

# MERCHANDISING WEEK

JANUARY 2, 1967

EDITED FOR THE APPLIANCE, CONSUMER ELECTRONICS, AND HOUSEWARES INDUSTRIES /50 CENTS/VOL. 99 NO. 1/



◀ Pick the right price:  
the tag says a lot  
about your store ☐ ☐ p.18

A group of housewares  
you and your customers  
will either love or hate:  
the Standouts ☐ ☐ ☐ ☐ p.24

Credit the FTC  
with a hard new  
look at credit ☐ ☐ ☐ ☐ p.12

Now is the time  
to use the new  
tv screen sizes ☐ ☐ ☐ p.14

NEXT WEEK

Sneak preview of an all new housewares happening:  
the bright, bold, and beautiful in Chicago





BOB ENNIS  
SEATTLE



BILL STRUCKMAN  
WESTERN  
ZONE MANAGER



ROGER CRABB  
SOUTH CENTRAL  
ZONE MANAGER



QUENT VIOTOR  
SAN FRANCISCO



STU COUTTS  
SALT LAKE CITY



VANCE RIDGES  
DENVER



ED SCANLAN  
ST. PAUL



ROB RODE  
LOS ANGELES



JACK MOORE  
KANSAS CITY



JERRY LOBB  
DALLAS



BOB MITCHELL  
HOUSTON

**MEET  
YOUR  
HOSTS  
WITH THE  
MOST...**

# THE G-E-D DEPENDABLES

## COME TO THE GENERAL ELECTRIC HOUSEWARES DEALER PREVIEW NEAREST YOU...

See the great 1967 line! Meet the "Dependables"—the men of General Electric Distribution. They've got the manpower, facilities—170 sales offices and warehouses—and market experience to serve your needs on General Electric Housewares. They're ready to work with you to set up General Electric Housewares sales and merchandising programs for 1967 which will accomplish your volume and profit goals. Don't miss this opportunity to meet your man from General Electric Distribution—your "Dependable."

**Make your plans now to attend the General Electric Housewares Dealer Preview nearest you!**





DAVE MESKILL  
CENTRAL  
ZONE MANAGER



JACK FRANK  
BUFFALO



EARL MATHEWS  
NORTHEASTERN  
ZONE MANAGER



DON NASH  
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JACK JENNINGS  
SOUTHEASTERN  
ZONE MANAGER



BOB WOLF  
LOUISVILLE



CLAYT DUNNING  
CHARLOTTE



BUDDY SMEAD  
NASHVILLE



JERRY WOODEN  
ATLANTA



JIM BOONE  
NEW ORLEANS



ED MAY  
MIAMI

### CHECK THIS LIST FOR TIME AND PLACE OF PREVIEW NEAREST YOU!

ALBANY, N. Y. JAN. 10-11  
Panetta's Restaurant, Menands  
ALBUQUERQUE, N. M. JAN. 11-12  
Downtown Motor Lodge  
ATLANTA, GA. JAN. 10-11  
American Motor Hotel  
BILLINGS, MONT. JAN. 20  
Rimrock Motor Hotel  
BIRMINGHAM, ALA. JAN. 4-5  
Guest Motor Hotel  
BOISE, IDAHO JAN. 6  
Downtown Motor Hotel  
BUFFALO, N. Y. JAN. 9-10-11  
The Cordon Bleu  
CAMBRIDGE, MASS. JAN. 31; FEB. 1-2  
Charterhouse Motor Hotel  
CHARLOTTE, N. C. JAN. 30-31; FEB. 1  
Howard Johnson Hotel  
CHICAGO, ILL. JAN. 4-5  
Lake Tower Hotel  
CINCINNATI, OHIO JAN. 3-4-5  
Imperial House Motel

CLEVELAND, OHIO JAN. 9-10-11-12  
Stouffer's Somerset Inn, Shaker Hgts.  
COLUMBUS, OHIO JAN. 11-12  
Hospitality Motor Inn  
CORPUS CHRISTI, TEXAS JAN. 26-27  
Sandy Shores Motor Hotel  
DALLAS, TEXAS JAN. 22-23-24  
Cabana Motor Hotel  
DAYTON, OHIO JAN. 24-25  
Statler Hilton Inn  
DENVER, COLO. JAN. 4-5-6  
Diplomat Motor Hotel  
DES MOINES, IOWA JAN. 27  
Howard Johnson Hotel  
DETROIT, MICH. JAN. 8-9-10-11  
Park Shelton Hotel  
DULUTH, MINN. Holiday Inn JAN. 25  
EL PASO, TEX. Roadway Inn JAN. 29-30  
EVANSVILLE, IND. Ramada Inn FEB. 1-2  
FAYETTEVILLE, N. C. JAN. 16-17  
New Downtowner Motor Lodge

FORT WAYNE, IND. JAN. 17-18-19  
Baer Field Inn  
FRESNO, CALIF. JAN. 24  
Tropicana Motor Lodge  
GREAT FALLS, MONT. JAN. 17  
O'Haire Manor Motel  
GREENSBORO, N. C. JAN. 23-24  
The Oaks Motel  
HOUSTON, TEXAS JAN. 10-11  
Continental Houston Motor Hotel  
IDAHO FALLS, IDAHO JAN. 4  
Stardust Motor Lodge  
INDIANAPOLIS, IND. JAN. 10-11-12  
Marott Hotel  
KANSAS CITY, MO. Hilton Inn JAN. 8-9  
LOS ANGELES, CALIF. JAN. 4-5  
Hyatt House  
LOUISVILLE, KY. JAN. 11-12  
Executive Inn  
MEMPHIS, TENN. JAN. 25-26  
Holiday Inn  
MIAMI, FLA. DuPont Plaza FEB. 5-6

MILWAUKEE, WISC. JAN. 8-9  
Tyrolea House Motel  
MINN.-ST. PAUL, MINN. JAN. 10-11-12  
Twins Motor Hotel, St. Paul  
NASHVILLE, TENN. FEB. 8-9  
Albert Pick Motel  
NEW ORLEANS, LA. JAN. 8-9-10  
Fontainebleau Motor Hotel  
NEW YORK, N. Y. JAN. 9-10-11-12  
Summit of New York  
NORFOLK, VA. JAN. 10-11-12  
Lake Wright Motel  
OKLAHOMA CITY, OKLA. JAN. 8-9  
Holiday Inn Downtown  
OMAHA, NEB. Indian Hills Inn JAN. 12-13  
ORLANDO, FLA. JAN. 29-30  
Parliament House  
PHILADELPHIA, PA. JAN. 8-9-10  
Cinelli's Country House  
Cherry Hill, N. J.  
PITTSBURGH, PA. JAN. 8-9-10  
Penn Sheraton Hotel

PORTLAND, ORE. JAN. 4-5  
Portland Hilton  
PROVIDENCE, R. I. JAN. 10-11-12  
Holiday Inn, Seekonk, Mass.  
RALEIGH, N. C. JAN. 9-10-11-12  
Howard Johnson Motel  
RICHMOND, VA. JAN. 31; FEB. 1-2  
Executive Motor Hotel  
ROANOKE, VA. JAN. 17-18  
Tinker Mountain Motor Lodge  
ROCHESTER, N. Y. JAN. 4-5  
Townhouse  
SACRAMENTO, CALIF. JAN. 12-13  
Holiday Inn  
ST. LOUIS, MO. JAN. 3-4  
Bel Air East Motel  
SALT LAKE CITY, UTAH JAN. 11-12  
Rodeway Inn  
SAN ANTONIO, TEXAS JAN. 23-24  
Holiday Inn  
SAN DIEGO, CALIF. JAN. 9-10  
Kona Kai Club

SAN FRANCISCO, CALIF. JAN. 4-5-6  
Del Webb's Townhouse  
SAN JOSE, CALIF. JAN. 9-10  
Hyatt House  
SCOTTSDALE, ARIZ. JAN. 12-13  
Mountain Shadows Hotel  
SEATTLE, WASH. JAN. 12-13-14-15  
Benjamin Franklin  
SHREVEPORT, LA. JAN. 15-16  
Holiday Inn North  
SPOKANE, WASH. JAN. 24-25  
Ridpath Hotel  
SPRINGFIELD, MO. JAN. 22-23  
Lampighter  
TAMPA, FLA. Causeway Inn JAN. 22-23  
TWIN FALLS, IDAHO Holiday Inn JAN. 25  
WASH./BALTIMORE JAN. 10-11-12  
Park Univ. Motel, College Park, Md.  
W. SPRINGFIELD, MASS. JAN. 17-18-19  
Vincent's Steak House  
WICHITA, KANSAS JAN. 25  
Holiday Inn Mid-Town

GENERAL  ELECTRIC  
DISTRIBUTION



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## EDITOR & PUBLISHER

Walter R. Browder

Phone: PL 7-2800; area code, 212

## MANAGING EDITOR Donald S. Rubin

Phone: PL 7-2800; area code, 212

## PRESENTATION & PRODUCTION EDITOR

B. H. Schellenbach

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

Assistants: Lucy Schmolka  
Louis C. Keiler (Chicago)

Consultant: Jan V. White

## SENIOR EDITOR Martin R. Miller

Phone: PL 7-2800

## Senior Associate Editor: Ed Dubbs

Phone: PL 7-2800

## Associate: Wallis E. Wood

Phone: PL 7-2800

## Assistants: Amei Wallach

Phone: PL 7-2800

Irene Kanfer

Phone: PL 7-2800

Martin Steingesser

Phone: PL 7-2800

## Contributing Editor: Joan Bergmann

## RESEARCH MANAGER Alicia Donovan

Phone: 971-2322

Assistants: Joan Lyons  
Marie Chiarello

## ADVERTISING DIRECTOR

H. Sherman Davis

Phone: PL 7-2800; area code, 212

## BUSINESS & PRODUCTION MANAGER

Marie R. Gombert

Assistant: Joan C. Cooley  
Phone: PL 7-2800; area code, 212

## DISTRICT MANAGERS

New York George Neuner  
Roland DeSilva

500 Fifth Avenue  
New York, New York—10036  
Phone: PL 7-2800; area code, 212

Pittsburgh Edward H. Hall  
1430 Washington Road  
Pittsburgh, Pennsylvania—15228  
Phone: 343-5466; area code, 412

Midwest Edward J. Brennan  
John J. Cherry  
188 West Randolph Street  
Chicago, Illinois—60601  
Phone: CE 6-9818; area code, 312

South Central Robert L. Kendall  
266 Capital Boulevard  
Nashville, Tennessee—37219  
Phone: 244-1836; area code, 615

West Coast Pete Heine  
Dick Blase  
9000 Sunset Boulevard  
Los Angeles, California—90069  
Phone: 273-1555; area code, 213

# everything is new!

*Youthfully Daring*

MODERN, MODISH, MODULAR

# MODULINE

## STYLING

Here's range styling that's brand new... sparkling fresh as the dawn. It makes old kitchens feel young again... makes new kitchens act young as they are! A Moduline-styled Hardwick range in any kitchen nestles between cabinets as though it had been built there, with glamour and beauty infectious as youth itself!

Beauty is far more than skin-deep, though. Beneath the youthful glamour of Moduline styling lies Hardwick's traditional quality.

Dress up your sales floor with better lookin' better cookin' Hardwick ranges and set sales records in '67. Gas and electric eye-level Debutantes... free-standing ranges... built-ins... slide-ins... color-coordinated vent hoods and sinks.



### HARDWICK STOVE CO.

CLEVELAND, TENNESSEE 37311

Please send information on Hardwick's 1967 ranges with exclusive Moduline styling.

☐ Free-Standing ☐ Double-Oven Debutante  
☐ Built-In and Slide-In ☐ Gas ☐ Electric

Name \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

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

TAKE THE SWEEPSTAKES TICKET INSIDE  
TO YOUR PHILCO-FORD DISTRIBUTOR'S OPEN HOUSE AND

**YOU'RE  
A GUARANTEED WINNER  
IN THE PHILCO-FORD  
\$150,000 GRAND NATIONAL  
DEALERS' SWEEPSTAKES.**





# COME TO YOUR PHILCO-FORD

---

## \$150,000 IN PRIZES!

---

### GRAND

(WINNER'S



2-year-old thoroughbred racehorse or



**3 SECOND PRIZES**  
1967 Mercury Cougar



**20 THIRD PRIZES**  
Beautiful mink jacket



**50 FOURTH PRIZES**  
Bell & Howell autoloader zoom movie camera

**All you have to do:** Come to your local Philco-Ford Distributor's Open House with your Lucky Number card and check which of the great prizes you've won.

(One prize to a dealer; the most valuable, of course.)

# DISTRIBUTOR'S OPEN HOUSE

## EVERYBODY WINS!

### PRIZE

(CHOICE)



spanking-new Lincoln Continental.



#### 100 FIFTH PRIZES

An American Tourister matched luggage set



#### THOUSANDS OF SIXTH PRIZES

Everybody wins! Mustang transistor radio car by Philco-Ford



#### HERE'S YOUR LUCKY NUMBER

Nº 106529

#### GRAND PRIZE

(Winner's choice) Two-year-old thoroughbred racehorse or spanking-new Lincoln Continental

#### THREE SECOND PRIZES

1967 Mercury Cougar

#### TWENTY THIRD PRIZES

Beautiful mink jacket

#### FIFTY FOURTH PRIZES

Bell & Howell autoloading zoom movie camera

#### ONE HUNDRED FIFTH PRIZES

An American Tourister matched luggage set

#### THOUSANDS OF SIXTH PRIZES

Mustang transistor radio car by Philco-Ford



# COME TO YOUR PHILCO-FORD DISTRIBUTOR'S OPEN HOUSE. SEE THE BIG WINNERS FOR '67.

Our '67 Color TV, with exclusive tuning eye.

Black-and-white TV—for big extra sales.

Brand-new console stereo.

Radios and portable phonographs.

