MERCHANDISING WEEK

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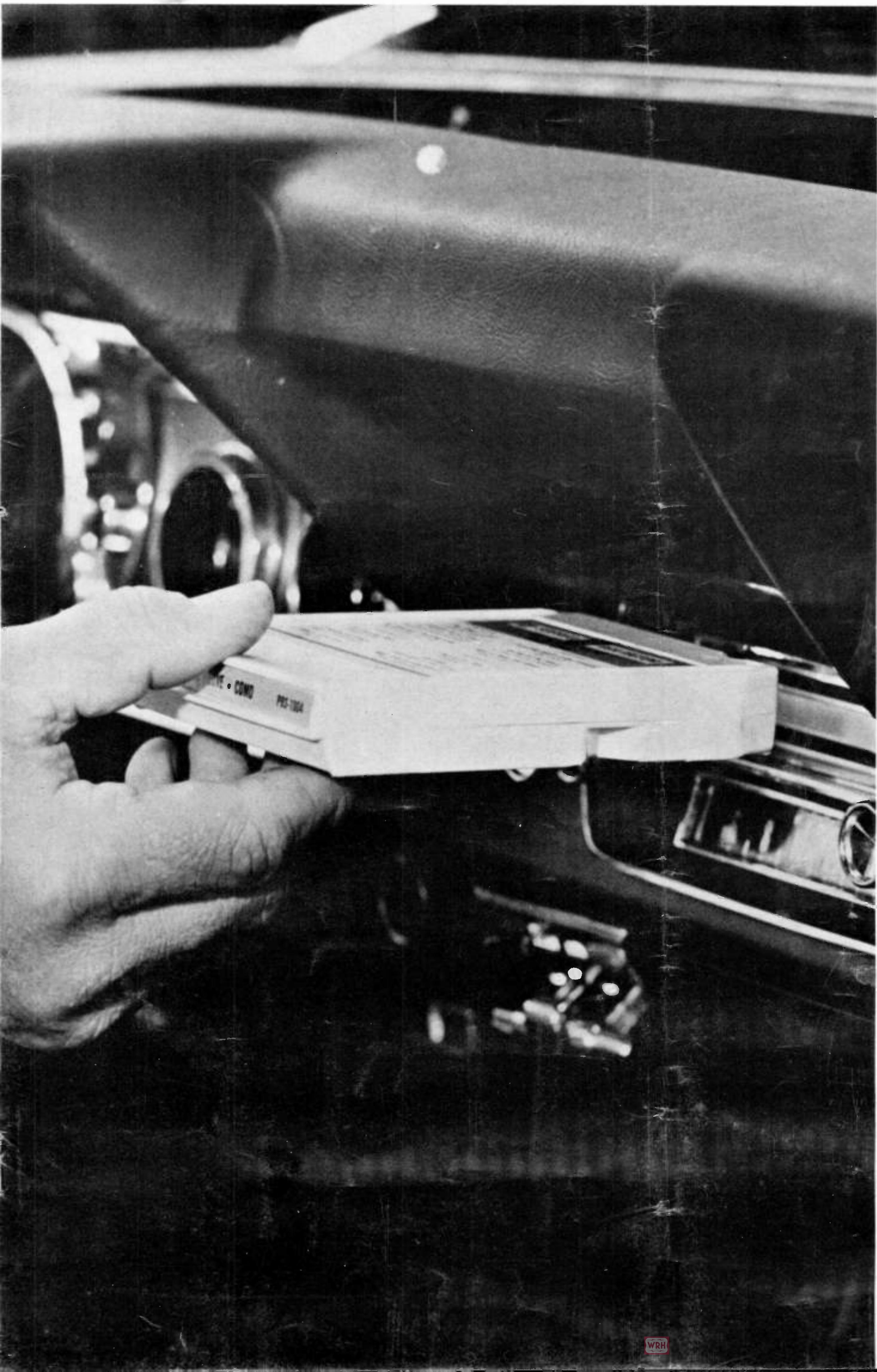
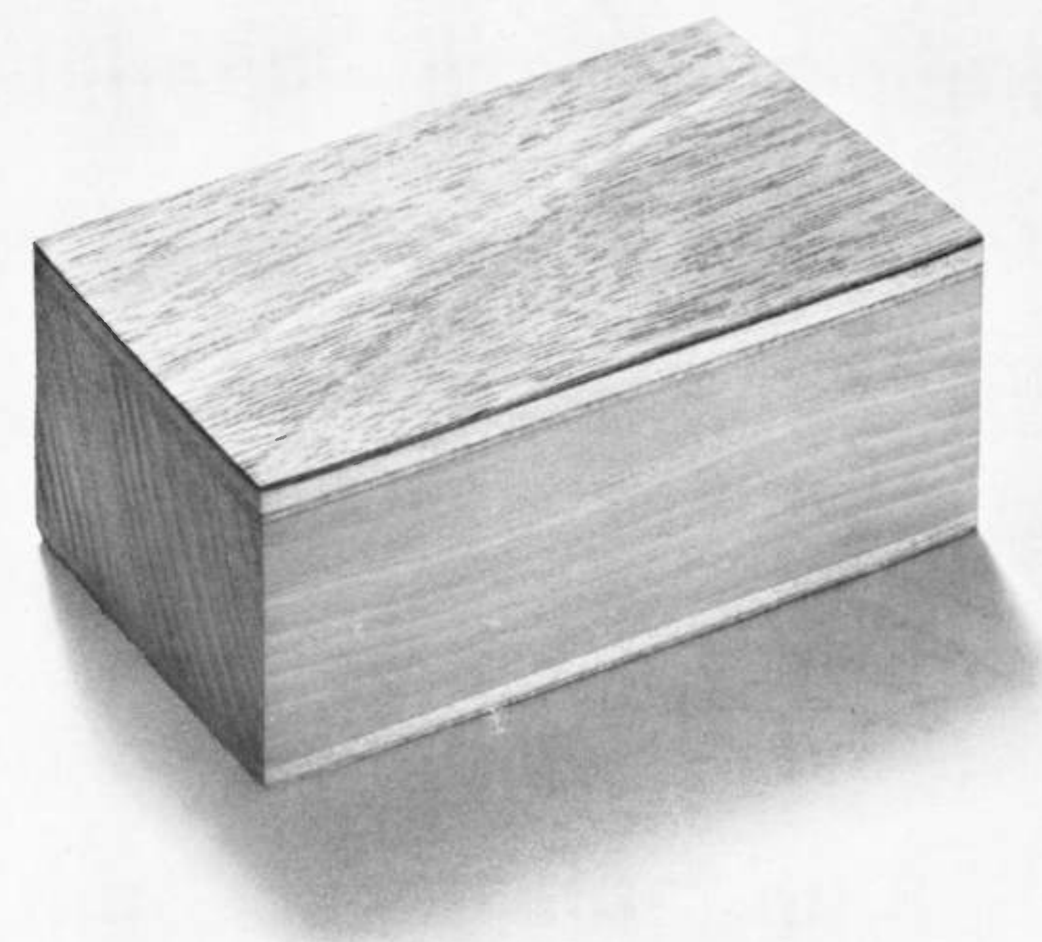


◀ □□□ **Enter the cartridge** and suddenly the tape player market is faced with a rash of new questions. Prime among them: will the push by automobile makers mean a cartridge invasion of the home? For an assessment of today's trends and a look at the future of the tape cartridge in retailing, see p.13

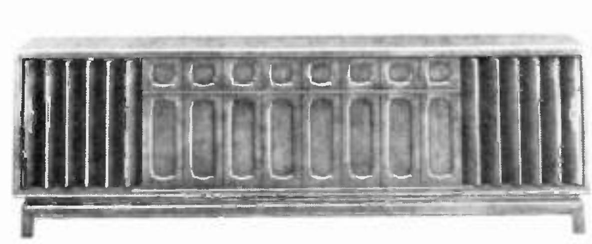
AT PRESSTIME

□□□□ **Cargoes from Japan** shipped across the Pacific may cost more next year. Two freight conferences—the Japan-Atlantic & Full Freight Conference and the Trans-Pacific Freight Conference of Japan—are raising the rates on Japan-U.S. cargoes by an average of 10% beginning April 15, 1966. The All-Japanese Council of Exporters is planning to file a petition against the move, maintaining it will make Japanese goods less competitive with products from Hong Kong and other low-wage nations in the Far East. According to McGraw-Hill World News in Tokyo, the exporters believe consumer electronics, and other commodities requiring a great amount of labor, will be particularly affected by the proposed freight hike.

□□□□ **FTC vs. AMC**—The Federal Trade Commission's complaint that the Associated Merchandising Corp. illegally gained discriminatory price concessions from suppliers has moved another step closer to the courts. AMC recently went into court (MW, 15Nov., p6) to enjoin the FTC from digging in the corporation's files for more detailed information on transactions between its 25 department store members and a long list of suppliers. Now, however, AMC has dropped *continued on p.3*



Packard Bell High Fidelity Component



Hardwood is an integral part of every Packard Bell stereo console sound system. Solid hardwood handcrafted cabinetry -- up to three times thicker than woods found in other stereos -- adds magnificent resonance to the beautiful sound of Packard Bell stereo. It's solid furniture, the type you would buy if you were buying furniture alone. Good looking. Good listening. Good selling!

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the injunction suit, although it still insists its underlying legal position—that the FTC should have requested the disputed records during pre-complaint investigations—is valid. AMC evidently has decided to simply sit on its hands until the FTC itself goes to court to compel compliance with its information demands.

The FTC staff quietly rejected a settlement offer last month from the largest of the AMC members, Federated Department Stores Inc. Federated had offered to stop buying through AMC's AIMCEE Wholesale Corp. (AWC). (FTC contends that AWC is a powerful front through which 25 of the nation's leading department stores and chains can bargain with suppliers.)

□ □ □ □ **The trend of major appliance sales** was generally up during October, reports the National Electrical Manufacturers Assn. Portable dishwashers, with a 48.3% gain over September and a 32.0% jump over the first 10 months of 1964, tallied the biggest rise. Here's the October picture for other products:

Product	*vs. Sept.*	*10-month*
Dishwashers (built-in)	+ 0.6%	+14.2%
Dishwashers (total)	+19.6%	+19.6%
Refrigerators	+17.2%	+ 6.2%
Freezers	+36.0%	+ 4.3%
Ranges (free-stand)	+13.6%	+10.9%
Ranges (built-in)	— 6.6%	— 4.6%
Ranges (total)	+ 5.5%	+ 4.4%

□ □ □ □ **Corning will raise some prices,** in amounts varying from 14¢ to $1, on certain Corning Ware and Pyrex brand items, effective Feb. 14. Corning blamed rising production and material costs for the price increases. Corning Ware Electromatics and Buffet Servers are excluded from the price hikes—the first from Corning since 1958.

□ □ □ □ **Sixty million Japanese receiving tubes**—mainly for color tv sets—will be shipped to the U.S. by the Far East giant, Hitachi. Under a new $16.7-million contract with International Exports Inc., a subsidiary of Sampson Co. Inc., of Chicago, Hitachi will deliver the tubes at the rate of "more than 10 million" a year over a four or five year period. The tubes, which include those for b&w tv sets, radios, and stereo phonos—will be sold principally to original equipment manufacturers. Price of the color tv receiving tubes is 33.5¢ to 36¢ each f.o.b. Japan. Radio tubes: between 22¢ and 25¢.

