

World Radio History

# HIGH FIDELITY trade news

VOLUME 24, NO. 2  
FEBRUARY 1980

**VIDEO**  
What The Future Holds



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# INTO THE EIGHTIES





# The car stereo that took two years to build, takes no time to sell.

With industry surveys pointing to at least a 25% increase in high-end AM/FM cassette unit sales this year, Sanyo's FT2400 will be just what you need to make those big-ticket, high-profit sales.

That's because we saw the high-end explosion coming two years ago, and started designing the "ultimate" AM/FM/cassette deck.

Now, after two years of honing and perfecting, the FT2400 is here.

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The FT2400 provides audiophile performance and luxury features... in a great-looking unit that's designed to fit most standard size domestic cars.

At under \$300\* it has the industry's most advanced technology, like Metal tape compatibility with switchable equalization for great sound with any tape type, and ultra-sensitive synthesizer tuning with digital readout of frequency, time, and date. We've included Dolby<sup>®</sup> 10-station electronic memory tuning, Auto-Reverse, bass & treble controls with optional biamping... and much more.

For your growing subcompact and foreign car market, Sanyo downsized the FT2400 and came up with the FT2200 — virtually identical in everything but size.



FT2200

Both radio/cassette decks offer hefty 1000mV preamp outputs to drive outboard power amps (required) without noise problems. So they sound **sensational**.

When you add the rest of Sanyo's industry-leading high-end line, you've got all of today's hottest technology covered... at all the right price points to make selling any customer a snap. Which will make you a big success in high performance car stereo.

In no time at all.

FT2400 AM/FM STEREO CASSETTE DECK	
Frequency response	40-15,000 Hz
(+3dB, metal tape)	
Wow & flutter	0.07% WRMS
Signal-to-noise ratio	62dB
(Dolby on)	
FM sensitivity	14.8dBf

**SANYO**

Sanyo Electric Inc., 120C W. Artesia Blvd., Compton, CA 90220

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World Radio History



# D i s c K i t



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by Electro-Voice.**

**The third  
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The legendary Interface performance, in beautiful new cabinet styling, and a dramatically effective support program will assure strong sales. Have a look at the pricing and discount structure, and you'll recognize that Interface belongs in your store.

For further information contact Bill Smith, Consumer Products Sales Manager, Electro-Voice, 600 Cecil Street, Buchanan, Michigan 49107.



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a gulton company

# interface





## Diagnosing What's Wrong

Is there something wrong — structurally wrong — with the hi fi industry, or is the state of the industry today due to a series of miscalculations on the part of audio manufacturers?

While it may be true that deep currents of change are beginning to be felt in the structure of the industry due to a rapidly evolving audio/video technology, it appears to us that present business conditions can be attributed largely to a series of miscalculations, and some bad luck.

Manufacturers, for example, accustomed to sales increases well ahead of the inflation rate, went into 1979 with the idea that it was going to be business as usual. In all fairness, only the most prescient among us could have forecast the steep price increases in oil and gas, the long lines at service stations last spring and summer and the disastrous effects they had on retail sales and prices of audio equipment around the country.

Manufacturers, who had projected much stronger business and who were producing merchandise based on those projections, simply were proven wrong and could not adjust rapidly enough to ease the flow of product into the pipelines. By the end of summer, commencing with the extraordinary factory promotions and the deals that preceded it, manufacturers were cutting prices as much as 30% to dealers in an effort to force that merchandise through the pipeline, and they were all doing it at the expense of profitability.

High fidelity equipment found itself competing for a smaller and smaller pool of leisure consumer dollars; in fact, found itself competing as much against basic household necessities as against other leisure products — not an enviable position or one likely to lead to yet another year of business as usual.

By now, dealers, particularly those who may have unwisely bought into those factory deals, were staggering under the inventory that wouldn't move off the shelf even at the low, low prices being asked for it. Those dealers who went to banks to finance their inventory were now trapped, and some have gone out of business, crushed by record high interest rates.

The more aggressive dealers, however, whether specialty store, department store, mass merchandiser, etc., seem to be pulling through. Many adopted an aggressive advertising posture, taking full advantage of their ability to buy big, heavy newspaper ad schedules at lower bulk rates than competitors. Others, smaller specialty store dealers, aggressively stuck to formulas that worked for them. Those that aren't panicking themselves into expensive mistakes will survive.

Overall, there's no one type of dealer who is succeeding — but those who are are obviously aggressive and determined.

Virtually all dealers, at this moment, are sticking to a conservative inventory position. They are shooting for a dozen turns a year, and enlightened manufacturers (who probably don't have much choice about it anyway) are helping dealers achieve their goals.

Clearly, the high fidelity industry has reached a watershed in its history, with last year being the first ever that industry sales were down from the year before, by at least 10% and perhaps much more. The observations made in the editorial in the January issue of this publication, though controversial, were essentially correct.

Given the magnitude of the industry's miscalculations about 1979, they proved to be punishing, indeed. A good part of 1980 will continue to be spent in adjusting and readjusting to business conditions. The industry appears now to be confronting the problems. The fact that some lines and models continue to be in heavy demand bears out the contention that there is a hi fi market out there, although it is unlikely the market can continue to be sliced up into so many small pieces.



## INTO THE EIGHTIES

**ON THE COVER.** Designed by Alfons Reich and photographed by Ed Haas, Hi Fi Trade News tried to capture a sci-fi feeling to express the thoughts of manufacturers, reps and dealers on the future as we have recorded them on the pages of this issue. Ultimately, we felt, it expresses both past and future in a timeless sort of way. Perhaps we'll pull this one out in another ten years and see how we feel about it as we go into the nineties. We hope you like it.

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**President & Chairman**  
L. D. Solomon  
J. T. Schwartz

**Publisher**  
Gerald F. Sweeney

**Editor**  
Ron Marin

**Associate Editor**  
Cindy L. Morgan

**Assistant Editor**  
Mary Conte

**Advertising Sales**  
New York: Ron Marin  
(212) 949-0842

Jacqueline Sullivan  
(212) 949-0841

**West Coast:** Royce Richard  
1500 E. Ocean Blvd.  
Newport Beach, Calif. 92661  
(714) 673-5139

**Art Director/Designer**  
Alfons J. Reich

**Sales Administration**  
Carylee Caputo

**Contributing Editors**  
Roger Parker, Charles Swift, Bob  
Brewin, Sydney Shaw, Mary Lucier

**Production**  
Wendy Scharaga, Mgr.  
Linda Guthrie

**Circulation**  
Mike Rubin

**Asst. Subscription Mgr.**  
Lois Balaban

**Japan:**  
Yukinobu Sato, Pres.  
Cores Corporation  
Inoue Bldg.  
4-4, 1-Chome, Akasaka  
Minato-Ku, Tokyo  
Tel. (Japan) 523-7251, 7825

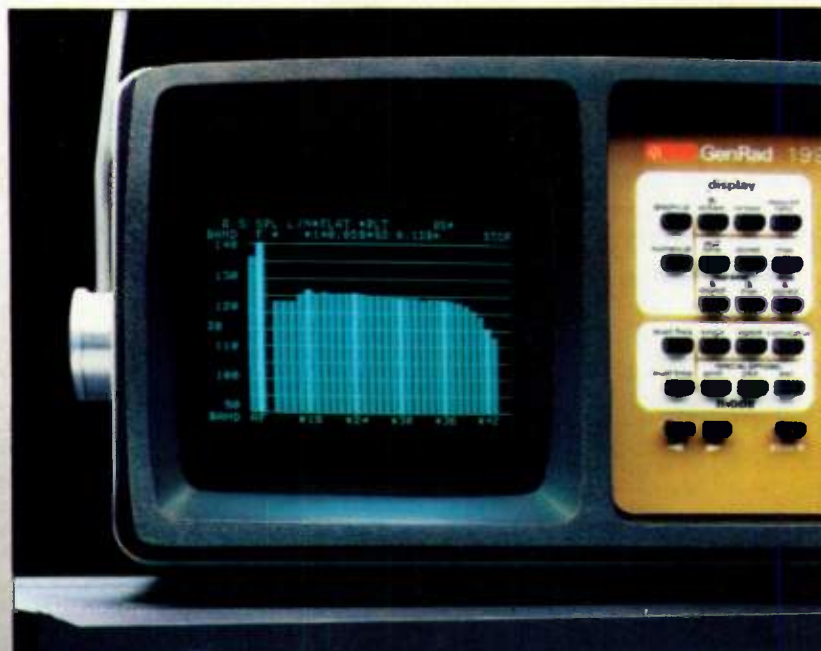
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MEMOREX HIGH BIAS TEST NO. 5.

# WHICH HIGH BIAS TAPE STANDS UP TO A GENRAD REAL-TIME ANALYZER?



The GenRad 1995 Real-Time Analyzer is among today's state-of-the-art devices for accurately measuring and displaying audio signals. That's why we used it to show that MEMOREX HIGH BIAS is today's state-of-the-art high bias cassette tape.

When tested at standard recording levels against other high bias tapes, none had a flatter frequency response than MEMOREX HIGH BIAS.

And, the signal/noise ratio of MEMOREX HIGH BIAS proved to be unsurpassed at the critical high end.

Proof you can't buy a high bias cassette that gives you truer reproduction. And isn't that what you buy a high bias tape for?

Is it live, or is it  
**MEMOREX**



## MEMOREX 90

### HIGH BIAS

Memorex



*The GenRad 1995 Integrating Real-Time Analyzer measured signals from a Nakamichi 582 cassette deck. Input signal source was "pink noise" at 0dB (200 nanowebers—standard record level). If you'd like a copy of the test results, please send a self-addressed, stamped business-size envelope to the address below. Ask for the GenRad Test.*

For unbeatable performance in a normal bias tape, look for Memorex with MRX Oxide, in the black package.

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## AS WE GO TO PRESS

IT WAS A WELL-KEPT SECRET in an industry where it is said to be impossible to keep one. Not a word of the negotiations leaked out, even under the industry's collective nose at WCES last month. Shortly after the show, however, the deal was wrapped up and Advent chairman Peter Sprague hurriedly called a press conference Feb. 1 at his New York townhouse to announce the appointment of former U.S. Pioneer president Bernie Mitchell to the position of vice chairman and C.E.O. at Advent, effective immediately, thus bringing to an end industry wide speculation as to where Mitchell would ultimately resurface. Sprague gave us the inside story on how it all came about: "It was Bernie's initiative. He sent me a letter saying he saw Advent as occupying a unique position in the industry given its audio and video activities, but with problems—particularly its need for cash. He felt Advent would either do great things in the future—or go bust. He asked me if I'd like to talk. Well," grinned Sprague, "Bernie Mitchell saying to Advent would you like to talk is like a gorgeous blond coming up to you somewhere and whispering, 'Listen, honey, how would you like to get....'"

KAY SATO IS OUT as Nikko's president and is leaving the company. Mr. Oeda, chairman of Nikko in Japan, succeeds him as president of the U.S. operation. Sales and marketing vp John Schroder to have expanded duties.

THE FINAL CHAPTER in Roadstar's realignment at WCES last month, which saw Joe Spinelli become chief operating officer, is that the man he replaced, Frank Kark, is dead of a heart attack.

RESIGNING AND MOVING ON from KLM is Elliot Schwartz, director of sales, who we hear is getting into repping. On the west coast, Peter Horstman has resigned from BGW, reportedly because he opposed company's decision to go factory direct.

WE HAVE IT ON THE QT from Sandy Drelinger, marketing chief at Micro-Acoustics, that the company plans to introduce a large number of new cartridges this spring, perhaps in May. The massive introduction does not affect current models (three) in the firm's line.

THINGS ARE LOOKING UP for the Minneapolis-based retail audio chain, Sound of Music. HFTN sister publication CES TRADE NEWS DAILY scooped its competitors in Las Vegas at WCES with news of Sound of Music's financial difficulties. Now, reportedly, the pressure's off, thanks to compliant creditors, who agreed to defer payment of short-term obligations over a longer period of time.

STRANGE BEDFELLOWS, indeed, was industry's reaction to reports that CBS and old arch-rival RCA had reached an agreement under which CBS will make and market videodiscs for RCA's SelectaVision videodisc player. RCA is licensing CBS worldwide to make videodiscs using RCA's capacitance system. RCA plans to bow SelectaVision in the first quarter of next year with initial shipments to distributors in December of this year. Marketing goal: sell 200,000 players in 1981. CBS has its sights on other software markets, too, quickly following reports of the RCA deal with the launching of a new division to manufacture, produce and market programming for all new video technologies. Cy Leslie, founder and former chairman of Pickwick International, was named president of the new division. Leslie orchestrated the growth of Pickwick from start-up to \$500 million-a-year in sales, making it the largest merchandiser of recorded music in the world.



# The Evolution of Excellence

In 1947, Pickering built the first magnetic cartridge and holds 13 U.S. and numerous foreign patents on cartridge design. In 1976, Pickering launched a new modern high fidelity era by introducing the first of a new generation of phono cartridges, the Pickering XSV/3000, acclaimed a top performer by critics and reviewers worldwide.

Now Pickering takes the Stereohedron® Series one step beyond excellence with the new XSV/4000. Technical advances in both design and construction have made this degree of perfection possible.

A lightweight, high energy, samarium cobalt magnet and shaped-for-sound Stereohedron Stylus tip are major innovations that eclipse previous performance standards in four crucial areas. Improved tracking ability. Expanded frequency response range. Wider channel separation. And featherlight treatment of the record groove.

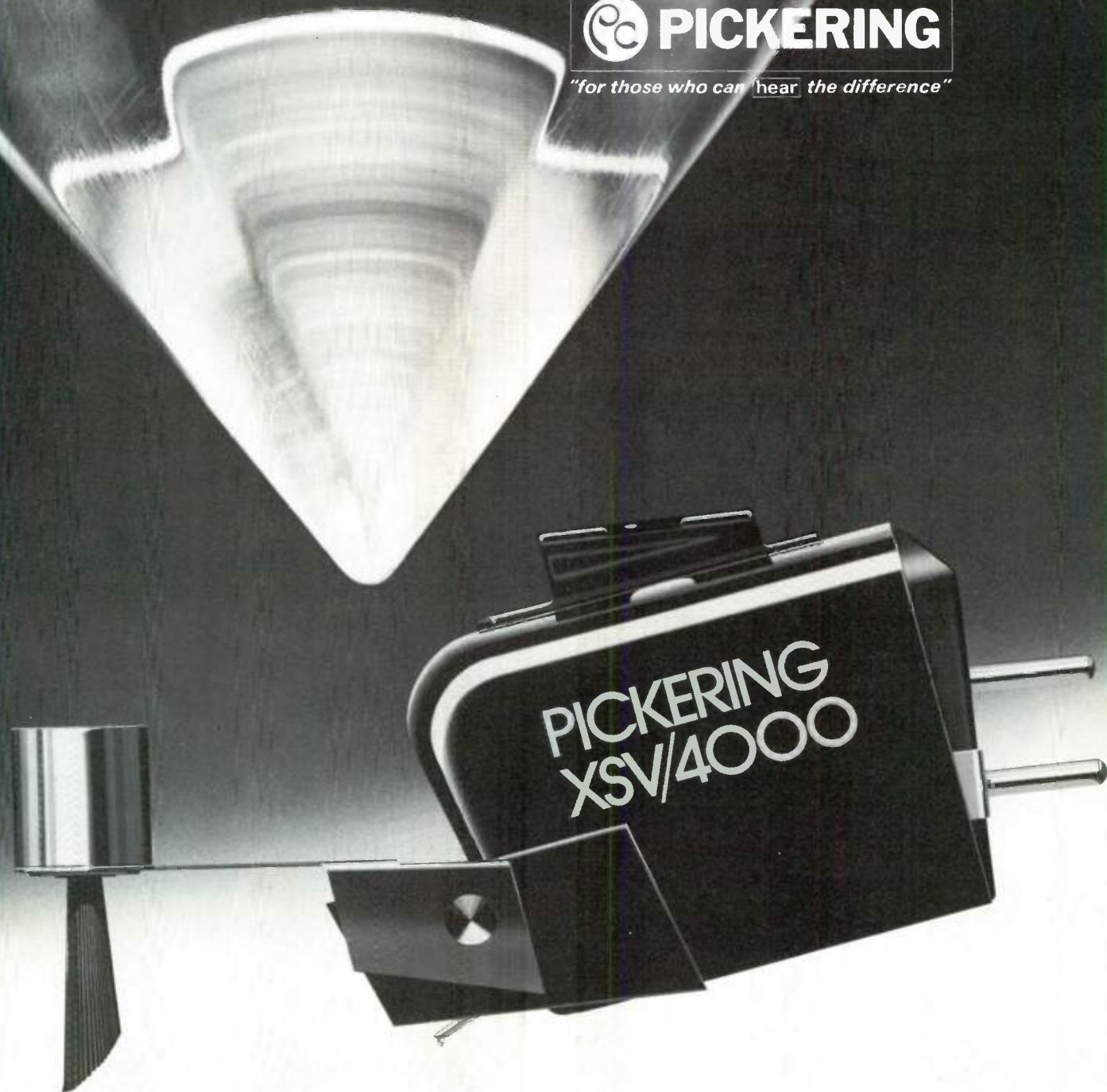
XSV/4000...the next generation of sound.

For further information write to: Pickering & Co. Inc., Sunnyside Blvd., Plainview, N.Y. 11803



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"for those who can hear the difference"





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Ampex is the tape of the stars. So we back it with star quality programs all the way. To stimulate star sales performance for you.

## STAR QUALITY AUDIO.

More hit albums are mastered on Ampex professional recording tape than all others combined: that's because Ampex delivers the star quality that the top stars insist on

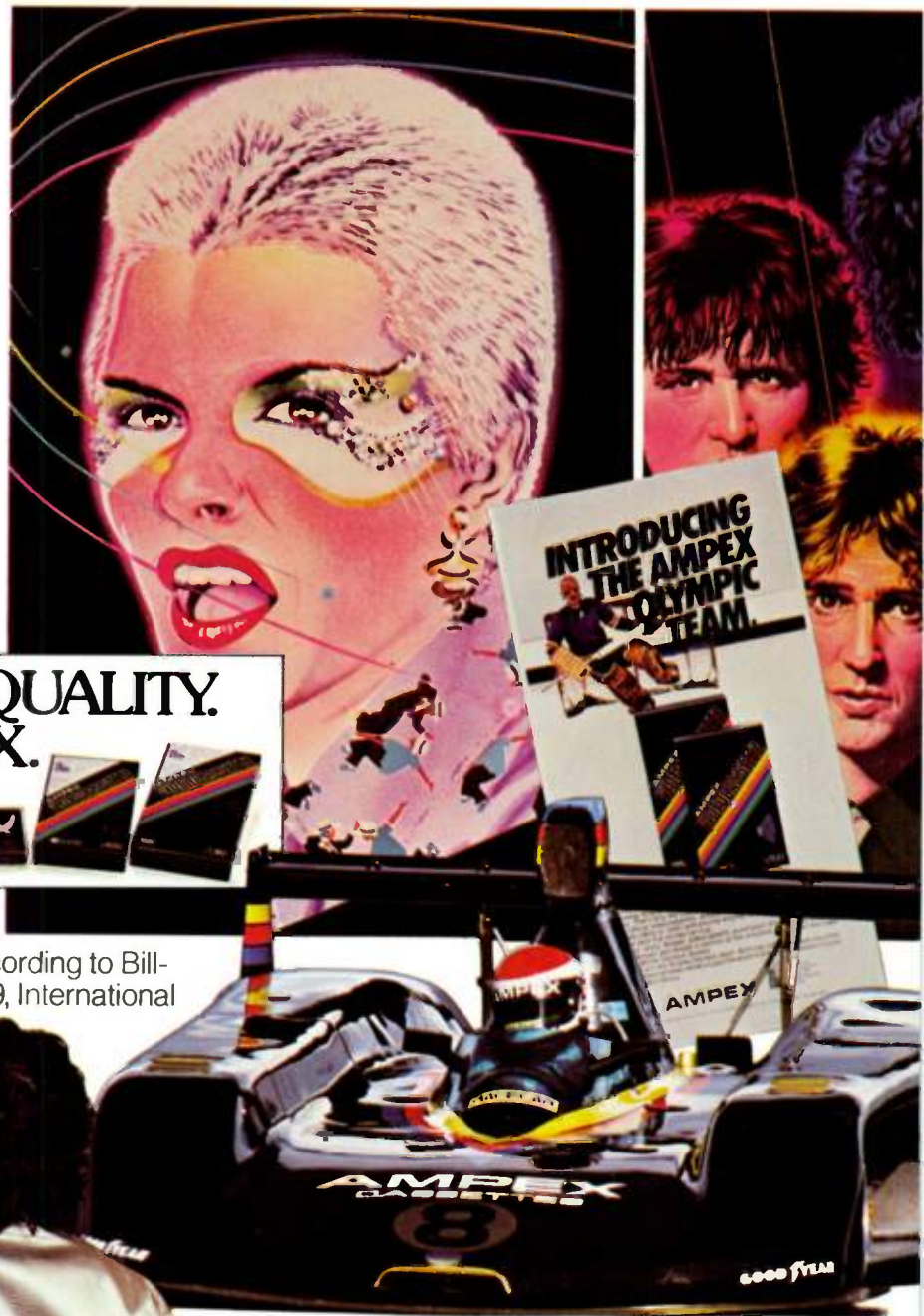
in the studio.  
76% of  
all recording  
studios sur-



## STAR QUALITY. AMPEX.



veyed in the US and Canada  
use Ampex mastering tape, according to Bill-  
board's October, 1979, International  
Recording



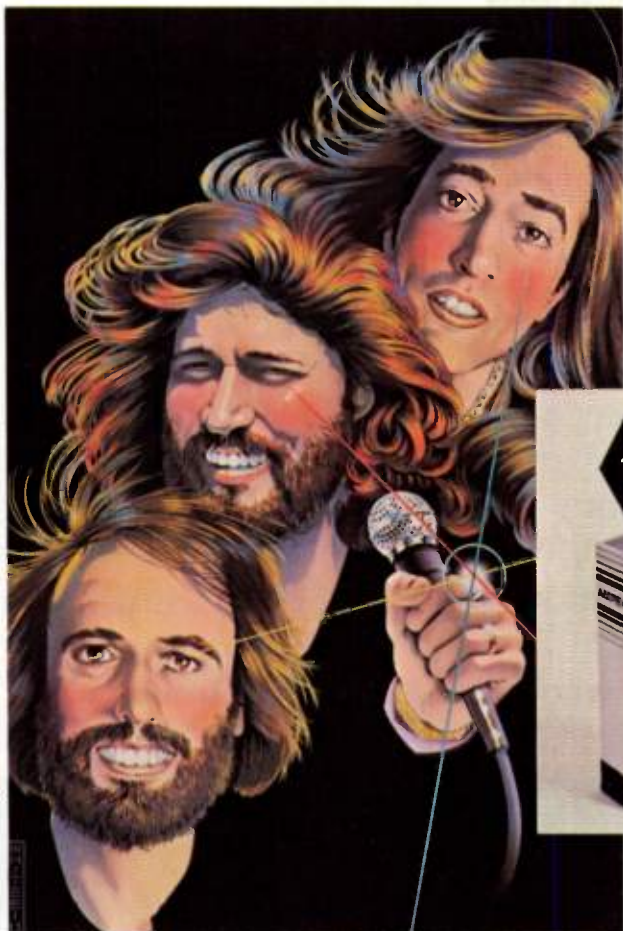
Equipment & Studio Directory.

