

# MERCHANDISING WEEK

APRIL 3, 1967

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◀ **The search for better retail service: how to pick up the pieces** ☐ p. 21

**Where the booths are: a sneak preview of the Housewares Show in June** ☐☐☐☐☐☐☐ p. 28

**Turning on a market with a brand new home appliance** ☐☐ p. 11

**Consumer electronics: how the export figures stack up** ☐☐☐☐☐☐ p. 12

**NEXT WEEK**

**Summer-izing the housewares scene: how to make the merchandising most of "the good old days"**



# You sell them here



## And today you can't approach color TV service with a "black-and-white" attitude

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# A New Time...

## June 12-16, 1967

# A New Place...

## International Amphitheatre

## Chicago for the

## 47<sup>th</sup> semi-annual NHMA

## National Housewares Exhibit



The site of the NHMA summer exhibit, and the dates, are different. Nothing else has been changed.

The International Amphitheatre in Chicago is a logical choice, both for its size and its location. It makes possible again a truly national show, at the trading cross-roads of the country. Located just a short cab ride from downtown Chicago, it will be served by a fleet of NHMA buses shuttling to and from all major hotels.

The exhibit has been scheduled a month earlier to give manufacturers and buyers a head start for the

major selling season of the year.

In all other respects it will be the same as before—the same semi-annual “homecoming” of people from all areas of industry activity; the same complete round-up of products and plans; the same shop-talk that will eventually be heard around the Housewares world.

We look forward to seeing you at the International Amphitheatre in June for what may well be the most important, most active, best attended and most exciting mid-year NHMA Exhibit in our 29-year history.



*Serving the Housewares Industry Since 1938*

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## AT PRESSTIME

□□□□ **Amei Wallach has been promoted** to Associate Editor, effective April 1. She joined Merchandising Week as an Assistant Editor in 1965.

□□□□ **Sales of consumer electronics** took on breath-taking proportions last year. By adding U.S.-brands factory sales and imports together, Electronic Industries Assn. last week came up with these remarkable 1966 totals: home radio, 38,012,000 sets; black-and-white tv, 7,702,000 sets; color tv, 5,012,000 units; tape recorders, 4,574,000; and phonographs, 7,133,000. Imports played a significant role in the huge radio market, accounting for 67.8% of all radio sales. But with the increased purchasing abroad by American manufacturers, U.S. brand names still accounted for 44.4% of radio sales. In b&w tv, imports (principally from Japan) accounted for 19.8% of the business.

□□□□ **GE will expand its recorded entertainment** operations to supplement sales of portable phonographs, tape recorders, and tape cartridge players. The company's Electronic Sales Operation (ESO) will increase its distribution of long-playing stereo records, 8-track and 4-track stereo cartridges, 45rpm records for young customers, and reel-to-reel blank tapes. Also available through ESO—and due for distribution expansion—are GE's stereo electric-guitar course, which includes two records and a color-keyed instruction book, and seasonal recordings made by various manufacturers such as Capitol and Decca.

□□□□ **Color tv gross margins continued to decline** in February, according to the National Appliance & Radio-TV Dealers Assn. (NARDA). Retailers participating in the NARDA data-processing program reported that color margins dipped to an average 21.4%, while color sales amounted to 39.6% of total sales. Over-all gross margins were 24% of total sales. Top performers in profits for the month were stereos, with 30% gross margins, and automatic washers, with 26.2%. Refrigerators accounted for 8.8% of the retailers' business in February, with gross margins of 21%.

□□□□ **Tappan has bought gas range design plans** from New York City's Columbia Gas Service Corp. The gas corporation has agreed to allow Tappan the sole use of its new concepts for range-top and concealed-burner designs.

According to a Columbia spokesman, this is the first such agreement for licensing its developments. Tappan has set no target date for marketing a range model that incorporates the new designs.

□□□□ **A new product category in major appliances** may be coming with the introduction of a household water purifier. On May 1, Culligan men all over the country will begin selling the Aqua I, the company's first unit. The model, which has been field-tested for over a year, is a single-spigot unit in a plastic housing that will retail for about \$195. Installation will add from \$5 to \$35 to the price. The model, in champagne beige only, measures 19 3/4 inches high, 10 3/4 inches wide, and 5 5/8 inches deep, and can be mounted vertically or horizontally in the kitchen. Culligan will be selling the unit through its franchised dealers, but is also exploring distribution through department stores and retail appliance outlets. The company is also engaged in talks with the major catalog giants about possibly producing the unit on a private-label basis. (For a story on another entry in the new product category, see p.11.)

□□□□ **California is really where the action is**, according to the National Electrical Manufacturers Assn. (NEMA). NEMA's latest report shows that state leading all others in 1966 distributor sales figures. Six southern states proved the most powerful sales block: 28.5% of all chest freezers and 23.3% of free-standing range sales were accounted for by Alabama, Florida, Georgia, North Carolina, Tennessee, and Texas. The figures for the 14 big-percentage states:

States	Household Refrigerators	Freezers		Ranges		Dishwashers	
		Chest	Upright	Built-In	Free Stdg.	Port.	Built-In
Ala.	1.6%	4.7%	1.9%	2.1%	2.8%	0.7%	1.2%
Calif.	9.7%	2.2%	9.2%	11.7%	3.8%	10.0%	12.0%
Fla.	4.2%	3.1%	3.2%	7.1%	5.5%	2.4%	4.0%
Ga.	2.8%	4.9%	2.7%	3.6%	3.5%	1.2%	2.8%
Ill.	5.2%	5.0%	4.3%	2.1%	3.3%	5.2%	3.1%
Mich.	4.6%	4.1%	3.6%	3.8%	5.6%	5.4%	3.8%
Mo.	2.4%	4.0%	2.1%	2.5%	2.1%	2.1%	1.8%
N. J.	3.8%	0.9%	3.2%	2.5%	2.0%	3.8%	4.9%
N. Y.	8.7%	1.8%	7.4%	4.6%	5.0%	9.3%	9.0%
N. C.	2.2%	5.6%	2.8%	3.6%	4.7%	1.0%	1.8%
Ohio	5.1%	5.0%	5.6%	4.7%	6.4%	6.6%	4.6%
Pa.	6.2%	4.3%	5.5%	4.7%	5.9%	6.2%	4.9%
Tenn.	2.0%	4.8%	2.0%	2.2%	4.0%	1.4%	1.6%
Tex.	5.4%	5.4%	5.9%	6.3%	2.8%	3.6%	7.0%
% of tot. sales	63.9%	55.8%	59.4%	61.5%	57.4%	58.9%	62.5%

## Truth-in-lending: the spotlight focuses on Pennsylvania

As their state became the second in six months to adjust to new "truth-in-lending" legislation, Pennsylvania retailers this weekend turned particularly watchful eyes toward their credit sales.

The law—effective April 1—requires that retailers provide installment contracts showing the total annual interest rate to be charged—as does Massachusetts' 5-month-old credit statute—and also sets a ceiling on allowable interest charges. Michigan, the only other state with a similar proposal in operation, establishes specific requirements for installment contracts, but makes no stipulations in regard to interest calculations.

The Pennsylvania consumer now receives a purchase contract showing the total he must pay after the addition of service charges; these charges may not exceed \$8 annually for each \$100 of the purchase price.

While merchants agree there can be a great benefit in telling the consumer exactly what his financial responsibility will be, they are strong in their criticism of the allowable interest rate, which, they contend, is not sufficient to make credit sales profitable.

Retailers are pessimistic. From the Pennsylvania Retailers Assn., which called the bill "... the most drastic and ill-considered piece of legislation

ever submitted to a state legislature," to the independent retailer who said the law is "ridiculous bending-over-backwards," they insist that little consideration of their position has gone into the drafting and passage of the law.

These merchants contend that other states—including Massachusetts—recognize that it costs money to keep track of credit transactions and to collect monthly installments. Unless Pennsylvania liberalizes its stand and allows for better profit margins with, for example, a \$10 service charge allowable for each \$100 of the purchase price, they feel they will have only

one alternative: make their own allowances.

Retailers can raise prices, and in this way make up for the deficit that the "truth-in-lending" law has brought them. While most retailers feel this is a "last resort," they indicate that they could be forced into such a course of action if the law is not revised.

They are optimistic about revision; they feel the present law will prove either totally inoperable or will "backfire" in consumers' faces. While the law stands, however, retailers are keeping a close watch on credit sales for signs of serious business repercussions.

—William Hutchinson



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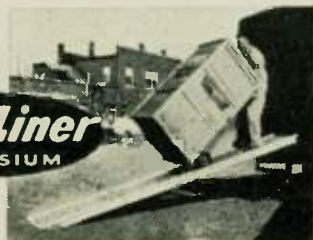




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## WASHINGTON NEWS

□□□□ **Advocates of consumer protection** in Washington are keeping a close eye on what their counterparts in Canada are doing. Of particular interest is the possibility of a government-operated consumer information plan—one that would tell the Canadian consumer which product is the best buy for his money, and which ad is exaggerated.

No one in Washington ever has proposed anything this strong. And there is considerable doubt that such a proposal could get very far in the Canadian Parliament. But the mere fact that it is under consideration is a sign that the consumer—who also is a voter—is coming into his own.

□□□□ **Congress is using the 7% tax credit** on capital investment to kill President Johnson's plan for a 6% surcharge on corporate and personal income taxes. The investment tax credit will be restored quickly as Congress returns from its Easter recess today (Apr. 3). But with its approval will go most of the chances of the surcharge.

Sen. George Smathers (D.-Fla.), high-ranking member of the Senate Finance Committee, set the tone by accusing the Administration of taking two courses: trying to boost the economy by restoring the tax credit and, at the same time, douse it with the surcharge. Says Smathers: "There is a feeling that perhaps our economy is slowing down today because consumers, fearing a 6% surcharge, are refraining from buying autos, refrigerators, and washing machines in order to have money to meet your new tax."

□□□□ **The FCC is going all out** in order to prevent a court case in the proposed merger of American Broadcasting Co. and the International Telephone and Telegraph Co. It acceded, unwillingly, to a Justice Department request that it reopen the case for full-scale hearings. Then, it quickly acceded to another Justice request to postpone the start of the hearings from Mar. 27 to Apr. 10. It seems likely that, after the hearings, the Federal Communications Commission will once again approve the merger—but only after leaving Justice with as few grounds as possible to contest its action in court.

□□□□ **Public hearings on educational tv** will start Apr. 11 before the Senate commerce subcommittee on communications headed by Sen. John O. Pastore (D.-R.I.)—perhaps the most knowledgeable member of the Senate on the subject. The hearings will concern, specifically, the President's proposal to create a public body to expand ETV.

The President, in his special message to Congress, made no mention of any method of financing a viable ETV system. But the subject of financing is bound to come up during the hearings.

□□□□ **A flood insurance plan** to help merchants who lose their all to raging rivers has been introduced into Congress by Sen. Harrison Williams (D.-N.J.). Under the plan, a federal flood insurance corporation would be owned jointly by the government and private insurance companies—and would start with a \$150-million fund and authority to borrow another \$500 million. The Department of Housing and Urban Development would manage the corporation.

Williams introduced the measure when he got tired of waiting for the Administration to come up with a flood insurance plan of its own. The only trouble is that his bill does not have much chance of approval without Administration support.



# We always show a profile full view

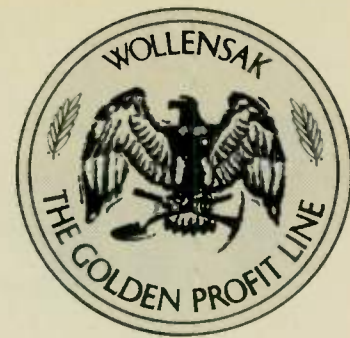


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Sources: Current Simmons, Starch Adnorms.





# Here's how Wollensak puts an end to "ho-hum" second quarters

No more ho-hum! It's hoo-boy! This spring, you will be right in the thick of the lucrative gift-giving season, with the big Wollensak second-quarter advertising and promotion program.

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**WOLLENSAK 5740:**  
the fast-moving tape recorder  
with swing-out speakers!



**WOLLENSAK 4100:**  
hottest portable tape recorder in the  
industry . . . the cordless, cartridge  
recorder that comes complete.



**WOLLENSAK 5730:**  
the compact, contemporary-  
looking stereo that delivers  
big-recorder sound.

**Wollensak 3M**  
COMPANY



## How Amana and Caloric fit into the Raytheon family

Ever since the Raytheon Co. added Caloric to its corporate lineup as a companion to Amana Refrigeration Inc., the industry has wondered whether the end result will be a single line of major appliances under one brand name: Raytheon. The answer is no.

Raytheon president Thomas L. Phillips emphatically stated he does not consider the Raytheon name strong enough to appeal to consumers. The head of the acquisition-conscious Raytheon—sales have shot from \$454 million in 1964 to \$709 million in 1966—said the company is more interested in adding consumer-product specialists to the corporate fold. Currently, 34% of Raytheon's business is in commercial products (including consumer goods). In 1965 that figure was 25%; in 1964, 17%. Phillips said Raytheon is shooting for a 50-50 balance between government and commercial business—and in order to achieve this goal, "We expect also to continue to look for position in the major appliance market." He again stated that Raytheon plans no return into tv.

A Caloric self-cleaning oven will be introduced this June when the company unveils a new range line

consisting of two series. Phillips noted that the process was developed by Caloric engineers; that the cleaning cycle will be performed without the use of venting and will take one hr. and 20 min.

Turning to Amana, Phillips said: "Any time a company bucks the trend in any industry it's good news." He was referring, of course, to industry concern over slowing sales and increasing layoffs. Amana president George C. Foerstner concurred, saying the company has had to up its first-quarter sales estimate from 22% to "close to 30%" ahead of the same period in 1966. Amana sales increased 54% in February over the same month in 1966.

Foerstner also pointed to the headway that the company is making in the lucrative side-by-side business: "We are still not first, but a much closer second than a year ago, or even three or four months ago." A spokesman said that Amana's refrigerators with the new meatkeeper feature are accounting for about 60% to 70% of total sales.

The oft-postponed countertop microwave oven will finally debut in Chicago in June, \$450.

—Martin R. Miller

## A new major appliance is tapped for consumer market

If Presto Co. Inc. has its way, the glub-glub and gurgling sounds of bottled water in homes may begin to disappear in the near future. Why? The Glendale, Calif., company is producing what it claims is a new appliance for the home—an appliance that purifies ordinary tap water.

Dubbed the Presto-Pure, the unit, according to the company, produces purified water free of 90% of the dissolved minerals, all chlorine and detergents, and all suspended contaminant that is found in most municipal tap water.

Reverse osmosis makes the appliance work. The technology employed by the Presto-Pure is an outgrowth of federal government research to purify seawater. Basically, the water is pushed through a plastic membrane and the impurities are strained out.

The Presto-Pure is compact, measuring 12 inches wide by 12 inches deep by 40 inches high. Three models in metal cabinets are now available in a choice of several colors. The Deluxe (model RTC) is a 2-spigot unit (one spigot for room temperature water, the other for cold water), which will retail for about \$179. Model C has one spigot (for cold water only), and will sell for \$174. A single-spigot unit (model RT)—for cold water only—will list at \$149. According to Sam B. Norris, president of Presto, a fourth model—a built-in unit—is in the prototype stage.

According to Norris, the connecting device—essentially a pressure hose—will be included in the price. Installation, however, will cost the consumer

about \$20 extra, depending on the individual installer.

The plastic membrane cartridge requires replacement an average of once per year, and will cost about \$16.20 in lots of 100, he noted.

A 2-stage marketing plan has been developed to bring the Presto-Pure to consumers, according to Norris. The first, which is under way now, will line up factory representatives to call on bottled water dealers who rent bottled water coolers. First targets are Florida, Texas, Chicago, and, of course, California—where the unit has been test-marketed for about a year in Escondido. After that, Norris outlined, "We would like to sell through appliance dealers." The factory representatives will be establishing contacts with regular appliance distributors to serve appliance outlets, he said.



