

To-day's Outlook in the RADIO TRADE

Mr. E. R. Boucher gives an Authoritative Survey of Trade Conditions in the States



MR. E. R. BOUCHER,

Managing director of Radio, Ltd., who has recently returned from a business visit to U.S.A.

THE most striking and significant impression of my investigation of the conditions of the radio trade in the United States was the tremendous change in feeling of the radio industry as compared with that of my last visit in 1928, stated Mr. E. R. Boucher, managing director of Radio, Ltd., in the course of an interview with the "Radio Record."

In 1928, manufacturers and dealers were proud and happy to be associated with the development of radio. This spirit was acquired mainly through the excellent profits and bright future prospects for the industry.

This year, however, from the smallest manufacturer to the largest there is an atmosphere of tension and worry, and continuous reference to the "good old times" of the past. Most of those interviewed would be pleased indeed to be able to liquidate their assets to-day—if it were possible to do so—and retire from the industry.

As in every industry immediately it becomes profitable a multitude of new manufacturers appear who at the commencement are moderately successful, but when conditions become difficult they are unable to survive, and in their efforts to remain in the trade resort to price-cutting.

This is exactly the position in the United States to-day. Not only has the small manufacturer resorted to reducing prices, but competition between the larger manufacturers is very evident, and we see first-class receivers listed at dollar prices which can only return to the manufacturer approximately 25 per cent. of what these factories received for console receivers two years ago.

It was the object of the set manufacturer during the peak period of the industry to manufacture all the components used in the construction of a receiver. This position has changed, and the set manufacturers find that apparatus manufacturers are also fighting for their existence, and in doing so are quoting prices below the set manufacturers' cost of production, hence many of the large manufacturers are now purchasing component parts from apparatus manufacturers. The same keen competition exists between the manufacturers of apparatus who are endeavouring to remain in production and resort to securing the business at unprofitable prices.

The introduction of the midget has sounded the death-knell of many a manufacturer, and has been a great blow to the largest producers. Logically, from a turnover standpoint, to maintain the same volume of output factories should produce three times the number of receivers to maintain their turnover, but actually the output has decreased in most instances by 50 per cent. and more.

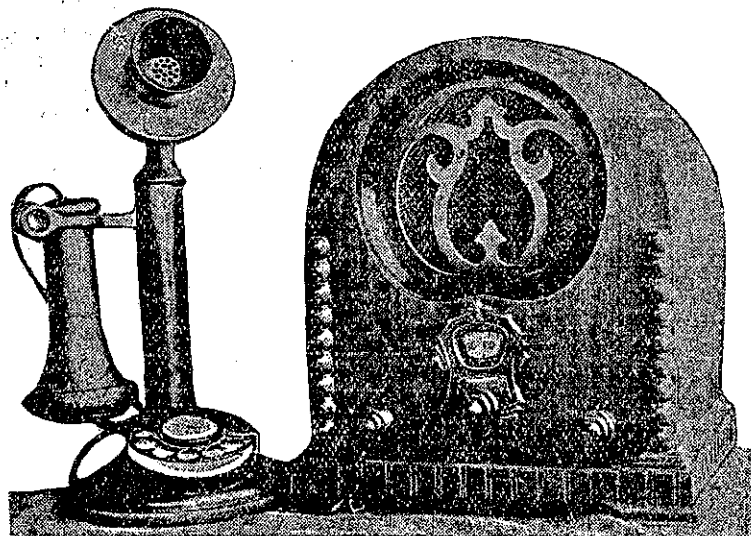
THE difficulty of the larger manufacturers is that during the peak of the industry they invested large sums in buildings and equipment, either borrowing from the banks for that purpose or using up all their available capital and necessitating borrowing from the banks for carrying on.

At that time, of course, it was quite an easy matter for prosperous, large manufacturers to raise capital, but from the time of the collapse of the stock market on Wall Street, banks have refused to further finance these organisations, and have been demanding reduction of overdrafts.

There is more than one instance of the largest and proudest radio manufacturers being operated under the supervision of a bank nominee, not exactly a receiver, but a specialist qualified in the preservation of the bank's interests, and whose sole policy is to endeavour to conserve sufficient assets to cover the bank's liability.

There are, of course, many financially sound organisations, but there are very few showing a worthwhile margin of profit, and very few who would not be pleased to retire from the industry were it possible to get reasonable value for their assets.

I was informed from a reliable source—that one manufacturer who had undertaken expenses (in the way of national advertising, cost of "dies" and equipment for producing a particular model receiver, etc.) based on a certain (Continued on page 2.)



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