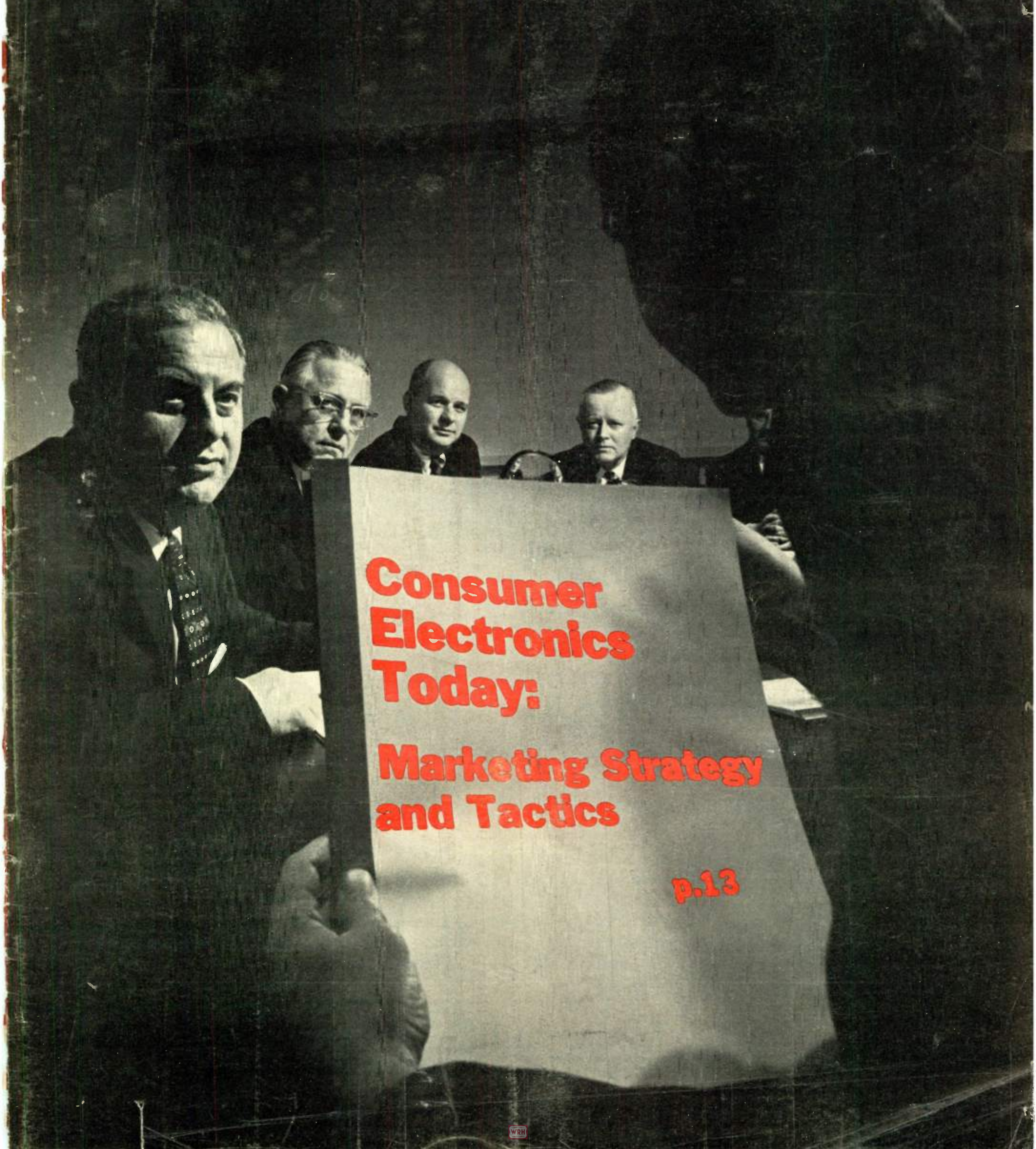
MERCHANDISING WEEK

EDITED FOR THE HOME GOODS RETAILER/A McGRAW-HILL PUBLICATION/50 CENTS/VOL. 97 NO. 18/MAY 3, 1965



□□□□ **GE's worst kept secret was confirmed** last week at the company's annual meeting. To no one's surprise in the industry, Fred J. Borch, GE's president and chief executive officer, trumpeted the company's entry in the color tube manufacturing sweepstakes. Borch said that GE would have "an improved version of the shadowmask type [3-gun tube], which is standard in the industry." He stressed that the tube is of a "simpler design, which can lead to less costly tube installation and service."

William E. Davidson, general manager of GE's tv receiver department in Syracuse, N.Y., said that the tube incorporates rare earth phosphors, and that GE does not plan to sell its tubes to other companies. In addition, Davidson said GE will continue to buy other tubes—21s and 25s—from outside sources for the next few years; the 25-inch tubes will probably be used for GE's line introduction this month.

Thus, GE indirectly seemed to confirm two additional points that have nettled industry leaders for months: that the company has a small-size color tube, and that it is preparing to put it in a set to be marketed at an electrifying price. Although GE says it has been working on a number of different screen sizes, the current odds-on favorite is a 12-inch color unit at about $250.

□□□□ **Congress is getting in on the CATV act** despite earlier indications (see p.6) that it would not stand in the way of Federal Communications Commission (FCC) regulation plans. Chairman Oren Harris (D-Ark.), of the House Commerce Committee has introduced a bill spelling out FCC authority over CATV. The bill would allow the commission to regulate CATV systems, but not to license them. The proposed bill would make null and void any interim procedure adopted by the commission with regard to CATV systems—specifically the commission's requirement that CATV licensing be conditional on voluntary agreement of CATV systems to limitations upon their duplication of broadcasts by local stations.

□□□□ **No color tv sets to sell?** RCA stunned sales-happy color set builders last week when it announced that shipments of its 21-inch color tubes would be sharply cut—and orders put on an allocation basis—in the second half of the year. With 25-inch color tubes already in short supply, the 21-inch cutback could mean painful revisions of soaring sales curves.

□□□□ **Aladdin is bidding for Stanley** vacuum bottle line of Universal-Landers, Frary & Clark, trade sources report. Aladdin Industries, a major vacuum bottle producer, joins Union Mfg. Co., of New Britain, Conn., in seeking the Stanley line from J.B. Williams Co., parent firm of Universal-Landers. An Aladdin official declined to comment, while J.B. Williams officials were unavailable for comment.

□□□□ **Late word on excise tax cuts** from Washington (see story below) holds that refunds for retailers' floor stocks are a virtual certainty. Hopes are dim, however, for a consumer refund arrangement, reports McGraw-Hill World News in Washington. A NEMA delegation to the House Ways & Means Committee last week stumped for consumer refunds on the 10% air conditioner tax. Specifically, NEMA is asking for consumer rebates on air conditioners purchased between May 17 (the day the Johnson message goes to Congress) and July 1. NEMA said that 80% of all air conditioner sales are made during May and June.

Excise tax at the post: industry hopes for a winner

It is almost post time for the excise tax cuts. And appliance-tv dealers, distributors, and manufacturers are anxiously awaiting the opening of the gate.

Individual manufacturer plans are still up in the air. Each is playing it close to the vest. Admiral, for example, the first manufacturer to introduce its 1966 consumer electronics line (see p.7) was expected to provide a clue to which way the manufacturers would go after the tax cut. At the company's distributor convention, Ross D. Siragusa Jr., vp of marketing and sales said, "The day a bill is announced, we will be ready."

For the past few months industry spokesmen, through industry trade associations and on an individual basis, have trooped to Washington to work with the Treasury Department and with legislators who will write the bill. The prime concern of the industry is the effect the bill will have in the marketplace; while the government has the added worry of the political aspects of the bill.

The result has been a juggling act by manufacturers. They have been promising that a tax reduction on their merchandise will be passed along to the consumer. At the same time, they have been telling their dealers that there will be some kind of floor stock rebate plan. This is the tack manufacturers are taking to keep retailers from turning off the spigot, thus keeping the pipelines flowing. Even if a floor stock rebate plan for retailers were instituted, it would not solve the problem of a possible "buyers strike." The inevitable result is the hush-hush nature of the specifics of plans, and the rush to pass the bill before the buying public becomes a waiting public.

Rebates for floor stocks were a part of the 1954 excise tax cut, and thus, proponents have a precedent.

However, retroactive rebates for consumers are another problem. There are industry rumors of a coupon plan. Under the plan, customers who buy after the tax is announced, and before the bill becomes law on July 1, will be able to mail coupons picked up at retail stores to the manufacturers for a rebate.

The coupon plan might be one way to solve the problem, which will become more acute as consumers become more aware of the coming tax cuts. In its May issue *Consumer Reports* implicitly tells its readers to hold up on their buying until the situation is cleared and specific programs have been set up by the manufacturers and the government. The magazine indicates that by waiting, consumers might be able to save 5% to 7% on some big-ticket purchases.

Stronger grass roots support for the excise tax repeals on hi-fi components, radios, and tv receivers is being drummed up by the Institute of High Fidelity. The institute is placing placards and pre-printed postcards in retail stores to encourage customers to ask their Congressmen to support the bill. At the same time, the Electronic Industries Assn. (EIA) is prodding manufacturers, distributors, and dealers to write, call, or wire their Congressmen in support of the bill.

The dealer's viewpoint was voiced by Jules Steinberg, director of the National Appliance and Radio-TV Dealers Assn. (NARDA). "The Electronics Industry Assn. has assured us that if we throw our weight behind the drive for excise tax repeals, the manufacturers will guarantee the dealers a fair rebate plan, if and when the taxes are cut," he said.

Last week, NARDA sent a letter to all board members of the organization, urging them to contact their representatives in the House Ways & Means Committee. Steinberg guesses that once the tax-cut bill clears the House committee, it will easily pass the Senate Finance Committee.

How will a rebate plan work? Whatever form it takes, Steinberg says, NARDA expects it to accomplish two general things: manufacturers will rebate dealers for taxes due on orders placed before the bill was passed, and manufacturers will rebate dealers on existing floor stocks.

And Gerald O. Kaye, chairman of the board of Friendly Frost, said, "Some dealers are insisting on writing protected orders guaranteeing them a rebate."

Will an excise tax cut be passed on to the consumer? "My official guess," ventured Steinberg, "is 'yes'." He went on to say that there is even a danger that prices might be lowered more than a tax cut would indicate. Some manufacturers, he noted, might see the price-drop as an opportunity to outfox the competition and lower prices dangerously below their present level.

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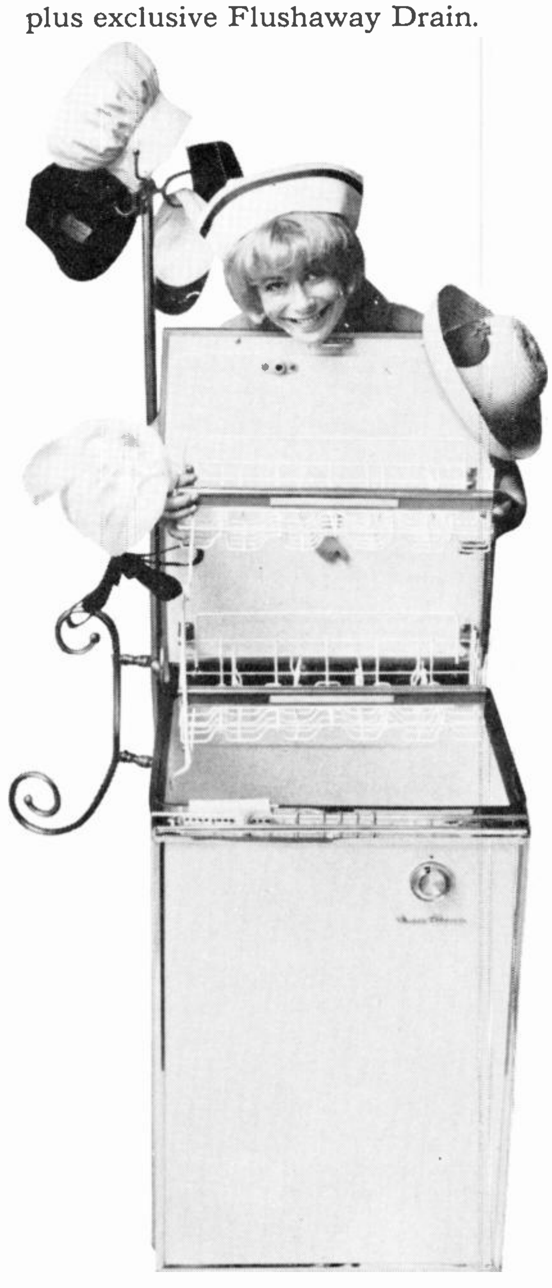
G.E. puts a new salesgirl to work for you. She sells to 26,000,000 TV watchers every week.

She sells by showing that a housewife can be nurse, chauffeur, chef or whatever to her family because her Mobile Maid® Dishwasher saves precious time. Mobile Maid features 4-Level Action that washes up, down, and all around, plus exclusive Flushaway Drain.

She sells by proving that a jackhammer isn't needed to clean the P-7® Oven, the amazing oven that cleans itself electrically.



She sells by explaining that the Thinette® is so light, so easy to install. "Installation day" can be turned into "installation minutes."

She sells by pointing out that a kitchen doesn't have to be rebuilt to accommodate the 16-cu. ft. Spacemaker refrigerator. Advanced features include Roll-Out Freezer, Self-Filling Ice Tray, convenient Swing-Out Shelves. And no frost ever in refrigerator *or* freezer.

She sells by showing that with the MINI-BASKET® those little things just don't pile up.

She sells on ABC-TV. She's appearing in General Electric major appliance commercials on BEN CASEY (Monday), on BURKE'S LAW (Wednesday), on VALENTINE'S DAY (Friday), and on THE SUNDAY NIGHT MOVIE. All top-rated shows.

Each commercial spotlights an exciting G-E major appliance feature that will make your prospect eager for you to tell her more.

Tune in yourself. See how General Electric works hard to help you sell.

GENERAL ELECTRIC

WASHINGTON

□□□□ **CATV now faces its first FCC restrictions,** after a dramatic period of growth free from federal regulation. The Federal Communications Commission (FCC) tarried long over the question of whether or not it had authority from Congress to regulate community antenna television systems (CATV). But when it finally acted last week (MW, 26 Apr. p.3), the FCC clearly indicated that it means business; the commission will take any steps it finds necessary to hold CATV in a secondary and supplementary position in the over-all scheme of television service, in order to prevent CATV from damaging the 558 licensed broadcasters who provide free, off-the-air, advertiser-supported television programming.

□□□□ **Broadcasters have become alarmed** over the inroads CATV has been making for the last two years, spreading far from the rural areas where it got started. Now, CATV operators are pushing to get into major markets—New York City, Cleveland, Philadelphia, and Baltimore. Hardly a broadcaster feels safe against this kind of competition.

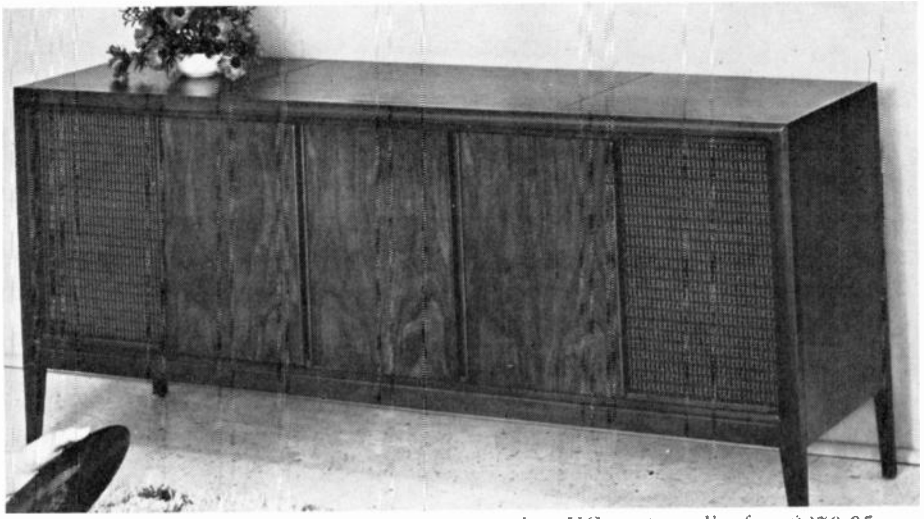
□□□□ **With broadcasters united solidly** in favor of CATV regulation, the FCC felt sure enough of its position to assert its authority. Even though some members of Congress—notably Chairman Oren Harris (D-Ark.) of the House Commerce Committee—are inclined to think CATV should be left alone, and that the FCC is exceeding its authority by writing rules, it is unlikely that Congress will block the FCC's efforts. The reason for this is that broadcaster influence is strong in Congress, and the Senate Commerce Committee has long been urging the commission to take the action it took last week.

□□□□ **If Congress does more than talk** about the CATV question, it would most likely legislate specific authority to the FCC to do what the commission has already made up its mind to do. The advantage of new legislation, as broadcasters and FCC officials see it, would be to forestall lengthy court battles and get CATV under control more firmly and quickly.

The net effect of the rules that the FCC is now gradually putting into effect for all CATV systems will be to reduce the value of their product for subscribers. Boiled down, the new rules simply forbid CATV from importing programming that a local station is showing or plans to show in the future. The rules are designed solely to protect the value of the product that the local broadcast stations offer their communities.

□□□□ **The FCC sees unfair competition** in many aspects of CATV. The FCC found, for example, that when a CATV installation is made, the antenna for directed pickup is sometimes disconnected or removed. In any event, the FCC considers that a CATV subscriber is lost as a viewer of local stations.

The commission will take its time, and will experiment with its new rules on a case-by-case basis. One possible solution that may be tried: an agreement between local station owners and CATV competitors under which the CATV system would provide switches for tv receivers to permit viewers to switch back-and-forth easily between CATV and broadcast signals.



Admiral's new 6-speaker, 80w stereo console (YG1111) sells for $379.95

Admiral opens the 1966 season: plays with new sizes and prices

Admiral is following no leader. Not content with three exclusive b&w screen sizes (the 13-, 21-, and 25-inchers), the corporation opens the 1966 race with the television industry's first square-cornered 15- and 17-inch monochrome portables. The prices are typically tough: the 15-inch set begins at $114.95, the 17-incher at $124.95.

And not content with last year's color tv leader price of $399.95, Admiral's 1966 color line opens with a 21-inch table model (TG2200) priced at $369.95.

In new hi-fi equipment, Admiral has come up with a super-powerful 360w amplifier for 1966.

Admiral's tack for becoming leader of the pack: exclusive models and highly competitive prices.

The color tv line offers 21-, 23-, and 25-inch screens. The $369.95 metal cabinet leader model is followed by another 21-inch table model (TG2211). This step-up set, priced at $379.95, has a walnut-grain finish, automatic degaussing, and lighted channel numbers on the tuner. A consolette (CG2201) in walnut-grain finish on metal is priced at $399.95.

With color tv consoles representing 80% of industry color set sales, Admiral has introduced new models covering all popular furniture styling, finishes and price categories. The opener, a 21-inch contemporary console (LG2201) has a suggested list price of $429.95. A contemporary lowboy (LG2241) with walnut veneer finish, lists for $499.95, and an Early-American-styled 21-inch color set (LG2245) will sell for $579.95. Admiral has eight other 21-inch color consoles, half with tilt-out control center, all with open list.

The nine new 23-inch color consoles range in price from $529.95 to $715. The models with tilt-out control center are available with optional wireless remote control for $50 extra. The three new 25-inch consoles, also available with remote control, range in price from $825 to $875. Three new 21-inch stereo theaters ($795 to $815) and three new 23-inch stereo theaters ($950 to $995) are also available with color television.

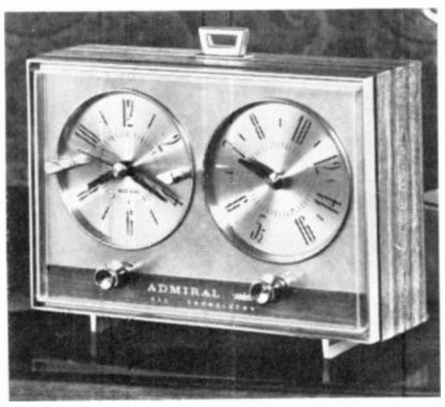
In big-screen b&w, Admiral has two 23-inch table models—$169.95 and $179.95—and eight 23-inch consoles, ranging in price from $219.95 to $279.95. Three 25-inch b&w sets with tilt-out controls are priced from $279.95 to $309.95. The company offers three 23-inch b&w stereo theaters, all with open list.

The new portable tv sets include the 15- and 17-inch units, with a step-up model in each size. Also, a new 21-inch portable has been introduced as a summer special at $169.95 (former low price was $179.95).