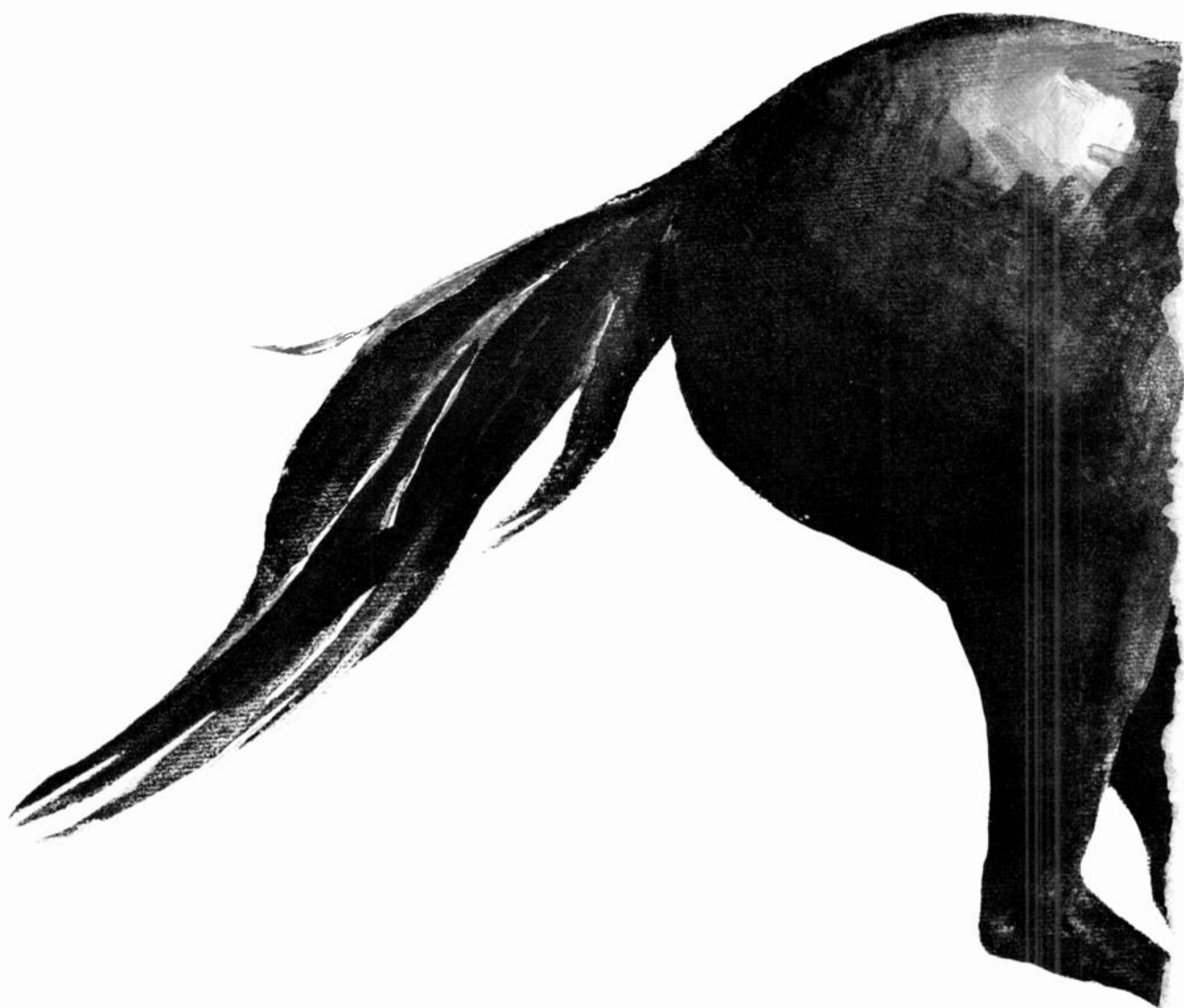
Find out how you can cash in on our powerful new promotion programs.

Philco-Ford Corporation, Philadelphia, Pa. 19134

**OFF**   
*and running in '67!*



FAMOUS FOR QUALITY THE WORLD OVER





## AT PRESSTIME

□□□□ **A strike threat loomed at Sunbeam** at presstime: District 8, International Assn. of Machinists, voted to strike the Sunbeam housewares plants in Chicago and Cicero, Ill., as of tomorrow. Negotiations were continuing at the weekend.

□□□□ **The FCC has been requested** to grant the use of two radio frequencies for emergency road service by the Automobile Manufacturers Assn. The frequencies would be adjacent to those now used by Citizens Band radios. One highway emergency signaling system, which is triggered when a disabled motorist flashes his auto headlights at roadside sensors, is being tested.

□□□□ **DuMont added a new tv screen size** to its color line for 1967: a 20-inch [old 22] color console at \$629.95. Other drop-ins include a 23-inch [old 25] color console at open list and two 23-inch [old 25] color combinations, one at \$1,250 and a step-up with remote control at \$1,350. Prices for these sets are substantially the same as those of last year. DuMont also announced a distributor-dealer-salesman incentive program. Top prize: a trip to Hawaii or Europe.

□□□□ **In the air — picture tube price changes.**

*Black-and-white:* Prices are going up. RCA led the upward move with a 50¢ hike—effective Dec. 1—on all its 15-inch [old 16], 18-inch [old 19], 20-inch [old 21], and 22-inch [old 23] tubes, plus a 25¢ surcharge on low-drive types. The warranty allowance was reduced from 5% to 3%. Sylvania alerted fieldmen to expect hikes on 18-inch [old 19] to 22-inch [old 23] tubes, but had made no move at presstime. Westinghouse will make its decision early this week.

*Color:* Price cuts are the talk of the industry, although tube manufacturers staunchly deny the possibility. But set-makers—who claim they need a price cut on 18-inch [old 19] tubes to hit a \$349.95 retail mark this spring—are not giving up.

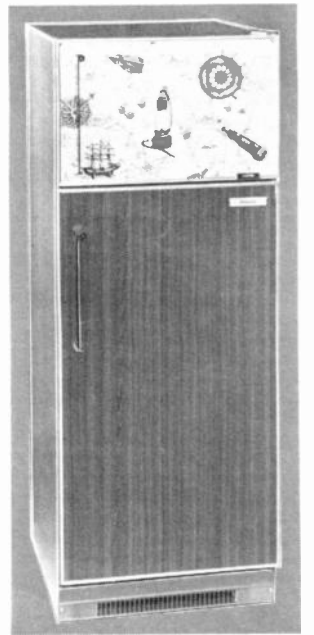
□□□□ **Color tv gross margins rose to 24%** in November, up from 22.3% in October, according to NARDA. Color's total share of the month's dollar sales soared to 44.2% from October's 39.1%; its share of the month's profits was 42.8%. Dishwasher gross margins in November were 26.2%; share of total dollar

sales was 1.8%; share of profits was 1.9%. Refrigerator gross margins were 23.5%; share of sales was 7.5%; share of profits 7.1%. Stereo phono gross margins were 29.3%; share of sales was 6.5%; share of profits was 7.7%.

□□□□ **An 18-inch color tv [old 19] for \$299.95:** Delmonico International will promote this color portable, which is only 21 inches wide (five inches narrower than previous models) and comes with dipole antenna and carrying handle. Delmonico's price move may create a new floor price for imported color, although other importers, who have already seen 19-inch Japanese color promoted for under \$260 on the West Coast, said they were not ready to meet Delmonico's price.

□□□□ **Price on GE's 11-inch color tv set** has been dropped to \$249.95.

□□□□ **Decorator refrigerators from Italy** (Ignis) will be imported by Delmonico International this year. Delmonico imported 100,000 standard units in 1966, and hopes to bring in a total of 160,000 to 175,000 Ignis units in 1967, according to Herbert Kabat, president of the company. If Delmonico reaches its sales goal, it will garner 3.9% of a projected 4.5-million-unit refrigerator market next year. The decorator units, with panels on the top-mounted freezer (see photo), will increase retail price tags by 15%. Delmonico will show retailers an assortment of 35 to 40 patterns, and, after sampling dealer reaction, will choose half a dozen basic patterns. However, if a retailer orders a minimum of 50 units, he will receive them with his choice of design. New to the line are copertone xilosteel models. Included are a 10.7-cu.-ft. single-door refrigerator and 2-door models with 12-, 14, and 16-cu.-ft. capacities all at open list. The 8.5-cu.-ft. chest freezer lists at \$169.95 in white, \$179.95 in walnut grain. Ignis is working on a no-frost model for late 1967.



Imported decorator unit

## AHAM tunes in the new year with a trio of new moves

AHAM resolutely moved into 1967, after opening up its bag of plans just before Christmas. The newly formed Assn. of Home Appliance Manufacturers—eager to show the naysayers and non-joiners that it is in business to stay—carried out the following:

- The formation of a government committee
- A meeting with Esther Peterson, Special Assistant to the President for Consumer Affairs
- The formation of an appliance engineering standards and certification committee.

**The purpose of the committee** on government—according to D. D. Dan-

forth, chairman of AHAM's board of directors and general manager for the consumer products division of Westinghouse—"will be to study past industry efforts in the government relations field and recommend a course of action for the new organization. The committee will be composed of Washington liaison officers of principal AHAM companies, plus a small number of general management executives."

**The outcome of the meeting** with Mrs. Esther Peterson was a delay in setting up a proposed industry committee (MW, 21 Nov., p.3), which would explore problems in the appliance industry—specifically those re-

lating to warranties, guarantees, and product service. The government, meanwhile, is going to prepare a memorandum outlining the specific problems which it is interested in solving. In addition to AHAM, two representatives of General Electric attended the meeting. This stirred speculation that GE was about to join the appliance trade group. However, GE is still playing it close to the vest—waiting to see what specifics (standards, etc.) AHAM comes up with—before casting its lot with the new group.

**The new standards committee** will begin dealing with certification and product evaluation "immediately" so

that the work in standards by the National Electrical Manufacturers Assn. (NEMA) will be carried forward in a smooth manner. The committee will maintain a liaison with organizations such as the United States of America Standards Institute, Underwriters Laboratories, American Gas Assn., and various governmental agencies. A need for standards was one of the prime reasons for forming AHAM. As Danforth said, the committee "... will coordinate the standards work of a number of technical committees working with individual appliance products and will recommend over-all standards policy to the board of directors."



□□□□ **Tighter controls on credit sales** and advertising have been proposed by the Federal Trade Commission (FTC). The proposed rules—called “Guides Relating to Retail Credit Transactions”—would apply to installment sales of appliances and furniture, expensive services, and advertising. Apart from advertising and price-tagging, they would not apply to ordinary or revolving charge accounts.

The FTC has not directly endorsed the new rules, but has invited comments from interested parties by Feb. 24. The Commission has broad powers to regulate

“deceptive practices” in business, and, if adopted, the proposed rules will have the force of law.

Under the proposal, the seller in a credit sale would have to provide the following: (1) the cash price of the item; (2) the amount of tax to be paid; (3) the amount of credit given for a down payment or trade-in; (4) the unpaid cash balance owed; (5) all finance and carrying charges that are to be paid; (6) the amount and total number of individual installment payments; (7) the total debt of the purchaser at the time of sale; (8) the total credit sale price; (9) notification—orally and in writing—that the contract may be transferred to a sales finance company.

□□□□ **An investigation of newspaper ad rates** is being conducted by the FTC. The inquiry, apparently an outgrowth of another study by the Commission on television advertising rates, will focus on the disparity between rates for local and national advertisers. It is believed that local advertisers, such as department stores, get lower rates than national advertisers. FTC chairman Paul Rand Dixon, in a statement disclosing the investigation, said: “The Commission has directed the initiation of a full-scale investigation involving, among other things, alleged discriminatory rate structures and advertising rates used by newspaper and other media.”

□□□□ **The number of color and UHF tv sets** in U.S. households increased during 1966, according to the U.S. Census Bureau. Of all households with television sets, 13% had color last year, compared with 7.4% in 1965 (an increase of 56%); and 33.8% had sets equipped to receive UHF telecasts last year, compared with 22.8% in 1965 (an increase of 11.0%). The survey showed that 93.4% of U.S. households have a tv set.

□□□□ **Small businesses** displaced by highway construction will be eligible for low-interest, long-term loans and other assistance under a joint program launched by the Small Business Administration and Bureau of Public Roads.



**If you're interested in such mundane things as making money, you'll want to look twice at Sunray...**

## Before we get too famous.

It used to be when somebody asked our name, we'd tell them “Sunray Stove”... then they'd say “Sunray Who?”

When you've been in business for nearly 60 years (making the best darn stoves you can), this sort of thing can hurt a guy. Nobody likes to be nothing. So we've changed the picture.

Today we make a line of gas and electric ranges

we'll stack against any in the business. More than this, we offer you a profit structure so big and gaudy, it's almost embarrassing.

Take our advice: If you're interested in mundane things like making money (the crisp, green, folding kind) take a look at Sunray now... from all angles... before we get too famous.

We may have to raise our prices.

See us in Space 545—American Furniture Mart.

**The Sunray Stove Company • Delaware, Ohio**







The 21-inch round-tube color console



Philco-Ford's smallest b&w portable

## Round picture tubes are back in Philco-Ford's new color line

Philco-Ford unveiled eight color television sets, including four round-screen models and 16 b&w sets in its 1967 television lineup.

The color sets include four 21-inch round-tube wood consoles, ranging in price from \$499.95 to \$529.95. According to Philco-Ford vice president Armin E. Allen, "Competition will be unable to deliver comparable values in large-screen color next spring."

The remaining color sets have conventional rectangular picture tubes: one 22-inch [old 23] model at \$529.95; two 23-inch [old 25] models—one with Contemporary styling at \$579.95, the other with Early American styling at \$599.95; and the Home Theater—a 23-inch [old 25] model that features a color television, an AM-FM radio, and a phono-graph.

The b&w line is composed of small- and medium-screen portables and compacts and large-screen table models, ensembles, and consoles.

The smallest of the new portables—model 1228GY (shown)—has an 11- or 12-inch screen [old 12] and carries an open price listing. Allen says it offers "greater value than anything Philco-Ford has previously offered in this category." (A comparable 12-inch leader introduced last year had a list price of \$99.95.)

Other new b&w sets are: three 18-inch [old 19] models, ranging in price from \$129.95 to \$149.95; two 18-inch [old 19] table models at \$169.95 and \$189.95 (the latter with a stand); and ten 22-inch [old 23] consoles, which start and end with open list models and have a mid-range from \$199.95 to \$249.95.

Philco-Ford's b&w unit sales last year exceeded those of 1965 by 5%. "We are not about to de-emphasize b&w," says Allen.

