

MERCHANDISING WEEK

EDITED FOR THE APPLIANCE, CONSUMER ELECTRONICS, AND HOUSEWARES INDUSTRIES
A MCGRAW-HILL PUBLICATION/50 CENTS/VOL. 98 NO. 30/JULY 25, 1966



◀ □ □ □ The face of discounting, like that of Interstate's president Sol Cantor (left), is happy over continuing growth, thoughtful about problems and potentials of today and tomorrow. For an up-to-the-minute report on what top management is thinking and doing in the volatile world of discount retailing, see.....p.12

AT PRESSTIME □

□ □ □ □ Sears gave a boost to the 4-track tape cartridge with the announcement that it has signed a new \$500,000 manufacturing contract with Craig Panorama for the purchase of 4-track car stereo cartridge tape players. Sears Solid-State Stereo-4, as the unit is called, will be sold nationally through the automotive departments of 300 Sears retail outlets. Sears has been carrying the Craig unit for nearly a year—but only in the Western states. Mark Kalopa, national automotive sales manager for Sears, says Sears is also looking at the Craig compatible unit [which can accommodate both 4- and 8-track cartridges] and "several other cartridge players." Sears already carries an 8-track Lear cartridge player.

□ □ □ □ Hong Kong radio prices on exports to the U.S. averaged \$2.55 on the 2,015,859 radios sent through May—a drop of 82¢ from the 1965 five-month period. Radio exports from Hong Kong to the U.S. rose 81.52% for the first five months of 1966, compared with that period last year. Total for this May: 553,477 radios at an average price of \$2.55. This is a 77% increase over May, 1965, when a total of 311,992 units were shipped at an average price of \$3.36.

continued on p.3

**General
Electric
Innovates:**

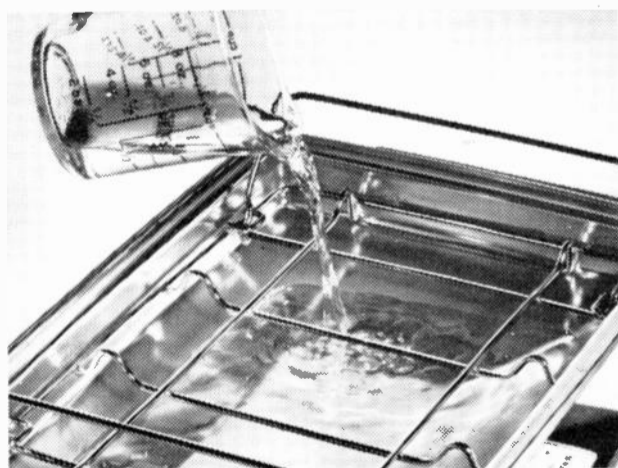
A NEW AUTOMATIC FOOD COOKER

FIRST one-step meal maker ends pot watching forever!



WHAT A SALES MAKER! This 3-pan Automatic Food Cooker automatically cooks complete meals—breakfast, lunch, dinner. Cooks fresh and frozen vegetables, complete casseroles, steams rice—you name it—and what convenience! No timers to set, no temperatures to watch. Foods

won't stick or burn. When food is done, a bell sounds, heat goes off, food stays hot. Food nutrients, flavors, color and texture are retained. You've really got something to sell with the new General Electric Automatic Food Cooker. Demonstrate it and see! Model FC-1 **\$29.98***



STEAM DOES THE COOKING—PERFECTLY!

PREMEASURED WATER is poured into base. Food-filled pans are placed on rack over water. Close the lid, slide the control lever ON. From then on, it's all automatic! Superior to saucepan cooking...no watching, no stirring...no messy cleanup!

LOOK WHAT IT COOKS!

Steam-cooks moist, succulent fish, tender crisp vegetables—both fresh and frozen, and both at the same time. Cooks eggs soft or hard, even poached. Steams fluffy rice in a casserole. Steams poultry. Heats

rolls, soups, sauces, baby food, canned foods. Great for leftovers—makes them taste freshly cooked. Cooks everything you don't have to brown or bake. One appliance replaces several separate pans.



Easy-to-clean anodized aluminum. Compact, attractive styling. Two small pans... each holding 2 cups, or 1 package frozen food. One large pan holds 4 cups or 2 packages of frozen food.

DOMINANT ADVERTISING TO MAKE THE AUTOMATIC FOOD COOKER MOVE!

On TV...and in leading magazines...we'll be telling the story of this new way of cooking to millions. Watch for it! Great for the gift market. *Manufacturer's suggested retail price



General Electric Company, Housewares Division, Bridgeport, Connecticut 06802

Progress Is Our Most Important Product

GENERAL  ELECTRIC

□□□□ **It's here: GM's cartridge tape player** (MW, 21 Feb., p.1) is optional equipment in 1967 Chevrolets. The Delco-built 8-track player is factory-installed and competitively priced with Ford and Chrysler players now on the market. Oldsmobile will probably be next with the same Delco player.

□□□□ **National Video's strike is over**—settled July 20, after 19 days. A National Video spokesman concedes production of about 20,000 tubes a week—or at least 50,000 tubes in all—was lost.

□□□□ **Prerecorded video tapes are now a reality**—or almost. Audio Fidelity Records Inc. is the first company to take the plunge (MW, 18 July, p.3) into marketing sight-and-sound prerecorded tape packages. To date the company has produced one prerecorded tape—½-inch Sony tape at 7.5ips—filmed at the recording session for an Audio Fidelity LP album by Johnny Paycheck, a country-and-western singer. This will be Audio Fidelity's tack at first: making video tapes of recording sessions set up for LP albums. The prerecorded tapes will be marketed under the Audio 20/20 label. Price of the tape—which runs the same length as the album—will be \$49.95, only \$9.95 more than the retail price of the blank tape. Marketing: Her-

man Gimbel, president of the company, hopes to consummate an agreement with Sony to package a catalog of Audio 20/20 tapes with every video tape recorder sold. Gimbel is also talking with Ampex about producing prerecorded tapes compatible with the Ampex video tape recorder.

□□□□ **Six-month laundry shipments: A steady rise** is indicated by the first-half sales report of the American Home Laundry Manufacturers Assn. Six-month sales of electric dryers rose 32.5% on 641,800 units, compared to 484,522 units in the first half of 1965. Gas dryer sales climbed 22.5% on 299,577 units; automatic and semi-automatic washer sales went up 10.7% on 1,928,556 units.

□□□□ **Japanese tv shipments to the U.S. hit 569,534 units**—including 62,870 color sets—for the first six months, or 30.58% rise over 1965's first half.

□□□□ **GE's electronic range will be introduced** in the East in the fall when Ryan Homes Inc., unveils a "custom look" model home concept in 12 cities. The all-electric homes, selling in the \$35,000 price range, will feature the GE units which have been marketed in Detroit and the Far West for the past few years.

The costs of doing business: NARDA's happy report

Appliance-radio-tv dealers enjoyed a vintage year in 1965. In fact, the best year since the champagne days of 1955.

That is the over-all summary of the 20th anniversary edition of the National Appliance & Radio-TV Dealers Assn. annual costs of doing business survey of its members.

Total gross margin rose 1.08% in 1965 and was accompanied by a rise of only .10% in total operating costs. Thus, when the difference between the two figures—or .98%—is added to the operating profit, the total of 2.73% (see table) represents a six-year high in net operating profit and the best figure since 1955. Since 1955, the sales pie has expanded, too (see table "Manufacturers' unit shipments").

Sales were up 12.4% in 1965 over 1964, based on the sales figures reported by the participants in the NARDA survey. This gain was in sharp contrast to the 1% sales rise registered by a national panel of appliance-radio-tv dealers reporting to the Department of Commerce, according to NARDA.

Total dollar sales volume reported in the survey set a new record nearly double the 1964 amount. And NARDA said its latest survey showed a 42% increase in participation over 1964.

The growing importance of color tv for retailers is apparent in the NARDA report, as the tv share of total volume jumped to a whopping 36.8%—in a new record—from 26.8% in 1964 (see table far right) and the old high of 30.4% in 1962. Color tv, of course, provided the main volume and dollar spark, rising from 13.2% in 1964 to 24.7% in 1965. In 1963, the first year that color tv was added

to the product breakdown, it accounted for 8.7% of sales.

Refrigerators, strong boy in major appliances sales, received a reduced share of total sales in 1965. At 13.8%, the refrigerator's share was down from 17.4% in 1964 and a record high of 19.3% in 1963. Washers remained in third place on the sales ladder, even though their share fell. But radios, hi-fi, and phonos came back strong from 7.5% in 1964 to 10.1% in 1965.

Smaller store sales were strong in 1965. According to the report, "merchandise-plus-service" firms with sales below \$250,000 racked up a 1965 gain of 14.3% in total sales over 1964 figures. By comparison, the firms with sales in the \$250,000-to-\$500,000 bracket increased total sales 15.1% over 1964 and the stores with sales over \$500,000 posted an

over-all increase in sales of 10.8%.

It is interesting to note the percentage distribution of service sales in these three store categories. In the over-\$500,000 store category, service accounted for 7.7% of total sales—down from 11.1% in 1964. (In 1960, service sales accounted for 17.5% of sales for these stores. Service sales in the \$250,000-to-\$500,000 store group increased from 12.9% in 1964 to 14.3% in 1965. For stores doing less than \$250,000 where service is always strong, service sales accounted for 21.7% of the total—down from 23.2% in 1964. Of all sales in 1965, merchandise accounted for 89.3% of the total; service sales accounted for 10.7%—compared to 87.8% and 12.2%, respectively, in 1964.

A small decline was recorded in sales-per-square-foot as NARDA

dealers noted an across-the-board merchandise sales-per-square-foot average of \$99. This was a drop of \$2 per square foot from 1964 and was \$5 off the peak of \$104 registered in both 1952 and 1959. (By contrast, the National Retail Merchants Assn. reports these sales-per-square-foot: consumer electronics, \$152; major appliances, \$113; housewares, \$140.)

Trade-in ratios in eight key product areas were all down from 1964. Refrigerators and tv both registered drops of 9%; refrigerators dropped from 58% in 1964 to 49% in 1965, while tv dropped from 47% in 1964 to 36% in 1965. Since sales should be more profitable when trade-ins are not involved, it seems logical to conclude that improvements in dealer profits over the past few years are in part attributable to the trend toward fewer trade-ins.

Net operating profit: the rise from 1960 to 1965

	1965	1964	1963	1962	1961	1960
Gross margin	27.26%	26.18%	26.86%	28.06%	27.25%	28.78%
Operating costs	24.53%	24.43%	25.45%	26.92%	26.76%	28.76%
Net op'g profit	2.73%	1.75%	1.41%	1.14%	0.49%	0.02%

Manufacturers' unit shipments: 1965 compared to 1955

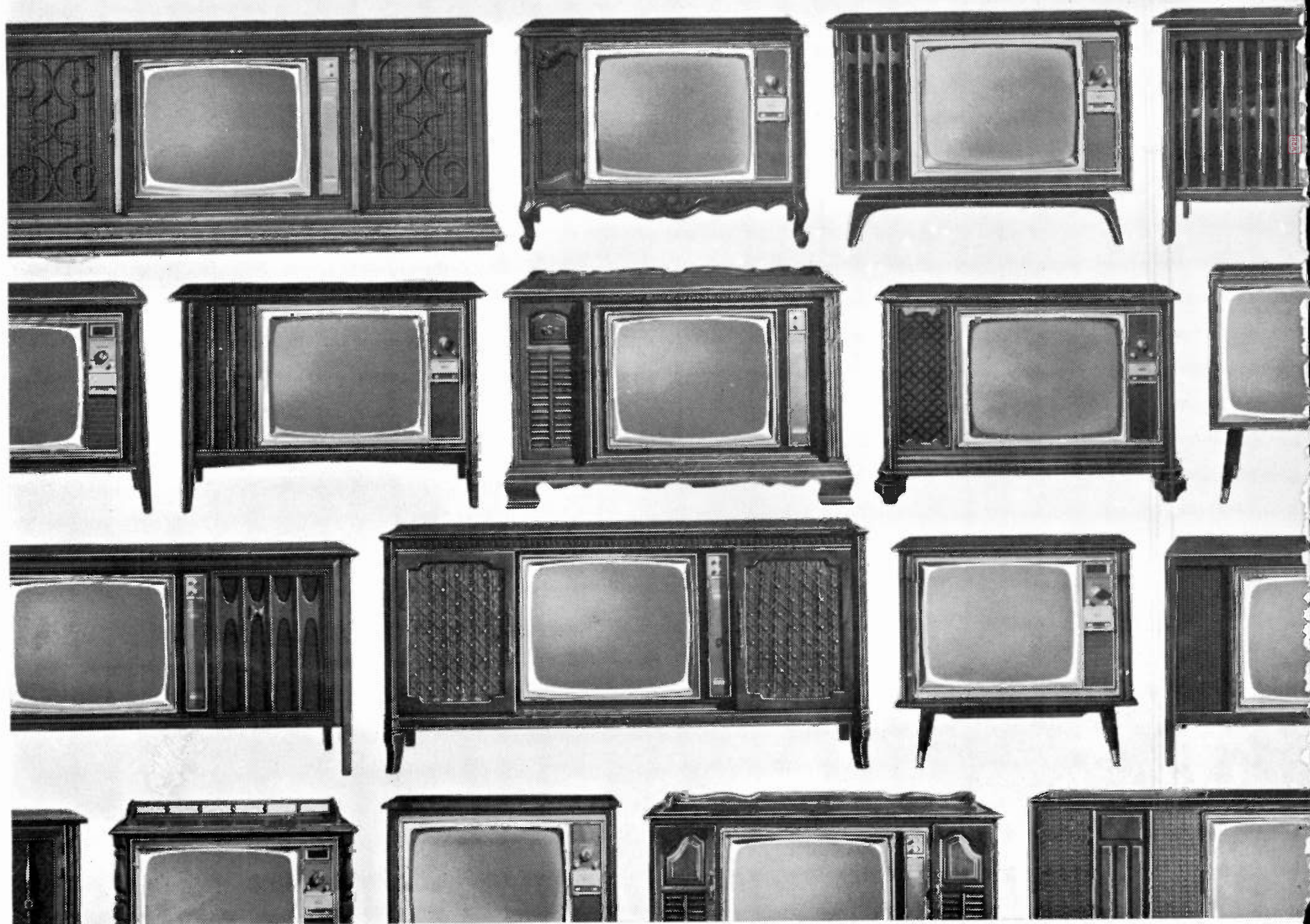
Product	1965 shipments	1955 shipments
Radios	14,056,100	7,269,200
Tv (includes color)	11,037,200	7,777,000
Phonos	6,220,600	2,627,000
Refrigerators	4,930,000	4,200,000
Washers	4,430,000	4,391,000
Ranges (all types)	4,331,400	3,934,100
Air conditioners	2,945,000	1,275,500
Dryers	2,095,000	1,396,600
Freezers	1,160,000	1,100,000
Dishwashers	1,260,000	295,000
Totals	52,465,300	34,265,400

Share of sales by product category in 1965 vs. 1964; how sales held up for nine appliance-tv products

Product categories	1965 share	1964 share
Tv (includes color)	36.8%	26.8%
Refrigerators	13.8%	17.4%
Washers	11.6%	13.1%
Radios, hi-fi, phonos	10.1%	7.5%
Ranges (all types)	8.1%	9.4%
Air conditioners	6.1%	7.1%
Dryers	3.6%	4.8%
Dishwashers	3.2%	3.5%
Freezers	2.2%	3.1%
All others	4.5%	7.3%
Total	100%	100%

