

WEEKLY

# Television Digest®

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**2 NEW VIDEODISCS** to be shown in Chicago: Sony to demonstrate optical system at IEEE this week. Panasonic in private showings of Visc mechanical system at CES. Schlosser heads RCA program effort. (P. 10)

**GE BOLSTERS CB** line with new models, plans campaign to push safety & security uses. Says market has bottomed out, expects growth in 1979. (P. 10)

**FOTOMAT KICKS OFF** home-movie-to-cassette transfer business in nearly 3,500 stores July 3. Top competitor sees pricing at 'red-ink' level. (P. 11)

**PORTENTS OF MEDIA SEARCH DECISION:** Freedom of press received one of greatest setbacks in recent memory, in opinion of many journalists, in last week's 5-3 U.S. Supreme Court decision dealing with search warrants and news organizations. Court held that police with search warrant can enter any print or broadcast news organization to look for material that may be relevant to a crime—even though there's no indication that the news medium or its personnel are in any way involved in crime. Heretofore, police had to obtain subpoena to make such search; such subpoena could be contested in advance in court. Previously, news organization could be required to produce material subpoenaed—but police could get no authority to rummage through offices at will, as is now permitted.

Case arose when police obtained warrant and went through files of Stanford U. Daily, seeking picture which might have shown those who had attacked police in demonstration. Lower court & appeals court said warrant shouldn't have been issued. Last week's high court decision reversed them.

Reasoning of majority decision, written by Justice White, was that 4th Amendment gives media no more protection against such searches than anyone else. Dissenting Justices Stewart & Marshall held that new decision will impinge on First Amendment and "significantly burden the constitutionally protected function of the press to gather news and report it to the public."



Dissenting Justice Stevens objected to whole concept of broadened police power to search "countless law-abiding citizens—doctors, lawyers, merchants, customers, bystanders."

Top network officials were still studying decision. NBC Chmn. Julian Goodman, for example, told us: "I'm seriously concerned, but we haven't sifted it out yet. It's too early to issue instructions to our newsmen... It represents a significant loss of breathing space for journalists and a loss of freedom for all of us." CBS's Walter Cronkite's reaction to our inquiry: "I'm appalled. About the only thing that might help is federal legislation, but I'm no lawyer, and maybe that may not help in local jurisdictions. I've heard people talk about hiding stuff, and so forth—but that doesn't sound practical, and it may be an evasion of the law if you did. I don't think there's any practical defense."

Rep. Drinan (D-Mass.) quickly introduced bill designed to soften blow of Court's decision. It would allow a warrant to be issued only if there were "probable cause" that people in place to be searched had committed, or were committing, a crime. Said Drinan: "It is incumbent on Congress to recognize what the Supreme Court has unfortunately overlooked—the vital role of a free press in a free society."

Said RTNDA Pres. Ernie Schultz: "[I'm] frankly fearful... The possibility for abuse is tremendous, up to and including shutting down the entire operation... In many cities and towns it could become open season on journalists and I call on all my fellow journalists to make plans now to carefully document and widely publicize any such use of search warrants. Let's take pictures and write stories about it and maybe we can find a legislative remedy, having failed to find a judicial one."

Said Richard Schmidt, counsel for American Society of Newspaper Editors: "This decision raises the frightening specter of prosecutors running loose with search warrants all over the country. All we can hope is that the magistrates will keep the First Amendment in mind." Anthony Day, L.A. Times, chmn. of ASNE Freedom of Information Committee: "On a quick reading of the heart of Justice White's opinion, I don't think he understands the animal he has let loose here."

N.Y. Times' James Reston wrote open letter to Justice White saying that if decision had been in effect a few years ago: "It would have been very easy for Richard Nixon to get a court order to raid the N.Y. Times. He knew precisely where the Pentagon documents were. The N.Y. Times staff was working with all the Pentagon papers in the N.Y. Hilton Hotel, and... he would have been able to seize them and block the publication of the Vietnam story... The cops would have been able to come into the Washington Post with the authority of Mr. Nixon & Attorney Gen. Mitchell, armed with court orders, and have been in a position to intimidate everybody in command. They tried to do it anyway, but at the Washington Post, as at the N.Y. Times, they were told to fight or get lost."

**FTC KID AD FOCUS SHIFTS TO SENATE:** Having received stern warning from House Appropriations Committee on proposed restrictions on children's TV advertising (Vol. 18:22 p3), FTC now awaits action by Senate Appropriations Subcommittee this week.

Subcommittee has scheduled June 9 markup on FTC appropriation, which Sen. Weicker (Conn.), ranking Republican, has threatened to slash to kill FTC's rulemaking proceeding (Vol. 18:18 p4). Issue has raised enough concern to draw letter backing FTC signed by 5 Senators.

Said letter to Sen. Hollings (D-S.C.), Subcommittee chmn., signed by Sens. McGovern (D-S.D.), Kennedy (D-Mass.), Leahy (D-Vt.), Riegle (D-Mich.) & Bellmon (R-Okla.): "The evidence... indicates that there is a need for such an inquiry... Furthermore, it would be a very poor precedent to cut off funds for an investigation solely because the inquiry may present perplexing substantive questions. The issues the investigation raises are difficult... However, during these times in particular, we fear that to terminate funding for an inquiry that is in the public interest and has a great deal of support, including a unanimous vote to proceed by the FTC commissioners, would only make reconciling the issues more difficult... Thus, we urge the Subcommittee to reject any provision or any report language which might impede the FTC's current inquiry with respect to protecting the nation's children."



Support for FTC came from another senator too, this one more unexpected—conservative Strom Thurmond (R-S.C.). Thurmond, who wrote FTC Chmn. Pertschuk personally supporting rulemaking earlier, wrote Hollings May 16 asking him to "give your very careful consideration and approval to continued funding of this investigation."

One of the groups which first asked for FTC inquiry, ACT, is optimistic about chances in Senate. "We have greater hopes for the Senate than in the House. We expect the Senate to not halt the inquiry," said Molly Pauka, ACT gen. counsel. Lobbyist associated with group most active in opposition to rulemaking noted that Pertschuk, former staff director of Senate Commerce Committee, has more friends in Senate than in House. "The House is not his chamber," lobbyist said, "but we've got a good chance on this."

Whether FTC and its opponents will reach compromise, as discussed between Pertschuk and sugar lobbyist Thomas Boggs, was unclear. Shortly before House Appropriations vote, compromise was discussed whereby FTC would delay proceeding pending action by House & Senate Commerce Committees. In exchange, Boggs & others would stop lobbying for Appropriations actions in House & Senate. Agreement was never reached.

In related development, minority staffers of Senate Communications Subcommittee expect to have questions raised about FTC in fairness doctrine hearings June 7. Seems KIOI(FM) San Francisco ran editorial opposing FTC's rulemaking proceeding. In response, FTC economist Larry Haverkamp gave his opinion over air: "This station, KIOI, wants the FTC to do nothing about this problem. If you agree that the FTC should help our children, who are innocent victims of big business, register your vote by turning to another station. And don't turn back until big business, in their unrelenting search for profits, is constrained from unilaterally determining the commercial wants and desires of the most innocent victims of big business—our children." KIOI wasn't too pleased with that, and James Gabbert, station pres./gen. mgr., wrote Rep. Van Deerlin (D-Cal.), Communications Subcommittee chmn., & NTIA's Henry Geller. Said Gabbert, NRBA Pres.: "This mentality reminds me of Nazi Germany. In fact it scares the hell out of me that the FTC could attempt to use its awesome power to intimidate free speech and opinion because it disagrees with their philosophy."

Also related to children's TV, study by U. of Pa.'s Wharton School shows that TV ads for proprietary medicines, although widely shown to children, have only "moderate effect." Two-year study, sponsored by National Science Foundation, concluded "there is only limited evidence of a link between proprietary medicine advertising and children's medicine conceptions and requests." Study was begun after attorneys general from 19 states asked FCC to ban medical ads 6 a.m. to 9 p.m., and Commission denied request.

Also, an ACT-commissioned study of 61 hours of children's shows found industry limits of non-program material were exceeded in about half of one-hour segments. Study conducted by Boston U. prof. includes data from 13 network & independent stations. Study said "most flagrant" abuses of NAB Code commercial standards came from independents. It was submitted to FCC in proceeding on children's TV ads. Kathryn Broman, chmn. of NAB TV board, in opening speech of NAB's TV Programming Conference June 5, planned to defend broadcasters, saying they "are making a conscientious effort through self-regulation to meet their responsibilities" in children's programming.

**JUSTICE OPENS NEW ATTACK ON CBS:** Already battered by FCC on tennis matches (Vol. 18:17 p1) and Justice Dept. (JD) program antitrust suit in L.A. federal court, CBS faced still another major attack from govt. last week. JD filed antitrust suit in N.Y. alleging CBS's Jan. 1977 acquisition of Fawcett Publications for \$50 million violated Clayton Act.

Suit is pegged on publishing & distributing mass market paperback books, with JD claiming purchase decreased competition, increased concentration. Prior to purchase, CBS's Popular Library ranked 11th among paperback publishers, having 2.6% market share and sales of \$10.4 million in 1976. Fawcett's paperback business ranked 5th same year with 9.4% share and \$37 million sales.

CBS said it "intends to defend itself vigorously against what we feel is an unjustified action." Network said it kept govt. "fully informed" during negotiations and that JD "indicated" it would-



n't try to block purchase—largest ever made by CBS in diversification moves. CBS also acquired Woman's Day and Mechanix Illustrated magazines but suit doesn't mention them.

In addition to forced divestiture of Fawcett, JD asks that court prohibit CBS from acquiring any other firm engaged in publishing, distribution or sale of mass market paperbacks. It also seeks "further relief as the nature of this case may require."

Washington lawyers and govt. officials refused to speculate as to whether CBS suit is fore-runner of tougher JD posture in other acquisitions now pending—specifically Times-Mirror merger with Communications Properties in cable (Vol. 18:18 p2). JD spokesman did say that Antitrust Div. has "several" other acquisitions under scrutiny, wouldn't elaborate.

**FRIENDLY UNFRIENDLY TO PTV BILL:** Former CBS News Pres. Fred Friendly, member of original Carnegie Commission, has told chmn. of Senate & House Subcommittees that proposed congressional restructure of public broadcasting "may inadvertently fetter" system. In letter, Friendly said: "In the effort to increase the financial support for public broadcasting the legislation may contain certain provisions that could cripple its growth."

Friendly, Ford Foundation communications advisor, whose opinion on legislation was sought by congressional chmn., pointed specifically to House bill (Vol. 18:19 p6). He criticized provisions requiring that substantial portion of federal community service grants go to independent producers, that uniform accounting procedures be used, that community advisory boards be set up, that board meetings be open, among other things.

Said Friendly: "Most disturbing is the concept of the federal government setting down a number of public policy criteria to public broadcasting and saying that unless the stations comply with these criteria they will receive no additional federal funds. It is inconceivable that Congress would have allowed this to happen during the difficult years of 1971-1974 and yet it appears that a group of legislators with unquestioned good intentions are inadvertently achieving what Richard Nixon & Tom Whitehead could not in their wildest dreams think they could achieve."

Two-way cable experiment for senior citizens in Reading, Pa. was success, has been taken over by community, according to study director Mitchell Moss. In final report, he said project "clearly demonstrates that ordinary citizens can produce interactive cable programming." For report: Alternate Media Center, 144 Bleecker St., N.Y. 10012.

**Theta Cable** pay operation is offering medical programming for doctors in L.A. area. About 200 physicians have signed up; first program (repeated 3 times weekly) was aired May 21. Cost is \$30 monthly (\$5 to Theta, \$25 to program producer Symposiums International).

Product commercials on TV-radio aren't subject to fairness doctrine proscriptions. That became final last week when Supreme Court refused to review D.C. Appeals Court decision of last Nov. (Vol. 17:46 p3). Appeal had been made by NCCB.

MDS trade association, Common Carrier Assn. for Telecommunications, holds annual seminar Sept. 21-24, Twin Bridges Marriott, Washington.

II. Supreme Court has denied, without comment, request that TV-radio coverage of trials be permitted. III. News Bcstrs. Assn. had sought change in rules to permit full coverage; short of that, group asked for test, a la Fla., or for permission to put on demonstration. In Fla., year's experiment ends June 30, but proponents are confident it will be extended because of nearly universal acceptance. To be argued—and televised—before state Supreme Court June 7 is appeal of man convicted of insurance fraud, who claims he was denied fair trial because of TV-radio coverage. Broadcasters will file brief June 15 seeking continuance of experiment; responses are due June 30.

Only 3 TV advertisers—Sears, Ford, Eastman Kodak—among 15 who attended meeting in Chicago last week, called to seek commitments to withdraw spots from programs containing sex & violence, were willing to be identified. Chicago session was called after Sears withdrew commercials for "Charlie's Angels" and "Three's Company" (Vol. 18:20 p5). PTA Pres. Grace Baisinger said no other advertisers made commitments to withdraw from such shows.

White House took unusual step of ordering 3-day paid spot campaign on 5 Spokane radio stations to promote President's May 5 appearance there. Advance man Dan Lee said "it was purely my idea" because of "public confusion" over "town hall meeting" (where tickets were required) and dedication of new park (no tickets needed). He said \$1,500 cost was raised through local contributions.

Bonneville International has formed subsidiary BEI Productions (L.A. hq) to "evaluate, create and produce... motion pictures and TV specials or packages." First project will be movie on Mormon prophet Joseph Smith. BEI Pres. is James Conklin, ex-CBS vp, one-time head of several record companies.

RCA Cablevision Systems is new name for Electronic Industrial Engineering Inc., CATV equipment producer & installer RCA acquired in 1972. It has been incorporated into RCA Commercial Communications Systems Div. as separate unit.

Copyright Office is notifying all cable systems that they must file "statement of account" by Aug. 29, sending each a postcard with which it can indicate which of 3 forms it needs—receipts under \$41,500, \$41,500 to \$160,000, over \$160,000.

Cox Cable has purchased Gainesville, Fla. cable system for more than \$8 million.



**'ALTERNATIVE' TV RATINGS SOUGHT:** "We hope to learn a hell of a lot more about the whole business of ratings"—Norman Walt, pres. of McGraw-Hill Bcstg. and chmn. of TvB-sponsored Rating Service Feasibility Committee. Walt's comment came after announcing that Booz, Allen & Hamilton (BAH) had been retained to make "comprehensive study of the feasibility of new local TV audience measurements."

BAH was picked over 7 other firms which made bids. Study, to cost maximum of \$234,000, will be in 3 phases, take 5 months. Contractor has agreed that it won't provide "new" service if TV stations opt to go that way. Nor will TvB; its lawyers have told it to drop out once study is completed.

First phase of study will stress technology, along with "attitudes & needs" of broadcasters, advertisers & agencies and "seek to identify emerging needs and existing gaps or opportunities." Next phase will seek to quantify who'd use new service—"it must be a service that will have the acceptance of advertisers and agencies," Walt told us—and codify start-up costs. Final phase will develop detailed plan of implementation.

TvB committee has option of stopping study at end of each phase. It has raised \$258,000—billing contributing stations one week's payment to rating services. Committee was formed last Nov. at TvB convention (Vol. 17:47 p1); at that time, TV stations were talking about owning their own rating service. That now is highly unlikely, according to Walt. Current TV ratings are provided by Arbitron & Nielsen.

**Average American views TV 27 hours per week,** while set is on in home 6 hours daily, according to Nielsen study based on Nov. sweeps. It shows 98% (72.9 million) of U.S. households have at least one TV; 76% have color sets, 46% two-or-more sets and 16% of homes are cable subscribers. Sun. evening audiences were largest, averaging 98 million last fall.

**Fairness doctrine hearing June 7 of Senate Communications Subcommittee** includes these witnesses: FCC Chmn. Ferris; RTNDA Pres. Ernie Schultz; CBS Washington Vp William Leonard; Herbert Hobler, NAB Radio Board member; Ralph Jennings, United Church of Christ; Reed Irvine, AIM; Donald McGannon, Westinghouse Bcstg.

**Public TV was watched by more than 46 million families in March,** 63.2% of all TV households, new record, Nielsen reports. Public TV also set new weekly record, with 43.5% of all households tuning in March 6-12, week of fund-raising and top shows.

**Joe Allbritton resigned** as publisher of Washington Star—which was purchased from him by Time Inc. in Feb. (Vol. 18:6 p4)—said he'll retain WJLA-TV Washington, which filed renewal application last week. Allbritton also said he'll seek more stations.

**Free medical tests offered by NBC TV stations in N.Y., L.A. & Chicago** were given to 140,000 adults April 10-16. Stations and 30,000 volunteers gave tests, worth estimated \$14 million.

**At request of NTIA, FCC has ordered closed-circuit test of EBS June 9.**

**General Instrument's CATV revenues (Jerrold)** rose 14% in fiscal year, to Feb. 28, to \$70.8 million, and operation showed \$4.2-million gross profit against year-earlier \$3.15-million loss, according to annual report. Company says GI Credit Corp., which finances long-term receivables for CATV customers, earned \$914,000, up from \$750,000 in fiscal 1977, and receivables at year's end were \$49.9 million, down from \$51.7 million. Report notes GICC has renegotiated credit agreements to eliminate compensating balance requirement in favor of increasing interest rates from prime to 118% of prime. As result, weighted average interest rate at year's end was 9.3%, compared with full-year 1978 average of 7.8% and 1977 average of 6.8%.

**A-T-O Communications** (recreation, electronics, mining, etc.) acquires first station with \$12-million cash purchase of WILX-TV Lansing from Edward Wilson (60%) & WILS(AM) (40%) there. William Hart, gen. mgr. since 1960, will remain with new owner... FCC approved \$4.6 million purchase of KAUZ-TV Wichita Falls, Tex. by Golden Bcstg. & White Fuel Corp.; also cleared was sale of WAIM-TV-AM & WCAC(FM) Anderson, S.C. by Wilton Hall to Frank Outlaw for \$850,000. Commission said all 3 stations were losing money, waived cross-ownership rule since UHF "did not appear to be marketable as a separate entity."

**Warner's QUBE pay-cable system in Columbus** now has 20,000 subscribers, company reports; in addition, there are 10,000 conventional non-QUBE subscribers. Three months ago, QUBists totaled 13,000. Warner Chmn. Gustave Hauser said he was "very pleased" with progress, plans major campaign offering system to 69,000 non-subscribers in front of plant. Unidentified national magazine recently tested 5 covers with public via QUBE, chose one subscribers favored, will use it this month.

**National Conference on Public Access Cable TV** will be held Aug. 25-27, El Cortez Hotel, San Diego. Sponsored by Community Video Center of San Diego, it will feature Rep. Van Deerlin (D-Cal.) and Cal. Gov. Brown.

**NEWSCOACH,** service to professional TV news people aimed at improving on-air delivery, is offered by Stan Atkinson, KCRA-TV Sacramento, & Marcia Brandwynne, KGO-TV San Francisco. Two-day session, \$450, 396 Cumberland St., San Francisco, 94114, 415-861-2661.

**Esselte Video** expands publishing line to include 3 videotape software directories—on health, business & industry, general interest & entertainment. Lawrence Eidelberg named publications director.

**CATA plans distribution of 15 hours of its Cable Operator's Seminar via satellite.** Seminar is July 16-19, Fountainhead Lodge (northeast of Tulsa). Some 4,000 are expected.

**ABC-owned WDAI(FM) Chicago** has been fined \$7,000 by FCC for conduct of rock concerts in spring-summer 1977.



## Personals

Reps. **Lionel Van Deerlin** (D-Cal.) and **Lou Frey** (R-Fla.) speak at June 8-10 Fla. Cable TV Assn. convention, Disney World... **Bill Monroe**, moderator-exec. producer of NBC's "Meet the Press," receives RTNDA Paul White Memorial Award Sept. 22 at convention in Atlanta.

**Carl Lindemann**, ex-NBC Sports pres., appointed vp-programming, CBS Sports... **Larry Tompkins** promoted to eastern sales mgr., NBC TV Stations Div... **Georgia Breza** advanced to dir.-planning & administration, ABC TV Spot Sales... **NAB** Code News Editor **Claire Jarvis** promoted to asst. mgr., Washington Code office.

**Sid Connolly**, KGSC-TV San Jose gen. mgr., elected pres. of parent Continental-Urban TV... **C. Christian Schmidt**, ex-WWL-TV New Orleans, appointed news dir., WCMH-TV Columbus, O.; **Josephine Renola** elected secy., parent Outlet Co... **James Saunders**, Cosmos Bcstg. senior vp-operations, elected a dir.

**Roy Wetzel** promoted to gen. mgr.-elections & polling, NBC News... **Virginia Weber** advanced to mgr.-business administration, CBS TV Network Sales... **Gerald Troxell**, ex-WRAL-TV Raleigh, appointed eastern TV station sales mgr., Arbitron.

**MCA Vp Donald Sipes** also elected pres., subsidiary Universal TV... **Selman Kremer**, Southern Satellite Systems consultant, joins company fulltime as vp, Tulsa hq... **Donald Anderson**, western gen. mgr., & **William Hooks**, central gen. mgr., elected vps, HBO... **Henry Polmer**, ex-National Commission on Electronic Fund Transfers, joins Washington law firm Cole, Zylstra & Raywid.

**Eric Severeid** awarded plaque for outstanding achievement by IRTS; **Walter Cronkite** accepted award for ailing Severeid at N.Y. luncheon. Speaker at next IRTS luncheon in Sept. will be FCC Chmn. **Charles Ferris**.

For better name recognition, **Insilco Corp.** is making minority investment in **Broad St. Communications** and changing its name to **Insilco Broadcast Group**. **Broad Street** owns 6 radio stations in Conn., La. & Okla. plus radio network in Okla. **Insilco** officials have complained company isn't well enough known, hope announcement of name over air will help. **Times Wire** is subsidiary of **Insilco**, and parent also is investor in **Times Fiber**.

"Networks... Much More Than News" will highlight luncheon at Aug. 20-23 **NAB** radio program conference in Chicago's Hyatt Regency Hotel. Network presidents participating include **Harold Neal** (ABC), **Sam Cook Digges** (CBS), **Edward Little** (Mutual), **Eugene Jackson** (National Black Network) & **Jack Thayer** (NBC).

**Draft of rewrite of Communications Act** will be released at press conference June 7, 9:30 a.m., **House Rayburn Bldg.** (tentatively scheduled for Rm. 2322).

**WHNB-TV New Britain-Hartford** appoints **Katz** TV rep, replacing **Adam Young Inc.**

"[The] electronic media of expression are tightly regulated as to who may provide what service to whom, which suggests a disturbing question: if virtually all communications become electronic, will the legal norm that governs them be the civil liberties tradition of the print media or the regulated tradition of the electronic media? As publishing becomes an electronic activity, will the producers of text find themselves under the same regulations that govern the electronic communications? Inadvertently, a few decades hence, publishing may have ceased to be a realm free of govt. regulation. Publishers may end up like broadcasters today, with one eye constantly on govt. agencies"—**Ithiel Pool**, MIT, in Spring 1978 Key Reporter, publication of Phi Beta Kappa.

**License renewal of WLBB (AM)** Carrollton, Ga. has been denied for 2nd time for filing alleged "strike" petition against proposed competitor. **FCC** refused to renew station in 1975; D.C. Appeals Court remanded case 2 years later, saying Commission erred in attaching greater weight to testimony of 2 lawyers (who filed for 2nd AM in market) "simply because they are lawyers" (Vol. 17:23 p4). In affirming earlier decision, **FCC** said "the crucial consideration in the case of a strike petition was whether it was filed for the primary and substantial purpose of delay." In this case, agency said, "the obstructive purpose is shown to exist from the very inception."

**Complaint about AmeriCom's** plans to bring station signals to cable systems via **Western Union** satellite, filed with **FCC** by **Southern Satellite Systems** (Vol. 18:17 p4), has prompted Commission to raise questions of **AmeriCom** & **WU**. Requesting response by mid-June, Commission asked for: (1) Copies of **WU-AmeriCom** agreements. (2) Details of **FCC** tariffs under which service is to be provided. (3) Description of **WU** facilities to be used. (4) "The date filed or estimated filing date of application for Sec. 214 authorization to offer the apparent new service." (5) When service is to start.

**Federal govt. regulation of corporate advertising** is topic of investigation by Senate Judiciary Subcommittee on Administrative Practice & Procedure. Part of purpose is to find out when ad is political or commercial, which dictates if ad is tax deductible. Several large firms have received subpoenas asking for materials on ads. **National Journal** magazine said companies and institutions issued subpoenas include **Exxon**, **Gulf**, **Mobil**, **Texaco**, **Pharmaceutical Mfrs. Assn.** & **IT&T**, plus ad firms representing them.

**AFTRA** has shifted June 28-July 2 convention from Chicago to Denver because Ill. hasn't ratified Equal Rights Amendment.

## Obituary

**David D. Palmer**, 72, pres. of **Palmer Bcstg.**, died May 24 in Davenport, Ia. following stroke. **Palmer's** father pioneered in broadcasting with **WOC (AM)** Davenport, which went on air in 1922. Currently, **Palmer** owns 8 TV-radio stations, cable systems in Fla. & Cal. Wife, 3 daughters survive.



# Consumer Electronics®

*A Section of Television Digest with Consumer Electronics*

MANUFACTURING & SALES • TV • PHONOGRAPHS • TAPE PRODUCTS • RADIO • COMPONENTS • NEW PRODUCTS • FINANCE

## STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended May 19 (20th week of 1978):

	May 13-19	1977 week	% change	May 6-12	1978 to date	1977 to date	% change
Total TV. . . . .	217,561	174,517	+24.6	249,554	5,453,735	4,784,232	+14.0
color . . . . .	144,689*	108,834	+32.9	160,552	3,484,132**	2,923,299	+19.2
monochrome . . .	72,872	65,683	+10.9	89,002	1,969,603	1,860,933	+5.8
Total radio . . . . .	697,255	749,091	-6.9	644,758	15,191,663	13,991,793	+8.5
home, portable .	453,389	515,029	-12.0	361,600	10,094,532	9,066,376	+11.3
AM-only . . . . .	116,536	106,807	+9.1	110,774	3,066,748	2,146,907	+42.8
FM & FM-AM .	336,853	408,222	-17.5	250,826	7,027,784	6,919,469	+1.6
auto . . . . .	243,866	234,062	+4.2	283,158	5,097,131	4,925,417	+3.5

Color TV 5-week moving average: 1978-175,422\*; 1977-131,948 (up 32.9%).

\*Highest for 20th week of any year. \*\*Record.

**METAL TAPE AND 'TRUE PORTABLE' VCR:** First metal-particle tape—3M's "Metafine"—goes into production later this year in audio cassette version, and several hardware manufacturers will be supplying recorders which can use it. But, new tape, with performance characteristics sharply higher than oxide tapes, may well have most significant applications in video.

We've reported on Metafine since mid-1974 (Vol. 14:24 p13, 17:11 p11); various other metal-alloy formulations with similar characteristics are under development by BASF, Fuji, Maxell, Philips, Sony, TDK & others. As announced by 3M at N.Y. press conference last week, fine-metal tapes can vastly improve performance or maintain current performance using about 1/4 the amount of tape. But metal tape requires new hardware—different heads, changes in electronics.

More than 100 hardware manufacturers have been sampled with new tape and several brands ("more than 2") will be coming out this year which can use 3M Metafine audio cassettes. Immediately following 3M press conference, Tandberg demonstrated cassette (\$1,150 & \$1,300) and open-reel decks (\$1,200) which were switchable to Metafine characteristics. (Existing recorders can play back Metafine, can't erase or record.)

Most VCR manufacturers have been experimenting with metal-alloy tapes, and developmental Sendust video heads of type which would be needed are available from Alps, Mitsumi, Canon, probably others. 3M Technical Services Supervisor Del Eilers said same 4-to-1 tape reduction applies to video as to audio—meaning that with modified video deck, a VHS cassette with metal-alloy tape could provide about 16 hours recording time at quality comparable to today's 4 hours, or quality could be sharply improved at lesser decrease in speed.

Greatest home video potential of metallic tape probably would be for portable recorders. Small cassette, of audio size, slipped into ultra-miniaturized CCD camera-recorder combination could be used to store more than hour of color pictures. BASF's EVR portable system is based on this approach (Vol. 17:35 p7)—with tape speed of 160 ips, which theoretically could be cut to far more reasonable 40 ips by using new tape.

A top engineer of major Japanese VCR manufacturer told us last week he strongly doubted there would be near-term changes in current 1/2" VCR format to accommodate advantages of new tape because "present standards are well accepted by the consumers." However, he said



metal tape was promising for next generation of portable recorders. How soon? "If you look at history, you'll see that video formats traditionally change every 5-7 years—so I'd say we might see something in about 5 years"—which will give industry time to develop companion CCD color camera.

Even in audio, metal tape promises to be controversial. There's no standardization, and some manufacturers think digital recording—rather than improved analog—is next major step. Nakamichi showed developmental audio cassette recorder last March designed to play back metal tape. Company will demonstrate 2- & 3-head cassette recorders in Chicago next week in experimental session to demonstrate metal tape and get reaction of dealers & others.

3M says Metafine cassettes will retail at price between that of current top cassettes and open-reel tape—probably around \$10 for C-90, will bring cassette performance to open-reel quality. Among other future uses: Hi-fi microcassettes, computer, instrumentation.

**U.S. COLOR PRICING DOWN IN QUARTER:** Average prices domestic color producers charged for most popular screen sizes in first quarter were \$5-\$9 below averages for all of 1977, and in key 19" category were nearly \$15 less than in same year-earlier quarter, International Trade Commission survey shows. Study also indicates importer inventories are building rapidly.

ITC quarterly study indicates relative health of domestic producers and is part of program to monitor effectiveness of Orderly Marketing Agreement restricting Japan's annual color exports to U.S. to 1.75 million. Data is compiled from manufacturer responses to ITC questionnaires.

ITC reports domestic color production in quarter of 1.91 million sets, up 18.6% from Jan.-March 1977, slightly lower than the 22.2% increase indicated by our analysis based on EIA & Commerce Dept. figures (Vol. 18:21 p7). It puts 17"-&-under output at 297,700 (up 14.5%), 18"-19" at 844,400 (up 20.1%), 20"-&-over at 763,000 (up 18.3%). EIA-Commerce figures for same screen sizes indicate respective totals of 352,500 (up 19.8%), 863,700 (up 30.2%), 728,000 (up 14.9%). Variations are small enough to represent differences in timing (ITC operates on strict calendar basis), probable errors in Customs reports to Commerce and fact EIA estimates results for some manufacturers.