Now that same Ampex star quality is available on Ampex *home* recording tape. And top recording stars like the Bee Gees, Blondie, Atlanta Rhythm Section, Blue Oyster Cult, and Alicia Bridges are making sure consumers get the message.

They're featured in major national



# QUALITY

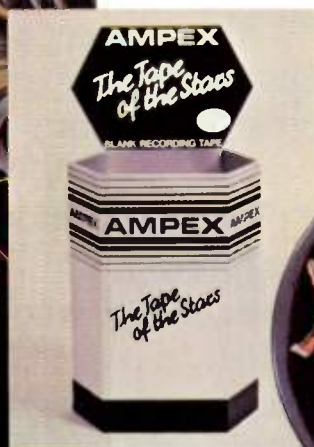


building store traffic with advertising in Sports Illustrated, Playboy, and Newsweek.

## STAR QUALITY SALES.

Your Ampex representative will tell you more about our exciting co-op advertising programs, in-store display materials, and

traffic-building promotions. (Like the Can-Am Ampex



race car that is competing in top North American events.)

It all adds up to star quality sales for you.

consumer magazines like Playboy, Rolling Stone, National Lampoon, Circus, and Stereo Review. On posters and buttons in the stores. On outdoor boards. In Rockbill concert programs. Everywhere that music lovers look to make their buying decisions.

## STAR QUALITY VIDEO.

Ampex is starring in the home video market, too. Ampex professional videotape brought you past Olympic Games, and Ampex is the official videocassette of the 1980 Winter Olympics. We're pre-selling consumers with the first-ever Olympic videocassette promotion,



## AMPEX

### *The Tape of the Stars*

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# The company that transistorized high fidelity has



STR-V55: 55 watts/channel at 8 ohms, 20-20k Hz, at 0.02% THD... FM S/N Ratio: 75dB Mono/70dB Stereo, Alt. Channel Select: 80dB (@ 400 Hz)

For months now, we at Sony Audio have been telling you about our renewed commitment to the hi-fi industry.

We've told you about our intensified

dealer support program—Our 40-

man direct national sales force (the largest in the business)—

Our regional tech reps—Our new parts distribution service—Our multimillion-dollar national advertising program—And warranties so strong they just about sell Sony themselves.

And now we're pleased to announce our most impressive innovation to date. The reinvention of the receiver.

Unlike hi-fi manufacturers who for years have continued to try and outdo each other in a most illogical power struggle (quite often at equally illogical price points)—Sony has taken a much more rational look at your market, then selected the 4 most appealing price points as well as wattage levels and built our line around them.

What we came up with is the new series of 1980 receivers. Every receiver, from the V25 to the V55, is a combination of technology, quality, features, specifications and reliability that delivers the highest level of sound reproduction at the most desirable price points on the market.

Take a moment to look at the technology in the new top of the line V55. Instead of using the same old-fashioned tuning that's been found in radios since their invention, we use quartz frequency synthesis tuning for crisp, clear, perfect sound quality.

This totally computerized tuning incorporates our unique "memory scan"



STR-V45: 40 watts/channel at 8 ohms, 20-20k Hz, at 0.02% THD... FM S/N Ratio: 75dB Mono/70dB Stereo, Alt. Channel Select: 80dB (@ 400 Hz)



# virtually invented just reinvented the receiver.

device. This feature allows the listener to sample 3.5 seconds of up to eight preselected AM or FM stations. And because the microprocessor has a nonvolatile memory it retains everything it has been programmed for, up to ten years, without need of an optional power source.

While the competition is using only conventional power supplies, we're not. Sony has developed a "pulse power" supply, which delivers better voltage stability than typical power supplies, as well as much less hum and noise. And it's a fraction of the size and weight of conventional power supplies.



STR-V25: 28 watts/channel at 8 ohms, 20-20k Hz, at .04% THD—, FM S/N Ratio: 75dB Mono/70dB Stereo, Alt. Channel Select: 60dB (@ 400 Hz)

All of the new Sony receivers are endowed with a low-noise phono EQ IC for quiet operation, and the V55 even has moving coil cartridge capability.

Other Sony features on selected models include a truly usable low filter that actually works at subsonic frequencies (15 Hz/12dB). Plus Hi-fi output transistors for more extended high-frequency response and less switching distortion.

Of course, these are just a few of the many innovations the Sony engineers have created for our new receiver series.

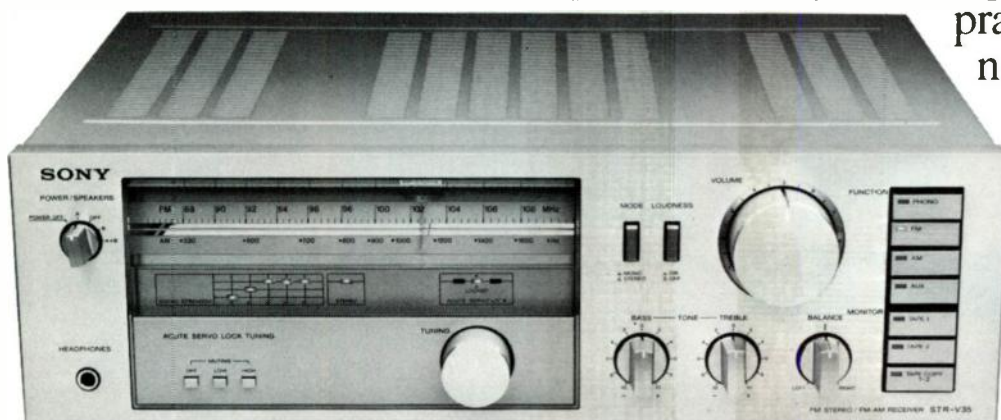
And all this comes in an attractive, streamlined product line which actually offers one of the lowest power consumption figures in the industry.

But what else would you expect from Sony, the company that has been behind practically every major technological advancement in transistorized high fidelity today?

And that's a fact we're quite proud of.

**SONY AUDIO**

It's all you need to know about high fidelity.



STR-V35: 35 watts/channel at 8 ohms, 20-20k Hz, at .04% THD—, FM S/N Ratio: 75dB Mono/70dB Stereo, Alt. Channel Select: 60dB (@ 400 Hz)

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# WCES: Few Fireworks

## Professional S



### ONKYO GREW OVER 50% LAST YEAR...

*Somebody Out There Likes ST*



## INTO THE EIGHTIES

**A FEW FACES** attending the Winter Consumer Electronics Show included Kay Sato, president, and Mr. Oeda, chairman, of Nikko (see photos top to bottom); Ken Furst of Onkyo; Don Prewitt, head of Phase Linear; and Roy Rogers, who simply added a little show biz pizzazz to the WCES scene.





The first Consumer Electronic Show of the new decade got off, as far as the hi fi industry is concerned, without the kind of bang that has enabled hi fi to dominate Consumer Electronic Shows in recent years with such products, as home VCR, video disc and digital technology. There seemed to be fewer new products introduced and, with one or two exceptions, virtually none that offered anything resembling technological breakthroughs. Convenience features, such as remote control, old

hat to the tv industry, for example, were the order of the day. However, no news might have been the best news as far as the depressed audio industry is concerned. Many of those interviewed by HFTN at the show believe the task of the industry as it moves into the eighties is to sell the technological revolutions of the mid-to late-seventies, VCR, video disc, digital, etc. And, contrary to some pre-show speculation, audio manufacturers and dealers did not come together in Las

Vegas for an orgy of dumping. The absence of dumps was noticeable, and may point to an industry more than willing to accept the discipline being imposed by current market conditions — a discipline vital to survival. We even noticed a new effort by dealers to launch a national Professional Audio Retailers Association. WCES attendance was up 9.6% from a year ago, climbing from 53,498 to 58,626.



## What's Wrong With the Hi Fi Industry?

January Editorial Prompts Diverse Industry Feedback

### Dear Editor:

We welcome the "High Fidelity Trade News Audio Town Hall Meeting" and we are anxious to participate.

Perhaps if we got together, we could expend some of our energies discussing "what the hell is right with the hi fi business".

Perhaps, we could convince each other that consumers really want to buy the products we sell and are willing to buy at a price which is profitable to our retailing community.

Perhaps, we could learn from each other that we shouldn't confuse our customers with the nonsense that everyday is sale day or that everything is 50% off, no money down and nothing to pay.

Perhaps, we could pull together and fight other industries (instead of ourselves) for the ever-shrinking, discretionary purchase dollar.

Perhaps, !!!!

Regards,  
Jerry Kalov  
President  
Jensen Sound Laboratories

Dear Editor:

I recently read your editorial on the state of the hi fi business and found myself both confused and disturbed. I was confused because it doesn't seem as if there is anything the hell wrong with the hi fi industry, at least outside of the normal fluctuations in response to the economy in general and the normal attrition of the weak businesses and prospering of the strong.

General retail business is somewhat down and there are many retailers and manufacturers in all fields whose business is moderately down. However, many businesses are prospering. A large percentage of the hi fi dealers and manufacturers we talked to as well as ourselves report a continued strong growth of sales and profits.

Maybe you are talking to the wrong people. It could be said that the hi fi manufacturers and retailers who have experienced an overwhelming and dramatic sales decline do not present a picture of the industry as a whole, but only speak of an obvious lack of success of their efforts relating to their own enterprises.

In addition, I was disturbed because certain aspects of your editorial demonstrate and foster the same defeatist attitude which you criticize. When you write "a defeatist attitude is developing from within that might turn our fear of a bad year into a self-fulfilling prophesy" it is you who are heard prophesizing loudest of all.

Labels like "the winter of our discontent" would make the most successful businessmen afraid of a bad year. Certainly headlines like "what the hell is wrong with the hi fi business," matter-of-fact allusions to "its current woes" and definitive statements like "clearly there is something wrong with hi fi sales," go a long way toward creating a negative attitude if one didn't exist, and reinforcing one if it did.

In conclusion, perhaps there is nothing wrong with the hi fi business. Maybe one has to do better than what had been previously been "good enough" to succeed, and not everyone is succeeding.

So what else is new?

Regards,  
Sandy Gross  
Vice President of Marketing  
Polk Audio

Dear Editor:

Perhaps, as you say in your January editorial, the cure for what's wrong with the high fidelity business is "calling ourselves up short, pulling in our stomachs and honking down." But I doubt it. The problem is somewhat more complex than that suggests.

Before any cure can be effectively proposed, whatever ails this industry should be examined with care. And that means every aspect of it from the market, to the manufacturer to the retailer.

Certainly, the appetite for music has long been a healthy one, and shows no serious signs of diminishing. Of course, that appetite can be satisfied very simply by a small transistor radio and not so simply by a component system. (Which is one of our problems.)

Although our industry isn't mature enough to have acquired solid statistics (which is another of our problems), the consensus is that annual sales have

passed \$2-billion. Which is hardly feeble.

Another accepted statistic is that market saturation is about 12-15%, which indicates plenty of room for growth, as well as still another indication of the problem. With such a demand for music, and the industry's ability to provide good equipment at good value, why isn't the market much bigger than that?

One of the reasons is that the industry as a whole has never made a concerted, professional effort to expand the market. The only ones really working at it are the high fidelity publications. They currently reach and influence about 2-million prospects a month. With turnover, that amounts to about 4-5 million every year.

Perhaps with the IHF being absorbed by the EIA, the industry may someday be presented with a comprehensive, nationwide public relations program that would earn the support of the industry. But that remains to be seen.

In the meantime, we have to cope with too many manufacturers producing too many products for dealers or consumers to swallow comfortably.

We also have to cope with too many dealers whose appeal to their would-be prospects is that they "won't be undersold." Of course, this approach also assures that they won't make an adequate profit either. Which, in turn, may explain why there are too many ill-trained and ill-informed retail sales persons who turn off two many consumers who've arrived at a decision to consider components.

There's more to the problem, of course, and perhaps your projected regional "town meetings" may contribute to the solution. They're certainly a great idea!

Regards,  
Joe Lesly  
President  
Lesly Associates, Inc.

Dear Editor:

My first comment is, "why are you not having a town meeting in Boston?" Faneuil Hall is the cradle of all

(Continued on page 50)



# discover . . .



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# State of the **AR**t.



AR Verticals, the finest speakers in AR history. Audition them and be astonished. Left to right: AR9, AR92, AR91, AR90. Your AR Dealer has literature or write AR, 10 American Drive, Norwood, MA. 02062.  TELEDYNE ACOUSTIC RESEARCH © 1980



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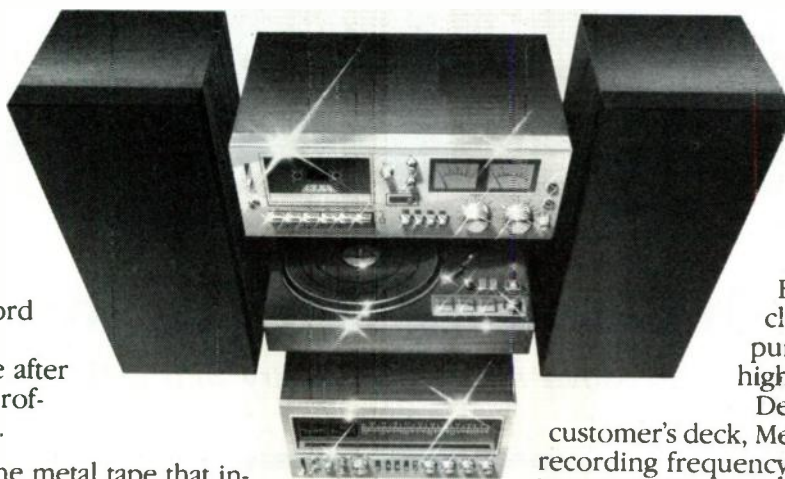
Here's what you offer your customer to make all his other recording components perform at their best possible level. Scotch Recording Tape lets high-end decks record and play back true, pure sound, cassette after cassette—a mighty profitable consideration.

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**The Scotch Master™ Series** includes three premium tape formulations. Each provides a different sound for types of recording as different as your customer's choice of equipment. Master I® Normal Bias is out-



standing for high-level recording like jazz or rock. Master II® Chrome Bias is sensitive enough to deliver all the sound from mood music to classics. Master III® FeCr offers tremendous clarity, with a high-end punch that's just right for high performance car stereos. Depending on your

customer's deck, Metafine can extend recording frequency response all the way from 20 to 20,000 Hz.

**New National Advertising.** backs up Scotch Recording Tapes again this year. Ads tell your customers precisely how good these tapes are, in the pages of audiophile magazines like *Stereo Review*, *High Fidelity* and *Audio*, and on radio. There's extensive merchandising, too.

It's not just tape. Here's a *component* as important to your customer as his deck, because it lets him achieve true, pure sound. That means true, pure profit for you.

Contact your Scotch Recording Tape Representative today.



### SCOTCH® RECORDING TAPE. THE TRUTH COMES OUT.

# 3M



**THOUSANDS ATTENDED** the first CES of the decade where manufacturers launched new products and promotions for 1980.

## Industry Leaders Call the Shots

*"Technology Will Again Move the Hi Fi Industry Into a Golden Era . . ."*

High fidelity matured as a hobbyist industry in the seventies, but by the end of the present decade the business will have been transformed into a mature mass market segment of the broader home entertainment industry. That's the view of those who should know — top executives and audio pioneers who have grown up with the business and brought it to its present plateau.

According to these executives, as the industry moves off the launching pad into the 1980's, here are some of the developments to watch for:

- Technology will again move the hi fi industry into a golden era by the mid-eighties, led by the introduction in the U.S. of stereo tv, AM stereo, the integration of audio and video and — longer term — digital hi fi.

- With the shift to mass market status and acceptance, the audiophile, who throughout the seventies enjoyed a dominant influence on the market will become less of an influencing



force. This will be reflected at retail in a number of ways: by less technical display and presentation of product to consumers; by a shift to selling features and benefits of product and away from a price-only orientation; to more outlets selling hi fi, although not necessarily more dealers; and to a shrinking base of high fidelity specialty dealers to broader home entertainment type re-

tailers. In addition, through the provision of incentives to do so by manufacturers, audio dealers will buy and sell single brand packaged stereo systems to a degree unimagined only a few short years ago.

- There will be a decline in private label acceptance and sales at the consumer level.

- The industry will develop new markets among women and older people that could add up to 25% or more to industry sales volume.

These and many other developments will mark the eighties, agree many industry leaders. Many of the manufacturers surveyed by *Hi Fi Trade News* concede that the eighties are hardly getting off with a bang. Although some claim to be unaffected by the soft pace of sales that has been experienced for some months now, a number of executives admit candidly that business has been slower certainly than the industry has been used to through-



***"(In the eighties), the Japanese influence will increase because . . . of interest rates . . ."***

out the decade of the seventies, and that it is likely to continue that way into the early part of the eighties.

One theory has it that new technology will once again come to the rescue of the industry. Interestingly, few of the company officials see PCM as contributing significantly during this decade. Most believe that digital is coming and will certainly be widely available during the 80s, however, it is unlikely to become a mass market item within the next ten years.

Instead, say manufacturers, stereo tv and AM radio are likely to lead the first wave of new, profitable areas for hi fi. Following this first wave, the well-publicized marriage of audio and video is likely to offer contributions to the industry's coffers.

Since most U.S.-owned hi fi companies are in the speaker business, they expect to benefit handsomely from the moves to add stereo to tv and AM. Although it is still too early to hypothesize on the configuration of the re-



**JOHN KOSS**

*"It's going to be tougher . . ."*

ceivers for these new stereo devices, it is likely that consumers will find new excuses to add on separate speakers. Hence the anticipation with which U.S. companies view tv and AM stereo.

Speakers remain virtually the only segment of the hi fi industry that is not dominated by Japanese companies. In one of the rare instances of unanimity in the hi fi industry, when asked whether Japanese companies could develop a stronger influence on the market, almost to a man the response was: "I don't see how they could get any stronger."

However, a number of executives believe the Oriental influence has peaked and will remain level for the foreseeable future.

#### **'A strong decade'**

Jerry Kalov, president of Jensen Sound Labs, believes the '80s will be "a strong decade." He sees the market shifting somewhat: "In the 70s we were interested in the audiophile; I think the real growth in the '80s is in the mass market."

Toward that end, Kalov predicts "displays will get less technical and retailers are going to spend more time selling the merits of a product rather than price." He also sees an increase in the number of outlets — though not necessarily dealers — selling hi fi. Like many other industry members, he expects an increase in the number of retailers who sell home entertainment rather than hi fi only.

From the manufacturers' end, Kalov believes pre-packaged systems of one brand will become more important. Although dealers will obviously be free to sell systems in any brand configuration, Kalov expects manufacturers to offer incentives to dealers to maintain the one-label concept.

John Koss, chairman of Koss Corp., anticipates fundamental changes in the hi fi business during this decade: "I see it maturing. It'll be much more controlled in its growth. It's going to be tougher — a much broader market — but that will bring in the pros."

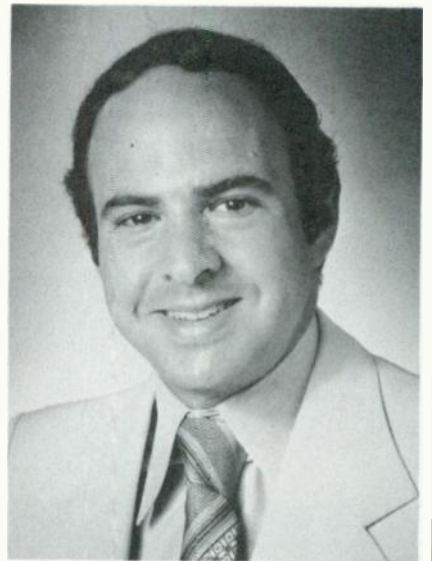
Koss and a number of other officials pointed out that the hobbyist influence has been a significant force in the entire industry — manufacturers, dealers and consumers — however, the slow-

down in business may force some of these hobbyists out of the industry. Also, the broadening of the market for hi fi products can be expected to attract Koss' "pros" — the professional managers experienced in moving goods and running an efficient business, but under the impression that "detented controls" refers to the mechanisms used to keep the peace between the U.S. and U.S.S.R.

#### **'They won't survive'**

As for "the people taking advantage of the explosive growth rate of the last 10 years," Koss maintains "they won't survive."