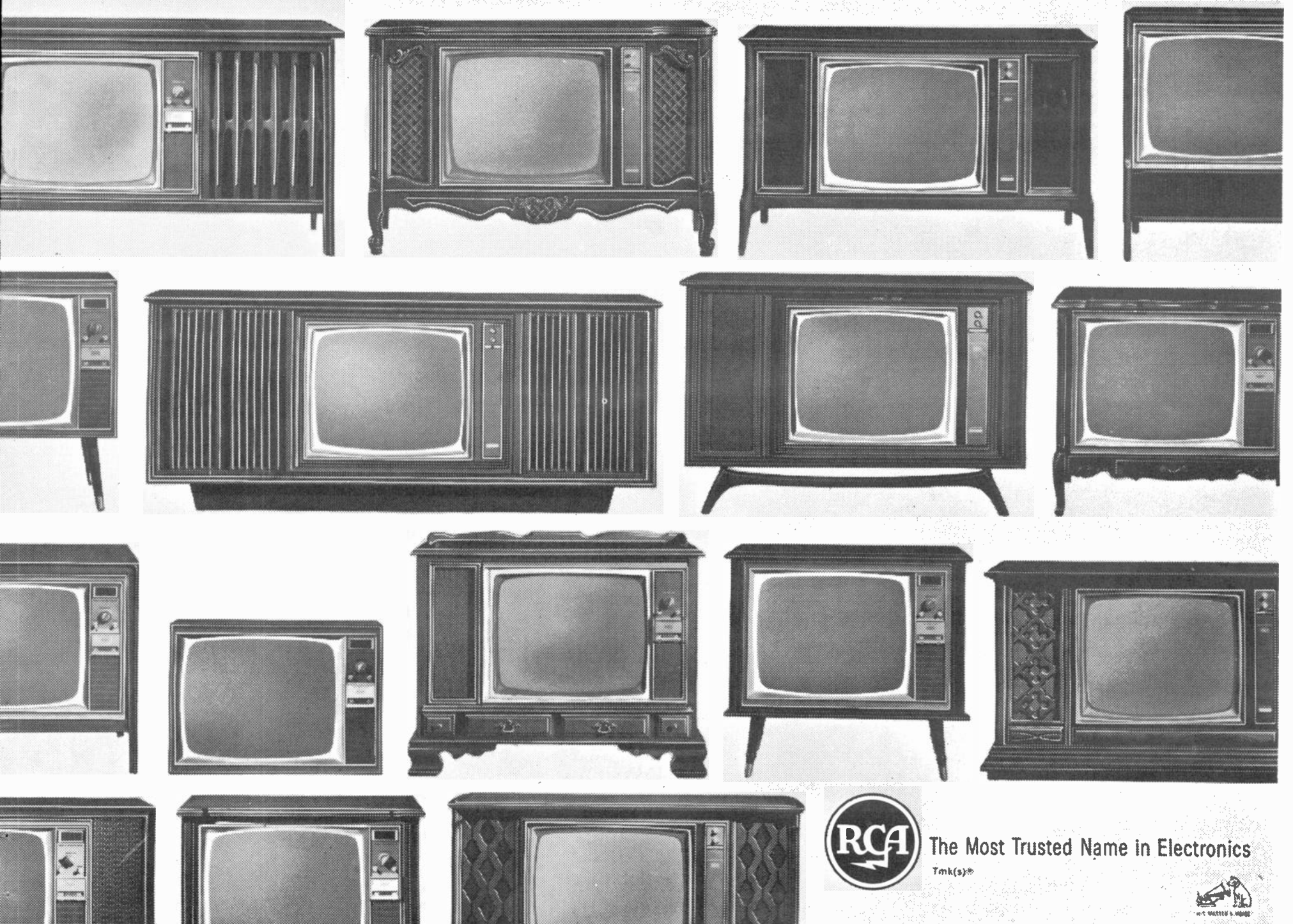
from RCA, the company that has done the

53 NEW RCA VICTOR COLORET TV



most to make Color TV what it is today

MODELS—BROADEST LINE IN THE INDUSTRY



The Most Trusted Name in Electronics

Trmk(s)®



□□□□ A new approach to mergers may come out of current hearings at the Federal Trade Commission (FTC). For the first time, the commissioners listened as businessmen expressed their views on whether the growing number of mergers in the cement industry is economically beneficial or anti-competitive.

The FTC hopes the testimony will enable it to write merger rules for the entire industry, and thereby avoid holding lengthy hearings on individual cases. Procedures developed in the cement hearings could be applied to several other industries—including department

stores—where the Commission is particularly concerned about the trend to mergers.

□□□□ The war in Vietnam continues to eat more deeply into civilian supplies of basic materials—particularly those that go into appliances. Set-asides for military orders for steel, copper, and aluminum will edge up again in the next quarter of the year.

Set-asides constitute a percentage of productive capacity that must be reserved to fill defense orders. The biggest set-aside jump will occur in steel—an over-all

rise of about 30%—to 1.4 million tons. This works out to about 6% of total steel-company shipments, compared to 4.5% of shipments set aside for defense orders in the current quarter.

The military take also will be up in aluminum and copper. If this trend continues, shortages are bound to crop up in civilian production—although this has occurred only in copper so far.

□□□□ A move to limit state taxation of out-of-state companies is winning a little more support in Congress. A special House subcommittee, headed by Rep. Edwin Willis (D-La.), has a bill that would limit state tax jurisdiction to firms which actually own or rent real estate in that state.

Distributors, long bothered by duplicating tax jurisdictions, favor this bill; but the proposal is opposed by most states and many large manufacturers. House action this year is possible; Senate consideration is unlikely.

□□□□ U.S. exports of electronics products fell off slightly last year, according to the Commerce Department's Business and Defense Services Administration (BDSA). Exports totaled \$961.6 million in 1965, compared to \$962.6 million in 1964.

Reflecting lower sales to France and Spain, electron tube shipments declined 9%, from \$62.7% million in 1964 to \$57.4 million last year. But there were substantial increases in U.S. exports of tv receivers, radios, radio-phono combinations, auto radios, and radio tuners and kits.

The we-don't-carry-it-because-nobody-asks-for-it Fallacy.

Recently we visited some of you dealers who don't carry Andrea color television sets. We wanted to find out why. Most of you gave us the same answer.

"Nobody asks for it."

O.K., non-Andrea dealers, we'd like to poke a hole in your argument. The reason nobody asks for it is that you don't carry it!

Let us explain. There are a number of dealers across the country who sell our sets consistently. If they didn't, we wouldn't be making television sets. The point is that none of these guys took on Andrea because of strong customer demands. They had another reason.

They knew about Andrea. Its quality. Its reputation. So they decided to add it to the high end of their line. None of them expected throngs of people to come in clamoring for Andrea. It just isn't a product for the masses. But these dealers knew if they put it on the floor, they could sell it.

Now when a customer walks in with the money for a very good set, our dealers trade him up to the best. And for the extra few minutes it may take to make the sale, there's a heck of a lot more profit.

Basically, that's the way a high-quality, prestige line like Andrea should be sold. If you agree, and if you'd like to make the money we know you can make, write to Pete Morahan, our Vice-President in charge of Sales. Or call him collect at (212) ST 4-5411.

You might also ask Pete how you can be our guest at the Princess Hotel in Bermuda on September 16, 17 and 18. You'll get to meet a lot of Andrea dealers down there. In a way, they've got something in common with you. Nobody ever asked them for an Andrea either.

Until they started carrying it.



"Nobody asks for it."

Andrea

The Andrea Radio Corporation, 27-01 Bridge Plaza North, Long Island City, N. Y.

Montgomery Ward's catalog pushes prices to new lows

Montgomery Ward's new fall-winter catalog is spotted with price cuts, particularly in consumer electronics. Most spectacular is its housecleaning cut on a 21-inch color console now at \$319.95, or, as a table model at \$299.95. Wherever possible, the price quoted in the previous catalog is shown in parentheses.

Consumer electronics

Color tv—The line leads off with a compact 21-inch table model at \$299.95 (\$369.95); a console model with a leg kit is available at \$319.95 (\$429.95). Five 23-inch consoles in a variety of wood finishes range in price from \$489.95 to \$549.95. A 25-inch combo with an AM-FM stereo tuner available in three styles with doors is \$875. A 19-inch set is \$399.95.

B&w tv consoles—Low price in b&w consoles is a 23-inch console at \$139.95; without legs, the console goes for \$129.95. Two 23-inch sets in walnut and maple finishes sell for \$164.95. Top of the line in the 23-inch consoles is \$189.95 (\$259.95) in Contemporary walnut and \$199.95 (\$269.95) in Early American maple and Provincial cherry.

Tv portables—Three 19-inch portables are \$104.95, \$139.95 and \$154.95. A 16-inch portable is available at \$99.95 (\$119.95); three 12-inch models sell for \$77.50 to \$127.95; and a 9-inch solid-state set is available at \$112.95.

Stereo consoles—A budget stereo console with solid-state components sells for \$89.95. Solid-state stereo consoles with AM-FM stereo radios range from \$139.95 for a mahogany hardwood model to \$459.95 for an Early American model in maple.

Portable phonographs—Three monaural phonos are priced from \$23.95 to \$47.95. There are eight stereo sets: one with a solid-state tuner-amplifier at \$159.95; five solid-state phonos go from \$57.95 to \$124.95; one phono with an AM-FM radio is \$124.95; and one with an AM-FM stereo radio is \$189.95.

Portable radios—Five pocket-size portables range from \$5.50 for a 6-transistor model to \$18.50 for an 8-transistor model. An AM portable with a 5-inch speaker sells for \$27.50 (\$29.50). Another AM model goes for \$32.50. The AM-FM portables start at \$26.95 for a 10-transistor model with a 3½-inch speaker. At the top of the AM-FM line is a 17-transistor, 6-band, AM-FM-SW model at \$97.95.

Clock-radios—At the low end, two models sell at \$10.75 and \$12.95. Five other AM units with solid-state components range from \$18.50 to \$36.95. Four AM-FM clock radios are priced from \$26.95 to \$67.95.

Table radios—Three AM models are priced at \$7.39, \$9.95 and \$28.50; and three solid-state AM models sell at \$14.95, \$17.95 and \$22.50. AM-FM table radios start at \$21.95 and go up to \$56.95 for a deluxe model that comes in maple or walnut. Two all-transistor AM-FM models are \$36.95 and \$44.95. Two AM-FM stereo models sell at \$89.95 and \$119.95.

Portable tape recorders—Four battery-powered solid-state recorders are

available: a single-speed model at \$24.50, and three 2-speed models priced from \$34.50 to \$87.95. And two solid-state stereo recorders sell at \$189.95 and \$249.95.

Major appliances

Refrigerators—The line leads off with a one-door 9.1-cu.-ft. unit at \$149.95 (\$169.95). Step-ups range from an 11.8-cu.-ft. model at \$199 to a 13.6-cu.-ft. bottom-mount at \$299.95. All but the one-door leader model are no-frost. Top-mount no-frost models start at \$319.95 for a 14-cu.-ft. unit with icemaker—without icemaker, \$289.95—and steps up to \$399 for an 18-cu.-ft. unit with icemaker. Bottom-mount units open at \$369.95 for a 16-cu.-ft. unit with icemaker—without icemaker, \$339.95. Top of the line is an 18-cu.-ft. bottom-mount with icemaker at \$479.95.

All-refrigerators—The line steps out at \$154.95 for a 6.7-cu.-ft. model and includes a 12.8-cu.-ft. unit at \$259.95. The matching freezers are a 6.4-cu.-ft. unit at \$149.95 and a 15-cu.-ft. model at \$199.95.

Upright freezers—The line starts at \$169.95 for a 440-lb.-capacity unit and moves up through six manual defrost models to the top of the line, a 30-cu.-ft. model for \$339.95. Ward's 16-cu.-ft., no-frost freezer with icemaker is \$299.95—without icemaker, \$269.95.

Chest freezers—The line opens with a portable unit at \$119.95 and has five stationary models starting at \$179.95 (\$189.95) for a 15.1-cu.-ft. model and moving up to \$249.95 for a 23-cu.-ft. model.

Gas ranges—A 20-inch compact opens the line at \$79.95 (\$94.95) with a 24-inch model following at \$149.95. Five standard 30-inch ranges go from \$114.95 to \$249.95. Three 36-inchers start at \$129.95 and move up to 179.95 for a model with a Teflon-coated griddle.

Electric ranges—The line kicks off with a 20-inch compact at \$119.95. Four 30-inch models go from \$129.95 to \$249.95. One 40-inch unit sells at \$199.95; one with Cook 'n Hold and two ovens, is \$249.95 (\$259.95).

Eye-level ranges—All are 30-inch units, starting at \$219.95—in electric, \$229.95. The middle of the line is \$279.95—in electric \$289.95; the top unit is \$289.95—in electric, \$329.95. A built-in wall oven is \$144.95—in electric, \$114.95.

Washers and dryers—Washers start at \$127.50 (\$132.50) for a single-speed unit; the matching dryer is \$79.50—in gas, \$109.50. The top unit is a 2-speed, 6-cycle washer at \$229.95 with a matching dryer at \$149.95; in gas, \$189.95. A solid-state-controlled washer with a 16-lb. capacity is \$339.95. The top 16-lb. dryer is \$179.95 (\$189.95).

Wringer washers—The four-model line starts at \$63 and tops off at \$149.95 for a 2-speed unit.

Dishwashers—The four-model portable line leads off at \$124.50 (\$139.50) for a 12-setting-capacity unit and moves up to a 15-setting unit at \$159.50. The line tops off with a 16-setting model for \$189.50. A built-in unit is \$169.95.

□□□□ Retail prices of room air conditioners averaged \$234 during the two weeks ended May 28, according to Daniel Starch and Staff, consultants in business research. During May, the average retail price by brand ranged from a low of \$172 to a high of \$384, and 35 models representing 11 brands accounted for 35% of all unit sales. The best-selling model, which ranged from \$220 to \$280 in retail price, accounted for 2.8% of all unit sales. The second and third best-selling models were of the same brand as the first. The three models together accounted for 7.8% of total sales. The Starch data is based on a weighted sample of 544 retailers across the country.

□□□□ Corning is test-marketing a Patio Broiler—a gas-fired unit—in Washington, D.C., Rochester, N.Y., Middletown, N.Y., and Corning, N.Y. The new broiler is a built-in version of the company's Cercor grill—a portable gas-fired broiler that Corning test-marketed through housewares channels several years ago but never officially added to its line. Like the Cercor grill, the new broiler features burners of cellular glass-ceramic material, for which Cercor is Corning's brand name. The new unit is being sold at between \$100 and \$175, depending on installation charges and choice of accessories.

□□□□ A tape cartridge changer from BSR may provide another selling point for cartridge tape promoters. Those who have been pooh-poohing the cartridge tape movement point out that phonograph records—unlike tape cartridges—can be stacked for automatic continuous play. The BSR unit holds up to 10 Lear-type 8-track cartridges on a carousel turntable, providing up to 12 hours of continuous play. For use in a car, the changer is equipped with remote control: play and reject can be controlled from the dashboard, even though the changer/player is located in the trunk. The unit also has an indicator showing which of the four pairs of tracks is being played. It will be available sometime next spring.

□□□□ A new national VHF tv network is scheduled to begin broadcasting with about 100 stations on Sept. 11, 1967. The fourth network, called the Overmyer Network, or ON, would be the first major television network to be formed since the American Broadcasting Co. began in 1948. Oliver Treyz, one of ABC's former network presidents, will be president of ON. The new network, which will be headquartered in New York City, initially will broadcast eight hours of news, live and taped entertainment, sports, and public service shows.