Domestic factory color shipments in period were up 19.7% to 1.88 million, valued at \$636.5 million, up 15.4%. Shipments of 17"-&-under totaled 293,000 (up 13%), worth \$69.9 million (up 10.1%); 19" shipments were 906,300 (up 33.2%) at \$262.9 million (up 26.8%); 20"-&-over totaled 680,500 (up 8%) at \$303.9 million (up 8.2%). All figures reflect activities of both U.S. & foreign-owned manufacturers here and include imports which actually passed through factory warehouses. ITC reports factory imports in quarter totaled 113,400, up 167.8%, with 17"-&-under up 41.4% to 37,000, 18"-&-over up 373% to 76,300.

Factory color inventories at end of March were 698,200, says ITC, up 6.4% from start of year and up 6.1% from end of March 1977. Comparison of ITC data with EIA factory-level inventory figures indicates importer stockpile (excluding sets held by factories) was 574,000, down 1.9% from year earlier, but up 37.6% from end of Dec.

Indicated unit increase for importer inventories, 157,000, is more than triple that shown for domestic factories. If figures are accurate, they show that 36% of complete color imports (excluding factory imports) in first quarter were unsold. Lack of historic data precludes drawing firm conclusions, but figures could be first sign of market resistance to higher prices on Japanese sets.

Continuing decline in average color prices of domestic factories can't be helping importer situation. Here's ITC's compilation of average U.S. factory pricing by screen size:

	13"	16"-17"	18"-19"	20"-&-over	All sizes
First quarter 1978	\$217.83	\$292.05	\$290.07	\$446.51	\$338.60
First quarter 1977	223.72	291.68	304.87	445.67	351.42
Full year 1977	223.03	289.47	298.79	452.91	350.12



**JAPAN COLOR EXPORTS SANK IN APRIL:** Japanese U.S.-bound exports of color TV & CB each sank to 3-year monthly lows in April, but VCRs showed signs of life, climbing to 2nd highest monthly total ever, Finance Ministry statistics show.

Month's total TV exports to U.S. were down 36.8% to 237,800, as steep 60.2% drop in color to 101,700 erased effect of 13% b&w gain to 136,100. In year through April, Japanese exported 1.04 million TVs to U.S., down 13.4%, with color down 35.6% to 487,200, b&w at 548,500, up 24.8%. Color totals include 98,100 complete sets and 3,600 kits for month, 419,100 complete sets and 68,200 kits for 4 months.

VCR exports in April jumped 279.1% to 50,800, monthly total 2nd only to 60,400 shipped to U.S. last Nov. Results brought 4-month total to 169,300, slightly more than half number exported in all of 1977, and up 255.1% from same year-earlier period. April CB exports dropped 75.7% to 174,000, lowest since Feb. 1975, leaving 4-month figure at 918,300, down 66.9%.

April was all-around bad month for Japanese color makers. EIA-Japan said factory shipments were down 20% to 696,000, worldwide exports fell 37.5% to 264,000, home market volume edged down 3.6% to 432,000.

**SENATE INTERFERENCE HEARING:** Senate Communications Subcommittee hearing on Goldwater bill to empower FCC to require interference filters on virtually all electronic equipment—including TV, radio, electronic organs, etc.—is scheduled for June 14. Witness list hasn't been finalized, but FCC, MST, ARRL, EIA Consumer Electronics Group & Communications Divs., IHF, Bureau of Standards, are scheduled, as is Rep. Vanik (D-Ohio), author of similar bill in House.

Bill is response by Sen. Goldwater (R-Ariz.) to million-plus complaints received by FCC annually about CB & ham interference. He contends that consumer electronics manufacturers should have installed adequate filtering. FCC has been warning industry about problem for several years (Vol. 16:44 p9) but hasn't reached position on Goldwater bill. EIA CEG will oppose bill, but its Communications Div. is expected to favor it.

No one seems concerned that hearing date falls on final day of Chicago CES. "I haven't had any feedback on it," noted Raymond Strassburger, minority counsel for Senate Commerce Committee.

U.S. exporters who feel they are being shut out of Japanese market unfairly can have cases reviewed by top U.S. & Japanese trade officials under procedures outlined by Commerce Dept. Grievances filed with agency's Trade Facilitation Committee are first investigated here, and if found reasonable are sent to Japanese counterpart for comment. If Japan's response isn't adequate, trade negotiations may be started. TFC is designed to handle procurement practices, customs procedures, administration of health & safety standards, won't get involved in duty, quota or patent issues or normal business disputes.

Primary defeat of Rep. Breckinridge (D-Ky.) may spell end to probe of auto radio pricing practices of Detroit car makers. Investigation was launched last fall by his Small Business subcommittee. Other subcommittee members, it's understood, don't feel case is particularly important. Probe was outgrowth of Committee hearing on FM auto radio market penetration last fall (Vol. 17:39 p9).

**Mergers & acquisitions:** Corning has agreed to sell Albion, Mich. picture tube glass plant to Guardian Industries (insulation producer), terms undisclosed. Corning closed 750,000-sq.-ft. facility in 1975 when it discontinued production of b&w bulbs... NARDA has agreed to acquire assets of Brand Names Foundation, manufacturer-supported non-profit organization, terms undisclosed. NARDA Pres. Bill Fisher said BNF's Brand Names Retailer of Year contest activities will be expanded, and new product certification program launched... Airco Inc. is discussing sale of carbon resistor producing unit, Airco Electronics, to Japan's Koa Denko, is also negotiating with U.S. firms. Disposal of AE would leave Airco in ferro-alloy & industrial gas businesses. As result of recent tender offer, Airco is 94.5% controlled by U.K. gas producer BOC International... American Can signed definitive agreement to acquire Sam Goody retail chain for shares worth about \$5.1 million. Goody will become part of Pickwick International.

**Domestic color tube producers** are cashing in on U.S. set market boom but are losing ground in renewal & export markets, according to first-quarter factory sales totals from EIA. Figures show total tube sales for period at 2.17 million, up just 3.8% from 2.09 million in same year-earlier period. OEM volume was up 15.7% to 1.82 million from 1.57 million, but sales for replacements were down 25.1% to 115,200 from 153,600, and exports dropped 35.8% to 232,300 from 361,900. Renewal total excludes sales by independent rebuilders.

**General Instrument sales** of components in year to Feb. 28 rose 38% to \$191.9 million, though bulk of gain was in parts for industrial customers, as volume in entertainment components edged up just 4%. Semiconductor sales, including ICs for video games & computers, rose 26% to \$129.2 million. Gross profit from components was up 33% to \$23.3 million, while semiconductor profit increased 22% to \$15.3 million.

**Tandy is expanding** Radio Shack chain in Japan. Relative success of 5 Tokyo-area outlets has encouraged Tandy to aim at opening 7-9 new stores in other parts of Japan by year end.



**2 V-DISCS IN CHICAGO:** With Magnavox still aiming for first marketing of Philips/MCA optical videodisc system late this year or early next and RCA stepping up publicity in behalf of its still-tentative capacitance system, activity intended to influence future disc standards is increasing. In 2 consecutive weeks in Chicago area, Sony & Matsushita are scheduled to hold first U.S. demonstrations of their respective optical & mechanical systems.

Matsushita's "Visc" system (Vol. 17:48 p6) will be shown at invitational preview next week at CES. In answer to our question last week, Panasonic Exec. Vp Ray Gates confirmed that disc system would be shown in private room at McCormick Inn. "We'll show it to a few knowledgeable people, as we did our projection TV a year ago" (Vol. 17:24 p10), he said. "We got some good information and ideas which we incorporated into the product." He stressed there are no production plans for Visc.

Visc system, demonstrated in Japan last fall, can store up to one hour of video on each side of 2-sided 12" disc, is said to be extremely simple. Diamond "twist stylus" is said to be one of Matsushita's major contributions in system, which could be brought into compatibility with RCA's capacitance system.

Meanwhile, in appointing ex-NBC Pres. Herbert Schlosser to RCA exec. vp (see Personals) with first assignment to "develop comprehensive software program" for videodisc, RCA Pres. Edgar Griffiths said software is "major challenge that must be overcome before we can decide whether to market this new system," and Schlosser is "exceedingly well equipped" to overcome it.

Sony's system will be demonstrated and described in Arlington Heights, Ill. this week at IEEE Spring Conference (Vol. 18:20 p10). In Japan, Sony announced some details—enough to indicate that its system isn't currently compatible with Philips/MCA system. Like Philips/MCA, it uses reflective 12" disc, helium-neon laser and in fast-speed mode (30 min. per side) disc revolves at 1,800 rpm; still, slow, fast & reverse motion are possible at this speed. However, one-hour-per-side playing time is obtained by cutting speed in half to 900 rpm, which eliminates those special features. Philips/MCA system achieves 60 min. per side by using principle of "variable angular velocity," recorded track speed remaining constant in relation to laser-beam pickup, record speed changing from 1,800 to around 600 rpm as pickup moves toward center of disc (Vol. 18:3 p8). Sony said it had no plans for production, indicated it was revealing specs in interest of standardization.

\* \* \* \*

**Summer Consumer Electronics Show June 11-14** will be largest to date, with total attendance expected to exceed 50,000, preregistration standing at 37,343. Total of 821 exhibitors will occupy 436,416 net sq. ft. in Chicago's McCormick Place, McCormick Inn & Pick Congress Hotel, latter being exhibit area for more than 100 esoteric hi-fi manufacturers. Allied events will include audio, video, CB, computer & calculator conferences, 6 retail management workshops, export seminar, 2 esoteric hi-fi seminars, seminar on semi-pro audio.

**GE ON CB:** At least one company still believes money can be made in CB. That's GE, which last week introduced revamped 15-model line—9 mobiles, 3 base stations, 3 hand-helds—all, except hand-helds, with phase-lock-loop electronic tuning, LED channel readouts. At same time, GE announced campaign aimed at repositioning CB in marketplace.

PR effect, as described by GE, will ignore amusement & insider-lingo facets of CB ownership, stress use as safety & security tool. GE plans to work with & through local CB associations, REACT groups, schools & trade associations, plans to sign on national spokesman for effort, have touring mobile information center.

Behind program is GE's belief CB market has bottomed out. Company estimates 7.1 million were sold to consumers last year with retail value of just over \$600 million, forecasts 5.5 million at about \$520 million for 1978, modest increase in 1979. GE is predicting that mobiles, which traditionally accounted for over 75% of unit volume, will take about 71% this year, base stations holding about 17%, hand-helds 13%.

CB line starts with \$22-a-pair hand-held leader; cheapest mobile is \$80. At high end in mobile are hideaway model with all controls on mike at \$180, in-dash stereo FM-AM-CB combo at \$280, while top of base line is single-sideband unit with built-in digital clock at \$470. Incidentally, GE was among importers taken by surprise when Customs began levying full 21% on hand-helds having external power inputs (Vol. 18:19 p11). Spokesman said new shipments of hand-helds will have LED battery indicator installed in hole formerly used for AC adaptor jack.

Other additions to line: Two electronic digital clock radios settable forward & backward at \$53 & \$68, latter with 2 alarms; pocket FM-AM-CB at \$30, table FM-AM with VHF TV band at \$38. Among new tape units is minicassette-FM-AM radio combination at \$105, AC-battery-12-volt cassette recorder featuring LED pause, record & battery indicators, electronic touch pause bar, \$65.

At preview, GE estimated retail value of home radio market will grow 5% this year to \$560 million, tape will increase 18% to \$360 million, said that for targets to be reached 2nd-half sales will have to rise 2% for radios to \$327 million, 7% for tape to \$220 million, CB 29% to \$322 million. GE says its sales for 2nd half should be up 13% for radio, 12% for tape, 107% for CB.

Spoken-word prerecorded tape market rose 71% last year to \$106 million, should climb to \$160-\$170 million by 1983, according to study by Knowledge Industry Publications. Consumers provided biggest market last year, accounting for \$25 million in sales, followed by \$23 million for education, \$18 million in professional (doctors, accountants, etc.) markets.

Parts orders received by panel of manufacturers in first 4 months of year were up 14.7% in value from same 1977 period, EIA reports. April orders were up 17.1%, 2nd highest for year after 21.1% increase reported for March. EIA's index shows orders running 106.4% ahead of 1969-71 base.



**FOTOMAT'S VIDEO DEBUT:** Fotomat kicks off its super-8-to-videocassette home-movie transfer service July 3 at all 3,400-3,500 stores nationwide (Vol. 18:13 p10), we were told last week by Chmn. Richard Irwin. He declined to give specific prices, but said they "will be less than half of any price that I've seen."

Fotomat has installed "most sophisticated transfer equipment made" at Fountain Valley, Cal. plant, will supply transfers "as close as possible to broadcast quality." Irwin said labs will splice consumer's film, put it on large reel, run it through cleaning solution, edit out bad footage on request, enhance faded color as part of transfer job. Prices will be quoted without cassettes; Fotomat will transfer home movies to consumer's partially used cassette or will supply one at retail price. Fotomat will handle brand-name blank cassettes at its stores.

Company hopes to give one-week service anywhere in U.S., plans 2nd facility and has already ordered equipment for it. Fotomat has 12 processing plants, and Irwin said all eventually could handle film-to-cassette transfer. Fotomat won't sell VCRs—"we sell blades, not razors."

"Video is the next big consumer product," said Irwin, "and we're going all the way with this." Hardware manufacturers "miss the boat in not understanding that people buy VCRs for more than time-shift," Irwin said. "People don't realize the flexibility & versatility of VCR. Tape & film are so compatible they'll draw closer & closer together." VCR will create "mini-revolution in photography," he forecast.

Company which has been transferring super-8 to cassette for more than year pooh-poohed Fotomat estimate that job could be done for \$1 per 50-ft. super-8 reel plus cost of cassette. William Follett, who heads S/T Videocassette Duplication, Sony-Video Corp. of America joint venture, commented: "I'm a solid businessman. Our product is priced tightly. I would raise prices if I could. Anyone who wants to undercut these prices is not a solid businessman. No matter what the trial period is, it will have red ink at the end of it."

S/T's prices vary according to number of super-8 reels transferred to cassette. Transfer of 8 reels costs \$46 for Beta, slightly more for VHS, including splicing reels and cassette. S/T packs maximum of 8 reels into cassette (24 min.) because, Follette says, that's maximum number which can be spliced and played back with quality. S/T now serves "several hundred" dealers—almost all of them VCR hardware dealers—has staff of 65 involved in duplicating.

Hitachi's 2- & 4-hr. VHS-format VCR, to be introduced at CES, claims highest signal-to-noise ratio (46 dB in SP mode, 43 dB LP) of any consumer unit, has low-noise single-crystal ferrite video head in drum cylinder made of specially treated material called AHS which is claimed to double head-drum life. Unit features picture freeze on playback, one-button recording, built-in digital clock-timer, remote pause. Hitachi also will introduce self-contained portable color camera weighing only 4.8 lb., with controls on camera head instead of on CCU. Camera

uses single tri-electrode vidicon, claimed to be capable of generating 3 independent signals and integrating them within tube. Prices weren't announced. Both products are scheduled for summer delivery.

BASF will introduce chromium dioxide Beta videocassettes at CES, to be sold at "slightly higher" price than cassettes now on market.

**VTR FORECAST:** VTRs, cassettes & accessories will represent \$2.2-billion business worldwide at wholesale, and \$1.4-billion in U.S. in 1980, according to new study by Nomura Securities International. Study forecasts these average U.S. wholesale prices in 1980 (1977 prices in parentheses): VTRs \$400 (\$713), cassettes \$8 (\$8.34), color cameras \$500 (\$2,512), b&w cameras \$150 (\$192), portable VTRs \$350 (not available in 1977). Here are Nomura's estimates of wholesale dollar volume, worldwide & U.S., 1977-1980: (in millions):

Worldwide	1977	1978	1979	1980
VTR	\$541.7	\$ 825.0	\$1,000.0	\$1,350.0
Video cameras	70.4	113.5	199.0	327.0
Portable VTR	--	23.8	63.0	156.0
Videocassettes	68.4	180.0	262.0	382.0
<b>Total</b>	<b>\$680.5</b>	<b>\$1,142.3</b>	<b>\$1,524.0</b>	<b>\$2,215.0</b>
<b>United States</b>				
VTR	\$116.9	\$ 337.5	\$ 500.0	\$ 760.0
Video cameras	38.9	73.3	146.5	271.5
Portable VTR	--	15.2	47.0	133.0
Videocassettes	27.6	92.0	162.0	248.0
<b>U.S. Total</b>	<b>\$184.3</b>	<b>\$ 518.0</b>	<b>\$ 855.5</b>	<b>\$1,412.5</b>

Report forecasts shipments of VTRs to U.S. will increase from 1977's 209,000 to 750,000 this year, 1.25 million next year and 1.9 million in 1980. U.S. color camera sales will rise to 600,000 in 1980, b&w to 424,000, portable VTR 520,000. U.S. used about 3.3 million cassettes last year, and this will increase to 9.2 million this year, 18 million in 1979 and 31 million in 1980.

Study suggests that portable VTRs eventually will compete with home film cameras, and that viewer will have choice of playing short portable VTR tape directly through home VTR or dubbing short tape onto a 2- or 4-hour master videocassette, editing electronically to eliminate undesired segments of tape. Portable units should start to appear this year, Nomura predicts.

Microwave oven shipments posted modest 6.2% increase in April, reaching 141,000, bringing 4-month total to 589,500, up 2.4%, AHAM reports. Figures include both U.S.-made & imports. MW growth badly trails overall appliance industry shipments, which averaged 23.7% increase for month, 11.7% for full period.

Hi-fi TV tuner is offered by Wintec as feature on 60- & 120-watt receivers, "adds only about \$50 to the price," according to Wintec Pres. Frank Finn. Meanwhile, Pioneer reports heavy dealer interest at Atlanta IHF show in TVX 9500 TV FM tuner. Pioneer's component, at \$250 list, should be on dealers' shelves by mid-to-late summer.



## Personals

**Herbert Schlosser**, being succeeded by **Fred Silverman** June 9 as NBC pres., is expected to be elected an RCA exec. vp June 7, reporting to Pres. **Edgar Griffiths**. His first assignment will be "to develop a comprehensive software program for the RCA SelectaVision videodisc project," Griffiths said, stressing that RCA hasn't yet decided whether to market disc. He will work with Staff Vp **Richard Sonnenfeldt**, who continues in charge of videodisc project development.

**John Morgan**, ex-D.A.B. Industries (auto products), joins Capehart as operations vp, responsible for plants in Norwich, Conn. & Industry City, Cal., assuming responsibilities formerly performed by **Dave Luchs**, promoted from mfg. vp to new post of planning & new business opportunities vp... **David Marks**, Morse Canada pres.-chief operating officer, adds duties as chief exec., and named corp. vp... **John Koss**, Koss chmn., assumes post of pres., replacing **Thomas Needles**, resigned. **Tom Itoh** named gen. mgr. of Hitachi Sales Corp.'s new VTR Div.

**Allan Wallace** promoted at Hitachi Sales to sales dir.; **Roger Smith**, ex-Whirlpool, joins as west region mgr., succeeding Wallace... **Norio Tamura**, former TEAC Japan International Dept. dir., named pres. of U.S. subsidiary, succeeding **Masaaki Takashashi**, who has been interim pres. and now returns to fulltime post as exec. vp of parent; **Tay Hotta** returns to TEAC (U.S.) as asst. to Tamura; **Gary Beckerman** joins as admin. dir... **John Stead**, ex-Ikegami & Hitachi, joins Sharp Professional Products Dept. as video product line west region mgr.

**Donald Mitchell**, ex-Plessey (U.S.) pres., one-time Rockwell Microelectronics pres., joins GTE Products Group as mktg. & planning vp, succeeding **John Arnold**, retiring after 30 years with company... **Peter Lesser**, ex-GI Microelectronics mktg. vp, joins BSR (U.S.) with responsibility for managing planned line of microprocessor products; it's understood first item will be for home lighting... **Dale Ishii** advanced at Panasonic Product Engineering Div. to Quality Assurance Group asst. gen. mgr... **John Chass**, Royce vp, named to head new Phone Div... **Richard Gralton**, GE Major Appliance Product Mgmt. Div. gen. mgr., named corp. vp.

**E. MacIn Roby** promoted at Gulton from vp to exec. vp-chief operating officer, responsible for all divs. & subsidiaries; **Robert Pabst**, Electro-Voice pres., named Gulton vp... **Gene Schillinger** resigns as Sanyo mktg. vp, plans & successor unannounced... **Jack Smith**, ex-Pickering, appointed Micro-Acoustics national sales mgr... **Patrick Dalton**, ex-Keene Corp., joins Shure as domestic distributor sales mgr.; **Ken Reichel** appointed mgr. of new Technical Mkts. & Product Management Dept.; **Al Groh** advanced from sales engineer to hi-fi products mgr.; **Lee Habich** appointed ad & sales promotion mgr.

**Gordon Love**, ex-Union Carbide, appointed Sprague corp. R&D vp... **J. Kenneth Muenstermann** appointed Rockwell Microelectronics national sales mgr.; **Dennis Lake** shifts at Mostek from distributor sales mgr. to west area mgr., replacing Muenster-

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with

Consumer Electronics ...

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mann... **John Walsh** resigns as Mirco chmn.-pres., duties assumed on interim basis by operating committee headed by Operations Vp **Robert Tiffany**... **Ron Stephens**, ex-General Instrument Microelectronics MPU gen. mgr., joins Arthur D. Little as senior consultant in San Francisco office... **Richard Norwood**, GI Microelectronics vp, receives product responsibility for all consumer ICs (entertainment, video games, calculators); **Vivian David**, former calculator IC product mgr., named to staff R&D post.

Hitachi will introduce 15 new TVs at CES, featuring Electronic Eye Color Lok II, auto-color system with light sensor in two 15" & 19" color sets and electronic tuning & remote in 13" & 15" color for first time. Prices are up sharply from year ago, including interim price increases which averaged less than 2% in Jan. (Vol. 18:3 p12). New line starts with 12" at \$300, with 13" at \$350 (up \$20 from year ago), with 13" electronic remote (no price) due in Nov.; 15" line starts at \$390 (up \$10), with electronic remote at \$520; 19" leader is open (\$400 last year), stepping to \$460 (up \$30), \$520 (up \$70) & \$560 (up \$60), electronic remote \$590. B&w line starts with 12" open-list model, step-up at \$110, with 19" open list. New 9" has electronic shut-off timer which can be pre-set up to 2 hours; 4 lights indicate elapsed time in 30-min. intervals. Hitachi's compact stereo line is highlighted by model with 8-track & cassette recorders at \$370, 8 others \$130-\$320. Three AM-FM portable cassette recorders are \$70, \$200 & \$270.

Microcomputer beginner's kit from Sharp goes on market this month in Japan. "MZ-40 Mycom Hakase" has MPU with one K-byte ROM & 256-bit RAM, will sell for about \$110 (24,800 yen).



WEEKLY

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast

**REWRITE RELEASED:** Long-awaited House Communications Subcommittee rewrite proposal released by Van Deerlin & Frey. Cable, radio deregulated. TV regulation reduced broadly. FCC replaced by new agency. All licenses eventually perpetual. Spectrum use fee included. CPB, NTIA, fairness doctrine eliminated. Reaction. (Pp. 1 & 5)

**SENATE MOVES ON SEARCH:** Hearing set June 22 on Bayh & Dole bills to reverse Supreme Court decision allowing searches of news offices without subpoena. (P. 3)

**SENATE UNIT WARNS FTC:** Kid TV ad proceeding draws fire from Appropriations Subcommittee. FTC budget increase cut. Hollings says Congress should take up issue. (P. 4)

**NAB CHILDREN'S PROGRAMMING** conference finds that shows have improved. Washburn recalls Sat. 'jungle,' is upset by ACT-sponsored report. (P. 5)

**ANOTHER ROUND ON SEC. 315 & fairness** during Senate hearing on Proxmire bill. Ferris, Geller, McGannon against repeal. (P. 6)

**NBC ATTORNEY CITED** by Cal. judge for contempt for refusing to screen movie. (P. 6)

**HOUSE ALLOWS AUDIO COVERAGE:** Newsmen can get feed from House system beginning this week. News organizations complain 'House is covering itself,' will take feed in protest. (P. 7)

**THE REWRITE—IT'S HERE:** Much-heralded, much-awaited Communications Act rewrite proposal of bi-partisan leadership of House Communications Subcommittee was made public last week. It was met by regulated industries—broadcast, cable, common carrier—with reaction similar to that of man kissing his sister: Nice, but not that nice. It offers a juicy carrot to all, at the same time taking something away. To wit:

It eliminates FCC, replacing it with 5-person Communications Regulatory Commission; radio licenses are made perpetual, TV licenses would be after 10 years, both subject to revocation for cause; radio & CATV are nearly totally de-regulated, but much would be left up to states & cities on CATV regulation; licensees would pay spectrum use fee to support public broadcasting & others; telephone companies would be permitted to return to cable ownership—very upsetting provision for CATV industry; repeals fairness doctrine, exempts candidates for national & state-wide office from equal time. (For major provisions of bill, see p. 5).

### Consumer Electronics

**WHO'S EATING** all the color sets? That will be corridor topic at CES as May sets 4th consecutive monthly production record with annual rate of 11.23 million. (P. 8)

**COLOR IMPORT RECORD** set in April as both complete & incomplete shipments hit new highs for month. Steady rise in color imports from 3rd countries puts value of Japan-only quota in doubt. (P. 9)

**COLOR MARKET-SHARE** changes slight in 1978 model-year, Television Digest survey indicates. Zenith in No. 1 spot by 1.15-point. Monochrome rankings show shifts; Sears with all-time-high 10% is 3rd. (P. 10)

**COLOR CAMERAS GALORE** scheduled for introduction at CES, with emphasis on under-\$1000 range—JVC & Magnavox twins, Quasar-Panasonic-RCA triplets. GBC already delivering. New VCRs from JVC, Magnavox. (P. 12)

**'HIGH-RESOLUTION'** TV highlights Magnavox line, using comb filters to increase definition in color sets. Line features 100-degree in-line tube, company's first Taiwan-made color. (P. 12)

**ADVENT, KLOSS SETTLE** lawsuit, Kloss contributing \$817,000 in stock in exchange for voiding of pact which Advent interpreted as preventing him from licensing projection TV system. CES to see heavy projection activity. (P. 14)



Here are some reactions: "It's a mixed bag... If I had to take it or leave it, I wouldn't take it. It'll be a bonanza for lawyers because it throws out 30 years of precedent."—veteran broadcast lawyer.

"It's obviously a far cry from... a revolution of the broadcast industry that was suggested in the option papers... In many areas it seems to be going in the right rather than the wrong direction, particularly in radio... Any prudent broadcaster is going to have to take a sober point to point look... There are parts of the bill that [cause reactions which] range from confusion to downright concern [such as spectrum use fee, deregulation of cable]... Broadcasters are going to feel threatened... Certainly in the smaller station markets. It'll be a long, difficult & interesting legislative process... not anything less difficult than something like the copyright bill."—network official.

"They didn't do a lot of the crazy things I thought they were going to do. It's a lot more tempered. They ignored the networks. That just blows my mind. It's kind of like having a chance to break up GM & Ford and then ignoring it. They break up AT&T but don't break up the networks. It's a lot easier to beat up on Ma Bell than CBS. It's a different ball game."—Senate aide.

"I don't know anybody who likes it, and I just don't mean broadcasters. Only public interest groups and minorities were pushing the rewrite, and they seem less happy than anybody... The things in it that are good—repeal of Fairness Doctrine & 315—just aren't going to get passed... The spectrum tax, that's going to be a very large problem [because major markets will pay heavily]."—network official.

"Congressman Van Deerlin and his subcommittee are not only in tune with the anti-big government mood of the American people today—they are considerably ahead of it... The new Act represents a courageous, much-needed initial proposal with great potential benefits for the public interest."—FCC Comr. Quello.

"There are no great surprises in that bill. If you had sat through the meetings, you would see the general tone of them is reflected here. With the exception of totally knocking out cable [regulation], I would have guessed these. It will be interesting to see how the members feel about deregulating TV. The bill is a great attempt to balance a lot of interests. It's a good first start. Congratulations & here we go."—aide to House Communications Subcommittee member.

"Nowhere in that bill is the term 'public interest' used, and I don't believe that the bill is in the public interest... The market place is good for some things & primarily its good for making profits, and I think that's what's wrong with the bill. It freezes present ownership and does nothing to help anyone now outside of the present structure. It maintains the present structure into perpetuity. The real question that needs to be asked is who will profit most. It's definitely not those outside the present ownership structure."—Nolan Bowie, executive dir., Citizen's Communications Center.

"Throughout the legislation the key issue raised is whether the marketplace should replace regulation... That issue must be addressed by both the Congress and the Commission."—FCC Comr. Fogarty.

"I believe the congressional effort to take a comprehensive look at communications regulation is a healthy one."—FCC Chmn. Ferris.

"We applaud the efforts of Congressman Van Deerlin and Frey in attempting to develop an updated, consumer-oriented Communications Act. A major provision of the bill would lift the federal regulatory shackles which have long denied consumers the full benefits of cable technology... However, to assure that regulations dismantled on the federal level would not be reassembled on the state level, some congressional guidance may be necessary... We also believe the bill's common-carrier provisions must be carefully scrutinized. They appear to open the door for the world's largest and most profitable monopoly, the telephone company, to expand into virtually all areas of communications, including cable..."—NCTA Pres. Robert Schmidt.



"It would be hard for me to imagine anybody in the cable business being happy with this bill the way it is written."—cable executive.

"The NAB applauds much of what the House Communications Subcommittee is attempting to accomplish—less regulation, achievement of greater First Amendment protection, a fair climate for industry growth and increased service to the public... Any changes in the basic statutory scheme proposed through legislation must be carefully weighed before adoption."—NAB Pres. Vincent Wasilewski.

"A first reading of the proposed new Communications Act indicates major improvements for radio journalists but disappointments for their colleagues in TV. RTNDA applauds the proposed deregulation of radio, while concern remains about the possible economic effects on radio newsroom budgets of a spectrum use fee."—RTNDA Pres. Ernest Schultz.

In releasing 217-page document, joint-sponsors Reps. Van Deerlin (D-Cal.) Subcommittee chmn., and Frey (Fla.), ranking Republican, pointed out philosophy behind bill is to provide regulation only "to the extent marketplace forces are deficient." Van Deerlin explained bill is "only a starting point." Hearings on bill will begin week of July 17 and center at first on new agencies to be set up, then common-carrier matters, then broadcast. "We have no doubt that in the next round of hearings," Van Deerlin said in speech prepared for Florida Cable TV Assn. last week, "the industries and interests affected by our bill will come before us and tell us what we did right and where we went wrong."