Talking about Koss' product plans for the '80s, the executive pointed out that "we're in the sound products business, not the headphone business. Our long-term objective is to be more diversified. The more innovative areas are more interesting to us." Aside from products and trends already on the horizon, Koss offered the possi-



**MARTIN KATZ**

*He predicts rack sales will increase*

***"All the real grass roots breakthroughs and engineering is still . . . American and European . . ."***

bility of "looking into the extra sensory — stimulating more than just the sense of hearing." He declined to elaborate.

Vice president of sales and marketing for Superscope, Martin Katz, believes the hi fi business at retail will remain flat during 1980. However, once economic factors permit a return to growth, Katz expects single-branded systems to become popular with retailers. He predicts rack sales will increase then because of their compatibility with the system sale.

Among the other developments Katz foresees are: a decrease in private label business, industry-wide price increases due to hikes in the cost of raw materials and a continuation of competitive pricing. Unlike most other industry members surveyed, Katz believes the Japanese influence will increase because, among other factors, he claims



**HERB HOROWITZ**

*He foresees a home entertainment industry*

interest rates are only five per cent in Japan, compared to 18 per cent here.

Ed Hart, executive vice president for marketing, JBL, could be described as either extremely optimistic or realistic about hi fi: "I think hi fi in the future will become a necessity — like a washer or dryer." His reasoning is that "so much will be done in home entertainment that it will become an actual necessity."

Despite this hopeful view of the future, Hart holds that "there will be fewer people in the business. The days of people building speakers in a garage are about over. The less efficient companies will disappear: some developments in speaker design require substantial investment in manufacturing and retooling and some companies won't be able to afford it."

Hart also sees two underdeveloped markets developing in the '80s: "The market for women will improve. Women could add 20 to 25 per cent to the existing market. And improved education and opportunities will permit minorities to participate in this so-called luxury market."

#### **Total integration**

SAE's director of marketing, Michael Joseph, expects the decade to see "the total integration of audio and video." He also predicts "a lot of remote controls in both audio and video." In terms of audible performance, though, he anticipates no great breakthroughs: "Audio sonics will improve somewhat, but it's about flattened out."

Joseph also foresees more microprocessors in hi fi gear, but believes "a lot of that will depend on what happens with digital technology."

The next big trend in cosmetics, said the SAE official, is toward a "European" look. To Joseph, this means "either more blackface and rounded lines or more pastels. I expect to see more light greys and browns, a more functional look — like what you see in computers now."

Although Joseph, like others surveyed, believes the Japanese can not get any stronger in hi fi, he claimed that "all the real grassroots break-

***". . . Improved education and opportunities will permit minorities to participate in this so-called luxury market."***

throughs and engineering is still dominated by American and European countries."

Elliot Schwartz, director of sales for KLH, believes products can and will change in the '80s: "Me-too products are going to become less desirable. Innovative products are going to entice consumers into stores. In speakers, I see a lot more work done with materials for drivers — materials that reproduce sound without adding to it — more compact loudspeakers and more use of electronics with speakers. I see less of the common paper cone, three-way speakers."

Business for the immediate future, believes Schwartz, "will show a slight peak for Christmas. February through April will be even slower than the past few months. In September or October, 1980 I see an upturn."

*(Continued on page 22)*



**ED HART**

*Hi fi "will become a necessity"*



# Listen to the professionals. Listen to the new Jensen System C.



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***"Hi Fi . . . will become . . .  
like a washer or dryer . . ."***

*(Continued from page 18)*

However, before the upturn, Schwartz sees "some fall-out of retailers, reps and manufacturers. There'll be a thinner group."

He also holds that "our industry has matured — we're past the initial hobbyist stage. We'll grow at a slower rate now like other mature industries. I think throwing product out and selling only on price will be out. We need to educate the public and provide more service — we've got to be more concerned about consumers."

#### **Blend, merge**

Herb Horowitz, executive vice president of Acoustic Research, predicts: "What's going to happen is the hi fi business is going to blend, merge and become the home entertainment industry." Although technology is drift-



**JERRY KALOV**

*"80s will be a strong decade"*



**MIKE JOSEPH**

*He sees a merger of audio and video*

ing in that direction, Horowitz sees an even more pressing reason for combining the two media: "There's no way the hi fi industry can sustain the kind of growth it's had. There's only about another five percent of the population we can penetrate and that can't sustain this industry as it's presently constituted."

The AR executive believes "stereo tv is going to be the turning point (for this merger). There's a 95 per cent saturation of tv sets and once stereo is available on tv, a lot more people will want better sound." These people, Horowitz hopes, will buy speakers by such specialty suppliers as AR.

Meanwhile, the official holds that "the small, independent retailer will survive and thrive with limited distribution products and more sophisticated equipment that requires more knowledge to sell. And by the end of the decade, they too will move into the broader home entertainment market."

Horowitz thinks that hi fi prices "are now about the lowest they'll be because we're running out of countries with cheap labor."

He predicts that the move from hi fi to home entertainment will be in high speed in about five years and stereo tv will be available in about two years. His scenario for the '80s calls for this year to be down or flat, a slow raise, five or six good years, then "it'll tighten up again."

Whether or not Horowitz's timing is accurate, his predicted cycles generally find a consensus among those contacted by HFTN. Elliot Schwartz of KLH offered a thought about the industry that may be interpreted several ways, most of them pleasant: "If we lose sight of the fact that what we're selling is fun, then I think we've missed the boat."



**ELLIOT SCHWARTZ**

*"We'll grow at a slower rate . . ."*



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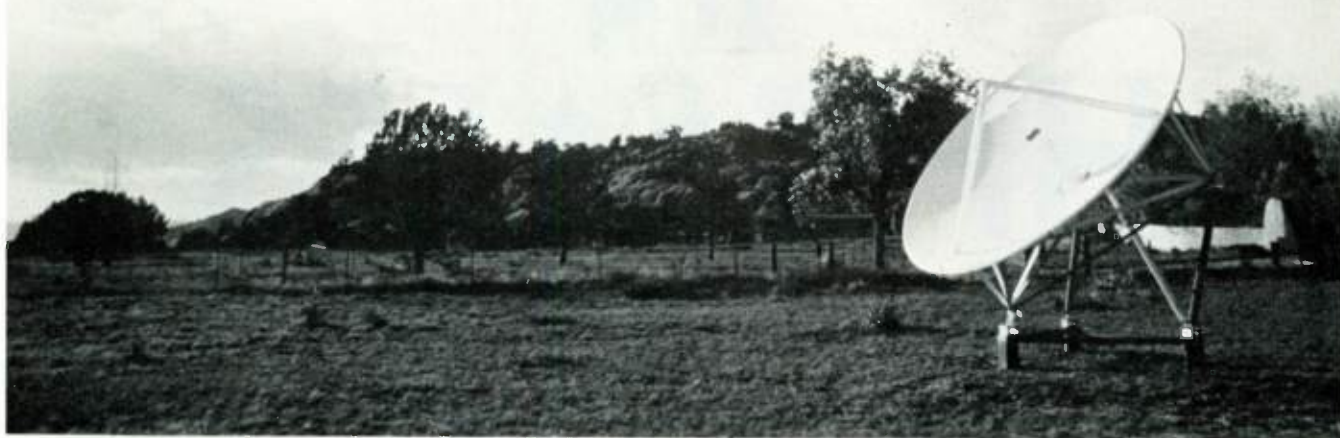
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# Will Video Disc Spur an Industry Revolution?

*See Benefit to Audio Dealer in '80s*



**SCIENTIFIC-ATLANIA** sells earth stations to international common carriers. In the future audio dealers could be distributors.

**By Bob Brewin**

The beginning of the real video revolution is at hand. Now is the time for savvy audio dealers to start making plans to become part of it.

Henry Ford didn't invent the automobile. He just developed a product that could be manufactured inexpensively in large numbers and sold cheaply. Edgar Griffiths and a host of unknown engineers at RCA Corp. didn't invent home video but they probably will be remembered as the people who started the real video revolution because they also have invented a product that can be built inexpensively in large numbers and sold cheaply. Talk to almost any dealer who has taken the plunge into home video, even those \$1000 and up VCR's successfully, and you'll hear then all wistfully murmur: "If someone would only invent a machine that would sell for \$500, I could sell thousands of them."

That's what Griffiths, president of RCA and all those unknown engineers have done — invented a simple machine that will sell for under \$500 and

## INTO THE EIGHTIES

bring customers, lots of customers, into dealers' stores nationwide in January 1981 when the RCA version of the video disc goes on sale.

There will probably be arguments from now until forever on whether or not the RCA version of the video disc is technically the best, whether it offers enough features and whether or not RCA moved too soon. There are those who argue RCA's version of the video disc might not yet be complete — it lacks a stereo audio channel on the first models. (RCA says this will be

corrected as it upgrades this introductory model).

But these arguments ignore two key ingredients intrinsic to the RCA version of the video disc that will bring about the home video revolution: low price and nationwide availability. Currently some say the Magnavox optical laser video disc is technically superior to the RCA version, but others note its price of \$775 is out of the reach of the mass market.

### Sony's Disc

The RCA and Magnavox video disc will not be the only discs on the market in the '80s, but many industry observers eventually expect to see just two competing formats survive — a stylus-based system like the RCA version and an optical laser system based on the Magnavox system.

James Magid, an investment analyst with Shearson Loeb Rhoades Inc., expects that eventually the cheaper stylus-based video disc will win the household market, while the more expensive laser optical system will become the dominant version in the corporate institutional and educational



markets.

Joe LaGore, president of Sony Consumer Electronics flatly states his company will have a competitive disc on the market in the '80s "because it looks like the '80s will be the decade of the video disc, just like the late '70s was the era of the home video recorder."

LaGore, whose company has a cross-licensing agreement with Philips, the parent company of Magnavox, declines to say what version of the disc Sony will eventually market. But, he emphasizes dealers should save room for a Sony video disc product on their shelves sometime in the '80s.

JVC and Matsushita would not comment on the RCA video disc at press time. Both companies, however, are working on discs similar to the RCA stylus-based system. JVC, which showed a highly sophisticated version of a stylus but grooveless disc at summer CES '79 capable of playing pure digital records, has advanced its development to the stage where it is now talking with software suppliers.

Matsushita has shown two differing disc versions — a 12-inch disc very similar to the RCA unit and a nine-inch disc dubbed the VisCoPak. Industry observers contend the many similarities that the RCA, JVC and Matsushita disc have could lead to one compatible unit eventually being produced by all three manufacturers.

While it will take some time before dealers have a clear idea which manufacturer will be offering video discs and what the specifics of these units will be one thing is certain, video in the '80s will be a lucrative market that will dwarf the sales volume of both the high fidelity and the record industries.

Ken Ingram, senior vice president of marketing for Magnavox predicts that the total value of the video market — VCRs, disc and related software — will hit \$4.2 billion in 1985, or topping the annual sales volume of the record industry in a good year. Separately, RCA president Griffiths forecasts that in ten years dealers selling video discs will be the linchpins of an industry that will rack up over \$7.5 billion a year in sales — more than the combined revenues of all three television networks this year.

#### **LVR for Masses?**

The audio dealer who has decided to become a fulltime audio/video dealer in the '80s will have more going for him than just the video disc. Video hardware is proliferating. More and more manufacturers are entering the high end of the video recorder field with Sony in the Beta format and Matsushita in the VHS format ceasing to

have a stranglehold as OEM suppliers.

The newest of the video technologies — the LVRs, or longitudinal video recorders — came closer to mass market reality at last month's CES. One or more versions of these low-priced machines should be on the market in the United States within the year.

Like the video disc, the LVRs promise a low enough price to bring in the mass market into dealers stores in even greater numbers. And soon, if Toshiba delivers according to schedule, dealers may be stocking on all-in-one LVR: the video equivalent of the Super 8 camera, with camera and recording unit self-contained in one easy to use unit. Customers for such a unit will

then belong to the audio/video dealer instead of the photo store down the street.

The new audio/video dealer of the '80s stands to profit from the growth of home video in yet another way — it will be a medium that begs for excellent sound. For years the television industry has maintained that American viewers were more interested in pictures than sound and so has usually spent about 19 cents on the audio speakers they put into \$700 television sets.

But not any more. American attitudes toward television sound is changing: home video is changing it even more. According to a survey conducted



**THIS OPTICAL VIDEODISC** player by Magnavision has push button control for rapid access, fast motion, instant replay and frame-by-frame readout modes.

**SONY'S NEW SL-5600 Betamax** can be preset to record up to five hours of tv programs over a 14 day period. It features Betascan for cue and review.



by the consumer products division of GTE last year, a majority of consumers polled want more lifelike sound from their televisions. According to the GTE survey these consumers would be willing to pay at least \$100 to \$150 for a television set with stereo television sound.

Well, broadcast stereo television is not here yet. But video — especially pre-recorded video cassettes or discs that feature movies such as *Grease* or *Saturday Night Fever*, beg for good big movies. Big movies need big sound, and the savvy audio/video dealer of the '80's will merchandise the video disc and/or video cassettes not just as stand-alone instruments, but as just one part of a home entertainment system that includes high-end audio gear.

Dealers should take a tip from merchandising-wise Bloomingdales in New York which presents home video in the best possible way. The store does not show just a VCR slapped onto any old television set, but a VCR operating with a projection television set and with its sound run through a high-end amplifier and expensive speakers. Sure, the sound is still mono, but it is at least in the high fidelity that the movie begs for.

The audio/video dealer of the '80s must be cognizant of more than just whatever lines his suppliers show him. He must be aware of all of the emerging video technologies and the influence these technologies have on customers.

Take cable television. By the end of

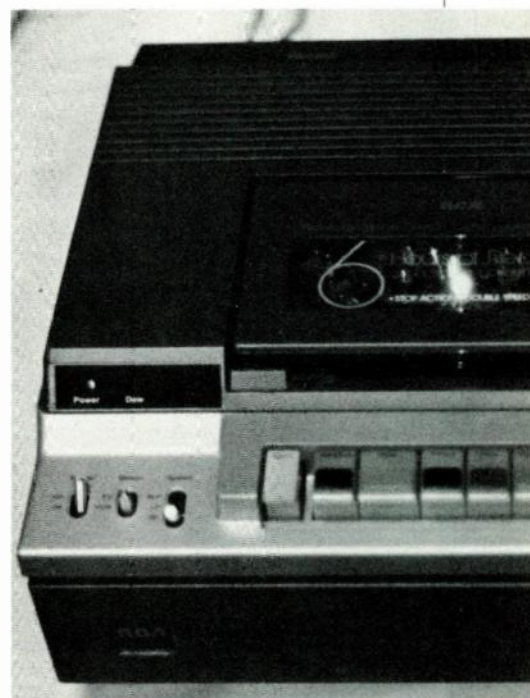
this year one-quarter of the nation will be wired for cable-tv. The demographics of the cable-tv audience and the home video market are remarkably similar. Yet, at the moment cable and home VCRs don't quite mix. More and more cable systems are going from the basic 13 channels that can be handled by the tuners now on VCRs to 30, 40, 50 and even 80 channels.

Even the most sophisticated of today's electronically programmable VCRs are baffled by such a wide number of channel choices. So will your customer. Dealers selling VCRs in cable-tv areas probably could boost sales by learning how their local cable system works, and then working with the cable company, figure out how to sell VCRs that can work on that cable system without the customer having to engage in some kind of Rube Goldberg wiring to hook it up.

#### **Cable systems**

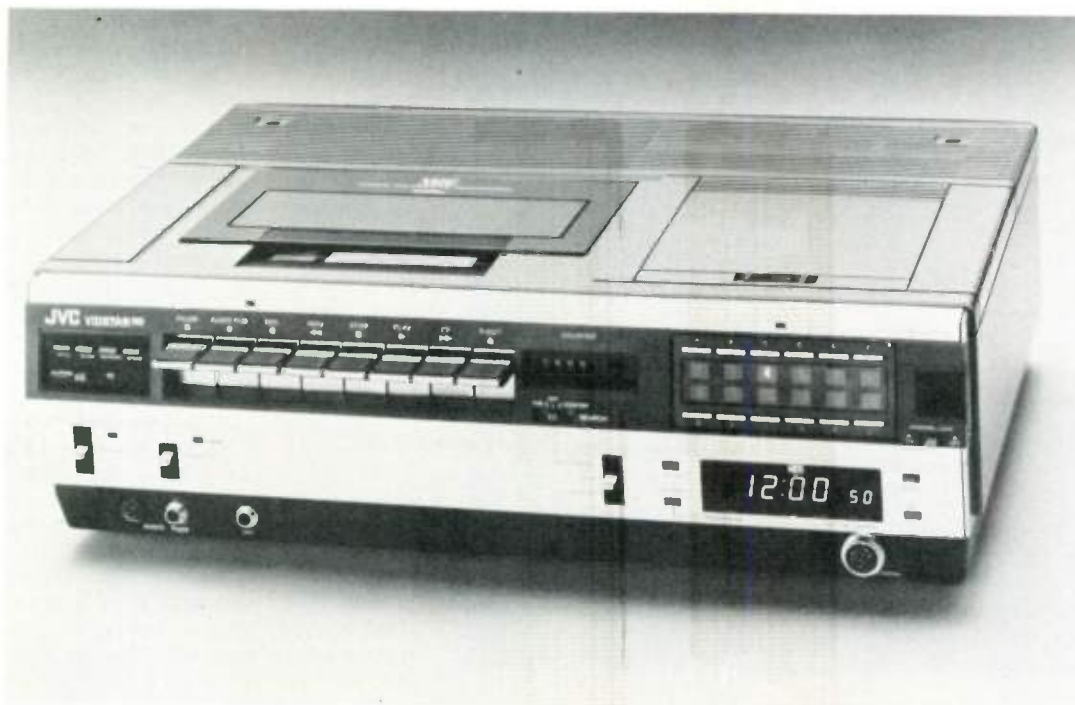
Cable systems also deliver something that the audio dealer is very familiar with: high quality sound. Most cable systems deliver a large package of quality FM signals as well as quality television signals.

Are your tuner sales down because your store is located in an area with poor FM reception? Check with your local cable company, find out if they offer an FM package and then use this availability of FM to sell audio gear. If you have audiophile customers in an FM-poor area, ask the cable company if it is importing via satellite the cable radio superstations, WFMT from Chi-



**RCA'S SELECTAVISION**  
six hour recording





**JVC'S VIDSTAR**  
A color cassette  
recorder



cago. WFMT is the nation's premier classical music station and is now carried nationwide by many cable companies with a bandwidth that promises frequency response from 5,000 to 15,000 KHZ — a signal that is matched by few FM broadcasters in the country.

Is your store located in an area where there is little television reception? Why not become a Homestat dealer? Homestat is a service specially designed for the close to three million households in this country that cannot get any television reception at all and is just what it's name implies, a home version of the decades most exotic communications technology, space to earth television.

Scientific-Atlanta, an Atlanta-based company that has been building earth stations for international common carriers and cable to television companies for years now offers to sell these same earth stations to anyone — provided they have the purchase price of roughly \$16,000. Selling an earth station might not be something every audio-video dealer of the '80s can or should do — but it is an idea that merits investigation.

Working some of these video technologies such as satellite receivers will be just a small part of the revolution on the home screen in the '80s while others will play a much larger role, such as the LVR. The industry's eyes this year and next will be on the progress of RCA's video disc in the marketplace.

If RCA succeeds, then dealers can

be sure that such traditional suppliers as JVC, Matsushita and Sony will not be far behind in launching their own version of video disc products.

And RCA, Griffiths says, has committed all its resources into making the video disc a commercial success. These resources include a research-and-development tab of more than \$130 million. How much more, no one at RCA will say, but already the company has put more behind the development of the video disc than it put into the introduction of color television. What does RCA and Griffiths expect to get from all this? The answer, according to Griffiths is simple: a mass market that will dwarf even the \$4 billion a year record industry comparison.

Griffiths, in a speech to RCA distributors in San Diego last December, predicted that:

- Within ten years the video disc market would be worth \$7.5 billion a year.
- Player sales in that time would reach five to six million units a year while sales of pre-recorded discs would be somewhere between 200 million to 500 million a year.

RCA has done more than just invent a piece of machinery. It has also created a complete home video entertainment system. Video disc players must add programming to be of any value to the consumer because, unlike VCRs, they do not have any record capability. While Magnavox launched its player with a limited catalog of titles, RCA plans to back its hardware launch with

# TOSHIBA LVR



## TOSHIBA'S LVR

*Includes a seven-day digital clock/timer*

an equally impressive software launch.

Under the direction of former NBC chief programmer Herb Schlosser, the RCA SelectaVision video disc will be backed up with a library of 300 titles ranging from the best of Hollywood both old and new (*Citizen Kane*, to *Saturday Night Fever*) as well as discs created especially for the new medium.

Despite the lack of stereo capability in the introductory hardware Schlosser believes the music video disc — containing the soundtrack found on the audio version of a record plus images created especially for the home disc — will be a key ingredient in future software sales for the home video disc system. RCA has already commissioned a special video disc version of Tomita's Recording of Holst's *Planets* and plans to have a video disc version of Elton John's Russian tour ready to go with the hardware launch next January.

## 'Narrowcasting' wider

As home video gains a place in the market, Schlosser envisions the birth of a new kind of programming, which he dubs "narrowcasting", that is designing programs for specialized audiences with special unique interests rather than the often "bland, innocuous programming" broadcasters must put on to catch the mass audience.

Narrowcasting, in Schlosser's view, will go a long way towards insuring the success of the disc as a viable home entertainment medium. This special unique programming will be able to satisfy a range of tastes that the broad-

casters would never get near — and in doing so will create sales revenues and profit dollars for everyone in the narrowcasting chain.

RCA's version of the video disc has already received a strong endorsement from one unlikely quarter — the new home video arm of ABC, currently the number one television network. Comparing RCA's disc against competing entries from other companies, and also against the video tape recorder. ABC Home Video vp Herb Granth says, "RCA has the simplest and cheapest device. It could start a real push of purchasers — probably first the young people who buy all the new hi fi equipment."

