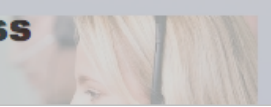


United States Playing Card Company Business Information, Profile, and History



Source

Company Perspectives:

The United States Playing Card Company is the leader in the production and distribution of premier brands of playing cards, including BEE, BICYCLE, AVIATOR and HOYLE playing cards. BICYCLE has been the best selling playing card brand in the world for more than 100 years. The privately held company, based in Cincinnati, Ohio since its founding in 1867, manufactures, markets and distributes playing cards, children's card games, collectible tins, puzzles and card accessories.

The United States Playing Card Company (USPC) is the largest manufacturer of playing cards in the world and sells more than 100 million decks of playing cards per year, including more than 20 million decks to casinos. The company's long-lived brands include Bicycle, Bee Club Cards, Aviator, Aristocrat, and Hoyle, each with a distinctive card back design. Through licensing agreements, USPC can produce cards carrying back designs of consumer product brands (such as Coca-Cola and Harley Davidson), cartoon characters (such as Mickey Mouse and Scooby-Doo), and characters from children's stories and products (such as Harry Potter and Mr. Potato Head). Moreover, the company's custom playing cards can be uniquely designed and produced for promotional purposes. USPC products are distributed worldwide under brand names that vary according to local markets. Specialized decks of playing cards include those for playing the games of euchre, which uses nines, tens, and royal cards, and bridge, which calls for a slightly narrower sized deck. The company also licenses the Bicycle and Hoyle brands to software companies for computer-based card and board games. Under the organizational umbrella of Bicycle Holding, Inc., USPC agreed to be acquired by New York-based Jarden Corporation in 2004.

Late 19th Century: Origins and Early Success

The United States Playing Card Company began as an offshoot of a printing business founded in Cincinnati in 1867 by four men named Russell, Morgan, Armstrong, and Robinson. Named for the two printers in the group, Russell, Morgan and Company purchased some office space from the Cincinnati Enquirer newspaper and began printing promotional posters for theatrical performances and circuses, as well as placards and labels. The company's growth soon necessitated a move to larger facilities nearby.

In 1880 Russell, Morgan and Company decided to enter the playing card business, then an industry dominated by companies on the East Coast. The company's first deck of playing cards was produced on June 21, 1881. Soon thereafter, the company was employing 20 people for the operation and producing 1,600 decks of playing cards per day.

Russell, Morgan's first brand of playing cards was called Congress. By 1885 the company had begun to produce the Bicycle brand. Over the years Bicycle card back designs featured various images of a bicycle in a mirror image so that the card never appeared upside down. The "rider back" deck pictured the front view of a cherub riding a bicycle in a mirror image, with Florentine decorations framing the card.

In 1891 Russell, Morgan and Company was renamed The United States Printing Company, and three years later, the successful new playing card business segment was incorporated separately as the United States Playing Card Company. Acquisitions followed, most notable, perhaps, being that of New York Consolidated Cards, known for its Bee brand of playing cards introduced in 1892. Having outgrown its facilities in downtown Cincinnati, USPC moved five miles south to Norwood, in 1900. The 30-acre site provided ample space for offices and production and warehouse facilities, as well as for expansion. A public company, USPC operated profitably and paid dividends on a regular basis.

Continued Growth Amidst Depression and War

USPC expanded internationally in the 1910s, establishing the International Playing Card Company in 1914, initially for product distribution to Canada. Successful sales in that country led the company to establish a manufacturing facility in Windsor, Ontario, in 1928. Among the unique brands marketed to Canadian customers was Texan 45, a style popular in Quebec since its introduction in the 1930s.

In 1922, to promote card playing, particularly bridge, USPC established a radio station called WSAI. Housed at the company's Norwood facilities, WSAI featured the show "Bridge by Radio" which provided bridge instruction from experts actually playing the game on the air. USPC operated WSAI until 1930. As contract bridge became increasingly popular in the decade that followed, the company's Congress brand emerged as a favorite brand of card for bridge.

USPC expanded its sales network during the 1930s, acquiring other selling agencies to promote certain brands of playing cards to different markets. The company sold its products through wholesalers, jobbers, cigar stores, and department stores. Playing card brands at the time included Tally-ho, Blue Ribbon, and Aristocrat, as well as the standards Bee, Bicycle, and Congress. The Aviator brand, introduced in 1927, honored Charles Lindberg for his historic flight across the Atlantic Ocean.

