

**WEEKLY
MARKET
REPORT**

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ALL ABOUT PEOPLE

FINANCIAL NEWSBRIEFS

and more.....

A WEEKLY SUMMARY OF NEWS AND OPINION IN THE INDUSTRY

CPSC TASK FORCE SAYS MORE LITIGATION IS NEEDED IN RECALL CASES

A special task force at the Consumer Product Safety Commission has recommended that the agency take legal action more frequently against companies that do not voluntarily recall their potentially hazardous products. According to the group's report, the CPSC has now processed more than 2,500 recall-and-correction actions involving "tens of millions" of product units, and "only a handful of these cases" have been the subject of formal CPSC enforcement moves after a breakdown in voluntary negotiations. The report went on to say, in effect, that some greater amount of litigation should be undertaken as a demonstration of the Commission's authority and effectiveness. Litigation, said the task force, ought to be started "in a limited number of appropriate cases," with the latter partially defined as those in which the risk of hazard is "severe" and the manufacturer's proposed notification and remedial procedures are felt to be significantly inadequate.

KENNER ITEMS LEAD 'HIT PARADE'; ELECTRONICS BEGIN TO MOVE

Kenner's Star Wars and Strawberry Shortcake figures lead all other TV-advertised items in the "Toy Hit Parade" best-seller list that will appear in the November issue of TOY & HOBBY WORLD. Also reported to be moving well, according to the chain buyers and wholesalers surveyed by the magazine, were two Ideal products, Rubik's Cube and the Team America Stunt Cycle; Mattel's Pretty Changes and Beauty Secrets Barbies, Knots' Yo-Ball and Tomy's Strolling Bowling. The TV doll most often cited as selling at a good clip early in the fourth quarter was Mattel's Baby Cries for You. Electronic game activity, especially at the wholesale level, is apparently starting to heat up. The top item was said to be Coleco's Head to Head Baseball, followed by Entex's Space Invaders; the various Simon items from Milton Bradley; LJN's I Took a Lickin' From a Chicken; Castle Toy's Einstein and Name That Tune; Parker's Merlin; and Mattel's Football 2. Among the non-TV products, the leader was still International Games' UNO. Healthy sales totals were also being chalked up with Tonka and Nylint trucks, higher-priced dolls and plush, and diecast vehicles.

ALL ABOUT PEOPLE:

Leisure Dynamics has announced a series of organizational changes. They involve Skip Marson, who has resigned as president of the company, effective immediately; Jim Baum, who has been promoted from vice-president/sales to president of the Lakeside/Cox division; Mike Fadell, who has advanced from sales manager for the central region to national sales manager; and Peter Nielsen, who has been moved up to Fadell's former post after serving as a central region district manager....Bill Huske, most recently with Aluminum Specialty Company as the national sales manager for its toy division, has been appointed national sales manager by Monogram Models....Union Wadding has named William Fox, previously Eastern regional sales manager for consumer products, as assistant sales manager of the consumer division. He'll have responsibility for business in the Northeast, from Maine to Washington, D.C., and for the Southwest. His base will be Union Wadding's main home office in Pawtucket, R.I. The company also reports that Frank Fenton, earlier with Divajex and GTE Sylvania, has been appointed the consumer division's Midwest regional sales manager.

WHISPERS

Unit and dollar sales increases and a growing customer list have persuaded the vice-president/marketing and sales at a medium-size Midwestern concern that he needs the help and services of a strong national sales manager, preferably one with a background in bulk goods....After four years with one of the country's largest toy wholesaling companies, where he managed to open up several large chain accounts, a young and ambitious regional sales manager wants to improve his lot, hopefully with a toy-maker....Following a dozen years in the toy industry, as an accomplished administrator, graphics coordinator and office manager, Miss X left to take employment as top aide to the chief executive officer of a retailing organization headquartered in New York. She misses the toy arena and would like to return....For further information about any of the above "Whispers" items, call Ted Erickson at TOY & HOBBY WORLD (212-953-0950).