□ □ □ □ **Sears, Ward, Penney sales are rolling along** but while the dollars are overwhelming, the percentages are not. In the third quarter of 1965, Sears sales were $73.94 million, up 4.5% from 1964 sales of $70.78 million. Nine-month sales were $189.52 million this year —up 2.5% from $184.85 million last year.

Ward's third quarter sales were $2.83 million, up 9% over 1964's third quarter sales of $2.59 million. Nine-month sales were $9.19 million this year—up 5.56% from $8.7 million last year.

Penney's third-quarter sales were $21.74 million, up 8.1% over 1964 sales of $20.11 million. Nine-month sales were $48.66 million this year—up 11.5% from $43.63 million last year.

□ □ □ □ **Polk Brothers' color tv deal:** All customers who buy a b&w portable tv set before Christmas can deduct the purchase price from a color unit bought at Polk's before next May 15, the company announced last week.

□ □ □ □ **Japanese tv shipments to the U.S. climbed** another 112,464 units—valued at $2,429,613—in October, according to McGraw-Hill World News in Tokyo. The 10-month total stands at a whopping 895,268 sets.

□ □ □ □ **Kelvinator hopes for an Original Christmas.** Kelvinator is pushing its decorator-styled Originals as Christmas gifts with a November-December program headlined by the theme: What a Beautiful Way To Say Merry Christmas. The promotion is built around a four-color mailer.

□ □ □ □ **NARDA has set school dates** for its two 1966 summer institutes. The 12th Institute of Management at American University, in Washington, D.C., will run from Aug. 7 through 12; the second Western Retail Management Seminar at the University of Utah, in Salt Lake City, will run from Aug. 21 through 26.

□ □ □ □ **NARDA is looking for financing** for its traffic-builder program. In the past, a dealer had to send cash with his order for the premiums. NARDA hopes to get at least 30-day terms, with a Chicago financial source providing the financing. NARDA said the deal could be consummated at any moment.

□ □ □ □ **Borg-Warner will sell Telepro tape players** on a test market basis in New England. The company will begin contacting retail outlets such as automotive parts dealers, gas stations, and mass merchandisers in two or three weeks and will continue the program for 30 to 60 days. Local ads will push the "Borg-Warner Tape Player" at $69.95.

□ □ □ □ **B.F. Goodrich will test market tape players** and a tape library within the next few weeks. Two units—one mono and one stereo—have been chosen for testing in eight to 15 markets within a 150-mile radius of Akron, Ohio, where Goodrich is based. The monaural unit will be Telepro's Porta-tape player, which will sell for $69.95; Lear will make the stereo unit to sell for $189. Testing should continue for two or three weeks. Then Goodrich will decide whether the units should be marketed nationally.

□ □ □ □ **Chrysler's official word on tape players** is that Lear Jet Corp. has received a "verbal go-ahead" to manufacture stereo tape players for the Chrysler line of automobiles. While Chrysler officials stress that negotiations still are under way with other sources (MW, 22 Nov., p.3), they admit Lear stands a good chance of getting a final commitment.

□ □ □ □ **Hamilton Beach's new eastern sales manager** is David W. Wilkinson, who will work out of Chicago. He succeeds David Horowitz, who becomes sales manager for metropolitan New York-New Jersey, which is excluded from Wilkinson's eastern territory.

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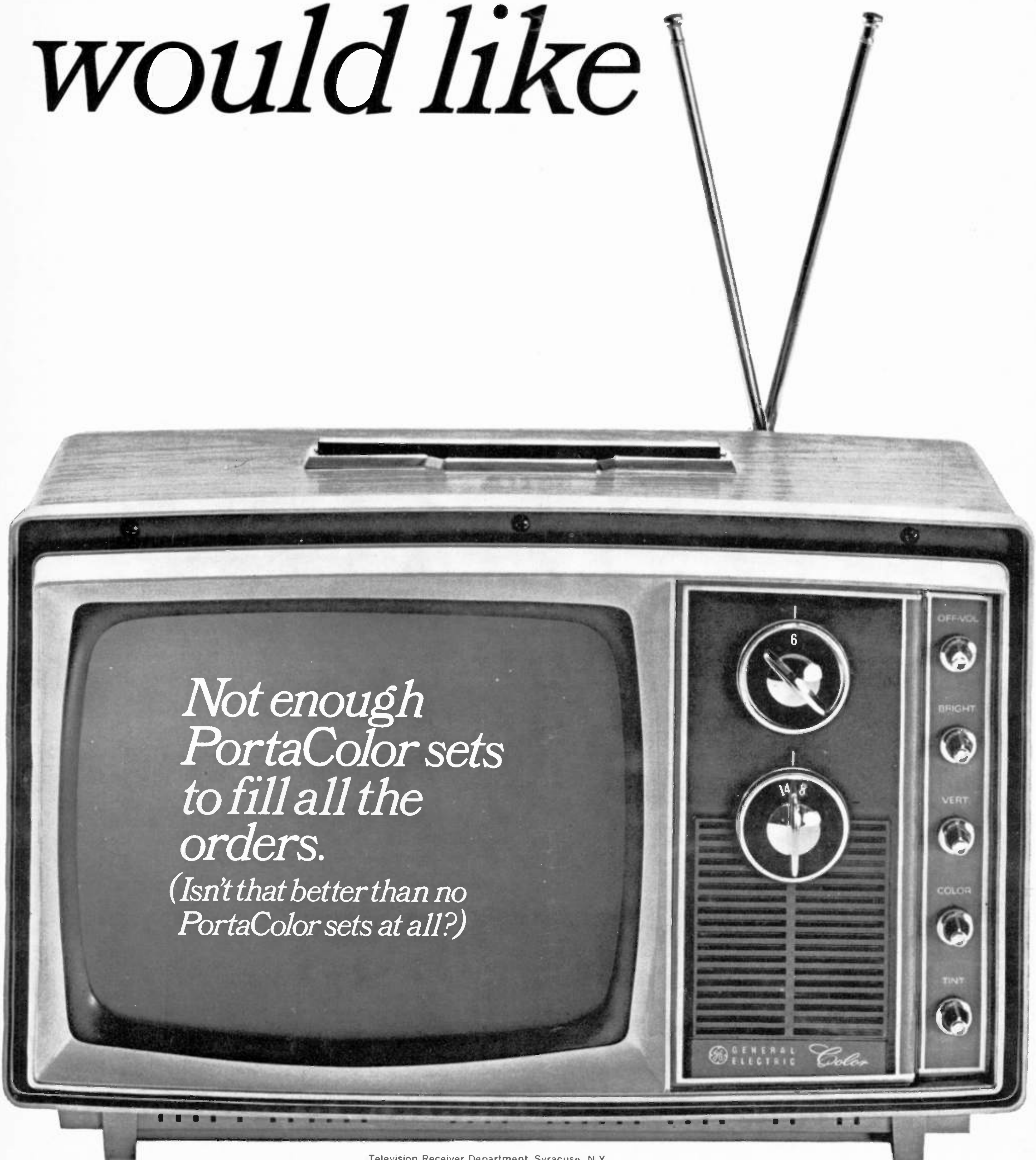
G-E dealers have would like



Television Receiver Department, Syracuse, N.Y.

GENERAL ELECTRIC

WASHINGTON NEWS

Business will continue to rise if the U.S. Census Bureau's latest survey of consumer buying intentions holds true. The bureau finds that 19% of all households surveyed intend to buy one of seven household appliances in the next six months.

The seven appliances are washing machines, refrigerators, tv sets, air conditioners, clothes dryers, radio and phonograph equipment, and dishwashers. Some 16% of those questioned said they intend to buy a tv receiver, washer, or refrigerator in the next six months.

The level of consumer buying intentions is the highest since the bureau began its quarterly survey in 1961. Though the latest figures are not significantly higher than those reported in October, 1964, they do show a marked increase in consumer buying plans over replies received in October, 1963.

Tv receivers will be the hottest item among appliances—as might have been expected. Some 6.5% of consumers surveyed said they intend to buy a tv set in the next six months. This is a rise of a full percentage point over a year ago, and a 1.4% increase over the survey for the last quarter of 1963. The big push obviously comes from the surge in color tv.

Consumer buying plans in the other six appliance categories remain fairly stable: some 5.6% of those surveyed said they plan to buy a washer in the next six months; 3.9% a refrigerator; 1.4% an air conditioner; 2.9% a clothes dryer; 2.6% radio and phonographic equipment; and 1.1% a dishwasher.

Family income is rising faster than had been anticipated, lending support to the belief that retail business will continue to hit new peaks each quarter. A year ago, says the Census Bureau, about 23.4% of the families surveyed expected higher incomes in the following 12 months. The latest survey shows that 27.2% of them now have higher incomes, and 26.9% of them anticipate even higher incomes a year hence.

The market for auto radios and accessories also will continue at least at current levels, according to the bureau's survey. Of those interviewed, some 10.6% reported that they intend to buy a new automobile in the next six months. This is not significantly higher than the 10.4% of a year ago—though the auto industry has had one of its best years. But it is markedly higher than the 8.9% who signified an intention to buy a new car in the survey conducted by the Census Bureau toward the end of October, 1963.

Cross-ownership of CATV and tv outlets in the same city will be reviewed by the Federal Communications Commission. Last summer, the commission okayed dual ownership, but said it would review the situation if and when it received any complaints. It has received more than a dozen complaints, mostly from California.

The complaints involve alleged deterioration of regular tv programming after the single owner took over CATV operations. The presumption is that they are trying to force viewers away from free tv into the monthly fee CATV system. The FCC staff is investigating complaints.

Pictured—**TP-707** AIWA's latest cartridge-type tape recorder.

After One Million AIWA has really arrived

The lid is off . . . off the 1,000,000th tape recorder manufactured and sold by AIWA. Today AIWA quality designers and engineers are working toward many new products that will offer you what you want to give your customers —THE VERY BEST THAT MONEY CAN BUY. Yet Aiwa keeps you in mind and each model is priced right, the profit is always right. So why not look ahead and GO AIWA, OVER 1,000,000 people have and we're just beginning.

TP-703 The professional sound that will give your customer hundreds of hours of enjoyment. It's our least expensive popular model 3¼-inch tape recorder. (Complete W/AC jack)

TP-704 Here's a good looking rugged machine with longer recording Time & AC/DC Operation. 5 inch Tape Recorder.

TP-706 Carry it anywhere, it's really light, slim and compact—a 3¼-inch Tape Recorder complete with W/AC jack.

TP-708 A little machine with BIG OUTPUT & TWO-WAY OPERATION (AC/DC) 4-inch tape recorder.

TP-703

TP-704

TP-706

TP-708

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PRODUCT POLICY PROFIT

Retailers get advice from P-O-P on building management muscle

With speeches on subjects as diverse as good mattress displays and the Negro's contribution to general business, the Point-of-Purchase Advertising Institute met recently in Chicago. While many of the programs the speakers described apply only to the food, drug, and furniture businesses, several things were said that should interest thoughtful members of the appliance industry. Two speakers to whom retailers and manufacturers might listen were Jesse Owens, of Owens-West, and Howard Haas, marketing vice president of Sealy Inc.