The stereo console line is highlighted by an amplifier with a 360-watt peak output, which, says John A. Kenney, Admiral stereo sales manager, is believed to be the most powerful offered by any manufacturer in a packaged hi-fi instrument. The new Admiral line includes 50-, 60-, and 72-inch wide solid-state radio-phono consoles with 80 watts peak power, with the top-of-the-line 75-inch consoles equipped with the 360w amplifier. Prices on the 80w models range from $349.95 ot $495. The three 75-inch consoles list for $750 to $775. The company also has two new modular stereo systems: a 4-piece (80w) system for $369.95 and a 6-piece set (360w) for $725.

In radios, Admiral introduces five solid-state table and clock models—$24.95 to $50—and 11 new tube radios. The company also is showing three new transistor portable radios with a $275 10-band All World radio at the top of the line.

New 15-inch portable for $114.95



New solid-state radio (YG861)

□ □ □ □ **A new solid-state semi-conductor cartridge** is being used by Admiral in its new 360w phonographs (see story, left). The new SM-1 cartridge is covered by a five-year replacement warranty. According to Admiral, the SM-1 cartridge generates 100 times the power of ceramic cartridges and up to several thousand times the output of magnetic cartridges. The cartridge obtains power from its external electrical source, rather than from the record grooves.

□ □ □ □ **GE and Sears are bumping heads again** in Cleveland. In the Sunday *Plain Dealer*, the GE Appliance Centers offered an automatic washer (WT 3530) for $133 with a step-up two-speed model (WT 3802) for $158 as part of a three-day sale. In the same edition, Sears touted a single-speed automatic washer for $146.

□ □ □ □ **Mitsubishi will market 6-inch color tv** in Japan this month for $300. The company has reached no decision yet regarding export of the new set, reports McGraw-Hill World News from Tokyo.

□ □ □ □ **Retail giants battle with color prices.** In Chicago, both Sears and Montgomery Ward ran limited-offer sales on 21-inch table model color tv sets last month. Sears tagged its Silvertone set at $299 with no trade-in required (ads showed the set sitting on a base, which sells for an additional $19.95); Ward offered free home demonstration on its Airline set, priced at $299 with no money down.

□ □ □ □ **Spring drop-ins from Gibson** are two 15 cu.ft. food freezers, an upright and a chest model. The freezers, each capable of holding 525 lbs. of frozen foods, says Gibson, will sell under $199.95 in most markets.

□ □ □ □ **"Buy Your Fair Lady a Dishwasher"** is the theme of Con Edison's spring dishwasher promotion for the New York metro area. Running through June 15, the promotion offers two free tickets to the movie *My Fair Lady* to every purchaser of a new dishwasher.

□ □ □ □ **Appliance exhibits at the World's Fair** in New York City which is now open for its second season: a new Philco Show has been launched at the Ford Rotunda, featuring a model kitchen designed by the *Ladies' Home Journal*; Whirlpool has enlarged its Living Center of the Future exhibit—featuring kitchens of 1970 and 1985—at the Better Living Center; and, the Festival of Gas pavilion continues to demonstrate futuristic gas home appliances at the Norge of Tomorrow kitchen.

□ □ □ □ **Two KitchenAid contests,** a Displaying Dealer Sweepstakes and a Distributor Salesman Contest, tie in with the company's national spring promotion. Prizes will go to the outstanding participants in the Show Off dishwasher campaign.

□ □ □ □ **Ampex's selection of pre-recorded tapes** now includes recording from Deutsche Grammophon Gesellshaft, a European classical recording company. This brings to 21 the number of record companies whose libraries are available on Ampex tape.

□□□□ **Magnavox has dropped in** six new Astro-Sonic stereo hi-fi FM-AM radio-phonographs featuring solid-state circuitry. The additions are topped by the Sorrento (model 658) with 100w solid-state amplifier at $595. Other units tagged at $495 include the Barcelona (model 656), the Bordeaux (model 657), the Lancashire (model 655), and the Kromborg (model 654). The leader unit, with Far Eastern Contemporary styling, dubbed the Canton (model 627), is priced at $349.50.

□□□□ **Sales pitch for air conditioners:** powerful single-room air conditioners—in the 15,000 to 29,000 Btu class—are being used successfully to cool entire houses, according to a recent Norge customer survey. Fred B. Hartney, air conditioner-dehumidifier sales manager at Norge, says, "A number of customers reported that they have received more cooling comfort than area coverage rates would indicate. One homeowner in Indiana, for example, reported that an 18,200 Btu unit kept his entire 1,400 sq.ft. area at an average temperature of 75 degrees, while the temperature outside neared 100 degrees."

□□□□ **A meeting of minds on CATV servicing** of tv sets was announced last week by the National Appliance & Radio-TV Dealers Assn. (NARDA). NARDA has worked out a permit application with officials of Perfect Picture TV Inc., in Sacramento, Calif., that stipulates, "Any permit or franchise granted Perfect Picture TV shall prohibit the permittee from engaging in the sale and/or service of television to the general public."

□□□□ **Color was up at Zenith,** stockholders learned at the annual meeting last week in Chicago. Distributor sales were "substantially ahead" of the first quarter of 1964. Zenith, which claims to rank first in share of the b&w tv market, maintained that it had an even higher share of the color business. President J.S. Wright announced that additional set and tube production lines will go into action in the second quarter. The new color talk from Zenith follows in the wake of its recent announcement of a 25-inch color lowboy console with a $699.95 suggested list, a cool $100 drop from its previous low for this screen size.

□□□□ **B&w tv sales were up, too,** as were distributor sales of phonographs. Zenith claimed to have increased its share of the console market. While sales for multi-band and full-size portable, AM, AM-FM, and clock radios were higher, pocket portable sales dipped. Zenith's first quarter earnings were 14% higher than the record set in 1964, and 6% higher than the third quarter earnings in 1964.

□□□□ **New products from Frigidaire:** an automatic ice maker, to be incorporated into the company's new refrigerator line this summer, and a top-loading mobile Super dishwasher, that replaces the former Super top-loader. The compact ice maker, Frigidaire says, can produce up to seven pounds of ice every 24 hours and store 243 cubes in a removable bin. The new dishwasher has a 12 table setting capacity—three settings more than the machine it replaces.

Radio: sales are soaring, prices 'down in the dumps'

"Prices are not only down since January," the New York City-based importer said, "They are down, down, down."

"What was impossible a year ago," another importer said, "is today an everyday occurrence."

The comments sum up the pricing trends in today's imported radio business. Still plagued by the results of a dock strike and pressed to meet credit obligations, importers have been dumping merchandise for the past 30 days. The deals have been wild.

The prices offered to consumers by some of the nation's largest retailers reflect the market's wild gyrations. (Sample: Goldblatt's in Chicago advertised a nine-transistor AM-FM model for $14.44.)

"Some of my wholesale customers are buying new merchandise at retail at S. Klein's," an importer in New York told MERCHANDISING WEEK. "I can't sell them that cheap."

Business is good, which is the terribly ironic side to all this dumping. The radio business for U.S. domestic manufacturers has been extraordinarily good in the first quarter, so good in fact that many are amazed by the volume. First-quarter sales are running about 35% ahead of the comparable 1964 quarter. But apparently importers are not similarly blessed with business.

Bottom wholesale prices on six-transistor merchandise have dipped to the $3.80 level. Dealers can buy "something a little better to pretty good" for $4.25 and "something gorgeous" for $4.75, an importer told MERCHANDISING WEEK. Prices for eights have fallen as low as $5.25.

Prices on AM-FM nine-transistor sets have dipped below the $13 mark. The new range: about $12.50 to $15. Importers also report that the shirt-pocket AM-FM business never met expectations. Typical comment: "It's a dud."

What cheers some importers is that they have been through this hassle before—every year in fact, but at lower and lower prices.

"The market has the same tendency every year," explained one knowledgeable importer. "It is soft for the first six months, straightens up by the middle of June and then prices are firm for the rest of the year."

What worries importers is more direct buying by big chains, sinking dollar volume and profits—and the hint of still cheaper prices to come. There is already talk on the circuit of buying six-transistor radios in Taiwan at an f.o.b. price of $2.50.

"I can see it now," an importer said. "That radio will land for $3.50, be wholesaled for $3.85 and retailed for $3.88."

NEMA-EEI dishwasher pitch: how can you catch the sales?

The industry prophets foresee a 5% to 10% increase in dishwasher sales this year over 1964—but are sales climbing in your store?

The national NEMA-EEI "Have a full-time mother" dishwasher promotion, which peaks this month, will help bring those extra customers in, but it is you who must make the sale. Here are some of the tried-and-true sales tactics, backed up by research and market experience, that can make your sales chart match the happy statistics:

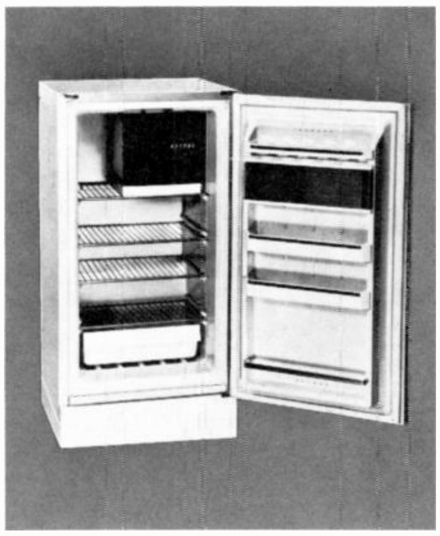
Your sales pitch must break down a woman's natural resistance to a dishwasher. Convince her that dishes do not have to be pre-rinsed before washing; that pots and pans, as well as china and silver, can be washed and dried in the modern dishwasher; that the water in a dishwasher is hotter, and the detergent stronger, than her hands could stand; and that a dishwasher will save her time.

Your demonstration of the dishwasher is a major selling tactic. A demonstration in the home is the best, and the best way to do it is with a "free home trial." Also, have at least one loaded dishwasher in your window and another on the floor. To dramatize the dishwasher's capacity and performance, list the items on a placard next to the machine.

Your displays will sell best if they include live-action demonstrations. In your window or on the floor, or both, you should have a fully loaded dishwasher in action, with a transparent plastic front so that customers can see the surging water and changing cycles inside. Have it running constantly, at least during heavy traffic periods. Next to the dishwasher, stack piles of dishes, glasses, silver, pots and pans identical to those in the machine. Keep take-home literature handy if you do not close the sale on the spot.

Your tie-in promotions can be arranged with other merchants or departments. For example, arrange to have a working dishwasher on display near the detergent department of a local supermarket. Or, place placards in china departments inviting shoppers to come to your store for demonstrations of china being washed in your new dishwashers.

Your contests should be aimed toward building a prospect list. Decide first how much money you want to spend on prizes and advertising and promotion. Second, draw up the rules. The less people have to "do," the more entries—although not necessarily the best prospects. If you require them to complete the statement "I want a dishwasher because . . ." you should get more serious prospects. Or print entry blanks with a list of "10 reasons why I want my next appliance to be a dishwasher." Have entrants number them in order of importance. Each entrant thus is exposed to a strong, detailed sales pitch and moreover, has to meditate on each selling point.



Morphy-Richards refrigerators

Four new Astral compact refrigerators are specifically designed for use in travel trailers and mobile homes; the units can operate on 6v to 220v, or on L.P. bottled gas, butane, or propane.

All four thermostatically controlled models have freezer and ice tray areas in a dual compartment, as well as thin wall insulation.

Models C-200D and B270C have 8-lb. freezer capacities, while models A-460E and B-400D have 13-lb. capacities. All models are available as free-standing or built-in units, and in 8 different colors. *Morphy-Richards, Inc., 232 South Van Brunt St., Englewood, N.J.*

Suburban low-priced ranges

A line of double-oven ranges that can be retailed for under $250 is introduced by Samuel Stamping & Enameling. The new line includes three gas and two electric Suburban 30-inch eye-level ranges.

Features include an automatic safety-stop that holds the oven door open, and prevents accidental closing. Surface and lower oven controls are mounted on the cooktop and are recessed. Also featured are a back-of-the-range shelf area and a concealed fluorescent light over the work area. Additional features are removable lift-up tops, porcelain oven interiors, removable chrome oven racks and runners, grates and burner pans, and aluminum broiler pans.

All of the eye-level ovens are 21 inches wide, and the lower ovens are 24-inches wide; a 16-inch broiler is included in the gas model only. All models are available in white, brushed chrome and a variety of colors. *Samuel Stamping and Enameling Co., Chattanooga, Tenn.*

O'Keefe & Merritt gas ranges

O'Keefe & Merritt introduces two 36-inch gas ranges. The new models, designated 36-5445 and 36-5695, have 20-inch-deep ovens. Other features include a built-in aluminum griddle, lift-up tops, removable oven bottoms, double-view glass doors, and a smokeless broiler with porcelain pad and grid. Both models are available in white or coppertone. *O'Keefe & Merritt Co., 3700 E. Olympic Blvd., Los Angeles, Calif. 90023.*

S.A.C. compact recorder

A portable wire recorder measuring only 4¾ by 3⅜ by 1-3/16 inches has been introduced by S.A.C. Electronics Inc. and Police Systems Inc.

Designated model QR101H and named the Livi-Phone, the unit is battery-powered and fully transistorized. Accessories include spare wire reel, earphone, remote-control switch, tie-clip microphone, table microphone with switch for meetings, telephone pick-up, batteries, leather case for the recorder, and a leather case for attachments. Approximate retail price, including accessories, is $149.50.

An attache case designed for the recorder is also available for an additional $59.50, when purchased with the recorder. A microphone and an on-off switch are features of the case, along with special compartments for the complete Livi-Phone unit and its accessories; the case normally sells for $79.50, according to S.A.C. Electronics. *S.A.C. Electronics Inc., 4218 W. Jefferson Blvd., Los Angeles 16, Calif.*

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You have five days to get in on the sweetest appliance promotion ever.

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So remember, it's not too late yet. Act now and get in on the Philco Carnival of Cold. A phone call will do it. Call your Philco distributor today. You'll like what he has to say!

*Suggested retail price.

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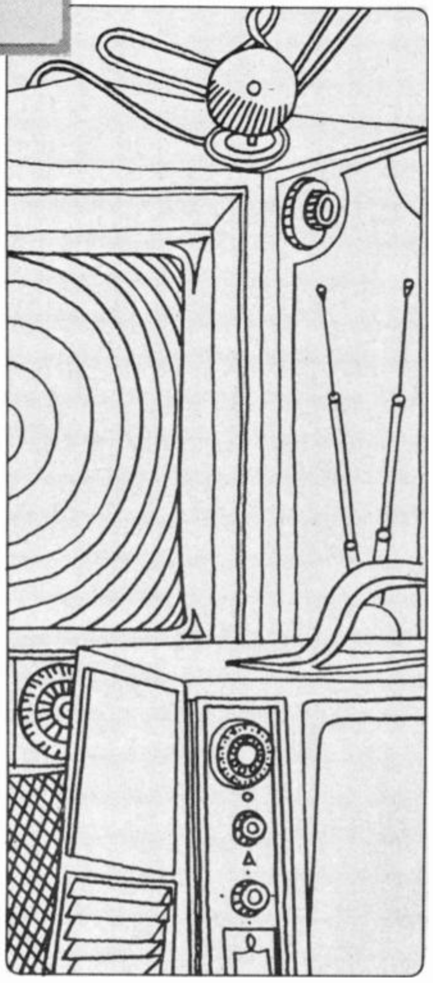
A MERCHANDISING WEEK REPORT

Consumer Electronics Today



Marketing Strategy for Television

In a real sense, the television business today is a new business. The growth of color is creating new financial demands on all segments of the distribution chain. And the fragmentation of the monochrome market with its increasing variety of set sizes makes buying and inventory control greater problems than ever before.

In buying black and white sets, do you stock five-inch models, nine-inchers, 11-, 12-, 13-, 15-, 16-, 17-, 19-, 23- and 27-inch units? Will you stock 19-, 21-, 23- and 25-inch color? Of course, but in what proportion? All these questions are part of an increasingly complex year facing the television industry in 1965.

An important transition year—The industry faces a delicate situation in making the transition from round to rectangular color receivers. The new rectangular tubes will be available in relatively small quantities this year (best estimate now is that only 20% of the product mix will be represented by rectangular tubes).

No one wants to jeopardize 21-inch business (significantly, the industry still has not gone to the public with national advertising about 25-inch color), but there are obviously touchy aspects in the transistion.

Color pricing—There is no doubt that 21-inch color leaders will come in at new lows during the upcoming season, perhaps sinking to a retail of $349.95. (Admiral just introduced its 1966 color tv lineup with a $369.95 list on its leader, a table model in a black metal cabinet without a degausser.)

Not only will 21-inch prices sink at the low-end, but 21-inch merchandise will undoubtedly account for less high-ticket business this year. One set maker told MERCHANDISING WEEK that he expects the bulk of 21-inch business to be done under $500 this year.

There is no doubt that the new rectangular sets are going to be expensive, filling in the high-ticket slots in most lines. The lowest announced price on a 25-inch console thus far is the $599.95 (with trade) from Curtis Mathes. Most lines start at $650 and up.

While the industry waits for the 25-inch tube, the Motorola 23-inch rectangular tubes are showing up in increasing quantities. Significantly, Motorola is no longer alone in the 23-inch color business. Motorola has been joined by Admiral and is certain to get more company before the new-line introductions are completed in June.

Not only does the Motorola-National Video 23-inch tube offer set makers a cheaper price (the 23 sells for $122, the 25 for about $130), but even more importantly it represents another source of rectangular tubes, a factor of major significance in this transition year.

The next new color tube to show up this year will be the 19-inch picture tube. It will be greeted with mixed emotions. In some companies there is a strong undercurrent of excitement. Others are not particularly enthusiastic about the 19's immediate potential.

The problem with the 19 is simply this: price. For a start at least, the 19-inch tube will cost set makers about $9.50 more than the standard 21-inch, which means the industry will be offering a smaller screen color set for more money. The "sell" then for 19-inch color initially will be on style and design.

The 19s are most likely to show up as table models with cart ensembles, probably starting for no less than $400 for openers. Deliveries of 19s will not start until August and September.

The industry also anticipates a 16-inch table model from Sears Roebuck (the culmination of a new arrangement with Toshiba of Japan) and a 12-inch color set from General Electric. Both sets undoubtedly will sell for under $300, maybe $250, according to current guesstimates.

Color got another boost earlier this year when the Columbia Broadcasting System finally decided to schedule some of its regular programming in color. This programming will not show up on the home screen until this fall (start of the 1965-66 season), but the mere fact that CBS has taken some positive steps in color already has had enormous impact. With ABC and NBC boosting their color schedules this fall—all but two shows on NBC during prime time will get the color treatment—the industry can go to market in its most confident frame of mind.

With more color than ever before to offer viewers, the industry already is starting to reevaluate its estimates for the color tv sales year. The median manufacturer prediction for 1965 color sales was 2.0 million units. Highest number: 2.2 million. But new thinking may lead to predictions closer to 2.5 million units.

The black-and-white tv market has been marked by the rise of tinyvision, the decline of the console and three-way combination, and the proliferation of screen sizes. All this

continued on p.16

Consumer electronics marketing today:
Strategy—by DONALD S. RUBIN
Tactics—by STEPHEN N. ANDERSON

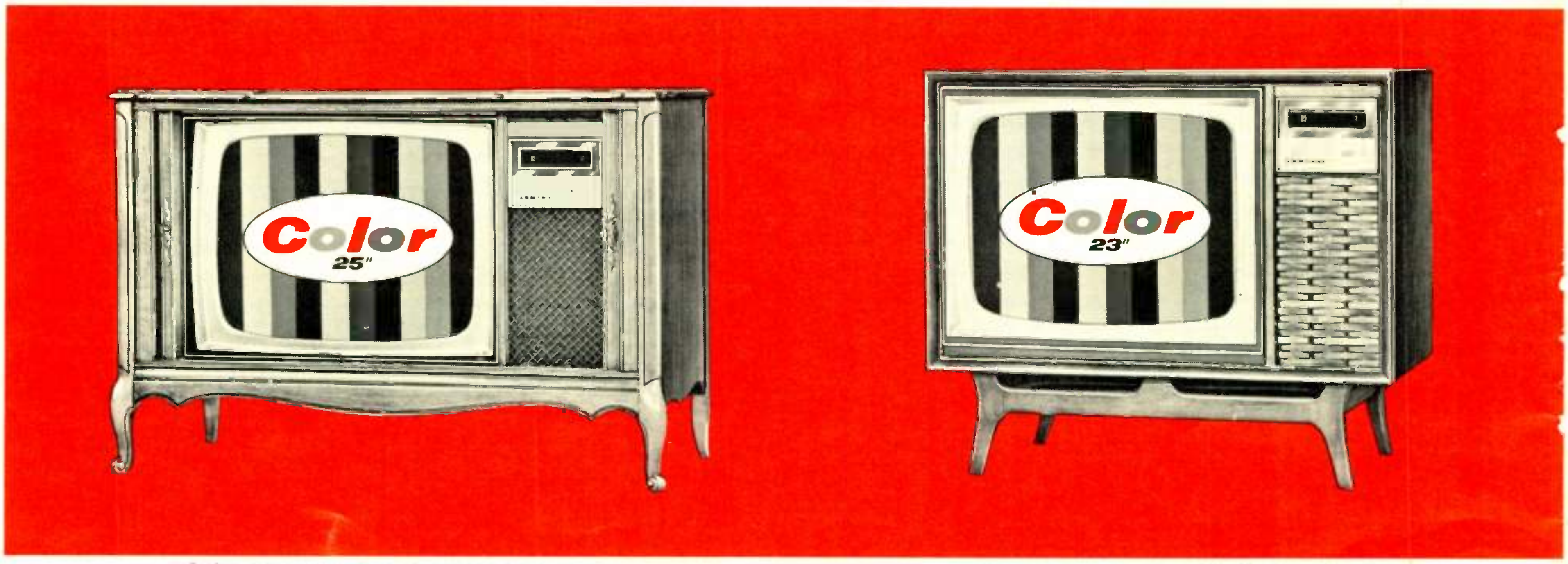
No one sells in a vacuum. To be understandable, every method you use, every decision you make in your store must be taken in context. Why? Because you are only part of a long marketing chain that moves products from the manufacturer to the consumer. Virtually any change in any link will mean change for you.

