RETAILING, DISTRIBUTION AND REPUTATION: HISTORICAL PERSPECTIVES  
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BRITISH AND GUARANTEED

Reputational maintenance in Meccano Ltd (20 mins)

§ Branding, name recognition and advertising  
§ Representations and self-presentation  
§ Character, reputation and credit

In May1920 the Liverpool based toy manufacturer, Meccano Ltd, introduced its ‘Hornby Clockwork Train’, a product that was to develop into a major element of the company’s activities; the brand is still significant today. The Hornby Train was not intended to be the beginning of a model railway system, it was originally designed as a constructional outfit, similar to a Meccano set; but, at the last minute, the company chose to launch it as a made-up model. The demands of a constructional outfit are very different from a made-up toy train. The play-value in the former is in building the outfit, in the latter it is running the train, which supposes load hauling and reliability. For this, the loco’s mechanism was severely deficient.

Meccano advertised their trademark as a ‘guarantee of quality and workmanship’, their customers took them at their word; a flood of returns were received by the company. A greatly improved model was hastily introduced in Spring 1921, but sales of the original had been so substantial that returns of these continued. In early 1922, in the context of an expanding range of new Hornby models and a steady stream of returns the Company took action to both maintain its reputation and save itself from having to provide free repairs to products that were now at least a year old. It introduced a formal guarantee.

The guarantee covered the 60 days following purchase. This allowed the Company to charge customers for repairs made to items returned after this time. However it did nothing to stem the flow of returns, particularly of the 1920-21 product, which, as components ran out, the company felt obliged to rebuild using a complicated mix of the returned and current. The ‘Service Department’ grew exponentially; at its height in the 1950s it processed about 2000 returns a week. Remarkably, it outlived the manufacture of the products it serviced by some five years.

In correspondence with Richard Lines, who was closely involved with the building of the Triang Railways brand that consumed Hornby in 1964-5, his comment was direct:

1. If you advertise a guarantee you will get plenty of people taking advantage of it.
2. If you don’t advertise a guarantee you will save yourself a lot of trouble and some money
3. If you offer “rebuilds” you are doomed!

In this analysis Meccano were doomed from an early date. This paper sets out to consider the economics of the willingness to offer repairs, the guarantee and its significance to reputation and brand identity. It sees Meccano as providing a particularly good example of reactive product management in the context of advanced advertising and branding techniques.

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**PREFACE**

This paper is a by-product of a far larger project to catalogue, analyse and discuss the products of the Meccano Ltd Service Department, aimed at collectors of the actual products. The method is largely driven by object analysis. Other than a limited amount of receipts and correspondence with customers, little or no archival material survives that gives first-hand insight into the Department’s operation. Indeed, primary evidence at manufacturing level of any pre-war toy manufacturer is very limited and Meccano Ltd is no exception. However, the survival rate of actual products is very high, while Meccano’s point of sale and supporting marketing material was particularly well-developed. By careful analysis of these primary sources, much of the Department’s and the factory’s processes can be gleaned.

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By the outbreak of the First World War Meccano Ltd had become the UK’s largest metal toy producer. It was the only company in the UK that could be compared in scale to the larger German toymakers, Marklin, Bing and others, which dominated world production. Meccano’s success was the more remarkable in that the company was only manufacturing a single product, the constructional toy the tradename of which was that of the company. In 1914, on the back of the success of the product, Meccano moved to a new factory covering some five acres off Binns Road in Liverpool, (SLIDE 1)while its workforce was moving well into four figures. During the inter-war period it would be in the region of 2000.

Meccano itself had been invented by Frank Hornby, who retained chairmanship of Meccano Ltd until his death in 1936, thereafter this passed to his son, Roland. Hornby’s invention was impressive, in many ways it was the metal equivalent of Lego. Its popularity was to endure until the 1960s. However, Meccano was a one-hit-wonder in terms of product design. Meccano Ltd’s later products, though often commercially successful, equally often demonstrated remarkably low levels of product planning and design, particularly in respect of inter-compatibility, something that was an inherent part of the parent product’s brilliance.

The Hornby Clockwork Train was just such a product. At the time of the Great War, Meccano had taken their first steps in diversifying their product range. None of the few items they made at this time was commercially successful, but one is worthy of further attention. The ‘Tin Printed Clockwork Train’ was made in response to a Board of Trade (BoT) wartime initiative to develop UK manufactures seen to be previously dominated by German imports. UK manufacturers were encouraged to use German goods as patterns for their own, the war making all patents and registrations invalid. Moreover, the Runciman (the President of the BoT) suggested heavy tariffs on German imports would be introduced after the war to protect the fledgling new industries. Frank Hornby took the BoT at their word. Taking a small toy train set from Meccano’s greatest rival Gebruder Bing, the company flattened it out and made a facsimile of it in almost every detail. (EXHIBITS A & B) This was done with such limited imagination that none of the weaknesses of the Bing product were addressed and the initial run was set at 100,000 units, a staggeringly high number. This was most likely taken directly from the print run code on the label of the Bing set’s box, not realising that this label was used across a huge range of Bing products. The set reached production in time for the first British Industries Fair in 1915, but never reached the market; war contracts were far more pressing and lucrative.

