

# "Ruining the Radio Industry"

Dealers of Providence, R. I., Are in the Midst of a Price-Cutting War to See Who Can Sell the Lowest and Hold Out the Longest—Chaos is the Result

By WILLIAM C. ALLEY

"**P**AY Less Here," reads a sign in the window of a radio store in Providence, R. I.

Across the street, pasted on the window of a rival store, is the assertion, "We Are Determined to Sell Radio at the Lowest Prices in Providence."

Around the corner, in the window of a hitherto reputable dealer, is a notice, "We Guarantee to Meet the Lowest Price of Any Reputable Dealer in Providence."

The result? Chaos. Nobody is making money in Providence today. The dealers themselves admit it. Meanwhile the radio-buying public sits back and derides an industry where such practices prevail. How can radio hope to win the respect and admiration of other businesses, or the confidence of the public, when radio dealers resort to such tactics?

Here is, perhaps, the true definition of "gypping." Dealers who cut price simply to bore under the other fellow and determine to sell their goods at the lowest prices in town are ruining the radio industry. They are killing themselves, they are killing other radio dealers and they are giving the radio trade the blackest kind of reputation. These methods should not be tolerated in the radio industry. They can be stopped. But they can be stopped in only two ways—by knowledge of costs and by co-operation.

## Co-operation Greatest Need

Co-operation is radio's greatest need. If one jobber or manufacturer makes an attempt to remedy conditions, some other jobber or manufacturer jumps in and throws the proverbial monkey wrench that wrecks the machinery. What kind of an industry can we expect to build up, anyway? When are we going to get wise to ourselves and stop knifing the other fellow simply to add a few more cut-profit dollars to the day's gross sales?

The manufacturer blames the jobber, the jobber blames the dealer and the dealer blames both of them. And each is right. The blame cannot be placed on any one group. All are equally at fault.

The dealer who slashes everything to the bone and tries to establish himself as the lowest-priced house in town is the first at fault. The jobber who continues to sell him is the second at fault. And the manufacturer who sells to the jobber who sells to the gypping dealer is the third at fault. And, the standard price house that cuts its own prices to meet the cut-throat competition is contributing its own share to the general bedlam.

You can hear it said that "it's all very well to talk about stopping it, but how are we going to do it?" The

remedy has got to be a concerted revolt from within the industry against disreputable dealers and against disreputable jobbers, whose sales policies are besmirched with mud, whose advertising reeks with mud and whose mind is filled with the same commodity.

Let's go back to Providence for awhile and find out what's going on there. P. H. Barnett, president of the B. and H. Supply Company, of Providence, and also president of the Rhode Island Radio Dealers' Association, has jumped into the price war, tooth and nail. It is Barnett's window which displays the promise to "meet the lowest price of any reputable dealer in Providence." Heretofore he has never cut a price.

That raises the question immediately, of whether it is or is not a



The kind of stuff that is going on in Providence, R. I., which results in giving radio a black eye in the public's estimation and also causes such a state of confusion that none of the dealers is making money, that

the public is not buying, waiting for still further reductions, and that both the public and the dealers are completely at sea about radio prices and the future stability of the trade in that town.

wise policy to fight cut price competition. Harry Tilley, of the Tilley Radio Corporation, Providence, goes serenely on his way, paying no attention whatever to the price cutting going on all around him, continues selling his merchandise at full list, and reports no falling off in trade.

Personally, I think Tilley is right. A reputable dealer who lowers his prices to meet cut-throat competition is also lowering the standards of his business to the low level of his low competitors. By tarring himself with the same brush the reputable dealer admits himself forced to his knees by his gyping adversaries. He pulls down his reputation and standing and rides in the same boat with the price-cutter.

But Barnett takes the opposite viewpoint.

### "Has Killed the Radio Business"

"This price war has absolutely killed the radio business here," he declares. "We were forced to meet the low prices. We simply could not afford not to. Why, people would come into our store and laugh at us for asking list price for a certain article. 'I can get it for half as much around the corner,' they'd say. Were we going to stand by and watch them go around the corner to buy? My answer is 'No.' Fight them, meet their prices until they throw in the

## Committing Commercial Suicide

A price war, especially in the trade of radio retailing, is one of the best ways we know to commit commercial suicide. Yet the dealers of Providence, R. I., are at it hot and heavy.

"I sell the lowest," cries one. "All radio prices cut to the bone," declares another. "25 per cent discount on all radio parts," shouts a third.