PURCHASES BY MODEL RAILROADING FANS MATCH OR EXCEED 1979'S

Eighty percent of the readers responding to a survey conducted by Model Railroader magazine say that by year-end they will have spent as much or more on their model railroading hobby in 1980 as they did in 1979. Last year, according to the publication, the average hobbyist laid out \$472 for model railroading products, with 62.7 percent of the sales dollars going to hobby shops and the rest going to mail order houses, department or variety stores, and others. In that same year, 1979, a large majority (76.7 percent) of the surveyed hobbyists said most of their modeling was done in HO scale, as opposed to N scale (13.5 percent), O scale (7.4 percent) and "other" (2.4 percent). All of the survey findings were based on questionnaire cards returned by 756 of Model Railroader's readers. The magazine had randomly included 5,205 of the cards in its August issue.

TMA SEMINAR FOCUSES ON TOY SALES OPPORTUNITIES OUTSIDE THE U.S.

"Incremental dollars" await those U.S. toymakers who capitalize on the sales opportunities offered by foreign markets -- the major question is how to go about doing so. That was the message and program theme, respectively, of the International Marketing Seminar convened in New York recently by Toy Manufacturers of America and attended by representatives of over 50 member companies. Doug Thompson, TMA's president, and Alan Hassenfeld, executive vice-president of Hasbro Industries and chairman of TMA's tariff and trade committee, set the stage by noting that the toy industry's future growth and profitability and its perennial interest in greater year-round sales "can be implemented in part" by increasing the amount of business done outside the U.S....The first seminar speaker, Harry Pearce, a senior vice-president at Tyco Industries, presented statistical estimates covering the 26 nations, including the U.S., that account for over 90 percent of the world's \$18 billion worth of toy sales at retail. With the U.S. leading, with annual sales totaling \$5.8 billion, representing an average expenditure of \$115 for each child under age 15, the respective totals for other principal markets are: Canada -- \$500 million and \$83; Mexico and Latin America -- \$950 million and \$8; the United Kingdom and Ireland -- \$1.15 billion and \$89; West Germany -- \$1.4 billion and \$124; France -- \$1.4 billion and \$117; the Benelux countries -- \$550 million and \$106; Austria -- \$130 million and \$82; Switzerland -- \$275 million and \$215; Scandinavia -- \$457 million and \$99; Spain -- \$400 million and \$40; Portugal -- \$75 million and \$31; Italy -- \$550 million and \$43; Japan -- \$3.1 billion and \$114; and Australia and New Zealand -- \$250 million and \$67...Ways of approaching these and other foreign markets, and the pros and cons involved in each kind of approach -- licensing, arranging joint ventures with foreign producers, buying or establishing overseas production facilities, or exporting goods from the U.S. -- were outlined by Alan Hassenfeld; Bill Quinlan, vice-president/non-Europe international operations for General Mills' Creative Products Group; Thomas Shea, director of materials and administrative services for Milton Bradley; Dorothy Dervay, manager of international traffic at Fisher-Price; and Theo Howland and Dan Martin of the T.G. Howland Company, export agents; and Andrew Campbell, president of the Export Hotline Corporation. Other speakers addressed such topics as export financing and the Department of Commerce's export assistance programs, and TMA's tariff counsel, M. Barry Levy, elaborated on current and anticipated Federal laws and regulations bearing on foreign trade. (Editor's note; Details from several of the above-mentioned seminar presentations will appear in the next issue of the WEEKLY MARKET REPORT.)

FISHER-PRICE BUILDING NEW DISTRIBUTION CENTER IN ENGLAND

Work has begun on a new United Kingdom headquarters and distribution center for Fisher-Price Toys. Slated to cost in excess of 1 million pounds, the new facility will be on a 6¼-acre site at Brackmills, Northampton, and is expected to be completed by August of next year. Fisher-Price's U.K. plant remains in Peterle, also in Northampton, where it's been since 1974. The company reportedly has about a 15 percent share of the British preschool market.

FINANCIAL NEWSBRIEFS:**NINE-MONTH SALES AT COLECO INCREASE BY 32% TO \$136.8 MILLION**

Coleco Industries' net sales for the nine months to September 30 are reported as having reached \$136.8 million, representing an increase of 32 percent when compared with the year-ago total of \$103.7 million. Gross shipments of electronic games for the 1980 period of \$78.1 million were about \$30 million greater than those for January-September 1979, according to the company's statement to stockholders. Net earnings in the current nine-month period reached \$15.3 million, compared with \$6.1 million in the first three quarters of last year, after tax credits of \$3.6 million and \$2.4 million, respectively.