To put things into context, MERCHANDISING WEEK is taking a long, probing look at consumer electronics marketing today. First, we will look at the strategy, the big picture, to show you what is going on around you product-by-product. We will examine the links in the chain.

Second, we will look at the tactics of merchandising used by other retailers selling the products you carry. MERCHANDISING WEEK conducted a special depth survey of retailers to find out just how they ran their operations in 1964, to give you a yardstick for measuring your own methods in handling consumer electronics products. This 16-page special report will give you a searching analysis of just where you stand in the consumer electronics industry.

Cover photo by Joe Ruskin

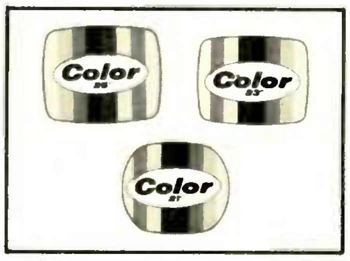
Admiral Color TV



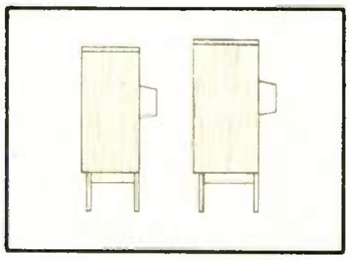
LG5619, 25" screen, French Provincial styling, tambour doors, 8 speakers.

LG5311, 23" screen, Danish Modern styling, lighted channel selectors.

Because Admiral Dealers have all the Color TV



Biggest screen sizes in Color TV!
The big new rectangular screen sizes your customers want . . . Admiral has them! Huge 25-inch rectangular . . . big 23-inch rectangular . . . plus the popular 21-inch size . . . *Admiral has them all!*

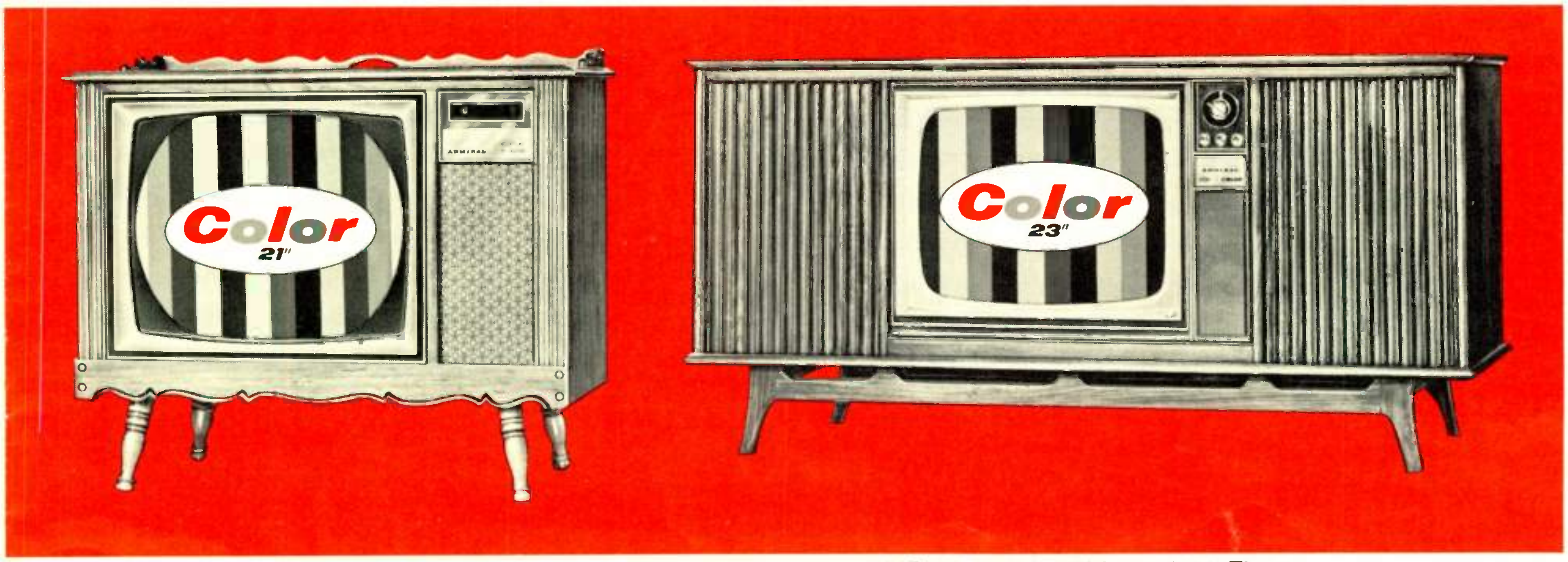


Slimmed-down handcrafted cabinets!
Thanks to the new rectangular 25" and 23" tubes, the new Admiral Color TV hand-crafted cabinets in Danish, Early American and French styles are slimmer, trimmer. *Admiral has them!*

Call your Admiral Distributor and find out the dates of his May Open House. Then plan to be there and see the Admiral Leadership Line!

The sizes that make

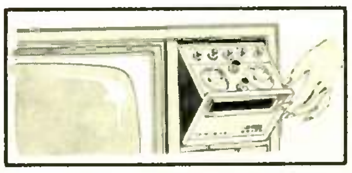
sales are soaring!



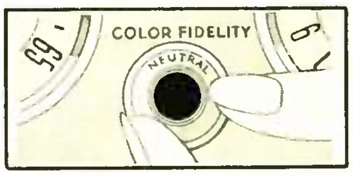
LG2285, 21" screen, Early American styling, 24,000-volt chassis.

SMG5311, 23" Color TV Stereophonic Theatre, FM/AM, FM stereo radio, stereo record player.

screen sizes...plus all the Admiral Exclusives



Exclusive Admiral Tilt-Out Control Center. Every control is hidden in this disappearing panel. Tilt out to tune standing up. Tilt in and see just the beauty look of fine furniture. *Only Admiral has it!*



Exclusive Admiral Color Fidelity Control. Dials unbelievably beautiful color realism (new black-and-white warmth, too). And lets you demonstrate a visual difference of Admiral Color TV. *Only Admiral has it!*

Exclusive Admiral Automatic Degausser. Totally corrects the effects of magnetic interference from every source. Works every time set is turned on (after being off for a few minutes). *Admiral has it!*

Put 'em all together they spell sales! All the screen sizes in Color TV...big new 25" and 23" rectangular, plus 21"...all in a variety of fine-furniture styles!

All the Admiral exclusives...Tilt-Out Control Center (pat. pend.), Color Fidelity Control (pat. pend.), Admiral Automatic Degausser. And exclusive means "Only Admiral has it!"

Then add finest precision-crafted quality and dependability... competitive prices...and you can readily see why Admiral Color TV sales are soaring.

Why not move forward faster? Don't wait. Call your nearby Admiral Distributor right away. Get the whole colorful, profitable story from him...then act!

***the sales come from* Admiral®**

MARK OF QUALITY THROUGHOUT THE WORLD

A MERCHANDISING WEEK REPORT

Consumer Electronics Today

Marketing Strategy for Television

continued

has created significant shifts in the monochrome sales mix—shifts that will take on increased importance as the sales year progresses (see figures on this page).

The greatest gain in the b&w mix, and this is hardly a surprise, has been registered by tinyvision, those little portables with 14-inch-and-smaller picture tubes. In the first quarter of 1965, tinyvision sales accounted for 12% of total industry unit volume.

Portable sales of all types (tinyvision, 16- and 19-inch models) accounted for 57% of all tv sales in the same period. The 19-inch portable, of course, still accounted for the single most significant chunk of the tv business—37% in the first quarter.

The shifting product mix, however, also means a shift in the dollar mix. Last year in the first quarter, for example, color accounted for only one set sale out of every eight. In the first quarter of this year, color is accounting for one sale out of every five.

With color glowing and growing at this rate, the industry now expects its color dollar volume to surpass monochrome dollars by sometime in 1966.

The merchandise that inevitably has felt the crunch of color has been the fine-furniture 23-inch console and the three-way b&w combination. In the first quarter of 1964, when color was a less important factor in the industry's sales, these sets accounted for 24% of the mix.

In the first quarter this year, with color sales zooming ahead, the monochrome console and combination business accounted for only 17% of the product mix.

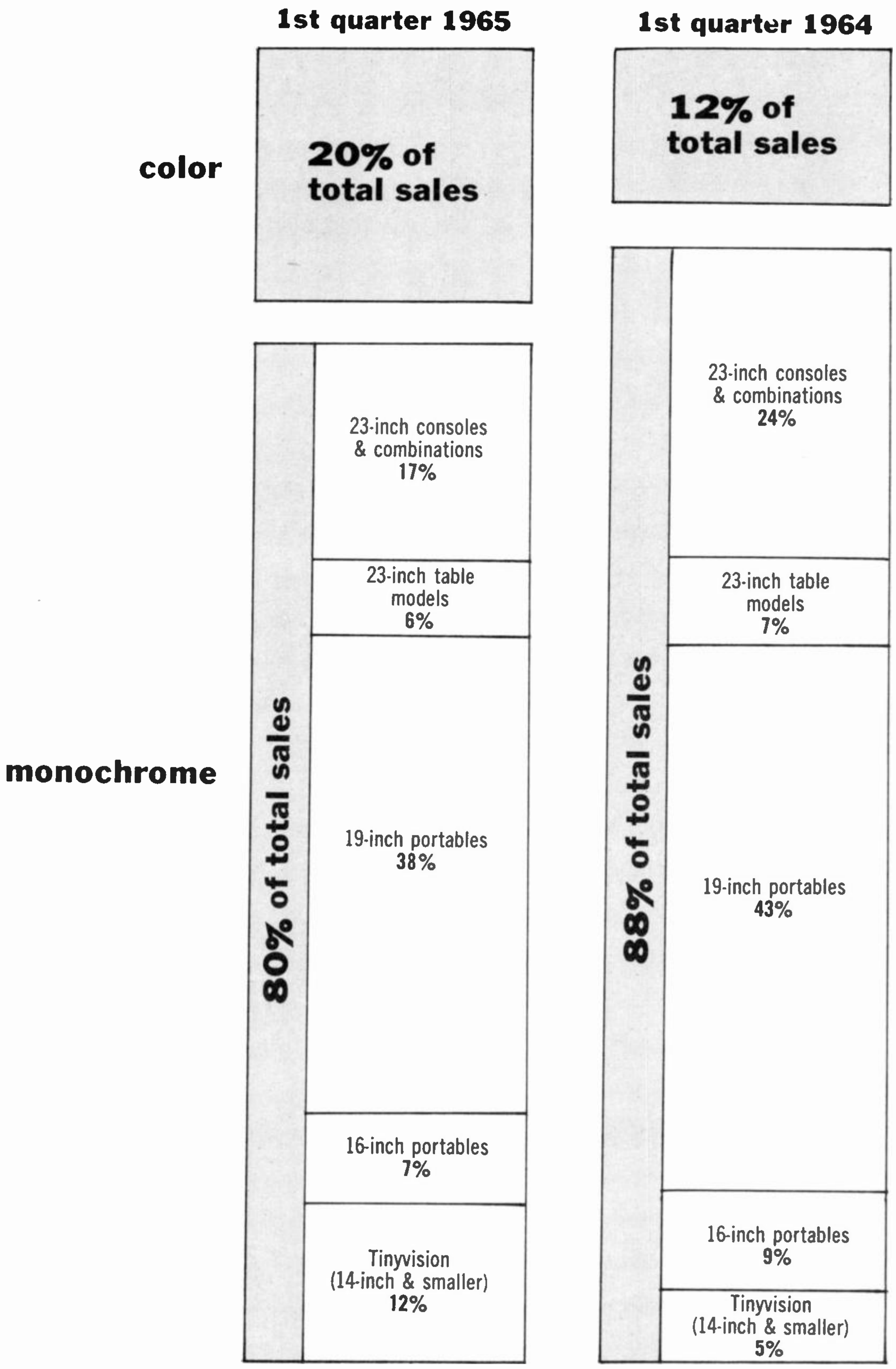
The 16-inch black-and-white portable evidently has found a place in the sun for itself—selling in that relatively small price niche between tinyvision and 19-inch leaders. In the first quarter of 1965, 16-inch merchandise accounted for 7% of the industry's volume.

Check the chart on this page for the complete story on how the television product mix is changing.

Pricing on b&w merchandise Some shifts are apparent. RCA's new 19-inch all-channel lead portable hits the market at $139.95, a $10 cut from a year ago. The rise of color and a dip in color pricing will put more downward pressure on 23-inch b&w console prices. Admiral's new console line, for example, cuts off at $279.95, and the highest-priced 25-incher is $309.95.

Tv tactics on p.20

Television's product mix: the emerging pattern



Sales of servicing retailers vs. sales of non-servicing retailers

Servicing retailers

	Number of retailers	Number of units sold	Percent of retailers surveyed
ABOVE MEDIAN	112	117 to 11,799	44.9
MEDIAN	2	116	6.6
BELOW MEDIAN	121	1 to 115	48.5

One of the traditional techniques of the low-ball pricing artist has been to hold back on frills, such as service. The assumption was that price meant sales. Not so, the numbers here tell us. The servicing retailer is getting the volume in today's market. Most self-classified mass merchants surveyed do not service.

Non-servicing retailers

	Number of retailers	Number of units sold	Percent of retailers surveyed
ABOVE MEDIAN	33	108 to 1,681	50.0
MEDIAN	1	107	1.5
BELOW MEDIAN	31	2 to 106	48.5

Sales of co-op buying group members vs. sales of non-member retailers

Co-op members

	Number of retailers	Number of units sold	Percent of retailers surveyed
ABOVE MEDIAN	12	163 to 2,990	49.0
MEDIAN	1	162	2.0
BELOW MEDIAN	12	3 to 161	49.0

There is a quite definite relationship between co-op membership and sales, but the numbers here do not prove that joining a co-op will boost your sales. They do show a more consistent volume among co-op members than non-members, merely indicating that dealers who join will have similar operations.

Other retailers

	Number of retailers	Number of units sold	Percent of retailers surveyed
ABOVE MEDIAN	146	104 to 11,799	49.2
MEDIAN	1	103	.8
BELOW MEDIAN	147	1 to 102	50.0

Inventory position of co-op members vs. that of other retailers

Co-op members

	Number of retailers	Number of units	Percent of retailers surveyed
ABOVE MEDIAN	150	26 to 1,500	46.1
MEDIAN	21	25	6.7
BELOW MEDIAN	152	2 to 24	47.2

In contrast to other consumer electronics product categories, tv inventories for co-op members tended to run lower than those of non-members. One possible explanation: in the case of this one big-ticket item retailers who are co-op members are placing a heavier emphasis on benefits of pooled warehousing.

Other retailers

	Number of retailers	Number of units	Percent of retailers surveyed
ABOVE MEDIAN	15	36 to 397	50.0
MEDIAN	1	35	3.8
BELOW MEDIAN	14	4 to 34	46.2

Color tv sales: does including installation and service help?

Service/installation included

	Number of retailers	Number of units sold	Percent of retailers surveyed
ABOVE MEDIAN	129	21 to 3,800	50.0
MEDIAN	4	20	1.8
BELOW MEDIAN	125	1 to 19	48.2

Although including a service contract and installation costs in the price of color tv does not seem to increase sales much, it does raise the price to your customer. Retailers not offering these "frills," have an average low price of $254. Those including contract and installation report an average low of $386.

No service/installation

	Number of retailers	Number of units sold	Percent of retailers surveyed
ABOVE MEDIAN	14	19 to 330	50.0
MEDIAN	1	18	3.9
BELOW MEDIAN	13	1 to 17	46.1

Is the retailer who rents tv selling more than the man who does not?

Retailers offering rentals

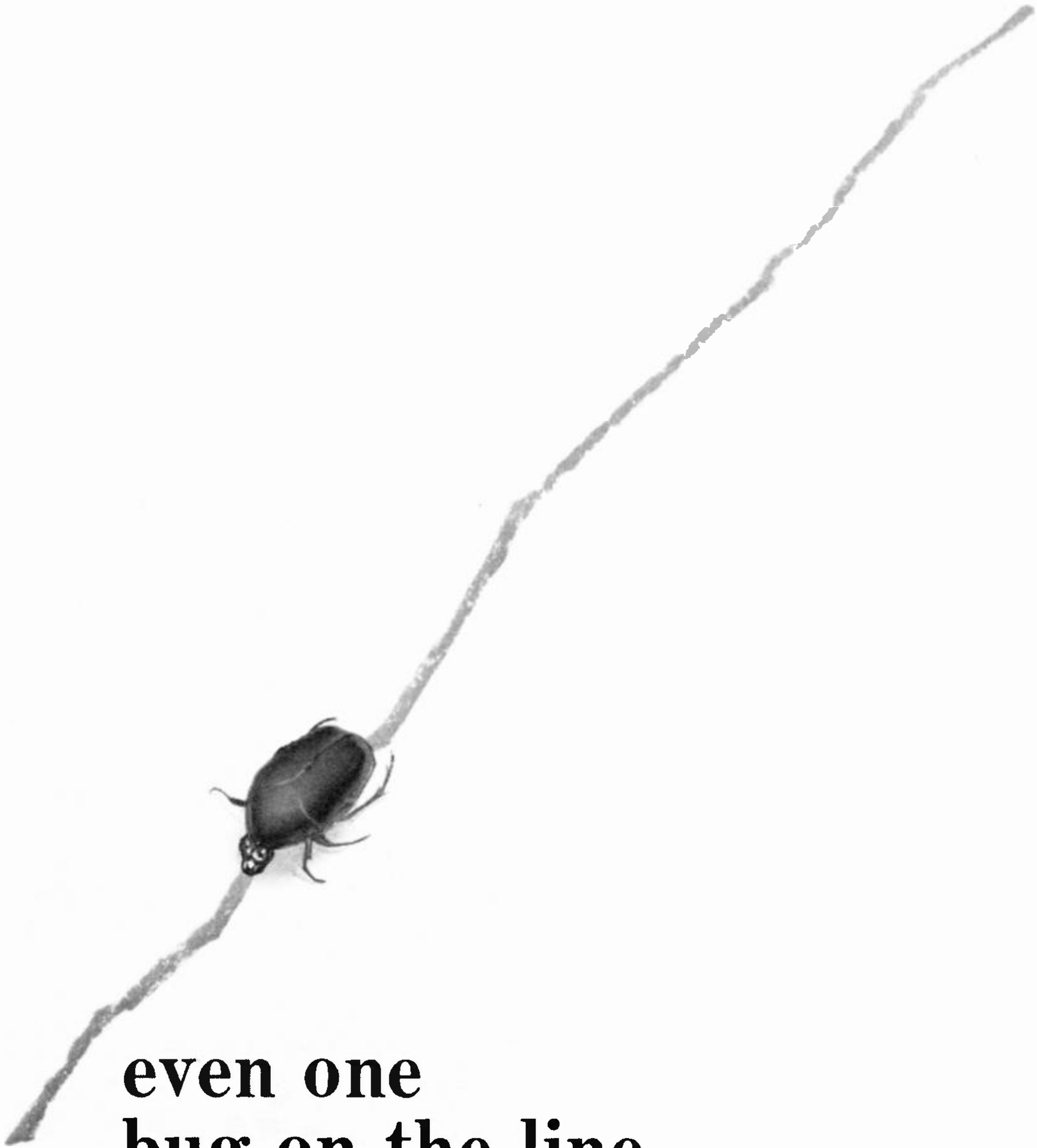
	Number of retailers	Number of units sold	Percent of retailers surveyed
ABOVE MEDIAN	54	109 to 1,717	50.5
MEDIAN	2	108	.9
BELOW MEDIAN	51	5 to 107	48.6

Renting, particularly of color tv, is gaining momentum among retailers in a number of markets. According to the survey, 31% of tv retailers now offer to rent tv sets. While there is no indication renting has any effect on volume, it can bring in money and sew up future color prospects for you.