The new line also includes a stereo console at \$450 and a portable phono-graph/guitar combination at \$99.95. A phonograph/guitar introduced last year lists at \$129.95.

## Zenith adds new tv screen size to its all-rectangular-tube line

Zenith introduced an all-rectangular color television line for 1967, composed of 35 color sets—with five models in a new 20-inch screen size—and 24 b&w receivers.

At the head of the color lineup are five 20-inch [old 22] consoles, which range in price from \$499.95 for a Contemporary unit to \$569.95 for an Early American model (shown below). Cabinets are available in a variety of wood finishes.

A mix of 27 23-inch [old 25] sets are available, including 21 equipped with a new automatic fine-tuning control. Styles range from consoles and table models, which start at \$469.95, to lowboys and 3-way combinations, which start at \$1,050.

There are also three 18-inch [old 19] Decorator compact table sets—starting at \$399.95—which offer roll-about carts as optional equipment.

Prices for the entire color line start at \$399.95 and go to \$1,125 for an Italian Provincial console combination with 23-inch [old 25] color television, an AM-FM stereo radio, and a hi-fi stereo phono.

The b&w line features 16 portables in four screen sizes. They range from a compact 12-inch [old 12] set at \$99.95 to a 20-inch [old 21] set at \$229.95. In between there are: two 15-inch [old 16] portables, which

start at \$119.95; eight 18-inch [old 19] portables with Space Command 300 remote-control systems, ranging in price from \$129.95 to \$219.95; and four 20-inch [old 21] portables, which start at \$169.95.

There are three 22-inch [old 23] table models with built-in dipole antennas, ranging in price from \$179.95 to \$249.95.

At the top of the line are five 22-inch consoles [old 23]—in Contemporary, Danish Modern, Italian Provincial, and Early American styles—ranging from \$199.95 to \$239.95.

Prices for color and b&w models are substantially unchanged from those of last year's comparable models.



Zenith's new 20-inch color screen

□□□□ Home laundry sales skidded during November for the first time in 14 months, and the fourth month in the last 5½ years, according to the American Home Laundry Manufacturers Assn. (AHLMA). After setting new monthly highs in each of the first ten months of 1966, factory sales declined 16% in November, 1966, compared to the same month in 1965. November unit sales totaled 506,000, compared to 605,000 in 1965. Automatic washer sales of 270,000 were down 14%; and dryer sales of 202,000 were down 14%. However, for the first 11 months of 1966, unit sales were up 8% from a year ago; and total sales for the year are still expected to set an all-time record.

□□□□ RCA's color tv set production capacity this year will be three times larger than the 1965 level, as the company shoots for more than \$1 billion in home instrument sales for 1967. The \$1-billion-plus in sales represents a doubling of company sales volume in consumer electronics over the past two years, according to a joint report by Elmer W. Engstrom, chairman of the executive committee, and Robert W. Sarnoff, president.

Color television made the largest contribution to the company's financial progress last year, the biggest in RCA history. The 1966 sales surpassed \$2.5 billion, while profits topped \$130 million. Dollar sales of the Home Instrument Division were up 36% over 1965.

□□□□ What do professionals want in a gas range? To find out, Robert Shaw Controls Co.'s New Stanton Division surveyed over 600 home economics teachers. The results: 206 first-place votes went to the clock-controlled oven; 143 first-place votes were garnered by the double-oven (eye-level) range; 139 top votes went to the automatic top burner. Interesting side-lights: 65% of the teachers stated that they had never cooked on a range equipped with cook-and-hold oven controls, and 35% said they had never used a range with an automatic top burner. There was strong agreement among the teachers about the desirability of these two controls. Nine out of ten indicated that they would want a cook-and-hold oven on a new range; and seven out of ten wanted the automatic burner feature.

□□□□ Philco-Ford cancelled its dealer trip to Venice this summer in favor of a series of meetings in the U.S. (Las Vegas). The reason: the company does not want to contribute to the further deterioration of the country's balance of payments, which has grown to a \$217-million deficit (MW, 21 Nov., p. 6).

□□□□ Hot water at the ready: The National Disposer Co., a division of the Hobart Manufacturing Co., is marketing a kitchen sink device—Instant-Hot—which provides hot water at once. The device is adjustable—from 150 degrees to 190 degrees—and retails in the \$69.95 area. Two sizes of Instant-Hot are available: a 750-watt unit, which provides 60 cups of water per hour, and a 1,000-watt unit, which provides 80 cups per hour, according to the company. Instant-Hot mounts on a sink ledge or countertop, and the company claims it fits any standard sink opening.



Instant-Hot water



## □□□□ New leaders head Motorola's radio drop-ins.

A line of three new solid-state AM table radios starts at \$16.95, compared with \$18.88 for the leader model last year. The two step-up models in polystyrene cabinets weigh in at \$19.95 and \$22.95. A \$21.95 solid-state AM clock-radio kicks off the new 4-model Motorola solid-state clock-radio line, with prices stepping to \$26.95, \$28.88, and \$29.95.

## □□□□ The winning utilities in General Electric's promotion competition are:

Cleveland Illuminating Co., Cleveland, Ohio (dishwashers); Cincinnati Gas and Electric Co., Cincinnati, Ohio (consumer electronics); American Electric Power Service Corp., N.Y., N.Y. (heat pumps); Wisconsin Power and Light Co., Madison, Wis. (home laundry pairs); Rochester Gas and Electric Corp., Rochester, N.Y. (refrigeration); Utah Power and Light Co., Salt Lake City, Utah (room and zonal air conditioners); and Potomac Electric Power Co., Washington, D.C. (ranges).

## □□□□ More prerecorded cassettes will be available

this month. Roulette Records has committed its library to the cassette system and has licensed the Mercury Record Corp. to manufacture and distribute them. Under the new agreement, Mercury will issue 12 new prerecorded cassettes later this month. Roulette is the second company in the past few months to release its catalog to Mercury (MW, 14 Nov., p.8).

## □□□□ Zenith is building a new television facility in

Springfield, Mo., for the manufacture of both color and b&w sets. It is scheduled for completion by mid-summer, 1967. The new 650,000-sq.-ft. plant will also enable the company to increase production of its consumer electronics products. Another new plant, Zenith's 700,000-sq.-ft. color tube facility at Melrose Park, Ill., is expected to be in full production during the first quarter of the new year. The company plans to reach an annual production rate of 2 million color tubes by early this year.

## □□□□ Hardwick's new national service center centralizes all service and training functions of the range

manufacturer. Repair parts can now be shipped to customers throughout the country within 48 hours after they are ordered, according to the company. The new facility is adjacent to the firm's plant in Cleveland, Tenn.

## □□□□ General Electric has subdivided its air conditioning

department: the room air conditioning department is now under the supervision of William B. Clemmens, and the central air conditioning and heating business section is managed by George M. Miesenhelder. In another move, Stanley G. Gault becomes general manager of the household refrigerator department, replacing Fred Holt who becomes deputy division general manager, Components Products Division, Fort Wayne, Ind.

Philip J. Drieci is the new general manager of Hotpoint's refrigeration department, taking Gault's position. All three new GE appointees report to Joseph H. Gauss, GE deputy division manager, refrigeration and air conditioning products.

## It's good-bye to the old— remember the new screen sizes

It is official now—the new screen sizes are here to stay. But hardly anyone has bothered to tell the consumer about it yet.

So, when store doors open tomorrow, retailers will be faced with the first phase of trying to live with the new order—telling their customers what it all means without violating any Federal Trade Commission (FTC) ruling.

Here is what retailers will have to remember: the new dimensions refer to either the viewable area or

the viewable diagonal of the picture tube, and advertisements must state clearly which method is being used. An 18-inch set (old 19) must be identified as an 18-inch diagonal clearly and conspicuously; and a tv set with a 229 area must be identified as a 229-square-inch picture.

The FTC forbids ads which use model numbers incorporating old screen sizes (like 23BT106B for a new 22-inch set) and model names featuring old numbers (like Pace-maker 23 for a new 22-inch set).

### A pocket guide to 1967 screen sizes †

BLACK-AND-WHITE TV						COLOR TV		
Old diag. (inches)	New diag. (inches)	Area (sq. in.)	Old diag. (inches)	New diag. (inches)	Area (sq. in.)	Old diag. (inches)	New diag. (inches)	Area (sq. in.)
3*	3	4	13	12	79	11**	10	60
4*	4	6	14	13	104	14**	13	100
4*	4	9	15	14	103	15	14	102
5*	5	13	16	15	125	16**	14	113
6*	5	16	17	16	141	17*	15	135
7*	7	26	19	18	172	19	18	180
8*	8	36	20	19	184	21	round	267
9	8	38	21	20	212	21	20	227
9	9	42	23	22	282	22	20	227
11	10	60	24	23	332	23	22	270
12	12	74	25	24	327	25	23	295
12**	11	71	27	26	425			
12**	12	71						

†Unless otherwise designated, figures are from the Electronic Industries Assn. JEDEC Electron Tube Council.  
\*Submitted to the FTC as a guide by the Engineering Committee on Cathode Ray Tubes of I.A. Japan.  
\*\*Dimensions supplied by manufacturer, and sufficient data is not available to confirm that they are in accordance with EIA standards.

## Cleveland GE Appliance Centers: New Year's changes—and why

General Electric is writing a new chapter in the saga of its single-line GE Appliance Centers. As a Happy New Year's greeting to its Cleveland, Ohio dealers, GE is not renewing fair-trade agreements, effective yesterday. The official announcement states: "D. P. Beggs, Great Lakes District Manager, has evaluated marketing factors locally and has concluded that operation under the Ohio fair-trade law is not in the best interests of General Electric."

**Why Beggs decided** to drop fair-trade is open to conjecture; he declined to comment further on the official statement. Cleveland dealers say, however, he made the move because GE has lost market penetration, because GE has stood alone in its Cleveland fair-trade program, and because the program was impossible to enforce. Beggs follows George Connor as District Manager, and Connor was the architect of the GE Appliance Centers here.

It is the Centers which can be most drastically affected by the move. In the very beginning, one Center owner (who quickly dropped out of the program) said, "The only way the one-line concept will work is if the dealers are protected by a strong fair-trade program."

Retailers do not see any drastic changes in the market. "I don't think there will be a wave of price cutting," says one Center owner. "But I think GE is giving up one of its greatest strengths in the market." He feels Center managers will be forced to become better business-

men, to let unreasonable customers walk, and to price for a profit.

**What will disrupt the market**, GE retailers feel, will be the refranchising of certain known price cutters. There is no indication that Beggs will refranchise dealers who were dropped for price cutting in the days of fair-trade, but retailers are apprehensive. If Beggs is indeed after penetration—and if a price cutter can give it to him—he may be tempted to add the outlet.

The Appliance Centers are not particularly concerned about their two major GE competitors: the May Co. and the Higbee Co., two department stores. As one Center manager says, "May's will send their shoppers in to check our prices, they'll meet our price, but they won't go under it."

**The effect of the loss of fair-trade protection** is also an open question. "There was not much meat on the bone when it was fair-traded," says one GE dealer, not a Center owner. "For example, we had a leader refrigerator with a 20% gross margin which included delivery and service." This dealer says he will not miss fair-trade, but he will not be selling much GE merchandise either. At any rate, fair-trade has not been enough to make the Appliance Center concept work. There are five Centers left in Cleveland—four of which are owned by one company. This is down from nine this summer. The North Olmstead Center closed this week after Christmas.

—Wallis E. Wood





□ □ **Capitol's Stereo Modulators** are designed to replace conventional speakers used with tape cartridge systems or other electronic components. The Modulator speaker consists of 13 frequency-tuned pipes, each of which varies in length and frequency reproduction. It has a frequency response of 40 to 13,000 cycles per second and creates a full sound without directional blast. The unit measures 10 inches high by 8 $\frac{3}{4}$  inches wide by 6 $\frac{1}{4}$  inches deep and weighs 2 lbs. The suggested list price for a pair of Modulators—including a mounting and installation kit—is between \$49 and \$59. *Capitol Records Distributing Corp., Special Products Div., 1750 North Vine St., Hollywood, Calif. 90028*



□ □ **Tappan's expanded line for 1967** includes new refrigerator-freezers, gas and electric built-in ovens, and a line of kitchen cabinets.

The refrigerator line is composed of eight models, which range in size from under 10 cu. ft. to 22 cu. ft. They feature built-in ice-makers and separate temperature controls for the refrigerator and freezer sections. At the top of the line is a side-by-side unit—model 95577 (shown)—which has a 22-cu.-ft. capacity. It has fully automatic defrosting, a forced-air condenser, and a built-in control for seasonal temperature adjustments. Other features include 3-tier butter and cheese compartments in the refrigerator door and a juice dispenser and bookshelf storage section for frozen foods in the freezer door.

Other refrigerators in the line include a second 22-cu.-ft. unit—model 95-557—which comes without the automatic icemaker; a 20-cu.-ft. unit—model 95-527—which carries most of the same features as the larger models; and two apartment-size units model 95-267 and model 95-167—which have 12.1-cu.-ft. and 9.9-cu.-ft. capacities, respectively.

Side-by-side models are available in four colors: provincial, avocado, coppertone, and white; the others only in coppertone and white.

Tappan's electric built-in ovens feature a choice of doors with Hide N' See glass windows or changeable color panels. A deluxe double oven comes with a full-width fluorescent work light that also serves as a night light. The two ovens permit simultaneous baking and broiling. The top oven is chrome-lined and has a removable chrome broiler spatter shield and oven bottom. The line consists of seven models—six with swing-door styling and one with drop-door styling.

A built-in gas oven—model 12-666—offers Plan-O-Matic cooking and Char-Krome broiling controls. All the gas units feature removable oven bottoms that are guaranteed for the life of the range. Oven doors lift off for easy cleaning, and most models also offer an optional kit for installing a rotisserie.

The oven line is complemented by five new cooktop units: two 26-inch models, two 33-inch models, and one 42-inch model. One of the 26-inch models features Set N' Forget burners; the other offers Tappan Vitamin Saver burners, which have Keep-Cook and Simmer-Set controls.