TONKA REPORTS SALES UP FOR JANUARY-SEPTEMBER; NET HITS \$3.1 MILLION

For the nine months ended September 27, Tonka Corporation reports net sales from continuing operations of \$71.5 million, up close to 9 percent from \$65.7 million (restated) in 1979. Net earnings in the same year-to-year comparison rose to \$3.1 million from \$286,000. Steve Shank, president and chief executive officer, told stockholders that "our products appear to be moving well at retail in the domestic and Canadian markets, (but) we continue to experience a cautious buying attitude on the part of the trade, which makes it difficult to forecast fourth-quarter sales with a high degree of confidence." Shank added that he expected the proposed sale of the Gresen division to the Dana Corporation (WEEKLY MARKET REPORT, September 15) to be consummated by the end of the company's fiscal year, assuming that the negotiations continue to "go smoothly."

SALES UP 25%, NET RISES 20% AT BRADLEY FOR FIRST THREE QUARTERS

Record sales and earnings for the first nine months of 1980 have been announced by Milton Bradley. Revenues came to \$292.7 million vs. \$234.1 million for the same period in 1979, an increase of 25 percent. Net income in this year's period was \$22.1 million compared with \$18.4 million, a gain of 20 percent. In a statement accompanying the figures, chairman/president Jim Shea said that shipments of electronic games and toys were heavier in the current third quarter than they were a year earlier, when "microprocessors were in short supply."

REPORTS FROM WHAM-O, WETTERAU, WARNER, LIONEL, TASTY BAKING CO.

Wham-O Mfg. Company reports net sales of \$24.4 million for the three quarters to September 30, down 5 percent when measured against the \$25.6 million for the same nine months in 1979. Net earnings were up 8 percent: \$1.90 million vs. \$1.76 million. Management said it anticipated that earnings for the full year would approximate last year's....Wetterau, the conglomerate whose units include Consolidated Toy and Toy City, has announced revenues of \$695.5 million in the fiscal half ended September 27, a total 17 percent ahead of last year's \$595 million. Net income was up 20 percent, to \$7.2 million from \$6 million....With an approving reference to the contribution made by Atari and Knickerbocker, Warner Communications' chairman, Steven Ross, noted that corporate sales in the July-September quarter had risen to \$1.4 billion from \$1.2 billion a year ago and that net income increased by 23 percent -- to \$92.5 million from \$75.4 million. "The explosive growth of Atari propelled the

consumer electronics and toys division to a record quarter, with revenues more than doubling," Ross stated, "and its operating income of \$21 million compares with one of \$5.6 million in 1979."...Lionel Corporation reports sales of \$133.5 million for the nine months to September 30, an increase of about 23 percent from last year's total, \$108.9 million. The firm's net loss for the period came to \$4.4 million, up from \$2.8 million a year earlier....Tasty Baking Company, parent of the Larami Corporation, reporting on 36-week sales to September 6, said the total was \$123.3 million as against \$117.1 million in the comparable 1979 period. The net income of \$1.9 million for the 1980 period compares with a year-ago loss of \$1.8 million. Chairman Paul Kaiser disclosed that the Larami division is operating on an essentially break-even basis "despite the recessionary climate." He added: "The new management in the division has made a successful turnaround since they took over at the first of the year."...Fiscal-quarter revenues to September 26 at the Huffy Corporation were \$50.6 million. In the same 13 weeks last year, the company reported sales of \$58.3 million. Net income fell to about \$1.2 million from approximately \$2.3 million.

RUSS BERRIE'S SOUTHERN OPERATION BUILDS IN ATLANTA

Steve Powers, president of Russ Berrie and Company South, Hialeah, Fla., announces that a new distribution facility, one with 35,000 square feet of warehouse space and 6,000 square feet for offices, is under construction in Atlanta. "This is our fifth expansion in four years," says Powers, "and will enable us to offer improved service, quicker order-processing and lower freight costs." The company is responsible for Russ Berrie sales in Georgia, Alabama, South Carolina, Florida, Puerto Rico and South America and in parts of Mississippi, Tennessee, Virginia, North Carolina and Louisiana.