Frey said country for years "bumbled along. We've had a hodge-podge in communications. This country has no communications policy." Van Deerlin's timetable for approval of bill, seen by most as overly optimistic, would have it approved by both houses of Congress by 1980.

**SENATE MOVES ON SEARCH:** Cries of alarm intensified in Washington last week over Supreme Court's 5-3 decision that police may search TV-radio & newspaper offices for evidence via search warrant and without subpoena (Vol. 18:23 p1). Bills were introduced by Sens. Bayh (D-Ind.) & Dole (R-Kan.), designed to overturn Court ruling, and Bayh—chmn. of Judiciary Subcommittee on the Constitution—scheduled June 22 hearing.

Bayh said his bill "strictly limits governmental powers of search & seizure, whether in newsrooms or in the homes of private citizens. [It] would prohibit search & seizure of evidence when that evidence is in the possession of a person or organization not implicated in any criminal activity." Under Supreme Court ruling, police would have authority to enter any news office with search warrant without advance notice (as opposed to subpoena, which must specify what is being sought with material to be provided by respondent) and go through all files, waste baskets, etc.—and take anything.

Both Dole & Bayh hit "surprise" element of search warrant, as opposed to subpoena, Bayh saying the proper procedure is to serve a subpoena "rather than conduct a surprise search." Dole said Congress must move "swiftly & boldly" to restrict use of search warrants. "The decision is not justifiable and it will have a chilling effect on the freedom of the press," he added.

Case arose in 1971 when Cal. police raided office of Stanford U. newspaper seeking pictures of individuals who attacked police during campus demonstration. Supreme Court reversed 2 lower courts, which had held police search was illegal. "Legislation may be the only answer" to correct situation, Stanford U. News Service said last week.

NBC Chmn. Julian Goodman wrote congressional leaders on both sides of aisle, said he "would be pleased to appear personally before any committee" to help push through legislation overturning Supreme Court. He expressed "my deep sense of concern that [decision] may result in a rapid erosion of basic freedoms... The effect of this decision... on the news and information the public will receive is likely to be enormously harmful."

ABC commentator Howard K. Smith called decision "the worst, most dangerous ruling the Court has made in my memory... Police may now raid without warning any news office in America, rifle and study all of its papers, based only on the easily obtained warrant of some political judge with a built-in grudge against the media... May there be a public outcry for reconsideration of this Nazi-like ruling."



**SENATE UNIT WARNS FTC:** FTC got the word again from Senate Appropriations Subcommittee that Commission's children's TV advertising rulemaking proceeding is unwanted (Vol. 18:23 p3). Subcommittee cut FTC's requested budget increase by \$700,000 to get point across, although members bent over backwards to tell FTC that inquiry can continue.

Subcommittee voted 6-3 to make cut and include language written by Sen. Weicker (R-Conn.) in appropriation bill's report, which raises Constitutional questions of FTC's actions. Report states: "Clearly the Committee is disturbed by the First Amendment (free speech) ramifications inherent in the FTC's proposed rulemaking. . . It is our position that if the question of how many cavities for how much freedom is to be considered seriously at all, then it should be done with- in the full constitutional process (legislative, executive, judicial) and not as a matter belonging to regulatory rulings."

And Sen. Hollings (D-S.C.), Subcommittee chmn., indicated he's interested in Congress examining questions on children's TV advertising, possibly in the Communications Subcommittee, which he chairs. Hollings also alluded to possibility of a children's endowment for funding children's shows, similar to one for public broadcasting included in Van Deerlin-Frey rewrite bill (see p. 1).

Hollings said he is concerned that "if he [FTC Chmn. Pertschuk] can get a rule with respect to sugar . . . they can do it on calories. I'm concerned about First Amendment rights." Decision to cut budget increase 25% evidently was compromise between Hollings & Weicker, ranking minority member. Weicker said if it was up to him, he'd eliminate any increase (FTC wanted \$2.8 million more), leaving decision up to FTC on whether to continue inquiry.

Strongest backer of FTC was Sen. Leahy (D-Vt.). Said he: "What we're doing in effect is (saying) that the Subcommittee is taking over the duties and actions of the FTC. If we're going to do that, we don't need an FTC. In the past, the FTC has been accused of being too timid. I expect this timidity would be reinstated."

Meanwhile, Pertschuk has sent internal memo to FTC staffers warning them to not match "arrogance" of 2 staffers who made public statements about proceeding. In one case, anonymous staffer told Washington Post that recent congressional action on children's advertising was "stupid." In other, staffer called on radio listeners to boycott KIOI(FM) San Francisco because it opposed FTC's action (Vol. 18:23 p3). "He's got enough troubles with Congress without those kinds of things," Hill aide said. Sen. Goldwater (R-Ariz.), member of Communications Subcommittee, is expected to ask FTC to investigate KIOI incident.

Following mandate of D.C. Appeals Court in HBO case (Vol. 17:13 p1), FCC has started inquiry into ex parte contacts involving non-adjudicatory rulemakings. Commission noted it had permitted such contacts "without incident for almost 2 decades," said while new inquiry is outstanding it'll permit ex parte contacts in most rulemakings (excluding TV & FM channel allocations) if public disclosure is made. Under proposed new procedure, interested party would be required to submit in advance list of topics to be discussed. If conversation involves other issues, notice would have to be forwarded to FCC secy. for public file. Comments are due Aug. 9, replies Aug. 23.

New NBC Pres. Fred Silverman arrived on job running June 9, meeting first with RCA Pres. Edgar Griffiths for 45 min. Then, he made ex-CBS colleague Irwin Segelstein "my deputy in the day-to-day operations" of Bcst. Div. with title of exec. vp-broadcasting. He completed day—and devoted weekend to—meetings with NBC execs. June 10 he was to tape presentation for closed circuit telecast to affiliates next day. First public appearance will be luncheon speech to NBC affiliates convention June 19 in N.Y.; Griffiths speaks at closing lunch next day.

FCC's refusal to renew license of WHBI(FM) Newark has been remanded by unanimous D.C. Appeals Court (Judges Bazelon, Leventhal, Robinson). Commission found that station "relinquished virtually all control" over programming to time brokers & religious broadcasters and that its foreign language programming (68%) wasn't "of sufficient merit" to offset violations. Court affirmed FCC on licensee's failure to maintain control over programming; however, it said agency hadn't given "reasoned consideration" to merit of foreign programming that would be lost.

Sharply reduced tariffs for international satellites have been filed with FCC by Comsat. TV rates will drop from \$414-\$725 (depending on location) first 10 min. to \$275 from all points; additional per minute charge will be \$10, down from \$11.40-\$20.50. Monthly TV satellite service from U.S. to P.R. will drop from \$1,500 to \$970.

In settlement of civil suit, Merck & Co. has agreed to pay \$100,000 fine for violating 1966 FTC consent order in TV spots for Sucrets. Commercials in question were ordered by Canadian agency on U.S. border stations and directed toward Canadian viewers.



**WHAT REWRITE SAYS:** Here are major provisions in Van Deerlin-Frey rewrite of Communications Act (see p. 1): (1) TV licenses, 10 years after bill is enacted, could be held indefinitely. Upon enactment, licenses would be for 5 years. Licenses, however, would always be open to challenge. (2) Radio, except for technical rules, would be completely deregulated. Licenses also would be indefinite, open to challenge. (3) Seven-person FCC would be abolished. Five-person Communications Regulatory Commission (CRC) would take its place with far fewer employees than FCC.

(4) Federal govt. would be prohibited from regulating cable TV; local govts. could, however. (5) Broadcasters would pay license fee for use of spectrum. Formula for fee would be based on administrative costs to new Commission plus "scarcity value" in a market, that is value of spectrum in market. Thus, VHF's generally would have higher scarcity value, VHF's in major markets the most. Scarcity value would be phased in at 10% per year over decade, at end of which \$300-\$400 million is expected to be collected.

(6) Fees collected would fund new CRC plus public broadcasting, loans for minority ownership of stations and development of rural telecommunications. (7) Multiple ownership limited to 5 TV (VHF or UHF) & 5 radio (AM or FM) stations. No one allowed more than 3 TV stations in top 50. No one allowed more than one station of any kind per market. Grandfathering is rule. (8) CPB would be eliminated, replaced by Public Telecommunications Programming Endowment. PBS, NPR would lose some responsibilities. (9) Fairness doctrine eliminated, replaced by weaker "equity principle," which says controversial issues must be treated in "an equitable manner." (10) Equal time provisions eliminated when applied to candidates for national & statewide offices. (11) New or unheld licenses would be issued by lottery, not by competitive hearings. (12) NTIA, part of Commerce Dept., would be replaced by new, independent National Telecommunications Agency.

**NAB CONFAB FINDS KID TV BETTER:** Whatever its faults, children's TV has improved considerably since ACT & others began pushing for improvements, variety of panelists at NAB's TV programming conference in Washington agreed last week.

Leading that point of view was FCC Comr. Washburn. "There are scores of outstanding children's shows," Washburn told 250 or so who attended the conference. That compares with decade ago when, he said, "Saturday morning was a jungle of 'super' cartoons featuring considerable violence... Today's outstanding children's TV programs have distinctive characteristics. For example, they tend to have characters who care about others. Another characteristic is that children contribute their own creative talents & skills."

Said Brenda Fox, NAB asst. gen counsel, on another panel: "Programming has changed. It has improved [because of ACT & others]." But, she added: "I don't think it's fair to look at broadcasters and say it's your responsibility to solve society's ills

and therefore you should do A, B, C."

There were critics, too. Sally Williams, exec. dir., Committee on Children's TV, said Sat. morning "ghetto" should be broken up. And she called for more diversity in programming.

Washburn said recent ACT-financed study showing industry limits on non-program material during children's shows being exceeded (Vol. 18:23 p3) was, "if correct, very distressing." He said it "suggests that the FCC will have to do some monitoring of our own." NAB has strongly contested study, saying wrong criteria were used.

\* \* \* \*

At FCC, Washington Assn. for TV & Children (WATCH) argued there's "prima facie evidence" that self regulation of children's TV has failed, urged Commission to issue rulemaking & inquiry as sought by ACT (Vol. 18:20 p3). WATCH said "contemporary studies now indicate more than ever that the potential of present [TV] practices is detrimental to the interest of young children," said economic argument made by broadcasters—against strictures on advertising in children's TV—can't be considered until financial statements are made public.

**MAJOR CHANGES IN PTV RULES:** Several changes were finalized by FCC last week in rules governing non-commercial TV-radio and at same time agency invited comments on several other proposed changes. Included among latter would be restriction (90 hours per year for fulltime stations) on amount of time TVs could devote to fund-raising.

Among changes finalized: Educational FM stations must operate 36 hours weekly, effective July 28; stations that operate less than 12 hours daily must share frequency; low power (10 w) stations must increase to 100 w or shift frequency; New Ch. 200 (87.9 on FM dial) was established to accommodate stations that must change; imposed freeze on new applications for 10 w stations.

In plan to restrict fund-raising (comments Oct. 2, replies Nov. 11), FCC also seeks comments on restricting timing & length of announcements identifying program underwriters; permitting spots identifying parties contributing money, goods & services; allowing spots for sale of goods & services (transcripts, books, etc.) involving nominal fee and related to program content; permitting spots for "transitory events" if they are limited to time, place, date & type.

Commission also is seeking comments on proposals to: (1) Apply commercial station ownership restrictions (7 TV, 7 radio) to public licensees. (2) Limit owners to one station per market. (3) Seek clearer definition of who is eligible to own non-commercial station. (4) Establish table of allocations for educational FMs.

**Liberty Communications** (Donald Tykeson, pres., 11.7%) is buying 3 Wis. TV stations—WKOW-TV Madison, WAOW-TV Wausau & WXOW-TV LaCrosse—for \$8 million. Seller Horizons Communications is headed by Jerome Feniger (23.9%). Liberty owns KEZI-TV Eugene, Ore. and cable systems, has applied for Ch. 27 Dallas. Broker Ted Hepburn & Co.



**FAIRNESS, SEC. 315—ANOTHER ROUND:** Govt.'s top communications spokesmen—FCC Chmn. Charles Ferris & NTIA Dir. Henry Geller—last week opposed repeal of Sec. 315 & fairness doctrine in hearing before Senate Communications Subcommittee. Both said problems could better be handled in proposed rewrite of Communications Act. (see p. 1).

Hearing was on S-22, introduced by Sen. Proxmire (D-Wis.), who told Subcommittee "broadcasters deserve the same opportunity to be free" as newspapers. He also maintained they would be fair without govt. strictures.

Ferris said broadcasting must "await total comparability with the print medium before the bonds of the public trustee regulations in electronic communications can be loosened." He did see "loosening" for radio, but predicted "the time frame for the removal of the public trustee status may well be longer" for TV.

NBC Chmn. Julian Goodman said advantages to public in repeal of Sec. 315 have been shown in suspension for 1960 Presidential campaign—and subsequent debates between Kennedy & Nixon. It was again proven, he said, with 1976 Ford-Carter debates. However, he stressed, "broadcast of an occasional debate... is not by any means a substitute for the free, robust and totally wide open discussion of campaign issues by the significant candidates themselves."

"They simply do not work and they are contrary to our nation's free press tradition," RTNDA Pres. Ernest Schultz said of equal time & fairness rules. "It is far easier for us to avoid the problem with something bland or nothing at all concerning a particular controversial issue... Repeal Sec. 315... and see for yourselves that deregulation will do more good than harm."

CBS Washington Vp William Leonard said that "I am unhappy that it is necessary for those of my trade to beg, so far with no real success, for what should automatically and unquestionably be accepted"—total First Amendment rights for broadcasters. He charged present laws "remove from the broadcast press the ultimate responsibility for editorial decision-making and place that responsibility in the hands of a government agency [FCC]."

As often is case, Group W Pres. Donald McGannon split from other broadcasters in calling doctrine "an essential ingredient of the broadcaster's obligation to the public." (ABC also has supported fairness doctrine, while other networks, NAB and most large groups have fought for its repeal.) McGannon said doctrine "represents the direct antithesis of censorship by requiring the licensee to seek out and present controversial issues. It is designed to further discussion, not inhibit it." And, he said, if Sec. 315 were repealed, it "would greatly reduce the public accountability of broadcasters and would render the FCC powerless to do anything about arbitrary and one-sided presentations of important issues."

**WLFI-TV Lafayette, Ind.** has been sold to Wooster (O.) Republican for \$2.9 million. Republican publishes several newspapers in Midwest, owns 6 radios. Broker William Kepper & Assoc.

**NEAR JAIL FOR NBC ATTORNEY:** Shortly after 9 a.m. June 8, NBC west coast attorney Donald Zachary was placed in handcuffs and ordered to jail for contempt of court. He didn't actually go to jail, but was held in courthouse retaining room for 5 hours before 9th Circuit Appeals Court could rule that Dist. Court Judge Manuel Real had acted improperly.

Case involved restraining order sought by Stanley Goldblum, now serving prison sentence in 1973 Equity Funding Corp. fund case. NBC had planned to air BBC-made "Billion Dollar Bubble" same evening on Equity case; Goldblum claimed TV airing would hurt his chances for parole.

When NBC refused to show judge tape of program prior to broadcast, Real ordered Zachary to jail for contempt. Judge also refused to allow other attorneys to leave courtroom, later relented to permit appeal to be filed. Higher court reversed Real's ruling as prior restraint in violation of First Amendment, also ordered lower court not to consider case further. NBC aired show as scheduled.

Gene Jankowski, CBS Best. Group pres., speaking to record 591 attending BPA seminar in St. Paul: "We have spent too little of our total communications efforts in stressing the positive, in publicizing our accomplishments. Our critics simply do not know enough about our activities to make an honest and fair assessment of what we are doing. We are often attacked in an unknowing way by people who are thinking of the past and ignoring the present. Many of them have not allowed the facts to interfere with a good argument. But think how easy it might be to defuse some of these baseless attacks by means of a better informed audience. Well, if that audience is going to be better informed, it's going to be largely up to you."

**Charging Chris-Craft** purchase of 8.5% of its stock has impeded efforts to buy TV stations, 20th Century Fox last week asked FCC to force multiple-station owner Chris-Craft to state whether it is attempting to take control of Fox. In petition filed by ex-FCC Chmn. Richard Wiley, Fox charged Chris-Craft "has presumptively embarked on a scheme to obtain control of Fox and its TV stations." Chris-Craft has said \$17 million purchase of Fox shares is for investment purposes only.

Noting that 10% stockholder Herman Valentine is black, FCC last week issued CP for Ch. 33 Norfolk to TV Corp. of Va. (TCV), waiving cross-ownership rules; 4 TVC stockholders own 30% of AM-FM in market. Majority (Ferris & Fogarty dissented) also noted 3 prior UHF grants have been made in market, that no UHF station has been built (for details, see TV Addenda). Brown & Washburn had concurring statements.

**All 4 applicants** for new AM station in Newark have been found unqualified by FCC Review Board. Groups are seeking facility of WNJR, which was denied license renewal in 1969. Station now is operated on interim basis and 4 applicants were disqualified by Review Board because of alleged lottery information broadcast in religious programs during interim operation.



## Personals

James Smith promoted to AP senior broadcast exec., new post... Larry White, Columbia Pictures TV exec. vp, promoted to pres.; Norman Horowitz advanced to pres., Columbia Pictures TV Distribution... Frank Price, ex-Universal TV pres., also resigns as vp-dir., parent MCA.

Robert Harter, Palmer Bestg. chief operating officer, also elected pres., succeeding late David Palmer (Vol. 18:23 p6)... Promotions at WPIX N.Y.: Paul Freas, vp-controller and a dir.; Gerard Mulderrig, senior vp-sales; John McGowan, vp-program sales; Jane Perlman, vp-research; Vp-Personnel Yvonne Stewart also elected secy.; Rosemary Arata, asst. controller.

William Wuerch, ex-WJRT-TV Flint, Mich., named vp-gen. mgr. WPRI-TV Providence, succeeding Edwin Pfeiffer, now at WTOP-TV Washington (Vol. 18:22 p6); Thomas Hartman promoted to WJRT-TV vp-gen. mgr., succeeding Wuerch... Eunice Beckwith promoted to community affairs dir., KSD-TV St. Louis... Art Kent, ex-WIIC-TV Pittsburgh news dir., named chief of new NBC News bureau there; Joel Marie Blumenthal promoted to dir.-NBC News elections operations; Hal Bender advanced to mgr.-national publicity, NBC.

Patricia Allen, ex-Arnold & Porter Washington law firm, named confidential asst. to FCC Comr. Tyrone Brown, succeeding Zora Brown, who becomes consultant to FCC Consumer Assistance Office.

Promotions at ABC: William Gillogly, vp-news sales, central div.; Michael Lang, general attorney, labor relations; John McCurry, mgr.-technical design services, broadcast operations & engineering... Peter Hauck, ex-CBS, joins ABC as mgr.-employee communications, will edit in-house publication.

Marilyn Russell, ex-NBC affiliate relations, appointed regional mgr. (Ohio & Western Pa.), HBO; Peter Ryus, ex-Time Inc., named HBO affiliate marketing mgr... Chalmers Marquis resigns as PBS vp-national affairs June 30... Andrew Schwartzman, ex-U.S. Dept. of Energy, appointed exec. dir., Media Access Project (Washington public interest law firm), succeeding Harvey Shulman, now law prof. at U. of Ore.

Oklahoma Supreme Court waived ban against TV cameras for first time to permit closed-circuit telecast of June 7 preliminary hearing for man accused of sexual slayings of 3 girl scouts. Mayes County courtroom seats 96; telecast will go to 400-seat Pryor, Okla. city hall. "It amounts merely to an extension of the courtroom" according to Chief Justice Ralph Hodges, who noted there's "great interest" in the trial.

Prominent line-up of panelists is scheduled for day-long ACLU-sponsored "National Convocation on Free Speech" June 13 at N.Y. Hilton. Sessions are planned on censorship & obscenity, violence in media, free speech & money in elections, free speech & fair trial, free speech & libel, freedom in broadcasting. Dinner speakers are Sens. Javits (R-N.Y.) & Kennedy (D-Mass.)

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with

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**HOUSE ALLOWS AUDIO BROADCAST:** House this week was to begin allowing radio networks, stations and news services to record all House floor proceedings by plugging into House microphone system. But raft of news organizations—except for AP—are unhappy House will control system.

Organizations plan to accept feed, under protest, claiming "the House is covering itself." RTNDA & others fear radio action is portent of TV action down pike, see bad precedent. TV coverage is expected within year.

NPR Pres. Frank Mankiewicz complained type of coverage allowed in House "will help in news summaries, but it effectively forecloses the possibility of live broadcasting by radio or TV." He said getting feed from microphone system "is like asking correspondents to broadcast a basketball game from closed-circuit pictures only of both backboards and nothing more. You can tell when basket has been scored, but not by whom or how. Serious journalists cannot broadcast under these restraints."

FCC was given additional \$750,000 by Senate Appropriations Subcommittee last week to conduct study on how to reach UHF-VHF parity. Report is due end of year, is to include specific timetable on how to reach parity quickly, plus recommendations on legislation or other actions. Subcommittee also refused to add 20 positions for FCC pole attachment work, instead wants those now in cable certification to be shifted.

SBA has been asked by NAB to change its broadcast loan program for minorities to give larger loans, taking into account "intangible assets (license, etc.)." Meeting by SBA on matter was set for June 15 after NAB request.



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## STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended May 26 (21st week of 1978):

	May 20-26	1977 week	% change	May 13-19	5 Months 1978	5 Months 1977	% change
Total TV. . . . .	277,145	227,529	+21.8	217,561	5,730,880	5,011,761	+14.3
color . . . . .	175,558*	150,238	+16.9	144,689	3,659,690**	3,073,537	+19.1
monochrome ..	101,587	77,291	+31.4	72,872	2,071,190	1,938,224	+6.9
Total radio . . . .	1,065,578	1,084,041	-1.7	697,255	16,257,241	15,075,834	+7.8
home, portable	783,911	796,708	-1.6	453,389	10,878,443	9,863,084	+10.3
AM-only . . . .	131,002	259,086	-49.4	116,536	3,197,750	2,405,993	+32.9
FM & FM-AM	652,909	537,622	+21.4	336,853	7,680,693	7,457,091	+3.0
auto . . . . .	281,667	287,333	-2.0	243,866	5,378,798	5,212,750	+3.2

Color TV 5-week moving average: 1978—176,983\*; 1977—130,446 (up 35.7%).

\*Highest for 21st week of any year. \*\*Record.

**WHO'S EATING ALL THE COLOR SETS?** As industry gathers for annual new-product orgy and promotional binge in Chicago this week, business seems to be far better than it has any right to be. Surveys repeatedly show deep consumer concern, and even pessimism, over economy—yet sales continue to boom.

Biggest mystery of all is TV. Color continues to pile record upon record at EIA-measured sales-to-dealer level, and retail sales, while good, don't seem that good. Yet, there appears to be no dangerous inventory buildup. For first time in our memory, most manufacturers admit puzzlement about where all the TVs are going—and who's selling them. EIA has even carefully re-audited its figures and found them okay.

May, of course was record month in color TV sales to dealers. So were April, March, Feb., Nov. & Oct. Color sales set records for last 8 consecutive weeks, 13 of last 14 and 16 of year's first 21. Color TV 5-week moving average—which marks going sales pace—has been at record level for last 17 weeks and 18 of year's first 21. Annualized sales rate for year's first 5 months is 10.6 million color sets—14.4% above all-time record, set in 1973. Sales for year to date are up 19.1% from last year (see State of the Industry).

May itself was up 37.7% from 1977 month, sales for month running at 11.23-million annual basis. Factory-plus-distributor inventories at end of May (2.47 million) actually were down 4% from year earlier, first such decline shown at end of any month in 2 years. Factory inventories, at 1.5 million, were down 4.2%, distributor (970,000) off 3.6%. During month, factory-plus-dealer stocks increased 2.6%, factory up 5.1%, distributor up 4%.

In last couple weeks, we asked all TV makers—U.S. & foreign-owned to give us new estimates of color & monochrome sales to dealers for 1978. Distilled from 15 fresh forecasts is median of 9,425,000 color sets, 5.5 million b&w. In color, highest prediction was 9.7 million, lowest 8.3 million. Relatively low figures (compared with this year's running sales rate) indicate manufacturers expect pretty sizeable falloff in 2nd half of year. Median figure of 9,425,000 points to sales in year's last 7 months 4.4% below 1977's same period. And bear in mind that even this median figure would make 1978 best color year in history.

Predictions may have started coming true in first June week. Sales of 111,000, although still some 12% above year earlier, were lowest for any week since that very self-same first week of June 1977.



Color TV represents only most startling bit of market confusion in industry. Plenty of others will be mullied in Chicago saloons during CES. How long can compact stereo manufacturers continue to lose money on all-time record sales, as they did in first quarter? When is bloodbath going to start in overpopulated audiophile market, and will survivors be traditional firms or newcomers? Is computer really a consumer product, and if so, who's got the key to unlock it? Kindled by new models and bigger ad budgets, is VCR about to catch fire again? But biggest riddle still is: Has anybody seen 586,000 missing color sets? Here are EIA's total-market sales-to-dealers figures for May:

Product	May 1978	May 1977	% change	May 1976
Total TV . . . . .	1,041,606	796,638	+30.8	782,932
color . . . . .	673,632	489,378	+37.7	473,932
monochrome . . . . .	367,974	307,260	+19.8	309,000
Total radio . . . . .	3,147,824	3,557,014	-11.5	2,339,593
home, portable . . . . .	2,094,371	2,491,147	-15.9	1,304,133
AM-only . . . . .	492,180	684,076	-28.1	339,129
FM & FM-AM . . . . .	1,602,191	1,807,071	-11.3	965,004
auto . . . . .	1,053,453	1,065,867	-1.2	1,035,460

**COLOR IMPORTS SET APRIL RECORD:** It's time to drop quota on Japan's color exports to U.S. or extend restrictions to other exporting countries, including Canada, if U.S. trade officials hope to protect domestic producers from excessive import competition. April import results from Commerce foreshadow what probably lies ahead:

(1) Combined complete & incomplete color imports for month were 3rd highest in history. (2) Both set records for month, incomplete hitting all-time high for any month. (3) Complete color imports from other countries made up quota-induced Japanese shortfall, putting overall 4-month total ahead of 1977 for new record. With Taiwan slated to have color tube plant in operation this year, Korea next year and Singapore in 1980 (see p. 11), it appears obvious that Japan-only quota will be even less effective measure in next 2 years than it is now.

Total of 929,200 TVs were imported in April, up 44.3% from same 1977 month, color up 47.7% to 452,000, b&w up 41.3% to 477,200, record for month. Four-month TV total of 3.07 million was up 20.3%, color rising 24.7% to 1.4 million, b&w 16.9% to 1.67 million, new high for period. Complete color imports totaled 227,600 in April (up 31%), 779,500 for 4 months (up 0.1%), month's incomplete color rose 69.7% to 224,400, while 4-month shipments were up 80.1% to 623,800.

April TV import results by country (4-month totals in parentheses): Japan total 266,100 up 4.2% (1.01 million down 13.2%), color 155,200 up 0.4% (535,100 down 25.3%), b&w 110,900 up 10.2% (474,900 up 6.1%); Taiwan total 377,300 up 63.7% (1.25 million up 43.1%), color 112,200 up 217% (356,500 up 326.6%), b&w 265,100 up 35.9% (894,400 up 13.1%); Korea total 110,200 up 179.8% (338,200 up 66.5%), color 17,400 up 389.4% (66,500 up 155.4%), b&w 92,800 up 159% (271,700 up 63.1%). Also in color, Canada supplied 20,900 in month (up 800%) for overall total of 75,900 (up 1,648%), Singapore 1,900 (up 52%) for 5,400 (up 65.8%).

On complete color basis, month's imports from Japan total 144,300, up 9.2%, first such increase since quota went into effect last July, for 4-month total of 470,800, down 29.3%; Taiwan accounted for 47,200 (up 33.9%) for 162,500 (up 96.8%). Mexico was source for 140,900 color chassis in month (up 29.6%), for cumulative total of 355,800 (up 22.7%).

Bottom may have been reached by transceiver imports, which totaled 670,000 in April, off 58%, lowest decline in last 12 months. Four-month total of 2.05 million was off 70.9%. CB mobile & base stations totaled 396,800 in April, off 53%, for 4-month results of 1.26 million, down 62.2%. Within that category, single-sideband models rose 42.3% for month to 20,300, 45.2% for 4 months to 82,700.

\* \* \* \*

Official Washington isn't totally unaware of shambles color quota program is becoming. At news briefing following speech at IEEE Spring Conference on Consumer Electronics in Chicago



last week (see p. 13), Steve Falken of Presidential Office for Special Trade Negotiations said "we are carefully reviewing the import statistics." So far, he said, "we have received no formal complaint" from Japan regarding increased color imports from other countries--under terms of quota agreement Japanese are supposed to retain their relative share of U.S. color import market. Falken indicated talks on problem have been held with other exporting countries, said complete-color imports were prime concern. As for how quota system is working, "all actions [since quota] are not exactly in line with the goals of the agreement," he said, referring both to increased 3rd-country imports and continued expansion of foreign manufacturing by domestic producers. IEEE meeting was highly trade-oriented—Falken discussed objectives of current "Tokyo Round" of GATT negotiations in his formal talk, and other luncheon speaker was EIA attorney H. William Tanaka, who stressed importance of free trade.

**COLOR MARKET-SHARE CHANGES SLIGHT IN '78:** Color TV brand rankings were relatively unchanged in 1978 model-year, according to our 11th annual share-of-market survey. And despite all the hoo-hah about RCA's challenge to Zenith's No. 1 position, latter still clings to top spot in our brand ratings, although only by 1.15-percentage-point margin, lowest since it became leader in 1973.

Only change in top-10 color rankings is Sony's fall to No. 5 from 4th, latter filled by Magnavox. B&W showed major changes in rankings, Sears jumping from 5th to 3rd, getting all-time high 10% market share and leapfrogging GE & Panasonic.

Our market-share survey is based on balloting by domestic & foreign-owned TV manufacturers, who are asked to estimate their competitors' (but not their own) market shares. We tally medians and put together market-share consensus. We don't vouch for accuracy, but tabulation does represent estimates by people in best position to know. Shares & rank are based on brand-name sales, not manufacturer sales—so set makers with private-label business come out with lower numbers than they would on total sales basis.

