

# MERCHANDISING WEEK

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## ON THE INSIDE □

◁ □ □ □ Market penetration of private-label major appliances and consumer electronics poses a big and still growing threat to brand-names marketers across the country. What are the dimensions of this takeover and how can retailers combat it?.....p.15  
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## AT PRESSTIME □

□ □ □ □ Color tv price hike: Motorola has boosted suggested retail prices on five of its leader 23-inch, rectangular-tube color models. The lowest-priced set in the line (23CT310), which was introduced at \$479.95, is now \$499.95. The others: model 23CT311, from \$499.95 to \$524.95; model 23CU305, from \$529.95 to \$549.95; model 23CU306, from \$549.95 to \$547.95; model 23CS307, from \$579.95 to \$599.95. One reason for the increase: to give retailers a bigger profit margin, Motorola said.

And in the same breath, Motorola told its distributors that advance shipments of four 1966-model color 32s will begin this week. Why pre-introduction distribution? Because field stocks of sets with the TS-908 chassis have dwindled and need replenishing, said J. F. Haley, Motorola's general distribution manager.

All four of the new color models feature pushbutton UHF tuners, tint control, video peaking, pushbutton demagnetizer, and all are housed in veneer-and-hardwood cabinets. The sets, the styling, and the suggested retail prices: model 23CL325B, contemporary styling in walnut, at \$650; *continued on p.3*







How can you tell it's a Packard Bell?

## Listen to George Wasserman and Mike Filderman

"The styling tells you. That's one of the reasons why we feature the line. People like the original designs in hardwood, the fine performance, and let's face it, the prestige appeal of merchandise created in California. We sell the entire Packard Bell console line, and we're very happy with it. It's been a big success for us."

— George Wasserman, President, George's Radio and TV,  
Washington's largest chain of radio-TV stores.

"It's exclusive with us in the whole District of Columbia area. That's the advantage of Packard Bell's area franchise plan. We have no competition for this fine line of color TV, black-and-white TV, stereo or combos. Which gives us the price stability every dealer dreams about."

— Mike Filderman, Executive Vice-President,  
George's Radio and TV.

**THIS COULD BE YOU!** There are still some exclusive area dealer franchises available in the East, Midwest and South. For full information on whether you, and your area, could qualify, send in this coupon.

W. T. Powell, Eastern Sales Manager **Packard Bell.**   
Packard Bell Sales Corp.  
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Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_

Name of Store \_\_\_\_\_

Telephone \_\_\_\_\_



model 23CL326B, Italian Provincial styling in mahogany, at \$675; model 23CL327B, French Provincial styling in cherry, at \$675; model 23CL328B, Early American styling in birch, at \$699.95.

□□□□ **The most important week for color tv** thus far this year starts today when GE shows its small color tube developments and 1966 color lineup. GE is now expected to show a small-screen color tube—possibly a 12- or a 14-inch version.

At mid-week, RCA will introduce its 1966 color line which is expected to include some important price shifts. RCA emphatically denied reports last week that it plans to show a \$349.95 leader. Instead, the company is expected to go with a \$379.95 table leader, and make price moves elsewhere in its line.

RCA's 19-inch color picture tube is now available in "sample commercial quantities" to other set makers, the company announced at the weekend. The new tube is currently in pilot production. Prices to set makers for the new 90-degree rectangular tube: \$106 for the laminated versions, with glare-free safety window; \$99.50 for the non-laminated model. The tube is being built with rare earth phosphors.

□□□□ **GE's take-over plans for Universal-Landers**, Frary & Clark are expected to be spelled out this week. GE paved the way for closing the deal with J.B. Williams Co., Landers' parent, after signing a contract with the UE local at the Landers' New Britain, Conn.,

plant Friday morning. The union contract was the last snag in GE's acquisition of Universal-Landers.

□□□□ **GE is suing Frigidaire** for infringement of GE's patent rights on the P-7 self-cleaning oven. The civil action was initiated last Thursday, in the Dayton, Ohio, Federal District Court. GE's P-7 oven was introduced in 1963; Frigidaire first showed its Electri-Clean oven this year, on Apr. 20.

□□□□ **GE's new 12-inch b&w portables** are now being introduced nationally. The three new models—a leader at \$109.95 and two step-ups at \$114.95—resemble the company's 16-inch Escort series. Its 11-inch models stay in the line, GE says.

□□□□ **Sony's 19-inch Chromatron color tv set** will go to market late next month in Japan for \$550, reports McGraw-Hill World News from Tokyo. Although Sony announced a single-gun color set last fall, it plans to sell a three-gun model. The three-gun set will be 60% brighter than the one-gun version and simplify mass production, Sony said. The company pegs initial production at 200 sets a month; current capacity is 3,000 sets per month. For the time being, Sony has decided to withhold exports. Sony is selling one-gun 12-inch Chromatron transistorized sets with a color video tape recorder to Pan American Airways for \$835. At a later date, Sony will bring this set into the Japanese market.

## U.S. Steel decides to back '66 refrigerator promotion

U.S. Steel will lend its support to the joint 1966 refrigerator-freezer promotion of the National Electrical Manufacturers Assn. (NEMA) and the Edison Electric Institute (EEI). In doing this, U.S. Steel is hopping back on the industry bandwagon it had jumped off earlier this year. To supplement the news of U.S. Steel support, there are signs that point to a closer coordination between the three major promoters for next year's campaign.

The promise of support came at a meeting proposed by NEMA's re-

frigerator-freezer promotion committee, and held at U.S. Steel's Pittsburgh headquarters. There, Bennett S. Chapple, U.S. Steel administrative vice president-marketing, made the statement that is expected to become a reality at budget time. He said: "We will be happy to support your 1966 program."

The reasons for the meeting reflect the concern that refrigerator manufacturers have had since U.S. Steel decided to pull out of promoting their product this year. (The steel company pushed refrigerator-freez-

ers in 1963-1964). NEMA, in fact, had been pushing for the meeting for some time—in order to: (1) impress U.S. Steel top brass that the appliance industry appreciates the steel company's efforts; (2) assure U.S. Steel of the importance of the refrigerator-freezer as the best-selling major appliance; (3) get an early start on coordinating plans with EEI for 1966.

Chances of a closer coalition are good, if U.S. Steel acts on NEMA's suggestions. Some of NEMA's specific recommendations at the meeting:

—A single promotion display package or kit—with identical theme, copy, and artwork—with distribution plans coordinated by NEMA and EEI.

—Expansion of U.S. Steel's well-received newspaper ads and editorial service, using the money the company would save on the promotion kit. U.S. Steel could also perhaps expand its key market coverage with the help of manufacturers, who could point out the areas likely to provide highest returns for money spent.

—Mobilization of manpower to set up local action at the retailer level.

## Excise tax cuts: now the critical period begins

The crunch comes this week on the much-discussed excise tax cuts.

What everyone is waiting for are President Johnson's recommendations which are expected to go to the House Ways and Means Committee today; this would start a five-week trip through Congress, reaching the end of the legislative mill in time to be effective by July 1.

What everyone wants to know: did their industry make the Administration's list of priorities—either for cuts in, or elimination of, excise taxes? And the list of people waiting to learn what the Administration recommended includes major appliances, consumer electronics, and housewares manufacturers. (For the

complete list of products and taxes at stake, see p.9.)

This much seemed certain at press-time:

No provision for retroactive tax cuts is expected out of Congress. Instead, the Administration and Congress are relying on swift passage of the bill as the best way of countering any possibility of a buyers' strike. By sending his recommendations to Congress this week, the President hopes to limit public awareness of the forthcoming price reductions to about five or six weeks.

Provisions for tax rebates on distributor and dealer inventories on hand midnight June 30 now seem certain. The rebate plan provides

that all items on which the excise tax is reduced or eliminated can be sold on July 1 minus the tax. Thus, no retailer or distributor would be penalized for carrying inventory purchased from manufacturers before July 1 at the tax-inclusive cost of 5% to 10% more.

Insiders were predicting at the weekend that the inventory rebate plan will apply to merchandise retailing for \$100 and up, or that carry a manufacturer excise tax of \$5 or more.

The critical period: What makes the next 10 days to two weeks so important is the fact that the House Ways and Means Committee, where, by law, tax legislation must originate,

will handle the technical drafting of the bill. That committee will also make some vital decisions on the entire tax program.

Manufacturers, who have not made the list, will be redoubling pressure to get their products written into the bill before it goes to the White House late in June.

Johnson has said that he wants only a \$1.75 billion reduction in excises, although the Administration has indicated some flexibility in this figure. Congress may raise this to \$2.5 billion. But in the final analysis, whatever tax cuts come out of Congress will be the result of negotiations between the President and Congressional leaders.



# 7,000,000 prospects will get this message in LIFE

**LIFE**

**New! Low priced! Up to 54% more  
freezer space in G.E.'s big 'No Frost 15'**

... than in any comparable refrigerator.



**UP TO 54% MORE FREEZER SPACE** than any competitive 14- to 15-cu. ft. refrigerator with top freezer.

**YOU'LL PACK UP TO 147 LBS.** of frozen food into this giant freezer space with ease!

**MORE OVERALL FOOD CAPACITY...** a full 14.7 cu. ft., with a huge 4.2-cu. ft. freezer.

**YOU'LL NEVER DEEFROST** either refrigerator or freezer. Frost never forms. (Economical to operate, too.)

**ICE FREEZES EXTRA FAST** in the new exclusive Ice Compartment. Trays remove easily. Foods store neatly.

**INSTALL IT FLUSH TO WALL**—there are no coils on back. Right- and left-hand doors available.

**WIDE COLOR CHOICE:** shaded Copper-tone, pink, turquoise, wood-tone brown, yellow or white.

**GET IT NOW... LOW-PRICED**  
at about  
**\$299\***

Quality service wherever you live.

**GENERAL GE ELECTRIC**

MODEL TRF 156

\*Subject to Fair Trade where applicable. Slightly higher price in the West.

G.E.'s new "No-Frost 15" has everything it takes to lead the industry's No Frost Promotion. And that's why we're giving it the very heaviest national advertising support in our refrigerator history.

Full-page 4-color ads in LIFE, June 4th, 25th and July 16th issues; also in the Saturday Evening Post on July 3rd.

The biggest prime-time network TV schedule we've ever put behind a single refrigerator. These TV commercials will run throughout the entire promotional period on 4 big ABC-TV nighttime shows. And we mean BIG: popular BEN CASEY, VALENTINE'S DAY, BURKE'S LAW and SUNDAY NIGHT AT THE MOVIES. These commercials will presell your





# and more than twice as many will see it on prime-time TV!

prospects with demonstrations of the *biggest refrigerator value ever*.

So when we say "No-Frost 15," we mean business. For you. Put G.E.'s new "No-Frost 15" up front. Dramatize it with the big 16-piece display package. Get the complete promotional package (it's a great one!) through your distributor. Then get set for sales. And remember:

behind the big freezer, the low price and the record-breaking promotion, you've got another important selling edge: the General Electric quality that's known, respected and wanted by millions.

GENERAL  ELECTRIC





Here Is The Best Appliance Truck  
Money Can Buy Because Only The

**Escort®**  
**OFFERS YOU**

EXCLUSIVELY THESE TWO FEATURES

**1 ALL-STEEL RATCHET STRAP  
TIGHTENER WITH AUTOMATIC  
STRAP RECOIL!**

This new ratchet quickly and easily tightens strap around load. When loosened, spring action automatically rewinds the strap in a neat coil, out of the way and instantly ready for its next use. A real time saver! EXCLUSIVE ON THE ESCORT!

**2 FAMOUS ROLLER  
BEARING  
CRAWLER TREAD!**

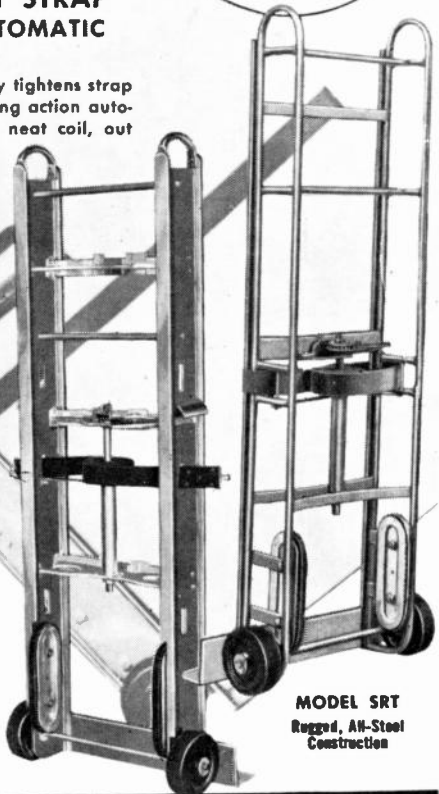
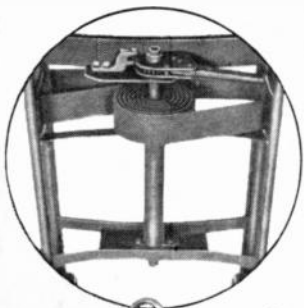
This ESCORT feature allows you to roll the loaded truck up and down stairs with a minimum of time and effort. A real back saver! EXCLUSIVE ON THE ESCORT!

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MODEL MRT  
Magnesium Light!  
Magnesium Strong!

MODEL SRT  
Rugged, All-Steel  
Construction

**Escort®**  
APPLIANCE TRUCKS

SOLD ON A MONEY-BACK GUARANTEE!



**Y**ankee Doodle bought E Bonds  
Yankee Doodle Dandy  
Got them on the Payroll Plan  
So smart, so safe, so handy

**Why not you? Sign up where you  
work. Your employer will set aside  
a small amount from each paycheck.  
(You say how much.) Your savings  
will add up automatically!**

Keep freedom in your future with  
**U.S. SAVINGS BONDS**



The U.S. Government does not pay for this advertising. The Treasury Dept. thanks The Advertising Council and this publication for their patriotic support.



## WASHINGTON

□□□□ The FTC's current action on franchises is to ask the Supreme Court to outlaw agreements where, in return for supplier services, retailers pledge not to stock competing items. The Federal Trade Commission is insisting that such plans are unfairly competitive because they foreclose markets to small manufacturers who compete with "powerful suppliers" and interfere with retailers' "independent judgment in making purchasing decisions."

The FTC wants the Supreme Court to review a decision by a St. Louis appeals court that found nothing illegal in arrangements Brown Shoe Co. has with 750 retailers. Brown supplies accounting and merchandising assistance (and a brand-name identification), and, in return, the stores agree to "concentrate" their business on Brown shoes and to carry no "conflicting" lines. If this decision is reviewed, the outcome could affect similar franchising plans in a variety of industries.

□□□□ Should Congress set tv broadcasting policy? Representative Oren Harris (D-Ark.) of the House Commerce Committee, and one of the most powerful members of Congress on broadcasting issues, is calling for a "national debate" on his contention that Congress should write a basic policy for the Federal Communications Commission in far more specific terms than are found in the Communications Act of 1934.

The immediate cause of Harris' proposal was the recent move by the FCC to regulate the fast-growing community antenna television systems (CATVs). He finds that move typical of a series of FCC actions in which he says the agency is assuming more authority than Congress has delegated. Harris is not so much contesting the wisdom of FCC rulings—although he frequently does that, too—but rather he is concerned that the FCC is dealing with some major problems in a piecemeal way. The result, he feels, is that the FCC is making decisions about the future of tv broadcasting that ought to be made by Congress.

Where Harris and the FCC do agree is on the ultimate aim of federal regulation of broadcasting, as Harris puts it: "the greatest practical diversity of tv programming—local commercial, network commercial, educational, and other possible programming—to be received by 82 tv channels."

This is what the FCC had in mind when it decided broadcast tv needs protection from CATVs. But Harris wants such basic policy decisions made by Congress, not by the FCC, and in this instance he has introduced a bill that would give FCC the authority over CATVs that it already claims to have.

Regulatory agencies such as the FCC were created by Congress to provide experts capable of dealing with complex industry questions, and Harris realizes that Congress must have such expert advice to cope with the kind of broad policy review he has in mind.

What Harris is proposing, however, is a special advisory group to fill this role, a group composed of representatives from all segments of the tv industry—including some critics—and delegates from the FCC. If his plan generates interest and support, it could be the seed of a rewriting of the 1934 Communications Act, one that would consider the changes since then.



## CU tests radio-phono consoles, then suggests consumer caution

Consumers Union (CU) has again rapped radio-phono consoles.

CU's latest report appears in the May issue of its publication, *Consumer Reports*. CU's previous report on radio-phono consoles appeared in its April, 1960, issue, and it criticized consoles as severely then as it did in this new report. CU tested units in the \$300 to \$400 price range for this report.

"Don't expect too much," says CU, in reference to the quality of the consoles it tested, and adds "it's a rare listener who will get a full stereo effect from them."

CU also strikes at authorized service in its report. "Defects and bungled repairs" is how CU sums up the story of the units it bought.

CU's complaints: units arrived not operating or defective; repairs took as long as 15 weeks, and none took less than three weeks; transistors burned out during testing, and, on two separate occasions, it took the authorized dealer three and five weeks to replace them; AM sections arrived not operating; a receiver chassis was broken away from its internal mountings on arrival; there was excessive distortion on FM, which remained uncorrected when returned from the authorized service dealer; and, two models from the same manufacturer had the same defect: "excessive hum and rumble."

"Any buyer who gets one of the apparently numerous lemons in this product's current crop is caught in a bad situation, says CU, "He can't just tote a five-foot-wide, heavy console back to the dealer and demand an exchange."

CU's solution for consumers: "Try to find a dealer who will guarantee to substitute a new machine if yours

can't readily be made to work right."

CU further reports that most dealers it surveyed would not make an exchange, and that they expect their customers to have any defects corrected under the manufacturer's warranty.

CU criticizes console features in detail—relentlessly. CU concedes that AM antennas are adequate, but FM antennas are described as being adequate only when "reception conditions are very favorable." Tuning indicators are unsatisfactory, CU reports, simply because they do not indicate correctly.

"Boomy or muddy bass and shrill penetrating treble were common, often both together," is CU's characterization of console radio sound. Even the phono section did not give good sound—and certainly not good stereo—unless the listener was four feet from the set, reports CU.

CU does give credit to manufacturers who have made auxiliary speakers available. But, CU adds, the speakers "add a shrillness to the tone quality. Only a few models were judged to have tone quality that CU would call agreeable. The majority were mediocre, or worse, in tone."

CU could not make a definite statement on transistors. It explains: "A consumer can draw no conclusions about quality or performance from the presence of transistors."

CU's only nod of approval is directed at record changer performance. CU remarks: "The changer tests brought good news, compared with the findings on changers in previously tested console phonographs." Approval was based on 3.5 gram-or-less tracking weight, and on adjustability of tracking weight.