This view is echoed by James Magid, an investment analyst with Shearson Loeb Rhoades Inc., who says what RCA really has developed is a low-cost home entertainment system. I think RCA's video disc success in the 1980s is likely to parallel RCA's golden age of color television, the years between 1960 and 1968."

RCA plans to share that golden age, at least at first, with the people who have backed it for such a long time — it's traditional dealer network. According to RCA executive vp Roy Pollack both disc hardware and software will be distributed initially through the company's hardware dealer network. This means that the hardware dealers — not the cut-rate record stores — will be the chief beneficiaries of the boom that the video disc will bring about in home video. Pollack did tell a San Diego press conference last December

that after several years in the market RCA probably would then add the record stores to its software distribution network.

This reliance on traditional hardware dealers to handle the bulk of initial disc software sales by RCA should enable those dealers to keep many early video disc customers as repeat software purchasers. This reliance on hardware dealers to handle software is backed by more than sentiment on RCA's part. The company is probably just following the purchasing pattern already established by owners of video tape recorders when they buy software. According to a survey by Time-Life Video last year, the bulk of software purchased by VCR owners was done at the place they purchased their hardware.

Audio dealers, such as Sam Goody in New York, who have gone into the video business, realize that such crossmerchandising pays off. Goody regularly runs ads in the New York papers emphasizing to the reader that Goody's is a total home video center — for everything from wide-screen televisions to VCRs and cameras to an across-the-board selection of pre-recorded movies and features.

As the audio/video dealer's showroom becomes more and more the focal point of the revolution in home entertainment that the new video technologies are expected to bring about, **HIGH FIDELITY TRADE NEWS** intends to keep you, the dealer, informed well ahead of the time these technologies impact on the marketplace. We intend to do what we have done since the birth of the first true high fidelity products — help you sell your customers the best in home entertainment, whether it is the new top of the line Fisher tube model stereo that was the hit of a hi fi show in the '50s or the video discs that are the hit of a 1980's CES.

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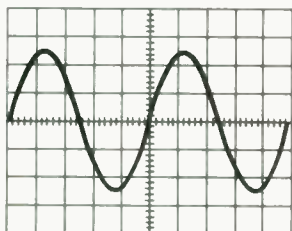
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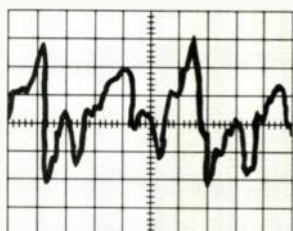
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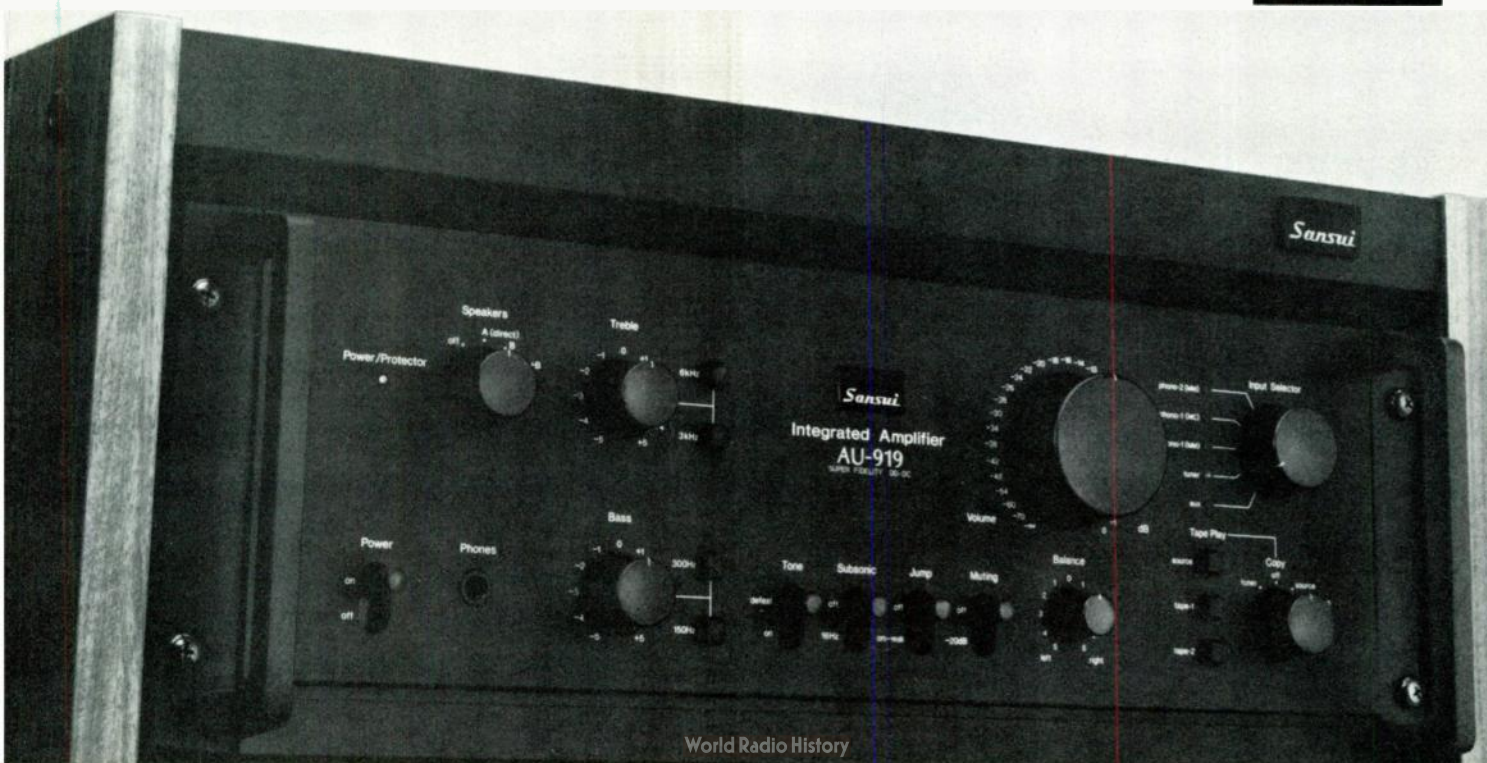
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\*Diamond Differential/DC, Sansui's (patent pending) totally symmetrical double ended circuitry with eight transistors, is named for its Diamond-shaped schematic representation.

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# Recession Got You Hung Over?

*Independent N.Y. Dealers Offer Prescription for Fast Relief*

In its first issue of the new decade, **High Fidelity Trade News** raised the question of what, if anything, is wrong with the high fidelity business. It is obviously an era of uncertainty both for the U.S. economy and for the American hi fi industry, but what will the effect of that uncertainty be? In an effort to find out, **Hi Fi Trade News** will be meeting with dealers and other members of the trade all over the country in the coming weeks and months. We've already begun that effort, recently having invited several audio specialty dealers to meet with us at our offices in New York to probe business conditions as they affect us and to find out what is wrong — and right — with our industry. We'd like to share the results of that — and future — meetings with you, our readers. From this first meeting, it is clear that there is nothing particularly wrong with audio specialty dealers. They are not an endangered species . . . but, read on, and see for yourself. . . .

**HFTN:** As you look around the audio industry the pace of retail bankruptcy has been picking up. We expect to see shakeouts in various product categories at the manufacturing level. The question is, how do you see conditions in the hi fi industry?

**BORGER:** I can't answer for the entire hi fi business. I am a retailer in Manhattan with two outlets. I can't say I don't feel the gloom that everyone else

seems to be talking about. But it's tough because the industry has been a hobby for a long time. We have been dealing with the kids that were really having a great time, and who happened to be making a lot of money doing something they really enjoyed. They weren't really dealing with base things like paying bills, who was going into work the next day, and the like.

**HFTN:** Peter, maybe you'd like to make a comment upon whether you feel we are just going through a recession or whether you see other types of problems?

**GREEN:** I think there is nothing specifically wrong with the high fidelity industry. I think what happened was that through the last recession, high fidelity boomed. It didn't just ride through it, it boomed through it. This led many individuals to go into it who had little business acumen. Those businesses are failing for reasons that would cause any business to fail.

**GREEN:** We expect to see our oper-



**PETER GREEN**, assistant manager, Harvey Sound

*"The object is to stabilize your clientele, to stabilize your consumer market"*





ation grow this year. I would not be surprised, due to the fact there is a general economic recession and that people's buying patterns are changing, that our rate of expansion may not be as great as expected. But I am not even sure of that: it may be greater. I think that how business is approached from a retail point of view has a great deal to do with whether you succeed or not. Of course we also have an operation with a long history and that does help us. We have a salesman — Anton Schmidt — who has been doing this for 40 continuous years and who does not do that much new business because his time is taken up predominantly with repeat sales.

**HFTN:** I have run into a lot of dealers who have incurred 100 per cent turnover in sales personnel on the floor in the past year. Is this one of the factors that the industry will now have to attack and work on?

**GREEN:** The object is to stabilize your clientele, to stabilize your consumer market. You can only do that by presenting your consumer with something that not only appeals to him once, but that instinctively leads him to go back again.

**BORGER:** I think motivation for sales people is important. I think apathy sets in, recession sets in, depression sets in on the sales floor first. They are really the people on the line.

**HFTN:** Can you comment on how you motivate your sales people? How do you keep them up if traffic is down?

**BORGER:** We offer commissions or incentives. For instance, we have set up a trip where the salesperson making the most gross profit dollars and who reaches certain plateaus is then given the task to sell six difficult or "dog" items essentially . . . and that person could then win a trip if he succeeds.

**HFTN:** Does Harvey Sound have similar incentives?

**GREEN:** The incentives take the form of annual bonuses which don't reflect any particular item, but simply a percentage of gross profit. So there are incentive bonuses for sales performance records, and that has always been a very effective stimulus. As far as sales training is concerned, that is in-house,



**BOB BORGER**, general manager, *Borger's Audio*  
*"I try to resist changes in product line if I can help it"*

and one of the things we have found very effective is that manufacturers are delighted to help retail sales personnel in becoming familiar with their product. They often run exquisite sales training programs, and even though those training programs are going to that manufacturer's product, the selling techniques that they use and that they teach are usually the best for all types of applications.

**HFTN:** What do you do when you notice that a salesman is motivated. He is depressed that there's not traffic, for example.

**GREEN:** We try to keep everybody as involved as possible. We came up with the idea of trying to get the salesperson involved. We involved them in advertising campaigns, for example, by saying, "Look, if you don't want me to advertise this, what do you feel is good?" We took each individual salesperson and featured him in an ad. We let them find out how difficult it is to write copy, pose for the picture, and to set the thing up.

**HFTN:** If you look at newspapers,

whether it be New York papers, or Dallas papers, so much of the advertising is simply price advertising. What, then, is your message to so many of the dealers who are simply running more lowest-price-in-town, we-will-not-be-undersold ads?

**BORGER:** If it works for them, let them continue. I don't see how it works in New York. I tried putting things in at low prices. I have tried putting things in at high prices. It is the interest gained from the actual ad that counts. It's the motivation created for the customer to come into the store. Everybody can get the same item for almost the same price. You don't have to leave home to find out who's got the best price on a tv.

**HFTN:** Could you talk about promotions that are not price oriented a bit further?

**GREEN:** Historically we have avoided the phenomenon of sales all together. Occasionally we can buy something at an extremely good price and use that as a successful promotion. Buying is part of the secret of the successful re-



**MIKE BRODY**

*President of Square Deal Radio and TV*

tailer. If you buy items that have real value to the market at the time you buy them, price — plus the value of that item — can make for extremely good promotion. Obviously in an industry that proliferates a similar product, how different is your laundry list from someone else's in the long run? If all you are doing is knocking boxes off the top of a stack, which is perfectly ok, it's very easy for someone else to compete. But it's dangerous when a recession comes along, or there's a business change.

**BORGER:** Because I am very conscious of what's in stock at all times, I look at the "dog" list inventory and I get concerned. The best deal is the deal that you're going to buy and that's going to sell very well, and that the customer is going to buy. If you can come up with something that's really of value to the customer, and to yourself, then you've got a winner.

**HFTN:** How do you develop the

"sixth sense" that you need as a buyer to get the kind of dealers that really represent a good deal from the manufacturer on to the consumer? Can you train a buyer?

**GREEN:** Of course, it takes a buyer to train a buyer. From my point of view, you can't separate the astute buyers from the stores themselves. Approaching the market with what you buy is the second part of it. Part of what's wrong with the industry is that too similar products proliferate like bars of soap. And you know that it is difficult to sort them out; you not only need an engineering degree, but things change so often. Something that's built extremely well one year using high-grade parts may not in its next production use the same quality parts. Part of the problem is that manufacturers, many manufacturers, up until now have treated the high fidelity industry as something in which they were supplying a mass of boxes. What the re-

tailer did with them, or what anybody else did with them, was not his problem. Service it — if it came back to him — and that was it.

**HFTN:** I think one of the things we've heard in this industry for the last four or five years, particularly from the widely distributed major manufacturers in the business, is "dealers are going to have to grow up now. They are going to have to merchandise products and not by just prices." And here today you are saying that it is the manufacturers which need to grow up and recognize that there is a partnership involved.

**BORGER:** Let me tell you something that really bothered me. We had a show here in New York where I was displaying a selection of equipment and demonstrating it to consumers. You know what that manufacturer did? He showed all kinds of new models that were not going to become available until January. Do you think that I didn't lose a couple of sales because the customer called and said, "Wow! Did you see the stuff coming in during January at a lower price with all the knobs and controls?" There was nothing that I could say. My customers are already talking about things that don't even exist yet. I am holding inventory that may have been around since the June prior to that. It makes for uneasiness. If a manufacturer sits down and says he can promise that what he's got in June will almost certainly be around until next June, fine. If that doesn't happen, and things are constantly changing, certain manufacturers will really hurt themselves because they come up with a deal a month. Now who in their right mind with an operation my size is going to buy "the greatest deal that ever was" this month, when you know that next month it's going to be even better? And manufacturers don't have proper price protection, in many cases. It is really a vicious circle for everyone. The consumer also likes a certain stability. They do not want a product obsolete in three months.

**HFTN:** From a retail point of view, what is the ideal life of a particular model?

**BRODY:** It has to meet the advances that have taken place. If the receiver is two or three years old, and it no longer meets the performance standards that other manufacturers have been able to produce, then it is obsolete. If it still performs well, or is as close to that which the competition provides, it is still a saleable item.

**GREEN:** My feeling is that manufacturers in the high fidelity industry have, to a certain extent, followed the auto industry as far as creating style



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***"If you get a situation in which delivery follows anticipation by a long enough period of time, you have not created a market, but . . . hostility . . .***

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changes based upon surveys of which they think people want things to look like. If you look at the history of the audio industry, the traditions of the industry were not constant change. You know, McIntosh which is one of our best lines, is changing a little more now than they used to. But, for the most part, they wholeheartedly resisted the phenomenon of doing other than proper and technological changes, changes which they felt were honestly warranted. Interestingly, they've kept the same glass face plate on most of their units intact for almost 25 years.

**GREEN:** The point that I was trying to make is that it is not an intrinsically Japanese phenomenon to have to change every year or so. There are American manufacturers who hire Japanese manufacturers to do that for them.

**BORGER:** No. We are the ones who they are exporting it to, we're buying it up. I don't feel we are being put upon by these people. We have created it because that's what we have demanded. We have been buying like crazy.

**HFTN:** Do you think that you'd like to turn toward smaller American companies to have the kind of relationship like you do with McIntosh?

**GREEN:** I would like to be able to cope with the business coming in. I think that's the problem the audio business is having. I mean, when you have 98 per cent of everyone out there not having audio systems at home, then all of a sudden people are starting to come in, then you have to engage yourself. You have to be able to deal with the new influx of customers, with the new influx of products our industry is not accustomed to having this type of demand. The general public is coming in to us, as they would come in to buy a car. And we as an industry have to face that and have to put up with that high demand. We don't know how to do it. I mean, the easy way is to cut a price and to blow it away.

**HFTN:** What can we do here to raise our market saturation?

**BORGER:** The competition to our audio business is everything else that is a lot of fun to do. In New York for example you've got all kinds of entertainment around that aren't available in other parts of the country. You've

got a tremendous amount of advertising and the sex appeal of the whole New York City area to compete against, in our audio business. We all are trying to get leisure dollars, that is what it amounts to. I am competing against "Star Trek" for the guy who wants to buy some tape.

**GREEN:** It seems continually to circle back to the question, "Are things really worth what this industry says they are?" In other words, what fixes real value? Is gold worth \$450 an ounce? You know it is supply and demand. Supply right now is ridiculous. It is enormous. But not because the demand isn't potentially as great as this current supply. The potential demand is much greater than the current supply, but not maybe for a zillion different models that are essentially the same except for their face plates. And you know in a world that has become more conscious of the value of energy, what does it mean that the prime consumption of energy in our industry probably goes to retooling new face plates?

**HFTN:** Customers don't want to pay another \$50 for a product that has a different face plate?

**GREEN:** We've been enormously successful this year in selling the remainders of certain receivers from last years' line, more so than I have ever seen before. In other words, people are more than willing to eschew a cosmetic preference.

**HFTN:** So from your point of view as retailers, and on behalf of the customers, you are much more interested today in maximizing value?

**BORGER:** We have stressed that in our operation.

**HFTN:** May be we could turn our attention to office routines and the cost of money. What are some of the effects of these financial developments in your businesses?

**BORGER:** Well if you are a stable commodity and making the margins you have to make, it really doesn't become a problem because you are doing turns. But if you have to borrow to stay in business then you are at the mercy of the banks.

**HFTN:** Is that true in your case?

**BORGER:** It is typical because I am a considerably smaller dealer than manufacturers. And what affects the in-

dustry generally affects me. A lot of manufacturers have really tightened up, creditwise. They are not as loose as they used to be. Some manufacturers call before the bill is going to be due, and say "In 20 days the bill is going to be due and how are things going?"

**HFTN:** Are we seeing more of a situation where manufacturers, particularly the smaller ones, are showing products to dealers to possibly sell based upon orders rather than by determining whether they are actually going to get it to production?

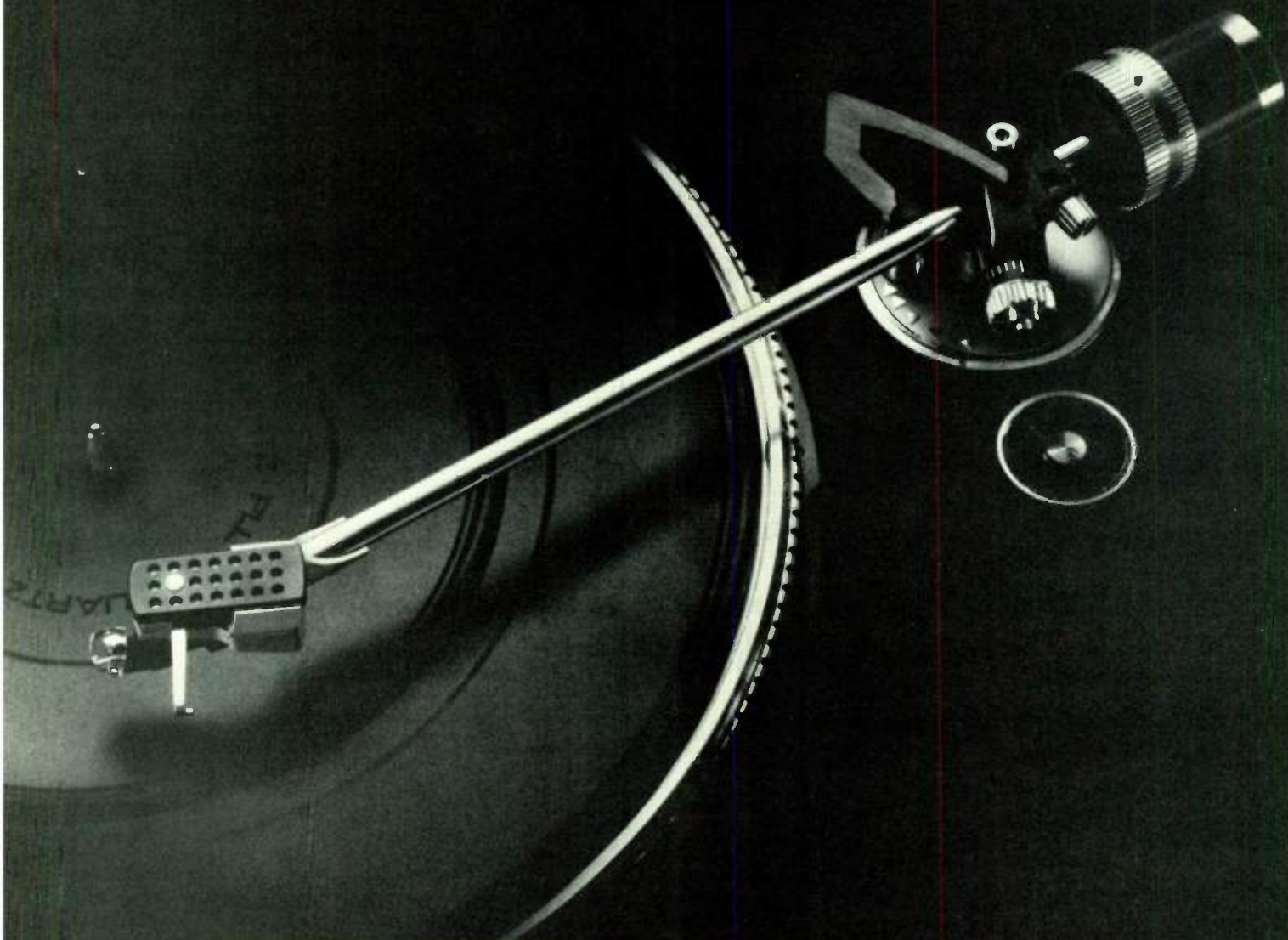
**GREEN:** It depends, of course, on the manufacturers. Some are really careless about advertising and promoting items that they then proceed not to manufacture. That is really amusing, especially if you start up your own sales campaign. What happens is that the sales people tend to talk items up as soon as they see them. If you get a situation in which delivery follows anticipation by a long enough period of time, you have not created a market but rather a lot of hostility at the consumer level. Many things are advertised too far in advance.

