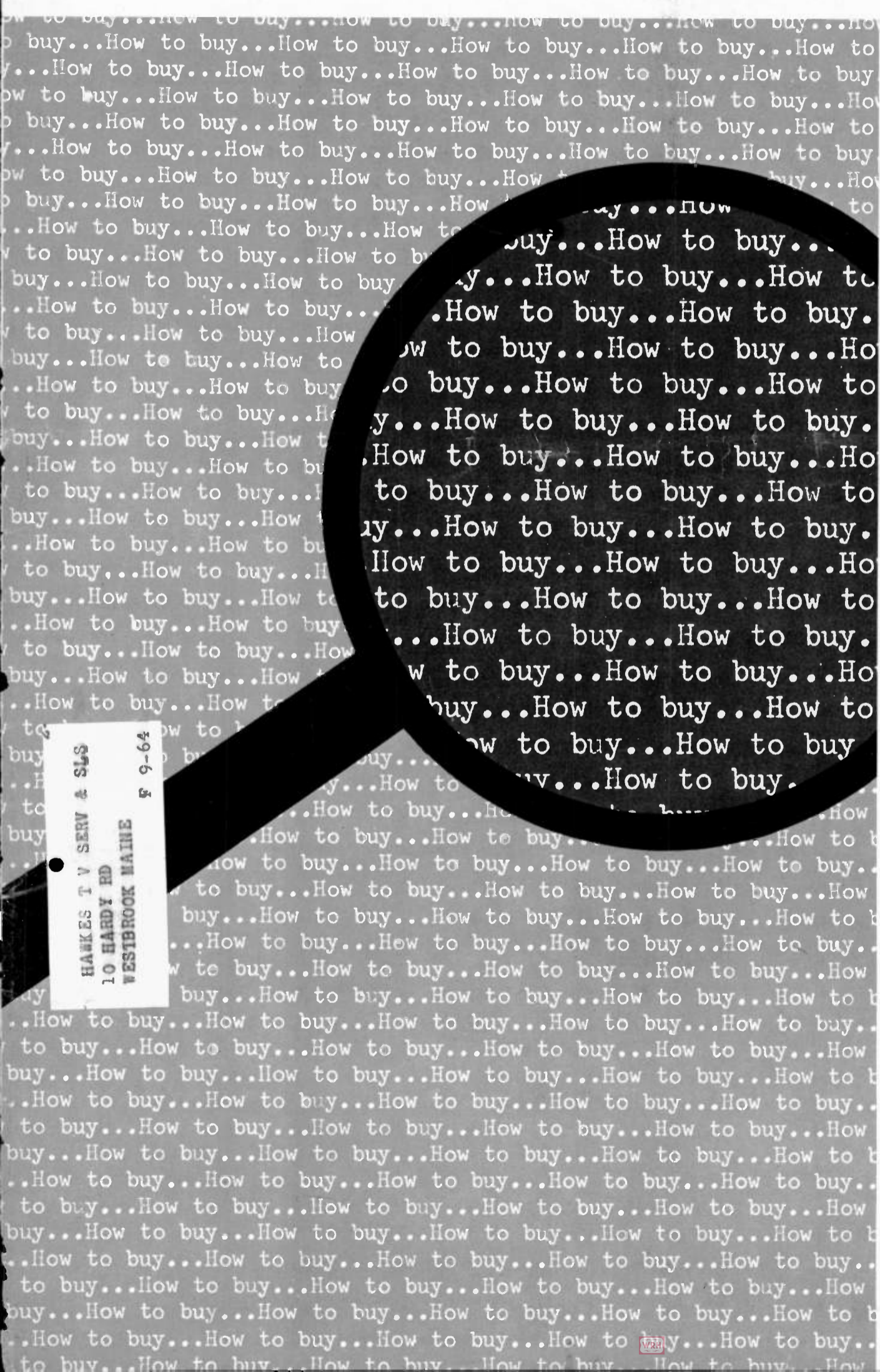


MERCHANDISING WEEK

* EDITED FOR THE APPLIANCE, CONSUMER ELECTRONICS, AND HOUSEWARES INDUSTRIES

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◀ □ □ □ When is a buy a deal?

As buying gets more complex, it becomes increasingly important that retailers clearly understand stock turns, return on investment, average inventory, and all the other factors affecting every buy. For a step-by-step guide through the critical buying process, seep.12

AT PRESSTIME □

□ □ □ □ **VTRs from Japan:** Production will reach 15,000 units in 1966, according to an estimate of the Japanese Ministry of International Trade and Industry (MITI). MITI believes that at least 9,000 of the home video tape recorders produced will be exported—principally to the U.S., reports McGraw-Hill World News from Tokyo. The 1966 export estimate is well above the 1965 figure of 3,000 units, and MITI expects output to increase even more substantially in the future: to 30,000 units in 1967, and to 50,000 units in 1968. MITI predicts 21,000 units will be exported in 1967 and 37,000 the following year. MITI's estimates are based on Sony's sales of 2,000 units since May, 1965—which includes U.S. sales of 1,500 units—and the fact that six other Japanese firms are preparing to enter the market: Matsushita, Shiba, Akai, Ikegami, Victor, and Sanyo.

□ □ □ □ **More 19-inch color tv tubes** are going into consoles as set makers shoot for the top dollar in a booming market. Zenith last week became the latest set maker to make an early introduction of 1967 merchandise and show its first 19-inch color consoles. The company has three models: two priced at \$479.95 and
continued on p.3

HANKS TV SERV & SLS
10 HARDY RD
WESTBROOK MAINE
9-64



¡Cabeza de Vaca! You call this Spanish?

Never, never argue furniture styles with a woman. Just grit your teeth, smile, and show her Packard Bell. Mediterranean, Early American, Traditional, Provincial and Contemporary styles. Authentic, original styles. Made out of solid hardwoods. Handcrafted, handrubbed and made like the fine furniture it is. Ole!

Some exclusive profit-protected franchises are still open—in the East, Midwest and South. Send coupon for complete details.

Mr. Paul Bryant • Packard Bell Sales
1933 South Bundy Drive
Los Angeles, California 90025
Phone: (Area Code 213) 272-6141

Packard Bell 

name _____ store name _____

address _____ city _____

state _____ telephone _____



Show her Packard Bell

a step-up at \$489.95. The 19-inch consoles come in Contemporary and Early American cabinets of hardwood veneers and solids. RCA recently introduced a series of 19-inch color consoles, including a half-dozen models listing at \$499.95.

Zenith also showed four new 21-inch models priced from \$469.95 to \$529.95. Among the new models are a pair of swivel-based consoles in grained walnut or grained mahogany finishes at \$489.95. There is also a new 25-inch console in walnut veneers and solids at \$599.95.

Starting this month, Zenith will begin delivering these sets in quantities, according to L. C. Truesdell, president of Zenith Sales Corp., and styling will remain unchanged when the balance of the June line is introduced.

□□□□ **Housewares show exhibitors total 1,124** for July, filling to capacity the exhibit space at Chicago's McCormick Place. Dolph Zapfel, managing director of the National Housewares Manufacturers Assn., which runs the bi-annual exhibit, said a record number of housewares producers requested space for this show.

□□□□ **Hotpoint has two new side-by-sides.** The two refrigerator-freezers were introduced as part of a 6-model Royal 600 line. The two side-by-sides are a 20.8-cu.-ft., 36-inch unit that will retail for \$549, and a 26.4-cu.-ft., 48-inch unit that will sell for \$599. Also in the new line are a 13.7-cu.-ft., top-mount model for \$278 and a 16.6-cu.-ft., top-mount unit for \$329. Completing the line are two bottom-mount units: a 14.7-cu.-ft. model for \$329, and a 17.1-cu.-ft. unit. All models are no-frost.

Color has come to Hotpoint's freezer line for the

first time, with the addition of 12-cu.-ft. (FV312G) and 15-cu.-ft. (FV515G) upright models in copper-tone. Both units are 32 inches wide.

The company also introduced two large-capacity window air conditioners. They are a 14,000-Btu unit that carries a suggested retail price of \$209.95, and an 18,000-Btu model for \$249.95.

□□□□ **A tv set with a 3-inch screen** will be sold in the U.S. this year. Standard Radio Corp. of Japan has just concluded a contract for the sale of 15,000 of these transistorized black-and-white receivers to a U.S. manufacturer, reports McGraw-Hill World News from Tokyo. Shipments will begin this month. Although Standard Radio would not reveal the U.S. purchaser, the industry believes it is Symphonic. The set measures 7.1 by 3.4 by 6.7 inches and weighs only 5.3 lbs. Standard intends to produce about 2,000 units per month of this model within the year.

□□□□ **Hitachi may sell color tubes here** next year, reports McGraw-Hill World News from Tokyo. But the company denies any plans to sell 19-inch color tubes in the U.S. in 1966. Hitachi intends to begin negotiating with the Sampson Co. at midyear for 1967 exports of the tube. But for this year, Hitachi said, it must meet growing Japanese demand.

□□□□ **The international split over color tv** deepened last week when a French-Russian commission recommended the SECAM III system to their respective governments. The commission predicted the system would be used in their countries within the next two years. Another system the commission studied would have been compatible with the U.S. approach.

Norge takes a new direction in distribution

Norge is in the process of overhauling its distribution system after conducting a six-month regional warehouse experiment on the West Coast.

The experiment began last July when Norge opened its first regional distribution warehouse in Clearfield (Utah) to serve the company's seven independent West Coast distributors. All seven are located within 1,000 miles of the warehouse.

The idea behind the experiment is that the distributor's function is shifting. "We want to relieve the distributor of the costly warehousing function," said Len DeCoster, Norge's newly-appointed director of physical distribution. DeCoster said that with increased direct-to-dealer shipping, the distributor's role is changing. "In my view," he explained, "the distributor's major function is the selling function." In the future, he added, distributors will concentrate on promotion, advertising, and dealer assistance.

From the distributor's viewpoint, too, a change is occurring. At least one independent West Coast Norge distributor thinks so; J. B. Calder, of the J. B. Calder Co., in San Francisco, forecasts that gradually the distributor will be primarily concerned with selling. He even goes so

far as to predict that, in the face of increased direct-to-dealer shipping, the distributor may eventually be replaced by company agents who will handle selling functions. (For a full report on the evolution in distribution, see MW, 20 Dec. 65, p.11.)

The results of the experiment in Clearfield were striking, according to DeCoster. Some dealers saved as much as 4% of the total product cost by shipping directly from the warehouse, thus eliminating local handling. Delivery time to dealers and distributors was cut from a range of 12 to 20 days to 4 or 5 days. And West Coast distributor inventories were reduced more than 44% by the end of 1965, compared to a 3.7% cut for Norge distributors in all other parts of the country.

The average distributor inventory turn-over period was cut, too—from 9.3 weeks to 5.2 weeks. Direct-to-dealer shipments increased from 10% to 23%. Unit purchases by individual dealers rose because direct shipping meant an added saving. And, finally, DeCoster said, Norge accounts receivable on the West Coast were reduced by nearly 50%, compared to a 20% reduction of other Norge distributors.

Other Norge regional warehouses

may not produce equal savings, because of local transportation needs and other variable cost factors, DeCoster pointed out. In some regions, the savings are expected to be slight or completely negligible.

Here is how the change was made on the West Coast. First, there were two favorable factors: the Clearfield warehouse is relatively close to all the distributors, and the long-haul rate by rail is low. Combined, these two factors cut down appreciably on additional local handling.

To cut delivery time, Norge arranged to send partially filled boxcars directly to a single distributor, rather than send a full boxcar to several successive points. Loaded trailer vans were shipped "piggyback" by rail; the vans were then trucked to local distributors and dealers.

Administrative changes were made as part of a company-wide consolidation effort stressing the total coordination of functions. Consequently, the functions of forecasting, production scheduling, warehousing, order processing, and shipping were placed under the control of the new physical distribution department headed by DeCoster.

Paperwork was speeded up by

electronic data processing equipment. And communications by wire speeded up relays between the Chicago-area factory and the Clearfield warehouse.

Norge plans wider changes using the Clearfield methods. Four more regional warehouses will be opened—two of them before the end of this year. Two will be located in the Midwest, one in the East, and one in the Southeast. One of the two Midwestern warehouses will be in Effingham, Ill.

One of Norge's West Coast distributors seemed happy with the new Clearfield system. Robert Barry, sales manager of J.W. Lancaster Co., an independent San Francisco distributor, acclaimed the experiment's success.

"March was our biggest month in three years in unit sales. We sold more in March than in January and February together, and those two months were not bad," Barry said. He estimated that 50% of his sales were sent direct to dealers from Clearfield and expects these shipments will eventually rise to 70% of sales. When asked if he thought the distributor's function was shifting to selling, he said, "Yes. I think it must." —Lawrence Locke

Mercury's new cordless, cartridge tape recorder is really a handful;



except to operate and sell.

Recording and playback are a snap with the tiny Recordomatic. Just snap-in the cartridge and go for an hour—anywhere you go. Even in a car or boat. And when it's not talking back, it's playing music that sounds as good coming out as it did going in. Includes omni-directional microphone with remote start/stop; patch cord; shoulder strap; library rack; and blank cartridge. Just about the handiest (and easiest-to-sell) tape recorder for business, school and just for the fun of it. **AND FOR ONLY \$89.95.**

**That's
about the size
of it.**
(the exact size)

Handful of Features Include:

CARTRIDGE TAPE SYSTEM: Loads instantly, plays for an hour. Tape stops automatically at end of hub—cannot break, tear or come loose. Cartridge contains 300 feet of tape.

SOLID STATE CIRCUITRY: Insures heat-free, trouble-free operation (with instant starting) through the elimination of tubes.

CAPSTAN DRIVE: The same type tape drive system used in the finest professional recorders.

EASY OPERATION: Single control for start, stop, fast wind and rewind. Includes built-in interlocking safety button.

SEPARATE VOLUME CONTROLS: Regulates record and playback volumes separately.

INPUT AND OUTPUT CONNECTIONS: Provides extra facilities for recording and playback through radio, phonograph, TV set, other tape recorder.

REMOTE START/STOP: Built into microphone—starts and stops recorder at the touch of the finger.

DYNAMIC MICROPHONE: Ultra-sensitive and omni-directional. Can be hand held or clipped to pocket, lapel or shoulder strap.

VU METER: Shows accurate recording level and condition of batteries.

BREAK RESISTANT CASE: Handsomely styled hi-impact polystyrene case protects inner mechanism.

BATTERY POWERED: Plays for months on five ordinary "C" batteries. Plays anywhere, anytime—in any position.

AC OPERATION: Accessory adapter enables unit to be plugged into any standard AC outlet; simultaneously rejuvenates batteries.

STANDARD EQUIPMENT: Microphone; patch cord; shoulder strap; cartridge library rack; blank cartridge.

OPTIONAL EQUIPMENT: AC adapter; telephone pickup; foot pedal control; stethoscope headphones; noise-concealing microphone.

LIST PRICE \$89.95



SPECIFICATIONS:

WEIGHT: 3 lbs., including batteries

SIZE: 7³/₄" x 4¹/₂" x 2¹/₄"

OUTPUT: 250 mW

FREQUENCY RESPONSE: 120-6000 cps ± 3 db

WOW & FLUTTER: .35% @ 1⁷/₈ ips

TRACK WIDTH: .06 inches

SIGNAL-NOISE RATIO: — 45 db

MERCURY

MERCURY RECORD CORPORATION • HOME ENTERTAINMENT DIVISION • 35 EAST WACKER DRIVE • CHICAGO 60601

Hitch-up our new cordless, cartridge tape recorder to our deluxe cordless phonograph and you'll sell every recordomatic you can lay your hands on.

We're so sure of it, we'll give you the phonograph (\$49.95 list) plus the demonstration display Free!

Talk about a sales-producing demonstration! The Recordomatic sounds sensational by itself. But wait 'til you (and your customers) hear it record and playback directly through the AG 4126 Phonograph. It's so easy to do—and it sounds so great, it'll sell more Mercury Recordomatics than all those "other" cartridge tape recorders combined!

In fact, we're so sure of it, we'll give you the phonograph; the permanent display; plus all the necessary wiring and connectors absolutely free—when you buy just 20 Recordomatics (list price only \$89.95). With the demonstrator working for you, they'll just about sell themselves.

Of course, you may have to do a bit of talking about the Recordomatic. But look what you have to talk about: it uses an instant-loading cartridge that plays for an hour. It's cordless so it plays anywhere (in cars and boats,

too). And it has a made-for-men, hi-impact polystyrene case that's as rugged as it is good looking.

Features include: solid state circuitry; capstan drive; single control for start, stop, fast wind and rewind; separate volume controls for record and playback; VU meter; and input and output for external recording and playback. Complete with omni-directional microphone with remote start/stop; patch cord; shoulder strap; library rack; and blank cartridge.

All that for less than \$90.00

Less than all the other cartridge tape recorders. And with more profit for you. And remember! The phonograph and demonstration display are free — but for a limited time only! What are you waiting for? Call your Mercury distributor or write for complete information today!



MERCURY

MERCURY RECORD CORPORATION • HOME ENTERTAINMENT DIVISION • 35 EAST WACKER DRIVE • CHICAGO 60601

□□□□ The possibility of appliance shortages looms for the end of this year. Eight AFL-CIO unions have come up with a new twist for bargaining with the electrical industry, a twist that could lead to some serious work stoppages at contract renewal time in the fall.

The unions, headed by the International Union of Electrical Workers, want to negotiate collectively with two giants of the industry—General Electric and Westinghouse. The unions contend that in the past they have been divided and GE and Westinghouse have been able to play one against the other.

The first reaction of the two big companies is a firm "No." Many observers doubt that the unions can maintain their united front in the face of industry resistance. But the effort could lead to work stoppages. With the soaring economy gobbling up goods at a rapid pace, a prolonged strike could cause untold hardships among appliance dealers.

□□□□ The resignation of E. William Henry as chairman of the Federal Communications Commission could result in some changes for the television industry.