## NKDA's annual spring meeting: questions, plans for the future

To be successful, ask yourself questions. This was the advice of Elm Weingarden, marketing vice president for Waste King Corp., in his keynote address before the National Kitchen Distributors Assn. (NKDA), in Pittsburgh, last week.

Weingarden urged his audience to "run your businesses in your own style." Consider your own business climate and act accordingly, he added. Although Weingarden was speaking to kitchen distributors, his message has meaning for all forward-thinking retailers and distributors in the industry. Rather than give his listeners a generalized formula for success, Weingarden asked questions designed to make his audience think.

### The questions to reflect upon:

- What products do you carry?
- What kind of special services do you provide to your customers?
- How much total time do you spend on planning, organizing, taking action, implementing your plan, and auditing or following through?
- Are your people working effectively?

The plans for the future were outlined at another NKDA session; they include:

—A series of cost-of-doing-business surveys, with emphasis on sales costs, warehousing, buying, inventory, etc., to be used to prepare a study that the individual distributor can use to compare his costs with the average in the industry.

—Emphasis on identifying NKDA members more closely with their basic strength—namely, local warehousing and sale of nationally branded products, as compared with local fabricators and off-brands.

—Stepping up membership activities to reach NKDA's goal of 1,000 members in 1965, with an emphasis on associate (manufacturer) memberships.

—Setting up several meetings at the local and regional level over the next few months. The meetings will probably be held in Pennsylvania.

—Scheduling of the annual meeting in conjunction with the National Home Builders Show, in Chicago, next December.

□□□□ **Capitol wants cartridge standardization**, particularly in light of the increased interest in car tape players (MW, 10 May; p.7). Alan W. Livingston, president of Capitol Records, stated that, "It is our desire that a standard system of high quality be adopted that will benefit and protect the consumer instead of penalizing him." The incompatibility of car tape player cartridges with home players, and the variety of cartridges on the market, are reportedly the reasons that both Capitol and Columbia do not pre-record on cartridges. To date, RCA is the only major recording company pre-recording tape cartridges.

□□□□ **Magnavox has enough color tv tubes** firmly promised from three suppliers to enable it to more than double last year's production, says company president, Frank Freimann. In light of this sure tube supply, Freimann predicts a 50% increase in profits for the first half of 1965 over first-half profits last year. Magnavox sales for the first four months of this year increased more than 50%, and earnings jumped 60%, over the same period in 1964. Magnavox also has announced that its parts and service division, Magna-Par Co., is opening a factory parts branch in San Francisco.

□□□□ **A May-June freezer promotion** is being conducted by the Long Island Lighting Co. for its 231 LILCO Authorized Appliance Dealers. Included in the promotion are: weekly drawings for freezers; three-piece sets of Corning Ware cookware as premiums for purchasers of freezers; an intensive advertising campaign; and prize incentives for freezer salesmen. Promotional kits, including a *Use Your Freezer Every Day* booklet prepared by the Dow Chemical Co., have been sent to participating dealers.

□□□□ **A private-label management consultant firm** has been formed in Chicago by Howard Kovin, former sales manager of Phonola and designer William Palisek. They plan to use a national sales force to contact manufacturers interested in producing private-label merchandise. They then will locate outlets for this merchandise, and design a product agreeable to both parties. The name of the new consulting firm is Kopal Products Inc.

□□□□ **Admiral has big advertising plans** for the second half of 1965. Its schedule calls for the expenditure of \$9,000,000 for ads on network tv, in national magazines, and in newspapers. A 13-week network tv spot campaign begins on Sept. 13; these spots will appear on *Dr. Kildare*, *The Virginian*, *The Dean Martin Show* and on Saturday night movies. Consumer magazine ads on all Admiral products will be carried in *Life*, *Holiday*, *Saturday Evening Post*, *Ebony*, *Ladies Home Journal*, *Better Homes and Gardens* and *Good Housekeeping*. Co-op ads will continue to play a major role in Admiral's marketing program.

□□□□ **Thinking about air-conditioning?** This is the title of a new booklet on whole-house air conditioning prepared by Gibson Sales Corp. The 21-page consumer-directed booklet discusses air conditioner capacity, cost, and financing, in addition to other sales points.



# APPLIANCE-TV

□□□□ **Talk of shortages in rare earth materials**, now being used by several tv manufacturers to produce truer blues and reds in color picture tubes, is being side-stepped both by the set builders and the ore producers. According to a spokesman at the American Potash & Chemical Corp., one of the leading suppliers of the rare earth material, the problem—"the apparent shortage"—is not one of supply, but rather of meeting the tv manufacturers' technical requirements. While the company admits to be supplying the material to manufacturers on an allocation basis, it claims that there will be no critical shortage of the material this year. Meanwhile, at least three of the four major suppliers of the rare earth materials are now working on major expansions of their production facilities. Sylvania, the first set builder to announce it would have rare earth color tubes, says it is not experiencing any tightness in supply; in fact, it is even selling phosphors to other tube manufacturers. And RCA, which also is now using rare earth in all its color tubes, claims to have a rare earth supply to see it through 1965.

□□□□ **The 1965 specifications for GE's line of refrigerator-freezers** (MW, 19 Apr., p.20), incorrectly list the inner liner material as acrylonitrile butadiene styrene, due to an error in the raw data used to compile this listing. The correct listing for the entire GE line should be porcelain-enameled steel.

□□□□ **Magnavox has cut prices** on six transistor radios, but the profit margin for dealers remains the same on these models, the company said. Dealers got another break, as Magnavox increased dealer discounts on three AM transistor models: AM-81, an 8-transistor model selling for \$14.95; AM-84, an 8-transistor model selling for \$19.95; and AM-89, a 10-transistor model selling for \$19.95.

The six price cuts are: the 8-transistor AM-80 Companion, reduced from \$14.95 to \$13.95; the 9-transistor FM-94 Holiday, from \$49.95 to \$39.95; 10-transistor models FM-90 Diplomat and FM-91 Highlite, both reduced from \$59.95 to \$49.95; the 9-transistor FM-AM Vagabond, from \$39.95 to \$34.95; the 9-transistor Surfside FM-93, from \$44.95 to \$39.95. None of the six will be replaced by new models this year.

□□□□ **Another Kelvinator first** is the exhibit of four Kelvinator Originals in home settings at the National Design Center, in New York City. According to the Center's executive vice president, Arnold Morris, Kelvinator is setting an industry trend for displaying major appliances and home electronics products in designer settings. Morris said that six major home electronics manufacturers will follow Kelvinator's lead and show their 1966 lines at the Center this fall. Consumers hear a 30-second product pitch on telephones that are part of the Kelvinator display, and they get product literature, plus the name of the nearest Kelvinator dealer.

□□□□ **Lear Jet Corp. is prepared** to start production in August on its 8-track cartridge and automobile tape player. The Lear plant will be geared for production of 3,000 to 5,000 units per day and should reach full production in about a year.

## Whirlpool spins into a new area, Wonderlife Home Centers

"Unless an appliance dealer has a very big kitchen business, Wonderlife really isn't any competition to him," says Stephen R. Sizer, advertising and sales promotion manager for Wonderlife Services.

**Wonderlife is competition** to other home modernization firms. Wonderlife Services is a division of the Whirlpool Corp., set up by Whirlpool to earn some of the \$6-billion-a-year home improvement business.

Wonderlife Home Centers are locally owned and operated, franchised stores. They are making big-ticket home-modernization sales: complete kitchens, bathrooms, extra rooms, central heating or air conditioning, central vacuum cleaning systems. Wonderlife Home Centers, Sizer emphasizes are not in the business of selling appliances.

**The Home Centers are selling** nationally known products such as RCA Whirlpool appliances; Mutschler, Geneva and Adler Kay cabinets; Emerson electric lighting and electrical equipment; Heil central heating and air conditioning equipment; and Crane plumbing fixtures.

Wonderlife Services buys these products and distributes them directly to the Home Centers.

Home Centers are now in full swing in Detroit, Grand Rapids and St. Joseph, Mich.; Indianapolis and Evansville, Ind.; Washington, D.C.; and East Moline, Ill. Wonderlife plans national coverage in all major cities by 1968, and may eventually have as many as 300 stores.

**Wonderlife is franchising** and training its contractors carefully. There is only one Wonderlife franchise to a market. "Before earning the franchise," Wonderlife says, "the contractor must demonstrate talent and skill in the business of home modernization as well as a reputation for

reliability in business." His Wonderlife Home Center will be watched fairly closely by the home office in Benton Harbor.

Benton Harbor, for example, is going to prepare much of the advertising that the Centers use. The home office is spot-checking on the quality of the work the Centers do. "One trouble with the home modernization industry," says Sizer, "is that it has a bad image. What we want to do is establish a national chain of reputable stores, so that a person who goes to a Wonderlife Home Center knows he's going to get a quality job."

**One Wonderlife dealer** MERCHANDISING WEEK interviewed said that Whirlpool has budgeted some \$46 million to be spent establishing the Centers over the next 10 years. This dealer confirmed Sizer's assertion that the Centers will not be appliance stores and will not be interested in selling appliances one by one. On the other hand, because the Centers are independent businesses, Whirlpool cannot legally stop a Center from doing that.

This dealer also suggested that Whirlpool will be able to use the Centers to get exposure for new products. "Appliance dealers," said this contractor, "are sometimes reluctant to buy something that is radically new and different. With the Wonderlife Centers, Whirlpool will be able to get product exposure quickly and establish a market before the competition can jump in."

Some things do seem clear: these stores are not appliance centers, are not company owned, and are not primarily in the appliance business. Nevertheless, appliance dealers and distributors will be watching their growth carefully.

—Wallis E. Wood

## New consumer electronics lines: who's showing what and when

Show time is here for the 1966 consumer electronics lines. Chicago is again the place to show, after last year's spate of New York City introductions. Other showplaces on the calendar are Las Vegas, Los Angeles, San Juan, P.R., and Madrid.

Here is the schedule:

**Emerson Radio & Phonograph** has not yet released a date for its show, but it probably will be held in mid-June.

**General Electric** will show its new radio and portable phono lines to distributors later this week—May 20-24. At the same time, its tv and console phono lines will be shown in Syracuse, N.Y.

**Magnavox** will show its tv, radio, and phono lines at the Music Show, from June 27 to July 1, in Chicago.

**Motorola's** new tv, radio, and phono lines will be shown in Chicago, on June 18 and 19.

**Olympic** is showing its 1966 tv, radio, and phono lines from June 27 to July 1, at the Music Show, in Chicago.

**Packard-Bell** is scheduled to show its new consumer electronics lines on June 1 and 2, in Los Angeles.

**Philco** opens the curtain on its new tv, radio, and phono lines for distributors and dealers from June 8 through July 2, in San Juan, P.R.; this showing is the longest scheduled this year.

**RCA Victor** is showing new lines this week, May 18-20, in Las Vegas.

**Sylvania** will show its new tv, radio, and phono lines on June 10 in Chicago.

**Westinghouse** has split its distributor showings and scheduled them prior to the Music Show. East Coast distributors will see the tv and stereo lines on June 24 in Pittsburgh; West Coast distributors will see the new tv and stereo lines on June 18, in San Francisco. Westinghouse will show its new tv, radio, and phono lines to dealers at the Music Show, in Chicago.

**Zenith** has slated its new tv, radio, and phono line showings for distributors on June 1, in Chicago.



# Rifles or ranges? Which industry gets excise tax cuts?

## HERE IS THE LIST THE GOVERNMENT IS LOOKING AT . . .

### MAJOR APPLIANCES

Air conditioners	10%
Dehumidifiers	5%
Dishwashers	5%
Disposers	5%
Dryers	5%
Freezers	5%
Ironers	5%
Ranges	5%
Refrigerators	5%
Washer-dryer combos	5%
Water heaters	5%

### CONSUMER ELECTRONICS

Phonographs	10%
Radios	10%
Television sets	10%
Speakers, 8ohms or more	10%
Amplifiers, 10w or more	10%

### ELECTRIC HOUSEWARES

Blankets	5%
Blenders	5%
Broilers	5%
Coffeemakers	5%
Cornpoppers	5%
Fans	5%
Frypans	5%
Griddles	5%
Heaters	5%
Hotplates	5%
Irons	5%
Mixers	5%
Sandwich grills	5%
Shavers	5%
Toasters	5%
Waffle irons	5%

### OTHERS

Automobiles	
chassis & body	10%
parts & accessories	8%
Fishing gear	10%
Gasoline (per gal.)	
automobile	4¢
boat, airplane	2¢
Guns and ammunition	
firearms, shells	
& cartridges	11%
pistols & revolvers	10%
Light bulbs & tubes	10%
Lighters	10¢ or 10%*
Lubricating oil (per gal.)	6¢
Matches (per 1000)	
ordinary	2¢
fancy wooden	5 1/2¢
Musical instruments	10%
Pens	10%
Mechanical pencils	10%
Phono records	10%
Photo equipment	
cameras, lenses	
& film	10%
projectors	5%
Sporting goods	10%
Sugar (per mfg. lb.)	0.53¢
Tires & inner tubes	
(per lb.)	10¢
Typewriters	10%
Other business machines	10%

\*Whichever is less.

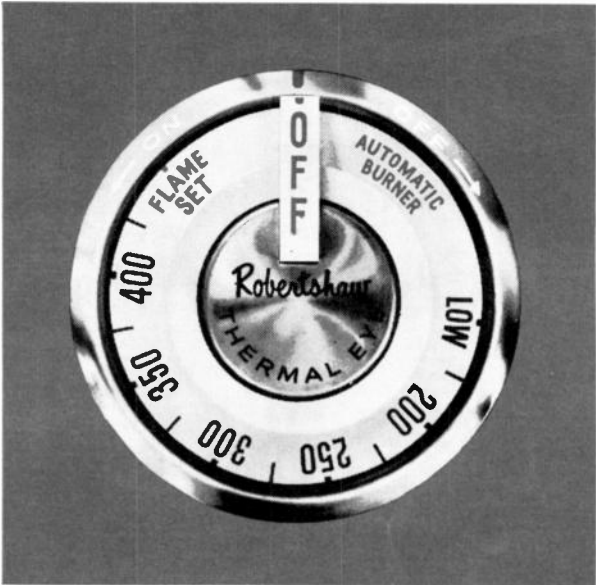
Some excise taxes will be cut by July 1—but which ones? Manufacturers in many fields (see list at left) are now waiting for the word from Washington.

In the consumer electronics, major appliance, and electrical housewares fields, all the taxes involved are levied at the manufacturer level. The list at the left gives a breakdown of most of these manufacturer federal excise taxes.

According to most reports, tax cuts for the manufacturers of electrical appliances, phonos, radios, and tv sets are near the top of the list being considered. But as the industry leaders stump for repeal of taxes on their particular products, and as proposals and counter-proposals are made public, no one yet can call sure bets on the tax revisions. (Thus far, only certain retail excise tax cuts—on perfume and jewelry, for example

—have been definitely promised. But it also is no secret that the federal excise taxes on alcoholic beverages, tobacco, gasoline, and tires will not be cut.)

For detailed accounts of the arguments going on in Washington, see: MW, 8 Feb., p. 3 and MW, 15 Feb., p. 3 for price reduction plans; MW, 3 May, p. 3 for retailer rebate plans; MW, 10 May, p. 6 for what to expect from Congress.



This is the control  
... that heats the pot  
... that cooks the beans  
**... that sells the range**



Robertshaw's Flame Set Burner-with-a-brain\* thinks for the cook. It controls the correct cooking temperature and maintains the proper heat until ready to serve.

\*A.G.A. MARK

This little thinker makes any store clerk into a real salesman. Because it's the special features like Robertshaw's Flame Set *Burner-with-a-brain* that sells one range over any other. Robertshaw's new simplified Fixed or Top-Stop Flame Set control eliminates the need for visual adjustment. It converts any ordinary pot or pan into an automatic cooking wonder. This top burner control not only eliminates boil-overs, burned pots and pans, smoking and splattering, but removes the chore of "pot-watching"—complete freedom for the homemaker, and she'll love your range for it. ■ Robertshaw's new family series of top burner and oven controls gives you complete control standardization throughout your full range line. We would like to send you more information on how to stay ahead of competition ...write today for our new, free booklet RT 980.



New Stanton Division, Youngwood, Pa. • Lux Time Division, Waterbury, Conn. • Canadian Affiliates, Toronto, Canada



# 3 ways to sell lots more

(Sell Hotpoint and you won't need the first two)



## 1. Cut your prices to the bone.

(You won't make much money, but think of the volume.)

## 2. Give away expensive premiums.

(They come out of profit, too. Another good way to go broke.)



# refrigerators:



## 3. Roll out a Hotpoint. Women find wheels irresistible. (And they don't cost you a cent!)

Show the lady how easily Hotpoint wheels let her clean behind the refrigerator. Let her know that only Hotpoint has wheels at no extra cost so there's no need to shop around. You'll make more sales—and you'll make more money on each sale—with Hotpoint wheels going for you. 14 models on wheels—big ones, small ones, top mounts, bottom mounts. Stop giving away money to make the sale. Sell Hotpoint wheels instead. And don't overlook the other great Hotpoint features, like convenient No-Frost (coupled

with Hotpoint's low operating cost), swing-out vegetable crisper, temperature-controlled butter keeper, slide out porcelain meat pan, and our new step-shelf for flexible storage. And most important—all these good things that help you sell so hard are included in our 14 and 15 cu. ft. models; the *volume* sellers. With Hotpoint, the hard-selling features like wheels—aren't limited to the top of the line. Why not get *your* sales rolling? Contact your Hotpoint representative now.

# Hotpoint

*first with the features women want most*

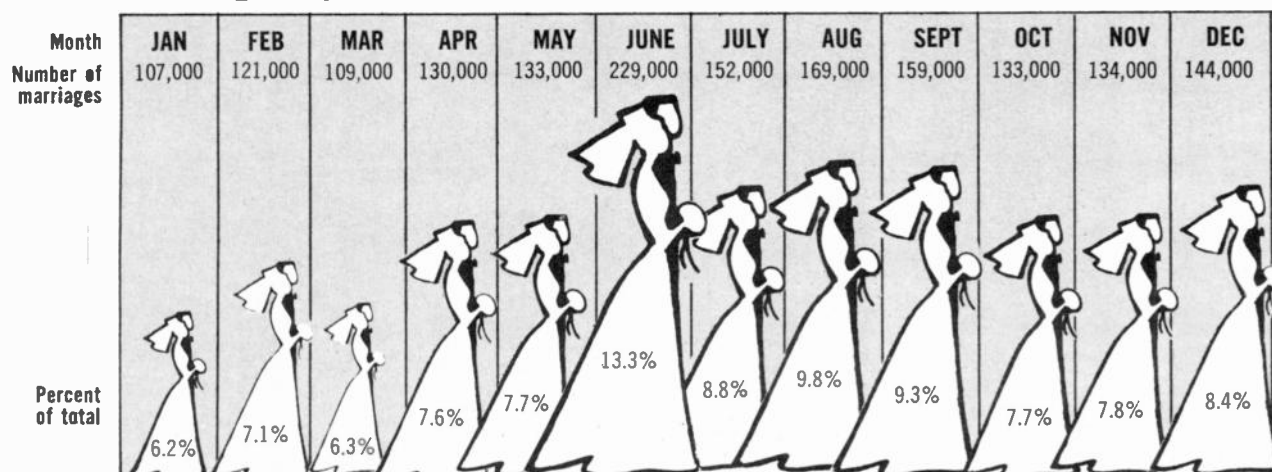


See Hotpoint appliances sold  
this week on The Tonight Show, NBC-TV,  
starring Johnny Carson

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



## Marriages by month—1964



Source: National Office of Vital Statistics, U.S. Department of Health, Education, and Welfare

## Your fair lady:

"If you promote and advertise for the bride just in June, you are missing 87% of the possible market because only 13% of today's brides get married in June."

