


## Sherman marketing "mints"

NEW YORK: Milton M. Sherman, Ltd., is introducing four "mint" tobaccos-Tropical Mint, Chocolate Mint, Cherry Mint and Mint Mint-which are said to have tested very well with seasoned and new smokers alike.
"We feel we have a true best seller," says company president Milton M. Sherman. "We have conducted exhaustive taste tests and the reaction has been very enthusiastic."

He adds that the new blends are different from anything on the market and are designed "for the consumer who is always looking for something new and satisfying."

## Moore joins Orens

SAN JOSE, CA: Allen Moore, a tobacconist for the past 11 years, has joined veteran manufacturers' rep Norb Orens as a partner in the firm of Orens \& Moore. Moore can be reached at 2513 Cordoba Way, San Jose, Ca. 95125. His phone is (408) 267-9824.

Orens \& Moore will cover the 11 western states for Associated Import Corp., Peter Kent, Ltd., and several other marketers of smoking-related products.

## First ad campaign for Upmann

NEW YORK: For the first time in its 135 -year history, H. Upmann cigars will be backed by a major advertising campaign. The ads
 will run in The Wall Street Journal and The New York Times Magazine through June 1980.

Joe Feigelis, Consolidated Cigar assistant vice president of marketing and sales, said, "Because of the high prestige associated with the Upmann brand, we purposely use very little copy in the ad.. We believe that H. Upmann speaks for itself." Upmanns are made in the Canary Islands and cost from \$1 to \$1.65 each.

Upmann's ad agency is David, Oksner \& Mitchneck, Inc., New York.

Bill Fader top cigar merchandiser


General Cigar president Joseph Whitwell Jr. (r) presents the Philip L. Bondy Cigar Award to Ira (Bill) Fader, of A. Fader \& Sons Co., Baltimore, in testimony of his selection as cigar merchandiser of the year. Looking on and anticipating receipt of the $\$ 1000$ check that accompanies the award are Bill's daughter and wife.

## John Middleton joins firm

KING OF PRUSSIA, PA: John S. Middleton, the great-grandson of the founder of John Middleton, Inc., joined the firm in a sales and marketing capacity. He will be based in Charlottesville, Va., initially to represent Middleton in the Southeast.

He will devote a portion of his time to special marketing assignments and to leaf buying.

Middleton graduated magna cum
 laude from Amherst College in 1977, and last year received an M.B.A. from the Harvard Graduate School of Business.

## Top Stone promotes Kent

BRIDGEPORT, CT: Gerald B. "Jerry" Kent, former district sales manager of Top Stone Cigar Co. here, has been promoted to the new position of northeastern sales manager. He is now responsible for sales and distribution in New England, eastern Pennsylvania and metropolitan New York and New Jersey.

Before joining Top Stone three years ago, Kent held various sales management positions with Con-
 solidated Cigar Co. for 23 years.

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## distributed by Faber, Coe \& Gregg Inc.



# Now that we're able to fill more Te-Amo's, we'll be able to fill more orders. 

We've always been a big seller. Now we'll be a big producer too.
Because we've enlarged our plant, and we're beginning to produce more cigars than ever before.

So our regular customers can place more orders than ever before. And new customers will have a chance to get in on the goods as well.

Everybody knows that all it takes to sell Te-Amo's is to have enough to sell. And now weve got what it takes.


## SECOND ANNUAL SMOKESHOP STUDY

by Fred Wintzer<br>Industry Analyst For BMT Publications

The decline in recent years of the traditional cigar store as the primary outlet for quality tobacco products has been more than offset by the rise of the modern smokeshop. According to the U.S. Department of Commerce, the number of cigar stores and stands declined from 4,462 in 1972 to 3,629 in 1977. During the same period, the sales of this retail category increased from $\$ 422$ million to $\$ 460$ million, an increase of $9 \%$.

Our research indicates that during the past
several years the number of smokeshops operating in the U.S.A. has been increasing at a rate of roughly $10 \%$ per annum and, by the end of 1978 , there were probably close to 3,000 smokeshops operating in the country. They're generating sales of over $\$ 400$ million.
The following pages present in graphic terms the recent trends within the smokeshop trade: Store count, sales volume, most profitable product lines, expense items, etc.

Number of Smokeshops


- KNOW the Retail and Wholesale price of every major cigar.
- KNOW the length, ring size, and packing of every size of every brand.
- KNOW who sells them and where to buy them.
- KNOW how every size of every brand is made, the wrapper colors they are available in, the tobaccos used in manufacture.
- SEE every size pictured ACTUAL SIZE.



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Please ship me $\qquad$ copies of the NEW and exciting CIGAR ALMANAC at the below prices.

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## INCREASED CIGAR SALES MADE EASY BY THE <br> CIGAR

KNOW the Retail and Wholesale price of every major cigar

- KNOW the length, ring size, and packing of every size of every brand.
- KNOW who sells them and where to buy them.
- KNOW how every size of every brand is made, the wrapper colors they are available in, the tobaccos used in manufacture.
- SEE every size pictured ACTUAL SIZE.

EVERY MEMBER OF YOUR SALES TEAM CAN BE A CIGAR EXPERT THEIR FIRST DAY ON THE JOB!
Originally designed as a guide for consumers, the CIGAR ALMANAC is an even better tool for retailers. An hours reading time can give any of your employees all the knowledge about cigars in general that they'll ever need to know
Thereafter, they can consult the cigar brand information sheets for the answer to any question they or your customers may have.
"What's the length and ring size of a Roi Tan Dude"?
"What's the wholesale price of a Belinda Havana Tripla Larga"?
"Do Perfecto Carcia Morro Castles come in a maduro wrapper"?
NO RETAILER WHO IS SERIOUS ABOUT HIS CIGAR DEPT SHOULD BE WITHOUT THIS BOOK
In fact everyone working in the store should have their own private copy.

## UPDATE SERVICE

Cigar prices are changing constantly. Due to a lack of up to the minute knowledge of prices, many retailers erroneously sell cigars at prices BELOW replacement cost.
The CIGAR ALMANAC UPDATING SERVICE WILL PROVIDE YOU WITH CURRENT PRICE INFORMATION WITHIN DAYS OF A PRICE RISE. Often you will know a price rise is coming BEFORE it happens.