Henry has been a hard-line regulator. He is credited with steering through the commission the rather strict rules covering operation of Community Antenna Television systems. With the commission normally split, a more conservative chairman could help ease regulatory pressures on television.

Pending before the commission are three proposals whose fate will be in some doubt with Henry gone. These would limit tv network control to 50% of programming in prime time, limit ownership of tv stations to three outlets, and provide for a nationwide system of pay tv. Henry favored all three.

□□□□ The lagging home-building industry, with its huge market for appliances and furnishings, got a boost last week. The Federal Housing Administration raised its maximum permitted interest rate on insured single-family mortgage loans from 5½% to 5¾%. The Veterans Administration followed suit. At the lower interest rate, borrowers were finding it almost impossible to get loans.

□□□□ The issue of a tax increase is still up in the air. Against the advice of most economists, President Johnson has been stalling, hoping prices will level off.

He may have made his point: wholesale prices are holding steady, unemployment is up a notch, and food prices are expected to level off. If this holds true through spring, the President will not request a tax rise, at least not until after the November elections.

You Profit More with SPEED QUEEN



We Wish We Had a Dozen Ann Olsons:

(So do other laundry appliance manufacturers.)

As Speed Queen Home Service Director, Ann Olson has gained national recognition as an authority in home laundering methods. For example, at the above meeting for the Columbia Gas Co. of Columbus, Ohio, Ann presented their home economists with information and professional guidance on fabric care, detergents, and modern laundry techniques. Many questions were asked and answered. Naturally, these women also learned about the quality and dependability of Speed Queen washers and dryers. Keeping utility home economists well informed about Speed Queen appliances is obviously a definite aid to Speed Queen dealers. Just another plus that helps dealers profit more with Speed Queen!

A SHORT COURSE IN HOME LAUNDERING



TO WASH

1. Sort clothes by color and fabric.

2. Wash in hot water with detergent.

3. Rinse in cold water.

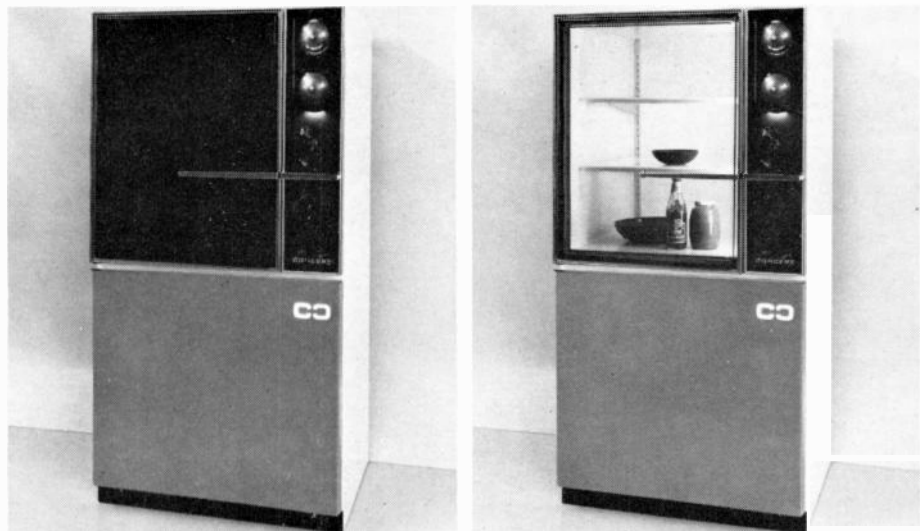
4. Dry in a dryer or on a line.

5. Iron while still slightly damp.

"SHORT COURSE" IN HOME LAUNDRY

This condensed summary of washing and drying techniques, prepared by Ann Olson for classroom use, is a valuable hand-out piece for schools, colleges, and home economists in the utility field.

McGraw-Edison **SPEED QUEEN**
a division of McGraw-Edison Co., Ripon, Wisconsin 54971
FAMED FOR DEPENDABILITY



Refrigerator mock-ups show dark plastic front (left), lighted interior

Plastic firm looks to future with new design 'Concept'

The jostling for position between steel and plastics producers for bigger shares of appliance manufacturers' dollars was given a new twist last week by a plastics manufacturer.

A design-oriented program, dubbed "Concept," is being conducted by Rohm & Haas Co., a Philadelphia-based chemical firm (For a look at U.S. Steel's marketing strategy, see MW, 28 Mar., p. 14.) Since early this year, Rohm & Haas has been showing manufacturers mock-ups of a refrigerator (above) an automatic washer, a phonograph, and a tv receiver—all with exteriors styled and executed in Plexiglas acrylic plastic.

Rohm & Haas hopes to stimulate the acceptance and use of Plexiglas in new design areas, according to Jack Ballard, the company's market development coordinator for industrial molding patterns. Ballard said the mock-ups have been shown to Admiral, Emerson Radio, Frigidaire, General Electric, H. H. Scott, Hobart, Hotpoint, Kelvinator, Lear Jet, Motorola, RCA, Tappan, and Warwick. Two giant private-label retailers—Sears Roebuck and Montgomery Ward—have also seen the

mock-ups. By mid-May, Sylvania, Voice of Music, and Gibson will have seen the units, too, said Ballard.

Prototypes are being made for two manufacturers who have expressed interest in the mock-ups, Ballard said.

The 1967 lines could incorporate new applications of plastic, Ballard said, since the switch to plastic requires no major engineering changes. Ballard said the units would appear at the high end.

A new design using plastic is shown in the refrigerator mock-ups above. The door to the top half of the unit, which appears dark, is actually bronze-colored; it is made of two Plexiglas sheets separated by a 1/2-inch insulation space. When the interior light is on, the Plexiglas becomes transparent. The light is turned on either by opening the door or by pressing the handle. The temperature control dial is in the upper righthand corner; below it is a clock. Under the clock is a compartment that pulls out like a file drawer and contains two bins separated by a center divider. The freezer is at the bottom.

RCA nears the marketplace as the cartridge race speeds on

The tape cartridge ball is rolling faster and faster. Even as new companies keep cropping up, the old familiar faces—like RCA—are consolidating their positions or branching out into new areas.

RCA's 8-track cartridge player for the home (MW, 28 Feb., p.7), now slated for August distribution, will come in two versions: a component-type deck priced between \$80 and \$100, and a self-contained unit with speakers that has not been priced.

Motorola will make the deck for RCA's consumer products division, as well as for other manufacturers. While RCA will provide the speakers for its self-contained player, it does not plan to make its own players until 1970. RCA's plans call for a cartridge deck in a stereo music center—but not this year.

The big market for players in the first year or so will be in automobiles, according to Buz Durant, president of RCA Sales Corp. Even so, RCA will not make a car player.

"But," says Durant, "the fact that these new tape players come out of the auto market makes them a completely different breed of cat from the reel-to-reel recorder or our present RCA-system, 2-hub cartridge recorder. And the different types of tape players will complement each other in different markets."

A recording 8-track player is not possible in the present state of the art, according to Durant. In fact, the only existing continuous-loop recording players are 4-track. Only Muntz Stereo-Pak is now selling a 4-track recording unit, but Craig Panorama hopes to market its 4-track recording player within the year.

The record companies are preparing summer and fall cartridge releases. Liberty Records, with its purchase of TDC Electronics of Omaha, became the first record company to buy an existing cartridge duplicating operation. Capitol Records will be setting up its own duplicating facilities.

□□□□ Packard Bell's first small-screen b&w tv set (MW, 20 Dec. 65, p.7) will be introduced at the company's June 13-17 dealer show. The 9-inch transistorized set will be imported from Matsushita Electric for distribution under the Packard Bell label; no price has yet been set. The decision to enter the under-19-inch market was influenced by a survey forecast that 50% of all b&w portables sold in 1966 would be smaller than 19 inches. Packard Bell's marketing plans include other small sizes and the company is still looking for a Japanese firm to make the sets it will need.

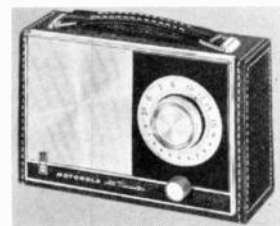
□□□□ MARTA has ordered 10,000 color tv sets from Motorola. Bernard Artz, president of MARTA, the New York-based home electronics and appliance retail co-op, said the order—worth approximately \$5 million—"underwrites our confidence in continued strong consumer demand for color television. Our dealers report that they cannot secure sufficient national brand-name tv receivers to meet current demand, and we anticipate that this shortage will worsen next fall when the peak selling season arrives."

□□□□ Westinghouse makes changes in WASSCO. Within its Westinghouse Appliance Sales and Service Co., Westinghouse has created one new distributor region, the Gulf Coast region, and modified four others. The new Gulf Coast region includes factory branches in New Orleans, Dallas, San Antonio, El Paso, and Albuquerque, plus independent distributors in Houston and Birmingham.

In the four other changes, the Southwest region was renamed the Midwest region and now includes factory branches in St. Louis, Memphis, Kansas City, Oklahoma City, and Denver, with an independent distributor in Arkansas.

The new Southeast region includes branches in Miami, Atlanta, Charlotte, and independent distributors covering parts of Kentucky, Tennessee, Alabama, and Georgia. The San Diego district, formerly part of the Los Angeles district, includes Imperial and San Diego counties. The Fresno district, formerly part of the San Francisco district, now includes Kings, Fresno, Tulare, Madera, Mariposa, Stanislaus, Merced, Tuolumne, and Kern counties.

□□□□ Motorola is aiming for the Youth market with its new line of 1966 portable radios. The six AM and three AM-FM models show new, revamped packaging, emphasizing color and presentation, to appeal to Young America. The \$9.95 AM leader, which has seven transistors for the 1965 price of six, comes in polystyrene case of either charcoal, beige, or light blue. The step-up 8-transistor AM model, at \$12.95, has a speaker grille with a spun-metal look and horizontal sweep dial scale. The top-of-the-line AM portable, in black Texon cabinet, is \$27.95. The AM-FM leader, a 10-transistor model, is priced at \$49.95—down \$5 from the 1965 leader. The AM-FM line is topped by a 10-transistor model in a black cowhide case for \$74.95. The company predicts 1966 portable radio sales should hit 6.3 million units.



A \$23.95 AM portable

□□□□ **One family in 10 bought laundry appliances** during 1965, according to a 46-state survey conducted by the American Home Laundry Manufacturers Assn. In 1964, the 10% point was reached in only 26 states. Leading the states in 1965 was the District of Columbia, where 15.7% of all families bought new washers and dryers. Other high-ranking states: Louisiana, Nevada, Oregon, Hawaii, Delaware, and Nebraska.

□□□□ **Norge factory sales rose 29%** in the first quarter of 1966, compared to the first quarter of 1965. Shipments reached one of the highest levels for any quarter in the company's history, according to A. B. Kight, Norge president. John S. Wolfe, vice president of home appliance sales, reported dealer orders "approaching \$10 million" during the recently completed sales meetings in Venezuela.

□□□□ **You can get tips on kitchen planning** from the Edison Electric Institute's recently published revised edition of "A New Fresh Look at Kitchen Planning." Copies of the brochure, which was compiled by EEI's home service committee, can be obtained from EEI, 750 Third Ave., New York, N.Y. 10017.

□□□□ **The American Institute of Kitchen Dealers** will hold its 1967 convention in early March in Washington, D.C.

□□□□ **A new trade association has cropped up** in California. The newly-formed Electric and Gas Industries Assn. consolidates the former Northern California Electrical Bureau and the Gas Appliances Society of California. The new association includes 43 appliance dealer associations in northern and central California. Headquarters will be in San Francisco's Merchandise Mart, in the space formerly occupied by the two separate groups.

□□□□ **Chambers is offering a new 5-year warranty** on its Imperial built-in ovens, surface ranges, and console ranges. The warranty guarantees both gas and electric models against defects in parts and workmanship.

□□□□ **The tape cartridge patent scramble** has become even more tangled as a fourth manufacturer of blank cartridges (MW, 14 Mar., p.3), with a fourth set of patents, joined the fray. That manufacturer, Audio Devices, has started production of both 4-track system and 8-track system blank cartridges and hopes to hit full production by May. While the company claims to hold patents on its cartridges, it may enter into licensing arrangement with another manufacturer. Already pending in the industry is a Telepro suit against Lear Jet Corp., and Telepro is also threatening to sue Amerline for patent infringement.

In July, Mercury Records will release prerecorded tapes compatible with the imported Dutch cartridge recorder-player (MW, 14 Mar., p.3) it introduced for \$90. The recorder resembles those sold by 3M and No-relco. Liberty Records has developed the Track-Pac, a cartridge package that can be stored on a plastic track under a car dashboard. Sentry Industries hopes to introduce a \$109 8-track car player in August to supplement its 4-track home deck now selling for \$129.

The 'new' numbers for tv: advertising the FTC way

TV salesmen will have to learn a new vocabulary in the next few months. The chart below shows the scope of the lesson the industry's salesmen must master before the year is out.

The reason for the change is the new Federal Trade Commission rule governing the calculation of picture tube sizes. Essentially, the FTC will require the industry, starting Jan. 1, to use only the viewable dimensions when advertising tv picture tubes.

Under the new rule, the industry can continue to use a diagonal measurement in ads, but, because of the switch to viewable area, all the familiar numbers will shrink at least an inch. For example, the 19-inch black-and-white portable will become an 18-inch set.

The industry can also advertise square inches or the width and height of the picture tube.

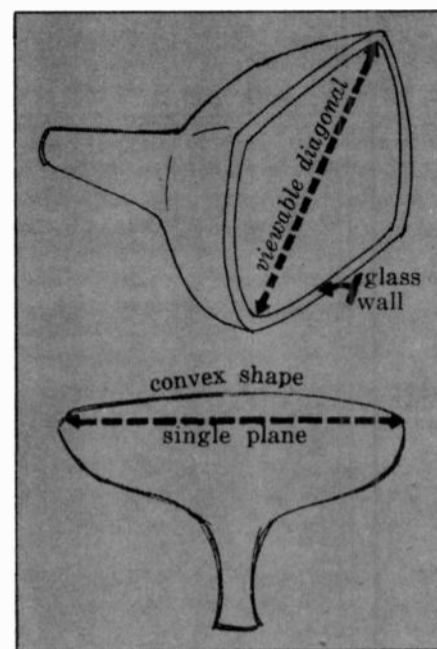
What this new rule means, then, is that 15 years of consumer education and industry practice has been swept away.

The retailer's role in the new rule was pointed up by Jack Wayman, staff vice president of Electronic Industries Assn.'s consumer products division.

"It is also hoped that . . . retailers . . . will remove in-store banners, specification sheets, line folders, and other descriptive literature made obsolete by the new rule," he said, "as soon as is practical after Jan. 1."

The new strategy: Faced with a new set of numbers, manufacturers are still pondering which path to take: (1) use smaller diagonal measurements or (2) advertise square inches. The industry today leans toward retaining the diagonal figure, but the consensus is anything but firm.

Everyone is watching RCA and Zenith. "If RCA and Zenith go the square-inch route," explained one set maker, "and I went diagonal, then I would be in trouble."



FTC view: tubes must be measured on viewable diagonal, single plane

What has emerged thus far—besides a reluctance for set makers to commit themselves to new numbers—is something of a triumph for Motorola, the company that kicked up a storm over the upcoming 21- and 22-inch rectangular color tubes.

Under the new rule, both the Motorola 21-inch and everybody else's 22-inch color tubes will have 20-inch viewable diagonals. Even the 25- and 23-inch tubes will have to come down in next year's advertising; the 25 will become a 23 and the 23 will shrink to a 22.

What is clear at the moment is that ad plans for the second half of 1966 will not be affected by the FTC rule. And, because business is so good, no set maker professes to be deeply concerned about the rule. But there already are signs that some are searching for new ways to comply and still retain the familiar numbers next year. —Donald S. Rubin

Tv's changing picture: a look at what the FTC wants

	What industry uses now		What FTC will require Jan. 1	
	Over-all diagonal	Viewable diagonal	Height x width	Area in sq. in.
Color tubes	11-inch	10-inch	7x9	60
	15-inch	14-inch	9x12	102
	16-inch (imported)	14-inch	10x12	124
	*19-inch (imported)	18-inch	12x15	176
	19-inch	18-inch	12x16	180
	21-inch round	19-inch	+	265
	21-inch	20-inch	14x17	223
	22-inch	20-inch	14x17	226
	23-inch	22-inch	15x19	268
	25-inch	23-inch	16x20	295
	B&W tubes	9-inch (imported)	8-inch	6x7
9-inch		9-inch	6x8	42
11-inch		10-inch	7x9	60
12-inch		12-inch	8x10	74
13-inch		12-inch	8x10	79
15-inch		14-inch	9x12	103
16-inch		15-inch	10x13	125
17-inch		16-inch	11x15	141
19-inch		18-inch	12x15	172
21-inch		20-inch	13x17	212
23-inch		22-inch	15x19	282
24-inch		23-inch	17x21	332
25-inch		24-inch	16x21	327
27-inch		26-inch	19x24	425

*Approx. measurements. +Dependent on type of mask used by set manufacturer.

Ask M.J. Guiheen and Westinghouse about clock radios that light up, go places, talk to each other and sell like hotcakes.