So said George E. Morrissey, publisher of *Modern Bride* magazine, who keynoted the magazine's Second Annual Bridal Business Forum in New York City. The chart on the left illustrates Morrissey's major point—that retailers, selling everything from wedding gowns to ranges to luggage, are still missing the timing and the real potential of the bridal market. Morrissey said:

"Too many retailers still key their bridal promotions to the June bride. June, of course, is the traditional month of many weddings; but July, August, and September together double June's record in the number of weddings. Although fewer weddings take place during Lent, pre-Lenten engagements keep sales at a high, making the bridal business a year-round promotable market for the alert retailer."

**The potential** of the bridal market, according to many major appliance and consumer electronics retailers, is questionable. These retailers feel that the bridal market is not worth more in sales than a one-shot promotion because few people buy a dishwasher or a stereo console for a wedding gift.

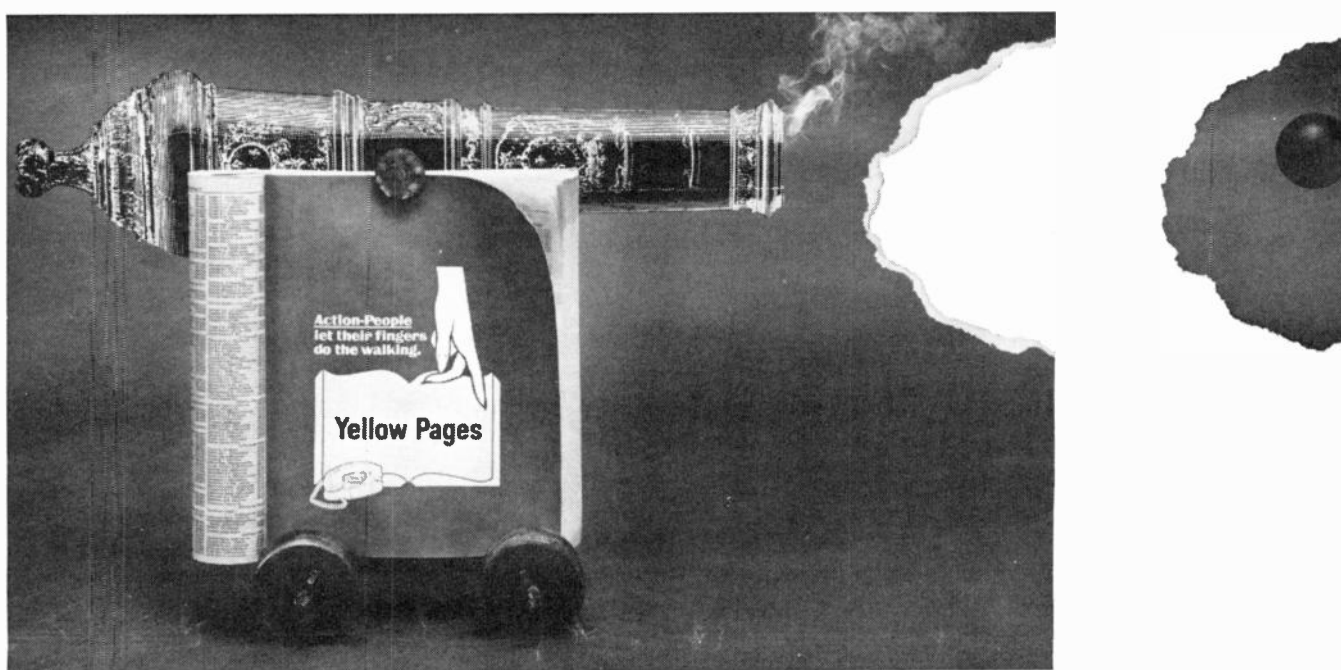
What these retailers are forgetting is that today's bride is a *new* customer about to start on the biggest buying spree of her life—a buying spree that does not end when the rice and rose petals are thrown.

**How big is the bridal market?** What does it mean in dollars? What percentage of major appliance sales are accounted for by newlyweds? What are the buying trends of this market? These questions and others are answered in a survey of the 1964 bridal market compiled by *Modern Bride* magazine. The survey covered purchases of 46 selected merchandise categories including home furnishings, tableware and kitchenware, major appliances, home entertainment, electrical housewares, women's apparel, and jewelry and luggage. While all the facts and figures presented in the survey do not apply to the independent appliance retailer or to the major appliance buyer for a department store, some points could be very helpful to you in advertising for today's bride.

**A big market.** According to the survey, the bridal market last year accounted for one out of every seven dollars consumers spent on the 46 merchandise categories studied. For the appliance retailer, this means that 17.2% of all tv sales and 11.3% of all refrigerator sales were made to or for brides. Immediately before the wedding, the average bride and her family and friends spend an average of \$2,132 on household items.

**A growing market.** The survey points out that the bridal market is growing because of the rising post-war birth rate that began 20 years ago. Coupled with a predicted 22% increase of marriages in the next six years is the fact that the traditional heavy buying group—the 35-to-44 age group—is declining in numbers. This makes today's bride much more important in terms of sales than her mother is.

**An immediate market.** The survey explains that the bridal market is a



## Sales boom

**We've got a powerful, proved way to expand your sales.**

**We can tell you how many people use the Yellow Pages to find most products or services.**

**We can tell you how many took Action ...a visit, a call, or a letter...after looking in the Yellow Pages.**

**So, if you want to start a sales boom for your business...take a long look at the Yellow Pages National Usage Study.**

**Call your Yellow Pages man, today...for the details. You'll find him listed in the Yellow Pages, naturally, under Advertising—Directory & Guide.**



# today's bride is the key for tomorrow's appliance sales

"buy now" market. This new buy-now attitude of young marrieds is called the most significant shift in American marketing. Today's bride expects to set up a fully furnished and equipped household where her mother was content to start on a shoe string, save, and pay cash for major appliances. The survey also shows that most young marrieds are establishing their own homes. Last year over half a million newlyweds bought homes, while 800,000 moved into apartments. This means that a good proportion of the young marrieds are candidates for the basic white goods—refrigerators, ranges, washers, and dryers.

**An original-sales market.** The survey says that new marriages create new customers who establish their brand preferences and store buying habits for life. According to the survey, the brand preferences established in the first few years of marriage are likely to be the brands purchased by the housewife for the rest of her life. The survey concludes:

"Sell to young couples at the time of their marriage and you have a customer for life. Miss them at this time and you may miss sales forever."

According to the facts presented by *Modern Bride*, today's bridal market is not only a big market in terms of dollars but it is a market that is easy to promote.

**How to sell** to the bride was one point discussed at the conference. For the department store the job is much easier. The department store draws the bride-to-be into the store to purchase her wedding gown. With the bride comes her groom, his parents, her parents, the wedding party, plus relatives and friends. Some department stores, like J. L. Hudson's in Detroit, and Jordan Marsh in Boston, are capitalizing on this.

**Coordination is the key word** at J. L. Hudson's. According to the store's bridal consultants, the bride-to-be first comes into the bridal registry. There, the bride is given a work sheet outlining everything, from china to small electrics, that she will need for her new home. She is conducted through the various departments in the store and encouraged to select by brand and model number everything she wants. This information remains with the bridal registry who coordinates gift buying of the bride's friends and relatives. The bride is also encouraged to open a charge account so she can buy anything she might not receive for a wedding gift.

**A school for brides** is how Jordan Marsh draws approximately 1,000 brides-to-be from the greater Boston area into the store each January for a home planning session that lasts for several weeks. At each session, experts in china, silver, home appliances, furnishings, and wedding etiquette speak to the brides.

According to Barbara Wilson, bridal consultant for the Tailored Woman, in New York City, who is one of the school's guest lecturers, the brides learn about everything they need for a new home. Mrs. Wilson said: "These brides also learn they buy everything they need—right at Jordan Marsh."

Right now, few, if any, major department stores are using their bridal registry to actively promote major appliance sales. Most depart-

ment stores feel that by merely encouraging the bride and groom to open charge accounts, the new couple will establish a familiarity with their stores. And according to these department stores, major appliance purchases will automatically follow because the young couple knows what these department stores provide.

In major appliance sales, the independent retailer can still compete with the department store for the bridal dollar—if the retailer uses a little ingenuity.

**A newlywed trade-in plan** is one suggestion from the Kelvinator Di-

vision of American Motors. Kelvinator suggests active promotion of reconditioned appliances for newlyweds. For example, sell a reconditioned range with the understanding that the full purchase price will be applied toward the purchase of any new range—if the young couple buys one within the year.

**A fashion show of wedding gowns** in your store is suggested by Mrs. Wilson. Many independent dress shops would be happy to split promotional and advertising costs, says Mrs. Wilson. She suggests following the fashion show with a product

demonstration plus giving each bride who registers a home planning booklet and product literature about the lines that you carry. Mrs. Wilson says: "It's amazing what these little brides carry away and how much trouble they go to to get a free booklet."

**Today's bride** may be young and impressionable, but she is your key to replacement sales in the years ahead. To attract and sell today's bride will take more than a one-shot June promotion—it is going to take ingenuity and hard work the year around.

—Margaret Edin

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

[Demonstrate Blackstone's exclusive Gyro-Balance]



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

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

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

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

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



**BLACKSTONE CORPORATION**

1111 Allen Street • Jamestown, New York





Urethane insulation  
lets her  
"freeze 'n store 95% more"  
in this new



*Whirlpool*

SpaceSaver "18" Freezer



Million Magnet, SpaceSaver and Whirlpool are Reg. TM's of Whirlpool Corporation. RCA is a Reg. TM of Radio Corporation of America.

Doubly-efficient urethane insulation . . . rigid foam consisting of billions of sealed air bubbles . . . provides better cold protection in this chest freezer with walls much thinner than ordinary freezers.

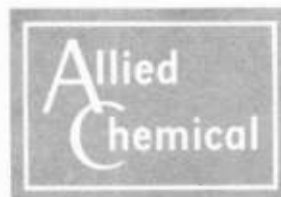
That means more space inside. So this 17.78 cu. ft. freezer fits in the same floor space as an old-fashioned 9 cu. ft. freezer, stores up to 622 lbs. of frozen food.

Rigid urethane foam bonds the inner and the outer walls

together. So the cabinet is structurally stronger, too. And because it doesn't sag, or mat or absorb moisture, urethane keeps its insulating efficiency throughout a long lifetime of constant use.

**Illustrated here:** RCA Whirlpool Model EMH-18I featuring fast-freeze compartment, Million Magnet lid, positive action lock, built-in defrost drain . . . and, of course, the thinner-wall construction based on urethane insulation.

Write for point-of-sale  
booklets on  
urethane insulation



**NATIONAL ANILINE  
DIVISION**

40 Rector St., New York 10006

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



## The private-brand invasion

# What makes a private label a private label?



You are a Whirlpool dealer. You have just pitched a woman on a washer. She says, "Well, I was just down at Sears and the salesman there said their washer is made by Whirlpool—and the one he showed me is \$30 less than this one." *What do you say?*

You are a Westinghouse dealer. You have just pitched a young couple on a refrigerator. The husband says, "Somebody's trying to pull a fast one. The Ward salesman told us that the Signature refrigerator is the same as the Westinghouse." *What do you say?*

You are a Hotpoint dealer. The customer is interested in a range. You show her some ranges. She says, "The salesman at Penney's told me their ranges are made by Hotpoint." *What do you say?*

By the end of this report you should have some things to say.

Few subjects are as sensitive as private-label merchandise. "Look at it from our point of view," one manufacturer told MERCHANDISING WEEK. "If we say anything in favor of brand names we risk offending our private-label accounts. And if we say anything in favor of private labels, we'll offend the dealers who carry our brand." The giant chains—Sears, Ward, Penney—are notoriously reluctant to give any information to the press. Department stores that carry both brand-name and private-label appliances have been unwilling to discuss this part of their business. As a result, MERCHANDISING WEEK had to dig behind the scenes to come up with this report.

Few subjects are as complex as private labels. What exactly is a private label? What is a national, or brand, name? Is Kenmore a private label or a brand name? Is Silver-tone? What about Friedrich? Is it a national brand? Does a private label ever become a brand name? Does a brand name ever become a private label?

(An interesting instance of the last possibility turned up last week when it was learned that E. J. Korvette will begin selling Leonard-Korvair appliances [MW, 10 May, p.3]. Leonard, once a prominent brand name, has been declining for some time, though it has still provided volume for Kelvinator, which makes the Leonard line. Kelvinator says that the new Leonard-Korvair brand is not a private label—but at the

same time, no one but Korvette will be selling Leonard-Korvair.)

The problem is further complicated when one attempts to learn a product's origin. There are some manufacturers who make no private-label appliances, some companies that make both brand-name and private-label merchandise, and a few companies (like the Franklin division of Studebaker, and Wells-Gardner, and Addison Products) that make private-label merchandise only.

Brand-name manufacturers sometimes have private-label accounts, and private-label manufacturers sometimes have brand-name accounts: Franklin, for example, has manufactured freezers for Frigidaire, is making Fedders white goods. Hotpoint, which manufactures refrigerators and other white goods for J. C. Penney under the Penncrest label, has air conditioners manufactured for it under the Hotpoint label.

Furthermore, private-label contracts wander from manufacturer to manufacturer. A manufacturer may close out a model in his line and sell his inventory to a private-label account, which puts its brand on the merchandise. It is almost impossible, therefore, to make any sweeping generalizations about a private label's origin.

How much difference is there between brand-name and private-label merchandise? In some cases, the difference is only the nameplate; in other cases, the difference is in exterior styling; and in still other cases, the difference is almost complete.

Whirlpool, for example, manufactures Kenmore washers from Sears' designs. Whirlpool contends that there is almost as much difference between a Kenmore and Whirlpool washer as between a Whirlpool and any other competing washer. At the same time, Whirlpool admits that not every part in every Kenmore washer is different from every part in every Whirlpool washer, that screws, timers, and the like may be the same. This is one possibility.

Another is that of a television manufacturer who uses the same chassis in both his brand-name and private-label sets. The difference is in the cabinets, knobs, and trim. But even this is different from the refrigerator manufacturer who puts a different name and handle on the same basic model. How then can

brand-name appliances be distinguished from private-label appliances?

One way to distinguish private-label merchandise from brand-name merchandise is to distinguish between those brands that are controlled by the retailer and those that are controlled by the manufacturer. And this is one of the major problems in the appliance industry today: who controls the merchandise?

A private-label retailer like Sears has tremendous control over the merchandise it sells. It provides its own designs, warehousing, financing, distribution, trucking, sales training, advertising, and pricing.

Most retailers still have considerable control over the merchandise they sell, but more and more, manufacturers are taking over this control. With fair-trade laws, the manufacturers set prices. With single-line stores, the manufacturers have almost complete control over the merchandise. Because many manufacturers believe that the way to meet Sears' competition is through single-line stores, and through greater control over their brands, the appliance industry will probably see more moves by manufacturers to consolidate their strength.

The definition of "brand name" therefore, might be this: it has a high degree of national distribution; a high degree of national advertising in national media; a psychological image or recognition as a national brand by the consumer; a demand on a national scale; an acceptance on a national scale; a preference on a national scale; and a high degree of manufacturer control.

Unfortunately, there are some brands that are generally accepted as brand names (like Friedrich) that do not meet all these criteria, and there are some private labels (like Kenmore) that meet most of them. Also, the definition does not explain what a "high degree" of national distribution or advertising might be.

It is clear, however, that the way a name is advertised is one indication of the difference between a brand-name and a private-label appliance. It is also clear that when people associate a name with a manufacturer, it is generally a brand name; when people associate a name with a retailer, it is usually a private label. The next question is: why do private labels exist?

by Wallis E. Wood  
cover photo by Joe Ruskin





## The private-brand invasion

# What private-label appliances mean to chains, independents, manufacturers

There was a time when a store got a full margin on brand-name merchandise and used private-label appliances, with their low prices and low profits, to bring people into the store. The discounters changed that, so that now stores are using their private-label merchandise to get a full margin. Or are they?

There are four kinds of private-label merchandising. In order of importance, there are the giant chains: Sears, Roebuck; Montgomery Ward; J. C. Penney; W. T. Grant; and Gamble-Skogmo. There are mercantile chains like Associated Merchandising Corp. and Allied Purchasing. There are the automotive chains that sell appliances: Western Auto, B. F. Goodrich, and Firestone. And there are the relatively small chains, like The May Company and Red Owl Stores, and independent retailers who carry some private-label appliances. Each has its reasons for selling private-label appliances and consumer electronics, but perhaps the reasons can be summed up in one word: *control*.

Gamble-Skogmo says, "The main reason for our company offering private-label merchandise to our customers is to bring them better values. Our philosophy in deciding to have private-label appliances was also based on the customer loyalty we could build for our stores and our other private labels."

"Our first entry into the appliance field (radios) was in 1929. These were merchandised under the Coronado label. This was followed with conventional washing machines under the Coronado label. 1933 was our first entry into the refrigerator business. These were merchandised under the Coronado label."

There is no way of telling how well Coronado, Penncrest, Signature, Airline, Kenmore, Coldspot, and Silvertone brands sold. One industry observer pointed out that Sears is strong in some products, weak in others, and its strength varies from market to market.

He said, "Sears is generally strong in freezers because, in the beginning, they aggressively went after the freezer business in rural markets where there was a demand for freezers. They are strong in washers because they have worked closely with a washer specialist for a long time and have managed to build a reputation for the Kenmore washer. They are not as strong in brown

goods because the business is a different breed of cat from the white goods business. You can't build refrigerators in your garage—but you could build tv sets, phonographs, and radios (just look at the Japanese and Chinese). As a result, the real innovators in electronics won't touch the Sears business."

Private-label color television has not yet had many successes, and color tv seems to confirm this man's observations. Dealers who feel sharply the competition of Coldspot and Kenmore do not, generally, feel the same competition from Silvertone color tv. "Color tv is still new," said one dealer. "People who buy a set want a brand name."