Since the CIGAR ALMANAC was written for the consumer, it makes

## A TREMENDOUS CHRISTMAS ITEM

## and it's saleable all year round as a counter item.

The CIGAR ALMANAC is an unbiased, raw description of the cigar business, its products, and the value of those products. It deals with the cigars you can purchase for sale in this country, rather than regurgitating all that crap you're always hearing about Cuban Cigars.
The CIGAR ALMANAC is priced well within the gift purchasing range $9 \times 12$ HARDCOVER EDITIONS

## RETALL PRICE $\$ 14.95$ <br> PRICE LIST <br> Less than 6 Books ppd \$14.95 $\begin{array}{ll}6 \text { to } 12 \text { Books } & \text { ppd } \$ \mathbf{7 . 5 0} \\ \text { More than } 12 \text { Books } & \text { ppd } \$ \mathbf{6 . 7 5}\end{array}$

## UPDATING SERVICE

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## ler mut de Cartier

thenenest bountiove ol Cartior.

## Sales per Average Smokeshop



Total Smokeshop Sales


Size of Average Smokeshop


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First and foremost they offer you Chacom... the premier briar pipes from SaintClaude, France. When it comes to quality and styling more and more knowledgeable smokers come to Chacom.
That's Yves Grenard's department.
Manny Kupferberg, the Vice President of the new Chacom of America, can provide you with an unmatched record for merchandising quality briar pipes. And Manny is ready to put his experience to work for you. He'll be happy to help you to sell more Chacom briar pipes to more of your customers. And more profitably, too. Put Manny to the test. Call him now.

## CHACOM OF AMERICA

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## $\$ 10$ <br> EOR




There's no law that says Free Hand Pipes have to cost $\$ 50$ or $\$ 100$. Or more. Not when Missouri Meerschaum offers you and your customers the American alternative. Our original Corn Cob Free Hands are all hand turned and feature oversize bowls. No two are identical in appearance.But all of them have appeal for all of your pipe smoking clientele.

Here's another profit-making idea for you. Display a few Missouri Meerschaum Corn Cob Free Hand Plaque Sets and see how fast they sell. At only $\$ 12.00$ each (M.S.R.P.)

When it comes to fine pipes and profitable programs, come to


Bill Dearing,
Director of Marketing,
Missouri Meerschaum Co.
Washington, Missouri 63090
Dear Bill: I think a $\$ 10$ Free Hand Pipe isn't a corny idea at all. Please send me further details.

NAME

COMPANY $\qquad$

ADDRESS:
cITY

STATE $\qquad$

Most of the growth in the number of smokshops can be attributed to new single store operators entering the business; however, during the period 1976/78 chain smokeshop operators have been gaining market share as indicated below.


# $\star \star \star$ 

# LANE ANNOUNCES MAJOR BREAKTHROUGH 

# Burley-Light-Without-A-Bite 

New York. A remarkable new development in blended tobacco was announced here by the tobacco scientists at Lane Limited. Tobacco experts from all over believe that the new Lane Limited breakthrough will revolutionize the selling of the traditional burley blend of tobacco.

For the first time in tobacco history, a major blender has succeeded in removing the traditional harshness from burley tobacco, yet at the same time retaining the great burley taste so many pipe smokers desire.

It is well known that burley tobacco is the traditional base of the pipe tobacco business, but until now, no one has done anything special about it. It was left to the master blenders at Lane Limited to do just that.

The new mixture, Burley-Light-Without-A-Bite, is a modern, light burley. It's fuller-bodied than Cavendish, and Lane Limited predicts that now tobacco shops will use the new burley blend to pick up a tremendous number of additional smokers who will switch to this bite-free burley. Not only thathaving developed Cavendish blends with remarkably enticing aromas, the blenders at Lane have done the same for

## Lane Limited

111 Eighth Avenue, New York, N. Y. 10011 (212) $741-7800$

Toll free outside New York:
800-221-4134
the new Burley-Light-Without-A-Bite. They've come up with a brand new nifty-smelling burley that's "out of this world."

Lane Limited Chairman, Herman G. Lane, predicts that not only will customers go for the aroma of the new burley blend, but once they try it, they're going to get just as stuck on it as on the modern Cavendish blends developed by the company.

Mr. Lane pointed out that up till now, Lane Limited has provided to-
bacco bars with the best selling blends in the country including: BC-A, 1-Q, RLP-6, HS-3 and R-18. "We've been able to smoke out where the market's going and what to do about it," he said. "Right now, with our new burley development, there's a great opportunity for all of us in the business. Here's the right burley blend for the modern smokeshop."

To order Burley-Light-Without-ABite, smokeshops are urged to call Lane Limited at once.


That's Burley-Light-Without-A-Bite you're looking at. It's the new blend from Lane Limited that's going to revolutionize the sales of burley tobacco.

Smokeshops vary considerably in terms of both annual sales volume and store size. At the end of 1978 , over $10 \%$ of all smokeshops generated sales of less than $\$ 30,000$ per annum, and almost $14 \%$ of all smokeshops were less than 400 square feet in size. At the other end of the spectrum, almost $9 \%$ of all smokeshops had sales in excess of $\$ 300,000$ per annum and $8.8 \%$ of all smokeshops were in excess of 1,500 square feet in size.

Over the period 1976 to 1978 , the trend has been to larger volume smokeshops; however, the average size of smokeshops operating in the United States has actually declined. As indicated by the following chart, smokeshops are fairly evenly distributed between a wide range of sales volume.