**HFTN:** Do you see any movement toward the kind of partnership that you ideally see as the proper relationship between manufacturer and retailer? Is there more communication? Is there more discipline? Is there more joint communication and planning going on? Obviously credit managers are in touch with you regularly. But are some of the other people, the marketing people, the sales managers, are they planning what kind of years we are going to have in 1980?

**BORGER:** I don't see any difference at all, unfortunately, I see that there are a lot of representatives who are out there for orders. A lot of them would like to help you, and they do try to help you, but they also have a lot of pressure on them from everywhere to get the job done: the numbers have to be there. You really have to watch out for your own shop. It has changed only with certain companies, certain companies still have deaf ear. And they will continue to do business as they'd like to do it until they are ready to fold up.

**GREEN:** Sometimes a rep will be given a line just because he's well known in the area. Your manufacturer will take





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**Dual**



**HFTN EDITOR, Ron Marin (left), takes five with dealers Peter Green and Mike Brody (right) following the roundtable conference, where dealers discussed effects of the U.S. economy on the hi fi industry.**

on his services without knowing beforehand whether or not this guy is going to service their customers well.

**BORGER:** I really try to develop a relationship with the rep. As far as I am concerned, manufacturers come and go. What is high today is not going to be high tomorrow. I would like that rep to know that if he is straight with me, I am going to be straight with him. And that the next time he comes in to sell me another line because somebody has cut him off, or because it is not hot anymore, he is going to know that because he has dealt with me fairly before, I will stick with him. Manufacturers are very disloyal to their representatives. That business is one of the worst. A lot of the audio business is such an ego trip . . .

**HFTN:** Maybe we could look a bit more closely at 1980 in terms of your individual strategies in your operations. How will you deal with the market over the next year? Will you try and get closer to your suppliers or your reps? Will you trim back the number of lines you carry? How are you going to change your advertising or your promotion strategies?

**BORGER:** I try to resist changes in product line if I can help it. A manu-

facturer really has to screw up a great deal, whether in the form of the product or the distribution for me to change. My customers like to see consistency. It is a lot easier when we are showing products from the same company year after year using the same pitch, or selling the same manufacturer. Consumers will come in and say, "Oh, you don't sell this or that anymore. Why? You sold me something two or three years ago, and now you tell me it is bad?" I have manufacturers that I am very happy with at the present time, and I don't have any plans for changing lines. I resist adding new lines unless it is something that I am missing in a particular product area.

**GREEN:** It goes without saying that we will buy very carefully. And that reflects not just the state of the economy, but the state of the industry. We are not looking for new lines just for the sake of "new" anything. Of course it would be totally foolish to resist buying a new product if the product had real value. For example if some company comes up with a tuner that is immune to multipath and you are a New York City dealer, you'd be pretty dumb if you didn't buy it.

**HFTN:** Is there agreement that we will continue to see technological advances that result in demonstrable listening differences?

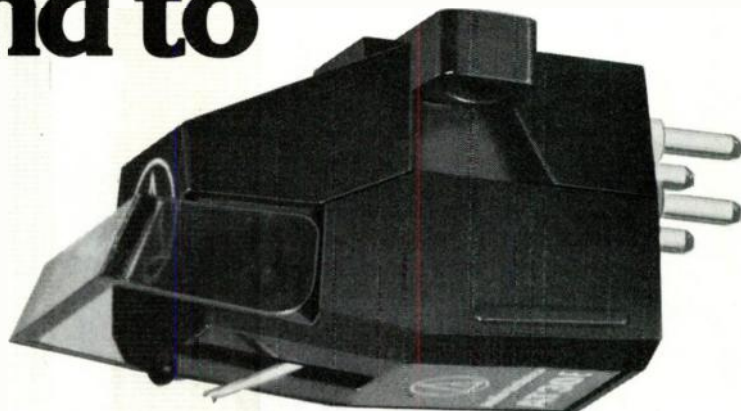
**GREEN:** In certain areas including turntables, phono cartridges and hopefully loudspeakers. I don't think amplifiers or preamps, or tuners will change dramatically in the next few years.

*Well, we seem to have run out of time. The sense one gets from this meeting, quite obviously, is there's nothing wrong with the hi fi business today, even if we are not laboring in the best of all possible worlds. But for those dealers who are experienced and professional, we know how to buy and sell and merchandise, there is a future, and a good one. The audio specialty dealer, from your comments today, is obviously not an endangered species and, indeed, seems likely to continue to play an important role — a leading role — in this business, particularly in the area of introducing new technology to the world. Gentlemen, thank you for the opportunity to spend time with you, to listen and learn and share your thoughts with other dealers around the country.*



# At last a moving coil cartridge you can recommend to your best friend!

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Introducing the new Audio-Technica AT30E and the end to all three problems! Our design approach is simple and

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Careful research indicated that good tracking and moving coil design were not incompatible. By controlling effective mass and utilizing a radial damping system similar to our famed Dual Magnet™ cartridges, we have achieved

excellent tracking ability throughout the audio range. Compliance is individually controlled during manufacture of each assembly to optimize performance. This extra step, impossible with most other designs, coupled with our unique radial damping ring, insures excellent tracking of the high-energy modulation found in many of the top-quality recordings now available.

Each coil is located in the ideal geometric relationship to reproduce "its" side of the record groove. This Vector-Aligned™ design assures excellent stereo separation, minimum moving mass, and the highest possible efficiency. It's a design concept which is exclusive to Audio-Technica, and a major contributor to the outstanding performance of the AT30E.

We can't take credit for solving the low output problem. The AT30E output is similar to many other fine moving coil cartridges. But an increasing number of amplifiers and receivers are featuring built-in "pre-amplifiers" or "head amplifiers" to accommodate moving coil cartridges directly. Thus the new systems buyer can make a cartridge choice based on sonic characteristics rather than on input compatibility.

In addition, Audio-Technica offers the Model AT630 Transformer for matching to conventional amplifier inputs.

The new Audio-Technica AT30E Dual Moving MicroCoil Stereo Phono Cartridge. With the introduction of this remarkable new design, every important barrier to full enjoyment of the moving coil listening experience has been removed. Progress in sound reproduction from Audio-Technica... a leader in advanced technology.



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# Export In The Eighties

*New Pipeline For American Audio Makers*

Led by a vanguard of key American audio marketers, an effort to make export markets around the world more accessible for U.S. hi fi and consumer electronics makers has been launched in New York.

A key element in the group's effort will be to push for the establishment of a properly staffed and funded export wing within the Electronic Industries Association Consumer Electronics Group. EIA/CEG has already transformed both winter and summer Con-

## INTO THE EIGHTIES

sumer Electronic Shows into international product exhibitions and recently won "International" designation for the Shows from the U.S. Commerce Department. As such, EIA/CEG provides a variety of services and staff assistance to groups of off-shore manufacturers interested in doing business in the U.S.

Why, reason U.S. manufacturers, can't EIA provide similar assistance to American firms going the other way?

The vanguard of American audio executives met recently at the Carlyle Hotel in New York. Their conference, sponsored by the **ACE International Marketing Club**, a division of the Europe-based dealer publication, **ACE International**, a sister publication of **High Fidelity Trade News**, was attended by more than 30 top U.S. audio



**PANELISTS** (left to right) John Koss, Jerry Kalov, Ron Fone and Bob Snyder explored the possibility of a cooperative export effort during the ACE Conference held at the Carlyle Hotel in N.Y.C.



**GENESIS' George Samuels** (right) explains pitfalls of overseas trade to Avid's **Jeff Allen** (left)



**YUKINOBU SATO & KEN BUSCH** Discuss Japanese export strategy





**BETWEEN SESSIONS** conference leader Lee Solomon (left) broke bread with Jensen's Jerry Kalov

**ACE PERSONNEL**, Bob Snyder and Cindy Morgan flank Koss' Michael J. Koss.



**EXPORT REPRESENTATIVES** included (left to right) F.I.M.I.C.'s Roger Faust, Jensen's Marcel Didier and H. H. Scott's Serge Buchakjian



**EMPIRE'S KEN BUSCH** (left) and Walter Goodman (right) of Harman International



**YUKINOBU SATO** and Michael Glover described Japanese and English markets, respectively



marketing executives. L. D. Solomon, chairman of the board of **ACE International** and **High Fidelity Trade News**, chaired the meeting.

The pre-eminence of Japan as an export nation and as an obvious model to pattern any U.S. audio export effort after became well-established during the meeting.

"Japan sends its 'A' class people abroad to build sales and market share for their companies, but in many cases the U.S. and Europeans are not sending top people to Japan," commented Yukinobu Sato, president of **Cores Corp.**, a major audio market research company with offices both in Japan and the U.S. (New York).

Sato said 'A' people were one of the reasons Japan's export trade is highly successful.

Lee Solomon, noting that necessity prompted active export from Japan, said: "In Japan there's presently a sense of concern regarding the health of the American market."

He added "the American market is under severe stress", but that "it could be precisely because of current economic difficulties that we businessmen may have our greatest opportunity for

export.

"It's time all manufacturers viewed the audio market as a global one," said Solomon, who added that the "crisis" might awaken businessmen to reinforce existing markets, broach new ones and cooperate among themselves for efficiency.

The roundtable speakers each examined pitfalls and problems of export and offered remedial advice. **Harman International's** **Walter Goodman**, among the most experienced exporters in attendance, gave the group advice gained from his personal career.

"The biggest mistake that most manufacturers make regarding overseas is in assuming that the same product approach used in the U.S. will succeed in Europe," said Goodman, chairman of the board of **Harman International**. He emphasized that manufacturers "have to evaluate each market and determine that they really want to support the distribution with proper services." It's necessary to sit down with a distributor and do some talking — and a lot of listening, he said.

"Specialization over diversification is the U.S. manufacturer's advantage in foreign markets," added Goodman.

"Strength and specialization in an area is your best chance of competing because you can build a reputation and there's no problem finding proper distribution in Europe."

**Ron Fone**, president of **Acoustic Research**, cautioned that manufacturers seeking to compete with the Japanese or to expand sales abroad "had better be prepared to invest in people, marketing and products — or do not look overseas for your business."

Yukinobu Sato remarked that American companies had failed in Japan because they did not invest in people.

"You are spending a lot of money in Japan, but you are not investing in the people who are capable of doing business in this market," he said.

"In Japan, where human relationships are more important than product specifications, especially in selling high end because it's done through media critics, a smart and creative man is essential to success," said Sato.

#### What's going on abroad? Here's what the experts say:

- "One by one between us (America and England) we have gradually succumbed to the Japanese challenge in the U.K. speaker market," said **Ron Fone** of **Acoustic Research**. "They now own a very large percentage of the speaker market in the U.K. (which comprises about 300 manufacturers) and combined they are almost number one."

- **Michael Glover** of **Enstone Marketing and Management Service** in England said the British work together on export via the **Federation of British Audio**. The organization is involved with marketing opportunities which exist abroad and the sharing of credit information on both a formal and informal level. He described the U.K. market as "fragmented" — despite numerous British manufacturers — and therefore accessible to other manufacturers.

- "In the last 10 years the Japanese have made at first slow, but steady progress in product distribution in Germany," said **Hermann Hoffman** of **Audio International**. "But, in the last 3 to 4 years, it has been like a landslide."

"The strong home industry is gone," he added.

- Yukinobu Sato said "The Japanese industry has been experiencing a lot of growth because of the national stereo broadcasting through the Japanese tv and radio stations. Most had a good year and are forecasting much more growth in 1980."

## WHO ATTENDED?

### Roundtable Speakers:

L. D. Solomon, chairman, **ACE International/High Fidelity Trade News**  
 Bob Snyder, president **ACE International**  
 Allan Bluestone, manufacturer's representative  
 Ken Busch, genl. mgr., **Empire Scientific**  
 Ron Fone, president, **Acoustic Research**  
 Michael Glover, **Enstone Marketing and Management Service** in England  
 Walter Goodman, chairman of the board, **Harman International**  
 Hermann Hoffman, president, **Audio International**, Germany  
 Jerry Kalov, president, **Jensen Sound Laboratories**  
 John Koss, chairman of the board, **Koss Corp.**  
 Yukinobu Sato, president, **Cores Corp.**

### In the Audience:

Maggie Adams, export sales coordinator, **MXR Innovations**  
 Jeff Allen, v.p., **Avid Corp.**  
 Edith Arm, export mgr., **OHM Acoustics Corp.**  
 Serge D. Buchakjian, asst. to pres./export mgr., **H. H. Scott, Inc.**  
 Marcel Didier, v.p. intl., **Jensen Sound Laboratories**  
 Roger Faust, president, **F.I.M.C.**  
 Norman Fuchs, president, **General Sound**  
 Arthur M. Gasman, management consultant/promotion, **B.I.C./Avnet**  
 Herb Horowitz, exec. v.p., **Acoustic Research**  
 Michael J. Koss, adv./promotion mgr., **Koss Corp.**  
 William McGrane, intl. sls. mgr., **dbx, Inc.**  
 William Markowitz, president, **Acousti-Phase**  
 Alexander Natiku, v.p./marketing, **Cores Corp.**  
 Stan Peters, **Infinity Systems**  
 Daryl Pomictier, former intl. mktg mgr., **Advent Corp.**  
 J. Richard Prior, **Sparkomatic/John Prior, Inc.**  
 George Samuels, president, **Genesis Physics Corp.**  
 Bruce Scroggin, v.p. intl. sls., **James B. Lansing Sound**  
 Terry L. Sherwood, secretary/treasurer, **MXR Innovations**  
 Ed Wennerstrand, president, **Audio Dynamics Corp.**



## U.S. "Store" Floats to Japanese Customers

The U.S. Department of Commerce launched a floating department store last fall to carry high quality American-made consumer goods directly to a market of at least half a million persons in Japan.

"The basic purpose of the ship was to acquaint the Japanese consumer with the opportunities — price and choice — he is missing due to the complex Japanese distribution system. The hope is that the Japanese people will increase their pressure for access to more American consumer goods," said Norman Fuchs, president of General Sound, one of those represented on board.

The shopping-center-on-a-ship is offered the products of 100 U.S. manufacturers for retail sales to Japanese consumers in 10 of the largest port cities in Japan, including Tokyo, Osaka, Yokohama and Fukuoka.

The store, under the management of the commerce department's Industry



**BOATIQUE AMERICA:**  
A drop in the bucket?



**NORMAN FUCHS**  
President of General  
Sound

and Trade Administration, was housed on the Japanese liner, Shin Sakura Maru, designed and built specifically for commercial exhibitions and offered by the Japanese for U.S. use in a joint effort by the two countries to increase U.S. exports to Japan.

"The floating department store is a new concept in export promotion. Its unique aspect was that it involved selling U.S. goods at retail directly to Japanese consumers, giving our manufacturers instant exposure to this dynamic market," explained Fuchs.

The executive added, "An important objective of this project was to help participating manufacturers get on the road to permanent penetration of Asia's largest consumer-goods market.

Market research shows that changing Japanese lifestyles and preferences make the Japanese excellent potential customers for U.S. consumer goods.

## Acousti-phase has a new baby and it's a Boomer!!

The current rage is disco — so Acousti-phase designed the Disco II speaker, and it will more than fill the bill.

The drivers of the DISCO II mean business — the lows, the highs and the solid beat ring out from a rugged 15" woofer, with a 54 oz. ceramic magnet, and a high end array of two midrange horns and four super tweeters, all with high output, blowout-proof piezo electric design. Couple this with a power range from a modest 20 watts to a mighty 200 watts and you've got disco sound.



### DISCO II

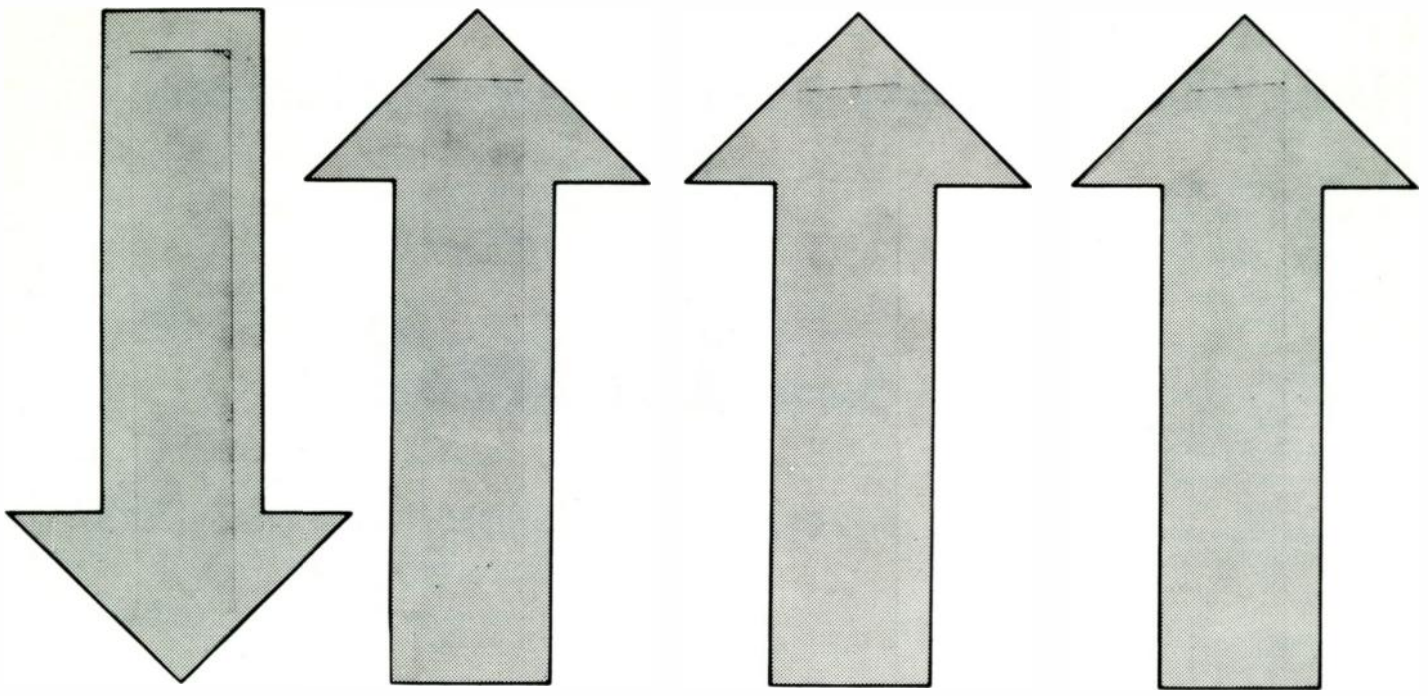
#### Specifications

Drivers	1 - 15" woofer, 54 oz. magnet
	2 - 2 x 6" midrange horns, piezo electric driver
	4 - super tweeters, piezo electric driver
Crossover	900, 3000 Hz
Power	Min. 20 watts, Max. 200 watts
Response	28 Hz - 30 kHz + 3 db
Impedance	4 ohms
Dimensions	29" x 18" x 15 1/2"
Weight	75 lbs.

For further information on the DISCO II and our other fine speakers, write:

**Acousti-phase**

P.O. Box 207, Proctorsville, Vermont 05153



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# **ACE INTERNATIONAL**



## Discwasher Steps Up

Most people are good at giving advice, but few know how to take it. Dr. Bruce Maier, president of Discwasher, does both — he takes his own advice.

In the December issue of **High Fidelity Trade News**, Maier offered a marketing point, "If you define your market and determine its product needs, selling that product is elementary."

Discwasher has followed this philosophy: the company has refined its focus in both consumer markets and product categories.

"We're tightening our focus at Discwasher," said a company spokesman. "We're eliminating extraneous products and product categories especially those whose technology we don't own."

In light of its "niche" market approach Discwasher is reevaluating its involvement with hardware and as part of the process the company is no longer distributing Denon hardware in the U.S. Denon is establishing its own U.S. distributorship, taking over the retail network established by Discwasher. But, in keeping with its commitment to the audiophile recording market, Discwasher is retaining U.S. distribution of Denon PCM recordings.

In addition to Denon PCM records Discwasher continues with its self-named line of Soundstream recordings and with distribution of the critically acclaimed Chalfont/Varese Sarabande series.

Discwasher now offers the largest catalog of reference standard, digital and direct-to-disc recordings. Marketing plans continue to emphasize the importance of this category to Discwasher's overall growth.

At WCES Discwasher came out in full force with its aggressive marketing strategy: representatives concentrated on helping dealers better understand the use and selling angles of Discwasher products. They presented each product with a simple, clear and practical demonstration that salesmen could use in their stores. The demonstrations compliment Discwasher's promotional and marketing campaigns, which include p.o.p. displays and one of the top 6 advertising campaigns in the country.