In color rankings, Zenith showed largest drop of any manufacturer, still losing only 0.85 of a percentage point. Although RCA is often touted as "catching up" with Zenith, it didn't gain anything, staying at same 20% level it's had for 3 years. Of 15 manufacturer responses, 3 indicated they believed RCA was ahead of Zenith and one showed tie. Magnavox moved up to 4th place by default, staying at 7% of market, while Sony dropped 0.6 point and fell into 5th place. Other declines were shown by 8th-ranked Sylvania (0.5 point) & 3rd-place Sears (0.45), neither affecting rankings. Gainers in color were GE (up 0.5 point) & Quasar (up 0.3).

In monochrome, too, gains & losses were minor, but rankings shifted. Biggest change in market share was Panasonic's loss of 1.3 points, which dropped it from 4th to 5th, presumably reflecting its weakness in hot 12" area. GE declined half point and fell from 3rd to 4th; Admiral dipped 0.85 and dropped from 7th to 8th; Montgomery Ward lost 0.5 and dropped a notch to No. 10. Biggest gain was Quasar's half-point, but it stayed in 6th place, while Sears jumped 2 places in gaining only quarter-point. Zenith was up 0.4, as was Sharp, which in No. 9 spot was new-comer to top 10 (it was No. 12 last year). Unchanged in market share were RCA & Sony (latter rising from 8th to 7th).

For nostalgia's sake, our first color market rankings, 10 years ago, covering domestic brands only came out this way: RCA 30%, Zenith 20%, Magnavox 9%, Motorola 7%, Admiral 6.5%, Sears 6%, GE 5.25%, Philco-Ford 4%. Here are share-of-market results covering July 1977-June 1978 model year:

#### SHARE OF U.S. TV MARKET BY MODEL YEAR

##### COLOR

Rank	Brand	1978		1977 % share	1976 % share	1975 % share	1974 % share	1973 % share
		% share	Range					
1	Zenith. . . . .	21.15	19.0-22.0	22.0	23.0	24.0	23.75	22.5
2	RCA. . . . .	20.0	18.0-21.5	20.0	20.0	19.0	20.5	20.3
3	Sears. . . . .	8.55	8.0-9.1	9.0	9.0	8.7	7.5	7.8



Rank	Brand	1978		1977	1976	1975	1974	1973
		% share	Range	% share	% share	% share	% share	% share
4	Magnavox . . . . .	7.0	6.0-8.0	7.0	6.5	6.6	6.75	8.0
5	Sony . . . . .	6.9	6.3-8.0	7.5	7.0	5.8	5.0	4.0
6	GE . . . . .	6.5	5.0-7.0	6.0	5.5	6.2	6.0	6.0
7	Quasar . . . . .	5.3	4.0-6.0	5.0	5.0	5.9	6.75	8.0
8	Sylvania . . . . .	3.5	3.0-5.0	4.0	4.5	4.4	5.0	5.0
9	Panasonic . . . . .	2.9	2.5-4.0	3.0	2.3	-	-	-
10	Admiral . . . . .	2.4	2.0-3.0	2.5	3.5	3.0	3.5	3.5
11	Sanyo . . . . .	2.0	1.5-3.0	-	-	-	-	-
12	Montgomery Ward .	2.0	1.2-3.0	2.0	-	-	-	-
13	Sharp . . . . .	2.0	1.2-2.2	2.0	-	-	-	-
14	Hitachi . . . . .	1.65	1.0-2.0	-	-	-	-	-
15	Penncrest (Penney)	1.5	1.0-2.0	-	-	-	-	-
16	Philco . . . . .	1.45	1.0-2.0	1.5	1.5	1.0	-	-
17	MGA . . . . .	1.0	0.6-1.5	-	-	-	-	-
17	Toshiba . . . . .	1.0	0.6-1.5	-	-	-	-	-

## MONOCHROME

1	Zenith . . . . .	17.4	10.0-18.0	17.0	18.0	17.0	17.75	17.0
2	RCA . . . . .	14.0	9.0-16.2	14.0	14.0	13.2	12.0	12.0
3	Sears . . . . .	10.0	8.0-11.3	9.75	9.0	9.0	8.8	9.0
4	GE . . . . .	9.5	8.0-10.0	10.0	11.0	11.6	11.9	11.0
5	Panasonic . . . . .	8.7	7.0-12.0	10.0	8.0	6.2	7.75	8.0
6	Quasar . . . . .	5.5	3.0-6.0	5.0	5.0	5.95	6.75	8.0
7	Sony . . . . .	4.0	3.8-5.0	4.0	4.0	4.1	3.15	4.0
8	Admiral . . . . .	3.4	2.9-4.3	4.25	5.7	4.0	5.0	5.6
9	Sharp . . . . .	2.9	0.7-3.1	2.5	-	-	-	-
10	Montgomery Ward .	2.5	2.0-4.0	3.0	-	-	-	-
11	Hitachi . . . . .	2.45	0.5-3.0	-	-	-	-	-
12	Philco . . . . .	2.4	0.5-3.0	2.75	3.0	3.5	4.3	4.8
13	Sanyo . . . . .	2.3	0.5-5.0	-	-	-	-	-
14	Sylvania . . . . .	2.0	1.4-3.0	2.5	3.0	3.5	-	-
15	Penncrest (Penney)	1.9	0.7-2.0	-	-	-	-	-
16	Magnavox . . . . .	1.5	1.0-6.7	2.0	2.0	-	-	4.0
17	Toshiba . . . . .	0.6	0.3-3.0	-	-	-	-	-

GE & Hitachi have at least another month to wait for results of Justice Dept. review of proposed formation of General TV of America, venture which will take over assets of GE's TV operation (Vol. 17:50 p7). Justice launched study soon after announcement last Dec., indicated it would try to complete effort by April, later pushed date back to June. In possibly related move, Hitachi has agreed to set up \$140-million color tube operation in Singapore with govt. as 30% partner. First of 2 plants is slated to start producing at 30,000 monthly rate in 1980, other could be operational following year. Hitachi currently assembles color sets there, exports some to U.S. GE has color circuit board facility in Singapore which is slated to become part of GTA. With new tube plant, Singapore will join Korea & Taiwan as integrated color TV manufacturing source, and can be expected to become 4th (along with Japan) major Far East exporter of color sets to U.S.

**III. video game company** Venture Electronics has filed for liquidation. Venture has \$400,000 in debts, only fraction of that in assets. Company has withdrawn from CES.

**Mergers & acquisitions:** Topp Electronics, marketer of Juliette line, has been acquired by David Topp, who left firm in 1972 to found clock & radio importer Kendale Technology. Both companies will continue as separate entities. Goldblatt Bros. board ended consideration of takeover bid by French conglomerate Agache-Willot group after members of Goldblatt family declined to tender holdings in Chicago-based retail chain. It was French firm's 2nd unsuccessful attempt at establishing holdings in U.S. department store field. Last year it failed in bid to acquire all outstanding Gamble-Skogmo shares. . . . Pemcor acquisition bid has been abandoned by Maremont which says it will retain 10.5% interest in Pemcor, may buy more shares on open market. Maremont's try for Pemcor last year was delayed by court & FTC actions.

**FCC-mandated Jan. 1 cut-off** of sales of used 23-channel CBs has been appealed by Davidson Supply Co., Greensboro. In filing before 4th Circuit Appeals Court (Richmond), Davidson charged FCC action is "arbitrary, capricious, confiscatory and an overly broad proscription of trade."



**HOME COLOR CAMERAS GALORE:** Just year ago, only 2 color cameras designed for home use were on market—and the cheapest was \$1,500. This summer, the under-\$1,000 color camera will be a reality—and trend to full lines of VCRs will accelerate with more new models by JVC, Magnavox & Hitachi, undoubtedly plus others.

JVC & Magnavox are expected to introduce similar JVC-built color cameras at CES—JVC at around \$850, Magnavox at \$895. It's self-contained single-tube (no separate control unit) with built-in battery compartment designed for operation at 10 ft.-candles. Unit weighs about 8 lb., has shoulder rest for support, microphone in handle. Introduced in Japan last week, with fixed lens and optical viewfinder—capable of operating from AC, rechargeable battery or D cells—unit is priced at about \$746 in Japan (168,000 yen). Step-up with electronic viewfinder and 6-1 zoom lens is \$1,100 with automatic iris control (248,000 yen).

Magnavox's version (Chromavue) will be available in July in basic form, with electronic viewfinder, zoom lens, tripod, recharger, etc., as optional extras. In U.S., JVC is expected to introduce it in low and high end models, as in Japan.

If JVC & Magnavox cameras are twins, new Panasonic, Quasar & RCA color cameras probably will be triplets. All 3 will be shown in Chicago next week. RCA has declined to give price on new camera, due to be formally added in Aug., but there's evidence that basic version could list at \$700-\$800 (Vol. 18:20 p7, 18:21 p10). Camera head weighs 8.9 lb. Neither Quasar nor Panasonic presumably will move until RCA prices its own version. They're talking 4th-quarter delivery. Both companies are expected to demonstrate telecine attachments, designed for transferring home movies & slides onto videocassettes.

JVC introduced still another home color camera last week in N.Y. in conjunction with unveiling of 2 step-up VCRs. New deluxe unit is battery version of top-end color camera with zoom & electronic viewfinder introduced just year ago at \$2,150 (Vol. 17:24 p11)—except that price will be \$1,475 when deliveries begin next month.

How do you make an under-\$1,000 color camera out of a \$1,595 one? You reduce the price. That's what GBC Closed-Circuit TV has done with Toshiba-made camera it will feature at CES at \$995. "Everybody's talking about an under-\$1,000 color camera," says GBC Chmn. Harry Lefkowitz, "but we're delivering." Asked how he managed \$600 reduction, Lefkowitz said, "I'm taking a bath." Accessories include electronic viewfinder at dealer cost of \$150, zoom \$160 (reduced from \$260). GBC will also have new b&w camera with 4-1 zoom, through-lens viewfinder at \$450.

Toshiba apparently is going in opposite direction from GBC, is expected to show full-feature low-light camera in \$2,000 range, as well as b&w camera with through-lens finder, zoom lens at about \$350—both for fall delivery. At week's end, Hitachi's upcoming one-piece color camera was unpriced.

JVC last week demonstrated 2 new versions of its Vidstar VHS recorder, both previously introduced in Japan: (1) Model HR-3600, with slow-motion, double-speed & stop-action, wired remote controls for pause & stop-action, as well as double-speed. Stop-action occurs when pause control is activated. Double-speed feature uses digital technology to preserve intelligibility of sound, avoiding Donald Duck effect. Thus viewer can watch 2-hour program in hour if he desires. Price is \$1,335, July delivery. (2) Model HR-4100 portable weighing under 21 lb. with battery pack. RF adaptor for playback through TV is built-in, but timer will be extra-cost accessory. Unit will record 3 hours on battery charge, but companion color camera will operate only one hour from same battery. Price is \$1,180, late summer delivery.

Magnavox is introducing Matsushita-made programmable VCR for fall delivery similar to one introduced last month by RCA at \$1,200; Magnavox hasn't announced price.

In announcing new VCRs, JVC reiterated that it planned to offer 3-hour cassette later this year (Vol. 17:47 p7) which will be "compatible with all VHS models." If it's truly compatible with Matsushita-made VHS models, it will step up their recording time to 6 hours in LP speed. JVC Sales & Mktg. Vp Richard O'Brien pledged "consistency of line," stating it had "no interest in developing new Vidstar products that make our previous models obsolete." Home Entertainment Sales Vp Harry Elias said Vidstars will be sold in some 70 markets this year, double the number of 4th quarter 1977 as JVC adds more dept., TV-appliance & hi-fi stores.

VCR imports in April totaled 39,200, according to Commerce Dept., down 8.7% from March but up 631% from year earlier's 5,400. Year-to-date VCR imports totaled 140,900 in year's first 4 months.

**'HIGH-RESOLUTION' TV:** Magnavox's 1979 line, scheduled for formal unveiling at CES this week, will introduce new feature in consumer TV—"high-resolution filter." Switchable circuit in new high-end chassis adds comb filter, simplified version of that used in broadcast cameras, professional TV projectors, etc., which is claimed to increase resolution from 250 to 330 lines. Feature will be in high-end Star & Touchtune sets, which also will have 100-degree inline tubes. Company will market its first single-knob varactor-tuned sets, shown last year. Another first will be 2 small-screen color sets made by parent Philips in Taiwan.

Unisonic will show its first TVs with line of 5 AC-DC b&w 5" sets at \$150; with FM-AM \$180; FM-AM, aircraft, police, weather bands \$250; same with cassette recorder \$300; AM-FM-SW with cassette \$300. As reported here last Jan. (Vol. 18:5 p10), Quasar is introducing AC 5" TV-FM-AM, both TV & radio controlled by electronic clock. Sharp will display prototype electroluminescent flat-panel TV set with 2"-thick screen.

Winter CES, Jan. 5-8 in Las Vegas, will occupy entire 750,000-sq.-ft. Las Vegas Convention Center, with Jockey Club used for 100 esoteric hi-fi exhibitors.



**HI VS. LO AT IEEE:** "You take the hi-bi & I'll take the lo-bi" was song Sylvania Tube Div. was singing to RCA counterpart as industry's biggest OEM color tube suppliers pitched OEM customers at otherwise quiet IEEE Spring Conference on Consumer Electronics in Chicago last week.

At stake is share of lucrative 19" tube business which is growing even more important as Japanese shift increasing amounts of production to factories here. Sylvania was pushing hard for new 90° bi-potential tube with low focus voltage (20% of anode), while RCA touted similar high-voltage (28% of anode) tube. Sylvania said lo-bi puts less stress on solid-state components, permits use of cheaper parts, lowers overall system costs. RCA's strong point was performance, pure & simple.

Talks with customers make it appear both will have place in market for near future at least, with lo-bi for leader models, hi-bi for more expensive, better-engineered sets. Shift by set makers to more efficient IC chassis has created demand for low-drain tubes, but this could fade as power-handling capability of devices improves. Japan manufacturers who were quick to adopt 110° tubes in early 1970s now are going other way, many using 75-degree tubes in 15"-&-under models. Sylvania said it planned to start producing 19" lo-bi in Nov., offer 13" & 15" versions next year. RCA said it's starting output of 100° 25" tripotential.

Despite current boom in domestic set production, selling exhibits were held to minimum. Action in most hospitality suites was low-key. Tuner supplier General Instrument had no exhibit, product-free suite, and Sarkes Tarzian didn't show up at all.

**'DELUXE' CB SERVICE:** New high-end personal radio service on narrowband FM in 222-224-MHz or 900-MHz band, possibly with simultaneous continuance and upgrading of existing 27-MHz band, is recommended by FCC's Personal Radio Planning Group (Vol. 16:22 p10). In Vol. 1 of series of reports, group proposes such "advanced" features as automatic transmitter identification service to reduce policing problems, selective calling with automatic switching to vacant channel, interconnection with telephone service, repeaters to extend range.

Report estimates that MPU required for advanced features initially would add \$25-\$50 to cost of transceiver. Drawback of 220-MHz band would be necessity to relocate amateurs at cost of perhaps \$24.5 million in new equipment. Group saw either 944.5-946.5-MHz or 943-946-MHz bands as suitable for new service, but estimated equipment for 900-MHz area would cost manufacturers 20-30% more than for 220-MHz and pointed out that manufacturers would probably want up to 2 years' lead-time before service is established.

As to 27-MHz band, report saw it becoming less attractive as sunspot activity heightens in 1980-1984, forecast no diminution in interference to other services, even if current emission standards are tightened. Report estimated 220-MHz transceivers might initially sell for \$250-\$350, while 900-MHz gear probably would cost more. Recommendations are advisory only.

**SONY SHOWS VIDEODISC:** Sony gave its answer to videodisc playing time problem—half speed—at IEEE Chicago Spring Conference. Sony presented paper on new 900-rpm optical system which provides up to hour of programming per side on reflective 12" disc and gave private demonstration in hotel suite (Vol. 18:23 p10). Disc has 2 full frames (4 fields) per track, as against one frame per revolution on original Philips & MCA discs. Sony increased recording density by cutting track-to-track spacing to 1.3 microns from 1.67-2 microns of other optical discs, cut pit size to 0.5 microns from 0.8.

Sony says its system retains such key features as stop-action, variable-speed slow motion and precise frame indexing Philips & MCA lose with new variable disc velocity system (Vol. 18:3 p8).

Hands-on demonstration showed Sony's prototype lived up to performance promises. Features include normal, double & triple-speed forward; normal reverse; variable forward & reverse slow motion. In stop-action mode, alternate display of 2 frames on track is noticeable, but not objectionable, is most severe when picture is of high-speed motion. Player has 2 speeds so it can handle optical video or PCM audio discs recorded at 1,800 rpm. Spokesman told us player has estimated \$700 production cost using helium-neon laser, said solid-state laser is being developed.

Quasar announced that it, like sister company Panasonic, will demonstrate Matsushita mechanical videodisc system to invitees at McCormick Place during this week's Consumer Electronics Show in Chicago. Meanwhile SMPTE's videodisc standards study committee is shutting up shop for time being. Any attempt to establish standards at this time would only hamper development work, committee said.

**MATTEL GAME SCRATCHED:** Mattel's programmable video game, originally scheduled to be on market by Christmas (Vol. 18:20 p10), won't be appearing till next year. General Instrument, maker of high-end unit's MPU, advised Mattel, new to video game field, to "take a longer learning curve" before marketing game. "We want this thing totally de-bugged before we get it out," said Mattel's Pres. Ray Wagner. GI official assured us it was on schedule with production of electronics. "We just want them to avoid little engineering problems, like cabinet design," said GI Microelectronics Group Senior Vp Ed Sack.

"We're aware we'll miss the seasonal curve," Wagner told us, "but we think we have such a fine product that that won't hurt us." Sack said he thought there might be "a pilot quantity" of the game by Christmas, but Wagner was doubtful. At any rate, dealers won't see game at CES; Mattel has scratched it from exhibit. Delay decision also affects Magnavox, which plans to manufacture game for Mattel at Greeneville, Tenn.

Atari is showing 7 new game program cartridges at CES, bringing total to 20. New titles are Break-out for 4, Home Run, Space War, Flag Capture, Brain Games, Basketball, Slot Racers.



## Personals

**James Mills** resigns as Admiral mktg. & sales vp to become a group pres. of McGraw-Edison, his Admiral duties to be taken over by Pres. **Vincent Barreca**. . . **Richard Bohnet** promoted to vp-gen. mgr. of Fairchild Video Products Div., replacing **Greg Reyes**, resigned to "pursue personal goals elsewhere". . . **Frank Federman**, ex-Advent R&D vp, is now exec. vp of Kloss Video Corp. . . **Joseph Hull**, ex-Advent communications mgr., assumes same post at Dolby Labs, San Francisco. . . **Alvin Barshop**, Panasonic Video Systems, promoted from acting gen. mgr. to gen. mgr.

**Richard Sonnenfeldt**, ex-staff vp, named corp. vp for RCA videodisc project; **Paul Slaninka** advanced to mktg. & consumer products vp, RCA Distributor & Special Products; **Lawrence Fouraker** resigns from RCA & NBC boards to devote more time to educational duties as dean of Harvard Business School. . . **Sam Kaplan**, Zenith Rauland Div., receives IEEE Zworkin award for color TV tube development. . . **Barry Evans**, ex-Uher national sales mgr., appointed western regional sales mgr., Akai Audio Div.

**T.P. Wang**, Sampo (Taiwan) exec. vp, named pres. of Sampo America, succeeding acting Pres. **M.P. Chen**, founder & chmn. of parent. Also at Sampo America: **Felix Chen**, son of founder and ex-secy.-treas., promoted to administration & finance exec. vp; **C.J. Ko**, former video & TV engineering & development vp for parent firm, named engineering & development vp. . . **Clark Yamazaki**, onetime Clarion, joins Harada America (antennas) as mktg. vp. . . **Christopher Kelly** joins Television Digest as associate editor in N.Y.

**Joseph Lolacono** named to head international business section, GE Housewares & Audio Business Div., continues as Audio Electronics Products Dept. consumer services mgr. . . **Al Saint**, ex-Empire Radio, named national sales mgr., PRB Industries Inc., succeeding **Stanley Reiff**, now with G&R Electronics. . . **Ron Fone**, ex-Garrard commercial dir., named Teledyne Acoustic Research vp and mgr. of U.K. operation. . . **Al Magida**, ex-Kraco, joins Dyn as northeastern sales mgr. & key accounts mgr.

**Howard Whidden**, ex-Beede Electrical Instrument, named to new post of Sylvania Parts Div. mktg. mgr.; **John Higham** appointed counsel, GTE Precision Materials Group. . . **Ben Prescott**, ex-TRW's United Transformer Div. mgr., joins Rexford Inc. . . **Robert Marshall**, ex-McGraw-Edison International Div., joins Chicago Miniature Lamp Works as mktg. mgr. for miniature & subminiature lamps.

**Toshiba's U.S. TV plant** construction is proceeding on schedule in Lebanon, Tenn. Building should be completed in time for pilot production to start by late Aug., full production in Sept. Toshiba is investing \$8.3 million in plant, which will have 300,000-set annual capacity by 1980 (Vol. 17:51 p7).

**CES conferences** will be available on audio cassette at \$5 per session from MGE Audio Library, Box 244, Lake Villa, Ill. 60046.

**KLOSS, ADVENT SETTLE:** Founder **Henry Kloss** has given Advent \$817,000 worth of its stock and agreed to sell off bulk of remainder of his shares in settlement of lawsuit in which he was accused of violating 1975 contract by developing and attempting to license projection TV tubes. Suit and threat of "indefinite appeals" had blocked new Kloss Video Corp. from trying to sell or license his new projection system, Kloss told us.

Agreement voids contract and stipulates that Kloss "may develop & license the tube without incurring obligations to Advent." Kloss had insisted that Advent had no rights to tube he developed after leaving company and that suit was "harassment." In exchange for dropping suit, Kloss transferred 121,050 shares of stock to Advent, to be voted by Chmn. **Peter Sprague**. Advent agreed to cooperate with Kloss in offering bulk of his remaining shares (about 360,000) to public within 3 years. Kloss once owned about 40% of Advent stock, now has about 15%.

Immediately following settlement, **Arthur D. Little Co.**, which is handling licensing of Kloss's projection system, announced "6-ft. projection TV that can be viewed in normal room light [and] promises to reduce the manufacturing cost of high-performance TV 50% while eliminating the need to darken the surroundings." ADL said Kloss developments "make possible a \$2,000 system with higher brightness & clarity than present systems costing \$3,000 or more." Announcement said tooling of tube & optics is complete, prototype quantities have been manufactured, with limited production to begin this fall. ADL plans to license tube & technology to outside manufacturers wishing to manufacture or assemble system.

**CES** promises to be scene of much projection TV activity. Among scheduled Chicago events are introduction of: (1) 6-ft. Advent 760 system (Vol. 18:22 p11). (2) Mitsubishi one-piece 3-tube 50" projection system at \$3,000-\$4,000 which, at 600 ft. lamberts, is claimed to be twice as bright as any other; 2-piece 72" projector remains in Mitsubishi line. (3) Sharp 2-piece 72" projector, scheduled to list in \$3,000 area (Vol. 18:19 p9). (4) New line by Allen Markoff Theatervision, including one-piece 68" unit at \$1,995, with possible preview of 3-tube system to be introduced later this year. (5) Complete projection TV system by screen maker **Schudel Inc.** (6) New models from PTV Network (Vol. 18:22 p11). Screen maker **Knox Mfg. Co.** (**George Simkowski**, vp) will announce June delivery for under-\$300 do-it-yourself lens-&-screen combination and availability of major-brand small-screen color sets with reversing switch for use in projection TV (Vol. 18:4 p11).

**FCC** is divided over **Goldwater bill (S-864)** authorizing agency to require interference filters on almost all consumer electronic devices. Informal vote at Commission June 8 revealed 3 for & 3 against, Chmn. **Ferris** abstaining. **Ferris** reportedly hasn't made up mind, but will be lead-off witness at Senate hearing June 14. Others testifying: Rep. **Charles Vanik** (D-Ohio), author of similar bill in House; **ARRL** Pres. **Harry Dannals**; **EIA** Consumer Electronics Group Counsel **J. Edward Day**; **MST** Counsel **Paul Berman**; **IHF** Technical Dir. **Leonard Feldman**; **High Fidelity** magazine's **Edward J. Foster**; **Stereophile** magazine's **J.E. Hannold**.



WEEKLY

# Television Digest®

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast

**SUPREME COURT RULES 8-0** that 'rational weighing' of competing policies justifies FCC grandfathering for cross-ownership rules in rejecting Appeals Court remand. Past performance most important in renewal, diversity a 'secondary factor.' (P. 1)

**KTXL RENEWED, ALA.** UHF granted in Commission staff instructions. WPIX gets renewal. (P. 2)

**FREY COMMITTED TO LICENSE FEE:** Despite original reservations, Frey will back license fee concept in rewrite. Broadcasters in dark about fee formula. Van Deerlin & Frey positive on approval by 1980. (P. 3)

**REWRITE IDEAS AT ACLU:** Brown criticizes rewrite bill, Schorr offers alternative at freedom of speech meeting. ABC's Schneider fears tactics of special interest groups. (P. 4)

**'POSITIVE VIBES' AT NBC** from new Pres. Silverman, who'll stress news & documentaries at affiliates' convention. Griffiths to pledge full RCA support. (P. 4)

**HOUSE KEEPS CONTROL OF TV** when TV gets to cover floor proceedings. Only AP takes live House-fed radio. (P. 5)

**'SPECIAL CONCERN' ON SEARCH** order of Supreme Court expressed by White House, which instructs Justice to seek legislation. (P. 6)

**'RATIONAL WEIGHING OF COMPETING POLICIES':** Forced divestiture of all co-located newspaper-broadcast combinations, although "fostering diversity, would disrupt the industry and cause individual hardship and would or might harm the public interest," and FCC "rationally concluded" this to be case. That was 8-0 ruling of Supreme Court last week in upholding—at same time reversing D.C. Appeals Court and rejecting argument of Justice Dept.—FCC's decision to continue to permit newspaper-broadcast combinations except in 16 "egregious" cases (Vol. 17:10 p1).

In decision written by Justice Marshall (Brennan missed Jan. oral argument, didn't participate), Court syllabus noted: "In the past, the FCC has consistently acted on the theory that preserving continuity of meritorious service furthers the public interest. In the instant proceeding, the FCC specifically noted that the existing newspaper-broadcast combinations had a 'long record of service' in the public interest and concluded that their replacement by new owners would not guarantee the same level of service...and could result in a decline of local ownership...There is no basis for a presumption that existing newspaper-broadcast combinations do not serve the public interest...There is no statutory or other obligation that diversification should be given controlling weight in all circumstances [as Appeals Court had ruled]...

### Consumer Electronics

**FIRST U.S. HOME VCR** plant to be built by BASF in Cal. for production of '8-mm' portables, output starting in 1979 or 1980. Matsushita previews Visc videodisc system. (P. 7)

**SUMMER CES A RECORD-BREAKER** in attendance, exhibitors & total space. TV makes strong comeback on show floor. Auto sound, telephones, VCRs star. (P. 8)

**COMPUTERS BECOMING GAMES,** games becoming computers, in consumer field as computer makers give up on idea of consumer programming. Magnavox's Odyssey II is major new high-end game. New Fairchild model. (P. 9)

**DISCORD IN AUDIO:** Is metal tape ready or should hardware makers dictate timing? Will digital recording knock off metal tape? Is idea of 2-speed cassette irresponsible? Will auto sound follow CB collapse? (P. 10)

**A VIDEO SHOW,** CES sees new camera & VCR models. All tape makers line up for videocassette market debuts. Eleven video software firms display wares. (P. 11)

**CB DOWNPLAYED BY CES** exhibitors, who push communications receivers, auto sound instead. Seminar speakers see 6 million unit sales for 1978, expect no drop in import competition. (P. 11)



Nor was it arbitrary for the FCC to order divestiture in only the 16 'egregious cases' since the FCC made a rational judgment... that the need for diversification was especially great in cases of local monopoly."

With that, Court totally upheld Commission. Rejected were arguments of newspaper-broadcast combines that their First Amendment rights had been tromped on through 16 forced divestitures, plus those of Appeals Court, Justice Dept. and citizens' groups that diversity of ownership is paramount.

Last week's ruling was culmination of rulemaking that started in 1970, attracted over 200 comments, included 3 days of oral arguments in 1974 (Vol. 14:30 p3), hundreds of thousands of dollars in research & legal fees. FCC decision, in Jan. 1975 (Vol. 15:5 p3), caused immediate rush to Appeals Courts with newspapers, broadcasters and public interest groups all seeking friendly tribunal. All appeals were consolidated in D.C.—least friendly of all to FCC & broadcasters. TV stations which still must divest by 1980: WALB-TV Albany, Ga.; KGLO-TV Mason City, Ia.; WTOK-TV Meridian, Miss.; WWNY-TV Watertown, N.Y.; KTAL-TV Texarkana, Tex.; WHIS-TV Bluefield, W. Va. Radios are in Norfolk, Neb.; Hope, Ark.; Effingham & Macomb, Ill.; Arkansas City, Kan.; Owosso, Mich.; Findlay & Wooster, O.; Du-Bois, Pa.; Janesville, Wis.

Cleared by Supreme Court were some 50 TV-newspaper and more than 120 radio-newspaper markets—where Appeals Court had ordered FCC to determine public interest would be served in continuing cross-ownership. Remaining in effect is FCC rule that newspaper-station can't be sold to same owner, but under current licensees they're grandfathered.

Broadcasters-publishers—except those who still must divest—were, of course, overjoyed. Appealant Citizens Communications Center wasn't totally disheartened either, expects further actions on case-by-case basis. UCLA Law Prof. Charles Firestone, who filed appeal while at Citizens, noted Supreme Court permits appeals on "case-by-case basis," predicted that's what will happen. Cox Bcstg. in Atlanta (morning-afternoon newspapers, AM-FM-TV, cable system) is likely to be first target. Firestone told us Appeals Court didn't consider case-by-case issue since its decision centered on diversity, said that facet of Supreme Court order is "a very crucial holding."