## PERCENT SHARE OF SHOPS

| Annual Sales Volume | 1976 | 1977 | 1978 |
| :---: | :---: | :---: | :---: |
| under 30,000 | $16.4 \%$ | $12.9 \%$ | $10.6 \%$ |
| $30,000-49,999$ | 10.6 | 10.5 | 10.2 |
| $50,000-69,999$ | 11.2 | 9.5 | 9.0 |
| $70,000-89,999$ | 10.1 | 12.9 | 12.7 |
| $90,000-109,999$ | 10.6 | 5.7 | 9.4 |
| $110,000-139,999$ | 6.5 | 12.9 | 6.9 |
| $140,000-169,999$ | 12.2 | 7.1 | 9.0 |
| $170,000-199,999$ | 5.8 | 8.1 | 8.2 |
| $200,000-239,999$ | 6.5 | 10.5 | 8.6 |
| $240,000-299,999$ | 2.1 | 3.3 | 6.9 |
| $300,000 \&$ over | 8.5 | 6.7 | 8.6 |

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Almost $55 \%$ of all smokeshops report that over $20 \%$ of their sales are derived from nontobacco gifts and almost $10 \%$ report obtaining over $50 \%$ from these items. This tendency again is more prevalent with larger stores.

## SALES FROM NON-TOBACCO GIFTS



## MOST PROFITABLE PRODUCT CATEGORIES



## Percent of sales attributable to various expense items




Percent of Smokeshops

## ADVERTISING \& PROMOTION



# There are no shortcuts for meeting the shortage of Macanudos. 

Shortages of Macanudo have occurred due to increased demand for the ultimate cigar.
But we won't meet this rising demand by lowering our standards.

That means no mechanically assisted production. For while it is the quickest solution to the present shortage, it is also a quality compromise that might well turn a back order into a "no order."

Instead, we are training new cigar makers to continue the Macanudo tradition of fine, totally handcrafted cigars. These "tabaqueros" are being trained because we simply will not take any shortcuts in making a Macanudo Painstakingly, and in the time-tested manner, these new "tabaqueros" are gradually increasing Macanudo production and easing the shortage.

So, keep your orders coming. We'll do our best to fill them promptly, but with no sacrifice in the traditional Macanudo quality.

MACANUDO
The ultimate cigar.

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Top quality + unique packaging $=$ SALES
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That is why no smokeshop or tobacco department should be without IRACEMA cigarillos from Brazil.

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The Smokeshop Customer: Tobacconists report that 80.5 per cent of their customers are male. Almost two-thirds of these men are in the 18-40 age bracket; 23 per cent are between 41 and 59 , and the remaining 15 per cent are 60 and older.

Of the 19.5 per cent of smokeshop customers who are female, 74 per cent are between 18 and 40 years of age; 24 per cent are 41 to 60 , and only 2 per cent are over 60.

Apparently the smokeshop customer tends to be more honest than the average consumer. The smokeshop trade's pilferage is estimated at less than onehalf of one per cent, which is substantially below the level of most other stores.

## AGES OF CUSTOMERS




PERCENT OF CUSTOMERS

## WHAT DO YOU GET FROM MIDDLETON ALONG WITH YOUR TOBACCO? <br> PLENTY

If you've dealt with us you know. If you haven't, here's a partial list: Quality
We are committed to it. It is the single ingredient common to all of our bulk products.

## Consistency

We reproduce that quality level every time - the same way in every blend.

## Experience

A key element in our corporate mix. It's what makes the quality and consistency possible.
The tobacco business is our only business and we've been in it for 123 years.

## Low Prices

They speak for themselves. Ask us for a price list.

## Liberal Discounts

The low starting prices go lower still when they are joined to our several discount opportunities; an average of $7 \%$ off on quantities at the 120 lb . level; another $10 \%$ at the 360 lb . level. Cash discounts are $10 \%$ for payment with order; $5 \%$ within 30 days.

## Variety

A bulk line that covers all the bases - from robust, traditional to highly aromatic blends to natural and vanilla flavored versions of our black cavendish.

## Free Samples

We'll send you 7 ozs. of any or all of our bulks.

## Next Day Shipment

Call us by 2:00 p.m. and your order will be on its way the next business day.

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Individual State Cigarette Stamping and
Tobacco Products Taxing

## BROKERS FOR:

Sundries: MISSOURI MEERSCHAUM TAR GARD

WESTERN DISTRIBUTORS FOR:
Bulk Tobacco: CENTURY TOBACCO


There are 13 principal product departments generating the smokeshop's sales volume, not all smokeshops have all departments. For example, 5 per cent do not sell cigars; 5 cent do not sell the national tobacco brands; 7 per cent do not sell private label tobacco per cent do not sell nationally advertised smoking pipes; 11 per cent do not sell private la smoking pipes; 8 per cent do not sell cigarettes; 54 per cent do not sell snuff and chew tobaccos; 6 per cent do not sell lighters; 5 per cent do not sell smokers' accessories; 66 cent do not offer cigarette papers and paraphernalia; 73 per cent do not sell confections; 5 per cent do not sell magazines and books, and 65 per cent do not sell non-tobacco gift ite

PERCENT OF TOTAL SALES



## Percent increase in number of Smokeshops 1976-1978



## Share of total Smokeshops

$40 \%$



Pan American Cigar Co.

## Then look us over.

The longest profit quality high grades in the industry!

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HANDMADE LONG FILLER
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## MEXICO

handmade Long filler
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Intercontinental Cigars, Inc. Post Office Box 20335 San Diego, CA 92120

By Fred B. Millett

# Sunglasses: A big, profitable... and year-round business 

The sunglass market continues to grow at an annual rate of $12 \%$ a year, with 1978 estimated to be at $\$ 770$ million for all retail outlets. This is an increase of $54 \%$ over the 1974 figure of $\$ 500$ million. Interestingly enough, the average price per pair a consumer is willing to pay has also increased substantially, rising from $\$ 5.26$ in 1974 to $\$ 8.11$ in 1978.

The market is roughly split between three basic types of lenses - polarized ( $35 \%$ ), non-polarized ( $50 \%$ ), and photochromic ( $15 \%$ ). It is important to note that the market growth can be traced in part to the fact that consumers are willing to buy more than one pair of sunglasses in an effort to complement their wardrobes. Fashion and the ability to adapt quickly to change have become the by-words of the sunglass industry.