A Designer line of cabinets being introduced by Tappan provides three kitchen decors from one basic cabinet line. The cabinets have reversible panels, which are available in Mediterranean, Oriental, and Contemporary styles and in colored or textured laminated plastic. *The Tappan Co., Mansfield, Ohio*

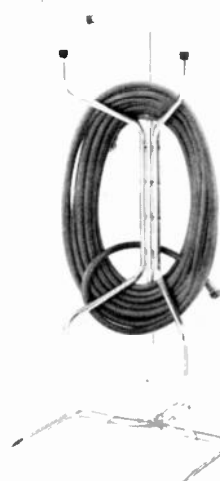
□ □ **A stereo cartridge tape recorder** that accommodates standard 4-track cartridges is being offered by Telephone Dynamics. The unit—called the Nassau Mark III—operates on 110v AC current or on 12v DC current and records from a phonograph deck, a radio, a tv set, or a microphone through standard plug-in jacks. Other features include monitoring jacks, illuminated recording level meters, and an automatic shut-off. The unit measures 5 $\frac{1}{4}$  inches high by 7 $\frac{1}{2}$  inches wide by 8 $\frac{1}{2}$  inches deep. It carries a suggested retail price of \$295. *Telephone Dynamics Corp., No. Bellmore, N.Y.*



□ □ **Arvin's tape recorder console** is housed in a Contemporary-styled walnut veneer cabinet, which measures 24 inches by 24 inches by 15 $\frac{1}{2}$  inches. The stereo unit—model 86L48—has hyperbolic-designed tape heads for better tape contact; inputs for recording from a microphone, a phonograph, or a tuner; two VU meters; two 6-inch side-projected speakers; and solid-state circuitry. Suggested list price—including two slim-styled dynamic microphones—is \$259.95. *Arvin Industries Inc., Columbus, Ind.*



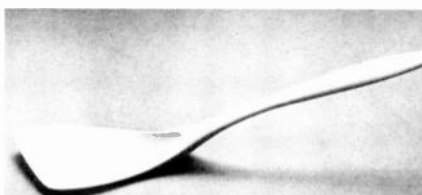
□ □ **Culinary adventures** in the great outdoors are made possible with the 2-burner Porta Chef portable propane cookstove, which carries and folds with suitcase ease and includes two king-size fuel cylinders for up to 14 hours of burning time. The suggested retail price is \$22.95. *Bernz-Omatic Corp., 740 Driving Park Ave., Rochester, N.Y. 14613*



□ □ **Converta-stand Hose Rack**—introduced by Hall Industries—is made of lightweight steel tubing and has been designed for easy assemblage into a free-standing unit (for use on level ground surfaces) or into a ground insertion unit (for sloping or terraced surfaces). The rack holds 100 ft. of  $\frac{3}{4}$ -inch garden hose and retails at \$5.49. *Hall Industries, 2323 Commonwealth Ave., North Chicago, Ill. 60064*

□ □ **A slicing duo** from Lifetime Cutlery—a twin-blade parer/peeler knife and an all-purpose and frozen food knife—is introduced as part of the Eversharp line. Both knives have Sheffield steel blades and ebony-color handles with a sparkling silver foil inlaid design. A colorful gift box is included. The knives retail at \$1 each. *Lifetime Cutlery Corp., 54 Knickerbocker Ave., Brooklyn, N.Y.*

□ □ **Flowers guaranteed to grow** in the spring and all year round come in a new roll-out, pre-seeded Jiffy Planter flower garden, which carries a retail price of 98c. *Union Wadding Co., Archibald Sales Div., Pawtucket, R.I. 02862*



□ □ **Cook 'n Serve**—that's the word from the Hutzler Manufacturing Co., as it presents a new line of molded, bone-white melamine turners, spoons,

and forks. Designed with Teflon-coated cookware in mind, the Cook 'n Serve units carry suggested retail prices of 89c and 98c. *Hutzler Mfg. Co., 21st St., Long Island, N.Y. 11101*

□ □ **Aqua Chair**—for use in pools and lakes—is introduced by Queen Products. The unit is made of blue and white styrene foam with gold anodized aluminum tubing, and retails for \$29. *Queen Products Co. Inc., 1234 Rowan St., Louisville, Ky.*



□ □ **A bit of Americana** comes with the Olde Forge Barbecue Utensil Set, which includes three stainless steel implements—a Hamburg Turner, Chef's Knife, and Fork—that are double-brass-riveted to antiqued hardwood handles. The set retails at \$4.98. *Washington Forge Inc., 28 Harrison Ave., Englishtown, N.J.*

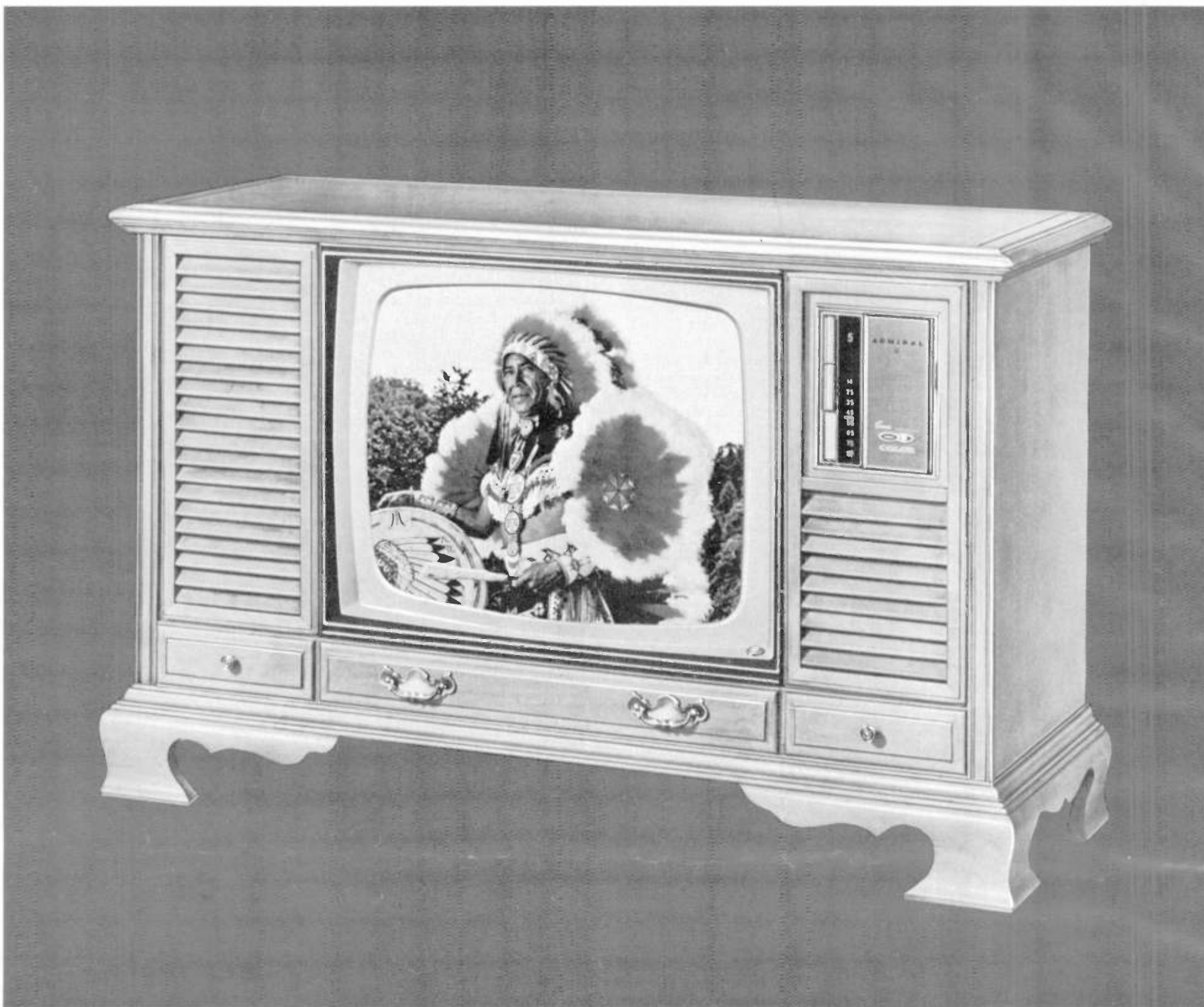
□ □ **Glaser's Brazier Bar-B-Q Grill** has a rotisserie mount that is horizontally adjustable to three positions, placing the meat under the hood. The rear position rotisserieizes all cuts of meat and uses less charcoal, as the heat is trapped inside the hood. The unit lists at \$19.98. *Glaser Products Corp., Div. of Buddy L Corp., 20 Fifth Ave., New York, N.Y.*



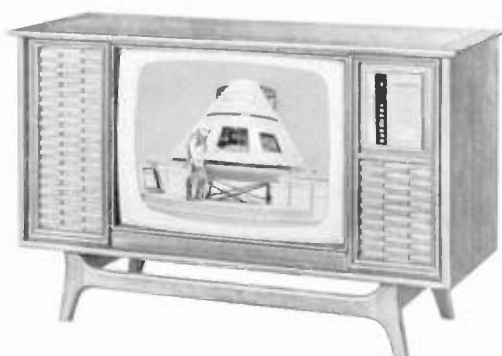
□ □ **A table in the round** from Imperial Industries features a 30-inch-diameter lazy Susan swivel top in a white flitter pattern. Finished in bronzetone baked-on enamel, the table stands on 1-inch tubular legs that taper to  $\frac{3}{8}$  inch at the bottom. The table is 29 inches high and has a suggested retail price of \$19.95. *Imperial Industries, 1322 N. Elston Ave., Chicago, Ill. 60622*

□ □ **Pebble embossed aluminum** adds new style to a line of folding tables introduced by Garco Manufacturing. The tables feature V straps, chromate legs, concealed hinges, and luggage corners. Model 120 measures 24 inches by 6 inches and carries a suggested retail price of under \$13.95; model 150 is 30 inches by 72 inches and retails for under \$17.95. *Garco Mfg. Co., 744 N. Ada St., Chicago, Ill. 60622*





Shown above, Admiral 23" Color TV LK6515, with Hideaway Control Center, Power Tuning, Admiral Color Sonar, two speakers. In Early American styling, genuine maple veneers.



**Admiral 23" Color TV LK6511**, with Hideaway Control Center, Power Tuning, Admiral Color Sonar, two speakers, Color Fidelity Control. In Danish Modern styling, genuine walnut veneers.



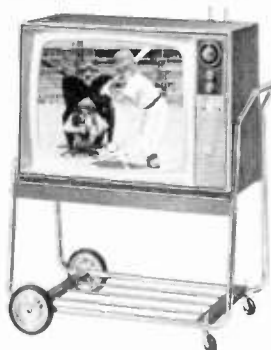
**Admiral 23" Color TV LK6533**, with exclusive Tilt-Out Control Center (pat. pend.) with Power Tuning, exclusive Color Fidelity Control. In Spanish Provincial styling, genuine oak veneers.



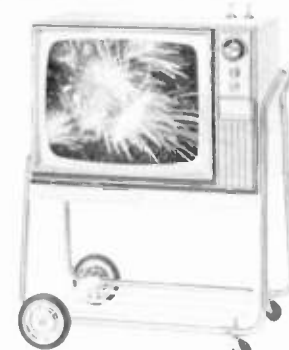
**Admiral 23" Color TV LK6541**, with exclusive Tilt-Out Control Center (pat. pend.) with Power Tuning, exclusive Color Fidelity Control. In Danish Modern styling, genuine walnut veneers.



**Admiral Color Stereo Theatre SMNS6731**, with 23" Color TV, Color Fidelity Control, solid-state stereo with FM/AM, FM stereo radio. Admiral Color Sonar. Contemporary cabinet, sliding doors. Popular Early American styling.



**Admiral 20" rectangular Color TV** with its own matching roll-about stand, Color Sonar Remote Control, Color Fidelity Control in walnut-grained finish on metal, TNCS2011, or white linen vinyl clad, TNCS2014.



**Admiral 18" rectangular Color TV** with its own matching roll-about cart, Color Sonar Remote Control, Color Fidelity Control, in star brown, TNCS2916, walnut-grained finish, TNCS2911, or white linen vinyl clad, TNCS2924.



Admiral Color TV, with the most convenient color controls ever, lets you

# Tune up sales!

Easy tuning, easy selling, with the new Admiral line of smart Color TV!



Admiral Color Sonar gives infinite (not step) control of color intensity and tint . . . plus off-on, volume and channel selection. All from across the room!



Admiral Tilt-Out Control Center. Tilt out for perfect, stand-up control of all color TV functions. No bending or stooping. Everything's handy, at just the right angle, at owner's fingertips. Tilt in for the fine-furniture beauty look. No knobs show! Only two slim power-tuning bars remain in view, readily accessible for instant on-off and volume control.



Your customer will sell himself when he steps up and takes control, the handy Admiral way! Admiral Tilt-Out Control Center (pat. pend.) . . . Admiral Power Tuning . . . Admiral Color Sonar full-function wireless remote control . . . three great Admiral tuning features . . . all highly demonstrable!

Sell Admiral quality Color TV, the one that creates sales by creating excitement in the showroom, in a variety of screen sizes, cabinet styles and furniture finishes, at suggested retail prices from less than \$350.

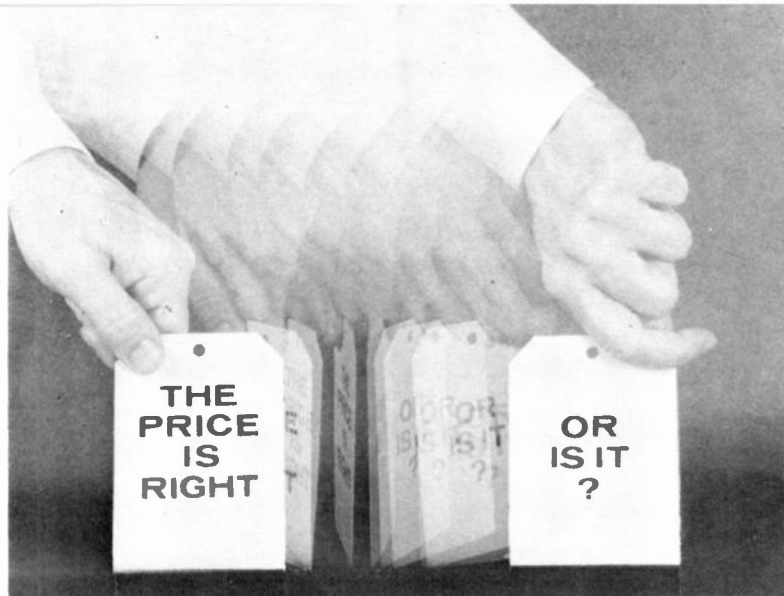
# Admiral®

MARK OF QUALITY



THROUGHOUT THE WORLD





"How much is this range?" asked the lady.  
"\$214.95," said the salesman.  
"I'll take it," said the lady, "the price is right."