□□□□ Color tv sales passed b&w unit sales in the Sacramento (Calif.) area. During the 12-month period ending Apr. 30, color sales tallied 17,115 units, 193 more than the 16,922 b&w units sold in the same period. In the Sacramento-Stockton area, KCRA-TV, a local station, has seen its market zoom from 15,000 color tv households in November, 1963, to 120,000 color households today. According to KCRA-TV, 22% of the families in the station's market own color sets—a saturation level 10 percentage points higher than the national average.

□□□□ A program selector for 8-track cartridges is being developed on a player to be built by Lear Jet Corp. Program selection will be possible with a newly developed fast-forward capability that incorporates automatic stop at the end of each selection. An indexing system to indicate where one is on any given program, or set of tracks, is also being devised. These two new refinements, which will be available some time after the first of the year, mark a major break-through in the 8-track field. The fast-forward feature, as well as rewind are available with the Philips cassette: the miniature reel-to-reel cartridge. However, Jim Gall, Lear marketing chief, says, "What we are planning to offer has everything that they [Philips] have, and then some."

□□□□ Masterwork introduced cartridge players at the Columbia Records sales meeting last week. Timed to coincide with Columbia's presentation of its first 8-track prerecorded cartridge tapes (MW, 7 Mar., p.3), Masterwork Audio Products' first 8-track home cartridge tape players are: a deck to be used with any stereo unit for \$79.95 and a self-contained unit with two 8-inch speakers for \$139.95. Deliveries of the deck will begin mid-August; the other unit will be delivered early in October.

□□□□ Hoffman will use integrated circuits in all the products produced in its new 250,000-sq.-ft. factory planned for 1967. According to Ellis Friedman, president of Hoffman Products Corp., integrated circuits will be used in the audio stage of its b&w sets, color sets, and stereo phonos. With the new expansion, Hoffman's production capacity for color tv sets, stereo console phonos, portable phonos, and radios will be increased 50%. The site for the new plant has not yet been selected.

□□□□ Penney's drops prices on a number of home electronics items in its fall-winter catalog. At the low end of the portable tv line, Penncrest's 12-incher sells for \$87, compared to \$92.50 in the previous spring-summer catalog. A 16-inch portable is down to \$94 from \$103.50. An AC-DC 9-inch solid-state model sells for \$107.95, compared to \$114.95. Running out the line are four 19-inchers, ranging from \$104 to \$145. No color sets are offered in the catalog. Monaural and stereo console prices prove more stable. One exception is a 15w tube-type 48-inch stereo console at \$169, down \$15 from the price in last year's catalog.

Pocket radios range from a 6-transistor AM model at \$7.50 to an 8-transistor AM-FM model at \$22.50. A 12-transistor AM-FM-SW 3-band portable is available at \$44.50, and a 15-transistor AM-FM-SW 5-band portable sells for \$69.50. The current AM table radio leader, at \$12.50, is up from last season's low of \$6.44. AM-FM table models are available at \$24.50 and \$29.50. Clock radios open at \$14.50 and go to \$47 for an AM-FM set with dual speakers.

□□□□ Admiral is taking 1,500 dealers to Tokyo on nine charter flights beginning Aug. 20. Dealers qualified for the trips in a nationwide sales incentive program conducted earlier in the year.

'So soon at such a low price': reaction to GE's new IC radio

GE's introduction of a radio with IC innards (MW, 4 Jul., p.3) is making waves in Japan—and has muddied the water for manufacturers of integrated circuits in the U.S.

"So soon at such a low price!" was the initial comment made by most of the Japanese radio engineers interviewed in Tokyo by McGraw-Hill World News. In the U.S., one IC-oriented engineer observed, "All the majors are working on this type of circuit, but none of us could produce it at the price, that soon." Implicit in that comment is the question: How can GE do it?

GE has stated that the new IC will cost radio set makers only 80¢ in quantities. One U.S. engineer predicts that the big integrated circuit companies will unveil that same type of radio circuit sometime next year, but he doubts that they will be able to hit a price of 80¢ each until sometime in 1968.

The Japanese are shocked

"It's a real shock to us," says Susumu Nakagawa, chief consumer products engineer of the Electronic Industries Assn. of Japan. The Japanese group has been considering the formation of a special committee to study measures to prod development of IC radios in Japan. But this plan has not come through yet, because the Japanese believed that IC radios would not be put on the commercial market for at least a year or more.

The Japanese radio producers and exporters are now trying to evaluate what impact the dramatic advent of GE's integrated circuit radios will have on their business in the U.S. Following are views on the IC generally expressed by the Japanese:

- Sooner or later, other leading U.S. radio manufacturers will come up with IC sets, and consumers in general may come to consider firms marketing integrated circuit radios as technically superior to those companies that do not. Therefore, Japanese radio producers must develop IC sets as soon as possible to survive in the U.S. market.

- Smaller Japanese companies that are assembling sets for export will be hit harder by the emergence of IC sets in the U.S. than vertical radio producers. The reason: Radios from the bigger firms are usually distributed in the U.S. by more reputable companies under better-recognized brands.

- Japanese radio-assembling firms will be further hit when prices of integrated circuits are lowered to 50¢, because the current price of 50¢ to 60¢ in Japan for a kit containing six transistors and one diode is considered to be about the lowest possible price. These assembling firms are already suffering from the continuous rise in labor costs. Integrated circuits, incidentally, will have the additional advantage of low labor costs, since the bulk of the radio's guts will be contained in a single silicon chip.

- All in all, the advent of IC radios in the U.S. could shake up the entire Japanese radio export busi-

ness with the U.S.—unless the Japanese catch up with their American counterparts before U.S.-built integrated circuits are made available in quantities. The Japanese radio export business is well worth protecting; it is now booming along at the rate of \$84 million a year.

The Japanese may indeed catch up. Michio Hatoyama, managing director for engineering at Sony Corp., believes that his company and other leading Japanese firms can develop IC radios in less than a year. Hatoyama does not think that GE's IC radios pose too serious a threat for the Japanese to meet.

At least six companies in Japan are engaged in active development projects for radios and other consumer electronics with integrated circuits: Nippon Electric, Matsushita Electric Industrial Co., Hitachi Ltd., Tokyo Shibaura Co., Sony Corp., and Toshiba. (As for integrated circuits in products other than radios, Toshiba has already announced that it will test-market a tv set incorporating ICs in Japan next year.) The race among these Japanese firms to gain the lead in IC efforts will now no doubt be intensified.

The Americans are incredulous

In the U.S., the semiconductor industry seems less concerned about GE's integrated circuit innovation. Reaction—perhaps reflecting a sour-grapes attitude—ranges from "an interesting job and we wish them luck" to calling the new IC "the subsidized circuit," since none of the other manufacturers can make a similar circuit at GE's price yet. Most of the skepticism is based on doubt about GE's production capability.

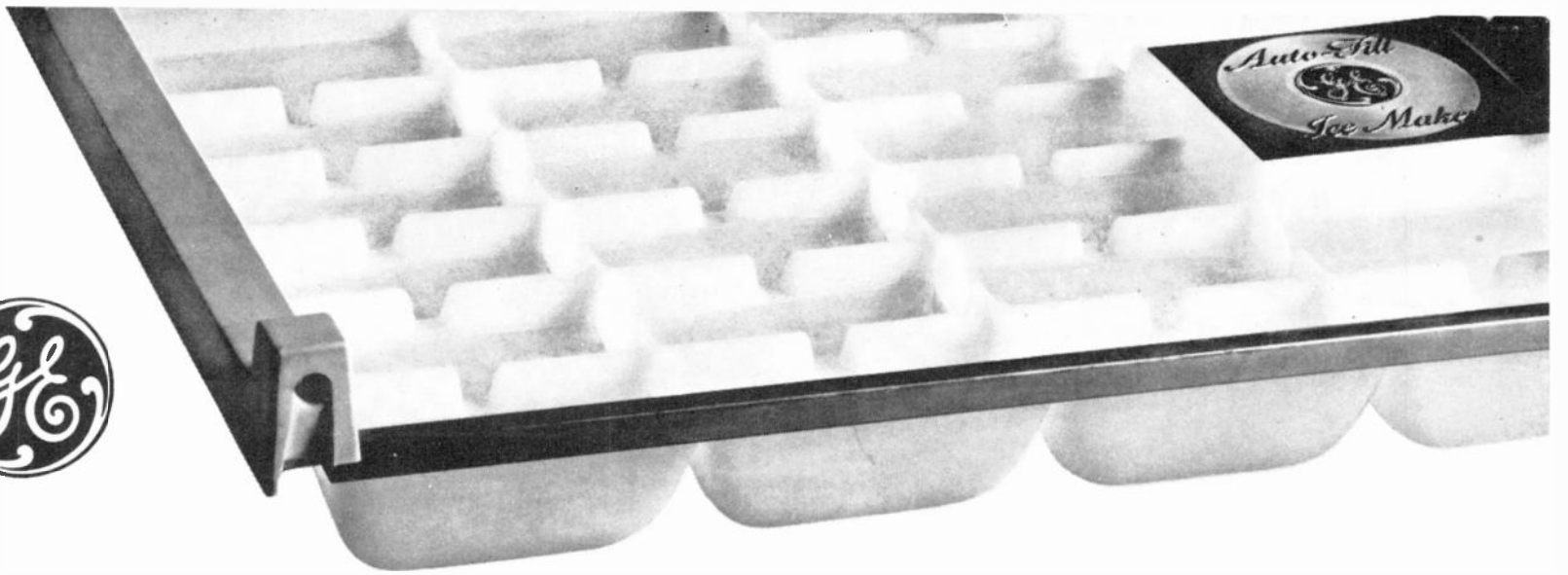
"GE had to do something to make an IC splash," said one observer, "and it chose a fairly complicated linear circuit. Only one thing is wrong, though—GE hasn't sold enough digital integrated circuits to load a shotgun with." GE's integrated radio circuit is a complicated linear circuit—not to be confused with digital integrated circuits, used primarily in computers, which are simpler to design and easier to produce. Both GE and RCA use a simpler linear integrated circuit in the sound stage of some of their television sets.

Everyone is interested

There is speculation that Motorola Semiconductor (and Motorola Consumer Products) is the company closest to announcing an IC similar to GE's. RCA is the next fairly obvious entry; and, Westinghouse Microelectronics and Sylvania are mentioned in the same breath.

It is generally conceded that most of the major consumer electronics manufacturers will have ICs in some of their products—if only in the audio stage of a tv set or phono—by next summer.

The next step will be for the retailer to create a romance between integrated circuits and the consumer.

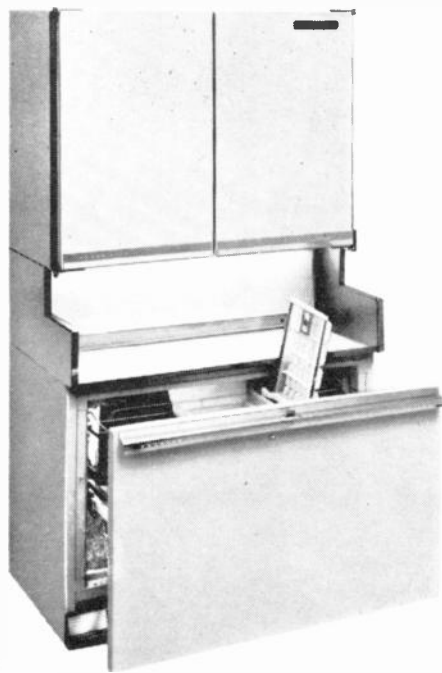


Convenience is a G-E Auto-Fill Icemaker

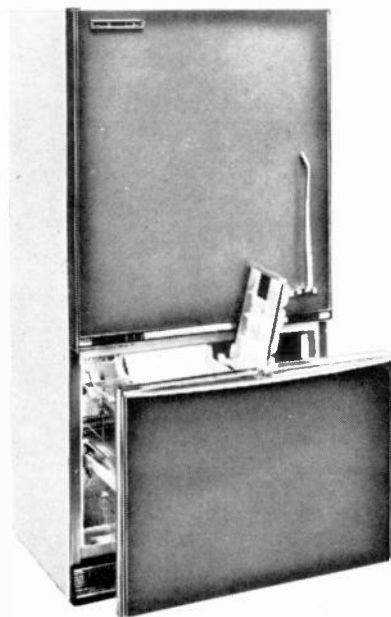
and we've put it on the line for '66



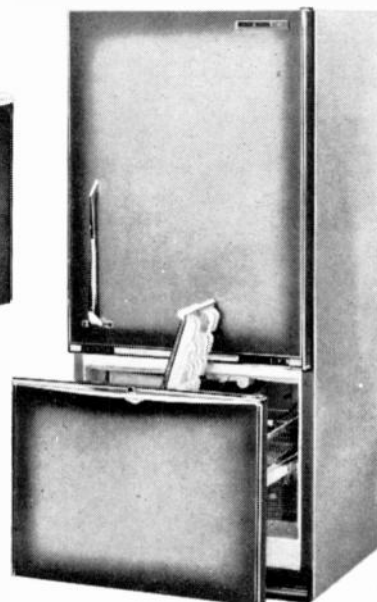
'No-Frost 16' (15.6 cu. ft.)



Americana (14.6 cu. ft.)



'Spacemaker 19' (18.8 cu. ft.)



'Spacemaker 16' (16 cu. ft.)

Women don't like to fill ice trays. And they won't have to if you sell them a 1966 G-E with the exclusive Auto-Fill Icemaker. It makes plenty of ice. Never makes trouble, because there are no complicated gears, timers or heaters to conk out or wear out. The Icemaker refills itself automatically and makes lots of nice clean, crisp cubes fast. Ends forever sloppy spilling and mopping up. And there's a bin to store extra ice cubes, too.

And for '66, you can sell the Auto-Fill Icemaker on the high-style Americana* with its huge Roll-out Freezer, on both 'Spacemaker 16' and 'Spacemaker 19' with Roll-out Freezers, and on the new 'No-Frost 16' where it is located in the giant-size top-mounted freezer.

And while you're selling it—remember that all these new G-E refrigerators offer another big convenience women want: no defrosting anywhere. As well as that incomparable General Electric quality that has made G.E. *the* household word for dependable refrigeration.

GENERAL  ELECTRIC

Phonola is not in the football business.

Are you?

Let's face it. We're both in business to make a profit. We do it by making the fin-

est stereo equipment we know how. You do it by selling that equipment. And playing football doesn't help either of us. (That's for the back yard, not your salesroom.) Sure, we like to play ball with you. We give you a quality stereo line cover-



on the gridiron. If you must play football, play with someone else's line. To Phonola, business isn't a game.



est stereo equipment we know how. You do it by selling that equipment.

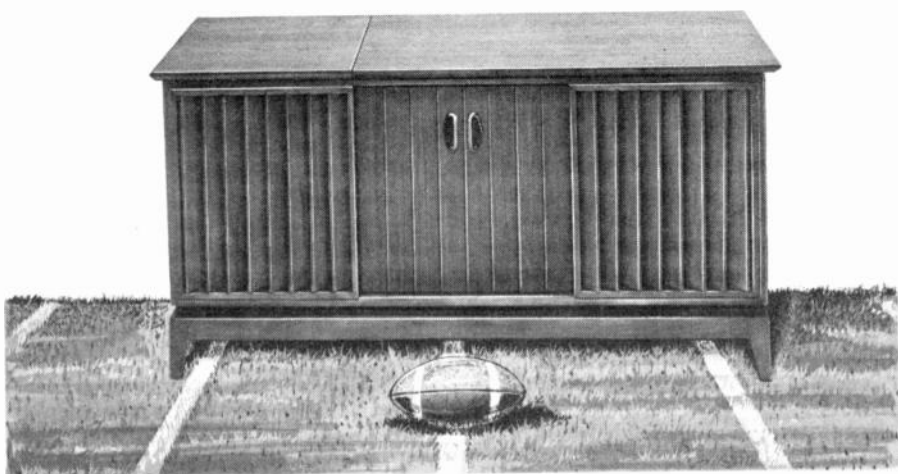


ing a complete price range. We give you top components, engineering and style. We give you a sound line that satisfies the most critical ear. And we give

you an exceptionally good profit margin, to boot. Let your competitors play games. Phonola doesn't believe in football, except



VERY BIG IN SOUND
phonola
WATERS CONLEY COMPANY, INC., A SUBSIDIARY OF THE TELEX CORPORATION
645 NORTH MICHIGAN AVENUE/CHICAGO, ILLINOIS 60611/(312) 544-5125



The Man Who . . .