Particularly heartening to licensees was Court language which indicated that renewal applicant which has done good job should be favored in comparative hearing. Said Marshall: "In the past, the Commission has consistently acted on the theory that preserving continuity of meritorious service furthers the public interest... and should not be destroyed absent good cause... Accordingly, while diversification of ownership is a relevant factor in the context of license renewal... the Commission has long considered the past performance of the incumbent as the most important factor in deciding whether to grant license renewal..."

"Even where an incumbent is challenged by a competing applicant who offers greater potential in terms of diversification, the Commission's general practice has been to go with the 'proven product'... if the incumbent has rendered meritorious service... An across-the-board divestiture requirement would result in loss of the services of these superior licensees and—whether divestiture caused actual losses to existing owners or just denial of reasonably anticipated gains—the result would be that future licensees would be discouraged from investing the resources necessary to produce quality service..."

"In light of these countervailing circumstances, we cannot agree with the Court of Appeals that it was 'arbitrary & capricious' for the Commission to 'grandfather' most existing combinations... The order does make clear that existing combinations will be subject to challenge... Diversification of ownership will be a relevant but somewhat secondary factor."

**KTXL, WPIX RENEWED; ALA. TV GRANTED:** Ending long controversies in 3 TV cases last week, FCC: (1) Renewed license of WPIX N.Y. on 4-3 vote, as expected (Vol. 18:4 p3). (2) Instructed staff to draft document renewing license of KTXL Sacramento and grant station transmitter-antenna move. (3) Tentatively granted new TV station on Ch. 21 Birmingham to Chapman Radio-TV, denying application of Birmingham Bcstg., which received cp in June 1974.



KTXL got into trouble when it opposed shift of Ch. 31 cp to Sacramento and reportedly filed false document to FCC relating to Ch. 31 applicant's Dun & Bradstreet rating. In Oct. 1975, FCC judge had recommended denial of KTXL renewal because of alleged "lack of candor" (Vol. 16:42 p4). However, unanimous FCC reversed that ruling; Comr. Fogarty will oversee writing of opinion.

In Birmingham, Chapman was favored in supplemental decision over Birmingham Bcstrs. and commissioners reportedly agreed on grounds Birmingham isn't financially qualified; Comr. Lee will supervise decision in case pending since 1968.

WPIX won 11-year renewal struggle, competing against Forum Communications, in decision supervised by Comr. Washburn. Dissenting were Ferris, Fogarty & Brown. Majority found WPIX "entitled to a plus of major significance for its past broadcast record and a moderate preference for integration of ownership & management." On charges WPIX distorted the news, FCC said such "incidents concerned peripheral aspects [and] were very few in number out of the thousands of news items broadcast... and amounted to insignificant aberrations." Majority said there was no attempt to "distort, slant, falsify or misrepresent the news."

Dissenters said majority decision was "unsupportable in law" because: (1) WPIX had "a past broadcast record mediocre at best and riddled with violations of the letter and spirit of the Commission's rules." (2) Proposal of integration of ownership & management "was decidedly inferior—if not a sham." (3) Preference on diversification should have been awarded to Forum.

**FREY WEDDED TO LICENSE FEE:** Broadcasters who would love Van Deerlin-Frey rewrite (Vol. 18:24 p1) if license fee was cut out needn't look to Rep. Frey (R-Fla.) for help, even though Frey initially had strong reservations about concept of paying for use of spectrum. During months of negotiation with Rep. Van Deerlin (D-Cal.), the Fla. congressman eventually agreed to support license fee concept and now says he'll support it all the way. "I wouldn't put my name on a bill unless I thought it was a good bill," he told us.

Focus of broadcasters is now keyed to what proposed license fee will cost. Rewrite included few specifics, and first comprehensive model of license fee formula now is being put together by Communications Subcommittee staff. Although VHF's, especially those in top 20 markets, are expected to bear brunt of fees, there's little information on costs. UHF fees, according to Subcommittee Staff Counsel Edwina Dowell, will be "minimal"—in area for many of \$300 per year until parity is reached. All non-broadcast spectrum users also will pay fees. Broadcasters are expected to pay half of all fees collected, according to Frey aides.

Meanwhile, panel on rewrite during NAB state president's conference last week resulted in statement from moderator Donald Zeifang, NAB govt. relations senior vp., that broadcasters are showing "healthy skepticism" toward bill but not any "downright hostility." During panel, Ronald Coleman, Subcommittee minority counsel, said, among other things, that license fee isn't intended for "cross-subsidization" of public telecommunications and minority ownership fund. He later explained purpose of fee "is to allocate the spectrum. The money goes to pay for the Communications Regulatory Commission [CRC] and what is left goes to [other funds]."

Although fate of rewrite wasn't discussed at panel, Van Deerlin & Frey told us there're convinced bill could get full congressional approval by 1980. Added Van Deerlin: "If it can't be done by 1980, maybe it can't be done at all." Said Frey: "I frankly think it will get through the House in 1979." Asked how Senate will look at bill, Van Deerlin said: "There's not going to be any problem in [having Senate] consider what we send over."

Van Deerlin said reaction to bill has "been more favorable than I anticipated. There's no question about it, although I obviously don't hear all of it. There was no reason at the NAB [state president's conference] for all these people to come up and say kind things. They all expressed surprise." In speech prepared for delivery before N.J. Bcstrs. Assn., Van Deerlin said N.J. "was not overlooked in the rewrite." He said provision in bill "coupled with the oversight of my Subcommittee will achieve objective [of VHF allocation for state]."



**REWRITE IDEAS AT ACLU:** Van Deerlin-Frey re-write bill drew opposition from one journalist and alternate plan from another at ACLU Convocation on Free Speech last week in N. Y. Les Brown, N.Y. Times TV correspondent, criticized bill for eliminating fairness doctrine and other provisions he viewed in public interest. He complained broadcast licensees, who under bill could eventually hold licenses indefinitely, are people devoted to "maximum profit for minimum (expense)" and not public interest. He said a look at attendees at NAB convention finds crowd that is "all white, all male, all affluent—the vast majority are conservative... Those who own the stations are ideologically the same guy."

Speaking at same Freedom in Broadcasting session, ex-CBS reporter Daniel Schorr proposed deregulation of broadcasters, but in manner different from rewrite. He said spectrum should be auctioned off. "It's time to have broadcasting try the free enterprise system. I'd like to see broadcasters get out of the whole public trust [idea]. It should take its chances along with the others... Why rent it when you can buy it. Why not go whole hog... I don't like the fairness doctrine, equal time or the personal attack rule."

During another session, Violence in the Media, some tactics of organized opponents to network programs came under attack from one network & ACLU. Alfred Schneider, ABC vp, broadcast standards, complained about some groups. "When the tactics are those of intimidation, coercion or organized orchestrated boycotts, we find that the basic principles under which we live become endangered, and the conflict dampens the fires of experimentation," he said.

Franklyn Haiman, ACLU corp. secy., said lists of shows special interest groups want boycotted by advertisers scare him. "I'm reminded of the black lists... reminded of the Legion of Decency. I would defend these rights [of boycott and protest] but I would watch them like a hawk."

Joel Swerdlow, co-author of "Remote Control," said he's concerned that groups opposed to violence on TV may inadvertently be causing more harm than good by pressuring violence off air. "There are fewer violent acts [on air today] but just as much violence. It's off camera. You experience something more intensely if it's left to your imagination... the problem is getting worse, not better."

Rev. Everett Parker, Communications Office dir. of United Church of Christ, said persons advocating programming controls aren't interfering with press freedom. "TV is not the press," he said. "TV is a business. Anything else is gratuitous. Broadcasting is a different animal... TV programs have the power to damage children. TV has the responsibility to be a babysitter along with the parents."

**Cable rights to X-rated movies** (Deep Throat, Devil in Miss Jones, etc.) have been obtained by Video Programs International, according to Pres. Leonard Kirtman. He said company, in business just 2 months, is negotiating with 8 systems which have own pay channel, that MSOs "are interested but reluctant."

**'POSITIVE VIBES' AT NBC:** "The whole company has had very positive vibes all this week," NBC exec. told us June 16. He was speaking of Fred Silverman's first week as pres. (Vol. 18:14 p4), during which several program changes were made.

At NBC-TV affiliates' convention in N. Y. June 19, Silverman will stress network's heavy commitment to news & documentaries, say mini-series & big events (programming NBC is famous for) will play role in future scheduling but that network must build on series. He'll promise there'll be no emergency scheduling changes.

Next day, RCA Pres.-Chief Exec. Officer Edgar Griffiths also will make first appearance before affiliates, will pledge that Silverman has total freedom and support of parent company.

**"Disgraceful" & "shocking."** That's what House Commerce Committee Chmn. Staggers (D-W. Va.) wrote FCC Chmn. Ferris about agency's AM processing backlog. "When one looks at the excessive amount of regulatory delays [at] the FCC, one can only question whether much of the regulation by the FCC is necessary," Staggers said. "I expect that in your capacity as chairman... you will correct this matter immediately." Ferris hadn't replied at weekend, but Best. Bureau Chief Wallace Johnson said, "We are very much aware of the problem... We are trying very hard to take care of it, and much progress has been made." Johnson blamed deluge of applications prior to AM freeze 2-1/2 years ago, shortage of engineers and loss of 11 positions in current budget.

**"Major restructuring... to streamline the operation and focus lines of responsibility"** of ABC Entertainment Div. was announced June 16 by Pres. Anthony Thomopoulos. Among promotions: Brandon Stoddard, senior vp-dramatic programs, motion pictures & novels for TV; Marcia Carsey, senior vp-comedy & variety; Pam Dixon, senior vp-talent; Lewis Erlicht, vp-gen. mgr. (moving from N. Y. to L. A.); Seymour Amlen, vp; Edwin Vane, vp-national program dir.; Leonard Hill, vp-movies; Esther Shapiro, vp-novels & mini-series; Gus Lucas, vp-program planning.

**"Overwhelming majority"** of delegates at last week's AWRT convention in L. A. authorized acceptance of male members although name & purposes of organization won't change. "I'm very pleased that our membership... has taken this step," Pres. Audrey Hunt told us. While change is effective immediately, NAB TV Vp Jane Cohen heads task force to work out problems entailed by male members within 90 days.

**NATPE membership** now stands at 1,086, up from 883 year ago. Program group has established job placement bureau to be administered by March Five Pres. Robert Bernstein in N. Y., turned down proposal of syndicators to televise annual Iris awards dinner.

**TV personality Johnny Carson** and others (including ethnic group which will own about 1/3rd) are buying KVVU-TV Henderson-Las Vegas from William Herntstadt & Associates for \$5 million; broker Blackburn & Co.



**HOUSE KEEPS CONTROL OF TV:** House members, prodded by Speaker O'Neill (D-Mass.), last week voted down move to have anyone other than House employes run cameras for broadcast of House actions. By 235-150 vote, networks were handed setback. No date yet on when TV coverage will begin.

Debate on question drew these comments from Rep. Dellums (D-Cal.): "I do not want to become Congressional Extravaganza XX, where we are selling soap, dog food, underarm deodorant and maybe several other things. I want the American people to understand the truth... None of us knows who owns ABC, CBS or NBC, who makes the decisions or where the money comes from. We do not know these things, and as long as we do not know things, we should not give it to the networks."

First broadcast of House proceedings by radio began June 12, but only AP Radio broadcast live first words—spoken by Rep. Gore (D-Tenn.)—and provided only by House microphones. Others later used tapes of occasion, however.

"Both the FCC and the cable industry are saddled with a disturbingly elaborate and arcane set of regulations designed to limit the broadcast programming you may offer your subscribers... The vast majority of our regulatory effort is of the economic variety. It is precisely the sort of regulation designed to bring out the combative instincts in an antitrust prosecutor... Too often, regulatory agencies have been willing to accept industry arguments that market foreclosure was in the public interest"—FCC Cable Bureau Chief Philip Verveer, ex-antitrust prosecutor at Justice Dept., speaking to N.Y. Cable Club.

"Typical" TV station had net revenues of \$3.17 million (up 11.8%), profit of \$809,800 (up 6.43%) in 1977, according to NAB survey returned by 404 stations. Operating costs climbed 9.7% to \$2.35 million. Network compensation was up 6.5% (\$362,100), national & regional spot 9.66% (\$1.5 million), local advertising 14.86% (\$1.73 million). Program costs (\$804,400) were up 10.78%, selling costs (\$362,000) 20.03%, general & administrative (\$906,200) 14.93%.

Full house action on Appropriations Committee scolding of FTC for Commission's children's TV advertising rulemaking (Vol. 18:22 p3) was delayed last week when parliamentary question was raised over appropriations bill to which it was attached. Broadcast lobbyist said supporters of FTC may have been lucky to get delay because "we had the votes."

"It's going to be awhile. Things are going well but nothing is imminent"—White House official on pending vacancy at FCC. Spokesman said "about half dozen names" still are under consideration, including Comr. White, whose term expires June 30.

NTIA has compiled index of over 18,000 FCC decisions, including citations and court actions, available (\$8.25) from GPO, Washington 20402. Order OT Special Publication 78-18.

"They seemed satisfied I wasn't going to do anything in the area of communications [policy]," said Gerald Rafshoon, soon to become asst. to President for communications, of meeting he held with Sens. Goldwater (R-Ariz.) & Hollings (D-S.C.) last week. Private meeting in White House Mess stemmed from concern by Hollings & Goldwater that Rafshoon will become involved with communications policy as well as PR, and senators had sought Rafshoon testimony before Communications Subcommittee on matter. Rafshoon said he doesn't plan to testify, didn't know if they'd drop request, but said, "They seemed satisfied." And said Rafshoon: "We discussed [at lunch] the history when Nixon people tried to tamper with public broadcasting. I remembered how outraged I was."

Responding in letter to Fred Friendly of Ford Foundation to Friendly's suggestions on public broadcasting bill (Vol. 18:23 p4), Rep. Van Deerlin (D-Cal.), Communications Subcommittee chmn., stated: "The record shows that the waste of human and financial resources in the system has been outrageous, even to the extent that certain members of our Committee have all but given up hope for improvement. While I do not share that hopelessness, I am convinced that some legislative direction is now required... Furthermore, we continue to be confronted by an arrogant refusal on the part of the leadership of public broadcasting to acknowledge the existence of these problems, let alone accept the need for change."

NAB Chmn. Donald Thurston, WMNB-AM-FM N. Adams, Mass., is unopposed for re-election at NAB board meetings in Toronto next week; also unopposed—TV Vice Chmn. Thomas Bolger, Forward Communications, for TV chmn. Other candidates: TV vice chmn.—William Bengston, KOAM-TV Pittsburg, Kan., and Robert King, Capital Cities. Radio chmn.—Walter May, WPKE-WDHR Pikeville, Ky., and Herbert Hobler, WHWH-WPST Princeton, N.J. Radio Vice chmn.—William Sims, Wycom Corp., and Carl Venters, Durham Life Bcstg.

Columbus, O. blind can hear pre-recorded cassettes of novels read to them using Coaxial Communications cable system. Person taps out specific number for each novel over phone, then hears novel piped in via cable into modified FM radio.

"A strong case can be made that self-regulation of the traditional sort—whether by lawyers or other professionals—is not in the public interest."—Joe Sims, deputy asst. attorney general, Justice Dept. Antitrust Div.

New owner of Minneapolis' WWTC(AM), Robert Short, has ordered 20-person news staff of all-news station to begin selling ads, prompting some staffers to threaten to quit.

Viacom International & Sonderling Bcstg. have signed definitive agreement for Sonderling to merge into Viacom (Vol. 18:12 p5).

FCC Chmn. Ferris & Cable Bureau Chief Philip Verveer toured Warner's QUBE operation in Columbus, O. June 16.



## Personals

Wilma Kriner, W. M. Zamp ad agency (St. Petersburg), elected AWRT pres., succeeding Audrey Hunt, State Telecasting; Timatha Pierce, NBC N. Y., named pres.-elect. . . "MASH" star Alan Alda received AWRT Silver Satellite Award at L. A. convention for pushing Equal Rights Amendment and his "general support of women." . . John Goldhammer, KABC-TV L. A., & Ron Klayman, WQAD-TV Moline, Ill., elected to NATPE board.

Richard Wozniak promoted to vp-Detroit sales mgr., ABC-TV. . . Joseph Antelo advanced to vp-dir. of sales, WGN Continental Bcstg. and pres. of WGN Continental Sales; Charles Rothers, pres.-treas. WGN Electronic Systems (CATV), also elected dir. of engineering & development, WGN Continental Stations.

Michael Couzens, ex-Verner, Lipfert, Bernhard & McPherson Washington law firm, joins FCC network inquiry staff; inquiry co-chiefs Thomas Krattenmaker (Georgetown U. law prof.) and Stanley Besen (Rice U. economist) report fulltime June 19.

Roberta Romberg promoted to vp-affirmative action & employment, NBC. . . Donald Cunningham, ex-WOWK-TV Huntington, joins WHIC-TV Pittsburgh as programming dir. . . Lee Hunter, WJLA-TV Washington engineering dir., promoted to asst. to pres.-engineering, parent Allbritton Communications. . . Horace Wyatt promoted to chief engineer, WRBL-TV-AM Columbus, Ga.

Lionel Schaen, vp-gen. mgr., KHJ-TV L. A., elected HRTS pres.; MPAA Pres. Jack Valenti addresses HRTS newsmaker luncheon, June 27, Beverly Wilshire Hotel. . . ABC-TV Pres. Frederick Pierce speaks July 4 at National Education Assn. convention, Dallas. . . Veteran broadcast exec. Perry Bascom joins TvB as marketing sales dir.

Adele Greene, CPB vp-public affairs, resigns July 15 to become exec. vp of Science Program Group, Washington. . . FCC Assoc. Gen Counsel J. Clay Smith elected pres., Washington Bar Assn. . . John Gwynn, Nielsen administrative vp, elected a dir.

Jeannene Cozad promoted to southern mgr., Continental Cablevision, responsible for 6 cable systems. . . Frank Heyer promoted to engineering mgr.-TV products, Conrac; Gene Ornstead advanced to mgr.-technical support. . . Joseph Boyd, Harris Corp. pres., also becomes chief exec. officer, succeeding Richard Tullis, who continues as chmn.

Frank Scarpa, Valley Video Cable, elected Dist. 8 dir. of NCTA board in special election; Scarpa had won regular election by 2 votes and results were contested by John Walson (Vol. 18:19 p4). . . Vincent Rocco, ex-CBS, joins Nurad Inc. as dir.-microwave TV systems.

Auscom Assoc., new A-V marketing & systems engineering firm, has been established by Richard Wood, ex-RCA. Address: Box 544, Glen Rock, N. J. 07452, 201-447-6462.

**'SPECIAL CONCERN' ON SEARCH:** Weight of White House last week was thrown behind journalists' concern over Supreme Court's search decision (Vol. 18:24 p3). Speaking to Washington SDX, Vice President Mondale said President has ordered Justice Dept. to 'find & fashion' legislation designed to guarantee full protection for news media.

"If the press is threatened, we are all endangered," Mondale said. "This is a moment for special & serious concern." He noted recent Supreme Court decision has cast "a new shadow" over newsmen, that "greatest danger" is that such fears "could have a chilling effect" on coverage & independence of journalists.

House Judiciary Subcommittee plans June 22 hearing on recent Supreme Court decision allowing authorities to search newsrooms with only warrant and without having to specify for what they are searching.

National Weather Service broadcasts may be rebroadcast by TV & radio stations, if following conditions are met, FCC says: (1) Messages must be rebroadcast within hour after Weather Service broadcasts. (2) If commercials are aired, they mustn't convey endorsement by govt. (3) Credit must be given to Weather Service. (4) Stations can't rebroadcast Personal Radio Services transmissions.

Children can be "immunized" against TV commercials, Stanford U. prof. claims. Using 2 films designed to show kids how commercials are made, Don Roberts said children at least 7 or older can be taught to see through advertising techniques and understand advertisers are trying to sell something.

Thirteen challenges to national ads, several on TV, have been resolved by National Advertising Division of Council of Better Business Bureaus. Six were resolved when ads were discontinued or changes were made in copy. Seven other investigations ended when NAD concluded claims were supported.

FTC order that states and professional groups may not ban advertising for eye glasses & examinations (Vol. 18:22 p5) has been appealed by AMA, Americans for Democratic Action and American Optometric Assn.

FM share of radio audience now is 46.4%, up from 39.6% 2 years ago, according to RADAR, leading CBS-FM Vp J. Robert Cole to predict that FM will overtake AM in total audience before 1980.

KUON-TV Lincoln and U. of Neb. will study application of new videodisc technology to learning for hearing impaired. Study will last several years, use MCA Disco-Vision industrial models.

Public Service Satellite Consortium will hold 3rd annual conference Oct. 3-5, Washington Hilton, Washington.

Complaints about broadcasting to FCC in April totaled 3,245, down 822 from March.



# Consumer Electronics®

A Section of Television Digest with Consumer Electronics

MANUFACTURING & SALES • TV • PHONOGRAPHS • TAPE PRODUCTS • RADIO • COMPONENTS • NEW PRODUCTS • FINANCE

## STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended June 2 (22nd week of 1978):

	May 27- June 2	1977 week	% change	May 20-26	1978 to date	1977 to date	% change
Total TV. . . . .	177,190	164,073	+8.0	277,145	5,908,070	5,175,834	+14.1
color . . . . .	111,265	99,184	+12.2	175,558	3,770,955*	3,172,721	+18.9
monochrome . . .	65,925	64,889	+1.6	101,587	2,137,115	2,003,113	+6.7
Total radio . . . . .	1,052,472	984,409	+6.9	1,065,578	17,309,713	16,060,243	+7.8
home, portable .	829,499	732,050	+13.3	783,911	11,707,942	10,595,134	+10.5
AM-only . . . .	129,131	216,514	-40.4	131,002	3,326,881	2,622,507	+26.9
FM & FM-AM .	700,368	515,536	+35.9	652,909	8,381,061	7,972,627	+5.1
auto . . . . .	222,973	252,359	-11.6	281,667	5,601,771	5,465,109	+2.5

Color TV 5-week moving average: 1978—156,979\*; 1977—117,719 (up 33.4%).

\*Record.

**BASF BUILDING FIRST U.S. HOME VCR PLANT:** U.S. will move from home VCR importing to exporting in 1979 or 1980 when German-owned BASF Systems starts production in Southern Cal. of new "8-mm" portable videocassette system for worldwide sale, BASF officials insist. Announcement of plans for plant in L. A. area is imminent.

BASF spokesmen would make only general comments on subject last week at CES, which was notable for first public showings of new VCRs & cameras. Of course, introduction of new BASF system would further muddy format "standardization" waters, since it's compatible with no system now in use. BASF officials see it knocking all other systems out of box because of its natural advantages.

You may recall system as "LVR"—for longitudinal video recording—which we previewed last Aug. following private showing at Berlin's Internationale Funkausstellung (Vol. 17:35 p7). BASF plans to change emphasis, stressing "8-mm" aspect—that's width of tape (0.31"). "Our feeling is that the 8-mm VCR will do for the home video industry what 8-mm did for photography as opposed to 16-mm," we were told by BASF Systems Mktg. & Sales Vp Jack Dreyer. System packs 48 video & 96 audio tracks onto 8-mm tape which moves at 160 ips past fixed head, changing direction and switching tracks every 2-1/2 min.

BASF sees system as especially suitable to lightweight combination video camera-recorder although separate shoulder-strap recorder is expected to be first product, combo awaiting development of CCD solid-state color camera. Bell & Howell has BASF license to produce VCR and has said it is working with GE & others on CCD color camera, but there are indications that relations between BASF and B&H have chilled.

Advantages over current VCR formats, BASF believes, are: (1) Small size & light weight (single-reel 2-hour cassette is half size of Beta cassette). (2) Simplicity & potential low cost (fixed head, only one precision part in cassette). (3) Ease & low cost of software duplication (all tracks can be laid down in single pass, meaning cassette can be duplicated in 1/48 real time). (4) Adaptability to digital recording, which BASF says may be used in 2nd-generation version.

Since BASF is actively developing metal-alloy recording tape which many believe could be ultimate answer to "true portable" VCR (Vol. 18:23 p7), why doesn't it redesign format to ac-



commodate new tape, cutting down recording speed and cassette size? "We don't need a smaller cassette" is answer, and besides, "we think digital technology may overtake metal tape as next major video recording development"—a view reflected by other tape makers in audio field (see p. 10).

CES was major video show this year for both hardware & software, with new cameras & VCRs proliferating, all major tape makers revealing their videocassette plans and an astounding total of 11 video software firms offering thousands of programs. At video seminar, Emanuel Wolf, pres. of Allied Artists which is just entering videocassette field (Vol. 18:21 p9), set tone for new mood when he said: "We're not going to wait for our films to play through" pay & free TV before releasing them on cassette. AA's upcoming \$10-million feature "Wild Geese" will be offered on tape within few months of theatrical release, he said. (For CES video highlights, see p. 11).

Matsushita held first U.S. showing of Visc mechanical videodisc system (Vol. 17:48 p6, 18:23 p10) for invitees at CES—with some surprises. It showed 3 different video systems: Visc I, 30-min. per side on 12" disc; Visc II, 60-min. per side; Visc S, 7-min. disc the size of 45-rpm audio disc (revolving at 720 rpm instead of 450). In addition, company demonstrated Visc AD—digitally recorded audio disc pressed from standard PVC record material, providing 30 min. per side at 450 rpm with dynamic range given as more than 85 dB.

Pictures on all videodiscs were excellent and Matsushita officials stressed simplicity of system—disc pressed in 25 sec. on standard audio record presses with standard material. No commercialization plans were given, Panasonic Exec. Vp Ray Gates stating that timing depends on software, standardization & compatibility. He said player could be priced at about \$500 and he believes "we can produce ours as economically as any system yet announced." Although demonstrations used bare discs and Matsushita engineers said records were about as durable as audio discs, they conceded they're studying various systems for enclosing records in permanent protective jackets—a step RCA took to combat combined ravages of dust & humidity.

Showing of Visc and Sony's disc preceding week were obvious attempts to point up alternatives to Philips/MCA optical system and prevent it from becoming de facto standard. Magnavox Senior Mktg. Vp Kenneth Ingram, answering the inevitable question last week, said: "We're still on schedule. It will be introduced at the end of this year, with full rollout in fall 1979."

**SUMMER CES—A SUCCESS ORGY:** By any measurement standard, last week's Consumer Electronics Show in Chicago was a smash. Dealers enjoying record-breaking color & audio sales this year came in record-breaking numbers. Early opening-day registrants had waits of up to hour, and crush didn't ease until mid-afternoon.

Statistics tell story: Attendance 55,343, against year-earlier 50,746; total exhibits, 821 in 3 locations vs. 711 in 2 sites; total exhibition area, 436,416 sq. ft. vs. 384,000. Exhibits in all locations (esoteric hi-fi at downtown Pick-Congress was added to McCormick Place & McCormick Inn this year) drew heavy crowds, and seminar sessions were packed June 11 & 12, thinned down to heavy on last 2 days.

While audio still is backbone of CES, this one marked strong revival for TV, thanks in part to growing participation by manufacturers from Taiwan, Korea & Singapore. But all TV majors were represented one way or another, and interest in latest video innovations—VCR, cameras, projectors—was heavy (see p. 11).

Show marked coming of age of new highway hi-fi business, which seems headed for shake-out (see p. 10), birth of mass telephone market (p. 13), and possibly turning point for overcrowded home hi-fi business.

In video games, Magnavox was clearly show-stealer with new programmable, as most other producers stuck with models introduced last year, de-emphasized high-end dedicated units which bombed in 1977 and left cheapie ball-&-paddle business to importers (see p. 9). In displays and at seminar session, computer firms showed recognition they misread market potential. This year they stressed small-business & hobby markets, indicated they would stick with



that until more entertainment-type software is available. Award for most talked about product goes to Texas Instrument's "Speak & Spell" hand-held learning aid programmed to pronounce all letters and 200 words, give verbal instruction, available in July at \$50.

June 13 was billed as audio day, but biggest sounds were provided day earlier as Epicure Products had Stan Kenton on hand for afternoon concert, Benny Goodman serenaded at early-evening Magnavox reception for new Pres. Kenneth Meinken and Lionel Hampton shook Playboy Towers Ballroom at late-night bash thrown by CES Publishing. There wasn't an exhibit at Pick Congress that could match it.

**COMPUTERS & GAMES:** Judging from trends at CES, games are turning into computers and computers are turning into games. Computer manufacturers still are trying to define "true consumer" computer, but they now seem convinced primary customer today is hobbyist or small businessperson and most have given up on idea that consumer is interested in programming own computer. At this CES, it was clear that computer manufacturers felt they had to be heavy on game and other entertainment programming to entice "true consumer."

At same time, programmable games increasingly had alphanumeric keyboards, either as standard equipment or add-ons, and several offered computer-type educational software (how to program, etc.) to help step up from game to computer—a la Bally Basic. New Magnavox Odyssey II at \$180 has keyboard plus 2 joysticks, extremely sophisticated animated games, even "Introduction to Computer Programming" cartridge.

One of new breed of half-game-half-computer is Cybervision, Haiti-built "audio-visual computer" being sold by Montgomery Ward at \$399 (Vol. 18:4 p9). It uses audio cassettes, has 2 alphanumeric keypads, is claimed to be only system on market which synchronizes sound with visuals (including limited automation) on color TV screen. Entire system is reminiscent of Admiral's ill-fated Video-spond.

Granddaddy of all programmable games, Fairchild's Channel F, has been completely redesigned (now down \$20 to \$150 list), but is still compatible with past cartridges, now has keyboard accessory at \$9.95 which plugs into special sophisticated "K"-type cartridges. Fairchild has 24 cartridges, including 7 new ones for Aug.-Sept. delivery. Video Mktg. Dir. John Donatoni said cartridge sales have been running 4.2 per console, expects to see that rise to 7.5-8 in next 12 months.

Computer seminar reflected new attitude of realism. Stanford Research Institute's Bob Richardson said study showed consumer isn't inclined to program, uses computer primarily for games. Commodore's Chuck Peddle and VideoBrain's Rich Melmon agreed that "applications," rather than "machine," must be sold to consumer. Peddle listed this consumer computer progression: (1) Entertainment—"this is where we're at now." (2) Serving as large calculator. (3) As controllers with ability to store & receive data. (4) Education. (5) Expansion by use of 2nd storage device. (6) Move from cassette to floppy disc for random access. (7) Communication between computers by phone line. (8) "The home is the ultimate peripheral, but must

be designed from the ground up" with computer in mind.