Other retailers

	Number of retailers	Number of units sold	Percent of retailers surveyed
ABOVE MEDIAN	101	108 to 11,799	50.0
MEDIAN	1	107	.9
BELOW MEDIAN	100	1 to 106	49.1

Radio strategy begins on p.23



even one bug on the line bugs us!

One thing we can't stand is bugs. At some plants it may take a V.P. and authorization in quadruplicate to stop production dead to get some bugs out. But not here at Whirlpool. We've got over 1788 quality control checks on refrigerators. 1700 on freezers. 2000 on washers. Even 40 on a range clock control. And so on. But . . . when a Whirlpool line supervisor does spot a problem, he waits for no man. He bangs that red STOP button and starts corrective action fast. And we at Whirlpool sleep like babies because we're shipping our RCA WHIRLPOOL distributors and dealers the very best appliances men and machines can build. They benefit and their customers benefit. So, if you're as hot about bugs as we are, give one of our distributors a call. No obligation. It'd be a sort of mutual admiration society meeting.

RCA Whirlpool

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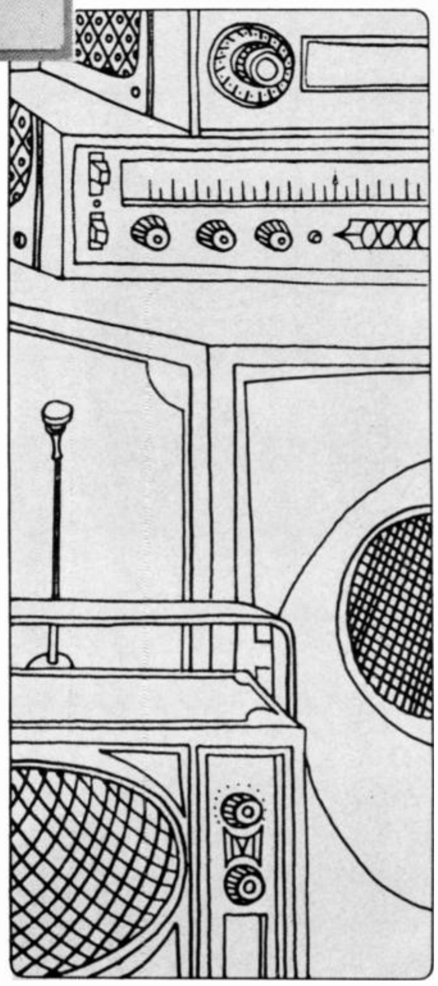

Marketing Strategy for Radio

"In the old days when we used to talk about radio sales," the marketing manager said, "we talked about selling one radio for each home.

"Then, we started talking about radio sales per room.

"Next, we talked about radios per person.

"Before we're finished, we'll be talking about radios per pocket."

The story is true. And the final statement already closely approximates the facts of marketing life in the radio industry.

Spurred by the transistor, the radio business went on a tremendous binge in the late 1950s—and for 1965, at least, the industry shows no signs of letting up.

The total effort—imports, domestic shipments, and automobile radios—adds up to a startling fact: Americans are now buying radios at a rate of close to 30 million units a year. Measured another way, this means one radio sold for every six Americans.

"Americans must be buying disposal radios," an importer said. "When the radio breaks they chuck it and buy another one. The replacement market is terrific."

Pricing, of course, has played a tremendous role in the surge of radio sales. Almost from the moment it hit the market, the transistorized portable has been on a swift downhill plunge. The always-competitive General Electric Co. has done as much, if not more, than most American manufacturers to set the domestic pricing tone. When GE introduced its first six-transistor portable in 1959, the set was priced at $39.95. Today, GE's six-transistor leader carries a $9.95 price tag.

The Japanese, who entered the American market with a price advantage, have been hard pressed to maintain their lead. But even under extreme pressure, the Japanese have managed to retain a tremendous share of the American radio market.

The fall in Japanese prices has been equally dramatic. In the middle of 1959, the low-end Japanese six-transistor radio carried a wholesale price of about $20. Only a year later, the price was $15-$16 for the same unit. By 1961, the radio was priced around $10. The pricing trend is still downward, and there seems to be no end in sight as three remarkable islands—Hong Kong, Taiwan, and Okinawa—developed as new sources for low-priced transistor units.

By the start of 1965, the wholesale price for Japanese radios was under $5.00. Merchandise from Hong Kong, Taiwan, and Okinawa was coming in 50 to 75 cents lower per unit.

One of the most remarkable ironies about the growth of Hong Kong, Taiwan, and Okinawa competition is the role the Japanese have played in the islands. To strengthen its own competitive position in the American market by boosting parts production and lowering costs, the Japanese began shipping radio components in quantity to fledgling producers in the three islands.

The consequences were enormous. Last year, the islands cut deeply into the Japanese business here, accounting for almost 23% of all transistor radios imported by the United States.

How the islands, blessed with low labor rates the Japanese can not hope to match, are competing is easily explained. A Japanese electronics manufacturer explained it this way to McGraw-Hill World News in Tokyo:

"It requires no special know-how," he said, "to manufacture low-grade transistor radios by assembling parts imported from other countries."

Rather than continue the losing battle with its Asian competitors, the Japanese have shifted their focus. The Japanese strategy today: build higher-grade radios (particularly FM-AM models) and drastically reduce the effort to compete in the low-cost, low-price field.

The shift can already be measured. The richer product mix actually pulled up the average f.o.b. price of Japanese radios shipped to the U.S. last year to $8.17. In 1963, the average f.o.b. price was $7.85.

On the other hand, sets built in Hong Kong dropped from an average price of $4.23 in 1963 to $3.89 last year.

The pressure for lower prices continues unabated, however, even as the Japanese strive to upgrade their product mix. American manufacturers have lowered their prices, too, making the situation as fiercely competitive as ever. In FM-AM portables, for example, General Electric has already reached a list price of $29.95. And it is not alone among U.S. brand names.

Now, set assemblers on Hong Kong, Okinawa, and Taiwan are considering entering the AM-FM portable race. There is a question, however, about these island assemblers: do they have sufficient technical sophistication to build AM-FM sets and produce them at competitive prices? At least part of the answer

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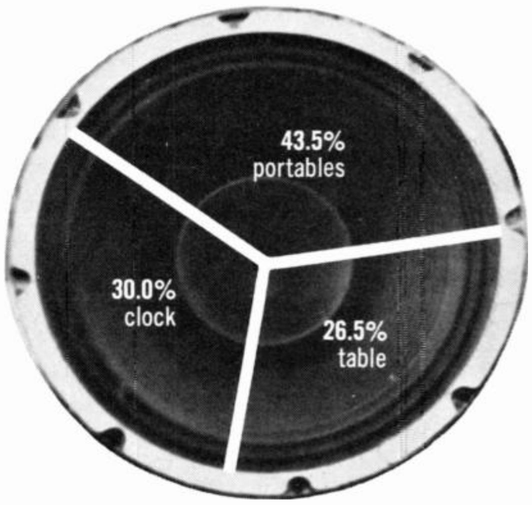
A MERCHANDISING WEEK REPORT

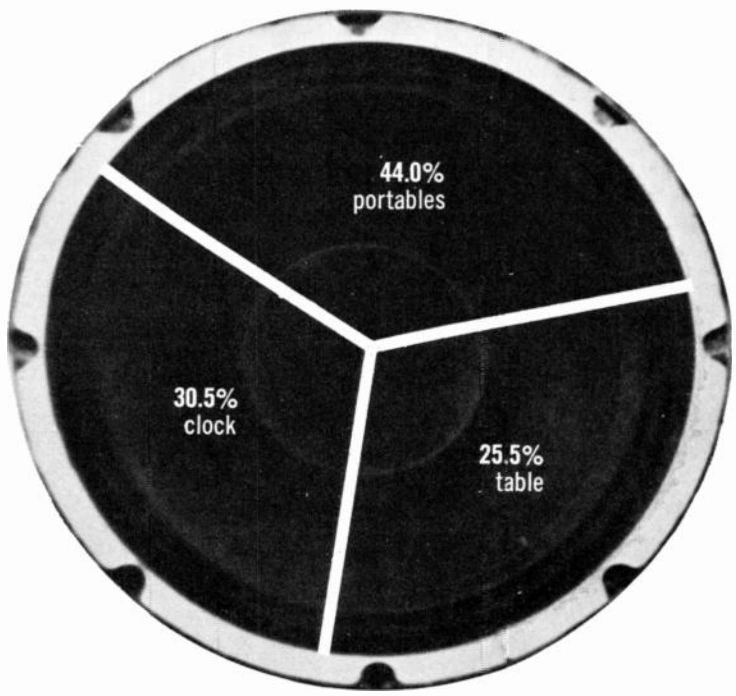
Consumer Electronics Today

Figures for today's radio market: a larger pie, the same slices

1st quarter 1964



1st quarter 1965 (sales up 35%)



Marketing Strategy for Radio

continued

to this question will be forthcoming before 1965 is over.

In the meantime, FM-AM prices are continuing their slide. Prices are down, in fact, even from the opening of the first quarter. With big orders, key accounts can pick up nine transistor FM-AM sets for under $13 today.

"And if you want to go to Japan," one source told MERCHANDISING WEEK, "I can get you all the AM-FM you want for $8 f.o.b. Japan."

The swing to FM, spurred by lower prices, will be one of the key radio trends in 1965. Last year, according to *Television Digest* estimates, FM sales hit the 6.0-million mark for all types of equipment. Here's the rundown:

Table, clock and portable radios: 2.1 million;
Imports (all types): 400,000;
Phono-radio combos: 14 million;
B&w tv combos: 200,000;
Color tv combos: 140,000;
Component tuners (including imports): 200,000;
Auto FM: 460,000.

With sales of this magnitude, the public's awareness of FM as a growing and viable medium is obvious. Not only will sales continue to grow this year, but because FM radios still represent a bigger ticket, they still offer retailers the best chance for profit in the radio industry.

Total FM sales in 1965, according to the same source, could hit 7,570,000, reflecting important growth in American-label portable, table, and clock models (up to 2.7 million units) and growth in imported sets (up to 1.8 million units).

The product mix for U.S. labels has remained fairly constant (see pie charts), although first quarter sales and production hit remarkable heights. Production for the first quarter of 1965 outstripped production during the first quarter of 1964 by over 38%.

Portable sales continue to lead all categories, grabbing 44% of the mix for the opening quarter of 1965. Second in sales, at 30.5% of the mix, are clock radios with table models finishing third. The decline of the table model has been attributed largely to the growth in popularity of the AM transistor portable radio.

Styling in radios is changing, too. According to Tucker P. Madawick, the RCA Sales Corp. manager of industrial design, the trend is to a "cleaner look," void of chrome and fancy die-cast fronts.

Radio tactics begin on p.28

Tired of pushing refrigerators that don't move?

Roll out a Hotpoint on wheels (and cash in on the biggest sales increase in the business)

You don't have to offer the shirt off your back to sell refrigerators. Just show customers how easy it is to clean behind a Hotpoint refrigerator on wheels. Then tell them that only Hotpoint offers wheels at no extra cost. And here are still more great Hotpoint sales-makers: No-Frost, swing-out vegetable crisper, temperature-controlled butter keeper, slide-out porcelain meat pan, new step-shelf for flexible storage. Every week millions of people are seeing Hotpoint refrigerators on wheels via The Tonight Show, NBC-TV. Ads in Life and Look, too. Wheels are selling Hotpoint refrigerators at a record clip for our dealers—they can do the same for you. Call your Hotpoint representative today.

Hotpoint

first with the features women want most

See Hotpoint appliances sold this week on The Tonight Show, NBC-TV, starring Johnny Carson

HOTPOINT · A DIVISION OF GENERAL ELECTRIC COMPANY · CHICAGO, ILLINOIS 60644

Admiral®

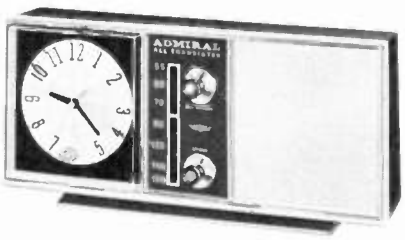
brings new

Super-slim, all-transistorized, jewelry-styled clock and table radios!

Beautiful, efficient, compact

this all-new Admiral Golden Classic Clock Radio YG861. All-transistor plug-in chassis. "Glo-Dial" lighted clock face, full-feature clock including "Alarm," vernier tuning. Tiny jewel-like walnut-grain cabinet 9¹⁄₁₆″ wide, 6⅜″ high, 4″ deep! And it's guaranteed 5 years.** $\$50^{00}$*

New Admiral Custom Clock Radio has automatic wake-to-music plus "snooze" alarm, all-transistor plug-in chassis, "Glo-Dial" lighted clock face. Compact and slim. Attractive pedestal base. YG851. Guaranteed 5 years**. Only $\$39^{95}$*



New Admiral Custom Clock Radio has all-transistor plug-in chassis, automatic wake-to-music control, 4″ Alnico V speaker, built-in antenna, large easy-to-see clock face, slim style. YG820. Guaranteed 5 years**. Only $\$29^{95}$*

New Admiral Custom Table Radio has a cool all-transistor plug-in chassis, two matched 4″ Alnico V speakers, slide-rule dial for pin-point tuning. Slim silhouette style, rich grille cloth. YG840. Guaranteed 5 years**. Only $\$24^{95}$*

New Admiral Custom Table Radio has cool all-transistor plug-in chassis, slide-rule tuning, built-in antenna, 4″ Alnico V speaker, trim silhouette style. In brown/white, charcoal/white. YG830. Guaranteed 5 years**. Only $\$19^{95}$*

**5-year warranty: Admiral warrants each new solid-state radio chassis to be free from defects in factory workmanship or material under normal use for five years after date of sale to consumer. Admiral obligation is limited to supplying suitable replacement parts. The warranty is effective only if the instrument is registered with Admiral within 10 days after date of sale to consumer. *Mfr. suggested list price, slightly higher some areas.

Call your Admiral Distributor and find out the dates of his May Open House. Then plan to be there and see the Admiral Leadership Line!

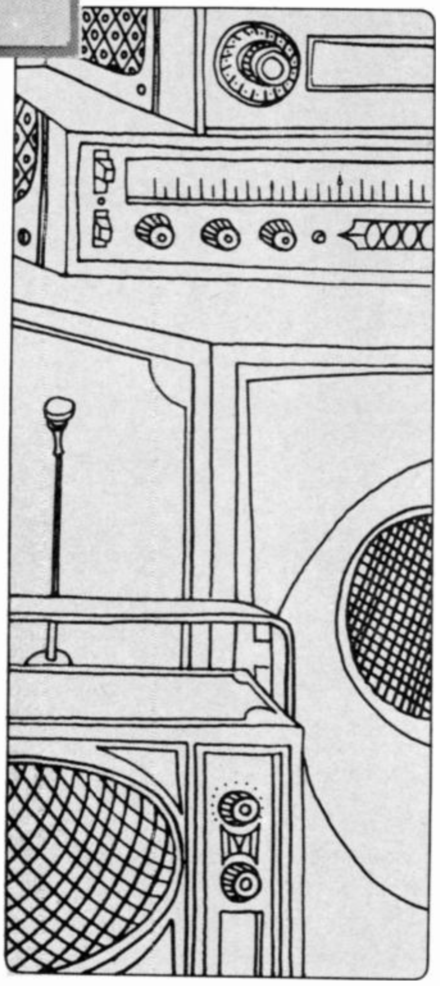
New excitement... new styling innovations... new values ...all yours in this brand new line of quality Admiral Radios for '65!

Here are five new all-transistorized clock and table radios, small, slim and lovely...five new FM/AM clock and table radios all with AFC, to take over the growing FM/AM radio market.

Not only do they feature Admiral precision-quality components and handsome new out-front styling... but they're priced to sell well below comparable competitive models, yet at a full profit to you.

A MERCHANDISING WEEK REPORT

Consumer Electronics Today



Marketing Tactics for Radio

In the booming consumer electronics industry, that old standby radio continues to hold its own, setting, once again, new sales records. And undoubtedly you have seen your own sales climb. But has your growth paralleled that of other dealers around the country? Are your methods up to date?

To give you a chance to find how your operation stacks up against retailers around the country, MERCHANDISING WEEK has analyzed replies of 461 subscribers who handle radios. Here is what they showed:

Virtually no one has failed by this time to climb on the transistor radio band wagon, the survey shows. The surprising thing is that there are still a few radio retailers, presumably after the big-ticket business only, who do not handle the now thoroughly entrenched portables. But these holdouts represent only 1% of the sample.

An understandably small percentage of the retailers are not handling batteries; 94% are. The majority, 68%, service radios; 61% stock parts. Multi-band sales among the retailers surveyed accounted for 17.35% of the radios moved last year. Of the total, 14.35% were AM-FM and 3.04% other multi-band combinations.

The gift box continues to come on strong as a radio sales tool. A healthy 21% of the retailers reported that between a quarter and a half of their sales were in gift boxes.

Response to this survey came from every section of the country. The greatest number (17%) were from the East North Central region. Both Middle Atlantic and West North Central accounted for 15% each. Pacific, 10%; New England, 7%; South Atlantic, 14%; East South Central, 7%; West South Central, 12%.

The typical respondent is a one-store retailer (94% of the respondents) who does his own buying (77%) and describes his outlet as an appliance-radio-tv store (68%).

Sales: does your volume in radios place you among the prime movers?

	Number of retailers	Number of units sold	Percent of retailers surveyed
ABOVE THE MEDIAN	142	98 to 20,969	50.0
AT THE MEDIAN	1	97	.4
BELOW THE MEDIAN	141	1 to 96	49.6

How did your volume last year compare to other retailers? In radio, would you classify as big league or not? MERCHANDISING WEEK looked for a volume figure that represented the mid-point for the retailers surveyed, the median. Half the retailers sold more radios than our median man, and half sold less. Without being average, he is most typical of the nation's retailers. Interestingly enough, he is not a low-pricer. As high as 66% of the retailers reported they had not sold radios for under $10.

Inventory: are your stocks in a healthy ratio to your annual sales?

	Number of retailers	Number of units	Percent of retailers surveyed
ABOVE THE MEDIAN	157	36 to 2,500	46.6
AT THE MEDIAN	12	35	3.6
BELOW THE MEDIAN	168	2 to 34	49.8

Any inventory figures become meaningful only when contrasted with sales. As a measuring point, MERCHANDISING WEEK chose November 1, 1964, right at the beginning of the peak radio selling season. So do not take this figure as an indication of average inventory. Nonetheless, if you look at your own inventory figure for the same date last year and contrast it with your annual sales, you will have a pretty good idea of how you stack up against Mr. Typical. Roughly, most had a one-to-three ratio.

Sales of servicing retailers vs. sales of those who do not service

Servicing retailers

	Number of retailers	Number of units sold	Percent of retailers surveyed
ABOVE MEDIAN	97	101 to 20,969	50.0
MEDIAN	5	100	2.6
BELOW MEDIAN	92	1 to 99	47.4

Of the surveyed retailers, those who service radios outnumber those who do not by more than 2 to 1. But there is no substantial difference in the median sales figures for the two groups. The number who service radios slightly exceeds those who carry radio parts, 68% as opposed to 61%.

Non-servicing retailers

	Number of retailers	Number of units sold	Percent of retailers surveyed
ABOVE MEDIAN	43	97 to 2,930	49.4
MEDIAN	3	96	3.4
BELOW MEDIAN	41	4 to 95	47.2

Sales of co-op buying group members vs. sales of non-member merchants

Co-op members

	Number of retailers	Number of units sold	Percent of retailers surveyed
ABOVE MEDIAN	15	401 to 4,400	48.4
MEDIAN	1	400	3.2
BELOW MEDIAN	15	9 to 399	48.4

Quite clearly, retailers who are members of buying cooperatives have a higher sales median than nonmembers. This is not proof, however, that joining a co-op is going to boost your sales. But it is safe to assume, however, that the high-volume dealer's problems will tempt him to look to co-ops to solve them.

Other retailers

	Number of retailers	Number of units sold	Percent of retailers surveyed
ABOVE MEDIAN	126	91 to 20,969	49.8
MEDIAN	1	90	.4
BELOW MEDIAN	126	1 to 89	49.8

Inventory position of co-op retailers vs. that of other retailers

Co-op members

	Number of retailers	Number of units	Percent of retailers surveyed
ABOVE MEDIAN	18	78 to 2,768	48.6
MEDIAN	1	77	2.8
BELOW MEDIAN	18	12 to 76	48.6

Will co-ops help you solve your inventory headaches? The median figures above would indicate otherwise, if you are looking for a low ratio. But that is not the whole story. You must take into consideration the fact that the co-op dealer probably has gained flexibility by drawing on a larger variety of brands.