As is the case with other style-related activities, authentic designer endorsed items play an important part in determining whether a consumer will or will not purchase - and this is particularly true in the case of sunglasses. The consumer has so many items from which to choose that the purchase decision is often difficult. In many instances, they will be affected by brand name, their familiarity with it and whether they have enough confidence in the product to pay a substantial amount for it.

It is because of these two reasons, the increased importance of fashion and the emergence of designer endorsed items, that Oscar de la Renta Fashion Eyewear was introduced by Cool-Ray in 1978.

## Discounts plus

An exciting aspect about the sunglass business is the profit the retailer stands to make in selling and promoting these items. For instance, the standard discount offered by all manufacturers is $50 \%$ off of pre-ticketed suggested retail prices. Then, many


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Wrile ox phone collec (502)684-4737 GREEN RIVER TOBACCO CO., Inc. P. O. Box 1313

Owensboro, Kentucky 42301
companies will offer another $10 \%$; the larger companies will throw in another $162 / 3 \%$; Warner-Lambert, one of the largest manufacturers, will offer an additional $3 \%$ quantity discount, an additional $3 \%$ co-op advertising allowance and an additional $2 \%$ cash discount. Taking advantage of every available allowance, the retailer buying from a large, well-established supplier would pay approximately $35 ¢$ on the retail dollar for a pair of sunglasses or, conversely, would stand to make $65 \%$ profit on every pair of glasses sold.

## Year-round sales

One of the keys to success in the sunglass business is to actively promote the product on a year-round basis. Many people tend to think of sunglasses as only a summertime business, but nationally audited sales figures indicate that while $55 \%$ of consumer takeaway occurs in the April-August period, the other $45 \%$ happens during the Sept.-March period. Thus, if a sunglass display was taken down at the end of the summer, the retailer would be missing an opportunity to capture part of the $\$ 347$ million which would be sold during the "non-sunglass period."

Another important aspect of the sunglass business lies in utilizing the appropriately sized display for a particular outlet and keeping it stocked only with quick-turn proven winners. Many manufacturers insist that it is important to have an inordinate amount of variety on a display, as it affords the consumer a more representative selection from which to choose. However, sales figures indicate that the average consumer favors the more classic designs which feature more subdued colors. Thus, to order a display which has a preponderance of bizarre shapes and forms and which subsequently just gathers dust makes little or no sense.

## The right display

Sunglasses are an exciting and dynamic business, and, when worked astutely, can be extremely profitable for the retailer. Care must be exercised when selecting displays and product so that an outlet does not overcommit to a unit which is too big and which contains excessive and unstylish product. There are very fine assortments of displays, featuring counters, as well as mini and deluxe fits-on stands. Each one provides excellent visual impact and highlights the product, thereby increasing turn rates. Select a program which is right for your store and location and then work with the manufacturer to set up a service program which assures that you have only the best selling items on a full display.

The author is senior product manager of WarnerLambert Co.'s Cool-Ray/Personal Care Brands Div.

## There are 10 excellent reasons why BC-A by Lane Limited is the largest selling bulk tobacco in America.

## 1.

It's bite-free, pipeful after pipeful.

## 2.

It never leaves a bitter aftertaste.

$$
3 .
$$

It's exceedingly mild.

## 4.

It smokes cool everytime.

$$
5
$$

It's tasty.
6.

Everyone loves the aroma.

## 7.

Even when it gets dry, it never changes its taste and character as other tobaccos do.

$$
8 .
$$

It is the most imitated black tobacco but no imitator has ever been able to match the superb BC-A blend of rare Green River tobaccos.
9.

It can be used effectively either straight or blended with other tobaccos.

$$
10 .
$$

It's made by Lane Limited, acknowledged as the nation's leading manufacturer of high grade smoking tobaccos - and the creator of the best-selling black tobaccos.

## Lane Limited

111 Eighth Avenue New York City, New York 10011

# Pipe and cigar smoke-a-thons popular from coast to coast 



IAPSC president Paul Spaniola (l) and Diana Gits (c) at start of contest


Pipe smokers light up at Smokers Cove in Moorhead, Mn.


Just before the start of the contest at Bob's Tobacco in Northridge, Ca.

Even before the room filled with smoke, people sensed that something special was taking place at the first Chicago regional pipe smoking contest held at the Courtyard Inn in Old Town, Chicago.

There was Milton Sherman, author of All About Tobacco, preparing to talk about the characteristics of tobacco blends. Robert Marx, of Marxman Pipes, was getting ready to discuss his invention-the Freehand Pipe. Paul Spaniola, president of the International Association of Pipe Smokers Clubs (IAPSC), was participating as a timekeeper and speaker. Al Andrea, John Herz, Harold Cohen, Gene Globig, Bill Martin, Tom Kelly-the place was a virtual Who's Who of the tobacco industry.

Even according to the UpDown Sons of Briar, the pipe smoking club which sponsored the event, something different happened that night.

Skip Melnick, one of the Sons and participants, says this was in the camaraderie which evolved among the people who took part.
"Even in national contests you won't find the kind of good feelings that were generated that night," he declared. "There was just something in the air-besides the smoke-that made everyone comfortable with each other."

Paul Bender, president of the UpDown Sons, said, "As most know, the object of a pipe smoking contest is to keep your pipe lit the longest. Each of the 48 contestants received 3.3 grams of official, evenburning burley. After the judges checked each pipe, contestants were given 60 seconds to light up."

Bender adds that it did not matter who eventually won, since all of the contestants were encouraged equally.
"What may have contributed to the feelings of

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## Tobacco Crossroads

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fellowship throughout the evening is the fact that pipe smokers are usually not aggressively competitive," he notes. "In all, it was a truly remarkable event."

The winner of the pipe smoking contest was George Dalin, vice president of the Sons of Briar. He selected a $\$ 350$ giant Meerschaum pipe for his 65 -minute victory, and agrees with his club about the contest's unique atmosphere.
"Diana Gits-who owns the UpDown Smokeshop which coordinated the contest-gives her store a personality all its own," he said. "She took that distinctive personality and applied it with full energy to the contest. I think that's what made it the success it was."