New appliance: a water purifier

□□□□ A new credit sales program for retailers from Westinghouse is now in effect. Customers can purchase major items during prescribed months without making down payments and with deferred monthly payment plans. An April-through-June air conditioner promotion opens the program: during these three months, buyers of air conditioners will not be required to make payments for 90 days. As an alternative plan, customers may start payments immediately, in which case none will be necessary during the winter months—December, 1967 through March, 1968. Customers may buy clothes dryers, refrigerators, and freezers during July and August—again without a down payment—and do not have to begin their payments until October. Washers bought during September and October require no payments until January, 1968. A Mother's Day special will allow dishwashers to be purchased in May with no payments until August. In consumer electronics, customers may buy color tv and stereo sets during September and October with no payments due until January, 1968; in November with no payments until next February; and in December with no payments until March. The Westinghouse Credit Corp. will send certificates directly to customers, urging them to take advantage of the new credit program at the Westinghouse dealer in their area.

The company also plans a spring dishwasher promotion in which a year's supply of dishwashing detergent will be given to buyers of Westinghouse undercounter, convertible, and portable units. Dealers will be supplied with demonstration and display materials for the promotion.

□□□□ February sales of home laundry equipment totaled 527,679 units, a decrease of 5% from Feb., 1966, which set an all time record for the month. Factory sales of dryers, however, according to the Assn. of Home Appliance Manufacturers (AHAM), gained 5%, setting a new all-time record for February as 202,235 units were shipped. Washer sales dropped 11% for the month to 288,871 units. Combined January and February laundry appliance sales remained at last year's level: 1,065,025 units in 1967, compared to 1,062,019 in 1966.

□□□□ Ampex will give away 100 tape recorders, valued at \$299.95 each, to distributors, customers, and dealers as part of its Stereo Sweepstakes promotion. Company catalogs, now being distributed, are stamped with sweepstakes numbers, 100 of which will be drawn by June 1.

□□□□ Craig Electronics is promoting its car stereo during a 7-week saturation program in Southern California. Customers and dealers are being given the opportunity to win Las Vegas trips as sales incentives. Commercial radio announcements and 100,000 direct mailings to consumers will be featured in the campaign, which ends May 1.

□□□□ Profits were up in 1966 for two of the nation's large retailing chains: the 114-branch Allied Stores Corp. and the West Coast's Broadway-Hale Stores Inc. Allied showed a 6¢-per-share earnings increase from Jan. 31, 1965 to Jan. 31, 1966 over the previous 12-month period. Sales totaled \$1,024,266,000 for the year—the highest annual figure in Allied's 38-year history. Broadway Stores recorded an 8.8% profit increase for its fiscal year ended Jan. 28, bringing profit-per-share up 25¢ to \$2.76. Volume rose 7% to a record \$249,592,047.



# 2 reasons why the competition isn't up to "Standard"

1.

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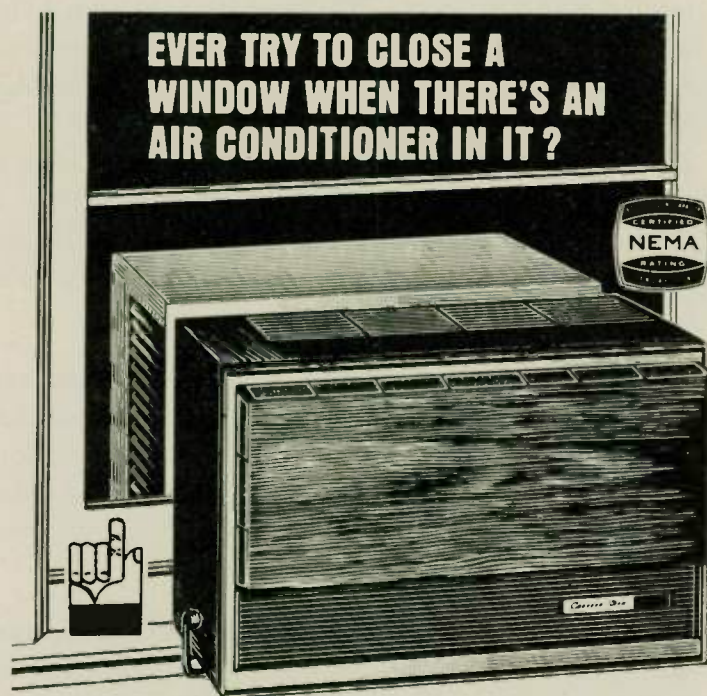
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## APPLIANCE-TV NEWS

□□□□ **Norelco's network of service/display salons** will total 12 units by early summer, according to Rudy Kroupa, company vice president-service. The non-selling centers—a successor to in-home demonstration—are all located at high-traffic, downtown sites. Kroupa says the dual function of the facilities makes them unique in the consumer electronics field.

Norelco currently has the greatest number of heart-of-town service centers in the industry, Kroupa claims. The salons will implement North American Philips' big sales offensive. The network will also serve Mercury Record Corp., a Philips subsidiary.

Centers are now open in New York City, Boston, Philadelphia, Atlanta, Washington, D. C., Pittsburgh, San Francisco, and Chicago. Units in Dallas, Kansas City, Los Angeles, and New Orleans are scheduled to open soon.

□□□□ **A cabinet maker looks at color tv sales:** the nation's largest manufacturer of cabinets for color sets—MPI Industries Inc.—acknowledged a softness in color sales, but anticipates renewed demand that will require accelerated production schedules. MPI sales for the three months ended Feb. 28 dropped 35% to \$9,577,685 compared with the same period a year ago. Charles B. Ryan, president, said: "The slackening demand is temporary." MPI offers tv and stereo cabinets with plastic finishes grained to look like wood—to "meet today's need for lower-cost cabinets without sacrificing profits." Ryan said.

□□□□ **Color tv sales were credited** for the 137% earnings increase recorded by Clairtone Sound Corp. in 1966. Total sales were only 37% ahead of the 1965 figures, but president Peter Munk said this was because the company's marketing efforts remained constant in spite of the introduction of the color tv line. Sales totaled \$15,440,768; earnings per share (after taxes) came to \$1.02, compared with 44¢ the previous year.

□□□□ **Exports from Japan to the U. S.:** the average f.o.b. price of the 27,740 color tv sets shipped here from Japan in February: \$177.75. Average b&w tv price: \$52.85.

	Period	1967	UNITS 1966	% chge.	1967	DOLLARS 1966	% chge.
Color Television (incl. chassis)	February	27,740	7,316	+279.17	4,930,922	1,293,619	+281.17
	2 Months	45,510	11,412	+298.79	8,177,555	2,020,477	+304.73
B&W Television	February	96,827	87,605	+10.53	5,117,711	4,465,705	+14.60
	2 months	152,687	147,606	+3.44	8,064,874	7,698,657	+4.76
Transistor Radios (3 or more tr.)	February	757,342	882,074	-14.14	7,189,613	6,602,936	+8.88
	2 Months	1,351,552	1,415,565	-4.52	12,124,590	10,473,327	+15.77
tr. rad. chassis/kit (3 or more tr.)	February	10,257	23,450	-56.26	62,294	80,900	-23.00
	2 Months	33,163	43,526	-23.76	275,077	171,363	+60.52
toy tr. radios	February	11,425	35,550	-67.86	18,661	13,041	+43.09
	2 Months	22,775	49,850	-54.31	27,794	23,104	+20.30
Total Tr. Radios (incl. car radios)	February	811,312	966,708	-16.08	7,699,934	7,030,346	+9.52
	2 Months	1,469,383	1,541,073	-4.65	13,272,352	11,092,041	+19.66
Tube Radios	February	24,365	59,070	-58.75	299,316	625,852	-52.18
	2 Months	46,430	95,955	-51.61	671,604	1,078,338	-37.72
tb. rad. chassis/kit	February	17,876	25,350	-29.48	137,341	198,188	-30.70
	2 Months	39,484	31,556	+25.12	298,529	283,865	+5.16
Phonographs	February	22,440	31,027	-27.68	271,266	255,319	+6.24
	2 Months	47,752	42,711	+11.80	557,038	366,638	+51.93
Radio-Phonos	February	45,584	28,699	+58.83	673,627	428,021	+57.38
	2 Months	71,730	41,530	+72.72	1,040,954	636,362	+63.58
Tr. Tape Recorders (port., rim-drive)	February	52,381	104,258	-49.76	361,411	677,169	-46.63
	2 months	84,564	165,393	-48.87	591,163	1,104,819	-46.49
Tr. Tape Recorders (port., other)	February	95,669	40,591	+135.69	2,554,183	894,525	+185.53
	2 months	169,244	69,612	+143.12	4,262,346	1,539,233	+176.91
Tb. Tape Recorders	February	5,744	14,785	-61.15	370,486	845,141	-56.16
	2 months	9,571	20,180	-52.57	580,183	1,132,457	-48.77
Tranceivers	February	238,690	339,745	-29.75	1,488,260	2,533,675	-41.26
	2 Months	412,929	460,055	-10.24	2,693,743	3,523,955	-23.56

Source: Japanese Finance Ministry





Hear the solid sound of quality!

# Knock on any Norge

Great new "bare knuckles" selling idea gives your customers a first-hand feeling & knowledge of Norge quality...top-to-bottom excellence in home appliances. Backed by a full TV network campaign, newspaper ads, traffic builders, plus a 55-piece dealer display kit.



Norge ranges are tops in saleability—gas or electric. Full line includes full-featured 30" and 36" models, built-ins and modern Eye-Level Contessas. Great styling and colors.



The most saleable line in refrigerators! Never-Frost convenience. Automatic Ice Makers, Handi-dor storage, Dairy Keeper Thin-Wall design (foam insulated). Step-up models start from 10 cu. ft.



All wood fronts, furniture styled. All Norge models have 7 quiet-maker features for quietest operation; remove up to twice the moisture from room air as other brands. Models from 5,000 to 32,000 BTU's.



New Norge VHQ (Very High Quality)—the big difference in automatic washers you can see, feel, hear, sell. Norge line includes five VHQ models plus new Norge Scots—the family-size automatics designed to save detergent, hot water, operating time.

If you don't carry a full line of Norge products...see what you're missing!

**NORGE**

home appliances **BORG WARNER**



New Norge dryers—the best for durable press (and you can prove it!). Big 6 cu. ft. drum, lowest drying temperatures, biggest fan. Most Norge dryers have Stop-N-Dry for no-tumble drying of woolsens, nylons, etc.



# Here are free ad mats for air conditioners

Once again, Merchandising Week, in conjunction with U. S. Steel Corp., is offering retailers free ad mats to help boost sales of air conditioning equipment in the spring-summer months—and especially during the industry promotion month of May.

The ad-building elements (some of which are pictured below), along with suggested headlines and the logo for

the promotion, are available in several sizes to extend tie-in possibilities. For example, note the strip-type treatment of the "Melting Man" symbol. It is quite flexible and can be used effectively in a wide variety of advertising layouts.

In order to receive the air conditioning mats, just fill in the coupon and mail—now.

## Remember Last Summer...



## ...why melt this summer?



**CHOOSE YOUR AIR CONDITIONING NOW**



### Welcome Him Home




... to Air Conditioned Comfort




why melt this summer?

Buy Your New Air Conditioner Now.





**Why melt this summer**  
buy your air conditioning now




**Why melt this summer**  
buy your air conditioning now



why melt this summer?



why melt this summer?



Why buy air conditioning now?  
You can get to sleep on hot, steaming nights by counting polar bears.

**YES, I CAN USE THESE AD MATS** — Please send me a set of the mats illustrated (Offer good in U.S. only.) Send them to:

**YOUR NAME** .....

**STORE NAME** .....

**STREET ADDRESS** .....

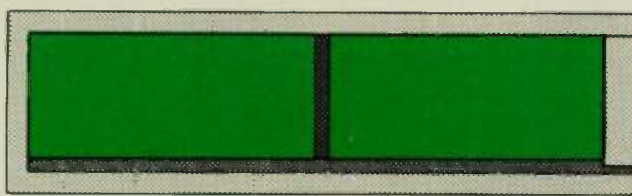
**CITY** ..... **STATE** ..... **ZIP CODE** .....

After you have filled in this form, mail it to:  
**MERCHANDISING WEEK's Ad Service, 165 WEST 46th ST., N.Y., N.Y. — 10036**

Air Conditioner 67



# Philco-Ford engineers are inventing things designed to turn you into a Philco-Ford Dealer.



The Philco Color Tuning Eye

## This is one of them.

It's the Philco Color Tuning Eye. An ingenious little device that makes Philco the color tv that's easy to tune. And that means easy to demonstrate and easy to sell.

Philco-Ford specializes in these kinds of product differences. Visible product differences that overcome sales resistance. Features that can be

seen, tried and proven right on the showroom floor.

It's another example of how Philco-Ford technology helps you sell quality merchandise profitably.

Today's color tv shoppers are getting more particular — looking for meaningful quality differences. Consequently, dealers are looking for

the same thing. And that's why we think the Color Tuning Eye may just turn you into a Philco-Ford dealer some day very soon.



FAMOUS FOR QUALITY THE WORLD OVER  
Philco-Ford Corporation, Philadelphia, Pa. 19134





## Irving meets his mountain

The other morning I have coffee with Irving, a retail appliance salesman of long seniority.

"Have you ever faced an imposing challenge?" he asks.

"My wife's mother is imposing," I state.

"This challenge was inanimate," Irving presses on, "specifically a large white Solovox portable stereo. According to ancient records, it was entered into our inventory on Sept. 9, 1961—a somewhat prehistoric era.

"Meanwhile, color tv, 7.5-amp air conditioners, solid-state phonos come and go, and this set reposes on a

shelf—untouched, unnoticed, and unsold.

Then, last Saturday, a couple comes in looking for a Solovox—but real cheap. Looking around, all I can see is this white artifact. I conduct them over to it. But when I see the shape it is in, my heart does a quick nose-dive. Unfortunately, from time immemorial, our porters have regarded themselves as salesmen and have considered the use of a piece of cheesecloth on the merchandise an indignity. Consequently, the white case of the Solovox is discolored, the beige turntable is stained with the grime of eons,

the corners filled with ashes. But I brace myself to my duty.

"This Solovox is a sample," I announce boldly, "the last one. I will give you a real buy."

"The pair squint at the faded price tag. It reads \$109.95.

"How much you want for it?" the man asks.

"I look at my coded cost: \$66. 'Give me eighty-six dollars,' I reply. They ask to hear it. I slip on a Neapolitan Strings LP and turn it on. The arm wavers unsteadily, then plummets down, missing the record by a half inch.

"No, thanks," the couple sings in unison.

"Give me seventy-six dollars," I cry desperately.

"No, thanks!" they chant, marching doorward.

"My dander is now up. I get a screwdriver and adjust the arm so it works. I take down a vacuum cleaner, plug it in, and give the Solovox a thorough hosing. Then I polish the turntable 'til it shines. Only the cover can resist my labors. The passage of time has left indelible tears and stains on the fabric. But I feel the warm glow of satisfaction that one gets when he restores a floor sample to some respectability. Now all I have to do is sell it.

"Minutes later my chance comes. In walks another couple. They are after the cheap \$30 hi-fi in the window. I grit my dentures and go to work. First I play the Neapolitan Strings on the thirty-buck phono. It does not sound exactly like the Rome Philharmonic on this unit. Then I guide them over to my Solovox, calmly quote \$49.95, and begin a determined exhortation on its superior virtues. I guess one might call it a step-up. The trouble is I step them up so well they begin to express interest in a still better unit; a nearby drop-down model that goes for \$99.95.