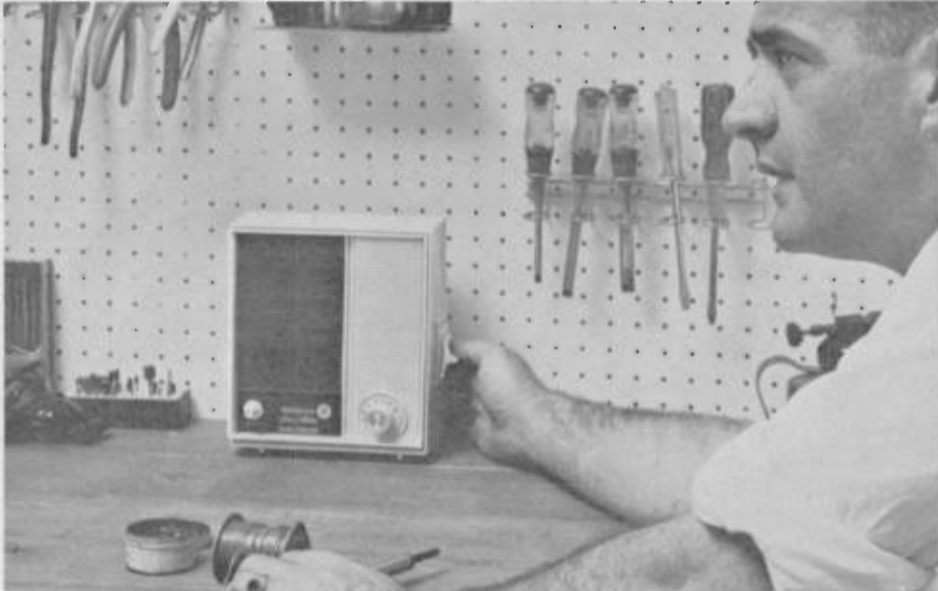
"As Sales Manager for Westinghouse radios, phonos and tape recorders, I know that the more you can offer a customer, the less resistance he'll offer you. Here are three new ideas that were built for you, to those specifications.



"Here's a **Travel Clock Radio** that's really a gem. The high impact case is finished in a textured leather look... has a metal plate that can be engraved with the owner's name or initials.



"The clock has a jewelled movement, runs a day and a half on one winding and doesn't draw on the batteries. The miniature radio is fully transistorized, with all the features of a full-sized clock radio including sleep switch that shuts it off automatically. Wakes with music and bell in the morning. Designed to sell for \$29.95!*



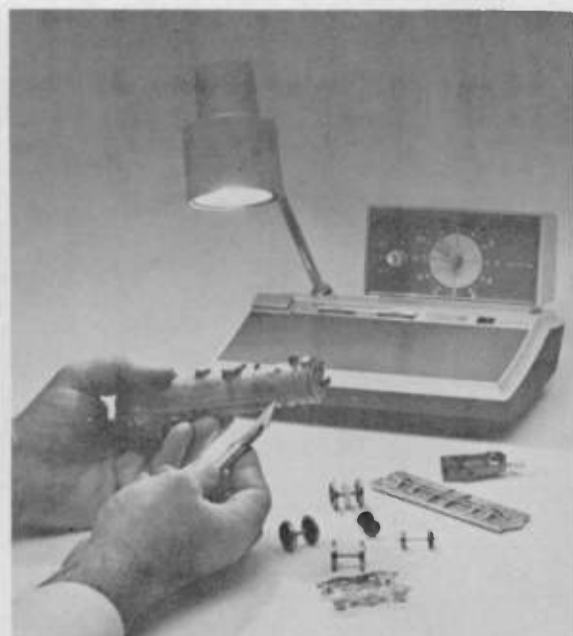
"These **Spacemaker AM Radios** work together as an intercom, too. Connection is by wire to assure privacy, prevent interference and provide long, trouble-free service. One unit contains a deluxe clock.



"The 'talk-listen' switch on either radio can be locked in 'talk' position so a room can be constantly monitored (to keep an ear on a child, for example). You can sell it for \$39.95.*



"The new **Lumina** series is the triple-threat star in our lineup. These models combine a Westinghouse-developed high-intensity push-button lamp with a radio. Lamp requires no transformer because it uses the new Westinghouse high intensity 100 volt bulb... has a specially designed shade that keeps cool, won't scorch or burn. Made to sell for \$29.95.*



"This model has the same lamp. As on every Lumina, the bracket telescopes out and swivels around for maximum convenience. Radio here, too—plus a deluxe clock with 'glow-in-the-dark' face. Your customers can buy it for \$39.95.*

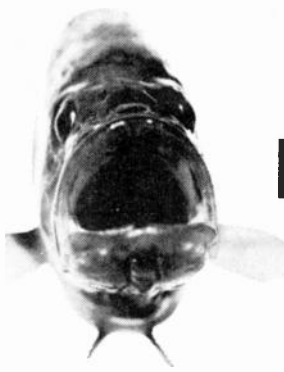


"And here's the top of the line. Same lamp and radio with full feature clock that can be set to shut off automatically. Doze button yields another fifteen minutes snoozing time when tapped in morning. Lists for \$49.95*."

*Suggested list price.
Local dealers determine actual selling prices.

You can be sure if it's Westinghouse



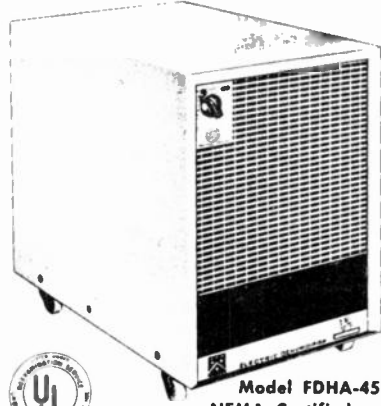


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city

state

zip

The Man Who . . .



. . . hammered an idea—he calls it “marketing through aesthetics”—into a lucrative merchandising concept for many industries in the home goods field is now swinging hard at housewares. He is Norman Ginsberg, president of the National Design Center, and this week, in Chicago, he and his colleagues will try to do a remarkable thing for the housewares industry: wake it up, promotionally.

On April 21 and 22, Ginsberg will shepherd five outstanding authorities on design, who comprise the National Design Center Board of Design, through a warehouse crammed with nearly 500 housewares products. These will be the products they selected last July at the Housewares Show in the preliminary go-round of the bold, badly needed Design in Housewares Awards Program, sponsored by the National Housewares Manufacturers Assn. and coordinated by the National Design Center (MW, 6 Dec. 65). (The products represent a cross-section of all categories of housewares and come from 160 manufacturers.)

The Board's goal: to select about 100 that will project a sophisticated image of the housewares industry to today's more sophisticated consumers. (Or didn't you know that, in many quarters, the image is more schlock than sophistication?)

The Program's goal: to encourage manufacturers and retailers to rally around these products for a massive promotion that will capture for housewares a bigger share of today's bigger consumer dollar.

So far, so good. The housewares industry has not, for years, had the pleasure of a successful industry-wide promotion. So the Design in Housewares Award Program is a fresh start, and a welcome one. The idea that you can sell something better if it is designed better *makes sense*. Ask Olivetti. Ask Walter Hoving. Ask Tucker Madawick or Coco Chanel or Edward Durell Stone. But for openers, why not ask Norman Ginsberg?

Ginsberg will tell you that the public will towards good taste is aggressively seeking out good things and that price is no longer the shibboleth of aggressive competition. He will tell you that you must be vividly competitive in design to establish and hold a firm footing in today's marketplace.

And he can prove it with the exhibits in his great Design Centers in New York and Chicago. And with his promotions in other home goods industries.

So listen to him when he counsels you later this spring on how to sell good design in housewares. And be grateful that NHMA has had the good judgment to seek his advice for its first industry-wide promotion.

—Walter R. Browder, Editor

Unfair! Gibson r.a.c. Dealers
 already have exclusive Air-Sweep,
 Hydro-Coil and Designer Fronts.
 And now, 100% Fresh Air exclusively, too?



No one has more exclusive air conditioning ideas to sell than Gibson Dealers have. No one! So it's no accident that Dealers have made Gibson a top line – toughest, fastest-growing of the industry! Just look at the four features mentioned above. Power-driven Air-Sweep, the strongest single sales exclusive on any line! Hydro-Coil, for 10% more efficient cooling. Designer Fronts, which add smart styling to coolest cooling. And now, 100% Fresh Air, Gibson's exclusive control which delivers over 4½ times as much fresh air as competitive models. Be unfair to competition, fair to yourself, with the great new Gibson line!

PRODUCTS OF HUPP CORPORATION, MARKETING BY GIBSON REFRIGERATOR SALES CORPORATION, GREENVILLE, MICHIGAN

you'll be glad you've got

Gibson

*Refrigerators, Freezers,
 Room Air Conditioners, Ranges*

How To Buy: a real-life game that pays off in business success

By Wallis E. Wood
Cover by Joan Bacchus

The rules of the game

Here is a game you can play that will help you review the fundamentals of retail buying. Play fair and by the end you will know your share of market, net profit, return on investment, gross margin, the number of stock turns you get each year, and what your monthly inventory should be. Play the game and you will know what to do the next time a distributor salesman is in your office and says, "I've got a deal for you. Thirty dishwashers, 5% off, and an extra \$50 co-op."

Step 1: Find the size of your market

If you don't know the shape of your market—who your potential customers are—you are out of the game before you even start. Your business is buying goods and selling them at a profit. You can't sell what the market won't buy. Your market is your trading area: a county, a town, a suburb, 20% of a city, or perhaps a certain income group.

Once you know, or decide what your market is, find out what the market bought in the last three years. You want to know unit sales and dollar sales by class—for example, color tv, b&w tv, stereo, tv combinations, wringer washers, automatic washers. Also get numbers for products you do not carry; if dishwasher sales, for example, are rising rapidly and you do not have a dishwasher in stock, perhaps you should.

Where you get the figures: from utilities, newspaper market research departments, distributors, Chambers of Commerce, State Departments of Commerce, and/or the Federal Reserve. Perhaps the easiest place to get them is from your distributor salesmen. If they do not have them, insist they get them.

These numbers will tell you whether your market buys at the low, middle, or high end of the line, and, roughly, how products are doing by class.

Step 2: Find your share of market

To find your share of the market, divide your unit sales by the market's unit sales and your dollar sales by the market's dollar sales.

For example: suppose the market bought 12,259 washers for \$2,585,181 in 1965; 16,117 washers for \$2,643,188 in 1964, and 15,497 for \$2,835,951 in 1963. Suppose you sold 1,152 washers for \$246,528 in 1965; 1,140 washers for \$220,020 in 1964, and 1,038 washers for \$194,106 in 1963.

Your share of the units has not improved much; it went from 6.7% in 1963 to 7.0% in 1965. But your share of the dollars rose from 6.8% in 1963 to 9.5% in 1965, which indicates you are getting a better price than your competitors. You can take the next step happily.

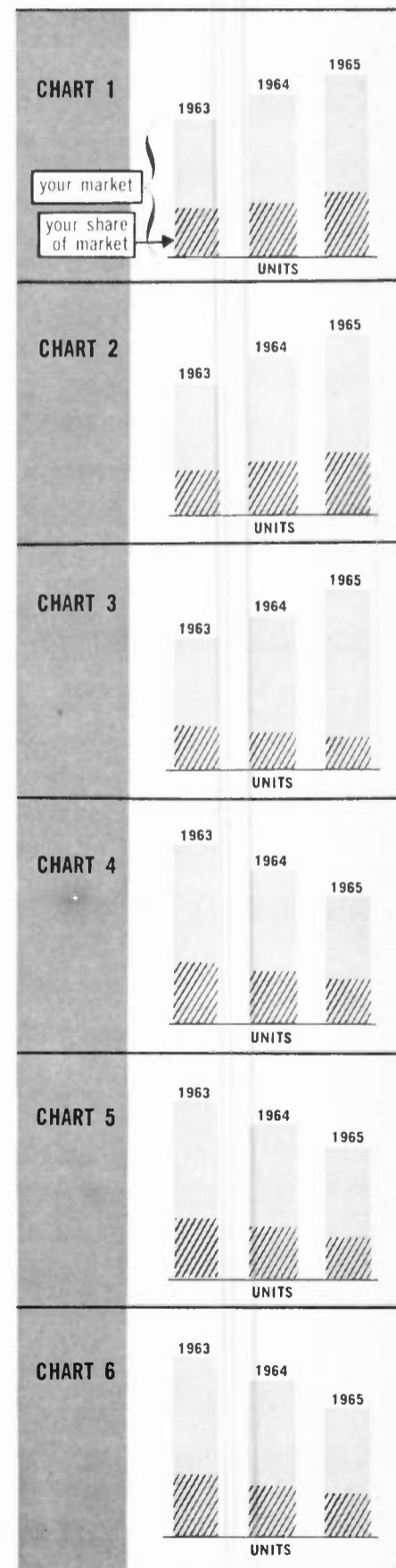
Step 3: Make charts

You want to know how the market has been changing and you want to see how you fit in. Use the information from Step 2 to make charts that might look something like this:

Chart 1 indicates that the number of units sold in your market area has risen a steady 20% a year since 1963. Your share of this number has remained a steady 15% each year. The market's dollar volume has climbed at the same rate, and you've retained your same share each year. You are holding your price line and maintaining your share of the market in both units and dollar volume, but you are not improving your position.

Chart 2 shows that the number of units sold and the dollar volume have been steadily rising at the same rate. Your share of the units has also risen at the same rate, but your share of the dollar volume has been slipping. You are selling at the low end of the line.

Chart 3 shows that unit sales and



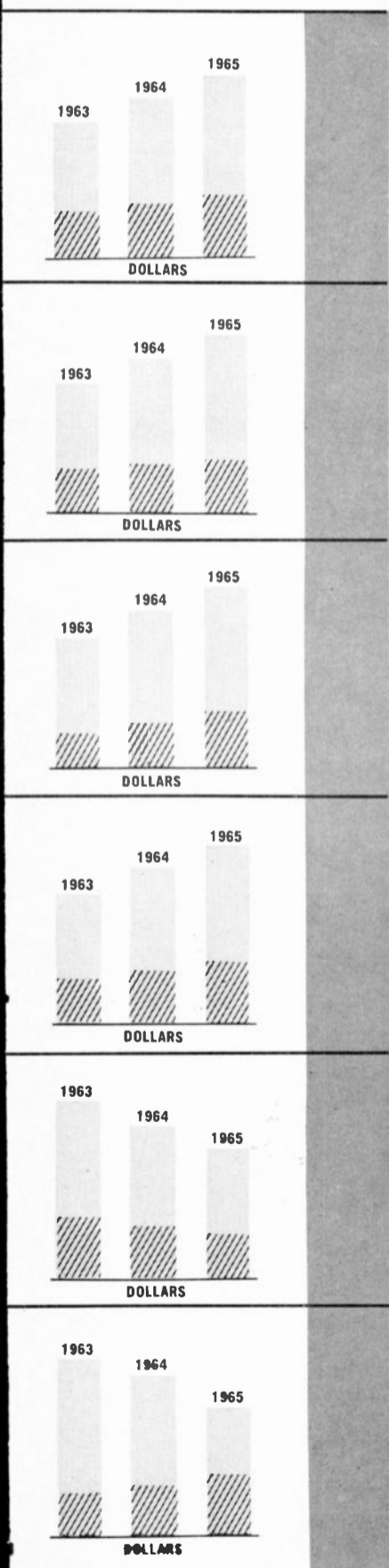
dollar volume have been rising, but your share of the units has been falling. However, your share of the dollars has been rising, which indicates you have been selling at the high end.

Chart 4 indicates that unit sales are down, dollar volume is up. You are maintaining your share of the market—selling, like everyone else, fewer, more expensive units—but you are not improving your position.

Chart 5 indicates that unit sales and dollar volume are both off in the market, and your share of both is also slipping.

Chart 6 illustrates the case where the market's unit sales and dollar volume are both off. Your unit sales are also off, but you have been able to sell more at the high end of the line so you have increased your share of the market's dollars.

These examples are exaggerated to illustrate various kinds of movement. Charts will, however, show clearly what has been happening.



Step 4: Figure your net profit

Share of market is only one indication of a business's health. The other two are net profit and return on investment. You should know from your P&L what your net operating profit before taxes was for the last three years. NARDA's national averages, incidentally, were 1.75% for 1964, 1.41% for 1963, and 1.14% for 1962. These are for "merchandise + service" firms.

Set a reasonable profit goal for your operation. What is reasonable? That depends on how reasonable the retailer is.

(These figures ignore, incidentally, other income, other expenses not connected with operating the business, and taxes. If you have a large rental income, you can improve your profit picture significantly—but do not brag about how much money you make in the appliance business.)

Step 5: Determine your return on investment

The return you receive on your investment in your business indicates how well you use your capital. Do not confuse return on investment with salary (or with profit). You are paid a salary for your labor. You are also paid a return because the business is using your money.

To figure return on investment, divide the tangible net worth into the net profit. Suppose your tangible net worth (outstanding stocks, surplus, and profits, less any intangibles in the assets) is \$129,863, and suppose you had a \$21,683 net profit last year. Your return on investment is 16.7%—not bad considering that the NARDA is around 9%.

Suppose, on the other hand, you had three times as much invested in the business, \$389,589, and made the same profit (which could well be a healthy 4% on sales). Your return now is only 5.56%, and your money can earn almost that much in a bank account.

A low return indicates you are not using your capital efficiently. A high return may indicate you do not have enough money in the business, and if sales slipped slightly you could be out of business overnight. How high is too high? It depends on the retailer.

Step 6: You tire of paperwork

"The important thing, after all, is to sell. If you sell enough, the buying will take care of itself," you say. "Too much paperwork rots the mind." Go to Step 14 and sell yourself out of business.

Step 7: Find your stock turns

To find the number of times your inventory turns in a year, divide the total cost of merchandise sold by your average inventory.

Example: in 1965 you bought \$390,520 worth of goods. Your average inventory was \$65,359. (To find your average inventory, take the value of the inventory four times a year, add, and divide by four.) You divide \$390,520 by \$65,359 to get 5.97 turns—not bad. What do turns mean?

If you get too few turns—say under four a year—you may be carrying too much inventory and hurting your profits. You also may be in a special market that has special requirements (making custom installations, for instance).

If you get too many turns—somewhere over eight or nine—you may not be carrying enough inventory and are missing sales. Or you may be close to your supplier and be able to sell out of his inventory, which can result in higher costs because you do not get quantity discounts.

Keep the business formula in mind whenever you buy: Gross Profit multiplied by Turnover, minus Expenses, equal Net. What you want to do is increase your Gross, increase your stock turns, reduce your expenses. If you do this, the Net will take care of itself.

Step 8: Aim for a good gross margin

A good gross margin is one that covers your expenses and leaves something for profit. If your gross is 30.9% of sales, and your expenses are 31% of sales, you are in trouble.