The retailer who set the price thought so, too.  
But he was wrong. Wrong because:  
—it did not include enough margin.  
—it came from outside (maybe from a distributor,  
or a competitor's ad, or from another customer).  
—it was only \$50 over cost.  
—it was not right for the market.

What was missing was strategy. Here, and on the following pages, is a step-by-step analysis of the kind of pricing strategy successful retail executives live by in order not to lose their shirts.

by Wallis E. Wood

Cover photo by Robert M. Denelsbeck

## The key to setting prices

Smart retail executives know how to price because they know what it costs to run the business. New York City is an expensive place to run an appliance-tv business; key men say they need at 26%-to-27% gross margin to cover expenses. A well run store in Washington (D.C.) can get by on 22%. A Cleveland retailer says any store doing over \$1 million a year needs a 25%-to-26% gross margin.

Where do these numbers come from? Off a worksheet—like the one reproduced below. The figures on the sheet are based on the most recent Costs of Doing Business Survey conducted by the National Appliance & Radio-TV Dealers Assn.

Assume this retailer will sell \$1 million worth of goods. The merchandise will cost him \$720,400. This leaves him with \$279,600 to pay his expenses and return a profit. This is the same as a 27.96% gross margin. (For a quick review of the difference between margin and markup, see the middle box at the right.)

The retailer wants to know what his expenses are in relation to sales and where his break-even point falls, because when he knows these, he knows how to price and he knows what will happen when sales change. The first thing he does is break down his expenses. He then separates the expenses into fixed and variable columns.

A fixed expense is one the store has whether or not it sells anything. A variable expense is one that goes up when sales go up, goes down when

sales go down. Some expenses are partially fixed and partially variable. This worksheet assumes under "office salaries" that some of the help (\$13,000 worth) is permanent and that some (\$6,600) could be laid off if sales were soft. When in doubt whether an expense is fixed or variable, the retailer should put it in the "fixed" column.

Different kinds of stores incur different expenses. A mass merchandiser, for example, may not have any service, delivery, vehicle, or shop equipment expense. And different stores may treat the same expense differently. If the salesmen all work on straight salary, for example, "salesmen's compensation" would be a fixed rather than a variable expense. But it is important that store management know true costs, both to bring the costs into line and to set prices. Unfortunately for the industry's stability, too few independent dealers know their costs.

Managers of department store hard goods departments struggle with the problem of true costs. Appliance and tv departments are usually charged with traditional department store expenses—like "workroom costs"—which they do not actually incur. Because they have high costs, these departments need relatively high margins (although the margins they get are lower than soft goods departments), yet show low profits. Managers of these departments sometimes use their high cost figures to convince suppliers they need extra allowances. Few top department store managements have been willing to rock the accounting department's boat by accounting for the appliance and tv departments more realistically, since a change would mean instituting a second accounting system.

Once the retailer breaks out his expenses and separates them into fixed and variable, he can figure his break-even point. To use the numbers from the worksheet: the total variable expense budgeted is \$129,400, or 12.94% of sales (\$129,400 divided by \$1 million). The total gross margin budgeted is \$279,600, or 27.96% of sales.

Subtract the variable expense ratio (12.94%) from the total gross margin ratio (27.96%) to determine the marginal income ratio (15.02%). When the retailer divides his fixed expenses by his marginal income ratio, the answer is his break-even point. To continue with the example: \$116,800 (fixed expenses) divided by .15 (15.02% rounded off) equals \$778,666. When sales exceed \$778,666 (assuming costs stay the same), the store makes money. When sales go below this figure, the store loses money.

The break-even point can be plotted on a simple chart, as it is at the top of the next page. The fixed expense, because it does not change, is a horizontal line at \$116,800. The gross margin line rises from nothing (when sales are zero, margins are zero) to the budgeted \$279,600. The total expense line rises from \$116,800 (when sales are zero, there are no variable expenses) to \$246,200. Where the gross margin and total expense lines cross is the break-even point. The difference between total expenses and gross margin on the right side of the chart is the store's profit.

Once the retailer has figured his annual break-even point, he can divide it by 12 to find his monthly break-even point—his monthly "nut." (He can even divide it by 300 to find

### How to separate fixed and variable expenses

Item	Budget	Nature of expense items	Fixed expense	Variable expense
Net sales	\$1,000,000			
Cost of goods sold	720,400			
Gross margin	279,600			
Operating expenses, total	246,200			
Administrative expenses, total	186,000			
Owner's salary	29,500	F	\$ 29,500	
Office salaries	19,600	SV	13,000	\$ 6,600
Payroll taxes (S.S. & U.C.)	6,500	SV	3,250	3,250
Salesmen's compensation	56,800	V		56,800
Servicemen's wages, expenses	17,000	SV	11,000	6,000
Delivery, warehouse salaries	22,800	F	22,800	
Vehicle maintenance	8,700	V		8,700
Vehicle depreciation	6,500	F	6,500	
Office, store supplies	5,700	SV	2,850	2,850
Credit, trade information	1,100	V		1,100
Collection costs	6,800	V		6,800
Miscellaneous admin. expense	5,000	SV	2,500	2,500
Occupancy expense, total	21,400			
Light and heat	2,800	F	2,800	
Janitor service	1,000	F	1,000	
Rent	17,600	F	17,600	
Advertising expense	27,100	V		27,100
Bad debt losses	1,000	V		1,000
All other expenses, total	10,700			
Taxes, except on property, income	2,500	F	2,500	
Interest	6,200	V		6,200
Shop equipment depreciation	1,000	F	1,000	
Miscellaneous other expense	1,000	SV	500	500
Net operating profit	33,400			
Fixed expenses, total			\$116,800	
Variable expenses, total				\$129,400

F=Fixed SV=semi-variable V=variable



a daily nut.) Some retailers after they have cracked their monthly nut, cut prices and work on moving volume. This can be risky, however.

It is an unusual sales force that can fight for a top dollar until it makes the break-even point, negotiate during the last few days of the month, and go back to fighting for a full margin at the next month's beginning. If the sales force is unusual, or if the owners do most of the selling, this may not be a problem. Also, as volume rises, fixed expenses tend to rise; when this happens the ratios have to be refigured. Finally, to tinker with prices this way, a retailer needs accurate and timely records. If his costs or margins are off, his break-even point will be off.

For example, suppose the store is only able to maintain a 26% average gross margin. Fixed expenses stay the same, \$116,800. The variable expense ratio is still 12.94% of sales, but when this is subtracted from the gross margin, the marginal income ratio is now 13.06%. Divide \$116,800 by .13 for the new break-even point: \$898,461.

If the retailer brings his costs down, he lowers the break-even point—and can operate on lower gross margins. But there are some iron laws of economics no retailer can escape. Margins must cover expenses or the store cannot stay in business. Unless a retailer knows his costs, he cannot set adequate margins.

A retailer must put short, or non-existent, margins on some items, but the difference between what he should have made and what he actually makes must be made up somewhere else. For example, a retailer sells a portable tv set for \$100; it cost him \$89, so he made 11% gross margin. If he wants to average a 27% gross margin, he must make the \$22 he did not make on this sale elsewhere. One way is to add 32% to a tv set that costs \$149, charging \$222 (or \$224.95) instead of \$202 (or \$199.95).

There are other ways to make up for short margins. One way is to allow short margins in the appliance, tv, and housewares departments and take long margins in soft goods and other departments. This is fine when a store has other departments, and as long as customers associate low appliance and housewares prices with low prices generally.

Another way is to negotiate for extra allowances when the retailer buys the merchandise. The price on the supplier's price sheet is one thing; what the retailer ultimately pays is something else. Among the items negotiated are:

- Extra co-op money: "key market money," which may or may not be used for ads.
- Extra rebates through captive finance companies.
- Extended financing; inventories financed for as long as five years.
- Spiffs and push money, which tend to reduce the cost of selling.
- Distributor close outs.
- Dealer trips, where the cost of the trip comes out of the merchandise cost.
- Distributor salesmen who work the dealer's floor.
- Extra merchandise: 13 for 12, free tv carts, etc.

Anything that adds dollars to the business or reduces the cost of selling, allows the retailer to work on shorter merchandise margins.

The retailer need not work on short margins if he can convince

his customers he is worth higher prices than his competitors. A store that has free delivery and installation, its own service department, large displays, and other consumer services *should* make longer margins than a store that does not offer the same benefits. At the same time, a store must be competitive, and this means intelligent pricing.

## Pricing for a trade-in

Here are four basic pricing strategies:

1. Full cost pricing. Assign each item a selling cost and a profit percentage. Items that do not cost much to sell, like housewares, have short margins. The system fails when the retailer is not able to accurately assign costs.

2. Gross margin pricing. There are two variations. One way, the retailer adds a fixed margin to every item. If he needs 23% to cover expenses and wants a 3% profit, he adds 26% gross margin to everything. The fixed percentage on everything will probably mean he is not competitive on some items, however. In the second variation, he adds a varying percentage that depends on market conditions, costs, profits, and projected volume.

3. Going rate pricing. There are two variations. In the first, the retailer uses distributor or manufacturer suggested list prices. In the second variation, although hardly a strategy, he uses competitors' ads to set his prices.

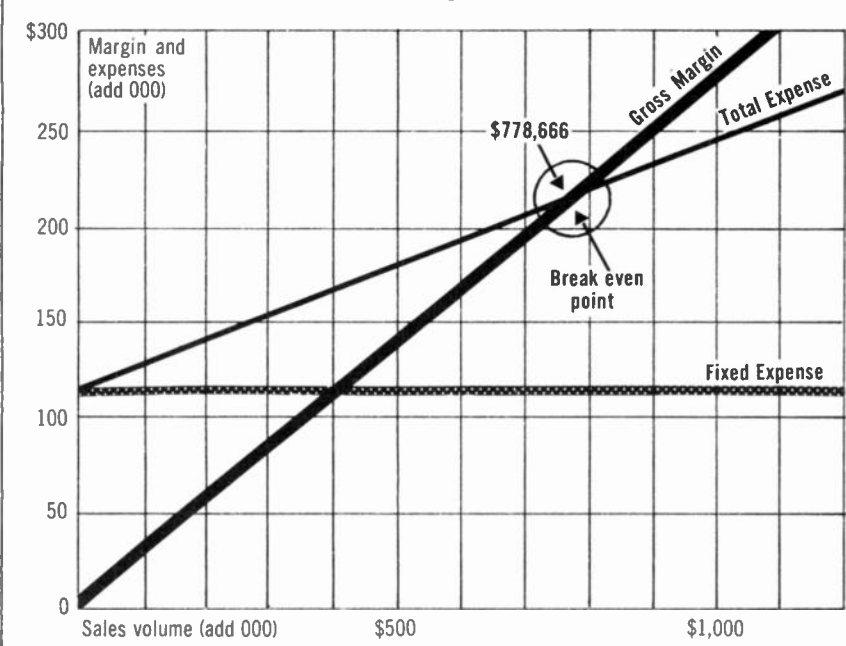
4. A combination of the various strategies. There are some lines and some items on which it is possible to make a fixed gross margin. And for some models, a retailer may have to follow his competitor's ads. It does not make any particular difference how a retailer prices as long as he knows what he is doing, as long as he knows why he is doing it, as long as he knows the alternatives, and as long as he makes money.

Here is a way to price a refrigerator line. The retailer divides the refrigerator line into three categories: leader, middle, and high end. He then checks his inventory records to see what his mix has been: what percent of sales have been in leader models, what percent have been in middle models, and what percent have been in high-end models.

The more leader models a retailer sells at short margins (margins which do not cover expenses and show a profit), the more models he will have to sell at long margins. The fewer leader models he actually sells, the lower his margins can be on these models. Indeed, some retailers know they can set impossibly low prices on leader models as long as their salesmen can sell away from these models.