"There is a new era in the furniture and mattress industry," said Haas, who made these points: "Style and fashion have swept away the cobwebs of the past. The consumer is the decision-maker in the mattress business, the automobile business, and in your business. American industry today must satisfy consumer wants, as contrasted to the manufacturing and selling of products that fill consumer needs. There are no more 'hicks' in Hicksville. Point-of-sale displays are more and more important as the final link in the chain that brings products to the consumer . . . and style is king. Point-of-sale displays are the style stages from which merchandise parades across the retailing scene into the consumer's home."

The function of a good display, Haas said, is to "excite the retailer into believing the display will help him sell more merchandise. The display should have an action element to either create a mood or demonstrate a product feature. The color and graphics should be compatible with the merchandise as well as the decor of the store . . . since point-of-purchase display is in the store strictly on sufferance." It should use actual merchandise, not take the place of merchandise. It should be durable enough to last as long as the promotion for which it is intended, and it should be important enough for the manufacturer's sales staff to assemble it.

Steps to be taken by Negro-owned business to assure growth, expansion, competence, and survival—suggested by Jesse Owens—are steps all small businesses should consider. Businesses should "develop a sound research program, which is so necessary in planning for the present, as well as for the future." Research covers a multitude of subjects, from market research to sales records.

Owens said that businesses should "relegate the function of marketing, which includes advertising, sales, sales promotion, and public relations, to the policy-making level. Prepare sales campaigns with imagination and enthusiasm, and with well-defined incentives for salesmen. Develop top-flight, continuous, training programs for all personnel. Develop an image of goodwill and respect for your business by planning an effective, continuous, public relations program."

The problems in the path of Negro-owned businesses, said Owens, are usually lack of capital, credit restrictions, lack of trained personnel, and ignorance of simple business principles. This, of course, is true of small business in general. Negro businessmen, said Owens, should "eliminate the concept of *Negro* business, and operate in the sphere of *Negro-controlled* business, serving the community with competence by meeting competitive prices and stand-

U.S. Steel surveys homemakers, sizes up potential laundry sales

Almost every day is washday for Mrs. America. And in most cases, Mrs. America gets "tons of dirty laundry done" without a dryer, according to a recent survey by U.S. Steel.

To pinpoint women's attitudes toward home laundry equipment, U.S. Steel talked with 2,006 homemakers owning automatic washers. While half these women either wash clothes six or seven days each week or do over 10 loads of laundry each week, U.S. Steel found that only 49% of those surveyed own dryers.

For retailers, this trend toward heavier washer use, plus the relatively low dryer ownership, is just one indication of the potential home laundry market. When U.S. Steel surveyed homemakers in regard to planned purchases of home laundry equipment during the next three years, it turned up these responses in four key areas:

Washer replacement—26% of the homemakers said they plan to replace washers now about seven years old.

Dryer replacement—18% of homemakers surveyed, who now own dryers from 6.3 to 7.6 years old, said they plan replacement purchases.

Initial dryer purchase—27% of the homemakers who do not own dryers today are planning purchases.

Color preference—82% of the homemakers said their next washer would be white, while only 5% intend to buy a copper or bronze washer.

Simultaneous purchases of washers and dryers, according to the survey, are the exception rather than the rule. However, when women do plan simultaneous washer-dryer purchases, here are the top four matching features they will demand: 68% want the same load size, 53% same color, 51% same product life, and 40% same fabric-handling abilities.

The most important buying influences are recommendations from friends, comparison shopping, and personal past experiences—rather than price. While product features, such as pre-programmed washing cycles appear to be important for step-ups, most women want assurance that a higher-priced machine will last longer, require less service.

☐☐☐☐ **Dryers "Waltzed" to a new record** on a 19% increase in factory shipments—to a total of 276,000 units—in October, compared to the previous record set in October, 1964. The American Home Laundry Manufacturers Assn. (AHLMA) also reported that total October factory sales of 676,000 washers and dryers were up 8% from the previous record for the month, which was set last year. Robert Brintnall, general manager of Whirlpool's laundry appliance sales and chairman of AHLMA's promotion committee, said the industry sold 667,000 washers and dryers per month during the "Waltz" months. Through the first 10 months of 1965, factory shipments are up 270,000 units over 1964. Automatic washers gained 5% and automatic dryers jumped 13% during the 10-month period. (For consumer plans on washer and dryer purchases, see the U.S. Steel story on this page.)

☐☐☐☐ **The first UHF network**—Unisphere Broadcasting System—will make a partial bow early in January. Originally planned to carry a full schedule of programming, the network will start its career on a per-program basis. The lack of sufficient operating UHF stations to attract sponsors is the main reason for the change of plan. However, Vic Piano, chairman of the board for the new operation, hopes that as more UHF stations go on the air, the system will grow to true network proportions. Network rates for sponsors are expected to be: $8,000 for a prime-time ¼ hour; $12,000 for ½ hour; and under $20,000 per full hour.

☐☐☐☐ **Japanese "toy radio" exports are waning,** reports McGraw-Hill World News from Tokyo. While 1965 nine-month shipments to the U.S. totalled 613,000 units—a 62% increase over the same period in 1964—the figures are misleading.

Most of the 1965 increase in shipments can be attributed to the fact that companies phasing out of the business dumped their inventories on the market at sharply reduced prices ($1 f.o.b., compared with $1.50 last year).

Primary reasons for the decline of the "toy radio" business are: lower prices for 6-transistor receivers, overseas demand for better receivers, and competition from Hong Kong, Taiwan, and Okinawa.

Membership in the Japan Light Radio Industry Assn. has shrunk to 20 companies from double that number, which it had when it was formed in September, 1960.

☐☐☐☐ **Color tv sets in use in the U.S.** totalled 4.45 million as of Oct. 1—a 90% increase over the totals for Oct. 1, 1964—according to NBC's latest quarterly estimate. And when NBC speaks, can parent company RCA be far behind?

The network reports that the 1.6 million sets already sold in the first nine months of the year exceed last year's total sales by 28%. Of the 1965 sales, 850,000—or 54%—were made in the third quarter. The sales burst would seem to assure realization of the 5 million figure network officials have estimated for sets in use by Jan. 1, 1966. The upward trend certainly seems to bear out earlier predictions that sales would double in the second half of the year. First-half color sales totalled only 740,000 sets, 15% less than sales racked up in the third quarter alone.

□□□□ **The tape recorder industry will set records** this year, predicts Wybo Semmelink, assistant vice president at Norelco. Although there are no official industry-wide figures available on tape recorder sales, he says estimates indicate that 1965 volume will hit about 3.5 million units, a 15% gain over 1964. Semmelink pegs 1966 sales at "well in excess of four million units, not including auto tape systems," and forecasts a notable gain in dollar volume—"due to an expected increase in consumer purchases of quality, higher-priced recorders"—next year. "Consumers are being attracted to quality, rather than 'toy,' units, which now account for two-thirds of tape recorder sales" in the United States, Semmelink says.

□□□□ **A promotional bonus from Ampex:** With every purchase of 350 prerecorded tapes, Ampex will give its retailers a stereo tape merchandising rack capable of holding over 300 tapes and designed for fast browsing. With an order of 200 tapes, the rack will cost retailers $20; with 100 tapes $40. The price for outright purchase of the rack is $60.

□□□□ **Transistorization should hold no terrors** for manufacturers of tv receiving tubes, says Harold F. Bersche, vice president of RCA's distributor products division. "Present strong replacement demand for electron tubes used in home entertainment instruments will continue well into the 1970's," he said. "The tremendous surge of color television, plus strong demand for black-and-white sets, will result in close to one billion new receiving tube sockets built into new tv receivers during the next five years. It is gratifying to announce that the recent decline in receiving tube sales for replacement use has been halted. We can now foresee that the reliable receiving tube will not fade away like an old soldier—as the pessimists predicted a few years ago."

□□□□ **The outdoor tv antenna market could grow** into a $100-million-a-year industry within three years (see story p.10), predicts Sanford Berlin, manager of the distributor sales division of the Jerrold Corp. In response to the growing market, Jerrold is enlarging its Sherbourne, N.Y., antenna plant and is building a new plant in Berlin, N.Y. "We will double our capacity for producing consumer antennas by mid-1966," said Berlin.

□□□□ **The top distributor market** for major appliances is still California, according to third-quarter figures from the National Electrical Manufacturers Assn. As usual, New York state placed second in distributor sales, but both front-runners lost some of their lead to other states. For instance, California lost one full percentage point of its first-half lead in both refrigerators and portable dishwashers.

The line-up now looks like this: California is first in refrigerators (10.3%), upright freezers (9.5%), built-in ranges (15.3%), portable dishwashers (12%), and all other dishwashers (17.9%). New York is second in refrigerators (9.7%), upright freezers (7.2%), portable dishwashers (9.9%), and all other dishwashers (9.1%). Florida takes second in built-in ranges (6.6%).

Southern Pacific raises the roof, lowers appliance shipping costs

A novel change in boxcars—a raised roof—made by Southern Pacific Co. has nearly doubled boxcar appliance capacity. The innovation may be the answer to appliance shippers' chronic problem of wasted space and money. Robert R. Schwenig, regional traffic manager of Sears, in Los Angeles, said revamping had: reduced claims on refrigerator shipments; cut shippers' transportation costs; improved the railroad's car-mile earnings; trimmed loading and unloading costs for appliance shippers and receivers.

Sears kicked off the idea about a year ago, and seldom fumbles the marketing football. Schwenig suggested to Southern Pacific that its appliance-carrying boxcars be enlarged by raising the roof. In 1963, Schwenig had seen Southern's cars modified for the automobile industry. Bulky but fragile auto parts were then shipped in enlarged and especially cushioned cars. Schwenig thought the idea would work for appliances; Southern Pacific agreed.

The job of designing the cars fell to the railroad's freight car division. In a few months, the final design for the High-Roof Appliance Car was ready. The new model was a standard 40-ft. car with a raised roof—a 2½-ft. rise that boosted capacity more than 42%. The car was tested in October. Ninety refrigerators were shipped compared to standard car's shipping capacity of 63 refrigerators.

Sears expects to save $225,000 annually in its Pacific Coast territory, Schwenig said, due to the newly remodeled cars. Besides raised roofs, cars remodeled this month will incorporate cushioned couplings to reduce inter-car coupling shock, plus two interior rails for load protection. Doors, too, have been raised over two feet for easier power lift loading and unloading.

V.L. Arenth, Southern Pacific's southern district traffic manager, said the expanded volume per car will improve substantially the railroad's car-mile earnings. The new appliance car capacity is 30,000 lbs., compared to 21,000 lbs. for the standard car. The unusual dimensions of the special cars used by Southern and other railroads dictate a safety precaution: low clearances and sharp curves are avoided when routes for the cars are chosen.