The chains, then, sell private-label appliances and television because they want to build loyalty to their stores rather than to the brand (among other reasons that will be discussed below). Why do department stores sell both brand-name and private-label appliances?

Department store people will give two reasons: "Private labels improve the store's image," and "There is profit in private label." Why then carry brand-name appliances?

"They're neither fish nor fowl," one top manufacturer told MERCHANDISING WEEK, speaking of department stores that sell both brand names and private labels. "They want to have their cake and eat it too, and, as a result, don't do a good job with either. I think department stores generally could get a better share of the appliance market if they decided which they were going to do—promote brand names or promote private labels."

Some stores will argue that private labels help them improve their images; sell themselves, not the resource; and gain a local reputation by carrying a family of related items under a store's label. Since the customer always holds the store responsible for the product, the store label instills confidence if it is tied to a consistent store image of prestige and quality.

On the other hand, other stores say they can develop and maintain a reputation for prestige and quality with national brands, and that a store name combined with a brand name is stronger than either alone. Furthermore, they say, it takes more time, effort and money to build a store image with private brands than it does with national brands.

A 1964 study released by Brand Names Foundation concluded that "if the store sells a quality brand which it has promoted as such, store image will be one of prestige and quality whether it is its own brand or a manufacturer's brand. Manufacturers' brands of known reputations will not be a disadvantage to a store interested in improving its image, and the store will have to work harder establishing its own brand. If it can establish its own brand, however, it is likely to develop combined brand and store loyalty resulting in a high percentage of repurchases and long-term volume."

A store may use private-label appliances to meet chain competition. Sears, for instance, had never been much of a factor in the Columbus, Ohio, market until it opened a complete department store in the Northland shopping center in August of last year. The market had been—and still is—dominated by Lazarus, which also opened a store in Northland. The two stores are at either end of a shopping mall and have been slugging it out since they opened.

Lazarus refused to cooperate with MERCHANDISING WEEK, but some of the store's tactics are fairly clear. A customer who came into the Northland store and expressed an interest in a refrigerator was first pitched on an AMC and then moved to a GE and a Westinghouse. The salesman quickly established the size of the customer's family, the fact that he had no particular brand preference and had shopped Sears, and that he was new to Columbus. The two AMC refrigerators that the salesman first demonstrated were quite competitive in size and price with the Coldspot merchandise just down the mall. When asked who made the AMC brand, the salesman said that it was made for Lazarus by a firm in Greenville, Michigan. He stressed the store's Columbus reputation and its service. The GE refrigerator that he showed had a smaller capacity and a higher price than the AMC refrigerators. The Westinghouse was also smaller and more expensive, but it had the 7-day meat keeper, which the salesman knowledgeably explained.

"Lazarus is clean competition," said an appliance salesman in a store just down the street from Lazarus' main store. "They don't cut prices."

Even so, Lazarus is meeting prices. One day recently Sears advertised a

21-inch color tv for \$297. The following day, Lazarus advertised a 21-inch, 1965 AMC color tv for \$298. On the other hand, Sears has kept up the pressure ever since the Northland store opened.

A store will sell private label because it believes it can get a better profit margin. "Private-label appliances give a department store a chance to price its goods competitively against the brand names' discount price and make the sort of profit it needs," said one marketing executive. "A manufacturer's brand-name refrigerator may have a list price 35% over cost, but it actually sells for around 22%. A private-label refrigerator will sell for less dollars than the brand name, but will get perhaps a 30% margin."

But this is not the whole story, as some independents who have tried to sell private-label appliances have found out. One independent told MERCHANDISING WEEK of his experience with private-label appliances:

"We decided to try it, and ordered a car load from Marquette [the marketing arm of Franklin Manufacturing]. We put them on the floor, trained the salesmen, and advertised the hell out of them. We were making over 30% on them, and put on something extra for the salesmen. They were priced competitively, but they just wouldn't move the way we wanted them to. We did order a second car, but after those were gone, we gave up."

What was wrong? "Even though we're one of the strongest independents in the market, our name wasn't good enough to sell the private label. We didn't have enough of a selection, and couldn't afford the slow stock turns."

What about advertising? "We spent all we budgeted and then some. We found we had to advertise the private label, but that it really didn't do any good. I mean, people didn't come into the store because we advertised a private-label refrigerator; but if we didn't advertise, customers told us they'd never heard of the brand."

Refrigerators are probably the most private-labeled white goods. An interesting breakdown in sales comes from Gamble-Skogmo, which says that its ratio of white goods to brown goods is approximately 2½ to 1. The percentage sales in white goods are: refrigerators, 45%; freezers, 35%; ranges, 17%; and air conditioners,





At one end of the Northland shopping center in Columbus, Ohio, is Lazarus...



while, at the other end, is a Sears complete department store

3%. Gamble says, "We have no definite plans to concentrate in either one area or the other."

Gamble also said, in response to a question, "Major-item sales through the Gamble catalog have never amounted to a significant percentage of our total sales. Our subsidiary, Aldens Inc., however, would have rather substantial sales; but the percentage of these sales would not be available for publication."

Gamble's comments are interesting in the light of J.C. Penney's and W.T. Grant's plans to merchandise the Penncrest and Bradford lines of white and brown goods. One observer suggests that as the hard goods volume grows the problems will also grow. To compete with

everyone else in the marketplace, these chains will have to offer what everyone else offers: service, delivery, financing, etc. All of these cost money, and this observer believes that Penney and Grant will reach a point where the return on their appliance volume is not acceptable. When—and if—they do reach this point, they will either have to go all out, spend much more money, and try to make the Penncrest and Bradford names as acceptable as Kenmore; or they will pull back. At the moment, there is no way to tell what will happen. One thing is clear: while an independent appliance dealer may be able to live on a 2% net profit, the management of Penney and Grant cannot, and will not.

**Manufacturers compete** for private-label contracts for several reasons. There are the obvious disadvantages: the manufacturer does not have any control over the merchandise after it leaves his assembly line; his dealers and distributors may resent his private-label business; he often finds himself competing with himself at retail; and he runs the risk of being too dependent on his private-label business, and becoming in effect a subsidiary of the private-label retailer.

On the other hand, private-label business builds volume for the manufacturer. It is volume he cannot get any other way. And, generally, it is volume he can accurately predict. One executive said that the giant chains know about how many sales

of each major appliance and television model they will have in a year. The retailers can buy for an entire year, and the manufacturer can plan his production accordingly. And when a manufacturer can accurately plan his production, he can buy raw materials and use his plant and labor more efficiently than he can when he must depend on the free response of his dealers and distributors to his products. This executive argues, in fact, that a manufacturer who has a large private-label business can produce his *brand-name* appliances cheaper than if he did not have the private-label business. This is cold comfort, however, to retailers who are fighting private-label competition. What can they do about it?

### Private labels: the products on the market and where they come from\*

Who sells them	The labels	The products	The suppliers	Who sells them	The labels	The products	The suppliers
Sears, Roebuck and Co.	Coldspot	refrigerators, freezers air conditioners	Whirlpool Whirlpool	Allied Purchasing Corp.	Ambassador	refrigerators, freezers ranges air conditioners b & w tv, color tv, phonographs	Franklin Hardwick McGraw-Edison Emerson
	Kenmore	ranges, dishwashers washers, dryers	Roper, D&M Manufacturing Whirlpool				
	Silvertone	b & w tv, color tv phonographs	Warwick, Toshiba, Sanyo Warwick				
Montgomery Ward	Signature	refrigerators, freezers air conditioners ranges washers	Westinghouse, Franklin Westinghouse, Addison Westinghouse, Tappan, Eagle Norge	The May Co.	Duracrest	refrigerators, freezers ranges dishwashers	Kelvinator Hardwick Kitchen-Aid
	Airline	b & w tv, color tv	Hoffman, Westinghouse Yaou, Hayakawa	Gamble-Skogmo	Coronado	refrigerators, freezers ranges washers, dishwashers b & w tv	Franklin Magic Chef Franklin, Midwest Metal Wells Gardner
J.C. Penney	Penncrest	refrigerators, freezers, ranges, dishwashers, washers air conditioners b & w tv, color tv phonographs	Hotpoint  Gibson Mitsubishi, Toshiba, Wells Gardner Symphonic	Western Auto	Wizard	refrigerators, freezers ranges	Franklin, Amana Avco, Eagle
W.T. Grant	Bradford	refrigerators, freezers ranges air conditioners washers b & w tv, color tv phonographs	Franklin Hardwick Westinghouse Norge Hoffman, Wells Gardner Symphonic		Truetone	b & w tv phonographs	Wells Gardner Hoffman
				B.F. Goodrich	White King	refrigerators, freezers air conditioners washers	Franklin Republic Westinghouse
Associated Merchandising Corp.	Aimcee, AMC	refrigerators, freezers ranges air conditioners washers b & w tv, color tv phonographs	Gibson, Franklin Hardwick, Sunray Gibson, Welbilt Franklin, Easy Emerson, Wells Gardner Emerson, Teletone		Goodrich	b & w tv, color tv	Westinghouse
				Franklin	Marquette	refrigerators, freezers, dishwashers, washers	Franklin

\*This list is as accurate as MERCHANDISING WEEK could make it by the time it went to press. At presstime it could not include every retailer who is selling private label appliances and television. And since contracts move from manufacturer to manufacturer, some suppliers may have changed since the list was compiled.





## The private-brand invasion

# How retailers can resist the growth of private-label appliances

What is the future of private-label appliances? Are they going to grow more and more important? Or will brand-name manufacturers be able to halt their growth? What can independent retailers do to meet private-label competition? And, finally, what do you say to the customer who has looked at a private-label appliance? Here are some ideas.

**The future of private label** is cloudy. It would seem almost inevitable that, with the revitalization of Ward's, the growth of Penney, Grand, Western Auto, and other chains, there will be a growth in private-label appliances. On the other hand, brand-name manufacturers will not stand still and allow this growth without putting up some fight. For one thing, most manufacturers value their independence as much as most independent dealers; they do not want to become manufacturing subsidiaries of the giant chains.

This problem—private brands and the future of appliance distribution—was touched on recently by William R. Davidson, professor of marketing at Ohio State University. Davidson wrote to several top marketing people in appliance companies and asked each of them, "What do you believe will be the three most important changes that will take place in the distribution of appliances in the next five years?"

Davidson found he could logically group the answers together. In one group, he put the men who said that in the next five years there would be a "growth in the market share of private-brand merchandise by retailers (Penney, Grant, etc.); a growth in market share of appliances by mass merchandisers, low-margin retailers, etc. (without reference to private brands); cooperatives and buying groups will be on the upswing; and more retailers will be involved in manufacturing, including large co-ops."

In another group, Davidson put those who feel there will be a "closer integration of the operation of independent outlets with marketing programs of manufacturers (sometimes combined with elimination of distributors); a significant development of manufacturer-owned and operated retail outlets (like Singer Sewing Centers); and the use of factory agents on outposts for catalog retailing of appliances with minimal floor inventory (delivery from local wholesale stocks)."

In other words, top appliance marketing men feel that as chains, discounters, and co-ops grow, they will tend to take over manufacturing, which usually means private labels. Responding to this growth, however, brand-name manufacturers will tend to take more control over the distribution of their products. Where does this leave the independent?

**Independents cannot private-label** because, usually, they do not have the money, skill, or time to estab-

lish their own brands. Even now a strong case can be made that those retailers who are selling both brand-name and private-label appliances are not making the profits they think they are on their private-label merchandise. Because most accounting methods do not note such items as cooperative advertising allowances, display materials, etc., the net profit per item for a private brand may be actually lower than retailers think it is.

There are expenses in selling which, if manufacturers do not pay, retailers must pay. These can include warehousing, advertising, sales training, and various promotional costs. Private-label merchandise turns slower, usually, than brand names, and this results in lower net profit. Stock turns are not the whole story—a store that orders one unit at a time and sells 500 in a year has a tremendous record in turning stock—but most retailers have to or-

der more private-label merchandise than they can turn quickly to get an advantageous price. Also, when a brand-name manufacturer or distributor cuts a price, a dealer often gets a rebate on the models in his stock that have been cut. A dealer who is stocked with his own brand can be stuck with his own brand.

**What Sol Polk did to answer** private-label appliance advertising was to run a series of full-page ads last fall. "It takes more than price to make a bargain!" The first ad told Chicago readers: "Quality manufacturers are proud to put their names on honest products. They're quite ready to accept the responsibility for the performance and durability of the products they make. They themselves offer the customer warranties and guarantees for your protection. They keep stocks of spare parts on hand, provide elaborate national service organizations . . .

"When you buy from a store that features its own 'ghost brand' you don't know who made the product. Even if you could find out, the manufacturer can hardly be expected to accept responsibility for something that doesn't even carry his name, particularly when the item was made to sell at a price set by the 'ghost brand' retailer. You can't get away from the fact that cut-price manufacturing often results in inferior products. The 'ghost brands' generally look good in these stores. You would have to make a detailed engineering analysis to find out what, if anything, has been left out, what manufacturing short-cuts were taken.

cheaper, the 'ghost brand' manufacturer is thereby tempted to sacrifice quality and eliminate features."

**What Kelly and Cohen is doing** is building a multi-million dollar appliance chain on a foundation of brand names. The 12-store Pittsburgh-based appliance, tv and stereo chain is this year's Brand Name Retailer of the Year. The chain entered the Brand Names contest "because we hoped to win," says vice president Mel Landow. "We felt that winning would crystalize our position with customers, our suppliers, and our employees."

Kelly and Cohen, which sells only appliance, tv, and stereo, carries RCA Victor, Hotpoint, Roper, Sylva, Philco, Zenith, Admiral, General Electric, Fedders, Easy, Gibson, Sunbeam, Norge, Olympic, Sunray, RCA Whirlpool, Motorola, and Hamilton. It has grown from one store 11 years ago to the present 12 stores—and an anticipated \$10 million volume in 1965. It became a division of the Shoe Corp. of America this year. Kelly and Cohen expects to open four or five more stores in the Pittsburgh area this year—and projects a 50-store chain of Kelly and Cohen appliance and tv stores in Pennsylvania, Ohio, West Virginia, and New York in the next four years.

**What it gets from brand names** includes two key benefits: factory service and sales training. Kelly and Cohen makes the most of both.

The chain services what it sells, advertises 24-to-48-hour factory-authorized service and that "all merchandise is first quality, delivered in factory cartons with complete factory warranty, and serviced by our Award Winning Service Department."

It is not in the service business, however, and will refer a stranger with a service problem to the appropriate factory service branch. Kelly and Cohen uses service as a key to follow-up sales, and to insure customer satisfaction. Its service department calls each customer after her appliance has been installed to be sure she is satisfied and understands how to use the appliance, and to tell her once more about the service arrangement. The department again calls the customer before the service contract expires to ask if everything is all right. Kelly and Cohen sends its own man to a customer's house if the customer complains about the factory service.

**It's about time somebody told the truth about "ghost brand" Appliances**

The number, advertisement, retailer or store that doesn't carry the name of a reputable manufacturer may not be the longest you think it is. Read for certain evidence that the customer with pleasant sounding private labels — "ghost brands" — that mean little.

Today there are two kinds of stores where you can buy appliances. One kind offers you a choice of national brands of reliable, dependable and reputable manufacturers — General Electric, Westinghouse, Philco, Admiral, Zenith, Maytag, RCA-Victor, Sunbeam, Norge, Hamilton, Whirlpool, Kenmore, Frigidaire, Electrolux, Eureka, Sylvania, Carrier, Amana, Schenker, and other trusted names.

The other kind generally sells you private labels. These stores feature their own private brands in the widest selection of everything you can buy. You don't see the name of the manufacturer on the appliances they sell.

To make private or "ghost brand" more acceptable, the prices are usually set a little under the price of known brand names. The question of these stores is not how to get you to think you are getting a bargain. But are you?

**IT TAKES MORE THAN PRICE TO MAKE A BARGAIN!**

Quality manufacturers are proud to put their names on honest products. They're quite ready to accept the responsibility for the performance and durability of the products they make. They themselves offer the customer warranties and guarantees for your protection. They keep stocks of spare parts on hand, provide elaborate national service organizations . . .

**THEY DON'T KNOW WHO MADE THE PRODUCT.**

Even if you could find out, the manufacturer can hardly be expected to accept responsibility for something that doesn't even carry his name, particularly when the item was made to sell at a price set by the 'ghost brand' retailer. You can't get away from the fact that cut-price manufacturing often results in inferior products. The 'ghost brands' generally look good in these stores. You would have to make a detailed engineering analysis to find out what, if anything, has been left out, what manufacturing short-cuts were taken.

**But truth will out. A year—or even a few months—from now, the true standards of manufacturing are likely to show up. And if trouble starts, where will you go for parts and service? Maybe the store will be able to help you. Maybe not. But there is no manufacturer you can go to because he's a 'ghost'—there is just a concocted name on the appliance."**

**IN ANOTHER AD, POLK BROS. SAID, "THE 'GHOST BRAND' RETAILERS SAY TO THE MANUFACTURERS: IF YOU WILL SUPPLY YOUR APPLIANCE TO US AT A CUT PRICE, WE WON'T BUY ADVERTISED BRANDS FROM OTHERS AND WE WILL GIVE YOU ALL OF OUR BUSINESS. THIS IS HARD TO RESIST. THE MANUFACTURER CUTS HIS PRICE—but to do so, he may get the retailer's permission to cut quality too. Since there is nothing that can't be made a little worse and therefore**

For Customer Convenience, We Are Open Every Night 7:00 P.M. to 11:00 P.M., Sundays 10:00 P.M. to 6:00 P.M.

**POLK BROS.**



**Kelly and Cohen**

To save you more and add more Award Winning Service, Kelly & Cohen is now affiliated coast to coast with over 800 Retail Stores.

**NUMBER ONE IN THE NATION**

**BRAND NAME RETAILER OF THE YEAR**

**AND AWARD WINNING SERVICE DEALER**

**Admiral**

**CONGRATULATES KELLY & COHEN ON WINNING THE NATIONS HIGHEST DEALER AWARD**

**BRAND NAME RETAILER OF THE YEAR**

ADMIRAL salutes Kelly & Cohen on being selected the "Nations Top Retailer of the Year." This award is shared with all the Tri-State families who would rather shop at Kelly & Cohen for a national brand product than elsewhere for an "off brand" or "private label." Kelly & Cohen and Admiral salute Tri-State families by offering these extra savings during this celebration sale.

**Admiral 11" PORTABLE TV**  
Compact, lightweight Portability. Perfect for porch, games room or den.

**Admiral 23" ROLL-A-BOUT TV**  
Deluxe Roll-about TV with Big 23 inch screen. Get sharper, clearer pictures with 20,000 volts of picture power.