Once the retailer establishes his mix—not only what he has sold at each price point, but what he wants to sell—he sets his margins. Since he is going to take trades (assume he knows how to make money on reconditioned merchandise; besides, taking trades is one way to beat Sears), he sets margins two or three percentage points lower than they would be without a trade. The idea is that a woman who is buying a high-end refrigerator should feel she is getting a top price for her old reefer. Many retailers do not take a trade on a leader unit, which keeps

### Where the break-even point falls



### How to find margin and markup without a wheel

**Margin is always a percentage of selling price.**  
**Markup is always a percentage of cost.**

To set a margin-based selling price, use this formula:

Subtract the margin you desire from 100%, then divide the remainder into your cost. For example, if you desire a 26% gross margin on merchandise that cost you \$200, here is how it would work out, step by step:

Step 1:	Step 2:
subtract the desired margin from one hundred percent	divide the remainder percentage into what the merchandise cost you
100%	
- 26% (desired gross margin)	
74% (remainder)	
	\$256.62 (the selling price you should set)
	74% √ \$200 (what the merchandise cost you)

To set a markup-based selling price, use this formula:

Multiply the markup you desire by your cost, then add the result to your cost. For example, if you desire a 26% markup on merchandise that cost you \$200, here is how it would work out, step by step:

Step 1:	Step 2:
multiply the desired markup by your cost	add the resulting dollars to what the merchandise cost you
\$200 (cost of merchandise)	\$200 (what the merchandise cost)
× 26% (desired markup)	+ \$ 52 (markup dollars)
\$ 52 (result)	\$252 (the selling price you should set)

### How discounts affect margins and markups

Gross Margin Percentage	Equivalent Markup Percentage	After discounts of:							
		10%		15%		20%		25%	
		Mar-gin	Mark-up	Mar-gin	Mark-up	Mar-gin	Mark-up	Mar-gin	Mark-up
36%	56.2%	28.9%	40.6%	24.7%	32.8%	20.0%	25.0%	14.7%	17.2%
35	53.8	27.8	38.5	23.5	30.8	18.8	23.1	13.3	15.4
34	51.5	26.7	36.4	22.4	28.8	17.5	21.2	12.0	13.6
33	49.2	25.6	34.3	21.2	26.9	16.3	19.4	10.7	11.9
32	47.1	24.4	32.4	20.0	25.0	15.0	17.6	9.3	10.3
31	44.9	23.3	30.4	18.8	23.2	13.8	15.9	8.0	8.7
30	42.8	22.2	28.6	17.6	21.4	12.5	14.3	6.7	7.1
29	40.8	21.1	26.8	16.5	19.7	11.3	12.7	5.3	5.6
28	38.8	20.0	25.0	15.3	18.1	10.0	11.1	4.0	4.2
27	37.0	18.9	23.3	14.1	16.4	8.8	9.6	2.7	2.7
26	35.1	17.8	21.6	12.9	14.9	7.5	8.1	1.3	1.4
25	33.3	16.7	20.0	11.8	13.3	6.3	6.7	—	—
24	31.6	15.6	18.4	10.6	11.8	5.0	5.3	LOSS	LOSS
23	29.9	14.4	16.9	9.4	10.4	3.8	3.9	LOSS	LOSS
22	28.2	13.3	15.4	8.2	9.0	2.5	2.6	LOSS	LOSS
21	26.6	12.2	13.9	7.1	7.6	1.3	1.3	LOSS	LOSS
20	25.0	11.1	12.5	5.9	6.3	—	—	LOSS	LOSS
19	23.5	10.0	11.1	4.7	4.9	LOSS	LOSS	LOSS	LOSS
18	22.0	8.9	9.8	3.5	3.7	LOSS	LOSS	LOSS	LOSS
17	20.5	7.8	8.4	2.4	2.4	LOSS	LOSS	LOSS	LOSS
16	19.0	6.7	7.1	1.2	1.2	LOSS	LOSS	LOSS	LOSS
15	17.6	5.6	5.9	—	—	LOSS	LOSS	LOSS	LOSS



market will allow it, base the margin on the cost with the service. If the market is tough, if the retailer wants to be tough, base the margin on the merchandise cost, then add the service.

When a percent does not work out to a natural figure, move up to a logical price point. Price steps between models should be clear to consumers. The lower the price, generally, the shorter the step possible. It is easier to step from \$229 to \$259 than from \$129 to \$159. Refrigerators usually take \$20 steps, although some feel it is possible to take \$30 steps. The longer the steps the salesmen are able to take, the fewer models a store will have to stock.

When a salesman quotes a "with trade" price, he should be prepared to charge \$30 or \$40 more to the customer who does not have a trade-in. The retailer should make a point of picking up the traded-in unit. Customers tend to wonder about the integrity of retailers who make a point of negotiating a trade price and who, when the contract is signed, say, "Keep the old box. We really don't want it."

Pricing without a trade

these margins from being even lower than they already are.

One way to set margins is to set short margins on leader models (8% to 12% gross), longer margins on middle models (18% to 22%), and the longest margins on high-end models (24% and up). This is usually the way manufacturers work their suggested list prices.

Another way to price is to put short margins on leader models, longer margins on the high-end models, and the longest margins on middle-of-the-line models. The idea is that the retailer makes the most money where he has the most movement.

These percentages are based on what the merchandise cost; they do not take into account rebates, incentives, or anything else that brings down the merchandise cost. If service is included in the price, and the

What is wrong with putting a hundred dollar bill on a color television set? Retailers do it every day. It is a nice round figure, it is more than most retailers make on most sales, and it is easy to calculate.

It is wrong because it has no relation to the cost of running the business, and no relation to the color tv retail price structure.

There are still retailers who say, "You can't put a percentage in the bank." Dollars may go in the bank, but percentages control the business. The percentages tell a man whether he is doing well or poorly, and, as long as he maintains some perspective, they are invaluable tools.

The retailer who puts \$100 on a color set that cost him \$350 makes 22% gross margin—high for a leader. When he puts the same \$100 on

a set that cost him \$500, he makes 16.5% gross margin—low for a set selling in the middle of the line.

Price philosophies generally originate at the factory, even among companies with independent distributors. One reason why many retailers do not price home entertainment products for a trade—or why they try to steal the trade—is because supplier-suggested list prices do not leave enough room for a trade. Since most retailers sell below list anyway, something has to give. (In markets where fair-trade is effective, the retailer's price policies are not as important as the distributor's.)

A retailer would be foolish, however, to blindly follow his suppliers' suggestions. The chart on this page shows actual dealer costs, factory suggested list prices, and the suggested list prices of one of the manufacturer's independent distributors. The gross margin percentages show how widely the manufacturer's published list prices and his distributor's prices vary. The chart also shows how margins change from leader models to high-end models. And it also seems to indicate a retailer would be better off selling radios than portable tv sets or color tv sets; model for model the margins are better.

As a matter of fact, a retailer would be better off if—a big if—he could maintain prices and sell enough. Since it is unlikely any retailer could sell enough radios to generate the dollars he needs to run a business (even though the percentage gross margin on each sale might be respectable), it is not recommended that a retailer give up tv sets for radios.

The factory's suggested list prices shown on the chart are for one market, while the distributor's prices are for another market. It indicates that retailers in different markets pay very different prices. Hopefully, the retailers who buy in the market where the factory's prices apply make more than 14.3% on a portable tv set, or 20.1% on a \$550 color tv set.

The dealer costs shown are for volume accounts. The small man pays 3% to 5% more, which reduces his margins—even at list prices—by a couple of percentage points. Since the big account has a larger overhead, and since it is proportionately cheaper—the argument runs—to sell a big dealer, manufacturers and distributors are able to justify this differential.

The differential means that the small retailer must watch his costs so that he can live with the shorter margins. He can also try to sell for more than his large competitors and try to justify his higher prices to his customers. But large or small, a retailer should figure the margins his suppliers suggest to see whether he can live with them. Of course, he may not want any margin at all.

Pricing for traffic

A sale need not make money for the store, but it had better do something else. One New York housewares buyer tells of running a three-day special sale at several suburban stores, using suburban newspapers, in which he featured a GE toaster at about \$2 under his cost. "We lost \$1,800 on that one item during the sale," he says nonchalantly.

This man had a specific purpose, however: to build traffic at his suburban branches. Smart stores that price for traffic or price for an image do so carefully. They pick limited models, run the price for a limited time, and raise the price back up quickly. Sluggish competitors get burned when they follow the leader down but do not go back up when the leader goes back up.

Housewares departments generally have been more successful in cutting their costs than major appliance and home entertainment departments. They are able to use factory people (demonstrators) as sales help, trim inventories, and eliminate delivery costs. And it is possible to make up in volume what one loses in margin if costs can be kept down. Many retailers run into difficulty, however, because, with most products, as volume goes up, costs also go up.

Another way to price for traffic is to put a hot price on a major appliance or tv set. The salesman sells away from the advertised unit. A retailer who does this, however, should be careful that his advertising is not "bait." The Federal Trade Commission frowns on bait advertising.

When the price is not right

Retailers sometimes look at a large competitor and wonder how he can exist on the prices he charges. What happens when a big store cuts a price, and why can't a small store do the same? When a price is not right, the answer may be: cut it. Or the answer may be something else. But to know what to do, a manager must understand what is happening.

A few large retailers are strong enough to say to a supplier, "We think your model XYZ refrigerator will sell in our market for \$229. Since we need a 28% gross margin, we'll pay \$164 each—and, to start with, take five carloads."

The supplier may argue that he built the unit to retail for \$259, and did not expect to sell it for \$164. But if he wants the retailer's volume, floor space, and advertising power—and if he knows the retailer can turn to another supplier—he will take the deal.

A supplier may offer his key accounts derivative or exclusive models. Derivatives cannot be shopped and are usually cheaper for the retailer than standard models. Some major appliance derivatives are 4% cheaper than comparable units.

Where does the giant retailer get his \$229 figure? He knows what similar models sold for last year, and usually tries to come in under that price. He watches Sears Roebuck's prices and constantly tries to price close to Sears. And in some cases, it has been suggested, the retailer knows the manufacturer's production and distribution costs—and the profit the supplier should earn.

A large store does not cut a price to create a market, but rather to take over an existing market. Suppose a new product comes out: a 25-inch color tv set, a no-frost refrigerator, a slicing knife. The distributor sells the product to all his retailers who advertise the item at or near the price suggested by the distributor. Gradually people learn about the product; a market is created.

Suppose the product is a 25-inch color tv set, and after a few months

How manufacturers and distributors set prices

Features	Dealer Cost	Factory's suggested list price	Margin with factory list	Distrib's suggested list price	Margin with distrib list
<b>AM Table Radios</b>					
Plastic cabinet, 4 tubes, tube rectifier, 4-inch speaker	\$ 10.47	\$ 12.95	19.1%	\$ 13.95	24.9%
Plastic cabinet, 4 tubes, tube rectifier, 4-inch speaker	11.91	14.95	20.3%	17.95	33.6%
Plastic cabinet, transistors, 4-inch speaker	15.02	19.95	24.7%	21.95	31.6%
Plastic cabinet, transistors, a 5-inch and a 4-inch speaker	18.46	24.95	26.0%	25.95	28.9%
Walnut-grain plastic, transistors, two 4-inch speakers	22.12	29.95	26.1%	33.95	34.8%
<b>Portable Television Sets (19-inch, b&amp;w)</b>					
Plastic cabinet	\$112.97	\$129.95	13.1%	\$139.95	19.3%
Plastic cabinet with vinyl paint	119.97	139.95	14.3%	149.95	20.0%
Plastic cabinet with vinyl paint	129.97	149.95	13.3%	169.95	23.5%
Textured vinyl on metal cabinet	145.97	169.95	14.1%	219.95	33.6%
<b>Color Television Sets (21-inch)</b>					
Lowboy in hardwood veneers	\$389.50	\$439.95	11.5%	\$485.00	19.7%
Console in hardwood veneers	404.50	469.95	13.9%	520.00	22.2%
Contemporary lowboy in hardwood and veneers	419.50	499.95	16.1%	559.00	25.0%
Deluxe Danish lowboy in hardwood and veneers	439.50	549.95	20.1%	599.00	26.6%



the market is buying 100 sets a month from 10 retailers who are all advertising it at around \$579.95. Then the key account cuts the price to \$549.95. The consumer who was considering the set at \$579.95, and who would have bought it from his neighborhood tv dealer, now goes downtown to buy it for \$549.95.

The big retailer, who was selling 35 sets a month when they were \$579.95, now sells 70—and buys this model in carloads. He has cut his margin from around 26% to around 21.5%, but if his volume goes up enough, this may not hurt. If it does hurt, he may pry something extra out of the supplier; he is, after all, giving the distributor volume.

If the giant's competitors all cut their prices a day or two after he cuts his, they may be able to destroy his advantage. The small man, however, is in no shape to cut prices indiscriminately. Suppose he bought 50 of these sets—a three-month supply. They cost him \$430 each, \$21,500 altogether. If he had sold them all at \$579.95, he would have taken in \$29,000, or a gross margin of \$7,500 (26%). Part of this covers his expenses, however. Say his expenses are 23% of sales.

This means that only 3% of his total sale of \$29,000 is profit; the rest covers the merchandise cost and expenses. If he sold all 50 sets at full margin, only the last \$980 would be profit; only the last two sales make a profit. The first 48 sales pay for the merchandise and overhead. If he has to cut price to meet competition, or if he casually cuts a price to make a sale, he is cutting profit.

When a giant competitor cuts a price, the small man's best strategy may be to cut also, to clean out his inventory, and weaken the big retailer's advantage. If the giant goes back up, his competitors should follow. But if there is simply no margin in a model or a brand, the retailer is foolish to keep buying and selling it. Keep one model on the floor priced competitively, but sell something else, something that carries some profit.

It is not easy to make up price cuts in volume. If a store is regularly making 25% gross margin and cuts its prices 15%, it will need a 113% increase in dollar volume, or a 150% increase in unit sales to maintain the same gross profit.

One way to move a slow-selling model is to cut its price, but another way is to adjust the prices around the slow-mover. Suppose the retailer is overstocked in refrigerators retailing for \$249.95. He is also displaying models selling for \$229.95 and \$269.95. If he raises these two prices \$10 each, the salesman's steps are now \$239.95, \$249.95, and \$279.95. The price change by itself does not make the slow-moving model sell, but it focuses attention on it and gives the salesman a value story to tell prospects.

The smart retailer will use the same technique when he has a model that is selling exceptionally well. Bring the prices of the two nearest models closer to the bestseller so the salesman can easily step away from the hot model.

A model that is selling exceptionally well, however, may be priced too low. A retailer is in business to make money. The successful businessman cuts his losses and maximizes his profit opportunities. The extra gross margin a retailer is occasionally able to make on a hot model or on a good buy will go to cover losses he takes elsewhere.

## What the price tags do

A pricing decision is a merchandising decision, and a store management should give as much thought to prices as it gives to advertising, display, buying, sales training, and all the other elements of retailing. And a manager should give almost as much thought to the way he tags the merchandise as to how he prices the merchandise.

All the tags illustrated are interchangeable; they could all go on the same item. A tag that is appropriate for one store is not the best for another. Tag "a," for example, is used by a store that has a lot of traffic and many shoppers. The merchandise is clearly tagged so the salesman does not have to leave a customer dangling while he goes to look up a price, but price shoppers are frustrated.

Tag "a" is based on the code words CANDY STORE where C is 1, A is 2, N is 3, and so on. ACY therefore tells the salesman 215, which he quotes to the customer as \$214.95. Another common code is based on the words FRANK SMITH, but any 10 letters will do.

Tag "b" is used in a store where there is not much traffic and few price shoppers. The tag is coded to give the salesman some room to negotiate. The number in the upper left hand corner, 11615, tells when the unit was bought (116=November, 1966) and, rounded off, what the store paid (15=\$150). If the store bought something in January, 1967 for \$223, this number would be 01722.