Checking one of the new cars *(from left): A.B. Allen, Sears Pacific Coast appliance merchandise mgr; V.L. Arenth; Glenn C. Bush, Sears catalog merchanidse mgr; Robert R. Schwenig.*

Jerrold bids for a bigger share of fast-moving antenna market

Color television has no poor relatives. Its sister—the outdoor tv antenna—is also soaking up sales at a record rate. Some estimates set this year's industry sales—as of Sept. 1—at $25 to $30 million.

One of the major antenna companies, the Jerrold Corp., claims its outdoor antenna sales have nearly doubled in the past year. However, Jerrold says, its sales sweep is based on something more than the color tv explosion: since August, Jerrold's merchandising program has been quietly revolutionized.

Jerrold's problem was finding major sales outlets, traditionally a bugaboo for the antenna industry. Department stores, for example, generally have resisted going into the antenna business. The reasons, says Sanford Berlin, manager of the distributor sales division of Jerrold, are: (1) antenna inventory is large and unwieldy for storage or display; (2) sales personnel are not trained in antennas; and (3) installation and servicing of antennas is a thorny problem.

Jerrold's solution was this: let department stores take the orders: Jerrold will handle the other problems. Under this plan, the stores are furnished with a catalog of Jerrold antennas. This counter-top book includes complete specifications and price—including installation charges—for each antenna, and a diagram of the customer's city, prepared by Jerrold, showing exactly what *type* antenna is requested in each zone of his town.

After the department store sells an antenna, the salesperson calls the local Jerrold Distributor, who, through a network of franchised Jerrold servicemen, orders the antenna delivered and installed. Thus, the department store is freed of any responsibility for inventory, installation, or servicing.

The finances of the system are simple: at the end of each month the department store is billed by the distributor for 80% of the amount of its sales. In other words, the store, with little or no overhead, makes a 20% profit on the antennas. And Jerrold has gotten a hand into the heavy department store trade.

Is it working? In answer, Jerrold names some of the major stores it has already signed up for the program: Lit Brothers, in Philadelphia; Boston Store, in Milwaukee: Foley's, in Houston; Dayton's, in Minneapolis. Further proof: production capacity will be doubled by mid-1966.

Christmas Countdown: This is the first of four retail sales surveys planned by MERCHANDISING WEEK in cooperation with McGraw-Hill World News. It is based on spot checks of retailers in key markets.

Retail sales report: rundown on a runaway Yule season

There is no doubt about it. The fourth quarter, with Christmas 1965, is going to be the biggest housewares sales period at retail—ever. The slicing knife rates as the No. 1 item, as everyone expected, but the surprises are coming from the strong sales strength of the so-called basic electrics.

The best news this year is the improved profits being pocketed by many retailers. Even slicing knives are more profitable than most buyers had expected. "Business is so good, the economy so strong, that no one wants, or has to, give anything away," explained a New York City-based chain buyer.

A strong trade-up trend has helped. "I can't sell a hair dryer under $10 any more, but dryers at higher prices sell well," reported one buyer for a Seattle department store.

"We sell only GE electric knives," said one independent retailer in suburban Cleveland. "We stock EK-4, which has been as low as $12.89 and we also sell the EK-1, which lists for $23.88. Now, the interesting thing is I've sold five times as many of the expensive model as we have the price leader."

In the battle for knife sales, General Electric and Hamilton Beach are slugging it out for the leadership, just as they were last year. Sunbeam is on the outside, but moving in. Some stores also are doing well with the Presto label. Among the promotional brands, Merit is holding its own.

Here is a rundown on what else is selling:

Irons. Without question, Teflon *is* a magic word, even when it is applied to the soleplate of an iron.

Mixers. "Unbelievable" was the term one New York City buyer used to describe the sales action on hand mixers in particular.

Coffeemakers. A mad scramble is going on in this product area to capture Universal's old business, with plenty of Universal (Landers) closeouts around, along with the new Universal-by-GE models, and the new Westinghouse HB75, which one buyer said he suspected was made by "former Landers people."

Toasters. "Everyone wants a 4-slicer," said one buyer.

Blenders. The two long-time leaders—Oster and Waring—are getting stiffer competition, especially from Hamilton Beach and Ronson.

Broilers. The open-style broiler, as innovated by Farber, is coming on strong. There is plenty of sales action across the board: from low-end broilers to deluxe open-style models.

Frypans, griddles, wafflebakers. All are riding along on the Teflon gravy train.

Last week, just prior to the Thanksgiving holiday, retailers' sales generally were running well ahead of last year's pace. In fact, it was not unusual to find fourth-quarter sales running as much as 20% ahead of the 1964 pace. Said a Cleveland discounter: "Could continue at 20% higher than last year. Not more than that. No, maybe not that much."

The top 10 electrics

1. GE knives; cordless gives GE an edge
2. Hamilton Beach promotional knives
3. Teflon-coated electrics in general
4. GE irons, including Teflon-coateds
5. Mixers; all brands selling equally
6. Coffeemakers; GE is now the leader
7. Schick Consolette (and GE's, too)
8. Toothbrushes; GE and Sunbeam lead
9. Broilers; Farber is the hottest
10. Blenders; still Oster and Waring

The outlook for improved profits is bright for this year—with some buyers looking for a "significant improvement in profits." Said a Detroit source: "Profits should be very good this year. Prices are at a good level. Even the discounters are not pricing themselves too low this year. Electric shavers, for example, are up over last year; they are selling for at least $1 more at retail."

Buyers were asked for trade-up examples. "We've been able to trade up customers from the Hamilton Beach economy model, which sells for $13.48, to the $18 model. In fact, the $18 model is being bought two-to-one over the lower-priced one."

"Customers are buying more features," said a Philadelphia department store merchandise manager. "Quality is not necessarily better." This buyer has found the new Universal-by-GE line to be strong: "best profit, turnover, moderately priced." And this buyer's over-all housewares volume is running 14.5% ahead of last year's pace, while electrics alone are up about 6%.

"We have people coming in for a $9.99 broiler," said a Cleveland department store buyer, "and our girls can talk them up to a $44.99 or even a $72.99 unit. Why, just the other day a lady came in looking for a $21 Oster blender and ended up paying $49.99 for a Hamilton Beach unit," he said. (This could reflect the effectiveness of a demonstrator on the retail floor.)

Teflon is sales magic, whether it is used on electrics, on cookware, on gadgets, or on ironing board covers. One Los Angeles buyer said he has sold more $5 Teflon-coated ironing board covers than covers for $1 and $2.

"Many housewives feel they must have their kitchens redone in Teflon," said the buyer for a Northern California department store.

Judging from the response from retailers surveyed, the Teflon-coated iron already is a big hit. And Teflon has pumped new life into other basics.

In cookware, Corning remains a top seller, apparently unaffected by the gains racked up by the Teflon-coated competition. Teflon-coated lines most often mentioned by buyers are Mirro, West Bend, Regal, and Club Aluminum. Several buyers, however, reported that Revere has come up strong—and fast—with its Perma-Loc Teflon coating. Farberware's stainless steel line also is moving well, both in sets and in seasonal specials.

In the gift-housewares categories, stainless steel flatware was reported to be selling especially well. Melamine dinnerware, too, is making a strong showing. Woodenware, bar goods, imported copper teapots and accessories, and bath items are selling well. There is strong trade-up here, even in pepper mills. Artificial flowers, combined with decorative soaps, are strong sellers in bath shop accessories.

These housewares also are doing well: can openers, a number of brands; deep-heat massagers, particularly Pollenex at $9.95; Libbey glassware, in sets; Farberware's $16 apartment-size Open Hearth broiler; Sunbeam's Jet Set and Flair portable hair dryers; Hamilton Cosco's new line of bar stools; high-intensity lamps; and even corn poppers.

Shavers have been strong, with Norelco still the leader, and Sunbeam plagued with delivery problems.

Floor care electrics also are doing well. Vacuum cleaner volume has perked up considerably in the fourth quarter, although floor polishers are still disappointing. There is a strong-trade up trend working in vacs. Eureka is said to be making inroads in the vac market.

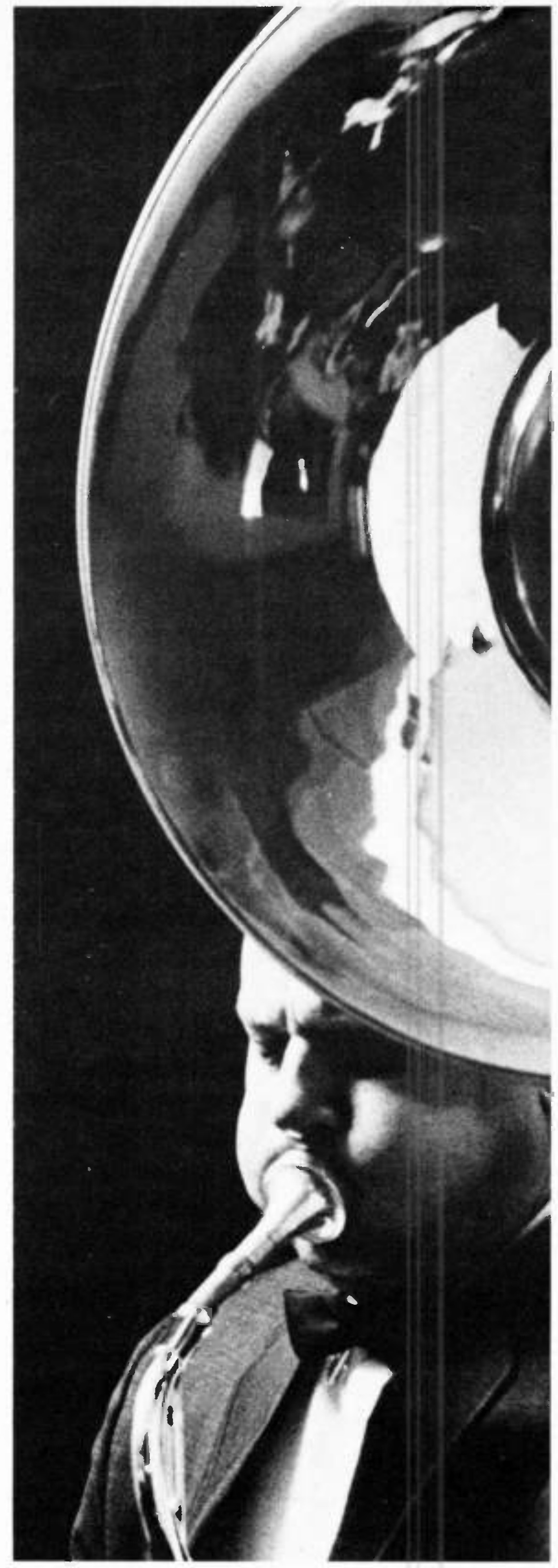
Inventories are on the heavy side for most retailers surveyed. Most complained of delivery delays, but the delays affected only one or two lines or scattered products in a number of lines.

Irons are shortest in supply. Both GE and Sunbeam are reported to be slow on deliveries, and Proctor-Silex already is about booked up to the end of the year. Apparently, Sunbeam is having the most trouble keeping up with delivery schedules, judging from buyer comments. Many complaints centered on items introduced in July, but not shipped until well into the fall selling season.