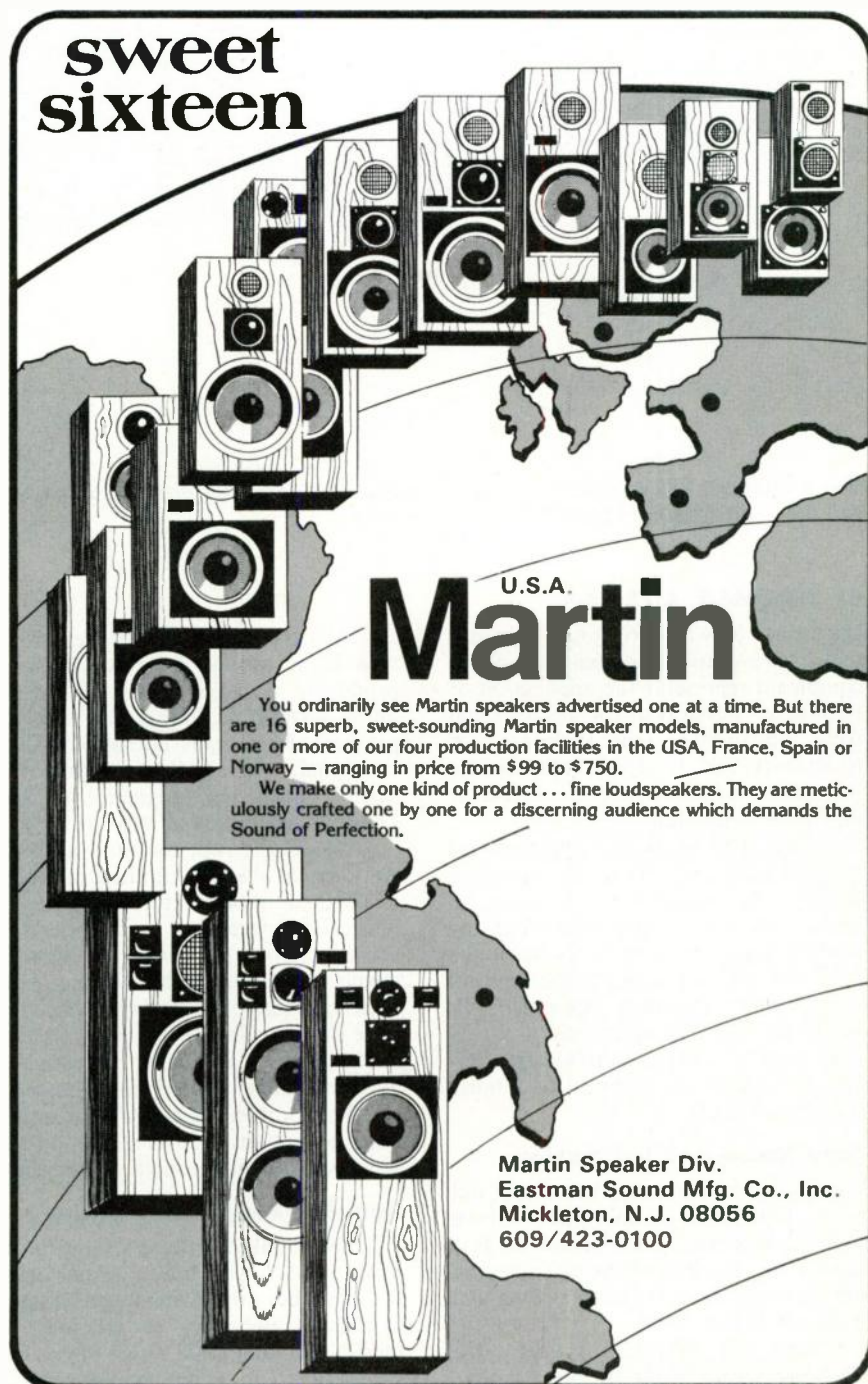
Discwasher has also improved and expanded its existing product lines. The familiar Zerostat gun, a record destatisizer, changed in color from white to red. The Discfoot, a turntable isolation system, now features self ad-

hesive feet, which hold firmly to platform surfaces. Discwasher's also produced a new, upgraded stylus cleaner, the SC-II, for precision cleaning.

Disckeeper, the company's warp-minimizing record holder now stands on its own two feet. Previously, it could be wall mounted or made to stand by attaching two units back to back. It maintains its suggested retail

price of \$65. Smoglifiers II, Discwasher's low capacitance speaker cables, have improved in both price and performance. They've gone down in price and up in performance. There's also a larger variety of lengths and ends available.

What's Discwasher hoping to do with its new strategy and upgraded products? A company spokesman summed it up this way: "Discwasher created its own marketing niche and now, we're making it easier for dealers to reach that market."



**sweet sixteen**

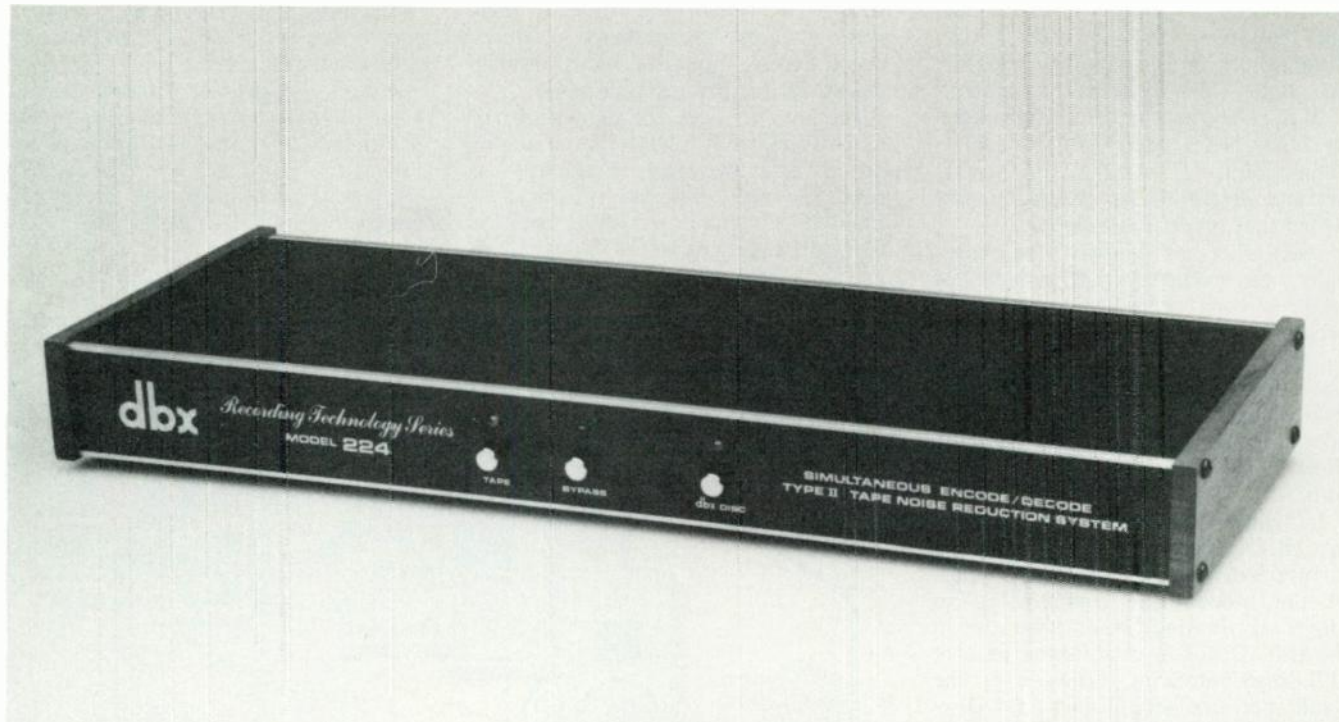
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# New Market — Tape Noise Reduction



*dbx's MODEL 224 simultaneously encodes and decodes signals. It's usable with 2-head recorders and provides full monitoring ability with 3-head recorders.*

### BY JEROME E. RUZICKA

Much of the technological wizardry that has revolutionized consumer audio equipment represents the application of techniques developed for professional recording studios. One such area of technology that is rapidly making the transition to the consumer world is tape noise reduction.

Today, with blank and pre-recorded cassette tape and deck sales growing rapidly, the market for tape noise reduction systems is expanding. With the existing high noise levels for even the best magnetic tapes and finest tape recorders and playback equipment, it would be difficult to classify any cassette deck as a true high fidelity component without the addition of a noise reduction system.

#### Tape Noise and Saturation

As much as we would like to get out of it, tape noise is inherent — even with the best recording equipment. It is caused by the iron oxide particles on the tape passing over the recording and playback heads.

During the recording process, the electrical signal from the microphone

reorients the magnetic particles on the tape as it passes the recorder head, producing a magnetic replica of the music waveform. During playback, the playback head reads not only the music signal, but also the residual randomly distributed magnetic particles. These are perceived as tape hiss.

Tape noise is not the only problem. Another involves the limited capability of magnetic tape to store the complete musical information. It is difficult, if not impossible, to record very high frequency material without either experiencing a loss of highs or having to reduce the recording levels. The latter, of course, causes a further reduction in dynamic range and signal-to-noise ratio. This problem is called tape saturation, and places a severe limit on cassette performance at high frequencies.

#### Dynamic Range Limitations

These conditions place a limit on the upper and lower music signal levels that can be stored on magnetic tape, making it necessary to compress or modify the amplitude range of the music signal. The signal strength during

loud passages is decreased so that it stays sufficiently below distortion levels; for quiet passages, the signal strength is increased so that it stays sufficiently above the noise level.

Basically, this relates to the signal-to-noise ratio and dynamic range limitations of the tape recording process. Dynamic range is the difference in intensity between the loudest and quietest passages, which gives depth to the musical performance.

If loud passages are to be recorded without distortion and quiet passages are to be heard clearly above the background noise, the signal-to-noise ratio has to be greater than the desired dynamic range of the music. Having to live within the signal-to-noise limitations of a recorder results in a substantial loss of dynamic range.

While we experience a 90dB dynamic range at a live performance, typically, a professional studio tape recorder without a tape noise reduction system, provides a usable dynamic range of only about 60dB. For quality audiophile open reel tape recorders and good cassette recorders, the com-



# Suddenly, everything you've been promised about metal tape comes true.

You've heard a lot about metal tape. The almost-unbelievable dynamic range.

Noise so low, it's virtually inaudible. Incredibly wide, flat response.

Performance at 1-7/8 ips comparable to open-reel oxide tape at 15 ips.

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parable figures are 50dB and 45 dB, respectively. Hence, better than one-third of the dynamic range of the musical performance is lost long before the music is reproduced in the home.

### Noise Reduction Techniques

The technology involved in tape noise reduction systems process the audio signal in various ways to essentially increase the signal-to-noise ratio

of a tape recording system, resulting in a decrease of background noise to almost inaudible levels. At the same time, the dynamic range capability is increased.

Two of the most successful approaches to tape noise reduction have been those developed by Dolby Laboratories and dbx, Incorporated. Both Dolby and dbx operate as compressors — signal processing systems that enhance the audio signal during recording,

and decode it in a mirror-large complementary fashion during playback.

The Dolby Type B noise reduction system operates predominately in the high-frequency region, resulting in a reduction of high-frequency tape noise by approximately seven to 10dB. That's not bad. But while it reduces high-frequency noise in the quiet passages, it has no effect on low-frequency noise, and calibration adjustments are necessary.

dbx, Incorporated, has developed a *Linear Decibel Noise Reduction System* which operates on all frequencies over the entire dynamic range. That means that no calibration procedure is necessary. Tape background noise is reduced by 30dB at all frequencies. It also increases tape headroom by some 10dB and significantly reduces the risk of tape overload.

By processing all the frequencies in the audio signal, the dbx system eliminates any anomalies that may be introduced if the compressing action is confined to a limited frequency range. And what's more, that one-third of the dynamic range which had been lost during the recording process is now restored.

During recording, all levels are linearly compressed in dB by one-half over the entire audio spectrum, easily fitting into the dynamic range storage capability of magnetic tape. Upon playback, the audio signal is linearly expanded by a one-to-two factor so that the dynamic range of the original signal is completely restored.

The key is a true rms detector, an ingenious device which precisely and instantly measures the dynamic content of the music. The patented voltage controlled amplifier answers the rms detector's commands to precisely increase or decrease level during recording and playback. The result: an exact, mirror image reconstruction of the original music, with no audible noise added, and fully preserved dynamics.

Now, increased technological and manufacturing efficiencies are enabling us to incorporate this unique technology into products which will be available at lower cost.

Consumers are discovering the fun that tape recording at home provides. The burgeoning sales of cassette decks are a clear indicator of this, and of the potential growth this area of the audio market represents. More consumers will now have the opportunity to enjoy the benefits of noise reduction circuitry — an advance that has moved high fidelity considerably closer to its stated goal: to erase any perceivable difference between live and recorded music.

**VISIT YOUR DEALER FOR A LIVE DEMONSTRATION — SEE HOW FAST AND ACCURATE EQ'ING CAN BE!**

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**'SCAN-ALYZER' EQUALIZER**

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EQ curve using its own EQ or external EQ... To establish a curve for 3-head taping so that each tape recording is precompensated for any variance in the recording tape's, or in the tape recorder's frequency response characteristic... To establish a curve for given sets of room conditions, i.e.: a crowded room, a room with drapes closed and doors closed, an empty room, a room with drapes open and doors open, furniture changes, etc... To establish the performance characteristics of a new component to be added to the system... To verify the continued accuracy of performance of the entire system or of individual components in the system, such as a 3-head tape deck, amplifier, preamplifier, speakers, etc... and many more applications too numerous to list!

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FEBRUARY, 1980



# How does Stereo West sell ESS speakers in San Francisco?

## *BY THE HUNDREDS!*



**"We gave up the JBL line because ESS just totally killed it."**

**— Charlie Morning**



sound as clear as light

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By now, you know about the historic double-blind ESS Listening Tests at major universities, where participating students overwhelmingly favored ESS. Using our "ESS Wins On Campus" print and broadcast materials, Stereo West developed a series of advertisements inviting customers to come in and take the ESS Listening Test themselves.

All it took was three one-week campaigns during a three-month period to boost Stereo West's sales to an astonishing total of over 450 ESS speakers. There's a lot more to the story. Here's what Stereo West director of purchasing Charlie Morning has to say...

- "We ran the "ESS Wins" ad a number of times as a double-truck — one side with ESS and the other side with Stereo West. And we got excellent response right away. People who saw the ad came in and wanted to experience the difference between ESS, JBL, Bose, AR and Cerwin-Vega. At that time, we had ESS and JBL's, and quite frankly, we gave up the JBL line because ESS just totally killed it.
- "We had a good listening area set up for the comparison between ESS and JBL. And almost every time we gave a demonstration, we sold a pair of ESS speakers.
- "Some of the comments I heard from customers were 'We know JBL, and it's always been a well-made, well-designed speaker. But total performance, especially on the high end, was far superior with ESS.' Others said 'Total performance of ESS was far superior, and when you compare the price of a JBL to the price of ESS, there is actually no comparison.'
- "I would say the ads worked fantastically well. It was one of the best advertising campaigns that we have ever been involved with."

ESS wins on campus. True. But ESS also wins in the showroom. Shouldn't that showroom be yours? Shouldn't you, like Stereo West, be running with the high-profitability "ESS Wins On Campus" program? For information, phone Fred Forbes today at (916) 362-4102.

## Maxell Shows Metals

*SP Process Prevents Oxidation on Video Tapes*



**MAXELL'S MX 46**  
*More headroom in high frequencies*



**THE HG T-90**  
*A high grade videocassette*

Maxell's 1980 tape introductions include metal, VHS video and Beta Video cassettes.

Maxell's "metals" come in three lengths: the MX 46, suggested retail \$11.25; the MX60, suggested retail \$12.50; and the MX90, suggested retail \$14.95. The MX 46 and 60 are available in February, but the MX90 has an April shipping date.

"The new thing about our metal tape, aside from its being our first, is a special process called SP," said a spokesman for Maxell. "With SP, metal tape particles are chemically treated prior to being coated with a base film.

"The process protects the pure iron particles from oxidation, which insures a longer life and better performance over the life of the tape," he explained.

Maxell says its "metals" provide 8 dB more headroom in the high fre-

quencies and 2 dB more headroom in the mid and low frequencies.

At CES Maxell introduced the industry to its first premium quality VHS video cassettes. The HG (high grade) line includes: the HG 30, suggested retail \$8.95; the HG 60, suggested retail \$21.95; the HG 90, suggested retail \$25.95; and the HG 120, suggested retail \$29.95. All are available in February.

Consumer need for high end video cassettes that perform better at lower speeds prompted Maxell to produce its version VHS video cassette.

"All VCR manufacturers are making machines with longer playing times. For quality with longer playing times you need a tape with higher performance characteristics," he explained.

"Our HG cassette provides better signal-to-noise ratio and higher video output. It also effects less modulation noise resulting in brighter picture and

tuner color."

At WCES Maxell also displayed Beta video tape newcomers. The Beta format cassettes, the L-250, suggested retail \$16.95 and the L-500, suggested retail \$22.50, are both available in February.

### LETTERS

*(Continued from page 16)*

town hall meetings. Certainly Boston is as significant a hi fi manufacturing locale as New York and Los Angeles and probably even more so than Chicago and San Francisco.

I do not think there is too much wrong with the hi fi industry, if you take into consideration the fact that 1978 was probably the biggest hi fi year in history. If 1979 was reflected in the same ballpark, in terms of dollar sales, we must admit that 1979 was also a very fine year for manufacturers, reps and dealers. If 1980 does nothing more than keep pace with 1978 and 1979, we will have 3 banner years in a row. I don't know any law of economics or physics that says each year must produce 20% more than the preceding year. I do know that what truly counts is how much money you make in profits. These have certainly been very profitable times for the industry.

Cordially,  
Herb Horowitz  
Executive Vice President  
Acoustic Research

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Creative Director

MARK MCINTYRE  
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• A Portfolio of over 250 character voices by professional talent.

• We'll provide your company with a unique and fresh identity to turn on your market, and increase your sales.

• Multi channel recording techniques for spectacular production value.

Call us collect about our services...  
we'll even play you a demo tape on the phone  
(213) 390-7406



or write to us:  
3485 Meter St.  
Los Angeles, California 90008



# BUSINESS IS A MATTER OF NUMBERS. IF YOURS DON'T MEASURE UP, LOOK AT THESE.

Some lines are profitable, some aren't. Some are promoted enthusiastically, some are not.

One thing is certain. What you don't need is a store full of hi-fi equipment that is not top quality and does not sell.

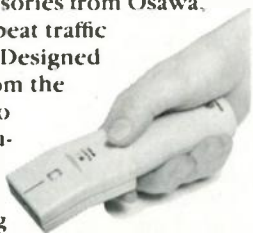
So if your sales profit figures don't measure up,

these will help to change them—seven different profit lines from Osawa, the Measure of Quality. Lines you should pay special attention to if you carry Osawa—even more attention to if you're not an Osawa dealer yet. Every one is top quality, and all are heavily promoted to your customer.

## 29 NAGAOKA ACCESSORIES

A brand-new line of audio accessories from Osawa,

sure to bring repeat traffic into your store. Designed for everyone from the impulse buyer to the dedicated audiophile. Never heard of them? You'll be hearing plenty about them in the year ahead.



## 3 ULTRACRAFT TUNEABLE™ TONEARMS

Audiophiles love 'em—All are silicone-damped unipivot units of highest quality. They're suitable for use with virtually any cartridge on the market.



## 4 SATIN® CARTRIDGES

A Satin Moving Coil Cartridge for \$99.95? You bet. And there are three other Satin Moving Coil models, too—all with user-replaceable styli, and all with an output level high enough not to require a transformer or pre-amplifier.



## 2 DISK MATS

Audio critics have raved about how Disk Mats improve the sound of music by damping vibrations and adding weight and mass to turntable platters. The SE-22 Disk Mat and our new model, the OM-10, will be winners with critics and customers alike.



## 6 HIGH-CONTRAST MP CARTRIDGES

The Osawa high-contrast cartridge—totally free in stylus movement, totally rigid in fixed structures—is now available in six models. The new MP-10 lists for only \$39.95. The top-performance MP-50, the cartridge you don't listen to, but listen through, is priced to sell for \$199.95.



## 4 HECO SPEAKERS

Hi-fi enthusiasts all over the world know about the high quality of Heco speakers. And now, for the first time, Osawa has brought them to the USA. There are four models to choose from—all compact, three-way acoustic suspension units with high sensitivity and outstanding frequency response.



## 1 ARISTON TURNTABLE

Critically acclaimed for its 9½ pound precision machined platter, the Ariston RD-11S Transcription Turntable is easily one of the finest belt-driven turntables available anywhere at any price.



## 19 OSAWA SALES REPS

You can find them—and all of our terrific numbers by calling (212) 687-5535.

**OSAWA**  
The Measure of Quality

OSAWA & CO. (USA) Inc., 521 Fifth Avenue, New York, New York 10017  
Distributed in Canada by Intersound Electronics, Montreal, Quebec

# Superex Has a Super Strategy

*Timing Is the Key, Small Company Believes*

With all the talk of gloom and doom plaguing the audio market these days, there still seems to be an underlying feeling of strength regarding longer term prospects for the industry. Even over the next six months, aggressive dealers and manufacturers feel, there is reason for cautious optimism.

This feeling is not restricted to the biggies in the business whose wide distribution, full lines and advertising and marketing muscle as well as technological resources can be expected to pull them through a soft market. High Fidelity Trade News editors, for example, recently had a talk with Superex marketing manager Mike Solomon, whose confidence regarding the months ahead borders on the serene.

Not that Solomon is overconfident. He's fully aware that Superex is not one of the biggies of the business; that, in fact, Superex is a small company

Each module incorporates two drivers each with a specially treated textile dome piston for flat response beyond audibility. Frequency response, however, is only part of the Satellite story. High energy magnets (10-oz.) allow for maximum amplifier damping control. The angled configuration of the drivers yields uniform dispersion power in all planes. Housed in stylish high-impact smoked plexiglass cabinetry, the Satellite is priced at \$89.95.

The philosophy of bringing high-end concepts into more realistic price points is being applied to other product categories as well, in an effort to generate growth for what is a small company largely involved in specialty-type accessory products.

"To overcome the inherent limitations on growth in a company like Superex with a specialty-oriented character, we're moving toward small-scale

pressive signal-to-noise ratio of 92 dB, surpassing some units costing twice as much."

### Consumer Research

Many of the new products eventually introduced by Superex will be based on a survey of consumers conducted recently by the company and out of which came some 10 to 15 new product ideas. "These questions on the survey asked consumers what they thought of the price of a particular product, whether they thought it was fair and, if not, what they thought would be fair," Solomon noted.

"In terms of the survey," he continued, "we were surprised by the number of \$1,000 systems out there and also at what we detected as a reluctance to add to those systems because prices are perceived as too high. Out of that, of course, grew the rationale for both the GEM-1 and the Satellite. I might add that by promising to give away one of each of the units when available we got a 50% response to the survey."