"But I am not to be thwarted. I step them right back down to the Solovox. I put on my Neapolitan record and turn the knob. This time a floodtide of glorious melody fills the store. I glance at him; his ears are reddening; a favorable omen. She begins to slowly tap her left foot, indicating she will shortly launch herself into a wild tarantella.

"I shut the set off and step back. It is now up to them. They commence to argue. She wants the Solovox. He does not want to go higher than thirty bucks. Finally, he emerges from a clinch.

"Put that record on the thirty-dollar set again," he commands.

"I obey. Once more the strings wail like an alley cats' conclave.

"He pulls out a twenty-dollar bill. 'Here is a deposit. We will pick up the Solovox tonight.'

I look at Irving in amazement. "What did the Solovox cost?" I ask.

"Sixty-six dollars."

"And what did you sell it for?"

"\$49.95."

"And what was your commission?"

"Nothing."

"And how much time did you spend on it, all told?"

"Maybe an hour or so."

"How many other sales could you have made in that time?"

"At least a couple."

"What is the matter with you, Irving?" I cry. "Have you gone mad or something?"

"Look," he says solemnly, "you, too, are a salesman, are you not? Then you should understand. That explorer Hilary—he climbed Mount Everest. Why? Just because it was there. Well, I am a salesman and that battered old Solovox—it was my Everest!"

**About the author**—The man who writes this column is exactly what he claims to be—a hard-working retail salesman of consumer electronics, major appliances, and housewares. He wishes to remain anonymous (steady readers of this column will understand why). His opinions are his own, not necessarily of *Merchandising Week*.



We  
re-invented  
tape recording.

**It started with the Compact Cassette.** Norelco introduced the Compact Cassette in the United States—it's the tape you don't have to tangle with. It's about the size of a cigarette pack. And it's just as easy to store and handle. The tape is pre-threaded inside the Cassette so you never have to touch it. Just snap the Cassette into the recorder and it's ready to play.

**Norelco left the good things in, locked the bother out.** The Norelco Compact Cassette both records and plays back. (Most cartridges can only play back.)

Unlike other cartridges, it has fast forward and rewind for easy indexing and program selection. It has full stereo compatibility. And unsurpassed sound reproduction.

About the only thing the Norelco Compact Cassette doesn't give you is the headache of tape handling. The lugging, the loading, the threading, the tangling—they've

all been locked out of the Norelco Compact Cassette.

**Norelco made a unified sound system.** Norelco has the most complete Cassette line in the business. And the Norelco Compact Cassette is completely interchangeable with every machine in this line.

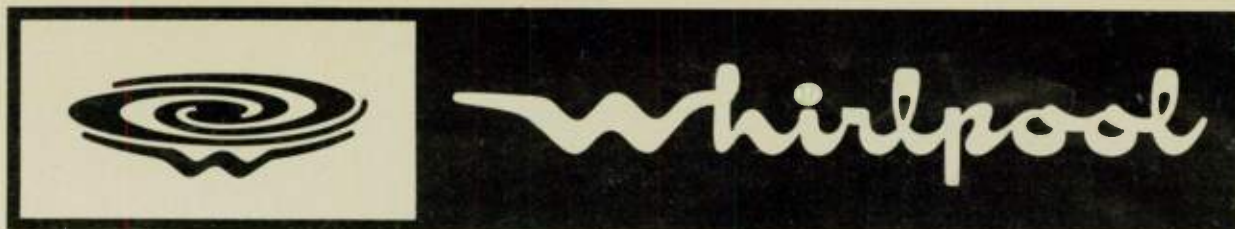
That's why we call our line the 'Norelco Sound System.' There's the famous portable Carry-Corder® '150'. The monaural '350' and the stereo '450'—both designed in beautiful teakwood. And they're the only AC Cassette models on the market.

If you used to stock and sell tape recorders, but decided it wasn't worth the fuss and bother, take a look at the re-inventions in the new 'Norelco Sound System.' You just might get re-interested.

**Norelco®**

North American Philips Company, Inc., High Fidelity Products Department, 100 East 42nd Street, New York, N. Y. 10017





# **makes you a “leader...not follower” with the IceMagic®**

**...a profitable refrigerator feature**



**WHIRLPOOL** pioneered the automatic ice maker idea nine years ago with the IceMagic design. And, as a result, **WHIRLPOOL** dealers still enjoy several advantages. They have the best-known, proved design used in more than a million homes! The IceMagic is truly automatic, too. It fills, freezes and empties ice into a handy bin without a bit of assistance. Here's

a feature that makes selling refrigerator-freezers easier...as well as more profitable. **WHIRLPOOL CAN MEAN A LOT TO YOU!** Ask your distributor. *Remember . . . it's easier to sell WHIRLPOOL than sell against it!*



Available in eleven models, including refrigerator-freezers from 12 to 21 cubic feet . . . an all-refrigerator . . . even an upright and a chest-type freezer! Bin holds up to 540 crescents.



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LINE YOUR POCKETS  
WITH *Silver*



DURING  
THE MOST EXCITING  
WASHER & DRYER  
PROMOTION  
EVER DESIGNED TO  
CREATE STORE TRAFFIC  
AND SELL TOP-END  
MODELS . . . THE BIG



## Silver Lining PROGRAM

Sell the Washer and Dryer with A Lifetime Stainless Steel Tub and Drum, and A Highly Polished Aluminum Agitator. (And who else but SPEED QUEEN offers all these great sales features?)

**Silver Lining traffic-stopping premium and on-product display.**

A special Speed Queen Mr. and Mrs. "Silver Lining" Jiffy Garment Bag Set is dramatically displayed on the washer itself. Supporting pole fits on agitator for rigidity and support. This display keeps the lid open so the customer sees the shining stainless steel tub and aluminum agitator.





Four from Hoover: Two automatic washers and two dryers have been introduced by the Hoover Co.; they are the first of Hoover's fully automatic laundry units to be marketed in the U. S. The washers—

carrying suggested retail prices of \$259.50 and \$229.50—feature programmed push-button temperature selection, four washing cycles, and multi-selections of agitation and spin speeds. Six-way agitation redistributes heavy clothing loads every three minutes, and a "Power Flush" rinse system removes suds and heavy soil during the spin cycle. Both have porcelain-enamel tubs inside rust-resistant steel cabinets.

The dryers—a gas unit for \$149.50 and an electric one for \$169.50—have temperature controls for modern fabrics, a foot-pedal door latch, and a safety shutoff switch. The equipment will be introduced in Minneapolis (Minn.) prior to an anticipated national distribution in the fall. (Hoover Co., North Canton, Ohio)



Zenith adds eight models to its 1967 tv line: four black-and-white sets and four color receivers. Three of the new rectangular-screen color tv sets retail at under \$500, bringing the company's color offerings in that price range to a total of eight models.

In color tv, three of the new units have 227-sq.-in. viewable screens: the Brighton, at \$449.95; the Bromley (shown), at \$549.95, and the Preston, at \$429.95. Although all are table models, the Brighton and the Bromley may be placed on roll-about carts for room-to-room viewing. The Rowley, which carries a retail price of \$449.95, has a 295-sq.-in. viewing area. All four of the company's new color tv sets feature the same handcrafted 25,000v chassis as are used in Zenith consoles.

In black-and-white tv, Zenith presents two new personal portables. Both are 79-sq.-in. models, retailing at \$99.95 and \$109.95. Other models introduced are the 141-sq.-in. Seabreeze at \$119.95 retail and the 282-sq.-in. Evans at \$169.95 retail. All sets have the Zenith handcrafted, horizontal chassis, and Deluxe Video Range 82-channel tuning system. (Zenith Sales Corp., 1900 N. Austin Ave., Chicago, Ill. 60639)



Electrohome of Canada has introduced a 23-inch color tv set that "employs the most futuristic aspects of television," according to the company. Called the Circa '75, the new unit has a flip-down chassis, self-adjusting circuits for interference-free reception, stage frame grid IF, and automatic color control. Of modern design with a roll-away door and roll casters, the cabinet is available in natural walnut or oiled teak. The Circa '75 has a suggested retail price of \$869. (Electrohome of Canada, Kitchener, Ont., Canada)

## LETTER TO THE EDITOR

**'I would like to clarify this statement'**

Dear Sir:

In your article which appeared on page 7 of the March 13, 1967, issue of Merchandising Week, you mention that Muntz Stereo-Pak will sell 65,000 cartridges throughout the United States. I would like to clarify this statement.

Muntz Stereo-Pak is geared to provide 65,000 cartridges per day. At the present time, we are producing 20,000 cartridges per day. And as far back as 1962, we were producing more than 65,000 cartridges per year.

Earl W. Muntz  
President  
Muntz Stereo-Pak Inc.  
Van Nuys, Calif.



**Silver Directional Arrows**  
These intriguing arrows direct customers to your "Silver Lining" display. For floors, walls, windows, or on the product itself.



**Window Banners and Product Spots**  
Stunning silver window banners and product spots shout at customers and prospects about the washer with the "Silver Lining."



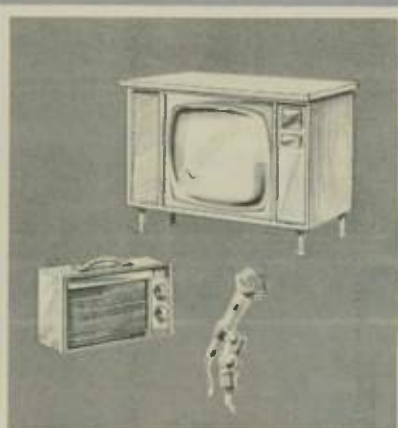
**Hand Out Consumer Flyers**  
Consumer hand-out flyers printed in metallic silver ink help you to get the Speed Queen "Silver Lining" story out to customers and prospects.



**Retail Ad Mats**  
Hard-hitting Silver Lining tie-in ad mats promote "Silver Lining" theme and garment bag premium offer.



**"Silver Lining" Sales Clinchers**  
1. Lifetime washer stainless steel tub.  
2. Durable aluminum agitator.  
3. Lifetime stainless steel dryer drum.



**Radio and TV Commercials**  
Specially taped "Silver Lining" commercials with new "Silver Lining" lyrics and music make these radio and TV "Silver Lining" commercial outstanding and unique.

**NOW IS THE TIME TO SWITCH TO SPEED QUEEN QUALITY.**

**Mail coupon today!**

**YES!**

I want to get in on your great Silver Lining Program.

Dealer Name \_\_\_\_\_

Address \_\_\_\_\_

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

Phone \_\_\_\_\_



**SPEED QUEEN**  
Quality and Dependability Since 1908

A Division of McGraw Edison Co. • Ripon, Wisconsin





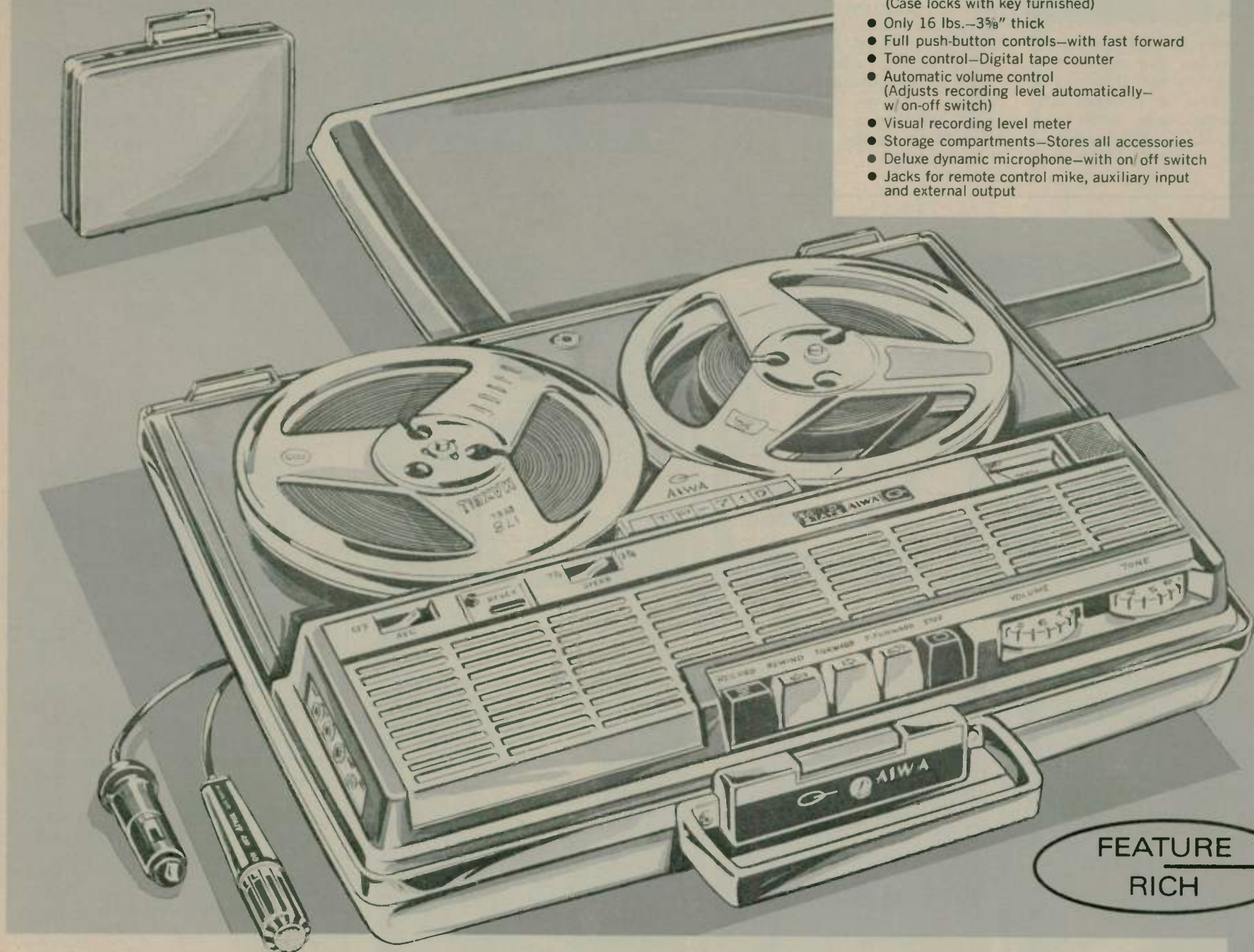
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BATTERY

AC CURRENT

### TP-719 Solid State 2 Track Monaural AC/DC/ Car Battery Adaptable Tape Recorder with Mike Storage

- Monaural, Dual track, Capstan Drive
- Plays 3 speed— $7\frac{1}{2}$ — $3\frac{3}{4}$ — $1\frac{7}{8}$  I.P.S. Over 12 hours recording time
- Operates on batteries, Household AC current and Car battery current (All adapters included—Nothing extra to buy)
- Solid state circuitry—longer life, Instant Play, Cool operation
- Plays all "Reel Sizes": 7", 5", 3"
- Aluminum die-cast frame and handle (Case locks with key furnished)
- Only 16 lbs.— $3\frac{5}{8}$ " thick
- Full push-button controls—with fast forward
- Tone control—Digital tape counter
- Automatic volume control (Adjusts recording level automatically—w/ on-off switch)
- Visual recording level meter
- Storage compartments—Stores all accessories
- Deluxe dynamic microphone—with on/ off switch
- Jacks for remote control mike, auxiliary input and external output



FEATURE  
RICH

# A POWERHOUSE in an attache case by

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### TP-713 Solid State Monaural, Dual-Track, AC/DC Tape Recorder with 5" Reels

2 speeds ( $3\frac{3}{4}$  and  $1\frac{7}{8}$  i.p.s. with switch). Plays on AC or batteries. Built-in converter. AC bias. Dynamic mike with on/off switch and stand. Full push-button controls with fast forward. Digital counter. VU meter. Built-in automatic volume control system with on/off switch. Tone control. Retractable handle.