(This sales survey is based on interviews with retailers and distributors in Los Angeles and Southern California, San Francisco and Northern California, Detroit, Washington, Atlanta, New York City, Philadelphia, Cleveland, Chicago, and Seattle.)

Macy's, in a holiday mood, heads home for Christmas

Christmas merchandising of housewares is centering, increasingly, on the home itself, rather than on a straight gift approach. Macy's shows the way with the colorful cover (right) of its 72-page mailer designed to promote post-Thanksgiving traffic. "Let Your Home Be Festive This Christmas," advises Macy's, adding, "All 10 Macy's are festive right now . . . come see our wonderful ideas for your home . . . and for Christmas gifts, too." Macy's catalog plays heavily on housewares designed for entertaining at home and for sprucing up the home for guests.



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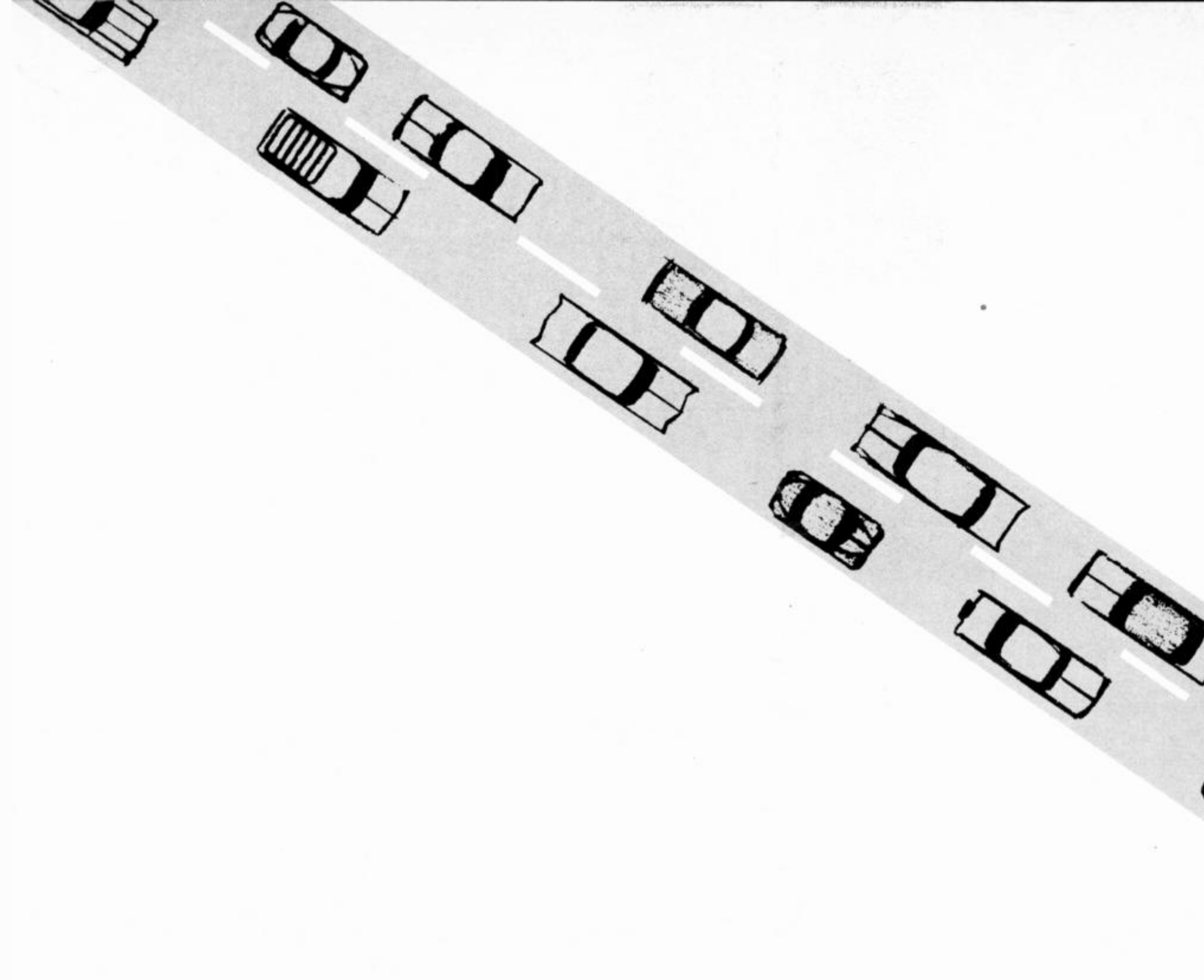


The tape cartridge hits the road

by Amei Wallach
artwork by Joan Bacchus

Once upon a time there was a giant named Ford. He wanted to sell his 1966 line of cars. But how to do it? Tail fins were out, the fastback was last year, and everyone already had a car radio. So Ford came up with a new option: a stereo tape player. It was a compact little player that could fit under the dash or could be installed together with the radio.

Motorola made the player; the Lear Jet Corp. made the cartridge that fit into the player as neatly as a pack of cigarettes fits into a car; and RCA put out a library of cartridge albums especially for the new unit. In fact, RCA ignored its own 2-reel cartridge which had fared rather poorly and concentrated its marketing power on the new continuous loop cartridge which Lear had developed.

At first, it seemed that the giant had pulled-off a coup. Sales went fairly well, and Ford executives predicted that they would sell 100,000 of the new units by the end of the 1966 new-car selling season.

But there was one major drawback. While the tape cartridge industry was only a few years old, it was already fairly populous. Over a dozen small companies were already in the cartridge player business and almost all of them used the Fidelipac cartridge, which is incompatible with the Lear-Motorola player.

What happens when a marketing giant steps into a fledgling industry? So far, Ford's entrance into the cartridge player field has had two effects: chaos and a new health.

The chaos results from the fact that, before Ford's entrance last spring, the Fidelipac cartridge constituted something of a standard. True, even the most optimistic industry spokesmen do not claim that there were more than 300,000 to 500,000 players on the market last spring, but at that time, even 300,000 players constituted a standard.

The new health comes from the fact that Ford's promotions—as well as those of RCA—have educated the public to the existence of the tape players. As a result, most industry sources expect sales to double or even triple this year.

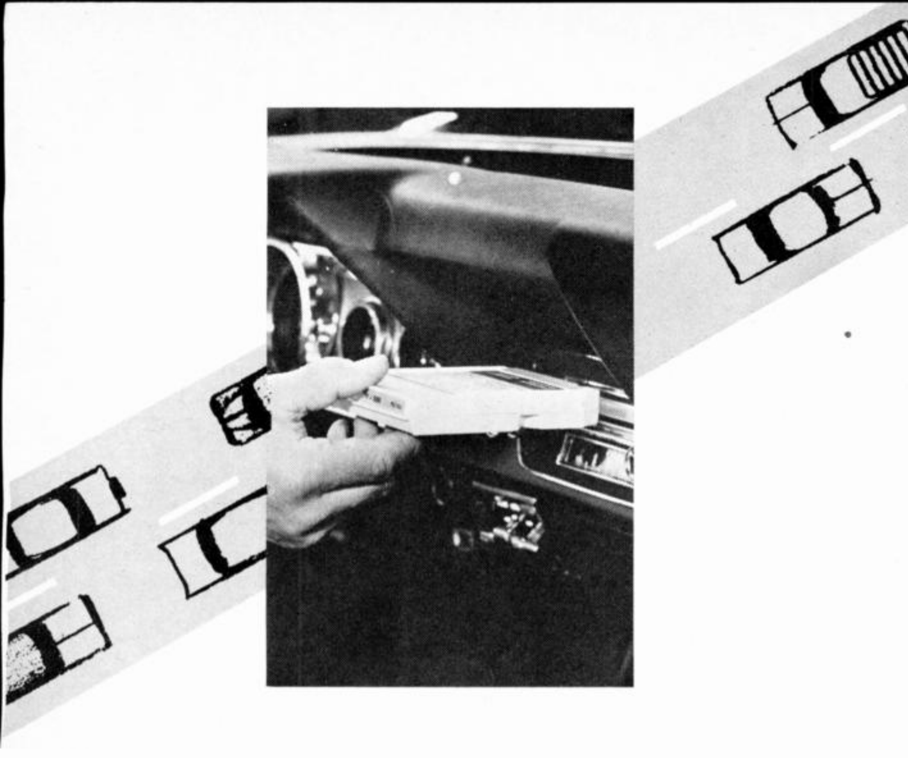
"This industry is where color tv was five or six years ago," says S. R. Herkes, president of Motorola's consumer products division.

It is highly doubtful that the cartridge tape player will ever be as big as color tv, but many industry hopefuls expect it to reach the proportions of the car radio.

The added consumer interest has brought about new developments in the players. Many manufacturers are designing home units and players which record as well as play. In fact, the potential of the home market is such that Alan Livingston of Capitol Records predicts, "The cartridge could eventually replace the LP."

However, any prediction of eventual success must be qualified with two all important "ifs." The cartridge tape player industry could go far if (1) it clears the chaos caused by the lack of a cartridge standard, and if (2) some of the smaller companies adopt a more aggressive marketing policy.

RCA promotes its Lear-designed cartridges



Who has the right of way?

The starting line-up: who's who

Although there are at least six different types of cartridges on the market, only three of these are of any significance in the race for the winner's stakes. All three are based on the continuous loop of ¼-inch tape extensively used in the broadcast industry. They are: the Fidelipac cartridge, the Lear cartridge, and the Orrtronics cartridge.

The Fidelipac cartridge, manufactured by Telepro Industries, is probably the oldest cartridge on the market. What makes the Fidelipac cartridge different from any of the others is that the "pressure roller" or "pinch roller") which advances the tape in lieu of a second reel, is not in the cartridge but on the deck of the tape player. This cartridge, and the pinch roller on the deck, are patented as the Conley system.

At least 11 domestic companies—most of them relatively small—make players that take Fidelipac cartridge. And at least one other company—Audio Devices—makes a compatible cartridge independently. The cartridges are usually recorded with four tracks of music and are housed in a plastic case.

The Lear cartridge, developed by the Lear Jet Corp., is the cartridge endorsed by Ford. Two major differences make the Lear cartridge incompatible with the one made by Telepro: (1) The pinch roller is contained within the cartridge itself—not on the tape deck—and (2) the cartridge is usually recorded with eight tracks of music. Telepro claims it holds a patent—although it is not presently using that system—and is suing Lear for patent infringement.

The Orrtronics cartridge, introduced by Orrtronics Inc., differs from the other two in that the tape passes over the playing head of the deck in a horizontal rather than a vertical position. While the Orrtronics system was late in getting a marketing start, most manufacturers feel it is of high calibre, and quality-conscious Ampex has elected to put out a home player-recorder compatible with the Orrtronics cartridge.

The race: standard, standard, who's got the standard

With all these incompatible standards on the market, it is not surprising that the industry is a catscradle of confusion.

The stakes are high. Whoever can untangle the jumble sufficiently to win the car market will probably be head of the household, too. A consumer can hardly be expected to pay a steep $4.95-$6.95 for an album-length cartridge to play in his car and then pay again for the same music for his home player.

As it is, many of the consumer electronics manufacturers are shying away from the whole tape cartridge player field. "I wouldn't want to bring out equipment that might obsolete itself in a year," says Joel Zimmer, executive vp of Symphonic Electronics Corp.