Other retailers

	Number of retailers	Number of units	Percent of retailers surveyed
ABOVE MEDIAN	127	31 to 2,500	41.8
MEDIAN	26	30	8.5
BELOW MEDIAN	151	2 to 29	49.7

Do you have to be a high-volume radio retailer to sell citizens-band?

Retailers of citizens-band

	Number of retailers	Number of units sold	Percent of retailers surveyed
ABOVE MEDIAN	25	110 to 2,768	49.0
MEDIAN	1	109	2.0
BELOW MEDIAN	25	9 to 108	49.0

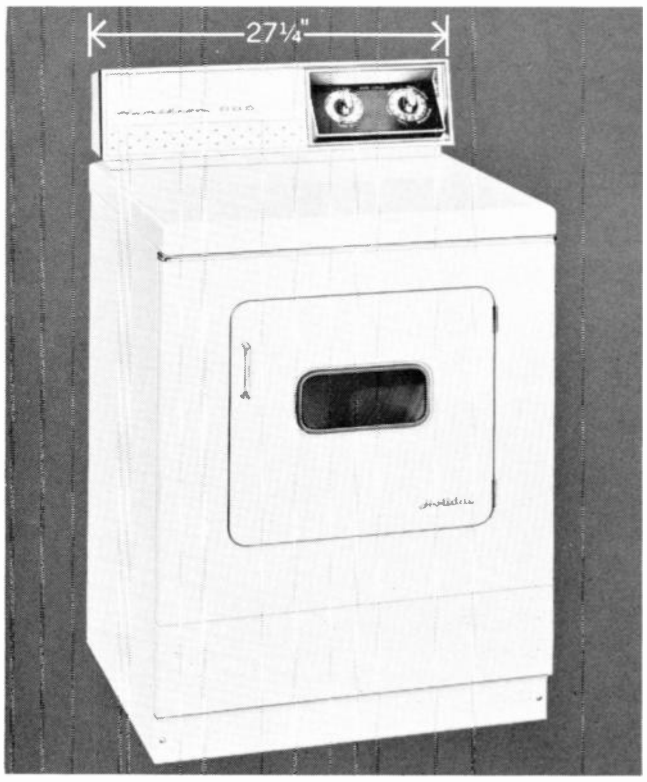
Citizens-band radio definitely has a foot in the door of the consumer electronics industry. Nobody can claim that a product carried by 18% of the dealers is not worth looking into, but to date, the survey shows, it is the big boys with the high turnovers who are exploring this new frontier.

Other retailers

	Number of retailers	Number of units sold	Percent of retailers surveyed
ABOVE MEDIAN	117	97 to 20,969	50.0
MEDIAN	4	96	1.7
BELOW MEDIAN	113	1 to 95	48.3

Phono strategy begins on p.31

SLIM



SLIMMER AND TRIMMER . . . the new Holiday Dryer by Hamilton will start many a sales-winning argument. Customers will quickly see that Holiday's modern-size cabinet is much narrower than conventional dryers. That it'll fit where others won't. That it beautifully, exactly matches automatic washers in size. And when they say, "But I need a bigger dryer to keep up with my new washer" . . . *that's* when you come up with the other two* powerfully persuasive sales-clinchers. Works wonderfully!

* What other two? (1) Despite its trim looks, Holiday has an extra large capacity . . . *will dry any size load that an automatic washer can wash!* (2) Not one, but *two* fans, working with greater BTU input, deliver *more* warm air, *more* evenly. Clothes are dried gently, but faster . . . *much faster!*

HOLIDAY...THE NEW SLIM DRYER BY

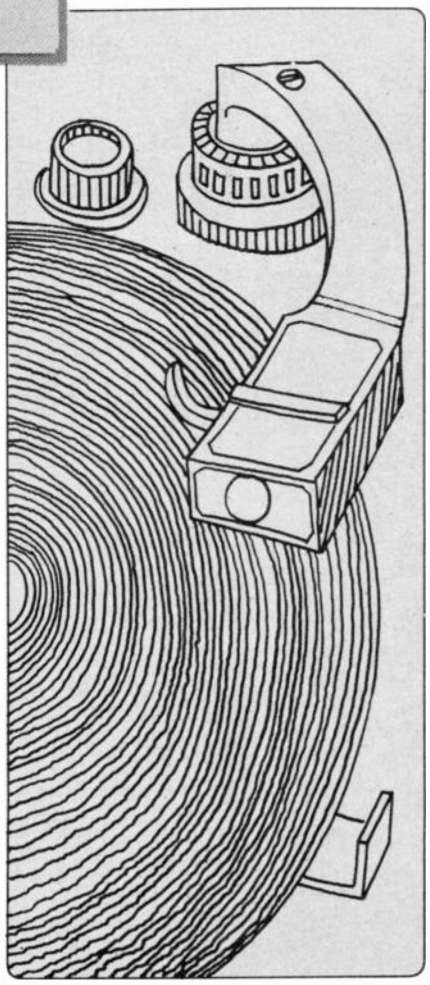
Hamilton

Hamilton Manufacturing Company, General Offices, Two Rivers, Wisconsin, Factories at Two Rivers, Wisc. and Kosciusko, Mississippi

HAMILTON — THE FULL-LINE LAUNDRY LINE OF HERITAGE AND HOLIDAY DRYERS, AUTOMATIC WASHERS, WRINGER WASHERS

A MERCHANDISING WEEK REPORT

Consumer Electronics Today



Marketing Strategy for Phonographs

Inside—component features . . . and outside—a strong furniture appeal . . . the phonograph industry figures to have more than ever to offer the consumer in the upcoming selling season.

When it comes to furniture the set makers today are right in step with the furniture industry. It was not always so. In the past, the consumer electronics industry's furniture has trailed the field, falling into line as much as two years after a new style emerged as the hot trend in the furniture industry.

But today, the pattern has changed. Furniture consoles in the upcoming 1966 lines will reflect the furniture manufacturers' trends. In essence, good furniture has become good business.

The hot style this year will be Mediterranean, Moorish and Spanish, all variations on the same rustic theme.

Woods such as pecan, carpathian elm burl and hackberry, all heavily distressed, will be widely used in the new cabinetry.

"Moody, misty and Mediterranean" is the way Tucker P. Madawick describes the style. And he knows. Madawick is the manager of the industrial design department for the RCA Sales Corp. and president of the Industrial Designers Institute.

"This new design echoes the Mediterranean feeling which started a couple of years ago," the ebullient Madawick explained. "We're moving out of a formal feeling into a rural feeling in all categories."

The accent pieces—mainly painted furniture in white, blue, green, red and black—will be back again, too. Explained one designer: "Leave out the accent pieces and the retailers ask for them. Offer too many and the retailer screams."

Just chocolate and vanilla: "You can't build a line with just chocolate and vanilla," explained Madawick. "You need the accent pieces. They give the retailer something to show off."

The long, low look in phono consoles will again be very much in evidence, but it will not dominate the mix. The popularity of 60-66 and 72-inch cabinetry varies from market to market, of course, because, as one designer put it when he discussed the smaller cabinets, "We can't forget the cliff dwellers."

The increasingly sophisticated furniture appeal is another reflection of the changing tastes of the U.S. consumer. In the post-war years the consumer has been exposed to countless numbers of glossy magazines pushing high style. Television and the movies further extended the consumer's horizons. And all have had enormous impact on taste, leading to a general upgrading of merchandise. The result in the phonograph industry is demonstrable. Furniture styling has improved and the industry's old bogeyman, speaker grille cloth, has virtually disappeared on all but the most inexpensive consoles.

A revolution inside phonographs also is well under way. Today, the transistor is king of the hill in the phono industry, leading the field all the way from the elegant top-of-the-line fine-furniture console down to the under-$20 manual portables in plastic cases.

The solid state of solid-state technology: the industry's rapid switchover from the vacuum tubes to transistors will continue to have widespread repercussions. Because transistors allow engineers to use higher wattages more easily, the industry has embarked on a horsepower race. Amplifiers rated at 100 watts or more are remarkably common because of the transistor.

The swing to transistorized amplifiers and tuners by the package manufacturers has sparked the same trend among hi-fi component producers, who turn out instruments for some of the nation's most finicky and knowledgeable consumers.

The growth of solid-state technology is also leading to the development of new cartridges designed especially to work with transistors.

Speaker technology is another area where the industry is blazing a new trail. Two years ago, the sealed speaker system was a rarity in console phonographs. Sealed speakers were left strictly to the hi-fi component industry and its bookshelf systems.

But this situation is changing. More and more companies are showing consoles with sealed speakers, and in the line introductions just ahead more models will use sealed systems. And these sealed systems will go for less money than ever before.

Record changers reflect this change, too. The package industry is taking still another leaf from the hi-fi component manufacturers' book and going with lightweight tone arms, heavier turntables, and, in some cases, the complete high-end audiophile changer. Names like Garrard, Dual and Miracord, long associated with hi-fi components, have increasingly found a welcome home in packaged goods.

continued on p.32

Marketing Strategy for Phonographs

continued

The trend in sales reflects the industry's efforts to upgrade its product. More business is being done in expensive merchandise, less in the phono-only console.

Last year, the industry sold 83% of its consoles equipped with tuners (mostly AM-FM stereo models). In this combination category, a large chunk was done at big ticket prices. For example, 49.1% of sales last year in combinations fell in the $250-$399 range; almost 22% was done over $400.

Significantly, the only merchandise to lose ground was the phono-only category. Here sales dipped under 300,000—although the entire console phono category finished ahead of its 1963 pace. And most of the phono-only console business was done with units listing for under $150.

With the continued emphasis on fine furniture and components, the phono-only console will lose more ground this year.

The move to the high-end phono is having its impact in the market for portable phonographs, too. Package manufacturers have attempted to steal some of the hi-fi maker's thunder by introducing a series of component bookshelf systems.

High-end portables are selling well, according to set makers, and a large portion of this increased volume is attributed to component-type solid-state portables.

It now seems certain that set makers will again spotlight the high quality, high styled, high priced portable phonographs in the new lines that will soon be introduced.

Last year, the industry captured 10% of its portable phono business with merchandise carrying a list price of $130 and up. (Total sales of portable phonographs for the year 1964 were: 3,460,000 units.)

The industry did another 6% in the $100-$130 range. But the big volume, of course, will still be in units retailing for under $100.

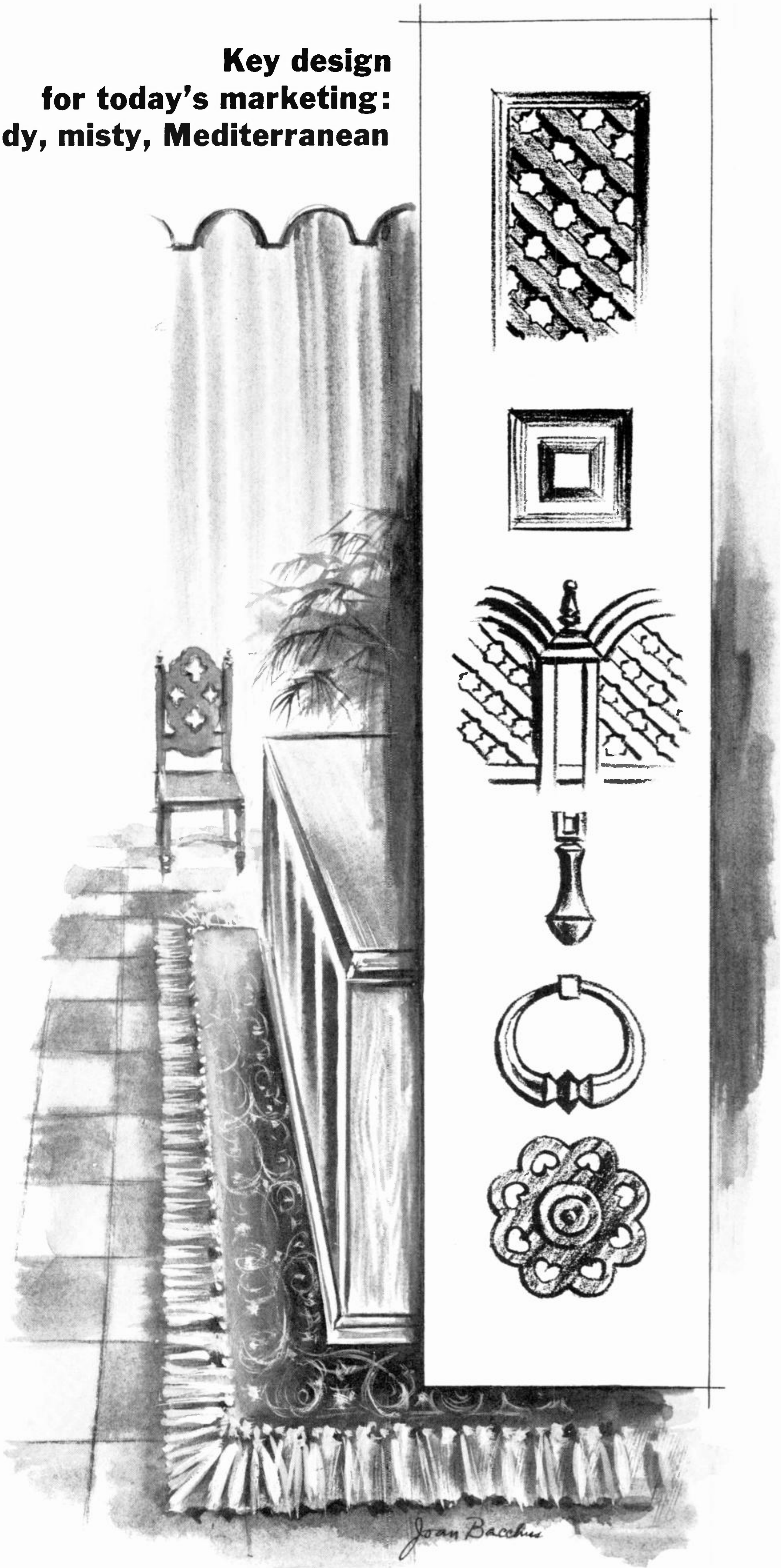
In 1964, set makers did 27% of the portable business between $70 and $100, another 27% between $40 and $70, 5% between $30 and $40 and 25% under $30. Of the 3,460,000 portables set makers sold last year, monophonic machines represented 45% of the product mix.

In broad terms, mono portable sales are confined to the $50-and-under area.

To sum up the outlook for the phono industry: the sound of music again figures to be sweet.

Phonograph tactics begin on p.36

Key design for today's marketing: moody, misty, Mediterranean



ONCE URETHANE INSULATION WAS INVENTED . . . YOU HAD TO EXPECT SOMETHING LIKE THIS

Show us a gal who has just seen the brilliant new G.E. Americana . . . and we'll show you a gal bursting with big ideas.

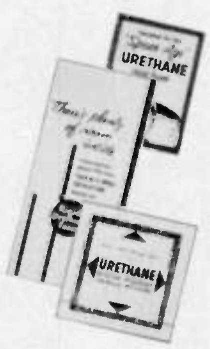
The Americana does that. Because its styling bears the same relationship to refrigerators as a T-bird does to a Model-T. In satin white or fashionable coppertone, it's a glamorous piece of fine furniture . . . a new social center in the kitchen . . . and is equally suitable for the family room, patio or anywhere Americans live these days.

Yet the Americana provides a full 8.3 cu. ft. of fresh food storage, all at eye level, a generous 6.7 cu. ft. roll-out freezer and a practical counter-top with hardwood cutting board. Its specifications include all and more of the convenience features you would expect to find in a top-of-the-line refrigerator-freezer combination.

Can you imagine a design like this back in the days when refrigerator walls had to be t-h-i-s t-h-i-c-k? You bet you can't! The trend to such exciting concepts as this began when modern urethane insulation was invented.

Urethane insulation is twice as efficient as the next best, makes thinwall construction possible. Foamed-in-place, it fills every crevice for 100% insulation, adds structural rigidity, and holds its efficiency for a lifetime. It never mats, settles or absorbs moisture.

If you'd like more information on urethane insulation, we will gladly answer your inquiry or send our point-of-sale booklets. They're available in quantity for salespeople and customers.



IN URETHANES THINK FIRST OF... Allied Chemical

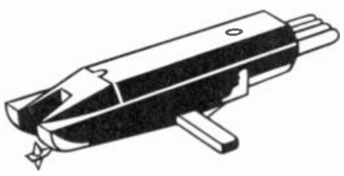
NATIONAL ANILINE DIVISION
40 RECTOR STREET, NEW YORK 6, N.Y.

. . . only producer of all basic urethane chemicals . . . NACCONATE® Diisocyanates, ACTOL® Polyethers and GENETRON® Blowing Agents . . . and leaders in the chemistry and commerce of urethane applications.

Only Admiral offers a 5-year warranty

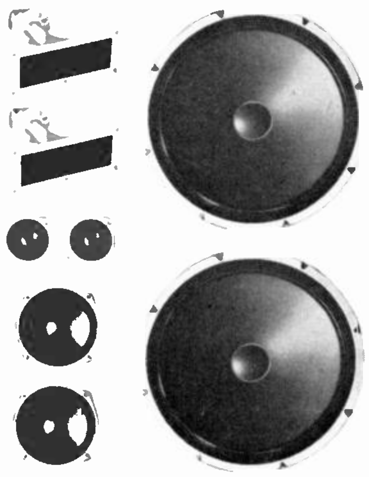
featured on

NEW 360 SOLID-STATE



The amazing new Admiral SM-1 solid-state cartridge uses a remarkable semi-conductor to modulate a strong current from the amplifier. This cartridge doesn't depend on record grooves to generate power! Result: nearly limitless sound range, less record wear.

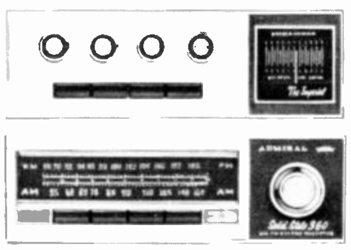
All-new Admiral Record Changer has a "floating" turntable. Rumble, flutter and "wow" are virtually eliminated. All four speeds. Will accommodate 12 long-playing records, stereo or monophonic. Record changing action is smooth and noise-free.



Eight matched and balanced speakers include two exponential horns, two tweeters, two 6-inch mid-range drivers, two giant 15-inch woofers. Speaker chambers feature Admiral all-enclosed, sealed "Air Spring" design for professional-quality bass response.

Admiral professional Vari-Gram tone arm adjusts from 0 to 5 grams, lets owner set exactly the right tracking pressure for flawless fidelity and virtually no record wear. Floating cartridge retracts when bumped. Stylus can't scratch records.

Dual-Master Control Center has eight pushbutton controls, plus separate dials to control bass, treble, loudness *and* the most perfect stereo balance in stereophonic history. Illuminated FM/AM tuning meter, plus FM stereo broadcast indicator light.

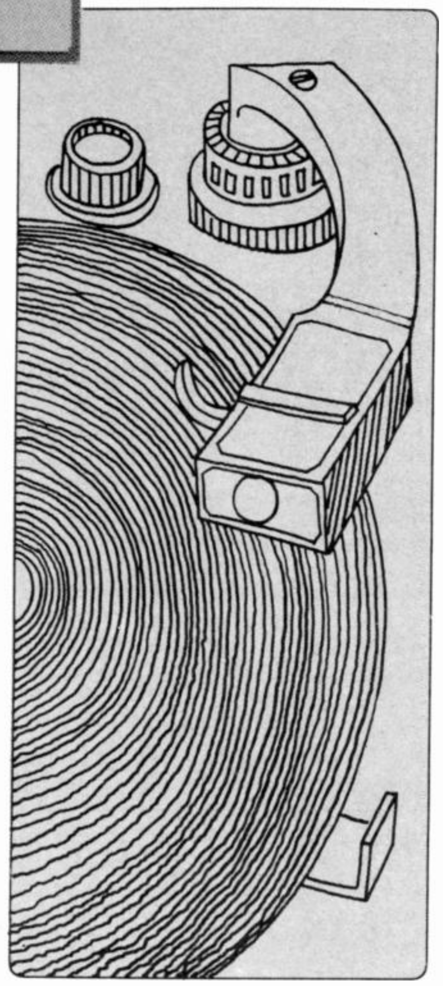


The listening power of Admiral solid-state stereo is growing, and so is its selling power! For the amazing 5-year Admiral guarantee* has now grown to cover the amplifier, pre-amplifier, tuner *and* the remarkable new SM-1 solid-state cartridge . . . tailor-made for finer solid-state sound . . . the cartridge of tomorrow, in Admiral solid-state stereo today!