**11"**

**23"**

One of a series of full-page ads Kelly and Cohen is running to announce its award

"We sell what we advertise," says Landow. "We advertise brand names, and, when the customer comes into the store, we show her the product and try to sell it. There is a commission on all the advertised merchandise. But at the same time, we will also try to sell up, and show the customer another, better product. After all, the customer is going to forget the price in a couple weeks, but she's going to live with that refrigerator for 15 to 20 years. We want to make sure she comes back to Kelly and Cohen."

Sales training for each salesman before he begins working regularly on the sales floor lasts for four weeks. On the fourth day, a new man begins a series of product training meetings in distributors' showrooms. He spends eight full days with the distributors learning about the products he will be selling. He also spends a day each with the gas and electric utilities, and a week learning the Kelly and Cohen selling plan. The rest of the time is spent in orientation, shopping tours, and other training.

Why does Kelly and Cohen carry so many brands, particularly when manufacturers are pressing for the single-line store? "Some of our suppliers would like to see us carry fewer brands, and do more volume in their brands," Landow admits. "But we think you have to offer the customer a selection. By offering a variety of brands, we can give the customer what she wants. No one line has everything, either for the customer or for the dealer." The lines are picked by Kelly and Cohen to get as broad a spread of features as possible.

**What do you say?** You tell the woman that even though the Sears or Ward or Penney salesman may have said the appliances are the same, they are not. You tell her that she will always be able to find service for her brand-name appliance even if she should move to another part of the country. You tell her about your arrangements to handle trade-ins, delivery, and service. You sell your product as the nationally advertised, quality product that you know it to be.

As one dealer salesman said recently when he was asked whether private labels hurt him, "You can usually switch someone to a brand name. It's the person you don't see that is the problem."



Kelly and Cohen merchandises its award, its brands, its service



Kelly and Cohen believes in giving the customer a selection so that she can find what she wants



# rodriguez looks at private label



"Well, play up the 'Underwriter's Approved' cord . . ."



"... I'm sure you'll be well pleased with our work—perhaps you're familiar with some of our current lines—Worldpool, Filco, Westonhouse, Speed King, Mayflag, Admirable, General Effective . . ."



"... Parts? No problem."



"... Joe, I swear that nobody on my staff has even said that our white goods were made by your company. We're saying they're made by Frigidaire . . ."



"... Don't bother denying that you people make that private label Arcturus refrigerator, Al. I checked myself and the door sticks and the compressor whines when it starts up just like your regular line . . ."



# The story behind the story

Asking a man about his private-label business is a little like asking how much money he makes. You know he makes something, but he does not much want to talk about it.

**The men who talked** for the private-label story that begins on page 15 said some conflicting things: private label is going to grow; private label is not going to grow. The buying groups will get into private label; the buying groups will not get into private label. The department stores do all right with their private-label appliances; the department stores have never done well with private label. Sears is too tough to beat; Sears is not all that tough. Manufacturers subsidize their private-label business with their brand-name business; manufacturers subsidize their brand-name business with their private-label business. Where is the truth?

At least one thing is clear. A consumer who buys a private-label appliance or television set is not buying a name—in a sense, the product has no name; she is buying the store's name. If a store has a strong enough name, it can sell private-label appliances. But how strong a name must it have?

**A name like Sears or Ward's.** Anything less is not strong enough. There are, of course, a few department stores around the country that do have a powerful name in appliances and television in their markets. These few stores can sell private labels. But most cannot, and do not sell private label successfully. The strongest soft-goods reputation in the world is not much help when you are trying to sell hard goods. And there seem to be indications that J.C. Penney is learning this lesson the hard way—through experience.

**A chain like Penney or Grant** is going to have to work hard, and spend a lot of money and time if it is going to build any kind of private-label appliance and tv business at all. And I am not convinced that these chains will be willing to fight Sears, Ward's, and everyone else indefinitely.

**Chains to watch closely** are Korvette, Caldor, and K-Mart. These are chains that are not trying to change a reputation, but that are building on a reputation. Apparently, Korvette has not done as well as it expected to do in Detroit and Chicago; most appliance retailers have not been hurt by these stores. Its decision to market Leonard-Korvair appliances (MW, 10 May, p.3) seems to be an attempt to break into these markets. Whether these appliances will be high-end (for profit) or low-end (for traffic) remains to be seen—and whether Korvette will be able to get a significant share of the market also remains to be seen.

**A buying group like Marta** will probably not get into private label because neither the individual stores nor Marta itself has a strong enough name with the public. Indeed, Marta has virtually no name with the public. Even though a national buying group someday might be able to buy private-label appliances as efficiently as Sears or Ward's, it could not sell them like Sears or Ward's. A group would have to establish itself as an entity in the eyes of the public, and, at the moment, this is exactly what the members want to avoid.

**An independent retailer** who wants to stay in business is going to stay

aware of his private-label competition. A store that is operating the way it operated ten years ago is working on borrowed time. A store that is doing business the way it did business five years ago is probably on the edge of disaster. Kelly and Cohen's Mel Landow told me, "If we tried to operate our business today the way we did even two years ago, we'd be standing still."

One thing a retailer can do to meet his private-label competition is to use all the promotional aids, sales training, brochures, direct mail pieces, point-of-purchase displays, signs,



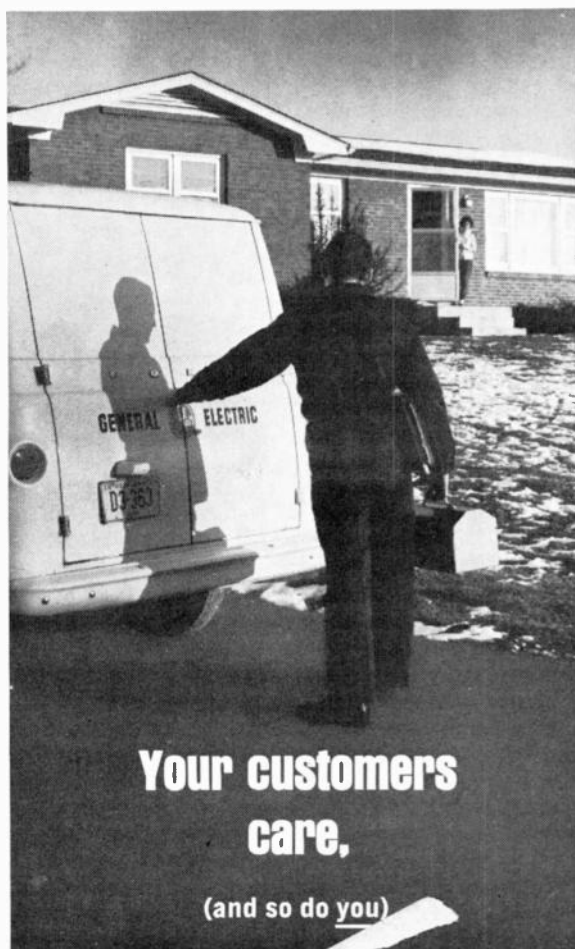
by Wallis E. Wood, ASSOCIATE EDITOR

banners, display cases, and anything else his suppliers offer that would help him sell better. After all, the cost of these items is built into the selling price of the merchandise by the manufacturer. This is one reason why private-label merchandise is less expensive than brand-name merchandise. Because you are paying for these aids, you are foolish if you don't use them.

**A manufacturer does not subsidize** one part of his business with another. It is financially precarious for a manufacturer to take profits from his brand-name business to offset

losses from his private-label business. If his brand-name business should dip, he would be faced with disaster. Manufacturers are in the private-label business for profit. One executive told me that his firm makes more profit on a refrigerator that it sells to its private-label account than it makes on a comparable refrigerator that it sells to its distributors. Why does he have distributors and brand-name merchandise then? Because there is not enough volume in private label, and even if there were, his firm does not want to be too dependent on a private-label retailer.

## Who cares about making service mean what it says??



**Your customers  
care,  
(and so do you)**

You, Mr. Dealer, know when your customer doesn't get the service she wants . . . she's no longer your customer. You, Mr. Dealer, know your customer expects *quality* in service, as in everything else. She wants service that is *fast*; service that is *dependable*; and replacement parts that are *Genuine*. You, Mr. Dealer, know this takes *teamwork* between you, your distributor, and the manufacturer. You, Mr. Dealer, can count on solid support from General Electric and its distributors to help you build customer satisfaction with your service.



**We care,  
too!  
(your G-E distributor team)**

We set high performance standards on parts service—  
1st—To ship your orders *complete*.

2nd—To ship your orders *promptly* (usually same day as received).

We work hard to better train your G-E service technicians. Our distributor service counselors and technical specialists hold regularly scheduled training meetings in all markets.

We have G-E home study courses for G-E service technicians on electricity, electronics, and transistors.

We can provide counsel and assistance on how to run a modern G-E service organization. Ask your G-E distributor about G-E's Service Management Guide.

We have a *team of trained specialists* ready to help you solve any parts or service problem.

**Do we care? You bet we do!!**

**GENERAL  ELECTRIC**

830-33A

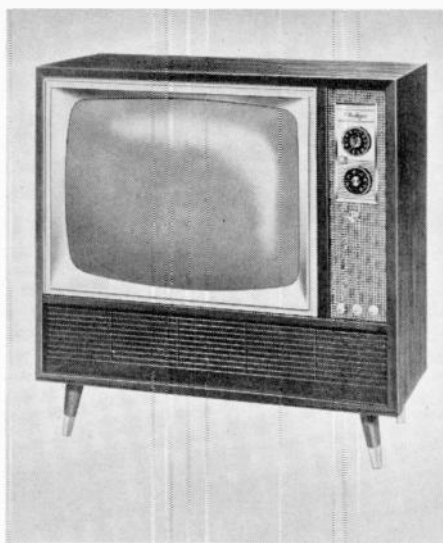




#### KitchenAid portable dishwashers

A new portable Classic Varicycle dishwasher is added to KitchenAid's new automatic dishwasher line. The top-loading portable, which is now available in edged coppertone, features a work surface top with a wood-grain finish, and a porcelain interior and exterior.

In addition to the Classic Varicycle, which is available in either white or edged coppertone, the portable line includes the top-loading Classic Electra, available in white. Standard on all KitchenAid dishwashers is the 4-Way Hydro Sweep wash and Flo-Thru drying system. *KitchenAid Home Dishwasher Div., Hobart Mfg. Co., Troy, Ohio 725.*



#### Olympic slim-design tv sets

Olympic introduces two new slim-design tv models: the Theresa and the Robinson.

The Theresa (left), which is designated model 5C102, is a lowboy console with a 94-degree picture tube and a custom-crafted chassis. Features on the unit include agc, automatic focus, built-in antenna, heavy-duty speaker, and cooler tubes.

The Robinson, designated model 5K150, is a three-way stereocenter combination featuring a 20w AM hi-fi radio, four-speed automatic stereo phonograph, and a 94-degree 23-inch picture tube. The unit has an under-the-lid phonograph control panel and an accessory panel for plugging in remote or external speakers. All sizes of stereo and monaural records are accommodated on the phonograph, and the unit's hi-fi radio features full-range tone control.

Both the Theresa and the Robinson have solid-state amplifiers. The cabinets, which have bench legs, are available in either mahogany or walnut-grained hardboard, designed to blend with contemporary furniture. *Olympic Radio and TV Div., Lear Siegler Inc., 3171 S. Bundy Dr., Santa Monica, Calif.*

**Load it up and take off.  
Another day's grind is about to begin.  
Run it through the gears.  
Stop and start it.  
Back it into the tight spots.  
And relax.  
It's a Dodge.  
And Dodges are Job-Rated to handle this kind of grind.**

**Dodge toughness doesn't cost any more.  
Why settle for less?**



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

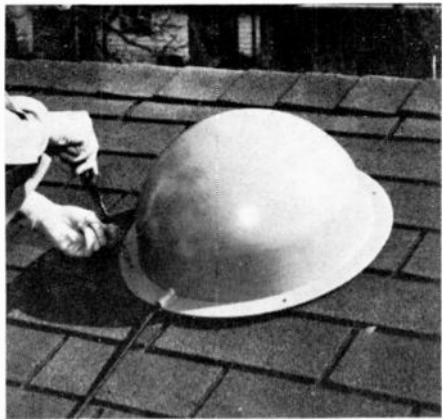


#### In-Sink-Erator apartment disposer

In-Sink-Erator announces its redesigned food waste disposer for apartments—model APT. The unit includes a factory-installed electrical cord that eliminates an electrician's second trip during installation, according to the manufacturer. The disposer also includes an attached self-service wrench.

The manufacturer claims that the unit's detergent shield prevents corrosion from caustics in detergents and bleaches. The 1/3hp, capacitor-start, 1,725 rpm motor is provided with a manual overload protector. The disposer has a minimum rough-in of six inches. It is available in white acrylic enamel with beige trim. A three-year parts warranty is included. *In-Sink-Erator Manufacturing Co., 4700 21st Street, Racine, Wisconsin.*





#### Eagle outdoor tv antenna

Eagle International introduces a dome-shaped, plastic-encased, outdoor tv antenna into its line of tv and stereo radio antennas.

The 8-by-18½-inch antenna, which features 360-degree reception, is designed for both black-and-white and color reception. The unit can be installed under a roof overhang or in an attic, simply by using four screws.

The new antenna retails at \$39.50 and carries a five-year warranty. *Eagle International Inc., 220B S. Main St., Wauconda, Ill.*



#### Dynamic home battery charger

Dynamic announces an improved version of its home battery charger—model no. PNC-12A. The unit recharges all types of dry cell batteries in all common sizes, such as penlight, C-size, and D-size; it also has a built-in adapter for charging 9v transistor batteries, and a new timer-reminder dial. The new unit can simultaneously charge from one to four batteries of different types and sizes.

The charger is styled in turquoise-and-beige high-impact styrene, with textured-silver trim on top and silver stamping on the side. The \$5.95 retail price includes a battery tester. *Dynamic Instrument Corp., 115 E. Bethpage Rd., Plainview, N.Y. 11803.*

#### Universal oven and disposer brochures

Universal offers two four-color brochures: one describes its full line of built-in electric ovens and surface units, along with its slide-in and drop-in models; the other covers its full line of household food waste disposers, including its Compact Model 3550, which is designed for use in older homes and apartments.

The brochure on Universal Chef electric ovens and surface units describes various features, including heat control, rotisserie cooking, radiant broiling, and the thermostatically controlled element. The second brochure describes the full line of Waste King food waste disposers. Both brochures include specifications. *Waste King Corp., 3300 E. 50th St., Los Angeles, Calif. 90058.*

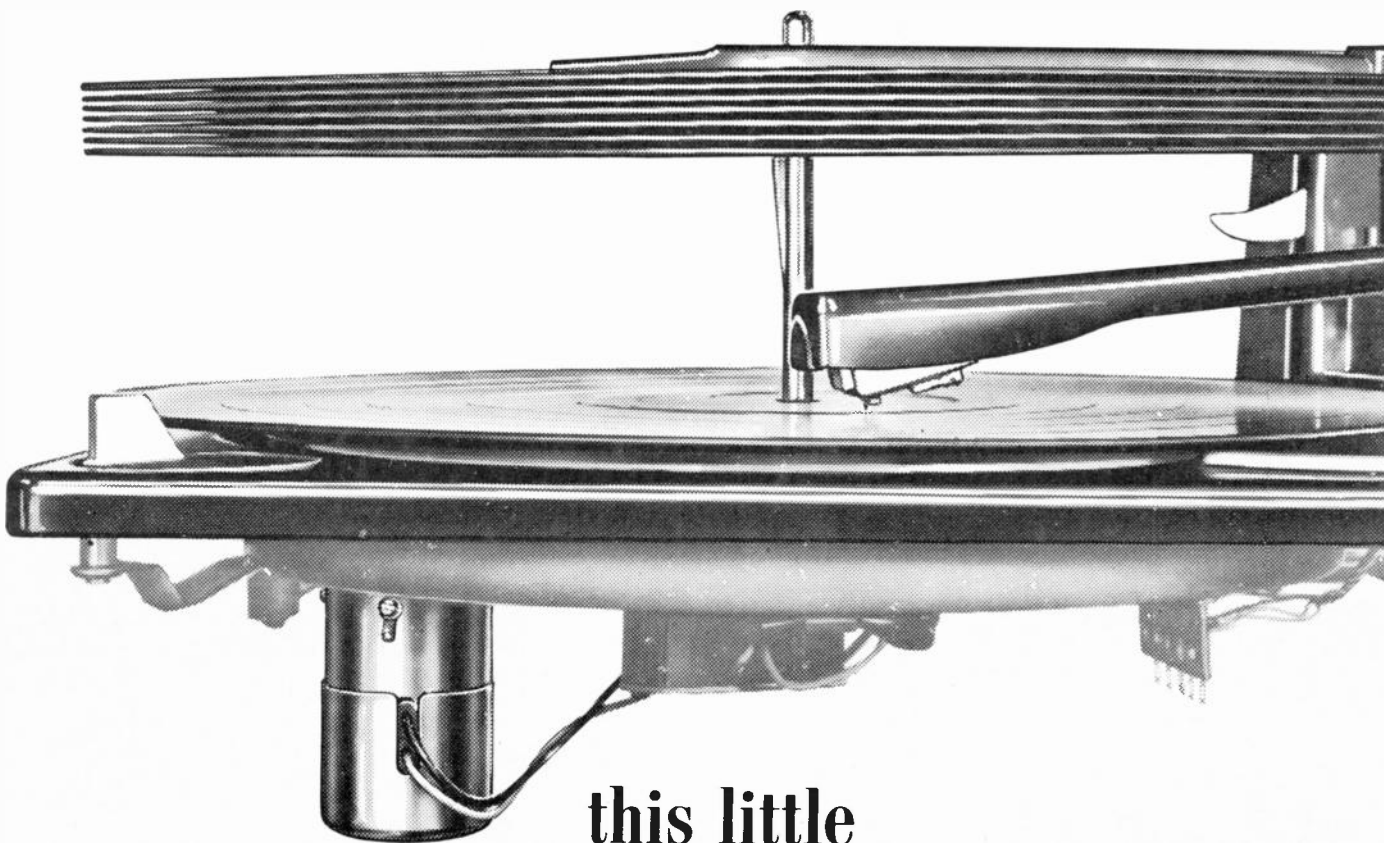


#### Shure stereo units

Shure Brothers Inc. will show its M100 Stereo-High Fidelity system at the National Assn. of Music Merchants Show, in Chicago, this summer. The unit is available as a walnut-finished stationary unit, designated the Library Model, or as a portable unit packaged in two Samsonite luggage-style cases. The Library Model retails at \$450; the portable (shown at the left) retails at \$389.