According to NARDA's last Costs of Doing Business Survey, national gross margin averages for "merchandise + service" firms was 26.18% in 1965, 26.86% in 1963, and 28.06% in 1962. Total operating costs for the same years were 24.43%, 25.45%, and 26.92%, respectively.

Because you know what your expenses are (that is another game, called "Stopping Profit Leaks"), you know what sort of gross margin you have to shoot for to improve on NARDA's figures and to improve on your performance last year.

Assuming your expenses stay the same (which doesn't happen in real life anyway), remember that you only hold your own when your gross margins go up and your stock turns go down, or when your margins go down and your stock turns go up. To get ahead of the game, maintain or improve your margins while increasing your stock turns, or maintain or improve turnover while increasing margins.

One thing to keep in mind: greater volume—faster stock turns—usually means greater expenses (service, storage, freight, etc.). Higher gross margins do not usually mean much higher expenses. Work on improving both margins and turns, but remember that you might wind up selling yourself right out of business (See Step 14).

Step 9: Set sales goals

This is the hard part. If you set your goals too low, the business will not grow as well as it could. If you set them too high, you will carry too much inventory and hurt your profit.

Set a goal for every product you carry, or intend to carry. And set a goal for both dollars and units. Why not, you may ask, just simply set a total sales goal—say 15% over last year—and then set a goal for each product? This would be all right if you were sure that you would sell every product equally well, which is unlikely. If you had done this in 1965, and managed to improve your automatic washer business 15%, you would have done significantly better than the industry, which increased only 6.52%. But if you had increased your color television business only 15% . . . well, industry sales increased over 100%.

If you have done Steps 2 and 3 correctly, you have a pretty good idea of how the market has been doing, and how you have been doing in the market. To make an intelligent forecast, you must know whether the total market is growing or shrinking, whether sales of a particular product are growing or shrinking, and you should have some idea how fast the changes are happening. In any sales forecast, you must consider local growth patterns, population trends, industrial activity, housing construction, and anything else that affects how and what people buy. You can also use manufacturer projections for the total industry; get them from the distributors.

What you are trying to do is set high sales goals for those products on which you make money, lower goals for those products you carry as a service to your customers, and to maintain a good relationship between dollar sales and unit sales. Because you will only stay in business if you make a profit, it is probably better to try to improve your share of the market's dollars rather than your share of the market's units—though, if you get one, you may get the other.

What do you do with a product like color television which you cannot predict accurately on the basis of past sales? You go to the experts. Talk to marketing people at the factory. Read the trade press and see what the industry is predicting. Talk to other retailers around the country. Get as much information as you can and then hope for the best. Revise figures every quarter if necessary to keep up with a volatile market.

Once you have dollar sales goals for every product, add them up and you have your sales goal for the year.

Step 10: Find your average monthly inventory

You now know how much you expect to sell (Step 9). To keep it simple, say you budget total sales of \$1,000,000.

You also know what sort of margin you intend to get (Step 8). Say you are shooting for 28%. If you maintain your margins and reach your sales goal, the goods will not cost you more than \$720,000. (28% of \$1,000,000 subtracted from \$1,000,000).

continued on next page

the buying game

continued

You also know how many turns you can expect (Step 7). Say you had 4 turns last year, and think you can get 5 this year. You now know what your average inventory should be: \$720,000 divided by 5, or \$144,000.

What this means is that when your average monthly inventory falls below \$144,000 you are open to buy. When it rises above this figure, you are not open to buy. It is that simple.

Keep in mind, however, that \$144,000 is an *average* inventory. Seasonal merchandise, like air conditioners, will throw it off considerably. When you are entering the big fall selling season, the inventory will be high, but when you come out it may be low. To see what happens when the average creeps up, see step 12.

Step 11 You are helped by your brother-in-law

Your wife has insisted that you let her younger brother, who just graduated from college, prepare your figures. Wait until he is finished, then go back to Step 1.

Step 12: You decide to carry enough inventory to have something for everyone

There is another way to look at stock turns. Use the same example as in Step 10. For the year, the goods cost you \$720,000, and your average inventory is \$144,000. In other words, if everything sold equally well and if you bought only when the warehouse was empty, you would buy five times a year. In effect, you are selling your entire inventory in about 70 days.

But suppose you decide you need more selection, more models, more brands, and your average inventory creeps up to \$205,700. Now if everything sold equally well, and if you bought only when the warehouse was empty, you would have had to buy only three and a half times a year. Instead of selling out in 70 days, you are selling out in about 105 days.

This means that, on much of your merchandise, the manufacturer's floor plan has expired, and therefore some of your cash is tied up in inventory. It means that you are paying more for storage and for maintaining the stock. It means you are not able to buy a manufacturer's specials because you cannot move the older stock you already have. It means that you cannot discount your bills, and it may mean that the bank will look at a loan application with a cold eye.

This has also assumed sales have maintained their pace. What happens if the economy sneezes and sales slip slightly? If you are turning your inventory five times a year, you have a cushion: you can stop your buying and work to reduce your inventory. If you are turning your inventory only three and a half times, you have no cushion . . . and more than one retailer has come down hard.

Step 13: Plan your purchases with care

To see what you are open to buy, by month, prepare a three-month

worksheet. Use wholesale cost figures and set it up like this:

Monthly Open-to-Buy Worksheet

Planned end-of-month inventory (cost)	\$ _____
Add: planned cost of goods sold	\$ _____
Total: requirements for month (cost)	\$ _____
Subtract: opening month's inventory	\$ _____
Result: open to receive for month	\$ _____

The second and third months are set up the same way. This tells you how much you can spend during each month; it does not tell you what to spend it on.

How much any article, book, or lecture can help you is limited. This game attempts to show principles and procedures; it cannot tell you what to do in each specific case.

You must know your market well enough to know, for example, when refrigerators sell best, and whether you can sell more 2-door top-mount 13 cu. ft. boxes or 2-door bottom-mount 11 cu. ft. boxes.

If you need help with seasonal selling patterns, *MERCHANDISING WEEK* publishes these every year in its Annual Statistical Report. This year, the percentage of annual retail sales, by product and by region, appeared in this magazine's January 31st issue, on page 62.

A guide to product mix is the annual appliance sales breakdown by type of product compiled by the Na-

tional Appliance & Radio-TV Dealers Assn. (NARDA). Here, for example, are the 1964 percentages:

- Black-and-white television—13.6%
- Color television—12.2%
- Refrigerators—17.4%
- Washers—13.1%
- Electric ranges—7.5%
- Gas dryers—1.9%
- Radios, hi-fi equipment, and record players—7.5%
- Air conditioners—7.1%
- Electric dryers—3.6%
- Gas dryers—1.2%
- Dishwashers—3.5%
- Cabinets, sinks, and food-waste disposers—1.3%
- Home freezers—3.1%
- Vacuum cleaners—1.3%
- All portable appliances—2.2%
- Other major appliances—2.5%
- (Total—100%)

These figures are averages. If, for example, 13.6% of your store's 1964 sales were black-and-white television, you did what the average NARDA dealer did.

Step 14: How to go broke while making a profit

It is possible for you to go broke even though you increase your sales, inventories, assets, and net worth every year. Here, in a simplified form, is how:

Suppose you start a business with \$30,000. You put \$10,000 in inventory, \$10,000 in other assets (a truck, cash register, etc.), and keep the remaining \$10,000 in cash. Your net worth is \$30,000.

At the end of the first year, you discover that sales have increased and your inventory is now worth \$19,000, your other assets are \$12,000 (you bought, say, another truck), and you have \$9,000 in cash. Your net worth now is \$40,000.

This pattern continues for the next four years as you increase your inventory and other assets each year. Here is what happens:

A Troublesome example of Net Worth Growth

	1st year	2nd yr.	3rd yr.	4th yr.	5th yr.	6th yr.
Inventory	\$10,000	\$19,000	\$28,500	\$35,000	\$42,500	\$ 60,000
Other Assets	10,000	12,000	14,000	20,000	30,000	40,000
Cash	10,000	9,000	7,500	5,000	2,500	—
Net Worth	\$30,000	\$40,000	\$50,000	\$60,000	\$75,000	\$100,000

At the end of the sixth year, when the income tax man comes around, you will not be able to pay him.

Why not, you might argue, go to the bank? The answer to that one is: when sales increase faster than liquid net worth, banks take notice

and become reluctant to lend money.

The point is that you must keep a healthy balance between inventory, fixed assets, and cash. Growth alone will not do it. And the retailer who has to sell a refrigerator to pay his rent bill is in trouble.

Step 15:
You decide color tv is a passing fad

Go back to Step 1 and get the numbers for color television unit sales and dollars sales for the last three years in your market. They have been going up. Have you?

Step 16:
Make a good buy—price

There are three steps to take before you buy anything. Take them within the framework of your total business: what you plan to sell for the year, the gross margin you intend to maintain; the turnover you need.

Determine first, therefore, what the merchandise will cost. This is the price you pay to get the goods into your warehouse. Subtract co-op funds, special allowances, or anything else to get the true cost. Once you know what the goods cost, you should also know whether you can do better from another supplier. Ask for concessions—delivery, co-op, and the like—whether you think you can get them or not. If you never ask, you will never get them.

Before you place the order, figure your gross profit dollars and percentage. Be sure you will price competitive in the market and still make your percentage *before* you place the order.

Step 17:
Make a good buy—need

If you decide that the price is right, check your inventory records to see whether you need the merchandise. Do you have any in stock? Is any due in? Needless to say, you *must* keep a record of everything you buy and everything you sell. Without such records you are driving blind.

It is probably a mistake for most appliance retailers to carry duplicate models of different brands. For example, if you carry four lines of major appliances, you do not need each manufacturer's 2-speed, 14-lb. automatic washer. When you carry duplicate models, you dilute your buying power. If you can sell a carload of such washers in 70 days, why divide the car among four suppliers—and lose the carload price?

Step 18:
Make a good buy—movement

Once you have decided that the price is right and have made sure that you do not have the merchandise in inventory, you must decide whether you can move the merchandise in a reasonable period of time.

To decide this you must know whether you are going into a selling season or out, how you have moved the same merchandise in the past, and whether the demand is likely to continue. Do not buy a carload of, say, side-by-side refrigerators—or anything else—if it will take you six months to sell them out.

Why not? Because the purchase pushes up your average inventory, cuts down your turns, and ties up your capital. The interest you begin to pay at the end of the free floor planning period cuts down the original cost advantage. With your capital tied up, with space in your warehouse tied up, you cannot buy merchandise that will move. And your job is not to provide storage space for the manufacturer's products. Your job is to move goods.

Step 19:
Go broke while buying at the lowest price

By now everyone who plays this game should know how to go broke even though he buys at the lowest possible price. Just as retailers sometimes concentrate all their efforts on selling, and ignore their buying, it sometimes happens that a retailer will concentrate on buying and ignore selling.

The best price in the world does not make a deal a good deal—one in which you should invest your time and money—unless you can sell the goods. How you buy is intimately bound up with how you sell, and if you can't sell something, don't buy it. Remember that you only start to make money when you are almost sold out.

For example: you buy 50 color television sets at \$449.59 (the distributor's "hot price"). You want, and get, a 28% gross margin which covers your expenses (24%) and gives you a nice 4% gross profit. But how does this work out in dollars?

You sell the sets for \$625 each to get \$31,250. The sets cost you \$22,497.50. Your expenses are \$7,500. This leaves \$1,250—you don't make any money until you sell the last two sets. If your gross is lower or your expenses higher, you will not make anything until you've sold the last set, and only part of that sale might be profit.

And what do you think happens if demand falls off and you have to cut the price to move the last few sets? That's right, you are cutting profit.

Step 20:
Keep your suppliers on their toes

A retailer must trust his suppliers, and he must use his suppliers' help, but he should not, as Prof. William R. Davidson has said, "develop an excessive reliance upon the supplier. This often puts the appliance dealer in a weak position when it comes to buying merchandise."

Davidson, professor of marketing at Ohio State University, says that retailers must buy on a regular, business-like basis—not at a trade show at 4:00 o'clock in the morning, not at lunch with the supplier, in an atmosphere established by him. "We should buy on our own premises where we are in control," says Davidson, "and we should buy on a business-like basis."

Davidson suggests that retailers see all salesmen from all manufacturers to remain informed, but that they buy from a limited number of regular suppliers.

Retailers should keep written notes on all price quotations and rumors of quotations. Davidson says, "This is valuable to remind suppliers of promises or commitments made during negotiations, and it can be used to play off one supplier against another."

Step 21:
You make a mistake

No one is going to buy right every time. You are going to make mistakes. Hopefully, no single mistake will be big enough to put you out of business. If you watch your inventory records and your sales records, you should not be caught often.

When you are caught with a bad buy, however, get rid of it. The first mistake is the least expensive mistake. The longer you hold onto merchandise, the more expensive it becomes. If the merchandise is on floor plan, you have to pay interest. If you buy it to keep from paying the interest, your capital is tied up.

When you find you have bought something that simply will not sell at the price you want, spiff it, cut the price, or, if necessary, do both. You are in business to move goods and make a profit. Sacrifice some profit to get rid of slow-moving goods—you probably will save in the long run.

Step 22:
Break the rules

You can break any of the rules of this game—as long as you know what you are doing. You first have to know the rules. Retailers slip into trouble because they do not know what the rules are and break them without thinking. There is a place in business for intuition and hunches, as long as intuition is based on fact. You may have a feeling about a new

product, or a hunch on which way the market is going to go. Operate on these feelings within the framework of this game.

This game is like a roadmap. There is no reason why you cannot get off the road for a while, as long as you know you have left the main road, and as long as you keep in mind where you are going. You may know a shortcut. If it is a true shortcut, take it. Only be careful it does not lead you into a swamp.

Step 23:
Make it all pay off

Now you know what to do when the distributor salesman comes into the office and says, "I've got a deal for you. Thirty dishwashers, 5% off, and an extra \$50 co-op."

The first thing you do is check the price. According to your records, you have been paying \$159 each for this model and been selling them for around \$220. If you can maintain the price, you will be able to make an extra \$8.00 on each machine. You also know (for the sake of this example) that this brand and model dishwasher is competitive in your market and that none of your other suppliers could match the deal with a comparable model.

You next check your inventory records to see what you have in stock, and what you have ordered. Your dishwasher inventory is not particularly high or low. You do not have an order coming in. You are also open to buy.

You know this because you have planned an end-of-the-month inventory of \$101,600 and you planned to sell \$42,317 worth of goods in the month. Your total requirement for the month, therefore, is \$143,917.

You went into the month with an inventory worth \$95,321, so at the beginning of the month you were open to buy \$48,696 (Step B). Because you have bought only \$35,000 worth of merchandise so far this month, you can easily afford this \$4,530 buy. If you had already bought, say, \$49,000 worth of goods in the month, you would probably turn him down whether the price was right or not.

If the price is right, and you can handle the inventory, you must decide whether you can move 30 dishwashers in 70 days to maintain your turnover. Check your records to see how dishwashers have been moving in the past three months, and how they moved last year at this time. You must decide whether the extra co-op is enough help, whether you cut the price or whether put a spiff on them. Are they worth keeping for more than 90 days because you will be moving into the dishwasher season?

Only when the price is right, when you have a need, and when you think you can move the merchandise should you make a buy. Then you have *bought* the deal, you have not been sold.

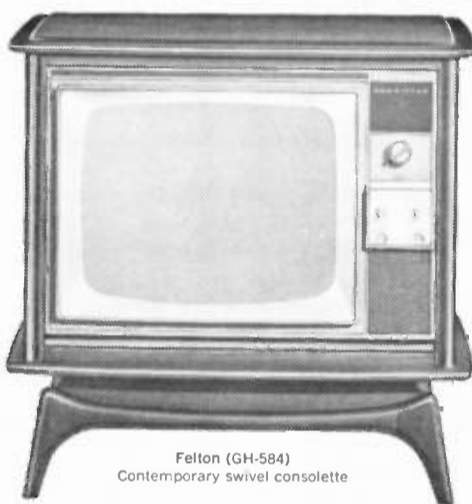
Another money-maker from the Color TV leader: New! Easy-to-move! RCA Victor

These unique color TV sets will be easy for *you* to move, too. Never before such convenience and mobility in a color television console. They glide from bedroom to parlor on smooth easy-rolling casters. Choice of three beautiful cabinet styles. □ You'll find it easy to move all the new models in RCA Victor's lineup of slim 19" color TV's... from compact table models to elegant consolettes. Every one comes with RCA's solid copper circuits for Space Age dependability. □ Get set for a big year. Order your RCA Victor 19" color TV now!

*Tube overall diagonal/180 sq. in. picture.