The differences in the types of cartridges are many: a cartridge can be 4- or 8-track, mono or stereo; with pinch roller or not; tape can pass head flat or at a 90 degree angle.

Most of the controversy rages over the relative merits of 4- and 8-track. RCA and Ford at first tried to foster a status look for the stereo-8 cartridge, but recent advertisements have not emphasized the "8." Four-track cartridge manufacturers and tape duplicators suggest somewhat hopefully that the 8-track cartridge is "murder to duplicate" and because distances between tracks are as small as 12 thousandths of an inch, quality is difficult to control. Four-track cartridge manufacturers have suggested that the rate of return for RCA-Lear cartridges is between 40% to 70%.

Ford's endorsement of the Lear system—and Chrysler's probable nod of approval—are not to be blinked away, however. So, many 4-track disciples are gingerly testing 8-track waters.

"Eight-track is the thing of the future," explains Frank P. Garay, president of Viking of Minneapolis Inc. "But right now it's not really feasible. There will have to be more stringent quality control."

"We went with 4-track in the first place because there was more music available on 4-track," says Robert Craig, president of Craig Corp. "Now with all the car manufacturers going with eight, we're not so sure. But before we go eight, we'll have to be assured of a little better quality control."

And 8-track manufacturers, like Orrtronics, are investigating 4-track.

True compatibility in a cartridge would have to take into account pinch roller differences as well as differences in the number of tracks and monaural or stereo recording (Telepro's "portatape" can play stereo music monaurally). Because of the difference in the angle at which the tape passes the playing head, most manufacturers question the possibility of developing a cartridge that can play on the Orrtronics machine as well as other players. But William Mulcahy, president of Telepro Industries, says he has a cartridge which can play on both Lear-system and Conley-system players. The cartridge itself does not contain a pinch roller, but it does contain clips into which a pinch roller can be inserted by hand. But, says Mulcahy, "I haven't seen much demand for that kind of cartridge, and I need to see more demand to make it."

A signpost: where the music is

At the moment, most of the available music is recorded on Fidelipac cartridges: International Tape Cartridge Corp. (ITCC) has a library of 900 Fidelipac albums; Musictapes Inc. has 600 albums; Empire Recording Co. has 12 albums; Muntz Stereo-Pak has over 2,000 albums; Autostereo Inc. has 750 albums; and Jay Electronics has 500 to 600 albums. In addition, such player manufacturers as Audio Spectrum, Craig Panorama, Trans World, and Metro Electronics have their own Fidelipac libraries.

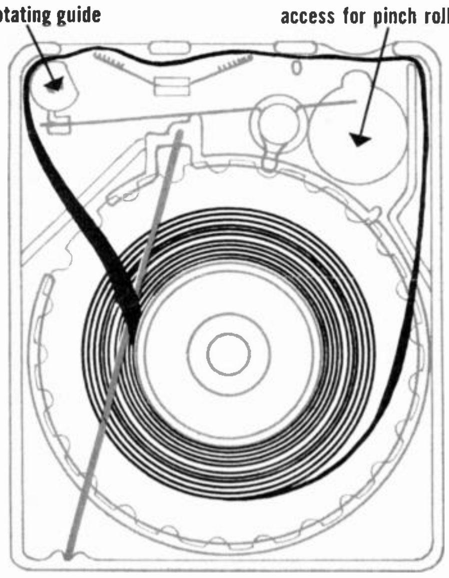
Some duplicators are hedging their bets, however. Both ITCC and Musictapes Inc. put out Lear-cartridge recordings. ITCC's Lear library numbers 100 albums, but plans are to expand it to 900. Musictape's initial release of 24 Lear albums will appear early next year, and Lear itself plans to begin duplicating soon. ITCC does triple duty with a library of 100 Orrtronics albums.

Leo Colvin, president of Musictape's subsidiary, Tape Duplication Center, summed up the feeling of most duplicators when he said, "We're in the music business, and we'll be wherever the music is. If some day they pour music out of a bottle, we'll be in the bottle business."

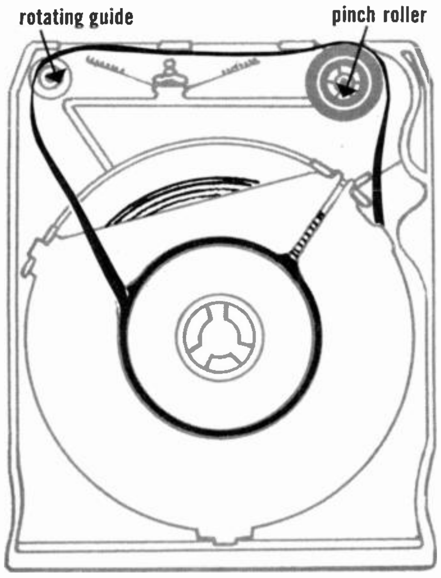
The record companies are playing it by ear. Most have offered their libraries to all comers at steep royalties. But three have chosen a different course of action. RCA is the only company that has definitely chosen sides, with an initial release of 175 albums compatible with the Lear-designed player. Capitol and Columbia have both adopted a "show me" attitude.

"We haven't lent our product to the cartridge duplicators because it would only add to the confusion," says Capitol's Al Livingston. "The industry badly needs a standard."

Columbia's William Gallagher offers different reasons for his reservations: "We feel the continuous loop cartridge is primitive in its present form," he explains. "And as long as cartridge quality leaves so much to be desired, we're adopting an attitude of watchful waiting."



Fidelipac cartridge—*The tape is fed from the central hub of the spool past the player head and is taken up again on the outer circumference of the spool.*

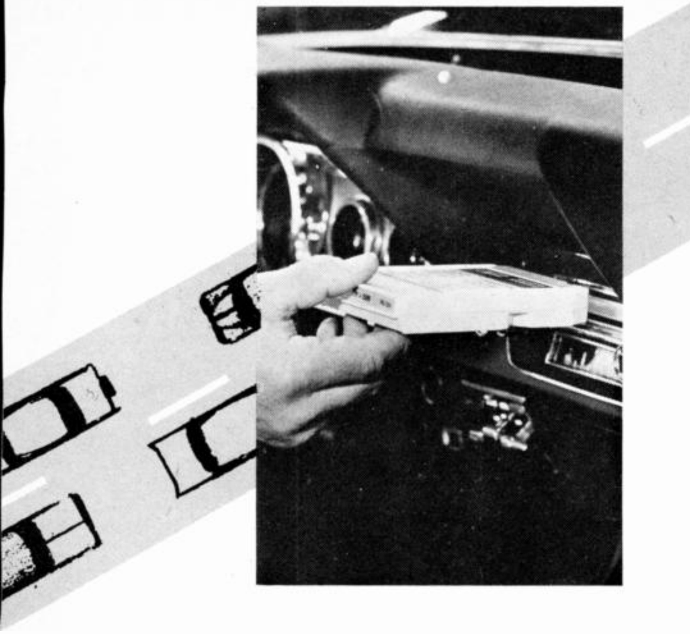


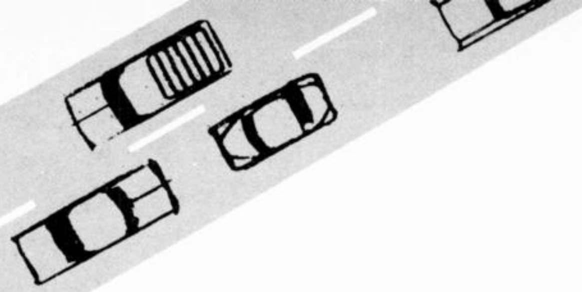
Lear cartridge—*As in Fidelipac, tape exits from inner hub, is taken up on the outer edge. But here, pinch roller to advance tape is in the cartridge itself.*

Orrtronics cartridge—*Tape exits at a 90 degree angle to the rest of the spool and passes over the player head in a horizontal position. This drawing shows player head.*

Tracing the cross currents: the tape cartridges and players on the market

Manufacturer	for car or home	mono or stereo	speakers	models and features	retail price	retail margin	label(s) sold under	type(s) of retail outlet(s)
FIDELIPAC cartridges fit these tape players								
Audio Spectrum Div. of Transit Play Inc.	car	mono	none	plays thru car radio	$69.95	25%	Audio Spectrum	home electronics, photo, automotive dealers
Automatic Radio	both	stereo	yes, 4		$109.00		Auto Matic; some private labels	electronics dealers and chains
Autostereo Inc. (partially owned by Telepro)	car	stereo	none	4 models	$89.95 to $179.95	30%-40%	Autostereo	(national distribution just getting underway)
	home	stereo	only in high-end	3 models	$149.50 to $289.50	30%-40%	Autostereo	
Craig-Panorama Inc. Div. of Craig Corp.	car	stereo	yes	2 models	$99.50 to $118.50	35%	Craig	automotive & dept. stores; thru Sears in the West
Martel Electronics	car	stereo	yes, 2	2 models	$99.95 to $159.95	40%	Auto Sonic	home electronics and automotive dealers
	home	stereo	none		$159.95	40%	Auto Sonic	
Metra Electric Corp.	car	stereo	none	3 models	$99.95 to $169.95	30%	Metra	automotive and other retailers
	home	stereo	yes	wall mount	$239.95	30%	Metra	
	both	stereo	none	compact	$84.95	30%	Metra	(to be introduced early in 1966)
Muntz Stereo-Pak	car	stereo		price includes installation	$79.50		Muntz Stereo-Pak; Ward's Riverside	franchised Muntz dealers; Aldens; Spiegel; automotive stores; car wash gas stations
	home	stereo	only in high-end	5 models	$79.95 to $129.95		Muntz Stereo-Pak	
Quality Audionics	car	stereo	none		$99.95	30%-up	Auto Phonic	automotive dealers; Sam Goody in N.Y.C.
Telepro Industries Inc. (subsidiary of Defiance Industries)	car	mono	none	plays thru car radio	$69.95	30%-35%	Porta-tape; Ward's Riverside; other private labels	home electronics and automotive dealers; gas stations
	home	stereo	none		$89.95	30%-35%	Porta-tape	(to be introduced early in 1966)
Trans World Inc.	car	stereo	yes, 4		$119.00	40%	Trans World; some private labels	home electronics retailers
Viking of Minneapolis Inc.	car	mono		built only on request	$70.00		Viking Auto Tape; Allied Radio label	
	car	stereo	yes		$159.00		Viking Auto Tape; Allied Radio label	audio shops
	home	stereo	none		$159.00			
LEAR cartridges fit these tape players								
Lear Jet Corp.	car	stereo	none	with AM radio	$117.95		Sears label	Sears Roebuck
	car	stereo	none	no radio	$105.95		Sears label	Sears Roebuck
	car	stereo	yes, 4	with radio	$179.95	35%	Lear; some private labels	home electronics, photo, automotive dealers
	car	stereo	yes, 4	no radio	$154.95	35%	Lear; some private labels	home electronics, photo, automotive dealers
Motorola	car	stereo	yes	3 with radio, 3 without	$128.00 and up		Ford; possibly other private labels	Ford; possibly other private-label customers
ORRTRONICS cartridges fit these tape players								
Ampex (will manufacture home stereo unit designed by Orrtronics sometime after Jan. 1, 1966)								
Orrtronics Inc.	car	stereo	yes, 2	(early 1966 introduction)	under $100		Orrtronic; some private labels	automotive retailers; private-label customers
	car	mono	none	plays thru car radio	$64.50		Sears label	Sears Roebuck
	car	stereo	none		$86.95		Sears label	Sears Roebuck
RCA cartridges fit these tape players								
Automatic Radio	car	stereo	yes, 4		$129.95		Auto Matic	automotive dealers
Radio Corporation of America	car	mono	yes	2 models	$99.95 & $129.95		RCA	usual RCA outlets
	car	stereo	yes		$199.95		RCA	usual RCA outlets
NORELCO cartridges fit this tape player								
Norelco	both	mono	yes	$29.50 for car adaptor	$100		Norelco	music shops; parts jobbers
3M cartridges fit these tape players								
Minnesota Mining & Manufacturing Co.	home	stereo	yes (ex. low-end)	3 models	$339.95 to $459.95		Wollensak	hifi shops; photo and dept. stores





The drive toward dynamic marketing

The giants behind the wheel

"So far, 80% of the cartridges sold were sold on the West Coast," explains Telepro's Mulcahy. "East Coast marketing hasn't been terribly successful. But now there are getting to be more and more national marketers. The people in the business have been innovators and dreamers: companies have been small and underfinanced. But now the sharp business men are coming in," he notes.