Contestants at Chicago's Courtyard Inn had a minute to light up

All of the UpDown Sons of Briar, who are affiliated with IAPSC, are dedicated to the preservation of the fine art of pipe smoking. Members have extensive pipe collections, a considerable knowledge of pipe making and tobacco, and an almost fanatical devotion to Diana Gits and her UpDown Shop on North Wells Street.
"There's a quality about this place you just can't find at other stores," a customer said. "I just started collecting pipes a few years ago, but I know that when I come in here, there's only quality all around me . She (Diana) won't sell anything unless it's quality. There's never pressure to buy something."

Diana-the prime mover of the pipe smoking con-test-has run the UpDown Smokeshop for over 15 years. Usually calm when speaking of everyday topics, she talks with an unmatched vigor whenever tobacco and smokers are discussed.
"Just because a contest has never been done in a large city like Chicago, didn't mean it couldn't be done," she declared. "If people think this contest was successful, wait until the next one. You haven't seen anything yet."

Diana's energy is backed by her knowledge of tobacco and blending. As a member of the Tobacconists Association of America and board of directors of RTDA, her goal-to have a quality shop where the customer comes first-is being realized through the dedication of her hard-working staff and such successful promotions as pipe smoking contests.

In fact, the Sons of Briar and Diana are already organizing next year's event.
"Many of the contestants were so pleased by the prizes, they wrote thank-you notes to the manufacturers," Diana said. "We'll have even more prizes next year."

Continued on page 39

## Smoke-a-thons (Continued) By Rick Dietz



In Minnesota, shop owner Dick Skjonsby congratulated the winner

Skjonsby Smokers Cove in Moorhead, Minn. uses a pipe smoking contest to improve business during the slack period at the beginning of a year.

Owner Dick Skjonsby said the contest he conducted improved his business significantly in what is normally a slow time. "I would certainly recommend it to other smokeshop owners," he said.

He advises planning the contest well in advance. "You should choose the date of the contest based on the promotions of the stores around you; it pays to check with other store managers."

Skjonsby, whose shop is in a mall, chose his date in conjunction with a sale at a large discount store in the same mall.
"This brings in a few more people who wouldn't drive out just for the contest," he said.

Advertising is very important to insure success. Skjonsby used all media but placed emphasis on radio. He advertised heavily for one week prior to the contest on one FM and two AM stations.

He also advertised the contest on the weekly Sherlock Holmes mystery movie which he sponsors on a local television station. In addition, he advertised in newspapers and notified his regular customers by mail.

Skjonsby had 25 entrants in the contest, many of whom were reluctant and had to be coaxed into it.
"I would advise shop owners to relax the customers. Encourage them to take it easy and have a good time. This is not supposed to be a pressure contest at all."

He told his contestants that the quality of the pipe Aromatic

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To introduce this new sensational blend to you and your customer's we'll give you TWO FREE POUNDS when you buy 20 lbs. of our Black Cavendish Aromatic. Along with $\alpha$ handsome tobacco jar for you to display and your customer's to sample.

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## Smoke-a-thons

or the amount of experience you have had smoking it did not matter. Apparently this was good advice because the winner turned out to be a novice smoker and had the cheapest pipe in the contest.

Each smoker packed his pipe the way he wanted. All the contestants lit up together. Each used the particular draw they thought necessary to keep their pipes going. The winner kept his pipe burning for 43 minutes and 15 seconds. He received a $\$ 75$ Granhill pipe for his effort. Other prizes included a tobacco pouch, a pipe stand and a humidor.

Skjonsby said the whole promotion worked out so well for him that he plans to make it a yearly event.

## Cigar smoke-a-thon

## By Alan W. Farrant

In Northridge, Calif., a cigar smoking contest has proven to be "one of the best promotions" Bob's Tobacco House has ever had, according to owner Bob Bundies.

The contest was the first of its kind for this workingman's residential area. "A couple of weeks before the contest, I called many of my customers to briefly explain the contest to them,'" said Bundies. The telephone calls, a publicity release to local newspapers, display advertising in these newspapers, and in-store talk and word-of-mouth all helped to promote the contest.

Twenty-five men and one woman entered the contest. There was no entry fee, and each contestant was supplied with the same brand and size cigar. Each was permitted as many matches as needed, and there was no prescribed manner on how the cigar was to be smoked. The winner brought his ash to a length of 4 7/16 inches.

In addition to the contestants, about two dozen onlookers crowded into the smoke-filled shop to enjoy the fun. "And it was fun," notes Bundies.

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By Louis Hohenstein

## How to make and use your balance sheet for inflation management

## Part II

Your balance sheet for the last business quarter is on your desk. Either you worked it out as we discussed last month, or you've had someone else do it. The important point now is: How can you use your balance sheet as a practical profit-making tool-and particularly how during these days of inflation? Let's look at some important uses.
If you compare dollars in a previous balance sheet -say from last year-to your present one, the dollars are no longer directly comparable because of inflation.

During inflation, ratio analysis of balance sheet figures takes on a new importance. Ratio analysis can help you determine when your working capital, inventory, and other finances are in reasonable balance.

How you use your balance sheet can be divided into two categories. Short-term (month-to-month and quarter-to-quarter) control of your business is the one we'll talk about first. I call this tactical analysis and planning, as distinguished from the second use of your balance sheet for long-term strategic planning that we'll look at later.

Probably the most important short-term use of the balance sheet is keeping track of your working capital. You can find your working capital with your balance sheet by subtracting current debt (the amount due in less than one year), from your current assets (usually the total of cash, receivables and inventory).

## Example: <br> Current assets - current liabilities = working capital $\$ 350,000-\$ 100,000=\$ 150,000$

As your sales go up and with added inflation, you'll need more working capital to pay bills, buy stock, and finance credit sales. How much is the right amount of working capital for your business? Use a
ratio of your net sales to working capital to establish the range of working capital for your business.
Example:
$\frac{\text { Net sales }}{\text { Working capital }}=$ ratio
$\frac{\$ 500,000}{\$ 100,000}=5.0$

This ratio is also called the turnover of working capital. If your sales figures are for a month, or a quarter, multiply sales by 12 or 4 , to get equivalent annual sales for this ratio. Once you know a reasonable range of your working capital ratio, you can always approximate how much you'll need for any future amount of sales. Typically the ratio varies from three to six for many businesses. You should find your own normal, high and low figures.