. . . is turning a Persian market into an organized industry is Dolph Zapfel, executive director of the National Housewares Manufacturers Assn. But his newest move toward greater status for the housewares industry will require him to wear a heavy crown of promotional responsibility at the retail level.

I refer to NHMA's new Design in Housewares Award Program (mw,30May,p.15), the excitingly big theme of NHMA's recent exhibit in Chicago.

It is a heavy crown for Dolph Zapfel to wear for a number of reasons. In the first place, the very concept of such a program is very bold: to provide "valid criteria of design for quality, function, and practicability, as well as design for aesthetics." Secondly, so is the methodology of the program very bold: to select for good design less than 100 housewares products from over 250,000 on display at NHMA's exhibit last January. Thirdly, NHMA's selection of judges* was boldly prestigious. Fourthly, advance publicity given to retailers and consumers has been enormous. Lastly, the hoopla accorded the program at this month's exhibit completely dominated everything and everybody at McCormick place: a banquet for nearly 800 of the industry's leaders (prime example—Herbert Wexler of Macy's); a 30-minute, wide-screen presentation of all 94 award winners; gold-framed plaques for the lucky manufacturers; the appearance, and key speaker at the banquet, of no less a notable than Marshall McLuhan, highly publicized Director of the Centre for Culture and Technology at the University of Toronto, who spoke, wittily and meaningfully, on "Communications in Design," with special reference to the award winners; and a magnificent, if slightly oversized, display for the award winners that overpowered the registration area (retailers can buy duplicate to use in their stores).

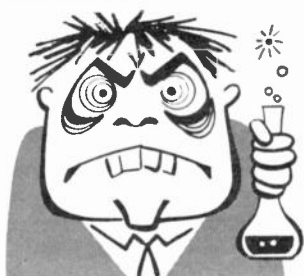
Now then, how's *that* for a promotional ballpark? You couldn't ask for more, really, except for this: an industry retail game has not yet, to my knowledge, been scheduled to play in it, except for the somewhat amorphous concept of a standard display for the design winners. So . . .

Here's where Dolph Zapfel must begin to wear his heavy crown of retail promotional responsibility, and soon. He must develop a plan for exploiting all these good works on an industry-wide basis at retail, a plan as good as the concept of the Design in Housewares Award Program. For that is all the industry has at present: a beautifully worked out concept.

Walter R. Browder, Editor

*Harold Zierhut, president of Zierhut (Vedder) Shimano Industrial Design, Van Nuys, Calif.; Arthur J. Pulos, executive committee chairman of Syracuse University's school of art, and president of Pulos Design Associates, Syracuse, N.Y.; Jon W. Hauser, president of Jon W. Hauser, St. Charles, Ill.; Tucker P. Madawick, manager of industrial design of RCA's home instruments division; Damon C. Woods, chief stylist of Ford Motor Company's interior studio.

HATE having complaints and returns cut profits on humidifiers?



LOVE that complete satisfaction with Thomas A. Edison Humidifiers.



THE IMPERIAL



THE IMPERIAL WITH TEMPERED AIRE



THE DELUXE



THE COMPACT

PROFIT FROM AN UNMATCHED RECORD OF TROUBLE-FREE PERFORMANCE

You *keep* the profits you make on Thomas A. Edison Humidifiers because they *stay sold* . . . free you from complaints and service losses. Owners just don't experience noise, leaks, drafts or breakdowns. Ask us to prove it.

- ✓ Uncompromising Quality
- ✓ Features that Sell
- ✓ Complete Market Coverage
- ✓ Profit Protection

Thomas A Edison

another quality product of



GET ALL THE FACTS
Write to: Albion Division
McGraw-Edison Co., Albion, Michigan



There's an easier way to pull them in.



(Let G.E.'s national advertising pull for you!) When you're in business with General Electric, you've got something extra on your side... the magnetism of the G-E monogram.

Your customers know that name. They trust it for quality and service. And in a competitive, crowded world, people are always attracted to the name they know.

And to keep this attraction going strong, G.E. has scheduled a big program of national advertising. There's a constant stream

of TV commercials going on all over the country, at the times when most people are watching. There are big print ads, many in color, in American Home, Reader's Digest, Life, Look, Good Housekeeping, Redbook, McCall's, House Beautiful, Time, Newsweek, Saturday Evening Post, Sunset, Ladies' Home Journal, Better Homes & Gardens. Plus coordinated displays and point-of-sale material and retail ad mats, for your use.

Featured in this G-E advertising are: 'No-

Frost' refrigerators, ranges with P-7[®] self-cleaning ovens, automatic washers with MINI-BASKETS[®], dishwashers with Silver Showers and air conditioners that cool a room or a whole house.

Get the magnetism of a General Electric franchise working for you.

GENERAL  ELECTRIC

THE FACE OF DISCOUNTING

by Dan D. Dorfman

Today's personalities, problems, potentials

The volatile discount industry apparently is over the hump as the agonizing period of "shakeout" becomes a period of "shakeup."

The shakeout—in which scores of discounters fell prey to mismanagement, overexpansion and undercapitalization—appears, at least from present indications, to have pretty much run its course.

The shakeup is a massive housecleaning effort. Essentially, this means refining day-to-day operations, expanding with greater care, and zeroing in on a clearly defined merchandising and promotional character.

In the words of one top discounter: "Sure we have problems—but not nearly as many as a few years ago. The mistakes were costly, some times deadly, and because of them the industry now has a lot more savvy . . ."

Most industry veterans concede that more discount blood will be spilled on the streets of retailing—but, significantly, the consensus is that the mortality rate will diminish sharply.

A banking executive involved in discount store financing sums it up: "Let's not kid anybody. A number of weaklings still have to be ferreted out. But, over-all, discounting today is a stronger, more sophisticated industry."

Strength and stability

The latest statistics from Dun & Bradstreet, the world's biggest credit organization, tend to bear this out.

The figures show 26 discount failures in the first six months of 1966—a sharp decline from 86 failures in the comparable 1965 period.

To D&B, this means fewer discounters will wind up in financial hot water this year. Said a spokesman: "I don't think you will see anywhere near the 100 discount failures of a year ago."

Sol Cantor, president of Interstate Department Stores Inc., an outstanding success in discounting, shares the view of industry stability. But it is

Cantor's contention that a third of the discount industry is still marginal. He believes, though, that the situation will resolve itself in the next four to five years as the marginal firms switch to true discounting, get absorbed, or go out of business.

Cantor, whose company's volume will top the half-billion-dollar mark in 1966, said he does not believe the shakeout is entirely over. "Business is sensational," he observed, "and the acid test will come if the economy begins to sag."

The new breed

What are the chief ingredients of the shakeup binge?

Judging from MERCHANDISING WEEK's conversations with a cross-section of leading low-mark-up merchants, the emergence of a stronger, more experienced breed in an industry with an annual volume note of close to \$16 billion is typified by:

1. Beefed-up controls and systems, closer tabs on inventories, and sharper buying, merchandising, and promotion techniques.
2. A tighter rein on expenses and stronger security measures.
3. More talent at the middle-management and executive levels.
4. Increased concentration on the most productive lines of merchandise, accompanied by efforts to gradually upgrade in both quality and price.
5. Positive steps to invigorate unprofitable or marginal stores through better management, changes in merchandising policies, accelerated promotional activity.
6. Giving up leases of unprofitable outlets to other discounters at reduced rentals, and, in some cases, actually closing them.

Although some discount executives are ready to don boxing gloves when told that the dividing line between discounters and traditional department stores is, in more than a few cases, fast becoming a blur in terms of price, service, and attractive store

fixturing and design, the fact is that such is the case.

This does not mean that the average discounter is turning into a Saks Fifth Avenue overnight—far from it. But it is taking on more of the department store characteristics—mirrored in fatter markups, a little more service (credit, charge accounts, etc.) and fancier stores and fixtures.

Goodby pipe racks

Yesterday's pipe-rack operations appear to be a thing of the past.

This noticeable upgrading has led to repeated assertions, particularly by the department store fraternity, that across-the-board trading up increases costs of doing business, thereby making day-in, day-out bargains the exception, not the rule, in most discount houses.

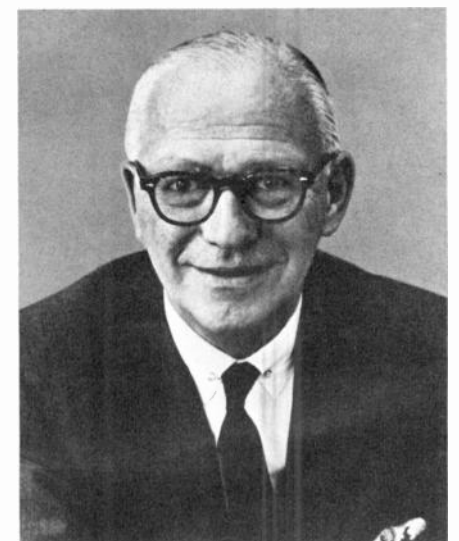
"Baloney," howled a New England discount store executive, replying to these charges. "This is department store propaganda, and only a fool would buy it. There are many legitimate bargains in the reputable discount store, and the astute shopper is well aware of it. There's no question that many discounters have upgraded to some degree—but they'd have to be jackasses not to. After all, you're in a robust economy and catering to a more affluent and sophisticated shopper."

Another discounter echoed this thinking. "You can be sure," he said, "that department stores have also been on an upgrading kick to take advantage of the consumer's appetite for quality. As a result, their markups have had to go up as well. I would think there is still a 15% to 20% price differential between the discounter and the department store."

Most discounters admitted that



Robert C. Kirkwood, chairman of F. W. Woolworth Co., says Woolco will be the biggest. But the discount "outburst" by the nation's biggest variety chain (30 stores in four years) has been puny. Woolworth, however, is not backing down. Says a determined Kirkwood: "It will take time, but we have the manpower, experience, talent and ability . . ."



Joseph L. Eckhouse, executive vice president of Grand Union Co. and skipper of its 27-unit Grand-Way discount chain, is the man who turned around a sick low-markup operation. It took Grand-Way eight years to get into the black, but the chain is now forging ahead in sales and profits. Last year, discount division accounted for about 20% of Grand Union's \$780 million volume. Ahead: the prospects of acquisitions and stepped-up expansion (about seven to 10 units a year) to satisfy the supermarket giant's hunger for more discount volume.

their stores had upgraded to some degree over the past few years, particularly in soft goods. Some, though, complained that they had been stung by hefty markdowns in somewhat higher priced women's apparel—especially fashion goods.

Said one unhappy discount store official: "We're through being fashion trail blazers. The markdowns are murderous."

One discounter pretty much summed up the industry's case on trading up. "We're getting rid of the junk," he said. "It's not that we can't sell junk. It's more a matter of what we want to stand for two or three years from now."

A continuing trend in discounting—by no means new—is the increasing percentage of sales being recorded in soft lines. Most discounters started out as price-cutters of name-brand hard goods, but the majority has long since swung strongly into soft lines. Percentages vary, but the majority of discounters reportedly do anywhere from 25% to 40% of their business in soft goods, excluding food.

Why the swing to soft goods?

According to Abe Marks, president of Hartfield Stores Inc., operator of the Zody's discount chain, it is simply a matter of creating a more complete department store—in other words, giving the customer another reason for shopping in the store. The predominant shopper in a discount store is a woman, observed Marks, "therefore, you must have merchandise to attract her. Hard goods, alone, does not do the trick."

Some industry observers attribute the soft goods push to a bid for bigger markups, particularly on private-label merchandise, which masks the supplier's identity. Marks, however, pooh-poohed this. Industry statistics, he said, show apparel with a gross margin of 26.2%, while all other

merchandise averages out at 25.7%. But once such slow-moving lines as majors and housewares are removed, he added, the over-all hard goods markup runs about 1% to 2% higher.

Private-label impact

A growing industry trend is the movement into private-label hard goods—modestly in some cases, strongly in others—with majors, consumer electronics, and housewares all getting into the act. But not everybody is sold on private-label hard goods. And some discounters think it is downright nonsensical to make a splash in this area.

Carl Bennett, president of Caldor Inc., one of the nation's most successful smaller discount chains, is vehemently opposed to private-label hard goods. "Let's not forget the name of the discount game—hard goods brands at discount prices," he said. "This image is uppermost in the minds of the consumer. Look at the disadvantages of private label, such as a slower turnover and the need for hard sell. Any markup advantage on private label is lost in the long run because, ultimately, a store may be forced to cut prices on such merchandise to maintain a reasonably sound turnover."

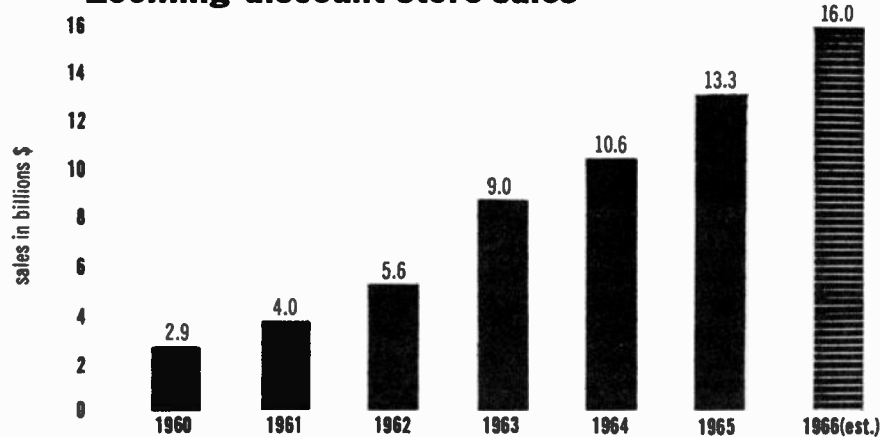
E. J. Korvette Inc. does not see it that way.

"We're well pleased with the response to our private-label major appliances (Leonard Korv-air) and we will continue to move more forcefully into them," said Leo Cohen, vice president and general merchandise manager of Korvette's hard goods division. "We're growing in this area day-by-day, week-by-week, and some Leonard Korv-air items are outselling the national brands," Cohen observed.

"It seems that if we lose a Whirlpool or a Norge sale, we make it up with two Korv-air," he said.

Cohen, like several other discount executives, pointed to bigger mark-

Zooming discount store sales



Sources: 1960-1965 - Dun & Bradstreet, Inc. 1966 - Merchandising Week estimate.

ups as a key reason for the increased plunge into the private-label arena.

Considerable enthusiasm for private-label hard goods was also expressed by White Front Stores Inc., a division of Interstate Department Stores Inc. White Front, one of discounting's most prolific volume-producers, recently announced plans to enter private-label major appliances via an Italian-produced plastic refrigerator.

In the words of one White Front official: "We're very excited about this area and we think it has great potential for us. If we achieve the kind of success I expect, we'll undoubtedly expand our private-label base in major appliances."