# The search for better retail service

## EITHER



## ... OR



Better retail service. Is such a thing possible?

We are talking now about the retailer—the merchandiser—who runs his own service department, not the moonlighter working out of his garage or the independent service company (although the independent service company shares some of the merchandiser's problems, and can benefit from his solutions). We are talking about the dealer who believes—really believes—that providing good, quick, honest service is the way to build a business.

He may believe it, but, if you listen to him, he seems to be saying that the service business is a millstone grinding him down with personnel problems, record problems, parts problems, and customer problems.

"I make money at the front door and lose it out the back" is the cliché. It may be true, but ask the man who says so, "How, exactly, are you losing money on your service department?" and you probably have him. He cannot say.

He will say that color television has only

made a bad situation worse. In the rush to build sets, say retailers, color tv manufacturers have allowed quality control to slip—so new sets need extra service. Color sets are more complicated to service than other consumer electronics—so technicians need training and new equipment. Customers who are plunking down \$550 for a new color set are sensitive to a set's defects—they want immediate service.

Many servicing dealers see the problem in black-and-white terms: Should I get out of the service business or stay in? The other problem, that of the non-servicing dealer who wonders whether he should staff a service department, hardly exists.

Once a retailer has weighed the alternatives and decided that, in his particular situation, it is better to keep a service department and try to turn it into a profit center, there are things he can try. Below, and on the next three pages, are some of the factors a retailer who wants to make a decision can consider.

## Stop searching and get out of service . . .

There are times when a retailer faces market conditions that call for amputating the service department rather than feeding it palliatives.

One big reason, after all, for running a service department is because, by making customers happy, it helps sales. When a retailer cannot give adequate service, when the service department is alienating customers, when, in short, service is hurting sales, the retailer should consider getting out of the service business entirely.

If the department were making money, getting out would be a mistake—but things do not seem to work that way. A retailer can lose money and give good service, but it is very hard to make money while giving poor service. And this was a point service managers made over and over to Merchandising Week: the only service worth giving is good service.

But suppose a new electronics factory is opening up in town and is hiring all the electronics service technicians for twice what they have been earning at good old City Appliance Sales & Service Co. The manager at City Appliance might appeal to the technicians' loyalty, their esprit de corps, and offer more money. But suppose nothing works. City, which has built its reputation on fast service, will begin alienating customers because it takes two weeks to get a man into the home.

City's manager might go to his supplier and say: "We're getting out of the service business. We want you either to franchise an independent service company or set up factory service." If City is big enough, the supplier might do it. It happens.

In a way, this begs the question, because now City's supplier has to find technicians, train them, and try to operate a department. The retailer's comment on this tends to be: "Better him than me."

A service department tends to limit the number of lines a store can easily merchandise. Every time a retailer adds or drops a brand, he complicates

his problems of training technicians and stocking parts. A high-volume, free-wheeling merchandiser might do well without a service department. (Some obviously have.) The big man can give the supplier tonnage; let his supplier give his customers service.

Then there is the matter of service competition. Suppose a retailer carefully analyzes his cost (few do), figures his break-even point, and realistically recognizes that, his costs being what they are, he must charge \$11 per call. Suppose his market is full of moonlighters who charge \$3 per call. The retailer can try to explain to customers why his charges are so much higher than anyone else's, or he can go to his supplier and say, "We're getting out of this service business . . ."

A store manager has only so much time. When he is running both a sales department and a service department, he must divide his attention. If one takes more time than it should—if sales are slipping because the manager is constantly tied up with the service department—the manager must make a decision: where will he get the best return for his time invested?

The mistake many stores make when they go to factory service is that they completely wash their hands of service. When a customer calls the store for service, they give her the number of the service company and say, in effect, "Good luck!" This customer is now the service company's customer, not the appliance store's.

Better to list a special phone number for service (actually, a number that rings at the service company), and have the girl at the service company answer that line with, "City Appliance." If the customer should call the store's main number with a service problem, the girl at the store should take the call and pass it on to the service company. As far as the customer is concerned, she has been dealing with those pleasant people down at City Appliance, even though the truck that comes to her door may have "RCA Service Company" on the side.

## Stay in and organize the department

The reasons for maintaining a service department have not changed, but a quick review will not hurt the retailer whose top bench man has just given notice.

When a store offers service, the customer belongs to the store, not to the brand. That is, when a customer buys, say, a GE washer from City Appliance, and City services the washer over the years, the customer will, if she has been satisfied with the service, tend to go back to City for her next washer.

If, however, GE has been giving her good service on the washer over the years, the customer will go where she can get the best price because she knows that, no matter where she buys, she will get good GE service. (Of course, if City happens to be Mr. GE in town, this argument does not apply.)

When a store offers service, it has one more tool to meet—and sometimes beat—Sears (and most retailers need every tool they can get). "We service what we sell" means something to most

customers, and Sears merchandises the heck out of service. How can smaller stores do less?

When a store offers service, it has a potential profit center in the service department. The key word is "potential," and, as one servicing retailer points out: "To make money in the service department, you have to divorce it from the sales department. It is either going to be a merchandising tool on which you lose money, or it is going to make money."

When a store offers service, it can turn service customers into merchandise customers. "If I were a retailer, I'd service everything I could," says one manufacturer's national service manager. "Get into the customer's home on a service call, give her good service, and create a climate where she will come to the store to buy a new machine when the old one is beyond repair."

Once the store is committed to service, what can it do to solve profit problems, productivity problems, and personnel problems? Turn the page for some ideas.



# How to be honest with your service manager

## First, keep accurate records

If a retailer wants his service manager to run an efficient department, he must give the man the tools to do the job. This means not only wrenches, a charging board, and a tube tester—but also a budget. "Make the service manager accountable for the department's profit or loss," says one service manager.

The store manager may say something like this to himself: "The service department is a merchandising tool. I use it the way I use advertising. I will not expect it to make money." Even if he says something like that, he should know how much he is willing to lose. \$5,000 a year? \$10,000? And to know how his service manager is doing, he needs a budget and monthly profit and loss statements.

The question comes up: why don't more retailers make the service manager accountable? "Part of it, I suppose, is ego," speculates one retailer. "A man who has built a business single handedly is unwilling to delegate even

in the last column, "NARDA target ratios," are based on a 1964 analysis of specialty service operators. They have been put in the table because they are the best available, but they should be used with caution because they are old, they are averages, they are from service-only firms which were all members of the National Appliance & Radio-TV Dealers Assn. They include parts, labor, and merchandise.

The figures for Village and City assume no income from, or expense for, parts. A retailer who wanted to be very sophisticated would give the parts department its own p&l statement. For all the examples that follow, however, assume the service department pays all the overhead on parts and that profit from parts is something extra. This will overstate the service department expenses somewhat, but it is better to overstate them and end the year with extra money than to understate and end with profits hurting.

The numbers should be easy enough to dig out. The "cost of sales" is what the men were paid during the month. "Advertising" is the ad in the yellow pages. "Rent" is a proportion of the store's total; that is, if the service (and parts) department takes up 20% of

per man. One manufacturer who has studied the service business says, as a matter of fact, that, to break even, a shop must have at least four men working in it. Exactly how this works will be demonstrated further on in this article, but, for now, it should be said that the retailer who has been cutting his service department back in an attempt to cut costs may be putting himself on a ledge where the only way down is a ladder from factory central service.

## Second, give him a reserve

Without a warranty reserve, the service department cannot break even, let alone show a profit. "But why," asks the retailer, "should the service department show a profit? I'm using it as a merchandising tool."

The retailer's argument runs like this: "I don't know what it is going to cost me anyway to do in-warranty service work. Therefore, the figure I pick will probably be either too big or too small. If it is too big, it hurts the sales department's margins. If it is too small, it doesn't serve the purpose. Besides, it is all my money. What difference does it make whether I take it from the sales pocket and put it in the service pocket, or just leave it in the sales pocket—and save the bookkeeping?"

There are, say the experts, two reasons why the service department should try to show a profit—why the retailer should set up warranty reserves.

The first is psychological. Most people—service technicians included—do not like to work for a money-losing organization. They do not feel comfortable knowing that, no matter how hard they work, they will be a drag. A store manager will probably find it difficult to motivate his service manager and service technicians if they feel their efforts are not being fairly recognized.

The other reason is pure business. If the store did not have a service department to perform in-warranty service, who would do it? Either an independent service company or a factory branch. And how would these people be paid? With something that has been built into the price to the retailer—in effect a warranty reserve.

One quick way to figure warranty reserves, as a matter of fact, is to find out what the merchandise price would be with out-board service, with in-board service, and use the difference as a reserve.

Granted that, when the store manager gives the service department 2% to 5% off the price of the merchandise, he is hurting his margins. At the same time, however, he is being honest with himself. If he does not charge the reserve, but pays the service department's loss out of profits at the end of the year, he is still paying—and, in the meantime, he struggles along with an inefficient service department.

The retailer can either charge a percentage or a dollar amount for a reserve. The numbers can come from either the distributor or the manufacturer. If they are a little high or low, the retailer can adjust them later.

There are at least two ways to account for the money: give it to the service department, or keep it, as a separate account in the sales department. If the service department gets the reserve, it may happen that, at the end of the year, the service manager will be able to come to the store manager and say, "Look, this year, because we were more efficient in our in-war-

**Service operation profit and loss statements**

	Village Sales & Service Co.	City Sales & Service Co.	NARDA* Target Ratios
<b>Sales (labor)</b>	<b>\$1,298.00</b>	<b>\$6,579.20</b>	<b>100.00%</b>
<b>Cost of Sales (labor)</b>	<b>440.00</b>	<b>2,782.00</b>	<b>57.67</b>
<b>Gross Profit (margin)</b>	<b>\$ 858.00</b>	<b>\$3,797.20</b>	<b>42.33%</b>
<b>Operating Expenses</b>			
advertising	\$ 23.00	\$ 75.00	1.67%
auto and truck	60.00	320.00	4.63
depreciation	45.00	200.00	2.96
telephone	20.00	125.00	1.20
office supplies	15.00	90.00	1.27
rent	150.00	400.00	3.31
utilities	30.00	70.00	—
office salaries	160.00	300.00	5.10
management salaries	172.00	750.00	11.68
shop supplies	20.00	80.00	—
taxes (payroll)	40.00	350.00	2.10
taxes (property)	10.00	40.00	.43
dues and donations	15.00	60.00	.98
insurance	30.00	100.00	1.80
legal and accounting	10.00	50.00	.55
travel and entertainment	35.00	140.00	.26
other shop expenses	23.00	50.00	1.48
<b>Total Operating Expenses</b>	<b>\$ 858.00</b>	<b>\$3,200.00</b>	<b>39.42%</b>
<b>Operating Profit</b>	<b>000.00</b>	<b>597.20</b>	<b>2.91%</b>

\*NARDA's figures include both parts and labor.

a tiny piece of it to anyone else—even if it makes good business sense."

Another part of the answer is the quality of service help, few of whom—according to retailers—are management caliber. On the other hand, a service technician will never grow into a manager unless he is given the chance. Another way around this is to take someone with management ability and let him run the service department; sometimes it is easier to do this than to train a technician as a manager (and lose a good technician).

Another part of the answer is the quality of dealerships, many of which—according to manufacturers—do not get monthly profit and loss statements even on the sales side, let alone monthly service figures. We are not talking about this retailer; he has problems beyond the scope of this article.

For the retailer who does want help breaking out his service figures, two monthly p&l statements are reproduced below, one for Village Sales & Service Co., which has a one-man shop; the other for City Sales & Service Co., which has a six-man shop. The figures

the store's space, it is charged 20% of the rent. "Office salaries" is the expense of a girl—or a part of a girl's time—to answer the phone and make out statements.

A key ratio to figure, keep in mind, and try to improve is the relation between overhead and labor. For Village Sales & Service, the ratio is a little high: the cost of sales, \$440, divided into operating expenses, \$858, equals the total burden, 195%. For City, the ratio is much better: \$2,782 divided into \$3,200 equals 115%. The lower the ratio, the more efficient the operation.

Indeed, one of the key points made over and over again is this: a small shop cannot be as efficient as a large shop. The more men a store has out on the road, the more efficiently they are using the facilities they must have. These two p&l statements make the point. Rent, as a proportion of sales, is 11.6% for Village; it is a little over 6% for City. Overhead does not double when a department adds a second man.

To put it another way: the more men a shop has, the less it costs in overhead



ranty calls, we did not use \$9,000 of the reserve. I would like to buy a new truck, a new oscilloscope, a new . . ." Smart store management will not only let him improve the department, but will give him a piece of the profit.

In the second case, where the service department bills the sales department for in-warranty calls, the service department will end the year breaking even on in-warranty work, and the only profits will come from out-of-warranty jobs. If the service manager wants to improve the department, he will have to ask for something extra.

The service department, nevertheless, should charge the fund the same rate it charges for out-of-warranty calls. How to figure this rate will be explained further on, but the reason for doing it this way is that it simplifies bookkeeping and gives management a chance to accurately compare a man's productivity on his in-warranty and out-of-warranty calls.

One small caution: if the store management says that the sales department can always make up the cost of the service department, the service manager may not have the incentive to cut costs. Everything must be kept in balance (which is why it is hard to be a store manager): margins must be competitive, the warranty reserve must be adequate but not generous, costs must be held down, technicians must be paid sufficiently, service rates must be competitive, and everyone must be productive. How?

### Third, give his men some incentive

But, before the retailer can set up an incentive plan for his technicians, he must know his break-even point, how productive the men are, and how to set his rates.

To figure the break-even point, and, from it, the income required per call, start with the technician's hourly rate. For the first example, use Village Sales & Service, which has one man who, for the sake of this problem, works for \$2.75 an hour.

Multiply his hourly rate by eight hours to get his daily rate: \$22.00

Multiply his daily salary by the overhead, 195%. This 195% came from the p&l statement by dividing the labor cost into the operating expenses. 195% times \$22.00 is \$42.90. This is the daily burden.

Add the daily salary to the daily burden to get the income required per day to break even: \$64.90.

Add 10% profit to the break-even figure to get the daily income required to make a profit. In this case: \$71.39.

What this means is that, if the man completes only one call a day, he must charge the customer \$71.39 to make his profit. If he completes three calls a day, he must charge \$23.80. The graph at right shows that, when productivity rises, the income required per call drops. The more calls a man completes, the less he can charge per call. There is more to be said on this, but now compare the figures for City Sales & Service.

City has six men working at different hourly rates. When one adds all the rates together and multiplies by eight, the daily rate is \$139.10.

Again, multiply the daily salary by the overhead, in this case 115%, to get a daily burden of \$159.96.

Add the daily salary, \$139.10, to the daily burden, \$159.96, to get the income required per day to break even: \$299.06.

Add a 10% profit, and the daily income required for City is \$328.96.

City's graph shows that if each man completes three calls per day, the income required per call is \$18.27. That is, \$328.96 divided by 18 is \$18.27. If each man completes six calls, the income required is \$9.14.

Notice that, call for call, City requires less income than Village. That is, if the men at City are completing six calls per day, the man at Village must be completing almost eight calls per day to be competitive. Part of the reason for this discrepancy is the difference in overhead—195% against 115%.

To figure an hourly rate: take the number of productive hours and divide them into the daily income required. Technicians are not productive eight hours a day. Whirlpool says, on the average, a technician spends three and a half hours a day checking in to receive calls, traveling, drinking coffee, and so on. For Village Sales & Service, therefore, take the productive hours (4.5), divide them into Village's daily income required (\$71.39), for an hourly rate: \$15.86.

To figure the hourly rate for City, multiply the number of productive hours per man by the number of men to get the total productive hours a day: 27. Divide 27 into City's daily income required, \$328.96, to get a \$12.18 hourly rate. This is what the customer should be charged for time in the home.

