of items carried and the short period of volume selling buyers do not have time to develop promotional material for individual items, the manufacturer is beginning to develop selling ideas in the form of specific selling aids or promotional helps. These promotional helps are: (1) Specific sales points, or the "reason why" for the article attached to it or the enclosed package; (2) A "silent salesman" for the counter which may take the form of an attractive box or counter display, spot lighting the "high points" of the item; and (3) Descriptive information which can be used by the advertising department of the retail store. The manufacturer who designs his product to possess such promotional aids can be sure that his product will be able to make a showing for itself even if any particular store can't afford to give it the attention of a salesperson. The manufacturers are beginning to realize the advantages of such a program so well, that they are now seriously considering not

only the toy itself, but how can it be best packaged and described so that it might figuratively "walk off the sales counters".

Other selling aids and promotional helps used by the manufacturer are personnel selling, advertising, and demonstration. The manufacturer may achieve the foregoing promotional efforts by various means of proportioning his expenditures. The methods he finally does use will depend largely upon the financial structure of the particular concern, and on the type and price structure of the toys being manufactured. In other words, a manufacturer of musical toys would put more emphases on demonstration, because the consumer would want to hear the toys play before he buys, while a manufacturer of Lincoln Toys would depend more on advertising. A manufacturer of inexpensive toys (5¢ and 10¢) would rely on personal selling done by the retailer, hoping also that the display given his items in the store would be enough to sell the toy. However, in most cases, a definite policy is set up at the beginning of the year by the manufacturer which takes the above points into consideration. The main thing is to determine which type of promotional effort or efforts is the best suited for a specific toy, and then plan expenditures accordingly. Nevertheless, I found that the average plant spends approximately 10% of the selling price for promotional efforts. This 10% was mostly broken down as follows:

5%.....Direct Selling Expenses

3%.....Advertising Media

2%.....All others

The extent of expenditures also depends on whether a buyer's or seller's market exists at the present time. It seems to be the general opinion that there is a buyer's market this year, for the toy industry.



I might add that there are numerous other ways in which jobbers or retailers participate in the promotion of a particular toy. The retailer might display the toy in the window, while the jobber might aggressively promote the toy, more so than others. The intensity of such promotional efforts made by the retailer or jobber will, in most cases, depend on the promotional discount offered by the manufacturer. The greater the discount, the greater the effort. It should be noted that during and since the NRA days, there has been a noticable increase in better and more dignified buyer-seller relationships, particularly in regard to unwarranted and uneconomic demands on the part of the buyer for contributions to this, that, or the other thing. This improvement has been due in part to the Robinson-Patman Act, but chiefly because of an appreciation on the part of the buyer and manufacturer that mutual considerations in the long run make for better business.

A few buyers, very few, continue to ask for contributions-- little less than outright donations on the part of the manufacturers-- but this practice is being opposed by practically all of the leading manufacturers and is frowned upon by a large percentage of buyers. There is reason to believe, therefore, that they will soon be filed as practices of yesterday.

### New Materials

Toy manufacturers will have this year for the first time access to commercial quantities of the new materials which were developed during the war, principally in metals and plastics. These materials are expected to play a major part in the production of many toys which will be manufactured this year.

While aluminum, magnesium, and plywood will also "make their mark" in the field, improved plastics will very likely be the one most widely used. I might add that the increased demand and production of plastic toys is causing some concern to the metal and wood manufacturers. Some are wondering whether all toys will be plastics in the future. Others, realizing the up-surge of plastic toys, say that there is plenty of room for all three kinds of toys, namely wood, metal, and plastic, without injuring the sales volume of any one kind. Still others claim that there will never be a substitute for wood or metal toys. It is my opinion that plastics will continue to play a larger role in toy making, but will not for sometime, if ever, replace wooden and metal toys. Each of these three materials have definite advantages and disadvantages. Since there are so many different types of toys, each can be used to its' best advantage at the present time. Perhaps in the future, a new form of one or even an entirely new material will be used that is far superior to all three. As it is now, there is ample room for all three as evidenced by the current toy field.

The fact that plastics are being used more extensively than before is brought out in a report on the latest Toy Fair held in New York this March.

"Doll house furniture models of plastic will include complete lines for kitchen, dining room, living room, bed room, and bathroom. Plastic dolls also will be shown. A number of producers are putting out miniature tea sets which are reproductions of expensive china sets."

"Plastics will be widely represented in the musical instrument field in a variety of ingenious noise makers. Board games will have plastic pieces, and building sets will include plastic bricks."