GRT's Vern Raburn pleaded for standardized cassette programming. He said software must be supplied by non-hardware firms, and without compatibility, problems are "insurmountable" and home computer business would perish in same manner as quad stereo. He made it clear that he believed computer is part of "home entertainment industry," in same league as record-playing equipment.

Bally's Robert Wiles discussed game-to-computer evolution, citing survey for Bally by Chain Store Age which showed 75% of dealers said consumer wants to be able to program own video game, 42% want to expand game to computer later. For this purpose, games should be designed to accommodate future add-ons to keyboards, digital tape decks, etc., he said. He forecast programmable game market would reach 2-2.5 million units this year, while personal computer market would total only 200,000. Games are easy to use and public isn't afraid of them, he added, and gradual upgrading can lead public toward true computer and self-programming without apprehension.

Atari's Nolan Bushnell told video seminar that ball-&-paddle games are "essentially over" and programmables "are really what this business is all about." He said last year general forecast was for 8 million games, but "we feel it was 5 million." Demand will be higher this year and "there will be lack of supply." Last year, he said, "we found we traded so many people up [to programmables] that the middle part of the market [dedicated games] essentially fell apart... We were a victim of our own success." He saw programmable games as dealer's entree to communications center of future—with merger of TV, games & computers.

**Game notes:** RCA's discontinued Studio II programmable is alive & well and living in Hong Kong. Prototype was demonstrated by Conic, along with several other games it plans to market later this year... Marx showed its first electronic game, \$175 table-top bowling alley with automatic regulation scoring. It has built-in trouble-shooting circuitry—at press of test button, it goes through series of lightbulb & circuit tests. Booklet tells consumer how to read test results, make most minor repairs... Magnavox's Sentinel Div. had own separate exhibit, pushing pinball machines it originally produced for General Home Products (Vol. 18:20 p10, 18:22 p12), salesmen quoting prices for lots of 100.

Masters, N. Y. discount chain, is going private. Insiders, who control 65% of stock, plan \$7.50 tender offer to public holders. Stock has been selling at about \$6.



**AUDIO DISCORD:** On crest of biggest boom in its history, audio industry at CES found itself looking squarely into future—with wide-ranging disagreements as to what the future actually was (but with general agreement that it probably was going to hurt). There was ranging controversy over metal tape & digital recording—in many cases it could be called "metal tape vs. digital recording."

Most tape makers roundly condemned 3M for introducing Metafine tape before standards could be set (Vol. 18:23 p7). At show, Fuji announced it would bring out own metal tape as soon as hardware is available to use it; Magnetic Tape Gen. Mgr. John Dale told us he didn't think standardization would be any problem and that Fuji's version would be compatible with 3M type.

Most others disagreed with approach, some feeling that digital recording was next major development, overtaking metal tape—oxide tapes generally being considered as better for digital recording. One tape maker spokesman called metal tape "last-ditch move to save analog." BASF said it would wait for worldwide metal-tape standard, has been talking with hardware manufacturers and other tape makers. Maxell spokesman said flatly: "We're less than 2-1/2-3 years away from good semi-pro PCM recording, 5 years from a consumer version. There's no hardware, so why tie up production time with metal tape?"

"Software has never driven hardware," said Memorex Mktg. Mgr. Al Pepper—"look at the El-caset disaster." He said Memorex was "excited" over both metal tapes & digital recording—"economics lead to digital, but equipment manufacturers will make the decision, not tape makers."

There were 2 developmental metal tape demonstrations—by JVC & Nakamichi. Latter pleaded for industry-wide reason & standardization in developing metal tapes; in fact, it urged 2 standards, including one which could be recorded & played back on existing cassette machines in chrome bias setting.

Digital demonstrations attracted big crowds—Panasonic, Hitachi, JVC & Mitsubishi displaying prototypes, generally of attachments for VCRs, in \$3,000-\$4,000 area, currently not for sale. Matsushita privately showed digital version of its video-disc, pressed from standard PVC material on regular record machinery (see p. 8).

Another attention-getter was Hitachi's tape deck with Hal-effect playback head (Vol. 18:21 p11), which could eventually lead to better frequency response at slower speeds, with or without metal tape.

Back in the controversy dept. was BIC, showing 3 non-standard 2-speed cassette decks (\$300-\$450), all equipped with switch to double speed. Past plans for 2-speed decks have aroused ire of cassette landlord Dutch Philips, which has nipped them in bud. Other manufacturers questioned why speed should be doubled at time when cassette response has been so substantially improved and when it stands on brink of quantum leap through metal tape. If you're going to violate Philips rules, they reasoned, why not cut speed in half?

Explosion of auto hi-fi conjured up *deja-vu* feeling—is it another CB, at higher prices? Marantz, Motorola, Grundig, Mitsubishi, Sanyo and many others jumped into fray with new product lines, and traditional hi-fi speaker makers Advent & Epicure displayed high-end car speakers. Pioneer's Jack Doyle saw 1978 wholesale car stereo market at \$841 million (one-piece \$551, amplifiers \$52, speakers \$238 million), rising next year to \$979 million (\$635, \$59 & \$285 million). Noting market is growing, he nonetheless became first industry spokesman to sound warning that 1979 probably will be "very troubled time," with too many high-end manufacturers and too few high-end consumers resulting in shake-out next year. "This problem could be compounded by a new factor—AM stereo"—causing consumers to postpone purchases until equipment is ready. (If you subscribe to CB analogy, just substitute "AM stereo" for "40-channel.")

Harman International's Irving Stern estimated retail market for \$300-&-over stereo systems at \$2.5 billion, \$3,000-&-up systems representing \$350-million market, total industry sales rising to \$4 billion by 1984.

Emerson's Saul Knazick said 5 million compact systems were sold at retail for \$1 billion in 1978, forecast that cassette recorders will account for about 50% of tri-mode compact business by end of this year or next and said he doesn't see 8-track as "viable entity by 1983."

Nakamichi experimentally displayed prototype of new consumer noise-reduction system based on Telefunken professional type, with 10-dB & 20-dB switches, former for compatibility with Dolby-recorded cassettes. At time we saw demonstration, Ray Dolby was in audience and, asked to comment, said: "Telefunken is not covered by my patents but its consumer system is."

**Labor Dept.** approved import adjustment assistance for displaced workers formerly producing scanners at Regency, Indianapolis, and for some who lost jobs at Transitron's Wakefield, Mass. plant. In report on Regency, agency noted scanner imports rose from 190,000 in 1976 to 213,000 last year, said Regency customers reported they had switched to imports. Those formerly producing semiconductors at Transitron were cleared for help as job losses were traceable to increased import competition, Labor said, but it denied similar aid for those formerly making electrical connectors. Labor said its investigation showed imports are not significant factor in domestic connector market. Commerce Dept. has opened import impact aid eligibility probe at request of Eico Instrument.

**Mergers & acquisitions:** Automatic Radio's car radio & tape business is being sold for \$12.5 million to group of investors headed by William Thomas (Pathcom) & Michael Waite (Harrison Radio). Group also gets one-year option to acquire AR's Canadian business. AR will stay in tractor radio & other businesses, expects transaction to result in \$6-million pre-tax loss... Sony purchased 49.9% interest in French subsidiary from venture partner Societe la Mure. French law requires local partners during first 5 years after establishment of foreign-owned ventures.



**CES'S VIDEO SHOW:** Once again, video came close to dominating CES, in both talk & product. In hardware field, attention was devoted to lower-priced color cameras and new-model VCRs (Vol. 18:24 p12). As we forecast last week, JVC priced its upcoming low-end color camera at \$850, Magnavox putting \$895 tag on same unit. JVC step-up with 6-1 zoom, electronic viewfinder, automatic iris control will be \$1,250. Magnavox will offer same upgrading items as add-on accessories.

Hitachi showed its new 2-speed VHS machine (\$995) for first time. Like JVC's step-up unit, it features freeze-frame when pause control is engaged. Company claims best signal-to-noise ratio of any home unit (46 db). New Hitachi color camera (\$1,400 with fixed lens & optical viewfinder) has options which include electronic viewfinder at \$200, zoom lens at \$250. Electrical viewfinder doubles as playback monitor, has tiny loudspeaker for sound—first time this feature has appeared in consumer VCR. Hitachi will add portable VCR this fall.

Sanyo introduced modified model of Betacord VCR with remote pause and pause-indicator light. While some observers were openly expressing skepticism as to whether L-750 (3-hour) Beta cassette would ever be introduced, Sanyo announced that it would pack one, along with an L-500, with every new-model VCR it sells for first 90 days (starting July). Sanyo showed new pistol-grip b&w camera with mike and built-in record light at \$300.

GBC was pushing Toshiba-made color camera at \$750 dealer cost, \$995 list (Vol. 18:24 p 12), liquidating units far below cost. Chmn. Harry Lefkowitz told us he probably would leave color camera field unless he could get true low-cost unit. "Toshiba is behind the times," he said. "The camera is obsolete and too expensive." (Toshiba is expected to show higher-priced color camera later this year.)

Videocassette suppliers were proliferating, virtually every tape major promising VHS & Beta cassettes under own brand. Here are some stated plans: BASF, Beta early fall, VHS later; Maxell, now producing VHS cassettes for affiliate Hitachi, will have own-brand VHS in quantity in April, is applying for Beta license. Fuji, now delivering VHS cassettes at \$27.95, will have Beta later this year; Memorex, both formats Jan. or sooner; Ampex will have Beta later this year, VHS next; 3M, Beta now, VHS in July; TDK VHS this month, Beta in 1979.

Proliferation of pre-recorded program vendors included some familiar as well as unfamiliar names. One of the more familiar was National Telefilm Assoc., longtime TV & cable program vendor, offering package of some 40 films ("High Noon," "Bells of St. Mary's," "La Dolce Vita," "Body & Soul") at \$50 & \$70, same prices as Magnetic Video's movies. Some other exhibitors specialized in X-rated cassettes, their demonstration TV sets turned discreetly toward interior of booths, away from aisles.

Magnetic Video Pres. Andre Blay said he ex-

pects there'll be 40-50 program suppliers next year, and since pornography appeals to lowest common denominator, it's being offered by least reliable firms. He said TV dealers are in danger of losing recorded tape market to specialty stores, urged them to be quality-conscious and to help anti-piracy fight by reporting bootleg suppliers.

RCA Mktg. Vp Jack Sauter told seminar studies indicate 900,000 consumers showed strong intentions to buy VCR this year, that product responded very well to March-May promotions—something truly seasonal items don't do. He called "sales potential of 1 million in 1980... a very real forecast," presumably revising last year's forecast of 1.25 million sales in 1979. RCA's William Boss, keynoting video session, quoted company survey which showed 50% of VCRs are purchased in TV-appliance outlets, 12% in discount stores, indicating consumers are sticking to traditional sources.

Sony Consumer Products Sales Vp Ed Addis said proliferation of VCR models should help sales. He added that he expected VCRs' audio capabilities to be improved and cited possibility that VCRs will turn out to be "next generation of audio products" (see p. 8).

**CB AT CES:** Despite EIA Communication Div. efforts to pump up enthusiasm for CB with 20th anniversary happenings, overall atmosphere was glum, and traditional CB exhibitors devoted strongest display efforts to communications receivers and new auto sound products at CES.

At personal communications seminar, Div. Staff Vp John Sodolski's optimistic forecast of 8 million-unit sales this year was countered by 6-to-8-million prediction by Motorola's Larry Jones, and 4.5-to-6 million from Olin Lippincott of Midland. In presentation, both Jones and Lippincott indicated high end CB business is holding up, though Lippincott said \$50 is still mass-market acceptance price.

While temporary boost in CB duty from normal 6% to 21% as import protection measure will help domestic producers for now, speakers made it clear it won't have any long-term effect on market. Jones said market share held by imports might decline from present 90%, and Motorola is increasing output, to benefit from move—but "this does not preclude our importing products" where there are economic & technological benefits. Pathcom's William Thomas said his company has shifted emphasis to domestic assembly, but pointed out higher duty will last only 3 years, making it impractical "for somebody to make a major investment" in new U.S. facilities. "I don't think you are going to see a significant change in the percentage factors," he added.

**Distribution notes:** Sylvania appoints Almo Electronics, Philadelphia, replacing factory branch... Ohio Appliances, Cincinnati (RCA, Sharp appliances), plans to halt operations by end of Sept. Unit is being closed by parent Federated Stores... JVC Home Entertainment Div. appoints Audio Marketing, San Jose, Cal., Larry Sinclair & Assoc., Missouri City, Tex. and R. A. Albrecht Inc., Rochester, Mich. as sales reps.



**SONY NET DOWN:** Sony reported sharp declines in consolidated first-half & 2nd-quarter net despite modest sales increases which pushed volume to record highs. Company blamed results in part on rising yen values, which raised prices in overseas markets, higher R&D expenses & depreciation costs (see financial table).

Sony VTR sales were biggest disappointment, rising only 1.9% in quarter to \$79.4 million, though they were up 25.3% for half to \$183.2 million. Spokesman said Beta volume was up, but its popularity was cutting down on sales of open-reel and U-matic models. He noted that first half VTR sales by Sony Japan were up 42.9%, said this represents deliberate new-model build-up by Sony subsidiaries in U.S. & Europe.

Sony TV business also was off, dropping 1.8% in quarter to \$158.1 million, down 3.2% in half to \$349.6 million. Tape recorder & radio volume was down 11.2% in quarter to \$106.5 million, 11.3% for half to \$215 million. Showing improvement was audio equipment, up 5.3% in quarter to \$61.2 million and 5.7% in half to \$143.7 million. Sales of other products (video & audio tape, accessories) rose 14.2% in quarter to \$136.8 million, 15.5% in half to \$269.1 million.

**Coleco** reduced \$15.1-million video game inventory by \$1 million in first quarter, expects similar cut in 2nd quarter, Pres. Arnold Greenberg told annual meeting. He said company cut game prices to spur sales, noted plans for programmable game were shelved but may be revived. Coleco has engaged in merger talks, he said, but no agreements have been made.

**Lloyd's** expects to show \$3.4-million loss for fiscal 1978 to March 31, including provision for \$2.3-million writeoff of investment in and loans to Products International. The Cal.-based distributor of Lloyd's products is 50%-owned by Lloyd's Western and is being sued by Lloyd's in Los Angeles Superior Court for \$2 million. Lloyd's charges PI and affiliate Lavco (owner of other 50% of PI) altered books to show non-existent sales of \$1 million. Figures indicate Lloyd's suffered operating loss of \$1.7 million in last quarter, wiping out \$622,000 income it reported for first 9 months. In fiscal 1977, Lloyd's had \$1.8 million income, showed \$400,000 loss in final period.

**Tenna** founder Sidney Ludwig and son Harvey plan proxy fight to regain management control at July 7 annual meeting. Family owns 39% of auto sound marketer. Sidney Ludwig retired as chmn. in 1973, was succeeded by Harvey, who resigned in July 1976 in midst of investigation into illegal shipping rebates received by company and him personally.

**IHF** audio show in Atlanta had some fans, according to press release issued by IHF. In contrast to negative feedback we received on May 19-21 event (Vol. 18:22 p11), quotes cited by IHF from such audio makers as TEAC, JBL, Pioneer, Lux, Jensen, Elpa Mktg., Audio-Technica, Bose, Hitachi, Janszen & Sonic Research were laudatory, as were released comments from 8 major audio dealers.

**SENATE EYES INTERFERENCE:** Industry & consumer representatives appearing at Senate Communications Subcommittee hearing on interference filters legislation (Vol. 18:24 p14) last week found out actual purpose of Goldwater bill from its sponsor. "I'd like to see you manufacturers get your heads together and come up [with answer to problem] rather than burdening you down with govt. regulations. I am using my bill to get you together," said Sen. Goldwater (R-Ariz.).

His view of problem was shared by FCC Chmn. Ferris, who told Subcommittee: "I view reluctantly the FCC getting involved in regulation where the marketplace can provide the remedy." And Ferris also officially informed Goldwater of Commission inquiry to be initiated shortly on matter. Among items to be examined is idea of labeling by manufacturers to indicate quality level of product and its interference immunity.

Hearing drew testimony from 10 witnesses. Among comments: "We believe that the FCC should more fully exercise its existing authority in the interference area before more legislation is enacted"—J. Edward Day, EIA-CEG special counsel.

"The millions of purchasers of TV & radio receivers and other electronics devices each year deserve more consideration than they have received so far. Enactment of [Goldwater bill] is necessary to supplement other consumer protection statutes"—Harry Dannals, American Radio Relay League pres.

"IHF does not believe that every purchaser of an audio component should have to bear the cost of including multiple filters and/or shielding in high-fidelity components when a large percentage of purchasers will never experience any interference problem and when...only a small percentage of interference problems can be avoided by such elaborate filtering and shielding"—Leonard Feldman, IHF technical director.

"We find it intellectually repulsive to require that the high-fidelity consumer pay an increased price to avoid interference from an illegal transmitter"—Edward Foster, consulting editor, High Fidelity Magazine.

"The solution could come from better design of the CB transmitting set to cut down the amount of interference at the end. The NAB believes that such an approach would be the most equitable."—NAB statement submitted for record.

**FCC** amended Part 15 of rules to exempt from Aug. 1 deadline on sale of uncertified CB receivers those amateur radio receivers containing 11-meter (27-MHz) band which were produced before Jan. 1, 1960. In notice of change, FCC said such receivers have never been source of harmful interference and it was changing rule to permit amateurs to continue to trade & sell used equipment.

**Data** on 24 TV receivers and FCC prototype set are included in "Relationship Between Noise Figures and Other Performance Characteristics of Contemporary UHF-TV Receivers," now available from FCC Chief Engineer's Office. Ask for Report FCC/OCE LAB78-02.



**HIGHER COLOR PRICES:** Japanese color TV majors who were holding back on 1978-model pricing in hopes muddled dumping-countervailing duty-yen value situations would clarify were forced to make commitments at CES in Chicago last week. Bad news was in form of \$10-\$90 price increases from June 1977 levels and abandonment of some key lower price points. Here's rundown:

Toshiba color starts with 5" electronic touch-button (TB) model at \$470; 9" leader is \$330 (up \$30), new AC-DC \$370; 13" opens at \$350 (up \$20), with step at \$370, remotes with TB tuning at \$440, \$450 & \$460; 15" is out of line, and 17" is \$420 (up \$40); 19" leader is \$420 (up \$20), with steps at \$440 & \$460, one-knob varactor tuner \$480, up-down remote with TB on-set tuning at \$570, similar model with random access 12-channel remote and on-screen time-channel display is \$670; 21" with programmable tuner \$950. In shortened b&w line, 9" AC-DC is \$110, 12" AC-only is \$100, AC-DC is \$125.

Sharp 9" with new Sigma 2000 chassis is \$330, a \$30 price-point boost; 13" leader with 2000 chassis is \$350, up \$20 for point, down \$20 for auto color, while step-up with 1000 chassis is \$390 (up \$10), 2000 model with varactor remote \$470; 15" all with 1000 chassis, are \$430 & \$450 (each up \$30); 19" leader 1000 is \$400 (up \$20), first step with auto color is \$440 (up \$30), light-sensor models are \$470 & \$490 (each up \$20), electronic remote \$590 (up \$30), version with on-screen time-channel \$650 (up \$20), new 19" with 2000 chassis, 15-function random-access infrared remote & signal search tuning is \$850. B&w is limited to two 4" battery portables at \$140 & \$280, latter with FM-AM, audio cassette; two 12" at \$95 & \$100.

MGA 13" leader is \$350 (\$20 hike in price point, but unchanged for model with auto color), with step at \$400, electronic TB remote at \$460 is dropped; 15" starts at \$450 (up \$50), remote at \$500 is being replaced with \$550 version; new 17" due in Nov. will be \$480 (up \$40); 19" leader \$490 (up \$20), current model with TB electronic tuner at \$570 is replaced with one at \$580, remote version \$670 (up \$90). U.S.-made 21" & 25" with on-set TB tuners and remotes are \$750 & \$830 respectively, console cabinets are \$45 options. In b&w, 5" AC-battery with FM-AM is \$195, 9" AC-battery is \$105; 12" AC-only \$100, AC-battery models \$119 & \$125.

Sanyo boosted color prices \$10 across-board on all holdover models. Line starts with new 12" at \$300; 13" are \$340 & \$360, with one-knob varactor remote at \$410; 15" is \$370; 19" leads at \$370, with steps at \$390, \$410 & \$440, last with light sensor; 19" TB tuner model is \$490, one-knob varactor remote \$510, remote with on-set TB tuner \$530, new high-end with VIR color control, infrared keyboard remote, keyboard on-set electronic tuner with LED time-channel display plus light sensor \$600. In b&w, new 4" with stereo FM-AM cassette combination is \$400; 12" AC-only leader is \$70 (down \$10), step-up is \$90, AC-battery is \$110; 16" at \$130, 19" at \$150 are unchanged.

**PHONES RING AT CES:** Telephones may be next boom segment of consumer electronics market, if CES is any indication. FCC decision to allow customers to own phones has opened floodgates, and manufacturers have poured product onto market. Some predict billion-dollar business by 1980. Tom Massey, GTE Automatic Electric Consumer Products Div. gen. mgr., said at seminar that "immediate market potential" is 3.4 million units, or \$170-million retail, and growing. He believes independent retailers can compete with established phone companies because they have flexibility, can get access to innovative models before phone companies can.

Public's ignorance of new situation and decades-long trust in Ma Bell to provide all aspects of phone service are sales handicaps. Manufacturers said they would try to eliminate former through massive ad campaigns starting this fall, negate latter by offering advanced phones.

CES had usual profusion of "decorator" phones, but real interest seemed to be in "gadget" designs. IC technology has had tremendous impact on phone design. Examples: Integrated Circuits Packaging had "Superphone 7700," with built-in alarm-clock, calculator, automatic dialer and 14-digit LED display. One-piece Tridar model is speaker phone when on table, converts automatically to ear-listening when picked up, sells for \$150. "Compufone" from GSK Electronics boasts minicomputer which cuts off any long-distance calls not preceded by 2-digit code. "Touch 'N Talk," only product of Telecomputer Corp., is 32-number auto-dialer.

Most important phone advance at CES was "E-phone," or all-electronic telephone with no moving parts. Most immediate advantage of E-phone—it permits touchtone dialing on standard lines. Reports that Northern Telecom would be installing E-phones in Canada early next year were premature, said Northern Telecom (NT) Mktg. Vp John Houghton. "We'll have some sort of definitive statement on our plans by late 3rd quarter." NT didn't show E-phone at CES, was beaten to punch by Allied Telecommunications, whose one-piece E-phone features all IC circuitry, "silence" button, extra-long cord, will retail for \$129 starting in Sept.

Big phone winner at CES was GTE's "Flip" phone. Lozenge-shaped unit about half size of regular phone lies flat on table; when picked up, mouth-piece flips out. "Flip" is not totally electronic but, according to Mktg. Vp Dennis Casey, "it's almost an E-phone, anyway," and is available in model which converts touchtone signal for pulse lines. Big advantage is competitive \$60 price, and GTE feels light weight and styling make it attractive to younger buyers. GTE promises first deliveries in Sept., 100,000 in '78, perhaps million in '79.

Customs reports 129,700 color TVs subject to quota were imported from Japan in April, including 126,200 complete & 3,600 incomplete receivers. Through 10 months of initial quota year, Japan supplied 1.35 million of 1.8 million allowable total (1.75 million regular quota, 52,500 extra allowance). In remaining 2 months of quota year, Japan will be free to supply 451,900 color sets, just 4.4% below level actually shipped in same 1977 months.



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with  
Consumer Electronics ...

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## Financial Reports of TV-Electronics Companies

These are latest reports as obtained during past week. Dash indicates information not available at press time. Amounts expressed in dollars. Parentheses denote loss.

Company & Period	Revenues	Net Earnings	Per Share
<b>Ampex</b>			
1978-year to April 29	322,050,000	19,742,000 <sup>a</sup>	1.76
1977-year to April 30	287,429,000	14,224,000 <sup>a</sup>	1.31
1978-qtr. to April 29	87,794,000	4,998,000 <sup>a</sup>	.44
1977-qtr. to April 30	78,239,000	5,853,000 <sup>a</sup>	.54
<b>Electro Audio Dynamics</b>			
1978-9 mo. to April 29	51,380,000 <sup>b</sup>	2,011,000	.97
1977-9 mo. to April 30	43,198,000 <sup>b</sup>	382,000	.14
<b>Harvey Group</b>			
1978-qtr. to April 29	11,635,000	386,000 <sup>a</sup>	.18
1977-qtr. to April 30 <sup>c</sup>	9,454,000	133,000 <sup>a</sup>	.06
<b>Republic</b>			
1978-9 mo. to April 30	202,462,000	7,182,000	2.89
1977-9 mo. to April 30	180,806,000	5,920,000 <sup>a</sup>	2.11
1978-qtr. to April 30	70,921,000	2,801,000	1.13
1977-qtr. to April 30	63,247,000	2,298,000 <sup>a</sup>	.82
<b>Sony<sup>d</sup></b>			
1978-6 mo. to April 30	1,180,000,000	56,100,000	.26 <sup>e</sup>
1977-6 mo. to April 30	1,130,000,000	95,400,000	.44 <sup>e</sup>
1978-qtr. to April 30	549,500,000	30,900,000	.14 <sup>e</sup>
1977-qtr. to April 30	544,300,000	45,300,000	.21 <sup>e</sup>

Notes: <sup>a</sup>Includes special credit. <sup>b</sup>From continuing operations. <sup>c</sup>Restated. <sup>d</sup>At yen's current rate. <sup>e</sup>Per ADR.

## Personals

Art Miyazu, ex-Matsushita Japan, moves to U.S. subsidiary Quasar as vp & asst. operations dir. ... Karl Kurz, former RCA Records international vp, appointed RCA corp. staff international mktg. vp. ... Robert Pierce, ex-Zenith, joins Plessey's Garrard Engineering Ltd. (U.K.) as commercial dir.; at U.S. operation, Nell Blatt named Garrard Div. mktg. services mgr., succeeding Ron Coll, now Bozak mktg. vp; Chris Terris appointed national field sales mgr. ... N. Kouchi advanced at Sansui (U.S.) from exec. vp to pres., succeeding K. Fujiwara, who continues as pres. of Japanese parent.

William Enders, ex-Admiral International Div. vp-gen. mgr., joins GTE Consumer Electronics Group as product planning & development vp. ... Hugh Craton promoted at RCA Distributor & Special Products from SE mgr. to sales dir. ... Ed Addis, Sony Consumer Products national sales mgr., named vp. ... Stanley Reiff, ex-PRB/ICP, joins GR-Grundig (car stereo) as sales & mktg. vp.

Jon Kelly promoted at Audio-Technica (U.S.) from vp to pres., succeeding H. Matsushita, now chmn.; M. Nemoto named engineering vp. ... James Maynard, ex-Nikko, joins new speaker firm DTR Research as mktg. vp; Clifford Gregson named national sales mgr. ... David Oren advanced at TEAC to national sales mgr. for Micro-Seiki turntables. ... Jeff Martini, ex-Pioneer Electronics Centrex compact product mgr., joins Bertagni as national mktg. mgr.

Falkon Davis, ex-Miida, joins Sankyo-Seiki as national sales mgr., succeeding Gene Schillinger, resigned. ... Marino Andriani appointed Topp Electronics western sales vp; William Rudley named north-eastern sales vp; Gordon Grossman joins as south-eastern sales mgr. ... Jon Passini, ex-Cobra new product & gen. mktg. mgr., joins Motorola Auto

Products as aftermarket radio product mgr.; Dennis Burke, ex-RCA Distributor & Special Products, replaces Passini as Cobra's gen. mktg. mgr.; Tom Zink appointed mgr. of new Cobra autosound sales operation. ... Randall Friedberg, Antenna Inc. sales mgr., named vp. ... Jack Bewersdorf, one-time Spiegels & former rep., joins Avanti R&D (CB antennas) as national distributor accounts sales mgr.

Thomas Beczkiewicz promoted at Koss from treas.-controller to vp-chief financial officer. ... Paul Cullen resigns as Corning asst. counsel to join Washington law firm McCandless & Barrett. ... Andrew Carduner, BIC, & Jerry Kaplan, Lux, named to IHF board. ... Sandy Cahn retires as Audio magazine mktg. dir. ... Robert Bruder, ex-Litton, joins GTE as senior planning vp, new post. ... Sam Petok promoted at Rockwell to communications vp, succeeding Crosby Kelly, now consulting.

David Kampen, ex-Amphenol, joins E.F. Johnson as Components Div. national sales mgr., assuming some duties from George Mena, who continues as mktg. dir.

EIA Tube Div. has voted to join fight for assessment of heavy dumping duties on imported Japanese TV. At Chicago meeting last week, members approved motion to favor Treasury's use of new, controversial duty-calculation method and to press for levies on sets imported up to present, rather than 1972-73 limit temporarily set by Treasury (Vol. 18:14 p7). It's understood group also voted to file legal briefs with Treasury when it begins considering expected importer protests next month, is likely to help fight any appeal importers take to Customs Court. It was 1970 Tube Div. complaint to Treasury which led to TV dumping finding.



WEEKLY

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JUNE 26, 1978

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast

**NBC WAS 'READY FOR FREDDIE'** at affiliates' convention. Griffiths promises total support, money needed to make NBC No. 1. Stations generally happy but not enthused about new programs. Mulholland attacks clutter. (P. 1)

**NAB STAFF OPPOSES REWRITE:** Staffers urge board to continue to oppose rewrite, show concern for 'diminution of service.' Analysis critical of license fee, 'new restrictions of ownership.' Comr. White backs rewrite. (P. 2)

**BITTER FCC SPLIT ON WPIX:** 'Innuendo, acrimonious, diatribe' among words used in name calling among 3 dissenters, 3 from majority. (P. 4)

**NO MAJOR NAB PROBLEMS** expected to develop during board meetings in Toronto this week. Joint meeting with CAB planned. NAB ends year with \$102,597 surplus. (P. 5)

**GELLER NOMINATION UNLEASHED:** Hollings & Goldwater resolve fight with White House over media advisor role. Geller nomination to head NTIA now expected to go through. (P. 5)

**NCTA SAYS NAB DATA FAULTY:** Broadcast study seen full of errors. Schmidt asks FCC to reject NAB filing. (P. 7)

**NBC WAS 'READY FOR FREDDIE':** Fred Silverman was unquestioned king of NBC-TV affiliates' convention in N. Y. last week. "Gee," said one affiliate at opening party, "it's kind of like being born again after 2 years in third place." But RCA Pres. Edgar Griffiths and others warned miracles aren't around corner. And, TV Pres. Robert Mulholland said, NBC isn't a network that "has been waiting for Freddie...but a network that is ready for Freddie."