Ontario (GH-568)
Colonial consolette



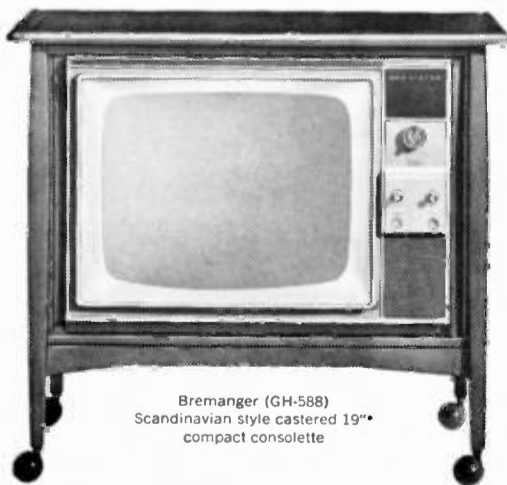
Felton (GH-584)
Contemporary swivel consolette



Cabot (GH-592)
Early American castered 19" compact consolette



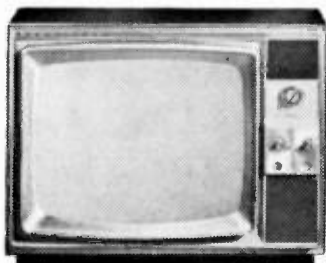
Stavenger (GH-564)
Nordic style consolette



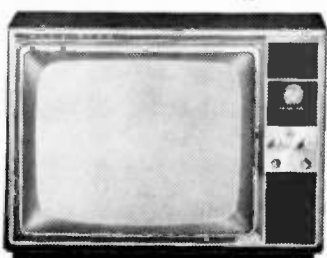
Bremanger (GH-588)
Scandinavian style castered 19" compact consolette



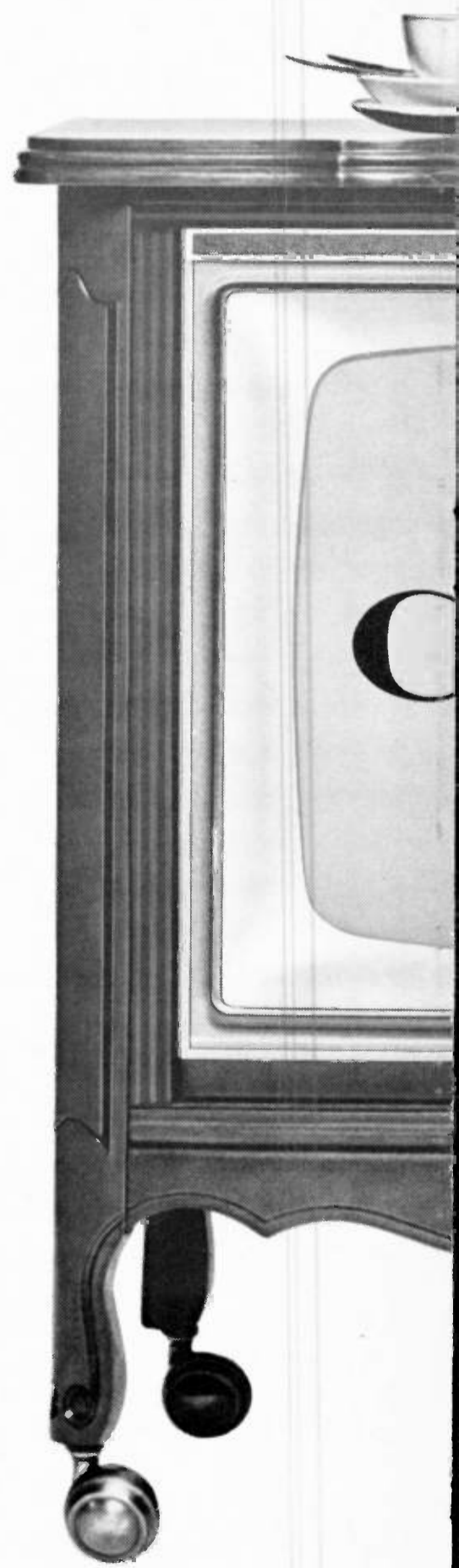
Townsend (GH-560)
Contemporary consolette



Bartram (FH-526) Table model



Allen (FH-522) Table model



The Most Trusted Name
in Electronics

Tmk(s)[®]

Mobile 19" Color TV!



RECTANGULAR

RCA COLOR

RCA VICTOR

Chaumont (GH-596)—French Provincial
castered 19" compact console

MERCHANDISING WEEK

VOL. 98 NO. 16

A McGRAW-HILL MARKET-DIRECTED® PUBLICATION



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All right, you silver-tongued rascals,

"Until someone comes up with a rig that'll U-turn in a city street, I'm going back to driving hacks."

"I'll trade my tin hat and Band-Aids anytime for a tilt with a battery that's easy to check."

"Give me a tilt that doesn't give me an aching back. I'll give you a full day's work, every day."

"I don't want a tilt with a cab as big as a locomotive's. Just give me one with some protection against bumps and scrapes."





RCA's new radios

RCA introduces a new AM-FM portable radio. The 8-transistor model, which is priced at \$19.95, comes with telescoping antenna, earphone, and battery, and features swing-out "penguin feet" for stability. RCA also is introducing an 8-transistor AM radio with personal earphone, for \$21.95. The company's re-entrance into the marine band frequency market is marked by the introduction of an AM-FM-SW-marine portable with automatic frequency control and fine tuning on AM and SW. Price of the unit, with batteries, earphone, and high-low tone control, is \$49.95. *RCA, RCA Building, 30 Rockefeller Plaza, New York, N.Y.*

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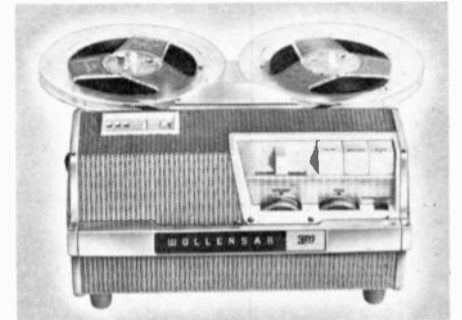
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We know what you're sore about. Because we listened to dozens of owners, drivers and mechanics just like you. And we think we've got a couple of new medium-tonnage tilts that'll make you think you designed 'em yourself. Tilts with a 50° wheel cut. Our short (89" w.b.) tractor can U-turn in 41'10" pulling a 40-foot semi. How about that? Our cab tilts 45° with an easy push, for quick engine, clutch and transmission service. But the cab needn't be tilted to check water, oil and battery. For protection against bumps and scrapes, the cab is set inside the sturdy fenders. Fenders bolt on and are interchangeable to reduce

inventory and maintenance problems. Inside the cab there are foam-padded bucket seats and a thick blanket of insulation to soak up noise and heat. And that's far from all. Variable-rate suspension, front and rear. A heavy-duty frame for all wheelbases. Gasoline and diesel power. And a price that's nose to nose with Ford and Chevy. Now, you silver-tongued rascals, get down and see your dependable Dodge truck dealer. We've just scratched the surface of our two new medium-tonnage tilts. Go into them deeper with him. Dodge toughness doesn't cost any more. Why settle for less?



Dodge Builds Tough Trucks DODGE DIVISION  **CHRYSLER** MOTORS CORPORATION



3M's new solid-state tape recorder

3M introduces the Wollensak 1500SS, a solid-state version of the vacuum tube model 1500 monaural tape recorder.

The new unit, which is priced at \$184.95, comes with VU recording meter, blank tape, self-threading takeup reel, dynamic microphone, and accessory cords. *3M Co., 2501 Hudson Rd., St. Paul, Minn. 55119.*



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Sparton Corp. has introduced a new line of 19-inch Astronaut portable tv sets. There are four models in the line, starting with VS-191 (shown), which has 20,000v picture power, three high-gain wide-band IF stages, a 4-inch front-mounted speaker, an earphone with cutoff jack, and a telescopic antenna. Model VS-192 has the same features with the addition of twin antennas and a circuit breaker. Model VS-193, in addition to the above features, has a wood-grain vinyl veneer. And model VS-194 has the additional features of an illuminated channel selector and a black leatherette vinyl finish. U. S. prices have not yet been set for the new units. *Sparton Corp. of Canada Ltd., P. O. Box 2125, London, Ontario, Canada.*

LETTER TO THE EDITOR

'... directly opposite my views on the subject.'

Dear Sir:

In the February 28 issue of *MERCHANDISING WEEK*, I was quoted extensively in a story on the use of plastics in appliances ["Plastics in appliances: problems, but volume keeps growing," p.7]. One of my quotes appeared in the same paragraph as comments on the quality of ABS plastic liners for refrigerators. The comments concerning the plastic liners were *not* made by me and, in

fact, are directly opposite my views on the subject. Many of my professional colleagues, because of the placement of these comments in conjunction with a quote concerning an entirely different phase of the discussion, have attributed the plastic liner comments to me. This has caused me considerable embarrassment.

I would appreciate any efforts on your part to correct the erroneous assumption brought about by the article.

Arthur E. Benford
Manager
Materials Research Dept.
Whirlpool Corp.

Research & Engineering Laboratories
St. Joseph, Mich.

KEY MOVES

RCA—Irwin J. Tarr is appointed to the newly created position of division vp, Recorded Tape Marketing, RCA Victor Record Division.

Sparton Corp.—John C. Pennie is named mgr of market planning. Pennie will be responsible for product planning, sales forecasting, marketing strategy, and advertising.

Gaffers & Sattler—Martin B. Sauer joins the company as vp of marketing and sales.

McGraw-Edison—N. M. Swetnam is named vp, manufacturing, and J. R. Cochran is named vp, research and development, of the Speed Queen Division.

Lloyd's Electronics—Jack Passero is appointed eastern regional sales mgr.

Admiral—Michael M. Jaso is appointed national accounts mgr, radio division. Jaso succeeds John R. Kochenbach, who recently became eastern sales mgr for the premium division. Henry C. Gates is promoted to sales mgr, room air conditioners.

Hoffman Electronics—W. T. Layden is named to the post of advertising and sales promotion mgr.

Chancellor Electronics—Donald E. Hassler joins the company as merchandise mgr.

GE—Christopher S. Carver is named mgr of product development for the Advanced Marketing Operation of GE's Consumer Electronics Division.

Westinghouse—M. J. Guiheen is appointed sales mgr for radios, phonographs, and tape recorders. W. C. Busbin is appointed mgr of field sales for Westinghouse Appliance Sales and Service Co. He succeeds A. E. Last, who becomes mgr of the newly created North Pacific region. Mort Schwartz is named mgr of operations for WASSCO, and J. M. McLaughlin succeeds Schwartz as mgr of customer service and business systems.

Fisher Radio—George W. Tillett is appointed as a member of the engineering management group.

Packard Bell—Theodore A. Bruinsma joins the company in the newly created post of executive vp.

Craig Panorama—James W. Russell is named director of marketing.

Maytag—William T. Garrity Jr., regional mgr, is promoted to serve central New Jersey for the Newark branch. Guyles M. Sass, regional mgr, is promoted to the St. Paul metropolitan area, and Richard J. Nelson is promoted to regional mgr in northwest Pennsylvania.

Kelly and Cohen—Russell Pasternak is appointed a district mgr.

Hamilton—Floyd F. Mueller is promoted to the position of consumer product mgr of engineering.

Controls Co. of America—L. Vincent York joins the company as senior research and development engineer for the recently established Engineering Development Center.

AHLMA—Harold F. Diegel, vp and general mgr of Philco's appliance division, is named as Philco's representative on the board of directors of the American Home Laundry Manufacturers Assn.

Oak Electro/Netics—Charles R. Frost is named director of corporate marketing. In his new post, Frost will direct and assist subsidiaries and divisions in market analysis, product development, and coordination of national account and military sales.

Sony—Richard F. O'Brien is named sales mgr for the recently formed video tape recorder group. A second sales group was created to cover marketing of transistor radios, portable tv sets, record players, and transceivers. Joseph Sullivan is sales manager for that group.

He does it for fun; you can do it for profit.

[Demonstrate Blackstone's exclusive Gyro-Balance]



Selling is child's play, when you have a demonstration feature as dramatic as Gyro-Balance . . . the first real product exclusive in automatic washers to come along in years.

Go ahead: put a heavy phone book into the tub . . . start the spin and prove to your prospect that Gyro-Balance positively stops washday thump, "walk", vibration and premature shut-off. That's a convincer that she'll pay to get.

And she can only get it from you, because Blackstone protects your profits with a territory plan your Blackstone representative will work out with you. Along with a pinpoint promotion plan that'll make you Blackstone headquarters in your neighborhood.

And speaking of child's play, kids can be your best Blackstone salesmen. We've got a 98¢ gyroscope top you can sell Mom for just 19¢, when she comes in to see your "live" Blackstone demonstration. Want to see this little traffic-builder? Just drop us a line on your letterhead.

Why toy around with other lines when you could be selling profit-protected Blackstones with stainless steel tubs? Write, wire or phone and start keeping those profits you've earned.



BLACKSTONE CORPORATION

1111 Allen Street • Jamestown, New York



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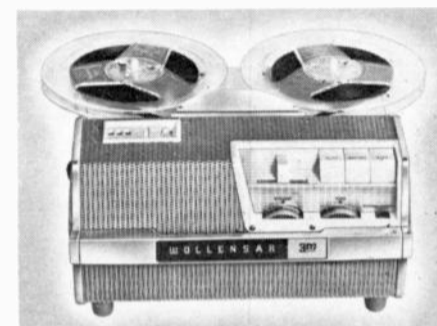
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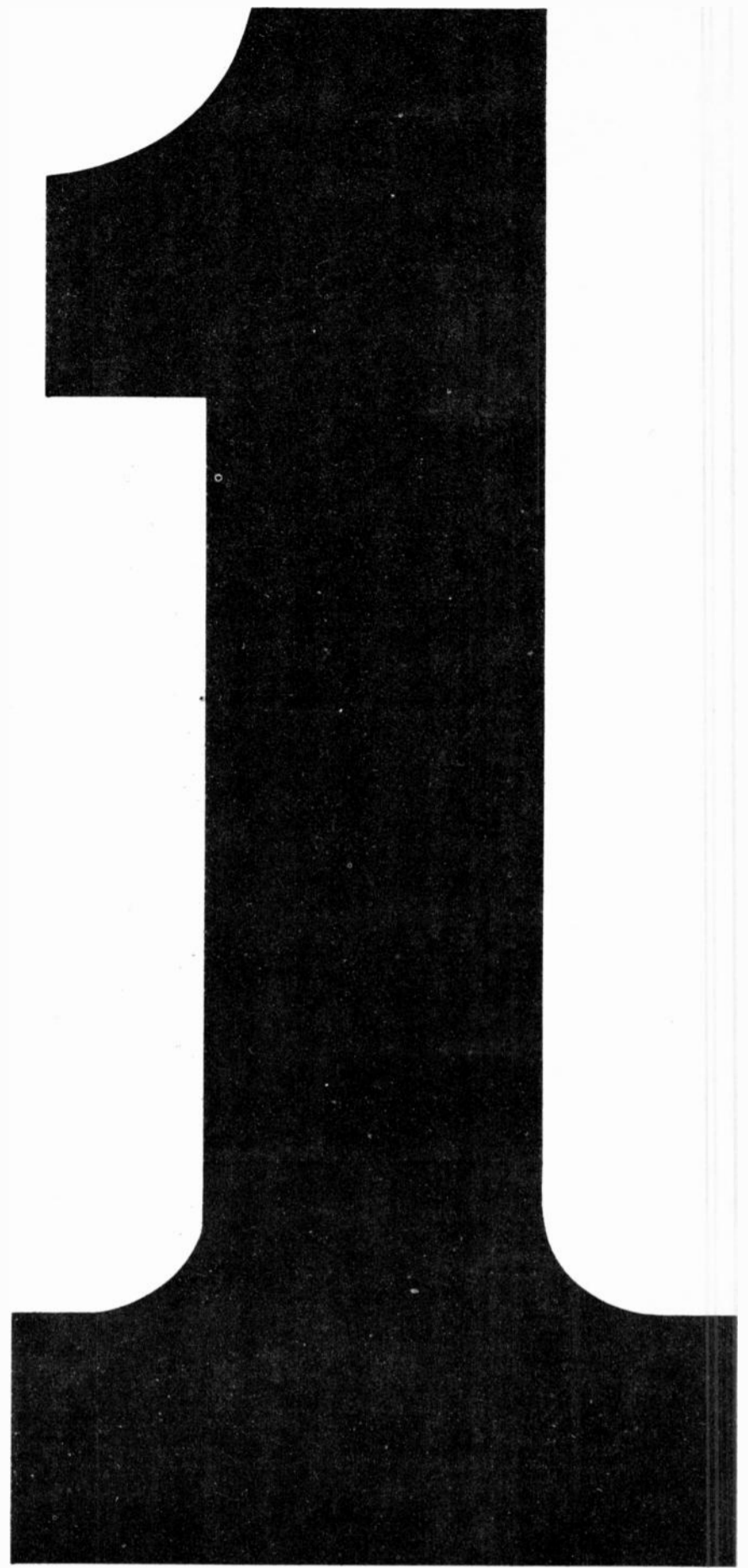
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merchandising week is the new leader in department store mass merchandiser paid circulation*



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HAILE BROS. CO. / HESS'S / JOSEPH HORNE CO. / THE MABLEY & CARWELL CO. / MILLER & FRANK CO., INC. / PIZITZ / SATTLEERS, INC.

*largest department store / mass merchandiser paid circulation in the appliance-radio / tv-housewares field . . . December 31, 1965 Publishers' ABC Statements

How many takers for the world's greatest washer offer?



Hardly any.

Easy makes this money-where-your-mouth-is offer that guarantees a \$25.00 payment for each transmission failure — and cheerfully warns you: Don't count on any payoffs. (We've had transmission trouble on less than half a dozen out of tens of thousands so far.)

Sure, the transmission is where the washing action is, and the *source of expensive service headaches*. But we have such total confidence in our heavy-duty, commercial-type transmissions that we protect you fully with an Easy Quality Confidence Bond — an iron-clad agreement to pay \$25.00 for each transmission failure occurring in any 1966 Easy Automatic Washer during first year's installation.

This has to be the greatest offer you'll never get to take advantage of! Want to sell automatic washers with complete confidence?

The answer is

EASY

Automatic Washers • Automatic Dryers • Spindriers® • Wringer Washers

PRODUCTS OF HUPP CORPORATION, MARKETING BY GIBSON REFRIGERATOR SALES CORPORATION, GREENVILLE, MICHIGAN

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In the February 28 issue of *MERCHANDISING WEEK*, I was quoted extensively in a story on the use of plastics in appliances ["Plastics in appliances: problems, but volume keeps growing," p.7]. One of my quotes appeared in the same paragraph as comments on the quality of ABS plastic liners for refrigerators. The comments concerning the plastic liners were *not* made by me and, in

fact, are directly opposite my views on the subject. Many of my professional colleagues, because of the placement of these comments in conjunction with a quote concerning an entirely different phase of the discussion, have attributed the plastic liner comments to me. This has caused me considerable embarrassment.

I would appreciate any efforts on your part to correct the erroneous assumption brought about by the article.

Arthur E. Benford
Manager

Materials Research Dept.
Whirlpool Corp.

Research & Engineering Laboratories
St. Joseph, Mich.

KEY MOVES

RCA—Irwin J. Tarr is appointed to the newly created position of division vp, Recorded Tape Marketing, RCA Victor Record Division.