You can't buy stereo with tubes from Admiral. You can't sell old-fashioned stereo if you carry the Admiral big-profit line. You will have the most demonstrable, most-wanted features in stereo history, to build traffic and sales!

Call your Admiral Distributor and find out the dates of his May Open House. Then plan to be there . . . and see the Admiral Leadership Line!

Turn up your sales volume with



Marketing Tactics for Phonographs

The oldest product in the consumer electronics inventory, the phonograph, has lost none of its lustre. In fact, this MERCHANDISING WEEK survey shows a 100% increase in retail sales over those reported in 1963.

Why such life in such a long-standing product offering? Stereo is the answer. And a study of the mix is proof of the pudding. First, portables represent 43.51% of the units reported sold by the surveyed retailers. Of these portable units, 59% were stereo.

In the console pieces, radio-phono combinations claimed a healthy 48.29% of the market, with the plain console down to 8.18% of the total.

Was the battery-operated portable showing signs of life last year? Survey respondents reported only 1.23% of the portable sales made were battery-operated units.

Pre-packaged components have made better inroads with reporting dealers, however, 25% reported selling them.

Out of the total 438 retailers surveyed to gather this information, 79% were selling phonographs last year. Of these, the largest segment, 68%, described themselves as appliance-radio-tv stores. The second largest category, representing 11%, were department stores-mass merchandisers.

Geographically, the largest group of responding retailers were located in the Middle Atlantic states (20%), East North Central (21%), and South Atlantic (14%). The remainder were from the West North Central states (12%), Pacific (10%), West South Central (9%), East South Central (5%), New England (5%), and Mountain (4%).

Far and away the majority of the stores represented (91%) were one-store operations.

What other types of merchandise do they buy? Of those dealers handling phonographs, 79% also carried radios, 79% television, and 52% tape recorders. A substantial number also were carrying kitchen appliances.

Sales: how does your volume contrast with that of other retailers?

	Number of retailers	Number of units sold	Percent of retailers surveyed
ABOVE THE MEDIAN	110	49 to 5,530	62.7
AT THE MEDIAN	2	48	.4
BELOW THE MEDIAN	125	1 to 47	36.9

Respondents to MERCHANDISING WEEK's survey set a fast track with a 100% rise in sales over a two-year period. Volume figures, nonetheless, will give you some yardsticks for sizing up your own performance in the phonograph market. Out of the total of 438 respondents to this survey, 346 were carrying phonographs last year. A breakdown on the mix of these reported sales is included in the introduction. Of the respondents, 81% reported that their stores were buying units. Only 13% were branches.

Inventory: do you have too much of your cash tied up in phonograph stock?

	Number of retailers	Number of units	Percent of retailers surveyed
ABOVE THE MEDIAN	134	15 to 900	49.2
AT THE MEDIAN	7	14	2.1
BELOW THE MEDIAN	129	1 to 13	48.7

Phonograph inventories, in contrast to other consumer electronics products, tend to run low in relation to annual sales. Yet, as with radio and television, the November 1 target date hits right at the beginning of the prime selling season. One possible explanation for the holdback on stocking phonographs is the battle for floor space now dominated by hot-moving—and space-consuming—color tv, currently the darling of the market and daily requiring ever more room for adequate display space.

Sales of servicing retailers vs. sales of non-servicing retailers

Servicing retailers

Number of retailers	Number of units sold	Percent of retailers surveyed	
93	47 to 3,300	49.1	ABOVE MEDIAN
2	46	1.5	MEDIAN
92	1 to 45	49.4	BELOW MEDIAN

Not offering service so that you can lower prices and hopefully raise volume is something to reconsider, according to figures in this survey. The difference in median sales between the two is so little that it can be discounted. However, service should not be forgotten as another source of income for you.

Non-servicing retailers

	Number of retailers	Number of units sold	Percent of retailers surveyed
ABOVE MEDIAN	36	52 to 108	49.6
·MEDIAN	2	51	2.7
BELOW MEDIAN	35	1 to 50	47.7

Sales of retailers in co-op buying groups vs. sales of non-joiners

Co-op members

Number of retailers	Number of units sold	Percent of retailers surveyed	
17	81 to 3,248	51.5	ABOVE MEDIAN
1	80	3.1	MEDIAN
15	7 to 79	45.4	BELOW MEDIAN

Co-op members have a median sales figure almost twice as large as that of non-members. But bear in mind that this spread can be deceptive: volume brings new headaches and it may be the man with the volume who seeks the co-op cure to the purchasing, warehousing, and advertising problems he encounters.

Other retailers

	Number of retailers	Number of units sold	Percent of retailers surveyed
ABOVE MEDIAN	116	46 to 5,530	50.0
MEDIAN	2	45	.7
BELOW MEDIAN	118	1 to 44	49.3

Inventory position of co-op retailers vs. that of non-members

Co-op members

Number of retailers	Number of units	Percent of retailers surveyed	
12	26 to 400	37.5	ABOVE MEDIAN
6	25	18.7	MEDIAN
14	5 to 24	43.8	BELOW MEDIAN

What difference does belonging to a co-operative buying group make as far as a retailer's inventory is concerned? The fact that co-op members have twice the inventory of non-co-op members might indicate that they are overloaded, but more likely they are carrying a greater variety of carefully selected items.

Other retailers

	Number of retailers	Number of units	Percent of retailers surveyed
ABOVE MEDIAN	114	13 to 900	48.1
MEDIAN	16	12	6.8
BELOW MEDIAN	104	1 to 11	45.1

Sales of retailers selling components vs. sales of package-goods retailers

Retailers of records

Number of retailers	Number of units sold	Percent of retailers surveyed	
41	61 to 5,530	47.1	ABOVE MEDIAN
3	60	3.4	MEDIAN
43	6 to 59	49.5	BELOW MEDIAN

Record selling's influence on sales of phonographs is apparent from the figures on these charts. The number of retailers surveyed handling records is 88 as opposed to 182 retailers who do not sell records. Behind the charts' figures: the record handling retailers are principally consumer electronics specialists.

Other retailers

	Number of retailers	Number of units sold	Percent of retailers surveyed
ABOVE MEDIAN	91	42 to 3,300	50.0
MEDIAN	1	41	.2
BELOW MEDIAN	90	1 to 40	49.8

Sales of retailers selling records vs. sales of retailers who do not

Retailers of components

Number of retailers	Number of units sold	Percent of retailers surveyed	
73	42 to 5,530	50.0	ABOVE MEDIAN
2	41	1.6	MEDIAN
70	1 to 40	48.4	BELOW MEDIAN

There was a day when components were strictly for specialty stores catering to the audiophile. Now, to an ever increasing degree, the component business and the phonograph industry are merely two sides of the same coin. The two most frequently sold components are speakers (48%); record changers (47%).

Other retailers

	Number of retailers	Number of units sold	Percent of retailers surveyed
ABOVE MEDIAN	66	51 to 3,300	49.8
MEDIAN	3	50	2.0
BELOW MEDIAN	64	1 to 49	48.2

Tape recorder strategy begins on p.39

Every month Family Circle tells 7,500,000* homemakers how to apply themselves.

All illustrations reprinted from Family Circle.

Where's your appliance ad?

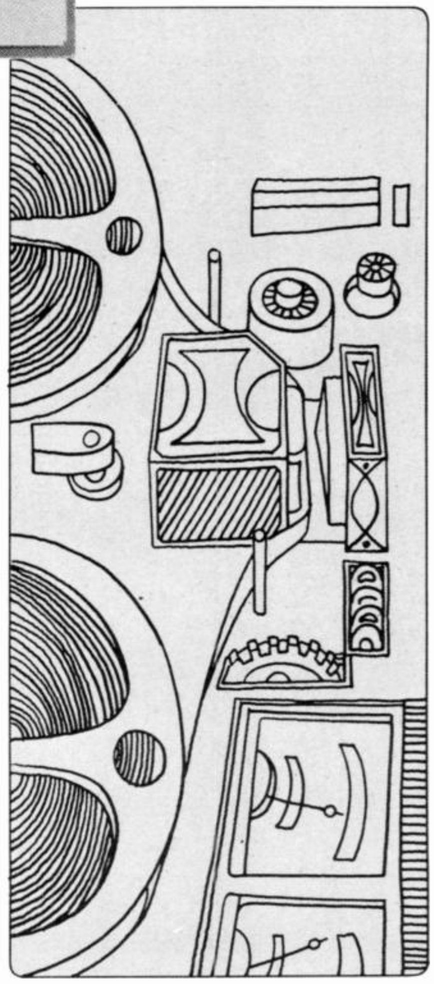
Family Circle is the only one of the four leading women's service magazines that's strictly service. Strictly business. No fiction. No poetry. No nonsense. Last year, Family Circle devoted a greater percentage of its editorial content to household equipment than any of the other leading women's magazines. And there's lots more where that came from. Every month 7,500,000 homemakers depend on Family Circle for the latest information on household equipment. That's why more and more appliance advertisers are beginning to depend on Family Circle, too.

Family Circle. A magazine only a homemaker could love.

*The applicable circulation figures: McCall's 8,400,000; Family Circle 7,500,000; Ladies' Home Journal 6,500,000; Good Housekeeping 5,250,000.

A MERCHANDISING WEEK REPORT

Consumer Electronics Today



Marketing Strategy for Tape Recorders

"I'd like to sell a tape recorder for every closet in America."

That somewhat wistful remark, from one of the industry's most knowledgeable tape recorder salesmen, at once illustrates the potentials and the problems of the tape business in the United States today.

The potential is obvious. Tape recorders are flexible machines, useable in numberless ways, offering not only playing but recording capabilities for voice and music, for monophonic and stereo sound.

In an inspired moment a few years ago, Magnecord put out a booklet listing 207 ways to use a tape recorder. But a tape recorder can be more than a handy tool, easing the day's workload. When it comes to music, the fidelity of tape is a well-accepted fact.

The problem, of course, has been to convince the American public that the tape recorder is not some sort of infernal machine, too complex to operate, and something, once purchased, easily relegated to the closet.

The tape recorder manufacturer has not only had to battle the public's reluctance, he has had to fight virtually the same war at the dealer level—and for many of the same reasons.

"A lazy man won't buy a tape recorder," said Joe Tushinsky, president of successful Sony/Superscope. And he could have added that a lazy man cannot sell a tape recorder, either.

The distribution pattern reflects the problem. Each tape recorder manufacturer and importer has solved his distribution problems in his own way. Some go through the photo dealer. Others try for the consumer electronics dealer or music store. Still others try for the audiophile market, or a combination of everything.

And confusion reaches the retail level. For instance, one department store restricts its photo department to under-$101 dollar machines, but allows its home electronics department to handle units at all price levels.

And then there is the story about the department store shopper who saw a tape recorder for one price in the brown goods department and the same machine for a different price in the photo department of the same store.

Historically, of course, the bulk of the tape recorder business has been done by the photography dealer. And with good reason. By the very nature of the camera business, this type of dealer was willing to spend time with customers, demonstrating how the complex equipment worked. The same selling techniques could easily be transferred to the selling of tape recorders.

There are signs, however, that the regular appliance-tv outlet is starting to take an increasingly larger share of the business. And in the long run, predicts one tape recorder manufacturer, who currently sells through photo outlets, the business has to go to the brown-goods dealer.

"One reason that tape has not moved out of the specialty store faster," explained Donald Hassler, marketing vice president for Concord Electronics, "is because the photo dealer is willing to demonstrate."

Certainly, the profit structure of tape recorders has not kept the machines out of the appliance-tv store. Hassler claims that the independent dealer can make 28%-30% on any tape recorder line today in $100 to $350 merchandise.

The tape recorder industry is on the brink of some major changes today. The major television set manufacturers, who have thus far stayed out of the business, are keeping a close eye on development of the tape recorder field. Some are already getting a toe in the door by selling console phonographs equipped with tape decks. Undoubtedly, more of this equipment is going to show up this year.

There is another important sign, too. Giant RCA Victor, which has been limiting its sales to a cartridge machine, is stirring. The company reportedly will add eight new machines, including reel-to-reel units, to its tape recorder line in August.

Jim White, vice president of Roberts Electronics, makes another important point about the future of tape recorders.

"A whole generation," he said, "is coming through a school system that has been formally exposed to the tape recorder because of the language labs and that type of instruction." And down the road, White points out, looms that super tape machine, the video tape recorder.

How big is the business? No one seems really sure, but a glance at the figures on this page will surely indicate that the tape recorder business is larger than many now think. Over 3 million units were exported to the U.S. last year (96.8% by

continued on p.40

A MERCHANDISING WEEK REPORT

Consumer Electronics Today

Marketing Strategy for Tape Recorders

continued

Japan), and U.S. manufacturers sold almost another 500,000.

How to take advantage of this growing market? The best way, importers, manufacturers, and successful retailers agree, is to be prepared to demonstrate.

Concord's Hassler maintains "all dealers should demand training. Our most successful distributor is a dealer trainer. No dealer should put in a line without assurance of proper training."

One of the nation's most successful retailers, Polk Brothers of Chicago, makes the same point.

"Our philosophy of selling tape recorders," explained Al Mollinger, manager of Polk's tape recorder department, "is demonstrate, demonstrate, demonstrate—and service.

"An ounce of demonstration is worth a pound of talk."

Mollinger's procedure for demonstrating tape recorders works along these lines:

1. Use a microphone to record the customer's voice.

2. Record programs off the air. These recordings sound the same as, if not better than, the original program coming off the air, Mollinger points out: "This is very convincing. When the tape is played, the sound has to be same or better than the original for several reasons."

3. The last thing we do, Mollinger explained, is ask the customer if he will use the unit for music. "If he will, and if he expresses interest in hearing a regular pre-recorded unit, we will play one. But only for a short time."

There is no advantage in playing a pre-recorded tape on a recorder, Mollinger believes. Unless the unit is expensive and has good speakers and amplifier, the sound will be worse than it would be on a phonograph.

The type of pre-recorded tape Polk constantly demonstrates is the tape "we record ourselves from programs off the air. For instance, we have all the speeches Presidents Johnson and Kennedy ever made. When you let a customer hear this, it makes a marvelous impression.

"Before tape recorders can make much of a dent, manufacturers will have to equip them with better amplifiers and bigger speakers. And this season we are seeing more speakers coming with the units."

Price trends: Everyone agrees there will be more stereo available this year in the $169-$199 bracket. Mollinger estimates that 40% of sales lies in the $100-$200 bracket, 20% to 30% in the $200-$300 area.

Tape recorder tactics begin on p.42

The tape recorder market today: the story the figures tell

U. S. Manufacturers' Sales of Tape Recorders

	1964	1963	% chng
monaural			
Under $50	144,000	81,000	+77.78
$50-99	172,000	182,000	− 5.49
$100-150	3,900	3,800	+ 2.63
$150 & up	2,800	2,500	+12.00
total	322,700	269,300	+19.83
stereo			
$50-99	53,000	88,000	−39.77
$100-149	58,000	72,000	−19.44
$150-199	14,000	31,000	+67.74
$200 & up	38,000		
total	163,000	191,000	−14.66
total	**485,700**	**460,300**	**+ 5.52**

1964 U. S. Tape Recorder Imports from . . .

	units	Aver. Price	Dollar Value
Japan	3,156,157	$13.03	$41,133,133
Netherlands	31,770	33.03	1,049,455
United Kingdom	29,306	39.64	1,161,742
West Germany	25,120	51.62	1,296,720
Other	16,576	75.78	1,256,191
Total (excl. Japan)	102,772	46.36	4,764,108
Total	**3,258,929**	**14.08**	**45,897,241**

Source: U.S. Customs

Saved again. But the odds get shorter the longer you play retail roulette.

In the changing appliance — consumer electronics — housewares field, it's risky business to concentrate on only a portion of the market (only mass merchandisers, for instance) and ignore the rest (independent retailers). Especially when you don't have to gamble. You can reach them both in Merchandising Week.

Merchandising Week is the Big One because it does more for retailers. Our editors don't just print the week's news, market facts and figures... they put these events into perspective. They interpret, analyze, evaluate! It's the type of editorial dimension retailers can get only in Merchandising Week.

When you advertise in the Big One you're assured of reaching all of today's top pros. Equally important, you're reaching the brand-new retailers today who will be the king pins tomorrow... thus automatically building a future market. And doing it at the lowest possible cost.

MERCHANDISING WEEK

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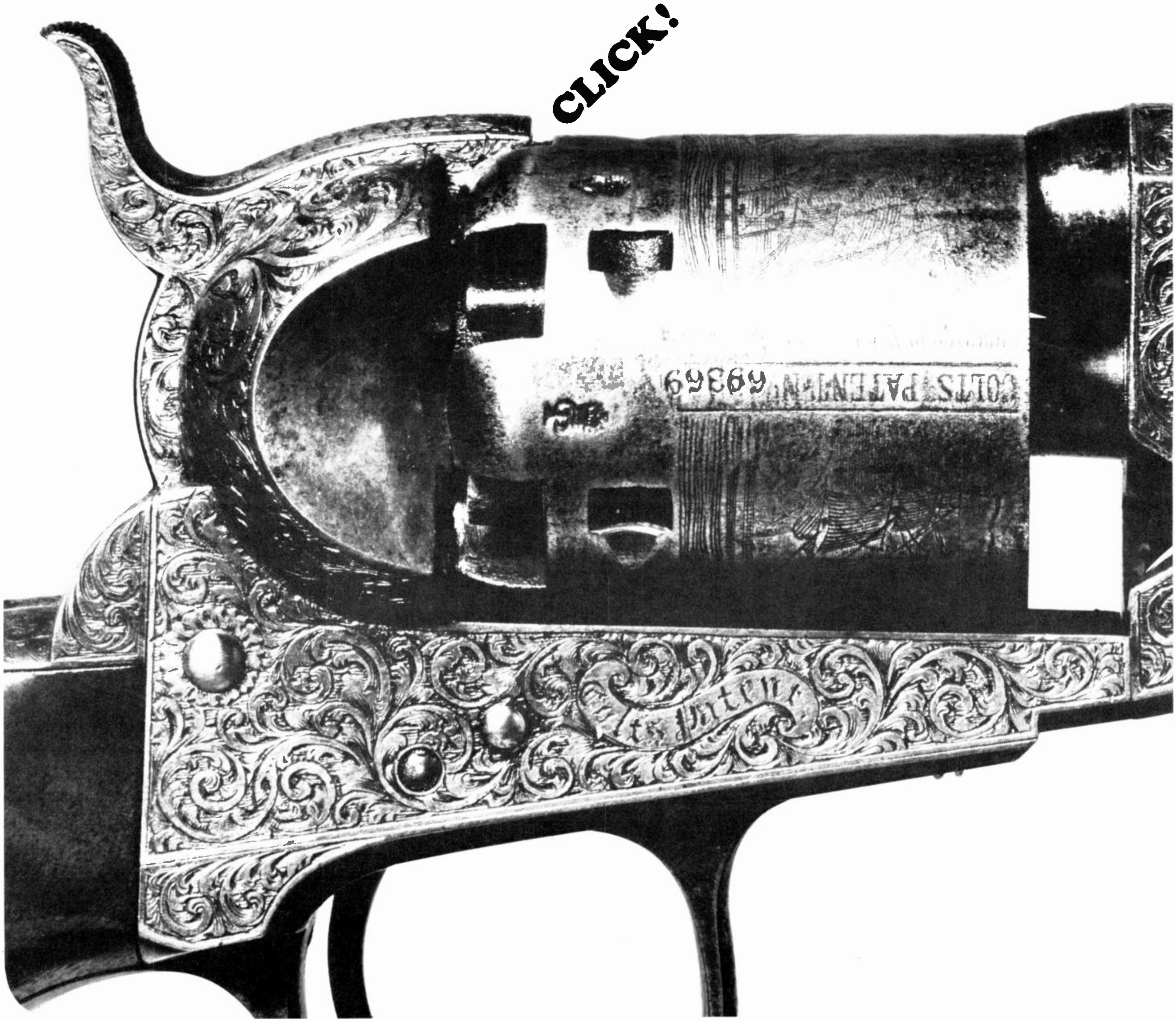
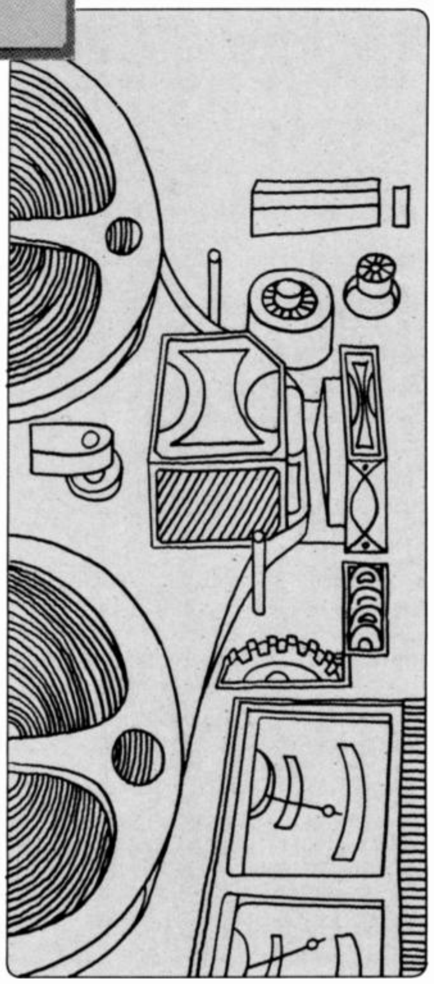


A MERCHANDISING WEEK REPORT

Consumer Electronics Today



Marketing Tactics for Tape Recorders

Retail stores selling tape recorders are at the beginning of what appears to be a growing consumer market. Because of the relative newness of this item in the field of consumer electronics, the uncertainties of a product in its adolescence plagues its growth.