As this ratio gets higher, your working capital is worked harder. It's like stretching a rubber band to the breaking point; at some point it'll pop if stretched tighter. With a growing business it's wise to keep track of your sales to working capital ratio,

If your sales are up, you can use a bank loan as a temporary solution to immediate cash requirements.

If your sales are up permanently, you'll need to get more money for working capital in the business, also permanently, to support increased sales.

If sales are down temporarily-say for six months due to a seasonal factor for example-your sales to working capital ratio will go down and you'll have excess working capital. Don't let this money stay tied in inventory you don't need, uncollected receivables, or in the bank. Money loses buying power because of inflation at a rate of $1 / 2 \%$ to $3 / 4 \%$ each month. Put your excess cash in an interest-bearing account when your sales to working capital ratio is low.

## Managing your receivables and stock

For a specific amount of sales, how much money should you have in receivables, and stock? Even if we have the right amount of working capital, it's possible to have it distributed in the wrong places. We know if we tie up too much cash in inventory for example, we run out of money to pay bills, or are forced to pay late. The same happens if receivables run too high. On the other hand, if we hold back on credit, or cut stock to the bone, we limit our ability to do business. And we also know these amounts should go up each year even without a real sales increase because of inflation. What's the right balance?

Ratios can lead us to the right range of figures for

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## BACKGROUND

- Sunglass market growing at an annual rate of $12 \%$-worth \$770MM at retail in 1978, up from $\$ 500 \mathrm{MM}$ in 1974.
- Average price per pair increased from $\$ 5.26$ in 1974 to $\$ 8.11$ in 1978.


## THE PROGRAM

Custom Displays

- Low Initial Investment - as few as 100 pair on the specially-designed Mini Floor
- Color Coded-for fast, accurate restocking
- Male-oriented-assortment to appeal to Smokeshop customers

Custom Restocking
Reorder as glasses sell by

- Price
- Male, Female or Unisex
- Metal or Plastic Frames

Proven Turn

- Assortments pre-tested-only proven Cool-Ray and Oscar de la Renta best sellers packed on the racks


## THE RESULTS

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- Quick turns assure fast pay back

Maximizes Profit Per Square Foot

- One of the most profitable displays in your store

Eliminates Lost Sales

- Full displays have been proven to maximize sales

Year-round consumer demand for sunglasses met


- Year-round sales and profits for stores


## Inflation management

our business-ratios you develop yourself. Let's take inventory first.

Inventory to working capital. The percent of inventory investment to working capital is one of two measures of your best inventory level.

> Example: $\frac{\text { Inventory }}{\text { Working capital }} \times 100=$ ratio in $\%$
$\frac{\$ 125,000}{\$ 150,000} \times 100=83.3 \%$

This is a gauge of how much of your total working capital you've committed to inventory investment. It tells you the percent of working capital invested in inventory. Through experience you can establish the best range for your business. It ranges from about $60 \%$ to over $100 \%$ for different businesses. It you go over your high ratio, you'll run out of cash to pay other business expenses, so this ratio lets you know if you're coming too close. But don't use this method alone. This ratio doesn't say what your inventory level should be in relation to present or projected sales-only the limit based on available working capital. So also use the following gauge of inventory level based on your present or projected sales.

Net sales to inventory. Keep track of the ratio of your annual net sales to inventory investment:

## Example:

$$
\begin{aligned}
& \frac{\text { Net sales }}{\text { Inventory }}=\text { ratio } \\
& \frac{\$ 500,000}{\$ 125,000}=4.0
\end{aligned}
$$

This is also called the inventory turnover ratio. For different businesses this ratio varies from three to six, depending on characteristics of the business. Again, you'll use this ratio to establish your own rea-
sonable ratio range for your firm. Once you know your ratio range you can check it at any time to see if you're over or under-invested in inventory. Use this ratio to find how much to stock ahead for a future sales increase once you've made a sales projection.

All of these ratios are customarily figured to one decimal place. But don't get carried away with super accuracy. What you're really after are answers to the questions.
(1) For present sales volume is inventory investment about right, or higher or lower;
(2) If inventory is higher or lower than normal, is there a good reason;
(3) At what level should inventory investment be for the next month or quarter;
(4) What effect will changing inventory level have on working capital; and
(5) Will you have enough (or more) working capital than you need?

Remember, inventory turnover is an overall gauge of how many total dollars to invest in stock. Don't make the mistake of using inventory turnover as a rule for ordering individual products. For that, only use the economic order quantity formula.

Tracking accounts receivable. What's the right amount of accounts receivable? A popular index is the average collection period of receivables, sometime also called the collection period ratio. The answer to this ratio comes out in days to collect receivables on the average, and is therefore also independent of dollar inflation.

If you only extend credit by bank credit card, you have less of a concern, but you should still know this ratio for your business. Here's how you work it out in two steps:

Step 1: Take your credit sales for either a quarter or a year (let's take a year), and divide by the number of days in the period-in this example 365 days. The result is credit sales per day.
Step 2: Take accounts receivable in dollars from your balance sheet, and divide by credit sales per day (from Step 1). The result is average collection time in days.

Here's a complete example in a one-step formula:

$$
\frac{\text { Total Accounts Receivable }}{\text { Annualized Credit Sales }} \times 365=\begin{aligned}
& \text { Average col- } \\
& \text { lection time } \\
& \text { in days }
\end{aligned}
$$

Most bankers figure if your collection time runs 10 or 15 days more than the terms on your invoice, then the period is excessive. Once you know your average collection period, you can estimate how much you'll have tied up in receivables at different


## Inflation management

levels of dollar sales. Plus, you'll have a gauge to know when your accounts receivable are over a reasonable limit with respect to total dollar sales.
This isn't a substitute for aging individual customer accounts and the resultant collection effort. It's an analysis to determine (1), if your receivables are at an appropriate level, (2) are top high, and (3) based on your average collection time, how much they should be for other sales levels.