The drives by Ford and RCA are the two factors in the growing awareness of the need for aggressive marketing. To push the new product, these two giants, have used all the advertising media at their affluent disposal: tv, radio, newspapers, and consumer magazines. And a public that had never heard of a cartridge tape player four months ago now discusses the new status symbol at cocktail parties.

Ford is not just selling the Lear-Motorola units in its own cars, however; Ford is helping all cartridge players to sell. Since it is not evident from an ad that the tape player in Fords is any different from any other, the consumer is just as likely to go to Wally's Radio on 54th St. in Manhattan and buy an Autostereo player, as he is to go to a Ford showroom for the Lear-Motorola unit.

The whole market has flourished as a result. "Ford's aggressive action has raised our stock $5 million," claims Norton Cooper, new president of Autostereo. "Ford has made the whole country car-stereo conscious," says Larry Finley of ITCC. "Ford is getting the public into the store," explains David Nager, sales manager for Automatic Radio's Consumer Products Div.

The problem for the manufacturer now is how to take advantage of this new consumer interest.

In the past, many successful manufacturers relied heavily on word-of-mouth to sell their product. Earl Muntz, who claims he will sell 1 million hang-on players this year, guesses that 80% of his business comes from customer referrals. "Our whole approach is just a question of reminding people. They've heard about it from their friends," he says.

"To promote this product, advertising is not the answer," Muntz contends. "You've got to have exposure. One of the best ways to do this is to have a girl at the car wash on weekends. She asks people to step into a stereo-equipped car while their own car is being washed."

Methods like this are highly successful in California where the car is a way of life and innovation is a magic word. But a more complete marketing program is necessary on a national scale. And Muntz himself stoops to such old-fashioned practices as licensing fully franchised distributors in key California cities, advertising in local newspapers and exhibiting at automobile shows.

Manufacturers now are beginning to recognize the need to consolidate the manufacturing, distributing, and even duplicating functions, as Muntz has, but on a national scale. "Up until now," explains Autostereo's Norton Cooper, "there have been three completely different phases: the cartridge manufacturer, the OEMs who made the units, and the distributors and dubbers. We aim to solidify the whole structure.

To reach this objective Cooper and Telepro's Mulcahy joined forces to acquire interest in Autostereo Inc., Van Nuys, Calif. Autostereo's manufacturing and duplicating functions have now been transplanted to the Telepro plant in Cherry Hill, N.J., and the California company will be used primarily as a marketing arm.

Riding piggyback

In order to get the product off the shelf and to the consumer in the most effective manner, Mulcahy and Cooper have adopted a policy fast becoming popular among many cartridge and cartridge player manufacturers.

"My marketing philosophy," explains Mulcahy, "is to ride piggyback on what's in existence. So we'll do a lot of private labeling and we'll ride to the market on the coattails of some of the biggest marketing organizations in existence."

In line with this philosophy, Telepro private labels for such companies as Montgomery Ward and Cinematic and is currently in the process of negotiating with Borg-Warner and B. F. Goodrich.

Orrtronics and Lear seem to be following the same marketing philosophy. Both companies make players for Sears, and both speak of plans to bag other marketing giants.

The danger of this piggyback policy is that the OEM could be devoured by the large company it depends on. As one industry spokesman said, "How long will RCA be willing to pay that 15¢ per cartridge royality to Lear?" And already Lear has lost out to Motorola as the player manufacturer for Ford cars.

A giant counts his change

Even for the giants, the yellow brick marketing road is bumpy in spots. While Ford boasts heavy initial sales of the new unit: (20% of Thunderbirds and from 5% to 10% of other Ford models have been sold with stereos), dealers across the country are not uniformly enthusiastic about the new option.

"The price of the unit (from $128) is much too steep," complains Frank Kiesel of Gotham Ford in New York City. "And we don't make enough profit on it to make it worth our while."

New York's reception of the tape player is notably lukewarm. Many dealers do not even have demonstration units on their floors, and the average rate of sale for the option seems to be one tape player sold for every 20 or 30 automobiles.

Los Angeles car dealers are most enthusiastic about the player, with sales running as high as one player for every four or five cars. Chicago's ratio is approximately 1 out of 25, and Atlanta dealers note that the public is not rushing to buy the new player.

The retailer takes over

Part of the reason for the lack of spectacular merchandising success on the part of Ford dealers is that they are, of course, more interested in selling Fords than they are in selling tape players.

One of the few dealers in the New York City area who seems to be having any success with the unit is Ford Sales and Service in Garfield, N.J., and the basis of that success is demonstration.

Demonstration is the basis of Muntz's successful car-wash operation, too. The sound of the cartridge player—especially when it is hooked up with four speakers—is an extremely pleasant one. The car acts as a sounding chamber in such a way that imperfections in recording quality and the outside noises always present in a moving car are minimized.

Service is another selling aid for Muntz, and such successful retailers as Wally's Radio. "You've got to have a complete service operation," explains Harold Wally, who together with his father runs an automobile radio garage in Manhattan. "For one thing, the service traffic moves the tapes, and it's the tapes that make the money for you."

Wally relies on word-of-mouth referrals to sell the Autostereo and Telepro players he stocks, and such dealers as the General Motors franchise a few blocks away often send prospective customers to him. But Wally, like so many other retailers, has not settled on any one system. He is eyeing the Lear unit and planning to stock an 8-track library.

A cartridge library is the come-on many retailers use to build sales traffic. Most retailers estimate that every player sold sells at least six cartridges, and such retailers as Sam Goody stock both Fidelipac and Lear cartridges.

Goody is only one of the many electronics retailers who carry a player in one form or another. Now that the home unit is fast becoming available, the audiophile shop and the consumer electronics outlet seem obvious places to sell.

But here once again, that old bugaboo—the standard—crops up. Suppose a store has both an automotive department and a consumer electronics department, as does Montgomery Ward. Should the store carry two incompatible units in both places or one in each, or should it go all the way with one system?

Harvey Stein, consumer electronics buyer for Ward's put it this way: "Obviously, whatever the automotive industry does is going to affect us, and it looks like they're going with Lear. Our automotive department carries the Muntz and the Telepro unit, but it seems to me that, for the average American consumer, 8-track has more appeal. If we get into this, we're going to have to find some way of working with our automotive people since it would obviously be foolhardy to stock different systems in different places."

And Stein, like so many others in the industry, repeats, "A standard would be the greatest thing that could happen."

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□ □ □ □ **More blenders that cook are almost certain.** Ronson Corp., which innovated the Cook 'N Stir blender, can expect some lower priced competition, judging from trade reports and trade interest. Some buyers are spreading the word that they would like the cooking feature added to less deluxe blender models. In fact, some buyers will not be surprised if Ronson itself brings out a lower priced unit. Ronson's current model carries a $69.95 list—definitely at the high-end.

□ □ □ □ **The entire concept of no-stir cooking** is being revived by Ronson's Cook 'N Stir blender. Some trade sources fully expect to see other manufacturers try to adapt the no-stir concept to additional products. Such products would provide an answer to a longtime complaint of housewives: long periods spent over the kitchen range stirring sauces.

□ □ □ □ **Remember the SteamStir,** a product introduced several years ago that used steam to cook and to stir. The product, marketed by a San Francisco firm, retailed for about $15. It consisted merely of a metal base with a heating element and a blender-shaped plastic container on top. Water was placed in the heating base and steam entered the top through a one-way valve to cook and stir the mixture at the same time. The user simply cut down on the liquid used in the recipe to compensate for liquid added through condensation while cooking.

The firm reportedly was plagued by returns, but the concept, if perfected, could fall right in line with the appeal of the Ronson Cook 'N Stir blender, and bring no-stir cooking to housewives.

□ □ □ □ **Shaver sales will reach 7 million units** in 1966, according to industry projections made by Philip C. Weinseimer, vice president of North American Philips (Norelco). This would represent a 7.7% sales increase over Norelco's projected 6.5 million units for the industry this year. Dollar volume next year is expected to reach $130 million, for a 5.8% increase over the 1965 projected dollar volume of $121 million. Weinseimer points out that shaver sales have hovered around the 6-million-unit figure for the past six years.

Weinseimer also points out that cordless shavers are the fastest-growing segment of the industry's sales, now accounting for one of every four electric shavers sold.

□ □ □ □ **A total of 1,812 electric housewares sold** in three days is the boast of Consumer Home Products, of St. Louis, operator of leased departments in three G.E.M. stores there. Twenty-one manufacturers tied in with the annual Housewares Fair conducted at the three stores. Fifty-seven professional models helped man 60 display booths. The promotion was said to have more than doubled the usual store volume for the period.

□ □ □ □ **Keller will produce an expanded fan line** in a 200,000-sq. ft. plant addition now being completed at Milford, Va. The new facility will enable Keller Industries to expand its offerings for the 1967 season. Keller has been a leader in using plastic grilles on promotionally priced fans. Keller was formerly known as Air Control Products Inc.

When a new factory showroom becomes more than a showroom

Eureka-Williams Co. officially opened a new showroom in New York City last week, but it is certainly more than a showroom. It is a distribution center. It is a service center. It is a parts depot. It is a warehouse to back up retailers. It is a delivery pickup point for United Parcel Service (UPS). And, most important, it is a prototype of what is coming in the housewares industry—of what manufacturers are being forced to do in order to better service their retail accounts and to better bring proper product service to consumers when they need it.

Eureka sells direct to retailers in the New York metropolitan area; across the country, its sales are split about 50-50 between direct-sell and the traditional distributor setup. Eureka's distribution-center approach in New York, of course, is especially necessary because of its direct-sell setup in the area. However, even manufacturers who use traditional distributors are finding it increasingly necessary to provide retailers with backup delivery service and to reach consumers directly by providing them with better servicing of their products.