SCHULMAN AND CITELLI GIVEN NEW ROLES AT LEISURE TIME ELECTRONICS

Harvey Stern, vice-president of Charleson Publications, announces new assignments for Milt Schulman and Bob Citelli at the company's newest magazine, LEISURE TIME ELECTRONICS. Schulman has been named editorial supervisor, the same title he holds at TOY & HOBBY WORLD, and Citelli has moved up from the position of associate editor to that of editor, reporting to Schulman. In his new position, Schulman will be responsible for the scope and accuracy of the editorial content of the publication, which covers the consumer electronics market. He has been associated with TOY & HOBBY WORLD for 17 years, and along with Citelli he helped launch LEISURE TIME ELECTRONICS last June after specializing in coverage of the handheld electronic games category from the time it first appeared on the retail toy scene. Citelli, though he will continue as TOY & HOBBY WORLD's associate editor, reporting to editor Ted Erickson, will be devoting more time than before to LEISURE TIME ELECTRONICS, traveling extensively in order to keep abreast of developments in the electronic industry and trade. Prior to joining Charleson Publications in 1978, he was an editor with Computer Systems News.

INDUSTRY STOCK PRICES

(Opening prices as of Friday, October 31, 1980.
For more detailed listing, see TOY & HOBBY WORLD)

NEW YORK STOCK EXCHANGE

| | | | |
|---|--------|--|--------|
| AMF..... | 19-3/4 | Huffy Corporation..... | 15-1/4 |
| Binney & Smith..... | 20-1/2 | Ideal Toy Corporation..... | 4-5/8 |
| Brown Group (Eagle Rubber, Hedstrom)..... | 34-1/8 | Kidde, Inc. (Daisy, Ertl Co., Vanity Fair, Amico)..... | 38-3/4 |
| CBS (Child Guidance, Gabriel, Gym Dandy, Wonder, X-Acto)..... | 47-1/4 | Lionel Corp..... | 10-3/4 |
| Coleco Industries..... | 10-3/4 | Mattel, Inc. (Mattel Toys, Mono- gram Models, Western Publish- ing Co.)..... | 13 |
| Consolidated Foods (Tyco Industries)..... | 23-5/8 | Milton Bradley Co..... | 43-1/2 |
| Damon Corp. (Arrow Handicraft, Centuri, Estes, Hi-Flier)..... | 12 | Mirro Corp..... | 15 |
| GAF Corp..... | 11-5/8 | Quaker Oats (Fisher-Price Toys)..... | 27-5/8 |
| General Mills (Kenner Products, Parker Brothers, Fundimen- sions, H.E. Harris)..... | 25 | Tonka Corp..... | 25-1/2 |
| | | Toys "R" Us..... | 26-3/4 |
| | | Warner Communications (Atari, Knickerbocker Toy Co.)..... | 56-3/4 |

AMERICAN STOCK EXCHANGE

| | | | |
|---|--------|--|--------|
| Child World, Inc..... | 15-7/8 | K-tel International..... | 12-3/4 |
| Empire of Carolina..... | 7-3/4 | Mego International, Inc..... | 4-1/2 |
| Greenman Brothers, Inc..... | 4 | Ohio Art Co. (Emenee Corp, Fli-Back Corp.)..... | 5-3/4 |
| Hasbro Industries, Inc..... | 8-7/8 | Tasty Baking Co. (Larami)..... | 9-7/8 |
| Jupiter Industries (Testor Corp.)... 13 | | | |

OVER THE COUNTER

| | BID | ASK |
|---|--------|--------|
| American Greetings..... | 12-3/8 | 12-1/2 |
| Leisure Dynamics, Inc. (Lakeside Games, Cox Hobbies).... | 2-1/2 | 2-3/4 |
| Wetterau (Consolidated Toy and Toy City)..... | 13-7/8 | 14-1/8 |
| Wham-O Manufacturing..... | 8 | 8-1/2 |

(Quotations supplied by Marvin Kornfeld, Fahnestock & Company, members of the
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