Shure will make its first appearance at the show in seven years with another addition to the high fidelity component line—the Solo Phone, which is a stereo transistorized head-phone amplifier. The Solo Phone,

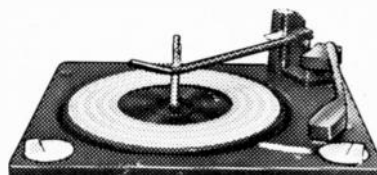
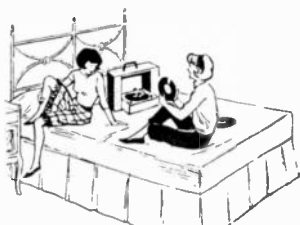
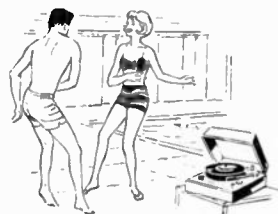
with input jacks for magnetic phone tape, or tuner, is housed in a wood cabinet and measures 10¼ by 3½ by 3 inches. The retail price, including excise tax, \$45. *Shure Brothers Inc., 222 Hartrey Ave., Evanston, Ill.*



## this little battery-powered\* motor CREATES BIGGER CORDLESS-PORTABLE SALES FOR YOU!

There's tremendous profit in new cordless portable phonographs with automatic record changers! And BSR's new battery-powered 4-speed changers dominate this fast-growing market. They play everywhere...indoors and outdoors, with no trailing cords...dependably, trouble-free, completely care-free! Their secret: the exclusive new jam-proof BSR motor whose tiny governor insures precision speeds from flashlight battery power, for full fidelity performance! And the automatic shut-off adds hours to battery life. For more profits, insist on BSR in the new cordless phonographs you sell!

*\*works on AC too!*



## dependable BSR

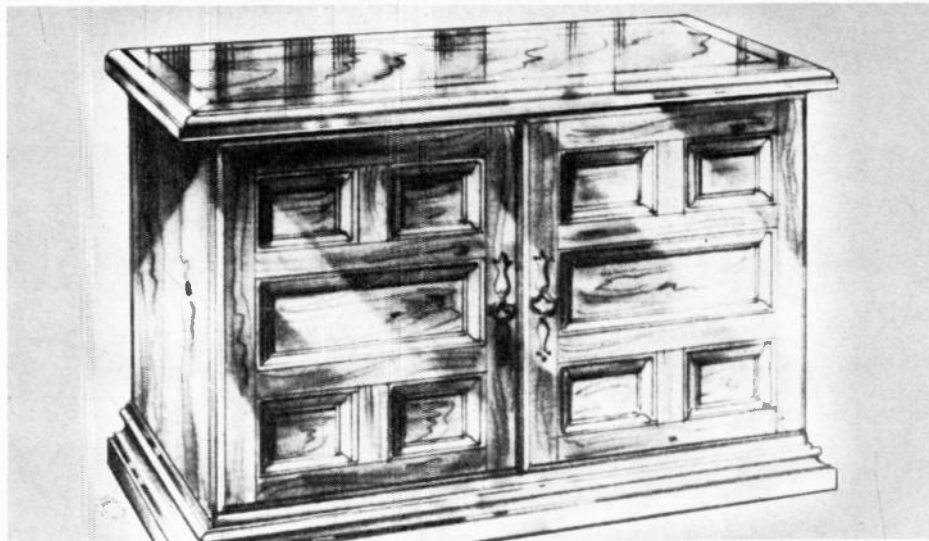


PRECISION-CRAFTED IN GREAT BRITAIN BY BSR LIMITED, AND DISTRIBUTED IN THE U.S. BY BSR (USA) LIMITED, COLLEGE POINT 56, L. I., N. Y.  
In Canada: Musimart Ltd., 970 McEachran Avenue, Montreal 8



## The new high-end look Hoffman will spring late this summer

When Hoffman Electronics re-enters the television business later this summer, after an absence of five years, the last thing the company wants to do is offer just another tv line. Hoffman's accent, in fact, will be distinctly high style. Example: this Mediterranean/Spanish cabinet, pictured at right, is typical, the company says, of what it plans to do with 25-inch color. French Provincial and Italian Credenza cabinets will also appear in the limited line.



# Take away Sylvania profit policy and what have you got?

## Somebody else's line.

(ask any Sylvania dealer)



Or ask us. Call Bob Theis, President, Sylvania Entertainment Products Corporation, Batavia, New York.

**SYLVANIA**  
SUBSIDIARY OF  
GENERAL TELEPHONE & ELECTRONICS **GTE**

## 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

dishwashers, under-counter, etc.

disposers, food waste

freezers, chest

freezers, upright

ranges, elec., free-standing

ranges, elec., built-in

ranges, gas, total

refrigerators

water heaters, elec. (storage)

water heaters, gas (storage)

### CONSUMER ELECTRONICS

phonos, mfrs. ship., port.-table

distributor sales

phonos, mfrs. ship., console

distributor sales

radio production (ex. auto)

distributor sales

b&w television production

distributor sales

color television production

Sources: NEMA, AHLMA, VCMA, GAMA, EIA.

MERCHANDISING WEEK



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

date	1965	1964	% change
March	129,453	114,152	+ 13.40
3 Months	330,895	293,235	+ 12.84
March	495,178	420,527	+ 17.75
3 Months	1,289,692	1,110,286	+ 16.16

February	325,200	247,300	+ 31.50
2 Months	557,400	440,400	+ 26.57
February	15,700	15,300	+ 2.61
2 Months	21,700	22,200	- 2.25
February	26,500	19,700	+ 34.52
2 Months	52,600	38,600	+ 36.27
February	60,600	51,400	+ 17.90
2 Months	112,500	97,300	+ 15.62
February	99,700	97,500	+ 2.26
2 Months	187,100	188,200	- .58
February	33,100	32,700	+ 1.22
2 Months	58,700	63,200	- 7.12
February	47,000	50,400	- 6.75
2 Months	91,500	96,200	- 4.89
February	107,700	100,500	+ 7.16
2 Months	205,500	189,700	+ 8.33
February	64,200	65,300	- 1.68
2 Months	117,600	120,500	- 2.41
March	210,400**	197,400	+ 6.59
3 Months	528,400	519,100	+ 1.79
February	349,100	338,400	+ 3.16
2 Months	693,200	625,100	+ 10.89
February	82,800	83,200	- .48
2 Months	159,100	162,600	- 2.15
February	230,100	241,100	- 4.56
2 Months	440,100	493,700	- 10.86

February	241,870	160,782	+ 50.43
2 Months	448,218	340,858	+ 31.50
February	272,533	164,220	+ 65.96
2 Months	463,851	323,108	+ 43.56
February	130,917	111,895	+ 17.00
2 Months	257,633	230,659	+ 11.69
February	112,979	116,920	- 3.37
2 Months	230,285	230,316	- .01
April 30	237,699	155,393	+ 52.97
17 Weeks	4,206,359	3,029,721	+ 38.84
February	892,017	664,671	+ 34.20
2 Months	1,585,022	1,209,486	+ 31.05
April 30	149,869	129,889	+ 16.28
17 Weeks	2,675,943	2,694,523	- .69
February	609,538	644,062	- 5.36
2 Months	1,241,547	1,232,617	+ .72
February	169,523	90,850	+ 86.60
2 Months	297,280	179,827	+ 65.31

\*\*March total includes 146,800 conventional free-standing ranges, 20,300 high-oven models, 25,300 built-ins, and 18,000 set-ins.



From Westinghouse:  
sound and pictures  
on a phono record

The newly developed Westinghouse Phonovid (left) uses special phono-graph records to play both sound and a series of single-frame pictures on a standard tv receiver. Westing-house says that both the audio and video signals are present in the grooves of the special records, which are called Videodiscs. The company has no immediate plans to market the device, but estimates the cost at \$6,000 to \$10,000, depending upon the quantity eventually produced.

What's the  
inside story  
on Amana's new  
top-of-the-line  
sales appeal?

A pre-painted  
*aluminum*  
liner that won't  
chip or stain.



Nice, isn't it . . . when you can put a strong new selling feature into a product *and* save on production.

Amana has done it, and others have, too, with Reynolds Colorweld.® This tough aluminum sheet is pre-painted with a durable baked-on enamel. Amana uses it for a liner that won't chip or shatter—even on impact.

Colorweld has amazing resistance to stains—even from the most acid foods. This resistance to stain and corrosion is one reason why it is used for many building exteriors.

Production people like this sheet, too. They don't have to worry about painting, porcelaining—or any other finishing with Colorweld. And its bright, smooth coating can take all the bending, shearing, punching, and drawing they normally give it.

Colorweld comes in white or in just about any color you want, and it has been used for liners, wrappers, panels, doors, and countless other parts. Get details from your local Reynolds office, or write Reynolds Metals Company, P. O. Box 2346-AJ, Richmond, Virginia 23218.

It's Reynolds  
pre-painted  
Colorweld®  
aluminum sheet.



**REYNOLDS**  
where new ideas take shape in  
**ALUMINUM**

Watch "The Celebrity Game" Thursdays, CBS-TV



Why take chances? Advertise in Merchandising Week — the Big One — hit both the mass merchandisers and the independent retailers. You will also be hitting the brand-new retailers who will be the giants of tomorrow...automatically building markets for the future.

Merchandising Week isn't like any other publication in the appliance—consumer electronics—housewares field. Others give news—but our editors interpret, analyze, evaluate it! They give retail management in-depth articles on subjects vital to their interests. They provide vital, up-to-date trend information retailers need to keep ahead of the field.

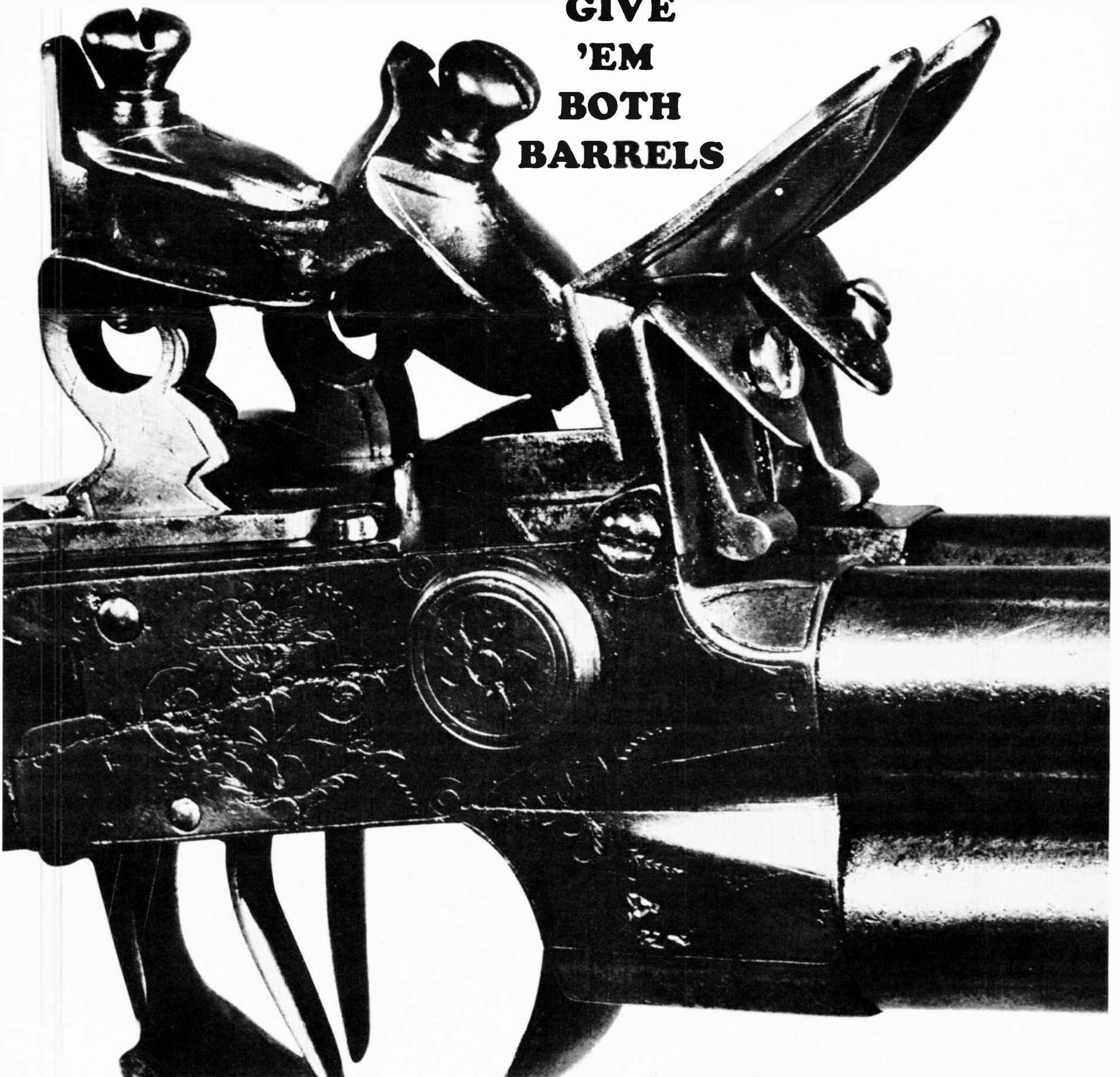
So give 'em both barrels...again, and again, and again! For real firepower, advertise in the Big One.

**MERCHANDISING WEEK**

The Interpretative News Weekly

A McGraw-Hill Publication, ABC-ABP

**GIVE  
'EM  
BOTH  
BARRELS**





# MERCHANDISING WEEK

VOL. 97 NO. 20

A MCGRAW-HILL MARKET-DIRECTED PUBLICATION



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# It's SMART

to sell  
**DELUXE**



**ELECTRICS**

*Full Profit on Top Volume*

- \* Price Protected
- \* Styled by Brooks Stevens
- \* Distinctive Charcoal Blue Trim

Dealers take pride in merchandising Deluxe MIRRO ELECTRICS . . . the line that offers both prestige styling and fine craftsmanship. They're finding ready acceptance for the distinctive Charcoal Blue trim and rich scroll ornamentation.

But that's only part of the story. More and more dealers are pushing this line to get the *guaranteed profit* from its Fair Traded pricing, and fast turnover.

Start your customers buying with a good "up-front" display of MIRRO ELECTRICS. They'll keep coming back to buy . . . bringing you *protected profit*, on big-ticket pricing, with every item you sell.

M-0472-  
10-CUP CHROME PERCOLATOR  
\$14.95 Fair Traded



M-0479  
22-CUP CHROME PERCOLATOR  
\$14.95 Fair Traded



M-0474  
35-CUP PARTY PERCOLATOR  
\$16.95 Fair Traded



M-0477  
3-QT. AUTOMATIC CORN POPPER  
\$8.95 Fair Traded



M-0470  
2 1/2-QT. CORN POPPER  
\$6.95 Fair Traded



M-0473  
11" BUFFET SERVER-FRYER  
\$16.95 Fair Traded



M-0471  
11" FRY PAN  
\$16.95 Fair Traded



M-0475  
9 1/2" BROILER  
\$9.95 Fair Traded




MIRRO SELECTED BY HOUSE OF GOOD TASTE  
New York World's Fair 1964-1965

**MIRRO ALUMINUM COMPANY • MANITOWOC, WISCONSIN 54221**  
Fifth Avenue Bldg., New York 10010 • Merchandise Mart, Chicago 60654 • World's Largest Manufacturer of Aluminum Cooking Utensils



# Red Carpet Treatment



***If any Channel Master transistorized radio proves defective within 120 days, we will replace it with a new one instantly, free of charge.***

Dealers always go 1st class with Channel Master's full line of transistorized radios.

Not only do they get the industry's only 120 Day Instant Free Replacement Guarantee (it leaves dealers free to sell, not repair radios), but the industry's highest profit structure, too!

And Channel Master's traditional dis-

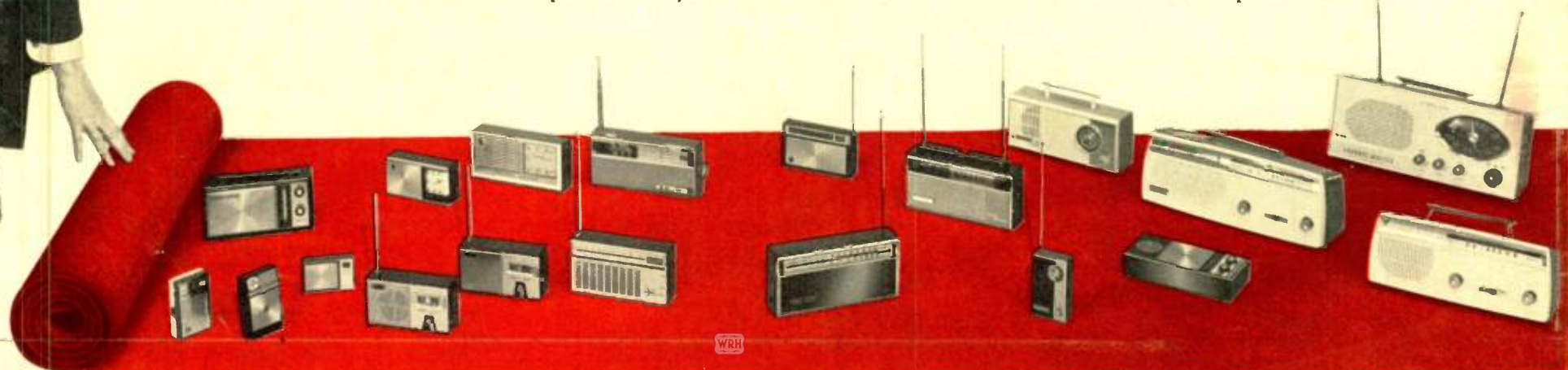
tribution policy protects dealers against catalog houses and retail discount stores—our dealers don't have to fight that kind of competition.

Why not be a V.I.P. yourself? Contact your nearest distributor or Channel Master Corporation, Ellenville, N.Y.

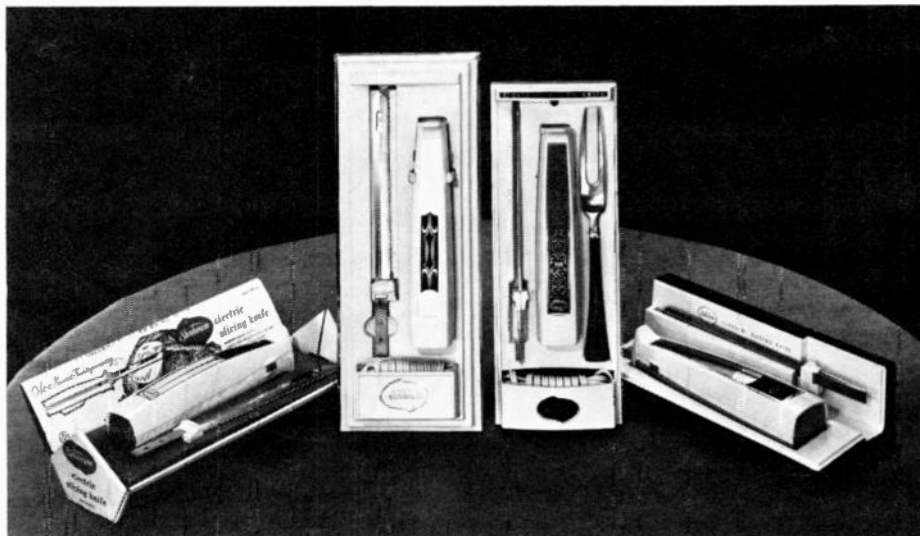
Do it today.