The information in the lower right-hand corner tells the salesman how far he can go for a trade-in. GREEN-202-24 tells him that if the trade is just passable, he can sell the unit for \$202 and make 24% gross margin. If he has an exceptional trade, the numbers below, separated from the serial number by "X," tell him he can go as low as \$194 and still make 20% gross margin.

Tags "c" and "d" are hung on advertised leaders. The customer who sees these tags relates them to the store's advertising. If the store only tags the advertised leaders, and if the customer only sees low prices, she will tend to assume the other prices are also low. A highly price competitive store may put tags on everything.

One drawback to displaying all prices is that the customer may look at a tag, decide the price is too high, and stop hearing the salesman. Tag "e" gives the salesman an opportunity to talk about features and benefits before quoting a price.

Another solution is semi-concealed tags. A tag gives the salesman's price authority; if it is hung out of sight, it does not distract the customer.

## Negotiating with the customer

Qualify the customer's trade-in as carefully as you qualify the customer. The salesman who is negotiating with a customer should take a few minutes to find out what she thinks her old appliance is worth. It may be junk to the store, but she has lived with it for years and has some feeling for it. If the salesman takes an interest in it, the customer can feel she is getting a fair value.

Suppose a man is buying a new car. When he asks about the price, the salesman says, "Does your old car run?" Suppose the man says, "Yes," and the salesman says, "Then the price is \$3,000 and your old car." The man would be insulted if he were driving a year-old Imperial. Appliance retailers manage to insult customers every day, however, by asking only if the old appliance runs.

The salesman should never quote the maximum trade-in allowance initially. Find out first what the customer expects to receive. If she insists she does not know, offer her (with a big smile) \$2. She will probably respond with a very clear idea of what she thinks her old unit is worth. The salesman then laughs off his initial quote and returns to serious trading. He may be forced to offer the maximum allowance to make the sale; he should be aware however, that every increase in the trade allowance means a decrease in profit.

Also, once the salesman has told the customer he has gone as low as he can, he should not go lower. It may mean that some customers will walk, but it is better to let a customer walk than to let her think the store has no price policy.

When a customer comes in with a burn price, find out whether the price is real, whether someone is actually offering the merchandise at that

price. If the price is real, try to switch the customer something else. If the customer cannot be switched to another model or another brand, try to convince her that the store's higher prices reflect the store's greater values. If she cannot be switched or convinced, use the last resort.

Suppose the customer comes in with a \$470 price on a color tv set, \$60 under the market. The price is real, and the customer will not be switched. The salesman should take out his business card, write \$450 on the back, and tell the customer, "Take this back to the store that quoted you the \$470 price. Don't say anything, but let the salesman see you carrying this card and the price on the back. You may find he'll come down another \$20."

The store may lose the sale, but if it manages to cut a burn price enough times, it may teach a competitor to price intelligently. If he doesn't lose his shirt first.





*It's the Wollensak Winter Carnival of Values!*

# Heat-up your first quarter Wollensak sales with this \$19<sup>95</sup> "Scotch" Tape Kit Giveaway



Here's everything you need to make your tape recorder sales snowball. Wollensak will send your customers this \$19.95 "Scotch" Studio Tape Kit *free*, when they buy a Wollensak Model 5740, 5750 or 5800.

This Studio Kit gives your customers everything they need for fine recording and editing. Gives

you a powerful sales closer . . . without costing you a cent! And, you still maintain your full profit!

This is a limited offer. Expires February 28. Buy, sell, promote. Use your Wollensak co-op allowance to tie in with local ads of your own. For complete details on this Wollensak Winter Carnival of Values, talk with your Wollensak salesman.

The "Scotch" Studio Kit contains:

Extra length, 1800 foot reel of polyester-backed tape on 7" reel • Two 1200 ft. reels of tape • 150 ft. tape on 3" reel in plastic "Living Letters" mailing container • Leader tape • Self-threading take-up reel • Splicing tape—strong, lasting • Extra mailing container • Splicing block • Timing disc • "How to do it" booklet. \$19.95 value.



**WOLLENSAK 5740** Full stereo. Solid-state. Swing-out speakers. Push-button operation. 3-speeds. Four track.



**WOLLENSAK 5750** Slim-line styling. Full stereo. Solid state. Fine hardwood cabinet. Swing-out, detachable speakers.

**WOLLENSAK 5800** Walnut furniture in modular design. Optional AM/FM stereo tuner. All solid-state. Superb performance.



**Wollensak 3M**  
COMPANY



## The word at Proctor is 'go' for the pull-apart electrics

Proctor-Silex Corp. will extend its Lifelong electric housewares—the “pull-apart” appliances that “never need service” (MW, 5 Sep., p.33)—into three additional markets next month. The company is aiming for national distribution, on a market-by-market schedule, by next September.

**Proctor will fair-trade** the new Lifelong electrics—a spray iron, a toaster, and a glass coffeemaker—in the Philadelphia and Baltimore markets. The line also will move into the District of Columbia, which prohibits fair-trade.

Proctor officials are pleased with sales results in the four test-markets in which the Lifelong line already has been placed: Detroit, Youngstown, Cleveland, and Harrisburg. The company has been experimenting with both direct-sell and the use of distributors in test-marketing to date. Although no final decision has been made, Proctor officials reportedly are inclined to sell the line through distributors, largely because of the problem of stocking replacement parts.

At present, Proctor plans to retain its current lines—the direct-sell Starflite, the distributor-serviced Citation, and the “open” regulator Proctor-Silex lines—in addition to Lifelong.

Proctor will show the Lifelong ap-

pliances for the first time at the Housewares Shows. First trade reports and photographs of the products appeared in these pages exclusively in September.

**Lifelong dealers** reportedly will make between 30% and 33% on the Lifelong items, which are priced competitively with the corresponding Starflite and Citation models. The same markup holds on the replacement parts sold to customers on an out-of-warranty basis. Under Proctor's one-year over-the-counter replacement warranty, retailers replace the defective parts free of charge to the customer.

To introduce the line on a market-by-market basis, Proctor will offer retailers one free set of replacement parts for each dozen Lifelong items ordered. Proctor also will back up the line with spot television commercials and co-op newspaper ad money, holding off national print and television exposure until after next September.

Proctor will add the SCM logo to its products within the next few months, probably replacing the “P-S” circle that currently precedes the Proctor-Silex name on the products. Proctor became a wholly owned subsidiary of SCM Corp. last year. The parent company's well-known name also is expected to be worked into Proctor's stepped-up ad program.

### KEY MOVES

**Remington**—Alfred T. Blackburn is named assistant product mgr for electric knives and shaving aids; Carl W. Doerter becomes marketing mgr for industry products and power tools.

**Black & Decker**—Manuel V. Nodar is named vp-advertising and public relations.

**Mirro**—F.C. Prescott is named vp-marketing; F.J. Timberlake, general sales mgr; Edward J. Touhey, mgr-premium sales; Jack Knapmiller, assistant mgr-premium sales.

**Gulton**—Joseph Marks is elected vp.

**Republic Moulding**—Duane W. “Mike” Ressler is named to the new post of Western sales mgr.

**Jacobsen**—Lyle G. Munson becomes chief engineer-consumer products; Keith H. Rhodes, chief engineer-commercial and turf products; Ray Kaufman, mgr of engineering; and John G. Albertson, district sales mgr for the Northwest territory.

**Stanley Works**—John C. Pritchard is elected treasurer.

**Bryant Electric**—Edward W.L. Seager is named marketing coordinator for the new electric heating product line.

**Rival Manufacturing**—William C. McFarland is appointed Secretary and controller.

**Pretty Products**—William K. Morgan

is named sales mgr for the housewares division; Leo Pilak, merchandising coordinator for the Mid-central region.

**Hamilton**—Morris E. Johnston becomes national sales mgr.

**Corning**—Daniel L. Killigrew Jr. is appointed specialty sales mgr-consumer products division; Armand Bobrick, distributor sales rep for housewares, in Seattle, Wash.

**Casco**—Thomas E. Mangines is named to the newly created post of director-labor relations.

**Ingraham**—Jon Marks is promoted to the post of Midwest regional sales mgr; Raymond J. Dubel becomes an industrial engineer in the consumer products division.

**Arvin Industries**—Ross N. Faures is named director of purchasing-consumer products division; Ronald J. Rosin, mgr of purchasing; and Thomas R. Van Acker, purchasing agent.

**General Electric**—Dr. Bruce A. Ashby is named mgr-special products, silicone products department.

**Gale**—Robert Collinson becomes sales promotion mgr.

**Regal Ware**—John Tessar is named operation's mgr-data processing department; Jerome Gjertson, payroll and accounts receivable mgr; Richard Sabish, assistant prod control mgr.

Westinghouse sets a hot new product pace with 25 new items scheduled for introduction at the Housewares Shows. The “come-alive” Westinghouse portable appliance division has greatly strengthened both its product line and its marketing position within the last several years to a large extent through stress on product design and innovation. In addition to the 25 new items, Westinghouse's Steam/Press Valet will move into national distribution during the first half of the year.

Westinghouse will show Decorator toasters in the Royal Lady franchised line, and Designer toasters in the regular line. Sunbeam earlier announced a Decorator toaster (see photo, p. 24).

“Our experience during this past year has shown,” explained A. D. Burke, marketing manager, “that women are looking for new ideas—new appliances to help them provide a better life for the family. In short, when you fill a desire or need and catch the homemaker's eye, she will get enthused and buy.” Burke cited the acceptance of the pants presser, Pole Heater and Tip-Toe iron as “prime examples.”

Other new Westinghouse items include three toothbrushes, three slicing knives, a can opener, three floor polishers, four vacuum cleaners, and five window fans in the regular line. New items under the Royal Lady label include a Tip-Toe iron, a slicing knife, and a can opener—in addition to two Decorator toasters.

DuPont will combat Teflon name “confusion,” hoping to prevent consumers from being confused by the growing number of labels being adopted for non-stick coated lines. Details have yet to be finalized, but the program is expected to be aimed at the trade itself. DuPont officials are known to be concerned over the trend by individual manufacturers to seek expression of their individuality with non-stick names tailored to create a particular image. Some manufacturers have developed new coating processes—using DuPont's Teflon resins—to which they have given special names. DuPont reportedly will urge manufacturers to express individuality through styling and wider use of Teflon colors. Most of DuPont's Teflon resin business comes from two or three of a possible 20 colors that the company offers.

DuPont will stress added Teflon appeal in its first-half advertising program, much of which will be centered on the spring gift-giving season. In addition to the no-stick, easy-clean qualities DuPont has played up in the past, the firm also will emphasize that Teflon-coated products “save time” in getting the housewife out of the kitchen, “solve sticky problems,” especially in baking, and “make ideal gifts.” DuPont is predicting that half of all bakeware items sold this year will be Teflon-coated. The firm will use 125 daytime network tv commercials and 10 prime-time network spots. (See related Teflon cookware news on p. 28.)

The “sleepers” item of 1966 appears to have been Oster's combination can opener/ice crusher, which reportedly did surprisingly well at retail. Look for one promotional firm—Lady Vanity—to show a similar combo at the Shows.



# HOUSEWARES NEWS

□□□□ **The Roto-Dent**—from Roto-Broil Corp. of America—will make its debut at the Housewares Shows, marking the entry of another promotional electric housewares manufacturer into the water-pulsating dental device field innovated by Water-Pik. Roto-Broil will show two models: a 4-pick unit at \$24.95 list and a 4-brush, 4-pick unit at \$29.95. Roto-Broil will be promising delivery in about 90 days.

The Long Island City, N. Y., manufacturer also will offer a new promotional fan line featuring 5-element blades of molded plastic. The 20-inch, 2-speed fans come in wood-grain, walnut-finished cases. In addition Roto-Broil will be showing a "reworked" line of blenders, new mixers, and a new can opener—all of which were originally exhibited at the Shows last July but never shipped.

The "reworked" blender line includes a promotionally priced 10-button solid-state unit, a 3-speed rotary unit, a 3-button unit, a 5-button solid-state model, and an 8-button solid-state model. A new "infinite-speed" hand mixer has been priced to retail under \$12, and a deluxe can opener will carry a suggested list price under \$10.

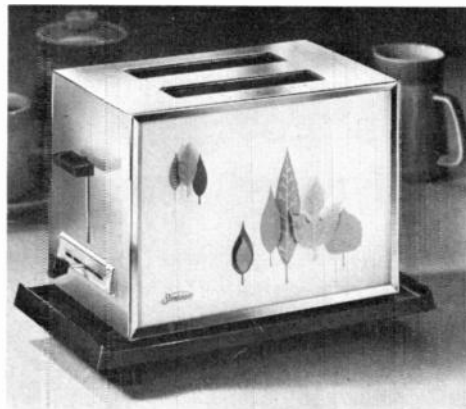
□□□□ **Endura prepares two Endura-Dents** for introduction at the Housewares Shows, confirming trade reports that first appeared in these pages (MW, 21 Nov., p.28). Endura will play up deluxe features on its two water-pulsating dental hygiene devices, including a built-in sanitizing bulb; a hose that automatically retracts; a tilted front control panel; a numbered pressure indicator dial; and a scalloped cover that hides the entire unit, including the four picks. A deluxe unit—which includes an ornamental dolphin cap in gold tones—will list for \$34.95, while the standard unit will be priced at \$29.95. Endura recently moved into a larger plant located at 186 Buffalo Ave., Freeport, Long Island, N. Y.

□□□□ **Slicing knives will be highly promotional** at the Housewares Shows, judging from a package Roto-Broil has put together. Roto-Broil will offer an Astra Deluxe knife set featuring a plug-in knife and blades, a cutting board, a wall-mount unit, and a fork to retail under \$10.

Slicing knives proved a disappointment to many retailers and manufacturers at Christmas, failing to live up to the 1965 pace or 1966 expectations.

□□□□ **Dominion cuts fair-trade line to six items**—from about 25 products, or half the firm's product line. At one time Dominion fair-traded its entire line. As first reported in these pages (MW, 7 Nov., p.21), Dominion is dropping the Imperial name it formerly used on its "open line" products.

Items to be fair-traded in the new short line: the 2520 oven-broiler at \$16.98; the 2270 enameled skillet at \$24.98; the 1840 tear-drop hair dryer at \$16.98; the 1099 See 'n Spray iron at \$18.98; the 1620 stainless steel perc at \$18.98; and the 1251 gourmet-grid waffle at \$29.98. For new items in January, Dominion has come up with two variations on older products—adding a French-fry basket to its enameled/anodized frypan and a new compact case and design for its cordless knives.