Total retail sales reported in MERCHANDISING WEEK's 1963 survey compared to this survey shows a substantial increase of 25.6%.

This survey shows that 78% of the retailers responding have handled tape recorders for five years or less. Some U.S.-made machines have been handled for as long as 10-years-plus, but not by many retailers.

Over half, 61%, of the retailers responding to the survey described their establishments as appliance-radio-tv stores. Second and third place was taken by home furnishings-furniture and housewares-hardware stores.

Charts at the right, headlined "Sales of consumer electronics specialists vs. sales of other retailers" clearly show that the former sell more tape recorders than the latter.

To date, the monaural, reel-to-reel type of recorder is the best seller. The survey shows that only 29% of the tape recorders sold in 1964 were stereo. Cartridge types accounted for 7% of total sales.

The combination of high price and short length of time on the market accounts for the low volume of stereo sales. But because stereo sets have become the chief item in the phonograph market, stereo tape recorders will undoubtedly climb up the sales ladder as prices drop.

Of the 408 tape-recorder retailers responding to the survey, 82% also sell raw or blank tape and 24% sell prerecorded tape. A significant difference in sales of tape recorders by retailers selling prerecorded tape as opposed to those that do not was shown by the survey. Median sales of those selling prerecorded tapes is 48 compared to a median sales figure of 10 for those that do not.

Sales: are you in the swim with the big fish in the tape recorder pool?

	Number of retailers	Number of units sold	Percent of retailers surveyed
ABOVE THE MEDIAN	55	15 to 656	47.9
AT THE MEDIAN	2	14	2.1
BELOW THE MEDIAN	58	1 to 13	50.0

Ratio of sales median to inventory median is about 2 to 1. That is a healthy ratio by most retailers' standards, particularly with an item like tape recorders that is just cutting its teeth.

A significant difference that is not recorded in the charts, was noted. Retailers who sell prerecorded tapes have a median sales figure of 48, whereas those who do not sell prerecorded tapes have a median sales figure of 10. The retailers selling raw tape account for 82% of those surveyed.

Inventory: how do you stock for a new but fast-growing market?

	Number of retailers	Number of units	Percent of retailers surveyed
ABOVE THE MEDIAN	46	7 to 450	40.8
AT THE MEDIAN	16	6	14.2
BELOW THE MEDIAN	51	1 to 5	45.0

Median inventory for the 97 retailers whose reports were tallied, is based on November 1, 1964 inventory records. This date was purposely selected because retailers anticipating Christmas have their highest inventories at this time.

A surprising number indicated they keep no inventory record.

Note the greater concentration is below the median. This is possibly indicative of the retailers' cautious approach to a market that is unfamiliar to many.

Sales of servicing retailers vs. sales of non-servicing retailers

Servicing retailers

	Number of retailers	Number of units sold	Percent of retailers surveyed
ABOVE MEDIAN	54	16 to 610	49.5
MEDIAN	6	15	5.5
BELOW MEDIAN	49	1 to 14	45.0

Note the slight difference in median unit sales between retailers offering tape recorder service and those not offering service. This does not imply service is not an important element in making sales. The fact that the tape recorder market is so new needs to be considered. Median unit sales are not high.

Non-servicing retailers

	Number of retailers	Number of units sold	Percent of retailers surveyed
ABOVE MEDIAN	21	17 to 500	50.0
MEDIAN	2	16	4.0
BELOW MEDIAN	19	2 to 15	46.0

Sales of consumer electronics specialists vs. sales of other retailers

Consumer electronics specialists

	Number of retailers	Number of units sold	Percent of retailers surveyed
ABOVE MEDIAN	25	22 to 500	38.1
MEDIAN	2	21	5.8
BELOW MEDIAN	27	1 to 20	56.1

Early in the game of selling tape recorders, the consumer electronics specialist is still holding a firm lead on an increasingly fast track. The difficulties of selling a still little-known product automatically give the man with experience a definite advantage . . . but the market is definitely growing.

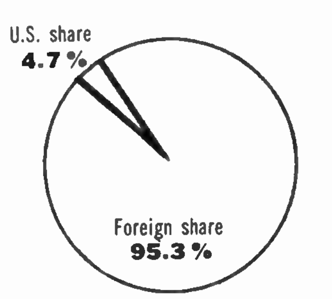
Other retailers

	Number of retailers	Number of units sold	Percent of retailers surveyed
ABOVE MEDIAN	48	14 to 610	49.5
MEDIAN	3	13	3.1
BELOW MEDIAN	46	1 to 12	47.4

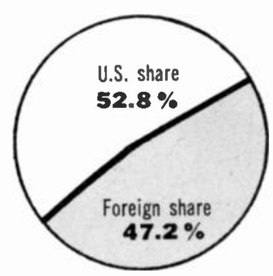
How are U.S.-made tape recorders selling against foreign makes?

The lack of representation in percentage of market by foreign makes in the higher priced category is due to the fact that few of the foreign tape recorder manufacturers have entered this price category in the U.S. market.

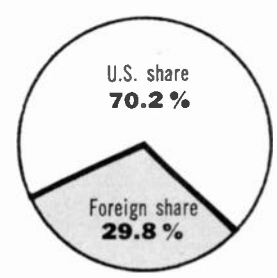
Greatest representation of foreign manufactured tape recorders is in the $50-and-under category. A secondary factor is that most retailers have handled foreign tape recorders for less than five years.



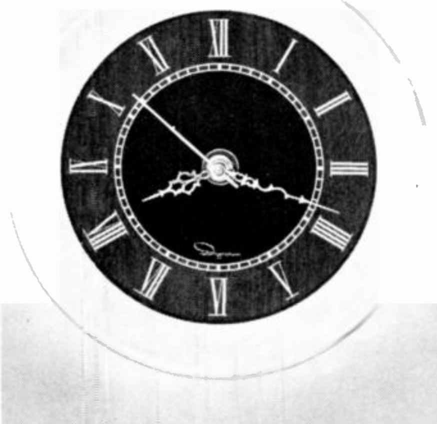
The under-$50 market



The $50-$100 market



The $101-$200 market



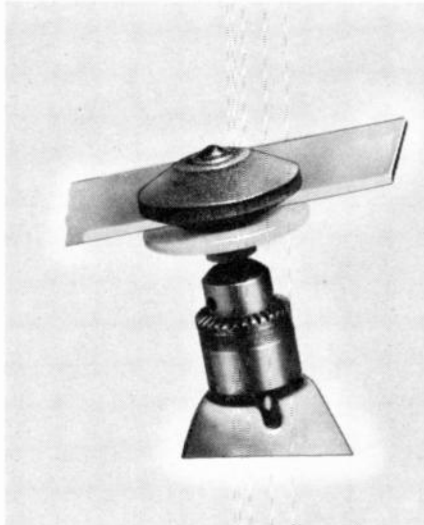
Ingraham wall clock

The Clock and Watch Division of the Ingraham Company has recently introduced a new electric wall clock as the latest addition to its line of timepieces.

The new clock, which has been designated the Nutmeg by the manufacturer, is 10 inches in diameter. The clock has a white plate design, with white numerals, walnut-color numeral track, and black center disc. It has cut-out brass hands, along with red sweep second hands.

The manufacturer's suggested retail price for the new wall clock is $5.98.

Ingraham Co., Redstone Hill Rd., Bristol, Conn.



Arco blade sharpener

Arco Tools offers a new power tool attachment for sharpening lawn and garden equipment blades. The attachment fits any 1/4-inch drill; the grinding wheel is reversible.

The sharpener is packaged in a bubble on a display card; it has a suggested retail price of $1.20. *Arco Tools Inc., 421 W. 203 St., New York, N.Y. 10034.*

Yuasa 6v battery

Yuasa Battery Co. of Japan introduces its new 6v rechargeable lead-acid battery. It measures 1 13/16 by 2 23/32 by 3 25/32 inches, and weighs less than 1.5 lbs. The battery is designed for use in radios, garden equipment, typewriters, and other cordless electric products.

The battery is designated model PD-17, and has power equivalent to that of an automotive battery used in some compact and sports cars, according to the manufacturer. *Overseas Division, Yuasa Battery Co. Ltd., Takatsuki-Shi, Osaka-Fu, Japan.*

DISTRIBUTOR APPOINTMENTS

Dexter Home Laundry—Tafel Electric & Supply Co., Louisville, Ky.; and Medick Distributing Co., Jacksonville, Fla.

Duosonic Corp.—Franklin & Jackson, New York, N.Y., for New York and Middle Atlantic area; Bill Appel Assoc., Royal Oaks, Mich., for Mich., Ohio, W.Va., and western Pa.; I. L. Pollack, Minneapolis, Minn., for Wis., Minn., N.D., and S.D.; W. Frank Russel, Dallas, Texas, for Texas, Okla., La., and Ark.; Garrett Sales Co., Denver, Colo., for Colo., Mont., Wyo., N.M, Utah, and southern Idaho; Forward Sales Ltd., Toronto, for all of Canada.

Fridgette National—Wresco, Inc., San Francisco, for northern Calif.

Hardwick—Allied Supply Co. Inc., Dayton, Ohio, appointed to distribute free-standing gas ranges in the 9-county Dayton trading area; and O-M Sales Inc., Red Bank, N.J., to distribute gas and electric built-ins in Monmouth, Ocean, and Middlesex counties, N.J.

Hamilton—Bistrow Co., Phoenix, for Arizona marketing area; Electric Sales & Service, Atlanta, for Georgia; and Honolulu Gas Equipment Co., Honolulu, for the Hawaiian Islands.

Modern Maid div. of Tennessee Stove Works—kitchen products (Harry Rawlins, Hirsch & Assoc.), Van Nuys, Calif., for Los Angeles county; D. N. Sullivan & Assoc., Santa Ana, Calif., for Orange county; and Barney Barner & Assoc., La Mesa, for San Diego county, Calif.

Motorola Inc.—Johnson Electric Supply Co., Cincinnati, Ohio, for the Cincinnati area, formerly served by Richards Electric Co.

Nautilus Industries, Inc.—Pennington Co., Cincinnati, Ohio, for southern Ohio and Indiana.

Norcold Inc.—George Rosen & Co., Baltimore, Md.

Is it 'cherry-picking' time for small manufacturers?

Smaller electric housewares manufacturers may be learning to play a new version of the "cherry-picking" game: concentrating on product areas in which they are strong, rather than trying to be another General Electric or Sunbeam.

But this cherry-picking is not yet a trend. If anything, it is a small counter-movement to the over-all industry trend toward ever-increasing product lines. It may hold out hope, however, for retailers and distributors plagued by product proliferation in the electric housewares field.

Latest convert to specialization is Hamilton Beach, which is now concentrating on food-preparation products—its long-time strong point. Proctor-Silex has already found the role of specialist a successful one, as have Salton, Waring, and other housewares manufacturers.

Even Presto, which has been expanding its electric housewares line, sees the necessity of putting more promotional effort behind its strong product area: pressure cookers. Presto will boost its pressure cookers in a major ad campaign scheduled to begin this fall.

Other manufacturers are known to be reexamining their positions in the electric housewares market, specifically as to whether the full-line approach is right for them.

Costs can be saved and profits improved by paring lines and concentrating on areas of product strength: this is a principle retailers and distributors have long known in practicing the art of cherry-picking. Besides, if manufacturers do not cherry-pick their own lines, retailers and distributors are going to do it for them—more and more, as lines keep getting longer.

"Manufacturers should learn a thing or two about turnover," one retailer advised, in commenting on the growth of electric housewares lines. He said he wonders how many items in a manufacturer's line are not paying their own way and should be discontinued.

Specialization can pay off, and Hamilton Beach claims it has the figures to prove it. First-quarter sales and earnings were up three times over the comparable 1964 period, moving the company out of the red and into the black.

However, a definite gamble is involved. The manufacturer will lose immediate business in the product areas dropped and must bet on making it up from product areas retained.

Specialization also calls for resisting temptation, even staying out of the action, at times when others in the industry are jumping on the hot-item bandwagon. And one bright prospect always remains: the opportunity to get the jump on a new item, as Hamilton Beach did with the slicing knife.

The specialist is always playing from strength while maintaining a solid foundation on which to enlarge his business. That can prove an important advantage not only to the specialist-manufacturer, but to his retailers and distributors as well.

Penney's paces retailers in pushing fan accessories

Retailers who spot the fat margins in fan accessories may have solved the problem of how to squeeze more profit from sales of low-end fans.

Catalog-giant J.C. Penney, no slouch at pushing profit-rich items, devotes nearly one-third of the fan section in its summer book to accessories. "Fine accessories for fan versatility" headlines the spread. Most of Penney's accessories are engineered for use with 20-inch portable box fans, the perennial best seller.

Stands take the major share of space in Penney's accessories selection. A tilting floor stand, with casters, sells for $4.49; a roll-about model, $7.88.

The plum of the stand line is a "versatile roll-about stand with push button ease of operation and dual use as a floor or window stand." This high-end model has simulated-walnut finished shelves and baked-enamel finish on the metal. The $13.88 ticket makes for a fat add-on sale.

Major fan makers offer window panels and roll-about stands even though they do not actively promote the accessories. One reason is the factory rush brought on by two consecutive seasons of sweltering weather. Another is retailer disinterest in accessories.

Still, Penney might be on the right track. Accessories have proved to be popular profit extras in selling other summer goods, particularly barbecue equipment.

There also is a growing trend to feature a barbecue package. For example, a 24-inch brazier, fire starter, some charcoal, and a tool set, all at one price, is being used to take the heat off the competitive brazier market.

And as for fans themselves, a package deal also is a possibility for the retailer. A 20-inch breeze-box fan plus $7.88 roll-about stand might make an attractive combination offer and help disguise the price on the highly competitive low-end fan.

The 1965 season should shape up as another winner. Pre-season business has been good, and there was little inventory carry-over last fall.

Retailers and manufacturers are counting on the continuation of a trade-up trend away from the low-end breeze box, especially toward the growth of roll-about units. Smaller stand fans also are making a good comeback, thanks in part to their use as auxiliary circulators in air-conditioned homes and apartments.

□□□□ **"How do you patent a hole?"** Asks A. O. Wolf, vp and general mgr., Hamilton Beach. "They couldn't do it with the donut." Wolf was discussing trade reports that other electric housewares manufacturers are planning slicing knives for July with holes in their handles. However, competitors are expected to shy away from the Hamilton Beach ad theme, "The knife with the hole in the handle," preferring to stay on the safe side with "open-handle construction." Anyway one slices it, holes are in.

□□□□ **All holed up.** Roto-Broil Corp. of America already is showing key buyers a slicing knife with "open-handle construction," planned for July delivery. Roto-Broil, according to trade reports, plans a line of four knives with a cordless model at the high end, about $25 retail. The promotional firm has declined comment at this time. At least two other electric housewares manufacturers are expected to show "open-handle construction" knives in July.

□□□□ **Slicing up a market.** Judging from manufacturer plans, retailers and distributors will be facing a product proliferation problem on the slicing knife come this fall. New manufacturer entries and line expansions by current producers may rival the hair dryer at the top of its popularity. In fact, it could be worse, since both plug-in and cordless models must be stocked. As proliferation grows, can price footballing be kept down?

□□□□ **Holding down the price-footballing.** Hamilton Beach's Edward P. Reavey Jr., marketing director, promises a new program by June 1 aimed at holding down price-footballing on the popular Hamilton Beach knife (MW, 26 Apr., p.25). Mr. Reavey said the program would be a new approach to price stability, and would not be built around fair-trade. He declined to elaborate at this time. Mr. Reavey spent much of last week meeting with key retail accounts in New York City, taking time out for a speech before the New York Housewares Club. In his talk, he called for marketing innovations in the housewares industry aimed at bringing about a "profit revolution." "Nobody ever went broke making a profit," he advised, "but many people have gone out of business by ignoring it."

□□□□ **Ford moves up.** Stanley M. Ford, president, appliance division, Proctor-Silex Corp., is the new president of the National Housewares Manufacturers Association, which runs the National Housewares Exhibits in Chicago. Ford moves up from vp to succeed Lloyd C. Nelson, president of Cal-Dak Co. Melville R. Bissell, president of Bissell Inc., succeeds Ford as vp, and Donald E. Noble, president of Rubbermaid Inc., succeeds Bissell as treasurer. The three officers plus Ben H. Rumage, vp at Harper J. Ransburg Co., comprise the association's executive committee. Jack B. Blane, president of Ekco Housewares Co., has been named to a three-year term on the board of directors, while Dolph Zapfel has been reelected managing director and secretary of the association.

Stanley M. Ford

□ □ □ □ **Pressure cookers to the forefront.** National Presto Industries Inc. will beef up its promotional efforts on its pressure cooker line this fall with increased national advertising and wider use of in-store demonstrators. Emphasis will be focused on electric cookers and new ease in cleaning. W.G. Ryberg, field sales manager, explained that Presto is seeking to reinforce a product area where it is strong, and, at the same time, win over the younger market—especially newlyweds—who may not be aware of the time and food-budget saving advantages of a pressure cooker. Presto also will get a jump on the July housewares shows by shipping seven new products beginning about June 1.

□ □ □ □ **A bigger market for automatic blankets** is shaping up in sizes, units, and dollar volume. The bedding industry's promotional drive behind supersize mattresses is building a new and larger market for queen- and king-size automatic blankets.

This fall, General Electric for the first time is adding queen-size blankets (80 by 90 inches) to its Kingston, Cambridge, and Southport lines. GE previously has offered the larger king-size blankets. Retail pricing on the new queen-size blankets will average $6 higher than double-bed size in the Cambridge series, and $8 higher in the Kingston and Southport lines. Queen-size prices, however, are $15 lower than the suggested list prices for king-size blankets in all three lines.

□ □ □ □ **Floor care products** are booming. Volume is up, but there also is a strong trade-up trend in lightweights, canisters, uprights and polishers that is working for retailers. Retailers also report improved profits. Industry figures compiled by the Vacuum Cleaner Manufacturers Assn. tell the volume story: first-quarter vac sales reached 1,289,692—up a solid 16.16%; floor polishers sales were 330,895—up 12.84% over the first quarter in 1964. March sales also increased: vac sales hit 495,178—up 17.8%, while floor polisher sales for March totaled 129,453—up 13.4% over that month in 1964.

□ □ □ □ **The red-hot broiler-rotisserie market** may warm up further as Dominion Electric Corp. puts a big promotional push behind its open-style model introduced in January. The unit will be in the limelight via tv spots in 41 markets, newspaper ads, and a Side-of-Beef Sweepstakes promotion.

□ □ □ □ **A new low-cost non-stick** surface. Aluminum products with non-stick surfaces applied by using a new electro-chemical process are expected to be available at retail this fall from at least six manufacturers, most of them in housewares.

The process can be used to apply a non-stick surface to a 7-inch pan at a cost of about one cent, according to the Technical Div. of Colonial Alloys Co., in Philadelphia, which developed the process. Samuel Cohn, a Colonial partner, said the process, called Hi Barrier Dual Seal, is well suited for cookware and major appliances because of the seal's high heat resistance. And, because of its corrosion resistance, the seal could be used for outdoor furniture, Cohn said. He indicated that Colonial is awaiting patents on a similar seal for other metals.

How retailers can stop hating and learn to love the premium

Premium offers are here to stay, and the housewares retailer must learn to live with them. Better yet, he must use them to his own advantage.

Housewares manufacturers exhibiting at the National Premium Buyers Exposition in Chicago last week maintained that debate over how much a retailer gains from exposure of housewares products in premium offers, against how much he loses in sales to premium offers, is purely academic. The fact is, premiums are here to stay and housewares are premium favorites.

But the retailer can profit, from the experiences of the giant premium users and by devising premium promotions of his own. How much will it cost? Not a cent if he uses the self-liquidating approach, and very little if he uses giveaways.

To brush up on the lingo of the premium industry, a self-liquidator is a premium that is offered to consumers at cost (a retailer's purchase price plus his cost for promotion, mailing, etc). The self-liquidator product, of course, should cost the customer less than he can purchase it at normal retail.