## ***CHANNEL MASTER***

*The world's broadest line of transistor radios, from as low as \$8.88 to \$74.95 ...  
Plus a complete line of AC radios and other electronic entertainment products.*







Sunbeam's (from left) promotional, standard, deluxe, and cordless knives

## The point Sunbeam will push to pierce the knife market

Sunbeam Corporation's long-awaited entry into electric slicing knives will become a retail reality shortly after July 1. The competitive edge: stainless steel blades that are sharpened to a pointed tip to facilitate trimming and piercing.

The line (as you can see in the photo) is four models long. The price range: under \$20 to under \$40. The features: light weight, balanced handles, a safety lock, a pushbutton blade release, fast cutting action, detachable cords, and "the tip that trims," as Sunbeam is calling its innovation applied to blades on each of the four models. Also: in all but the promotional leader, tungsten-carbide is applied to the outside blade edges.

The promise of "the tip that trims," according to R.P. Gwinn, Sunbeam's president, is effortless carving. "It makes it simpler to trim poultry or to reach meat crevices or other hard-to-slice places," he said, and "adding tungsten-carbide gives the blades almost lifetime sharpness and . . . reduces the amount of friction the knife must overcome."

The pointed tip, said Peter J.

O'Rourke, product manager for Sunbeam's knives, resulted from studies that showed consumers want broader utility in a slicing knife.

The cordless model, CK-100, retails for under \$40 and weighs just under 1 lb. 11 oz. It is powered by four rechargeable nickel cadmium batteries and comes in a counter-top case that has a recharging cradle and a blade slot designed to allow a housewife to snap blade and handle together without touching the blade.

The deluxe cord model, EK-300, comes packed in a simulated leather box containing a case that holds blade, handle, cord, and a stainless steel carving fork. The handle of the fork matches a woodtone panel on the handle of the knife. The case may be wall-mounted.

The standard cord model, EK-200, retails for under \$28. It also features a woodtone handle and a case that may be wall-mounted.

The promotional cord model, EK-100, is packaged in a red-and-white cardboard box designed for point-of-purchase display. The handle is white with black-and-gold trim. Retail price: under \$20.

□□□□ **A Teflon-happy mood** prevails at the Metal Cookware Manufacturers Assn. meeting now in progress at White Sulphur Springs, W.Va. Cookware sales have reached the boom stage, thanks to DuPont's non-stick coating, and aluminum cookware producers are finding themselves unable to keep up with demand. The sales manager of DuPont's Teflon Division, Paul E. Thomas, will spell out the story—15,600,000 Teflon-coated cookware pieces sold during the last two months of 1964 alone—in his speech titled "The Effect of Teflon-Coated Cookware on Sales of Metal Cooking Utensils."

□□□□ **Stainless steel cannot ignore Teflon**—and the retail sales that stainless steel cookware is losing to aluminum and to DuPont's non-stick coating. Ernest S. Kopecki, secretary of the Committee of Stainless Steel Producers, says that the steel producers must take the initiative—with research—to cope with the challenge from Teflon and from aluminum. Perhaps it is with a steel-Teflon marriage in mind that Kopecki says he plans to take no potshots at Teflon in a speech titled "Promotion of Stainless Steel Cookware" at the meeting.

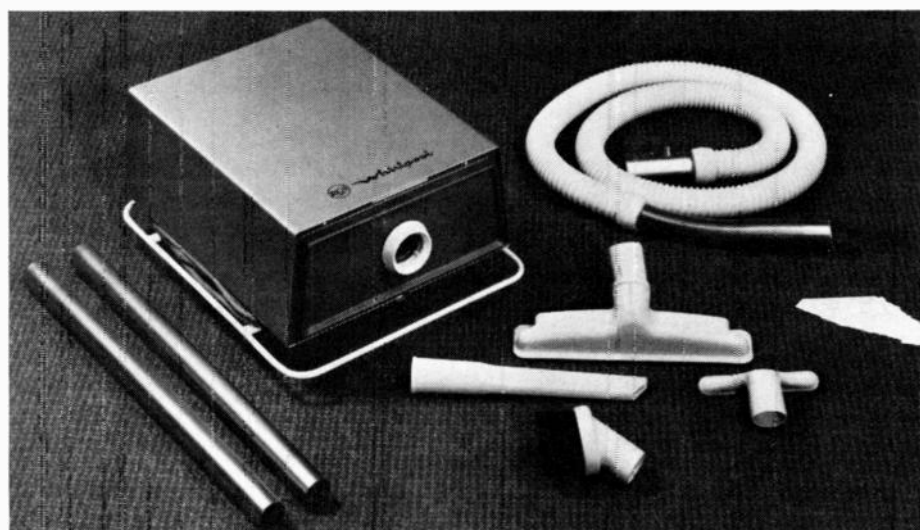
□□□□ **A Teflon-steel marriage may be cooking.** Stainless steel manufacturers are now working—with DuPont's assistance—on top-of-stove pan designs which might win DuPont's approval for use of the Teflon process. According to Paul E. Thomas, Teflon manager at DuPont, a design which insures adequate heat transfer characteristics is necessary before the Teflon-coating may be used on stove-top stainless steel utensils. In bakeware, some stainless steel manufacturers are already using Teflon, because the heat-transfer problem is minimized in oven baking. Another solution to the problem—an aluminum-stainless steel bonding process—also is being used for Teflon coating.

□□□□ **"Programs or Pieces?"** is the theme for the Point-of-Purchase Advertising Institute's annual spring meeting opening today at The Homestead in Hot Springs, Va. The p-o-p ad's role in the total advertising-marketing picture will key the sessions.

□□□□ **S&H's new stamp catalog** plays up the bath shop, showing hair dryers and automatic toothbrushes with bath goods; puts more emphasis on outdoor, garden and leisure-time merchandise; increases its selection of Teflon-coated items in both cookware and electric housewares; and confines its electric slicing knife selection to the two best sellers, General Electric and Hamilton Beach.

Eight pages are devoted to bath-shop goods in the Green Stamp book, which came off the presses last week. In addition to four hair dryers (one salon-type) and two toothbrushes, electric heaters also are shown among the bath-shop pages.

In Teflon-coated merchandise, Dominion Electric Corp. gets top play in electric housewares. In cookware, Club Aluminum, Wear-Ever and Mirro are featured. "Elegance in outdoor living" and "all-weather patio needs" are the themes used for more than a dozen pages devoted to outdoor living and garden goods.



RCA Whirlpool drops in a lightweight canister vac for under \$50

RCA Whirlpool's high-end vacuum cleaner line, which extends to \$159.95, is becoming more promotional with the introduction of a second under-\$50 model. A 13½-lb. canister vac, the Super V/100 Unitized, will carry a \$49.95 fair-trade price. It comes complete with attachments, which

can be stored inside the unit, and features a 1-hp motor and all-steel wrap-around construction. The other under-\$50 model, a lightweight upright vac, normally retails for \$49.95, but is being retailed at \$44.95 in the New York metropolitan area on a test basis.



# HOUSEWARES

□□□□ **Papa is going to be pampered** by the housewares industry more than ever before during this year's Father's Day gift season. The June 4th holiday will provide a major test on how successful the industry is going to be in aiming for the male gift market. While the Mother's Day gift period this year proved good for most of the nation's housewares retailers, an improved showing on Father's Day could do much to brighten the spring gift season.

□□□□ **Is Dad a better bet than Mother?** A growing number of buyers and manufacturers are beginning to think so. "You're not fighting the candy-and-flowers bit on Father's Day," one retailer commented. However, competition is strong from the men's furnishings industry—not only in the shirt-and-tie area but from gift boutiques set up by men's furnishings outlets and departments. To a large extent, the men's furnishings departments-outlets got a jump on housewares retailers in pushing cordless electric products which fall into the houseware-hardware-novelty area. Housewares retailers will be pushing more electric housewares for Dad this year, in addition to old standbys such as shavers, outdoor goods, and power tools.

□□□□ **The purchase of Merit Enterprises Inc.** by Atlas Corp., both of New York City, marks the entry of another holding company—Atlas' chief business is mining—into the housewares field. A Merit official said the merger will result in additional capital being made available to the electric housewares producer for expansion of its product line and marketing organization; the purchase was completed late last week.

Merit will continue under its present management as a division of Atlas. The exact financial terms of the transaction were not disclosed, but they involve an initial cash payment plus further payments over a five-year period based on future earnings. Another Atlas division, Tite-Flex, once took a fling at the consumer goods market by marketing a line of Quisine non-stick cookware for a short time. Merit in recent years has upgraded its quality image in electric housewares, playing down the Lady Vanity name it formerly used. Merit is now shipping its cordless electric knife, getting an early jump in the cordless field. It also plans another hand mixer, a promotional model, for July introduction.

□□□□ **A price cut on Honeywell air cleaners,** portable electronic models, has been announced by Spartan Electric Radiator Corp., which markets them. The F38 portable is now \$15 lower, \$179.95; the F38 with table is now \$16 lower, \$189.95; the F40 console is now \$25 lower, \$349.95. Dealer and distributor buying prices also have been reduced.

□□□□ **Key moves . . .** Robert A. Enders moves from assistant merchandising mgr to merchandising mgr of WESTCLOX. CORY promotes Richard W. Gorney to national accounts mgr for the Cory, Fresh 'nd-Air and Nicro divisions; James W. Alsdorf joins Cory as assistant advertising and sales promotion mgr . . . Myron (Mike) Piker joins H.J. ASHE Co., importer of flashlights, batteries and lanterns, as executive vp. Frank Newburg, Ashe national sales mgr, moves up to vp.

## Manufacturers set the pace in the \$10 billion year race

Housewares manufacturers have whizzed by the first-quarter pole in the race to cash in on the industry's predicted \$10 billion retail sales year. First-quarter financial reports and second-quarter activity to date reflect the fast pace as the housewares industry approaches the big second half, when it normally racks up 60% of annual retail sales.

**Major reasons for the records** in sales and earnings this year include: the nation's strong economic growth in the midst of an expanding population; popular new products; new marketing policies; product diversification; acquisitions; and manufacturer interest in foreign markets.

The Teflon-coated cookware boom has accounted for sales and earnings figures that make aluminum producers almost ecstatic. And electric slicing knives continue to please consumers, to the delight of those who manufacture and sell them.

**Increases in earnings**—of particular importance to manufacturers—are running well ahead of the excellent sales pace for many producers. And from every indication, retailers are sharing in the bonanza. Most chain and department stores have reported record sales, and, often, greatly improved earnings, for the first quarter.

**A sampling of financial reports** of housewares manufacturers reflects the industry-wide trend of rising sales and earnings:

**General Time** recorded a 10% increase in first-quarter sales for a record high and a 33% rise in earnings. President Barton K. Wickstrum, in reporting to stockholders on General Time's outstanding performance, said, "One of the outstanding developments of the past year has been the success of our No-Cord battery clocks." However, he added, if the company is to achieve maximum growth, foreign trade must increase, "especially in the developing nations where the demand for the common alarm clock is growing at a phenomenal rate." Wickstrum also reported production increases at all General Time international plants.

**Hamilton Beach**, a division of Scovill Mfg. Co., tripled its sales and earnings in the first quarter, according to marketing director Edward P. Reavey. Reavey credited the increases to the new marketing program launched by Hamilton Beach early this year.

**Sunbeam**, which ended its fiscal year on Mar. 27, reported sales of almost \$231 million—up 18.8% from the previous fiscal year. Earnings for the year were up 14.3%. Sunbeam president R. P. Gwinn said that earnings reached record highs, despite heavy start-up costs involved in opening new plants and in the relocation of other production facilities. Four Sunbeam lines showed substantial sales gains over 1964: electric clocks, floor care products, personal care products, and lawn equipment.

Sunbeam's international sales continued to climb in fiscal 1965, Gwinn reported, with consolidated foreign subsidiaries accounting for 24% of

total corporate volume and 29% of total profit.

**Proctor-Silex**, which ended its first quarter on Feb. 28, had a sales gain of less than 5%, yet managed to raise earnings 43% over the comparable quarter in 1964.

**Mirro Aluminum**, which got the jump on other manufacturers in the Teflon-coated cookware comeback, reported net sales were up 33.6%. And Mirro's net income jumped a whopping 86% over the first quarter income recorded in 1964.

**Rubbermaid** set all-time records in both sales and earnings for the first quarter. Net sales were up 18%, to \$10,285,704; earnings increased 47% to \$919,706. "Earnings in the first quarter were more than double those achieved in any preceding first quarter, except for last year," said Rubbermaid president Donald E. Noble. He added that "the good performance was the direct result of sound new marketing programs, which led to substantially increased sales—coupled with improved operating efficiency in almost every segment of the business."

**Corning Glass Works** first-quarter sales totalled \$76,843,048—up 3% from 1964. Earnings of \$8,587,694 were 6% ahead of last year's first-quarter figures.

**Owens-Illinois Glass Co.** (Libby) first-quarter earnings trailed sales slightly as both rose strongly. Sales went up 26.9%, and earnings rose 24.5%, compared to the first quarter of 1964.

**Arvin Industries** had a robust first-quarter sales increase of 47.3% on sales totalling \$32,986,000; earnings rose 36.4% to a total of \$830,600.

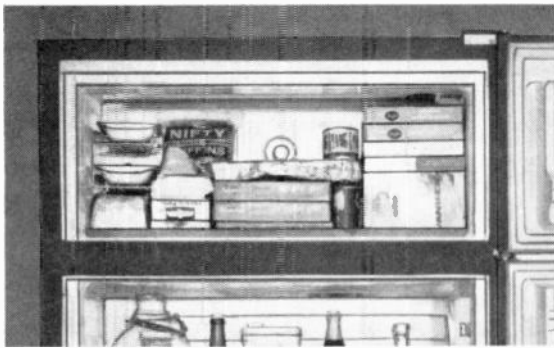
**Hamilton Cosco** first-quarter sales were up 28.4%, while profits rose 24.2%. President Clarence O. Hamilton, attributed the sales increase principally to acquisitions made last December: the Cal-Dak Co., of Colton, Calif., and Little Rock, Ark.; and the Norcor Mfg. Co., of Green Bay, Wis. "Profits in the first period," Hamilton pointed out, "came mainly from an improvement in operating costs in our two principal divisions—household products and office furniture."

**Hoover Co.** Domestic operations recorded first-quarter net profits of \$2,229,477—a 21% increase on the same period in 1964. Sales figures were not disclosed. "The substantial increase in earnings of our domestic company reflects the results of our intensified sales efforts and a broadened product line," said H. W. Hoover Jr., president and chairman. In January, Hoover introduced five new electric housewares items, in addition to new floor-care products.

**Electrolux**, grand master of door-to-door vac selling, had a first-quarter earnings increase of 21%; sales were up 8.1% over 1964 first-quarter figures.

**General Signal**, parent company of Regina Corp., another floor-care producer, announced a net income increase of 47%, on a first-quarter sales rise of 21%. Sales of consumer goods, principally Regina products, were 32% ahead of the comparable quarter in 1964.





Top 105-lb. No-Frost freezer

# or



Huge 167-lb. bottom freezer

## Offer a No-Frost refrigerator-freezer or refrigerator with huge bottom freezer...at same low price!

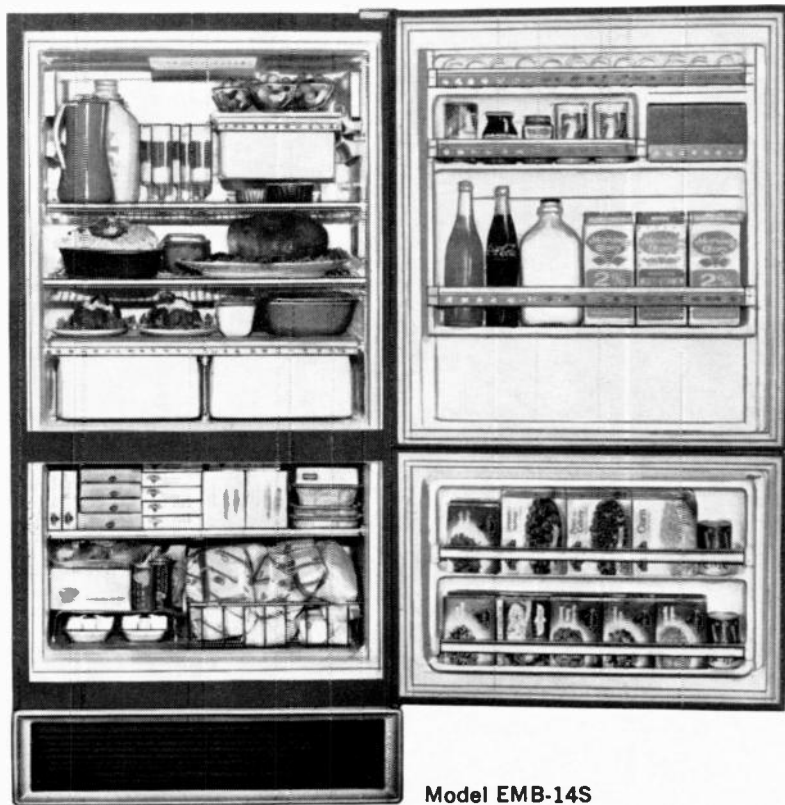
*(And, you'll make full profit margin on both!)*

You heard right! Right now, we're pricing the EMB-14S and EMT-14N RCA WHIRLPOOL refrigerator-freezers (below) to sell on your floor at the identical low, low price. You make full profit. Your customers get a big choice and a bargain to boot: complete No-Frost refrigerator-freezer . . . or huge 167-pound bottom mount freezer and automatic defrosting refrigerator section with glide-out meat pan and deluxe trim. Let them decide for themselves whether No-Frost which eliminates the defrosting chore a few times a year

is more important than a larger freezer that they'll use several times daily . . . and that reduces trips to the store. Both model EMB-14S and model EMT-14N offer these extra values: super-storage door with built-in shelves, egg rack and butter keeper . . . twin crispers that hold a bushel . . . glide-out shelf. Your RCA WHIRLPOOL distributor has the price/profit details for you. If his telephone's busy, try again. It's probably another smart dealer like yourself who recognizes a good deal when he hears one!