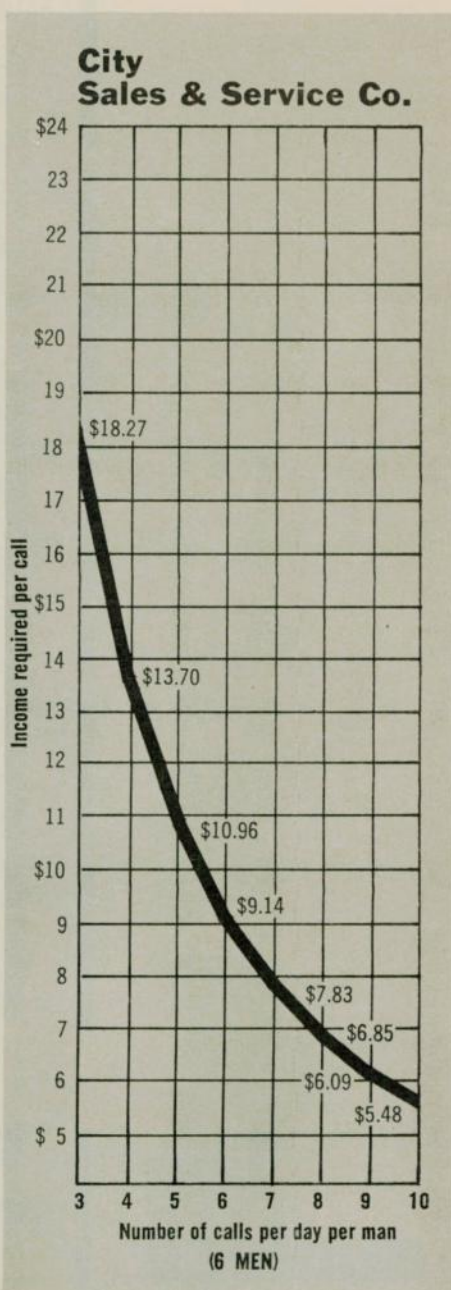
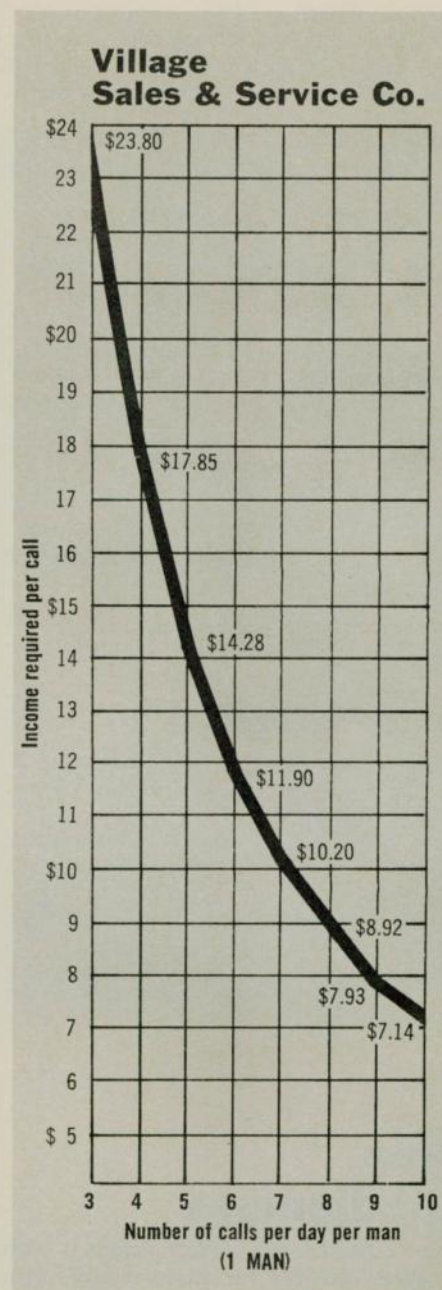
Where does the incentive come in? Look at City's graph. Suppose the men are averaging six completed calls a day; they are spending about 45 minutes on a call, and they are charging the customer about \$9 for the call. Everything is in line.

What happens if everything else stays the same, but the men start completing eight calls a day? They are still bringing in around \$9 per call, but they only need to bring in \$6.85 per call for the department to make its profit. Most of the rest is gravy. (It is not all gravy because, as productivity rises, expenses also rise.) The smart manager will give the technician a piece of the

action for every call he completes over, say, seven.

The technician says to himself: "If I get \$1.50 (or whatever) extra per call for every one over seven—that means, if I just do two extra a day, it's \$15 extra a week, or three extra a day is \$22.50 a week. . . ." Suddenly the man is working for himself.

Of course, he is still working for good old City Sales & Service, and good old City is making the usual profit on both the extra calls and the extra parts sold. Everyone is happy but the customer, who resents paying \$12 an hour for labor. But perhaps something can be done about that.



## Service Contracts: a pain killer with side effects

Look at all the reasons for selling service contracts to cover out-of-warranty repairs:

Sears sells them.

Wards sells them.

Customers benefit from them.

A contract gives her all the service she needs for a fixed sum. She need not worry about a major breakdown to disrupt her budget, and she does not have to put off a minor repair, which may develop into a major crisis, for lack of ready cash. Often she can spread the price of a contract over a year. When she does need service, factory-trained technicians repair her appliance.

Retailers benefit from them.

The customer who has a service contract maintains her contact with the store. Contract sales can provide the basis of accurate budgets. The income helps level economic peaks and valleys so that the store can stabilize its work force. With a contract, the service de-

partment can concentrate on the work; customers no longer bicker over service bills. Finally, contract sales should be profitable, and, with the profits, the store can pay technicians well to attract the best men, can buy the tools and equipment to do the best job, and can offer the customer more and better service.

So why don't more retailers merchandise service contracts?

Contracts are best sold along with the products, but this requires a negative sell. The salesman must simultaneously tell the customer that the product will provide years of satisfaction but—in case it breaks down—she ought to have a service contract. It is hard enough, many salesmen feel, to sell the customer on the product's quality without raising the spectre of major repairs.

Customers move, and it is one thing to run a service call on the other side of town, something else to drive 35

miles into the next county. There is also friction when the customer moves out of the state. "What are you going to do about the \$80 I spent on a color tv contract three months ago?" the customer asks. The retailer will refund the unused part and curse the book-keeping.

Finally, retailers are not sold. They are not convinced that the advantages to the customer and to themselves outweigh the problems: problems of training the salesmen to sell contracts, problems of merchandising the contracts to consumers through direct mail and telephone calls, problems of building enough volume.

Pointing at Sears' success with contracts does not prove anything except that Sears is a special case. Sears gives its salesmen an incentive to sell contracts: sell them or lose your job. One ex-salesman, a survivor of a Sears laundry department, told Merchandising Week that his quota was 75%; for



# Service Contracts: (cont.)

every dozen washers he had to sell nine contracts—or else! “They told me it was better to lose a low-end sale than to make it without a service contract,” he said.

Also, with Sears’ credit facilities, the cost of the contract is spread out. The customer does not spend, say, \$24 at once; rather, \$2 a month—“Only fifty cents a week to give you peace of mind,” says the salesman. Finally, Sears is able to service the product almost anywhere the customer moves. And they merchandise this.

One independent appliance retailer who is merchandising service contracts is Jack Boring, in Kansas City, Mo. Boring points out to his people that “only when the customer returns to purchase another appliance, or recommends our services to others, is our initial sale really complete.” Boring’s contract prices are competitive with Sears; he offers extended financing, and, he feels, competitive service.

The trend is toward service contracts. Factory service companies are interested in selling them, and are selling them. One manufacturer’s na-

tional service manager feels that eventually all products will be sold with a service contract. “It is like insurance,” he says, “and people are getting used to the idea of insurance. They buy insurance on their cars; they have Blue Cross and Blue Shield; they are going to be more and more receptive to service contracts.”

One implication he did not draw, but which should be drawn: the servicing dealer will have no more headaches with his service department when all service is done by Sears and the other private-label merchandisers, by independent service companies, and by factory branches.

The whole world, however, is not going to service contracts, another manufacturer counters. Some companies are using extended warranties to accomplish the same end—longer and longer consumer protection. With extended warranties, the cost of service is built into the merchandise price; with a service contract, however, the consumer has an option to buy it or not. Of course, without technicians to repair the merchandise, the whole controversy becomes academic.

## Service contract prices: Sears and Boring’s

PRODUCT	SEARS*	BORING’S
Gas and Electric Ranges	\$15.00 (per year, 2nd-5th)	\$11.95 (conventional) (per year, 2nd-5th) \$14.95 (eye-level) (per year, 2nd-5th)
Dishwashers	\$15.00 (per year, 2nd-5th)	\$18.95 (per year, 2nd-5th)
Automatic Washers	\$29.95 (3rd year) \$34.95 (4th or 5th year)	\$23.95 (per year, 2nd-5th)
Dryers	\$24.95 (3rd year) \$29.95 (4th or 5th year)	\$18.95 (per year, 2nd-5th)
Washer & Dryer (2 units)	\$49.95 (3rd year) \$59.95 (4th or 5th year)	\$37.95 (per year, 2nd-5th)
Wringer Washers	\$24.95 (3rd year) \$29.95 (4th or 5th year)	\$12.95 (per year, 2nd-5th)
Refrigerators	\$12.00 (per year, 2nd-5th)	\$9.95 (standard) (per year, 2nd-5th) \$11.95 (combination) (per year, 2nd-5th) \$14.95 (duplex) (per year, 2nd-5th)
Room Air Conditioners	\$20.00 (per year, 2nd-5th)	\$14.95 (plus installation) (per year, 2nd-5th)
Portable b&w Television (in-shop service)	\$19.95 (1st year) \$19.95 (2nd year)	\$13.95 (extend to 9 mos.) \$26.95 (91st day-2 years)
Color Television	\$39.95 (1st year) \$49.95 (2nd year) \$59.95 (3rd year) \$69.95 (4th year) \$79.95 (5th year)	\$19.95 (91st day-6 mos.) \$32.95 (91st day-1 year) \$62.95 (per year, 2nd-5th)
Hi-Fi, Stereo Phono	\$19.95 (1st year) \$24.95 (per year, 2nd-10th)	\$13.95 (91st day-1 year) \$17.95 (per year, 2nd-5th)

\*Contract prices may vary slightly from market to market.

# The endless search for men

## Some expediencies

Finding competent service technicians is probably the biggest problem for most service organizations. And it is as much a problem for the factory service companies as for the servicing retailer, perhaps more so: factory service companies have to worry about unions.

There are no easy answers to this one, and the present bind will probably become tighter before it loosens. Who would want to be a serviceman? He does not have much status, he is not usually well paid, he has few fringe benefits, and his working conditions are not very stimulating. Trade schools are not turning out technicians who can work on consumer products, and the U.S. Government’s efforts—through the Job Corps and the Manpower Retraining Act—are woefully inadequate.

For the time being, therefore, the word is: make do. Certainly, retailers will have to pay competitive wages; depending on the market, it is not unreasonable to pay a good man \$12,000 a year. Retailers may have to put the technicians on salary, and give them hospitalization, a paid vacation, and a share of the profits.

At the same time, retailers will have to improve the technician’s productivity through training, incentives, and better records. The National Appliance & Radio-TV Dealers Assn. data processing system for service departments. (MW, 13 Feb., p.11) is one tool a retailer can use.

Here are two stop-gap ideas: one servicing re-

tailer hires high school and college teachers shortly after New Year’s. He trains them one night a week for a couple of months in the spring at his expense. By the time summer vacation rolls around, he has a crew of men who are able to clean, install, and repair air conditioners, refrigerators, and freezers. The teachers learn easily, they are reliable, and they are happy with a well paying summer job. The retailer is happy with them.

To try to lick the shortage of electronics technicians, some shops have hired inexperienced—and inexpensive—men and taught them to use a tube tester. These are the men in the vans; they visit the customer and check and replace tubes. When they have a set that cannot be repaired with a new tube, they pull it and take it back to the shop. The trained, experienced, and expensive technician stays on the bench repairing sets. His valuable time is not wasted driving around and checking tubes.

But more has to be done. Manufacturers realize this, and plans are afoot to increase the pool of trained technicians.

In one of the most far-reaching moves, Electronic Industries Assn. has launched a program aimed at solving the service headaches for the consumer electronics industry. The first step—a \$25,000 allocation to hire a full-time administrator and develop a plan—has just been taken.

Ultimately, EIA hopes the plan will stimulate additional training facilities and tap Federal programs for additional funds. The projected overall yearly budget could run from \$100,000 to \$500,000 once the program hits its stride.







**Since Ben Franklin  
flew his kite,  
Panasonic has discovered  
a lot of things.  
But who is Panasonic?**



**Panasonic can't claim to have discovered electricity.**

But we have discovered ways to make home entertainment products pay off—for dealers like you.

Panasonic's U.S. sales are *50% higher* this year than they were last year. They've been climbing like this each year since we started doing business. Big and little dealers alike are selling more Panasonic TV sets, radios, tape recorders and phonographs than ever before.

So maybe you ought to know a little more about us. Just who are we?

**World-wide company**

Panasonic is a world-wide company. We make over 4,500 products. In addition to home entertainment products, we produce everything from vacuum cleaners to electric welding machines and industrial motors to batteries—to name just a few. We employ more than 40,000 technicians. In 79 factories. And we sell our products in more than 120 countries.

Whatever we make, we do our darndest to make nothing but the best. And then we go one step further. We try to make it even better. And that's what the Panasonic name stands for. Every time. On every product.

**2,500 scientists**

Panasonic keeps an eye on tomorrow. That's why we employ more than 2,500 scientists and research engineers. Their job: To develop a never-ending parade of new ideas and better products.

Panasonic's scientists work in all areas from basic theory to final product development in our Central Research Laboratory, one of the most up-to-date in the world today.

In 1,001 ways Panasonic scientists make sure you're selling the best when you're selling Panasonic. Take Panasonic TV sets, for example. They have to pass a total of eight rugged tests—drop test, vibration test, shock test, temperature test, moisture test, chemical test, electrical test and our "life" or durability test—before they reach the marketplace.

**Exclusively Panasonic**

Another important result of Panasonic research is the fact that our new '67 line has a number of exclusive new product features. Features nobody else can match. Features you can demonstrate.

Such as automatic electronic one-touch tuning in Panasonic radios.

And the "Easymatic" switch in our tape recorders that lets you record with no need to adjust the recording level.

And "Pana-color" color TV, engineered with over 100 more electronic parts than you find in other color TV. Result? A difference in reception that's a pleasure to see.

**Full profit margin**

Think about this fact, too. Panasonic sells at a full profit margin for the dealer.

With Panasonic, your profit's no mirage. Won't dissolve in a lot of service costs. Product returns. Lost customers. Which is one reason why Panasonic products are getting a big push from big stores such as May Co. in Los Angeles, Maison Blanche in New Orleans, Famous-Barr in St. Louis, Jordan Marsh in Boston, and Macy's in New York.

What's more, we're working hard to build traffic for you with a year-long campaign of large-space ads in top magazines like *Life*, *Look*, *Time*, *Newsweek*, *U.S. News & World Report*, *Saturday Evening Post*, *Seventeen* and other names we'll be adding later on.

If you'd like to know more about us and our '67 line, call your Panasonic representative. He'll give you *all* the reasons why profits start rising with products from Panasonic.

**PANASONIC®**



# DEALERS KEEP TELLING US WHAT WE CAN DO WITH OUR



## TR 8700 PORTABLE STEREO CASSETTE TAPE RECORDER

They tell us we can play it in any position. Standing up. Laying down. On its side. And especially while being carried.

Then they tell us how we can get sensational big-set sound with the wing speakers attached or separated. Or played through an external sound system.