Affiliates were euphoric after opening presentation and Silverman luncheon speech, rather subdued later that night after prime-time presentation which featured live entertainment (starring a "Bob Silverman") interspersed around clips from fall shows—only couple of which were well received and station execs. didn't like most of what they saw. Sample comments: "The programs are crummy." "Wednesday is a total loss." (NBC screened full pilots final afternoon, wouldn't let press view them.)

However, Affiliates' Chmn. Ancil Payne put his finger on prevailing mood when he said "the affiliates aren't going to climb the wall if we don't become No. 1... There was a very positive feeling toward Silverman... It was the best affiliates' convention ever." It was at least largest, attracting 744 representatives from some 210 affiliated stations.

Silverman opened with expected boost to NBC News (Vol. 18:25 p4). On entertainment, he

### Consumer Electronics

**COLOR QUOTA CHANGE** to limit U.S. imports from Taiwan, Korea, Singapore & Mexico expected to be requested by Japan. Importer protests over Treasury TV dumping duty levies due this week. (P. 8)

**MORE VCR 'STANDARDS'** coming, several new systems being prepared to cut cost, size, tape usage. BASF breaks ground for 210,000-sq.-ft. LVR plant. EIA reports 111,151 home VCRs sold in first 5 months. (P. 9)

**HIGH COURT REJECTS** Zenith bid for extra duties on Japanese consumer electronics, rules commodity tax refunds aren't covered by countervailing duty rules. Rising yen value seen triggering price hikes soon. (P. 10)

**SEARS, WARD, PENNEY** fall catalogs reflect changes in suppliers, sharp TV pricing. All now feature VCRs. Sears & Penney drop video games, presumably will reinstate them in Yule books. (P. 11)

**PROJECTION STEPS UP**, with particular attention to 3-tube systems. New lens claimed to make possible 3-tube type at low cost. (P. 12)

**TV REVIVAL AT CES** sees new Magnavox line introduction, virtually all TV makers participating directly or indirectly at Chicago. (P. 13)



said "my objective for NBC is leadership that grows from excellence... That requires a willingness to take risks, and to fail on occasion." He also gave broad endorsement to NBC execs.: "My judgments of them are based on direct personal experience and... I have found in place... some of the finest people in broadcasting today." He singled out Mulholland, News Pres. Lester Crystal & Sports Pres. Chester Simmons as "first-class executives."

"For my part," Silverman continued, "I intend to give the NBC division heads full authority to make the decisions that need to be made... so they can act swiftly and soundly. I expect to set the priorities and direction, to develop the overall goals and philosophy and to oversee performance... Above all, I expect to provide the kind of cohesiveness that keeps the various parts of a complex organization moving together."

He said NBC's "basic effort and concentration must be on building successful program series—the most important element in an effective schedule... Through structuring prime time on a planned basis, we will avoid churning schedules and a last-minute put-out-the-fire approach which can be so distressing to you and your advertisers." Silverman urged affiliates to see "Lifeline" screening, predicted "it could indeed be the single show on any network this fall that changes the face of prime-time TV."

NBC's new pres. "has my total and complete support," RCA Pres. Edgar Griffiths pledged. "We are prepared... to spend whatever amount of money is necessary in order to [make NBC No. 1]. But he must indeed have time. He is not a miracle worker, but he is a man that can lead NBC to much higher ground... He has all the time in the world that he needs to do the job." Griffiths said it became clear to him last fall that NBC again would finish 3rd "and something had to be done about it... All roads led to one individual—one Fred Silverman."

In brief speech without text or notes, Griffiths also stressed role RCA historically has played in developing new technology, said "the broadcasting industry has little to fear... and much to gain... If we do our job well, we can stand any challenge from any competing source."

Mulholland said industry must face problem of clutter "and attack it"—that NBC is doing just that. He said NBC unilaterally will drop 45 sec. of "non-program" material before local 11 p.m. news, will ask NAB Code Board to reduce non-program time to 9 min. per hour (now 9-1/2 min.). Mulholland also pledged NBC won't increase commercial minutes in prime time, expressed hope ABC & CBS would support moves.

Turning to fall schedule, Mulholland said "it is competitive... it is non-violent... it breaks no new ground in terms of sexual permissiveness." He pledged "your network knows how to do mini-series [78 hours in last season]—and will continue to do them."

In news, Crystal took clue from Silverman, announced that network will present 45 hours of prime-time news & documentaries—triple that of last season—during 1978-79. He also brought cheers from affiliates with announcement that John Chancellor would remain co-anchor of "NBC Nightly News" for another year.

Program Exec. Vp Paul Klein explained changes made in fall prime-time schedule during Silverman's first week on job, said Fri. strength was spread to Wed. & Thurs. nights also. He said "'Grandpa Goes to Washington'... has already generated the kind of word-of-mouth that indicates to us that we may have a hit... and we feel it must take on powerful competition"—thus it was shifted from Fri. to Wed.

In sports, Pres. Chester Simmons claimed NBC "has widened the gap between ourselves and CBS, both artistically and in ratings, and narrowed the gap... with ABC... We intend to build to first in sports by [Olympic year] 1980... A year ago we were operating with the smallest staff in the industry. Now we are enlarging... NBC now has the most effective U.S. TV sports operation in Europe, where a year ago none existed." Answering affiliates' complaints about sports overruns, Simmons said 10 basketball games next fall & winter will start half hour earlier to protect local 6 p.m. news.

**NAB STAFF OPPOSES REWRITE:** NAB staff wants Assn. to stick by its guns and continue to oppose rewrite (Vol. 18:24 p1). Said staff in analysis of bill for NAB Board: "We are still concerned that the effect of the bill might be a general restructuring of the broadcast industry



as we know it, with a resulting diminution in service to the American people. It still seems prudent to continue broadcast operations under the present law with appropriate amendments that would accomplish [the goals of the rewrite]... In summary, the NAB staff sees little reason to change the NAB's position on the rewrite."

Analysis for this week's Toronto board meeting (see p. 5) applauds radio deregulation and longer TV licenses, as provided in rewrite, but is critical of "new restrictions of ownership" on TV & radio stations and "the effort to make broadcasters pay for other federal programs at a tax rate to be set by a regulatory commission." And it states: "There is also great doubt about the survival of a number of provisions that would mean deregulation [as bill moves through Congress]."

Excerpts from staff analysis—License requirements: "The requirements for a license [in rewrite] are almost identical with what is necessary today..."

Revocation: "On the plus side, a petition for revocation must contain 'specific allegations of fact' to show the petitioner is a party in interest... On the minus side, a 'party in interest' will in all likelihood be liberally interpreted as it is today, giving standing to virtually everyone..."

License fees: "The thrust is to raise money for funding other federal programs, evidence that the fee is really a tax which could only be imposed by [House] Ways & Means Committee. If it's a tax, then the delegation of the power to tax to the Commission might also be unconstitutional... There are just too many questions about the 'fee' or 'tax' to even consider supporting such a provision. There is no bottom line and there is no way of telling how many other programs some way want spectrum users to fund in the future."

Program regulation: "The changes for radio suggested by the bill in this area are generally good news that would amount to substantial deregulation. However, the bill is broadly enough written to allow the Commission to inquire into any matter it deems relevant when such action would be 'consistent with the purposes of the act.' It is also the judgment of the staff that the changes in the equal-time provisions & the fairness doctrine for radio have a very tough road ahead in the Congress. For TV, the new rulemaking language would probably be used to set some kind of minimum percentages of news, public affairs, and locally-produced programs which by law must be provided 'throughout the broadcast day.' These provisions are quite troublesome and may be intended to get at blocks of network programming such as prime time."

Crossownership: "It becomes obvious that while immediate divestiture would not be required, the [rewrite language] might mean restructuring in the industry within a period of years after enactment."

Frequency allocation: "Dropping the public interest standard for allocation and using a new standard seemingly based on diversity rather than full service to the public could lead to general restructuring of the availability and delivery of broadcast services."

Communications Regulatory Commission: "All new rules would be possible... With the [CRC] unable to protect any information from congressional scrutiny, broadcasters would be more reluctant than ever to provide trade information..."

Cable: "The failure to deal with the growing responsibility of the loss of some programming from broadcasting to cable is another minus for broadcasters."

NAB staff stand could ruffle feathers of many radio members, who clearly benefit the most from rewrite. NAB official told us he fears radio members may be "over enthusiastic" towards rewrite; radio owner added NAB faces "serious problem" on matter.

Reacting to staff recommendation that NAB continue to oppose rewrite, Communications Subcommittee Chmn. Van Deerlin (D-Cal.) said "It still seems prudent to continue with the legislative goals we have set for ourselves." He expressed "surprise" at NAB staff's position.

Meanwhile, Van Deerlin called on members of the NBEA to talk to their station owners and managers and convince them to back the rewrite. "If you have broadcasters going to congressmen and saying don't touch this, we're dead before we start," he said at group's Washington



convention. Also at convention, FCC Comr. White said she backs rewrite. "I believe change is in the public interest," she said, adding: "The success in coming forth with a total communications bill must be interpreted as a rejection of the theory that inevitably the task of regulating all electronic communications is becoming so complex and cumbersome that regulatory responsibilities should be divided among several specialized agencies." Opposing rewrite last week was general board of Church of the Brethren, which said elimination of fairness doctrine and other provisions aren't in public interest.

**BITTER FCC SPLIT ON WPIX:** "Innuendo," "acrimonious," "bizarre," "travesty," "diatribe." These were among words used by 6 FCC commissioners—3 per side—in fall-out from 4-3 decision renewing license of WPIX N. Y. over competing application of Forum Communications (Vol. 18:25 p2). It was bitter exchange of words—which veteran Commission observers said was unprecedented—which came with release of majority decision last week, along with joint dissents of Comrs. Ferris, Fogarty & Brown (lawyers all).

Majority was made up of non-lawyers Quello, Washburn, Lee & White. In addition to majority opinion and joint dissent, all commissioners except Lee had additional statements. "The majority pounds the table beyond the breaking point" and renewal of WPIX "is unsupportable in fact or law... The award of the license to WPIX in this case cannot stand," dissenters said.

"The majority here is determined to stack the deck against the challenger. In so doing, it makes it clear that no challenger could ever hope to pass its tests and supplant an incumbent." Dissent argued that decision for Forum "would not destroy the basic 'renewal expectancies' of the vast majority of broadcast licensees. Nor would it presage a wholesale restructuring of the broadcast industry through the comparative renewal process." Dissenters would have favored Forum on nearly all issues—diversity, integration, programming—saying "we find the majority at error on every comparative issue."

Majority (except Lee) struck back. White: "The long dissent [89 pages] is replete with innuendo which only can be interpreted as stabs at either the majority's lack of law degrees or integrity... How much [of dissent] is law? How much is an indication of the minority's personal programming preferences and how much signals its intent to use the comparative renewal process to restructure the broadcast industry on the basis of wishful thinking?... Never mind the facts as to how much diversity or competition exists in a market."

Quello: "The joint dissenting statement... is so sharply critical... that it amounts to a diatribe... The highly unusual, lengthy joint dissent amounts to a complete reargument [of the evidence]. I am appalled by a regulatory process that places a long term, highly respected licensee in jeopardy through an opportunistic challenge that pits paper promises versus actual long-term performance." Minority had been critical of WPIX's alleged distortion of news promotions; Quello said seriousness had been "exaggerated [and] this type of charge couldn't possibly warrant even an indictment, let alone conviction." On minority ownership, Quello said: "I'm sensitive to exaggerated impressions or representations of minority ownership (in this case a token 7.5% for Forum) for the deliberate purpose of gaining an advantage."

Washburn, who supervised writing of decision, placed great reliance on FCC Judge James Tierney's recommended renewal of WPIX, "in particular on news practices issue... In not one single instance was the public deceived as to the basic facts of the event covered." In addition, he said, minority ignored facts of WPIX's past record, "characterizing it in derogatory terms similar to those used by the challenger... There is no evidence of any public dissatisfaction with WPIX's programming." Washburn particularly was critical of Forum's promise of 43% local programming in prime time, called it "foolish puffery... condemning the station to almost certain financial disaster..."

"The minority seems quite ready to see their choice go under financially, so long as it can send a message to other broadcast applicants. This seems a bizarre interpretation of the manner in which the Commission can best carry out its statutory mission."

On one point, all commissioners agreed—need for overhaul of FCC's comparative renewal criteria. "I also hope that we can find better means of providing access for new entrants," Ferris said. "However, given the present renewal system... the necessary result in this parti-



cular case seems as clear cut as one could expect to find... Here WPIX's performance... did not deserve a plus since its basic programming record was mediocre at best... An award to Forum here might speed the search for objective criteria... to improve the present system."

**Said Brown & Fogarty:** "The result reached by our dissent is predicated not so much on the fact that Forum's qualifications are so good—which they are—as on the fact that WPIX's past performance was so bad... The majority's refusal to recognize these realities is... the tragedy and travesty of its decision."

**NO MAJOR NAB PROBLEMS IN CANADA:** "I don't see anything coming up that will set off any alarms," NAB Chmn. Donald Thurston said on eve of this week's board meetings in Toronto. Pres. Vincent Wasilewski added that it looks like sessions will be quiet, that he doesn't see any major issues developing.

Both expected Communications Act rewrite—and NAB's position (see p. 2)—to play major role in discussions. Sessions also will break new ground in that NAB and Canadian Assn. of Bcstrs. will meet jointly June 29, and Thurston hopes that "on-going, formal liaison" will result. He expected "lively discussions" on broader problems, but "I don't see us solving anything."

NAB joint board meets June 26 & 30; TV board June 27; radio board June 28. Directors will get good news about NAB finances—Secy.-Treas. Michael Harwood will report that Assn. had \$102,597 operating surplus for year ended March 31 when \$111,993 deficit had been predicted year earlier. For year, NAB had income of \$5.05 million (including \$1.75 million from radio dues, \$2.1 million TV, \$545,606 net from 1977 convention in Washington, \$183,239 office space rental).

Among other major subjects on agendas: American-Canadian issues, govt. relations, engineering, legal, station services, public affairs, research, NAB meetings, Task Force on Minority Ownership, TV Code, TIO, Radio Code, radio program conference, WARC, AM stereo. Meeting with Canadians will stress overview of differing broadcast systems & regulations, WARC, satellites, NARBA, program substitution, commercial deletion on Canadian cable systems, IAAB.

Thurston is unopposed for re-election as NAB chmn.; also unopposed are Thomas Bolger for TV chmn. (succeeding Kathryn Broman) and Robert King for TV vice chmn. Candidates for radio chmn. are Walter May & Herbert Hobler; for vice chmn., William Sims & Carl Venters (Vol. 18:25 p5).

**Televised interviews**—provided voluntarily by KNOE-TV Monroe—are major part of prosecution's case in arguing that ex-Rep. Passman (D-La.) is healthy enough to stand trial for allegedly accepting bribes from South Korean Tongsun Park. KNOE-TV reporter Kay La France testified in Washington last week—and was closely questioned by judge—about 4 interviews (shown in court) she had with Passman.

**Hasbro Industries**—maker of Bullet Man and Digger Dog toys—has agreed to consent order requiring payment of \$40,000 because TV commercials allegedly misrepresented toys. Complaint had been filed by FTC.

**GELLER NOMINATION UNLEASHED:** Dispute between Senate Communications Subcommittee & White House over role of President's media advisor has been resolved, and confirmation of Henry Geller as head of NTIA is expected soon (Vol. 18:14 p4). Sens. Hollings (D-S.C.) & Goldwater (R-Ariz.), who have held nomination up since April, resolved dispute at meeting in White House with Gerald Rafshoon (Vol. 18:25 p5), who July 1 becomes asst. to President for communications.

Subcommittee Chmn. Hollings said last week nomination process can continue. He said Rafshoon's "explanations and assurances were satisfactory" concerning question whether Rafshoon or his staff will get involved in policy matters, rather than sticking with PR. Hollings spokesman said request from Subcommittee that Rafshoon and TV advisor Barry Jagoda testify has been dropped. Important part of decision to release Geller nomination was fact that Jagoda effectively was demoted by Rafshoon's appointment (Vol. 18:21 p5). Jagoda had particularly rankled Hollings & Goldwater by his refusal to testify and by some of his actions in policy matters.

Geller nomination is expected to go before Senate Commerce Committee in executive session this week, will probably be sent to floor shortly thereafter, where no problems are seen. Only fly in ointment, according to Republican Subcommittee staff members, is whether variety of documents on public broadcasting requested by Subcommittee are turned over by White House. One aide said if documents are not, there still may be friction over nomination.

**WLBT Jackson Gen. Mgr.** William Dilday and attorney Fred Banks have offered to buy out 5 competing applicants for Ch. 3 facility with 55-60%-owned black group. Station has been in hearing for 15 years, under interim operation since 1971. Dilday offer was made April 28; none of applicants have responded. All competitors except Lamar Life Bcstg. (original owner which lost license over minority programming & employment issues) would be offered interest in new group. Financing (including payment of expenses of competitors) would be provided by Syncom.

**TV network ad income** rose 15.5% in May to \$353.6 million, bringing 5-month total to \$1.64 billion, TvB estimates. Five-month results: ABC \$595.2 million, CBS \$548.2 million, NBC \$493.8 million.

**Cox Cable** is swapping Atlanta CATV system (7,150 subscribers) for 12,000-subscriber Port Huron, Mich. system, plus \$1 million. Cox is under FCC mandate to divest Atlanta system by July 1979.

**ABC** is selling its 183 theaters to Plitt Southern Theaters for about \$50 million, effective June 30.



**TV-RADIO SEEK HELP ON SEARCH CASE:** Broadcast officials & journalists last week joined congressmen in calling for legislative remedy to problems left by Supreme Court's Stanford Daily News decision (Vol. 18:23 p1). Comments came during hearing by Senate Constitution Subcommittee on bills offered to correct problems caused by Court's decision allowing police to search newsrooms without notice.

"The history of freedom, especially in this country, has repeatedly demonstrated the importance of a robust and free press," William Small, CBS senior vp. & news dir., told Subcommittee. "The prospect of police rummaging through our notes, films, files, outtakes desks and trash baskets is hardly conducive to uninhibited journalism... CBS News has overseas bureaus in 14 countries. In my memory, none has been invaded by police on any premise... But it can happen here."

NBC Chmn. Julian Goodman, in statement submitted for record, said that "perhaps the most harmful and truly appalling result... is that [the decision] substitutes force—police force and unannounced search & seizure—for what has to date been more reasoned approach: The opportunity for law enforcement and press to have the judiciary determine what must, after all, be produced."

RTNDA Vp Paul Davis, news dir., WCIA Campaign, Ill., told Subcommittee and its chmn., Sen. Bayh (D-Ind.), that he is "convinced we will see more newsroom search warrants in the near future and that—sometimes unintentionally, sometimes intentionally—abuse will come as quickly."

JD official, meanwhile, told Subcommittee that regulations are now being drafted to insure that federal law enforcement officials don't take actions in newsrooms that "have the effect of a prior restraint." Philip Heymann, asst. to Atty. Gen. Griffin Bell, said: "The Justice Dept. has a responsibility to reassure the press and the public that our policy remains one of careful deference to the First Amendment."

Others testifying included Sens. Dole (R-Kan.), Heinz (R-Pa.) and Reps. Drinan (D-Mass.), Quayle (R-Ind.), all of whom, along with Bayh, have introduced legislation to rectify decision.

TV is "a moral wasteland," spewing out "prime-time crime" that is polluting public, according to Harry Hollis of Southern Baptist Christian Life Commission. Speaking at Southern Baptist convention in Atlanta, he charged networks "are going all-out to pander to a base misuse of sex to increase their ratings... The word for it is pimping... TV stations have no right to send moral pollution into our homes."

AP has asked FCC for authority to install 25 earth stations to test use of satellites for voice radio network. Sites were picked by computer as offering "worst potential interference conditions." Test will use Westar & Satcom satellites, will determine basis for later filing to shift all AP Radio to satellite.

CATA seminar July 16-19 from Fountainhead Lodge (Okla.) will be sent via satellite (using HBO reserved time) to over 400 cable earth stations.

**FTC'S CLANTON WANTS AD STUDY:** FTC has only "scratched the surface" in learning to understand ad techniques and consumer behavior, Comr. David Clanton told AAF convention in San Francisco last week. That means FTC should "delve much deeper... in deciding what shortcomings in advertising are of real concern and how best to cope with them," he said.

Clanton added much testing needs to be done "to see if markets behave as predicted, to see if consumers really want or need the information we think they do." He said information from such studies needn't result in more regulation. "To the contrary a better understanding of advertising's impact is quite likely to lead to more intelligent, less intrusive forms of regulation. It means we will have to depart from traditional avenues for remedying unfair and deceptive advertising."

AAF heard from private sector in form of sharp criticism of government regulation from Frank Markoe, Warner-Lambert corp. affairs vice-chmn. and keynote speaker. "The very fabric of our beliefs in free speech and a free market economy is being encroached upon," he said.

Markoe called on business community to improve its image, so fight against over-regulation can be on more credible ground to public. "If we are to be supported by other segments of society in any crusade we may wage against over-regulation then we have a major job to do in correcting this false image," he said.

Phoenix Communications (Norwalk, Conn.) is buying cable systems in Hannibal, Mo. and Coffeyville, Ottawa & Madison, Kan. (17,000 subscribers total) for \$10.4 million from Acton Corp. Other CATV sales: M.A.I. Cablevision buys systems in Gaffney & Union, S.C. (2,500 subscribers, 7,500 potential) from Abe Patlove; broker Communications Equity Assocs. Adams-Russell acquires systems in Mt. Kisco & Bedford N.Y. (2,000 basic subscribers, 1,300 pay, 4,400 potential) for "in excess of \$1 million." Twin City Cablevision subsidiary McGraw Communications purchases Yakima, Wash. system (1,000 subscribers, 4,600 potential) from Viacom. William Kepper & Assoc. was broker in last 2 sales.

Cable systems in 1976 had operating revenues of \$999.8 million, first figures compiled by FCC's new computer system show. Total expenses were \$615.9 million. Pre-tax net income reached \$56.7 million and total assets of industry were \$2.52 billion. Of all revenues, \$41 million (4%) were from pay cable, although that figure is viewed as understated. National average monthly subscriber rate was \$6.49, ranging from statewide average low of \$5.39 in N. J. to high of \$14.62 in Alaska. Results for 1977 will be released in fall.

There's "no valid reason" for FCC to maintain list of minorities who want to buy TV-radio stations, NAB told agency last week. "Financially qualified minority buyers are sophisticated enough to seek out the services of a broker or an attorney," NAB said. In turning down proposal to require 45-day notice before station could be sold, FCC had announced plans to maintain such a list.



## Personals

Elected to NBC-TV Affiliates' Board: Jon Ruby, KVOA-TV Tucson, and Ray Karpowicz, KSD-TV St. Louis; Alan Land, WHIZ-TV Zanesville, O., leaves board...Rep. Paul Rogers (D-Fla.), member of House Commerce Committee, won't seek re-election.

House Communications Subcommittee Chmn. **Lionel Van Deerlin** (D-Cal.) keynotes NRBA convention, Sept. 17-20, Hyatt-Regency Hotel, San Francisco...CBS Bcst. Group Pres. **Gene Jankowski** & NAB Chmn. **Donald Thurston**, along with several Cal. political candidates, highlight July 17-18 Cal. Bcstrs. Assn. convention, Del Monte Hyatt House, Monterey.

**Russell Eagan**, **Kirkland Ellis**, elected FCBA pres., succeeding **Edgar Holtz**, **Hogan & Hartson**; **Edward Hummers**, **Fletcher**, **Heald**, **Kenehan & Hildreth**, named vp.; **Robert James**, **Cole**, **Zylstra & Raywid**, secy.; **Carolyn Hill**, United Telecommunications, asst. secy.; **Edward Taptich**, **McKenna**, **Wilkinson & Kittner**, treas...**Thomas Dawson**, CBS Radio, named BPA pres.-elect; he'll succeed **Terry Simpson**, WTTV Indianapolis, who becomes pres. in Jan.

**Michael Buchanan** promoted to vp.-press information, CBS Entertainment; **Tina Dakin** named mgr., collateral material services, advertising & promotion...**Joan Oury** advanced to mgr.-program services, NBC Sports.

**Walter Hinchman**, chief of FCC Common Carrier Bureau since 1974, resigns Aug. 31 to establish consulting firm...Joining FCC network inquiry (Vol. 18:25 p6): economist **Donald Martin** from U. of Miami; ex-WRC-TV Washington producer **Mary Kilday**; Georgetown U. law graduate **Sue Ann Preskill**. Commission said "several additional positions" will be filled shortly.

**Robert Peyton**, ex-Katz Agency, joins Time-Life TV as vp.-gen. mgr. for syndication, new post...**William Fagan**, ex-WFSB-TV Hartford, appointed gen. sales mgr., WDVM-TV (formerly WTOP-TV) Washington; **Stephen Cook** promoted to local sales mgr...**H. Joseph Lewin** advanced to gen. sales mgr., WLWT Cincinnati.

**Rene Castilla** promoted to dir. of program services, WFAA-TV Dallas...**Wayne Fowler** to local sales mgr., WMAR-TV Baltimore...**Carol Cook**, ex-WXIA-TV Atlanta, named promotion mgr., WDBO-TV Orlando...**Robin Adrian** (west coast mgr.), **Ron Cochran & Irwin Siegel** (Chicago mgr.) promoted to vps, Bolton Bcstg., sales rep for independent TVs.

**Joseph D'Amico** advanced to vp.-distribution, Group W Productions, succeeding **Ralph Cunningham**, named vp.-gen. mgr. of Rhodes Productions...**Ralph Hillburn** promoted to New England sales mgr.-CATV products, Times Wire & Cable...**George Arkedis**, vp.-gen. mgr. of CBS Radio Network, retires after 32 years with network; Vp.-Gen. Sales Mgr. **Richard Brescia** succeeds **Arkedis**.

Top 50 markets subject to FCC's prime-time access rule won't change through Sept. 1983, FCC said last week. Markets are based on Arbitron Feb. survey.

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**NCTA SAYS NAB DATA FAULTY:** Broadcaster-funded study showing severe cable impact on TV stations (Vol. 18:21 p3) is chock-full of statistical and common-sense errors and Commission should reject it, NCTA said in reply comment on economic inquiry. NCTA's study by Ernst & Ernst, concluded that NAB projections were "at variance with commonly accepted statistical procedures," and data had been misused.

NCTA Pres. **Robert Schmidt** said broadcasters' studies have overlooked 2 key assumptions: (1) "No broadcast station has submitted any financial data to show that a supposed audience diversion caused a drop in station revenue," (2) "Even more important, no broadcaster has even tried to argue that an adverse cable impact on audience and revenues has caused a cutback in local programming or service. That's the bottom line in the economic inquiry—cable's impact on the public interest, not the private interest of broadcasters."

Also filed last week was MPAA study showing: (1) "Consistent, direct relationship between local station audience loss and cable penetration," (2) "Local stations are most susceptible to audience erosion due to cable TV during the critical early fringe day part," (3) "The direct relationship between the level of cable TV penetration and erosion of local stations' audiences is independent of ADI market rank."

**NAB Minority Task Force** has established regional information centers in N.Y., Chicago & L.A., plans one in Atlanta. Available to advise minorities seeking to acquire stations will be experts in engineering, finance, programming & legal advice.

**CATV now serves 12.7 million (17.4%) U.S. TV homes**, up from 11.8% in May 1977, according to Nielsen.



# Consumer Electronics®

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## STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended June 9 (23rd week of 1978):

	June 3-9	1977 week	% change	May 27- June 2	1978 to date	1977 to date	% change
Total TV. . . . .	218,046	208,410	+4.6	177,190	6,126,116	5,384,244	+13.8
color . . . . .	145,076*	129,523	+12.0	111,265	3,916,031**	3,302,244	+18.6
monochrome . .	72,970	78,887	-7.5	65,925	2,210,085	2,082,000	+6.2
Total radio . . . .	874,631	1,119,177	-21.9	1,052,472	18,184,344	17,179,420	+5.8
home, portable	644,741	884,085	-27.1	829,499	12,352,683	11,479,219	+7.6
AM-only . . . .	131,030	235,005	-44.2	129,131	3,457,911	2,857,512	+21.0
FM & FM-AM	513,711	649,080	-20.9	700,368	8,894,772	8,621,707	+3.2
auto . . . . .	229,890	235,092	-2.2	222,973	5,831,661	5,700,201	+2.3

Color TV 5-week moving average: 1978—147,428\*; 1977—120,318 (up 22.5%).

\*Highest for 23rd week of any year. \*\*Record.

**JAPAN TO SEEK COLOR QUOTA CHANGE:** Japanese trade officials plan to press U.S. counterparts to impose restrictions on color TV imports from other countries. MITI is expected to ask for meeting with staff of President's Special Trade Representative Robert Strauss next month. First year of Orderly Marketing Agreement (OMA) limiting Japan's annual color exports to U.S. to 1.75 million ends June 30.

Deteriorating position of Japan-made sets in U.S. color import market is key argument for change. OMA provides for renegotiation if Japan's relative situation slips badly, and Commerce Dept. import data shows Japan's overall color import market share through April this year at about 38%, down from traditional 80-90% (Vol. 18:24 p9). While much of decline can be traced to imports of chassis by U.S. OEMs from Mexico & Taiwan, sharply rising numbers of complete color sets are coming from Taiwan, Korea, Singapore & Canada, and Japan's share of that import segment is down to 60%. Japanese would prefer 3rd-country limits to higher quota because of current national drive to eliminate much of trade surplus.

Problem is touchy for U.S. officials, who know any action limiting chassis imports would seriously hinder U.S. assembly operations of traditional domestic manufacturers. Likely compromise would place moveable ceiling on complete set imports, with allowable total pegged to changes in domestic factory production or sales.

Japanese also are gearing for battle with Treasury. Agency's TV dumping duty assessments, made using controversial commodity-tax calculation method, were sent to Japanese TV importers March 31 (Vol. 18:14 p7) and deadline for protests is June 29. Virtually all 120 importers assessed, as well as Japanese manufacturers and govt., are expected to file objections. Treasury rulings are due by Sept., and Japanese are prepared for long court fight if it doesn't change procedures.