Looking further ahead, Superex is now studying the record care accessory market, among other areas. "One benefit of our involvement with the equalizer and the Israeli electronics we're bringing in to the U.S. is that our engineering staff is now more oriented toward electronics and less restricted to transducer design although the orientation is currently about 50-50," according to Solomon.

### It All Adds Up

Another benefit, of course, is in its evolution as a multi-product category company operation. Superex may be a small factor in each product area "but together," Solomon smiles, "we become important to each of our reps and dealers."

Superex has no intention, as it expands and diversifies, of neglecting its mainstay headphone business either. Two new models, for example, have recently been introduced, including the firm's first super-lightweight design and a second low-end unit priced at \$24.95.

The company is also taking a more visible stance through an expanded advertising budget as well as a more professional-looking CES exhibit where the firm is blowing up its catalog to attention-getting life-size proportions.



**SUPEREX GEM-1**  
Stereo equalizer

whose success depends heavily on its ability to react to the market with appropriate timing — or suffer accordingly.

Superex, however, has done that very well over the years. Several new products introduced by the company in recent months indicate how the small Yonkers, N.Y.-based firm's strategy works.

### Speaker Entry

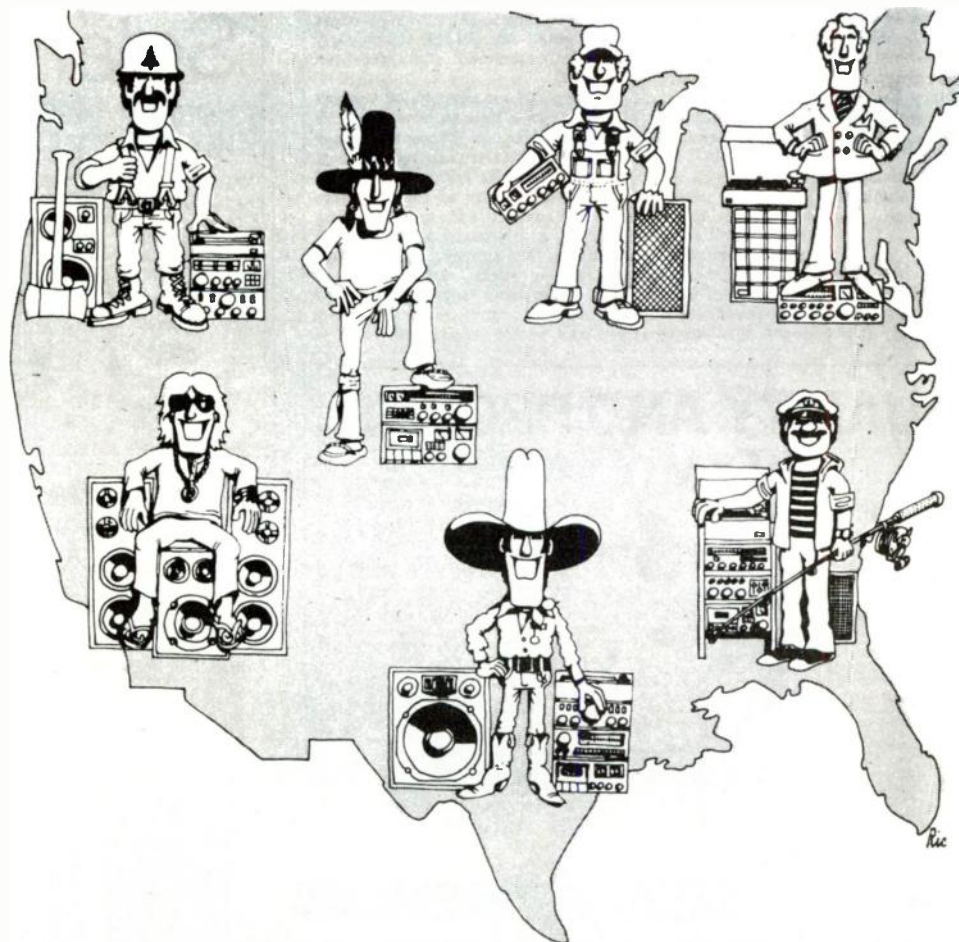
Take the new Satellite/1 high resolution tweeter modules. "The Satellite was developed from a number of things we observed in the high end market," Solomon explains. "The trend of the speaker market is to modules. We saw an opportunity to bring the high end into realistic price points and that prompted our first entry into the speaker market."

distribution of cherrypicked products which are currently available overseas but not here in the U.S. A number of these products can and should be successful and these will reinforce our headphone efforts as well — we find more support from our dealers across the board."

Solomon thinks the firm's GEM-1 graphic equalizer is an even better definition of the direction Superex is taking in the market. A five-band equalizer with separate controls for each channel, the GEM-1 is priced at only \$89.95 — "a price that's affordable," says Solomon, "and yet the GEM-1 offers exclusive features at that price. Zero detented controls at that price are very important. You won't find them on more expensive units. So is the isolated power supply, enabling an im-



# No two hi fi dealers are alike. And neither are any two hi fi magazines.



From the east to the west, and all points in between, no two hi fi dealers are alike. But one thing they have in common is High Fidelity Trade News, the only hi fi magazine with something for everyone.

Some hi fi magazines only give you the news. But we go one step further. News analysis and sensible methods designed to improve your store management is what our editorial mix is all about.

For the floor salesman, there are monthly reports on how to sell, including a new monthly column by respected veteran retailer Harold Weinberg. For the store manager, there are meaty articles on budgeting,

marketing and promotion, including the acclaimed series by ad pro Roger Parker.

For those carrying video within their audio product selection, there is another monthly column designed to keep you updated on the latest developments in this complex, rapidly developing industry. And for everyone, there is solid journalism, top-notch writing, and the fast pace required by today's busy dealers. So whether you have long hair and sell in a t-shirt, or whether you meet and greet your customers in a blue blazer, High Fidelity Trade News is the only magazine tailored to your retail lifestyle.

**HIGH FIDELITY**  
**trade news**

**Custom-fitted to your retail environment**

# **Kenwood announces our newest high technology stereo components.**





# They happen to fit in a car.

We're very proud to introduce Kenwood stereo for your car.

Car stereo with the same high performance and reliability you've come to expect from every Kenwood. And with the same aggressive dealer support and greater gross margins that Kenwood always delivers.

Kenwood engineers have developed new technology to overcome the audio problems commonly found in cars like road noise, poor speaker placement, vibrations, and FM multipath.

The result is a complete line of in-dash cassette receivers, tuners and cassette decks, equalizers and amplifiers, and speakers that sound sensational. Full of incredible new features that bring full automation to car stereo. Every one is priced right. And backed by our 100% U.S. quality control of every unit shipped.

Ask us for the whole story.  
We think you'll say it's  
the right line at the  
right time.



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Tom Westover, National Sales Manager,  
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## Technics Up in '80

*"Sell Features and Benefits" Urge Execs*

Merrill Lynch may not be bullish about the hi fi industry, but Technics' general manager Jeff Berkowitz is, despite the industry's first-time ever sales decline, a 10% fall-off in 1979.

The grass, of course, looks a lot greener on Berkowitz's side of the fence. While the industry was down 10% last year, Technics turned in a 17% sales gain in 1979. Furthermore, the company finished out the year in dazzling fashion, registering, for example, a 47% gain in the month of November over its sales performance in the same month of 1978. Also important, Berkowitz confesses, "we picked up a lot of market share in 1979, and that was spread over all product categories in hi fi."

However, the Technics' general manager sees a better year for the industry in 1980 than some other industry executives do. Essentially, Berkowitz thinks, sales will be flat in 1980 for the industry, with the possibility of some gain if business conditions begin to improve by early fall of 1980. "Technics, though, will be up in 1980," says Berkowitz.

Berkowitz and other Technics and Panasonic executives, who made their remarks to a group of press representatives invited to the company's Secaucus, N.J. headquarters to preview the first new Technics products for the eighties, indicated that while the industry could do much to positively affect the short-term outlook for the industry, it could also affect the



**JEFF BERKOWITZ**  
*Technics' general manager*

industry's performance negatively if certain current practices are not discontinued.

"Now," explained Berkowitz, "is a time for stability. You can't force a market . . . if customers aren't there you can't bring them in, and therefore you can't load dealers. And obviously, the onslaught of price-cutting we're seeing doesn't benefit anyone. It's the dealer that gets hurt the most . . . but

manufacturers do, too, because if we don't make a reasonable profit we can't invest in new product. In this business, product is king; it's the key to growth."

Berkowitz's comments were echoed by Ray Gates, Panasonic executive vp in charge of the consumer electronics group. Noting that Panasonic's CEG profits in 1979 are lower, on a percentage basis, than in 1978, Gates declared that, "Profit is now critical to hi fi — to the orderly marketing and development of the industry."

Both Berkowitz and Gates indicated that the era of 25%-40% gains for the hi fi industry are over and that for the immediate future the wisest course would be to let the market set its own pace. "The market needs a chance to consolidate. It's changing and maturing, and dealers should now begin to sell features and benefits — technology rather than price."

Panasonic's prescription for the months ahead may sound too passive for some, but as Gates commented, "we don't see ourselves as defeatists; we see this as a realistic course." Certainly it's a way of thinking that has brought Technics and Panasonic to the forefront of the U.S. hi fi and consumer electronics markets. As Gates noted, Panasonic today is perhaps first or second in the overall U.S. consumer electronics market. "Only RCA might be ahead of us at this point, and we're not quite sure they are," he said.



**MODEL SL-D33** direct drive turntable features pitch adjustment and push button cueing control. The ST-K808 preamp contains an FM/AM stereo tuner

It was also the last Technics' press conference for Jim Parks, for years the Technics' sales manager and more recently assistant general manager for the Panasonic hi fi division. Parks is launching a new Panasonic division, having recently been named assistant general manager of the new recording and broadcast division within the company.

While introducing several new products at the meeting, Berkowitz promised "a broad product introduction next May."

Headlining the current introduction are a remote control audio system, several cassette decks, five new receivers delivering more power, features and improved specs at the same price levels as predecessor models, and several new micro and standard size speaker systems.



# HOW DEALERS ADVERTISE

## BANG & OLUFSEN...BEAUTIFUL ENOUGH FOR INTERIOR DESIGNER KATHLEEN FRUHLING.



"In order for me to have something on display in my home, it has to look sleek, really clean in design. Bang & Olufsen has that look. When I first saw the Bang & Olufsen system, I was so impressed that I wanted it for my home. Music is important to me, too.

We always have music playing. It gives a home a sense of happiness.

If I were to summarize the benefits of owning a Bang & Olufsen system, I would have to say it's the look and sound of the components. Their design and

performance are truly beautiful." Says by any of our fine Magnolia Hi-Fi store locations and listen to our 1975 B & O System. We think you'll discover some of the most beautiful sounding sounds you've ever heard.

B & O S-25 Speakers  
B & O 1900 Receiver  
B & O 2402 Turntable

**System price: \$995**

Just \$171.64 down, \$45.49 a month  
Upon approval of credit.  
Total cash price including tax: \$1,144.95  
10% down payment: \$99.50  
Cash payment: \$100.00  
36 monthly payments: \$45.49  
Total delivered payment price: \$1,268.81  
Annual percentage rate: 9%



**Magnolia Hi-Fi**

"Adapted from a magazine article in the magazine"

CHENWOOD 773-7385 PARKWAY PLAZA 571-0811 MAGNOLIA 192-0600 U-DISTRICT 571-0880 WELLESVILLE 747-9834

1200 North 5th St. 1200 North 5th St. 1200 North 5th St. 1200 North 5th St. 1200 North 5th St.

**Magnolia Hi-Fi, Seattle Times, August 12, 1979.** Radio Shack, Wall Street Journal. Two approaches to targeted "testimonial" advertising aimed at specific buyers. Magnolia Hi-Fi uses the words of an interior decorator to go right to the heart of the matter: "In order for me to have something on display in my home, it has to look sleek, really clean in design..." Yet, the B & O's basic reason for being—enjoying music—isn't forgotten: "We always have music playing. It gives a home a sense of happiness."

Radio Shack's ad uses the testimonial format to sell their computer to stockbrokers. Copy is tight and controlled, but loses a bit of credibility through cleverness. It does, however, clearly make the point that Radio Shack is in the computer business: "We don't necessarily want your gratitude. We want your business."

**The real-life story of stockbroker Max Ule: why he phoned to congratulate Radio Shack on its TRS-80™ computer. And how he uses it.**

Here's a photo of Mr. Ule working with his TRS-80.



**Some people don't believe ads. Okay. Grab your phone. Dial 800-223-6648 (at no charge) and ask for Max!**

Of course if you're a New Yorker you can dial 212-986-1666. He's sold on our TRS-80. He'll tell it like it is.

A Harvard graduate (class of 1961) and B-School (1967), Mr. Ule is a *dividend* stockbroker, one of the new breed that sells for less. "I can tell present and prospective clients," he says, "precisely what my discounted commission charges will be as well as the old pre-May-1975 NYSE fixed rates."

"I also find it handy in comparing actual trades



Use TRS-80 software to write your own special programs like Max did.

with the machine to monitor and correct errors." While we talked on the phone, he simultaneously typed in a few quotations—"real time" as they say in computer lingo—made on his \$599 Radio Shack system. He's stepping up to 10K soon so he can figure option commissions.

By coincidence, this writer was in Minneapolis on August 27th and ran into another TRS-80 stockbroker-user, Mike Buck, a registered representative with Dunn, Kalman & Quist, Inc., also a

NYSE member. When we told Mike about Max—and not to be outdone—he said "well, they can call me at 612-371-2822 and I'll tell 'em how I use my TRS-80."

What we've found out in our MaxMike research is

TRS-80 is adaptable. You can enter

that brokers are smart enough to want to get into computers before it's too late and maybe 1984 (the Orwell connection). And that the phone is a great free way to prove out advertising claims. Radio Shack brought the computer out of the air-

conditioned mystery room right down to personal size (for Max Ule's desk), and personal affordability (systems from \$599 complete). We don't necessarily want your gratitude. We want your business. Including your Christmas gift business. Because somebody you know, young or old, needs to be gifted. And never ever had hopes of getting a computer. Until now!



Radio Shack's TRS-80 is the most adaptable computer in the world.



Radio Shack's TRS-80 is the most adaptable computer in the world.



**Radio Shack**  
The biggest name in little computers™

A Division of Tandy Corporation  
Fort Worth, Texas 76102

# Add-Ons Add Up: MXR

New Unit Features 'Discriminating' Circuitry

What do you sell to a customer who wants to upgrade his hi fi system without having to spend a bundle? One approach is to merchandise add-ons, such as dynamic range expanders and other signal processors.

An expander reverses the compression applied to music when it is recorded or broadcast. (Because of

limitations in the recording or FM process, reproduced music has necessarily been compressed or boosted.) Such a product also softens both loud and soft sounds, — "opening" them up — to produce a more vibrant panoramic range.

One such unit is by MXR and is called, aptly enough, the Dynamic



**THE DYNAMIC EXPANDER**  
*Softens both loud and soft sounds*

Range Expander. It's a linear signal processor that "reproduces music in the most natural possible form," according to John Porubek, an applications engineer with the firm.

This unit restores musical peaks (to 8 dB of upward expansion) and reduces noise (to 2 dB of downward expansion). Its unique feature is a level detection circuit that discriminates between music and unwanted information such as rumble and scratches. Says Porubek, the product "expands musical peaks and skips over scratches."

The MXR expander also eliminates the problem of "breathing and pumping" with variable release time control that tailors the instrument's response characteristics to that of the program material. The unit, with a suggested retail price of \$300, can be used in conjunction with any existing stereo.

## Other Processors

MXR introduced at WCES two other signal processing devices, available for distribution in mid-1980. These include a basic Linear preamp and an expanded capacity System preamp.

"The Linear preamp is designed for someone who wants a high quality basic preamp," said Porubek. "The mid-fi component system owner would buy this, but it also could be the heart of a more advanced system," he said.

"The Linear preamp has two tape or process loops in a subsonic filter, which is similar to a rumble filter but is better because it doesn't effect the bass response," he added. "It also has facilities for dubbing in either direction and switchable high level gain."

The System preamp contains all the features of the Linear model, but also has additional control and signal routing capabilities.

"The unit accepts signals from several sources like a record player, radio tuner, tv or a musical instrument plugged into the panel jack," noted the engineer. "You can mix any two — for example, a musician can play along with a radio artist — or route the signals to independent sources. For instance, you can listen to an lp with your headphones while taping a radio program on cassette," he said.

## Go for the gold with Audiotex Laboratories audiophile program: gold cables, connectors, and accessories



Rack up golden new profits with Audiotex Laboratories' top-of-the-line audiophile accessories.

Merchandising Program 49-214 Includes 45 different items, 178 total units, including "Really Gold" cables and connectors; the Director — a stereo tape and input control unit; the Controller — stereo speaker selector switch; the RC-2000 record

cleaner and destaticizer and other record care products, all in Show-and-Sell packaging...everything audiophiles need to upgrade their systems; everything you need to upgrade your stereo profits.

Another golden opportunity from GC Electronics, your top source for everything electronic.

**Audiotex Laboratories**



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## Market Demand Splits TDK Line

In response to what it foresees as a growth picture in the blank tape market, TDK recently announced the split of its existing general line into two segments.

"These two segments, the 'reference' and 'premium' lines, are being directed at the audiophile and general consumer markets, respectively. Prior to this TDK made no line distinction between its tapes except by price. With the in-

roduction of metal and Optimum Dynamic (OD) tapes, we packaged the lines categorically and are promoting them to the mass, general market," explained a company spokesperson.

"The yearly growth in sophistication of all American tape consumers has made SA the best-selling, high-bias cassette in the U.S., and has brought AD and D to very high sales as well," said vice president and general man-

through authorized TDK dealers, includes a new lower-priced metal cassette, the MA, the popular high bias SA and normal bias AD and D cassettes.

With the line reorganization comes a change in packaging. The new TDK look "conveys a high technology feeling for the new decade" with color and product-coded wrappers, cards and labels.

Kohda prophesized the '80s to be "the most promising decade for audio-video entertainment" and predicted a 20% growth rate annually during that period for quality tape equipment.



### TDK'S PREMIUM LINE

Packaging includes snappy wrapper and liner index cards



**KEN KOHDA**  
Vp and general manager

ager Ken Kohda. "But, the audiophile has also increased his expectations. Our 'Reference' line of TDK cassettes will meet the demands of these high end consumers."

### Hi End Line

TDK's "reference" line, for dealers in the high-end equipment business, includes these cassettes: the state-of-the-art normal bias tape, the OD, the specialized MA-R (metal) and the SA-X, which, although "in the works" promises to be "the world's finest high bias cassette," according to TDK.

"The OD, which delivers higher sensitivity and maximum output level than any other normal bias tape currently available in the tape market, fills a tremendous consumer demand for tape," said TDK's chief engineer Mike Takizawa. It serves as a reference standard of performance at the normal bias position, as SA always has for high bias."

TDK's "premium" line, sold



### STEVIE WONDER

Promotes TDK tapes

He added that distribution would widen to neighborhood stores that carried quality name brands and anticipated an increase in product profit from 50% in 1979 to 65% in the mid-80's to 75% towards 1990. "The cheapest products will disappear," Kohda said.

"We feel that the repackaging and reorganization of our products will assist the dealer in achieving good growth," said a TDK spokesman. "Profits in a recession year lie not in hardware, but in software — and its repeat business."

"After all, someone who's just purchased a \$1,600 Nakamichi deck is not going to upgrade his system by purchasing a new model. But, he will spend more on a better cassette."

## VCR Promo Needs a Boost



**A NO FRILLS VCR** selling for under \$500 could revolutionize the video industry, which presently lags for many reasons.

If personal video offers us attractive and worthwhile alternatives to conventional television, why have sales of certain consumer products proved less than inspirational?

Pick a reason, any reason, and it's likely you'll be at least partially correct: the relatively high price of VCRs and pre-recorded cassette programs, the nation's fragile economic stability, and consumer confusion fueled by non-standard technologies. (The game of one-upmanship played by the two major competing formats — Beta and VHS — is reminiscent of political rivals going at it in a heated election campaign.)

Another cause is the lack of upbeat promotional programs on the part of the hardware suppliers. In some cases, it's a matter of money. But some argue too many companies rely on the high-powered marketing campaigns of others to promote sales. The implication here, of course, is that these companies have not done enough to build interest, traffic and sales.

### No Frills VCR

The most notable and newsworthy sentiment to surface is the call to suppliers for a basic VCR without all the fancy features and offered at a price point of \$500. Not surprisingly, it was a company in the business of programming — Fotomat — that threw down this gauntlet to manufacturers. Fotomat vice president Steve Wilson has

been the most vocal industry figure on this point, and other persuasive programming executives — such as Mort Fink, president of WCI Home Video (Warner Communications) — have been just as emphatic.

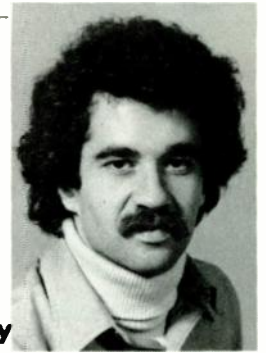
Thoughtful observers of the home video market since its inception have always maintained it is the programming, not the hardware alone, that



**JACK SAUTER AND ROY POLLACK** Detail RCA's marketing plans

will persuade people to purchase the products.

That may also explain why VCR sales have not been as brisk as expected. The primary source of programming has been commercial broadcast programs. Many of these shows



By  
**BRUCE APAR**

tend to drive people away from the TV set, instead of pulling them toward it.

### Important Trend

The availability of a wide range of pre-recorded "narrowcast" programming, along with reduced retail prices on that programming, may be this year's most important trend in video, especially with the videodisc coming on strong in 1981.

