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Halloween suppliers roll in dough

Demand for decorations, candy rises

By Doug Funke
staff writer

Children aren't the only ones who do well with Halloween.

Retailers who sell candy, costumes, decorations and party supplies find that the holiday can be quite lucrative, too.

"The average home visited in the suburban readership area is probably spending \$7-10 for candy," said Fred Marx, a Bloomfield Hills retail consultant.

Multiply that by the number of houses with porch lights on Halloween and the dollars begin to total quickly.

Candy manufacturers and retailers don't reveal specific sales figures.

The gross margin for candy — the difference between what stores purchase wholesale then sell at retail — ranges from 20 to 35 percent, with net profits ranging from 1 to 5 percent, Marx said.

"Candy sales are significantly ahead at this time," said Dennis Wozniak, vice president of purchasing for Arbor Drugs headquartered in Troy. He declined to elaborate.

SOME ADULTS seem to enjoy Halloween as much as children.

"It's a big party time. It's gone beyond the trick-or-treat world," Wozniak said.

Andy Anushagian, an owner of Windmill Fruit Market in Livonia, sells pumpkins, dried out corn stalks, Indian corn and gourds.

Anushagian figures on selling some 70 tons of pumpkins this year at 15 cents per pound after paying farmers 8 to 10 cents a pound for the product. He prices decorative corn stalks at \$2.99 after buying them wholesale for \$1.99.

Adults do much of the carving and hold on to the stalks through Thanksgiving.

There's no doubt in Anushagian's mind that Halloween is for adults as well as children.



ART EMANUELE/staff photographer

Halloween is still big business for Kevin Madigan, owner of Century Novelty, but not as big as it once was. Major merchandisers have cut into his sales, he said.

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Antitrust victory expected to have long-range effects

By Gerald Frawley
staff writer

A Rochester Hills computer maintenance firm's legal victory will not only net the company damages nearing \$30 million but will fundamentally affect how computer hardware and software suppliers do business and revitalize the Sherman Antitrust Act.

Virtual Maintenance Inc. sued Prime Computer Cos., a Massachusetts hardware and software supplier of computer-aided design/computer-aided manufacturing (CAD/CAM), for its practice of tying customer software revisions to hardware maintenance contracts.

Virtual Maintenance's attorney, Jamal John Hamood, of the law firm Moll Desenberg & Bayer, with Detroit and Southfield offices, said Prime Computer was trying to create a monopoly.

Companies that purchase software and hardware frequently require updates, he explained, because needs change. "What Prime was doing is saying we won't sell you software revisions unless you sign a maintenance contract with us," Hamood said.

"But customers were saying that if they could get (a third-party maintenance firm) to take over maintenance, they could save a lot of money," he said. "Prime's contract wouldn't allow that."

HAMOOD SAID he fully expects the case will be appealed. "Any time you get an award of that size, you expect an appeal, he said. "Usually, you appeal to get a settlement."

If appealed, the case would be heard in the U.S. Sixth Appellate Court in Cincinnati.

Attorneys from Hongigan Miller Schwartz and Cohn, who represented Prime Computer Companies, did not return phone calls.

Rodger Young, also of Moll Desenberg & Bayer, said the case is important for three reasons.

"First, the size of the verdict is one of the largest anti-trust cases handed down in recent memory," he said.

United States Federal District Court for the Eastern District in Michigan jury awarded Virtual Maintenance Inc. \$9.5 million in damages — an award that is trebled under the Sherman Antitrust Act.

Attorney fees, court costs and interest, since the case was filed June 2, 1989, will result in a judgment of roughly \$30 million.

Second, the case will have a significant impact on other computer companies that may have been considering similar unfair business practices, Young said.

OTHER COMPUTER companies have been considering tying maintenance and software revisions together, he said.

"Computer companies are having a hard time making profits (through the sale of equipment and software) so computer maintenance is a good way of increasing revenues."

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Oil: An economic key

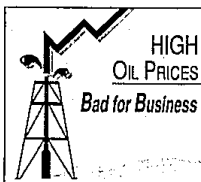
By R.J. King
special writer

The invasion of Kuwait by Iraq has hit home in more ways than the obvious deployment of U.S. men and women to the Middle East.

"Sentiment among economists right now is 2-1 that we will be in a full-scale recession by the end of the year or early next," said Ronald L. Tracy, chairman of the economics department at Oakland University in Rochester.

"The severity of the winter will have a big impact on how bad the economy gets, and if it's really severe, the country could lose thousands of jobs along with billions of dollars in production."

In the minds of most economists, Tracy said the third oil recession since the early 1970s will cause price increases on everything from tires to tulips as businesses pass on higher production and transportation costs



to consumers.

In turn, consumers will find their spending power diminished across the board as higher prices at the pump invariably means demand falls for everything else. As sales decline, businesses cut back investment in new equipment and limit their inventories, spreading the decline further.

And the inflationary impact is magnified as higher prices cause workers to offset their reduced spending power by calling for higher wages, putting further restraints on company ledgers.

IN A HOSTILE economic environment, what sectors of the local economy are likely to be affected by the run-up of oil prices? And how will they respond?

The list includes automotive manufacturers and suppliers, office buildings, schools, universities, shopping malls, grocery stores, and service outlets that deliver, to name a few.

"Actually I think we can survive this oil crisis a lot better than the last two (in 1973 and 1975)," said Frank Palak, manager of building systems for Kireo Realty & Development Ltd. in Troy, which owns and



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