Judging from a cross-section of discount management thinking, it appears to be a pretty safe bet that private labels will make more of a sales impact in hard goods in the days ahead, despite the opposition and uncertainties of some discount chains.

The Korvette case

How do top discounters rate their industry today?

The words are glowing from the

more confident: "sophisticated" . . . "more professional" . . . "a more stable industry" . . . "nothing but growth ahead."

But is it all that rosy?

More than a few Wall Streeters are dubious, and one of the key reasons for the question mark is the plight of E. J. Korvette Inc., the nation's biggest discount chain. Despite the fact that many discounters brand Korvette a "promotional department store" (an upgraded version of a low-margin store in terms of pricing, store layout, and design), numerous Wall Street analysts liken the progress of Korvette to that of the rest of the industry.

And this does not augur well for discounting.

For Korvette, which in 18 years parlayed a second-story loft selling luggage into a 43-store chain with annual sales of \$800 million, is a company beset with some serious problems. Chief among them: (1) a lack-lustre food division, (2) a problem-ridden furniture operation, (3) lack of sophisticated controls and systems, (4) poor morale.

Several Korvette critics also point to the lack of a strong top-management team, notably in merchandis-



Sumner Feldberg, senior vice president of Zayre Corp., predicts that (1) lessees will continue to diminish in importance as many low-markup merchants become bigger and financially stronger; (2) many discounters will launch a full-fledged assault on two major problems—lack of more effective controls and a shortage of manpower all the way down the line; (3) mergers and acquisition will continue, and (4) more discounters will ring cities with a greater number of stores.



Herbert Palestine, chairman of Arlan's Department Stores Inc., denies it—but reports persist that Arlan's is on the selling block. "My stock (about 8% of the common) is not for sale," he declares. Arlan's has talked merger and acquisition numerous times—but to no avail. Arlan's negotiations recently with King's and before that with Vornado died, but some Wall Streeters think they could be resuscitated.



Sol Cantor, president of Interstate Department Stores Inc., says the firm is weighing diversification through acquisition. Among the possibilities: the purchase of quality department stores or some type of finance company. In the works in merchandising: a bid for more fashion business, which, in Cantor's own words, is "our major drawback."

DISCOUNTING TODAY CONTINUED

ing, and the lack of clearly defined merchandising policies.

Help, however, is on the way in the person of Charles C. Bassine, chairman of Spartans Industries Inc. and a bright, imaginative, demanding individual who refused to tolerate mediocrity.

Only stockholder approval is needed to conclude a merger which would see Korvette swallowed up by Spartans, a \$375-million-a-year retailing and manufacturing complex whose volume is less than half that of the troubled discount chain.

Practically everyone agrees that this will be a rough year for Korvette. With Eugene Ferkauf (Korvette's shy, crew-cut chief officer and founder) shunted to the background and Bassine moving to the forefront as the No. 1 man and decision-maker, the question, then, is what course will the new skipper chart to take Korvette out of stormy retail waters.

Although the merger has not yet been approved, the Bassine influence is already sweeping through Korvette with hurricane force to rehabilitate the chain. Heads have been chopped, and the likelihood is that the axe has not been tossed away. Additional changes, operational in nature, are almost certain to take place as the fast-stepping Bassine seeks to regain Wall Street's shattered confidence in Korvette.

Obviously, Bassine has his hands full, and there are a number of Wall Street analysts who doubt whether he can turn Korvette into a vigorous profit performer. No one, though, is selling the man short.

1966 sizzle

But the discount industry, itself, is confident that 1966 will be another record-breaking year—both in sales and profits. Profit margins, however, may feel the pressure of intense competition and increased costs of doing business.

A key reason for discount management optimism is the robust economy, laced with consistently growing dis-

count store acceptance. Sharper expense controls, including pre-opening expenses for a new store, is another. And then, of course, is the built-in sales growth generated by a flock of new discount stores.

It is anybody's guess how many stores are doing business under the discount label in the U.S. Usually reliable sources put the figure at roughly 3,500 with an average dollar-per-square-foot yield of about \$55. An estimated 300 to 400 new stores are expected to make the discount scene this year.

According to Dun & Bradstreet, discount stores are showing good advancement in post-tax profit margins. A random sampling shows that a median net profit of 2.61% was registered last year by 45 leading discount chains. In 1964, 186 leading discounters wound up with a median net profit of 1.68%. While the fiscal 1965 figures for the entire discount industry will undoubtedly be well below the impressive 2.61%, it does indicate which way the profit winds are blowing.

But discounting is not without its doubting Thomases, as some might call them, realists. Several see a number of potential trouble spots fogging up the bright gleam of optimism, although even here the overriding feeling is one of continued growth in 1966.

Chief headaches

Increasingly fierce competition (too many stores in some areas) and bigger operating expenses, especially payroll, are matters of deep concern to practically all discounters. Lack of a reservoir of discount talent, the need for better controls, prospects of fatter promotional and advertising outlays to combat new and existing competition, and the inveterate fear of a sag in the economy are also in the minds of discounters.



Theodore Schlesinger, president of Allied Stores Corp., is sold on discounting. He used the annual meeting as a sounding board to tell the shareholders that the four-store Almart discount chain—sprouting sales of close to \$100 a square foot—is due for big growth. Plans call for a \$250 million discount volume within the coming decade, based on a chain of about 25 stores.



Carl Bennett, Caldor Inc. chairman (at left), gets the latest information on a new color tv model in a special carpeted salon that is a far cry from discounting's old pipe-rack image. (Note oil paintings hanging on the walls.) The shop concept, a fast-growing department store trend, is infiltrating many more discount chains, notably in the soft goods departments.

And, although enamored of a number of discount stocks, such as Vornado Inc., Interstate Department Stores Inc., S. S. Kresge Co. (K-Mart), and Zayre Corp., some Wall Streeters are not entirely convinced of the industry's stability.

Said one: "I don't think the full shakeout in discounting has yet been felt. There may simply be a delay before the next competitive thrust. Who is to say that other discounters aren't experiencing the same problems as Korvette? And isn't it possible that more weak sisters will fall by the wayside as such chains as Woolworth, Kresge, Allied Stores, and the Grand Union Co. really begin to explode into discounting in a more dramatic way?"

There is some feeling, though, that attrition in discounting may never reflect itself in bankruptcies because the weaker companies are likely to explore mergers or acquisitions to bail themselves out of any financial dilemma.

The lessee's position

The discount industry, however, refuses to buy such pessimism. And this includes the discount store lessee—the backbone of many small discount operations across the nation.

Although many discounters have been gobbling up their lessees to effect bigger profits and better controls of day-to-day operations, several of the large operators of leased departments are not about to panic.

Jerome Zelin, treasurer of Unishops Inc., a major lessee in the men's and boys' wear fields, observed that discounting's giants represent only about a third of the nation's more than 3,000 discount stores. Small independents comprise the remaining two thirds—and, in many, many cases, Zelin said, "the strong, experienced lessees, with financial stability and merchandising savvy, provide the punch that enables the smaller stores to compete effectively against the giants."

Zelin is quick to point out, though,

that the alert lessee is seeking to protect his position through diversification, notably the opening of its own stores with the lessee becoming a landlord, acquisition of small discount chains or individual units, and, of course, continued expansion with new discount operators. Zelin feels the movement into allied product lines is also a possibility.

Small city invasion?

When people talk about discount store problems, the subject of saturation invariably arises. An oft-heard comment: "There are too many discount stores."

One of the industry's most articulate spokesmen, Sumner Feldberg, senior vice-president and treasurer of Zayre Corp., does not believe it.

"Saturation is a long way off," he declared. "Right now, we're reaching about 25% of the potential market. I think we have a long way to go to get to 50%, and don't ask me how high is high . . ."

Feldberg looks for individual discounters to ring a city with a lot of stores. He also thinks smaller discount stores (40,000 to 60,000 square feet) have merit in smaller towns and cities, but says discounters have to face up to the problem of how to pursue this market with a different format and scaled down expenses to cover the reduced volume.

Interstate's Cantor, who looks for discounting to grow at a sales rate of \$2 billion a year, believes there are a number of markets still untapped by low-markup retailers. These include new geographic markets (under-discounted areas), new product markets (particularly fashion apparel), bigger volume from satisfied discount shoppers, and new volume from shoppers who have never made any purchases in discount stores.

According to Cantor, soft goods are one of the ripest areas for accelerated discount growth. "We're working like mad to break through on fashion," he said.



Murray J. Siegel and **Frederick Zissu**, president and chairman, respectively, of Vornado Inc., see a hotter discount rivalry—with more weeding out and more ad dollars needed to stay competitive. Despite it all, the two guys who run Vornado predict discounting's sales and profit growth in 1966 will top any other form of retailing. A key trend: up-grading to capture the better educated, more sophisticated consumer, notably in apparel, where new fashion ideas are a major sales stimulus.

Curbing shrinkage

Shrinkage (internal theft and shoplifting) remains an agonizing problem for many discount chains. But the latest word is that the industry is showing considerable improvement in this area.

Saul D. Astor, president of Management Safeguards Inc., a leading investigative agency, estimated current discount shrinkage at about 2.5% of over-all sales. While this is still about 1% higher than the department store figure, it is nevertheless a healthy improvement over the average 3.5% shrinkage of about three years ago, Astor said.

He attributed the improvement to (1) sharply improved fitting room coverage, (2) increased use of shoplifting patrols, (3) greater use of undercover investigators, and (4) increased employee adherence to regulations designed to curb shrinkage.

Astor predicted that discount shrinkage would reach the department store average of 1.5% in about five years.

The future

What lies ahead for discounting?

Obviously—greater rivalry among discounters themselves. It is no longer a question of whether the big will get bigger, but how big they will be.

The Spartans-Korvette marriage will create a \$1.2-billion-a-year company.

Woolworth, which has been dragging its feet in discount store expansion since it entered the field four years ago, is finally making its move. Although the giant variety chain proclaims loudly that it will operate the nation's biggest discount chain, it has opened only 30 Woolco discount stores. Current plans, however, call for an accelerated opening rate of 30 a year, with an annual volume rate of \$300 million by 1967.

Kresge's explosion into the discount field has undoubtedly been the most dramatic—and there is no sign of a letup. Seeking to revitalize its sales and profit performance, the old-line variety chain hit the discount trail with its first K-Mart in March, 1962. Today, the K-Mart division numbers 137 stores with an estimated annual volume of close to \$500

million. Expansion plans over the next five years call for a minimum of 40 new K-Marts a year. This would mean close to a 350-unit discount chain in 1971.

In the department store arena, Allied Stores Corp. looms as the pacesetter. Allied, which stepped timidly into discounting about four and a half years ago by converting an unprofitable store into a low-markup operation, now has four Almart discount units. There were more than a few times during the Almart experiment when observers thought Allied would ditch it.

But this is no longer the case—a fact made unmistakably clear by Theodore Schlesinger, Allied's president, at a recent stockholders meeting. He predicted an Almart discount volume of \$250 million in the coming decade, based on a chain of about 25 stores. Sources close to the company say this could be a conservative projection.

Interestingly enough, two other giant department store chains, Federated Department Stores Inc. and May Department Stores Co., both experimented with discounting without success. Federated tried it with some Fedway stores, and May converted some basements into self-service operations.

In addition to broad discount expansion by the latecomers, discounters, themselves, at least the industry leaders, are also barreling ahead with plans for additional stores. Arlan's Department Stores Inc. will open 19 stores this year; Interstate, at least 12; Zayre, 15; and Vornado, 8.

What does it all mean? In a nutshell, the days of the get-rich-quick boys—expansion on a shoestring, reckless expansion into new areas, one-man operations—are over. The agonizing problems of two discount pioneers, Masters and Korvette, plus those of a host of lesser lights, have served notice that the lack of professionalism—from the sales clerk to the president, from store operations to internal controls and systems—can be disastrous.

In the words of a former Korvette official: "You shape up or die in this competitive jungle—if not today, then tomorrow. There is no other way."



Charles Bassine, Spartans Industries chairman, is the man who pulled off a tremendous retail coup—or blundered. Wall Street is not sure, but no one is selling the dynamic Bassine short. The Spartans-Korvette wedding—with Spartans the survivor—is expected to win stockholder approval next month.



Harry B. Cunningham, president of S. S. Kresge Co., says he is uncertain whether the term "discounting" will survive—but there is no doubt in his mind about the soundness of low margin retailing. "The public's impression of discount stores," he said, "has become much more favorable in recent years . . ."

Tomorrow's possibilities . . .

The impending marriage of Spartans Industries Inc. and troubled E. J. Korvette Inc. has sparked forecasts of a rash of merger and acquisition talks in the burgeoning discount industry.

It is anyone's guess, of course, as to who will be next in this fast-changing industry where giantism is unmistakably the wave of the future.

Merger speculation

Wall Street—always a hotbed of gossip—is alive with conjecture. The names most frequently bandied about by the Street's prognosticators are Arlan's Department Stores, King's Department Stores, and Vornado Inc., operator of the Two Guys discount chain. No one, though, is ready to make any flat predictions as to precisely what types of deals, if any, will be made.

Although Arlan's has held fruitless talks with a number of discount chains, including merger negotiations with Vornado and King's there is a growing feeling among retail analysts that a deal involving the 62-store chain is only a matter of time. The word from Arlan's is that "we're the ones looking for acquisitions," but few if any Wall Streeters would be surprised if control of the company were to change hands.

Rumors are widespread that the company is on the selling block—via the stock held by several people. The key block (about 8% of the common) is held by Herbert Palestine, Arlan's chairman.

King's is another chain that some Wall Streeters think is "available." Talk is that the two men who run the company—Ollie Cohen and Murray Candib—are ready to part with control for the right price.

King's, however, took the other route recently when it acquired Sandy's Enterprises Inc., a three-store discount chain based in Roxbury, Mass. This brings the number of King's stores to 45.

Similar action by other large discounters, or, as one executive puts it, "cherry picking," is considered likely. Some industry observers, however, think the gobbling up of the small may have to await a sag in the economy. Said one discount store president: "Business is booming and practically everyone is doing well. This means most chains have an inflated value of their worth. This will change fast, though, should the steam come out of the economy."

Then, of course, there is the always watchful eye of the Justice Dept.

One Wall Street analyst believes the real merger and acquisition outburst won't materialize for at least another four to five years. His reasoning: the country is far from overstored—a situation which ultimately will change as many discounters and discount-minded companies speed up their expansion. But once saturation sets in—and the opportunities to grow internally are reduced—more discounters will sniff merger and acquisition possibilities to accelerate the growth pace.

A banking executive said he considers the higher interest rate as

"somewhat of a deterrent" to mergers at the current time. "If financing is needed to make a deal," he said, "you can look for the buyer to be more demanding about what he buys and how much he pays."

The guessing game

What does Wall Street—and some discounters, themselves—see in the way of possible deals? Among the speculations:

- More acquisitions by Spartans, probably in the apparel manufacturing field.

- A possible acquisition of a Midwestern chain by Vornado, which has already indicated its desire to spread out nationally. Vornado and J. W. Mays Inc. have held merger talks in the past, but nothing ever happened. The feeling is, though, that such a tieup—which could still take place—makes a great deal of sense. The reason: no territorial conflict, with the two complementing each other (Vornado providing the hard goods know-how and Mays the soft goods savvy).

- A possible entry into discounting by Montgomery Ward & Co. Ward has held talks with Korvette, Interstate Department Stores, and Vornado—but all to no avail. Some feel a discount chain acquisition is still a possibility for the Chicago mail order giant, whose growth has lagged well behind that of Sears and Penney.

- The possibility that such firms as Miracle Mart Inc., National Bellas Hess, and Fed-Mart Corp. will be acquired.