"Plastic also will be used for spinning tops and for a host of toy autos, trucks, and boats. There will be plastic freight cars for electric railroads. Plastics will be used, too, for a wide assortment of accessories that add to the fun of miniature railroading."

"Tanks and jeeps will come in plastic miniatures. Plastic pistols of the cowboy, as well as regulation police and military types will be shown."<sup>1</sup>

The report also states that "aluminum, which had its initial showing at last year's fair, will be used more extensively this year. This material will go into sleds, wagons, bicycles, and scooters, along with tables and chairs for childrens' use." Also that, "the greater supplies of paper and cardboard available this year will result in the return of many toys and games that were former favorites, and in the wider introduction of pop-up books and cards, of both the educational and strictly amusement types."

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1. New York Herald Tribune, March 9, 1947, Section III-IV, p 13

PRESENT PROBLEMS

### Shortages

Like most other industries, the toy industry is faced with the critical problem of shortages. In every plant, I visited one of their worries was the shortage of necessary materials. Even N.D. Cass, who owns their own lumber forest and mills, complained of the scarcities of materials other than wood. They are quite lucky though, as the other wooden toy plants, who didn't own any timber lands, found it very hard to get wood. Sheet metal appeared to be the hardest to get, rubber next, then cardboard and paper, and lastly wood.

Like all small plants, the majority of the toy manufacturers find the material suppliers reluctant to ship them small orders as it would be less expensive for them to ship in carload lots. The small companies cannot buy in such large lots for several reasons. First, many do not have the available funds to buy in large lots. Second, even if they temporarily do have some available capital to buy in large lots, they cannot afford to "sink" too much money into material that they can't use in the near future, as they always have to meet such demands as wages, overhead, and running expenses. Then again, with prices fluctuating one way or the other in the matter of buying more than they can presently use.

During the war, the toy industry was considered a non-essential industry, and therefore, most of the metal manufacturers had to convert either to wood or do some war work, as they could no longer obtain metal for making toys. In doing so, a few of them lost contact with their regular suppliers. Now that the war is over, they again look to their old suppliers to ship them needed material. Many times, the suppliers won't even be bothered with

them. Since they only wish to buy small lots at uncertain intervals, they find it hard to get the business of a new supplier. It is still a seller's market for raw materials and sheet steel.

As I mentioned before, this problem of shortages is not known only to the toy industry, but to most all industries in the country. The fact still remains though, that the many small plants in the toy industry do find it hard to get materials for production, as they are not big enough to have "pull" or to pay black market prices. They cannot afford to please the suppliers by buying in carload lots, so often they go without the necessary materials for production. However, this problem is only a temporary one, and eventually it will work itself out when the country approaches some state of normalcy, especially on the labor front. Increased production would, of course, be dependent on settled labor conditions, and the satiating of the heavy industries' markets. Since the toy department represents merchandise produced in twenty-seven<sup>1</sup> different types of industries, labor peace is particularly vital to successful overall operation.

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1. L.M. MacDonald, President of Toy Manufacturers of U.S.A.

### Foreign Competition

Now that the war is over, the toy manufacturers are again worried about the possibility of foreign competition. Countries such as Germany and Japan were, and still are capable of turning out many toys that would be able to undersell American made toys here in the United States. One might think that it will be a long time before these two countries will worry about producing toys, but the fact is that the Germans were making certain metal toys right up to their surrender.<sup>1</sup> At any rate, there are a great many people in the industry that are concerned. The toy manufacturers of the U.S.A. are making every effort to see that the danger of foreign competition is cut down to a minimum. They are co-operating with the government in assisting the development of toy production programs in Germany and Japan which will be least harmful to American labor and to help pay occupation costs. They feel that the great threat comes in the building up of modern, efficient toy industries which, when currencies are stabilized and costs are based on a scale of living for labor of the American worker, may be able to copy American designs at prices far below the cost of production in our country.

Other arguments advanced by Mr. MacDonald, the President of the Toy Manufacturers of the U.S.A. are as follows:

"It is the hope of the American Toy Manufacturers that their large investments in research which has achieved world leadership in the development of safe purposeful toys will not be jeopardized by foreign copying.

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1. Fortune, January, 1946, Louis Marx, Toy King, p 125

"The American toy industry is confident of competing with foreign manufacturers if the toy merchandise is fairly priced and does not impose the standards of sweated labor, home work, and government subsidy in competition with American union laborers.