**WHEN IS IT GOING TO STOP? AND WHERE IS THE RADIO INDUSTRY HEADED IF THESE TACTICS ARE CONTINUED?**

sponge. After they've lost enough money they'll come to their senses. It's a foregone conclusion that sooner or later they will come to the end of their rope and get out of the radio business.

"Let me tell you of some of the meetings held by the Rhode Island Radio Dealers' Association. Some of the merchants who follow a policy of consistent price-cutting actually got up in the meetings and declared war on the high class houses.

"They said the type of customers they reached demanded the lowest possible prices and they were going to give them what they wanted. Very good. I believe in giving them what they want, too. But we're not in business for love. The margin of profit which list prices allow, is small enough as it is, without cutting it down still further. And radio prices today are not exorbitant. The average buyer can well afford them, and the dealer cannot conduct his business at a profit, in a town the size of Providence unless he gets the full list.

### Price of Earphones Changed Four Times in One Day

"Would you believe that the price of a pair of earphones could change four times in the course of a day? Yet that is typical of what is going on here at present. In the morning, a store was selling them for, say, \$4. The actual figures I don't remember. At noon, a competitor put the same make of phones in his window for \$3.50. In the afternoon, it had gone down to \$3 and in the evening they were selling for \$2.50. Now what kind of a way to do business is that?

"Certainly I'm going to fight them. I'm going to fight them until some of us go out of business and I'm not going to be the one who goes out first.

### "Passing the Buck"

"I put the blame directly on the manufacturer for this state of disruption. They have had their eyes only on the almighty dollar and have sold their products to too many jobbers. There are far too many wholesale outlets. If the manufacturer would use a little discrimination in placing his products, cut down the number of his jobbers and exercise a closer control of his wholesale outlets, much of this price cutting could be stopped.

"As it is now, the manufacturer cannot find out what jobber is selling to the cut price dealer. With fewer jobbers, he could do so, and his gross sales would not fall off. I venture to say that the fewer jobbers would do a bigger total business than a lot of jobbers each doing a little business.

"Take the Magnavox situation today. A year ago, that was the worst situation in radio. Magnavox was being cut right and left. Then, six months ago, they appointed only one jobber in each territory, with the re-

<p><b>Why Pay More?</b> Genuine 6-T 8 Tubes Use in place of 201-A... <b>\$1.99</b> <b>SINGLE PHONE</b> Good for loud speaker unit... <b>99c</b></p>	<p><b>Sale on "B" BATTERIES</b> Bright Star Cytone 45 Volt, large... <b>\$2.43</b></p>
<p>After stock-taking. Now for our big mark-down prices on sets and radio parts. We buy better and sell lower. If it's anything worthwhile in radio, we have it.</p>	
<p>EVERY ONE TESTED <b>RADIOTRON</b> TUBES</p>	<p>Atom Audio Transformer... <b>\$2.59</b> Moulded Handset Bracket at a bargain price... <b>17c</b> Phone Cords... <b>29c</b> Genuine Reaktor Model 51 ed Amplifier, List \$3.00 Sve Low Line 23 7/8" Landscape... <b>\$1.97</b> ... <b>\$2.45</b></p>
<p>Always at the lowest prices. See us before you buy.</p>	
<p>Magnavox M-1 Loud Speaker, List \$30.00... <b>\$14.95</b> Woodhorn Loud Speaker, adjustable... <b>\$6.79</b> It's a Wonder</p>	
<p><b>SALE ON KNOCKDOWN SETS</b></p>	
<p>3-tube Ambassador... <b>\$16.45</b> 5-tube Neutrodyne... <b>28.95</b> 2-tube Roberts Knockout... <b>18.75</b> 5-tube Freshman Masterpiece... <b>26.45</b> 1-tube Improved Haynes... <b>9.45</b></p>	
<p>Sale on "B" Batteries 63c up BRIGHT STAR, EVERREADY, CYCLONE.</p>	<p>Pico Phones, 3200 Ohms, Reg. \$4.50... <b>\$1.79</b> N. &amp; L. Phones, 4000 Ohms, List \$7.50... <b>\$4.45</b> Federal Phones, 3200 Ohms, List \$9.00... <b>\$4.95</b></p>
<p><b>At the Lowest Prices</b></p>	
<p>Our stock of Cabinets consists of high class Parkway Jewett, knock downs, and mahogany finished. The prices are low. <b>OUR MONDAY SPECIAL,</b> 7x26, MAHOGANY FINISHED... <b>\$1.97</b></p>	