Stay on top of receivables, particularly during inflation. When inflation is $6 \%$ a year, an account riding you for 60 days takes an invisible $1 \%$ cash discount on the transaction because dollars 60 days late are worth $1 \%$ less in buying power. When you add the real cost of money to inflation, the invisible discount

for 60 days late payment is more like $2 \%$.

## Strategic planning

Where is your business going in 1979-or say for the next three years? You have an option: You can direct your business toward the objectives you want to achieve, or you can react to circumstances as they occur. Setting clear business objectives and seeking them is a better way. Make a sales projection. Include dollar inflation in your projections. In my opinion, inflation for 1979 will be about the same as 1978: almost $8 \%$. Do this at least for 1979, and better yet for 1980 and 1981. From these sales projections and your knowledge of key balance sheet ratios, you can construct an advance balance sheet for the end of 1979, as well as for the other years in your forecast. In this way you can spot and solve financial problems in advance, regardless of whether they stem from inflation or from expanding business levels. In the opinion of many experienced business people, one of the keys is to make sure you have adequate working capital to support business at higher levels, whether caused by inflation, real business growth, or both.

To do this, here's a convenient method I found works well. I make an extra copy of each regularlyprepared balance sheet. In pencil I write in the numbers I expect for the next balance sheet. If I spot a cash squeeze or another advance problem, I start working out a solution. Otherwise, I later compare my advance (or pro forma) balance sheet against the actual one which helps me spot unexpected financial trends or changes.

## Going further

As your business grows, get advice from your banker or other financial professionals. If you want to know more yourself, look at these references:

Ratio Analysis for Small Business published by the Small Business Administration reads easily. Order it for $\$ 1.80$ from the U.S. Government Printing Office; Washington, DC 20402.

Free on request from your local office of Dun and Bradstreet are Key Business Ratios, and Cost of Doing Business (one for corporations, and another for partnerships and proprietorships).

If you're going to have time for planning and setting up new business systems, 1979 is the year to do it. Business is forecast about average for this year. But 1980 is supposed to be a whopper-and for another several years after that. Now's the time to get ready. Later you'll be too busy.

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## We'll never sell more pipes than anyone else

 inthe world.
## just have tobe content with selling the best.

All over the country, dealers tell us that when they concentrate on selling the finest line of pipes in the world-they really sell it. And they want more...twice
as many.
Unfortunately, we can't always provide that, because Charatan pipes are not the usual kind of pipes. They can't be run off on typical factory schedules. Charatan pipes are made of the finest briar roots found along the Mediterranean shores of Greece.
They are perfect in weight and balance and come in the shapes and sizes natural to their graining.
One of the things we'll never do is urge speed and more speed on the craftsmen who turn out Charatan pipes. What all this means is that if one of
your customers is interested in a better pipe, the chances are excellent that if he knows the story of Charatan, and how they go about making pipes you can sell him that-better pipe We don't want to make the most pipes in the
world.Charatan just wants tomake

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Blenders of luxury tobaccos for over three generations.

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# Advertising headlines must grab the prospect and get him to read on 

"On the average, five times as many people read the headlines as read the body copy. When you have written your headline, you have spent eighty cents of your dollar. If you haven't done some selling in your headline, you have wasted $80 \%$ of your client's money." - David Ogilvy, Confessions of an Advertising Man.

The headline's job is to sell the product or service being advertised. It is not merely to entertain the reader, or worse, massage the copywriter's ego. It should be designed to grab the reader's attention, hold his interest and slowly, but surely, lure him into reading the rest of the ad.

As Arthur Brisbane said, "You must make people read it...understand it...believe it...want it." A good headline can and should do all of that. If you fail, chances are the reader will ignore your ad-the worst insult that can be inflicted on an advertiser.

## Stop the reader

To attract the busy reader, flipping through a publication, your words must be very compelling, reach out and say in effect, "Stop! Read this, it's important to your well-being."

Start by jotting down all of the headline possibilities you can think of. Even the bad ones; it's best to get them out of your system. Write and rewrite the same general idea in many different ways. Don't be concerned about length, but do eliminate needless words; say what you have to, then get off the pot.

Select the best of your ideas, polish, refine and rework the little gem until it is as original and persuasive as you can make it.

Once you have a really good headline, the rest of the copywriting task will be much easier. In fact, it's much simpler to write copy to match a headline than

Continued on page 52

## Alastercraft

## Quality - Good Looks • Affordable Price



MASTERCRAFT brings you the best in pipe lines:

The SEVILLE Collection with Genuine Meerschaum bowl; cartridge paper filter;
twin-bore bite-proof bit.



The ALPHA Series -
Straight Grains, Freehands, Lucite stems, Classic and Fancy Shapes.

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## Cometo Grips!



By Irwin Breitman

## Sell the store, not items

When advertising executive Harold Levine addressed a recent seminar of the National Retail Merchants Association, he told his audience of department store and specialty store advertising officials that they should be promoting their stores rather than just their merchandise offerings.

Levine, who is chairman of Levine, Huntley, Schmidt, Plapler \& Beaver, asked, "What do Franklin Simon, Broadstreets, Depinna and Arnold Constable have in common?" Then, he answered: "Most of these stores were headquartered in New York and many had branches throughout the country, and they are all out of business."

On the other hand, he brought out, "stores like Boomingdale's, Barney's, Herman's, Toys "R" Us, Gucci and Zabar's...are also headquartered in New York, many with branches throughout the country, but all are growing rapidly with a contemporary identity and they are in tune with today's changing lifestyles.
"Your first responsibility," Levine told the store executives, "is to sell the store, not the item. Your brand is more important than any single item. Be sure that your store stands for something. I know what Barney's stands for, but I don't know what Franklin Simon stood for."

To effectively position his store to a target market, Levine said, a retailer should look at merchandise, physical environment, personnel and advertising. He cautioned, however, that any effort must be coordinated in all four areas. To illustrate, he said, "a superb ad campaign positioning the store for young girls 16 to 24 can be destroyed by the wrong sales people and the wrong ambience."