Model EMT-14N



Model EMB-14S

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



Whirlpool

**REFRIGERATOR-FREEZERS**

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# Over-the-counter replacement: behind-the-scenes trouble

The verdict may be in on extended over-the-counter replacement programs. Although these programs have been a joy to retailers eager to please customers, they have turned out to be a costly proposition for manufacturers.

**Dominion has back-pedaled** to a more tenable position on replacements; the move was first reported in these pages last week (MW, 10 May, p.3). Dominion Electric Corp., a pioneer and leader in the over-the-counter replacement program, will retain its one-year replacement warranty on electric housewares; but it

is making it more difficult for a consumer to receive a new appliance free.

Effective June 1, consumers must pack up the appliance (with the factory inspection slip), and mail it prepaid and insured to the Dominion Factory Servicenter in Mansfield, Ohio, within one year of purchase. Or, the consumer may take the appliance to an authorized local service center for immediate free repair within the one-year warranty.

**Dominion has made a smart move** by changing its replacement program, according to the general trade

reaction. Dominion will be able to continue advertising a one-year replacement warranty on its entire line. At the same time, the firm should save money by implementing its new replacement program. Dominion reportedly found its one-year over-the-counter program too costly—in large part, because of retail generosity in accepting returned merchandise almost without question.

Other industry sources, however, feel that Dominion may be back-pedaling too far on one of its strongest selling points. Retailers liked to be able to hand a customer a new

appliance and then get credit from the distributor, who, in turn, was reimbursed by the factory.

**Dominion's experiences** with over-the-counter replacement will help deter further growth of these programs, most trade sources believe. In fact, there are trade reports that Proctor-Silex, which offers immediate replacement on toasters and irons through authorized service centers, plans to tighten up its program. However, such plans have been denied by a Proctor-Silex executive, who maintained that no changes are anticipated in the firm's replacement program.

Dominion's replacement policy change is welcome news for the nation's independent authorized service centers. The service dealers, through their trade organization, the National Appliance Service Assn. (NASA), have become concerned with the growth of over-the-counter replacement programs, as pioneered by Dominion and Proctor-Silex, and later adopted by other manufacturers. These programs have cut considerably into the in-warranty repair work done by independent service centers.

Independent service centers expect to pick up more in-warranty repair work on the Dominion line as the result of its program change. One service dealer questioned the likelihood that many consumers would pack up an appliance and mail it prepaid and insured to Mansfield, Ohio. He said he believed most consumers would choose immediate free in-warranty repair service in their local area. Dominion apparently also hopes this will be the case.

**The Proctor-Silex program** has been operated through independent service dealers, who are generally happy with the way it has worked. They are reimbursed by Proctor-Silex for handling replacements; they also continue to do out-of-warranty repair work for the firm.

Servicing of the Universal-Landers line will be a major concern of the independent service dealers during their meeting in Chicago this week. (The NASA convention opens Thursday at the Palmer House). Repair service on the Universal-Landers line ends on May 30, as reported last week (MW, 10 May, p.3).

**GE's plans for service** will also be sought by the independent service operators, who are concerned with how the firm plans to handle in- and out-of-warranty service on the Universal-Landers lines. However, a General Electric spokesman in Bridgeport, Conn., said he doubted that GE service executives would be able to provide all the answers by this week. He stressed the many problems that remain to be worked out in GE's pending purchase and operation of the Universal-Landers electric housewares business.

GE has been a leader in the electric housewares field in establishing factory-owned service centers, which take repair business away from independents. In fact, the growth of factory-owned service centers should prove to be an important topic for NASA consideration. NASA will also discuss moves designed to capture a bigger share of repair work on private-label lines. Sears, Roebuck & Co. already uses independent service dealers in some areas, and Montgomery Ward is said to be considering a similar move.

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each room in  
the house"*



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# In electrics, Cotter dealers go co-op all the way

For Cotter & Co. dealers, it is almost a 100% co-op story when it comes to electric housewares. Most buy almost exclusively from Cotter—the giant dealer-owned distributor; and they give Cotter almost all the credit for enabling them to compete with discounters and mail-order houses in electric housewares.

Call it loyalty or what you will, but Cotter received a unanimous and resounding pat on the back from its dealers interviewed by MERCHANDISING WEEK at the opening of its semi-annual convention, now in progress in Chicago (MW, 10 May, p.27).

The majority of the dealers attending the opening days of the show last week were from the Walter H. Allen Div. of Cotter. The Allen division is a dealer-owned co-op, based in Dallas, Tex. that is made up of about 325 dealers in Texas and surrounding states; it was purchased by Cotter on Jan. 1.

"If we didn't belong to a co-op, we probably wouldn't be in the traffic appliance business because we wouldn't be able to compete with the discounter," said L. G. Pinkerton, of Bardew Hardware, in Bartlesville, Okla.

"We are now selling about five times the amount of traffics that we did two and a half years ago, when we first came with Cotter. We are very optimistic about traffics now," said Ben S. Burdo, of Clare Hardware, in Clare, Mich. "Cotter helps by its advertising and promotions, including its five or six special yearly mailings, which are invaluable sales tools."

"A small independent would have a hard time making it in the big city without some way to get his goods at a lesser price than he is accustomed to paying the usual distributor,"

said Sid I. Malone, of Burrows Hardware, in Beeville, Tex.

"If we hadn't joined Cotter two years ago, we would be in a far worse competitive position than we are today. In addition to receiving better prices, we are better posted on new products and save a lot of time," said C. V. Gaddie, of Gaddie Hardware, in Stanton, Neb., who chalked up \$100,000 in traffics volume last year.

"We couldn't beat the discounter without buying through a co-op," said Johnnie Hooks, of Prescott Hardware, in Prescott, Ariz. "Our profit has been about 10% better on housewares since we have been buying through Cotter."

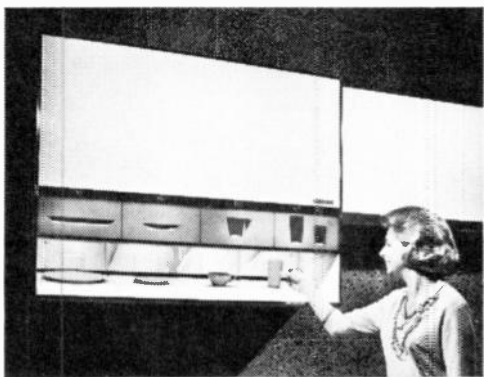
"We save about 15% in traffics by buying through Cotter," said Henry Schwaller, of Schwaller Lumber Co., in Hays, Kansas, "and we buy 100% of them through the co-op. In our town, we buy traffics cheaper than the discounters, or anyone else. We sell about \$10,000 a year worth of traffic appliances with an average gross margin of 20% to 25%. In the next two years, our traffic appliance sales should at least double," he predicted.

"We have plenty of competition from Sears, Wards, Western Auto, and a number of good independents in our town of 16,000," said Sid Malone. "But we don't try to meet discount prices on traffics; we offer services instead, like free gift-wrapping, and plenty of personal attention. We hold list on all sales; our average gross margin on traffics is about 33.3%. We carry all the top brands. Sales last year were about \$7,000—80% of which were purchased through Cotter."

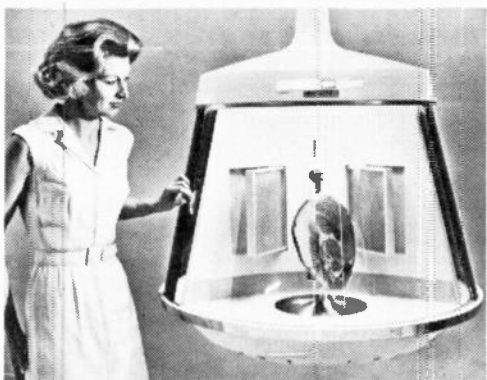
"V&S and Tru-Value (Cotter) stores rank among the leaders in the housewares and electric housewares industry," Edward Lancot, Cotter merchandising manager, told dealers at the convention. "Housewares is the largest department in most of our stores," he said, then added: "more than 90% of Cotter dealers carry electric housewares."

"Of all electric housewares sold by Cotter dealers in 1964, electric irons far surpassed any other category, with total sales of about 85,000 (mostly GE and Sunbeam); about 75,000 radios, 25,000 electric knives, and 45,000 electric shavers were sold.

## Center of excitement at the N.Y. World's Fair!

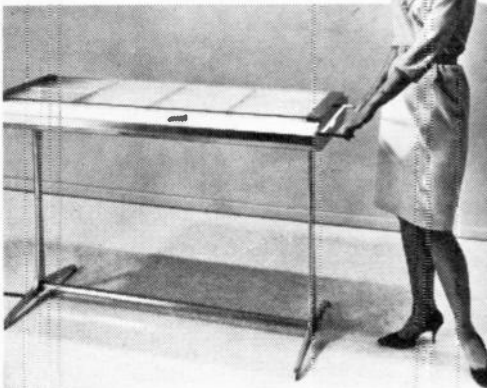


THIS FANTASTIC NORGE DISHMAKER actually makes plates, cups and saucers "to order" for every meal. Push a button and it molds attractive dinnerware from sheet plastic heated by Gas burners.



ANOTHER NORGE-GAS EXCLUSIVE—amazing 3-in-1 oven suspends from ceiling, offers advanced infra-red heating with one oven to bake and roast, another for defrosting your frozen foods faster.

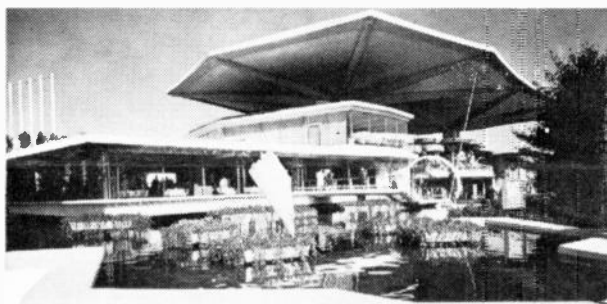
YOUR FUTURE GAS RANGE by Norge will be slim-lined and easy-to-maneuver. Move it anywhere, indoors or out. Cook-top is flat, translucent, super-efficient.



## NORGE

### PREVIEWS THE GAS APPLIANCES OF TOMORROW

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● Experts call Gas "the energy of the future." Now Norge backs their predictions with products—the Gas appliances of tomorrow. Make the Norge exhibit at the Festival of Gas Pavilion your first stop at the World's Fair and see the big difference Gas makes. You'll marvel at all the amazing appliances your future profits will come from.



TOMORROW'S FOODS AND DRINKS will be kept in this revolving Gas refrigerator-freezer-liquid dispenser by Norge. Fresh foods and liquids go "up-stairs"—frozen foods are stored down below.



INVERTED WATER GLASS? NO. Complete clothes cleaner for the home? Yes. Sweaters, suits, coats are first sprayed with cleaning solvent—then dried soft and nappy as new with gentle, protective Gas heat.

In today's and tomorrow's appliances...

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Manufacturer of major kitchen appliances with national distribution seeks experienced service and customer relations manager. Excellent opportunity for right man. Will office at company headquarters located away from big city hustle and bustle. Salary commensurate with experience. Write giving full resume of work experience, age, family status, etc. All inquiries will be held confidential. Write P6660, Merchandising Week, 645 N. Michigan Ave., Chicago, Ill. 60611.

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For communication between 2 or more points, all ring, all talk. Wire 2¢ per ft. (twisted pr.) 2 batteries required for each telephone. \$1.25 each. Shipments FOB Simpson, Pa. Write for free list. Telephone Engineering Co. Simpson Dept. MW-5175 Penna.





## giving your boy the business?

An attache case for a dealer's baby boy? Never heard of such a thing. But if you had your heart set on your son stepping into your shoes from the day he was born, we couldn't really blame you for giving him a gentle push now and then. And maybe we can help. We'd like to extend a cordial "You're invited!" to your grown-up son through you and your distributor to attend one of our Sons of Dealers Workshops at the Whirlpool Educational Center. A surprising number already have. Like them, your son can get a no-nonsense picture of the appliance business: its opportunities and its challenges. He can hear straight talk

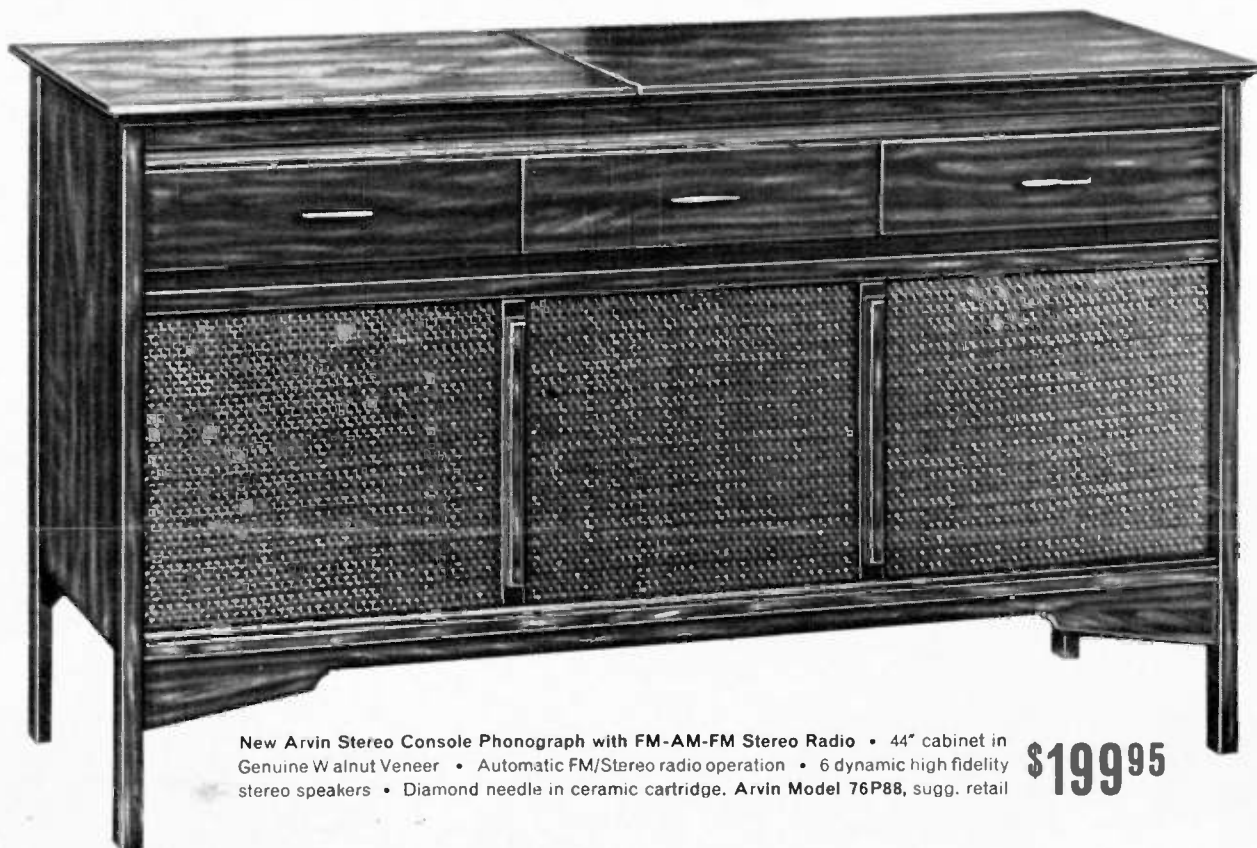
about markets, distribution, service, advertising, promotion, finance, merchandising and retail selling that may give him new insight and guide him in making up his own mind. So, if it isn't too early, why not give your RCA WHIRLPOOL distributor a call — before it's too late.



H O M E   A P P L I A N C E S



# Arvin helps you get a bigger share of STEREO'S BIG UNDER \$200 MARKET

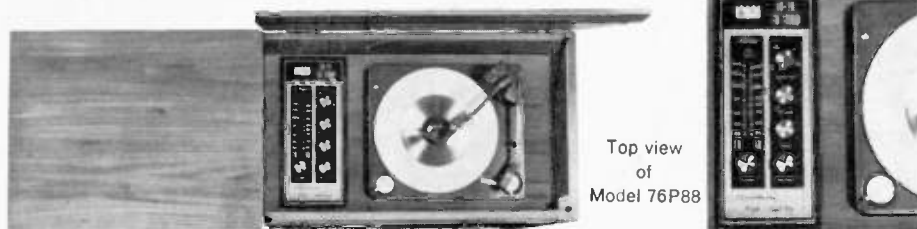


New Arvin Stereo Console Phonograph with FM-AM-FM Stereo Radio • 44" cabinet in Genuine Walnut Veneer • Automatic FM/Stereo radio operation • 6 dynamic high fidelity stereo speakers • Diamond needle in ceramic cartridge. Arvin Model 76P88, sugg. retail

**\$199<sup>95</sup>**

You're on top in the big volume "under \$200" stereo market with Arvin. Three new 1965 Arvin consoles give you a big edge over competition. Each is a quality instrument that sets a new standard of value in its price class. The distinctively designed solid wood cabinets, finished in genuine walnut veneer incorporate stereo phonograph plus FM/AM/FM Stereo Radio. Quality components are matched for brilliant high fidelity stereo. Plus-features make it easier than ever to "step up" your prospects.

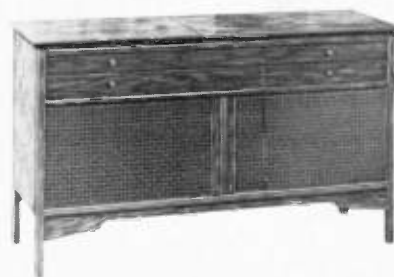
Contact your nearest Arvin distributor now . . . ask to see and hear the complete Arvin stereo console line including Solid State models . . . the same consoles your customers see nationally advertised in Life, Time, Newsweek and Sports Illustrated.



Top view  
of  
Model 76P88

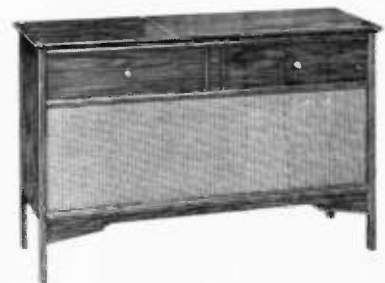
Automatic 4-speed changer. 11" turntable with rubber mat to protect records. Ceramic cartridge with diamond and sapphire needles.

Flood lighted control panel. Separate volume, balance, tone, function and tuning controls. FM Stereo indicator light.



Arvin Stereo Console Phonograph Solid Wood 44" Cabinet in Genuine Walnut Veneer, FM-AM radio • 4 speakers. Model 76P68, sugg. retail \$169.95

Arvin Stereo Console Phonograph Solid Wood 40" Cabinet in Genuine Walnut Veneer, AM radio 4-speaker system. Model 76P48, sugg. retail \$139.95



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