And as if that wasn't enough, they keep telling us how quickly and easily it can be played. And how dependable it is because of the Mercury cassette tape system; solid state circuitry; capstan drive; push-button controls; independent volume and tone controls for each channel;

two VU meters; input and output connections. And the ability to be played on batteries or through any AC outlet.

Together with dual dynamic microphones and four free pre-recorded cassettes (worth \$23.80), they tell us it's the most stereo tape recorder for the price—only \$159.95.

We hate to blow our own horn, but they're right. And we knew it all along.

So now if you don't mind, we'd like to tell you what you can do with our TR 8700. Stick it right up front. You'll sell a bunch. At least that's what dealers keep telling us.



**TR 8000 Cordless Cassette Tape Recorder**—solid state circuitry; capstan drive; shoulder strap; microphone with remote start/stop; patch cord; blank cassette; cassette library rack. Retail price \$79.95.

**C-60 & C-90 Blank Compact Cassettes**—60 and 90-minute Compact cassettes can be used with TR 8700 and TR 8000 Mercury recorders plus all other cassette-type units. Retail price C-60 \$2.65; C-90 \$3.75.



# MERCURY

MERCURY RECORD CORPORATION • HOME ENTERTAINMENT DIVISION • CHICAGO 60601

### HOUSEWARES



□ □ **Hoover's new home-care unit**, which does six separate floor-care jobs, is being introduced on a test-market basis in Cleveland and Pittsburgh, with national distribution projected for the summer. The Floor-A-Matic floor conditioner can: dispense detergent solution and power-scrub floors; pick up the scrub water; apply wax (liquid or paste) or shampoo; polish and buff all hard-surface floors; damp-mop between waxings and vacuum dry floors; shampoo carpets and restore their colors. Minimum co-op eligibility price on the new Hoover unit is \$79.50. (Hoover Co., North Canton, Ohio)



□ □ **The new Parks Custom Jet 500** marks the company's entry into the electric shaver field. The unit features an armature-type AC/DC motor and a "built-in-the-head" trimmer. Suggested retail price is \$19.99. (Parks Products Inc., 7421 Woodrow Wilson Dr., Hollywood, Calif. 90046)



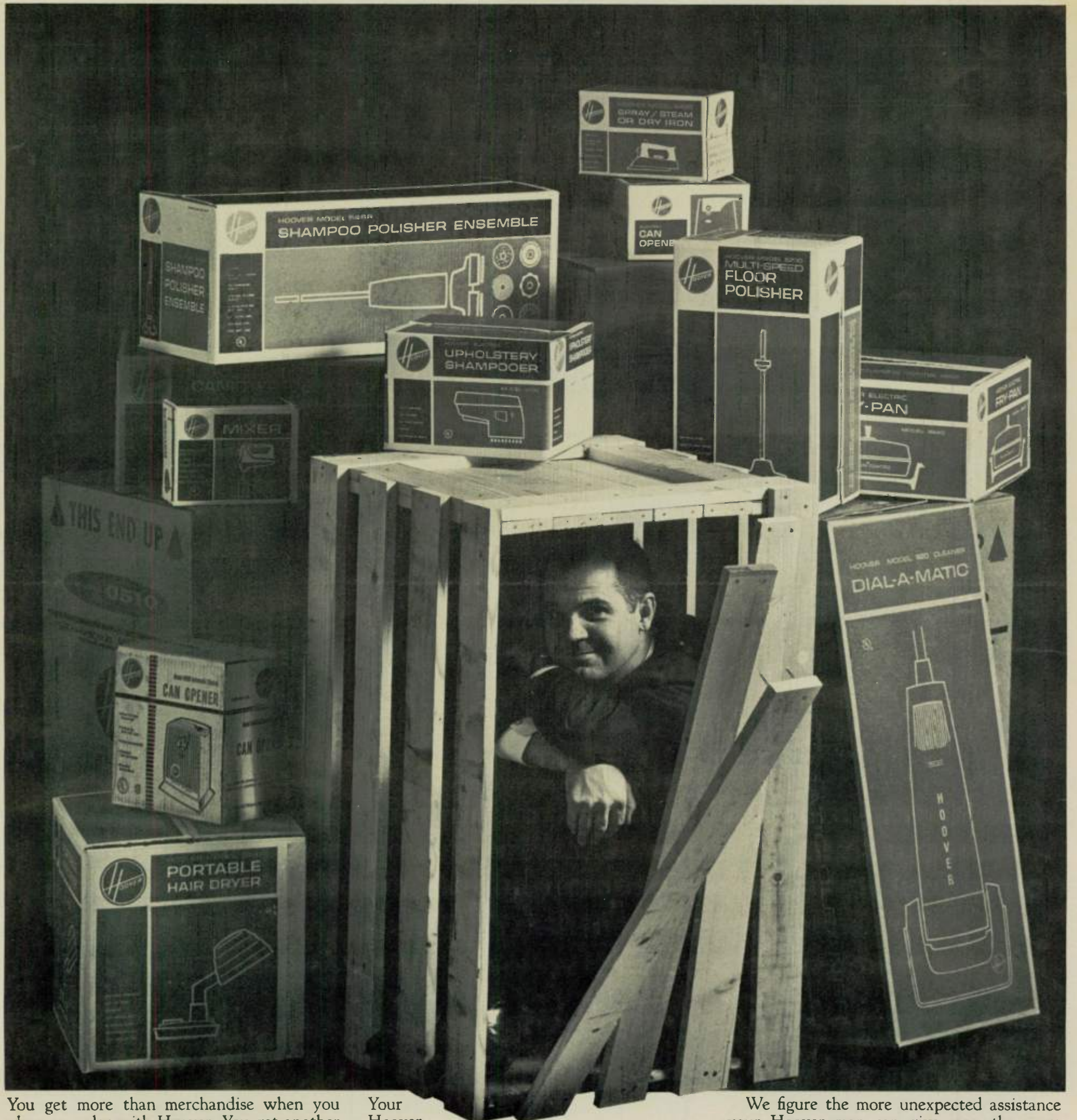
□ □ **Va-Comb whisks lint and fluff** off vacuum cleaner bristles and into the bag. It is easily inserted into the hose handle of any hose-type vac. When bristles need cleaning, disconnect the tubing wand, upend the bristle tool, and run the Va-Comb fingers through the brush. The unit comes skin-packaged, and has a suggested retail of 98¢. (The Lozon Co., 904½ S. Robertson Blvd., Los Angeles, Calif. 90035)

□ □ **The Pilgrim**—a new decorator high-intensity space-saver lamp—has a tilt reflector to direct the light and an antique-brass finish. List price: \$9.95. (Roxter Corp., 10-11 40th Ave., Long Island City, N. Y. 11101)



# Free with every purchase.

Your Hoover man does more than take orders.



You get more than merchandise when you place an order with Hoover. You get another employee. Free of charge.

And a very versatile one to boot.

Merchandising? Your Hoover man knows all the pitfalls. He knows shelf and window display. How to build effective advertising. How to place it. And that's not all he knows.

Your Hoover man has spent quite a bit of time in floor sales. He knows the ropes. He also knows how to train your salesmen. Make them more effective.

Your Hoover man is an expert on inventory control. He doesn't believe in overloading. Won't leave you short, either.

He's also a one-man complaint department. A factory-trained serviceman. Knows how to fix something when it gets out of whack. And he's always as near as your phone.

It doesn't take a genius to take an order. But it takes almost that to be a Hoover man. For a very selfish reason.

We figure the more unexpected assistance your Hoover man can give you, the more business you're likely to give him.

So call him in and put him through his paces. Then . . . give him the business.

He'll love you for it.

The Hoover Company, North Canton, Ohio 44720.





# Buyers' road map for the June Housewares Show

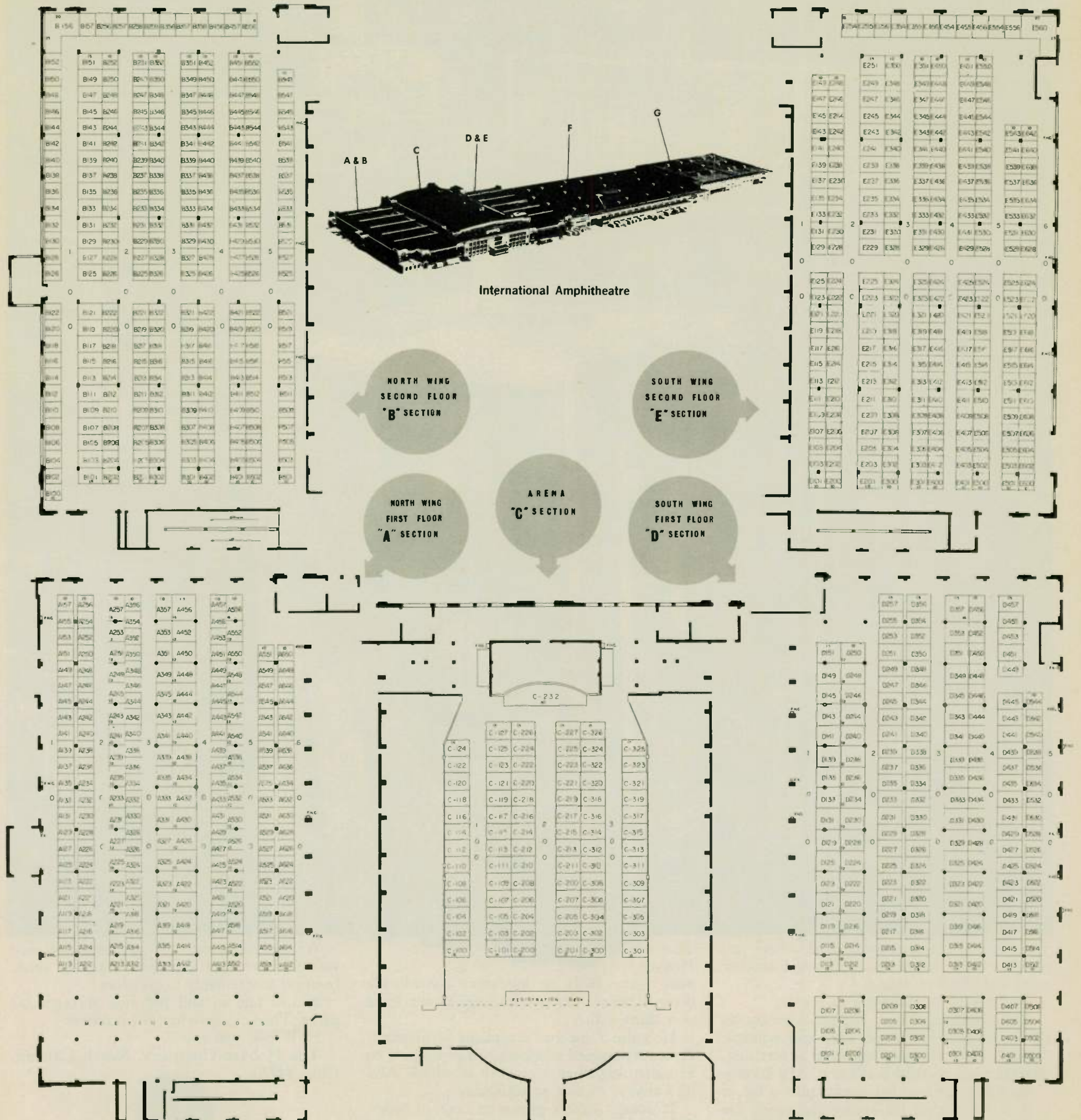
Buyers will be weaving in and out of seven large sections—four wings, two exhibit halls, and an arena—when they visit Chicago's International Amphitheatre for the National Housewares Exhibit, which opens June 12.

Buyers will need a road map, and the first is printed here.

Although the housewares industry has become "spoiled" by McCormick Place, the Amphitheatre will be "livable," and finding one's way around will be fairly easy.

There are, however, a few simple, but important, things to remember:

Going from left to right through the





series of exhibition sections, one will move from A to C to D to F and, finally, to G.

The two upper-level sections are B and E. The easiest way to get to the upper level will be from Exposition Hall, or Section F, in which an escalator is now being installed leading up to Section E.

The registration area will be located in Section C; exhibitors in Section C will be immediately behind the registration booths. The photo of the Amphitheatre (below left) is taken from the rear—or west side—of the building, where buses unload and buyers enter.

Buses will run at 10-minute intervals from 7:30 to 10:30 a.m., then at 15-minute intervals throughout the day, before resuming the 10-minute schedule at 3:30 p.m.

The two biggest sections—exhibit halls F and G—will most closely resemble the main level of McCormick Place. Most larger manufacturers—those with seniority—have chosen to be in one of these two sections. Exhibitors with least seniority will now be in the upper sections B and E.

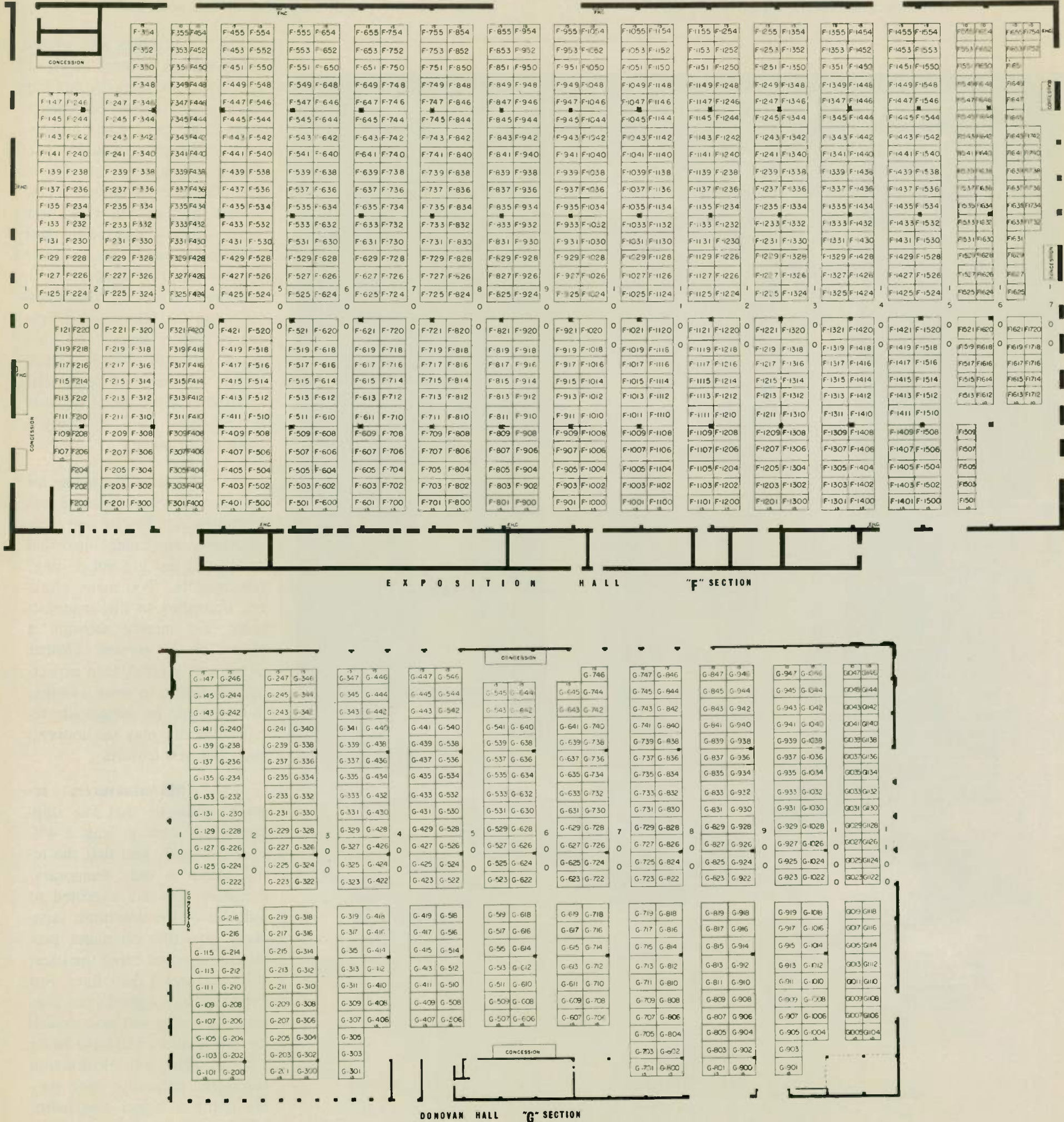
The NHMA has color coded the seven exhibition areas, and an identifying letter precedes each booth number.

her. A color-coded layout of the exhibition sections also will appear on the front of the Show Directory.