"Our industry believes that it is of great concern to all American parents that our large, progressive toy industry, which has pioneered in setting high standards of hygiene, safety, durability, and educational value, should not be permitted to be destroyed by unfair competition from toy industries of Germany and Japan rebuilt and developed by our government's funds."

It seems that governmental agreement with Mr. MacDonald has been assured by prominent officials of the American State, War and Commerce Departments, as well as by the United States Commercial Company, that there "will be no dumping of toys from the occupied areas in this country." Also that import duties will be paid, and that it is the present aim of the government "to get every dollar possible for these German and Japanese toys."

Under these conditions, the industry does not feel that there will be any great harm from foreign competition this year.



### General Business Conditions

Though initially optimistic, the industry is now leaning strongly toward a rather pessimistic viewpoint. At the beginning of the year, they were quite optimistic and according to the Toy Manufacturer Association, the production schedules of the industry were geared to increase 1947 output by an average of 20% over 1946 figures. There were good reasons for taking such a bright outlook. The unusually favorable factors were the low condition of toy inventories in the stores, the peak demand which had been built up by war-time shortages, and the large increase in the birth rate during the last six years. In spite of these desirable conditions, the toy sales have been falling off. About two-thirds of the plants I visited complained if things continue as they are now going, they won't sell half as many toys as they sold in 1946. Some feel that with conditions as they are today, no one wants to order too far in advance. As I mentioned before, the toy industry is still a seasonal one, with the great majority of sales occurring in December. It might be that the buyers are waiting until the last minute before placing any large orders. On the other hand, the drop in the toy business might be entirely due to such things as rising prices, the foreign situation, and labor troubles. The manufacturers are not producing as much as they would like to or as much as they can, and they are more than a little concerned over the present situation. The fact that these conditions are probably temporary does not decrease their anxiety, in any way.

**APPENDIX**

## PLANTS VISITED OR CONTACTED

### Wood

Art Chrome Company of America, Boston, Massachusetts  
Donar Products Corporation, Medford, Massachusetts  
Edward E. Babb & Company, Inc., Boston, Massachusetts  
Fibermold, Winchester, Massachusetts  
Mason & Parker Manufacturing Company, Winchendon, Mass.  
Paul K. Guillow, Wakefield, Massachusetts  
Rich Lumber Company, Hingham, Massachusetts  
Templeton Wood Products, Templeton, Massachusetts  
The N.D. Cass Company, Athol, Massachusetts  
The Toy House, New Bedford, Massachusetts  
Wood Novelties Manufacturing Co., Fall River, Massachusetts

### Metal

A. C. Gilbert, New Haven, Connecticut  
Collier-Keyworth, Gardner, Massachusetts  
Hedstrom Union, Fitchburg, Massachusetts  
Hub Stamping Company, Boston, Massachusetts  
J. Chein & Company, Harrison, New Jersey  
Keystone Manufacturing, Boston, Massachusetts  
Lionel, Irvington, New York  
Longwood Machine Company, Boston, Massachusetts  
National Fire Works, New Bedford, Massachusetts  
O.W. Siebert, Gardner, Massachusetts  
T. Cohn, New York City, New York  
Thayer Company, Gardner, Massachusetts  
Tudor Metal Products Corporation, New York City, New York

Games

Electric Game Company, Holyoke, Massachusetts

Parker Brothers, Incorporated, Salem, Massachusetts

Strathmore Games, Boston, Massachusetts

Dolls

Vouge Doll Shop, Medford, Massachusetts

Frisch Novelty Company, New York City, New York

Harvard Toy Works, Medford, Massachusetts

## INTERVIEWS

Mr. Bailey	Hedstrom Union
Mr. Bimblick	T. Cohn
Mr. Chapman	Mason & Parker Mfg. Co.
Mr. Roy Clark	Rich Lumber Company
Mr. Cohn	T. Cohn
Mr. Conti	Hedstrom Union
Mr. C. Cookman	National Fire Works
Mr. R. M. Guillow	Paul K. Guillow
Miss J. Graves	Vouge Doll Shop
Mr. K.E. Haselton	N.D. Cass
Mr. Hedstrom	Hedstrom Union
Mr. Heywood	Mason & Parker Mfg. Co.
Mr. Jelly	Parker Brothers
Miss Jones	The Toy House
Mr. Keyworth	Collier & Keyworth
Mr. Gene Levay	Tudor Metal Products Corp.
Mr. Levowich	Hub Stamping Company
Mr. Mercier	Wood Novelties Mfg. Co.
Mr. Prentice	Electric Game Co., Inc.
Mr. E. Reiss	Art Chrome Company of Amer.
Mr. Elmer Sas	Tudor Metal Products Corp.
Mr. Simonds	Donar Products Corp.
Miss Smith	Longwood Machine Company
Mr. Stern	Frisch Novelty Company
Mr. Swartz	Keystone Manufacturing Co.
Mr. Joe Tonelli	Thayer Company
Mr. Troendle	Tudor Metal Products Corp.
Mr. V. Vallette	O.W. Siebert