- Possible acquisitions by Grand Union Co., Gamble-Skogmo, and Stop & Shop, each of which is pursuing vigorous discount store expansion.

- A merger involving one of the industry's giants and Zayre Corp., a firm deep in sound management.

Interstate Department Stores Inc. is also acquisition-minded. While receptive to the idea of buying a discount chain which can fit into its operation, Interstate is also exploring the diversification route. Under consideration: a quality department store chain, and, possibly, a finance company, according to Interstate boss Sol Cantor.

Although the merger is a quick route to growth and offers such distinct advantages as sizable economies, greater buying power, more management depth, and a ready-made entry into new marketing areas, getting two companies to tie the knot is about as easy as finding Shangri-la.

Aside from inflated values of a company's worth, there is the ego problem—with the heads of both firms refusing to recognize that there can only be one boss. Another is the demand of an acquired company that certain of its executives be assured a position with the combined firm at fat salaries—a demand often based solely on nepotism.

There were 99 acquisitions in the discount industry last year. So far, 30 have been completed in 1966. Nobody knows how many more will occur this year, but on one point there is overwhelming agreement—"the small fry in discounting are doomed."

To Company Presidents:

**Is there any way to make certain
all your up-and-coming executives
read this publication regularly?**



Sure!
Clip this ad and route it to everyone.

You can't take the time to tell everybody in your organization everything that's going on in our industry. And you don't have to. That's our job. What are your competitors doing? What are your customers thinking? What is, what was, what will be? It's all here on our editorial and advertising pages — reported as fast as it happens, exactly as it happens, plus what's likely to happen as a result. If you take the time to read this publication regularly, your executives should be doing the same. Tell them how you feel. In a nice way, of course. Send along this ad. They'll get the message and your company will reap the benefits.

MERCHANDISING WEEK

Even the old products are new for selling the New Consumer

Electric housewares manufacturers have often been accused of chasing only after new, hot items—even to the point of neglecting the industry's basic products and the hot items of the past. The charge is becoming less and less true.

There is a restyling revolution at work in today's electric housewares industry. Manufacturers are taking long, close looks at how all the basic products can be improved and made more appealing to the New Consumer. This, of course, does not mean that manufacturers have slowed down their research and development plans for new product innovations; it means they are seeing increased marketing potential from the products that already exist.

Quick styling changes are coming faster and faster in the industry. Most of the efforts are aimed at refining the present products by adding new conveniences and consumer wants. In most cases, this means higher price tags.

Schick's new hair dryer with "beautifying mist" (MW, 18 Jul., p.31) is an example of how an old, hot item can be enhanced.

Schick has added convenience and usefulness to the hair dryer. It no longer is a product limited to drying a woman's hair once or twice a week. The product's appeal has been widened for daily use in setting and styling women's hair. Thanks to Schick, the hair dryer offers more consumer convenience than ever before.

Housewares are being refined in a number of key product categories, for example:

In irons: Sunbeam started the steam-vent number power play and

General Electric has added a Teflon-coated soleplate. The iron, that close-to-10-million-units-a-year best-seller, is being improved at the same time that Westinghouse is moving into a new concept in pressing today's permanent press fabrics with its Steam/Press Valet (MW, 18 Jul., p.31).

In heaters: Westinghouse is adding a pole-heater concept to its earlier innovation of the oscillating heater.

In toothbrushes: The industry is taking a broader look at total oral hygiene, rather than just brushing action.

In slicing knives: There is a general slimming down of handles to make them more convenient for women to hold, along with innovations in new cutting blades—including paring-shaped blades.

In coffeemakers: New lines show improved styling, fast-brewing models, and added features, such as GE's Mini-Brew basket.

Marketing tactics are changing, too; and this helps to add new consumer appeal to old products. The blender is a case in point. Manufacturers have been successful in building a cooking appliance for the product; it is no longer a drink mixer. The massager is no longer being marketed merely for relieving aches and pains; it is being angled at the New Consumer as a product that also helps in relieving tensions and frustrations.

Old products are being restyled to appeal to the New Consumer. New products are being designed for the New Consumer. And marketing approaches are being re-angled to attract the New Consumer.

—Ed Dubbs

KEY MOVES

Ingraham—Philip A. Sidell is appointed to the newly created post of vp of research and development. Samuel H. Kellough succeeds Sidell as vp of engineering.

GE—James R. Norton and John D. Bliedorn are appointed senior merchandising specialists; Norman P. Hamilton is appointed distribution specialist; and Charles E. Spencer is appointed merchandising specialist. All four are in the Housewares Division.

Hampden Specialty—Thomas E. McConnell is appointed to the position of vp, Public Seating Division, and H. Hudson Dobson Jr. is named sales mgr, Folding Bridge Furniture Division.

Hamilton-Skotch—Charles J. Kissam is named assistant to the president, and Bernard Berengard is promoted to vp in charge of sales.

Corning—William O. Dick is named mgr of process development-specialized products in the Consumer Products Division, and J. Evelyn Langston is appointed test kitchen supervisor for the home economics depart-

ment of the Consumer Products Division.

Tensor Corp.—Daniel R. Reilly is named premium mgr.

Eureka Williams—Dwight M. Bean is named mgr of the Advanced Science Division; Frederick Waldmier is promoted to mgr of production engineering; and Gerald J. Eicher is named assistant mgr of production engineering.

OPEI—New officers of the Outdoor Power Equipment Institute are Charles A. Livesey, president; Gale C. Piper, vp; and Kenneth Thomas, secretary-treasurer.

Iona—A. Walt Runclin Co. Inc., of Los Angeles, is appointed representative in the southern California area, and Rayjon Brokerage Co., of Anchorage, is named representative in Alaska.

Universal—William T. McDonough is appointed mgr of advertising and sales promotion for the Universal marketing and distribution operation for General Electric's Housewares Division.

□□□□ **Design problems plague the window washer,** a new product idea that has become an "open secret" in the housewares industry. Manufacturer interest in developing an automatic window washer (undoubtedly, cordless electric) continues to run high. However, manufacturers are less anxious to bet on when the idea will become practical from a design and pricing point of view.

Market research has indicated that a window washer holds good consumer sales potential. There are prototypes in a number of housewares research and development laboratories.

What the product must do, according to one industry source, is wash and dry as many as 10 windows without refill or battery recharge. The unit must eject a cleaning liquid, provide cleaning action (probably through a rotating brush), take in the dirty water, and provide clean rinse water. And the product should do this both inside and outside the home without making a mess.

Furthermore, the appeal of the product must be extended beyond merely washing windows. (The use rate is not high enough here.) One good bet is a combination car-and-window washer.

□□□□ **Producers are probing steam cooking as another concept for new product development.** The new interest of housewares producers in steam cooking has been spurred by General Electric's introduction of an automatic steam food cooker at the July Housewares Show. However, general trade reaction to the GE cooker—from retailers as well as competing manufacturers—is that the steam cooking concept holds more potential than the GE product provides. Steam cooking, of course, is not new; but GE has brought one new twist to the concept—that of determining cooking time through the amount of water used.

The product design head for one leading electric housewares manufacturer said he had two of his men working on the steam cooking idea and that their report is due soon. The idea, of course, is to come up with a product that will provide quick meal preparation without requiring the housewife to stand over the range. In fact, several electric housewares manufacturers conceded that they are taking a close look at pressure cookers to see how that product can be improved.

□□□□ **One wild new product idea comes from Troy Industries,** which maintains that it will begin shipping a cordless electric mixing spoon in October. The rechargeable product features a handle like a slicing knife handle at one end, a spoon at the other end. Inside the spoon is a single rotary beater. The product attracted considerable buyer comment—especially its \$29.95 list price. Seymour Troy, president of Troy Industries, maintains he is serious about marketing the product.

And, of course, there is a cordless electric spaghetti fork—flashlight battery operated at \$3.95 list—from Oribis Commercial Agency in San Diego, Calif. Called the Roto-Fork, it makes "eating spaghetti easier, more graceful, less messy, more fun." The Roto-Fork is not as serious, but neither is its retail price.

HOUSEWARES NEWS

□□□□ **Color the kitchen coordinated** as housewares manufacturers move to pick up the newest popular shades being used by major appliance producers—particularly avocado and bronze. The kitchen, in essence, is going the route of the bathroom, where color coordination has played a key role in bringing a fashion look to the bath shop.

Udico is using an avocado shade for a line of can openers. Marvel Metal Products offers metal storage units, color-coordinated with major appliances. Most pantryware manufacturers have picked up at least one major appliance kitchen color—usually bronze—to mix with wood and copper tones.

West Bend's Design-in-Housewares-Award-Winning "400" cookware line mixes nicely with bronze-toned major appliances.

□□□□ **Cross-merchandising opportunities** await retailers who feature the color-coordinated look in major appliances and housewares. On the manufacturer level, there is a possibility for premium promotions. On the retail level, windows and vignettes can be built around color-coordinated majors and housewares. Retailers can also build their own promotions by, for example, offering a free color-coordinated canister set with the purchase of a bronze-toned range. A color-coordinated vignette might feature a refrigerator, metal storage unit, canister set, cookware, and other products—all in bronze tones.

□□□□ **One new approach to color coordination** in housewares can be seen in the marriage of cookware and melamine dinnerware. Brater Merchandising offers porcelain enamel cookware in two patterns that match those used on melamine by Plastic Manufacturing Co. (Texasware). It could prove a natural for an account-opener promotion by a credit jewelry or furniture operation. Housewares buyers also expect to see more color coordination between cookware and pantryware.

□□□□ **Two new twists in range hoods** are being marketed by the Builders Division (Puritron) of Hamilton Beach. A new 4000 series of Puritron range hoods features an activated charcoal filter. Models are available in white and copper, at \$44.95 suggested retail. The 5000 series features, in addition to the activated charcoal filter, an interior coated with Wedgwood blue Teflon. This series also is available in white and copper, at \$59.95 retail. Both are for September delivery.

□□□□ **Gulton is launching a color tv ad campaign**, for the first time, to promote its line of rechargeable, nickel cadmium battery-operated products—flashlights, cigarette lighters, and lanterns. Additional spots in select markets will supplement the pre-Christmas campaign. The commercials will emphasize the slogan, "When you think rechargeable, say Gulton."

□□□□ **The power mower shakeout continues** as General Appliance Co. acquires the power mower line of Black, Sivalls & Bryson (BS&B). General Appliance will show both its 1967 line and the BS&B line at the National Hardware Show to be held in New York this October.



Fesco's dog bed has the wicker look



Dot-Tenda Reel keeps dog tangle-free

Housewares goes to the dogs to promote the pampered pet

Housewares retailers are taking a second look at the family pet, especially the dog who has become a member of the family. Although the pet long has had his own "shop" at retail, there are a growing number of housewares that can be angled—directly or indirectly—at the family pet.

The dog has achieved status second to none in today's society—be he purebred or mutt. In some ways, the dog is a symbol of the New Consumer. He dresses fashionably. He wears the latest styles. He is a gourmet. And he is a world traveler.

Two new products to promote for the family pet were introduced at the July Housewares Show: a wicker-like plastic bed from Fesco and a doggy bar from Schiller & Asmus.

Perfect for poodles is the doggy bar, even down to its French name. The doggy bar is being offered as part of the Le Creuset cookware line. Like the gourmet cookware itself, the doggy bar is available in a choice of decorator colors: flame, yellow, or turquoise. It is priced at \$7.95.

The doggy bar, in addition to bringing a gourmet touch to the pet's meals, also provides another key marketing touch—that of convenience. The dog does not have to chase his dish and his food around the kitchen floor.

Good design for dogs is what Fesco is featuring in its new dog bed, which is styled after the wicker-like clothes basket that won a Design in Housewares Award for this Celanese subsidiary. The dog bed, with a suggested retail price of \$2.39 (without pad), comes in tobacco brown or natural wicker colors. The bed accommodates a standard-size dog pad.

For the buyer thinking of putting together a canine promotion there are a number of additional housewares that could be tied in. There is the problem, of course, of infringement on another department: the pet shop.

Hair dryers for dogs is one bet. Master Appliance Corp., and other manufacturers offer special models for pets. A poodle could be shown in one of the special hair dryer bonnets designed for dogs.

Good grooming is another angle. The special hair clipper kits for dogs have been good sellers without much retail fanfare.

For the dogs' leisure living, retailers can feature the Dog-Tenda

Reel from the Cordomatic division of Vacuum Cleaner Corp. of America. It is designed to keep tangled frustrations out of a dog's life while it lounges leisurely in the backyard.

Clothes brushes are a natural for a tie-in with a pet promotion.

Anyone with a dog or a cat is a sure prospect for a General Electric cordless clothes brush. Dog hairs are the No. 1 problem in many a home.

Vacuum cleaners can be brought in—especially lightweights and portables—for quick pickup of dog hairs.

Can openers could be tied in, too, even though the pet food industry has been promoting the concept of "canned dog food without the can." Gourmet dog food still comes in cans.

There is even Teflon for dogs in Wayne's Teflon-coated dog dish.

For the dog that travels, and many do these days, housewares manufacturers could develop a travel kit with compact food and water dishes and grooming aids.

Dog Days would be perfect as a theme for a canine promotion. Wild as the idea may seem, some buyers are giving serious thought to the idea of a pet promotion. However, the big stumbling block remains the conflict with the pet shop. "I'll have to settle for sneaking some items into ads," confessed one department store buyer.

An all-out pet promotion, however, could be a fun-filled change of pace for many a housewares operation, especially in those stores where housewares departments now carry some pet-related products. And, of course, such a promotion could cross more than one department.

A pet promotion also provides an opportunity for public service. An expert on pet care could be brought in or a dog show could even be staged. Cooperation could be sought from the American Society for Prevention of Cruelty to Animals or the Humane Society.

And dogs are in the news since the magazine and television expose of the increased number of dog-napping cases across the country. A retailer, like one dog food company, could offer a reward for evidence leading to the arrest of local dog-nappers.

But most importantly, appealing to pets is one way to show the masters and mistresses that the store cares about an increasingly important member of the family.

—Ed Dubbs

That damsel in distress could be your product.

The villain: trade indifference.

Our hero: Merchandising Week.

The plot: (as if you didn't know) Product in trouble, is saved from a fate-worse-than-death by Merchandising Week.

(The play's not too original. But the residuals are terrific.)

In real life, Merchandising Week has been successfully fighting trade indifference for over 50 years. Each Monday morning Merchandising Week is there. With the late news. The hot, new merchandising ideas. The promotions. The products. The changing scene.

To over 144,500 readers, engaged in the merchandising, manufacturing and marketing of appliances, consumer electronics and housewares, Merchandising Week is product intelligence headquarters.

The place where the best brains in the business check judgment. Get perspective. Search for new lines. Plan.

Put your trust in the Great Protector, too. Advertise regularly in Merchandising Week and your damsel will never be taken advantage of.

great protector

MERCHANDISING WEEK

*edited for the appliance,
consumer electronics
and housewares industries*

A McGraw-Hill Publication





Star-spangled way to save a bundle

Instead of stowing away your loose change in an old sock, turn it into a bagful of U.S. Savings Bonds.

So you don't have much to start with. The beauty of Savings Bonds is that you don't need much to start with. 63¢ a day will get you your first crisp, new Bond in a month.

Building a bundle for your future with Bonds is a safe, sensible move. When held to maturity, your Bonds are worth \$4 for every \$3 you invest. And your Bonds convert easily into cash when you need it.

There's a hidden bonus in every Bond. It's the star-spangled feeling you get from knowing that your Bonds help your country while they help you. Because your Bond dollars are put to work expanding the horizons of freedom throughout the world.

If you'd like to see a Bond close-up—with your name on it—there's no time like the present for getting started. A bundle of Bonds is security in the bag.