The Stock Yard Inn, where many meetings will be held—and where there are facilities for seating up to 2,000 persons at one time—is located north of the Amphitheatre (or just beyond Section A in the photo below).

A few minutes spent studying this layout should help prepare you for the walking to come. Meanwhile, the National Housewares Manufacturers Assn. is making "every effort" to obtain red carpeting for the more than 30 aisles.

—Ed Dubbs





□ □ □ □ **The lackadaisical retail activity** is backing up to the factory level as manufacturer shipments of vacuum cleaners and floor polishers slumped sharply in February. Vacuum cleaner shipments were 14.07% below the February pace in 1966. In 1966, by way of contrast, February shipments had soared 24.09% ahead of February shipments in 1965. Floor polishers slumped 20.77% off the February, 1966, pace. In 1966, February floor polisher shipments had run 9.51% ahead of the February, 1965, level. For the two-month period, vacuum cleaners are 5.05% off the 1966 pace; polishers are off 13.59%.

□ □ □ □ **Reasons behind the floor care slump**, according to a spot check of leading manufacturers, is simply that consumers have not been buying and retailers have not been selling; therefore, retailers have not been reordering in large quantities since before Christmas. Not one manufacturer surveyed blamed the demise of the January Housewares Show for the poor performance. Several sources pointed to consumer doubts about the economy and the Vietnam war. One noted that consumers appear to be putting off purchases in all types of goods—be it new car or new vac—until their present one goes bad.

□ □ □ □ **Weather also played a key role** in keeping down retail sales, and thereby holding back factory shipments, according to trade sources. Poor weather conditions particularly hampered retailers in the Midwest; retailers in the eastern part of the U.S., too, were adversely affected by poor shopping conditions. Most sources said they expect March shipments to end up “much better” than the January and February performances, and that April probably will be “even better.” There is no doubt that retail sales will come alive,” one manufacturer said, “It’s only a question of when.”

□ □ □ □ **Part of the blame** for the poor sales performances was placed on retailers by one manufacturer, who complained that “retail ads just are not pulling” sales results. Too many retailers, according to this manufacturer, are merely showing a photo of a vacuum cleaner along with a price, then expecting consumers to come running in. Instead, he suggested, retailers should play up convenience and new features.

□ □ □ □ **Manufacturers remain optimistic** that vac shipments will show at least a 4% gain for 1967, and that the retail slump is only temporary. Polishers, too, are expected to pull out of the doldrums, especially now that all major producers—Hoover being the latest—have restyled their lines. But to end up with a good year, consumer spending will have to pick up and retailers will have to do a better selling job. Most manufacturers, naturally, feel they are doing a bigger and better selling job already.

## Feature the line with the exclusive features:

**Regina Elektrikbroom®**—no dust bags—dirt cup instead • no attachments—patented rug pile dial instead • no clutter—hangs anywhere • no dragging—so light it glides • the world’s fastest selling lightweight sweeping in the greatest profits.

**Regina Brush 'n Beat**—first major advance in uprights in thirty years • the cleaning power of a heavy-weight in an under-10 lb. feather-weight • dirt bag capacity larger than any other upright • so compact, it slips under the lowest furniture.

**Regina Rug Shampooer/Polisher**—400 watt motor • dual torque power • new touch-o-matic dispenser • new super shield internal double insulation • all metal die cast housing • the finest selling the fastest.

**Regina Shoe Polishers**—the only complete line of electric shoe polishers • a model to satisfy every customer • hand-held and floor mounted • the only shoe polishers with both bristle brushes and buffing bonnets.

**Regina Power-Flite Portable**—canister type motor • two-stage power booster fan • super-suction air movement (340 ft. per minute) • slings over the shoulder for super-portability in above the floor cleaning • has an unbreakable cyclocase.

**Regina Upholstery Shampooer**—the original home electric upholstery shampooer • does a professional upholstery cleaning job • great for spot cleaning rugs • buffs furniture and cars, too • pays for itself after only one use.

### REGINA

Features sell merchandise. We know it. You know it. Regina belongs on your floor...now more than ever before.

The Regina Corporation, Rahway, N.J.  
In Canada, contact Regina Products (Canada Ltd.), Welland, Ontario



# 4-TRACK vs. 8-TRACK

## Let's count the minutes and dollars of car stereo

March 1, 1967

When "Detroit" offered car stereo as factory installed equipment they did a service for car owners. Simply stated, they alerted millions to the fact that "car stereo" even existed. Trouble was they didn't point out that the "Detroit" car stereo concept was *all new* . . . that it utilized magnetic tape duplicating techniques that were new and unproven . . . that the tape was contained in a cartridge that was also new and unproven. They didn't mention that fully-proven tape duplicating techniques and tape cartridge standards had been developed, proven and accepted by virtually all existing manufacturers of car stereo systems . . . that these proven standards were incorporated in over 300,000 car stereo systems installed, in use and performing nicely for as many delighted motorists.

We must all support technology change and product improvement that results in added user benefits. But changes and deviations from established proven standards that "short-change" the consumer are worth reviewing . . . in detail.

Pre-recorded stereo music on 1/4" magnetic tape is not new. In a 4-track configuration "reel-to-reel" tape has been and is still produced by virtually all major music and record companies and is accepted by the most critical ear as a near-perfect technique for enjoying pre-recorded stereo music. Four music tracks were applied to a 1/4" tape only after it had been clearly established that adequate separation existed between each track to eliminate the possibility of "cross-talk". . . "cross-talk" is tape talk and is the sound equivalent of a radio tuned midway between two stations. The result can only be described as a stimulus to "turn it off."

If a configuration of more than a 4-track (let's use 8 as an example) had "economic" or sound advantages without sacrificing the desired high-fidelity reproduction, why is it that not one tape recorder manufacturer has advocated this technique in "reel-to-reel" recorders . . . why is it that not one music or record company has promoted the concept for the "economic" advantages it would provide to the "reel-to-reel" consumer. It seems logical that if a "twice as much" theme were possible and plausible, it would have made an appearance by now.

"Endless loop" tape cartridges have also been around long enough so that the term "new" is hardly appropriate . . . fact is that since 1957 over 2,000,000 Fidelipac® tape cartridges have been sold for use in radio station broadcasting equipment. Radio station engineers are a critical group and a safe observation would be that the Fidelipac® cartridge has been accepted by a most critical group as a proven and dependable container for pre-recorded magnetic tape. The Fidelipac® cartridge is the one without a built-in rubber pinch roll. Playback units utilizing this cartridge raise a pinch roll into the cartridge to hold the tape against the turning "capstan." This provides the pulling force that moves the tape past the reading heads (the "needle" of tape recorders).

When "Detroit" announced their car stereo system in 1965, over 2,000,000 Fidelipac® cartridges had already been sold for car stereo systems. In simple numbers (including broadcast applications) over 4,000,000 Fidelipac® cartridges were in use by 1965. Following the "Detroit" system introduction in that year, an additional 5,000,000 Fidelipac® cartridges have been produced. Now . . . 7,000,000 of anything is a sizeable quantity! Without question, 7,000,000 Fidelipac® cartridges could never have been sold unless the product had been thoroughly proven.

Since music is the end result of car stereo systems, let's look at what you've been told. What the consumer dollar is buying.

A typical LP stereo record contains approximately 34 minutes of music . . . 17 minutes per side. With the introduction in 1963 of car stereo systems, "tape duplicators" were licensed by many music and recording companies to duplicate their music libraries on mag-

netic tape cartridges for distribution to the car stereo market. Three of the largest music and record companies did not release their libraries to the 4-track car stereo duplicator. The companies were Columbia, Capitol and RCA.

In 1965, RCA announced their support of the "Detroit" system. Heavy advertising support implied that in an 8-track configuration the consumer was receiving "twice as much" music for his dollar—although 34 minutes of music was and always will be 34 minutes regardless of the number of tracks used to record the material.

In addition, the "twice as much" 8-track cartridge was priced about \$1.00 more than a 4-track Fidelipac® cartridge that also contained 34 minutes of music. The extra money does not buy any extra music minutes but is indicative of the overall extra expense a customer incurs in buying an 8-track unit and the required 8-track cartridge. He's paying for extra engineering, more parts and needlessly greater production costs.

Columbia and Capitol followed the "Detroit-RCA" effort and released and restricted their libraries to the 8-track configuration. Advertising efforts were accelerated and the "twice as much" story was repeated over and over. Lots of people believed the story—and, from a group of such highly-respected companies, they had a right to believe what they were told.

After a purchase, a sizeable number of "twice as much" consumers became disillusioned. They found some voids. There wasn't "twice as much." There was "cross-talk." And the "turn it off" stimulus was being heard from both the consumer and dealer. "Twice as much" started to change to "not as much." Meanwhile, Capitol Records was rightfully upset that the approximately 1,000,000 4-track car stereo owners wanted Capitol music in sufficient volume to attract "bootleggers" to move in. It always figures that if you deprive the consumer of a desired product, someone will move in to fill the need—legally or illegally.

Effective March 1, 1967, Capitol moved to break the log jam. Mr. Alan W. Livingston, President of Capitol Records, is to be congratulated for his decision to acknowledge and fill the consumer need. Capitol is now releasing their music library to the 4-track Fidelipac® market.


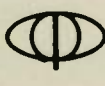
At a recent automotive trade show, an executive of one of the two holdout companies made this statement: "We thought we could kill off 4-track before this!"—powerful and dangerous words from a powerful company, but not quite as powerful as 1,000,000 consumers who have the right to expect some consideration . . . not as powerful as a cluster of small dedicated manufacturers, distributors and dealers who find it more satisfying to provide the best in value, and who represent their wares in an integrity-oriented fashion despite a larger manufacturer's "killer" instincts.

Mr. Livingston says, "Ultimately, of course, the consumer himself must make the choice of one medium over another—if, indeed, one medium is ever to emerge over all others." The right to select, to decide, to buy, to reject is a consumer franchise that is too often overlooked.

As a manufacturer with a neutral position on the 4-track vs. 8-track, Fidelipac® vs. cartridges in general, with no fixation on a single design or concept, CRAIG will continue to provide the utmost in price and value opportunities for the consumer. With inspiration from "Red" Motley, the dean of salesmen, we are anxious to apply his techniques of "need filling."

Thanks, Capitol! Thanks, Mr. Livingston . . . for giving us and our respected competition the opportunity to be counted. We know the supporters (manufacturers, dealers and consumers) of the 4-track Fidelipac® system are grateful for your decision. I'm personally anxious to buy the first Stan Kenton 4-track release. That's my only prejudice in this whole issue . . . I like the Capitol sound of Kenton.

James W. Russell  
Director of Marketing  
Craig Panorama, Inc.  
Los Angeles, California

   
...products for your pleasure

P.S. (March 6, 1967) Congratulations to Mr. William Farr and Columbia Records for your added support of 4-track stereo. Thank you for the "consumer choice" that you, too, have now made possible.



□□□□ A breakthrough for cordless product is claimed by General Electric's appliance control department in La Grange, Ill. The department has developed a "more efficient, miniature" permanent-magnet DC motor designed for use in cordless electric housewares, consumer electronics, and other cordless applications.

A more efficient motor for powering cordless electric products has long been viewed as one of the two prime necessities for improving the power and efficiency of cordless products. The other need, of course, is continued improvement of the batteries themselves. In fact, GE attributes the new DC motor breakthrough to the development of new small, rechargeable batteries, which have a longer life span.

GE's new motor weighs 1½ oz. and is designed for products that operate directly off battery power or that use AC house current that is "rectified" down to 1.2v to 18v.

GE's appliance control department has been supplying GE's housewares division with motors for its toothbrushes for more than two years.

□□□□ Chicago officials came through for the NHMA by encouraging the Independent Housewares Show management to relinquish its option on the International Amphitheatre for 1968. The National Housewares Manufacturers Assn. January show will be held on the dates formerly booked for McCormick Place: Jan. 15-19.

The Independent Show will run concurrently, opening Jan. 13 and continuing through Jan. 17, but at the Conrad Hilton Hotel.

The NHMA avoided a showdown with the Independent Show management—Jules Karel and Lester Olshansky—this summer by moving its show into June. This forced Karel and Olshansky to split their show into three Chicago Loop hotels for June—rather than go it alone at the Amphitheatre in July, one month after the NHMA staged its big June exhibit there. Ray Passis—who operated the Navy Pier show last January—was left holding the bag with a teen show booked for Navy Pier June 12-16, the new dates for the NHMA's summer show.

Meanwhile, the NHMA holds options on the Amphitheatre for both weeks—in June and July—for summer 1968. Whether the summer show is again held in June depends on buyer and exhibitor acceptance, as well as whether sufficient hotel space can be cleared for June.

(For a preview of the layout of the June Housewares Show at Chicago's International Amphitheatre, see p.28-29.)

□□□□ Key moves . . . Dazey Products appoints Sid Steinberg and Louis Katz reps for the metropolitan New York area; Latimer and Ziegler Associates, reps for Michigan and Toledo, Ohio; Willard (Bill) Berger, rep for upstate New York . . . West Bend names Bernie Purzak rep for the Montreal East territory . . . Gulton (consumer products division) names Herbert Litwin sales administrator; Harry Leeds, regional sales mgr, eastern region; Arthur Bill Spector, regional sales mgr, western region . . . Hamilton Cosco appoints Fred H. Spear Jr. western regional mgr, wholesale/retail sales, household products division . . . Cory names John D. Hartman territory mgr, consumer goods division, Chicago area . . . Toro appoints Lee Bean technical marketing rep Moist O'Matic division . . . Wear-Ever names A. Bruce Richardson national accounts mgr, housewares division.

## Big stores and big suppliers play the political game

The relationship between the big retailers and the big manufacturers is becoming increasingly analogous to that existing between the state government and the federal government.

### The state of retailing

State governments have been unable—or unwilling—to deal with all of their problems; therefore, they have abrogated many of their former responsibilities—shifting them to the federal government. Retailers, similarly, have done much the same thing, forfeiting such basic responsibilities as stock taking, financing, and even the hiring of salespeople to the manufacturer-supplier.

State governments, too, have often been unable—or unwilling—to raise the necessary funds, through increased taxation, to meet all of their responsibilities. And retailers have generally been unable—in hard goods at least—to raise their markups or margins to turn a decent profit.

The state governments are finding that taxpayers, while demanding more and more services, are reluctant to pay the additional taxes needed to cover them. Likewise, retailers faced with consumer demands for more and more services, are reluctant to charge consumers enough to cover the additional costs of providing those services.

The state governments want more and more of the funds earmarked for the federal government to be returned to them. And retailers, in much the same way, believe that more and more of the profits from manufacturing should be channeled back to them. Witness, in particular, the financial investment of Sears into its suppliers.

### How retailers talk

The way housewares buyers are talking today is particularly revealing. Take, for example, this line—one being heard more and more frequently:

"Manufacturers must realize they are not selling to us but selling the consumer through us." Most often, that line has been used as an opener by the buyer shooting for added promotional funds from the manufacturer.