With the legalization of gambling in Las Vegas in 1931, casinos provided a new base of business. As one of a few companies licensed to provide cards to casinos, USPC

garnered a large portion of the casino market. A majority of casinos preferred its Bee brand playing cards as characteristics of the product addressed the requirements of casino gaming, such as durability and good "slip" for ease in shuffling and dealing. "Snapback" flexibility allowed the cards to bend without creating identifying creases. Despite the failed economy in the United States at the time, sales at USPC increased substantially during the 1930s, from less than \$700,000 in 1933, to \$6.9 million in 1935. In 1936 the company purchased more production machinery and equipment from another playing card manufacturer that had gone out of business. By 1940 sales at USPC had increased to \$8.3 million, with net earnings of \$1 million. At this time the company produced about 75 percent of cards sold in the United States and was the largest manufacturer of playing cards in the world.

USPC filled several different roles in supporting the U.S. war effort during World War II. Most of its production facility was converted for the assembly of parachutes used to carry antipersonnel fragmentation bombs. In collaboration with the U.S. government, the company also developed playing cards that aided the war effort. USPC's "spotter cards" featured illustrations of tanks, ships, and aircraft used by enemy forces, helping military personnel identify the enemy. USPC also produced special decks of playing cards for American troops that featured the latest military intelligence. The cards concealed maps printed between the two layers of the cards; moisture loosened the glue to reveal escape routes from prisoner of war camps. At home the company advertised card playing as a good way to relax at home, thereby conserving gas rations.

USPC continued to grow as it returned to normal business in the postwar era. In this period, the South American game Canasta became very popular in the United States. To promote the game as well as sell more playing cards, USPC offered a free booklet on how to play Canasta, receiving some 600,000 requests for the booklet in the first month. Bicycle cards produced for Canasta featured the Fan Back design, a mirrored image of a fan decorated in a Spanish-style motif. The popularity of the game resulted in a spike in sales in 1950 to \$21.3 million. Sales returned to the \$17 to 19 million range through most of the 1950s. In 1959 sales increased to \$21.5 million, and the company reported net income of \$2.2 million.

In 1966, during the Vietnam War, USPC responded to a request for packs of cards containing only the Bicycle Ace of Spades, considered a portent of death and suffering by the Viet Cong. The Viet Cong had apparently been exposed to the idea from French fortune-telling during France's occupation of Indo-China. USPC contributed thousands of decks of the "Bicycle Secret Weapon" to troops in Vietnam. Strewn in jungles and villages, the Bicycle Ace of Spades may or may not have frightened Viet Cong during military raids, but it boosted the morale of the troops.

1970s-80s: Reorganizations and New Directions

USPC experienced several ownership changes during the late 20th century. In 1969 Diamond International Corporation, a forest products manufacturer, acquired the company, attracted by its profitability and an annual cash flow of \$11 million. USPC

became a largely neglected part of Diamond International's Specialty Printing Division and lost market share to low-price competitors, such as Hoyle Products. In response, a new marketing strategy was developed in which special back designs were offered to appeal to diverse consumer interests. For example, in 1978 the company issued cards with backs featuring a depiction of King Tut's exotic, black and golden tomb, commemorating the special exhibit of Egyptian treasures on tour in the United States. Moreover, the company won rights to use the official logo of the Olympics to produce and distribute souvenir playing cards during the 1980 Winter Olympics.

Diamond International installed new manufacturing technology and equipment to improve efficiency. One machine rapidly packaged, grouped, and shrink-wrapped cards. A five-color sheet-fed, offset press, installed in early 1981, improved the quality of the company's major brands of playing cards and provided more flexibility in production.

A victim of a corporate raider in 1982, Diamond International's holdings were sold off, with USPC going to Jesup and Lamont for \$5 million. While Howard Curd, chairman of Jesup and Lamont, was interested in the company for its large market share, USPC continued to flounder under his leadership. The company's near monopoly on the wholesale casino business suffered when Las Vegas authorities loosened licensing requirements for playing card manufacturers and the new Atlantic City casinos sought secondary suppliers. George Matteson Company's GEMACO brand became an important new competitor in the Atlantic City casino market during this time.