Buy U.S. Savings Bonds

STAR-SPANGLED SAVINGS PLAN
FOR ALL AMERICANS



The U. S. Government does not pay for this advertisement. It is presented as a public service in cooperation with the Treasury Department and The Advertising Council.



FLOOR CARE NEWS

A fifth vac for the home: retail fact or fancy?

The vacuum cleaner industry is now bidding for no less than the five-vac home, whereas several years ago the three-vac home was still considered nothing more than some wild marketing man's dream.

The shop-type vacuum cleaner, however, has come along to find its marketing place alongside the upright, canister, lightweight, and portable vacs.

Newer entrants into the field include Metro, with its Mighty-Vac model; Sunbeam Corp., with a line of four models; Regina Corp., which is importing a unit made by its Canadian subsidiary in Quebec; Toastmaster, which first entered the vacuum cleaner field in January with a portable unit; Eureka Williams, which is aiming its model primarily at the commercial field; and Desco Appliances Inc., which markets the Eldorado line. The Shop-Vac Corp., of Wood-Ridge, N.J., was one of the early entrants into the field. But now the firm has a lot of competition.

Because the shop-type vac lends itself to a number of heavy-duty purposes—jobs not just outside the living room but also outside the home—trade talk is centering on how the product should be marketed and merchandised.

A number of approaches is possible. As a Toastmaster spokesman said, "It doesn't necessarily need to be in the vacuum cleaner department; it could be included with electric housewares."

Buyers are thinking along even more unusual lines—like placing it in several departments that carry products related to its use. One buyer explained: "A lot of men are spending more and more time puttering around in their home workshops, or planning patios, or planting gardens. So, why not promote these heavy-duty vacs right in the patio shop, or in the garden shop, or in the hardware department? At least the consumers who would most likely need

this kind of vac would be exposed to it. A lot of people don't even know that it's available."

Manufacturers are divided, too, on the correct marketing approach. At Sunbeam Corp., there was long and serious thought on whether the product should be handled by the floor care products operation or by the garden goods division. Floor care won out, but there is a possibility that Sunbeam may add another model tailored more to the garden goods department.

Buyers are divided on the sales potential of the product. Some buyers feel it is largely a specialty product. Others agree with Eureka Williams that its best sales potential is in the commercial field. Still others believe there is a growing market—as well as a need—for a heavy-duty vac, especially for the suburban home.

"The ugliest animal I've seen," was one buyer's reaction to the shop-type vac. Joking or not, he may have brought up a point well worth considering—appeal. The housewife cleans the living areas in the home; quite often she is the one who cleans the garage, the patio, and even the fireplace, too. So, perhaps the drum-type vac should be glamorized to appeal more to "her" than to "him." (Sunbeam is the only manufacturer of heavy-duty vacs that presently offers a choice of "hot" colors: red Tuffy, blue Husky, orange Bulldog, and green Bronco.)

The product needs exposure, and this it is finally receiving. Some of the newer manufacturers in the field will be giving the product national advertising support for the first time this fall. And a number of retailers will be adding the product for the first time, if only one or two models on a limited test basis.

There is little doubt that more and more retailers will be adding the shop-type vac, and that sales will climb by virtue of its increased exposure.

Avon introduces a mop that flops

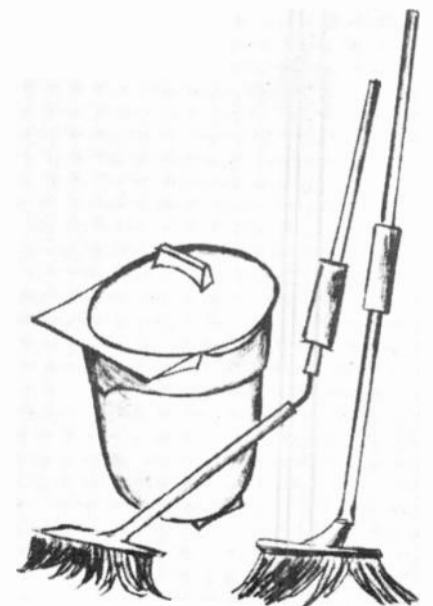
The Avon Assn., of Hartford, Conn., has added two new angles to household cleaning products—a Flop-Mop that bends in the middle and a Tidy-Bin with a lid that serves as a dustpan.

The handle of the Flop-Mop bends to as much as a 90-degree angle so that the housewife is freed from stooping to clean under low furniture. With just a half turn, the free-sliding sleeve on the mop handle locks into place, and the unit converts to a straight-handled mop. The Flop-Mop carries a suggested retail price of \$2.98. The mop head is replaceable.

The Tidy-Bin dustpan-basket features a lid that is actually a dustpan when detached from the pail. According to the company, the angled dustpan "stays put" on the floor as the housewife sweeps debris into it. The polyethylene Tidy-Bin is suggested to retail at \$1.49.

Avon is also offering a third household helper—the Saffron iron holder. The holder adjusts to fit any ironing board and holds the iron in

place with clips. The unit can be folded away for easy storage. The iron holder carries a suggested retail price of \$1.98.



Avon's new Tidy-Bin and Flop-Mop

MERCHANDISING WEEK

VOL. 98 NO. 30

A MCGRAW-HILL MARKET-DIRECTED® PUBLICATION



EDITOR Walter R. Browder

MANAGING EDITOR Donald S. Rubin

PRESENTATION & PRODUCTION EDITOR:
B. H. Schellenbach

Associates: Joan Bacchus
Dorothy Miller (Chicago)
Ronald D. Wind

Assistants: Lucy Schmolka
Louis C. Keiler (Chicago)

Consultant: Jan V. White

SENIOR EDITOR: Martin R. Miller

ASSOCIATE EDITORS: Ed Dubbs
Mary Merris (Chicago)
Wallis E. Wood

Assistants: Bruce Pfau
Lawrence Locke
Amei Wallach
Judy Kunzelman
Martin Steingesser

NEWS BUREAUS: John Wilhelm, Director World News; Jules Abend, Domestic News Editor; Alyné Elias, Foreign News Editor; WASHINGTON: Arthur Moore; ATLANTA: Fran Ridgway; CHICAGO: Reck Johnson; CLEVELAND: Arthur Zimmerman; DALLAS: Marvin Reid; DETROIT: Nick Hunter; LOS ANGELES: Michael Murphy; SAN FRANCISCO: Margaret Ralston Drossel; SEATTLE: Ray Bloomberg; PITTSBURGH: Carl Kovac; COMMON MARKET (BRUSSELS): George Williamson; LONDON: John Shinn; MOSCOW: Howard Rausch; BONN: Robert Dorang; PARIS: Robert Farrell; TOKYO: Charles Cohen; MEXICO CITY: Bruce Cross; MILAN: Ronald Taggiasco; RIO DE JANEIRO: Wesley Perry; UNITED NATIONS (New York): Mary Hagen.

ECONOMIC SERVICES: Douglas Greenwald, Manager; Dexter Keizer, Advisor.

DIRECTOR OF RESEARCH: Murray M. Benson

Associate: Alicia Donovan

Assistant: Joan Lyons

ADVERTISING SALES MANAGER Philip G. Weatherby

PROMOTION DIRECTOR Robert P. Green

BUSINESS MANAGER Marie R. Gombert
Assistant: John Amberg

DISTRICT MANAGERS

NEW YORK: George Neuner, Roland De Silva, 500 Fifth Avenue, N. Y., N. Y. 10036 Phone: 212-971-3586.

PHILADELPHIA: John V. Byrne, 6 Penn Plaza, Philadelphia, Pa. 19103 Phone: 215-LO. 8-6161.

PITTSBURGH: Edward H. Hall, 4 Gateway Center, Pittsburgh, Pa. 15222 Phone: 412-391-1314.

ATLANTA: Peter Morris Peck, 1375 Peachtree St., N. E., Atlanta, Ga. 30309 Phone: 404-875-0523.

CHICAGO: Edward J. Brennan, John J. Cherry, 645 N. Michigan Ave., Chicago, Ill. 60611 Phone: 312-MO. 4-5800.

DALLAS: James Anderson, 1800 Republic National Bank Tower, Dallas, Tex. 75201 Phone: 214-RI. 7-9721.

DETROIT: Sherman Davis, 856 Penobscot Bldg., Detroit, Mich. 48226 Phone: 313-WO. 2-1793.

HOUSTON: Stan Kail, 2270 Humble Bldg., Houston, Tex. 77002 Phone: 713-CA. 4-8381.

LOS ANGELES: Noel Humphrey, 1125 West Sixth, Los Angeles, Calif. 90017 Phone: 213-HU. 2-5450.

SAN FRANCISCO: Thomas H. Carmody, 255 California St., San Francisco, Calif. 94111 Phone: 415-DO. 2-4600.

PORTLAND: Mohawk Bldg., 222 S.W. Morrison St., Portland, Ore. 97204 Phone: 503-223-5118.

JAPAN: Nobuyuki Sato, 1, Kotohiracho, Shiba, Minato-Ku, Tokyo, Japan.

PUBLISHER Dale Bauer

below. Publisher reserves the right to refuse non-qualified subscriptions.

EXECUTIVE, EDITORIAL, CIRCULATION AND ADVERTISING OFFICES: McGraw-Hill Building, 330 West 42nd Street, New York, N.Y.-10036. Telephone 971-3333.

Printed in Chicago, Ill. 60607. Second class postage paid at Chicago, Ill. Title reg. © in U.S. Patent Office. Copyright © 1966 by McGraw-Hill, Inc. All Rights Reserved. The contents of this publication may not be reproduced either in whole or in part without consent of copyright owner.

OFFICERS OF MCGRAW-HILL PUBLICATIONS: Joseph H. Allen, President; Bayard E. Sawyer, Executive Vice President; Vice Presidents: George H. Reppert, Jr., Operations; John R. Callahan, Editorial; Donald C. McGraw, Jr., Marketing; John M. Holden, Marketing Services; Huber M. Gemmill, Circulation; Angelo R. Venezian, Production; Robert M. Wilhelmy, Controller.

CORPORATION OFFICERS: Donald C. McGraw, Chairman of the Board; Shelton Fisher, President; L. Keith Goodrich, Hugh J. Kelly, Robert E. Slaughter, Executive Vice Presidents; John J. Cooke, Vice President and Secretary; John L. McGraw, Treasurer.

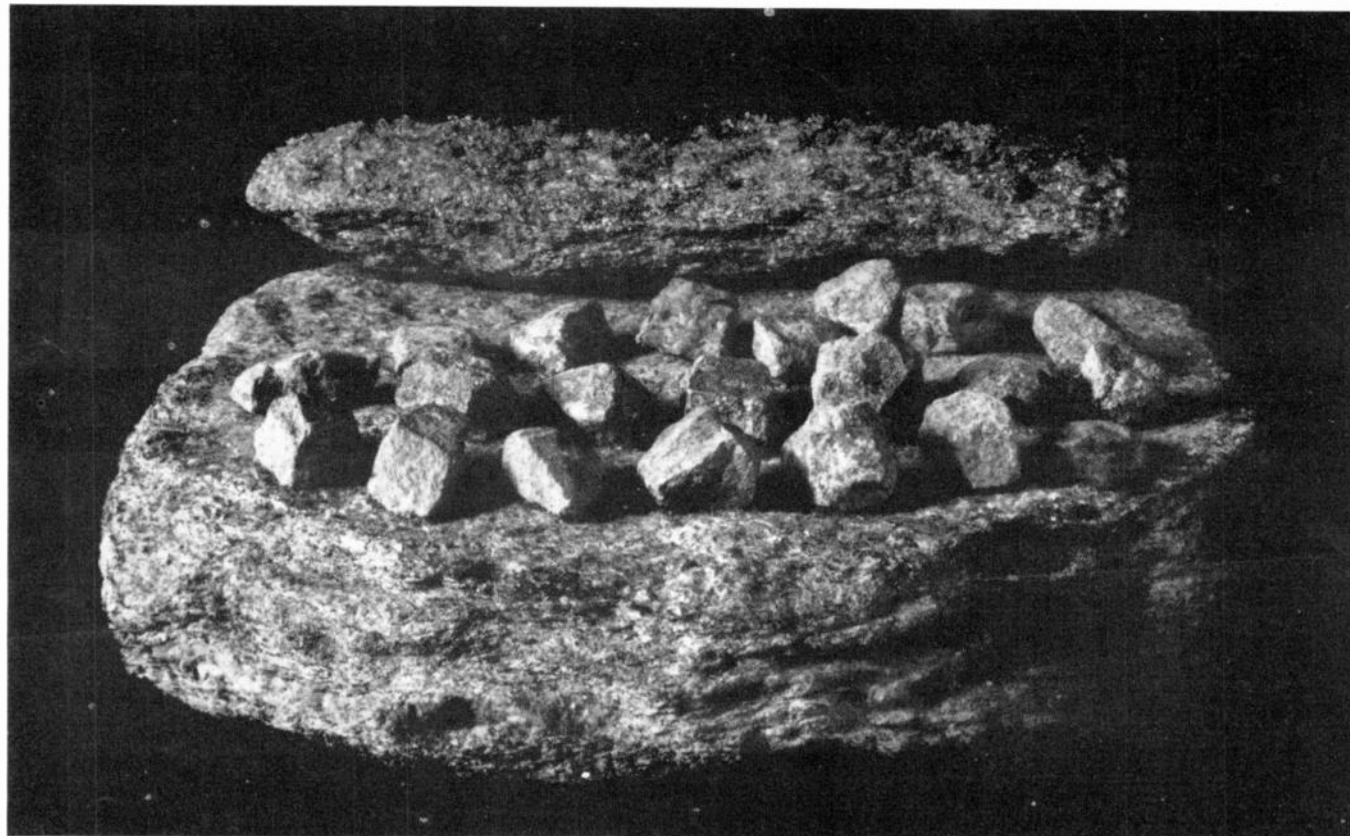
UNCONDITIONAL GUARANTEE: The publisher, upon written request, agrees to refund the part of the subscription price applying to the remaining unfilled portion of the subscription if service is unsatisfactory.

SUBSCRIBERS: Address correspondence regarding change of address notice, subscription service or subscription orders to Fulfillment Manager, MERCHANDISING WEEK, P.O. Box 430, Hightstown, N.J. 08520. Change of address notices should be sent promptly; provide old as well as new address; include ZIP code or postal zone number if any. If possible attach address label from recent issue. Please allow one month for change of address to become effective.

POSTMASTER: Please send Form 3579 to Fulfillment Manager, P.O. Box 430, Hightstown, N.J. 08520.



MERCHANDISING WEEK is a member of The American Business Press and the Audit Bureau of Circulation.



The 1967 Smith-Corona® portables will make others seem like the stone age.

KEY MOVES

Fedders—Ralph W. Phillips is appointed general mgr for Fedders Center Inc., Cincinnati, Ohio. Phillips comes to Fedders from Comfort Systems Inc., Memphis.

Ampex—David L. Hansen is named Chicago district mgr. He will be headquartered at the Ampex Mid-west regional office in Elk Grove Village, Ill.

Giant Tiger Stores—Robert L. Gunn becomes head buyer of appliances, jewelry, photo supplies, and tobacco. Before coming to Giant Tiger he was with Halle Bros.

Frigidaire—Donald C. Schaffer is promoted to national product service and parts mgr. He succeeds E. E. Landis, who is retiring after 40 years with Frigidaire. William E. Stromme is appointed appliance sales mgr of the company's Oakland zone in Calif.

Philco—Robert E. Munz is elected vp-industrial design, and named to the Operating Policy Committee.

Setchell Carlson Inc.—A. A. Hamilton is named general sales mgr. He was formerly with Wear-Ever Aluminum Inc.