After the War the company had little option but to relaunch the plagiarised train set, given the capital investment; but, simultaneously Hornby had an idea for a Meccano locomotive kit that could be assembled from specialist components. Shortly before the product was ready for market, Hornby, or his management, decided that the kit should not be sold as such, but fully assembled as a train-set, with a wagon and rail. The commercial thinking behind this move is a matter of conjecture, but it turned out to be the right one. The Hornby Train, as it was called, was to become the leading product of its type in the UK and its sphere of trade. Meanwhile, the Tin Printed Train was used as a ‘loss leader’ to encourage sales of the Hornby Train.

Although the loco mechanism had clearly been based on that of the Tin Printed loco, the set was put together with so little reference to the Tin Printed Train that even different rail was made for it, to the same size. As the loco had not really been designed as a toy train, but as a construction kit, the mechanism does not seem to have been considered in terms of hauling power and reliability. It was essentially a larger version of the Tin Printed Loco’s, itself with many design faults, which were exacerbated by greater size weight and power. (EXHIBIT C) There were also design failings in the loco body; but in overall build and finish, both the loco and its train as a whole were notably high-quality in comparison to other offerings at its market level in the UK. With the established reputation of Meccano behind it, definitely British manufacture, and introduction in May 1920 (in time for the autumn and Christmas season), it was a well-placed product. Sales were rapid and improvements to make the loco more ‘railway like’ and less ‘Meccano-like’, effected by November, are evidence of the company responding to its market. (EXHIBIT D)

However, its market was an exacting one. The locomotive put to use was quick to break down. Meccano advertised its trademark as ‘a guarantee of quality and workmanship’, (IMAGE 2) something that previously had rarely been tested. Now, the company found itself faced with a rising tide of returns that it felt morally obliged to rectify. The problem was pressing and early in 1921 the mechanism was completely redesigned. The locomotive was hugely improved, but tellingly no advertisement was made of the fact - it ‘just happened’. (EXHIBIT E) This did not solve the problem of thousands of original products waiting to break down, which they continued to do. By mid-1921 the Company had set up a special ‘repair department’ to handle them, but at considerable cost. (IMAGE 3) In early 1922, almost certainly to alleviate this, the company introduced a formal guarantee. (IMAGE 4)

Such a thing in the UK toy industry was unheard of and Meccano gave it a blaze of publicity. What they did not say was that, at 60 days, the guarantee allowed products older than this to be repaired for a charge. The 1921 Hornby mechanisms were robust and would usually run well over 60 days without serious service. Notably, the only product excluded from the guarantee was the Tin Printed Clockwork Loco, which still had the same issues as the Hornby Loco had in 1920. That it was formally excluded allowed it to be repaired for a charge, even if brand new. It is clear, therefore, that the guarantee was largely aimed at excluding the1920-21 products from free repairs, rather than formalising the free repair of the more modern. This was undoubtedly a very successful reputational ploy, ‘British and Guaranteed’ became the strap line on Meccano advertising and packaging. (IMAGE 5)

A probably unexpected result of this was that the pressure on the Repair Department (by now retitled ‘Service Department’) did not decrease. Hornby locos were expensive and worth repairing. Still the 1920-21 products came in, but the components to repair them ran out. The Service Department, by now seemingly autonomous, took the decision that, whatever, the Department should attempt to repair rather than replace. There followed a number of years in which the Department sent out elaborate hybrids of parts of each1920 type locomotive that was sent to it, built into its more modern equivalent. (EXHIBITS F & G) Having made this precedent, seemingly unquestioned, the future was set. The Department would attempt to rectify anything sent to it. It is important to remember that the Department had not been set up to service the Guarantee. The Guarantee was a blind to hide its true nature; servicing older products for profit, as a sort of sub-business within the factory.

As a consequence, the Department acted largely independently of the rest of the Meccano operation, with its own plant and painting facilities. It could call upon the production line to provide current components, but there is evidence that sometimes it would commission its own. It also seems to have been supplied with remaining stocks of obsolete components. It seems not to have had any links to any other part of the company. In particular, it had no access to old completed stock to replace like-for-like. Therefore, we see the Department making up ‘new’ obsolete products out of old components, while considerable quantities of finished ones lay cluttering up stock rooms elsewhere in the factory. The most notable example of this was when the Department made up brand new locomotives of obsolete type to replace particularly badly damaged equivalents sent to it during the first half of the 1930s. (IMAGE 7) Yet, in 1935 the company was able to offer remaining stocks of unsold obsolete locos at knock-down prices, 50% or less of list. (IMAGE 8) Surely these would have been more economically used by the Service Department as replacements?