Retailers need back-up service. The warehousing rep (MW,1Nov.,p17) performs a similar service in some sections of the country. He is particularly valuable when he stocks merchandise that is sold on a direct-sell basis, but he also performs a useful service just by backing up distributors — and ultimately, of course — retailers.

General Electric Co. is moving to augment and improve its back-up service to retailers. Certainly the housewares division's decision to take over the sales and distribution formerly handled by General Electric Supply Co. can be interpreted as a step in this direction. If the retailer needs GE merchandise, he can turn to the factory distribution center to get that merchandise.

A new area for service is pointed up by GE's Servicenters, which are taking on an entirely new responsibility: that of exchanging duplicate products received as gifts. This, of course, takes a burden off the retailer, and eliminates a lot of red tape all along the distribution line when credit from the factory is sought.

But this trend also gets the Servicenter deeper into retailing. If the customer returns a gift valued at $25 and selects a $20 product in return, she may be more than willing to add some money to the leftover $5 and buy a second product. And the service centers increasingly have entered the retailing field in recent years by selling customers new products when out-of-warranty products cannot be repaired or when the cost would be too high to make repair worthwhile.

So GE's Servicenters are more than service centers. Eureka's showroom is more than a showroom. A sales rep is more than a sales rep. But most important, retailers—and consumers—are getting better service than ever before. —*Ed Dubbs*

Heater makers assess the climate: mild weather means mild sales

"The average housewares buyer is unaware that electric heaters are here to stay. Consequently, he doesn't know the best types of units to sell," remarked one manufacturer who would like to see more retailers concentrate on sales of built-in baseboard-type heaters.

One reason for boosting built-ins is to compensate for lagging portable sales, caused by generally mild weather. Most electric heater manufacturers produce both built-in and portable units, with built-ins accounting for an important share of their business.

"Built-ins have the best growth potential," says Parker Finch, vice president of Hunter.

"There will be an enormous electric heater business in 10 years, particularly built-in baseboards," predicts Allen Leighton, president of Spartan Electric Radiator Corp., a division of Chatham Bros. Co.

Sears and Penney's volume business in built-in heaters is cited by manufacturers as an example of what other retailers should be doing. J. L. Hudson, in Detroit, is cited as another major retailer selling built-in heaters.

Fan-forced radiants dominate portable heater sales. There is a trend to higher price tags, with the average retail price close to $20.

Key producers—including Toastmaster, Westinghouse, Berns Air King, and Hunter—concur on the popularity of the $20 selling price.

Baseboard sales are still small. Their share of the heater market is estimated at no more than 10% by some trade observers. But some manufacturers are encouraged by the progress of baseboard sales:

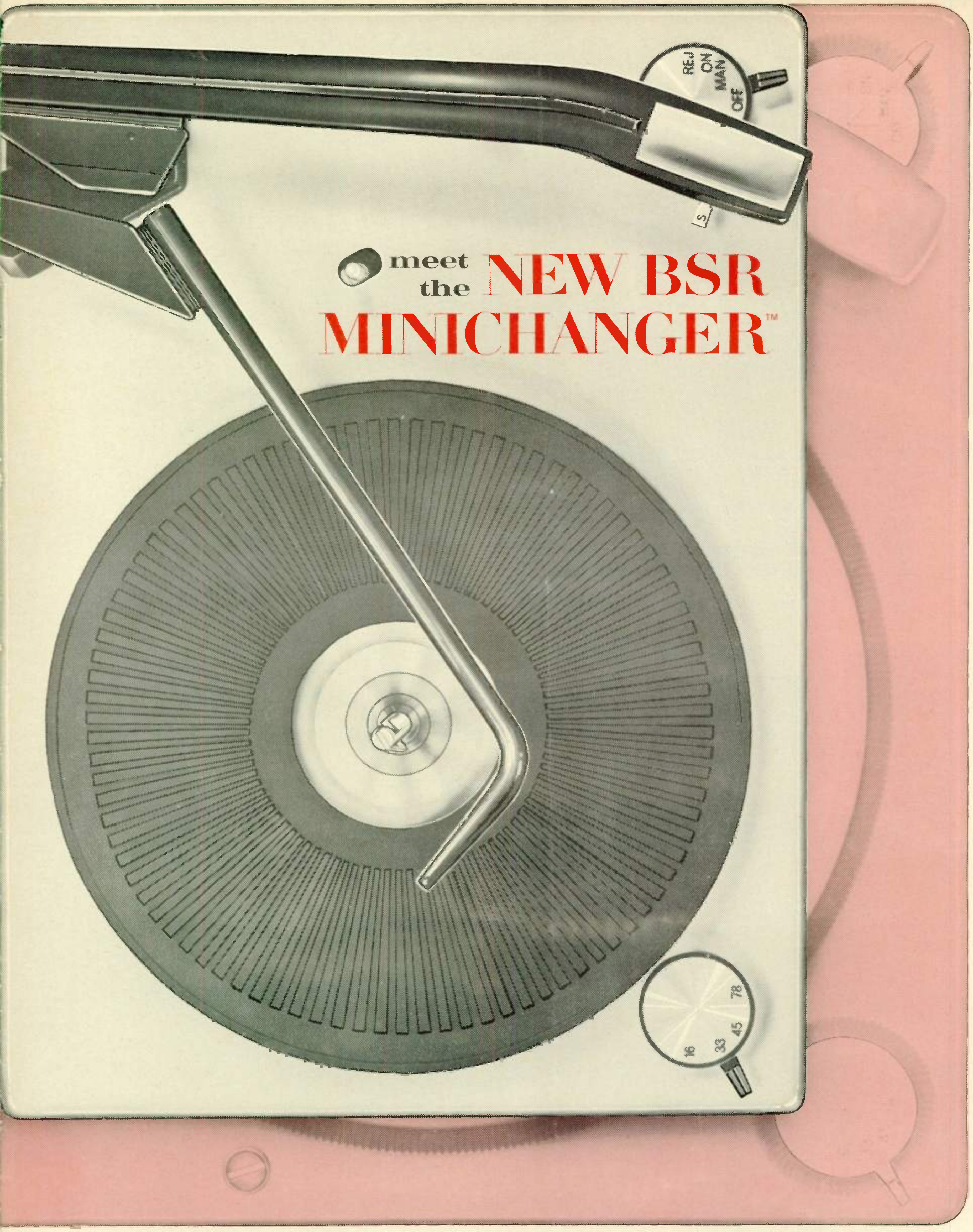
"Hunter has done very well with them, especially in department stores," said Parker Finch.

"Baseboards have given department stores the chance to come back against the $6.88 drugstore special," said Spartan's Allen Leighton.

"Our $29.95 fan-forced baseboard is very important to us," said W. F. Leuszler, sales manager of Titan.

Compacts remain a specialty item, largely confined to a few metropolitan markets.

Electric heaters continue to resurge gently as a good-margin product for retailers, chiefly as a by-product of suburban living, with added living space, and greater demand for full-time comfort and warmth. Large-volume sales potential remains—but it hangs on a good jolt of severe cold weather.



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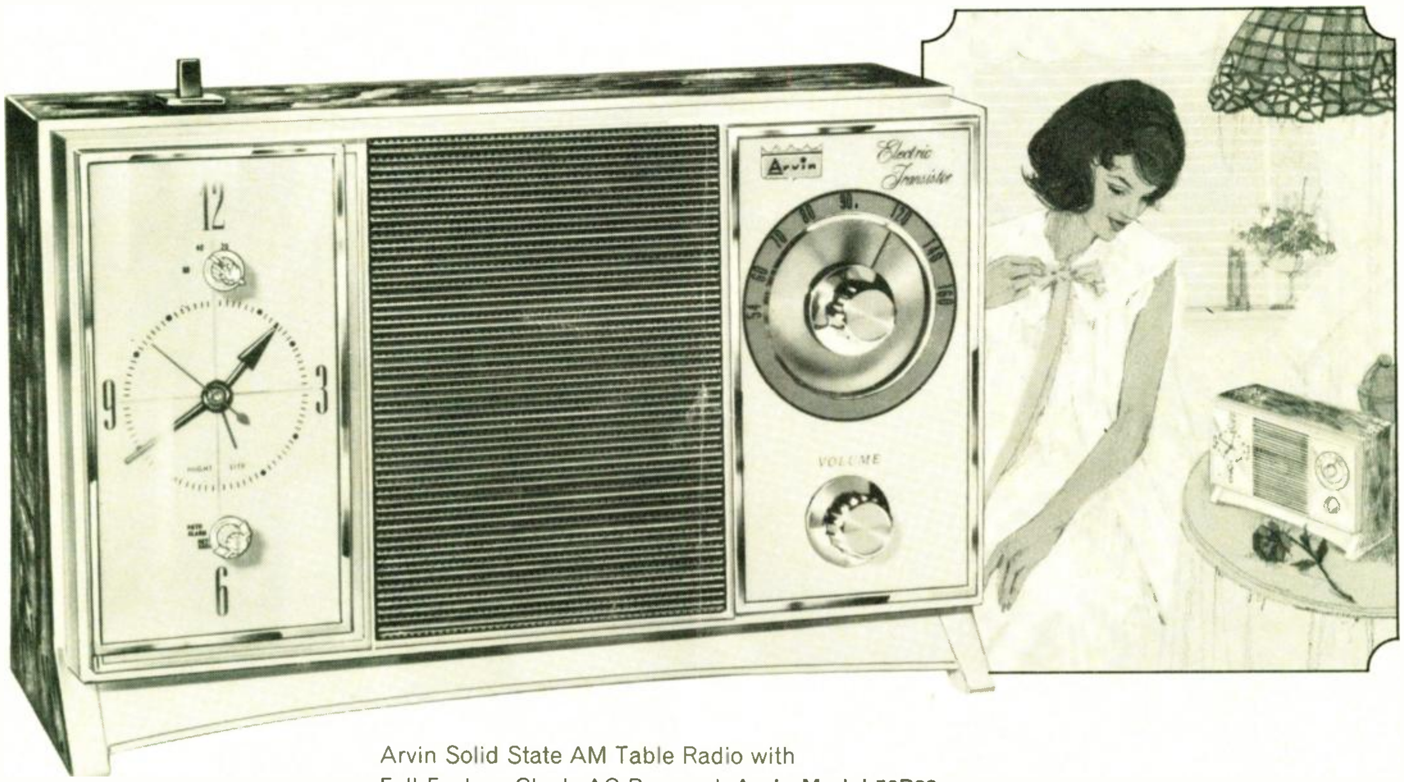

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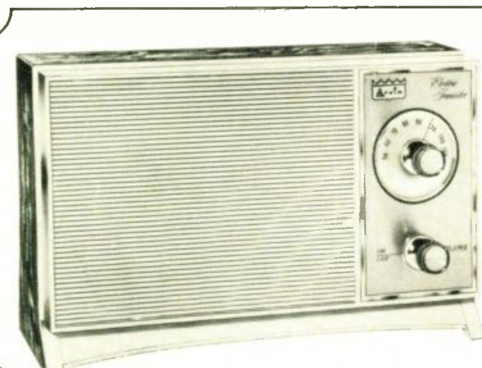

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