Sparton Corp.—John C. Pennie is named mgr of market planning. Pennie will be responsible for product planning, sales forecasting, marketing strategy, and advertising.

Gaffers & Sattler—Martin B. Sauer joins the company as vp of marketing and sales.

McGraw-Edison—N. M. Swetnam is named vp, manufacturing, and J. R. Cochran is named vp, research and development, of the Speed Queen Division.

Lloyd's Electronics—Jack Passero is appointed eastern regional sales mgr.

Admiral—Michael M. Jaso is appointed national accounts mgr, radio division. Jaso succeeds John R. Kochenbach, who recently became eastern sales mgr for the premium division. Henry C. Gates is promoted to sales mgr, room air conditioners.

Hoffman Electronics—W. T. Layden is named to the post of advertising and sales promotion mgr.

Chancellor Electronics—Donald E. Hassler joins the company as merchandise mgr.

GE—Christopher S. Carver is named mgr of product development for the Advanced Marketing Operation of GE's Consumer Electronics Division.

Westinghouse—M. J. Guiheen is appointed sales mgr for radios, phonographs, and tape recorders. W. C. Busbin is appointed mgr of field sales for Westinghouse Appliance Sales and Service Co. He succeeds A. E. Last, who becomes mgr of the newly created North Pacific region. Mort Schwartz is named mgr of operations for WASSCO, and J. M. McLaughlin succeeds Schwartz as mgr of customer service and business systems.

Fisher Radio—George W. Tillett is appointed as a member of the engineering management group.

Packard Bell—Theodore A. Bruinsma joins the company as the newly created post of executive vp.

Craig Panorama—James W. Russell is named director of marketing.

Maytag—William T. Garrity Jr., regional mgr, is promoted to serve central New Jersey for the Newark branch. Guyles M. Sass, regional mgr, is promoted to the St. Paul metropolitan area, and Richard J. Nelson is promoted to regional mgr in northwest Pennsylvania.

Kelly and Cohen—Russell Pasternak is appointed a district mgr.

Hamilton—Floyd F. Mueller is promoted to position of engineering product mgr of engineering.

Controls Co. of America—L. Vincent York joins the company as senior research and development engineer for the recently established Engineering Development Center.

AHLMA—Harold F. Diegel, vp and general mgr of Philco's appliance division, is named as Philco's representative on the board of directors of the American Home Laundry Manufacturers Assn.

Oak Electro/Netics—Charles R. Frost is named director of corporate marketing. In his new post, Frost will direct and assist subsidiaries and divisions in market analysis, product development, and coordination of national account and military sales.

Sony—Richard F. O'Brien is named sales mgr for the recently formed video tape recorder group. A cover sales group was created to cover marketing of transistor radios, portable tv sets, record players, and transceivers. Joseph Sullivan is sales manager for that group.

He does it for fun; you can do it for profit.

[Demonstrate Blackstone's exclusive Gyro-Balance]



Selling is child's play, when you have a demonstration feature as dramatic as Gyro-Balance . . . the first real product exclusive in automatic washers to come along in years.

Go ahead: put a heavy phone book into the tub . . . start the spin and prove to your prospect that Gyro-Balance positively stops washday thump, "walk", vibration and premature shut-off. That's a convincer that she'll pay to get.

And she can only get it from you, because Blackstone protects your profits with a territory plan your Blackstone representative will work out with you. Along with a pinpoint promotion plan that'll make you Blackstone headquarters in your neighborhood.

And speaking of child's play, kids can be your best Blackstone salesmen. We've got a 98¢ gyroscope top you can sell Mom for just 19¢, when she comes in to see your "live" Blackstone demonstration. Want to see this little traffic-builder? Just drop us a line on your letterhead.

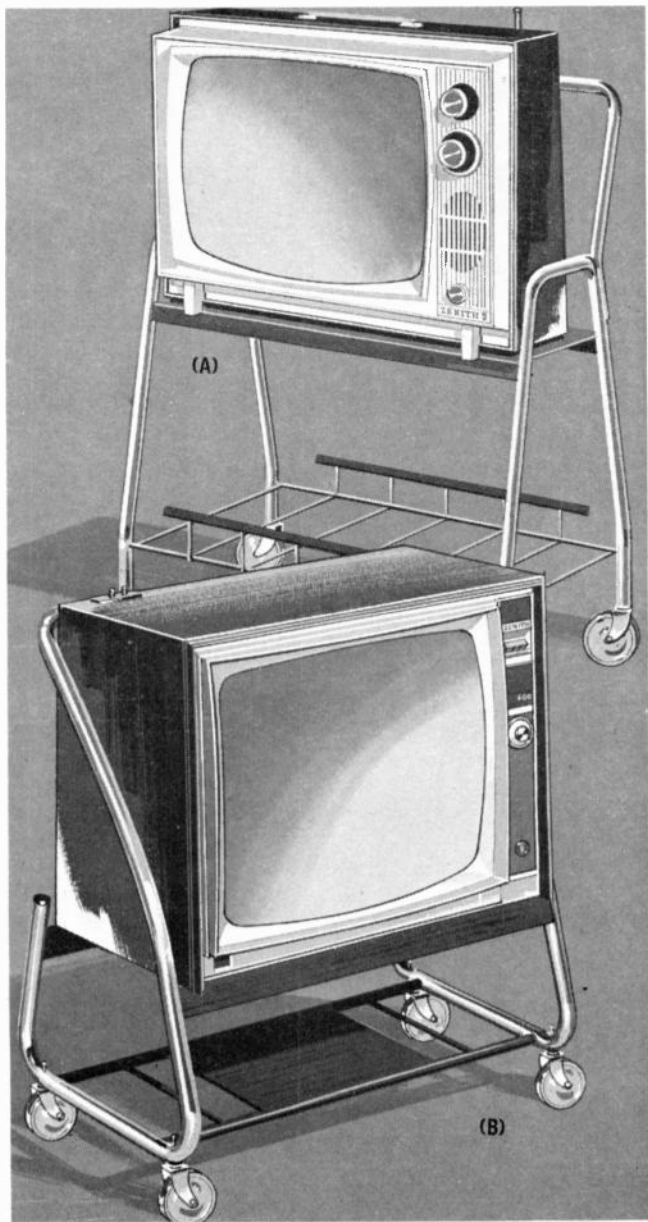
Why toy around with other lines when you could be selling profit-protected Blackstones with stainless steel tubs? Write, wire or phone and start keeping those profits you've earned.



BLACKSTONE CORPORATION

1111 Allen Street • Jamestown, New York

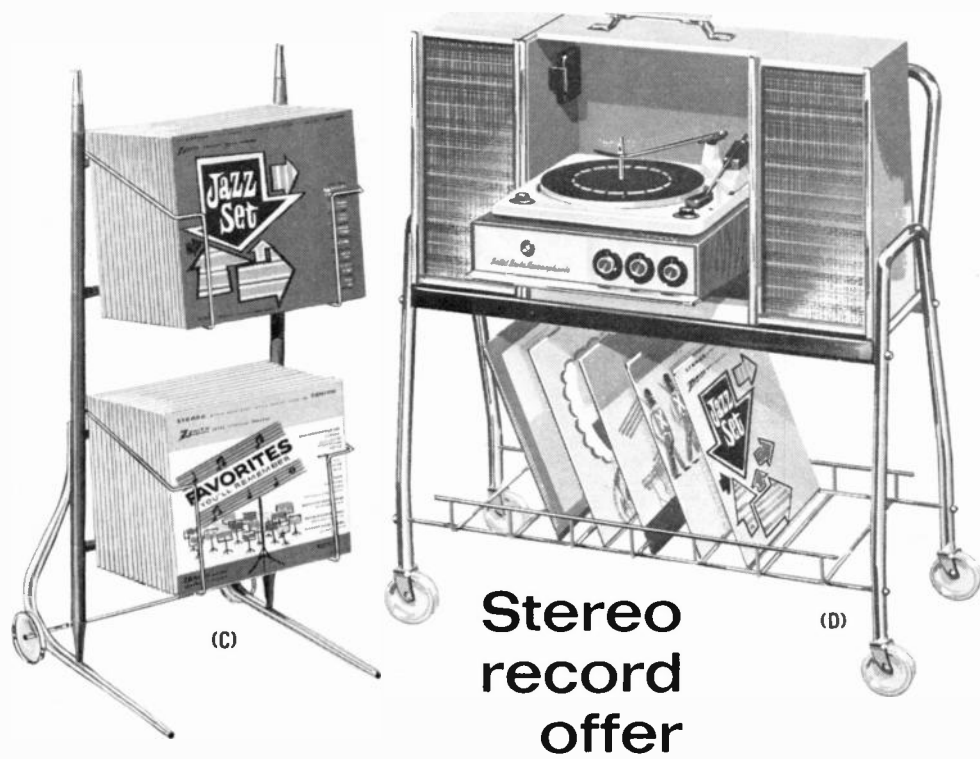
New sales-building specials from Zenith for spring and summer promotions



Mobile cart offer

(A) ROLL-A-BOUT STAND WITH PORTABLE TV
 \$15.95 value* deluxe decorator TV stand (shown) . . . priced so you can offer it free with the purchase of any Zenith 19" or 21"† portable TV.
 With any Zenith 16"† portable TV purchase, you can offer free either a \$10.95 value* stand or an \$11.95 value* Roll-A-Bout stand.
 And with any Zenith 12"† portable TV purchase, you can offer free either a \$9.95 value* stand or a \$10.95 value* Roll-A-Bout stand.

(B) OFFER THIS \$16.95 VALUE* CUSTOM MOBILE CART FREE WITH 23" TABLE TV. Beautifully designed cart with hardwood frame and 3-inch casters for easy rolling. You can offer it free with the purchase of any Zenith Handcrafted 23"† table TV.



Stereo record offer

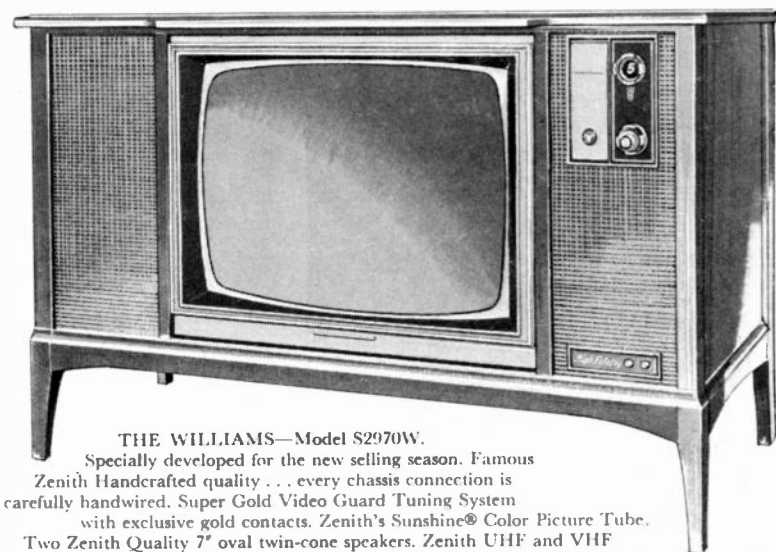
(C) 10 ALBUMS AND MOBILE RECORD CART WITH PURCHASE OF CONSOLE STEREO. 10 stereo record albums with over 500 selections by top-name artists. Plus a Walnut-finished mobile record cart. You can offer this \$59.75 value* for only \$7.95 with the purchase of any Zenith console stereo. Your customer saves \$51.80!

(D) RECORD LIBRARY AND CART WITH PORTABLE STEREO
 \$24.90 value record library plus \$15.95 value Roll-A-Bout cart—a total \$40.85 value.* You can offer it for \$8.95 with the purchase of Zenith portable stereo illustrated.

Other portable stereo record and cart offers also available.

"Early Bird" Color TV special

ZENITH GIANT SCREEN 25"† RECTANGULAR COLOR TV



THE WILLIAMS—Model S2970W.
 Specially developed for the new selling season. Famous Zenith Handcrafted quality . . . every chassis connection is carefully handwired. Super Gold Video Guard Tuning System with exclusive gold contacts. Zenith's Sunshine® Color Picture Tube. Two Zenith Quality 7" oval twin-cone speakers. Zenith UHF and VHF Spotlite Panels. Beautiful Contemporary styled "lo-boy" cabinet in genuine oil finished Walnut veneers and select hardwood solids.
 A great value—timed right, priced right!

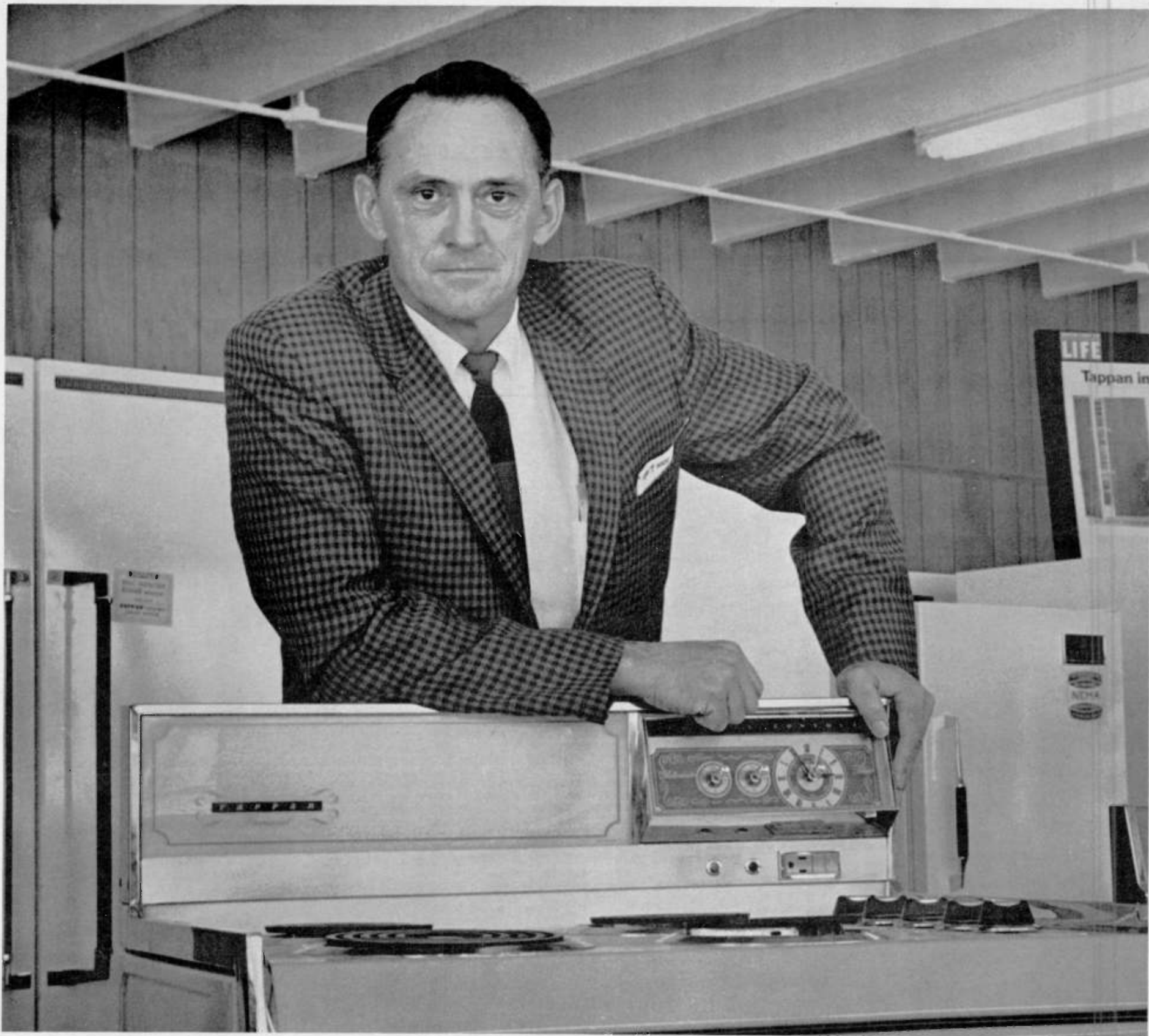
ORDER CARTS, RECORDS, COLOR TV AND WINDOW DISPLAYS FROM YOUR ZENITH DISTRIBUTOR NOW.

ZENITH
 The quality goes in before the name goes on®

*Manufacturer's Suggested Retail Price

†Overall diag. measurement. 25" TV, 295 sq. in. rectangular picture area. 23" TV, 282 sq. in. rect. pic. area. 21" TV, 212 sq. in. rect. pic. area. 19" TV, 172 sq. in. rect. pic. area. 16" TV, 125 sq. in. rect. pic. area. 12" TV, 74 sq. in. rect. pic. area.

WRH



"I hope my competitors think that Tappan only makes ranges."

Ben Thurston, owner of Thurston's Appliance Sales in Sarasota, Florida, has been a full line Tappan dealer for two and a half years. "My customers trust Tappan," he says, "so I can get down to specific selling right away."

Ben Thurston sells the complete line of Tappan Time Machines. Gas and electric ranges. Reversa-Jet dishwashers. Disposers. Twin-Temp refrigerators. Vent hoods. And the incredible new Tappan Electronic Cooking Center.

Not long ago, Ben sold 27 Tappan appliances in one weekend.

"I don't have any special secret," says Ben. "I just think it's easier to sell a brand your customers have complete confidence in — like Tappan."

We told Ben there are still some dealers who don't know Tappan makes such a complete line. "I hope they don't find out," he said.



"My Tappan Time Machines are all hooked up, ready to demonstrate right on the floor. What woman can resist Tappan's Electronic Cooking Center after she sees me bake a potato in four minutes?"



"You hear a lot of claims about dishwashers. But Tappan is the only one with reversing spray arms. They wash first in one direction, then the other. Dishes get clean all over because sticky food can't find a place to hide."



"I can't understand why some dealers sell one brand of ranges, another of dishwashers, still another of refrigerators. It sure makes everything easier to carry the complete Tappan line. Say, you're not going to quote me, are you?"