Moreover the Department was not considered as part of sales and marketing strategy, such as the ‘New Locomotives for Old’ part exchange scheme introduced in 1930. This resulted in two parts of the organisation working against one another. (IMAGE 9) The scheme, allowing a trade-in of about 50% of cost against another of double that or more, encouraged customers to replace items with new ones. This removed the old ones from potentially diluting the market, somewhat similar to Clark’s scheme for Singer in 1856. The scheme favoured obsolete types; yet the Service Department set out to give exactly the same items a new lease of life, stymieing the prospect of sales of new products in their place. Presumably both the Exchange Scheme and the Service Department were successful in maintaining reputation and neither lost money, allowing this sort of contradiction to go unnoticed.

Pressure on the Department increased substantially in the 1930s. In 1930 the Department was processing about 3000 returns per annum. This had risen five-fold by 1934-5 and increased by about 2000 year-on-year thereafter. The reason for this increase is not so much mechanical failure; rather, the self-destructive alloy used for wheel castings. (IMAGE 10)

From about 1928 the company had begun to introduce pressure diecastings using a zinc-aluminium alloy. As these were cast alongside lead, the alloy soon picked up lead content. Only a tiny amount was enough to form internal corrosion, leading to expansion and cracking. This would normally not manifest itself for some time, often two or three years or more. The effect of lead corruption in ‘Mazac’ was well known in metallurgy by the early 1930s. Meccano’s failure to rectify it could be seen to be an early example of consciously built-in obsolescence, knowing it had the systems in place to either repair for cash, or sell new. The result was that ever increasing numbers of locomotives were sent to the Department for new wheels. Those with metal corruption that remained unrepaired were effectively written off the marketplace. (EXHIBIT H) A good number of these were probably traded-in using the part exchange scheme, continuing the duality of offering both repair and exchange simultaneously.

The Department’s activities were to increase hugely in the post-war era. At its quietest, it was processing about 750 items per week, but at various peaks, such as 1952-53, this rose to over 2000 per week, some 24000 per annum. The early post war period was particularly fraught. With most new products reserved for export, the company experienced a flood of pre-war items sent for reconditioning that they were almost obliged to repair to retain customer loyalty. Lead corruption, handled on a rolling basis by the Department pre-war, was effectively backlogged since 1941. Worse for the Department, most of the larger 0 gauge Hornby products would never be reintroduced, but they were owned by the company’s wealthiest pre-war customer base. To handle these the Department seems to have commissioned its own castings, finally making an arrangement in 1951 with J A Saunt, a commercial clock and instrument maker in Doncaster, to subcontract the repair of such items. (IMAGE 11)

While Meccano went to great efforts to provide after sales service, it is interesting to compare them to what was to become their greatest competitor, Lines Bros ‘Tri-ang’. Tri-ang entered the toy railway market in 1951 on acquisition of the innovative, but struggling Rovex Plastics, of Richmond, Surrey. Rovex are notable for the production of the first injection moulded plastic train set, in response to a contract for 60,000 units from Marks & Spencer, the first reaching their shops in late 1950. Looking to the market leader, Hornby, Rovex had introduced an identical 60-day guarantee. (IMAGE 12) Unfortunately, the advanced nature of their product was technically problematic. The Mark I had had to be withdrawn for major revision; the expense of stopping production to retool for a Mark II pushed the company to look for a purchaser. Although the target of 60,000 was never achieved, with Tri-ang’s backing Rovex managed to complete some 40,000, enough to ensure that huge numbers of locos were returned on Boxing-day and the days after. With many staff being on leave, Richard Lines noted

‘We had no facility for dealing with the large number of inoperative locos except to keep management staff in the factory for long evenings!’

This story has direct parallels with the Hornby Clockwork Train a generation earlier. But the response was very different. When Tri-ang launched the Rovex product under their own name in 1952 it did not come with a formal guarantee, nor did Tri-ang invite returns in the way Meccano did. Rather, they made it clear that anything returned to the factory would be repaired for a charge and recommended customers to use their agency based repair system. (IMAGE 13)

As time went on, Meccano attempted to emulate this model, but it was too late. The Service Department was so well established that agents sent items on regardless, while the address given on the guarantee ensured that the larger public tended to post items back direct, whether covered by it or not. So substantial was the Department towards the end that it was moved to its own premises, some five miles away from Binns Road; evidence of its nearly complete independence from the factory.

When Triang bought Meccano in 1964, it inherited the Service Department and the toy train products it serviced. It immediately deleted all the products, but the Department remained. Large numbers of Hornby products were still in stock at retailers’ and sold new over the next few years, while many more were still in use. It took until 1969-70 for Triang to rid themselves of their predecessor’s willingness to provide after-sales service on an industrial scale.

Coming from a post-war perspective, Richard Lines perceives the Guarantee and Meccano’s willingness to effect repairs as commercial madness. But this story tells us something otherwise. Meccano thought on its feet to turn what could have been product disaster into marketing coup, allowing the product range to gain a popularity and reputation that over-rode many of its less-than-admirable design decisions.