The smokeshop, with its more specialized line and its more easily identified customer, doesn't have the same challenge as the department store, of course. But, as smokeshops become more diversified in their offerings, adman Levine's counsel takes on added pertinence. The tobacconist should keep it in mind.

## Speaking power

Psychology Today cites pitfalls that weaken speech effectiveness:

- A questioning tone at the end of a statement ("It will be ready in an hour, I think.)
- Use of adjectives that qualify an otherwise strong statement ("He's kind of an interesting guy.")
- Mild adjectives rather than strong adjectives ("That was a great dinner" rather than "That was a lovely dinner.")

Weak-talk is inexact and overly polite. Power-talk is direct and informative.


## Ad headlines...from 48

it is to try and write a headline that will match the body copy.

## Classes of head

Headlines usually, but not always, fall into one of the following categories. Don't let your thinking be restricted by these categories however, since many successful headlines combine two or more of the approaches.

BENEFIT HEADLINE-People want to know about products that will help make them healthier, wealthier, wiser, etc. If your product offers a real benefit, let your customers know about it. Present the benefit clearly in a few well chosen words such as. "Datsun's new B-210 gives you a nifty fifty (mpg)." Just remember, any claims you make have to be backed up with proof.

STRAIGHTFORWARD HEADLINE-Features a simple statement about the product, its quality, use or importance (to the reader). It's more of a slogan than a headline and needs to be supported by frequent exposure over a long period of time. "Come to Marlboro country." is typical.

NEWS HEADLINE-The consumer is always on the lookout for new ideas, products, or uses for established products. Your product is only new once, so make the most of it. Use magic words like "New," "Now," "Introducing," "At last...," etc. Some good examples are, "New paper towels are more absorbant," and "Now, you can get these two great Chunky Soups in single-serving size."

STORYTELLING HEADLINE-Appeals to people who are intrigued by a statement that promises to lead them into a story. "They all laughed, when I sat down to play the piano," is a classic example. But, unless you're really good at it, don't even bother with this approach.

ADVICE HEADLINE-Offers the reader help in making purchases or solving a problem. "Here are 13 new ways to prepare hamburgers," and "How to reduce energy costs in your home," are different ways to do it.

QUESTIONING HEADLINE-A question is presented in the headline to arouse the reader's curiosity
and get her to read the rest of the ad. Be sure you satisfy that curiosity, or she will feel she has been tricked. One of the most successful ads ever created asked, "Do you make these common mistakes in English?"

SELECTIVE HEADLINE-The reader is more likely to read a headline when it directly relates to his or her needs. If you had these problems, you couldn't resist. "Hemorrhoid sufferers: Get soothing relief, fast...," or "Do you have itchy, flaky dandruff..."

If you're in doubt as to how to get started, try the first approach-the reader benefit oriented headline. Ogilvy said, "Headlines that promise a benefit sell more than those that don't."
Resist the temptation to be clever at the expense of your sales message. Stay away from advertising cliches and buzz-words. Your headline might not be as catchy as that rare, creative headline that lights up the advertising sky; but, in most instances, it will impress people enough to make them go out and buy your product. And, isn't that what you want?

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# CLASSIFIED ADVERTISING 

Charge $\$ 1$ per word; minimum $\$ 40$. Box numbers count as words. Ads with artwork or borders $\$ 55$ per column inch; minimum $\$ 55$. Noncommissionable. Payment with order. Specify insertion dates. Orders and replies should be sent to: Smokeshop, Ninth Floor, 254 West 31st Street, New York, NY 10001

## SALES REPRESENTATIVES

ZAIMA-NESOR - A national company with a complete line of lighters requires special sales representatives calling on the smokeshops. WE SUPPORT our representatives with trade and consumer advertising, display programs and trade shows. CONTACT our national sales manager, Al Hartglass at 175 Fifth Avenue, New York, NY 10010, or call (212) 777-8370.

## Broker Wanted-Protective Territory

Experienced, aggressive representative, calling on pipe shops, department stores and chains in Utah, Colorado, New Mexico, Arizona, and EI Paso. To sell bulk tobacco, imported pipes, leather gift line, and meerschaums. If you wish to add these products to your present line, send resume to LaVon, Inc., 35222 Farnham Drive, Newark, Ca. 94560.

## Can you tell the difference between a Maruman lighter and an imported imitation?



Maruman - Maker of the World's Highest Quality Lighters

As a dealer you are aware that most butane lighters in America are imported and sold under fancy brand names. Such lighters, of course, are not first rate products despite claims to the contrary. Naturally we want you to sell the best, we offer you the best. A line of the world's highest quality lighters - MARUMAN.

## Maruman - Number 1 in the World!!

MARUMAN is the world's largest manufacturer of lighters. We do not make lighter parts; we make complete lighters-from top to bottom, inside and out. Modern production lines in Maruman plants turn out 20,000 lighters a day. With a through-production system from start to finish. Maruman is unrivaled in the designing, development and production of lighters. The 1979 Maruman line offers new products such as the thinnest electronic lighter in the world and a wide range
of lighters of every variety. They range in price from $\$ 10.00$ to $\$ 300.00$. We can meet the requirements of any dealer.

## Maruman - Matchless Elegance

Many of our models have been copied and they may look alike, but you can be sure they are not equal in workmanship or performance. The nature of your business as a tobacconist demands that you offer only items of the highest quality. Items that will compliment your other excellent products. MARUMAN lighters meet this requirement.

For an illustrated brochure on the complete line of quality Maruman lighters, write to Maruman (U.S.A.) Inc., P.O. Box 3198, 61 Woodmont Road, Milford, CT 06460 or call our toll free number 800-243-2890.

## Colibri. All you'll ever need in pipe lighting.

You're looking at something much more than an ordinàry lighter. It's Colibri's sparkling new 14-50 Clip Lighter, one of the most exciting lighters ever. Elegant. Convenient.

And ideal for cigarettes as well as pipes.
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