Curd initiated a sales and marketing program to recapture market share, and in January 1983, with the expectation of increased sales and economic recovery, USPC increased production. In addition to rehiring laid-off employees, the company invested some \$16 million in automated production, including laser scanners to check for defects and equipment capable of cutting and packing 65 decks of cards per minute.

USPC faced a decline in interest in card playing during the 1980s. Video games were garnering the attention of children and adults were drawn to other activities. To address these trends the company sponsored canasta and euchre tournaments on college campuses. Advertising in consumer magazines, such as *Modern Maturity* and *Readers' Digest*, sought to retain the loyalty of its older card-playing customers. To compete with cheap imports the company introduced the inexpensive Metro brand of playing of cards. In 1984 USPC opened a museum at the Norwich headquarters to display its collection of European and American playing cards, a collection begun in 1900 and featured in a book on the history of playing cards in 1931. The museum curator and historian traveled and gave lectures to promote the museum and card playing. The company's promotional efforts resulted in increased sales, from \$40 million in 1982 to \$54.9 million in 1984. After a loss in 1983, the company was able to realize net income of \$3.5 million in 1984.

USPC coped with several labor challenges during the 1980s, including several protracted strikes, one that lasted for three months during the summer of 1983. In 1985 a five-month labor strike ended with the company able to realize a 34 percent wage cut.

In 1987 the company's skilled printers went on strike only to be replaced permanently by non-union workers. Curd hired Ronald Rule as chief executive officer in 1985. Rule made several changes to improve operations, such as eliminating excess inventory. The combination of reduced inventory and automation increased gross profit margins, from 21 percent to 30 percent. Rule reduced the company's sales force by nearly one-half and reorganized to better serve the casinos and retail chain stores.

USPC expanded through acquisition in the mid-1980s. In 1986 the company acquired an 87 percent interest in Heraclio Fournier S.A. of Spain, the largest manufacturer of playing cards in Europe and a family operation since 1868. The \$7 million acquisition added \$22 million in sales. In 1987 USPC acquired the Arrco Playing Card Company, a competitor in the Las Vegas market and the third largest playing card company in the United States, for \$5 million.

The company diversified its product line with the introduction of several new games, some of which used playing cards. Under the newly created Bicycle Games Division, eight board games designed for pre-teens were introduced. Other games aimed at an older market included Pyramid Po-Ke-No, in which players formed a pyramid of ten poker hands, and The Headline Game, in which players made up media headlines based on predetermined letters of the alphabet and topics. A 1990 public relations program, the Most Outrageous Tabloid Headline (MOTH) awards, attracted attention to the game and gained coverage in Newsweek, the Los Angeles Times, the Detroit Free Press, and on television's Joan Rivers Show.

USPC underwent several organizational changes in the late 1980s and early 1990s before becoming an independent company again. In 1988 the company was merged into the Jesup Group then sold to Frontenac in 1989 for \$95 million. After a four-year bidding war for ownership of the company, in January 1994 a group of investors led by Ronald Rule acquired USPC for \$140 million, establishing Bicycle Holding Inc., as a corporate umbrella company.

1990s: Changing Consumer Interests

During the 1990s USPC directed its marketing efforts to appeal to diverse and changing consumer interests. Through several licensing agreements the company sought to attract children, boys in particular. For example, in 1991 the company released Major League Aces, featuring the best players from Major League Baseball, and in 1993 released Ditka's Picks, cards featuring players from the National Football League chosen by Hall of Fame player Mike Ditka. Other license agreements for card back designs included characters from Batman, Mighty Morphin Power Rangers, and Marvel Comics.

As personal computers in the home became widespread, the company licensed the Bicycle brand trademark design for use on computer games. In August 1991 SWFTE International (acquired by Expert Software in 1992) released the Bicycle Solitaire Game Pack which offered seven versions of solitaire for the PC. Other software games

released during this time included cribbage and poker. In 1996 Expert Software released Bicycle Hearts & Spades and Bicycle Pinochle. The Bicycle series quickly became the top selling card game software. Beginning in October 1998, Bicycle card games reached players worldwide via Microsoft's Internet Gaming Zone, which offered poker, bridge, rummy, blackjack, and euchre for multiple players on the network. During the late 1990s sales increased as card playing enjoyed a rebirth in popularity. Consumer advertising in magazines supported the trend as did a radio advertising campaign that touched on the nostalgia of card playing with the sound of shuffling cards, resulting in significant sales increases in the major metropolitan areas where it aired. Gift tins of playing cards enjoyed brisk sales; USPC sold more than 400,000 units of a set with the Harley Davidson insignia between 1996 and 1998. In 1999 USPC obtained an important new contract when it received manufacturing and distribution rights for the Pokemon Rummy Game for children.