When the public is made aware they can buy (or rent) programs of all types at a reasonable price, without sitting through commercials and without missing important scenes from some movies "edited for television" VCR interest and sales should pick up accordingly. Even with that incentive the machine's average price of about \$900-\$1000 (on the street) may still be too much for many customers to justify. The offering of a lower-priced model could open the market considerably to an entire new demographic category of customer.

It's clearer now more than ever that the hardware and program people need to realize and act on the sales support each can provide the other.

Based on comments at the ITA seminar, announcements and moves made recently by suppliers of both equipment and program material, and the prospect of the truly viable home videodisc just beyond and horizon, the need for this mutual dependence is being recognized and will help make this year's VCR market the most bullish one to date.

*Bruce Apar is editor and co-publisher of Video magazine. He began his career in the consumer electronics field as associate editor of High Fidelity Trade News.*



BSR turntables are connected to the best stereo components around. Because in order to put together a quality system for your customers, you need a quality turntable to fit their needs.

And BSR's wide range of single- and multi-play turntables offers your customers the advanced features they look for. Like

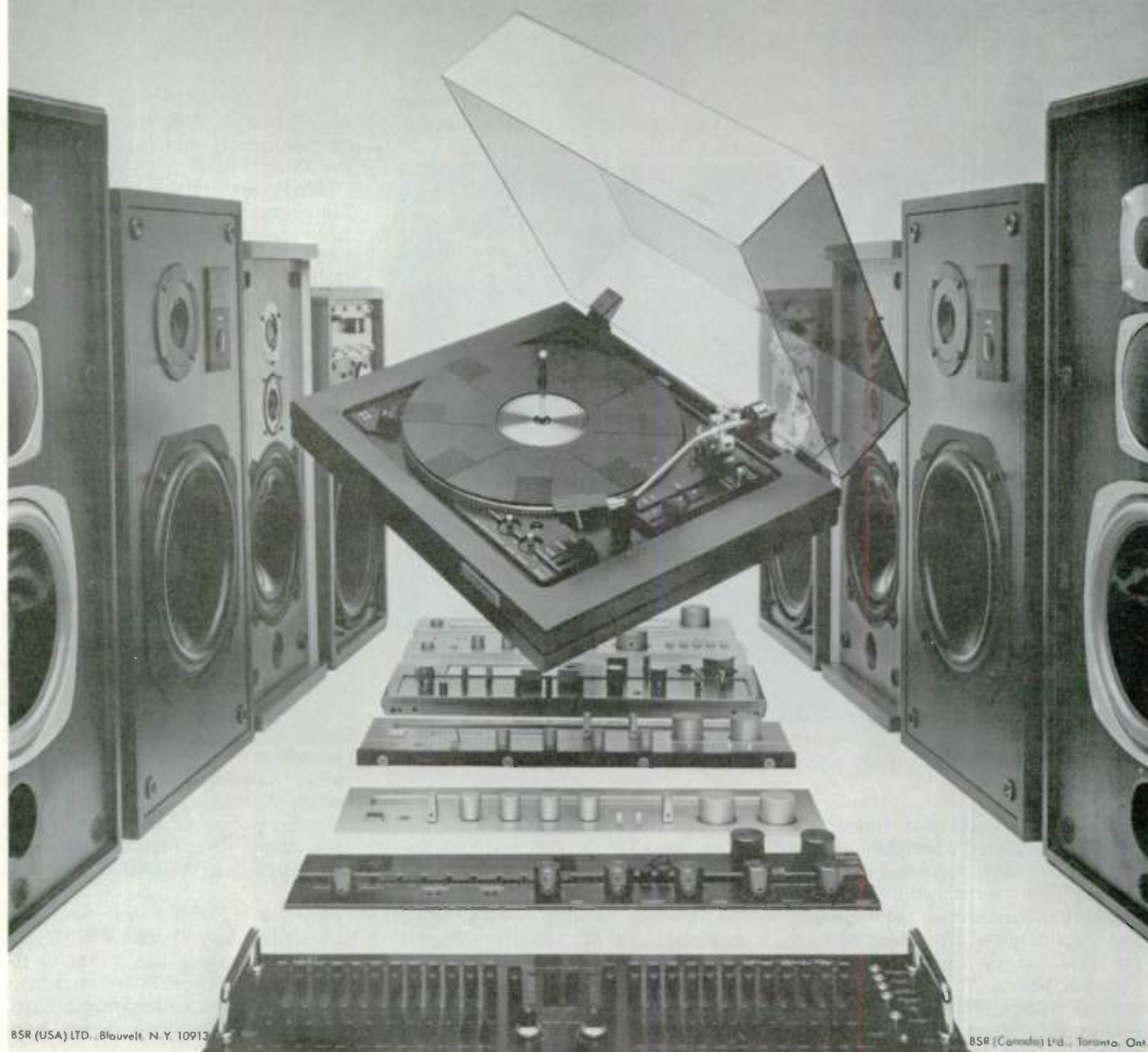
belt-drive, electronic speed and pitch control plus the kind of specs they'd expect to find in the finest turntables.

And while BSR offers your customers all this, we offer you greater profits.

After all, we're the world's leading producer of turntables, so it's no wonder so much quality is linked to us.

YOU'LL BE  
IMPRESSED  
WITH OUR  
CONNECTIONS.

BSR



## Specials Beef Business

With the economy in dire straits, the audio industry going soft, how is it that certain manufacturer's reps are doing a record amount of business? Several reps have come up with auxiliary vehicles such as fairs, special events and mini vacations.

Marty Bettan, president of Bettan Sales, Flushing, N.Y. and also president of the local ERA chapter, is one rep concerned with developing ideas to beef up sales. He, Lou Keller, president of Lou Keller Assoc., and Stan Axelrod, president of Stan Axelrod Assoc., put their heads together and came up with the idea of a Three-Man Fair.

"Because we had lines that complimented, rather than contradicted each other, there was no conflict," commented Marty. The only things we insisted on were that our manufacturers send a person to represent them,

floorplan."

"The show was a success beyond our wildest dreams," said Bettan. "We wrote so many orders, we ran out of order forms and were writing orders on any scrap of paper we could lay our hands on. If it were the old days, we would have stuck them in our hat bands!

### Special Events

Sponsoring "special events" is another way that reps can attract business. A master at this is Forrestal Young Sales in St. Louis. Said Logan Young, president, "We decide on a theme, say a disco theme, and then plan from there. We hold the event in a place that everyone can get to easily, and which is attractive. We have used such places as the St. Louis arena and the Dome Club in St. Louis. Of course we provide food and drinks. Most im-



By  
**CARYLEE CAPUTO**

ing special events does do this," commented Young. "Another thing that it does is build a sense of loyalty. It puts us foremost in the dealer's eye. We feel we would rather spend the extra money and time on this type of project than simply go out and make dealer calls. We do this too, of course, but we feel that the events are enjoyed by the participants and are most profitable to us."

Gus Pecore of Pecore Associates in Baltimore, invited his dealers to have a mini-vacation-on-him.

"Because we announced that the Third Annual Line Show would take place in October, I had people calling to ask when it would take place," said Gus. "The first year I ran a show, I had 38 people attend. The next year, the attendance jumped to 80. And this year, despite a snow storm and the World Series, 160 came.

"We provided hotel rooms for out of town guests and treated everyone to dinner and an open bar. We also had accessibility to a golf course, tours and such, for guests that wished to participate.

"We provided each manufacturer with his own eight-foot table all around the perimeter of the room. Conference tables were set up in the center," Pecore explained.

The lines represented were Tancredi, Fujitsu Ten, Airex Manufacturing JSR Electronics, Speco, Philmore Manufacturing, Colormax Electronics, Com Radar, Antenna Inc., Lasonic Electronics, Horian Engineering (Calibron), South River Metal Products, Integrated Electric Products and Daburn Wire.

When asked about next year, Gus grinned and said, "I can't wait! If next year goes anything like it has in the past, it will be double the attendance of this year's. At a time when business is supposed to be slow, ours is doing well."



**GUS PECORE**, president of Pecore Associates, invited dealers to join him on a mini-vacation. Secretary Sharon Moyhan is adorned for her help with the promotion.

and that they participate financially. The manufacturers jumped at the chance. We had forty-five different product lines represented. The manufacturers also aided with show specials, just for our show. We chose to have the show at the Sheraton Inn La Guardia, because it was easily accessible to dealers. We also hired A. D. Adams Advertising Agency to handle promotion and to devise a practical

portant is the bringing in of loads of equipment. This way dealers can play with the products for as long as they want, spend time with the guys from our company learning how to use the equipment, and ask whatever questions they might have. It is a relaxed, no pressure atmosphere.

"Because this is a recession year, we feel that we have to raise the interest level of the people in our area. Hold-



## PRODUCTS FOR PROFIT



### FAMED PE666

is being succeeded by this unit, model PE-560A.



### PEGGED FOR STARDOM

in 1980, the model PE-765A.



**BRIDGELESS TWEETER,**  
20-oz. magnet are features of the  
SK-89C.



**MORE NEW SPEAKERS,**  
models SK-44 and SK-45.

CLARION, a force at the high end of the car stereo market, is pushing this year for a piece of the market at lower price points. However, at the same time the company is lowering prices, to a new low of \$128.95 suggested retail on its PE-683 radio-tape combo at the bottom end, Clarion is providing more features and benefits. The speaker line is also being filled out, with seven new models joining five — with half-a-dozen rated at four ohms, a first for Clarion which has traditionally offered eight-ohm speakers.

## AUDIO RETAILERS!



**You can make more money  
selling RKO cassettes!**

RKO Tape Corp. is looking for a select group of audio retailers interested in making a profit on a brand-new, top-quality line of cassette tapes . . . retailers who know, as we do, that tape can be profitable.

We're the RKO Radio people. We wouldn't be in the tape business if it weren't profitable.

But to be profitable for us, it has to be profitable for you. That's why we're limiting our distribution to high-quality audio stores.

To maximize profits for both of us, we're supporting our dealers with advertising. Not only national ads, but regional ads as well — right where they count, in your market.

And we're offering a first-rate product

line that won't play second fiddle to any other brand of cassettes — bar none. With a name like RKO, we couldn't do otherwise. We have too much to lose.

There's RKO Ultrachrome, a second-generation, true chrome tape that's been shown in laboratory tests to give metal-tape performance on conventional cassette decks.

There's RKO Broadcast I, a premium ferric that brings broadcast quality to the home recordist at consumer prices.

And there's RKO XD, our "workhorse" tape, with enough midrange headroom to give even the most fumble-fingered beginner the ability to make recordings that sparkle.

So if you're looking for profits in an exciting new cassette line, look to RKO.



**RKO TAPE CORP.**

3 Fairfield Crescent, West Caldwell, N.J. 07006 • Telephones: 201-575-8484, 212-233-3520

## PRODUCTS FOR PROFIT



**TOSHIBA INTRODUCED** 6 new metal-capacity decks at WCES. One of them, the PC-X20 features both an AS (All-Sendust) record/playback head and a ferrite erase head. The unit, which retails for \$380, includes auto-repeat functions combined with cue and review.



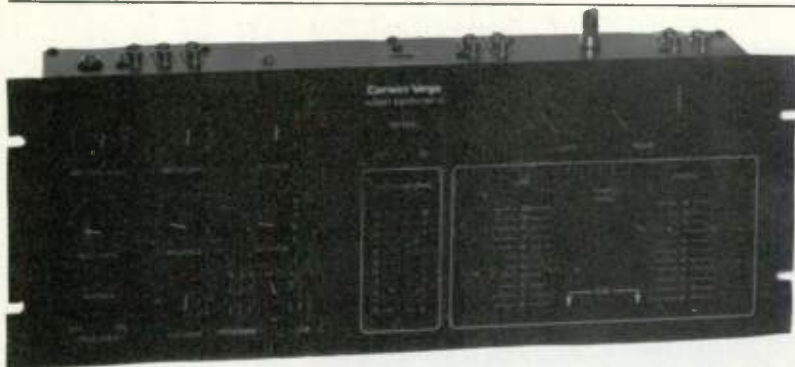
**ACCORDING TO** Studer Revox, its B795 turntable with linatrack system "gets the best possible performance from a disc because it plays the disc the way it was made." To lessen distortion the B795 tracks tangentially along a straight line, the same way record masters are cut, says Revox.

**THE 90-108 "OPEN AIR"** headphone by GC Electronics weighs only 7.5 ounces. Endowed with an extra thin, mylar (stretch-proof) diaphragm and an extended frequency response of 20-20,000 Hz, this super lightweight carries a suggested retail price of \$35.



**A LIQUID-FILLED** tracking arm for phonograph records recently joined Renaclean's arsenal of audio maintenance products. While the record plays, the tracking arm feeds anti-static fluid, contained within the arm, through a special fibre cleansing pad and onto the record surface.



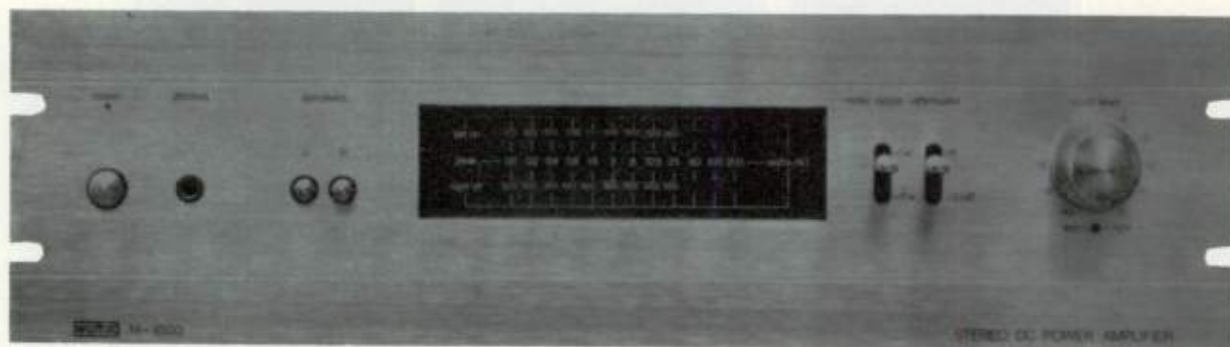


**CERWIN-VEGA'S DM-2** disco mixer with its black matte front plate and practical design is suitable for home use as well as clubs, bars and discos. Its "beat synchronizer" can be used on program or cue (headphones) to sync records for smooth segues.



**THE MODEL 300 DJ** phono cartridge by Nagatronics is intended for commercial service. It features both a rugged cartridge design and back cueing. A special heavy-duty stylus, cantilever and suspension system complete the unit, which retails for about \$65.

**THE EPICURE 3.0 SERIES II** retains bass response and improves upper range sonic properties, say its makers. An acoustical loading sphere tweeter and revised crossover circuitry distinguish this speaker.



**EUMIG'S M-1000 DC** power amplifier (100 watts) utilizes a unique heat pipe assembly with all output devices mounted directly on it. "This heat pipe quickly ducts heat away to cooling fins which radiate it into the air providing cool, low distortion operation," says the company.

## PRODUCTS FOR PROFIT



**FUJITSU TEN'S** new "Dashboard Wizard" car stereo unit, the EP-820 has a pre-set channel selector that memorizes 14 stations and features precise electronic tuning that provides a constant digital frequency readout. The microprocessor-based AM-FM-MPX radio/cassette player has a suggested retail price of \$569.95.



**THE 670ZX DISCRETE** is one of two new metal-compatible cassette recorders introduced by Nakamichi at WCES. It features a precisely aligned three-head system and includes two sets of electronics and Double Dolby which provide full off-tape monitoring facilities. Suggested retail is \$1,150.



**LUX'S M120-A POWER AMPLIFIER** features duo-B circuitry to improve sound quality. Duo-B incorporates two loop circuits wthat minimize negative feedback and improve the mid to high frequency range.



**FISHER'S NEW** rack-mounted separate audio component system the ACS 1915, contains an integrated amplifier, a stereo turner, a semi-automatic turntable and a speaker system. It includes a sleek cabinet and an optional CR 4016 cassette deck and carries a price of \$699.95, suggested retail.





**NOW EVERY VIDEO CASSETTE RECORDER  
CAN HAVE THE SAME ADVANTAGE.**

With the introduction of Beta and our new High Grade VHS, Maxell now offers a full line of videocassettes.

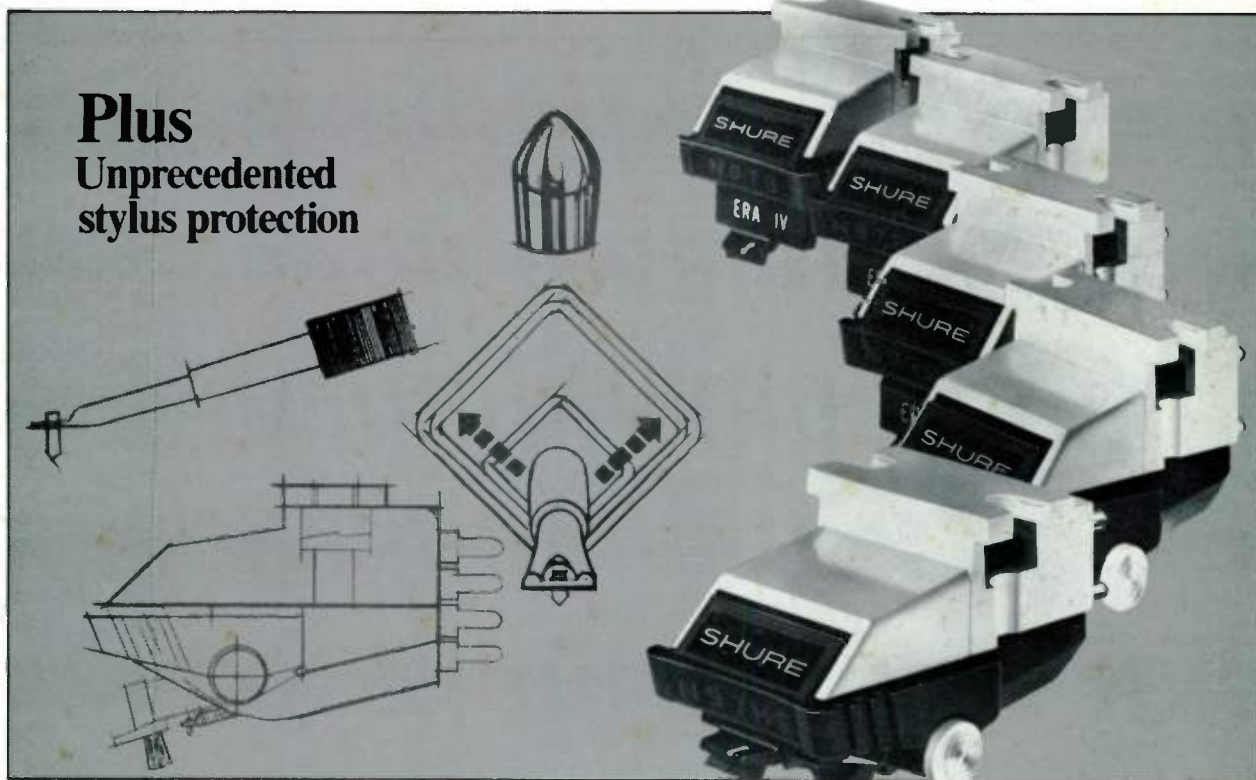
So, no matter what kind of video cassette recorder a customer has; there's a Maxell cassette that'll help it perform better.

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# fact: five new Shure Cartridges feature the technological breakthroughs of the V15 Type IV

**Plus  
Unprecedented  
stylus protection**



## the M97 Era IV Series phono cartridges

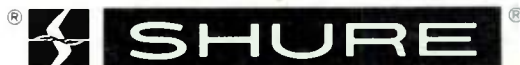
Model	Stylus Configuration	Tip Tracking Force	Applications
M97HE	Nude Hyperelliptical	$\frac{3}{4}$ to $1\frac{1}{2}$ grams	Highest fidelity where light tracking forces are essential.
M97ED	Nude Biradial (Elliptical)	$\frac{3}{4}$ to $1\frac{1}{2}$ grams	
M97GD	Nude Spherical	$\frac{3}{4}$ to $1\frac{1}{2}$ grams	
M97EJ	Biradial (Elliptical)	$1\frac{1}{2}$ to 3 grams	Where slightly heavier tracking forces are required.
M97B	Spherical	$1\frac{1}{2}$ to 3 grams	
78 rpm Stylus for all M97's	Biradial (Elliptical)	$1\frac{1}{2}$ to 3 grams	For 78 rpm records.

Shure has written a new chapter in the history of affordable hi-fi by making the space-age technological breakthroughs of the incomparable V15 Type IV available in a *complete line* of high-performance, moderately-priced cartridges: the M97 Era IV Series Phono Cartridges, available with five different interchangeable stylus configurations to fit every system and every budget.

The critically acclaimed V15 Type IV is the cartridge that astonished audiophiles with such vanguard features as the Dynamic Stabilizer—which simultaneously overcomes record-warp caused problems, provides electrostatic neutralization of the record surface, and effectively removes dust and lint from the record—and, the unique telescoped stylus assembly which results in lower effective stylus mass and dramatically improved trackability.

Each of these features . . . and more . . . has been incorporated in the five cartridges in the M97 Series—there is even an M97 cartridge that offers the low distortion Hyperelliptical stylus! What's more, every M97 cartridge features a unique lateral deflection assembly, called the SIDE-GUARD, which responds to side thrusts on the stylus by withdrawing the entire stylus shank and tip safely into the stylus housing before it can bend.

**NEW! M97 Series Era IV Phono Cartridges . . .  
Five new invitations to the new era in hi-fi.**



Shure Brothers Inc., 222 Hartrey Ave. Evanston IL 60204 In Canada: A. C. Simmonds & Sons Limited  
Outside the U.S. or Canada, write to Shure Brothers Inc., Attn: Dept. J6 for information on your local Shure distributor.

Manufacturers of high fidelity components, microphones, sound systems and related circuitry.