TAPPAN

Time Machines

The Tappan Company, Mansfield, Ohio • Tappan-Gurney Ltd., Canada

Three underrated electric rate a closer sales look

Three electric housewares products that have taken backseat positions in the industry—cornpoppers, waffle-bakers/sandwich-grills, and massagers—are starting to come alive. Manufacturers, retailers, and, of course, consumers, are beginning to take notice.

The sales growth outlook for all three products is bright:

Corn poppers: Manufacturer shipments totaled 1.16 million units during 1965, a 25.7% increase over the 1964 level. For 1966, a MERCHANDISING WEEK survey (MW, 21 Mar., p.20) has projected a 10% increase over 1965, which would push shipments to 1,276,000 units.

Waffle-sandwich grills: Manufacturer shipments are projected to pass the 1-million-unit mark during 1966, reaching 1,065,675 units, a 9.3% increase over the 1965 level of 975,000 units.

Massagers: Although no industry-wide statistics are collected for massagers, manufacturers are projecting a 10% to 15% increase over 1965, when massager shipments were believed to be in the neighborhood of one million units.

Cornpoppers have been upgraded from a low-ticket (\$5) promotional item to a profit-maker at the \$10 level. Styling has been improved; they no longer look cheap. Robeson added a deluxe cornpopper that proved a hit at last July's Housewares Show and a sales winner at

retail, despite late deliveries. Robeson, using a glass top, pegged the appeal to watching the corn pop. Increased promotional activity and the prospects of a good margin and a higher sales ticket have been key factors in the product's growth.

Waffle-sandwich grills are riding along on the Teflon-coated sales bonanza. Besides the sales magic of Teflon's non-stick character, Teflon application to the grids means the consumer does not have to worry about seasoning the grids before initial use. Cleanup, of course, is also easier. Son-Chief Electric got an early jump into Teflon coating waffle-sandwich grills, and the industry quickly followed suit.

The deep-heat massager is pacing the sales gains for massagers, as the product wins stature in the health-beauty product classification. Pollex (Associated Mills) has gained much of the volume in the \$10 retail item, but now other manufacturers, especially Oster and Songrand, are making stronger inroads. Oster also is pushing its Swedish-type massagers for trade-up sales, and Pollex and Songrand have built a family of massagers—from under-the-chin to foot to bed units.

Increased promotional activity for massagers, including wider use of in-store demonstrators, should do for the massager what a similar program did for the blender: make it a hot item.

A czar of color coordination could end housewares clashes

The housewares industry needs a color czar.

And what would the color czar do? He would decree that 1966 is the industry's year for Bristol blue—or whatever color he feels the consumer will fancy. Manufacturers would feature Bristol blue in their product lines and retailers would ballyhoo Bristol blue in their promotional efforts.

The czar's color would be in. All other hues, if not out, would take a backseat to Bristol blue.

The suggestion comes from a housewares buyer who prefers not to take the credit for the idea. But he knows the importance of color in merchandising the product categories he buys: bath shop, gourmet cookware, gift housewares, and patio-picnic goods.

Manufacturers looking for color guidance currently must look outside the industry. They look in many places: for example, to the color-trend leaders among shelter magazines and to the color leaders in the towel and soft goods field.

Producers have taken big steps already in marketing color-coordinated product lines. And retailers have been successful in promoting and selling color-coordinated ensembles to consumers.

The establishment of a color czar, or color committee, to decree a shade for the industry would mark a big

step forward in its recognition of the importance of color.

Efforts are hit and miss among manufacturers now, however. At present, one producer may push one color while another might push a different color. The two lines may be well styled but the colors may clash. An industry-wide color choice also would be helpful in guiding manufacturers in developing secondary colors. Secondary colors, of course, should not clash with the primary color selected; secondary colors would serve in an accenting role.

Wider color coordination should also result from a color czar or committee. In some product categories, where manufacturers have been slow to learn the importance of color coordination, selection of an industry color would encourage an industry trend. At present, color coordination is limited, for the most part, to the bath and boudoir; industry-wide color guidance could extend the product coverage to the kitchen and to other rooms.

Retailers could build promotions—housewares-wide promotions—around the color. In fact, color promotions already are gaining renewed popularity among retailers. Retailers could stage these promotions with a variety of products to offer, without fear of clashing colors. Then you could color many a housewares buyer happy. —Ed Dubbs

□□□□ **Extended guarantees are posing a problem** for the independent service operators serving the electric housewares industry. Now, the up-to-five-year warranty has taken the place of the over-the-counter replacement program as a major concern of the members of the National Appliance Service Assn. (NASA), which met last week in New Orleans.

NASA members are seeking a higher labor allowance from manufacturers offering extended guarantees. They now receive \$1.25 from the factory whether the repair work is done during the first year, as in the standard warranty, or in the fifth year under an extended guarantee. And as an appliance becomes older, it generally takes a longer time and is more expensive to repair. NASA members are seeking a sliding scale payment over the five years or will settle for a higher over-all rate of payment from manufacturers offering extended guarantees. The extended guarantees also cut into the out-of-warranty repair work done by the service stations, and out-of-warranty work is where most of the profits come from.

□□□□ **Service stations are doing more selling**, as well as repairing, of electric housewares. For the most part, the independent service operators are concentrating on selling accessories—such as Teflon cleaners and metal cleaners—to customers bringing in products for servicing. However, an increasing number of service operators are following the lead set by the factory-owned service centers by offering to sell a replacement product to customers when the cost of repairing a broken appliance approaches the retail price of a new item.

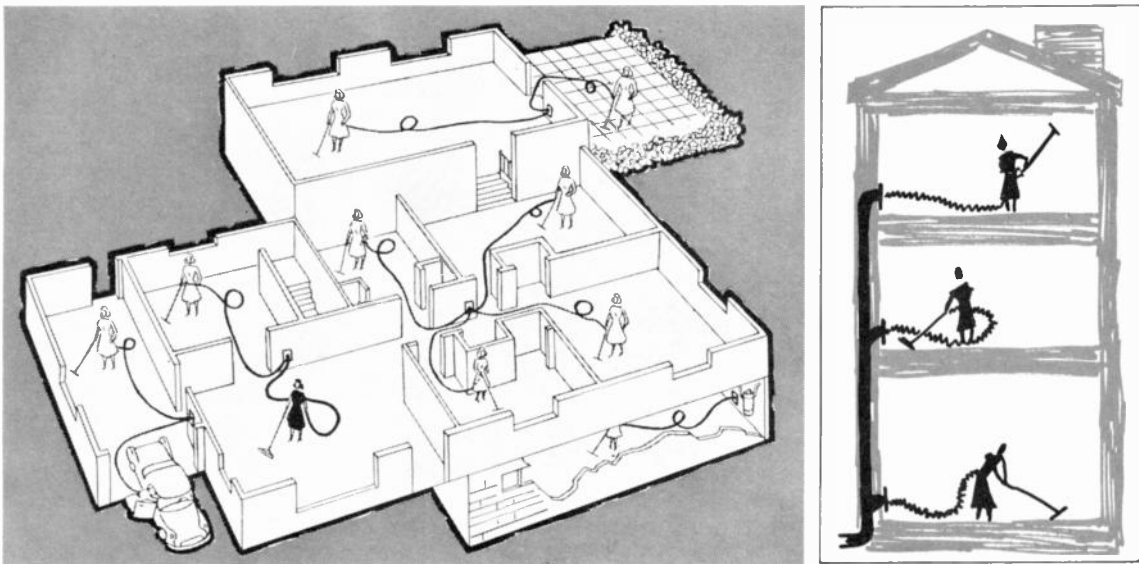
In another effort to bolster profits, NASA members also are seeking higher discount allowances on repair parts from manufacturers, according to John S. McDermott, executive secretary of NASA.

□□□□ **No change in copper cookware prices** is expected, despite recent hikes of 4¢-a-lb. on copper rods, sheet, wire, and extruded products by Revere Copper & Brass, a major supplier of these materials. "Four cents a pound doesn't mean much on a utensil," said E. D. Howell, a vice president at Revere's Rome (N.Y.) cookware division. "We are studying the situation, though," he added. Revere raised prices on its cookware line in January.

□□□□ **Skil raises portable power tool prices**, joining the growing list of housewares manufacturers making or planning selective price increases on their lines. The Skil increases average about 2%.

□□□□ **Proctor and SCM set merger voting date:** Proctor-Silex and SCM stockholders will hold separate meetings on June 28 to vote on the proposed merger between the two firms (MW, 4 Apr., p.25).

□□□□ **Key moves**—WESTINGHOUSE appoints Alfred D. Burke marketing mgr for the portable appliance div. Burke, formerly sales mgr for the radio-phonograph-tape dept. of the tv-radio div., succeeds R. C. Gundaker . . . WESTCLOX names two new national accounts mgrs: Charles M. Warner, central zone; and James A. Wolf, eastern zone.



Pullman Vacuum Cleaner Co. drawing shows central vac system and multi-story use (right)

Built-in floor care: more than a builder's boon

Central vacuum cleaning systems have long been mislabeled by many retailers as a product of interest only to the building industry. Now, slowly, central vacs are being merchandised by major department stores for existing homes as well as incomplete ones.

But beyond the twilight zone of retailers' recognition, the manufacturers of central vacs face a thick layer of unawareness and/or indifference surrounding their product: most consumers have never heard of a built-in vacuum cleaner for home use. Of the 57 million wired homes in the country, only 250,000 have central vacs.

House-to-house salesmen using the "referral" approach, now banned in some states, sold a large percentage of the units now in operation. Today, the central vac is most frequently sold in electrical and plumbing supply houses, Sears, and a growing number of department stores, including Rich's, in Atlanta; J. L. Brandeis, in Omaha; and Famous-Barr, in St. Louis.

The introduction of central vacs into department stores is largely the result of major corporations entering the market, and bringing co-op funds with them. Once a regionally manufactured and marketed product, central vacs now appear under the Black & Decker, Whirlpool, and Tappan labels throughout most of the country.

There are over a dozen smaller manufacturers, most of whom have remained regional in their sales scope. One manufacturer—Pullman Vacuum Cleaner Corp., a Boston-based Purex subsidiary—is expanding its distributor network for nationwide coverage.

Floor care producers are well aware of central vacs—every major manufacturer has at least considered entering the market.

Hamilton Beach's Puritron division privately displayed a model for trade reaction at the National Association of Home Builders (NAHB) show in Chicago last December. Reaction was "good," according to a company spokesman. No introduction date is scheduled.

Regina is also developing a central vac, although company president Robert Cassatt remarked, "We are a long way from entering the market." Regina hopes to substantially lower the retail price.

And price is what will cause central vacs to remain a low-volume specialty item, critics contend. Despite the occasionally advertised low price tag (see Sears' ad below), a built-in central vacuum cleaning system for the average size house (3,000 sq. ft.) costs \$350 to \$400 plus installation charges. The latter costs \$50 to \$100, depending upon the construction of the house.

Manufacturers argue that the superiority of central vacs over "conventional" vacs justifies the additional expense. A comparison is drawn between an air conditioner and a fan to illustrate their contention.

A built-in central vacuum cleaning system consists of an AC motor sucking dirt and debris through concealed 2-inch plastic tubing into a repository attached to the motor. In the average size house, there are four outlets. The vacuuming automatically begins when the user inserts the hose into one of the outlets. Hose length is 25 feet to 30 feet.

The key feature is superior cleaning, proponents say. They point to the elimination of residual dust—a boon to asthma and allergy sufferers—as an important example. A central vac also cleans a house more hygienically than a regular upright or canister vac, they add.

The absence of operating noise is another important feature. And a big selling point with women is the effortless chore of gliding a hose over floors, stairs, fireplaces, work rooms, playrooms, and even into the family car. The generally loathed task of emptying dirt is only a semi-annual event.

Manufacturers point out that high margins and small storage requirements make central vacs a profitable and practical product for department store and appliance retailers: margins are approximately 30% when a distributor handles installation, and close to 45% when the retailer buys direct and performs the installation; and a completely packaged central vac system takes up less space than a range.

Central vacs are usually sold in department stores by clerks who handle big-ticket items, (ergo) financed sales. J. L. Brandeis and Famous-Barr (both sell the Black & Decker line) have home modernization and "shop-at-home" departments which handle central vacs.

Consumer advertising has been sparse. Black & Decker has had a limited budget for shelter publications. This will be increased, according to a company official.

Whirlpool's introduction of a central vac late last year under its own label (it manufactures the Sears unit) should give a boost to the entire industry once the major corporation puts its promotional might behind the product.

Floor care kingpin Hoover is one company less than enchanted with central vacs. It has no plans to introduce a model. Neither does Shetland. But if central vac sales begin to soar, retailers can expect a deluge of manufacturers to enter the market.

—Robert C. Rowe



Merchandising central vacs with in-store aids and newspaper ads

Black & Decker assortment of merchandising aids (left) includes in-store displays, stuffers, mailers, brochures, mobiles, radio scripts, sales training for store personnel, sales booklets, installation training manuals, and presentation binders.

Sear's ad (right) for a 2-outlet central vac does not include installation costs. The ad appeared in a recent edition of the Los Angeles Times.

Sears Are You Able to Beat, Best Work, Better? What You Need a Sears Vac

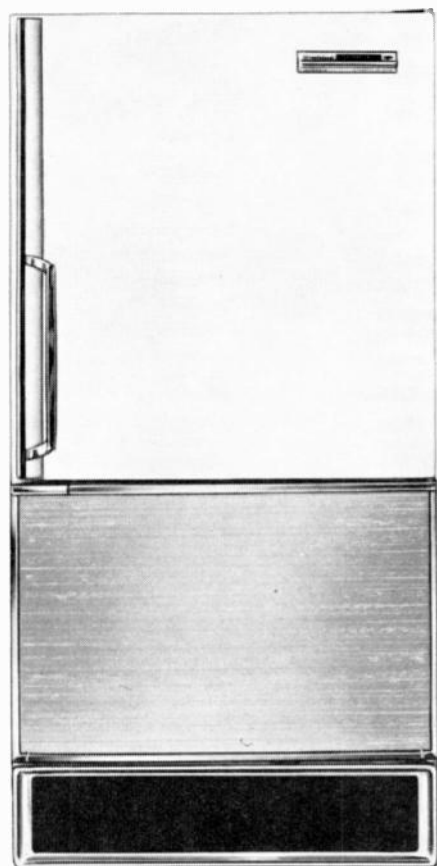
BUILT-IN VACUUM

• No Bags or Sacks • No Lint • No Motor Overheating
• No Power Loss • No Heavy Lifting • No Noise

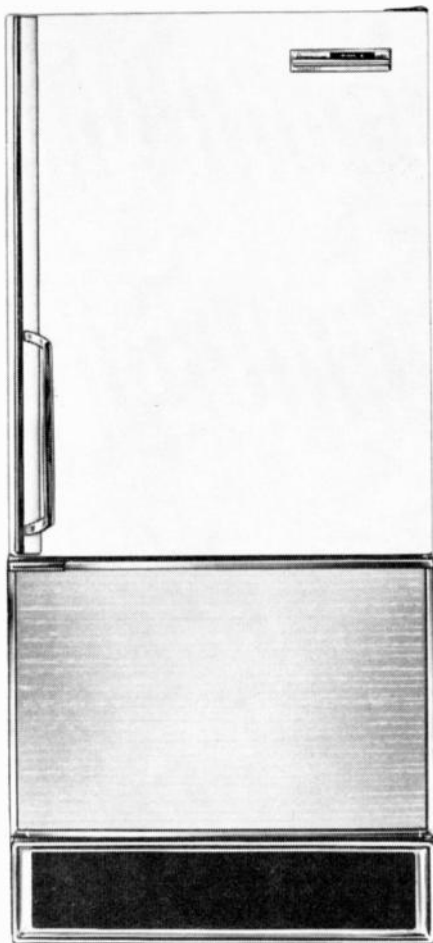
\$117

With 2 Outlets... ONE DAY Installation Available

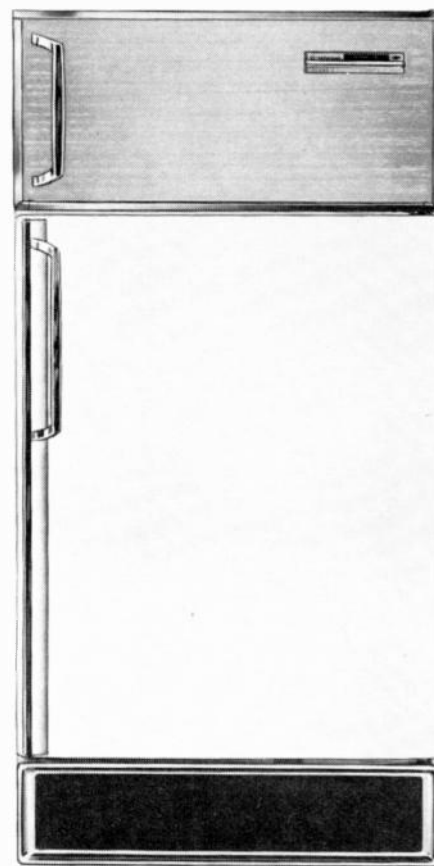
NEW STORE HOURS: MONDAY 9:00 AM - 9:00 PM



16.4 cu. ft. No-Frost refrigerator-freezer model EPB-16M



18.5 cu. ft. No-Frost refrigerator-freezer model EPB-19M



16.7 cu. ft. No-Frost refrigerator-freezer model EPT-17M

300% more women bought these 3 top-priced models

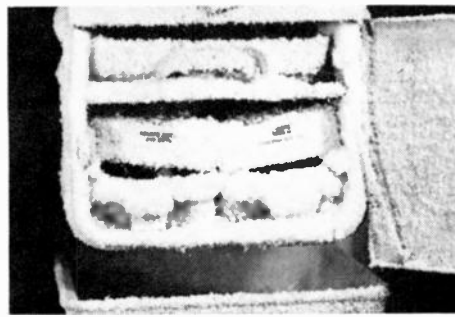
(another sales record for RCA WHIRLPOOL dealers)

Why . . . during the last seven months . . . did so many women buy 'em? Greater value, that's why. Each of these three top-priced RCA WHIRLPOOL refrigerator-freezers offers more conveniences, more capacity, more quality . . . more refrigerator-freezer for the

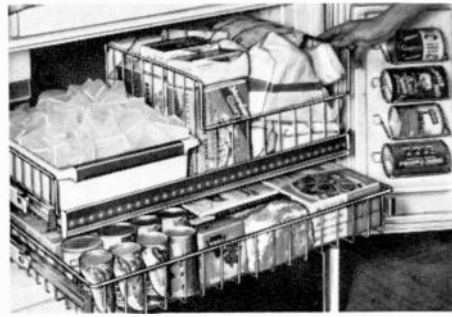
money. And about that money. The dollar-value of these top models is supported by many practical features that are easy to see and sell. Each model provides a healthy dealer mark-up, too. Just look at some of the woman-wanted features of these models . . .