## BIBLIOGRAPHY

### Description of Plants Visited

#### WOOD

1. The Art Chrome Company of America  
720 Beacon Street  
Boston, Massachusetts  
...  
President and Treasurer - Ernest Reiss  
Employs - 60                      Capital - ?  
Product - Modern furniture and toys  
Plant - Bottom Floor of a four story brick building.  
Description - Makes toys only with extra material. Toys consist of small wooden shovels and doll house accessories.
2. Donar Products Corporation  
751 Main Street  
Winchester, Massachusetts  
...  
President - D.R. Simonds  
Employs - 10                      Capital - \$5,000.  
Product - Weaving frames  
Plant - A small single story wood building.  
Description - Very small place that only makes children's weaving frames.
3. Edward E. Babb & Company, Incorporated  
910 Commonwealth Avenue  
Boston, Massachusetts  
...  
President - Edward E. Babb, Jr.

Product - School Supplies

Description - Gave up making toys a year ago  
as it proved unprofitable.

4. Mason and Parker Manufacturing Company

28 Front Street

Winchendon, Massachusetts

...

President - William H. Chapman

Employs - 75                      Capital - ?

Product - Blackboards, rocking horses, juvenile  
table and chair sets, children's iron-  
ing boards, and toy trunks.

Plant - Medium sized double story wooden plant.

Description - Only moderately mechanized. Mostly  
hand operations.

5. Paul H. Guillow

New Salem Street

Wakefield, Massachusetts

...

General Manager - Roscoe M. Guillow

Employs - 40                      Capital - \$25,000 to \$50,000

Product - Wooden Airplanes

Plant - Medium sized, single story, wooden build-  
ing.

Description - No visitors allowed.

6. The Rich Lumber Company

...

Description - Part of the N.D. Cass Company

7. Templeton Wood Products

Templeton, Massachusetts

...

Product - Wooden Novelties

Description - Private home with small wood shop.

8. The N.D. Cass Company

62 Canal Street

Athol, Massachusetts

...

President and Treasurer - N.D. Cass

Employs - 175

Capital - \$100,000 to  
\$500,000

Product - Wooden toys

Plant - Four three story wooden factories.

Description - Largest wooden toy manufacturers in  
the country.

9. The Toy House

34 Union Street

Medford, Massachusetts

...

Product - Wooden novelties

Description - Private home with a wood shop.

METAL

1. Collier Keyworth Company

Tuttle Lane

Gardner, Massachusetts

...

President - Mr. Keyworth

Employs - 125

Capital - \$75,000 to  
\$100,000

Product - Baby Carriages

Plant - Large four story brick building.

2. Hedstrom Union Company



Fitchburg, Massachusetts

Employs - 900                  Capital - \$250,000 to  
\$500,000

Boston, Massachusetts

Description - Hasn't made toys for the last year  
as they can't get enough material.

Somerville, Massachusetts

Description - Gave up making toys as a sideline as they proved unprofitable.

Gardner, Massachusetts

Brooklyn, New York

**Employs - 150                  Capital - \$100,000 to  
\$300,000**

Product - Sand pails, tin horns, trumpets, tan-  
borines, and noise makers.

Product - Sand pails, tin horns, trumpets, tan-  
borines, and noise makers.

Plant - Medium sized two story brick building.

## 7. Tudor Metal Products, Corporation

127 Johnson Street

Brooklyn, New York

• • • •

President - Elmer Sas

Employs - 150                      Capital - ?

Product - Musical toys, banks, and other metal toys.

Plant - Occupies four stories of a large seven story concrete building.

## GAMES

1. Parker Brothers

190 Bridge Street

Salem, Massachusetts

...

President - Robert M. Barton

Employs - 250                  Capital - \$250,000 to  
\$500,000

Product - Games

Plant - Several large wooden buildings

Description - Largest game manufacturers in the United States.

DOLLS

## 1. Vouge Doll Shop

Medford, Massachusetts

...

Description - Second floor of an old wood building. They do nothing but dress and pack dolls.

2. Harvard Toy Works

Medford, Massachusetts

...

Description - Private house. No visitors.