Premium case histories of successful promotions involving retailers can provide some tips.

"Humble Oil uses premiums to achieve two major marketing objectives," said Walter Kadi, advertising and sales promotion manager, Humble Oil & Refining, in a speech at the Premium Show. "First, to attract and retain new customers. The emphasis is on retention; we have little difficulty in attracting new customers with a premium offer, the tough job is to keep them. Second, to build good will of present customers.

"Many companies rely only on giveaways. Others use self-liquidators. These could be low-cost or higher priced, one-shot items or premiums that require several visits by customers to collect a set.

Giveaways vs. liquidators—After trying virtually every method, we found giveaways are effective in acquiring immediate volume, but the cost is obviously higher. Self-liquidators, properly selected, will provide a customer retention factor equal to that of a giveaway, though it doesn't achieve the quick volume.

"A liquidator must have appeal and it should be an item people will want more than one of. It also must represent," Kadi stressed, "a recognizable value in the customer's mind. Glassware," Kadi added, "is the greatest thing that happened to the petroleum industry. Last year we liquidated a low-cost glass for 10 cents, and backed it strongly with advertising. At a low cost a customer could complete his party set. A customer appearing eight or nine times on a dealer's driveway can develop quite a habit and a new friendly association. We moved the most glasses any service station liquidation promo ever did."

Goodyear Tire & Rubber Co. had a similar problem. "In many markets our stores and dealers weren't located in main traffic areas," said George Lenox, advertising manager, "so we had to find a traffic-builder that would get people in; and to come back. In the past we had been offering, as come-ons, regular lines of merchandise at sales prices both in and out of season . . . in price competition with local department and discount stores. Our problem: the customer would not go out of his way to seek us out. So we decided to offer a $3.98-value Christmas record (winter is our slow season) at $1 (completely self-liquidating).

"We've done this for the past four years now, and it has been a fantastic success," said Lenox. "The moral? Any good consumer traffic-builder premium has to start with a good idea. You must surround it with its own worth, glamorize it, sell it, sell it, sell it . . . never stop . . ."

Continued expansion of incentive merchandising was noted by the show endorsers, the Premium Advertising Association of America, National Premium Sales Executives (NPSE) and the Trading Stamp Institute of America. NPSE estimated an average increase in premium sales of 22.4% over 1964, based on surveys of 23 firms.

In discussing the growing use of housewares in premium offers, manufacturers pointed out that retailers receive numerous fringe benefits from the exposure and sale of houseware products to premium users.

"We've had little complaint from retailers," said George Kramer of Oneida, NPSE's president. "As our premium sales curve increases, our dealer sales curve gains more."

"Our increase in premium sales has been identical with our retail franchise growth," added West Bend's Bob Uebele.

"This subject has been a matter of great misinformation to the dealer," said George Wing, special accounts sales manager of Oster. "There is no conflict between the regular dealer's sales and the sale of premiums. The increased sales afforded by premiums has allowed reduced manufacturer production costs, ultimately lowering prices on goods to our retailers, thus putting them in a better competitive position," he added. "The whole thing is a marketing shift to new and more effective ways of selling goods, closing the gap between cost of production and cost of sale."

"Stamp book exposure increases customer desire," says Joe Anderson, director of sales, incentive merchandising section, Hamilton Cosco. "The customer buys one item through a stamp book, becomes familiar with and develops a desire for that company's product. The customer doesn't want to wait for the stamps to collect and goes to a dealer's store to make purchase."

In a survey conducted by Hamilton Cosco two years ago on trading stamp users, it found that 54% of the respondents said they purchased a product from a retail store that was previously seen in a trading-stamp catalog or redemption store. Sixteen percent also said they started sets by redeeming stamps to get certain pieces but then completed the set by buying at local retail outlets.

The big-name upstarts in housewares

Some of the biggest names in the chemicals industry—Celanese, DuPont, Allied Chemical and Union Carbide, to name four—are mapping out a housewares route to the booming consumer goods market.

These chemical giants always have maintained close ties with the housewares industry by marketing some consumer products which fall into the housewares-hardware category, or by supplying raw materials to housewares producers. However, all now are seeking to play bigger roles in consumer goods in general and in housewares in particular.

Allied Chemical only last week acquired the melamine dinnerware business of Stetson Corp., Lincoln, Ill. Allied has been a prime supplier of melamine resins to the housewares industry and a major backer of the Melamine Council, which supports the melamine dinnerware industry. Now Allied will become a major producer of melamine dinnerware while continuing to sell melamine resins to other producers.

Celanese Corp. of America is now a manufacturer of plastic housewares, thanks to its purchase of Federal Enameling and Stamping Co., Pittsburgh. The new subsidiary's name was recently changed to Fesco, in part to move it away from an association with enameled cookware because the firm has broadened its product line in recent years.

DuPont last year began producing its first electric housewares product, a cordless, battery-operated toothbrush. Housewares industry sources expect DuPont to develop additional consumer products which fall into the housewares field. DuPont, of course, long has produced consumer goods, including garden chemicals, but the emphasis has been on chemistry and not on consumer goods.

Union Carbide also is said to be planning a major expansion of its consumer products division with new products falling into the housewares field. Union Carbide's Eveready batteries and flashlights now give the firm close association with the housewares-hardware field. Union Carbide also is known to be eyeing the growth of cordless electric products and is working closely with housewares manufacturers in developing new rechargeable items.

More housewares acquisitions may well be in the works from the likes of DuPont, Allied Chemical, Celanese and Union Carbide, plus other big names in the chemical business.

Rubbermaid Inc., Wooster, Ohio, producer of rubber and plastic housewares, has been wooed, wooed, and wooed again, by some of the biggest names in chemicals. Over-all, Rubbermaid has received some 15 purchase offers in the last several years, according to the count of Donald E. Noble, president. Rubbermaid is not up for sale, Noble maintains, but adds that there is a chance some offer may be so good it would be foolish to turn down.

Rubbermaid is viewed as a merger plum because of its good sales and earnings record, its quality leadership in the plastic-rubber housewares field, and its good reputation with consumers and retailers.

Dominion Electric Corp., Mansfield, Ohio, also is known to have received purchase bids, including offers from some of the same firms which have courted Rubbermaid, according to informed trade sources. Officials of Dominion, however, maintain that it is acquisition-minded rather than seeking to be bought.

Aluminum cookware producers also are being courted. Somewhat ironically, it has been DuPont money—behind Teflon-coated cookware—that has sent their stock soaring in the merger market.

Also eyeing housewares industry for increased investment in the consumer goods market are the industrial holding companies. These include Textron, which has added a string of housewares manufacturers to its complex, including Wagner and Griswold in the cookware field; Scovill Manufacturing Co., which added Puritron to Hamilton Beach as subsidiaries; National Union Electric, which is known to be looking for an electric housewares business to add to its Eureka-Williams operations; and General Signal, which is pleased with the operations of its Regina subsidiary and wants to add to its consumer goods interests.

Why all this interest in the housewares industry? From any standard of measurement, the housewares field is one of the fastest growing in the booming consumer goods industry. More consumers are spending their discretionary income on housewares and electric housewares than ever before. In electric housewares alone, annual dollar and unit volume both have nearly doubled within the last 10 years. This compares with a 19% growth rate for the major appliance field. The housewares industry also is composed of thousands of small firms which are ripe for purchase, making entry into the field easier than in many other consumer goods industries. All these reasons add up to why big industrial giants, when they think consumer goods, increasingly think housewares.

KEY MOVES

Curtis Mathes—Joe E. Smith is named manager of advertising and sales promotion.

Arvin Industries Inc.—Eugene W. Keslowe is appointed New York district sales manager for the electronics and appliance division.

Emerson Radio Inc.—Seymour Mintz becomes vp-marketing for all divisions; Gus De Monte becomes New York area regional sales manager.

Frigidaire—Five executive sales changes: J.A. Mitzelfelt retires as manager of the Baltimore-Washington, D.C., sales zone, and is succeeded by James D. McIlyar; F.G. Smith succeeds McIlyar as manager of the Twin Cities sales zone, and Jack L. Chase, national sales rep for room air conditioners, ranges, and built-in products, succeeds Smith as appliance sales manager for Baltimore-Washington; Ralph R. Weigel is named quantity business manager of the Memphis sales zone.

Modern Maid of California—Robert J. Sanderson is named general manager.

Norge—Joel K. Lee becomes regional manager in western New York and Pennsylvania, and northeastern Ohio.

Admiral—Four appointments: Charles H. Belzer Jr. is named product planning manager for radios-phonos-stereo; Francis C. Rebedeau is appointed to the newly created position of corporation sales training manager; Herbert Natkin is named manager of electronics sales requirements control; Sidney Reisberg is appointed general service manager of the Chicago distributing branch.

Ironrite Sales Corp. of Chicago—Ronald F. Toby is named general manager of a new franchise wholesale distributorship serving areas in Colorado, New Mexico, Nebraska, and Wyoming.

BSR Ltd—John H. Hollands joins BSR (USA) Ltd. as vice president and general manager; Seymour (Sy) Silverman is appointed vice president in charge of product development for the international division; both appointees were formerly with Westinghouse.

RCA Whirlpool—Four sales staff moves: John Crouse is named general manager of sales and distribution for RCA Whirlpool sales; Harper Dowell is named to the new post of Western manager of sales and distribution for home appliances; Richard C. (Pete) Prince is named field sales manager for the commercial laundry and drycleaning equipment div.; Bill White succeeds Price as central region manager for the commercial equipment div.

Speed Queen—Bob Herms is appointed Los Angeles branch manager.

OKI-Chancellor—Alfred Torrisi is appointed national service manager for OKI home entertainment products.

Olympic of southern California—Bill Briggs is appointed sales manager of this wholly owned subsidiary of the Olympic Radio & Television Div. of Lear Siegler Inc.

Waters Conley Co. Inc.—Gerald H. Rissman, executive vice president, announces his resignation, to be effective June 30; Rissman will continue to serve as a consultant.

Whitehall Kitchens—George H. Frederking is appointed vice president and director of sales.

Kierulff Electronics Inc.—Vic Donahue is promoted to division product manager; Theo Bird succeeds Donahue as customer service manager.

S. Klein—Harold M. Lane Sr. is elected chairman and chief executive officer; Harold M. Lane Jr. is elected vice chairman.

Realtone Electronics Corp.—Harry Franco is appointed vice president in charge of sales.

DISTRIBUTOR APPOINTMENTS

Craig Panorama—Yarbrough Sales Co., Alhambra, Calif., for northern California and northwestern Nevada.

Norelco—Charles W. Butler, Pittsburgh, Pa., for western Pa., western Md., and W.Va.; and Morecock-Whitson, Inc., Charlotte, N.C., for North and South Carolina.

O'Keefe & Merritt Co.—Bloom Bros. Supply, Chesterland, Ohio; Harry F. Tharp Co., Inc., Flint, Mich.; Day-lite Distributing Co., Altus, Okla.; Engineering & Equipment Co. Inc., Albany, Ga.; Roy Cunningham Plumbing Co., Houston, Texas; Campbell Co. Inc., Gulfport, Miss.; Empire State Wholesalers Inc., Troy, N.Y.; Weise Co., Kingsland, Texas; Midland Electric Co., Cleveland, Ohio; and Peerless Enterprises Inc., Columbia, Mo.

Packard Bell—M. S. Landman Co., Los Angeles, for west Los Angeles, Hollywood, Culver City, and parts of central Los Angeles, Calif. The area was formerly served by Martin Co. Jack Spradlin Co., Paramount, takes over the distributorship formerly held by John Booth in Long Beach, Lakewood, and Artesia, Calif. Also appointed is Western Appliance Corp., Denver, Colo., for Colo., southern Wyo., and western Neb. The territory was formerly served by F.G. Criswell, now rep for San Diego.

Voice of Music—Mark Electronics Inc., Hyattsville, Md. for the greater Washington, D.C., area.

The trouble with youth is . . .

. . . that it's being wasted on the young. Amidst all the fanfare about youth training programs these days, I must sadly note that our own program does not seem to be making much headway currently.

Our vicissitudes commenced when Walter, our general factotum, handy man, and porter of twenty years standing decided to leave the retail appliance business for the snugness of a 9-to-5, Monday-to-Friday job in a bank. It was necessary to replace Walter at once if the store was to continue to function.

Albert, our manager, immediately phoned the state employment service. In a few hours, a husky young brute, answering to the name of Jack, appeared. Albert engaged him at once.

But as the days went by, a shortcoming in Jack became apparent. Though adequately endowed with muscle, he was a bit lacking in brain. Furniture polishing he did with a curious vigor.

One day, in the course of his duties, he attacked a plastic-case short wave radio, rag and polish in hand. Before anyone could raise a voice to halt the assault, the cabinet had begun to bleach in a dozen places. Jack had used a powerful wood polish on the plastic.

The next day, he was instructed to remove a specification sticker from a refrigerator door, preparatory to shipping the box off the floor to a customer. Jack tugged at the sticker. It would not yield. I suggested that he soak it off with hot water. Jack grunted something that sounded like, "Narrh." He took a razor blade and started scraping at the sticker. It came off. So did several pieces of enamel thanks to the slashing of the razor. Delivery had to be delayed until the sprayer came to amend Jack's error in judgment (by then, of course, Jack had already been canned).

Then Albert came up with a bright idea. "We could all use some relief," he chirped. "Why don't we get a young fellow and teach him the business? He can take care of the place—sweep, move, and pack—but we will also teach him to take bank payments, answer the phone, hold a customer—and eventually break him in on selling traffics. Why some day, he might even become a salesman!" We were all enthusiastic at the idea of passing our onerous duties to a newcomer.

The next day, Albert placed the following ad in the paper: "Man wanted, handy, good at figures, opportunity to learn retail appliance business." Several willing young fellows immediately responded and Albert's selection was one Gabriel, who seemed the brightest and strongest.

Gabriel eagerly assented when his duties and prospects were outlined to him, so Albert quickly phoned the boss to tell him that he had hired Gabriel.

"Good," our boss replied, "I am going to have a new tile floor laid in your basement. Tomorrow Gabriel can start picking up the old floor."

Thus Gabriel spent his first week learning the appliance business gouging out the basement floor, tile by tile with a screw driver. When he finished, an artisan laid the new floor.

Then the boss came up with step two in Gabriel's education. He was to paint the entire basement.

For a week, the youth labored valiantly with roller and tray until the basement glistened for the first time in a decade. The next morning, he did not appear. The phone rang. "This is Gabriel's mother," the dulcet tones of a sixteen-year-old announced, "Gabriel has a weak left auricle and the doctor says he has to quit."

We salesmen put our heads together with Albert in quiet desperation. The next man hired must stick or we were likely to end up with the tasks of dusting and hauling. With this in mind, Albert hired the second choice from the ad, a twenty-year-old of ethereal background named Frankie.

Two months later, I must report that Frankie is about the best choice we could have made. He is able to keep one eye open on the Monday mornings that follow his Sunday night alcoholic orgies; he is adept on the phone making love to his fifteen-year-old paramour; and he shaves at least once a week.

He is also a boon to the credit jeweler down the street, having purchased in succession a $500 ring, a leather motor cycle jacket, and $215 worth of Watusi records.

Moreover, he is most helpful. At this moment, although comfortably seated in Albert's chair glued to the television, he is handing me a chamois cloth to polish the stereo I just sold.

The author *of this column, who wished to remain anonymous, is a retail appliance salesman. The opinions expressed are his own, not necessarily those of* MERCHANDISING WEEK.

MERCHANDISING WEEK

OFFICE OF THE PUBLISHER

May 3, 1965

Push-Pull...

The oldest debate in the field.

How important <u>are</u> those last three feet on the retail floor and how much consumer advertising gets knocked into a cocked-hat by an aggressive salesman with "switch" on his mind?

I don't suppose any of us will live long enough to see this point resolved, but one thing is certain...there are strong feelings on both sides of the push-pull theory.

As you may have seen in last week's issue of MERCHANDISING WEEK, we are going to expand our editorial coverage to document the advertising trend in hopes of throwing new light on the picture. Trade and consumer advertising will be reported by company.

May 31st is the kick-off date and will cover Consumer Electronics followed by Major Appliances on June 14th and Electric Housewares on July 19th. First six months of 1965 will be reported on December 6th.

Cordially,

Dale R. Bauer

Dale R. Bauer

A McGRAW-HILL PUBLICATION 330 WEST 42nd STREET NEW YORK, NEW YORK 10036

INDUSTRY TRENDS

An up-to-the-minute tabulation of estimated industry shipments of 18 key products. New figures this week in **bold-face type.**

	date	1965	1964	% change
FLOOR CARE PRODUCTS				
floor polishers	**March**	**129,453**	**114,152**	**+ 13.40**
	3 Months	**330,895**	**293,235**	**+ 12.84**
vacuum cleaners	**March**	**495,178**	**420,527**	**+ 17.75**
	3 Months	**1,289,692**	**1,110,286**	**+ 16.16**
HOME LAUNDRY				
dryers, clothes, elec.	**March**	**98,534**	**78,206**	**+ 25.99**
	3 Months	**293,988**	**259,219**	**+ 13.41**
dryers, clothes, gas	**March**	**47,316**	**42,849**	**+ 10.42**
	3 Months	**150,956**	**140,475**	**+ 7.46**
washers, auto. & semi-auto.	**March**	**337,969**	**315,276**	**+ 7.20**
	3 Months	**895,820**	**845,405**	**+ 5.96**
wringer & spinner	**March**	**52,011**	**56,749**	**− 8.35**
	3 Months	**139,530**	**159,162**	**− 12.33**
OTHER MAJOR APPLIANCES				
air conditioners, room	February	325,200	247,300	+ 31.50
	2 Months	557,400	440,400	+ 26.57
dehumidifiers	February	15,700	15,300	+ 2.61
	2 Months	21,700	22,200	− 2.25
dishwashers, portable	February	26,500	19,700	+ 34.52
	2 Months	52,600	38,600	+ 36.27
dishwashers, under-counter, etc.	February	60,600	51,400	+ 17.90
	2 Months	112,500	97,300	+ 15.62
disposers, food waste	February	99,700	97,500	+ 2.26
	2 Months	187,100	188,200	− .58
freezers, chest	February	33,100	32,700	+ 1.22
	2 Months	58,700	63,200	− 7.12
freezers, upright	February	47,000	50,400	− 6.75
	2 Months	91,500	96,200	− 4.89
ranges, elec., free-standing	February	107,700	100,500	+ 7.16
	2 Months	205,500	189,700	+ 8.33
ranges, elec., built-in	February	64,200	65,300	− 1.68
	2 Months	117,600	120,500	− 2.41
ranges, gas, total	February	168,800**	165,700	+ 1.87
	2 Months	319,100	321,700	− .81
refrigerators	February	349,100	338,400	+ 3.16
	2 Months	693,200	625,100	+ 10.89
water heaters, elec. (storage)	February	82,800	83,200	− .48
	2 Months	159,100	162,600	− 2.15
water heaters, gas (storage)	February	230,100	241,100	− 4.56
	2 Months	440,100	493,700	− 10.86
CONSUMER ELECTRONICS				
phonos, mfrs. ship., port.-table	January	206,348	180,076	+ 14.59
distributor sales	January	191,318	158,888	+ 20.41
phonos, mfrs. ship., console	January	126,716	118,764	+ 6.70
distributor sales	January	117,306	113,396	+ 3.45
radio production (ex. auto)	**April 16**	**244,024**	**192,420**	**+ 26.82**
	15 Weeks	**3,730,689**	**2,697,612**	**+ 38.30**
distributor sales	January	693,005	544,815	+ 27.20
b&w television production	**April 16**	**146,885**	**159,420**	**− 7.86**
	15 Weeks	**2,388,254**	**2,414,142**	**− 1.07**
distributor sales	January	632,009	588,555	+ 7.38
color television production	January	127,757	88,977	+ 43.58

**February total includes 117,700 conventional free-standing ranges, 16,200 high-oven models, 21,500 built-ins, and 13,400 set-ins. Sources: NEMA, AHLMA, VCMA, GAMA, EIA.

When top retailers get something as spectacular as the Kelvinator Originals, what do they do with it?

Take a look:

They advertise it . . . big! With large-space, full-color and black-and-white newspaper and rotogravure ads. With window displays and store-wide promotion. And with everything else it takes to take advantage of the tremendous national publicity and advertising appearing now and all through the big spring and summer selling months for the Originals. Result? Terrific traffic for the appliances offering the best profit opportunity today—and for the entire Kelvinator refrigerator line as well! More and more retailers are taking advantage of this opportunity . . . if you want to do the same, better hurry! See your Kelvinator district manager now!

Kelvinator Division of American Motors Corporation, Detroit, Michigan 48232
Dedicated to Excellence in Rambler Automobiles and Kelvinator Appliances