Carry that line to its logical conclusion and what do you have? Retailers renting space to manufacturers: the leased department. Leased departments, of course, have been around for a long time, but consider two newer refinements:

(1) The growth of full-line manufacturer "shops" in retail stores—particularly those of Corning and Rubbermaid. These resemble leased departments, down to and including major responsibility for keeping inventory in stock and for providing salespeople.

(2) In major appliances, the extension can be seen in the one-line appliance-tv store, with which General Electric and other manufacturers have been experimenting; so far, these experiments have, at best, met with mixed success. As a further step toward protecting their interest in the builder's market, major appliance manufacturers have started to invest in residential developments.

### How suppliers talk

The way manufacturers are talking also is revealing.

The big manufacturer is not complaining so much about supplying the big retailers with the promotional help they demand. Their complaints, instead, have centered largely around the contention they are not getting a good return on their investment: that is, that their co-op funds are merely "handouts."

Similarly, the housewares manufacturer that trains and supplies a demonstrator to a retail outlet feels the retailer should not accept a demonstrator for a line it does not wish to push on the retail sales floor. Any demonstrator who sells only the advertised loss leaders, and fails to trade up the customer to more profitable items, should not be there in the first place.

The "hounding" for additional co-op funds, as GE's Willard H. Sahloff has publicly put it, has encouraged manufacturers to demand more from retailers. One of the manufacturer's main complaints has been that retailers do not stock the full line.

There is little doubt that GE envies Braun's status in department stores. In addition to the fact that the Braun line is not "cherry-picked," it is also displayed in full in one location. Many electric housewares manufacturers would love to have their lines displayed in full in one location, not have them cherry-picked, broken down by product category, or displayed next to competing models.

But electric housewares manufacturers will get the full-line treatment now accorded Braun, Corning, Rubbermaid, and a few others only when and if they start providing retailers with a 40% markup. In electrics, buyers will probably settle for 33%. Two years ago buyers would have settled for 25%.

### The art of cherry picking

For some time now, the relationship between manufacturer and retailer—at least among the big boys—appears to be one of seeing just how much pressure one can exert on the other.

At the manufacturer level, there is a new motive at work, or, at least, a clearer definition of an old motive relative to consumer advertising.

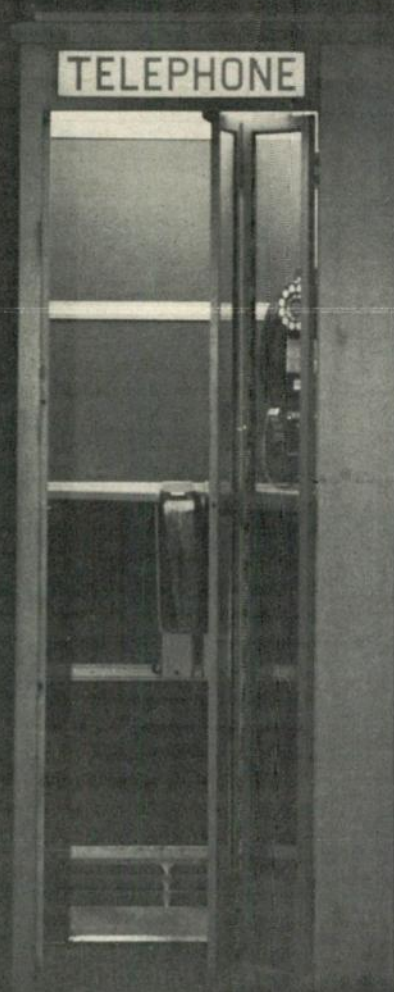
There is retailer suspicion—and not unfounded—that name-brand manufacturers no longer are using national advertising to support retailers, but to force the retailer's hand.

At the retail level, the squeeze is being returned. Retailers are cherry-picking certain lines more than ever today, while giving other lines—generally more profitable ones—full-line exposure.

While big stores and big suppliers are busy playing politics, they are, nevertheless, keeping their eyes on the consumer, watching the results of polls as much as are President Johnson and other politicians. When not occupied with in-fighting, manufacturers and retailers are busy telling each other they should become more "consumer oriented." A look at this aspect next week.

—Ed Dubbs





# There is one better way to reach your retailers than through Merchandising Week.

( But the cost per thousand is wicked! )

True, you miss some retailers when you advertise in Merchandising Week. But not many. Our readers do the bulk of our country's appliance, consumer electronics and housewares business.

Your message reaches this prime retailer audience in an environment of authority and immediacy that adds interest and importance to what *you* have to say. (Our average advertising readership scores — for any position in our book — run way above average.)

That's why we insist that if you want to communicate with the men who are selling your products — there's only one logical place to do it. On the pages of Merchandising Week.

**MERCHANDISING**  
Read By The Retailers Other Retailers Follow **WEEK**





# STOP HUMIDITY DAMAGE!

Safeguard your home and valuable possessions with *Comfort-Aire*.  
ELECTRIC DEHUMIDIFIERS



**Model DHA-67 NEMA**  
certified water removal capacity of 13 pints.

**Model DHA-37 NEMA**  
certified water removal capacity of 15.5 pints.

SUPER HI-DRI model FDHA-47 with overflow sentinel and indicator light. NEMA certified water removal capacity, 22.1 pints

Stop mildew, mold and rust due to excessive humidity. Stop musty, unpleasant odors! Protect walls and furniture from warping! Avoid costly repairs; own a compact, mobile Comfort-Aire® electric dehumidifier. It works automatically!

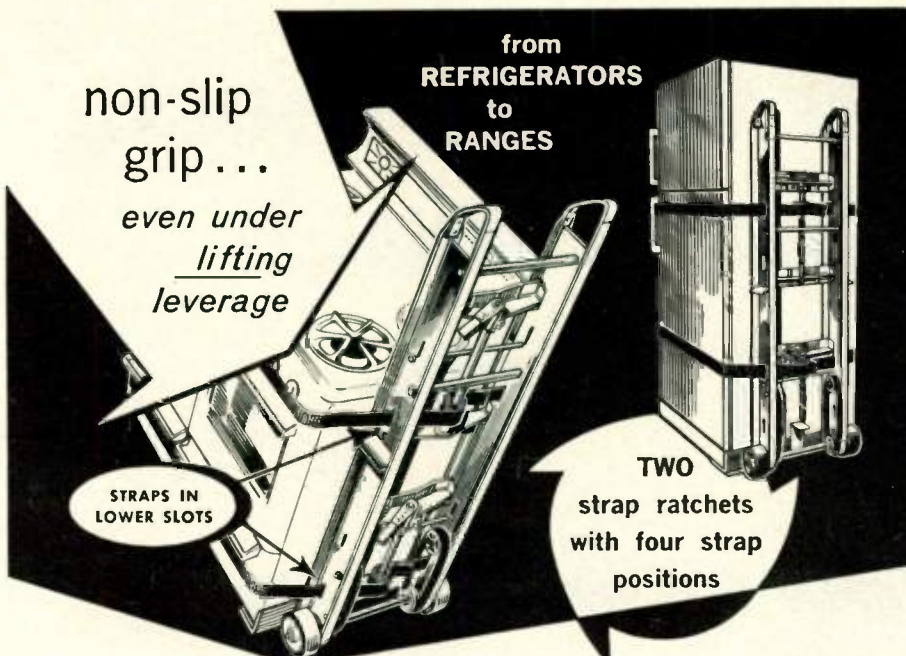
## INDUSTRY TRENDS

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

	Date	1967	1966	% Change
<b>FLOOR CARE PRODUCTS</b>				
Floor Polishers	February	89,621	113,118	- 20.77
	2 Months	169,593	196,252	- 13.59
Vacuum Cleaners	February	444,285	517,037	- 14.07
	2 Months	899,184	951,535	- 5.50
<b>HOME LAUNDRY</b>				
Dryers, clothes, elec.	January	152,758	124,674	+ 22.52
Dryers, clothes, gas	January	66,916	61,990	+ 7.95
Washers, auto. & semi-auto.	January	286,011	288,482	- .86
wringer & spinner	January	30,957	28,947	+ 6.94
<b>OTHER MAJOR APPLIANCES</b>				
Air Conditioners, room	February	264,000	225,000	+ 17.33
	2 Months	531,800	424,500	+ 25.28
Dehumidifiers	January	24,000	21,200	+ 13.21
Dishwashers, portable	February	35,000	25,500	+ 37.25
	2 Months	74,000	56,800	+ 30.28
under-counter, etc.	February	69,000	65,600	+ 5.18
	2 Months	142,800	131,200	+ 8.84
Disposers, food waste	December	94,600	122,300	- 22.65
	12 Months	1,345,900	1,344,800	+ .08
Freezers, chest	February	27,000	33,000	- 18.18
	2 Months	55,100	63,500	- 13.23
upright	February	46,000	44,000	+ 4.54
	2 Months	92,000	85,900	+ 7.10
Ranges, electric	February	140,000†	165,500	- 15.41
	2 Months	296,700	338,300	- 12.30
Ranges, gas	February	159,300*	180,700	- 11.84
	2 Months	297,500	343,200	- 13.32
Refrigerators	February	308,000	325,100	- 5.26
	2 Months	624,300	681,400	- 8.38
Water Heaters, elec. (storage)	February	75,000	86,000	- 12.79
	2 Months	147,200	166,200	- 11.43
Water Heaters, gas (storage)	February	213,680	207,380	+ 3.04
		405,780	432,720	- 6.23
<b>CONSUMER ELECTRONICS</b>				
Phonos, port.-table, distrib. sales	March 17	62,156	45,872	+ 35.50
	11 Weeks	708,185	604,339	+ 17.18
monthly distributor sales	January	254,616	196,584	+ 29.52
	12 Months	4,310,309	4,046,015	+ 6.53
Phonos, console, distrib. sales	March 17	27,329	32,993	- 17.17
	11 Weeks	322,528	431,422	- 25.24
monthly distributor sales	January	112,594	156,521	- 28.07
	12 Months	1,792,609	1,708,666	+ 4.91
Radio (ex. auto), distrib. sales	March 17	194,094	246,695	- 21.32
	11 Weeks	2,151,465	2,709,899	- 20.61
monthly distributor sales	January	661,432	831,350	- 20.44
	12 Months	13,601,781	13,281,698	+ 2.41
B&w Television, distrib. sales	March 17	102,877	150,990	- 31.87
	11 Weeks	1,176,714	1,684,962	- 30.16
monthly distributor sales	January	398,070	650,904	- 38.84
	12 Months	6,949,744	8,027,981	- 13.43
Color Television, distrib. sales	March 17	95,638	79,656	+ 20.06
	11 Weeks	964,767	771,421	+ 25.06
monthly distributor sales	January	313,442	231,238	+ 35.55
	12 Months	4,702,463	2,746,618	+ 71.21

\* February Gas Range total includes: 114,600 free-standing ranges; 19,700 high-ovens; 13,100 set-ins; and 11,900 built-ins

† February Electric Range total includes: 103,000 free-standing ranges and 37,000 built-ins.



non-slip grip... even under lifting leverage

from REFRIGERATORS to RANGES

TWO strap ratchets with four strap positions

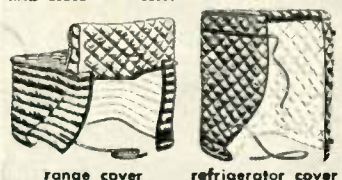
STRAPS IN LOWER SLOTS

## NEW YEATS model 14

You get the performance of two dollies in one with the new YEATS model 14. Has two strap ratchets and four strap positions from which you can grip appliances. Fast grips everything from washers to refrigerators. Appliance cannot slip off even when a second man lifts against an appliance on stairs. And you get all the other famous YEATS features: featherlight aluminum alloy frame with felt padded front, endless belt step glides and close pivoting wheels. Save up to a dollar's labor handling each appliance. See your YEATS dealer or write direct.

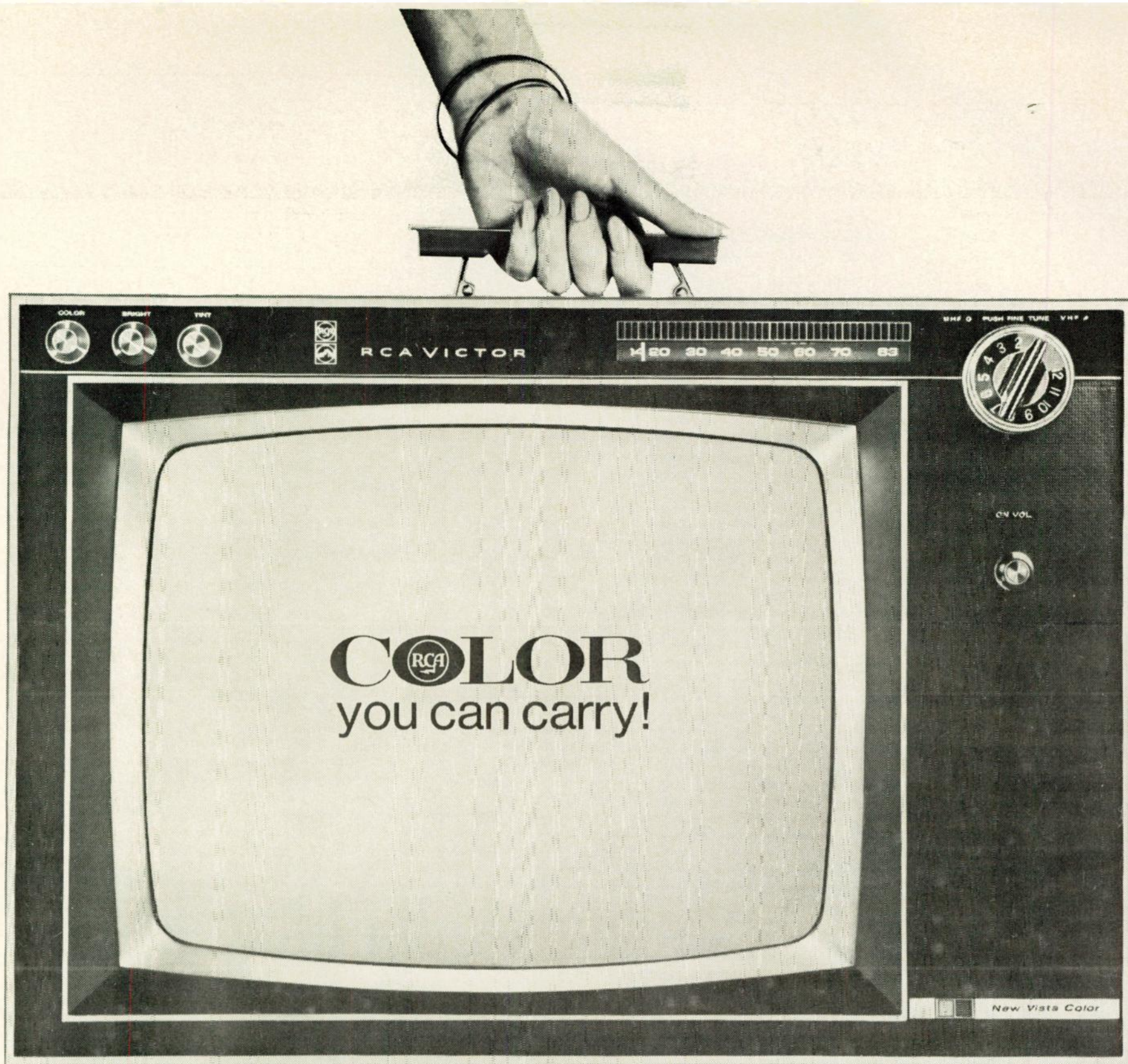
**NEW FINGER TIP RATCHET RELEASE**  
Even when strap ratchet has stretched belt in tightening, new trigger device releases ratchet grip with finger tip.

**"Everlast" COVER AND PADS**  
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