Treasury assessments, covering 1972-73 imports only, resulted in dumping duties as high as 30% of value, about triple what importers expected as "worst case" levy, put immediate overall liability at \$46 million. Importers estimate they'll owe as much as \$500 million if Treasury applies new formula to all entries. Although Treasury spokesmen continue to deny any decisions have been made, Japanese insist agency has promised to soften its stand, make some concessions.



**MANY MORE VCR 'STANDARDS' COMING:** Those who bewail lack of "compatibility" in home VCR market may yet look back on 1978 as Golden Age of Standardization—when there were only 2 principal incompatible systems. But successful market introduction of Beta & VHS systems doesn't mean there won't be major efforts to make them obsolete overnight—with the type of market upheavals threats of obsolescence usually cause.

With Japanese manufacturers showing the way, stakes in home video market have now become high enough to encourage all kinds of stepped-up development efforts, bring out new & better systems. We know some candidates already are being shown privately to manufacturers—and we wouldn't be surprised to see demonstrations of 4 or 5 new (and mutually incompatible) systems within next 2 years. Major development efforts now under way aim at: (1) Miniaturizing VCR for use in outdoor photography. (2) Sharply reducing tape costs. (3) Simplifying operation of equipment. (4) Cutting hardware manufacturing costs.

BASF's LVR system is only one of these new products. BASF last week confirmed our report of its VCR plant in Cal. (Vol. 18:25 p7). Company broke ground June 23 for 210,000-sq.-ft. plant at Fountain Valley, scheduled to be producing LVR system next summer, with market introduction targeted next fall. System has 48 video & 96 audio tracks on 8-mm tape, but it's believed recording time could easily be doubled to 4 hours per tiny cassette (about half size of Beta cassette) by doubling number of tracks—not as difficult as it sounds when you consider LVR's video track is almost 3 times wider than those of slow-speed Beta & VHS formats.

In U.S., Europe & Japan, other work is going on—much of it aimed at use of standard audio cassette for video recording. This already has become strong possibility, and its chances are enhanced by such technological breakthroughs as metal alloy tapes, Hall-effect heads. Early transition to digital VCR also is viewed as serious possibility.

One major consumer electronics manufacturer has fall 1979 target for official unveiling of brand new VCR system, using helically scanned tape either 1/4" or 8-mm wide with radically new electronic head-positioning system. Company already has demonstrated prototype (which still needs much work) to prospective licensees & customers.

Fact remains that neither Beta nor VHS format is etched in bronze or destined to become long-term standard such as LP phono disc. In fact, odds seem to favor their fairly rapid replacement, or supplement, with new systems. If one standard seems to be making rapid headway over another—as now apparently is the case—loser could well decide to leapfrog into brand-new technology years ahead of schedule or attempt to stop competitor dead in its tracks by early demonstration of lab prototype.

Nearer-term aspect of VCR market is success of color cameras, now leading to mass-production for first time in history. First JVC, then Matsushita, Sony & Hitachi, are switching to TV production techniques to make color cameras, and results will be sharp cost reductions. JVC (and Magnavox) camera already has been pegged at \$850-\$895 retail in U.S.; upcoming Panasonic, Quasar & RCA camera by Matsushita could be \$100-\$200 less. Some industry experts see OEM price on color camera coming down below \$200 in year—meaning possibility of \$400 retail. At same time, development of CCD solid-state cameras is being accelerated, and even if one is marketed by 1980—considered a possibility—it will be far underpriced by vidicon cameras for some time.

In VCR as in most other areas of consumer electronics (except such obvious govt.-regulated fields as broadcasting), standards are established by marketplace. No official or unofficial body has ever succeeded in "standardizing" consumer products. If we had Consumer Product Standardization Committee today, we might all be watching Cartrivision.

\* \* \* \*

EIA's home VCR sales figures have emerged from "experimental" stage and will now be released on monthly basis. Group has cooperation of 11 of 13 manufacturers & importers of VCRs, is convinced of accuracy of its data. Figures indicate home VCR sales to dealers of 111,151 units for 1978's first 5 months. Based on seasonal TV sales figures, this works out to annualized rate of 322,000. May figures were best of year so far, totaling 27,994, annual rate



of close to 467,000. Here's reprise of other months and estimated annual rate: Jan. 13,567 (203,000), Feb. 14,954 (215,000), March 27,415 (308,000), April 27,221 (450,000).

Bell & Howell says it's still waiting for BASF to reply to its licensing or marketing proposals for LVR. Even though BASF has decided to build own plant here, B&H official says "we have offered to take the product to market at specific quantities & prices." He said he expects answer in about 3 weeks. B&H also is working on companion color camera for LVR system.

**COURT VETOS ZENITH DUTY HIKE BID:** Sigh of relief from U.S. trade officials could be heard from Tokyo to Geneva last week as Supreme Court unanimously upheld Appeals Court ruling against levying countervailing duties to offset commodity tax rebates of up to 15% received by Japanese consumer electronics exporters.

In case brought by Zenith, Court backed long-standing Treasury policy of not countervailing against domestic sales or value-added tax refunds received by foreign exporters when amounts don't exceed actual taxes paid. Court noted system was followed by all major trading nations. It also pointed out Congress has amended countervailing duty laws several times, never questioned Treasury's application in this area.

Reaction to verdict was mild. Zenith restricted itself to expression of "disappointment." Importers, who didn't really believe extra duties would ever be levied regardless of what Supreme Court did, were silent.

For Zenith, fight had mainly been one of principle; defeat, from long-range business standpoint, was minor. It filed original petition asking Treasury to levy extra duties in 1970, spent 6 years fighting in unfriendly political atmosphere to force agency to issue expected negative ruling so it could take case to court. Initial Customs Court victory was overturned on appeal (Vol. 17:16 p7, 17:31 p9). Throughout legal action, however, Zenith officials privately have acknowledged that international trade realities would dictate legislative reversal if it ultimately won case.

Win for Zenith would have been temporary, but major embarrassment for U.S. trade negotiators. They currently are pushing hard for elimination of non-tariff barriers at multinational GATT talks in Geneva in preparation for economic summit meeting in Germany next month. While Japan was immediate target of suit, similar case involving European steel is pending, and host of others would have been filed if verdict had gone other way.

That Congress was fully prepared to act quickly to amend law, if necessary, was indicated by post-verdict statement from House Ways & Means Trade Subcommittee Chmn. Vanik (D-O.), who supports "fair" international trade and has been urging Treasury to hit Japanese TV imports with maximum dumping duties (Vol. 18:15 p8). Decision "saves the world from an immediate trade & economic crisis," Vanik said, in reference to retaliation threats which came from Europe & Japan as case moved through courts.

Verdict received heavy TV network coverage. It got prime treatment from both ABC (which led with story) & NBC. Both missed significance, treated case as if it were last stand in U.S. TV industry attempt to prevent market takeover by Japan highlighted commentaries with footage shot in Zenith & Japanese TV plants. CBS stressed international implications of finding in short mention halfway through newscast.

Collapse of dollar against yen is clearly of more urgent concern to marketers of Japanese consumer electronics here. Exchange value of dollar dropped below 210 yen in Tokyo last week, nearly 25% less than official rate in June 1977, and 3-5% under forward rate used by most companies quoting prices to retailers at Consumer Electronics Show. Bankers now are talking about drop to 195 or even 190 before rate stabilizes again, unless U.S. does something dramatic to reverse trend. Barring marked turnaround, another general round of price increases can be expected from Japanese electronics marketers here in July & Aug.

Japanese TV prices are being particularly hard hit by rising yen value. Manufacturers may absorb some of increase to stay competitive in audio, but in TV they must either pass entire increase on or boost home-market prices to avoid payment of dumping duties here.



**SEARS, WARD, PENNEY:** Fall-winter mail-order catalogs continue to reflect changes in suppliers, particularly to Ward & Penney. TV pricing is increasingly sharp, and extremely few Japanese-made sets are identifiable. Sears & Penney catalogs feature VCRs for first time, Sears advertising Sanyo-made Betavision with remote pause—new model which was introduced by Sanyo at CES (Vol. 18:25 p11)—at \$985, b&w sound camera at \$297.50. Penney offers RCA VBT 200 unit (superseded in new RCA line by slightly different model) at \$995, along with RCA's discontinued BW001 b&w camera at \$289. Ward continues to feature Panasonic VCR at \$974, b&w camera at \$300.

Extensive lines of video games have been dropped from Sears & Penney books, presumably in recognition of seasonal nature of business, but they're to return in Christmas sale books. Ward, however, has extensive selection of microprocessor games: Bally Arcade at \$269; Fairchild Channel F at \$150; new APF Microprocessor 1000 game, available Aug. 15 at \$170, with Cybervision talking computer-game system (Vol. 18:25 p9) continuing at \$399, and 40 computer, education, game & story cassettes at \$10 each or 5 for \$39.80.

All 3 houses appear to be buying more American TV sets than in past—Sears continuing to increase its purchases from Sanyo Mfg. (formerly Warwick) and, incidentally, discontinuing longtime practice of identifying country of origin in its catalog (some foreign-made sets are identified as "imported"). Ward apparently has now dropped its last Japan-made TV (except for one JVC-brand b&w), has increased emphasis on Korean sets as well as domestic models. Details (prices unchanged from spring-summer books except as noted):

**Sears:** Color line starts with 9" AC-DC at \$325; 12" is \$315 (up \$20); 13" is \$335, new touchbutton remote \$420 (vs. former one-knob remote at \$390); sole 15" is \$360; U.S.-made 17" is \$269 (down \$20); mechanically tuned U.S.-made 19" are \$290 (down \$20) & \$340. Other mechanical 19" sets (apparently from Japan) are \$410 (up \$20), \$440 (up \$20), new model at \$450 (replacing another at same price). One-knob varactor set is \$470, new 12-channel up-&-down scanner model \$480, Sensor-Touch 12-channel \$490, remote version \$540 (up \$20). Conventionally tuned 25" consoles are \$479 & \$525, single-knob \$605, three new scanner-tuning sets \$655, three Sensor-Touch at \$725 (up \$50), step-up at \$775 (up \$40), remote \$825 (up \$50).

**Sears monochrome line:** 12" AC models continued at \$78, \$98 & \$108, new version at \$118, high-end \$128 (up \$10); 16" at \$148 is discontinued; 19" sets remain \$127, \$155 & \$175. In AC-DC models, new 5" is \$148, with AM-FM \$168 (up \$20); 10" at \$128 has been dropped; 12" at \$148 replaced by new model at same price.

**Ward line** is longer, with hotter prices, particularly in consoles. VIR feature has been dropped. Color line starts with 10" GE-made set at \$275; new 13" are \$335 & \$345; Japan-made 15" at \$375 has been discontinued; 19" leader is \$315 (up \$21), mechanical-tuning step-ups \$390, replacing 2 different

sets at same price point; former \$440 step-up is discontinued; top of mechanical-tuned line is unchanged at \$450. In electronic-tuned sets, 12-touch-button set, available Aug. 15, is \$470; Admiral-made remote with calculator keyboards is \$530 (down \$10 from different electronic remote).

**Ward's console line** is completely revamped, 25" models now starting at \$490, compared with \$650 year ago. Leader 21" console at \$450 has been discontinued, replaced by 23" at \$429. All-new 25" sets are: Mechanical tuning, \$490, with auto color \$580, 2-sided \$600, \$620 & \$630; 12-channel touch-button at \$660, two at \$690, three Admiral-made calculator-keyboard sets at \$750, optional calculator remote \$70.

**B&w line** starts with Korean set at new price point of \$78 (vs. \$88 last year), with step-ups at \$88 (down \$20), \$98 (down \$10) and new model at \$118, to be available July 30; sole 16" model (\$138) has been dropped, as has former 19" leader at \$129, leaving one 19" at \$148 (down \$10). New JVC-brand 3" AC-DC AM-FM is \$200.

**Penney's portable color line** is almost entirely new, starting with 9" AC-DC at \$329 (replacing AC-only at \$254); new GE-made 10" at \$267, new 12" at \$297 (\$12 below different predecessor); 13" at \$324 (similar price to former top-end, with \$309 unit eliminated); 15" manual at \$349 is out of line, new 15" remote \$389; 19" leader at \$339 is discontinued, mechanical-tuned model at \$359 remaining in line; new electronic one-knob 19" is \$389, new GE-made step-up with VIR is \$419; RCA-made calculator-tuned set is \$439 (vs. former mechanical set at \$459); electronic scan unit is \$459 (down \$20 from one-knob unit last year); one electronic-scan remote is \$489; RCA-built "Accu-Scan" remote is \$539.

**Monochrome line:** New 9" AC at \$88; 9" AC-DC with battery \$157 (up \$3); 12" AC-DC \$167 (up \$3); 12" AC \$99 (up \$2 from different model); step-ups at \$104 & (new) \$109; 15" at \$127 replaces 16" at \$134; 19" sets are \$147 (up \$3) & \$159 (down \$5).

**Penney** has added 5 novelty b&w sets, including "VTR component" hi-fi TV tuner at \$167 with 5" b&w screen which can show VHF or UHF channels or waveform patterns. Military-look 5" AC-DC is \$139, different unit with AM-FM \$174, varactor-tuned model with cassette \$249; 12" AC-DC AM-FM-cassette \$259.

**New home computer** from Hitachi won't appeal to women's libbers. It's designed especially for housewife, will remind her of daily household chores, appointments, handle home finances, store menus, control home temperature, perform security functions. Unpriced unit attaches to TV set, has printing capability.

**FCC** no longer will test every video game cartridge it receives. Milton Mobley, FCC lab chief, says if game console and first 3 or 4 cartridges accompany it pass tests, then "we feel any cartridges that come later are probably okay." So far, Fairchild is only manufacturer to benefit from new policy.



**PROJECTION STEPS UP:** Although there's been no decrease in offerings of single-tube TV projectors, trend obviously is heavily toward 3-tube units, as indicated by attention paid at CES to Advent, Mitsubishi, Quasar, Panasonic, Sony et al.

Lower-cost 3-tube systems may be coming. Projection TV manufacturers attending CES flocked to Ambassador East Hotel to see new f1 plastic lens developed by U.S. Precision Lens. USPL claimed lens provides 60-70% more light than previous models when used with 5" single-color tubes—such as those being made by Clinton Electronics. In large quantities, it was estimated 3-tube systems could be made for \$750, broken down this way: Three tubes \$150, lens systems \$200, chassis \$300, cabinet \$100.

Meanwhile, Optical Sciences Group, San Rafael, Cal., which makes fresnel screen for GE projection systems, forecasts more manufacturers will use rear-screen approach. OSG also says Fresnel lenses are growing in acceptance, now is offering f1.65 lens described as "dramatic improvement."

With major importers showing one-piece 3-lens systems, Advent demonstrated its own version quietly in private hotel suite. Although Advent currently makes only 2-piece systems, officials said demonstration was designed to show Advent's capability in one-piece field and get dealers' reactions to approach.

Three new 3-tube systems were shown in Chicago, all previously reported here. (1) Advent's 6-ft. 2-piece Model 760 with low-profile cocktail-table projector, to sell in Sept. at under \$3,300. It replaces Model 750, of which some 1,200 remain to be sold. (2) Sharp showed its 2-piece 72" projector which will be priced in \$3,000 range. (3) Mitsubishi previewed 2nd model—one-piece unit with 50" screen at about \$3,200, to be sold under MGA brandname; 72" two-piece set is \$3,400.

Single-piece projection equipment continues to proliferate, with 2 trends showing up at this year's show: (1) Strong trend to do-it-yourself projection equipment—screens, lenses, lens barrels, etc.—to permit dealers to assemble own projection systems using brand of color TV they normally handle. (2) Significant improvement in brightness & sharpness of single-tube projectors, thanks to availability of better lenses & screens.

Schudel Inc., known primarily as screen manufacturer, introduced 7 new products for assemblers of projection TV systems, including f1.3 fresnel lens, lens housing with mirror reversal system which permits use of any unmodified 12" or 13" set as projection source, 90° lens system which reverses picture automatically, new housings. Clue to direction projection is taking may lie in fact that Schudel took tentative orders at show for more than 30,000 new screens designed for 3-tube projection. Basically, however, according to Mktg. Dir. Gil Coleman, Schudel's mission is to bring "good cosmetics & high quality to the low end of the [projection] spectrum."

When projection-TV manufacturers meet each other, or almost anyone else for that matter, they always ask same question: "Is this the year?" Well,

this seems to be one year closer to the year, but certainly not the year, judging from estimates we heard at CES. Advent Chmn. Peter Sprague forecast industry projection sales at 30,000-40,000 this year, 60,000-70,000 in 1979. Panasonic Exec. Vp Ray Gates, at video seminar, put projection's problems this way: "Let's not kid ourselves that any of the units being offered today is the final answer for the average consumer"—they're too expensive & bulky and picture quality isn't good enough. Each of major types has at least one of these drawbacks, he said. He forecast sales of 60,000-70,000 this year, rising to 150,000 in 1979 on strength of good 2nd half, predicted explosion in 1980-82 based on major improvements.

Two major-brand manufacturers were somber about projection: RCA Mktg. Vp Jack Sauter said his company would continue to wait, wasn't convinced whole thing won't "evaporate." Magnavox, which was strongly in projection camp under former Consumer Electronics Pres. Alfred Di Scipio, now apparently has reversed self, sees no projection in its future "till the brightness problem is solved," according to Senior Mktg. Vp Kenneth Ingram.

**Mergers & acquisitions:** Nippon Electronic is acquiring IC-maker Electronic Arrays through \$4.82-per-share tender offer, or total of \$8.6 million. If deal goes through, it will be first takeover of publicly held U.S. firm by Japanese company. . . Honeywell has agreed to acquire optoelectronics producer Spectronics for shares valued at \$23.7 million. . . Pemcor is takeover target again, this time willingly, has agreed to \$32.50-per-share stock-swap offer from conglomerate Esmark. Arrangement is worth about \$70 million. Last year, Pemcor launched successful fight against \$16.75-per-share tender offer from Maremont. Maremont still owns 11.5% of Pemcor, and its approval of Esmark may be needed if deal is to go through.

First parts kits for improved UHF TV tuner developed by Texas Instruments are expected to be available to manufacturers for evaluation next month, about 3 months behind schedule. Tuner is part of "ideal" TV receiver designed by TI under \$200,000 FCC contract, supposedly costs \$7.50 more than current models, has improved co-channel interference rejection, so may permit doubling presently allowed number of UHF stations, or halving size of spectrum now allotted to service (Vol. 18:9 p10 et seq.).

Telephone industry will be subject of International Trade Commission hearing set for Sept. 26 in Washington. Hearing is part of comprehensive study of domestic telephone market launched by ITC last Jan. at request of House Ways & Means Committee (Vol. 18:5 p8). Investigation is supposed to pinpoint market segments most susceptible to import competition, but doesn't cover automatic dialers, answerers, amplifiers or other add-on gadgets.

Sex, both blatant & subdued, is target of CES crackdown at future shows. Board has decided to police video software exhibitors to eliminate porno on show floor. It also plans to ban aggressive pushing of daily show publications and company literature, traditionally done by T-shirted models.



**TV HOT AT CES:** Industry truism that "CES just isn't a TV show" can be laid to rest. We counted 33 exhibitors demonstrating direct-view and/or projection TV, including virtually all TV manufacturers except Mitsubishi (MGA) & Toshiba (both of which showed complete product lines in hotel suites) and the U.S.-owned majors (Admiral, GE, RCA, Sylva-  
nia, Zenith, all of which had hospitality suites). More majors probably will return to show itself next year.

Big introductory event was public debut of 1979 Magnavox line—but prices won't be announced until July 1, after current clearance sale is over. Demonstration of Magnavox's big new feature, high-resolution filter (Vol. 18:24 p12), was impressive, and it could sweep industry if Magnavox succeeds in making it a selling point. Called "Computer Color 330," it's comb filter which eliminates color spillover between color & brightness circuits, claimed to increase number of horizontal lines from 260 to 330, canceling cross-color moiré and crawling vertical dots.

Kenneth Meinken Jr., new Magnavox Consumer Electronics pres., pledged to meet industry challenges—particularly in profit-head-on and promised to be "working president." (Underlining no-nonsense approach, he told us he was dismantling founder Frank Freimann's 4-bedroom, 4-bath apartment at Ft. Wayne hq.)

There were few other TV innovations at CES. Sharp showed thin-screen TV with 6" EL panel containing 76,800 picture elements, surprisingly fine-grained picture. Set weighs only 8.4 lb., can hang on wall or stand on table. Company said system used entirely new technique to provide 25 ft.-lambert brightness and that it could be commercialized next year at about \$450. (One major problem is to remove yellowish tinge from screen.) Taiwan's Sampo showed picture of 3-screen TV (19" color, two 5" b&w), "for possible U.S. sale at about \$700."

Plenty of new (to U.S.) TV brands—mostly from Korea & Taiwan—were testing waters. Daytron, U.S. subsidiary of Korea's Daewoo, showed own-brand sets. First, due this summer, is 12" AC-only b&w at \$90. Among new Korean entries: Hyundai Corp. showed 9" & 12" b&w, said it would be shipping 5,000 monthly. Ko-Chung Electronics, subsidiary of Korea's Chunilsa, displayed 12" & 14" b&w for July 1 availability, said it would have color set next. Kumho, promising July 1 deliveries, showed 14" color, 5" AM-FM-clock b&w. Taihan showed 15" & 19" color. Webcor added 4" b&w FM-AM combination with LCD clock-timer at \$250. Yulsan offered 12" b&w.

**Tatung**, now marketing in Cal. & metro N.Y. and planning to move into midwest this year, starts color with 13" at \$317 (up \$13), with steps at \$343 & \$345 (2 models still unpriced); 19" leader is \$470 (up \$90), will be followed by 2 unpriced step-ups; 25" leader is \$707 (down \$23), step-up unpriced. Unpriced models include one TB electronic-tuned model in each size. In b&w, 12" leader is \$107 (down \$3), step at \$111, AC-battery is \$113 (down \$18), step-up \$157; 19" models are \$169 (up \$10) & \$183.

Japan's CBS/Sony Records establishes new \$5-million subsidiary Aug. 21 to handle marketing of Epic label.

**TV FIRES—AGAIN:** Consumer Product Safety Commission singed TV industry on fire issue again with another resurrection of 4-year-old survey which purports to show TVs were ignition source in 196,-000 home TV fires in year ended April 1974.

June issue of CPSC Memo, 30,000-circulation, free monthly newsletter, has front-page "Fires & Home Products" article detailing "newly available results" of survey showing there were 4.5 million home fires in year to April 1974. It says among appliances "TV sets were also cited as a major fire source in the living room," accounting for 4% of cases. "New" results turn out to be same ones CPSC released in 1974 of incident study conducted by National Bureau of Standards (Vol. 14:50 p8). At that time, we interviewed NBS project mgr. who told us survey (of 33,000 homes) covered smoking & arcing as well as fires and that there was no indication TV-related fires exceeded 10,000 annually.

Memo Editor Michael Feinstein, relatively new staffer, told us he never heard of 1974 release, said he based story on updated report issued by CPSC last Feb. He said fact his report and one issued 4 years ago by CPSC covered exactly same ground was coincidence. Memo does give pat on back to industry in report that set makers conduct most efficient safety recalls, have inspected & repaired 75% of all involved products.

CPSC approved safety regulations for CB, TV and other base-station antennas requiring red & yellow labels warning consumers they could be electrocuted if antennas come in contact with overhead power lines during installation. Rules require similar warnings, plus detailed antenna & mast installation safety precautions in instruction booklets. For safety, agency said, antennas should be mounted at least 1-1/2 times their height away from power lines, reported 500 people have been electrocuted in recent years, highest such total for any consumer product. Rules are effective 90 days after Federal Register publication.

JVC concluded 4th European OEM deal to supply home VCRs—this time to Thorn of England, which will sell them under Ferguson label at about \$1,400 and lease them through its TV rental subsidiaries for about \$33 per month. JVC estimates Thorn contract will represent about 20,000 units by next March 31. VHS system appears to be leading Beta in Europe—latter being sold only by Sony there. But Grundig & Philips are fighting Japanese with own standard, called VCR by Philips and SVR (Super Video Recorder) by Grundig. Latter has introduced version which will record for 4 hours on single cassette, is working on 8-hour unit.

NARDA is entering insurance business, will form subsidiary to provide coverage to consumers buying on time from member retailers, covering destruction of merchandise or inability to make payments because of death or disability. New unit will work with national carriers, set up own reserves for claim payments. Meanwhile, NARDA's planned acquisition of National Brand Names Foundation (Vol. 18:23 p9) has run into legal snags, and there's good possibility deal will be dropped.



## Personals

Martin Katz, ex-Morse asst. vp-sales, joins Superscope as asst. to Exec. Vp Fred Tushinsky... C.P. (Red) Gentry, ex-Kraco & Motorola Auto Products, appointed Panasonic Auto Products Div. asst. gen. mgr., new post... William Cox advanced at Automatic Radio from sales & mktg. mgr. to mktg. vp... George Mahoney appointed Motorola Auto Products mdsg. mgr., new post.

Philip Conklin, one-time Fairchild time products mktg. dir., appointed Commodore Business Machines consumer product national sales mgr. with responsibility for calculators & computers... Michael Rosenthal, ex-Hewlett-Packard, joins VideoBrain as product manager... John Rohrer promoted at Memorex to home videotape program mgr., new post; Albert Pepper advanced at Consumer Products Div. from product mgr. to mktg. mgr., succeeding Rohrer... John McPherson, ex-Sony, appointed national mktg. development mgr., Panasonic Video Systems Div.

Gerald Mills, ex-E. F. Johnson mktg. vp, moves to Switchcraft as mktg. & sales dir... Colin Crook resigns as Motorola Semiconductor MPU & memory systems group operations mgr. to join U.K.'s Rank Precision as gen. mgr... Rick McCarthy promoted at Signetics to technical publications mgr., mktg. communications; William Smith, ex-Texas Instruments, replaces McCarthy as logic products strategic mktg. mgr... James Gowan promoted at Tektronix to U.S. sales mgr., succeeding John Landis, now international operations mgr.

David Thompson, former SBE pres., named pres. & chief exec. of NDI, Cal.-based marketing venture formed by Thompson and Japan CB producer Nihon Dengyo... George Ortaggio, Midwest Transformer, named Power Conversion Products Council pres. Other new officers: Joseph Finney (Electro-Mech) vp, Robert Flentge (A. F. Dormeyer) secy.-treas... Harry Day, ex-Sylvania Philco Div., joins Litton as western distributor sales mgr.

National Semiconductor expects improved margins, but essentially flat sales, from consumer operations in 1978, Pres. Charles Sporck said in Wall St. Journal interview. He added company has solved module supply problems, is working to increase profits on watch, calculator & game lines... Sprague is reducing interest in IC-producer Mostek to 13% from 34% through million-share secondary offering worth about \$20.1 million. Sprague is subsidiary of General Cable. Prospectus notes that while Mostek sales rose 48.5% last year to \$85.6 million, calculator IC volume dropped 37.5% to \$4.87 million and sales of parts for watches & other consumer products were down 39.1% to \$3.74 million... Midland is dropping sporting goods and Medalion hardware lines to concentrate on consumer electronics. Parent Beneficial said Midland lost about \$2 million on \$110.4-million sales last year, had first-quarter loss of \$742,000 on \$14.1 million sales... Allen Group's CB antenna business had sharp profit drop in first half, and mobile communications operations are being adversely affected by sagging CB market, company told N. Y. security analysts last week.

## Financial Reports of TV-Electronics Companies

These are latest reports as obtained during past week. Dash indicates information not available at press time. Amounts expressed in dollars. Parentheses denote loss.

Company & Period	Revenues	Net Earnings	Per Share
AT&T			
1978-year to May 31	38,396,172,000	4,864,375,000	7.31
1977-year to May 31 <sup>a</sup>	34,275,489,000	4,162,732,000	6.50
1978-qtr. to May 31	10,143,204,000	1,301,719,000	1.92
1977-qtr. to May 31 <sup>a</sup>	8,975,743,000	1,138,766,000	1.77
Cablecom-General			
1978-6 mo. to May 31	15,037,783	2,296,389	.89
1977-6 mo. to May 31 <sup>a</sup>	12,926,106	1,708,080	.66
1978-qtr. to May 31	7,844,345	1,218,958	.47
1977-qtr. to May 31 <sup>a</sup>	6,824,129	835,526	.32
General Instrument			
1978-qtr. to May 28	125,466,082	6,827,576	.85
1977-qtr. to May 29	124,126,559	5,137,323	.63
MPO Videotronics			
1978-6 mo. to April 30	10,835,318	314,003 <sup>b</sup>	.57
1977-6 mo. to April 30	9,893,978	277,044 <sup>b</sup>	.50
Rust Craft Greeting Cards			
1978-qtr. to May 28	23,513,000	742,000	.32
1977-qtr. to May 29	20,614,000	644,000	.28

Notes: <sup>a</sup>Restated. <sup>b</sup>Includes special credit.

**AUDIO SALES DATA:** Auto audio sales have doubled over the past 4 years, according to U.S. Pioneer Pres. Jack Doyle. Speaking at CES seminar, Doyle charted industry's growth this way: \$420 million wholesale sales in 1975, \$500 million in 1976, \$716 million in 1977, \$841 million expected this year, & \$979 million expected next year. "Takeoff" year was 1976-77, when wholesale figures for one-piece car stereos jumped from \$358 million to \$477 million; amplifiers \$23 million to \$40 million; speakers \$109 million to \$199 million. As we reported last week (Vol. 18:25 p10), Doyle predicts industry "shakeout" next year at high-end of business.

Newsweek survey has found consumers in 25-34 age group spend more on stereo equipment than buyers 18-24. Younger group had previously been considered bigger spenders; they still spend more on audio equipment, collectively, but older group, with more disposable income, averages more per purchase. Newsweek figures indicated 18-24 year-olds spend \$732 on average, 25-34 year-olds \$842, 35-49 year-olds \$768.

**Ad notes:** Dynaco appoints Schaefer Adv., Valley Forge, Pa., replacing Yardis Adv... Bowmar/ALI names Adv. Assistance, Weston, Mass. replacing CBG Group... HWH adds Capehart & GR-Grundig (car stereo) PR accounts... Sharp plans to run 100 full-page ads in major consumer & audio publications in 2nd half to push cassette decks, compact stereo.

United Chemicon, Chicago-based marketing subsidiary of Japan's Nippon Chemical Condenser, is looking at sites in Tenn. & S.C. for \$6-million plant for large aluminum electrolytic capacitors. Facility initially will produce foil for export to Japan & Korea at \$10-million annual rate, scheduled next spring, expand to finished capacitors in 1980.