Exclusive IceMagic® automatic ice maker is tried and proved. Millions in use. No gadgets, no gimmicks, just plenty of ice. Replaces every ice cube you use, automatically!



No defrosting in the refrigerator or freezer section ever! Problem frost never forms. It can't. Because icy air eliminates objectionable frost before it forms.



Store up to 182 lbs. of food in the huge, "zero-degree" freezer section. New, easy-rolling basket in the low freezer provides access to food without loss of storage space.



Big, glide-out meat pan in the refrigerator section. Stores over 13 lbs. of meat right at your finger tips. Helps keep it butcher-shop fresh, too.

Are your sales growing rapidly? If not . . . join up! Be an RCA WHIRLPOOL dealer.



It's easier to sell an RCA WHIRLPOOL than sell against it!

□□□□ **The "tough" sale for plastic housewares:** Manufacturers and retailers are putting increased emphasis on the durability of plastic housewares, especially for large-capacity garbage pails. Industry sources point out that plastic garbage pails are making good sales inroads against galvanized ware; further sales gains are expected to result from increased promotional activity and new product developments. Up to now, large-capacity polyethylene pails have gained the most success in commercial rather than in consumer sales.

□□□□ **Sears' plastic-promotion bomb** for garbage pails appears in its latest catalog. To promote the durability of its own-brand pails, Sears dropped a pail—frozen to 20 degrees below zero and filled with 25 pounds of sand—from a helicopter 100 feet up. It fell undamaged onto a concrete runway. The Sears plastic garbage container is made of linear polyethylene that is "blow molded" under a new process. Most plastic housewares are made under an injection-molding process. Sears claims the new method increases durability, including the product's ability to bear extreme temperature changes. The chain's 20-gallon pail retails for \$5.99, the 26-gallon size for \$6.99, and the 32-gallon size for \$7.99.

□□□□ **Regina's tv campaign** for its lightweight upright vacuum cleaner is being expanded. For several months, Regina has been testing a tv commercial in the New York metropolitan market and is now moving it into 15 other key markets. The commercial compares the lightweight upright with a heavy-duty upright in cleaning performance and weight.

□□□□ **A battery-operated high-intensity lamp**, available with a recharging unit, will soon be introduced by Tensor. It will retail for about \$40. The Long Island, N.Y., manufacturer also will soon market a bed-stand lamp (\$12 to \$15) and its first diffused-light model.

□□□□ **Product previews...** Skil has built a new kit around its "120" polisher-sander, adding \$10 to list price of sander alone... Frames Inc., Brooklyn, N.Y., is offering a free display with the purchase of an assortment of do-it-yourself picture frames in walnut, antique gold, or unfinished... A double-edged hedger-trimmer is the 15th model in Rockwell's Green Line of power tools; introductory retail price is \$33.88; four additional Green Line tools are planned for this year... Desco Products, San Dimas, Calif., is marketing a Shish-ka-Tender (four skewers and a metal frame) for grills and hibachis; list price is \$4.95.

NEW SLEEK LOOK IN SUPERB SOUND—WHAT YOU WANT IS A WOLLENSAK! **3M**

So beautifully slim you can hang it on the wall. So packed with new features, it competes with other recorders twice its price. Is it any wonder we think the new Wollensak 5280 should be the biggest selling tape recorder on the market? It is another of the new "Sleek Look" line, completely redesigned with new ideas in sound-on-tape. A handsome piece of furniture that is at home in even the most luxurious living room. New Control Central that features an unbeatable array of controls in a hand-span: power activated push buttons, 2 VU meters, 4 speed-4 track, four digit tape counter, monitor facility, stereo headphone jack. All this and much more—solid-state design, recessed 7" reels, top-quality Wollensak construction, plus the truly exciting price. And this new Wollensak line will be presented to the public in the largest tape recorder advertising promotion, bar none. Stock up now! Interested customers will do the rest. Your Wollensak salesman has all the details.

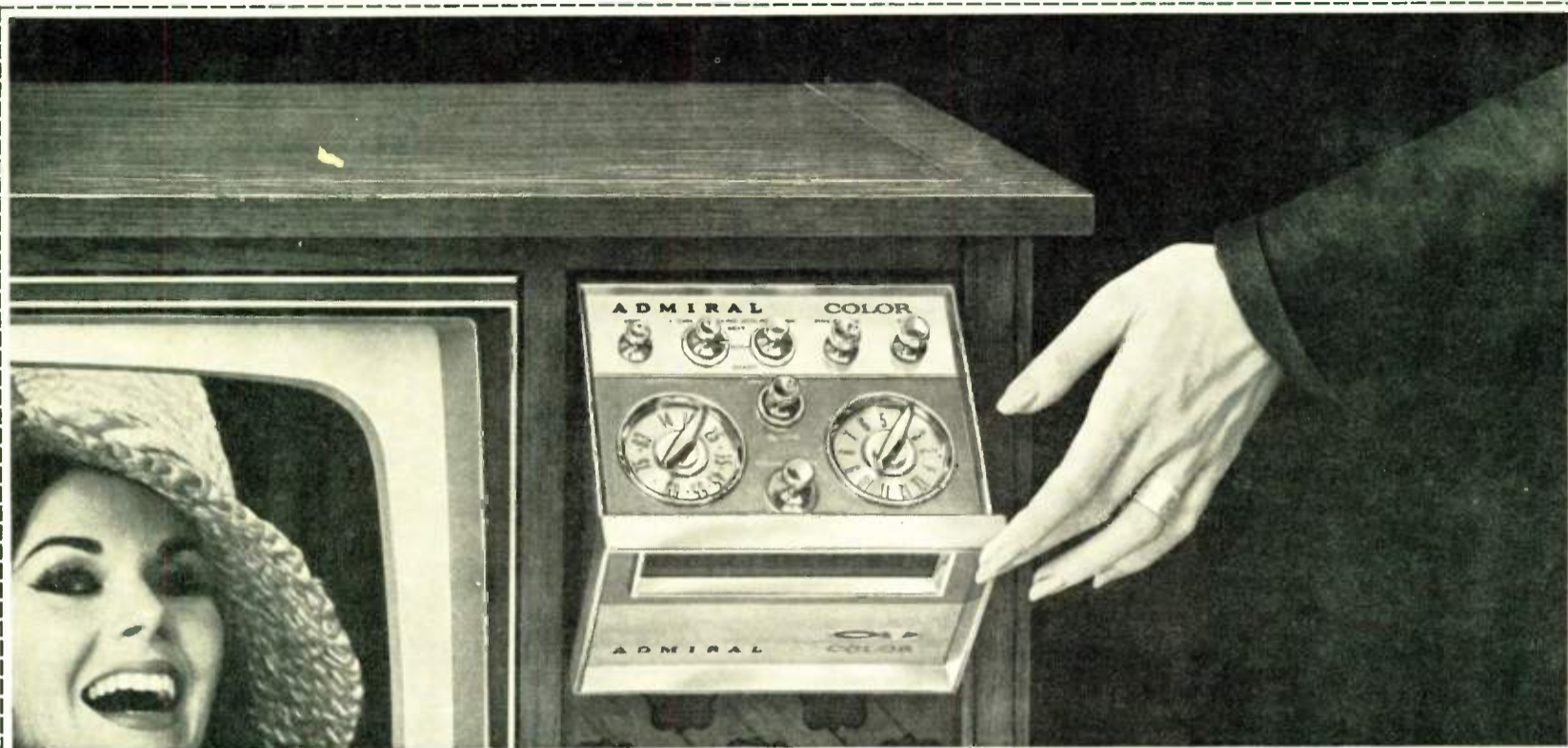


Slim-line walnut styling, swing out speakers, spectacular price: \$219.95* New Wollensak 5280 Full Stereo Recorder



*Fair trade price where law allows.

Ideas that move merchandise...



“Tilt-out Control Center”



EXCLUSIVE! What's one demonstrable difference between all the competitive Color TV sets? Right. The exclusive Admiral Tilt-Out Control Center (pat. pend.). Tilt out to tune easily, naturally, standing up. Tilt in, all knobs disappear, leaving just the beauty look of Admiral fine-furniture TV. People come in and ask for it, try it, buy it.

And only Admiral has it! Along with many other outstanding advances in electronics that help Admiral sets sell themselves. And it's all part of the Admiral philosophy: make better quality products that can sell in quantity at competitive prices. Why not talk to your Admiral Man?



...come from

Admiral®



MARK OF QUALITY THROUGHOUT THE WORLD

Spring utility campaigns to help you sell major appliances

Boost spring and early summer sales of major appliances by taking advantage of utility promotions scheduled for April, May and June. The campaigns offer cooperative advertising allowances, cash bonuses, kits, and displays to dealers, and free gifts to customers.

Check the list below for promotional activities in your area, and contact your local utility representative for additional sales aids and details.

Arizona—room air conditioners. The Arizona Public Service Co., Phoenix, is promoting room air conditioners

through June 30. The "Sleep Better . . . awake refreshed" theme will be advertised through newspaper, radio, television, billboards, truck signs, and campaign posters. The company will pay 40% of the cost of dealers' newspaper, radio, and television advertising during the campaign. (The promotion is not effective in metropolitan Phoenix, Prescott, Williams, Flagstaff, and Show Low.)

California—dishwashers. The Electric & Gas Industries Association Inc. and the Pacific Gas and Electric Co. are helping dealers sell dishwashers during their April-May pro-

motion, "Don't be a dishwasher . . . buy one." Customers who buy a new dishwasher from a participating dealer before May 9 will receive free of charge a 24-piece set of TexasWare Melamine dinnerware. During April, PG&E will support the campaign with newspaper ads, bill inserts, outdoor posters, truck posters, office displays, television commercials, and publicity kits, and during May with newspaper ads, magazine ads, truck posters, and radio announcements.

Connecticut—ranges, water heaters. The Connecticut Light & Power Co.

is sponsoring a range and water heater campaign through June 11. The company offers a \$5 bonus for each sale of a water heater of 30-gallon capacity or larger, and a \$15 bonus for a water heater rental if you give CL&P the customer's name and the opportunity to install the heater. A 25% advertising allowance is available on water heaters throughout the year.

Dealer incentives during the range campaign include payments from \$3 to \$6 per sale depending upon the number of sales. CL&P will pay a 25% advertising allowance on range ads during the promotion.

Minnesota—electric ranges. The Otter Tail Power Co., Fergus Falls, is promoting sales through May 15 by offering free an Oster Thermo Electric Coffeemaker, regularly \$24.95, to customers who purchase an electric range. The free offer is being promoted through radio and television programs and through mat service.

New Jersey—electric ranges, electric heating. The Jersey Central Power & Light and the New Jersey Power & Light campaign for electric ranges continues through Apr. 23. The Dealer's Choice promotion offers cash bonuses and a 50% co-op advertising allowance. Dealers earn \$10 for each sale to a qualified new user and \$5 for each replacement electric range sale. Qualifying sales must be made before Apr. 23, and the ranges must be installed on JCP&L-NJP&L lines by Apr. 27.

The utility's electric heating promotion is scheduled for April, May, and June. JCP&L-NJP&L will offer a \$29.95 Chromalox portable electric heater for \$4.95 to any home owner in the company's service area requesting a free estimate of how much it would cost to heat his home electrically. The offer will be promoted through newspaper ads, radio commercials, in-store banners, and counter display cards.

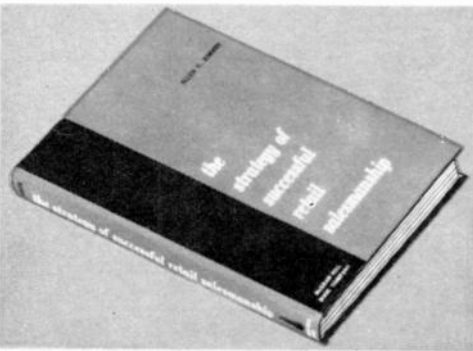
Oklahoma—freezers, refrigerator-freezers. The Public Service Co. of Oklahoma, Tulsa, has scheduled newspaper ads for May and June in conjunction with its promotion of home food freezers and no-frost refrigerator-freezers. The share-cost advertising allowance to participating dealers is 33 1/3%.

Tennessee—air conditioning, heat pumps. The Nashville Electric Service is supporting dealer and distributor sales efforts with newspaper advertisements and radio spots. The promotion began Apr. 4 and continues through Apr. 23.

The service company is also promoting electric appliances through its cooperation with the Annual Home Show, May 1-7. Newspaper ads, bill stuffers, billboards, bus cards, and radio spots are scheduled for that week.

Texas—electric ranges. The Central Power and Light Co. offers a \$5 cash bonus to south Texas dealers for each electric range sale, and a \$15 cash coupon to customers during the April-May campaign. The customer may apply the \$15 cash coupon to the purchase price of the new range, collect the \$15 cash from CPL, or apply the coupon to the installation cost. CPL ads will tie in with regional and national electric range advertising using the industry slogan, "Lady, you'll just love flameless electric cooking."

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ALLEN E. ZIMMER, a prominent retail sales consultant, has been intimately associated with department store and specialty store retailing for more than 40 years. Mr. Zimmer is the founder of Zimmer, McClaskey, Lewis, Inc., an advertising agency in Louisville which is the largest of its kind in Kentucky. He served as its president for many years.

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"Here's why the Westinghouse "leadership line" is the toast of the Room Air Conditioner business."



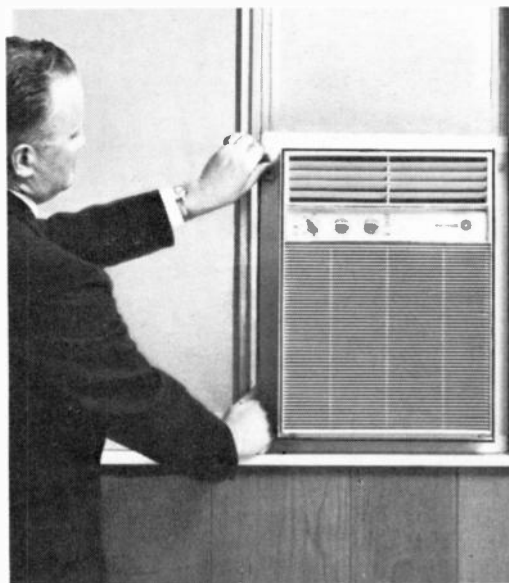
"Take our 5,000 and 6,000 BTU models, just for openers," says Rodger W. Gibson, National Sales Manager of Westinghouse. "These compacts took the market by storm in '65."



"The strong, silent compressor in our compacts weighs just 25 pounds. Which makes the unit not only lightweight, but *really* compact. Another big plus is their 5-year replacement guarantee. *



"Our hot-selling compact line has a great new addition in '66. A unit for those impossible-to-fit sliding windows... that's a Westinghouse exclusive."



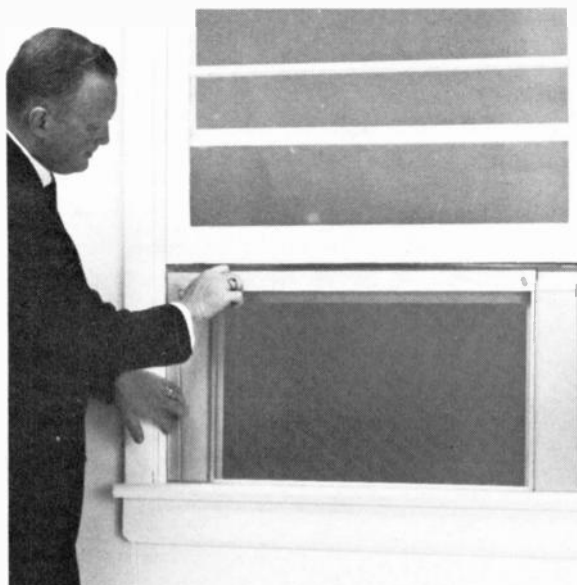
"See how easily it goes in? Up 'til now sliding windows meant through-the-wall installation. Now your customers can do it themselves. 5500 and 8000 BTU. Both 115 volt plug-ins."



"Picture the number of new prospects. All those medium and low priced homes with sliding windows and no central air conditioning. 50% of all aluminum windows are sliders. Our new unit fits wooden sliding windows, too — plus casements. Anything up to four feet high."



"How about this Panelaire unit — the step-up model in the 6,000 to 17,000 BTU range. Panelaire is made for the style-conscious prospects. It has a simulated wood grain finish that can be painted or papered to match anything."



"Here's our exclusive, easy-to-use Mobilframe mount. You secure it in place first, then slide in the air conditioner. Unit can't get away from you with this frame locked in position."



"These are for the big cooling jobs. Up to 26,000 BTU with or without exposed louvers. WASSCO offers free floor planning, a buy-back deal and fabulous trips for successful dealers. Your Westinghouse distributor will be glad to give you the whole story."

*Authorized dealer or service agent will replace with comparable model to original purchaser any Mobilaire® 5000 and 6000 delivered to him on which the hermetically sealed refrigerating system becomes defective within 5 years due to workmanship or material.

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Super-Shield double-insulation, the most reliable method of electrical protection yet.

No 3-pronged plugs. No short cuts on quality. Regina does it right!

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