Also during this time, USPC introduced its first educational games for children. Licensing agreements in 1996 allowed the company to produce cards based on such educational programs as The Brain Quest, The Magic School Bus, and Bill Nye the Science Guy. In 1999 the company introduced Bicycle Kids, card games designed to encourage learning in mathematics, memory, and storytelling.

New Applications in a New Century

The January 2001 acquisition of Hoyle Products further enhanced USPC's market share. In addition to the popular Hoyle brand of playing cards and the Uno card game, the acquisition brought with it licensing agreements for computer products using the Hoyle brand. Moreover, in November of that year, Microsoft Games Division licensed the Bicycle brand to provide new game titles for its computer software.

USPC renewed its attention to the casino market by creating products that addressed the particular concerns of casino managers worldwide. In 2001 the company introduced tamper resistant cards; the following year the company began marketing cards that incorporated an anti-fraud technology developed by LaserLock Technology. Through this innovation, a visible band on a box of cards would indicate whether someone had tampered with the deck.

American politics provided another profitable venue for USPC during this time. USPC's Patriotic Tribute cards featured photographs of active servicemen and women. In 2003 the company manufactured cards for PlayingPolitics2004.com, featuring prominent politicians. Garnering perhaps the most media attention, however, was the April 2003 introduction by the U.S. Defense Intelligence Agency (DIA) of playing cards to help troops identify prominent members of Saddam Hussein's regime. These Iraq's Most Wanted cards featured the trademarked Hoyle joker, to which USPC maintained trademark rights. Companies that wanted to reproduce the deck with the Hoyle joker had a legal obligation to obtain licensing rights from the company. GreatUSAflags.com obtained exclusive distribution rights to the deck as originally produced by the DIA (with

the Hoyle joker) and received orders online for 750,000 decks worldwide within the first week.

In February 2004, USPC braced for another reorganization as an acquisition bid from New York-based Jarden Corporation was accepted. Under the agreement, Jarden would pay \$232 million for USPC and the other Bicycle holdings, including European player Heraclio Fournier S.A. and the International Playing Card Company of Canada. Management at Jarden expected to maintain USPC's Cincinnati headquarters. In addition to gaining a company Jarden management referred to in a 2004 New York Times article as "the quintessential dominate player in a niche market," the prospective new parent vowed to focus on the company's profitable licensing agreements and non-card game segments as well.

Principal Competitors: Gemaco Playing Card Company; Liberty Playing Card Company.

Related information about United States Playing Card Company

The United States Playing Card Company, started in 1867, produces and distributes playing cards, including Kem, Bee, Bicycle, Aviator, Maverick, Tuxedo and Hoyle, plus other playing card accessories, like poker chips. The company also famously made the Iraq's Most Wanted playing cards.

In addition to playing cards, the company offers card game accessories and novelty playing cards, including Winnie the Pooh, Spider-Man, NASCAR, Harley-Davidson, Coca-Cola and Budweiser. The company also produces many varieties of Tarot cards.

USPC has owned Spanish playing card manufacturer Heraclio Fournier since 1986. In 2004 they acquired Kem Playing Cards.

Since October 2004, the United States Playing Card Company has been a wholly-owned subsidiary of Jarden Corporation.

Chronology

Key Dates:

- 1881: Russell, Morgan and Company prints its first deck of playing cards.
- 1885: Production of the Bicycle brand of playing cards begins.
- 1894: The United States Playing Card Company (USPC) is established.
- 1922: Company establishes a radio station to broadcast lessons on how to play bridge.
- 1950: The craze for the South American card game Canasta boosts sales.
- 1969: Diamond International acquires USPC.

- 1984: Museum opens at Norwood facility displaying company's collection of playing cards.
- 1994: USPC is acquired from Frontenac by management and private investors.
- 2001: The company acquires Hoyle Products and its Hoyle brand playing cards.
- 2004: USPC accepts acquisition offer from Jarden Corporation.