Corning—Dr. Thomas C. MacAvoy is appointed general mgr of the electronics products division. He succeeds the late Malcolm H. Hunt, who had managed the division for the past five years.

Magic Chef—Three new district sales mgrs are appointed in the North Eastern region: Donald E. Burgner, John Thomas Hackler, and Jerry C. Hixon.

Zenith—William S. Van Slyck is promoted to assistant chief engineer. He has been assistant director of the government and special products division since 1962.

INDUSTRY TRENDS

FLOOR CARE PRODUCTS

Floor Polishers

Vacuum Cleaners

HOME LAUNDRY

Dryers, clothes, elec.

Dryers, clothes, gas

Washers, auto & semi-auto.

Wringer & spinner

OTHER MAJOR APPLIANCES

Air Conditioners, room

Dehumidifiers

Dishwashers, portable

under-counter, etc.

Disposers, food waste

Freezers, chest

upright

Ranges, electric

Ranges, gas

Refrigerators

Water Heaters, elec. (storage)

Water Heaters, gas (storage)

CONSUMER ELECTRONICS

Phonos, port.-table, distrib. sales

monthly distributor sales

Phonos, console, distrib. sales

monthly distributor sales

Radio (ex auto), distrib. sales

monthly distributor sales

B&w Television, distrib. sales

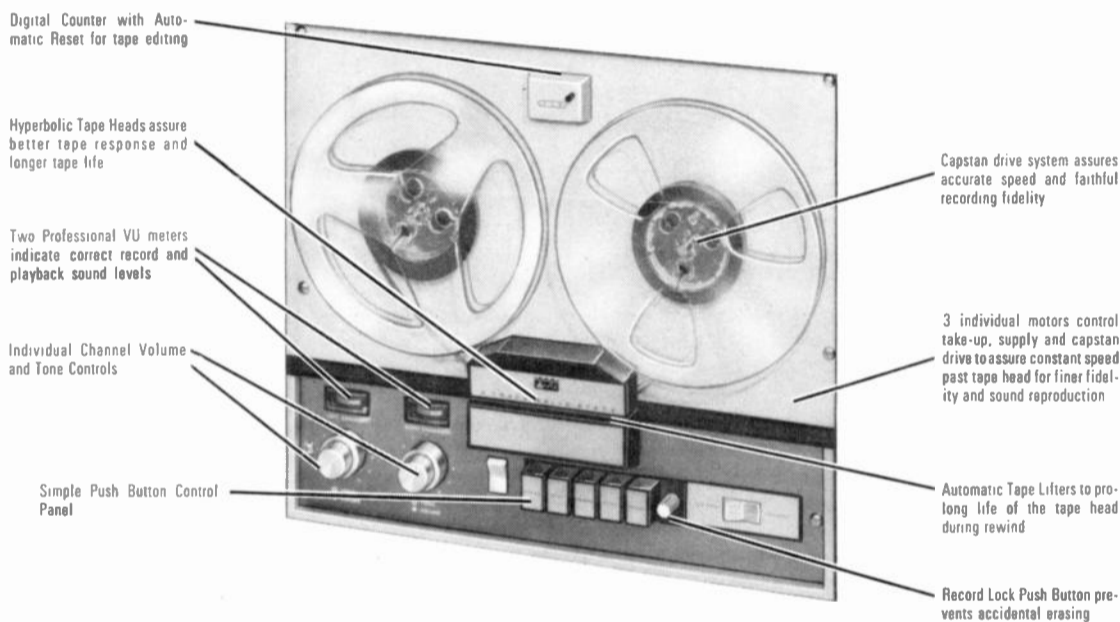
monthly distributor sales

Color Television, distrib. sales

monthly distributor sales

Arvin announces "The Professionals"

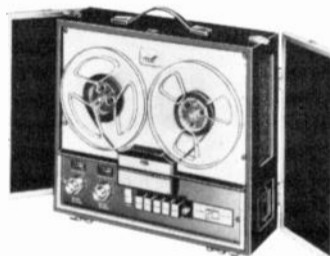
New Solid State Stereo Tape Recorders operate on Batteries or AC. They'll make a tape recorder 'pro' out of any salesman (with profits to match).



Arvin Solid State Stereo Tape Recorder Operates on Batteries or AC

Now a professional-type 4-track stereo tape recorder that lets you record and play anywhere in 3 speeds: 7½, 3¾, and 1⅞ ips. Operates on standard 110 Volt AC or eight "D" cell batteries. Built-in AC cord lets you plug in for home use instantly. Solid State 13 transistor circuitry provides instant play, cooler operation. Two detachable speaker boxes house individual 5¼" oval speakers. Complete with two dynamic microphones, AC adapter cord, tape reels and batteries.

Model 67L39, Charcoal Black Sugg. retail \$159.95



Arvin Solid State Battery Operated Stereo Tape Recorder

This professional-type 4-track stereo tape recorder plays anywhere in 3 speeds: 7½, 3¾, and 1⅞ ips. Operates on eight "D" cell batteries and can be adapted easily to 110 Volt operation by using optional external AC adapter. Two matching side-mounted speakers give out-front sound with studio type deflector panels. Complete with two dynamic microphones, tape reels and batteries.

Model 67L29, Charcoal Black Sugg. Retail \$119.95

Model 712, AC/DC Adapter Unit Sugg. retail \$11.95

Arvin® Value begins with Quality in Home Entertainment

As Nationally Advertised In: Life, Look, Newsweek, Sports Illustrated, Sunset, Time

For complete information, write, wire or call ARVIN INDUSTRIES, INC., Consumer Products Division, Department E-9, Columbus, Indiana
Visit these permanent show spaces:
Chicago, Merchandise Mart—1477; New York 230 Fifth Ave.—612;
San Francisco, Merchandise Mart; Hollywood, 1025 N. Highland Ave.;
Arvin Sales Dept., Columbus, Indiana.



RADIOS

TELEVISION

PHONOGRAPHS

TAPE RECORDERS

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

date	1966	1965	% change
May	81,138	84,004	- 3.41
5 Months	483,380	498,107	- 2.96
May	397,592	329,615	+ 20.62
5 Months	2,327,688	2,026,222	+ 14.88
May	75,257	55,906	+ 34.61
5 Months	539,742	410,919	+ 31.35
May	33,317	27,427	+ 21.48
5 Months	256,874	209,239	+ 22.77
May	300,772	261,889	+ 14.85
5 Months	1,569,608	1,410,550	+ 11.28
May	48,806	53,123	- 8.13
5 Months	211,463	237,807	- 11.08
June	369,300	335,900	+ 9.94
6 Months	2,059,300	2,198,300	- 6.32
June	33,500	38,300	- 12.54
6 Months	167,700	156,300	+ 7.29
June	25,300	19,600	+ 29.08
6 Months	209,600	172,700	+ 21.36
June	85,100	71,000	+ 19.85
6 Months	503,300	386,100	+ 30.35
May	131,900	101,000	+ 30.59
5 Months	593,300	512,500	+ 15.76
June	50,500	42,100	+ 19.95
6 Months	235,500	204,400	+ 15.21
June	60,400	65,100	- 7.22
6 Months	315,400	320,900	- 1.72
June	159,300†	176,300	- 9.65
6 Months	1,059,400	1,010,700	+ 4.81
May	182,200*	171,700	+ 6.12
5 Months	940,100	881,300	+ 6.67
June	453,300	458,200	- 1.07
6 Months	2,505,800	2,336,600	+ 7.24
June	86,600	95,900	- 9.70
6 Months	529,100	536,600	- 1.40
May	194,460	192,140	+ 1.21
5 Months	1,082,410	1,079,780	+ 2.44
July 8	47,574	58,757	- 19.04
27 Weeks	1,210,038	1,309,730	- 7.62
May	146,377	138,662	+ 5.56
5 Months	975,503	1,036,681	- 5.91
July 8	19,009	25,519	- 25.52
27 Weeks	814,150	636,507	+ 27.90
May	69,267	51,152	+ 35.41
5 Months	659,351	499,617	+ 31.97
July 8	212,829	231,861	- 8.21
27 Weeks	6,208,060	5,344,627	+ 16.15
May	729,425	705,901	+ 3.33
5 Months	4,803,892	4,092,191	+ 17.39
July 8	95,781	120,954	- 20.82
27 Weeks	3,527,146	3,507,889	+ .54
May	424,200	425,092	- .21
5 Months	2,882,797	2,853,812	+ 1.01
July 8	54,263	45,841	+ 18.37
27 Weeks	1,885,441	884,380	+113.19
May	249,877	73,876	+238.23
5 Months	1,488,346	666,313	+123.37

†Electric Range June total includes: 100,400 free-standing ranges, 58,900 built-ins.
*Gas Range May total include: 122,800 free-standing ranges, 21,000 high-oven models, 18,500 set-ins, and 19,900 built-ins.
Sources: EIA, VDMA, AHLMA, NBMA, GAMA.

HOUSEWARES

Retailers get greetings from the swinging cards at Hamilton Beach

Besides the gift, Hamilton Beach is providing consumers with the gift card. Hamilton Beach has designed a series of gift greeting cards to go along with its slicing knives and blenders.

In addition to "Carvers wise . . . mechanize" (shown), others philosophize as follows: "Love me tender, love me true . . . bought this blender just for you"; "They laughed when I sat down at the turkey . . . no one knew I had a new knife"; and "You're a cut above most . . . use it on our next roast!"

Hamilton Beach, you're a peach.

Carvers Wise... mechanize!



The new Smith-Corona® Powerline portables will make anything else you might have on your shelves seem prehistoric.

For many years there's been talk of portables with the features of office typewriters. And it was more talk than performance. But

not now! . . . Now, the 1967 Smith-Corona portables—manual and electric—will give any office machine a run for its money!

Example: The 1967 Smith-Corona portables offer power spacing. We said portables and we mean all of them. Electric and manual portables! That's right, our manual line for '67 will offer power spacing. Only portables made by Smith-Corona will have it!

Here's another: On all our portables for '67 the tabulator bars

(yes, tabulator bars) are up top, right across the front, the way they are on office typewriters.

Still more: The half-space bar is where it should be, too. Right down there with the single space and the Power Space Bar. The platen knobs are big and com-

fortable to use. The list goes on and on. Features that have been added to Smith-Corona exclusives like Changeable Type™, jeweled main bearing, removable platen—all the things that have helped make Smith-Corona the largest-selling portable in the land.

News like this is worth shouting about. So we'll shout — with the biggest advertising campaign in

the history of portable typewriters . . . an ad budget exceeding all competition combined.

The kickoff—full-color ads running across two pages in Life, Look and The Saturday Evening Post. And running right in the midst of back-to-school time.

These will be followed with more and more ads in the top consumer magazines, business papers and students' publications. And for the first time in the portable business, there will be a continuing schedule of commercials on NBC's nationwide radio network.

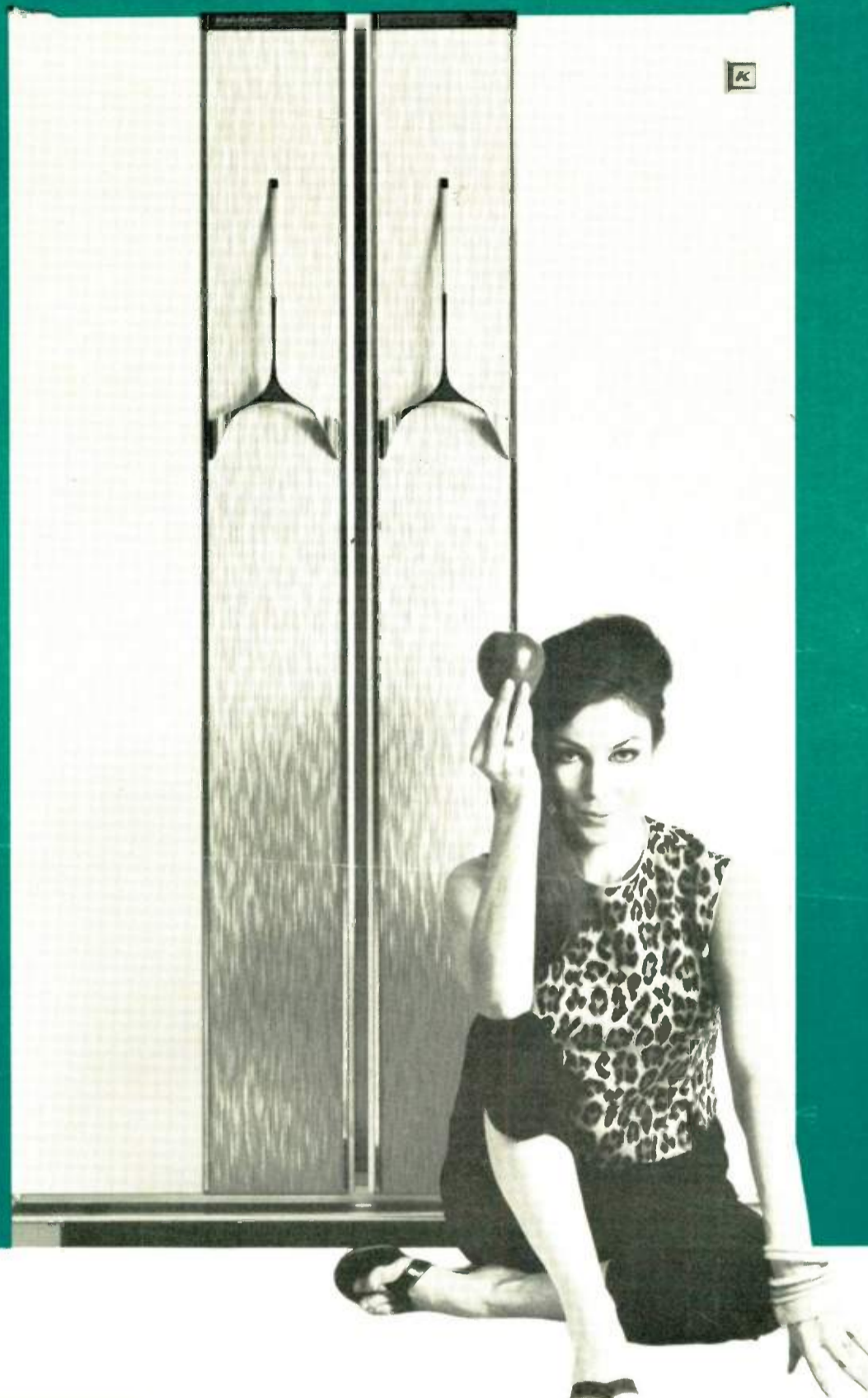
The lines are right. The advertising and sales promotion behind them are right. Together, they'll make anything that's been done before seem like something from the stone age!



The 1967 Smith-Corona portables



We invented it.



Remember this beauty? Our very first Kelvinator Foodarama, built and introduced 12 years ago. (And, no doubt, still kicking up a lot of cold in many households.) Now, look upstairs. At our newest version: the slick, oh-so-sellable Kelvinator Trimwall Foodarama. Made with '66 style and savvy to handle 22 cu. ft. of food storage (including a 307-lb. freezer). What else does a Kelvinator Trimwall Foodarama give you to sell? The ideal balance of cold between freezer and fresh food compartment. A No-Frost system that meters out electricity like a stingy landlord. Plus a look that says "Originals!" as only Kelvinator can say it! One more selling point, and a mighty big one. The 1966 Kelvinator Trimwall Foodarama is our *fourth* generation of upright refrigerator-freezers, which puts us three generations ahead of everybody else in know-how, reliability, proven performance, and proven acceptance.

Kelvinator
Division of American Motors Corporation



Feature the world's most beautiful refrigerator-freezers: the fabulous Kelvinator Originals!