Sunbeam's Standout toaster



GE's Standout percolator

## Meet the new Standouts: it's all a matter of taste

The desire to offer something different to the retailer—and, of course, to the consumer—is producing a growing group of electric housewares products that might be termed Shelf Standouts.

**You either love them or hate them**, but they do stand out when displayed with their counterpart products in category assortments. And they seem to be winning retail shelf space *because* they are offbeat, catch the customer's eye, and help round out a buyer's assortment.

General Electric's Eternalum percolators—in multi-hued anodized shades of turquoise or coppertone—are stellar members of the Shelf Standout group. Shetland's "Fashionables" in canister vacs might be considered in this product area. Dominion's frypan shown with a vitreous enamel base and an anodized aluminum cover is another example. And Sunbeam is introducing a new toaster definitely in the category.

Consumer reaction to the Shelf Standouts is apparently very similar to that of the trade itself: customers shun them or run to them—would not have one in their home on a bet, or find them just the thing they have been looking for.

Buyers have been willing to give the Shelf Standouts a try—largely because they like to be able to offer their customers something different. So the products are winning initial shelf space at retail—even though, in most cases, buyers tend to buy lightly in order to give them a test.

**Winning shelf space**, however, is half the battle for manufacturers in these days of product proliferation. Retail shelf space is at a premium, and the Shelf Standouts are accomplishing their goal of exposure. Whether they stay—or eventually make way for other items—depends on their sales performance. But too many good products manufactured by the housewares industry do not even get a fair initial try.

Sales success of the Shelf Standouts is rather unpredictable. On GE's Eternalum percs, sales results—judging from buyer comments—vary from store to store. In some outlets, the percs have moved well; in others, they have not even retained a place on the shelf.

Shetland's "Fashionables" vacs undoubtedly have been the most successful of all the Shelf Standouts, encouraging the floor care producer to expand the concept into its electric housewares line of "Fashion Coordinates" for the kitchen: a slicing knife, a can opener, and a blender.

**Sunbeam's new toaster** (shown) features decorative glass side panels

in a "colorful, permanent, three-dimensional design completely distinctive, yet it fits beautifully into Traditional, Modern, or Colonial kitchens of every color scheme." To say the least, that is quite a design accomplishment.

The Decorator Automatic Toaster—which comes in a full-color display carton—is being billed as: "More than a toaster . . . it's a beautiful serving piece designed for the smartest table setting."

Sunbeam—for better or worse, depending largely on one's personal taste—is bringing a new design dimension to a long-established and highly saturated product. Perhaps it will cause some consumers to discard their old toaster in favor of a new and different one.

Certainly, the toaster has been styled up in recent years. Many a manufacturer has copied Toastmaster's innovation of placing the controls on the front of the unit instead of the side. General Electric offered new styling with its Toast-R-Oven line; and Braun gives compactness and a simple, elegant look to its toaster. (Sunbeam, incidentally, is introducing a Thinline toaster billed as a "space-saver.")

**The Standouts' significance** lies in the fact that not only are manufacturers recognizing the increased importance of product design, but they are willing to take a chance on something different. The word seems to be: "Don't give me just another toaster—there are enough of them now."

The Standouts also underscore the recognition of manufacturer—and retailer, too—that the mass American consumer market is becoming segmented; that the American consumer is seeking to express her own individuality in the products she buys for herself, for her home, and for gifts.

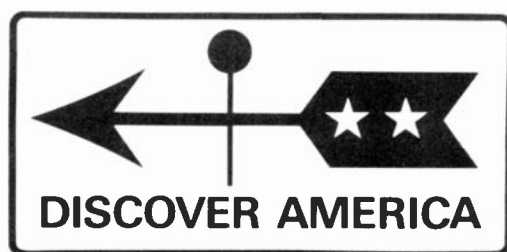
The true test for the Standouts, however, will have to be turnover. For the housewares industry is geared for mass merchandising and quick turnover. The Standouts will have to move out as well as stand out.

—Ed Dubbs



Dominion's Standout skillet





The excitement of New York  
The glamour of Hollywood  
The romance of the Old West  
The cuisine and hospitality of New Orleans  
And ...a little bit of Philadelphia too







# It's the Philco-Ford Great American Holiday- Las Vegas, U.S.A.

**Four fabulous days, three fantastic nights  
in the fun capital of the world.**

Philco-Ford is out to discover America. And what better place to do it than the great American Fun and Sun Oasis, Las Vegas, Nevada. This spring, thousands of Philco-Ford dealers and their wives will fly on special chartered champagne flights to this sparkling resort, where they'll move into elegant rooms in the famous Dunes Hotel for the business vacation of a lifetime. Then what happens? You name it, and it happens in Las Vegas. You'll be entertained by the top talent in all of show business; you'll eat the finest meals money can buy, play golf, swim, relax, sight-see and have a ball—always with the finest facilities in the world at your disposal.

More than that, you'll meet some great Americans. The kind of people whose unique talents and dedication have made them the kind of people that have made this country great. Stars from the world of sports, headliners of the entertainment world, and many others. In short, people from all walks of life who have made it big. People who have put this country on the map. And by our definition, discovering people is what it really means to discover America. Because people are what this country is really all about.

You'll be hearing more about Philco-Ford's Great American Holiday in Las Vegas very soon. See your Philco-Ford Distributor for full details.

Make plans now to discover America this spring in Las Vegas.

**PHILCO**



FAMOUS FOR QUALITY THE WORLD OVER



## COOKWARE NEWS

□□□□ **How goes Teflon in 1967** is the question facing cookware manufacturers and cookware buyers.

The sales magic is somewhat diminished: the 1966 sales performance was below expectations and below the highly profitable levels of 1965.

And DuPont, which gave the cookware industry a new lease on life with its Teflon coating, finds the cookware industry to be deserting the firm—in name, if not in the actual use of DuPont's Teflon resins. Manufacturers are seeking to build their own images behind names such as Regalcote and Farberlon.

□□□□ **What encourages some cookware buyers** are the lower retail prices they expect to see on some non-scratch, non-stick lines.

To many a buyer, non-stick frypans that do not have to be babied by the housewife are loaded with sales appeal. However, the high price tags are believed to have scared off too many customers.

Non-stick coatings also will be more widely available on gourmet cookware lines, providing cookware retailers with a pretty-but-practical promotional approach for their non-stick gourmet lines. This, too, hopefully, will help spur new sales life into non-stick items this year and should especially help the dollar-volume situation.

□□□□ **A 10% increase in metal cookware sales** is being predicted for 1967, even though final manufacturer shipments for 1966 are expected to show a decrease from the record 1965 levels. In forecasting the 10% increase for 1967, the Metal Cookware Manufacturers' Assn. said sales should exceed \$510 million at retail. The industry had hoped to surpass the \$500-million mark in 1966, but final sales figures were estimated to reach only the \$460-million level. "While shipments did not equal 1965 record levels," said Paul G. Uetzmann, association president, "it is encouraging to note there is still a good backlog of orders on hand. The general shortage of workers has been a problem in filling all orders. In addition, strikes in some companies in the industry and some increases in the demands on production facilities to handle defense business have also been contributing factors."

□□□□ **Teflon retains its hold** on cookware sales, accounting for nearly 40% of the total retail dollar shipment figure. The dollar value of Teflon-coated pieces, however, declined last year while the unit volume increased. This is due largely to the increased number of metal bakeware pieces sold with Teflon coating, and reflects a leveling off of consumer demand for the higher-ticket frypans.

□□□□ **Bigger and better promotional programs** for metal cookware are being formulated for 1967. As a starter, the Metal Cookware Manufacturers' Assn. is offering a new booklet, "A Guide to Metal Cookware and Bakeware"—the first piece of its kind to cover all types of metal cookware (MW, 19 Sep., p.29). Aimed primarily at home economics teachers, the guide can also be used for training retail sales personnel. Single copies are available at no charge, quantity purchases at 20¢ per copy, by writing: MCMA, P.O. Box 1136, LaGrange Park, Ill. 60525.

## INDUSTRY TRENDS

An up-to-the-minute tabulation of estimated industry shipments of 16 key products. New figures this week in bold-face type.

	date	1966	1965	% change
<b>FLOOR CARE PRODUCTS</b>				
<b>Floor Polishers</b>	October	101,915	117,602	— 13.34
	10 Months	944,198	963,709	— 2.03
<b>Vacuum Cleaners</b>	October	506,899	534,387	— 5.14
	10 Months	4,614,414	4,132,011	+ 11.67
<b>HOME LAUNDRY</b>				
<b>Dryers, clothes, elec.</b>	October	201,273	184,083	+ 9.34
	10 Months	1,334,157	1,075,947	+ 24.00
<b>Dryers, clothes, gas</b>	October	96,633	95,023	+ 1.69
	10 Months	621,128	547,451	+ 13.46
<b>Washers, auto &amp; semi-auto.</b>	October	361,669	347,757	+ 4.00
	10 Months	3,403,929	3,126,463	+ 8.87
<b>wringer &amp; spinner</b>	October	45,940	49,415	— 7.03
	10 Months	452,429	493,083	— 8.25
<b>OTHER MAJOR APPLIANCES</b>				
<b>Air Conditioners, room</b>	November	82,000	85,200	— 3.76
	11 Months	3,065,800	2,339,100	+ 31.07
<b>Dehumidifiers</b>	November	4,000	5,800	— 31.04
	11 Months	232,800	203,600	+ 14.34
<b>Dishwashers, portable</b>	November	71,000	55,700	+ 27.47
	11 Months	432,800	344,100	+ 25.78
<b>under-counter, etc.</b>	November	68,000	70,200	— 3.13
	11 Months	849,700	707,500	+ 20.10
<b>Disposers, food waste</b>	October	126,100	111,900	+ 12.69
	10 Months	1,106,700	1,115,400	— .78
<b>Freezers, chest</b>	November	21,000	29,500	— 28.81
	11 Months	397,200	410,100	— 3.15
<b>upright</b>	November	42,000	47,300	— 11.21
	11 Months	606,500	619,700	— 2.13
<b>Ranges, electric</b>	November	139,000†	170,300	— 18.38
	11 Months	1,826,700	1,833,800	— .39
<b>Ranges, gas</b>	October	176,600*	214,600	— 17.71
	10 Months	1,811,600	1,876,400	— 3.45
<b>Refrigerators</b>	November	310,000	389,200	— 20.35
	11 Months	4,398,500	4,285,700	+ 2.63
<b>Water Heaters, elec. (storage)</b>	November	71,000	90,600	— 21.63
	11 Months	948,800	1,000,800	— 5.20
<b>Water Heaters, gas (storage)</b>	October	224,510	231,910	— 3.19
	10 Months	2,137,830	2,159,210	— .99
<b>CONSUMER ELECTRONICS</b>				
<b>Phonos, port.-table, distrib. sales</b>	December 16	167,647	176,133	— 4.82
	50 Weeks	4,095,158	3,828,154	+ 6.97
<b>monthly distributor sales</b>	October	618,157	452,779	+ 36.52
	10 Months	2,973,001	2,840,257	+ 4.67
<b>Phonos, console, distrib. sales</b>	December 16	54,782	56,262	— 2.63
	50 Weeks	1,711,461	1,616,166	+ 5.90
<b>monthly distributor sales</b>	October	154,349	175,381	— 11.99
	10 Months	1,400,411	2,252,881	+ 11.77
<b>Radio (ex auto), distrib. sales</b>	December 16	359,381	442,122	— 18.72
	50 Weeks	13,147,167	12,826,012	+ 2.50
<b>monthly distributor sales</b>	October	1,263,059	1,546,218	— 18.31
	10 Months	10,940,874	10,289,387	+ 6.33
<b>B&amp;w Television, distrib. sales</b>	December 16	121,988	169,460	— 28.01
	50 Weeks	6,782,405	7,761,514	— 12.62
<b>monthly distributor sales</b>	October	575,419	880,822	— 34.67
	10 Months	5,881,904	6,492,461	— 9.41
<b>Color Television, distrib. sales</b>	December 16	129,504	73,692	+ 75.74
	50 Weeks	4,454,710	2,609,338	+ 70.72
<b>monthly distributor sales</b>	October	482,956	321,919	+ 50.02
	10 Months	3,585,999	2,101,838	+ 70.13

\* October Gas Range total includes: 125,800 free-standing ranges; 20,800 high-ovens; 14,200 set-ins; and 15,800 built-ins.

† November Electric Range total includes: 103,000 free-standing ranges; and 36,000 built-ins.



## problem in communication



Like an eskimo with a short whip—if the lead dog doesn't get the message the team won't mush. It just lays there and snoozes.

The same problem exists in getting your product story to leading merchandisers. By the time your message has been relayed from you to your salesman, to the distributor, to the retailer, to his floor salesman—there's a great loss of voltage.

In fact, you might not even recognize your own story.

Each Monday morning Merchandising Week gets your message through to 144,500 merchandisers, manufacturers and marketers. Your sales story reaches them with all the pizzaz you wrote into it. Influences them. Fills them in on product features. Sells 'em and keeps 'em sold.

Go the direct communication route—advertise in Merchandising Week—and watch the difference it makes!

### **MERCHANDISING WEEK**

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



# You are cordially invited to the Presidential Suite in Chicago's Sheraton-Blackstone.

Get the facts. Now is the right time for you to consider the Predictable Profit Franchise for 1967 and the great growth years ahead.

If you are a growth-oriented, profit-conscious dealer—you are cordially invited to our Hospitality Suite at the Sheraton-Blackstone Hotel on January 8, 9, 10, 11 and 12. Come in and talk to our headquarters people. See representative new products. And hear the facts about the predictable profit program.

If you are not yet a Sylvania dealer, you will welcome this opportunity to see what makes us the industry's predictable profit line.

If you are a Sylvania dealer, you know you need no special invitation. You're already aware that our dealer-supplier relationship is the closest in the industry.

Either way, let's get better acquainted. We're nice people to do business with.

**Ask any Sylvania Dealer.**



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GENERAL TELEPHONE & ELECTRONICS **GT&E**