**25% Discount  
on Radio Parts!**

Our entire stock of radio parts is  
now marked at a 25% reduction.  
This is an opportunity for you  
to realize a worth-while saving

**Special Prices on Radio Sets**

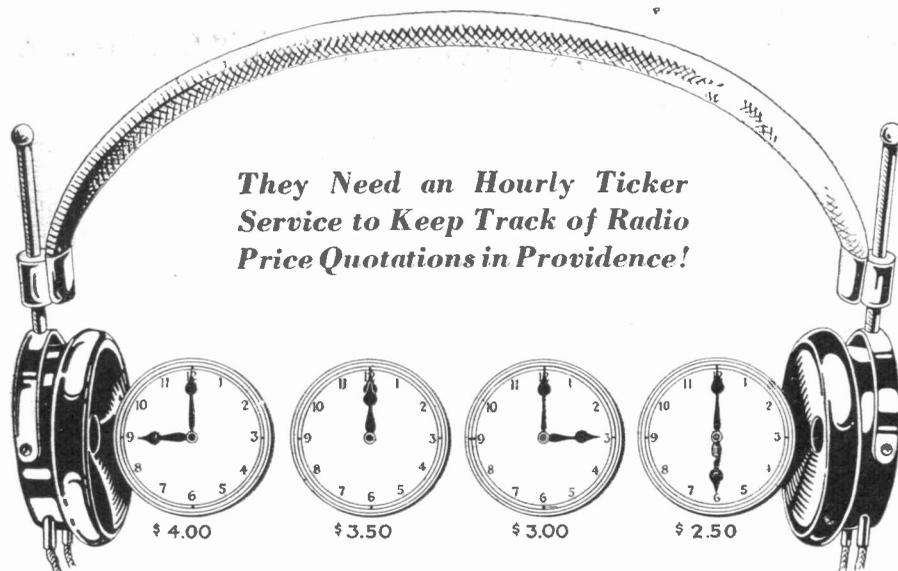
Fada 160-A Neutrodyne, \$120, Special Price \$85  
Kennedy VI, \$105, Sale Price... **\$78**  
Palders Reflex, \$130, Sale Price... **\$100**

**NOTICE ON RADIO PRICES**

Until further notice we will issue a dated receipt for every purchase—our prices will be found as low as any in the city—if you find you could have bought at a lower price from any other reputable dealer—tell us—and we will cheerfully refund the difference.

These newspaper advertisements were clipped from one edition of a Providence newspaper. The large advertisement on the left is from a chain-store organization with a consistent policy of low prices, while the other two were inserted by houses which, in the past, had never resorted to price-

cutting. The small advertisement reads, in part, "if you find you could have bought at a lower price from any other reputable dealer, tell us and we will refund the difference." Is any further comment necessary? It seems to us to speak its own damnation.



Typical of price conditions in Providence radio stores, as they are today: One morning a pair of earphones was priced at \$4. By noontime, a competitor put the same make of phone in his window for \$3.50. In the afternoon, the first store came back with a reduction to \$3 and at six p. m., the

phones were selling for \$2.50. Had the stores been open in the evening, by midnight they'd probably have been paying the customers a bonus to come in and take the earphones home! All of which accomplishes nothing except to make radio ridiculous in the eyes of the business world.

sult that today, Magnavox is pretty clean. That's the remedy. It is already in actual practice in this line and has been found successful. It's up to the manufacturers."

And that's that. The next step, according to Barnett, must obviously come from the manufacturer. But is that an adequate solution? If not, then what is? Co-operation, for one thing. Education, for another. Education of the dealer in the costs of running his business, education that he cannot operate successfully by cutting prices, education that he is doing as much damage to himself as he is to the rest of the trade, education that healthy competition stimulates business for everyone concerned and that cutthroat competition means ruination.

#### "A Low Price Sale Is Often an Economic Necessity"

And it must be borne in mind when, and IF, the brooms are gotten out, that a low price sale is often an economic necessity, indulged in by manufacturer and jobber as well as the retailer, upon occasion. To clear shelves or pep up a dull period, a general reduction in price is resorted to by practically every merchant in any line of business.

It is the man who consistently cuts prices, dealer and jobber as well, who slashes as far as he can solely to bore under the other fellow and steal someone's else legitimate trade, against whom the radio industry is up in arms.